



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

June 3, 2019

The Honorable Nita Lowey
Chairwoman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Lowey:

On May 23, 2019, the Transportation, and Housing and Urban Development, and Related Agencies Subcommittee considered the fiscal year (FY) 2020 Transportation, Housing and Urban Development, and Related Agencies Appropriations bill. We are strongly opposed to the budgetary framework that underlies this and other appropriations bills being considered by the Appropriations Committee. In advance of Full Committee consideration of this bill, I would like to take this opportunity to share both these overall concerns as well as specific concerns related to this bill.

The Transportation, Housing and Urban Development, and Related Agencies Appropriations bill is being considered under House Democrats' budget framework, which would raise the discretionary spending caps by more than \$350 billion in FYs 2020 and 2021 and does not reflect a House-passed budget resolution or a bipartisan, bicameral agreement. This would put the Federal Government on track to add nearly \$2 trillion to deficits over 10 years, while the national debt is already above \$22 trillion and rising.

In addition, the House Democrats' framework continues the misguided notion that increases to defense spending must be matched or exceeded by increases to non-defense spending. The bills under consideration actually provide more than twice as much additional funding in FY 2020 for non-defense than for defense programs, relative to FY 2019 levels. Investing in our national security remains a key Administration priority, but ensuring our defense does not require additional non-defense discretionary funding.

Excessive deficits continue to threaten the Nation's progress, and without action to restore the proper size and role of Government, deficits will remain over a trillion dollars per year for the foreseeable future. The President's FY 2020 Budget provides the Congress with a clear roadmap for bringing Federal spending under control. It proposes more spending reductions than any other administration has proposed in history, while providing necessary funding for defense, national security, and other critical needs. Importantly, the Budget protects these key priorities while adhering to the discretionary spending caps in current law. The Congress must do the same.

Overall, according to information provided in the Subcommittee press release, the bill provides \$137.1 billion in budgetary resources, an increase of \$17.3 billion, or more than 14 percent, above the FY 2020 Budget request and \$6 billion above the FY 2019 enacted level.

The Administration appreciates that the Subcommittee bill includes funding for some critical priorities, including its support for additional investment in the Nation's highway, transit, rail, and aviation infrastructure. However, while discretionary increases to the Department of Transportation's (DOT) highway, transit, and aviation mandatory formula programs are useful, the Administration urges the Committee to shift some of those resources to the FY 2020 Budget proposal to provide an additional \$1 billion to the competitive Infrastructure For Rebuilding America grant program, which targets the nationally- and regionally-significant projects and more effectively leverages Federal dollars.

However, the bill includes funding that the Administration believes is not in line with the overall effort to control non-defense spending reflected in the FY 2020 Budget request or underfunds key investments in critical areas supported in the FY 2020 Budget request, including:

- Capital Investment Grants (CIG). The bill provides \$2.3 billion, \$797 million above the FY 2020 Budget request for CIG at DOT, which the Administration believes is an excessive funding level, particularly for new full funding grant agreements. In addition, the Administration opposes policy riders and overly prescriptive administrative provisions that contravene the current law, regulations, and guidance of the CIG program. Funding allocations should continue to be made based on defined criteria, including local financial commitment, project readiness, and geographic diversity and not based on arbitrary deadlines. Lowering current risk assessment guidelines that use a 65 percent probability threshold to determine reasonableness of cost and schedule estimates causes taxpayers to assume more of the risk for complicated, multiyear construction projects.
- Amtrak. The Administration is disappointed that the Subcommittee continued the status quo, providing \$2 billion for Amtrak, \$50 million above the FY 2019 enacted level, for all its operations, including its highly inefficient long-distance trains. The Administration believes there is a real opportunity to reform and improve Amtrak service across the United States. To begin a restructuring of the Amtrak network, which has not markedly changed in over 40 years, the Administration urges the Committee to support the proposal in the FY 2020 Budget request to eliminate direct long distance operating subsidies, and instead provide grants to States through the Restoration and Enhancements Grant program. In addition, Amtrak should have the ability to adjust its police force based on need, not legislative mandate.
- Essential Air Service (EAS). The Administration is disappointed that the Subcommittee did not include the Administration's FY 2020 Budget proposals to reform the EAS program at DOT. EAS needs to be reformed, as total EAS spending has increased 600 percent since 1996. The Administration believes that common-sense, modest reforms can be implemented to control costs, while ensuring that truly remote communities receive air service.
- Rental Assistance Programs. The bill provides \$45.1 billion, \$7.1 billion above the FY 2020 Budget request, for rental assistance programs at the Department of Housing and Urban Development (HUD). The Administration is disappointed that the bill continues to reflect the status quo and does not include the FY 2020 Budget requests'

proposed legislative reforms to Housing Choice Vouchers, Project-Based Rental Assistance, Public Housing, and Housing for the Elderly and Persons with Disabilities. The Administration's proposal includes uniform work requirements, as well as offers public housing authorities, property owners, and HUD-assisted families a simpler and more transparent set of rent structures to reduce administrative burden, incentivize work, and place HUD's rental assistance programs on a more fiscally sustainable path.

- HUD Block Grants. The bill continues to provide funding for the Community Development Block Grant (CDBG) and HOME Investment Partnerships programs at HUD, both programs which the Administration proposed to eliminate in the FY 2020 Budget request. The CDBG program is not well-targeted to the most distressed areas and has not demonstrated a measurable impact on communities. The Administration also believes that State and local governments are better positioned than the HOME program to comprehensively address the unique market challenges, local policies, and impediments that lead to housing affordability problems.
- Other HUD Grant Programs. The bill funds the Choice Neighborhoods program at \$300 million rather than eliminating it as proposed in the FY 2020 Budget request. The Administration recognizes that there is a greater role for State and local governments in addressing community revitalization needs. The bill also provides \$860 million for Native American Programs, which is \$255 million above the FY 2020 Budget request. The increased funding should be redirected to other Administration priorities.

The Administration opposes the inclusion of numerous language provisions that inhibit the Administration's rulemaking processes or are counter to Administration policy, including:

- HUD Rulemaking Prohibitions. The bill would prevent HUD from proceeding with the proposed rule to align HUD's regulations for housing assistance to current law, which prohibits persons other than U.S. citizens and other eligible noncitizens from receiving HUD rental assistance. The bill would also prevent HUD from proceeding with the proposed rule to allow grantees participating in programs which permit single-sex facilities to have greater flexibility in establishing their own policies, consistent with State and local laws. It would also statutorily codify an outdated guidance notice on this subject. The Administration opposes such provisions as it would impede the Administration's rulemaking process and authority.
- DOT Rulemaking Prohibitions. The Administration strongly objects to provisions prohibiting DOT from finalizing important regulations, particularly section 145 of the bill, which prohibits the National Highway Traffic Safety Administration from finalizing or enforcing the Safer Affordable Fuel-Efficient Vehicles Rule, which has the potential to save more than \$250 billion in societal costs while reducing 12,700 highway fatalities. In addition, the Administration opposes limiting DOT's ability to craft appropriate hours of service regulations that ensure the safe, efficient operation of commercial motor vehicles. The Administration also objects to section 133 of the bill, which prevents the Federal Motor Carrier Safety Administration (FMCSA) from

considering petitions for rulemaking concerning preemption of State meal and rest breaks, and section 135, which prohibits FMCSA from issuing or enforcing any regulation that would eliminate the current 30 minute rest break requirement.

- California High Speed Rail. The Administration objects to the language prohibiting DOT from terminating, de-obligating, and requiring repayment of expended funding under grant agreements with the California High Speed Rail Authority (CHSRA) in effect on the date of enactment of the act. The responsibility for grant oversight and management rests with DOT, including any potential resulting action the Department may need to take as steward of Federal funds in its review of CHSRA's grant agreement for \$2.5 billion in funding provided by the American Recovery and Reinvestment Act of 2009.
- Transportation Infrastructure Finance and Innovation Act (TIFIA) Non-Federal Project Share. The bill would eliminate the existing cap of 80 percent on the total amount of Federal financial assistance (including grants) for a TIFIA-supported project. The existing cap is a prudent measure for encouraging non-Federal investment and partnerships in TIFIA projects, and maximizing the TIFIA program's impact. Eliminating the cap could also increase the riskiness of these projects, as project sponsors would have less of their own resources pledged to a project.
- Office of the Secretary of Transportation. The Administration is concerned about language that limits the funding available for DOT's political and Presidential appointees until the Department announces the selection of projects for multiple aviation, transit and rail competitive grant programs. The Administration believes this language is counterproductive and overreaching. The Department strives to conduct its competitive grant selection processes in the most expeditious way possible.

As the Committee takes up the Transportation, Housing and Urban Development, and Related Agencies Appropriations bill, the Administration looks forward to working with you to address these concerns.

Sincerely,



Russell T. Vought
Acting Director

cc: The Honorable David Price
The Honorable Mario Diaz-Balart

Identical Letter Sent to The Honorable Kay Granger