

## **WHITE PAPER: *President Donald J. Trump's 2021 Budget Request: Impact on Defense Agencies***

*EDITOR'S NOTE: This analysis is independent of the U.S. Federal Government's recent one-time, \$2.2 trillion Coronavirus (COVID-19) Pandemic Stimulus Package.*

**By KEVIN P. YOUNG**

The U.S. Department of Defense (DOD) is the oldest and largest Federal Government Agency; now consists of six services – Army, Navy, Marine Corps, Air Force, (new) Space Force and Coast Guard (the latter is part of the U.S. Department of Homeland Security) – and the U.S. military ranks second only behind China in total number of active-duty personnel. However, the U.S. military ranks number one overall in terms of total effectiveness, readiness and power it can deploy.

The U.S. Department of Defense's plans, programs, budgets, personnel and equipment always has been a White House priority, regardless of Administrations; although it could be argued that most Republican presidents have ensured DOD spending never wanes. Case in point was new U.S. President Donald J. Trump's decisions upon taking office in January 2017 to order a hiring freeze of (mostly) U.S. Federal Government Civilian Agency employees, while at the same time recommending the transition of \$54 billion from (mostly) Civilian Agencies from the FY17 Budget to the U.S. Department of Defense as well as the Department of Veterans Affairs (VA) and the Department of Homeland Security (DHS).

Now, more than three years later, the U.S. Civilian Agencies remain in the President's crosshairs in his FY21 Budget request as the President's recommendations include some \$20 billion in Agency program reductions and \$28 billion in existing program eliminations. However, the U.S. Department of Defense's budget recommendations put the Agency in a fairly good light.

(NOTE: It's not clear how the proposed Civilian Agency reductions and cuts would fare with Speaker Nancy Pelosi and her Democratic-controlled U.S. House of Representatives, as Congress has largely ignored them during the previous three years of the Trump Administration.)

In summary, the President's FY21 budget request preserves big gains in the Pentagon budget over the past few years, essentially freezing next year's DOD budget at current levels and allowing two percent growth each year through 2025, and freezing it after that. The \$741 billion DOD budget includes a three percent military pay raise, funds the new U.S. Space Force initiative, and maintains readiness accounts.

(NOTE: The Space Force, created in December 2019 as an independent service and formerly a component of the Air Force Space Command, has roles that now include space superiority;

space domain awareness (military, civil and commercial); offensive and defensive space control; command and control of space forces and satellite operations; space support to operations (e.g., satellite communications); space service support (e.g., spacelift and space range operations for military, civil and commercial operators); space support to nuclear command, control, communications and nuclear detonation detection; and missile warning and space support to missile defense operations.)

But the proposed FY21 budget for DOD also cuts back funding for overseas military operations that have been used to pad Pentagon budgets and also seeks \$5 billion in savings – including politically challenging cuts to about 50 Pentagon medical facilities worldwide – to fund other DOD priorities.

And critics warn the President’s FY21 budget requests for DOD would not even satisfy the directives of the National Defense Strategy, indicating the dollars are simply not there to fund the necessary capabilities and capacity to deter and, if necessary, defeat, challenges by major-power rivals China and Russia, as well as deal with new threats posed by Iran, North Korea and global terrorism.

Earlier, the congressionally appointed bipartisan National Defense Strategy Commission (NDSC), as well as many defense thought leaders, reported that meeting those goals would require three percent to five percent “real growth” per year throughout much of the 2020s. The Administration’s FY21 DOD budget does not meet that target; and, in fact, when inflation is considered, defense funding is actually down year-to-year. Concluded the NDSC: *“America is very near the point of strategic insolvency, where its ‘means’ are badly out of alignment with its ‘ends’.*”

*“The highest-order mission of America’s Armed Forces is to manage risk to the nation’s vital national interests in a way that prevents both aggression against those interests and escalating armed conflict,”* wrote James M. Talent, a former U.S. senator for Missouri and a senior fellow at the Bipartisan Policy Center. *“In other words, the Pentagon must be strong enough to deter all serious risks at the same time, or at least to contain them in a way that protects the homeland and the sovereign rights of the United States, without resorting to means that trigger a devastating general war. Forcing a president of the United States to choose between radical military escalations or forfeiting America’s vital interests is the definition of strategic defeat. Yet as the (NDSC) report shows, that is where we are.”*

Adds the conservative *National Review*: *“We have four plausible alternatives for resolving this discrepancy: one, increase the defense budget (not likely); two, lower the expectations of the defense strategy (also not likely); three, accept the growing strategy-resource mismatch (potentially disastrous); or four, start evaluating defense capabilities in terms of the desired effects they contribute to meeting the needs of our strategy. Options one and two are pragmatically and politically unrealistic. Option three is what we have been doing for the past two decades and is becoming untenable in the face of the growing military capabilities of Russia and China. Option four would be difficult, but it is entirely feasible.”*

In addition, the White House is looking at two key non-partisan reforms to *“Curb waste, fraud, corruption, and taxpayer abuse”* that could positively impact the U.S. Department of Defense. The first is ***“End Improper Year-End Waste.”*** The Federal Government’s *“use-it-or-lose-it”* year-end spending spree has been going on for years. And, in a recent oversight report, analysts found \$97

billion spent by most Federal Agencies during the final month of FY18. In the last week of the fiscal year alone, \$53 billion in contracts went out the door; that's one in every ten dollars spent in the entire fiscal year ... The second reform is "**Conducting Oversight of Spending.**" The Trump Administration says it has already eliminated 31,000 duplicate contracts, saving taxpayers \$27 billion since 2017. In the FY21 budget request, the White House commits to doing much more, including comparison shopping, volume discounts, and negotiating better deals.

Overall, the President's FY21 budget request looks to bring down deficits each subsequent year, and (finally) put the Federal Government on a path to a balanced budget in 15 years. Most agree that unsustainable Federal spending is a serious threat to America's prosperity as the nation's Gross Federal debt is now more than \$23 trillion; and the White House says it's imperative that the U.S. Congress, House as well as Senate, take meaningful action to refocus Federal priorities and reign in spending.

As noted, the last time the U.S. actually posted a balanced budget was 2001, which saw a surplus of \$127.3 billion. Since that fateful year – re: September 11's four coordinated terrorist attacks by the Islamic terrorist group al-Qaeda – the U.S. Congressional Budget Office (CBO) reports the country has been on a path of 20 straight years of spending deficits and unbalanced budgets.

It's going to be a very busy year at the Pentagon.

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(Sources: U.S. White House; U.S. Congressional Budget Office (CBO); U.S. Office of Management and Budget (OMB); U.S. Department of Defense (DOD); The Associated Press; CNBC; Federal News Network; *FORBES* magazine; *GlobalFirepower*; *Government Executive*; *THE HILL*; Jane's Information Group; Mitchell Institute for Aerospace Studies; *National Review*; *POLITICO*; *The Washington Post*; and *The Washington Times*.)

**Kevin P. Young** is a long-time Washington-DC area resident and, for more than 30 years, a Federal Government Contracting Professional (IBM Federal, Unisys, SAIC); Management Consultant (Capgemini, CSC, Deloitte, Deltek, ITT, Leidos); Adjunct Professor (George Mason University's School of Business and Volgenau School of Engineering); and Speaker / Trainer (*Government Market Master™ Certification Program*; GovConectx Federal Sales Boot Camps and Seasonal Showcases; Maryland and Virginia Procurement Technical Assistance Centers). He is the recipient of the *IBM Outstanding Achievement in Marketing Award*, *IBM Award of Excellence*, and (as IBM site team) the *Malcolm Baldrige National Quality Award*. He may be reached at [www.linkedin.com/in/kevinpyoung](http://www.linkedin.com/in/kevinpyoung).