



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

July 22, 2013
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2397 – Department of Defense Appropriations Act, 2014

(Rep. Rogers, R-KY)

The President is committed to our national defense and funding other important priorities within a budget framework that strengthens our economy and advances middle-class priorities. The Administration believes H.R. 2397, making appropriations for the Department of Defense for the fiscal year ending September 30, 2014, and for other purposes, funds critical priorities, and looks forward to working on its provisions as part of an acceptable budget framework.

However, enacting H.R. 2397, while adhering to the overall spending limits in the House Budget's topline discretionary level for fiscal year (FY) 2014, would hurt our economy and require draconian cuts to middle-class priorities. These cuts could result in hundreds of thousands of low-income children losing access to Head Start programs, tens of thousands of children with disabilities losing Federal funding for their special education teachers and aides, thousands of Federal agents who cannot enforce drug laws, combat violent crime or apprehend fugitives, and thousands of scientists without medical grants, which would slow research that could lead to new treatments and cures for diseases like cancer and Alzheimer's, and hurt America's economic competitiveness.

More than three months have passed since the deadline for action and the Congress has yet to appoint conferees and agree on a budget resolution. Prior to consideration of appropriations bills the Congress should complete an appropriate framework for all the appropriations bills.

Unless this bill passes the Congress in the context of an overall budget framework that supports our recovery and enables sufficient investments in education, infrastructure, innovation and national security for our economy to compete in the future, the President's senior advisors would recommend that he veto H.R. 2397 and any other legislation that implements the House Republican Budget framework.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill.

Sexual Assault Prevention and Response. The Administration appreciates the support of the Committee in working to eliminate the threat that sexual assault in the military presents to our Service members and our national security.

Detainee Matters. The Administration strongly objects to the provisions of sections 8107 and 8108 that limit the use of funds to transfer detainees and otherwise restrict detainee transfers, which, in certain circumstances, would violate constitutional separation of powers principles. Section 8107 undermines national security and this unnecessarily constrains the Nation's counterterrorism efforts, particularly where Federal courts are the best – or even the only –

option for incapacitating dangerous terrorists. For decades, presidents of both political parties have leveraged the flexibility and strength of this country's Federal courts to incapacitate dangerous terrorists and gather critical intelligence. The continued prosecution of terrorists in Federal court is an essential element of counterterrorism efforts – a powerful tool that must remain an available option. Additionally, the restrictions in section 8108 on the transfer of detainees to the United States and to the custody or effective control of foreign countries or entities in the context of an ongoing armed conflict may interfere with the Executive Branch's ability to determine the appropriate disposition of detainees and to make important foreign policy and national security determinations regarding whether and under what circumstances such transfers should occur.

In addition, the Administration strongly opposes section 8109, which would prohibit the use of funds to construct, acquire, or modify a detention facility in the United States to house individuals held in the detention facility at Guantanamo Bay. This would constrain the flexibility that the Nation's Armed Forces and counterterrorism professionals need to deal with evolving threats, intruding upon the Executive Branch's ability to carry out its mission.

Topline Funding Levels. The Administration strongly objects to unrequested Overseas Contingency Operations (OCO) funding in the bill and the reduction of base budget funding relative to the President's request. The FY 2014 Budget carefully aligns program priorities and resources based on the President's strategic guidance, and it fully funds OCO requirements.

Base Realignment and Closure (BRAC). The Administration strongly urges the Congress to provide BRAC authorization and funding as requested so that the Department of Defense (DOD) can right-size its infrastructure while providing appropriate transition assistance to affected communities. Without a new round of BRAC, DOD cannot properly align the military's infrastructure with the needs of its evolving force structure, a critical tool for ensuring that limited resources are available to the highest priorities of the warfighter and national security.

TRICARE Fees and Co-Payments. The Administration strongly urges the Congress to support its proposed TRICARE fee increases, because military retirees deserve an excellent, sustainable health care benefit. The Administration is disappointed that the Committee has consistently failed to support requested TRICARE fee initiatives that seek to control DOD's spiraling health care costs while keeping retired beneficiaries' share of these costs well below the levels experienced when the TRICARE program was implemented in the mid-1990s. While the bill restores the projected FY 2014 TRICARE savings associated with the initiatives, the Department will be forced to make deeper reductions to troop levels, readiness and modernization accounts in order to offset higher health care costs of over \$8 billion through FY 2018.

Military Pay. The Administration strongly urges the Congress to include the proposal to set the military pay raise growth at 1.0 percent in FY 2014. Consistent with the views of the uniformed military leadership, the President's Budget requests a 1.0 percent increase to basic pay, a 4.2 percent increase in the Basic Allowance for Housing, and a 3.4 percent increase in Basic Allowance for Subsistence. This total compensation level recognizes the sacrifices made by the men and women in our Armed Forces, while adhering to the current budget constraints faced by DOD. The bill provides \$580 million in additional appropriations to fund the pay raise in FY 2014, but it would increase costs by a total of \$3.5 billion from FY 2014 through FY 2018. After FY 2014, these future costs would need to be offset by deeper reductions to troop levels, readiness and modernization accounts at a time when statutory spending caps require defense reductions.

Building Partner Capacity. The Administration strongly objects to reductions in funds for programs to build partner capacity, which would limit the Department's ability to address current and emerging threats to our national security. The bill provides \$83 million less than the \$358 million requested for the Global Train and Equip program and does not fund the request for \$75 million for the Global Security Contingency Fund.

National Intelligence Program Consolidation. The Administration strongly objects to section 8105 because the provision's prohibitions would impinge on the President's prerogatives to seek efficient budget structures and unduly constrain the President in future budget decisions.

Unrequested Funding. The Administration is concerned about the billions of dollars provided for items DOD did not request and does not need, such as Light Utility Helicopters, National Guard High Mobility Multipurpose Wheeled Vehicles (HMMWV), additional medical research, and the modernization of seven cruisers and two amphibious ships. The Administration is also concerned that the bill makes spending on these and other unnecessary items statutorily required, diverting scarce resources from more important defense programs and limiting the Secretary's flexibility to manage the Department efficiently.

C-130 Avionics Modernization Program (C-130 AMP). The Administration objects to the \$47 million in unrequested funding provided for the C-130 AMP, which would start initial production of C-130 AMP kits for the modernization of earlier generation C-130 airlift aircraft. The President's FY 2013 Budget canceled the C-130 AMP because of its high total program cost of \$2.7 billion, and because the aircraft would still be able to perform their missions with less expensive upgrades. In addition, as required by the FY 2013 National Defense Authorization Act, DOD is conducting an independent cost-benefit analysis of the C-130 AMP, and it would be premature to reinstate the program before that study is complete.

Advanced Innovative Technologies. The Administration objects to the \$115 million cut for Advanced Innovative Technologies, an 88 percent reduction from the President's request, which funds on-going research and development efforts that support the new Defense Strategy and the rebalance to the Asia Pacific. Specifically, this program supports initiatives that would provide cost-effective and cost-imposing capabilities that are critical for meeting the Combatant Commander's objectives in the region. This capability is needed to address real world threats and full funding is required to research, develop and test performance of the Electromagnetic Railgun system.

Joint Urgent Operational Needs Fund (JUONF). The Administration objects to the elimination of funding requested for the JUONF. This funding is critical to DOD's ability to quickly respond to urgent operational needs of Combatant Commanders. Elimination of funding may delay fielding of important capabilities that help accomplish critical missions.

Science, Technology, Engineering and Mathematics (STEM) Programs. The Administration objects to the restoration of funding for the STARBASE program, which would perpetuate the Federal Government's fragmented approach to STEM education, whereby more than 220 programs are scattered across 13 agencies. The Administration's proposed reorganization of STEM programs would improve STEM education quality and outcomes across the Federal Government.

Defense Acquisition Workforce Development Fund (DAWDF). The Administration opposes the reduction of \$205 million from the FY 2014 Budget request for the DAWDF. Failure to provide the full request would require DOD to collect the shortfall between the appropriation and the statutory minimum for DAWDF from other budget accounts. In addition, the Administration opposes appropriations language that would not allow use of prior year expired funds for the FY 2014 DAWDF collection. Components should be allowed to use these funds per the authority provided in current law.

Civilian Pay Raise. The Administration urges the Congress to support the proposed 1.0 percent pay increase for Federal civilian employees. As the President stated in his FY 2014 Budget, a permanent pay freeze is neither sustainable nor desirable.

Missile Defense. The Administration appreciates the support for DOD's air and missile defense programs, as well as support for the government of Israel's Iron Dome rocket system.

Afghanistan Security Forces Fund. The Administration appreciates the Committee's continued strong support for U.S. efforts to build and develop the security forces of Afghanistan. However, the Administration strongly urges the Congress to make \$2.6 billion of the \$7.7 billion request contingent upon pending policy decisions and the progress made by the Afghan National Security Forces during FY 2014, as requested in the President's Budget.

Limitation on Funds Available to Procure Equipment. The Administration appreciates the support of the Committee for a responsive and flexible program to train and equip the security forces of Afghanistan. However, the Administration is concerned that some of the limitations proposed in section 8119 will prevent the Department from meeting critical equipment requirements and delivery timelines for the Afghan National Security Forces and will unnecessarily increase costs for the U.S. taxpayer. The Administration urges the Congress to work with the Department to develop an alternative approach.

The Administration looks forward to working with the Congress as the FY 2014 appropriations process moves forward.

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