

## New Obama Budget Plan Gives Pentagon Bigger Budget Slice

Other Discretionary Accounts Carry Heavier Deficit Reduction Burden

Pentagon Base Budget Savings Largely Consumed by Wars

Each year's budget lays out a plan for future spending. The most relevant future years are the next five – for this year: 2012-2016. The following two tables compares planning for this period as presented in three successive budgets: the President's FY 2010, 2011, and 2012 budget submissions. Comparing planned funding for 2012-2016 in these three budgets shows how the administration has adapted to changing circumstances and political demands.

Especially relevant is the change in planning between last year's submission and this year's (released 14 February 2011). Comparing these two budget plans shows the Administration response to deficit reduction demands. Deficit reduction proposals by the President's Fiscal Commission and others calculated future deficits and remedial measures based on the FY 2011 plan. The FY 2012 plan shows the President's response.

The first table below looks at planned discretionary spending for the Defense Department in the context of overall discretionary spending. The second table looks at the Defense Department's discretionary and mandatory spending together in the context of total planned federal spending. Both tables are concerned with the period 2012-2016 and show cumulative planned spending for this five-year period. Both tables compare how this period is treated in three successive Obama budget plans – 2010, 2011, and 2012.

<b>Figure 2-1. Planned DoD Discretionary Budget for 2012-2016 in Three Successive Budget Submissions</b>							
	<b>FY 2010 Plan (billions)</b>	<b>FY 2011 Plan (billions)</b>	2010 > 2011 Change in \$ (billions)	2010 > 2011 Percent Change	<b>FY 2012 Plan (billions)</b>	2011 > 2012 Change in \$ (billions)	2011 > 2012 Percent Change
Dept of Defense	3,128	3,244	116.3	3.7%	3,236	-8.1	-0.3%
DoD Base Budget	2,878	2,995	116.3	4.0%	2,919	-75.7	-2.5%
Total Discretionary Spending	6,275	6,320	45.4	0.7%	6,120	-200	-3.1%
DoD as % Discretionary	49.9%	51.3%			52.9%		
DoD Base Budget as % Discretionary (minus war)	47.8%	49.3%			50.3%		
<b>Source:</b> OMB, US Budget, Analytical Perspectives, "Budget Authority and Outlays by Function, Category, and Program"							

The first line in each table shows spending for both the war and non-war portions of the Pentagon budget. The second line – “DoD Base Budget” – shows planned spending for just the non-war portion of the budget.

Evident in both tables is the steady growth in the budget slice allotted DoD from one plan to the next. It is especially pronounced with regard to the Pentagon’s share of discretionary spending (Fig. 2-1). Notably, the projected percentage of discretionary funds to be consumed by DoD (fourth row, Fig 2-1) is underestimated because most future spending for war is represented by a low “place keeper” figure in the President’s budget submissions. However, DoD’s growing allotment of discretionary funds is not due solely to war. As evident in row five: Each successive budget plan gives a greater share of discretionary funds to the Pentagon base budget, too.

Figure 2-1. also shows (in the last two columns) how DoD’s contribution to deficit reduction compares with savings culled from overall discretionary spending. This pertains to the \$78 billion five-year savings offered by Secretary Gates on 6 January 2011. The DoD base budget makes a less than average contribution. And, when the entire DoD discretionary budget (including war spending) is examined (first row, last two columns), Secretary Gates’ promised savings virtually disappear, being almost entirely consumed by an increased allotment of funds to war.

Figure 2-2. incorporates both discretionary and mandatory portions of the Pentagon budget. These are viewed in the context of the entire federal budget, minus interest payments (because these are not subject to cost cutting initiatives). Once again, total DoD spending barely declines from the FY 2011 plan

<b>Figure 2-2. Planned DoD Discretionary &amp; Mandatory Funding for 2012-2016 in Three Successive Budget Submissions: 2010, 2011, 2012</b>							
	<b>FY 2010 Plan (billions)</b>	<b>FY 2011 Plan (billions)</b>	2010 > 2011 Change in \$ (billions)	2010 > 2011 Percent Change	<b>FY 2012 Plan (billions)</b>	2011 > 2012 Change in \$ (billions)	2011 > 2012 Percent Change
Dept of Defense	3,152	3,267	114.4	3.6%	3,261	-5.48	-0.2%
DoD Base Budget	2,902	3,017	114.4	3.9%	2,944	-73.06	-2.4%
Total Budget Authority (minus interest)	18,111	18,555	443.3	2.4%	18,146	-409.2	-2.2%
DoD as % BA (minus interest)	17.40%	17.60%			17.97%		
DoD Base Budget as % BA (minus war & interest)	16.25%	16.48%			16.51%		
<b>Source:</b> OMB, US Budget, Analytical Perspectives, “Budget Authority and Outlays by Function, Category, and Program”							

to the current one. However, the DoD base budget is seen to suffer a slightly deeper cut than does the federal budget overall. This reflects the fact that some mandatory programs – notably health care – offer DoD more serious competition than do discretionary programs. Of course, in the big picture, total DoD funding fares quite well. It is other areas of discretionary spending that are most squeezed between growing health care costs on one side and deficit-reduction efforts on the other.

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