



June 9, 2021

WHAT YOU NEED TO KNOW ABOUT The Pentagon Budget

PRO POINTS

- **The Biden administration is requesting** an essentially flat Pentagon budget of \$715 billion for fiscal 2022.
- **The blueprint aims to invest in deterring China** in the Indo-Pacific region, developing new technologies and mitigating the impact of climate change. It would also save money by trimming weapons procurement, retiring dozens of aircraft, decommissioning ships and shedding old equipment.
- **President Joe Biden's plan has been criticized** by Republicans who want to see a far larger boost to military spending to meet worldwide threats, and by progressive Democrats who argue the administration should redirect money from the historically high defense budget toward domestic priorities.

HOW WE GOT HERE

Defense spending rose to historically high levels early in the Trump administration before leveling off in a two-year budget deal struck in 2019.

Despite calls from progressives in his own party to reduce defense spending, Biden's budget request largely keeps military spending flat, a proposal that isn't sitting well with defense hawks who pushed for a buildup under former President Donald Trump.

Biden's first budget seeks \$715 billion for the Defense Department, a 1.6 percent increase from the current year's enacted level, though slightly less than the expected rate of inflation.

The proposal reflects administration efforts to counter China, withdraw all U.S. forces from Afghanistan by the fall and invest in new technologies.

THE DETAILS

The budget seeks \$112 billion for research and development programs across the Pentagon, which would amount to a 5 percent increase from the current level and the largest-ever R&D request, to spur emerging technologies such as hypersonic weapons, artificial intelligence, space, biotechnology and other capabilities.

The administration is also seeking \$5.1 billion for a Pacific Deterrence Initiative, a special fund established by Congress to beef up U.S. military posture in the Indo-Pacific to deter China.

The budget proposal also includes anticipated war costs in the Pentagon's base budget and ends the Defense Department's separate war fund that wasn't subject to caps on defense spending that are set to expire this year. With the withdrawal of U.S. forces from Afghanistan slated to be complete by September, the budget seeks \$42.1 billion for direct war and enduring operations, a 22 percent drop off from the current level.



The administration also touted \$617 million in new spending to counter climate change and a boost of more than \$500 million to combat the Covid-19 pandemic.

The Pentagon is seeking to finance its modernization efforts by finding billions in internal savings, including shedding \$2.8 billion in old weapons and equipment across the department. That includes \$1.4 billion in Air Force aircraft retirements and \$1.3 billion saved from decommissioning Navy ships and planes.

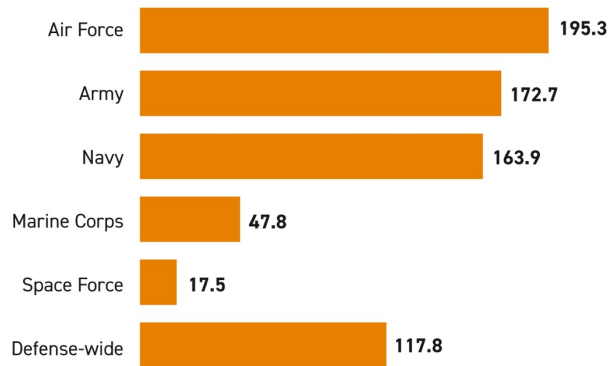
The budget also would reduce the weapons purchasing accounts of the Army, Air Force and Navy departments, with procurement spending taking an \$8 billion hit across the Pentagon.

Still, Biden's plan would forge ahead with plans to modernize each leg of the nuclear arsenal. Biden's overall budget includes \$43.2 billion for nuclear weapons, a slight decrease from the \$44.2 billion that Congress appropriated for the current year.

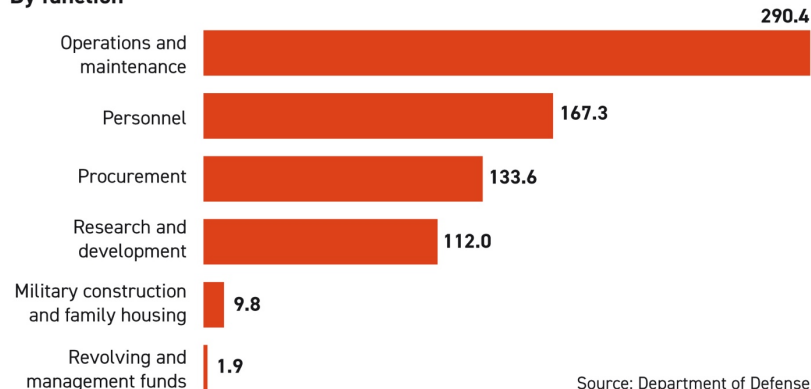
The White House's \$715B Pentagon budget

IN BILLIONS OF DOLLARS

By service



By function



Source: Department of Defense



WHAT'S NEXT

Biden's plan to keep military spending level has struck a nerve with both the left and right on Capitol Hill.

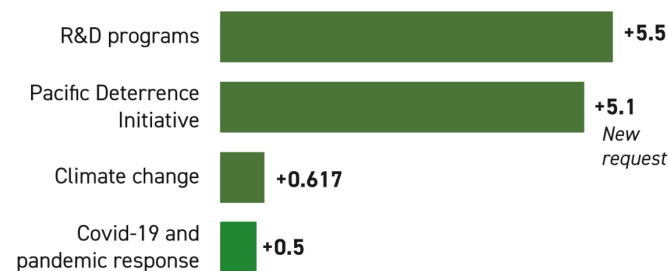
Republican defense hawks pressured the administration for months leading up to the budget rollout to boost defense spending by 3 to 5 percent above inflation, a recommendation first made by Pentagon officials to fund the Trump administration's defense strategy and backed by an independent commission that reviewed the strategy.

With the budget clocking in at just a 1.6 percent increase, the GOP has hammered Biden for requesting a budget that doesn't keep up with inflation.

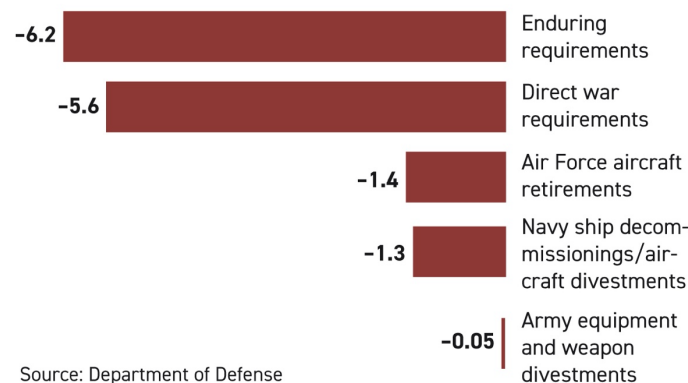
The big shifts in Biden's defense budget

IN BILLIONS OF DOLLARS

Increases



Cuts and savings



Source: Department of Defense

Whether the total amount of defense spending will be a red line for defense hawks remains to be seen, but Republican lawmakers have leverage in both chambers. With a single-digit majority in the House and a 50-50 Senate, Republicans could push for concessions from Democrats to support defense bills.

Progressive Democrats, meanwhile, oppose the \$715 billion proposal after urging Biden to impose steep cuts in military spending. The left argues Biden should pursue a more ambitious reshuffling of federal priorities by cutting defense by as much as 10 percent and diverting it to domestic priorities.



The progressive push has come up short in recent years, however, with many Democrats opposing across-the-board cuts.

Fiscal 2022 is the first in a decade without mandatory caps that limit the defense budget. If lawmakers strike a bipartisan spending deal, the Pentagon budget could exceed Biden's request.

Beyond the top line, both Democrats and Republicans will take aim at the myriad financial trade-offs in the Pentagon's budget, including proposals to retire popular weapons systems.

Lawmakers will be informed by a series of unfunded requirements lists submitted by each of the military services, which detail high priority programs that didn't make the cut in the formal budget request. The Army, Air Force, Navy and Marine Corps have collectively outlined \$17 billion in off-budget needs that will likely sway how Congress parcels out funding.

POWER PLAYERS

- **Defense Secretary Lloyd Austin:** The Pentagon chief is tasked with selling the Biden administration's defense budget on Capitol Hill. Though he's insisted the budget should be strategy-driven, Austin will face lawmakers skeptical that his department isn't seeking enough money to meet growing threats and is shedding needed capabilities to save money.
- **Rep. Adam Smith:** The Washington state Democrat chairs the House Armed Services Committee. He has resisted efforts to steeply increase or slash the defense budget and argued that what the budget buys is more important than the overall amount of funding.
- **Sen. Jack Reed:** The Rhode Island Democrat is the new chair of the Senate Armed Services Committee. He is a backer of Navy efforts to build a new nuclear ballistic missile submarine fleet and has endorsed efforts to scrap older weapons systems to invest in emerging technologies that counter China.
- **Rep. Betty McCollum:** The Minnesota Democrat is the new chair of the House Appropriations Defense Subcommittee. She has backed Biden's 1.6 percent increase to defense spending as well as efforts to retire older weapons and combat climate change.
- **Sen. Jim Inhofe:** The Oklahoma Republican is the ranking member of the Senate Armed Services Committee. He has pressed for a much higher defense budget increase of 3 to 5 percent above inflation. Despite being in the minority, Inhofe and Senate Republicans will wield influence over defense legislation in an evenly split Senate.
- **Rep. Mike Rogers:** The Alabama Republican is the top GOP member of the House Armed Services Committee. He has similarly slammed Biden's budget proposal and had led defense hawks in the House to press for a higher top line.