

Testimony

Steven M. Kosiak
Adjunct Senior Fellow, Defense Program,
Center for a New American Security (CNAS)

Before the United States House of Representatives Committee on the Budget

Hearing on “Investing in America’s Economic and National Security”

February 7, 2019

I want to thank Chairman Yarmuth, and Ranking member Womack, for the opportunity to testify before the House Budget Committee today concerning the need to invest in America’s economic and national security. I was asked in my testimony to consider specifically the question of how much of the one-third of federal spending that is discretionary, and subject to annual appropriations, is related to national security. I provide two answers: one that includes funding only for Departments, Agencies and programs that closely and directly support US national security, using a relatively narrow and traditional definition of national security; and another that also includes funding for those parts of the budget that provide critical economic and other foundational support, or support our national security through other means. In either case, the answer to the question is that national security-related largely dominates the discretionary portion of the federal budget.

As a starting point for considering this question, it is important to recognize that, whatever the merits of dividing overall discretionary spending into “Defense” and “Non-Defense” discretionary (NDD) categories for purposes of enforcing the Budget Control Act (BCA) and previous budget agreements, we need to throw that division out the window when trying to understand the share of discretionary spending used to support US national security.

The Department of Defense, the National Nuclear Security Administration and the other smaller Agencies and programs funded through the “Defense” side of the discretionary budget, are clearly key to ensuring our national security. That this view is shared by both parties in Congress and the Administration is reflected in the fact that the Defense Department’s Year 2019 budget has already been enacted. Altogether, under the most recent budget agreement, the “Defense” portion of the discretionary budget, including both regular (“base”) and Overseas Contingency Operations (OCO) funding, was provided \$695 billion in 2018, and \$716 billion in 2019.

But the NDD portion of the budget also includes an enormous amount of national security-related spending. Again, including both regular and OCO funding, total NDD funding amounts to some \$591 billion in 2018 and \$605 billion in 2019. Based on 2018 enacted levels, even using a relatively narrow definition national security, a minimum of some \$217 billion, or

37 percent, of NDD funding can reasonably be characterized as closely and directly related to national security. If a broader definition is used, again using 2018 enacted levels, the amount of NDD funding in this category grows to some \$392 billion, or 66 percent, of total NDD funding. Assuming the totals in the omnibus ultimately enacted to fund those Departments and Agencies still operating under a continuing resolution are close to the levels already agreed to by House and Senate negotiators, those percentage would remain essentially the same in 2019.

Combined with the Defense Department’s budget, and those of smaller agencies funded through the “Defense” category, this means that altogether, of the overall total of \$1.29 trillion provided for discretionary programs through regular and OCO appropriations in 2018, some \$912 billion, or 71 percent, is directly related to national security. And if a broader definition is used, this total increases to some \$1.1 trillion, or 84 percent of total discretionary spending. When action is finally completed on all 2019 appropriations, the numbers for this year are likely to be very similar.

There are a range of views concerning the best definition of national security and what programs and activities contribute most directly to strengthening our national security. In my narrow definition, I include only those programs and activities that directly support the US military and veterans, foreign affairs, homeland security, law enforcement, and a very narrow segment of public health programs, focused on food safety and the control of infectious diseases. Although not in all cases exclusively focused on protecting the United States from foreign powers or terrorist threats, each of these activities represent potentially critical first lines of defense against such threats. For the broader definition of national security, I also include a range of Departments and Agencies whose programs, while generally not as directly tied to countering these kinds of threats, provide crucial support to the economic, scientific, educational, health, and environmental foundations upon which US national security ultimately rests, or address national security through other means.

NDD Departments and Agencies Directly Supporting US National Security

Reasonable minds can differ concerning precisely what federal programs contribute closely and directly related to national security. However, any list of such programs would almost certainly include, in addition to Defense programs, the following NDD Budget Functions, Departments, Agencies, and programs. It is also worth noting that Budget Control Act, agreed to by the Obama Administration and Congress in 2011, initially divided discretionary spending into “Security” and “Non-Security” categories, rather than “Defense” and “Non-Defense” categories—and the “Security” category included, along with the Department of Defense and other Defense Agencies, the first three Budget Functions and Departments listed below.

- **International Affairs.** The “Function 150” international affairs budget includes funding for the State Department and USAID, as well as funding for Treasury International programs, the Millennium Challenge Corporation, the Title II, Pl. 480 Food for Peace program, and a range of smaller Agencies and programs. It supports the US diplomatic presence around the

world, through which US foreign policy is executed and US interests abroad are represented and protected. It also supports a broad range of foreign assistance programs, including economic and military assistance to key allies, humanitarian assistance to countries and regions devastated by war, famine and other man-made and natural disasters, and development assistance aimed at helping poor countries build up their social and economic strength. Although the specifics of these programs vary, all of them ultimately contribute to America's position abroad. The key role the international affairs budget plays in supporting US national security is perhaps best attested to by the strong support these programs have among the leadership of the US military, both active and retired. As former Defense Secretary James Mattis once remarked, "If you don't fund the State Department fully, then I need to buy more ammunition." Congress appropriated \$55.9 billion for the International Affairs budget in 2018.

- **Veterans Affairs:** Funding for Veterans Affairs encompasses a broad range of programs that serve the roughly 20 million veterans across the country who have served in the US military. In this sense, Veterans Affairs is not simply a critical national security program, it is essentially an outgrowth of the Department of Defense—the Department of Veterans Affairs' reason for being is to support the men and woman who have separated from service with the US military, and eligible family members. Programs administered by the Department of Veterans Affairs include medical care and social support services, disability compensation and pensions, educational assistance, vocational rehabilitation and employment services, assistance to homeless veterans, home loan guarantees, life insurance and death benefits. These programs are funded through both the NDD and mandatory portions of the budget. For 2018, the discretionary portion of the Veterans Affairs budget totaled some \$81.5 billion, and was used primarily to fund veterans medical care, medical research, construction, and information technology programs. Most other veterans' benefits are funded through mandatory appropriations, totaling some \$104 billion in 2018. (Only the Department's discretionary appropriations are included in the estimated NDD total for national security programs noted above.) Adequately funding Veterans Affairs programs is not only the right thing to do, it is critical to supporting the Defense Department and its ability to attract and retain quality personnel, and thus for the protection of US national security.
- **Homeland Security:** Some 30 different federal Departments and Agencies play a role in homeland security. The Department of Homeland Security is responsible many key activities in the homeland security mission. These include customs and border security, immigration and customs enforcement, security provided at airports, ports and train stations, and maritime security provided by the Coast Guard. It also includes the Federal Emergency Management Agency, US Citizenship and Immigration Services, and the Secret Service. For 2018, Congress provided the Department of Homeland Security \$48.2 billion (including \$46 billion counted under the NDD cap and \$2.2 billion as Defense) in discretionary appropriations in its regular and OCO budgets (plus some \$7 billion in the disaster and \$43 billion in emergency funding, not included in the estimated NDD total for national security programs noted above). In addition to the Department of Homeland Security, the Departments of Defense,

State, Health and Human Services, Energy, and Commerce, are among the most significant contributors to the governmentwide homeland security mission.

- **Department of Justice:** The Department of Justice supports law enforcement efforts across the country that are critical to both the personal security of individual Americans and national security. The Department's budget funds the US attorneys' offices and other legal staff. But the vast majority of its funding supports law enforcement operations and the federal prison system. Agencies funded within its budget include the Federal Bureau of Investigation, which is, among other things, the lead federal investigative agency responsible for protecting the United States against foreign intelligence and terrorist threats, the Drug Enforcement Agency, charged with protecting Americans against trafficking in illicit drugs, and the Federal Bureau of Prisons. Congress appropriated \$30.1 billion for the Department of Justice in 2018 (including \$24.8 billion counted under the NDD cap and \$5.3 billion under the Defense cap).
- **Centers for Disease Control and Prevention (CDC):** Public health is a key component of maintaining the security of Americans. And the federal government is involved in a broad range of public health efforts that are integral to our national security. To be conservative, however, this analysis classifies only the CDC, which focuses especially on infectious diseases, as directly related to national security. For 2018, Congress provided the CDC with \$7.2 billion in discretionary funding.
- **Food Safety:** Ensuring the safety of the US for supply is another mission funded through the NDD budget that is critical to US national security. Along with state and local Agencies, a number of federal Departments and Agencies share responsibility for this mission. The two most important of these are the Food and Drug Administration, within the Department of Health and Human Services, and the Food Safety and Inspection Service, within the Department of Agriculture. Congress provided these two Agencies \$2.1 billion in 2018.

While not comprehensive, from a budget perspective, this list captures the bulk of the NDD funding, some \$217 billion in 2018, used to directly support US national security, under a relatively narrow definition of that term. In a few cases the Agencies listed above also perform activities unrelated or only indirectly related to national security. However, the budgetary impact of any such *overcount* is likely offset by the *undercount* resulting from the exclusion—in cases where such funding accounts for only a relatively modest share of a Department's or Agency's overall budget—from the list of some other programs that are closely related to national security.

NDD Departments and Agencies Supporting the Foundations of US National Security

Deciding what areas of the NDD budget to include in a broader definition of national security-related funding, is more difficult and subjective. But if one believes that investments aimed at building up the economic, scientific, educational, health, and environmental

foundations of this country contribute critically to our national security over the long run, and in some cases provide an alternative means of achieving national security goals, a strong case can be made for including the budgets of at least the following Departments, Agencies and programs.

- **Department of Energy (Non-Defense):** The Department of Energy funds research aimed at helping the US achieve greater energy independence, a goal widely recognized as contributing to national security. It also funds research focused on addressing climate change—which the Department of Defense has noted poses a “significant risk” to US interests globally.
- **National Aeronautics and Space Administration:** NASA is not only the lead civilian agency on space capabilities but contributes greatly to the US science and technology base more generally. Like the Department of Energy, it is also a leader in the area of climate change research.
- **National Institutes of Health:** Key goals of NIH include not only protecting and improving the health of Americans through innovative research, but expanding “the knowledge base in medical and associated sciences in order to enhance the Nation’s economic well-being and ensure a continued high return on the public investment in research.”
- **Department of Transportation:** A modern and capable physical infrastructure is a key component of economic growth for any country. And the Department of Transportation plays a critical part in funding that infrastructure.
- **Army Corps of Engineers:** This Agency plays a similarly important role in maintaining and improving important parts of America’s economic infrastructure.
- **Department of Education:** As important as physical capital is to economic growth, human capital is even more important to that growth. And, although far from the only federal agency involved sustaining and improving the country’s human capital, the Department of Education has a leading role in that effort.

Altogether, Congress provided about \$175 billion in discretionary funding for these Departments and Agencies in 2018. This estimate should be treated as very rough and tentative. Others more familiar with these and other areas of NDD spending might come up with a somewhat different list, with a different funding total. That said, it seems at least as likely that such a list would include more agencies and more funding, as it is that it would include fewer agencies and less funding. This list might, for example, be expanded to include Department of Labor training programs, Department of Treasury funding related to tax collection and the Office of Terrorism and Financial Intelligence, and the Commerce Department’s National Oceanic and Atmospheric Administration, which provides critical Climate Change data. Conversely,

generating a substantially smaller list, or a substantially smaller funding total, would require adopting a different, and significantly narrower, set of assumptions concerning the kinds of investments that contribute to our country's physical and human capital, and economic strength.

Conclusions

This review of discretionary spending makes clear that US national security programs and activities account for a substantial majority of discretionary appropriations. Perhaps more importantly, it makes clear that national security-related Departments, Agencies and programs account for a large share of funding even within the NDD portion of the budget. Specifically, it shows that national security-related spending accounts for—at a minimum—nearly \$2 out of every \$5 allocated to the NDD side of the discretionary budget. It also suggests that if a broader definition of security-related funding is used, the share of NDD funding allocated to these programs and activities increases to more than \$3 out of every \$5.

More than anything else, the magnitude of the funding allocated to security-related programs and activities within the NDD budget emphasizes the importance for US national security of including a major increase in the Budget Control Act's NDD cap as part of a new budget agreement. Absent a new agreement, the NDD cap will drop to \$542 billion in 2020. This would mark a \$55 billion, 9 percent cut, from this year's level—and an 11 percent cut in real (i.e., inflation-adjusted) terms. This means that, even assuming the amount provided for OCO is unchanged, simply to hold overall funding flat for security-related Departments, Agencies and programs, the remaining portion of NDD would need to be cut by some 15-27 percent, depending on whether a narrow or broad definition of national-security-related programs is used.

Worse yet, perhaps an equally likely scenario, given the importance of these other areas for addressing non-security related priorities—including everything from health care for vulnerable populations and social safety-net programs to the environment, housing, and agricultural programs—is that, instead, to fit within the lower NDD cap, security-related NDD programs and activities will be cut disproportionately deeply. Absorbing the full reduction in NDD funding required by the lower 2020 cap through cuts to security-related NDD programs alone would necessitate real reductions of 14-26 percent in those programs.

Since none of these options represents a realistic approach to ensuring that adequate funding is provided for the full range of critical US national security-related Departments, Agencies and programs funded through the NDD budget, it is crucial that a new budget agreement be reached and that it include a substantial increase in the NDD cap.