



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

THE DIRECTOR

June 18, 2018

The Honorable Richard Shelby  
Chairman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Chairman Shelby:

On June 7, 2018, the Appropriations Committee considered the fiscal year (FY) 2019 Military Construction and Veterans Affairs and Related Agencies Appropriations bill. Overall, according to information provided in the Committee press release, the bill appears to increase funding by about \$1.0 billion, or approximately 1 percent above the FY 2019 Budget request. The Administration appreciates the opportunity to weigh in on this bill.

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

- Department of Veterans Affairs (VA) Capital Infrastructure Programs. The bill includes \$2 billion more than the FY 2019 Budget request for VA's capital programs, including major construction, minor construction, and non-recurring maintenance. This additional investment in VA facilities would further enhance the safety and security of VA facilities and help VA programs and services keep pace with modern technologies.
- VA Medical Care. The bill provides \$73.4 billion, \$3.6 billion above the FY 2018 enacted level and \$350 million above the FY 2019 Budget request. The Administration appreciates the robust funding level for VA's healthcare program. However, there is still a need for additional funding in FY 2019 for VA's traditional community care program due to the delay in enacting the VA MISSION Act of 2018 (MISSION Act). The VA estimates that the delay increases the requirement to continue VA's traditional community care program by an additional \$1.6 billion above the request in the FY 2019 Budget, or an additional \$1.1 billion above the level provided for the Medical Community Care account in the Committee's bill. The Administration recognizes that the final requirement is dependent on a number of factors, including community care utilization patterns in the traditional program and the Choice Program. The Administration is confident that consolidating all community care programs and unifying funding for the new program by using discretionary resources, as proposed in the FY 2019 Budget request, would increase future transparency and accountability. The Administration looks forward to working with the Congress to secure all necessary funding within the existing non-Defense discretionary cap.

However, the bill underfunds key investments in critical areas supported in the FY 2019 Budget request 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:

- Detention Facilities at Naval Station Guantanamo Bay. While the Administration appreciates the Committee's support for continuing to keep Guantanamo Bay open, the bill does not provide the \$69 million requested in the FY 2019 Budget to build a new high-value detention facility at Guantanamo Bay.
- Veteran Electronic Health Record (EHR). The bill provides \$800 million to continue implementation of VA's new EHR, which is \$407 million below the FY 2019 Budget request. Due to the delay in a contract award, some funding provided in FY 2018 will be available for FY 2019 activities, however, a funding reduction of the magnitude proposed in the bill increases the risk to contract performance, infrastructure readiness, and the deployment schedule. This risk is compounded by the Committee's decision not to include the requested transfer language for the EHR account, which would allow VA to successfully execute and manage resources across the Department in support of the EHR modernization.
- Full Funding of Military Construction Projects. The Administration appreciates that the bill provides \$11.2 billion for military construction, close to the full amount requested in the FY 2019 Budget. However, the bill reduces approximately \$670 million from military construction projects requested in the FY 2019 Budget and instead incrementally funds seven requested projects while diverting approximately \$450 million to other unrequested projects. Many of these unrequested projects are not ready for construction due to the lack of planning and design and are not included in the Department of Defense's Future Years Defense Program. By incrementally funding, rather than fully funding, military construction projects, the bill delays critical resources to complete high-priority projects initiated in 2019 and puts the burden on future budgets to make up the difference.

As the Senate takes up the Military Construction and Veterans Affairs bill, the Administration looks forward to working with you to address these concerns.

Sincerely,



Mick Mulvaney  
Director

cc: The Honorable John Boozman  
The Honorable Brian Schatz

Identical Letter Sent to the Honorable Patrick Leahy