



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

July 18, 2018
(House)

STATEMENT OF ADMINISTRATION POLICY
H.R. 6147 — Interior, Environment, Financial Services, and General Government
Appropriations Act, 2019
(Rep. Frelinghuysen, R-NJ)

The Administration appreciates investments that H.R. 6147, making appropriations for interior, environment, financial services and general government for the fiscal year (FY) ending September 30, 2019, and for other purposes, makes in the Nation's natural resources, financial infrastructure, and Government operations.

The Administration welcomes the House's timely consideration of appropriations legislation, and looks forward to working with the Congress well before the end of the fiscal year to enact individual bills that provide sufficient funding to essential programs without further jeopardizing the Nation's fiscal state.

Division A of H.R. 6147 provides funding for programs requested in the FY 2019 Budget, such as energy development, National Park Service construction, and wildland fire response. The Administration appreciates the support for these and other priorities, such as critical water infrastructure needs funded through both the State Revolving Funds and the Water Infrastructure Finance and Innovation Act credit program. However, division A funds numerous programs at levels well above the FY 2019 Budget request, and does not include major recommended reductions. Division A is \$7 billion—approximately 25 percent—above the FY 2019 request, and the EPA alone is funded at almost \$2 billion above the Administration's requested level.

The Administration greatly appreciates the efforts made in division B to reduce Federal spending below the non-Defense discretionary cap level set by the Bipartisan Budget Act of 2018 (BBA). The Fund for America's Kids and Grandkids, which reserves funds until the Federal budget deficit is erased, is a novel and commendable effort towards fiscal responsibility. Given the Nation's long-term fiscal constraints and the need to right-size the Federal Government, the Administration encourages the Congress to continue identifying ways to reduce spending below the BBA non-Defense discretionary cap. Division B also supports the Administration's priorities including countering terrorist financing, implementing the Tax Cuts and Jobs Act of 2017, protecting life and religious liberty in Washington, D.C., and fundamentally reforming the Bureau of Consumer Financial Protection.

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

**Division A – Department of the Interior, Environment, and Related Agencies
Appropriations Act, 2019**

Department of the Interior (DOI)

DOI Topline. The Administration appreciates the bill’s support for priority DOI programs, however, it also provides increased funding in excess of the FY 2019 Budget request for a number of DOI programs. In total, the bill provides an estimated \$13.1 billion for DOI, \$2.4 billion more than the FY 2019 Budget request.

Energy Development. The Administration appreciates the Committee’s commitment to energy development on public lands and in offshore waters, including additional resources above the FY 2019 Budget request in the Bureaus of Land Management, Ocean Energy Management, and Safety and Environmental Enforcement.

National Park Service (NPS) Construction. The Administration appreciates the Committee’s strong support for NPS construction, and looks forward to continuing to work with the Congress to address the NPS deferred maintenance backlog.

DOI and Department of Agriculture (USDA), Forest Service

Wildland Fire Management. The Administration appreciates the bill’s \$3.9 billion investment in wildland fire operations, fully funding the 10-year average for wildland fire suppression costs for both the Forest Service and DOI. The Administration also appreciates the additional funds provided in the bill to cover suppression costs above the 10-year average, which would help in the year before wildfire cap adjustment funds become available.

Federal Land Acquisition. The Administration opposes funding provided in the bill for land acquisition, which is \$124 million above the FY 2019 Budget request. The Departments currently manage roughly 700 million acres and have a deferred maintenance infrastructure backlog of over \$16 billion. Acquiring new lands, however, is a low priority.

USDA, Forest Service

USDA, Forest Service Topline. The Administration is concerned that funding for non-fire programs is \$960 million above the FY 2019 Budget request, with large increases for facilities and roads, and for State and Private Forestry grants.

Environmental Protection Agency (EPA)

EPA Topline. The Administration is concerned that the bill would provide \$8.3 billion for EPA, which is \$2.2 billion above the FY 2019 Budget request, and includes funding for programs that are outside of the Agency’s core responsibilities.

Funding for Water Infrastructure. The Administration appreciates the Committee’s attention to critical water infrastructure needs through the robust funding provided to both the State

Revolving Funds and the Water Infrastructure Finance and Innovation Act credit program. Combined, this funding could support several billion dollars in total water infrastructure investment for a wide variety of needs.

Superfund. The Administration appreciates the \$1.2 billion included in the bill for the Hazardous Substance Superfund account, which would support infrastructure projects and ongoing cleanup of contaminated sites that are impacting the health and economic well-being of communities.

EPA Geographic Programs. The Administration is concerned that the bill provides \$398 million above the FY 2019 Budget request for the Geographic Programs, which perform local ecosystem protection activities, much of which is more appropriately funded by State and local entities.

Categorical Grants. The Administration continues to recommend reductions to Categorical Grants, which the bill would fund at \$469 million above the FY 2019 Budget request. Reductions to these grants would reduce Federal funding for State activities that go beyond statutory mandates, and would encourage a rebalancing of environmental program funding between Federal and State resources.

EPA's Science and Technology Account. The Administration continues to advocate for reductions in the Science and Technology account, which is funded at \$644 million or \$220 million above the FY 2019 Budget request. This account includes programs in research and development that are not necessary to implement core EPA responsibilities.

Diesel Emissions Reduction Act (DERA) Grant Program. The bill provides \$100 million, or \$90 million above the FY 2019 Budget request for the DERA grant program. While the Administration supports limited DERA funding for targeted high-priority projects, DERA projects overlap with other Federal and State programs, and have diminishing returns for older vehicles that would eventually be replaced regardless of DERA grant funding levels. States may also be able to use some of a \$2.7 billion fund established through a settlement with Volkswagen to support very similar projects to those normally funded by the DERA program.

Other Independent Agencies

National Endowment for the Arts (NEA), National Endowment for the Humanities (NEH), and the Woodrow Wilson International Center for Scholars (Wilson Center). The Administration is disappointed that the bill does not eliminate Federal funding for NEA, NEH, and Wilson Center. The Administration recognizes the positive effects the arts and humanities have on our communities; however the FY 2019 Budget request proposed an orderly phase-out of Federal funding for these agencies, as the Administration does not consider their activities to be core Federal responsibilities.

Constitutional Concerns

Certain provisions of the bill raise constitutional concerns by contravening the separation of powers between the Executive Branch and the Congress. The Administration looks forward to working with the Congress to address these concerns.

Division B – Financial Services and General Government Appropriations Act, 2019

Department of the Treasury

The Fund for America's Kids and Grandkids (Fund). The Administration appreciates the Committee's inclusion of the Fund in the bill. The Fund is an example of how the Congress can safeguard funds for future generations and spend below the discretionary caps in a time of excessive deficits.

Internal Revenue Service (IRS). The bill provides the IRS a total of \$11.6 billion, \$482 million above the FY 2019 Budget request. This amount includes \$77 million in dedicated funding for tax reform implementation and base funding for tax enforcement that is \$232 million above the FY 2019 Budget request. The Administration appreciates the Committee's support for tax reform and the amounts provided in the bill fully fund the Administration's two-year proposal requested in FY 2018. While the Administration supports additional investment in tax enforcement and the resulting deficit savings, the program integrity cap adjustment proposed in the FY 2019 Budget would be a more appropriate way to fund these activities.

Office of Terrorism and Financial Intelligence (TFI). The bill provides TFI a total of \$161 million, \$2 million above the FY 2019 Budget request. The Administration appreciates the Committee's support for TFI to continue its critical work safeguarding the financial system from abuse and combatting other national security threats using non-kinetic economic tools.

Treasury Departmental Offices. The bill provides \$209 million for Treasury's Departmental Offices, \$7 million above the FY 2019 Budget request. These additional funds could be used to strengthen review of foreign investment in the United States and address other emerging priorities. The Administration looks forward to working with the Congress to provide adequate resources to support anticipated increases in the caseload for review by the Committee on Foreign Investment in the United States.

Community Development Financial Institutions (CDFI) Fund. The bill provides \$216 million, \$202 million above the FY 2019 Budget request, for the CDFI Fund. The requested amount is sufficient to support ongoing CDFI Fund activities, including the New Markets Tax Credit and the zero-subsidy Bond Guarantee Program.

Bureau of Engraving and Printing (BEP). The Administration encourages the Congress to include language in the final FY 2019 bill that would allow BEP to purchase land and construct a new currency production facility in the National Capital Region. This authority would save the Federal Government approximately \$600 million and would lower the operating costs associated with printing of our Nation's currency.

Executive Office of the President (EOP)

Information Technology Oversight and Reform (ITOR). While the Administration appreciates the Committee's support for the EOP, including a funding increase for the Office of

Management and Budget (OMB), the bill does not adequately fund the ITOR account. To maintain the ability of the OMB Office of the Federal Chief Information Officer (OFCIO) to perform statutorily required IT oversight, policy development, and IT security functions and the U.S. Digital Service's ability to respond effectively to significant security breaches or recover failed systems, the Administration urges the Congress to fund ITOR at the level requested in the FY 2019 Budget and to support the requested funding necessary to transition certain OFCIO activities to the General Services Administration's (GSA) Office of Government-wide Policy.

General Services Administration (GSA)

Federal Information Technology (IT) Modernization. The Administration appreciates the Committee's attention to modernizing vulnerable and inefficient legacy IT systems and welcomes the \$150 million in continued support for the Technology Modernization Fund (TMF) as a means of addressing these pressing challenges. The Administration believes that any additional funding would be well-utilized and will continue working with the Committee to demonstrate the taxpayer value generated by the TMF.

Federal Buildings Fund (FBF) Capital Program. The Administration is concerned that the bill diverts more than \$1.5 billion in FBF rent receipts from investment in the capital program. The bill eliminates essential funding for priority construction, acquisition, and repair and alteration projects such as the purchase of the Department of Transportation headquarters.

Federal Capital Revolving Fund. The Administration continues to support the establishment of a Federal Capital Revolving Fund (FCRF), a new budgetary mechanism for large civilian real property projects. The Administration recently transmitted legislative language and looks forward to working with the Congress to enact the FCRF proposal.

Environmental Review Improvement Fund. The Administration appreciates that the Committee fully funds the Federal Permitting Improvement Steering Council at the level requested in the FY 2019 Budget, allowing the Council to create a more standardized, coordinated, and predictable permitting process that protects public health, safety, and the environment.

Workforce Fund. The Administration looks forward to working with the Congress to enact authorizing legislation to establish the President's Management Council Workforce Fund and urges the Congress to provide appropriations upon its enactment. The Administration believes it is essential to develop and fund innovative solutions aimed at recruiting, retaining, and rewarding high-performing Federal employees and those with critical skills sets.

Small Business Administration (SBA)

Disaster Loans Program Account. The Administration is concerned that the bill provides insufficient funding for SBA disaster loan administrative expenses, assuming instead that SBA will rely on balances from appropriations provided in the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (Public Law 115-123, division B, subdivision 1). These balances are necessary to administer loans to those affected by the major hurricanes that occurred in 2017, and may not be sufficient to allow SBA to continue to provide

loans to disasters occurring in 2019. The Administration believes it makes sense both fiscally and programmatically to provide funds through the regular appropriations process in order to ensure that SBA has the necessary resources to quickly assist homeowners and businesses in disaster recovery.

Other Independent Agencies

Bureau of Consumer Financial Protection (Bureau). The Administration is encouraged by the Committee's inclusion of language that would subject the Bureau to the normal appropriations process beginning in FY 2020, create a dedicated Inspector General, and authorize further congressional review of the Bureau's rulemaking procedures.

District of Columbia. The Administration appreciates the Committee's support for provisions included in the FY 2019 Budget that protect life and religious liberty in Washington, D.C.

Other Provisions

Financial Regulation. The Administration appreciates the Committee's efforts to build on enactment of the Economic Growth, Regulatory Relief, and Consumer Protection Act (Public Law 115-174) by proposing additional pro-growth provisions that would promote lending and access to capital markets for American businesses, homeowners, and consumers. The Administration looks forward to working with the Congress to address several technical changes to facilitate enactment of these provisions, which support the core principles for regulating the United States financial system as set forth in Executive Order 13772.

Criminal Warrant Requirement for Electronic Communications. The Administration is concerned with section 1002 of the bill, which would require Government entities to obtain a criminal warrant when they seek the content of subscriber emails and other electronic communications from internet service providers. This statutory change would have operational impacts on civil law enforcement agencies that lack criminal authority, such as the Securities and Exchange Commission, and would impede investigations.

Constitutional Concerns

Certain provisions of the bill raise constitutional concerns. One provision would violate the Appointments Clause, and a number of others would contravene the separation of powers between the Executive Branch and the Congress. In particular, certain provisions—including one purporting to bar OMB from expending funds to alter the annual work plan of the Army Corps of Engineers—would interfere with the President's supervision of the Executive Branch. Others would require congressional committee approval of certain executive actions, in violation of *INS v. Chadha*, or could infringe on the President's constitutional authority to control the disclosure of information that is subject to executive privilege. The Administration looks forward to working with the Congress to address these concerns.

The Administration looks forward to working with the Congress as the FY 2019 appropriations process moves forward.

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