



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

THE DIRECTOR

November 17, 2017

The Honorable Paul D. Ryan
Speaker of the House of Representatives
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

This year's Atlantic hurricane season has resulted in historic, widespread destruction that continues to affect the lives of millions of Americans. While the road to recovery from these devastating forces of nature will be long and difficult, the President, myself, and all members of the Administration remain steadfast in our commitment to not only help our communities recover, but to rebuild stronger than before.

Given that Hurricane Maria made landfall only 58 days ago and conditions remain extremely challenging in Puerto Rico and the U.S. Virgin Islands (USVI), detailed damage assessments are not yet available for these communities. Accordingly, the Administration will continue to identify, refine, and articulate additional emergency funding requirements working with the governments of Puerto Rico and USVI, and this supplemental request does not represent the final request for their needs.

To date, the President has signed into law the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-56), which provided \$15.3 billion in emergency funding and necessary authorities to respond to and recover from these storms. The President also signed into law the Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-72), which provided an additional \$20.5 billion, for a total of \$35.8 billion. This same Act also provided \$16 billion in debt cancellation for the National Flood Insurance Program. All told, the cost of the disasters thus far exceeds \$50 billion.

At this time, the Administration is requesting additional fiscal year (FY) 2018 funding in the amount of \$44 billion and the necessary authorities to address ongoing recovery efforts. Because the need for this funding arises from unforeseen and unanticipated events, the Administration requests that the amounts proposed be provided and designated as emergency requirements pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA).

As a matter of comity, also provided in this total is \$5 million in emergency funding for property damage as requested by the Judicial Branch.

As noted in congressional briefings and discussed in my October 4, 2017 letter to the Congress requesting disaster relief and other emergency funds, it takes 60 days to assemble initial recovery cost estimates after a major hurricane and can take up to 90 days to prepare reliable estimates. Federal agencies and the affected States have been working diligently to collect the information needed and have been able to generate these cost estimates for areas impacted by Hurricanes Harvey and Irma. As a result, this request includes recovery costs in States impacted by Hurricanes Harvey and Irma. The request also includes costs of repairing Federal property, replacement of lost or damaged equipment, and, in a limited number of cases, extraordinary personnel costs that cannot be absorbed within current appropriations, for all of the Atlantic hurricanes.

Because Hurricane Maria occurred more recently, damage assessments are ongoing, including in Puerto Rico and USVI. The Administration is also aware of the unique challenges facing these Territories. Thus, this supplemental request includes funding for the continued disaster response and initial recovery activities for Puerto Rico and USVI including funding to address the Territories' fiscal liquidity needs. Adequate funding for these activities in FY 2018 will be critical to continued response and near-term recovery efforts, such as emergency power restoration and the ongoing distribution of fuel and commodities, as well as initiating efforts under permanent work categories. For Puerto Rico in particular, the Administration seeks, as part of this request, authority to provide public assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act without limitation of pre-disaster condition and causation. Related to that, the Administration will work closely with Puerto Rico to develop a plan for rebuilding, which will inform the future request for long-term recovery funding.

Additional details on specific programmatic funding requirements are discussed in an attachment to this letter. In summary, the Administration recommends \$25.2 billion for traditional disaster relief administered by the Federal Emergency Management Agency (FEMA) and the Small Business Administration, \$1.0 billion for emergency agricultural assistance, \$1.2 billion for an Education recovery fund, and \$4.6 billion for repair or replacement of damaged Federal property and equipment and other Federal agencies' disaster programs and recovery costs. The Administration also proposes a \$12.0 billion appropriation for the Community Development Block Grant Disaster Recovery program focused on flood mitigation projects, which would be awarded competitively to States and Territories that had more than one flood-related major disaster declaration in the past four years. Those States and Territories must present cost-effective solutions to reducing future disaster risk and lowering the potential cost of future disaster recovery. Furthermore, the competition will incentivize those States and Territories to engage in partnerships that will bring non-Federal resources to expedite delivery of the projects. Eligible projects may include projects typically undertaken by and with the U.S. Army Corps of Engineers.

The Administration recognizes that Puerto Rico will need to contribute funds toward its share of the Medicaid program in order to access its remaining FY 2018 Federal Medicaid funding. In addition, Puerto Rico is expected to reach its Federal Medicaid funding cap in early calendar year 2018, at which point the Territory would be responsible for any health care expenditures for this population above the annual capped allotment. Though the Administration expects to work with Puerto Rico and the Congress on medium-term liquidity issues through a

future request, the Administration is aware of legislation being considered to address Medicaid sooner.

Due to this year's historic and widespread wildfires, thousands of families in California are struggling to rebuild their homes and communities. Accordingly, the Administration requests targeted tax relief that will directly aid in the rebuilding process in areas covered by a major disaster declaration. This relief should include: non-itemized deductions for casualty losses waiving the current-law requirement that losses exceed 10 percent of adjusted gross income, penalty-free access to retirement funds, disaster-related employment relief, earned income tax credit reporting-year flexibility, and enhancement of charitable giving incentives. Together, these provisions mirror the tax relief provided in the wake of Hurricanes Harvey, Irma, and Maria (Public Law 115-63).

In addition, the Administration notes its support for legislation that would make houses of worship eligible for disaster relief funding (provided they meet the other relevant criteria for private non-profit facilities) and offers technical assistance regarding the timeframe for applicability.

National Flood Insurance Program (NFIP)

The Administration would like to reemphasize the need for swift action to reauthorize and reform NFIP. On October 4, 2017, the Administration provided the Congress with a set of commonsense reforms that would begin to put the program on a sound financial footing and enable the private market for flood insurance to expand. The Administration is encouraged by House passage of H.R. 2874, the 21st Century Flood Reform Act, and encourages the Congress to reach an agreement on reforming the NFIP, along the lines of H.R. 2874, as soon as possible.

Offsets for Additional Spending

The Administration believes it is prudent to offset new spending. These offsets include the cancellation of unobligated balances that are no longer needed for the purposes for which they were appropriated, as well as for projects and activities that are not as high of a priority as responding to this year's hurricanes in a fiscally responsible manner. Many of these same cancellations were proposed in the President's FY 2018 Budget, and for the purposes of this request are not in addition to those amounts. To the extent that these cancellations would have been considered as part of the FY 2018 appropriations bills, the Administration will work with the Appropriations Committee to find reductions elsewhere if needed. In order to offset increases to the new emergency spending we are requesting, the Congress should also consider designating offsets from base appropriations as an emergency.

To offset the remaining cost of this request, the Administration suggests that the Congress extend the non-defense Joint Committee mandatory sequestration pursuant to 251A of BBEDCA for two additional years.

Finally, these proposed spending reductions are not intended to offset any specific component of this request or of previous requests. We look forward to working with you to find the most appropriate time and manner for the Congress to consider these offsets.

Department of Defense Budget Amendments

On November 6, the President asked the Congress to consider FY 2018 Budget amendments for DOD. This request included an additional \$4.0 billion to support urgent missile defeat and defense enhancements to counter the threat from North Korea, \$0.7 billion to repair damage to U.S. Navy ships, and \$1.2 billion in support of the Administration's South Asia strategy. The Administration is pleased that this request was incorporated into the conference report for the FY 2018 National Defense Authorization Act, and is reiterating the need for the Congress to act on funding this request in a timely manner.

As mentioned in the November 6 request, I also ask the Congress to act on the FY 2018 Budget request for the border wall of \$1.6 billion within the Department of Homeland Security's Customs and Border Protection Procurement, Construction, and Improvements account. Providing for the safety of the American people is a top priority of the Administration.

Thank you for your consideration of these requests, additional details for which are included in the attachment to this letter. The Administration looks forward to working with the Congress to support continuing recovery efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Mick Mulvaney" with a stylized flourish at the end.

Mick Mulvaney
Director

Identical Letter Sent to:

The Honorable Michael R. Pence
The Honorable Paul D. Ryan
The Honorable Mitch McConnell
The Honorable Charles E. Schumer
The Honorable Nancy Pelosi
The Honorable Rodney Frelinghuysen
The Honorable Thad Cochran
The Honorable Nita Lowey
The Honorable Patrick Leahy