

August 13, 2007

COMPARISON OF THE FY 2008 HOUSE AND SASC DEFENSE AUTHORIZATION BILLS

By **Steven M. Kosiak**

On May 17, 2007, the full House passed its version of the fiscal year (FY) 2008 defense authorization bill. The Senate Armed Service Committee (SASC) completed work on its version of the bill on June 5. However, the SASC bill was pulled from floor consideration on July 18, after it became apparent that the Democratic majority did not have the 60 votes it would need to adopt the Levin-Reed amendment, which would have required the President to begin withdrawing US forces from Iraq within 120 days, and have most troops out by April 30, 2008 (under the amendment, a limited number of US troops could remain in the country to train Iraqi security forces, protect US personnel and installations, and conduct counter-terrorism missions).

This analysis provides a brief comparison of the House and SASC versions of the FY 2008 defense authorization act. The administration's defense budget request is also working its way through the House and Senate appropriations process.¹

The House defense authorization bill would provide about \$648.6 billion for national defense,² including \$506.8 billion in the "base" defense budget and \$141.8 billion in war-related funding. These totals are very close to the levels requested by the administration.³ The SASC version of the bill would provide \$648.8 billion for national defense—also very close to the requested level. However, the SASC bill would cut \$13.3 billion from the war-related budget request and shift most of that funding (\$12.8 billion) into the FY 2008 base budget—yielding a base budget of \$519.7 billion and \$128.5 billion in war-related funding.

¹ The defense authorization act *authorizes the appropriation* of funds. It does not, however, provide any actual funds to DoD. The enactment of separate appropriations measures is required for DoD to receive funding. Enactment of the annual defense authorization act is not necessary for DoD to be provided funding, and thus is not "must pass" legislation. At press time, the full House had passed its version of the defense appropriations act, but the Senate appropriations committee had not yet completed work on its version of the bill.

² National Defense includes funding for the DoD, as well as defense-related activities in the Department of Energy and a number of other agencies.

³ The House and SASC bills cite slightly different estimates of the level of funding included in the administration's FY 2008 request for national defense: the House, \$647.4 billion and the SASC, \$648.8 billion.

The Bush Administration's proposed base budget represents an 8.6 percent real (inflation-adjusted⁴) increase from the level provided for FY 2007. The total FY 2008 request for the Department of Defense (DoD)—including both the base budget and war-related budget—marks the highest level of funding for the department since FY 1946, the last budget to reflect substantial resources related to World War II. On the other hand, the proposed defense budget would absorb a significantly smaller share of gross domestic product (GDP) than it did during World War II, or more recent conflicts such as the Vietnam and Korean Wars.

Assuming the full Senate eventually passes a version of the bill, members of the House and Senate will then have to meet in conference to work out differences between the two bills. Although generally consistent at the topline level, the House and SASC bills differ with each other and with the administration's request in some important details.⁵

HIGHLIGHTS OF THE TWO BILLS

- **Military Personnel Pay and Benefits:** The House and SASC defense authorization bills both include average pay raises of 3.5 percent for military personnel. This is half a percentage point higher than the 3.0 percent pay raise requested by the administration. Both bills also reject the administration's proposal to increase TRICARE medical insurance fees, co-payments and pharmacy fees paid by military retirees. These changes from the request are projected to add, respectively, \$300 million and \$1.9 billion to the cost of military compensation in FY 2008.
- **End Strength:** Both bills support the administration's proposal to increase the permanent active duty end strength of the US military by 92,000 troops, including 65,000 additional Army personnel and 27,000 more Marines. This planned increase in the size of the Army and Marine Corps is projected to add about \$100 billion to the cost of DoD's plans over the next six years. However, the SASC did raise concerns that the buildup in these forces would not be completed in time to help relieve the stress caused by the current large-scale deployments in Iraq.
- **Procurement:** The administration's FY 2008 request includes about \$100 billion for weapons procurement in DoD's base budget, plus another \$36 billion in war-related procurement funding. The House bill would \$2.5 billion and \$371 million, respectively, to these requests. The SASC bill would add \$9.7 billion in procurement funding to the base budget request—with this increase financed in larger measure through the shifting of funds (noted earlier) from the war-related portion of the request (which would be cut by \$7.7 billion) to the base defense budget. Programmatically, both the House and SASC bills would make a few significant changes to the administration's procurement request. Both chambers added about \$4 billion to accelerate production of the Mine Resistant Ambush Protected

⁴ Unless otherwise noted, all changes in funding levels included in this analysis are expressed in real terms.

⁵ For additional information, see HASC and SASC FY 2008 Defense Authorization Act committee reports, and Pat Towell, Stephen Daggett and Amy Belasco, "Defense: FY 2008 Authorization and Appropriations," Congressional Research Service (CRS), July 30, 2007.

(MRAP) vehicle. The House bill also added \$2.4 billion for the procurement of 10 more C-17 cargo aircraft, \$1.7 billion for another LPD-17 amphibious warfare ship, \$400 million for another T-AKE supply ship, and \$588 million in advance procurement funding for an additional Virginia-class attack submarine (for which full funding would have to be provided in a future budget). These increases would be offset, in part, by cuts in number of other procurement programs, including the SINCGARS radio (\$755 million) and Joint Node Network (\$2.1 billion) programs. For its part, the SASC bill would add funding for an additional T-AKE supply ship and advance procurement funding for the acquisition of an additional attack submarine in FY 2010. Both bills would cut one Littoral Combat Ship (LCS) from the administration's request for three LCSs in FY 2008.

- **Research & Development:** The administration's defense budget request includes \$75.1 billion for research and development (R&D). The House bill would cut about \$1.7 billion from the request, while the SASC bill would cut \$458 million. A key difference is that the House bill would cut \$876 million in R&D funding from the Army's Future Combat System (which consists of a family of new combat vehicles, as well as unmanned aircraft, sensors and other components), while the Senate would add \$115 million to that effort. Both the House and SASC bills would increase funding for Science and Technology (S&T) programs (i.e., programs in the earliest phases of the R&D process) above the \$10.8 billion level requested by the administration. The House bill would increase S&T funding to \$11.5 billion, while the SASC bill would provide about \$11.2 billion. Even with these increases, funding for S&T programs would remain well below the level provided for FY 2007 (\$13.3 billion).
- **Ballistic Missile Defense (BMD):** The administration requested \$8.8 billion for Missile Defense Agency (MDA) R&D in FY 2008. The House version of the FY 2008 defense authorization act cuts \$708 million from this request, while the SASC bill cuts it by \$306 million. In both cases the largest reductions were made to the boost phase component of the program, which was cut by, respectively, \$250 million and \$200 million in the House and SASC bills. By contrast, the House bill fully funds the program's terminal phase defense components, while the SASC bill added \$165 million to those elements.
- **Military Operations in Iraq and Afghanistan:** As noted earlier, the House version of the FY 2008 defense authorization act essentially fully funds the administration's \$141.8 billion request for military operations, while the SASC bill shifts \$12.8 billion from this request to the base defense budget. In doing so, the SASC report argues that many of the programs and activities included in the administration's request for war-related funding actually represent long-term requirements, at best only indirectly related to the wars in Iraq and Afghanistan—and that, therefore, they should be included in the base budget.

###

For more information, contact Steven M. Kosiak at (202) 331-7990.

The Center for Strategic and Budgetary Assessments (CSBA) is an independent policy research institute established to promote innovative thinking about defense planning and investment

strategies for the 21st century. The center is directed by Dr. Andrew F. Krepinevich. For more information on CSBA, see our web site at: <http://www.csbaonline.org>.