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The Trump Administration's March 2017 Defense Budget Proposals: Frequently Asked Questions

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Introduction

On March 16, 2017, the Trump Administration released two defense budget proposals—a proposal for national defense (budget function 050) discretionary spending for fiscal year (FY) 2018 as part of the Administration's *Budget Blueprint* for federal spending, and a detailed request for additional FY0217 funding for Department of Defense (DOD) military activities.[1]

For FY2017, the Administration is seeking $30 billion for DOD military activities (budget subfunction 051) in addition to the amounts requested by the Obama Administration. Of this amount, $24.9 billion is slated for *base budget* activities and $5.1 billion is associated with Overseas Contingency Operations (OCO).[2]

The *Budget Blueprint* includes a $603 billion request for national defense (budget function 050) discretionary budget authority for FY2018 base budget requirements and $65 billion for OCO.

This report addresses several *frequently asked questions* regarding these proposals.

Frequently Asked Questions

How do the President's proposed Department of Defense (DOD) budgets for FY2017 and FY2018 compare to prior defense budgets?

The $524 billion FY2017 DOD base budget proposed by President Obama in February 2016 was approximately 0.4% higher than the FY2016 appropriation. This leveling of the DOD base budget above $520 billion would have followed three consecutive years (FY2013-15) in which the DOD base budget hovered between $495 billion and $496 billion after having dropped to this level in FY2013 by approximately $35 billion (without adjusting for inflation) from the FY2012 level. A 7% reduction in DOD's budget in FY2013 reflected the government-wide *sequestration* required under the Budget Control Act of 2011 (BCA/P.L. 112-25*)*. See **Figure 1**.

The $557 billion FY2018 DOD base budget projected by President Obama would have amounted to a 4.8% increase over his FY2017 request. The Obama Administration did not include an estimate of FY2018 OCO spending.

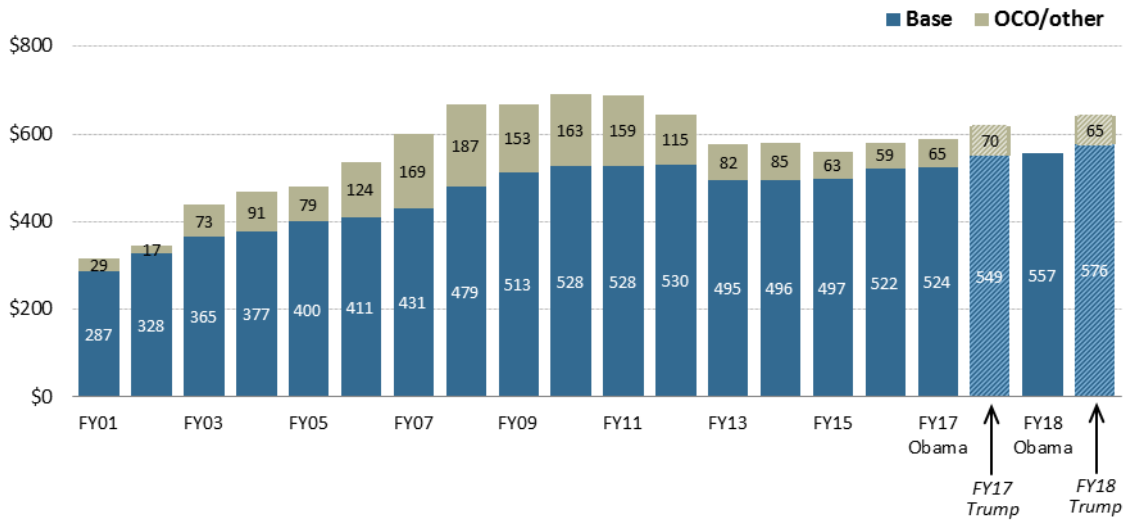
Compared with the FY2016 appropriation of $522 billion, President Trump's request of $549.5 billion for DOD military (subfunction 051) base budget requirements in FY2017 would provide an increase of 5.3%. His proposed FY2018 military base budget of $574 billion would provide an increase of 4.5% over his FY2017 proposal.

[1] Office of Management and Budget, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017, and Department of Defense Comptroller, *Overview - Request for Additional FY2017 Appropriations*, Washington, DC, March 16, 2017, at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/marchAmendment/FY17_March_Amendment.pdf.

[2] The National Defense budget function is comprised of DOD military (subfunction 051), defense-related programs in the Department of Energy for nuclear weapons (subfunction 053), and defense-related activities of the Department of Justice (subfunction 054). The term *base* budget is generally used to refer to funding for planned or regularly occurring costs to man, train and equip the military force. This is used in contrast to amounts needed for contingency operations or DOD response to emergencies such as disaster relief. For more information, see CRS Report R44519, *Overseas Contingency Operations Funding: Background and Status*, coordinated by Lynn M. Williams and Susan B. Epstein.

Figure 1. DOD (051) Discretionary Budget Authority: FY2001-FY2018 proposals

billions of then-year dollars



Source: DOD Comptroller budget briefing, March 16, 2017 (accessed at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/marchAmendment/FY2017_Budget_Request.pdf).

Notes: Funding currently designated as OCO was designated as GWOT (Global War on Terrorism) prior to 2009. For some years, OCO/other data also includes relatively small supplemental appropriations for repair of storm damage and other unbudgeted costs.

Would the President's budget proposals comply with the current Budget Control Act limits on defense spending?

No. The current national defense (budget function 050) discretionary limit set by the Budget Control Act of 2011 (BCA\P.L. 112-25), as amended, is $549.0 billion for FY2018.[3] The Trump Administration proposes $603.0 billion for defense in FY2018—$54 billion more than the cap. In addition, the Administration's request for additional FY2017 appropriations would exceed the current FY2017 defense limit by $25 billion. Defense appropriations at those levels for either year would trigger sequestration, in the absence of the appropriate statutory changes to BCA.[4]

The President's *Budget Blueprint* proposes to raise the defense discretionary caps for FY2017 and FY2018 to accommodate the budget request. The Administration's proposal would partially offset the requested increases in defense spending for FY2017 and FY2018 with reductions to nondefense spending for those years. The proposal calls for a reduction in the nondefense caps for FY2017 and FY2018, to offset the increase to the defense caps (see **Table 1**). Under the Administration's plan, about 60% of the FY2017 defense increase would be offset by nondefense decreases in FY2017. The entire defense increase in FY2018 would be offset by nondefense decreases under the President's plan.[5]

[3] For more information on the Budget Control Act, see CRS Report R42506, *The Budget Control Act of 2011 as Amended: Budgetary Effects*, by Grant A. Driessen and Marc Labonte.

[4] For information about sequestration see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, by Megan S. Lynch.

[5] Footnote 2 to Table 1 on pg. 49 in Office of Management and Budget, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017. Nondefense reductions would affect many departments and agencies including

Nevertheless, because the caps on defense and nondefense spending for each year are independently binding, unless the current defense caps are amended by law, defense spending for either year in excess of the current cap would trigger sequestration, regardless of any offsetting cuts in nondefense spending.

Table 1. Administration Proposed Discretionary Budget Limits

dollars in billions

Category	Current BCA Limit	Proposed Limit	Proposed Change (dollars)	Proposed Change (percentage)
FY2017				
Defense	$551	$576	$25	4.5%
Nondefense	$519	$504	-$15	-2.9%
FY2018				
Defense	$549	$603	$54	9.8%
Nondefense	$516	$463	-$54	-10.3%

Source: CRS analysis of U.S. President (Trump), "America First: A Budget Blueprint to Make America Great Again," *Public Papers of the Presidents of the United States* (Washington: GPO, 2017).

What are the Administration's stated priorities for the additional DOD base budget funds requested for FY2017?

In a letter to House Speaker Paul Ryan on March 16, 2017, President Trump said the $30 billion request for additional funds in FY2017 would address "critical budget shortfalls in personnel, training, equipment, munitions, modernization and infrastructure investment. It represents a critical first step in investing in a larger, more ready, and more capable military force," he said.

During a March 22, 2017 hearing of the Senate Defense Appropriations Subcommittee, Defense Secretary James Mattis described the FY2017 request as, "the first step in a three-phase, multi-year effort to restore readiness." The additional funds were intended, "to get our aircraft back in the air, our ships back to sea, and our troops back in the field with refurbished or new equipment and proper training," Mattis said.[6]

At that hearing, General Joseph Dunford, Jr., Chairman of the Joint Chiefs of Staff, stated that shortages of equipment have become a readiness problem because funds for new equipment—particularly aircraft—have been constrained by overall budget pressure while the services have been using their current equipment at a higher-than-anticipated rate for missions in Afghanistan and elsewhere. As an example, Dunford cited a squadron slated to operate 10 planes that actually had five aircraft ready for operation. Because of that deficit, he contended, the squadron would fall short of its intended combat capability if it were deployed. Moreover, he said, its pilots would

the Department of Agriculture, the Department of Commerce, Department of Education, Department of Health and Human Services, Department of Labor, Department of State & U.S. Agency for International Development, the Army Corps of Engineers and the Environmental Protection Agency. For a complete list of all nondefense agencies affected and the proposed reductions, see Table 2 on pg.50 in Office of Management and Budget, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017.

[6] U.S. Congress, Senate Committee on Appropriations, Subcommittee on Department of Defense, *A Review of the Budget & Readiness of the Department of Defense*, 115th Cong., 1st sess., March 22, 2017.

be unable to conduct the requisite training, and that fact—by itself—would erode the unit's morale, thus further reducing its combat-effectiveness.

How is the Administration's request for additional FY2017 base budget authority allocated?

According to a DOD paper presenting an overview of the request for additional FY2017 funding, the requested $24.9 billion is intended to compensate for insufficient funding for:

- near-term and mid-term combat readiness-related expenses such as equipment maintenance, munitions stocks, and intelligence operations; and
- unanticipated expenses resulting from enactment of the FY2017 National Defense Authorization Act (NDAA\P.L. 114-328) such as a higher than budgeted 2017 military pay raise (2.1% vs. 1.6%).[7]

Of the proposed $24.9 billion increase, $13.5 billion—54%—is for procurement, including nearly $2.7 billion for missiles and other munitions. Compared with Obama's FY2017 budget request, this would amount to an increase of more than 13%. For Operation and Maintenance (O&M) accounts, the proposed increase would amount to $7.2 billion, a 3.5% increase over the Obama FY2017 request.

Table 2. Request for Additional FY2017 DOD (051) Base Budget Authority

amounts in billions of dollars

Appropriations Title	FY2017 Request (Feb 2016)	Additional Trump Request (Mar 2017)	% increase over Feb 2016 Request	Total FY2017 Base Budget Request
Military Personnel	135.3	1.0	0.7%	136.3
Operation and Maintenance	206.0	7.2	3.5%	213.2
Procurement	102.6	13.5	13.1%	116.0
RDT&E	71.4	2.1	2.9%	73.5
Revolving and Management Funds	1.4	1.0	70.1%	2.3
Defense Appropriations Bill	**516.6**	**24.7**	**4.8%**	**541.3**
Enacted Military Construction	6.8[a]	0.2	3.5%	7.0
Enacted Family Housing	1.3[a]	0.0	0.0%	1.3
Enacted Military Construction Appropriations	**8.0[a]**	**0.2**	**2.9%**	**8.3**
Total (051) Base	**524.6**	**24.9**	**4.8%**	**549.6**

Source: Department of Defense Comptroller, Overview—Request for Additional FY2017 Appropriations, Washington, DC, March 16, 2017. Enacted amounts provided under H.R. 5325 Continuing Appropriations and Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2017, and Zika Response and Preparedness Act, P.L. 114-223).

Notes: Totals may not reconcile due to rounding.

[7] Department of Defense Comptroller, Overview—Request for Additional FY2017 Appropriations, Washington, DC, March 16, 2017.

a. For military construction, the FY2017 request reflects the amounts enacted in P.L. 114-223.

How is the Administration's request for additional FY2017 Overseas Contingency Operations amounts allocated?

The Trump Administration's request for additional FY2017 appropriations included $5.1 billion for Overseas Contingency Operations (OCO). These amounts are in addition to the $5.8 billion requested in a November 2015 OCO budget amendment submitted by the Obama Administration. The Trump Administration's request would bring the FY2017 OCO total to $69.6 billion. The additional amounts requested are generally distributed across accounts with $2.0 billion requested specifically to accelerate the fight against the Islamic State, al Qaeda and their affiliated or associated groups.

Table 3. Overseas Contingency Operations: Funding by Activity

amounts in billions of dollars

Operation/Activity	FY2017 Request (Feb 2016)	Obama Amendment (Nov 2016)	Additional Trump Request (Mar 2017)	% increase over Nov 2015 Request	FY2017 Total
Operation Freedom's Sentinel & related missions	41.7	3.4	1.1	2.4%	46.2
Operation Inherent Resolve & related missions[a]	7.5	2.4	2	20.2%	11.9
Defeat ISIS, al Qaeda and other associated or affiliated forces	-	-	2	-	2.0
European Reassurance Initiative	3.4	-	0.1	2.9%	3.5
Counterterrorism Partnerships Fund	1.0	-	-	-	1.0
Subtotal	53.6	5.8	5.1	8.6%	64.5
Bipartisan Budget Act (BBA) of 2015 Compliance	5.2	-	-	-	5.1
Grand Total	**58.8**	**5.8**	**5.1**	**7.7%**	**69.6**

Source: Department of Defense Comptroller, Overview—Request for Additional FY2017 Appropriations, Washington, DC, March 16, 2017.
Notes: Totals may not reconcile due to rounding.

a. Includes $20 million for Operation Odyssey Lightning.

How does the Administration's FY2018 national defense budget proposal compare to other proposals?

President Trump proposed a total of $668 billion in national defense (050) discretionary budget authority for FY2018—$603 for base budget requirements and $65 billion in Overseas Contingency Operations (OCO) requirements. Compared with the $584.5 billion FY2018 national defense base budget projected by President Obama in February 2016, President Trump's FY2018 proposal amounts to an increase of $18.5 billion or 3.2%. The proposed increase would exceed the Budget Control Act limit on defense discretionary spending in FY2018 by $54 billion.

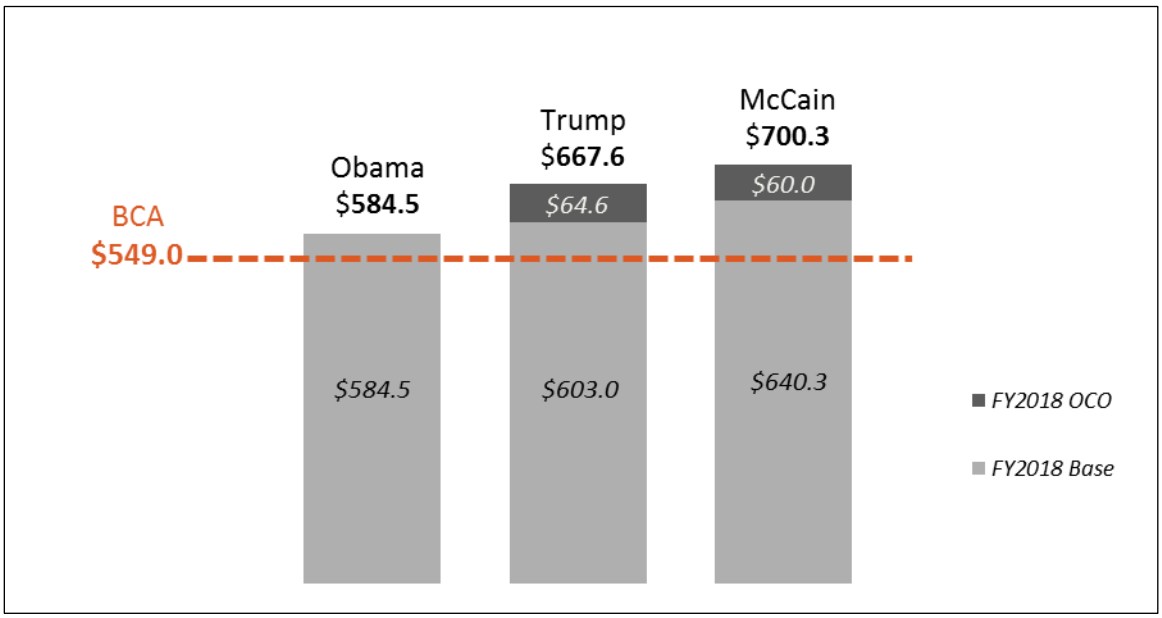
The Obama Administration did not project an FY2018 OCO budget request, so there is no basis of comparison between the two overall FY2018 national defense budget proposals.

On January 16, 2017, Senator John McCain, Chairman of the Senate Armed Services Committee, released his recommendations for the defense budget in the form of a white paper.[8] His FY2018 proposal would provide $640 billion in funding for national defense (050) discretionary base budget requirements and $60 billion in OCO funding.[9]

Chairman McCain's proposal would exceed the BCA limit by $91.3 billion. It would be a $55.8 billion (9.5%) increase over the Obama base budget proposal and a $37.3 billion (6.2%) increase over the Trump base budget proposal (see **Figure 2** and **Figure 3**). Including amounts proposed for OCO, President Trump's proposal is $32.7 billion (4.9%) below the McCain proposal.

Figure 2. Selected FY2018 National Defense (050) Budget Proposals

dollars in billions



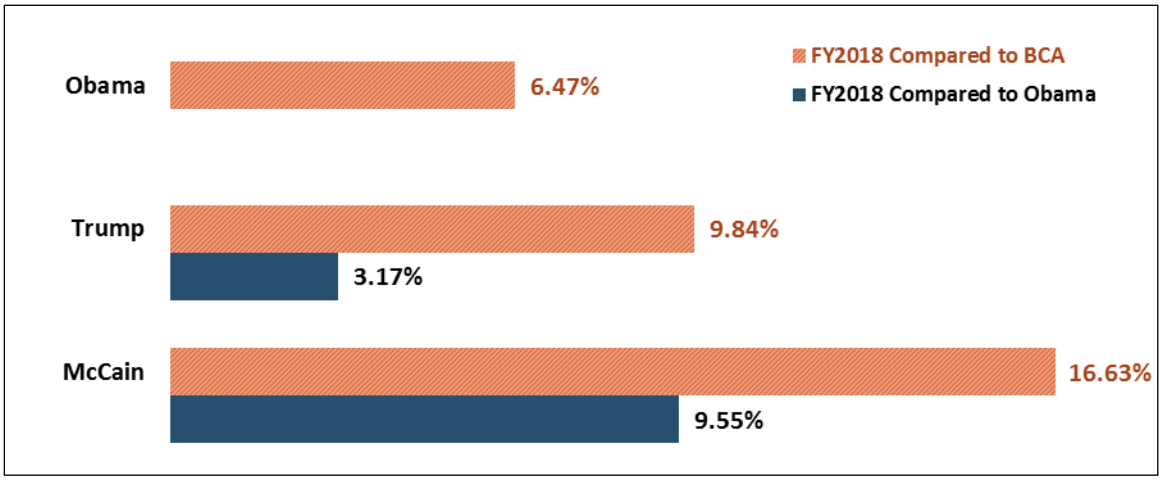
Source: CRS analysis of the Budget Control Act of 2011 (P.L. 112-25), as amended; National Defense Budget Estimates for FY2017 (Green Book); Office of Management and Budget, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017; and Senator John McCain, "Restoring American Power," January 16, 2017.

Notes: The Obama Future Years Defense Program (FYDP) included a placeholder for Overseas Contingency Operations indicating that funding would be needed, but no actual estimates were provided.

[8] Senator John McCain, "Restoring American Power: SASC Chairman John McCain releases defense budget white paper," press release, January 16, 2017, https://www.mccain.senate.gov/public/index.cfm/press-releases?ID=AA148EA0-8753-4483-8BEB-3D812D51F055. 2017.

[9] Senator John McCain, "Restoring American Power," January 16, 2017.

Figure 3. Comparison of Selected FY2018 National Defense (050) Base Budget Proposals



Source: CRS analysis of the Budget Control Act of 2011 (P.L. 112-25), as amended; National Defense Budget Estimates for FY2017 (Green Book); Office of Management and Budget, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017; and Senator John McCain, "Restoring American Power," January 16, 2017.

The *Budget Blueprint* highlights several funding priorities, such as accelerating the defeat of the Islamic State, meeting warfighting readiness needs, increasing stocks of munitions, filling personnel gaps, and managing cyber vulnerabilities. It contains no detail, however, on how requested amounts would be allocated.[10] The document implies that a new National Defense Strategy (NDS) will be forthcoming, but it does not correlate the budget request to such a strategy other than to say that the new NDS "recognizes the need for American superiority not only on land, at sea, in the air and in space, but also in cyberspace."[11]

Does the Administration's budget proposal "fully repeal the defense sequester"?

In describing the proposal for funding for defense, the Administration states:

> The budget for DOD ends the depletion of our military and pursues peace through strength, honoring the Federal Government's first responsibility: to protect the Nation. It fully repeals the defense sequestration.[12]

While the Administration proposes a statutory increase to the FY2017 and FY2018 defense discretionary limits, it would not "fully repeal the defense sequester" as stated in the *Budget Blueprint*. Under the proposal, the FY2018 limit would be restored to the pre-sequester level of $603 billion, but the sequester-level limit on discretionary defense spending for FY2019, FY2020 and FY2021 would remain in effect. For more on sequestration, see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, by Megan S. Lynch.

[10] Office of Management and Budget, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017, and Department of Defense Comptroller, *Overview - Request for Additional FY2017 Appropriations*, Washington, DC, March 16, 201, p. 15.

[11] Ibid, p.16.

[12] Office of Management and Budget, *America First: A Budget Blueprint to Make America Great Again*, March 16, 2017.

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