

FY2020 Defense Budget Request: An Overview

March 25, 2019

The President's FY2020 budget request includes \$761.8 billion in budget authority for national defense, a major function of the federal budget that includes funding primarily for Department of Defense (DOD) programs but also for defense-related activities administered by other federal agencies, including the Department of Energy.

National defense is one of 20 major functions used by the Office of Management and Budget (OMB) to organize budget data—and the largest in terms of discretionary spending. The national defense budget function (identified by the numerical notation 050) comprises three subfunctions: DOD–Military (051); atomic energy defense activities primarily of the Department of Energy (053); and other defense-related activities (054), such as FBI counterintelligence activities.

National Defense Budget

The \$761.8 billion national defense budget request includes \$750 billion in discretionary budget authority and \$11.8 billion in mandatory budget authority (see **Figure 1**), according to [OMB](#).

The national defense budget request represents an increase of \$35.6 billion (4.9%) in nominal dollars from the FY2019 amount of \$726.2 billion, according to OMB. Adjusting for inflation, the overall request amounts to \$746.6 billion in constant FY2019 dollars, representing a real increase of \$20.4 billion (2.8%) from the FY2019 amount, according to a CRS analysis of OMB data.

The \$750 billion requested for national defense discretionary spending breaks down as follows:

- \$718.3 billion for DOD (95.8% of the total);
- \$23.2 billion for atomic energy activities (3.1%); and
- \$8.4 billion for other defense-related activities (1.1%).

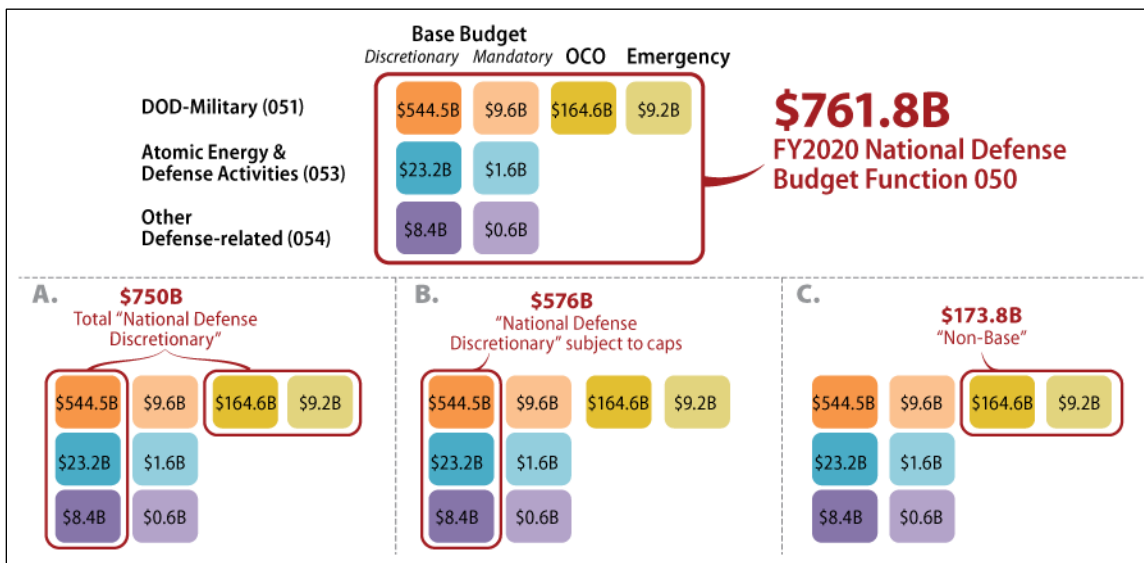
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Figure 1. FY2020 National Defense Budget Request

(in billions of dollars of budget authority)



Source: Office of Management and Budget, Analytical Perspectives, [Table 29-1](#), Budget Authority and Outlays by Function, Category, and Program; Department of Defense, [Defense Budget Overview](#) for Fiscal Year 2020, March 2019.

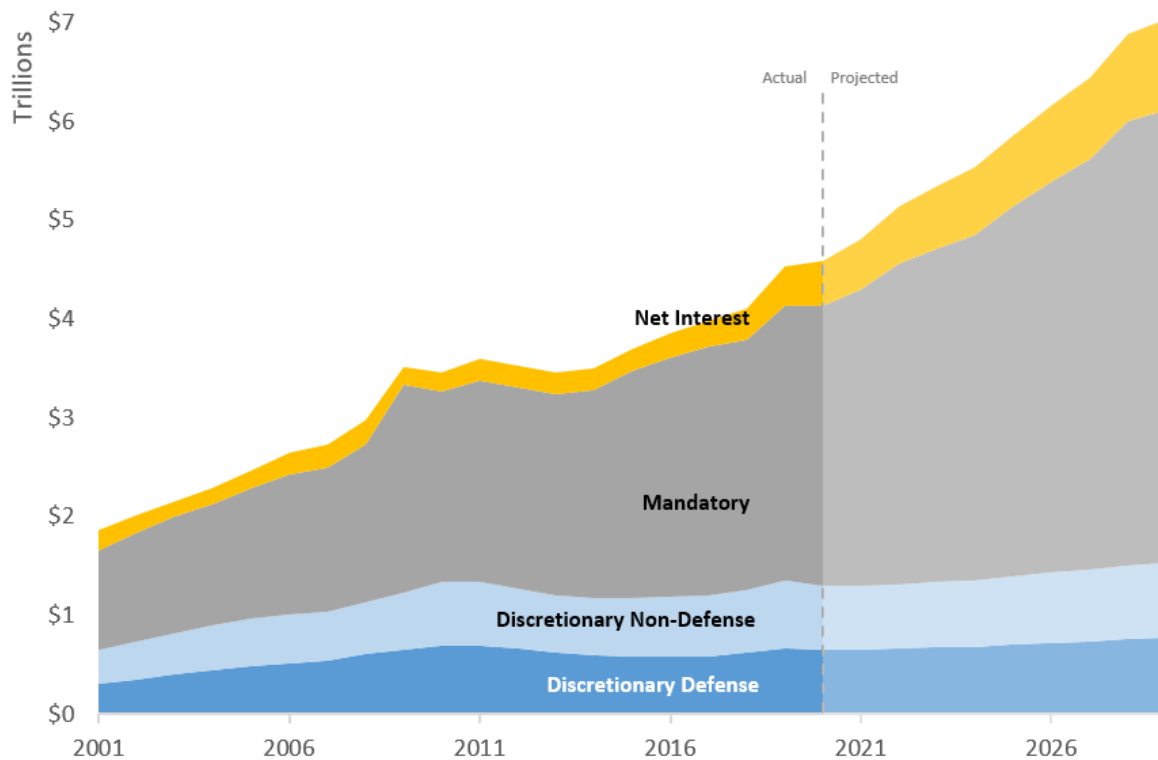
Notes: Totals may not sum due to rounding.

Historical Perspectives

Since 9/11, outlays for defense discretionary programs in nominal dollars (not adjusted for inflation) more than doubled from \$306.1 billion in FY2001 to \$674.3 billion in FY2019, according to [OMB](#).

The [Congressional Budget Office \(CBO\)](#) projects mandatory spending and net interest payments on the national debt increasing at faster rates than defense and nondefense discretionary spending over the next decade. CBO projects net interest payments on the national debt surpassing defense discretionary outlays in FY2025. (See [Figure 2](#).)

Figure 2. Outlays by Budget Enforcement Category, FY2001-FY2029
(in trillions of dollars)



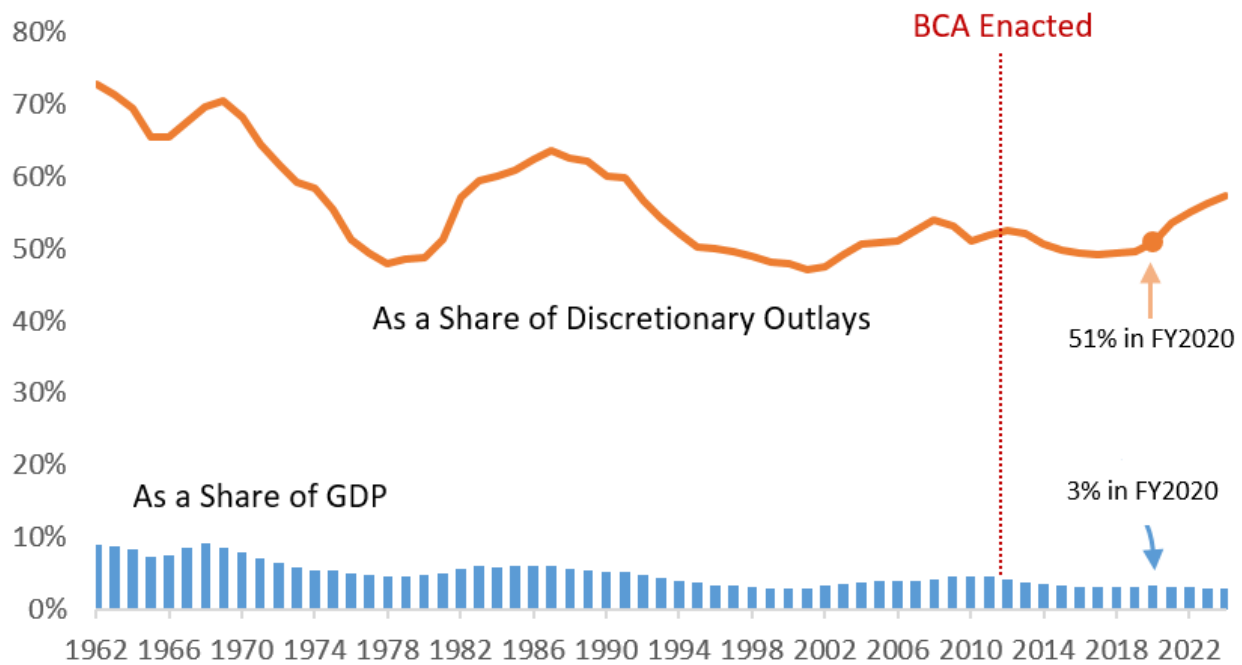
Source: OMB, Historical Tables, [Table 8.1](#), Outlays by Budget Enforcement Act Category: 1962-2024; CBO, *The Budget and Economic Outlook: 2018 to 2028* and the data supplement *10-Year Budget Projections from January 2019*.

Notes: Figures from FY2001 through FY2019 from OMB; projections from FY2020 through FY2029 from CBO.

As a percentage of total federal outlays, discretionary defense outlays decreased from 49.3% in FY1962 to 14.9% in FY2019, according to OMB. As a share of discretionary spending only, defense outlays decreased from 73% in FY1962 to 49.6% in FY2019.

Over the same period, defense spending as a share of Gross Domestic Product (GDP) has decreased, according to [OMB](#). For example, discretionary outlays for national defense declined from 9% of GDP in FY1962 to 3.2% of GDP in FY2019. OMB projects this share to decrease to 2.8% in FY2024. (See [Figure 3](#).)

Figure 3. Defense Outlays as a Share of Discretionary Outlays and GDP, FY1962-FY2024
(in percentages)



Source: OMB Public Budget Database, Outlays XLS; for GDP, OMB Historical Tables, [Table 10.1](#), Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2024.

Note: FY2019 through FY2024 reflect estimated amounts.

In Line with Budget Cap

The President’s budget request conforms to the discretionary defense spending limits (or caps) established by the Budget Control Act of 2011 (BCA; P.L. 112-25), which amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA; P.L. 99-177). [CBO has estimated](#) these caps at \$576 billion in FY2020 and \$590 billion in FY2021.

The request for national defense discretionary spending includes approximately \$576 billion in base budget spending, \$165 billion in funding for Overseas Contingency Operations (OCO), and \$9 billion for emergency requirements, according to [OMB](#). Spending designated for OCO or emergency requirements is effectively exempt from the caps. (See [Table 1](#).)

Table 1. BCA Limits on National Defense (050) Discretionary Base Budget Authority
(in billions of dollars)

National Defense (050)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Budget Control Act of 2011	555	546	556	566	577	590	603	616	630	644
BCA after automatic revision	555	492	501	511	522	535	548	561	575	589
American Taxpayer Relief Act of 2012	555	518	497	511	522	535	548	561	575	589

National Defense (050)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bipartisan Budget Act of 2013	555	518	520	521	523	536	549	562	576	590
Bipartisan Budget Act of 2015	555	518	520	521	548	551	549	562	576	590
Bipartisan Budget Act of 2018	555	518	520	521	548	551	629	647	576	591

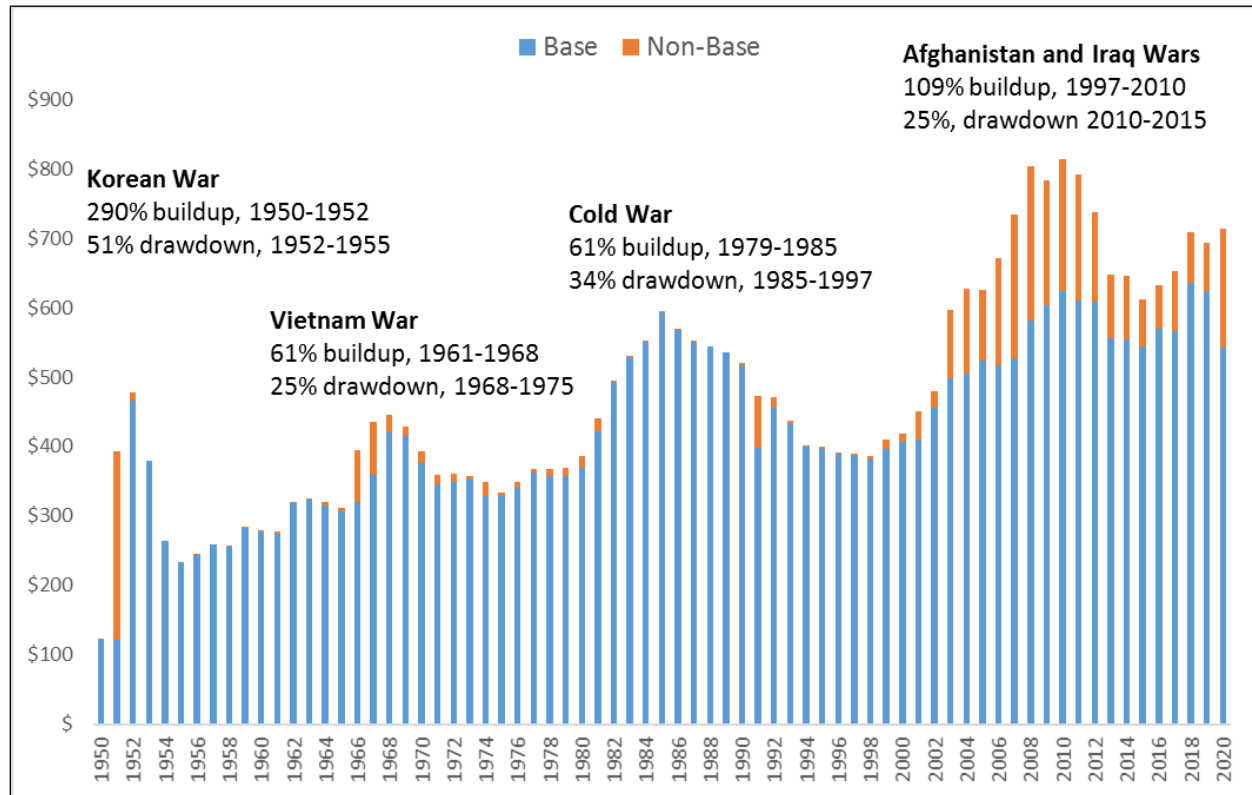
Sources: CBO, letter to the Honorable John A. Boehner and Honorable Harry Reid estimating the impact on the deficit of the Budget Control Act of 2011, August 2011; CBO, *Final Sequestration Report for Fiscal Year 2012*, January 2012; CBO, *Final Sequestration Report for Fiscal Year 2013*, March 2013; CBO, *Final Sequestration Report for Fiscal Year 2014*, January 2014; CBO, *Final Sequestration Report for Fiscal Year 2016*, December 2015; CBO, *Sequestration Update Report: August 2017*, August 2017; CBO, *Cost Estimate for Bipartisan Budget Act of 2018*, February 2018.

Notes: Bold and shaded figures indicate statutory changes. Figures do not include funding for Overseas Contingency Operations (OCO), emergencies, or disaster relief. The BCA as amended provided for "security" and "nonsecurity" categories in FY2012 and FY2013: italicized figures denote CRS estimates of budget authority for defense and nondefense categories in those years. Small changes in budget authority beginning in FY2016 are caused by adjustments in the annual proportional allocations of automatic enforcement measures as calculated by OMB; for more information on these adjustments, see CBO, *Estimated Impact of Automatic Budget Enforcement Procedures Specified in the Budget Control Act*, September 2011. This table is an abridged version of one that originally appeared in CRS Report R44874, [The Budget Control Act: Frequently Asked Questions](#), by Grant A. Driessen and Megan S. Lynch.

OCO Funding

After 9/11, Congress appropriated supplemental and specially designated funding in addition to the base DOD budget—the latter of which comprises funding for planned or regularly occurring costs to man, train, and equip the military force. (See **Figure 4**.)

Figure 4. DOD Budget Authority: A Historical Perspective
(in billions of constant FY2019 dollars)

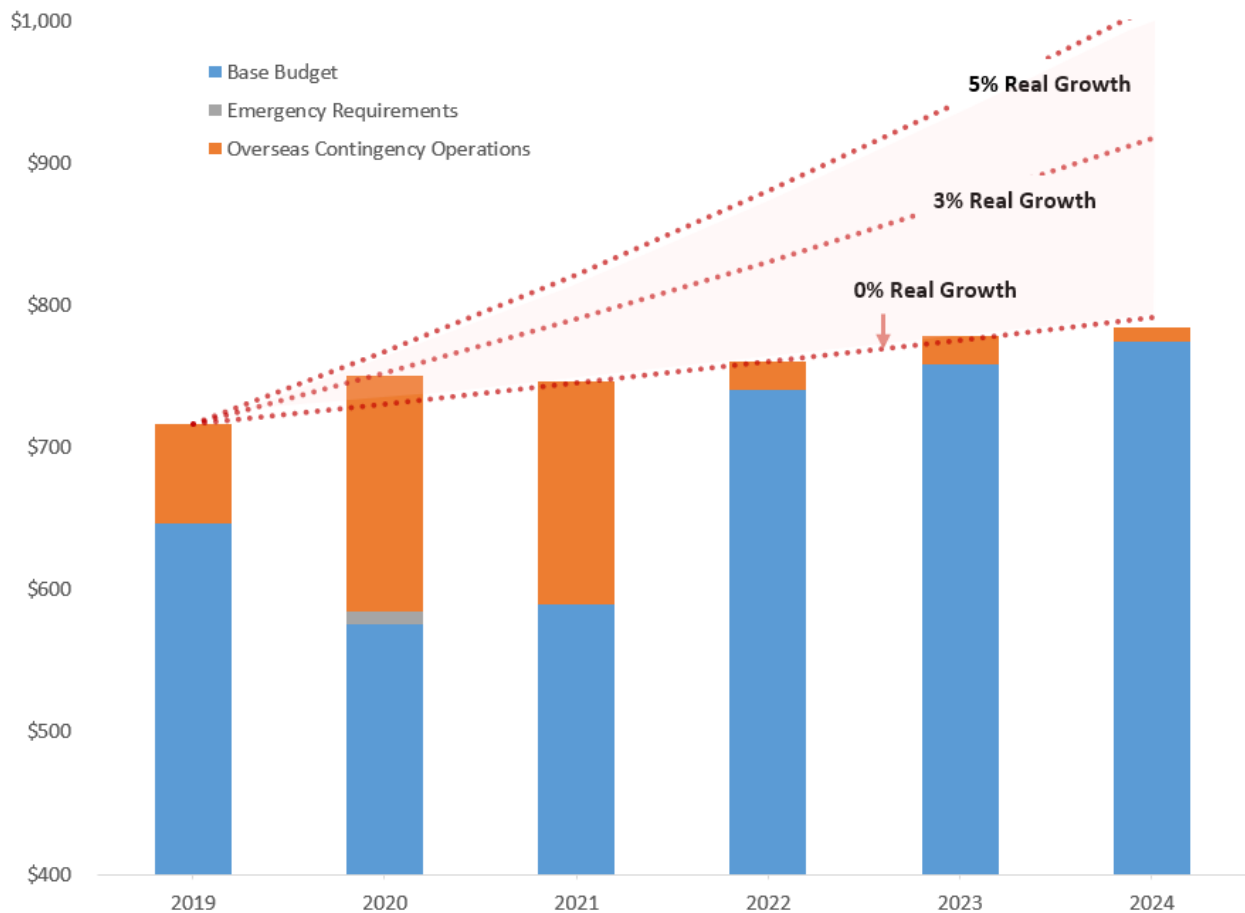


Source: CRS analysis of Department of Defense, Defense Budget Overview for FY2020, March 2019; DOD, National Defense Budget Estimates for FY2019: Table 6-8: DOD Budget Authority by Public Law Title (FY1948-FY2023), Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by P.L. Title (FY2001-FY2019), and Table 1-9: National Defense Budget Authority-Discretionary and Mandatory, April 2019; DOD, FAD-809 table, January 1978; Congressional Budget Office, Final Fiscal Year 2018 House Current Status of Discretionary Appropriations, as of September 30, 2018; Congressional Budget Office, Fiscal Year 2019 House Current Status of Discretionary Appropriations, as of October 5, 2018; Congressional Budget Office, Supplemental appropriations reports from the 1970s-2000s; Office of Management and Budget, Historical Tables, 10.1, and Analytical Perspectives, 29-1.

Notes: 1950-2017 nominal DOD funding from DOD Table 6-8; 2018, 2019, and 2020 nominal DOD funding from OMB Table 29-1 and DOD Defense Budget Overview; 1950-1977 nominal DOD non-base funding from DOD FAD-809 table; 1978-2000 nominal DOD non-base funding from CRS research; 2001-2017 nominal DOD non-base funding from DOD Table 2-1; 2018-2019 nominal DOD non-base funding from CBO Current Status of Discretionary Appropriations tables and DOD Table 1-9; 2020 nominal DOD non-base funding from DOD; nominal figures adjusted to constant FY2020 dollars using calculations based on deflators in OMB Table 10.1.

OMB notes FY2020 and FY2021 OCO funding would support activities unrelated to contingency operations to avoid the BCA caps: “In order to fully resource national defense requirements, funding above the current law caps will also be necessary. The Budget therefore increases OCO amounts in 2020 and 2021 to nearly \$165 billion and \$156 billion, respectively. These amounts fund direct war costs, enduring in theater support, and *certain base budget requirements*” (emphasis added). After more than doubling OCO funding from \$69 billion in FY2019 to \$165 billion in FY2020 and to \$156 billion in FY2021—the final two years of the BCA—OMB would reduce OCO funding to \$20 billion in FY2022 and FY2023 and to \$10 billion beginning in FY2024. (See **Figure 5**.)

Figure 5. Proposed Defense Discretionary Funding Levels in 2020 Budget
(in billions of constant FY2019 dollars)



Source: Office of Management and Budget, [Table S-7](#), Proposed Discretionary Funding Levels in 2020 Budget; Amounts adjusted for inflation using GDP (Chained) Price Index from OMB Historical Tables, Table 10.1, Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2024.

DOD breaks down the \$164.6 billion OCO funding request as \$66.7 billion (40.5% of the total OCO request) in the “Overseas Contingency Operations” category and \$97.9 billion (59.5%) in the “OCO for base” category.

For the first time, [DOD budget materials](#) provide new categories that identify the portion of OCO intended to directly support combat operations.

- **Direct War Requirements:** Combat or combat support costs that are not likely to continue once contingency operations end, \$25.4 billion (14.6% of the total OCO and emergency request);
- **OCO for Enduring Requirements:** Enduring costs in theater and the continental United States that will remain after combat operations end, \$41.3 billion (23.8%);
- **OCO for Base Requirements:** Base budget requirements financed in the OCO budget “to comply with” the BCA, \$97.9 billion (56.3%); and
- **Emergency Requirements:** Unspecified construction for emergencies, \$9.2 billion (5.3%), including \$7.2 intended for construction of southwest border wall and \$2 billion in disaster relief to rebuild facilities damaged by Hurricanes Florence and Michael.

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For more on this topic, see CRS Report R44519, *Overseas Contingency Operations Funding: Background and Status* and CRS In Focus IF10143, *Foreign Affairs Overseas Contingency Operations (OCO) Funding: Background and Current Status*.

Emergency Funding

As previously discussed, the [DOD budget request](#) includes \$9.2 billion in emergency funding “for unspecified military construction to build border barriers, backfill funding reallocated in FY2019 to build border barriers and rebuild facilities damaged by Hurricanes Florence and Michael.” The overview also notes, “This funding and the required transfer authority would be provided through a general provision.”

A [table in the appendix](#) also references this emergency funding and notes the budget “requests funds in Military Construction, Army with transfer authority to address border security and hurricane recovery.” An [accompanying spreadsheet](#) includes a line item for \$9.2 billion in the Military Construction, Army account with the project title “unspecified worldwide construction.”

[OMB’s Budget Fact Sheet on Border Security](#) states the DOD budget “proposed \$3.6 billion in new military construction resources for barriers to assist DHS in securing and managing the southern border.”

For more on this topic, see CRS Insight IN11017, *Military Construction Funding in the Event of a National Emergency*, CRS Insight IN11052, *The Defense Department and 10 U.S.C. 284: Legislative Origins and Funding Questions*, and CRS Legal Sidebar LSB10242, *Can the Department of Defense Build the Border Wall?*

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