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## **SPECIAL REPORT:** **FY 2005 Defense Appropriations and Authorization (Conferenced Versions), California Implications -- *October 2004***

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In July 2004, the House and Senate approved H.R. 4163, an appropriations bill for the Department of Defense. In October 2004, both houses of Congress approved the FY2005 Department of Defense Authorization Bill, H.R. 4200. In the House, the appropriations bill was shepherded by House Appropriations Defense Subcommittee Chairman Jerry Lewis (Redlands), and the authorization bill was led by House Armed Services Committee Chairman Duncan Hunter (Alpine).

The following represents a quick analysis of the bill from a California perspective as prepared by the California Institute. We apologize for any errors or omissions in our discussion of these documents, and would appreciate any input/feedback/corrections. The ordering of items generally reflects their presence in the bill and does not mean to imply any relative importance.

This appropriations analysis is available on the California Institute web site at <http://www.calinst.org/pubs/def04c.htm> , and a pdf format version is available at <http://www.calinst.org/pubs/def04c.pdf>.

### **FY 2005 DEFENSE AUTHORIZATION AND APPROPRIATIONS CONFERENCE REPORTS**

On October 9, 2004, the Defense authorization conference report was approved in the House, 359-14, and in the Senate by voice vote. The final version of the bill, which authorizes \$445.6 billion for the Defense Department and defense activities, preserves a round of base closures to take place in 2005 -- an earlier House version of the bill would have delayed the closures until 2007. The President had threatened to veto any bill that delayed the base closures.

Although it allows the 2005 closure round to go forward, the bill, HR 4200, does slightly modify the procedures through which bases are designated for realignment or closure. Under the current process, the Department of Defense proposes a list of bases for closure. The President nominates a nine-member Base Realignment and Closure Commission (BRAC), which is the body responsible for analyzing the closure recommendations and putting forth a final base closure list for an up-or-down Congressional vote. The 2005 authorization bill requires that the Secretary of Defense's base closure list better accounts for the military infrastructure's ability to deal with "surge requirements of the armed forces." Additionally, whereas previously the approval of five

BRAC members could add a base to the Defense Department's closure list, the 2005 bill requires seven of the nine members to vote for closing a base not specified by the Defense Secretary.

Unlike most components of the federal budget, where the authorization and appropriations processes are separate and often contradictory, a fiscal year's defense authorization and appropriations bills tend to parallel one another effectively. The FY 2005 appropriations bill for the Department of Defense (H.R. 4163) was approved July 22 by both the House, 410-2, and the Senate, 96-0. On August 5, the bill was signed by the President and became Public Law 108-287. The conference report accompanying the bill is H.Rept.108-622.

The appropriations conference report included \$416.2 billion in new discretionary spending authority for the Department of Defense, including \$25 billion in emergency spending requested by the President for FY05 for operations in Iraq and Afghanistan. The discretionary total is \$1.6 billion below the President's budget request and \$23.8 billion more than comparable FY04 funding levels (excluding the FY04 Iraq supplemental and the FY05 Emergency Wartime Appropriation.) The FY 2005 appropriations spending broke down as follows:

- \$103.7 billion for Military Personnel
- \$121.0 billion for Operation and Maintenance
- \$77.7 billion for Procurement
- \$70.0 billion for Research, Development, Test and Evaluation
- \$2.4 billion for Revolving and Management Funds
- \$20 billion for Other Department of Defense Programs
- \$25 billion for Emergency Wartime Appropriations

The final bill included a 3.5% military pay raise.

The appropriations conference report provided \$1.5 billion above the president's budget request for recapitalization of combat and tactical vehicles, helicopters, and ammunition production in order to restock inventory depleted by military operations in Iraq and Afghanistan. Included in this fund was \$625 million for procurement and fielding of one additional Stryker brigade.

This year's spending bill provided funding for a number of aerospace programs, many of which provide significant revenues to California's aerospace industry. For the Navy/Marine Corps, the defense appropriations conference report provided \$2.9 billion for 42 F/A-18 fighters, \$846.6 million for 8 Marine Corps V-22 transport aircraft and \$211.5 million for 2 E-2C Hawkeye surveillance aircraft. It also funded 2 UC-35 airlift aircraft, and 2 C-37s. For the Army, the conferees terminated the Comanche helicopter program, but added \$63.6 million for the procurement of 12 additional National Guard Blackhawk helicopters.

For the Air Force, the appropriations conference report provided \$3.6 billion for procurement of 24 F/A-22 fighters, \$2.7 billion for 15 C-17 aircraft, and \$176 million for Predator UAVs. Appropriators fully funded the procurement of 3 Air Force V-22 Ospreys and added \$60 million for development work on the B-2 and the next-generation bomber program. The bill authorized \$4.4 billion for the Joint Strike Fighter development program, an increase of \$97 million from FY04 levels. An additional \$586.5 million was provided for the Joint Unmanned Aerial System program.

The August appropriations conference provided \$10 billion for missile defense programs, an increase of \$1 billion over FY04 funding levels and decrease of \$183 million from the budget request. The amount included \$4.6 billion for ground-based midcourse defense in support of fielding a national missile defense initial operational capability in fall 2004. The bill also appropriated \$599 million for the Space Based Infrared System, and provides \$511 million for Enhanced Expendable Launch Vehicle procurement.