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# ***The Biden Administration: Strategy and Reshaping the National Security Budget***

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## Introduction

The Biden administration and the U.S. Congress face major challenges in shaping an effective FY2022 defense budget. These challenges include the immediate need to create a suitable FY2022 budget proposal – a task the administration must complete no later than April – and to determine what work must begin in order to address the longer-term issues in defense budgeting as part of the FY2022 submission.

This analysis, however, focuses on the need for fundamental reforms in the defense budget’s structure and content, the challenges posed by the rising costs of mandatory civil spending and Covid-19 aid, as well as the need for a full national security budget. It addresses the three areas where such reforms are critical:

- *First, the present Department of Defense budget does not tie spending to strategy in meaningful ways*, nor does it show how a given strategy can be tied to a given region, real plans, budgets, schedules, costs, and measures of effectiveness. The current defense budget submission and the review process rely on an archaic line-item budget, which is organized largely by major category of spending, such as “personnel” or “procurement,” for individual services, defense agencies, and military services.
- *Second, there are challenges the defense budget and other national security spending now face from massive rises in civil spending*. These include the spending imposed by massive new federal spending in response to the Covid-19 crisis that may well surpass 3 trillion dollars as well as the additional pressures imposed by the rise in mandatory spending on civil programs, such as health care and Social Security, that have long driven the growth of the federal budget and will continue to do so at least through 2030.
- *Finally, the defense budget process only addresses a limited part of the total national security spending of the United States*. It does not include the massive and growing spending on Veterans Affairs, and it does not address the civil aspects of national security: spending by other departments and agencies like the Department of State, the Department of Homeland Security, and intelligence agencies that are not part of the Department of Defense.

In the process, it shows that the Biden administration needs to look far beyond the coming fiscal year and to make major reforms in the ways that the defense and national security budgets are structured, reported, and justified – and particularly how they should be used to develop and implement an effective national security strategy.

### ***A Budget Driven by Military Service Shopping Lists rather than Strategy***

The present U.S. defense budget process has many critical flaws. The most important flaw is that the budget submission and the review process are now driven by the shopping lists of the military services and key elements of the Department of Defense.

This does not present a budget that reflects a strategy at the joint and command levels, justifies the funding of the joint military’s needs in key regions or in key functional areas of defense, or uses key analytic tools like net assessment and meaningful program budgeting.

The focus on the spending of each military service ignores the fact that the U.S. is now committed to joint/all-domain warfare and that the U.S. shapes its defense and national security strategies largely in terms of its regional and functional military commands, its strategic partnerships, and the need for foreign aid to the civil and law enforcement sectors of other countries.

Aside from the broad rhetoric about strategic intentions, the defense budget submission does not address these critical aspects of defense. It focuses almost exclusively on the service by service details of planned spending – consistently failing to control the rise in personnel and operations and maintenance (O&M) costs as well as also failing to deploy key procurement programs at the estimated cost and time along with the promised effectiveness.

It is at best a mid-20th Century budget for a very different 21st Century. As a recent report by the Director of Operational Test and Evaluation notes,

We are now 20 years into the 21st century but, in many ways, DoD acquisition functions appear to be stuck in the 20th century. Our processes are too slow. By the time many of our systems roll off the production line, the requirements against which they were designed are decades-old and no longer capture the threat or warfighter needs. With our near-peer adversaries rapidly gaining ground, and even getting ahead of us in certain areas, continuing along this path is dangerous!

The current budget also reflects the virtual collapse of any effort to create a meaningful posture or a working planning, programming, and budgeting system (PPBS). Key budget reforms made under the Eisenhower and Kennedy administrations have largely collapsed, and new reforms have not been implemented.

There are many reasons for these failures, but the broader causes include the collapse and break-up of the former Soviet Union in the early 1990s. They include the poorly structured efforts to create the Quadrennial Defense Reviews from 1997 to 2014 that tried to look too far into the future and were decoupled from programming, planning, and budgeting efforts. They include the narrow focus on terrorism and extremism that occurred in 2001, the reaction to the Great Recession of 2008, and the absurdities in budgeting imposed by the Budget Control Act of 2011 that led to budget caps and sequestration efforts.

More recently, they have included the failure to link the broad strategic rhetoric in the new National Security Strategy (NSS) and National Defense Strategy (NDS) that were issued in 2017 and 2018 respectively, to tangible plans, programs, and budgets in the budget submissions that followed. They have also included a growing emphasis over the last four years on worst case war fighting with China and Russia; withdrawals from overseas bases; and a self-seeking focus on burden sharing, arms sales, and transactional relations in dealing with strategic partners.

In spite of recent claims that the recent defense budgets have been “strategy driven,” they have actually been driven by each military service, focused on the coming or current fiscal year, and often provided little more than placeholder estimates for spending in future years. They have remained exercises where broad, global strategic rhetoric has rarely been linked to any form of substance.

### ***A Deeply Flawed Defense and National Security Budget Process***

This report addresses these issues in detail and suggests major reforms in each area. They include a return to an effective planning, programming and budgeting system; a focus on the major combatant commands as key “programs” that can be clearly linked to key strategic needs and challenges; and a focus on the Future Year Defense Program (FYDP) rather than simply the budget for the coming fiscal year.

It addresses the ways in which defense planning and budgeting have steadily declined in quality and coverage and in which there has been minimal real-world progress in tying the defense budget to an overall national security budget. Much of the progress in creating an effective planning, programming, and budgeting system (PPB) that began under the Eisenhower and Kennedy administrations has been lost. At the same time, the outside need for a defense budget reform has steadily increased.

It addresses the fact that the defense budget process is largely decoupled from the analysis of the overall trends in federal spending. Changes in taxation and economic policy over the last four years have greatly increased the deficit and federal debt that they were intended to reduce.

At the same time, it shows that the need for an integrated approach to shaping the spending on national security and civil programs has grown sharply since the start of 2020. The Covid-19 crisis has led to massive new forms of federal spending on civil aid efforts, and all of this is layered over increases in entitlement spending in areas like medical programs and Social Security that have already led to decades of major increases in federal spending and that now call for similar increases through at least 2030.

The rest of the budget brief focuses on the need to properly plan and budget all national security spending – including spending in the civil sector. It addresses the need to consider the full range of national security spending – including for Veterans, the Department of Homeland Security, and intelligence agencies. It also addresses key issues regarding continuing management of key program activities within the Department of Defense (DoD).

### ***Available in Two Versions***

Because of the complexity of the data involved, the analysis is available in two forms. This version provides a wide range of supporting data in the form of spreadsheets, charts, and tables. These data are complex; often contradictory or uncertain; and – to put it frankly – have to be provided in the visual form of charts, graphs, and spreadsheets. It takes time and patience to compare and understand them. They do, however, provide clear illustrations of the key issues involved.

The data in this PowerPoint version are drawn largely from official U.S. government reporting, and it provides a detailed quantitative picture of the failures and uncertainties in today's approach to defense budgeting as well as calls for major changes and reforms. The full PowerPoint version is available on the CSIS website [here](#).

The second form is a longer, narrative form. It is entitled, *The Biden Administration: Strategy and Reshaping the FY2022 National Security Budget*, and it is also available on the CSIS website [here](#).

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The Biden administration and Congress face an immediate challenge in forming and reviewing the FY2022 defense budget, as shown in **Figure One**.

At the same time, even the best effort to draft a budget using the current methods and forms cannot meet the nation's broader needs for the most effective possible force posture and an effective national strategy.

Today, the critical single need for the U.S. defense budget reform is to create a strategy-driven program budget. Today's budget is little more than a long list of the proposed spending for each military service and the efforts to justify such spending based on each service's priorities.

The documentation for the defense budget request provided on the OSD Comptroller web page as well as the testimony to Congress on the annual budget submission all consist of documents that total several thousand pages. These reports, however, focus almost completely on the total spending of the Army, the Navy/Marine Corps, and the Air Force, plus defense agencies and the nuclear weapons efforts of the Department of Energy.

They provide little more than generic rhetoric about overall strategy with no supporting explanation or justification of how strategy is to be implemented by region or key area of focus. In an era of joint/all-domain warfare, they fail to provide any meaningful detail as to how key strategies will be implemented by region or major strategic objective – as well as the plans, programs, and spending necessary to implement them.

## Figure One: Major Problems in Reporting Defense Spending

- Many estimates are DoD spending only. DoD was only \$716.2 billion in FY2021 request.
- This excluded nuclear and defense related costs in 050 account. These costs raise the total for direct defense spending to \$753.5 billion. **Increase of 5.2%**
- Almost all estimates exclude Veterans Affairs spending, amortization of unfunded retirement, and tax expenditures. This raises the total cost of defense spending in FY2021 from \$753.5 billion in FY2021 to \$1,116.5 billion. **Increase of 48%.**
- There no longer are any program budget data. Future Year Defense Program (FYDP) for FY2022 to FY2025 and Outyear spending estimates through 2030 seem to roll forward existing trends with no estimate of major strategic changes and are largely meaningless.
- No allowance in Outyear estimates for any new military contingency.
- No clear estimates exist of what strategic partners contribute, and U.S. presses for burden sharing without ever giving allies explicit credit.

# *Addressing the Entire Defense Budget*

It should be noted from the start that this analysis relies on an estimate of the total defense budget – which goes substantially beyond the spending in the Department of Defense (DoD) alone. Most estimates of U.S. defense spending do include such spending on nuclear weapons in the Department of Energy (DoE) and some defense related spending in other federal agencies.

However, **Figure Two** to **Figure Six** show that some official estimates of the impact of defense spending only include spending by the Department of Defense (the 050 account in the budget). This understates the need to properly plan and program all defense spending as well as to properly assess its impact on the total federal budget, the economy, the deficit, and the national debt.

There are good reasons why the Office of Management and Budget (OMB) projections for defense spending – such as the 2019-2030 projections in the PowerPoint – include the Department of Energy spending on nuclear weapons and the defense-related costs of other government departments and agencies like the FBI (the 053 and 054 accounts).

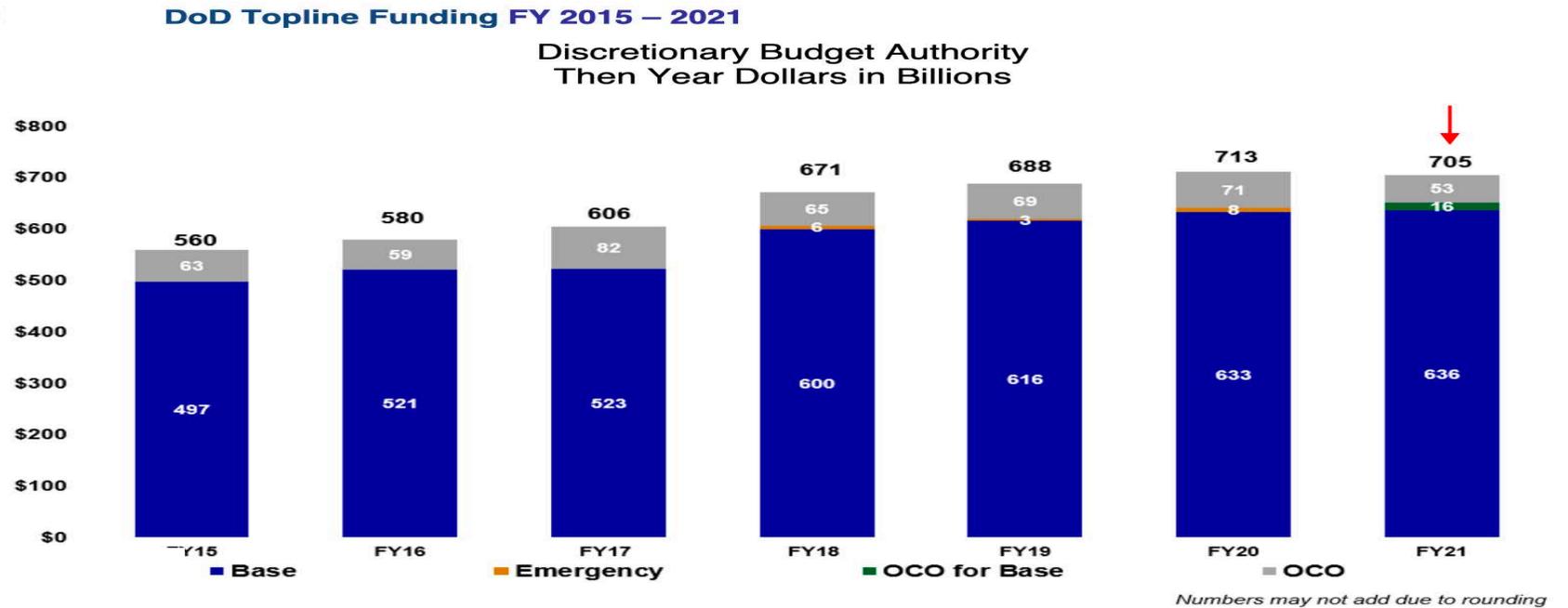
In FY2021, these costs raised the discretionary cost of the Department of Defense budget request from \$705 billion for the Department of Defense alone, by 5.0% to \$740.5 billion. Arguably, defense spending should also include the mandatory spending in the Department of Defense account (051), which would have added \$10.775 billion or by 1.5%.

Second, it makes no sense to try to address the serious issues that arise in dealing with the steadily growing spending on Veterans Affairs that should be included in the defense budget without fully accounting for the rest of defense spending, which are addressed later in this analysis. The same is true of the analysis on the need for an official presentation, justification, and Congressional review of the entire national security budget – which would include at least the cost of Veterans Affairs, the Department of State, the Department of Homeland Security, and the intelligence agencies and efforts that are not part of the Department of Defense.

***The Department of Defense does need to develop its own budget estimates, but no analysis of national defense spending can validly exclude the total cost of at least the spending in the entire 050 account for defense.***

# Figure Two: Faking the Trends? DoD Low-Balling of the Estimate of Total DoD Spending in Introducing Its FY2021 Request

Based on the spending limits established in the Bipartisan Budget Act of 2019 (BBA 2019), the President's FY 2021 budget request for DoD is \$705 billion. This budget represents a \$0.8 billion increase over the FY 2020 enacted appropriation excluding natural disaster relief emergency funding. To live within the BBA 2019 agreement levels, the Department made tough choices and realigned resources to sustain and advance the recent gains in readiness and lethality.



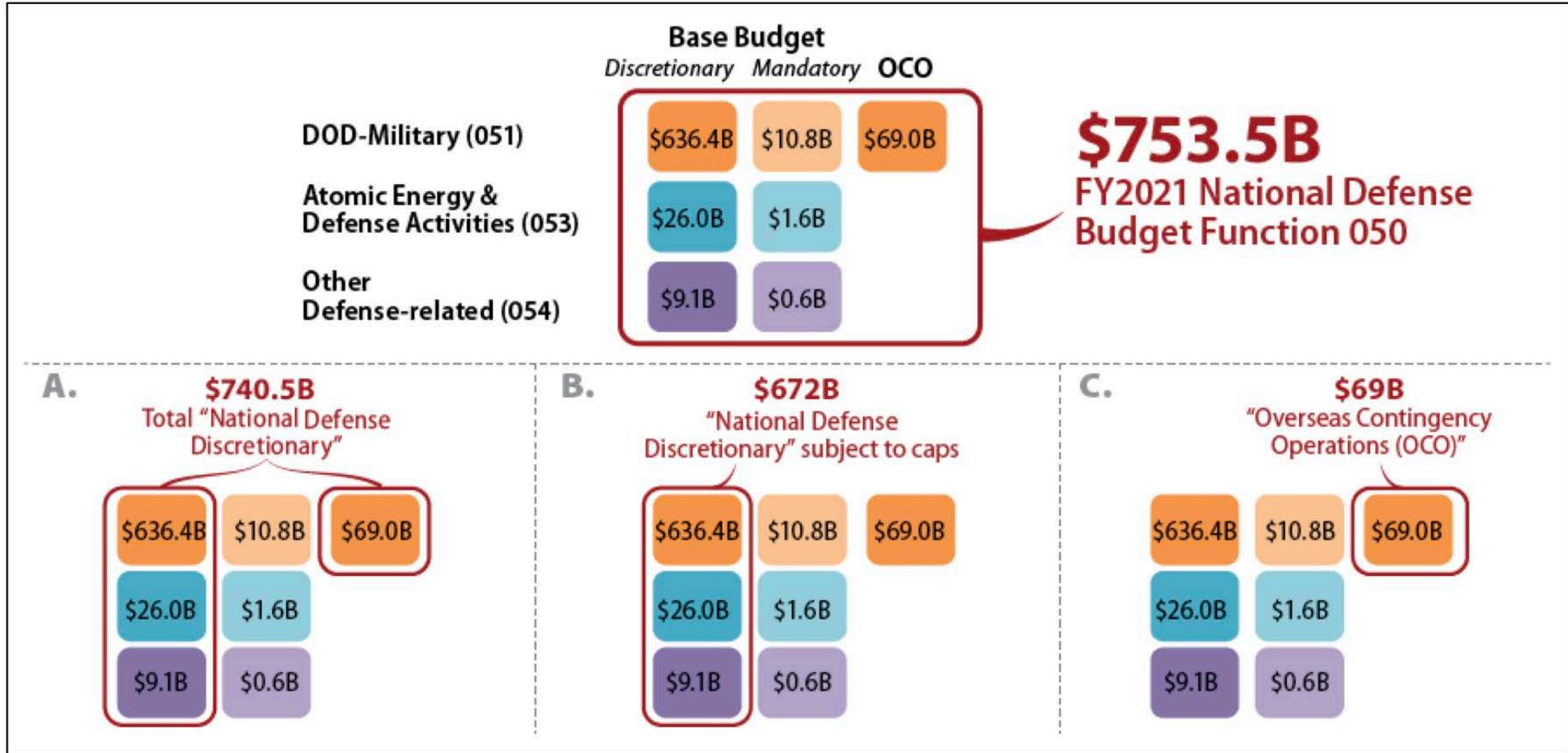
**Figure 1. Department of Defense Budget**

<i>\$ in billions</i>	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Enacted	FY 2021 Request
Base	599.6	616.4	633.3	636.4
Overseas Contingency Operations	65.2	68.6	66.4	53.0
OCO for Base	--	--	4.9	16.0
Emergency	5.8	2.8	8.0	--
<b>Total</b>	<b>670.6</b>	<b>687.8</b>	<b>712.6</b>	<b>705.4</b>

Source: OSD Comptroller, Defense Budget Overview, Irreversible Implementation of the National Defense Strategy, DoD, May 2020, p. 1-4, [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021\\_Budget\\_Request\\_Overview\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021_Budget_Request_Overview_Book.pdf)

# Figure Three: FY2021 Department of Defense Request – Less Nuclear and Veterans

(in billions of dollars of budget authority)



Source: OMB, Tables 24-I and S-7.

Notes: Totals may not sum due to rounding.

## Figure Four: Conference Outcomes of the FY 2021 National Defense Authorization Act

<b>Funding</b>	<b>House Authorized</b>	<b>Senate Authorized</b>	<b>Conference Outcome</b>
<b>Total</b>	\$740.5 billion	\$740.5 billion	\$740.5 billion
<b>DOD Base</b>	\$635.5 billion	\$636.4 billion	\$635.5 billion
<b>DOE Base</b>	\$26.6 billion	\$25.9 billion	\$26.6 billion
<b>Overseas Contingency Operations (OCO)</b>	\$69 billion	\$69 billion	\$69 billion
<b>Defense-Related Activities in NDAA Jurisdiction</b>	\$0.5 billion	\$0.5 billion	\$0.5 billion
<b>Defense-Related Activities outside NDAA Jurisdiction</b>	\$8.9 billion	\$9.1 billion	\$8.9 billion

Source: Data from HASC, <https://armedservices.house.gov/2020/7/markup-of>; SASC, <https://www.armed-services.senate.gov/press-releases/sasc-complete-markup-of-fiscal-year-2021-national-defense-authorization-act>; and Arms Control Center, <https://armscontrolcenter.org/wp-content/uploads/2020/12/NDAA-conference-report-new.pdf>.

# Figure Five: OMB Estimate of DoD Budget: 2019-2030 (Budget Request : **As of February 2020**)

Net Budget Authority By Function, Category, and Program  
(In Millions of Dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>050 National Defense:</b>												
<b>Discretionary:</b>												
<b>051 Department of Defense-Military:</b>												
Military personnel	149,384	154,752	163,498	166,936	172,066	177,247	182,151	182,665	183,203	183,767	184,361	184,985
Operation and maintenance	281,802	289,599	288,922	299,503	302,533	306,589	311,995	311,481	310,943	310,379	309,785	309,161
Procurement	146,579	143,754	136,885	137,747	149,107	157,059	161,930	161,930	161,930	161,930	161,930	161,930
Research, development, test and evaluation	95,278	104,484	106,556	104,838	101,820	100,252	99,961	99,961	99,961	99,961	99,961	99,961
Military construction	11,333	16,724	6,811	10,034	8,623	8,377	9,233	9,233	9,233	9,233	9,233	9,233
Family housing	1,566	1,465	1,351	1,497	1,556	1,649	1,655	1,655	1,655	1,655	1,655	1,655
Revolving, management, and trust funds and other	1,910	1,818	1,369	1,347	1,358	1,382	1,409	1,409	1,409	1,409	1,409	1,409
<b>Total, Department of Defense-Military</b>	<b>687,852</b>	<b>712,596</b>	<b>705,392</b>	<b>721,902</b>	<b>737,063</b>	<b>752,555</b>	<b>768,334</b>	<b>768,334</b>	<b>768,334</b>	<b>768,334</b>	<b>768,334</b>	<b>768,334</b>
<b>053 Atomic energy defense activities:</b>												
Department of Energy	22,248	24,018	25,948	26,605	27,163	27,733	28,315	28,315	28,315	28,315	28,315	28,315
Formerly utilized sites remedial action	150	200	--	--	--	--	--	--	--	--	--	--
Defense nuclear facilities safety board	31	31	29	30	30	31	32	32	32	32	32	32
<b>Total, Atomic energy defense activities</b>	<b>22,429</b>	<b>24,249</b>	<b>25,977</b>	<b>26,635</b>	<b>27,193</b>	<b>27,764</b>	<b>28,347</b>	<b>28,347</b>	<b>28,347</b>	<b>28,347</b>	<b>28,347</b>	<b>28,347</b>
<b>054 Defense-related activities:</b>												
Federal Bureau of Investigation	5,391	5,584	5,746	5,916	6,040	6,167	6,296	6,296	6,296	6,296	6,296	6,296
Other discretionary programs	3,177	3,571	3,379	3,470	3,549	3,606	3,668	3,668	3,668	3,668	3,668	3,668
Adjustments for Revised BCA Caps	--	--	6	1,077	1,155	908	1,355	1,355	1,355	1,355	1,355	1,355
<b>Total, Defense-related activities</b>	<b>8,568</b>	<b>9,155</b>	<b>9,131</b>	<b>10,463</b>	<b>10,744</b>	<b>10,681</b>	<b>11,319</b>	<b>11,319</b>	<b>11,319</b>	<b>11,319</b>	<b>11,319</b>	<b>11,319</b>
<b>Total, Discretionary</b>	<b>718,849</b>	<b>746,000</b>	<b>740,500</b>	<b>759,000</b>	<b>775,000</b>	<b>791,000</b>	<b>808,000</b>	<b>808,000</b>	<b>808,000</b>	<b>808,000</b>	<b>808,000</b>	<b>808,000</b>
<b>Mandatory:</b>												
<b>051 Department of Defense-Military:</b>												
Concurrent receipt accrual payments to the Military Retirement Fund	7,909	8,505	10,605	10,898	11,136	11,389	11,628	11,864	12,107	12,357	12,614	12,880
Operation and maintenance	1,323	964	994	951	970	989	1,009	1,029	1,050	1,071	1,092	1,114
Procurement	216	194	224	--	--	--	--	--	--	--	--	--
Research, development, test and evaluation	230	240	153	--	--	--	--	--	--	--	--	--
Revolving, trust and other DoD mandatory	17,241	817	900	1,037	958	484	405	225	177	178	179	181
Offsetting receipts	-2,205	-1,772	-2,062	-1,941	-1,912	-1,932	-1,953	-1,840	-1,812	-1,832	-1,855	-1,880
Reductions for Joint Committee Enforcement (Defense)	--	--	-919	-972	-981	-995	-1,008	-1,024	-1,044	-1,065	-1,086	--
Proposed Legislation (PAYGO)	--	--	--	--	--	--	--	--	--	--	--	-1,108
Subtotal, Reductions for Joint Committee Enforcement (Defense)	--	--	-919	-972	-981	-995	-1,008	-1,024	-1,044	-1,065	-1,086	-1,108
Impact of Popup on Joint Committee Enforcement	--	--	880	944	963	984	1,004	1,024	1,044	1,065	1,086	39
Proposed Legislation (PAYGO)	--	--	--	--	--	--	--	--	--	--	--	1,069
Subtotal, Impact of Popup on Joint Committee Enforcement	--	--	880	944	963	984	1,004	1,024	1,044	1,065	1,086	1,108
Operation and Maintenance	4	--	--	--	--	--	--	--	--	--	--	--
<b>Total, Department of Defense-Military</b>	<b>24,718</b>	<b>8,948</b>	<b>10,775</b>	<b>10,917</b>	<b>11,134</b>	<b>10,919</b>	<b>11,085</b>	<b>11,278</b>	<b>11,522</b>	<b>11,774</b>	<b>12,030</b>	<b>12,295</b>

# Figure Six: OMB Estimate of DoE Defense, Defense Related, and Total Defense Budget: 2019-2030

(Budget Request : **As of February 2020**)

## Net Budget Authority By Function, Category, and Program (In Millions of Dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>050 National Defense:</b>												
<b>Mandatory:</b>												
<b>053 Atomic energy defense activities:</b>												
Energy Employees Occupational Illness Compensation Program Act (EEOICPA)	1,556	1,583	1,605	1,612	1,603	1,597	1,588	1,572	1,555	1,535	1,513	1,485
Other	50	55	55	55	55	55	55	55	55	55	55	55
Reductions for Joint Committee Enforcement (Defense)	--	--	-17	-17	-17	-17	-18	-18	-18	-18	-19	--
Proposed Legislation (PAYGO)	--	--	--	--	--	--	--	--	--	--	--	-19
Subtotal, Reductions for Joint Committee Enforcement (Defense)	--	--	-17	-17	-17	-17	-18	-18	-18	-18	-19	-19
<b>Total, Atomic energy defense activities</b>	<b>1,606</b>	<b>1,638</b>	<b>1,643</b>	<b>1,650</b>	<b>1,641</b>	<b>1,635</b>	<b>1,625</b>	<b>1,609</b>	<b>1,592</b>	<b>1,572</b>	<b>1,549</b>	<b>1,521</b>
<b>054 Defense-related activities:</b>												
Radiation exposure compensation trust fund	45	65	70	47	10	--	--	--	--	--	--	--
Interfunds	--	--	--	--	--	--	--	--	--	--	--	--
Payment to CIA retirement fund and other	514	514	514	514	514	514	514	514	514	514	514	514
<b>Total, Defense-related activities</b>	<b>559</b>	<b>579</b>	<b>584</b>	<b>561</b>	<b>524</b>	<b>514</b>						
<b>Total, Mandatory</b>	<b>26,883</b>	<b>11,165</b>	<b>13,002</b>	<b>13,128</b>	<b>13,299</b>	<b>13,068</b>	<b>13,224</b>	<b>13,401</b>	<b>13,628</b>	<b>13,860</b>	<b>14,093</b>	<b>14,330</b>
<b>Total, National Defense</b>	<b>745,732</b>	<b>757,165</b>	<b>753,502</b>	<b>772,128</b>	<b>788,299</b>	<b>804,068</b>	<b>821,224</b>	<b>821,401</b>	<b>821,628</b>	<b>821,860</b>	<b>822,093</b>	<b>822,330</b>

*Strategy Without Plans, Programs, Budgets, and a  
Real FYDP*

That said, the key need for budget reform is far more substantive and requires the budget process to address a real “strategy driven” budget. The supporting PowerPoint provides a summary of this strategic rhetoric, which is drawn from the FY2021 Department of Defense budget submission and the final committee reports of the Senate and House Armed Services Committees. These excerpts summarize the reporting on strategy presented by OMB’s justification in the FY2021 defense budget request, the Department of Defense budget justification, and the Senate Armed Services Committee (SASC) and House Armed Services Committee (HASC) final conference reports on the budget. The hollow content of their strategic rhetoric is all too clear.

Such excerpts, however, can only tell part of the story. To fully understand the scale of the failure to address a strategy in today’s defense budget process – and in the way the budget is reported and addressed – it is necessary to at least skim through the full range of budget documents provided by the Department of Defense. These documents are shown on the OSD Comptroller web page. (<https://comptroller.defense.gov/Budget-Materials/Budget2021/>).

There are almost no discussions in this vast mass of budget narratives and data that actually tie future spending to the implementation of strategy in given regions. There are also none that address the effectiveness of defense-wide efforts in strategic terms or that describe the impact of defense spending on U.S. force postures and their ability to deter and defend.

The Department of Defense’s budget requests do mention strategy in passing. In fact, the FY2020 budget request described itself as a “strategy-driven” budget, and the FY2021 budget request called itself an “irreversible implementation” of the National Defense Strategy issued in 2018. In practice, however, these budgets focused largely on line-item spending by military service.

There were only limited – and often had no ties between the data or the justification in budget requests with actual strategy. The discussion focused almost exclusively on service-by-service spending, readiness, and broad areas of modernization.

***A Road Paved with Annual Good Intentions: Failing to Set Meaningful Longer-Term Strategic Goals***

If one compares the excerpts of strategy in the Power Point with the details of the budget request, this lack of any real link between strategy and spending in the FY2021 defense budget submission becomes brutally clear. Like the new National Security Strategy and the National Defense Strategy documents issued in 2017 and 2018 respectively, they do not define any clear path to actual implementation, and the vast majority of the “strategy” reporting in the rest of the budget justification consists of discussions about the spending priorities of each military service.

No amount of budget documentation that is only focused on the four separate sets of requests by the Navy, Marines Corps, Army, and Air Force can address the complex issues needed to shape a real strategy-driven budget – especially in an era where the Joint Chiefs focus more and more on joint/all-domain forces and operations.

Ironically, the few excerpts in the PowerPoint that do provide some substantive discussion of strategy took place in the Senate and House Armed Services Committees’ mark-ups of the budget request. Even then, these references were not tied to a specific program’s initiatives and budget costs.

Only the Navy makes at least one detailed comparison of the U.S., Chinese, and Russian forces in the FY2021 Defense Budget Overview (pp. 9-11 to 9-12). The other references to strategy consisted of broad rhetoric that had no specific content or that was so vague that it was little more than a demonstration of the Buddhist koan that asks, “what is the sound of one hand clapping.”

There also is little discussion of the links between strategy and budgets outside the budget process. No serious effort is made to tie recent budget requests to net assessments of the threat or the role of strategic partners in key regions and aspects of U.S. strategy. With the exception of the annual DIA report on Chinese military power, no serious effort was made to describe the changes in the threat. No comparisons are made of the requested level of U.S. military spending relative to key threats like China and Russia or on the impact of their spending on military capability.

As for the intelligence community, it provides little more than erratic annual reports on key threats – rarely addressing comparative trends and then only consistently touching upon the growing threat from China, and occasionally from Russia and Iran. No real effort is made to tie military spending to the civil spending done by the State Department and USAID or to link the security efforts of the Department of Homeland Security to the Department of Defense spending in order to counter extremism and terrorism.

## Figure Seven: The Near-Certain Reversibility of an “Irreversible Strategy”?

- **No real detail on implementation of new strategy documents issued in 2017 and 2018.**
- **Budget is not strategy driven, but it is driven by input category and by military service.**
  - **No detail by key area of net assessment with threats and value of allies and no comparison of relative military/defense spending efforts.**
  - **No detail on change in capabilities by mission or major U.S. command.**
  - **No details on new strategy and force plans after Secretary Esper was fired.**
  - **Only real efforts to summarize strategy are in Senate and House summary reports on their respective mark-ups of FY2021 budget, and they provide no details on key cost and budget impacts are reported.**

# Figure Eight: OMB on Countering Emerging Threats in the FY2021 Budget Request - I

As the United States enters the 2020s, the threats America faces as a Nation are rapidly shifting and evolving. While the American people still face dangers posed by Islamist terrorists and transnational criminals, America also faces challenges by resurgent rival nation-states, including China and Russia. The Budget reflects the need for a new American posture to match the realities faced in this new era.

To sustain American security at home and promote U.S. interests abroad, the Administration has rebuilt the military, invested in the well-being of America's servicemembers, expanded U.S. capabilities to fight in emerging theaters, and refocused U.S. defense priorities on contemporary threats.

It is not just U.S. troops and Government agents on the front lines anymore. It is U.S. businesses, universities, and social groups. A rural hospital, family-owned business, or private citizen is no match against a nation-state such as China, Iran, North Korea, or Russia attempting to hack their network. Threats to U.S. security are coming in an ever-increasing variety of forms against an ever-expanding variety of targets.

More than ever, each adversary has the ability to use modern technology to harm U.S. economic prosperity, limit freedom around the globe, and undermine America's superior military advantage. Attacks on America's devices and networks, which are critical to U.S. economic well-being and security, are omnipresent. With an estimated 75 billion devices connected to the internet by 2025, it is clear these vulnerabilities will only increase. It is all too easy for a rogue nation-state or cyber-criminal to target a weak link in a global supply chain that relies on the internet in order to cripple America's economy or

infrastructure—with little fear of attribution or reciprocity.

To stay ahead of these threats, the U.S. Government must shift out of the old, staid ways in which it has historically operated, and focus more on the challenges posed by great power rivals and emerging technology. Instead, a whole-of-Government approach to overcome these rising risks by preparing to meet the demands of tomorrow is needed. Such an approach includes prioritizing artificial intelligence (AI), 5G, and other industries of the future.

The 2021 Budget reflects the need to reposition American economic, military, and diplomatic postures to ensure that everything America holds dear—individual liberty, the rule of law, a democratic system of government, and opportunity for all—is protected. Preserving American leadership and values requires an America First agenda that must be promoted by advancing four pillars of national power—economic competitiveness, national security strength, free and fair trade, and foreign partnerships that match action and resources with intent and rhetoric.

We have rebuilt America's great and powerful military to deter aggression, win wars, and inflict punishment on U.S. adversaries to defend America and her people, values, and friends at home and abroad. Through significant investments in emerging warfighting domains such as space through the creation of the United States Space Force, and advancement of modern technologies, including reinvigorating missile defense, hypersonics, cyber, and AI, this Administration will put America in the driver's seat when negotiating with America's adversaries from a position of strength.

Source: OMB, "Countering Emerging Threats," Budget of the United States Government, February 2020, pp. 9-11, <https://www.govinfo.gov/content/pkg/BUDGET-2021-BUD/pdf/BUDGET-2021-BUD-3.pdf>.

# Figure Eight: OMB on Countering Emerging Threats in the FY2021 Budget Request - II

## PROTECTING AMERICA'S ECONOMY

Protecting America's vital economic interests against those who would do America harm has never been more important. Great power rivals, such as China, have engaged in cyber-enabled economic warfare against the United States and its allies. These adversaries target key components of America's economy. They seek to gain an advantage against the United States by stealing U.S. intellectual property and personal data, as well as interfering with America's critical infrastructure. These actions threaten the foundations of the American way of life.

The Budget focuses on overcoming the many challenges posed by great power rivals that target U.S. economic stability.

**Better Trade Deals.** For decades, unfair trade practices have weakened the U.S. economy and exported U.S. jobs overseas. The Administration is advancing fair and reciprocal trade through agreements with Mexico, Canada, South Korea, and Japan, and through ongoing negotiations with the United Kingdom, China, and European countries. These agreements open new markets for American exports and create jobs while protecting American intellectual property and America's domestic producers.

**Industries of the Future.** The Budget prioritizes accelerating AI solutions. Along with quantum information sciences, advanced manufacturing, biotechnology, and 5G research and development (R&D), these technologies will be at the forefront of shaping future economies. The Budget proposes large increases for key industries, including doubling AI and quantum information sciences R&D by 2022 as part of an all-of-Government approach to ensure the United States leads the world in these areas well into the future.

**Energy Independence.** The Budget recognizes and supports the emergence of the United States as a top producer of energy in the world, becoming a net exporter of petroleum in late 2019 and projected to be one for the 2020 calendar year—a position of energy independence the United States hasn't been in since the 1940s.

**Defending Government Networks and Critical Infrastructure.** The Department of Homeland Security (DHS) continues to play a major role in securing and building cybersecurity resilience for the Nation's most critical infrastructure, including Government networks. DHS, in partnership with key stakeholders, identifies and manages the most critical national cybersecurity risks. The Budget includes more than \$1.1 billion for DHS's cybersecurity efforts.

**Addresses the Federal Cybersecurity Workforce Shortage.** To face today's threats and prepare for tomorrow's, America must have a workforce that is trained and skilled in cybersecurity. Today, there are simply not enough cyber professionals in Government service. The *Delivering Government Solutions in the 21<sup>st</sup> Century* plan and Executive Order 13870, "America's Cybersecurity Workforce" included several initiatives to solve the Federal cybersecurity workforce shortage, establishing unified cyber workforce capabilities across the civilian enterprise. The Budget includes funding to support DHS's Cyber Talent Management System and for the Cybersecurity and Infrastructure Security Agency, which would lead a Government-wide cybersecurity workforce program for all Federal cyber professionals.

## REBUILDING AMERICA'S MILITARY

**Sharpens America's Advantage in an Increasingly Competitive Strategic Landscape.** The Budget prioritizes funding for programs that would deliver warfighting advantages against China and Russia and sustains efforts over the last three years to focus defense investments in modernization, lethality, and innovation that provide the Nation's troops a competitive advantage over all adversaries.

**Modernizes Key Capabilities to Build a More Lethal Joint Force.** The Budget prioritizes investments in U.S. air, sea, land, space, and cyber capabilities that would support operations to ensure military superiority. Critical investments include procuring next generation fighter aircraft and new battle force ships, modernizing Army armored brigade combat teams, and fully funding recapitalization of the strategic ballistic missile submarine fleet. The Budget also

# Figure Eight: OMB on Countering Emerging Threats in the FY2021 Budget Request - III

assesses modifications to existing missile defense capabilities to defend the U.S. homeland, providing additional coverage on a faster timeline.

**Grows and Reorganizes the U.S. Military to Better Compete in Emerging Domains.** The Budget supports the growth of the recently established United States Space Force, the sixth branch of the U.S. Armed Forces, to ensure that the United States can protect and defend America's national interests in space.

**Invests in the Nation's Men and Women in Uniform.** The Administration understands that America's security and freedom is ensured by the sacrifices of the men and women who wear the uniform and is investing in their well-being and that of their families. On the heels of growing annual pay raises for America's troops throughout this Administration, the pay raise effective January 1, 2020, was the first over three percent in a decade. The Budget proposes an additional raise in the coming year.

**Secures the Capability to Supply Vital Military Resources in the Long Term.** The Administration has directed the first whole-of-Government assessment of U.S. manufacturing and defense supply chains since the 1950s.

## ENGAGING AMERICA'S ALLIES TO ADVANCE FREEDOM

**Realigns Burden-Sharing to Encourage Greater Engagement from Allies.** The Budget recalibrates American contributions to international organizations to a more sustainable level, engaging U.S. allies to similarly invest in peace and stability. The United States will continue

to press its allies to give more in providing for their own defense; frequent increases in North Atlantic Treaty Organization (NATO) ally funding has been a result. Further, the United States will continue to emphasize and enforce a road to self-reliance in foreign assistance to ensure that there is a positive return on investment for each American taxpayer dollar.

**Expands Defense Financing for America's Allies.** The Budget proposes Foreign Military Financing (FMF) loan and loan guarantee programs for NATO and major non-NATO allies to complement traditional FMF grant assistance. These tools would bolster security, improve battlefield interoperability, and support American domestic economic interests, and would increase opportunities for allies and partners to build their militaries around U.S. innovation and quality, while transitioning away from inferior equipment from foreign adversaries.

**Frustrates Chinese Efforts to Shape the Indo-Pacific in Its Image.** The future of the Indo-Pacific, which contains roughly half the world's population and many of the fastest growing economies, is critical to U.S. security and long-term economic interests. The Budget reflects a strong Administration commitment to ensuring that the region remains free, open, and independent of malign Chinese influence with funding that supports democracy programs, strengthens security cooperation, improves economic governance, and facilitates private sector-led economic growth. The Budget also provides \$30 million for the Global Engagement Center to counter Chinese propaganda and disinformation.

# Figure Nine: OMB on the Department of Defense in the FY2021 Budget Request - I

The Budget provides the necessary resources for DOD to protect and defend the homeland, maintain balances of power in key regions of strategic importance, and exert a sphere of influence that supports U.S. security and prosperity. Ultimately, the Budget reflects the President's commitment to ensure America's military remains second to none, both today and into the future.

Underpinned by the 2018 National Defense Strategy, the Budget sustains and builds on efforts over the last three years to prioritize investments in modernization, lethality, and innovation that provide the Nation's warfighters a competitive advantage against growing threats from near-peer adversaries, such as China and Russia; deter aggressive regional challengers; and maintain pressure on terrorist groups throughout the world. The Budget continues the Administration's work to rebuild the military and improve readiness, while balancing the need for reform, efficiency, and accountability at every level.

The Budget supports U.S. military dominance in all warfighting domains—air, land, sea, space, and cyberspace. Essential funding is provided to research, design, and procure advanced capabilities across each of the services, including 115 modern fighter aircraft, modernization of one armored brigade combat team per year, and a total of 10 battle force and unmanned ships. The Budget supports U.S. technical superiority by investing in innovative, crosscutting programs such as artificial intelligence, microelectronics, and hypersonic weapons. Further, the Budget supports a total military end strength of 2,153,500 active duty and reserve personnel, including personnel to grow America's newest military Service, the United States Space Force

(USSF). Most importantly, the Budget puts the needs of the warfighter and their families first with a 3.0-percent increase in military basic pay.

## *Invests in Modernization and Lethality*

**Ensures Maritime Superiority.** The Budget sustains the Administration's emphasis on growing the world's most advanced and lethal naval force by investing \$19.3 billion to procure a total of 10 new battle force and unmanned ships, including funding the recapitalization of the strategic ballistic missile submarine (SSBN) fleet with *Columbia*-class SSBNs. The Budget prioritizes funding for programs that would deliver warfighting advantages against China and Russia, including high-end extended range munitions, unmanned systems, hypersonic and advanced strike missiles, directed energy, containerized weapons, and information warfare capabilities. In addition, the Budget balances the need to maintain readiness with investments in future growth to ensure America's naval forces are prepared to protect and defend national interests anywhere in the world.

In addition, the Budget balances the need to maintain readiness with investments in future growth to ensure America's naval forces are prepared to protect and defend national interests anywhere in the world.

**Grows the USSF.** Building on its historic establishment in the previous budget, the Budget supports the growth of the USSF to ensure it can advance America's national interests in space. The Budget provides \$111 million to fund essential personnel growth for the USSF, including staff for centers for development of doctrine, testing, and training for the new Service. The USSF is realigning existing space forces and materiel from the Air Force in the near term and scaling up with other components over the next several years in order to address increasing threats and maintain strategic advantage. The Budget also grows the Space Development Agency, which was established in 2019 to foster innovation by leveraging the thriving domestic commercial space sector, and the U.S. Space Command, which would employ the forces and capabilities of the USSF.

**Strengthens U.S. Missile Defeat and Defense.** The Budget provides \$20.3 billion to strengthen missile defeat and defense programs. To advance the 2019 Missile Defense review's policy of providing effective and enduring protection against rogue state missile threats to the homeland, the Budget proposes additional investments in more robust Homeland Missile Defense programs. Specifically, the Budget proposes assessing the potential modification of existing regional missile defense programs for layered homeland defense, some of which can be demonstrated as early as 2025.

**Prioritizes Nuclear Deterrence.** America's nuclear deterrent is the backstop and foundation of the Nation's defense and that of America's allies. To address the return of great power competition and implement the Administration's 2018 Nuclear Posture review, the Budget continues investments in modernizing critical nuclear delivery systems. The Budget also supports the critical ongoing enhancement of the Nation's Nuclear Command, Control, and Communications system.

**Delivers Airpower for the Future Fight.** The Budget prioritizes funding for programs that would deliver the U.S. airpower needed to prevail in the highly contested fights of the future. The Budget invests \$15.1 billion in DOD's tactical fighter programs, continuing the procurement of F-35A stealth fighters and new, upgraded, F-15eX fighter aircraft for the Air Force, and the procurement of the Navy's and Marine Corps' variants of the F-35.

# Figure Nine: OMB on the Department of Defense in the FY2021 Budget Request - II

The Budget also modernizes the Navy's current F/A-18e/F fighters and accelerates the development of the next generation of advanced fighter aircraft. Funding supports the development of the new stealth bomber and the procurement of the KC-46 aerial refueling tanker. These mission critical investments would ensure that DOD can successfully counter the wide variety of threats that are expected in future air combat situations.

**Improves Ground Combat Lethality.** The Budget provides significant funding to improve the lethality of ground combat capabilities, including nearly \$11 billion to fund modernization of long-range precision artillery, combat vehicles and helicopters, command and control networks, air and missile defense, and close combat training and equipment. The Budget also provides over \$3 billion to support the modernization of one armored brigade combat team per year. Further, the Budget prioritizes the development of next generation combat systems over the sustainment of Cold War-era legacy platforms to deliver greater firepower for high intensity combat.

### *Funds Leading Edge Innovation*

**Ensures Technological Superiority by Investing in Industries of the Future.** The Budget supports critical investments to regain and sustain U.S. technological superiority to counter and overmatch emerging threats. The Budget invests over \$14 billion in DOD science and technology programs that support key investments in industries of the future, such as artificial intelligence, quantum information science, and biotechnology, as well as core DOD modernization priorities such as hypersonic weapons, directed energy, 5G, space, autonomy, microelectronics, cybersecurity, and fully-networked command, control, and communications.

**Accelerates Development of Offensive Hypersonic Weapons.** DOD continues to accelerate the development and demonstration of offensive hypersonic weapon capabilities. The Budget provides \$3.2 billion, \$459 million more than the 2020 enacted level, to continue development of Army, Navy, and Air Force weapons variants. In addition, the Budget supports increased operational flight testing necessary to accelerate delivery of fully operational weapon systems that would provide unprecedented offensive strike capability across multiple warfighting domains.

**Ensures Access to Trusted and Assured Microelectronics.** The Budget invests in necessary enhancements to ensure that the United States can maintain trusted and reliable access to state-of-the-art microelectronics suppliers. The Budget enables secure design, development, fabrication, and assembly of microelectronics without the need to invest in a costly Government-owned and operated fabrication facility. These investments are essential for the development of next generation capabilities in communications, computing, artificial intelligence, and autonomy.

**Invests in Cyber Capability.** The Budget builds on progress in recent years to develop the military's cyber capabilities by requesting nearly \$10 billion in 2021. The cyber budget is aligned to advance DOD's three primary cyber missions: safeguarding DOD's networks, information, and systems; supporting military commander objectives; and defending the Nation. This investment provides the resources necessary to grow the capacity of U.S. military cyber forces, including U.S. Cyber Command, invest in the cyber workforce, and continue to maintain the highest cybersecurity standards at DOD.

### *Maximizes Readiness and Supports the Warfighter*

**Puts the Warfighter First.** People are the Department's most valuable asset. Providing a robust pay and benefits package is imperative to ensure that DOD remains best positioned to compete with the private sector for new recruits and that DOD can retain a well-trained volunteer force. The Budget proposes a 3.0-percent increase in military basic pay and provides funding for a full range of important compensation programs to support America's servicemembers and their families. The Budget also grows military end-strength by over 13,000 from 2020 authorized levels to enable the services to continue to improve readiness, while addressing critical capability gaps.

# Figure Nine: OMB on the Department of Defense in the FY2021 Budget Request - III

**Sustains and Builds on Readiness Gains.** The Budget sustains and accelerates readiness gains across each of the services in recent years as a result of the Administration’s focus on rebuilding the military. The Budget provides an increase of \$1.4 billion for the Navy’s ship and aircraft operations and maintenance accounts to significantly reduce the surface ship and submarine maintenance backlog, while ensuring that Navy and Marine Corps aircraft mission capable rates continue to improve. For the Air Force, the Budget optimizes resources by redirecting funding for combat flying hours, weapons sustainment, and training from aging, legacy aircraft to next generation platforms and systems designed for the high-end fight, such as the F-35 joint strike fighter and KC-46 aerial refueling tanker. In addition, for the Army, the Budget emphasizes readiness-generating activities tied directly to the National Defense Strategy, such as large-scale training activities in Europe and Asia as well as enhancing tactical proficiency within operational forces.

**Divests Legacy Systems to Ensure Readiness Tomorrow.** The Budget supports DOD’s effort to divest \$20 billion of legacy systems over the Future Years Defense Program (FYDP) in order to reallocate resources in support of the National Defense Strategy. By shedding older and less capable aircraft, surface ships, and ground systems, DOD can more effectively focus resources to modernized platforms and systems that support both high-intensity conflict and operations in highly contested environments.

**Maintains Pressure on Terrorist Groups while Focusing on Great Power Competition.**

The Budget maintains the funding necessary to continue DOD counterterrorism efforts to ensure terrorists do not have the capacity to attack the U.S. homeland or America’s allies. Building on trends from the previous budget, the Budget further implements the 2018 National Defense Strategy by prioritizing programs and efforts that are necessary to prepare for the high-end fight. The Budget de-emphasizes funding in areas that support operations in U.S. Central Command, while furthering the shift in resources toward great power competition efforts in the European and Indo-Pacific Commands.

# Figure Ten: The “Irreversible” Strategy in the DoD FY2021 Budget Request - I

The DoD FY 2021 budget supports the irreversible implementation of the NDS, which drives the Department’s decision-making in reprioritizing resources and shifting investments to prepare for a potential future, high-end fight. This budget resources the following four focus areas to **build a more lethal, agile, and innovative joint force**:

1. **Continues to strengthen military readiness and invest in the modernization of a more lethal force**
2. **Strengthens alliances, deepens interoperability and attracts new partners**
3. **Reforms the Department for greater performance and accountability**
4. **Supports service members and their families, recognizing that our people are our most valuable resource**

## **Irreversible Implementation of the *National Defense Strategy***

- **FY 2017 – FY 2018 – Readiness and Recovery:** Additional appropriations for near-term readiness, “must-pay” bills, and force structure gaps
- **FY 2019 – FY 2020 – Modernization and Lethality:** Key down payments on lethality, turning to great power competition, and continuing full spectrum readiness; priority on innovation and modernization to strengthen competitive advantage across all warfighting domains
- **FY 2021 – All Domain Operations:** Continues to strengthen military readiness and invest in the modernization of a more lethal force; focuses on joint enablers and dominance across all domains: Air, Land, Sea, Space, and Cyber; prioritizes nuclear deterrence recapitalization and strengthens homeland missile defense; and advances development of critical technologies

Source: OSD Comptroller, Defense Budget Overview, Irreversible Implementation of the National Defense Strategy, DoD, May 2020, p. 1-3, [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021\\_Budget\\_Request\\_Overview\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021_Budget_Request_Overview_Book.pdf)

# Figure Ten: The “Irreversible” Strategy in the DoD FY2021 Budget Request - II

The Department of Defense’s (DoD) enduring mission is to provide a combat-credible military force to deter war, or should deterrence fail, prevail in war. The 2018 National Defense Strategy (NDS) correctly identified a fundamental problem for the Department—the erosion of competitive military advantage with China and Russia in key regions. It is the Department’s responsibility, and the highest imperative of the Strategy, to reverse this erosion, while sustaining efforts to deter and counter threats from Iran and North Korea, and defeating violent extremist threats to the United States. It is critical for DoD to reverse this erosion. Doing so will ensure DoD can continue deterring aggression and coercion from those that would seek to supplant the United States and challenge the free and open international order that forms the foundation of our continued freedom and prosperity.

Great power competition is the pre-eminent challenge facing the nation’s security. China possesses one of the largest militaries in the world and is becoming increasingly comfortable portraying itself as a counter to the United States. China’s spending specifically targets key U.S. military advantages with new capabilities in space, cyber, electronic warfare, undersea warfare, fighter aircraft, bombers equipped with long-range cruise missiles, and other anti-access, area denial (A2/AD) capabilities. Russia too has invested heavily in A2/AD capabilities to prevent an adversary from operating in Eastern Europe, including advances in strategic air operations, integrated air defense systems, surface to-air-missiles, and coastal defense cruise missiles. Russia has also upgraded conventional forces while investing heavily in cyber, space, electronic warfare, and hybrid warfare capabilities. Additionally, Russia is comprehensively improving its strategic nuclear weapons and delivery systems with a projected investment of \$28 billion by 2020. This investment will allow Russia to upgrade its capacity in intercontinental ballistic missiles, ballistic missile submarines, and strategic bombers.

The DoD must balance ongoing activities directed at long term strategic competition while simultaneously addressing regional aggressors and other acute operational demands. Since 2016, DoD has made significant progress on a range of fronts to compete with China and Russia by prioritizing modernization, innovation, and high-end readiness, while also recognizing the immediacy of the challenge posed by regional aggressors. However, competitive defense investments alone will not deter China and Russia. Great power competition also means that DoD must develop new concepts and organizational approaches for force employment and design, posture, and warfighting. The DoD is building increased flexibility and responsiveness into its global force posture, allowing the Department to dynamically flow capabilities to global hotspots on short notice.

The 2018 National defense strategy remains the guidepost for DoD and focuses activities on three major lines of effort: enhancing our military’s readiness and lethality, strengthening our alliances and attracting new partners, and reforming DoD to ensure resources are directed toward our highest priorities. In addition, DoD is also placing renewed emphasis on taking care of our service members and their families. The 2018 NDS represented a major shift; one that is not fully achieved in just one year. There is important work ahead to field a more lethal, resilient and ready force that is better prepared to solve tough operational problems.

Since the NDS was released, DoD has invested in new equipment, improved operational readiness, and modernized our nuclear deterrent forces. For example, DoD is developing next generation smart munitions across the services, procuring advanced fighter jets, modernizing all three legs of the nuclear triad, and investing in missile defense to protect the homeland.

The DoD also continues to invest in advanced technologies that will help maintain tactical advantage, such as artificial intelligence, directed energy, and hypersonic weapons. DoD’s FY 2021 research and development budget is the largest ever requested and is laser focused on the development of these crucial emerging technologies to expand our warfighting advantages over strategic competitors.

The DoD must preserve battlefield overmatch, and is doing so through activities such as the establishment of the United States Space Force and modernization of space capabilities. The DoD has also increased investments in offensive and defensive cyber operations to boost resiliency against adversaries, as evidenced by standing up the Joint Artificial Intelligence Center to adapt to the pending growth of machine learning, and to capitalize on big data to gain efficiencies across DoD.

Great power competitors will not remain static. They too are developing cutting edge technologies with the aim of surpassing the United States. Competing relies on more than smart investments, it also requires new concepts, and robust international relationships. Competing also requires internal reform; DoD will revisit management structures and processes to achieve new levels of integration between the various functions of the Department. This will result in greater speed to address the threats great power competitors pose to the United States. The Department is fully engaged in these areas, and will continue to seek full and rapid implementation of the 2018 NDS.

# Figure Eleven: The Senate Version of “Irreversible” Strategy in the DoD FY2021 Budget Mark Up - I

## Achieving Irreversible Momentum in Implementation of the National Defense Strategy

Two years ago, the National Defense Strategy (NDS) outlined our nation’s preeminent challenge: strategic competition with authoritarian adversaries that stand firmly against our American values of freedom, democracy, and peace. These strategic competitors — namely China and Russia — have increased military and economic aggression, worked to develop advanced technologies, expanded their influence around the world, and worked to undermine our own influence.

It is critical that we have the personnel, equipment, training and organization needed to deter and, if necessary, defeat our potential enemies. Following the investments and authorities provided in the FY19 and FY20 NDAA’s, the FY21 NDAA Conference Agreement continues to accelerate implementation of NDS by aligning resources with its objectives, emphasizing a combat-credible force posture, and solidifying alliances and partnerships.

### Pacific Deterrence Initiative

The conferees recognize the enormous threats the United States faces in the Indo-Pacific region, particularly west of the International Date Line. To meet these challenges, implement the NDS, adequately resource our forces, and maintain a credible balance of power in the region, the FY21 NDAA Conference Report establishes the Pacific Deterrence Initiative (PDI). The PDI will send a strong signal to China and any potential adversaries, as well as to our allies and partners, that America is deeply committed to defending our interests in the region.

The PDI will focus on the following activities:

1. Enhancing the United States’ deterrence and defense posture;
2. Increasing readiness and capability in the Indo-Pacific region; and
3. Deepening cooperation with allies and partners.

In total, the provision authorizes \$2.2 billion to be invested for these purposes, the bulk of which was identified through budget reviews of existing programs and captured in a new budget display created by the Armed Services Committees. Within this total, the provision authorizes more than \$135 million above the President’s budget request for the Army’s Multi-Domain Task Force deployment to the region, the Mission Partner Environment, Joint Task Force Indo-Pacific, Counter-Terrorism Information Center, Joint Interagency Task Force-West, and military construction planning and design. The newly established PDI will enhance budgetary transparency and oversight — ensuring that available budgetary data is organized according to regional missions and combatant command priorities to best assess NDS implementation.

### China

In addition to establishing the PDI, the Conference Report also includes numerous provisions to deter China’s malign behavior, position the United States for strategic competition, and protect our assets from infiltration, including:

- Protecting federal investments in defense-sensitive intellectual property, technology, and data from acquisition by China, including by:
  - Creating mechanisms to restrict employees or former employees of the defense industrial base from working directly for companies wholly owned by, or under the direction of, the Government of the People’s Republic of China (PRC),
  - Requiring universities to share information on defense-funded research,
  - Limiting funding for universities with Confucius Institutes, and
  - Requiring the disclosure of external funding for federal grant recipients;
- Directing the President to create a whole-of-government strategy to impose costs on the PRC to deter industrial espionage and the large-scale theft of personal information by the PRC;
- Establishing a continuous assessment activity for industrial bases of foreign adversaries, beginning with China;
- Requiring the public reporting in the Federal Register of Chinese military companies operating in the United States;
- Prohibiting the commercial exports of covered defense articles and services and covered munitions items to the Hong Kong Police;
- Including efforts to pursue China’s graduation from World Bank assistance; and
- Tasking the Department of Defense and a Federally Funded Research and Development Center with comprehensive comparative studies of the notoriously opaque Chinese and Russian defense budgets.

### Russia

As with China, long-term strategic competition with Russia poses a significant threat to the security of the United States. To deter and resist Russian aggression, the FY21 NDAA Conference Agreement:

- Extends restrictions on funds for military-to-military cooperation with Russia and any activities that would recognize Russian sovereignty over Crimea;
- Authorizes \$250 million for the Ukraine Security Assistance Initiative, including \$75 million for lethal assistance, and extends the authority to support Ukraine in deterring Russia;
- Requires a comprehensive assessment of Ukraine’s military capabilities and capacity to defend its sovereignty against Russian aggression and a resource plan for security assistance to aid Ukraine in meeting its defense requirements;
- Establishes mandatory sanctions on Turkey for its acquisition of the Russian S-400 air missile defense system as required by the Countering America’s Adversaries Through Sanctions Act (CAATSA);

# Figure Eleven: The Senate Version of “Irreversible” Strategy in the DoD FY2021 Budget Mark Up - II

- Extends the authority for training of Eastern European national security forces in multilateral exercises;
- Requires a report on Russian support to foreign racially and ethnically motivated violent extremist groups and networks inside and outside Russia and an assessment of the threats this poses to U.S. counterterrorism and national security interests;
- Authorizes full funding for the European Deterrence Initiative;
- Expands sanctions related to the construction of Russia’s Nord Stream 2 pipeline projects;
- Requires an assessment of the value, cost, and feasibility of increased U.S. military presence in the Eastern Mediterranean and Black Sea regions;
- Requires the establishment of a coordinated and integrated program to train DOD personnel regarding the threat of foreign malign influence campaigns targeting them on social media; and
- Authorizes the Secretary of the Treasury to take special measures to combat Russian money laundering.

## Allies/Partners

The National Defense Strategy stresses the importance of developing and strengthening mutually beneficial alliances and partnerships to ensure the balance of power remains in our favor. With this in mind, the FY21 NDAA includes numerous provisions to support America’s existing allies and partners, build new relationships, and ensure these allies and partners are well-positioned to counter existing and emergent threats. The Conference Report:

- Prohibits reducing the number of service members deployed to South Korea below 28,500 unless numerous certifications and requirements are met;
- Expresses support for the continued presence of U.S. forces in Germany and limits DOD’s ability to reduce the number active-duty service members in Germany below 34,500 until an assessment on its impact has been completed;
- Provides new authorities for training and assistance to foreign partners to build capabilities for cyberspace security, defensive cyberspace operations, and air domain awareness operations, and expands eligibility for training at the Inter-European Air Forces Academy;
- Expands the authority for special operations forces to provide support to partners for irregular warfare;
- Requires additional reporting on outstanding reimbursements by partner nations under Acquisition and Cross-Servicing Agreements and on burden-sharing contributions by designated countries;
- Authorizes the participation of DOD personnel in the European Center of Excellence for Counter Hybrid Threats in Helsinki, Finland;
- Extends support to Israel by including the United States-Israel Security Assistance Act;
- Reaffirms commitments to and support for various allies and partners, including Taiwan, the Baltic states, India, Vietnam, and Japan;
- Requires issuance of Department-wide policies and programs, including the hiring and training of sufficient qualified personnel, to advance the implementation of the Women, Peace, and Security Act of 2017; and
- Provides measures that would strengthen, modernize, and improve oversight by the Secretary of the Treasury of its financial intelligence, anti-money laundering, and countering financing of terrorism programs and establish reporting requirements on beneficial ownership information.

## **Equipping our Military for the Wars of Today and Tomorrow**

The FY21 NDAA Conference Report ensures the United States protects our military advantage in all domains — in the skies and space, on the seas and on land, and in cyberspace.

## Superiority in the Air

- Establishes a minimum number of combat coded aircraft for most major mission areas in the U.S. Air Force and prohibits the divestment of combat-coded aircraft until the minima are reached to ensure that the Air Force meets NDS and combatant command requirements. This includes limitations on bomber, tanker, and airlift aircraft and maintains the fighter aircraft requirement;
- Requires the Secretary of Defense to submit an annual aviation procurement plan across all services and complete a study on the use of cost per effect vice flying hours as a key performance parameter for the Joint Capabilities Integration and Development System requirements process;
- Requires the Air Force to have no fewer than 386 available operational squadrons or equivalent organizational units and 3,850 combat-coded aircraft;
- Requires the Secretary of the Air Force to provide a comprehensive strategy for Air Force airborne intelligence, surveillance, and reconnaissance (ISR) assets to ensure alignment between requirements and future Air Force budget submissions;
- Provides dedicated Air Superiority aircraft in the European Command theater and limits divestment of F-15C aircraft in the theater;
- Increases funding for critical capabilities that will help the United States maintain air superiority in contested environments, including Systems of Systems Technology Integration Tool Chain for Heterogeneous Electronic Systems (STITCHES) and advanced air-to-air weapons;
- Authorizes \$9.1 billion to procure 93 Joint Strike Fighter aircraft, an additional 14 aircraft above the President’s budget request, equipping our forces with the most advanced and capable fifth-generation aircraft;
  - Includes authorization to use the six F-35 aircraft that had been accepted by Turkey before they were removed from the F-35 program;
- Requires a ground moving target indicator (GMTI) radar capability prior to the retirement of the JSTARs aircraft;
- Increases MQ-9 procurement by a total of \$108 million and adds 16 aircraft to prevent premature termination;
- Supports Air Force pilot training to protect pilots and reduce the pilot shortage;
- Authorizes an additional seven C-130Js to further modernize our tactical airlift fleet;
- Requires the Secretary of the Air Force to provide higher fidelity program information including cost and schedule for the Advanced Battle Management System;
- Requires the Department to produce Joint All Domain Command and Control (JADC2) requirements and the Chief of Staff of the Air Force to certify that the current JADC2 efforts meet the requirements;
- Supports acceleration of the prototype and fielding of Low-Cost Attributable Aircraft Technology (LCAAT) systems and the SKYBORG program by adding \$50 million to augment our current air forces with autonomous unmanned aircraft that would pair with F-35 and other tactical aircraft to ensure air superiority for our warfighters;
- Ensures the Air Force and the Army are coordinated in their efforts to defend air bases and prepositioned sites outside the continental United States from current and emerging missile threat; and
- Prohibits the procurement of Armed Overwatch aircraft in FY21 and requires additional analysis on the requirements of special operations forces and potential materiel solutions to meet such requirements.

# Figure Eleven: The Senate Version of “Irreversible” Strategy in the DoD FY2021 Budget Mark Up - III

## Superiority on the Seas

- Authorizes procurement of nine total battle force ships, including one additional *Virginia*-class submarine, one additional Expeditionary Fast Transport, and one fewer amphibious ship (LPD-31 previously authorized by Congress), as compared with the President’s budget request;
- Provides multi-ship contract authority for up to two *Columbia*-class submarines, three *San Antonio*-class amphibious ships, and one *America*-class amphibious ship;
- Authorizes \$500 million for the *America*-class amphibious assault ship designated LHA-9;
- Requires certain disclosures related to foreign government involvement in shipbuilding major defense acquisition program offers;
- Requires the Navy to qualify the main propulsion and electrical generation systems for certain unmanned surface vessels prior to vessel procurement;
- Requires the Navy to complete a land-based test program for *Constellation*-class frigates prior to the lead ship being available for tasking by operational military commanders;
- Establishes a Department of the Navy and Department of Labor joint shipbuilding industrial base working group;
- Enhances the efficiency of amphibious ship construction, saving almost \$1 billion over the next five years;
- Authorizes certain aspects of the Maritime Administration and Coast Guard;
- Requires the Navy to create a fighter aircraft force structure acquisition strategy and report on aircraft carrier air wing composition and carrier-based strike fighter squadrons to better prepare for potential conflicts envisioned by the National Defense Strategy; and
- Authorizes an additional eight P-8 aircraft to continue modernizing our anti-submarine capability.

## Superiority in Space

- Makes appropriate adjustments and technical amendments to ensure the newly created U.S. Space Force is optimally organized to protect U.S. interests in space while minimizing cost and bureaucracy;
- Does not allow the establishment of a Space Force reserve component, but directs the Secretary of Defense to provide recommendations on the preferred organizational structure and integration of the reserve components;
- Directs the Chairman of the Joint Chiefs of Staff and service chiefs to report on the space-related missions and expertise that should remain within each service and whether they require organized or liaised Space Force personnel;
- Makes technical and conforming amendments needed to continue implementation of the Space Force;
- Authorizes the voluntary transfer of personnel to the Space Force;
- Prohibits the transfer of military installations to the Space Force prior to analysis by the Secretary of the Air Force being presented to the congressional defense committees.
- Directs the Space Force to continue working with research institutions to establish critical research infrastructure and develop the future workforce;
- Encourages the establishment of a space training and readiness command that utilizes existing infrastructure to minimize cost and bureaucracy;
- Continues development of the space technology base, including launch vehicles and responsive launch, and recognizes the maturity of reusable space launch capability,

- Authorizes increased funding for space domain awareness, launch development, and space-based surveillance capability;
- Accelerates the acquisition of space systems;
- Directs the Secretary of the Air Force to provide a report on the selection process and criteria used to determine the permanent site for Space Command Headquarters; and
- Directs the National Security Space Launch (NSSL) program phase 2 to be implemented to sustain a healthy space industrial base and requires the Secretary of the Air Force to develop technologies to support NSSL in the future.

## Superiority on Land

- Supports critical Long-Range Precision Fires and Integrated Air and Missile Defense (IAMD) priorities of the Army including Precision Strike Missile, Hyper-Velocity Projectiles, Lower-Tier Air Missile Defense Sensor, High-Energy Lasers, Indirect Fire Protection Capability Increment 2, and the IAMD Battle Command System;
- Requires a joint review of Integrated Air and Missile Defense emerging advanced threats, projected capabilities and force structure, and planned investments to ensure a robust, layered, and integrated defense;
- Accelerates joint counter unmanned aerial systems (C-UAS) capabilities by adding more than \$47 million for C-UAS research, experimentation, testing, operational demonstration, and the newly established Joint C-UAS Office;
- Authorizes additional funding to accelerate Army Multi-Domain Task Forces in the Indo-Pacific;
- Supports the budget request for 60 UH-60L/M/V Blackhawks, 50 AH-64E Apaches, and 6 MH-47G Chinooks;
- Provides for an additional \$165 million to the CH-47 Chinook helicopter program for 5 CH-47F Block-II aircraft and advance procurement for future aircraft;
- Supports the Future Vertical Lift program request, and increases investment in Future Long Range Assault Aircraft advance development;
- Supports robust investment in close-combat forces lethality efforts including the Integrated Visual Augmentation System, body armor modernization, small-unit robotics, and the Soldier Enhancement Program; and
- Supports the Army’s revised acquisition strategy for the Optionally Manned Ground Vehicle, and increases investment in Next Generation Combat Vehicle technologies.

## Nuclear Forces

The United States’ nuclear forces continue to be the foundation of our nation’s security and are a critical element of a deterrence strategy that promotes peace and security around the world, particularly as potential adversaries expand and enhance their own nuclear forces.

The conference agreement authorizes funds for the sustainment and modernization of our nuclear deterrent, including Nuclear National Security Administration (NNSA) weapons programs and infrastructure recapitalization; Department of Defense submarines, ballistic and cruise missiles, aircraft, and command and control systems; as well as nuclear non-proliferation activities to meet critical national defense requirements in support of the National Defense Strategy.

Additionally, the report better aligns the NNSA and DOD budget processes by modifying and clarifying the Nuclear Weapons Council’s (NWC) roles and responsibilities. This includes updating the process by which the NNSA budget is prepared to ensure that the NWC is more involved in the development of the budget and is better able to determine whether the NNSA budget request meets our military’s requirements, while improving transparency to Congress.

# Figure Eleven: The Senate Version of “Irreversible” Strategy in the DoD FY2021 Budget Mark Up - IV

The Conference Report encourages the NNSA to continue modernizing our nation’s nuclear stockpile, including the development of the W93 warhead, while strengthening governance and management of the joint nuclear weapons life cycle process. It also continues to support the maintenance of an appropriately-sized intercontinental ballistic missile force to deter large-scale strategic attacks, and does not place any additional limitations on the testing capabilities needed to ensure a safe, secure, and effective nuclear weapons stockpile.

## Maintaining or Regaining our Technological Advantage

As our strategic competitors develop advanced weapons, equipment, and technology, the United States risks losing our comparative advantage – and in some cases, we already have. The FY21 NDAA Conference Agreement directs deliberate investments and implements knowledge-based policies that will accelerate innovation, with a particular focus on technology areas deemed critical to the NDS, such as hypersonic weapons, artificial intelligence, directed energy, quantum computing, biotechnologies and beyond. The FY21 NDAA Conference Report:

- Establishes a steering committee on emerging technology and national security threats
- Continues U.S. leadership in artificial intelligence (AI) research and development and accelerates DOD’s research and development into AI capabilities;
- Encourages the development of hypersonic weapons, as well as defense against the hypersonic weapons of our competitors;
- Includes several provisions designed to recruit and retain talent with science and technology expertise, including authorizing higher pay for the most in-demand skillsets and requiring a study comparing methods for recruiting and retaining technology researchers used by both the U.S. and Chinese governments;
- Encourages a tailored approach to prototyping critical subsystems to mature new technologies and reduce technical risks for lead ships in new classes of naval vessels;
- Supports the development of fifth-generation (5G) wireless networks;
- Requires an assessment of U.S. efforts to develop biotechnologies and biotechnology capabilities as compared to our adversaries; and
- Requires an independent technical risk assessment and certification by the Secretary of the Navy prior to contracting for certain unmanned surface vessels with Research, Development, Test, and Evaluation funding.

## Strengthening Cybersecurity

The FY21 NDAA Conference Report ensures that the United States protects its dominance in cyber space. To this end, the Report adopts 23 recommendations from the Cyberspace Solarium Commission, which was established in the FY19 NDAA. These include provisions to:

- Establish the National Cyber Director position within the Executive Office of the President;
- Strengthen the Cybersecurity and Infrastructure Security Agency (CISA) at the Department of Homeland Security;
- Codify the importance of critical infrastructure to domestic cybersecurity;
- Empower the government to better protect against cyber attacks;
- Assess the establishment of a defense industrial base threat information sharing program and defense industrial base threat hunting program;
- Add a force structure assessment in the quadrennial cyber position review; and
- Conduct a review of existing statutes, rules, and regulations that govern the use of the National Guard in response to significant cyber incidents.
- Updating the responsibilities of the Principal Cyber Advisor to lead coordination of all policies and programs related to defense industrial base cybersecurity;
- Evaluating options for establishing a cyber reserve force;
- Requiring the Secretary of Defense to develop a framework for cyber hunt forward operations that will improve effectiveness and consistency in efforts coordinated with foreign partners; and
- Setting up a pilot program on the use of speed-based metrics to evaluate the effectiveness of cybersecurity providers, products and technologies.

## **Combating Transnational Threats**

While the National Defense Strategy prioritizes strategic competition as our top security challenge, the United States faces numerous complex threats, including those posed by terrorist organizations around the world. To address these threats, the FY21 NDAA Conference Report extends and strengthens authorities intended to support the capabilities of international partners to combat terrorism so the U.S. can enhance its focus on NDS priorities.

## U.S. Central Command

The FY21 NDAA extends the authorization for DOD to provide support for reconciliation activities led by the Government of Afghanistan and authorizes \$4 billion to providing assistance to the Afghan National Security Forces. The agreement requires the Administration to submit a comprehensive, interagency assessment of the risks and impacts before using funds to draw down U.S. military personnel in Afghanistan below 4,000 or current levels and again before drawing down below 2,000, in recognition of the U.S.-Taliban and U.S.-Afghanistan agreements from February 29, 2020, and any future agreements. The conference agreement requires the resumption of comprehensive budgetary information for U.S. expenditures in support of Operation Freedom’s Sentinel and a report on U.S. efforts to train and advise Afghan security forces regarding civilian harm mitigation. Finally, the Conference Report extends the Special Immigrant Visas program for Afghan partners who put their lives on the line supporting the U.S. mission in Afghanistan.

The conference agreement continues support for the Iraqi Security Forces, vetted Syrian groups, and other counterterrorism partners. The report also prohibits the use of funds to provide weapons or any form of support to al-Qaeda, the Islamic State of Iraq and Syria, al-Shabaab, the Islamic Revolutionary Guard Corps, and other terrorist organizations. Furthermore, the Conference Report requires more detailed budgetary information in future years with respect to DOD activities to defeat ISIS and counter Iran’s malign behavior

The Conference Agreement includes a statement of policy on the conflict in Yemen and requires additional reporting on the provision of U.S. support to the Saudi-led coalition.

## Africa

The FY21 NDAA Conference Report addresses priority unfunded requirements of United States Africa Command to enhance force protection and personnel recovery and casualty evacuation of U.S. troops operating on the continent. It also requires the Secretary of Defense to brief the congressional defense committees if a decision is made to reduce the number of specified United States Armed Forces by more than 20 percent of current force levels on the continent. Further, the legislation requires a report on the activities and resources required to enhance security and economic partnerships between the United States and African countries.

## GTMO and Detention Policies

The FY21 NDAA continues long-standing prohibitions on transferring Guantanamo Bay (GTMO) detainees to the U.S. or certain other countries, on constructing or modifying new detention centers to house GTMO detainees in the U.S., and on closing or relinquishing control of GTMO.

# Figure Twelve: The House Version of “Irreversible” Strategy in the DoD FY2021 Budget Mark Up - I

## Partners and Allies

- Expresses the Sense of Congress strongly reaffirming the United States commitment to the North Atlantic Treaty Organization (NATO) alliance and urging further cooperation with NATO on shared challenges such as the COVID-19 pandemic.
- Enhances authorities for the Department of Defense to engage with our closest allies and partners, including those in the National Technology and Industrial Base (the United States, the United Kingdom, Canada, and Australia) to ensure secure sources of materials critical to U.S. national security.

## Yemen

- Requires a GAO report examining the impact of U.S. military support to the Saudi-led coalition on the conflict in Yemen and civilian casualties.
- Includes a Statement of Policy on Yemen that prioritizes ending the conflict, stabilizing the region, and addressing the humanitarian crisis with our partners and allies, and requires a report from the Secretary of State explaining what diplomatic efforts have been undertaken to end the conflict and to stabilize Yemen.

## Europe and Russia

- Prevents reduction in the number of U.S. forces stationed in Germany below 34,500 until 120 days after the Secretary of Defense submits an assessment and planning regarding the implications for allies, costs, military families, deterrence, and other key issues. Expresses the sense of Congress emphasizing the value of U.S. forces in Germany and the U.S.-German alliance.
- Fully funds the European Deterrence Initiative (EDI) and invests in additional capabilities that support deterrence in the European Command area of operations.
- Provides \$250 million for the Ukraine Security Assistance Initiative (USAI), which provides support and assistance to the Ukrainian Armed Forces.
- Establishes yearly reporting on any “bounties” or other attempts by the Russian Federation, its agents, or proxies to encourage or support attacks against U.S. troops or personnel in named operations or combat.
- Requires a report on the Russian Federation’s support for racially and ethnically motivated violent extremists.

## Indo-Pacific

- Authorizes a Pacific Deterrence Initiative to reassure allies and partners of an enduring U.S. commitment to the region and to enhance congressional oversight of military activities in the AOR. Authorizes \$2.2 billion in military activities as the basis of the Initiative.
- Prohibits the use of funds to reduce active duty U.S. forces in South Korea below 28,500 until 90 days after the Secretary of Defense certifies certain conditions.
- Prohibits the commercial export of defense articles and services and munitions items to the Hong Kong Police Force.
- Authorizes the Secretary of Defense to transfer \$15 million to the State Department to be used for dioxin (Agent Orange) cleanup at Bien Hoa, Vietnam.

## Counter-ISIS

- Continues U.S. military support to our partners in Iraq and Syria to fight ISIS, while extending and expanding Congressional oversight over U.S. military training and equipping activities.
- Requires the Secretary of Defense to certify U.S. military forces are not being used to extract, transport, transfer, or sell oil from Syria.

## Israel

- Includes the U.S.-Israel Security Assistance Act of 2020, a package of reforms that codifies \$500 million in U.S. assistance to Israel under the U.S.-Israel Memorandum of Understanding for eight years, one of the largest historical provisions of defense aid to Israel.
  - Includes dozens of measures and millions of additional dollars to boost U.S.-Israel cooperation—via the U.S. Department of Defense, Department of State, USAID, Department of Health and Human Services, Department of Transportation, Food and Drug Administration, NASA, Office of Science and Technology Policy, and other agencies—on missile defense, directed energy, war reserves stockpiles, trade, international development, high-tech research, health technologies, space, desalination, defense R&D, acquisition, and numerous other issues.
  - Allows the creation of a Defense Department U.S.-Israel working group on operations and technology issues to facilitate greater cooperation between the United States and Israeli companies on defense acquisition and innovation.

## Iran

- Requires the Department of Defense to submit detailed budget and activity information to the Congress on Operation Spartan Shield, which covers some Iran deterrence related activities, in the Central Command area of operations.

# Figure Twelve: The House Version of “Irreversible” Strategy in the DoD FY2021 Budget Mark Up - II

## Afghanistan

- Afghanistan Security Forces Fund (ASFF): Encourages the continual development of Gender Programs by specifying funds within ASFF for the recruitment, retention, and professional development of women in the ANDSF
- Afghan Special Immigrant Visas (SIV): Extended the program and provided funding for additional visas this program allows Afghans (and their families) whose service to the US Government puts them at great risk, to immigrate to the United States.
- Requires the Department of Defense to submit detailed budget information to Congress on Operation Freedom Sentinel – specifically funds spent outside of Afghanistan that support operations in Afghanistan.

## Guantanamo

- Does not expand any statutory restrictions on transfer of detainees from Guantanamo Bay.

## Deployment of military personnel to the southern border of the United States

- Modifies the authority to assist Customs and Border Protection (CBP) at the southern border to:
  - Require a certification that there will be no impact to readiness;
- Requires a report on the deployment of US military in support of southern border activities, includes readiness levels to include impacted training events for units deployed;
- Greatly expands existing quarterly report requirements on the mission of National Guard and active duty personnel at the southern border;
- Requires the Department of Defense to provide quarterly and total cost breakdowns for support provided to CBP.

## Election Security

- Authorizes the State Department to offer rewards for providing information on foreign election interference and provides a definition of foreign election interference.

## Nuclear Deterrence/Non-proliferation

- Strengthens oversight on the National Nuclear Security Administration's plutonium pit production plans.
- Strengthens program management controls on the nuclear warhead acquisition process, including the proposed W93 warhead.
- Requires detailed reporting by the National Nuclear Security Administration laboratories, plants, and sites on their efforts to hire a diverse workforce at a time when the NNSA is hiring thousands of workers across the nation.
- Requires the National Nuclear Security Administration to provide detailed annual reports on uncosted balances.
- Requires an independent study of the effects of nuclear winter.

- Requires an independent study of the effects of nuclear winter.
- Fences funding until the Administration provides previously required reports on nuclear arms control and missile defense.
- Adds funding for certain nuclear non-proliferation programs.
- Extends indefinitely the ombudsman's office for the Energy Employees Occupational Illness Compensation Act (EEOICPA) program in order to ensure covered individuals are able to receive compensation.
- Authorizes increased funding for nuclear clean-up programs and prohibits the reclassification of high-level waste at the Hanford Nuclear Reservation.

## Verification and Strategic Stability

- Raises concern with regards to U.S. assets and personnel that will continue to be subject to Open Skies overflights and with the failure to abide by US law in withdrawing from the Treaty. Further requires a report regarding the impact of withdrawal to national security, allied views on U.S. withdrawal, and how the U.S. could replace imagery and intelligence received via the Open Skies Treaty.

## Missile Defense

- Supports regional missile defense programs to protect our troops and allies around the world from short- to intermediate-range missile threats, including production of Aegis missiles and co-development and co-production of Israeli missile defense systems.
- Cuts and redirects funding from the Ground Based Midcourse Defense system, and the Next Generation Interceptor, to address excessive cost growth and programmatic delays
- Pauses efforts to expand regional missile defense systems for the use of defending the United States against intercontinental ballistic missiles in the Department of Defense's proposed “underlay” architecture – fences 50% funding until key programmatic and policy areas are addressed, including how the proposed “underlay” would be perceived by our adversaries, and what actions they may take in response.
- Restores sound investment in missile defense radar to improve discrimination.

## Hypersonics

- Increases oversight of Department strategic hypersonic weapons development, initiates efforts to reduce the risk of miscalculation, and requires an assessment of unintended escalation potential of these types of weapons.

Source: House Armed Services Committee Staff, Conference Report Summary for the Fiscal Year 2021 National Defense Authorization Act, pp.

<https://armedservices.house.gov/cache/files/8/f/8f6fa5d0-1946-460b-a4b6-a4e1d154562c/30797DE888618570AFFCF1A4A4E1A75A.fy21-ndaa-conference-report-summary-vmaster.pdf>.

# Figure Twelve: The House Version of “Irreversible” Strategy in the DoD FY2021 Budget Mark Up - III

## Space

- Provides oversight to ensure use of existing and emerging commercial space capabilities for national security, including for space domain awareness and proliferated LEO capabilities.
- Strengthens oversight of national security space launch for reliable access to space while ensuring competition and innovation.
- Supports the emergence of small launch capabilities.
- Requires a strategy for national security and civil space.

## INTELLIGENCE AND EMERGING THREATS AND CAPABILITIES

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### Cyber

- Establishes a National Cyber Director within the Executive Office of the President to serve as the President's chief advisor on cyber matters and lead coordinator for Executive Branch departments and agencies' cyber issues.
- Extends the Solarium Commission for over a year and a half to provide updates to the Executive and Legislative Branches on the implementation of the Commission's final report.
- Expands the authority of U.S. Cyber Command to expend resources on cyber-peculiar capabilities.

### Intelligence

- Increases accountability of funds expended for Department of Defense clandestine activities that support operational preparation of the environment.
- Modernizes the statutory framework for the management of geospatial intelligence.
- Directs an assessment of the feasibility of establishing a medical security partnership with the Ministry of Defense of Taiwan that would include issues related to pandemic preparedness and control, research and production of vaccines and medications, and scientific cooperation.
- Requires acceleration in the development and fielding of counter unmanned aircraft systems across the Joint Force to ensure troops are protected.
- Addresses malign foreign influence targeting the U.S. military by studying cyber exploitation and online deception of members of the armed forces and their families; establishing a training program on the threat of foreign malign influence campaigns carried out through social media; and encouraging incorporation into pre-deployment training a new component on media literacy.
- Requires a report on foreign malign influence campaigns on social media platforms targeting elections for federal office.

### Artificial Intelligence

- Makes substantial improvements to the Joint Artificial Intelligence Center (JAIC) by bringing responsibility for it up to the Deputy Secretary of Defense, establishing a Board of Advisors and establishing acquisition authority for the Director of the JAIC.
- Includes recommendations from the National Security Commission on Artificial Intelligence, established in the FY19 NDAA, including:

- Includes recommendations from the National Security Commission on Artificial Intelligence, established in the FY19 NDAA, including:
  - Encourages the Secretary to establish a Steering Committee on Emerging Technology;
  - Modifies the Department's strategy for assured access to a trusted supply chain for microelectronics;
  - Assessing the Department's ability to ensure that artificial intelligence technology acquired by the Department is ethically and responsibly developed;
  - Requires training for human resources personnel in artificial intelligence and related topics;
  - Requires guidance on establishment of unclassified workspaces for personnel with pending security clearances;
  - Establishes a pilot program on the use of electronic portfolios to evaluate applicants for certain technical positions;
  - Ensures availability of self-directed training in artificial intelligence;
  - Establishes program for part-time and term employment of university professors and students in the defense science and technology enterprise; and
  - Enhanced public-private talent exchange programs in the Department.
- Includes the National Artificial Intelligence Initiative Act, a civilian-led Federal initiative to coordinate and accelerate investments in trustworthy artificial intelligence systems.

### Countering Weapons of Mass Destruction

- Requires implementation of GAO recommendations on preparedness of United States forces to counter North Korean chemical and biological weapons.
- Restores \$121.7 million in funding to the Department of Defense Cooperative Threat Reduction (CTR) Program with an increased focus on cooperative biological
- Directs the Secretary of Defense, in consultation with the Secretary of State, to enter into an arrangement with the National Academy of Science to conduct an assessment of the United States strategies for preventing, countering, and responding to nuclear, biological and chemical terrorism.
- Improves oversight of Federal biodefense programs by requiring the Director of OMB and the Secretary of Health and Human Services to provide integrated biodefense budget submissions and comprehensive analysis of all federal biodefense programs annually, beginning in FY2023.
- Requires all relevant Departments and agencies to review and update the National Biodefense Implementation Plan.

### Special Operations

- Enhances and expands support services beyond immediate family members of the special operations force members and includes psychological support and spiritual support services as covered family support services.
- Increases accountability and transparency into the planning for, use of, and suspension or termination of those activities enabled by the authority found in section 127e of title 10, United States Code in support of U.S. special operations forces conducting counterterrorism missions.
- Directs a comprehensive report on resources necessary to implement the civilian casualty policy.
- Addresses civilian casualties resulting from U.S. military operations by:
  - Sense of Congress commending the Department of Defense for measures to prevent, mitigate, track, investigate, learn from, respond to, and report civilian casualties resulting from U.S. military operations.
  - Study to explore other geographic combatant commanders providing civilian casualty reporting data similar to U.S. AFRICOM.
  - Authorizes resources to implement a Department policy on civilian casualties in connection with U.S. military operations.

Source: House Armed Services Committee Staff, *Conference Report Summary for the Fiscal Year 2021 National Defense Authorization Act*, pp.

<https://armedservices.house.gov/cache/files/8/f/8f6fa5d0-1946-460b-a4b6-a4e1d154562c/30797DE888618570AFFCF1A4A4E1A75A.fy21-ndaa-conference-report-summary-vmaster.pdf>.

*Creating More Functional Breakouts and  
Projections of Defense Spending*

**Figure Thirteen to Figure Twenty-Two** illustrate the relative pointlessness of most of the present breakouts and estimates of defense spending provided in official reporting on the defense budget. They show typical examples of the estimates of spending by military service and by key line-item categories like personnel; operations and maintenance (O&M); acquisition; procurement; and research, development, test and evaluation (RDT&E).

This kind of functional breakout may have made sense in World War I, but it says absolutely nothing useful about the way U.S. defense spending is allocated. At best, it shows the market share of each military service, which is roughly as useful as the data on the outcome of their annual football games.

Reforming this does not necessarily require major changes in the routine budget data on each military service or defense agency. It does require the creation of a program budget that provides a clear strategic justification of the spending on each major regional and joint command.

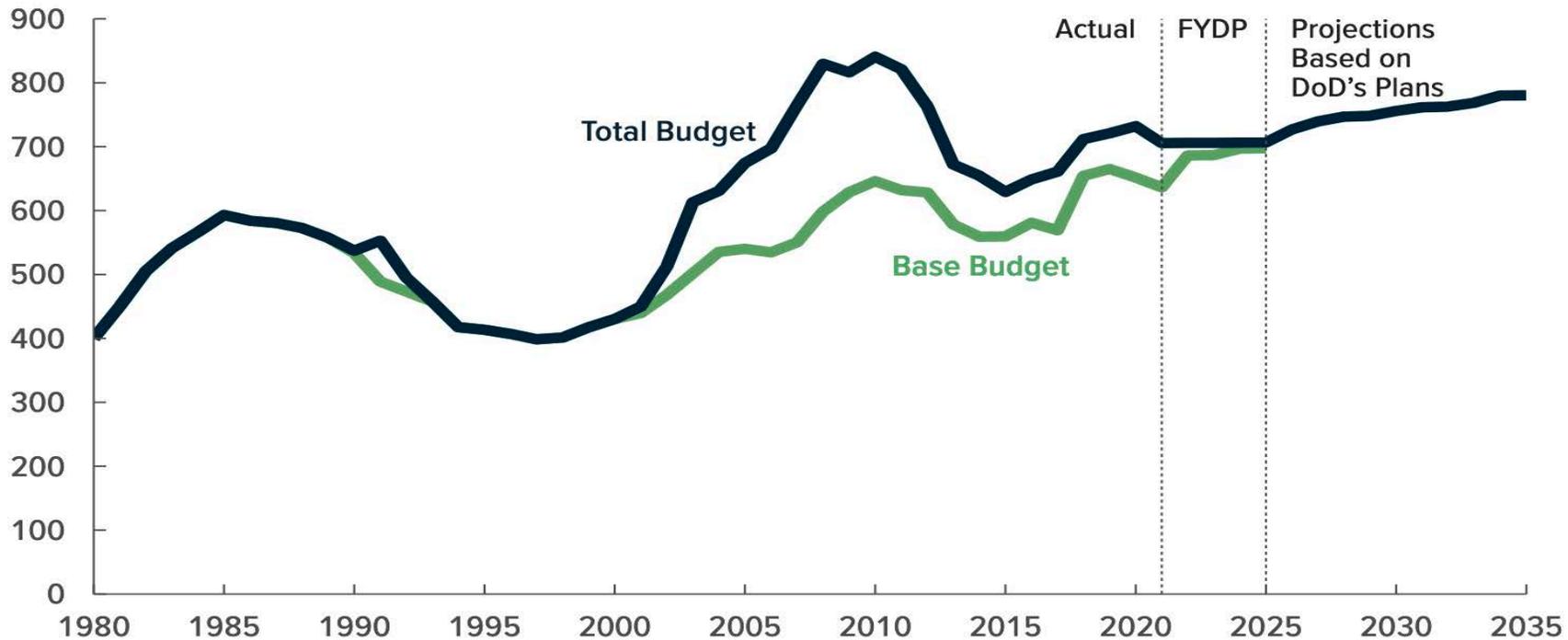
Moreover, the budget justifications that are provided by military service and agency normally focus heavily on the budget for the coming fiscal year, and they rarely prove accurate over time. A closer reading of the charts in the PowerPoint that describe outyear spending after FY2021 show that they often do not seem to reflect the future impact of the key spending priorities of the military services. Far too often, they do not even seem to provide a serious effort to estimate future spending trends.

Strategy – and building effective deterrent and defense forces, postures, and strategies – is not an annual task. Efforts to develop effective Future Year Defense Programs (FYDPs) that project actual defense budget needs five years into the future have become little more than “placeholder” projections of the coming year’s budget. There may only have limited value in making projections as far out as 15 to 20 years in the future, but near-term projections like the FYDP should provide critical insights into the progress and stability of key spending efforts.

# Figure Thirteen: CBO 9/20 Projection of Total Defense Spending FY1980-FY2035

## Historical Funding for DoD's Activities and Projected Costs Under the 2021 FYDP

Billions of 2021 Dollars



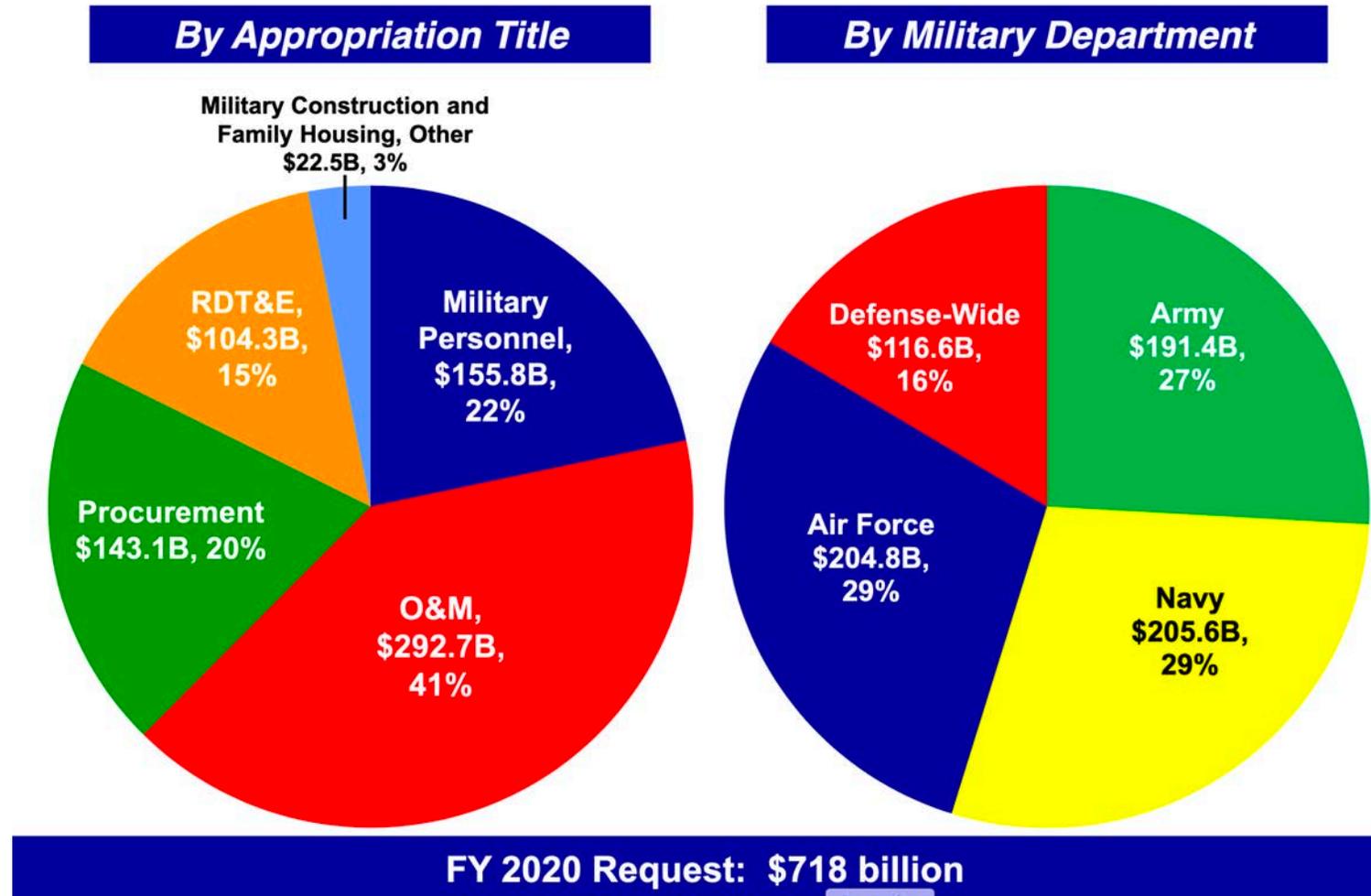
Source: Congressional Budget Office.

Before 2026, funding for the total budget (which includes funding designated for OCO or as an emergency requirement) and funding for the base budget are shown separately. DoD indicated that about 70 percent of the amount it designated for OCO in 2021 would be shifted to the base budget starting in 2022 when the caps under the Budget Control Act of 2011 will have expired. DoD characterized the small amounts designated for OCO from 2022 through 2025 as “placeholders” because actual costs will depend on how overseas operations change over time.

DoD = Department of Defense; FYDP = Future Years Defense Program; OCO = overseas contingency operations.

# Figure Fourteen U.S. Strategy: All Military Service Budgets Are Created Nearly Equal?

## FY 2020 Total Base and OCO Funding



Source: DoD, *FY2020 Budget Request*, OSD Comptroller, March 2019, p. 18,  
[https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020\\_Budget\\_Request.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020_Budget_Request.pdf).

# Figure Fifteen: DoD Green Book Projection of Defense Spending: 2011-2025

(Discretionary on Mandatory Spending in TOA in U.S. Dollars in Millions)

Military Department	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Current Dollars</b>								
Army .....	238,887	206,640	176,535	162,246	150,887	151,296	159,018	178,260
Navy .....	176,814	174,710	163,140	164,397	160,512	170,325	174,058	190,489
Air Force .....	167,293	164,283	146,263	152,392	153,567	164,009	171,457	190,359
Defense-Wide .....	106,098	106,655	99,455	102,153	100,437	102,348	104,754	113,853
<b>Total Current Dollars</b> .....	<b>689,092</b>	<b>652,288</b>	<b>585,393</b>	<b>581,188</b>	<b>565,403</b>	<b>587,978</b>	<b>609,287</b>	<b>672,960</b>
<b>FY 2021 Constant Dollars</b>								
Army .....	284,018	241,899	203,789	184,959	170,085	168,581	173,688	190,529
Navy .....	209,314	203,465	187,480	186,674	180,040	189,723	189,984	203,358
Air Force .....	197,572	191,052	166,545	171,680	171,943	182,566	187,237	203,102
Defense-Wide .....	129,345	127,692	117,231	118,777	114,819	114,710	114,972	122,265
<b>Total Constant Dollars</b> .....	<b>820,249</b>	<b>764,108</b>	<b>675,046</b>	<b>662,091</b>	<b>636,886</b>	<b>655,580</b>	<b>665,882</b>	<b>719,255</b>
<b>Percent Real Growth (%)</b>								
Army .....	-3.5	-14.8	-15.8	-9.2	-8.0	-0.9	3.0	9.7
Navy .....	-2.2	-2.8	-7.9	-0.4	-3.6	5.4	0.1	7.0
Air Force .....	-1.1	-3.3	-12.8	3.1	0.2	6.2	2.6	8.5
<b>Total Real Growth</b> .....	<b>-2.3</b>	<b>-6.8</b>	<b>-11.7</b>	<b>-1.9</b>	<b>-3.8</b>	<b>2.9</b>	<b>1.6</b>	<b>8.0</b>

Military Department	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Current Dollars</b>							
Army .....	181,166	180,090	177,925	164,245	167,869	173,476	177,783
Navy .....	197,778	210,025	207,073	208,285	215,192	220,493	226,781
Air Force .....	196,066	207,169	207,168	211,558	214,571	220,311	224,480
Defense-Wide .....	117,991	120,539	113,336	117,766	119,383	128,227	129,242
Outyears Placeholder for OCO .....				20,000	20,000	10,000	10,000
<b>Total Current Dollars</b> .....	<b>693,001</b>	<b>717,823</b>	<b>705,502</b>	<b>721,854</b>	<b>737,015</b>	<b>752,507</b>	<b>768,286</b>
<b>FY 2021 Constant Dollars</b>							
Army .....	189,439	184,029	177,925	160,721	160,686	162,458	162,886
Navy .....	206,327	214,275	207,073	204,012	206,300	206,941	208,392
Air Force .....	204,297	211,171	207,168	207,298	205,822	206,952	206,518
Defense-Wide .....	123,930	123,394	113,336	115,008	113,778	119,366	117,446
Outyears Placeholder for OCO .....				19,552	19,164	9,339	9,156
<b>Total Constant Dollars</b> .....	<b>723,993</b>	<b>732,868</b>	<b>705,502</b>	<b>706,592</b>	<b>705,750</b>	<b>705,057</b>	<b>704,397</b>
<b>Percent Real Growth (%)</b>							
Army .....	-0.6	-2.9	-3.3	-9.7	0.0	1.1	0.3
Navy .....	1.5	3.9	-3.4	-1.5	1.1	0.3	0.7
Air Force .....	0.6	3.4	-1.9	0.1	-0.7	0.5	-0.2
<b>Total Real Growth</b> .....	<b>0.7</b>	<b>1.2</b>	<b>-3.7</b>	<b>0.2</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.1</b>

NOTE: War and supplemental funding is included in FY 1948 through FY 2021.

# Figure Sixteen: DoD Green Book Projection of Defense Spending: 2011-2025

(Discretionary and Mandatory Spending in TOA in U.S. Dollars in Millions)

Military Department	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Current Dollars</b>								
Army .....	238,887	206,640	176,535	162,246	150,887	151,296	159,018	178,260
Navy .....	176,814	174,710	163,140	164,397	160,512	170,325	174,058	190,489
Air Force .....	167,293	164,283	146,263	152,392	153,567	164,009	171,457	190,359
Defense-Wide .....	106,098	106,655	99,455	102,153	100,437	102,348	104,754	113,853
<b>Total Current Dollars .....</b>	<b>689,092</b>	<b>652,288</b>	<b>585,393</b>	<b>581,188</b>	<b>565,403</b>	<b>587,978</b>	<b>609,287</b>	<b>672,960</b>
<b>FY 2021 Constant Dollars</b>								
Army .....	284,018	241,899	203,789	184,959	170,085	168,581	173,688	190,529
Navy .....	209,314	203,465	187,480	186,674	180,040	189,723	189,984	203,358
Air Force .....	197,572	191,052	166,545	171,680	171,943	182,566	187,237	203,102
Defense-Wide .....	129,345	127,692	117,231	118,777	114,819	114,710	114,972	122,265
<b>Total Constant Dollars .....</b>	<b>820,249</b>	<b>764,108</b>	<b>675,046</b>	<b>662,091</b>	<b>636,886</b>	<b>655,580</b>	<b>665,882</b>	<b>719,255</b>
<b>Percent Real Growth (%)</b>								
Army .....	-3.5	-14.8	-15.8	-9.2	-8.0	-0.9	3.0	9.7
Navy .....	-2.2	-2.8	-7.9	-0.4	-3.6	5.4	0.1	7.0
Air Force .....	-1.1	-3.3	-12.8	3.1	0.2	6.2	2.6	8.5
<b>Total Real Growth .....</b>	<b>-2.3</b>	<b>-6.8</b>	<b>-11.7</b>	<b>-1.9</b>	<b>-3.8</b>	<b>2.9</b>	<b>1.6</b>	<b>8.0</b>

Military Department	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Current Dollars</b>							
Army .....	181,166	180,090	177,925	164,245	167,869	173,476	177,783
Navy .....	197,778	210,025	207,073	208,285	215,192	220,493	226,781
Air Force .....	196,066	207,169	207,168	211,558	214,571	220,311	224,480
Defense-Wide .....	117,991	120,539	113,336	117,766	119,383	128,227	129,242
Outyears Placeholder for OCO .....				20,000	20,000	10,000	10,000
<b>Total Current Dollars .....</b>	<b>693,001</b>	<b>717,823</b>	<b>705,502</b>	<b>721,854</b>	<b>737,015</b>	<b>752,507</b>	<b>768,286</b>
<b>FY 2021 Constant Dollars</b>							
Army .....	189,439	184,029	177,925	160,721	160,686	162,458	162,886
Navy .....	206,327	214,275	207,073	204,012	206,300	206,941	208,392
Air Force .....	204,297	211,171	207,168	207,298	205,822	206,952	206,518
Defense-Wide .....	123,930	123,394	113,336	115,008	113,778	119,366	117,446
Outyears Placeholder for OCO .....				19,552	19,164	9,339	9,156
<b>Total Constant Dollars .....</b>	<b>723,993</b>	<b>732,868</b>	<b>705,502</b>	<b>706,592</b>	<b>705,750</b>	<b>705,057</b>	<b>704,397</b>
<b>Percent Real Growth (%)</b>							
Army .....	-0.6	-2.9	-3.3	-9.7	0.0	1.1	0.3
Navy .....	1.5	3.9	-3.4	-1.5	1.1	0.3	0.7
Air Force .....	0.6	3.4	-1.9	0.1	-0.7	0.5	-0.2
<b>Total Real Growth .....</b>	<b>0.7</b>	<b>1.2</b>	<b>-3.7</b>	<b>0.2</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.1</b>

NOTE: War and supplemental funding is included in FY 1948 through FY 2021.

# Figure Seventeen: DoD Green Book Projection of Department of Defense Spending: 2011-2025

(Discretionary and Mandatory Spending in Outlays in U.S. Dollars in Millions)

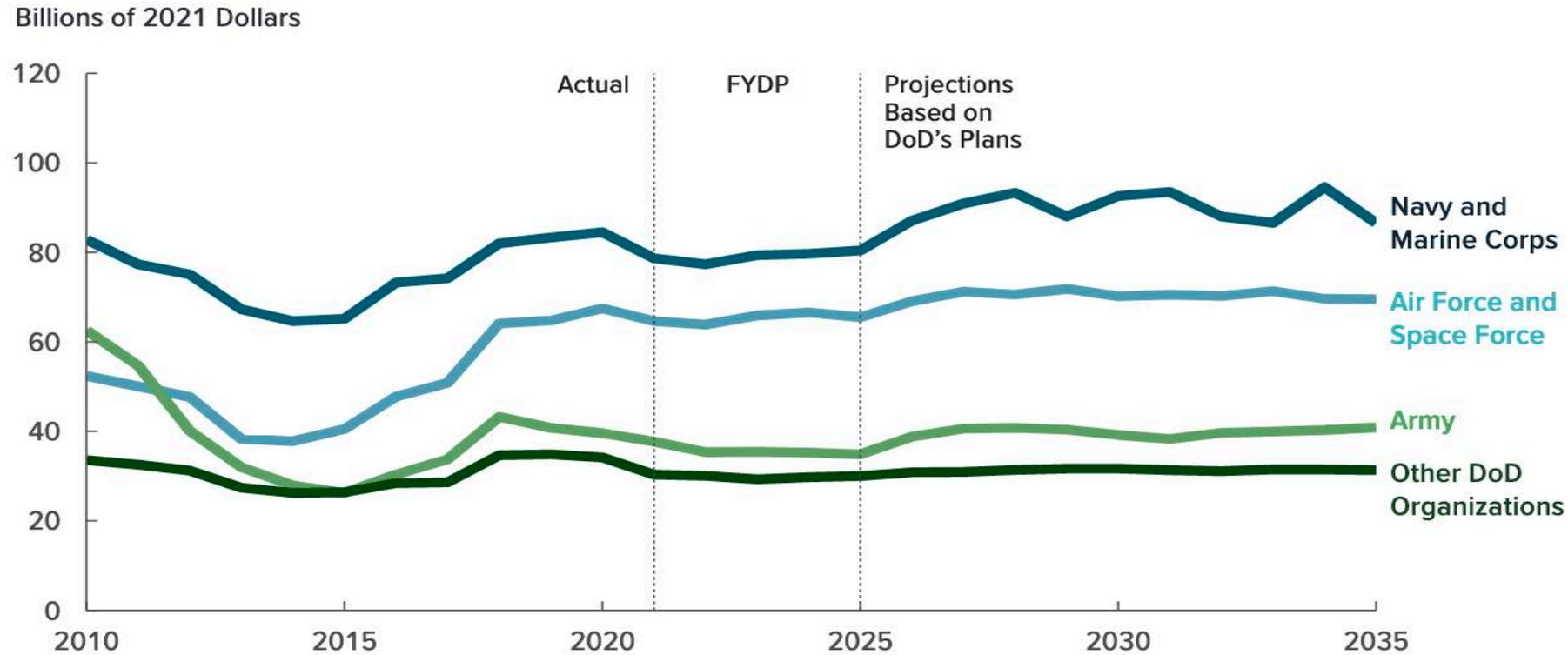
Military Department	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Current Dollars</b>								
Army .....	237,225	213,604	190,931	166,190	155,393	150,093	148,240	154,865
Navy .....	170,868	167,682	160,158	160,153	159,546	161,694	160,047	167,062
Air Force .....	163,085	159,262	152,740	147,718	147,169	150,341	156,315	168,162
Defense-Wide .....	106,786	110,357	103,964	103,824	100,394	103,241	104,291	110,518
<b>Total Current Dollars</b> .....	<b>677,964</b>	<b>650,905</b>	<b>607,793</b>	<b>577,885</b>	<b>562,501</b>	<b>565,369</b>	<b>568,894</b>	<b>600,607</b>
<b>FY 2021 Constant Dollars</b>								
Army .....	281,353	249,167	219,574	188,655	174,610	167,120	162,109	165,652
Navy .....	201,556	194,318	183,126	180,830	178,283	180,028	174,926	178,431
Air Force .....	192,078	184,477	173,326	165,615	164,221	167,338	170,946	179,486
Defense-Wide .....	129,609	131,230	121,617	119,708	114,277	115,465	114,176	118,437
<b>Total Constant Dollars</b> .....	<b>804,594</b>	<b>759,193</b>	<b>697,643</b>	<b>654,807</b>	<b>631,392</b>	<b>629,951</b>	<b>622,157</b>	<b>642,005</b>
<b>Percent Real Growth (%)</b>								
Army .....	-2.4	-11.4	-11.9	-14.1	-7.4	-4.3	-3.0	2.2
Navy .....	0.2	-3.6	-5.8	-1.3	-1.4	1.0	-2.8	2.0
Air Force .....	0.1	-4.0	-6.0	-4.4	-0.8	1.9	2.2	5.0
<b>Total Real Growth</b> .....	<b>-0.4</b>	<b>-5.6</b>	<b>-8.1</b>	<b>-6.1</b>	<b>-3.6</b>	<b>-0.2</b>	<b>-1.2</b>	<b>3.2</b>

Military Department	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Current Dollars</b>							
Army .....	166,352	173,538	187,475	179,742	172,143	172,367	174,801
Navy .....	182,090	193,477	207,786	212,492	214,397	218,508	220,605
Air Force .....	187,110	196,758	208,860	210,505	211,139	213,936	218,484
Defense-Wide .....	118,423	125,812	125,208	129,829	132,004	134,075	136,881
Outyears Placeholder for OCO .....				12,005	15,999	12,998	11,701
<b>Total Current Dollars</b> .....	<b>653,975</b>	<b>689,585</b>	<b>729,329</b>	<b>744,573</b>	<b>745,682</b>	<b>751,883</b>	<b>762,471</b>
<b>FY 2021 Constant Dollars</b>							
Army .....	174,027	177,346	187,475	175,915	164,794	161,413	160,131
Navy .....	190,005	197,396	207,786	208,137	205,536	205,070	202,686
Air Force .....	194,979	200,552	208,860	206,266	202,523	200,946	200,978
Defense-Wide .....	124,375	128,793	125,208	126,866	125,984	124,967	124,615
Outyears Placeholder for OCO .....				11,752	15,323	12,181	10,729
<b>Total Constant Dollars</b> .....	<b>683,386</b>	<b>704,086</b>	<b>729,329</b>	<b>728,935</b>	<b>714,160</b>	<b>704,576</b>	<b>699,140</b>
<b>Percent Real Growth (%)</b>							
Army .....	5.1	1.9	5.7	-6.2	-6.3	-2.1	-0.8
Navy .....	6.5	3.9	5.3	0.2	-1.2	-0.2	-1.2
Air Force .....	8.6	2.9	4.1	-1.2	-1.8	-0.8	0.0
<b>Total Real Growth</b> .....	<b>6.4</b>	<b>3.0</b>	<b>3.6</b>	<b>-0.1</b>	<b>-2.0</b>	<b>-1.3</b>	<b>-0.8</b>

NOTE: War and supplemental funding is included in FY 1948 through FY 2021.

# Figure Eighteen: CBO Projection of DoD's Acquisition Costs Under the 2021 FYDP, by Military Department



Source: Congressional Budget Office.

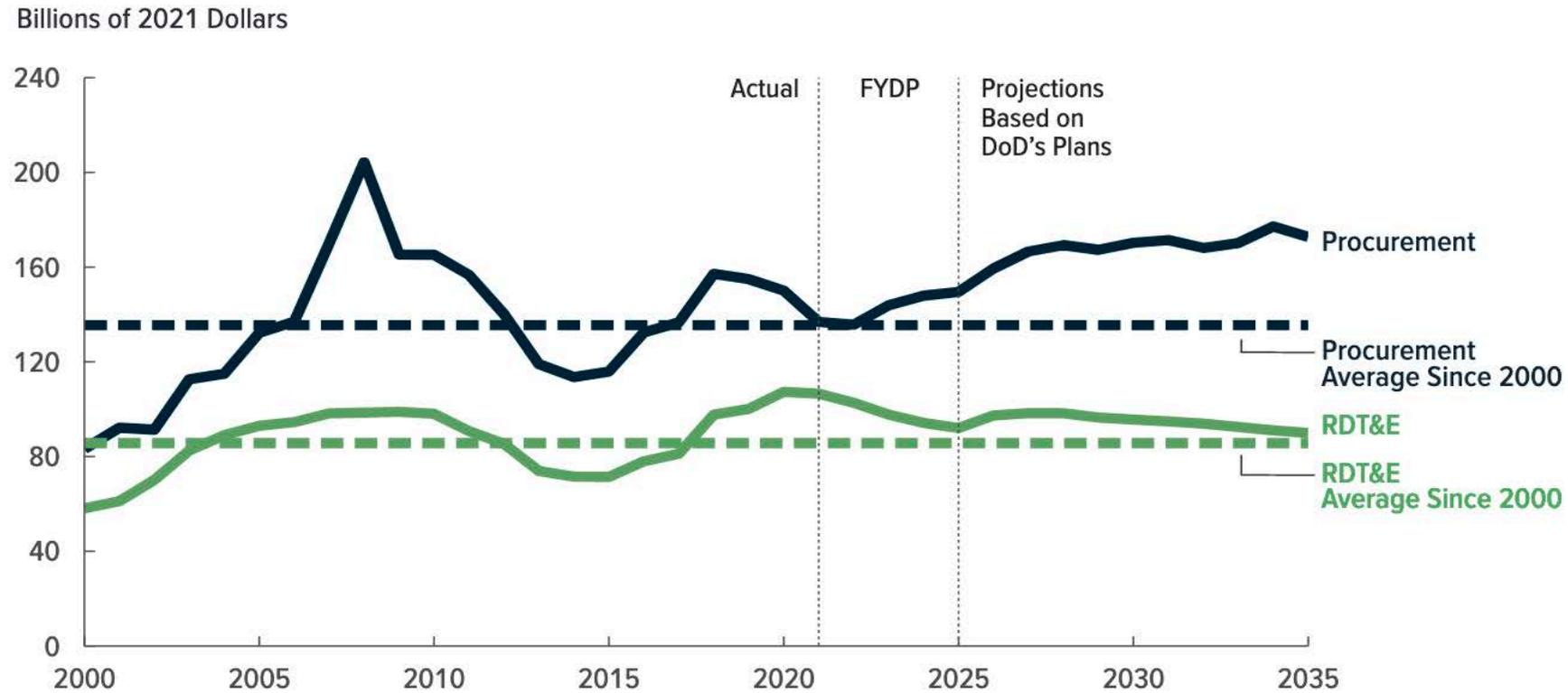
Acquisition funding is the sum of the appropriations for procurement and RDT&E.

Funding shown for the Air Force does not include approximately \$30 billion each year for classified activities not carried out by that service.

DoD = Department of Defense; FYDP = Future Years Defense Program; RDT&E = research, development, test, and evaluation.

Source: CBO, *Long-Term Implications of The 2021 Future Years Defense Program*, September 2020, <https://www.cbo.gov/system/files/2020-09/56526-FYDP.pdf%20..>

# Figure Nineteen: CBO Projection of DoD's Acquisition Costs Under the 2021 FYDP, by Appropriation Title



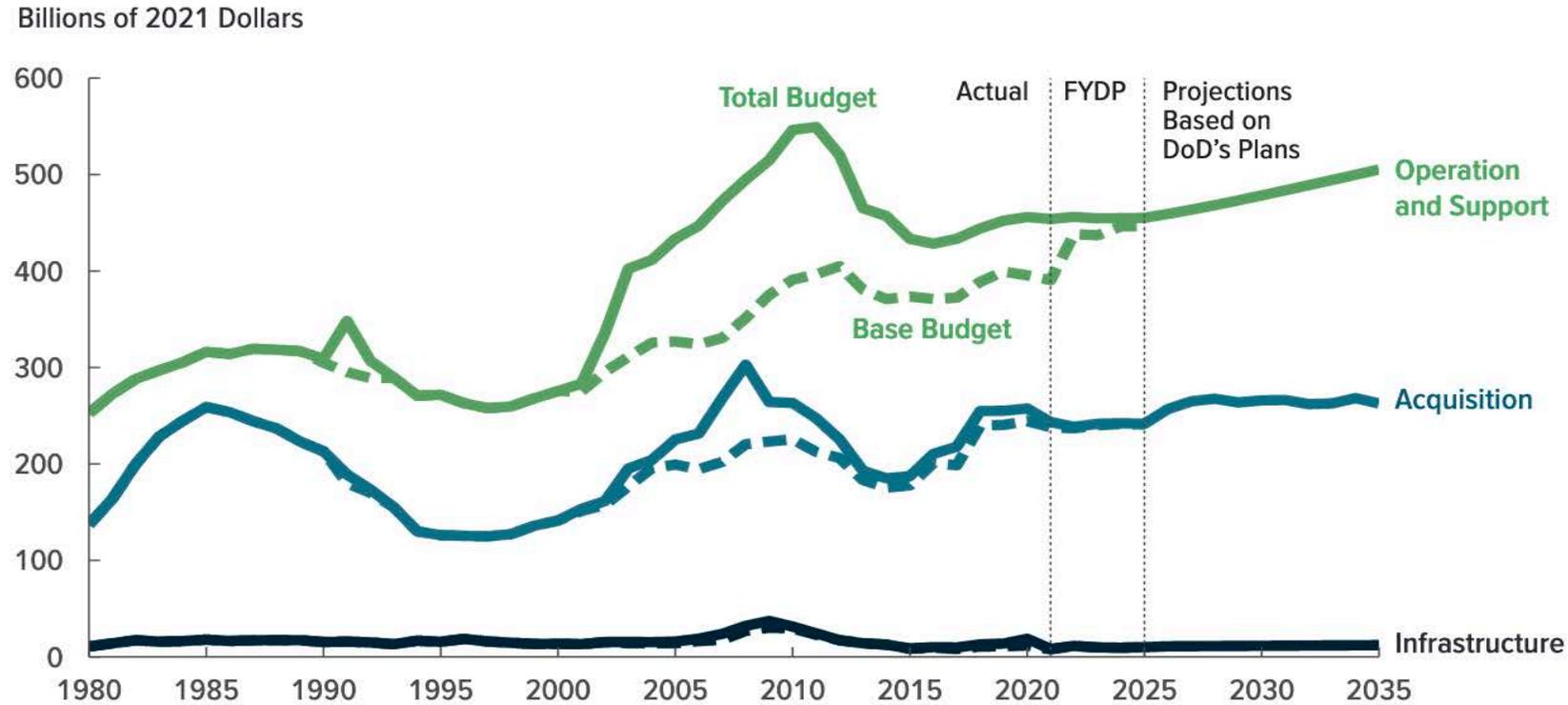
Source: Congressional Budget Office.

Acquisition funding is the sum of the appropriations for procurement and RDT&E.

DoD = Department of Defense; FYDP = Future Years Defense Program; RDT&E = research, development, test, and evaluation.

Source: CBO, *Long-Term Implications of The 2021 Future Years Defense Program*, September 2020, <https://www.cbo.gov/system/files/2020-09/56526-FYDP.pdf%20..>

# Figure Twenty: Recent Cost Trends For Spending on Personnel and O&M



Source: Congressional Budget Office.

Funding for operation and support is the sum of the appropriations for military personnel, operation and maintenance, and revolving and management funds. Acquisition funding is the sum of the appropriations for procurement and for research, development, test, and evaluation. Infrastructure funding is the sum of the appropriations for military construction and family housing.

Before 2026, funding for the total budget (which includes funding designated for OCO or as an emergency requirement) and funding for the base budget are shown separately.

DoD = Department of Defense; FYDP = Future Years Defense Program; OCO = overseas contingency operations.

Source: CBO, *Long-Term Implications of The 2021 Future Years Defense Program*, September 2020, <https://www.cbo.gov/system/files/2020-09/56526-FYDP.pdf%20..>

# Figure Twenty-One: GAO: DOD’s MDAP Portfolio Has Incurred Cost Increases since First Full Estimate Due to Quantity Changes and Other Factors

**Cost Changes to DOD’s 2019 Portfolio of 85 Major Defense Acquisition Programs since First Full Estimates (Fiscal Year 2020 Dollars in Billions)**

	Estimated portfolio cost at first full estimates	Estimated portfolio cost in 2019	Estimated portfolio change since first full estimates	Percentage change since first full estimates
Total estimated research and development cost	209.90	332.08	122.18	58.2
Total estimated procurement cost	943.83	1445.56	501.73	53.2
Total estimated other acquisition cost <sup>a</sup>	12.94	17.37	4.43	34.2
Total estimated acquisition cost	1166.67	1795.01	628.34	53.9

Source: GAO analysis of Department of Defense (DOD) data. | GAO-20-439

**Effects of Quantity Changes on 2019 Major Defense Acquisition Program Estimated Procurement Costs since 2018 and since First Full Estimates (Fiscal Year 2020 Dollars in Billions)**

	Estimated change since first full estimates	Estimated change from 2018 to 2019
Estimated procurement cost change attributable to quantity change	244.88	65.59
Estimated procurement cost change not attributable to quantity change	256.85	(16.26)
Estimated total procurement cost change	501.73	49.33

Source: GAO analysis of Department of Defense (DOD) data. | GAO-20-439

...since first full estimates, estimated total acquisition costs of DOD’s 2019 MDAP portfolio have increased by \$628 billion, a 54 percent increase while total procurement cost estimates for the 2019 portfolio increased by \$502 billion... since the first full estimate, our analysis shows that quantity changes account for only \$245 billion of this increase. Other factors, including program inefficiencies and underperformance, account for the remaining \$257 billion increase in procurement estimates.

Source: GAO, *Defense Acquisitions Annual Assessment*, GAO-20-439, June 2020, p. 29, <https://www.gao.gov/products/GAO-20-439>.

# Figure Twenty-Two: GAO: Five Programs with the Highest Estimated Average Procurement Unit Cost Increases (by Percentage) since First Full Estimate

DDG 1000 Zumwalt Class Destroyer	Navy	1171.15	4668.59	298.6	(1) Quantity decrease
Guided Multiple Launch Rocket System	Army	0.04	0.14	221.0	(1) Production inefficiencies
National Security Space Launch	Air Force	99.29	313.36	215.6	(1) Scope of work increase
H-1 Upgrades	Navy	12.05	34.43	185.7	(1) Overhead increase
MQ-8 Fire Scout Unmanned Aircraft System	Navy	11.54	30.61	165.2	(1) Quantity decrease (2) Additional engineering (3) Higher support needs

Source: GAO, *Defense Acquisitions Annual Assessment*, GAO-20-439 , June 2020, p. 30-31, <https://www.gao.gov/products/GAO-20-439>.

# Figure Twenty-Three: CBO Proposals for Cutting Defense Procurement

## Reduce the Department of Defense's Budget

Billions of Dollars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
<b>Reduce DoD's Budget by 10 Percent Relative to the Amount Planned for 2024</b>												
Change in Planned Defense Spending												
Budget authority	0	-24	-49	-75	-70	-87	-95	-98	-93	-96	-218	-687
Outlays	0	-14	-34	-57	-64	-76	-86	-92	-91	-93	-169	-607
<b>Reduce DoD's Budget by 5 Percent Relative to the Amount Planned for 2024</b>												
Change in Planned Defense Spending												
Budget authority	0	-12	-25	-37	-31	-47	-54	-55	-50	-50	-105	-361
Outlays	0	-7	-17	-28	-29	-39	-47	-51	-50	-49	-81	-317

## Stop Building Ford Class Aircraft Carriers

Billions of Dollars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
Change in Planned Defense Spending												
Budget authority	0	0	0	0	0	-0.7	-1.5	-1.6	-2.4	-3.3	0	-9.5
Outlays	0	0	0	0	0	*	-0.2	-0.6	-0.9	-1.4	0	-3.1

## Reduce Funding for Naval Ship Construction to Historical Levels

Billions of Dollars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
Change in Planned Defense Spending												
Budget authority	0	-4.8	-7.2	-9.1	-10.1	-9.7	-9.4	-9.0	-8.6	-8.2	-31.2	-76.1
Outlays	0	-0.2	-1.3	-3.0	-5.0	-6.8	-8.0	-8.7	-8.9	-8.9	-9.5	-50.8

## Cancel the Long-Range Standoff Weapon

Billions of Dollars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
Change in Planned Defense Spending												
Budget authority	0	-1.4	-1.5	-1.4	-1.4	-1.3	-1.5	-1.5	-1.3	-1.2	-5.7	-12.5
Outlays	0	-0.8	-1.3	-1.4	-1.4	-1.3	-1.2	-1.1	-1.1	-1.1	-4.9	-10.7

## Reduce the Size of the Nuclear Triad

Billions of Dollars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
<b>Retain a Nuclear Triad With 10 Submarines, 300 ICBMs, and 1,550 Warheads</b>												
Change in Planned Defense Spending												
Budget authority	0	-0.1	-1.1	-1.4	-1.1	-2.7	-3.7	-0.4	-0.9	0.2	-3.7	-11.2
Outlays	0	*	-0.2	-0.5	-1.0	-1.2	-1.7	-2.1	-1.9	-1.7	-1.7	-10.3
<b>Retain a Nuclear Triad With 8 Submarines, 150 ICBMs, and 1,000 Warheads</b>												
Change in Planned Defense Spending												
Budget authority	0	-0.3	-1.2	-1.6	-1.2	-2.7	-3.9	-0.9	-1.4	-0.3	-4.3	-13.6
Outlays	0	*	-0.2	-0.6	-1.1	-1.4	-2.0	-2.5	-2.4	-2.1	-2.0	-12.4

## Defer Development of the B-21 Bomber

Billions of Dollars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
Change in Planned Defense Spending												
Budget authority	0	-2.9	-3.8	-5.2	-6.3	-7.3	-6.1	-5.9	-5.7	-5.8	-18.2	-49.0
Outlays	0	-1.4	-2.4	-2.7	-3.2	-4.2	-5.0	-5.5	-5.7	-5.8	-9.7	-35.9

## Reduce the Size of the Bomber Force by Retiring the B-1B

Billions of Dollars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
Change in Planned Defense Spending												
Budget authority	0	-1.7	-1.7	-1.7	-1.7	-1.8	-1.5	-1.4	-1.2	-1.0	-6.8	-13.7
Outlays	0	-1.1	-1.5	-1.6	-1.7	-1.7	-1.6	-1.4	-1.2	-1.1	-5.9	-12.9

## Reduce the Size of the Fighter Force by Retiring the F-22

Billions of Dollars	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
											2021–2025	2021–2030
Change in Planned Defense Spending												
Budget authority	0	-3.7	-3.8	-3.9	-4.0	-4.1	-4.2	-4.3	-4.4	-4.5	-15.4	-36.8
Outlays	0	-2.1	-3.0	-3.4	-3.7	-3.9	-4.0	-4.1	-4.2	-4.3	-12.2	-32.7

Source: CBO, *Options for Reducing the Deficit: 2021 to 2030*, December 2020, <https://www.cbo.gov/system/files/2020-12/56783-budget-options.pdf>.

*Creating the Right Program Categories for  
A Real Strategy-Driven Program Budget*

It is important to note that the lack of focus and meaningful PPBS data in the current defense budget process represents a major regression from past efforts to provide such justification. Today there not only is no meaningful program budget, but there no longer are serious “posture statements” from the Secretary of Defense or the Chairman of the Joint Chiefs of Staff (CJCS) that tie the budget to strategy and also explain these links in any detail. The detailed “posture statements” that emerged at the time of the Eisenhower administration – and the reporting of the Planning, Programming, and Budgeting System (PPBS) developed by Secretary McNamara – have both vanished.

Going back to the past, however, would only be a partial and inadequate solution to the problem of linking strategy to plans, programs, and budgets. One key reason for the collapse of the earlier PPB system was its failure to create functional program categories tied to the actual strategy used in posturing and committing of U.S. forces.

The earlier PPB system placed far too much of the total defense budget in one broad category called “General Purpose Spending.” This lumped almost all of the spending affecting the U.S. force posture in different commands and regions of the world into one program category, and this made it impossible to know the different impact of the budget on key force posture and strategies like those in NATO and Europe, on U.S. forces in the Pacific and the Indian Ocean, as well as on U.S. forces in other regions like the Middle East.

A new program budget must provide a clear strategic justification of spending by command through assessments of the progress, modernization, and force changes taking place in each combatant or defense-wide commands. As the PowerPoint shows, it is these eleven combatant commands that now have what the Department of Defense has defined as the “geographic or functional mission that provides command and control of military forces in peace and war.”

The regional commands include the Africa Command, Central Command, European Command, Indo-Pacific Command, Northern Command, and Southern Command. They are the central focus on the joint operations of all U.S. forces, of the strategy and force posture needs to meet given threats and support given allies, and of the tangible investment in given aspects of deterrence and defense.

The functional commands include specialized commands that serve the common interests of all U.S. forces and are critical to implementing new strategies and tactics that are key elements of joint/all-domain warfare. They include Space Command, Special Operations Command, Strategic Command, and Transportation Command. They dictate the success of resources – not the global spending of each military service.

These regional and functional commands are the logical focus of a new program budget – and the kind of budget justification that has a real strategic focus as well as one that can be linked to clear mixes of strategic partners and threats.

*There is an urgent need to modernize defense budgeting and to resume the effort to create an effective Planning, Programming, and Budgeting System as well as FYDP. There is also the need to provide a meaningful strategic justification for the budget request – one that includes some new form of Posture Statement by the Secretary of Defense and the Joint Chiefs.*

# Figure Twenty-Four : Redefining the Program Budget: Going from “General Purpose Forces” to Programs Based on the Combatant Commands - I

There are seven regionally focused COCOMS, which operate in clearly delineated areas of operation and have a distinctive regional military focus:

- **U.S. Africa Command (USAFRICOM)**, responsible for sub-Saharan Africa. It is located at Kelley Barracks, Stuttgart, Germany.
- **U.S. European Command (USEUCOM)**, responsible for all of Europe, large portions of Central Asia, parts of the Middle East, and the Arctic and Atlantic Oceans. It is located at Patch Barracks, Stuttgart, Germany.
- **U.S. Central Command (USCENTCOM)**, responsible for most of the Middle East, parts of Northern Africa and west Asia, and part of the Indian Ocean. It is located at MacDill Air Force Base, FL.
- **U.S. Northern Command (USNORTHCOM)**, responsible for the defense of the continental United States and coordination of security and military relationships with Canada and Mexico. It is located at Peterson Air Force Base, CO.
- **U.S. Southern Command (USSOUTHCOM)**, responsible for Central America, South America, and the Caribbean. It is located in Miami, FL.
- **U.S. Indo-Pacific Command (USINDOPACOM)**, responsible for the Pacific Ocean, Southwest Asia, Australia, south Asia, and part of the Indian Ocean. It shares responsibility for Alaska with U.S. Northern Command. It is located at Camp H.M. Smith, HI.
- **U.S. Space Command (USSPACECOM)**, which deters aggression and conflict, defends U.S. and allied freedom of action, delivers space combat power for the Joint/Combined force, and develops joint warfighters to advance U.S. and allied interests in, from, and through the space domain.

There are four “functional” COCOMs, which operate worldwide across geographic boundaries and provide unique capabilities to geographic combatant commands and the services:

- **U.S. Strategic Command (USSTRATCOM)**, responsible for controlling space, deterring attacks on the United States and its allies, launching and operating satellite systems, and directing the use of U.S. strategic forces. It is located at Offutt Air Force Base, NE.
- **U.S. Special Operations Command (USSOCOM)**, which provides special forces, counter-paramilitary, counter-narcotics, guerilla, psychological warfare, civil education, and insurgency capabilities. It is located at MacDill Air Force Base, FL.
- **U.S. Transportation Command (USTRANSCOM)**, which provides air, land and sea transportation to different components of DOD. It is located at Scott Air Force Base, IL.
- **U.S. Cyber Command (USCYBERCOM)** directs, synchronizes, and coordinates cyberspace planning and operations to defend and advance national interests in collaboration with domestic and international partners.

# Figure Twenty-Four : Redefining the Program Budget: Going from “General Purpose Forces” to Programs Based on the Combatant Commands - II



Source: See <https://www.defense.gov/Our-Story/Combatant-Commands/> for details and documents, and <https://jnlwp.defense.gov/Unified-Combatant-Commands/> for map.

***Looking at the Budgets of Competitors and Allies:  
The U.S. Defense Budget, Russian and Chinese  
Military Spending, the Value of Strategic Partners,  
and the Burden Sharing Myth***

Another – directly related area of reform – is the need to focus on the right programs as a means of linking strategy to key missions and strategic interest, as well as the need to tie real plans, programs, and budgets to actual spending. It is also to structure the budget so it can be used to make assessments of how the U.S. defense budget compares in size, efficiency, and effectiveness with the spending of other major powers and allies.

The current U.S. defense budget process fails to address any aspect of how the size and efficiency of the U.S. defense spending and national security efforts compare with that of key rival powers, and it also fails to take account of the role that key regional allies and strategic partners play in creating effective mixtures of force capability in given regions as well as their role in offsetting U.S. costs and burdens.

This need to assess the comparative size and impact of U.S. spending with that of major competitors and of strategic partners has been particularly important during the last four years. These have been years when the U.S. has focused largely on burden sharing bullying rather than building real partnerships at the White House level. There has been too much focus on efforts to get given partners to spend more, provide more offsets, and buy more arms rather than joint efforts to create overall force posture that provide effective deterrence and defense.

**Figure Twenty-Five to Figure Twenty-Nine** show recent SIPRI, IISS, Department of Defense, and Defense Intelligence Agency (DIA) of U.S. versus potential threat and strategic partner spending. If one compares official U.S. estimates of Russian defense spending like those from the Defense Intelligence Agency (DIA) and estimates by key non-governmental research centers with the NATO reports on member country spending, NATO Europe alone has long been spending far more on military forces than Russia.

Experts may argue over how to make the most valid comparisons, but this only highlights the need to focus on finding the right answers. It does not justify the lack of any meaningful public study on comparative spending.

NATO is a particularly good case in point. It has been the focus of the worst U.S. bullying and caused the most needless increase in tensions with strategic partners. The U.S. has spent the last four years attacking its allies for underspending at the White House level without ever addressing U.S. and other estimates of what Russia – the one threat to NATO with serious resources – is spending relative to NATO.

Yet, both the U.S. and Europe have given the analysis of Russian spending with surprisingly little official attention. DIA last reported publicly on “official” Russian spending in 2017 – and this estimate seems to allude that the DIA made little or no effort to correct for any spending that Russia conceals.

It is important to note, however, that the DIA put Russian military spending at only \$60.825 billion in 2016 and only \$42.278 billion in 2017 – with spending being driven down by dropping petroleum export revenues. DIA then estimated that Russia was already spending some 3-4% of its GDP on military forces and that it probably could not come close to its future spending goals if oil prices remained low. It estimates that Russia’s official total was only \$54.8 billion in 2019. Such estimates are debatable, but these are the official U.S. figures. (Source: DIA, *Russian Military Power, 2017*, pp. 20-21,

<https://www.dia.mil/Portals/27/Documents/News/Military%20Power%20Publications/Russia%20Military%20Power%20Report%202017.pdf>).

In contrast, NATO reporting on member country spending shows that NATO Europe alone has long been spending far more on military forces than Russia. Experts again may argue over how valid such comparisons are, but such arguments only highlight the need to focus on finding the right answers. It does not justify the lack of any meaningful study of comparative spending on the part of the United States.

NATO's fall 2020 estimate of U.S., European, and Canadian total spending was made in \$US 2015 prices and exchange rates – where the use of 2015 US dollars understate the NATO figures. If one only counts the numbers for NATO Europe, NATO reports that NATO Europe alone spent \$243.7 billion in 2017, \$253.6 billion in 2018, \$267.5 billion in 2019, and is estimated to spend \$280.5 billion in 2020.

Even if one accepts an estimate for current Russian spending of \$65 billion, NATO Europe alone is spending some four times as much as Russia – whose only tenuous equivalent of a strategic partner is Belarus: a country that SIPRI estimates spends well under \$200 million a year on military forces. This means that even if one totally ignores what the U.S. and Canada spend on defenses, NATO Europe alone spends well over three times as much as Russia. There are some individual experts whose estimates of Russian spending go as high as \$150-\$180 billion. Even if one accepts the highest total of \$180 billion, however, NATO Europe alone would then still be spending some 1.6 times more than Russia.

The U.S. has executed the same burden sharing bullying in the Middle East, even though the latest unclassified DIA estimate of Iranian spending is \$27.3 billion in 2018 and \$20.9 billion in 2019. To put this spending in perspective, SIPRI estimates that a single strategic partner like Saudi Arabia spent over \$61.9 billion in current dollars in 2018, and \$61.9 billion in 2019. Qatar and the UAE do not report official defense spending figures. However, if one looks at their past spending rates and at SIPRI estimates for spending in 2019 current US dollars, the six Arab strategic partners in the Southern Gulf – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE – probably spent over \$110 billion in 2019, which amounts to some five times as much as Iran.

These Arab states are some of America's wealthiest strategic partners, but they are also countries whose growing population means that their "oil wealth" is steadily more limited in per capita terms, that they face additional pressure from reduced demand due to Covid-19, that they need money for economic reform, and that their focus should be on effective deterrence and defense – not on increasing the total volume of security spending or U.S. profits from arms sales.

As for the Indo-Pacific region and Asia, total Chinese military spending is debatable. The 2020 edition of Chinese Military Power does, however, provide the official U.S. estimate. It states that the official Chinese military budget was \$176 billion in 2019, and that,

China is spending far more on military forces than Russia, and Asia is a case where the main threat does outspend America's strategic partners in the region. However, this scarcely means that the U.S. should push them to spend more, rather than create effective collective security efforts. They already are making serious defense efforts... The PRC's published military budget omits several major categories of expenditures, including R&D and foreign weapons procurement. In 2019, China's actual military-related spending could be more than \$200 billion, much higher than stated in its official budget. However, actual military expenses are difficult to calculate, largely because of China's poor accounting transparency... If China's official defense budget increases annually by an average of 6 percent, growing to \$270 billion by 2023, the PLA can dedicate more money for training, operations, and modernization considering the reduction of the PLA's size by 300,000 people.

A revised Stockholm International Peace Research Institute (SIPRI) estimate made in early 2021 puts Chinese spending at around 240 billion, but it questions the rate of past estimates of increases in this spending. In any case, the U.S. would still be spending some close to three times what China is spending.

Once again, America's strategic partners made major spending efforts. SIPRI estimates that in 2019, Australia spent \$25.9 billion on military forces, New Zealand spent \$2.9 billion, Japan spent \$46.7 billion, Singapore spent \$11.2 billion, and South Korea spent \$43.89 billion – for a total of \$130.6 billion versus an official level of military spending of \$261.1 billion for China. These are major contributions to collective security.

Moreover, the role of other potential strategic partners is worth noting. SIPRI estimates that in 2020, India spent \$71.1 billion, Indonesia spent \$7.7 billion, Malaysia spent \$3.8 billion, the Philippines spent \$3.5 billion, Taiwan spent \$10.4 billion, Thailand spent \$7.3 billion, and Vietnam is not reported. Moreover, their economies, trade, and technology base is worth a great deal to the U.S. in economic competition with China – and economic competition with China may ultimately matter as much as military competition.

The U.S. defense budget should not be issued without an annual net assessment of the strategy, total spending, focus, efficiency, and effectiveness of defense and military spending by key threats and strategic partners. Strategy is a key part of effective defense spending, but so is comparative analysis.

### **Sources:**

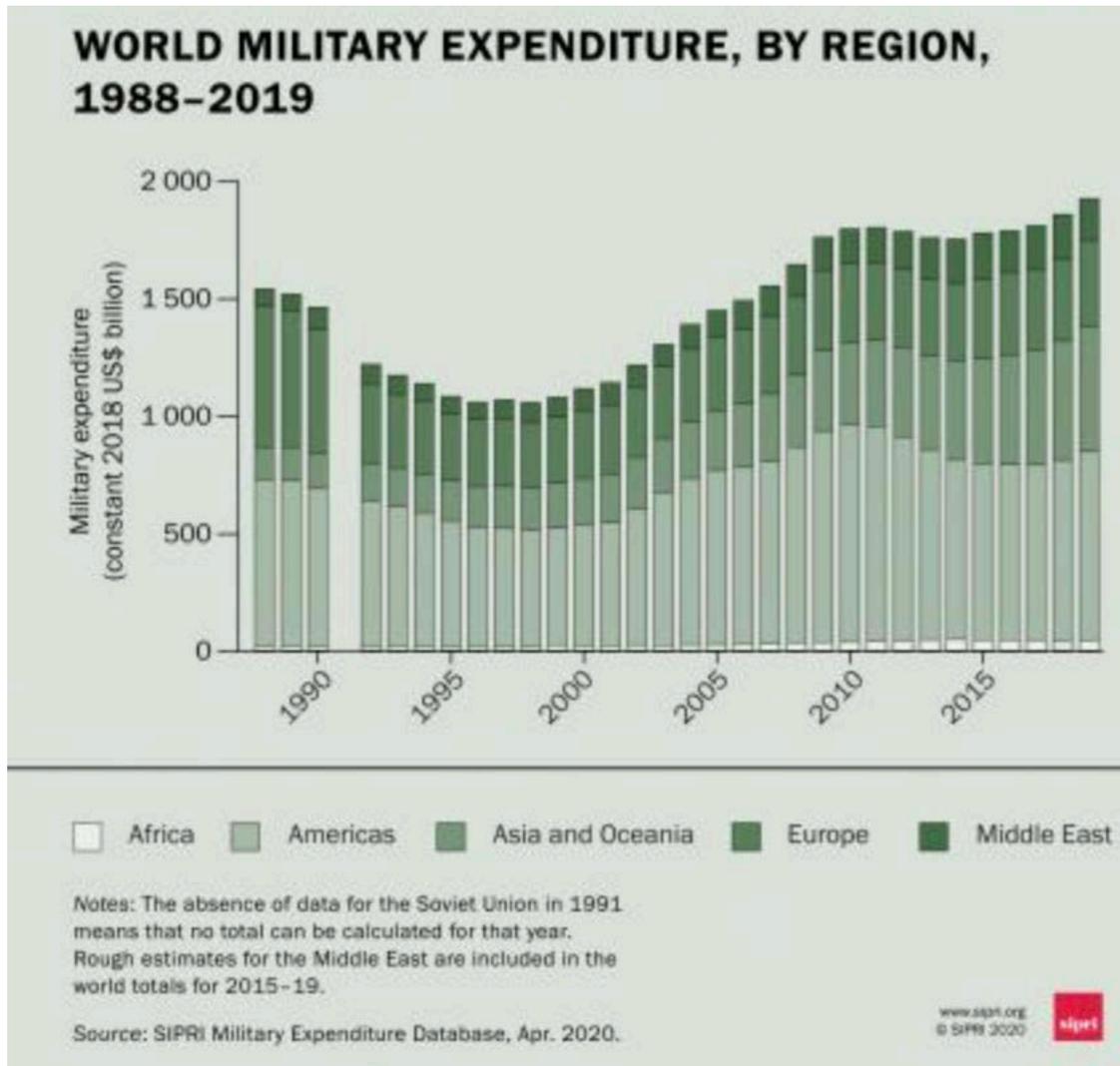
North Atlantic Treaty Organization, Defence Expenditure of NATO Countries (2013-2020), October 21, 2020, pp. 4, 6, [https://www.nato.int/cps/en/natohq/news\\_178975.htm](https://www.nato.int/cps/en/natohq/news_178975.htm);

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Office of the Secretary of Defense, Military and Security Developments Involving the People's Republic of China 2020: Annual Report to Congress, pp.139-140, <https://media.defense.gov/2020/Sep/01/2002488689/-1/-1/2020-DOD-CHINA-MILITARY-POWER-REPORT-FINAL.PDF>;

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# Figure Twenty-Five: SIPRI: World Military Spending in 1988-2019



## United States drives global growth in military spending

Military spending by the **United States** grew by 5.3 per cent to a total of \$732 billion in 2019 and accounted for 38 per cent of global military spending. The increase in US spending in 2019 alone was equivalent to the entirety of Germany's military expenditure for that year. 'The recent growth in US military spending is largely based on a perceived return to competition between the great powers,' says Pieter D. Wezeman, Senior Researcher at SIPRI.

## China and India top Asian military spending

In 2019 **China** and **India** were, respectively, the second- and third-largest military spenders in the world. China's military expenditure reached \$261 billion in 2019, a 5.1 per cent increase compared with 2018, while India's grew by 6.8 per cent to \$71.1 billion. 'India's tensions and rivalry with both Pakistan and China are among the major drivers for its increased military spending,' says Siemon T. Wezeman, SIPRI Senior Researcher.

In addition to China and India, **Japan** (\$47.6 billion) and **South Korea** (\$43.9 billion) were the largest military spenders in Asia and Oceania. Military expenditure in the region has risen every year since at least 1989.

## Germany leads military expenditure increases in Europe

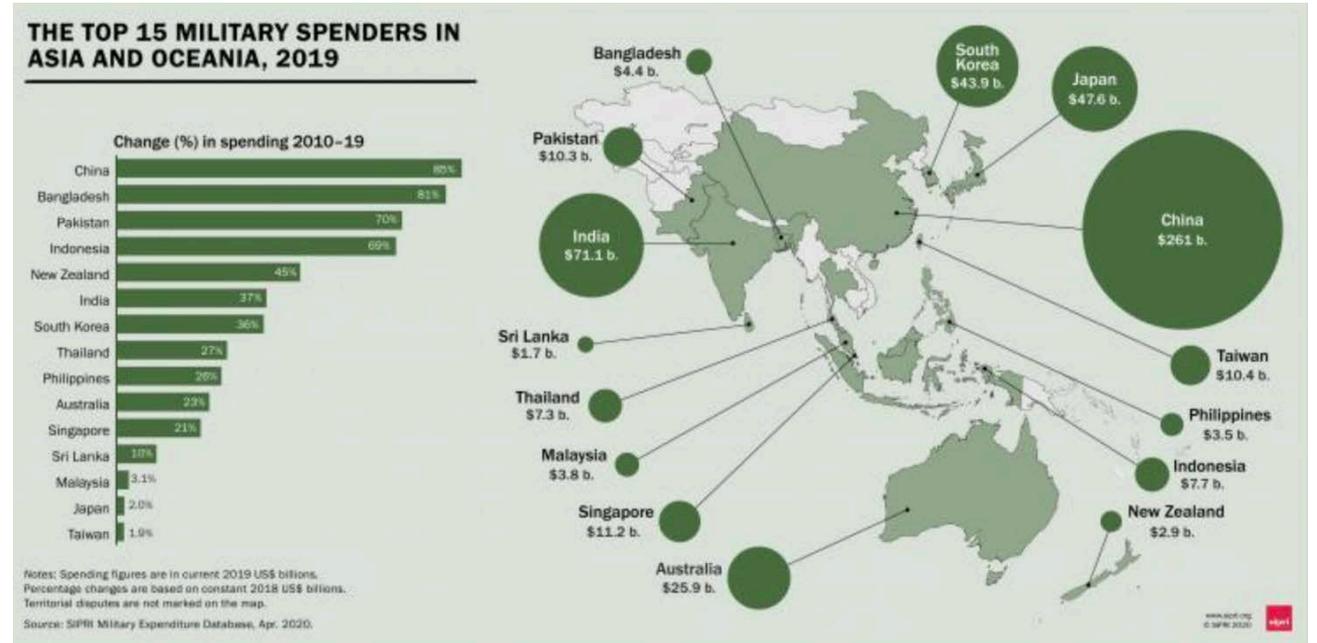
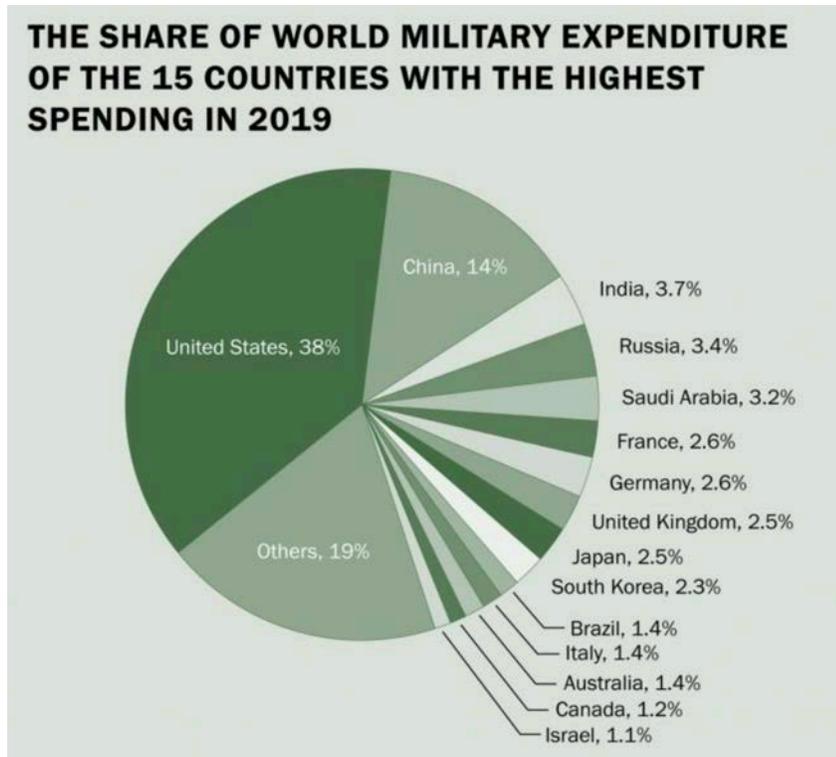
**Germany's** military spending rose by 10 per cent in 2019, to \$49.3 billion. This was the largest increase in spending among the top 15 military spenders in 2019. 'The growth in German military spending can partly be explained by the perception of an increased threat from Russia, shared by many North Atlantic Treaty Organization (NATO) member states,' says Diego Lopes da Silva, Researcher at SIPRI. 'At the same time, however, military spending by **France** and the **United Kingdom** remained relatively stable.'

There were sharp increases in military expenditure among NATO member states in Central Europe: for example, **Bulgaria's** increased by 127 per cent—mainly due to payments for new combat aircraft—and **Romania's** rose by 17 per cent. Total military spending by all 29 NATO member states was \$1035 billion in 2019.

In 2019 **Russia** was the fourth-largest spender in the world and increased its military expenditure by 4.5 per cent to \$65.1 billion. 'At 3.9 per cent of its GDP, Russia's military spending burden was among the highest in Europe in 2019,' says Alexandra Kuimova, Researcher at SIPRI.

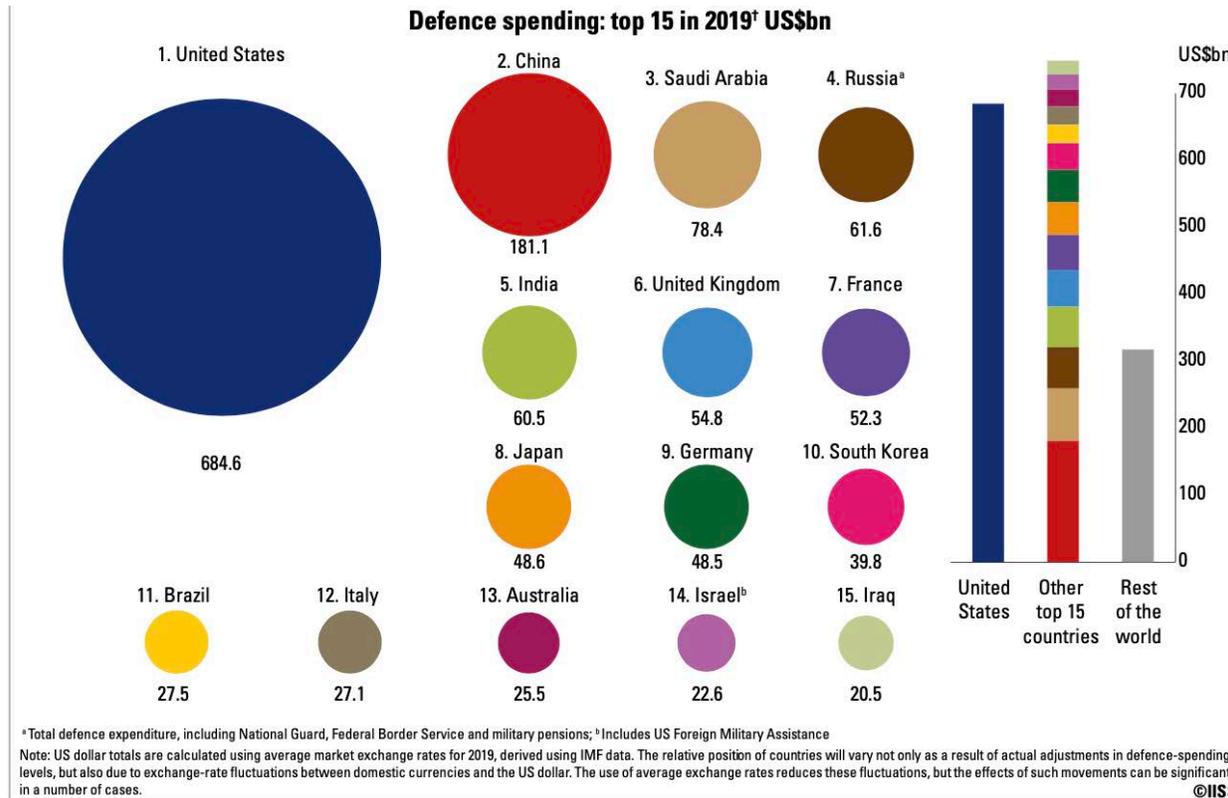
Source: SIPRI, Global military expenditure sees largest annual increase in a decade—says SIPRI—reaching \$1917 billion in 2019, April 27, 2020, <https://www.sipri.org/media/press-release/2020/global-military-expenditure-sees-largest-annual-increase-decade-says-sipri-reaching-1917-billion>.

# Figure Twenty-Six: SIPRI: Share of World Military Spending By Country in 2019-2020

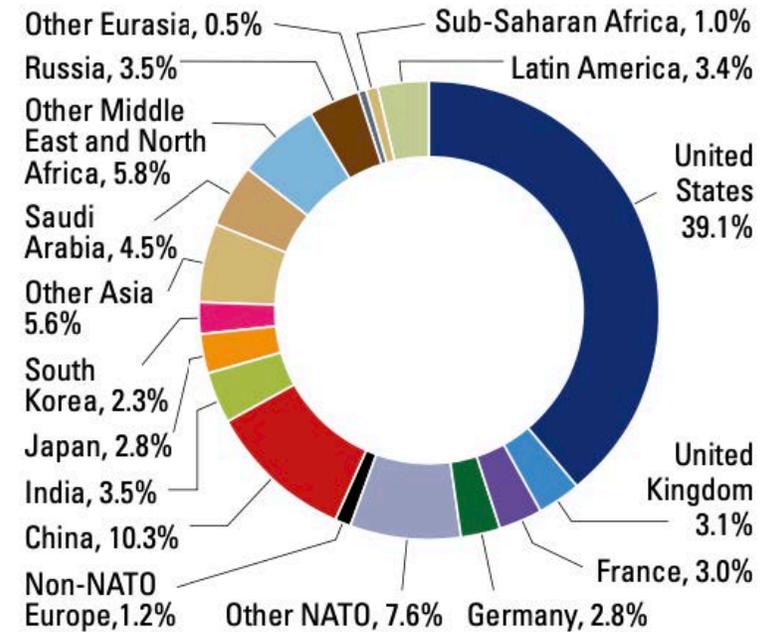


Source: SIPRI, *Military Expenditure*, April 27, 2020, <https://www.sipri.org/research/armament-and-disarmament/arms-and-military-expenditure/military-expenditure>.

# Figure Twenty-Seven: IISS—Share of World Military Spending By Country in 2019



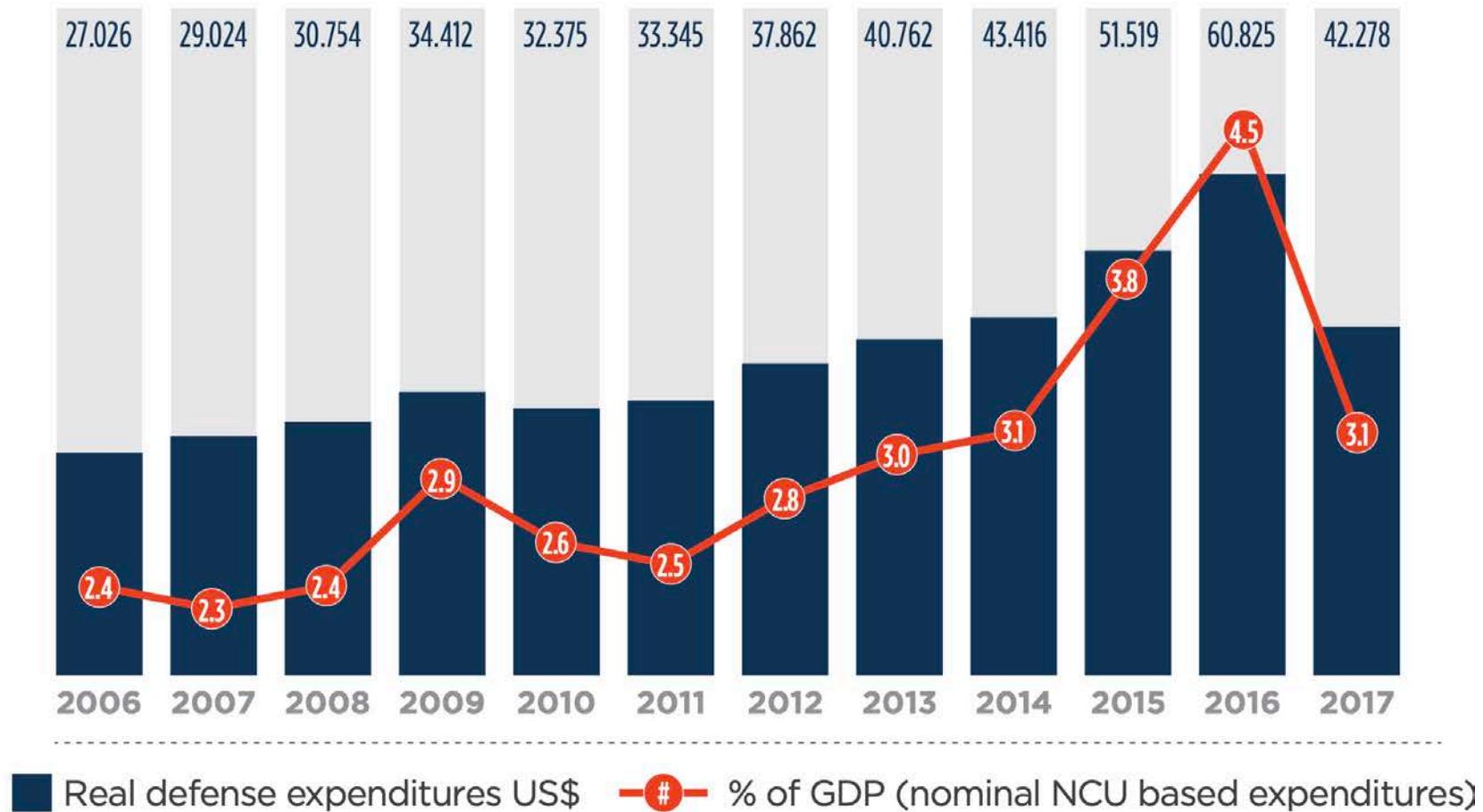
## Planned defence expenditure by country 2019<sup>†</sup>



Source: Excerpted from IISS, *Military Balance*, 2020, 2020, p. 21.

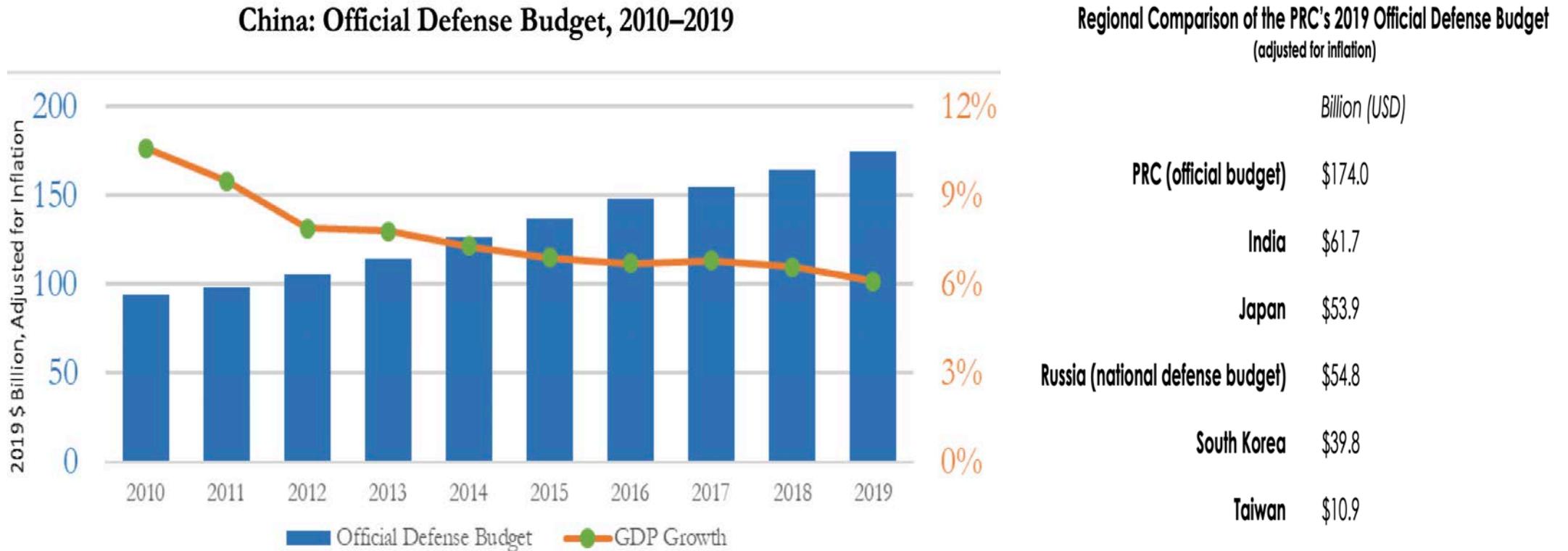
# Figure Twenty-Eight: DIA Estimate of Russian Military Spending: 2006-2017

*Russia's Official Defense Spending 2006-2017 (billions of 2017 dollars)*



Source: Excerpted from DIA, *Russian Military Power, Building a Military to support Great Power Aspirations*, 2017, DIA, 2018, p. 20, <https://www.dia.mil/Portals/27/Documents/News/Military%20Power%20Publications/Russia%20Military%20Power%20Report%202017.pdf>.

# Figure Twenty-Nine: DIA Estimate of Chinese Military Spending: 2010-2019



In early 2019, the PRC announced a 6.2-percent inflation-adjusted increase in its annual military budget to \$174 billion, which is approximately 1.3 percent of gross domestic product. This year’s budget continues more than 20 years of annual defense spending increases and sustains the PRC’s position as the second-largest military spender in the world after the United States. The PRC’s defense budget has nearly doubled during the past 10 years—data from 2010 through 2019 indicates China’s official military budget grew at an annual average of approximately 8 percent in inflation-adjusted terms. Based on its official defense spending figures, which omit several major categories of expenditures, the PRC can support continued growth in defense spending for at least the next five to ten years, based on economic data and growth projections.

... The PRC’s published military budget omits several major categories of expenditures, including R&D and foreign weapons procurement. In 2019, China’s actual military-related spending could be more than \$200 billion, much higher than stated in its official budget. However, actual military expenses are difficult to calculate, largely because of China’s poor accounting transparency.

Source: Excerpted from DIA, *Military and Security Developments Involving the People’s Republic of China 2020*, Annual Report to Congress, Department of Defense, 2020, pp. 139-140, <https://www.dia.mil/Portals/27/Documents/News/Military%20Power%20Publications/Russia%20Military%20Power%20Report%202017.pdf>.

**Dealing with the Growing Pressures that  
Federal Spending on Entitlements,  
Mandatory Spending, and Covid-19 Put on  
the Defense Budget**

The second highest priority for structural defense budget reform – and the most immediate challenge that the Biden Administration will face in shaping the coming defense budget – is the need to rapidly reshape a draft Trump Administration FY2022 defense budget request. This reshaping will have to take account of all the major uncertainties over the future role of the U.S. in Afghanistan and Iraq as well as all of the other national security issues that are driving the budget.

At the same time, the coming annual budget process will also be driven by the steady major rises in mandatory spending on civil programs like Social Security, Medicaid, and Medicare; the major recent rises in the federal deficit and debt; and the massive new spending to deal with Covid-19.

At this point in time, there is no way to know how great the resulting pressures on defense and other national security spending will be from the Covid-19 crisis. The range of best to worst case estimates for Covid-19 alone is too great, and the level of longer-term pressures may not be clear until late 2021 to mid-2022.

The Covid-19 crisis has, however, already led the U.S. to allocate some \$2.9 trillion dollars in federal spending to deal with the domestic economic crisis caused by Covid-19, and President Biden has called for the spending of \$1.9 trillion more. The pressures caused by this Covid-19 spending and the uncertain future of the U.S. economy may lead to major efforts to reshape and cut both the defense budget and total national security spending.

***Mandatory and Covid-19 Spending, Not Defense Spending, Drives the Pressures on the Federal Budget and Economy***

These issues need more explicit review and debate as part of the annual defense budget cycle. Covid-19 spending is only part of the story. The steady past and projected rises in mandatory civil spending as well as the rises in the debt and deficit need to be explicitly addressed in the annual defense budget cycle, in the proposal the President sends forward, and in the review by both chambers of Congress.

The CBO estimates dated October 2020 in this section of the supporting PowerPoint show that the pressures on federal spending could be serious even if one only considers the impact of the initial \$2.0 trillion in Covid-19 aid spending the Congress approved in 2020. At the same time, the projections in the CBO analysis made in February 2021 were far more favorable in spite of the fact they include \$900 billion more in Covid-19 aid, although they did not include deficit and debt data or any effort to reflect the additional \$1.9 trillion in aid proposed by Present Biden.

The updated estimates the CBO issued in mid-February 2021 also could not include estimates for this additional spending, but noted that,

- Deficits. CBO projects a federal budget deficit of \$2.3 trillion in 2021, nearly \$900 billion less than the shortfall recorded in 2020. At 10.3 percent of gross domestic product (GDP), the deficit in 2021 would be the second largest since 1945, exceeded only by the 14.9 percent shortfall recorded last year. Those deficits, which were already projected to be large by historical standards before the onset of the 2020–2021 coronavirus pandemic, have widened significantly as a result of the economic disruption caused by the pandemic and the enactment of legislation in response.

In CBO’s projections, annual deficits average \$1.2 trillion a year from 2022 to 2031 and exceed their 50-year average of 3.3 percent of GDP in each of those years. They decline to 4.0 percent of GDP or less from 2023 to 2027 before increasing again, reaching 5.7 percent of GDP in 2031. By the end of the period, both primary deficits (which exclude net outlays for interest) and interest outlays are rising.

- Debt. Federal debt held by the public—which stood at 100 percent of GDP at the end of fiscal year 2020—is projected to reach 102 percent of GDP at the end of 2021, dip slightly for a few years, and then rise further. By 2031, debt would equal 107 percent of GDP, the highest in the nation’s history.

...Because of the unusual size and nature of the emergency funding provided in response to the 2020–2021 coronavirus pandemic, the agency did not extrapolate the \$184 billion in discretionary budget authority that has been provided for such purposes so far in 2021. Emergency funding provided for purposes unrelated to the pandemic was projected to continue in the future with increases for inflation each year after 2021.

CBO’s baseline is not intended to provide a forecast of future budgetary outcomes; rather, it provides a benchmark that policymakers can use to assess the potential effects of future policy decisions. Future legislative action could lead to markedly different outcomes. Even if federal laws remained unaltered for the next decade, though, actual budgetary outcomes would probably differ from CBO’s baseline— not only because of unanticipated economic developments, but also as a result of the many other factors that affect federal revenues and outlays.

This presentation of CBO’s budget projections is much shorter than usual. The information is less detailed so that CBO can provide it to lawmakers as quickly as possible as they continue to address the consequences of the pandemic. CBO will publish more detailed information about these projections and supplementary information later this year.

The CBO projections did, however, project a rise in the public debt from \$21.0 trillion dollars and 100.1% of the GDP at the end of 2020, to \$22.5 trillion dollars and 102.3% of the GDP at the end of 2021. The total rose to 35.3 trillion dollars and 107.2% of the GDP at the end of 2021. They also projected a deficit of \$3.1 trillion (14.9% of the GDP) in FY2020 and \$2.6 trillion (10.3% of GDP) in FY2021 even without an estimate of future Covid-19 spending.

These examples show the need for parametric (high, low, and best case) estimates of the economic impact of major changes in federal spending. They also show that present estimates can lag months behind Congressional action, and the use of single lines of future estimates can both understate or overstate the pressures on other aspects of federal spending.

It may be months before the final shape of the Biden proposal and other efforts to deal with the impact of Covid-19 become clear. Such spending will almost certainly change sharply in scale and action as the Congress acts to create actual legislation. If the end result approaches or exceeds \$1.9 trillion, it will create added pressure to reduce other areas of spending. Moreover, there is no current capability to predict either how soon the Covid-19 virus will be contained, the domestic economic result, or the impact of the disease on the global economy.

A casual look at the projections that OMB and the CBO make of the total federal budget beyond FY2021 show that they are largely projections of the existing spending trends in the budget, and they seem to assume that no major change will occur in the recent patterns in most federal programs and spending. They are necessarily dependent on guesswork as to how serious and lasting the economic impact of sudden needs like the Covid-19 crisis will be. Once again, no parametric effort is made to describe a best, worst, and nominal range of estimates.

They do reflect important practical limitations to any budget projection. The future is inherently unpredictable, particularly when predicting the kind of crises that do most to force fundamental changes in total federal spending and revenues as well as spending by the Department of Defense.

Such projections can be surprisingly accurate over a near-term period like the five years in the Department of Defense's Future Year Defense Plan if there are no major sudden changes in force plans or contingency needs. Many aspects of broader budget and economic forecasts also remain relatively accurate even if a crisis or another event changes a portion of federal spending, and forecasts some ten to twenty years into the future can serve as important warning of the longer-term effects of poor planning and decisions in past and current years.

Nevertheless, the ability to predict the future clearly becomes steadily more uncertain over time. The uncertainties in estimating the future of the U.S. economy are serious even at the best of times, and these are scarcely the best of times. In drafting the FY2022 budget, key uncertainties include the domestic and international impact of Covid-19 over at least the next three years; the impact of the deep, domestic political divisions over many aspects of federal mandatory and discretionary spending; and the outcome of growing U.S. competition with other major powers.

Moreover the OMB and CBO budget projections for national security spending since 2001 have not been based on any clear assumptions about the future of America's ongoing wars, and the current projections assume that the U.S. will not deploy any new uses of force through periods ranging as far into the future as 2030 to 2050. Such assumptions are problematic to the point where the probability of major unpredictable events actually occurring becomes far higher over time than the probability of any estimates – based on today's most likely assumptions – are of being correct.

*Addressing the Overall Mix of Pressures on the  
Federal Budget on a Quick Reaction Basis*

The level of recent uncertainty is illustrated in this section of the PowerPoint brief, and it is becoming steadily more clear as the CBO updates its budget projections and economy forecasts. What is also clear is that the massive increases are taking place in federal spending, the debt, and the deficit – combined with the efforts to provide major increases in Covid-19 spending and political pressures to increase other areas of entitlement spending – which could put critical pressure on reducing defense and other national security spending.

These uncertainties make it critical to tie each major budget decision – including those affecting defense and national security spending – to its impact on the economy, total federal spending, as well as the deficit and debt before major legislation is passed. It also makes it critical to clearly distinguish between civil and national security spending – not simply mandatory and discretionary spending – which are categories that often hide the true level of spending by actual function.

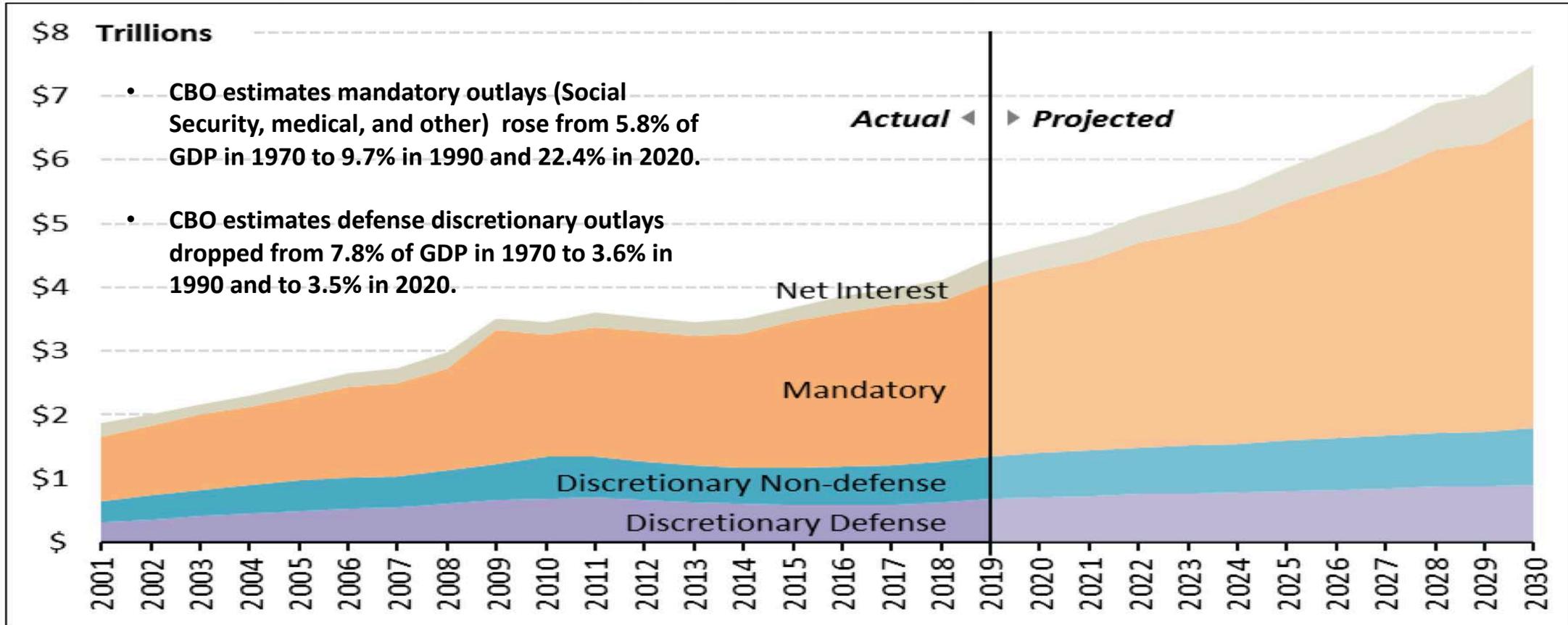
*Accordingly, one key reform needed in the defense budget process – and any effort to create a full national security budget – is the need to explicitly address the near-term impact of defense spending on the overall budget in terms of the trends in total federal spending, its impact on the economy, and its impact on the longer-term trends in the deficit and federal debt. This need becomes even more clear when the total cost of national security expenditures is considered – including for Veterans Affairs, the Department of Homeland Security, the Department of State, and all intelligence agencies.*

*A second reform is to address the impact of major shifts on other categories in federal spending and to do so on a quick reaction basis. Key decisions in areas like defense budgeting cannot wait until estimates can be based on the normal scoring and analysis process. The administration and the Congress need immediate parametric estimates, and they should address both short-term needs and long-term impacts at the same time – placing what will inevitably be deep partisan differences in some kind of broader fiscal and economic context.*

**Note:** CBO quotes and data are taken from CBO, *The Budget and Economic Outlook: 2021 to 2031*, February 11, 2021, pp. 2-5, <https://www.cbo.gov/publication/56991>.

# Figure Thirty: CRS/OMB/CBO Projections of Total Federal Spending

Outlays by Budget Enforcement Category, FY2001-FY2030 (Projected) in Trillions of Dollars; **Based on FY2021 Budget Request in February 2020. Does not anticipate Covid-19**



**Source:** OMB, [Table 8.1](#); and CBO, [10-Year Budget Projections](#), Tables I-1 and I-4.

**Notes:** Figures from FY2001 through FY2019 from OMB; projections from FY2020 through FY2030 from CBO.

Source: CRS, FY2021 Defense Budget Request: An Overview February 20, 2020, <https://fas.org/sgp/crs/natsec/IN11224.pdf>; CBO, 9/2020, <https://www.cbo.gov/system/files/2020-09/56517-Budget-Outlook.pdf>.

# Figure Thirty-One: Rising Pressures on the Economy by Late 2020

- Total mandatory outlays rise from \$1,244 billion in 2019 to \$4,617 billion in 2020, even after offsetting receipts.
- Some \$4 trillion in total federal Covid 19 aid by end 2020, including \$2 trillion and \$900 billion in two major programs.
- CBO projects a federal budget deficit of \$3.3 trillion in 2020, more than triple the shortfall recorded in 2019.
- National debt rises by \$7.8 trillion during Trump term in office -- \$23,500 for every American in 2020.
- Unemployment rises from 3.5% to peaks of 14.7% in 2020. still 6.8 million in October.
- Outlays for unemployment compensation are expected to soar in 2020, from \$28 billion in 2019 to \$557 billion,
- CBO projects Outlays and Revenues Outlays to be about 50 percent greater than spending in 2019, equaling 32 percent of GDP—the highest since 1945. At 16.0 percent of gross domestic product (GDP), the deficit in 2020 would be the largest since 1945.
- As a result of those deficits, federal debt held by the public is projected to rise sharply, to 98 percent of GDP in 2020, compared with 79 percent at the end of 2019 and 35 percent in 2007, before the start of the previous recession. It would exceed 100 percent in 2021 and could increase to 107 percent in 2023, the highest in the nation's history.
- Federal outlays are projected to equal 32 percent of GDP in 2020, 11 percentage points (or about 50 percent) above what they were in 2019 and the highest percentage since 1945.
- Federal revenues are projected to fall from 16.3 percent of GDP in 2019 to 15.5 percent in 2021, primarily because of the economic disruption caused by the pandemic and the federal government's response.
- Outlays for Medicare (net of offsetting receipts) will rise by 12 percent in 2020, from \$644 billion in 2019 to \$721 billion.
- Cost on income security programs rises from \$303 billion in 2019 to \$1,132 billion in 2020.
- Small business programs rise from -\$1 billion in 2019 to \$577 billion. Higher education from \$33 billion to \$94 billion.

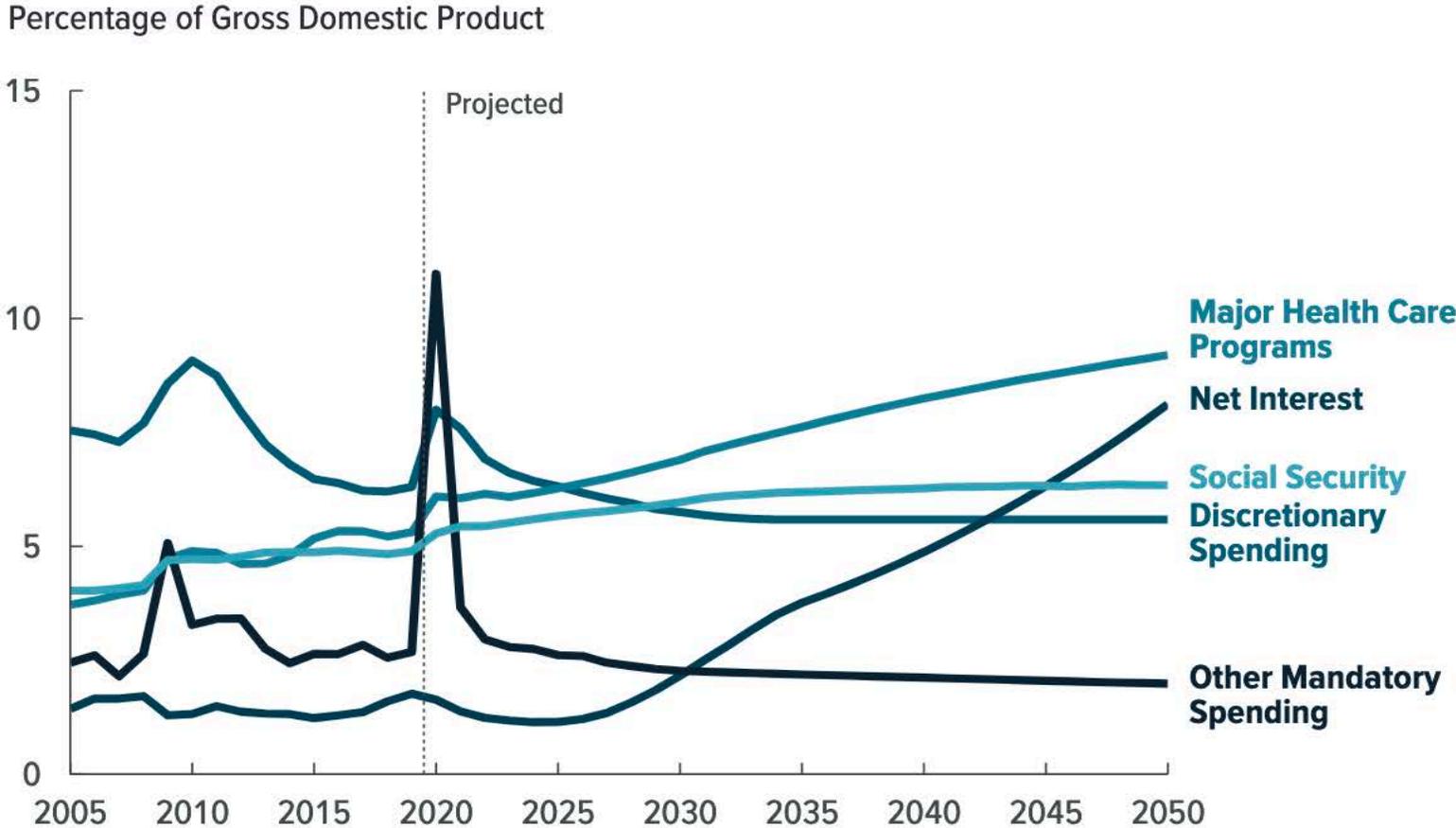
Source: Federal Reserve Bank of New York; Jeff Stein and Erica Werner, "First Step to Jolt Economy," *Washington Post*, January 17, 2020; <https://www.forbes.com/sites/mikepatton/2020/10/12/the-impact-of-covid-19-on-us-economy-and-financial-markets/?sh=428c4f0b2d20>; <https://www.cbo.gov/publication/56517.CBO>, Update to Budget Outlook, 2020-2030, <https://www.cbo.gov/system/files/2020-09/56517-Budget-Outlook.pdf>;

# Figure Thirty-Two: CBO Projection of the Burden of Federal Spending: October 2020

*Only Includes \$2 trillion in Covid-19 stage one of aid spending*

## Spending

Federal spending grows from an average of 21.3 percent of GDP from 2010 to 2019 to an average of 29.3 percent from 2041 to 2050.



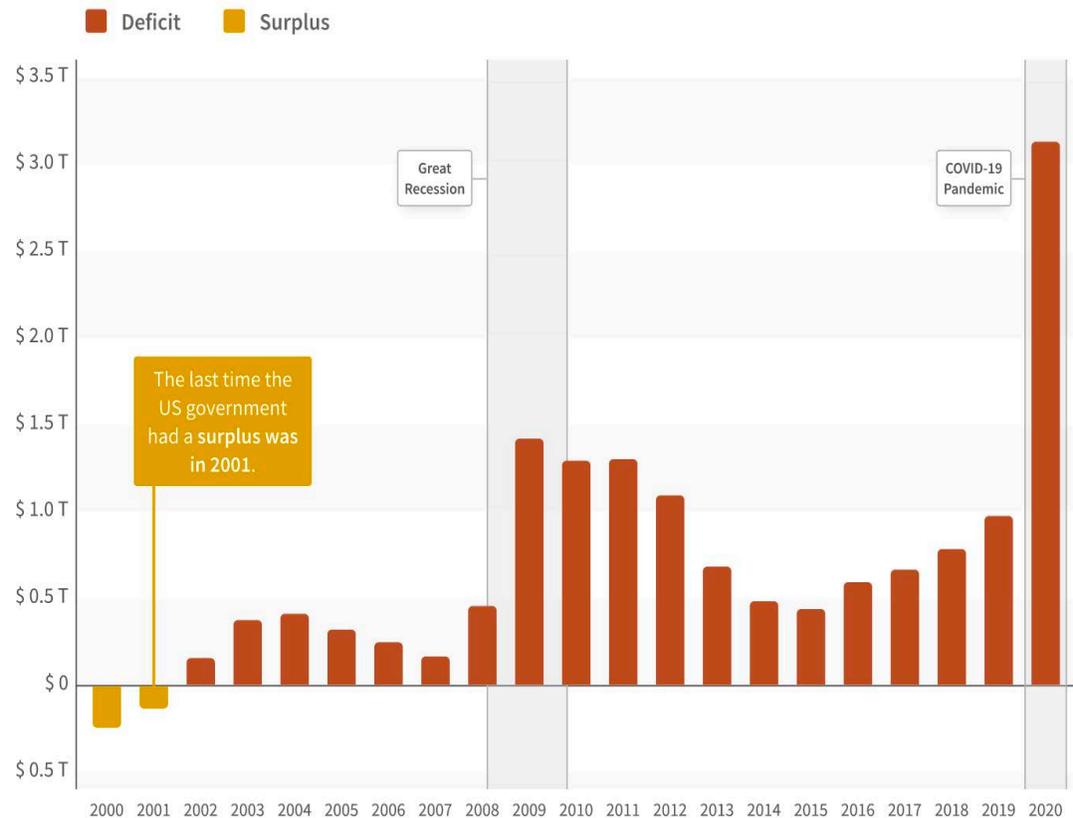
Net spending for interest, measured as a share of GDP, nearly quadruples over the last two decades of the projection period. In addition, after the effects of increased spending associated with the pandemic dissipate, spending as a share of GDP increases for the major health care programs and Social Security.

Source: CBO, *Long-Term Budget Outlook*, October 7, 2020, <https://www.cbo.gov/system/files/2020-10/56665-LTBO-Testimony.pdf>.

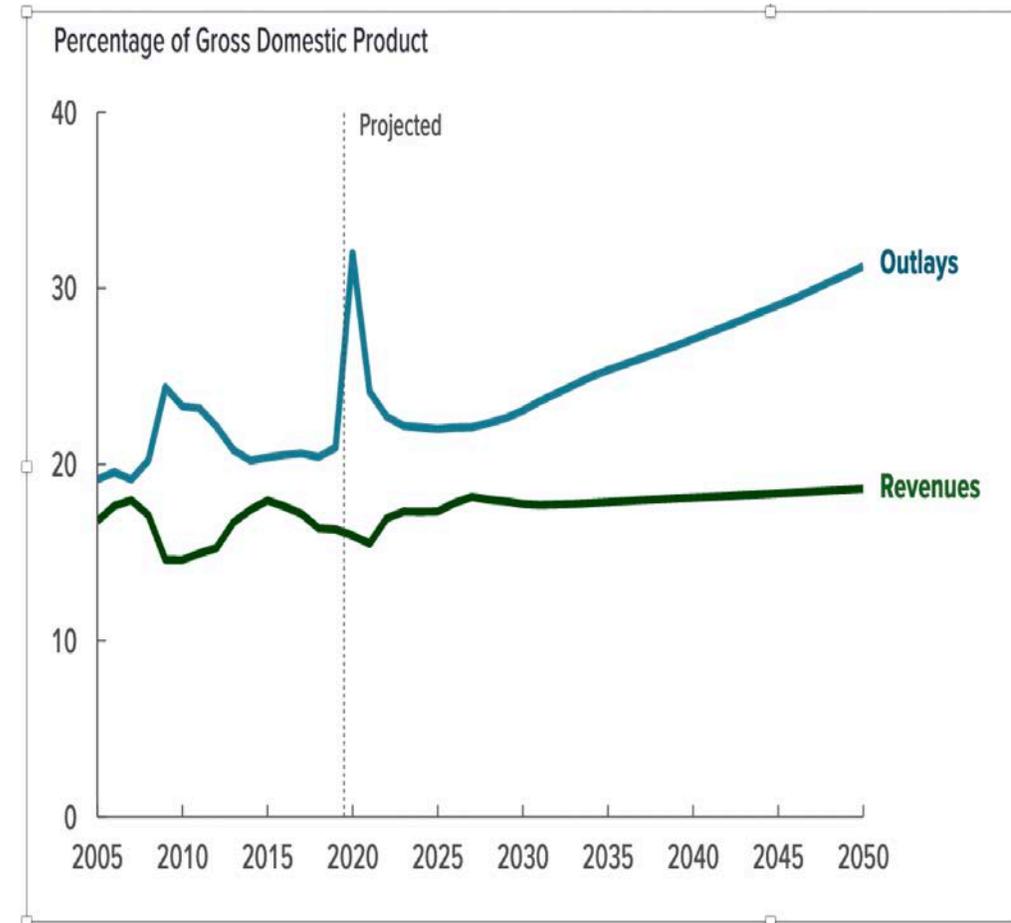
# Figure Thirty-Three: CBO Projection of the Deficit: October 2020

Only Includes \$2 Trillion in Federal Covid Aid

## The Covid-19 Leap in FY2020 (\$Trillions)



## The Longer-Term Trend: 2005-2050: % of GDP

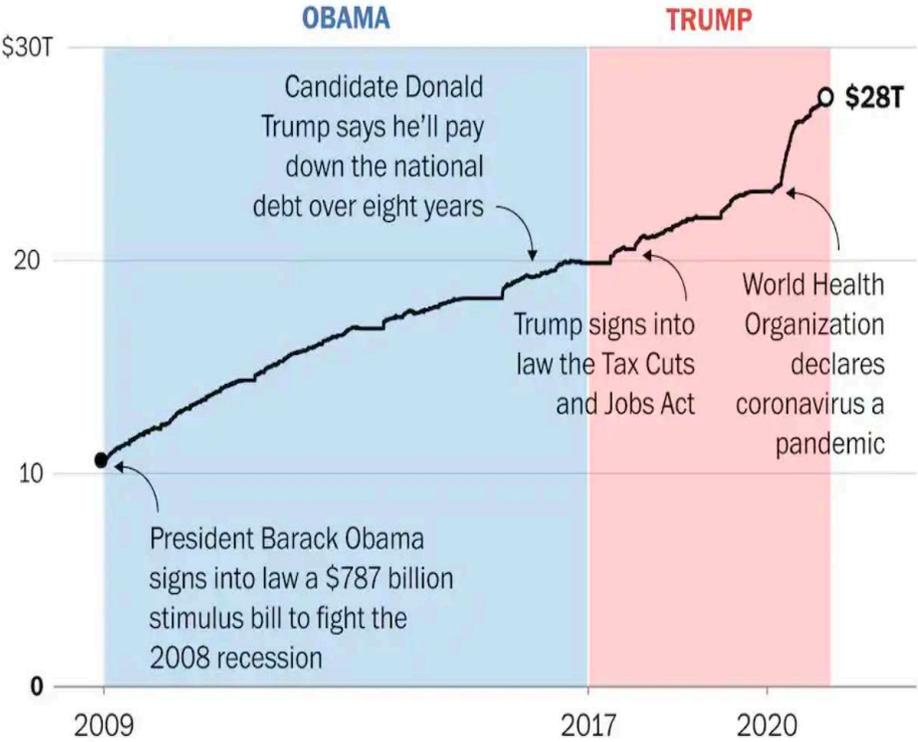


Source: CBO, *Long-Term Budget Outlook*, October 7, 2020, <https://www.cbo.gov/system/files/2020-10/56665-LTBO-Testimony.pdf>; Datalab, <https://datalab.usaspending.gov/americas-finance-guide/deficit/trends/>.

# Figure Thirty-Four: CBO Projection of the Rising Federal Debt: October 2020

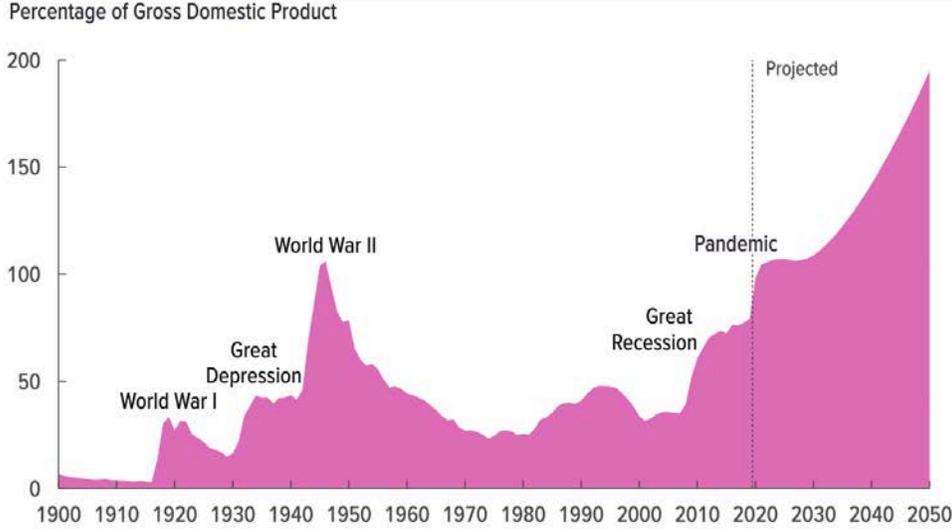
Only Includes \$2 Trillion in Federal Covid-19 Aid

Daily total national debt from 2009 to present, in trillions of dollars.



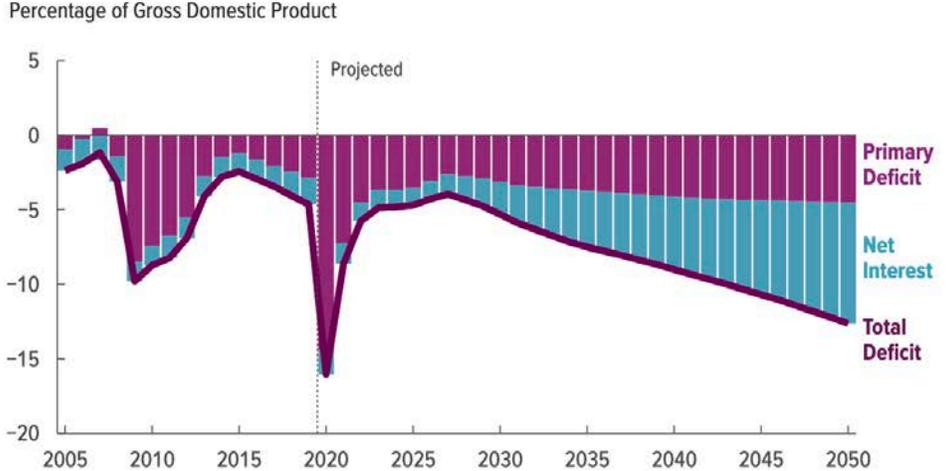
Source: Treasury Department

PROPUBLICA/THE WASHINGTON POST



In CBO's projections, federal debt held by the public surpasses its historical high of 106 percent of GDP in 2023 and continues to climb in most years thereafter. In 2050, debt as a percentage of GDP is nearly 2.5 times what it was at the end of last year.

Federal debt held by the public is projected to equal 195 percent of gross domestic product (GDP) in 2050, and the deficit is projected to equal 13 percent of GDP.



Deficits grow from an average of 4.8 percent of GDP from 2010 to 2019 to an average of 10.9 percent from 2041 to 2050, driving up debt. Net spending for interest rises rapidly and accounts for much of the growth in total deficits in the last two decades of the projection period.

Source: CBO, Long-Term Budget Outlook, October 7, 2020, <https://www.cbo.gov/system/files/2020-10/56665-LTBO-Testimony.pdf>.

# Figure Thirty-Five: CBO Favorable Economic Estimate February 2021- I

## Includes Impact of \$2.9 Trillion in Federal Covid-19 Aid

The 2020–2021 coronavirus pandemic caused severe economic disruptions last year as households, governments, and businesses adopted a variety of mandatory and voluntary measures—collectively referred to here as social distancing—to limit in-person interactions that could spread the virus. The impact was focused on particular sectors of the economy, such as travel and hospitality, and job losses were concentrated among lower-wage workers.

Over the course of the coming year, vaccination is expected to greatly reduce the number of new cases of COVID-19, the disease caused by the coronavirus. As a result, the extent of social distancing is expected to decline.

In its new economic forecast, which covers the period from 2021 to 2031, the Congressional Budget Office therefore projects that the economic expansion that began in mid-2020 will continue...Specifically, real (inflation-adjusted) gross domestic product (GDP) is projected to return to its pre-pandemic level in mid-2021 and to surpass its potential (that is, its maximum sustainable) level in early 2025. In CBO's projections, the unemployment rate gradually declines through 2026, and the number of people employed returns to its pre-pandemic level in 2024.

CBO is using this economic forecast as the basis for updating its budget projections for 2021 to 2031. The agency plans to release those budget projections later in February and a more detailed report about this forecast later this winter. The forecast incorporates economic and other information available as of January 12, 2021, as well as estimates of the economic effects of all legislation (including pandemic-related legislation) enacted up to that date.

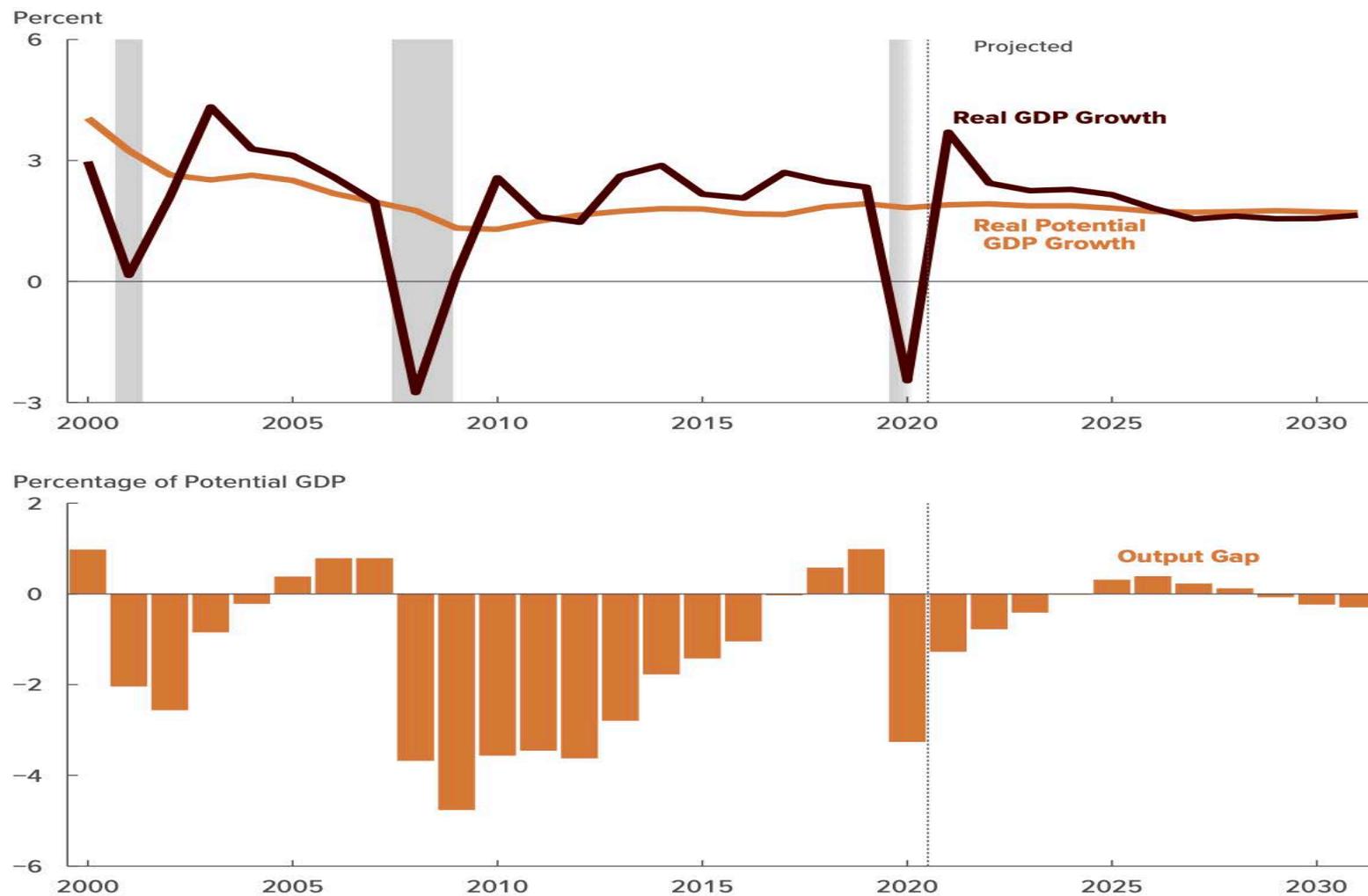
### The Economic Outlook for 2021 to 2025

In CBO's projections, which incorporate the assumptions that current laws governing federal taxes and spending (as of January 12) generally remain in place and that no significant additional emergency funding or aid is provided, the economy continues to strengthen during the next five years.

- Real GDP expands rapidly over the coming year, reaching its previous peak in mid-2021 and surpassing its potential level in early 2025. The annual growth of real GDP averages 2.6 percent during the five-year period, exceeding the 1.9 percent growth rate of real potential GDP.
- Labor market conditions continue to improve. As the economy expands, many people rejoin the civilian labor force who had left it during the pandemic, restoring it to its prepandemic size in 2022.<sup>1</sup> The unemployment rate gradually declines throughout the period, and the number of people employed returns to its prepandemic level in 2024.
- Inflation, as measured by the price index for personal consumption expenditures, rises gradually over the next few years and rises above 2.0 percent after 2023, as the Federal Reserve maintains low interest rates and continues to purchase long-term securities.
- Interest rates on federal borrowing rise. The Federal Reserve maintains the federal funds rate (the rate that financial institutions charge each other for overnight loans of their monetary reserves) near zero through mid-2024 and then starts to raise that rate gradually. The interest rate on 3-month Treasury bills closely follows the federal funds rate. The interest rate on 10-year Treasury notes rises gradually as the Federal Reserve reduces the pace of its asset purchases and investors anticipate rising short-term interest rates later in the decade.

# Figure Thirty-Six: CBO Projection of Relationship Between GDP and Potential GDP, February 2021

**Includes Impact of \$2.9 Trillion in Federal Covid Aid**



In CBO's projections, the annual growth of real (inflation-adjusted) GDP exceeds that of real potential GDP until 2026 and then falls below it. The output gap between real GDP and real potential GDP is positive for several years, starting in 2025, before moving back toward its historical average.

Data sources: Congressional Budget Office; Bureau of Economic Analysis. See [www.cbo.gov/publication/56965#data](http://www.cbo.gov/publication/56965#data).

# Figure Thirty-Seven: CBO Favorable Economic Estimate February 2021- II

## Includes Impact of \$2.9 Trillion in Federal Covid-19 Aid

The 2020–2021 coronavirus pandemic caused severe economic disruptions last year as households, governments, and businesses adopted a variety of mandatory and voluntary measures—collectively referred to here as social distancing—to limit in-person interactions that could spread the virus.

The impact was focused on particular sectors of the economy, such as travel and hospitality, and job losses were concentrated among lower-wage workers.

Over the course of the coming year, vaccination is expected to greatly reduce the number of new cases of COVID-19, the disease caused by the coronavirus. As a result, the extent of social distancing is expected to decline.

In its new economic forecast, which covers the period from 2021 to 2031, the Congressional Budget Office therefore projects that the economic expansion that began in mid-2020 will continue.

...Specifically, real (inflation-adjusted) gross domestic product (GDP) is projected to return to its pre-pandemic level in mid-2021 and to surpass its potential (that is, its maximum sustainable) level in early 2025.<sup>1</sup>

In CBO’s projections, the unemployment rate gradually declines through 2026, and the number of people employed returns to its pre-pandemic level in 2024.

### CBO’s Economic Projections for Calendar Years 2021 to 2031

	2020	2021	2022	2023	Annual Average	
					2024–2025	2026–2031
<b>Percentage Change From Fourth Quarter to Fourth Quarter</b>						
Gross Domestic Product						
Real <sup>a</sup>	-2.5	3.7	2.4	2.3	2.2	1.6
Nominal	-1.2	5.6	4.5	4.3	4.4	3.8
Inflation						
PCE price index	1.2	1.7	1.9	1.9	2.1	2.1
Core PCE price index <sup>b</sup>	1.4	1.5	1.9	1.9	2.1	2.1
Consumer price index <sup>c</sup>	1.2	1.9	2.2	2.3	2.4	2.4
Core consumer price index <sup>b</sup>	1.6	1.5	2.2	2.3	2.4	2.4
GDP price index	1.3	1.9	2.0	2.0	2.1	2.1
Employment Cost Index <sup>d</sup>	2.8	2.3	2.8	3.0	3.2	3.3
<b>Fourth-Quarter Level (Percent)</b>						
Unemployment Rate	6.8	5.3	4.9	4.6	4.0 <sup>e</sup>	4.3 <sup>f</sup>
<b>Percentage Change From Year to Year</b>						
Gross Domestic Product						
Real <sup>a</sup>	-3.5	4.6	2.9	2.2	2.3	1.7
Nominal	-2.3	6.3	4.9	4.2	4.4	3.8
Inflation						
PCE price index	1.2	1.6	1.8	1.9	2.0	2.1
Core PCE price index <sup>b</sup>	1.4	1.5	1.8	1.9	2.0	2.1
Consumer price index <sup>c</sup>	1.3	1.9	2.1	2.3	2.3	2.4
Core consumer price index <sup>b</sup>	1.7	1.6	2.1	2.3	2.4	2.4
GDP price index	1.2	1.6	1.9	2.0	2.1	2.1
Employment Cost Index <sup>d</sup>	2.9	2.1	2.6	2.9	3.1	3.3
<b>Annual Average</b>						
Unemployment Rate (Percent)	8.1	5.7	5.0	4.7	4.2	4.1
Labor Force Participation Rate (Percent) <sup>g</sup>	61.7	61.9	62.1	62.0	61.9	61.2
Payroll Employment (Monthly change, in thousands) <sup>h</sup>	-765	521	145	145	135	40
Interest Rates (Percent)						
Three-month Treasury bills	0.4	0.1	0.1	0.2	0.4	1.7
Ten-year Treasury notes	0.9	1.1	1.3	1.5	2.0	3.0
Tax Bases (Percentage of GDP)						
Wages and salaries	44.8	44.0	43.9	43.9	43.9	43.6
Domestic corporate profits <sup>i</sup>	7.6 <sup>j</sup>	7.9	7.5	7.7	8.2	8.0
Current Account Balance (Percentage of GDP) <sup>k</sup>	-2.8 <sup>l</sup>	-2.9	-2.4	-2.0	-2.0	-2.2

# Figure Thirty-Eight: CBO Estimate of Increasing Pressure from Mandatory Spending and Deficit

**Includes Impact of \$2.9 Trillion in Federal Covid-19 Aid**

## CBO's Baseline Budget Projections, by Category

	Actual, 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	
													2022– 2026	2022– 2031
In Billions of Dollars														
<b>Revenues</b>														
Individual income taxes	1,609	1,699	2,041	2,084	2,139	2,228	2,479	2,698	2,782	2,882	2,985	3,096	10,970	25,414
Payroll taxes	1,310	1,325	1,351	1,452	1,507	1,558	1,619	1,673	1,729	1,788	1,849	1,914	7,487	16,441
Corporate income taxes	212	164	252	304	328	355	365	361	369	377	385	393	1,605	3,491
Other	289	318	351	362	379	365	354	365	363	360	357	367	1,811	3,623
<b>Total</b>	<b>3,420</b>	<b>3,506</b>	<b>3,995</b>	<b>4,202</b>	<b>4,352</b>	<b>4,507</b>	<b>4,817</b>	<b>5,097</b>	<b>5,243</b>	<b>5,408</b>	<b>5,577</b>	<b>5,771</b>	<b>21,873</b>	<b>48,968</b>
On-budget	2,455	2,539	3,031	3,154	3,258	3,366	3,630	3,865	3,967	4,087	4,212	4,358	16,438	36,927
Off-budget <sup>a</sup>	965	967	964	1,048	1,094	1,141	1,187	1,232	1,276	1,321	1,365	1,413	5,435	12,041
<b>Outlays</b>														
Mandatory	4,579	3,793	3,153	3,293	3,389	3,618	3,828	4,016	4,340	4,384	4,711	4,988	17,280	39,720
Discretionary	1,628	1,668	1,615	1,593	1,585	1,620	1,654	1,694	1,740	1,772	1,822	1,867	8,067	16,961
Net interest	345	303	282	278	284	306	361	435	516	597	695	799	1,512	4,554
<b>Total</b>	<b>6,552</b>	<b>5,764</b>	<b>5,050</b>	<b>5,165</b>	<b>5,258</b>	<b>5,544</b>	<b>5,843</b>	<b>6,145</b>	<b>6,595</b>	<b>6,754</b>	<b>7,227</b>	<b>7,654</b>	<b>26,859</b>	<b>61,234</b>
On-budget	5,596	4,758	3,977	4,017	4,032	4,238	4,460	4,680	5,039	5,103	5,477	5,798	20,724	46,820
Off-budget <sup>a</sup>	956	1,006	1,073	1,148	1,226	1,305	1,382	1,465	1,556	1,651	1,750	1,856	6,135	14,414
<b>Deficit (-) or Surplus</b>	<b>-3,132</b>	<b>-2,258</b>	<b>-1,056</b>	<b>-963</b>	<b>-905</b>	<b>-1,037</b>	<b>-1,026</b>	<b>-1,048</b>	<b>-1,352</b>	<b>-1,346</b>	<b>-1,650</b>	<b>-1,883</b>	<b>-4,986</b>	<b>-12,266</b>
On-budget	-3,142	-2,220	-946	-863	-774	-872	-830	-815	-1,073	-1,016	-1,265	-1,439	-4,286	-9,893
Off-budget <sup>a</sup>	10	-39	-110	-99	-131	-165	-195	-234	-280	-330	-385	-444	-700	-2,373
Debt Held by the Public	21,019	22,461	23,541	24,547	25,488	26,559	27,596	28,702	30,162	31,593	33,331	35,304	n.a.	n.a.
<b>Memorandum:</b>														
Gross Domestic Product	21,000	21,951	23,082	24,066	25,127	26,249	27,359	28,425	29,506	30,623	31,751	32,933	125,883	279,121
As a Percentage of Gross Domestic Product														
<b>Revenues</b>														
Individual income taxes	7.7	7.7	8.8	8.7	8.5	8.5	9.1	9.5	9.4	9.4	9.4	9.4	8.7	9.1
Payroll taxes	6.2	6.0	5.9	6.0	6.0	5.9	5.9	5.9	5.9	5.8	5.8	5.8	5.9	5.9
Corporate income taxes	1.0	0.7	1.1	1.3	1.3	1.4	1.3	1.3	1.2	1.2	1.2	1.2	1.3	1.3
Other	1.4	1.4	1.5	1.5	1.5	1.4	1.3	1.3	1.2	1.2	1.1	1.1	1.4	1.3
<b>Total</b>	<b>16.3</b>	<b>16.0</b>	<b>17.3</b>	<b>17.5</b>	<b>17.3</b>	<b>17.2</b>	<b>17.6</b>	<b>17.9</b>	<b>17.8</b>	<b>17.7</b>	<b>17.6</b>	<b>17.5</b>	<b>17.4</b>	<b>17.5</b>
On-budget	11.7	11.6	13.1	13.1	13.0	12.8	13.3	13.6	13.4	13.3	13.3	13.2	13.1	13.2
Off-budget <sup>a</sup>	4.6	4.4	4.2	4.4	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
<b>Outlays</b>														
Mandatory	21.8	17.3	13.7	13.7	13.5	13.8	14.0	14.1	14.7	14.3	14.8	15.1	13.7	14.2
Discretionary	7.8	7.6	7.0	6.6	6.3	6.2	6.0	6.0	5.9	5.8	5.7	5.7	6.4	6.1
Net interest	1.6	1.4	1.2	1.2	1.1	1.2	1.3	1.5	1.7	2.0	2.2	2.4	1.2	1.6
<b>Total</b>	<b>31.2</b>	<b>26.3</b>	<b>21.9</b>	<b>21.5</b>	<b>20.9</b>	<b>21.1</b>	<b>21.4</b>	<b>21.6</b>	<b>22.4</b>	<b>22.1</b>	<b>22.8</b>	<b>23.2</b>	<b>21.3</b>	<b>21.9</b>
On-budget	26.6	21.7	17.2	16.7	16.0	16.1	16.3	16.5	17.1	16.7	17.2	17.6	16.5	16.8
Off-budget <sup>a</sup>	4.6	4.6	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.6	4.9	5.2
<b>Deficit (-) or Surplus</b>	<b>-14.9</b>	<b>-10.3</b>	<b>-4.6</b>	<b>-4.0</b>	<b>-3.6</b>	<b>-4.0</b>	<b>-3.7</b>	<b>-3.7</b>	<b>-4.6</b>	<b>-4.4</b>	<b>-5.2</b>	<b>-5.7</b>	<b>-4.0</b>	<b>-4.4</b>
On-budget	-15.0	-10.1	-4.1	-3.6	-3.1	-3.3	-3.0	-2.9	-3.6	-3.3	-4.0	-4.4	-3.4	-3.5
Off-budget <sup>a</sup>	*	-0.2	-0.5	-0.4	-0.5	-0.6	-0.7	-0.8	-0.9	-1.1	-1.2	-1.3	-0.6	-0.9
Debt Held by the Public	100.1	102.3	102.0	102.0	101.4	101.2	100.9	101.0	102.2	103.2	105.0	107.2	n.a.	n.a.

***The Limited Impact of the Defense Budget on the  
Total Federal Budget and Economy (GDP)***

At the same time, no assumptions should be made that cutting defense and military security spending will automatically benefit the civil side of the economy or can be used to fund the civil sector without also adding a major cost to that sector.

Defense and other national security spending tend to polarize public policy along ideological lines. Some advocates of defense spending exaggerate the threat and the need for defense spending. Advocates of more civil spending – or major reductions in the federal budget – target cuts in defense and national security spending as a way of funding more civil spending or reducing the impact of all federal spending on the economy.

This creates a clear need to fully understand the impact of the current levels of defense spending on both the total federal budget and the U.S. economy. The charts in this section of the PowerPoint analysis show that the increases in the federal budget have long been driven by civil entitlement spending and not by defense and national security spending. Even at peak spending periods during the Afghan and Iraq Wars, one graph shows that direct annual defense spending was only around 4.5% of the American economy or gross domestic product (GDP).

The charts and graphs in this section of the PowerPoint also show that defense spending has been a far lower percent of the GDP and total federal spending in most years since FY2000, and the increases in total federal spending – since long before FY2000 – have been driven by mandatory spending on civil entitlement programs and by increases in discretionary non-defense spending that have equaled the much lower rates of the increases in defense spending.

One table shows that the OMB discretionary budget request for FY2021 estimated that that total defense spending in FY2020 – the most recent year for which reasonably firm pre-Covid-19 data were available – totaled \$713 billion in outlays or 3.2% of the GDP. In contrast, total federal spending totaled \$4,790 billion or 21.6% of the GDP, and mandatory civil programs – such as Medicare, Social Security, and Medicaid – totaled \$2,975 billion or 13.4% of the GDP.

The massive new levels of spending in civil programs to deal with the Covid-19 crisis have now sharply raised the percent of federal spending on civil programs, and the Biden administration plans to spend \$1.9 trillion more on civil programs, which would raise these percentages again. However, even in FY2020, total civil mandatory and discretionary spending amounted to some \$4,076 billion in outlays or 18.4% of the GDP – some six times the impact of defense spending.

Some caveats must be applied to such a summary analysis. The other charts and graphs in the PowerPoint do show that estimates of the past size of defense spending as a percent of the total budget and the GDP differ in detail – a problem that affects all categories of federal budget reporting. However, these differences are too small to have an impact on these trends and key policy decisions.

*Put simply, credible cuts in defense spending to fund civil programs can only have a minor impact in reducing the impact of civil federal spending on the economy, and much of that impact will increase the risk of new forms of conflict or have a negative impact on the U.S. civil sector – it will cut spending on high quality jobs, on advances in the U.S. manufacturing sector, and on advances in high technology.*

Two more factors that are discussed later in this analysis and the supporting PowerPoint do, however, need to be considered:

- First, shifting from a focus on defense spending to the additional costs of total national security spending would raise the percentages of federal spending and GDP significantly above the percentages for defense spending alone.

As discussed earlier, estimates of defense spending only include spending by the Department of Defense (DoD), nuclear weapons spending by the Department of Energy (DoE), and very limited amount of the spending by other federal departments and agencies. They do not include major additional national security spending in areas like Veterans Affairs, the Department of Homeland Security (DHS), the State Department, and civil intelligence agencies outside DoD.

- Second, the DoD, OMB, CBO, and other estimates in the PowerPoint show that the sudden impact of past wars has contributed a major impact on the past cost of defense and national budgets. The current forecasts assume no future wars or major contingency spending through 2030-2050 – a highly unlikely assumption. At the same time, the cost of past wars is also a warning that a future failure to properly fund effective deterrence and strategic partnerships is likely to have a far higher cost over-time than sustaining peace.

# *Estimating the Civil Benefits of Defense Spending*

At the same time, the following sections of this analysis show that the ability to use cuts in even the total national security budget to benefit the civil sector is sharply limited by other factors. Most defense and national security spending have major civil benefits. The actual spending occurs inside the U.S. economy, creates real employment, and provides major benefits in technology and manufacturing capabilities with civil benefits.

As the charts in the PowerPoint presentation show, only a relatively small portion of defense spending is actually spent outside the United States. This is clear from the patterns in the deployment of U.S. military personnel and civilians. Only 12.2% of active U.S. military and 4.4% of defense civilians are deployed outside the United States – a record postwar low.

Most defense spending goes to creating jobs and to civil spending for the U.S. military, civil servants, contractors, and businesses while much goes to supporting U.S. manufacturing and levels of advanced technology. However, some estimates of the trends in employment rely on the exaggeration of job creation outside the defense sector, and estimates of the impact that defense spending has on manufacturing and technology often seem to be ideologically biased in favor of defense spending – but the basic trends are still clear.

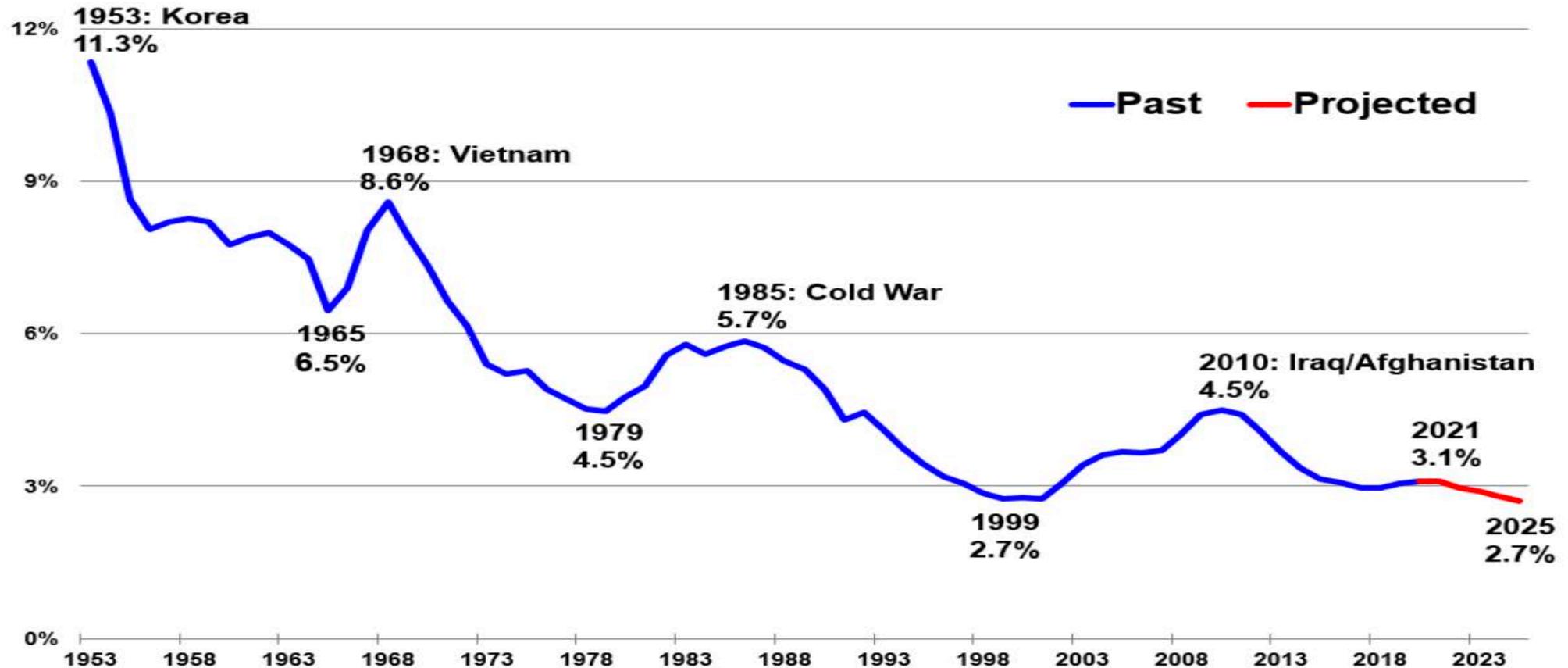
*As a result, another key budget reform is the need for immediate analysis of the civil economic benefits of defense and other national security spending. Far too many budget estimates today separate defense and civil spending without looking at these economic benefits. These are areas where OMB and Congressional Research Service estimates of these benefits would be of great value in focusing on real issues and limiting the scale of partisan and ideological debate.*

## Figure Thirty-Nine: Defining the Impact of Defense Spending on the Budget and GDP

- No clear estimates exist of State Department and USAID costs for civil side of national security effort.
- Many estimates only cover DoD spending of \$716.2 billion in FY2021 request. They exclude the nuclear weapons programs in DoE and often defense related costs which raise total to \$753.5 billion. **Increase of 5.2%**
- Almost all estimates of Defense Spending exclude Veterans Affairs spending, amortization of unfunded retirement, and tax expenditures. Raises total cost of DoD request alone from \$753.5 billion in FY2021 to \$1116.5 billion. **Increase of 48%.**
- No clear estimates exist of what strategic partners contribute. U.S. presses for burden sharing without ever giving allies explicit credit.

# Figure Forty: DoD Projection of a Limited Burden on the GDP: 1953-2023

DoD Outlays as a Percent of Gross Domestic Product (GDP) FY 1953 – FY 2025: **Note is DoD only, is in Budget Outlays, and is based on the February 2020 budget request that reflects pre-Covid economic estimates, and Congressional action on 050 request.**

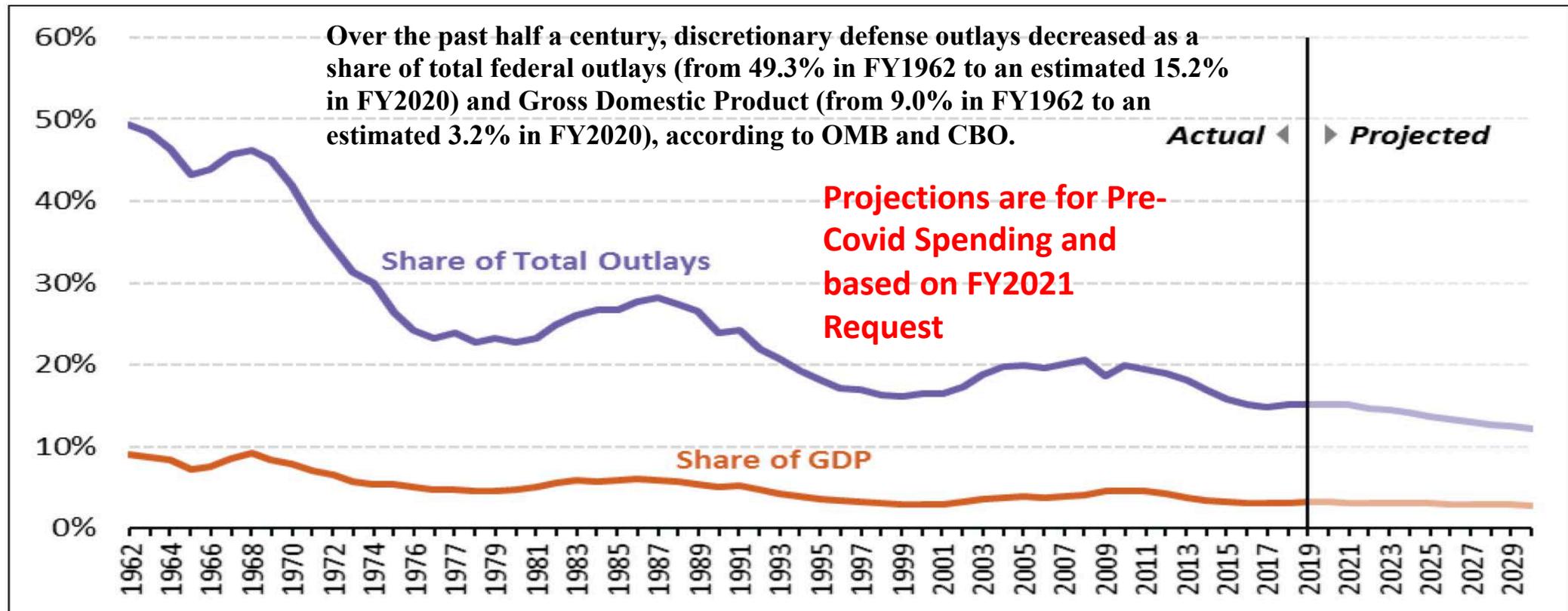


Source: DoD spending as a percent of GDP compares DoD outlays, both discretionary and mandatory, from the National Defense Budget Estimates for FY 2020 (Table 7-7) and projected GDP from OMB's Economic Assumptions for the FY 2021 Budget.

Source: OSD Comptroller, Defense Budget Overview, Irreversible Implementation of the National Defense Strategy, DoD, May 2020, p. I-13, [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021\\_Budget\\_Request\\_Overview\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021_Budget_Request_Overview_Book.pdf)

# Figure Forty-One: CRS Projection of the Burden on Federal Spending

**Defense Outlays as a Share of Total Outlays and Gross Domestic Product (GDP), FY1962-FY2030 (Projected)**  
(in percentages)



**Source:** Figure I and OMB Table 10.1.

**Notes:** See Figure I.

# Figure Forty-Two: OMB Baseline Estimate of the Limited Impact of Defense on the Total Federal Budget and U.S. economy FY2019-FY2030

Based on Total DoD and DoE FY2021 Budget Request in February 2020. Does not anticipate Covid-19 Stage One

## Proposed Budget by Category

(In billions of dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Totals	
													2021-2025	2021-2030
<b>Outlays:</b>														
Discretionary programs:														
Defense .....	676	713	754	769	771	778	790	796	800	802	803	803	3,862	7,866
Non-defense .....	661	725	732	708	678	659	638	626	612	603	595	587	3,414	6,438
Subtotal, discretionary programs .....	1,338	1,438	1,485	1,477	1,449	1,437	1,428	1,421	1,412	1,406	1,397	1,391	7,277	14,304
Mandatory programs:														
Social Security .....	1,038	1,092	1,151	1,216	1,286	1,361	1,440	1,523	1,611	1,706	1,804	1,906	6,453	15,002
Medicare .....	644	694	722	779	790	799	899	961	1,026	1,178	1,132	1,269	3,989	9,554
Medicaid .....	409	447	448	449	450	452	453	477	505	531	570	607	2,252	4,941
Other mandatory programs .....	644	743	645	686	703	701	733	738	751	796	762	802	3,467	7,315
Subtotal, mandatory programs .....	2,735	2,975	2,966	3,130	3,228	3,313	3,524	3,698	3,893	4,210	4,267	4,583	16,161	36,813
Net interest .....	375	376	378	399	428	458	499	543	586	621	645	665	2,161	5,221
Total outlays .....	4,448	4,790	4,829	5,005	5,105	5,208	5,451	5,663	5,891	6,236	6,309	6,639	25,599	56,338

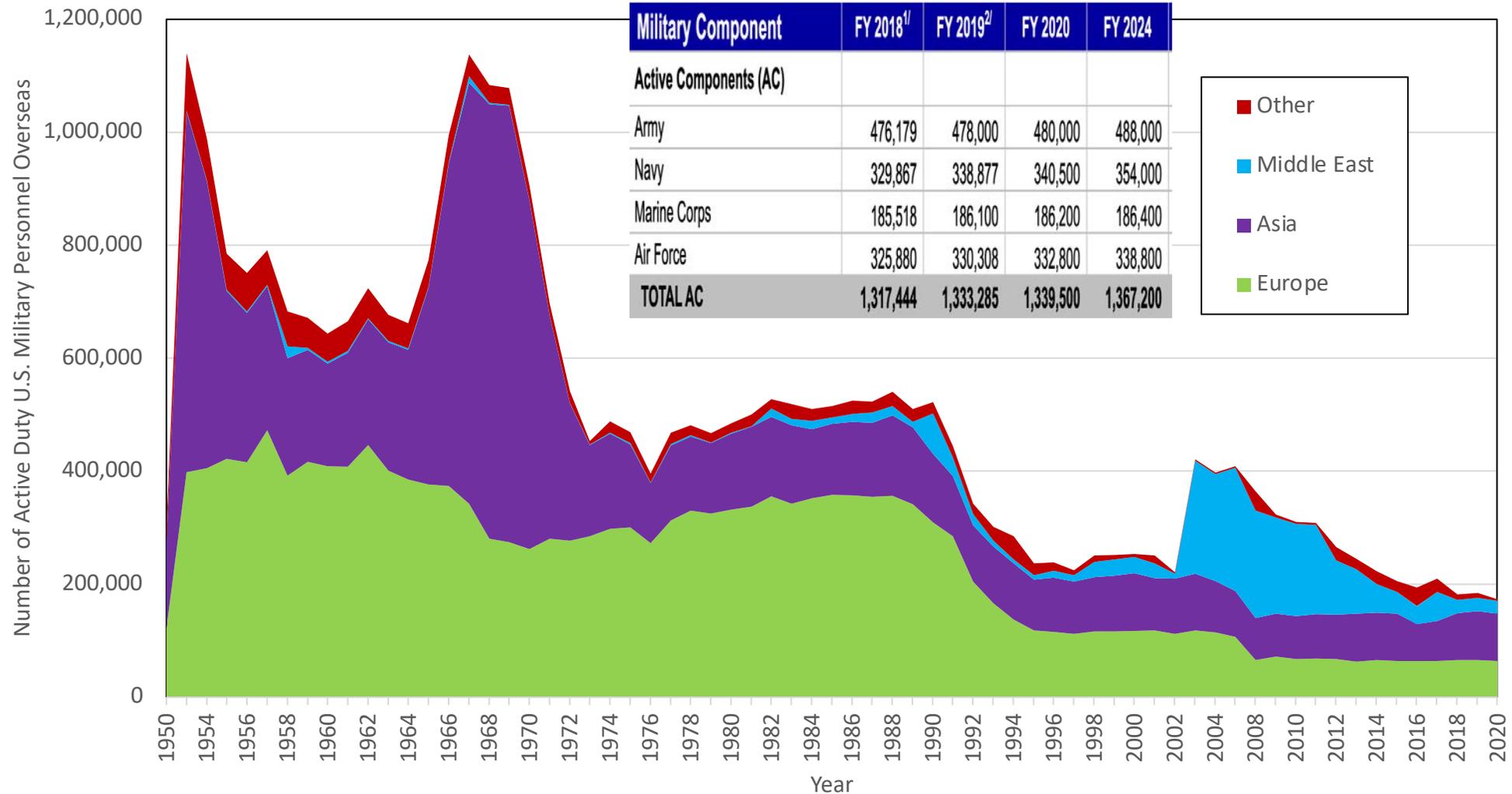
## Proposed Budget by Category as a Percent of GDP

(As a percent of GDP)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Averages	
													2021-2025	2021-2030
<b>Outlays:</b>														
Discretionary programs:														
Defense .....	3.2	3.2	3.2	3.1	3.0	2.9	2.8	2.7	2.6	2.4	2.3	2.2	3.0	2.7
Non-defense .....	3.1	3.3	3.1	2.9	2.6	2.4	2.2	2.1	2.0	1.8	1.7	1.6	2.7	2.3
Subtotal, discretionary programs .....	6.3	6.5	6.4	6.0	5.6	5.3	5.0	4.8	4.5	4.3	4.1	3.8	5.7	5.0
Mandatory programs:														
Social Security .....	4.9	4.9	4.9	5.0	5.0	5.0	5.1	5.1	5.1	5.2	5.2	5.3	5.0	5.1
Medicare .....	3.0	3.1	3.1	3.2	3.1	2.9	3.2	3.2	3.3	3.6	3.3	3.5	3.1	3.2
Medicaid .....	1.9	2.0	1.9	1.8	1.7	1.7	1.6	1.6	1.6	1.6	1.7	1.7	1.8	1.7
Other mandatory programs .....	3.0	3.3	2.8	2.8	2.7	2.6	2.6	2.5	2.4	2.4	2.2	2.2	2.7	2.5
Subtotal, mandatory programs .....	12.9	13.4	12.7	12.8	12.5	12.2	12.4	12.4	12.4	12.8	12.4	12.7	12.5	12.5
Net interest .....	1.8	1.7	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9	1.9	1.8	1.7	1.8
Total outlays .....	21.0	21.6	20.7	20.4	19.8	19.2	19.1	19.0	18.8	19.0	18.3	18.4	19.8	19.3

Source: OMB, A Budget for America's Future, FY2021, Budget of the U.S. Government, February 2021, pp. 112-113, [https://www.whitehouse.gov/wp-content/uploads/2020/02/budget\\_fy21.pdf](https://www.whitehouse.gov/wp-content/uploads/2020/02/budget_fy21.pdf).

# Figure Forty-Three: Active Duty U.S. Military Personnel Overseas versus Forecast of Total Active Duty Personnel



Source: CSIS, *CSIS Middle East Force Posture Workshop*, Transnational Threats Project, January 28, 2021; DoD, *FY2020 Budget Request*, OSD Comptroller, March 2019, p. 12, [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020\\_Budget\\_Request.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020_Budget_Request.pdf).

## Figure Forty-Four: U.S. Military and Civilian Personnel Overseas versus Total Personnel as of September 2020

ACTIVE DUTY						
	ARMY	NAVY	MARINE CORPS	AIR FORCE	COAST GUARD	TOTAL
<b>OVERSEAS TOTAL</b>	48,596	36,041	28,707	54,110	1,312	168,766
<b>GRAND TOTAL</b>	480,893	341,996	180,958	329,614	40,558	1,374,019

**12.2%  
Overseas**

NATIONAL GUARD / RESERVE								
	ARMY NATIONAL GUARD	ARMY RESERVE	NAVY RESERVE	MARINE CORPS RESERVE	AIR NATIONAL GUARD	AIR FORCE RESERVE	COAST GUARD RESERVE	TOTAL
<b>OVERSEAS TOTAL</b>	7,685	6,094	1,069	1,311	1,524	879	78	18,640
<b>GRAND TOTAL</b>	336,129	188,703	59,152	35,501	107,414	69,056	6,293	802,248

**2.3%  
Overseas**

APF DOD CIVILIAN							GRAND TOTAL
	ARMY	NAVY	MARINE CORPS	AIR FORCE	4TH ESTATE (DOD)	TOTAL	
<b>OVERSEAS TOTAL</b>	12,257	5,279	648	3,762	11,490	33,436	220,842
<b>GRAND TOTAL</b>	252,747	206,303	18,981	172,857	113,640	764,528	2,940,795

**4.4% Civilian  
Overseas**

**7.5% Total  
Overseas**

Source: DoD DMDC, *DoD Personnel, Workforce Reports & Publications site*, September 30, 2020, [https://www.dmdc.osd.mil/appj/dwp/dwp\\_reports.jsp](https://www.dmdc.osd.mil/appj/dwp/dwp_reports.jsp).

**The Need for a Real National Security Budget:  
Planning, Programing, Budgeting and  
Costing *All* National Security Spending**

There is an equal need for budget reforms that goes much further than the defense budget and military spending.

The present defense budget is only part of U.S. national security spending, and an effective national strategy must address all of the different elements of national security spending – including key areas like Veterans Affairs, the Department of Homeland Security, the State Department, and the civil elements of the intelligence community (as well as including the cost of Veterans Affairs, unfunded military liabilities, and defense related tax expenditures).

A national strategy must address all spending and create a suitable program budget to cover the civil sectors of national security.

## **Figure Forty-Five: No Current Estimate of Total Cost of National Security Spending**

- **The present national budget process has no totals for national security, only for DoD and the nuclear weapons activity in DoE. The cost of Veterans, State/USAID, and DHS alone, however, were at least \$303 billion in BA in FY2000 and \$316 billion in FY2021**
- **Coupled to the cost of DoD and DoE this would raise national security spending from \$746 billion to at least \$1,049 in FY2020 (+41%), and from \$740.5 billion in FY2021 to \$1,373 billion (85%).**
- **Totals for other Departments and Agencies sometimes understate real costs, do not identify national security related spending, and the differences in reporting sometimes make impossible to identify what should be included.**
  - **Veterans Affairs added \$221 billion in BA in FY2000 and \$243 billion in FY2021.**
  - **There is no clear reporting on total national intelligence costs because unclassified sources do not report by agency, and the gross totals include the costs of defense efforts that are also included in defense budget.**
  - **No clear estimates exist of State Department and USAID costs for civil side of national security efforts, support of police and law enforcement, and some paramilitary forces, but they added at least \$16 billion in BA in FY2000 and \$21.0 billion in FY2021.**
  - **DHS plays a major role and added at least \$66 billion in in BA in FY2000 and \$52.0 billion in FY2021. However, the shift to major expenses in dealing with immigration issues are questionable. OMB no longer attempts special study of homeland defense spending of other Departments and Agencies.**
- **No reports on the value of aid provided by allies and strategic partners.**

# *Adding the Cost of Veterans Affairs*

Today, virtually all official estimates of defense spending ignore the steadily rising costs of Veteran Affairs. The charts and tables in the PowerPoint brief show these costs are now equal to roughly one-third of the total defense budget.

The Department of Veterans Affairs reports that the final cost in the VA budget authority – after the Congressional markup – was \$243.3 billion. This reflects a long-standing tendency to raise the request to gain political visibility and show that Congress is “pro-Veteran.” The VA budget brief also states that,

The VA budget has soared nearly five-fold in the past 20 years. In fiscal 2001, the VA budget totaled \$45 billion. Ten years ago, it was about \$125 billion, a little more than half of the House-passed plan for fiscal 2021.

There are good reasons that Veterans spending in an all-volunteer force, which has been involved in continuous fighting since 2001, should increase – including the increased survival from serious wounds, growth in risk, and repeated cycles of long deployments away from family and businesses in the case of reserves.

Asking a tiny percentage of Americans to bear these risks means that they deserve suitable compensation. Furthermore, even if the high estimate of Veterans Affairs costs is used, the total cost of a revised defense budget would still be under 5% of the GDP and 20% of the federal budget – far smaller percentages than the time of the Cold War.

However, such costs still need to be managed, and such spending needs to be as efficient and limited in cost growth as possible. And, the change in the cost of this aspect of defense-related spending is striking. The tables in this section of the PowerPoint show that OMB reported the total cost in the budget authority of the President’s request for mandatory Veterans benefits and services to be \$238.809 billion. The table showing the Harrison and Daniels’ estimate of total defense spending – that includes this figure but also adds \$107.8 billion more for the Amortization of Unfunded Requirements Liabilities and \$22.4 billion for Defense Related Tax Expenditures – show the full request is actually increased by a total of \$363.0 billion.

This raises serious question about just how large direct defense spending really is. If one uses the Harrison and Daniels’ estimates,

- The Defense Department portion of the budget in FY2021 is \$716.2 billion.
- If one only adds Department of Energy nuclear weapons costs and other defense-related costs to this figure, the total rises to \$753.5 billion.
- Adding all mandatory and discretionary Veterans Affairs spending would add \$238.8 billion to \$753.5 billion. This would raise the total FY2021 direct cost of defense spending to \$992.3 billion, and it would raise the total for the revised defense 050 account by 32%.
- If one uses the total of \$753.5 for the defense 050 account – and adds \$238.8 billion for Veterans Affairs, \$101.7 billion for Amortization of Unfunded Requirements Liabilities, and \$22.5 billion for defense tax amortization – the total cost of the defense portion of the national security budget rises from \$753.5 billion for the 050 account alone to \$1,116.5 billion, a rise of 48%.

The steady rises in the costs of Veterans Affairs alone seems to demand a need for full review as part of the defense budget. Harrison and Daniels note,

Beyond the national defense budget function, other funding in the budget that is related to defense or is a consequence of defense includes veterans' benefits and services (700 budget function), the amortization of unfunded liabilities in the military retirement and health care funds, and tax expenditures for military personnel and veterans. These other defense-related items total \$363 billion in PB21. Notably, funding for veterans' benefits and services is 9.2 percent higher than the current fiscal year, adjusting for inflation, and is projected to continue growing in future years, making it one of the fastest growing areas in the overall federal budget, not including emergency supplemental funding.

The percentage differences in such cost estimates have risen from 41.9% in FY2018, and they are projected to rise to 52.0% in FY2025. This reflects a long standing tendency within the Congress to raise the request to gain political visibility and show that members are "pro-Veteran."

After providing an accurate picture of total U.S. defense budget – and its impact on federal spending and the U.S. economy – there seems to be good reasons to add Veterans Affairs spending to the total force defense alone. Certainly Veterans spending is a critical part of total national security spending. This is particularly true because the Harrison and Daniels' table shows the VA's spending rose from \$125.5 billion in FY2011 to \$243.3 billion in FY2021 – nearly doubling over a decade.

Source: Todd Harrison and Seamus P. Daniels, *An Analysis of the FY2021 Defense Budget*, Defense360°, August 20, 2020, CSIS, pp. 1-2, <http://defense360.csis.org/wp-content/uploads/2020/08/Analysis-of-the-FY-2021-Defense-Budget.pdf>.

## Figure Forty-Six: The Real U.S. Defense Budget? (Less State, USAID, Foreign Aid, and Other Civil Funding)

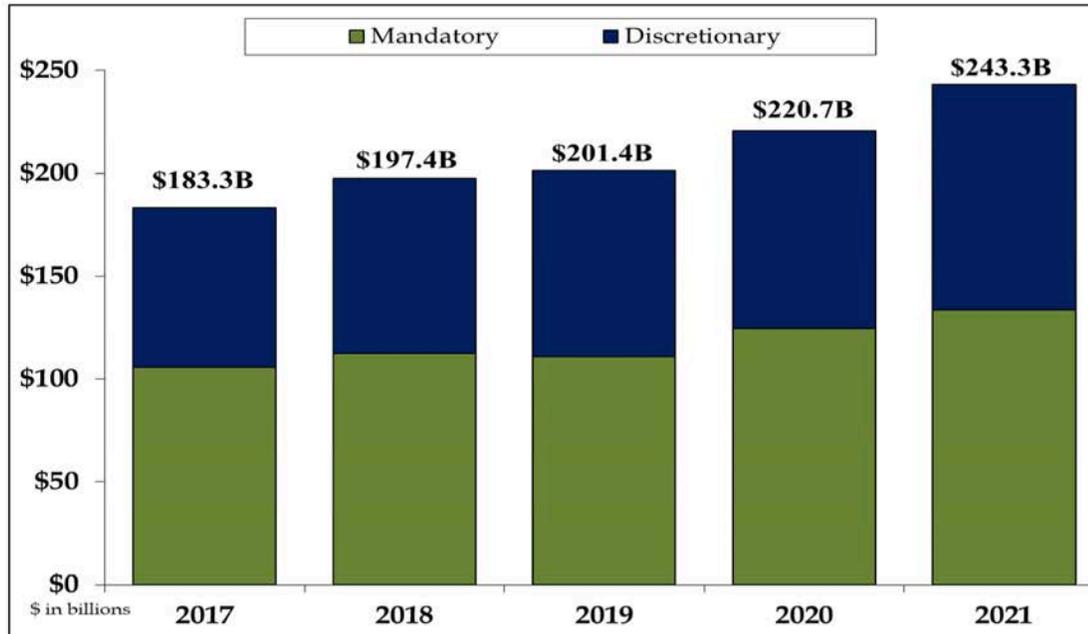
<i>(All figures in then-year dollars)</i>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
DoD (base discretionary)	\$599.7B	\$616.5B	\$633.3B	\$636.4B	\$698.4B	\$713.2B	\$733.2B	\$750.6B
DoD (base mandatory)	\$23.8B	\$24.7B	\$8.9B	\$10.8B	\$10.9B	\$11.1B	\$10.9B	\$11.1B
DoD (OCO & Emergency)	\$71.0B	\$71.4B	\$89.8B	\$69.0B	\$23.5B	\$23.9B	\$19.3B	\$17.7B
<i>Subtotal DoD (051)</i>	<i>\$694.5B</i>	<i>\$712.6B</i>	<i>\$732.0B</i>	<i>\$716.2B</i>	<i>\$732.8B</i>	<i>\$748.2B</i>	<i>\$763.5B</i>	<i>\$779.4B</i>
Atomic Energy (disc.)	\$21.8B	\$22.4B	\$24.2B	\$26.0B	\$26.6B	\$27.2B	\$27.8B	\$28.3B
Atomic Energy (mand.)	\$1.5B	\$1.6B	\$1.6B	\$1.6B	\$1.7B	\$1.6B	\$1.6B	\$1.6B
Other Defense-related (disc.)	\$8.4B	\$8.6B	\$9.2B	\$9.1B	\$10.5B	\$10.7B	\$10.7B	\$11.3B
Other Defense-related (mand.)	\$0.6B	\$0.6B	\$0.6B	\$0.6B	\$0.6B	\$0.5B	\$0.5B	\$0.5B
<i>Subtotal National Defense (050)</i>	<i>\$726.8B</i>	<i>\$745.7B</i>	<i>\$767.7B</i>	<i>\$753.5B</i>	<i>\$772.1B</i>	<i>\$788.3B</i>	<i>\$804.1B</i>	<i>\$821.2B</i>
Veterans Benefits & Svcs (disc.)	\$82.0B	\$86.9B	\$93.0B	\$105.3B	\$111.8B	\$111.8B	\$111.8B	\$111.8B
Veterans Benefits & Svcs (mand.)	\$110.4B	\$107.8B	\$121.4B	\$133.5B	\$144.0B	\$154.7B	\$165.0B	\$175.5B
<i>Subtotal Veterans Benefits &amp; Svcs (700)</i>	<i>\$192.4B</i>	<i>\$194.8B</i>	<i>\$214.4B</i>	<i>\$238.8B</i>	<i>\$255.8B</i>	<i>\$266.5B</i>	<i>\$276.8B</i>	<i>\$287.3B</i>
Amortization of Unfunded Military Retirement Liabilities	\$89.4B	\$93.7B	\$98.5B	\$101.7B	\$104.2B	\$107.6B	\$111.1B	\$114.7B
Defense-related Tax Expenditures	\$22.4B	\$21.8B	\$23.1B	\$22.5B	\$22.9B	\$23.6B	\$24.5B	\$25.4B
<b>Total Defense-related</b>	<b>\$1,031.1B</b>	<b>\$1,056.0B</b>	<b>\$1,103.7B</b>	<b>\$1,116.5B</b>	<b>\$1,155.0B</b>	<b>\$1,186.0B</b>	<b>\$1,216.4B</b>	<b>\$1,248.6B</b>
<b>Percent Increase over O50 Defense:</b>	<b>41.9%</b>	<b>41.5%</b>	<b>43.8%</b>	<b>48.2%</b>	<b>49.6%</b>	<b>50.4%</b>	<b>51.3%</b>	<b>52.0%</b>

Source: Todd Harrison and Seamus P. Daniels, *An Analysis of the FY2021 Defense Budget*, Defense360°, August 20, 2020, CSIS, pp. 1-2, <http://defense360.csis.org/wp-content/uploads/2020/08/Analysis-of-the-FY-2021-Defense-Budget.pdf>.

# Figure Forty-Seven: Veterans Affairs Estimate of the Massive Growth in Veterans Spending

(Budget Request in \$billions and Final Funding)

## FY2021 Budget Request



## Final FY2021 Budget

Under the budget approved by Congress, the fiscal 2021 budget for the department is \$243 billion, up \$3 billion from the president’s initial request earlier this year and up \$26 billion from fiscal 2020 levels.

That includes boosts projects such as the electronic medical records overhaul, whose funding nearly doubled from about \$1.5 billion last year to \$2.6 billion this year. VA officials are expected to expand the program to multiple new sites in 2021, resulting in new costs...

The VA budget has soared nearly five-fold in the past 20 years. In fiscal 2001, the VA budget totaled \$45 billion. Ten years ago, it was about \$125 billion, a little more than half of the House-passed plan for fiscal 2021.

## Appropriations History

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Mandatory	66.4	65.5	74.8	102.4	95.1	92.5	105.5	112.3	110.9	124.7	133.8
Discretionary	56.3	58.5	61.4	63.4	65.1	70.9	74.3	81.6	86.6	92.0	105.0
Medical Collections (MCCF)	2.8	2.8	2.9	3.1	3.2	3.5	3.5	3.5	3.9	3.9	4.5
<b>Total VA</b>	<b>125.5</b>	<b>126.8</b>	<b>139.1</b>	<b>168.9</b>	<b>163.5</b>	<b>166.9</b>	<b>183.3</b>	<b>197.4</b>	<b>201.4</b>	<b>220.6</b>	<b>243.3</b>

Mandatory amounts include \$15 billion provided by the Veterans Choice Act in 2014, \$2.1 billion in 2017 and \$7.3 billion in 2018.

Totals may not add due to rounding.

Source: Veteran Affairs, *Budget in Brief, FY2021*, February 2020, <https://www.va.gov/budget/docs/summary/fy2021VAbudgetInBrief.pdf> ; Leo Shane III, “VA gets big funding increase in final fiscal 2021 budget deal,” *Military Times*, December 22, 2020, <https://www.militarytimes.com/news/pentagon-congress/2020/12/22/va-gets-big-funding-increase-in-final-fiscal-2021-budget-deal/>.

# Figure Forty-Eight: OMB Estimate of Growth in Veterans Affairs Spending (Budget Request in \$billions and Final Funding: **As of February 2020**)

Net Budget Authority By Function, Category, and Program  
(In Millions of Dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>700 Veterans Benefits and Services:</b>												
<b>Mandatory:</b>												
<b>701 Income security for veterans:</b>												
National life insurance receipts	-35	-45	-36	-29	-24	-19	-15	-11	-8	-5	-3	-2
Armed Forces Retirement Home	-16	-23	-25	-35	-36	-38	-42	-41	-37	-38	-38	-38
Total, Income security for veterans	101,414	111,053	121,580	129,744	139,197	148,850	158,739	168,840	179,104	190,361	201,469	204,685
<b>702 Veterans education, training, and rehabilitation:</b>												
Readjustment benefits	9,832	14,065	12,579	14,947	16,072	16,652	17,293	17,980	18,701	19,710	20,566	21,443
Proposed Legislation (PAYGO)	--	--	--	-6	-6	-8	-8	-8	-10	-12	-28	-28
Subtotal, Readjustment benefits	9,832	14,065	12,579	14,941	16,066	16,644	17,285	17,972	18,691	19,698	20,538	21,415
All-volunteer force educational assistance trust fund and other	-141	-74	-18	-13	-11	-8	-9	1	8	15	23	31
Proposed Legislation (PAYGO)	--	--	111	95	81	69	60	51	44	38	33	29
Subtotal, All-volunteer force educational assistance trust fund and other	-141	-74	93	82	70	61	51	52	52	53	56	60
Total, Veterans education, training, and rehabilitation	9,691	13,991	12,672	15,023	16,136	16,705	17,336	18,024	18,743	19,751	20,594	21,475
<b>703 Hospital and medical care for veterans:</b>												
Veterans Choice Fund	--	-615	--	--	--	--	--	--	--	--	--	--
Total, Hospital and medical care for veterans	--	-615	--	--	--	--	--	--	--	--	--	--
<b>704 Veterans housing:</b>												
Housing program loan subsidies	-3,277	-3,003	-716	-742	-626	-596	-600	-608	-620	-634	-649	-665
Housing program loan liquidating account	-9	-7	-5	-3	-3	-2	-2	-2	--	--	--	--
Total, Veterans housing	-3,286	-3,010	-721	-745	-629	-598	-602	-610	-620	-634	-649	-665
<b>705 Other veterans benefits and services:</b>												
National homes, Battle Monument contributions and other	5	3	4	5	7	7	8	9	10	11	12	13
Total, Other veterans benefits and services	5	3	4	5	7	7	8	9	10	11	12	13
<b>Total, Mandatory</b>	<b>107,824</b>	<b>121,422</b>	<b>133,535</b>	<b>144,027</b>	<b>154,711</b>	<b>164,964</b>	<b>175,481</b>	<b>186,263</b>	<b>197,237</b>	<b>209,489</b>	<b>221,426</b>	<b>225,508</b>
<b>Total, Veterans Benefits and Services</b>	<b>194,758</b>	<b>214,419</b>	<b>238,809</b>	<b>255,847</b>	<b>266,531</b>	<b>276,784</b>	<b>287,301</b>	<b>298,082</b>	<b>309,056</b>	<b>321,308</b>	<b>333,245</b>	<b>337,327</b>

Source: OMB, FY2021 Budget Submission, Table 24-1, February 2020, [https://www.whitehouse.gov/wp-content/uploads/2020/02/24-1\\_fy21.pdf](https://www.whitehouse.gov/wp-content/uploads/2020/02/24-1_fy21.pdf).

# Figure Forty-Nine: OMB Estimate of Key Departmental National Security Spending (\$US billions)

Account and Subfunction Code		2019	Estimate										
		Actual	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Department of Defense--Military Programs by Type of Account</b>													
Total appropriation accounts	BA	714,810	723,388	718,335	734,852	750,187	765,475	781,431	781,505	781,719	781,990	782,269	782,559
	O	656,232	691,434	731,459	746,105	747,396	753,657	764,203	769,337	773,805	776,539	777,039	777,741
Total offsetting receipts accounts	BA/O	-2,240	-1,845	-2,130	-2,006	-1,973	-1,991	-2,009	-1,894	-1,864	-1,883	-1,906	-1,931
<b>Total Department of Defense--Military Programs</b>													
Total Department of Defense--Military Programs	BA	712,570	721,543	716,205	732,846	748,214	763,484	779,422	779,611	779,855	780,107	780,363	780,628
	O	653,992	689,589	729,329	744,099	745,423	751,666	762,194	767,443	771,941	774,656	775,133	775,810
<b>Department of Homeland Security by Type of Account</b>													
Total appropriation accounts	BA	73,824	78,515	66,250	66,865	68,754	69,012	69,363	69,458	69,643	69,717	69,791	70,648
	O	68,743	74,661	74,413	76,248	70,389	71,349	69,108	70,137	69,673	69,180	69,734	70,378
Total offsetting receipts accounts	BA/O	-11,057	-12,509	-14,083	-14,314	-14,753	-15,097	-15,592	-15,960	-16,483	-15,221	-15,441	-16,022
<b>Total Department of Homeland Security</b>													
Total Department of Homeland Security	BA	62,767	66,006	52,167	52,551	54,001	53,915	53,771	53,498	53,160	54,496	54,350	54,626
	O	57,686	62,152	60,330	61,934	55,636	56,252	53,516	54,177	53,190	53,959	54,293	54,356
<b>Department of State by Type of Account</b>													
Total appropriation accounts	BA	34,196	35,008	26,008	26,042	26,292	26,314	26,351	26,381	26,415	26,454	26,456	26,476
	O	31,790	36,566	30,946	29,625	27,584	26,795	26,665	26,527	26,469	26,465	26,470	26,487
Total offsetting receipts accounts	BA/O	-3,786	-4,397	-4,492	-4,510	-4,725	-4,726	-4,747	-4,730	-4,731	-4,750	-4,733	-4,733
<b>Total Department of State</b>													
Total Department of State	BA	30,410	30,611	21,516	21,532	21,567	21,588	21,604	21,651	21,684	21,704	21,723	21,743
	O	28,004	32,169	26,454	25,115	22,859	22,069	21,918	21,797	21,738	21,715	21,737	21,754

**\* Does not include Veterans programs, intelligence other than in DoD budget, defense civil programs, or all international aid.**

*The Impact of Spending by the Department of  
Homeland Security*

The next section of the PowerPoint summarizes the trends in direct spending by the Department of Homeland Security. This is one of the most diverse departments in the U.S. federal government and includes elements as diverse as the Coast Guard as well as the Cybersecurity and Infrastructure Security Agency (CISA). It's budget is well written, in spite of this diversity, and it is one of the only federal departments or agencies that actually has an annual performance report.

The first chart in the PowerPoint shows a total budget request for \$75.9 billion in budget authority in FY2021, a request for \$60.7 billion in gross discretionary budget authority and for \$49.7 billion in adjusted net budget authority.

The second raises more uncertainties about the total real cost of such activity. It displays an OMB estimate of related spending in other federal departments and agencies. OMB issues an annual analytical perspective entitled Homeland Security Funding Analysis that includes a wide range of related spending outside DHS.

The total government-wide cost in budget authority – minus the activities in the Department of Defense – increases from \$57.0 billion in FY2016 to \$61.3 billion in FY2021. The Net Non-Defense Discretionary cost of the Department of Homeland Security rises from \$45.2 billion in FY2016 to \$50.7 billion in FY2021.

Strikingly, the same OMB chart shows an FY2021 budget of only \$41.8 billion for the actual defense budget in the budget authority of the Department of Homeland Defense. This is a clear warning about the lack of any official reporting on total national security expenditures and activities.

Once again, there is no agreed way to cost the impact of this aspect of national security. For example,

- If the \$49.7 billion in adjusted net budget authority for DHS is added to the request for \$753.5 billion for the total 050 defense account, the total rises to \$803.2 billion (or by 7%).
- If the \$49.7 billion is added to the FY2021 total for both the direct cost of defense spending and Veterans Affairs, it raises the total from \$992.3 billion to 1,042.0 billion (or by 4.1%).
- If the \$49.7 billion for DHS is added to the total of \$1,116.5 billion for defense, Veterans Affairs, Amortization of Unfunded Requirements Liabilities and defense tax amortization – estimated by Harrison and Daniels – the total request rises from \$1,116.5 billion to \$1,170.7 billion (or by 4.8%).

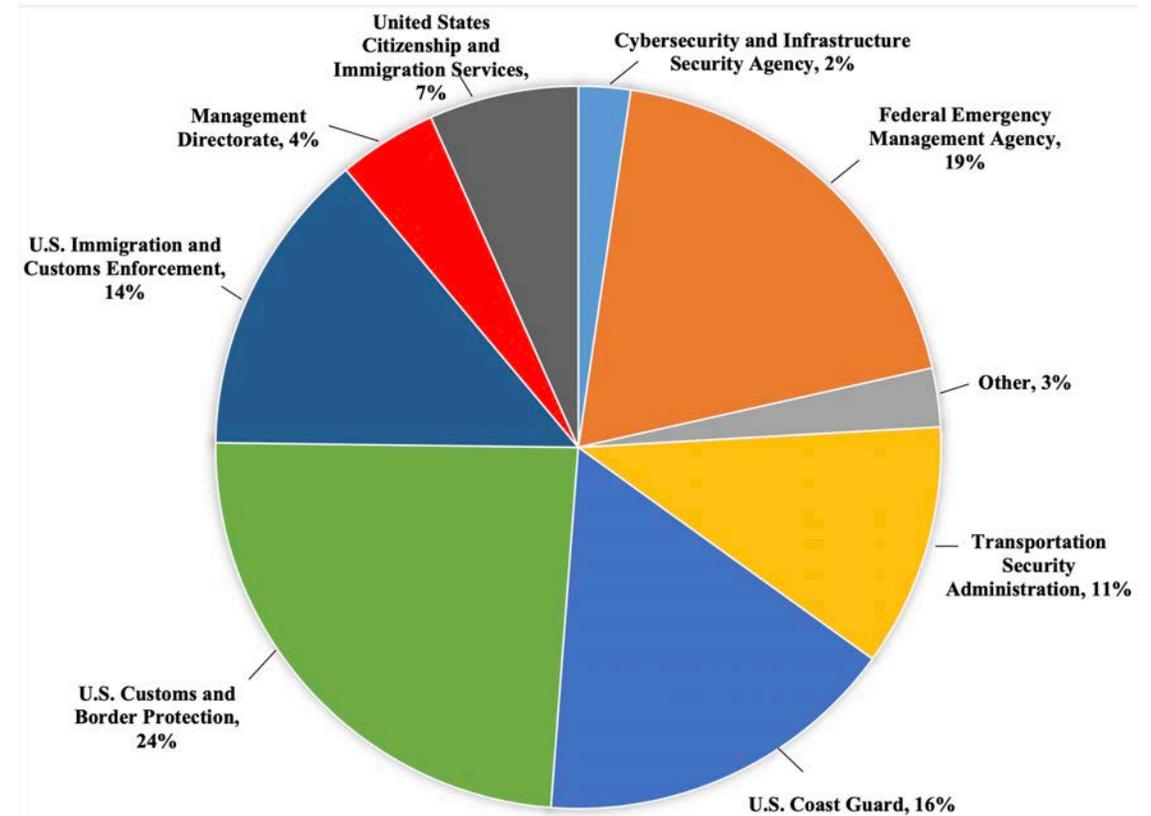
These figures only cover the FY2021 estimate by Harrison and Daniels and do not reflect the final defense bill. The full range of charts and tables in the PowerPoint show that there are many other ways such totals can be calculated, but all are far higher than \$740.5 billion often used for the final funding for the Department of Defense alone, and they help illustrate the need for some agreed estimate of total U.S. national security spending that provides a meaningful subtotal for homeland security.

# Figure Fifty: DHS FY2021 Budget Request

## Overview

## Percent of Total Budget Authority by Organization

Organization	FY 2019 Enacted	FY 2020 Enacted	FY 2021 President's Budget	FY 2020 to FY 2021 Total Changes	FY 2021 +/- FY 2020 %
<b>Total Budget Authority</b>	\$81,045,464	\$88,407,203	\$75,884,021	(\$12,523,182)	(14.2%)
Less: Mandatory, Fee, and Trust Funds	\$14,367,244	\$14,635,875	\$15,148,669	\$512,794	3.5%
<b>Gross Discretionary Budget Authority</b>	\$66,678,220	\$73,771,328	\$60,735,352	(\$13,035,976)	(17.7%)
Less: Overseas Contingency Operations (OCO)	\$165,000	\$190,000	-	(\$190,000)	(100.0%)
Less: Discretionary Offsetting Fees	\$4,799,909	\$5,009,539	\$5,889,726	\$880,187	17.6%
Less: FEMA Disaster Relief - Major Disasters	\$12,000,000	\$17,352,112	\$5,059,949	(\$12,292,163)	(70.8%)
<b>Net Discretionary Budget Authority</b>	\$49,713,311	\$51,219,677	\$49,785,677	(\$1,434,000)	(2.8%)
Less: USCIS - CHIMP Funding	\$4,000	\$4,000	\$4,000	-	-
Less: Rescissions to Prior Years Balances	\$303,311	\$753,677	\$70,000	(\$683,677)	(90.7%)
<b>Adjusted Net Discretionary Budget Authority</b>	\$49,406,000	\$50,462,000	\$49,711,677	(\$750,323)	(1.5%)



Source: DHS, FY2021 Budget in Brief: Homeland Security, February 2020, pp. 1,7  
[https://www.dhs.gov/sites/default/files/publications/fy\\_2021\\_dhs\\_bib\\_web\\_version.pdf](https://www.dhs.gov/sites/default/files/publications/fy_2021_dhs_bib_web_version.pdf).

# Figure Fifty-One: OMB Analysis of Homeland Security Funding FY2021 – I

(Budget Authority in millions of dollars)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Department of Agriculture .....	577	599	654	666	679	694
Department of Commerce .....	1,374	445	423	431	440	450
Department of Defense—Military Programs .....	13,708	14,048	14,280	14,643	14,998	15,364
Department of Health and Human Services .....	5,328	5,437	5,545	5,671	5,798	5,919
Department of the Interior .....	58	60	61	63	65	66
Department of Justice .....	4,148	4,271	4,387	4,516	4,650	4,778
Department of Labor .....	29	30	30	31	32	33
Department of State .....	4,345	2,545	2,595	2,625	2,678	2,734
Department of the Treasury .....	122	127	129	134	137	142
Social Security Administration .....	256	275	280	286	291	297
Department of Education .....	52	53	54	56	58	60
Department of Energy .....	2,047	2,092	2,129	2,168	2,220	2,264
Environmental Protection Agency .....	91	93	95	98	100	103
Department of Transportation .....	343	228	233	241	248	255
General Services Administration .....	321	321	327	333	340	347
Department of Homeland Security .....	37,601	37,712	38,595	39,630	40,686	41,810
Department of Housing and Urban Development .....	1	1	1	1	2	2
National Aeronautics and Space Administration .....	251	258	265	272	280	287
Department of Veterans Affairs .....	335	341	347	354	367	374
Executive Office of the President .....	9	9	10	10	10	11
Corps of Engineers—Civil Works .....	11	11	11	12	12	12
District of Columbia .....	13	13	13	14	14	14
Federal Communications Commission .....	2	2	2	2	2	2
National Archives and Records Administration .....	25	26	27	27	28	29
National Science Foundation .....	439	447	455	464	473	483
Nuclear Regulatory Commission .....	64	66	68	70	72	74
Securities and Exchange Commission .....	9	9	9	10	10	10
Smithsonian Institution .....	107	110	113	117	120	124
United States Holocaust Memorial Museum .....	12	12	13	13	13	14
<b>Total, Homeland Security Budget Authority .....</b>	<b>71,679</b>	<b>69,642</b>	<b>71,153</b>	<b>72,957</b>	<b>74,822</b>	<b>76,751</b>
Less Department of Defense .....	-13,708	-14,048	-14,280	-14,643	-14,998	-15,364
<b>Non-Defense Homeland Security .....</b>	<b>57,971</b>	<b>55,593</b>	<b>56,873</b>	<b>58,314</b>	<b>59,824</b>	<b>61,388</b>
Less Discretionary Fee-Funded Homeland Security Programs .....	-8,605	-6,767	-6,910	-6,999	-7,115	-7,253
Less Mandatory Homeland Security Programs .....	-4,153	-3,160	-3,159	-3,248	-3,341	-3,434
<b>Net Non-Defense Discretionary Homeland Security BA .....</b>	<b>45,213</b>	<b>45,666</b>	<b>46,804</b>	<b>48,067</b>	<b>49,368</b>	<b>50,700</b>

\* DOD homeland security funding for all years prior to 2017 reflects a revised calculation methodology (see Data Collection Methodology and Adjustments, Including the Department of Defense).

Source: OMB, Homeland Security Funding Analysis, Analytical Perspectives, FY2021, p. 355,  
[https://obamawhitehouse.archives.gov/sites/default/files/omb/budget/fy2017/assets/ap\\_22\\_homeland\\_security.pdf](https://obamawhitehouse.archives.gov/sites/default/files/omb/budget/fy2017/assets/ap_22_homeland_security.pdf).

# Figure Fifty-One: OMB Analysis of Homeland Security Funding FY2021 – II

## Department of Homeland Security

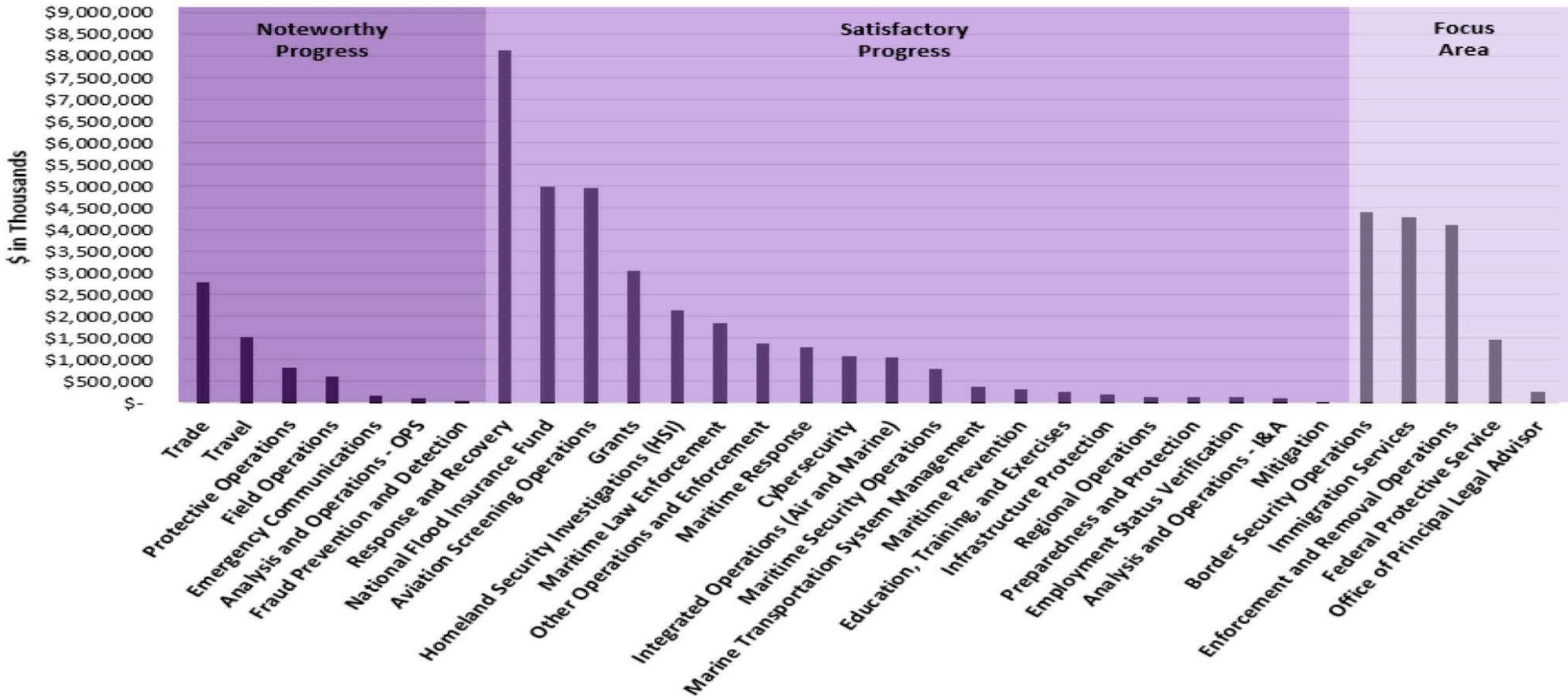
### Comparison of Budget Authority and Request

Organization (Dollars in Thousands)	FY 2019 Enacted			FY 2020 Enacted			FY 2021 President's Budget			FY 2020 to FY 2021 Total Changes		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Office of the Secretary and Executive Management <sup>1</sup>	622	570	\$141,381	658	605	\$168,808	693	635	\$150,359	35	30	(\$18,449)
Management Directorate	3,898	3,567	\$2,840,412	3,930	3,622	\$3,123,370	3,962	3,738	\$3,350,394	32	116	\$227,024
Analysis and Operations	878	841	\$253,253	897	852	\$284,141	897	853	\$312,638	-	1	\$28,497
Office of Inspector General	760	760	\$168,000	773	756	\$190,186	725	747	\$177,779	(48)	(9)	(\$12,407)
U.S. Customs and Border Protection	61,627	60,855	\$17,257,250	64,499	61,644	\$17,372,298	65,285	62,697	\$18,209,969	786	1,053	\$837,671
U.S. Immigration and Customs Enforcement	21,104	20,080	\$7,905,712	21,327	20,912	\$8,399,871	25,963	22,176	\$10,416,160	4,636	1,264	\$2,016,289
Transportation Security Administration	58,530	55,607	\$8,090,347	59,503	56,425	\$8,300,481	58,192	55,314	\$8,241,792	(1,311)	(1,111)	(\$58,689)
U.S. Coast Guard	50,160	48,810	\$12,237,046	50,753	49,412	\$12,188,870	51,170	49,856	\$12,331,137	417	444	\$142,267
U.S. Secret Service	7,650	7,359	\$2,513,159	7,777	7,647	\$2,680,845	-	-	-	(7,777)	(7,647)	(\$2,680,845)
Cybersecurity and Infrastructure Security Agency	2,469	1,976	\$1,681,757	2,675	2,158	\$2,015,622	2,698	2,235	\$1,757,798	23	77	(\$257,824)
Federal Emergency Management Agency <sup>1</sup>	5,307	10,438	\$21,643,469	5,374	11,333	\$27,310,748	5,398	12,297	\$14,533,078	24	964	(\$12,777,670)
United States Citizenship and Immigration Services <sup>2</sup>	19,470	18,498	\$4,730,177	20,398	19,380	\$4,851,219	21,055	20,003	\$5,050,549	657	623	\$199,330
Federal Law Enforcement Training Centers	1,095	1,068	\$328,819	1,108	1,081	\$351,170	1,084	1,053	\$331,479	(24)	(28)	(\$19,691)
Science and Technology Directorate	513	473	\$819,785	507	499	\$737,275	456	456	\$643,729	(51)	(43)	(\$93,546)
Countering Weapons of Mass Destruction	248	232	\$434,897	248	232	\$432,299	286	266	\$377,160	38	34	(\$55,139)
<b>Total</b>	<b>234,331</b>	<b>231,134</b>	<b>\$81,045,464</b>	<b>240,427</b>	<b>236,558</b>	<b>\$88,407,203</b>	<b>237,864</b>	<b>232,326</b>	<b>\$75,884,021</b>	<b>(2,563)</b>	<b>(4,232)</b>	<b>(\$12,523,182)</b>
Subtotal Discretionary - Appropriation	199,707	192,356	\$52,119,370	205,337	196,558	\$53,773,677	201,076	189,477	\$52,992,008	(4,261)	(7,081)	(\$781,669)
Subtotal Discretionary - Fee	1,667	1,758	\$263,941	1,367	1,367	\$276,000	1,367	1,367	\$332,332	-	-	\$56,332
Subtotal Discretionary - Offsetting Fee	2,608	2,493	\$2,129,909	2,608	2,493	\$2,179,539	2,691	2,576	\$2,351,063	83	83	\$171,524
Subtotal Discretionary - Major Disasters (DRF)	-	5,231	\$12,000,000	-	6,054	\$17,352,112	-	6,984	\$5,059,949	-	930	(\$12,292,163)
Subtotal Mandatory - Appropriation	19	19	\$2,475,969	19	19	\$2,540,055	19	19	\$2,341,243	-	-	(\$198,812)
Subtotal Mandatory - Fee	30,330	29,277	\$11,891,275	31,096	30,067	\$12,095,820	32,711	31,903	\$12,807,426	1,615	1,836	\$711,606
Subtotal Overseas Contingency Operations (OCO)	-	-	\$165,000	-	-	\$190,000	-	-	-	-	-	(\$190,000)

<sup>1</sup>Per the Consolidated Appropriations Act, 2020 (P.L. 116-93), \$10.0M was transferred from the Office of the Secretary and Executive Management (OSEM) to the Federal Emergency Management Agency (FEMA) for the Targeted Violence and Terrorism Prevention (TVTP) grant program. For the table above, the \$10.0M is reflected in FY 2020 Enacted in the FEMA Federal Assistance appropriation.

<sup>2</sup>Represents the total operating budget of U.S. Citizenship and Immigration Services for a given fiscal year.

# Figure Fifty-Two: DHS–FY 2019 Strategic Review Ratings for Each Mission Program



Source: U.S. Department of Homeland Security, FY 2019-2021 Annual Performance Report, p. 11;  
[https://www.dhs.gov/sites/default/files/publications/dhs\\_overview\\_and\\_annual\\_performance\\_report.pdf](https://www.dhs.gov/sites/default/files/publications/dhs_overview_and_annual_performance_report.pdf).

# Figure Fifty-Three: DHS–U.S. Coast Guard

*Dollars in Thousands*

	2019 Enacted		2020 Enacted		2021 President's Budget		2020 - 2021 Total Changes	
	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
Operations and Support	48,791	\$7,643,201	49,393	\$7,991,253	49,837	\$8,377,740	444	\$386,487
Procurement, Construction, and Improvements	-	\$2,248,260	-	\$1,772,506	-	\$1,637,091	-	(\$135,415)
Research and Development	-	\$20,256	-	\$4,949	-	\$5,276	-	\$327
Medicare-Eligible Retiree Health Care Fund Contribution	-	\$199,360	-	\$205,107	-	\$215,787	-	\$10,680
<b>Net Discretionary</b>	<b>48,791</b>	<b>\$10,111,077</b>	<b>49,393</b>	<b>\$9,973,815</b>	<b>49,837</b>	<b>\$10,235,894</b>	<b>444</b>	<b>\$262,079</b>
Overseas Contingency Operations	-	\$165,000	-	\$190,000	-	-	-	(\$190,000)
Offsetting Collections	-	-	-	-	-	\$4,000	-	\$4,000
<b>Gross Discretionary</b>	<b>48,791</b>	<b>\$10,276,077</b>	<b>49,393</b>	<b>\$10,163,815</b>	<b>49,837</b>	<b>\$10,239,894</b>	<b>444</b>	<b>\$76,079</b>
Retired Pay	-	\$1,739,844	-	\$1,802,309	-	\$1,869,704	-	\$67,395
Boat Safety	19	\$117,261	19	\$118,882	19	\$118,002	-	(\$880)
Maritime Oil Spill Program	-	\$101,000	-	\$101,000	-	\$101,000	-	-
Funds	-	\$2,864	-	\$2,864	-	\$2,537	-	(\$327)
<b>Total Mandatory/Fees</b>	<b>19</b>	<b>\$1,960,969</b>	<b>19</b>	<b>\$2,025,055</b>	<b>19</b>	<b>\$2,091,243</b>	<b>-</b>	<b>\$66,188</b>
<b>Total Budget Authority</b>	<b>48,810</b>	<b>\$12,237,046</b>	<b>49,412</b>	<b>\$12,188,870</b>	<b>49,856</b>	<b>\$12,331,137</b>	<b>444</b>	<b>\$142,267</b>
Less: Rescissions to Prior Year Balances	-	\$32,240	-	\$5,069	-	\$70,000	-	\$64,931
<b>Total</b>	<b>48,810</b>	<b>\$12,204,806</b>	<b>49,412</b>	<b>\$12,183,801</b>	<b>49,856</b>	<b>\$12,261,137</b>	<b>444</b>	<b>\$77,336</b>

Source: U.S. Department of Homeland Security, FY 2021 Budget in Brief, p. 42, [https://www.dhs.gov/sites/default/files/publications/fy\\_2021\\_dhs\\_bib\\_0.pdf](https://www.dhs.gov/sites/default/files/publications/fy_2021_dhs_bib_0.pdf).

# Figure Fifty-Four: OMB Estimate of Direct Security Costs in State Department Budget

(Budget Request : **As of February 2020**)

Net Budget Authority By Function, Category, and Program  
(In Millions of Dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>150 International Affairs:</b>												
<b>Discretionary:</b>												
<b>152 International security assistance:</b>												
Foreign military financing grants and loans	6,192	6,157	5,571	5,571	5,571	5,571	5,571	5,571	5,571	5,571	5,571	5,571
Economic support and development fund	3,693	2,733	5,876	5,876	5,876	5,876	5,876	5,876	5,876	5,876	5,876	5,876
Nonproliferation, antiterrorism, demining, and related programs	865	896	754	754	754	754	754	754	754	754	754	754
Other security assistance	600	570	395	395	395	395	395	395	395	395	395	395
<b>Total, International security assistance</b>	<b>11,350</b>	<b>10,356</b>	<b>12,596</b>									
Assessed contributions for international peacekeeping	1,551	1,527	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079
<b>Mandatory</b>												
<b>152 International security assistance:</b>												
Foreign military loan subsidy reestimates	--	-61	--	--	--	--	--	--	--	--	--	--
Foreign military loan liquidating account	-14	-18	-25	--	--	--	--	--	--	--	--	--
<b>Total, International security assistance</b>	<b>-14</b>	<b>-79</b>	<b>-25</b>	<b>--</b>								
<b>155 International financial programs:</b>												
Foreign military sales trust fund (net)	22,182	4,112	7,642	9,902	11,252	11,972	11,812	11,752	11,672	11,612	11,512	11,432

Source: OMB, FY2021 Budget Submission, Table 24-1, February 2020, [https://www.whitehouse.gov/wp-content/uploads/2020/02/24-1\\_fy21.pdf](https://www.whitehouse.gov/wp-content/uploads/2020/02/24-1_fy21.pdf).

# *The Impact of Spending by the Department of State*

The Department of State is sometimes seen as spending large amounts on foreign aid and as somehow decoupled from the U.S. national security community. Some small part of this isolationist criticism may be driven by the fact that it is a leading contestant for issuing the most boring and dysfunctional budget justification in the U.S. government. Its justification is even more strategy free than the Department of Defense budget, has no regional summaries of its overall policies and actions, and has the same interest as reading the annual tax return of a high-volume mortician.

In practice, however, it is an essential part of U.S. national security efforts, and it is a partner of the Department of Defense – and one with a relatively low budget request of some \$44.1 billion a year for all international affairs activity and \$40.8 billion for the State Department and U.S. aid. In FY2021, a total of \$7.7 billion was formally allocated to security assistance and direct roles in supporting U.S. defense and aid to partner and friendly states. The PowerPoint shows that the final enacted totals for FY2021 were \$44.22 billion for foreign operations, of which \$9.0 billion went to security assistance.

Seen more broadly from the growing emphasis on all-domain operations and civil military competition with China and Russia, most of its budget plays a direct role in national security. Civil foreign aid is critical to limiting the rise of extremism and terrorism, reducing the need for U.S. military intervention, reaching stable diplomatic solutions and peace agreements, as well as substituting security assistance and arms control for expenditures on military forces.

The final table and chart in this section of the PowerPoint is drawn from CRS work that does a considerably better job of justifying the existence of the State Department than the State Department actually makes for itself. It shows that the top 10 aid recipients are all key targets for aid to their civil security in order to support U.S. strategic partnerships or limit/end internal conflicts. It also warns that the Trump administration's proposed cuts in aid spending made it hard to fund effective civil-military security efforts in key regions.

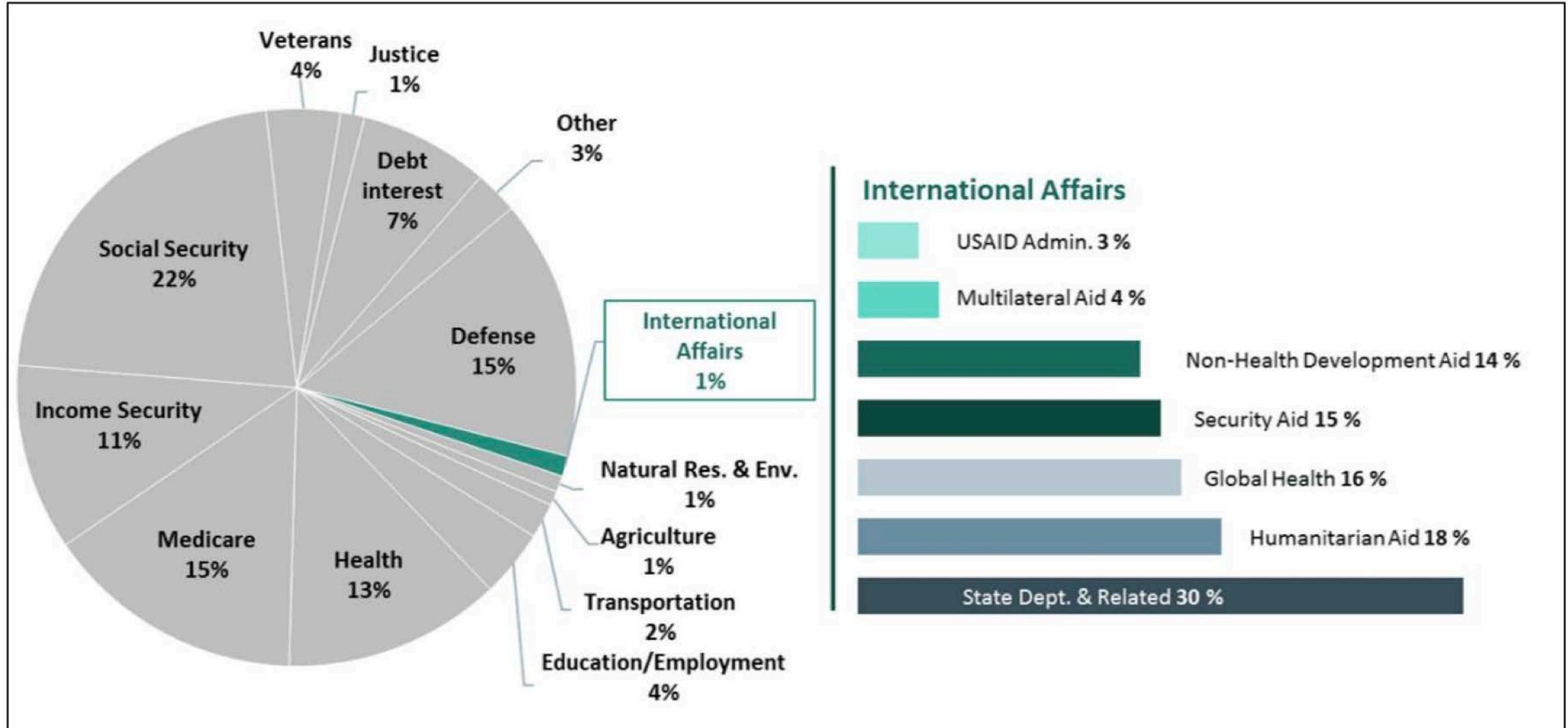
Once again, serious questions emerge as to spending in other departments and agencies. These include key aspects of the competition with China, Iran, Korea, and Russia in trade, sanctions, technology, manufacturing, and other key aspects of civil competition. Put bluntly, there is no effort within the federal government as of yet to develop a coherent picture of U.S. strategy for such competition, the plans and programs involved, or its cost. Meanwhile, many statements by senior officials seem to exaggerate the levels of success in both military and civil competition without providing any reliable analytic support for their statements.

The PowerPoint does, however, show how small of a percentage the State Department, Foreign Operations, and related programs' expenditures are of the total federal budget – only roughly 1%. Adding the State and USAID budgets to the total national security budget has only a limited impact.

- If the \$44.2 billion in the State/USAID request is added to the \$753.8 billion request for the 050 defense account and the previous net budget authority of \$49.7 billion for DHS alone, the total rises from \$803.2 billion to \$847.7 billion (or by 12.5% over the 050 defense account).
- If \$44.2 billion is added to the FY2021 total direct cost of defense spending, Veterans Affairs, and DHS, it raises the total from \$1,042.0 billion to \$1,086.2 billion (or by 4.2%).
- If \$44.2 billion is added to full total of \$1,116.5 billion for defense and Veterans Affairs – suggested by Harrison and Daniels – plus \$49.7 billion for DHS, the total rises from \$1,188.7 billion to \$1,232.9 billion (or by 3.7%).

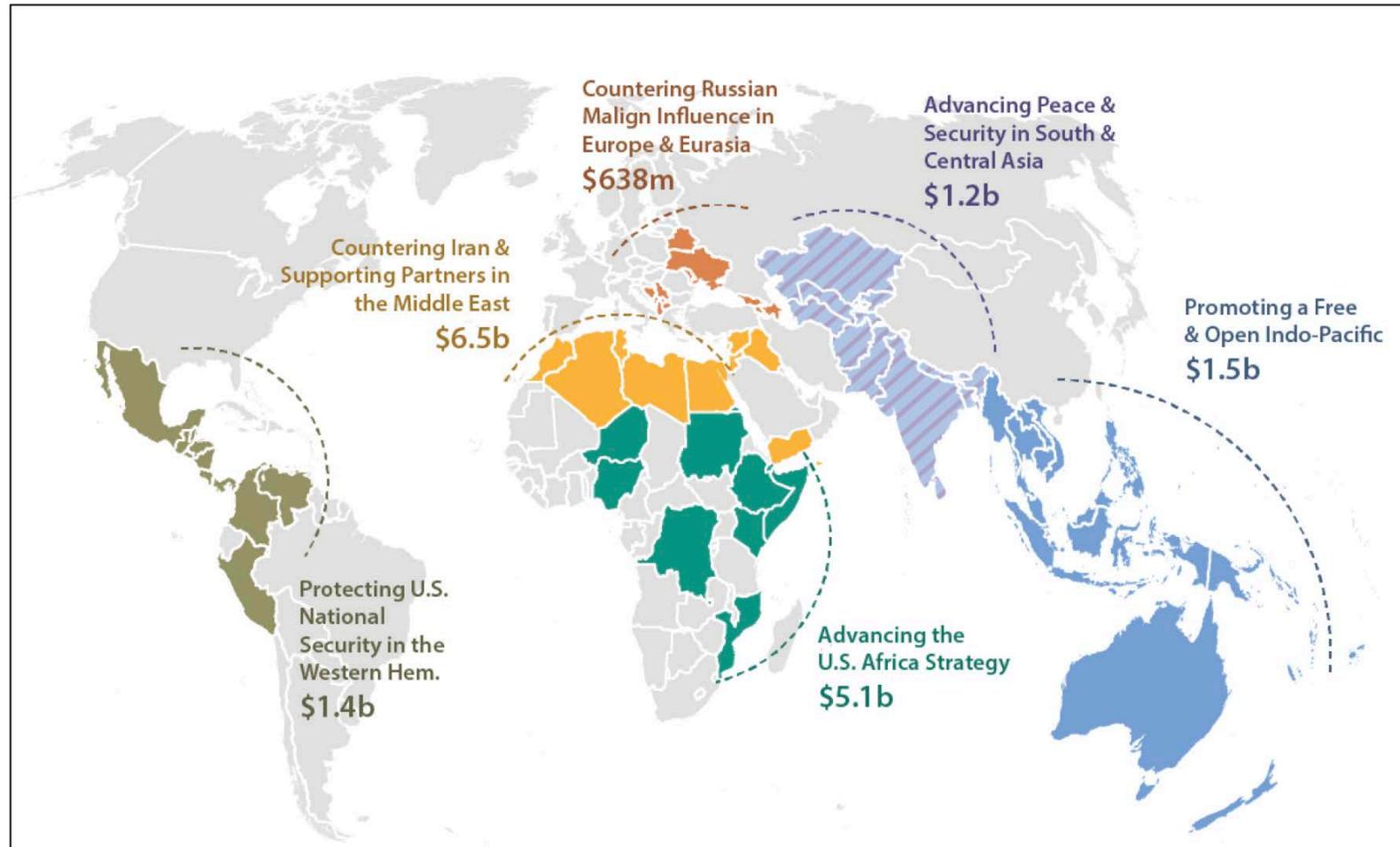
Here, the problem is not spending too much but too little. Regardless of which approach one chooses, the percentages for State seem too low to effectively implement the National Security Strategy announced under the Trump Administration, and it seems even less able to implement the focus on diplomacy that President Biden announced shortly after taking office. The balance between the military and civil sector favors the military and counterterrorism to the point where an effective whole of government approach – one that properly blends civil-military security efforts – has little more than “hole in government” funding.

# Figure Fifty-Five: State, Foreign Operations, and Related Programs (SFOPS) FY2020



Source: Department of State, *Foreign Operations, and Related Programs: FY2021 Budget and Appropriations*, CRS R46367, February 2, 2021, p. 1, <https://crsreports.congress.gov/product/pdf/R/R46367>.

# Figure Fifty-Six: State Department Regional Thematic Priorities, FY2021 Request



**Source:** Created by CRS using the Trump Administration’s FY2021 budget rollout documents presented on February 10, 2020.

Source: Department of State, *Foreign Operations, and Related Programs: FY2021 Budget and Appropriations*, CRS R46367, February 2, 2021, p. 24, <https://crsreports.congress.gov/product/pdf/R/R46367>.

# Figure Fifty-Seven: FY2021 State Department Budget Request

DIPLOMATIC ENGAGEMENT and FOREIGN ASSISTANCE REQUEST FY 2019 - FY 2021  
(\$000)

	FY 2019 Actual Enduring	FY 2019 Actual OCO	FY 2019 Actual Total	FY 2020 Estimate Enduring	FY 2020 Estimate OCO	FY 2020 Estimate Total	FY 2021 Request	Change from FY 2020 Estimate
<b>INTERNATIONAL AFFAIRS (Function 150) and International Commissions (Function 300)</b>	<b>48,475,943</b>	<b>8,000,000</b>	<b>56,475,943</b>	<b>47,939,490</b>	<b>8,000,000</b>	<b>55,939,490</b>	<b>44,052,517</b>	<b>(11,886,973)</b>
<b>INTERNATIONAL AFFAIRS (Function 150 Account) Only</b>	<b>48,334,500</b>	<b>8,000,000</b>	<b>56,334,500</b>	<b>47,776,694</b>	<b>8,000,000</b>	<b>55,776,694</b>	<b>43,908,410</b>	<b>(11,868,284)</b>
<b>Total - State Department and USAID (including 300)</b>	<b>44,567,542</b>	<b>8,000,000</b>	<b>52,567,542</b>	<b>44,505,402</b>	<b>8,000,000</b>	<b>52,505,402</b>	<b>40,832,877</b>	<b>(11,672,525)</b>
<b>International Security Assistance</b>	<b>8,575,075</b>	<b>554,585</b>	<b>9,129,660</b>	<b>8,176,825</b>	<b>837,122</b>	<b>9,013,947</b>	<b>7,729,655</b>	<b>(1,284,292)</b>
International Narcotics Control and Law Enforcement (INCLE)	1,497,469	-	1,497,469	1,391,000	-	1,391,000	1,010,280	(380,720)
International Narcotics Control and Law Enforcement (INCLE) (PY Unobligated Balance Recission)	(12,420)	-	(12,420)	-	-	-	-	-
Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)	864,550	-	864,550	895,750	-	895,750	753,550	(142,200)
Peacekeeping Operations (PKO)	163,457	325,213	488,670	132,135	325,213	457,348	290,000	(167,348)
International Military Education and Training (IMET)	110,778	-	110,778	112,925	-	112,925	104,925	(8,000)
Foreign Military Financing (FMF)	5,962,241	229,372	6,191,613	5,645,015	511,909	6,156,924	5,570,900	(586,024)
Foreign Military Financing (FMF) (PY Unobligated Balance Recission)	(11,000)	-	(11,000)	-	-	-	-	-
<b>FOREIGN OPERATIONS</b>	<b>34,455,109</b>	<b>3,935,433</b>	<b>38,390,542</b>	<b>33,530,982</b>	<b>4,052,457</b>	<b>37,583,439</b>	<b>30,088,864</b>	<b>(7,494,575)</b>
<b>U.S Agency for International Development</b>	<b>1,516,408</b>	<b>158,067</b>	<b>1,674,475</b>	<b>1,663,046</b>	<b>-</b>	<b>1,663,046</b>	<b>1,591,747</b>	<b>(71,299)</b>
USAID Operating Expenses (OE)	1,214,808	158,067	1,372,875	1,377,246	-	1,377,246	1,311,866	(65,380)
USAID Capital Investment Fund (CIF)	225,000	-	225,000	210,300	-	210,300	205,000	(5,300)
USAID Inspector General Operating Expenses	76,600	-	76,600	75,500	-	75,500	74,881	(619)
<b>Bilateral Economic Assistance</b>	<b>21,277,919</b>	<b>3,222,781</b>	<b>24,500,700</b>	<b>21,043,654</b>	<b>3,215,335</b>	<b>24,258,989</b>	<b>18,302,780</b>	<b>(5,956,209)</b>
Global Health Programs (USAID and State)	8,869,950	-	8,869,950	9,092,450	-	9,092,450	5,997,966	(3,094,484)
Global Health Programs - USAID <sup>2</sup>	[3,149,950]	-	[3,149,950]	[3,162,450]	-	[3,162,450]	[2,160,100]	[-1,002,350]
Global Health Programs - State	[5,720,000]	-	[5,720,000]	[5,930,000]	-	[5,930,000]	[3,837,866]	[-2,092,134]
Development Assistance (DA)	3,000,000	-	3,000,000	3,400,000	-	3,400,000	-	(3,400,000)
International Disaster Assistance (IDA)	3,801,034	584,278	4,385,312	2,661,382	1,733,980	4,395,362	-	(4,395,362)
Transition Initiatives (TI)	30,000	62,043	92,043	92,043	-	92,043	112,000	19,957
Complex Crises Fund (CCF)	30,000	-	30,000	30,000	-	30,000	-	(30,000)
Complex Crises Fund (CCF) (PY Unobligated Balance Recission)	-	-	-	-	(40,000)	(40,000)	-	40,000
Development Credit Authority - Subsidy (DCA)	[55,000]	[-]	[55,000]	[-]	[-]	[-]	[-]	[-]
Development Credit Authority - Administrative Expenses	10,000	-	10,000	-	-	-	-	-
Economic Support and Development Fund (ESDF)	-	-	-	-	-	-	5,925,600	5,925,600
Estimated Transfer of ESDF to Development Finance Corporation (DFC)	[-]	[-]	[-]	[-50,000]	[-]	[-50,000]	[-50,000]	-
Economic Support Fund (ESF) <sup>3</sup>	2,520,525	1,172,336	3,692,861	3,045,000	-	3,045,000	-	(3,045,000)
Economic Support Fund (ESF) (PY Unobligated Balance Recission)	-	-	-	(232,000)	-	(232,000)	-	232,000
Democracy Fund	227,200	-	227,200	273,700	-	273,700	-	(273,700)
Assistance for Europe, Eurasia & Central Asia (AEECA)	760,334	-	760,334	770,334	-	770,334	-	(770,334)
Migration and Refugee Assistance (MRA)	2,027,876	1,404,124	3,432,000	1,910,645	1,521,355	3,432,000	299,214	(3,132,786)
International Humanitarian Assistance (IHA)	-	-	-	-	-	-	5,968,000	5,968,000
U.S. Emergency Refugee and Migration Assistance (ERMA)	1,000	-	1,000	100	-	100	-	(100)

Source: Excerpted from Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, FY2021, February 10, 2020, <https://www.state.gov/wp-content/uploads/2020/02/FY-2021-CBJ-Final-508compliant.pdf>.

## Figure Fifty-Eight: Foreign Operations, by Type, FY2019-FY2021

(In billions of U.S. dollars)

Type	FY2019 Actual	FY2020 Enacted	FY2021 Request	% change, FY20 enacted to FY21 request	FY2021 House	FY2021 Enacted	% change, FY20 enacted to FY21 enacted
<b>USAID Administration</b>	1.67	1.76	1.59	-9.5%	1.79	1.71	-2.71%
<b>Global Health Programs</b>	8.87	9.53	6.00	-37.1%	11.66	13.20	38.50%
<b>Non-Health Development Assistance</b> (includes Treasury TA, excludes ind. agencies)	8.10	8.13	6.15	-24.3%	11.47	8.89	9.35%
<b>Humanitarian Assistance</b>	7.82	8.74	6.27	-28.3%	10.08	7.83	-10.39%
<b>Independent Agencies</b>	1.37	1.47	1.21	-17.9%	1.41	1.39	-5.46%
<b>Security Assistance</b>	9.15	9.01	7.73	-14.2%	9.02	9.00	-0.11%
<b>Multilateral Assistance</b>	1.85	2.08	1.48	-28.9%	3.32	2.04	-1.99%
<b>Export Promotion</b>	-0.16	-0.02	-0.34	1379.3%	-1.00	0.16	-797.37%
<b>Foreign Operations Total</b>	<b>40.39</b>	<b>40.70</b>	<b>30.09</b>	<b>-26.1%</b>	<b>48.64</b>	<b>44.22</b>	<b>8.67%</b>

**Sources:** P.L. 116-260; H.R. 7608; FY2021 SFOPS CBJ; P.L. 116-94; P.L. 116-123; P.L. 116-136; CRS calculations.

**Notes:** FY2020-enacted includes funds from the first and third supplemental appropriations for the novel coronavirus (P.L. 116-123 and, respectively). Export promotion totals are negative because offsetting collections from the Export-Import Bank and the Development Finance Corporation are anticipated to exceed appropriations, as they have in past years, resulting in a net budget gain.

# Figure Fifty-Nine: State Department Security Assistance Account, FY2019- FY2021

(In billions of U.S. dollars)

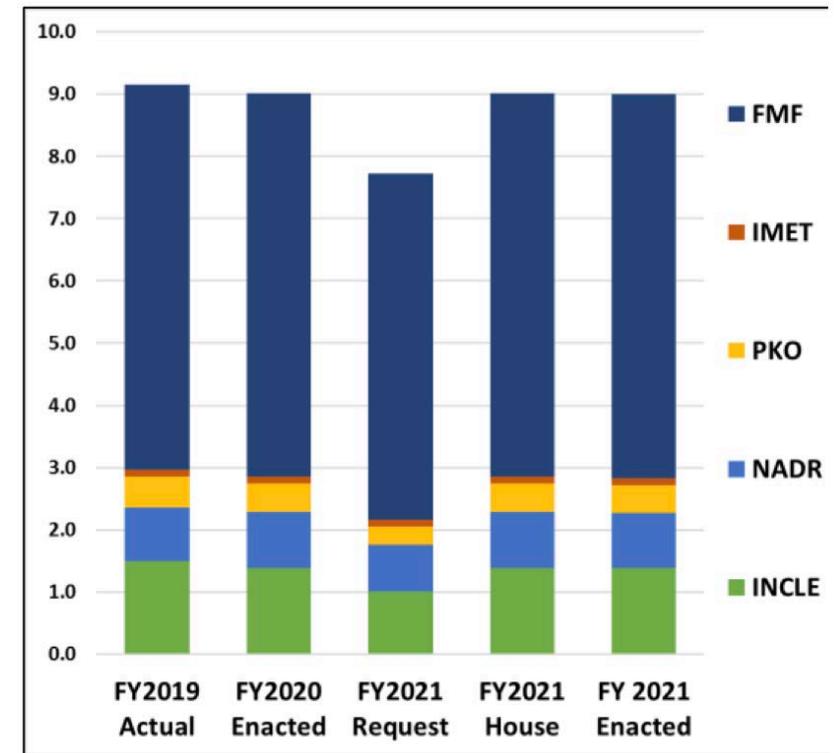
The Trump Administration requested \$7.73 billion in international security assistance for FY2021, an increase of 4.3% from the FY2020 request and 14.3% below the FY2020-enacted level. The greatest cuts to security assistance accounts would have been to Peacekeeping Operations (PKO, -36.6%) and International Military Education and Training (IMET, -27.4%).

Consistent with prior year requests and appropriations, the majority of security assistance (\$5.19 billion) would have been for Foreign Military Financing (FMF) to the Middle East, including \$3.30 billion in grants to Israel.

As in the Trump Administration’s past three budget proposals, the FY2021 request sought flexibility to provide FMF assistance through a combination of grants and loans, including loan guarantees, rather than the current use of FMF on an almost exclusive grant basis.

The Administration asserted that this authority would both “expand the tools available to the United States to help NATO and Major-Non NATO allies, purchase more American-made defense equipment and related services” and “increase burden sharing by asking these partners to contribute more national funds to foreign military sales cases.”

The House legislation included \$9.02 billion in security assistance, which was essentially level with FY2020 enacted funding but represented a 16.6% increase from the Trump Administration’s proposal. The enacted omnibus legislation provided \$9.00 billion in security assistance, a slight decrease from FY2020 enacted funding but a 10.9% increase from the Administration’s request.



Source: Department of State, *Foreign Operations, and Related Programs: FY2021 Budget and Appropriations*, CRS R46367, February 2, 2021, p. 14, <https://crsreports.congress.gov/product/pdf/R/R46367>.

## Figure Sixty: FY2021 State Department Ends OCO Request

\$ in Thousands	FY 2019	FY 2020	FY 2021	Increase /
	Actual	Estimate	Request	Decrease
<b>Administration of Foreign Affairs</b>	<b>2,979,671</b>	<b>2,862,647</b>	-	<b>-2,862,647</b>
<b>State Programs</b>	<b>2,924,771</b>	<b>2,626,122</b>	-	<b>-2,626,122</b>
<b>Diplomatic Programs</b>	<b>2,924,771</b>	<b>2,626,122</b>	-	<b>-2,626,122</b>
Ongoing Operations	599,849	-	-	-
Worldwide Security Protection	2,626,122	2,626,122	-	-2,626,122
Worldwide Security Protection (PY Unobligated Balance Re	(301,200)	-	-	-
<b>Embassy Security, Construction, and Maintenance</b>	-	<b>181,625</b>	-	<b>-181,625</b>
Ongoing Operations	-	-	-	-
Worldwide Security Upgrades	-	424,087	-	-424,087
Worldwide Security Upgrades (PY Unobligated Balance Re	-	-242,462	-	242,462
<b>Other Administration of Foreign Affairs</b>	<b>54,900</b>	<b>54,900</b>	-	<b>-54,900</b>
Office of Inspector General	54,900	54,900	-	-54,900
<b>International Organizations</b>	<b>1,084,896</b>	<b>1,084,896</b>	-	<b>-1,084,896</b>
Contribution to International Organizations	96,240	96,240	-	-96,240
Contributions for International Peacekeeping Activities	988,656	988,656	-	-988,656
<b>Total, Department of State Appropriations</b>	<b>4,064,567</b>	<b>3,947,543</b>	-	<b>-3,947,543</b>

Source: Excerpted from Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, FY2021, February 10, 2020, p. 9, <https://www.usaid.gov/sites/default/files/documents/9276/FY-2021-CBJ-Final.pdf>.

# Figure Sixty-One: FY2021 State Department Foreign Military Financing

(\$ in thousands)	FY 2019 Actual			FY 2020 Request	FY 2020 Estimate			FY 2021 Request
	Enduring	OCO	Total		Enduring	OCO	Total	
<b>FMF Total</b>	<b>5,962,241</b>	<b>229,372</b>	<b>6,191,613</b>	<b>5,370,900</b>	<b>5,645,015</b>	<b>511,309</b>	<b>6,156,324</b>	<b>5,570,900</b>
<b>Africa</b>	5,000	-	5,000	5,000	*	-	-	5,000
Djibouti	5,000	-	5,000	5,000	*	-	-	5,000
<b>East Asia and Pacific</b>	99,000	2,000	101,000	120,900	*	-	-	85,900
Indonesia	14,000	-	14,000	-	*	-	-	-
Mongolia	3,000	-	3,000	-	*	-	-	-
Philippines	40,000	-	40,000	45,900	*	-	-	40,000
Vietnam	12,000	-	12,000	45,000	*	-	-	10,900
State East Asia and Pacific Regional	30,000	2,000	32,000	30,000	*	-	-	35,000
<b>Europe and Eurasia</b>	211,316	186,372	397,688	75,000	*	-	-	170,000
Bulgaria	-	7,500	7,500	-	*	-	-	-
Estonia	8,000	-	8,000	5,000	*	-	-	5,000
Georgia	35,000	-	35,000	20,000	*	-	-	20,000
Montenegro	-	5,000	5,000	-	*	-	-	-
Kosovo	-	5,000	5,000	-	*	-	-	-
Latvia	8,000	-	8,000	5,000	*	-	-	5,000
Lithuania	8,000	-	8,000	5,000	*	-	-	5,000
North Macedonia	-	5,000	5,000	-	*	-	-	-
Romania	-	12,500	12,500	-	*	-	-	-
Ukraine	115,000	-	115,000	20,000	*	-	-	115,000
Europe and Eurasia Regional	37,316	151,372	188,688	20,000	*	-	-	20,000
<b>Near East</b>	5,475,000	-	5,475,000	5,040,000	*	-	-	5,190,000
Egypt	1,300,000	-	1,300,000	1,300,000	*	-	-	1,300,000
Iraq	250,000	-	250,000	-	*	-	-	-
Israel	3,300,000	-	3,300,000	3,300,000	*	-	-	3,300,000
Jordan	425,000	-	425,000	350,000	*	-	-	500,000
Lebanon	105,000	-	105,000	50,000	*	-	-	50,000
Morocco	10,000	-	10,000	-	*	-	-	-
Tunisia	85,000	-	85,000	40,000	*	-	-	40,000
<b>South and Central Asia</b>	19,100	-	19,100	30,000	*	-	-	30,000
Bangladesh	1,500	-	1,500	-	*	-	-	-
Maldives	400	-	400	-	*	-	-	-
Nepal	1,700	-	1,700	-	*	-	-	-
Sri Lanka	500	-	500	-	*	-	-	-
Central Asia Regional	5,000	-	5,000	-	*	-	-	-
State South and Central Asia Regional	10,000	-	10,000	30,000	*	-	-	30,000
<b>Western Hemisphere</b>	82,825	-	82,825	30,000	*	-	-	20,000
Colombia	38,525	-	38,525	20,000	*	-	-	20,000
Costa Rica	7,500	-	7,500	-	*	-	-	-
Mexico	5,000	-	5,000	-	*	-	-	-
Peru	1,800	-	1,800	-	*	-	-	-
State Western Hemisphere Regional	30,000	-	30,000	10,000	*	-	-	-
<b>Other Funding</b>	-	41,000	41,000	-	*	-	-	-
The Relief and Recovery Fund (RRF)	-	25,000	25,000	-	*	-	-	-
To Be Programmed	-	16,000	16,000	-	*	-	-	-
<b>PM - Political-Military Affairs</b>	70,000	-	70,000	70,000	*	-	-	70,000
PM - FMF Administrative Expenses	70,000	-	70,000	70,000	*	-	-	70,000

Source: Excerpted from Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, FY2021, February 10, 2020, p. 133, <https://www.usaid.gov/sites/default/files/documents/9276/FY-2021-CBJ-Final.pdf>.

# Figure Sixty-Two: State Department Aid Recipients, FY2021 Request

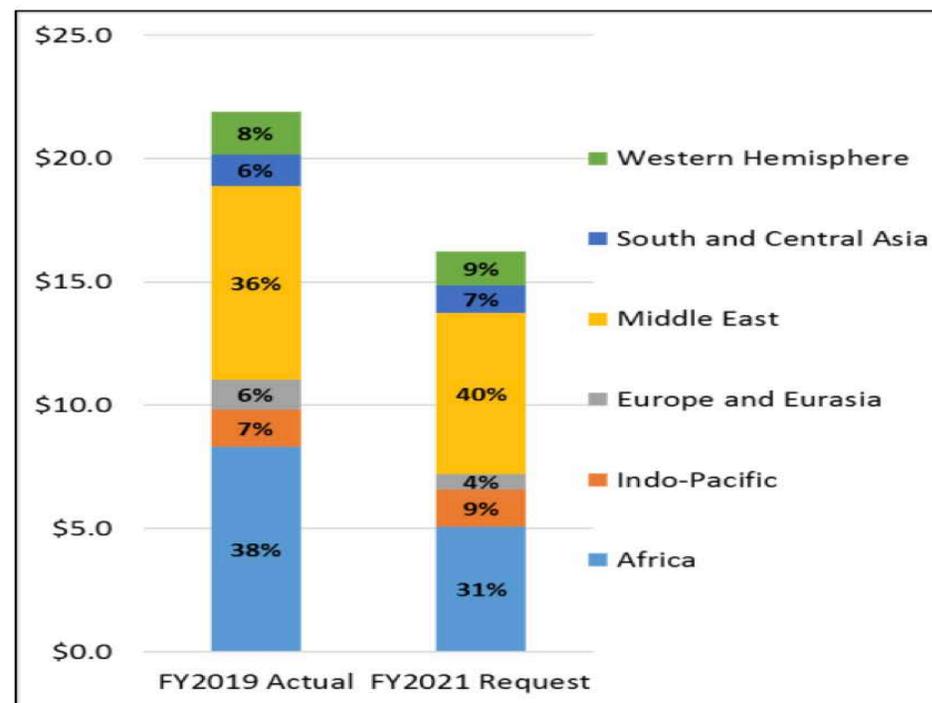
**Top Aid Recipients by Country, FY2019 Actual and FY2021 Request**  
(In millions of current U.S. dollars)

FY2019 Actual		FY2021 Request	
Israel	\$3,300.0	Israel	\$3,300.0
Jordan	\$1,525.0	Egypt	\$1,400.0
Egypt	\$1,419.3	Jordan	\$1,300.0
South Africa	\$735.0	Nigeria	\$472.1
Nigeria	\$658.5	Mozambique	\$456.5
Uganda	\$487.4	Colombia	\$412.9
Afghanistan	\$476.5	Afghanistan	\$371.8
Iraq	\$451.5	Kenya	\$330.4
Ukraine	\$445.7	Tanzania	\$328.7
Zambia	\$442.9	Ukraine	\$316.9

**Sources:** FY2021 SFOPS CBJ; FY2019 653(a) allocation charts provided by the State Department.

**Note:** This reflects only assistance that is requested at the country or regional level, not funds for global activities or humanitarian funds.

**Proportional Aid, by Region, FY2019 Actual and FY2021 Request**  
(In billions of current U.S. dollars)



**Source:** FY2021 SFOPS CBJ.

*The Impact of Spending by the Intelligence  
Community*

The intelligence community is the final part of the federal budget that clearly needs to be included in any total of direct national security expenditures. Here, a long history of gross over-classification still limits the data available. Progress has been made in reducing the classification of intelligence data to the point where given agencies are clearly identified, but no official data are available on their individual budgets – although the chance of zero leakage to major hostile powers is zero, and the broad total budgets/gross functional cost breakouts by agency do not represent a credible classification issue.

This lack of detail may have been harmless in the past, but it will make it even more difficult to assess civil spending on national security or to know whether funding for cyber, all-domain warfare, artificial intelligence, space, and strategic partners is adequate. The U.S. should not risk critical data on intelligence sources and means, but no one can dismiss Alain Einthoven’s comment on intelligence back in the early 1960s: after a long battle to fully examine all the data that DIA then held on Russian forces: “We lifted up the fig leaf and there was nothing there.”

Today, the problem often seems to be far more a lack of leadership at the White House level; a lack of focus on a real strategy; a failure to produce an updated, unclassified threat assessment; and a lack of willingness to use net assessments to support strategy, plans, programs, and budgets. Nevertheless, intelligence is a key aspect of national security, and it deserves as much transparency and examination of its funding needs just as much as the other elements of the U.S. national security effort.

This means that the total cost of the intelligence community’s activities, and not just the Military Intelligence Program (MIP), should be added to the national security total:

- If the \$38.8 billion in the non-defense parts of the intelligence community budget is added to the \$753.8 billion request for the 050 defense account along with the net budget authority of \$49.7 billion for DHS as well as the \$44.2 billion in the State/USAID request, the total rises from \$847.7 billion to \$886.5 billion (or by 4.5%).
- If \$38.8 billion is added to the FY2021 total direct cost of defense spending and Veterans Affairs – plus DHS and State – it raises the total to \$1,086.2 billion (or by 4.2%). It would be 18% higher than the defense 050 account alone.
- If \$38.8 billion is added to the full total of \$1,116.5 billion for defense, Veterans Affairs, and other related defense spending – suggested by Harrison and Daniels – along with the \$49.7 billion for DHS and \$44.7 billion for State, the total rises from \$1,188.7 billion to \$1,232.9 billion (or by 3.7%).

# Figure Sixty-Three: FY2021 ODNI Intelligence Budget Request

## ODNI Press Release

NEWS RELEASE

FOR IMMEDIATE RELEASE  
ODNI News Release No. 05-20  
Feb. 11, 2020

### A/DNI Releases FY 2021 Budget Request Figure for the National Intelligence Program

WASHINGTON, D.C. – The Acting Director of National Intelligence (A/DNI) is disclosing the aggregate amount of \$61.9 billion in requested appropriations for the Fiscal Year 2021 National Intelligence Program (NIP).

The A/DNI discloses this amount consistent with section 601 of the Implementing the Recommendations of the 9/11 Commission Act of 2007 (P.L. 110-53), as amended (50 U.S.C. 3306).

Any and all subsidiary information concerning the NIP budget, whether the information concerns particular intelligence agencies or particular intelligence programs, will not be disclosed. Beyond the disclosure of the NIP topline figure, there will be no other disclosures of currently classified NIP budget information because such disclosures could harm national security.

The only exceptions to the foregoing are for unclassified appropriations, such as for the Intelligence Community Management Account.

For further details on mark up, see <https://www.congress.gov/116/crpt/hrpt565/CRPT-116hrpt565.pdf>, and <https://www.intelligence.senate.gov/publications/intelligence-authorization-act-fiscal-year-2021>. **Senate version refers to Director of National Intelligence (ODNI), Central Intelligence Agency (CIA), National Reconnaissance Office (NRO), Defense Intelligence Agency (DIA), NSA, and National Geospatial- Intelligence Agency (NGA) plus various Departments.**

Source: <https://www.dni.gov/index.php/newsroom/press-releases/item/2097-a-dni-releases-fy-2021-budget-request-figure-for-the-national-intelligence-program>, and <https://www.defense.gov/Newsroom/Releases/Release/Article/2080605/department-of-defense-releases-2021-military-intelligence-program-budget-request/>.

## DoD Press Release

IMMEDIATE RELEASE

# Department of Defense Releases 2021 Military Intelligence Program Budget Request

FEB. 11, 2020



The Department of Defense released today the Military Intelligence Program (MIP) top line budget request for Fiscal Year 2021. The total, which includes both the base budget and Overseas Contingency Operations funding, is \$23.1 billion and is aligned to support the 2018 National Defense Strategy.

The department determined that releasing this top line figure does not jeopardize any classified activities within the MIP. No other MIP budget figures or program details will be released, as they remain classified for national security reasons.

## Figure Sixty-Four: U.S. Intelligence Community Budget - I

FISCAL YEAR	NIP BUDGET REQUESTED	NIP BUDGET APPROPRIATED	MIP BUDGET REQUESTED	MIP BUDGET APPROPRIATED	TOTAL APPROPRIATED
2020	\$62.8 Billion <sub>1</sub>	\$62.7 Billion	\$23.0 Billion	\$23.1 Billion	\$85.8 Billion
2019	\$59.9 Billion <sub>2</sub>	\$60.2 Billion <sub>3</sub>	\$21.2 Billion	\$21.5 Billion	\$81.7 Billion
2018	\$57.7 Billion <sub>4</sub>	\$59.4 Billion	\$20.7 Billion	\$22.1 Billion	\$81.5 Billion
2017	\$54.9 Billion <sub>5</sub>	\$54.6 Billion	\$18.5 Billion	\$18.4 Billion	\$73.0 Billion
2016	\$53.9 Billion	\$53.0 Billion	\$17.9 Billion	\$17.7 Billion	\$70.7 Billion
2015	\$50.4 Billion	\$50.3 Billion	\$16.6 Billion	\$16.5 Billion	\$66.8 Billion
2014	\$52.2 Billion	\$50.5 Billion	\$14.6 Billion	\$17.4 Billion	67.9 Billion
2013	\$52.6 Billion	\$49.0 Billion <sub>6</sub>	\$19.2 Billion	\$18.6 Billion <sub>7</sub>	67.6 Billion
2012	\$55.0 Billion	\$53.9 Billion	---	\$21.5 Billion	75.4 Billion
2011	---	\$54.6 Billion	---	\$24.0 Billion	78.6 Billion
2010	---	\$53.1 Billion	---	\$27.0 Billion	80.1 Billion
2009	---	\$49.8 Billion	---	\$26.4 Billion	76.2 Billion
2008	---	\$47.5 Billion	---	\$22.9 Billion	70.4 Billion
2007	---	\$43.5 Billion	---	\$20.0 Billion	63.5 Billion
2006	---	\$40.9 Billion <sub>8</sub>	---	---	---

Note: The U.S. intelligence budget has *two major components: the National Intelligence Program and the Military Intelligence Program*. The *National Intelligence Program* includes all programs, projects and activities of the intelligence community as well as any other intelligence community programs designated jointly by the DNI and the head of department or agency, or the DNI and the President. The *MIP is devoted to intelligence activity conducted by the military departments and agencies in the Department of Defense* that support tactical U.S. military operations. In addition, other departments and agencies may engage in certain activities related to intelligence for their own mission needs that are not captured here.

# Figure Sixty-Four: U.S. Intelligence Community Budget - II

1. The updated aggregate amount of FY 2020 appropriations requested for the NIP is \$62.8 billion.
2. The updated aggregate amount of FY 2019 appropriations requested for the NIP is \$59.9 billion.
3. The updated aggregate amount of FY 2019 appropriations appropriated for the NIP is \$60.2 billion.
4. The updated aggregate amount of FY 2018 appropriations requested for the NIP is \$57.7 billion.
5. The updated aggregate amount of FY 2017 appropriations requested for the NIP is \$54.9 billion.
6. The aggregate amount appropriated to the NIP for Fiscal Year 2013 was \$52.7 billion, which was reduced by sequestration to \$49.0 billion.
7. The aggregate amount appropriated to the MIP for Fiscal Year 2013 was \$19.2 billion, which was reduced by sequestration to \$18.6 billion.
8. Prior to 2007 there was no statutory requirement to publish the NIP appropriated topline figure.

## **Disclosure of Appropriated Funds**

One of the recommendations of the 9/11 Commission was for the Intelligence Community to declassify its budget. This recommendation was enacted in 2007 by section 601 of the Implementing Recommendations of the 9/11 Commission Act ([Public Law 110-53](#)). This law established the requirement for the Director of National Intelligence to disclose the "aggregate amount of funds appropriated by Congress" for the NIP within 30 days of the end of the fiscal year.

## **Disclosure of Requested Funds**

The National Intelligence Program budget request was first publicly disclosed in February 2011, pursuant to a requirement enacted by Congress in Section 364 of the Intelligence Authorization Act for Fiscal Year 2010. The Military Intelligence Program budget request was first released in February 2012.

The updated aggregate amount of FY 2020 appropriations requested for the NIP is \$62.8 billion.

# Figure Sixty-Five: U.S. Intelligence Community - I

The U.S. Intelligence Community is composed of the following 18 organizations:

Two independent agencies—the Office of the Director of National Intelligence (ODNI) and the Central Intelligence Agency (CIA);

Nine Department of Defense elements—the Defense Intelligence Agency (DIA), the National Security Agency (NSA), the National Geospatial- Intelligence Agency (NGA), the National Reconnaissance Office (NRO), and intelligence elements of the five DoD services; the Army, Navy, Marine Corps, Air Force, and Space Force.

Seven elements of other departments and agencies—the Department of Energy’s Office of Intelligence and Counter-Intelligence; the Department of Homeland Security’s Office of Intelligence and Analysis and U.S. Coast Guard Intelligence; the Department of Justice’s Federal Bureau of Investigation and the Drug Enforcement Agency’s Office of National Security Intelligence; the Department of State’s Bureau of Intelligence and Research; and the Department of the Treasury’s Office of Intelligence and Analysis

[Air Force Intelligence](#)

[Army Intelligence](#)

[Central Intelligence Agency](#)

[Coast Guard Intelligence](#)

[Defense Intelligence Agency](#)

[Department of Energy](#)

[Department of Homeland Security](#)

[Department of State](#)

[Department of the Treasury](#)

[Drug Enforcement Administration](#)

[Federal Bureau of Investigation](#)

[Marine Corps Intelligence](#)

[National Geospatial-Intelligence Agency](#)

[National Reconnaissance Office](#)

[National Security Agency](#)

[Navy Intelligence](#)

[Space Force Intelligence](#)

**Air Force Intelligence:** The U.S. Air Force Intelligence, Surveillance, and Reconnaissance (USAF ISR) Enterprise is America's leading provider of finished intelligence derived from airborne, space, and cyberspace sensors. The USAF ISR Enterprise delivers decision advantage in order to enable commanders to achieve kinetic and non-kinetic effects on targets anywhere on the globe in support of national, strategic, operational, and tactical requirements. The AF/A2 is the USAF's Senior Intelligence Officer and is responsible for functional management of all Air Force global integrated ISR capabilities, including oversight of planning, programming, and budgeting; developing and implementing the Air Force policies and guidance for managing Air Force global integrated ISR activities; and professional development, training, education, readiness, and deployment of 50,000 military and civilian United States Air Force intelligence personnel.

**Army Intelligence:** U.S. Army Intelligence (G-2) is responsible for policy formulation, planning, programming, budgeting, management, staff supervision, evaluation, and oversight for intelligence activities for the Department of the Army. The G-2 is responsible for the overall coordination of the five major military intelligence (MI) disciplines within the Army: Imagery Intelligence, Signals Intelligence, Human Intelligence, Measurement and Signature Intelligence, and Counterintelligence and Security Countermeasures.

**Central Intelligence Agency:** The Central Intelligence Agency (CIA) is responsible for providing national security intelligence to senior U.S. policymakers. The CIA director is nominated by the president and confirmed by the Senate. The director manages the operations, personnel, and budget of the CIA and acts as the National Human Source Intelligence manager. The CIA is separated into seven basic components: Directorate of Analysis, Directorate of Operations, Directorate of Science and Technology, Directorate of Support, Directorate of Digital Innovation, Mission Centers, and Offices of the Director. They carry out “the intelligence cycle,” the process of collecting, analyzing, and disseminating intelligence information to top U.S. government officials.

**Coast Guard Intelligence:** The Coast Guard's broad responsibilities include protecting citizens from the sea (maritime safety), protecting America from threats delivered by the sea (maritime security), and protecting the sea itself (maritime stewardship). The Coast Guard's persistent presence in the maritime domain, due to its diverse mission sets and broad legal authorities, allows it to fill a unique niche within the Intelligence Community. Because of its unique access, emphasis, and expertise in the maritime domain Coast Guard Intelligence can collect and report intelligence that not only supports Coast Guard missions, but also supports national objectives. Coast Guard Intelligence strives to create decision advantage to advance U.S. interests by providing timely, actionable, and relevant intelligence to shape Coast Guard operations, planning, and decision-making, and to support national and homeland security intelligence requirements.

Source: ODNI, *Members of the Intelligence Community*, <https://www.dni.gov/index.php/what-we-do/members-of-the-ic>.

# Figure Sixty-Five: U.S. Intelligence Community - II

**Defense Intelligence Agency** The Defense Intelligence Agency is a Department of Defense combat support agency. With more than 16,500 military and civilian employees worldwide, DIA is a major producer and manager of foreign military intelligence and provides military intelligence to warfighters, defense policymakers and force planners, in the DOD and the Intelligence Community, in support of U.S. military planning and operations and weapon systems acquisition. The DIA director serves as principal adviser to the secretary of defense and to the chairman of the Joint Chiefs of Staff on matters of military intelligence. The director also chairs the Military Intelligence Board, which coordinates activities of the defense intelligence community.

**Department of Energy** The U.S. Department of Energy's Office of Intelligence and Counterintelligence is responsible for the intelligence and counterintelligence activities throughout the DOE complex, including nearly 30 intelligence and counterintelligence offices nationwide. The mission is to protect, enable, and represent the vast scientific brain trust resident in DOE's laboratories and plants. The office protects vital national security information and technologies, representing intellectual property of incalculable value, and provides unmatched scientific and technical expertise to the U.S. government to respond to foreign intelligence, terrorist and cyber threats, to solve the hardest problems associated with U.S. energy security, and to address a wide range of other national security issues.

**Department of Homeland Security** The Office of Intelligence and Analysis is responsible for using information and intelligence from multiple sources to identify and assess current and future threats to the U.S. DHS Intelligence focuses on four strategic areas: Promote understanding of threats through intelligence analysis; Collect information and intelligence pertinent to homeland security; Share information necessary for action; and Manage intelligence for the homeland security enterprise. The Under Secretary for I&A also serves as DHS' chief intelligence officer and is responsible to both the secretary of Homeland Security and the director of National Intelligence.

**Department of State** The Bureau of Intelligence and Research provides the Secretary of State with timely, objective analysis of global developments as well as real-time insights from all-source intelligence. It serves as the focal point within the Department of State for all policy issues and activities involving the Intelligence Community. The INR Assistant Secretary reports directly to the Secretary of State and serves as the Secretary's principal adviser on all intelligence matters. INR's expert, independent foreign affairs analysts draw on all-source intelligence, diplomatic reporting, INR's public opinion polling, and interaction with U.S. and foreign scholars. Their strong regional and functional backgrounds allow them to respond rapidly to changing policy priorities and to provide early warning and in-depth analysis of events and trends that affect U.S. foreign policy and national security interests.

**Department of the Treasury** The Office of Intelligence and Analysis was established by the Intelligence Authorization Act for fiscal 2004. OIA is responsible for the receipt, analysis, collation, and dissemination of foreign intelligence and foreign counterintelligence information related to the operation and responsibilities of the Department of the Treasury. OIA is a component of the U.S. Department of the Treasury's Office of Terrorism and Financial Intelligence (TFI). TFI marshals the Department's intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, weapons of mass destruction proliferators, money launderers, drug kingpins, and other national security threats.

**Drug Enforcement Administration** The Drug Enforcement Administration is responsible for enforcing the controlled substance laws and regulations of the United States. DEA's Office of National Security Intelligence (ONSI) became a member of the IC in 2006. ONSI facilitates full and appropriate intelligence coordination and information sharing with other members of the U.S. Intelligence Community and homeland security elements.

Its goal is to enhance the U.S.'s efforts to reduce the supply of drugs, protect national security, and combat global terrorism. DEA has 21 field divisions in the U.S. and more than 80 offices in more than 60 countries worldwide.

**Federal Bureau of Investigation** The FBI, as an intelligence and law enforcement agency, is responsible for understanding threats to our national security and penetrating national and transnational networks that have a desire and capability to harm the U.S. The Intelligence Branch is the strategic leader of the FBI's Intelligence Program and drives collaboration to achieve the full integration of intelligence and operations, and it proactively engages with the Bureau's partners across the intelligence and law enforcement communities. By overseeing intelligence policy and guidance, the Intelligence Branch ensures the FBI's intelligence production remains objective and strikes the correct balance between strategic and tactical work.

**Marine Corps Intelligence** The U.S. Marine Corps produces tactical and operational intelligence for battlefield support. Its IC component is comprised of all intelligence professionals in the Marine Corps responsible for policy, plans, programming, budgets, and staff supervision of intelligence and supporting activities within the USMC. The department supports the commandant of the Marine Corps in his role as a member of the Joint Chiefs of Staff, represents the service in Joint and Intelligence Community matters, and exercises supervision over the Marine Corps Intelligence Activity. The department has service staff responsibility for geospatial intelligence, advanced geospatial intelligence, signals intelligence, human intelligence, counterintelligence, and ensures there is a single synchronized strategy for the development of the Marine Corps Intelligence, Surveillance, and Reconnaissance Enterprise. The Marine Corps' director of intelligence is the commandant's principal intelligence staff officer and the functional manager for intelligence, counterintelligence, and cryptologic matters.

# Figure Sixty-Five: U.S. Intelligence Community - III

**National Geospatial-Intelligence Agency** The National Geospatial-Intelligence Agency provides timely, relevant, and accurate geospatial intelligence in support of national security objectives. Information collected and processed by NGA is tailored for customer-specific solutions. By giving customers ready access to geospatial intelligence, NGA provides support to civilian and military leaders and contributes to the state of readiness of U.S. military forces. NGA also contributes to humanitarian efforts such as tracking floods and fires, and in peacekeeping. NGA is a Department of Defense Combat Support Agency. Headquartered in Springfield, Va., NGA operates major facilities in the St. Louis, Mo. and Washington, D.C. areas. The agency also fields support teams worldwide.

**National Reconnaissance Office** The National Reconnaissance Office designs, builds and operates the nation's reconnaissance satellites. NRO products, provided to an expanding list of customers like the Central Intelligence Agency and the Department of Defense, can warn of potential trouble spots around the world, help plan military operations, and monitor the environment. As part of the Intelligence Community, the NRO plays a primary role in achieving information superiority for the U.S. Government and Armed Forces. A DOD agency, the NRO is staffed by DOD and CIA personnel. It is funded through the National Reconnaissance Program, part of the National Foreign Intelligence Program.

**National Security Agency/Central Security Service:** The National Security Agency/Central Security Service is the nation's cryptologic organization that coordinates, directs, and performs highly specialized activities to protect U.S. information systems and to produce foreign signals intelligence information. A high-technology organization, NSA is at the forefront of communications and information technology. NSA is also one of the most important centers of foreign language analysis and research within the U.S. government and is said to be the largest employer of mathematicians in the United States and perhaps the world. Founded in 1952, NSA is part of the Department of Defense and a member of the U.S. Intelligence Community. The Agency supports military customers, national policymakers, and the counterterrorism and counterintelligence communities, as well as key international allies. Its workforce represents an unusual combination of specialties: analysts, engineers, physicists, mathematicians, linguists, computer scientists, researchers, as well as customer relations specialists, security officers, data flow experts, managers, administrative officers and clerical assistants.

**Navy Intelligence** Under the direction of the Director of Naval Intelligence, the U.S. Navy's intelligence team is the leading provider of maritime intelligence to Navy and joint/combined warfighting forces, as well as national decision makers and other partners/consumers in the U.S. National Intelligence Community. Naval Intelligence is comprised of active duty and reserve military, and civilian personnel, serving at sea and ashore around the world.

**Space Force Intelligence** The U.S. Space Force (USSF) is a new branch of the Armed Forces. It was established on December 20, 2019 with enactment of the Fiscal Year 2020 National Defense Authorization Act and will be stood-up over the next 18 months. The USSF was established within the Department of the Air Force, meaning the Secretary of the Air Force has overall responsibility for the USSF, under the guidance and direction of the Secretary of Defense. Additionally, a four-star general known as the Chief of Space Operations (CSO) serves as the senior military member of the USSF.



*Guessing at the Total  
Cost of National Security*

These are very rough numbers and they do not include a wide range of national security costs in other federal spending like the Department of the Treasury, Department of Commerce, and Department of the Interior. They do, however, show that the full 050 Department of Defense account probably only accounts for less than 60% of the real cost of national security and that the “civil” side of national security is as important as the military one.

The U.S. simply cannot develop effective civil-military strategies, plan, programs, and budgets without some agreed way to define total national security spending. Fixing the defense budget is of critical importance, but it cannot be enough. No one can assess national security efforts without some agreed data on their past, current, and future costs.

Moreover, civil economic competition with powers like China, using activities like gray area sanctions and trade policies – as well as the need to use diplomacy and aid more effectively – all emphasize the need to end the present lack of any overall analysis on national security spending. The world is not becoming a nicer place. History is not ending. The combined forces of extremism, authoritarianism, Covid-19, population pressure, and the instability of weak and failed states are all too clear.

Following the money is only part of the story, but the ability to manage resources effectively and to work more effectively with strategic partners and other states is critical.

*The OMB and CBO should be charged with providing a full analysis of the entire U.S. national security budgets, and each Department and Agency should report and justify its own efforts in national security – adapting to the fact that the cost of great power economic competition will be an increasingly important aspect of such efforts, as will federal investment in high technology science, technology, engineering, math research, development, and manufacturing.*

# **Estimating the Real Costs of War: A Case Study**

The need to tie all major national security spending activity to real strategies with real plans, programs, and budgets – and to include all of the military and civil costs involved – is illustrated in the final part of this analysis. It provides a case study on the scale of U.S. inability to effectively manage the resources it has allocated to its wars in Afghanistan and Iraq. Both have been wars where the management of resources has been critical and where the integration of civil/military efforts has served to be critical in defeating the threat; winning popular support; and creating some form of unity and basis for a stable, local force.

In practice, however, the U.S. has never been able to provide convincing official estimates of the full cost of either war, and the level of the reporting has declined steadily over time. The supporting PowerPoint provides a range of largely official estimates tracing the cost of U.S. wars.

- The first slide provides a CRS estimate of total defense spending dating back to the Korean conflict, and it shows their cost in constant dollars. It is a warning of how suddenly wars can change all the content and dynamics of the defense budget and national security programs. It also demonstrates just how costly the estimates of the peak years of the Afghan and Iraq wars have been relative to past wars and peacetime defense spending. It also serves as a grim lesson in the extent to which war exceeds the cost of effective levels of deterrence, arms control, and negotiation.
- The second slide shows the impact of personnel and of the overall deployments of U.S. forces overseas. It provides many of the same lessons regarding the value of effective deterrence and negotiation.
- The third and fourth slide provide estimates for the cost of both wars from FY2001 to FY2019. In spite of the fact that they come from the same document and from the Department of Defense, a close look at the totals shows that the totals are never the same for any given year. They also are typical in that they deal with wars that had massive civil, political, and economic dimensions alongside the fact they were driven by internal divisions – but they do not include the cost of civil aid programs or reflect any integrated whole of government approach.
- The fifth slide also comes from the Department of Defense. Once again, most of the totals do not track with other charts, and here it is clear that Congress cheated extensively on its Budget Control Act, using the exemption for war spending to hide increases in baseline spending.
- The sixth slide illustrates the same patterns by major spending category for FY2019 through the FY2021 budget request.

- The seventh slide is part of a CRS estimate published in 2014. It is one of the few estimates that attempt to show the relative levels of military and civil spending, and it is clear how few resources were put into civil efforts in spite of the fact that both conflicts were highly political – and that economic and political development and stability were critical to any real change of lasting victory and stability.

This chart is particularly striking because the State Department and USAID began to sharply cut back on all war-related spending reports and on inputs to Congressional reports during FY2011-FY2015. Current reports – even joint reports by the Inspector Generals of the DoD, State, and USAID – provide no civil spending estimates at all.

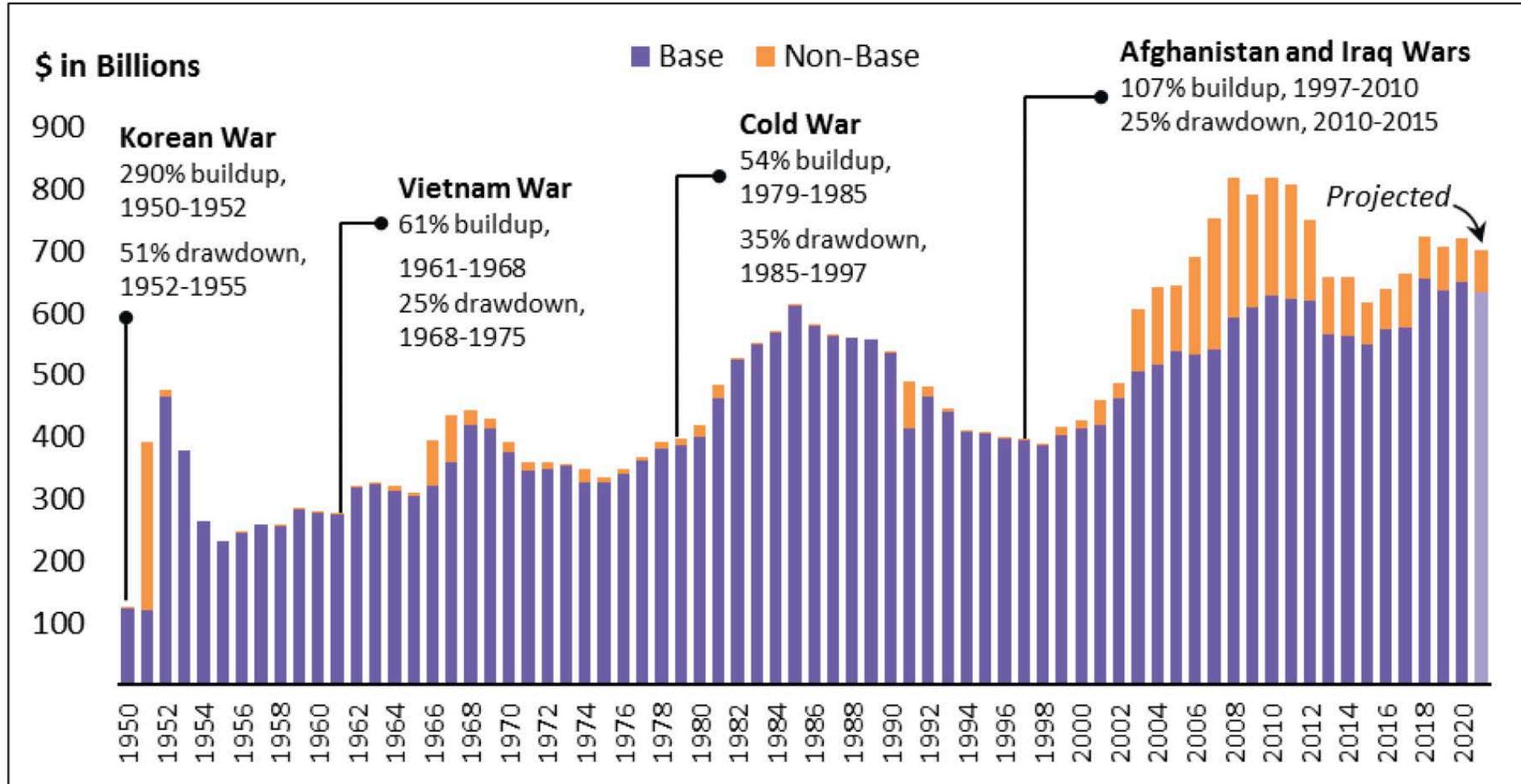
- The eighth slide draws on work by the Special Inspector General for Afghan Reconstruction (The case study of Afghanistan shows how incredibly unstable and irregular the patterns were in all forms of aid spending for the Afghan war). This kind of turbulence in spending as well as the sudden rise and fall in trends are a classic warning of terrible consistency in planning and program execution – as well as an indication of waste and incompetence.
- The ninth slide has excerpts of the latest full DoD breakout of wartime spending by category. It lumps together the cost of all wars and military operations, and it is essentially useless in providing any insight into a given conflict.
- The tenth slide summarizes an academic effort to cost operations in major war zones from 2001-2020. It raises all of the same previous issues dealing with the need to have accurate estimates of total national security spending. It should be noted, however, that the estimate of total cost is \$6.4 trillion, while the Department of Defense and the Executive Branch's estimates would only be a fraction of this total.

These failures to report effectively on planning, programming, and budgeting for either war provide classic case examples of the deep flaws in the entire national security budget process.

# Figure Sixty-Seven:

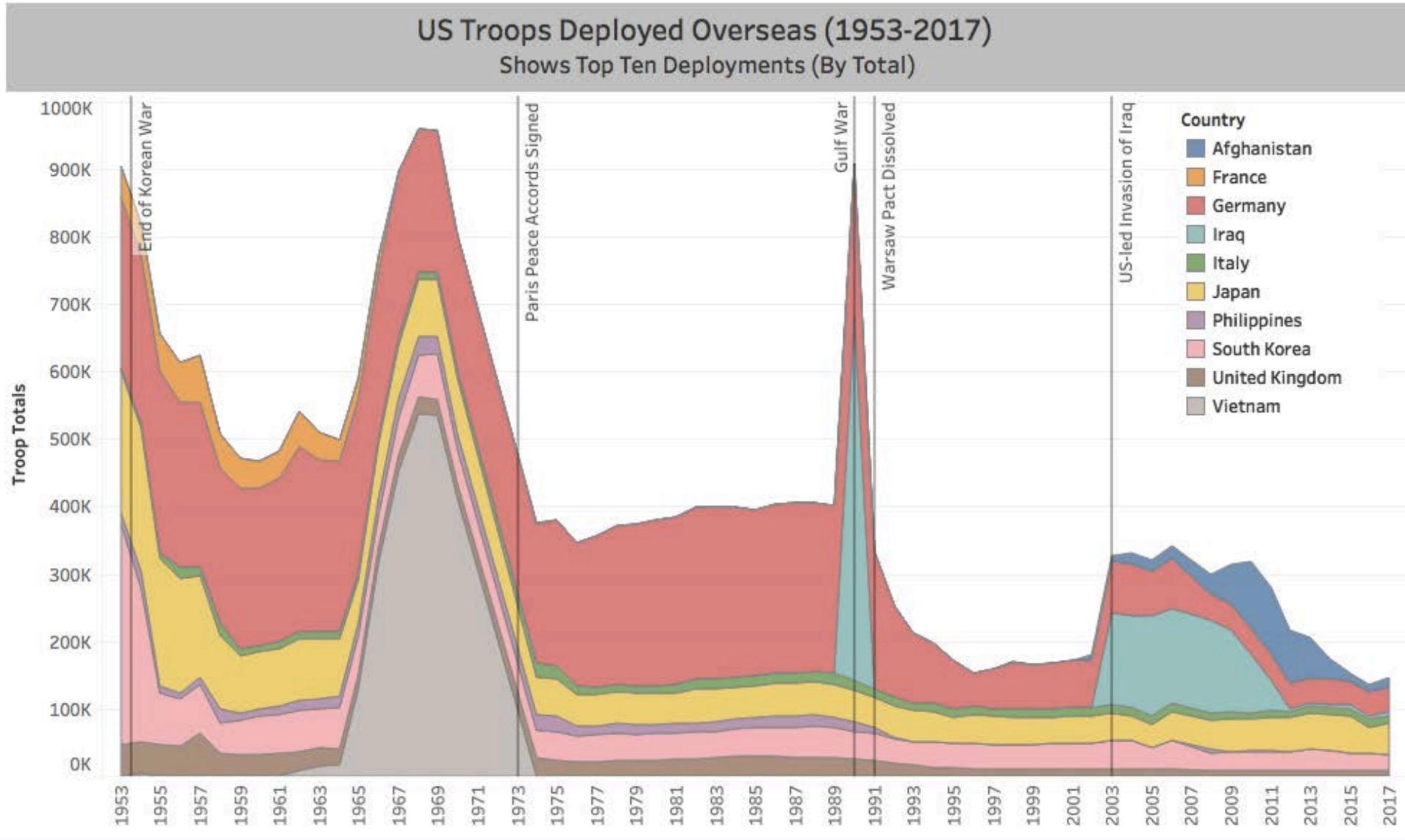
## DoD Budget Authority: A Historical Perspective, FY1950-FY2021 (Projected)

(in billions of constant FY2020 dollars)



Source: CRS, *FY2021 Defense Budget Request: An Overview*, February 20, 2020, <https://fas.org/sgp/crs/natsec/IN11224.pdf>.

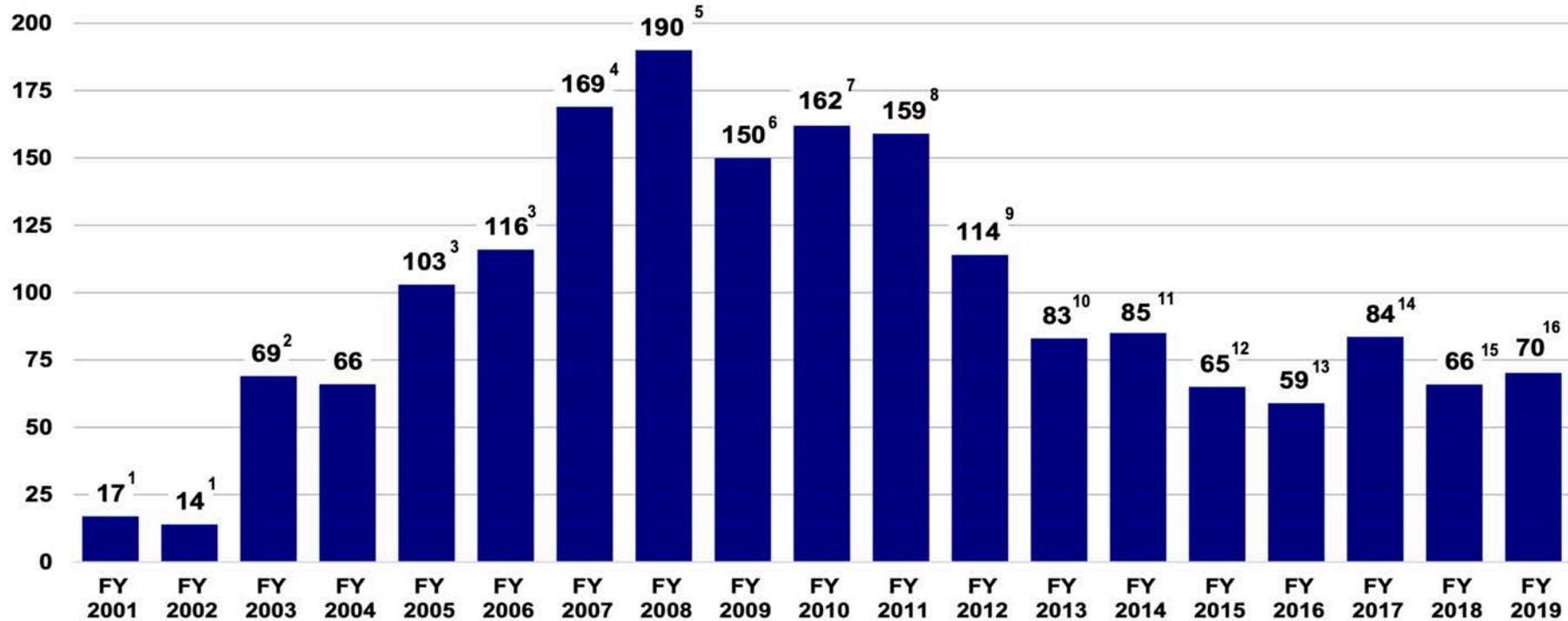
# Figure Sixty-Eight: Deterrence vs. War: 1953-2017



# Figure Sixty-Nine: Department of Defense Cost of War Report of September 2019

## Requests FY 2001 – FY 2019 (\$1,841B)

Dollars in U.S. Billions



**Explanations for footnotes 1-16 are provided on Slide 8**

Note: Includes funding for OIF/OND/OIR, OEF/OFS, and ONE. Beginning in FY 2005, ONE is funded in the DoD baseline.

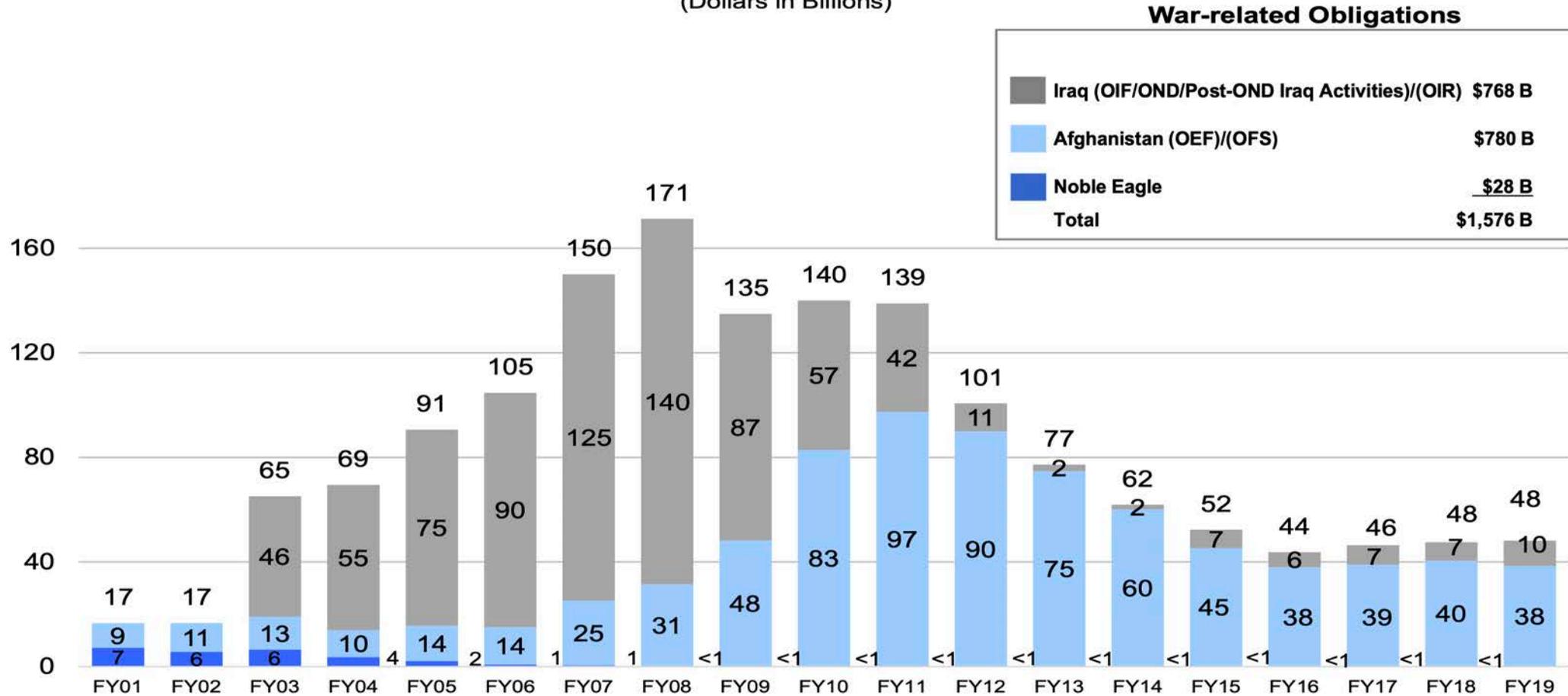
Source: Department of Defense Appropriations Acts

Data as of September 30, 2019

Totals may not add due to rounding

# Figure Seventy: Department of Defense Cost of War Report of September 2019: Total War-related Obligations by Year Appropriated

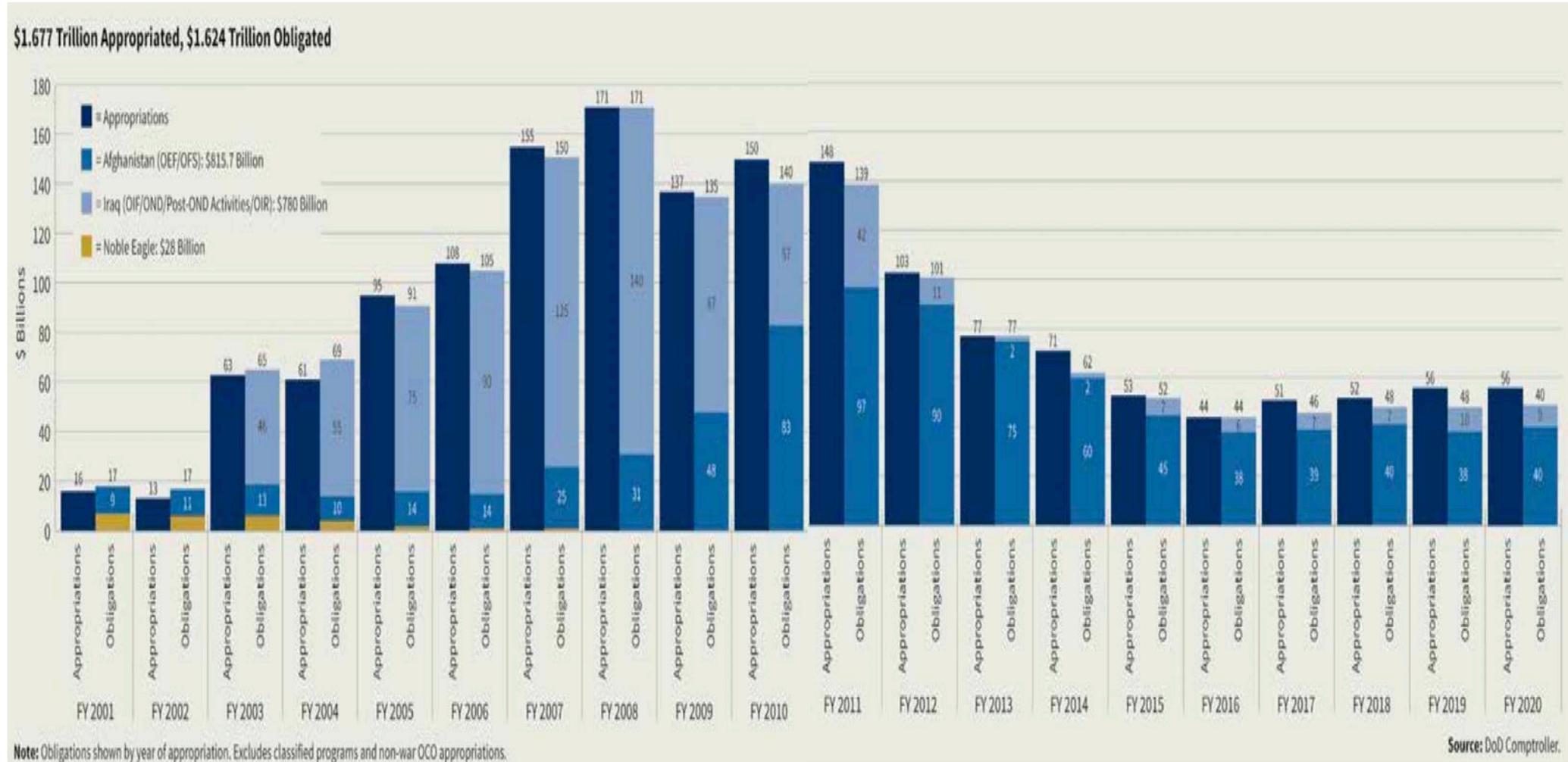
(Dollars in Billions)



Note: Obligation data shown against year funds obligated. Does not include non-DoD classified programs.  
 Source: Defense Finance and Accounting Service, Cost of War Monthly Report  
 Data as of September 30, 2019

Totals may not add due to rounding

# Lead Inspector General Cost of War Report of February 2021: I



# Lead Inspector General Cost of War Report of February 2021: II

Note: On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021 into law. The legislation, which funds the federal government through FY 2021, provides the DoD with a total of \$740.5 billion, which includes \$671.5 billion in base funding and \$69 billion in OCO funding. Compared to the FY 2020 enacted appropriations, this is a \$4.6 billion increase in base funding and a \$2 billion decrease in OCO funding.

The DoD's OCO appropriation for FY 2021 includes \$710 million for the Counter-ISIS Train and Equip Fund, a decrease from the \$1.2 billion appropriated for this fund in FY 2020. This funding provides assistance including training, equipment, logistics support, stipends, and infrastructure to regular and irregular foreign forces engaged in the fight against ISIS in Iraq and Syria, as well as Jordan, Lebanon, Egypt, and Tunisia.

The FY 2021 appropriation for the DoS, USAID, and related agencies is \$58.3 billion, which includes \$8 billion in OCO funding. This represents a \$3.2 billion increase from the FY 2020 appropriation of \$55.1 billion. OCO funds appropriated to the DoS and USAID are designated primarily for peacekeeping operations, the Foreign Military Financing program, migration and refugee assistance, international disaster assistance, and the Worldwide Security Protection program, which funds efforts to protect DoS life and property in hazardous environments such as Iraq.

This quarter, the DoD Comptroller released the DoD's congressionally mandated Cost of War report, which details the DoD's spending on overseas contingency operations in Iraq, Syria, and Afghanistan through September 30, 2020. According to this report, the DoD has spent \$1.62 trillion in support of contingency operations since September 11, 2001. The total cost of operations in Iraq over that time (including operations in Syria) was \$780 billion, of which \$49.4 billion has been obligated in support of OIR since that operation began in 2014.

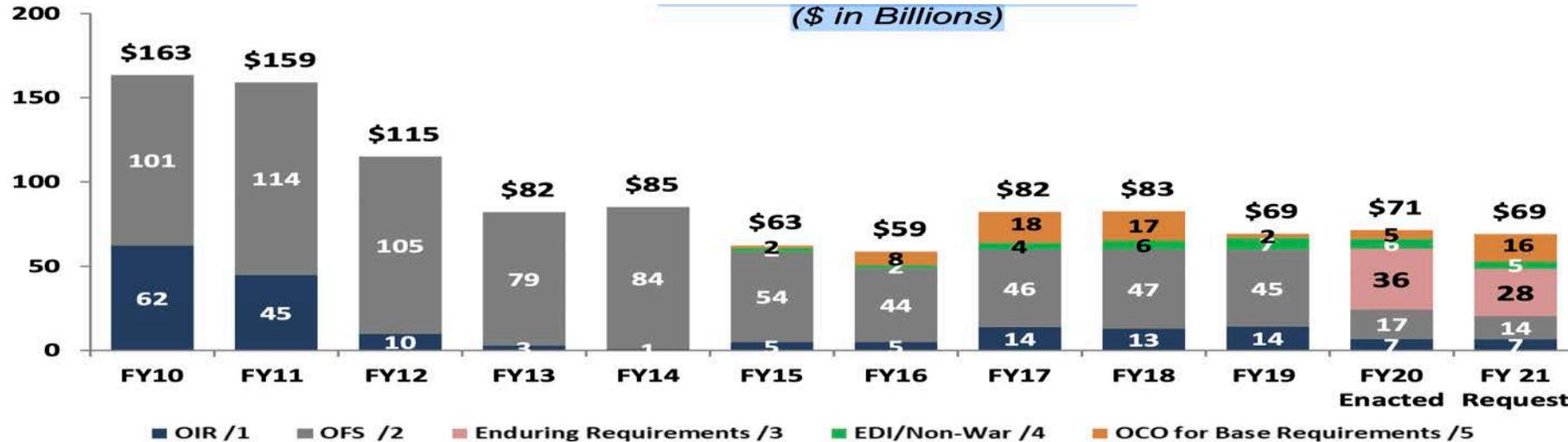
The DoD Comptroller reported that the DoD obligated \$8.9 billion for OIR during FY 2020, which was 24 percent less than the \$11.8 billion spent on OIR in FY 2019. The DoD Comptroller reported that average monthly spending on all OCOs during this quarter was \$5.4 billion, of which \$1 billion was in support of OIR. According to the Cost of War report, these obligations cover all expenses related to the conflicts, including war-related operational costs, support for deployed troops, and transportation of personnel and equipment.

Source: Adapted from Lead Inspector General, *Operation Inherent Resolve, Quarterly Report to Congress, October 1, 2020 to December 31, 2020*, February 2021, pp. 78-79, [https://www.stateoig.gov/system/files/lead\\_inspector\\_general\\_for\\_operation\\_inherent\\_resolve\\_october\\_1\\_2020\\_-\\_december\\_31\\_2020.pdf](https://www.stateoig.gov/system/files/lead_inspector_general_for_operation_inherent_resolve_october_1_2020_-_december_31_2020.pdf).

# Figure Seventy-One: Putting Baseline and Other Spending in the OCO Budget Request: FY2015-FY2021

(\$ in Billions)

OIR = Direct cost of Operation Inherent Resolve – Iraq/Syria; OFS = Direct cost of Operation Freedom's Sentinel – Afghanistan; and EDI = cost of European Defense Initiative



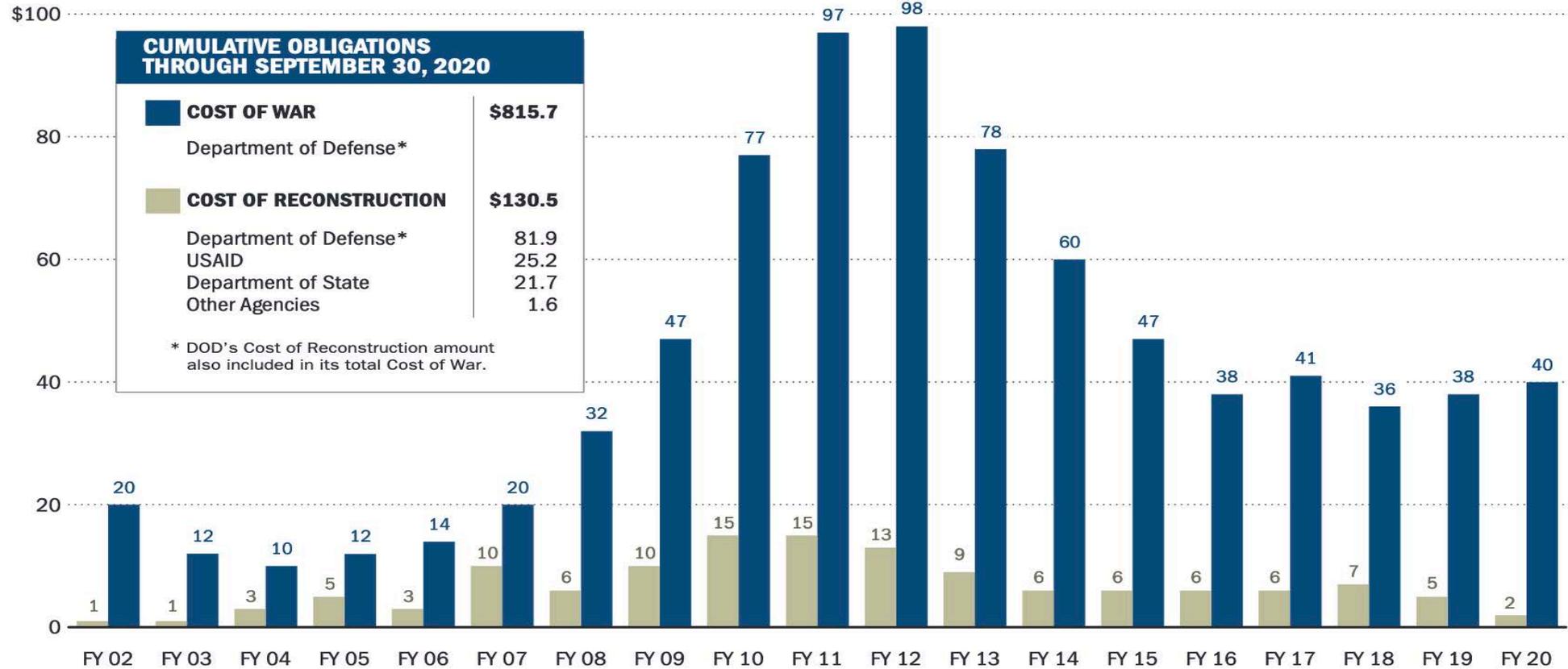
**Direct War Requirements (\$20.5 billion)** – Reflects combat or combat support costs that are not expected to continue once combat operations end at major contingency locations. Includes in-country war support for Operation FREEDOM'S SENTINEL (OFS) in Afghanistan and Operation INHERENT RESOLVE (OIR) in Iraq and Syria. Includes partnership programs such as the Afghanistan Security Forces Fund (ASFF), the Counter-ISIS Train and Equip Fund (CTEF), and the Coalition Support Fund (CSF).

**OCO for Enduring Requirements (\$32.5 billion)** – Reflects enduring in-theater and CONUS costs that will remain after combat operations end. These costs, historically funded in OCO, include overseas basing, depot maintenance, ship operations, and weapons system sustainment. It also includes the European Deterrence Initiative (EDI), the Ukraine Security Assistance Initiative (USAI), and Security Cooperation. Combined, enduring requirements and direct war requirements comprise “traditional” OCO.

**OCO for Base Requirements (\$16.0 billion)** – Reflects funding for base budget requirements, which support the NDS in accordance with the budgetary caps established in the Bipartisan Budget Act of 2019 (BBA).

# Figure Seventy-Two: Cost of Afghan War to DoD vs. Cost of Aid

AFGHANISTAN COST OF WAR AND RECONSTRUCTION, ANNUAL AND CUMULATIVE OBLIGATIONS FY 2002 TO FY 2020 Q4 (\$ BILLIONS)



Note: Numbers have been rounded. Cumulative obligations reported by DOD for the Cost of War through September 30, 2020, differ markedly from cumulative appropriations through December 31, 2020, as presented elsewhere in the Status of Funds section, because the former figures do not include unobligated appropriations and DOD Cost of War reporting lags by one quarter.

Source: DOD, Cost of War Monthly Report, Total War-related Obligations by Year Incurred, data as of September 30, 2020. Obligation data shown against year funds obligated. SIGAR analysis of annual obligation of reconstruction accounts as presented in SIGAR, Quarterly Report to the United States Congress, 10/30/2020. Obligation data shown against year funds appropriated.

# Figure Seventy-Three: OSD Comptroller Estimate of Trends in OCO Funding in FY2021 Budget Request

(\$ in Billions)

OCO Budget	FY 2019 Enacted	FY 2020 Enacted	FY 2021 Request	Delta FY 2020 to FY 2021
Operations/Force Protection	14.5	14.4	13.4	-1.0
In-Theater Support	19.5	19.5	16.2	-3.3
Counter and Deter Threat Network / DTRA	0.5	0.5	0.3	-0.2
Equipment Reset and Readiness	8.6	8.7	7.6	-1.1
Classified Programs	9.9	10.3	5.1	-5.2
Afghanistan Security Forces Fund (ASFF)	4.9	4.2	4.0	-0.2
Support for Coalition Forces	1.0	0.4	0.4	-
Counter-ISIS Train and Equip Fund (CTEF)	1.4	1.2	0.9	-0.3
Security Cooperation	0.8	0.8	0.6	-0.2
European Deterrence Initiative (EDI)	6.5	6.0	4.5	-1.5
<b>Subtotal</b>	<b>67.6</b>	<b>66.0</b>	<b>53.0</b>	<b>-13.0</b>
OCO for Base Requirements <sup>1/</sup>	2.5	6.4	16.0	+9.6
Prior-Year Rescissions	-1.3	-1.1	-	+1.1
<b>Total</b>	<b>68.8</b>	<b>71.3</b>	<b>69.0</b>	<b>-2.3</b>

*Numbers may not add due to rounding*

*1/ The \$6.4 billion FY 2020 Enacted OCO for Base Requirements reflect \$4.9 billion in congressional appropriations for DoD-requested OCO for Base Requirements plus congressional adds for National Guard and Reserve Equipment (\$1.3 billion) and the ISR Transfer Fund (\$250 million).*

# Figure Seventy-Four: Military-Driven Spending with Minimal Civil Role

Estimated War Funding by Agency, FY2001-FY2015 Request In Billions of Dollars of BA

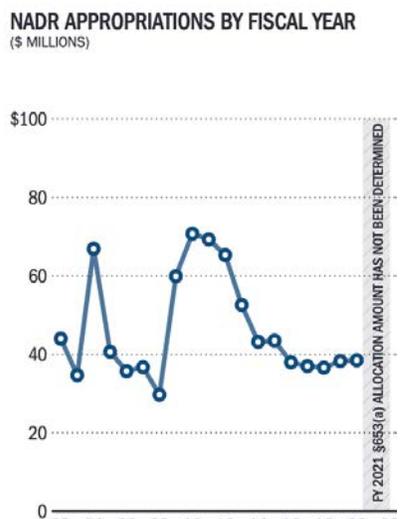
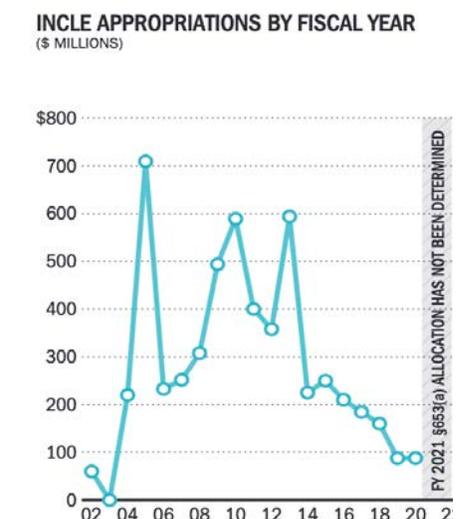
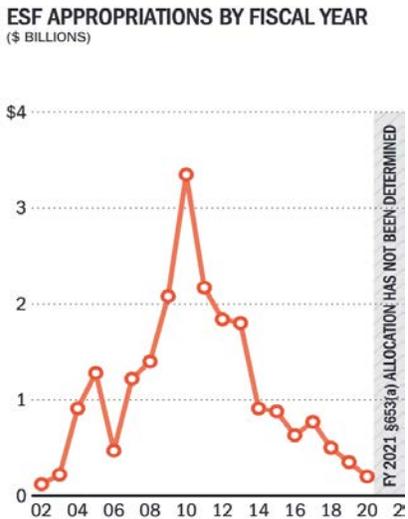
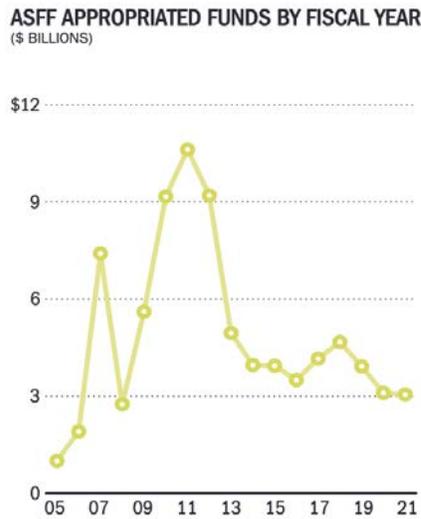
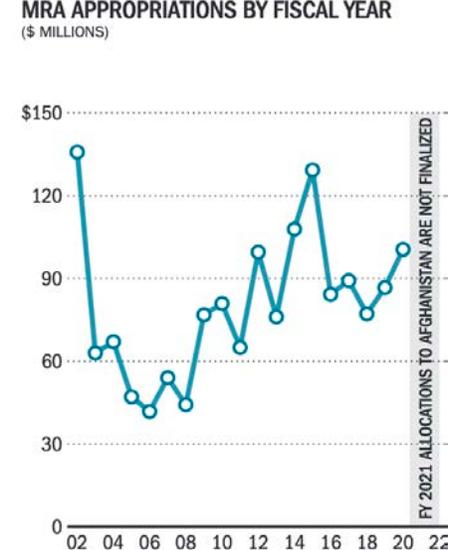
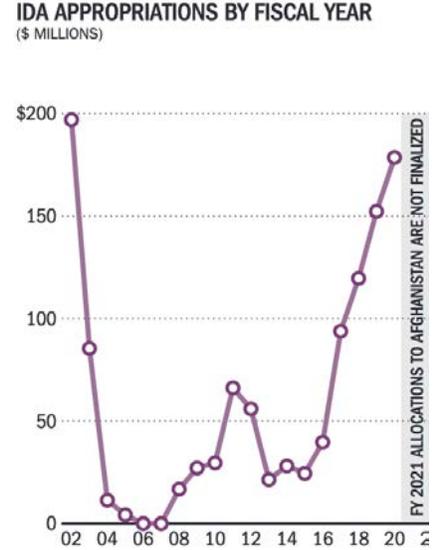
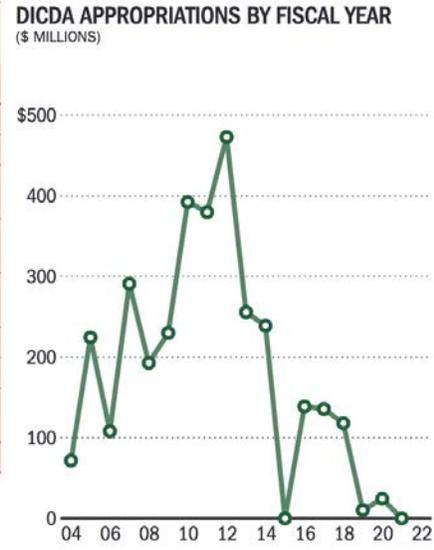


**Source:** Relevant public laws, House Appropriation Committee tables on relevant appropriations acts, DOD budget justification material, DOD, Cumulative CW-01-Z, Cumulative (war obligations data base), March and June 2014. DOD figures are split by operation based on obligations incurred for each operation for funds of each fiscal year; State Department/USAID figures reflect enacted levels, and budget justification material on allocations between operations; VA budget justification materials for each year.

**Notes:** FY2015 reflects June 2014 amended request rather than initial placeholder request of \$79.4 billion for DOD. Excludes \$5.5 billion requested for OIR in FY2015.

# Figure Seventy-Five: Surge and Crash Instability in Afghan Civil-Military Aid Funding

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, DISBURSED, AND REMAINING FY 2002 TO DECEMBER 31, 2020 (\$ BILLIONS)				
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$82.90	\$74.75	\$74.00	\$5.23
Economic Support Fund (ESF)	21.10	20.03	18.00	2.21
International Narcotics Control and Law Enforcement (INCLE)	5.42	5.17	4.59	0.61
Commanders' Emergency Response Program (CERP)	3.71	2.29	2.29	0.00
Drug Interdiction and Counter-Drug Activities (DICDA)	3.28	3.28	3.28	0.00
Migration and Refugee Assistance (MRA)	1.53	1.52	1.50	0.02
International Disaster Assistance (IDA)	1.15	1.12	0.97	0.15
Non-Proliferation, Antiterrorism, Demining, and Related (NADR)	0.88	0.74	0.74	0.00
<b>Total Eight Largest Active Accounts</b>	<b>119.98</b>	<b>108.90</b>	<b>105.37</b>	<b>8.23</b>
Other Reconstruction Funds	8.42			
Agency Operations	14.87			
<b>Total</b>	<b>\$143.27</b>			

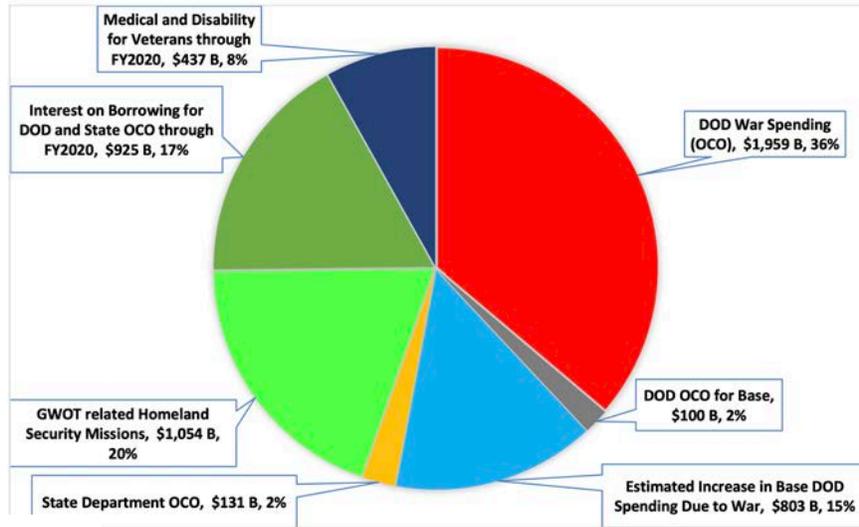


# Figure Seventy-Six: Department of Defense Green Book Cost of War by Category, FY2007-FY2021

	Military Personnel	O&M	Procurement	RDT&E	Military Construction	Family Housing	Revolving Funds & Other	Total
<b>Total Dept of Defense (Continued)</b>								
<b>FY 2007</b>								
Base .....	110,410	145,613	84,123	75,893	9,154	4,022	2,279	431,495
Global War on Terror <sup>12</sup> .....	18,894	93,615	49,466	1,506	1,670		1,121	166,272
Other Supplemental <sup>12</sup> .....					3,137			3,137
<b>Total FY 2007 Dept of Defense .....</b>	<b>129,304</b>	<b>239,228</b>	<b>133,589</b>	<b>77,399</b>	<b>13,961</b>	<b>4,022</b>	<b>3,400</b>	<b>600,904</b>
<b>FY 2008</b>								
Base .....	117,119	161,778	99,111	77,959	17,831	2,832	2,402	479,032
Global War on Terror <sup>13</sup> .....	19,138	93,349	65,869	1,608	4,234	12	2,698	186,908
<b>Total FY 2008 Dept of Defense .....</b>	<b>136,257</b>	<b>255,127</b>	<b>164,979</b>	<b>79,567</b>	<b>22,064</b>	<b>2,844</b>	<b>5,101</b>	<b>665,940</b>
<b>FY 2009</b>								
Base .....	125,625	179,102	100,886	79,393	21,899	3,158	3,156	513,219
Recovery Act <sup>14</sup> .....		4,255		300	2,190	690		7,435
Global War on Terror <sup>15</sup> .....	1,194	54,089	7,997	171	-143			63,308
Overseas Contingency Ops <sup>16</sup> .....	18,726	33,229	26,555	141	2,869		862	82,381
<b>Total FY 2009 Dept of Defense .....</b>	<b>145,545</b>	<b>270,675</b>	<b>135,438</b>	<b>80,005</b>	<b>26,815</b>	<b>3,848</b>	<b>4,018</b>	<b>666,344</b>
<b>FY 2010</b>								
Base .....	135,714	183,855	103,182	79,264	20,529	2,259	3,119	527,922
Overseas Contingency Ops <sup>17</sup> .....	16,869	108,316	32,632	969	2,048	8	1,547	162,390
Haiti Earthquake <sup>18</sup> .....		655						655
<b>Total FY 2010 Dept of Defense .....</b>	<b>152,584</b>	<b>292,826</b>	<b>135,814</b>	<b>80,234</b>	<b>22,577</b>	<b>2,267</b>	<b>4,666</b>	<b>690,967</b>
<b>FY 2011</b>								
Base .....	137,799	194,134	102,074	75,291	14,768	1,820	2,349	528,234
Overseas Contingency Ops <sup>19</sup> .....	15,640	110,219	29,825	1,396	1,223		485	158,788
<b>Total FY 2011 Dept of Defense .....</b>	<b>153,439</b>	<b>304,352</b>	<b>131,898</b>	<b>76,687</b>	<b>15,991</b>	<b>1,820</b>	<b>2,834</b>	<b>687,022</b>
<b>FY 2012</b>								
Base .....	141,682	199,213	102,263	71,508	11,367	1,683	2,695	530,411
Overseas Contingency Ops <sup>20</sup> .....	11,293	86,776	16,052	526			435	115,083
<b>Total FY 2012 Dept of Defense .....</b>	<b>152,976</b>	<b>285,989</b>	<b>118,315</b>	<b>72,034</b>	<b>11,367</b>	<b>1,683</b>	<b>3,130</b>	<b>645,494</b>
<b>FY 2013</b>								
Base .....	134,617	196,091	89,627	63,154	8,053	1,479	2,445	495,466
Overseas Contingency Ops <sup>21</sup> .....	12,123	61,523	8,134	192	-9		10	81,973
Hurricane Sandy <sup>22</sup> .....		63	1		24		24	113
<b>Total FY 2013 Dept of Defense .....</b>	<b>146,740</b>	<b>257,676</b>	<b>97,763</b>	<b>63,347</b>	<b>8,068</b>	<b>1,479</b>	<b>2,479</b>	<b>577,552</b>
<b>FY 2014</b>								
Base .....	136,039	192,615	92,163	63,172	8,392	1,416	2,487	496,285
Overseas Contingency Ops <sup>23</sup> .....	7,810	68,792	8,018	310				84,929
Iron Dome <sup>24</sup> .....			225					225
<b>Total FY 2014 Dept of Defense .....</b>	<b>143,849</b>	<b>261,407</b>	<b>100,405</b>	<b>63,483</b>	<b>8,392</b>	<b>1,416</b>	<b>2,487</b>	<b>581,439</b>
<b>FY 2015</b>								
Base .....	134,887	196,335	93,875	63,461	5,431	1,127	2,226	497,341
Overseas Contingency Ops <sup>25</sup> .....	4,775	49,483	8,217	286	221			62,983
Ebola Relief <sup>25</sup> .....			17	95				112
<b>Total FY 2015 Dept of Defense .....</b>	<b>139,662</b>	<b>245,818</b>	<b>102,109</b>	<b>63,842</b>	<b>5,652</b>	<b>1,127</b>	<b>2,226</b>	<b>560,436</b>

	Military Personnel	O&M	Procurement	RDT&E	Military Construction	Family Housing	Revolving Funds & Other	Total
<b>FY 2016</b>								
Base .....	135,396	197,153	110,454	68,907	6,927	1,251	1,262	521,350
Overseas Contingency Ops <sup>26</sup> .....	3,180	47,154	8,363	242			3	58,942
<b>Total FY 2016 Dept of Defense .....</b>	<b>138,576</b>	<b>244,307</b>	<b>118,817</b>	<b>69,149</b>	<b>6,927</b>	<b>1,251</b>	<b>1,265</b>	<b>580,292</b>
<b>FY 2017</b>								
Base .....	135,626	197,935	108,048	72,067	6,475	1,251	2,071	523,473
Overseas Contingency Ops <sup>27</sup> .....	3,752	60,135	16,271	1,534	420		378	82,490
<b>Total FY 2017 Dept of Defense .....</b>	<b>139,378</b>	<b>258,070</b>	<b>124,319</b>	<b>73,601</b>	<b>6,894</b>	<b>1,251</b>	<b>2,449</b>	<b>605,962</b>
<b>FY 2018</b>								
Base .....	139,709	223,421	134,454	89,402	8,720	1,391	2,521	599,619
Overseas Contingency Ops <sup>28</sup> .....	4,308	48,654	10,532	928	750			65,171
Missile Defeat <sup>29</sup> .....		1,123	2,444	1,347	921		9	5,844
<b>Total FY 2018 Dept of Defense .....</b>	<b>144,017</b>	<b>273,198</b>	<b>147,430</b>	<b>91,676</b>	<b>10,391</b>	<b>1,391</b>	<b>2,531</b>	<b>670,634</b>
<b>FY 2019</b>								
Base .....	144,723	231,402	133,820	94,107	8,828	1,565	1,911	616,356
Overseas Contingency Ops <sup>30</sup> .....	4,661	49,204	12,713	1,196	862			68,636
Disaster Relief/Border Security <sup>31</sup> .....		1,196			1,642			2,838
<b>Total FY 2019 Dept of Defense .....</b>	<b>149,384</b>	<b>281,801</b>	<b>146,533</b>	<b>95,304</b>	<b>11,332</b>	<b>1,565</b>	<b>1,911</b>	<b>687,830</b>
<b>FY 2020</b>								
Base .....	150,263	234,885	131,734	103,520	9,850	1,465	1,564	633,281
Overseas Contingency Ops <sup>32</sup> .....	4,486	53,735	11,590	834	645		20	71,310
Hurricanes Michael/Florence <sup>33</sup> .....		977	431	130	6,229		234	8,000
<b>Total FY 2020 Dept of Defense .....</b>	<b>154,749</b>	<b>289,597</b>	<b>143,754</b>	<b>104,485</b>	<b>16,723</b>	<b>1,465</b>	<b>1,818</b>	<b>712,591</b>
<b>FY 2021</b>								
Base .....	158,897	230,352	131,756	106,225	6,462	1,351	1,349	636,392
Overseas Contingency Ops <sup>34</sup> .....	4,603	58,569	5,128	331	350		20	69,000
<b>Total FY 2021 Dept of Defense .....</b>	<b>163,499</b>	<b>288,921</b>	<b>136,884</b>	<b>106,555</b>	<b>6,812</b>	<b>1,351</b>	<b>1,369</b>	<b>705,392</b>

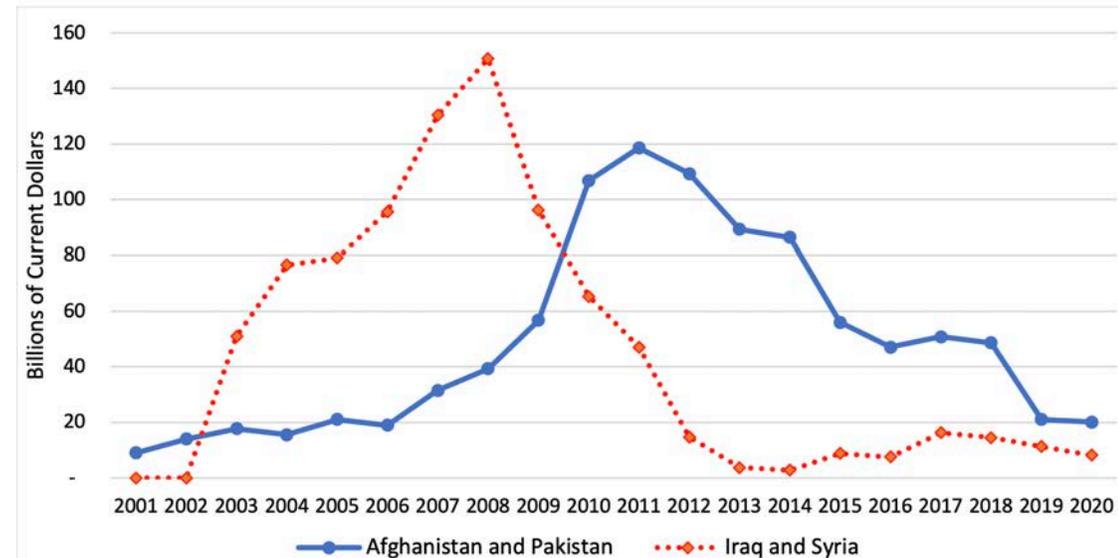
# Figure Seventy-Seven: Brown University – Neta C. Crawford Estimate of November 2019: FY 2001 – FY 2020 (\$6,400 billion)



**Table 1. Summary of War Related Spending, in Billions of Current Dollars, FY2001-FY2020** Rounded to the nearest \$billion.

	\$ Billions
Overseas Contingency Operations (OCO) Appropriations	
Department of Defense <sup>4</sup>	1,959
State Department/USAID <sup>5</sup>	131
Estimated Interest on Borrowing for DOD and State Dept OCO Spending <sup>6</sup>	925
War-related Spending in the DOD Base Budget	
Estimated Increases to DOD Base Budget Due to Post-9-11 Wars <sup>7</sup>	803
"OCO for Base" a new category of spending in FY2019 and FY2020 <sup>8</sup>	100
Medical and Disability Care for Post-9/11 Veterans <sup>9</sup>	437
Homeland Security Spending for Prevention and Response to Terrorism <sup>10</sup>	1,054
<b>Total War Appropriations and War-Related Spending through FY 2020</b>	<b>\$5,409</b>
Estimated Future Obligations for Veterans Medical and Disability FY2020 – FY2059 <sup>11</sup>	>1,000
<b>Total War-Related Spending through FY2020 and Obligations for Veterans</b>	<b>\$6,409</b>

**Figure 2. DOD and State Department OCO Appropriations for the Major War Zones FY2001-FY2020 in Billions of Current Dollars**



The annual costs of war in the major war zones have fluctuated, but are, in general, declining. Total estimated appropriations for the Afghanistan and Pakistan war by the DOD and State Department are about \$978 billion from FY2001 through FY 2020. Begun in October 2001, appropriations have been on average, including FY2020, nearly \$49 billion each year. The appropriations for the Iraq and Syria war zone have, on average, been about \$44 billion each year, with total appropriations of about \$880 billion from FY 2003 through FY 2020.

Source: Neta C. Crawford, United States Budgetary Costs and Obligations of Post-9/11 Wars through FY2020: \$6.4 Trillion, Brown University, November 13, 2019, <https://watson.brown.edu/costsofwar/files/cow/imce/papers/2019/US%20Budgetary%20Costs%20of%20Wars%20November%202019.pdf>. For further analyses, see full Cost of war site at <https://watson.brown.edu/costsofwar/>.

*Avoiding Any Future Budget Caps and Ceilings as  
well as Categories like Overseas Contingency  
Operations*

*Two caveats to the previous analysis should be mentioned in passing. First, no serious effort at shaping a defense and total national security budget that focuses on the nation's actual needs can survive the kind of arbitrary limits or "caps" on spending that were part of the Budget Control Act. There are some mistakes that Congress must not repeat.*

*Second, it may make sense to cost major conflicts in separate, special categories for their duration. There is no excuse, however, for repeating largely unmeaningful categories like Overseas Contingency Operations (OCO).*

### *Avoiding Another Budget Cap and Sequestration Farce*

Any effort to address the proper balance between civil spending and spending on defense (as well as the rest of national security) must assume that Congress will not return to the absurdities of the Budget Control Act of 2011. This act attempted to set budget caps on all federal spending for a 10-year period ending in FY2021, with separate caps for the defense and non-defense parts of the discretionary budget.

In practice, the Budget Control Act set arbitrary caps on defense and other spending in a partisan Congressional effort that made effective defense budget and planning nearly impossible. It led to the creation of unrealistic estimates of defense baseline and Overseas Contingency Operations (OCO) spending where the Congress deliberately avoided its own legislated caps on the defense budget and forced some earlier budget cuts under conditions that made them largely arbitrary.

Limiting federal spending to what is actually necessary is a critical priority. As a summary analysis by Todd Harrison of CSIS shows, however, the end result of the Budget Control Act was destructive even by the low standards set by worst partisan wrangling in Congress.

Setting fixed ceilings for future spending – without any regard for the constant needs to adjust to the future – virtually forces the Congress to make the wrong cuts in federal spending by spreading caps throughout the entire federal budget, to find creative ways to bypass its budget act, or to do both. This kind of legislation is a mistake that should never be repeated. All aspects of U.S. federal budgeting must be adapted annually to actual needs and events, and it should focus on the most effective use of spending to meet those needs – instead of being dictated by caps set arbitrarily in the past.

### ***Creating Rules for Emergency Activities and Overseas Contingency Operations (OCO) Funding***

The very use of Overseas Contingency Operations was little more than absurd. It lumped together radically different national security efforts as a tool the Congress could use to bypass its own budget legislation, and it changed constantly in scope and definition. The end result was to misstate the actual cost of given wars and to turn parts of the baseline budget into the equivalent of a pinball game.

Since the budget caps do not apply to funding for emergency activities or Overseas Contingency Operations, this funding remains available for temporary wartime activities, regardless of the force size deployed. The Trump administration responded to this in its own version of the FY2022 defense budget, which attempted to cut OCO funding after withdrawing troops from Afghanistan and then transferring those costs back to the base budget in order to support other activities, such as shipbuilding.

However, slashing OCO funding is not the answer. Just as rules were needed to ensure that the administration or Congress was not disguising base operations as OCO funding, rules are needed now to transform the current OCO funds so they can be used more effectively for the purposes of actually supporting enduring operations in Afghanistan and Iraq.

#### Sources:

Todd Harrison, “What Has the Budget Control Act of 2011 Meant for Defense?,” CSIS, August 1, 2016, <https://www.csis.org/analysis/what-has-budget-control-act-2011-meant-defense>.

Paul Mcleary, “Trump 2022 DoD Budget Would Kill OCO Account; Huge Navy Boost,” Breaking Defense, December 11, 2020, <https://breakingdefense.com/2020/12/trump-2022-dod-budget-would-kill-oco-account-huge-navy-boost/>

# Figure Seventy-Eight: The Actual End of The Budget Control Act?

## Limits on Discretionary Budget Authority for Fiscal Year 2021

Millions of Dollars

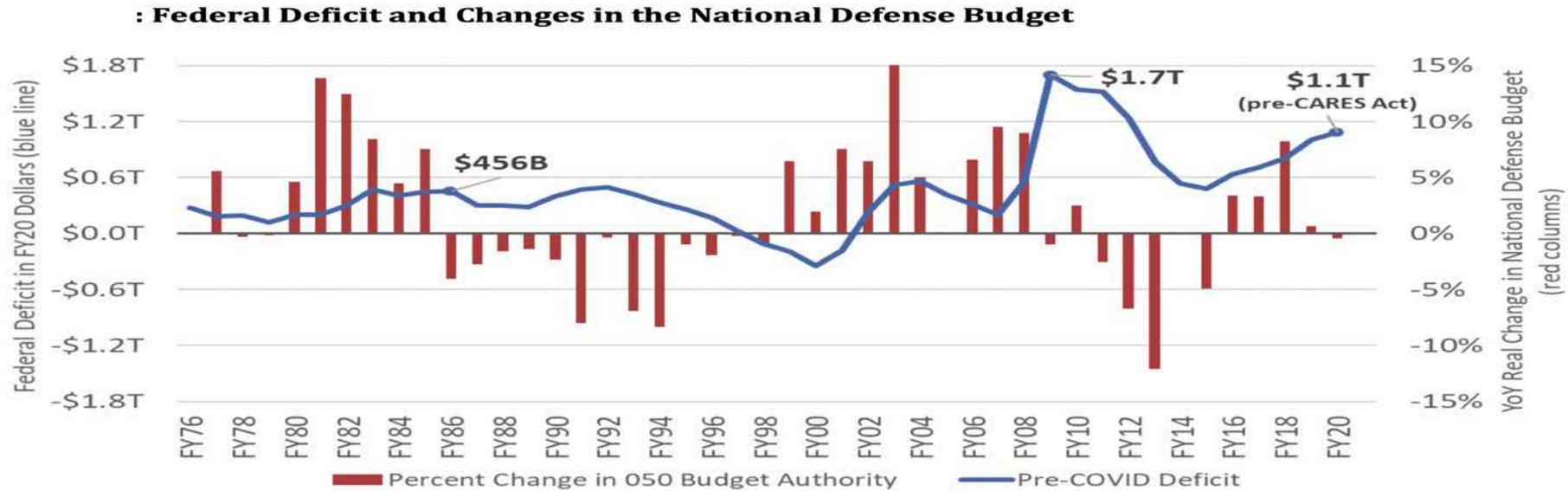
	Defense <sup>a</sup>	Nondefense <sup>a</sup>	Total
Caps Established by the Bipartisan Budget Act of 2019 <sup>b</sup>	671,500	626,500	1,298,000
<b>Adjustments</b>			
Emergency requirements <sup>c</sup>	106	193,884	193,990
Overseas contingency operations <sup>d</sup>	69,000	8,000	77,000
Disaster relief <sup>e</sup>	0	17,285	17,285
Wildfire suppression	0	2,350	2,350
Program integrity initiatives <sup>f</sup>	0	1,881	1,881
Total Adjustments	69,106	223,400	292,506
Adjusted Caps	740,606	849,900	1,590,506
Appropriations (As of January 12, 2021)	740,606	849,900	1,590,506
<b>Memorandum:</b>			
Discretionary Funding Not Subject to Caps <sup>g</sup>	0	474	474

Data source: Congressional Budget Office. See [www.cbo.gov/publication/56955#data](http://www.cbo.gov/publication/56955#data).

- The defense category consists of appropriations designated for budget function 050; all other discretionary appropriations are in the nondefense category.
- The Bipartisan Budget Act of 2019 canceled automatic spending reductions set to take effect in 2021 and set revised caps on defense and nondefense funding for that year at amounts that were a combined \$153 billion above what the caps would have been if the automatic spending reductions had occurred.

- CBO’s estimates, appropriations for 2021 do not exceed the caps; therefore, no sequestration will be required.
- The caps still could be breached if lawmakers provided additional appropriations for 2021 before the end of the fiscal year without increasing the limits—unless those appropriations either fell into a category that caused a cap adjustment or were offset by reductions in funding for other programs.

# Figure Seventy-Nine: The Impact of The Budget Control Act



The level of defense spending is ultimately a political choice that can be influenced by many factors. Previous inflection points in the defense budget, both up and down, have been influenced by wars, shifts in strategy, changes in the threat environment, and economic conditions. The federal deficit has been a driving factor in the two most recent downturns in defense spending in the late-1980s and the early-2010s... the federal deficit grew significantly during the early-1980s,

The next major downturn in defense spending followed the 2008 financial crisis. The deficit peaked in FY 2009 at \$1.7 trillion (in FY 2021 dollars), which at the time was again the highest level since the end of World War II. Two years later, Congress responded to this deficit pressure by passing the Budget Control Act of 2011. While the budget was already declining by that time, mainly due to the drawdown of forces in Iraq and Afghanistan, the BCA included budget caps that further constrained the defense budget.

The main challenges for the next presidential term of office, regardless of who wins the election, will be to support the economic recovery and reduce the federal deficit to sustainable levels—objectives that are inherently in tension with one another. The future of the defense budget will depend in no small part on this tug-of-war between economic stimulus and fiscal austerity. If the balance of political favor shifts to austerity, defense is likely to be part of the calculus. Given the trends in the defense budget identified in this report, fiscal austerity will inevitably force DoD to consider difficult strategic choices that it has largely avoided until now. DoD can preserve strategic maneuver space by beginning to prepare for a drawdown now. But the longer these preparations are delayed, the narrower the range options available will become.

Source: Excerpted from Todd Harrison and Seamus P. Daniels, *An Analysis of the FY2021 Defense Budget*, Defense360,<sup>o</sup> CSIS, Rowman and Littlefield, August 2020, pp. 56-58, <http://defense360.csis.org/wp-content/uploads/2020/08/Analysis-of-the-FY-2021-Defense-Budget.pdf>.