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The Army Needs Adequate Funding

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On September 25, *The Los Angeles Times* reported that Army Chief of Staff General Peter J. Schoomaker withheld an important Army budget submission in August in order to signal Department of Defense civilians that he views the Army's 2008 budget allocations as insufficient.¹ Clearly, the Army is carrying the largest share of the burdens imposed by operations in Afghanistan and Iraq. Secretary of Defense Donald Rumsfeld, other civilian leaders in the Department of Defense, and Congress must ensure that Army funding requirements are met, both now and in the future.

The Regular Army Budget and Supplemental Requests

According to the same *Los Angeles Times* article, General Schoomaker is seeking almost \$139 billion for the army in fiscal year (FY) 2008. The FY 2008 budget projection for the Army released by the Administration in March was just shy of \$116 billion. This is a \$23 billion difference.

However, the ways that the Army and the Administration account for supplemental appropriations may affect that comparison. The marginal costs of Army operations in Afghanistan and Iraq are funded through supplemental appropriations and are not included in the regular Army budget. The regular budget covers the core requirements of the Army, which must receive funding regardless of the operations in Afghanistan and Iraq. This includes such things as training the troops and researching, developing, and ultimately buying new weapons and equipment. It is unclear whether

this \$23 billion difference reflects a disagreement over what should be included in the regular budget versus supplemental requests or an actual shortfall in the regular Army budget.

Distinguishing what spending should be subject to supplemental appropriations and what should be subject to the regular budget process is not difficult. Anything that can fairly be described as an additional cost to the Army stemming from ongoing operations should be funded through supplemental appropriations. This includes purchases of weapons and equipment to replace those that have worn out due to increased use. The Army's remaining needs should be funded through the regular budget.

It is essential that the Army receive adequate funding in both the regular budget and supplemental appropriations. If ongoing operations are being funded through raids on the regular Army budget because of inadequate supplemental appropriations, then the future strength of the force is in danger and such raids should stop immediately. By the same token, the Army should not seek large increases in its regular budget, at the expense of supplemental requests, just to increase artificially the budget baseline for its core functions. If this is

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the case, the extra funds in the regular budget should be shifted back to supplemental requests.

If the \$23 billion difference is a legitimate shortfall in the regular Army budget for FY 2008, regardless of any expected supplemental request, then Congress must prepare for significantly higher overall defense budgets. On this basis, total spending on the Army, including projections of supplemental requests, could approach \$200 billion. By comparison, budget authority for the Army, again including supplemental requests, in FY 2005 was roughly \$153 billion.

Congress Should Focus on Long-Term Spending

It is possible that the Army wants to increase its budget as much as possible in FY 2008 in order to establish a position to protect the force against the truly daunting long-term trends in the federal budget. Even if this is not the Army's motivation, these trends will inevitably squeeze future Army budgets.

The real fiscal threat to national security is not the prospect of a shortfall for the Army or the Department of Defense in FY 2008, but the projected explosion in entitlement spending that will crowd out defense spending in coming decades. By 2030, the three major entitlements—Social Security, Medicare, and Medicaid—will absorb roughly 85 percent of all federal revenues. This is based on projections that assume federal taxation will remain at the historical level of 18.3 percent of gross domestic product. By 2040, the three major entitlements will absorb roughly 100 percent of federal revenue. At that point, all other federal expenditures, including those for defense, will have to be financed out of deficit spending.

Congress must make a commitment to the American public that it will not permit the three major entitlement programs to bankrupt the nation's military. And that commitment needs to be made sooner rather than later because the future budget

shortfalls are so alarming that they may already be driving some of the military's current debate over budgeting. General Schoomaker's step in August suggests that this is the case. Further, the three major entitlement programs are so massive that it will take decades to adopt and execute the necessary reforms.

Conclusion

Congress should monitor the Bush Administration's internal deliberations over the Army's budget very carefully because there is considerable room for misunderstanding and confusion. The relationship between funding for the Army's regular budget and funding to support operations in Afghanistan and Iraq is a complex one. Congress can cut through this complexity by adhering to two principles. The first is that direct costs to the Army imposed by the operations in Afghanistan and Iraq should be funded through supplemental appropriations and core Army functions through the regular budget. The second is that the Army should receive what it needs from both supplemental appropriations and the regular budget in accordance with the defined purpose of each source.

Congress also needs to step back and look at the bigger budget picture, which includes long-term budget trends, and not get bogged down in the specifics of the FY 2008 budget. In this context, Congress needs to commit to itself, the military, and the American people that it will relieve external pressures on the defense budget resulting from the projected explosion in entitlement expenditures. Congress's commitment to limiting growth in entitlement expenditures is very much a national security issue.

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1. Peter Spiegel, "Army Warns Rumsfeld It's Billions Short; An Extraordinary Action by the Chief of Staff Sends a Message: The Pentagon Must Increase the Budget or Reduce Commitments in Iraq Elsewhere," *Los Angeles Times*, September 25, 2006, p. A-1.