

ISSUE BRIEF

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Senate Defense Appropriations: The Battle over Budget Priorities Continues

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This week, the Senate will begin the procedural process to begin debate on the Department of Defense (DOD) appropriations bill. The debate on the Senate bill comes a week after the House of Representatives passed the companion DOD appropriations bill.¹ The Senate bill provides \$489 billion, nearly \$1 billion less than the House bill. The funding levels provided are nearly the same as current funding, but \$38 billion less than the President requested in his budget submission to Congress. However, the bill also provides \$86.9 billion for Overseas Contingency Operations (OCO), although \$1.5 billion less than the House provided. In total, the Senate DOD appropriations bill provides \$576.5 billion in total budget authority—\$2.6 billion less than the House DOD bill, but roughly \$22 billion more than current funding.

Defense Funding at a Critical Juncture

National security funding is at a critical juncture in Washington. The Budget Control Act (BCA) divides spending into two separate spending categories: defense and non-defense. (See Table 1.) Both are subject to spending caps outlined in the law. Many conservatives believe that by putting disproportionate emphasis on cuts in defense, spending reductions

achieved by the BCA have failed to prioritize federal funding adequately.

This categorization provides considerable flexibility in determining domestic, non-defense spending priorities, but allows little flexibility with defense spending. This situation has left conservatives in a catch-22 situation, with legislators caught between their desire to provide enhanced funding for new national security resources and the need to adhere to the spending caps. The DOD appropriations bill can do little to realign spending in the defense or non-defense categories. If this appropriations bill attempted to exceed the spending caps outlined in the BCA, that spending would be subject to sequestration.

To circumvent the spending caps, Congress employs a budget gimmick known as Overseas Contingency Operations (OCO) or war funding, which is meant to provide resources to the ongoing wars in Iraq and Afghanistan. The emergency nature of OCO means that those resources are available without the restrictions of BCA spending limits. The resources needed to fulfill the missions of the war are determined—and requested—by the President.

For fiscal year (FY) 2016, the President requested \$58 billion for OCO, \$38 billion less than the \$96 billion provided by the congressional budget resolution. The \$38 billion in OCO funds above the President's request is not the appropriate way to address national security needs.

The solution to the problem of national security priorities running up against budget caps can be achieved without budget gimmicks or busting the overall BCA budget caps. It would require Congress to renovate the BCA by removing the spending cap

This paper, in its entirety, can be found at
<http://report.heritage.org/ib4423>

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TABLE 1

Senate Defense Appropriations

BY FISCAL YEAR, IN MILLIONS OF DOLLARS

	FY 2015 Enacted	2016 Request	302(b) for FY 2016	FY 2016
Discretionary Budget Authority	490,194	526,928	489,131	489,131
Ongoing Contingency Operations Funding	63,935	50,950	86,869	86,869
Total Budgetary Resources*	554,129	577,878	576,000	576,000

* Totals do not include \$514 million in mandatory funding.

Note: The congressional budget resolution passed by Congress is the mechanism for setting the overall spending caps, also known as the 302(a), as required by the Budget Control Act. The Appropriations Committee is responsible for subdividing the 302(a) allocations among the 12 appropriations subcommittees through what is known as the 302(b) suballocations. The FY 2016 302(a) spending caps, consistent with the Budget Control Act, amount to \$1.017 trillion.

Source: Department of Defense Appropriations Act, 2016, S. 1558, 114 Cong., 1st Sess., <https://www.congress.gov/bill/114th-congress/senate-bill/1558> (accessed June 5, 2015).

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TABLE 2

Discretionary Budget Authority Under the Budget Control Act

FOR FY 2016, IN BILLIONS OF DOLLARS

FY 2016 Non-Defense	FY 2016 Defense (Function 050)	FY 2016 Overall Spending Caps
493	523	1,017

Notes: The Budget Control Act of 2011 was a debt-limit increase bill that included deficit reduction measures totaling \$2.1 trillion using spending caps and sequestration. The congressional budget resolution passed by Congress is the mechanism for setting the overall spending caps, also known as the 302(a), as required by the Budget Control Act. The Appropriations Committee is responsible for subdividing the 302(a) allocations among the 12 appropriations subcommittees through what is known as the 302(b) suballocations. The FY 2016 302(a) spending caps, consistent with the Budget Control Act, amount to \$1.017 trillion.

Source: Congressional Budget Office, “Updated Budget Projections: 2015 to 2025,” March 2015, p. 10, <https://www.cbo.gov/publication/49973> (accessed June 18, 2015).

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firewall between defense and non-defense. Members of Congress could then redirect funds otherwise provided to overreaching, big-government non-defense programs to meet national security priorities.

Defense Budget Recommendations

In March, The Heritage Foundation published *The Budget Book: 106 Ways to Reduce the Size and Scope of Government*.² It includes an analysis of the entire budget with recommendations for reducing funding in some areas of the defense budget, specifically:

- **Eliminating non-combat-related medical research.** The Senate bill provides \$70.3 billion for research, development, testing, and evaluation in FY 2016. Eliminating non-combat-related medical accounts would save at least \$500 million.
- **Eliminating commissary subsidies.** The Senate bill provides \$1.5 billion for commissary salaries for FY 2016—roughly \$300 million more than current funding.

1. See John Gray, “House Department of Defense Appropriations: Where the Battle over Budget Priorities Begins,” Heritage Foundation *Issue Brief* No. 4419, <http://www.heritage.org/research/reports/2015/06/house-department-of-defense-appropriations-where-the-battle-over-budget-priorities-begins>.

2. The Heritage Foundation, *The Budget Book: 106 Ways to Reduce the Size and Scope of Government*, March 2015, <http://budgetbook.heritage.org/>.

TABLE 3

Defense Spending Proposals

FOR FY 2016, IN BILLIONS OF DOLLARS

	2016 Budget Control Act Caps	Congressional Budget Resolution	President's Budget	Heritage Foundation Calculations
Base Defense (050) Discretionary Budget	523	523	561	584
Ongoing Contingency Operations Funding	n/a	96	58	n/a

Notes: The Budget Control Act of 2011 was a debt-limit increase bill that included deficit reduction measures totaling \$2.1 trillion using spending caps and sequestration. The Budget Control Act defines “Defense” as Function 050, which is allocated slightly differently than appropriation measures. In addition to Department of Defense funding, Function 050 includes defense-related activities of the Department of Energy, Department of Homeland Security, and Department of Justice, among others.

Sources: Heritage Foundation calculations from Diem Nguyen Salmon, “A Proposal for the FY 2016 Defense Budget,” Heritage Foundation *Backgrounder* No. 2989, January 30, 2015, <http://www.heritage.org/research/reports/2015/01/a-proposal-for-the-fy-2016-defense-budget>.

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- **Increasing use of performance-based logistics.** The Senate bill provides \$139.2 billion for operations and maintenance for FY 2016—\$22.5 billion less than current funding. Using performance-based logistics in weapon system maintenance and sustainment could save as much as \$9 billion.

In January, The Heritage Foundation published “A Proposal for the FY 2016 Defense Budget,”³ which recommends that Congress:

- **Increase national defense spending.** The Senate bill provides \$489 billion in base DOD spending for FY 2016, roughly the same as current funding.⁴ There are two general concepts for “defense” in Congress: One refers to the Department of Defense, as is the case with this bill, and an esoteric budget concept that defines defense as “Function 050.” Function 050 is a defense account that funds not only DOD, but also any security-related spending, including the Department of Energy’s National Nuclear Security Administration. The Function 050 account is subject to a statutory BCA spending cap, which is \$523 billion for FY 2016, \$489 billion of which in this DOD bill is provided for DOD defense activities as opposed to related security activities. The

Heritage Foundation recommends increasing defense funding (Function 050) from \$523 billion to \$584 billion. The \$584 billion funding level would allow increased funding for personnel and force size, procurement and research and development (R&D), and operations as detailed in the next three points.

- **Increase personnel and force size funding.** The Senate bill provides military personnel \$129.5 billion for FY 2016, \$1.4 billion more than current funding.
- **Increase procurement and R&D funding.** The Senate bill provides \$109.8 billion for procurement, \$16 billion more than current funding.
- **Increase operations funding.** The Senate bill provides \$139.2 billion for operations and maintenance, \$22.5 billion less than current funding.

Conclusion

The Senate and House Department of Defense appropriations bills are part of the larger debate over BCA budget cap levels. The BCA limits have forced Congress to ponder the difficult choice between fiscal responsibility and providing adequate national security resources.

3. Diem Nguyen Salmon, “A Proposal for the FY 2016 Defense Budget,” Heritage Foundation *Backgrounder* No. 2989, January 30, 2015, <http://www.heritage.org/research/reports/2015/01/a-proposal-for-the-fy-2016-defense-budget>.

4. As noted, this level of funding does not include \$88 billion provided for OCO. The total provided to the Department of Defense is \$579 billion.

TABLE 4

Senate Department of Defense Appropriations

DISCRETIONARY BUDGET AUTHORITY IN MILLIONS OF DOLLARS

	FY 2015 Enacted	FY 2016, Senate	Change in Dollars	% Change	FY 2016, House	Difference, Senate vs. House, FY 2016
Title I, Military Personnel						
Army	41,116	41,038	-78	-0.2%	37,296	3,742
Navy	27,453	27,983	530	1.9%	26,711	1,272
Marine	12,829	12,953	124	1.0%	12,587	366
Air Force	27,377	27,757	380	1.4%	26,227	1,530
Army Reserve	4,318	4,418	100	2.3%	4,463	-45
Navy Reserve	1,836	1,849	13	0.7%	1,867	-18
Marine Corps Reserve	660	698	38	5.8%	705	-7
Air Force Reserve	1,653	1,677	24	1.5%	1,689	-12
National Guard, Army	7,644	7,862	218	2.9%	7,980	-118
National Guard, Air Force	3,119	3,206	87	2.8%	3,202	4
Total, Title I	128,005	129,442	1,437	1.1%	122,727	6,715
Title II, Operations and Maintenance	161,656	139,169	-22,487	-13.9%	162,285	-23,116
Title III, Procurement	93,835	109,814	15,979	17.0%	98,560	11,254
Title IV, Research, Development, Test, and Evaluations	63,713	70,325	6,612	10.4%	66,151	4,174
Title V, Revolving and Management Fund	2,135	2,254	119	5.6%	2,109	145
Title VI, Other Defense Programs	34,145	34,294	149	0.4%	33,345	949
Title VII, Related Agencies	1,022	1,028	6	0.6%	1,022	6
Title VII, General Provisions	-803	-3,352	-2,549	317.4%	-2,132	-1,220
Department of Defense, Subtotal	483,708	482,974	-734	-0.2%	484,067	-1,093
Less Mandatory Funding	514	514		0.0%	514	Na
Scorekeeping Adjustments	6,955	6,672	-283	-4.1%	6,672	0
Total Base Defense Budget	490,194	489,132	-1,062	-0.2%	490,225	-1,093
Title IX, Global War on Terrorism (OCO)						
Military Personnel	4,967	3,205	-1,762	-35.5%	10,468	-7,263
Operations and Maintenance	49,979	74,636	24,657	49.3%	53,823	20,813
Procurement	7,697	7,689	-8	-0.1%	18,094	-10,405
Research, Development, Test, and Evaluation	227	191	-36	-15.9%	1,745	-1,554
Other	1,065	1,059	-6	-0.6%	4,291	-3,232
Total, Title IX	63,935	86,868	22,933	35.9%	88,421	-1,553
Title X, Ebola Response	112	0	-112	-100.0%	0	0
Total Defense Resources	554,755	576,514	21,759	3.9%	579,160	-2,646

Notes: Not all programs included in this bill are listed. Some figures are included in this table to highlight specific program spending. The House of Representatives passed H.R. 2685, the Department of Defense Appropriations bill, on June 11, 2015. The congressional budget resolution passed by Congress is the mechanism for setting the overall spending caps, also known as the 302(a), as required by the Budget Control Act. The Appropriations Committee is responsible for subdividing the 302(a) allocations among the 12 appropriations subcommittees through what is known as the 302(b) suballocations. The FY 2016 302(a) spending caps, consistent with the Budget Control Act, amount to \$1.017 trillion.

Sources: Press release, "House Appropriations Committee Approves Fiscal Year 2016 Defense Bill," Committee on Appropriations, U.S. House of Representatives, June 2, 2015, <http://appropriations.house.gov/news/documentsingle.aspx?DocumentID=394232> (accessed June 9, 2015); Department of Defense Appropriations Act, 2016, S. 1558, 114 Cong., 1st Sess., <https://www.congress.gov/bill/114th-congress/senate-bill/1558> (accessed June 5, 2015); and calculations from the Congressional Budget Office and the Office of Management and Budget.

After years of unsustainable trillion-dollar deficits, the budget caps put in place by the BCA were arguably the first real step in reining in out-of-control spending. For this reason, Congress cannot afford to stymie progress by meddling with the current overall spending limits. At the same time, conservative Members of Congress are concerned that the funding limits reducing defense spending will jeopardize national security. Balancing the preservation of the overall spending caps and providing new resources to defense is a topic that Congress will continue to face in future spending bills.

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