



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

THE DIRECTOR

June 2, 2015

The Honorable Thad Cochran  
Chairman  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

On May 21, 2015, the Appropriations Committee 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 Floor consideration of the Committee-reported 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 in the Senate under the congressional 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 nondefense and defense to the lowest levels in a decade, adjusted for inflation. 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 21<sup>st</sup> 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. As the Administration has repeatedly made clear, the President's senior advisors

would recommend that he veto any legislation that implements the current Republican budget framework, which blocks the investments we need for our economy to compete in the future.

The inadequate overall funding levels in the Republicans' 2016 budget framework cause a number of problems with the Military Construction and Veterans Affairs bill specifically. Overall, according to the Committee, this bill reduces funding by about \$1.2 billion, or 2 percent, below the President's Budget. As a result, the bill shortchanges investments across a range of priorities, including:

- Underfunding the FY 2016 Budget request for Department of Veterans Affairs (VA) Medical Care by nearly 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.
- Reducing the FY 2016 Budget request for defense military construction by \$355 million, delaying or deferring projects that will serve members of our Armed Forces and their families.

Unfortunately, under sequestration funding caps, even the inadequate funding levels provided by the bill would require larger cuts in other appropriations bills. Taking into account this bill and the Energy and Water Development Committee-reported bill, the two bills that have been marked up in the Senate so far, the Republican budget framework would require cuts of roughly 8 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 or to avoid homelessness 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 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 U.S. national security, and would 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 Senate takes up the Military Construction and Veterans Affairs bill, we look 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 Barbara Mikulski