

# CRS Report for Congress

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## **Defense: FY2006 Authorization and Appropriations**

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The annual consideration of appropriations bills (regular, continuing, and supplemental) by Congress is part of a complex set of budget processes that also encompasses the consideration of budget resolutions, revenue and debt-limit legislation, other spending measures, and reconciliation bills. In addition, the operation of programs and the spending of appropriated funds are subject to constraints established in authorizing statutes. Congressional action on the budget for a fiscal year usually begins following the submission of the President's budget at the beginning of each annual session of Congress. Congressional practices governing the consideration of appropriations and other budgetary measures are rooted in the Constitution, the standing rules of the House and Senate, and statutes, such as the Congressional Budget and Impoundment Control Act of 1974.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on Defense. It summarizes the status of the bill, its scope, major issues, funding levels, and related congressional activity, and is updated as events warrant. The report lists the key CRS staff relevant to the issues covered and related CRS products.

**NOTE: A Web version of this document is available to congressional staff at [\[http://www.crs.gov/products/appropriations/apppage.shtml\]](http://www.crs.gov/products/appropriations/apppage.shtml).**

# Defense: FY2006 Authorization and Appropriations

## Summary

On February 7, 2005, the Administration released its FY2006 federal budget request. The request includes \$441.8 billion in new budget authority for national defense, of which \$421.1 billion is for military activities of the Department of Defense (DOD), \$17.5 billion for atomic energy defense activities of the Department of Energy, and \$3.2 billion for defense-related activities of other agencies. The FY2006 request does not include funding for ongoing military operations in Iraq, Afghanistan, and elsewhere. On May 5, the House, and on May 10, the Senate, approved a conference agreement on a bill (H.R. 1268, P.L. 109-13) providing FY2005 supplemental appropriations for operations in Iraq and Afghanistan, of \$76 billion for the Department of Defense.

Congress annually considers a defense authorization bill and related appropriations measures. The authorization covers national defense programs that are funded in several appropriations bills, including defense appropriations (by far the largest), the new military quality of life/veterans affairs (MQL/VA) bill, and the energy and water appropriations bill for Department of Energy nuclear weapons programs, with much smaller amounts in some other bills. This CRS report primarily covers the defense authorization and appropriations bills and some parts of the MQL/VA bill that are still funded in the defense bill in the Senate.

Formal Congressional action on the FY2006 defense authorization began the week of May 9, when the subcommittees of the House Armed Services Committee began to mark up parts of the bill (H.R. 1815). Full committee markup is expected on May 18 and floor action the week of May 23. The Senate Armed Services Committee completed marking up its version of the bill (unnumbered as yet) on May 12.

Key defense policy issues in Congress this year may include:

- Whether Congress should provide additional funding for ongoing operations in Iraq and Afghanistan in the FY2006 defense bills;
- Whether the appropriations committees should trim defense in order to curtail cuts in non-defense discretionary programs;
- Whether Congress should require a substantial increase in active duty end-strength, particularly in the Army;
- Whether Congress should increase funding for Navy shipbuilding or restructure shipbuilding programs;
- Whether Congress should approve the proposed termination of some major acquisition programs;
- Whether Congress should approve Department of Energy plans to study new nuclear weapons; and
- Whether Congress should restrict assignment of women to combat support units.

This report will be updated regularly as Congressional action on annual defense funding measures proceeds.

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# Defense: FY2006 Authorization and Appropriations

## Most Recent Developments

The House Armed Services Committee began subcommittee markup of the FY2006 defense authorization bill (H.R. 1815) the week of May 9, 2005. Full committee markup is scheduled for May 18. The Senate Armed Services Committee completed marking up its version of the authorization (unnumbered as yet) on May 12. Senate floor action is expected the week of May 23. Also on May 12, the House Military Quality of Life/VA appropriations subcommittee marked up the FY2006 MQL/VA appropriations bill, which includes funding for military construction, defense health, and other defense programs, and the House energy and water subcommittee marked up its bill, which includes funding for nuclear weapons programs of the Department of Energy.

## Overview: What the Defense Authorization and Appropriations Bills Cover<sup>1</sup>

Congress provides funding for national defense programs in several annual appropriations measures, the largest of which is the defense appropriations bill. Congress also acts every year on a national defense authorization bill, which authorizes programs funded in several regular appropriations measures. The authorization bill addresses defense programs in almost precisely the same level of detail as the defense-related appropriations, and congressional debate about major defense policy and funding issues often occurs mainly in action on the authorization.

The annual defense appropriations bill provides funds for military activities of the Department of Defense (DOD), including pay and benefits of military personnel, operation and maintenance of weapons and facilities, weapons procurement, and research and development, as well as for other purposes. Most of the funding in the bill is for programs administered by the Department of Defense, though the bill also provides (1) relatively small, unclassified amounts for the Central Intelligence Agency retirement fund and intelligence community management, (2) classified amounts for national foreign intelligence activities administered by the CIA and by other agencies as well as by DOD, and (3) very small amounts for some other agencies.

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<sup>1</sup> Because the defense authorization and appropriations bills are so closely related, this report tracks congressional action on both measures.



**Table 1b. Status of FY2005 Defense Authorization**

Full Committee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
5/18/05	5/12/05	—	—	—	—	—	—	—	—

## Overview of the Administration Request

On February 7, 2005, the Administration released its FY2006 federal budget request. The request includes \$441.8 billion in new budget authority for national defense, of which \$421.1 billion is for military activities of the Department of Defense (DOD), \$17.5 billion for atomic energy defense activities of the Department of Energy, and \$3.2 billion for defense-related activities of other agencies (see **Table 1**). The FY2006 request does not include funding for ongoing military operations in Iraq, Afghanistan, and elsewhere. On February 14, 2005, the Administration submitted a supplemental appropriations request for FY2005 that included \$74.9 billion for DOD.<sup>2</sup>

**Table 1. National Defense Budget Authority by Title, FY2005-FY2006, Administration Projection**

(billions of current year dollars)

	FY2005 Estimate	FY2006 Request
Military Personnel	105.6	111.3
Operation and Maintenance	138.4	148.4
Procurement	78.3	78.0
RDT&E	68.8	69.4
Military Construction	6.1	7.8
Family Housing	4.1	4.2
Other	0.8	1.9
<b>Subtotal, Department of Defense</b>	<b>402.0</b>	<b>421.1</b>
Department of Energy, Defense-Related	18.0	17.5
Other Defense-Related	3.6	3.2
<b>Total, National Defense</b>	<b>423.6</b>	<b>441.8</b>
FY05 Supplemental Appropriations (P.L. 109-13)	75.9	

**Source:** Office of Management and Budget and H.R. 1268, as enacted.

<sup>2</sup> See CRS Report RL32783, *FY2005 Supplemental Appropriations for Iraq and Afghanistan, Tsunami Relief, and Other Activities*, by Amy Belasco and Larry Nowels.

The FY2006 request represents an increase of 4.3% over the FY2005 enacted level (excluding the pending supplemental) in nominal terms, and of 1.9% after adjusting for inflation. This rate of growth is considerably slower than earlier in the Bush Administration. Between FY2000 and FY2005, funding for national defense grew by 38% in nominal terms or about 23% after inflation, an annual inflation-adjusted growth rate of 4.2%. Administration figures show relatively slow rates of real growth in the baseline defense budget (excluding supplemental appropriations) for the next several years (see **Table 2**).

**Table 2. National Defense Budget Authority and Outlays, FY2000-FY2010, Administration Projection**

(current and constant FY2006 dollars in billions)

Fiscal Year	Budget Authority			Outlays		
	Current Dollars	Constant FY2006 Dollars	Real Growth/Decline	Current Dollars	Constant FY2006 Dollars	Real Growth/Decline
2000	304.1	358.0	+1.4%	294.5	345.2	+4.2%
2001	335.5	383.7	+7.2%	305.5	347.5	+0.7%
2002	362.1	403.1	+5.1%	348.6	386.2	+11.1%
2003	456.2	493.8	+22.5%	404.9	438.8	+13.6%
2004	490.6	516.8	+4.6%	455.9	480.1	+9.4%
2005	423.6	433.5	-16.1%	465.9	476.5	-0.7%
2006	441.8	441.8	+1.9%	447.4	431.3	-6.1%
2007	465.4	454.3	+2.8%	448.9	427.9	-2.1%
2008	483.9	461.0	+1.5%	466.1	435.7	+1.3%
2009	503.8	468.1	+1.5%	487.7	443.2	+2.1%
2010	513.9	465.6	-0.5%	504.8	443.2	+0.9%

**Note:** Includes supplemental appropriations for FY2000 through FY2004, but does not include supplemental appropriations for FY2005 and beyond.

**Source:** CRS calculations based on Office of Management and Budget data and deflators from the Department of Defense.

## Key Features of the Administration Request

Within the defense budget, three aspects of the Administration's FY2006 request stand out:

- Continued growth in military personnel and in operation and maintenance costs;
- A slowdown in growth of funding for RDT&E and procurement; and
- Some substantial last-minute changes in projected funding for major weapons programs when, in December, 2004, the Office of Management and Budget instructed the Defense Department to trim a net of \$30 billion from the total Defense Department FY2006-FY2011 six-year plan.

**Continued Growth in Military Personnel and in Operation and Maintenance Costs.** As **Table 1** shows, the FY2006 request for the Department of Defense is \$19.1 billion higher than the FY2005 baseline budget (i.e., excluding supplemental appropriations). Of that increase, \$5.7 billion is for military personnel and \$10.0 billion is for operation and maintenance (O&M). So, over 80% of the requested DOD increase between FY2005 and FY2006 is for military personnel and O&M. The growth in personnel and operating accounts reflects an ongoing trend. Between FY2000 and FY2005, increases in military personnel and operation and maintenance funding accounted for 60% of the overall, relatively larger increase in the Department of Defense budget. This still left substantial amounts to boost weapons acquisition. But as budgets level off, continuing increases in personnel and operations may limit the new funding available for weapons programs.<sup>3</sup>

**Slower Growth in Procurement and RDT&E.** In the FY2006 request, the Administration proposes \$78.0 billion for procurement, a decrease of \$300 million compared to the FY2005 baseline level, and \$69.4 billion for RDT&E, an increase of \$600 million. After adjusting for inflation, both represent real reductions in funding (see **Table 3**).<sup>4</sup> Over the next few years, the Administration plan calls for only very modest growth in weapons acquisition in the regular defense budget — an increase in procurement funding is offset by a decline in RDT&E. In all, procurement plus RDT&E spending increases by 7.3% after adjusting for inflation over the next six years, about 1.2% per year real growth.

**Table 3. Department of Defense Budget Authority by Title, FY2005-FY2011**  
(discretionary budget authority in billions of constant FY2006 dollars)

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	Change FY05-11	% Change FY05-11
Military Personnel	107.2	108.9	108.6	108.6	108.9	109.1	109.1	+1.9	+1.7%
Operation & Maintenance	139.9	147.8	150.5	153.4	155.5	155.7	156.2	+16.3	+11.0%
Procurement	79.7	78.0	89.7	97.3	98.9	102.4	106.9	+27.2	+34.8%
RDT&E	70.2	69.4	65.4	63.8	68.0	63.3	53.8	-16.4	-23.7%
Military Construction	6.1	7.8	12.0	13.0	10.4	9.7	9.8	+3.7	+47.3%
Family Housing	4.2	4.2	3.8	2.9	2.5	2.5	2.4	-1.7	-41.6%
Revolv & Mgmt Fds/Other	2.1	3.2	2.4	1.6	3.6	3.1	5.3	+3.2	+99.2%
Total	409.5	419.3	432.5	440.6	447.8	445.7	443.5	+34.0	+8.1%
<b>Note</b>									
Procurement + RDT&E	149.9	147.4	155.1	161.1	166.9	165.7	160.7	+10.8	+7.3%

**Note:** Does not include supplemental appropriations.

**Source:** CRS calculations based on Department of Defense data.

<sup>3</sup> For a full discussion, see CRS Report RL32877, *Defense Budget: Long-Term Challenges for FY2006 and Beyond*, by Stephen Daggett.

<sup>4</sup> It is important to note, however, that the FY2004 and FY2005 supplemental appropriations bills include large amounts for procurement, especially for the Army, only a small part of which is to replace combat losses, and the FY2006 supplemental may include additional procurement funds as well. The FY2004 supplemental provides \$5.5 billion for procurement, the FY2004/FY2005 “bridge” fund in the FY2005 appropriations bill provides \$1.4 billion, and the FY2005 supplemental provides \$17.4 billion.

One additional point is important to note. The Administration plan also projects only modest real growth in operation and maintenance of about 1.8% per year over the next six years, substantially below the historical growth rate of 2.6%. If, as in the past, projections of O&M savings prove to be too optimistic, then funds may migrate from acquisition programs into O&M to protect readiness.<sup>5</sup>

**Program Budget Decision 753 (PBD-753).** The implications of constraints on weapons funding became rather dramatically apparent in December, 2004, when the Defense Department made a number of significant changes in its long-term acquisition plans to meet budget targets established by the White House. In the last few weeks before the President's FY2006 budget was to be submitted to Congress, the Office of Management and Budget (OMB) instructed the Defense Department to cut \$55 billion from its FY2006-FY2011 Future Years Defense Plan (FYDP). At the same time, OMB told the Pentagon to add \$25 billion to the FY2007-FY2011 Army budget to cover costs of an ongoing reorganization plan, known as Army Modularization (see below for a further discussion). The net result was a reduction of \$30 billion in the DOD budget over the next six years.

To effect these reductions, DOD issued Program Budget Decision 753 (PBD-753), which prescribed adjustments to be incorporated into the FY2006 budget submission in order to meet the OMB mandate. **Table 4** lists the major program changes in PBD-753.

As **Table 4** shows, the proposed reductions are heavily weighted towards the out-years — especially FY2009 and FY2010 — and minimized in FY2007. Several of these cuts have been controversial in Congress, particularly the Navy shipbuilding reductions and termination of the C-130J. The fate of these and other programs may be a major focus of congressional attention in action on this year's defense bills. As the House Armed Services Committee was beginning to mark up the defense authorization bills, the Defense Department announced that it had decided not to terminate C-130J production.

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<sup>5</sup> *Ibid.*

**Table 4. Major Program Adjustments in PBD-753**  
(millions of dollars)

<b>Program</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>TOTALS</b>
Virginia Class Submarine	+64.3	-299.9	-482.1	-2,077.7	-1,482.7	-994.6	<b>-5,272.7</b>
DD(X) Destroyer	—	+115.3	+78.6	-1,728.2	-1,240.0	+196.0	<b>-2,578.3</b>
Carrier Retirement	134.3	-157.3	-288.3	-276.4	-304.3	-306.5	<b>-1,198.5</b>
LPD-17 Amphibious Ship	+140.0	+284.8	-1,200.0	-51.7	-126.0	—	<b>-952.9</b>
V-22 Osprey	-275.4	-504.3	-425.7	-88.1	+21.5	+19.0	<b>-1,253.0</b>
C-130J Cargo Plane	-25.7	-431.1	-753.4	-1,215.9	-1,306.7	-1,263.7	<b>-4,996.5</b>
F/A-22 Fighter	—	-2.0	-11.0	-3,919.0	-3,711.0	-2,830.0	<b>-10,473.0</b>
Joint Common Missile (JCM)	-271.3	-209.7	-350.1	-454.8	-518.0	-568.9	<b>-2,372.8</b>
Missile Defense	-1,000.0	-800.0	-800.0	-800.0	-800.0	-800.0	<b>-5,000.0</b>
Transformational Satellite (TSAT)	-200.0	-200.0	—	—	—	—	<b>-400.0</b>
Space Based Radar	-16.0	+15.0	-64.0	+143.0	+171.0	+343.0	<b>+592.0</b>
E-10A Aircraft	-300.0	-300.0	—	—	—	—	<b>-600.0</b>
Contractor Support	-2,000.0	-2,000.0	-2,000.0	-2,000.0	-2,000.0	-2,000.0	<b>-12,000.0</b>
Army Business Reengineering	-1,500.0	-1,500.0	-1,500.0	—	—	—	<b>-4,500.0</b>
WMD Countermeasures	+295.0	+322.0	+453.0	+439.0	+371.0	+218.0	<b>+2,098.0</b>
Army Modularity	—	+5,000.0	+5,000.0	+5,000.0	+5,000.0	+5,000.0	<b>+25,000.0</b>
Other Changes	-1,030.2	-452.7	-978.8	-1,326.1	-1,438.3	-865.7	<b>-6,091.8</b>
<b>TOTAL</b>	<b>-5,985.0</b>	<b>-1,119.9</b>	<b>-3,321.8</b>	<b>-8,355.9</b>	<b>-7,363.5</b>	<b>-3,853.4</b>	<b>-29,999.5</b>

**Note:** Negative (-) amounts represent proposed cuts, positive (+) amounts represent proposed adds.

## Long-Term Defense Budget Challenges

Over the next several years, the defense budget will be under a considerable amount of pressure due to several long-term trends. These include

- Relatively moderate rates of growth in defense spending in Administration budget projections and continued downward pressure on the budget due to efforts to constrain budget deficits;
- Recent large increases in military personnel costs that have made uniformed personnel more than 30% more expensive than in 1999;
- Continued growth in operation and maintenance costs;
- Cost growth in a number of major weapons programs and recent cuts in major weapons due to budget constraints; and
- new perceptions of threats to U.S. security that may lead the Pentagon to alter its budget priorities substantially.

Taken together, these trends pose some potentially daunting, though by no means unprecedented, challenges for Congress and the Defense Department in shaping the defense budget. These issues are reviewed in CRS Report RL32877, *Defense Budget: Long-Term Challenges for FY2006 and Beyond*, by Stephen Daggett. Though Congress seldom addresses these matters directly, long-term budget pressures underlie many of the issues that Congress will grapple with this year.

## Key Issues for Congress

Last year, the paramount issue in congressional debate about the FY2005 defense budget was whether Congress should provide funding for operations in Iraq and Afghanistan before early in calendar year 2005, when the Bush Administration said it planned to request supplemental appropriations. Ultimately, as a separate title of the FY2005 defense appropriations bill, Congress provided \$25 billion for ongoing operations as a bridge until it could act on FY2005 supplemental funding after the turn of the year. And most recently, Congress has approved an additional \$76 billion in supplemental appropriations to cover the remainder of FY2005.<sup>6</sup>

With action barely completed on FY2005 funding, advance funding for operations in Iraq and Afghanistan has again become an issue as Congress takes up the FY2006 budget. So far, in the FY2006 congressional budget resolution, H.Con.Res. 95, Congress specifically exempted \$50 billion in emergency spending for military contingency operations from a potential point of order in the Senate. But this does not limit the amount Congress may provided this year for Iraq and Afghanistan in FY2006. While the budget resolution specifically sets aside \$50 billion, it also exempts any amount for military contingency operations from spending limits in the House and any amount for any defense purpose in the Senate (see below for a detailed discussion). As Congress takes up the FY2006 authorization and appropriations bills, the question is whether to provide another bridge fund for operations in FY2006, and, if so, how much, or whether, perhaps, to provide the full estimated costs.

A number of other issues also have been on the agenda in Congress this year, including,

- Whether the appropriations committees should trim defense in order to curtail cuts in non-defense discretionary programs;
- Whether Congress should provide additional military personnel benefits, including (1) greater access to DOD-provided health insurance for non-deployed military reservists and their dependents and (2) permanently increased death gratuities and insurance;
- Whether Congress should require a substantial increase in active duty end-strength, particularly in the Army, to ease pressures on the force caused by operations abroad;

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<sup>6</sup> See CRS Report RL32783, *FY2005 Supplemental Appropriations for Iraq and Afghanistan, Tsunami Relief, and Other Activities*, by Amy Belasco and Larry Nowels.

- Whether Congress should increase funding for navy shipbuilding or should approve advance appropriations or other novel funding mechanisms;
- Whether Congress should accept or reject Administration plans to retire an aircraft carrier and reduce the number of deployable carriers from 12 to 11;
- Whether Congress should approve the proposed termination of C-130J cargo aircraft procurement (which the Administration has recently withdrawn);
- Whether Congress should approve the proposed termination, after FY2008, of F/A-22 fighter procurement;
- How Congress should exercise oversight over a number of major weapons programs in which cost have grown or development has been delayed, including the Army Future Combat System, missile defense, the multi-service F-35 Joint Strike Fighter, and a number of space-launch and satellite systems;
- Whether Congress should restructure priorities in the Administration's missile defense development program;
- How the Army plans to manage and to finance a far-reaching reorganization of its combat forces to increase the number of deployable combat brigades and to turn brigades, rather than divisions, into the major unit of action in future operations;
- Whether Congress should take steps to regulate the Defense Department's restructuring its civilian personnel system following Congress's approval in the FY2004 National Defense Authorization Act of the Pentagon's request for broad authority to reform civil service pay and performance rules;
- Whether Congress should approve the Defense Department's request for changes in environmental laws and regulations governing military training in addition to changes Congress in the FY2004 defense authorization;
- Whether Congress should approve Department of Energy plans to study new nuclear weapons, including the Robust Nuclear Earth Penetrator, and should establish guidelines for the Reliable Replacement Warhead program;
- Whether Congress should require changes in DOD policies affecting a number of "social issues," including the deployment of women in combat support units, abortions at military facilities abroad, and handling of sexual abuse cases;
- Whether Congress should take any action to restrict military base closures, even as the a formal base closure process is beginning; and
- Whether Congress should take any action on a number of other issues, including treatment of military detainees, acquisition of tanker aircraft, and strengthening of defense "Buy American" requirements.

The following discussion provides background information on each of these issues and discusses congressional action to date.

## Funding for Iraq and Afghanistan

The FY2006 defense budget request does not include funding for ongoing military operations in Iraq and Afghanistan. The Administration submitted a supplemental FY2005 budget request to Congress on February 14, 2005, a week after it submitted its regular FY2006 budget, and Congress agreed to provide \$76 billion for military operations in Iraq and Afghanistan in FY2005. The FY2006 regular request, however, covers only DOD's normal peacetime funding requirements. Administration officials have said they again plan to request funding for Iraq and Afghanistan in FY2006 in a supplemental appropriations measure to be submitted early next year. This may be a key issue in Congress this year.

**Should Ongoing War Costs be Funded in Regular or in Supplemental Appropriations?** The central issue is whether Congress should continue to fund military operations in Iraq and Afghanistan with supplemental appropriations or move these costs into the regular defense budget. Critics of using supplementals argue that the monthly costs of operations in Iraq and Afghanistan have long since become predictable and therefore belong in the regular defense budget. They have also expressed concern about what appears to some to be an increasing number of programs being financed in the supplemental but that do not fall within what is directly related to costs of ongoing operations including costs of reorganizing the Army and some weapons acquisition.<sup>7</sup> Critics complain, finally, that because supplemental legislation tends to move through Congress quickly, there is little time for Congress to exercise oversight, and supplementals are not subject to review by the authorizing committees.

The Administration continues to favor the use of supplementals to fund military operations in Iraq and Afghanistan for a number of reasons. Secretary of Defense Rumsfeld has argued that "Supplemental appropriations are prepared much closer to the time the funds are needed....This allows for somewhat more accurate estimates of costs [than in the regular budget cycle], and more importantly, quicker access to the needed funds."<sup>8</sup>

The Administration has also argued that if costs for Iraq and Afghanistan were included in the regular budget, they would be difficult to remove once operations ceased. On February 9, 2005, Office of Management and Budget (OMB) Director Joshua Bolten told the Senate Budget Committee that "as a budgeting matter, it is very important that we not let [war costs] float into the base, because then I think we will have been fiscally irresponsible in not preventing those costs from being permanently in the defense base."<sup>9</sup>

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<sup>7</sup> Senator John McCain, quoted in *Inside the Army*, "Lawmakers Question Proposed FY2006 Budget, Calling Request 'Skewed'", February 14, 2005.

<sup>8</sup> Secretary of Defense Donald Rumsfeld, testifying before the House Armed Services Committee, February 16, 2005.

<sup>9</sup> Office of Management and Budget Director Joshua Bolten, testifying before the Senate Budget Committee, February 9, 2005.

One element of the debate is what precedents earlier operations provide. In 2003, a CRS memo reported that the initial funding for most conflicts — from World War II, to Korea, to Vietnam, to the 1991 Persian Gulf War — was generally provided through supplemental appropriations.<sup>10</sup> That memo did not, however, address funding for wars after the initial phases. On that question, the precedents are mixed. While the Korean conflict was financed mainly with supplementals, World War II and Vietnam were funded both with supplementals and with regular appropriations. In Vietnam, the Administration first asked for a \$700 million supplemental for FY1965 in May of 1965; then for a \$1.7 billion addition to the regular FY1966 defense appropriations bill, which was requested as a budget amendment in the summer of 1965; and then, in January of 1966, as troop levels in Southeast Asia were climbing, a supplemental of \$12.3 billion for FY1966 and regular appropriations of \$10.3 billion for FY1967, both requested when the FY1967 budget was submitted.

So, in the case of Vietnam, the Johnson Administration asked for emergency supplementals when necessary, but also requested funds in regular appropriations bills as soon as those bills were on the congressional agenda, even though troop levels were in flux and the duration of the conflict could not be foreseen.

Most recently, CRS reviewed precedents for funding of ongoing military contingency operations in the 1990s. CRS reported that in action on the FY1996 defense appropriations bill, Congress, on its own initiative, decided to include funding for ongoing operations in Southwest Asia in regular appropriations bills rather than in supplementals, and it directed the Administration to request funding for ongoing military operations in regular bills in the future. Subsequently, in the FY1997 defense budget and in later requests, the Clinton Administration included funding for ongoing operations, including operations in Southwest Asia, Bosnia, and Kosovo, in the regular defense budget.<sup>11</sup>

**Congressional action.** In floor debate on the FY2005 supplemental appropriations bill, H.R. 1268, Senator Byrd offered an amendment, SA 464, expressing the sense of the Senate that funding for operations in Iraq and Afghanistan after FY2006 should be requested and appropriated in regular annual funding bills. The amendment passed by a vote of 61-31 on April 28, 2005. Notably, Senator Stevens, the Chairman of the Defense Appropriations Subcommittee, and Senator Warner, the Chairman of the Armed Services Committee, both supported the amendment.

If Senator Warner and Senator Stevens subsequently choose to propose funding for Iraq and Afghanistan in the regular FY2006 defense bills, there appear to be no procedural hurdles in the way. Funding caps in the FY2006 congressional budget

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<sup>10</sup> CRS Congressional Distribution Memo, “Budgeting for Wars in the Past,” March 27, 2003, by Stephen Daggett.

<sup>11</sup> CRS Congressional Distribution Memo, “Funding for Military Contingency Operations in the Regular Defense Appropriations Bills in the 1990s,” April 6, 2005, by Stephen Daggett. See also CRS Report RL32141, *Funding for Military and Peacekeeping Operations: Recent History and Precedents*, by Jeff Chamberlin.

resolution, H.Con.Res. 95, do not appear to be a barrier. To be permissible in view of caps on overall discretionary spending established by the budget resolution, the appropriations bills would have to designate funding for operations abroad as either as “defense emergency appropriations” (in the Senate) or as funding for “contingency operations in support of the global war on terrorism” (in the House and, for up to \$50 billion, in the Senate).

The budget resolution allows a point of order to be made against a provision in an appropriations bill that designates funds as an “emergency” unless the funding meets certain restrictive criteria. To constitute an emergency, under §402 (c) funding must be

- (A) necessary, essential, or vital (not merely useful or beneficial);
- (B) sudden, quickly coming into being, and not building up over time;
- (C) an urgent, pressing, and compelling need requiring immediate action;
- (D) .... unforeseen, unpredictable, and unanticipated; and
- (E) not permanent, temporary in nature.<sup>12</sup>

Presumably, a point of order could apply against funding for Iraq and Afghanistan under that provision.

But other sections of the budget resolution essentially void that possibility. Under §402(a), in the House, if funding is designated as being for “contingency operations related to the global war on terrorism,” then caps on spending do not apply. Under §402(b)(11), in the Senate, up to \$50 billion for contingency operations in support of the global war on terrorism is specifically exempted from spending caps. That would appear to limit additional funding for Iraq and Afghanistan to \$50 billion. But under §402(b)(10) any discretionary appropriations for defense designated as emergency appropriations are exempted from a point of order, which makes the \$50 billion figure moot.

So the budget resolution provides no specific restriction on the amounts that may be appropriated for military operations abroad — the spending limits that the resolution establishes do not apply to additional funds for that purpose.

That said, in its markup of the FY2006 defense authorization bill, the Senate Armed Services Committee provided \$50 billion in additional funding for operations in Iraq, Afghanistan, and elsewhere.

## **Guns versus Butter — 302(b) Allocations**

Last year, for the first time in many years, Congress debated a high-profile proposal to trim defense spending as part of broader efforts to reduce the federal budget deficit. In the Senate, the Budget Committee reported a budget resolution (S.Con.Res. 95) that recommended \$7 billion less for defense than the Administration had requested. On the floor, however, the Senate voted overwhelmingly to restore the funds by a margin of 95-4. In the House, Budget

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<sup>12</sup> H.Con.Res. 95, §402 (c).

Committee Chairman Jim Nussle considered but then dropped a proposal to recommend \$2 billion less for defense than the Administration requested.

But even though the FY2005 budget resolution did not recommend a reduction, in the end, appropriators trimmed about \$2 billion from the Administration request in the FY2005 defense appropriations bill (H.R. 4613, P.L. 108-287), making that amount available partly for other defense bills, including military construction, and partly for non-defense programs. This has been a recurring process. The appropriations committee defense cuts in FY2005 did not go as far in FY2004, when the committee rescinded \$3.5 billion in funds in the regular FY2004 defense appropriations bill (H.R. 2658, P.L. 108-87) and another \$1.8 billion in the FY2004 omnibus appropriations measure (H.R. 2673, P.L. 108-199) as means of offsetting funding in non-defense bills. The \$1.8 billion rescission in the omnibus bill, however, was later restored in the emergency funding title of the FY2005 defense appropriations bill.

This year the debate on the FY2006 budget resolution (H.Con.Res. 95) did not feature a face-to-face showdown over defense spending like the one last year. But, again, as last year and as in the FY2004 budget, in the end, overall deficit pressures may lead the appropriations committees to trim defense as a means of moderating cuts in non-defense programs needed to keep within caps on total discretionary spending.<sup>13</sup> Budget constraints may well become progressively more severe over the next few years.<sup>14</sup>

**Congressional action.** Under Section 302(a) of the Congressional Budget Act, the annual congressional budget resolution must specify the total amount of discretionary funds available to the appropriations committees. The committees are then required by Section 302(b) to report back how those funds will be allocated among the various subcommittees. These reports, thus, are known as the “302(b) allocations.” Budget limits are enforced by establishing a point of order against a reported bill or an amendment to a bill that would exceed each subcommittee’s 302(b) allocation, though the full appropriations committees may, and often do, revise the allocations over the course of the year. So the 302(b) allocations are a critical part of the appropriations process that determine how much will be available in total for each bill.

The FY2006 congressional budget resolution (H.Con.Res. 95) provides a 302(a) allocation to the appropriations committees of \$843.02 billion. On May 5, House Appropriations Committee Chairman Jerry Lewis released his proposed initial 302(b) allocations (see **Table 5**). For the defense subcommittee, the allocation is \$363.44 billion, which is \$3.28 billion below the Administration request for programs under the subcommittee’s jurisdiction. For the military quality of life/veterans affairs subcommittee, the allocation is \$85.158 billion, which is \$1.05 billion above the request. The 302(b) allocations do not determine how the funds will be divided among programs under each subcommittee, so some of the extra money for the

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<sup>13</sup> See Andrew Taylor, “Lewis May Shift Defense Spending,” *CQ Today*, April 26, 2005.

<sup>14</sup> See CRS Report RL32877, *Defense Budget: Long-Term Challenges for FY2006 and Beyond*, by Stephen Daggett.

MQL/VA subcommittee could be for the Department of Defense and some for the Department of Veterans Affairs. The allocations allow about \$2.9 billion more for non-defense programs than the request — in effect, roughly \$3 billion is shifted from defense to non-defense programs.

**Table 5. Initial House 302(b) Allocations**

(budget authority in millions of dollars)

	<b>FY2005 Enacted</b>	<b>FY2006 Request</b>	<b>FY2006 Allocation</b>	<b>Allocation vs FY2005</b>	<b>Allocation vs Request</b>
Defense	352,424	366,720	363,440	+11,016	-3,280
<i>[Less rescissions and other savers]</i>	<i>[5,164]</i>	<i>[ — ]</i>	<i>[5,000]</i>	<i>[-164]</i>	<i>[+5,000]</i>
<i>[Defense program level]</i>	<i>[357,588]</i>	<i>[366,720]</i>	<i>[368,440]</i>	<i>[+10,852]</i>	<i>[+1,720]</i>
Military Quality of Life/VA	79,279	84,108	85,158	+5,879	+1,050
Other Subcommittees	387,578	391,475	394,422	+6,844	+2,947
Total discretionary spending	819,281	842,303	843,020	+23,739	+717

**Source:** House Appropriations Committee, May 5, 2005.

In releasing its initial allocations, however, the House Appropriations Committee made one key argument about the defense total. The allocation to the defense subcommittee assumes that the defense appropriations bill will include \$5 billion of rescissions of prior year defense funds which can be applied to offset increases in FY2006 programs in the defense appropriations bill. If so, the \$3.28 billion cut from the request would be more than offset by rescissions, and there would be room for a \$1.72 billion increase in actual programs.

Others may quibble with this argument. One quibble is that there are often rescissions of prior year funds in all appropriations bills, and they are normally applied as offsets to increases in new funds elsewhere in each bill. In effect, the initial House 302(b) allocations require that defense rescissions be available partly to offset increases in total non-defense appropriations compared to the Administration's request. A different quibble is that defense rescissions may later be "backfilled" by increased emergency supplemental appropriations later in the process. The FY2004 omnibus appropriations bill, for example, rescinded \$1.8 billion in prior year defense funds to offset non-defense amounts. The Iraq/Afghanistan emergency funding provisions of the FY2005 defense appropriations bill, however, repealed the rescission. So, in effect, emergency defense appropriations were used to offset increased FY2004 non-defense funding.

## **Military Personnel Pay and Benefits**

Beginning in 1999 and continuing through last year, Congress has repeatedly enhanced retirement, health, and other benefits for military personnel, sometimes with Administration support and sometime over its objections. Benefit increases have included

- “TRICARE for Life,” which provides full medical coverage to Medicare-eligible military retirees;
- concurrent receipt of military retired pay and veterans disability benefits for those with a 50% or greater disability;
- repeal of a 1986 law that reduced retirement benefits for new military enlistees;
- a phased-in plan to fully offset off-base housing costs;
- and increased imminent danger pay and family separation allowances.

Last year, Congress approved two additional measures — a program to provide health insurance to deactivated reservists for a period of time if they agree to reenlist and elimination of a provision that reduced benefits to survivors of military retirees after the survivors qualified for Social Security at age 62. Collectively, the measures enacted since 1999, along with substantial military pay raises, have increased the cost of active duty military personnel by more than 30% above inflation since 1999.<sup>15</sup>

This year, again, a number of proposals to improve military personnel benefits have been on the agenda, and others may arise. In particular, Congress may renew last year’s debate over health benefits for military reservists. In the FY2005 authorization, Congress approved a program to provide federal health insurance for specified periods of time to families of deactivated reservists who reenlist. Congress rejected proposals to guarantee access to health insurance for all reservists. This issue may come up again this year.

**Congressional action.** In the FY2005 supplemental appropriations bill (H.R. 1268), Congress approved a permanent increase to \$100,000 in the death gratuity for service members killed the line of duty, made retroactive to October 7, 2001; a payment of \$150,000 to survivors of service members killed in combat zones since October 7, 2001; and an increase in the maximum amount of insurance for service members from \$250,000 to \$400,000. These provisions apply only through September 30, 2005, however.

In action on the supplemental, the Senate also approved a measure to make up any loss in pay for federal employees who are called to active duty as members of the military reserves. The House, however, did not include such a provision, and the conference agreement rejects the Senate measure. This issue may come up again in action on the FY2006 defense bills.

In its markup of the FY2006 defense authorization, the Senate Armed Services Committee provided a permanent increase in the death gratuity to \$100,000 and in the maximum life insurance benefit to \$400,000.

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<sup>15</sup> See CRS Report RL32877, *Defense Budget: Long-Term Challenges for FY2006 and Beyond*, by Stephen Daggett.

## Increases in Active Duty End-Strength

For the past two years, there has been a vigorous debate, both within Congress and between the Congress and the Defense Department, about the size of the Army and the Marine Corps. Many legislators have argued that the Army, especially, is being stretched very thin by the need to rotate troops into Iraq, and that the number of ground troops should be increased substantially. In last year's defense authorization bill (H.R. 4200, P.L. 108-375), Congress increased statutory Army end-strength by 20,000 and Marine Corps end-strength by 3,000 in FY2005, and, importantly, it established the increased totals as legal minimums. The final bill also authorized, but did not mandate, additional increases of 10,000 in the Army and 6,000 in the Marine Corps over the next four years — it did not set them as minimums.

Although the Administration opposed the congressionally mandated end-strength increases, in substance, the provision did not have much effect. Ever since the Iraq war began, the Defense Department has used standing authority to waive earlier end-strength limits. And officials have said that they intend to keep an additional 30,000 active duty troops in the force through FY2006, in part to fill out units rotating to Iraq and in part as a buffer while the Army carries out a reorganization that will increase the number of deployable combat units. So the Defense Department was already planning to keep more additional troops in service than Congress mandated. Moreover, Congress has not objected to funding the additional troops with supplemental appropriations, as the Administration has requested.

The underlying issue, however, is quite substantive, and it has very large long-term budget implications — a rule of thumb is that an increase of 10,000 troops adds at least \$1 billion a year in personnel costs, not including costs of equipping additional units. The Defense Department sees the added 30,000 troops as a temporary measure. Many legislators, however, believe that the size of the Army and Marine Corps, and even of the Navy and Air Force, should increase even more and that the increases should be permanent. In Congress so far this year, Senators Reed, Hagel, McCain, Kerry and others have proposed a measure (S. 530) that would add 30,000 troops to the Army and 5,000 to the Marine Corps in FY2006, in addition to the troops added in FY2005. In the House, Representatives Tauscher, Skelton, and others have proposed a measure (H.R. 1666) to add 30,000 to the Army, 12,000 to the Marine Corps, 2,000 to the Navy, and 1,000 to the Air Force in FY2006, also in addition to the FY2005 increases. Some outside groups have proposed adding as many as 25,000 troops per year to the force for the next several years.<sup>16</sup>

Since the proposed increases in FY2006 go far beyond the 30,000 added troops the Pentagon currently has in the force, the issues is no longer moot, and the debate is about, in effect, permanent, substantial, and costly increases in the overall size of the force. This the Administration strongly resists. Secretary of Defense Rumsfeld, in particular, has opposed permanent increases, arguing that much can be done, and

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<sup>16</sup> Edward Epstein, "Support Grows For Beefing Up U.S. Forces," *San Francisco Chronicle*, April 4, 2005, Pg. 1

is already underway, to restructure forces to make up for the number of troops needed to fill out deployable combat units. Among other things, Rumsfeld wants to restructure the Army to reduce non-combat positions and shift personnel into the combat arms. Moreover, the Pentagon has been attempting to transfer substantial numbers of jobs from military to civilian positions. The Administration argues that these measures should be fully implemented before coming to any conclusions about permanently adding to military end-strength.

**Congressional action.** In subcommittee markup of the defense authorization bill, the House Armed Services Committee's personnel subcommittee added 10,000 in end-strength to the Army and 1,000 to the Marine Corps in FY2006. In its markup, the Senate Armed Services Committee added 20,000 to Army end-strength in FY2006.

## Navy Shipbuilding — A Budgetary “Ship Wreck”?

The Navy's FY2006 request includes funding for just four new ships —

- one Virginia-class nuclear attack submarine,
- one Littoral Combat Ship (LCS),
- one LPD-17-class amphibious transport ship, and
- one T-AKE auxiliary dry cargo ship.

Last year, the Navy's plan for FY2006 called for six ships. In addition, in December 2004, in order to meet budget limits established by the Office of Management in Budget, the Defense Department announced some longer-term changes in Navy shipbuilding in Program Budget Decision 753 (PBD-753). Specifically PBD-753

- reduced the planned procurement rate of DD(X) destroyers in FY2007-FY2011 to one per year;
- cut planned Virginia-class submarine production in FY2006-FY2011 to one per year rather than increasing to two per year starting in FY2009;
- eliminated funds for an LPD-17 amphibious ship from the FY2008 plan; and
- delayed by one year to FY2008 planned procurement of a new aircraft carrier, CVN-21.

The four-ship FY2006 request falls far short of the annual procurement rate the Navy has, in the past, said is needed to maintain the size of the fleet. The math is straightforward. Assuming an average service life of 35 years for each ship, a Navy of 300 ships requires building  $300 \div 35 = 8.6$  ships per year on average. Recently the Navy has tried to get away from judging its needs on the basis of numbers of ships, saying that capabilities, rather than numbers, are what matters. But that argument has not been persuasive in Congress, and, recently, the Navy responded to a congressionally mandated requirement that it provide an estimate of long-term

shipbuilding requirements with a report that showed two alternatives for FY2035, one with 260 ships and one with 325 ships.<sup>17</sup>

Planned production appears to lead closer to the lower end of that range, if that much. Projected production rates grow over the next few years, but only because the Navy plans to ramp up production of the relatively small Littoral Combat Ship to five per year by FY2009. Retiring Chief of Naval Operations, Admiral Vernon Clark, has pointed to long-term rising shipbuilding costs as the main reason for the Navy's difficulties.<sup>18</sup>

Many Members of Congress, particularly from shipbuilding states, have expressed alarm about the low rate of Navy shipbuilding. A particular issue has been a Navy proposal, which was deferred by the Under Secretary of Defense for Acquisition, to hold a winner-take-all competition between the two surface combatant construction shipyards for the right to build all DD(X) destroyers, rather than to divide the ships between two yards, as for DDG-51 destroyers. Legislators fear that one shipyard would be forced to close under such a strategy.<sup>19</sup>

One possible response is for Congress to increase the FY2006 shipbuilding budget by shifting funds from other programs. Navy officials and some legislators have also discussed using alternative funding mechanisms for Navy ships as a means of allowing more new ship construction to start within a limited budget. Defense acquisition guidelines generally require "full funding" of weapons procurement — appropriations are required to be sufficient to finance the number of complete, useable end items of systems Congress has approved.<sup>20</sup> There are alternatives to the full funding policy, however, and these are now being discussed actively for Navy shipbuilding.

One possibility, which Congress has used for some ships in the past, is partial or "split" funding, in which Congress appropriates only part of the money needed to complete a ship and plans to appropriate the remainder in future years. Another is advance appropriations, in which Congress appropriates funds for the full cost of a ship, but delays its availability until the start of the next fiscal year. While these alternative funding mechanisms may smooth out annual Navy shipbuilding numbers,

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<sup>17</sup> See Department of the Navy, "An Interim Report to Congress on Annual Long-Range Plan for the Construction of Naval Vessels for FY2006," March 2005.

<sup>18</sup> See Statement of Admiral Vernon Clark, USN, Chief of Naval Operations, Before the Senate Armed Services Committee, 10 February 2005, pp. 20-21, available on line at [<http://armed-services.senate.gov/statemnt/2005/February/Clark%2002-10-05.pdf>].

<sup>19</sup> See CRS Report RS21059, *Navy DD(X) and CG(X) Programs: Background and Issues for Congress*, by Ronald O'Rourke and CRS Report RL32109, *Navy DD(X), CG(X), and LCS Ship Acquisition Programs: Oversight Issues and Options for Congress*, by Ronald O'Rourke.

<sup>20</sup> See CRS Report RL31404, *Defense Procurement: Full Funding Policy — Background, Issues, and Options for Congress*, by Ronald O'Rourke and Stephen Daggett.

they will not allow significantly more ships to be procured, and they may simply trade a budget problem this year for at least equally severe problems in the future.<sup>21</sup>

**Congressional action.** Shipbuilding promises to be one of the key issues in Congress this year. During Senate consideration of the FY2006 congressional budget resolution (S.Con.Res. 18), Senator Warner proposed an amendment, SA 146, to increase the resolution's limit on the total amount of advance appropriations by \$14 billion and to allow advance appropriations to be used for Navy shipbuilding. The amendment was never brought up on the floor, however, and the conference report on the budget resolution, H.Con.Res. 95, does not provide an increase in the original limit on advance appropriations, though it includes Navy shipbuilding in a list of accounts for which advance appropriations may be provided in the Senate. Congress may still provide advance appropriations for ships, but only if other advance appropriations are reduced, or if there is no objection in the Senate, or if 60 Senators vote to waive the limit.

Later, in the version of supplemental appropriations bill (H.R. 1268) that the Senate Appropriations Committee reported to the floor, the committee included a provision that prohibits funds made available in the supplemental or in any prior Acts, to be used to implement a winner-take-all strategy to acquire the DD(X). The conference agreement included the Senate measure.

In subcommittee markup of the FY2006 defense authorization bill, the House Armed Services Committee subcommittee on projection forces took a number of dramatic steps to restructure Navy shipbuilding. The subcommittee added funds for three additional ships, including \$2.5 billion for 2 DDG-51 destroyers and \$384 million for an additional T-AKE dry cargo ship. The subcommittee also provided \$418 million to begin construction of a new LHA(R) amphibious assault ship. The subcommittee also took steps to rein in the cost of new ships. Most significantly, it imposed a cost ceiling of \$1.7 billion on what it calls the "next generation surface combatant." Assuming this applies to the DD(X), then it means that the Navy will have to design a less costly substitute destroyer. The subcommittee also put a cost cap on the LHA(R), and it required the Navy to develop a next-generation submarine that, presumably, will cost less than Virginia-class boats.<sup>22</sup>

In contrast, the Senate Armed Services Committee did not radically restructure Navy shipbuilding. In its markup of the FY2006 authorization, the committee added \$175 million in partial funding for the LHA(R) ship, but otherwise did not increase the number of ships being built in FY2006. The committee also authorized CVN-21 construction to begin in FY2007, the plan last year, rather than in FY2008, as the Navy now plans. Regarding the DD(X), the committee indicated its continuing support for the program by adding \$50 million for advance procurement of a second ship, and it provided that the funds are for production at a second shipyard. The

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<sup>21</sup> For a full discussion see CRS Report RL32776, *Navy Ship Procurement: Alternative Funding Approaches — Background and Options for Congress*, by Ronald O'Rourke.

<sup>22</sup> House Armed Services Committee, Projection Forces Subcommittee, Press Release, "House Projection Forces Subcommittee Mark Approved Unanimously Without Amendment for FY 06 National Defense Authorization Act," May 11, 2005.

committee specifically prohibited a “winner-take-all” acquisition strategy for the DD(X).

## **Retiring an Aircraft Carrier and Reducing the Carrier Force to 11**

PBD-753 not only trimmed the long-term Navy shipbuilding plan, it also proposed retiring the USS Kennedy, one of two conventionally-powered aircraft carriers still in service. This would reduce the number of carriers in the fleet from 12 to 11. The Navy insists that it would still be able to meet its overseas stationing requirements and its requirements to surge forces in a crisis. Like the Navy shipbuilding cuts, the proposal to retire the Kennedy, which is based in Florida, has been controversial in Congress. One element of the debate is whether it is wise to retire a conventionally powered ship, since the United States has long deployed one carrier in Japan, and Japan has objected to visits by nuclear-powered ships in the past. The Navy’s other conventionally-powered carrier, the Kitty Hawk, is scheduled for retirement in FY2008.<sup>23</sup>

**Congressional action.** In floor action on the FY2005 supplemental appropriations bill, H.R. 1268, the Senate approved (by 58-38 on April 20, 2005) an amendment by Senator Warner, SA 498, requiring that funds provided to the Navy in the supplemental be available for repair and maintenance to extend the service life of the Kennedy and that prohibits funds in the supplemental to be used to reduce the number of aircraft carriers below 12 until the Quadrennial Defense Review (QDR) is submitted to Congress. The QDR is required no later than February of next year. The conference agreement approved the measure with minor changes. An amendment that would have applied these restrictions to funding provided in prior acts was ruled out of order, and the issue may well come up again in action on FY2006 bills.

In its markup of the FY2006 defense authorization bill, the Senate Armed Services Committee directed the Navy to retain 12 carriers until 180 days after the completion of the Quadrennial Defense Review and also directed the Navy to perform maintenance and repair of the USS *John F. Kennedy* to extend the life of the ship.

## **C-130J Aircraft Termination**

PBD-753 proposed some other cuts in major weapons programs. One decision, though it has now been reversed, was to terminate procurement of the C-130J cargo plane after purchasing 12 more KC-130J variants for the Marine Corps in FY2006. C-130 aircraft are a mainstay of U.S. airlift fleet. The C-130J is a new variant, with substantially greater capabilities, but which has had significant problems in meeting operational requirements. Both the DOD Inspector General and the DOD Director of Operational Testing have issued reports that are quite critical of current safety and mission performance of the aircraft, and it is now being used in only restricted roles.

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<sup>23</sup> See CRS Report RL32731, *Navy Aircraft Carriers: Proposed Retirement of USS John F. Kennedy — Issues and Options for Congress*, by Ronald O’Rourke.

The decision to terminate C-130J procurement was controversial in Congress. The C-130 has historically had support not only from Georgia, where it is produced, but from advocates of Air National Guard units all over the country where the aircraft is deployed. For its part, the Defense Department from the start appeared somewhat less firm in its determination to terminate the C-130J than on other PBD-753 decisions. Shortly after the budget request was formally released in February, senior Pentagon officials said that the Department planned to review its C-130J decision in the course of examining overall air lift requirements.<sup>24</sup> Finally, just as the House Armed Services Committee was beginning subcommittee markup of the FY2006 defense authorization, Secretary of Defense Rumsfeld sent a letter to Congress reversing the decision to terminate the production.

**Congressional action.** In floor action on the FY2005 supplemental (H.R. 1268) the Senate approved an amendment by Senator Chambliss to prohibit any funds provided in the act from being used to terminate the C/KC-130J contract. The Pentagon's decision not to terminate C-130J production, however, leaves unresolved how to divided up FY2006 funding between the Marine Corps KC-130J variant and the Air Force C-130J.

In its markup of the FY2006 defense authorization, the Senate Armed Services Committee reduced Marine KC-130J procurement from the 12 requested to 4 and shifted \$735 million to the Air Force to buy 9 C-130J airlift aircraft.

## F/A-22 Fighter Termination

PBD-753 also proposed terminating production of the Air Force F/A-22 fighter after FY2008. This would stop the program after about 180 aircraft have been produced. Air Force budget plans after FY2008 included funds for 96 additional aircraft, and the Air Force wanted more — it's latest goal was about 381. The Air Force has also been discussing additional aircraft, modified substantially for bombing missions.

The F/A-22 has been the Air Force's top priority program.<sup>25</sup> It is designed to be the best air superiority fighter aircraft in the world in the future. Air Force officials have continued to argue against the cuts, insisting that the whole issue should be reviewed in the QDR. But officials outside the Air Force have so far provided little encouragement.

**Congressional action.** While there has been some opposition to the F/A-22 cuts in Congress, so far there have been no related legislative proposals. The planned cuts in funding for the program, however, do not begin until the FY2008 budget, and production ceases only in FY2009, so there remains some time to consider the program's fate.

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<sup>24</sup> Dave Ahearn, "C-130J May Gain New Lease On Life: Rumsfeld," *Defense Today*, February 17, 2005.

<sup>25</sup> For an overview of the program and a review of key issues, see CRS Report RL31673, *F/A-22 Raptor*, by Christopher Bolkom.

## Oversight of Programs with Cost Increases and Schedule Delays

A perennial issue for Congress is what to do about programs that have consistently and repeatedly been delayed or in which costs have grown substantially beyond original projections. Sometimes Congress has intervened to reduce or restructure funding for such programs. At other times, it has held oversight hearings to determine whether problems are under control.

Navy ships are certainly not the only troubled programs in the defense budget. Delays and cost growth have plagued a number of high profile weapons programs in recent years, including the F/A-22 aircraft, the F-35 Joint Strike Fighter,<sup>26</sup> and a several satellite and space launch programs, including the Space-Based Infrared System-High (SBIRS-High), the Space Surveillance and Tracking System (SSTS, which was formerly SBIRS-Low),<sup>27</sup> the Transformational Communications Satellite (TSAT), the Space Based Radar (now called the Space Radar), and the Evolved Expendable Launch Vehicle (EELV). Costs of the Army's multi-faceted Future Combat System have also been climbing, and the General Accounting Office has raised questions about the maturity of technologies being pursued.<sup>28</sup>

Last year, Congress cut requested funding for TSAT by \$300 million, a 39% reduction, requiring the Air Force to restructure the program, and it cut requested funding for the Space Based Radar by \$253 million, a 77% reduction, essentially terminating the development effort. This year, the Defense Department has again asked for funding both for TSAT and for the renamed Space Radar.

**Congressional action.** The Senate Armed Services Committee Airland Subcommittee, chaired by Senator McCain, has held a number of hearings on the Army Future Combat System (FCS). Recently the Army announced that it was planning to revise the type of contract under which the FCS was being developed. It will use a more traditional contract to which standard acquisition regulations will apply.

In initial House Armed Services Committee subcommittee markup, the FCS, in particular, has reportedly been cut significantly. In effect, the FCS and some other programs that Congress considers to be suffering from problems may end up being "bill payers" for increases in Navy shipbuilding and some other accounts. In contrast, in its markup of the FY2006 defense authorization, the Senate Armed Services Committee approved the full \$3.4 billion requested for FCS.

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<sup>26</sup> See CRS Report RL30563, *F-35 Joint Strike Fighter (JSF) Program: Background, Status, and Issues*, by Christopher Bolkcom.

<sup>27</sup> See CRS Report RS21148, *Military Space Programs: Issues Concerning DOD's SBIRS and STSS Programs*, by Marcia S. Smith.

<sup>28</sup> See CRS Report RL32888, *The Army's Future Combat System (FCS): Background and Issues for Congress*, by Andrew Feickert.

## Missile Defense

Missile defense is the largest acquisition program in the Defense Department's current six-year plan, with a projected budget of more than \$60 billion over the FY2006-FY2011 period. The Administration is requesting \$8.7 billion for missile defense acquisition in FY2006. PBD-753 directed the missile defense agency to reduce planned funding by \$5 billion over the six-year period, with a cut of \$1 billion in FY2006 and \$800 million per year each year thereafter. As a result, there have been some significant changes in the long-term development plan. In FY2006, the biggest reduction is in funding for a program known as the Ballistic Missile Defense System Interceptor, a program to develop a high-acceleration booster and warhead known as the Kinetic Energy Interceptor (KEI). Congress trimmed funding for the KEI last year, and some have questioned whether a program aimed, in large part, at allowing interceptors to destroy enemy missiles in the boost phase is practical at all. KEI funding remains in future budget plans, however.

Missile defense is often a matter of debate in Congress. A key issue recently has been whether the testing program is adequate. In December, 2002, the White House announced a decision to accelerate deployment of an initial, limited-capability, ground-based interceptor system to be operational by the fall of 2004. The Missile Defense Agency is currently in the process of deploying 20 interceptor missiles in Alaska and, for test purposes, in California, but the Defense Department has not yet declared the system operational. Recent tests of the deployed missile and warhead have failed, and the booster-warhead combination that is being deployed has yet to be tested successfully at all. Another recurrent issue in Congress is whether funding for more long-term and uncertain technologies, such as space-based interceptors, should be reduced in favor of increased funding for more immediately deployable systems, such as the Patriot PAC-3 short range missile defense.

***Congressional action.*** In preliminary markup of the FY2006 defense authorization bill (H.R. 1815), the House Armed Services Committee strategic forces subcommittee, Representative Spratt offered an amendment to require the Missile Defense Agency to schedule a missile defense interceptor test as soon as possible. The issue may come up again on the floor.

## Army Modularization

The Army is undertaking a wholesale reorganization of its combat forces. The reorganization is designed to create a more flexible and more readily deployable force based primarily on separate modular brigades that can be deployed individually or in combination, rather than on divisions composed of three combat brigades and associated support elements. By the end of FY2007, the Army plans to increase the number of deployable brigades in the active duty force from 33 to at least 43 and possibly as many as 48 "Brigade Units of Action." The Army National Guard will also be reorganized from a force with 15 separate brigades and 19 divisional brigades into one with 33 deployable Brigade Units of Action.<sup>29</sup>

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<sup>29</sup> For an overview of the plan and a review of key issues, see CRS Report RL32476, *U.S.* (continued...)

The Army projects that its modularization plan will cost \$48 billion over the seven-year FY2005-FY2011 period.<sup>30</sup> In FY2005 and FY2006, the Army has not included funds to cover the costs in its regular or baseline budget. Instead, it has asked for \$5 billion in the FY2005 supplemental to cover costs and plans to request supplemental funds for FY2006 as well. PBD-753 directed the Defense Department to add \$5 billion annually beginning in FY2007 to the Army's regular budget to cover modularization costs thereafter.

Congress has generally supported the Army reorganization, though some questions have been raised about it. The big issue has been whether to include funding in supplementals or in regular appropriations, but this appears to have been resolved. A key unanswered question is whether the Army will be able to fill out the deployable brigade structure without a permanent increase in end-strength. Through FY2006, the Defense Department is keeping 30,000 troops in the force above earlier end-strength levels, in part as a rotation base for Iraq and in part to provide a buffer as the Army reorganizes. Costs are being covered in supplemental appropriations. After FY2006 the Army plans to fill out units without additional end-strength by reassigning personnel within the force and by shifting military jobs to civilians. Many in Congress doubt that the Army will be able to fill out the new brigades in the future simply by reassigning personnel.

Another key issue is whether, in the long run, the new Army force design will meet strategic requirements. Among others, retired Army Colonel Douglas MacGregor, who was one of the original champions of a brigade-centered force, has argued that the new brigades are not sufficiently well-equipped to have the necessary flexibility.<sup>31</sup>

**Congressional action.** In the conference agreement on the FY2005 supplemental appropriations bill, H.R. 1268, Congress provided the full \$5 billion requested for Army modularization.

## Civilian Personnel Policy

In the FY2004 National Defense Authorization Act (P.L. 108-136), Congress agreed to an Administration request to give the Secretary of Defense very broad authority to reorganize DOD's civilian personnel system. DOD is now implementing changes. Some of the steps the department has taken to date have led to disagreements with some employees and some unions. Last year, Congress considered, but ultimately did not act on amendments to the personnel legislation to

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<sup>29</sup> (...continued)

*Army's Modular Redesign: Issues for Congress*, by Andrew Feickert.

<sup>30</sup> See testimony of Secretary of the Army Francis Harvey and Army Chief of Staff General Peter Schoomaker before the House Defense Appropriations Subcommittee, March 2, 2005.

<sup>31</sup> Col. MacGregor has proposed brigades of 5,000 to 6,000 troops, which would be 30-60% larger than 3,800 troop brigades the Army plans. See Elaine M. Grossman, "General Unscrambles New Jargon for Reformulated Army Divisions," *Inside the Pentagon*, February 12, 2004.

ensure certain traditional civil service procedures. Similar measures may be proposed this year. In addition, Congress has frequently taken steps to regulate procedures for privatizing civilian defense jobs.

***Congressional action.*** No action to date.

## **Easing Environmental Regulations Affecting Military Facilities**

For the past four years, the Defense Department has proposed a number of legislative measures, under the rubric of the Readiness and Range Preservation Initiative, to ease the application of several environmental statutes to military training. In the FY2003 defense authorization (P.L. 107-314), Congress agreed to amend the Migratory Bird Treaty Act as it applies to accidental injuries to birds caused by military aircraft. In the FY2004 defense authorization (P.L. 108-136), Congress agreed to changes in the Marine Mammal Protection Act and in the Endangered Species Act. Last year, the Administration proposed somewhat revised versions of proposals it made in prior years to amend the Clean Air Act, the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA). Congress did not act on those proposals, however.

This year, the Defense Department has again proposed a package of legislative changes in environmental statutes affecting military training facilities. One DOD proposal would exempt missions generated by military readiness activities from requirements to “conform” to State Implementation Plans (SIPs) for achieving federal air quality standards under the Clean Air Act. A second proposal would provide that military munitions on operational ranges may not be defined as “solid waste” under RCRA and CERCLA. In effect, this would allow munitions and munitions-related contamination to remain on a training range indefinitely, as long as the range remained operational.

***Congressional action.*** No action to date.

## **New Nuclear Weapons**

Last year, in after vigorous floor debates, both the House and the Senate rejected amendments to the defense authorization bill to eliminate funds for studies of new nuclear weapons, including funds for the Robust Nuclear Earth Penetrator (RNEP) and the Advanced Concepts Initiative (ACI) to study low yield weapons. The conference agreement on the FY2005 Energy and Commerce appropriations bill (Division C of the FY2005 Consolidated Appropriations Act, P.L. 108-447), however, eliminated requested funds both for RNEP and for ACI.

This year, the Administration is again requesting funds for studies of the RNEP, though the request is substantially lower than in the past, and the Department of Energy (DOE) has removed from its long-term funding plan a budget wedge for RNEP development that totaled almost \$500 million between FY2005 and FY2009. The FY2006 request includes \$4 million for RNEP in the FY2006 Department of

Energy (DOE) budget and \$4.5 million in the Air Force. Budget projections also include \$14 million for RNEP in DOE in FY2007, and \$3.5 million in the Air Force. Projections after FY2007 show no additional funding, though it could be restored at any time.<sup>32</sup>

The FY2006 budget includes no funds for ACI, but another potential issue has emerged. The conference agreement on the FY2005 energy and water appropriations bill did not provide funds for ACI, but instead made the \$9 million requested available for the Reliable Replacement Warhead (RRW) program that was intended, as the conference report explains, to “improve the reliability, longevity, and certifiability of existing weapons and their components.” But in testimony before the Senate Armed Services Committee Subcommittee on Strategic Forces, Linton Brookes, the Director of DOE nuclear weapons programs, implied that the RRW program might be used to develop a entirely new, more reliable warhead.<sup>33</sup> This prospect raised alarm among arms control groups and may become a matter fo debate in Congress.

**Congressional action.** In preliminary markup of the FY2006 defense authorization bill (H.R. 1815), the House Armed Services Committee strategic forces subcommittee eliminated RNEP funds from the Department of Energy (DOE) budget and added the money to the Air Force. A press release by subcommittee Democrats said that the purpose is to direct funding to non-nuclear, “conventional,” “bunker buster” weapons. The subcommittee also established a policy for the RRW program, which Representative John Spratt said requires that the goal of the program be to reduce the likelihood of a return to nuclear testing and to shrink the nuclear arsenal. He did not, however, rule out development of a new warhead.

The Senate Armed Services Committee took the opposite approach. In its version of the FY2006 authorization bill, it provided the \$4.0 million requested for RNEP in DOE, but eliminate Air Force funding. In its markup of the FY2006 energy and water appropriations bill (unnumbered as yet), the House energy and water appropriations subcommittee also eliminated funds for RNEP from the Department of Energy budget. The subcommittee also increased funding for the RRW program from \$9 million to \$27 million.

## Women in Combat and Other “Social Issues”

Matters that are broadly defined as “social issues” often arise within the military and, accordingly, in congressional consideration of annual defense bills. In the past, Congress has addressed matters as diverse as gays in the military, women in combat, housing of male and female recruits during basic training, and sale of potentially

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<sup>32</sup> See CRS Report RL32347, *Robust Nuclear Earth Penetrator Budget Request and Plan, FY2005-FY2010*, by Jonathan Medalia and CRS Report RL32599, ‘*Bunker Busters*’: *Sources of Confusion in the Robust Nuclear Earth Penetrator Debate*, by Jonathan Medalia.

<sup>33</sup> See Statement of Ambassador Linton F. Brooks, Administrator, National Nuclear Security Administration, U.S. Department of Energy, Before The Senate Armed Services Committee Subcommittee on Strategic Forces, April 4, 2005, at [[http://www.nnsa.doe.gov/docs/2005-04-04\\_Brooks\\_SASC\\_testimony.pdf](http://www.nnsa.doe.gov/docs/2005-04-04_Brooks_SASC_testimony.pdf)].

offensive magazines on military bases. Congress perennially debates proposals to repeal a prohibition on privately funded abortions in military hospitals overseas for personnel or dependents who otherwise might not have access to abortions at all. Recently, in view of reports that cases of sexual abuse within the military are not uncommon, there has been an extensive discussion in Congress of the adequacy of the Defense Departments policy on sexual abuse and its handling of abuse cases.

A key social issue in Congress this year may be whether women should continue to serve in units that directly support combat operations and that are deployed along with combat units in military operations. Currently women are not permitted to serve in combat roles in the Army, but are often assigned to support units that are physically collocated with combat units. As a result, women have sometimes been involved in fighting and have suffered some casualties. In Iraq, 35 women have died, which is about 2.2% of the total number of U.S. military personnel killed.

**Congressional action.** In House Armed Services Committee subcommittee markup of the FY2006 defense authorization bill, the personnel subcommittee approved by a 9-7 vote a measure that would bar women from some combat support units.

## Base Closures

In the FY2003 defense authorization bill, Congress approved a new round of military base closures to be carried out in calendar year 2005, and both last year and the year before, Congress, in some cases quite narrowly, rejected proposals to repeal or limit the base closure law. The congressionally approved closure process is now underway. Even so, there has been some discussion in Congress about last-minute measures to delay or derail the process.

**Congressional action.** No action to date.

## Other Issues

A number of other issues may also be on the agenda. Over the past couple of years, Congress has debated what steps it might take to uncover and prevent abuses of military detainees in Guantanamo Bay, Iraq, Afghanistan, and elsewhere. Congress has had a vigorous debate in the past couple of years about proposals to upgrade or replace the Air Force's fleet of tanker aircraft. A proposal to lease up to 100 Boeing KC-767 tanker aircraft has been rejected, and the question now is what, if anything, to do instead. And for the past two years, Congress has considered measures intended to strengthen "Buy American" requirements for purchases of military equipment. Any or all of these issues could come up again in Congress this year.

**Congressional action.** No action to date.

## For Additional Reading

### CRS Defense Budget Products

*Defense Budget: Long-Term Challenges for FY2006 and Beyond.* CRS Report RL32877.

*FY2005 Supplemental Appropriations for Iraq and Afghanistan, Tsunami Relief, and Other Activities.* CRS Report RL32783.

*The Cost of Operations in Iraq, Afghanistan, and Enhanced Security.* CRS Report RS21644.

### CRS Defense Budget-Related Products

*Air Force Transformation.* CRS Report RS20859.

*'Bunker Busters': Sources of Confusion in the Robust Nuclear Earth Penetrator Debate.* CRS Report RL32599.

*The Army's Future Combat System (FCS): Background and Issues for Congress.* CRS Report RL32888.

*Defense Procurement: Full Funding Policy — Background, Issues, and Options for Congress.* CRS Report RL31404.

*F/A-22 Raptor.* CRS Report RL31673.

*F-35 Joint Strike Fighter (JSF) Program: Background, Status, and Issues.* CRS Report RL30563.

*Military Forces: What is the Appropriate Size for the United States?* CRS Report RS21754.

*Military Space Programs: Issues Concerning DOD's SBIRS and STSS Programs.* CRS Report RS21148.

*Naval Transformation: Background and Issues for Congress.* CRS Report RS20851.

*Navy Aircraft Carriers: Proposed Retirement of USS John F. Kennedy — Issues and Options for Congress.* CRS Report RL32731.

*Navy Attack Submarine Force-Level Goal and Procurement Rate: Background and Issues for Congress.* CRS Report RL32418.

*Navy DD(X) and CG(X) Programs: Background and Issues for Congress.* CRS Report RS21059.

*Navy DD(X), CG(X), and LCS Ship Acquisition Programs: Oversight Issues and Options for Congress.* CRS Report RL32109.

*Navy Ship Procurement: Alternative Funding Approaches — Background and Options for Congress.* CRS Report RL32776.

*Potential Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress.* CRS Report RL32665.

*Robust Nuclear Earth Penetrator Budget Request and Plan, FY2005-FY2010.* CRS Report RL32347.

*U.S. Army's Modular Redesign: Issues for Congress.* CRS Report RL32476.

## Legislation

### Concurrent Budget Resolution

#### **H.Con.Res. 95 (Nussle).**

Establishing the congressional budget for the United States Government for FY2006, revising appropriate budgetary levels for FY2005, and setting forth appropriate budgetary levels for fiscal years 2007 through 2010. Reported by the House Committee on the Budget (H.Rept. 109-17), March 11, 2005. Agreed to in House (218-214), March 17, 2005. Agreed to in Senate in lieu of S.Con.Res. 18 with an amendment (Unanimous Consent), April 4, 2005. Conference report (H.Rept. 109-62) filed, April 28, 2005. Conference report agreed to in House (214-211) and in the Senate, (52-47), April 28, 2005.

#### **S.Con.Res. 18 (Gregg).**

An original concurrent resolution setting forth the congressional budget for the United States Government for FY2006 and including the appropriate budgetary levels for fiscal years 2005 and 2007 through 2010. Original measure reported to Senate by Senator Gregg, without written report, March 11, 2005. Agreed to in Senate: Resolution agreed to in Senate with amendments (51-49), March 17, 2005.

### Defense Authorization

#### **H.R. 1815 (Hunter).**

To authorize appropriations for FY2006 for military activities of the Department of Defense, to prescribe military personnel strengths for FY2006, and for other purposes.

## Appendix A: Funding Tables

**Table A1. FY2006 Defense Appropriations by Account**  
(budget authority in thousands of dollars)

	<b>FY2005 Enacted</b>	<b>FY2006 Request</b>	<b>Difference</b>
<b>TITLE I</b>			
<b>MILITARY PERSONNEL</b>	<b>91,614,333</b>	<b>84,961,976</b>	<b>-6,652,357</b>
Military Personnel, Army	26,039,540	24,455,295	-1,584,245
Military Personnel, Navy	20,876,556	19,439,196	-1,437,360
Military Personnel, Marine Corps	8,527,529	7,845,913	-681,616
Military Personnel, Air Force	21,145,141	20,254,837	-890,304
Reserve Personnel, Army	3,373,773	2,938,703	-435,070
Reserve Personnel, Navy	1,881,750	1,583,061	-298,689
Reserve Personnel, Marine Corps	584,128	480,592	-103,536
Reserve Personnel, Air Force	1,392,169	1,243,560	-148,609
National Guard Personnel, Army	5,467,656	4,669,104	-798,552
National Guard Personnel, Air Force	2,326,091	2,051,715	-274,376
<b>TITLE II</b>			
<b>OPERATION AND MAINTENANCE</b>	<b>112,842,432</b>	<b>118,982,941</b>	<b>+6,140,509</b>
Operation and Maintenance, Army	23,797,606	23,491,077	-306,529
Operation and Maintenance, Navy	28,353,957	29,414,918	+1,060,961
Operation and Maintenance, Marine Corps	3,106,145	3,250,966	+144,821
Operation and Maintenance, Air Force	26,121,823	29,705,435	+3,583,612
Operation and Maintenance, Defense-Wide	17,354,619	18,338,069	+983,450
Operation and Maintenance, Army Reserve	1,789,987	1,783,012	-6,975
Operation and Maintenance, Navy Reserve	1,164,228	1,182,907	+18,679
Operation and Maintenance, Marine Corps Reserve	175,070	189,829	+14,759
Operation and Maintenance, Air Force Reserve	2,189,534	2,445,922	+256,388
Operation and Maintenance, Army National Guard	4,058,342	4,118,175	+59,833
Operation and Maintenance, Air National Guard	4,242,096	4,554,300	+312,204
Overseas Contingency Operations Transfer Account	10,000	20,000	+10,000
United States Court of Appeals for the Armed Forces	10,825	11,236	+411
Overseas Humanitarian, Disaster, and Civic Aid	59,000	61,546	+2,546
Former Soviet Union Threat Reduction Account	409,200	415,549	+6,349
<b>TITLE III</b>			
<b>PROCUREMENT</b>	<b>77,679,803</b>	<b>76,635,410</b>	<b>-1,044,393</b>
Aircraft Procurement, Army	2,854,541	2,800,880	-53,661
Missile Procurement, Army	1,307,000	1,270,850	-36,150
Procurement of Weapons and Tracked Army	2,467,495	1,660,149	-807,346
Procurement of Ammunition, Army	1,590,952	1,720,872	+129,920
Other Procurement, Army	4,955,296	4,302,634	-652,662
Aircraft Procurement, Navy	8,912,042	10,517,126	+1,605,084
Weapons Procurement, Navy	2,114,720	2,707,841	+593,121
Procurement of Ammunition, Navy and	888,340	872,849	-15,491
Shipbuilding and Conversion, Navy	10,427,443	8,721,165	+1,706,278
Other Procurement, Navy	4,875,786	5,487,818	+612,032
Procurement, Marine Corps	1,432,203	1,377,705	-54,498
Aircraft Procurement, Air Force	13,648,304	11,973,933	+1,674,371
Missile Procurement, Air Force	4,458,113	5,490,287	+1,032,174

	<b>FY2005 Enacted</b>	<b>FY2006 Request</b>	<b>Difference</b>
Procurement of Ammunition, Air Force	1,327,459	1,031,207	-296,252
Other Procurement, Air Force	13,071,297	14,002,689	+931,392
Procurement, Defense-Wide	2,956,047	2,677,832	-278,215
National Guard and Reserve Equipment	350,000	— -	-350,000
Defense Production Act Purchases	42,765	19,573	-23,192
<b>TITLE IV RESEARCH, DEVELOPMENT, TEST AND EVALUATION</b>	<b>69,932,182</b>	<b>69,356,040</b>	<b>-576,142</b>
Research, Development, Test and Evaluation, Army	10,698,989	9,733,824	-965,165
Research, Development, Test and Evaluation, Navy	17,043,812	18,037,991	+994,179
Research, Development, Test and Evaluation, Air Force	20,890,922	22,612,351	+1,721,429
Research, Development, Test and Evaluation, Defense-Wide	20,983,624	18,803,416	-2,180,208
Operational Test and Evaluation, Defense	314,835	168,458	-146,377
<b>TITLE V REVOLVING AND MANAGEMENT FUNDS</b>	<b>2,378,836</b>	<b>3,119,844</b>	<b>+741,008</b>
Defense Working Capital Funds	1,174,210	1,471,340	+297,130
National Defense Sealift Fund: Ready Reserve Force	1,204,626	1,648,504	+443,878
<b>TITLE VI OTHER DEPARTMENT OF DEFENSE PROGRAMS</b>	<b>2,484,074</b>	<b>2,511,255</b>	<b>+27,181</b>
Chemical Agents & Munitions Destruction, Army	1,372,990	1,405,827	+32,837
Drug Interdiction and Counter-Drug Activities, Defense	906,522	895,741	-10,781
Office of the Inspector General	204,562	209,687	+5,125
<b>TITLE VII RELATED AGENCIES</b>	<b>557,866</b>	<b>599,444</b>	<b>+41,578</b>
Central Intelligence Agency Retirement and Disability Fund	239,400	244,600	+5,200
Intelligence Community Management Account	310,466	354,844	+44,378
National Security Education Trust Fund	8,000	— -	-8,000
<b>TITLE VIII GENERAL PROVISIONS</b>	<b>-4,845,012</b>	<b>63,000</b>	<b>+4,908,012</b>
Additional transfer authority (Sec 8005)	[3,500,000]	[4,000,000]	[+500,000]
Indian Financing Act incentives (Sec 8021)	8,000	— -	-8,000
FFRDCs (Sec 8028)	-125,000	— -	+125,000
Disposal & lease of DOD real property (Sec 8034)	25,000	— -	-25,000
Overseas Mil Fac Invest Recovery (Sec 8038)	1,000	— -	-1,000
Rescissions (Sec 8049)	-779,637	— -	+779,637
Expired Shipbuilding & Conv Funds, Navy (Sec 8056)	— -	18,000	+18,000
Travel Cards (Sec 8082)	44,000	45,000	+1,000
Special needs students (Sec 8104)	5,500	— -	-5,500
Fisher House (Sec 8093)	2,000	— -	-2,000
CAAS/Other Contract Growth (Sec 8094)	-300,000	— -	+300,000
Contracted Advisory and Assistance Services (Sec8095)	-500,000	— -	+500,000
Aircraft Procurement, Navy (Sec 8098)	34,000	— -	-34,000
Operation and Maintenance, Defense-wide (Sec 8098)	40,000	— -	-40,000
IT cost growth reduction (Sec 8105)	-197,500	— -	+197,500
Working Capital Funds Cash Balance (Sec8107)	-316,000	— -	+316,000
Ctr for Mil Recruiting Assessment & Vet Emp(Sec 8108)	6,000	— -	-6,000
Various grants (Sec 8113)	51,425	— -	-51,425
Assumed management improvements (Sec 8122)	-711,000	— -	+711,000
Transportation Working Capital Fund (Sec 8123)	-967,200	— -	+967,200
MCAGCC health demonstration program (Sec 8126)	2,500	— -	-2,500
Ship transfer authority (Sec 8129)	— -	— -	— -

	<b>FY2005 Enacted</b>	<b>FY2006 Request</b>	<b>Difference</b>
Contract offsets (Sec 8130)	-50,000	— -	+50,000
Budget withholds (Sec 8131)	-350,000	— -	+350,000
Tanker replacement transfer fund (Sec 8132)	100,000	— -	-100,000
Unobligated balances (Sec 8140)	-768,100	— -	+768,100
Travel costs (Sec 8141)	-100,000	— -	+100,000
APN/APAF technical correction (Sec 8142)	— -	— -	— -
<b>TOTAL DEFENSE APPROPRIATIONS</b>	<b>352,644,514</b>	<b>356,229,910</b>	<b>+3,585,396</b>

**Notes:** Military Personnel accounts in FY2006 request do not include costs of accrual payments to the military retirement fund for costs of age 65-and-older health care.

**Source:** House Appropriations Committee.