Research

The Budget Control Act and the Outlook for Defense Spending

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On December 26, 2013 the president signed into law the Bipartisan Budget Act (BBA), which established discretionary spending levels and enforcement provisions, for FY2014 and FY2015. This was designed to add certainty to the appropriations process and avoid government shutdowns. The Act set overall discretionary spending by a combined $63 billion above the lowered caps for FY2014 ($45 billion) and FY2015 ($18 billion). The BBA set defense caps for FY2014 and FY2015 at $520.5 billion and $521.3 billion, respectively, with allowances for adjustments to accommodate additional funding for overseas contingency operations (OCO) and emergencies. For both FY2014, and FY2015, appropriations have hewed to the caps established under the BBA (Table 1).

This modest relief from cuts to defense spending acknowledges that the "post-sequestration" defense caps do not reflect a defense policy or national strategy, but rather the political failure of Congress to find deficit savings. Indeed, the downwardly revised defense caps follow $487 billion in existing reductions to future defense spending. Accordingly, the current defense spending path represents an inadequate resourcing of national security needs, a challenge reflected in testimony from senior military leaders, the president's budget, and congressional action.

Table 1: Status of Defense Spending Limits and Appropriations[1]

Billions ($)	FY2014	FY2015
Defense Cap	$520.5	$521.3
OCO	$85.4	$64.5
Emergency	$0.225	$0.112
Adjusted Caps	$606.3	$585.8
Appropriations	$606.3	$585.8