

NATIONAL PRIORITIES PROJECT

# Security Spending Primer

Getting Smart About The Pentagon Budget

2009



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# Forward!

This is an unprecedented period in our nation's history. Two wars, staggering national debt, the economic crisis and an impending climate crisis make these extremely challenging times. At the same time, our country's first African-American president endeavors to respond to the sweeping mandate for change.

Budgeting and policy debates in Washington revolve around the allocation of resources (funds) and the notion of national security. While U.S. cities and towns struggle with insufficient funding, U.S. military spending increases. One voice in the debate insists that our nation's security demands steady increases in military spending. Another voice calls for a broadened definition of security which encompasses health care, education, housing, job creation, renewable energy and infrastructure.

The winner of the Washington budget debate continues to be military spending. A National Priorities Project federal spending analysis found that in the last nine years, military expenditures rose at a significantly greater rate than increases in the overall budget (in other words, as the budgetary "pie" increased, the defense slice got bigger and fatter). At the same time, federal grant programs to the states – like Head Start, Community Development and the Low Income Home Energy Assistance Program – did not keep pace with overall increases in the budget (the "grants to the states" slice of the pie got smaller).

President Obama's FY 2010 budget continues this trend, with 55% of discretionary spending dedicated to National Defense and the balance divided among the remaining government programs. Further, the administration does not foresee the gap between social and military spending closing any time soon.

Even though federal spending and policy priorities have an enormous impact on individual lives, the budgeting and policy-making process remains mysterious to most Americans. NPP believes that knowledge turns individuals into powerful agents for social change. In order to make our federal government more accountable, people – especially those most affected by social inequities – must play a central role in identifying the changes essential to creating better lives for themselves and future generations. They must have access to accurate information that supports effective social change strategies.

How do people influence federal spending decisions and stop fighting over smaller and smaller slices of "pie"? How can our nation address glaring social inequities and racial disparities? What will make our nation more secure?

The goal of this primer is to build the capacity of people across the United States who want their voices and their priorities to be heard in the debate over federal spending in general and military spending in particular. The topic-oriented fact sheets are designed to be read separately or together. We invite you to help us spread the word about this resource and let us know what additional information you need to support your work.

We are indebted to our collaborators in this project. We are always stronger when we are together!

All the best in the days ahead,

Jo Comerford  
Executive Director

# Introduction

Ever try to cut a berry pie into neat slices? It doesn't work. Delectable, but it won't prove our point if the berries are running all over the place. But take a pumpkin pie, now that's the ticket. Imagine one all sliced up, only one piece is half the pie. Some kid in the family is clearly the favorite.

In the case of the federal budget, the favorite is the Pentagon. You and I didn't choose it, but the Pentagon is favored over all others in the pie that represents the discretionary portion of the federal budget. Domestic necessities get the puny slices. With today's economic trials, one would think job training, health care, and education would merit larger slices of the budget pie. Pentagon spending, however, has risen alarmingly in the past 15 years. The U.S. now spends more than the 14 next largest countries combined!

Many weapons are still being paid for despite being over budget and overdue, and whether or not they are relevant to today's military needs. Battling the lobbyists who argue for them is an uphill struggle. But presenting competing priorities is compelling!

No member of Congress, journalist, opinion leader, neighbor, or relative can ignore your argument if you ask where this country should invest for its future. A strong defense? Yes. A supported military? Yes. Trillions of dollars that rob children of health care, ignore the jobless, leave millions homeless and schools in decay? No.

The National Priorities Project (NPP) makes it possible to calculate how an individual's tax dollars are spent. How much does your community spend on nuclear weapons? On health care for children? On the wars in Iraq and Afghanistan? On education?

NPP clearly displays the truth in numbers, and also in pictures, graphs, pie charts and clever comparisons. It may be startling to learn how much your community is spending for weapons systems that even the Pentagon doesn't want!

Who makes these decisions, and how can we influence them? To answer these questions, NPP equips citizens with facts as well as examples of skewed priorities. Yes, we *can* reshape our federal budget to mirror our values and our priorities!

If you want more of your tax dollars to go to human needs and fewer to the military, read the series of short articles that follow. This Security Spending Primer will help you to understand the federal budget, how much the United States spends on the military and other programs, and how *you* can help change federal priorities.

This Primer provides powerful tools for activists who are serious about making change. We hope it inspires you to take action.

Let's go!

Susan Shaer  
Executive Director  
Women's Action for New Directions (WAND)

# The Federal Budget 101: Process and Timeline

## Overview

The government operates on a fiscal year (FY) which begins on October 1st of the previous calendar year.

The federal budget is divided into two categories: mandatory and discretionary. Mandatory spending comprises approximately two-thirds of the budget and includes entitlement programs such as Social Security and Food Stamps which are controlled by eligibility rules or payment guidelines. Funding for these programs is essentially automatic and not subject to debate.

Discretionary spending is the other third of the federal budget and the part that tends to generate news headlines. Programs of the Departments of Defense and Education are two important areas of discretionary spending.

The federal budget process consists of a series of steps which culminate in a document that is enacted for October 1 – the beginning of the new fiscal year. In order for this to happen, the process begins early in the calendar year.

### Step 1: The President Submits the Budget Request

The President's Budget Request, released in early February, is his budget proposal for the coming fiscal year. Based on priorities decided by the President and his Cabinet, the White House Office of Management and Budget (OMB), through a series of guidelines, instructs federal agencies how to prepare their strategic plans and budgets. The agencies then submit their budget requests with written documents, defending them to the OMB and the Appropriations Committees of the House and Senate. The OMB evaluates all these documents and prepares the President's Budget which typically includes:

- *Budget of the U.S. Government*
- *Analytical Perspectives*
- *Historical Tables*
- *Appendix*
- *Summary Tables*
- *Citizen's Guide to the Federal Budget (Public Budget Database)*

*Departments of  
Defense and Education  
are two important areas of  
discretionary spending*

## Quick Facts

- The federal government operates on a fiscal year which begins on October 1 and ends on the following September 30. Fiscal year 2010 (FY 2010), for example, begins October 1, 2009 and ends September 30, 2010.
- The U.S. federal budget is created annually through an intricate process that typically takes up to ten or more months to complete.
- To complete the annual budget by October 1, the start of the new fiscal year, the process must begin many months earlier, usually in February.

### Step 2: Congress Passes a Budget Resolution

After the President submits his budget, the House and Senate traditionally spend the early spring preparing budget resolutions for mid-April. A budget resolution is a framework for making budget decisions about spending and taxes. It does not set binding spending amounts for particular programs. After the House and Senate pass their budget resolutions, a joint conference is formed to reconcile the two versions, the outcome of which is then voted on by each chamber.

### Step 3: Congressional Subcommittees 'Markup' Appropriation Bills

In late spring and early summer, using the budget resolutions, the Appropriations Committee of each chamber sets allocations for each of its subcommittees (twelve each in the House and in the Senate). Each subcommittee reviews the relevant budget requests with justifications submitted by agencies, conducts hearings, and follows up with agencies to obtain answers to questions that arise. Each subcommittee then writes a first draft of its appropriations bill, called the 'chairman's mark'. After passage by the subcommittee, the bill moves to the full Appropriations Committee which reviews and sends the entire appropriations bill to the floor for a vote, attaching any special riders that it deems necessary.

**Step 4: The House and Senate Vote on Appropriation Bills and Reconcile Differences**

After both versions of a particular appropriations bill are passed in their respective chambers, ideally in the late summer or early fall, a conference committee resolves differences between the House and Senate versions. The House and Senate both vote on a conference report for each bill.

**Sources and Resources:**

National Priorities Project Federal Budget Timeline,  
<http://www.nationalpriorities.org/Federal%20Budget%20Timeline>.

*Prepared by Mary Orisich, NPP*

**Step 5: The President Signs each Appropriations Bill and the Budget is Enacted**

The President must sign each appropriations bill after it has passed Congress. When he has signed all of the bills, the budget is enacted. The objective is to complete the budget process before October 1. Often, however, the process takes longer, sometimes until December. Delays can also occur at the beginning of the process. For example, the Obama administration's first budget request was not presented until May 2009.

If the budget is not enacted by October 1, Congress must pass continuing resolutions in order for the government to continue operations. These resolutions continue funding for agencies and programs at current levels until the budget for the new fiscal year is enacted.

The National Priorities Project (NPP) analyzes and clarifies federal data so that people can understand and influence how their tax dollars are spent. Located in Northampton, MA, since 1983, NPP focuses on the impact of federal spending and other policies at the national, state, congressional district and local levels.

This fact sheet is part of a series. Access the full series at [www.nationalpriorities.org](http://www.nationalpriorities.org)



# The Discretionary Budget: Military v. Non-Military

## Overview

The federal budget includes two types of spending: mandatory and discretionary.

Mandatory spending refers to money that is spent in compliance with existing laws that govern the particular program or function. Mandatory spending includes entitlements, which are money or benefits provided directly to individuals such as Social Security, Medicare, Medicaid, Food Stamps, and Federal Retirement. It also includes interest payments on the national debt.

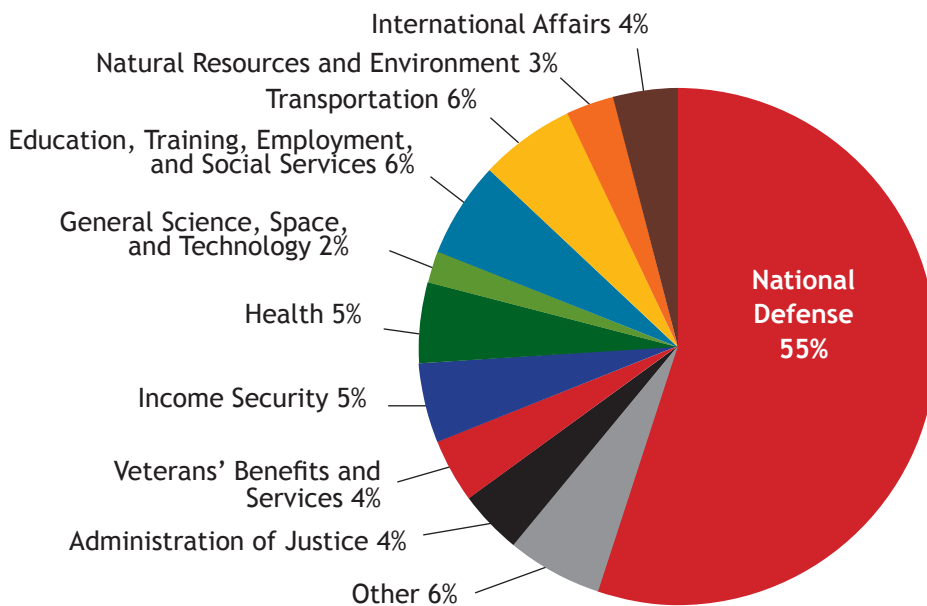
Discretionary spending refers to the part of the federal budget that Congress debates and decides every year. Congress may choose to increase or decrease spending on these programs or “level-fund” them with or without adjusting for inflation. The discretionary budget includes national defense, as well as expenditures for education, housing assistance, and many health programs.

As the chart below shows, in FY 2010, approximately 55% of the discretionary budget is allocated to national defense. This is consistent with previous budgets in which national defense has accounted for at least 50%, and sometimes close to 60% of discretionary spending.

## Quick Facts

- The federal budget includes both mandatory and discretionary spending.
- Mandatory spending refers to programs that are funded by eligibility or payment rules.
- Discretionary budget items are those whose allocations Congress may adjust each year.
- Discretionary spending is approximately one-third of total federal spending. In FY 2010, discretionary spending is 36.3% of total budget authority.
- Military spending accounts for more than 50% of discretionary expenditures.
- From FY 2001-FY 2009, discretionary U.S. military expenditures increased by 67%, from about \$415 billion to \$692 billion inflation adjusted 2010 dollars.

**Figure 2.1**  
Proposed Discretionary Budget Authority, FY 2010

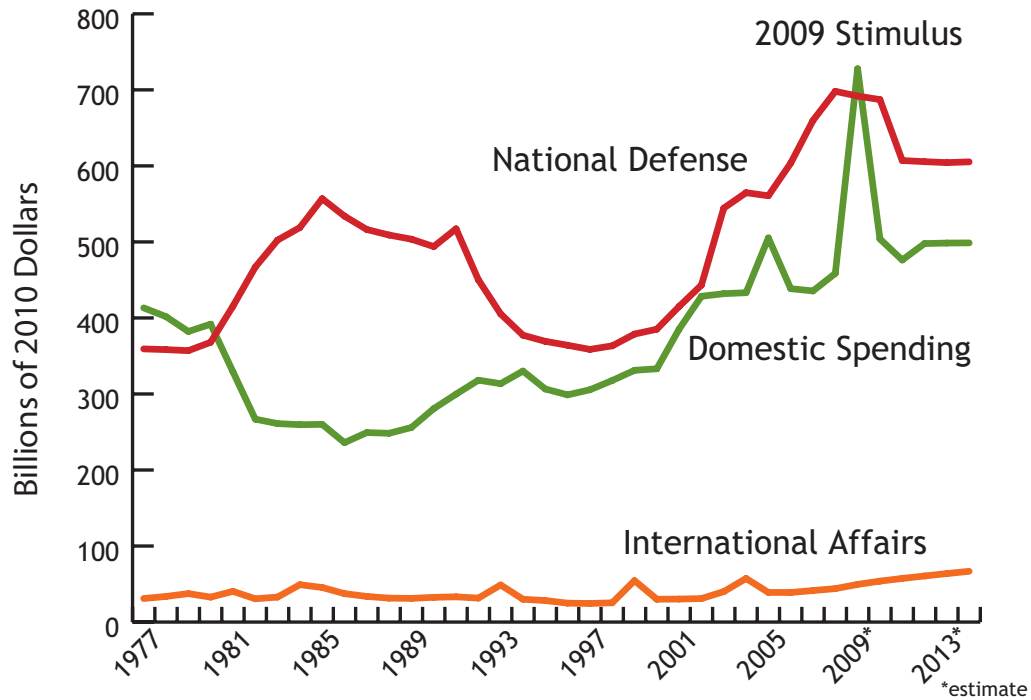


“Other” is composed of energy, agriculture, commerce and housing credit, community and regional development, general government allowances, and the administration of Social Security and Medicare.

As the graph below illustrates, discretionary spending on national defense has been on an upward trend since the late 1990s. From FY 2001 to FY 2009, while domestic discretionary expenditures increased by approximately 31%, discretionary spending on national defense increased by 67%, more than twice the rate of increase in domestic spending.

Figure 2.2

Discretionary Spending 1977-2014\*



**Sources and Resources:**

- Budget of the U.S. Government, FY 2010, Historical Table 8.9-Budget Authority for Discretionary Programs: 1976-2014.
- Budget of the U.S. Government, FY 2010, Historical Table 10.1-Gross Domestic Product and Deflators used in Historical Tables: 1940-2014.
- Budget of the U.S. Government, FY 2010, Analytical Perspectives Table 26.1-Budget Authority and Outlays by Function, Category and Program.

Prepared by Mary Orisich

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# The Federal Budget Process: Supplemental Appropriations

## Overview

The annual federal budget process, through which the White House requests funding for each federal agency for the coming fiscal year, is lengthy and often cumbersome (see Fact Sheets #1, #2 and #4).

A common misconception about the Pentagon's annual budget is that these funds pay for actual combat operations, when by and large they do not. The reason for this is simple. It takes more than two years for the administration to develop and Congress to approve a budget that covers just one year. It is impossible to plan that far in advance for unexpected events such as natural disasters and wars. Federal law provides mechanisms for funding these unanticipated needs, referred to as "contingencies," outside the main budget process through the enactment of "supplemental" spending bills.

## Issues of Concern

*Less Oversight and Accountability* – Since supplemental spending packages are designed to fund federal responses to non-routine needs, they are handled through a streamlined and expedited process. Therefore they receive much less scrutiny by their respective federal agencies and Congress than the annual budget. Frequently, supplemental spending bills also have little or no supporting documentation. As a result, federal agencies are often tempted to include funding for programs that should be reviewed during the annual budget process. For example, in recent years the Pentagon has included in supplemental spending bills billions of dollars for the acquisition of weapons not directly related to combat operations in Iraq and Afghanistan. Such programs, which are often controversial, may otherwise be rejected if subjected to the annual budget process.

*Obscures Actual Federal Spending Levels* – Because they represent unanticipated expenses, supplementals can be declared "emergency spending" and therefore excluded from official accounting of total federal spending. This practice can distort the true size of the federal budget deficit by excluding what is often significant federal spending. In the case of the wars in Iraq and Afghanistan, almost \$190 billion in spending in FY 2008 was declared to be "emergency," and therefore bypassed normal deficit accounting rules.

*Such programs,  
which are often controversial,  
may otherwise be rejected if  
subjected to the annual  
budget process.*

## Quick Facts

- Unanticipated federal spending on programs such as disaster relief and military operations are often funded outside the regular budget process through special "supplemental" appropriations.
- The wars in Iraq and Afghanistan are not paid for as part of the annual budget of the Department of Defense.
- While a necessary part of federal budgeting, supplemental appropriations are more vulnerable to abuse than the annual budget process.
- Since the terrorist attacks of September 11, 2001, Congress has approved \$955 billion to support military operations and other aspects of the "War on Terror" through the supplemental funding process.
- President Obama is also seeking an additional \$130 billion for the "Overseas Contingency Operations" for Fiscal Year 2010. That will push the grand total since September 2001 to more than \$1 trillion (\$1,085 billion).
- This spring the Obama Administration said it would end the current practice of funding the wars in Iraq and Afghanistan outside the normal budget process; the Administration has included the costs of these ongoing military operations in its FY 2010 Budget Request.

*Obscures Actual Military Spending Levels* – While supplementals are a necessary part of the federal budget process, separating the costs of military operations from the annual military budget provides an incomplete and often misleading accounting of total military spending. In FY 2008,

for instance, supplemental funding for military operations in Iraq and Afghanistan accounted for roughly 37% of Pentagon spending (\$188 billion), but this amount was not reflected in the official \$518 billion annual defense budget of the Department of Defense.

Fact Sheet #3 continued

*Less Political Opposition* – Because supplementals support high-priority, often popular federal initiatives, they are often very difficult to resist politically. Those who criticize the use of supplementals to fund military operations or who raise specific concerns about the contents of these spending packages are subject to accusations that they are “abandoning our troops in the field” or “soft on terrorism.” In such a political environment it is much more difficult to raise legitimate questions about supplemental spending.

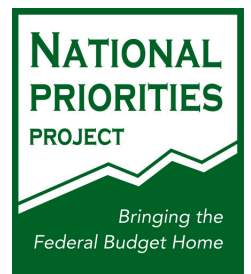
**Sources/Resources:**

Fact Sheet #14 “Funding for Military Operations – Iraq and Afghanistan”

*Prepared by Christopher Hellman, NPP*

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CELEBRATING 25 YEARS

# The Federal Budget Process:

## An Interactive Performance in Three Acts

### Overview

Every year, Congress re-enacts the budget process, allocating trillions of federal tax dollars to wars, preparation for wars, and the aftermath of wars, and billions to investments in people, cities, towns, structures and the environment. Every budget Congress approves represents choices among competing priorities.

In the old days, this performance was like an opera — elaborately staged, using arcane language and gestures, with no opportunity for audience participation. Now the budget is an interactive performance and you can make a difference in how it all turns out.

### Setting the Stage:

#### *Authorization Bills*

Programs first must be authorized before they can receive government funds. Authorization bills describe and define the programs. They can be introduced at any time of year by the appropriate authorizing committee and they provide a great opportunity for the rest of us to re-set the stage — to reshape, expand, or limit a program's authority.

### Act One:

#### *The Budget Resolution — Big Picture Time*

The President typically introduces a budget proposal in early February, with lots of line-by-line detail and analytical tables. At first, Congress looks only at a few top line numbers: How much income can the government expect? How much spending is projected for non-discretionary programs (such as veterans' benefits, Medicaid, Medicare)? How much will be available for discretionary spending? The answers to these questions become the Budget Resolution — a document just a few pages long that outlines the bare bones of the budget.

**Audience participation:** When the entire budget is on the table, it is easy to compare, for example, military spending with other foreign policy spending (lately 95% military, 5% non-military). Or the way our spending patterns respond to threats: 43% of the budget for military responses, less than 3% to address climate change. Time to grab the spotlight and shine it on these skewed priorities!

### Quick Facts

- The federal budget — it's not just Congress's show any more. Constituents can help shape the performance and even affect the way the story ends.
- The annual budget process includes several decision-making stages that provide opportunities for concerned citizens to participate.

### Act Two:

#### *Appropriations — The Plot Thickens*

Once Congress adopts the Budget Resolution, Appropriations Committees and their subcommittees enter the stage. Each subcommittee gets an allocation to distribute to certain federal departments. The subcommittees use the script provided by the President's detailed budget proposal, but some will ad lib, adding their own flourishes and deleting less popular line items.

**Audience participation:** This is when we get to suggest that purchasing more Cold War weapons is a waste of our money, or that rural housing programs are sadly underfunded. We all have line items that we care about especially.

### Act Three:

#### *Reconciliation — Resolving the Conflicts*

While the Appropriations Committees examine each line item in the budget, there are some big programs in the wings. These are the entitlement programs — programs that provide benefits to eligible people. Especially in bad economic times, these programs tend to grow because more people qualify for assistance, and more assistance is needed. So Congress has to be sure that there are enough funds to pay for these non-discretionary programs, as well as the discretionary programs that they have been working on.

At the end of the summer, as the fiscal year deadline (September 30) approaches, Congress has to come up with enough money to cover all the programs, or find ways to limit eligibility or benefits so that the entitlement programs won't grow. Since Congress must move quickly, the reconciliation process was invented to "fast track" the

recommendations of the two tax-writing committees: the Senate Finance Committee and the House Ways and Means Committee. Controversy continues until the last gasp – but a budget emerges triumphant at the end.

**Audience participation:** Watch out for surprise endings. The choices will be between cutting programs like unemployment insurance and food stamps, or raising taxes. Since tax increases are unpopular, important social programs can be in danger in this final act.

## **Reprise:**

### *After the Last Bow*

The curtain falls, and the work begins again. From September through December, federal agencies lobby the Office of Management and Budget (the White House office that prepares the budget proposal) to increase their budgets. It's a good time for the audience to mingle with the Congress, and engage in conversations with agencies and the OMB to help write the next script.

**For a list of resources to help you get started, see the Primer's Appendix.**

## **Sources and Resources:**

Lynch, Megan Suzanne, "The Budget Resolution and Spending Legislation," Congressional Research Service, Report No. R40472, March 27, 2009.

FCNL Federal Budget Web Site: <http://www.fcnl.org/budget/>.

Federal Budget Calendar: [http://www.fcnl.org/issues/item.php?item\\_id=2309&issue\\_id=18](http://www.fcnl.org/issues/item.php?item_id=2309&issue_id=18).

Federal Budget Glossary: [http://www.fcnl.org/issues/item.php?item\\_id=2429&issue\\_id=18](http://www.fcnl.org/issues/item.php?item_id=2429&issue_id=18).

Federal Budget Process for 2010, including a chart of issues handled by various appropriations subcommittees: [http://www.fcnl.org/issues/item.php?item\\_id=3083&issue\\_id=18](http://www.fcnl.org/issues/item.php?item_id=3083&issue_id=18).

*Prepared by Ruth Flower, FCNL*

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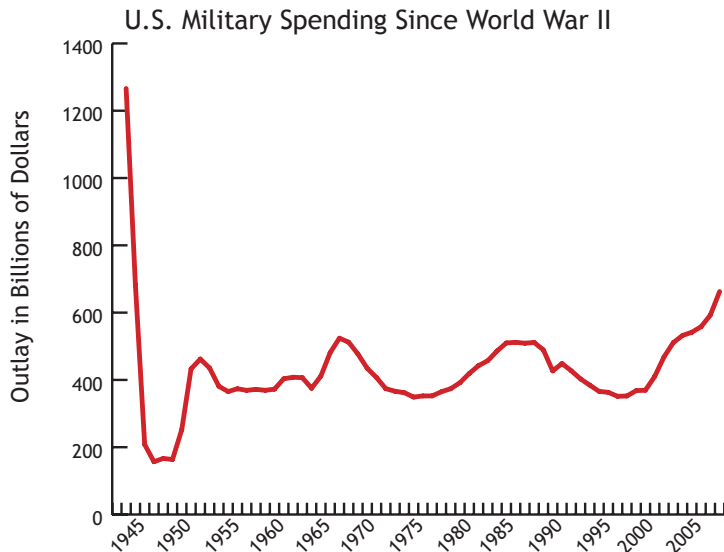


# U.S. Military Spending: Past, Present and Future

## Overview

Under President Ronald Reagan, the U.S. annual military budget experienced unprecedented peacetime growth, peaking in the late 1980s at just over \$500 billion in 2009 dollars. There then began a downward trend in annual military spending that continued under President George H.W. Bush and President Bill Clinton. This trend was accelerated by the end of the Cold War in 1989 and the subsequent downsizing of the U.S. military. Supporters of reducing the deficit, cutting taxes, or increasing investment in critical domestic federal programs, focused a great deal of attention on what to do with the “peace dividend” that was expected to result from lower Pentagon budgets.

**Figure 5.1** (See Note at end)



*Note: This graph is in “constant” (i.e. inflation-adjusted) FY 2009 dollars, and includes outlays for military operations in Iraq and Afghanistan.*

This downward trend ended during the final years of the Clinton Administration, when military leaders and defense “hawks” in Congress, bolstered by events in Bosnia, Kosovo and Somalia, gained widespread support for their concerns about the “hollowing out” of U.S. military capabilities.

After the September 11, 2001 terrorist attacks, the Pentagon’s budget began to grow meteorically. Under President George W. Bush, the annual military budget grew 36% , adjusted for inflation. This calculation, however, excludes the costs of military operations in Iraq and Afghanistan, which were funded separately from the Pentagon’s annual budget through supplemental spending packages (see Fact Sheet #3).

Today, the U.S. annual military budget is 28% higher than it was during the Cold War (average \$401.1 billion per year in FY 2009 dollars) even though the military force is significantly smaller.

## Quick Facts

- The annual U.S. military budget (not including the costs of military operations in Iraq and Afghanistan) is at its highest point since World War II, even exceeding spending during the Korean and Vietnam Wars.
- The Pentagon’s annual budget is now 28% higher than during the Cold War average (\$401.1 billion per year in FY 2009 dollars) for a military force that is significantly smaller.
- Under President George W. Bush, the military budget grew by 36% (adjusted for inflation), not including costs of the wars in Iraq and Afghanistan.
- Based on current projections, the Pentagon’s annual budget will continue to grow under President Obama, but at a slower rate.

## Annual Department of Defense Spending: Bush/Post Sept. 11

*Budget Authority (excludes Dept. of Energy and Misc.)*

### NOMINAL GROWTH (not adjusted for inflation)

FY 2001	\$296.3 billion
FY 2009 Enacted	\$513.3 billion
Increase	\$217.0 billion (57.7%)

### REAL GROWTH (adjusted for inflation)

FY 2001 (in 2009 dollars)	\$377.3 billion
FY 2009 Enacted	\$513.3 billion
Increase	\$136.0 billion (36.0%)

*Note: These figures do not reflect supplemental appropriations enacted to fund military operations in Iraq and Afghanistan.*

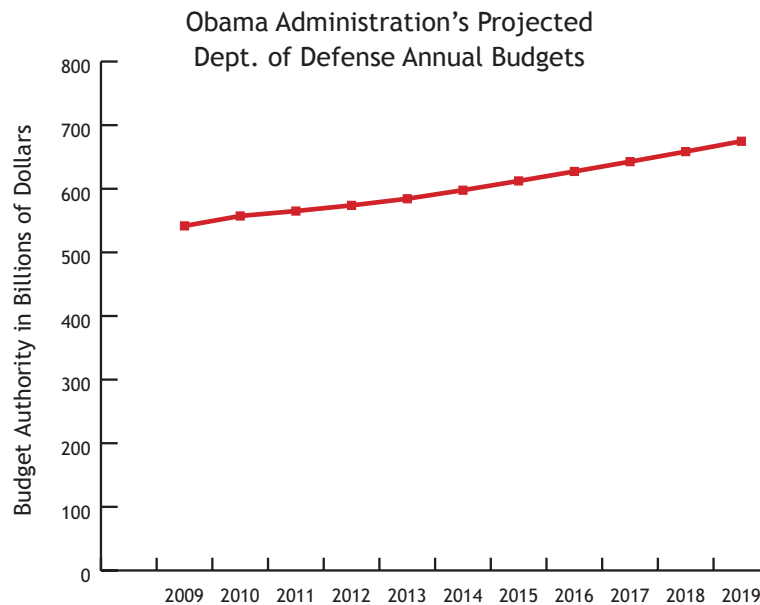
## Military Spending Under President Obama

On March 2, 2009, the Obama Administration released the initial details of its proposed FY 2010 budget for the federal government. Not including funding for military operations in Iraq and Afghanistan or the nuclear weapons related activities of the Department of Energy, the Administration is seeking \$533.7 billion for the Department of Defense. Adjusted for inflation, the \$534 billion request is \$9 billion, or 1.7%, more than Congress approved for the Department of Defense for FY 2009.

Since March, the President’s Office of Management and Budget (OMB) has released additional details about future military budgets. The “Future Years Defense Plan” (FYDP) shows the annual military budget growing 25% over the

period FY 2009–2019, or roughly 2.5% percent annually. These projections do not include any costs of military operations in Iraq and Afghanistan.

Figure 5.2



Note: This chart does not reflect future funding for military operations in Iraq and Afghanistan

NOTE: While the figures used in the “Security Spending Primer” are generally in “Budget Authority” (the amount the government is legally permitted to spend in a given fiscal year), Figure 5.1 uses “Outlay” figures. Outlays are the dollars actually spent in a particular fiscal year, but which may have been approved in previous fiscal years. Outlays were used in this case because they better reflect U.S. military spending in 1945 at the end of World War II (the earliest date for which historical DoD data is available). In that year, Congress approved \$687 billion (in 2009 dollars) in new budget authority for the military. But because of funding that had been previously approved, actual spending (outlays) that year were almost \$1.3 TRILLION.

### Sources and Resources:

Budget of the United States for FY 2010, “Analytical Perspectives,” “Table 26-1. Budget Authority and Outlays by Function, Category, and Program” [http://www.whitehouse.gov/omb/budget/fy2010/assets/26\\_1.pdf](http://www.whitehouse.gov/omb/budget/fy2010/assets/26_1.pdf).

“National Defense Budget Estimates for FY 2009,” Department of Defense, September 2009  
Table 6-11: Department Of Defense Outlays By Title — FY 1948 To FY 2013  
[http://www.defenselink.mil/comptroller/defbudget/fy2009/FY09Greenbook/greenbook\\_2009\\_updated.pdf](http://www.defenselink.mil/comptroller/defbudget/fy2009/FY09Greenbook/greenbook_2009_updated.pdf).

“National Defense Budget Estimates for FY 2000,” Department of Defense, March, 1999  
Table 6-11: Department Of Defense Outlays By Title — FY 1945 To FY 2005  
[http://www.defenselink.mil/comptroller/Docs/fy2000\\_greenbook.pdf](http://www.defenselink.mil/comptroller/Docs/fy2000_greenbook.pdf).

Prepared by Christopher Hellman, NPP

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# U.S. Security Spending:

## How Much Do We Really Spend?

### Overview

*[Note: All dollar figures represent funding levels requested by the Obama Administration for FY 2010 in its budget request released May 8, 2009. Some totals may not add due to rounding or differences in accounting methods. In these cases, the totals given are those listed in the budget request.]*

The total federal budget for FY 2010 is roughly \$3.4 trillion. Of this, 61% is mandatory spending. Mandatory spending comprises approximately two-thirds of the budget and includes entitlement programs such as Social Security and Food Stamps which are controlled by eligibility rules or payment guidelines. Funding for these programs is essentially automatic and not subject to debate.

Discretionary spending is the other third of the federal budget and the part that tends to generate news headlines as the President and Congress must prioritize and appropriate funds each year. Programs of the Departments of Defense and Education are two important areas of discretionary spending.

### Official Pentagon Budget for FY 2010

Department of Defense (Function 051): \$533.7 billion

Department of Energy (and other) funding for defense activities (Function 053/054): \$23.4 billion

**Total National Defense (Function 050):  
\$557.2 billion**

**Military Operations in Iraq and Afghanistan and “Global War on Terror”:** The Administration is seeking **\$130 billion** in discretionary spending to cover the costs of Overseas Contingency Operations in Iraq and Afghanistan. Many people do not realize that the official Pentagon budget (the Function 050 funding figure) does not include the cost of actual military operations. Nor does it include certain other costs, such as the counter terrorism activities of the Department of State/USAID.

### Other Military and Security-related Spending

**Homeland Security: \$51.8 billion** in mandatory and discretionary spending. The Administration is requesting a total of \$71.1 billion for Homeland Security in FY 2010. Of this \$19.3 billion is funded through the defense budget, while the remaining \$51.8 billion is funded through various other federal accounts, including the Department of Homeland Security (\$34.7 billion), Department of Health and Human Services (\$6.1 billion), and the Department of Justice (\$3.97 billion).

### Quick Facts

- In total, the government will spend over \$1 Trillion to support the direct and indirect costs of our national security in FY 2010.
- The White House’s annual budget request (\$533.7 billion for FY 2010) for the Defense Department is only a portion of what the United States spends on its military.
- Each year other federal agencies, such as the Department of Energy, contribute additional billions to the official annual defense budget.
- This annual defense budget does not include the cost of actual military operations in Iraq and Afghanistan.
- To support and maintain a huge military, the United States spends additional billions through numerous other federal programs not considered part of the annual defense budget.

**Intelligence: \$9.6 billion** in discretionary spending. Although specific details of the U.S. intelligence budget are classified, the annual intelligence budget “top line” was \$43.5 billion in FY 2007 and \$47.5 billion in FY 2008. NPP estimates the FY 2010 budget should be at least \$48 billion. Of this amount, it is estimated that 80% is funded within the Pentagon budget. The remaining 20%, or approximately \$9.6 billion, is funded through other areas of federal spending.

**Foreign Military Aid: \$5.3 billion** in discretionary spending. [Function 150]

**International Peacekeeping: \$2.26 billion** in discretionary spending. [Function 150]

**Non-Proliferation, Antiterrorism, Demining and Related Activities: \$765 million** in discretionary spending. [Function 150]

**Military Space: \$3.6 billion** in discretionary spending. [Function 250, using 20% of total]

In addition, the military creates other federal obligations funded in the annual budget. These are:

**Veterans Benefits: \$46.0 billion** for hospital and medical care, taken from the non-military portion of the discretionary budget; and **\$56.9 billion** for disability pensions and the G.I. education program from the mandatory budget. These obligations are owed to those who served honorably in past years.

**Total: \$102.9 billion**

**Military Retirees: \$49.5 billion** for retired military personnel, funded in the mandatory budget.

**Retired civilian DoD employees:** There is no precise figure for this. Total Federal Civilian Employee Retirement funding is \$70.7 billion. Assuming that the proportion of DoD retirees is roughly the same as that of current DoD employees to the total federal workforce (25% in FY 2009), this is about \$17.7 billion. Again, this **\$17.7 billion** comes from the mandatory budget.

**Interest Payments on the National Debt attributable to past military spending:** Total gross interest payments in FY 2010 are \$454.5 billion, 24.8%\* of which are directly attributable to prior national defense spending included in the official National Defense budget (Function 050). This percentage is conservative since it does not include past borrowing for any of the other accounts shown here – such as veterans' programs – which would increase the ratio

considerably. Even using this conservative methodology, this figure adds **\$112.7 billion** to annual defense-related spending, included in the mandatory budget.

### **GRAND TOTAL of Defense and Defense-Related Spending for FY 2010**

Direct Spending (Defense Department, Department of Energy)	\$557.2 billion
Other Military and Security-related Spending	\$486.125 billion
<b>TOTAL</b>	<b>\$1,043.325 billion</b>

\* To obtain this figure, we looked at deficits for each year beginning in 1940. Using the figure supplied by the Defense Department for the percentage of the annual budget spent on "National Defense" (Function 050), we determined what percentage of each annual deficit was the result of defense spending. Total indebtedness was then compared to total "National Defense" related debt, and a ratio determined. The year 1940 was selected because information on the percentage of the Federal budget made up by defense spending was unavailable for earlier years. Given, however, that the national debt in 1940 was relatively modest (\$50.7 billion in today's dollars), and that the vast majority of deficit spending by the federal government occurred since then, we believe this to be an acceptable cut off point. Again, we believe that due to this and other factors, as noted above, the \$24.8% estimate is quite conservative.

### **Sources/Resources**

Budget of the United States Government for Fiscal Year 2010, Office of Management and Budget, May, 2009  
<http://www.whitehouse.gov/omb/>.

"National Defense Budget Estimates for Fiscal Year 2009," Office of the DoD Comptroller, September, 2008  
[http://www.defenselink.mil/comptroller/defbudget/fy2009/FY09Greenbook/greenbook\\_2009\\_updated.pdf](http://www.defenselink.mil/comptroller/defbudget/fy2009/FY09Greenbook/greenbook_2009_updated.pdf).

*Prepared by Christopher Hellman, NPP*

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# U.S. and World Military Spending

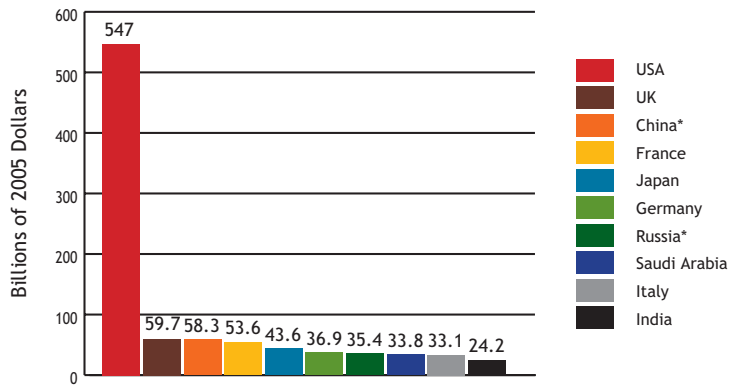
## Overview

The U.S. is easily the global leader in military expenditures. World military spending in 2007, the most recent year for which data is available, reached \$1.214 trillion. The U.S. accounted for almost half of this total. Although accurate data for 2007 is not available for some of the countries labeled as the “axis of evil” or “rogue states,” it is likely that these countries - Cuba, Iran, Libya, North Korea, Sudan, and Syria - make up only about 1% of world military spending.

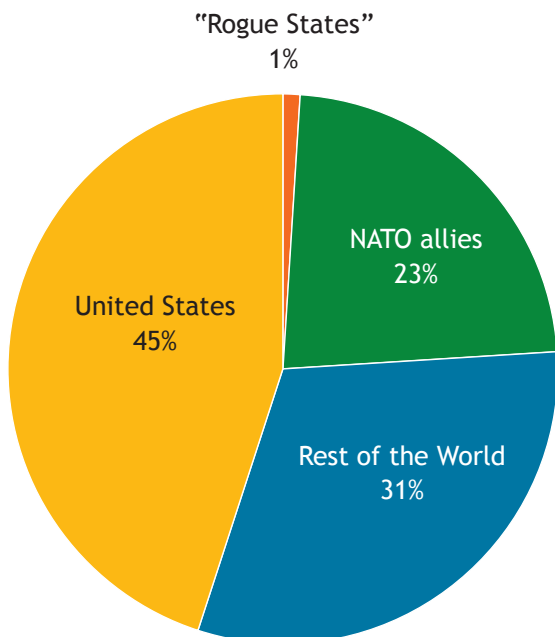
## Quick Facts

- The U.S. ranks #1 in the world for military expenditures.
- The U.S. spends 45% of world military expenditures.
- The top 15 countries account for 83% of world military expenditures.
- U.S. military expenditures are greater than the total expenditures of the 14 next largest countries, combined.

**Figure 7.1**  
Top 10 Countries Ranked by Military Spending, 2007

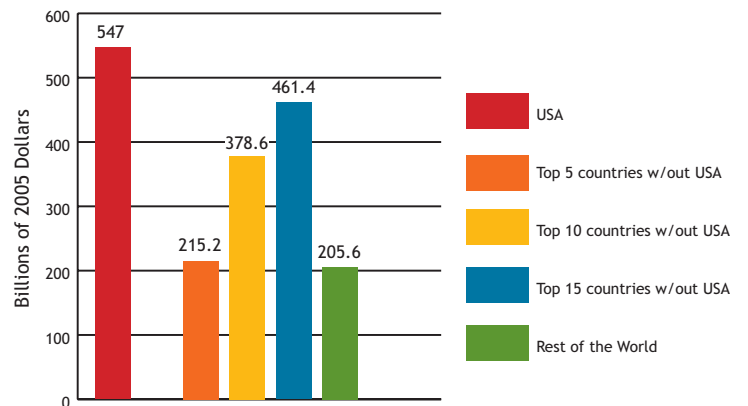


**Figure 7.2**  
World Military Spending, 2007



The U.S. spends 45% of world military expenditures.

**Figure 7.3**  
U.S. Military Spending Compared to Others, 2007



The U.S. spends more than the next largest 14 countries' military expenditures combined.

**Figure 7.4****Military Expenditures: Top Five Countries**

Rank	Country	Spending (\$ bil)	% World Share	Spending per cap (\$)	# times U.S. expend
1	USA	547	45	1799	
2	UK	59.7	5	995	9.16
3	China	58.3	5	44	9.38
4	France	53.6	4	880	10.21
5	Japan	43.6	4	339	12.55
	Top 5 w/out USA	215.2			2.54

The U.S. spends 2.5 times the next largest 4 countries' military expenditures combined. Among the top 5 countries, the U.S. spends 9 times as much as China.

**Sources and Resources:**

Stockholm International Peace Research Institute (SPIRI) using constant (\$2005) prices and market exchange rates, [www.spiri.org](http://www.spiri.org).

*NOTE: As in most years, the figures used by SIPRI for U.S. military spending shown here do not match official Defense Department figures. They are used so that comparisons between U.S. military spending and that of other countries reflect the same methodology and assumptions.*

*Prepared by Mary Orisich, NPP*

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# Looking Ahead: A Decrease in Military Spending?

## Overview

On April 6, 2009, Defense Secretary Robert Gates announced proposed cuts to the Pentagon budget. Gates asserted that his proposal represented a shift in U.S. strategy from preparing for conventional wars to fighting adversaries like those in Iraq and Afghanistan. His proposals included cutting \$1.4 billion from missile defense programs, ending F-22 fighter jet production in 2011, canceling the VH-71 presidential helicopter (a \$13 billion program), and restructuring the Future Combat Systems (FCS) program by shifting upward of \$87 billion to an effort to develop newly designed, more efficient military vehicles.

Despite such proposed cuts, however, other programs would grow. For example, plans to “complete the growth in the Army and Marines while halting reductions in the Air Force and the Navy” will cost an additional \$11 billion. Additionally, the proposed budget allocates \$2 billion more for intelligence, surveillance and reconnaissance (ISR) support including Predator drones. Finally, the proposal increased the purchase of F-35 Joint Strike Fighter planes from 14 to 30 aircraft (a \$4.4 billion increase) in FY 2010, and included a commitment to purchase 513 planes over the next 5 years with the ultimate goal of 2,443 – a longer term cost which could reach or exceed \$1 trillion.

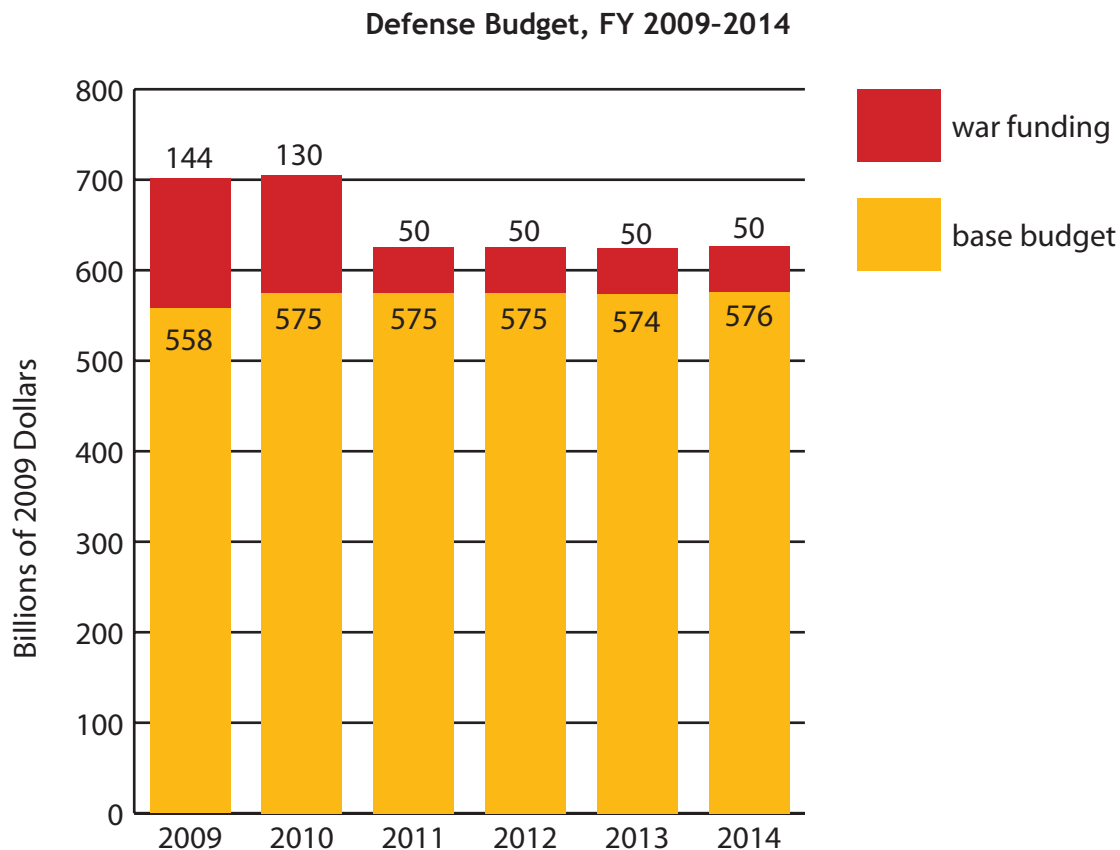
## Quick Facts

- Even though Secretary Gates cut billions of dollars and many programs from the overall military budget, the base budget increased by almost 3% for FY 2010.
- Rising health care costs as a part of military personnel expenditures will shape future budgetary allocations and may propel cuts.

When both cuts and increases are taken into account, **the base military budget for FY 2010, adjusted for inflation, actually grew by 2.9%.**

The graph below illustrates Secretary Gates’ five-year projections. Using the estimates provided in the FY 2010 budget, after the increase in the first year from FY 2009 to FY 2010, baseline military expenditures are projected to remain relatively flat: no increases, but no significant decreases either. The five-year DoD budget includes a \$50 billion place-holder for future war expenditures during FY 2011–2014. Based on recent appropriations for Iraq and Afghanistan, however, the \$50 billion figure is significantly underestimated.

Figure 8.1



When one examines the five-year projections, the war funding and baseline military expenditures appear unrealistic. With the costs of health care continually rising for all Americans, soldiers and veterans included, how will the DoD keep the budget essentially flat without making cuts? The chart below, from OMB FY 2010, Historical Table 5.1, shows the annual projections for (subfunction 051) the Department of Defense budget. The Military Personnel line includes health care.

**Figure 8.2**

All numbers in billions of 2009 dollars	2009	2010*	2011*	2012*	2013*	2014*
051 Subtotal, Dept of Defense – Military	663.7	666.5	587.2	586.3	585.6	587.1
Military Personnel	146.5	154.4	<b>160.9</b>	<b>167.1</b>	<b>173.2</b>	<b>179.4</b>
Operation and Maintenance	272.4	276.2	N/A	N/A	N/A	N/A
Procurement	132.7	130.9	N/A	N/A	N/A	N/A
R & D, Test, and Evaluation	80.9	78.8	N/A	N/A	N/A	N/A
Military Construction	26.4	22.4	N/A	N/A	N/A	N/A
Family Housing	3.8	2.0	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>
Other	1.1	1.9	N/A	N/A	N/A	N/A
Funds available for N/A Categories	513.4	510.2	424.4	417.3	410.5	405.9
\$ Change in subfunction 051		-3.2	-85.8	-7.0	-6.8	-4.7
% Change in subfunction 051		0.4%	-11.9%	-0.2%	-0.1%	0.3%

\*estimated

The OMB source for this chart provided no detail for the cells in the highlighted section above. Assuming that expenditures for Military Personnel increase at the approximate 5% yearly rate which they have demonstrated over the past 5 years, we arrive at the bolded & italicized figures above. These numbers, however, do not incorporate the increases in personnel proposed in Gates' FY 2010 budget. The Family Housing line was estimated at a slight reduction from current levels because of the completion of privatization projects.

What's apparent from these numbers is that from FY 2009 and beyond, personnel costs increase, yet the

funds available for other programs within this subfunction decline significantly.

This highlights the cuts in allocations among these programs that must occur to meet these budget estimates. The current administration's verbal commitment to reduction in the military budget is noted; we, however, look to the numbers for confirmation and validation – we'll be waiting and watching to see what happens when these budgetary estimates confront the realities of increasing costs.

### Sources and Resources:

Table 5.1 of Budget of the United States Government, FY 2010, Historical Tables.

Table 10.1 of Budget of the United States Government, FY 2010, Historical Tables.

Gates, Secretary Robert M., Defense Budget Recommendation Statement (Arlington, VA), Monday, April 06, 2009, <http://www.defenselink.mil/speeches/speech.aspx?speechid=1341>.

Drew, Christopher & Elisabeth Bumiller, "Military Budget Reflects a Shift in U.S. Strategy," *New York Times*, April 7, 2009.

Prepared by Mary Orisich, NPP

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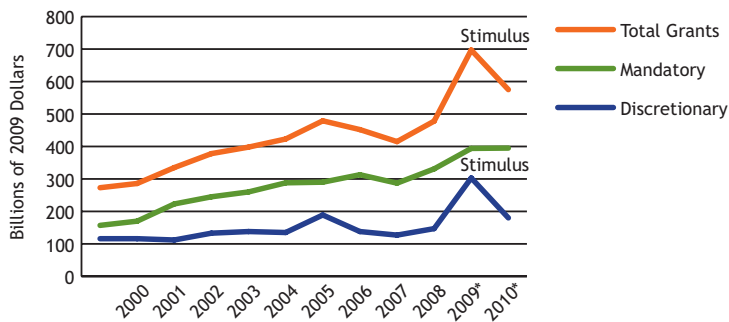
CELEBRATING 25 YEARS

# The Impact of High Pentagon Budgets at the State and Local Level

## Overview

Like the federal budget, state budgets include both discretionary and mandatory spending projections. As the chart below shows, after a dip during the second term of the Bush Administration, total federal grant funds continued on an upward trend, driven primarily by the funds allocated to mandatory programs such as Medicaid.

**Figure 9.1**  
**Federal Grants to State & Local Governments, 2000-2010**



For many years, federal grants have provided much needed support for numerous programs administered by state and local governments. Such grants comprise a majority (approximately 85%) of federal aid to state and local governments. Some of the most popular programs and their funding levels over the past decade are shown in the table below.

**Figure 9.2**

Program (numbers in billions of 2009 dollars)	2001	2003	2005	2007	2008	2009	2010* est
Children's Health Insurance Program	5.3	3.8	4.6	6.1	6.3	10.6	12.5
Medicaid	167.2	201.3	217.1	218.2	221.9	266.6	292.7
Low Income Home Energy Assistance Program	2.3	2.1	2.1	2.1	2.1	4.5	2.4
Title 1 Education	10.1	12.0	14.3	13.7	14.4	24.5	13.0
Head Start	7.7	7.9	7.7	7.3	7.1	9.1	7.2
Community Development Block Grant	5.5	5.2	5.3	4.0	5.0	13.2	6.4

\*estimated

## Quick Facts

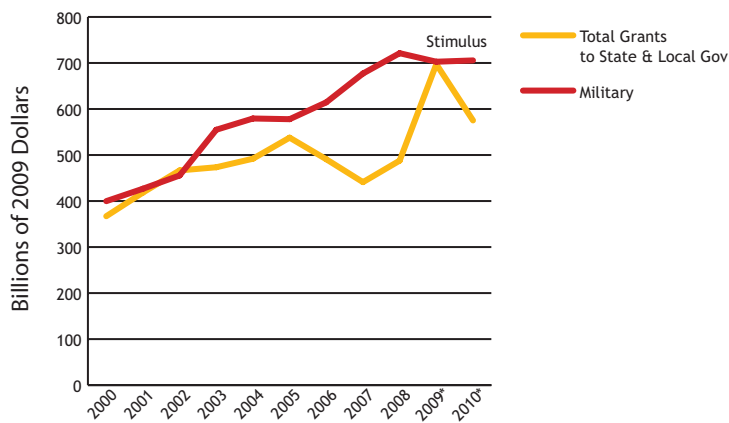
- Federal grants for programs like Head Start, Community Development, and Low Income Home Energy Assistance Program (LIHEAP), represent approximately 85% of the funds that state and local governments receive from the federal government.
- From FY 2001 - FY 2008<sup>1</sup>, federal grant funding for state and local governments did not keep pace with total federal budget authority increases. During this time, federal grants to state and local governments increased 0.57% for every 1% increase in total federal budget authority.
- During the same period, federal military expenditures increased 1.47% for every 1% increase in total federal budget authority.

From FY 2001 - FY 2008, funding for federal grant programs to states increased 14%; funding for defense increased 41% (includes DOE, Function 152 and war spending). However, during this same time period, total budget authority increased by 28% – meaning expenditures on defense increased at a greater rate than the increases in the overall budget (or in other words, as the budgetary pie increased, the defense slice got bigger and fatter), and federal grant programs to the states did not keep pace with overall increases in the budget (the “grants to states” slice of the pie got smaller).

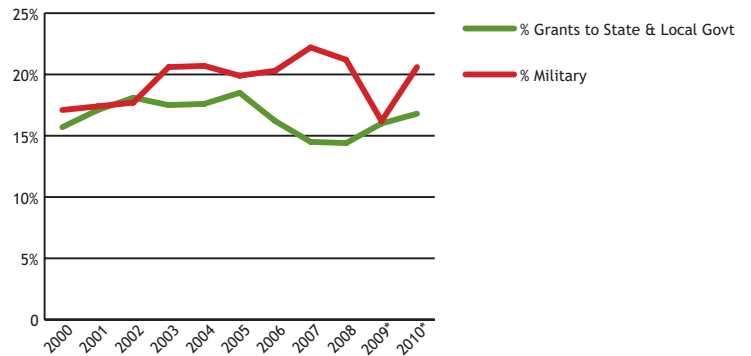
<sup>1</sup> This time frame was used to depict the trend and avoid distortion in the data by incorporating FY 2009 funds from the American Recovery and Reinvestment Act.

The following charts show how federal funds spent on military activities diverge from amounts invested in the needs of state and local governments from FY 2001 to FY 2009 – a depiction of the priorities of the Bush Administration. The charts also reveal the shift in FY 2009 as participating state and local governments accessed stimulus funds provided by the American Recovery and Reinvestment Act. The estimates for FY 2010 illustrate the Obama Administration’s commitment to meet the needs of state and local governments. From FY 2008 to FY 2010, federal grants to state and local governments are anticipated to increase by 18%.

**Figure 9.3**  
**Military vs. Grants to State & Local Government**



**Figure 9.4**  
**Percent of Total Budget Authority Allocated to Military vs. Grants to State & Local Government**



If the federal government wants to spend more than the revenue it has available, it must borrow. Whereas individuals usually use credit cards or personal loans for such deficit spending, the government typically sells bonds to raise funds. States and municipalities, however, must balance their budgets each fiscal year either by generating more revenue through taxes and fees or cutting services. According to the *Center on Budget and Policy Priorities*, more than 40 states face a deficit for FY 2009 and project significant budget shortfalls in FY 2010.

What can be done to improve this situation? Although the Obama Administration has responded to the crisis facing state and local governments by increasing federal grants in its FY 2010 budget, more is both needed and possible. For nearly a decade, federal funding to state and local governments has failed to keep pace with the overall growth of the budget, resulting in tough times recently compounded by an economic downturn and declining revenues. Contrast this with defense expenditures that increased more than 1.5 times the overall budgetary increase, and the response to state financial difficulties is readily apparent: A significant shift in budgetary priorities is needed – a shift away from excessive military expenditure to the funding of human needs in our communities.

**Sources and Resources:**

- Chapter 8 of Budget of the United States Government, FY 2000–2010, Analytical Perspectives.
- Table 5.1 of Budget of the United States Government, FY 2010, Historical Tables.
- Table 10.1 of Budget of the United States Government, FY 2010, Historical Tables.
- Center on Budget and Policy Priorities, “State Budget Troubles Worsen,” <http://www.cbpp.org/cms/?fa=view&id=711>.

Prepared by Mary Orsich, NPP

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# The Employment Impact of U.S. Military And Domestic Spending Choices

## Overview

As demonstrated in our paper “The U.S. Employment Effects of Military and Domestic Spending Priorities,” published in the *International Journal of Health Services* (Vol. 39, No. 3), our research demonstrates that each billion dollars of government spending allocated to tax cuts for personal consumption generates approximately 15,000 jobs. Investing the same amount in the military creates about 12,000 jobs. Alternatively, investing one billion in health care yields about 18,000 jobs; in education about 25,000 jobs; in mass transit, 27,700 jobs; and in construction for home weatherization and infrastructure, 18,000 jobs. Thus, more than twice the number of jobs are created by equivalent spending on education and mass transit as on the military.

## Quick Facts

- Investing public dollars in health care, education, mass transit and construction for home weatherization and infrastructure all create more jobs than investing an equivalent amount in the military.
- The non-military investments above generate a higher return on government funds than middle class tax cuts.

**Table 10.1**

**Overall Employment Effects of Spending \$1 billion for Alternative Spending Targets in U.S. Economy, 2005**

Spending Targets	# of Jobs Created	# of Jobs Relative to Military Spending	Average Wages and Benefits per Worker	Average Wages and Benefits Relative to Military	Total Wages and Benefits from Employment	Total Wages and Benefits Relative to Military
1. Military	11,977	---	\$65,986	---	\$790.3 million	---
2. Tax cuts for Personal Consumption	15,090	+26.2%	\$46,819	-29.1%	\$706.4 million	-10.7%
3. Health Care	18,036	+50.2%	\$56,668	-14.2%	\$1.02 billion	+29.3%
4. Education	24,758	+106.7%	\$74,024	+12.2%	\$1.83 billion	+131.9%
5. Mass Transit	27,713	+131.4%	\$44,462	-32.6%	\$1.23 billion	+55.9%
6. Construction for home weatherization/ infrastructure	17,927	+49.7%	\$51,812	-21.5%	\$971.2 million	+22.9%

The numbers for each of the six spending categories incorporate three kinds of job-creating effects:

*Direct effects:* the jobs created by building, for example, warplanes or schools.

*Indirect effects:* the jobs associated with industries that supply intermediate goods for building a warplane, school, or any other direct spending target. These would include the steel, glass, tire, and electronic industries for building a warplane; and concrete, glass, and trucking industries for building a school.

*Induced effects:* the expansion of employment that results when people who are paid to build a warplane or school spend the money they have earned on other products and services in the economy.

## How do the jobs compare?

Jobs generated by military spending tend to pay relatively well. This is one reason that fewer jobs are created per dollar of military expenditure compared to alternative spending strategies. The study shows, however, that on average spending on education generates more than twice the number of jobs as military spending and that these jobs pay better.

Spending on health care, mass transit, home weatherization and infrastructure creates jobs that pay less, on average, than military jobs. These three spending targets, however, do create substantially more jobs than military spending,

and the overall economic impact – combining all workers’ wages and benefits – exceeds that of an equivalent investment in the military.

Moreover, a substantial majority of the jobs generated through an expansion of health care, mass transit or construction spending will pay more than \$32,000 per year, the study’s rough threshold for a minimally decent income.

The majority of jobs pay between \$32,000 – \$64,000, considered a middle-income pay range.

Increased personal consumption resulting from tax cuts is the only alternative spending target examined that is inferior to military spending along two dimensions: both the average pay and the total amount of compensation per \$1 billion in expenditures are lower.

**Table 10.2**  
Percentage of Low- and High-Paying Jobs in Activities Linked to Spending Targets

	% of new employment	% below \$20,000/year	% below \$32,000/year	% between \$32,000 and \$64,000/year	% above \$80,000/year
<b>Military</b>					
Federal Government	44.1	5.3	28.0	61.3	4.7
Professional/Business Services	20.4	4.5	22.9	62.2	14.6
Manufacturing	14.5	4.0	7.3	85.8	5.8
<b>Personal Consumption Expenditures</b>					
Retail Trade	12.9	40.0	70.6	27.3	1.4
Food Services	8.9	68.1	95.3	4.3	0.3
Hospitals and Nursing Care	8.2	15.3	46.3	43.2	4.8
<b>Education</b>					
Educational Services	82.1	11.7	31.8	59.1	1.2
Professional/Business Services	7.0	4.5	22.9	62.2	14.6
<b>Health Care</b>					
Hospitals/Nursing Care/Ambulatory Care	72.5	15.3	46.3	43.2	4.3
Professional/ Business Services	7.0	4.5	22.9	62.2	4.8
<b>Mass Transit</b>					
Transportation	76.4	5.8	36.5	60.2	1.0
Professional/ Business Services	10.6	4.5	22.9	62.2	4.8
<b>Weatherization and Infrastructure Repair</b>					
Construction	66.8	8.6	26.9	60.1	1.8
Professional/Business Services	9.6	4.5	22.9	62.2	4.8

**Sources and Resources:**

This is a highly abbreviated and slightly updated version of the paper “The U.S. Employment Effects of Military and Domestic Spending Priorities,” in International Journal of Health Services, Vol. 39, No. 3.

(See also PERI Working Paper #151, [http://www.peri.umass.edu/fileadmin/pdf/working\\_papers/working\\_papers\\_151-200/WP151.pdf](http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_151-200/WP151.pdf).) All references are published in both the journal article and PERI working paper version of this research.

*Prepared by Robert Pollin and Heidi Garrett-Peltier, PERI*

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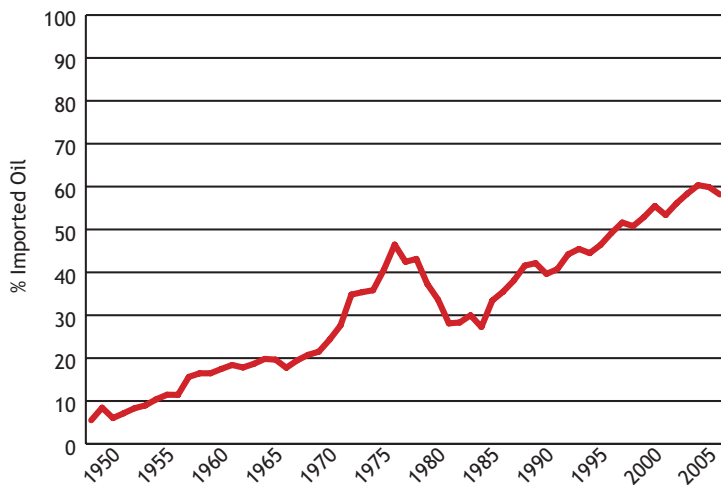
# The Military Cost of Securing Energy: What the United States Spends to Protect Global Access to Fossil Fuels

## Overview

Although the United States accounts for less than 5% of the world's population, it is by far the world's largest consumer of petroleum. The United States consumes 32 million barrels a day – nearly 25% of world consumption. Because the United States produces far less oil than it consumes, it must import oil to meet the growing demand. Despite being the world's third largest petroleum producer, the United States imported nearly 60% of the oil it consumed in 2007.

Figure 11.1

Imported Oil to U.S.



Fossil fuels represent the largest source of energy for the United States. More than 85% of U.S. energy comes from non-renewable fuel sources including oil, natural gas, and coal. The transportation sector relies almost exclusively on fossil fuels, with 96% coming from oil.

Global petroleum resources are limited and in high demand. The United States is not the only country eager to secure global oil reserves. Both China and India project significant growth in their oil use during the next twenty years, which will increase pressure on world reserves. Competition for fossil fuels has already led to geopolitical tensions, conflicts, and war.

Since oil is considered a vital interest, the U.S. military commits significant resources to securing U.S. access to, and safeguarding transport of, oil and energy supplies. The costs of using military resources for these purposes are not captured in the market valuation of petroleum. They are, however, paid by American taxpayers. Tax dollars spent on enhanced military activities to secure energy have opportunity costs. The same tax dollars could be spent to

## Quick Facts

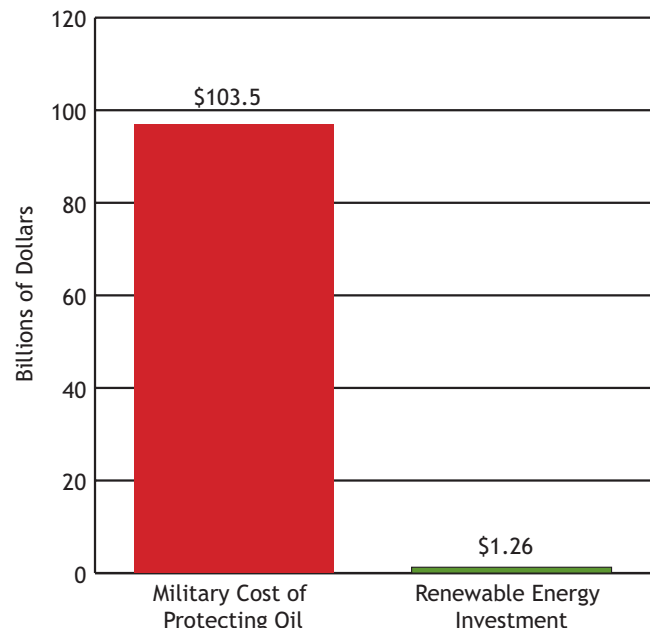
- The United States accounts for less than 5% of the world's population but uses almost 25% of the world's petroleum.
- Since oil is considered a "vital interest," the U.S. military commits significant resources to securing U.S. access to and safeguarding transport of oil and energy supplies.
- In 2009 alone, U.S. taxpayers will spend \$103.5 billion on military resources used to secure access to petroleum. If costs related to the Iraq War are included, this figure doubles to \$215.4 billion.

improve education, repair bridges, or address other needs – even other national security needs.

As NPP outlines in its report, *The Military Cost of Securing Energy*, in 2009 alone, U.S. taxpayers will have spent \$103.5 billion on military activities to secure access to petroleum. If costs associated with the Iraq War are included, this figure doubles to \$215.4 billion. A comparison of this expenditure to the U.S. investment of \$1.26 billion in 2009 for renewable energy sources provides a dramatic illustration of national priorities and calls into question the government's commitment to an alternative strategy for energy security.

Figure 11.2

Hidden Cost of Oil vs. Renewable Energy Investment in 2009



## Making sense of the numbers

For the amount of money the U.S. spends defending fossil fuels, not including the cost of the Iraq War, renewable electricity could be provided to **107,000,000** U.S. homes, 96% of all occupied homes.

## Other possible tradeoffs include:

- **4,551,451** full-time, four-year scholarships for tuition and fees at public colleges or universities. In other words, nearly 90% of full-time students attending U.S. four-year, public institutions could attend school at no cost.
- **Four weeks** of paid parental leave could be provided to the civilian labor force (aged 20–44) for **almost one year**.
- **10 years** of health care for **3,050,434** adults.
- **10 years** of health care for **4,561,782** children.

### Sources and Resources:

*The Military Cost of Securing Energy*, National Priorities Project. 2008. Recognizing that putting a dollar amount on the proportion of military resources devoted to defending energy resources is a complex task, NPP considers this report to be a first step in developing a rigorous analysis of the link between U.S. military strategy and the global pursuit of energy.

Imported Oil to U.S.: <http://www.eia.doe.gov/emeu/aer/petro.html>, [Petroleum Overview 1949-2007](#).

Hidden Cost of Imported Oil: [http://www.nationalpriorities.org/Energy\\_Security/Energy\\_Report](http://www.nationalpriorities.org/Energy_Security/Energy_Report);

Renewable energy investment: <http://www.energy.gov/about/budget.htm>, Summary table by appropriations.

Homes with Renewable Electricity: The average kWh per home was calculated with data from the Energy Information Administration on total residential electricity usage (by state) and number of occupied households. The cost of wind energy is approximately 8 cents per kWh according to research done by Ryan Wisser and Edward Kahn at Lawrence Berkeley National Laboratory. For our estimations, we've used 8 cents.

Paid parental leave used assumptions found in H.R.5781 "Federal Employees Paid Federal Parental Leave Act of 2008," Congressional Budget Office Cost Estimate, May 5, 2008.

Approximate civilian labor force between ages 20–44 (2008), <http://www.bls.gov/cps/cpsaat3.pdf>.

Average yearly cost of tuition and fees for a full-time student attending four year public institutions 2006–07 found at: [http://nces.ed.gov/programs/digest/do7/tables/dto7\\_320.asp](http://nces.ed.gov/programs/digest/do7/tables/dto7_320.asp)

Forecasted enrollment of FT student attending four year public institutions based on data found at: [http://nces.ed.gov/programs/digest/do7/tables/dto7\\_187.asp](http://nces.ed.gov/programs/digest/do7/tables/dto7_187.asp).

"People or Children Receiving Health Care" figures are based on one year of coverage from the Centers for Medicare and Medicaid Data Compendium. They represent the average Medicaid outlays per person or per child in each state for 1999 and 2000, and then are forecasted for 2005.

*Prepared by Mary Orisich, NPP*

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# Where to Trim: Nuclear Weapons

## Overview

Maintaining a huge arsenal of nuclear weapons not only poses a serious risk to the security of the United States but also accounts for billions of dollars in the U.S. national security budget. Funding for nuclear weapons is spread among the budgets of numerous federal agencies. In addition to the more than \$6 billion in the Department of Energy's (DOE) FY 2008 budget, Steven I. Schwartz and Deepti Choubey calculated that the FY 2008 budgets of the Departments of Defense, Homeland Security, State and other agencies contained at least another \$46 billion in nuclear weapons-related spending (see Sources and Resources). They assert that overall the United States spent more than \$52 billion on nuclear weapons related expenses in 2008.

President Obama has pledged to work for a world free of nuclear weapons and to pursue immediate and concrete steps toward that goal. The President has stated his intention to negotiate a new treaty with Russia involving deep mutual cuts in nuclear arsenals; seek ratification of the Comprehensive Test Ban Treaty (CTBT); accelerate efforts to eliminate "loose nukes" and bomb-making materials (plutonium and enriched uranium) in Russia and beyond, and end all new production of bomb-making materials worldwide.

While these steps will take time, President Obama's immediate priority should be to halt plans by the DOE's National Nuclear Security Administration (NNSA) to upgrade the U.S. nuclear weapons complex. Under a plan that it refers to as "Complex Transformation," the NNSA – a semi-autonomous branch of the Department of Energy charged with running the nuclear weapons complex – wants to spend billions of dollars building new nuclear weapons facilities.

According to *Nuclear Bailout II: The Costs and Consequences of Renovating the Nuclear Weapons Complex*, a May 2009 report from The New America Foundation's Arms and Security Initiative, upgrading the complex according to proposals crafted by the Bush Administration will cost \$7 billion over the next five years. Modernizing and sustaining the complex over the next two decades will cost up to \$175 billion. Now that the Obama Administration has pledged to dramatically accelerate the reduction of the U.S. nuclear stockpile, this expensive plan is obsolete and should be cut from the federal budget.

Further, in May 2009, DOE Secretary Steven Chu requested \$6.4 Billion for the NNSA's nuclear weapons activities in FY 2010. Rejecting NNSA's plans and cutting this funding from the FY 2010 budget will bolster U.S. credibility with other

## Quick Facts

- In FY 2008 the U.S. spent more than \$52 billion on expenses related to nuclear weapons.
- A proposal developed by the Bush Administration to upgrade the U.S. nuclear weapons complex would cost more than \$175 billion over the next two decades.
- President Obama has pledged to work for a world free of nuclear weapons, a goal supported by many current and former leaders in the U.S. and abroad.
- Moving from the current active stockpile of roughly 5,000 deployed nuclear weapons to an arsenal of 1,000 weapons - 600 deployed and 400 in reserve - would save approximately \$14.5 billion annually. After accounting for additional investments in securing "loose nukes," the net annual savings would be about \$11 billion.

nuclear-armed states, as well as with states that may seek nuclear weapons. This step will go a long way toward building the trust that President Obama will need to proceed with the ambitious nuclear arms control tasks that he has set out.

Washington and Moscow will need to resolve their differences on key issues like the U.S. plan to place missile defense sites in Poland and the Czech Republic. A global consensus will need to be reached on the cutoff of production of plutonium and enriched

uranium that can be used to make nuclear weapons – known formally as "fissile materials."

President Obama does not need international support to ratify the CTBT, but recruiting enough Republican Senators to reach the two-thirds majority necessary for treaty ratification may be tougher than working with Russia or the rest of the global community. Fortunately, the President has the backing of many current and former government officials, ranging from former Secretaries of State Henry Kissinger and George Shultz, to former Senate Armed Services Committee chairman Sam Nunn and former Defense Secretary William Perry. In addition, dozens of prime ministers, former defense secretaries, secretaries of state, and foreign ministers all over the world have called for U.S. leadership toward nuclear abolition.

*The fewer nuclear weapons there are on the planet, the safer all countries will be.*

Fact Sheet #12 continued

All of these steps will put the U.S. in a stronger position to persuade other nations to scale back their own nuclear stockpiles or abandon their pursuit of these weapons. The fewer nuclear weapons there are on the planet, the safer all countries will be.

Taking these steps will also save money. Moving from an active stockpile of roughly 5,000 deployed nuclear weapons to an arsenal of 1,000 weapons – 600 deployed and 400 in reserve – would save about \$14.5 billion per year. After accounting for additional investments in securing “loose nukes,” the net savings would be about \$11 billion per year. The United States would retain a more than adequate deterrent against nuclear-armed states, while taking a powerful first step towards President Obama’s goal of a nuclear-free world.

### Sources and Resources:

*Nuclear Bailout II: The Costs and Consequences of Renovating the Nuclear Weapons Complex* provides estimates of the costs of NNSA plans while asserting that there will also be far-reaching consequences to sustaining a policy that runs counter to commitments to a “world free of nuclear weapons”

[http://www.newamerica.net/publications/policy/nuclear\\_bailout\\_costs](http://www.newamerica.net/publications/policy/nuclear_bailout_costs)

*From Counterforce to Minimal Deterrence: A New Nuclear Policy on the Path Toward Eliminating Nuclear Weapons* recommends abandoning the decades-old “counterforce” doctrine and replacing it with a new and much less ambitious targeting policy the authors call Minimal Deterrence

[www.fas.org/blog/ssp/2009/04/targeting.php](http://www.fas.org/blog/ssp/2009/04/targeting.php).

*Transforming the U.S. Strategic Posture and Weapons Complex for Transition to a Nuclear Weapons-Free World* advocates a total stockpile of 500 nuclear warheads and a weapons complex downsized from eight sites to three

[www.trivalleycares.org/new/reports/StrategicPosture\\_Summary.pdf](http://www.trivalleycares.org/new/reports/StrategicPosture_Summary.pdf).

*Nuclear Security Spending: Assessing Costs, Examining Priorities* found that in fiscal year 2008, the United States spent over \$52 billion on nuclear weapons and related programs, but only 10 percent of that went toward preventing a nuclear attack through slowing and reversing the proliferation of nuclear weapons and technology

[www.carnegieendowment.org/files/nuclear\\_security\\_spending\\_complete\\_high.pdf](http://www.carnegieendowment.org/files/nuclear_security_spending_complete_high.pdf).

Prepared by Frida Berrigan, NAF

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CELEBRATING 25 YEARS

# Where to Trim: Wasteful Weapons

## Overview

The Department of Defense (DoD) spends roughly one third of its annual budget on the development and acquisition of major weapons programs. Virtually every major weapons program currently under development or in production is significantly over budget and behind schedule. Further, since the end of the Cold War, and particularly given the experience of U.S. armed forces in Iraq and Afghanistan, there is growing concern as to whether these weapons are necessary, and whether they properly equip U.S. troops to meet the challenges of 21st century battlefields.

On April 6, 2009, Secretary of Defense Robert Gates announced the Pentagon's plans to terminate a number of major weapons systems. One goal, according to Gates, is to "rebalance the [Defense] department's programs in order to . . . enhance our capabilities to fight the wars we are in today and the scenarios we are most likely to face in the years ahead, while at the same time providing a hedge against other risks and contingencies."

The programs Secretary Gates recommended for cancellation or major overhaul include: the F-22 Fighter; the C-17 Transport Aircraft; the Presidential Helicopter; the Air Force's Combat Search and Rescue X (CSAR-X) helicopter; the DDG-1000 "Zumwalt" class destroyer; the vehicle component of the Future Combat System (FCS); the Airborne Laser; the Transformational Satellite (TSAT) program; and the Missile Defense Agency's Multiple Kill Vehicle (MKV) program.

A recent report by the Government Accountability Office (GAO) found that the total acquisition costs of the Pentagon's 96 major weapons programs had grown by 25% over their lifetime. Further, 42% of these programs had each experienced cost growth of more than 25%. The GAO also found that the programs were increasingly behind schedule in delivering initial operating capabilities. On average the program delay was 22 months in 2008, up from 21 months in 2007 and 18 months in 2003.

## The "Nunn-McCurdy" Amendment

The FY 1982 Defense Authorization Act included language by Senator Sam Nunn (D-GA) and Representative David McCurdy (D-OK) intended to limit cost growth in major weapons programs. Known as the Nunn-McCurdy Amendment, the language called for the termination of weapons programs whose total costs grew by more than 25% above original estimates, unless they were certified by the Secretary of Defense as critical systems or if the cost growth was attributable to certain specified changes in the program.

## Quick Facts

- The Pentagon spends more than \$175 billion each year to develop and acquire major weapons systems.
- Many of these systems are considered legacies of the Cold War, with little or no relevance to the threats that currently face U.S. military forces.
- A significant number of the Pentagon's major weapons programs are experiencing major cost overruns.
- Most of the Pentagon's major weapons programs are well behind schedule, and these delays increase every year.
- Secretary of Defense Robert Gates recently recommended termination of a number of major weapons programs in order to develop "a budget crafted to reshape the priorities of America's defense establishment."

The Pentagon's primary mechanism for tracking the compliance of weapons program costs with the Nunn-McCurdy regulations is the annual "Selected Acquisition Report" (SAR). The DoD's Selected Acquisition Report dated November 17, 2008, includes a long list of weapons systems that are significantly over budget (see below).

## Weapons on the chopping block

The following list is a sampling of weapons systems which, because of their costs, programmatic problems, technical challenges and/or lack of strategic requirement, are often suggested as suitable for cancellation or major restructuring. The list presented here is a resource, not a recommendation.

"Per Unit Costs" and "Total Program Costs" are based on DoD's Selected Acquisition Report, November 17, 2008. "Per Unit Costs" are derived by dividing total program costs by the number of systems purchased, and include procurement as well as research and development funding.

## Sources and Resources:

FY 2010 Defense Budget Recommendation Statement by Secretary of Defense Robert M. Gates, April 06, 2009 [www.defenselink.mil/speeches](http://www.defenselink.mil/speeches).

DoD's FY 2010 Budget Request Summary Justification "Major Weapons Systems," February 2009.

Defense Department's "Selected Acquisition Report," November 17, 2008. [www.defenselink.mil/releases/archive.aspx](http://www.defenselink.mil/releases/archive.aspx).

Figure 13.1

Weapons on the Chopping Block

Weapons System Description	FY 2010 Request	Per Unit Cost (in millions)	Total Program Cost
<b>National Missile Defense</b> Secretary Gates proposed reducing annual funding for missile defense by \$1.4 billion, and intends to “restructure the program to focus on the rogue state and theater missile threat.”	\$9,301.5	N/A	N/A
<b>Missile Defense Agency’s Multiple Kill Vehicle (MKV)</b> Secretary Gates has announced that the Pentagon is terminating this program.	None		
<b>F-22A Fighter</b> Secretary Gates has announced that the Pentagon is ending the program at 187 aircraft.	\$1,015.2	\$350.8	\$64,539.9
<b>F-35 Fighter (JSF)</b> JSF is the single largest Pentagon weapons program. Secretary Gates has announced that the program will be accelerated.	\$10,426.9	\$121.7	\$298,842.8
<b>V-22 Osprey Aircraft</b> In 1992, then Secretary of Defense Dick Cheney called the V-22 “a program I don’t need,” and cited it as one example of how Congress “forces me to spend money on weapons that don’t fill a vital need in these times of tight budgets and new requirements.”	\$2,860.4	\$118.4	\$54,226.9
<b>C-17 Transport Aircraft</b> Secretary Gates has announced that the Pentagon will end production of the C-17 at 205 aircraft, the number already approved by Congress. The amount requested includes funding for shut down of C-17 production.	\$852.4	\$327.9	\$62,306.7
<b>C-130J Cargo Aircraft</b>	\$509.2	\$89.8	\$12,029.3
<b>SSN-774 “Virginia” Attack Submarine</b> Intended as a low cost alternative to the Seawolf submarine, which was terminated in 1993, the total program cost of the Virginia attack submarine has grown 30%. The Navy is accelerating procurement of Virginia-class submarines.	\$4,182.0	\$3,065.5	\$91,965.3
<b>DDG-1000 (DDx) “Zumwalt” Class Destroyer</b> Secretary Gates has announced that the Pentagon is ending the DDG-1000 program at three vessels. The funds requested in FY 2010 are to complete the third vessel.	\$1,623.2	\$4,126.7	\$28,886.7
<b>Littoral Combat Ship (LCS)</b> “Total Program Cost” for LCS reflects only the cost of Research, Development, Testing and Evaluation (RDT&E).	\$1,877.8	\$1,424.3	\$2,848.6
<b>Future Combat System (FCS)</b> Secretary Gates has announced a major restructuring of the FCS program, including termination of its \$87 billion vehicle component.	\$2,981.0	N/A	\$159,320.2
<b>Trident II D-5 Missile</b> In 2002, the Navy planned to buy 453 D-5 missiles. As of FY 2009, over 460 had been approved.	\$1,135.4	\$69.2	\$38,817.4
<b>Expeditionary Fighting Vehicle</b>	\$293.5	\$26.8	\$15,860.2
<b>Joint Air to Surface Standoff Missile (JASSM)</b> The JASSM program has had to be recertified by the Pentagon several times for breaches of the Nunn-McCurdy cost growth guidelines.	\$82.2	\$1.2	\$6,065.8
<b>VH-71 Presidential Helicopter</b> In announcing the termination of the VH-71 program, Secretary Gates stated that the original \$6.5 billion projected cost has doubled, and that the program is six years behind schedule.	none	\$241.1	\$6,750.2
<b>Nuclear Warheads and Weapons</b> Some analysts estimate that the U.S. continues to spend more than \$20 billion annually preparing to fight a nuclear war. See Fact Sheet #12.			
<b>Offensive Space-Based Weapons</b> While not yet a significant budget item, efforts to develop and deploy a generation of space-based weapons are underway. Such weapons will be tremendously costly and destabilizing.			

**Sources and Resources continued:**

“Defense Acquisitions: Assessments of Selected Weapon Programs,” Government Accountability Office, March 30, 2009, GAO-09-326SP. <http://www.gao.gov/new.items/do9326sp.pdf>.

“Defense Spending: Change or More of the Same?,” Taxpayers for Common Sense. November 7, 2008 [http://www.taxpayer.net/projects.php?action=view&category=&type=Project&proj\\_id=1538](http://www.taxpayer.net/projects.php?action=view&category=&type=Project&proj_id=1538).

A Unified Security Budget for the United States, FY 2009 <http://www.ips-dc.org/reports/#676>.



Prepared by Christopher Hellman, NPP

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CELEBRATING 25 YEARS

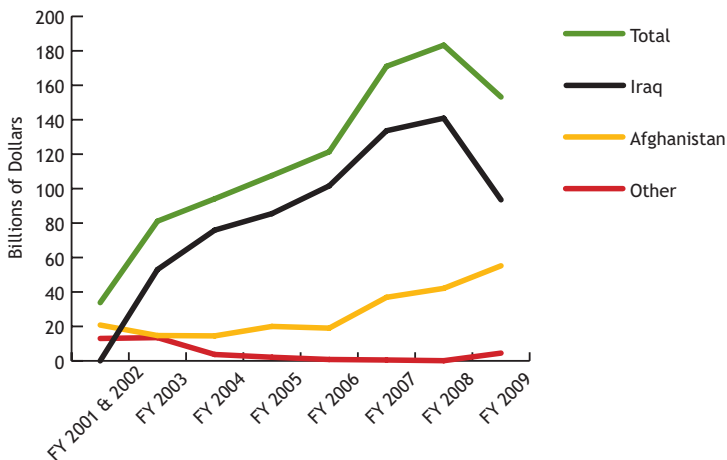
# Funding for Military Operations in Iraq and Afghanistan

## Overview

Since the terrorist attacks of September 11, 2001, the U.S. government has been funding war-related operations in Iraq and Afghanistan, plus other costs associated with the “Global War on Terror” through a series of special supplemental appropriations. [See The Federal Budget Process: Supplemental Appropriations Fact Sheet #3]

**Figure 14.1**  
**Supplemental Appropriations**  
**Since September 11, 2001**

Of these funds, Pentagon spending has been divided into



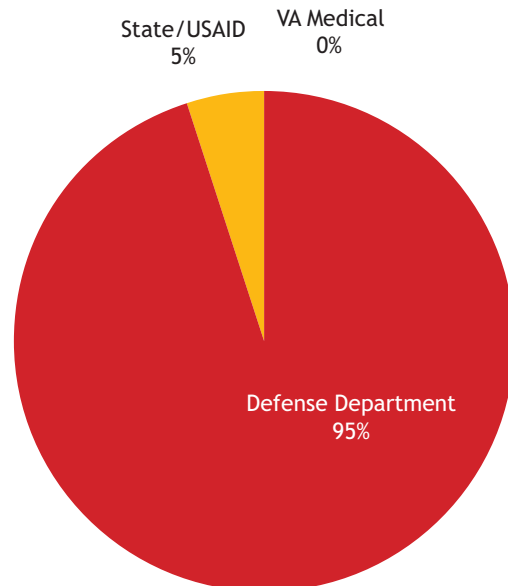
three major pots: Operation Noble Eagle (ONE), to provide for the defense of the United States and improve security at U.S. military installations; Operation Enduring Freedom (OEF), to support combat operations in Afghanistan and other counter-terror operations, and Operation Iraqi Freedom (OIF). Funding for the State Department and the U.S. Agency for International development (USAID) has been primarily to support reconstruction efforts in Iraq and Afghanistan and to upgrade security at U.S. embassies around the world. A small portion of the total (less than 1%) has been spent on Veterans Administration (VA) medical costs.

In June 2009, Congress approved a \$105.9 billion emergency supplemental appropriations bill for the latter part of FY 2009, which ends on September 30. The bill includes \$79.9

## Quick Facts

- Congress has approved \$955 billion since the terrorist attacks of September 11, 2001 to support military operations and other aspects of the “War on Terror.”
- Of this, \$892 billion has gone to the Pentagon, or 95% of the total.
- Only \$58 billion (about 5%) has gone to the Department of State and USAID, including \$21.1 billion appropriated in FY 2004 for reconstruction efforts in Iraq and Afghanistan.
- Pentagon funding has been split primarily between operations in Iraq (\$679 billion, or 73% of total) and Afghanistan (\$228 billion, or 24%).
- The Administration is also seeking an additional \$130 billion for the Pentagon for FY 2010. That will push the grand total since September 2001 to more than \$1 trillion (\$1,085 billion).

**Figure 14.2**  
**Supplemental Funding by Agency/Function**  
**as Percentage of Total**



Fact Sheet #14 continued

billion for the Department of Defense, primarily to fund military operations in Iraq and Afghanistan, roughly \$4.4 billion more than the amount sought by the Administration. This funding is in addition to the \$65.9 billion “bridge fund” in war funding for FY 2009 that Congress approved in June 2008.

“The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11”  
Congressional Research Service, Order Code RL33110, Updated May 15, 2009 <http://www.fas.org/sgp/crs/natsec/RL33110.pdf>.

*Prepared by Christopher Hellman, NPP*

### **Sources/Resources:**

The National Priorities Project (NPP) analyzes and clarifies federal data so that people can understand and influence how their tax dollars are spent. Located in Northampton, MA, since 1983, NPP focuses on the impact of federal spending and other policies at the national, state, congressional district and local levels.

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# The Unified Security Budget: An Alternative View of Security

## Background

“A Unified Security Budget (USB) for the United States” has been produced annually since 2004 by *Foreign Policy In Focus* of the Institute for Policy Studies in Washington, D.C. The USB draws on a task force whose members are experts in U.S. security spending and military and foreign policy.

Each year the report’s analysis has found that existing security investment is poorly balanced, with an emphasis on defense rather than on homeland security and preventive diplomacy. Military funding is excessive and often misdirected, while essential non-military components of U.S. national security go wanting.

Much of the foreign policy establishment, including Defense Secretary Robert Gates, has come to accept this critique. According to Secretary Gates, “funding for non-military foreign affairs programs...remains disproportionately small relative to what we spend on the military . . . [T]here is a need for a dramatic increase in spending on the civilian instruments of national security.” Annual budgeting for national security, however, has not been adjusted to correct this imbalance.

## Overview

The most recent version of the Unified Security Budget, based on the FY 2009 budget, was published in September 2008.

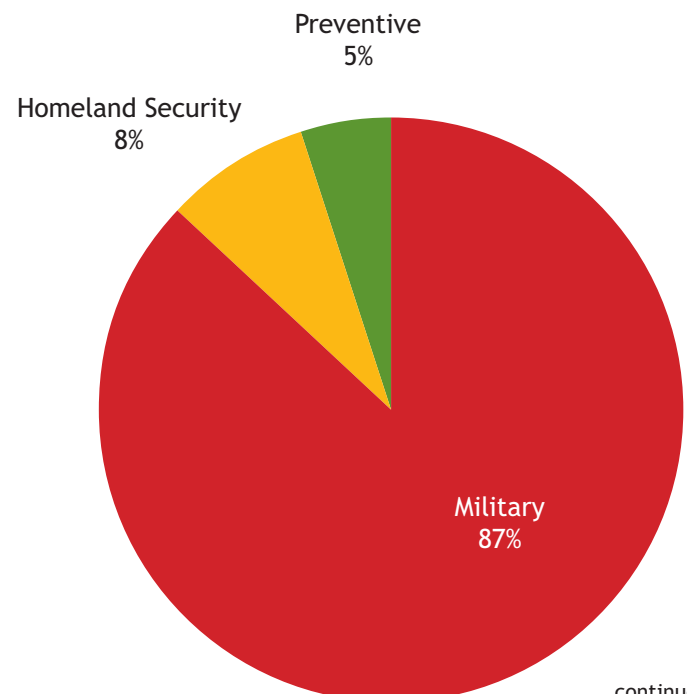
According to the USB, under the Bush Administration, the U.S. military budget continued to support a force structure that does not match today’s security environment, because it was designed for a Cold-War-style large-scale conventional challenge that the United States no longer faces. As was the case during the Cold War, the Bush Administration concentrated its resources overwhelmingly on U.S. military forces, at the expense of other security tools. The USB analysis found that 87% of U.S. security resources are spent on its military forces (not including the costs of military operations in Iraq and Afghanistan), compared to 8% on homeland security and 5% on non-military international engagement.

Fixing this problem would require a unified approach to security that integrates non-military tools with overall strategy and rebalances military forces for today’s security

## Quick Facts

- A new, smarter approach to national security can make the United States safer, and would cost less than the current military budget.
- 87% of U.S. security spending goes to the military (not including the costs of the wars in Iraq and Afghanistan) vs. 8% on homeland security and 5% on non-military international engagement (i.e. preventive diplomacy).
- This imbalance is perpetuated in part by the way the federal budget is developed. A new budget process could help remedy this problem.
- More than \$70 billion in savings could be achieved within the Pentagon without negatively impacting the readiness and capabilities of the U.S. military.
- Without increasing the federal deficit, these savings could support \$65 billion in reallocated spending to address critical underfunded non-military security programs.

**Figure 15.1**  
U.S. Security Spending, FY 2009 Proposed



continued

challenges. The USB concludes that it is possible to rebalance the U.S. national security budget, filling in its missing military and non-military pieces, without increasing its overall bottom line. The result would be military forces better prepared for actual deployments, non-military tools better deployed to address the sources of threat, and a net gain in U.S. national security. Yet according to the USB, “the organizational structures, processes, and tools in both the executive and legislative branches are poorly constituted to get this done.”

The report gives a number of examples that reflect these structural limits. Within the Office of the President, the USB finds, for instance, a lack of mechanisms necessary for “top-down” national security planning and resource allocation for security. Currently there is no official government document which links a national security strategy with resources. The USB recommends several structural changes within the White House, including consolidating the Homeland Security Council (created after the 9/11 attacks) and the much larger National Security Council, and the production of a “Quadrennial National Security Review” intended to strengthen the links between strategies and budgets.

In Congress, the USB notes that within the annual budget process, defense, foreign affairs and homeland security are treated as three discrete and separate budget functions. Further, within each of these budget functions a number of committees have jurisdiction over specific areas of security funding. According to the report, these factors preclude an integrated approach to security budgeting and preserve the current funding imbalance. The USB proposes a number of remedies. These include the creation of temporary select committees made up of members of each committee with jurisdiction. The report also suggests the creation of a “Commission on Budgeting for National Security and International Affairs” to examine the current process and recommend restructuring to promote integrated decision-making.

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## A “Rebalanced” Security Budget

The USB identifies a number of “Neglected Security Tools” that would promote U.S. national security interests if given additional resources. These tools include U.S. diplomatic efforts, overseas economic development, support for international peacekeeping, the U.S. Institute for Peace, countering the proliferation of weapons of mass destruction, and the development of alternative energy resources.

Likewise the USB identifies a number of “Homeland Security Deficits” in need of greater funding. These include “First Responder” support grants, U.S. port security, rail and transit infrastructure, nuclear plant and chemical sector security, Coast Guard Homeland Security Operations, as well as a range of public health initiatives, including pandemic flu preparedness and infectious disease control through the Department of Health and Human Services and the Center for Disease Control.

According to the USB, the costs of these new investments would be offset by more than \$70 billion in savings that could be achieved within the Pentagon. Much of this savings (\$61 billion) could be realized by cutting weapons programs better suited to the Cold War than to current and likely threats to U.S. national security. These include the F/A-22 “Raptor” fighter aircraft, ballistic missile defense, the “Virginia” class submarine, the V-22 “Osprey” tilt-rotor aircraft, the Expeditionary Fighting Vehicle, U.S. nuclear forces, and offensive space weapons. Additional savings could be achieved by changes in the force structure and by eliminating waste in procurement and Pentagon business operations. Finally, \$10 billion in savings can be realized from rescinding unspent funding from previous years.

### Sources and Resources:

A Unified Security Budget for the United States, FY 2009  
<http://www.ips-dc.org/reports/#676>  
Executive Summary <http://www.fpif.org/fpiftxt/5548>.

*Prepared by Miriam Pemberton, IPS*



# Onward!

## For more information:

**Center for American Progress**, [www.americanprogress.org](http://www.americanprogress.org). Center for American Progress is a think tank offering policy proposals, talking points, events, news and columns.

**Center for Arms Control and Nonproliferation**, [www.armscontrolcenter.org](http://www.armscontrolcenter.org). The Center for Arms Control and Non-Proliferation is a Washington, D.C.-based 501(c)3 non-profit, non-partisan research organization dedicated to enhancing international peace and security in the 21st century.

**Center for Strategic and Budgetary Assessments**, [www.csbaonline.org](http://www.csbaonline.org). The Center for Strategic and Budgetary Assessments is an independent, non-partisan policy research institute established to promote innovative thinking and debate about national security strategy and investment options.

**Center on Budget and Policy Priorities**, [www.cbpp.org](http://www.cbpp.org), is one of the nation's premier policy organizations working at the federal and state levels on fiscal policy and public programs that affect low- and moderate-income families and individuals.

**Foreign Policy in Focus**, [www.fpif.org](http://www.fpif.org). Foreign Policy In Focus (FPIF) is a "Think Tank Without Walls" connecting the research and action of more than 600 scholars, advocates, and activists seeking to make the United States a more responsible global partner. It is a project of the Institute for Policy Studies.

**Institute for Policy Studies**, <http://ips-dc.org>. The Institute for Policy Studies strengthens social movements with independent research, visionary thinking, and links to the grassroots, scholars, and elected officials. IPS empowers people to build healthy and democratic societies in communities, the U.S., and the world.

**New America Foundation**, [http://www.newamerica.net/programs/american\\_strategy/arms\\_security](http://www.newamerica.net/programs/american_strategy/arms_security). The New America Foundation is a nonprofit, nonpartisan public policy institute that invests in new thinkers and new ideas to address the next generation of challenges facing the United States.

**National Priorities Project**, [www.nationalpriorities.org](http://www.nationalpriorities.org). National Priorities Project analyzes and clarifies federal data so that people can understand and influence how their tax dollars are spent.

**Political Economy Research Institute**, [www.peri.umass.edu](http://www.peri.umass.edu). PERI is a policy-oriented research institute in areas of international macroeconomics, development, peacebuilding and the environment, provides recent working papers.

**Project on Government Oversight**, [www.pogo.org](http://www.pogo.org). POGO is an independent nonprofit that investigates and exposes corruption and other misconduct in order to achieve a more effective, accountable, open and ethical federal government.

**Taxpayers for Common Sense**, [www.taxpayers.org](http://www.taxpayers.org). Taxpayers for Common Sense is an independent and non-partisan voice for taxpayers working to increase transparency and expose and eliminate wasteful and corrupt subsidies, earmarks, and corporate welfare.

## Take action:

**American Friends Service Committee**, [www.afsc.org](http://www.afsc.org). The American Friends Service Committee carries out service, development, social justice, and peace programs throughout the world.

**Business Leaders for Sensible Priorities**, [www.americanprogress.org/projects/blsp/](http://www.americanprogress.org/projects/blsp/). The role of Business Leaders for Sensible Priorities is to leverage the credibility of business leaders on fiscal issues to draw the attention of policy decision makers, the media and the public to how the federal budget is currently allocated and help to create a climate where changed budget priorities can become a reality.

**Coalition on Human Needs**, [www.chn.org](http://www.chn.org). The Coalition on Human Needs is an alliance of national organizations working together to promote public policies that address the needs of low-income and other vulnerable people.

**Friends Committee on National Legislation**, [www.fcnl.org](http://www.fcnl.org). The Friends Committee on National Legislation (FCNL) fields the largest team of registered peace lobbyists in Washington, DC.

**Peace Action**, [www.peace-action.org](http://www.peace-action.org). Peace Action is the nation's largest grassroots peace network, with chapters and affiliates in 30 states.

**Progressive Democrats of America**, [www.pdamerica.org](http://www.pdamerica.org). Progressive Democrats of America was founded in 2004 to transform the Democratic Party and our country.

**Rebuild and Renew America**, [www.rebuildandrenew.org](http://www.rebuildandrenew.org). Rebuild and Renew America works for responsible and fair taxation and funding investments for the common good.

**USAction/True Majority**, [www.usaction.org](http://www.usaction.org). USAction builds power by uniting people locally and nationally, on-the-ground and online, to win a more just and progressive America. It creates the nation's leading progressive coalitions, making democracy work by organizing issue and election campaigns to improve people's lives.

**Women's Action for New Directions**, [www.wand.org](http://www.wand.org). WAND empowers women to take political action, to change our culture and our national priorities toward peace and real security, and away from militarism and violence.

# Frequently Used Military Budget Terms

**Annual Defense Budget** — The annual budget of the Department of Defense (DoD), also known as the “base” budget. It does NOT include money for the Pentagon funded through special “Supplemental” spending bills.

**Authorization Bill** — This bill, reviewed by the House and Senate, gives a government agency approval for its programs, recommends funding levels, and includes policy guidelines. The bill must be adopted by the full House and Senate before being signed by the President. Government programs can be authorized on an annual, multi-year, or permanent basis.

**Appropriations Bill** — Reviewed by the corresponding subcommittees of the Appropriations committees in both the House and Senate, this bill allocates the funds approved by an authorization bill to the individual agency. It specifies how much money can be spent on a given program, and grants the government **budget authority** to enter into **obligations** that are later paid in **outlays**. Appropriations bills must also be approved by the full House and Senate before being signed by the President.

**Budget Authority** — The legal authority given to a federal agency to **obligate** funds.

**Obligations** — Binding agreements with suppliers to buy goods and services.

**Outlays** — Actual money spent in a given **fiscal year**. Outlays can come from three sources: new budget authority, multi-year budget authority, or funds obligated in a previous year but not yet spent.

**Fiscal Year** — The federal budget year begins on October 1 of the previous calendar year.

**Budget Resolution** — Legislation initiated in the House and Senate Budget committees that determines ceilings for budget authority for major spending categories.

**Continuing Resolution** — Legislation that permits a government agency to continue to operate at existing funding levels if an appropriations bill has not been adopted by the start of the fiscal year.

**Discretionary Spending** — The money the President must request and Congress must approve each year. **As opposed to . . .**

**Mandatory Spending** — The money the federal government spends automatically unless the President and Congress change the laws that govern it. Includes “entitlements,” money or benefits such as Social Security, Medicare, Medicaid and food stamps provided directly to individuals who meet a specified criteria of eligibility. Also includes interest on the national debt.

**Supplemental Appropriation** — A special spending package in addition to the annual appropriations package, necessitated usually as a result of an unanticipated event such as a natural disaster or military operations.

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# The President's Budget: National Impact

May 2009

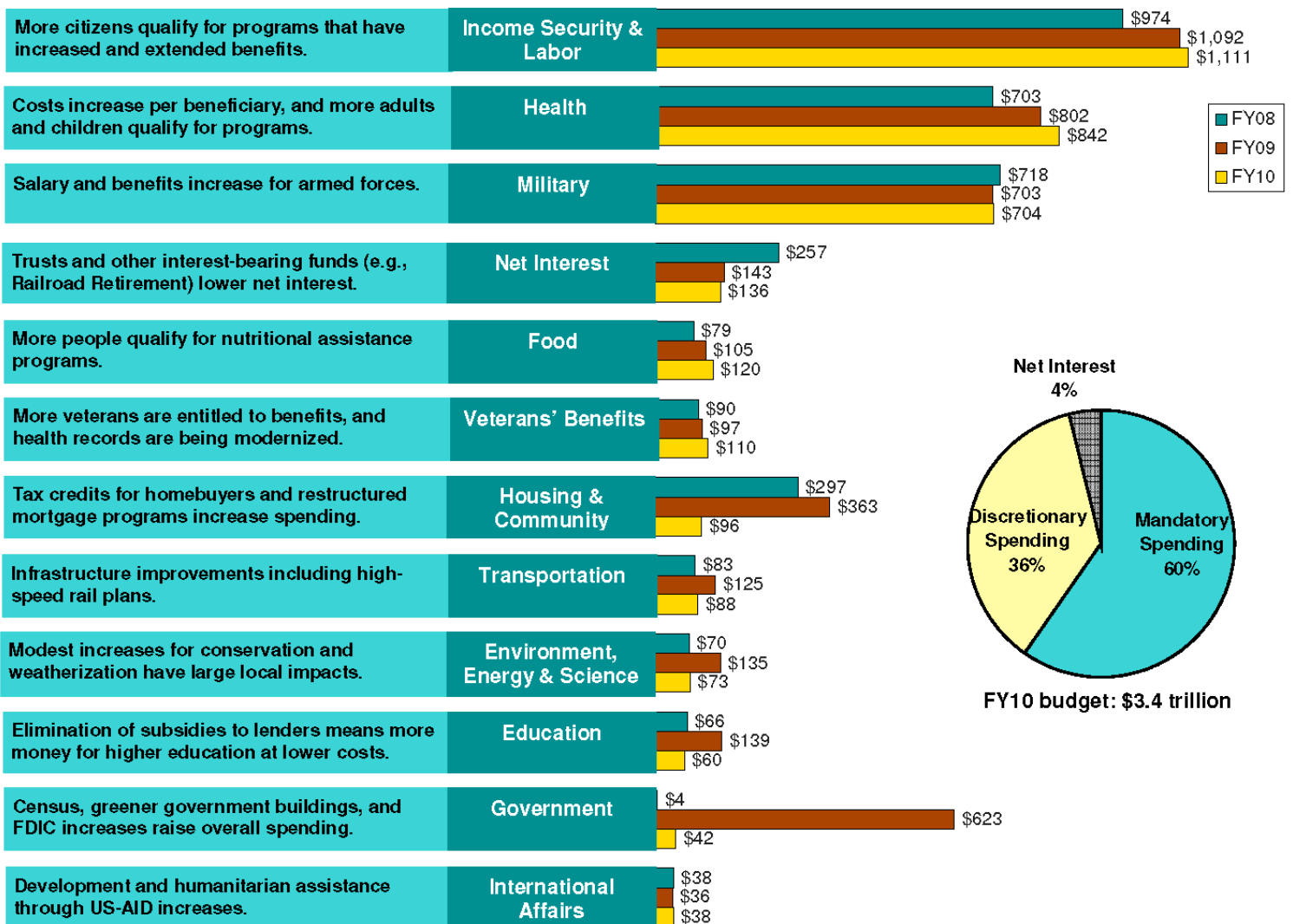


In 2009, two ongoing wars in Iraq and Afghanistan as well as an economic crisis that burst the housing bubble, crippled several financial institutions, caused unemployment rates to soar and stock markets to plummet, also substantially affected the already complex transition from one administration to another.

The following chart offers a look at fiscal years 2008-2010 which includes the last Bush administration budget (FY08), a Bush/Obama transitional year budget (FY09), and the first Obama administration budget (FY10).

The FY08 budget includes the initial Bush administration response to the housing crisis through the *Housing and Economic Recovery Act of 2008*. In the FY09 budget, we see the impact of the *Troubled Asset Relief Program* (TARP; see "Government" below) for financial institutions as well as the *American Reinvestment and Recovery Act of 2009*. For the first time, in FY10 spending related to the wars in Iraq and Afghanistan is included in the baseline budget. We also see mandatory spending increases in FY10 as more citizens become eligible for many income-based entitlement programs.

## What's new for FY10?



Numbers presented here are in billions of 2009 dollars and include both mandatory and discretionary spending. All numbers are Budget Authority which is the allowance given for spending in a particular category. Budget authority is much like your home budget allotted for heating expenses, for example. You expect to spend a certain amount for heating from Sept. 08 to March 09, the total amount being your "budget authority," though the bills (obligations) may arrive in different months throughout that period and beyond.

# The President's Budget: Total Federal Aid to States - Selected Programs

May 2009



President Obama has indicated that his administration has three main objectives: reduce healthcare costs, break the U.S. addiction to oil through conservation efforts and a shift to renewable energy, and ensure quality primary, secondary, and higher education.

These priorities should be visible in both the full federal budget and in the type and amount of federal aid directed to the states. We have included spending for fiscal years 2008-2010 for grant programs that work towards President Obama's stated objectives. We have also included amounts for general community development programs.

Total Federal Aid to States			
	FY08	FY09	FY10
<b>Healthcare</b>			
Children's Health Insurance Program	\$6.1 billion	\$10.6 billion	\$12.5 billion
Medicaid	\$217.4 billion	\$266.6 billion	\$292.7 billion
<b>Energy</b>			
State Energy Program	\$44.8 million	\$1.6 billion	\$1.6 billion
Weatherization Assistance for Low-Income Persons	\$230.9 million	\$3.0 billion	\$2.7 billion
Low-Income Home Energy Assistance Program	\$2.0 billion	\$4.5 billion	\$2.4 billion
Energy Efficiency and Conservation Block Grant	N/A	\$1.6 billion	\$1.6 billion
<b>Education</b>			
Title I Grants	\$14.1 billion	\$24.5 billion	\$13.0 billion
Head Start	\$7.0 billion	\$9.1 billion	\$7.2 billion
Education State Grants (Recovery Act)	N/A	\$39.7 billion	N/A
<b>General</b>			
Community Development Block Grant	\$4.9 billion	\$13.2 billion	\$6.4 billion
Social Services Block Grant	\$1.7 billion	\$ 1.7 billion	\$ 1.7 billion

Numbers presented here are in 2009 dollars. All numbers are for federal obligations which are binding agreements that will require payment. An "obligation" is much like a bill for fuel received during the heating season which requires payment.

Analysis of the President's Budget is based on budget authority according to functions and subfunctions for fiscal years 2008-2010 found in [Budget of the United States Government, Fiscal Year 2010, Analytical Perspectives](#) and [Public Budget Database Fiscal Year 2010](#). These numbers include both mandatory and discretionary spending. For more information and complete Notes & Sources, please see [http://nationalpriorities.org/Presidents\\_Budget\\_FY2010](http://nationalpriorities.org/Presidents_Budget_FY2010).

On April 15, 2009, federal taxes are due on income earned in the calendar year 2008. This tax day publication examines federal spending estimates for Fiscal Year 2008.

Therefore, these numbers do not include the Obama administration's first budget for FY2010 or stimulus spending for FY2009 and FY2010.

# WHERE DO YOUR TAX DOLLARS GO? UNITED STATES

APRIL 2009

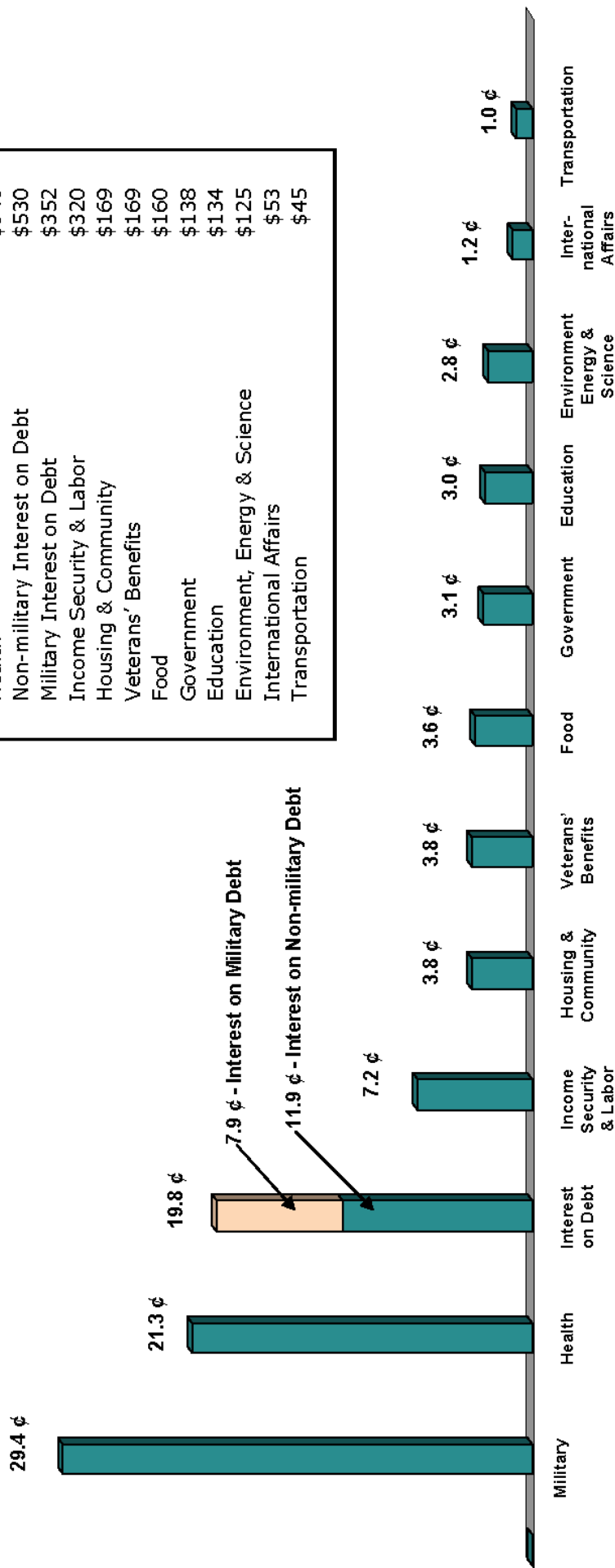
**NATIONAL PRIORITIES PROJECT**

Bringing the Federal Budget Home

CELEBRATING 25 YEARS

**The median income family in the United States paid \$4,451 in federal income taxes for 2008. Here is how that money was spent:**

Military	\$1,309
Health	\$948
Non-military Interest on Debt	\$530
Military Interest on Debt	\$352
Income Security & Labor	\$320
Housing & Community	\$169
Veterans' Benefits	\$169
Food	\$160
Government	\$138
Education	\$134
Environment, Energy & Science	\$125
International Affairs	\$53
Transportation	\$45



*Federal Budget* - The breakdown of the federal income tax dollar is based on an analysis of each agency's federal fund estimated outlays according to function and subfunction for fiscal year 2008. Agency budgets are from Budget of the United States Government, Fiscal Year 2009, Analytical Perspectives and Public Budget Database Fiscal Year 2009. These numbers include both mandatory and discretionary spending. *Interest on debt* - The proportion of the military debt was computed by (a) assessing national defense spending as a proportion of outlays less net interest for each year from 1940 to 2008 (est.), and (b) taking the average proportion over these years and applying it to the interest on the cumulative debt. *Military* includes national defense, nuclear weapons activities, and international security assistance. *Income Security & Labor* includes job training, disability, retirement, unemployment insurance, and social security. *Housing & Community* includes housing assistance and credit, community development, and services supporting social needs. *Food* includes agriculture and nutritional assistance. *Government* includes commerce, law enforcement, overhead costs of the federal government and undistributed offsetting receipts. *International Affairs* includes diplomatic, development, and humanitarian activities abroad. Please see Notes & Sources online for this publication at <http://www.nationalpriorities.org/TaxDay2009>