



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

THE DIRECTOR

June 2, 2015

The Honorable Thad Cochran  
Chairman  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

On May 21, 2015, the Appropriations Committee considered the fiscal year (FY) 2016 Energy and Water Development, and Related Agencies Appropriations bill. The Administration supports investments in scientific research and water and energy resources that will create high-quality jobs, enhance the Nation's economic competitiveness, improve resilience against climate impacts, and help build a clean and secure energy future. However, we have a number of serious concerns about this legislation, which would underfund these important investments and includes highly problematic ideological riders. In advance of Floor consideration of the Committee-reported bill, I would like to take this opportunity to share some of these concerns with you.

The Energy and Water Development, and Related Agencies Appropriations bill is among the first appropriations bills being considered in the Senate under congressional Republicans' 2016 budget framework, which would lock in sequestration funding levels for FY 2016. 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 Republicans' 2016 budget framework would bring base discretionary funding for both nondefense and defense to the lowest levels in a decade, adjusted for inflation. 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, more than two million fewer workers receiving job training and employment services, and thousands fewer scientific and medical 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 Budget would reverse sequestration and replace the savings with commonsense spending and tax reforms. It brings middle-class economics into the 21<sup>st</sup> Century and makes the critical investments needed to support our national security and accelerate and sustain economic growth in the long run, including research, education, training, and infrastructure. As the Administration has repeatedly made clear, the President's senior advisors would recommend that he veto any legislation that implements the current Republican budget framework, which blocks the investments we need for our economy to compete in the future.

The inadequate overall funding levels in the Republicans' 2016 budget framework cause a number of problems with the Energy and Water Development, and Related Agencies Appropriations bill specifically. Overall, according to the Committee, this bill reduces funding by about \$668 million, or 2 percent, below the President's Budget. While the bill supports some national security priorities, it slashes support for U.S. innovators—scientists, engineers, and entrepreneurs pioneering new clean energy technologies that will spur America's long-term economic competitiveness and strengthen America's leadership on energy innovation. In addition, developing these cost-effective technologies will help us tackle the threat of climate change, which is not just a moral but also a fiscal and economic imperative. Any strategy that dials down investment in climate solutions and climate preparedness simply dials up the likely future toll on our budget and economy from the impacts of climate change. Yet the bill adopts precisely that strategy; for example:

- The bill reduces investment in the Department of Energy's Office of Energy Efficiency and Renewable Energy by nearly \$790 million, or 29 percent, compared with the President's Budget. This significantly reduced level of funding would slash the number of research, development, and demonstration projects supported in cooperation with industry, universities, and the national labs—curtailing critical innovation and technological advancement in clean and renewable energy, as well as solutions to cut U.S. dependence on oil and reduce energy waste, all while also undermining the Nation's industrial competitiveness in the future global clean energy economy. For example, the bill cuts the Wind Energy program by 68 percent from the President's Budget and cuts funding for atmospheric modeling, advanced component manufacturing, grid integration, and avian species mitigation among other activities necessary to advance both on- and offshore wind.
- The bill also cuts grid modernization and other investments in the resilience of the electricity and energy system by \$118 million, or 44 percent, compared with the President's Budget. At this level, important activities supporting a secure, reliable, and modernized electricity grid would go unfunded. As highlighted by the Quadrennial Energy Review released in April, public and private investments in a strong and smart electricity and energy system are critical to moving our Nation toward a cleaner and more secure energy future. In the face of increasing threats—from extreme weather to cyberattack—the cuts in the bill run counter to efforts, such as State energy assurance planning and technology development, that will strengthen the U.S. economy, create jobs, and support the middle class.

- The bill fails to adequately fund the Advanced Research Projects Agency-Energy (ARPA-E), providing \$291 million, or 10 percent, less than the President's Budget for a research agency focused on game-changing technological breakthroughs. Our Nation—and our economy—has led the world through innovation, and the ARPA-E budget is an example of the types of investments that are needed to sustain that leadership.

In addition to dialing down investment in climate solutions and climate preparedness, the Committee-reported bill cuts funding for other critical priorities. For example, the bill cuts the Bureau of Reclamation's budget for implementing enacted Indian Water Rights Settlements by about \$23 million, or 20 percent, relative to the President's Budget, with significant cuts to the Crow (down 84 percent), Aamodt (down 50 percent), and Navajo (down 10 percent) settlements. The funding request for these settlements reflects the amounts necessary in FY 2016 and future years to meet statutorily defined deadlines. The bill fails to honor those settlements—and the underlying rights they uphold. The bill cuts funding for the Strategic Petroleum Reserve (SPR) by \$57 million, or 22 percent, compared to the President's Budget. At the bill level, crucial investments in infrastructure maintenance will not be made, potentially impacting the ability of the SPR to accomplish its energy security mission.

Unfortunately, under sequestration levels, even the inadequate funding levels provided by the bill would require larger cuts in other appropriations bills. Taking into account this bill and the Military Construction, Veterans Affairs, and Related Agencies Committee-reported bill, the two bills that have been marked up in the Senate so far, the Republican budget framework would require cuts of roughly 8 percent compared to the President's Budget for the rest of the non-defense discretionary accounts.

The bill also includes highly problematic ideological riders, including a provision that would irresponsibly undermine Federal agencies' ability to protect Federal investments from flood risk.

The bill also includes a highly problematic provision that would exclude information technology spending at Department of Energy labs from the management improvements and accountability introduced by the Federal Information Technology Acquisition Reform Act. This would eliminate the Administration's ability to ensure information technology (IT) resources effectively support the Department's mission by reducing duplicative IT systems, implementing a comprehensive cybersecurity solution, and addressing other IT management issues that support the President's goal to deliver a Government that is more effective, efficient, and accountable.

The Administration believes that the Congress should consider appropriations bills free of unrelated ideological provisions. The inclusion of these provisions threatens to undermine an orderly appropriations process.

As the Senate takes up the Energy and Water Development, and Related Agencies bill, we look forward to working with you to address these concerns. More broadly, we look 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.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Shaun Donovan', with a long horizontal flourish extending to the right.

Shaun Donovan  
Director

Identical Letter Sent to The Honorable Barbara Mikulski