

2010 Defense Appropriations

July 23: House Appropriations Committee markup

In its July 22 markup of the bill that will fund the Defense Department and wars in Afghanistan and Iraq during FY 2010, the House Appropriations Committee largely hewed to the outline established by its defense subcommittee one week earlier. The FY 2010 defense appropriations bill totals \$636.3 billion, about \$4 billion below the President's \$640 billion request and \$4.4 billion more than the FY 2009 bill. Though lawmakers cut more than \$15 billion throughout the budget, generally for decreased requirements or schedule delays, it added another \$2.75 billion for more than 1,100 earmarks and over \$10 billion for other programs.

Here we highlight the bill's most significant increases, decreases and policy prescriptions.

Conventional Weapons

The day before the committee markup, the Senate gave a wide margin of approval to an amendment that [stripped \\$1.7 billion for F-22 Raptor fighter jets](#) from the FY 2010 Defense Authorization bill. The F-22 became the poster child for the struggle between Congress and the White House over the [billions in major weapons systems cuts](#) proposed by Defense Secretary Bill Gates in the 2010 budget. President Obama threatened to veto the bill if it included additional money for the F-22 or an alternate engine for the F-35 Joint Strike Fighter.

The Defense Appropriations Subcommittee had injected \$369 million for just enough parts to keep the F-22 line open, but after the markup Subcommittee Chairman John Murtha (D-PA) announced he would introduce an amendment to take the money out of the full Committee version. The Senate also took money out of their bill for the JSF engine, but House appropriators continue to court a veto by allocating \$560 million for the program. This includes \$215 million each in the Navy and Air Force the research and development budget accounts as well as \$130 million in the Air Force procurement account.

The Committee also pushed back on Gates' decision to terminate the VH-71 Presidential Helicopter, adding \$400 million to the budget request for the aircraft and chastising the Navy for failing to provide cost estimates for fielding the five aircraft they say were nearly complete when the Defense Department pulled the plug. However, lawmakers did the White House one better on trimming the Army's bloated [Future Combat Systems \(FCS\)](#) modernization program. Gates recommended termination for FCS' manned ground vehicle component and a stop-work order for the [Non-Line-of-Sight Cannon \(NLOS-C\)](#), an artillery vehicle manufactured in Oklahoma that home-state lawmakers managed to isolate from the FCS budget in order to insulate it from legislative changes. The bill drops the language protecting the NLOS-C and cuts more than \$250 million in excessive termination costs.

Other notable items:

- DOD recently announced that the demands of producing the FY 2010 budget request prevented the department from providing the annual Selected Acquisition Report (SAR) mandated by Congress that tracks the cost, schedules and performance of major weapons systems. The bill requires DOD to provide the government Accountability Office with "SAR-like data" in time for the GAO's annual report to Congress summarizing progress on such programs.

- Appropriations Committee Chairman David Obey (D-OH) added language to the [FY 2009 supplemental war spending bill](#) encouraging DOD to “explore” purchasing additional F-18 Hornet fighter aircraft via a multiyear procurement program. This bill contains an additional \$108 million for just such a deal, as well as \$495 million for an extra nine Hornets. Committee members worried in the bill report about a looming shortfall in tactical fighter aircraft as older planes like the F-18 Hornet take their lumps in Iraq and Afghanistan while the military awaits JSF production.
- Lawmakers said the government must buy at least 10 ships per year in order to meet the Navy’s goal of a 313-ship Navy, thereby justifying their addition of \$780 million for an extra [Littoral Combat Ship](#) and \$180 million for another Joint High Speed Vessel.
- Committee members kept the subcommittee’s \$674 million insertion for three additional [C-17 Globemaster cargo planes](#), calling it the “supply and logistical workhorse of the overseas conflicts.” Other subcommittee additions that remain in the bill include \$225 million for Stryker Army vehicles and \$142 million for an extra E-2D Hawkeye aircraft.
- The Air Force’s aircraft procurement account picked up a lot of money outside the White House request, including \$140 million for five [Combat Search and Rescue helicopters](#); \$132 million for two additional C-37 Gulfstream jets; \$227 million for five Blackhawk helicopters plus modifications; and \$200 million for two C-40 cargo planes at Scott Air Force Base in Illinois.
- The Marines’ cost-spiraling Expeditionary Fighting Vehicle lost \$50 million from the \$293 million budget request due to “serious reservations whether the program will ever meet a standard for completion,” the bill report said.

Space

The Committee backed our findings that the military [lacks a comprehensive space budget](#), expressing concern that “there is no clear path for space system investment.” It tasked the Air Force and National Reconnaissance Office (NRO) with producing a 30-Year Space System Investment Strategy that will include information on cost, schedule and development of all defense-related space programs. It also directed the Defense Department to finally implement a [major force program funding mechanism for space](#). “Good planning requires good budgeting and oversight mechanisms,” the bill report states.

No champions emerged to add funding for the Transformational Communications Satellite System (TSAT), slated to become DOD’s most expensive space program until Gates put it on his termination list. Other problematic programs found support, however. The bill report chastises the Air Force for bad procurement practices, but proposes as a solution multi-vehicle purchasing plans for the Evolved Expendable Launch Vehicle (EELV) and Space-Based Infrared System (SBIRS), two programs with well-documented problems.

Committee members transferred \$248 million from the classified budget and added a \$25 million program increase to the EELV, a Boeing/Lockheed Martin monopoly on satellite launch vehicles that has seen dramatic cost increases. The bill report acknowledges that the Air Force has “not established a robust process for managing” the contract and directs the Air Force’s Space and Missile Systems Center to enhance its systems engineering capabilities. SBIRS saw \$55 million cut from its budgetary request, but the Committee thought the system would benefit from buying in bulk—strange since the program is so far behind schedule that the first satellite has yet to launch.

Appropriators also added a hefty amount—\$425 million—for advance parts of the seventh version of the Wideband Gapfiller Satellite System, which provides bandwidth for military communications.

However, they cut \$100 million from Space Situational Awareness Systems, which had seen dramatic growth over the last five years.

Missile Defense

Defense Secretary Gates asked Congress to end \$1.2 billion worth of missile defense programs in 2010, while still allowing the Missile Defense Agency a healthy \$7.8 billion. The intent behind the cuts was to de-emphasize boost-phase and midcourse interceptors and focus on theater-based programs that can take out shorter-range missiles launched at soldiers deployed overseas. Three examples of the former that had racked up millions in costs with little to show for it include the Airborne Laser, Multiple Kill Vehicle and Kinetic Energy Interceptor (KEI). The only program that generated attention from appropriators was KEI, developed to hit incoming missiles in their boost phase, which received \$80 million to continue the program on the premise that some of its technologies were developed enough to be integrated into other MDA programs.

In addition, \$82 million was added for the various Arrow interceptors and David's Sling, all of which are included in a cooperative missile defense effort with Israel. But \$105 million was cut from programs for schedule delays, including the relatively popular Aegis program and the behind-schedule and over-budget Space Tracking Surveillance System.

[MDA's budget obfuscation](#) has been an ongoing problem, and the Committee found that this year's submission "continues to be insufficient to conduct proper oversight." Unfortunately, the only discipline applied is a vague direction to follow existing acquisition laws.

Other Issues

- **War spending.** FY 2010 is supposed to signal the end of [supplemental spending abuses](#), folding more than \$128 billion for overseas operations in Iraq and Afghanistan into the base budget. Murtha, however, has warned that the military will need another supplemental within the next six months. Within the bill's supplemental funds, the Committee transferred 20 percent of operations and maintenance money to the Overseas Contingency Operations Transfer Fund, which allows DOD to move money around as needed. At the same time the Committee cut \$200 million from the \$1.5 billion request for the Commander's Emergency Response Program, saying the program was still poorly managed and lacked oversight.
- **Intelligence budget mismanagement.** Lawmakers pointed out that the failure of agencies including the CIA and NSA to pass audits, particularly concerning since the Intelligence Community (IC) spends more than a quarter billion dollars per year on financial management. The Committee requested a report to address this problem that includes a look at acquisition practices within the IC's business office.
- **Outsourcing.** The bill adds \$104 million to the \$5.1 billion requested by the White House to hire and train government employees to take over "critical" functions currently performed by contractors.

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