

Background

No. 2541
April 5, 2011



Published by The Heritage Foundation

The FY 2012 Defense Budget Proposal: Looking for Cuts in All the Wrong Places

Baker Spring

Abstract: *The Obama Administration's FY 2012 budget request suggests that the Administration has subordinated the nation's defense needs to budget goals. The proposed budget continues the trend of reducing defense spending below safe levels while allowing entitlement spending to grow unchecked. To begin correcting the underfunding of defense, Congress should add \$27.6 billion to the core military budget for FY 2012 and ensure that funding for "overseas contingencies" is sufficient. Congress should also look for savings in the defense budget that can then be redirected into procurement.*

Providing for the defense of the United States is the federal government's most important responsibility, and it is predominantly a federal responsibility that in most areas should not be delegated to lower echelons of government or to the private sector. Yet these truths seem to be missing from the Obama Administration's fiscal year (FY) 2012 budget request.¹

The Administration has requested a \$702.8 billion defense budget for FY 2012, which is at least \$36.5 billion below the estimated FY 2011 budget—a reduction of roughly 5 percent in nominal dollars or 6.4 percent in real (inflation-adjusted) dollars.

The Administration's five-year budget projection makes the misplaced priorities even more evident. In real dollars, the FY 2016 defense budget will be 13 percent below the estimated FY 2011 budget. This contrasts with a 17 percent increase in Medicare and

Talking Points

- The Obama Administration's FY 2012 budget proposal would cut the defense budget by 5 percent. This same budget increases spending in less important federal responsibilities, such as Medicare and Social Security.
- The Administration's longer-term reductions in the defense budget through FY 2016 and perhaps beyond would leave the military too small and too weak to fulfill U.S. security commitments to itself and its allies around the world.
- Congress needs to add more than \$27 billion to the FY 2012 defense budget to preserve the overall size of the military, maintain military readiness, and modernize the military by putting it on track to buy the next generation of weapons and equipment.
- Congress has a constitutional obligation to fund an adequate defense. Congress should recognize defense as a necessity, not a lesser item to be traded away in a budget game.

This paper, in its entirety, can be found at:
<http://report.heritage.org/bg2541>

Produced by the Douglas and Sarah Allison
Center for Foreign Policy Studies
of the
Kathryn and Shelby Cullom Davis
Institute for International Studies

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

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a 16 percent increase in Social Security over the same period in real dollars. (See Chart 1.)

This pattern of fiscal restraint on core defense programs, but fiscal profligacy on entitlement (or mandatory) spending has been evident since the federal government took a “peace dividend” after the fall of the Soviet Union. Yet in today’s budget debates against the backdrop of ballooning national debt and deficits and the tight economy, people too often point to defense spending as the culprit. It is not, as Secretary Robert Gates has explained:

Defense is not like other discretionary spending. This is something we’ve got to do and that we have a responsibility to do. And so the two shouldn’t be equated. They have not been equated in the past. I mean, that’s why they call it non-defense discretionary spending and so on.

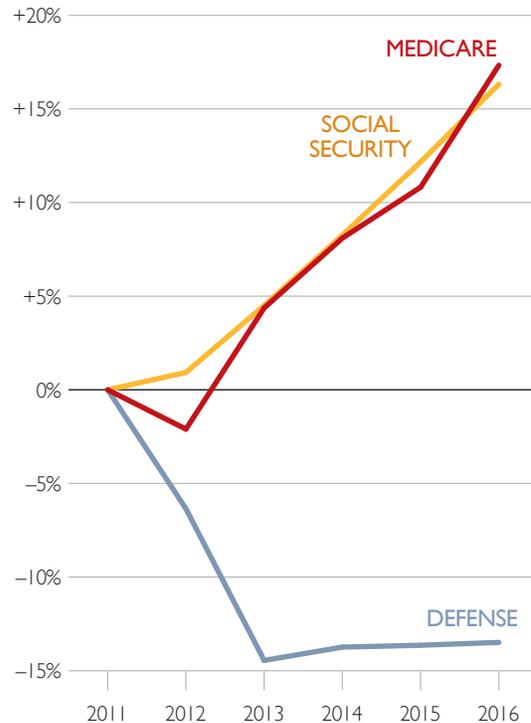
...I got it that we’ve got a \$1.6 trillion deficit. But defense is not a significant part of that problem. If you took a 10 percent cut in defense, which would be catastrophic in terms of capabilities, that would be \$50 billion on a \$1.6 trillion deficit.²

Yet too many Members of Congress are not listening. There are growing calls on both sides of the political aisle to cut defense across the board, just like other discretionary programs.

The Pentagon can undoubtedly find places to save money. There are many examples of waste and duplication in its line items.³ But defense spending is not out of control. In fact, in FY 1992, the first year of the post–Cold War era, defense accounted for 25.2 percent of all federal programmatic outlays, excluding interest on the debt, while non-defense accounts accounted for 74.8 percent. Since then, defense spending as a percent of total outlays has

Obama Budget Reduced Defense Spending to Increase Spending on Medicare and Social Security

Percentage Change in Spending from 2011



Source: Heritage Foundation calculations based on data from U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2012* (Washington, D.C.: U.S. Government Printing Office, 2010).

Chart 1 • B 2541 heritage.org

decreased significantly while non-defense spending has increased.⁴ (See Chart 2 and Chart 3.) Not surprisingly, the major entitlements, including Medicare and Social Security, have experienced the greatest growth. Over the next five fiscal years,

1. U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2012* (Washington, D.C.: U.S. Government Printing Office, 2010), at <http://www.whitehouse.gov/omb/budget/Overview> (February 24, 2011).
2. Stephen F. Hayes, “Robert Gates on Libya, Afghanistan, Iraq and the Defense Budget,” *The Weekly Standard*, February 23, 2011, at http://www.weeklystandard.com/blogs/robert-gates-libya-afghanistan-iraq-and-defense-budget_552349.html (February 28, 2011).
3. Baker Spring, “Performance-Based Logistics: Making the Military More Efficient,” Heritage Foundation *Background* No. 2411, May 6, 2010, at <http://www.heritage.org/Research/Reports/2010/05/Performance-Based-Logistics-Making-the-Military-More-Efficient>, and James Carafano, “A ‘Rucksack’ for U.S. Military Personnel: Modernizing Military Compensation,” Heritage Foundation *Executive Memorandum* No. 1020, February 14, 2007, at <http://www.heritage.org/Research/Reports/2007/02/A-Rucksack-for-US-Military-Personnel-Modernizing-Military-Compensation>.

they will continue to be among the fastest growing components of the federal budget.⁵ (See Chart 1.) Thus, defense spending has not been a primary

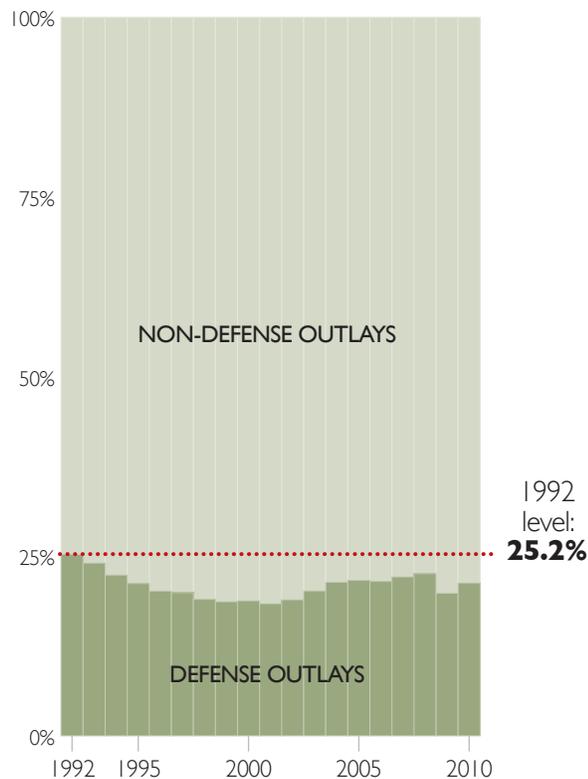
cause of out-of-control government spending and the expanding national debt.

Drastically cutting the military, which is already stretched too thin and using aging equipment, is deeply misguided. It would weaken the U.S. military forces at a time when the threats to U.S. security are mounting, and such cuts would create budget fault

Defense Claims a Smaller Percentage of Federal Spending Today Than it Did in 1992

Compared to 1992, the beginning of the post-Cold War era, today's defense spending represents a smaller proportion of total federal outlays. In fact, in 2010, defense outlays were nearly 4 percentage points lower than they were in 1992.

Percentage of Total Outlays, Excluding Interest Payments



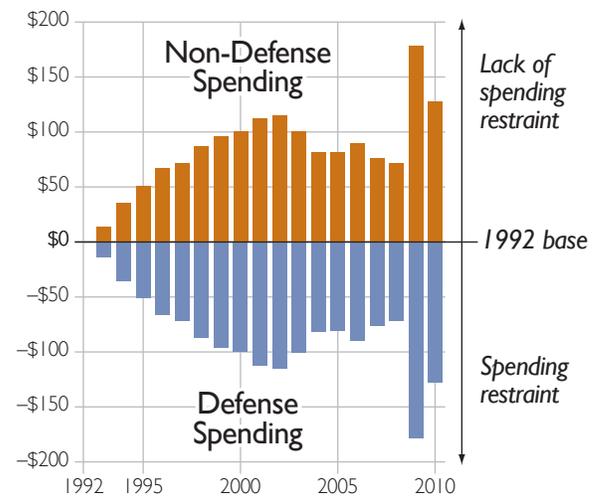
Source: Heritage Foundation calculations based on data from U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2012* (Washington, D.C.: U.S. Government Printing Office, 2010).

Chart 2 • B 2541 heritage.org

Defense Spending Has Been Restrained Since 1992

Since 1992, total outlays have grown substantially, but the proportion of outlays for defense has declined. When compared to its 1992 level of 25.2 percent of total outlays and total outlays in terms of dollars, defense spending has been restrained by an average of **\$86.6 billion** from 1993 to 2010. This restraint, however, has been offset by growth in non-defense spending.

In Billions of Dollars



Note: Amounts for overall federal spending exclude interest payments on the debt.

Source: Heritage Foundation calculations based on data from U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2012* (Washington, D.C.: U.S. Government Printing Office, 2010).

Chart 3 • B 2541 heritage.org

- This comparison is not designed to assign responsibility for the deficit or surplus across the federal budget for any particular fiscal year because some elements of the federal budget are excluded from this comparison. These elements include the effect of revenue levels on the deficit and the compounding effects of the national debt on interest payments.
- See also The Heritage Foundation, *2010 Budget Chart Book: The Federal Budget in Pictures*, pp. 10 and 34, at <http://www.heritage.org/budgetchartbook/> (March 21, 2011).

lines that could become fissures down the road. In the upcoming budget resolution, Congress should:

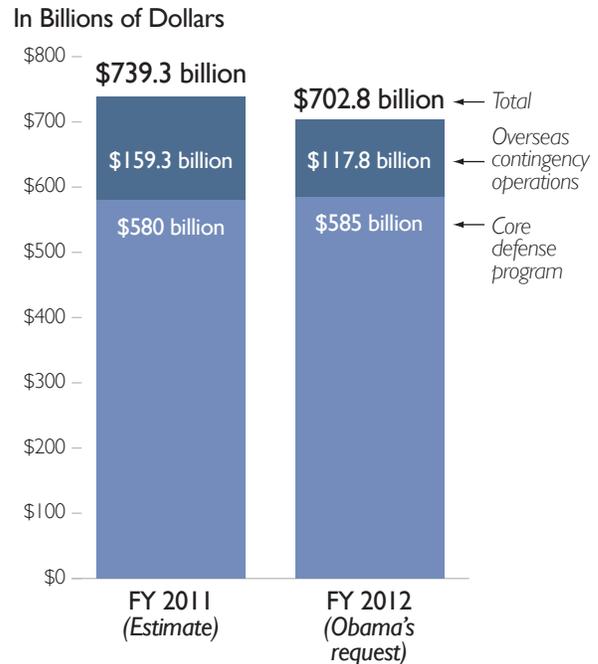
- Provide at least \$731 billion in budget authority for the FY 2012 defense budget, \$27.6 billion more than the Administration requested;
- Provide \$3.6 trillion for the core defense program from FY 2012 through FY 2016;
- Reject the Obama Administration's recommendation to reduce military manpower;
- Confirm U.S. policy to honor all existing security commitments for the indefinite future;
- Increase funding for military modernization; and
- Examine opportunities for finding savings in defense spending, which would be recycled back into the defense program.

The Effects of the Administration's Budget Proposal on National Defense

The Administration-proposed defense cuts would unavoidably harm overall U.S. military capacity, as is apparent from the internal components of the defense budget proposal. The Administration's FY 2012 request for the overseas contingency operations (OCO) account is \$41 billion below the current estimated cost of \$118 billion for FY 2011. (See Chart 4.) This is a 25 percent reduction in a single year. The Administration argues that the reduced OCO funding is the result of a responsible drawdown of forces in Iraq.⁶ The Administration has requested \$585 billion for the FY 2012 core defense budget, less than a 1 percent increase in current dollars over \$580 billion for FY 2011, but a 0.5 percent reduction in inflation-adjusted dollars. Accordingly, the proposed core defense budget in FY 2012 is at least \$46 billion below the budget authority needed to meet U.S. national security requirements. Underfunding the OCO account would only exacerbate the shortfall in the core defense budget. Even without the complications of OCO funding, the Department of Defense cannot recover from this funding shortfall in the core program in a single year. Recovery will require consistent increases over the next several years.

The large reduction in the OCO account raises two questions about the Administration's defense

President Obama's Overall Defense Budget for Next Year Is 5 Percent Below the Estimate for This Year



Source: Heritage Foundation calculations based on data from U.S. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2012* (Washington, D.C.: U.S. Government Printing Office, 2010).

Chart 4 • B 2541 heritage.org

policy. First, is the Administration acting responsibly in drawing down forces in Iraq or is it drawing down the forces to achieve its budget goals? The evidence suggests that the Administration has subordinated military goals in Iraq to budget goals. Second, is the Administration shifting some costs of the operations in Iraq and Afghanistan to the core defense budget accounts? In other words, is the Administration asking the core defense budget to absorb some costs for contingency operations that properly belong in the OCO account? This appears to be the case, particularly in “resetting” the forces used in Iraq. If so, the cost shifting would more than offset the modest nominal increase in the core defense budget and would

6. U.S. Department of Defense, *United States Department of Defense Fiscal Year 2012 Budget Request: Overview*, February 2011, pp. 6-4-6-5, at http://comptroller.defense.gov/defbudget/fy2012/FY2012_Budget_Request_Overview_Book.pdf (March 4, 2011).

harm the military's ability to prepare for future conflicts.

The core defense budget includes the accounts that fund the basic building blocks of the military: military personnel, operations and maintenance, procurement, and research and development (R&D). These accounts are intended to sustain the U.S. defense posture over the longer term. However, the Administration's core defense budget of \$586 billion for FY 2012 inadequately funds these key accounts. Given that Secretary Gates has announced that portion of the overall core defense budget under his purview (the vast majority of the core budget)⁷ will not grow through FY 2016, each of the core defense program building blocks will be weakened.

Weakness #1: The defense budget will lead to dangerously low personnel levels.

The Obama Administration has been clear about certain aspects of this weakness. Secretary Gates has announced plans to reduce Army personnel levels by 27,000 positions and the Marine Corps by 15,000 to 20,000 positions beginning in FY 2015.⁸ These are roughly a 5 percent reduction for Army and up to a 10 percent reduction for the Marine Corps from FY 2012 requested manpower levels. Secretary Gates's announcement omitted additional manpower reductions, particularly in the Air Force and the Navy. While the services have considerable room to improve management of military personnel, the more likely outcome is that a smaller military will lead to a weaker military.

A military that is significantly smaller than today's military will have difficulty responding to the future operational demands that will likely be placed on it. The military's high operational tempo in recent years has created significant problems by requiring military personnel to deploy repeatedly for long periods. The Army has been working toward increasing the time at home to two years for every year deployed, as opposed to recent rotations of just one year at home for each year deployed. Reducing manpower levels will make the rotation goal difficult to achieve if unforeseen circumstances, such as Iranian aggres-

sion in the Persian Gulf, lead to the resumption of high operational tempos.

Weakness #2: The defense budget will lead to a smaller force structure.

The military fights as units, not as individuals. These units include Air Force tactical fighter squadrons, Army brigade combat teams, and Navy carrier task forces. While the man power reductions clearly imply a smaller and less capable military, these units of force structure require more than just personnel. They require operating funds, weapons, equipment, and new technologies.

A significantly smaller force structure will lead to vulnerabilities in responding to significant challenges in multiple regions of the world.

The Administration's inadequate core defense budgets through FY 2016 will almost certainly lead to a force structure that is at least 10 percent smaller. The proposed manpower reductions in the Army and Marine Corps already point in this direction. This would return Marine Corps force structure to a level slightly higher than during the "peace dividend" years of the 1990s.

If internal savings to the core defense budget are not achieved and reinvested into defense, the force structure could be reduced by up to 15 percent. This would mean 65 active-duty Army brigade combat teams (BCTs) (down from 72 now), 18 Air Force tactical air wings (down from 20), 254 Navy ships (down from 282), and 186,300 active-duty Marines (down from 202,100). This force structure could handle just one medium contingency operation and an array of smaller peacekeeping and humanitarian relief missions.

A significantly smaller force structure will lead to vulnerabilities in responding to significant challenges in multiple regions of the world. For example, if the U.S. needed to commit major forces to respond to a North Korean threat in East Asia, it would find it very difficult to continue operations in Afghani-

7. Robert M. Gates, "DOD News Briefing with Secretary Gates and Adm. Mullen from the Pentagon," U.S. Department of Defense, January 6, 2011, at <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4747> (March 4, 2011).

8. *Ibid.*

stan and maintain sufficient response forces in the greater Middle East region.

Weakness #3: The proposed defense budget would shortchange modernization, in part by reducing procurement funding in the OCO budget.

The Obama Administration's budget request for the core defense program in FY 2012 would fund today's military at the expense of tomorrow's military. Specifically, the core defense budget for FY 2012 would dedicate 62.8 percent to the military personnel and operation and maintenance accounts, an increase over the already unbalanced 61.7 percent in the FY 2011 request. Consequently, the procurement and R&D accounts would decline from 34.4 percent of the core defense budget in FY 2011 to 34.0 percent in FY 2012. This problem in the core defense program will likely be exacerbated by the 50 percent reduction in procurement funds in the OCO budget between the FY 2011 and FY 2012 budget requests.

Shortchanging modernization is already forcing the Administration to back away from several important programs. For example, the Marine Corps variant of the F-35 fighter has been put on "probation," raising the question of how the Marine Corps will obtain a next-generation air superiority capability. Further, the Administration is curtailing future U.S. participation in Medium Extended Air Defense System (MEADS), a joint air and missile defense program with Germany and Italy. This decision complicates the command and control needed to protect U.S. and allied forces against air and short-range missile threats during expeditionary operations and undermines the policy of expanding allied participation and cooperation in missile defense.

Weakness #4: Inadequate funding for research and development.

The Obama Administration has requested just \$75.3 billion for defense R&D in the core FY 2012 defense budget, down from \$80.9 billion for FY 2011. Thus, the Administration is proposing to cut R&D by 6 percent in nominal dollars and 8 percent in real dollars. This will further shrink the pool of technologies that the military can use in the future.

For example, future reductions in R&D funding raise the question of how the U.S. will modernize platforms and delivery vehicles in its strategic nuclear force. During the Senate debate over the New Strategic Arms Reduction Treaty (New START), the Obama Administration specifically committed to pursue this much-needed modernization. A significant cut in R&D funding over the next five years would make it extremely difficult for the Administration to fulfill its commitment to the Senate.

The R&D account was too large relative to the procurement account until the past two years due to severe procurement cuts. This created a circumstance in which the procurement account was too small to efficiently absorb the technologies that the R&D account was making available. The proper solution to this problem would be to increase the size of the procurement account, but the Administration has chosen instead to reduce the R&D account. The requested procurement budget for FY 2012 is a fraction of a percent increase in nominal dollars over the requested level for FY 2011, but it is a reduction in inflation-adjusted dollars.

Even this likely understates the problem of failing to restore procurement funding to appropriate levels because the FY 2011 and FY 2012 budget requests would effectively halve the procurement account in the OCO budget. This draconian cut makes it highly likely that the procurement account in the core defense budget would be asked to pay for procurement that should be in the OCO budget, such as resetting units with weapons and equipment that were worn out or broken during operations in Afghanistan and Iraq.

Weakness #5: An insufficient commitment to modernizing the nuclear weapons complex and missile defense.

The overall U.S. deterrence posture needs to shift from a posture based on threats to retaliate against strategic attacks to a "protect and defend strategy" more suitable to the threat environment of the post-Cold War world.⁹ Accordingly, the U.S. needs to modernize its deterrence forces so that they can hold

9. Baker Spring, "The Nuclear Posture Review's Missing Objective: Defending the U.S. and Its Allies Against Strategic Attack," Heritage Foundation *Background* No. 2400, April 14, 2010, at <http://www.heritage.org/Research/Reports/2010/04/Nuclear-Posture-Review-Missing-Objective-Defending-US-and-Allies-Against-Strategic-Attack>.

at risk potential enemies' means of strategic attack against the U.S. and its allies, regardless of where those means of attack are located. Further, this force must consist of a balance of offensive and defensive weapons, including ballistic missile defenses.

During Senate consideration of New START, President Obama specifically committed to increase funding for modernizing the nuclear weapons complex, particularly \$7.6 billion for the National Nuclear Security Administration (NNSA) in the Department of Energy. The NNSA request for weapons activities in FY 2012 is in keeping with the Obama Administration's commitments in December 2010, but still fails to address four important problems:

- The \$7.6 billion may not be adequate. President Obama committed to increase funding under pressure from Senator Jon Kyl (R-AZ) during the New START debate. In the Senate, Senator Kyl has been the most attentive to the overall health of the U.S. nuclear weapons complex for well over a decade. Senator Kyl's vote against ratification of New START demonstrates that he is still not confident about the future of the U.S. nuclear weapons complex.
- It is inadequate for the President to submit the budget request for nuclear modernization and then walk away from the legislative process. Whether the agreement reached during the New START debate will survive even the next few months is doubtful. For example, some Members of the House of Representative do not view these NNSA accounts as part of the broader national security budget because they are under the jurisdiction of the House Subcommittee on Energy and Water Development, and Related Agencies.
- The Obama Administration continues to obstruct genuine nuclear modernization by declaring that the effort may not produce new nuclear weap-

ons designs that can perform new missions to meet new threats or that may require explosive nuclear tests.

- The Administration's proposed nuclear modernization budget will almost certainly prove inadequate to making the U.S. nuclear arsenal consistent with the broader protect and defend deterrence posture.¹⁰

The core defense budget request includes \$10.7 billion for missile defense programs in the Missile Defense Agency and the services. This compares to a \$9.9 billion request for FY 2011.¹¹ While this request increases the missile defense budget, it will not redress the damage caused by budget reductions and programmatic decisions by the Obama Administration and Congress during FY 2010. For example, The Heritage Foundation recommended that the missile defense program receive \$1.3 billion more than what the Obama Administration requested for FY 2011.¹² While Congress has not yet set the defense budget for FY 2011, it is unlikely that the missile defense program will receive anywhere near what Heritage recommended. Thus, the missile defense program is still being held back by the Obama Administration's budget request.

The Growing Commitment Gap

The Obama Administration is bluffing when it asserts that a U.S. military capacity that is sharply curtailed by budget reductions can adequately meet the nation's security commitments to itself and its allies around the world. Bluffing is a dangerous approach to national security.

To keep the federal government's commitment to defend the American people against strategic attack, the U.S. needs a strategic posture that consists of a thoroughly modernized mix of offensive and defensive capabilities as well as nuclear and conventional strategic weapons to hold at risk potential enemies'

10. Thomas P. D'Agostino, testimony before the Subcommittee on Energy and Water Development, and Related Agencies, Committee on Appropriations, U.S. House of Representatives, March 1, 2011, at <http://nnsa.energy.gov/mediaroom/congressionaltestimony/fy12hewd3111> (March 1, 2011).

11. Baker Spring, "The Obama Administration's Ballistic Missile Defense Program: Treading Water in Shark-Infested Seas," Heritage Foundation *Background* No. 2396, April 8, 2010, at <http://www.heritage.org/Research/Reports/2010/04/The-Obama-Administrations-Ballistic-Missile-Defense-Program-Treading-Water-in-Shark-Infested-Seas>.

12. *Ibid.*

means of strategic attack. These strategic forces also serve the purpose of allowing the U.S. to operate freely in space and cyberspace and on the high seas. The Administration's strategic policies and inadequate budget request for strategic forces exhibit a preference for threatening to retaliate for such

Effectively, the Administration is using the defense budget to change U.S. foreign policy by forcing the U.S. to abandon one of these regions. From outward appearances, the Obama Administration may be preparing to abandon Europe.

attacks over directly deterring strategic attacks by defending against them. This "minimal deterrence posture" is less expensive than a protect-and-defend posture, but wholly inadequate to meeting U.S. security needs in a proliferating world.¹³

The U.S. needs general purpose forces primarily to protect U.S. interests and meet security commitments to friends and allies in three key regions: East Asia, Europe, and the Middle East. However, the Administration's longer-term core defense budget would force reductions of at least 10 percent below the level necessary to protect its interests and meet its regional security commitments. Effectively, the Administration is using the defense budget to change U.S. foreign policy by forcing the U.S. to abandon one of these regions. From outward appearances, the Obama Administration may be preparing to abandon Europe.

Efficiencies in Defense the Obama Budget Overlooks

Not only is the Obama Administration looking for budget cuts in the wrong places, but it is overlooking areas in the defense budget where savings could be obtained and reinvested into higher defense priorities. For example, the Administration is already looking at manpower reductions and reduced modernization to produce budget savings consistent with its budget outline. Logistics, military health care, and military retirement are better places to look for savings in the defense budget,

which then can be reinvested into modernization.

Performance-Based Logistics. Using the concept of performance-based logistics, the military could eventually realize more than \$30 billion in annual savings.¹⁴ These savings would come primarily from the operations and maintenance accounts and could be added to the R&D and procurement accounts. Performance-based logistics will use public-private partnerships to permit contractors, primarily those that built the weapons in the first place, to help maintain the weapons. Further, adding funding to the procurement account will permit the services to reduce the average age of weapons in their inventories. This will also lessen the maintenance burden on the logistical system.

Military Health Care Reform. Military health care will cost a projected \$52.5 billion in FY 2012, reflecting a doubling in costs since FY 2001. Military health care coverage (TRICARE for Life) is organized around the principle of providing defined benefits to service members, their dependents, and retirees.

A systemic approach to health care reform would provide expanded options and advantages to military service members at significant savings.

The Obama Administration is proposing to offset the costs of these benefits mostly by increasing the enrollment fees and co-payments for prescriptions filled in retail pharmacies.

This piecemeal approach to military health care reform would prevent making the military health care system more flexible, enabling military members to tailor the program to meet the needs of themselves and their dependents. A systemic approach to health care reform, which would convert the existing defined-benefit system into a defined-contribution system through access to the Federal Employees Health Benefits Program (FEHBP) on a gradual basis, would provide expanded options and advantages to military servicemembers at significant savings. These savings could total \$21 billion between FY 2012 and FY 2016, and the reform

13. Spring, "The Nuclear Posture Review's Missing Objective."

14. Spring, "Performance-Based Logistics."

could achieve larger-scale savings over the longer term. These savings would be realized primarily in the military personnel and operations and maintenance accounts and could then be used to maintain existing manpower numbers and to increase the modernization accounts.

Military Retirement Reform. Like the military health care system, the military retirement system is organized around a defined-benefit approach that suffers from the same lack of flexibility. Converting the system to a defined-contribution plan, even gradually, would give servicemembers more flexibility to provide for their retirement. It would also save the Defense Department up to \$11 billion for FY 2012 to FY 2016 and significantly larger savings over the longer term. Some of these savings in the military personnel account should remain in the account to maintain manpower numbers and permit special pay and bonuses for reasons related to the structure of the retirement reform, while the rest could be applied to modernization.

What Congress Should Do

Congress will soon take up the budget resolution that will set defense spending levels for FY 2012 and the next four years. If Congress fails to provide adequate resources to defense in the budget resolution, the two armed services committees will be unable to repair the damage in the National Defense Authorization Bills drafted later in the year. Accordingly, Congress should use the budget resolution to:

- **Provide at least \$731 billion in budget authority for the overall defense budget in FY 2012.** The Administration's budget request underfunds the core defense budget by at least \$46 billion compared to what is needed to fulfill U.S. security commitments to itself and its friends and allies. This does not account for OCO costs shifted to the core defense budget. Regrettably, making up this ground in FY 2012 alone is not feasible. Congress should increase in the Administration's core defense budget by \$27.6 billion for FY 2012. (If Congress determines that costs have been inappropriately shifted from the OCO
- budget, it should add funding to the OCO budget.) This will increase the core defense budget to \$613.8 billion and the overall defense budget to at least \$731 billion for FY 2012.
- **Provide \$3.6 trillion for the core defense program for FY 2012 through FY 2016.** The current underfunding of the core defense budget cannot be corrected in a single fiscal year. This means that the congressional budget resolution will need to sustain increases in the core defense budget through FY 2016. This cumulative core defense number for FY 2012 through FY 2016 comes to \$3.6 trillion or an average of \$720 billion per year.¹⁵ This assumes the OCO budget will cover the full costs of ongoing operations in each fiscal year.
- **Reject the Obama Administration's recommendation to reduce military manpower.** The Department of Defense's proposal to reduce Army man power by 27,000 positions and the Marine Corps by 15,000 to 20,000 positions is unwise. Further, it could signal further manpower reductions in coming years. In the resolution, Congress should clearly state that its longer-term funding recommendation for the core defense budget assumes maintaining current manpower levels.
- **Clearly reaffirm U.S. policy to honor its existing security commitments to itself and its allies and friends indefinitely.** The Obama Administration's overall defense budget is too small to effectively defend the U.S. and its vital interests around the world, including U.S. allies and friends in Asia, Europe, and the Middle East. Accordingly, Congress should use the budget resolution to state unequivocally that the U.S. will continue to honor these basic commitments and reinforce this statement by increasing the defense budget.
- **Adequately fund modernization.** In the longer-term core defense budget in the budget resolution, Congress should clearly emphasize devoting resources to military modernization. This starts by calculating that research and development in

15. The Heritage Foundation, "Solutions for America," November 3, 2010, at <http://www.heritage.org/Research/Projects/Solutions-for-America>.

FY 2012 should receive at least the nearly \$81 billion requested by the Administration. Further, Congress should indicate that R&D should grow somewhat faster than the rate of inflation through FY 2016. Finally, Congress should state that the procurement budget should not fall below 1.5 times the R&D budget and preferably would remain at a somewhat higher ratio. These additional resources should be used to build tactical fighters, ships, amphibious vehicles, ground vehicles, and missile defenses and to modernize the U.S. nuclear arsenal¹⁶ among other procurement needs.

- **Urge both the House and Senate Armed Services Committees and the Department of Defense to examine opportunities for savings that would be retained within the defense budget.** The longer-term core defense budget recommended in this paper is adequate based on the assumption that the Department of Defense can find additional savings in its budget, which would then be spent on other defense priorities. Specifically, Congress should use the budget resolution to urge both armed services committees and the Department of Defense to explore systemic reforms in performance-based logistics, military health care, and military retirement.

Conclusion

Both retrospectively and prospectively, the assumption that the federal government's spending can best be restrained by cutting defense is misplaced. Defense is not the source of the federal government's fiscal woes. This is not to say that the Defense Department spends every dollar wisely and efficiently. Indeed, the department will need to find savings within its budget in addition to receiving additional funding from Congress to remain sufficiently strong to fulfill its vital missions. However, Congress would be wrong to underfund the Department of Defense and just assume the military will continue to fulfill its missions. Congress needs to fulfill its own constitutional responsibilities.

While late in doing so, Secretary Gates was correct to state that a 10 percent cut in defense spending would be catastrophic to military capabilities. Congress should recognize defense as a necessity, not a lesser item to be traded away in a budget game. The federal budget includes many lesser, expensive items that could be cut to resolve the spending crisis facing the federal government.

—*Baker Spring is F. M. Kirby Research Fellow in National Security Policy in the Douglas and Sarah Allison Center for Foreign Policy Studies, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation.*

16. Portions of this fall under the core defense budget, but outside the Department of Defense.