



H.R. 5631– Department of Defense Appropriations Bill for FY 2007

Calendar No. 532

On July 25, 2006, the Committee on Appropriations reported H.R. 5631, with an amendment in the nature of a substitute, by a vote of 28-0. S. Rept. 109-292.

Noteworthy

- H.R. 5631 provides \$453.48 billion in new budget authority for the Department of Defense, which (including the \$50.0 billion in additional Global War on Terror Appropriations) is \$9.12 billion below the Administration's request and \$14.70 billion above the FY06 enacted level, excluding supplemental funding.
- H.R. 5631 provides \$50.0 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.
- H.R. 5631 funds key readiness programs critical to the Global War on Terror.
- H.R. 5631 provides funding for a 2.2-percent, across-the-board pay raise for military personnel.
- On June 20, 2006, the House passed H.R. 5631, its version of the FY06 Defense Appropriations bill, by a vote of 407-19. Some programs funded in Titles I, II, and VI of the Senate-reported bill were not funded in the House version of H.R. 5631, but instead were funded in H.R. 5385, Military Quality of Life and Veterans Affairs Appropriations Act, 2007. (See title-by-title comparison of the Senate-reported bill to the House bill and the President's request, on page 2.)

Highlights

(in billions)	President's Request	House-passed Amount	Senate-reported Bill
Title I Military Personnel	\$ 99.62	\$ 98.45	\$ 99.01
Title II Operation and Maintenance	130.09	128.20	126.29
Title III Procurement	82.92	81.78	80.96
Title IV Research, Development, Test and Evaluation	73.16	75.34	72.99
Title V Revolving and Management Funds	2.44	2.44	1.98
Title VI Other Department of Defense Programs	23.45	23.46	23.88
Title VII Related Agencies	.89	.85	.85
Title VIII General Provisions (net)	.05	-1.95	-2.49
Title IX Additional Provisions	50.00	50.00	50.00
TOTAL¹	\$ 462.61	\$ 458.55	\$ 453.48

Bill Provisions

Title I – Military Personnel

Title I provides \$99.01 billion for the Department's Military Personnel, which is \$607.9 million below the Administration's request and \$2.98 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.

Title II – Operation and Maintenance

Title II provides \$126.29 billion for Operation and Maintenance, which is \$3.80 billion below the Administration's request, but nearly \$3.91 billion above the FY06 enacted level. Significant spending accounts include:

¹ Figure totals were taken from S. Rept. 109-292. Any difference in the totals is due to rounding. Note that the House amount column includes \$42.2 billion in funding that the House passed as part of H.R. 5385, the Military Quality of Life and Veterans Affairs Appropriations Act of 2007.

Operation and Maintenance: Provides \$124.40 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. 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.

Overseas Contingency Operations Transfer Account: 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: Provides \$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: Provides \$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: Provides \$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 \$80.96 billion for Procurement, which is \$1.96 billion below the Administration's request, but \$5.18 billion above the FY06 enacted level. Significant spending accounts include:

Aircraft: Provides \$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. Provides \$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. Provides \$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: Provides \$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. Provides \$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: Provides \$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. Provides \$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. 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.

Ammunition: Provides \$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. Provides \$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. Provides \$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: Provides \$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: Provides \$7.72 billion for other **Army** procurement. Provides \$4.73 billion for other **Navy** procurement. Provides \$1.15 billion for **Marine Corps** procurement. Provides \$15.51 billion for other **Air Force** Procurement. Provides \$2.76 billion for **Defense-Wide** procurement.

Defense Production Act Purchases: Provides \$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 provides \$73.00 billion for Research, Development, Test and Evaluation (RDT&E), which is \$157.7 million below the Administration's request, but \$1.58 billion above the FY06 enacted level. Significant spending accounts include:

Army RDT&E: Provides \$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: Provides \$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: Provides \$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. 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.

Defense-Wide RDT&E: Provides \$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. Included in this funding is \$9.37 billion for missile defense, which is \$1.69 billion above the FY06 enacted level. Specifically, the Committee recommends \$225.0 million for ballistic

missile defense test program enhancement, and operation support and \$100 million for AEGIS ballistic missile defense.

Operational Test and Evaluation, Defense: Provides \$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 \$1.98 billion for Revolving and Management Funds, which is \$455.0 million below the Administration's request and \$240.1 million below the FY06 enacted level. This funding includes \$1.35 billion for Defense Working Capital Funds and \$616.9 million for the National Defense Sealift Fund.

Title VI – Other Department of Defense Programs

Title VI provides \$23.88 billion for a range of Department programs. This funding includes: \$21.41 billion for the Defense Health Program, which includes \$150.0 million for peer reviewed breast cancer research; \$1.28 billion for Army Chemical Agents and Munitions Destruction; \$978.2 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 \$853.4 million for several related agencies. This funding includes: \$256.4 million for the Central Intelligence Agency Retirement and Disability System Fund, and \$597.0 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 \$985.3 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 8039 provides that DoD may not expend funds unless it complies with the Buy American Act in expending those funds.

- Section 8045 prohibits the use of funds for assistance to North Korea unless specifically appropriated for that purpose.
- Section 8062 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 8082 provides that \$152,494,000 in RDT&E, Defense-Wide funds shall be made available for the Arrow missile defense program, of which:
 - \$63 million shall be available for the purpose of the production of Arrow missiles and missile components; and
 - \$25,000,000 shall be available for the purpose of the initiation of a joint feasibility study addressing Short Range Ballistic Missile Defense.
- Section 8094, under the title “Terrorism Information Awareness Program” in the accompanying Committee Report, 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 the Secretary of the Air Force completes a report on the Air Force bomber force structure.

Title IX – Additional Appropriations

Title IX provides \$50.0 billion in additional appropriations for costs related to the Global War on Terror. This funding ensures that our troops will have the necessary resources when they need them.

Military Personnel: Provides \$5.76 billion for military personnel.

Operation and Maintenance: Provides \$36.29 billion for O&M accounts.

Procurement: Provides \$7.26 billion for procurement.

Research, Development, Test and Evaluation: Provides \$298.2 million for Research, Development, Test, and Evaluation.

Revolving Management Funds: Provides \$373.5 billion for Revolving Management Funds.

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

Administration Position

A Statement of Administration Policy (SAP) on the bill as reported by the Senate Appropriations Committee was not available at press time.

On June 20, the Administration released a SAP on the House-reported bill, H.R. 5631. The Administration supported House passage of H.R. 5631 and looks forward to working with Congress to ensure that the FY07 appropriations bills do not exceed the **\$872.8 billion discretionary funding level** contained in the FY07 Budget Resolution. **(The President's Budget includes over 141 program savings and reforms.)** In the SAP to the House-reported bill, the Administration opposed the \$4 billion reduction in funds for the Department of Defense. The SAP stated that if the bill significantly underfunds the Department of Defense, the President's senior advisers would recommend he veto the bill. The SAP also offered its views on several provisions including Military Personnel funding, Operation and Maintenance funding, support to other nations, reductions and limitations on weapons programs, unrequested program funding, DD(X) Split Funding, classified programs, and competitive sourcing.

Cost

The Committee, in consultation with the Congressional Budget Office, estimates the bill provides \$414.5 billion in discretionary budget authority and \$251.0 million in mandatory budget authority.

H.R. 5631 would result in the following outlays:

FY 2007	\$317.379 billion
FY 2008	\$106.325 billion
FY 2009	\$26.772 billion
FY 2010	\$7.818 billion
FY 2011 and future years	\$5.301 billion

Possible Amendments

Amendments are anticipated but none were known at press time.