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

July 22, 2024
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 8773 — Financial Services and General Government Appropriations Act, 2025
(Rep. Cole, R-OK)

The Administration strongly opposes House passage of H.R. 8773, making appropriations for financial services and general government for the fiscal year (FY) ending September 30, 2025 and for other purposes.

Earlier this year, the Administration and members of both parties in the Congress came together to pass bipartisan appropriations bills to fund programs that keep Americans safe and healthy, invest in education and affordable housing, and build on the economic progress of the past three and a half years. These appropriations bills are consistent with the agreement the President and House Republican leadership reached last year to avoid a first-ever default and protect the President's investment agenda and critical programs from deep cuts, using necessary adjustments to statutory caps.

Rather than respecting their agreement and taking the opportunity to engage in a productive, bipartisan appropriations process to build on last year's bills, House Republicans are again wasting time with partisan bills that would result in deep cuts to law enforcement, education, housing, healthcare, consumer safety, energy programs that lower utility bills and combat climate change, and essential nutrition services.

The draft bills also include numerous, partisan policy provisions with devastating consequences including harming access to reproductive healthcare, threatening the health and safety of Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex (LGBTQI+) Americans, endangering marriage equality, hindering critical climate change initiatives, and preventing the Administration from promoting diversity, equity, and inclusion.

The Administration stands ready to engage with both chambers of the Congress in a bipartisan appropriations process to enact responsible appropriations bills that fully fund Federal agencies in a timely manner.

If the President were presented with H.R. 8773, he would veto it.

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

Department of the Treasury (Treasury)

Internal Revenue Service (IRS) Base Funding. The Administration strongly opposes the level provided by the bill for IRS discretionary funding, a $2.2 billion reduction below the FY 2024 enacted level and the FY 2025 Budget request level. This would be the lowest nominal discretionary funding level for the IRS in 20 years. The House Republican approach to IRS funding would make it easier for wealthy tax cheats to avoid the taxes they owe and increase both the tax gap and the deficit. Such a massive reduction to IRS total funding would also put at risk the IRS's dramatic improvements in taxpayer services, including digitalization and modernization, made possible by the Inflation Reduction Act's investment in the IRS. The Administration also strongly opposes the partisan policy provision prohibiting the IRS from continuing Direct File, a tool that lowers costs for taxpayers by providing a free, easy, and secure way for Americans to file their Federal taxes online directly with the IRS.

Financial Crimes Enforcement Network (FinCEN). The Administration strongly opposes the reduction in funding provided by the bill for FinCEN from the FY 2025 Budget request level. The bill would undermine FinCEN's implementation of the Corporate Transparency Act, undercutting a critical anti-money laundering initiative and reducing support for the approximately 32 million small businesses that are required to file Beneficial Ownership Information with FinCEN.

Fiscal Service. The Administration strongly opposes the 13-percent reduction in funding provided by the bill for the Bureau of the Fiscal Service from the FY 2025 Budget request level. At this level, the Fiscal Service would be forced to make detrimental reductions to staffing and operations imperiling Government-wide financial management, debt collection, spending transparency, and improper payments prevention.

Community Development Financial Institutions (CDFI) Fund. The Administration strongly opposes the $48 million reduction in funding provided by the bill for the CDFI Fund from the FY 2025 Budget request level. This level would reduce funding that supports CDFIs that invest in economically distressed communities, including rural and urban areas.

Treasury Departmental Offices. The Administration is strongly opposed to a $68 million reduction in funding provided by the bill to Treasury's Departmental Offices from the FY 2025 Budget request level, which would cause severe disruption to core offices and operations. The reduction would also significantly hamper Treasury's ability to implement the Outbound Investment Security Program, which prohibits or requires notification of investments made by U.S. persons in certain technologies or products critical to national security.

<u>Executive Office of the President (EOP)</u>

EOP. The Administration strongly opposes the reduction in funding provided by the bill for the White House and other EOP components from the FY 2025 Budget request level. This 23-percent reduction would undermine the offices and councils that provide support to the President. The Administration is also disappointed that the bill does not include funding for the Office of Pandemic Preparedness and Response.

Information Technology Oversight and Reform (ITOR). The Administration appreciates the inclusion of reimbursable authority provided by the bill for the U.S. Digital Service (USDS), which would allow up to $30 million to be transferred from agencies to the ITOR account to support USDS engagements across agencies. However, the Administration strongly opposes funding ITOR at the FY 2024 enacted level, which is 82 percent below the FY 2025 Budget request level and could potentially result in the layoffs of 251 out of 278 staff across USDS and the Office of the Federal Chief Information Officer (OFCIO). Without additional base resources, OFCIO would not be able to meet the increasing demand for policy development, oversight, and implementation expertise to navigate the evolving technology landscape and USDS would no longer be able to support critical IT projects at VA, HHS, Treasury, and SSA where they drive technical excellence on modernization of public-facing services.

Guidance on Valuation of Ecosystem and Environmental Services and Natural Assets in Regulatory Decision-Making. The Administration strongly opposes section 204 of the bill, which would make it more difficult for the Federal Government to value ecosystem services—such as how wetlands can help filter water and provide protection against extreme flooding—and thereby impede policy solutions that offer cost-effective environmental protection. Limiting funds would also affect the Administration's ability to update ecosystem services guidance to respond to relevant scientific advances, through not just solicitation of public comment but also meaningful peer review. This provision would also interfere with the Administration's ability to better measure the economic value that the Nation's natural assets—such as the America's forests, fisheries, and waterways—provide to the Nation.

Prohibition on the Implementation of Proposed Revisions to the Office of Management and Budget's (OMB) Circular A-4. The Administration strongly opposes section 205 of the bill, which would prohibit the implementation of revisions to OMB's Circular A-4. Circular A-4, which provides guidance on regulatory benefit-cost analysis, had not been updated in two decades until last year. This section would not only limit Federal agencies' ability to conduct regulatory impact analyses in accordance to OMB's Circular A-4's proposed revisions, but would also limit the Office of Information and Regulatory Affairs' ability to review economically significant actions in manner that is rooted in objective benefit-cost analysis that reflects new developments in science and economics. This provision would undermine the practice of regulatory analysis and could force agencies to rely on outdated data, information, or methods.

<u>General Services Administration (GSA)</u>

Federal Buildings Fund (FBF). The Administration urges the Congress to fully fund GSA's FBF. The bill provides $1.8 billion less than the FY 2025 Budget request. A robust capital program is essential to maintaining GSA buildings at an acceptable level, as well as taking advantage of rightsizing opportunities such as consolidations that can be accomplished through the newly proposed Optimization Fund. In addition, the bill provides $182 million less than the FY 2025 Budget request for Building Operations. These funds that are necessary to effectively operate the building inventory and adequately support tenant agencies. The funding level in the bill fails to provide funding for any of the line item major repair and alterations projects and only $200 million for basic repair and alterations, half of the funding necessary for this essential program. Without adequate resources, GSA would be unable to fulfill its statutory responsibility to maintain essential life and safety systems, provide modern office space to allow Federal agencies better accomplish their mission, and consolidate space to save taxpayer dollars.

Technology Modernization Fund (TMF). The Administration strongly opposes the bill's lack of funding for the TMF and urges the Congress to provide the full $75 million requested in the FY 2025 Budget which would continue to support a more rapid transition of legacy systems and the adoption of more secure commercial technology. To date, the TMF board has received more than 250 proposals from agencies totally over $3.9 billion in requested funds, far exceeding the amount of resources available.

Federal Citizen Services Fund. The Administration strongly opposes the $42 million reduction provided by the bill from the $97 million FY 2025 Budget request level for GSA's Federal Citizen Services Fund. This level of funding would set the program back to the FY 2019 enacted level, leaving the Technology Transformation Service (TTS) unable to keep up with inflationary increases and incapable of supporting growing demand for TTS citizen-facing Government services and innovative technologies. It would also significantly hamper TTS' ability to sufficiently support laws enacted by the Congress, including the FedRAMP Authorization Act and the 21st Century Integrated Digital Experience Act.

<u>Office of Personnel Management (OPM)</u>

Postal Service Health Benefits Program (PSHBP) and OPM Programs. The Administration urges the Congress to provide the full $24 million increase requested in the FY 2025 Budget request to support implementation of the PSHBP, which will begin operations in FY 2025. The PSHBP will cover 1.9 million U.S. Postal Service employees, annuitants, and family members and requested funding is required to prevent any delays and disruptions in healthcare coverage. The Administration also urges the Congress to provide the requested increases for the Cybersecurity and IT Modernization, Improving the Retirement Services Experience, and Federal Hiring Advancements programs to support the policy objectives needed to build a strong Federal workforce and meet the needs of OPM's customers.

<u>Small Business Administration (SBA)</u>

SBA COVID-19 Program Administration and Oversight. The Administration is concerned that the bill does not provide the necessary resources to support the effective administration and oversight for programs that provided more than $1 trillion in aid to millions of small businesses during the COVID-19 pandemic. Without this funding, SBA would be forced to degrade or eliminate critical activities including those necessary to support loan servicing, oversight, and fraud risk management.

<u>Securities and Exchange Commission (SEC)</u>

SEC Funding. The Administration strongly opposes reductions provided by the bill to SEC's funding from the FY 2025 Budget request level. SEC funding is derived from securities-related fees and assessments and reducing the Agency's budget would curtail critical investor protection activities without achieving any deficit reduction. The Administration also strongly opposes sections 550 through 560 of the bill, which would limit the SEC's ability to enforce existing rules. These include but are not limited to prohibiting implementing rules related to data collection, climate related disclosures, cyber breach disclosures, and various investor protections.

Consumer Financial Protection Bureau (CFPB)

CFPB Restructuring. The Administration strongly opposes sections 500 and 501 of the bill, which would fundamentally restructure the CFPB and subject the agency to annual appropriations. The Dodd-Frank Wall Street Reform and Consumer Protection Act established the CFPB as an independent bureau within the Federal Reserve System and provided for permanent funding. The Supreme Court of the United States recently validated this funding structure, finding that it satisfies the Appropriations Clause of the Constitution.

District of Columbia (D.C.)

D.C. Home Rule. The Administration strongly opposes new provisions in title VIII of the bill, which would undermine the principle of home rule for the Nation's capital. These provisions would prohibit the D.C. from using both Federal and local funds to enforce vehicle emission standards, bar implementation of COVID-19 health safety mandates, intervene in local voter registration efforts, and repeal portions of previously enacted local legislation.

D.C. Federal Payment for Resident Tuition Support. The Administration is concerned with the $20 million reduction in funding provided in the bill for D.C. Tuition Assistance Grants from the FY 2025 Budget request, which would weaken a key program that expands higher education choices for college-bound students.

Federal Trade Commission (FTC)

FTC Funding Reductions and Restrictive Language Provisions. The Administration opposes the $146 million reduction provided by the bill to the FY 2025 Budget request level for FTC. Funding at this level would severely limit FTC's ability to protect consumers and continue antitrust enforcement. This level would require the temporary furloughing of employees and a potential permanent reduction in staff of up to 150 employees. In addition, the Administration opposes the restrictions imposed on various FTC rules and policies in sections 530 through 539 of the bill. The Administration also continues to urge the Congress to make fee funding from pre-merger filing fees mandatory, so that agencies would always have access to the full amount of fees.

Election Assistance Commission (EAC)

EAC Funding. The Administration strongly opposes the elimination of Election Security Grants, which are the only source of dedicated Federal funding to secure the Nation's elections. Eliminating these grants sends the wrong signal to the State and local election officials who are working hard to maintain the integrity of free and fair elections. The Administration also strongly opposes funding EAC's salaries and expenses at 47 percent of the FY 2025 Budget request level, which would hamstring the agency charged with establishing and certifying standards for the administration of Federal elections.

Consumer Product and Safety Commission (CPSC)

Safety Standard Addressing Blade-Contact Injuries or Table Saws. The Administration opposes section 512 of the bill, which would prohibit CPSC from making research-based decisions to promote the safety of consumer products.

Constitutional Concerns

Certain provisions of the draft bill raise separation of powers and other constitutional concerns, including by conditioning the Executive's authority to take certain actions on receiving the approval of the House and Senate Committees on Appropriations. The Administration looks forward to working with the Congress to address these and other concerns.

The Administration looks forward to working with the Congress as the FY 2025 appropriations process moves forward.

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