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

THE DIRECTOR

July 9, 2015

The Honorable Thad Cochran
Chairman
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On June 25, 2015, the Appropriations Committee considered the fiscal year (FY) 2016 Transportation, Housing and Urban Development, and Related Agencies Appropriations bill. The Administration supports investments in transportation infrastructure, as well as investments in ending homelessness, strengthening communities, and providing rental housing assistance for poor and vulnerable families. However, we have a number of serious concerns about this legislation, which would underfund these important investments and includes highly problematic ideological riders. I would like to take this opportunity to share some of these concerns with you.

The Transportation, Housing and Urban Development, and Related Agencies Appropriations bill is the ninth appropriations bill being considered in the Senate under the congressional Republicans' 2016 budget framework, which would lock in sequestration funding levels for FY 2016. Sequestration was never intended to take effect: rather, it was supposed to threaten such drastic cuts to both defense and non-defense funding that policymakers would be motivated to come to the table and reduce the deficit through smart, balanced reforms. The Republicans' 2016 budget framework would bring base discretionary funding for both non-defense and defense to the lowest levels in a decade, adjusted for inflation. Compared to the President's Budget, the cuts would result in tens of thousands of the Nation's most vulnerable children losing access to Head Start, millions fewer workers receiving job training and employment services, and drastic cuts to scientific research awards and grants, along with other impacts that would hurt the economy, the middle class, and Americans working hard to reach the middle class.

Sequestration funding levels would also put our national security at unnecessary risk, not only through pressures on defense spending, but also through pressures on State, USAID, Homeland Security, and other non-defense programs that help keep us safe. More broadly, the strength of our economy and the security of our Nation are linked. That is why the President has been clear that he is not willing to lock in sequestration going forward, nor will he accept fixes to defense without also fixing non-defense.

The President's Budget would reverse sequestration and replace the savings with commonsense spending and tax reforms. It brings middle-class economics into the 21st Century and makes the critical investments needed to support our national security and accelerate and sustain economic growth in the long run, including research, education, training, and infrastructure. As the Administration has repeatedly made clear, the President's senior advisors would recommend that he veto any legislation that implements the current Republican budget framework, which blocks the investments we need for our economy to compete in the future.

The inadequate overall funding levels in the Republicans' 2016 budget framework cause a number of problems with the bill specifically. Overall, according to the Committee, the bill reduces funding by about $7 billion, or 11 percent, below the President's Budget, which both reverses sequestration and proposes a long-term, fully-paid-for surface transportation reauthorization proposal. The funding levels in the bill would prevent State and local partners from making crucial investments in surface transportation infrastructure. In addition, the Nation has recently been reminded of the importance of transforming areas of concentrated poverty and revitalizing communities. Yet at a time when only one in four families who are eligible for housing assistance actually receives it, the bill would set back our efforts to end homelessness and shortchange housing support for very-low income households, including families with children, the elderly, and the disabled. The bill also slashes funding for programs that invest in public housing in order to revitalize communities and transform areas of concentrated poverty. For example:

- The bill would cut funding for competitive Transportation Investment Generating Economic Recovery (TIGER) grants by $750 million compared to the President's Budget, reducing TIGER funding despite the fact that the program is vastly oversubscribed, supports some of the most transformative highway, port, and transit projects in the United States, and helps State and local partners leverage public and private dollars. The bill also underfunds the President's request for support of locally-planned, implemented, and operated transit capital investments, or "new starts," by $1.7 billion. In contrast to the President's Budget, the combination of sequestration funding levels and the lack of any plan for a long-term surface transportation reauthorization not only precludes new investments, it leads the Committee-reported bill to freeze or cut most major capital accounts below prior-year levels.

- The bill provides $2.6 billion for the Federal Aviation Administration's (FAA) Facilities and Equipment account—$255 million below the President's Budget request. At this level, the FAA would be hampered in its ability to maintain the capacity and safety of the current National Airspace System and would be required to slow the modernization of the Nation's air traffic system through NextGen—the next generation of air traffic control technology that would help consumers and airlines alike save time and money. Allowing the current air traffic control system to deteriorate through deferred maintenance while at the same time delaying the transition to NextGen would lead to worsening air traffic delays and higher replacement costs in the future.

- The bill fails to provide an increase in funding to support the growing responsibilities of the Pipeline and Hazardous Materials Administration (PHMSA). PHMSA is responsible for the safe transportation of hazardous materials across all modes of transportation, including rail and pipelines, and plays a central role in critical crude-by-rail safety issues. The bill provides $49 million for PHMSA, $15 million below the President's Budget request and $3 million below the FY 2015 enacted level. At this funding level, PHMSA would not be able to increase the inspector workforce or improve its internal risk management processes. The bill also freezes pipeline safety at $124.5 million, $28 million below the FY 2016 request, and does not invest in the development of a Nation-wide map of pipelines, which is a critical step in reducing risks and helping PHMSA become more strategic. PHMSA currently pays for up to 80 percent of State pipeline inspection programs, but has limited insight into where pipelines actually lie.

- The bill provides $66 million for the HOME Investment Partnerships Program, a reduction of $984 million from the President's Budget and of $834 million from the FY 2015 enacted level. The majority of HOME funds are awarded to local governments, some of whom would receive only $10,000 under the bill—not enough to even retain the staff to administer the program or build or rehabilitate a single housing unit. Compared with the President's Budget request, the Senate level would lead to the loss of about 39,000 affordable housing units for low-income families and a missed opportunity to leverage HOME with Low-Income Housing Tax Credits and other funds to use housing as a platform to help low-income individuals improve economic mobility and quality of life.

- The bill fails to adequately fund Housing Choice Vouchers, providing $1.2 billion, or 6 percent, less than the President's Budget request for this assistance to the Nation's most vulnerable families and individuals. Not only does the bill fail to restore the 67,000 vouchers lost due to the FY 2013 sequestration, the funding level is also insufficient to renew an estimated 50,000 existing vouchers or provide full funding for tenant protection needs. In total, compared to the President's Budget, the bill would provide roughly 117,000 fewer vouchers. Without these vouchers, the Department of Housing and Urban Development (HUD) would be unable to continue assistance to many low-income households, or provide new vouchers for homeless families, and victims of domestic or dating violence. These cuts are only more problematic in light of recently released research that found large positive effects of housing vouchers on long-term educational and earnings outcomes for young children.

- Compared to the President's Budget, the bill cuts support for Homeless Assistance Grants by roughly $245 million, or 10 percent, supporting 15,000 fewer homeless or at-risk families with rapid rehousing, and providing 25,500 fewer units of permanent supportive housing targeted to the chronically homeless. While the Administration appreciates the new funding and authorities provided to support homeless youth, the bill does not allow the Administration to reach its goals to end homelessness for other populations. In particular, the bill fails to support critical evidence-based investments in permanent supportive housing—investments that rigorous research has shown improve outcomes for chronically homeless individuals compared with other interventions and reduce hospitalization and health care costs. In 2010, the President set ambitious goals to end homelessness. Since that time, we have made significant progress, working in partnership with States, local communities, and non-profit partners to help reduce the total number of veterans experiencing homelessness by 33 percent and the number of unsheltered homeless veterans by 43 percent. While we have also made progress in combatting homelessness among other populations-including the chronically homeless, families, and youth—our efforts have been stunted by limited resources and the FY 2013 sequestration. The bill shows how reverting to sequestration funding levels for domestic investments would once again undermine our efforts on critical priorities, such as ending homelessness for all Americans, including veterans.

- Despite the importance of meeting the challenge of addressing concentrated poverty and disrupting the cycle of lost opportunities, the bill sharply cuts other investments in vulnerable communities. For example, the bill sharply cuts funding to Choice Neighborhoods, a key part of the President's Promise Zone Initiative to accelerate economic mobility and revitalization in high poverty communities.

- The Committee bill includes language that would require HUD to extend the contracts of the current Moving To Work (MTWs) agencies, effectively preventing HUD from amending any significant conditions, including terms that would increase accountability and maximize the number of low-income families served. In addition, the bill would substantially expand the MTW demonstration by requiring the addition of 300 Public Housing Authorities (PHAs) to the program, rather than the 15 additional PHAs requested in the Budget. The Administration strongly urges the Congress to protect HUD's authority to serve more low-income families, and address the funding disparities caused by the current MTW funding formula, which would benefit the vast majority of PHAs. Further, the Administration urges the Congress to responsibly and incrementally expand the MTW program to ensure appropriate protections for tenants and to address the criticisms historically cited by HUD's Office of Inspector General and the Government Accountability Office.

The Committee-reported bill also includes highly problematic ideological riders. The Administration strongly objects to provisions of the bill that would undercut public safety, including by letting the trucking industry skirt truck size and weight limits and by attempting to prevent the Department of Transportation (DOT) from enforcing the restart provision in DOT's "Hours of Service" regulation addressing driver fatigue.

The Administration believes that the Congress should consider appropriations bills free of ideological provisions. The inclusion of these provisions threatens to undermine an orderly appropriations process.

We look forward to working with the Congress to reverse sequestration for defense and non-defense priorities, and offset the cost with commonsense spending and tax expenditure cuts, as Members of Congress from both parties have urged.

Sincerely,

Shaun Donovan
Director

Identical Letter Sent to The Honorable Barbara Mikulski