

# LEGISLATIVE UPDATE

HOUSE COMMITTEE ON THE BUDGET  
Majority Caucus

309 Cannon House Office Building  
[www.budget.house.gov](http://www.budget.house.gov) (202) 226-7270

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## H.R. 4546 – THE FISCAL YEAR 2003 NATIONAL DEFENSE AUTHORIZATION ACT

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**Summary:** H.R. 4546, the National Defense Authorization Act for Fiscal Year 2003, authorizes appropriations for the Department of Defense, military construction, and Atomic Energy Defense Activities, and prescribes military personnel strengths. The bill, as reported by the Armed Services Committee, violates the Budget Act under the budget resolution currently in force – the one passed last year, for fiscal year 2002. The bill does fully comply with the budget resolution passed earlier this year (for fiscal year 2003); but because the Senate has yet to pass a budget resolution, and the House-passed resolution has yet to be deemed in force for the House, points of order would be applied using the old resolution.

**Cost of the Legislation:** The bill authorizes budget authority [BA] of \$382.7 billion, subject to future appropriations action. If subsequently appropriated at the authorized level, this BA would result in \$375.6 billion in outlays, including \$5.8 billion in 2003 outlays from 2002 supplemental spending authorized in the bill. Additionally, the bill would increase direct spending – spending not subject to appropriations – by \$509 million in fiscal year 2003. This increase is primarily due to the bill's provision of concurrent receipt of military retired pay and veterans' disability compensation for severely disabled retirees.

**Legislation Compared With the Budget Resolution:** The budget resolution currently in force, (H. Con. Res. 83) made no provision for the direct spending included in this authorization. In particular, the current resolution does not provide for the concurrent receipt of retiree and veterans' benefits. But in preparing the new Budget Resolution (H. Con. Res. 353), passed by the House on 20 March but yet to

be deemed to be in force, the Budget Committee, in consultation with the Armed Services Committee, specifically provided for this direct spending.

It established a spending total for National Defense (function 050) of \$393.8 billion in BA and \$375.3 billion in outlays (under administration scoring). Those levels include a \$10-billion reserve fund for the war against terrorism as outlined in section 201 of the budget resolution. The Armed Services Committee intends to act legislatively on the \$10-billion reserve fund when it receives more detailed budget information on war costs from the Department of Defense.

**Compliance With the Budget Act:** This measure violates sections 302(f) and 303(a) of the Congressional Budget Act.

Section 302(f) prohibits a committee from exceeding its allocation in the 1<sup>st</sup> year and over a 5-year period covered by the budget resolution. The resolution now in force – for fiscal year 2002 – does not accommodate this spending; hence the bill breaches the Armed Services Committee's allocation.

Section 303(a) prohibits a program changing budgetary levels that first becomes effective in a year for which there is no budget resolution. This applies to the bill's concurrent receipt provision, which would start in fiscal year 2003. As noted above, there is currently no budget resolution for fiscal year 2003, because the Senate has not passed one.

Both these points of order must be waived to allow consideration of the bill. Were the House-passed resolution (H.Con.Res. 353) in force, H.R. 4546 would not require

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This document was prepared by the majority staff of the House Committee on the Budget. It has not been approved by the full committee and may not reflect the views of all the committee's members.

waivers because it would fully comply with all provisions of the Budget Act. The Budget Committee would support providing the necessary waivers of these points of order.

**Compliance With PAYGO:** Pay-as-you-go [PAYGO] applies to all legislation enacted prior to 20 September 2002, and unless offset may cause a sequester as late as 2006. As noted above, H.R. 4546 increases direct spending by \$509

million in fiscal year 2003 and by \$3.8 billion through fiscal year 2006. A direct spending allocation for this purpose was provided by H.Con.Res. 353. Even though the resolution is not in force currently, the Committee on the Budget will subsequently prepare language directing the Office of Management to avert any sequester that might otherwise occur due to this increase in direct spending.

<b>Summary of H.R. 2586</b> (budget authority in billions of dollars)	
Military Personnel	93.8
Operations and Maintenance	130.2
Procurement	73.2
Research and Development	56.4
Military construction & Family Housing	10.0
Atomic Energy Defense Activities	16.4
Funds, Receipts, and other	2.7
<b>Total</b>	<b>382.7</b>

Prepared by ..... **Mike Lofgren, Budget Analyst for Defense**  
**Paul A. Restuccia, Deputy Chief Counsel**