



No. 73

September 15, 2004

S. 2674/H.R. 4837— Military Construction Appropriations for Fiscal Year 2005

Calendar No. 637

On July 15, 2004, the Committee on Appropriations reported S. 2674, an original bill without amendment, by a vote of 29-0; S. Rept. 108-309.

Noteworthy

- Under a unanimous consent agreement reached on September 14, the Senate today proceeds to the consideration of S. 2674 at 9:45 a.m., with only the two amendments in order — both managers' amendments — and both will be agreed to. Following one hour of debate, the Senate bill will be returned to the Calendar, and the text of the Senate bill inserted into H.R. 4837, the House-passed bill. Then, at a time to be determined later, the Senate will proceed directly to a vote on H.R. 4837. [Note: the Senate will not conduct any roll call votes for the remainder of this week.]
- S. 2674 provides \$10.003 billion in new budget authority, which is \$449 million above the Administration's request and \$687 million above the FY04 enacted level.
- S. 2674 provides \$5.3 billion for military construction for the active and reserve component accounts, which is \$520.4 million above the Administration's request, and \$31.1 million above the FY04 enacted level.
- The bill provides \$4.1 billion for family housing construction, operations and maintenance, and the Department's family housing improvement fund.
- S. 2674 provides \$246.1 million for base realignment and closure account (BRAC) Part IV, which fully funds the Administration's request.
- On July 22, the House passed H.R. 4837, its version of the Military Construction Appropriations bill, by a vote of 420-1.

Background

The military construction appropriation bill provides funding for the planning, design, construction, alteration, and improvement of military facilities worldwide, both for the active and reserve forces. It finances construction, alterations, improvement, operation, and maintenance of military family housing, including payments against past housing mortgage indebtedness. This bill also serves as the source for the U.S. share of the NATO Security Investment Program, and provides funding to implement base closure and realignments authorized by law.

Military Housing Privatization Cap

Section 2806 of H.R. 4200, the National Defense Authorization Act for Fiscal Year 2005, is currently pending in conference. That bill, as agreed to by the House, would repeal the limitation on budget authority applied to military family housing. The Senate-passed version of the bill does not contain similar language. Section 129 of H.R. 4837, the Military Construction Appropriations Act for FY2005, as it was reported to the House, would have raised the budget authority cap on military family housing by \$500 million to \$1.35 billion. This section was struck when a point of order was raised and sustained during floor debate. An independent bill, H.R. 4879, the Military Housing Improvement Act of 2004, accomplishing the same goal, was introduced and passed by the House on July 21, 2004 and has been referred to the Senate Armed Services Committee.

Bill Provisions

Military Construction

S. 2674 provides \$5.3 billion for military construction for the active and reserve component accounts, which is \$520.4 million above the Administration's request, and \$31.1 million above the FY04 enacted level. The active component accounts provide \$4.5 billion, which is \$326 million above the Administration's request, but \$52.6 million below the FY04 enacted level.

- **Active Components:**
 - Provides \$1.9 billion for **Army** construction, which is \$205.8 million above the Administration's request, and \$528.9 million above the FY04 enacted level.
 - Provides \$1 billion for **Navy** construction, which is \$44.1 million below the Administration's request, and \$222.1 million below the FY04 enacted level.

- Provides \$841.1 million for **Air Force** construction, which is \$177.1 million above the Administration's request, but \$226.6 million below the FY04 enacted level.
 - Provides \$696.4 million for **Defense-wide** construction, which is \$12.8 million below the Administration's request, but \$42.8 million above the FY04 enacted level.
- **Medical Construction Program**: Provides \$187.1 million for 10 projects, an amount which is an increase of \$4.7 million over the Administration's (9-project) request.
 - **Contingency Construction**: Provides \$10 million for the Secretary of Defense "Contingency construction" account in accordance with the Administration's request. The account provides funds, which may be used by the Secretary for unforeseen facility improvements.
 - **Energy Conservation Investment Program**: Provides \$60 million for the Energy Conservation Investment Program (ECIP), which fully funds the Administration's request. A report language request requires the Department to submit to the Congressional defense committees a strategy and projected budget for implementing the findings of the renewable energy assessment, which was funded in the FY02 Military Construction Appropriations bill.
 - **Reserve Components**: Provides \$814.2 million for Reserve component military construction, which is \$194.3 million above the Administration's request, and \$83.8 million above the FY04 enacted level.
 - Provides \$381.7 million for **Army National Guard** construction, which is \$86.1 million above the Administration's request, and \$70.1 million above the FY04 enacted level.
 - Provides \$231 million for **Air National Guard** construction, which is \$103.7 million above the Administration's request, and \$8.1 million above the FY04 enacted level.
 - Provides \$66.3 for **Army Reserve** construction, which is \$20.7 million below the Administration's request, and \$22.1 million below the FY04 enacted level.
 - Provides \$33.7 million for **Naval Reserve** construction, which is \$8.4 million above the Administration's request, but \$11.7 million below the FY04 enacted level.
 - Provides \$101.3 million for the **Air Force Reserve** construction, which is \$16.8 million above the Administration's request, and \$39.3 million above the FY04 enacted level.
 - **North Atlantic Treaty Organization**: Provides \$165.8 million for the North Atlantic Treaty Organization (NATO) Security Investment Program, which fully funds the Administration's request, and is \$4.5 million above the FY04 enacted level. Report language continues a prohibition of funds being used on both the enlargement

of NATO and the Partnership for Peace program unless Congress is notified 21 days in advance. Additional report language prohibits funds appropriated for the Program from being obligated for missile defense studies.

- **Family Housing**: Provides \$4.1 billion for family housing construction, operations and maintenance, and the Department's family housing improvement fund, a total which is \$7.7 million below the Administration's request, but \$343.7 million above the FY04 enacted level.
 - Provides \$636 million for **Army** family housing construction, which fully funds the Administration's request, and is \$252.5 million above the FY04 enacted level. Provides \$928.9 million for **Army** family housing operation and maintenance, which fully funds the Administration's request, but is \$115.5 million below the FY04 enacted level.
 - Provides \$139.1 million for **Navy** family housing construction, which fully funds the Administration's request, but is \$4.5 million below the FY04 level. Provides \$704.5 million for **Navy** family housing operation and maintenance, which fully funds the Administration's request, but is \$136.8 million below the FY04 enacted level.
 - Provides \$846.9 million for **Air Force** family housing construction, which fully funds the Administration's request, and is \$209.2 million above the FY04 enacted level. Provides \$856.1 million for **Air Force** family housing operation and maintenance, which is \$7.7 million below the Administration's request, but \$33 million above the FY04 enacted level.
 - Provides \$49,000 for the **Defense-wide** family housing construction, which fully funds the Administration's request, but is \$301,000 below the FY04 enacted level. Provides \$49.5 million for **Defense-wide** family housing operation and maintenance, which fully funds the Administration's request, and is \$135,000 above the FY04 enacted level.
 - Provides \$2.5 million for the Family Housing Improvement Fund, which fully funds the Administration's request, and is \$2.2 million above the FY04 enacted level.
- **Chemical Weapons Demilitarization Construction**: Provides \$81.8 million for chemical weapons demilitarization construction, which fully funds the Administration's request, but is \$37.9 million below the FY04 enacted level.
- **Base Realignment and Closure Account**: Provides \$246.1 million for base realignment and closure account (BRAC) Part IV, which fully funds the Administration's request, but is \$124.3 million below the FY04 enacted level. Part of the decrease from the FY04 enacted level is due to the Navy requesting no BRAC cleanup funds, since it plans to expend at least \$115 million in anticipated proceeds from the sale of excess land from previous BRAC rounds.

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 July 15, the Administration released a SAP on the House-reported bill, H.R. 4837. The Administration supported House passage of H.R. 4837 and commended the Committee's support for ensuring our Nation's military construction priorities needs are met. In the SAP, the Administration offered its views on several provisions in H.R. 4837 (including the military housing privatization cap and funding for approximately 80 unrequested projects in the bill), but did not state it would veto the bill over these concerns.

Cost

S. 2674 would result in the following outlays:

FY 2005	\$9.995 billion¹
FY 2006	\$3.591 billion
FY 2007	\$2.244 billion
FY 2008	\$0.939 billion
FY 2009	\$0.669 billion

Possible Amendments

There are only two Manager's Amendments, agreed to by both sides: 1) to direct the Defense Department to assess the impacts on the military family housing program if the family housing privatization limitation is not eliminated; and 2) to make available additional funds for the Commission on Review of Overseas Military Facility Structure of the United States.

During the committee markup, no amendments were offered other than a brief managers' package that was adopted unanimously.

¹ This amount includes outlays from prior-year budget authority. If outlays from prior-year budget authority are excluded, the total is \$2.438 billion.