



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

May 20, 2019

The Honorable Nita Lowey
Chairwoman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Lowey:

On May 15, 2019, the Energy and Water Development, and Related Agencies Subcommittee considered the fiscal year (FY) 2020 Energy and Water Development, and Related Agencies Appropriations bill. We are strongly opposed to the budgetary framework that underlies this and other appropriations bills being considered by the Appropriations Committee. In advance of Full Committee consideration of this bill, I would like to take this opportunity to share both these overall concerns as well as specific concerns related to this bill.

The Energy and Water Development, and Related Agencies Appropriations bill is being considered under House Democrats' budget framework, which would raise the discretionary spending caps by more than \$350 billion in FYs 2020 and 2021 and does not reflect a House-passed budget resolution or a bipartisan, bicameral agreement. This would put the Federal Government on track to add nearly \$2 trillion to deficits over 10 years, while the national debt is already above \$22 trillion and rising.

In addition, the House Democrats' framework continues the misguided notion that increases to defense spending must be matched or exceeded by increases to non-defense spending. The bills under consideration actually provide more than twice as much additional funding in FY 2020 for non-defense than for defense programs, relative to FY 2019 levels. Investing in our national security remains a key Administration priority, but ensuring our defense does not require additional non-defense discretionary funding.

Excessive deficits continue to threaten the Nation's progress, and without action to restore the proper size and role of Government, deficits will remain over a trillion dollars per year for the foreseeable future. The President's FY 2020 Budget provides the Congress with a clear roadmap for bringing Federal spending under control. It proposes more spending reductions than any other administration has proposed in history, while providing necessary funding for defense, national security, and other critical needs. Importantly, the Budget protects these key priorities while adhering to the discretionary spending caps in current law. The Congress must do the same.

Overall, according to information provided in the Subcommittee press release, the bill provides \$46.4 billion, \$8.4 billion or nearly 22 percent above the FY 2020 Budget request and \$1.8 billion above the FY 2019 enacted level.

The bill includes funding that the Administration believes is not in line with the overall effort to control non-defense spending reflected in the FY 2020 Budget request or underfunds key investments in critical areas supported in the FY 2020 Budget request, including:

- **National Nuclear Security Administration (NNSA) Weapons Activities.** While the Administration appreciates the Subcommittee's support for NNSA, the Subcommittee's level is insufficient to fully support the nuclear modernization program the Nation needs. The nuclear deterrent is the foundation of America's national defense and the defense of America's allies, and must be modernized.
- **Infrastructure.** The Administration appreciates the Subcommittee's strong support for investment in the Nation's water resources infrastructure. However, the bill fails to reform and improve how the Nation invests in water resources. The bill fails to extend section 1043, regarding the non-Federal implementation of construction of Federal projects, of the Water Resources Reform and Development Act of 2014, as amended. This authority, which authorizes the Corps to transfer appropriations to non-Federal sponsors to construct projects and could result in substantial cost savings, expires on June 10, 2019. The bill does not include an important technical change proposed in the FY 2020 Budget to improve the execution and transparency of Corps funds financed through the harbor maintenance trust fund and the inland waterways trust fund. The bill also fails to implement a proposal in the FY 2020 Budget request to return the funding and management of the Formerly Utilized Sites Remedial Action Program from the Corps to the Department of Energy (DOE).
- **Duplicative Funding.** Section 307 of the bill requires DOE to transfer \$21 million to the Department of the Interior for environmental stewardship and endangered species recovery activities. This work is already fully funded within the Bureau of Reclamation. These amounts should instead be transferred to the Department of the Treasury to help repay the cost of prior capital investments.
- **Applied Energy Programs.** The bill provides \$5 billion for DOE's applied energy programs, \$3.1 billion more than the FY 2020 Budget request. The Administration strongly 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 to avoid "picking winners." The private sector is best positioned to evaluate and invest in the commercial potential of energy technology advancements.

- **Loan Programs.** The bill does not adopt the proposed elimination of DOE's loan programs. The Government should not be in the business of picking which technologies "win" the commercialization race and displacing private sector investment opportunities. Instead, the Government should recognize the private sector's primary role in taking risks to finance projects in the energy and automobile manufacturing sectors and, as such, the Administration recommends that the Committee move to eliminate these loan programs, including the cancellation of unobligated balances.
- **Advanced Research Projects Agency–Energy (ARPA-E).** The Administration is disappointed that the bill does not eliminate ARPA-E and does not cancel the program's \$287 million in unobligated funds. It makes little strategic sense that ARPA-E still exists independent of DOE's main applied research programs, especially when the research funded is similar. The proposed elimination reduces duplication and positions DOE to incorporate elements of ARPA-E into the existing Applied Energy Offices to support a more integrated energy research and development strategy.
- **Petroleum Reserve Sales.** The bill does not include language implementing the liquidation and sale of the Northeast Home Heating Oil Reserve and Northeast Gasoline Supply Reserve. Both of these reserves are costly to maintain, operationally inefficient, and have never been used for their intended purpose. The FY 2020 Budget request included roughly \$150 million in deficit reduction from the proceeds of these sales, which would constitute the best value to taxpayers.
- **Environmental Management.** The bill provides \$7.2 billion, \$706 million above the FY 2020 Budget request. The FY 2020 Budget requests funding to advance cleanup of the Cold War legacy and protects human health and the environment. Instead, the bill shifts resources to Environmental Management and reduces funding for nuclear security activities, which jeopardizes critical investments to modernize the nuclear weapons enterprise to strengthen national security.

The bill also includes several objectionable language provisions, including section 106 which would prohibit the use of funds made available by the bill or any other Act to reorganize or transfer the Civil Works functions or authority of the Corps of Engineers or the Secretary of the Army to another department or agency. In addition, section 108 would preclude the use of funds provided by the bill for the Civil Works program, or any prior Act provided for the Civil Works program for use on southern border wall construction.

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

Sincerely,



Russell T. Vought
Acting Director

cc: The Honorable Marcy Kaptur
The Honorable Mike Simpson

Identical Letter Sent to the Honorable Kay Granger