



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

THE DIRECTOR

June 25, 2018

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

Dear Chairman Frelinghuysen:

On June 15, 2018, the Labor, Health and Human Services, Education, and Related Agencies Subcommittee considered the fiscal year (FY) 2019 Labor, Health and Human Services, Education, and Related Agencies Appropriations bill. Overall, according to information provided in the Subcommittee press release, the bill appears to increase funding by about \$9.7 billion, or nearly 6 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 and targeted program eliminations, including:

- Social Security Administration Limitation on Administrative Expenses. The Administration appreciates the bill's support for the Social Security Administration, including its full funding of program integrity activities to ensure that only eligible individuals receive social security benefits.
- Child Care. The bill provides a total of \$5.2 billion for the Child Care and Development Block Grant (CCDBG) program at the Department of Health and Human Services (HHS). This total includes \$100 million for competitive grants to States to help serve working families in rural areas, needing emergency child care, and working non-traditional hours. The Administration appreciates the Subcommittee's support for CCDBG, which helps low-income families access child care so they can work, go to school, or enroll in job training programs.

- Apprenticeship. The bill provides \$150 million for apprenticeship funding at the Department of Labor, while also broadening the appropriations language to allow spending on all forms of apprenticeship—a change that would allow more employers to utilize this model.
- Reemployment Services and Eligibility Assessments (RESEA). The bill fully funds the RESEA base and cap adjustment funding amounts provided to the Department of Labor in accordance with the Bipartisan Budget Act of 2018, providing more resources for this evidence-based intervention that reduces improper payments in the Unemployment Insurance program while getting claimants back to work more quickly and at higher wages.
- Health Care Fraud and Abuse Control (HCFAC) Account. The bill provides \$765 million, \$5 million less than the FY 2019 Budget request for the HCFAC account within HHS, and provides greater flexibility to adjust funding and program integrity efforts to meet the greatest needs in line with the request. The Administration appreciates the Subcommittee’s support of program integrity in health programs.
- Teen Pregnancy Prevention (TPP) program. The Administration appreciates the elimination of HHS’s TPP program in the bill, consistent with the FY 2019 Budget request.
- Charter Schools. The bill provides \$450 million for the Charter School Program (CSP) within the Department of Education, a \$50 million increase from FY 2018 enacted, slightly below the FY 2019 Budget request of \$500 million. The Administration appreciates the Subcommittee’s support for CSP, which funds the opening, expansion, and replication of high-quality charter schools and improves charter schools’ access to facilities.
- International Labor Affairs Bureau (ILAB). The Administration appreciates the bill’s elimination of ILAB’s grants within the Department of Labor, as proposed in the FY 2019 Budget request. Many of ILAB’s grants are awarded non-competitively and spent on activities that are of questionable utility and where there is not a clear Federal role.
- Opioid Abuse and Mental Health Funding. The Administration appreciates the Subcommittee’s continued funding to address the opioid epidemic, particularly the \$1 billion provided for State grants.

However, the bill underfunds key investments in critical areas supported in the FY 2019 Budget request and/or 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:

- Student Aid Administration. The bill funds Student Aid Administration within the Department of Education at the same level as FY 2018 enacted, \$93 million below the FY 2019 Budget request. The requested increase is needed to service an ever-increasing

volume of Federal student loans, improve cybersecurity, protect the data of 40 million Americans, as well as launch and implement the new servicing system, the Next Generation Financial Services environment.

- **School Choice.** The bill does not provide the \$1 billion in funding requested in the FY 2019 Budget to establish the Opportunity Grants program at the Department of Education, which would support the expansion of private and public school choice. Funding this program is critical to empowering more families, particularly low-income families, to choose the school that best meets the unique needs of their children.
- **Over \$4 billion in unnecessary spending at the Department of Education.** The bill funds programs that the FY 2019 Budget request proposed for elimination because they have achieved their original purpose, duplicate other programs, are narrowly focused, or are unable to demonstrate effectiveness. This includes \$1.2 billion for 21st Century Community Learning Centers and \$840 million for Supplemental Educational Opportunity Grants.
- **Agency for Healthcare Research and Quality (AHRQ).** The bill does not consolidate AHRQ's activities into the National Institutes of Health (NIH) within HHS and provides \$334 million, \$78 million more than requested in the FY 2019 Budget. The FY 2019 Budget request proposed to consolidate AHRQ's activities into the NIH to better coordinate health services research and eliminate funding for potentially duplicative or lower priority activities.
- **Protecting Union Members.** The bill provides \$4 million less funding for the Office of Labor-Management Standards (OLMS) in the Department of Labor than the FY 2019 Budget request. This additional funding is necessary to restore OLMS's investigative workforce, which the Obama administration allowed to fall by one-third during the past 10 years. The FY 2019 Budget request strengthens protections for union members by supporting more audits and investigations to uncover flawed officer elections, fraud, and embezzlement.

The bill continues a provision that prohibits changes to the method that NIH uses to pay grantee institutions for facilities and administrative costs. The bill also prohibits other Federal departments and agencies from developing or implementing modified indirect cost policies. These provisions would prohibit agency staff and stakeholders from developing strategies to make Federal Government programs more effective and efficient. In addition, the bill does not authorize the use of NIH funding to establish and operate the 21st Century Cures Act Research Policy Board, as requested. As a result, the Administration will not be able to establish the Research Policy Board as directed by the Congress.

The Administration also appreciates the inclusion of the Conscience Protection Act as section 533 of the bill, consistent with the HHS mandatory proposal included in the FY 2019 Budget request. The bill also provides additional flexibilities for the Department of Labor's Wagner-Peyser State Grants, allowing States to best determine how their funds should be allocated.

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 limiting the use of cancellations of unobligated balances or changes in mandatory programs, or CHIMPs, that generate no net outlay savings to offset real increases in discretionary spending. While there are programmatic reasons for some cancellations or CHIMPs, most of them simply push the availability of funding from one year to the next, or rescind money from a program that no one actually expected would be spent. The Administration appreciates Subcommittee Chairman Cole's commitment on this front and encourages the Committee to achieve its discretionary topline while minimizing the use of CHIMPs and cancellations of unobligated balances.

As the Committee takes up the Labor, Health and Human Services, Education, and Related Agencies Appropriations Subcommittee bill, the Administration looks forward to working with you to address these concerns.

Sincerely,



Mick Mulvaney
Director

cc: The Honorable Tom Cole
The Honorable Rosa DeLauro

Identical Letter Sent to the Honorable Nita Lowey