



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

THE DIRECTOR

April 21, 2015

The Honorable Harold Rogers
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Rogers:

On April 15, 2015, the Military Construction, Veterans Affairs, and Related Agencies Subcommittee considered the fiscal year (FY) 2016 Military Construction and Veterans Affairs and Related Agencies Appropriations bill. The Administration supports investments in caring for our veterans and supporting military infrastructure, housing, and services for men and women in our Armed Forces and their families. However, we have a number of serious concerns about this legislation. In advance of Full Committee consideration of the Subcommittee bill, I would like to take this opportunity to share some of these concerns with you.

The Military Construction and Veterans Affairs bill is among the first appropriations bills being considered under the 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 defense and non-defense for FY 2016 to the lowest levels in a decade. 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, more than two million fewer workers receiving job training and employment services, and thousands fewer scientific and medical 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.

The inadequate overall funding levels in the Republicans' 2016 budget framework cause a number of problems with the Subcommittee bill specifically. Overall, according to the Subcommittee-provided totals, this bill reduces funding by about \$2 billion, or nearly three percent, below the President's Budget. As a result, the bill shortchanges investments across a range of priorities, including:

- Underfunding the President's FY 2016 Department of Veterans Affairs (VA) Medical Care request by more than half a billion dollars, equivalent to the cost of providing care for tens of thousands of veterans. If enacted, the bill would negatively impact veterans' medical care services, including reducing VA's ability to activate new and replacement facilities with sufficient staff and equipment and to adequately maintain facility infrastructure.
- Underfunding the President's FY 2016 VA major construction request by \$582 million, which, if enacted, would prevent building upgrades and renovations that would improve service to our veterans and provide opportunities for long-term savings. The bill would significantly constrain VA's ability to make progress on its highest priority capital projects, including essential seismic corrections and necessary facility expansions.
- Underfunding military construction in the President's FY 2016 base defense budget by \$1.3 billion, delaying or deferring projects that will serve critical needs for members of our Armed Forces and their families.
- Funding some military construction projects with gimmicks. Specifically, the Subcommittee bill inappropriately provides a portion of military construction funding through overseas contingency operations (OCO) funding intended for wars. Shifting long-term defense costs to OCO is bad budget policy and bad defense policy, since it undermines long-term planning. Moreover, the Administration has made clear that we will not accept attempts to fix defense without non-defense by using OCO as a mechanism to evade the defense budget cap.

Unfortunately, under sequestration funding caps, even the inadequate funding levels provided by the Subcommittee bill would require larger cuts in other appropriations bills. Taking into account this Subcommittee bill and the Energy and Water Development Subcommittee bill, the two bills that have been marked up so far, the Republicans' budget framework would require cuts of roughly eight percent compared to the President's Budget for the rest of the non-defense discretionary accounts.

In addition to the impact on pro-growth investments in areas ranging from research and development to early childhood education to manufacturing, these cuts would impact programs that provide important services to the Nation's veterans, but are not funded in the Military Construction and Veterans Affairs and Related Agencies Appropriations bill. For example:

- American Job Centers serve 1.2 million veterans annually, including 300,000 who receive intensive employment services. Funding for these services is provided in the

Labor, Health and Human Services, and Education, and Related Agencies Appropriations bill.

- Transition assistance provides 200,000 service members each year with employment guidance and information as they prepare to enter the civilian workforce. Funding for these services is provided in the Labor, Health and Human Services, and Education, and Related Agencies Appropriations bill.
- Hundreds of thousands of veterans rely on a wide range of Department of Housing and Urban Development programs for housing support and homeless assistance each year. Funding for these services is provided in the Transportation, Housing and Urban Development, and Related Agencies Appropriations bill.

The Administration also strongly opposes the Subcommittee bill's prohibition on the use of funds to construct, renovate, or expand any facility in the United States to house individuals held in the detention facility at Guantanamo Bay. This provision would unnecessarily constrain the flexibility required to best protect our national security, and negatively impact the Executive Branch's ability to carry out its mission.

The Administration believes that the Congress should consider appropriations bills free of unrelated ideological provisions. The inclusion of this provision threatens to undermine an orderly appropriations process.

As the Committee takes up the Military Construction and Veterans Affairs Subcommittee bill, the Administration looks forward to working with you to address these concerns. More broadly, we look forward to working with the Congress to reverse sequestration for defense and non-defense priorities, and to offset the cost with commonsense spending and tax expenditure cuts, as Members of Congress from both parties have urged.

Sincerely,



Shaun Donovan
Director

Identical Letter Sent to The Honorable Nita Lowey