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Report RL30510

*APPROPRIATIONS FOR FY2001: MILITARY
CONSTRUCTION*

Larry Nowels, Foreign Affairs, Defense, and Trade Division

Updated November 7, 2000

Abstract. This report is a guide to one of the 13 regular appropriations bills that Congress passes each year. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. It lists the key CRS staff relevant to the issues covered and related CRS products.

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Appropriations for FY2001: Military Construction

Updated November 7, 2000

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Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bounded by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on Military Construction Appropriations. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

This report is updated as soon as possible after major legislative developments, especially following legislative action in the committees and on the floor of the House and Senate.

NOTE: A Web version of this document with active links is available to congressional staff at [http://www.loc.gov/crs/products/apppage.html]

Appropriations for FY2001: Military Construction

Summary

The military construction (MilCon) appropriations bill finances (1) military construction projects in the United States and overseas; (2) military family housing operations and construction; (3) U.S. contributions to the NATO Security Investment Program; and (4) most base realignment and closure costs.

This report reviews the appropriations and authorization process for military construction. The congressional debate perennially centers on the adequacy of the President's budget for military construction needs and the necessity for congressional add-ons, especially for Guard and Reserve projects. In recent years, Congress has frequently complained that the Pentagon has not adequately funded military construction.

The Administration's FY2001 budget request for military construction is \$8.0 billion, which is 5.5% below the level provided in FY2000. This continues a downward trend from the peak FY1996 level of \$11.2 billion, the FY1997 level of \$9.8 billion, the FY1998 level of \$9.3 billion, the FY1999 level of \$9.0 billion and the FY2000 level of \$8.4 billion.

On May 16, 2000, the House passed the Military Construction Appropriations Act FY2001 (H.R. 4425), by a 386-22 roll call vote. The House followed the House Appropriations Committee's lead and passed the \$8.634 billion bill with only one amendment.

On May 18, 2000, the Senate passed S. 2521, their version of the FY2001 Military Construction Appropriations bill, on a 95-4 vote. Because emergency supplemental appropriations for FY2000 was added onto this bill, the conference debate has focused on domestic and defense issues outside of military construction.

For background and comprehensive information on the FY2000 supplemental funding, see CRS Report RL30457, *Supplemental Appropriations for FY2000: Plan Colombia, Kosovo, Foreign Debt Relief, Home Energy Assistance and Other Initiatives*, by Larry Nowels, et al.

The Military Construction Appropriations conference report, recommending \$8.834 billion, was approved by the House on June 29, 2000, and the Senate on June 30, 2000. It became P.L. 106-246 on July 13, 2000.

In authorization action, on May 18, 2000, the House approved its defense authorization bill (H.R. 4205, H.Rept. 106-616). The Senate substituted their version of the defense authorization bill – S. 2549, S.Rept. 106-292 – in H.R. 4205 and passed that bill on July 13, 2000. The conference report (H.Rept. 106-945) was passed by the House on October 11, 2000 and by the Senate on October 12, 2000. The conference authorized \$8.8 billion, \$787 million more than the President's request. The FY2001 defense authorization bill became P.L. 106-398 on October 30, 2000.

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Division abbreviations: FDT = Foreign Affairs, Defense, and Trade.

Contents

Most Recent Developments	1
Background: Content of Military Construction Appropriations and Defense Authorization Bills	1
Status	3
Appropriations Action	3
Conference Appropriations Action	3
House Appropriations Action	3
Senate Appropriations Action	4
Senate Appropriations Emergency Supplemental Action for FY2000 .	4
Authorization Action	5
Key Policy Issues	5
Ongoing Congressional Concerns	5
Long-term Planning for Military Construction	5
Reauthorization of the Military Housing Privatization Initiative	6
Privatization Initiative for Utility Infrastructure	8
History and Context	9
The Funding Pattern for Military Construction Budgets	9
The Debate Over Added Projects	10
Major Funding Trends	11
Legislation	11
Military Construction Appropriations	11
Defense Authorization	12
For Additional Information	17
CRS Issue Briefs	17
CRS Reports	17
Selected World Wide Web Sites	17

List of Tables

Table 1. Status of Military Construction Appropriations, FY2001	3
Table 2. Military Construction Appropriations, FY1996-2000	12
Table 3. Military Construction Appropriations by Account: FY1999-2001	13
Table 4. Military Construction Appropriations by Account - Congressional Action	14
Table 5. Congressional Additions to Annual DOD Budget Requests for National Guard and Reserve Military Construction, FY1985-2000	15

Appropriations for FY2001: Military Construction

Most Recent Developments

The Military Construction Appropriations conference report, recommending \$8.834 billion, was approved by the House on June 29, 2000, and the Senate on June 30, 2000. It became P.L. 106-246 on July 13, 2000.

In authorization action, on May 18, 2000, the House approved its defense authorization bill (H.R. 4205, H.Rept. 106-616). The Senate substituted their version of the defense authorization bill – S. 2549, S.Rept. 106-292 – in H.R. 4205 and passed that bill on July 13, 2000. The conference report (H.Rept. 106-945) was passed by the House on October 11, 2000 and by the Senate on October 12, 2000. The conference authorized \$8.8 billion, \$787 million more than the President's request. The FY2001 defense authorization bill became P.L. 106-398 on October 30, 2000.

Background: Content of Military Construction Appropriations and Defense Authorization Bills

The Department of Defense (DOD) manages the world's largest dedicated infrastructure, covering over 40,000 square miles of land and a physical plant worth over \$500 billion. The military construction appropriations bill provides a large part of the funding to maintain this infrastructure. The bill funds construction projects and real property maintenance of the active Army, Navy & Marine Corps, Air Force, and their reserve components; defense-wide construction; U.S. contributions to the NATO Security Investment Program (formerly called the NATO Infrastructure Program); and military family housing operations and construction. The bill also provides funding for the Base Realignment and Closure (BRAC) account, which finances most base realignment and closure costs, including construction of new facilities for transferred personnel and functions, and environmental cleanup at closing sites.

The military construction appropriations bill is only one of several annual pieces of legislation that provide funding for national defense. Other major legislation includes (1) the defense appropriations bill, that provides funds for all military activities of the Department of Defense, except for military construction; (2) the national defense authorization bill, that authorizes appropriations for national

defense,¹ and (3) the energy and water development appropriations bill, that provides funding for atomic energy defense activities of the Department of Energy. Two other appropriations bills, VA-HUD-Independent Agencies and Commerce-Justice-State, also include small amounts for national defense. In addition, the energy and water development appropriations bill provides funds for civil projects carried out by the U.S. Army Corps of Engineers.

The annual defense authorization bill authorizes all the activities in the defense appropriation measures described above. Therefore, major debates over defense policy and funding issues, including military construction can be also found in the authorization bill. Since issues in the defense authorization and appropriations bills intertwine, this report highlights salient parts of the authorization bill, along with the military construction appropriation process.

The separate military construction appropriations bill dates to the late 1950s when a large defense build-up occurred in response to intercontinental ballistic missile threats and the Soviet launch of Sputnik. Defense construction spending soared, as facilities were hardened, missile silos were constructed, and other infrastructure was built. The appropriations committees established the military construction subcommittees to deal with this new level of activity. Consequently, the separate military construction bill was created. The first stand-alone military construction bill was in FY1959, P.L. 85-852. Previously, military construction funding was provided through annual defense appropriations or supplemental appropriations bills.

Military construction appropriations are the major, but not the sole, source of funds for facility investments by the military services and defense agencies. The defense appropriations bill provides some funds for real property maintenance in operation and maintenance accounts. In addition, funds for construction and maintenance of Morale, Welfare, and Recreation-related facilities are partially provided through proceeds of commissaries, recreation user fees, and other income.

Most funds appropriated by Congress each year must be obligated in that fiscal year. Military construction appropriations are an exception, since these funds are generally made available for obligation for five fiscal years.

Consideration of the military construction budget starts when the President's budget is delivered to Congress early each year. For FY2001, the President requested \$8.0 billion in funding for the military construction program.

¹ See *Appropriations for FY2001: Defense*, by Stephen Daggett, CRS Report RL30505, for details on the defense authorization and appropriation process.

Status

Table 1 shows the key legislative steps necessary for the enactment of the FY2001 military construction appropriations.

Table 1. Status of Military Construction Appropriations, FY2001

Committee Markup		House Report	House Passage	Senate Report	Senate Passage	Conference Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
5/9/00	5/8/00	H.Rept. 106-614	5/16/00	S.Rept. 106-290	5/18/00	H.Rept. 106-710	6/29/00	6/30/00	P.L. 106-246

Appropriations Action

Conference Appropriations Action. The Military Construction Appropriations conference report, recommending \$8.834 billion, was approved by the House on June 29, 2000, and the Senate on June 30, 2000. It became P.L. 106-246 on July 13, 2000. The conference report debate centered on domestic and defense items in the FY2000 supplemental emergency appropriations. (For more details, see Senate Appropriations Emergency Appropriations Action for FY2000 section, below.)

House Appropriations Action. On May 16, 2000, the House passed the FY2001 Military Construction Appropriations Act (H.R. 4425), by a 386-22 roll call vote. The House followed the House Appropriations Committee's lead and passed the bill with only one amendment. The Traficant amendment prohibits any money in the bill from going to individuals or companies convicted of violating the "Buy American" laws.

The House Appropriations Committee decided, as written in its report (H.Rept. 106-614) to:

- reprimand the Pentagon about serious shortfalls in the military construction request and the severe backlog in readiness, revitalization, and quality of life projects,
- deny the Pentagon's advance appropriations requests,
- direct the DOD Comptroller to monitor the impact of no contingency funding for construction and hopes this action will improve the Services' cost estimating, and
- expect the Pentagon to include facility modernization programs in its Quadrennial Defense Review.

The \$8.634 billion bill passed by voice vote. This bill is 4% over last year's bill and some \$600 million more than the President's FY2001 request. The bill provides

\$3.9 for military construction, \$3.5 million for family housing and \$1.2 billion for Base Realignment and Closure costs.²

Senate Appropriations Action. On May 18, 2000, the Senate passed S. 2521, by a vote of 96-4. Because emergency supplemental appropriations for FY2000 was added to this bill, the debate on S. 2521 has centered on domestic and defense riders attached on the bill. (See below.)

On May 9, 2000, the Senate Appropriations Committee reported out its version (S. 2521), of the FY2001 military construction appropriations bill.

The Senate Appropriations Committee decided, as written in its report (S.Rept. 106-290) to:

- chastise the Pentagon for its inadequately-funded proposal,
- require the Pentagon to add 5% contingency funding in its FY2002 request, in order to promote flexibility in completing projects (the Pentagon proposed zero in FY2001), and
- continue to require the Pentagon to report repair projects in Operations and Maintenance account funding to Congress.

The \$8.634 billion bill passed by voice vote. This bill is \$292 million over last year's bill and some \$600 million more than the President's FY2001 request. The bill provides \$3.81 for military construction, \$3.5 million for family housing and \$1.2 billion for Base Realignment and Closure costs.³

Senate Appropriations Emergency Supplemental Action for FY2000. FY2000 supplemental funding was attached to this Senate bill, S. 2521. Defense items include: peacekeeping costs in Kosovo and East Timor, counter-terrorism, growth in fuel and health-care costs for DOD dependents and retirees, and counter-narcotics costs in Columbia. (For a complete list of supplemental items attached to S. 2521, see Appendix 1.) The debate on S. 2521 is centering on supplemental riders on gun control and Kosovo. The most controversial provision that would have put a deadline to have U.S. troops withdraw from Kosovo, by July 1, 2001, was voted down by the Senate.

For background and comprehensive information on the supplemental, see CRS Report RL30457, *Supplemental Appropriations for FY2000: Plan Colombia, Kosovo, Foreign Debt Relief, Home Energy Assistance and Other Initiatives*, by Larry Nowels, et al. For background on the Kosovo operations, see CRS Issue Brief IB98041, *Kosovo and U.S. Policy*, by Steve Woehrel, and CRS Issue Brief IB10027, *Kosovo: U.S. and Allied Military Operations*, by Steve Bowman.

² For a press release on the House Appropriations Subcommittee mark-up, see: [<http://www.house.gov/appropriations/pr01mcsu.html>]

³ For a press release about the Senate Appropriations Committee mark-up, see: [<http://www.senate.gov/~appropriations/releases/fy01full.htm>]

Authorization Action

On May 18, 2000, the House passed the defense authorization bill (H.R. 4205, H.Rept. 106-616) Following the lead of the Military Construction Subcommittee, the House recommended \$8.4 billion dollars for military construction, \$400 million more than the President's request.

The Senate substituted their version of the defense authorization bill – S. 2549, S.Rept. 106-292 – in H.R. 4205 and passed that bill by 97-3 on July 13, 2000. The Senate recommended \$8.46 billion for military construction, \$430 million more than the President's request.

The conference report (H.Rept. 106-945) was passed by the House on October 11, 2000 and by the Senate on October 12, 2000. The FY2001 defense authorization bill became P.L. 106-398 on October 30, 2000.

The conference authorized \$8.8 billion, \$787 million more than the President's request. The conferees added over \$200 million of the service chiefs' unfunded requirements and emphasized additions to improved living and working conditions for military personnel and their families.

The conference also agreed to extend the alternative authority for acquisition and improvement of military housing in Section 2806 – better known as Military Housing Privatization Initiative. It is extended from February 10, 2001, to December 31, 2004. (For more information on this initiative, see the Key Policy Issues section below.)

Key Policy Issues

Ongoing Congressional Concerns

Long-term Planning for Military Construction. Throughout the 1990s, Congress and Administration have debated whether military construction funding and long-term planning are adequate. Members of Congress have complained that poor planning and insufficient funding on the Pentagon's part have made it difficult for Congress to insure that military construction plans meet pressing priorities.

The Department of Defense uses a formal process called the Planning, Programming and Budgeting System (PPBS) to create its budget for Congress.⁴ The PPBS process is also used to prepare DOD's internal, long-term financial plan. The long-term plan extends over a six-year period and is known as the Future Years Defense Plan (FYDP). During the 1990s, Congress has criticized the Pentagon's long-term planning for military construction.

⁴ For a discussion of the formulation of the defense budget proposal by the DOD, see CRS Report RL30002, *A Defense Budget Primer*, by Mary T. Tyszkiewicz and Stephen Daggett.

In hearings on the FY2001 military construction request, legislators expressed continuing concern over military construction planning and the sufficiency of funding. Rep. Joel Hefley, Chair of the Military Installations and Facilities Subcommittee of the House Armed Services Committee (HASC) argued at a hearing on March 2, 2000, that the FY2001 budget request – like the previous FY1997-00 requests – continues the poor planning and downward trend for military construction budgets. For the FY1997-2001 military construction requests, the Administration requested fewer funds than it had programmed in its budget assumptions in the previous years' FYDP. This mismatch between plans and funding was cited in the congressional criticism of the Pentagon's military construction planning. Since the FYDP and the requested amount decreases each year for military construction, Mr. Hefley states that he is finding it difficult to take Pentagon future plans for military construction seriously. That sentiment was echoed by the Senate Appropriations Military Construction Subcommittee chair – Sen. Conrad Burns – who expressed dismay at the kind of long-term planning seen in the FY2001 military construction proposal.

At the March 2nd HASC hearing, Randall Yim, Deputy Under Secretary of Defense (Installations), outlined a new DOD approach to installation management, in response to the subcommittee's concerns about planning. Yim established an Installation Policy Board, consisting of the senior service facilities leaders, senior service engineers and representatives from financing and program communities. This Board, chaired by Yim, meets monthly to peer review and audit installation requirements, to develop common standards between services and to provide a forum for DOD-wide installations issues.

Yim outlined three analytical tools that the Installation Policy Board is developing for more efficient planning. The first is a facilities strategic plan, so DOD knows what type of facilities are needed in the future. The second is the facilities sustainment model, which uses auditable data to model and identify the funds needed to keep facilities in good working order. The final tool is an installation readiness reporting system, so that installation readiness can be considered as part of operational readiness decisions.

Reauthorization of the Military Housing Privatization Initiative. DOD is requesting that Congress amend Section 2885, Title 10, U.S.C. to extend the Military Housing Privatization Initiative (MHPI) pilot program for an additional five years. The MHPI is set to expire in February 2001. The DOD believes the authorities that the MHPI provides will contribute significantly to its plan to solve its housing situation by 2010, when combined with traditional government-funded construction.

The defense authorization conference report for FY 2001 (H.Rept. 106-945) approved an extension of these authorities in Section 2806 for an additional 3-year period – from February 2001 to December 2004.

Background on Problems in Military Family Housing. In testimony to the House Armed Services Committee on March 16, 2000, the official in charge of DOD installations – Randall Yim – described the continuing problem of military family housing. He stated that approximately two-thirds of DOD's nearly 300,000 family housing units need extensive renovation or replacement. Yim also testified that fixing

this problem using only traditional military construction methods would take 30 years and cost as much as \$16 billion.

In his testimony, Yim emphasized that privatization of military family housing is just one part of a three part program to fix the DOD housing problem by 2010. Two other important components are increasing housing allowances to eliminate out-of-pocket costs for servicemembers and a strong military construction program. Increasing the housing allowance will reduce demand for on-base housing and a traditional government-funded construction program will continue to help fix on-base housing.

Definition of MHPI Authorities. Recognizing the severity of the family housing problem, Congress passed the Military Housing Privatization Initiative in the FY1996 Defense Authorization Act (P.L. 104-106). This gave the Pentagon new authorities to obtain private sector financing and expertise for military housing. The authorities are:

- guarantees, both loan and rental;
- conveyance or lease of existing property and facilities;
- differential lease payments;
- investments, both limited partnerships and stock/bond ownership; and
- direct loans.

The legislation enabled the new authorities to be used individually, or in combination.⁵

History on Use of MHPI Authorities. Yim gave the history of DOD's implementation of the MHPI. In the early days of using these authorities (1996-1998), the Department of Defense's Housing Revitalization Support Office (HRSO) coordinated the application of the new authorities and oversaw all aspects of the process from initial site visits to final solicitation. During this phase – said Yim – significant strides were made in developing program criteria, financial models, legal documents and budget scoring guidelines. Only two on-base projects reached the solicitation stage, however, largely due to a problems in DOD's centralized management structure.

In October 1998, the Pentagon changed tactics and devolved the execution of housing privatization projects to the Services.⁶ To date, there have been four projects awarded and/or completed, twelve projects solicited and fourteen planned, using the MHPI process.⁷

⁵ For more detailed information on the authorities; see the DOD's Privatization of Military Housing website, [<http://www.acq.osd.mil/installation/hrso/>]

⁶ Each Service has its own program name for housing privatization: Army - Residential Communities Initiative (formerly known as the Capital Venture Initiative (CVI)); Navy - Public-Private Venture (PPV); and Air Force - Housing Privatization Program.

⁷ For details on awarded, solicited, and planned privatization projects see: [<http://www.acq.osd.mil/installation/hrso/0100qreport.htm>]

Evaluation of MHPI. Progress of the privatization initiative has been slow. Representative Gene Taylor, Ranking Member of the Military Installations and Facilities Subcommittee of the HASC stated at the March 16, 2000 hearing that Congress has been disappointed with the pace of privatization implementation. Taylor hoped that DOD will be able to find the right mix of public and private funding and that the housing privatization concept will live up to its promise of providing high quality housing for our troops and their families.

The General Accounting Office (GAO) highlighted some concerns with the privatization initiative when it reviewed DOD's military housing situation in July 1998.⁸ Initial evaluation of life-cycle costs of privatized housing versus traditional military housing showed a potential savings of only about 10% or less. The proposed long-term time horizons for some privatization projects of 50 years or more raised concerns that the housing might not be needed that far into future. Also, the GAO argued that Pentagon planning for military housing remains poor. GAO stated that housing requirements are not integrated with particular facilities and community needs, that the plans underutilize the use of local housing and that there is poor communication between offices responsible for housing allowances and military housing construction. GAO recommended that comprehensive, better integrated plans could help maximize the privatization initiative while minimizing total housing costs.

A March 2000 GAO follow-up study on the privatization initiative⁹ reported that since no projects under the initiative have been fully implemented, there is little basis to evaluate whether the initiative will ultimately achieve its goals of eliminating inadequate housing more economically and faster than could be achieved through traditional military construction financing. Also, the GAO points out that the DOD does not have an evaluation plan to assess the initiative.

The GAO recommended that the DOD create a privatization evaluation plan to be used consistently by all the Services. The plan should include performance measures, such as evaluation of each authority, comparison of actual to estimated costs of projects, assessment of developer performance, collection of data on the use and satisfaction of housing by service members. DOD agreed with GAO's recommendations and has begun to create an evaluation plan.

Privatization Initiative for Utility Infrastructure. Yim testified on March 16th that DOD is pursuing utility privatization through the authority of Section 2871 of Title 10 for cost savings and recapitalization of aging infrastructure. The DOD would like to privatize 1,700 utility systems by 2003, in order have public and private sector experts run and upgrade these systems according to best business practices.

⁸ U.S. General Accounting Office, *Military Housing: Privatization Off to a Slow Start and Continued Management Attention Needed*, GAO Report Number NSIAD-98-178, July 1998.

⁹ U.S. General Accounting Office, *Military Housing: Continued Concerns in Implementing the Privatization Initiative*, GAO Report Number NSIAD-00-71, March 2000. This report is also available on the GAO web site: [<http://www.gao.gov>].

This authority requires that the long-term economic benefit of utility privatization exceeds the long-term economic and utility services costs. To date, 12 systems at 7 installations have been privatized, representing a savings of more than \$10 million, according to DOD.

Through this authority, DOD divests ownership of the utility system (i.e. wires and pipes) where it is economically feasible. In certain locations and markets, energy management may be included in a proposal in order to offer the best value to the government.

To give incentives to DOD installations to privatize utilities, the DOD is asking Congress to amend this utility privatization authority. With the proposed change, the Services would be able to keep savings generated by utility privatization in their installations, instead of the savings going to the general treasury.

History and Context

The Funding Pattern for Military Construction Budgets. In recent years, Congress has added significant amounts to annual Administration military construction budget requests. This has been a recurring pattern in the 1990s. The President proposes what Congress calls an inadequate military construction budget, especially for Guard and Reserve needs. Congress then adds funding for military construction, with some attention to Guard and Reserve projects. For example, Congress added \$479 million in FY1996, \$850 million in FY1997, \$800 million in FY1998, and \$875 million in FY1999 to the military construction accounts.

Congressional additions to the military construction budget have been common and controversial throughout the 1990s. Three themes explain the pattern of recurring congressional additions. First, some members of the military construction subcommittees have believed that military construction has been chronically underfunded. This theme was echoed in hearings on the FY2001 budget and the reports from the House Appropriations Committee and the defense authorizing committees on bills for FY1998-2000. Second, often Congress has different priorities than the Administration, as reflected in frequent congressional cuts to overseas construction requests and contributions to the NATO Security Investment Program. Third, other Members of Congress, as Senator Bond commented during the floor debate on FY1996 military construction appropriations, believe that the Pentagon counts on Congress to add money to Guard and Reserve programs. In recent years, Congress has added large amounts for National Guard and Reserve construction projects, including a peak amount of \$451.1 million in FY2000. (See **Table 5**.)

Low military construction budgets has led to growing maintenance backlogs, inadequate budgets for installation maintenance, and conflict between congressional & Pentagon military construction priorities. Military construction proponents, including facility advocates in the military services, argue that military facilities have been systematically underfunded for many years. For example, GAO reported its results of a review of the management of real property assets by the DOD and the services, at a March 1, 2000 hearing to the House Armed Services Subcommittee on Readiness. The review focused on properties that the services maintain and repair using operation and maintenance accounts. The GAO pointed out that Congress has

been concerned about the DOD's real property maintenance since the 1950s. Recently, the backlog for deferred maintenance has grown from \$8.9 billion in 1992 to \$14.6 billion in 1998.

Also, DOD facility managers have not met their goal to allocate 3% of the plant replacement value of DOD facilities for annual construction and maintenance (called real property maintenance at the Pentagon). Although this 3% goal is below the average for public facilities nationwide, actual DOD funding has typically run at 1 to 2% of plant replacement value. For example, the Navy testified on March 1, 2000 to the House Armed Services Subcommittee for Readiness that the Navy budgeted 1.8% for real property maintenance. As a result, facility proponents welcome any congressional additions.

Finally, congressional military construction subcommittees – authorization as well as appropriations subcommittees – have frequently taken issue with Administration military construction priorities. In the early 1990s, for example, the committees frequently reduced amounts requested for construction overseas – on the grounds that troop levels abroad should be reduced and that allied burden-sharing contributions should increase – and reallocated the funds to domestic projects. In addition, congressional committees have added unrequested funds for quality of life improvements, such as day care centers and barracks renovation. Congress has argued that the military services have tended to neglect these areas in favor of warfighting investments.

The Debate Over Added Projects. Since Congress has added significant amounts to military construction budgets over the last 10 years, congressional debate has centered on how to prioritize worthy additional projects.

In 1994, the Senate debate on the military construction appropriations bill focused on the amount of congressional additions to the request despite constraints on overall defense spending. Senator McCain, in particular, objected to the provision of substantial amounts for projects that the Administration had not requested. He argued that such projects largely represented “pork barrel” spending, and came at the expense of higher priority defense programs. In Senate floor consideration of the military construction bill that year, the managers accepted a McCain amendment that called for criteria to be applied to additional projects. His amendment included a provision that any added project should be on the military lists of critical yet unbudgeted projects. The McCain amendment was not incorporated into the final conference version of the bill, however, and the conference agreement provided over \$900 million for unrequested construction projects.

The National Defense Authorization Act for FY1995 (P.L. 103-337), however, incorporated Senator McCain's criteria as a “Sense of the Senate” provision,¹⁰ providing that the unrequested projects should be:

¹⁰ A “Sense of the Senate” provision is a provision that requires approval by the Senate, but is not formally part of the bill and therefore does not have the force of law. This type of provision expresses the sense of the Senate on policy issues. There can also be similar Sense of the House and Sense of the Congress provisions.

1. essential to the DOD's national security mission,
2. not inconsistent with the Base Realignment and Closure Act,
3. in the services' Future Years Defense Plan (see above),
4. executable in the year they are authorized and appropriated, and
5. offset by reductions in other defense accounts, through advice from the Secretary of Defense.

Since the 104th Congress, the House military construction authorizing and appropriations committees have also used similar criteria, in collaboration with the Pentagon, to add projects to the military construction budget. Each potential project needs to pass the following criteria, similar to the McCain criteria: Is the project essential to the DOD mission, consistent with BRAC plans, in the Future Years Defense Plan and "executable" in the coming fiscal year? If the project can meet those criteria, the military construction authorizing and appropriations committees may add the project.

Debate over congressionally-added projects continues. In debate on the FY2000 military construction appropriations conference report, Senator McCain continued to discuss projects added by Congress. He noted that Congress added nearly \$975 million of extra projects. Senator McCain presented his list of questionable projects in the *Congressional Record*, in a letter to the President and on his web page [<http://www.senate.gov/~mccain/mil00cf.htm>].

Major Funding Trends

The Administration has proposed \$8.0 billion for the FY2001 military construction request. The conference report approved \$8.8 billion. This total continues a downward trend from the FY1996 level of \$11.2 billion, the FY1997 level of \$9.8 billion, the FY1998 level of \$9.3 billion, the FY1999 level of \$9.0 billion. The FY2001 enacted amount of \$8.8 billion is more than the FY2000 enacted amount of \$8.4 billion.

Table 2 shows overall military construction program funding since FY1996. **Table 3** breaks down the FY2001 request by appropriations account and compares it to FY1999 and FY2000 levels. **Table 4** shows congressional action on military construction appropriations by account. **Table 5** shows congressional military construction add-ons for Guard and Reserve projects from FY1985-2000.

Legislation

Military Construction Appropriations

P.L. 106-246, H.R. 4425 (Hobson)

Making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes. The House Committee on Appropriations reported an original measure, H.Rept. 106-614, May 11, 2000.

Passed House, 386 - 22 (Roll No. 184) (text: CR H3074-3076), May 16, 2000. Conference report (H.Rept. 106-710) filed June 29, 2000. Mr. Young (FL) brought up conference report by previously agreed to special order, June 29, 2000. Conference report passed House, 306 - 110 (Roll no. 362), June 29, 2000; passed Senate, by voice vote, June 30, 2000. Signed into law July 13, 2000.

S. 2521 (Burns)

An original bill making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2001, and for other purposes. Committee on Appropriations ordered to be reported an original measure, May 9, 2000. By Senator Burns from Committee on Appropriations filed written report, H.Rept. 106-290, May 11, 2000. Measure laid before Senate, May 11, 2000. Considered by Senate, May 15-18, 2000. Senate incorporated this measure in H.R. 4425 as an amendment, May 18, 2000. Senate passed companion measure H.R. 4425 in lieu of this measure (96 - 4) on May 18, 2000.

Defense Authorization

H.R.4205 (Spence)

To authorize appropriations for fiscal year 2001 for military activities of the Department of Defense and for military construction, to prescribe military personnel strengths for fiscal year 2001, and for other purposes. Reported (amended) by the Committee on Armed Services (H.Rept. 106-616), May 12, 2000. Considered by the House, May 17-18, 2000. Passed House (353-63), May 18, 2000. Conference report H.Rept. 106-945 passed the House (382 - 31) on October 11, 2000. The Senate agreed to conference report (90 - 3) on October 12, 2000. Became P.L. 106-398 on October 30, 2000.

S. 2549 (Warner)

To authorize appropriations for fiscal year 2001 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes. Committee on Armed Services ordered to be reported an original measure, May 9, 2000. Report filed (S.Rept. 106-292), May 11, 2000. Considered by the Senate, June 6-8, June 14, and June 19-20, 2000. Senate struck all after the Enacting Clause for H.R. 4205 and substituted the language of S. 2549 as amended and this passed the Senate in lieu of S. 2549 with an amendment by Yea-Nay Vote, 97 - 3, on July 13, 2000.

Table 2. Military Construction Appropriations, FY1996-2000

(budget authority in millions of dollars)

	Actual FY1996	Actual FY1997	Actual FY1998	Actual FY1999	Estimate FY2000	Request FY2001	Enacted FY2001
Military Construction	6,893	5,718	5,466	5,405	4,793	4,549	5,411
Family Housing	4,260	4,131	3,828	3,592	3,597	3,485	3,422
Total	11,153	9,849	9,294	8,997	8,390	8,034	8,833

Source: Actual FY1996-99 data, Estimate FY2000 and Request 2001 from Department of Defense (DOD), *Financial Summary Tables*, Feb. 2000 & previous years' reports. Enacted FY2001 data from H.Rept. 106-710.

**Table 3. Military Construction Appropriations by Account:
FY1999-2001**
(in thousands of dollars)

Account	FY1999 Actual	FY2000 Est.	FY2001 Request
Milcon, Army	991,726	1,036,645	897,938
MilCon, Navy	608,453	896,869	753,422
MilCon, Air Force	642,009	783,963	530,969
MilCon, Defense-wide	551,114	629,145	784,753
MilCon, Army National Guard	151,303	236,228	59,130
MilCon, Air National Guard	185,701	262,360	50,179
MilCon, Army Reserve	102,119	110,764	81,713
MilCon, Navy Reserve	31,621	28,310	16,103
MilCon, Air Force Reserve	34,371	64,071	14,851
BRAC Acct., Total	1,617,302	663,834	1,170,305
NATO Security Investment Program	245,000	80,581	190,000
Foreign Curr. Fluct., Constr., Def.	63,186	–	–
MILCON transfer fund (from FY1999 emergency supplemental for Kosovo costs)	181,290	–	–
Total: Military Construction	5,405,195	4,792,770	4,549,363
Family Housing Const., Army	163,290	80,283	162,106
Family Housing Operation & Debt, Army	1,088,897	1,080,695	978,275
Family Housing Const., Navy & Marine Corps	294,590	339,307	362,822
Family Housing Operation & Debt, Navy and Marine Corps	920,892	886,860	882,638
Family Housing Const. AF	297,665	347,649	223,483
Family Housing Operation & Debt, AF	784,737	814,160	826,271
Family Housing Const., Def-wide	345	50	–
Family Housing Operation & Debt, Def-wide	36,914	41,226	44,886
Homeowners Assist. Fund, Def.	7,200	5,000	4,064
DOD Family Housing Improvement Fund	2,000	1,990	–
DOD Unaccompd. Housing Improvement Fund	(5,000)	–	–
Total: Family Housing	3,591,530	3,597,220	3,484,545
GRAND TOTAL	8,996,725	8,389,990	8,033,908

Source: FY1999-FY2001 Request from DOD, *Financial Summary Tables*, February 2000.

**Table 4. Military Construction Appropriations by Account -
Congressional Action**
(in thousands of dollars)

Account	FY2001 Request	House Bill	Senate Bill	Conf. Report
Milcon, Army	897,938	869,950	823,503	909,245
MilCon, Navy	753,422	891,380	828,278	928,273
MilCon, Air Force	530,969	703,903	777,793	870,208
MilCon, Defense-wide	784,753	800,314	801,098	814,647
MilCon, Army National Guard	59,130	137,603	233,675	281,717
MilCon, Air National Guard	50,179	110,585	183,029	203,829
MilCon, Army Reserve	81,713	115,854	99,888	108,738
MilCon, Navy Reserve	16,103	50,604	38,532	62,073
MilCon, Air Force Reserve	14,851	43,748	25,533	36,591
BRAC Acct., Part IV	1,174,369	1,174,369	1,174,369	1,024,369
NATO Security Investment Program	190,000	177,500	175,000	172,000
Total: Military Construction	4,553,427	5,075,810	5,160,698	5,411,690
Family Housing, Army	1,140,381	1,152,249	1,179,470	1,187,749
Family Housing, Navy and Marine Corps	1,245,460	1,298,792	1,274,332	1,299,722
Family Housing, Air Force	1,049,754	1,062,263	1,048,121	1,072,861
Family Housing, Defense-wide	44,886	44,886	44,886	44,886
Senate General Provision (Sec. 125: rescinds unobligated balances)	0	0	(73,507)	--
General Provision (Sec. 125)	0	0	0	(100,000)
General Provision (Sec. 132)	0	0	0	(83,000)
Total: Family Housing	3,480,481	3,558,190	3,473,302	3,422,218
GRAND TOTAL	8,033,908	8,634,000	8,634,000	8,833,908

Source: H.Rept. 106-614, S.Rept. 106-290, H.Rept. 106-710.

Table 5. Congressional Additions to Annual DOD Budget Requests for National Guard and Reserve Military Construction, FY1985-2000

(current year dollars in thousands)

Fiscal Year	Army National Guard	Air National Guard	Army Reserve	Naval Reserve	Air Force Reserve	Total	Total Change from Request
1985 Req.	88,900	102,900	70,400	60,800	67,800	390,800	–
1985 Enacted	98,603	111,200	69,306	60,800	67,800	407,709	+16,909
1986 Req.	102,100	137,200	70,700	51,800	66,800	428,600	–
1986 Enacted	102,205	121,250	61,346	41,800	63,030	389,631	-38,969
1987 Req.	121,100	140,000	86,700	44,500	58,900	451,200	–
1987 Enacted	140,879	148,925	86,700	44,500	58,900	479,904	+28,704
1988 Req.	170,400	160,800	95,100	73,737	79,300	579,337	–
1988 Enacted	184,405	151,291	95,100	73,737	79,300	583,833	+4,496
1989 Req.	138,300	147,500	79,900	48,400	58,800	472,900	–
1989 Enacted	229,158	158,508	85,958	60,900	70,600	605,124	+132,224
1990 Req.	125,000	164,600	76,900	50,900	46,200	463,600	–
1990 Enacted	223,490	235,867	96,124	56,600	46,200	658,281	+194,681
1991 Req.	66,678	66,500	59,300	50,200	37,700	280,378	–
1991 Enacted	313,224	180,560	77,426	80,307	38,600	690,117	+409,739
1992 Req.	50,400	131,800	57,500	20,900	20,800	281,400	–
1992 Enacted	231,117	217,556	110,389	59,900	9,700	628,672	+347,272
1993 Req.	46,700	173,270	31,500	37,772	52,880	342,122	–
1993 Enacted	214,989	305,759	42,150	15,400	29,900	608,198	+266,076
1994 Req.	50,865	142,353	82,233	20,591	55,727	351,769	–
1994 Enacted	302,719	247,491	102,040	25,029	74,486	751,765	+399,996
1995 Req.	9,929	122,770	7,910	2,355	28,190	171,154	–
1995 Enacted	187,500	248,591	57,193	22,748	56,958	572,990	+401,836
1996 Req.	18,480	85,647	42,963	7,920	27,002	182,012	–
1996 Enacted	137,110	171,272	72,728	19,055	36,482	436,647	+254,635
1997 Req.	7,600	75,394	48,459	10,983	51,655	194,091	–
1997 Enacted	78,086	189,855	55,543	37,579	52,805	413,868	+219,777
1998 Req.	45,098	60,225	39,112	13,921	14,530	172,886	–
1998 Enacted	102,499	190,444	55,453	26,659	15,030	390,085	+217,199

Fiscal Year	Army National Guard	Air National Guard	Army Reserve	Naval Reserve	Air Force Reserve	Total	Total Change from Request
1999 Req.	47,675	34,761	71,287	15,271	10,535	179,529	–
1999 Enacted	144,903	185,701	102,119	31,621	34,371	498,715	+319,186
2000 Req.	57,402	73,300	77,626	14,953	27,320	250,601	–
2000 Enact.	236,228	262,360	110,764	28,310	64,071	701,733	+451,132

Source: Department of Defense, *Financial Summary Tables*, successive years.

For Additional Information

CRS Issue Briefs

CRS Issue Brief IB96022. *Defense Acquisition Reform: Status and Current Issues*, by Valerie Bailey Grasso.

CRS Reports

CRS Report RL30002. *A Defense Budget Primer*, by Mary T. Tyszkiewicz and Stephen Daggett.

CRS Report RL30505. *Appropriations for FY2001: Defense*, by Stephen Daggett.

CRS Report RL30447. *Defense Budget for FY2001: Data Summary*, by Stephen Daggett and Mary T. Tyszkiewicz.

Selected World Wide Web Sites

U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller),
FY2001 Budget Materials
[<http://www.dtic.mil/comptroller/fy2001budget/>]

U.S. Department of Defense, Installations Home Page
[<http://www.acq.osd.mil/installation>]

House Committee on Appropriations
[<http://www.house.gov/appropriations>]

Senate Committee on Appropriations
[<http://www.senate.gov/~appropriations/>]

CRS Appropriations Products Guide
[<http://www.loc.gov/crs/products/apppage.html#la>]

Congressional Budget Office
[<http://www.cbo.gov>]

General Accounting Office
[<http://www.gao.gov>]

Office of Management & Budget
[<http://www.whitehouse.gov/OMB/>]

