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

June 25, 2018
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 6157 — Department of Defense Appropriations Act, 2019
(Rep. Frelinghuysen, R-NJ)

The Administration appreciates investments that H.R. 6157, making appropriations for the Department of Defense for the fiscal year (FY) ending September 30, 2019, and for other purposes, makes in the Nation's military readiness and lethality.

The Administration welcomes the House's timely consideration of appropriations legislation, and looks forward to working with the Congress well before the end of the fiscal year to enact individual bills that provide sufficient funding to essential programs without further jeopardizing the Nation's fiscal state.

The FY 2019 Budget request, as amended, accounts for the Bipartisan Budget Act of 2018 (BBA's) new Defense and non-Defense discretionary spending caps for FY 2019. The Administration strongly supports the overall Defense levels included in the BBA. Given the Nation's long-term fiscal constraints and the need to right-size the Federal Government, however, the Administration does not support the BBA's non-Defense cap of $597 billion, which is $57 billion above the FY 2019 Budget.

The Administration would like to take this opportunity to share additional views regarding the House Appropriations Committee's (Committee) version of the bill.

Department of Defense (DOD)

Military Personnel and End Strength. The U.S. military's greatest asset is the men and women who volunteer to serve. The Administration appreciates that the bill fully funds the requested 2.6 percent military pay raise as well as the FY 2019 Budget request to rebuild the military by increasing end strength to 1,338,100 Active Component and 817,700 Reserve Component members.

Littoral Combat Ship. The Administration urges the Congress to limit the funding level to $647 million in FY 2019 to procure only one Littoral Combat Ship (LCS). There is no requirement for an additional two LCSs in FY 2019 at a cost of $950 million. One LCS in FY 2019, when combined with the three LCSs funded in FY 2018 and the three funded in FY 2017, would keep both shipyards supplied with ample work to remain viable for the U.S. Navy Next Generation Frigate FFG(X) Program competition. It is imperative that we take the lessons learned from the LCS program and move on to providing a more capable and survivable ship to meet the Navy's

needs, consistent with National Defense Strategy (NDS) priorities.

Joint Surveillance Target Attack Radar System (JSTARS) Recapitalization. The Administration strongly believes the JSTARS recapitalization program does not meet the needs of the warfighter across the full spectrum of conflict and investing in the Advanced Battle Management System (ABMS) is prudent and better postures DOD for future warfighting environments. DOD is moving away from its previous aircraft-centric approach to JSTARS recapitalization and urges the Congress to support DOD's new, more survivable, net-centric approach. The old, aircraft-centric JSTARS recapitalization program will be unable to perform its mission in high-end contested environments, which is counter to the NDS. Therefore, the Administration objects to the addition of $623 million to fund that program, and to making the divestment of current JSTARS aircraft contingent on its funding. In order to address sensing and command-and-control requirements across the full range of military operations, resources would be better utilized to invest in ABMS.

Reductions to Operations and Maintenance Accounts. The Administration appreciates the funding the Committee provided to restore readiness in FY 2019, which supports the NDS to build a more lethal force. The Administration strongly objects, however, to the $3 billion reduction to the Services' Operation and Maintenance (O&M) accounts. These reductions negate the Committee's otherwise clear intent to support defense readiness, and would directly and negatively impact key readiness priorities including depot maintenance, base operations support, communications, and facilities sustainment, restoration, and modernization. The reductions to Defense-wide O&M would negatively impact readiness enablers supporting the military services and the Defense Health Program's medical services for service members and their families. Consistent with the NDS objective to reform DOD business practices, the FY 2019 Budget request already contains reductions in the O&M account of over $450 million for prior-year underperformance; these funds were realigned to support other NDS priorities.

Financial Assistance for Palau. The Administration appreciates the Committee's ongoing support for the 2010 Palau Compact Review Agreement (CRA), which enables the United States to fulfill its financial commitment to the Republic of Palau in FY 2018. Consistent with the CRA, the Administration strongly urges the Congress to include DOD's requested provision in FY 2019 that would provide the authority for DOD to offset costs associated with Palau's acquisition of private land for new U.S. defense sites to install critical defense assets.

Multiple Munitions Reductions. The Administration appreciates the overall support for preferred munitions provided in the bill, which directly supports the NDS to build a more lethal force. The Administration objects, however, to the bill's nearly $245 million in reductions to munitions across multiple procurement appropriations. The FY 2019 Budget request continues increased procurement of preferred and advanced munitions, a necessity due to ongoing operations in the Middle East and the need for war reserves. DOD still has shortfalls in preferred munitions needed to achieve successfully the operational plans identified in the NDS; the AIM 120 Advanced Medium-Range Air-to-Air Missile (AMRAAM), Army Tactical Missile System (ATACMS), Guided Multiple Launch Rocket System (GMLRS), Joint Air-to-Ground Missile (JAGM), and the Tomahawk missile are all significant contributors to increasing DOD's lethality and warfighting capability that would be detrimentally impacted by these reductions.

C-135B (Open Skies Treaty Aircraft). The Administration objects to the elimination of $222 million in procurement funding for the C-135B. The Air Force requires the full funding level requested in the FY 2019 Budget to recapitalize its existing fleet of 1960s-era OC-135B U.S. Open Skies Treaty (OST) observation aircraft with modern, capable, and cost-effective replacements. Currently, the United States is not able to fully exercise its rights under OST because some airfields covered by OST are not accessible to the current OC-135B aircraft.

Reporting Requirements Related to Joint Enterprise Defense Infrastructure (JEDI). The acceleration of cloud technologies is critical to developing technologies such as artificial intelligence and machine learning. In order to maintain our military advantage, DOD will responsibly leverage foundational infrastructure and platform technologies from the commercial sector. The Administration recognizes the importance of proper congressional oversight and appreciates the Committee's interest in and support for these efforts, but is concerned that language in section 8130 of the bill is overly prescriptive and creates a burdensome reporting requirement. DOD is committed to continuing to work with the Congress to address concerns and enable oversight while balancing the requirement to deliver new capabilities to the warfighter.

Israeli Cooperative Programs. The Administration appreciates the Committee's support for the FY 2019 Budget request of $500 million for Israeli Cooperative Programs, consistent with the U.S.-Israel Memorandum of Understanding.

Constitutional Concerns

Certain provisions of the bill raise constitutional concerns, including with respect to the President's authority as Commander in Chief. The Administration looks forward to working with the Congress to address these concerns.

The Administration looks forward to working with the Congress as the FY 2019 appropriations process moves forward.

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