



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

October 8, 2015
(Senate)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2028 – Energy and Water Development and Related Agencies

Appropriations Act, 2016

(Sen. Cochran, R-MS)

The Administration strongly opposes Senate passage of H.R. 2028, making appropriations for energy and water development, and related agencies for the fiscal year ending September 30, 2016, and for other purposes. Although the bill supports key national security items, the bill drastically underfunds critical investments that develop American energy sources to build a clean and secure energy future; develop and commercialize the emerging technologies that create high-quality jobs and enhance the Nation's economic competitiveness; and improve resilience against current and ongoing climate impacts that threaten our economy, public health, and natural resources. As a result, it would put at risk U.S. competitiveness in new markets for clean energy industries such as advanced vehicles, advanced manufacturing, energy efficiency for homes and businesses, and domestic renewable energy such as wind, solar, and biomass. If the President were presented with H.R. 2028, his senior advisors would recommend that he veto the bill.

Enacting H.R. 2028 and adhering to the congressional Republican budget's overall spending limits for fiscal year (FY) 2016 would hurt our economy and shortchange investments in middle-class priorities. 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 Republican framework would bring base discretionary funding for both non-defense and defense for FY 2016 to the lowest real levels in a decade. 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, millions fewer workers receiving job training and employment services, and drastic cuts to scientific 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 senior advisors would recommend that he veto H.R. 2028 and any other legislation that implements the current Republican budget framework, which blocks the investments needed for our economy to compete in the future. The Administration looks forward to working with the Congress to reverse sequestration for defense and non-defense priorities and offset the cost with commonsense spending and tax expenditure cuts, as Members of Congress from both parties have urged.

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

Department of Energy (DOE)

Office of Energy Efficiency and Renewable Energy. The Administration strongly objects to the \$1.9 billion provided in the bill for the Office of Energy Efficiency and Renewable Energy. Overall, this level is \$790 million below the FY 2016 Budget request. Relative to the FY 2016 Budget request, the bill reduces funding for renewable energy by 34 percent, sustainable transportation by 23 percent, and energy efficiency by 35 percent. These reductions would significantly underfund critical activities that support the development and commercialization of clean energy technologies including wind energy and advanced manufacturing capabilities. At this funding level, the number of research, development, and demonstration projects supported in cooperation with industry, universities, and the national labs would be reduced, limiting innovation and technological advancement, curtailing solutions to reduce U.S. dependence on oil and reduce energy waste, and undermining the Nation's industrial competitiveness in the future global clean energy economy. The Congress is urged to fully fund the FY 2016 Budget request of \$2.7 billion.

Advanced Research Projects Agency-Energy (ARPA-E). The Administration objects to the \$291 million provided in the bill for ARPA-E, which is \$34 million or 10 percent below the FY 2016 Budget request. This funding reduction would impact investments in transformational technologies that reduce energy-related emissions, increase energy efficiency across multiple economic sectors, and reduce energy imports.

Electricity Delivery and Energy Reliability. The Administration objects to the \$151 million provided in the bill for Electricity Delivery and Energy Reliability, which is \$119 million or 44 percent below the FY 2016 Budget request. At the funding levels provided in the bill, critical activities supporting a secure, reliable, and modernized electricity grid as well as energy assurance, would go unfunded. Investments in a modernized grid are necessary to move the Nation to a cleaner more secure energy future.

Fossil Energy and Nuclear Energy. The Administration notes that the bill includes funding above the FY 2016 Budget request in some areas that are already well established in the market, including for nuclear (\$948 million, \$41 million or 4.5 percent above the FY 2016 Budget request) and for Fossil Energy Research and Development (\$598 million, \$38 million or 6.8 percent above the FY 2016 Budget request), yet makes drastic reductions in those areas that are most crucial to the Nation's clean energy future and continued U.S. technology leadership. The Administration encourages the Congress to fund DOE's energy programs at the requested level, as this balances the portfolio among items of short-, medium-, and long-term progress and accounts for the potential contributions to U.S. leadership in these technology areas.

Office of Science. The Administration appreciates the Committee's support for the Office of Science, in particular the support for capable exascale computing. However, the level of funding provided, which is \$0.2 billion below the FY 2016 Budget request of \$5.3 billion, would reduce research and development programs throughout the agency and the Administration encourages the Congress to fully fund the FY 2016 Budget request.

Strategic Petroleum Reserve (SPR). The Administration opposes the \$200 million level provided for the SPR, which is \$57 million or 22 percent below the FY 2016 Budget request of \$257 million. At this funding level, the bill fails to fund activities supporting timely replacement of equipment and physical systems that are necessary to begin to address the backlog of deferred maintenance activities, and to enhance distribution flexibility and reliability. Absent this funding, the SPR's energy security mission might be at risk.

Energy Information Administration (EIA). The Administration urges the Congress to fully fund the FY 2016 Budget request of \$131 million for EIA to address critical energy data gaps, expand domestic energy data and analysis, and increase energy data integration with Canada and Mexico.

Nuclear Waste. The Administration appreciates the Committee's support for implementing a workable solution for the management and disposal of the Nation's nuclear waste.

Federal Information Technology Acquisition Reform Act. The Administration strongly objects to section 312 of the bill, which excludes information technology (IT) spending at DOE labs from the management improvements and accountability introduced by the Federal Information Technology Acquisition Reform Act. This exclusion would constrain the ability of the Secretary and Chief Information Officer to ensure the Department's mission is effectively and efficiently executed by reducing duplicative IT systems, implementing a comprehensive cybersecurity solution, and addressing other IT management issues, which support the President's goal to deliver a Government that is more effective, efficient, and accountable.

Digital Accountability and Transparency Act of 2014 (DATA Act). The Administration urges the Congress to fully fund the FY 2016 Budget request for DOE and the Nuclear Regulatory Commission to implement the DATA Act. This funding would support efforts to provide more transparent Federal spending for data activities, updating IT systems, changing business processes, and employing a uniform procurement instrument identifier.

U.S. Digital Service Team. The Administration urges the Congress to fund the FY 2016 Budget request for DOE and the Nuclear Regulatory Commission to develop a U.S. Digital Service team. This funding would support efforts to manage digital services that have the greatest impact to citizens and businesses.

Corps of Engineers – Civil Works (Corps)

Overall Funding. The bill funds the Corps civil works program at a net level of \$5.4 billion. The Administration believes the more appropriate overall funding levels proposed in the FY 2016 Budget request would limit spending on projects that provide a low return to the Nation.

Office of the Assistant Secretary. The bill funds the Office of the Assistant Secretary at \$3 million, a roughly \$2 million, or 35 percent, decrease from the FY 2016 Budget request. This reduction would not support the staffing necessary to provide oversight of the civil works program.

Corps Regulatory Program. The Administration encourages the Congress to fund the Corps' regulatory program at the requested level. A \$5 million reduction in funding would inhibit the

Corps' ability to issue permits in a timely manner, which could negatively affect business and development, and to protect important aquatic resources, while undertaking needed programmatic improvements, including implementation of the Clean Water rulemaking.

Fill Material under the Clean Water Act. The Administration believes it is essential to retain Federal Agency discretion to pursue rulemakings they deem necessary to protect America's clean water resources, which are critical to American families and businesses. The Administration strongly opposes section 104 of the bill, which could hamstring future regulatory work.

Federal Flood Risk Management Standard. The Administration objects to section 503 of the bill, which prohibits funds from being used to implement, administer, carry out, modify, revise, or enforce Executive Order 13690 entitled "Establishing a Federal Flood Risk Management Standard and a Process for Further Soliciting and Considering Stakeholder Input." If enacted, this provision would undermine Federal agencies' ability to protect Federal investments and could make our communities more vulnerable to flood risks.

Department of the Interior, Bureau of Reclamation, and Central Utah Project

Overall Funding. The bill provides \$1.1 billion for the Bureau of Reclamation and \$10 million for the Central Utah Project. The Administration appreciates the Committee's support of the Bureau and the Central Utah Project.

Indian Water Rights Settlements. The Administration objects to the \$23 million or 23 percent reduction to the FY 2016 Budget request for the Bureau of Reclamation for implementing enacted Indian Water Rights Settlements, including reductions in funding for the Crow settlement of over 80 percent, the Aamodt settlement by more than half, and the Navajo-Gallup settlement by over 10 percent. The funding requested for these settlements carefully considered funding levels necessary in FY 2016 and future years to meet the dates mandated in the settlement acts. This reduction would make it difficult to meet Congress' own statutorily-defined deadlines. Indian water settlement agreements can provide water supply certainty for tribal communities, boost economic growth, and end expensive and protracted litigation. The Administration urges the Congress to restore funding for this important program to the levels in the FY 2016 Budget request.

San Joaquin River Restoration. The Administration appreciates the Committee's support of this important program to restore and maintain fish populations and reduce or avoid water supply impacts. This restoration program is a multi-year effort that is integral to the implementation of Federal legislation that settled 18 years of litigation.

California Storage Projects. The Administration strongly supports efforts to help alleviate the effects of drought in the West; however, the Administration is concerned with section 207, which establishes deadlines for completing feasibility studies for certain water storage projects. The provision is unnecessary and the dates provided in the bill could prevent the participation of non-Federal partners in certain of the studies and may inhibit the Administration's ability to consider a full range of options for addressing these issues.

Dam Safety Authorization. Section 205 of the bill amends the Reclamation Safety of Dams Act to allow new or supplementary non-safety-related project construction in conjunction with Safety of Dams work, provided that the additional costs are allocated to the authorized project purposes.

Any such authorization should ensure that the beneficiaries of the non-safety-related project construction pay their full share of the costs as a condition of construction and that there be no repayment contract for that portion of the project.

Constitutional Concerns

Certain provisions in the bill, including sections 101 and 201, raise separation of powers concerns.

The Administration looks forward to working with the Congress as the FY 2016 appropriations process moves forward.

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