
CRS Report for Congress

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Appropriations for FY2000: Defense

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(name redacted)

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Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bounded by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

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 Defense Appropriations Subcommittees. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

This report is updated as soon as possible after major legislative developments, especially following legislative action in the committees and on the floor of the House and Senate.

Appropriations for FY2000: Defense

Summary

On October 6, conferees reached agreement on the FY2000 defense appropriations bill, H.R. 2561, and the conference report was filed on October 8. The House approved the conference agreement by a vote of 372-55 on October 13, and the Senate approved it by a vote of 87 to 11 on October 14, and the President signed the bill into law, P.L. 106-79, on October 25. The key issue in the conference concerned funding for the F-22 fighter. The conference agreement provides a total of \$2.522 billion for the program, including \$1.222 billion for R&D, \$1 billion for acquisition of test aircraft, and \$300 million in advance FY2001 appropriations for program termination liability. The total amount is about \$500 million below the request (\$1.85 billion in procurement and \$1.2 billion in R&D). The conference agreement also prohibits award of an initial low-rate production contract unless certain testing is successfully completed.

Aside from the F-22, major issues in the FY2000 defense debate included whether to approve a new round of military base closures, how much to provide for military pay and benefits, whether to impose constraints on funding for U.S. military operations in Kosovo, how to fund theater missile defense programs, and how to respond to security lapses at Department of Energy (DOE) weapons labs. The conference agreement on the defense authorization bill does not approve a new round of military base closures. It provides somewhat larger increases in pay and benefits than the Administration had requested, including a 4.8% pay raise in 2000 and increased retirement benefits, though it does not include a Senate-passed provision to expand Montgomery GI Bill benefits. Although Congress approved supplemental FY1999 appropriations for Kosovo operations, the Administration's policy remains controversial. The House removed a provision from the defense authorization bill prohibiting funds to be used for future operations in Kosovo, but only after the Administration agreed to seek supplemental appropriations to cover costs of a peacekeeping mission in FY2000. Earlier in the year, both houses approved bills calling for deployment of a nationwide missile defense, but funding for theater missile defense programs was a matter of dispute. The authorization conference agreement establishes an independent organization within DOE to oversee security, and the President objected to these provisions even as he signed the bill into law.

Finally, the level of defense spending was resolved only at the very end of the appropriations process. The Senate-passed appropriations bill used about \$4.9 billion of funds provided in the Kosovo supplemental appropriations bill as an offset for defense increases and provided a net total of \$264.7 billion, \$1.4 billion above the request. The House bill provided \$268.7 billion in new budget authority, \$5.4 billion above the request and \$4.0 billion above the Senate level. The appropriations conference agreement provides \$267.8 billion in FY2000, of which \$7.2 billion is designated as emergency appropriations.

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Appropriations for FY2000: Defense

Most Recent Developments

On October 6, conferees reached agreement on the FY2000 defense appropriations bill, H.R. 2561, and the conference report was filed on October 8. The House approved the conference agreement by a vote of 372-55 on October 13, and the Senate approved it by a vote of 87-11 on October 14, and the President signed the bill into law, P.L. 106-79, on October 25. The key issue in the conference concerned funding for the F-22 fighter. The conference agreement provides a total of \$2.522 billion for the program, including \$1.222 billion for R&D, \$1 billion for acquisition of test aircraft, and \$300 million in advance FY2001 appropriations for program termination liability. The total amount is about \$500 million below the request (\$1.85 billion in procurement and \$1.2 billion in R&D). The conference agreement also prohibits award of an initial low-rate production contract unless certain testing is successfully completed.

Background

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 all of the 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 usually occurs mainly in action on the authorization. **Because the defense authorization and appropriations bills are so closely related, this report tracks congressional action on both measures.**

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 — and 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. Five other appropriations bills also provide funds for national defense activities of DOD and other agencies including:

- the **military construction appropriations** bill, which finances construction of military facilities and construction and operation of military family housing, all administered by DOD;
- the **energy and water development appropriations** bill, which funds atomic energy defense activities administered by the Department of Energy;
- the **VA-HUD-independent agencies** appropriations bill, which finances civil defense activities administered by the Federal Emergency Management Agency and activities of the Selective Service System;
- the **Commerce-Justice-State appropriations** bill, which funds national security-related activities of the FBI; and
- the **transportation appropriations** bill, which funds some defense-related activities of the Coast Guard.

The Administration's FY2000 budget includes \$280.8 billion for the national defense budget function, of which \$262.9 billion is requested in the defense appropriations bill.

Status

Congressional action on defense-related legislation began very early this year; on February 24, the Senate approved S. 4, a bill to provide pay raises and improve benefits for military personnel; in March both the Senate and the House approved bills on missile defense policy; and on April 15, both the House and the Senate approved a conference agreement on the annual congressional budget resolution. On May 18, the House, and on May 20, the Senate, approved supplemental appropriations for FY1999. By the beginning of the August recess, both houses had completed floor action on the annual defense authorization and appropriations bills, and the President has now signed both the defense authorization bill, S. 1059, and the defense appropriations bill, H.R. 2561, into law. The status of major legislation to date is as follows:

- **Military pay and benefits:** On February 24, by a vote of 91-8, the Senate passed S. 4, a bill to provide pay raises and improve benefits for members of the armed forces. The provisions of S. 4 were finally addressed in action on the FY2000 defense authorization.
- **Missile defense policy:** On March 17, by a vote of 97-3, the Senate approved S. 257, the "Cochran-Inouye National Missile Defense Act of 1999," a bill calling for deployment of a nationwide missile defense system as soon as technologically feasible. On March 18, by a vote of 317-105, the House approved H.R. 4, a bill declaring it the policy of the United States to deploy a nationwide missile defense. On May 18, the Senate took up H.R. 4 and substituted the text of S. 257. On May 20, by a vote of 345-17 the House

approved the Senate version, and the President signed the bill into law, P.L. 106-38, on July 22.

- **Supplemental appropriations for FY1999:** On March 23, the Senate approved a bill, S. 544, providing supplemental appropriations for FY1999, including funds to respond to damage caused by Hurricane Mitch and Hurricane Georges and aid to Jordan. The House approved its version of the bill, H.R. 1141, on March 24. On May 6, the House approved H.R. 1664, a second emergency supplemental appropriations bill to provide funds for military operations in Yugoslavia and for some other purposes. Subsequently, Senate and House conferees folded Kosovo-related funding into H.R. 1141 and reported a conference agreement on May 13.¹ The House approved the conference report on May 18 and the Senate on May 20, and the President signed the bill into law, P.L. 106-31, on May 21. H.R. 1141 includes funds for a military pay raise and benefit increases and for defense readiness that normally would be included in the regular FY2000 defense appropriations bill.
- **FY2000 concurrent budget resolution:** On March 24, both the House and the Senate approved versions of the FY2000 congressional budget resolution — H.Con.Res. 68 in the House and S.Con.Res. 20 in the Senate. On April 15, both chambers approved a conference report on H.Con.Res. 68.
- **Defense authorization bill:** On May 13 the Senate Armed Services Committee approved its version of the FY2000 defense authorization bill, S. 1059, and the Senate approved the bill by a vote of 92-3 on May 27. On May 19, the House Armed Services Committee approved its version of the FY2000 defense authorization bill, H.R. 2401, and the House approved the bill by a vote of 365-38 on June 10. A conference agreement was reported on S. 1059 on August 5. The House approved the report by a vote of 375-45 on September 15, and the Senate concurred by a vote of 93-5 on September 22. The President signed the bill into law (P.L. 106-65) on October 5.
- **Defense appropriations bill:** On May 25, the Senate Appropriations Committee approved its version of the FY2000 defense appropriations bill, S. 1122, and the Senate approved the bill by a vote of 93-4 on June 8. On July 16, the House Appropriations Committee approved its version of the bill, H.R. 2561, and the House passed it by a vote of 379-45 on July 22. A conference report was filed on October 8. The House approved the agreement by a vote of 372-55 on October 13, and the Senate approved it by a vote of 87-11 on October 14. The President signed the bill into law, P.L. 106-79, on October 25.
- **302(b) allocations:** On May 19, the House Appropriations Committee approved its initial allocation of funds to the 13 subcommittees. The

¹ For a discussion, see (name redacted), *Kosovo Military Operations: Costs and Congressional Action on Funding*, CRS Report RS20161 and Larry Q. Nowels, *Supplemental Appropriations for FY1999: Central America Disaster Aid, Middle East Peace, and Other Initiatives*, CRS Report RL30083.

allocations provided \$270.292 billion in budget authority and \$261.73 billion in outlays to the defense subcommittee, a total consistent with the amounts allocated to the national defense budget function in the budget resolution. These allocations were subsequently reduced, however, in order to allocate somewhat more money to non-defense appropriations bills. On May 25, the Senate Appropriations Committee approved its initial allocations, providing \$265.193 billion in budget authority and \$253.104 billion in outlays for the defense subcommittee. These allocations, too, were later reduced — allocations announced on September 15 provide \$263.254 billion in budget authority and \$254.409 billion in outlays for defense. A reallocation on September 28 further reduced the defense level to \$255.167 billion in budget authority and \$249.727 in outlays, but the difference has been made up by designating some funds in the bill as “emergency appropriations” not subject to caps on total spending.

Table 1. Status of FY2000 Defense Appropriations

| Subcommittee Markup | | House Report | House Passage | Senate Report | Senate Passage | Conference Report | Conference Report Approval | | Public Law |
|---------------------|---------|-------------------------------|---------------------|------------------------------|------------------|-------------------------------|----------------------------|---------------------|-------------------------|
| House | Senate | | | | | | House | Senate | |
| 7/12/99 | 5/24/99 | 7/16/99 H.Rept. 106-244 | 7/22/99 (379-45) | 5/25/99 S.Rept. 106-53 | 6/8/99 (93-4) | 10/8/99 H.Rept. 106-371 | 10/13/99 (372-55) | 10/14/99 (87-11) | 10/25/99 P.L. 106-79 |

Major Issues

In its February budget, the Administration requested \$280.8 billion (\$280.5 billion as reestimated by the Congressional Budget Office) in new budget authority for national defense in FY2000. The Department of Defense (DOD) projects modest growth in defense spending in following years. Compared to long-term Defense Department projections last year, the proposal represented a significant increase in funding — as the Administration calculates it, the plan reflects an increase of \$12.6 billion in budget authority for defense programs in FY2000 and a total increase of \$112 billion over the six-year FY2000-2005 period. The main issue in Congress was how to fit defense increases within overall federal budget constraints.

On April 15, both the House and the Senate approved a conference agreement on the FY2000 congressional budget resolution — compared to the Administration request, the resolution provided an increase of \$8.3 billion in budget authority for national defense. The conference agreement on the defense authorization bill provides \$288.8 billion in budget authority, at the budget resolution level. The House and Senate versions of the defense appropriations bill, however, did not quite reach the budget resolution level, and the Senate version was considerably lower than the House. The Senate-passed appropriations bill used about \$4.9 billion of funds provided in the Kosovo supplemental appropriations bill as an offset for defense increases and provided a total of \$264.7 billion, \$1.4 billion above the request. [Note:

The defense appropriations bills are about \$20 billion below the amount in the authorization bills because they do not include military construction and Department of Energy defense-related activities.] The House-passed bill, in contrast, provided \$268.7 billion in new budget authority for the Defense Department and other agencies. The amount available to DOD and other agencies in the House bill was \$5.4 billion above the request and \$4.0 billion above the Senate level.

The appropriations conference agreement reported on October 8 provides \$267.8 billion, \$1 billion below the House level and \$4.5 billion above the request. Of the total, \$7.2 billion is provided as emergency appropriations, which will raise the cap on total FY2000 discretionary funding by that amount. In addition, \$2.6 billion of the total is considered to be offset by receipts from auctioning parts of the electromagnetic spectrum. **Table 2** provides an overview of funding in each of the major defense bills for programs included in the defense appropriations measures.

In addition to debate about the level of defense spending, several other issues arose early in the session, including

- how much to increase military pay and benefits;
- whether to require deployment of a nationwide missile defense; and
- whether to approve military operations against Yugoslavia and how much money to provide for Kosovo-related operations.

As action on annual defense authorization and appropriations bills progressed, several other issues came onto the agenda, including the following:

- Whether to approve one or more additional rounds of military base closures: Neither the House nor the Senate versions of the defense authorization bill approve new base closures.
- Whether to limit peacekeeping operations in Kosovo and Haiti: While operations against Yugoslavia have been funded through the end of FY1999, future costs have not been addressed. The House Armed Services Committee (HASC) version of the authorization included a controversial measure to prohibit use funds authorized in the bill for operations in Kosovo, but that provision was removed in a floor vote after the White House said that it would seek supplemental appropriations to support a peacekeeping mission. The House also voted to end the U.S. peacekeeping mission in Haiti, and the authorization conference agreement includes that provision.
- How to structure Theater Missile Defense (TMD) programs: The authorization conference agreement rejects an Administration plan to combine future funding for high-altitude theater missile defense programs — the Navy Theater Wide program and the ground-based Theater High Altitude Area Defense (THAAD) system.

**Table 2: FY2000 Defense Authorization and Appropriations
By Appropriations Title**
(budget authority in millions of dollars)

| | FY1999 Enacted | FY2000 Request | House Auth.* | Senate Auth.* | Conf. Auth.* | House Approp. | Senate Approp. | Conf. Approp. |
|--|---------------------------|---------------------------|-------------------------|--------------------------|-------------------------|--------------------------|---------------------------|--------------------------|
| Military Personnel | 70,608 | 73,723 | 72,115 | 71,693 | 71,885 | 72,012 | 73,855 | 73,895 |
| Operation & Maintenance | 84,043 | 91,268 | 94,195 | 92,669 | 92,862 | 93,688 | 91,894 | 92,235 |
| Procurement | 48,590 | 51,852 | 54,587 | 54,759 | 54,684 | 53,025 | 54,592 | 52,981 |
| RDT&E | 36,757 | 34,375 | 35,836 | 35,866 | 36,267 | 37,174 | 36,440 | 37,606 |
| Revolving & Management Funds | 803 | 512 | 592 | 485 | 525 | 820 | 445 | 808 |
| Other Defense Programs | 11,798 | 12,933 | 12,878 | 12,988 | 12,876 | 12,884 | 13,262 | 13,169 |
| Related Agencies | 359 | 382 | 382 | 382 | 382 | 377 | 402 | 410 |
| General Provisions | | | | | | | | |
| Rescissions/DOD-Wide Savings | -416 | -1,650 | -1,650 | — | -333 | -613 | -53 | -350 |
| FY1999 Inflation Savings | — | — | — | — | — | -452 | -452 | -452 |
| Foreign Currency Fluctuations | -194 | — | — | — | — | -171 | -207 | -171 |
| Fuel Price Savings | -502 | — | — | — | — | — | -250 | — |
| Civilian Personnel Underexecution | — | — | — | — | — | — | -209 | -123 |
| Offset for FY2000 Pay Raise in Kosovo Supplemental | — | — | — | — | — | — | -1,838 | -1,838 |
| Offset for Other FY2000 Funds in Kosovo Supplemental | — | — | — | — | — | — | -3,100 | -1,506 |
| F-22 Funding | — | — | — | — | — | — | — | 1,300 |
| O&M Emergency Appropriations | — | — | — | — | — | — | — | 7,200 |
| O&M Emergency Offset | — | — | — | — | — | — | — | -7,200 |
| Other General Provisions | -1,325 | -129 | -129 | 23 | -129 | -83 | -87 | -133 |
| Total General Provisions | -2,436 | -1,779 | -1,779 | 23 | -462 | -1,319 | -6,197 | -3,307 |
| Total, Department of Defense & Related Agencies | 250,521 | 263,266 | 268,806 | 268,864 | 269,019 | 268,662 | 264,693 | 267,795 |
| Scorekeeping Adjustment | | | | | | | | |
| Spectrum Auction | — | — | — | — | — | -2,600 | -2,600 | -2,600 |
| Total Authorization/Appropriation | 250,521 | 263,266 | 268,806 | 268,864 | 269,019 | 266,062 | 262,093 | 265,195 |
| Supplemental/Emergency Funding | | | | | | | | |
| P.L. 105-277 (FY99 Omnibus Approp.) | 7,522 | — | — | — | — | — | — | — |
| P.L. 106-31 (Kosovo Supplemental) | 8,574 | — | — | — | — | 1,838 | 1,838 | 1,838 |
| Total DOD Funding Available | 266,616 | 263,266 | 268,806 | 268,864 | 269,019 | 270,500 | 266,531 | 269,633 |
| Defense-Related Funding in Other Appropriations Bills | | | | | | | | |
| Military Construction | 9,134 | 5,438 | 8,590 | 8,801 | 8,497 | 8,450 | 8,274 | 8,374 |
| Energy & Water | 12,431 | 12,281 | 12,285 | 12,190 | 12,110 | 11,183 | 12,451 | 12,033 |

Sources: H.Rept. 106-162; S.Rept. 106-50; H.Rept. 106-244; S.Rept. 106-53; House Appropriations Committee; CRS calculations from H.Rept. 106-301; CRS calculations from H.Rept. 106-371; *Congressional Record*, Oct. 13, 1999, July 29, 1999, and September 27, 1999.

- How to allocate additional funds for major weapons programs: All of the defense bills add money for weapons procurement and R&D. Most of the congressional additions to the Administration request are for programs identified in unfunded priorities lists from each of the services. The Senate appropriations bill, however, also added funds for four F-15 aircraft. The House Appropriations Committee rejected the Administration request for \$1.9 billion for F-22 fighter aircraft procurement and allocated the money to several areas, including additional F-15 and F-16 aircraft procurement. The appropriations conference agreement, however, restored most of the F-22 funding.
- How to address perceived shortfalls in military readiness: The Administration's proposed pay and benefits increases were designed to strengthen readiness by improving personnel recruitment and retention. Congress added to the pay and benefits increases, and also added money for operation and maintenance (O&M) accounts most directly contributing to short-term readiness. The Kosovo supplemental appropriations bill added about \$3.1 billion for O&M, and the FY2000 authorization conference agreement sets aside \$1.6 billion in additional funds. The appropriations conference agreement, however, adds just \$1.1 billion for O&M and then reduces the total by \$1.5 billion to offset amounts in the Kosovo supplemental appropriations bill. A more far-reaching issue is whether improved pay and benefits and added O&M funds get at the root causes of perceived problems.
- Whether to restructure the Cooperative Threat Reduction program with states of the former Soviet Union: The House-passed defense authorization bill reduced requested funding for chemical weapons demilitarization and increased funds for some nuclear weapons projects. The authorization and appropriations conference agreements follow suit.
- Strategic nuclear force levels: The SASC version of the authorization included a provision allowing a reduction in the number of deployed Trident submarine from 14 to 18, but the bill also continued a prohibition on reductions of other systems until Russia ratifies the START II treaty. The Senate rejected a floor amendment by Senator Kerrey to repeal the restriction. The authorization conference agreement includes a compromise that may allow reductions in Trident submarine deployment.
- How to coordinate defenses against terrorism and other emerging threats: SASC established a new account in the authorization bill to coordinate funding to cope with terrorism and other emerging threats and increased funding. The authorization conference agreement, however, does not establish a separate account.
- Social issues: Both the House and the Senate rejected amendments to the authorization bill to allow privately funded abortions for DOD personnel at U.S. military health facilities abroad.
- China policy/DOE security: Following the release of the report of the House Select Committee on U.S. National Security and Military/Commercial

Concerns with the People's Republic of China, chaired by Rep. Cox, both the House and the Senate added provisions to their versions of the defense authorization to bolster security at Department of Energy (DOE) labs and to further regulate relations with China. The authorization conference agreement went further, establishing an independent organization within DOE, called the National Nuclear Security Administration (NSSA), to oversee security. Energy Secretary Bill Richardson initially objected to this measure and said that he might recommend that the bill be vetoed. Subsequently, the President signed the bill into law but also designated the DOE Secretary as head of the NSSA. Most recently, Secretary Richardson has promised that the Administration will nominate a separate director of the organization.

The following sections review the defense budget debate and then discuss major defense policy issues at more length.

The Defense Budget Debate

The Administration Proposal. The Administration requested a total of \$280.8 billion in new budget authority for national defense in FY2000 and estimated outlays of \$274.1 billion. The Defense Department projects that national defense funding will grow to \$333.0 billion in budget authority and \$331.4 billion in outlays by FY2005.² Adjusted for inflation, this represents a very slow rate of growth — by FY2005, total budget authority for national defense will be about 3.6% greater than in FY1999 in constant, inflation-adjusted prices, a growth rate of 0.6% per year — see **Table 3**.

**Table 3: Real Growth/Decline in National Defense Funding
Under Administration Projections**
(current and constant FY2000 dollars in billions)

| | Est. FY1999 | Proj. FY2000 | Proj. FY2001 | Proj. FY2002 | Proj. FY2003 | Proj. FY2004 | Proj. FY2005 |
|-------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Budget Authority | | | | | | | |
| Current year dollars | 276.2 | 280.8 | 300.5 | 302.4 | 312.8 | 321.7 | 333.0 |
| Constant FY2000 dollars | 282.6 | 280.8 | 293.1 | 287.7 | 290.2 | 290.5 | 292.7 |
| Real growth/decline | -0.1% | -0.6% | +4.4% | -1.8% | +0.9% | +0.1% | +0.8% |
| Outlays | | | | | | | |
| Current year dollars | 276.7 | 274.1 | 282.1 | 292.1 | 304.0 | 313.8 | 331.4 |
| Constant FY2000 dollars | 283.0 | 274.1 | 275.2 | 277.9 | 282.0 | 283.4 | 291.4 |
| Real growth/decline | +1.1% | -3.2% | +0.4% | +1.0% | +1.5% | +0.5% | +2.8% |

Source: Office of Management and Budget and Department of Defense figures for current year dollars; constant dollars calculated using deflators from the Department of Defense Comptroller.

² The Defense Department operates on a biennial budget cycle — it prepares a six-year budget plan at the start of the cycle, which then becomes a five-year plan the next year. Most other government agencies prepare only a five-year plan, so the defense plan this year extends one year further than most other federal budget projections.

Although the projected rate of growth in defense spending is modest, the plan represents an end to the decline in military funding that has been underway since the mid-1980s — the turnaround under Administration projections does not begin until FY2001, but this is mainly an artifact of the way the Administration has proposed financing military construction projects in FY2000 (see below for a discussion). The projected growth in spending is particularly substantial in weapons procurement — under the Administration plan, purchases of new weapons will climb from \$49 billion in FY1999 to \$75 billion in FY2005. The long-term decline in funding for weapons acquisition has been a particular focus of congressional concern for some time, so the upturn in procurement is noteworthy. **Table A3** in the Appendix shows the Administration's long-term plan broken down by appropriations title.

Officials have broken down the \$112 billion six-year increase into three components:

- \$35 billion for improvements in pay and benefits for military personnel, including across-the board pay raises of 4.4% in FY2000 and 3.9% per year thereafter; pay table reform to provide higher raises in the upper grades; changes in retirement benefits; and increased bonuses and special pay;
- \$49 billion in operation and maintenance accounts, of which about \$10 billion is to cover higher pay raises for civilian Defense Department employees;
- \$29 billion for weapons modernization and facilities repair and replacement.

When the budget was being prepared, DOD officials say, the chiefs of the military services requested about \$148 billion in increased funding over the six-year period. The \$112 billion addition, they say, includes all that the chiefs requested for personnel and readiness and about half of the amounts requested for weapons acquisition and facilities.

Financing the Administration Plan. The overarching budget issue for FY2000 has been how to cope with rather stringent limits on total discretionary spending while permitting an increase of some magnitude in defense expenditures. Under the Budget Enforcement Act of 1997 (part of the Balanced Budget Act of 1997, P.L. 105-33), total budget authority for discretionary programs was limited to \$537 billion in FY2000, according to CBO's initial estimates this year. This amount is substantially below the FY1999 level, though how much below depends on how the FY1999 baseline is defined.³ Any increase in the defense budget will further reduce funds available for non-defense discretionary spending.

The Administration, however, wanted to increase both defense and non-defense discretionary spending while technically adhering to the budget limits. The Administration's answer was (1) to propose total discretionary budget authority and outlays considerably above the caps established in the 1997 budget agreement by applying savings in mandatory programs and increased revenues as offsets to increases in the discretionary part of the budget and (2) to use various accounting measures within the FY2000 defense budget to offset increases. **Table 4**, taken directly from

³ For alternative measures, see Congressional Budget Office, *An Analysis of the President's Budgetary Proposals for Fiscal Year 2000*, April, 1999, p. 4.

DOD briefing material, shows how the Administration has explained its proposed financing measures.

Table 4: Administration Plan for Financing the Defense Increase
(DOD discretionary budget authority in billions of current year dollars)*

| | FY2000 | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | Total FY2000- 2005 |
|------------------------|--------|--------|--------|--------|--------|--------|--------------------------|
| FY1999 DOD Budget | 264.1 | 272.3 | 275.5 | 285.2 | 292.1 | 299.4 | 1,688.7 |
| FY2000 DOD Budget | 268.2 | 287.4 | 289.3 | 299.7 | 308.5 | 319.8 | 1,773.0 |
| Additional Topline | +4.1 | +15.1 | +13.8 | +14.5 | +16.3 | +20.5 | +84.3 |
| Economic Changes | +3.8 | +3.9 | +4.1 | +4.5 | +4.7 | +5.1 | +26.1 |
| MilCon "Split Funding" | +3.1 | -3.1 | — | — | — | — | — |
| Rescissions | +1.6 | — | — | — | — | — | +1.6 |
| Total | +12.6 | +15.9 | +17.9 | +19.0 | +21.0 | +25.6 | +112.0 |

Source: Department of Defense.

***Note:** Reflects discretionary funds for the Department of Defense only — does not include small, negative amounts of mandatory funds.

Questions have been raised about each of the offsets, including,

- **Inflation savings:** Of the \$112 billion increase that the Administration proposed through FY2005, \$26.1 billion was offset by projected inflation savings — savings of \$3.8 billion were assumed in FY2000. The key issue is whether estimated increases in purchasing power are accurate. Defense officials have said that almost all of the projected savings are due to lower inflation in 1998, which established a lower base for price trends in the future — “out-year” inflation projections are only about 1/10th of 1 percent lower than last year. A perennial question is whether decision-makers will agree to add money to the defense budget in the future if inflation accelerates.
- **“Split funding” for FY2000 military construction projects:** The Defense Department’s FY2000 military construction/family housing budget plan included \$8.5 billion worth of projects, but the Administration requested only \$5.4 billion in appropriations. The remaining \$3.1 billion was requested as advance appropriations to be scored as new budget authority in FY2001. The request to provide “split funding” for FY2000 projects was not a change in policy, but a one-time exercise done only because of budget rules — the intent was to reduce requested budget authority in FY2000, when caps on discretionary funding would remain in place, and restore the funding in FY2001, when, presumably, the caps will be adjusted upward.
- **Rescissions of prior year funds:** The Administration proposed applying \$1.65 billion of rescissions of prior year defense funds to offset the FY2000 total. While it is quite common for the appropriations committees to make such rescissions, the amount is relatively large. Moreover, congressional committees usually identify such savings toward the end of the budget process

and use them to offset unexpected costs or to pay for congressional initiatives. The Administration did not identify specific rescissions, but this has been common practice in recent years — rather than propose cuts that might aggravate some legislators, the Clinton Administration has preferred to negotiate rescissions with congressional committees.

Congressional Action on the Defense Budget. In Congress, the debate over the level of defense spending was intertwined with the broader debate about the overall federal budget. Members of the congressional defense committees, with considerable support from other legislators, called for substantial increases to the military budget in addition to the increases the Administration proposed. They were also, however, critical of the accounting mechanisms that the Administration employed to squeeze additional defense spending under the discretionary spending caps. Meanwhile, Congress rejected an increase in the discretionary caps and dismissed out of hand the offsets to increased discretionary spending that the Administration proposed. Concurrently, there was a debate about the use of emergency supplemental appropriations for Kosovo as a mechanism to increase funding for defense readiness.

The result was a rather complicated series of steps in which funds apparently added to the defense budget in one stage of the congressional process were eroded in following stages, only to be restored in the final appropriations. Moreover, at the end of the process, appropriators took a number of steps to reduce projected outlays in FY2000 in order to help meet overall spending targets. Here is a brief overview of the process:

- The congressional budget resolution for FY2000, H.Con.Res. 68, approved by both chambers on April 15, provided \$8.0 billion more in budget authority and \$2.5 billion more in outlays for national defense in FY2000 than the Administration's request (using Administration, not CBO, scoring of the request). Over the five year FY2000-2004 period, the resolution projected \$27.9 billion more in budget authority and \$5.3 billion more in outlays for national defense than the Administration. **Table 5** shows the congressional plan compared to the Administration estimate and to the Congressional Budget Office reestimate of the cost of the Administration projection.⁴ Two points stand out — first, projected increases in defense spending in the later years of the five-year period are not as large as in FY2000, and, second, there appears to be a substantial mismatch in all years between increases in budget authority and projected increases in defense outlays — the mismatch is especially severe according to CBO estimates.
- None of the congressional defense committees agreed to the proposed \$3.1 billion in split funding for military construction, and neither SASC nor the Senate nor the House Appropriations Committees accepted the proposed \$1.65 billion in offsetting rescissions. The final military construction appropriations bill does not agree to the split funding, and most of the

⁴ CBO reestimates of the Administration's defense budget typically involve minor differences in counting budget authority levels, and larger differences in outlays.

rescissions in the final appropriations bill were of amounts earlier provided in the Kosovo supplemental. At least \$3.1 billion of the \$8 billion increase in defense funding, therefore, went simply to restore funds for financing mechanisms that Congress rejected.

Table 5: Congressional Budget Resolution Compared to Administration National Defense Budget Plan
(current year dollars in billions)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Administration Request | | | | | | | | | | |
| Budget Authority | 280.8 | 300.5 | 302.4 | 312.8 | 321.7 | 333.0 | — | — | — | — |
| Outlays | 274.1 | 282.1 | 292.1 | 304.0 | 313.8 | 331.4 | — | — | — | — |
| President's Budget Reestimated by CBO | | | | | | | | | | |
| Budget Authority | 280.5 | 300.2 | 302.0 | 312.4 | 321.2 | 332.6 | 344.4 | 357.0 | 370.0 | 383.5 |
| Outlays | 283.3 | 285.0 | 293.7 | 303.8 | 313.8 | 326.1 | 335.7 | 346.5 | 362.1 | 374.7 |
| FY2000 Congressional Budget Resolution | | | | | | | | | | |
| Budget Authority | 288.8 | 303.6 | 308.2 | 318.3 | 327.2 | 328.4 | 329.6 | 330.9 | 332.2 | 333.5 |
| Outlays | 276.6 | 285.9 | 291.7 | 303.6 | 313.5 | 316.7 | 315.1 | 313.7 | 317.1 | 318.0 |
| Difference Compared to Request | | | | | | | | | | |
| Budget Authority | +8.0 | +3.1 | +5.8 | +5.5 | +5.5 | -4.6 | — | — | — | — |
| Outlays | +2.5 | +3.8 | -0.4 | -0.4 | -0.3 | -14.7 | — | — | — | — |
| Difference Compared to CBO Reestimate | | | | | | | | | | |
| Budget Authority | +8.3 | +3.4 | +6.2 | +5.9 | +6.0 | -4.2 | -14.8 | -26.1 | -37.8 | -50.0 |
| Outlays | -6.7 | +0.9 | -2.0 | -0.2 | -0.3 | -9.4 | -20.6 | -32.8 | -45.0 | -56.7 |

Sources: House and Senate Budget Committees; Conference Report on the FY2000 Concurrent Budget Resolution, H.Rept. 106- 91; Department of Defense.

- Congress found its own ways of adding money to defense in spite of the FY2000 discretionary spending caps, first, by providing extra funds in the emergency supplemental appropriations bill for Kosovo, H.R. 1141, and, second, by using projected revenues from auctioning parts of the electromagnetic spectrum as an offset for defense increases. In all, the Kosovo funding bill provided \$14.9 billion in supplemental appropriations and made \$2.0 billion in offsetting rescissions. Of the supplemental funding, about \$11 billion was for the Department of Defense (including funds for Central America disaster assistance and disaster repairs at U.S. facilities), which is \$5.3 billion more than the Administration requested. Much of the added money was for programs that normally would be financed in regular FY2000 defense and military construction appropriations bills, including \$1.838 billion for increased pay and benefits and \$3.1 billion for military readiness-related accounts and for munitions purchases. Most of the added amounts were in “fast-spending” accounts — i.e., accounts in which almost all new budget authority is actually expended as outlays in the first year available. As a result, the added funds in H.R. 1141 helped to ease the apparent mismatch between budget authority and outlays in the budget resolution. The House, Senate and conference versions

of the defense appropriations bill all included \$2.6 billion in assumed revenues from electromagnetic spectrum sales as a defense offset.

- Some of the extra \$5 billion for defense in the Kosovo bill, however, was tapped in the FY2000 appropriations process as an offset to defense funding increases. The Senate-passed version of the FY2000 defense appropriations bill, S. 1122, included increases in various defense programs consistent with the budget resolution and the defense authorization bills but then used \$1.838 billion provided in the Kosovo bill for personnel and \$3.1 billion in the Kosovo bill for readiness and munitions as offsets for the increases (see **Table 2**, above). The net effect was that the Senate used added emergency defense appropriations provided in the Kosovo bill to provide most of the increase in FY2000 defense spending without counting against the caps on FY2000 discretionary spending, thus freeing up more money for non-defense discretionary programs. On June 8, the House leadership announced plans to take a similar approach, and the allocation of funds to the defense subcommittee was subsequently reduced — the initial allocation, approved in May, provided \$270.3 billion, and the bill as reported by the full committee on July 16 provides \$266.1 billion, \$4.2 billion lower. Part of the difference, however, was made up by counting anticipated receipts from radio spectrum sales of \$2.6 billion as an offset to defense appropriations, so the amount available to DOD and other agencies in the House bill totaled \$268.7 billion. The final conference agreement provided \$267.8 billion, \$1 billion less than the House and \$4.4 billion more than the Administration requested.
- In the longer term, projected increases in defense spending in the budget resolution will partly be taken up by the growing impact in future years of pay and benefits increases that Congress added to the Administration request.
- In the final stages of the budget process, Congress took a number of steps to limit estimated total defense outlays in FY2000 in order to help keep the overall budget within limits. These steps include (1) instructing CBO to use OMB scoring in estimating the outlay impact of defense appropriations, which will reduce estimated outlays in FY2000 by about \$10.5 billion; (2) declaring \$7.2 billion of budget authority, with an outlay impact of about \$5.5 billion according to CBO, as emergency appropriations, which will raise caps on total discretionary spending by those amounts; and (3) requiring DOD to delay progress payments to contractors, which will reduce FY2000 outlays by an estimated \$1.2 billion. Also, assumed revenues of \$2.6 billion from radio-frequency spectrum sales reduce projected outlays by an equal amount, and the \$1.838 billion in emergency appropriations for pay and benefits provided in the Kosovo supplemental will raise the discretionary spending caps.

Increased Military Pay and Benefits

As noted earlier, the Administration proposed a package of pay and benefit improvements for military personnel estimated to cost about \$35 billion over the next six years compared to earlier Administration plans. The package included (1) pay raises of 4.4% in FY2000 and 3.9% per year thereafter, (2) “pay table” reform to reward promotions more than longevity, (3) repeal of the “Redux” retirement plan,

restoring benefits to 50% of base pay after 20 years of service, and (4) targeted pay and bonus increases for particular skills. **Table 6** shows Administration estimates of the six-year cost. An additional \$10 billion in operation and maintenance accounts would be needed to cover comparable pay raises for DOD civilian personnel through FY2005.

Table 6: Costs of Administration Pay and Benefits Initiatives
(millions of dollars)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | Total |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| New Funding: | | | | | | | |
| Military Pay Raises | 846 | 1,437 | 1,995 | 2,592 | 3,263 | 3,932 | 14,066 |
| Pay Table Reform | 196 | 809 | 836 | 868 | 902 | 937 | 4,548 |
| Retirement Reform | 796 | 888 | 983 | 1,049 | 1,082 | 1,153 | 5,951 |
| Other Changes | 1,170 | 1,503 | 1,579 | 1,521 | 1,522 | 1,620 | 8,915 |
| Total New Funding | 3,008 | 4,637 | 5,393 | 6,030 | 6,770 | 7,632 | 33,480 |
| Reapplied Savings | 323 | 321 | 321 | 321 | 321 | 321 | 1,928 |
| Total Program Changes | 3,331 | 4,958 | 5,714 | 6,351 | 7,091 | 7,963 | 35,408 |

Source: Department of Defense.

The purpose of the proposed pay and benefit increases was to improve recruitment and retention of military personnel. Both the Army and the Navy suffered recruiting shortfalls in 1998, and all of the services have fallen somewhat short of retention goals recently. In the past, military pay raises, like pay raises for civilian federal personnel, have been pegged to ½% below the Employment Cost Index (ECI), a measure of overall compensation trends in the economy. As a result, military pay is now about 13% below the level it would have reached if pay raises since 1982 had equaled the ECI. Some refer to this as the military “pay gap,” though it is simply a measure of trends since 1982 — independent comparisons of military pay scales with the civilian economy generally have not confirmed a shortfall of that magnitude. The Administration’s proposed pay raises are 0.1% above the ECI in FY2000 and at the projected ECI in the future.

On February 24, the Senate passed S. 4, a bill entitled the “Soldiers’, Sailors’, Airmen’s, and Marines’ Bill of Right Act of 1999,” that would have provided a substantially larger pay and benefits package than the Administration has proposed. The bill would implement the Administration proposals and in addition (1) provide a 4.8% pay raise in FY2000 and peg raises to ½% above ECI thereafter, (2) allow personnel to choose a \$30,000 bonus instead of shifting out of the Redux retirement plan, (3) provide a subsistence allowance of \$180 per month to personnel eligible for food stamps, (4) make uniformed personnel eligible for the Thrift Savings Plan now available to civilian federal employees, and (4) significantly increase Montgomery G.I. Bill educational benefits. According to Congressional Budget Office estimates, S. 4 would cost about \$9 billion more over the FY2000-2005 period than the Administration plan.⁵ While the Senate voted overwhelmingly for S. 4, the House did

⁵ See testimony of Christopher Jehn, Assistant Director, National Security Division, Congressional Budget Office, before the Senate Armed Services Committee Personnel Subcommittee, March 3, 1999. CBO estimated the cost of the Administration plan as \$14
(continued...)

not act on a military pay and benefits bill as a freestanding measure, and instead pay and benefits improvements were considered as part of the FY2000 defense authorization bill.

Authorization and appropriations action: House and Senate versions of the defense authorization bill both included larger pay and benefits increases than the Administration requested. The SASC version of the bill included all of the provisions of S. 4 except for GI Bill benefits. In action on the floor, the Senate approved an amendment by Senator Cleland to approve the expansion of GI Bill benefits, as provided in S. 4. Pay and benefit provisions in the HASC version of the authorization were identical to those in the SASC bill with some exceptions: (1) HASC provided for future raises equal to the ECI rather than ½% higher and (2) HASC did not approve providing the Thrift Savings Plan to uniformed personnel but instead required a DOD study of the proposal; and (3) HASC did not include the \$180 per month subsistence allowance. On the floor, however, the House approved an amendment by Rep. Buyer, the chair of the HASC military personnel subcommittee, to provide the same Thrift Savings Plan benefits as the Senate. The conference agreement on the authorization bill reflects a compromise between the House and the Senate. As in the Senate proposal, it provides for higher than ECI pay raises in the future, but it does not expand GI Bill benefits, and it does not provide a higher subsistence allowance. Pay and benefits increases are legislative matters to be considered in the defense authorization bill, not in appropriations measures, though the amount of money provided for military personnel in the appropriations bill is directly affected by any changes. The Kosovo supplemental appropriations bill, H.R. 1141, provided \$1.838 billion for FY2000 pay and benefits increases, enough to cover the Administration estimate of the costs of the Administration's 4.4% pay raise, pay table reform, and retirement reform. Later, the conference agreement on the regular FY2000 defense appropriations bill provided sufficient funding for the larger congressional pay and benefits packages.

Ballistic Missile Defense

The Administration's FY2000-2005 long-term defense plan included several important initiatives on missile defense policy, including (1) a decision to provide a total of \$10.5 billion, an increase of \$6.6 billion over the FY1999-2005 period, to fully fund preparations to deploy a national missile defense (NMD) system beginning as early as 2003-2005; (2) a decision to accelerate the Navy Theater Wide (NTW) system to allow it to compete with the Theater High Altitude Area Defense (THAAD) system for the "upper tier" theater missile defense (TMD) role for deployment as early as 2007; and (3) a decision to restructure the Medium Extended Air Defense System (MEADS) to limit costs. In announcing these decisions on January 20, Secretary of Defense Cohen acknowledged that the threat of long-range missile attack on U.S. territory appeared to be materializing sooner than earlier intelligence assessments had estimated. In particular, Secretary Cohen cited North Korea's test last year of a

⁵ (...continued)

billion over five years and the cost of S. 4 as \$23 billion, compared to a baseline that assumed raises equal to the ECI.

multistage missile as evidence of the danger, and he endorsed the findings of the Rumsfeld Commission, which reported in August 1998, that rogue states could threaten the United States directly with long-range missiles within the next five years and without much advanced warning.

The change in the Administration's threat assessment was ultimately reflected in its decision not to oppose an amended version of S. 257, a bill sponsored by Senators Cochran and Inouye that calls for deploying a nationwide missile defense as soon as technologically possible. Last year, the Administration opposed an essentially identical bill, and the Senate twice narrowly rejected cloture motions to bring it to a vote. This year, the Administration relented after amendments were added, including a statement that the United States seeks continued negotiated reductions in Russian nuclear forces and a provision that the Secretary of Defense must determine that the system will be operationally effective. The Senate passed the bill by a vote of 97-3 on March 17. On March 18, by a vote of 317-105, the House passed H.R. 4, a bill stating simply that it is U.S. policy to deploy a nationwide defense. On May 18, the Senate took up H.R. 4 and substituted the text of S. 257. On May 20, by a vote of 345-17 the House approved the Senate version. The bill was sent to the President on July 12 and signed into law (P.L. 106-38) on July 22.

Although the Administration no longer opposes these measures, officials insist that policy remains what it was — to decide by mid-2000 whether to deploy a system and, if a decision to deploy is made, to pursue deployment as the technology permits. Officials had said that deployment could begin as early as three years after a decision is made to go ahead — i.e., by 2003 — but it now appears more likely that deployment could begin in 2005 at the earliest. Moreover, the Administration still argues that the 1972 Anti-Ballistic Missile (ABM) Treaty remains critically important to U.S. security. Senior officials have said that they will endeavor to negotiate changes in the Treaty with Russia to permit deployment of a nationwide defense. Many Members of Congress, however, oppose continued adherence to the ABM Treaty. There also continues to be some debate in Congress about missile defense technology. Some legislators support a Heritage Foundation proposal to deploy a sea-based nationwide defense. Defense officials have said that such a system would be too costly. Also, a sea-based system would clearly be incompatible with continued adherence even to an amended version of the ABM Treaty.

Authorization and appropriations action: Though National Missile Defense remains a matter of some contention, Theater Missile Defense (TMD) programs were the main focus of debate in action on FY2000 defense funding bills. The Senate-passed authorization bill included a legislative provision that rejected the Administration plan to combine the Navy Theater Wide and THAAD programs in the future, requiring, instead, that the programs remain separately funded. The authorization conference agreement accepts the Senate language. The authorization conference agreement also adds funds for Patriot PAC-3 procurement and R&D, as in the Senate version of the bill. The Senate authorization also added funds for the related Space-Based Infrared System-High (SBIRS-High), while the House bill transferred most funding for SBIRS-High from the Air Force to the Ballistic Missile Defense Organization. These steps reflected congressional displeasure with Air Force plans to slow the SBIRS development program. The authorization conference agreement adds funds for

SBIRS-High but does not end Air Force management. The appropriations conference agreement provides the same amount for SBIRS but moves SBIRS-Low funding from the Demonstration and Validation account to Engineering and Manufacturing Development. The Senate authorization also mandated specific tests of the Airborne Laser system, a sign of the SASC's continued doubts about the program. The authorization conference agreement includes the Senate provisions. A key issue in the appropriations conference concerned funding for the Medium Extended Air Defense System (MEADS), which is a cooperative program with European allies to develop a follow-on to the Patriot for defense of forward-deployed forces. The House-passed appropriations bill eliminated MEADS funding, but the appropriations conference agreement restores funds. **Table 7** provides a detailed list of missile defense programs, requested funding, and congressional action.

Military Action in Yugoslavia and Forces in Haiti

During the week of May 17, both the House and the Senate approved H.R. 1141, a bill providing supplemental appropriations for military operations against Yugoslavia through the end of the fiscal year on September 30. DOD officials have said that the amounts provided in the bill will be sufficient to cover the costs of the 78 days of the air campaign plus peacekeeping costs through September 30, though little will be left over to finance costs of peacekeeping operations in FY2000. In a briefing for congressional appropriations committees on September 9, DOD officials provided an estimate that costs of U.S. participation in the peacekeeping mission will total \$2.042 billion in FY2000. Some of these costs, they said, can be covered by left over funding for the air campaign, operations in the Persian Gulf, and a reduced level of operations in Bosnia, leaving \$1.78 billion to be financed by supplemental appropriations. The White House has not yet submitted a formal request to Congress for these funds.

Authorization and appropriations action: Funding for operations against Yugoslavia was a major issue in House action on the FY2000 defense authorization bill. The HASC version of the bill included a controversial provision that would have prohibited the use of any funds in the bill for operations in Yugoslavia and that would direct the Administration to request supplemental funds if operations continue into FY2000. There was extensive debate about this provision during the HASC markup of the bill, and opponents said they would offer a floor amendment to delete the provision. Subsequently, the White House sent a letter to the House Speaker explicitly threatening to veto the measure if it included the provision. The House Rules Committee then ordered the provision removed in the version of the bill to be considered on the floor. Several Members opposed this decision, however, and their opposition was one factor in the leadership's decision to withdraw the proposed rule on May 27. Subsequently, the authorization was brought to the floor with a revised rule that did not excise the Kosovo funding provision. On June 10, however, by a vote of 270 to 155, the House approved an amendment by Rep. Skelton to remove the provision, but only after the White House agreed to seek additional supplemental funding for peacekeeping operations in Kosovo.

Table 7: Ballistic Missile Defense Funding
(millions of dollars)

| | FY1999 Est. | FY2000 Req. | House Auth. | Senate Auth. | Con- ference Auth. | House Approp. | Senate Approp. | Con- ference Approp. |
|---|----------------|----------------|----------------|-----------------|--------------------------|------------------|-------------------|----------------------------|
| Procurement | | | | | | | | |
| Patriot PAC-3 | 245.5 | 300.9 | 300.9 | 360.9 | 360.9 | 300.9 | 360.9 | 345.9 |
| TMD Battle-Mgmt. & C3 | 22.8 | — | — | — | — | — | — | — |
| Navy Area Defense | 43.2 | 55.0 | 0.0 | 55.0 | 55.0 | 55.0 | 0.0 | 18.2 |
| TOTAL Procurement | 311.5 | 355.9 | 300.9 | 415.9 | 415.9 | 355.9 | 360.9 | 364.1 |
| RD&E: | | | | | | | | |
| Applied Research | | | | | | | | |
| 62173C Support Technologies | 97.4 | 65.3 | 95.3 | 84.3 | 84.3 | 80.3 | 90.3 | 89.3 |
| Advanced Technology Development | | | | | | | | |
| 63173C Support Technologies | 272.8 | 173.7 | 198.7 | 213.7 | 213.7 | 196.3 | 215.7 | 214.7 |
| Demonstration and Validation | | | | | | | | |
| 63861C THAAD Dem/Val | 433.9 | 34.1 | 34.1 | 19.1 | 527.9 | 527.9 | 527.9 | 527.9 |
| 63868C Navy Theater Wide | 364.3 | 329.8 | 329.8 | 449.8 | 419.8 | 419.8 | 379.8 | 379.8 |
| 63869C MEADS Concepts | 9.9 | 48.6 | 48.6 | 48.6 | 48.6 | 0.0 | 48.6 | 48.6 |
| 63870C Boost Phase Intercept | 6.4 | — | — | — | — | — | 20.0 | 5.0 |
| 63871C Nat'l Missile Def.* | 1,533.5 | 836.6 | 835.9 | 836.6 | 851.6 | 761.6 | 986.6 | 836.6 |
| 63872C Joint TMD | 200.1 | 195.7 | 195.7 | 200.7 | 200.7 | 200.7 | 215.7 | 198.2 |
| 63873C Family of Systems Eng. & Integration | 95.7 | 141.8 | 141.8 | 141.8 | 141.8 | 141.8 | 136.8 | 146.8 |
| 63874C BMD Tech. Ops. | 184.8 | 190.7 | 200.7 | 193.7 | 203.7 | 200.7 | 193.7 | 216.2 |
| 63875C Internatl Coop. Prog. | 58.9 | 36.7 | 61.7 | 51.7 | 36.7 | 36.7 | 78.7 | 81.7 |
| 63876C Threats and Countermeasures | 23.3 | 16.5 | 16.5 | 16.6 | 16.5 | 16.5 | 20.5 | 19.5 |
| 63xxxC Space-Based Infrared Architecture | — | — | 110.0 | — | — | — | — | — |
| Engineering & Manufacturing Development | | | | | | | | |
| 64218C Upper Tier | — | — | 90.0 | — | — | — | — | — |
| 64861C THAAD EMD | — | 577.5 | 472.5 | 577.5 | 0.0 | 0.0 | 0.0 | 45.8 |
| 64865C Patriot PAC-3 EMD | 320.8 | 29.1 | 77.6 | 181.1 | 181.1 | 77.6 | 181.1 | 104.1 |
| 64867C Navy Area Defense | 242.6 | 268.4 | 323.4 | 268.4 | 310.2 | 310.2 | 310.2 | 308.4 |
| 64xxxC Space-Based Infrared System — High | — | — | 168.7 | — | — | — | — | — |
| TOTAL RD&E | 3,844.6 | 2,944.4 | 3,401.0 | 3,283.5 | 3,236.6 | 2,970.0 | 3,405.6 | 3,222.4 |
| Military Construction | 10.0 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| TOTAL BMD Organization | 4,166.1 | 3,301.7 | 3,703.3 | 3,700.8 | 3,653.9 | 3,327.3 | 3,767.9 | 3,587.9 |
| Related Programs | | | | | | | | |
| 12419A Aerostat Project Off. | 14.6 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 | 24.9 |
| 63319F Airborne Laser | 265.7 | 308.6 | 308.6 | 308.6 | 308.6 | 308.6 | 308.6 | 308.6 |
| 63876F Space-Based Laser | — | 63.8 | 63.8 | 88.8 | 63.8 | 35.0 | 73.8 | 73.8 |
| 63441F Space-Based Infrared Architecture Dem/Val | — | 151.4 | 41.4 | 151.4 | 229.0 | 0.0 | 151.4 | — |
| 64441F Space-Based Infrared System — High | 539.4 | 328.7 | 160.0 | 420.7 | 420.7 | 328.7 | 420.7 | 420.7 |
| 64442F Space-Based Infrared System — Low | 33.2 | 77.7 | 77.7 | 77.7 | 0.0 | 229.0 | 127.7 | 229.0 |

Sources: Department of Defense, *RD&E Programs (R-1): Fiscal Year 2000*, February 1999; S.Rept. 106-50; H.Rept. 106-162; S.Rept. 106-53; H.Rept. 106-301, H.Rept. 106-371.

Notes: *NMD total for FY1999 includes \$1 billion in supplemental funding provided in the Omnibus Appropriations Act for FY1999 (P.L. 105-277). These funds will actually be allocated over 3 years, through FY2001.

Operations in Yugoslavia were also an issue in the Senate. In a key vote on May 25, by 52-48, the Senate tabled an amendment to the authorization bill by Senator Specter to direct the President to seek approval from Congress prior to the introduction of ground troops in Kosovo except for peacekeeping purposes. And in a second key vote on May 26, the Senate rejected by a margin of 77-22 an amendment by Senator Bob Smith to cut off funding for operations on Oct. 1, 1999, unless Congress authorizes continued spending. Ultimately, Congress has not imposed restrictions on Administration policy in Kosovo, though a request for supplemental appropriations to pay for the peacekeeping mission in FY2000 has not yet been submitted, and it could become a focus of debate.

The U.S. troop presence in Haiti was also an issue in the House. On June 9, the House approved an amendment to the authorization bill by Rep. Goss prohibiting the continuous deployment of U.S. forces in Haiti after December 31, 1999. The authorization conference agreement includes a prohibition on such deployments after May 31, 2000. The Administration had strongly objected to this provision but has now announced plans to withdraw forces from Haiti.

Base Closures

This year the Defense Department once again urged Congress to approve two more rounds of military base closures, one in 2001 and the second in 2005. Officials argue that cuts in the defense infrastructure have lagged far behind cuts in the size of the force and that funding for major weapons programs in the future depends on improving efficiency over the next few years. For the past two years, Congress has rejected additional base closure rounds. In part, opponents have complained that the White House politicized the base closure process in 1995 when it acted to keep aircraft maintenance facilities in Texas and California open as privately run operations after the Base Closure Commission had recommended their closure.

Authorization and appropriations action: Neither the HASC nor the SASC version of the authorization approved additional base closures. SASC narrowly rejected an amendment in the committee markup by Senators Levin and McCain to establish one more round in 2001, and the full Senate rejected their amendment on May 26 by a vote of 60-40. The matter was not an issue in the authorization conference.

Major Weapons Programs and Military Service Unfunded Priorities Lists

The House Appropriations Committee version of the defense appropriations bill eliminated \$1.9 billion requested to procure six F-22 fighter aircraft, though it approved \$1.2 billion to continue F-22 development. The committee report provided an extensive rationale for a “procurement pause” in the F-22 program — that the Air Force has been financing the F-22 while suffering from severe and worsening shortfalls in many other areas; that the F-22 has been experiencing technical problems; that F-22 affordability is questionable, that costs have not been controlled, and that future cost growth is likely; that the United States has an overwhelming numerical advantage in advanced fighters without the F-22; and that there are many alternatives

to the F-22, particularly upgrades of the current generation F-15. In lieu of F-22 procurement, the committee proposed increased funding for Air Force personnel recruitment and retention, for aircraft spare parts, for upgrades of a number of aircraft programs, and for procuring 8 F-15E aircraft, 5 additional F-16s, and 8 KC-130-J cargo aircraft for the Marine Corps. In statements to the press and in the full committee markup of the defense bill, subcommittee leaders expressed a hope that the F-22 decision will open a far-reaching discussion of long-term Air Force requirements and priorities.

For its part, the Air Force vigorously defended of the F-22, arguing that even some currently available fighters in the world are more capable than the F-15, that some future aircraft will be more capable still, and that a temporary delay in F-22 procurement would increase program costs by \$6 billion if suppliers were forced to shut down and restart production later. In House Appropriations Committee markup, Rep. Kingston offered and then withdrew an amendment to restore F-22 procurement funds, and on the House floor, Rep. Barr offered and then withdrew a similar amendment. F-22 production was the major issue in conference with the Senate.

Debate over other weapons issues this year has been relatively muted. In response to a request from the House Armed Services Committee, each of the military service chiefs prepared a list of priority programs that are not funded in the Administration's FY2000 request and FY2000-2005 plan. The unfunded priorities amounted to \$8.7 billion in FY2000 and \$45 billion over the FY2000-2005 period.⁶ This total is somewhat higher than the \$36 billion in unfunded requests that senior civilian DOD officials acknowledged, reflecting changes since the budget review was completed. In recent years, Congress has used similar lists from the services as a guide in allocating additions to the Administration defense request. Of the \$8.7 billion total for FY2000, about \$3.9 billion is for weapons procurement and R&D, including about \$760 million for the Air Force, \$1.2 billion for the Army, \$960 million for the Navy, and \$940 million for the Marine Corps.

Authorization and appropriations action: The conference agreement on the defense appropriations bill provides a total of \$2.522 billion for the F-22 program, including \$1.222 billion for R&D, \$1 billion for acquisition of aircraft, and \$300 million in advance FY2001 appropriations for program termination liability. The \$1 billion for aircraft acquisition was provided in a transfer account, and up to \$277 million of the total may be used for advance procurement of components of aircraft to be fully funded next year. The total amount provided for the F-22 is about \$500 million below the request (\$1.85 billion in procurement and \$1.2 billion in R&D). The conference agreement also prohibits award of an initial low-rate production contract unless certain testing is successfully completed

Aside from the F-22 debate, all of the defense bills added some funds for weapons procurement and R&D, — see **Table 2**, above for a breakdown of committee action by title, and **Table A-2** in the appendix for a comparison of action on selected acquisition programs. Almost all of the major congressional

⁶ The lists are reprinted in *Inside the Pentagon*, March 4, 1999, pp. 1, 12-23.

additions are for items that are on service priority lists or that are included in future service acquisition plans. The authorization and appropriations conference agreements add funds for two programs that have been matters of some debate in the past, C-130J aircraft and LHD amphibious ship procurement. The Marine Corps included funds for two KC-130Js in its unfunded priorities list; the Senate authorization added funds for two KC-130Js, the Senate appropriations added funds for one KC-130J and one EC-130J, the House authorization added funds for 4 KC-130Js, and the authorization conference agreement also adds funds for 4 KC-130Js. As noted, the HAC bill added funds for 8 KC-130s. The appropriations conference report provides funds for 1 KC-130J for the Marine Corps and 1 EC-130J for the Air Force.

The Senate authorization bill provided \$375 million and the House authorization \$15 million for advance procurement of a new LHD class amphibious ship, while the House appropriations bill provided no funds and the Senate bill \$500 million. The authorization and appropriations conference agreements provide the \$375 million. This ship, LHD-8, is included in the Navy's long-term shipbuilding plan for purchase in FY2005. The Senate approach, which Congress has used in the past, is to provide about 25% of the cost initially and the remainder next year. This will accelerate procurement and, according to proponents, could lower the cost of the ship, now estimated at about \$1.75 billion, by about \$200 million.

Other major congressional additions include (1) funds for additional UH-60 Blackhawk helicopters for the Army, (2) funds for additional V-22 tilt rotor aircraft for the Marine Corps, and (3) funds for advance procurement for additional E-8 JSTARS radar aircraft. Significantly, neither the House nor the Senate version of the defense authorization endorsed additional funds for F-15 aircraft procurement, but the Senate approved an amendment to the defense appropriations bill by Senator Bond to allocate \$220 million to purchase 4 F-15Es, and the HAC bill provided \$440 million for 8 F-15s. The authorization conference agreement does not include any funding, but the appropriations conference provides \$300 million for 5 aircraft. Initially, this became an issue because Boeing has announced plans to shut down the production line in St. Louis unless additional orders for the aircraft appear, either from foreign governments or from the Air Force.

In one of the few ongoing debates over major weapons programs other than the F-22, Senator Feingold offered two amendments to the defense authorization bill on the F/A-18 E/F program. One, to ensure compliance with contract specifications prior to the start of full-rate production, was approved by voice vote on May 27. A second amendment, to place a cost cap on the program, was rejected by a vote of 87-11 on May 27.

One other issue concerns procurement of precision-guided munitions, like the Tomahawk cruise missile and the Joint Direct Attack Munition (JDAM), that were used extensively in operations against Yugoslavia. The House authorization added \$300 million to restart Tomahawk production, \$110 million for additional Joint Standoff Weapon (JSOW) procurement, and \$114 million for additional JDAMS. The authorization conference, however, rejected resumption of Tomahawk production, electing, as the Administration has proposed, to

upgrade older missiles while waiting for production of a new, cheaper replacement, called the Tactical Tomahawk, to begin. The conference agreement also adds \$50 million for JDAM procurement, but none for JSOW; funding to rebuild munitions stocks was, however, provided in the Kosovo supplemental appropriations bill.

A final, major weapons-related issue this year concerned funding for multi-year procurement of major weapons programs. Multi-year procurement permits the services to make contracts with industry guaranteeing future purchases in return for lower prices. Since such guarantees assume future funding, standing law requires that they be approved in advance in authorization and appropriations bills. This year, the House Appropriations Committee refused to approve any new multi-year procurement on the grounds that long-term service funding plans are too unsettled. The Defense Department vigorously protested, and the matter was an issue in the appropriations conference. In the end, the appropriations conference agreement approves most of the multi-year procurement programs that were requested, but it puts restrictions on multi-year procurement in the M-1A2 tank upgrade program.

Military Readiness

Perceived shortfalls in levels of military readiness have been a major impetus to Administration and congressional support for higher levels of defense spending. Secretary of Defense Cohen and all of the members of the Joint Chiefs of Staff have acknowledged some readiness problems, including shortfalls in meeting recruiting targets; problems in retaining skilled personnel; shortages of spare parts, training munitions, and some other equipment; and, in general, strains caused by the ongoing post-Cold War pace of military operations. Much debate remains, however, about the extent of the problems and the adequacy of Administration and congressional efforts to address them. One rationale for adding unrequested funding for pay and benefits and for military readiness to the Kosovo supplemental bill (H.R. 1141) was to provide encouragement to troops and to bolster readiness accounts beyond amounts likely to be available within constraints on discretionary spending in the 1997 budget agreement.

Authorization and appropriations action: In addition to some \$2.25 billion in the Kosovo supplemental for readiness-related budget accounts, both the HASC and the SASC authorization bills added more funds — HASC provided \$2.8 billion and SASC \$1.2 billion more for operation and maintenance (O&M) accounts than was requested — the conference agreement adds about \$1.6 billion. The Senate Appropriations Committee, however, approved an increase of just \$626 million in the FY2000 appropriations bill, and the total was to be reduced by amounts provided earlier in the Kosovo supplemental appropriations bill. In contrast, the HAC bill provided \$2.4 billion more than requested for O&M and did not propose an offset. The appropriations conference agreement provides \$1.1 billion more for O&M than was requested but uses about \$1.5 billion of funds in the Kosovo supplemental as an offset to the total. The main readiness-related issue this year has been whether higher pay and benefits will adequately improve recruitment and retention. Considerable debate continues about the state of readiness and the likelihood that increased pay and benefits

and added operating funds will solve underlying problems. Neither the House nor the Senate has systematically addressed factors that have led to a relatively high operational tempo in parts of the military force. Unresolved issues include whether and how to limit the number of overseas operations, forward presence requirements, and the organizational ability of each of the services to respond to post-Cold War deployments.

Cooperative Threat Reduction

The Administration requested \$475.5 million for the Nunn-Lugar Cooperative Threat Reduction (CTR) program, which provides assistance to states of the former Soviet Union in safeguarding nuclear materials, dismantling missiles and other weapons, and in other demilitarization measures. Although the basic goals of the program have been widely supported, there have, in the past, been disputes about the size of the program, the pace of funding obligations, and particular projects to be funded. In general, the House has been more critical of the program than the Senate.

Authorization and appropriations action: SASC approved the Administration CTR request without change, though it trimmed funds for two related programs in the Department of Energy, cutting the Initiative for Proliferation Prevention from \$30 million to \$25 million, and the Nuclear Cities Initiative from \$30 million to \$15 million. HASC reduced CTR funding for chemical weapons demilitarization assistance dramatically, providing \$24.6 million, \$105.8 million below the request. The CTR chemical weapons program, HASC said, should not be directed at the expensive task of destroying weapons stocks but instead should support Russian efforts to ensure stockpile security. This mandate was based in large part on a General Accounting Office evaluation of the CTR program.⁷ HASC also proposed language making into permanent law various restrictions on the program that have been inserted in annual bills, including prohibitions on the use of funds for peacekeeping, housing, environmental restoration, defense conversion, or job retraining. HAC followed the House authorization with one exception: it proposed adding \$12 million for biological weapons proliferation prevention. The authorization conference agreement follows the House approach on chemical weapons demilitarization, cuts DOE programs as in the Senate bill, and makes restrictions on the program permanent. The appropriations conference agreement provides \$460.5 million for CTR, \$15 million below the request and the authorization, but it does not provide any policy guidance, except for a general provision that prohibits expenditure of funds for housing programs.

Strategic Nuclear Force Levels

In defense authorization bills since FY1996, Congress has included a prohibition on the reduction of strategic nuclear delivery systems to levels below those established by the START I treaty until Russia ratifies the START II agreement. While there has

⁷ General Accounting Office, *Weapons of Mass Destruction: Effort to Reduce Russian Arsenals May Cost More, Achieve Less Than Planned*, Report Number NSIAD-99-76, Apr. 13, 1999.

been some sentiment in the Defense Department for making further force reductions, the cost of maintaining START I force levels has been relatively modest, so there has been little opposition to the congressional mandate. This year, however, the Navy has requested permission to plan for a reduction from 18 to 14 Trident ballistic missile submarines in order to avoid costs of a refueling overhaul of the oldest vessels.

Authorization and appropriations action: The SASC bill included a provision allowing a reduction in the number of deployed Trident submarines from 18 to 14, but the Senate rejected a floor amendment by Senator Kerrey to repeal all restrictions on reductions in strategic forces. The HASC bill included a provision that would permanently codify limits on the retirement of strategic systems unless START II is approved but would allow the President some flexibility to reduce total force levels — the President would be allowed to restructure forces provided the total force includes at least 98% of the 6,000 warheads allowed by START I. The authorization agreement follows the House language with an amendment that will allow the Administration to reduce Trident submarine levels provided the President makes certain certifications.

Emerging Threats

In recent years, more and more attention has been focused on new threats to U.S. security, and especially on challenges that may directly endanger the U.S. homeland. Earlier this year, the Senate Armed Services Committee established a new subcommittee on emerging threats and capabilities to focus on new challenges to U.S. security.

Authorization and appropriations action: SASC established a new budget account in the operation and maintenance title for “combating terrorism.” The purpose of the account is to consolidate funding for counter-terrorism programs and increase their visibility. SASC provided \$1.954 billion for the account, adding about \$120 million to amounts requested in various other parts of the budget. HAC provided \$50 million extra for counter-terrorism programs in a general provision. The authorization conference agreement does not establish a separate account for counter-terrorism activities.

Social Issues

Social issues, such as abortion, gays in the military, and the role of women in the armed forces, have frequently been matters of debate in defense funding bills in recent years. Last year, gender integrated training was a major issue. This year, a congressionally mandated commission recommended that each of the military services retain the authority to determine the level at which gender integrated training be carried out, and the report appears to have quelled debate.

Authorization and appropriations action: HASC approved a measure to permit abortions at military hospitals for women who are victims of rape or incest. An amendment during the markup, however, required that women must previously have filed sexual abuse charges to make such a claim. Current law permits the use of appropriated funds for abortions only if the life of the woman is in danger.

On May 26, the Senate rejected by 51-49 an amendment by Senators Murray and Snowe to repeal the current law that prohibits U.S. military health care facilities overseas from providing abortions for U.S. military personnel at private expense. On June 9, the House rejected a similar amendment by Representative Meek. The authorization conference agreement does not include the House provision, leaving the existing prohibition on abortions intact.

China Policy and Department of Energy Reorganization

Last year, Congress included several measures in the defense authorization bill to limit technology transfers to China, including a provision transferring responsibility for reviewing licenses for satellite exports from the Commerce Department to the State Department. Policy toward China continues to be a matter of great concern in Congress, especially in view of recent evidence of Chinese spying at nuclear weapons labs. The House Select Committee on U.S. National Security and Military/Commercial Concerns, chaired by Rep. Cox, released its report publicly on May 25. The Committee recommended several measures to tighten restrictions on technology exports to China.

Authorization and appropriations action: The HASC bill included limits on military-to-military contacts with China and established a Center for the Study of Chinese Military Affairs at the National Defense University. The SASC bill included measures to tighten security at Department of Energy labs. Several significant amendments were proposed to the authorization bills in both the House and the Senate in the wake of the Cox committee report. On May 27, the Senate approved a Lott amendment to increase monitoring of the export of advanced satellite technology, to require annual reports about Chinese military capabilities against Taiwan, and to further strengthen security and counterintelligence at Department of Energy facilities. The House added several amendments, including a Cox/Dicks amendment codifying into law recent Administration initiatives to improve DOE security and counterintelligence programs. The House also approved a DeLay amendment limiting the substance of U.S.-China military-to-military contacts. The House rejected a Ryun amendment that would have imposed a two-year moratorium on the DOE foreign visitors programs. Significantly, Rep. Spence did not offer an amendment that the Administration strongly opposed to transfer responsibility over nuclear weapons programs from the Department of Energy to the Department of Defense. Later, on July 21, the Senate approved an amendment to the Intelligence Authorization bill, H.R. 1555, offered by Senator Kyl, to establish an independent organization within the Department of Energy to oversee security. The defense authorization conference agreement includes a revised provision establishing an organization within the Department, called the National Nuclear Security Administration, to oversee security and counterintelligence. On September 15, by a vote of 139-281, the House rejected a motion to recommit the conference agreement with instructions to remove this provision. Secretary of Energy Richardson had strongly objected to this measure, but after the House and Senate approved the conference agreement by large margins, he withdrew his objections, clearing the way for the President to sign the bill into law. In signing the bill, however, the President announced that he was designated the Secretary of Energy to act as the head of

the new agency. Most recently, however, Secretary Richardson has promised that the Administration will nominate separate director of the NSSA. The authorization conference agreement also includes measures limiting military-to-military contacts with China, requiring an annual report on Chinese military capabilities, and imposing additional restrictions on technology transfers.

Legislation

Budget Resolution

H.Con.Res. 68 (Kasich)

A concurrent resolution establishing the congressional budget for the United States Government for fiscal year 2000 and setting forth appropriate budgetary levels for each of fiscal years 2001 through 2009. Ordered to be reported, March 18, 1999, and reported by the House Budget Committee (H.Rept. 106-73), March 23, 1999. Approved by the House (221-208), March 25, 1999.

S.Con.Res. 20 (Domenici)

An original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 2000 through 2009. Reported by the Senate Budget Committee (S.Rept. 106-27), March 19, 1999. Approved by the Senate, with amendments, (55-44), March 25, 1999.

Missile Defense

H.R. 4 (Weldon)

A bill to declare it to be the policy of the United States to deploy a national missile defense. Reported by the House Armed Services Committee, (H.Rept. 106-39, Part I) and discharged from the House Committee on International Relations, March 2, 1999. Approved by the House (317-105), March 18, 1999. Senate took up H.R. 4 and substituted the text of S. 257, May 18, 1999. House approved the bill as amended by the Senate (345-17), May 20, 1999. Signed into law by the President (P.L. 106-38), July 22, 1999.

S. 257 (Cochran)

A bill entitled, "The Cochran-Inouye National Missile Defense Act of 1999," stating that it is the policy of the United States to deploy a nationwide missile defense as soon as technically feasible. Reported by the Senate Armed Services Committee (S.Rept. 106-4), February 13, 1999. Considered in the Senate, March 11, 15, 16, and 17, 1999, and approved, with amendments (97-3), March 17, 1999. Senate took up H.R. 4 and substituted the text of S. 257, May 18, 1999.

Supplemental Appropriations

H.R. 1141 (Young, C.W. Bill)

A bill making emergency supplemental appropriations for the fiscal year ending September 30, 1999, and for other purposes. Reported by the Committee on Appropriations (H.Rept. 106-64), March 17, 1999. Approved by the House. Senate

called up the bill, substituted the text of S. 544, and passed the amended bill (by unanimous consent), March 25, 1999. Conference report filed (H.Rept. 106-143), May 14, 1999. House agreed to conference report (269-158), May 18, 1999. Senate agreed to conference report (64-36), May 20, 1999. Signed into law by the President (P.L. 106-31), May 21, 1999.

S. 544 (Stevens)

A bill making emergency supplemental appropriations and rescissions for recovery from natural disasters, and foreign assistance, for the fiscal year ending September 30, 1999, and for other purposes. Reported by the Committee on Appropriations (S.Rept. 106-8), March 4, 1999. Considered in the Senate, March 17, 18, 19, 22, and 23, 1999. Approved by the Senate, March 23, 1999. Senate took up H.R. 1141, substituted the text of S. 544, and passed H.R. 1411, as amended, March 25, 1999.

H.R. 1664 (Young, C.W. Bill)

A bill making emergency supplemental appropriations for military operations, refugee relief, and humanitarian assistance relating to the conflict in Kosovo, and for military operations in Southwest Asia for the fiscal year ending September 30, 1999, and for other purposes. Reported by the Appropriations Committee (H.Rept. 106-125), May 4, 1999. Passed by the House, with amendments (311-105), May 6, 1999.

Defense Authorization

H.R. 1401 (Spence)

Authorizes appropriations for fiscal year 2000 for military activities of the Department of Defense, for military construction, for defense activities of the Department of Energy, and for other purposes. Ordered to be reported by the House Armed Services Committee (H.Rept. 106-162), May 19, 1999. Rules Committee Resolution, H. Res. 195, reported to the House but then withdrawn, May 27, 1999.

S. 1059 (Warner)

Authorizes appropriations for fiscal year 2000 for military activities of the Department of Defense, for military construction, for defense activities of the Department of Energy, and for other purposes. Ordered to be reported by the Senate Armed Services Committee, May 13, 1999. Report filed (S.Rept. 106-50), May 17, 1999. Considered by the Senate, May 24, 25, 26, and 27, 1999. Approved by the Senate, with amendments (92-3), May 27, 1999. Conference agreement ordered to be reported (H.Rept. 106-301), August 5, 1999. House approved the conference report (375-45), September 15, 1999. Senate approved the conference report (93-5), September 22, 1999. Signed into law by the President (P.L. 106-65), October 5, 1999.

Defense Appropriations

S. 1122 (Stevens)

A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes. Ordered to be reported by the Senate Appropriations Committee (S.Rept. 106-53), May 25, 1999. Considered by

the Senate, June 7-8, 1999. Approved by the Senate, as amended (93-4), June 8, 1999.

H.R. 2561 (Lewis, Jerry)

A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes. Ordered to be reported by the House Appropriations Committee (H.Rept. 106-244), July 16, 1999. Considered by the House, amended and passed as amended (379-45), July 22, 1999. Called up in the Senate, amended with the text of S. 1122, and passed by the Senate by unanimous consent, July 28, 1999. Conference report filed (H.Rept. 106-371), October 8, 1999; passed by the House (372-55), October 13, 1999; and passed by the Senate (87-11), October 14, 1999. Signed into law by the President (P.L. 106-79), October 25, 1999.

Continuing Resolution

H.J.Res. 68 (Young, C.W. Bill)

A joint resolution making continuing appropriations for the fiscal year 2000, and for other purposes. Rules Committee Resolution H. Res. 305 reported to House and referred to the House Committee on Appropriations, September 27, 1999. Considered under the provisions of rule H. Res. 305 and approved by the House (421-2), September 28, 1999. Received in the Senate, read twice, laid before Senate, and passed without amendment (98-1), September 28, 1999.

For Additional Reading

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U.S. General Accounting Office, "Military Retirement: Proposed Changes Warrant Careful Analysis," testimony of Mark E. Gebicke, Director of Military Operations and Capabilities Issues, before the Subcommittee on Military Personnel, House Committee on Armed Services, Report No. T-NSIAD-99-94, Feb. 25, 1999.

Selected World Wide Web Sites

Information regarding the defense budget, defense programs, and congressional action on defense policy is available at the following web or gopher sites.

Congressional Sites/OMB

House Committee on Appropriations
[<http://www.house.gov/appropriations>]

Senate Committee on Appropriations
[<http://www.senate.gov/~appropriations/enter.htm>]

House Armed Services Committee
[<http://www.house.gov/hasc/>]

Senate Armed Services Committee
[http://www.senate.gov/~armed_services/]

CRS FY2000 Appropriations Products
[<http://www.loc.gov/crs/products/apppage.html>]

Congressional Budget Office
[<http://www.cbo.gov>]

General Accounting Office
[<http://www.gao.gov>]

Office of Management and Budget
[<http://www.whitehouse.gov/OMB/>]

FY2000 Federal Budget Publications

[http://www.access.gpo.gov/su_docs/budget/index.html]

Defense Department and Related Sites

Defense LINK

[<http://www.defenselink.mil/>]

Defense Issues (Indexed major speeches)

[<http://www.defenselink.mil/speeches/>]

Under Secretary of Defense (Comptroller) FY2000 Budget Materials

[<http://www.dtic.mil/comptroller/FY2000budget/>]

Assistant Secretary of the Army (Financial Management & Comptroller) Budget

[<http://www.asafm.army.mil/budget.htm>]

Army Link — the U.S. Army Home Page

[<http://www.army.mil/>]

Navy On-Line Home Page

[<http://www.navy.mil/index-real.html>]

Navy Budget Resources Directory

[<http://navweb.secnav.navy.mil/budget>]

Navy Public Affairs Library

[<http://www.navy.mil/navpalib/.www/subject.html>]

United States Marine Corps Home Page

[<http://www.usmc.mil/>]

AirForceLINK

[<http://www.af.mil/>]

Air Force Financial Management Home Page

[<http://www.saffm.hq.af.mil/SAFFM/>]

Appendix A: Summary Tables

Table A1. Defense Appropriations, FY1996 to FY2000
(budget authority in billions of current year dollars)^a

| Actual FY1996 | Actual FY1997 | Actual FY1998 | Estimate FY1999 | Request FY2000 |
|--------------------------|--------------------------|--------------------------|----------------------------|---------------------------|
| 242.6 | 244.3 | 250.7 | 266.6 | 262.9 |

Sources: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2000*, Feb. 1999, and prior years; House Appropriations Committee for latest FY1999 estimate.

^a. These figures represent current year dollars, exclude permanent budget authorities and contract authority, and reflect subsequent rescissions and transfers.

Table A2: Congressional Action on Major Weapons Programs: FY2000 Authorization and Appropriations

(amounts in millions of dollars)

| | FY2000 Request | | | Authorization Conference | | | House Appropriations | | | Senate Appropriations | | | Appropriations Conference | | |
|---------------------------------------|----------------|---------|---------|--------------------------|---------|---------|----------------------|---------|---------|-----------------------|---------|---------|---------------------------|---------|---------|
| | # | Proc. | R&D | # | Proc. | R&D | # | Proc. | R&D | # | Proc. | R&D | # | Proc. | R&D |
| Army | | | | | | | | | | | | | | | |
| Apache Longbow Upgrade | — | 765.2 | — | — | 810.2 | — | — | 810.2 | — | — | 753.5 | — | — | 788.5 | — |
| Comanche Helicopter | — | — | 427.1 | — | — | 483.1 | — | — | 427.1 | — | — | 483.1 | — | — | 467.1 |
| Blackhawk Helicopter | 8 | 102.8 | — | 17 | 192.8 | 15.0 | 19 | 223.8 | — | 19 | 223.8 | 15.0 | 19 | 219.0 | 10.0 |
| M1A2 Abrams Tank Upgrade | 120 | 636.4 | 12.1 | — | 636.4 | 12.1 | 120 | 636.4 | 20.1 | 120 | 636.4 | 26.5 | 120 | 636.4 | 40.5 |
| Bradley FVS Base Sustainment | — | 336.4 | 3.2 | — | 408.4 | 3.2 | — | 420.4 | 3.2 | — | 342.4 | 3.2 | — | 383.8 | 25.2 |
| Crusader | — | — | 343.9 | — | — | 343.9 | — | — | 343.9 | — | — | 343.9 | — | — | 268.1 |
| Navy/Marine Corps | | | | | | | | | | | | | | | |
| AV-8B Harrier Aircraft | 12 | 291.3 | 38.6 | 12 | 291.3 | 38.6 | 12 | 291.3 | 38.6 | 12 | 291.3 | 38.6 | 12 | 301.3 | 38.6 |
| F/A-18E/F Hornet | 36 | 2,854.2 | 142.6 | 36 | 2,854.2 | 142.6 | 36 | 2,854.2 | 182.6 | 36 | 2,858.2 | 142.6 | 36 | 2,854.2 | 142.6 |
| V-22 Osprey Aircraft | 10 | 916.9 | 182.9 | 12 | 1,039.9 | 182.9 | 11 | 976.9 | 182.9 | 12 | 1,039.9 | 191.9 | 12 | 976.9 | 191.9 |
| DDG-51 Destroyer | 3 | 2,681.7 | 176.0 | 3 | 2,681.7 | 176.0 | 3 | 2,681.7 | 176.0 | 3 | 2,681.7 | 176.0 | 3 | 2,681.7 | 176.0 |
| New Attack Submarine (NSSN) | — | 748.5 | 357.2 | — | 748.5 | 367.2 | — | 748.5 | 367.2 | — | 748.5 | 367.2 | — | 748.5 | 367.2 |
| LPD-17 Amphibious Transport | 2 | 1,508.3 | 2.6 | 2 | 1,508.3 | 2.6 | 2 | 1,508.3 | 2.6 | 2 | 1,508.3 | 2.6 | — | 1,508.3 | 2.6 |
| LHD-8 Advance Procurement | — | — | — | — | 375.0 | — | — | — | — | — | 500.0 | — | — | 375.0 | — |
| ADC(X) Auxiliary Cargo Ship | 1 | 440.0 | — | 1 | 440.0 | — | 1 | 440.0 | — | 1 | 440.0 | — | — | 440.0 | — |
| Air Force | | | | | | | | | | | | | | | |
| B-2 Bomber Post-Production | — | 167.4 | 201.8 | — | 167.4 | 314.1 | — | 136.0 | 344.2 | — | 167.4 | 238.8 | — | 105.1 | 301.8 |
| C-17 Airlift Aircraft | 15 | 3,385.0 | 170.7 | 15 | 3,385.0 | 170.7 | 15 | 2,972.7 | 170.7 | 15 | 3,385.0 | 170.7 | 15 | 2,974.3 | 160.9 |
| C-130 Aircraft (incl. other services) | — | 408.4 | — | 4 | 684.6 | — | 8 | 917.4 | 43.6 | 2 | 603.3 | — | 2 | 544.9 | 40.6 |
| E-8C Joint Stars Aircraft | 1 | 280.3 | 130.5 | 1 | 326.3 | 178.5 | 2 | 468.5 | 162.0 | 1 | 326.3 | 130.5 | 1 | 293.3 | 148.5 |
| F-15 Aircraft | — | — | — | — | — | — | 8 | 440.0 | 152.7 | 4 | 220.0 | — | 5 | 300.0 | 127.7 |
| F-16 Aircraft | 10 | 252.6 | 112.5 | 10 | 252.6 | 112.5 | 15 | 374.6 | 127.5 | 12 | 426.6 | 118.5 | 10 | 245.6 | 115.5 |
| F-22 Aircraft | 6 | 1,852.1 | 1,222.2 | 6 | 1,852.1 | 1,222.2 | 0 | 0.0 | 1,222.2 | 6 | 1,852.1 | 1,222.2 | — | — | 2,522.2 |
| Joint/Defense-Wide | | | | | | | | | | | | | | | |
| Airborne Laser (AF) | — | — | 308.6 | — | — | 308.6 | — | — | 308.6 | — | — | 308.6 | — | — | 308.6 |
| Joint Strike Fighter (AF, Navy) | — | — | 476.9 | — | — | 506.6 | — | — | 576.6 | — | — | 491.6 | — | — | 491.6 |
| Ballistic Missile Defense (BMDO) | — | 355.9 | 2,944.5 | — | 415.9 | 3,236.6 | — | 355.9 | 2,970.0 | — | 360.9 | 3,405.6 | — | 364.1 | 3,222.4 |
| Space-Based Infrared System (AF) | — | — | 557.7 | — | — | 649.7 | — | — | 557.7 | — | — | 699.7 | — | — | 649.7 |
| Guard & Reserve Equipment | — | — | — | — | 60.0 | — | — | 130.0 | — | — | — | 300.0 | — | 150.0 | — |

*Notes: All amounts exclude initial spares and military construction. For Ballistic Missile Defense, the military construction request is \$1.4 million, which is often reported as part of the total elsewhere. For a full breakdown of Ballistic Missile Defense funding, see **Table 7** above.

**Table A3: National Defense Budget Function by Appropriations Title
Under Administration Projections**

(budget authority, current year dollars in billions)

| | Est. FY1999 | Proj. FY2000 | Proj. FY2001 | Proj. FY2002 | Proj. FY2003 | Proj. FY2004 | Proj. FY2005 |
|----------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Military Personnel | 70.9 | 73.7 | 76.3 | 78.4 | 80.9 | 83.7 | 86.7 |
| Operation & Maintenance | 98.1 | 103.5 | 103.9 | 105.0 | 107.8 | 111.2 | 114.4 |
| Procurement | 49.0 | 53.0 | 61.8 | 62.3 | 66.6 | 69.2 | 75.1 |
| RDT&E | 36.6 | 34.4 | 34.3 | 34.7 | 34.5 | 35.0 | 34.2 |
| Military Construction | 5.1 | 2.3 | 7.1 | 4.2 | 4.3 | 4.5 | 4.8 |
| Family Housing | 3.6 | 3.1 | 3.8 | 3.6 | 3.7 | 3.9 | 3.9 |
| Other | -0.7 | -2.9 | -0.8 | 0.1 | 0.9 | 0.1 | -0.3 |
| Subtotal, DOD | 262.6 | 267.2 | 286.4 | 288.3 | 298.7 | 307.6 | 318.9 |
| Atomic Energy Defense Activities | 12.5 | 12.4 | 12.9 | 12.9 | 12.9 | 12.8 | 12.8 |
| Other Defense-Related Activities | 1.1 | 1.2 | 1.2 | 1.2 | 1.3 | 1.3 | 1.3 |
| Total, National Defense | 276.2 | 280.8 | 300.5 | 302.4 | 312.8 | 321.7 | 333.0 |

Source: FY1999-2004 from Office of Management and Budget, *Historical Tables: Budget of the United States Government, Fiscal Year 2000*, Feb. 1999; FY2005 from Department of Defense.

Table A4: Congressional Action on Defense Authorization by Title
(budget authority in millions of dollars)

| | Request* | House Auth. | Versus Request | Senate Auth. | Versus Request | Conf. Auth. | Versus Request |
|---------------------------------|-----------|----------------|-------------------|-----------------|-------------------|----------------|-------------------|
| Military Personnel | 73,723.3 | 72,115.4 | -1,607.9 | 71,693.1 | -2,030.2 | 71,884.9 | -1,838.4 |
| Operation & Maintenance | 103,548.4 | 106,359.4 | +2,811.0 | 104,780.9 | +1,232.5 | 105,012.4 | +1,464.0 |
| Procurement | 53,020.5 | 55,598.5 | +2,578.0 | 55,929.7 | +2,909.2 | 55,708.4 | +2,687.9 |
| Research & Development | 34,375.2 | 35,835.7 | +1,460.5 | 35,865.9 | +1,490.7 | 36,266.5 | +1,891.3 |
| Military Construction | 2,322.8 | 4,963.5 | +2,640.7 | 5,172.3 | +2,849.6 | 4,869.6 | +2,546.9 |
| Family Housing | 3,115.7 | 3,626.8 | +511.1 | 3,628.8 | +513.2 | 3,627.6 | +511.9 |
| Revolving & Management Funds | 372.0 | 380.0 | +8.0 | 340.0 | -32.0 | 380.0 | +8.0 |
| Offsetting Receipts | -1,888.0 | -1,888.0 | 0.0 | -1,888.0 | 0.0 | -1,888.0 | 0.0 |
| Allowance for Rescissions | -1,650.0 | -1,650.0 | 0.0 | 0.0 | +1,650.0 | -333.2 | +1,316.8 |
| Total Dept. of Defense | 266,939.9 | 275,341.3 | +8,401.4 | 275,522.8 | +8,582.9 | 275,528.3 | +8,588.4 |
| Dept. of Energy Defense-Related | 12,360.4 | 12,284.8 | -75.5 | 12,190.4 | -170.0 | 12,110.3 | -250.0 |
| Defense-Related Activities | 1,222.3 | 1,172.7 | -49.6 | 1,172.7 | -49.6 | 1,172.7 | -49.6 |
| Total National Defense | 280,522.6 | 288,798.7 | +8,276.1 | 288,885.8 | +8,363.2 | 288,811.3 | +8,288.6 |

Sources: H.Rept. 106-162; S.Rept. 106-50; H.Rept. 106-301.

***Notes:** Request reflects the Congressional Budget Office reestimate of the Administration proposal.

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