



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 8, 2013
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2609 — Energy and Water Development and Related Agencies

Appropriations Act, 2014

(Rep. Rogers, R-KY)

The Administration strongly opposes House passage of H.R. 2609, making appropriations for Energy and Water Development, and related agencies for the fiscal year ending September 30, 2014, and for other purposes. The bill drastically underfunds critical investments that: develop American energy sources to build a clean and secure energy future; develop and commercialize the emerging technologies that create high-quality jobs and enhance the Nation's economic competitiveness; and improve resilience against current and ongoing climate impacts that threaten our economy, public health, and natural resources. The bill would leave U.S. competitiveness at risk in new markets for clean energy industries such as advanced vehicles, advanced manufacturing, energy efficiency for homes and businesses, and domestic renewable energy such as wind, solar, and biomass. Furthermore, the legislation would cut essential national security efforts required to implement the President's nuclear strategy and advance counter-proliferation objectives. If the President were presented with H.R. 2609, his senior advisors would recommend that he veto the bill.

In addition, enacting H.R. 2609, while adhering to the overall spending limits in the House Budget's topline discretionary level for fiscal year (FY) 2014, would hurt our economy and require draconian cuts to middle-class priorities. These cuts could result in hundreds of thousands of low-income children losing access to Head Start programs, tens of thousands of children with disabilities losing Federal funding for their special education teachers and aides, thousands of Federal agents who can't enforce drug laws, combat violent crime or apprehend fugitives, and thousands of scientists without medical grants, which would slow research that could lead to new treatments and cures for diseases like cancer and Alzheimer's, and hurt America's economic competitiveness.

Almost three months have passed since the deadline for action and the Congress has yet to appoint conferees and agree on a budget resolution. Prior to consideration of appropriations bills the Congress should complete an appropriate framework for all the appropriations bills that supports our recovery and enables sufficient investments in education, infrastructure, innovation and national security for our economy to compete in the future. As such, the President's senior advisors would recommend that he veto H.R. 2609 and any other legislation that implements the House Republican Budget framework.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill.

Department of Energy (DOE)

Office of Energy Efficiency and Renewable Energy (EERE). The Administration strongly opposes the level of funding provided for EERE activities. The Committee bill proposes \$746 million for EERE, which is \$2.0 billion, or 73 percent, below the FY 2014 Budget request and would be the lowest enacted level of funding in real terms for EERE in the history of the Department. Funding reductions are disproportionately taken in EERE, dramatically cutting the current level of critical Federal investments in innovative clean energy research and development at a time of significant global competition and progress. The Committee bill would significantly reduce renewable electricity programs, derailing domestic efforts to build on past U.S. success in doubling the renewable energy generated from wind and solar sources. Reducing building efficiency funding by more than two-thirds would hinder development of cost-effective new technologies and appliance standards to save Americans money by increasing energy productivity. Insufficient levels of weatherization assistance funding would not sustain the full network of State and local offices needed to assist the Nation's low-income households in reducing their energy bills. The Committee bill also severely reduces the necessary activities to ensure proper oversight and stewardship of investments in hundreds of existing grants and contracts.

Advanced Research Projects Agency-Energy (ARPA-E). The Administration strongly opposes the level of funding provided for ARPA-E. The Committee bill would reduce ARPA-E by 87 percent compared to the FY 2014 Budget request. The funding reductions would severely impact the ability of ARPA-E to fund high impact, potentially transformative energy research that aims to entirely change the way the Nation generates, stores, and uses energy.

Office of Science. The Administration strongly opposes funding reductions to the Office of Science, which would reduce funding to below FY 2009 levels. The proposed reductions would eliminate all funding for new grants and likely lead to terminations of ongoing awards. At this level, operations at all major scientific user facilities would be reduced or would cease, affecting some 25,000 researchers. Ongoing construction activities aimed at new facilities will be delayed or slowed, increasing overall long-run costs. These reductions could severely impact U.S. leadership in many areas of science, including x-ray light sources and foundational research that will benefit clean energy production and use.

Office of Electricity Delivery and Energy Reliability (OE). The Committee bill combines EERE and OE into a single account with significantly reduced funding. The Administration opposes the level of funding provided for OE activities, which at \$80 million is less than half the FY 2014 Budget request. These reductions to investments in Smart Grid research and development, Clean Energy Transmission and Reliability, and other activities, in conjunction with the lack of funding for an Electricity Systems Energy Innovation Hub, would significantly slow efforts to modernize and secure the electricity delivery grid and understand and respond to energy emergencies.

Race to the Top for Energy Efficiency and Grid Modernization. The Administration urges the Congress to provide the funding requested in the FY 2014 Budget for Race to the Top for Energy Efficiency and Grid Modernization, which would support State governments that implement effective policies and regulatory changes to cut energy waste, increase energy efficiency, and modernize the grid. This one-time funding would help achieve the goal of doubling American energy productivity by 2030.

National Nuclear Security Administration (NNSA). The Administration strongly objects to the reduction to Naval Reactors, which would limit the NNSA Administrator's ability to address current and emerging issues in the fleet, reduce the throughput to qualify nuclear operators by 21 percent, and risk meeting regulatory requirements. The Committee bill delays the Spent Fuel Handling Recapitalization Project, potentially jeopardizing the operational availability of aircraft carriers and submarines while increasing the project's cost by \$335 million. Furthermore, the Administration objects to the \$335 million reduction, including rescissions, to Weapons Activities. This reduction would weaken facility operations, construction initiatives, and stockpile support activities, all of which directly support the President's nuclear strategy as expressed in the Nuclear Posture Review. The reduction would significantly increase the risk of schedule delays for these key components of the Administration's nuclear strategy. It would also undercut the ability to maintain the nuclear stockpile by delaying the modernization of the Nation's plutonium manufacturing capability.

Yucca Mountain. The Administration strongly objects to the Committee's direction to fund the Yucca Mountain geological repository project. The Administration is disappointed that the Committee has failed to embrace the practical solutions proposed in the President's Nuclear Waste Strategy that were based on the concepts put forward by the non-partisan Blue Ribbon Commission. This priority in the FY 2014 Budget is comprised of important elements for a successful waste program, such as consent-based siting, interim storage of waste, and program funding reforms that are essential to the success of a Nuclear Waste Program.

Title XVII Loan Guarantee Program. The Administration strongly opposes the \$22 million administrative expenses funding level provided for Title XVII programs, which would severely undermine DOE's ability to monitor the existing portfolio and diminish the quality of due diligence on new projects. Because the Committee bill fails to provide sufficient capacity to effectively originate and monitor direct loans and loan guarantees, the bill significantly increases the risk of failed loans and guarantees that will lead to future costs to the Federal Government in the form of permanent indefinite authority under the Federal Credit Reform Act.

Statutory by Reference Provision. The Administration urges the Congress to remove section 301(d) of the bill, which incorporates the text as well as the specific funding directions of the Committee bill report into the statute by reference. Enactment of this provision would limit flexibility of the Department to manage programs and projects efficiently.

Weatherization Assistance Program. Section 307 of the bill seeks to permanently block existing Weatherization Assistance Program authorizations, reducing the efficiency of the program by lowering the maximum income level for retrofit assistance eligibility, the maximum financial assistance per weatherized home, and the maximum allocation allowed for Training and Technical Assistance from current levels.

Corps of Engineers (Corps)

Overall Funding. The Committee bill provides nearly \$4.68 billion for the Corps civil works program, \$50 million less than requested in the FY 2014 Budget. Within this total, the Administration urges the Congress to allow the Corps to begin work on select new starts proposed in the Budget. These include a proposed study to evaluate flood risks across the Nation and a programmatic effort to create a more robust civil works infrastructure in light of increased

risk of extreme weather, and to provide for the requested \$7 million increase for the Corps regulatory program.

Inland Waterways. The Administration appreciates the Committee's continued strong support of cost-sharing of inland waterways capital investments, and the inclusion of the language proposed in the Budget to increase the total authorized cost for the Olmsted Locks and Dam project.

Clean Water Act. Sections 107 and 112 of the bill would prevent the use of funds to address known deficiencies and regulatory uncertainties related to Clean Water Act regulations in order to protect important aquatic resources while supporting economic development.

Department of the Interior, Bureau of Reclamation and Central Utah Project

Overall Funding. The Committee bill provides \$911 million for the Bureau of Reclamation and the Central Utah Project, \$85 million below the FY 2014 Budget request. The Administration urges the Congress to increase funding for the Bureau of Reclamation to the level requested and to allocate funding to priority conservation, science, and technology programs.

Central Utah Project (CUP). The Administration urges the Congress to consolidate CUP into the Bureau of Reclamation as requested in the FY 2014 Budget. The consolidation would simplify many administrative, budgeting, and reporting tasks while not adversely affecting project performance.

San Joaquin River Restoration. The Administration strongly opposes the Committee's elimination of funding for this program, which would undermine the San Joaquin River Restoration Settlement's goals to restore and maintain fish populations and reduce or avoid water supply impacts.

Civilian Pay Raise

The Administration urges the Congress to support the proposed 1.0 percent pay increase for Federal civilian employees. As the President stated in his FY 2014 Budget, a permanent pay freeze is neither sustainable nor desirable.

The Administration looks forward to working with the Congress as the FY 2014 appropriations process moves forward.

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