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## **Defense: FY2007 Authorization and Appropriations**

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# Defense: FY2007 Authorization and Appropriations

## Summary

The House passed its version of the FY2007 defense authorization bill, H.R. 5122, on May 11. The bill authorizes \$513 billion for national defense, including \$50 billion in emergency funding for operations in Iraq and elsewhere in the first months of the fiscal year. The Senate Armed Services Committee marked up its version of the bill, S. 2766, on May 4. It also authorizes \$513 billion, including emergency funding. Senate floor action appears likely in June. House subcommittee markup of the defense appropriations bill is tentatively scheduled for June 7.

The White House released its FY2007 budget request on February 6, 2006. The request included \$513.0 billion in new budget authority for national defense, of which \$50 billion was a placeholder for a later budget amendment for costs of overseas operations, \$441.2 billion was for regular programs of the Department of Defense (DOD), \$17.0 billion was for Department of Energy (DOE) nuclear weapons programs, and \$4.8 billion was for defense activities of other agencies.

In congressional action on key issues —

- Both the House and the Senate Armed Services Committee added substantially to proposed troop levels for ground forces, including 30,000 to Army and 5,000 to Marine Corps active duty end-strength, and 17,000 to Army National Guard end-strength.
- The House bill does not support Administration proposals to rein in personnel pay and benefits. It increases the proposed military pay raise from 2.2% to 2.7%, rejects a proposal to reduce DOD medical costs by increasing retiree medical fees and co-pays, and expands reservists' access to the TRICARE medical insurance program. The Senate committee agreed to a 2.2% raise, but, as in the House, rejected increased TRICARE fees and co-pays.
- As in the past, the committees were unwilling to support proposed cuts in major weapons programs. Neither committee agreed to halt production of the C-17 cargo aircraft, and both restored funds to develop an alternative engine for the F-35 Joint Strike Fighter.
- In its initial allocation of funds to the subcommittees, the House Appropriations Committee provided \$4 billion less than the Administration requested for defense appropriations. Last year Congress cut \$8.5 billion from the request for regular defense programs, but additional funding for Iraq and Afghanistan mitigated the impact of those reductions.

Additional issues may emerge as Congress continues work on the FY2007 defense bills. At the end of last year, Iraq policy became a focus of congressional debate, and it may come up again as mid-term elections near. The overall level of defense spending may also be a matter of debate.

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# Defense: FY2007 Authorization and Appropriations

## Most Recent Developments

The House passed its version of the FY2007 defense authorization bill, H.R. 5122, on May 11, by a vote of 396-31. The Senate Armed Services Committee marked up its version of the bill, S. 2766, on May 4. Senate floor action has not yet been scheduled. House defense appropriations subcommittee markup of the defense appropriations bill is tentatively scheduled for June 7. On May 4, the House Appropriations Committee reported its initial allocations of funds to subcommittees under Section 302(b) of the Congressional Budget Act. The allocation to the defense subcommittee is \$4 billion below the Administration request. In action on related bills, the House passed the Military Quality of Life/Veterans Affairs appropriations bill, H.R. 5385, on May 19. As passed, the bill provides \$58 billion for the Department of Defense, including funds for military construction and family housing, for some military personnel accounts, for some military operation and maintenance accounts, and for the defense health program.

## Status of Legislation

Congress began action on the annual defense authorization bill with House markup of its version of the measure on May 3 and passage by the full House on May 11. The Senate marked up its version of the bill on May 4. Tables 1A and 1B track congressional action on the FY2007 defense authorization and appropriations bills.

**Table 1A. Status of FY2007 Defense Authorization,  
H.R. 5122, S. 2769**

Full Committee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
							House	Senate	
5/3/06	5/4/06	H.Rept. 109-452 5/5/06	5/11/06 396-31	S.Rept. 109-254 5/9/06					

**Table 1B. Status of FY2007 Defense Appropriations**

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
6/7/06 (sched.)									

Earlier in the year Congress began, but did not complete, action on the annual congressional budget resolution. The Senate passed its version of the resolution, S.Con.Res. 83, on March 16. The House Budget Committee reported its version of the resolution, H.Con.Res. 376, on March 31, and floor action began on April 6. But the leadership halted debate in the face of internal Republican opposition to the measure. On May 18, a compromise was announced, and the House approved the measure by a vote of 218-210.

On May 18, the House also approved a measure “deeming” the provisions of the budget resolution, including the cap of \$872.8 billion in total discretionary spending, to be in effect for purposes of subsequent House action. The “deeming” resolution was included in the rule (H.Res. 818) governing debate on the FY2007 Interior and Environment appropriations bill (H.R. 5386).

In action on related legislation, the House passed the Military Quality of Life/Veterans Affairs appropriations bill, H.R. 5385, on May 19. The bill provides \$58 billion for the Department of Defense, including funds for military construction and family housing, for some military personnel accounts, for some military operation and maintenance accounts, and for the defense health program. In the Senate, the military personnel, O&M, and defense health funds are provided in the regular defense appropriations bill, and the military construction and family housing funds are provided in the Military Construction/Veterans Affairs appropriations bill.

## **Facts and Figures: Congressional Action on the FY2007 Defense Budget Request**

The following series of tables show congressional action on defense budget. Additional details will be added as congressional action proceeds.

**Table 2** shows the Administration’s FY2007 national defense request, by appropriations title, separating discretionary and mandatory amounts. The total for FY2006 includes a \$70 billion placeholder for supplemental appropriations. That amount will be adjusted when Congress completes the pending supplemental bill (H.R. 4939). The total for FY2007 includes a \$50 billion placeholder for a budget amendment for overseas operations. If the \$50 billion placeholder is removed, the total discretionary request for the Department of Defense is \$439.3 billion. This was the amount most often referred to in DOD press releases as the FY2007 Department of Defense request when the budget was released in February.

**Table 2. Administration Request for National Defense for FY2007, Budget Authority, Discretionary and Mandatory**

(billions of dollars)

	2005 Actual	2006 Estimate	2007 Request
<b>National Defense Discretionary (Function 050)</b>			
<b>Department of Defense — Military Discretionary (Subfunction 051)</b>			
Military personnel	119.7	113.5	110.8
Operation and maintenance	178.6	177.7	152.0
Procurement	96.6	86.2	84.2
Anticipated funding for the Global War on Terror*	—	70.0	50.0
Research, development, test and evaluation	68.8	71.0	73.2
Military construction	7.3	8.9	12.6
Family housing	4.1	4.4	4.1
Revolving, management, and trust funds and other	3.8	4.8	2.4
<b>Total, Department of Defense — Military Discretionary</b>	<b>478.9</b>	<b>536.6</b>	<b>489.3</b>
<b>Atomic Energy Defense Activities (Subfunction 053)</b>			
Department of Energy defense-related activities	17.0	16.2	15.8
Formerly utilized sites remedial action	0.2	0.1	0.1
Defense nuclear facilities safety board	0.0	0.0	0.0
<b>Total, Atomic Energy Defense Activities Discretionary</b>	<b>17.2</b>	<b>16.4</b>	<b>16.0</b>
<b>Defense-Related Activities (Subfunction 054)</b>			
Federal Bureau of Investigation	1.2	2.3	2.3
Other discretionary programs	2.4	3.0	2.2
<b>Total, Defense-Related Activities Discretionary</b>	<b>3.7</b>	<b>5.3</b>	<b>4.5</b>
<b>Total, National Defense Discretionary</b>	<b>499.8</b>	<b>558.3</b>	<b>509.7</b>
<b>National Defense Mandatory (Function 050)</b>			
<b>Department of Defense — Military Mandatory (Subfunction 051)</b>			
Concurrent receipt accrual payments	1.5	2.3	2.4
Research, development, test, and evaluation	—	—	0.3
Revolving, trust and other DoD mandatory	5.0	0.8	0.8
Offsetting receipts	-1.5	-1.6	-1.5
<b>Total, Department of Defense — Military Mandatory</b>	<b>5.0</b>	<b>1.5</b>	<b>1.9</b>
<b>Atomic Energy Defense Activities Mandatory (Subfunction 053)</b>			
Energy employees occupational illness compensation program and other	0.7	1.7	1.0
<b>Defense-Related Activities Mandatory (Subfunction 054)</b>			
Radiation exposure compensation trust fund	0.1	0.1	0.0
Other mandatory programs	0.2	0.2	0.3
<b>Total, Defense-Related Activities Mandatory</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Total, National Defense Mandatory</b>	<b>6.0</b>	<b>3.6</b>	<b>3.3</b>
<b>Total, National Defense (Function 050)</b>	<b>505.8</b>	<b>561.8</b>	<b>513.0</b>

**Source:** Office of Management and Budget, *Analytical Perspectives: Budget of the U.S. Government, FY2007*, Table 27-1.

**\*Note:** These are placeholder amounts for a request for supplemental appropriations for FY2006, now pending before Congress, and for a budget amendment for FY2007, not yet submitted.

**Table 3** shows congressional recommendations for defense budget authority and outlays in versions of the annual budget resolution — S.Con.Res. 83 as passed by the Senate and H.Con.Res 376 as passed by the House. These amounts are not binding on the appropriations committees, however.

**Table 3. Congressional Budget Resolution, Recommended National Defense Budget Function Totals**  
(billions of dollars)

	FY2007*	FY2008	FY2009	FY2010	FY2011
<b>Administration Request</b>					
Budget Authority	513.0	485.2	505.3	515.3	526.1
Outlays	527.4	494.4	494.3	507.4	522.7
<b>Senate Budget Committee Reported</b>					
Budget Authority	545.4	481.7	501.8	511.9	522.8
Outlays	550.5	514.8	508.1	511.2	521.9
<b>Senate Passed</b>					
Budget Authority	549.4	483.0	502.8	512.9	523.9
Outlays	554.5	516.0	509.1	512.2	523.0
<b>House Budget Committee Reported</b>					
Budget Authority	512.9	484.7	504.8	514.9	525.8
Outlays	534.9	505.5	505.9	512.6	524.9

**Sources:** Office of Management and Budget; S.Con.Res. 83; H.Con.Res. 376.

**\*Note:** For FY2007, the Administration request includes \$50 billion for a planned budget amendment for overseas operations. The Senate recommended levels for FY2007 assume \$82 billion for overseas operations. The House committee-reported level assumes \$50 billion, as in the request.



**Table 4** shows congressional action on the FY2007 defense authorization bill by title. It is important to note that the authorization bill does not directly provide funds for most defense programs (the exception being some mandatory programs). Rather, it authorizes the appropriation of funds. In the appropriations bills, Congress may provide more, less, or the same as the amounts authorized to be appropriated.

**Table 4. FY2007 National Defense Authorization,  
House and Senate Action by Title**  
(budget authority in billions of dollars)

	House Request	House-Passed	House Versus Request	Senate Request	Senate-Comm. Rept'd	Senate Versus Request	Conf.	Conf. Versus Request
Military Personnel	110.8	109.8	-1.0	110.8	112.0	+1.3	—	—
Operation & Maintenance	130.1	129.8	-0.3	130.1	129.5	-0.6	—	—
Procurement	84.2	85.9	+1.7	82.9	85.7	+2.8	—	—
RDT&E	73.2	74.1	+0.9	73.2	74.2	+1.0	—	—
Military Construction	12.6	13.0	+0.4	12.6	13.2	+0.6	—	—
Family Housing	4.1	4.1	-0.0	4.1	4.1	-0.0	—	—
Revolving & Management	2.4	2.5	+0.1	2.3	2.3	0.0	—	—
Other Defense Programs*	22.2	22.4	+0.3	23.4	23.3	-0.1	—	—
Mandatory Programs	1.9	1.9	-0.0	1.9	2.9	+1.0	—	—
Rescissions/Inflation Savings	—	-1.8	-1.6	0.0	-1.0	-1.0	—	—
<b>Total Department of Defense</b>	<b>441.5</b>	<b>441.7</b>	<b>+0.2</b>	<b>441.5</b>	<b>446.5</b>	<b>+4.9</b>	—	—
Atomic Energy Defense Activities	17.0	16.5	-0.5	17.0	16.4	-0.6	—	—
Other Defense-Related Activities	4.8	4.7	-0.0	4.8	4.7	-0.0	—	—
<b>Total National Defense</b>	<b>463.3</b>	<b>462.9</b>	<b>-0.4</b>	<b>463.3</b>	<b>467.7</b>	<b>+4.4</b>	—	—
Emergency Authorization	50.0	50.0	0.0	50.0	50.0	0.0	—	—
<b>Total Including Emergency</b>	<b>513.3</b>	<b>512.9</b>	<b>-0.4</b>	<b>513.3</b>	<b>517.7</b>	<b>+4.4</b>	—	—

Totals may not add due to rounding.

**Source:** Office of Management and Budget; H.Rept. 109-452, S.Rept. 109-254.

**\*Note:** Other Defense Programs include Defense Health Program; Drug Interdiction; Chemical Weapons Demilitarization; and Office of the Inspector General.

**Table 5** shows congressional action on the FY2007 defense and military construction/VA appropriations bills. This table does not show funding for defense-related activities of agencies other than the Defense Department, except for about \$600 million for intelligence provided in the defense appropriations bill. Notably, it excludes about \$17 billion requested for Department of Energy nuclear weapons programs. The House Military Quality of Life/VA appropriations bill includes funds for Military Personnel and for Operation and Maintenance accounts that are provided in the defense appropriations bill in the Senate. In the Senate bill the Basic Allowance for Housing is in the Military Personnel Title, Facilities Sustainment and Environmental Restoration are in the Operation & Maintenance Title, and Defense Health is in the Other Defense Programs Title.

**Table 5. FY2007 Department of Defense Appropriations,  
House and Senate Action by Bill and Title**  
(budget authority in billions of dollars)

	House Request	House Comm.	House Versus Request	Senate Request	Senate	Senate Versus Request	Conf.	Conf Versus Request
<b>Department of Defense Appropriations Bill</b>								
Military Personnel	97.3	—	—	—	—	—	—	—
Operation and Maintenance	122.5	—	—	—	—	—	—	—
Procurement	82.9	—	—	—	—	—	—	—
RDT&E	73.2	—	—	—	—	—	—	—
Revolving and Management Funds	12.6	—	—	—	—	—	—	—
Other Defense Programs*	0.9	—	—	—	—	—	—	—
Related Agencies	0.9	—	—	—	—	—	—	—
<b>Total Regular Appropriations</b>	<b>390.3</b>	—	—	—	—	—	—	—
Additional Appropriations for War	50.0	—	—	—	—	—	—	—
<b>Total with Additional for War</b>	<b>440.3</b>	—	—	—	—	—	—	—
<b>DOD Programs in Military Quality of Life/VA and Military Construction/VA Appropriations Bills</b>								
Military Construction	12.6	11.9	-0.7	—	—	—	—	—
Family Housing	4.1	4.0	-0.1	—	—	—	—	—
Basic Allowance for Housing	13.5	13.5	—	—	—	—	—	—
Facilities Sustainment	6.2	6.2	—	—	—	—	—	—
Environmental Restoration	1.4	1.4	—	—	—	—	—	—
Defense Health Program	21.0	21.0	—	—	—	—	—	—
<b>Total Department of Defense</b>	<b>58.8</b>	<b>58.0</b>	—	—	—	—	—	—
<b>Grand Total for Department of Defense in Defense and Military Construction Appropriations</b>								
<b>Total Regular Appropriations</b>	<b>449.1</b>	—	—	—	—	—	—	—
<b>Total With Additional for War</b>	<b>499.1</b>	—	—	—	—	—	—	—

Totals may not add due to rounding.

**Source:** Office of Management and Budget.

**\*Note:** Other Defense Programs include Defense Health, Drug Interdiction, Chemical Weapons Demilitarization, and DOD Inspector General in the Senate bill and all but Defense Health in the House bill. In DOD briefing charts, Chemical Weapons Demilitarization is shown in Procurement and the other accounts are shown in Operation and Maintenance.

## Overview of the Administration Request

On February 6, 2006, the White House formally released its FY2007 federal budget request to Congress. The request included \$513.0 billion in new budget authority for national defense in FY2007, of which \$50 billion was a placeholder for a later budget amendment to cover costs of overseas military operations, \$441.2 billion was for regular operations of the Department of Defense (DOD), \$17.0 billion was for Department of Energy (DOE) nuclear weapons programs, and \$4.8 billion was for defense-related activities of other agencies (see **Table 2** above).

The \$50 billion placeholder is not intended to cover the full costs of military operations in Iraq, Afghanistan, and elsewhere in FY2007. Rather, it is a “bridge fund” to cover costs in the initial months of FY2007. Remaining costs for the rest of the year will, if Congress agrees, be covered by a later supplemental appropriations bill. On its own initiative, Congress provided a \$25 billion bridge fund in the FY2005 defense appropriations act and a \$50 billion bridge fund in FY2006. In each year, the White House later requested additional supplemental funds. In February 2006, the Defense Department requested \$67 billion for overseas military operations in FY2006 in addition to the \$50 billion appropriated last fall and \$5 billion for DOD for domestic disaster costs. Congress is now considering that request.<sup>1</sup>

Along with the FY2007 budget request, the Pentagon released the results of the congressionally-mandated Quadrennial Defense Review (QDR) of defense policy. The year-long QDR was not a budget exercise, but it identified the kinds of military capabilities that senior DOD officials believe should be emphasized in years to come, and it endorsed a number of budget decisions that were reflected in the FY2007 DOD request to Congress.

## Highlights of the FY2007 Defense Budget Request

Aspects of the Defense Department’s FY2007 request that appear to be of most immediate concern to Congress include:

***(1) The Administration continues to request large amounts for Iraq and Afghanistan through “additional” or “emergency supplemental” appropriations not subject to limits on total discretionary federal spending and not subject to the full congressional authorization and appropriations review process.*** In the FY2007 budget, the Administration has, for the first time, requested part of the funding to carry on military operations in Iraq and Afghanistan before the start of the fiscal year in the form of a \$50 billion budget amendment to the FY2007 request. In this, the Administration has followed Congress’s lead — Congress provided a “bridge fund” of \$25 billion for Iraq and Afghanistan in the FY2005 defense appropriations bill and of \$50 billion in FY2006. By submitting a budget amendment, the Administration gains a more direct and formal voice in proposing how to allocate the additional funds. The Administration

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<sup>1</sup> For a full discussion, CRS Report RL33298, *FY2006 Supplemental Appropriations: Iraq and Other International Activities; Additional Katrina Hurricane Relief*, Paul M. Irwin and Larry Nowels, coordinators.

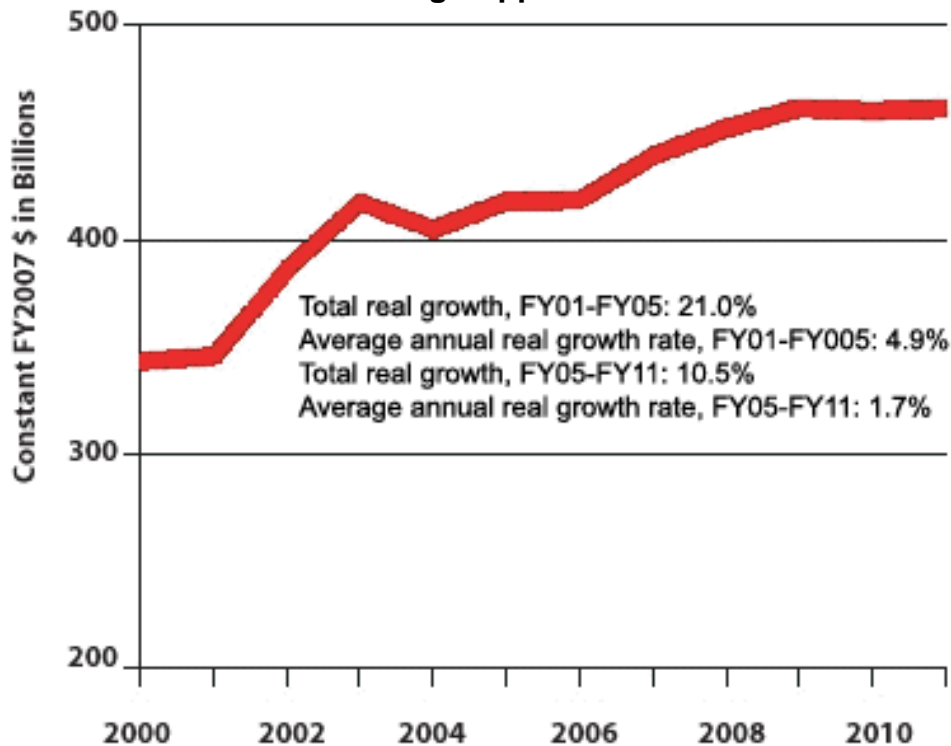
will continue, however, to request more additional funding in an emergency supplemental appropriations bill to be submitted next year. Both the “bridge fund” and later supplemental appropriations will be requested over and above proposed limits on overall discretionary spending.

The key point remains this: Either in the form of a bridge fund or of emergency supplemental appropriations, the Administration is requesting that additional war funding not count against restrictive caps on regular annual defense and non-defense appropriations. War expenditures, however, have become a very large part of total annual defense spending, and, for that matter, of total defense and non-defense appropriations. For FY2006, Congress approved a \$50 billion bridge fund for war costs last fall and is now considering supplemental appropriations of \$67 billion, for a total of \$117 billion. A few comparisons may help put this amount into perspective.

- Regular DOD appropriations for FY2006 were \$411 billion, so the \$117 billion for war increases defense funding by 28%.
- In last year’s budget resolution, the FY2006 cap on total “non-emergency” appropriations, both for defense and for non-defense programs, was \$843 billion, which was subsequently trimmed by 1% to \$835 billion. So the \$117 billion for war adds 14% to federal discretionary funding.
- At the end of last year’s budget cycle, Congress imposed an across-the-board cut of 1% in all appropriations bills, which trimmed federal spending by \$8.4 billion, 7% of the amount it is providing for war costs.

An equally important point is that DOD requests for “additional” or “emergency” war appropriations are not subject to nearly the extent of review that Congress exercises over regular defense spending. The Administration decision to submit a budget amendment for a bridge fund is, at most, only a limited step in the direction of greater oversight. The amendment has not been submitted in advance of House action on the FY2007 defense authorization bill. Moreover, neither supplemental appropriations requests nor budget amendments are supported by the kind of detailed budget justification material that Congress expects to be provided with regular DOD funding requests. In part because of that, there appears to be a growing sentiment in Congress to the effect that full funding for ongoing military operations should be considered through the regular, annual defense authorization and appropriations process.

**Figure 1. DOD Discretionary Budget Authority, FY2000-FY2011, Excluding Supplementals**



**(2) The regular DOD appropriations request for FY2007 is for \$439.3 billion, \$28.5 billion above the FY2006 enacted amount, an increase of 7%.** Viewed in this way, the FY2007 budget appears to carry on the substantial defense buildup that has been underway for the past several years. But the story is a bit more complicated than that. The increase appears so large in part because Congress cut the FY2006 request by \$8.5 billion — a \$4.4 billion cut in the regular process and an additional across-the-board reduction of \$4.1 billion at the end of the appropriations process.<sup>2</sup> Moreover, in an effort to stay within tight limits on overall appropriations for FY2007, the Office of Management and Budget trimmed DOD's FY2007 budget by \$3.8 billion compared to the amount that was planned last year for FY2007. Out-year budget projections for the regular defense budget show spending leveling off to very modest rates of growth. The average increase between FY2005 and FY2011 is 1.7% per year above inflation, far below the 5% per year growth between FY2001 and FY2005 (see **Figure 1**).

That said, when additional and supplemental appropriations for war are included, total defense spending is continuing to grow. The total increase in defense between FY2005 and FY2006 will be about \$56 billion if Congress approves the pending FY2006 supplemental. The increase between FY2006 and FY2007 could be as great.

<sup>2</sup> For a full discussion, see CRS Report RL32924, *Defense: FY2006 Authorization and Appropriations*, by Stephen Daggett.

So, the summary story line might be termed the “tale of two budgets.” The budget is getting very tight for programs that are funded strictly within the regular defense budget — military service officials have testified that the congressional cuts in the FY2006 defense budget are requiring substantial reductions in some operations. At the same time, supplemental appropriations are soaring, and money is readily available for programs that are tied to the war effort.

**(3) *The Administration’s FY2007 request rejects congressional proposals to increase Army and Marine Corps end-strength and cuts Air Force and Navy personnel levels.*** For FY2006 Congress authorized active duty end-strength of 512,400 for the Army of 179,000 for the Marine Corps. By the end of FY2007, however, the Defense Department plans to restore Army and Marine Corps end-strength to the pre-FY2004, pre-Iraq, “base-line” level — 482,400 for the Army, which is 30,000 troops lower than the current authorization, and 175,000 for the Marine Corps, which is 4,000 lower. Many Members of Congress have urged that the current authorized levels be made permanent in order to ease the pace of operations on ground forces. The Administration vigorously opposes a permanent increase, however, arguing that costs are high and that forces can be organized more efficiently to provide required combat troops.

Meanwhile, the Air Force plans to eliminate at least 40,000 full-time equivalent positions over the next five years through a mixture of reductions in active duty, reserve, and civilian personnel. And the Navy is cutting 12,000 active duty personnel between FY2006 and FY2007. Though no additional Navy cuts have been announced formally, it is widely expected that the Defense Department will trim an additional 20,000 or so positions from the Navy over the next few years.

**(4) *The Administration’s FY2007 request provides funds for 333,000 Army National Guard (ARNG) troops rather than the 350,000 authorized and reflects a decision to reduce the number of combat brigades in the ARNG from 34 to 28.*** The Army has been unable to recruit and retain enough troops in the National Guard to reach its authorized end-strength. In the FY2007 request, the Army has requested funding only for 333,000 troops, though, after the budget was released, Army officials said that they would shift money into personnel and other related accounts if recruitment and retention improves. In its future plans, however, the Army projects ARNG end-strength of 333,000.

A more controversial issue is the Army plan to reduce the number of new, modularized ARNG combat brigades. As Army officials explain, the purpose of the change is to fully man the new brigades within authorized ARNG end-strength and to fully equip the combat units within available budget constraints. The change will likely mean that ARNG units in some states that will not, as had been planned, be outfitted as new, more capable combat brigades, will lose personnel. The units that remain, therefore, will also likely have less ability to carry out state disaster response and homeland defense missions. As a result, state governors and some National Guard leaders have been very critical of the plan.

**(5) *The FY2007 request includes only a modest 2.2% pay raise for troops and proposes increases in medical care fees and co-pays for under-age-65 military retirees.*** Since 1999, Congress has approved substantial

increases in military pay and benefits. Compared to economy-wide indices, uniformed military personnel now cost as much as 33% more, above inflation, than in the late 1990s.<sup>3</sup> In the FY2007 budget, the Administration is proposing measures to rein in the growth of pay and benefits. The proposed 2.2% military pay raise is the lowest since 1994. And the Administration has proposed increasing fees and co-pays for under-age-65 military retirees who are eligible for medical care through the military Tricare program. This is the first proposed increase in medical co-pays since the current Tricare medical care system for retirees and dependents was established in 1995.

**(6) The FY2007 request proposes a few reductions in major weapons programs, some of which have been controversial in Congress.** With the Defense Department carrying out its Quadrennial Defense Review in 2005, many expected some substantial changes in long-term budget priorities, including some cuts in major weapons programs. The QDR did not, however, make many far-reaching changes in on-going programs, and only a few reductions in weapons plans are reflected in the FY2007 budget request. Two have so far been controversial in Congress —

- A decision to halt procurement of the C-17 cargo plane in FY2007 after buying 180 of the aircraft since the program began in the mid-1980s; and
- A decision to drop plans to develop and buy engines for the F-35 joint strike fighter from two manufacturers and, instead, just to buy engines from one company.

**(7) The Quadrennial Defense Review did not result in decisions on major, ongoing defense budget and program-related issues.** The official Department of Defense report on the 2005-2006 Quadrennial Defense Review,<sup>4</sup> which was released along with the Administration's budget request in February, stated plainly that the year-long QDR exercise was not intended to be a systematic assessment of major defense programs. Instead, it was designed to provide a vision of the national security challenges facing the nation and to identify the kinds of military capabilities that are needed.

True to its word, the QDR report announced very few major program decisions, though it did mention some. Perhaps the most significant is to add 15,000 special operations troops, though without increasing overall military end-strength. For the most part, the QDR report simply endorsed ongoing initiatives, though often with wording carefully designed to keep options for policy-makers open. The result is to leave undecided some very far-reaching defense policy issues.

- For the Navy, the QDR report endorsed increasing “green” and “brown” water capabilities, construction of new prepositioning

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

<sup>4</sup> Department of Defense, *Quadrennial Defense Review Report*, February, 2006. Available at [<http://www.defenselink.mil/qdr/report/Report20060203.pdf>].

ships, 11 rather than 12 deployable aircraft carriers, construction of two attack submarines per year at lower than current prices, and the conversion of a number of Trident II submarine-launched missiles to carry conventional (non-nuclear) warheads. But the report said nothing about other naval force issues. Notably, it did not mention the recently-released Navy shipbuilding plan for a combat fleet of 313 ships. Many question whether that plan is affordable.

- Regarding fighter aircraft acquisition plans in the Air Force, Navy, and Marine Corps, the QDR report endorsed a revised Air Force plan to stretch out F-22 procurement, but otherwise did not mention the number of short-range fighter and ground attack aircraft needed in the long term. The report put a great deal of emphasis on the need for long-range, prompt, global strike capabilities. This may appear to be at odds with plans to continue large investments in shorter-range strike aircraft that may have limited access to areas of combat in future conflicts, but the report did not address the issue.
- The report endorsed the Army's plan to reorganize into more deployable, modular combat brigades, but notably did not make an explicit commitment to provide the full funding needed to modularize all active and reserve combat units as the Army has planned<sup>5</sup>. The report also endorsed the capabilities being developed in the Army's Future Combat System development program, but, notably, did not explicitly endorse the program as a whole.
- The report said very little at all about satellites and other space programs. The only mention of a space program was to endorse an Air Force plan to restructure the Transformational Communications Satellite (TSAT) program to incorporate less risky technology. Other space programs have experienced problems like those in the TSAT program, but these are not mentioned. Space programs overall have grown dramatically as a share of the defense budget, and cost growth in major programs has been pandemic. And a major policy issue is how to protect space based systems from future threats and whether the U.S. security will be advanced by developing offensive space capabilities. The QDR discusses none of these issues.

## Headlines: Potential Issues in Congress

Last year, congressional action on the annual defense authorization and appropriations bills featured extensive debates, first, over policy toward treatment of military detainees, and, toward the end of the year, over the pace of troop withdrawals from Iraq. This year, a continued debate over Iraq policy has reemerged

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<sup>5</sup> For an overview of Army modularization, see CRS Report RL32476, *U.S. Army's Modular Redesign: Issues for Congress*, by Andrew Feickert.



in congressional consideration of the FY2006 supplemental appropriations bill (H.R. 4939). An amendment to the bill in the Senate proposes accelerated withdrawals if the Iraqi government fails to meet established deadlines in the political process. The debate over Iraq may well be renewed when Congress takes up FY2007 bills.

In addition to Iraq policy, other issues may emerge. What follows is a very brief list of some of the issues that may come up, based on early debate about the FY2007 defense budget.

- **Funding cuts in the regular FY2007 defense appropriations bill:** Last year, Congress trimmed \$4.4 billion from the regular FY2006 defense appropriations bill and applied the money to non-defense appropriations. Later, at the end of the process, Congress trimmed defense appropriations by an additional \$4.1 billion as part of an across-the-board 1% cut in all appropriations, as an offset for Katrina-related funding. This year, the Senate took a step to avoid similar guns versus butter trade-offs in the FY2007 budget by adding \$3.7 billion to the budget resolution (S.Con.Res. 83) cap on total discretionary spending. But, as last year, there appears to be a considerable amount of opposition in Congress to proposed cuts in non-defense appropriations, and the defense bill may be seen as a source of offsetting funds because of the amount of money available for defense in emergency funding for overseas operations.
- **Limits on emergency funding:** The Senate-passed FY2007 budget resolution (S.Con.Res. 83) puts a cap of \$90 billion on total emergency funding. War costs, including \$50 billion that the Administration plans to request as an attachment to the regular FY2007 defense appropriations bill, plus a later emergency FY2007 supplemental request expected next February, together with requests for funds for Katrina-recovery, bird flu, border security, agricultural disaster relief, and other purposes, will almost surely exceed the cap by a substantial amount. If Congress ultimately approves such a cap, anything above \$90 billion would require offsetting rescissions, including, quite likely, cuts in regular defense funding.
- **Providing full funding for overseas operations in regular defense funding bills:** Both last year and the year before, the Senate added advisory language to the defense appropriations bill urging the Administration to request full funding for ongoing military operations in the regular authorization and appropriations bills. The Administration did not concur. But there may be more support in Congress for that approach now, and Congress may try to ensure that full funding for operations is in next year's FY2008 request.
- **Army and Marine Corps end-strength:** The Administration is proposing ground force active duty end-strengths at the pre-2004 baseline level. Congress added 30,000 to Army and 4,000 to Marine Corps end-strength in FY2006, and there appears to be a great deal

of support in Congress, particularly, but not only, among Democrats, for a permanent end-strength increase.

- **Funding for Army National Guard end-strength:** The FY2007 Army request trims about \$500 million from Army personnel accounts and additional amounts from operation and maintenance accounts to reflect a troop level of 333,000 in the Army National Guard rather than the 350,000 authorized. Congress may mandate a higher force level.
- **2.2% pay raise:** Every year between 2001 and 2006, Congress approved an increase in basic pay of ½% above the employment cost index (ECI), a measure of the average growth of nationwide pay and benefits. An increase of ECI + ½% was mandated for 2004, 2005, and 2006 in the FY2004 national defense authorization act (P.L. 108-136). Now that provision has expired, and the normal pay raise, established in Section 1009 of Title 37, U.S.C., is equal to the ECI. The Administration, accordingly, has requested a pay raise equal to the ECI, which, for calendar year 2007, is 2.2%. If approved, that would be the lowest pay raise since 1994. There is considerable sentiment in Congress to provide more.
- **Increased TRICARE fees and co-pays for under-65 retirees:** There is also considerable sentiment in Congress against the Administration's proposed increases in fees and co-pays for TRICARE for retirees. The Administration argues, however, that rising medical benefits threaten to drive up military personnel costs substantially, and that concern has gained some traction in Congress.<sup>6</sup>
- **Flexibility for the Defense Department to provide support to foreign nations:** The Defense Department made a number of legislative proposals to expand its flexibility to provide various kinds of support to foreign nations that, in the past, have generally been provided through foreign assistance programs. Several of these proposals expand or make permanent temporary measures that Congress has approved in bills providing funds for operations in Iraq and Afghanistan. The most expansive DOD proposal is to permit the Secretary of Defense, with the approval of the Secretary of State, to use up to \$750 million of defense funds per year to build the capacities of foreign militaries to engage in counter-terrorist operations or to participate in or support stability operations in which the United States is engaged.<sup>7</sup>

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<sup>6</sup> For a full discussion, see CRS Report RS22402, *Increases in Tricare Fees: Background and Options for Congress*, by Richard Best.

<sup>7</sup> DOD's legislative proposals for inclusion in annual defense authorization bills are formally sent to Congress by the DOD Office of Legislative Counsel. The FY2007 proposals are (continued...)

- **Funding for National Guard and reserve equipment:** Funding for Guard and reserve units has become a more contentious issue in recent years, particularly as states look to National Guard units as the front line in possible homeland defense missions.
- **Adding a representative of the Guard and reserve components to the Joint Chiefs of Staff:** Several Senators have sponsored a bill to establish a 4-star rank reserve officer to serve on the JCS. The services have opposed such a measure.
- **Retiring an aircraft carrier:** The Defense Department wants to reduce the number of deployable aircraft carriers from 12 to 11. Last year, Congress included a provision in the FY2006 defense authorization act to prohibit such a reduction. Senator Warner, the Chairman of the Senate Armed Services Committee, now supports retiring a carrier, but there is still some opposition. The issue may be resolved in action on the pending FY2006 supplemental appropriations bill, if Congress approves a Warner amendment to permit retirement of the *U.S.S. Kennedy* aircraft carrier. If not, the issue may come up in action on the FY2007 defense bills. The Senate has also addressed the issue in FY2007 appropriation authorization. See below.
- **Halting C-17 production:** The Defense Department has not requested funds for new C-17 cargo aircraft in FY2007, which would end production after 180 aircraft have been produced. The Air Force, however, included in its FY2007 unfunded priorities list (UPL) a proposal for 7 C-17s as replacements for aircraft that may be lost due to excessive wartime use. Some legislators want to keep production lines open for the foreseeable future.
- **B-52, F-117, and U-2 retirements:** The Air Force has proposed cutting the number of active B-52s from 94 to 56 and retiring F-117 stealth attack aircraft and U-2 reconnaissance planes. In the past, Congress has repeatedly rejected Air Force proposals to retire B-52s.

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<sup>7</sup> (...continued)

posted on the internet at [<http://www.defenselink.mil/dodgc/olc/legispro.html>]. The proposal for authority to build the capacity of foreign military forces is in the third package of proposals, dated April 13, 2006. In the FY2007 National Defense Authorization Act, P.L. 109-163, Congress provided one-year authority for DOD to spend up to \$200 million to build the capacity of foreign militaries. DOD's FY2007 legislative proposal would change the FY2006 provision in some ways. It would make the authority permanent, it would increase the maximum funding to \$750 million, it would require concurrence of the Secretary of State rather than of the President, and it would allow the waiver of provisions in other laws that would otherwise prohibit assistance to specific countries or for specific purposes.

- **Stretching out F-22 procurement:** The Air Force has requested stretching out F-22 production until F-35 procurement begins. The financing mechanism that it has proposed, however, violates long-standing DOD and Office of Management and Budget policy that requires full funding of complete end-items of equipment in annual appropriations for procurement programs. The stretch-out will increase total procurement costs, even though the Air Force wants to negotiate a multi-year contract for the remaining production. In the past, Congress has rejected Air Force proposals that violate the full funding policy, though it has supported incremental funding for more costly Navy ships.<sup>8</sup>
- **Eliminating funds to develop a second engine supplier for the F-35 Joint Strike Fighter:** DOD has proposed eliminating development of an alternate engine for the F-35. This would save about \$1.7 billion in development costs through FY2011, according to the Air Force,<sup>9</sup> but it would also eliminate the benefits of ongoing competition between engine producers. Congress has held several hearings on the issue. Even senior DOD officials testifying on the matter have acknowledged being unenthusiastic about the proposal.
- **A new refueling aircraft for the Air Force:** While studies have found that current KC-135 refueling aircraft remain reliable, the Air Force wants a new tanker, arguing that possible corrosion of KC-135 air frames is a danger. Most recently, DOD has approved an initial request for information from industry about tanker options, the first step in acquiring a new aircraft.<sup>10</sup>
- **Converting Trident II missiles to carry non-nuclear warheads:** The Quadrennial Defense Review placed a new, high priority on capabilities to strike targets promptly at long range. In the short term, DOD is proposing to convert several Trident II missiles to carry non-nuclear warheads for rapid strike missions.<sup>11</sup> Congress has balked at providing the funds requested for the program until it can address key questions. In addition, beginning some time after

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<sup>8</sup> For a full discussion, see CRS Report RL31404, *Defense Procurement: Full Funding Policy—Background, Issues, and Options for Congress*, by Ronald O'Rourke and Stephen Daggett.

<sup>9</sup> Jon Steinman and Tony Capaccio, "Pentagon Plans To Scrap F-35 Backup Engine, Cut Costs," Bloomberg.com, December 29, 2005.

<sup>10</sup> Megan Scully, "Air Force Launches Latest Effort To Replace Aging Tankers," *National Journal Congress Daily PM*, April 25, 2006

<sup>11</sup> For a thorough discussion and extensive background on the program, see CRS Report RL33067, *Conventional Warheads For Long-Range Ballistic Missiles: Background and Issues for Congress*, by Amy F. Wolf. Also see Michael R. Gordon, "Pentagon Seeks Nonnuclear Tip For Sub Missiles," *New York Times*, May 29, 2006, pg. 1.

2015, DOD is proposing to build a new, long-range strike system, which could be a manned or unmanned bomber.

- **Satellite and other space program acquisition:** For the past several years, Congress has expressed its displeasure with large cost growth and extensive schedule delays in a number of DOD space programs. Congress has cut funds substantially and mandated restructuring of some particular programs, including the Transformational Communications Satellite (TSAT) and Space Radar programs. Press accounts have also reported large changes in the highly classified Future Imagery Architecture program.<sup>12</sup> The Administration has announced a plan to restructure the TSAT program to rely on less risky technology.<sup>13</sup> The continuing issue for Congress is whether changes in space programs have reduced risk sufficiently and how fast new programs should proceed.
- **Missile defense funding and testing:** Missile defense remains the largest acquisition program in the defense budget. Congress has been reluctant to cut funding in the past, though it has trimmed some programs and defense committees have expressed concern about the testing program. The Missile Defense Agency now deploying ground-based interceptors in Alaska though the deployed system has not been tested as an integrated whole. One issue for Congress may be whether to tie funding to the test program.
- **Acquisition reform:** Last year, Congress approved a measure intended to improve tracking of cost growth in weapons programs by requiring that the Defense Department report changes compared to original estimates of the costs rather than compared to periodically rebaselined program estimates. The result has been to show a substantial number of acquisition programs with cost growth exceeding or approaching levels that would trigger a program review under the requirements of the Nunn-McCurdy amendment. Last year Congress rejected, however, a requirement that programs with excessive cost growth be reevaluated compared to alternatives.

## Congressional Action on Major Issues

### Bill-by-Bill Synopsis of Congressional Action to Date

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<sup>12</sup> Andy Pasztor, "U.S.'s Lofty Plans For Smart Satellites Fall Back To Earth: Big Delays and Cost Overruns Give Washington Pause; Technical Setbacks Loom; Reconsidering 1970s Designs," *Wall Street Journal*, February 11, 2006, pg. 1.

<sup>13</sup> The Government Accountability Office raised some questions about the restructured program – Government Accountability Office, *Space Acquisitions: DOD Needs Additional Knowledge as it Embarks on a New Approach for Transformational Satellite Communications System*, GAO-06-537, May 24, 2006, available on line at: <http://www.gao.gov/cgi-bin/getrpt?GAO-06-537>.

**Congressional Budget Resolution.** In March, Congress began action on the annual congressional budget resolution, but it has not yet completed a conference agreement. For amounts recommended for national defense in the House and Senate resolutions, see **Table 3** above.

The Senate Budget Committee reported its version of the budget resolution on March 10, and the full Senate approved the measure, S.Con.Res. 83, with amendments, on March 16. The committee recommended a level of defense spending about \$3.7 billion below the Administration request. In floor action, the Senate adopted amendments that added \$4 billion to the recommended defense total. The Senate also approved an amendment by Senator Lott to add \$3.7 billion to the enforceable cap on total discretionary funding. This was intended to avoid cuts in defense appropriations as offsets for higher levels of non-defense spending.

The Senate measure also put a limit of \$90 billion on total emergency funding in FY2007, which is substantially below the amount that appears likely to be requested to finance ongoing military operations and domestic disaster-response commitments. This effort in the Senate to place constraints on emergency spending may be a harbinger of battles later in this year's appropriations process and in next year's budget debate.

The House Budget Committee reported its version of the budget resolution, H.Con.Res. 376, on March 31. The committee measure recommended the Administration-requested level of defense spending. The leadership did not bring the measure to the floor in April in the face of internal Republican opposition. In May, Republicans agreed on a measure that may provide room for a substantial increase in funding for some domestic discretionary programs while officially still adhering to the Administration's proposed cap on total discretionary spending. The House passed the revised measure on May 18 after rejecting several alternative budget resolutions. The House resolution includes a cap only on non-defense emergency funding.

**FY2006 National Defense Authorization.** The House Armed Services Committee marked up its version of the FY2007 defense authorization bill, H.R. 5122, on May 3, and the House passed the measure on May 11. Highlights of the committee's bill and of floor action follow.

The Senate Armed Services Committee marked up its version of the bill, S. 2766, on May 4 and reported it on May 9. Floor action in the Senate has not yet been scheduled. Highlights of the committee bill follow.

**Table 4**, above, shows the amounts authorized in each version of the bill by title. **Tables A4 and A5** in the Appendix to this report compare House and Senate authorized funding for selected major weapons programs.

It is important to note, however, that the annual defense authorization act does not provide funding for these programs, only the appropriations acts do. The appropriations acts may provide more, less, or the same as the amounts authorized for various programs; may provide money for programs not authorized, including

new starts of programs; and may put restrictions on the use of funds that are not in the authorization or that are at odds with provisions in the authorization.

## **FY2007 Defense Authorization — Highlights of the House Armed Services Committee Bill**

Among the very broad range of issues that the House authorization bill addresses, a few major points stand out. One is that the House Armed Services Committee appears to have put somewhat more emphasis than DOD on maintaining current military capabilities than on pursuing long-term defense transformation. This is particularly true for some programs in which the risk of delays and cost growth in weapons development appears high. The committee seems more inclined to support the current Army modularization program, for example, than to continue investing increasing amounts in the Future Combat System. Similarly, the committee slightly trimmed higher risk missile defense technologies in favor of more immediately deployable systems. And the committee continued, as it has in past years, to cut funding for satellite programs that may be seen as reaching too far ahead with technologically risky approaches, though cuts in the Transformational Communications Satellite (TSAT) and the Space Radar were not nearly as large as congressional cuts in the past two years.

Another key point is that the committee supports larger Army, Marine Corps, and Army National Guard force levels than the Administration wants. This may be a major policy issue this year, and it has very large long-term budget implications.

Also, as in the past, the committee has been reluctant to support proposed cuts in weapons programs. It did not agree to halt production of the C-17 cargo aircraft, for example, and it restored funds to develop an alternative, second engine supplier for the F-35 Joint Strike Fighter.

The committee also did not fully support Administration proposals to rein in the cost of personnel pay and benefits, and it added a substantial new health benefit for reservists. The committee increased the proposed military pay raise from 2.2% to 2.7%, it rejected the DOD proposal to reduce health care costs by increasing under-65 retiree medical fees and co-pays, and it made all reservists, except federal employees covered by the government health insurance program, eligible to enroll in the TRICARE medical insurance program with a fee of 28% of the cost. The committee did approve one measure to increase co-pays for some prescription drug purchases.

Significantly, the Committee did not approve a number of Administration proposals to give regional combatant commanders greater authority – and resources – to build the capabilities of foreign military forces. The Senate Armed Services Committee, in contrast, approved most of the Administration’s proposals, although with some restrictions.

Finally, the committee slowed down two programs that might be seen to have negative international diplomatic consequences — one to develop a laser that might be used as an anti-satellite weapon and the other a high-profile Administration

proposal to convert some Trident II missiles to carry conventional (non-nuclear) warheads.

Highlights of committee action include:

- **\$50 billion bridge fund for overseas operations:** The committee approved \$50 billion in emergency funding for costs of military operations in Iraq, Afghanistan, and elsewhere in FY2007. In FY2006, total costs of overseas operations were almost \$120 billion, so average monthly \$12 billion. If that rate continues, the bridge fund will cover costs for the first five months of FY2006 — i.e., through January, 2007. Additional funds will then be needed to cover costs for the remaining seven months of the year.
- **Ground force end-strength:** The committee bill increases Army end-strength by 30,000 (to 512,400), and Marine Corps end-strength by 5,000 (to 180,000). The bill also authorizes funding for an end-strength of 350,000 for the Army National Guard, 17,000 above the request. End-strength may be a major dispute between Congress and the Administration this year.
- **Pay raise:** The bill provides a pay raise of 2.7% for uniformed personnel, rather than the 2.2% requested.
- **Tricare fees and co-pays for under-65 retirees:** The bill rejects increases in retiree fees and co-pays through December 31, 2007 and establishes a task force to consider ways to control DOD medical costs.
- **Tricare for reservists:** The committee added an amendment in full committee markup to allow all reservists — except federal employees eligible for the government health insurance system — to enroll in Tricare by paying 28% of the cost of the program (the same cost share as federal employees pay). Last year, in the conference on the FY2006 authorization bill, Congress rejected a similar Senate amendment. Instead, Congress made Tricare available, with a fee of 50% of the cost, to reservists who were unemployed or who did not have access to employer-provided health insurance. This is especially significant because the House has now, for the first time, approved Tricare for reservists in its version of the defense authorization — the Senate has approved it for the past two years.
- **Budget scoring of TRICARE-for-Life costs:** In the FY2001 national defense authorization act, P.L. 106-398, Congress made over-65 military retirees eligible to receive medical care through the DOD TRICARE program as a supplement to Medicare. This has proved to be an expensive increase in benefits. In FY2007, the DOD budget includes more than \$11 billion for contributions to the Medicare Eligible Retiree Health Care Fund to cover the actuarially



determined cost of future benefits for current uniformed personnel. In the FY2005 defense authorization, P.L. 108-375, Congress approved a measure intended to count those costs not as expenses of the Defense Department, but as costs to the general treasury. The provision expressed the sense of Congress that the shift in costs should not reduce the defense budget, but should, instead, permit an increase in funding for weapons programs and other defense priorities. The Office of Management and Budget (OMB), however, continued to score the contributions as discretionary funds in the Department of Defense budget, though as permanent rather than as annual appropriations.<sup>14</sup> OMB also urged the chairmen of the House and Senate Budget Committees to direct the Congressional Budget Office to score the contributions in the same way, and both chairmen agreed. In its version of the FY2007 authorization, the House Armed Services Committee included a provision directly mandating that the costs of TRICARE-for-Life contributions not be scored as part of the DOD budget after FY2007.

- **Death gratuity for federal civilian personnel:** The bill provides the same death gratuity for civilian personnel killed in support of a military operation as for uniformed personnel. The FY2006 National Defense Authorization Act (P.L. 109-163) increased the military death gratuity from \$12,000 to \$100,000.
- **Funding for readiness:** The committee objected to cuts in ship steaming days, flying hours, and depot maintenance and shifted \$856 million from other programs in service operation and maintenance accounts to finance increases in these readiness-related activities.
- **Army Future Combat System development:** The committee expressed concern about cost growth, schedule delays, and the long-term affordability of the FCS program, cut \$326 million from the \$3.7 billion requested, and mandated a formal DOD review of program with a go/no go decision to be made by the end of 2008.
- **Army modularization:** The committee expressed concern about the affordability of the Army's program to build a new modular brigade-centered force structure in view of potentially competing costs of the FCS and of resetting the force after Iraq. The committee added funds for M-1 tank and Bradley Fighting Vehicle upgrades, saying that these programs were required to support modularization. It also required the Army to provide a long-term funding profile.

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<sup>14</sup> For OMB's rationale, see Office of Management and Budget, *Analytical Perspectives: Budget of the U.S. Government, FY2006*, Chapter 6, pp. 422-425, on line at: <http://www.whitehouse.gov/omb/budget/fy2006/pdf/spec.pdf>.

- **Guard and reserve equipment:** The committee added \$318 million for Army National Guard (ARNG) equipment to support its addition of 17,000 to ARNG end-strength.
- **Navy shipbuilding:** The committee added \$400 million in advance procurement to support building two Virginia-class submarines in FY2009, rather than the one now planned. The committee also mandated a submarine fleet of 48 boats, which is what the Navy currently plans. The committee also approved funding for 2 DD(X) destroyers and provided that contracts may be signed simultaneously with two shipyards. Last year, the committee had proposed eliminating the DD(X). Notably, the committee rejected an amendment in the full committee markup by Representative JoAnne Davis to provide advance funding for common long-lead items for three new aircraft carriers. Though the committee appears to support the Navy's 313 ship plan, it does not seem ready to lock in funding for some aspects of the Navy program.
- **F-22 procurement profile:** The committee rejected the Air Force plan for incremental procurement of the F-22 and added \$1.4 billion in FY2007 (\$2 billion was requested) to cover the full cost of buying 20 complete aircraft.
- **F-35 alternate engine and development concurrency:** The committee rejected the Air Force proposal to halt development of an alternate engine for the F-35 Joint Strike Fighter and added \$408 million for second engine R&D. The committee also trimmed \$241 million from long-lead funding for aircraft to be procured in FY2008, citing excessively concurrent development and procurement in the program.
- **C-17 procurement:** The committee added \$300 million for three C-17s, which would keep production lines open. The committee also required the Air Force to operate at least 299 heavy-lift cargo aircraft. So the committee would mandate at least seven more C-17s.
- **B-52 and U-2 retirements:** The committee prohibited any B-52 retirements until a replacement capability is available (which is not planned until some time after 2015) and prohibited retirement of any U-2s unless DOD certifies that the aircraft are not needed to mitigate any reconnaissance gaps identified in the Quadrennial Defense Review.
- **Missile defense:** The committee cut a net total of \$185 million from missile defense R&D. It added \$20 million for ground-based mid-course defense (GMD) testing and \$40 million for Navy ship-based interceptor systems. It cut \$100 million from the boost-phase Kinetic Energy Interceptor (KEI) program, \$56 million for activating a third GMD site in Europe since no site has been agreed to, \$65

million from the multiple kill vehicle program, and \$41 million for a high-altitude airship sensor program. The committee also prohibited expenditure of \$200 million for the GMD program until the system has completed two successful intercept tests. The committee also included a policy provision requiring a report on the purpose, costs, vulnerability, and international diplomatic implications of space-based interceptors.

- **Space systems:** The committee cut \$80 million from the Transformational Communications Satellite (TSAT) program and \$30 million from the Space Radar, reflecting continued congressional concern about technical risks in both programs. The committee provided \$20 million and established a new office to promote development of new, low-cost, rapidly deployable satellites.
- **Anti-satellite weapons:** The committee included a policy provision that prohibits the use of funds to develop laser space technologies for anti-satellite weapons. This provision may be a response to Air Force development of such capabilities at a laser and optics test facility in New Mexico.<sup>15</sup>
- **Trident II missile conversion:** The committee included a policy provision requiring consultations with allies about the Quadrennial Defense Review decision to convert Trident II missiles to carry conventional warheads.
- **Information technology funding cut:** The committee cut \$341 million from DOD information technology programs, which total \$31 billion, as one means of offsetting increases in other programs.
- **VH-71 Presidential helicopter funding cut:** The committee trimmed \$39 million from the program due to development delays.
- **Department of Energy nuclear weapons programs:** The committee required the Energy Department to submit a report on plans to transform the nuclear weapons production complex and specified a number of policy objectives.
- **Cooperative threat reduction with the former Soviet Union:** The committee cut \$35 million for a U.S. supported Russian system to convert plutonium to non-weapons-grade fuel because of concerns that the system could, in fact, produce more plutonium. And the committee cut another \$115 million from \$290 million requested for another plutonium conversion technology.

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<sup>15</sup> William J. Broad, "Administration Conducting Research Into Laser Weapon," *New York Times*, May 3, 2006.

- **Acquisition of programs with large cost growth:** The committee approved an amendment in full committee markup that would require DOD to allow competing contractors to make challenge bids for work on programs that exceed critical cost growth ceilings — currently 25% growth over original estimates.
- **DOD support for foreign nations:** The committee included in the bill a DOD proposal to allow up to \$200 million a year to be used for logistical support of foreign nations engaged in combined military operations with the United States and to permit DOD to provide equipment temporarily to foreign military forces in combined operations. It did not include the DOD proposal to use defense funds to build the capacity of foreign militaries for counter-terrorism or stability operations, as the Senate Armed Services Committee did (see below for a discussion), nor did it approve other, related Administration proposals.
- **Provisions restricting acquisition of foreign-made items in defense acquisition:** As it has in the past, the House Armed Services Committee included a number of provisions in its version of the authorization bill to limit defense acquisition of foreign-made goods. One provision, Section 812, would prohibit defense contracts with a foreign company that has received government subsidies. Another, Section 831, would prohibit procurement of a specialty metal or item critical to national security unless it is reprocessed, reused, or produced in the United States. Section 832 would establish a board to identify items critical to national security.
- **Prohibition on procurement of items from companies that provide defense goods to China:** The House committee also included a provision, Section 1211, that would prohibit defense purchases from any company that provides material on the U.S. Munitions List to China.

## **FY2007 Defense Authorization — Highlights of House Floor Action**

On May 9, the House Rules Committee considered almost 100 proposed floor amendments to the authorization bill. In an initial rule on the bill, it permitted just eight of them, and in a second rule, permitted 27 more – 12 as part of three *en bloc* amendments and another 15 amendments that were debated separately. Democrats objected to the Rules Committee's refusal to permit several amendments, including an amendment by Representative Skelton, the ranking Democrat on the Armed Services Committee, that would have reversed a measure in the committee bill that increased co-pays for some prescription drug purchases.

Perhaps the most high profile amendment to pass (by a vote of 252-171) was a proposal by Representative Goode to permit the Secretary of Defense to assign

military personnel to support the Department of Homeland Security in border protection. Mr. Goode has offered a similar amendment for the past several years, and before that, Representative Traficante perennially offered a similar measure. The amendment has often passed in the House but has never been accepted in the final conference agreement. This year, there was an extensive floor debate. And after its approval, the President proposed a program to deploy 6,000 National Guard troops to support border operations.

The House repeated another perennial debate over an amendment by Representatives Andrews, Davis (CA), Sanchez (CA), and Harman to permit privately funded abortions for U.S. military personnel or their dependents at military hospitals overseas. It was rejected by a vote of 191-237.

The House also rejected, by a vote of 124-301, an amendment by Representative Tierney to cut \$4.7 billion from the Missile Defense Agency budget and allocate the funds to other defense priorities.

And the House rejected, by a vote of 202-220, a motion by Representative Salazar to recommit the bill to committee with instructions to report back a measure that includes an amendment to change current procedures under which Survivor Benefit Plan benefits are reduced. Under current law, benefits to survivors of those who die while in service are reduced by the amount of Veterans Affairs benefits.

Other amendments permitted by the rule were all approved by voice vote. One measure that passed was to require a study of the health impact of past ocean dumping of chemical weapons.<sup>16</sup> In general debate on the bill, both Democrats and Republicans on the Armed Services Committee repeated lauded the committee bill as a bipartisan measure that was approved in the committee by a vote of 62-1.

## **FY2007 Defense Authorization — Highlights of Senate Armed Services Committee Bill**

The Senate Armed Services Committee marked up its version of the defense authorization, S. 2769, on May 4. A few themes stand out in the markup.

One is that the Senate committee approved 30,000 more troops than requested for the Army and 5,000 more for the Marine Corps and also authorized 350,000 troops for the Army National Guard (ARNG), 17,000 above the number for which the Army requested funding. The House also approved the same, higher end-strength for ground forces. Congress and the Administration may be on a collision course over the issue.

The Senate committee also undertook a number of initiatives to strengthen government-wide capabilities to engage in counter-terrorism and stability operations. One potentially far-reaching initiative is to agree to an Administration proposal to expand the authority of regional military commanders to train and equip foreign

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<sup>16</sup> For a discussion of this issue, see CRS Report RL33432, *U.S. Disposal of Chemical Weapons in the Ocean: Background and Issues for Congress*, by David Bearden.

military forces and to provide humanitarian and other assistance to foreign nations. These activities have traditionally been managed by the State Department under legal authorities that include, among other things, human rights conditions. In bills funding operations in Afghanistan and Iraq, Congress has temporarily provided some of this authority, but the Administration wants Congress to write it into permanent law. The committee restricted funding for the most far-reaching measure to two years, saying that the program it should be regarded as a pilot project with an assessment to follow. The committee also required consultations with ambassadors and did not agree to allow waivers of human rights and other restrictions on assistance.

The Senate committee appeared more supportive of the Army Future Combat System (FCS) than the House committee, and provided the full \$3.7 billion requested for the program. The committee did, however, mandate a review of the program, including an independent cost estimate of the program itself and of all associated Army programs. If the most recent Army cost estimates for the FCS appear unstable, Congress may consider ending or substantially restructuring the program.

Highlights of the committee markup include:

- **Total funding:** The Committee authorized \$517.7 billion for defense, including \$50.0 billion in emergency funding overseas operations and \$467.7 billion in budget authority for DOD, DOE and other non-emergency programs. The total is \$3.7 billion above the request and above the House authorization.
- **Army and Marine Corps end-strength:** The committee authorized end-strengths of 512,400 for the Army, 30,000 above the request, and of 180,000 for the Marine Corps, 5,000 above the request.
- **Army National Guard end-strength:** The committee also approved an end-strength of 350,000 for the ARNG, 17,000 above the request, and stipulated that, if the Army fails to recruit and retain enough personnel to meet the authorized level, and money saved may be used only to procure ARNG equipment.
- **Military pay raise:** The committee approved the requested pay raise of 2.2% rather than the 2.7% raise the House authorized.
- **TRICARE fees and co-pays for under-65 retirees:** As did the House, the Committee rejected increases in retiree TRICARE fees and co-pays. The Committee also required the Government Accountability Office to carry out a full audit of DOD health care costs, including comparisons of the Administration's proposed fee increases with increases in federal civilian health insurance fees.
- **Flexibility for DOD to support foreign nations for counter-terrorism operations:** The Senate committee agreed to a number DOD's proposals to allow regional combatant commanders flexibility to use DOD funds to train and equip foreign militaries and

to provide humanitarian and reconstruction assistance to foreign governments in support of counter-terrorism operations, though with some amendments. In particular, the committee agreed to make available \$200 million per year for the next two years, rather than \$750 million per year indefinitely, to build the capabilities of foreign militaries. The committee specified that no more than \$50 million per year could be used by any one regional combatant commander, and required detailed consultations with U.S. ambassadors. The committee also required the President to develop a plan to better coordinate interagency counter-terrorism practices. With the appropriations committees cutting foreign operations funding for the State Department and AID, the Defense Department is, in effect taking on many roles that the State Department formerly carried on.

- **Detainee treatment:** The committee required an official government-wide coordinated legal opinion on whether specified interrogation techniques constitute cruel and inhuman treatment.
- **Use of armed forces for domestic activities:** The committee proposed amendments to the Insurrection Act that would make it easier for the President to employ the armed forces to respond to domestic emergencies, such as the aftermath of Hurricane Katrina.
- **UAV policy:** The committee directed the Secretary of Defense to develop a comprehensive policy on UAVs and to give UAVs a preference in developing new systems.
- **Navy shipbuilding:** The committee added \$1.5 billion to the shipbuilding request for a total of \$12 billion. Increases include accelerating LPD procurement, increased advance procurement funds for the CVN-21 carrier and the LHA(R) amphibious ship. The committee included \$50 million in advance procurement funding for long-lead items for three new CVN-21-class carriers, a measure that the House committee specifically rejected in a vote in the full committee markup.
- **Permitting a reduction from 12 to 11 deployable aircraft carriers:** The committee bill includes a provision repealing last year's requirement that the Navy maintain 12 deployable carriers. If approved this would allow retirement of the *USS Kennedy*.
- **Continued C-17 production:** As in the House bill, the committee bill rejects the DOD proposal to terminate C-17 production. The Senate bill authorizes funds for 2 aircraft in FY2007 and advance procurement for continued production later.
- **Army Future Combat System (FCS) funding:** As opposed to the House, the Senate committee authorized the full \$3.7 billion requested for FCS development. The committee also, however, required a review of the program, including an independent cost

estimate, though not with a view to a go/no go decision, as the House mandated.

- **Readiness:** The committee used the \$50 billion emergency “bridge” fund as a means of adding funds to regular service accounts to correct some readiness-related shortfalls. The committee added \$515 million in the emergency funds, for example, for Navy operations, \$231 million for Army operations, and \$106 million for Marine Corps operations. So, in effect, the committee is ameliorating constraints on the regular service budgets by adding funds for regular military operations to the emergency fund.
- **Acquisition reform:** The committee approved several measures to reform defense acquisition procedures, though none nearly so far-reaching as the House committee measure to recompete projects with excessive cost growth. One Senate committee measure is to align the tenure of program managers with the progress of their programs and another to require that incentive payments be more directly linked to acquisition outcomes.
- **Land exchanges to build buffers around military facilities:** The Defense Department has long been concerned about the encroachment of civilian development on military facilities. The Senate committee approved a measure to allow DOD to exchange excess land for other land that would be a buffer for military sites.
- **Cooperative threat reduction with former Soviet states:** In contrast to the House authorization, the Senate committee made no reductions in the \$1.7 billion requested for Department of Energy nonproliferation programs (which finance plutonium purchases and reprocessing, for example) or the \$372 million for the Department of Defense Cooperative Threat Reduction program.
- **R&D science and technology funding target:** Congress has required that the Defense Department invest 3% of the overall budget in basic science and technology (S&T) R&D programs. DOD has perennially fallen short of that target. The Senate committee included a provision requiring annual growth of 2% per year above inflation in S&T accounts.
- **Missile defense funding:** The Senate committee approved the full \$9.3 billion requested for Missile Defense Agency (MDA) R&D programs (see **Table A2** for details of the request), but, like the House, shifted funds away from longer-term, more risky programs to near term projects. The committee added \$200 million for Ground-based Midcourse Defense (GMD) flight testing and \$100 million for the Navy interceptor system. It cut \$200 million from the \$406 million requested for the boost-phase Kinetic Energy Interceptor.



- **Space systems:** The committee expressed support for DOD's restructuring of the Transformational Communications Satellite (TSAT) program, but trimmed \$70 million from the program (an 8% cut) saying that it could not be executed. The committee also cut \$66 million (a 24% cut) from the Space Radar program and expressed concern about the lack of a cost sharing agreement with the intelligence community.
- **Long-range strike/Trident II missile conventional warhead:** The committee expressed support for DOD's plan to develop prompt global strike capabilities, and provided the full \$127 million requested to convert Trident II missiles to carry non-nuclear warheads. But, like the House committee, the Senate committee was concerned about the international diplomatic issues and prohibited expenditure of more than \$32 million on conversion until the Secretary of Defense, after consulting with the Secretary of State, provides a report on the matters at issue.
- **B-52 retirements:** The committee prohibited the proposed retirement of B-52 bombers until the Air Force reports on force requirements, but also approved a measure that (1) permits the retirement of up to 18 B-52H aircraft, (2) requires that remaining B-52Hs all be equipped with the specific upgrades, and (3) says the committee expects no additional B-52H retirements.
- **F-35 Joint Striker Fighter alternative engine:** Like the House, the Senate committee added \$400 million to continue development of an alternate second engine for the F-35.
- **F-35 schedule delays:** The committee cut \$1.2 billion from F-35 procurement funds due to schedule delays.
- **F-22 funding:** Like the House, the Senate committee rejected the Air Force plan to stretch out F-22 production and to provide funding incrementally rather than financing the full cost of deployable aircraft in the year for which funding is requested. The committee added \$1.4 billion for full funding for the requested 20 F-22s.

## **Appropriations Committee 302(b) Allocations**

Ultimately, the total amount provided for national defense in the regular appropriations bills (not including emergency appropriations) is determined by the allocation of funds among appropriations subcommittees. Under Section 302(a) of the Congressional Budget Act of 1974, the annual congressional budget resolution allocates a specific amount of discretionary budget authority to the appropriations committees. Under Section 302(b) of the Budget Act, the appropriations committees are required to report back on the allocation of the total to the subcommittees.

The House-committee-passed FY2007 budget resolution, H.Con.Res. 376, approves a total of \$872.8 billion in discretionary budget authority, which is \$475 million below the Administration request, and the resolution allocated that amount to the appropriations committee under Section 302(a) of the Budget Act. The Senate-passed budget resolution approves \$877.0 billion in discretionary spending, \$3.7 billion above the Administration request, and allocates the total to the appropriations committee.

On May 4, the House Appropriations Committee reported its initial subcommittee allocations under Section 302(b) of the Budget Act. **Table 6** shows the committee action. It is important to note that these allocations may be revised periodically as congressional action on the appropriations bills proceeds.

The initial House allocations trim \$4.0 billion from the defense subcommittee, compared to the Administration request, \$824 million from the Military Quality of Life/VA subcommittee, and \$2.4 billion from the foreign operations subcommittee. These cuts, compared to the request, in defense and foreign affairs allow increases, again compared to the Administration request, mainly in Labor-HHS appropriations and homeland security appropriations. Last year, Congress trimmed \$4.4 billion from DOD programs in the regular appropriations bills. The initial House allocations appear to follow the same approach.

**Table 6. Initial House 302(b) Subcommittee Allocations**  
(budget authority in billions of dollars)

	FY2006 Enacted	FY2007 Request	Allocation	Allocation Versus Request
Agriculture	16.8	17.3	17.8	+0.5
Defense	358.3	381.4	377.4	-4.0
Energy and Water Development	30.2	29.5	30.0	+0.5
Foreign Operations	20.7	23.7	21.3	-2.4
Homeland Security	30.3	31.0	32.1	+1.1
Interior/Environment	25.9	25.5	25.9	+0.4
Labor, HHS, Education	141.1	137.8	141.9	+4.1
Legislative	3.8	4.2	4.0	-0.2
Military Quality of Life/VA	85.0	95.5	94.7	-0.8
Science, State, Justice, Comm	57.2	59.7	59.8	+0.1
Transportation, Treasury, HUD	64.1	67.6	67.8	+0.2
<b>Total 302(a) Allocation</b>	<b>833.3</b>	<b>873.3</b>	<b>872.8</b>	<b>-0.5</b>

Source: House Appropriations Committee.

## For Additional Reading

CRS Report RL33110, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, by Amy Belasco.

CRS Report RL33298, *FY2006 Supplemental Appropriations: Iraq and Other International Activities; Additional Katrina Hurricane Relief*, coordinated by Paul M. Irwin and Larry Nowels.

CRS Report 98-756C, *Defense Authorization and Appropriations Bills: FY1970-FY2006*, by Thomas Coipuram Jr.

*FY2007 Defense Budget Issues for Congress: Slides from a CRS Seminar*, February 10, 2006, by Stephen Daggett, Ronald O'Rourke, and Charles A. Henning. Available on line at [<http://www.crs.gov/products/browse/documents/WD00005.pdf>].

CRS Report RS20851, *Naval Transformation: Background and Issues for Congress*, by Ronald O'Rourke.

CRS Report RL32665, *Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress*, by Ronald O'Rourke.

CRS Report RL32513, *Navy-Marine Corps Amphibious and Maritime Prepositioning Ship Programs: Background and Oversight Issues for Congress*, by Ronald O'Rourke.

CRS Report RL32418, *Navy Attack Submarine Force-Level Goal and Procurement Rate: Background and Issues for Congress*, by Ronald O'Rourke.

CRS Report RL33161, *The Joint Tactical Radio System (JTRS) and the Army's Future Combat System (FCS): Issues for Congress*, by Andrew Feickert.

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

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

CRS Report RL33390, *Proposed Termination of Joint Strike Fighter (JSF) F136 Alternate Engine* by Christopher Bolkcom.

CRS Issue Brief IB92115, *Tactical Aircraft Modernization: Issues for Congress*, by Christopher Bolkcom.

CRS Report RS20859, *Air Force Transformation*, by Christopher Bolkcom.

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

CRS Report RL30685, *Military Airlift: C-17 Aircraft Program*, by Christopher Bolkcom.

CRS Report RL33067, *Conventional Warheads For Long-Range Ballistic Missiles: Background and Issues for Congress*, by Amy F. Woolf.

CRS Report RS21754, *Military Forces: What is the Appropriate Size for the United States?*, by Edward F. Bruner.

CRS Report RS22402, *Increases in Tricare Fees: Background and Options for Congress*, by Richard A. Best Jr.

CRS Issue Brief IB10089, *Military Pay and Benefits: Key Questions and Answers*, by Charles A. Henning.

CRS Report RL33432, *U.S. Disposal of Chemical Weapons in the Ocean: Background and Issues for Congress*, by David Bearden.

## Appendix A: Additional Tables

**Table A1. Administration Projection of National Defense Funding,  
FY2007-FY2011**

(budget authority in millions of dollars)

	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>
Military Personnel	115,824	113,147	114,603	117,879	121,166	124,589
Operation and Maintenance	178,346	152,646	159,338	165,260	171,925	174,523
Procurement	86,185	84,197	99,776	108,622	111,708	117,722
Research, Development, Test, and Evaluation	71,046	73,444	74,388	75,128	73,232	70,626
Military Construction	8,936	12,613	12,872	12,592	11,957	10,644
Family Housing	4,439	4,085	3,182	3,108	2,960	2,967
Other	3,374	1,118	31	1,178	949	3,150
Anticipated Funding for War on Terror	70,000	50,000	-	-	-	-
<b>051 Subtotal, Department of Defense — Military</b>	<b>538,150</b>	<b>491,250</b>	<b>464,190</b>	<b>483,767</b>	<b>493,897</b>	<b>504,221</b>
<b>053 Atomic energy defense activities</b>	<b>18,101</b>	<b>17,017</b>	<b>16,238</b>	<b>16,608</b>	<b>16,388</b>	<b>16,736</b>
<b>054 Defense-related activities</b>	<b>5,564</b>	<b>4,758</b>	<b>4,794</b>	<b>4,878</b>	<b>4,979</b>	<b>5,150</b>
<b>Total, National defense</b>	<b>561,815</b>	<b>513,025</b>	<b>485,222</b>	<b>505,253</b>	<b>515,264</b>	<b>526,107</b>

**Sources:** Office of Management and Budget, *Historical Tables: Budget of the United States Government, FY2007*, February 2006; Department of Defense, *National Defense Budget Estimates, Fiscal Year 2007*, March 2006.

**Table A2. Proposed Missile Defense Funding, FY2007-FY2011**  
(budget authority in millions of dollars)

PE Number and Title	FY2007	FY2008	FY2009	FY2010	FY2011	Total FY07-11
<b>Missile Defense Agency (MDA) RDT&amp;E</b>						
0603175C Ballistic Missile Defense Technology	207	183	214	223	228	1,055
0603881C Ballistic Missile Defense Terminal Defense Segment	1,038	904	682	754	469	3,847
0603882C Ballistic Missile Defense Midcourse Defense Segment	2,877	2,650	2,397	2,148	1,685	11,758
0603883C Ballistic Missile Defense Boost Defense Segment	632	577	456	457	687	2,809
0603884C Ballistic Missile Defense Sensors	515	589	647	326	220	2,298
0603886C Ballistic Missile Defense System Interceptors	406	425	895	1,202	1,675	4,603
0603888C Ballistic Missile Defense Test and Targets (includes MILCON)	600	595	629	635	656	3,114
0603889C Ballistic Missile Defense Products	507	506	510	507	513	2,542
0603890C Ballistic Missile Defense System Core	473	501	524	555	573	2,626
0603891C Special Programs - MDA	375	715	630	725	695	3,140
0603892C Ballistic Missile Defense Aegis	1,032	952	980	973	799	4,736
0603893C Space Tracking & Surveillance System	391	427	772	958	885	3,433
0603894C Multiple Kill Vehicle	165	286	357	413	505	1,726
0603895C BMD System Space Program	-	45	151	167	207	570
0901598C/ 0901585C Management Headquarters / PRMRF	103	93	92	75	75	438
0207998C Base Realignment and Closure (BRAC)	-	85	19	3	-	107
<b>Total Missile Defense Agency R&amp;D</b>	<b>9,318</b>	<b>9,536</b>	<b>9,956</b>	<b>10,121</b>	<b>9,873</b>	<b>48,803</b>
<b>RDT&amp;E Army</b>						
0604869A PATRIOT/MEADS Combined Aggregate Program	330	460	517	592	422	2,320
0203801A PATRIOT Product Improvement Program	11	11	11	12	13	58
<b>RDT&amp;E The Joint Staff</b>						
0605126J Joint Theater Air and Missile Defense Organization	52	54	55	56	58	275
<b>Total Army, Joint Staff R&amp;D</b>	<b>393</b>	<b>524</b>	<b>583</b>	<b>660</b>	<b>492</b>	<b>2,653</b>
<b>Procurement Army</b>						
PATRIOT PAC-3	489	473	479	0	0	1,441
PATRIOT/MEADS Combined Aggregate Program	0	90	65	430	674	1,259
PATRIOT Modifications	70	77	50	54	56	307
<b>Subtotal, Army Procurement</b>	<b>559</b>	<b>639</b>	<b>594</b>	<b>484</b>	<b>731</b>	<b>3,006</b>

PE Number and Title	FY2007	FY2008	FY2009	FY2010	FY2011	Total FY07-11
<b>Operation and Support</b>						
PE Air Force Military Personnel	8	8	9	9	9	42
PE Air Force Operations and Maintenance	12	34	33	34	35	148
PE Air Force Other Procurement	1	11	0	18	26	57
PE Army Operations and Maintenance	68	70	71	73	75	358
PE Army Natl Guard Military Personnel	24	25	26	26	26	126
PE Army Natl Guard Operations and Maintenance	0	0	0	0	0	1
PE Navy Operations and Maintenance	24	24	25	23	24	120
<b>Subtotal Operation &amp; Support</b>	<b>138</b>	<b>173</b>	<b>164</b>	<b>183</b>	<b>195</b>	<b>852</b>
<b>Grand Total Missile Defense R&amp;D, Procurement, O&amp;S</b>	<b>10,409</b>	<b>10,871</b>	<b>11,296</b>	<b>11,448</b>	<b>11,291</b>	<b>55,314</b>

**Sources:** Department of Defense, *RDT&E Program Descriptive Summaries, FY2007: Missile Defense Agency*, and other budget justification material.

**Table A3. Authorized and Actual Active Duty End-Strength,  
FY2004-FY2007**  
(number of personnel at the end of each fiscal year)

	Army	Navy	Marine Corps	Air Force	Total Active
FY2004 Actual	482,400	373,800	175,000	359,300	1,390,500
FY2005 Authorized	502,400	365,900	178,000	359,700	1,406,000
FY2005 Actual	492,728	362,941	180,029	353,696	1,389,394
FY2006 Authorized	512,400	352,700	179,000	357,400	1,401,500
FY2007 Request	482,400	340,700	175,000	334,200	1,332,300
FY2007 House	512,400	340,700	180,000	334,200	1,367,300
<i>FY2007 House vs Request</i>	<i>+30,000</i>	<i>0</i>	<i>+5,000</i>	<i>0</i>	<i>+35,000</i>
FY2007 Senate	512,400	340,700	180,000	334,200	1,367,300
<i>FY2007 Senate vs Request</i>	<i>+30,000</i>	<i>0</i>	<i>+5,000</i>	<i>0</i>	<i>+35,000</i>

**Sources:** Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2007: Appendix*, Feb. 2006, p. 245; H.Rept. 109-452; S.Rept. 109-254.

**Table A4. House and Senate Action on Selected Weapon Programs: Authorization**  
(amounts in millions of dollars)

	Request			House Authorization			Senate Authorization			Conference Authorization			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
<b>Army/Marine Corps</b>													
Armed Recon Helicopter	18	141.4	132.8	18	141.4	132.8	18	141.4	132.8	—	—	—	—
Light Utility Helicopter	39	198.7	—	39	198.7	—	39	198.7	—	—	—	—	—
UH-60 Blackhawk Helicopter	38	740.4	127.0	38	870.4	127.0	38	740.4	127.0	—	—	—	House adds \$115 mn for Army Reserve aircraft and \$15 mn for engine upgrade.
AH-64 Apache Helo Mods	—	794.6	123.4	—	801.6	123.4	—	794.6	123.4	—	—	—	House adds \$7 mn in proc for upgrades.
CH-47 Helicopter Mods	—	620.0	13.1	—	621.9	13.1	—	620.0	13.1	—	—	—	House adds \$1.9 mn in proc for upgrades.
M-2 Bradley Vehicle Mods	—	359.7	—	—	506.7	—	—	597.7	—	—	—	—	House adds \$147 mn. Senate adds \$238 mn.
—1 Abrams Tank Mods	23	536.0	12.7	23	482.4	12.7	23	707.0	12.7	—	—	—	House shifts \$182.5 mn to Title XV,*adds \$128.9 mn. Senate adds \$170 mn.
Stryker Armored Vehicle	100	796.0	5.4	100	796.0	15.4	100	796.0	5.4	—	—	—	House adds \$10 mn in R&D.
Future Combat System	—	—	3,745.6	—	—	3,419.8	—	—	3,745.6	—	—	—	House cuts \$325.8 mn in R&D.
Hi Mob Multi-Purpose Veh.	—	617.4	—	—	582.6	—	—	617.4	—	—	—	—	House shifts \$34.8 mn to Title XV.*
Family of Medium Tactical Veh.	—	695.1	1.9	—	695.1	2.3	—	695.1	1.9	—	—	—	—
Family of Heavy Tactical Veh.	—	353.2	4.0	—	353.2	4.0	—	353.2	4.0	—	—	—	—
Armored Security Vehicle	—	155.5	—	—	77.7	—	—	155.5	—	—	—	—	House shifts \$77.5 mn to Title XV.*
Heavy Expanded Tactical Truck	—	220.4	—	—	110.2	—	—	220.4	—	—	—	—	House shifts \$110.2 to Title XV.*
Warfighter Information Network-Tactical	—	—	158.2	—	—	118.2	—	100.0	158.2	—	—	—	House cuts \$40 mn in R&D. Senate adds \$100 mn in procurement.
Bridge to Future Networks	—	340.2	—	—	340.2	—	—	240.2	—	—	—	—	Senate cuts \$100 mn.
Joint Tactical Radio System	—	1.3	832.3	—	1.3	832.3	—	1.3	832.3	—	—	—	—



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	Request			House Authorization			Senate Authorization			Conference Authorization			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
Expeditionary Fighting Vehicle	15	256.2	188.3	15	256.2	188.3	15	256.2	188.3	—	—	—	—
<b>Navy Shipbuilding</b>													
CVN-21 Carrier Replacement Program	—	784.1	309.1	—	784.1	309.1	—	834.1	309.1	—	—	—	Senate adds \$50 mn for long-lead items for 3 ships.
Virginia Class Submarine	1	2,452.1	169.6	1	2,852.1	214.6	1	2,452.1	234.6	—	—	—	House adds \$400 mn in advance procurement for 2nd ship in FY2009 and \$45 mn in R&D. Senate adds \$65 mn in R&D for affordable design.
Carrier Refueling Overhaul	—	1,071.6	—	—	1,071.6	—	—	1,091.6	—	—	—	—	Senate adds \$20 mn for defueling facility
Missile Submarine Conversion	—	226.2	—	—	226.2	—	—	226.2	—	—	—	—	—
DD(X) Destroyer	2	2,568.1	793.3	2	2,568.1	818.3	2	2,568.1	793.3	—	—	—	House adds \$25 mn in R&D.
DDG-51 Destroyer	—	355.8	—	—	555.8	—	—	355.8	—	—	—	—	House adds \$200 mn for ship modernization.
LCS Littoral Combat Ship	2	520.7	319.7	2	520.7	319.7	2	520.7	319.7	—	—	—	—
LPD-17 Amphibious Ship	—	297.5	—	—	297.5	—	1	1,582.5	—	—	—	—	Senate adds \$1.6 bn for 1 ship, cuts \$298 mn for adv. proc.
LHA(R) Amphibious Ship	1	1,135.9	34.5	1	1,135.9	34.5	1	1,310.9	34.5	—	—	—	Senate adds \$175 mn adv. proc.
Prior Year Shipbuilding	—	577.8	—	—	577.8	—	—	577.8	—	—	—	—	—
Other Shipbuilding	—	588.7	—	—	593.3	—	—	568.7	—	—	—	—	—
T-AKE Cargo Ship	1	455.0	—	1	455.0	—	1	455.0	—	—	—	—	—
<b>Total Shipbuilding</b>	<b>7</b>	<b>11,033.6</b>	<b>—</b>	<b>7</b>	<b>11,638.2</b>	<b>—</b>	<b>8</b>	<b>12,543.6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Aircraft</b>													
F-35 Joint Strike Fighter, AF	5	1,015.0	1,999.1	5	932.0	1,999.1	5	60.0	1,999.1	—	—	—	House cuts \$83 mn from advance procurement to reduce concurrency. Senate cuts all procurement except \$60 mn in adv proc.

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	Request			House Authorization			Senate Authorization			Conference Authorization			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
F-35 Joint Strike Fighter, Navy	—	245.0	2,031.0	—	92.0	2,031.0	—	—	2,031.0	—	—	—	House cuts \$153 mn from advance procurement to reduce concurrency. Senate eliminates \$245 mn in adv proc to reduce production rate.
F-22 Fighter, AF	—	2,197.4	584.3	20	3,597.4	584.3	—	3,597.4	584.3	—	—	—	House and Senate add \$1.4 bn for full funding of 20 aircraft.
C-17 Cargo Aircraft, AF	12	2,887.6	173.8	15	3,187.4	173.8	14	2,887.6	173.8	—	—	—	House adds \$300 mn for 3 aircraft. Senate adds \$400 mn for 2 aircraft, cuts \$433 mn for settlement fees, adds \$33 mn for adv proc.
C-130J Cargo Aircraft, AF	9	1,044.0	288.8	9	1,044.0	288.8	9	1,044.0	288.8	—	—	—	—
KC-130J Aircraft, Navy	4	298.9	—	4	298.9	—	4	298.9	0.0	—	—	—	—
C-130 Aircraft Mods, AF	—	217.7	—	—	237.0	—	—	217.7	0.0	—	—	—	House adds \$19.3 mn for upgrades.
C-5 Cargo Aircraft Mods, AF	—	223.1	150.2	—	289.8	150.2	—	223.1	150.2	—	—	—	House adds \$44.5 mn for upgrades and \$22.2 mn for adv proc.
Global Hawk UAV, AF	6	493.2	247.7	6	493.2	247.7	6	493.2	247.7	—	—	—	—
Predator UAV, AF	26	229.1	61.5	26	114.5	61.5	26	229.1	61.5	—	—	—	House shifts \$114.6 mn to Title XV.*
EA-18G Aircraft, Navy	12	905.2	372.4	12	905.2	372.4	12	905.2	372.4	—	—	—	—
F/A-18E/F Fighter, Navy	30	2,341.2	31.1	30	2,341.2	31.1	30	2,341.2	31.1	—	—	—	—
V-22 Tilt Rotor Aircraft, Navy	14	1,584.5	268.5	14	1,584.5	268.5	14	1,584.5	268.5	—	—	—	—
CV-22 Tilt Rotor Aircraft, AF	2	243.0	26.6	2	243.0	26.6	2	243.0	26.6	—	—	—	—
MH-60S Helicopter, Navy	18	548.6	83.7	18	548.6	83.7	24	660.6	83.7	—	—	—	Senate adds \$118 mn for 6 aircraft.
MH-60R Helicopter, Navy	25	915.7	19.3	25	915.7	19.3	26	943.7	19.3	—	—	—	Senate adds \$28 mn for 1 aircraft.
E-2C Hawkeye Aircraft, Navy	2	203.6	1.5	2	203.6	1.5	2	203.6	1.5	—	—	—	—
T-45 Goshawk Trainer, Navy	12	411.3	—	12	411.3	—	10	347.3	—	—	—	—	Senate cuts \$32 mn for 2 aircraft.
JPATS Trainer Aircraft, AF	48	305.1	2.2	48	305.1	2.2	48	305.1	2.2	—	—	—	—
JPATS Trainer Aircraft, Navy	21	146.1	—	25	175.0	—	21	146.1	—	—	—	—	House adds \$28.9 mn for 4 aircraft.

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	Request			House Authorization			Senate Authorization			Conference Authorization			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	\$	\$	#	\$	\$	#	\$	\$	#	\$	\$	
<b>Missiles/Space</b>													
Trident II Missile Mods, Navy	—	957.6	124.5	—	919.6	124.5	—	957.6	124.5	—	—	—	House cuts \$38 mn for conversion to conventional warhead.
Tactical Tomahawk, Navy	350	354.6	18.6	350	354.6	18.6	350	354.6	18.6	—	—	—	—
Mobile User Objective System, Navy	—	—	655.3	—	—	655.3	—	—	655.3	—	—	—	—
Jt Air-to-Surface Standoff Msl., AF	234	187.2	40.9	234	187.2	40.9	234	187.2	40.9	—	—	—	—
Minuteman III Mods, AF	—	691.7	45.5	—	691.7	45.5	—	711.7	45.5	—	—	—	Senate adds \$20 mn for propulsion replacement.
Advanced EHF Satellite, AF	—	—	633.3	—	—	633.3	—	—	633.3	—	—	—	—
Wideband Gapfiller Satellite, AF	1	414.4	37.7	1	414.4	37.7	1	414.4	46.2	—	—	—	Senate adds \$8.5 mn in R&D for command and control.
Evolved Expendable Launch Vehicle, AF	4	936.5	18.5	4	936.5	18.5	4	936.5	18.5	—	—	—	—
Space-Based Infrared System-High, AF	—	—	668.9	—	—	668.9	—	—	668.9	—	—	—	—
Transformational Communications Satellite, AF	—	—	867.1	—	—	787.1	—	—	797.1	—	—	—	House cuts \$80 mn and Senate cuts \$70 mn due to excessive risk.
Space Radar, AF	—	—	266.4	—	—	236.4	—	—	200.0	—	—	—	House cuts \$30 mn and Senate cuts \$66 mn due to excessive risk.

Sources: DOD; H.Rept. 109-452; S.Rept. 109-254.

\*Note: Title XV of the bill authorizes emergency funding for overseas operations. See Table A6 for procurement and R&D programs authorized in Title XV.

**Table A5. Emergency Funding, Authorization**  
(millions of dollars)

	House	Senate	Conference
<b>Total Procurement</b>	<b>5,166.3</b>	<b>2,126.7</b>	—
<b>Army Procurement</b>	<b>3,773.8</b>	<b>1,755.1</b>	—
Aircraft	232.4	404.1	—
Missiles	—	450.0	—
Weapons & Tracked Combat Vehicles	1,029.7	214.4	—
Ammunition	328.3	—	—
Other	2,183.4	686.6	—
<b>Navy/Marine Corps Procurement</b>	<b>955.4</b>	<b>319.8</b>	—
Weapons	131.4	—	—
Ammunition	143.2	—	—
Other	44.7	—	—
Marine Corps	636.1	319.8	—
<b>Air Force Procurement</b>	<b>296.9</b>	<b>51.8</b>	—
Aircraft	201.6	—	—
Missiles	32.7	—	—
Other	62.7	51.8	—
<b>Defense-Wide Procurement</b>	<b>140.2</b>	—	—
Total	140.2	—	—
<b>Research, Development, Test, and Evaluation</b>	<b>37.5</b>	—	—
Army	25.5	—	—
Air Force	7.0	—	—
Defense-Wide	5.0	—	—
<b>Operation and Maintenance</b>	<b>31,983.3</b>	<b>32,246.2</b>	—
Army	22,397.0	22,124.5	—
Army National Guard	50.0	59.0	—
Navy	1,834.6	2,349.6	—
Marine Corps	1,485.9	1,544.9	—
Air Force	2,823.0	2,779.9	—
Air National Guard	15.4	—	—
Defense-Wide	3,377.4	3,388.4	—
<b>Other Programs</b>	<b>3,450.2</b>	<b>8,291.2</b>	—
Defense Health Program	950.2	960.2	—
Classified Programs	2,500.0	3,000.0	—
Joint IED Defeat Fund	—	2,100.0	—
Iraqi Freedom Fund	—	2,231.0	—
<b>Military Personnel</b>	<b>9,362.8</b>	<b>7,335.9</b>	—
Army	6,869.9	5,467.0	—
Army Reserve	150.0	—	—
Army National Guard	100.0	—	—
Navy	333.0	321.0	—
Marine Corps	749.4	466.1	—
Air Force	1,071.8	1,081.8	—
Air National Guard	36.7	—	—
Benefits	52.0	—	—
<b>Grand Total</b>	<b>50,000.0</b>	<b>50,000.0</b>	—

**Table A6. Authorization of Emergency Funds for  
Procurement and R&D: Line Item Detail**  
(millions of dollars)

	House	Senate	Conference
<b>Total Procurement</b>	<b>5,166.3</b>	<b>2,126.7</b>	—
<b>Army Procurement</b>	<b>3,773.8</b>	<b>1,755.1</b>	—
<b>Aircraft</b>	<b>232.4</b>	<b>404.1</b>	—
AH-64 Helicopters	49.5	—	—
UH-60 Battle Losses	—	71.0	—
CH-47 Helicopter	82.9	333.1	—
Joint IED Defeat Surveillance Platform	100.0	—	—
<b>Missiles</b>	—	<b>450.0</b>	—
Upgrade Patriot Battalions to Configuration 3	—	400.0	—
Additional PAC-3 Missiles (16)	—	50.0	—
<b>Weapons &amp; Tracked Combat Vehicles</b>	<b>1,029.7</b>	<b>214.4</b>	—
Bradley Base Sustainment	380.0	—	—
Stryker	41.5	—	—
Stryker SLAT Armor	24.4	—	—
Abrams Upgrades (from Title I)	182.5	—	—
Abrams Upgrades	187.3	136.5	—
Abrams Urban Survivability Kits	77.0	77.9	—
Machine Guns (from Title I)	39.9	—	—
Machine Guns/Carbines	55.2	—	—
Phalanx Mods	42.0	—	—
<b>Ammunition</b>	<b>328.3</b>	—	—
<b>Other Procurement, Army</b>	<b>2,183.4</b>	<b>686.6</b>	—
Up-Armor HMMWVs	500.0	508.0	—
Up-Armor HMMWVs, Protection Measures	364.0	—	—
Armored Security Vehicles	83.0	—	—
Armored Security Vehicles (from Title I)	77.8	—	—
Heavy Expanded Mobility Trucks (HEMTT) Mods	25.0	125.0	—
HEMTT ESP Mods (from Title I)	110.2	—	—
HMMWV Recapitalization (from Title I)	34.8	—	—
Fuel Tank Fire Suppression Kits	19.4	—	—
SINGARS Radios (from Title I)	58.3	—	—
SINGARS Radios	31.6	—	—
CSEL Radios (from Title I)	8.3	—	—
CSEL Radios	35.6	—	—
Improved HF Radios (from Title I)	45.7	—	—
Improved HF Radios	50.6	—	—
Land-Mobile Radios	—	30.0	—
Prophet Ground	48.3	—	—
Tactical Unmanned Aerial System (from Title I)	50.2	—	—
Counter-Mortar Radar	10.5	—	—
Night Vision Devices (from Title I)	160.5	—	—
Night Vision Devices	20.9	—	—
AN/TMQ-52 Profiler	23.6	23.6	—
FireFinder Radars (from Title I)	9.6	—	—
Force XXI Battle Command Sys (from Title I)	80.1	—	—
Force XXI Battle Command System	52.0	—	—

	House	Senate	Conference
Route Clearance Team Equipment (from Title I)	68.1	—	—
HMMWV & Truck Trainers, National Guard	25.0	—	—
Joint IED Defeat Electronic Countermine	109.7	—	—
Manual Transport Robotic System	16.8	—	—
C-RAM	66.2	—	—
<b>Navy/Marine Corps Procurement</b>	<b>955.4</b>	<b>319.8</b>	
<b>Weapons, Navy</b>	<b>131.4</b>	—	—
Hellfire II Missile, MC	122.0	—	—
Pioneer UAV Sustainment	9.4	—	—
<b>Ammunition, Navy/Marine Corps</b>	<b>143.2</b>	—	—
<b>Other Procurement, Navy</b>	<b>44.7</b>	—	—
ScanEagle UAV	39.7	—	—
Satcom Terminals	5.0	—	—
<b>Marine Corps Procurement</b>	<b>636.1</b>	<b>319.8</b>	
AAV Armor Kits	7.0	—	—
HIMARS Add-On Armor	170.7	85.3	—
Small Arms Mods	50.0	—	—
Weapons Under \$5 mn (from Title I)	4.5	—	—
TOW Bunker Buster Missiles	30.6	—	—
Night Vision Equipment	48.1	—	—
Night Vision Equipment (from Title I)	6.9	—	—
Radio Systems	120.4	—	—
Radio Systems (from Title I)	26.8	—	—
Up-Armor HMMWVs	84.7	—	—
Up-Armor HMMWVs (from Title I)	36.2	—	—
Cougar and Buffalo		100.0	—
Assault Breacher Vehicles	12.0	12.0	—
AAV7A1 Product Improvement		22.5	—
Gunner Protection Kits		100.0	—
EOD Systems	16.3	—	—
EOD Systems (from Title I)	7.4	—	—
MTVR Training Devices	3.9	—	—
Virtual Convoy Trainer	5.5	—	—
Biometric Automated Toolkits	2.3	—	—
ULCANS	3.0	—	—
<b>Air Force Procurement</b>	<b>296.9</b>	<b>51.8</b>	—
<b>Aircraft</b>	<b>201.6</b>	—	—
Predator UAV (from Title I)	114.6	—	—
Predator UAV	80.0	—	—
U-2 Aircraft	7.0	—	—
<b>Missiles</b>	<b>32.7</b>	—	—
Predator Hellfire Missiles (from Title I)	32.7	—	—
<b>Other Procurement, Air Force</b>	<b>62.7</b>	<b>51.8</b>	—
HMMWV Armored (from Title I)	4.2	—	—
HMMWV Up-Armored (from Title I)	5.7	—	—
HMMWV Up-Armored	51.8	51.8	—
U-2	1.0	—	—
<b>Defense-Wide Procurement</b>	<b>140.2</b>	—	—
MH-47 Reconstitution	4.1	—	—
Time Delay Firing Device	7.5	—	—
Persistent Predator Operations	13.4	—	—

	<b>House</b>	<b>Senate</b>	<b>Conference</b>
Predator Payload Integration	6.0	—	—
Specialized Ballistic Protection	2.2	—	—
Counter Ambush Weapons System	6.3	—	—
MH-47 Radio Frequency Countermeasures	44.0	—	—
M134DT Mini-Gun Replacement	13.9	—	—
Miniature Multi-Band Beacons	8.9	—	—
Small Arms Laser Acquisition Marker	5.3	—	—
Clip-On Night Vision Device	12.6	—	—
Special Weapons Observation System	6.0	—	—
Thermal Clip-On Night Vision Device	10.0	—	—
<b>Research, Development, Test, and Evaluation</b>	<b>37.6</b>	—	—
<b>Army</b>	<b>25.5</b>	—	—
C-RAM	25.5	—	—
<b>Air Force</b>	<b>7.0</b>	—	—
U-2	7.0	—	—
<b>Defense-Wide</b>	<b>5.1</b>	—	—
Pacific Wind	4.1	—	—
Specialized Ballistic Protection	1.0	—	—

Sources: H.Rept. 109-452; S.Rept. 109-254