



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

THE DIRECTOR

June 19, 2018

The Honorable Rodney Frelinghuysen
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Frelinghuysen:

On June 13, 2018, the State and Foreign Operations Subcommittee considered the fiscal year (FY) 2019 Department of State, Foreign Operations, and Related Programs Appropriations bill. Overall, according to information provided in the Subcommittee press release, the bill appears to increase funding by about \$11.7 billion, or nearly 28 percent above the FY 2019 Budget request. The Administration appreciates the opportunity to weigh in on this bill.

The President's 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. As we have noted in previous letters as well as the FY 2019 Budget, 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 spending at the BBA's non-Defense caps.

The Administration appreciates that the Subcommittee bill includes funding for critical priorities, including:

- **Middle East Assistance.** The bill provides \$3.3 billion in Foreign Military Financing for Israel, fully supporting the new, 10-year Memorandum of Understanding between the United States and Israel. The bill also provides economic and security assistance to support a long-term commitment to Jordan, although above the level requested. The bill also provides significant security and economic assistance to other key partners in the region, including Egypt.
- **Embassy Security.** The bill provides \$6.1 billion, \$716 million above the FY 2019 Budget request, to protect overseas personnel and facilities. The Administration appreciates the Subcommittee's support for these critical programs but would be able to accomplish the mission of keeping our diplomatic personnel safe at the requested level. The Administration does not support the Subcommittee's action to limit the period of availability of funding used to provide safe and secure overseas facilities.

However, the bill includes funding that the Administration believes is not in line with the overall restraint in non-Defense spending reflected in the FY 2019 Budget request, including:

- **International Affairs Topline.** In total, the bill provides funding that far exceeds the amount requested in the FY 2019 Budget request. For the Department of State (State) and U.S. Agency for International Development (USAID) in particular, the bill is \$12.8 billion, or 33 percent, above the FY 2019 Budget request and is counter to Administration efforts to rein in funding for non-defense discretionary funding.
- **Economic and Development Assistance.** The bill provides \$7.7 billion for economic and development assistance accounts, which is \$2.6 billion, or 52 percent, above the FY 2019 Budget request. The Administration opposes this high level of spending because it exceeds what is needed to advance U.S. national security and economic interests, support critical strategic partners, and ensure the effectiveness of taxpayer investments. The bill would also hinder efficient foreign assistance prioritization and implementation through multiple provisions that would require funding floors for specific sectors.
- **International Organization Contributions.** The bill provides \$1.6 billion for assessed and voluntary contributions to international organizations, including the United Nations, which is nearly \$500 million above the FY 2019 Budget request. The Administration believes the levels in the FY 2019 Budget request would challenge these organizations to become more efficient and effective as well as spur increased burden sharing throughout the international system.
- **Program Eliminations and Reductions.** While the Administration appreciates that the bill supports the FY 2019 Budget request to eliminate funding for some programs, including the East-West Center, the bill would provide funding for many other programs the Administration has proposed to eliminate or substantially reduce. These include: Educational and Cultural Exchanges; the African Development Foundation; the Inter-American Foundation; The Asia Foundation; the International Fund for Agricultural Development; the U.S. Institute of Peace; and the U.S. Trade and Development Agency.

In addition, the Administration is concerned with the language included in section 7019, which the FY 2019 Budget request sought to remove, that would restrict deviations from allocations for assistance accounts in the funding tables of the accompanying report, which will likely contain numerous congressional directives. The Administration is also concerned with language in the bill that would require congressional consultation and notification for State and USAID reorganizations and workforce shifts, which would hinder the effective management of these agencies.

In addition, the FY 2019 Budget request reflects the Administration's desire to bring more Federal spending under the caps reached in the 2018 BBA by eliminating the use of Overseas Contingency Operations (OCO) funding for Function 150 programs. The Administration encourages the Committee to achieve its discretionary topline while eliminating the use of OCO for Function 150 programs as a means of evading the budget caps.

As the Committee takes up the Department of State, Foreign Operations, and Related Programs Appropriations Subcommittee bill, the Administration looks forward to working with you to address these concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mick Mulvaney", written over a horizontal line.

Mick Mulvaney
Director

cc: The Honorable Hal Rogers

Identical Letter Sent to the Honorable Nita Lowey