



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

THE DIRECTOR

June 1, 2015

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

Dear Mr. Chairman:

On May 20, 2015, the Defense Subcommittee considered the fiscal year (FY) 2016 Department of Defense (DOD) Appropriations bill. The Administration supports making the investments essential to execute the President's national security and defense strategies, and appreciates the Subcommittee's recognition that the President's Budget level is needed for DOD. However, we have a number of serious concerns about this legislation, which would underfund these important investments in the base budget and instead rely on budget gimmicks that have been criticized by members of both parties. The legislation also includes highly problematic riders and provisions that would preclude needed reforms. In advance of Full Committee consideration of the Subcommittee bill, I would like to take this opportunity to share some of our concerns with you.

The DOD Appropriations bill is the sixth House appropriations bill being considered 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 non-defense 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 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 base budget funding levels in the Republicans' 2016 budget framework and its reliance on gimmicks to pay for defense cause a number of problems with the Subcommittee bill specifically. According to the Subcommittee, this bill reduces base budget funding by about \$36 billion, or 7 percent, below the President's Budget. Meanwhile, the Subcommittee bill uses Overseas Contingency Operations (OCO) funding for base requirements. This buys some items the President's Budget did not request, such as an unnecessary \$1.5 billion fund for National Guard and Reserve Equipment, and it buys back many of the cuts the Subcommittee bill makes to the base budget. However, the inappropriate use of OCO to fund base defense needs has a number of direct negative consequences.

First, a responsible long-term national security strategy requires providing the stability and certainty of funding our services need. As Secretary Carter has said, "we need to base our defense budgeting on our long-term military strategy, and that's not a one-year project." By paying for base budget costs using OCO funds, the Subcommittee bill fails to provide the stable, multi-year budget on which defense planning is based. As the Secretary and the Chairman of the Joint Chiefs have repeatedly stated, funding enduring operations through OCO is harmful both to military planning and to servicemember morale. Secretary Carter has called this approach "managerially unsound, and also unfairly dispiriting to our force."

Second, the inappropriate use of OCO risks undermining an essential mechanism that both parties have long agreed was meant to fund incremental costs of overseas conflicts and support our troops while in harm's way. The Subcommittee's deliberate relabeling of non-war costs as OCO clearly violates OCO funding's purpose. For instance, the Subcommittee bill funds \$7 billion in compensation for servicemembers whose billets were not created for temporary operations as if their compensation is a temporary cost of war instead of a basic obligation. It pays for \$17 billion of the day-to-day peacetime costs of military operations and maintenance and \$13 billion of long-planned long-term investments in equipment and technology development as if these investments are a result of ongoing overseas contingencies. Many in the Republican Caucus, as well as many Democrats, have expressed concern about this approach.

Third, the decision to circumvent rather than confront sequestration harms national security by locking in unacceptable funding cuts for crucial national security activities carried out by non-defense agencies. The House budget framework would impose double-digit percentage cuts to funding for U.S. diplomacy and a broad range of programs critical to the *National Security Strategy*—hampering our efforts to stem illegal immigration by promoting economic and security engagement in Central America; scaling back our commitments to address the growing threat posed by climate change; harming critical programs that improve our partners' ability to counter terrorism, control the proliferation of weapons of mass destruction, and build civilian and military capacity; and, if applied proportionately, translating into nearly 4,700 fewer peacekeepers than the President's Budget would provide in some of the most dangerous parts of the world. Closer to home, the House budget framework would cut funding for the Department of Homeland Security (DHS) by 5 percent, adversely impacting DHS efforts to secure our borders and enforce the Nation's immigration laws, damaging initiatives to enhance our cybersecurity posture and make cyberspace more secure, and undermining programs to counter violent extremism and protect the American people from terrorist threats. Furthermore, the House's Military Construction and Veterans Affairs appropriations bill underfunds the

President's request for our veterans' medical care by more than half a billion dollars, equivalent to the cost of providing care for tens of thousands of veterans. Sequestration also forces cuts to education, research and development, and infrastructure; as described above, these cuts damage our national security by damaging our economic security. Ultimately, all of this comes at a cost to American global leadership and security.

The Subcommittee bill also includes highly problematic riders. Even as it fails to confront the senseless cuts imposed by sequestration, the bill precludes certain reforms to compensation and force structure that would allow DOD to secure sensible, targeted savings. The President's defense strategy depends on investing every dollar where it will have the greatest effect, which the President's FY 2016 Budget accomplishes through critical reforms that divest unneeded force structure, slow growth in compensation, and reduce wasteful overhead. The Subcommittee bill would constrain DOD's ability to align military capability and force structure with the President's defense strategy and to reduce unneeded costs. For example, it includes provisions that undermine compensation reforms, prevent transfers of AH-64 Apache helicopters to fill gaps in the Army's formations, and restrict the National Guard's ability to achieve a balanced force.

The Subcommittee bill also includes several provisions that would restrict policy for the detention facility at Guantanamo Bay, Cuba, and preclude certain priority reforms to compensation and force structure. As the Administration has said many times, operating the detention facility at Guantanamo Bay, Cuba weakens our national security by draining resources, damaging our relationships with key allies and partners, and emboldening violent extremists. The President has objected to these and similar unwarranted provisions in prior legislation because they interfere with the Executive Branch's ability to make the best decisions consistent with our national security. The inclusion of these provisions threatens to undermine an orderly appropriations process and adds risk to our national security.

As your Committee takes up the Defense Subcommittee 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 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