



U . S . SENATE REPUBLICAN POLICY COMMITTEE

Legislative Notice

No. 27

November 5, 2009

**S. 1407 – Military Construction and
Veterans Affairs and Related Agencies
Appropriations, FY 2010**

Calendar No. 100

On July 7, 2009, the Appropriations Committee reported S. 1407, with an amendment in the nature of a substitute, by a vote of 30-0; S. Rept. 110-40.

Noteworthy

- When the Senate begins consideration of H.R. 3082, the House-passed Military Construction and Veterans Affairs Appropriations bill, Senator Johnson or his designee will be recognized to offer a substitute amendment containing the text of S. 1407 as reported by the Senate Appropriations Committee.
- S. 1407 provides \$133.9 billion in new budget authority, including \$76.7 billion in discretionary appropriations, \$55.8 billion in mandatory appropriations and \$1.399 billion for Overseas Contingency Operations (OCO). OCO is \$1.33 billion (49 percent) less than FY09. The overall increase in this bill is \$11.589 billion over the \$122.331 billion non-emergency total in FY09, a 9.5 percent increase.
- Accounts funded by this act received \$4.486 billion in emergency spending in FY09, including \$4.281 billion in the American Recovery and Reinvestment Act.
- Non-emergency, non-overseas contingency discretionary spending grows from \$72.86 billion in FY09 to \$76.7 billion in FY10, a \$3.84 billion increase, or 5.3 percent.
- The bill includes \$48.2 billion in advanced appropriations for FY11 for medical services, support, and facilities at the Department of Veterans Affairs.
- S. 1407 provides \$12.6 billion for military construction for the active and reserve component accounts, which is \$376.7 million more than the FY09 non-emergency enacted level and \$93.7 million less than the Administration's request.
- S. 1407 provides \$7.9 billion for the Base Realignment and Closure (BRAC) account, which is \$25 million more than the Administration's request.
- S. 1407 provides \$109 billion for the Department of Veterans Affairs, including \$55.99 billion for the Veterans Benefit Administration, \$45.2 billion for the Veterans Health Administration, and \$7.5 billion for Departmental Administration. This is an overall increase of \$13.1 billion, 13.6 percent, and is \$149.6 million above the budget request.
- On July 10, the House passed H.R. 3082, its version of the Military Construction and Veterans Affairs Appropriations bill, by a vote of 415-3.

Background

The Military Construction and Veterans Affairs and Related Agencies Appropriations bill provides necessary funding for the planning, design, construction, alteration, and improvement of military facilities worldwide, both for active and reserve forces. It also finances the cost of military family housing and the U.S. share of the NATO Security Investment Program. In addition, the bill provides funding to implement base closures and realignments authorized by law. According to the Congressional Research Service (CRS), “military construction is experiencing an overall decrease in spending as the annual appropriation required to implement the 2005 Defense Base Closure and Realignment round begins to drop off. Also, appropriations dedicated to the construction and operation of military family housing are decreasing as its privatization program expands.”¹

The bill provides resources to the Department of Veterans Affairs for veterans’ benefits and care, and funding for U.S. cemeteries and battlefield monuments both in the United States and abroad. The bill provides funding for Overseas Contingency Operations and military construction. The bill also provides funding for the U.S. Court of Appeals for Veterans Claims, and Armed Forces Retirement Homes.

Bill Provisions

Title I – Military Construction

Title I (thousands of \$)	2009	2010 Request	House	Senate	Senate v 09	Senate v Request
Total	30,654,925	22,946,036	23,178,382	23,232,299	-7,422,626	286,263
<i>Regular</i>	24,974,583	21,541,052		23,232,299	-1,742,284	1,691,247
<i>OCO*</i>	2,725,342	1,404,984		1,398,984	-1,326,358	-6,000
<i>ARRA</i>	2,880,000					

*For FY10, OCO is included in Title IV

S. 1407 provides \$23.2 billion for military construction and family housing for the active and reserve component accounts, which is \$286.3 million more than the Administration’s request and \$1.7 billion less than the FY09 enacted non-emergency, non-overseas contingency level. Military Construction received \$2.88 billion in emergency appropriations in FY09. Significant spending accounts include:

¹ CRS Report R40731, Military Construction, Veterans Affairs, and Related Agencies: FY2010 Appropriations, November 2, 2009.

Active Components:

Military Construction (thousands of \$)	2009	2010 Request	House	Senate	Senate v 09	Senate v Request
Army	4,641,328	3,660,779	3,570,922	3,477,673	-1,163,655	-183,106
ARRA	180,000					
Navy & Marine	3,333,369	3,763,264	3,757,330	3,548,771	215,402	-214,493
ARRA	280,000					
Air Force	1,096,925	1,145,434	1,359,171	1,213,539	116,614	68,105
ARRA	180,000					
Defense-Wide	1,691,615	3,097,526	2,717,726	3,069,114	1,377,499	-28,412
ARRA	1,450,000					
Subtotal, Active Components	15,215,279	11,667,003	11,405,149	11,309,097	-3,906,182	-357,906
<i>Regular</i>	<i>10,763,237</i>			11,309,097	+545,860	
<i>ARRA</i>	<i>2,090,000</i>					

Reserve Components: Provides \$1.29 billion for Reserve Component military construction, which is \$264.1 million more than the Administration's request, \$169 million less than the FY09 enacted level, and \$69 million less than the FY09 non-emergency level.

Military Construction (thousands of \$)	2009	2010 Request	House	Senate	Senate v 09	Senate v Request
Army National Guard	784,917	426,491	529,129	497,210	-287,707	70,719
ARRA	50,000				-50,000	0
Air National Guard	292,924	128,261	226,126	297,661	4,737	169,400
ARRA	50,000				-50,000	0
U.S. Army Reserve	282,607	374,862	432,516	379,012	96,405	4,150
Navy Reserve	57,045	64,124	125,874	64,124	7,079	0
Air Force Reserve	36,958	27,476	103,169	47,376	10,418	19,900
Subtotal, Reserve Components	1,454,451	1,021,214	1,416,814	1,285,383	-169,068	264,169
<i>Regular</i>	<i>1,354,451</i>			1,285,383	-69,068	
<i>ARRA</i>	<i>100,000</i>					

North Atlantic Treaty Organization: Provides \$276.3 million for the North Atlantic Treaty Organization (NATO) Security Investment Program, which fully funds the Administration's request and is \$45.4 million more than the FY09 enacted level.

Family Housing: Provides \$2.3 billion for family housing construction, operations and maintenance, and the Department's family housing improvement fund, which is \$350 million more than the Administration's request, \$1.539 billion less than the FY09 enacted level, and \$849 million less than the non-emergency FY09 level. \$690 million was provided in emergency appropriations for this account in FY09.

Family Housing (thousands of \$)	2009	2010 Request	House	Senate	Senate v 09	Senate v Request
Army Construction	646,580	273,236	273,236	273,236	-373,344	0
ARRA	34,507				-34,507	0
Army O&M	716,110	523,418	523,418	523,418	-192,692	0
ARRA	3,932				-3,932	0
Navy and Marine Corps Construction	380,123	146,569	146,569	146,569	-233,554	0
Navy and Marine Corps O&M	376,062	368,540	368,540	368,540	-7,522	0
Air Force Construction	395,879	66,101	66,101	66,101	-329,778	0
ARRA	80,100				-80,100	0
Air Force O&M	594,465	502,936	502,936	502,936	-91,529	0
ARRA	16,461				-16,461	0
Defense-wide Construction	(6,040)	2,859	2,859	2,859	8,899	0
Defense-wide O&M	49,231	49,214	49,214	49,214	-17	0
Family Housing Improvement Fund	850	2,600	2,600	2,600	1,750,000	0
Defense Homeowners Assistance Fund	4,500	23,225	23,225	373,225	368,725	350,000
ARRA	555,000				-555,000	0
Subtotal Family Housing	3,847,760	1,958,698	1,958,698	2,308,698	-1,539,062	350,000
<i>Regular</i>	<i>3,157,760</i>				<i>-849,062</i>	<i>0</i>
<i>ARRA</i>	<i>690,000</i>				<i>-690,000</i>	<i>0</i>

Base Realignment and Closure Account (BRAC): Provides \$421.8 million for BRAC 1990 Part IV, which is \$25 million more than budget request, but \$36.6 million less than the FY09 enacted level. Provides \$7.5 billion for BRAC 2005, which is \$1.3 billion less than the FY09 enacted level and consistent with the Administration's request.

Title II – Department of Veterans Affairs

Title II (thousands of \$)	2009	2010 Request	House	Senate	Senate v 09	Senate v Request
Total	95,955,057	108,860,775	108,859,775	109,010,409	13,055,352	149,634
<i>Regular</i>	<i>94,349,057</i>			109,010,409	14,991,352	149,634
<i>ARRA</i>	<i>1,606,000</i>					

S. 1407 provides \$109.0 billion for Veterans Affairs, which is \$149 million more than the Administration's request and \$14.66 billion more than the FY09 non-emergency enacted level. Of this amount, \$55.82 billion is mandatory spending. Veterans Affairs received \$1.606 billion in emergency spending in FY09. Significant spending accounts include:

Compensation and Pensions: Provides \$47.22 billion for compensation and pensions, which is equal to the Administration's request and \$4.1 billion more than the FY09 enacted level. Compensation is payable to living veterans who have suffered impairment of earning power from service-connected disabilities. Pensions are an income security benefit payable to needy wartime veterans who are precluded from gainful employment due to non-service-connected disabilities that render them permanently and totally disabled.

Readjustment Benefits: Provides \$8.7 billion for Readjustment Benefits, which fully funds the Administration’s request and is \$4.8 billion more than the FY09 enacted level. The readjustment benefits appropriation finances the education and training of veterans and servicepersons whose initial entry on active duty took place on or after July 1, 1985.

Veterans Insurance and Indemnities: Provides \$49.3 million for Veterans Insurance and Indemnities, which fully funds the Administration’s request and is nearly \$7 million more than the FY09 enacted level. The veterans insurance and indemnities appropriation consists of the former appropriations for military and naval insurance, applicable to World War I veterans; National Service Life Insurance, applicable to certain World War II veterans; servicemen’s indemnities, applicable to Korean conflict veterans; and veterans mortgage life insurance to individuals who have received a grant for specially adapted housing.

Veterans Housing Benefit Program Fund Program Account: Provides \$23.6 million for the Veterans Housing Benefit Program Fund Program Account, which fully funds the Administration’s request and is \$21.6 million more than the FY09 enacted level. With the exception of the Native American Veteran Housing Loan Program and the Guaranteed Transitional Housing Loans for Homeless Veterans Program, this appropriation provides for all costs for the VA’s direct and guaranteed housing loans, as well as the administrative expenses to carry out these programs, which may be transferred to and merged with the general operating expenses account.

Veterans Health Administration: Provides \$45.2 billion for the Veterans Health Administration, \$3.3 billion more than FY09 and \$156.9 million more than the Administration’s request.

Veterans Health Administration	2009	2010 Request	House	Senate	Senate v 09	Senate v Request
Medical Services	30,969,903	34,704,500	34,705,500	34,704,500	3,734,597	0
Medical Support and Compliance	4,450,000	5,100,000	4,896,500	5,100,000	650,000	0
Medical Facilities	5,029,000	4,693,000	4,893,000	4,849,883	-179,117	156,883
ARRA	1,000,000				-1,000,000	0
Subtotal Medical Care	41,448,903	44,497,500	44,495,000	44,654,383	3,205,480	156,883
Medical and Prosthetic Research	510,000	580,000	580,000	580,000	70,000	0
Offsetting Collections	(2,544,000)	(2,954,000)	(2,954,000)	(2,954,000)	-410,000	0
Appropriations (indefinite)	2,544,000	2,954,000	2,954,000	2,954,000	410,000	0
Subtotal VHA	41,958,903	45,077,500	45,075,000	45,234,383	+3,275,480	156,883
ARRA	1,000,000					

National Cemetery Administration: Provides \$250 million for the National Cemetery Administration (NCA), which is \$8 million more than the Administration’s request and is \$20 million more than the FY09 enacted level. NCA received \$50 million in the stimulus act. The NCA was established in accordance with the National Cemeteries Act of 1973. It has a fourfold mission: to provide for the interment in any national cemetery of the remains of eligible deceased

servicepersons and discharged veterans, together with their spouses and certain dependents, and to permanently maintain their graves; to mark graves of eligible persons in national and private cemeteries; to administer the grant program for aid to states in establishing, expanding, or improving state veterans' cemeteries; and to administer the Presidential Memorial Certificate Program.

Departmental Administration: Provides \$7.5 billion for departmental administration, \$919 million more than FY09 and \$15.3 million less than the budget request. Amounts are distributed as follows:

Departmental Administration	2009	2010 Request	House	Senate	Senate v 09	Senate v Request
General Operating Expenses	1,801,867	2,218,500	2,086,200	2,086,251	284,384	-132,249
ARRA	157,000				-157,000	0
Office of the Inspector General	87,818	107,000	106,000	109,000	21,182	2,000
ARRA	1,000				-1,000	0
Information Technology	2,489,391	3,307,000	3,307,000	3,307,000	817,609	0
ARRA	50,000				-50,000	0
Construction, Major Projects	923,382	1,194,000	1,194,000	1,194,000	270,618	0
Construction, Minor Projects	741,534	600,000	722,800	685,000	-56,534	85,000
Grants for Construction of State Extended Care Fac.	175,000	85,000	85,000	115,000	-60,000	30,000
ARRA	150,000				-150,000	0
Grants for Construction of State Veterans Cemeteries	42,000	42,000	46,000	42,000	0	0
Subtotal Departmental Administration	6,618,992	7,553,500	7,547,000	7,538,251	919,259	-15,249

Title III – Related Agencies

American Battle Monuments Commission: Provides \$63.5 million for the American Battle Monuments Commission, which is \$3.2 million more than the Administration's request, and \$4.0 million more than the FY09 enacted level.

U.S. Court of Appeals for Veterans Claims: Provides \$27.1 million for the U.S. Court of Appeals for Veterans Claims, which fully funds the Administration's request and \$3.8 million less than the FY09 enacted level.

Department of Defense – Civil: Provides \$37.2 million for salaries and expenses to cover cemeterial expenses for the Army. This is \$470,000 more than FY09 and in line with the Administration's request.

Armed Forces Retirement Home: Provides \$134 million for the Armed Forces Retirement Home, which fully funds the Administration's request, but is \$70.9 million more than the FY09 enacted level.

Title IV – Overseas Contingency Operations

Unlike in previous years, funds for overseas contingency operations, including the wars in Iraq and Afghanistan, are included in the regular appropriations bills. This year, the Administration requested \$1.405 billion for military construction to support overseas contingency operations; S. 1407 provides \$1.399 billion for these accounts, \$6 million less than the President’s request. In FY09 \$2.725 billion was provided for overseas contingency operations, \$1.3 billion more than the amounts provided in S. 1407.

Title IV (thousands of \$)	2009	2010 Request	Senate	Senate v 09	Senate v Request
Army	1,182,989	923,884	924,484	-258,505	+600
Navy and Marine	235,881	-	-	-	-
Air Force	281,620	474,500	474,500	+192,880	-
Defense-Wide	661,552	6,600	-	-661,552	-6,600
NATO	100,000	-	-	-100	-
BRAC 2005	263,300	-	-	-263	-
Total	2,725,342	1,404,984	1,398,984	-1,326,358	-6,000

Title V – Department of Veterans Affairs Advance Appropriation

The committee has provided an advance appropriation for the Department of Veterans Affairs FY11 medical accounts in order to provide consistent, predictable funding for veterans medical care. The committee is providing \$37.136 billion for FY11 medical services, \$2.4 billion more than FY10; \$5.3 billion for FY11 medical support and compliance, \$207 million more than FY10; and \$5.74 billion for FY11 medical facilities, \$890 million more than FY10.

VA Advance Appropriation	FY10	FY11	FY10-FY11
Medical Services	34,704,500	37,136,000	+2,431,500
Medical Support and Compliance	5,100,000	5,307,000	+207,000
Medical Facilities	4,849,883	5,740,000	+890,117
Total Advanced Appropriation	44,654,383	48,183,000	+3,528,617

Cost

S. 1407 would result in the following outlays:

FY 2010	\$101.834 billion
FY 2011	\$15.862 billion
FY 2012	\$7.963 billion
FY 2013	\$3.211 billion
FY 2014 and future years	\$1.899 billion

ARRA

Accounts Receiving American Recovery and Reinvestment Act funds in FY09

Army Military Construction	180,000,000
Navy and Marine Corps Military Construction	280,000,000
Air Force Military Construction	180,000,000
Defense-Wide Military Construction	1,450,000,000
Army National Guard Military Construction	50,000,000
Air National Guard Military Construction	50,000,000
Army Family Housing Construction	34,507,000
Army Family Housing Operation and Maintenance	3,932,000
Air Force Family Housing Construction	80,100,000
Air Force Family Housing Operation and Maintenance	16,461,000
Homeowners assistance funds	555,000,000
Medical facilities	1,000,000,000
National Cemetery Administration	50,000,000
VA Operating expenses	150,000,000
Inspector General	1,000,000
Information Technology	50,000,000
Grants for Construction	150,000,000
Total, ARRA	4,281,000,000

Administration Position

No Statement of Administration Policy was available as of press time.

Possible Amendments

No amendments had been filed or made pending at press time.