



Insight

NDAA Cuts Show the Military Will Face More Tough Choices

RACHEL HOFF | NOVEMBER 5, 2015

In addition to averting a government shutdown and raising the debt limit, the [Bipartisan Budget Act of 2015](#) increased both defense and domestic spending above the so-called “sequestration” spending caps. Doing so resolved the president’s main [objection](#) to the [National Defense Authorization Act](#) (NDAA) that led to his [veto](#) of the annual defense policy bill. It has already become clear, however, that the military will continue to face tough budgeting decisions moving forward.

On balance, the budget deal is good for defense. First, it provides the Pentagon with two-year budget certainty, which is especially valuable given its long-term strategic planning and multi-year acquisition contracts. Second, the deal gives the military a higher budget than it would have had under the spending caps, which provides some measure of relief after six consecutive years of budget cuts. Finally, the deal revives the NDAA, which includes much-needed [reforms](#) to the Pentagon acquisition and military retirement systems.

The budget deal raised the limit on “security” spending by about \$25 billion to \$548 billion for Fiscal Year 2016 (FY16). This should work out to \$522 billion for the base defense budget, since around 95 percent of the defense budget category goes to the Pentagon. The deal also provided for \$58 billion in funding for the supplemental war fighting account known as Overseas Contingency Operations.

The total defense topline for FY16, however, is about \$5 billion short of the original White House budget request and the Republican congressional budget resolution. The NDAA vetoed by the president was based on the higher number, which is essentially irrelevant after the budget deal. Rather than attempting to override the president’s veto of the defense bill, Congress faced the task of cutting \$5 billion in defense spending authorized by the NDAA in line with the budget deal.

Congressional negotiators made the \$5 billion in [cuts](#), and the House passed the new bill this week with the Senate is preparing to vote next week. While a full 20 percent of the cuts came from adjusting for \$1 billion of estimated fuel savings based on lower oil prices, the remaining \$4 billion of cuts will hit the military hard. Here are some examples:

- \$250 million cut from Army readiness funding
- \$200 million cut from Army National Guard readiness funding
- \$150 million cut from a Navy destroyer ship program
- \$100 million cut from a missile defense program
- \$80 million cut from an Air Force unmanned aerial vehicle (UAV or “drone”) program

These cuts represent the continued degradation of important military readiness and modernization programs—the areas that have already been hardest hit by sequestration and budget caps.

It is important to keep in mind that the budget numbers for FY16 fall far [below](#) the levels that a bipartisan

commission created by Congress, the [National Defense Panel](#) (NDP), unanimously endorsed last year. The NDP [recommended](#) that “Congress and the [p]resident should repeal the Budget Control Act immediately and return as soon as possible to at least the funding baseline proposed in the Gates FY 2012 defense bud-get.” That funding baseline projected \$611 billion for the base defense budget in FY16, which is \$89 billion above the \$522 billion the Pentagon will get with the budget deal.

Of course, the NDAA is a policy bill; the appropriations process will drive the actual funding decisions under the guidance of the budget deal. The NDAA cuts do, however, exemplify the tough choices and tradeoffs continuing to face the military as the aftereffects of sequestration continue.