



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

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(Senate)

## STATEMENT OF ADMINISTRATION POLICY

### S. 1197 - National Defense Authorization Act for FY 2014

(Sen. Levin, D-MI)

The Administration appreciates the Senate Armed Services Committee's continued support of our national defense in S. 1197, the National Defense Authorization Act for Fiscal Year 2014. In particular, the Administration appreciates the support of the Committee for authorities that assist the Armed Forces in operating in unconventional and irregular warfare and countering unconventional threats, support capacity building efforts with foreign military forces, and support contingency or stability operations, as well as its support for the one percent pay raise for members of the uniformed services. The Administration also commends the Committee for working to offer stronger protections for sexual assault victims.

While there are a number of areas of agreement with the Committee, the Administration has serious concerns with certain provisions. Several provisions would constrain the ability of the Armed Forces to align military capabilities and force structure with the President's strategy, impede the ability of the Secretary of Defense to reduce overhead and make programs more efficient, and constrain efforts to implement the U.S. strategy for Afghanistan. The Administration looks forward to working with the Congress to address these and other concerns, a number of which are outlined in more detail below. The Administration also looks forward to reviewing a classified annex and working with the Congress to address any concerns on classified programs.

Detainee Matters: The Administration appreciates the Committee's constructive proposals regarding transfers of detainees held at the U.S. Naval Station, Guantanamo Bay, Cuba. The Committee's provisions are a significant improvement over existing law. Of course, even in the absence of any statutory restrictions, the Administration would transfer a detainee only if any threat the detainee poses can be sufficiently mitigated and only when consistent with our humane treatment policy. The Administration looks forward to continuing to work with Congress on refining these provisions to ensure that they provide necessary flexibility to the Executive Branch.

TRICARE Fees and Co-Payments: The Administration believes that military retirees deserve quality, sustainable health care benefits. For this reason, the Administration strongly supports its requested TRICARE fee initiative that seeks to control the growth of health care costs at the Department of Defense (DOD) while keeping retired beneficiaries' share of these costs well below the levels experienced when the TRICARE program was implemented in the mid-1990s. The projected FY 2014 TRICARE savings of \$902 million and \$9.3 billion through FY 2018 are essential for DOD to successfully address rising personnel costs. DOD needs these savings to balance and maintain investments for key defense priorities, especially amidst significant fiscal challenges posed by statutory spending caps. The Administration strongly urges the Congress to support the proposed TRICARE fee initiative.

Base Realignment and Closure (BRAC): The Administration strongly objects to section 2702, which would make a formal review of the overseas military facility infrastructure a precondition for authorizing any future BRAC round. The Administration has been reviewing DOD's overseas infrastructure, and the results of that analysis will inform future infrastructure decisions. However, the effort to configure our overseas infrastructure in a more efficient way should not prevent the authorization of another round of BRAC analysis for domestic bases. The Administration urges the Congress to provide the BRAC authorization as requested, which would allow DOD to right size its infrastructure, while providing important assistance to affected communities. Without authorization for a new round of BRAC, DOD may not properly align the military's infrastructure with the needs of the evolving force structure, which is critical to ensuring that limited resources are available for the highest priorities of the Armed Forces and national security.

Life Extension Program: The Administration strongly objects to section 1043, which would require DOD and the National Nuclear Security Administration to develop cost estimates for four separate life extension program (LEP) options as part of the W78/88-1 Phase 6.2/6.2A Feasibility and Cost Study. The current study scope will inform a cost/risk/benefit decision on a warhead with an interoperable nuclear explosive package that can be used on multiple platforms. Including efforts to determine feasibility and costs for full scope LEPS on the W78, W88, and W87, and W78/88-1 would significantly delay completion and increase costs of the feasibility study.

Research & Development Funding Reductions: The Administration objects to the \$100 million reduction for the Defense Advanced Research Projects Agency (DARPA) and the \$100 million reduction to the Navy's Offensive Anti-Surface Warfare (OASuW) weapon development. DARPA's innovative research leads to breakthrough discoveries and helps maintain the technological superiority of the U.S. military. Full funding for DARPA is important to adequately support ongoing programs and initiate new research activities. The OASuW development effort is necessary for rebalancing the Department's mix of force structure and program investments towards the Asia-Pacific theater of operations, and is essential to supporting future operations against heavily defended targets in anti-access/area-denied environments. The OASuW's development is aligned with Combatant Commander priorities and leverages existing DARPA investments to enable delivery of required capabilities in the most expeditious and economical manner at the lowest risk.

Retention of Navy Airborne Intelligence, Surveillance, and Reconnaissance (ISR)

Platforms: The Administration strongly objects to section 124(b)(2), which would require the Navy to maintain the current number of EP-3 aircraft allocated under the Global Force Management Allocation Plan. The Department is executing a Joint Requirements Oversight Council-approved Maritime ISR and Targeting Transition Plan, which would maintain the ISR capability resident in the legacy force (EP-3/SPA) and develop the future force (P-8 QRC/MQ-4C Triton/Triton Multi-INT) to provide Combatant Commands with a scalable, interoperable, and persistent ISR capability.

Military Construction Projects Funded Using In-Kind Payments: The Administration strongly objects to section 2801, which would require that military construction projects funded by in-kind payments from partner nations be submitted for congressional authorization in the annual National Defense Authorization Act. Construction projects provided pursuant to bilateral agreements with host countries or as in-kind payment of residual value are accomplished by

sovereign partner nations. This proposed change in law would result in host nations awaiting actions by the U.S. Congress before they would spend their funds for projects to be constructed in their countries. At the very least, our partner nations would regard this process unnecessarily burdensome and interfering in their domestic defense decisions. This requirement could have a negative effect on our ability to secure significant cost-sharing support.

Realignment of Marines Corps Forces in Asia-Pacific Region: The Administration strongly objects to the limitations imposed by section 2821 on the obligation of funds for the realignment of U.S. Marine Corps units from Okinawa to Guam and Hawaii, a goal to which successive Administrations have remained steadfastly committed since 2006. A key aspect of the Asia-Pacific rebalance is to create a more operationally resilient Marine Corps presence in the Pacific and invest in Guam as a joint strategic hub. By preventing the timely obligation of United States and Government of Japan funds to implement this realignment, section 2821 would unnecessarily restrict the ability and flexibility of the President to execute our foreign and defense policies in coordination with our ally, Japan, and undermines a key component of the broader U.S. strategy in the Asia-Pacific region. Further, the Administration has serious concerns regarding the section 2821 restrictions on the development of public infrastructure on Guam, and the lack of authorization for a military construction project (aircraft hangar) that would directly support the realignment. These actions would raise questions among regional states about the reliability of the United States security commitments to allies in the region.

Streamlining DOD Management Headquarters: While the Administration recognizes that there are opportunities for streamlining and reducing duplication in headquarters staffs, we object to section 905 to develop a plan with particular budgetary or fiscal targets, which would preclude the Department from appropriately sizing its workforce to meet its mission workload. The Secretary of Defense has already issued similar guidance and the Department is planning for a 20 percent reduction in headquarters, including restructuring and streamlining DOD headquarters in the Services, the Joint Staff, and the Office of the Secretary of Defense.

Limitation on the Availability of Funds for the Task Force for Business and Stability Operations (TFBSO): The Administration objects to subsection (c) of section 1533, which requires the Government of Afghanistan to agree to use future oil and mineral royalties to reimburse the United States for TFBSO-funded economic assistance. It is not the policy of the U.S. Government to seek reimbursement for economic assistance programs. In addition to contradicting long-standing precedent, this provision could harm U.S.-led efforts to build a sustainable Afghan economy and secure a long-term revenue source for the Afghan central government.

Iraqi and Afghan Special Immigrant Visas (SIV): The Administration appreciates the inclusion of sections 1217 and 1218, relating to authority for SIVs for certain Iraqi and Afghan nationals. The Administration supports extension of these programs, but notes its concern with the broadening of the class of aliens who would be eligible, and considers the periods of extension provided for under sections 1217 and 1218 insufficient to meet projected program demand for either Iraq or Afghanistan. We look forward to working with the Congress on these and other appropriate modifications to sections 1217 and 1218 to ensure Iraqi and Afghan nationals who have aided U.S. efforts in these countries through their work, and who have experienced or are experiencing an ongoing serious threat as a result, are able to apply for these visas.

Training U.S. General Purpose Forces with Military and Other Security Forces of Friendly

Foreign Countries: The Administration appreciates the Committee's support for authorizing training of general purpose forces of the U.S. Armed Forces with military and limited other security forces of friendly foreign countries. However, the Administration urges that section 1203 be revised to conform to the Administration's requested purposes and authorities, including concurrence of the Secretary of State, in order to ensure that the focus remains exclusively on the intended purpose to benefit U.S. forces and remains consistent with essential foreign policy considerations.

Personnel Security Clearances: Given recent events, the Administration opposes section 931 as we are currently conducting a comprehensive 120-day interagency Suitability and Security Processes Review under the Performance Accountability Council, led by the Office of Management and Budget. The Administration recognizes the need to further strengthen the Personnel Security Clearance Investigations (PSI) program, but given the scope of the Review, the Administration requests that the Senate defer action and not proceed with section 931, which could create a direct conflict with the existing governance structure of a single Security Executive Agent. The Administration is committed to engaging with the Senate Armed Services Committee and other Congressional committees on the Review's findings and recommendations to improve the security clearance process.

Supervision of the Acquisition of Cloud Computing Capabilities for Intelligence Analysis: The Administration appreciates the inclusion of section 943, which addresses the interoperability between a DOD intelligence analysis system and the Office of the Director of National Intelligence's (ODNI) Intelligence Community Information Technology Enterprise (IC ITE). The Administration interprets this provision as allowing DOD to pursue cloud computing capabilities for the Department and does not interpret this provision as intending to supersede the DNI's current efforts with respect to IC ITE. As a matter of good governance, the ODNI and DOD will continue their efforts to appropriately align their respective IT systems to enable their related missions.

Trans Regional Web Initiative (TRWI): The Administration opposes section 343 because prohibiting the Secretary of Defense from expending any funds to continue the TRWI and the associated websites would effectively remove an important Military Information Support Operations tool used by the Geographic Combatant Commanders in support of their missions as directed in the Unified Command Plan. TRWI is the Department's only synchronized online influence effort able to challenge the spread of extremist ideology and propaganda on the Web. Earlier this year, the Department, pursuant to congressional certification requirements in section 1535 of the National Defense Authorization Act for Fiscal Year 2012, addressed many of the concerns raised in the Committee report by demonstrating that the TRWI is the most cost-effective means for reaching audiences which affect achievement of Geographic Combatant Commanders Theater Campaign Plan objectives.

Limitation on Allowable Cost for Contractor Employee Compensation: The Administration commends the Senate for including section 841, which would set the cap establishing the reimbursement limit on compensation for contractor employees at \$487,000. Eliminating the current statutory formula for setting the cap -- which has caused the limit to soar by more than 300 percent from \$250,000 in the mid-1990s to close to \$1 million in FY 2012 - and replacing it with a more reasonable baseline is an important step in restoring fiscal responsibility to federal contracting and giving relief to taxpayers who have been saddled with paying excessive compensation costs to contractors. We urge the Senate to apply this reform government-wide, as proposed by the Administration, so that this change can be applied uniformly and consistently to

all contractor employees who do business with the Federal Government, both defense and civilian.

Land Withdrawals: The Administration urges the inclusion of the renewals of withdrawals for the China Lake, Limestone Hills, and Chocolate Mountains ranges. These withdrawals are critical to the continued readiness of the nation's armed forces.

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.

Constitutional Concerns: A number of the bill's provisions, such as section 1065 and 1236, raise additional constitutional concerns, including interference with the President's authority as Commander in Chief to direct deployment and use of the armed forces and exclusive authorities related to international negotiations.

The Administration looks forward to working with the Congress to address these and other concerns.

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