



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

June 27, 2002
(House Floor)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

H.R. 5010 - DEPARTMENT OF DEFENSE APPROPRIATIONS BILL, FY 2003

(Sponsors: Young (R) Florida; Obey (D) Wisconsin)

The Administration supports the FY 2003 Department of Defense Appropriations Bill as reported by the House Committee. The Committee bill appropriately funds many of the major requirements needed to keep America secure, to transform U.S. defense capabilities, and to maintain the quality of life of our armed forces. For example, the bill fully funds the military pay raise of 4.1 percent as the President requested, and funds a number of key programs critical to the President's goal of transforming U.S. military capabilities, including Trident submarine conversions, unmanned aerial vehicles, and missile defense.

The Administration also applauds the House Committee for reporting a bill consistent with fiscal discipline and restraint on overall government spending, which are critical to the Nation's ability to provide needed resources for national defense and homeland security and a fiscal environment that encourages continued economic growth and a quick return to budget balance. The President supports a discretionary spending total of \$749.1 billion and a \$10.0 billion reserve for the war on terrorism, in accordance with the House-passed Budget Resolution, and appropriations consistent with the President's request for defense and homeland security activities to support the war on terrorism and increased national homeland security efforts. The Committee's actions strongly endorse these principles.

The Administration commends the Committee's decision to terminate the Army's Crusader program and in general re-allocate resources along the lines of the Administration's recent budget amendment. The Administration urges, however, the House to remove restrictions on the President's flexibility to manage the termination and follow-on essential to transformational efforts.

The Committee includes a reduction of almost \$3 billion to Operation and Maintenance programs, including a \$1.6 billion cut to critical readiness programs based on the assumption that savings can be achieved in working capital funds, foreign currency fluctuations, and other programs. These savings may not materialize, and thus may force real reductions in military readiness. Requested funding for readiness programs is needed at this critical time to ensure U.S. military forces are able to meet the critical challenges of the war against terrorism.

While the Administration appreciates the support for improved benefits and services to our Nation's military personnel, it is concerned about significant reductions to the Military Personnel programs. These reductions are unwarranted at a time when personnel resources are strained by high deployments associated with the Global War on Terrorism.

The Committee's support for the President's missile defense program is welcome. However, the Administration urges the House to restore funding for Sea-Based Terminal Defense and the Airborne Laser. Both of these programs are important components of the President's carefully balanced effort to develop a layered missile defense system to defend the American people, our deployed forces, and our friends and allies against a proliferating missile threat.

The Committee's bill includes a provision that would prohibit the Secretary of Defense from annually ensuring that military retirees choose between DoD and VA for health care. This provision runs counter to the President's CHOICE initiative to better coordinate DoD and VA services. This CHOICE initiative would enhance continuity of care, while optimizing resources by preventing duplication of benefits. In addition, the Administration is concerned about reductions made to the Defense Health Program, which could affect the availability or quality of care.

The Administration has concerns with Section 8007 of the Act, which prohibits use of funds to initiate a special access program until 30 calendar days of congressional session have elapsed after the executive branch has notified Congress. Although 30-day advance notice can be provided in most situations as a matter of comity, situations may arise, especially in wartime, in which the President must promptly establish special access controls on classified national security information under his constitutional grants of the executive power and authority as Commander in Chief of the Armed Forces.

Section 8066 of the Act provides that no DoD funds may be used to transfer defense articles or services to another nation or international organization for certain purposes, until 15 days after the executive branch notifies Congress. To the extent that protection of U.S. Armed Forces deployed for those purposes might require action of a kind covered by section 8066 sooner than 15 days after notification, the President may need to proceed under his constitutional authority as Commander in Chief of the Armed Forces in a fashion more timely than Section 8066 contemplates.
