



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

THE DIRECTOR

July 23, 2018

The Honorable John Yarmuth  
Ranking Member  
Committee on the Budget  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Yarmuth:

The Office of Management and Budget (OMB) is pleased to report, pursuant to the requirements of section 720 of title 31, United States Code, on our actions related to the findings and recommendations of the Government Accountability Office (GAO) in its report titled "Climate Change: Analysis of Reported Federal Funding" (GAO-18-223).

As noted in GAO's final report, OMB provided GAO with comments on its draft report. We appreciate GAO's careful analysis of OMB's funding reports and generally agree with GAO's findings; however, we disagree with GAO's recommendations because existing budget processes are sufficient to fulfill Congressional reporting requirements on climate change funding, and for identifying climate change programs that are fragmented, overlapping, or duplicative.

In its final report, GAO made two recommendations to OMB:

- 11) The Director of OMB should provide, concurrent with any future climate change funding reports to Congress, funding information for Federal programs with fiscal exposure to climate change. This information should include costs to repair, replace, and improve the weather-related resilience of federally-funded property and resources; costs for Federal flood and crop insurance programs; and costs for disaster assistance programs.*
- 12) The Director of OMB should provide, concurrent with any future climate change funding reports to Congress, a detailed analysis of Federal climate change programs it considers to be fragmented, overlapping, or duplicative.*

As we explained in our comments on the draft report, OMB prefers to conduct a broader examination of Federal fiscal risks during the budget process, rather than to conduct a separate analysis specifically for Federal programs with fiscal exposure to climate change. This is for several reasons. First, there is significant uncertainty in climate projections and distinguishing impacts associated with climate change from other drivers is often not possible.<sup>6</sup> Considering

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<sup>6</sup> See, for example, Section 4.4 of the Climate Science Special Report, Volume 1 of the Fourth National Climate Assessment (2017), which states that "[t]he timing and magnitude of projected future climate change is uncertain due to the ambiguity introduced by human choices, ... natural variability, and scientific uncertainty, which includes uncertainty in both scientific modeling and climate sensitivity." Similarly, Section 4.2 states that: "[the range of future scenarios] reflects the uncertainty inherent in quantifying human activities (including technological change) and their influence on climate." Finally, Section 4.3 states that "[t]he results of individual climate model simulations using the same inputs can differ from each other over shorter time scales ranging from several years to several decades."

such uncertainty in the timing and magnitude of climate impacts, any analyses to evaluate those distinctions or to assess future trends in annual expenditures would require substantial resources. Second, no test exists for determining which Federal programs have fiscal exposure to climate change—choosing a subset of programs would require a subjective determination. Finally, there is insufficient information available to determine the costs of addressing climate change for specific Federal programs. Accordingly, we do not anticipate providing funding information for Federal programs with fiscal exposure to climate change concurrent with future climate change reports to Congress.

Instead, agencies can consider fiscal exposure to climate change as part of their enterprise risk management assessments under OMB Circular A-123. OMB Circular A-123 directs agencies to conduct enterprise risk management assessments to identify significant risks to agency goals and operations. Agencies have discretion on how to prioritize identified risks, including whether or not climate change risks should be included and how they are prioritized.

As we also stated in our comments on the draft report, OMB disagrees with GAO's recommendation for OMB to provide Congress with a detailed analysis of Federal climate change programs it considers fragmented, overlapping or duplicative, concurrent with future OMB funding reports. Formulation of the President's Budget is an appropriate forum for considering duplication and fragmentation of programs across the government, along with efficiency, effectiveness, and other critical programmatic and policy issues. The Budget reflects the results of agencies' and OMB's analyses of Federal programs. Using the existing budget process to consider whether Federal climate change programs are fragmented, overlapping or duplicative is more efficient and effective than conducting a separate analysis, and some portions of the Budget already include such analysis. For example, the Major Savings Volume of the Budget includes a discussion of several climate-related programs that are duplicative or outside of the scope of agencies' statutorily-mandated activities.

In addition, Congress has discontinued enactment of climate change funding reporting directions as had been expressed previously in annual explanatory statements for the Department of Interior, Environment, and Related Agencies Appropriations Bills. Finally, the U.S. already prepares an inventory of Federal climate-related activities as part of its Climate Action Report to the U.N. Framework Convention on Climate Change. Accordingly, we do not anticipate providing a separate, detailed analysis of federal climate change programs that we consider to be fragmented, overlapping, or duplicative.

OMB will continue its pursuit to modernize the Federal Government and end wasteful spending, while expanding economic growth and opportunity for the American people. We appreciate your interest in OMB's reporting on fiscal risks to the Federal Government and will continue our efforts to comply with congressional reporting requirements. As always, OMB is available to discuss its response to GAO's report and to respond to questions regarding Federal expenditures and fiscal risks to the Federal Government.

If you have any questions, please do not hesitate to contact our Office of Legislative Affairs, at [LegislativeAffairs@omb.eop.gov](mailto:LegislativeAffairs@omb.eop.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Mick Mulvaney", with a horizontal line drawn through the middle of the signature.

Mick Mulvaney  
Director

Identical Letters Sent to:

The Honorable Ron Johnson  
The Honorable Claire McCaskill  
The Honorable Trey Gowdy  
The Honorable Elijah Cummings  
The Honorable Steve Womack  
The Honorable John Yarmuth  
The Honorable Mike Enzi  
The Honorable Bernie Sanders  
The Honorable Rodney Frelinghuysen  
The Honorable Nita Lowey  
The Honorable Richard Shelby  
The Honorable Patrick Leahy  
The Honorable Gene Dodaro