



Defense Authorization Highlights and Conference Issues

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August 2023

Key Points

- To pass the National Defense Authorization Act for Fiscal Year 2024, House and Senate defense authorization conferees must reach important agreements on funding levels and policy issues in a short time.
- The two bills contain substantial commonalities on doing more to defend Taiwan, but they diverge on the path for Navy shipbuilding and military construction.
- Both bills express support for Ukraine but do not add funding beyond the steady-state security assistance effort, setting up a potential political confrontation on the use of emergency supplemental spending.
- If history is a guide, many controversial political issues unrelated to defense will be discarded, and a compromise bill will eventually pass with wide bipartisan support.

Now that the Senate has passed its version of the fiscal year 2024 defense authorization bill on a mostly bipartisan vote of 86–11, it is useful to compare the upper chamber’s version with that of the House, which was passed on a partisan vote of 219–210 in mid-July.¹

While many are focusing on the controversial political issues that will be part of conference negotiations on the bills but that are not related to military capabilities, this report compares and contrasts key authorization levels and strategic policy provisions between the two bills and, where relevant, between the bills and the president’s budget (PB) request.² Given that the National Defense Authorization Act (NDAA) has been reliably passed into law for the past 62 years, this year should be no exception. The most controversial provisions will likely be eliminated during the conference process so the bill can eventually become law.

Funding Authorizations

Before delving into the funding authorization tables, we must note adjustments made due to disconnects in the Senate Armed Services Committee (SASC) report. For Air Force operations and maintenance (O&M) in the operating forces and administration and service-wide lines, the SASC appears to have double counted classified funding by almost \$3 billion. Additionally, the SASC bill does not mention Defense Production Act funding that is in the PB and the House Armed Services Committee (HASC) bill. Therefore, these items have been removed from both bills so the bills can be compared in a meaningful way.

At the macro level (Table 1), the big funding winners in the SASC bill, compared to the PB, are the procurement and research, development, test, and

Table 1. Defense Topline Adjusted

Category	PB 2024	SASC	PB 2024 vs. SASC Difference	HASC	SASC vs. HASC Difference
MILCON and Family Housing	\$16,674,944	\$16,674,944	—	\$17,474,944	(\$800,000)
MILPERS	\$178,873,966	\$177,333,125	(\$1,540,841)	\$178,631,765	(\$1,298,639)
O&M	\$329,710,044	\$328,600,197	(\$1,109,847)	\$328,853,810	(\$253,613)
Procurement	\$169,080,185	\$170,932,487	\$1,852,302	\$169,658,596	\$1,273,891
RDTE	\$144,979,625	\$146,140,912	\$1,161,287	\$145,212,652	\$928,260
Revolving and Management Funds	\$1,682,708	\$1,682,708	—	\$1,682,708	—
Total	\$841,001,472	\$841,364,373	\$362,901	\$841,514,475	(\$150,101)

Note: Totals are presented in thousands of dollars.

Source: Authors' calculations based on fiscal year 2024 defense budget materials and authorization bills and reports.

Table 2. Service Topline Adjusted

Category	PB 2024	SASC	PB 2024 vs. SASC Difference	HASC	SASC vs. HASC Difference
Air Force	\$226,283,289	\$225,828,864	(\$454,425)	\$226,869,774	(\$1,040,910)
Army	\$179,729,835	\$180,098,893	\$369,058	\$181,410,967	(\$1,312,074)
Defense-Wide	\$152,594,765	\$153,300,290	\$705,525	\$153,150,598	\$149,692
Navy	\$221,121,831	\$220,916,662	(\$205,169)	\$219,407,519	\$1,509,143
Space Force	\$30,197,675	\$30,232,222	\$34,547	\$29,601,934	\$630,287
Marine Corps	\$31,074,077	\$30,987,443	(\$86,634)	\$31,073,682	(\$86,239)
Total	\$841,001,472	\$841,364,373	\$362,901	\$841,514,475	(\$150,101)

Note: Totals are presented in thousands of dollars.

Source: Authors' calculations based on fiscal year 2024 defense budget materials and authorization bills and reports.

evaluation (RDTE) accounts, with the bill payers being military personnel end strength and the O&M accounts. Among the services (Table 2), the Air Force and Navy lost funding in the SASC bill compared to the PB, while defense-wide spending gained the most, predominately for RDTE, the Defense Health Program, and military construction (MILCON) in the Pacific. Most significantly, compared to the HASC bill, the SASC bill favored the Navy over the Army and Air Force. Should the conference for resolving these differences last past October 2023, we can expect small changes to military personnel (MILPERS) accounts based on actual end-strength figures for the 2023 fiscal year ending in September.

In the SASC bill's MILCON accounts, the top level shows no change from the PB, but there is much to

see at the subaccount level. In particular, the Navy MILCON account loses \$1.3 billion, while the Air Force gains \$628 million and the Army \$554 million. While the HASC also decreased spending for Navy MILCON, it did so by only about half as much.

In the SASC bill, the top-five winners compared with the PB (Table 3) are shipbuilding, Space Force RDTE, Air Force MILCON, Army National Guard MILCON, and other procurement in the Air Force. The biggest reductions are Navy MILCON, as mentioned above, followed by Air Force O&M, Navy MILPERS, Air Force MILPERS, and Space Force procurement.

Comparing top-five funding authorizations between the HASC and SASC bills (Table 4), conferees will have plenty of differences to resolve, including two line items—Navy RDTE and shipbuilding—that

Table 3. Top Five Subtractions and Additions, PB 2024 to SASC

Appropriation	PB 2024 vs. SASC Difference
MILCON, Navy	(\$1,353,700)
O&M, Air Force	(\$712,395)
MILPERS, Navy	(\$673,005)
MILPERS, Air Force	(\$634,597)
Procurement, Space Force	(\$460,700)
Other Procurement, Air Force	\$304,009
MILCON, Army National Guard	\$310,381
MILCON, Air Force	\$466,500
RDTE, Space Force	\$584,779
Shipbuilding and Conversion, Navy	\$1,935,000

Note: Totals are presented in thousands of dollars.
 Source: Authors' calculations based on fiscal year 2024 defense budget materials and authorization bills and reports.

Table 4. Top Five Subtractions and Additions, HASC to SASC

Appropriation	HASC vs. SASC Difference
MILCON, Navy	(\$675,027)
W&TCV Procurement, Army	(\$620,500)
MILPERS, Navy	(\$618,296)
O&M, Navy	(\$601,079)
MILPERS, Air Force	(\$581,693)
RDTE, Space Force	\$232,670
Procurement, Space Force	\$501,400
O&M, Defense-Wide	\$506,287
RDTE, Navy	\$1,176,632
Shipbuilding and Conversion, Navy	\$2,495,334

Note: Totals are presented in thousands of dollars. W&TCV stands for weapons and tracked combat vehicles.
 Source: Authors' calculations based on fiscal year 2024 defense authorization bills and reports.

are billions apart. In fact, regarding shipbuilding, SASC Ranking Member Roger Wicker and Senate Appropriations Committee Vice Chair Susan Collins joined nearly two dozen of their House and Senate colleagues in a letter to the president urging expansion of the industrial base for US submarines.³ Related to this issue, conferees will be wrestling with authorizing Virginia-class submarines for Australia and creating an account to accept funding for these ships.⁴

Of note, the HASC and SASC both continued fencing certain elements of the defense budget under the Pacific Deterrence Initiative and supported aspects of the Indo-Pacific Command unfunded priorities lists. On the unfunded priorities lists, the HASC provided over \$366 million for various procurement, RDTE, and O&M requirements. Both the HASC and SASC added a total of \$131 million for MILCON projects, though none of these funds were explicitly identified in the bills' funding tables as being from Indo-Pacific Command's unfunded priorities list.

Remember that the appropriators really drive actual funding levels, though authorization staff will be negotiating to align these tables during conference to try to avoid any "hollow" funding authorizations, meaning authorizing levels that are not supported by the appropriators. Also of interest, the conferees will have to infer how the Senate and House appropriators might deal with the PB's proposed multiyear procurement requests.⁵

Policy Issues

Providing policy direction is how the NDAA, sometimes called the defense policy bill, really oversees the nation's strategic and operational security priorities and programs. Authorizers use a number of tools to provide direction and call attention to issues, ranging from large new legislative initiatives to requirements for reports and briefings. Given the 697 new reports and briefings from the HASC report and the 423 from the SASC report, it is hard not to wonder if this particular tool may be overused, at least from a statutory perspective.

What follows are highlights of House and Senate defense policy priorities. These topics indicate congressional priorities on specific issues and potentially compelling debates to watch during conference discussions.

China, Taiwan, and the Pacific. Both chambers highlight the National Defense Strategy priorities related to countering China, supporting Taiwan, and increasing capabilities in the Pacific region. In fact, both bills devote specific divisions of legislation to provisions focused on these efforts.

House provisions and items of interest related to China center on missile defense, research security, supply-chain resiliency, and transportation node vulnerabilities. For example, the House outlines concerns about access to rare earth minerals, advanced magnetic materials, active pharmaceutical ingredients, and high-purity scandium oxide, which has many applications in defense technologies, including strengthening and reducing weight of defense and commercial aviation systems. The committee notes that China “controls approximately 85 percent of critical mineral processing, including rare earth elements necessary for U.S. defense applications,” and expresses concern that close to two-thirds of American permanent magnet imports flow from China.⁶ The House bill also requests a report on a multiyear plan to meet Taiwan military forces’ defense needs and a briefing on the direction of military cybersecurity cooperation with Taiwan.⁷

The Senate bill has an entire subtitle related to the Indo-Pacific region, including 27 separate provisions that provide direction on everything from training and capacity building for Taiwan forces to improving operating locations and ground-based missile posture in the region.⁸ The Senate also has a parallel provision to the House on cybersecurity cooperation with Taiwan.⁹ And the Senate requests a study on defense budget transparency for the People’s Republic of China, always a tough target to nail down.¹⁰

Though the two chambers have no serious conflicts on these China, Taiwan, and Pacific provisions, an overarching policy message from the conferees on the different emphasis areas within these themes would be useful.

Ukraine. Both the House and Senate bills reference that the war in Ukraine has demonstrated the importance of certain capabilities and the evolution of threats, including the use and proliferation of small drones and the related threat to ground forces, the threat from adversarial electronic warfare systems,

and, of course, the importance of prepositioned stocks and munitions stockpiles of all kinds.

The House bill would establish a special inspector general for Ukraine assistance.¹¹ Oversight of assistance provided to Ukraine is necessary and important, but existing inspector general processes should be used—or expanded if necessary—for this purpose. The Senate report’s emphasis on this issue through the Defense Security Cooperation Agency’s end-use monitoring program is a more positive approach that would use organic efforts already in place rather than creating costly, ever-expanding, and difficult-to-sunset separate organizations.¹²

As the defense industrial base struggles to meet demands to produce munitions for Ukraine and restock US inventory, the Senate continues to favor multiyear contracting authority. In what could be seen as a message to House appropriators, in extending and modifying authorizations related to Ukraine, the Senate notes that such contracts offer advantages beyond just cost savings, including a clear demand signal to industry, which “helps industry plan labor and material needs more effectively, and can better position it to meet the demands of U.S. requirements.”¹³ The House Appropriations Committee approved only five of seven multiyear contracting requests for munitions due to insufficient justification related to cost savings and other elements necessary to meet the standards for their approval.¹⁴

Of particular note, during House floor debate of the defense authorization, several amendments that would have limited or stopped support to Ukraine were defeated. For example, as Marc A. Thiessen notes in his recent *Washington Post* piece, “Rep. Matt Gaetz’s amendment prohibiting security assistance for Ukraine failed spectacularly by a vote of 358–70—including 149 Republicans, nearly 7 in 10 members of the GOP caucus, who voted against it.”¹⁵

Both bills provide the requested \$300 million in authorized funding for the Ukraine Security Assistance Initiative, which is acknowledged as a steady-state assistance level, not one necessary for the ongoing war with Russia. The Senate made clear its views on the subject with a provision expressing that growing security concerns require funding for defense beyond those provided under the budget agreement.¹⁶ The Senate “urges the President to send

emergency supplemental funding requests to address those concerns, to include continued support for Ukraine, additional munitions production, and additional naval vessels and combat vehicles.”¹⁷ This will be an important area to watch this fall, as an official supplemental request from the administration was just released.

Space and Cyber. The space and cyber warfighting domains continue to receive attention from both House and Senate authorizers. In fact, both bills devote entire titles to these topics. Similar to the China and Taiwan focus area described above, the number of provisions and items of special interest in the two bills on cyber and space—and the myriad of new reports and briefings directed—illustrates that these important areas would benefit from some broad, summary policy and priority direction from the authorizers regarding expectations for integration, competitiveness, workforce requirements, and ultimately, outcomes.

Cyber-related items in the House bill include assessment of defensive capabilities, defense industrial base security, workforce education and training, and resiliency of the cyber mission force, leveraging commercial capabilities, international cooperation, and procurement policies. Many of these themes appear in the Senate bill, which also adds development of regional cybersecurity strategies, management of mobile applications, space enterprise resiliency, cybersecurity supply-chain risk, and various artificial intelligence applications.

In addition to provisions related to Space Force and Space Command issues, space legislative initiatives from the House bill include establishment of a National Space Intelligence Center, an independent analysis of space-based missile defense capabilities, a plan to improve threat-sharing arrangements with commercial space operators, and various acquisition-related issues. The Senate bill includes direction on the space launch acquisition strategy and other space acquisition issues, such as use of middle-tier acquisition authority for the Space Development Agency to rapidly field satellites.¹⁸

Additionally, it was recently announced that Space Command will remain in Colorado rather than moving to Alabama, spotlighting House and Senate provisions that would stop military construction on the temporary

Space Command headquarters in Colorado Springs until Air Force Secretary Frank Kendall submits a report justifying its final location.¹⁹

Other Issues. The vast House and Senate authorization bills and reports contain numerous other issues of interest, including those related to (1) innovation and speed of developing and fielding capabilities and the Defense Innovation Unit; (2) nuclear modernization, including continued funding for the nuclear-armed sea-launched cruise missile (SLCM-N); (3) contested logistics; (4) amphibious ships; (5) the elimination of the Cost Assessment and Program Evaluation (CAPE) director position; and (6) the reinstatement of the chief management officer (CMO).

The White House has already weighed in on a number of these issues through Statements of Administration Policy (SAPs) from the Office of Management and Budget. For example, the SAP on the House bill strongly opposes repeal of the CAPE director position, indicating it is the “backbone of DoD’s analytical workforce.”²⁰ The SAP on the House and Senate bills also opposes continued funding for the SLCM-N.²¹ The SAP on the Senate bill opposes the reestablishment of the CMO and the requirement for the Space Development Agency to use middle-tier acquisition authority for rapid fielding of satellites and associated systems.²²

Conclusion

As of August 7, there are 11 joint legislative days planned until the end of the fiscal year on September 30, 2023.²³ Recent history shows that we should not expect enactment of the NDAA until late December. Nevertheless, Congress has an opportunity to demonstrate that it prioritizes good governance over politics and that it realizes the importance of national security as the federal government’s only mandatory and exclusive job by negotiating a defense authorization that can pass both chambers and be signed by the president before the end of the fiscal year.

There is much work ahead to make this happen. America requires diligent, focused, creative, and expert attention from Congress to get the job done.

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