



FY2019 National Defense Authorization Act: An Overview of H.R. 5515, as Reported

The FY2019 National Defense Authorization Act approved by the House Armed Services Committee in the early hours of May 10, 2018, is closely aligned to President Trump’s FY2019 DOD budget request. The bill (H.R. 5515) would authorize discretionary appropriations totaling \$708.1 billion for national defense-related activities of the Department of Defense (DOD) and other federal agencies.

As reported by the House committee, H.R. 5515 would authorize \$16.0 billion more than the \$692.1 billion authorized by the FY2018 NDAA (P.L. 115-91) and \$1.2 million less than the Administration requested for national defense-related programs. (See **Table 1.**)

Of the total that the FY2019 bill would authorize, \$639.1 billion is identified as funding so-called *base budget* activities: activities that DOD and other national defense-related agencies would pursue even if U.S. forces were not engaged in operations in Afghanistan, Iraq, Syria and elsewhere. The bill also would authorize additional DOD appropriations totaling \$69.0 billion—to be designated as funding for *Overseas Contingency Operations* (OCO)—that would cover the incremental cost of those ongoing operations in the Middle East as well as any other costs that Congress and the President agree to designate as OCO.

In Line with Revised Spending Cap

As reported by the House committee, H.R. 5515 is consistent with the spending limits (or caps) on national defense programs originally established by the Budget Control Act of 2011 (BCA; P.L. 112-25) and amended most recently by the Bipartisan Budget Act of 2018 (BBA; P.L. 115-123). The cap applies to discretionary base budget

appropriations for military programs of DOD, defense-related atomic energy programs of the Energy Department, and other defense-related programs, such as the FBI’s counter-intelligence operations.

The FY2019 national defense cap is \$647.0 billion. However, that cap covers programs that fall outside the scope of the NDAA, such as counter-intelligence operations of the FBI, for which the Administration requested a total of \$8.0 billion. Thus, the portion of the national defense spending cap applicable to spending authorized by the NDAA is \$639.1 billion—the amount that H.R. 5515 would authorize.

Base Budget, OCO Transfers

Despite the near parity between the Administration request and H.R. 5515 in terms of the total FY2019 authorization amounts, the bill would shift amounts totaling approximately \$5.0 billion either from the base budget to OCO or vice-versa.

The bill would authorize as part of the base budget \$2.7 billion that had been requested as OCO funding for the European Deterrence Initiative (EDI). All told, the Administration requested \$6.5 billion in FY2019 for the EDI, which is a series of moves intended to beef up U.S. combat power in Europe in response to ominous Russian actions, including the occupation of the Crimea.

Largely offsetting that shift from OCO to base budget was the bill’s assignment of the OCO designation to authorizations for Operation and Maintenance (O&M) funds totaling \$2.3 billion, funds the Administration had included in its request for base budget authorization.

Table 1. National Defense Authorizations
(amounts in billions of dollars of discretionary budget authority)

National Defense Budget (Budget Sub-function)	2018 Enacted NDAA (P.L. 115-91)	FY2019 Request	FY2019 Reported H.R. 5515	\$ Difference (FY18 Enacted/ FY19 Reported)	% Difference (FY18 Enacted/ FY19 Reported)
DOD-Military (051)	605.5	617.1	616.7	+11.2	+1.8%
Atomic Energy Defense Activities (053)	20.6	21.8	22.1	+1.5	+7.3%
Defense-Related Activities (054)	0.3	0.2	0.3	+0.0	+0.0%
Subtotal (Base Budget)	626.4	639.1	639.1	+12.7	+2.0%
Overseas Contingency Operations (OCO)	65.7	69.0	69.0	+3.3	+5.0%
Total (Base + OCO)	692.1	708.1	708.1	+16.0	+2.3%

Sources: FY2018 data from H.Rept. 115-404, *Conference Report to Accompany H.R. 2810, the National Defense Authorization Act for FY2018*; FY2019 data from draft *Report of the House Armed Services Committee to Accompany H.R. 5515, the National Defense Authorization Act for FY2019*, accessed at <https://rules.house.gov/sites/republicans.rules.house.gov/files/CRPT-115HRPT-676.pdf>.

Add-ons and Offsets

Apart from those amounts the bill would shift between the base budget and OCO, H.R. 5515 would make dozens of additions to individual authorization requests with a total value of more than \$9 billion. Those additions include: a total of \$2.5 billion for shipbuilding programs, \$812 million for repair and renovation of facilities, \$584 million for unspecified improvements in combat readiness, and \$452 million for equipment to be given to units of the National Guard and reserve components.

However, the total amount authorized by the bill is \$1.2 billion less than was requested because those increases are more than offset by over \$9 billion worth of decreases, most of which, the House committee asserts, should have no adverse impact on DOD operations. These proposed reductions include:

- \$3.1 billion that, according to the Armed Services Committee, could be made up for by funds appropriated in previous budgets but not spent.
- \$2.5 billion that the committee deemed unnecessary because of cost increases (compared with prior budgets) that had not been justified or because the request did not take account of various savings that should be realized.
- \$1.7 billion that duplicated the purpose of funds Congress had added to the Administration's DOD budget request in the FY2018 Omnibus Appropriations Act (P.L. 115-141).
- \$650 million that can be trimmed from the request for overseas operations because of the declining value of some foreign currencies compared with the dollar.

Selected Highlights

- **2.6% Military Pay Raise.** The bill would authorize funding for a 2.6% military pay raise, the same percentage as the President's budget request. This would be the largest military pay raise since 2010, and matches private-sector wage growth as measured by the Labor Department's Employment Cost Index (ECI).
- **End-Strength Increase.** It would authorize, as requested, an increase in the active-duty force of 15,600 personnel, bringing the total to 1,338,100.
- **Pilot Shortage.** Citing Air Force testimony that the service has 1,800 fewer pilots than required, the committee report directed the service to evaluate whether it assigns too many pilots to non-flying jobs.
- **Reports on Leader Misconduct.** Section 526 of the bill would require the publication on a public website of redacted reports of substantiated investigations of misconduct by officers in the rank of brigadier general (or rear admiral) or above.
- **Pacific Ship Collisions Response.** Several provisions of the bill respond to two ship collisions involving Pacific Fleet destroyers that resulted in the deaths of 17 U.S. sailors. Section 905 of the bill would require the Navy to designate one commander to ensure the combat readiness of all Navy ships, wherever they are stationed. Section 321 would require that Navy ships be subject to "no notice" inspections. Section 323 would limit to 10 years the time that a ship could be based outside the United States.

- **Fourth Estate.** The bill would require DOD, by the end of 2020, to cut by 25% the cost of several administrative agencies—sometimes referred to as the Pentagon's *Fourth Estate*—that are responsible for logistics, human resources, and real property management, DOD-wide. In the same vein, the bill would authorize for those agencies \$443.5 million less than the administration requested for FY2019—a reduction of about 5% from the request.
- **F-35s.** As requested, the bill would authorize \$10.7 billion to purchase 77 F-35 Joint Strike Fighters, and \$893 million in R&D funding for new software and other improvements slated for incorporation into F-35s purchased in future years. However, the bill would bar the use of 25% of the R&D funds until DOD gives Congress a detailed schedule and cost estimate for the improvement program.
- **JSTARS replacement.** The House committee objected to the Air Force's change of plans for its aging fleet of JSTARS surveillance planes—converted jetliners with ground-scanning radar. In its FY19 budget request, the service dropped an initial plan to field a new fleet of radar-bearing aircraft, opting instead to replace JSTARS with a network of other sensors. The committee insisted that the service continue developing the replacement aircraft and authorized \$623 million for that purpose.
- **Low-Yield Nuclear Warhead.** The bill would authorize, as requested, \$65 million to develop a low-yield warhead for a submarine-launched ballistic missile, consistent with a recommendation in the Trump Administration's Nuclear Posture Review.
- **Missile Defense.** For missile defense, the bill would authorize \$486 million more than the Administration requested, with \$175 million of the addition intended to integrate THAAD and Patriot missile batteries in South Korea. The overall missile defense increase is more than offset by reductions to the request totaling \$524 million. Of the amounts cut, \$425 million was requested for activities Congress had funded in the FY2018 appropriations bill.
- **Shipbuilding Acceleration.** The bill would authorize \$23.7 billion for Navy shipbuilding, an increase of nearly \$1.9 billion over the President's request. In addition to approving the 10 major vessels requested, the bill would authorize two Littoral Combat Ships (LCSs) and components that would be used in two attack submarines to be requested in future budgets.
- **ZTE Ban.** Section 880 of the bill would bar DOD procurement of telecommunications equipment or services from two companies linked to the government of China: Huawei Technologies Company and ZTE Corporation.
- **Military Parade.** The bill would authorize the Secretary of Defense to carry out a parade in Washington, DC, honoring veterans, but would bar the use motorized vehicles, aircraft, or operational units if doing so would undermine readiness.

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