



June 30, 2016

Dear Conferee:

We are writing to you on behalf of our organizations to ask that you consider the following positions on open issues during the conference on the Fiscal Year (FY) 2017 authorization bill for the Department of Defense. The positions laid out below safeguard taxpayer dollars from wasteful practices and allow for greater openness in the weapons procurement process.

Oppose the shift of funds between base budget and Overseas Contingency Operations (OCO) accounts

The House bill, H.R. 4909, authorizes funds for the Pentagon and related agencies above the amount agreed to in the 2015 Bipartisan Budget Act (BBA) while the Senate bill does not. It does so by moving \$18 billion of what would be OCO-designated dollars into the base budget. The BBA set a cap on spending at \$551.1 billion and the parties agreed that an additional \$58.8 billion would be designated as OCO for the Pentagon. Increasing the Pentagon topline would lead to budget uncertainty by breaking the 2015 BBA which would create uncertainty and confusion in future Pentagon budgets. Pentagon planners expected two years of budget clarity; undermining that certainty jeopardizes national security.

Support clear criteria for use of OCO funds – The House bill included an amendment sponsored by Reps. Van Hollen (D-MD), Mulvaney (R-SC), Lee (D-CA) and Sanford (R-SC) to set guidelines on the use of OCO funds. This commonsense amendment, which passed with bipartisan support on the House floor, would codify criteria developed by the Office of Management and Budget to clarify when military spending should be designated as “contingency operations” and properly be part of the OCO budget. There is no a similar provision in the Senate bill. We urge conferees to maintain this provision. Limiting the use of OCO to its original intent would help prevent the inclination to misuse it as a slush fund in order to avoid necessary spending reductions and prioritization.

Oppose the artificial OCO deadline – We oppose the provision, Section 1504, included in the House version of the bill setting an artificial deadline for the use of the OCO funds authorized in the bill. Setting an April 30, 2017 deadline for spending those dollars sets up an unnecessary budget crisis point next spring. It is also fiscally irresponsible because it doesn't allow the Pentagon to allocate funds as they are best needed to support our war efforts. Instead it requires the military services to "use it or lose it."

Support a Cost Estimate of the B-21 – Section 136 of the House bill contains language requiring a report that includes a cost estimate of the total cost of research, production, and maintenance in both then-year and current-year dollars. The Senate bill includes a provision in its report language that would require that the initial engineering and manufacturing development contract award value of the B-21 be reported to the Congressional defense committees. Insofar as the House language requires public disclosure, we support this provision over the Senate's report language. The American public has a right to know and the Congress has an oversight duty to perform regarding a program expected to cost over

\$100 billion of taxpayer money. Secret programs are anathema to high-performing, cost-controlled, well-managed contracts.

Support report on progress toward an audit of the Pentagon - The Department of Defense remains the only federal agency that can't get a clean audit opinion on its Statement of Budgetary Resources. We thank both committees for fully funding financial management and audit readiness to further this goal. The House bill includes an additional requirement (Sec. 1003) for the Secretary of Defense to submit a report ranking all military departments and Defense agencies on how advanced they are in achieving auditable financial statements. This was a bi-partisan provision sponsored by Reps. Burgess (R-TX), Schakowsky (D-IL), DeFazio (D-OR), Welch (D-VT), and Lee (D-CA). We urge conferees to preserve full funding *and* the House reporting requirement to hold the Department accountable to achieve long overdue audit readiness.

Oppose expansion of National Sea-Based Deterrence Fund – The House bill includes two provisions, Section 1023 and Section 1407 that would expand the authorities of the National Sea-based Deterrence fund to include multi-year procurement authority and change the definition of a national sea-based deterrence vessel. It also includes Section 4501 transferring authority for more than \$773 million in advanced procurement funds for the replacement for the *Ohio* class submarine from the Shipbuilding and Conversion account of the Navy, where the Administration requested it, to Title XIV, outside the Navy accounts. We urge the conferees to reject all these provisions which amount to a House scheme to move funding for this Navy program outside the Navy shipbuilding accounts. This is a transparent attempt to boost Navy shipbuilding accounts beyond the robust \$18.3 billion the Administration requested for FY17.

Support Senate position on National Nuclear Security Administration (NNSA) weapons activities: The House provides \$9.56 billion, or \$316 million above the president's budget request for NNSA weapons activities. Within the House request, there is \$21 million above the PBR for the W80-4 warhead life extension program, the warhead that will be used on the new nuclear armed cruise missile. The Senate provides \$9.235 billion for NNSA weapons activities, a decrease of \$7.76 million from the President's Budget Request, and the PBR level of \$220 million for the W80-4. We support the Senate funding level for NNSA weapons activities. Fiscal realities and the new 21st century strategic environment demand better prioritization of our defense dollars.

Oppose USAF report on F-22 production restart - The House report includes a requirement for the Air Force to study the costs of resuming production of F-22 aircraft. The Senate report has no similar provision. This report is both redundant and wasteful. A 2010 RAND study already examined this issue and estimated producing 75 more aircraft would cost \$17 billion in 2008 dollars. A recent report from the Center for Strategic and International Studies found the Air Force's current acquisition plans already contribute the most to the Department's unaffordable bow wave of modernization costs. The Secretary of the Air Force has made clear that restarting the F-22 line is a non-starter since it would take funds from other higher priority programs, including upgrading the F-22s we already have. We urge conferees to maintain the Senate position and remove yet another unnecessary study from the final conference report.

Limit funding for Joint Land Attack Cruise Missile Defense Elevated Netted Sensor System (JLENS) - The JLENS system is supposed to track flying objects, but tests have found that it cannot consistently track high priority targets or distinguish friendly aircraft from potential threats. We applaud both committees for curtailing spending for this program. The House bill cuts \$43 million from this program, and the

Senate bill cut \$41 million. We urge the conferees to adopt the House position to limit additional funding for this program.

Our collective organizations don't often come together on such a wide variety of issues. But we all agree that the positions outlined above are ones that will reduce wasteful practices and promote greater transparency in Pentagon spending. Thank you for your consideration.

Sincerely,

Campaign for Liberty
Center for Foreign and Defense Policy
Center for International Policy
Coalition to Reduce Spending
Council for a Livable World
DownsizeDC.org
Friends Committee on National Legislation
London Center for Policy Research
National Priorities Project
National Taxpayers Union
Niskanen Center
Peace Action
Project on Government Oversight
Republican Liberty Caucus
Taxpayers for Common Sense
Taxpayers Protection Alliance
U.S. Labor Against the War
Win Without War
Women's Action for New Directions