



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

June 17, 2014  
(House Rules)

## **STATEMENT OF ADMINISTRATION POLICY**

### **H.R. 4870 – Department of Defense Appropriations Act, 2015**

(Rep. Rogers, R-KY)

The Administration strongly opposes House passage of H.R. 4870, making appropriations for the Department of Defense for the fiscal year ending September 30, 2015, and for other purposes. The Administration appreciates the bill's continued support for providing funding that assists the warfighter in operating in unconventional and irregular warfare and countering unconventional threats, supports capacity-building efforts with foreign military forces, and supports on-going operations, as well as the support for programs that would improve the health and well-being of the force, including sexual assault prevention. While there are a number of areas of agreement with the bill, the Administration has serious concerns with provisions that would constrain the ability of the Department of Defense (DOD) to align military capabilities and force structure with the President's defense strategy and to reduce unneeded costs.

The Administration will soon submit a budget amendment to request funding for Overseas Contingency Operations (OCO). This request will reflect the President's decision on troop levels in Afghanistan and include funding for the U.S. military mission in Afghanistan, DOD's supporting presence in the broader region, as well as the recently proposed Counterterrorism Partnerships Fund and European Reassurance Initiative. The Administration looks forward to working with the Congress on this request.

The Administration looks forward to working with the Congress on an orderly appropriations process that supports economic growth, opportunity, and our national security while avoiding unnecessary fiscal crises that hold the Nation's economy back. This process should include reconciling funding levels for individual appropriations bills to promote economic growth and national security, and passing bills without ideological provisions that could undermine an orderly appropriations process.

The President's fiscal year (FY) 2015 Budget provides a roadmap for making investments to accelerate economic growth, expand opportunity for all hard-working Americans, and ensure our national security, while continuing to improve the Nation's long-term fiscal outlook. At the same time, the Budget takes key steps to both continue and enhance the Administration's efforts to deliver a Government that is more effective, efficient, and supportive of economic growth.

The President's Budget adheres to the FY 2015 spending levels agreed to in the Bipartisan Budget Act (BBA) and shows the choices the President would make at those levels. However, the levels agreed to in the BBA are already below FY 2007 funding levels adjusted for inflation and are not sufficient—either in FY 2015 or beyond—to ensure the Nation is achieving its full potential. For that reason, the Budget also includes a fully paid for Opportunity, Growth, and

Security Initiative—evenly split between defense and non-defense priorities—that presents additional investments to grow the economy, expand opportunity, and enhance security. The Opportunity, Growth, and Security Initiative would provide \$26.4 billion for DOD to make progress on restoring readiness lost under sequestration, accelerate modernization of key weapons systems, and improve DOD facilities across the United States.

In the Administration's view, the risk to the Nation will grow significantly should the Congress not accept reforms proposed in the FY 2015 Budget. Without congressional support for meaningful compensation reforms and other cost saving measures, force structure changes, and flexibility to manage weapon systems and infrastructure, there is an increased risk to the Department's ability to implement the President's defense strategy, which will contribute to a military that will be less capable of responding effectively to future challenges.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill and urges the Congress to resolve these issues during the FY 2015 appropriations process.

### Department of Defense

*Prohibition on Retirement, Divestiture, Realignment, or Transfer of Aircraft.* The Administration appreciates the Committee's support of the Air Force's A-10 fleet divestiture plans. Divesting the A-10 fleet will help the Air Force meet near-term readiness and achieve long-term modernization objectives. However, the Administration strongly objects to provisions that restrict the Department's ability to retire other weapon systems and aircraft platforms in accordance with current strategic and operational plans. These divestitures are critical and would provide funding for higher priority programs.

Specifically, the Administration strongly objects to sections 8122, 8133, and 8136 of the bill, consistent with previously stated objections to provisions in the FY 2015 National Defense Authorization Act. Section 8122 of the bill would prohibit the cancellation or modification of the C-130 Avionics Modernization Program (AMP). DOD plans to replace the C-130 AMP with a less expensive, fully capable alternative that has been validated by independent study to ensure that the fleet continues to meet future requirements. Section 8133 would prevent the Air Force from using funds to divest or to disestablish any units of the active or reserve component associated with E-3 airborne warning and control system aircraft. This provision would force the Air Force to take funding from higher priority defense needs in order to operate, sustain, and maintain aircraft that are not needed and are unaffordable in today's constrained fiscal environment. Section 8136, which limits the transfer of Apaches from the Army National Guard to the active Army, would result in gaps in the Army's armed reconnaissance units that would require approximately \$4 billion to fill. As DOD transitions out of a decade of war, aircraft force structure changes are necessary to shape a force that is more agile and ready to respond to the requirements of the defense strategy.

*Compensation Reform.* To achieve a proper balance between DOD's obligation to provide competitive pay and benefits to servicemembers and its responsibility to provide troops with the training and equipment they need to do their jobs, it is imperative to slow the growth of basic pay and housing allowances, modernize military healthcare, and reform how commissaries operate. The Administration strongly urges the Congress to support these reforms, which would save \$2

billion in FY 2015 and \$31 billion through FY 2019. While the Committee restored funding to offset the FY 2015 savings associated with proposals that were not supported, the rejection of these proposals will likely require DOD to find over \$27 billion in additional reductions to readiness, modernization, and force structure for FY 2016 through FY 2019. The Administration looks forward to the recommendations of the Military Compensation and Retirement Modernization Commission on long-term compensation and retirement issues, but delaying DOD's holistic package of proposed initial changes will only result in increased costs, degradation in training and modernization efforts, and risks to the force.

*Guantánamo Detainee Restrictions.* The Administration strongly objects to sections 8107, 8108, 8139, and 9015 of the bill, each of which would restrict the Executive Branch's ability to manage the Guantánamo detainee population. The President has repeatedly objected to the inclusion of these or similar provisions in prior legislation and this year has reiterated his call to the Congress to lift such restrictions. As the President said in his State of the Union Address, "this needs to be the year Congress lifts the remaining restrictions on detainee transfers and we close the prison at Guantánamo Bay." Operating the detention facility at Guantánamo weakens our national security by draining resources, damaging our relationships with key allies and partners, and emboldening violent extremists. These provisions are unwarranted and threaten to interfere with the Executive Branch's ability to determine the appropriate disposition of detainees and its flexibility to determine when and where to prosecute Guantánamo detainees based on the facts and circumstances of each case and our national security interests. Sections 8107, 8139, and 9015 would, moreover, violate constitutional separation-of-powers principles under certain circumstances.

*Base Realignment and Closure (BRAC).* The Administration strongly objects to the proposed \$4.8 million reduction in funds that would support a BRAC 2017 round. This impairs the ability of the Executive Branch to plan for contingencies or make other needed adjustments that would improve military effectiveness and efficiency. The Administration strongly urges the Congress to provide the BRAC authorization and funding as requested, which would allow DOD to rightsize its infrastructure while providing important assistance to affected communities. Without authorization for a new round of BRAC, DOD will not be able to properly align the military's infrastructure with the needs of our evolving force structure, which is critical to ensuring that limited resources are available for the highest priorities of the warfighter and national security.

*Limitation on Funds Available to Procure Equipment.* The Administration objects to section 8116 of the bill which would continue and expand prohibitions on using funds to procure certain equipment, including maintenance for the Afghan National Security Forces (ANSF). This section would severely limit DOD's ability to sustain military-use helicopters and other equipment that is already in ANSF's inventory and is critical to their ability to continue the fight against extremists who threaten the security of Afghanistan, the United States, and our allies. If enacted, this section could force DOD to seek more costly alternatives than contracting with the Russian helicopter industry to sustain ANSF aircraft, increasing costs to the U.S. taxpayer.

*Liquid Rocket Engine Development.* The Administration objects to the unrequested \$220 million for a new rocket engine. An independent study recently concluded that such a program would take eight years to field and could cost \$1.5 billion with another \$3 billion needed to develop a suitable launch vehicle. This approach prematurely commits significant resources and would not

reduce our reliance on Russian engines for at least a decade. With a goal of promptly reducing our reliance on Russian technology, the Administration is evaluating several cost-effective options including public-private partnerships with multiple awards that will drive innovation, stimulate the industrial base, and reduce costs through competition. The Administration looks forward to working with the Congress on this issue once the analysis is complete.

*Limitations on Phased Modernization of Weapon Systems.* While appreciative of the bill's overall support for cruiser modernization, the Administration objects to the unnecessary limitations on the current plan, which would preclude modernization in the most cost effective and timely manner and may hinder the Navy's ability to retain 11 modernized cruisers into the 2040s.

*Reducing the Force Structure at Lajes Air Force Base.* The Administration objects to section 8123 of the bill, which would prohibit the Secretary of the Air Force from reducing the force structure at Lajes Air Force Base and is duplicative of section 341 of the FY 2014 National Defense Authorization Act. Because DOD is nearing completion of the section 341 requirements for Lajes, duplicating and amplifying these requirements is unnecessarily onerous.

*Littoral Combat Ship (LCS).* The Administration objects to funding reductions for the LCS program. The reductions leave the program with insufficient funds to procure three LCS in FY 2015, delaying the delivery of much needed capability to the Fleet. Deferring additional ships into FY 2016 would compound the already significant challenges the Navy faces in funding the shipbuilding account in a fiscally constrained environment while increasing overall costs to the Navy and increasing risk to the industrial base, including sub-tier suppliers.

*Reallocation of Missile Defense Agency Funding.* The Administration objects to the reallocation of \$370 million from the FY 2015 Budget request. These changes would reduce capability and capacity, and may possibly hinder the Department's ability to effectively manage the Agency. Specifically, this reallocation of funds would delay critical engineering, testing, command and control, and weapons system development, and would affect homeland and regional commitments, including a likely delay of one year for the European Phased Adaptive Approach Phase 3 – a national commitment to our allies. Also, the reduction in advanced procurement funding for the Standard Missile-3 IB could increase its planned procurement cost by about \$140 million.

*Opposition to Unrequested Funding.* The Administration objects to the billions of dollars provided for items DOD did not request and does not need, such as additional EA-18G aircraft, High Mobility Multipurpose Wheeled Vehicles, M-1 Abrams upgrades, and a significantly larger amount of funding for the National Guard and Reserve Equipment Account than provided in recent years. The Administration is also concerned that section 8006 of 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.

*Classified Programs.* The Administration looks forward to providing its views on the adjustments contained in the Classified Annex to the bill once it becomes available.

The Administration looks forward to working with the Congress as the FY 2015 appropriations process moves forward.

\* \* \* \* \*