



July 11, 2011

## **Budget Committee Hearing on “Budgeting for America’s National Security”**

At a House Budget Committee hearing requested by Ranking Member Chris Van Hollen, witnesses testified that Pentagon costs continue to rise faster than the Department of Defense (DoD) estimates, and that we could make DoD more efficient and save hundreds of billions of dollars without sacrificing security. A strong economy is key to strong national security and a balanced deficit reduction plan is essential to achieve long-term economic growth. Any balanced deficit reduction plan must consider all elements of the budget, including spending at the Pentagon. These notions were embodied in the 2012 Democratic alternative budget resolution and a “Sense of the House” amendment that passed the House Budget Committee on a strong bipartisan vote (33 to 5) during markup of the 2012 budget resolution. Following are some of the hearing highlights.

### **Ranking Member Van Hollen’s opening statement**

We all want a strong military that is second to none, but during this difficult fiscal period we have to be much smarter and more efficient in how we go about providing for one. The economy -- the source of our ability to provide for a strong security apparatus -- is at risk because of large deficits and rising debt. Admiral Mike Mullen, the Chairman of the Joint Chiefs of Staff, warned policy makers of this growing risk when he stated, “Our national debt is our biggest national security threat.”

Over the last decade, the “base” Pentagon budget has nearly doubled, and spending at the Pentagon is now at its highest level since World War II. The U.S. currently outspends the world’s second largest military – China – by a factor of seven to one.

Over the last decade the Pentagon was able to avoid making difficult choices because of this permissive funding environment. This isn’t my opinion; it is the opinion of the highest ranking officer in our military. Admiral Mullen said, “...with the increasing defense budget, which is almost double, it hasn’t forced us to make the hard trades. It hasn’t forced us to prioritize. It hasn’t forced us to do the analysis.”

DoD still can’t pass a standard audit. It doesn’t keep track of the number of service contractors it has even though it spends roughly \$200 billion per year on such contracts. Major weapons acquisition programs have experienced hundreds of billions in cost overruns in recent years; the Government Accountability Office (GAO) recently estimated cost growth of these weapons systems totaling \$300 billion. GAO has identified a number of persistent high-risk management areas at the Department that need improving.

### **David E. Mosher, Assistant Director, Congressional Budget Office**

On June 30th, CBO released a report on the Pentagon’s current plans that concludes historical cost growth will continue to put upward pressure on the budget at a time of large deficits. CBO projects the cost of the current defense plans to be \$64 billion higher than the department’s estimate over five years, and that by 2016 annual costs would be about \$25 billion higher than the DoD estimate.

Almost all of the long-term growth in DoD's budget is rising operation and support costs. In particular, CBO projects significant increases in the costs for military and civilian compensation, military health care, and operation and maintenance of aging and more technologically advanced weapons systems.

**Dr. Gordon Adams, Distinguished Fellow, The Stimson Center**

"Our deficit, our debt and the economy are our most important national security issues. I agree not only with Chairman Mullen, but with the Simpson-Bowles commission, [and] with the Rivlin-Domenici commission."

The President's proposal to cut Pentagon spending by \$400 billion below the current budget plan over 12 years is really not a cut. "We can achieve \$400 billion in savings in defense over the next 12 years providing the Defense Department with growth at the rate of inflation."

"We have the only military in the world capable of flying anywhere in the globe, we have the only military in the world capable of sailing anywhere in the world, we have the only military in the world capable of deploying ground forces anywhere in the world, we have the only military with global intelligence, communications, transportation, and logistics. The only military. No other country in the world even comes close. Ten years out, in a well-managed builddown, we will have exactly the same thing."