

ISSUE BRIEF

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Appropriations “Mini-bus” Makes Progress in Some Areas, Misses the Mark in Others

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The House of Representatives is poised to consider its first fiscal year (FY) 2018 appropriations bill, which would combine the Defense, Military Construction and Veterans Affairs, Legislative Branch, and Energy and Water Development appropriations bills into one “mini omnibus” bill. This mini-bus bill also includes \$1.6 billion to continue construction of a border wall in the southwestern United States, a major presidential policy goal.

Other than the Legislative Branch bill, each of these bills is part of the overall defense category budget. By debating these bills first, Congress is acknowledging that national defense is the most important priority.¹ Nevertheless, Congress must work to ensure that the nation’s defense needs are funded responsibly and within the overall Budget Control Act limit of \$1.065 trillion in 2018.

Rather than grouping these bills together into an omnibus bill, it would be preferable to consider each one individually on its own merits through regular order. However, the minibus is better than passing a 12-bill omnibus package that gives lawmakers less input and time to perform their oversight function. This *Issue Brief* discusses the key provisions of the bill.

Defense

The annual defense appropriations bill funds all aspects of the Department of Defense (DOD), including operations, readiness activities, procurements, and programs to support troops and their families. With \$584 billion in base discretionary funding for the DOD, this bill comes in \$68 billion higher than the 2017 enacted level and \$18 billion above the President’s requests. In addition to base funding, the bill provides \$74 billion in Overseas Contingency Operations (OCO) funding for the DOD.²

What the Defense Bill Gets Right. The defense appropriations bill increases funding in operations and maintenance that are paramount to tackling the current readiness deficit.³ These are the resources that should be prioritized in order to make sure that the military is ready for present and future conflicts. The Heritage Foundation’s *Index of U.S. Military Strength* shows the erosion of force readiness and the need for renewed investment to improve the military beyond its current marginal readiness status.⁴ The bill also calls for 11 new ships to be built, exceeding the eight included in the President’s budget request.⁵ The number of ships in the bill is more in line with the stated goal of both the Administration and the Navy to increase the fleet to over 355 ships.

What the Defense Bill Gets Wrong. The defense bill fails to authorize a new round of base realignment and closures, which would save an estimated \$2 billion annually while enabling the Pentagon to modernize its real estate.⁶ The language prohibiting a new round of base closures reflects a congressional impulse that needs to be addressed and changed.⁷

This paper, in its entirety, can be found at <http://report.heritage.org/ib4740>

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Military Construction and Veterans Affairs

The Military Construction and Veterans Affairs bill provides funding to house and provide services to military personnel and their families, properly train and equip the military, maintain base infrastructure, and fund services and programs for veterans. In total, the bill would provide \$89 billion in discretionary funds, an increase of \$6 billion compared to FY 2017 levels. The total includes \$638 million for OCO funding.⁸

What the Military Construction and Veterans Affairs Bill Gets Right. The Department of Veterans Affairs receives a total of \$78.3 billion in discretionary funding, an increase of \$4 billion from last year. Of that increase, \$2.6 billion would go toward improving Veterans Affairs medical care⁹ and improving oversight and accountability within the department. Military construction funding totals \$10.2 billion under the plan, an increase of \$2 billion.¹⁰ Much of the increase for military construction goes to strengthen construction and maintenance facilities and supporting increased troop levels in countries where the U.S. military foresees ongoing operations. The bill also calls for increases

to improve medical facilities and housing for service members and their families.

What the Military Construction and Veterans Affairs Bill Gets Wrong. The increase in funding provided by this bill is excessive. While providing the best possible care to vulnerable veterans should be the top priority of Veterans Affairs, it should be done in a prudent manner and focused on those veterans without other suitable alternatives. Without structural and programmatic reforms, the department is likely to continue to have problems,¹¹ including: excessive wait times for veterans to receive care, an inadequate supply of competent clinicians, and a lack of accountability within the department. Heritage Foundation experts have laid out more than \$16 billion in Veterans Affairs savings that could be achieved in 2018.¹²

Legislative Branch

The Legislative Branch appropriations bill funds the offices of Members of Congress, support agencies, the Capitol Police, visitor services, and all operations and maintenance needs of the Capitol. With \$3.6 billion in discretionary funding (not including Senate-only items), this bill comes in at \$100 million higher than 2017 and \$228 million below the President's

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 2. Press release, "House Appropriations Committee Releases Fiscal Year 2018 Defense Bill," Appropriations Committee, U.S. House of Representatives, June 25, 2017, <https://appropriations.house.gov/news/documentsingle.aspx?DocumentID=394930> (accessed July 21, 2017).
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 9. *Ibid.*
 10. *Ibid.*
 11. Justin Bogie, "Congress Should Exercise Restraint in Veterans Affairs Funding Bill," Heritage Foundation *Issue Brief* No. 4548, May 17, 2016, <http://www.heritage.org/budget-and-spending/report/congress-should-exercise-restraint-veterans-affairs-funding-bill>.
 12. The Heritage Foundation, *Blueprint for Balance: A Federal Budget for Fiscal Year 2018*, March 28, 2017, <http://www.heritage.org/budget-and-spending/report/blueprint-balance-federal-budget-fiscal-year-2018>.
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request.¹³ The bill would continue the legislative pay freeze that has been in place since 2010.

What the Legislative Bill Gets Right. About a third of the requested increase would go toward increasing safety and security for Members of Congress and their staff as well as all visitors to the Capitol grounds. In light of the shooting that occurred in June, Congress should work to enhance security and ensure that citizens can continue to safely visit the Capitol, but it should do so in a fiscally responsible way.

Almost half of the increase in funding would go to the Architect of the Capitol to make safety and health improvements to aging facilities. The bill allows for the prioritization of projects that promote the safety and health of those who work at and visit the complex. These increases are acceptable, so long as other lower priority items are cut and the overall funding level does not exceed what was provided in 2017.¹⁴

What the Legislative Bill Gets Wrong. With the federal government \$20 trillion in debt, Congress should be setting an example for how to cut spending rather than increasing their own. The bill continues to provide funding for the John Stennis Center, which aims to attract youth to careers in public service, promote leadership skills, and provide training and development opportunities to those in public service. The John Stennis Center program was eliminated in the FY 2013 House legislative branch appropriation bill and should be eliminated by this bill as well. Numerous private entities provide services similar to the Stennis Center program and can easily fulfill the Center's goals.

Energy and Water

Energy and water appropriations provide annual funding for the DOD's nuclear weapons activities, the Army Corps of Engineers, Department of

Energy (DOE) programs, and other related agencies. At \$37.6 billion in discretionary funding for these activities, this year's bill is \$209 million less than last year's enacted level, but over \$3 billion higher than the President's request.¹⁵

What the Energy and Water Bill Gets Right. The bill takes the important step of providing funding for completion of the DOE's license application for a nuclear waste repository at Yucca Mountain. The bill proposes \$90 million be made accessible from the nuclear waste fund to support participation in the remaining licensing activities by the department, the State of Nevada, and local governments. It similarly appropriates \$30 million for the Nuclear Regulatory Commission. The bill also wisely prohibits DOE bureaucrats from misusing funds on activities unrelated to the Yucca Mountain licensing process. Finishing the Yucca license review will merely provide the necessary information for Congress and others, including Nevada and the nuclear industry, to make prudent and proper decisions about next steps.¹⁶

The bill would eliminate the Advanced Research Projects Agency-Energy (ARPA-E) program and prohibit the DOE from issuing any new loan guarantees, only providing funding to carry out necessary existing commitments. ARPA-E was intended to fund high-risk, high-reward projects that the private sector would not allegedly fund itself. In reality, this and other DOE loan programs distort energy markets, jeopardize taxpayer dollars, and make it more difficult for energy technologies without government backing to compete.¹⁷ Some energy technologies will succeed and some will fail, but the market should determine their fate. The role for the federal government is to remove regulatory barriers that inexcusably obstruct the integration of new energy technologies into the market.

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What the Energy and Water Bill Gets Wrong.

While the spending cuts are a step in the right direction, they simply do not go far enough. The bill continues to provide unnecessary government subsidies to private industries. Energy is a multi-trillion dollar sector that is diverse and competitive without special government treatment, which more often than not reduces options rather than creating them.¹⁸ The bill proposes to reduce spending for the Office of Energy Efficiency and Renewable Energy (a cut of \$986 million compared to FY 2017); the Office of Fossil Energy (a cut of \$33 million compared to FY 2017); and the Office of Nuclear Energy (a cut of \$48 million compared to FY 2017). However, even these lowered spending levels—all of which are significantly higher than the President’s budget request—are primarily subsidies for each respective industry. Congress should outright eliminate these offices (often referred to as applied offices) and instead only appropriate funds for research that meets a clear government objective and in which the private sector is not already actively involved.¹⁹

Impact on Other Spending Bills

The Budget Control Act of 2011 (BCA) caps total defense spending for FY 2018 at \$549 billion. While this mini-bus package represents just four of 12 annual appropriations bills, the Appropriations Committee and the House Budget Committee have assumed that overall defense spending for 2018 will total \$621.5 billion, nearly \$73 billion above the cap.

For Congress to remain within the overall BCA cap of \$1.065 trillion in 2018, subsequent non-defense appropriations bills would need to be cut by at least that much. These savings are achievable. The Heritage Foundation’s *Blueprint for Balance* identified \$87 billion in discretionary budget cuts that could be implemented in 2018. For Congress to raise defense

spending within the aggregate cap, they would have to pass legislation amending the BCA and increasing the amount of money available for defense.

In the past, Congress has passed budget deals to increase both defense and non-defense spending. The Bipartisan Budget Act of 2013 increased overall budget caps by \$63 billion over a two-year period.²⁰ The Obama–Boehner deal in 2015 increased spending by \$80 billion for 2016–2017.²¹ While Congress should take steps to increase defense spending, they should do so by making at least equal reductions to domestic spending programs. The U.S. cannot afford another bad budget deal that increases deficit spending.

Conclusion

Ensuring the nation’s defense should be the top priority of Congress. Passing these individual bills now instead of including them in a politically charged spending deal in September is a step in the right direction. However, the “mini-bus” package misses numerous opportunities to rein in the reach of the federal government and save taxpayers billions of dollars.

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