

House Set to Consider Defense Appropriations While HASC Moves NDAA

The FY 2020 Defense Budget is in full swing this week as the House of Representatives is set to consider a minibus appropriations bill, HR 2740, that includes the annual defense appropriations bill. The total minibus provides more than \$1 trillion in funding for Department of Defense (DOD), Labor/Health and Human Services (HHS), State-Foreign Operations, and Energy & Water. The House recently removed the Legislative Branch appropriations bill from the package due to a controversial pay raise for Members of Congress. The minibus continues a practice that combines appropriations bills to allow certain less controversial bills, such as defense spending, to carry more controversial spending legislation instead of considering each bill separately.

Important Dates (updated)

Date/Week of	Activity
March 22	President submits FY 2020 Budget Request
May 21	House Appropriations Committee (HAC) approved H.R. 2968, the FY 2020 Defense Appropriations Act, by a vote of 30-22
May 22	The Senate Armed Services Committee (SASC) approved S. 1215, the FY 2020 National Defense Authorization Act (Senate Version)
June 3	HR 2740 - FY 2020 Minibus Appropriations Act introduced, including HR 2968.
June 4	House Armed Services Committee (HASC) Subcommittee Mark-up of HR 2500, the FY 2020 National Defense Authorization Act (House version)
June 12	House begins consideration of HR 2740, the FY 2020 Minibus Appropriations Act
June 12	HASC Full Committee Mark-up of HR 2500
June 17	Senate to consider S. 1215
Sept 30	End of Fiscal Year (Sequestration absent budget deal)

For the Defense Appropriations, according to Bloomberg Government, HR 2740 provides \$690.2 billion in funding, which is \$15.8 billion more than FY 2019, but a reasonable \$8 billion less than the President's request, especially considering the bill provides only \$68.1 billion for Overseas Contingency Operation (OCO), which is \$95.5 billion less than the request. The important thing to keep in mind is that it is difficult to compare the House defense spending bill to the President's request because that House bill assumes a new budget deal will be in place by September 30 to raise the Budget Control Act cap for FY 2020. The President's request did not assume a budget deal, thus baseline funding request adhered to the original BCA cap and the request added significant base funding (\$98 billion) to the OCO request to provide a top line

defense budget. OCO funding is not subject to BCA caps. Additionally, the defense funding under HR 2740 does not include appropriations for military construction, which is funded through a different appropriations bill. Easy. Got it? Here's a look at the numbers compiled from the AOC:

House Defense Appropriations Summary (in billions)

Bill	Total	Base	OCO
HR 2740	\$690.2	\$622.1	\$68.1
President's Request	\$718.3	\$553.3	\$165.0
FY 2019 Funding	\$674.4	\$606.5	\$67.9
BCA (FY 2020)	\$576.0	\$576.0	N/A

The important takeaway is that absent a new budget deal to lift the BCA caps before the start of the new Fiscal Year (October 1), base funding for defense cannot exceed \$576 billion, which means that the House bill currently \$46 billion over the BCA cap.

Finally, on Wednesday (Jun 12), the House Armed Services Committee will mark-up its version of the FY 2020 National Defense Authorization Act (NDAA). HR 2500, the House NDAA, provides \$733 billion in spending authority, approximately \$17 billion less than the President's Request. Last month, the Senate marked-up its version of the NDAA, S. 1215, which provides a total of \$750 billion - matching the President's Request. It provides \$642.5 billion in base funding and \$75.9 billion in OCO. The bill also provides \$31.6 billion for other defense-related activities, including programs within the Department of Energy. The AOC will provide mark-up coverage of the House NDAA and a detailed summary of key provisions in both bills the coming days. In the meantime, the following is a breakdown of major spending categories:

House NDAA Summary (in billions)

Category	FY 2020 Request	House NDAA
Procurement	\$132.3	\$130.6
RDT&E	\$103.4	\$100.7
O&M	\$207.7	\$203.8
Personnel	\$151.3	\$150.1