



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

THE DIRECTOR

May 15, 2018

The Honorable Rodney Frelinghuysen
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Frelinghuysen:

On May 7, 2018, the Energy and Water Development, and Related Agencies Subcommittee considered the fiscal year (FY) 2019 Energy and Water Development, and Related Agencies Appropriations bill. Overall, according to information provided in the Subcommittee press release, the bill increases funding by about \$8 billion, or over 21 percent above the FY 2019 Budget request. The Administration appreciates the opportunity to weigh in on this bill.

The President's FY 2019 Budget request, as amended, accounts for the Bipartisan Budget Act of 2018 (BBA's) new Defense and non-Defense discretionary spending caps for FY 2019. The Administration strongly supports the overall defense levels included in the BBA. However, given the Nation's long-term fiscal constraints and the need to right-size the Federal Government, the Administration does not support spending at the BBA's non-Defense caps.

The Administration appreciates that the Subcommittee bill includes funding for critical priorities, including:

- Nuclear Weapons Modernization. The bill provides \$11.2 billion to support the modernization of the U.S. nuclear weapons stockpile and its associated infrastructure.
- Office of Science. The bill provides \$6.6 billion, \$1.2 billion more than the level requested in the FY 2019 Budget for the Department of Energy's Office of Science. The Administration appreciates the Subcommittee's support for prioritizing basic research, but does not support funding in excess of the requested level
- Yucca Mountain. The bill provides \$220 million within the Department of Energy, \$100 million more than the requested level of \$120 million. The Administration encourages the Committee to direct that funding entirely to support progress on the Yucca Mountain license adjudication process and the development of interim storage solutions, consistent with the policy outlined in the FY 2019 President's Budget.

However, the bill underfunds key investments in critical areas supported in the FY 2019 Budget request and/or includes funding that the Administration believes is not in line with the overall restraint in non-Defense spending reflected in the FY 2019 Budget request, including:

- **Army Corps Topline.** The bill provides \$7.3 billion, \$451 million above the FY 2018 enacted level and \$2.5 billion above the amount requested in the FY 2019 Budget.
- **Department of the Interior, Bureau of Reclamation Topline.** The bill provides \$1.5 billion, \$54 million above the FY 2018 enacted level and \$498 million above the amount requested in the FY 2019 Budget.
- **Infrastructure.** While the Administration appreciates the Committee's strong support for investment in the Nation's water resources infrastructure, the bill does not support nor encourage a more modern approach to investing in the Nation's infrastructure that would facilitate more efficient investment. A key principle of the President's Infrastructure Initiative is to incentivize stronger partnerships between the Federal Government and non-Federal stakeholders in order to leverage a broader range of financial resources for infrastructure investment, encourage more non-Federal leadership, and remove barriers that can impede the ability of non-Federal parties to move forward with investments in water resources infrastructure they deem priorities. The Administration believes the bill could do more to promote this principle and would like to work with the Committee to include provisions that support this goal. The Administration also recognizes that not all non-Federal sponsors can take on a greater role in water resources infrastructure. That is why, for example, the President's Infrastructure Initiative included dedicated funding specifically for rural infrastructure. The Administration looks forward to working with the Committee to strike an appropriate balance in incentivizing and facilitating greater non-Federal participation in water resources projects while maintaining robust support for infrastructure where Federal investment is most warranted and needed.
- **Applied Energy Programs.** The bill provides \$4.8 billion for the Department of Energy's applied energy programs, \$2.8 billion more than requested in the FY 2019 Budget. The Administration encourages the Committee to restrain funding levels in these programs and focus resources on early-stage research and development across the applied energy technology spectrum rather than late stage or near commercial-ready technology.
- **Advanced Research Projects Agency--Energy (ARPA-E).** The Administration is disappointed that the bill does not eliminate ARPA-E. The Committee is encouraged to explore options to incorporate certain ARPA-E attributes, such as cross-cutting research coordination and enhanced flexibility, into the Department of Energy's primary research efforts within the Office of Science and Applied Energy Research Programs rather than maintain a separate program through ARPA-E.
- **Loan Programs.** The bill does not adopt the proposed elimination of the Department of Energy's loan programs. Consistent with the FY 2019 Budget's policy to reduce potential displacement of private investment, the Administration recommends that the Committee move to eliminate these loan programs, including through the rescission of unobligated balances.

As the Committee takes up the Energy and Water Development, and Related Agencies Appropriations Subcommittee bill, the Administration looks forward to working with you to address these concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Mick Mulvaney", with a horizontal line drawn through the middle of the signature.

Mick Mulvaney
Director

cc: The Honorable Mike Simpson
The Honorable Marcy Kaptur

Identical Letter Sent to the Honorable Nita Lowey