



April 4, 2018

The President’s FY2019 Military Construction Budget Request

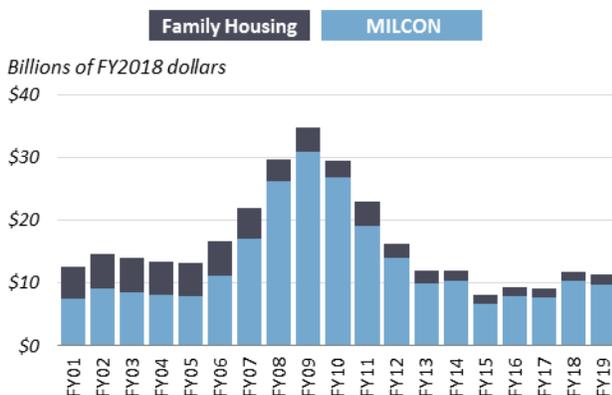
On February 12, 2018, President Trump submitted his fiscal year (FY) 2019 budget request to Congress. In developing the annual budget request, the Office of the Secretary of Defense (OSD) consolidates the military construction projects lists from the military departments and various defense agencies into a single submission, which it then forwards to the Office of Management and Budget (OMB) as part of the overall defense budget request for the upcoming fiscal year. The highest priority projects that will fit within the budgetary guidance provided by OMB will be included in the President’s request. The approved projects assigned a lower priority are slated for funding in future years and are typically included in the Future Years Defense Program (FYDP), which is a catalogue that summarizes the forces, resources, and programs associated with DOD operations over a five-year period.

Legislation authorizing military construction projects is provided through the annual National Defense Authorization Act (NDAA). It originates in the House and Senate Armed Services Committees. Legislation providing appropriations for military construction originates in the Military Construction, Veterans Affairs, and Related Agencies subcommittees of the appropriations committees.

Military Construction and Family Housing Appropriations Since 2000

Figure 1 illustrates the annual appropriations for military construction and family housing from FY2001-FY2019. A sharp downward trend started in FY2010, when construction activity associated with the 2005 Base Closure (BRAC) round started to subside. Funding reached a low point in FY2015 (\$6.8 billion).

Figure 1. Military Construction and Family Housing Appropriations: FY2001-FY2019



Source: Military Construction, Family Housing and Base Realignment and Closure Program (C-1) Justification, FY2019 and the FY2018 Omnibus Appropriations Act (P.L. 115-141/H.R. 1625).

Notes: Includes OCO funding. FY2019 amounts requested, all others enacted.

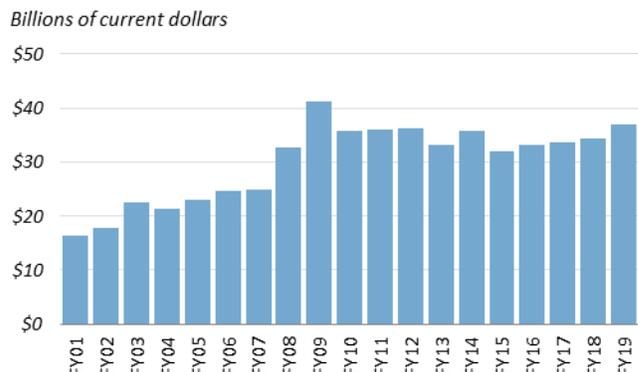
For FY2019, the President requested new budget authority in the amounts of \$10.5 billion in the base budget and \$921.4 million in the Overseas Contingency Operations (OCO) budget, for a total of \$11.4 billion for military construction and military family housing funding. In comparison, Congress provided \$10.8 billion (\$10.1 billion in base, \$750 million in OCO) for FY2018. DOD also received \$920 million in additional FY2018 emergency military construction funding for hurricane recovery.

Maintenance vs. Construction

In budget planning for real property, the tradeoff between maintaining and adapting existing facilities or building anew is given close consideration. Funds for the operation and maintenance of defense property are referred to as Base Operation Support (BOS) and Facilities, Sustainment, Restoration, and Maintenance (FSRM). They are appropriated as part of the Operation & Maintenance (O&M) allocation within the defense appropriation. New construction is funded through Title I of the Military Construction, Veterans Affairs, and Related Agencies bill.

In contrast to Figure 1, Figure 2 illustrates the changes in FSRM funding from FY2001 through the FY2019 budget request. Military construction appropriations peaked in FY2009, and declined sharply through FY2015. The combined funds expended for property maintenance (BOS and FSRM) rose from FY2001 (\$16.3 billion) through FY2009 (\$41.2 billion). However, since then, maintenance spending has stabilized at the increased level, averaging \$35 billion per year.

Figure 2. BOS and FSRM Appropriations



Source: VisualDOD analysis of DOD appropriations. Graphic created by CRS.

Note: Includes OCO funding. FY2018 and FY2019 amounts requested, all others enacted.

Overseas Military Construction

The military construction budget also funds construction activities at U.S. military installations and facilities

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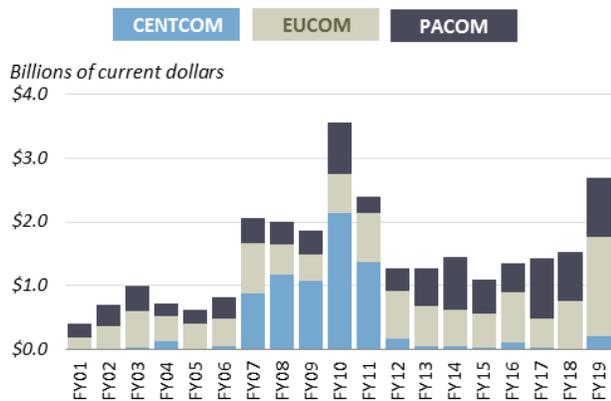
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overseas. Between FY2007 and FY2011 overseas investments were weighted toward the Central Command (CENTCOM) area of responsibility (primarily Afghanistan, Iraq, and the Arabian Gulf region). See **Figure 3**.

Figure 3. Construction Funding by Selected COCOM



Source: Military Construction, Family Housing and Base Realignment and Closure Program (C-I) Justification, FY2019.

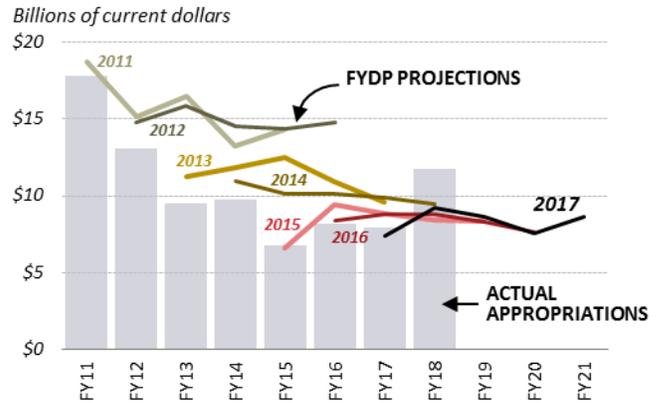
Note: Includes OCO funding. FY2018 and FY2019 amounts requested, all others enacted.

FY2012 marked a significant reduction in military construction investments in CENTCOM as operations in the region were curtailed. The FY2019 request continues steady investments in Pacific Command (PACOM) and a notable increase in European Command (EUCOM, principally Eastern Europe and the Baltic States). While early increases in EUCOM funding were devoted to the creation of missile defense facilities in Romania and Poland, construction since 2015, funding for FY2016 and FY2019 has been devoted to the European Deterrence Initiative, through which the Administration seeks to address concerns of U.S. allies in Eastern and Central Europe.

MILCON Budget Projections

As part of its annual budget planning and programming exercise, DOD projects its expected budget levels forward for five years in the Future Years Defense Program (FYDP). Actual budget requests—and appropriations—usually fall short of these annual projections. For example, the military construction and family housing appropriation request for FY2016 was originally projected in the FY2012 budget request to be \$14.8 billion. The actual FY2016 funding stands at \$8.4 billion. Thus, the original FY2012 projection overstated the actual funding level by approximately 75% (see **Figure 4**).

Figure 4. Military Construction and Family Housing FYDP Projections



Source: National Defense Budget Estimates (Green Book), various years, Table 6-8 (budget authority in current dollars).

Note: The FY2018 budget did not include a FYDP and the FY2019 Green Book was not available at time of publishing.

This disparity between projections and actual appropriations may be caused in part by enactment of the Budget Control Act of 2011 (P.L. 112-25), which established limits on discretionary spending. The effect of the BCA may also be evidenced by a \$2.6 billion increase in FY2018 MILCON funding, which was provided after an \$80 billion increase in the BCA limit on defense spending for FY2018 (Bipartisan Budget Act of 2018, P.L. 115-123).

BRAC, or Closing Military Bases

To date, Congress has authorized DOD to carry out five rounds of military base realignments and closures (BRAC) in 1988, 1991, 1993, 1995, and 2005. This authority expired in 2006. The Secretary of Defense requested a renewal of that authority each year between 2012 and 2017 with an aim toward trimming infrastructure that is no longer deemed necessary for national defense purposes. Congress did not grant the requested authority. The Secretary did not renew the request for BRAC authority with the FY2019 budget submission.

Military Construction Budget Process

For more information see CRS Report R44710, *Military Construction: Process and Outcomes*, by Daniel H. Else and CRS In Focus IF10831, *Defense Primer: Future Years Defense Program (FYDP)*, by Lynn M. Williams and Heidi M. Peters.

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