



COMMITTEE ON THE BUDGET

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President Trump's Dishonest Defense Budget

The President's budget reflects a myopic view of national security. It increases funding for the military while drastically cutting non-defense discretionary (NDD) investments that are also essential to our security. Moreover, it increases funding for the military in the worst possible way – through a dishonest budget gimmick that obscures the true cost of military operations and prevents the funding certainty the military needs to plan effectively.

Increases defense using massive OCO gimmick while cutting everything else — The budget uses a patently dishonest budget maneuver to seek an end-run around the Budget Control Act (BCA) caps for defense while severely shortchanging other vital national and economic security investments. For 2020, it includes \$576 billion for the base defense budget – matching the BCA level – but adds \$165 billion for Overseas Contingency Operations (OCO) and \$9 billion of emergency funding, which are both exempt from budget caps. This increases the overall defense topline to \$750 billion (\$34 billion above the 2019 level).

The OCO request is an eye-popping \$96 billion more than the 2019 enacted level. This strategy to bypass the budget process and avoid a negotiation to raise both the defense and NDD budget caps could put us on a path to a government shutdown once again. Furthermore, the ad hoc nature of adding OCO funds a year at a time for regular activities precludes the funding certainty the military needs to plan effectively and efficiently. Including high-priority base-budget activities in the OCO budget distorts defense planning because these activities are excluded from the DoD's five-year defense plan. This separation shelters lower-priority programs from tradeoffs and promotes wasteful spending.

Function 050, National Defense

(Discretionary Budget Authority in Billions of Dollars)

	Enacted 2019	P.B. 2020	Increase/ Decrease	% Change
Base	647	576	-71	-11%
OCO	69	165	96	139%
Emergency	0	9	9	n/a
Total	716	750	34	5%

Function 050 includes the military activities of the Department of Defense (DoD), the nuclear weapons-related activities of the Department of Energy (DOE), and portions of the activities of several other agencies, such as the Coast Guard and the Federal Bureau of Investigation. DoD makes up roughly 95 percent of the function total.

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.

Reveals that \$41.3 billion of OCO request is for enduring activities — DoD’s OCO request includes \$66.7 billion for activities related to overseas contingencies. Of that amount, \$41.3 billion funds activities that DoD says will continue even after combat operations cease.

DoD's 2020 OCO Request	
	<u>\$ in Billions</u>
Direct war	25.4
Enduring	<u>41.3</u>
Total war-related	66.7
Base activities	<u>97.9</u>
Total OCO	164.6

Adds \$9 billion of emergency funds for “Unspecified Worldwide Construction” — DoD’s budget includes \$9 billion of emergency funds under one line called “Unspecified Worldwide Construction.” The Department provided no detail for this request other than saying it will use \$7.2 billion of these funds to pay back 2019 military construction projects the President is deferring to free up funds for border wall construction as part of his phony emergency declaration and for new border wall construction in 2020. The remaining \$2 billion would be for rebuilding facilities damaged by Hurricanes Florence and Michael.

DoD's 2020 Emergency Request	
	<u>\$ in Billions</u>
2019 wall payback	3.6
2020 wall constuction	3.6
Hurricane damage	<u>2.0</u>
Total Emergency	9.2

Increases funds for operations and maintenance, research and development, and military personnel — Compared with the 2019 enacted level, the budget includes a \$14 billion (5 percent) increase for operation and maintenance (O&M), a \$9 billion (9 percent) increase for research, development, test, and evaluation (RDT&E), and a \$5 billion (3 percent) increase for military personnel. The increase to O&M reflects additional activities associated with building military readiness – including training, depot maintenance, and logistics support. The additional funds for RDT&E include more investment in the areas of autonomous technology, artificial intelligence, and hypersonics. The increase for military personnel reflects a 3.1 percent pay raise for servicemembers and a total end strength increase of 7,722.

Department of Defense by Title

(Discretionary BA in Billions of Dollars, Includes OCO and Emergencies)

	Enacted 2019	Request 2020	Increase/ Decrease	% Change
Military Personnel	150.7	155.8	5.0	3%
Operation and Maintenance	278.8	292.7	13.9	5%
Procurement	147.3	143.1	-4.2	-3%
RDT&E	95.3	104.3	9.0	9%
Revolving and Management Funds	1.7	1.4	-0.2	-13%
Military Construction*	9.7	19.8	10.1	104%
Family Housing	1.6	1.3	-0.2	-15%
Total Department of Defense	685.0	718.3	33.4	5%

*2020 includes \$9.2 billion emergency request

Establishes a Space Force — The budget includes \$14 billion – a 15 percent increase above the 2019 enacted level – for space programs, which includes \$72 million to initiate a Space Force, a new branch of the Armed Forces housed within the Air Force. DoD plans to create the Space Force headquarters in 2020 and transfer personnel and other resources associated with space operations across DoD and the Services to this new branch in future years. The long-term costs of this reorganization are unknown because there is little planning information available. President Trump made an impromptu decision to create a Space Force less than a year ago without a detailed DoD plan. One concern is that creating another military branch adds to DoD’s bureaucracy and will limit its ability to make budgetary tradeoffs.

Plans to spend \$1 billion annually on the agency-wide audit — The budget includes nearly \$1 billion per year for DoD’s agency-wide annual audits, which will cover expenditures for the audit itself and other audit support, as well as remediation activities. DoD failed to receive a clean audit opinion after undergoing its first department-wide audit last year – nearly 30 years after the passage of the Chief Financial Officers Act of 1990 established the requirement for annual audits of federal agencies’ financial statements – and remains the only federal agency yet to pass one. The audit uncovered significant information technology security problems and systemic deficiencies in DoD’s financial management systems. DoD spent nearly \$1 billion on activities related to the 2018 audit – \$413 million to conduct the audit itself, \$406 million on audit remediation, and \$153 million on financial system fixes. Moving forward, DoD must commit to the reforms necessary to allow for a clean audit as quickly as possible.