



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
Jim Nussle, *Chairman*

309 Cannon House Office Building
Washington, DC 20515 • (202) 226-7270
Rich Meade, *Chief of Staff* • www.budget.house.gov

Volume 4, No. 16

19 October 2004

FISCAL YEAR 2005 MILITARY CONSTRUCTION APPROPRIATIONS BILL Conference Report

SUMMARY

On 9 October 2004, the conference report accompanying the Military Construction appropriations bill (HR 4837; H.Rept. 108-607) passed the House by a vote of 374-0. The conference report cleared the Senate by voice vote on 11 October 2004, and was signed by the President on 13 October 2004. The agreement provides new budget authority [BA] of \$10.003 billion for fiscal year 2005, equal to the 302(b) allocation for the Military Construction subcommittee.

Even though this conference agreement does not exceed the 302(b) suballocation, it violates the Congressional Budget Act because it further breaches the overall 302(a) allocation to the Committee on Appropriations that exists under the

current continuing resolution [CR]. The CR is funding most government programs that receive annual discretionary appropriations. (See *Appropriations Update* Volume 4, No. 14, 7 October 2004, detailing how the CR breaches the 302(a) allocation.)

The conference agreement also includes emergency supplemental funding for disaster relief in 2005 (described briefly below, and further discussed in a separate *Appropriations Update*) and authorization for Federal loan guarantees for the development of an Alaskan natural gas pipeline. The measure does not increase the cap on military housing, which was initially included in the House committee-reported version of the bill.

COST OF THE LEGISLATION

As noted, the conference report provides \$10.003 billion in new BA and \$9.975 billion in outlays for 2005 – an increase of \$684 million in BA, and a decrease of \$223 million in outlays, from fiscal year 2004 (see Table 1 below). The agreement is \$449 million above the President's request.

Other than the supplemental funding for disaster relief, the conference report does not contain emergency-designated new BA for military construction. It does, however, include \$195 million worth of rescissions of previously enacted BA, with \$1 million in outlay savings.

Table 1: Military Construction Appropriations Bill
(fiscal years; millions of dollars)

	2004 Spending ^a	Administration 2005	302 (b) for 2005	Bill ^b
Budget Authority	9,319	9,554	10,003	10,003
Outlays	10,198	9,985	10,015	9,975

^a Does not include \$525 million in BA and \$155 million in outlays included in the fiscal year 2004 Iraq conflict supplemental (Public Law 108-106).

^b Does not include \$169 million in BA and \$30 million in outlays for programs under the jurisdiction of the Military Construction subcommittee included in the fiscal year 2005 Emergency Appropriations for Hurricane Disasters Assistance Act.

(continued on next page)

This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of all the committee's members.

COMPLIANCE WITH THE BUDGET RESOLUTION

The conference agreement does not comply with section 302(f) of the Budget Act, but does comply with section 311(a) of that Act. The first of these prohibits consideration of bills in excess of either the 302(a) allocation of new budget authority to the Appropriations Committee, or the 302(b) suballocation of new budget authority for the subcommittee responsible for the programs in that appropriations bill. The second, section 311(a), prohibits consideration of legislation exceeding the aggregate levels of budget authority and outlays established in the budget resolution.

The \$10.003 billion in new discretionary BA provided by the bill is equal to the 302(b) suballocation to the Subcommittee on Military Construction; outlays are \$40 million below the allocation. Nevertheless, because the current continuing resolution (Public Law 108-309) results in \$841 billion in BA – exceeding the \$822 billion BA provided by the budget resolution – the section 302(f) point of order for exceeding the 302(a) allocation would still lie against the measure. (The continuing resolution exceeds the allocation because it assumes that supplemental

appropriations passed in 2004 – which were intended as one-time spending measures – are appropriated again every year thereafter.)

There is still ample room under the budget’s BA ceiling: the budget resolution included \$50 billion in budget authority for fighting the Iraq war, and that BA has not been provided through legislation. Thus, the Military Construction conference report does not violate section 311(a).

Various provisions in the conference report designating supplemental appropriations and drought assistance as emergencies, and directing the costs of certain entitlement provisions to be scored against the respective authorizing committees, violate section 306 of the Budget Act because they fall within the jurisdiction of the Budget Committee.

The unanimous consent agreement providing for consideration of the conference report waived all points of order against it and its consideration, so the section 302(f) violation did not prevent the conference report from being cleared for the President.

Table 2: Discretionary Spending in the Military Construction Appropriations Bill

(in millions of dollars)

	2004 Budget Authority ^a	2004 Outlays ^a	2005 Budget Authority ^b	2005 Outlays ^b	Difference BA	Difference Outlays
Army	1,264	1,550	1,962	1,562	698	12
Navy	1,192	1,156	1,046	1,240	-146	84
Air Force	1,044	1,146	844	1,202	-200	56
Defense-wide	701	793	663	731	-38	-62
Reserve Components	730	780	945	761	215	-19
Family Housing	3,805	3,975	4,054	3,808	249	-167
NATO Security Investment	161	248	161	253	0	5
Base Realignment and Closure	370	514	246	371	-124	-143
Currency Fluctuations	52	36	0	38	-52	2
Chemical Demilitarization	0	0	82	9	82	9
Total	9,319	10,198	10,003	9,975	684	-223

^a Does not include \$525 million in BA and \$155 million in outlays included in the fiscal year 2004 Iraq conflict supplemental (Public Law 108-106).

^b Does not include \$169 million in BA and \$30 million in outlays for programs under the jurisdiction of the Military Construction subcommittee included in the fiscal year 2005 Emergency Appropriations for Hurricane Disasters Assistance Act.

DISCUSSION

Military Construction

The conference report is \$684 million above 2004 spending (see Table 2 above). Increases from 2004 were provided for military construction-Army (\$698 million), Family Housing

(\$249 million), military construction-reserve components (\$215 million) and chemical demilitarization (\$82 million). These were partly offset by reductions in military construction-Air Force (\$200 million), military construction-Navy (\$146 million), base realignment and closures (\$124

(continued on next page)

million), currency fluctuations (\$52 million), military construction-defensewide (\$38 million), and NATO security investment (\$5 million).

The agreement is \$449 million above the President's request. It increases funding for military construction-reserve components (\$325 million), Army (\$191 million), and Air Force (\$180 million). These increases were partly offset by reductions in Family Housing (\$119 million), military construction-defensewide (\$46 million), currency fluctuations (\$63 million), and military construction-Navy (\$14 million).

The measure rescinds \$195 million of previously enacted BA for: Family Housing (\$97 million); military construction - Navy (\$24 million); Defensewide (\$23 million); Air Force (\$22 million); Army (\$19 million); and Air National Guard (\$5 million); and the North Atlantic Treaty Organization security investment (\$5 million). These rescissions reduce outlays by a net of \$1 million.

Supplemental Appropriations

As noted, the conference agreement also incorporated \$14.528 billion in emergency-designated supplemental

budget authority, and \$6.995 billion in related outlays. (The measure also contains \$29 million in non-emergency outlays.) This funding will be discussed more thoroughly in a forthcoming *Appropriations Update*. A brief summary of the major components:

- *Department of Homeland Security* - The Department is provided \$6.533 billion in BA and \$1.876 in outlays for Emergency Preparedness and Response and the U.S. Coast Guard.
- *Department of Agriculture* - The agreement provides \$3.618 billion in BA, and \$3.068 billion in outlays, for agriculture. The vast majority of these funds go to the Farm Service Agency for the Emergency Conservation Program and the Community Credit Corporation Fund.
- *Department of Transportation* - The measure provides \$1.232 billion in BA and \$210 million in outlays. The funds are mainly for repairs of highways damaged by recent hurricanes.
- *Department of Defense* - The Pentagon receives \$1.077 billion in BA and \$750 million in outlays, mostly for Operations and Maintenance.

AUTHORIZATION ISSUES

The conference report authorizes Federal loan guarantees to develop the Alaskan Natural Gas Pipeline. Such language would generally be reported to the House by the authorizing committee with jurisdiction over such matters. Nevertheless, the language was included in this bill. The measure does not provide appropriations for this program authorization, so there is no cost to the language that is counted against the Military Construction subcommittee's 302(b) suballocation.

Contrary to some floor statements concerning the conference report, the measure did not increase the cap on

the Military Housing Privatization Initiative. This provision was initially contained in the committee-reported version of the measure, and was allowed to reach the floor even though this provision caused a breach of the Military Construction subcommittee's 302(b) allocation. The provision was stricken from the measure under a point of order raised on the House floor.

Subsequently, the provision was included in the conference report on the National Defense Authorization Act for fiscal year 2005, and was fully offset.