The Pentagon’s Fiscal Year 2021 Budget More Than Meets U.S. National Security Needs

By Lawrence Korb  May 06, 2020

Even though the U.S. Congress and the country are understandably focused almost exclusively on dealing with the threat that COVID-19 poses to the United States, Congress has found some time to direct its attention to the size and distribution of the proposed fiscal year 2021 defense budget. In fact, several congressional committees have already held hearings—some of them conducted remotely in deference to the coronavirus. These have included paper hearings, which involve the public posting of all witness testimony as well as statements from key senators, so that the budget can be passed before the start of the next fiscal year on October 1, 2020.

This issue brief examines the size and distribution of the proposed FY 2021 defense budget and offers suggestions for improving it, including measures that will allow Congress to make informed decisions that enhance U.S. national security. This brief also provides a new president, who would inherit this budget, with the right tools to carry out their national security policies efficiently and effectively.

The size of the proposed defense budget is adequate

When the Trump administration unveiled its FY 2021 federal budget, many defense hawks in and out of government expressed concerns that the increase in the size of the proposed $740 billion defense budget was too modest, particularly when compared with the $738 billion that the U.S. Department of Defense (DOD) received for FY 2020. Those raising public concerns included U.S. Secretary of Defense Mark Esper, who has said the Pentagon needs a real increase of about 3 percent to 5 percent per year. If Secretary Esper’s recommendation were followed, the request for FY 2021 would have jumped to close to $800 billion. Chief of Naval Operations Adm. Michael Gilday and retired U.S. Air Force Lt. Gen. Dave Deptula, the Dean of the Mitchell Institute for Aerospace Studies, echoed Esper’s call for this increase.
In fact, Congress has already asked each service to submit a priority list of programs that were not funded in the FY 2021 budget proposal. Those lists, which were submitted to Congress in late February, amounted to $18 billion.³

As the Center for American Progress analyzes the size and distribution of the FY 2021 defense budget proposal, it is important to remember that regardless of how much the United States—or any country for that matter—spends on defense, it cannot buy perfect security, and there will be broader nondefense budget trade-offs. However, upon close analysis, it is clear that there are at least eight reasons to believe that the proposed defense budget of $740 billion—if spent wisely—should be more than adequate to defend the United States:

1. The FY 2021 defense budget is composed of two parts: a base budget of $671 billion and a warfighting, or Overseas Contingency Operations (OCO), budget of an additional $69 billion.⁴ This compares to a base budget of $665 billion and an OCO budget of $73 billion in FY 2020. This means that the United States will increase the base budget by $6 billion, or 1 percent, and will spend essentially the same amount on conducting its wars in the Middle East next year as it did this year.

However, the actual incremental costs of waging these wars in the Middle East will likely decline significantly in FY 2021 as the United States reduces its presence in Iraq and as America’s role in Afghanistan probably transitions to a purely counterterrorism mission.⁵

The proposed OCO budget for FY 2021 is $69 billion, while the cost of wars under current plans will amount to no more than $25 billion.⁶ The Pentagon admits that $16 billion of the OCO budget, or 23 percent, will fund items that have nothing to do with these wars. For example, $4.5 billion of the OCO account will fund the European Deterrence Initiative, an important mission that aims to deter Russia and should be captured in the base budget. In fact, in the FY 2020 budget, Congress found that nearly 60 percent of the proposed OCO budget actually belonged in the regular or base budget. If that $16 billion were put into the FY 2021 base budget, it would mean a total increase of $22 billion, or about 3 percent.

2. In President Donald Trump’s first three budgets, spending on defense rose by almost $100 billion compared with President Barack Obama’s final FY 2017 budget.⁷ Even if Congress allocates only the proposed amount for FY 2021, it will mean that since President Trump came into office, the Pentagon will have received almost $3 trillion. Moreover, the five-year plan presented with this year’s budget request projects that the annual defense budget will grow by more than $60 billion between FY 2021 and FY 2025.⁸

3. The Trump administration actually weakened national security by cutting taxes instead of raising them to pay for this massive—and unnecessary—increase in defense spending. As a result, the federal deficit has grown by more than $3 trillion
since President Trump took office. In FY 2020 alone, the federal deficit will reach $1 trillion, compared with $600 billion in President Obama’s last year in office.9 And even before the COVID-19 crisis hit, the Congressional Budget Office projected that the federal deficit would reach 98 percent of U.S. gross domestic product (GDP) within a decade.10 Military leaders, such as former Chairman of the Joint Chiefs of Staff Adm. Mike Mullen, have called these massive escalating deficits the most significant national security threat.11 These deficits will make it more difficult for the nation to effectively deal with the economic impact of COVID-19.

While many defense hawks in the Trump administration have ignored these massive deficits, several members of the Republican establishment in Congress as well as a majority of Democratic leaders in Congress have recognized the deficits’ harmful impact. These include former U.S. House Speaker Paul Ryan (R), who called the deficits an existential threat;12 Gov. Mark Sanford (R-SC), who argued that President Trump’s abandonment of fiscal responsibility would prove disastrous;13 and President Trump’s former Chief of Staff and Director of the U.S. Office of Management and Budget (OMB) Mick Mulvaney, who shortly before he was fired by President Trump argued that congressional Republicans have been hypocritical on deficits.14

4. The COVID-19 crisis makes clear that the defense budget is not the only federal budget that provides for national security. While the DOD received only a comparatively small increase for FY 2021, all of the other agencies that contribute to the United States’ national security—including the U.S. Department of State, the U.S. Agency for International Development (USAID), and the U.S. Department of Homeland Security (DHS)—had their budgets slashed by about 20 percent not only to help pay for the defense budget but also to keep the deficit from exploding even further.

More troubling, the proposed budget also significantly cuts funding for the Centers for Disease Control and Prevention (CDC) and the National Institutes of Health (NIH), as well as slashes contributions to the World Health Organization (WHO). The CDC budget was cut by 19 percent; the NIH budget by 7 percent; and the contribution to the WHO by more than 50 percent.15 Reductions in the CDC budget since President Trump took office have led the agency to cut the resources it devotes to global health by 80 percent and close its China office, which was staffed by 14 people.

5. For FY 2020, the Pentagon was originally informed that its budget would be $700 billion because people such as then-National Security Adviser John Bolton argued that the government had to begin dealing with its rapidly escalating deficits. However, after complaints from the secretary of defense and the defense lobby, the number was increased to $738 billion.16 In order to get that amount from Congress for FY 2020, the administration had to agree to the comparatively small increase for FY 2021.17
6. The Pentagon budget alone does not account for all the money the United States spends on defense. For example, the U.S. Department of the Treasury spends nearly $100 billion on pensions for retired military personnel because until 1986, the Pentagon did not set aside funding to pay for the pensions of the men and women who served at least 20 years. Nor does the Pentagon budget pay for the care and benefits of many former military personnel. Those costs are borne primarily by the U.S. Department of Veterans Affairs (VA). For FY 2021, the VA budget will be about $243 billion, making it the second-largest federal discretionary budget. Adding in these amounts brings actual defense spending to more than $1 trillion.

7. In recent years, the gap between what the United States and other countries spend on defense has widened considerably. Measured at market exchange rates, the United States was spending more on defense than the next seven nations in the world combined—including five U.S. allies—when President Trump took office. However, according to the most recent estimates, U.S. defense spending may now exceed that of the next 13 nations combined. Most importantly, the combined spending of the two nations the Pentagon considers its strategic competitors, namely China and Russia, is about $230 billion; unlike the United States, neither spends more than 3 percent of their GDP on defense. Even adjusting for purchasing power parity, which accounts for pricing differences between countries, the United States still spends more on defense than China and Russia combined. As President Trump’s first secretary of defense, retired U.S. Marine Gen. James Mattis, has pointed out, the U.S. defense budget is actually larger than the GDP of all but two dozen countries.

8. Many who are complaining about the small increase in defense spending did not complain, and in fact embraced, President Trump’s arguably illegal transfer of significant amounts of money from the Pentagon budget to build his border wall. This includes Secretary Esper. Over the past year, President Trump transferred about $13 billion from purchasing critical defense programs such as ships and planes for this purpose.

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Distribution

As demonstrated above, by any objective measure, the amount of money allocated to defense for FY 2021 should be more than adequate to protect U.S. national security. However, it is also important to ensure that the money is spent wisely. To do this, Congress should take the following steps:

- Transfer at least $30 billion from the proposed defense budget to that of the U.S. Department of Health and Human Services, the State Department, USAID, and DHS. As noted above, the Trump administration’s budget not only fails to provide sufficient funds to maintain spending levels for these agencies but actually cuts them significantly below FY 2020 levels. As current and former military leaders consistently point out, cutting funds from these agencies actually undermines...
national security. Moreover, given the current COVID-19 threat, Congress should also, at a minimum, restore the Trump administration’s proposed 19 percent in cuts to the CDC budget and the 50 percent in cuts to the United States’ contribution to the WHO.

In addition, as CAP has argued repeatedly, Congress should demand that the Trump administration submit a unified national security budget that includes not only the funds proposed for the Pentagon but also for all the other agencies mentioned above beginning with the next fiscal year. This will allow Congress to allocate the total amount for all these agencies more effectively and thus enhance national security.

- The Trump administration needs to take up Russian President Vladimir Putin’s offer to extend the New Strategic Arms Reduction Treaty—which is due to expire on February 5, 2021—for another five years. This can be done without Senate approval and will allow the United States to delay and eventually reduce the proposed $2 trillion nuclear modernization program.

For FY 2021, the Trump administration proposes an increase to the U.S. nuclear budget by almost 20 percent to about $50 billion, which will allow the United States to not only rapidly modernize the nuclear triad but also to begin development and deployment of two new missiles. Reducing these programs, which were placed in the nuclear budget over the objections of the OMB, will allow Congress to cut at least $7 billion. To switch this money into the nuclear program, the Pentagon deleted money from the proposed Navy ship-building budget.

In addition, Congress should also slow the massive increase in missile defense, which will amount to $20.3 billion in FY 2021. Congress should also stop the development and deployment of tactical nuclear weapons, which former NATO Supreme Allied Commander Adm. James Stavridis calls “destabilizing.”

In the next round of talks with the Russians, the United States should negotiate a reduction in the total number of deployed strategic weapons to no more than 1,000 and consider how to leverage adopting a no-first-use policy. This could allow the Pentagon to eliminate the land-based component of the U.S. nuclear triad over time, something that has been recommended by nuclear experts, including former Secretary of Defense William Perry.

- The Pentagon needs to slow production of the F-35 program until it fixes its current problems, which include a gun that does not work and 873 software issues. Jeff Schogal, a reporter with Task & Purpose who has covered the military for 14 years and been embedded with U.S. troops in war zones, calls it “an overpriced lemon that doesn’t work.” Moreover, given the Air Force’s current pilot shortage of more than 2,000, it will be difficult to staff these aircrafts at the current production rate. At a minimum, the Pentagon should cut the projected purchase from 79 planes to 60 planes to deal with these problems. Doing so will save about $1.3 billion in FY 2021.

- The Navy needs to stop the building of super aircraft carriers. This policy has been recommended by many, including the late Sen. John McCain (R-AZ), himself a
former naval aviator and former chairman of the U.S. Senate Committee on Armed Services, and John Shanahan, who served as acting secretary of defense until the summer of 2019. Not only does their large size and relatively slow speed make them more vulnerable than lighter ships to advanced missile threats from China and Russia, but they are becoming prohibitively expensive to build and operate. The first Ford-class aircraft carrier is expected to cost $15 billion—double the cost of the last Nimitz-class carrier. Adopting this proposed policy will enable the Navy to cancel the second and third Ford-class aircraft carriers, which together will cost more than $30 billion over the next decade.

• The Navy has to abandon its plan to grow to 355 ships. Even if the next administration embraces the Trump administration’s proposed plan to grow the baseline defense budget by $60 billion over the next five years, the Navy will not be able to meet this goal without sacrificing readiness or altering its current force structure assessment, which calls for twice the number of larger ships over small surface combatants.

According to the chief of naval operations, the Navy would have to increase its share of the overall defense budget from 34 percent to 38 percent—a $30 billion increase—each year in order to reach the 355-ship goal. This will bring the Navy’s share of the defense budget to the level it received in the 1980s, when it had a goal of 600 ships—a goal it never reached. Moreover, a goal of 355 ships is meaningless because it does not specify what types of ships the United States would purchase and whether they will be manned or unmanned.

• The Pentagon needs to vastly improve its management and oversight. While Secretary Esper claimed to eliminate $5 billion in unnecessary spending, the Pentagon acknowledges that it wastes at least $25 billion per year.

Conclusion

There is no doubt that, as a result of the COVID-19 crisis, the federal government will have to increase its spending dramatically to keep citizens safe and get the economy going again. In the first stimulus package, for example, the Pentagon is slated to receive an additional $10.8 billion in its FY 2020 budget. In addition to providing more money to nondefense agencies that contribute to national security, the federal government should put more funds into rebuilding the nation’s aging infrastructure rather than purchasing new destabilizing nuclear weapons, large aircraft carriers, and flawed fighters. Doing so will not only create more jobs than defense spending could, but it will also reflect a desperately needed shift in priorities.

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19 Ibid.


