



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

July 9, 2018

THE DIRECTOR

The Honorable Richard Shelby
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

On June 21, 2018, the Appropriations Committee considered the fiscal year (FY) 2019 Department of State, Foreign Operations, and Related Programs Appropriations bill. Overall, according to information provided in the Committee press release, the bill increases funding by about \$12.1 billion, or nearly 29 percent above the FY 2019 Budget request. The Administration appreciates the opportunity to weigh in on this bill.

The President's FY 2019 Budget request, as amended, accounts for the Bipartisan Budget Act of 2018 (BBA's) new Defense and non-Defense discretionary spending caps for FY 2019. As we have noted in previous letters as well as the FY 2019 Budget, the Administration strongly supports the overall defense levels included in the BBA. However, given the Nation's long-term fiscal constraints and the need to right-size the Federal Government, the Administration does not support spending at the BBA's non-Defense caps.

The Administration appreciates that the Committee bill includes funding for critical priorities, including:

- Middle East Assistance. The bill provides \$3.3 billion in Foreign Military Financing (FMF) for Israel, fully supporting the new, 10-year Memorandum of Understanding between the United States and Israel. The bill also provides economic and security assistance to support a long-term commitment to Jordan, above the level requested. The bill also provides significant security and economic assistance to other key partners in the region, including FMF funding for Egypt, below the level requested.
- Embassy Security. The bill provides \$5.7 billion for embassy security, including \$3.8 billion for Worldwide Security Protection programs in the Diplomatic and Consular Programs account and \$1.9 billion for the Embassy Security, Construction, and Maintenance account.

However, the bill includes funding that the Administration believes is not in line with the overall restraint in non-Defense spending reflected in the FY 2019 Budget request, including:

- **International Affairs Topline.** In total, the bill provides funding that far exceeds the levels in the FY 2019 Budget request. For the Department of State (State) and U.S. Agency for International Development (USAID) in particular, the bill is \$13.4 billion, or 34 percent, above the FY 2019 Budget request and is counter to Administration efforts to rein in non-Defense discretionary spending.
- **Economic and Development Assistance.** The bill provides \$8.0 billion for economic and development assistance accounts, which is \$2.9 billion, or 58 percent, above the FY 2019 Budget request. The Administration opposes this high level of spending because it exceeds what is needed to advance U.S. national security and economic interests, support critical strategic partners, and ensure the effectiveness of taxpayer investments. The bill would also hinder efficient foreign assistance prioritization and implementation through multiple provisions that would require funding floors for specific sectors, including for climate-related environment and renewable energy programs
- **International Organization Contributions.** The bill provides \$1.8 billion for assessed and voluntary contributions to international organizations, including the United Nations, which is over \$700 million above the FY 2019 Budget request. The Administration believes the levels in the FY 2019 Budget request would challenge these organizations to become more efficient and effective as well as spur increased burden sharing throughout the international system.
- **Program Eliminations and Reductions.** The bill would restore funding to all of the duplicative and/or inefficient programs that the Administration proposes to eliminate or substantially reduce in the FY 2019 Budget request. These include: Educational and Cultural Exchanges; the African Development Foundation; the Inter-American Foundation; The Asia Foundation; the East-West Center; the International Fund for Agricultural Development; the U.S. Institute of Peace; and the U.S. Trade and Development Agency.
- **Prohibitions on Certain F-35 Transfers.** The Administration opposes section 7046(d)(3) of the bill that restricts the use of funding for the transfer of F-35 aircraft to Turkey. Turkey is an important NATO ally, and has been an international participant with the F-35 program since 2002. The Administration shares the Congress's concerns over recent Turkish actions but opposes language that preemptively restricts its ability to work with Turkey to address those concerns.

In addition to the funding issues described above, the Administration strongly opposes section 7071 of the bill that would effectively block the Administration's implementation of the Protecting Life in Global Health Assistance Policy (Policy), which prohibits the funding of foreign nongovernmental organizations that promote or perform abortions. Reinstating the Policy was one of the President's first actions upon taking office, and the Policy is a top priority for the Administration. The bill, as a result of an amendment in Full Committee, no longer includes language that would have codified in statute the current policy, although without important flexibilities. The bill also restores unrequested funding for the United Nations

Population Fund (UNFPA), an organization determined by the Secretary of State to be supporting or participating in the management of a program of coercive abortion or involuntary sterilization.

The Administration is concerned with the language included in section 7019, which the FY 2019 Budget request sought to remove, that would restrict deviations from allocations for assistance accounts in the funding tables of the accompanying report, which contains numerous congressional directives. The Administration is also concerned with language in the bill that would limit options as well as require congressional consultation and notification for reorganizations, and would require State and USAID to hire additional personnel, hindering the effective management of these agencies as well as efforts to reduce the size of the Federal workforce.

In addition, the FY 2019 Budget request reflects the Administration's desire to bring more Federal spending under the caps reached in the 2018 BBA by eliminating the use of Overseas Contingency Operations (OCO) funding for Function 150 programs. The Administration encourages the Committee to achieve its discretionary topline while eliminating the use of OCO for Function 150 programs as a means of evading the budget caps.

As the Senate takes up the Department of State, Foreign Operations, and Related Programs Appropriations bill, the Administration looks forward to working with you to address these concerns.

Sincerely,



Mick Mulvaney
Director

cc: The Honorable Lindsey Graham
The Honorable Patrick Leahy

Identical Letter Sent to The Honorable Patrick Leahy