



July 21, 2004

Highlights of the Conference Report to Accompany H.R. 4613, the Department of Defense Appropriations Act for FY 2005

The Conference Report, H. Rept. 108-622, was filed on July 20, 2004.

Noteworthy

- The Conference Report provides \$416.2 billion in new discretionary authority for the Department of Defense. Excluding the FY04 Iraq Supplemental and the FY05 Emergency Wartime Appropriation, this is an increase of \$22.5 billion over the FY04 enacted level.
- The Conference Report provides a \$25 billion Emergency Wartime Appropriation requested by the President for costs associated with the operations in Iraq and Afghanistan. These funds are available upon enactment, and may only be used for operations in Iraq and Afghanistan.
- The Conference Report provides funding to increase Army end strength by 20,000 soldiers. The bill funds overall Department of Defense end strength of 2,263,900.
- The Conference Report provides a 3.5 percent, across-the-board pay raise for military personnel.
- The Conference Report sets the discretionary spending cap for all FY05 appropriations bills at \$821.9 billion, which provides budget points of order protections for these bills.
- The Conference Report provides \$500 million in emergency funds for fighting wildfires and \$95 million for humanitarian aid in the Darfur Region of the Sudan.
- The House was expected to take up the conference report to H.R. 4613 on Thursday and the Senate likely will take up the bill later in the day.

Highlights

	FY04 Enacted Level	FY05 Senate- Passed	Conference
Title I – Military Personnel	\$98.4 billion	\$103.9 billion	\$103.7 billion
Title II – Operation and Maintenance	\$115.9 billion	\$121.4 billion	\$121 billion
Title III – Procurement	\$73.5 billion	\$76.5 billion	\$77.7 billion
Title IV – Research, Development, Test and Evaluation	\$65.2 billion	\$68.8 billion	\$69.9 billion
Title V – Revolving and Management Funds	\$2.7 billion	\$2.1 billion	\$2.4 billion
Title VI – Other Department of Defense Programs	\$18.2 billion	\$20.6 billion	\$20.7 billion
Title VII – Related Agencies	\$427.9 million	\$566.7 million	\$557.9 million
Title VIII – General Provisions	(\$6.9 billion)	(\$2.6 billion)	(\$4.8 billion)
Title IX – Emergency Wartime Appropriation	\$0	\$25 billion	\$25 billion
TOTAL	\$367.5 billion	\$416.2 billion	\$416.2 billion

Bill Provisions

Title I – Military Personnel

Conference Report: Title I provides \$103.7 billion for the Department’s Military Personnel.

Senate-Passed Bill: Title I provided \$103.9 billion for the Department’s Military Personnel, which was nearly \$1 billion below the Administration’s request, but \$5.4 billion above the FY04 enacted level.

Title II – Operation and Maintenance

Conference Report: Title II provides \$121 billion for Operation and Maintenance.

Senate-Passed Bill: Title II provided \$121.4 billion for Operation and Maintenance, which was \$464 million below the Administration’s request, but \$5.5 billion above the FY04 enacted level.

Significant spending accounts include:

- **Overseas Contingency Operations Transfer Account:**

Conference Report: Provides \$10 million for overseas contingency operations.

Senate-Passed Bill: Provided \$30 million for overseas contingency operations, which fully funded the Administration's request, and was \$25 million above the FY04 enacted level.

Title III – Procurement

Conference Report: Title III provides \$77.7 billion for Procurement.

Senate-Passed Bill: Title III provided \$76.5 billion for Procurement, which was \$1.9 billion above the Administration's request, and \$3 billion above the FY04 enacted level.

Significant spending accounts include:

- **Aircraft:**

Conference Report: Provides \$2.9 billion for **Army** procurement; \$8.9 billion for **Navy** procurement; and \$13.6 billion for **Air Force** procurement.

Senate-Passed Bill: Provided \$2.6 billion for **Army** procurement, which fully funded the Administration's request, and was nearly \$500 million above the FY04 enacted level. Provided \$8.9 billion for **Navy** procurement, which was \$131.5 million above the Administration's request, but \$211 million below the FY04 enacted level. Provided \$13.5 billion for **Air Force** procurement, which is \$380 million above the Administration's request, and nearly \$1.5 billion above the FY04 enacted level.

- **Weapons/Missiles:**

Conference Report: Provides \$1.3 billion for **Army** procurement; \$2.1 billion for **Navy** procurement; and \$4.5 billion for **Air Force** procurement.

Senate-Passed Bill: Provided \$1.4 billion for **Army** procurement, which was \$20 million below the Administration's request, and \$100 million below the FY04 enacted level. Provided \$2.2 billion for **Navy** procurement, which was \$121 million above the Administration's request, and \$127 million above the FY04 enacted level. Provided \$4.6 billion for **Air Force** procurement, which was \$110 million below the Administration's request, but more than \$444 million above the FY04 enacted level.

- **Ammunition:**

Conference Report: Provides \$1.6 billion for **Army** procurement; \$888 million for **Navy** procurement; and \$1.3 billion for **Air Force** procurement.

Senate-Passed Bill: Provided \$1.6 billion for **Army** procurement, which was \$50 million above the Administration's request, and \$220 million above the FY04 enacted level. Provided \$881 million for **Navy** procurement, which was \$23 million above the Administration's request, but \$54 million below the FY04 enacted level. Provided \$1.3 billion for **Air Force** procurement, which was \$43 million below the Administration's request, but \$91 million above the FY04 enacted level.

- **Shipbuilding and Conversion, Navy:**

Conference Report: Provides \$10.4 billion for Navy shipbuilding procurement.

- Including funds for Navy Shipbuilding Research and Development, the Conference Report provides a total of \$11.1 billion for shipbuilding programs, an increase of \$240 million over the budget request. The Conference Report fully funds amounts requested for fiscal year 2005 production ships, including one Virginia-class submarine, three DDG-51 destroyers, one LPD-17, and two T-AKES. An additional \$150 million is provided for initiation of the LHA-R program, \$50 million is provided for modernization of DDG-51s, and \$84 million is provided in advance procurement funding for construction of the second DD(X).
- Conferees provide \$953 million for the next-generation CVN-21 carrier and \$457 million for the Littoral Combat Ship, an increase of \$105 million over the budget request to fully fund construction of the first vessel. The conferees also provide \$1.4 billion for the DD(X) program, including \$221 million of the funds requested for advance procurement of the first DD(X) ship.

Senate-Passed Bill: Provided \$10.1 billion for Navy Shipbuilding and Conversion, which was \$210 million above the Administration's request, but \$1.2 billion below the FY04 enacted level. These funds included full funding of the Administration's request for the DD(X) Destroyer program.

- **Other:**

Conference Report: Provides \$4.9 billion for other **Army** procurement; \$4.9 billion for other **Navy** procurement; \$1.4 billion for **Marine Corps** procurement; and \$2.9 billion for **Defense-Wide** procurement.

Senate-Passed Bill: Provided \$4.7 billion for other **Army** procurement; \$4.7 billion for other **Navy** procurement; \$1.2 billion for **Marine Corps** procurement; and \$2.8 billion for **Defense-Wide** procurement.

Title IV – Research, Development, Test and Evaluation

Conference Report: Title IV provides \$69.9 billion for Research, Development, Test and Evaluation (RDT&E).

Senate-Passed Bill: Title IV provided \$68.8 billion for Research, Development, Test and Evaluation (RDT&E), which was \$1.1 billion above the Administration's request, and \$3.6 billion above the FY04 enacted level.

Significant spending accounts include:

- **Army RDT&E:**

Conference Report: Provides \$10.7 billion for Army RDT&E.

Senate-Passed Bill: Provided \$10.3 billion for Army RDT&E, which was \$1 billion above the Administration's request, and just below the FY04 enacted level.

- **Navy RDT&E:**

Conference Report: Provides \$17 billion for Navy RDT&E.

Senate-Passed Bill: Provided \$16.7 billion for Navy RDT&E, which was almost \$402 million above the Administration's request, and \$1.6 billion above the FY04 enacted level.

- **Air Force RDT&E:**

Conference Report: Provides \$20.9 billion for Air Force RDT&E.

Senate-Passed Bill: Provided \$21 billion for Air Force RDT&E, which was \$112 million below the Administration's request, but almost \$502 million above the FY04 enacted level.

- **Defense-Wide RDT&E:**

Conference Report: Provides \$20.9 billion for Defense-Wide RDT&E.

Senate-Passed Bill: Provided \$20.4 billion for Defense-Wide RDT&E, which was \$335 million below the Administration's request, but \$1.5 billion above the FY04 enacted level.

- **Operational Test and Evaluation, Defense:**

Conference Report: Provides \$315 million for independent activities of the Director of Operational Test and Evaluation.

Senate-Passed Bill: Provided \$305 million for Operational Test and Evaluation, which was equal to the Administration's request, but \$726 million below the FY04 level.

Title V – Revolving and Management Funds

Conference Report: Title V provides \$2.4 billion for Revolving and Management Funds, which is \$576 million below the Administration's request.

Title VI – Other Department of Defense Programs

Conference Report: Title VI provides \$20.7 billion for a range of Department programs. This funding includes: \$18.1 billion for the Defense Health Program, which includes \$19 million to ensure military amputee patients are returned to the highest level of physical function; \$1.4 billion for Army Chemical Agents and Munitions Destruction; \$907 million for Drug Interdiction and Counter-Drug Activities; and \$205 million for the Inspector General's Office.

Title VII – Related Agencies

Conference Report: Title VII provides funding for several related agencies. This funding includes: \$239 million for the Central Intelligence Agency Retirement and Disability System Fund; \$311 million for the Intelligence Community Management Account; and \$8 million for the National Security Education Trust Fund.

Title VIII – General Provisions

Conference Report: Title VIII includes proposals that have been incorporated into previous appropriations bills, provisions requested by DoD, and new provisions and rescissions.

Title IX – Emergency Wartime Appropriation

Conference Report: Title IX provides \$25 billion in emergency appropriations requested by the President for costs associated with the operations in Iraq and Afghanistan. More specifically, Title IX provides: \$1.25 billion for military personnel; \$20.2 billion for Operation and Maintenance accounts; \$1.384 billion for procurement; \$1.4 billion for Defense Working Capital Funds; and \$683 million for the Defense Health Program. This funding ensures that our troops will have the necessary resources when they need them.

Title X – Other Matters

Conference Report: Significant provisions in Title X include: \$50 million for security at the Presidential Nominating Conventions in New York City and Boston; and \$26 million to the Federal Judiciary for unanticipated costs related to defender services.