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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

March 26, 2025

Russell Vought
Director
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Dear Mr. Vought:

We write today regarding the Office of Management and Budget (OMB)'s illegal decision to selectively freeze billions of dollars in emergency funding appropriated by Congress, and the national security threats caused by this decision.¹ These reckless cuts, announced in a March 24, 2025 memorandum,² violate the clear letter of law, which require the President to designate *all or none* of the emergency funds provided by Congress, and will cause irreparable damage across the federal government. We write to highlight one deeply concerning consequence: The Bureau of Industry and Security (BIS), the agency charged with ensuring foreign adversaries do not acquire our sensitive, dual-use technology, will now need to operate with a 12 percent smaller budget. This decision will impair essential enforcement activities, embolden our adversaries, endanger American lives and the freedom and safety of individuals living under oppressive regimes, and weaken global security and stability. We demand answers on how the Trump Administration plans to protect our national security in the wake of this misguided and illegal choice.

The Bureau of Industry and Security (BIS) is an agency with an annual budget of under \$200 million. Despite its relatively modest size, BIS plays an essential role in maintaining our technological and military edge over our adversaries. It administers a sprawling and intricate system of export controls that keep the United States ahead of the People's Republic of China (PRC) in semiconductors and artificial intelligence (AI) and other dual-use technologies. It monitors trillions of dollars' worth of transactions to fight smuggling and illicit trade. It is charged with protecting the preparedness of the industrial base for military conflict. And it does all of this annually for less than one-sixth the cost of a Patriot missile battery.

The importance of BIS's mission has gained the agency strong support among your colleagues in the Trump Administration. Commerce Secretary Howard Lutnick has called BIS the "intellectual

¹ Congressional Quarterly, "White House Freezes \$3 billion in stopgap law emergency funds," Daniel Hillburn, Paul Krawzak, and Aidan Quigley, March 24, 2025.

² Office of Management and Budget, "Memorandum for the President: Designation of Funding as an Emergency Requirement," March 24, 2025.

front line” against the “relentless threat from the People's Republic of China.”³ National Security Advisor Michael Waltz has emphasized the importance of strengthening our export controls with respect to the PRC.⁴ Even Elon Musk has acknowledged the importance of ensuring that the PRC cannot manufacture the most advanced AI chips – which is a core part of BIS’s mission.⁵ In Congress, the mismatch between the growing importance of BIS’s mission and its small budget has let to bipartisan efforts to provide BIS with additional resources.⁶

Despite the critical importance of BIS, OMB is blocking \$20 million in emergency spending allocated to BIS in the Republican-led FY 2025 funding bill passed by Congress earlier this month – representing a 12 percent cut to BIS’s budget. This decision, if not reversed, will wreak havoc at one of our most important national security agencies. BIS already operates on a tight budget, and this funding freeze will undoubtedly impact the essential activities that BIS undertakes to keep our technology out of the hands of foreign adversaries around the globe. These adversaries operate complex and ever-changing networks to divert and acquire leading-edge American technology; it is grossly irresponsible to hamstring the agency at the forefront of preventing them from acquiring said technologies. Indeed, just this week the Trump Administration *increased* BIS’s vital workload, adding dozens of new entities to the Entity List. Through its illegal and reckless decision, OMB is in essence announcing to our adversaries that it is open season on U.S. technology.

To help us better understand the impact of this reckless decision, we request answers to the following questions by March 27, 2025:

1. Please explain, and provide documentation sufficient to substantiate, the legal rationale for withholding the emergency funding appropriated in Public Law 119-4.
2. Please provide copies of all OMB and Department of Commerce analyses conducted in advance of issuing the memorandum assessing the potential impact of withholding \$20 million in funding from BIS, including any national security impacts. If no analyses were conducted, why not?
3. Please provide copies of all written communications between OMB and the Department of Commerce regarding the withholding of BIS emergency supplemental funding.
4. Please provide, and provide documentation sufficient to substantiate, information on any communications made with non-U.S. Government entities, including companies, industry groups, advocacy organizations, and foreign governments and agents of foreign governments, in advance of this decision.

³ Mondaq, “Secretary Lutnick Addresses Industry At BIS Update Conference,” Grace Elizabeth Welborn, March 20, 2025, <https://www.mondaq.com/unitedstates/export-controls-trade-investment-sanctions/1599806/secretary-lutnick-addresses-industry-at-bis-update-conference>.

⁴ Letter from House Republicans to Secretary Raimondo, October 22, 2021, <https://foreignaffairs.house.gov/wp-content/uploads/2021/10/CTF-Letter-to-Sec.-Raimondo-on-Export-Control-Actions.pdf>.

⁵ Android Headlines, “Elon Musk wants the US in control of AI chip fabrication,” Jean Leon, March 19, 2025, <https://www.androidheadlines.com/2025/03/elon-musk-us-control-ai-chip-fabrication.html>.

⁶ Senate Committee on the Banking, Housing, and Urban Affairs, “Nomination Hearing,” February 27, 2025, <https://www.banking.senate.gov/hearings/02/20/2025/nomination-hearing>.

5. How will OMB's decision impact the functions of BIS? Please provide detailed information on, and provide documentation sufficient to substantiate, the Trump Administration's plans, including planned staff and spending cuts, to ensure that the operations of BIS remain unimpeded, including BIS operations designed to defend our national security interests from foreign adversaries.

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Andy Kim
United States Senator



Ruben Gallego
United States Senator



Jack Reed
United States Senator



Chris Van Hollen
United States Senator



Mark R. Warner
United States Senator

CC:

Howard Lutnick, Secretary of Commerce

Michael Waltz, Assistant to the President for National Security Affairs