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Defense: FY2007 Authorization and Appropriations

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Summary

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

The House Armed Services Committee completed full committee markup of its version of the FY2007 defense authorization bill, H.R. 5122, on May 3. The Senate Armed Services Committee marked up its version of the bill, S. 2507 on May 4. This report is based on extensive, but still preliminary reports by the House Armed Services Committee on its markup and on only a press release from the Senate Armed Services Committee on its markup. Additional details will be provided when the formal committee reports on the two bills are released. House defense appropriations subcommittee markup of the defense appropriations bill is tentatively scheduled for June 7.

In action on key issues —

- Both the House and the Senate Armed Services Committees added substantially to proposed troop levels for ground forces, including 30,000 to active duty Army end-strength, 5,000 in the House and 10,000 in the Senate to Marine Corps end-strength, and 17,000 to Army National Guard end-strength.
- The House committee did not support Administration proposals to rein in the cost of personnel pay and benefits. It increased the proposed military pay raise from 2.2% to 2.7%, it rejected a proposal to reduce DOD medical costs by increasing retiree medical fees and copays, and it expanded reservists' access to the TRICARE medical insurance program. The Senate committee agreed to a 2.2% raise, but, as in the House, rejected increased TRICARE fees and copays.
- Also, as in the past, the committees were unwilling to support proposed cuts in weapons programs. Neither committee agreed to halt production of the C-17 cargo aircraft, and both restored funds to develop an alternative, second engine supplier for the F-35 Joint Strike Fighter.

Some additional major issues may emerge as congressional consideration of the annual defense authorization and appropriations bills proceeds. At the end of last year, Iraq policy became a focus of congressional debate, and it may come up again as mid-term elections near. The overall level of defense spending may also be a matter of debate. Last year Congress cut \$8.5 billion from the request for regular defense programs, but additional funding for Iraq and Afghanistan mitigated at least some of the impact of those reductions.

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Earlier this year Congress began, but did not complete, action on the annual congressional budget resolution. The Senate passed its version of the resolution, S.Con.Res. 83, on March 16. The House Budget Committee reported its version of the budget resolution, H.Con.Res. 376, on March 31, but the leadership did not bring the measure to the floor in the face of internal Republican opposition.

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

The following series of tables provides a quick reference to congressional action on defense budget totals. Additional details will be added as congressional action on the FY2007 defense funding bills proceeds.

- **Table 2** shows the Administration's FY2007 national defense request, by appropriations title, separating discretionary and mandatory amounts. The total for FY2006 includes a \$70 billion placeholder amount for supplemental appropriations. That amount will be adjusted when Congress completes action on the pending supplemental bill (H.R. 4939). The total for FY2007 includes a \$50 billion placeholder for a budget amendment for overseas operations. If the \$50 billion placeholder is removed, the total discretionary request for the Department of Defense is \$439.3 billion. This is the amount most often referred to in DOD press releases, when the budget was released in February.
- **Table 3** shows congressional recommendations on defense budget authority and outlays in versions of the annual budget resolution — S.Con.Res. 83 as passed by the Senate and H.Con.Res 376. These amounts are not in any way binding on the appropriations committees, however.
- **Table 4** shows congressional action on the FY2007 defense authorization bill by title. It is important to note that the authorization bill does not directly provide funds for most defense programs (the exception being some mandatory programs). Rather, it authorizes the appropriation of funds. In the appropriations bills, Congress may provide more, less, or the same as the amounts authorized to be appropriated.
- **Table 5** shows congressional action on the FY2007 defense and military construction/VA appropriations bills. This table does not show funding for defense-related activities of agencies other than the Defense Department, except for about \$600 million for intelligence. Notably, it excludes about \$17 billion requested for Department of Energy nuclear weapons programs.

**Table 2. Administration Request for National Defense for FY2007,
Budget Authority, Discretionary and Mandatory**
(millions of dollars)

	2005 Actual	2006 Estimate	2007 Request
National Defense Discretionary (Function 050)			
Department of Defense — Military Discretionary (Subfunction 051)			
Military personnel	119,740	113,481	110,778
Operation and maintenance	178,566	177,737	152,037
Procurement	96,613	86,185	84,197
Anticipated funding for the Global War on Terror*	—	70,000	50,000
Research, development, test and evaluation	68,826	71,046	73,156
Military construction	7,260	8,936	12,613
Family housing	4,099	4,439	4,085
Revolving, management, and trust funds and other	3,807	4,782	2,436
Total, Department of Defense — Military Discretionary	478,911	536,606	489,302
Atomic Energy Defense Activities (Subfunction 053)			
Department of Energy defense-related activities	17,034	16,224	15,818
Formerly utilized sites remedial action	164	139	130
Defense nuclear facilities safety board	20	22	22
Total, Atomic Energy Defense Activities Discretionary	17,218	16,385	15,970
Defense-Related Activities (Subfunction 054)			
Federal Bureau of Investigation	1,240	2,276	2,308
Other discretionary programs	2,426	2,989	2,155
Total, Defense-Related Activities Discretionary	3,666	5,265	4,463
Total, National Defense Discretionary	499,795	558,256	509,735
National Defense Mandatory (Function 050)			
Department of Defense — Military Mandatory (Subfunction 051)			
Concurrent receipt accrual payments	1,539	2,343	2,369
Research, development, test, and evaluation	—	—	288
Revolving, trust and other DoD mandatory	4,975	788	789
Offsetting receipts	-1,499	-1,587	-1,498
Total, Department of Defense — Military Mandatory	5,015	1,544	1,948
Atomic Energy Defense Activities Mandatory (Subfunction 053)			
Energy employees occupational illness compensation program and other	672	1,716	1,047
Defense-Related Activities Mandatory (Subfunction 054)			
Radiation exposure compensation trust fund	92	54	44
Other mandatory programs	222	245	251
Total, Defense-Related Activities Mandatory	314	299	295
Total, National Defense Mandatory	6,001	3,559	3,290
Total, National Defense (Function 050)	505,796	561,815	513,025

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

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

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

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

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

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

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

	Request	House	House Versus Request	Senate	Senate Versus Request	Conf.	Conf. Versus Request
Military Personnel	110.8	—	—	—	—	—	—
Operation & Maintenance	152.0	—	—	—	—	—	—
Procurement	84.2	—	—	—	—	—	—
RDT&E	73.2	—	—	—	—	—	—
Military Construction	12.6	—	—	—	—	—	—
Family Housing	4.1	—	—	—	—	—	—
Revolving & Management	2.4	—	—	—	—	—	—
Mandatory Programs	1.9	—	—	—	—	—	—
Total Department of Defense	441.2	—	—	—	—	—	—
Atomic Energy Defense Activities	17.0	—	—	—	—	—	—
Other Defense-Related Activities	4.8	—	—	—	—	—	—
Total National Defense	463.0	—	—	—	—	—	—
Emergency Authorization	50.0	—	—	—	—	—	—
Total Including Emergency	513.9						

Totals may not add due to rounding.

Source: Office of Management and Budget.

**Table 5. FY2007 Department of Defense Appropriations,
House and Senate Action by Bill and Title**

(budget authority in billions of dollars)

	Request	House	House Versus Request	Senate	Senate Versus Request	Conf.	Conf Versus Request
Department of Defense Appropriations Bill							
Military Personnel	110.8	—	—	—	—	—	—
Operation and Maintenance	130.1	—	—	—	—	—	—
Procurement	82.9	—	—	—	—	—	—
RDT&E	73.2	—	—	—	—	—	—
Revolving and Management Funds	12.6	—	—	—	—	—	—
Other Defense Programs*	21.9	—	—	—	—	—	—
Related Agencies	0.9	—	—	—	—	—	—
Total Regular Appropriations	432.4	—	—	—	—	—	—
Additional Appropriations for War	50.0	—	—	—	—	—	—
Total with Additional for War	482.4	—	—	—	—	—	—
DOD Programs in Military Construction/VA Appropriations Bill							
Military Construction	12.6	—	—	—	—	—	—
Family Housing	4.1	—	—	—	—	—	—
Total Department of Defense	16.7	—	—	—	—	—	—
Grand Total for Department of Defense in Defense and Military Construction Appropriations							
Total Regular Appropriations	449.1	—	—	—	—	—	—
Total Including Additional for War	499.1	—	—	—	—	—	—

Totals may not add due to rounding.

Source: Office of Management and Budget.

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

Brief Overview of the Administration Request

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

The \$50 billion placeholder is not intended to cover the full costs of military operations in Iraq, Afghanistan, and elsewhere in FY2007. Rather, it is a “bridge fund” to cover costs in the initial months of FY2007. Remaining costs for the rest of the year will, if Congress agrees, be covered by a later supplemental appropriations

bill. On its own initiative, Congress provided a \$25 billion bridge fund in the FY2005 defense appropriations act and a \$50 billion bridge fund in FY2006. In each year, the White House later requested additional supplemental funds. In February 2006, the Defense Department requested \$67 billion for overseas military operations in FY2006 in addition to the \$50 billion appropriated last fall and \$5 billion for DOD for domestic disaster costs. Congress is now considering that request.¹

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

Highlights of the FY2007 Defense Budget Request

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

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

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

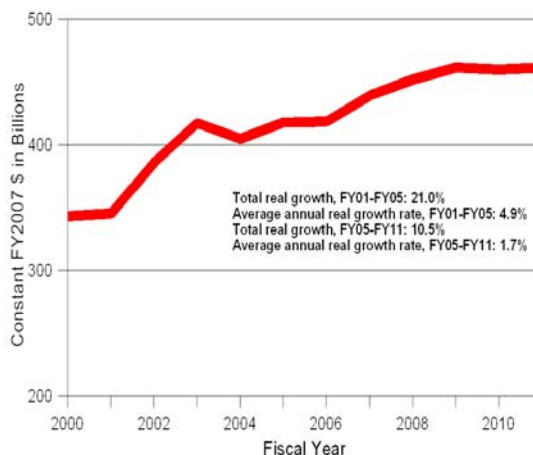
¹ For a full discussion, CRS Report RL33298, *FY2006 Supplemental Appropriations: Iraq and Other International Activities; Additional Katrina Hurricane Relief*, Paul M. Irwin and Larry Nowels, coordinators.

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

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

(2) The regular DOD appropriations request for FY2007 is for \$439.3 billion, \$28.5 billion above the FY2006 enacted amount, an increase of 7%. Viewed in this way, the FY2007 budget appears to carry on the substantial defense buildup that has been underway for the past several years. But the story is a bit more complicated than that. The increase appears so large in part because Congress cut the FY2006 request by \$8.5 billion — a \$4.4 billion cut in the regular process and an additional across-the-board reduction of \$4.1 billion at the end of the appropriations process.² Moreover, in an effort to stay within tight limits on overall appropriations for FY2007,

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



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

the Office of Management and Budget trimmed DOD's FY2007 budget by \$3.8 billion compared to the amount that was planned last year for FY2007. Out-year budget projections for the regular defense budget show spending leveling off to very modest rates of growth. The average increase between FY2005 and FY2011 is 1.7% per year above inflation, far below the 5% per year growth between FY2001 and FY2005 (see **Figure 1**).

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

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

(3) The Administration's FY2007 request rejects congressional proposals to increase Army and Marine Corps end-strength and cuts Air Force and Navy personnel levels. For FY2006 Congress authorized active duty end-strength of 512,400 for the Army of 175,000 for the Marine Corps. By the end of FY2007, however, the Defense Department plans to restore Army and Marine Corps end-strength to the pre-FY2004, pre-Iraq, "base-line" level — 482,400 for the Army, which is 30,000 troops lower than the current authorization, and 170,000 for the Marine Corps, which is 5,000 lower. Many Members of Congress have urged that the current authorized levels be made permanent in order to ease the pace of operations on ground forces. The Administration vigorously opposes a permanent increase, however, arguing that costs are high and that forces can be organized more efficiently to provide required combat troops.

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

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

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

(5) The FY2007 request includes only a modest 2.2% pay raise for troops and proposes increases in medical care fees and copays for under-age-65 military retirees. Since 1999, Congress has approved substantial increases in military pay and benefits. Compared to economy-wide indices, uniformed military personnel now cost as much as 33% more, above inflation, than in the late 1990s.³ In the FY2007 budget, the Administration is proposing measures to rein in the growth of pay and benefits. The proposed 2.2% military pay raise is the lowest since 1994. And the Administration has proposed increasing fees and copays for under-age-65 military retirees who are eligible for medical care through the military Tricare program. This is the first proposed increase in medical copays since the current Tricare medical care system for retirees and dependents was established in 1995.

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

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

(7) The Quadrennial Defense Review did not result in decisions on major, ongoing defense budget and program-related issues. The official Department of Defense report on the 2005-2006 Quadrennial Defense Review,⁴ which was released along with the Administration's budget request in February, stated plainly that the year-long QDR exercise was not intended to be a systematic

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

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

assessment of major defense programs. Instead, it was designed to provide a vision of the national security challenges facing the nation and to identify the kinds of military capabilities that are needed.

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

- For the Navy, the QDR report endorsed increasing “green” and “brown” water capabilities, construction of new prepositioning ships, 11 rather than 12 deployable aircraft carriers, construction of two attack submarines per year at lower than current prices, and the conversion of a number of Trident submarine-launched missiles to carry conventional (non-nuclear) warheads. But the report said nothing about other naval force issues. Notably, it did not mention the recently-released Navy shipbuilding plan for a combat fleet of 313 ships. Many question whether that plan is affordable.
- Regarding fighter aircraft acquisition plans in the Air Force, Navy, and Marine Corps, the QDR report endorsed a revised Air Force plan to stretch out F/A-22 procurement, but otherwise did not mention the number of short-range fighter and ground attack aircraft needed in the long term. The report put a great deal of emphasis on the need for long-range, prompt, global strike capabilities. This may appear to be at odds with plans to continue large investments in shorter-range strike aircraft that may have limited access to areas of combat in future conflicts, but the report did not address the issue.
- The report endorsed the Army’s plan to reorganize into more deployable, modular combat brigades, but notably did not make an explicit commitment to provide the full funding needed to modularize all active and reserve combat units as the Army has planned. The report also endorsed the capabilities being developed in the Army’s Future Combat System development program, but, notably, did not explicitly endorse the program as a whole.
- The report said very little at all about satellites and other space programs. The only mention of a space program was to endorse an Air Force plan to restructure the Transformational Communications Satellite (TSAT) program to incorporate less risky technology. Other space programs have experienced problems like those in the TSAT program, but these are not mentioned. Space programs overall have grown dramatically as a share of the defense budget, and cost growth in major programs has been pandemic. Finally, a major policy issue is how to protect space based systems from future threats and whether the U.S. security will be advanced by developing

offensive space capabilities.. The QDR discusses none of these issues.

Headlines: Brief Summaries of Potential Issues in Congress

Last year, congressional action on the annual defense authorization and appropriations bills featured extensive debates, first, over policy toward treatment of military detainees, and, toward the end of the year, over the pace of troop withdrawals from Iraq. This year, a continued debate over Iraq policy has reemerged in congressional consideration of the FY2006 supplemental appropriations bill (H.R. 4939). An amendment to the bill in the Senate proposes accelerated withdrawals if the Iraqi government fails to meet established deadlines in the political process. The debate over Iraq may well be renewed when Congress takes up FY2007 bills.

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

- **Funding cuts in the regular FY2007 defense appropriations bill:** Last year, Congress trimmed \$4.4 billion from the regular FY2006 defense appropriations bill and applied the money to non-defense appropriations. Later, at the end of the process, Congress trimmed defense appropriations by an additional \$4.1 billion as part of an across-the-board 1% cut in all appropriations, as an offset for Katrina-related funding. This year, the Senate took a step to avoid similar guns versus butter trade-offs in the FY2007 budget by adding \$3.7 billion to the budget resolution (S.Con.Res. 83) cap on total discretionary spending. But, as last year, there appears to be a considerable amount of opposition in Congress to proposed cuts in non-defense appropriations, and the defense bill may be seen as a source of offsetting funds because of the amount of money available for defense in emergency funding for overseas operations.
- **Limits on emergency funding:** The Senate-passed FY2007 budget resolution (S.Con.Res. 83) puts a cap of \$90 billion on total emergency funding. War costs, including \$50 billion that the Administration plans to request as an attachment to the regular FY2007 defense appropriations bill, plus a later emergency FY2007 supplemental request expected next February, together with requests for funds for Katrina-recovery, bird flu, border security, agricultural disaster relief, and other purposes, will almost surely exceed the cap by a substantial amount. If Congress ultimately approves such a cap, anything above \$90 billion would require offsetting rescissions, including, quite likely, cuts in regular defense funding.
- **Providing full funding for overseas operations in regular defense funding bills:** Both last year and the year before, the Senate added

advisory language to the defense appropriations bill urging the Administration to request full funding for ongoing military operations in the regular authorization and appropriations bills. The Administration did not concur. But there may be more support in Congress for that approach now, and Congress may try to ensure that full funding for operations is in next year's FY2008 request.

- **Army and Marine Corps end-strength:** The Administration is proposing ground force active duty end-strengths at the pre-2004 baseline level. Congress added 30,000 to Army and 5,000 to Marine Corps end-strength in FY2006, and there appears to be a great deal of support in Congress, particularly, but not only, among Democrats, for a permanent end-strength increase.
- **Funding for Army National Guard end-strength:** The FY2007 Army request trims about \$500 million from Army personnel accounts and additional amounts from operation and maintenance accounts to reflect a troop level of 333,000 in the Army National Guard rather than the 350,000 authorized. Congress may mandate a higher force level.
- **2.2% pay raise:** Every year between 2001 and 2006, Congress approved an increase in basic pay of ½ percent above the employment cost index (ECI), a measure of the average growth of nationwide pay and benefits. An increase of ECI + ½% was mandated for 2004, 2005, and 2006 in the FY2004 national defense authorization act (P.L. 108-136). Now that provision has expired, and the normal pay raise, established in Section 1009 of Title 37, U.S.C., is equal to the ECI. The Administration, accordingly, has requested a pay raise equal to the ECI, which, for calendar year 2007, is 2.2%. If approved, that would be the lowest pay raise since 1994. There is considerable sentiment in Congress to provide more.
- **Increased TRICARE fees and copays for under-65 retirees:** There is also considerable sentiment in Congress against the Administration's proposed increases in fees and copays for TRICARE for retirees. The Administration argues, however, that rising medical benefits threaten to drive up military personnel costs substantially, and that concern has gained some traction in Congress.⁵
- **Funding for National Guard and reserve equipment:** Funding for Guard and reserve units has become a more contentious issue in recent years, particularly as states look to National Guard units as the front line in possible homeland defense missions.

⁵ For a full discussion, see CRS Report RS22402, *Increases in Tricare Fees: Background and Options for Congress*, by Richard Best.

- **Adding a representative of the Guard and reserve components to the Joint Chiefs of Staff:** Several Senators have sponsored a bill to establish a 4-star rank reserve officer to serve on the JCS. The services have opposed such a measure.
- **Retiring an aircraft carrier:** The Defense Department wants to reduce the number of deployable aircraft carriers from 12 to 11. Last year, Congress included a provision in the FY2006 defense authorization act to prohibit such a reduction. Senator Warner, the Chairman of the Senate Armed Services Committee, now supports retiring a carrier, but there is still some opposition. The issue may be resolved in action on the pending FY2006 supplemental appropriations bill, if Congress approves a Warner amendment to permit retirement of the *U.S.S. Kennedy* aircraft carrier. If not, the issue may come up in action on the FY2007 defense bills.
- **Halting C-17 production:** The Defense Department has not requested funds for new C-17 cargo aircraft in FY2007, which would end production after 180 aircraft have been produced. The Air Force, however, included in its FY2007 unfunded priorities list (UPL) a proposal for 7 C-17s as replacements for aircraft that may be lost due to excessive wartime use. Some legislators want to keep production lines open for the foreseeable future.
- **B-52, F-117, and U-2 retirements:** The Air Force has proposed cutting the number of active B-52s from 94 to 56 and retiring F-117 stealth attack aircraft and U-2 reconnaissance planes. In the past, Congress has repeatedly rejected Air Force proposals to retire B-52s.
- **Stretching out F-22 procurement:** The Air Force has requested stretching out F-22 production until F-35 procurement begins. The financing mechanism that it has proposed, however, violates long-standing DOD and Office of Management and Budget policy that requires full funding of complete end-items of equipment in annual appropriations for procurement programs. The stretch-out will increase total procurement costs, even though the Air Force wants to negotiate a multi-year contract for the remaining production. In the past, Congress has rejected Air Force proposals that violate the full funding policy, though it has supported incremental funding for more costly Navy ships.⁶
- **Eliminating funds to develop a second engine supplier for the F-35 Joint Strike Fighter:** DOD has proposed eliminating development of an alternate engine for the F-35. This would save about \$1.7 billion in development costs through FY2011, according

⁶ For a full discussion, see CRS Report RL31404, *Defense Procurement: Full Funding Policy — Background, Issues, and Options for Congress*, by Ronald O'Rourke and Stephen Daggett.

to the Air Force,⁷ but it would also eliminate the benefits of ongoing competition between engine producers. Congress has held several hearings on the issue. Even senior DOD officials testifying on the matter have acknowledged being unenthusiastic about the proposal.

- **A new refueling aircraft for the Air Force:** While studies have found that current KC-135 refueling aircraft remain reliable, the Air Force wants a new tanker, arguing that possible corrosion of KC-135 air frames is a danger. Most recently, DOD has approved an initial request for information from industry about tanker options, the first step in acquiring a new aircraft.⁸
- **Long-range, prompt, global strike capabilities:** The Quadrennial Defense Review placed a new, high priority on capabilities to strike targets promptly at long range. In the short term, DOD is proposing to convert several Trident missiles to carry non-nuclear warheads for rapid strike missions. And beginning some time after 2015, DOD is proposing to build a new, long-range strike system, which could be a manned or unmanned bomber.
- **Satellite and other space program acquisition:** For the past several years, Congress has expressed its displeasure with large cost growth and extensive schedule delays in a number of DOD space programs. Congress has cut funds substantially and mandated restructuring of some particular programs, including the Transformational Communications Satellite (TSAT) and Space Radar programs. Press accounts have also reported large changes in the highly classified Future Imagery Architecture program.⁹ The Administration has announced a plan to restructure the TSAT program to rely on less risky technology. The continuing issue for Congress is whether changes in space programs have reduced risk sufficiently and how fast new programs should proceed.
- **Missile defense funding and testing:** Missile defense remains the largest acquisition program in the defense budget. Congress has been reluctant to cut funding in the past, though it has trimmed some programs and defense committees have expressed concern about the testing program. The Missile Defense Agency now deploying ground-based interceptors in Alaska though the deployed system has not been tested as an integrated whole. One issue for Congress may be whether to tie funding to the test program.

⁷ Jon Steinman and Tony Capaccio, "Pentagon Plans To Scrap F-35 Backup Engine, Cut Costs," Bloomberg.com, December 29, 2005.

⁸ Megan Scully, "Air Force Launches Latest Effort To Replace Aging Tankers," *National Journal Congress Daily PM*, April 25, 2006

⁹ Andy Pasztor, "U.S.'s Lofty Plans For Smart Satellites Fall Back To Earth: Big Delays and Cost Overruns Give Washington Pause; Technical Setbacks Loom; Reconsidering 1970s Designs," *Wall Street Journal*, February 11, 2006, pg. 1.

- **Acquisition reform:** Last year, Congress approved a measure intended to improve tracking of cost growth in weapons programs by requiring that the Defense Department report changes compared to original estimates of the costs rather than compared to periodically rebaselined program estimates. The result has been to show a substantial number of acquisition programs with cost growth exceeding or approaching levels that would trigger a program review under the requirements of the Nunn-McCurdy amendment. Last year Congress rejected, however, a requirement that programs with excessive cost growth be reevaluated compared to alternatives.

Congressional Action on Major Issues

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

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

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

The House Budget Committee reported its version of the budget resolution, H.Con.Res. 376, on March 31, but the leadership did not bring the measure to the floor in the face of internal Republican opposition. The committee measure recommends the Administration-requested level of defense spending.

FY2006 National Defense Authorization. The House Armed Services Committee marked up its version of the FY2007 defense authorization bill on May 3, and the Senate Armed Services committee marked up on May 4. When available, total amounts authorized in each version of the bill will be provided in **Table 4**, above. Based on information available from House subcommittee markups the week of April 24 and full committee markup on May 4, highlights of the House markup follow. Information about the Senate markup is available from committee summary released to the press on May 5. Additional details will be added when committee reports are issued.

FY2007 Defense Authorization — Highlights of House Armed Services Committee Markup

Amidst the various detailed matters reported below, a few major points stand out. One is that the committee appears to have put somewhat more emphasis than DOD on maintaining current military capabilities rather than on pursuing long-term defense transformation. This is particularly true where the risk of delays and cost growth in weapons development appears high. The committee seems more inclined to support the current Army modularization program, for example, than to continue investing increasing amounts in the Future Combat System. Similarly, the committee trimmed higher risk missile defense technologies in favor of more immediately deployable systems, and it continued, as it has in past years, to cut funding for satellite programs that may be seen as reaching too far ahead with technologically risky approaches.

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

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

The committee also did not support Administration proposals to rein in the cost of personnel pay and benefits. The committee increased the proposed military pay raise from 2.2% to 2.7%, it rejected a proposal to reduce DOD medical costs by increasing under-65 retiree medical fees and copays, and it expanded reservists' access to the TRICARE medical insurance program.

Finally, the committee slowed down two programs that might be seen to have negative international diplomatic consequences — one to develop a laser that might be used as an anti-satellite weapon and the other a high-profile Administration proposal to convert some Trident missiles to carry conventional (non-nuclear) warheads.

Highlights of committee action include:

- **Ground force end-strength:** The committee bill increases Army end-strength by 30,000 (to 512,400), and Marine Corps end-strength by 5,000 (to 175,000). The bill also authorizes an end-strength of 350,000 for the Army National Guard, 17,000 above the request. End-strength may be a major dispute between Congress and the Administration this year.
- **Pay raise:** The bill provides a pay raise of 2.7% for uniformed personnel, rather than the 2.2% requested.

- **Tricare fees and copays for under-65 retirees:** The bill rejects increases in retiree fees and copays through December 31, 2007 and establishes a task force to consider ways to control DOD medical costs.
- **Tricare for reservists:** The committee added an amendment in full committee markup to expand reservists' access to the military provided Tricare program. Last year, Congress made the program available to reservists who were unemployed or did not have access to employer-provided health insurance.
- **Death gratuity for federal civilian personnel:** The bill provides the same death gratuity for civilian personnel killed in support of a military operation as for uniformed personnel. The FY2006 National Defense Authorization Act (P.L. 109-163) increased the military death gratuity from \$12,000 to \$100,000.
- **Funding for readiness:** The committee objected to cuts in ship steaming days, flying hours, and depot maintenance and shifted \$856 million from other programs to finance increases in these readiness-related activities.
- **Army Future Combat System development:** The committee expressed concern about cost growth, schedule delays, and the long-term affordability of the FCS program, cut \$326 million from the \$3.7 billion requested, and mandated a formal DOD review of program with a go/no go decision to be made by the end of 2008.
- **Army modularization:** The committee expressed concern about the affordability of the Army's program to build a new modular brigade-centered force structure in view of potentially competing costs of the FCS and of resetting the force after Iraq. The committee added funds for M-1 tank and Bradley Fighting Vehicle upgrades, saying that these programs were required to support modularization. It also required the Army to provide a long-term funding profile.
- **Guard and reserve equipment:** The committee added \$318 million for Army National Guard (ARNG) equipment to support its addition of 17,000 to ARNG end-strength.
- **Navy shipbuilding:** The committee added \$400 million in advance procurement to support building two Virginia-class submarines in FY2009, rather than the one now planned. The committee also mandated a submarine fleet of 48 boats, which is what the Navy currently plans. The committee also approved funding for 2 DD(X) destroyers and provided that contracts may be signed simultaneously with two shipyards. Last year, the committee had proposed eliminating the DD(X). Notably, the committee rejected an amendment in the full committee markup by Representative JoAnne Davis to provide advance funding for common long-lead items for

three new aircraft carriers. Though the committee appears to support the Navy's 313 ship plan, it does not seem ready to lock in funding for some aspects of the Navy program.

- **F-22 procurement profile:** The committee rejected the Air Force plan for incremental procurement of the F-22 and added \$1.4 billion in FY2007 (\$2 billion was requested) to cover the full cost of buying 20 complete aircraft.
- **F-35 alternate engine and development concurrency:** The committee rejected the Air Force proposal to halt development of an alternate engine for the F-35 Joint Strike Fighter and added \$408 million for second engine R&D. The committee also trimmed \$241 million from long-lead funding for aircraft to be procured in FY2008, citing excessively concurrent development and procurement in the program.
- **C-17 procurement:** The committee added \$300 million for three C-17s, which would keep production lines open. The committee also required the Air Force to operate at least 299 heavy-lift cargo aircraft. Currently, the Air Force plans to maintain 122 C-5s and 180 C-17s, for a total of 292. So the committee would mandate at least seven more C-17s.
- **B-52 and U-2 retirements:** The committee prohibited any B-52 retirements until a replacement capability is available (which is not planned until some time after 2015) and prohibited retirement of any U-2s unless DOD certifies that the aircraft are not needed to mitigate any reconnaissance gaps identified in the Quadrennial Defense Review.
- **Missile defense:** The committee cut a net total of \$185 million from missile defense R&D. It added \$20 million for ground-based mid-course defense (GMD) testing and \$40 million for Navy ship-based interceptor systems. It cut \$100 million from the boost-phase Kinetic Energy Interceptor (KEI) program, \$56 million for activating a third GMD site in Europe since no site has been agreed to, \$65 million from the multiple kill vehicle program, and \$41 million for a high-altitude airship sensor program. The committee also prohibited expenditure of \$200 million for the GMD program until the system has completed two successful intercept tests. The committee also included a policy provision requiring a report on the purpose, costs, vulnerability, and international diplomatic implications of space-based interceptors.
- **Space systems:** The committee cut \$80 million from the Transformational Communications Satellite (TSAT) program and \$30 million from the Space Radar, reflecting continued congressional concern about technical risks in both programs. The

committee provided \$20 million and established a new office to promote development of new, low-cost, rapidly deployable satellites.

- **Anti-satellite weapons:** The committee included a policy provision that prohibits the use of funds to develop laser space technologies for anti-satellite weapons. This provision may be a response to Air Force development of such capabilities at a laser and optics test facility in New Mexico.¹⁰
- **Trident missile conversion:** The committee included a policy provision requiring consultations with allies about the Quadrennial Defense Review decision to convert Trident missiles to carry conventional warheads.
- **Information technology funding cut:** The committee cut \$341 million from DOD information technology programs, which total \$31 billion, as one means of offsetting increases in other programs.
- **VH-71 Presidential helicopter funding cut:** The committee trimmed \$39 million from the program due to development delays.
- **Department of Energy nuclear weapons programs:** The committee required the Energy Department to submit a report on plans to transform the nuclear weapons production complex and specified a number of policy objectives.
- **Cooperative threat reduction with the former Soviet Union:** The committee cut \$35 million for a U.S. supported Russian system to convert plutonium to non-weapons-grade fuel because of concerns that the system could, in fact, produce more plutonium. And the committee cut another \$115 million from \$290 million requested for another plutonium conversion technology.

FY2007 Defense Authorization — Highlights of Senate Armed Services Committee Markup

The Senate Armed Services Committee marked up its version of the defense authorization, S. 2507, on May 4. The following review of the committee bill is based on the committee press release on the markup. Additional details will be provided when the committee report is issued.

A few themes stand out in the Senate Armed Services Committee markup. One is that the Senate committee approved 30,000 more troops than requested for the Army and 10,000 more for the Marine Corps and also authorized 350,000 troops for the Army National Guard (ARNG), 17,000 above the number for which the Army requested funding. The House committee also approved higher end-strength for

¹⁰ William J. Broad, "Administration Conducting Research Into Laser Weapon," *New York Times*, May 3, 2006.

ground forces. Congress and the Administration may be on a collision course over the issue.

The Senate committee also undertook a number of initiatives to strengthen government-wide capabilities to engage in counter-terrorism and stability operations. One potentially far-reaching initiative is to expand the authority of regional military commanders to train and equip foreign military forces and to provide humanitarian and other assistance to foreign nations. These activities have traditionally been managed by the State Department under legal authorities that include, among other things, human rights conditions.

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

Highlights of the committee markup include:

- **Total funding:** The Committee authorized \$517.7 billion for defense, including \$50.0 billion in emergency funding overseas operations and \$467.7 billion in budget authority for DOD, DOE and other non-emergency programs. The total is \$3.7 billion above the request and above the House authorization.
- **Army and Marine Corps end-strength:** The committee authorized end-strengths of 512,400 for the Army, 30,000 above the request, and of 180,000 for the Marine Corps, 10,000 above the request.
- **Army National Guard end-strength:** The committee also approved an end-strength of 350,000 for the ARNG, 17,000 above the request, and stipulated that, if the Army fails to recruit and retain enough personnel to meet the authorized level, and money saved may be used only to procure ARNG equipment.
- **Military pay raise:** The committee approved the requested pay raise of 2.2% rather than the 2.7% raise the House authorized.
- **Flexibility for DOD to support foreign nations for counter-terrorism operations:** The Senate committee included a number of provisions to allow regional combatant commanders flexibility to use DOD funds to train and equip foreign militaries and to provide humanitarian and reconstruction assistance to foreign governments in support of counter-terrorism operations. The committee also required the President to develop a plan to better coordinate interagency counter-terrorism practices. With the appropriations committees cutting foreign operations funding for the State Department and AID, the Defense Department may, in effect be taking on many roles that the State Department formerly carried on.

- **Detainee treatment:** The committee required an official government-wide coordinated legal opinion on whether specified interrogation techniques constitute cruel and inhuman treatment.
- **Use of armed forces for domestic activities:** The committee proposed amendments to the Insurrection Act that would make it easier for the President to employ the armed forces to respond to domestic emergencies, such as the aftermath of Hurricane Katrina.
- **UAV policy:** The committee directed the Secretary of Defense to develop a comprehensive policy on UAVs and to give UAVs a preference in developing new systems.
- **Navy shipbuilding:** The committee added \$1.5 billion to the shipbuilding request for a total of \$12 billion. Increases include accelerating LPD procurement, increased advance procurement funds for the CVN-21 carrier and the LHA(R) amphibious ship. The committee included \$50 million in advance procurement funding for long-lead items for three new CVN-21-class carriers, a measure that the House committee specifically rejected in a vote in the full committee markup.
- **Permitting a reduction from 12 to 11 deployable aircraft carriers:** The committee bill includes a provision repealing last year's requirement that the Navy maintain 12 deployable carriers. If approved this would allow retirement of the *USS Kennedy*.
- **Continued C-17 production:** As in the House bill, the committee bill rejects the DOD proposal to terminate C-17 production. The Senate bill authorizes funds for 2 aircraft in FY2007 and advance procurement for continued production later.
- **Army Future Combat System (FCS) funding:** As opposed to the House, the Senate committee authorized the full \$3.7 billion requested for FCS development. The committee also, however, required a review of the program, including an independent cost estimate, though not with a view to a go/no go decision, as the House mandated.
- **Readiness:** The committee used the \$50 billion emergency "bridge" fund as a means of adding funds to regular service accounts to correct some readiness-related shortfalls. The committee added \$515 million in the emergency funds, for example, for Navy operations, \$231 million for Army operations, and \$106 million for Marine Corps operations. So, in effect, the committee is ameliorating constraints on the regular service budgets by adding funds for regular military operations to the emergency fund.

- **Acquisition reform:** The committee approved several measures to reform defense acquisition procedures, though none nearly so far-reaching as the House committee measure to recompute projects with excessive cost growth. One Senate committee measure is to align the tenure of program managers with the progress of their programs and another to require that incentive payments be more directly linked to acquisition outcomes.
- **Land exchanges to build buffers around military facilities:** The Defense Department has long been concerned about the encroachment of civilian development on military facilities. The Senate committee approved a measure to allow DOD to exchange excess land for other land that would be a buffer for military sites.
- **Cooperative threat reduction with former Soviet states:** In contrast to the House authorization, the Senate committee made no reductions in the \$1.7 billion requested for Department of Energy nonproliferation programs (which finance plutonium purchases and reprocessing, for example) or the \$372 million for the Department of Defense Cooperative Threat Reduction program.
- **R&D science and technology funding target:** Congress has required that the Defense Department invest 3% of the overall budget in basic science and technology (S&T) R&D programs. DOD has perennially fallen short of that target. The Senate committee included a provision requiring annual growth of 2% per year above inflation in S&T accounts.
- **Missile defense funding:** The Senate committee approved the full \$9.3 billion requested for Missile Defense Agency (MDA) R&D programs (see **Table A2** for details of the request), but, like the House, shifted funds away from longer-term, more risky programs to near term projects. The committee added \$200 million for Ground-based Midcourse Defense (GMD) flight testing and \$100 million for the Navy interceptor system. It cut \$200 million from the \$406 million requested for the boost-phase Kinetic Energy Interceptor.
- **Space systems:** The committee expressed support for DOD's restructuring of the Transformational Communications Satellite (TSAT) program, but trimmed \$70 million from the program (a 7% cut) saying that it could not be executed. The committee also cut \$66 million from the Space Radar program and expressed concern about the lack of a cost sharing agreement with the intelligence community.
- **Long-range strike/Trident missile conventional warhead:** The committee expressed support for DOD's plan to develop prompt global strike capabilities, and provided the full \$127 million requested to convert Trident missiles to carry non-nuclear warheads.

But, like the House committee, the Senate committee was concerned about the international diplomatic issues and prohibited expenditure of more than \$32 million on conversion until the Secretary of Defense, after consulting with the Secretary of State, provides a report on the matters at issue.

- **B-52 retirements:** The committee prohibited retirement of B-52 bombers until the Air Force reports on force requirements.
- **F-35 Joint Striker Fighter alternative engine:** Like the House, the Senate committee added \$400 million to continue development of an alternate second engine for the F-35.
- **F-35 schedule delays:** The committee also cut \$1.2 billion from F 35 development funds due to schedule delays.
- **F-22 funding:** Like the House, the Senate committee rejected the Air Force plan to stretch out F-22 production and to provide funding incrementally rather than financing the full cost of deployable aircraft in the year for which funding is requested. The committee added \$1.4 billion for full funding for the requested F-22s.

For Additional Reading

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix A: Additional Tables

Table A1. Proposed National Defense Funding, FY2007-FY2011
(budget authority in millions of dollars)

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

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

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

PE Number and Title	FY2007	FY2008	FY2009	FY2010	FY2011	Total FY07-11
Missile Defense Agency (MDA) RDT&E						
0603175C Ballistic Missile Defense Technology	207	183	214	223	228	1,055
0603881C Ballistic Missile Defense Terminal Defense Segment	1,038	904	682	754	469	3,847
0603882C Ballistic Missile Defense Midcourse Defense Segment	2,877	2,650	2,397	2,148	1,685	11,758
0603883C Ballistic Missile Defense Boost Defense Segment	632	577	456	457	687	2,809
0603884C Ballistic Missile Defense Sensors	515	589	647	326	220	2,298
0603886C Ballistic Missile Defense System Interceptors	406	425	895	1,202	1,675	4,603
0603888C Ballistic Missile Defense Test and Targets (includes MILCON)	600	595	629	635	656	3,114
0603889C Ballistic Missile Defense Products	507	506	510	507	513	2,542
0603890C Ballistic Missile Defense System Core	473	501	524	555	573	2,626
0603891C Special Programs - MDA	375	715	630	725	695	3,140
0603892C Ballistic Missile Defense Aegis	1,032	952	980	973	799	4,736
0603893C Space Tracking & Surveillance System	391	427	772	958	885	3,433
0603894C Multiple Kill Vehicle	165	286	357	413	505	1,726
0603895C BMD System Space Program	-	45	151	167	207	570
0901598C/ 0901585C Management Headquarters / PRMRF	103	93	92	75	75	438
0207998C Base Realignment and Closure (BRAC)	-	85	19	3	-	107
Total Missile Defense Agency R&D	9,318	9,536	9,956	10,121	9,873	48,803
RDT&E Army						
0604869A PATRIOT/MEADS Combined Aggregate Program	330	460	517	592	422	2,320
0203801A PATRIOT Product Improvement Program	11	11	11	12	13	58
RDT&E The Joint Staff						
0605126J Joint Theater Air and Missile Defense Organization	52	54	55	56	58	275
Total Army, Joint Staff R&D	393	524	583	660	492	2,653
Procurement Army						
PATRIOT PAC-3	489	473	479	0	0	1,441
PATRIOT/MEADS Combined Aggregate Program	0	90	65	430	674	1,259
PATRIOT Modifications	70	77	50	54	56	307
Subtotal, Army Procurement	559	639	594	484	731	3,007

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

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