

APPROPRIATIONS ANALYSIS

BY THE COMMITTEE ON THE BUDGET, REPUBLICAN CAUCUS

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FISCAL YEAR 2008 DEFENSE APPROPRIATIONS BILL (H.R. 3222)

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SUMMARY

The fiscal year 2008 Department of Defense appropriations bill provides \$459 billion in net discretionary budget authority [BA], an amount equivalent to the subcommittee's allocation, and \$473 billion in discretionary outlays, 2.9 billion below its allocation. This represents a reduction of \$3.5 billion in BA below the President's request, but an increase of \$39.7 billion above the 2007 regular level. The measure does not include funding for operations fiscal year 2008 operations in Iraq and Afghanistan.

Under the Democratic Budget Resolution, (S.Con.Res. 21), non-emergency discretionary spending will be increased by \$81.4 billion compared with 2007 (including \$26 billion for domestic programs) – growing more than 9 percent, or more than three times the rate of inflation. This is on top of the \$6 billion Majority added to the current-year omnibus, and the \$17 billion in non-war non-emergency spending they added to the Iraq war supplemental.

The President has stated he will veto appropriations bills that exceed his requested spending levels. The President has not issued a veto threat on this bill.

Table 1: Defense appropriations bill
(fiscal years; millions of dollars)

| | 2007 Level ^a | President 2008 | 302(b) for 2008 | H.R. 3222 |
|------------------|-------------------------|----------------|-----------------|-----------|
| Budget Authority | 419,609 | 462,833 | 459,332 | 459,332 |
| Outlays | 458,058 | 477,837 | 475,980 | 473,079 |

^a Excludes supplementals.

COST AND BUDGET COMPLIANCE

The bill funds the activities of the Department of Defense, but, as noted, does not include funding for operations in Iraq and Afghanistan. These operations are funded as emergency spending and are not included in H.R. 3222. In his February budget submission, the President included a \$141-billion supplemental funding request for these activities, and the administration is expected to submit a budget amendment soon.

As reported, H.R. 3222 provides \$459.3 billion in discretionary BA and \$473.1 billion in outlays, amounts consistent with the 302(b) allocation to the Appropriations Subcommittee on Defense. The bill does not contain advance appropriations, changes to mandatory programs, or emergency-designated spending.

DISCUSSION

As noted, the bill is an increase of \$39.7 billion (9.5 percent) in BA above the regular 2007 enacted level, and \$3.5 billion below the President's 2008 request.

Key provisions in the bill include:

- **Military Personnel Includes a 3.5-Percent Raise.** The military personnel accounts that fund the pay and benefits for those serving in uniform receive \$115.9 billion, which is slightly below the President's request and \$4.8 billion (4.3 percent) greater than the enacted level. Within these accounts, the bill increases the basic military pay raise to 3.5 percent while leaving the civilian increase at the requested 3 percent level, compared with the President's request of a 3-percent increase for both military and civilian pay. The bill still falls below the President's request, however, because the Appropriations Committee does not fund other items in the personnel accounts.
- **Operation and Maintenance Below Request.** Operation and Maintenance [O&M] is funded at \$5.3 billion below the request, but is a substantial \$12 billion (8 percent) increase over the enacted level. By failing to meet the request, the bill underfunds the O&M accounts with the expectation that these funds will be restored in a supplemental. This gimmick is disruptive to the Defense Department's planning and its execution of operations.
- **Procurement Accounts Increase 25 Percent.** The largest increase in the bill is for procurement of weapons and weapon systems, and is equivalent to the President's request. The bill provides \$101.7 billion for procurement, which is \$20.4 billion above the enacted level. This increase funds the initiative to expand the force structure of the Army and the Marine Corps, and provides equipment for the new personnel.
- **Research and Development Earmarks.** The bill provides \$75.9 billion for the Research, Development, Test, and Evaluation [RDT&E] accounts. This is an increase of \$1.4 billion above the request and \$800 million more than the 2007 level. Much of this increase consists of earmarks – some of which are related to the Department of Defense, and some of which appear to be unrelated to DoD's mission and more suited to other appropriations bills. Among the latter are mapping for the discovery of autism susceptibility genes, or funding for the Nanoscience Nanotechnology Institute.

APPROPRIATIONS TO DATE

This is the twelfth and final appropriations bill to reach the House floor, nine of which exceed the President's request (those not exceeding the request are State and Foreign Operations, Legislative

Branch, and Defense). The bills cumulatively increase spending by \$21.4 billion over the President's request. With the adoption of this bill, there will be no funds available remaining in the allocation to the Committee on Appropriations pursuant to the budget resolution (see Table 2).

Table 2: Cumulative Cost of Appropriations Bills
(fiscal years; discretionary budget authority in billions of dollars)

| | Fiscal Year 2008 Budget Authority | Fiscal Year 2008 President's Request | Dollar Increase Over President | Increase Over 2007 Enacted ^c |
|-----------------------------------|--------------------------------------|---|-----------------------------------|--|
| 302(a) Allocation | 954 ^a | 932 | 21 | 81 |
| Homeland Security | 36 | 34 | 2.1 | 4.4 |
| MilCon/VA | 65 | 61 | 4.0 | 15.0 |
| Energy and Water | 32 | 31 | 1.1 | 1.3 |
| State and Foreign Ops | 34 | 35 | -0.7 | 2.9 |
| Legislative Branch ^b | 3 | 3 | -0.3 | 0.1 |
| Interior and Environment | 28 | 26 | 1.9 | 1.2 |
| Financial Services | 21 | 21 | 0.1 | 1.8 |
| Labor, HHS, Education | 152 | 141 | 10.8 | 7.2 |
| Transportation, HUD | 51 | 48 | 2.7 | 3.2 |
| Commerce, Justice, Science | 54 | 51 | 2.2 | 3.2 |
| Agriculture | 19 | 18 | 1.0 | 1.0 |
| Defense | 459 | 463 | -3.5 | 39.7 |
| Total House-Passed to Date | 954 | 932 | 21 | 81 |

Note: Figures exclude emergencies.
^a Includes cap adjustment
^b Excluding Senate
^c 2007 figures are not rebaselined