



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
James T. Bates, *Chief of Staff* • www.budget.house.gov

Volume 5, No. 21

14 December 2005

FISCAL YEAR 2006 MILITARY QUALITY OF LIFE, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS BILL – H.R. 2528 Conference Report

SUMMARY

Fiscal year 2006 funding for military housing and personnel benefits, and for veterans' services, became law on 30 November 2005, when the President signed the conference report accompanying the Military Quality of Life, Veterans Affairs, and Related Agencies appropriations bill (Public Law 109-108). The measure provides new budget authority equal to levels recently adopted by the House Appropriations Committee, and hence complies with applicable provisions of the Congressional Budget Act. It also complies with provisions of the budget resolution,

such as those governing advance appropriations and emergency designations. This is the eighth conference report for the fiscal year beginning 1 October 2005.

The conference report reflects the Senate's subcommittee jurisdiction, combining military construction and veterans benefits and health care. The House subcommittee jurisdiction also includes defense health and housing allowances. Funding for these two programs will be provided in the Department of Defense appropriations bill.

COST OF THE LEGISLATION

The conference report provides \$44.1 billion in new budget authority [BA], and \$41.8 billion in outlays for 2006 (see Table 1 below). Compared with 2005 totals, the measure increases BA by \$1.9 billion, or 4.4 percent. By contrast, the conference levels appear to be \$1.4 billion, or 3.1 percent, less than the administration's BA request. This occurs because the administration proposed a budget amendment in July of \$2 billion in BA and \$1.8 billion in outlays in non-emergency funding for veterans health care.

The conference report provides the funding, but in the form of emergency spending for veterans medical programs (\$1.2 billion in BA and \$1.1 billion in outlays). These amounts are excluded from the report's totals because emergency funding does not count against the suballocation for purposes of compliance with the budget resolution (see Compliance with the Budget Resolution below). If this funding did count against the suballocation, the conference report and the administration request would be much closer.

Table 1: Military Quality of Life, Veterans Affairs, and Related Agencies
(fiscal years; millions of dollars)

	2005 Spending ^a	Administration 2006 ^b	302 (b) for 2006 ^c	Bill ^a
Budget Authority	42,272	45,562	44,143	44,143
Outlays	40,855	43,239	81,634	41,803

^a Excludes emergency-designated appropriations, but includes supplemental appropriations.

^b Includes a non-emergency budget amendment causing the request to exceed the 302(a) allocation set by the budget resolution.

^c The House Appropriations Committee revised the 302(b) suballocations in November to adjust for the agreed-upon jurisdiction of the appropriations bills for this year's conference committees by changing the BA level, but not the outlay level. As such, this outlay level includes an allowance for defense health and housing allowance programs that were included in the bill considered by the House (see Summary above).

(continued on reverse side)

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

In compliance with the Congressional Budget Act, new BA in the conference report equals the applicable suballocation – under section 302(b) of the Budget Act – as adopted by the House Appropriations Committee on 2 November 2005. The conference report also is consistent with the appropriate levels in the budget resolution, because enactment of this legislation did not cause the budgetary totals for BA and outlays set by the budget resolution to be exceeded. In addition, the conference agreement contains no advance appropriations, which are governed by the budget resolution.

As noted above, the agreement includes \$1.2 billion in emergency funding for veterans medical programs, which gives the appearance that the 302(b) suballocation and conference report amounts are less than the administration request (see Table 1 above). The budget resolution, however, was always designed to meet the full cost of care for medical services for veterans. The administration request

for additional non-emergency funds was submitted too late in the year to accommodate in the budget resolution (see Discussion below). As such, Congress had little recourse but to designate the additional funds as an emergency in order to avoid the Budget Act prohibition against the consideration of appropriations measures that exceed applicable 302(b) suballocation.

Note that the outlays attributable to the bill in Table 1 are lower than the outlays reported in Table 2. The outlays in Table 1 strictly show how much of the BA provided in this bill will be spent in 2006. The outlays in Table 2 show how much of the BA provided in this bill and the supplemental funding provided in the 2006 Interior, Environment, and Related Agencies appropriations bill (Public Law 109-54) for veterans medical programs will be spent in 2006, resulting in a \$1.3 billion discrepancy (see Discussion below).

Table 2: Discretionary Spending in the Military Quality of Life, Veterans Affairs, and Related Agencies Conference Report
(in millions of dollars)

	2005 Budget Authority	2005 Outlays	2006 Budget Authority	2006 Outlays	Difference BA	Difference Outlays
Army	1,962	1,567	1,755	1,839	275	268
Navy	1,046	1,276	1,107	1,209	78	33
Air Force	845	1,204	1,260	1,146	415	-58
Defense-wide	663	891	989	817	326	-74
Reserve and National Guard	945	719	1,100	807	155	88
Base Realignment and Closure	246	588	1,759	649	1,513	61
Family Housing	4,055	3,918	4,020	3,730	-35	-188
Other Defense Programs	243	230	177	289	-66	59
Veterans Affairs Medical Programs	29,479	28,017	29,104	30,045	-375	2,028
Other Dept of Veterans Affairs	2,627	2,277	2,715	2,411	88	134
Other	<u>161</u>	<u>168</u>	<u>157</u>	<u>161</u>	<u>-4</u>	<u>-7</u>
Total	42,272	40,855	44,143	43,103	1,871	2,248

DISCUSSION

Within the agreement’s \$44.1 billion in new discretionary BA, the largest single increase from fiscal year 2005 is \$1.5 billion in BA for the Department of Defense Base Realignment and Closure process [BRAC] (see Table 2 above). This is 80 percent of the total \$1.9-billion increase in the measure (a comparison that accounts for both regular and supplemental appropriations, but excludes emergency-designated appropriations).

The second-largest increase is \$850 million for veterans medical programs – even though it appears as a reduction in Table 2 above. The apparent discrepancy results from the way the spending came about, which warrants explanation.

Congress passed its budget resolution at the end of April (H.Con.Res. 95). In June, the Department of Veterans Affairs [VA] reported a projected budget shortfall for

(continued on next page)

veterans medical programs in both 2005 and 2006. Because it was already too late to accommodate the additional funds through the congressional budget, Congress provided them in the 2006 Interior, Environment, and Related Agencies appropriations bill (Public Law 109-54), and this bill, the 2006 Military Quality of Life, Veterans Affairs, and Related Agencies appropriations bill (Public Law 109-108).

Those funds for veterans medical programs were provided in the form of a supplemental and emergency appropriation, respectively. Supplemental appropriations count against the 302(b) suballocation, whereas emergency appropriations do not. As such, the 2006 Interior appropriations bill carries \$1.5 billion in BA for the VA, resulting in a technical violation of Section 311 of the Congressional Budget Act (see *Appropriations Update* Volume 5, Number 12).

The outlays associated with this supplemental are spread over 2005 (\$200 million) and 2006 (\$1.3 billion) and appear in Table 2 to help show total VA resources and spending subject to the 302(b) suballocation. The \$1.225 billion in emergency BA in this bill also spends out over 2 years – \$1.1 billion in 2006 and \$122 million in 2007 – but is not subject to the 302(b) suballocation in accordance with the budget resolution. As such, these amounts do not appear in Table 2.

The absence of emergency appropriations in Table 2, however, makes it appear as if BA for veterans health care decreases by \$375 million and outlays increase by \$2 billion between 2005 and 2006. In fact, when the President makes the emergency funds available to the agency, total resources for veterans healthcare will be \$850 above 2005 levels.

Other noteworthy provisions in the conference report include the following:

- *Military Construction* – A sum of \$8 billion is provided for the combination of accounts that constitute Military Construction. This amount provides \$2.7 billion in increases (52 percent), compared with 2005. Included is the \$1.5-billion increase for BRAC described above.
- *Medical Care Cost Recovery* – The conference report assumes offsetting collections of \$2.2 billion, as already provided under existing law for copayments and other fees. These amounts are subtracted from the figures for medical services given above. As noted, the conference report contains no other new offsetting collections.
- *Mental Health* – The conference report calls for the VA to dedicate at least \$2.2 billion of its medical service budget to mental health diagnosis and treatment.