

Staff Contact: Russ Vought, x68581

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Policy Brief..... FY2005 Defense Appropriations Conference Report

BY THE NUMBERS:

Budget Authority in Millions of Dollars

| | FY '04 Enacted | FY '05 Request | FY '05 House Bill | FY '05 Senate Bill | FY '05 Conference |
|--|---------------------------|---------------------------|------------------------------|-------------------------------|------------------------------|
| Appropriations | 368,183 | 392,586 | 390,931 | 383,773 | 390,914 |
| Emergency Appropriations | 64,706 | 0 | 0 | 7,158 | 0 |
| | New FY'04 | | | | |
| New Emergency Appropriations | 27,656 | 25,000 | 25,000 | 25,000 | 0 |
| New Fire Fighting | 500 | 0 | 0 | 0 | 0 |
| Grand Total | 461,045 | 417,586 | 415,931 | 415,931 | 390,914 |

Note: In total, the bill contains \$419 billion -- \$28 billion in FY04 and \$391 billion in FY05.

Excluding Supplemental Spending, the Conference Report is:

- \$22.7 billion or 6.2% above last year;
- \$1.67 billion or 0.4% below the request;
- \$17 million or 0.0% below the House-passed bill; and
- \$7.14 billion or 1.8% above the Senate-passed bill.

Including FY04 Supplemental Spending*, the bill is:

- \$70.1 billion or 15.2% below last year;
- \$1.67 billion or 0.4% below the request;
- \$17 million or 0.0% below the House-passed bill.
- \$17 million or 0.0% below the Senate-passed bill.

*Assumes that the \$25 billion in Iraq and Afghanistan supplemental spending is provided albeit in a prior year.

H.R. 4613 is within the FY05 302(b) allocation for the Defense Appropriations Subcommittee. It includes \$27.7 billion in FY04 emergency spending and \$500 million in spending that is not declared an emergency. **As a result, H.R. 4613 violates 302(f) of the Budget Act and would be subject to a point of order (that the rule is expected to waive). See below for more information.**

DISCUSSION OF COMPLIANCE WITH THE BUDGET RESOLUTION:

H.R. 4613 provides \$390.9 billion in FY05 spending – an amount within the Defense Appropriations Subcommittee’s 302(b) allocation. Thus, the FY05 portion of the bill complies with the FY05 budget resolution (S. Con. Res. 95). However, H.R. 4613 violates both the letter of the Budget Act and the principle of the FY04 budget resolution for the amount of FY04 spending it provides.

The bill provides \$28.2 billion in FY04 spending. (1) Of this amount, \$27.7 billion is declared an emergency and therefore exempt from any spending limits. The President had requested \$25 billion in FY05 supplemental spending for the war in Iraq and Afghanistan. This supplemental spending was included in both the House and Senate-passed FY05 defense appropriations bills as FY05 spending. H.R. 4613 makes this funding immediately available by declaring it FY04 spending (instead of having to wait till the start of FY05).

Of the remaining \$2.7 billion in FY04 emergency spending, the bill repeals \$1.8 billion in rescissions that was included in last year’s omnibus bill in order to meet the FY04 spending levels – these rescissions were to come from either one-time spending appropriated immediately after September 11th that had never been spent or low-priority Pentagon spending at the discretion of the Secretary. This rescission was arguably a questionable offset at the time given that it offset reoccurring nondefense spending with one-time emergency spending. However, by repealing this offset so that more funds can be spent, it means that the FY04 spending levels are breached by an additional \$1.8 billion. The rest of the FY04 emergency spending -- roughly \$780 million – is largely for State Department activities in Iraq (including security), \$95 million for Sudan, and other items such as \$50 million to provide security at the upcoming political conventions.

(2) \$500 million in FY04 spending is also provided to fight wildfires that is not declared an emergency (and therefore not exempt from spending limits). The need for it was recognized during the FY05 budget process, and money was allotted for it. The House-passed FY05 Interior appropriations bill already included \$500 million for wildfires in FY04. Apparently in order to make the funds available sooner, the Appropriations Committee has shifted this \$500 million FY04 wildfire funds to the defense appropriations bill (still counting it as FY04). As a result of this shift, this funding causes a violation of the Defense Appropriations Subcommittee’s FY04 302(b) allocation. Therefore, H.R. 4613 violates the letter of the Budget Act, and 302(f) makes the bill subject to a point of order (it is expected this point of order will be waived by the rule).

EARMARKS INCLUDED IN THE BILL TEXT:

- Outdoor Odyssey, Roaring Run, Pennsylvania (support Youth Development and Leadership and DOD Starbase program): \$500,000
- Intrepid Sea-Air-Space Foundation: \$5 million
- Presidio Trust (for renovations to a parade field): \$1.9 million
- Fort Ticonderoga Association: \$1 million
- Military Aviation Museum of the Pacific: \$8.5 million

- Wings of Liberty Military Museum: \$10 million
- Galena IDEA Distance Learning Program: \$5 million
- Wing Luke Asian Museum: \$1.5 million
- Center for Applied Science and Engineering: \$8 million
- Women in Military Service for America Memorial Foundation: \$1 million
- American Red Cross Greater Alleghenies Blood Services Center: \$2 million
- Clarksville-Montgomery County School System: \$4 million
- National Museum of Cavalry and Armor (Fort Knox): \$1 million

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