



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

THE DIRECTOR

May 7, 2018

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

Dear Chairman Frelinghuysen:

On April 26, 2018, the Military Construction, Veterans Affairs, and Related Agencies Subcommittee considered the fiscal year (FY) 2019 Military Construction, Veterans Affairs, and Related Agencies Appropriations bill. The Administration strongly supports providing the resources necessary to meet the Nation's obligations to those who have served in the Armed Forces and to support the infrastructure needs of the Nation's men and women in uniform, and appreciates the opportunity to weigh in on this bill.

The President's 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:

- **Electronic Health Record Modernization.** The bill provides the requested \$1.2 billion to continue the implementation of new electronic health records by the Department of Veterans Affairs (VA).
- **VA Capital Infrastructure Programs.** The bill provides \$1.7 billion for VA's major and minor construction programs, nearly equal to the Budget request. The bill also provides an additional \$2 billion for infrastructure repair allocated among the major construction, minor construction, and non-recurring maintenance programs.
- **Guantanamo Bay.** The bill provides the requested \$69 million to build a new high-value detention facility at Guantanamo Bay.

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

- **Veterans Choice Program.** While the Administration appreciates the provision of additional capital funding to improve VA facilities, the bill does not provide the \$1.9 billion requested for the Veterans Choice Program (Choice Program) that would have unified funding for all of VA Medical Care using discretionary resources. The Administration strongly supports the VA MISSION Act of 2018. Although this bill would create unfunded programs, it funds the existing Choice Program to ensure that veterans continue to receive care through the Choice Program until a new, consolidated community care program takes effect. However, due to the delay in enacting the new program, VA could require an additional \$1.6 billion in FY 2019 for its traditional community care program. Given these circumstances, the Administration strongly urges the Committee to provide this extra funding to support the Nation's veterans, in addition to the \$1.9 billion requested for the Choice Program.
- **Medical Care Accounts Merger.** The bill does not merge, as requested in the Budget, the Medical Community Care and Medical Services accounts within the Veterans Health Administration. The separate appropriation for community care has restricted VA's ability to efficiently manage its budget at the local level and make decisions about whether care is provided in VA's own facilities or is purchased from community providers or Federal partners. Healthcare delivery is a dynamic situation, and merging the two accounts would maximize VA's ability to focus its resources on the services veterans need most.
- **Full Funding of Military Construction Projects.** The Administration appreciates that the bill provides \$11.3 billion for military construction, close to the full amount requested. However, the bill cuts approximately \$950 million from the Administration's requested military construction projects and instead incrementally funds some requested projects while diverting \$650 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. Government Accountability Office reports concur with OMB's position as a best practice.

As the Committee takes up the Military Construction, Veterans Affairs, and Related Agencies Appropriations Subcommittee bill, the Administration looks forward to working with you to address these concerns.

Sincerely,

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

Mick Mulvaney
Director

cc: The Honorable Charlie Dent
The Honorable Debbie Wasserman Schultz

Identical Letter Sent to The Honorable Nita Lowey