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**Testimony of Director Jim Nussle
Senate Appropriations Committee
April 16, 2008**

Mr. Chairman, Senator Cochran, and members of the Committee, I thank you for the opportunity to appear before you today. I look forward to discussing the critical and urgent needs of our men and women in uniform, and I thank you for the bipartisan support for previous war funding requests.

The President has two key budget priorities; keeping Americans safe and secure, and strengthening the U.S. economy. These twin goals of national security and economic growth are interlinked. Our country cannot prosper if it is not both safe and free.

Our war funding request, which has been pending before Congress for more than a year, directly addresses the President's national security goal. Last week, the President asked Congress to quickly pass a fiscally responsible bill that meets the needs of our troops and does not tie the hands of military commanders. And he pledged to veto a bill that doesn't meet these criteria or spends more than the requested amount of \$108.1 billion. The Secretary of Defense has provided you the most up to date details to support these needs for our troops in the field.

The timely consideration of the bill is as important as its contents. Congress needs to fund our troops by Memorial Day. Failure to act quickly could result in an unfortunate replay of last December, when furlough warnings were issued by the Department of Defense. No one thinks that is an acceptable outcome –it's not a good way to budget and it's bad for the morale of our troops and their families.

While strengthening our national security, the President continues his focus on helping our economy build momentum. He worked with Congress on a bipartisan \$160 billion stimulus package aimed at bolstering economic growth. Families will soon receive the tax rebate payments, small businesses are beginning to use incentives that encourage new investment and the Administration has also taken concrete steps to help Americans stay in their homes.

To help aid job creation, he proposes to open new markets for American farmers, manufacturers and workers. And to bring certainty in an uncertain economic environment, the President's Budget makes tax relief permanent – a step that will prevent 116 million taxpayers from facing an average tax hike of \$1,800. In addition to prompt Administrative action, there is still work to do on housing, and I urge Congress to approve the FHA reform first submitted by the Administration more than two years ago. We share your economic concerns, however we should trust and allow the bi-partisan stimulus time to work.

The answer to our economic challenges is not to take more money away from people through higher taxes to then use it for more government spending in Washington. Expanding government doesn't create one job in my hometown of Manchester, Iowa but it does take money out of the private economy that would be put to better use by families and job-creators. There are many worthy ideas that could be funded if resources were unlimited. And after seven months in this OMB job, I can testify that many of the ideas we're asked to fund reflect a sky is the limit mindset. But this money doesn't belong to us – it's the taxpayers' money.

As you are all well aware, there are two processes for allocating federal funding that this Committee steers: The regular appropriations process, and emergency supplemental bills. I believe we have two very different philosophies with respect to these types of funding.

This Administration chose to request war funding as an emergency supplemental request to provide flexibility to the Department of Defense and our military commanders to address changes on the ground. The ability to respond to changing conditions or requirements in the field has and will continue to ensure our troops have the very best resources to succeed in their mission. We also chose to request war funding as an emergency to ensure that when our troops come home we have not left the Department of Defense with an over-inflated budget that could be difficult to adjust in the future.

This is the request that has been pending before Congress basically for the last 14 months. This Committee heard testimony on this request from the Secretaries of Defense and State approximately one year ago. But today, rather than acting on that request, I believe we are here today discussing the desire of some in Congress to load up this troop funding bill with tens of billions in additional spending, perhaps because it's viewed as the last big money train out of town before the election. The President has made clear that he will veto any attempt to hijack this much needed troop funding bill.

Let me be clear – that it is not to say Congress in its wisdom cannot pursue funding for other items it deems important. But there is a time and a place for these programs to be debated and considered on their merits, and that is during the annual appropriations process. This Committee is poised to consider 12 annual spending bills totaling nearly one trillion dollars, and within that total proposed by the President, Congress should be able to find room for whatever good ideas members may have, and do so soon.

I know this Committee wants to get its work done, on time and within budget, but it's disturbing to hear from some corners of Congress that we should put the government on auto pilot until next year. If it is so important for the economy to accelerate new spending, then why would Congress punt until the next President? I hope this committee will seek to deliberate over and provide funding for programs critical to many of our most vulnerable citizens, but holding troop funding hostage for this purpose should not be acceptable to any American.

Just adding more government spending does not solve our Nation's economic challenges – especially when measured against an already large \$3 trillion annual budget. Any infrastructure spending that is necessary and appropriate for Federal spending can and should be funded like any other regular Federal priority, through the annual spending bills. A bill to fund our troops serving in harm's way should not be transformed into a vehicle for lawmakers to fund domestic programs that were underfunded last year and to push the deficit even higher.

It will be a difficult road to balance the budget in the short-term, but it remains a high priority not just for the Administration, but more importantly, for the American people. The war funding request before you is already factored into our budget projections. The tens of billions in additional spending this Committee may consider are not.

I look forward to hearing the Committee's perspective and answering your questions.

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