



July 8, 2003

Policy Brief.....H.R. 2658 --Fiscal Year 2004 Defense Appropriations

BY THE NUMBERS:

Budget Authority in Millions of Dollars

	FY '03 Enacted	FY '04 Request	FY '04 House Bill
Appropriations	354,362	371,698	368,662
Additional Funding in Omnibus	10,000	NA	NA
<i>Subtotal Regular Funding</i>	<i>364,362</i>	<i>371,698</i>	<i>368,662</i>
Emergency Appropriations	62,350	NA	NA
Rescissions in FY 04 Bill ¹	-2,139	NA	NA
Grand Total	424,573	371,698	368,662

¹ The FY 04 Committee bill rescinds \$2 billion from the recent Iraq War Supplemental (Iraq Freedom Fund Account) and an additional \$139.35 million from other previously funded accounts -- primarily for procurement (see Section 8049 of the Bill).

Excluding Emergency Spending & Rescissions, but Including the Omnibus Funds, the Committee Bill is:

- \$4.3 billion or 1.2% above last year, and
- \$3.0 billion or 0.8% below the request.

Including Emergency Spending & Rescissions, the Committee Bill is:

- \$55.9 billion or 13.2% below last year.

FROM THE BUDGET COMMITTEE:

Cost: In providing \$368.7 billion for programs in the defense category, this measure is equal to the 302(b) suballocation for budget authority, and \$521 million below its suballocation for outlays. The bill rescinds \$2 billion in budget authority from the fiscal year 2003 Wartime Supplemental (Public Law 108-11), with outlay savings of \$1.274 billion.

Budget Act: This measure will comply with the 302(b) allocations approved by the Appropriations Committee, and hence will not be subject to a point of order under section 302(f) of the Budget Act. The measure includes no advance appropriations, and no spending designated as an emergency.

Earmarks Included in the Bill Text:

- Park and conference center at the former Fort Baker in San Francisco: \$2.5 million (funding has been provided in past years for this project)
- Florida Memorial College (funding minority aviation training): \$750,000 (this same earmark was in last year's enacted bill)
- Outdoor Odyssey, Roaring Run, Pennsylvania (support Youth Development and Leadership and DOD STARBASE program): \$500,000 (last year's enacted bill earmarked \$750,000 for this project)
- Fisher House Foundation, Inc. (meet needs of military family members when confronted with illness or hospitalization of eligible military beneficiary): \$2 million (received \$1.7 million in last year's enacted bill).
- Center for Military Recruitment, Assessment and Veterans Employment (non-profit labor-management co-op): \$5.5 million (received \$3.4 million in last year's enacted bill)
- American Red Cross for Armed Forces Emergency Services: \$4 million (received \$2.8 million in last year's enacted bill).
- Intrepid Sea-Air-Space Foundation: \$2.5 million (received \$2.5 million in last year's enacted bill)
- \$20 million for the Silver Valley Unified School District in Silver City, CA for the purpose of school construction at Fort Irwin, CA.
- Of the \$1.533 billion provided for Chemical Agents and Munitions Destruction, Army, \$88.5 million is set aside to assist state and local governments

Language of Note:

Agreements with NATO Nations Regarding U.S. Installations -- Permits hereafter the Secretary of Defense to enter into agreements with NATO nations to establish a separate account into which the nation may deposit residual value amounts negotiated with the return of U.S. military installations. The funds may be used for specified projects in that nation.

Competition Between DOD Depot Maintenance Activities & Private Firms – Provides that hereafter DOD may acquire the modification, depot maintenance, and repair of aircraft vehicles and vessels, as well as production of components and other Defense-related articles, through competition with private firms. Requires consideration of direct and indirect costs. Provides that OMB circular A-76 shall not apply to competition undertaken under this authority.

Closures of Naval Station Roosevelt Roads in Puerto Rico – Requires closure of the station within 6 months

Total Information Awareness -- In the FY2004 DOD Appropriations bill, the limitation on the *deployment* of the Total Information Awareness Program (otherwise known as TIPS, and now officially known as the Terrorism Information Awareness Program) is identical to such language included in the FY2003 Omnibus. Specifically, no element of the federal government may deploy or implement any part of TIPS until the Secretary of Defense: 1) notifies Congress of each component intended for deployment and of the methods for and scope of such deployment;

and 2) receives a specific authorization from Congress for such deployment (including authorizing and appropriating language). This limitation on deployment of TIPS would **not** apply to a deployment in relation to military or foreign intelligence operations conducted outside the U.S. or wholly against non-U.S. citizens.

The language in the Omnibus (which does not appear in the FY2004 bill) also included a total prohibition on TIPS until the specified report (detailing the uses and methods for TIPS) was submitted to Congress within 90 days of enactment OR the President certified that the cessation of TIPS would endanger American national security. The Omnibus also included a sense of Congress that TIPS should not be used to conduct activities against U.S. citizens without appropriate consultation with Congress or without clear adherence to principles protecting privacy and civil liberties.

FUNDING SUMMARIES:

Dollars in Thousands

	FY 2003 Enacted	FY 2004 Request	FY 2004 House	Hs Vs. FY 2003	Hs Vs. Request
Military Personnel, Total.....	93,577,552	98,944,264	98,283,064	5.03%	-0.67%
Operation and Maintenance, Total.....	114,714,258	116,952,324	115,295,894	0.51%	-1.42%
<i>Environmental Restoration</i>	1,312,221	1,273,178	1,281,928	-2.31%	0.69%
<i>Overseas Humanitarian Aid</i>	58,400	59,000	59,000	1.03%	0.00%
<i>Former Soviet Union Threat Reduction</i>	416,700	450,800	450,800	8.18%	0.00%
<i>Contract Savings</i>	-850,000	0	-172,500	-79.71%	
<i>IT Cost Growth</i>	-400,000	0	-320,000	-20.00%	
<i>Travel Cost Growth</i>	-59,260	0	0	-100.00%	
<i>Revised Econ Assumption</i>	-1,674,000	0	0	-100.00%	
<i>Working Capital Funds Cash Balance</i>	-120,000	0	-539,000	349.17%	
<i>Working Capital Funds Excess Carryover</i>	-48,000	0	-67,000	39.58%	
<i>Transportation Working Capital Fund</i>	0	0	-600,000		
<i>Excess Foreign Currency Cash Balance</i>	-338,000	0	0	-100.00%	
<i>Gov't Purchase Card</i>	-97,000	0	0	-100.00%	
<i>Contract Savings</i>	0	0	-294,000		
Procurement, Total.....	71,518,217	72,721,026	73,748,521	3.12%	1.41%
Research, Development, Test, and Evaluation, Total.....	58,208,460	61,826,654	64,614,230	11.00%	4.51%
<i>Reduction for FFRDCs</i>	-74,200		-74,200	0.00%	#DIV/0!
Defense Health Program.....	14,843,542	15,270,509	15,613,159	5.18%	2.24%
Drug Interdiction.....	881,907	817,371	817,371	-7.32%	0.00%