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Highlights of the Conference Report to Accompany H.R. 5631– Department of Defense Appropriations Bill for FY 2007

On September 25, 2006, the conference report, H. Report 109-676, was filed.

Noteworthy

- The conference report provides \$436.54 billion in new budget authority for the Department of Defense, which (including the \$70.0 billion in additional FY07 emergency appropriations for the Global War on Terror, which is \$20.0 billion more than the Administration's request) is \$16.1 billion above the Administration's request and \$19.1 billion above the FY06 enacted level, excluding supplemental funding.
- The conference report [Division B] also includes a continuing resolution for temporary funding (through November 17, 2006) for programs whose FY07 appropriations bills have not yet been enacted.
- The conference report provides \$70.0 billion in additional appropriations related to the Global War on Terror. Contingency operations funding in this bill is made available pursuant to section 402 of the concurrent budget resolution of FY 2007, as made applicable in the Senate by section 7035 of Public Law 109-234.
- The conference report funds key readiness programs critical to the Global War on Terror. It also provides funding for a 2.2-percent, across-the-board pay raise for military personnel.
- The House passed the conference report on September 26 by a vote of 394-22.
- On June 20, 2006, the House passed H.R. 5631, its version of the FY06 Defense Appropriations bill, by a vote of 407-19 and on September 7, the Senate passed its version by a vote of 98-0. Some programs funded in Titles I, II, and VI of the Senate-passed bill were not funded in the Conference Report of H.R. 5631, but instead will be funded through H.R. 5385, Military Quality of Life and Veterans Affairs Appropriations Act, 2007.

Highlights

(in billions)	<u>President's Request</u>	<u>House-passed Amount</u>	<u>Senate-passed Amount¹</u>	<u>Conference Report</u>
Title I Military Personnel	\$ 86.09	\$ 84.91	\$ 85.48	\$ 86.35
Title II Operation and Maintenance	122.45	120.54	118.89	119.76
Title III Procurement	82.92	81.78	80.96	80.91
Title IV Research, Development, Test and Evaluation	73.16	75.34	72.99	75.72
Title V Revolving and Management Funds	2.44	2.44	1.98	2.44
Title VI Other Department of Defense Programs	2.42	2.43	2.47	2.47
Title VII Related Agencies	.89	.85	.85	.88
Title VIII General Provisions (net)	.05	-1.95	-1.79	-2.19
Title IX Additional Provisions	50.00	50.00	65.21	70.00
Title X Wildland Fire Management	.00	.00	.00	.20
TOTAL	\$ 420.41	\$ 416.34	\$ 427.33	\$ 436.54

Bill Provisions

Division A

Title I – Military Personnel

Title I provides \$86.35 billion for the Department's Military Personnel, which is \$264.3 million above the Administration's request and \$3.33 billion above the FY06 enacted-level. This funding provides basic pay, retired pay accrual, employers' contribution for Social Security taxes, basic allowance for housing and subsistence, special and incentive pays, permanent change of station travel, and other personnel costs for the uniformed members of the Armed Forces.

¹ Figures do not include \$42.3 billion included in the Senate-passed bill that will be considered in conference on H.R. 5385, the Military Quality of Life and Veterans Affairs Appropriations Act of 2007.

Title II – Operation and Maintenance

Title II provides \$119.76 billion for Operation and Maintenance, which is \$2.69 billion below the Administration's request, but \$5.32 billion above the FY06 enacted level. Significant spending accounts include:

Operation and Maintenance:

Conference Report: Provides \$119.31 billion for armed forces and defense agencies to prepare for and conduct combat and peacetime missions, which is \$2.69 billion below the Administration's request but \$5.32 billion above the FY06 enacted level. Funds are divided between the Army, Navy, Marines, and Air Force, their respective Reserves, Defense-Wide, the Army National Guard, and the Air National Guard. Funds are used for purposes such as purchasing fuel and spare parts for training operations and repair of weapons and facilities.

Senate-Passed Bill: Provided \$118.44 billion for the armed forces and defense agencies to prepare for and conduct combat and peacetime missions, which is \$3.8 billion below the Administration's request but \$3.9 billion above the FY06 enacted level.

Overseas Contingency Operations Transfer Account:

Conference Report: Does not provide funding for this account.

Senate-Passed Bill: The Committee did not include funding for the Administration's \$10.0 million request for an Overseas Contingency Operations Transfer Account.

U.S. Court of Appeals for the Armed Forces:

Conference Report: Provides \$11.7 million.

Senate-Passed Bill: Provided \$11.7 million for salaries and expenses for the U.S. Court of Appeals for the Armed Forces, which fully funds the Administration's request and is \$597,000 above the FY06 enacted level.

Environmental Restoration:

Conference Report: Environmental restoration funding will be considered during conference on H.R. 5385, the Military Quality of Life and Veterans Affairs Appropriations Act, 2007.

Senate-Passed Bill: Provided \$1.44 billion for environmental restoration, which is \$40.0 million more than the Administration's request and \$52.6 million above the FY06 enacted level. The funds specifically are provided to: Army, Navy, Air Force, Defense-Wide, and Formerly Used Defense Sites.

Overseas Humanitarian, Disaster, and Civic Aid:

Conference Report: Provides \$63.2 million.

Senate-Passed Bill: Provided \$63.2 million for Overseas Humanitarian, Disaster, and Civic Aid, which is equal to the Administration's request and \$2.3 million above the FY06 enacted levels.

Title III – Procurement

Title III provides \$80.91 billion for Procurement, which is \$2.01 billion below the Administration's request, but \$5.14 billion above the FY06 enacted level. Significant spending accounts include:

Aircraft:

Conference Report: Provides \$3.50 billion for **Army** procurement; \$10.39 billion for **Navy** procurement and \$11.64 billion for **Air Force** procurement.

Senate-Passed Bill: Provided \$3.35 billion for **Army** procurement, which is \$211.8 million below the Administration's request, but \$727.9 million above the FY06 enacted level. Provided \$10.14 billion for **Navy** procurement, which is \$733.5 million below the Administration's request, but \$457.9 million above the FY06 enacted level. Provided \$11.10 billion for **Air Force** procurement, which is \$383.4 million below the Administration's request and \$1.51 billion below the FY06 enacted level.

Missiles:

Conference Report: Provides \$1.28 billion for **Army** missile procurement; and \$3.91 billion for **Air Force** missile procurement.

Senate-Passed Bill: Provided \$1.27 billion for **Army** missile procurement, which is \$83.9 million below the Administration's request, but \$70.0 million above the FY06 enacted level. Provided \$3.98 billion for **Air Force** missile procurement, which is \$228.7 million below the Administration's request and \$1.15 billion below the FY06 enacted level.

Weapons and Combat Vehicles:

Conference Report: Provides \$1.91 billion for **Army** weapons and combat vehicles procurement; \$2.57 billion for **Navy** weapons procurement. This amount does not include funding for the Conventional Trident Modification program, but the Committee has provided \$5.0 million to study prompt global strike.

Senate-Passed Bill: Provided \$2.09 billion for **Army** weapons and combat vehicles procurement, which is \$209.6 million above the Administration's request and \$714.6 million above the FY06 enacted level. Provided \$2.56 billion for **Navy** weapons procurement, which is

\$3.0 million above the Administration's request, but \$75.5 million below the FY06 enacted level.

Ammunition:

Conference Report: Provides \$1.72 billion for **Army** procurement; provides \$767.3 million for **Navy** procurement; and \$1.05 billion for **Air Force** Procurement.

Senate-Passed Bill: Provided \$1.95 billion for **Army** procurement, which is \$45.4 million above the Administration's request and \$232.7 million above the FY06 enacted level. Provided \$799.9 million for **Navy** procurement, which is \$10.0 million above the Administration's request, but \$43.4 million below the FY06 enacted level. Provided \$1.05 billion for **Air Force** procurement, which is \$25.9 million below the Administration's request, but \$40.0 million above the FY06 enacted level.

Shipbuilding:

Conference Report: Provides \$10.6 billion for Navy shipbuilding.

Senate-Passed Bill: Provided \$10.39 billion for Navy shipbuilding, which is \$185.1 million below the Administration's request, but \$1.46 billion above the FY06 enacted level.

Other:

Conference Report: Provides \$7.00 billion for other **Army** procurement; provides \$4.93 billion for other **Navy** procurement; provides \$894.6 million for **Marine Corps** procurement; provides \$15.49 billion for other **Air Force** procurement. Provides \$2.90 billion for **Defense-Wide** procurement.

Senate-Passed Bill: Provided \$7.72 billion for other **Army** procurement. Provided \$4.73 billion for other **Navy** procurement. Provided \$1.15 billion for **Marine Corps** procurement. Provided \$15.51 billion for other **Air Force** procurement. Provided \$2.76 billion for **Defense-Wide** procurement.

Defense Production Act Purchases:

Conference Report: Provides \$63.2 million.

Senate-Passed Bill: Provided \$68.9 million for Defense Production Act Purchases, which is \$50.4 million above the Administration's request and \$11.2 million above the FY06 enacted level.

Title IV – Research, Development, Test and Evaluation

Title IV provided \$75.72 billion for Research, Development, Test and Evaluation (RDT&E), which is \$2.57 billion above the Administration's request and \$4.31 billion above the FY06 enacted level. Significant spending accounts include:

Army RDT&E:

Conference Report: Provides \$11.05 billion for Army RDT&E.

Senate-Passed Bill: Provided \$11.25 billion for Army RDT&E, which is \$389.5 million above the Administration's request and \$183.8 million above the FY06 enacted level. Included in this funding is \$3.50 billion for the Army's Future Combat System.

Navy RDT&E:

Conference Report: Provides \$18.67 billion for Navy RDT&E.

Senate-Passed Bill: Provided \$17.05 billion for Navy RDT&E, which is \$136.0 million above the Administration's request but \$1.76 billion below the FY06 enacted level. Fully funds research and development efforts for the DD(X) program, the Navy's next-generation destroyer.

Air Force RDT&E:

Conference Report: Provides \$24.52 billion for Air Force RDT&E. The recommended funding includes \$2.1 billion for continued development of the F-35, Joint Strike Fighter, including \$170 million to each of the Navy and Air Force RDT&E funds to continue development of an alternative engine for the aircraft.

Senate-Passed Bill: Provided \$23.97 billion for Air Force RDT&E, which is \$422.7 million below the Administration's request but \$2.19 billion above the FY06 enacted level.

Defense-Wide RDT&E:

Conference Report: Provides \$21.29 billion for Defense-Wide RDT&E.

Senate-Passed Bill: Provided \$20.54 billion for Defense-Wide RDT&E, which is \$266.5 million below the Administration's request, but \$941.8 million above the FY06 enacted level.

Operational Test and Evaluation, Defense:

Conference Report: Provides \$185.4 million.

Senate-Passed Bill: Provided \$187.5 million for independent activities of the Director of Operational Test and Evaluation, which is \$6.0 million above the Administration's request and \$20.7 million above the FY06 level.

Title V – Revolving and Management Funds

Title V provides \$2.44 billion for Revolving and Management Funds, which is equal to the Administration's request and \$214.9 million above the FY06 enacted level. This funding includes \$1.35 billion for Defense Working Capital Funds and \$1.07 billion for the National Defense Sealift Fund.

Title VI – Other Department of Defense Programs

Title VI provides \$2.47 billion for Other Department of Defense Programs, including \$1.28 billion for Army Chemical Agents and Munitions Destruction; \$977.6 million for Drug Interdiction and Counter-Drug Activities; and \$216.3 million for the Office of the Inspector General.

Title VII – Related Agencies

Title VII provides \$878.0 million for several related agencies. This funding includes: \$256.4 million for the Central Intelligence Agency Retirement and Disability System Fund, and \$621.6 million for the Intelligence Community Management Account.

Title VIII – General Provisions

Title VIII includes proposals that have been incorporated into previous appropriations bills, provisions requested by DoD, and new provisions. Title VIII also includes \$870.1 million in rescissions.

Notable sections include:

- Section 8008 provides, among other things, that multiyear procurement contract authority may be used for:
 - C-17 Globemaster;
 - F-22A;
 - MH-60R Helicopters;
 - MH-60R Helicopter mission equipment; and
 - V-22 Osprey.
- Section 8036 provides that DoD may not expend funds unless it complies with the Buy American Act in expending those funds.
- Section 8042 prohibits the use of funds for assistance to North Korea unless specifically appropriated for that purpose.
- Section 8058 provides that no funds may be used to approve or license the sale of the F-22A advanced tactical fighter to any foreign government.

- Section 8079 provides that \$137,894,000 in RDT&E, Defense-Wide funds shall be made available for the Arrow missile defense program, of which:
 - \$53.0 million shall be available for the purpose of the production of Arrow missiles and missile components; and
 - \$20.4 million shall be available for the purpose of the initiation of a joint feasibility study addressing Short Range Ballistic Missile Defense.
- Section 8093 provides that no funds shall be available for integration of foreign intelligence information unless the information has been lawfully collected and processed during the conduct of authorized foreign intelligence activities.
- Section 8108 provides that no funds may be used to retire or dismantle any of the 93 B-52H bomber aircraft in service in the Air Force as of June 1, 2006, until 30 days after the Secretary of the Air Force completes a report on the Air Force bomber force structure.

Title IX – Additional Appropriations

Title IX provides \$70.0 billion in additional appropriations for FY07 for costs related to the Global War on Terror. Of these funds, \$17.1 billion is for **Army** reset and \$5.8 billion is for **Marine Corps** reset. This funding ensures that our troops will have the necessary resources when they need them.

Military Personnel: Provides \$5.39 billion for military personnel.

Operation and Maintenance: Provides \$44.26 billion for O&M accounts.

Procurement: Provides \$19.8 billion for procurement.

Research, Development, Test and Evaluation: Provides \$407.7 million for Research, Development, Test, and Evaluation.

Related Agencies: Provides \$19.3 million for the Intelligence Community Management Account.

Title X – Wildland Fire Emergency

Title X provides \$200.0 million in emergency appropriations for costs related to wildland fire suppression, emergency rehabilitation activities, and repayments to other appropriation accounts from which funds were transferred on an emergency basis for wildfire suppression.

Division B

The continuing resolution provides temporary funding through November 17, 2006 for those departments, agencies, and programs whose regular FY 2007 appropriations bills have not yet been enacted. Programs and activities are funded at the lower of the House-passed level, the Senate-passed level, or the FY06 current rate. The language does not allow the initiation of new activities.

The House has passed all of the regular FY 2007 appropriations bills. The Senate has passed two of the 13 regular appropriations bills.