



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

June 2, 2015
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 1376 – National Defense Authorization Act for FY 2016

(Sen. McCain, R-AZ)

The Administration appreciates the Senate Armed Services Committee's continued support of our national defense and supports a number of provisions in S. 1376, the National Defense Authorization Act for Fiscal Year (FY) 2016, such as authorities that support capacity-building efforts with foreign military forces, enable the support of allies sharing common objectives, and facilitate on-going operations.

While there are areas of agreement with the Committee, the Administration strongly objects to provisions in the bill that would constrain the ability of the Department of Defense (DOD) to conduct multi-year defense planning and align military capabilities and force structure with the President's defense strategy. First, the President has been very clear about the core principle that he will not support a budget that locks in sequestration, and he will not fix defense without fixing non-defense spending. Sequestration levels will damage our ability to restore readiness, advance badly-needed technological modernization, and keep faith with our troops and their families. Unfortunately, the bill fails to authorize sufficient funding for our military's priorities in the base budget, and instead uses Overseas Contingency Operations (OCO) funding in ways that leaders of both parties have made clear are inappropriate. Shifting base budget resources into OCO risks undermining a mechanism meant to fund incremental costs of overseas conflicts and fails to provide a stable, multi-year budget on which defense planning is based. The use of OCO funding to circumvent budget caps in defense spending also ignores the long-term connection between national security and economic security and fails to account for vital national security functions carried out at non-defense agencies.

Further, the bill fails to adopt many of the needed force structure and weapons system reforms included in the President's Budget, and fails to provide an authorization for a new Base Realignment and Closure (BRAC) round to allow DOD to properly align the military's infrastructure with the needs of its evolving force. The President's defense strategy depends on investing every dollar where it will have the greatest effect, which the Administration's FY 2016 proposals will accomplish through critical reforms that divest unneeded force structure, slow growth in compensation, and reduce wasteful overhead. The Committee's changes would constrain the ability of DOD to align military capability and force structure with the President's defense strategy, and would require the Department to retain unnecessary force structure and weapons systems that cannot be adequately resourced in today's fiscal environment, contributing to a military that will be less capable of responding effectively to future challenges. The bill also continues unwarranted restrictions, and imposes onerous additional ones, regarding detainees at Guantanamo Bay. If this bill were presented to the President, the President's senior advisors would recommend to the President that he veto it.

The Administration looks forward to working with Congress to address these and other concerns, a number of which are outlined in more detail below. The Administration also looks forward to working with Congress to address concerns on classified programs.

Sequestration and Misuse of OCO Funds: The Administration strongly objects to the bill's authorization of sequester level appropriations for items that were requested in and belong in the base budget and the use of OCO, a funding mechanism intended to pay for wars and not subject to the budget caps, to pay for \$38 billion in base requirements. Sequestration adds risk to our national security by threatening the size, readiness, presence, and capability of our military, and threatens the economic security on which our national security depends. The Committee clearly recognizes that the President's Budget level for defense is needed, but authorizes it in a way that fails to acknowledge the need to reverse sequestration for both defense and non-defense spending.

Guantanamo Detainee Provisions: The Administration strongly objects to provisions of the bill that would impede efforts to close the detention facility at Guantanamo Bay, Cuba. As the Administration has said many times before, operating this facility weakens our national security by draining resources, damaging our relationships with key allies and partners, and emboldening violent extremists.

While the Administration appreciates the additional flexibility provided by section 1034, which would permit the temporary transfer of detainees to the United States for certain medical care, other provisions of the bill are more restrictive than existing provisions to which the Administration has repeatedly objected. Not only would provisions of the bill extend existing restrictions, they would impose additional unwise and unnecessary ones that would further impede efforts to responsibly close the facility. While the bill would relax certain of these restrictions if Congress approves a plan to close the facility by joint resolution, this process for congressional approval is unnecessary and overly restrictive. Sections 1031 and 1032 would prohibit the use of funds to construct or modify any facility in the United States to house detainees or to transfer Guantanamo detainees to the United States, except in the limited case of temporary medical transfers authorized by section 1034, until Congress approves a plan to close the facility. Sections 1033 and 1035 would impose more onerous restrictions than current law does on transfers abroad and would prohibit certain categories of transfers entirely. These provisions undermine our national security by limiting our ability to act as our military, diplomatic, and other national security professionals deem appropriate in a given case. Under existing law, the Secretary of Defense is already required to make a determination that actions have been or will be taken to substantially mitigate risks to the United States or U.S. persons or interests posed by detainee transfers abroad.

The President has objected to the inclusion of these and similar provisions in prior legislation. The restrictions contained in this bill 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 them, based on the facts and circumstances of each case and our national security interests, and when and where to transfer them consistent with our national security and our humane treatment policy. Sections 1032, 1033, and 1035 would, moreover, violate constitutional separation-of-powers principles under certain circumstances, and section 1035 could in some circumstances interfere with a detainee's right to the writ of habeas corpus.

The Administration also strongly objects to the requirements in sections 1033(b)(2) and 1037, which would require the Secretary of Defense to provide Congress with diplomatic assurances regarding detainee transfers and reports containing such assurances. Across two administrations, the Executive Branch has consistently informed Congress and represented before U.S. courts that disclosing such diplomatic assurances from foreign governments would have a chilling effect on those countries' willingness to cooperate on detainee transfers.

The Administration objects finally to the additional reporting requirement in section 1036, which would require the Secretary of Defense to submit an unclassified report to Congress on past detainee assessments produced by the Joint Task Force-Guantanamo. The Administration does not believe this section, as drafted, is a productive measure and will treat this provision, along with sections 1033(b)(2) and 1037, consistent with the President's constitutional authority in this area.

Defense Acquisition: The Administration strongly objects to section 843 and related provisions, which are inconsistent with the Secretary of Defense's exercise of authority, direction, and control over all of the DOD programs and activities. Since DOD's founding, the Secretary of Defense has served as the principal assistant to the President in all matters relating to DOD and subordinated the Departments of the Army, Navy, and Air Force to the Secretary's authority. This provision would undermine this principle by seeking to exclude the Secretary and his assistants from certain matters entrusted exclusively to the military departments. Section 843 would significantly reduce the Secretary of Defense's ability - through the Under Secretary of Defense for Acquisition, Technology and Logistics USD(AT&L) - to guard against unwarranted optimism in program planning and budget formulation, and prevent excessive risk taking during execution - all of which is essential to avoiding overruns and costly delays. Program planning, management, and execution are already Service responsibilities. The USD(AT&L) reviews Service plans at discrete milestones associated with major Department resource commitments to ensure programs are affordable, executable, and follow sound business and risk management practices. The prohibition on documentation without a determination by the Deputy Chief Management Officer also abrogates the ability of the Secretary and Under Secretary to conduct routine execution monitoring of programs, thus handcuffing their ability to intercede unless and only until notified programs are at risk of failure. Recent studies from the Government Accountability Office (GAO) and DOD's own performance reports show clear empirical evidence of steady improvements in acquisition results since the role of the Under Secretary has been enhanced in recent years. DOD is committed to reducing unnecessary bureaucracy and continuing the important work of improving the performance of its defense acquisition system in close coordination with Congress, including increasing the military Service Chief's role. The Administration strongly objects to these provisions because they would not accomplish that goal, and would significantly increase the risk of overly optimistic program planning and budgeting.

Military Compensation and Retirement Modernization Commission (MCRMC)

Recommendations: The Administration appreciates the Committee's support for some of the MCRMC recommendations to improve our military compensation and retirement systems, and encourages Congress to support the additional recommendations for which the Administration has transmitted legislation. The Administration continues to evaluate how the more complex recommendations of a Blended Retirement System would affect the All-Volunteer Force and expects to provide the Committee with further views on this proposal in the near future. The Administration looks forward to continuing to work with Congress and the MCRMC on other

provisions, to meet our solemn responsibility to ensure that any changes protect the long-term viability of the All-Volunteer Force, improve quality-of-life for service members and their families, and safeguard the fiscal sustainability of the military compensation and retirement systems.

Compensation Reform and TRICARE: The President's Budget provides funding and common-sense reforms that will ensure that service members receive competitive pay and benefits and critical training and equipment. The Administration believes it is imperative to slow the growth of personnel costs and modernize military healthcare and appreciates the Committee's support for several of these compensation reforms. The Administration appreciates the modification of TRICARE pharmacy cost-sharing requirements in the bill. However, among reforms not included in the bill are other proposed improvements that will modernize the TRICARE program. TRICARE remains fundamentally unchanged since its inception in the mid-1990's and is antiquated by contemporary health plan standards. The Consolidated Health Plan structure would provide DOD with substantial projected savings, simplify TRICARE for beneficiaries, and offer participants more freedom to choose providers. Failing to enact the TRICARE and other various reform proposals would compel DOD to take additional reductions in the areas of readiness, modernization, and force structure. The Administration looks forward to working with Congress on these and other reforms to modernize and enhance the military health care system.

Commissary Streamlining and Privatization: The Administration appreciates the Committee's efforts in adopting provisions that would strengthen the defense commissary system by treating commissary overseas transportations costs in the same manner as we do domestically and allowing the use of commissary surcharges to purchase operating supplies in lieu of appropriations. Currently, the Administration has concerns with commissary privatization and the willingness of private sector entities to participate in such a project. However, there is an independent study under way to determine whether privatization is a feasible option and we should wait for those results prior to making any policy changes. In the meantime, the Administration encourages Congress to authorize the Department to pursue an alternative pilot program, as set forth in our current legislative proposal. We also strongly encourage Congress to adopt the other elements of our proposal as the primary means to offset operating costs and develop effective commissary business practices without significantly affecting patron savings.

Prohibition on Conducting Additional BRAC Round: The Administration strongly objects to section 2702, which does not authorize an additional BRAC 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 Congress to provide the BRAC authorization as requested, which would allow DOD to right-size its infrastructure while providing important assistance to affected communities, freeing resources currently consumed by maintaining unneeded facilities. In the absence of authorization of a new round of BRAC, the Administration will pursue alternative options to reduce this wasteful spending and ensure that DOD's limited resources are available for the highest priorities of the warfighter and national security.

Prohibition on Retirement of A-10 Aircraft: The Administration strongly objects to section 134, which is inconsistent with DOD's fiscal constraints and current priorities. Section 134 would restrict DOD from obligating or expending funds to retire A-10 aircraft and would require a study by an independent agency focusing on what capabilities should be included in an A-10

replacement. The retirement restriction puts at risk needed recapitalization efforts affecting the acquisition and manning of the Air Force fighter enterprise. Additionally, the study specifies capability thresholds that may or may not be valid in future conflicts. DOD believes the Joint Strike Fighter and other multi-mission aircraft will replace the A-10's singular mission of close air support while also providing other critical capabilities.

Limitations on Retirement, Management, or Acquisition of Aircraft: The Administration strongly objects to sections 131-133 and 135-138, which are inconsistent with DOD's fiscal constraints and restrict DOD's ability to retire, acquire, or transfer weapon systems and aircraft platforms in accordance with current strategic and operational plans. Air Force management of its operational assets across the force is critical. These sections would limit acquisition, retirement or transfer of the following aircraft: B-1, B-2, and B-52 bomber aircraft; all fighter aircraft; F-35A fighter, EC-130 H Compass Call aircraft; C-130H aircraft and associated manpower; T-1A Jayhawk aircraft; Airborne Warning and Control Systems (AWACS) aircraft; or Joint Surveillance and Target Attack Radar Systems (JSTARS) aircraft. Such prohibitions limit or delay savings, efficiencies, and operational capabilities necessary to meet mission objectives in the current fiscal environment.

Aviation Restructure Initiative (ARI): The Administration strongly objects to sections 1044 and 1045, which would place new limitations on implementation of the ARI and negatively affect the Army's readiness and ability to prepare and deploy forces to meet ongoing operations. The National Defense Authorization Act for FY 2015 (FY 2015 NDAA) established limitations on the ARI, but provided for the transfer of certain numbers of aircraft and time for congressional review of the report of the Commission on the Future of the Army before transfer of additional aircraft. The Department's plan for the transfer of select numbers of aircraft between the components in FY 2016 is in compliance with the FY 2015 NDAA and is the same as the number of Apache aircraft (72) that the National Guard Bureau agreed to transfer in their aviation proposal. Sections 1044 and 1045 combined would have a negative impact on the combat effectiveness of three of eleven remaining Regular Army combat aviation brigades by preventing the transfer of Apache aircraft in FY 2016 to build the reconnaissance squadrons of the 1st Infantry Division in Kansas, the 25th Infantry Division in Hawaii, and the 10th Mountain Division in New York. The remaining combat aviation brigades would bear the rotational burden to meet current and projected operational requirements around the world, and would increase operational tempo and deploy-to-dwell ratios for these low-density, high demand units. These new limitations also would likely induce a 50-to-100 percent reduction of AH-64D inductions into the AH-64E remanufacturing facility in Mesa, Arizona and affect supporting activities in Huntsville, Alabama, and elsewhere. The Administration urges Congress to remain consistent with the FY 2015 NDAA and permit the transfer of 72 Apache aircraft in FY 2016.

Streamlining DOD Management and Operational Headquarters: While the Administration welcomes the Committee's support for DOD's plan to reduce headquarters personnel and spending by 20 percent, the Administration strongly objects to section 351, which would require a reduction of 30 percent without recognizing reductions that have already been made. By anchoring the reductions on the FY 2015 authorized amounts, the scale and timeline of these reductions would preclude DOD from implementing them through streamlining and process improvements. Instead, DOD would be required to make deep, across-the-board cuts which would undermine critical functions that support the warfighter. DOD's execution of then-Secretary of Defense Hagel's Department-wide 20 percent headquarters reduction plan projects savings of \$5.3 billion. These cuts were incorporated into the President's FY 2016 Budget and

will continue through FY 2019. Section 351 anchors the cost reduction in DOD's administrative operations and maintenance account, which includes activities other than management headquarters; it is, therefore, an inappropriate basis for cost reduction. Section 351 contains exemptions that would prevent enterprise-wide streamlining efforts, presupposes the priority of certain support functions with insufficient consideration of broader mission needs, and fails to recognize the important functional distinctions between the Office of the Secretary of Defense, Military Departments, Joint Chiefs of Staff, and Combatant Commands that were established under the Goldwater-Nichols DOD Reorganization Act of 1986.

Multiple Provisions Affecting Space Launch: The Administration strongly objects to sections 1603, 1604, 1605, and 1606, which contain provisions addressing contracting and development of launch capabilities. Section 1603 would effectively eliminate the opportunity for meaningful competition during Evolved Expendable Launch Vehicle (EELV) Phase 2 and leave restrictions in place that could inhibit DOD's ability to maintain assured access to space for National Security Space satellites. Section 1604's restriction on the use of an EELV Launch Capability-like arrangement on future EELV competitions is premature because such an arrangement may be required to maintain two families of launch vehicles and support the Department's mandate of having assured access to space. This restriction may also preclude DOD from meeting its commitments from the USG/Space X mediation. In the event such an arrangement is determined to be in the Government's best interest, it would be applied fairly to all EELV launch service providers. Section 1605 does not account for the 2-3 year lead time between the procurement and launch of the system. Additionally, there is significant capability variation between single-core and three-core (heavy) launch vehicles. Finally, the section 1606 requirement for a plan to develop and field a full-up rocket propulsion system would not, by itself, preserve the Nation's assured access to space. Developing a rocket propulsion system independent of the rest of the space launch system risks the Government investing hundreds of millions of dollars without ensuring the availability of operational launch systems. Sound systems engineering principles and over a half-century of launch vehicle design work demonstrate that a rocket propulsion system must be developed in conjunction with the rest of the space launch vehicle. The Administration is committed to the same goals for space espoused in the bill -- assured access to space via commercially-viable, competitive, domestic launch providers using U.S.-developed launch systems for national security space. Sections 1603-1606 would impede achievement of those goals. Additionally, section 1605 would interfere with the President's constitutional authority to recommend to Congress such measures as he shall judge necessary and expedient.

Counterterrorism Partnerships Fund (CTPF): The Administration objects to the reduction of \$1.1 billion of CTPF because it would severely limit a valuable partnership-focused approach to counterterrorism. Reducing CTPF precludes DOD from continuing important security assistance programs begun in FY 2015. The Administration strongly encourages Congress to authorize the \$2.1 billion originally requested to continue support for CTPF activities in FY 2016.

Open Skies Treaty: The Administration strongly objects to section 1662, which would change the reporting requirement to provide an assessment to Congress on the national security implications of Russian proposals to introduce new or modified sensors or aircraft, from 30 days to 90 days prior to the United States certifying the aircraft or sensors. The 90-days requirement is not feasible, as it would allow insufficient time for the U.S. Government to assess the Russian proposal adequately and is only 30 days after we would be informed of Russia's notification of intent to certify, and before all analyses are completed.

Missile Defense Programs: While the Administration appreciates the Committee's support of ballistic missile defense programs, the Administration objects to sections 1641, 1642, and 1643. Section 1642 would require DOD to deploy a long-range discrimination sensor by December 30, 2020, to defend against potential future long-range ballistic missile threats from Iran. DOD is conducting a comprehensive sensor analysis of alternatives, and mandating deployment of a missile tracking radar by 2020 is premature and unfunded. Section 1643 would require a plan to deploy anti-air warfare capability to the Aegis Ashore sites in Poland and Romania. If a U.S. solution were implemented, this requirement would entail hardware and software upgrades not previously planned and would introduce additional costs and potentially delay the deployment in Poland. Installing this capability would also require amending previously negotiated agreements with the host nations as well as extensive discussions with our NATO Allies. Section 1641 would require DOD to provide a plan to accelerate by two years the fielding of a potential future Continental United States interceptor site within 30 days of the completion of the ongoing Environmental Impact Statement. Consistent with section 234 of the FY 2013 NDAA, DOD is already preparing a contingency plan and believes this added requirement is premature and inconsistent with best acquisition practices.

Ukraine Security Assistance Initiative: The Administration strongly objects to the limitation in section 1251(c)(2), which stipulates that no more than 50 percent of the \$300 million in authorized funds may be obligated until at least 20 percent is spent on lethal assistance or counter-battery radars. This limitation forces the hand of the Administration in providing lethal assistance to the government of Ukraine - a decision that should rest with the Executive Branch.

Foreign Policy and Security Assistance-Related Authorities: The Administration appreciates the bill's inclusion of several useful foreign policy and security assistance-related authorities. Such authorities must strike the needed balance between specific defense initiatives and broader foreign policy priorities. This delicate balance can be jeopardized by narrow new assistance authorities that address sensitive issues with profound foreign policy ramifications. The Administration is currently conducting a review of existing authorities to determine if there are gaps that need to be addressed. The Administration looks forward to working with Congress on this effort and on ensuring that any legislation strikes the appropriate balance.

Restrictions Imposed on CVN 78 Class Aircraft Carrier Program: The Administration strongly objects to section 111, which would reduce the cost limitation baseline for CVN 79 and subsequent FORD-class carriers to \$11.398 billion. A \$100 million reduction would degrade the capabilities of CVN 79 and follow-on ships or increase the risk of a breach of the cap. The current cost cap represents a significant reduction from CVN 78 and will be challenging to achieve. Further reductions may impact the delivery of integral warfighting capability. The Department has worked with the shipbuilder and other system providers to revamp the construction process for CVN 79 to avoid the cost increases experienced with construction of CVN 78. The Administration also strongly objects to section 112, which would add debilitating restrictions to the construction and cost of CVN 79 by requiring Full Ship Shock Trials (FSST) on CVN 78 by September 30, 2017. The three years of detailed planning and preparation activities required to complete FSST would divert engineering resources needed to complete the first-of-class integrated shipboard test program currently underway on CVN 78. In addition, any further delays in delivering the ship would compromise deployed presence and contingency support, as well as surge capacity, to combatant commanders.

Littoral Combat Ship (LCS) and Frigate (FF): The Administration objects to limitations on Research, Development, Test, and Evaluation (RDT&E) and Shipbuilding and Conversion, Navy funding for LCS and FF ships. Withholding 75 percent of the RDT&E Frigate funding would prevent the Navy from completing the necessary design and integration efforts required to develop technical data packages and proposal. Withholding funding in support of the Frigate would jeopardize the Navy's ability to achieve a FY 2019 production contract, resulting in a gap in the production lines and additional procurement costs.

U.S. Southern Border Security: The Administration strongly objects to sections 1041 and 4401, related to the provision of assistance to the Department of Homeland Security's (DHS) Customs and Border Protection (CBP). Section 1041 would require the Secretary of Defense to provide assistance to the CBP efforts to secure the U.S. southern border. This section would supplant existing laws, which authorize DOD support on a reimbursable basis, when necessary, and as determined by the President, the Secretary of Defense, and the Secretary of Homeland Security, with a law that mandates DOD support on a non-reimbursable basis, whether necessary or not. This would leave the Secretary of Defense with no choice but to direct cuts in DOD programs intended to provide for the national defense of the United States - a DOD mission - in order to fund a DHS mission. Likewise, section 4401 would add funds in Military Personnel Appropriations for additional National Guard support to CBP's Operation Phalanx. The additional funding in section 4401 would change this National Guard support into a mission that benefits DHS at the expense of National Guard training requirements.

Basic Allowance for Housing (BAH) for Married Members and Members Living Together: The Administration strongly objects to section 604, which would restrict BAH for uniformed service members who are married to another member and limit BAH for members who choose to share housing with other members. BAH is a part of every member's regular military compensation and is designed to provide a cash housing allowance. Section 604 would impose a significant marriage penalty when a member is married to another member. This section would penalize members who choose to reside with other members as compared to those members who choose to reside alone or share housing with nonmembers. This action would seem to conflict with the fundamental fiscal responsibility required of our service members.

Section 604 will have a disproportionate negative impact on women service members, where 20 percent of women on active duty are in a dual military marriage, compared with only 3.7 percent of active duty men. These women will lose significant benefits and support they are owed for their service to our country. Section 604 will degrade the culture and environment needed to keep our military open and welcoming to military families and risks sacrificing the strengths they bring to our nation's defense. Finally, section 604 will have a negative impact on the recruitment and retention of the high quality service members, and families, required for our all-volunteer force.

Auditing of Contracts: The Administration objects to section 878, which would preclude the Defense Contract Audit Agency (DCAA) from receiving reimbursements from non-Defense Agencies, unless the Secretary of Defense certifies that the DCAA-incurred cost backlog is less than 12 months of inventory. This provision would cause additional burdens on the already overtaxed staff of the DOD Inspector General, DCAA auditors, and on industry, and would decrease efficiency within DCAA. In the past three years DCAA has reduced the incurred cost backlog by 90 percent and those reductions are continuing. The restrictions imposed by this section will not lead to the reductions envisioned and could result in unintended negative

consequences such as having to perform duplicative work and placing more burden on contractors having to deal with more than one audit group.

Unrequested Funding: In this fiscally-constrained environment, the Administration objects to the authorization of billions of dollars of unnecessary funding offset by equal cuts to higher priority items requested in the President's Budget. Unrequested items include \$1.15 billion for extra F/A-18 aircraft and \$1.1 billion for extra Joint Strike Fighters. The Administration has made extensive efforts to assess, prioritize, and balance force capacity, capability, and readiness in developing the FY 2016 Budget. Extra programs inserted in the budget come at the expense of programs that are more important and will create ripple effects across the rest of the budget.

Operation and Maintenance and Military Personnel Reductions: The Administration objects to the billions of dollars of undistributed reductions in the bill across the operation and maintenance and military personnel accounts. The operation and maintenance reductions would be applied to those programs which support readiness, depot maintenance, base operations support, and facilities sustainment, restoration, and modernization line items. These reductions will delay the Department's full-spectrum readiness recovery efforts and increase the backlog of maintenance at the military departments' depot facilities.

No Entitlement to Unemployment Insurance While Receiving Post-9/11 Education Assistance: The Administration objects to section 535 because the population of veterans it covers is too broad. The intent of the MCRMC proposal was to eliminate the dual receipt of unemployment benefits and a housing stipend for veterans receiving Post-9/11 Education Assistance. However, section 535 would affect every veteran receiving even a minimal amount of assistance through the Post 9/11 GI Bill, such as technology certification, credentialing, and licensing training. State-level unemployment compensation programs already provide guidance regarding students' status within the workforce and eligibility to receive benefits. This could have a disproportionate impact on Reserve Component service members because it could affect both separated and currently serving Reserve Component members.

Marine Corps Base Camp Pendleton Raw Water Pipeline Military Construction Project: The Administration strongly objects to the deletion of this essential project which supports the long-term sustainability of a critical training and deployment base by providing water security in a drought-stricken region. The military construction project satisfies a court order to find a physical solution to an ongoing, more than 64-year dispute over water rights. This project is DOD's contribution to the physical solution which, if not built in time, would allow the State to take Camp Pendleton's water rights back and force the Department of the Navy and the Fallbrook Public Utility District to reapply, thereby losing some of the most senior water rights on the river. Without this project, Camp Pendleton would not be able to ensure the future supply of potable water that is required to train and deploy Marines of the I Marine Expeditionary Force.

Availability of Information - Supplemental Nutrition Assistance Program (SNAP): The Administration has a number of concerns with section 607, which would require the Secretary of Agriculture, in administering the supplemental nutrition assistance program, to "ensure that any safeguards that prevent the use or disclosure of information obtained from applicant households shall not prevent the use of that information by, or the disclosure of that information to, the Secretary of Defense for purposes of determining the number of applicant households that contain one or more members of a regular component or reserve component of the Armed

Forces.” The Department of Agriculture would want to ensure that no provision compromises access to SNAP and confidentiality for military members in need who seek assistance, and is unclear on the implications of the provision as drafted.

Hanford Waste Treatment and Immobilization Plant (WTP) Contract Oversight: The Administration objects to section 3115, to the extent that it would establish an owner's representative to carry out certain inherently governmental activities, such as the direct oversight of another contractor and the resolution of nuclear safety issues. While the Department of Energy (DOE) supports utilizing an owner’s representative to provide assistance to the Federal Project Director, section 3115 would interfere with the relationship between DOE and its representative by prescribing the representative’s duties. Section 3115 also inappropriately mandates completion of updated preliminary documented safety analyses before technical issues associated with the WTP are resolved and necessary design changes are identified.

Laboratory Directed Research and Development (LDRD): The Administration objects to Section 3117, which would increase the maximum amount that can be redirected from funded projects to the National Nuclear Security Administration LDRD from six percent to eight percent. Both the Commission to Review the Effectiveness of the National Energy Laboratories and Secretary of Energy’s Advisory Board are currently looking at the overall issue of LDRD and are going to be making recommendations on LDRD rates in the future.

Defense Meteorological Satellite Program: The Administration objects to section 1607, which would limit the availability of all funding for the Defense Meteorological Satellite Program (DMSP)-20 and its launch until several onerous prerequisites are met. By 2017, only one DMSP satellite will be within its design life. Senior DOD officials have already certified that this fully-built and recently-refurbished satellite is a cost-effective solution to the expected shortfall in polar-orbiting weather satellites, which GAO has chronicled in its High Risk List. Because weather satellite data are shared among defense, intelligence, civil, and international users, delays in launching this satellite would have broad implications, including reduced accuracy of weather prediction models and degraded efficiency of surveillance and reconnaissance platforms. Launching DMSP-20 as soon as possible also minimizes the hefty maintenance cost of \$70 million per year. Section 1607 would unnecessarily delay the launch of this satellite, elevating risks to a variety of national missions and increasing costs to the taxpayer.

Constitutional Concerns: A number of provisions raise additional constitutional concerns. The Administration looks forward to working with Congress to address these and other concerns.

* * * * *