



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

January 16, 2019  
(House)

## **STATEMENT OF ADMINISTRATION POLICY**

### **H.R. 268 — Supplemental Appropriations Act, 2019**

(Rep. Lowey, D-NY)

The Administration opposes H.R. 268, the Supplemental Appropriations Act, 2019, making supplemental appropriations for the fiscal year (FY) ending September 30, 2019, and for other purposes. While the Administration supports the provision of efficient and effective disaster relief to impacted communities and agencies, it is concerned that the bill includes funding that is unnecessary, excessive, premature, and duplicative of other Federal funds. The Congress should not use natural disasters as a pretext to engage in unnecessary spending outside of the agreed-upon discretionary spending caps.

In response to the numerous recent disasters that have hit States and territories, the Administration acted swiftly to provide relief to those in need and begin the process of identifying the resources required for long-term recovery. The Federal Emergency Management Agency's (FEMA) Disaster Relief Fund (DRF)—a significant mechanism through which the Federal Government conducts response efforts for major disasters and emergencies—has sufficient balances to address all immediate threats to life and property resulting from these recent disasters. The only supplemental appropriations the Administration is seeking at this time are those that would address the ongoing security and humanitarian crisis along the southern border.

The Administration also has a number of specific policy and funding concerns with the legislation. For instance, H.R. 268 includes \$600 million in excessive and unnecessary funding for Puerto Rico's Nutrition Assistance Program (NAP), \$849 million in excessive Environmental Protection Agency (EPA) funding, and other line-item funding, which the Administration has not requested, that is well in excess of the levels included in the disaster bill that passed in December of last year. The bill also includes a number of policy changes that would waive or reduce cost sharing for State and local governments and other non-Federal entities, thus reducing a key incentive to limit excessive and unnecessary spending. Finally, the bill makes unnecessary changes to the Department of Agriculture's trade mitigation payments that would allow funds to go to those with adjusted gross income (AGI) over \$900,000.

In addition, the Administration recognizes that there may be an effort to amend H.R. 268 with a manager's amendment containing a continuing resolution through February 8, 2019. As the Administration has relayed in multiple Statements of Administration Policy since the beginning of the current lapse in appropriations, including such a continuing resolution without a broader agreement to address the border crisis is unacceptable.

If H.R. 268 were presented to the President with a continuing resolution included, his advisors would recommend that he veto the bill.

The Administration would like to take this opportunity to share additional views regarding the House Appropriations Committee's (Committee) version of the bill.

#### Department of Agriculture (USDA)

*Crop and Livestock Losses.* The Administration does not support the \$1.1 billion provided for crop and livestock losses. Existing USDA safety net programs, including crop insurance, can provide this assistance to producers.

*Emergency Forest Restoration.* The bill includes \$480 million for restoration of storm-damaged forests. This amount is excessive and unnecessarily increases Federal costs, therefore the Administration does not support it.

*Rural Development.* The Administration objects to the \$150 million included in the bill for Rural Development Housing, Water and Wastewater, and Community Facilities programs. These funds were not requested and duplicate program resources that are available through the annual budget process.

*Trade Mitigation Payments.* The Administration does not support section 104, which would change eligibility criteria for Market Facilitation Payments to allow producers with higher AGI to receive payments. The existing eligibility criteria are consistent with other price and income support payments.

*Nutrition Assistance, Puerto Rico.* The bill provides \$600 million for Puerto Rico's NAP. This funding is excessive and unnecessary. USDA has been working closely with Puerto Rico to develop and implement a plan to return the NAP to normal operations after providing significant additional resources immediately after the 2017 hurricanes. There is no indication that households need ongoing support at this time or that Puerto Rico requires additional time to return to normal NAP operations.

#### Department of Commerce

*Economic Development Administration (EDA), Economic Development Assistance Programs.* The Administration objects to the \$600 million included in the bill for EDA's disaster recovery grants, which is in addition to the \$600 million in unrequested funding provided in the prior year. EDA's disaster grant programs are duplicative of other disaster assistance programs, such as the Department of Housing and Urban Development's Community Development Block Grant Disaster Recovery.

*National Oceanic and Atmospheric Administration (NOAA), National Oceans and Coastal Security Fund Grants.* The Administration opposes the inclusion of \$50 million for grants from the National Oceans and Coastal Security Fund. These grant funds, which support research on ocean and coastal resources, are not necessary to address the immediate impacts of the disasters

experienced last year.

*NOAA, Fisheries Disaster Assistance.* The Administration objects to the \$150 million included in the bill for fisheries disaster assistance. This amount is excessive and not directly tied to the actual economic losses from declared disasters in 2018.

### Army Corps of Engineers

*Construction of New Flood Risk Reduction Projects.* The Administration opposes emergency funding for the construction of new projects. The Army Corps has sufficient funding to address all priority repairs to existing infrastructure it has identified. The construction of new projects or studies to develop potential new projects to address the risks associated with future storms should be considered on a national level to address the most significant risks to public safety as well as the costs and benefits of potential investments. Further, the Administration opposes waiving upfront cost share requirements by non-Federal sponsors for the study or construction of new projects which shifts these costs from beneficiaries of these projects to taxpayers.

### Department of Energy

*Office of Electricity.* The Administration does not support the \$16 million provided in the bill for the Department of Energy's Office of Electricity to provide technical assistance related to recently-declared disasters. Technical assistance can be prioritized and executed as needed within available funding.

### Department of Homeland Security

*Federal Emergency Management Agency (FEMA) Disaster Assistance.* The Administration strongly objects to language waiving non-Federal cost shares for Puerto Rico and the U.S. Virgin Islands for Hurricanes Maria and Irma. Cost shares are critical to ensure that work with impacted jurisdictions is collaborative and that both partners have incentives to operate efficiently and control costs. Further, the Administration is concerned with language that would waive FEMA's pre-disaster condition limitation for certain disasters. Removing the limitation could cause FEMA to reimburse impacted jurisdictions for costs unrelated to disasters.

### Environmental Protection Agency

*State Revolving Funds.* The Administration does not support the \$849 million provided for the Clean Water and Drinking Water State Revolving Funds (SRFs), as the funds are excessive and go beyond core emergency response activities. For example, \$500 million is provided to the SRFs for areas impacted by Hurricanes Harvey, Irma, and Maria to support work exceeding normal core response activities, including projects to address future flood damage risk and vulnerability. In addition, the \$349 million provided to the SRFs for projects to improve drinking and clean water infrastructure impacted by Hurricanes Florence and Michael, Typhoon Yutu, and 2018 earthquakes and wildfires is excessive given the funding that FEMA is providing to bring those systems back into operation.

Department of Education

*Education-Related Disaster Relief.* The Administration objects to the inclusion of \$165 million for education-related disaster relief as it is excessive and duplicative. The \$50 million approved by the prior Congress in H.R. 695 was sufficient to satisfy education-related needs associated with recent disasters.

Department of Housing and Urban Development

*Community Development Block Grant Disaster Recovery (CDBG-DR).* The Administration also opposes the inclusion of the unrequested and excessive \$1.2 billion for CDBG-DR in 2018, which is in addition to the unrequested \$1.7 billion that was appropriated for similar purposes in the prior year.

The Administration looks forward to working with the Congress to ensure appropriate and sufficient funds are provided to respond to natural disasters.

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