



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

THE DIRECTOR

May 11, 2015

The Honorable Hal Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Rogers:

On April 29, 2015, the Transportation, Housing and Urban Development, and Related Agencies Subcommittee 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. In advance of Full Committee consideration of the Subcommittee bill, 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 among the first appropriations bills being considered 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, more than two million fewer workers receiving job training and employment services, and thousands fewer scientific and medical 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.

The inadequate overall funding levels in the Republicans' 2016 budget framework cause a number of problems with the Subcommittee bill specifically. Overall, according to the Subcommittee, this bill reduces funding by about \$9.7 billion, or 15 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 other vulnerable populations, such as low-income children at risk of lead poisoning, and for programs that invest in public housing in order to revitalize communities and transform areas of concentrated poverty. For example:

- Compared to the President's Budget, the Subcommittee bill would cut funding for competitive Transportation Investment Generating Economic Recovery (TIGER) grants by over a billion dollars, reducing TIGER funding to about 80 percent below the lowest level since the program began in 2009, despite the fact that it 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 \$1.3 billion, or 41 percent. 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 Subcommittee bill to freeze or cut most major capital accounts below prior year levels.
- The Subcommittee bill provides \$2.5 billion for the Federal Aviation Administration's (FAA) Facilities and Equipment account—\$355 million below the President's Budget request and the lowest funding level in 15 years, even before taking into account inflation. 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 will 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 Subcommittee bill fails to adequately fund Housing Choice Vouchers, providing \$1.2 billion, or 6 percent, less than the President's request for this assistance to the Nation's most vulnerable families and individuals. Not only does the Subcommittee bill fail to restore the 67,000 vouchers lost due to the 2013 sequestration, the funding level is also insufficient to renew 28,000 existing vouchers or provide full funding for tenant

protection needs. In total, compared to the President's Budget, the Subcommittee bill would provide roughly 100,000 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 families, veterans, and tribal families experiencing homelessness; victims of domestic or dating violence; youth aging out of foster care; and families with children in the foster care system for whom voucher assistance could facilitate reunification. These cuts are only more problematic in light of new research released just last week 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 Subcommittee bill cuts support for Homeless Assistance Grants by roughly \$295 million, or 12 percent, supporting 15,000 fewer homeless or at-risk families with rapid rehousing and 25,500 fewer units of permanent supportive housing targeted to the chronically homeless. 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 2013 sequestration. The Subcommittee 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 Subcommittee bill also sharply cuts other investments in vulnerable communities. It slashes HUD's Office of Lead Hazard Control and Healthy Homes by nearly 40 percent, resulting in at least 3,400 fewer low-income children receiving lead hazard control in their home. It provides \$230 million, or 92 percent, less than the President's request for Choice Neighborhoods, a key part of the President's Promise Zone Initiative to accelerate economic mobility and revitalization in high-poverty communities. The bill would force the program to fund only one small implementation grant and would leave dozens of distressed HUD-assisted communities untouched. The bill's 15 percent or \$289 million cut to the Public Housing Capital Fund from the President's Budget would cause further deterioration of public housing.

The Subcommittee bill also includes highly problematic ideological riders. The Administration strongly objects to the provisions that would restrict travel to Cuba, and places unnecessary restrictions on American citizens who seek to travel to Cuba for educational, religious, or other permitted travel to Cuba. The Administration also strongly objects to prohibiting the Surface Transportation Board from taking any action to approve subsequent phases of the California High Speed Rail project between Los Angeles and San Francisco. The Administration believes passenger rail can play an important role in addressing transportation needs and opposes any attempts to limit State and local choices to enhance passenger rail. Some of the riders included in the bill would undercut public safety, including by letting the trucking

industry skirt truck size and weight limits and by preventing data-driven changes that would improve safety for all travelers by addressing truck driver fatigue ("Hours of Service"). The bill would also undermine Federal energy efficiency requirements in HUD-assisted housing.

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

As your Committee takes up the Transportation, Housing and Urban Development, and Related Agencies Subcommittee bill, we look forward to working with you to address these concerns. More broadly, we look forward to working with the Congress to reverse sequestration for defense and non-defense priorities, and offset to 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 Nita Lowey