



Pentagon Base Budget to Get Bigger Share in 2013

Comparison of 2008 and 2013 Discretionary Spending Shows Tilt Toward “Security Basket”

Carl Conetta
PDA Briefing Memo 54
23 March 2013

On 13 February 2013, President Obama put down the administration’s marker in the budget debate for 2013. The President’s request proposes a budget pie about as large as the one adopted in 2008. However, comparing the 2013 request to the sum appropriated in 2008 shows that the Pentagon is being offered a bigger slice this time around.

- The administration’s budget request for FY 2013 rolls discretionary spending back to the level of 2008 in nominal terms.
- War spending is slated to decline substantially from the 2008 level. However, much of the savings is cycled back into peacetime security spending, which increases.
- Comparing 2008 and 2013 shows the budget plan to increase the proportion of non-war discretionary dollars devoted to National Defense – up from 50% to 52%.

Comparison of Discretionary Spending Allocation – 2008 vs 2013 Request

(billions of nominal dollars)

	2008	2013	Change in \$ billions	Change in %
Inflation 2008-2013	1	1.08		+8%
Discretionary spending	1179.7	1147	-32.7	-2.8%
War	186.9	88.5	-98.4	-52.6%
Discretionary spending w/o war	992.8	1058.5	65.7	+6.6%
“Security Basket” w/o war (Nat Def, Intl Affairs, Vets, DHS)	636	713.3	77.3	+12.1%
“Non-security Basket”	356.8	345.2	-11.6	-3.2%
National Defense w/o war	499	550.6	51.6	+10.3%
National Defense base budget as % non-war discretionary	50.3%	52%		
Security basket budget as % non-war discretionary	64%	67.4%		

Sources: See “Notes” at end.

“Security basket” gains ground

How does the President's new budget reshape federal priorities?

This is best understood by comparing it to the 2008 budget, which was the last budget fully enacted before President Obama took office. Also, the 2013 budget request approximately rolls back discretionary spending to the 2008 level in nominal terms. (If we take inflation into account, there's a real reduction; still, the nominal similarity of the two budgets helps us to discern the change in priorities, if any).

The table shows the differences in budget allocation between the 2008 budget and President Obama's 2013 budget request. For there to be “real” (inflation-corrected growth) sums must rise by at least 8% from 2008 levels.

What do we see comparing the 2013 request with the 2008 appropriation?

- Discretionary spending declines, but this is due largely to the reduction in war spending. In fact, the decline in discretionary is not as great as the decline in war spending. Take war out of the picture and the result is that discretionary spending increases in nominal terms. (However, it does not increase as much as inflation for the 2008-2013 period, which is 8%.)
- Looking at the discretionary “Security Basket” as initially defined by the Budget Control Act to include National Defense, International Affairs, Veterans, and Homeland Security, we see it growing by 12% – which exceeds the rate of inflation.
- Within the “Security Basket,” National Defense (mostly the Pentagon plus some weapons spending in the Department of Energy) grows by 10.3% – slightly more than the rate of inflation.
- By contrast, the “Non-security Basket” (which is everything else) declines by 3.2% in nominal terms – and by considerably more in “real” or inflation-adjusted terms
- As a result of these changes in allocation, “Security Basket” spending would grow as a proportion of all discretionary spending. National Defense spending, a subset of “Security,” would also grow proportionately.

In the President's 2013 request, three members of the “Security Basket” get bigger shares than in 2008 and one sees its share decline. The winners are National Defense, International Affairs, and especially Veteran Affairs. The loser is Homeland Security.

A hypothetical alternative

What might have the FY 2013 budget looked like if the proportion devoted to defense and security had been held to their 2008 percentages?

- Using 2008 proportions, the 2013 “Security Basket” would be set at \$677.4 billion, which is \$35.9 billion less than actually requested.

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- Using 2008 proportions, National Defense spending would be set at \$532.4 billion – which is \$18.4 billion less than planned. The Pentagon base budget is part of this and would be set at \$508 billion, which is \$17.5 billion less than actually requested.
 - Had the “Non-security Basket” been held at its 2008 proportion, it would receive \$381.1 billion, which is \$35.9 billion *more* than requested in the administration’s budget. This amount has been moved from non-security to security funding.

Two provisos

There are two provisos to the above analysis:

First, the analysis assumes that war spending for 2013 will not rise before the fiscal year ends; and

Second, the analysis does not take into account the undue migration of approximately \$4 billion in personnel costs from the base budget to the Overseas Contingency Operations (OCO) fund. If we disallow this shift of base budget costs to the OCO account, the 2013 Pentagon request is not \$525.4 billion, but \$529.4 billion. And this implies a greater growth in the Pentagon’s budget slice than reported above.

Notes

Historical Tables, Budget of the United States Government - Fiscal Year 2013 (Washington DC: White House Office of Management and the Budget, 2013), Table 5.4 Discretionary Budget Authority by Agency: 1976-2017

Analytical Perspectives, Budget of the United States Government - Fiscal Year 2013 (Washington DC: White House Office of Management and the Budget, 2013), Table 32-1 Policy Budget Authority and Outlays by Function, Category, and Program.

Analytical Perspectives, Budget of the United States Government - Fiscal Year 2010 (Washington DC: White House Office of Management and the Budget, 2010), Table 26-1 Policy Budget Authority and Outlays by Function, Category, and Program.

CONTACT:

Carl Conetta – cconetta@comw.org
Project on Defense Alternatives
(617) 547-4474