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

May 16, 2016
(Senate)

STATEMENT OF ADMINISTRATION POLICY

Senate Amendment to H.R. 2577 – Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2017

(Sen. Cochran, R-MS)

This Statement of Administration Policy provides views on the Senate Amendment to H.R. 2577, containing the text of the bills making appropriations for the Departments of Transportation, and Housing and Urban Development, and for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2017, and for other purposes.

The Administration welcomes the bill's investments in military infrastructure, housing, services for men and women in our armed forces and their families, rental assistance for low-income families, the elderly, and the disabled, as well as its investments in programs that reduce lead-based paint hazards for low-income families with children. The Administration also appreciates the Committee's commitment to fund the benefits and services our veterans have earned, help reduce the claims backlog, support medical and prosthetic research, and provide the requested advanced appropriations. In addition, the Administration appreciates the bill's support of surface transportation priorities, including TIGER grants, Transit New Starts and Amtrak and passenger rail service. Furthermore, the Administration welcomes the bill's support of the Federal Aviation Administration, including the Next Generation Air Transportation System initiative, as well as key functions in the Office of the Secretary initiated in the FAST ACT.

However, the Administration is concerned that the bill underfunds critical investments in ending homelessness and revitalizing distressed communities, leaving over 40,000 chronically homeless individuals and homeless families with children unserved, and failing to address the widening opportunity gap confronting the Nation's poorest neighborhoods. Additionally, the bill does not support the President's full vision for a 21st Century Clean Transportation Plan that expands transportation options for American families, while reducing carbon emissions, cutting oil consumption, and creating new jobs. Further, the Administration is concerned that the bill includes provisions that would undermine the safety of the Nation's highway system and includes unwarranted restrictions on the use of funds to construct, renovate, or expand any facility in the United States to house individuals held in the detention facility at Guantanamo Bay, as these restrictions further impede the Executive Branch's efforts to responsibly close the facility.

In October 2015, the President worked with congressional leaders from both parties to secure the Bipartisan Budget Act of 2015 (BBA), which partially reversed harmful sequestration cuts slated for FY 2017. By providing fully-paid-for equal dollar increases for defense and non-defense spending, the BBA allows for investments in FY 2017 that create jobs, support middle-class families, contribute to long-term growth, and safeguard national security. The Administration looks forward to working with the Congress to enact appropriations that are consistent with that agreement, and fully support economic growth, opportunity, and our national security priorities.

However, the Administration strongly objects to the inclusion of problematic ideological provisions that are beyond the scope of funding legislation. If the final bill that is presented to the President includes such provisions, the President's senior advisors would recommend that he veto the bill.

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

Division A – Transportation, Housing and Urban Development, and Related Agencies

Department of Transportation (DOT)

21st Century Clean Transportation Plan. The Administration is disappointed that the bill does not support the President's vision for a 21st Century Clean Transportation Plan that expands transportation options for American families while reducing carbon emissions, cutting oil consumption, and creating new jobs. The Administration urges the Congress to consider strategic opportunities to enhance revenue and investments to support a new, clean, sustainable transportation system and increase the competitiveness and productivity of the economy.

Federal Transit Administration (FTA) New Starts Capital Investment. The Administration appreciates the support provided in the bill for this program but is disappointed that the bill does not provide the \$3.5 billion requested as part of the Clean Transportation Plan. Such funding would increase the capacity of the Nation's transit network and help meet ridership demands in many communities.

Amtrak and Passenger Rail. The Administration appreciates funding provided in the bill for Amtrak, rail safety and improvement programs but urges the Congress to support the FY 2017 Budget request of over \$2 billion to support and improve our Nation's passenger rail service.

Transportation Investment Generating Economic Recovery (TIGER) Grants. The Administration appreciates the Committee's continued support for the TIGER program but is disappointed that the bill does not provide the full FY 2017 Budget request of \$1.25 billion to fund infrastructure projects of national and regional significance. Demand for TIGER has been overwhelming, with over \$134 billion requested in more than 6,700 applications to date.

Federal Aviation Administration (FAA). The Administration appreciates the funding provided for FAA, but is concerned with provisions that undermine FAA's ability to optimize certain services. The bill also misses an opportunity to improve airport infrastructure by focusing Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue while increasing the Passenger Facility Charge for all commercial airports.

Highway Safety. The Administration is concerned about provisions in the bill that have the potential to undercut public safety, including section 131 of the bill regarding DOT's "Hours of Service" regulation addressing driver fatigue.

Other Reforms. The Administration appreciates the Committee's support for other reforms including providing \$3 million in funding for the National Surface Transportation and Innovative

Finance Bureau and \$3 million for the new Interagency Infrastructure Permitting Improvement Center.

Digital Accountability and Transparency Act of 2014 (DATA Act). The Administration urges the Congress to fully fund the FY 2017 Budget request for DOT to implement the Data Act. This funding supports the Department's efforts to provide more transparent Federal spending data, such as updating information technology systems, changing business processes, and linking financial and Federal award data with the Award ID.

U.S. Digital Service Team. The Administration urges the Congress to fully fund the FY 2017 Budget request for DOT to develop a U.S. Digital Service team. This funding supports efforts to improve digital services that have the greatest impact on citizens and businesses.

Department of Housing and Urban Development (HUD)

Tenant-Based Rental Assistance. The Administration strongly urges the Congress to fund the Housing Choice Voucher Program at the requested level of \$20.9 billion. While the funding level is sufficient to provide nearly the same level of assistance to families as in FY 2016, the bill does not fund the requested 10,000 new targeted vouchers necessary to make progress to end homelessness among families by 2020 or the requested \$2.1 billion for Administrative Fees to improve mobility and ensure that assisted units are safe and habitable. However, the Administration appreciates the Committee's support for the Mobility Counseling Program, which would help low-income families access safer neighborhoods, better schools, and areas with more job opportunities.

Homeless Assistance Grants. The Administration is disappointed that the bill provides only \$2.3 billion in funding for the Homeless Assistance Grants program, which is \$334 million below the FY 2017 Budget request. Although the bill provides \$40 million for youth homelessness, which is \$15 million above the FY 2017 Budget request, the bill does not provide the requested funds to support the Administration's efforts to end chronic homelessness among individuals or families with children.

Choice Neighborhoods. The Administration urges the Congress to fully fund the Choice Neighborhoods program, a key part of the President's Promise Zones initiative to accelerate economic mobility and revitalization in high-poverty communities. The Administration objects to the \$80 million provided, which is \$120 million below the FY 2017 Budget request. This would fund only 2-3 implementation grants in 2017, leaving dozens of distressed communities untouched. The Administration also opposes the requirement that implementation grants be awarded only to prior planning grantees, which would penalize communities that have invested their own funds in large-scale planning efforts and may be strong candidates for an implementation grant.

Federal Housing Administration (FHA) Administrative Fee. The Administration urges the Congress to adopt the proposed new FHA fee and provide the FY 2017 Budget request of \$160 million for FHA administrative expenses. The request level would lower taxpayer risks and improve access to mortgage credit for underserved borrowers by enabling FHA to both strengthen and clarify its lender oversight and compliance policies.

ConnectHome Initiative. The Administration urges the Congress to provide the FY 2017 Budget request of \$5 million for the ConnectHome initiative. The requested funding level would narrow the digital divide by facilitating high-speed internet access and providing digital literacy services to students and families in public housing, a population that faces numerous barriers in accessing the resources and skills needed to succeed in the 21st Century.

U.S. Digital Service Team. The Administration urges the Congress to fully fund the FY 2017 Budget request for HUD to develop a U.S. Digital Service team. This funding would support the Department's efforts to manage and improve the agency's digital services that have the greatest impact on citizens and businesses.

Constitutional Concerns

Certain provisions in the bill, including sections 188, 223, 405, and 406, raise separation of powers concerns.

Division B – Military Construction, Veterans Affairs and Related Agencies

Department of Defense (DOD)

Military Construction. The Administration appreciates the Committee's support for DOD's military construction and family housing requirements. The projects requested in the FY 2017 Budget reflect the highest priority projects for DOD.

Detainee Matters. The Administration strongly objects to section 409 of the bill, which prohibits the use of funds to construct, renovate, or expand any facility in the United States to house individuals held in the detention facility at Guantanamo Bay. This provision would constrain the flexibility that the Executive Branch needs to be able to determine the appropriate disposition of detainees, based on the facts and circumstances of each case and our national security interests.

Department of Veterans Affairs (VA)

VA Funding. The Administration appreciates the Committee's support for our Nation's veterans and commends the Committee for including general transfer authority language. This funding would ensure continued benefits and services that our veterans deserve, though the \$154 million reduction from the FY 2017 Budget request could delay needed repairs to hospitals and clinics.

Whistleblower Complaints. The Administration objects to section 246 of the bill, which contains unnecessary and unworkable language regarding whistleblowers. VA has in place long-standing authorities, remedies, and programs specifically created to address claims of improper retaliation in the workplace, and the Senate is urged to eliminate this section from the bill. In addition, section 246 could raise constitutional concerns in certain applications.

Digital Accountability and Transparency Act of 2014 (DATA Act). The Administration appreciates that the Committee fully funded the FY 2017 Budget request for VA to implement the DATA Act. This funding supports efforts to provide more transparent Federal spending data, such as updating information technology systems, changing business processes, and linking financial and Federal award data with the Award ID.

U.S. Digital Service Team. The Administration appreciates that the Committee fully funded the FY 2017 Budget request for VA to continue support of a digital service team. This funding would support efforts to improve digital services that have the greatest impact on veterans, citizens and businesses.

Constitutional Concerns

Other provisions in the bill raise constitutional concerns. For instance, sections 113 and 127 of the bill may interfere with the President's authority as Commander-in-Chief.

The Administration looks forward to working with the Congress as the FY 2017 appropriations process moves forward.

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