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Defense: FY2006 Authorization and Appropriations

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

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

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

Defense: FY2006 Authorization and Appropriations

Summary

Senate action on the annual defense authorization bill (S. 1042) has been held up in large part because of a dispute over amendments to regulate treatment of prisoners. Now the Senate has begun action on the defense appropriations bill (H.R. 2863), and it appears that the full text of the authorization will be offered as an amendment, which will require waiving the Senate rule against legislation on an appropriations bill. The Senate Appropriations Committee marked up the defense appropriations bill on September 28, and floor action could begin as early as Thursday, September 29. Earlier, on May 25, the House approved its version of the defense authorization (H.R. 1815). And on June 20, the House passed its version of the defense appropriations bill (H.R. 2863).

Key issues in congressional action to date include:

- Amount of defense appropriations: The Senate Appropriations Committee trimmed $7 billion from the Administration defense request, and the House trimmed $3.3 billion.
- Exit strategy in Iraq: The House has rejected amendments to the authorization and appropriations bill to establish an exit strategy.
- Prisoner abuse: The White House has threatened to veto the defense authorization if it includes measures regulating treatment of detainees or creates an independent commission to investigate abuse.
- Women in combat: The House approved a chairman's amendment to the defense authorization that requires 60 days advance notice to Congress of changes in current regulations.
- Additional Iraq funding: The House authorization recommends $49.1 billion, the Senate Armed Services Committee recommends $50 billion, the House appropriations bill provides $45.2 billion, and the Senate defense appropriations bill provides $50 billion for ongoing operations in Iraq and elsewhere.
- Army and Marine Corps troop levels: Both the House and the Senate Armed Services Committees added to statutory active duty end-strength for ground forces.
- Navy shipbuilding: The House authorization restructures Navy shipbuilding dramatically, adding funds for additional ships and imposing cost caps on current ships. The House appropriations bill makes similar changes.
- Reserve health insurance: The House rejected a proposal to recommit the defense authorization bill and report back a provision to make the TRICARE health insurance program available with a copay as family health insurance to non-deployed reserve personnel. On July 21, the Senate approved a Graham-Clinton amendment to allow non-deployed reservists to enroll in TRICARE.
- New nuclear weapons: The House defense authorization and energy and water appropriations bills eliminate funds for the Department of Energy (DOE) to study the Robust Nuclear Earth Penetrator (RNEP).

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Most Recent Developments

On September 26, the Senate defense appropriations subcommittee marked up its version of the FY2006 defense appropriations bill (using the House number, H.R. 2863), and the full committee marked up the bill, making some amendments, on September 28. Floor action is scheduled beginning on Thursday, September 29. Meanwhile, Senate action on the defense authorization bill (S. 1042) has been in abeyance, in large part because of a dispute over pending amendments to regulate treatment of military detainees. Now it appears that Senators Warner and Levin will offer the authorization as an amendment to the appropriations bill. Earlier, on May 25, the House passed its version of the annual FY2006 defense authorization bill (H.R. 1815) by a vote of 390-39. On May 24, the House passed the FY2006 energy and water appropriations bill (H.R. 2419), which provides funds for nuclear weapons programs of the Department of Energy. On May 26, the House passed the Military Quality of Life/Veterans Affairs (MQL/VA) appropriations bill (H.R. 2528), which includes funding for military construction, defense health, and some other defense programs. On June 20, the House passed its version of the FY2006 defense appropriations bill (H.R. 2863) by a vote of 398-19. On July 1, the Senate passed its version of the energy and water appropriations bill (also H.R 2419). On September 22, the Senate approved its version of the military construction/VA appropriations bill (also H.R. 2528, but without including all the programs covered in the House bill) by a vote of 98-0.

Headlines: Highlights of Congressional Action

The Senate has begun action on the defense appropriations bill and the defense authorization may be added to it as an amendment. Earlier, the House passed its version of the FY2006 defense authorization bill on May 25 and approved the defense appropriations bill on June 20.

A few headline issues have emerged in the process. They include:

- **Adding the defense authorization bill to the defense appropriations bill as an amendment in the Senate:** Senators Warner and Levin, the Chairman and Ranking Member of the Senate Armed Services Committee, appear to have decided to propose the defense authorization bill as an amendment to the defense appropriations bill on the Senate floor. This would require waiving the Senate rule against legislation on an appropriations measure. It

appears likely that an agreement on this procedure would allow a limited number of second order amendments. A key question is whether these would include proposals to regulate the treatment of military detainees (see below for a discussion). Senator Warner has said that he wants to include at least some such provisions in the authorization. Another question is how this would affect the subsequent conferences on both bills. There does not appear to be any procedural bar to holding separate conferences.

- **Cuts in defense spending in the Senate defense appropriations bill:** The defense appropriations bill as reported in the Senate trims $7 billion from the Administration request, leaving that amount available for non-defense appropriations. The cuts do not include significant reductions in major weapons programs, but instead come mainly by eliminating funds that the committee has found unnecessary to carry out requested programs in personnel and operating accounts. The largest reductions are for personnel programs that were underexecuted in FY2005, in part, it appears, because expenses were financed through supplemental funds, and for depot maintenance workloads that are not needed because equipment is being used for the war and repair costs are being covered with supplemental appropriations. So, though indirectly, large emergency supplemental funding has offset regular defense appropriations, freeing up non-emergency funds for non-defense programs. The House-passed defense appropriations bill trims $3.3 billion from the request.

- **Post-Katrina defense role in disaster response:** At least one amendment may be proposed to the defense appropriations bill to require a study of whether and how to strengthen the Defense Department's role in disaster response.

- **Exit strategy for Iraq:** On May 25, the full House rejected by a vote of 128-300 an amendment to the defense authorization bill by Representative Woolsey expressing the sense of Congress that the President should develop a plan to withdraw U.S. forces from Iraq. In floor debate on the defense appropriations bill, Representative Pelosi offered an amendment to require an Administration report on measures of progress in Iraq that would permit a withdrawal — in effect, an exit strategy. The Rules Committee did not agree to protect the proposal from a point of order, however, and it was subsequently ruled out of order as legislation on an appropriations bill. On July 20, the House approved by a vote of 291-137 an amendment to the foreign affairs authorization bill (H.R. 2601) by Representative Ros-Lehtinen stating that calls for "an early withdrawal" from Iraq are counterproductive and that it is U.S. policy to withdraw only "when it is clear that United States national security and foreign policy goals relating to a free and stable Iraq have been or are about to be achieved."

- **Prisoner abuse:** Treatment of detainees has become a major issue in Senate consideration of the defense authorization bill. Senator Levin has proposed an amendment to establish an independent commission on treatment of detainees. Senator McCain has proposed one amendment to prohibit cruel, inhumane, or degrading treatment of persons in U.S. custody and another to establish uniform interrogation standards as authorized by the Army field manual on intelligence interrogations. Senator Warner has proposed an alternative amendment to require the Secretary of Defense to establish uniform standards for detention and interrogation. And Senators McCain and Graham have proposed an amendment to provide statutory authority for the Defense Department to use military tribunals to determine the status of detainees. The formal White House Statement of Administration Policy on the authorization bill warns of a veto if the bill includes any measure that would establish a commission on detainees or regulate "the detention, treatment or trial of terrorists."[1]

- **A "bridge fund" for Iraq and Afghanistan operations:** The House-passed authorization recommends $49.1 billion, the Senate Armed Services Committees recommends $50 billion, and the House-passed appropriations provides $45.2 billion for ongoing operations in Iraq and elsewhere as a bridge until FY2006 supplemental appropriations can be provided next year. The Senate appropriations version of the appropriations bill provides $50 billion. Last year, Congress provided $25 billion. One issue in House action on the authorization was whether to strengthen reporting requirements on the use of the money, on equipment repair requirements, on troop levels, and on the costs of operations in Iraq. The House agreed to a modified amendment that requires reports on the allocation of funds, on equipment, and on military construction projects.

- **Women in combat:** As part of an *en bloc* amendment to the defense authorization bill, the House approved a measure proposed by Armed Services Committee Chairman Duncan Hunter that would require DOD to notify Congress 60 days in advance of implementing any changes in policy for assigning women to operational ground units. The measure was a substitute for a provision in the committee reported version of the bill that would have (1) codified into law the Pentagon's 1994 policy that prohibits assigning women to units that engage in ground combat operations and (2) prohibited any changes in current assignments. The full committee measure was, in turn, a substitute for a more restrictive subcommittee measure that would

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[1] Executive Office of the President, Office of Management and Budget, "Statement of Administration Policy, S. 1042 — National Defense Authorization Act for Fiscal Year 2006," July 21, 2005, at [http://www.whitehouse.gov/omb/legislative/sap/109-1/s1042sap-s.pdf].

have prohibited assigning women to some support units, including units in which women currently serve, that might accompany combat units into battle.

- **Army and Marine Corps end-strength:** Both the House authorization and the Senate Armed Services Committee added to statutory end-strength. The House authorization adds 10,000 in end-strength to the Army and 1,000 to the Marine Corps in FY2006. The Senate committee added 20,000 to Army end-strength. These increases, which add to those Congress approved last year, would require DOD to support more than the 30,000 extra troops it is now temporarily keeping in the force. The Senate authorization is 43,000 troops above the baseline level for the Army and Marine Corps. The Senate appropriations committee included funds to support the added end strength in the Senate authorization.

- **Navy shipbuilding:** The House authorization bill restructures Navy shipbuilding dramatically, adding funds for three additional ships and imposing cost caps on current ships, including a cap on the DD(X) next generation destroyer program that would be impossible for the Navy to meet, in effect terminating the program. The House appropriations bill adds funds for four ships and follows the House authorization in trimming funds for the DD(X). The Senate Armed Services Committee bill prohibits a winner-take-all competition among shipyards for the DD(X) and adds advance procurement funds for a second ship, but otherwise does not substantially alter the Navy request. The Senate appropriations bill eliminates funds for a T-AKE cargo ship but supports the DD(X) and other requested shipbuilding.

- **Cost growth in major weapons programs:** The House authorization not only imposes cost caps on Navy ships, but also trims and restructures funding for the Army Future Combat System (FCS), cuts funding for some satellite programs, and revises acquisition laws to require a full analysis of alternatives any time program cost growth exceeds 15%. The House appropriations bill makes most of the same weapons cuts. The Senate Armed Services Committee did not cut the FCS and made smaller cuts in satellite programs. The Senate appropriations committee trimmed the FCS by 1/3 as much as the House, cut some satellite programs, and reduced funding because of delays in other programs.

- **Missile defense testing:** The House authorization adds $100 million for additional testing of the ground-based missile defense system that is now being deployed but the Armed Services Committee rejected, among other measures, a proposal to shift oversight of missile defense testing from the Missile Defense Agency to the DOD Office of Operational Test and Evaluation. No amendment to strengthen testing was permitted by the House rule on the bill. The

Senate defense appropriations bill adds $200 million for the ground-based system.

- **Reserve personnel health benefits:** The House Armed Services Committee approved an amendment in markup to make DOD's health program for military dependents, known as TRICARE, available to reserve personnel. The provision was later stricken from the bill before it reached the floor because its cost would have exceeded caps on mandatory spending. The House narrowly rejected a motion to recommit the bill and restore the provision. On July 21, the Senate approved a Graham-Clinton amendment to allow non-deployed reservists to enroll in TRICARE.

- **New nuclear weapons:** The House authorization eliminates funds for the Department of Energy (DOE) to study the Robust Nuclear Earth Penetrator (RNEP), as does the House-passed energy and water appropriations bill. The Senate Armed Services Committee did not cut DOE RNEP funds. And in floor action on the energy and water appropriations bill, the Senate rejected an amendment proposed by Senator Feinstein to eliminate DOE funds for the RNEP.

Status of Legislation

On April 28, both the House and the Senate approved a conference agreement on the FY2006 congressional budget resolution (H.Con.Res. 95). The budget resolution recommends an overall level of funding for national defense and allocates $843 billion to the appropriations committees as the total amount available in discretionary funds for all regular FY2006 appropriations bills, including defense.

On May 5, the House Appropriations Committee announced its initial allocation of funds to the 11 subcommittees under Section 302(b) of the Congressional Budget Act. The 302(b) allocations trim defense appropriations by about $3 billion compared to the Administration request. On June 8, the Senate Appropriations Committee reported its initial allocations, which cut $7 billion from the defense appropriations request.

The House Armed Services Committee completed marking up its version of the FY2006 defense authorization bill, H.R. 1815, on May 18. The House passed an amended version on May 25. The House Appropriations Committee marked up its version of the FY2006 defense appropriations bill (H.R. 2863) on May 24, and the House approved the bill on June 20. The Senate Armed Services Committee completed marking up its version of the defense authorization bill, S. 1042, on May 12, and the Senate began floor action on July 20, but the leadership suspended consideration after a cloture vote failed on July 26.

The Senate defense appropriations subcommittee marked up its version of the FY2006 defense appropriations bill (H.R. 2863, as in the House) on September 26. And the full committee completed its markup on September 28.

Table 1A. Status of FY2006 Defense Authorization (H.R. 1815, S. 1042)

Full Committee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
5/18/05	5/12/05	H.Rept. 109-89 5/20/05	5/25/05 (390-39)	S.Rept. 109-69 5/17/05	—	—	—	—	—

Table 1B. Status of FY2006 Defense Appropriations (H.R. 2863)

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
5/24/05	9/26/05	H.Rept. 109-119 6/10/05	6/20/05 (398-19)	9/28/05	—	—	—	—	—

Table 2A. FY2006 House and Senate Defense Authorization Bills, Funding by Title

(budget authority in billions of dollars)

	Request	House Passed	House Versus Request	Senate Armed Services Committee	Senate Versus Request
Military Personnel	108.9	108.8	-0.1	109.2	+0.2
Operation & Maintenance	126.9	124.3	-2.6	126.6	-0.3
Procurement	76.6	79.1	+2.5	78.2	+1.5
RDT&E	69.4	69.5	+0.1	69.8	+0.4
Military Construction	7.8	8.0	+0.2	8.1	+0.3
Family Housing	4.2	4.2	-0.0	4.1	-0.1
MilCon/FamHsing Rescissions	— -	— -	— -	-0.1	-0.1
Other Programs	22.3	22.3	-0.0	22.5	+0.2
Revolving & Management	3.1	3.2	+0.0	2.5	-0.6
Mandatory Programs	1.8	1.8	+0.0	1.8	+0.1
General Provisions	— -	— -	— -	-1.3	-1.3
Total Dept of Defense	**421.1**	**421.3**	**+0.2**	**421.3**	**+0.2**
Atomic Energy Defense Activities	17.5	17.0	-0.5	17.0	-0.5
Other Defense-Related Activities	3.2	3.2	+0.0	3.2	+0.0
Total National Defense	**441.8**	**441.6**	**-0.3**	**441.6**	**-0.3**
Emergency Authorization	**— -**	**49.1**	**+49.1**	**50.0**	**+50.0**

Sources: H.Rept. 109-89; S.Rept. 109-69.

Note: The request as shown here includes $1.4 billion for chemical weapons demilitarization in "Other Programs." Both bills provide $1.4 billion for chemical weapons demilitarization in "Other Programs," though, in H.Rept. 109-89, the House Armed Services Committee shows the request in "Procurement." Both the House and the Senate show "Defense Health" funding in "Other Programs," while Administration funding tables show it in "Operation and Maintenance."

Table 2B. FY2006 Defense and Military Appropriations Bills, Funding by Title

(budget authority in billions of dollars)

	FY2006 House Request	FY2006 House	House vs. Request	FY2006 Senate Request	FY2006 Senate*	Senate vs. Request
Defense Appropriations Bill						
Military Personnel	85.0	84.1	-0.8	98.3	95.7	-2.6
Operation and Maintenance	119.0	116.1	-2.9	126.9	125.0	-1.9
Procurement	76.6	76.8	+0.2	76.6	75.8	-0.8
RDT&E	69.4	71.7	+2.3	69.4	70.4	+1.0
Revolving and Management Funds	3.1	2.8	-0.4	3.1	1.7	-1.4
Other Defense Programs	2.5	2.5	— -	22.3	22.8	+0.5
Related Agencies	0.6	0.6	— -	0.6	0.7	+0.1
General Provisions	0.1	-1.6	-1.6	0.1	-1.9	-1.9
Scorekeeping Adjustment	10.7	10.7	— -	*	*	*
Total Regular Appropriations	**367.0**	**363.7**	**-3.3**	**397.2**	**390.2**	**-7.0**
Additional Appropriations	— -	45.3	+45.3	— -	50.0	+50.0
Total with Additional Approps.	**367.0**	**408.9**	**+42.0**	**397.2**	**440.2**	**+43.0**
Military Quality of Life/Veterans Affairs Bill (House); Military Construction/Veterans Affairs Bill (Senate)						
Military Construction	5.3	5.8	+0.5	5.3	5.9	+0.5
NATO Security Investment Program	0.2	0.2	— -	0.2	0.2	— -
Family Housing	4.2	4.2	— -	4.2	4.1	-0.1
Base Realignment and Closure	2.3	1.9	-0.3	2.3	1.9	-0.4
Basic Allowance for Housing (MilPers)	13.3	13.3	— -	— -	— -	— -
Facilities Sustainment Etc. (O&M)	6.5	6.6	+0.1	— -	— -	— -
Environmental Restoration (O&M)	1.4	1.4	— -	— -	— -	— -
Defense Health Program (Other Defense Programs)	19.8	20.0	+0.2	— -	— -	— -
General Provisions	0.1	0.1	— -	— -	— -	— -
Total Department of Defense	**53.1**	**53.5**	**+0.4**	**12.0**	**12.1**	**+0.1**

Source: H.Rept. 109-95, S.Rept. 109-105,Senate Appropriations Committee.
Note: For the Military Quality of Life/VA bill in the House and the Military Construction/VA bill in the Senate, the table shows action only on the portion of the bill that funds Department of Defense programs — it does not show Veterans Affairs funding. For appropriations action on VA health funding, see CRS Report RL32975, *Veterans' Medical Care: FY2006 Appropriations*, by Sidath Viranga Panangala. For the Senate, the table shows committee recommended levels for the defense appropriations bill. The Senate Appropriations Committee did not show a scorekeeping adjustment for accrual payments for military retiree healthcare benefits as the House Appropriations Committee did. Neither committee, however, revised the requested amount. Totals may not add due to rounding.

Overview of the Administration Request

On February 7, 2005, the Administration released its FY2006 federal budget request. The request includes $441.8 billion in new budget authority for national defense, of which $421.1 billion is for military activities of the Department of Defense (DOD), $17.5 billion for atomic energy defense activities of the Department of Energy, and $3.2 billion for defense-related activities of other agencies (see **Table 3**). The FY2006 request does not include funding for ongoing military operations in Iraq, Afghanistan, and elsewhere. On February 14, 2005, the Administration submitted a supplemental appropriations request for FY2005 that included $74.9 billion for DOD.[2]

Table 3. National Defense Budget Authority by Title, FY2005-FY2006, Administration Projection

(billions of current year dollars)

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

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

The FY2006 request represents an increase of 4.3% over the FY2005 enacted level (excluding the supplemental) in nominal terms, and of 1.9% after adjusting for inflation. This rate of growth is considerably slower than earlier in the Bush Administration. Between FY2000 and FY2005, funding for national defense grew by 38% in nominal terms or about 23% after inflation, an annual inflation-adjusted growth rate of 4.2%. Administration figures show relatively slow rates of real growth in the baseline defense budget (excluding supplemental appropriations) for the next several years (see **Table 4**).

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

Table 4. National Defense Budget Authority and Outlays, FY2000-FY2010, Administration Projection

(current and constant FY2006 dollars in billions)

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

Source: CRS calculations based on Office of Management and Budget data and deflators from the Department of Defense.
Note: Includes supplemental appropriations for FY2000 through FY2004, but does not include supplemental appropriations for FY2005 and beyond.

Key Features of the Administration Request

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

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

Continued Growth in Military Personnel and in Operation and Maintenance Costs. As **Table 3** shows, the FY2006 request for the Department of Defense is $19.1 billion higher than the FY2005 baseline budget (i.e., excluding supplemental appropriations). Of that increase, $5.7 billion is for military personnel and $10.0 billion is for operation and maintenance (O&M). So, over 80% of the requested DOD increase between FY2005 and FY2006 is for military personnel and O&M. The growth in personnel and operating accounts reflects an ongoing trend. Between FY2000 and FY2005, increases in military personnel and operation and

maintenance funding accounted for 60% of the overall, relatively larger increase in the Department of Defense budget. This still left substantial amounts to boost weapons acquisition. But as budgets level off, continuing increases in personnel and operations may limit the new funding available for weapons programs.[3]

Slower Growth in Procurement and RDT&E. In the FY2006 request, the Administration proposes $78.0 billion for procurement, a decrease of $300 million compared to the FY2005 baseline level, and $69.4 billion for RDT&E, an increase of $600 million. After adjusting for inflation, both represent real reductions in funding (see **Table 5**).[4] Over the next few years, the Administration plan calls for only very modest growth in weapons acquisition in the regular defense budget — an increase in procurement funding is offset by a decline in RDT&E. In all, procurement plus RDT&E spending increases by 7.3% after adjusting for inflation over the next six years, about 1.2% per year real growth.

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

Table 5. Department of Defense Budget Authority by Title, FY2005-FY2011

(discretionary budget authority in billions of constant FY2006 dollars)

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

Source: CRS calculations based on Department of Defense data.
Note: Does not include supplemental appropriations.

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

[4] It is important to note, however, that the FY2004 and FY2005 supplemental appropriations bills include large amounts for procurement, especially for the Army, only a small part of which is to replace combat losses. The FY2004 supplemental provides $5.5 billion for procurement, the FY2004/FY2005 "bridge" fund in the FY2005 appropriations bill provides $1.4 billion, and the FY2005 supplemental provides $17.4 billion.

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

To effect these reductions, DOD issued Program Budget Decision 753 (PBD-753), which prescribed adjustments to be incorporated into the FY2006 budget submission in order to meet the OMB mandate. **Table 6** lists the major program changes in PBD-753.

Table 6. Major Program Adjustments in PBD-753

(millions of dollars)

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

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

As **Table 6** shows, the proposed reductions are heavily weighted towards the out-years — especially FY2009 and FY2010 — and minimized in FY2007. Several of these cuts have been controversial in Congress, particularly the Navy shipbuilding reductions and termination of the C-130J. The fate of these and other programs may be a major focus of congressional attention in action on this year's defense bills. As the House Armed Services Committee was beginning to mark up the defense authorization bills, the Defense Department announced that it had decided not to terminate C-130J production.

Long-Term Defense Budget Challenges

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

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

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

Key Issues for Congress

Last year, the paramount issue in the FY2005 defense debate was whether Congress should provide funding for operations in Iraq and Afghanistan before early in calendar year 2005, when the Bush Administration said it planned to request supplemental appropriations. Ultimately, in a separate title of the FY2005 defense appropriations bill, Congress provided $25 billion for ongoing operations as a bridge until it could act on FY2005 supplemental funding after the turn of the year.

Subsequently, in May 2005, Congress approved an additional $76 billion in supplemental appropriations to cover the remainder of FY2005.[5]

With action barely completed on FY2005 funding, advance funding for operations in Iraq and Afghanistan again became an issue as Congress took up the FY2006 budget. In the FY2006 congressional budget resolution, H.Con.Res. 95, Congress specifically exempted $50 billion in emergency spending for military contingency operations from a potential point of order in the Senate. But this does not limit the amount Congress may provided this year for Iraq and Afghanistan in FY2006. While the budget resolution specifically sets aside $50 billion, it also exempts any amount for military contingency operations from spending limits in the House and any amount for any defense purpose in the Senate (see below for a detailed discussion).

As Congress proceeds in considering the FY2006 authorization and appropriations bills, the question is whether to provide another bridge fund for operations in FY2006, and, if so, how much, or whether, perhaps, to provide the full estimated costs. To date, the House-passed authorization includes $49.1 billion, the Senate Armed Services Committee has approved $50 billion, the House-passed defense appropriations bill provides $45 billion, and the Senate defense appropriations subcommittee has recommended $50 billion.

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

- Whether Congress should, while not directly establishing a date for withdrawing from Iraq, require the Administration to establish a strategy and measures of progress that will lead to withdrawal;
- Whether the appropriations committees should trim defense funding in order to curtail cuts in non-defense discretionary programs;
- Whether Congress should provide additional military personnel benefits, including (1) greater access to DOD-provided health insurance for non-deployed military reservists and their dependents and (2) permanently increased death gratuities and insurance;
- Whether Congress should require a substantial increase in active duty end-strength, particularly in the Army, to ease pressures on the force caused by operations abroad;
- Whether Congress should increase funding for navy shipbuilding or should approve advance appropriations or other novel funding mechanisms;
- Whether Congress should accept or reject Administration plans to retire an aircraft carrier and reduce the number of deployable carriers from 12 to 11;
- Whether Congress should approve the proposed termination of C-130J cargo aircraft procurement (which the Administration has recently withdrawn);

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[5] See CRS Report RL32783, *FY2005 Supplemental Appropriations for Iraq and Afghanistan, Tsunami Relief, and Other Activities*, by Amy Belasco and Larry Nowels.

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

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

Iraq Policy and Troop Withdrawals

For the first time this year, Congress has begun to debate measures that are aimed at establishing the conditions that would ultimately permit a withdrawal of troops from Iraq. The Administration and supporters of its Iraq policy insist that military operations in Iraq are making progress and that political conditions are improving. But critics complain that it is difficult to see progress on key indicators of success, including the number of attacks against U.S. soldiers or elements of the new Iraqi regime; the number, quality, and reliability of trained Iraqi security forces; the overall level of security in Iraq; and the state of Iraq's economic infrastructure.

No one in Congress so far has proposed a measure would directly establish a date for withdrawal from Iraq. Administration supporters argue that it would be a mistake to do so because it would allow regime opponents to plan for a U.S. exit and might dishearten regime supporters. Some critics of the U.S. invasion agree on different grounds. Having destroyed the previous regime, some say, the United States has an obligation to ensure that a post-occupation Iraq not descend into civil war. But this year, for the first time, there have been efforts in congress to put pressure on the Administration, first, to define measurable indicators of progress or deterioration and, second, to define when progress might lead to U.S. troop withdrawals.

Congressional Action. On May 25, the House rejected by a vote of 128-300 an amendment to the defense authorization bill by Representative Woolsey stating the sense of Congress that the President should develop a plan as soon as practicable to provide for the withdrawal of United States Armed Forces from Iraq and transmit the plan to Congress.

Later in debate on the defense appropriations bill on June 20, House Minority Leader Nancy Pelosi proposed an amendment requiring that the President submit a report to Congress "on a strategy for success in Iraq that identifies criteria to be used by the Government of the United States to determine when it is appropriate to begin the withdrawal of United States Armed Forces from Iraq." The amendment required the report to include criteria for assessing Iraqi security forces and for achieving required capabilities; an estimate of the number of Iraqi forces required to perform functions U.S. and allied forces now perform; the number of advisors needed to support the Iraqi government; and measures on political stability in Iraq with milestones for progress. The amendment did not require setting a date for withdrawal. The Rules Committee did not agree to exempt the amendment from a House rule prohibiting legislation on an appropriations bill, and the amendment was subsequently ruled out of order.

Most recently, on July 20, by a vote of 291-137, the House approved an amendment to the foreign affairs authorization bill (H.R. 2601) by Representative Ros-Lehtinen stating that calls for "an early withdrawal" from Iraq are counterproductive and that it is U.S. policy to withdraw only "when it is clear that United States national security and foreign policy goals relating to a free and stable Iraq have been or are about to be achieved."

Subsequently, on July 27, General George Casey, the commander of U.S. forces in Iraq, commented that substantial withdrawals may begin as early as next spring or summer, if progress continues.[6] Most recently, however, General Casey has been less willing to project troop reductions.

Funding for Iraq and Afghanistan

The FY2006 defense budget request does not include funding for ongoing military operations in Iraq and Afghanistan. The Administration submitted a

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[6] Yochi J. Dreazen, "U.S. Opens Door For Big Pullback In Iraq Next Year," *Wall Street Journal*, July 28, 2005, p. 1.

supplemental FY2005 budget request to Congress on February 14, 2005, a week after it submitted its regular FY2006 budget, and Congress agreed to provide $76 billion for military operations in Iraq and Afghanistan in FY2005. The FY2006 regular request, however, covers only DOD's normal peacetime funding requirements. Administration officials have said they again plan to request funding for Iraq and Afghanistan in FY2006 in a supplemental appropriations measure to be submitted early next year.

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

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

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

One element of the debate is what precedents earlier operations provide. In 2003, a CRS memo reported that the initial funding for most conflicts — from World War II, to Korea, to Vietnam, to the 1991 Persian Gulf War — was generally

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

[8] Secretary of Defense Donald Rumsfeld, testifying before the House Armed Services Committee, February 16, 2005.

[9] Office of Management and Budget Director Joshua Bolten, testifying before the Senate Budget Committee, February 9, 2005.

provided through supplemental appropriations.[10] That memo did not, however, address funding for wars after the initial phases. On that question, the precedents are mixed. While the Korean conflict was financed mainly with supplementals, World War II and Vietnam were funded both with supplementals and with regular appropriations. In Vietnam, the Administration first asked for a $700 million supplemental for FY1965 in May of 1965; then for a $1.7 billion addition to the regular FY1966 defense appropriations bill, which was requested as a budget amendment in the summer of 1965; and then, in January of 1966, as troop levels in Southeast Asia were climbing, a supplemental of $12.3 billion for FY1966 and regular appropriations of $10.3 billion for FY1967, both requested when the FY1967 budget was submitted.

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

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

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

If Senator Warner and Senator Stevens subsequently choose to propose funding for Iraq and Afghanistan in the regular FY2006 defense bills, there appear to be no procedural hurdles in the way. Funding caps in the FY2006 congressional budget resolution, H.Con.Res. 95, do not appear to be a barrier. To be permissible in view of caps on overall discretionary spending established by the budget resolution, the appropriations bills would have to designate funding for operations abroad as either

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[10] CRS Congressional Distribution Memo, "Budgeting for Wars in the Past," March 27, 2003, by Stephen Daggett.

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

as "defense emergency appropriations" (in the Senate) or as funding for "contingency operations in support of the global war on terrorism" (in the House and, for up to $50 billion, in the Senate) — see the box below for a further explanation.

Provisions of the FY2006 Concurrent Budget Resolution (H.Con.Res. 95) Permitting Additional Funding for Overseas Military Contingency Operations

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

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

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

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

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

That said, in its markup of the FY2006 defense authorization bill, the Senate Armed Services Committee provided $50 billion in additional funding for operations in Iraq, Afghanistan, and elsewhere, the House-passed authorization recommends $49.1 billion, the House-passed defense appropriations bill provides $45.2 billion, and the Senate defense appropriations subcommittee recommends $50.0 billion.

Table 7. Additional Funding for Overseas Contingency Operations: Authorization and Appropriations

(millions of dollars)

	House Auth.	Senate Auth.	House Approp.	Senate Approp.
Military Personnel	**9,390.0**	**11,596.0**	**8,015.8**	**6,206.6**
Army	6,689.3	9,517.6	5,877.4	5,009.4
Army Reserve	137.2	—	138.8	121.5
Army National Guard	67.0	—	67.0	232.3
Navy	300.0	350.0	282.0	0.2
Navy Reserve	—	—	—	10.0
Marine Corps	662.6	811.8	667.8	455.4
Air Force	1,011.0	916.6	982.8	372.5
Air National Guard	—	—	—	5.3
Benefits	522.9	—	—	—
Operation and Maintenance	**30,186.4**	**32,000.4**	**28,738.5**	**32,405.4**
Army	20,305.0	22,139.8	20,398.5	21,915.5
Army Reserve	26.4	—	35.7	53.7
Army National Guard	159.5	—	159.5	201.3
Navy	1,838.0	1,944.3	1,907.8	1,806.4
Navy Reserve	—	2.4	—	9.4
Marine Corps	1,791.8	1,808.2	1,827.2	1,275.8
Marine Corps Reserve	—	—	24.0	28.0
Air Force	3,195.4	2,635.6	3,559.9	2,014.9
Air Force Reserve	—	—	—	7.0
Air National Guard	—	—	—	13.4
Defense-Wide	2,870.3	3,470.1	826.0	980.0
Other Programs	**6,046.0**	**5,303.4**	**5,555.0**	
Working Capital Funds	1,700.0	—	2,055.0	
Defense Health Program	846.0	977.8	—	
Iraqi Freedom Fund	1,000.0	4,325.7	3,500.0	4,100.0
Classified Programs	2,500.0	—	—	
Procurement	**3,371.8**	**1,100.2**	**2,857.3**	**8,551.7**
Aircraft Procurement, Army	—	70.3	—	348.1
Missile Procurement, Army	—	—	—	80.0
Weapons & Tracked Combat Vehicles, Army	574.6	27.8	455.4	910.7
Ammunition, Army	105.7	—	13.9	335.8
Other Procurement, Army	1,945.4	271.7	1,501.3	3,916.0
Aircraft Procurement, Navy	—	183.8	—	151.5
Weapons Procurement, Navy	36.8	165.5	81.7	56.7
Ammunition, Navy/Marine Corps	144.7	104.5	144.7	48.5
Other Procurement, Navy	15.3	30.8	48.8	116.0
Procurement, Marine Corps	445.4	89.2	389.9	2,303.7
Aircraft Procurement, Air Force	—	104.7	115.3	118.1
Missile Procurement, Air Force	—	—	—	17.0
Other Procurement, Air Force	—	51.9	2.4	17.5
Procurement, Defense-Wide	103.9	—	103.9	132.1
Research & Development	**75.0**	**—**	**88.1**	**92.3**
RDT&E Army	—	—	—	72.0
RDT&E Navy	—	—	13.1	—
RDT&E Air Force	—	—	—	17.8
RDT&E Defense-Wide	75.0	—	75.0	2.5
TOTAL	**49,069.2**	**50,000.0**	**45,254.6**	**50,000.0**

Sources: H.Rept. 109-89, S.Rept. 109-69; House and Senate Appropriations Committees.

Guns versus Butter — 302(b) Allocations

Last year, for the first time in many years, Congress debated a high-profile proposal to trim defense spending as part of broader efforts to reduce the federal budget deficit. In the Senate, the Budget Committee reported a budget resolution (S.Con.Res. 95) that recommended $7 billion less for defense than the Administration had requested. On the floor, however, the Senate voted overwhelmingly to restore the funds by a margin of 95-4. In the House, Budget Committee Chairman Jim Nussle considered but then dropped a proposal to recommend $2 billion less for defense than the Administration requested.

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

This year the debate on the FY2006 budget resolution (H.Con.Res. 95) did not feature a face-to-face showdown over defense spending like the one last year. But, again, as last year and as in the FY2004 budget, in the end, overall deficit pressures may lead the appropriations committees to trim defense as a means of moderating cuts in non-defense programs needed to keep within caps on total discretionary spending.[12] Budget constraints may well become progressively more severe over the next few years.[13]

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

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[12] See Andrew Taylor, "Lewis May Shift Defense Spending," *CQ Today*, April 26, 2005.

[13] See CRS Report RL32877, *Defense Budget: Long-Term Challenges for FY2006 and Beyond*, by Stephen Daggett.

The FY2006 congressional budget resolution (H.Con.Res. 95) provides a 302(a) allocation to the appropriations committees of $843.02 billion. On May 5, House Appropriations Committee Chairman Jerry Lewis released his proposed initial 302(b) allocations (see **Table 8**). (These allocations were later revised on May 12, and on May 18, but did not change the defense figures.) For the defense subcommittee, the allocation is $363.44 billion, which is $3.28 billion below the Administration request for programs under the subcommittee's jurisdiction. For the military quality of life/veterans affairs subcommittee, the allocation is $85.158 billion, which is $1.05 billion above the request. The 302(b) allocations do not determine how the funds will be divided among programs under each subcommittee, so some of the extra money for the MQL/VA subcommittee could be for the Department of Defense and some for the Department of Veterans Affairs. The allocations allow about $2.9 billion more for non-defense programs than the request — in effect, roughly $3 billion is shifted from defense to non-defense programs.

Table 8. House and Senate 302(b) Allocations

(budget authority in millions of dollars)

	FY2005 Enacted	FY2006 Request	FY2006 Allocation	Allocation vs FY2005	Allocation vs Request
House Appropriations Committee					
Defense	352,424	366,720	363,440	+11,016	-3,280
[Less rescissions and other savers]	*[5,164]*	*[—]*	*[5,000]*	*[-164]*	*[+5,000]*
[Defense program level]	*[357,588]*	*[366,720]*	*[368,440]*	*[+10,852]*	*[+1,720]*
Military Quality of Life/VA	79,279	84,108	85,158	+5,879	+1,050
Other Subcommittees	387,578	391,475	394,422	+6,844	+2,947
Total discretionary spending	819,281	842,303	843,020	+23,739	+717
Senate Appropriations Committee					
Defense	—	407,706	400,706	—	-7,000
Military Construction/Veterans Affairs	—	43,585	44,382	—	+797
Other Subcommittees	—	390,974	397,177	—	+6,203
Total discretionary spending	—	842,265	842,265	—	—

Source: House Appropriations Committee, May 5, 2005, H.Rept. 109-78, May 12, 2005; H.Rept. 109-85, May 18, 2005; S.Rept. 109-77, June 9, 2005.

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

Others may quibble with this argument. One quibble is that there are often rescissions of prior year funds in all appropriations bills, and they are normally applied as offsets to increases in new funds elsewhere in each bill. In effect, the initial House 302(b) allocations require that defense rescissions be available partly to offset increases in total non-defense appropriations compared to the

Administration's request. A different quibble is that defense rescissions may later be "backfilled" by increased emergency supplemental appropriations later in the process. The FY2004 omnibus appropriations bill, for example, rescinded $1.8 billion in prior year defense funds to offset non-defense amounts. The Iraq/Afghanistan emergency funding provisions of the FY2005 defense appropriations bill, however, repealed the rescission. So, in effect, emergency defense appropriations were used to offset increased FY2004 non-defense funding.

The version of the defense appropriations bill that the House Appropriations Committee marked up on June 7, and the amended version passed on June 20, provides $363.7 billion of which $363.4 billion is for discretionary (rather than mandatory) programs, equal to the initial House 302(b) allocation and $3.28 billion below the request.

On June 9, the Senate Appropriations Committee formally approved and released its initial 302(b) allocations. The Senate allocations trim $7 billion from the Administration request for the defense bill and add $797 million for the military construction/Veterans Affairs subcommittee. So in all, the allocation provides $6.2 billion more for non-defense discretionary programs than the Administration request. By any standards, this is dramatic shift of funds.

In later action on the defense appropriations bills, both the House and the Senate Appropriations Committees complied with the initial 302(b) allocations. The House-passed appropriations bill is $3.3 billion below the Administration request, and the Senate reported bill is $7.0 billion less. Neither bill, however, makes deep cuts in overall funding for major weapons, though both selectively trim some programs. Rather the cuts come mainly in military personnel and operation and maintenance accounts (see Table 2B above).

Military Personnel Pay and Benefits

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

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

Last year, Congress approved two additional measures — a program to provide health insurance to deactivated reservists for a period of time if they agree to reenlist and elimination of a provision that reduced benefits to survivors of military retirees after the survivors qualified for Social Security at age 62. Collectively, the measures

enacted since 1999, along with substantial military pay raises, have increased the cost of active duty military personnel by more than 30% above inflation since 1999.[14]

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

Congressional Action. In the FY2005 supplemental appropriations bill (H.R. 1268), Congress approved (1) a permanent increase to $100,000 in the death gratuity for service members killed the line of duty, made retroactive to October 7, 2001; (2) a payment of $150,000 to survivors of service members killed in combat zones since October 7, 2001; and (3) an increase in the maximum amount of insurance for service members from $250,000 to $400,000. These provisions apply only through September 30, 2005, however.

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

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

The House Armed Services Committee also approved an amendment in the full committee markup that would have made TRICARE generally available to military reservists. The proposal was a subject of extensive debate. Opponents complained about the cost and also argued that employers might "game" the system in an effort to reduce their costs by reducing their insurance plans or otherwise encouraging employees to sign onto to TRICARE. Opponents also warned that federal employees who serve in the reserves would have an incentive to abandon the federal employee health benefit program (FEHBP) and sign up for the cheaper TRICARE system, which would drive up FEHBP costs for others. Proponents argued that reservists have earned the right to guaranteed health insurance. In the committee, the amendment was approved by a vote of 32-30.

Subsequently, the committee approved a routine measure that allows the chairman of the committee to delete provisions of the bill that would be subject to a point of order for increasing mandatory spending above limits provided in the budget resolution. When the Congressional Budget Office provided an estimate that the provision would require an increase in mandatory expenditures, Committee

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[14] See CRS Report RL32877, *Defense Budget: Long-Term Challenges for FY2006 and Beyond*, by Stephen Daggett.

Chairman Duncan Hunter then deleted the TRICARE for reservists provision on the grounds that it would be subject of a point of order on the floor. The Rules Committee did not agree to make in order an amendment to restore a revised version of the plan. On the floor, Representative Taylor subsequently proposed a motion to recommit the bill to committee with instructions to restore the TRICARE for reservists provision with a change that would have eliminated the mandatory spending impact of the measure. That motion was defeated by a vote of 211-218.

Increases in Active Duty End-Strength

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

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

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

addition to the FY2005 increases. Some outside groups have proposed adding as many as 25,000 troops per year to the force for the next several years.[15]

Since the proposed increases in FY2006 go far beyond the 30,000 added troops the Pentagon currently has in the force, the issues is no longer moot, and the debate is about, in effect, permanent, substantial, and costly increases in the overall size of the force. This the Administration strongly resists. Secretary of Defense Rumsfeld, in particular, has opposed permanent increases, arguing that much can be done, and is already underway, to restructure forces to make up for the number of troops needed to fill out deployable combat units. Among other things, Rumsfeld wants to restructure the Army to reduce non-combat positions and shift personnel into the combat arms. Moreover, the Pentagon has been attempting to transfer substantial numbers of jobs from military to civilian positions. The Administration argues that these measures should be fully implemented before coming to any conclusions about permanently adding to military end-strength.

Congressional Action. In subcommittee markup of the defense authorization bill, the House Armed Services Committee's personnel subcommittee added 10,000 in end-strength to the Army and 1,000 to the Marine Corps in FY2006. The full committee and the full House subsequently approved that measure. In its markup, the Senate Armed Services Committee added 20,000 to Army end-strength in FY2006 (see **Table 9**).

Table 9. House and Senate Action on Statutory Active Duty End-Strength Levels, FY2004-FY2006

	Enacted FY2004	Enacted FY2005	Request FY2006	House FY2006	Senate FY2006
Army	482,400	502,400	482,400	512,400	522,400
Navy	373,800	365,900	352,700	352,700	352,700
Marine Corps	175,000	178,000	175,000	179,000	178,000
Air Force	359,300	359,700	357,400	357,400	357,400

Sources: Enacted from P.L. 108-136 and P.L. 108-375; request from DOD, Office of Legislative Counsel; House from H.R. 1815, as reported; Senate from S. 1042, as reported.

Navy Shipbuilding — A Budgetary "Ship Wreck"?

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

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

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[15] Edward Epstein, "Support Grows For Beefing Up U.S. Forces," *San Francisco Chronicle*, April 4, 2005, Pg. 1

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

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

The four-ship FY2006 request falls far short of the annual procurement rate the Navy has, in the past, said is needed to maintain the size of the fleet. The math is straightforward. Assuming an average service life of 35 years for each ship, a Navy of 300 ships requires building 300 ÷ 35 = 8.6 ships per year on average. Recently the Navy has tried to get away from judging its needs on the basis of numbers of ships, saying that capabilities, rather than numbers, are what matters. But that argument has not been persuasive in Congress, and, recently, the Navy responded to a congressionally mandated requirement that it provide an estimate of long-term shipbuilding requirements with a report that showed two alternatives for FY2035, one with 260 ships and one with 325 ships.[16]

Planned production appears to lead closer to the lower end of that range, if that much. Projected production rates grow over the next few years, but only because the Navy plans to ramp up production of the relatively small Littoral Combat Ship to five per year by FY2009. Retiring Chief of Naval Operations, Admiral Vernon Clark, has pointed to long-term rising shipbuilding costs as the main reason for the Navy's difficulties.[17]

Many Members of Congress, particularly from shipbuilding states, have expressed alarm about the low rate of Navy shipbuilding. A particular issue has been a Navy proposal, which was deferred by the Under Secretary of Defense for Acquisition, to hold a winner-take-all competition between the two surface combatant construction shipyards for the right to build all DD(X) destroyers, rather than to divide the ships between two yards, as for DDG-51 destroyers. Legislators fear that one shipyard would be forced to close under such a strategy.[18]

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[16] See Department of the Navy, "An Interim Report to Congress on Annual Long-Range Plan for the Construction of Naval Vessels for FY2006," March 2005.

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

[18] See CRS Report RS21059, *Navy DD(X) and CG(X) Programs: Background and Issues for Congress*, by Ronald O'Rourke and CRS Report RL32109, *Navy DD(X), CG(X), and* (continued...)

One possible response is for Congress to increase the FY2006 shipbuilding budget by shifting funds from other programs. Navy officials and some legislators have also discussed using alternative funding mechanisms for Navy ships as a means of allowing more new ship construction to start within a limited budget. Defense acquisition guidelines generally require "full funding" of weapons procurement — appropriations are required to be sufficient to finance the number of complete, useable end items of systems Congress has approved.[19] There are alternatives to the full funding policy, however, and these are now being discussed actively for Navy shipbuilding.

One possibility, which Congress has used for some ships in the past, is "incremental" or "split" funding, in which Congress appropriates only part of the money needed to complete a ship and plans to appropriate the remainder in future years. Another is advance appropriations, in which Congress appropriates funds for the full cost of a ship, but delays the availability of part of all of the funds until the start of the next fiscal year. While these alternative funding mechanisms may smooth out annual Navy shipbuilding numbers, they will not allow significantly more ships to be procured, and they may simply trade a budget problem this year for at least equally severe problems in the future.[20]

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

Later, in the version of supplemental appropriations bill (H.R. 1268) that the Senate Appropriations Committee reported to the floor, the committee included a provision that prohibits funds made available in the supplemental or in any prior acts, to be used to implement a winner-take-all strategy to acquire the DD(X). The conference agreement included the Senate measure. This did not, however, apply to future appropriations, so the matter remains at issue in action on FY2006 bills.

In subcommittee markup of the FY2006 defense authorization bill, the House Armed Services Committee subcommittee on projection forces took a number of

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[18] (...continued)
LCS Ship Acquisition Programs: Oversight Issues and Options for Congress, by Ronald O'Rourke.

[19] See CRS Report RL31404, *Defense Procurement: Full Funding Policy — Background, Issues, and Options for Congress*, by Ronald O'Rourke and Stephen Daggett.

[20] For a full discussion see CRS Report RL32776, *Navy Ship Procurement: Alternative Funding Approaches — Background and Options for Congress*, by Ronald O'Rourke.

dramatic steps to restructure Navy shipbuilding. The subcommittee added funds for three additional ships, including $2.5 billion for 2 DDG-51 destroyers and $384 million for an additional T-AKE dry cargo ship. The subcommittee also provided $418 million, an increase of $268 million, to begin construction of a new LHA(R) amphibious assault ship. The subcommittee also took steps to rein in the costs of new ships. Most significantly, it imposed a cost ceiling of $1.7 billion on what it calls the "next generation surface combatant." Since this applies to the DD(X), the Navy will have to design a less costly substitute destroyer. The subcommittee also put a cost cap on the Logistics Combat Ship, Virginia-class submarines, and LHA(R), and it required the Navy to develop a next-generation submarine that, presumably, will cost less than Virginia-class boats.[21]

Later, in full committee markup, the House Armed Services Committee took steps to restore CVN-21 procurement to the FY2007 plan rather than delay it to FY2008 as the Navy proposed. The committee approved an amendment to add $86.7 million for advanced procurement of the CNV-21, but with a requirement that the Pentagon must certify that the extra money would allow the Navy to begin production of the carrier in FY2007.

In stark contrast to the House, the Senate Armed Services Committee did not radically restructure Navy shipbuilding. In its markup of the FY2006 authorization, the committee added $175 million in partial funding for the LHA(R) ship, but otherwise did not increase the number of ships being built in FY2006. The committee also authorized CVN-21 construction to begin in FY2007, the plan last year, rather than in FY2008, as the Navy now plans, and provided an additional $86.7 million for the program. On the DD(X), the committee indicated continuing support for the program by adding $50 million for advance procurement of a second ship, and it provided that the funds are only available for production at a second shipyard. The committee specifically prohibited a "winner-take-all" acquisition strategy for the DD(X).

The House Appropriations Committee generally followed the House authorization, though with some adjustments. As in the authorization, the committee cut funds for the DD(X) and it added money for one T-AKE. It added only one rather than two DDG-51s, however, and it added funds for two Littoral Combat Ships instead — so in all the committee added 4 ships to the request. The committee added $50 million to the LHA(R) request, less than the authorization, and urged the Navy to request full funding for the cost of the ship in the future rather than spreading funding across several years.

The Senate Appropriations Committee mainly followed the Senate authorization. It added $50 million for DD(X) for a second ship, added $86.7 million for CVN-21, but trimmed funds from the T-AKE due to construction delays.

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[21] House Armed Services Committee, Projection Forces Subcommittee, Press Release, "House Projection Forces Subcommittee Mark Approved Unanimously Without Amendment for FY 06 National Defense Authorization Act," May 11, 2005.

Table 10A. House and Senate Action on Navy Shipbuilding: Authorization

(amounts in millions of dollars)

	Request			House Authorization			Senate Authorization			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	$	$	#	$	$	#	$	$	
CVN-21 Carrier Replacement Program	—	564.9	308.0	—	651.6	316.0	—	651.6	308.0	House and Senate add $86.7 mn. to procure ship in FY2007, House conditioned on DOD certification that '07 start is possible.
DD(X) Destroyer	—	716.0	1,114.8	—	—	700.0	—	766.0	1,124.8	House cuts all procurement and provides $700 mn. for R&D for new design. Senate adds $50 mn. for 2nd ship advance procurement.
DDG-51 Destroyer	—	225.4	—	2	2,725.4	—	—	250.4	—	House adds $2.5 bn. for 2 ships.
LCS Littoral Combat Ship	1	36.8	576.4	1	36.8	588.5	1	36.8	576.4	—
LPD-17 Amphibious Ship	1	1,344.7	11.4	1	1,344.7	11.4	1	1,344.7	11.4	—
LHA(R) Amphibious Ship	—	150.4	—	—	418.0	—	—	325.4	—	House adds $268 mn., Senate adds $175 mn.
Virginal Class Submarine	1	2,401.5	155.8	1	2,401.5	175.8	1	2,401.5	199.8	House and Senate add small amnts. for R&D.
Carrier Refueling Overhaul	—	1,513.6	—	—	1,513.6	—	—	1,513.6	—	—
Missile Submarine Conversion	—	286.5	24.0	—	286.5	24.0	—	286.5	24.0	—
T-AKE Cargo Ship	1	380.1	—	2	764.5	—	1	380.1	—	House adds $384 mn. for 1 added ship.
Totals	**4**	**7,619.9**	**2,190.4**	**7**	**10,142.6**	**1,815.7**	**4**	**7,956.7**	**2,244.4**	**House adds $2.5 bn. and 3 ships.**

Sources: Department of Defense; H.Rept. 109-89; S.Rept. 109-69.

Note: For CVN-21, the House authorization adds $86.7 million on condition that DOD certify that the added funds will allow full procurement of the ship in the FY2007 budget. Littoral Combat Ship number includes construction of one ship funded in R&D. T-AKE procurement is funded in the National Defense Sealift Fund.

Table 10B. House and Senate Action on Navy Shipbuilding: Appropriations

(amounts in millions of dollars)

	Request			House Appropriations			Senate Appropriations			
	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	$	$	#	$	$	#	$	$	Comments
CVN-21 Carrier Replacement Program	—	564.9	308.0	—	564.9	310.0	—	—	—	House does not follow auth. add to push full procurement to FY2007.
DD(X) Destroyer	—	716.0	1,114.8	—	—	757.0	—	—	—	House cuts all procurement and cuts R&D by $358 mn.
DDG-51 Destroyer	—	225.4	—	1	1,600.0	—	—	—	—	House adds $1.4 bn. for 1 ship (vs 2 in auth.).
LCS Littoral Combat Ship	1	36.8	576.4	3	476.8	581.9	—	—	—	House adds $440 mn. for 2 ships.
LPD-17 Amphibious Ship	1	1,344.7	11.4	1	1,344.7	11.4	—	—	—	—
LHA(R) Amphibious Ship	—	150.4	—	—	200.4	—	—	—	—	House adds $75 mn. (vs. 268 mn. in auth.).
Virginal Class Submarine	1	2,401.5	155.8	1	2,401.5	169.3	—	—	—	—
Carrier Refueling Overhaul	—	1,513.6	—	—	1,320.0	—	—	—	—	House trims $194 mn.
Missile Submarine Conversion	—	286.5	24.0	—	286.5	24.0	—	—	—	—
T-AKE Cargo Ship	1	380.1	—	2	714.1	—	—	—	—	House adds $334 mn. for 1 additional ship.
Totals	**4**	**7,619.9**	**2,190.4**	**8**	**8,909.0**	**1,853.6**	**—**	**—**	**—**	**House adds $1.3 bn. and 4 ships.**

Sources: Department of Defense; H.Rept. 109-119.
Note: Littoral Combat Ship number includes construction of one ship funded in R&D. T-AKE procurement is funded in the National Defense Sealift Fund.

Retiring an Aircraft Carrier and Reducing the Carrier Force to 11

PBD-753 not only trimmed the long-term Navy shipbuilding plan, it also proposed retiring the USS *John F. Kennedy*, one of two conventionally-powered aircraft carriers still in service. This would reduce the number of carriers in the fleet from 12 to 11. The Navy insists that it would still be able to meet its overseas stationing requirements and its requirements to surge forces in a crisis. Like the Navy shipbuilding cuts, the proposal to retire the *Kennedy*, which is based in Florida, has been controversial in Congress. One element of the debate is whether it is wise to retire a conventionally powered ship, since the United States has long deployed one carrier in Japan, and Japan has objected to visits by nuclear-powered ships in the past. The Navy's other conventionally-powered carrier, the Kitty Hawk, is scheduled for retirement in FY2008.[22]

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

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

The House Armed Services Committee did not take any steps to keep the *Kennedy* in service. Instead it barred further reductions in the carrier force by requiring the Navy to maintain a minimum of 11 deployable carriers. The House Appropriations Committee did not address the issue.

C-130J Aircraft Termination

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

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[22] See CRS Report RL32731, *Navy Aircraft Carriers: Proposed Retirement of USS* John F. Kennedy — *Issues and Options for Congress*, by Ronald O'Rourke.

of Operational Testing have issued reports that are quite critical of current safety and mission performance of the aircraft, and it is now being used in only restricted roles.

The decision to terminate C-130J procurement was controversial in Congress. The C-130 has historically had support not only from Georgia, where it is produced, but from advocates of Air National Guard units all over the country where the aircraft is deployed. For its part, the Defense Department from the start appeared somewhat less firm in its determination to terminate the C-130J than on other PBD-753 decisions. Shortly after the budget request was formally released in February, senior Pentagon officials said that the Department planned to review its C-130J decision in the course of examining overall air lift requirements.[23] Finally, just as the House Armed Services Committee was beginning subcommittee markup of the FY2006 defense authorization, Secretary of Defense Rumsfeld sent a letter to Congress reversing the decision to terminate the production.

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

It its markup of the FY2006 defense authorization, the Senate Armed Services Committee reduced Marine KC-130J procurement from the 12 requested to 4 and shifted $735 million to the Air Force to buy 9 C-130J airlift aircraft. The House Armed Services Committee also approved 4 KC-130Js and 9 C-130Js, as did the House Appropriations Committee.

F/A-22 Fighter Termination

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

The F/A-22 has been the Air Force's top priority program.[24] It is designed to be the best air superiority fighter aircraft in the world in the future. Air Force officials have continued to argue against the cuts, insisting that the whole issue should be reviewed in the QDR. But officials outside the Air Force have so far provided little encouragement.

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[23] Dave Ahearn, "C-130J May Gain New Lease On Life: Rumsfeld," *Defense Today*, February 17, 2005.

[24] For an overview of the program and a review of key issues, see CRS Report RL31673, *F/A-22 Raptor*, by Christopher Bolkcom.

Congressional Action. While there has been some opposition to the F/A-22 cuts in Congress, so far there have been no related legislative proposals. The planned cuts in funding for the program, however, do not begin until the FY2008 budget, and production ceases only in FY2009, so there remains some time to consider the program's fate. None of the congressional defense committees significantly changed the program in FY2006.

Other Programs with Cost Increases and Schedule Delays

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

Navy ships are certainly not the only troubled programs in the defense budget. Delays and cost growth have plagued a number of high profile weapons programs in recent years, including the F/A-22 aircraft, the F-35 Joint Strike Fighter,[25] and a several satellite and space launch programs, including the Space-Based Infrared System-High (SBIRS-High), the Space Surveillance and Tracking System (SSTS, which was formerly SBIRS-Low), the Transformational Communications Satellite (TSAT), the Space Based Radar (now called the Space Radar), and the Evolved Expendable Launch Vehicle (EELV). Costs of the Army's multi-faceted Future Combat System have also been climbing, and the General Accounting Office has raised questions about the maturity of technologies being pursued.[26]

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

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

In initial House Armed Services Committee subcommittee markup, the FCS, in particular, was cut significantly. In effect, the FCS and some other programs that Congress considers to be suffering from problems may end up being "bill payers" for increases in Navy shipbuilding and some other accounts. In contrast, in its markup

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

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

of the FY2006 defense authorization, the Senate Armed Services Committee approved the full $3.4 billion requested for FCS.

In its full committee markup of the authorization, the House Armed Services Committee trimmed FCS funding by $400 million and shifted some parts of the program from the FCS funding line to R&D lines for more basic research. The committee also reduced funds for the Transformational Communications Satellite (TSAT) by $400 from $838.5 million to $435.8 million and for the Space-Based Radar by $125.8 million from $225.8 million to $100.0 million.

Finally, the House Armed Services Committee made some significant changes in acquisition laws in an effort to control weapons cost growth. The committee established conditions before a development program may be approved for full scale system development and demonstration (SDD). It also required closer monitoring of changes from original program baseline cost estimates. And, perhaps most notably, it mandated a formal analysis of alternatives for any system that exceeds 15% cost growth.

The House Appropriations Committee generally followed the authorization bill's recommendations — it trimmed funding for the Future Combat System by about $400 million, cut the TSAT by $400 million, and cut the Space-Based Radar by $126 million. The committee also terminated the Joint Air to Surface Standoff Missile (JASSM) program.

The Senate Appropriations Committee provided $3.3 billion for FCS, $100 million below the request, cut $200 million from the Joint Unmanned Combat Air System (J-UCAS) program, cut the TSAT by $250 million, reduced the Space Radar request by $125.8 million, cut SBIRS-High by $100 million, and cut $236.3 million from the Joint Tactical Radar System (JTRS).

Table 11A. House and Senate Action on Selected Weapons: Authorization

(amounts in millions of dollars)

	Request			House Authorization			Senate Authorization			Comments
	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	$	$	#	$	$	#	$	$	
Army										
Future Combat System	—	—	3,404.8	—	—	2,905.6	—	—	3,404.8	House cuts $499.2 mn. and restructures program elements.
Stryker Armored Vehicle	240	878.4	26.7	240	893.4	41.7	240	878.4	26.7	—
UH-60 Blackhawk Helicopter	41	584.7	115.0	46	658.2	118.9	41	584.7	115.0	House adds 5 aircraft
CH-47 Helicopter Mods	—	676.0	—	—	676.0	—	—	676.0	—	—
Aircraft										
F/A-22 Fighter, AF	24	3,733.5	479.7	24	3,733.5	479.7	24	3,733.5	479.7	—
F-35 Joint Strike Fighter, Navy	—	—	2,393.0	—	—	2,393.0	—	—	2,393.0	—
F-35 Joint Strike Fighter, AF	—	152.4	2,474.8	—	152.4	2,474.8	—	152.4	2,474.8	—
C-17 Cargo Aircraft, AF	15	3,236.3	165.8	15	3,236.3	165.8	15	3,236.3	165.8	—
Global Hawk UAV, AF	5	397.7	308.5	4	367.8	308.5	5	397.7	308.5	House cuts 1 aircraft
Predator UAV, AF	9	125.6	61.0	15	210.6	61.0	9	125.6	66.0	House adds 6 aircraft
F/A-18E/F Fighter, Navy	38	2,822.3	88.7	38	2,825.5	88.7	38	2,822.3	91.9	—
EA-18G Aircraft, Navy	4	336.7	409.1	4	336.7	409.1	4	336.7	409.1	—
V-22 Tilt Rotor Aircraft, Navy	9	1,060.6	206.4	9	1,060.6	206.4	9	1,060.6	206.4	—
CV-22 Tilt Rotor Aircraft, AF	2	243.7	69.5	2	243.7	71.5	2	243.7	69.5	—
Missiles/Space										
Tomahawk Cruise Missiles	379	353.4	20.3	456	420.6	20.3	379	353.4	20.3	House adds 77 missiles
Joint Air-to-Surface Standoff Missile	300	150.2	67.0	300	150.2	67.0	300	150.2	67.0	—
Advanced Extremely High Frequency Satellite	1	529.0	665.3	1	529.0	665.3	1	529.0	765.3	SASC adds $100 mn. to R&D
Evolved Expendable Launch Vehicle	5	838.3	26.1	5	838.3	26.1	5	838.3	26.1	—
Space-Based Infrared System-High	—	—	756.6	—	—	756.6	—	—	756.6	—
Transformational Communications Satellite	—	—	835.8	—	—	435.8	—	—	635.8	House cuts $400 mn., SASC cuts $200 mn.
Space-Based Radar	—	—	225.8	—	—	100.0	—	—	150.8	House cuts $125.8 mn.; SASC cuts $75 mn.

Sources: DOD; H.Rept. 109-89; S.Rept. 109-69.

Table 11B. House and Senate Action on Selected Weapons: Appropriations

(amounts in millions of dollars)

	Request			House Appropriations			Senate Appropriations			
	Procurement		R&D	Procurement		R&D	Procurement		R&D	
	#	$	$	#	$	$	#	$	$	Comments
Army										
Future Combat System	—	—	3,404.8	—	—	3,006.8	—	—	—	HAC cut $449 mn. from overall FCS, added $50 mn. for Non-Line of Sight Cannon.
Stryker Armored Vehicle	240	878.4	26.7	240	882.4	26.7	—	—	—	—
UH-60 Blackhawk Helicopter	41	584.7	115.0	45	659.7	119.5	—	—	—	HAC adds $75 mn. for 4 aircraft.
CH-47 Helicopter Mods	—	676.0	—	—	676.0	—	—	—	—	—
Aircraft										
F/A-22 Fighter, AF	24	3,733.5	479.7	24	3,733.5	479.7	—	—	—	—
F-35 Joint Strike Fighter, Navy	—	—	2,393.0	—	—	2,399.2	—	—	—	—
F-35 Joint Strike Fighter, AF	—	152.4	2,474.8	—	—	2,474.8	—	—	—	HAC eliminates $152.4 mn. for advance procurement
C-17 Cargo Aircraft, AF	15	3,236.3	165.8	15	3,236.3	165.8	—	—	—	—
Global Hawk UAV, AF	5	397.7	308.5	3	259.5	329.7	—	—	—	HAC reduced by 2 aircraft
Predator UAV, AF	9	125.6	61.0	13	177.6	63.5	—	—	—	HAC adds 4 aircraft
F/A-18E/F Fighter, Navy	38	2,822.3	88.7	38	2,822.3	88.7	—	—	—	—
EA-18G Aircraft, Navy	4	336.7	409.1	4	336.7	400.0	—	—	—	—
V-22 Tilt Rotor Aircraft, Navy	9	1,060.6	206.4	9	1,060.6	206.4	—	—	—	—
V-22 Tilt Rotor Aircraft, AF	2	243.7	69.5	2	232.2	71.5	—	—	—	—
Missiles/Space										
Tomahawk Cruise Missiles	379	353.4	20.3	308	301.2	20.3	—	—	—	HAC cuts 71 missiles
Joint Air-to-Surface Standoff Missile	300	150.2	67.0	—	2.0	67.0	—	—	—	HAC terminates program
Advanced Extremely High Frequency Satellite	1	529.0	665.3	1	529.0	665.3	—	—	—	—
Evolved Expendable Launch Vehicle	5	838.3	26.1	5	747.3	26.1	—	—	—	HAC cuts $91 mn. expecting delay in SBIRS launch.
Space-Based Infrared System-High (SBIRS-High)	—	—	756.6	—	—	756.6	—	—	—	—
Transformational Communications Satellite	—	—	835.8	—	—	436.8	—	—	—	HAC cuts $399 mn.
Space-Based Radar	—	—	225.8	—	—	100.0	—	—	—	HAC cuts $125.8 mn., as in auth.

Sources: DOD; H.Rept. 109-119.

Missile Defense

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

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

Congressional Action. In preliminary markup of the FY2006 defense authorization bill (H.R. 1815) in the House Armed Services Committee strategic forces subcommittee, Representative Spratt offered an amendment to require the Missile Defense Agency to schedule a missile defense interceptor test as soon as possible. As an alternative, the subcommittee approved a measure that would add $100 million to support additional testing of the ground-based system that is currently being deployed. The full committee rejected proposals that would have required successful testing before continuing with deployment and that would have transferred oversight of tests from the Missile Defense Agency to the independent DOD Office of Operational Test and Evaluation. The House rule on the authorization bill did not permit any additional amendments on missile defense funding or testing. The committee bill requires a report comparing the Airborne Laser program and the Kinetic Energy Interceptor program for the purpose of intercepting missiles in the boost phase.

The Senate Armed Services Committee also added funds for the mid-course defense system that is now being deployed, and specified that $100 million of the added money is to enhance the ground-based missile defense test program.

The House Appropriations Committee added $100 million for testing of the ground-based defense and provided $82 million for a multiple kill vehicle. The

committee restructured the budget for the program to make different elements of the program more visible. The committee divided the midcourse defense program into two parts, one for ground-based defenses and one for sea-based defenses. The committee also divided the sensor program into separate program elements for satellites and for radars.

The Senate Appropriations Committee provided $7.8 billion for missile defense, including an additional $200 million for the ground-based midcourse defense system and $550 million more for the U.S.-Israeli Arrow program.

Table 12 shows congressional action on missile defense by program element.

Table 12. Congressional Action on FY2006 Missile Defense Funding

(budget authority in millions of dollars)

	Estimate FY2005	Request FY2006	House Authorization		Senate Authorization		House Appropriations	
			Amount	Change to Request	Amount	Change to Request	Amount	Change to Request
Procurement Army	**575.0**	**567.1**	**567.1**	**—**	**567.1**	**—**	**567.1**	**—**
PATRIOT PAC-3	487.4	489.7	489.7	—	489.7	—	489.7	—
PATRIOT Modifications	87.6	77.4	77.4	—	77.4	—	77.4	—
RDT&E Missile Defense Agency	**8,783.4**	**7,775.2**	**7,875.2**	**+100.0**	**7,777.2**	**+2.0**	**7,630.7**	**-144.5**
0603175C Ballistic Missile Defense Technology	231.1	136.2	131.2	-5.0	113.2	-23.0	128.4	-7.9
0603879C Advanced Concepts, Evaluations and Systems	159.9	—	—	—	—	—	—	—
0603881C Ballistic Missile Defense Terminal Defense Segment	928.4	1,143.6	1,168.6	+25.0	1,143.6	—	1,123.7	-19.9
0603882C Ballistic Missile Defense Midcourse Defense Segment	4,501.5	3,266.2	3,436.2	+170.0	3,441.2	+175.0	—	-3,266.2
060XXXXC Ballistic Missile Defense Groundbased Midcourse	—	—	—	—	—	—	2,267.1	+2,267.1
060XXXXC Ballistic Missile Defense Seabased Midcourse	—	—	—	—	—	—	892.1	+892.1
0603883C Ballistic Missile Defense Boost Defense Segment	476.2	483.9	483.9	—	483.9	—	464.9	-19.0
0603884C Ballistic Missile Defense Sensors	577.3	529.8	529.8	—	539.8	+10.0	—	-529.8
060XXXXC Ballistic Missile Defense Satellites	—	—	—	—	—	—	231.4	+231.4
060XXXXC Ballistic Missile Defense Radars	—	—	—	—	—	—	289.7	+289.7
0603886C Ballistic Missile Defense System Interceptor	279.8	229.7	229.7	—	179.7	-50.0	218.7	-10.9
0603888C Ballistic Missile Defense Test & Targets	718.0	617.5	617.5	—	617.5	—	614.5	-2.9
0603889C Ballistic Missile Defense Products	383.8	455.2	405.2	-50.0	425.2	-30.0	383.6	-71.5
0603890C Ballistic Missile Defense Systems Core	399.8	447.0	407.0	-40.0	417.0	-30.0	404.4	-42.6
0603891C Special Programs - MDA	—	349.5	349.5	—	299.5	-50.0	349.5	—
060XXXXC Ballistic Missile Defense Program Support	—	—	—	—	0.0	—	141.0	+141.0
0901585C Pentagon Reservation	13.8	17.4	17.4	—	17.4	—	22.4	+5.0
0901598C Management HQ - MDA	113.8	99.3	99.3	—	99.3	—	99.3	—
RDT&E Army	**345.0**	**305.0**	**305.0**	**—**	**306.0**	**+1.0**	**305.0**	**—**
0604865A/0604869A PATRIOT PAC-3/MEADS	312.9	288.8	288.8	—	289.8	+1.0	288.8	—
0203801A PATRIOT Improvement	32.1	16.2	16.2	—	16.2	—	16.2	—
RDT&E The Joint Staff	**84.4**	**81.5**	**81.5**	**—**	**81.5**	**—**	**81.5**	**—**
0605126J Joint Theater Air and Missile Defense Organization	84.4	81.5	81.5	—	81.5	—	81.5	—
Total Missile Defense	**9,787.8**	**8,728.8**	**8,828.8**	**+100.0**	**8,731.8**	**+3.0**	**8,584.3**	**-144.5**

Sources: H.Rept. 109-89; S.Rept. 109-69, H.Rept. 109-119

Army Modularization

The Army is undertaking a wholesale reorganization of its combat forces. The reorganization is designed to create a more flexible and more readily deployable force based primarily on separate modular brigades that can be deployed individually or in combination, rather than on divisions composed of three combat brigades and associated support elements. By the end of FY2007, the Army plans to increase the number of deployable brigades in the active duty force from 33 to at least 43 and possibly as many as 48 "Brigade Units of Action." The Army National Guard will also be reorganized from a force with 15 separate brigades and 19 divisional brigades into one with 33 deployable Brigade Units of Action.[27]

The Army now projects that its modularization plan will cost $48 billion over the seven-year FY2005-FY2011 period, up from about $28 billion when the plan was originally decided on.[28] In FY2005 and FY2006, the Army has not included funds to cover the costs in its regular or baseline budget. Instead, it has asked for $5 billion in the FY2005 supplemental to cover costs and plans to request supplemental funds for FY2006 as well. PBD-753 directed the Defense Department to add $5 billion annually beginning in FY2007 to the Army's regular budget to cover modularization costs thereafter.

Congress has generally supported the Army reorganization, though some questions have been raised about it. The big issue has been whether to include funding in supplementals or in regular appropriations, but his appears to have been resolved — funds will be in supplementals in FY2005 and FY2006 and in the regular budget thereafter. A key unanswered question is whether the Army will be able to fill out the deployable brigade structure without a permanent increase in end-strength. Through FY2006, the Defense Department is keeping 30,000 troops in the force above earlier end-strength levels, in part as a rotation base for Iraq and in part to provide a buffer as the Army reorganizes. Costs are being covered in supplemental appropriations. After FY2006 the Army plans to fill out units without additional end-strength by reassigning personnel within the force and by shifting military jobs to civilians. Many in Congress doubt that the Army will be able to fill out the new brigades in the future simply by reassigning personnel.

Another key issue is whether, in the long run, the new Army force design will meet strategic requirements. Among others, retired Army Colonel Douglas MacGregor, who was one of the original champions of a brigade-centered force, has

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[27] For an overview of the plan and a review of key issues, see CRS Report RL32476, *U.S. Army's Modular Redesign: Issues for Congress*, by Andrew Feickert.

[28] See testimony of Secretary of the Army Francis Harvey and Army Chief of Staff General Peter Schoomaker before the House Defense Appropriations Subcommittee, March 2, 2005.

argued that the new brigades are not sufficiently well-equipped to have the necessary flexibility and that the Army is still preserving too many layers of command.[29]

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

Civilian Personnel Policy

In the FY2004 National Defense Authorization Act (P.L. 108-136), Congress agreed to an Administration request to give the Secretary of Defense very broad authority to reorganize DOD's civilian personnel system. DOD is now implementing changes. Some of the steps the department has taken to date have led to disagreements with some employees and some unions. Last year, Congress considered, but ultimately did not act on amendments to the personnel legislation to ensure certain traditional civil service procedures. Similar measures may be proposed this year. In addition, Congress has frequently taken steps to regulate procedures for privatizing civilian defense jobs.

Congressional Action. Neither the House nor the Senate has yet considered any measures that would regulate implementation of new personnel procedures.

Easing Environmental Regulations Affecting Military Facilities

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

This year, the Defense Department has again proposed a package of legislative changes in environmental statutes affecting military training facilities. One DOD proposal would exempt missions generated by military readiness activities from requirements to "conform" to State Implementation Plans (SIPs) for achieving federal air quality standards under the Clean Air Act. A second proposal would provide that military munitions on operational ranges may not be defined as "solid waste" under

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

RCRA and CERCLA. In effect, this would allow munitions and munitions-related contamination to remain on a training range indefinitely, as long as the range remained operational.[30]

Congressional Action. Neither the House nor the Senate has addressed the new Administration proposals in action on the defense authorization.

New Nuclear Weapons

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

This year, the Administration is again requesting funds for studies of the RNEP, though the request is substantially lower than in the past, and the Department of Energy (DOE) has removed from its long-term funding plan a budget wedge for RNEP development that totaled almost $500 million between FY2005 and FY2009. The FY2006 request includes $4 million for RNEP in the FY2006 Department of Energy (DOE) budget and $4.5 million in the Air Force. Budget projections also include $14 million for RNEP in DOE in FY2007, and $3.5 million in the Air Force. Projections after FY2007 show no additional funding, though it could be restored at any time.[31]

The FY2006 budget includes no funds for ACI, but another potential issue has emerged. The conference agreement on the FY2005 energy and water appropriations bill did not provide funds for ACI, but instead made the $9 million requested available for the Reliable Replacement Warhead (RRW) program that was intended, as the conference report explains, to "improve the reliability, longevity, and certifiability of existing weapons and their components." But in testimony before the Senate Armed Services Committee Subcommittee on Strategic Forces, Linton Brookes, the Director of DOE nuclear weapons programs, implied that the RRW program might be used to develop a entirely new, more reliable warhead.[32] This prospect raised alarm among arms control groups and may become a matter fo debate in Congress.

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[30] See CRS Report RS22149, *Exemptions from Environmental Law for the Department of Defense: An Overview of Congressional Action*, by David M. Bearden.

[31] See CRS Report RL32347, *'Bunker Busters': Robust Nuclear Earth Penetrator Issues, FY2005 and FY2006*, by Jonathan Medalia and CRS Report RL32599, *'Bunker Busters': Sources of Confusion in the Robust Nuclear Earth Penetrator Debate*, by Jonathan Medalia.

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

Congressional Action. In preliminary markup of the FY2006 defense authorization bill (H.R. 1815), the House Armed Services Committee strategic forces subcommittee eliminated RNEP funds from the Department of Energy (DOE) budget and added the money to the Air Force. A press release by subcommittee Democrats said that the purpose is to direct funding to non-nuclear, "conventional," "bunker buster" weapons. A press release by the full committee following the full committee markup, however, says that the bill includes $4 million for a DOD (not DOE) study "to include conventional as well as nuclear penetrator options."

The strategic forces subcommittee also established a policy for the RRW program, which Representative John Spratt said requires that the goal of the program be to reduce the likelihood of a return to nuclear testing and to shrink the nuclear arsenal. He did not, however, rule out development of a new warhead.

The Senate Armed Services Committee took the opposite approach. In its version of the FY2006 authorization bill, it provided the $4.0 million requested for RNEP in DOE, but eliminate Air Force funding. In its markup of the FY2006 energy and water appropriations bill (H.R. 2419), the House energy and water appropriations subcommittee also eliminated funds for RNEP from the Department of Energy budget. The subcommittee also increased funding for the RRW program from $9 million to $27 million and included in its report a long discussion of policy goals for the RRW program.

In action on the energy and water appropriations bill (H.R. 2419), the House appropriations committee eliminated funds for the RNEP and included detailed report language establishing goals for the RRW program. The House passed the bill without amending these provisions. The Senate appropriations committee, however, included requested RNEP funds. And on the floor, on July 1, 2005, the Senate rejected by 43-53 an amendment by Senator Feinstein to eliminate funds for the RNEP.

Women in Combat and Other "Social Issues"

Matters that are broadly defined as "social issues" often arise within the military and, accordingly, in congressional consideration of annual defense bills. In the past, Congress has addressed matters as diverse as gays in the military, women in combat, housing of male and female recruits during basic training, and sale of potentially offensive magazines on military bases. Congress perennially debates proposals to repeal a prohibition on privately funded abortions in military hospitals overseas for personnel or dependents who otherwise might not have access to abortions at all. Recently, in view of reports that cases of sexual abuse within the military are not uncommon, there has been an extensive discussion in Congress of the adequacy of the Defense Departments policy on sexual abuse and its handling of abuse cases.

A key social issue in Congress this year has been whether women should continue to serve in units that directly support combat operations and that are deployed along with combat units in military operations. Currently women are not permitted to serve in combat roles in the Army, but are often assigned to support units that are physically collocated with combat units. As a result, women have sometimes been involved in fighting and have suffered some casualties. In Iraq, 35

women have died, which is about 2.2% of the total number of U.S. military personnel killed.

Congressional Action. In House Armed Services Committee subcommittee markup of the FY2006 defense authorization bill, the personnel subcommittee approved by a 9-7 vote a measure that would bar women from some combat support units. In the full committee markup, the subcommittee chair, Representative John McHugh, offered an amendment that instead would codify into statute the existing DOD policy that prohibits assignment of women to ground combat units and that would prohibit any changes in assignments. Opponents of the measure, however, argued that it went beyond that and could restrict assignment of women to some units in which they now serve.

In floor action on the authorization, Armed Services Committee Chairman Duncan Hunter proposed a measure that would require that the Defense Department notify Congress 60 days in advance of any changes in policies on the assignment of women to deployable ground units. This proposal was approved as part of an *en bloc* amendment.

In floor action on the defense appropriations bill, a debate over a measure regarding religious tolerance at the Air Force Academy turned bitter and halted action on the measure for 45 minutes when Representative Obey objected to statements by Representative Hostettler. As reported by the committee, the bill included a provision stating the sense of Congress that "coercive and abusive religious proselytizing" at the Air Force Academy "as has been reported is inconsistent with the professionalism and standards required of those who serve at the Academy." The measure required the Air Force to develop and report on a plan "to maintain a climate free from coercive religious intimidation and inappropriate proselytizing."

Representative Hunter objected to the provision and proposed a substitute that voices support for religious tolerance and required the Secretary of the Air Force to develop and report on recommendations "to maintain a positive climate of religious freedom and tolerance at the United States Air Force Academy." Representative Obey offered a substitute to the Hunter proposal that restored much of the original language. In response to statements by Representative Hostettler, Representative Obey moved that the gentleman's words be taken down, which, if upheld by the chair, would have allowed no further statements for the day by the speaker. Representative Hostettler subsequently withdrew his remarks and the debate resumed. In the end, the House rejected the Obey amendment by a vote of 198-210, and the Hunter amendment prevailed.

Another issue arose shortly before the Senate began action on the defense authorization, when a Federal court ruled that the Defense Department could not provide support for a periodic Boy Scout jamboree because the organization excludes some children on religious grounds. On July 26, by a vote of 98-0, the Senate approved an amendment to the authorization bill by Senator Frist saying that no Federal law may be construed to limit federal agency support to youth organizations.

Base Closures

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

Congressional Action. In its markup of the FY2006 defense authorization, the House Armed Services committee rejected an amendment proposed by Representative Bradley to delay the current base closure round. Later, on the floor, the full House rejected the same proposal by a vote of 112-316. Meanwhile, in the Senate, Senator Thune with several cosponsors proposed a freestanding bill (S. 1075) to postpone closures until, among other things, all major combat forces have returned from Iraq. Subsequently, Senator Thune proposed a similar measure as an amendment to the defense authorization bill. That amendment is pending.

"Buy American" Requirements, Border Security, and Other Issues

A number of other issues may also be on the agenda. Over the past couple of years, Congress has debated what steps it might take to uncover and prevent abuses of military detainees in Guantanamo Bay, Iraq, Afghanistan, and elsewhere. Congress has had a vigorous debate in the past couple of years about proposals to upgrade or replace the Air Force's fleet of tanker aircraft. A proposal to lease up to 100 Boeing KC-767 tanker aircraft has been rejected, and the question now is what, if anything, to do instead. And for the past two years, Congress has considered measures intended to strengthen "Buy American" requirements for purchases of military equipment. Any or all of these issues could come up again in Congress this year. In addition, for the past several years, the House has approved measures to allow military forces to be assigned to border security if requested by the relevant domestic agencies, but the Senate has objected and the measure has never been included in a conference agreement.

Congressional Action. The House Armed Services Committee approved a measure in the authorization that would ban the Defense Department from acquiring items from companies that receive subsidies from foreign governments. This is seen as a measure to prevent the European Aeronautic Defence and Space Company (EADS), which produces Airbus passenger jets, from competing with Boeing to provide refueling aircraft to the Air Force.[33] Later, in floor action on the authorization bill, the House approved an amendment by Representative Manzullo that would prevent "Buy American" requirements — that require 50% domestic content for defense purchases — from being waived by any reciprocal trade agreement with a foreign nation. Also, this year as in the past, the House approved an amendment to the authorization bill to permit the Secretary of Defense to assign

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[33] See John M. Donnelly and Anne Plummer, "House Defense Measure Would Protect Boeing From Overseas Competition," *CQ Today*, May 19, 2005.

U.S. military forces to border patrol operations if requested by the Department of Homeland Security. Finally, the House approved an amendment to the authorization bill that would allow continued support of Boy Scout jamborees and other activities on military installations.

For Additional Reading

CRS Defense Budget Products

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

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

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

CRS Defense Budget-Related Products

Air Force Transformation. CRS Report RS20859.

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

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

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

Exemptions from Environmental Law for the Department of Defense: An Overview of Congressional Action. CRS Report RS22149

F/A-22 Raptor. CRS Report RL31673.

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

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

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

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

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

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

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

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

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

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

'Bunker Busters': Robust Nuclear Earth Penetrator Issues, FY2005 and FY2006. CRS Report RL32347.

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

Veterans' Medical Care: FY2006 Appropriations. CRS Report RL32975.

Legislation

Concurrent Budget Resolution

H.Con.Res. 95 (Nussle).

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

S.Con.Res. 18 (Gregg).

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

Defense Authorization

H.R. 1815 (Hunter)

To authorize appropriations for FY2006 for military activities of the Department of Defense, to prescribe military personnel strengths for FY2006, and for other purposes. Marked up by the House Armed Services Committee and ordered to be reported, May 18, 2005. Reported by the House Armed Services Committee (H.Rept. 109-89), May 20, 2005. Considered by the House and approved, with amendments (390-39), May 25, 2005.

S. 1042 (Warner)

An original bill to authorize appropriations for FY2006 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes. Marked up by the Senate Armed Services Committee and ordered to be reported, May 12, 2005. Reported by the Armed Services Committee (S.Rept. 109-69), May 17, 2005. Considered by the Senate, July 21, 22, 25, and 26. Senate rejected a motion to close further debate (50-48), July 26, 2005.

Defense Appropriations

H.R. 2863 (Young of FL)

Making appropriations for the Department of Defense for FY2006 and for other purposes. Marked up by the House Defense Appropriations Subcommittee, May 24, 2005. Marked up by the House Appropriations Committee, June 7, 2005. Reported by the House Appropriations Committee (H.Rept. 109-119), June 10, 2005. House approved rule (H.Res. 315) on floor debate, June 16, 2005. Debated in the House and approved, with amendments (389-19), June 20, 2005. Reported by the Senate Appropriations Committee with an amendment in the nature of a substitute, without written report, September 28, 2005.

Appendix A: What the Defense Authorization and Appropriations Bills Cover[34]

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

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

At the beginning of the 109th Congress, the House Appropriations Committee undertook a substantial reorganization that moved the Defense Health Program, environmental restoration programs, and military facilities maintenance accounts from the jurisdiction of the Defense Appropriations Subcommittee and placed them under the jurisdiction of the newly-named Military Quality of Life and Veterans Affairs Subcommittee. The Senate Appropriations Committee subsequently adopted a reorganization plan that kept the same accounts within the defense appropriations bill, though it assigned military construction and veterans affairs programs to a renamed Subcommittee on Military Construction and Veterans Affairs. This report will continue to track funding levels of the programs moved out of the defense appropriations bill by the House, as they still fall within both the Department of Defense and overall National Defense budget functions.

Several other appropriations bills also provide funds for national defense activities of DOD and other agencies. This report does not generally track congressional action on defense-related programs in these other appropriations bills, except for a discussion of action on some Department of Energy nuclear weapons programs in the energy and water appropriations bill.

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[34] Because the defense authorization and appropriations bills are so closely related, this report tracks congressional action on both measures.