



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

May 27, 2010
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5136 - National Defense Authorization Act for Fiscal Year 2011

(Rep. Skelton, D-Missouri, and Rep. McKeon, R-California)

The Administration supports House passage of H.R. 5136, the National Defense Authorization Act for Fiscal Year 2011. The Administration appreciates the House Armed Services Committee's continued support of our national defense, including, among other things, its support for the Department's topline budget requests for both the base budget and for overseas contingency operations.

The Administration welcomes the Committee's support for authorities that assist the ability of the warfighter to operate in unconventional and irregular warfare, authorities that are important to field commanders, such as the Commanders' Emergency Response Program and the authority to reimburse coalition partners. The Administration also welcomes the Committee's support to implement recommendations to prevent and prosecute sexual assaults.

While there are many areas of agreement with the Committee's bill as reported, the Administration has serious concerns with the enormous burden placed on the Department of Defense, including potentially limiting its ability to effectively advance its priorities and streamline operations. Additionally, the Administration has serious concerns with a number of provisions that would constrain the ability of the Armed Forces to carry out their missions or that depart from the decisions reflected in the President's Fiscal Year 2011 Budget, which carefully balanced fiscal constraints, program performance, strategic needs and capabilities. The Administration looks forward to working with the Congress to address these concerns, some of which are outlined in more detail below, and others which may be identified in the classified annex once it is made available.

F-35 Joint Strike Fighter (JSF) Extra Engine: The Administration strongly objects to the addition of \$485 million for the extra engine program and to associated legislative provisions that limit the obligation of overall JSF development funding to 75 percent of the amount authorized until the funds for FY 2011 have been obligated for the extra engine program, require the Secretary to ensure that each budget in the Future Years Defense Plan include, and expend, sufficient funding to continue the program, and designate the F135 and F136 engine development and procurement programs as major subprograms. As Secretary Gates has noted, even after factoring in Congress' additional funding, the extra engine would still require a further investment of \$2.4 billion before it could be considered as a viable extra engine for the JSF program. The Department does not believe that this cost will ever be recovered in a hypothesized competition or that the funds should be diverted from important defense needs. The current engine is performing well with more than 13,000 ground test and 200 flight test hours. If the final bill presented to the President includes funding or a legislative direction to continue an extra engine program, the President's senior advisors would recommend a veto.

F-35 Joint Strike Fighter Program: The Administration strongly objects to provisions of the bill which could limit the procurement of the 42 aircraft requested in the President's FY 2011 Budget. The onerous restrictions impose unacceptable schedule and budget risks on the JSF program. While the Department believes the restructured development schedule is achievable, failure to achieve any one of the criteria would affect the procurement decision with significant impact on unit cost, production ramp, and TACAIR force structure. The Department's F-35 procurement request is in line with independent manufacturing studies, risk review recommendations, and the FY11 request reflects an optimized production. If the final bill presented to the President contains provisions that would seriously disrupt the F-35 program, the President's senior advisors would recommend a veto.

C-17 Aircraft: The Administration appreciates that the Committee supports the President's budget request regarding the C-17 program and that it did not authorize procurement of additional C-17 aircraft.

Aircraft Retirements: The Administration objects to provisions that restrict aircraft retirements. The Air Force uses the Total Force to project forces and meet airlift demand. The Department manages its fleet as a sum of the parts and not as individual components. Retirements accompanied by modifications and other enablers provide a smaller, but more flexible, lethal, and capable force. The restriction impairs the Department's ability to effectively manage its fleet as good stewards of the taxpayer's dollar.

Multiyear Procurement of FA-18E/F and EA-18G Aircraft: The Administration objects to Section 122, which directs the reinvestment of future year savings realized from the execution of this multiyear procurement contract back into the procurement of additional F/A-18E or F/A18F aircraft. The Administration must retain the authority to apply these funds consistent with Departmental priorities and the demands of national defense.

Decommissioning of Naval Vessels: The Administration strongly opposes the requirement to retain two ships – the USS NASSAU (LHA 4) and the USS PELELIU (LHA 5) – in service and to the specific limitation of decommissioning no more than 2 ships for every 3 ships commissioned. The Department is committed to replacing older, less capable ships that have become increasingly expensive to maintain and operate with ships better suited for current and future needs that will provide forces the capability to meet a wider range of Combatant Commanders' requirements. Additionally, the Administration objects to Section 1022's burdensome new notification requirements for decommissioning any battle force vessel of the active Fleet.

Unified Medical Command: The Administration strongly objects to the provision in the bill to authorize the President to create a new military medical command. The proposed delegation of responsibilities to a unified medical command would render hollow the role of the Assistant Secretary of Defense for Health Affairs (ASD(HA)) to serve as the principal Departmental official for health and medical matters. The imposition of additional organizational structure with the attendant personnel and operational costs it would require could directly conflict with the effort by the Administration to eliminate unnecessary bureaucratic layers, headquarters and defense organizations.

Building Partner Capacity: The Administration urges the inclusion of its requested proposals, which were developed with close coordination between the Departments of Defense and State, to

build the capacity of partner-nation special and conventional forces. Among other things, these proposals are important for the implementation of U.S. policy in Afghanistan, to enhance and increase coalition participation in Afghanistan in order to reduce the pressure on U.S. forces, and to support the drawdown strategy in Iraq and counter-terrorism programs. Of particular concern are provisions relating to the use of critical funding for Yemen Ministry of Interior counter-terrorism forces and restrictions on efforts to develop Iraqi Security Forces that can independently provide for internal security by December 2011. The Administration appreciates Congressional concerns for equal contributions from the Government of Iraq and is working to ensure Iraq's overall cost share requirement.

Early Infantry Brigade Combat Team (E-IBCT), Increment 1 Equipment: The Administration objects to language in Section 111 prohibiting the Secretary of Defense from procuring more than two brigade sets of E-IBCT equipment. The Administration also opposes the removal of \$626.7 million in Fiscal Year 2011 E-IBCT procurement funding as this action will delay fielding of E-IBCT capabilities to deploying forces by at least 16 months. These actions will increase the overall cost to the program and increase the risk of a break in production.

Military Pay Raise: The Administration values the service members of the U.S. Armed Forces and believes that the President's proposed 1.4 percent pay increase is appropriate in light of other benefits and other forms of compensation, is targeted to avoid hindering the Department's ability to focus on recruiting or retaining for key skills, and will ensure the availability of financial resources needed to sustain our combat power at a time of war.

Defense Civilian Intelligence Personnel System (DCIPS): The Administration objects to the DCIPS provision, which negates the purpose of conducting an independent review of DCIPS as required by the FY 2010 national defense authorization bill. The National Academy of Public Administration (NAPA) is expected to deliver its final report to Congress by June 1, 2010; the Secretary of Defense has until August 1, 2010, to report to Congress describing actions he proposes to take in response to the report. Legislating a continued freeze to DCIPS for another year will preclude the Secretary of Defense from being able to take meaningful action based on the NAPA review.

Missile Defense: The Administration appreciates the Committee's support for missile defense programs, especially for the new Phased Adaptive Approach for Missile Defense in Europe. However, the Department is concerned that the restriction on "preparation of equipment" in Section 221 could severely undermine the development, adaptation, and testing of equipment that is essential for missile defense cooperation in Europe as well as in other regions.

Guam: The Administration is committed to addressing the needs on Guam (both on base and off) to allow for the realignment of Marines and their families from Japan. That effort requires a comprehensive government-wide approach. The Administration is concerned with the provisions of the bill that suggest Guam infrastructure improvements are an exclusive DOD financial responsibility rather than a shared inter-agency, intergovernmental effort led by DOD.

New Requirements Imposed on Base Realignment and Closure (BRAC) 2005

Recommendations: The Administration opposes Section 2711. The Administration has repeatedly opposed any legislative provision that modifies, delays, repeals, or otherwise impedes implementation of a BRAC recommendation. These restrictions are unnecessary and set an undesirable precedent on addressing challenging BRAC execution issues.

Incremental and Forward Funding: The Administration is concerned that the bill authorizes incremental funding for certain Navy ships and certain military construction projects. The Administration also objects to authority for \$65 million of long-lead procurement of future AN/TPY-2 radar equipment because the funding is in advance of need and would incrementally fund a capability that should be fully funded in future budgets. As a matter of fiscal prudence, the Administration encourages full funding of these programs, consistent with the Budget.

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