



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

June 5, 2018
(House Rules)

STATEMENT OF ADMINISTRATION POLICY
H.R. 5895 — Energy and Water, Legislative Branch, and Military Construction
and Veterans Affairs Appropriations Act, 2019
(Rep. Frelinghuysen, R-NJ)

The Administration appreciates the investments made to the Nation's military and infrastructure, as well as support for veterans, in H.R. 5895, a bill making appropriations for energy and water development, the Legislative Branch, military construction, Veterans Affairs, and related agencies for the fiscal year (FY) ending September 30, 2019, and for other purposes.

The Administration welcomes the House's timely consideration of appropriations legislation, and looks forward to working with the Congress well in advance of 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.

The 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. 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 the BBA's non-Defense cap of \$597 billion, \$57 billion above the FY 2019 Budget.

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

Division A – Energy and Water Development and Related Agencies Appropriations Act, 2019

Corps of Engineers

Agency Topline. The Administration appreciates the bill's investments in the Nation's water resources through the Corps of Engineers civil works program. However, the Administration also believes the bill should encourage a more modern approach to investing in the Nation's infrastructure that would strike an appropriate balance in incentivizing and facilitating greater non-Federal participation in water resources projects while maintaining robust support for infrastructure where Federal investment is most warranted and needed.

Department of Energy

Nuclear Posture Review (NPR). The Administration appreciates the Committee's strong support for modernization of the U.S. nuclear weapons stockpile, recapitalization of the associated

infrastructure, strengthening nuclear nonproliferation and nuclear counterterrorism efforts, and the Naval Nuclear Propulsion program. The bill funds the foundational aspects of the NPR's critical programs and activities at requested levels.

Plutonium Infrastructure. The Administration objects to the establishment of a new construction project at Los Alamos National Laboratory for capital improvements and equipment installations beyond ongoing work in Plutonium Facility 4. Designating this program scope as a new line item is not in accordance with department orders on project and program management, would add cost and time to execute, and would greatly increase risk to meeting the 30 pit per year goal by 2026.

Office of Science. The Administration supports funding basic research and development (R&D). However, the bill provides \$6.6 billion for the Office of Science, \$1.2 billion more than the FY 2019 Budget request. The Administration urges restraint in funding these programs.

Applied Energy Programs. The Administration believes the bill provides excessive funding for the Department's applied energy programs. The bill provides \$4.2 billion for these programs, \$2.4 billion more than the FY 2019 Budget request. The Administration encourages the Congress to restrain funding levels in these programs and focus resources on early-stage R&D across the applied energy technology spectrum rather than late stage or near commercial ready technology.

Advanced Research Projects Agency-Energy (ARPA-E). The Administration believes that the continued funding of ARPA-E makes little strategic sense given the existence of applied energy research elsewhere within the Department. The Congress is urged to eliminate ARPA-E and incorporate its more successful elements, such as coordination with industry and cross-cutting research, into the Department's applied energy programs.

Loan and Loan Guarantee Programs. The bill maintains the Title XVII Innovative Technology Loan Guarantee Program, the Advanced Technology Vehicle Manufacturing Loan Program, and the Tribal Energy Loan Guarantee Program. In the FY 2019 Budget request, the Administration proposed eliminating these programs and funding only the minimum administrative expenses necessary to monitor the existing portfolio. The Congress is encouraged to adopt the elimination proposals to recognize the private sector's primary role in taking risks to finance projects in the energy and automobile manufacturing sectors.

Department of the Interior

Bureau of Reclamation. The Administration appreciates the bill's investments in the Nation's water resources through the Bureau of Reclamation. However, the Administration also believes the bill should encourage a more modern approach to investing in the Nation's infrastructure that would strike an appropriate balance in incentivizing and facilitating greater non-Federal participation in water resources projects while maintaining robust support for infrastructure where Federal investment is most warranted and needed.

Division B – Legislative Branch Appropriations Act, 2019

House and Joint Items. The Administration recognizes that the Legislative Branch needs adequate funding to maintain operations and ensure the safety and security of Members of Congress, their staff, and visitors. However, the bill provides \$328 million above the level assumed in the FY 2019 Budget.

Division C – Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2019

Department of Defense

Unrequested Reprioritization of Military Construction Funding. The Administration objects to the bill's realignment of requested military construction funding from priority projects to other unrequested projects. Contrary to the Administration's fiscally responsible full funding policy, the bill instead proposes to incrementally fund 12 military construction projects, effectively passing the required \$900 million amount needed to fully fund the projects to future year budgets. Further, the bill diverts almost \$1 billion from the projects requested for full funding, or from rescissions of prior year funds, 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 military construction projects to fund unrequested projects, the bill delays critical resources to complete high-priority projects that would be initiated in FY 2019 and puts the burden on future budgets to make up the difference.

Detention Facilities at Naval Station Guantanamo Bay. The Administration appreciates the bill's support for military construction of a high-value detention facility at Naval Station Guantanamo Bay.

Department of Veterans Affairs

Veterans Affairs (VA) Funding. The Administration appreciates that the Committee provided \$85.3 billion in discretionary funding, \$3.9 billion above the FY 2018 enacted and equal to the FY 2019 Budget request.

Veterans Community Care Programs. The Administration is disappointed that the Committee has not accepted the Administration's proposal to fully fund Veterans Community Care resource requests with discretionary funding, subject to annual appropriations. Although the FY 2019 Budget requested \$1.9 billion in discretionary funding to continue the Choice program that this Appropriations Act does not provide, the Administration acknowledges that the MISSION Act provided that funding in mandatory resources. Furthermore, since the Administration expected the MISSION Act to be in place by the beginning of FY 2018, the delay in enacting the MISSION Act's new community care program increases the requirements to continue VA's current, traditional community care program by an additional \$1.6 billion in FY 2019. The Administration looks forward to working with Congress to secure this funding within the existing non-defense discretionary cap.

VA Electronic Health Record. The Administration appreciates the bill's support for the \$1.2 billion requested in the FY 2019 Budget to continue the implementation of VA's new electronic health record (EHR). Having veterans' complete and accurate health information in a single common EHR system is critical to patient care and safety. This new EHR system would enable VA to easily adopt improvements in health information technology and cyber security that the current system, VistA, is unable to incorporate.

VA Capital Infrastructure Programs. The Administration appreciates the bill's support for a combined total of \$4.9 billion for three VA capital programs (major construction, minor construction, and non-recurring maintenance), roughly \$1.5 billion above FY 2018 enacted, and \$1.9 billion above the FY 2019 Budget request.

Medical Accounts Merger. The Administration is concerned that the bill does not merge, as outlined in the FY 2019 Budget request, 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, while providing the Congress the transparency desired to monitor spending.

Constitutional Concerns

Certain provisions of the bill raise constitutional concerns. For instance, certain sections would interfere with the President's constitutional authority and duty to protect national security, as well as his authority as Commander in Chief. Certain other provisions would contravene the separation of powers. 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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