

An OK Deal On the Budget

Although a two-year bipartisan budget deal hatched late last year allowed the military to fund most of its top programs for this year, officials in the Air Force and other military services worry that spending levels for Fiscal 2017 remain too low.

But in an era of fiscal belt-tightening, the deal lifts spending caps set in a 2011 law and is certainly better than nothing.

During a trip to Turkey in December, Defense Secretary Ashton B. Carter said the agreement was a sign of a fractious Washington finally coming together, even if it meant the military would continue to have to strike a balance among its many funding priorities.

“Obviously you’d always like to have more money, but we try to make the best use of every dollar the taxpayer gives us, whether that is money for enduring facilities, or whether it’s for a surge for a war,” Carter said during a town hall at Incirlik Air Base.

The agreement spans Fiscals 2016 and 2017, giving service leaders billions more to proceed with expensive procurement programs like the F-35 strike fighter, the KC-46 tanker, and the next generation bomber while also continuing funds flowing to military personnel and day-to-day operations and maintenance.

For this fiscal year, the Pentagon is receiving \$522 billion for its base budget—\$33 billion above the spending caps outlined in the 2011 Budget Control Act. That plus-up narrows the once-expansive gap between the department’s requested spending levels and the budget limit to just \$5 billion, or less than one percent of the Defense Department’s base budget.

Thanks to that agreement, massive, high-priority procurement programs such as the Air Force’s F-35 variant and the tanker remain virtually untouched from the Pentagon’s original request for Fiscal 2016, delivered on Capitol Hill a year ago.

But the gulf between hopes and reality is wider for Fiscal 2017, causing some consternation among top military officials in the weeks leading up to the release of next year’s budget request.

Under the spending limits outlined in the agreement, the Pentagon would receive \$525 billion for its base budget next year, or roughly \$17 billion less than officials had originally planned. (Congress has set aside another \$59 billion for overseas contingencies, matching this year’s levels).

As the appropriations package for 2016 was being finalized, Air Force Secretary Deborah Lee James said officials within the department were grateful to have a two-year roadmap.

“Having stability and knowing what we’re planning and executing toward is going to be way, way better than what we have had in the recent past,” she said at the National Press Club Dec. 2. “That’s the good news.”

James nonetheless raised concerns about the overall spending figure for next year; the proposal is due to Congress this month.

USAF photo by Clayton Filipowicz



Secretary Deborah Lee James: *Certainty is better than nothing.*

She stood by the Air Force’s top three procurement programs—the F-35, tanker, and bomber—and also stressed during her remarks the need to continue adequate funds flowing to readiness and personnel accounts. But she also acknowledged that defense officials would have to find places in the budget to trim that \$17 billion.

“So it’s difficult, it’s tough, there’s no free lunch, but these are important programs” and the Air Force needs to modernize, she said.

Meanwhile, the agreement—like similar deals before it—provides the Defense Department with only temporary relief from the more stringent caps through 2021. While the department has its much-needed certainty through 2017, the fiscal landscape beyond that remains an open question.

Indeed, in two years, the same political scenario will play out once again.

The next Congress and the next Administration will again have to battle over fiscal priorities and decide whether to provide the Defense Department and other government agencies with relief from those caps. If lawmakers and the next President cannot reach another agreement by late 2017, DOD would once again face the threat of lower spending levels.

“You can make assumptions about whether this is a good sign or a bad sign, but we’ll have new players in town,” Pentagon comptroller Mike McCord said Nov. 30 at the Center for Strategic and International Studies. “And there’s no guarantee about what the future holds.”

But McCord stressed that the deal in place now—particularly the higher spending levels—gives the Defense Department a stronger negotiating hand going into the next fiscal debate.

“I think it sets us up fairly well for the future, given all factors considered,” McCord said. “I think this is not a bad place to be.”

Megan Scully is a reporter for CQ Roll Call.