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

November 6, 2023
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4664 — Financial Services and General Government Appropriations Act, 2024
(Rep. Granger, R-TX)

The Administration strongly opposes House passage of H.R. 4664, making appropriations for financial services and general Government for the fiscal year (FY) ending September 30, 2024 and for other purposes.

In May, the Administration negotiated in good faith with House Republican Leadership on bipartisan legislation to avoid a first-ever default and protect the Nation's hard-earned and historic economic recovery. This negotiation resulted in the Fiscal Responsibility Act (FRA) of 2023, which passed with overwhelming bipartisan support and set spending levels for FYs 2024 and 2025. The agreement held spending for non-defense programs roughly flat with FY 2023 levels, a compromise that protected vital programs Americans rely on from draconian cuts House Republicans proposed. The agreement also protected historic legislative accomplishments from the past two years, including the Inflation Reduction Act (IRA), Honoring our PACT Act of 2022, CHIPS and Science Act, and the Infrastructure Investment and Jobs Act (Bipartisan Infrastructure Law).

House Republicans had an opportunity to engage in a productive, bipartisan appropriations process, but instead are wasting time with partisan bills that cut domestic spending to levels well below the FRA agreement and endanger critical services for the American people. These levels would result in deep cuts to clean energy programs and other programs that work to combat climate change, essential nutrition services, law enforcement, consumer safety, education, and healthcare.

These bills include billions in additional rescissions from the IRA and other vital legislation that would result in unacceptable harm to clean energy and energy efficiency initiatives that lower energy costs and other critical investments in rural America.

The draft bills also include numerous new, partisan policy provisions with devastating consequences including harming access to reproductive healthcare, threatening the health and safety of Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex (LGBTQI+) Americans, endangering marriage equality, hindering critical climate change initiatives, and preventing the Administration from promoting diversity, equity, and inclusion.

The Administration stands ready to engage with both chambers of the Congress in a bipartisan appropriations process to enact responsible spending bills that fully fund Federal agencies in a timely manner.

If the President were presented with H.R. 4664, he would veto it.

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

Department of the Treasury (Treasury)

Treasury Topline. The Administration strongly opposes the funding level for Treasury, which, if enacted, would increase the deficit and severely limit the agency's ability to protect the integrity of the financial system, combat global financial crime and corruption, and effectively manage the U.S. Government's finances. The bill provides $13 billion in discretionary funding to Treasury, which is a reduction of $1.2 billion from the FY 2023 enacted level. Even as House Republicans say the purpose of their harsh cuts is to reduce the deficit, over time this bill would instead add billions to the deficit by cutting annual funding for the Internal Revenue Service (IRS).

IRS. The Administration strongly opposes the $1.1 billion reduction in IRS discretionary funding below the FY 2023 enacted level. This reduction to discretionary funding is coupled with a $10.2 billion rescission of IRS IRA funds. The FY 2024 appropriations bills advanced by House Republicans would also rescind $67 billion in multiyear funding that would enable IRS to collect taxes owed by wealthy people and big corporations. Over time, these reductions would make it easier for wealthy tax cheats to avoid the taxes they owe and increase both the tax gap and the deficit. Moreover, the IRS estimates that it would quickly deplete IRA funding for taxpayer services even if the FY 2023 enacted level is maintained. Reductions to discretionary funding or further rescissions of IRA funding would only serve to accelerate that cliff and leave the IRS unable to maintain basic taxpayer services.

Departmental Offices. The Administration strongly opposes a reduction in funding for Treasury's Departmental Offices from the FY 2023 enacted level, which would be highly disruptive to core Treasury operations and significantly hamper Treasury's ability to effectuate the Administration's recent Executive Order (E.O.) 14105, "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern." The Administration also opposes language that would prohibit the use of funds for the Federal Insurance Office, a body specifically tasked to monitor all aspects of the non-healthcare insurance industry, including the extent to which underserved communities have access to affordable insurance products.

Financial Crimes Enforcement Network (FinCEN). The Administration strongly opposes a reduction in funding for FinCEN from the FY 2023 enacted level. The bill would undermine FinCEN's rollout of the statutorily required Beneficial Ownership System on January 1, 2024, undercutting a critical anti-money laundering initiative and reducing support for the small businesses that will be required to use the new system.

Office of Terrorism and Financial Intelligence (TFI). The Administration is strongly opposed to a reduction in funding for TFI from the FY 2023 enacted level. This reduction would jeopardize U.S. national security by impacting Treasury's ability to craft, implement, and enforce sanctions, including the historic sanctions program targeting Russia's illegal war in Ukraine, and sanctions on key Hamas terrorist group members and financial facilitators in Gaza.

Community Development Financial Institution (CDFI) Fund. The Administration is disappointed that the bill would reduce funding for the CDFI Fund by $45 million from the FY 2023 enacted level. This reduction would decrease financial assistance and technical assistance awards to certified and emerging CDFIs, reducing economic opportunity in economically distressed communities, including rural and urban areas.

Alcohol and Tobacco Tax and Trade Bureau (TTB). The Administration opposes the $14 million reduction in funding for TTB from the FY 2023 enacted level, which would cause significant disruptions to service levels for alcohol permitting, label, and formula approvals, which are integral to the small businesses that drive industry job growth.

Bureau of the Fiscal Service (BFS). The Administration opposes a reduction in funding for BFS from the FY 2023 enacted level. At this level, BFS would be forced to make reductions to staffing and core operations which are critical to Government-wide activities related to financial management, debt collection, spending transparency, and improper payments.

<u>Executive Office of the President (EOP)</u>

EOP. The Administration strongly opposes the $62 million reduction in funding for Salaries and Expenses of EOP components relative to the FY 2023 enacted level. Specifically, the bill would reduce funding for White House Salaries and Expenses by $23 million, a more than 29 percent reduction from the FY 2023 enacted level. This reduction would egregiously undermine the offices and councils that provide support to the President. The Administration also strongly objects to section 206 which would impose punitive funding reductions to the EOP contingent on the timing of the release of the President's Budget. The Administration also opposes section 207 which would explicitly impede the Office of Management and Budget's ability to implement provisions of the FRA.

<u>General Services Administration (GSA)</u>

Federal Buildings Fund (FBF). The Administration urges the Congress to fully fund GSA's FBF. The bill provides $1.8 billion less than the FY 2024 Budget request and $992 million less than the FY 2023 enacted level. A robust capital program is essential to maintaining GSA buildings at an acceptable level, as well as taking advantage of rightsizing opportunities and strengthening energy efficiency of Federal buildings. In addition, the bill provides $92 million less than the Building Operations request level, funds that are necessary to effectively operate the building inventory and adequately support tenant agencies. The funding level in the bill fails to provide funding for three construction projects, 14 repair and alteration projects, and four special emphasis programs. The Administration looks forward to working with the Congress as this bill progresses to ensure that the FBF remains funded at a level that would allow GSA to appropriately manage the Federal Government's real estate portfolio.

Technology Modernization Fund (TMF). The Administration strongly opposes the bill's lack of funding for the TMF and urges the Congress to provide the full $200 million requested in the FY 2024 Budget which would support a more rapid transition of legacy systems and the adoption of more secure commercial technology. To date, the TMF

Board has received more than 200 proposals from agencies totaling over $3.7 billion in requested funds, far exceeding the amount of resources available.

Federal Citizen Services Fund. The Administration strongly opposes the reduction to GSA's Federal Citizen Services Fund from the FY 2023 enacted level, which would hamper the Technology Transformation Service's (TTS) ability to sufficiently support laws enacted by the Congress, including the FedRAMP Authorization Act and the 21st Century Integrated Digital Experience Act. The bill provides $55 million, which is $35 million less than the FY 2023 enacted level. This level of funding would set the program back to the FY 2019 enacted level, leaving TTS unable to keep up with inflationary increases and incapable of supporting growing demand for TTS citizen-facing Government services and innovative technologies.

Electric Vehicles Fund. The Administration opposes the bill's lack of funding for GSA's Electric Vehicles Fund and urges the Congress to provide the full $50 million requested in the FY 2024 Budget to support the Administration's goal of electrifying the Federal fleet. The Electric Vehicles Fund provides the mechanism for GSA to procure zero emission and electric vehicles and the associated charging infrastructure on behalf of Federal agencies.

Prohibition on Electric Vehicles and Infrastructure. The Administration strongly objects to section 635 of the bill, which would prohibit any agency covered by the bill from buying electric vehicles and associated charging infrastructure, needlessly hampering the Government's ability to adapt to automobile manufacturing market changes and harming Administration efforts in support of E.O. 14057, "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability," to transition the light duty fleet to 100 percent zero emission vehicles by 2027.

<u>Office of Personnel Management (OPM)</u>

Postal Service Health Benefits Program (PSHBP). The administration urges the Congress to provide the full $38 million requested in the FY 2024 Budget to support implementation of the PSHB program, which will begin operations in FY 2025. The PSHBP will cover 1.7 million U.S. Postal Service employees, annuitants, and family members and funding is needed prior to FY 2025 to build necessary systems and avoid any disruption in healthcare coverage.

<u>Small Business Administration (SBA)</u>

COVID-19 Program Administration and Oversight. The Administration is concerned that the bill does not provide the necessary resources to support the effective administration and oversight for programs that provided more than $1 trillion in aid to millions of small businesses during the COVID-19 pandemic. Without this funding, SBA would be forced to degrade or eliminate critical activities including those necessary to support loan servicing, oversight, and fraud risk management.

Community Navigator Program. The Administration is concerned that the bill prohibits SBA from funding the Community Navigator program, which provides business technical assistance services to underserved communities. Prohibiting SBA from supporting this program would reduce underserved communities' awareness of and access to critical SBA programs.

Securities and Exchange Commission (SEC)

SEC Funding. The Administration strongly opposes reductions to SEC funding from the FY 2023 enacted level. SEC funding is derived from securities-related fees and assessments and reducing the agency's budget would curtail critical investor protection activities without achieving any deficit reduction. The Administration also strongly opposes sections 550 through 556 of the bill, which would limit the SEC's ability to enforce existing rules. These include prohibiting implementing rules related to data collection, climate relate disclosures, and various investor protection rules.

Consumer Financial Protection Bureau (CFPB)

CFPB Restructuring. The Administration strongly opposes sections 501, 502, and 503 of the bill, which would fundamentally restructure the CFPB and subject the agency to annual appropriations. The Dodd-Frank Act established the CFPB as an independent agency and provided for permanent funding.

District of Columbia (D.C.)

D.C. Home Rule. The Administration strongly opposes new provisions in title VIII of the bill, which would undermine the principle of home rule for the Nation's capital. These provisions would prohibit the District from using both Federal and local funds to carry out the Reproductive Health Non-Discrimination Amendment Act of 2014 (D.C. Law 20-261), amend the District of Columbia Home Rule Act to restrict future local legislation, repeal previously enacted local legislation, and intervene in local traffic enforcement.

Federal Trade Commission (FTC)

FTC Funding Reductions. The Administration opposes the $53 million reduction to the FY 2023 enacted level for FTC. Funding at this level would severely hinder FTC's ability to protect consumers and continue antitrust enforcement. In addition, this level would require the temporary furloughing of employees and a potential permanent reduction in staff of up to 400 employees.

Constitutional Concerns

Certain provisions of the bill raise separation of powers concerns, including by conditioning the Executive's authority to take certain actions on receiving the approval of the House and Senate Committees on Appropriations. In addition, section 757 of the bill would raise serious constitutional concerns under the equal protection guarantee of the Fifth Amendment and the Spending Clause by generally allowing for Federal Employee Health Benefits-funded insurers to cover the cost of specific types of medically necessary care but prohibiting those insurers from covering the costs of the same care to transgender individuals on the basis of their sex and transgender status. The Administration looks forward to working with the Congress to address these and other concerns.

The Administration looks forward to working with the Congress as the FY 2024 appropriations process moves forward.

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