



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

THE DIRECTOR

June 23, 2015

The Honorable Hal Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

On June 17, 2015, the Labor, Health and Human Services, Education, and Related Agencies Subcommittee considered the fiscal year (FY) 2016 Labor, Health and Human Services, Education, and Related Agencies Appropriations bill. The Administration supports investments in health care, public health, job training, and improving educational outcomes for students at all levels. However, we have a number of serious concerns about this legislation, which would underfund these important investments and includes highly problematic ideologically-motivated provisions. In advance of Full Committee consideration of the Subcommittee bill, I would like to take this opportunity to share some of these concerns with you.

The Labor, Health and Human Services, Education, and Related Agencies Appropriations bill is the tenth appropriations bill being considered under the 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 non-defense 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 high quality early education, millions fewer workers receiving job training and employment services, efforts to improve schools and support teachers being undermined, 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 21st 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.

The inadequate overall funding levels in the Republicans' 2016 budget framework cause a number of problems with the Subcommittee bill specifically. Overall, according to the Subcommittee, this bill reduces funding by about \$14.6 billion, or about 9 percent, below the President's Budget. Through a combination of funding cuts and riders, it would leave millions of Americans without health insurance, make college students more vulnerable to poorly performing career colleges, and jeopardize worker rights and safety, among many other deleterious effects. The Subcommittee bill would, for example:

Take away health care coverage from millions of Americans and block innovations that are helping to slow health care cost growth and improve quality.

- After five years of the Affordable Care Act (ACA), more than 16 million people have gained health insurance coverage, bringing the uninsured rate to the lowest level on record. Through a combination of funding cuts and ideologically-motivated restrictions, the Subcommittee bill would obstruct the functioning of the Health Insurance Marketplaces, jeopardizing or disrupting coverage for the more than 10 million people currently enrolled in health insurance plans through the Marketplaces. It would also deny assistance to States expanding their Medicaid programs under the ACA, jeopardizing coverage for many millions more.

The bill seeks to turn back the clock on the progress made in containing health care costs and improving quality. Recent years have seen exceptionally slow growth across a wide range of measures of health care costs. The ACA has contributed to these trends by reducing excessive Medicare payments to Medicare providers and private insurers and by supporting innovative new ways of paying for health care in Medicare and throughout our health care system that encourage lower-cost, higher-quality care. These effects will grow in the years ahead as successful delivery system reforms mature and are scaled up and additional innovative reforms are implemented, but this bill would block most of these innovations, including:

- Rescinding \$6.7 billion in funding for cost-saving and quality-improving delivery system innovations at the Center for Medicare and Medicaid Innovation (Innovation Center), which is actively testing new payment and service delivery models that will improve health care quality and reduce health care costs. One Innovation Center model, the Pioneer Accountable Care Organization demonstration, generated over \$384 million in savings to Medicare over its first two years while delivering high-quality patient care.
- Eliminating the Agency for Healthcare Research and Quality (AHRQ), which invests in health services research that forms the foundation for delivery system reform efforts aimed at reducing health care costs and improving quality system-wide. For example, AHRQ's research developed methods for measuring and reducing rates of patient harm in hospitals, which contributed to a 17 percent decline in hospital-acquired conditions between 2010 and 2013, corresponding to 1.3 million avoided patient harms and an estimated 50,000 avoided deaths since 2010.

Reduce access to high-quality, affordable early education and shortchange students at every level.

- Motivated by evidence that students who spend more time in high quality early learning programs learn more, the President's Budget provides a \$1.5 billion increase for Head Start so that all Head Start children have access to a full school day and year of high-quality instruction and to increase enrollment. By contrast, under the funding level in the Subcommittee bill, either more than 570,000 children in Head Start would not receive the full-day, full-year services they need to succeed, the program would serve some 140,000 fewer children as compared to the President's Budget, or some combination of both. The bill also:
 - Blocks efforts to expand high-quality public preschool to more four-year-olds by eliminating Preschool Development Grant funding for the 18 States that are creating or expanding high-quality preschool programs for low- and moderate-income children. Pulling these funds away from communities jeopardizes their plans to provide high-quality early learning for more than 100,000 children, including nearly 60,000 children who would lose access to public preschool entirely and thousands more who will lose out on key quality improvements to existing preschool programs.
 - Fails to provide an increase in child care funding to help States implement the quality improvements and reforms called for in the recently-enacted bipartisan child care legislation.
- The bill provides \$6.4 billion less than the FY 2016 President's Budget for the Department of Education, which includes \$5 billion less for our Nation's schools. It would eliminate 19 programs that serve primarily Pre-K-12 students and underfund core programs, including Title I, which supports educational improvements for our most vulnerable students. These eliminations take away critical resources being used to turn around low-performing schools, enhance STEM education, promote the arts, and create safe school environments. The bill also cuts dedicated resources for teachers and leaders by over \$1.5 billion, eroding support for educators who are doing the important work of preparing America's students for the future.

Among the programs slated for elimination is the Investing in Innovation Fund (i3), which is helping to identify what works when it comes to supporting effective teachers and principals, turning around persistently low-performing schools, and leveraging technology to accelerate student learning. First in the World, which in its first two years is helping identify innovative solutions to the persistent and widespread challenges preventing college completion, is also eliminated. Combined with the bill's dramatic cuts to the Institute of Education Sciences, the Department of Education's ability to build the evidence base of what works to promote educational outcomes would be dramatically

reduced at a time when teachers, leaders, school districts, and States are in need of more evidence-based resources.

- This bill includes a \$370 million cut to the Pell Grant program, which will make it more difficult to help students pay for college over the next decade. It also cuts funding for administering and overseeing the student aid programs by \$136 million, or roughly 9 percent, below the President's request, hurting the Department of Education's ability to hold the approximately 6,500 colleges and universities that receive Federal dollars accountable to students and taxpayers and ensure that all students have access to high-quality loan servicing.

Provide fewer workers with job training or help finding a job and weaken worker protections and benefits.

- At a time when workers need new skills to share in the prosperity of our growing economy, the bill cuts employment and training programs by nearly \$500 million below the President's request, which would result in millions fewer Americans having access to services to help them find jobs and gain skills. The bill also slashes funding for grants to areas facing mass layoffs or natural disasters, denies needed support for implementation of the bipartisan Workforce Innovation and Opportunity Act, and provides none of the requested funds to expand apprenticeships so more workers and employers can benefit from this proven learn-and-earn model. In addition, as the Congress continues its essential work to expand and extend the Trade Adjustment Assistance program as it considers Trade Promotion Authority, the Administration urges the Committee to ensure that trade-impacted workers continue to have a strong safety net as they prepare for new jobs and careers in the global economy.
- The bill includes deep cuts that would hamstring the agencies charged with protecting the safety, health, wages, benefits, retirement security, and collective bargaining rights of the nation's workers, including:
 - Underfunding the enforcement of minimum wage, child labor, family leave, and other wage and hour laws by \$61 million, or 22 percent, below the President's Budget. This reduction would result in weaker protections for low-wage workers who are deprived of fair pay, parents who seek to take legally-protected leave after their children are born, and underage workers who are put in harm's way. As a result, many fewer workers would see their back wages recovered—money that would make a real difference for them and their families.
 - Cutting funding for agencies that keep workers in mines and other hazardous workplaces safe from harm by \$81 million, or 8 percent, below the President's Budget, which would lead to fewer inspections of dangerous workplaces, a slower response to fatalities and serious injuries, and diminished protections for workers who report unsafe and unscrupulous behavior.

- Slashing funding for the National Labor Relations Board (NLRB) to below its FY 2000 level, almost 30 percent below the President's Budget, crippling its ability to protect workers from unlawful treatment on the job for taking action to improve their working conditions. The Board would be forced to reduce its staffing levels by over one-third, hampering the Board's ability to investigate and litigate unfair labor practices and conduct secret ballot elections around the Nation.
- Eliminating the Bureau of International Labor Affairs' (ILAB's) grant funding, which in recent years has been instrumental in helping to eradicate child labor and protecting basic workers' rights overseas. Eliminating ILAB's grants budget would end the type of valuable projects that are working to eliminate the worst forms of child labor, end forced labor practices, and promote worker rights abroad.
- The bill provides no funding for the \$35 million State Paid Leave Fund, which would support working families by helping States to launch paid leave programs. While the Family and Medical Leave Act allows many workers to take unpaid time off to care for a new baby or sick child, millions of families cannot afford to use unpaid leave. The United States is the only advanced economy that does not offer paid maternity leave and one of only two advanced countries that do not offer paid sick leave.
- The bill fails to protect the quality of service at the Social Security Administration (SSA), the agency charged with making sure retirees, people with disabilities, survivors and dependents of workers get the Social Security benefits their families have earned. The bill cuts funding by \$652 million, or 6 percent, below the President's Budget. This cut in funding compared to the President's Budget could lead to reduced field office hours of service, longer in-office wait times, and longer phone service delays and more busy signals for those who call SSA for help. The bill also limits the resources SSA can use to conduct periodic eligibility reviews in its programs, making it harder for the agency to ensure that benefits are going to those who continue to meet the disability and income eligibility requirements.

Underfunds critical investments in public health and safety, as well as national service programs that help communities cope with challenges from natural disasters to extreme poverty.

- The bill underfunds our ability to ensure safe and effective medical countermeasures are available through the Biomedical Advanced Research and Development Authority (BARDA) to protect Americans and does not support increased funding to procure new medical countermeasures through Project BioShield that are needed to protect against potential chemical, biological, radiological and nuclear attacks. The bill cuts BARDA by \$107 million, or 20 percent, below the President's Budget and funds less than 40 percent of the requested level for BioShield. Further, the bill fails to provide the \$110 million requested in the President's Budget to more effectively respond to urgent public health crises, like an infectious disease outbreak, that require immediate or sustained responses.

- The bill eliminates funding for Title X Family Planning, which provides needed preventative and reproductive health services to five million low-income women each year. These services, which do not include abortion, help avert approximately one million unintended pregnancies annually. Additionally, the bill dramatically decreases funding for the evidence-based Teen Pregnancy Prevention (TPP) program that has made strides in teenage pregnancy prevention across the Nation. U.S. teen birthrates have fallen to record lows, and the reduction of TPP funding could hamper significant progress made in this healthcare area.
- The bill drastically underfunds the Corporation for National and Community Service (CNCS), providing almost \$500 million, or 42 percent, less than the FY 2016 Budget. The bill would fund approximately 50,000 AmeriCorps members, meaning that 40,000 fewer members than under the President's plan would be able to serve their communities while earning money to cover college costs or repay student loans. AmeriCorps members serve in more than 25,000 locations across the country--including thousands of public schools, communities hit by disaster, organizations helping veterans, tribal nations, and faith-based groups. Under this bill, AmeriCorps would have to drop many of these service areas and projects. The bill also defunds AmeriCorps National Civilian Community Corps, closing campuses in California, Colorado, Iowa, Maryland, and Mississippi that support 2,000 young adults each year who do critical disaster relief and other work. The bill also eliminates funding for the Social Innovation Fund, a public-private partnership that has generated more than \$500 million in non-Federal funding to replicate evidence-based programs, and drops the Pay for Success authority that ties public funding to programs that are producing clear results for taxpayers and beneficiaries. In addition, the bill's deep cuts in CNCS's administrative budget and elimination of State Commission support would essentially eliminate the agency's ability to administer any of its programs.

The Subcommittee bill also includes numerous highly problematic ideological riders. These include unacceptable riders that prevent the use of funds made available in the Act to implement, administer, enforce, or further almost all provisions of the ACA, setting back the great strides the Nation has made with respect to health care coverage, cost, and quality.

Meanwhile, even as students across the country are reeling from the actions of failed and fraudulent career colleges, the bill includes a series of riders that roll back important efforts to hold schools accountable to both students and taxpayers. Recent school closures and evidence of fraud at certain for-profit institutions make it clearer than ever that more — not less — oversight is needed, transparency, and accountability in higher education. Yet the Subcommittee bill would roll back a set of important accountability initiatives, including the "Gainful Employment" regulation, rules that are designed to bar poor performing career college programs from accessing student aid. The bill also would also halt the Administration's efforts to provide students and families with clear information about how students who attend different colleges fare, would halt efforts to ensure that States meet their obligations to authorize to institutions of higher education operating within their jurisdiction, and would block Administration efforts to strengthen programs that prepare our Nation's teachers.

Other riders in the bill would harm workers. For example, the bill blocks a regulation that would protect retirement savers by ensuring that investment advisors are free from conflicts that prevent them from acting in the best interest of their clients. This is a common sense rule that protects those saving for retirement from being steered into investments that are in their advisors' financial interest but not theirs. The bill also impedes the Department of Labor's efficient implementation of an initiative that will ensure that Federal contractors maintain safe workplaces and pay fair wages to their employees, helping to create a level playing field for the overwhelming majority of contractors who do follow the law. Another key example is that the bill blocks NLRB's commonsense rules to level the playing field for workers who want to vote on whether to have a voice in the workplace.

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 your Committee takes up the Labor, Health and Human Services, Education, and Related Agencies Subcommittee 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,



Shaun Donovan
Director

Identical Letter Sent to The Honorable Nita Lowey