



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

THE DIRECTOR

July 29, 2015

The Honorable Thad Cochran
Chairman
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On July 9, 2015, the Appropriations Committee considered the fiscal year (FY) 2016 Department of State, Foreign Operations, and Related Programs Appropriations bill. The Administration supports investing in American security through efforts to improve governance, health, and financial stability abroad. However, we have a number of serious concerns about this legislation, which would underfund these critical investments in national security and undermine U.S. global leadership, and which includes problematic or ideological riders. I would like to take this opportunity to share some of our concerns with you.

The Department of State, Foreign Operations, and Related Programs Appropriations bill is the tenth appropriations bill being considered in the Senate 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 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.

As this bill demonstrates, 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. 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 Committee bill specifically. The State and Foreign Operations Appropriations bill funds a wide range of national security priorities. Unfortunately, according to the Committee, this bill reduces overall funding by \$4.9 billion, or about 9 percent, below the President's Budget. The bill slashes a number of critical programs, increasing the threats to security associated with global unrest, global financial insecurity, instability in Central America, and climate change.

- The bill fails to adequately fund efforts to preserve stability and security abroad. For example, compared to the President's Budget:
 - It cuts overall funding for international peacekeeping efforts by \$445 million, or 12 percent. In particular, the bill fails to establish a flexible Peace Operations Response Mechanism to enable the United States to respond to urgent peace operation needs quickly and efficiently. The bill also makes deep cuts to the request for the African Peacekeeping Rapid Response Partnership (over 80 percent) and the Global Peace Operations Initiative (over 40 percent)—two key programs that build partner capacity to effectively support United Nations (U.N.) and regional peace support operations.
 - It cuts Nonproliferation, Anti-terrorism, Demining, and Related Programs by \$263 million, or 26 percent. This reduction would slow critical counterterrorism programs to build partner capacity to address terrorist threats, including efforts to counter violent extremism, reduce terrorist safe havens, and address foreign fighter flows.
 - It cuts on-going diplomatic operations by \$377 million, or 4 percent. This reduction for ongoing Diplomatic and Consular Programs would impose increasing constraints on the Department of State's ability to conduct diplomatic engagement, an important component of our efforts to address national security threats from abroad.
 - It fails to fund the Exchanges Rapid Response program, which would provide a useful tool to support rapidly deploying public diplomacy activities in countries experiencing conflict or crisis, dramatic political transition, and significant societal transformation. Further, the bill reduces funding for the Young African Leaders Initiative and the Young South-East Asian Leaders Initiative by 50 percent, which would slow the efforts to engage the next generation of private, public, and civil society sector leaders in Africa and Asia.
- The bill also makes deep cuts to economic and development assistance. When including the reestablished Assistance for Europe, Eurasia, and Central Asia account, the provided level for these accounts is \$1.5 billion, or 16 percent, below the FY 2016 Budget request. These reductions would damage our ability to support strategically significant allies,

strengthen democratic institutions in transitioning countries, and help partner governments fight poverty and instability. They would also make it difficult to fully support multiple Administration priorities, including the Central America Strategy, Feed the Future, and the Global Climate Change Initiative, as well as priority countries in Sub-Saharan Africa and the Asia Pacific region.

- The bill cuts investment in the Multilateral Development Banks (MDB) by \$1.1 billion, or by more than half the FY 2016 Budget request, failing to match U.S. commitments and severely threatening U.S. leadership in these important international institutions. The MDBs are a cost effective way to address key global and national security challenges such as environmental degradation, food insecurity, and unaccompanied migrant children, which can generate unrest and conflict that can ultimately require costly and protracted U.S. involvement. The Administration appreciates that the bill does include the necessary authorization and appropriations language to implement the 2010 International Monetary Fund (IMF) reforms. These reforms do not change our total financial commitment, but are critical to strengthening the IMF, maintaining global financial stability, and ensuring that the United States does not cede its global financial leadership role.
- Compared to the President's Budget, the bill underfunds the Administration's efforts to address the root causes of migration from Central America to the United States by reducing funding by \$325 million, or 33 percent, below the \$1 billion Budget request level. While the Administration appreciates the Committee's attempt to provide additional support compared to prior years and incorporate some elements of the President's request, the full amount is necessary to combat corruption, improve governance, including in the justice sector and law enforcement, and reduce poverty in countries where unemployment is rampant and drug-related violence and corruption are corroding already fragile democratic institutions. The significant cuts to economic and development assistance, in particular, would impair the Administration's ability to help our Central American partners address the economic and social factors driving illegal migration. The Administration agrees that conditions on funds can incentivize meaningful progress, however, the bill's inclusion of 75 percent withholding on assistance for the national governments of El Salvador, Guatemala, and Honduras, subject to broad certification conditions, does not provide the Administration enough flexibility to provide the assistance necessary for these governments to make meaningful and immediate progress toward many of the desired goals outlined in the conditions. The Administration is concerned this would lead to withholding of the specific funds needed to achieve progress in Central America.
- While the Administration appreciates that the amended bill removes unnecessary barriers to supporting the Green Climate Fund (GCF), and also provides partial funding for multilateral commitments such as the Climate Investment Funds, the proposed levels of multilateral climate funding would disadvantage U.S. companies and jeopardize national security. In contrast, providing funding for multilateral climate initiatives in FY 2016—including specified GCF funds—would allow the United States to partner with other nations and fully leverage the contributions of other major donors as global efforts toward combating climate change are gaining momentum.

- The bill provides insufficient funding for maternal and child health programs at USAID, including \$35 million less than the President's Budget request for the U.S. contribution to Gavi, the Vaccine Initiative. This is a critical investment to provide access to life-saving vaccines to children around the world.

Furthermore, while the Committee bill provides administrative expenses funding for the Export-Import Bank, it fails to extend the authorization of the Bank's charter beyond June 30, 2015. The Administration has urged the Congress to act responsibly and pass a long-term authorization to ensure continued support for U.S. exports and American jobs. However, the Administration appreciates that the bill does provide important requested authorities that would enable the Department of State to better implement its diplomatic and consular responsibilities. These include establishment of a separate account for fee-funded passport and visa programs, authorization of an increase in the cap on the U.S. contribution from Contributions for International Peacekeeping Activities to the level agreed upon with the U.N., and enhanced consular immunities, which would allow the Department to secure greater privileges and immunities for U.S. Government employees working at U.S. consulates abroad.

The Committee bill also contains objectionable riders. For example, it includes unwarranted and counterproductive prohibitions on the use of appropriated funds in FY 2016 for the enforcement of rules, regulations, policies, or guidelines implemented pursuant to certain Administration policies on coal or high-carbon intensity projects—policies that have catalyzed similar commitments from other major exporting countries and multilateral financial institutions. These prohibitions impede U.S. leadership in reducing carbon pollution, promoting climate solutions and preparedness, and meeting our responsibility to future generations.

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

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 Barbara Mikulski