

April 5, 2018

FY2018 Defense Appropriations Act: An Overview

The FY2018 defense appropriations bill, Division C of the Consolidated Appropriations Act of 2018 (H.R. 1625; P.L. 115-141), appropriates \$647 billion for the Department of Defense (DOD). This amounts to an increase of \$61 billion (about 10%) over the enacted FY2017 level and an increase of \$24 billion over the President's FY2018 budget request for such activities.

H.R. 1625 is commonly referred to as an *omnibus appropriation*, a legislative vehicle comprised of several annual appropriations bills that fund the federal government. The House passed H.R. 1625 on March 22, 2018. The Senate passed the bill in the early hours of March 23, 2018, and the President signed it later that day. Since October 1, 2017, the start of FY2018, Congress had passed five *continuing resolutions* to keep the government running at approximately the FY2017 funding level.

H.R. 1625 conforms to the spending limits (or *caps*) on defense and non-defense spending established by the Budget Control Act of 2011 (BCA; P.L. 112-25) and amended by the Bipartisan Budget Act of 2018 (BBA of 2018; P.L. 115-123).

DOD Appropriations

Division C of H.R. 1625 is named the *Department of Defense Appropriations Act, 2018*. It appropriates \$647 billion in discretionary funding for DOD, comprising \$582 billion in the *base budget* and \$65 billion for the "Global War on Terrorism" (GWOT), also known as Overseas Contingency Operations (OCO), according to the recapitulation in the explanatory statement accompanying the bill. Division D provides appropriations for defense-related nuclear energy programs and Division J provides appropriations for military construction and family housing.

In Line with Revised Spending Cap

According to the Congressional Budget Office, discretionary *base* defense funding provided by Division C of H.R. 1625 (i.e., excluding GWOT/OCO funding) combined with defense-related funding provided by other parts of the bill and by other prior partial appropriations would bring total FY2018 discretionary appropriations for national defense (budget function 050) to \$629 billion—the amount allowed by the revised discretionary spending cap enacted in February under the Bipartisan Budget Act of 2018. This figure excludes GWOT/OCO and emergency funding, which is not subject to the spending restrictions. (For more on the defense budget function, see CRS In Focus IF10618, *Defense Primer: The National Defense Budget Function (050)*, by Christopher T. Mann. For more on the revised spending caps, see CRS Report R44874, *The Budget Control Act: Frequently Asked Questions*, by Grant A. Driessen and Megan S. Lynch.)

More Procurement, RDT&E, O&M Funding

Lawmakers funded all titles in the defense bill at amounts higher than enacted FY2017 levels, as shown in **Table 1**. In terms of percentage, Procurement rose 23% to \$134 billion; Research, Development, Test and Evaluation (RDT&E) increased 22% to \$88 billion; Operation and Maintenance (O&M) rose 12% to \$188 billion; and Revolving and Management Funds increased 12% to \$1.7 billion. Procurement was the category with the biggest increase over the President's request.

Selected Highlights

The legislation includes a number of changes to personnel, policy and weapons programs.

Personnel/Policy

- **More Military Personnel.** The bill includes \$222 million to expand the military to 1.32 million active-duty personnel and 816,900 Guard and Reserve personnel, an increase of 20,300 from the enacted FY2017 level and an increase of 9,500 from the President's request.
- **2.4% Military Pay Raise.** The bill includes \$206 million to pay for the largest military pay raise since 2010, a figure in keeping with private-sector wage growth as measured by the Department of Labor. Like other civilian employees, DOD civilian employees are to receive a 1.9% raise.
- **Funding Flexibility.** The bill includes a one-year change to the "80/20 rule" to allow DOD to spend up to 25% rather than 20% of its funding in the last two months of the fiscal year and another one-year change to let officials transfer (or reprogram) funding for certain readiness-related programs without prior congressional approval.
- **Readiness Boost.** In addition to the \$188 billion in the base budget for O&M, the bill includes most of the GWOT/OCO appropriation (\$50 billion) for O&M. The increase is designed in part to support "key readiness programs." A \$1.3 billion increase from the President's request is earmarked for U.S. Pacific Command readiness alone.
- **Special Victims' Counsel.** The bill adds \$35 million for the Special Victims' Counsel (SVC) within the Defense Human Resources Agency, a program intended to address the problem of military sexual assault.

Weapons Programs

- **More F-35s.** The bill includes \$45 billion for aircraft procurement, \$9.2 billion above the President's request. Nearly 30% of the increased amount, \$2.6 billion, would go toward buying 20 F-35 aircraft over the 70 planes

requested, bringing FY2018 Joint Strike Fighter procurement to \$10 billion for 90 F-35s.

- **Light Attack Experiment.** The bill adds \$100 million for the Air Force's *light attack experimentation*, an ongoing test of commercially available aircraft to examine potential alternatives to the A-10 and other planes for close air support missions.
- **Expanded Missile Defense Field.** The bill adds \$393 million in research and development funding to accelerate the fielding of upgraded Ground-Based Interceptors at an expanded missile field in Alaska.
- **More Ship Funding.** The bill includes nearly \$24 billion for Navy shipbuilding programs, an increase of \$3.4 billion from the President's request, with additional

funding for amphibious and expeditionary vessels and to accelerate procurement of a Heavy Polar Icebreaker;

- **Ground Gear.** The bill adds to the President's request \$1.3 billion for National Guard and reserve unit equipment, \$2.0 billion to Army weapons and tracked vehicles procurement to improve the service's ground combat capability (including enhancements to the M1 Abrams tank and Stryker and Bradley combat vehicles) and \$828 million for Army missile procurement, including various types of long-range rocket artillery.

Table 1. FY2018 Defense Appropriations Act (H.R. 1625, Division C)

(amounts in billions of nominal dollars)

	FY2017 Enacted P.L. 115-31 Div. C	FY2018 Budget Request	House-passed H.R. 3219 Div. A	Senate Committee draft^a	Final Bill H.R. 1625 Div. C
Base Budget					
Military Personnel	\$128.7	\$133.9	\$133.0	\$133.6	\$133.4
Operation and Maintenance	\$167.6	\$188.6	\$191.7	\$192.6	\$188.2
Procurement	\$108.4	\$113.9	\$132.5	\$126.7	\$133.9
R&D	\$72.3	\$82.7	\$82.7	\$87.3	\$88.3
Revolving and Management Funds	\$1.5	\$2.1	\$1.6	\$1.7	\$1.7
Defense Health Program and Other DOD	\$35.6	\$35.9	\$36.1	\$36.3	\$36.6
Related Agencies	\$1.0	\$1.0	\$1.0	\$1.1	\$1.1
General Provisions	-\$5.6	\$0.1	-\$2.0	-\$0.7	-\$0.9
Subtotal: Base Budget	\$509.6	\$558.2	\$576.5	\$578.8	\$582.3
Overseas Contingency Operations (OCO)	\$76.6	\$65.1^b	\$73.9	\$65.0	\$65.2
Grand Total	\$586.2	\$623.3	\$650.4	\$643.8	\$647.4

Sources: H.Rept. 115-219, House Appropriations Committee, Report to accompany H.R. 3219, Department of Defense Appropriations Bill, 2018; Draft FY2018 Defense Appropriations bill and accompanying report published Nov. 21, 2017 by the chairman of the Senate Appropriations Committee, at <https://www.appropriations.senate.gov/news/majority/fy2018-defense-appropriations-bill-released>; and Joint Explanatory Statement to accompany H.R. 1625, The Consolidated Appropriations Act of 2018, at <https://rules.house.gov/bill/115/hr-1625-sa>.

Notes:

- The Senate Committee draft bill includes \$4.5 billion that the Administration added to its FY2018 budget request on November 6, 2017, after the House had passed its version of the FY2018 defense bill but before the Senate committee draft was published. The additional funds, to beef up missile defense programs related to North Korea and to repair two Navy destroyers damaged in collisions, were appropriated by P.L. 115-95, enacted on December 22, 2017.
- The Administration's FY2018 OCO budget request includes \$1.2 billion that was added to the original FY2018 OCO request on November 6, 2017. The additional funds are to support the Administration's decision to increase the number of U.S. military personnel who would be stationed in Afghanistan.

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