



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

THE DIRECTOR

July 9, 2015

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

Dear Mr. Chairman:

On June 25, 2015, the Appropriations Committee 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. 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 eighth 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.

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 bill specifically. Overall, according to the Committee, the bill reduces funding by about \$14.5 billion, or 9 percent, below the President's Budget. Through a combination of funding cuts and riders, it would threaten access to adequate health care for many, make college students more vulnerable to poorly performing career colleges, and jeopardize worker rights and safety, among many other deleterious effects. For example, the Committee-passed bill:

Reduces funding for Medicare, Medicaid, the Children's Health Insurance Program, and Health Insurance Marketplace operations.

- The bill drastically reduces funding for the Centers for Medicare and Medicaid Services (CMS), the main agency charged with maintaining operations for Medicare, Medicaid, and the Children's Health Insurance Program (CHIP), as well as with implementing the Affordable Care Act, by \$1.2 billion, or 29 percent, below the FY 2016 President's Budget. When adjusted for inflation, this would be the lowest enacted level since FY 2001, despite the fact that since that time over 15 million more beneficiaries are covered through Medicare, over 10 million people are now receiving health coverage due to the Marketplaces, and over 30 million more people receive Medicaid and CHIP health coverage. The draconian cut, coupled with other riders in the bill that restrict funding that could be directed to CMS, would greatly limit CMS' ability to operate these health programs which serve tens of millions of Americans.

Reduces access to high-quality, affordable education and shortchanges students at every level.

- Motivated by evidence that students who spend more time in high quality early learning programs learn more and are better prepared for kindergarten, the President's Budget provides a \$1.5 billion increase for Head Start to increase enrollment and to ensure that all Head Start children have access to a full school day and year of high-quality instruction instead of being placed in less adequate part-day, part-year programs. By contrast, under the funding level in the Committee 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 144,000 fewer children as compared to the President's Budget, or some combination of both. The bill also:
 - Ends Federal support for State-led 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 States and communities in the middle of their grants 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.

The President's Budget would expand the program to an additional 25 to 33 States, allowing nearly every State with a high-quality application to undertake this important work.

- Underfunds State efforts to implement quality improvements and reforms called for in the recently-enacted bipartisan child care legislation and fails to provide any funding to develop and evaluate innovative ways to meet families' child care needs.
- The bill provides \$5.3 billion less than the President's Budget for the Department of Education, including nearly \$3.9 billion less for our Nation's pre-K-12 students. It would eliminate 10 programs and underfund core programs, including Title I, which supports educational improvements for our most vulnerable students, programs for educators who are doing the important work of preparing America's students for the future, and critical resources used to turn around low-performing schools.

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 to identify innovative solutions to the persistent and widespread challenges preventing college completion, would also be eliminated. Without these unique initiatives, there will be no robust mechanisms for testing innovative ideas and scaling proven ones to help ensure that the Federal investment in education has the greatest impact on student educational achievement at all levels.

- The bill rescinds \$300 million in balances from the Pell Grant program, which would make it more difficult to help students pay for college. These resources will be needed to fully fund the program in future years. It also cuts funding for administering and overseeing the student aid programs by \$220 million, or roughly 16 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.
- Overall, the bill provides \$83 million less than the President's Budget for administration of Department of Education programs, which is \$20 million below the FY 2015 enacted level. A reduction of this magnitude could require, for example, a furlough of 1,900 employees for a month, which would jeopardize schedules for grant awards to States and school districts and prevent core financial management activities.

Provides fewer workers with job training and help finding a job and weakens 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 \$647 million below the President's Budget, which would result in 2.7 million fewer Americans having access to services to help them find jobs and gain skills. The bill fails to support the Workforce Innovation and Opportunity Act, which last year passed the Senate 97-3, by funding Title I programs at more than \$500 million below their authorized levels and failing to provide adequate resources to implement the law. The bill also provides none of the requested funds to expand apprenticeships so more workers and employers can benefit from this proven learn-and-earn model, reduces funding for grants to areas facing mass layoffs or natural disasters, and drastically cuts job training programs to help individuals with disabilities and ex-offenders enter and advance in the labor market.
- 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 \$67 million, or 24 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, almost \$80 million less in back wages would be recovered—money that would make a real difference for these workers and their families.
 - Reducing funding for agencies that keep workers in mines and other hazardous workplaces safe from harm by almost \$106 million, or 11 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) by more than \$30 million, or 11 percent, below both the President's Budget and below even the 2013 post-sequester levels, 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 its 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 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 \$892 million, or 8 percent, below the President's Budget and 2 percent below the 2015 enacted level. 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 includes numerous other problematic reductions that would undermine priorities ranging from generation of critical economic data to Medicare program administration. For example, the bill significantly underfunds the Bureau of Labor Statistics (BLS). BLS produces vital data that support U.S. economic growth, including valuable and highly visible sources of data on the Nation's economy and workforce that are regularly used by the Federal Reserve; Federal, State, and local government programs; businesses; jobseekers; and many other decision-makers. Under the bill BLS would have difficulty continuing to operate its core programs and would need to permanently eliminate surveys as a result. The bill also makes significant cuts to the Department of Health and Human Services (HHS) Office of Refugee Resettlement, which is charged with caring for unaccompanied children who cross the U.S. border, weakening our ability to plan for and manage a future unexpected increase. It significantly underfunds the Office of Medicare Hearings and Appeals, which would significantly constrain its ability to adjudicate the Medicare appeals backlog, and it underfunds cybersecurity investments at HHS.

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

- The bill underfunds our ability to that ensure safe and effective medical countermeasures are available through the Biomedical Advanced Research and Development Authority (BARDA) to protect Americans. It does not support increased funding to support planned procurements of new medical countermeasures through Project BioShield that are needed to protect against potential chemical, biological, radiological, and nuclear attacks. The bill reduces BARDA by \$48 million, or 9 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, such as an infectious disease outbreak, that require immediate or sustained responses.
- The bill funds the Agency for Healthcare Research and Quality (AHRQ) at \$236 million, \$128 million, or 35 percent below both the President's Budget and the FY 2015 enacted level. AHRQ invests in research to find the best ways to translate clinical science into

care delivery, and this 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.

- The bill reduces funding for Title X Family Planning by 14 percent below the President's Budget. This program provides needed preventative and reproductive health services to over four million low-income people. In addition, the bill dramatically decreases funding for the evidence-based Teen Pregnancy Prevention program that has made strides in teenage pregnancy prevention across the Nation.
- The bill falls significantly short of the President's Budget request for the Corporation for National and Community Service, providing almost \$340 million, or 29 percent, less than the request. The bill would fund approximately 58,000 AmeriCorps members, meaning that 32,000 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 United States—including thousands of public schools, communities hit by disaster, organizations helping veterans, tribal nations, and faith-based groups. Under the bill, AmeriCorps would have to drop many of these service areas and projects. 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.

Reduces and eliminates funding for several important public health and prevention and treatment activities, as well as support for the homeless.

- The bill is \$350 million below the President's Budget and significantly reduces and eliminates funding for several long-standing core public health activities in the Centers for Disease Control and Prevention (CDC). For example, the bill includes a 20-percent reduction to all State sexually transmitted infection prevention grants and eliminates the Building Resilience Against Climate Effects program, which supports States to identify plans for and respond to climate and weather-related health impacts. The bill also reduces funding for the National Center for Health Statistics, which will reduce funding for our Nation's principal health care surveys on health insurance coverage, risk factors, and other core public health statistics. The bill also shortchanges several requested increases in the President's Budget such as combatting antibiotic resistant bacteria, viral hepatitis, the Global Health Security Agenda, and the Strategic National Stockpile.
- The bill includes more than \$100 million in proposed reductions to the President's Budget for HIV/AIDS prevention and treatment activities across HHS. The bill eliminates the Secretary's Minority AIDS Initiative Fund, which funds cross-HHS activities such as testing and linkage to and retention in care for racial and ethnic minorities with HIV.

The bill reduces funding for the Ryan White HIV/AIDS Program by \$29 million below the President's request, eliminating funding for projects that support the development of innovative models of HIV care. The bill also proposes cuts to Substance Abuse and Mental Health Services Administration's Minority AIDS Programs, which provide substance abuse and mental health services for those at high risk for HIV. The bill also proposes substantial cuts to CDC's efforts to better link persons with HIV to appropriate care, expand HIV prevention activities targeted to school-aged youth, promote STD prevention activities across all 50 States, and advance critical hepatitis prevention efforts, which has infected more than 4.4 million Americans, including more than one-quarter of Americans with HIV.

- The bill does not do enough to address the prescription drug and heroin abuse epidemic that is claiming thousands of lives every year. The bill does not fully fund the President's Budget for activities, including Medication Assisted Treatment, the Prescription Drug Overdose Prevention for State Program, distributing naloxone to first responders that are critical to combatting the opioid epidemic, and improving health information technology integration with Prescription Drug Monitoring Programs. The bill also reduces funding by \$50 million below the President's Budget for the Substance Abuse Prevention and Treatment Block Grant.
- The bill reduces funding for programs that support homeless persons in the Substance Abuse and Mental Health Services Administration by 19 percent below the President's Budget. This funding helps people who suffer from serious mental illness and substance use disorders to access needed services.

The bill also includes numerous highly problematic ideological riders. As students across the Nation 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, transparency, and accountability are needed in higher education. Yet the bill would roll back a set of important student aid rules and accountability initiatives, including the "Gainful Employment" regulation, that are designed to protect students and taxpayers from poor-performing career college programs. The bill would also halt the Administration's efforts to provide students and families with clear information about how students who attend different colleges fare, as well as efforts to ensure that States meet their statutory obligations to authorize institutions of higher education operating within their jurisdictions, and would block Administration efforts to strengthen programs that prepare our Nation's teachers. The bill also includes highly objectionable language that would allocate 50 percent of new student loan volume to not-for-profit loan servicers, violating the terms of the current performance-based contracts which allocate volume based on servicer performance in keeping borrowers current on their student loans. This provision would prioritize special interests over borrowers' access to high-quality loan servicing.

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 acting in the best interest of their clients. This is a commonsense 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 blocks NLRB's rules to level the playing field for workers who want to vote on whether to have a voice in the workplace and interferes with the NLRB's adjudicatory function by prohibiting it from deciding cases regarding joint-employer standards or the appropriate size of a bargaining unit. The bill also prevents The Occupational Safety and Health Administration from moving ahead to update 40-year-old exposure limits for respirable silica, which can cause cancer and silicosis—an incurable and sometimes fatal lung disease.

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,

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