



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

THE DIRECTOR

July 16, 2018

The Honorable Richard Shelby
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

On June 28, 2018, the Appropriations Committee considered the fiscal year (FY) 2019 Department of Defense (DOD) Appropriations bill. Overall, according to information provided in the Committee press release, the bill appears to decrease funding by \$0.5 billion below the FY 2019 Budget request of \$675.5 billion. The Administration appreciates the opportunity to weigh in on this bill.

The President's 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. As we have noted in previous letters as well as the FY 2019 Budget, the Administration strongly supports the overall defense levels included in the BBA.

The Administration appreciates that the Committee bill includes funding to build a more lethal and ready joint force, consistent with the National Security Strategy (NSS) and National Defense Strategy (NDS). The bill also funds other critical priorities, including:

- **Pay Raise.** The bill provides the 2.6 percent pay raise for military personnel in calendar year 2019, as requested in the FY 2019 Budget.
- **Israeli Cooperative Programs.** The bill provides the requested \$500 million for Israeli Cooperative Programs, consistent with the U.S.-Israel Memorandum of Understanding.
- **Army Ground Investments.** The bill fully funds requested Army ground investments, including Armored Brigade Combat Teams, which would provide critical support to objectives in the NSS and NDS.

However, the bill underfunds key investments in critical areas supported in the FY 2019 Budget request. It also omits funding for Administration priorities, while funding programs that are not in line with the overall FY 2019 Budget request, NSS, and NDS, including:

- Littoral Combat Ships (LCS). The bill provides \$1.1 billion for the procurement of two LCS, \$475 million above the FY 2019 request for one LCS. The additional ship is not needed. One LCS in FY 2019, when combined with the three funded in FY 2018, will keep both shipyards supplied with enough work to remain viable for the Frigate competition.
- End Strength. The bill provides funding for 1,329,461 Active Component and 816,900 Reserve Component members. This level would result in 8,639 fewer Active Component and 800 fewer Reserve Component members than the Administration's FY 2019 Budget request.
- Palau. The bill does not include the general provision (section 8051) requested in the FY 2019 Budget that would provide the authority for DOD to reimburse Palau for the acquisition of private land to site a critical defense asset necessary for our national security.

As the Senate takes up the Department of Defense Appropriations bill, the Administration looks forward to working with you to address these concerns.

Sincerely,



Mick Mulvaney
Director

cc: The Honorable Richard Durbin

Identical Letter Sent to The Honorable Patrick Leahy