



## United States Military Spending

February 10, 2006 by Damon Hill and Greg Mello

*In billions of current (unadjusted) dollars (1)*

### **Outlays for Current and Future Military Activities (2)**

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
	(actual)	(enacted)	(requested)
<b>Ordinary outlays by agency/program</b>			
Department of Defense (DoD) discretionary (3)	\$473.4	\$510.3	\$503.1
Department of Energy (DOE) atomic energy defense activities	\$17.3	\$17.0	\$16.8
Other defense-related (FBI and other programs)	\$2.8	\$4.9	\$4.5
Defense-related mandatory funding (DoD, DOE, other)	\$1.8	\$3.7	\$3.2
Iraq relief and reconstruction fund, Executive Office of the President	\$7.3	\$7.0	\$2.0
Foreign military funding (includes grants, loans, and trust fund)	\$4.8	\$4.5	\$4.5
National Aeronautical and Space Administration (NASA), one half (4)	\$7.4	\$7.4	\$7.8
Other defense civil programs (5)	unavail.	unavail.	unavail.
<b>Outlays from additional expected supplemental authority (6)</b>			
Additional estimated outlays for the "Global War on Terror"		\$39.9	unknown
<b>SUBTOTAL</b>	<b>\$514.8</b>	<b>\$594.7</b>	<b>\$541.90</b>

### **Outlays for Past Military Activities**

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
	(actual)	(enacted)	(requested)
<b>Ordinary outlays by agency/program</b>			
Veterans benefits and services	\$70.2	\$70.4	\$74.0
Military retirement (7)	\$39.0	\$41.4	\$43.5
<b>Outlays from additional supplemental authority</b>			
Veterans Medical Care Supplemental (\$2.0 B; not included in total) (8)		not incl.	
<b>Payments on federal debt incurred by past military outlays (9)</b>	<b>\$169.0</b>	<b>\$179.0</b>	<b>\$189.0</b>
<b>SUBTOTAL</b>	<b>\$278.2</b>	<b>\$290.8</b>	<b>\$306.5</b>

### **Total U.S. Military Outlays**

**\$793.0**      **\$885.5**      **\$848.4**

These figures do *not* include any portion of Homeland Security spending (FY 2005 outlays: \$39.3 B), as far as we know. (10)

**Total annual military outlays per U.S. household (in \$) (11)**      **\$7,130**      **\$7,601**      (not est.)

**Estimated world military spending, including U.S., excluding outlays for past activities, in billions of 2005 U.S. dollars (12)**      **\$1,097**      **\$1,162**      (not est.)

U.S. share of world military spending      47%      51%

(1) Office of Management and Budget (OMB) data are in current dollars.

(2) Unless otherwise noted, all current and past defense outlays are directly from "Table 27-1. Budget Authority and Outlays by Function, Category, and Program," *Analytical Perspectives, Supplemental Materials, Budget of the United States Government, Fiscal Year 2007*, Office of Management and Budget, 6 February 2006, ([http://www.whitehouse.gov/omb/budget/fy2007/pdf/ap\\_cd\\_rom/27\\_1.pdf](http://www.whitehouse.gov/omb/budget/fy2007/pdf/ap_cd_rom/27_1.pdf)).

(3) Includes all DoD discretionary outlays and White-House-estimated supplemental outlays. See footnote 6 below.

(4) Much of the NASA budget is directly military. These programs are usually classified. In addition, much of NASA's work is "dual-use," with military applications closer at hand and more powerfully directing NASA's activities than civilian mission components. For the purposes of this table we assume that 50% of NASA outlays are military.

(5) The FY 2007 historical tables list "Other Defense Civil Activities" outlays as \$43.4 B (FY2005), \$45.7 B (FY2006), and \$47.3 B (FY 2007). Other Defense Civil Activities includes outlays for military retirement, educational benefits, American Battle Monuments Commission, Armed Forces Retirement Home, Army Cemeterial Expenses, Military Reservations Forest and Wildlife Conservation, and Selective Service System. Our data source, Table 27-1, does not offer the same level of detail. We have included outlays for military retirement funds and the Armed Forces Retirement Home under past military expenses. Rather than risk double-counting outlays, we have used only the line items we could locate, likely underestimating total defense spending by a few billion dollars. Historical Tables, Budget of the United States Government, Fiscal Year 2007, 6 February 2007, (<http://www.whitehouse.gov/omb/budget/fy2007/pdf/hist.pdf>).

(6) Accounting for supplemental outlays is problematic. For current and future years, Table 27-1 can only estimate budget authority and outlays and it does not clearly identify unspent budget authority carried from year to year. Table 27-1 includes an estimated \$70.0 B in future supplemental budget authority for Iraq and Afghanistan in FY 2006 but estimates that only \$30.1 B of this will actually be spent in FY 2006, thus presumably carrying over \$39.9 B in enacted budget authority into FY 2007. Then in FY 2007 an estimated \$50.0 B in new authority is to be added, for an apparent estimated total supplemental budget authority in FY 2007 of \$89.9 B, of which \$55.9 B is estimated to be actually spent in FY 2007, apparently leaving an estimated \$34.0 B of unspent budget authority to carry over into FY 2008. In other words, while the federal budget as a whole runs a deficit, the White House expects Congress to enact enough DoD supplemental funding to run a hefty surplus in FY2006, which is to be carried over into FY 2007 and potentially beyond.

In our table we "spend" the "extra" \$39.9 B in FY 2006 budget authority in FY 2006 and do not carry it over into FY 2007. Given the high cost of the wars in Iraq and Afghanistan it seems unlikely, in our view, that some or all of the additional FY 2006 budget authority will not be spent in that year. We also think it likely that additional "emergency" budget authority and additional outlays beyond those estimated in Table 27-1 will be considered necessary for FY 2007. We do not speculate on how large the additional FY 2007 authority and outlays will be. See also Office of Budget Management, (<http://www.whitehouse.gov/omb/budget/fy2007/defense.html>).

(7) Includes funding for the Armed Forces Retirement Home. Does not include military retirement trust fund.

(8) We have left this out of the total because we are not sure if it is included in Table 27-1 Veterans Affairs outlays. Appendix, Executive Office of the President, (<http://www.whitehouse.gov/omb/budget/fy2007/pdf/appendix/eop.pdf>).

(9) At the end of FY 2005, the Bureau of Public Debt reported the interest paid in FY 2005 on the \$7.93 trillion federal debt at \$352 B (<http://www.publicdebt.treas.gov/opd/opdint.htm>). Based on our own prior work in the early 1990s, we believe the Friends Committee on National Legislation estimate that 48% of the total debt is due to military outlays is likely reasonable (see [http://www.fcni.org/issues/item.php?item\\_id=1253&issue\\_id=19](http://www.fcni.org/issues/item.php?item_id=1253&issue_id=19)). Since the amount spent on debt varies with current interest rates, since a year-by-year accounting of the military portion of the national debt is labor-intensive, and since future interest rates are unpredictable, we are satisfied with the estimate shown. We roughly estimate the interest on the debt to increase by \$10B per year after FY 2005.

(10) Examples of Homeland Security FY 2005 outlays which might be considered military or paramilitary spending, in whole or in part, are: Coast Guard (\$6.3 B); FEMA (\$3.1 B); Customs and Border Protection (\$5.3 B); Preparedness (\$4.0 B); Information Analysis and Infrastructure Protection (\$0.9 B); Science and Technology (\$1.1 B); and others.

(11) Calculated from U.S. Census figures. There were 109,902,090 U.S. households in 2004. Between 2002 and 2004 the number of U.S. households grew an average of 1.2% per year; we use this growth rate to estimate the future number of U.S. households.

(12) The Stockholm International Peace Research Institute (SIPRI) calculated world military spending at \$975 B in 2004 (in 2003 \$US). Between 2002 and 2004 world military spending increased at an average rate of 6% per year, a trend SIPRI attributes to an acceleration of military spending by the US and to a lesser extent by its partner nations in the wars in Iraq and Afghanistan. We updated SIPRI's 2004 world military spending figure to 2005 by continuing this 6% per year growth rate and adjusting for inflation from their 2003 dollars to 2005 dollars ( 6%).

#### **More on data, methodology, and definitions:**

Many journalists cite only the DOD's requested discretionary budget authority figure of \$439.3 B for FY 2007, obtained from the OMB's summary of the FY 2007 DoD budget (<http://www.whitehouse.gov/omb/budget/fy2007/defense.html>). This \$439.3 B is a 6.9% increase over FY 2006 (\$410.8 B). These figures omit the next seven lines in our table as well as enacted supplemental outlays. The supplemental outlays for the wars in Iraq and Afghanistan include enacted supplemental authority for \$78.8B (FY 2005) and \$55.8 B (FY 2006) as well as "estimated emergency funding for the Global War on Terror" for \$70.0 B (FY2006) and \$50.0 B (FY 2007). Unless noted otherwise, we used outlays rather than budget authority figures from Table 27-1 of the Office of Budget Management's (OMB) Analytical Report on the FY 2007 Federal Budget (February 6, 2006, [http://www.whitehouse.gov/omb/budget/fy2007/pdf/ap\\_cd\\_rom/27\\_1.pdf](http://www.whitehouse.gov/omb/budget/fy2007/pdf/ap_cd_rom/27_1.pdf)). As an analytical report, Table 27-1 organizes the budget by function, category, and program rather than by agency appropriation.

#### **SOME INTERESTING DEFENSE BUDGET LINKS**

Defense Budget 101: How much are we really spending? by Fred Kaplan, Slate, Feb. 7, 2006, <http://www.slate.com/id/2135553/>

Budget analyses from the War Resisters League, <http://www.warresisters.org/piechart.htm>

Friends Committee on National Legislation, "What Portion of Our FY04 Federal Taxes Supports Current and Past Military Activities?" (FY 2004), [http://www.fcnl.org/issues/item.php?item\\_id=1253&issue\\_id=19](http://www.fcnl.org/issues/item.php?item_id=1253&issue_id=19)

Brookings Institution, Nuclear Weapons Cost Study Project, <http://www.brook.edu/fp/projects/nucwcost/weapons.htm>

The costs tallied in this excellent 3-year team effort completed in 1998 have become out of date. The actual cumulative costs of nuclear weapons in the U.S. are now approaching \$8 trillion, when 1998 costs are inflated to 2006 dollars and supplemented with more recent costs.

Joseph Stiglitz and Linda Bilmes, "The Economic Costs of the Iraq War" (pdf), [http://www2.gsb.columbia.edu/faculty/jstiglitz/Cost\\_of\\_War\\_in\\_Iraq.pdf](http://www2.gsb.columbia.edu/faculty/jstiglitz/Cost_of_War_in_Iraq.pdf)

National Priorities Project, "Showing how federal tax and spending policies impact your community," [http://www.nationalpriorities.org/index.php?option=com\\_frontpage&Itemid=1](http://www.nationalpriorities.org/index.php?option=com_frontpage&Itemid=1)

Priorities: Business Leaders for Sensible Priorities, "The FY 2005 Budget: Defense Spending Out of control," [http://www.sensiblepriorities.org/budget\\_analysis.htm](http://www.sensiblepriorities.org/budget_analysis.htm)

Center for Arms Control and Non-Proliferation, "Highlights of the Fiscal Year 2007 Pentagon Spending Request," <http://www.armscontrolcenter.org/archives/002239.php>