



APPROPRIATIONS ALERT

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DEFENSE APPROPRIATIONS SAVING THE MOST IMPORTANT FOR LAST House Amendment to H.R. 3326

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The most important responsibility of the Federal Government is ensuring the Nation’s security. Yet the House delayed the Defense appropriations bill until nearly 3 months after the start of the fiscal year – even as the President is sending 30,000 more troops into harm’s way. The Defense bill – the twelfth and final appropriations conference report to be brought to the floor – provides \$636.4 billion in discretionary budget authority [BA] primarily to the Department of Defense [DoD], including \$128.3 billion to support “overseas contingency operations” in Iraq and Afghanistan. Despite the President’s assurances to the contrary last February, when he submitted his budget outline, amounts provided by this bill will not be sufficient to fund the Department’s operations through the year, and a supplemental spending bill will be needed in 2010.

The bill represents a 3.9-percent increase in base DoD spending over the 2009 enacted non-emergency level, compared with a 12-percent increase for nondefense discretionary spending. The conference report cuts the President’s request for DoD by \$3.4 billion.

In addition to the spending noted above, the amendment uses Defense appropriations to provide temporary extensions to entitlement programs unrelated to the Pentagon, but in response to continued economic troubles. These provisions, in Division B of the amendment, will increase the deficit by \$18.6 billion over the ten year budget window.

Table 1: Defense Appropriations
(discretionary dollars in millions)

	2009 Enacted	2010 Request	302 (b) for 2010	H.R. 3326
Budget Authority	489,025	511,540	—	508,122
Outlays	553,479	554,736	—	550,892
War Funding Budget Authority	147,638	128,602	—	128,252
Outlays	71,453	95,325	—	96,288
Total Budget Authority	636,663	640,142	636,293	636,374
Total Outlays	624,932	648,261	648,367	647,180

BUDGET ACT COMPLIANCE

As reported, the bill (H.R. 3326) exceeds its section 302(b) suballocation by \$81 million and does not comply with section 302(f) of the Congressional Budget Act of 1974. The Chairman of the Budget Committee has provided an adjustment of \$128.3 billion in BA and \$68.1 billion in budget year outlays to reflect funding for overseas contingency operation war funding, as

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permitted by section 422(a)(1) of the fiscal year 2010 budget resolution (S.Con.Res 13). While no longer technically designated as “emergency” funding, the overseas contingency funding is added to the 302(b) subcommittee allocation. The bill does not comply with its 302(b) allocation for either BA or outlays.

DETAIL

Division A

Key elements of the defense portion of the bill include the following:

- *Military Personnel.* The bill provides \$134.9 billion in non-war funding for the military personnel accounts that pay U.S. troops. This is an increase of \$8.2 billion above the enacted level, and is \$1.1 billion below the President’s request. While reducing funding for military personnel, the bill increases costs by granting a military pay raise of 3.4 percent – which is 0.5 percent higher than the President’s request. The bill separately provides \$15 billion in additional military personnel funding to support overseas contingency operations.
- *Operation and Maintenance.* H.R. 3326 provides \$184.5 billion in base funding to the Department of Defense for its operating accounts, including the Defense Health Program. These accounts are used for operating and maintaining DoD facilities and weapons systems and equipment, as well as providing for training, fuel, flying hours, and steaming hours. The bill is \$1.2 billion below the President’s request and is \$5.4 billion higher than the 2009 enacted non-emergency level. The bill also provides \$87.7 billion for overseas contingency operation war funding, in addition to the level above.
- *Investment.* The Procurement and Research, Development, Test, and Evaluation [RDT&E] accounts receive \$184.9 billion to design and purchase new weapon systems. This is \$3.7 billion above the enacted level and \$1.2 billion below the President’s request for these accounts. The bill also includes slightly more than \$25 billion for overseas contingency war funding for the investment accounts, in addition to the level above.

Table 2: Defense Appropriations
(discretionary budget authority in millions of dollars, excludes emergencies and war funding)

	2009 Enacted	2010 Request	2010 Conference	2010 Conf. minus Reqst.	% Change Reqst./Conf.	% Change 2009/Conf.
Military Personnel	124,868	135,972	134,878	-1,094	-1%	8%
Operation and Maintenance	179,104	185,713	184,468	1,245	-1%	3%
Procurement	101,692	107,427	104,815	-2,612	-2%	3%
Research, Dev., Test, & Evaluation	79,492	78,635	80,096	1,426	2%	1%
Revolving and Management Funds	3,156	3,120	3,119	-1	0%	-1%
Allowances	0	0	34	34	-	-
Other Independent Agencies	47	0	4	4	-	-91%
Intelligence Comm. Mnmgmt. Account	666	673	708	35	5%	6%
Total	489,025	511,540	508,122	-3,418	-1%	4%

Division B

As noted above, this section of the amendment acts to temporarily extend nine programs that are not subject to annual appropriations, under an “emergency” designation. Whatever the value of these 2-month extensions, they do not belong on the Defense appropriations bill.

Table 3: Breakdown of Emergency Nondefense Provisions in DoD Appropriations Bill
(outlays in billions of dollars)

	2010	2010-19
<u>Division B Spending Effects</u>		
Section 1002 – SNAP	0.28	0.4
Section 1003 – Satellite License Extension	0	0.003
Section 1006 – SBA Provisions	0.071	0.125
Section 1009 – Unemployment Compensation	11.4	11.4
Section 1010 – COBRA (2-month extension)	0.26	0.26
Section 1011 – Physician Payments ('doc fix') (2-month delay)	1.24	0
Section 1012 – Poverty Guidelines	0.02	0.02
Section 1013 – DTV Rescission	0	0
Subtotal: Division B Spending	13.2	12.2
<u>Division B Revenue Effects</u>		
Section 1003 – Satellite License Extension	0.003	0.003
Section 1009 – Unemployment Compensation	0	-0.1
Section 1010 – COBRA	-4.3	-6.3
Subtotal: Division B Revenue Effects	-4.5	-6.4
Total: Net Deficit Impact of Emergency Nondefense Provisions	17.7	18.6

This document was prepared by the Republican staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of individual committee members.