



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 Transportation, Housing and Urban Development, and Related Agencies Appropriations bill. Overall, according to information provided in the Committee press release, the bill increases funding by about \$23.4 billion, or nearly 48.8 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. As we have noted in previous letters as well as the FY 2019 Budget, 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 Committee bill includes funding for critical priorities, including:

- **Infrastructure Investments.** The Administration appreciates the Committee's major investments in funding the revitalization of American infrastructure, in ways consistent with the Administration's Infrastructure Initiative, through strong support for additional investment in the Nation's highway, transit, rail, and aviation infrastructure. However, the Administration urges the Congress to support 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 infrastructure that 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.
- **FAST Act Programs.** The bill provides the Department of Transportation (DOT) \$57 billion for highway, highway safety, and transit programs, as authorized for the fourth year of the Fixing America's Surface Transportation (FAST) Act, which would allow States and localities to continue their planned surface transportation investments.

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:

- Capital Investment Grants (CIG). The bill provides \$2.6 billion, \$1.6 billion above the FY 2019 Budget request for CIG at DOT, which proposed to wind down the CIG program by not entering into any additional grant agreements. The Administration believes the additional resources provided above the request in the bill would be better utilized by being allocated to the State of Good Repair Formula Program.
- BUILD Grants. While the Administration appreciates the support for the National Infrastructure Investments (“BUILD Grants”) program, the Administration believes that overly prescriptive project selection requirements, such as the bill’s requirement to award projects based solely on the selection criteria from the 2016 Notice of Funding Opportunity, dilute the DOT’s ability to select the most meritorious grantees.
- Amtrak. The Administration believes that there are real opportunities to make Amtrak a more efficient passenger rail provider, we are encouraged by the performance of Amtrak executive leadership in identifying efficiencies, and we encourage the Congress to support those efforts. Unfortunately, the bill continues the status quo, providing Amtrak funding equal to the FY 2018 enacted level for all its operations, including its highly inefficient long-distance trains.
- Essential Air Service (EAS). The Administration is disappointed that the Committee did not include the Administration’s proposals to reform the EAS program at DOT. EAS is in dire need of reform, as total EAS spending has increased 600 percent since 1996, and its per-passenger subsidy costs are \$238 on average, with a high of \$778 per passenger. The Administration believes it is essential to comprehensively reform the EAS program in order to finally bring spiraling costs under control while ensuring that truly remote communities receive air service.
- Rental Assistance Programs. The bill provides \$42.9 billion, \$7.1 billion above the FY 2019 Budget request, for rental assistance programs at the Department of Housing and Urban Development (HUD). The Administration is disappointed that the bill continues to reflect the status quo and does not include the Budget’s proposed legislative reforms to Housing Choice Vouchers, Project-Based Rental Assistance, Public Housing, and Housing for the Elderly and Persons with Disabilities. In April 2018, the Administration released its Making Affordable Housing Work Act, which would offer public housing authorities, property owners, and HUD-assisted families a simpler and more transparent set of rent structures to reduce administrative burden, incentivize work, and place HUD’s rental assistance programs on a more fiscally sustainable path.
- HUD Block Grants. The bill continues to provide funding for the Community Development Block Grant (CDBG) and HOME Investment Partnerships programs at

HUD, both programs which the Administration proposed to eliminate in the FY 2019 Budget request. The CDBG program is not well-targeted to the most distressed areas and has not demonstrated a measurable impact on communities. The Administration also believes that State and local governments are better positioned than the HOME program to comprehensively address the unique market challenges, local policies, and impediments that lead to housing affordability problems.

- Other HUD Grant Programs. The bill funds the Choice Neighborhoods program at \$100 million rather than eliminating it as proposed in the FY 2019 Budget request. The Administration recognizes that there is a greater role for State and local governments in addressing community revitalization needs. The bill also provides \$755 million for the Native American Housing Block Grant, which is \$155 million above the 2019 Budget request. This program is unauthorized and the increased funding should be redirected to other Administration priorities.

The Administration is also concerned about language in the bill that requires the Federal Aviation Administration (FAA) to use an almost 30-year-old cost-benefit analysis, based on almost 40-year-old safety studies, to manage the contract tower program. This program can be a cost effective method of providing tower service, but only if the FAA is allowed to use the latest safety and cost-benefit data to make informed decisions.

The Administration appreciates the Committee's report language on the Railroad Rehabilitation and Improvement Financing (RRIF) program accompanying the bill, which seeks to address a problem created by language in the 2018 Omnibus that, if executed, would require DOT to use a \$25 million appropriation for repaying credit risk premiums (CRP) paid by past borrowers instead of supporting new loans as intended by the Congress. The Administration encourages inclusion of language in the bill that would resolve the issue in a way that preserves the \$25 million for new loans while also minimizing the amount of time needed to mitigate loss and repay CRP.

As the Senate takes up the Transportation, Housing and Urban Development, and Related Agencies Appropriations 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 it.

Mick Mulvaney  
Director

cc: The Honorable Susan Collins  
The Honorable Jack Reed

Identical Letter Sent to the Honorable Patrick Leahy