



Air Force Association

Friday, October 9, 2015

Dear AFA Members,

Hello from AFA Government Relations! With recent events unfolding on Capitol Hill, we wanted to give you a heads-up on two significant legislative developments of interest...

FY 16 Defense Appropriations -- Short Term Continuing Resolution (CR) Goes Into Effect

With hours to spare before the start of the new fiscal year, Congress approved, and the President signed, a short-term Continuing Resolution (CR) to keep the government operating through December 11th. With House Speaker John Boehner recently announcing his resignation and a Republican-Democrat square-off over funding for Planned Parenthood, the aversion of a government shutdown sets the stage for more clashes over longer term spending measures with potential impacts to the US Defense budget.

Twelve appropriations bills approved by the Senate Appropriations Committee need to reach the floor of the Senate for full vote.

In a recent editorial, Air Force Secretary Deborah Lee James made an urgent plea to Congress to give the USAF what it needs to modernize equipment, restore the ability to fight a modern air war and win a high-tech fight in a time of unprecedented global threats. Current CR guidelines limit spending on people, weapons, and ammunition to FY15 approved budget levels, and a long-term CR would fund the Air Force at a level worse than the spending caps of the 2011 Budget Control Act (BCA).

The USAF FY 15 budget is more than \$13B less than the FY 16 Presidential Budget request and \$3B less than allowable spending limits of the BCA. A long term CR would affect the start of more than 50 USAF acquisition programs and military construction projects critical to mission operations. It would also further delay critical recapitalization efforts including USAF acquisition priorities such as the F-35 and KC-46, place limitations on munitions production, and reduce the ability to mitigate personnel shortages in critical cyber, nuclear and maintenance career fields. Given the current turmoil in the House, partisan disagreement on fiscal policy, budget caps, and a rising US debt limit, how a longer term spending measure will ultimately resolve remains unclear. For the immediate duration however, the doors of the government remain open for business.

Bill Summary:

<http://www.appropriations.senate.gov/sites/default/files/FY16%20CR%20One-Pager%2C%209-28.pdf>

<http://www.appropriations.senate.gov/sites/default/files/FY16%20CR%20Section-By-Section%2C%209-28.pdf>

Press Releases:

White House

<https://www.whitehouse.gov/the-press-office/2015/10/01/statement-press-secretary-passage-hr-719>

Senate Appropriations Committee

<http://www.appropriations.senate.gov/news/cochran-senate-should-not-waste-opportunity-created-continuing-resolution>

<http://www.appropriations.senate.gov/news/cochran-statement-continuing-resolution>

House Appropriations Committee

<http://appropriations.house.gov/news/documentsingle.aspx?DocumentID=394317>

FY 16 National Defense Authorization Act (NDAA) heads to the President's Desk

The Senate passed a compromise version of a \$612B FY 16 National Defense Authorization Act (NDAA) on October 7, 2015 following passage by the House on October 1st. The bill meets requested Presidential funding levels through the use of additional Overseas Contingency Operations (OCO) funds, a point of ongoing contention within Congress and with the White House over the lack of equal increase in equivalent non-defense discretionary funding.

Key highlights of the defense bill include; significant reform to the DOD acquisition process, a brand new military retirement system taking effect in 2018, establishment of a minimum fighter inventory, restrictions on retirement for specific USAF aircraft platforms, funding authorization for USAF acquisition priorities, strengthening of the intel, cyber, nuclear, and missile defense domains, and specific new reporting and assessment requirements and strategy development for activities in support of US global military operations and national security.

The FY 16 NDAA now faces one last hurdle to go into effect – it must still be signed into law by the President. With Fiscal Year 2016 now underway, the threat of Presidential veto continues to loom over the bill's use of OCO funds as a work-around to mandatory spending caps under the 2011 Budget Control Act. Once the bill reaches the President's desk, he has 10 days (excluding Sundays) to sign or veto the bill. If he does not sign in this time frame, the bill becomes law without his signature. However, if Congress adjourns during the 10-day period, the bill does not become law. Regular veto occurs when the President returns legislation to the house in which it originated, usually with rationale for the objections.

A Presidential veto can be overridden by a 2/3rds majority vote in both the Senate and House, causing the bill to become law. Should a Presidential veto occur, both houses of Congress will have to go back to rework the FY 16 NDAA legislation until compromise can be reached on the language in question. Some highlights from the defense bill and press releases from the Senate and House Armed Services Committees follow below.

FY 16 NDAA Highlights:

- Budget Total: \$611.9 B defense discretionary spending; meets President's Budget levels \$515B for national defense + \$89.2B for OCO [\$50.9B Presidential request + additional

\$38.3B OCO for base requirements (Operation & Maintenance activities) specifically authorized] + \$7.7B additional mandatory Defense

- Significant acquisition reform; increases the role of Military Service Chiefs
- Establishes a minimum AF fighter inventory: 1,900 total/1,100 combat-coded aircraft
- F-35: Supports budget request for 57x total aircraft; recommends targeted adjustments based on contract savings and program oversight concerns
- LRSB: Authorizes full amount the AF can execute in FY16, given contract award delays; Instructs GAO to complete an assessment of technology challenges and cost implications
- KC-46 Tanker: Funds program at the level the AF can execute in FY16
- Platform Retirement: Prohibits A-10; restricts EC-130H, KC-10, E-8 JSTARS, E-3 AWACS
- Military Retirement: establishes a new government matching portable 401K-like Thrift Savings Plan starting in 2018; grandfatheres all current service members; allows current service members with less than 12 years of service to opt in; provides financial literacy training at key career transition points; establishes mid-career retention pay; allows a lump sum retirement payout option that also applies to the Reserves
- Provides a 1.3% pay raise
- Preserves the current Commissary structure the Senate had sought to change
- Increases some Tricare prescription co-pays to help offset costs of new military retirement
- Retains Dual Military BAH entitlement the Senate had sought to rescind
- Directs a new capacity study on Base Reassignment & Closure
- Makes improvements to the Sexual Assault Special Victims Program
- Requires the establishment of a firearm possession policy for service members
- Extends vital funding authorities, requires specific new reporting and assessment requirements, and directs strategy formation for activities in support of US Special Operations, Afghanistan, Iran, Iraq, Jordan, Russian counter-aggression, Ukraine, ISIL the Indo-Asia Pacific, and Central America
- Strengthens intel, cyber, nuclear, missile defense
- Requires enforcement of the Congressional notification policy and greater restrictions on Guantanamo Bay prisoner transfers

Fact Sheet:

<https://rules.house.gov/sites/republicans.rules.house.gov/files/114/PDF/114-CRHR1735-SxS.pdf>

Press Releases:

Senate Armed Services Committee:

<http://www.armed-services.senate.gov/press-releases/sasc-chairman-john-mccain-statement-on-national-defense-authorization-act-conference-agreement>

House Armed Services Committee:

http://www.armedservices.house.gov/index.cfm/press-releases?ContentRecord_id=C31C79D0-8B75-4675-A175-33A4A057C7EC&ContentType_id=E0C7B822-826F-493D-8CEF-1E21AA53E12A&Group_id=12580721-af41-4987-849c-c25b730d096d&MonthDisplay=9&YearDisplay=2015