



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

September 5, 2017
(House Rules)

STATEMENT OF ADMINISTRATION POLICY
H.R. 3354 — Make America Secure and Prosperous Appropriations Act, 2018
(Rep. Frelinghuysen, R-NJ)

The Administration supports House passage of H.R. 3354, making appropriations for the interior and environment, agriculture and rural development, commerce, justice, science, financial services and general government, homeland security, labor, health and human services, education, state and foreign operations, and transportation, housing and urban development for the fiscal year (FY) ending September 30, 2018, and for other purposes.

The Administration also appreciates the Committee's commitment to incorporate the text of H.R. 3219, the Make America Secure Appropriations Act, 2018, which is a strong step toward fulfilling the President's promise to put the safety of the American people first. As noted in a supportive Statement of Administration Policy issued on July 24, 2017, H.R. 3219 provides critical funding to rebuild our military and includes the President's \$1.6 billion border wall proposal.

If H.R. 3354 were presented to the President in its current form, his advisors would recommend that he sign the bill into law.

The Administration strongly supports the House of Representatives' efforts to protect the right to life, cut down on needless and overly burdensome regulations, and strengthen border and immigration enforcement. The Administration also appreciates the House of Representatives' work to rebuild our military and restrain overall non-defense discretionary spending, but notes that current spending levels as reflected in H.R. 3354 and H.R. 3219 would result in a sequestration of \$72.4 billion in the defense category. To help avoid a sequestration, the Administration urges both the House and Senate to enact the \$57.3 billion in savings included in the Major Savings and Reforms volume of the FY 2018 Budget request while also making the necessary changes to the discretionary caps.

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

Division A – Department of the Interior, Environment, and Related Agencies
Appropriations Act, 2018

Department of the Interior (DOI)

Federal Land Acquisition. The Administration objects to the increase in funding provided by the bill for land acquisition, which is \$50 million above the FY 2018 Budget request. The Department currently manages roughly 500 million acres and has a deferred infrastructure maintenance backlog of approximately \$15 billion. Limited resources should be focused on ongoing operations and maintenance.

DOI and Department of Agriculture (USDA), Forest Service

Wildland Fire Funding. The Administration appreciates the bill's investment in wildland fire operations at \$3.4 billion as requested in the FY 2018 Budget, including fully funding suppression at the 10-year average for both the Forest Service and DOI. The Administration also appreciates the Committee's acceptance of the FY 2018 Budget proposal to move funding for the first eight hours of work per day out of fire suppression and into preparedness. The "base 8" shift moves the Forest Service to a more accurate and accountable budget approach that is consistent with DOI, with salaries for all firefighters planned for in full.

USDA

Forest Service Land Acquisition. The Administration objects to the increase in funding provided in the bill to increase land acquisition by \$18 million over the FY 2018 Budget request. The Forest Service currently manages 193 million acres, has a deferred infrastructure maintenance backlog of over \$5 billion, and would be better served if its scarce resources were focused on improved management of existing assets and lands.

Environmental Protection Agency (EPA)

State Revolving Funds (SRFs). While the Administration appreciates the attention paid to critical water infrastructure needs through the funding provided to the Water Infrastructure and Finance Innovation Act credit program, the Administration is disappointed in the reduction to the Clean Water SRF. Infrastructure investment is a priority for the Administration and the bill level of \$1.1 billion for the SRF, which is \$250 million lower than the FY 2018 Budget request, would result in less funding going to States to finance critical wastewater and storm water infrastructure investments.

Other Independent Agencies

Smithsonian Institution (Institution). The Administration urges the Congress to fund the Smithsonian Facilities Capital account at the \$228 million requested in the FY 2018 Budget. The National Air and Space Museum (NASM) is in critical need of repair, and funding the NASM project within the level provided by the bill would force the Institution to divert funding from its Facilities Capital budget, leaving the Institution with insufficient funding for the many other important safety, security, and critical infrastructure projects planned for FY 2018.

Constitutional Concerns

Certain provisions in the bill raise constitutional concerns. For instance, sections 403, 409, and other provisions raise separation of powers concerns because they purport to condition the use of funds upon approval by committees of the Congress.

Division B – Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2018

Rural Economic Infrastructure Grant Program. The Administration welcomes the Committee's support for rural America through the establishment of the Rural Economic Infrastructure Grant Program, for which the bill provides \$123 million, with a \$60 million set-aside for projects in Appalachia.

Rural Broadband Loan Program. The Administration welcomes the bill's support of high-speed internet in rural America through the \$27 million in loans made available under the Rural Broadband Loan Program.

Food Safety. The Administration appreciates that the bill fully funds the FY 2018 Budget request for the Food Safety and Inspection Service, which would help ensure that all meat, poultry, and egg products are safe, wholesome, and properly labeled.

Credit for Farmers. The Administration welcomes the Committee's support for farmers through the bill's \$7 billion for Farm Service Agency direct and guaranteed farm ownership and operating loans.

Rural Development Programs. The Administration is concerned that the bill misses an opportunity to reduce duplicative spending by funding Rural Business-Cooperative Service programs, the direct loan and grant program for water and wastewater, as well as single family housing direct loans. The Small Business Administration's loan program, EPA's State Revolving Funds, Federal housing loan guarantees, and the private sector can effectively meet the demands for these programs.

McGovern-Dole International Food for Education Program (McGovern-Dole). The Administration is concerned that the bill provides \$202 million in funding for McGovern-Dole, which the FY 2018 Budget proposes for elimination. McGovern-Dole is duplicative of U.S. Agency for International Development (USAID) programs, is being ineffectively implemented, and has unaddressed oversight and performance monitoring challenges.

P.L. 480 Title II Food Aid (Title II). The Administration opposes providing food aid funding through use of Title II and prefers that all food aid be provided through the International Disaster Assistance account in USAID. While the United States is the world's largest donor of food aid, taxpayers expect such aid to be provided in the most cost-effective manner possible. Unfortunately, Title II is cost-inefficient, slow, and limits the ability of USAID to use the most appropriate food aid intervention for a particular crisis.

Constitutional Concerns

Certain provisions in the bill raise constitutional concerns. For instance, section 716 would violate the Recommendation Clause; sections 702, 706, 717, 727, and other provisions raise separation of powers concerns because they purport to condition the use of funds upon approval by committees of the Congress; and section 719 would interfere with the President's Take Care

authority to supervise the Executive Branch.

Division C – Commerce, Justice, Science, and Related Agencies Appropriations Act, 2018

Department of Commerce

Census Bureau. The Administration appreciates the bill's strong support of the 2020 Decennial Census and other periodic programs. The Administration continues to assess the progress of planning and preparing for a modern and improved 2020 Census and looks forward to working closely with the Congress in order to deliver an accurate and on-time decennial census while efficiently using taxpayer resources.

National Oceanic and Atmospheric Administration (NOAA) Polar Follow On (PFO) Program. The Administration is concerned that the bill only provides \$50 million of the \$180 million requested for NOAA's PFO weather satellite. Insufficient funding for this program could increase both the cost of procurement in future years and the risk that critical weather forecasting data would be unavailable after the current generation of satellites reach the end of their operational lives.

NOAA Fisheries Disaster Assistance. The Administration opposes the bill's \$20 million in unrequested funds for commercial fisheries that received disaster declarations in FY 2017. Businesses affected by these fishery disasters have access to assistance through other Government programs, such as the Small Business Administration's disaster loan program.

Department of Justice (DOJ)

Immigration Judge Teams (IJ Teams). The Administration appreciates the funding provided in the bill for the Executive Office for Immigration Review to hire an additional 65 IJ Teams that would support efforts to efficiently and effectively adjudicate cases, including reducing the current case backlog.

State and Local Grants. The Administration appreciates the overall support provided by the bill to DOJ's State and local law enforcement assistance grants. The Administration urges the Congress, however, to restore stand-alone funding for the Community Oriented Policing Services Hiring Program, currently provided for under the Byrne Justice Assistance Grant program, and eliminate funding for the unrequested and unauthorized State Criminal Alien Assistance Program.

State and Local Information Sharing. The Administration has previously stated its support for H.R. 3003, the No Sanctuary for Criminals Act, and urges the Congress to also include section 219 of the FY 2018 Budget request in the appropriations bill. The amendments proposed by section 219 would prevent State and local government officials from prohibiting or restricting any law enforcement entity or official from complying with a lawful civil immigration detainer request, and would authorize the Department of Homeland Security (DHS) and DOJ to make Federal grant awards subject to State and local cooperation with immigration enforcement activities and requests.

National Aeronautics and Space Administration (NASA)

Overall NASA Funding. The Administration appreciates the Committee's strong support for NASA. Extending the Nation's leadership in space is important and the NASA programs funded by this bill would help the Nation meet future challenges.

Science. The Administration appreciates the Committee's support for NASA Science and looks forward to working with the Congress to ensure that funding for additional flagship missions (Europa lander and Mars orbiter) continues as NASA ramps up in the development cycle. This would help prevent competition between these missions and other Decadal Survey priorities. The FY 2018 Budget request for NASA Science reflects a balanced portfolio that is consistent with direction from the Decadal Survey for each discipline.

National Space Council (NSpC)

NSpC Funding. The Administration has revived the National Space Council, which is tasked with advising and assisting the President regarding national space policy and strategy. The Administration looks forward to continuing to work with the Congress to provide funding for the Space Council as a separate office within the Executive Office of the President.

National Science Foundation (NSF)

NSF Funding. The Administration is concerned that the bill provides \$7.3 billion for NSF, which is \$687 million above the FY 2018 Budget request. The request focuses funding on NSF's core research programs and undoes some of the large increases to programs that occurred during the previous administration.

Constitutional Concerns

Certain provisions in the bill raise constitutional concerns. For instance, sections 518 and 529 would intrude upon the President's constitutional authority to negotiate international agreements and conduct international diplomacy.

Division D – Financial Services and General Government Appropriations Act, 2018

Department of the Treasury

Terrorism and Financial Intelligence (TFI) Funding. The Administration appreciates the Committee's support for TFI. The Department of the Treasury programs that freeze the accounts of terrorists and proliferators, implement sanctions on rogue nations, and link law enforcement agencies with financial institutions are critical to the continued safety and financial stability of the Nation. Further, the Administration looks forward to working with the Congress to ensure support for the Terrorist Financing Targeting Center (TFTC), a key outcome from the President's summit in Saudi Arabia. The TFTC would enhance cooperation with Gulf countries in the fight against terrorism, and counter Iran's malign influence.

General Services Administration (GSA)

Overall GSA Funding. The FY 2018 Budget request for GSA includes a number of new funding mechanisms to facilitate Government streamlining and modernization. The Administration urges the Congress to support these initiatives, which either have been recently authorized by the Congress or are being actively pursued legislatively.

Technology Modernization Fund (TMF). The bill does not include \$228 million requested for the TMF to retire and replace antiquated legacy information technology (IT) systems. The TMF is an important step in changing the way the Federal Government manages its IT portfolio by establishing a central mechanism designed to improve management and oversight with resources dedicated to IT modernization, moving agencies to more secure and efficient IT systems, and infrastructure. The Administration looks forward to working with the Congress to provide the necessary funding for the TMF as the authorizing legislation moves forward.

Federal Permitting Improvement Steering Council (FPISC). The bill does not include \$9 million for FPISC to execute its statutory mission outlined under Title 41 of the Fixing America's Surface Transportation Act. Ensuring that the Federal environmental review and permitting process for infrastructure projects is coordinated, predictable, and transparent is a top priority of the Administration.

Asset Management and Space Proceeds Fund (AMSPF). The Administration appreciates that the Committee has provided resources to stand up the Public Buildings Reform Board authorized under the Federal Asset Sales and Transfer Act. The Administration, however, urges the Congress to fund the AMSPF at the requested level of \$40 million, which would help carry out the recommendations of the Board to dispose of unneeded Federal property and improve efficiency.

Federal Buildings Fund (FBF) Capital Program. The Administration objects to the diversion of more than \$2 billion in FBF rent proceeds from investment in the capital program. The bill eliminates all funding for the construction and major renovation programs, and significantly underfunds both the minor repair and maintenance and special emphasis programs.

Office of Personnel Management (OPM)

OPM IT Modernization. The Administration welcomes the \$18 million in funding provided in the bill to fund important IT modernization improvements at OPM. At the same time, the Administration urges the Congress to fully fund the \$37 million included in the FY 2018 Budget request for this purpose. It is vital that OPM has the resources necessary to fund modernization of its IT systems, including its financial and retirement servicing systems. These resources are necessary to defend against increasingly advanced cyber threats. The Administration looks forward to working with the Congress to ensure OPM is capable of meeting these needs.

Other

Financial Regulatory Reform. The Administration commends the Committee for moving financial reform legislation through the Congress. The Administration is committed to reforming the Nation's financial system, as demonstrated by Executive Order 13772, Core Principles for Regulating the United States Financial System, and the Department of the Treasury's ensuing review. The bill reflects the Administration's Core Principles in several key respects. In particular, the bill would provide regulatory relief to community financial institutions and rein in the unchecked authority of the Consumer Financial Protection Bureau. However, the Administration is concerned with section 632 of the bill, which would impede the Securities and Exchange Commission's ability to investigate and uncover securities fraud by inhibiting its access to the content of electronic communications from internet service providers. The Administration looks forward to working with the Congress to enact legislation that supports the Core Principles.

Constitutional Concerns

Certain provisions in the bill raise constitutional concerns. For instance, sections 101, 118, 119, 122, 123, 201, 302, 511, 520, 608, 609, 717, 729, 738, 803, 815, and other provisions raise separation of powers concerns because they purport to condition the use of funds upon approval by committees of the Congress; and provisions in title II under the heading "Office of Management and Budget—Salaries and Expenses" would interfere with the President's constitutional authority to supervise and direct the Executive Branch.

Division E – Department of Homeland Security Appropriations Act, 2018

Border Wall. The Administration greatly appreciates the Committee's support for the fully funded border wall proposal, which is a critical element of the Administration's strategy to secure the borders. Physical barriers are vital for border security because they deter, prevent, and deny potential illegal border crossings for illegal alien movement generally, and for human smuggling and drug smuggling specifically. The \$1.6 billion provided by H.R. 3219, which is expected to be incorporated into the bill, is for physical barrier construction along the southwest border in the areas with the highest current risk and the greatest current operational need, including \$784 million for 32 miles of new border fencing in Rio Grande Valley (RGV), Texas, \$498 million for 28 miles of new levee wall in RGV, and \$251 million for 14 miles of secondary fencing in San Diego, California.

Strengthening Immigration Enforcement. The Administration greatly appreciates the Committee's support for the FY 2018 Budget request to strengthen immigration enforcement, including by hiring immigration law enforcement officers and agents and by increasing immigration detention capacity. Additional resources for these efforts would help to ensure increased border security, the apprehension, detention, and removal of dangerous aliens from the Nation's streets, and the disruption and dismantling of human smuggling and trafficking activities conducted by transnational criminal organizations.

State and Local Information Sharing. The Administration has previously stated its support for H.R. 3003, the No Sanctuary for Criminals Act, and urges the Congress to also include section 523 of the FY 2018 Budget request in the appropriations bill. The amendments proposed by section 523 would prevent State and local government officials from prohibiting or restricting any law enforcement entity or official from complying with a lawful civil immigration detainer request, and would authorize DHS and DOJ to make Federal grant awards subject to State and local cooperation with immigration enforcement activities and requests. The Administration is committed to strengthening enforcement of the Nation's immigration laws in order to improve national security and public safety. This proposal is critical to these efforts.

Statute of Limitations for Federal Emergency Management Agency (FEMA) Public Assistance Recoveries. The Administration objects to section 540 of the bill, which changes the three-year statute of limitations for recovery of FEMA disaster assistance grants provided to State or local governments. Section 540 of the bill would amend the recovery action timeline to begin when an individual project is completed, instead of when a recipient (or sub-recipient) has completed all work for a disaster or emergency. The Administration understands that State and local recovery efforts are important; but it is also important for FEMA to have adequate time to properly review recovery expenditures and ensure that taxpayer dollars are spent appropriately.

U.S. Secret Service Staffing. The Administration appreciates the Committee's support for Secret Service hiring. The bill fully supports the FY 2018 Budget request to increase Secret Service staffing by over 300 agents, officers, and professional staff, which would enable the agency to address chronic staffing shortfalls and reach a sustainable staffing level.

Constitutional Concerns

Section 509 of the bill raises separation of powers concerns because it purports to condition the use of appropriated funds upon approval by committees of the Congress.

Division F – Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2018

Department of Labor

Apprenticeship. The Administration strongly opposes the elimination of funding for apprenticeship grants. Apprenticeships equip workers with the skills needed to compete and allow workers to earn while they learn. Terminating the apprenticeships initiative would hinder efforts to allow more workers and employers to benefit from this proven model that closes the skills gap.

Office of Labor-Management Standards (OLMS). The bill does not provide OLMS with the resources necessary to protect union members from corruption. The previous administration allowed employment in OLMS to fall by one-third, severely impeding the Agency's ability to investigate and prosecute financial misconduct in labor organizations. The Administration believes the \$47 million requested in the FY 2018 Budget would provide better protection for America's workers.

Department of Health and Human Services

Indirect Cost Restriction. The Administration is disappointed by language included in section 228 of the bill, which prohibits changes to the method the National Institutes of Health (NIH) uses to pay grantee institutions for administrative and facilities costs. Further, the Administration is strongly opposed to any attempts to prohibit NIH or any other Agency staff from developing strategies to make Government programs more effective and efficient.

Department of Education

Title I and Public School Choice Grants. The Administration opposes the omission of increased funding for Title I, which would provide supplemental awards to school districts that decide to provide more educational options to students. This would allow students to benefit from Federal, State, and local funds to attend the public school of their choice. The FY 2018 Budget request includes \$1 billion to support a public school choice proposal for all students and give disadvantaged students from low-income areas the opportunity to attend a quality K-12 school.

Education, Innovation and Research (EIR) and School Choice. The Administration opposes the lack of funding for the EIR program, including the \$250 million requested to expand and evaluate the effectiveness and opportunities provided through private school choice programs across the Nation. EIR supports the expansion of innovative and proven approaches to improve America's education system, address persistent challenges in education, and build institutional knowledge of what is working.

Supporting Effective Instruction State Grants. The Administration supports the elimination of Supporting Effective Instruction State Grants, as proposed in the FY 2018 Budget request and as reflected in the bill. These grants are poorly targeted and funds are spread too thinly to have a meaningful impact on student outcomes. There are better ways to use funding to effectively assist students and to support those who need it most.

Social Security Administration (SSA)

SSA Limitation on Administrative Expenses. The Administration supports the funding level provided for SSA's administrative budget. The bill funds dedicated program integrity activities at \$1.7 billion, including funding the fully authorized cap adjustment level of \$1.5 billion. Program integrity activities are crucial to ensuring only eligible individuals receive social security benefits.

Other Independent Agencies

Institute of Museum and Library Services (IMLS). The Administration opposes funding of the IMLS. The bill provides \$231 million for IMLS, whereas the FY 2018 Budget requested \$23 million to close down IMLS. IMLS's funding supplements State, local, and private funds, which provide the vast majority of funding to museums and libraries. In addition, authorization of appropriations for this Agency expired in FY 2016.

Corporation for Public Broadcasting (CPB). The Administration objects to the FY 2020 funding level provided for CPB through the two-year advance appropriation. The FY 2018 Budget request proposes eliminating Federal funding for CPB by FY 2019 and proposes rescinding all but \$30 million of the FY 2018 appropriation. CPB grants represent a small share of the total funding for the Public Broadcasting Service and National Public Radio and the Administration believes private donations would be sufficient to fund these operations.

Division G – Department of State, Foreign Operations, and Related Programs **Appropriations Act, 2018**

Department of State and Other International Programs

Overseas Contingency Operations (OCO). The Administration commends the Committee for supporting the proposal in the FY 2018 Budget to begin reining in the excessive expansion of OCO for the Department of State and USAID (State/USAID), and would oppose an OCO funding level higher than \$12 billion. OCO funding for State/USAID began as a tool to provide for the temporary and extraordinary costs related to the wars in Iraq and Afghanistan, but has been distorted to serve as a back-door means of circumventing the cap on non-defense discretionary spending.

Department of the Treasury Contributions to Multilateral Development Banks (MDBs). The Administration strongly opposes the over \$600 million reduction to the FY 2018 Budget request for the Department's contributions to the MDBs. The decreases in the bill to the World Bank's International Development Association and the African Development Fund are particularly problematic, as the requested funding level would support development in some of the world's poorest countries by leveraging funding from other donors. This major reduction would upset the delicate balance needed to maintain United States leadership at these institutions while ensuring that other donors pay their fair share.

Eliminations and Reductions. The Administration appreciates that the Committee adopted some of the reductions proposed in the FY 2018 Budget, including eliminating funding for the East-West Center, the International Organizations and Programs, and the Complex Crises Fund accounts, and for contributions to the Green Climate Fund and the Global Agriculture and Food Security Program. Furthermore, funding could be restored for Treasury International Programs by supporting the other eliminations and reductions requested in the FY 2018 Budget. The programs proposed for termination are not critical to the conduct of United States foreign policy and often duplicate the efforts of other Federal programs or the non-profit and private sectors.

Foreign Military Financing (FMF). The Administration appreciates that the Committee supports FMF programs including assistance to Israel, but is concerned that the bill does not provide the requested authority to provide FMF loans. FMF loans offer the opportunity to further support the United States industrial base while promoting burden sharing via direct loans rather than grants to foreign partners.

Export-Import Bank (Bank) Board Quorum Waiver. The Administration opposes the inclusion of language that would effectively waive the requirement that the Export-Import Bank have at

least three board members to constitute a quorum. The Administration urges the Congress to act on the Administration's pending nominees to the Bank's Board of Directors and restore the Bank's full operating authority, rather than circumvent the confirmation process.

Constitutional Concerns

Certain provisions in the bill raise constitutional concerns. For instance, a proviso in title I under the heading "Department of State—International Organizations—Contributions for International Peacekeeping Activities" would infringe upon the President's authority as Commander-in-Chief and over the conduct of diplomacy; although the Administration shares the policy views in section 7070, that provision would interfere with the President's authority to recognize foreign governments and conduct diplomacy; and numerous provisions, including provisions in sections 7013, 7025, 7029, 7031, 7037, 7041, 7042, 7043, and 7071 would infringe upon the President's authority to conduct diplomacy and receive foreign diplomats.

Division H – Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2018

Department of Transportation (DOT)

Infrastructure Investment. The FY 2018 Budget supports a new vision for infrastructure investment in the Nation with a focused role for the Federal Government—streamlining burdensome approval processes and incentivizing more investment by rewarding States and localities that support infrastructure projects and maintain them over the long term. The bill, however, includes unrequested funding for Capital Investment Grants, Essential Air Service, and Amtrak contrary to reforms proposed in the FY 2018 Budget. These reforms would respectively, limit funding for local transit projects that should be funded by States and localities that benefit from their use, eliminate discretionary funding and focus on remote airports that are most in need of subsidized commercial air service, and terminate Federal support for long-distance train services that serve a small percentage of the population and generate significant operating losses.

TIGER Grants. The Administration appreciates that the bill supports the FY 2018 Budget request to eliminate funding for TIGER Grants, given that Federal funding should not be directed to projects with localized benefits that often do not rise to the level of national or regional significance.

Department of Housing and Urban Development (HUD)

Rental Assistance. The Administration appreciates the Committee's support of HUD rental assistance to low-income families. However, the bill funds rental assistance programs at \$38.5 billion, which is \$3.3 billion above the FY 2018 Budget request, ignoring reforms to put rental assistance on a more sustainable fiscal path while also continuing to assist current residents, encouraging work, and promoting self-sufficiency.

HUD IT. The Administration is concerned that HUD would be unable to maintain IT current services or invest in needed IT improvements, as the bill provides \$150 million for IT—

\$100 million below the FY 2018 Budget request.

Constitutional Concerns

Certain provisions in the bill raise constitutional concerns. For instance, sections 221, 230, 287, 406 would raise separation of powers concerns because they purport to condition the use of funds upon approval by committees of the Congress.

The Administration looks forward to working with the Congress as the FY 2018 appropriations process moves forward.

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