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Forecasting the Trump Defense Budget

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We have a winner!

Back in January 2017, CSIS asked interested members of the public to make a series of budget forecasts. With the budget announced by President Trump on February 12, 2018, we now have answers to the survey questions.

And the winner is Matt Boron from the Association of Defense Communities. He wins lunch at the Army Navy Club with the CSIS survey team.

From many survey responses, we also have some very clever suggestions for renaming the war funding account should the administration desire to do that.

Read on to find out more.

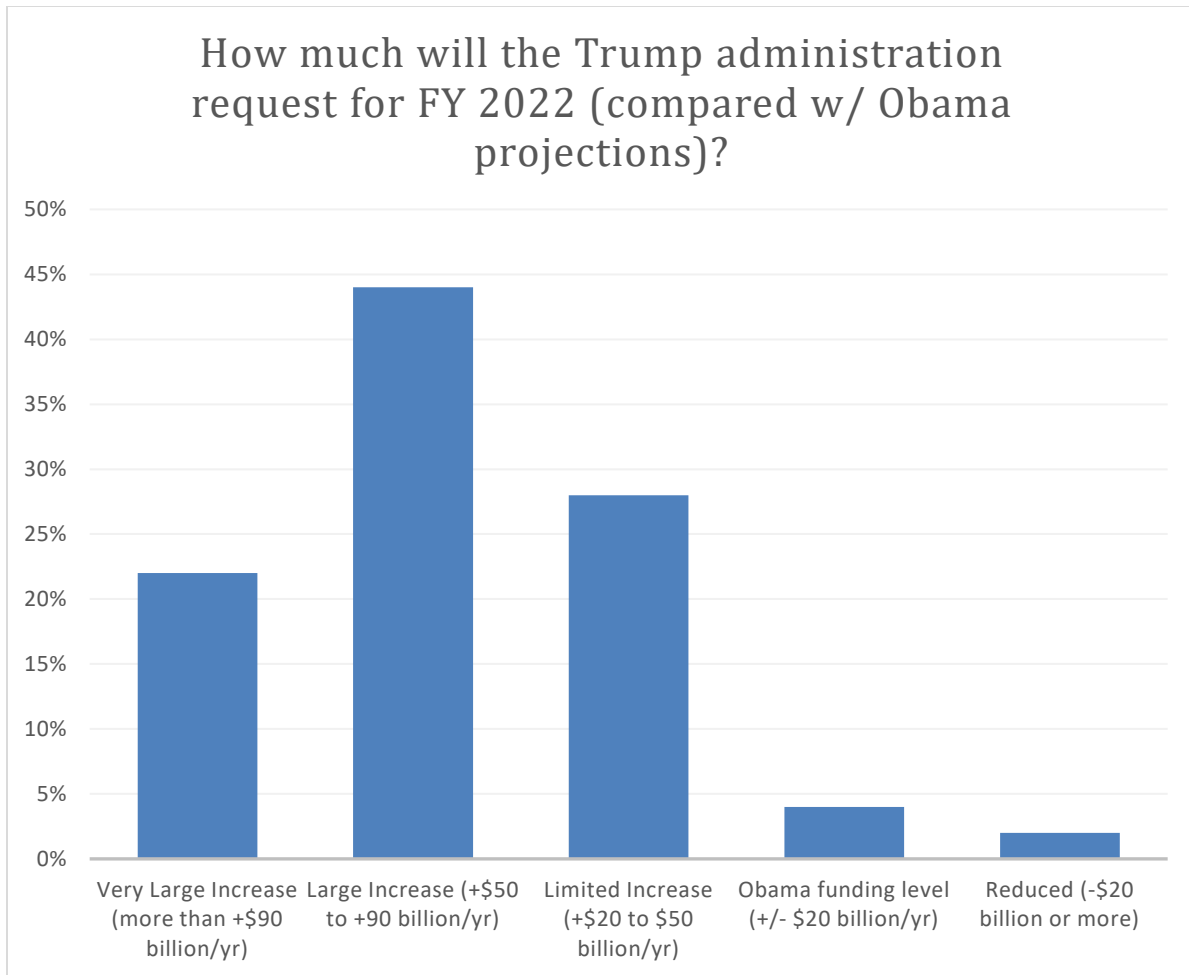
The contest. As a reminder, the survey asked five questions:

1. How large will the Trump administration defense buildup be? *A: Very large (more than \$90 billion above Obama)*
2. How large should the Trump administration defense buildup be? *A: No correct answer. Responses called for large increase but not as large as expected in Question #1.*
3. What will happen to the war funding, called Overseas Contingency Operations (or "OCO")? *A: No significant change*
4. On what date will the Trump administration announce a five-year defense projection (i.e., DOD funding for the Future Year Defense Plan or "FYDP")? *A: February 12, 2018*
5. What should OCO be called? *A: No correct answer, but lots of clever ideas*

What actually happened?

1. How large will the Trump administration's defense buildup be?

Answer: Very large (more than \$90 billion above Obama)



There were five possible answers from “reduced” (compared to Obama plan) to “very large increase” with amounts attached to each answer. The question asked about the level in FY 2022 in order to give the buildup enough time manifest itself. There was a lot of uncertainty because President Trump as a candidate had expressed very expansive goals, but competing government initiatives, like tax cuts, deficit reduction, and infrastructure spending, and congressional stalemate raised questions about how large the buildup would actually be.

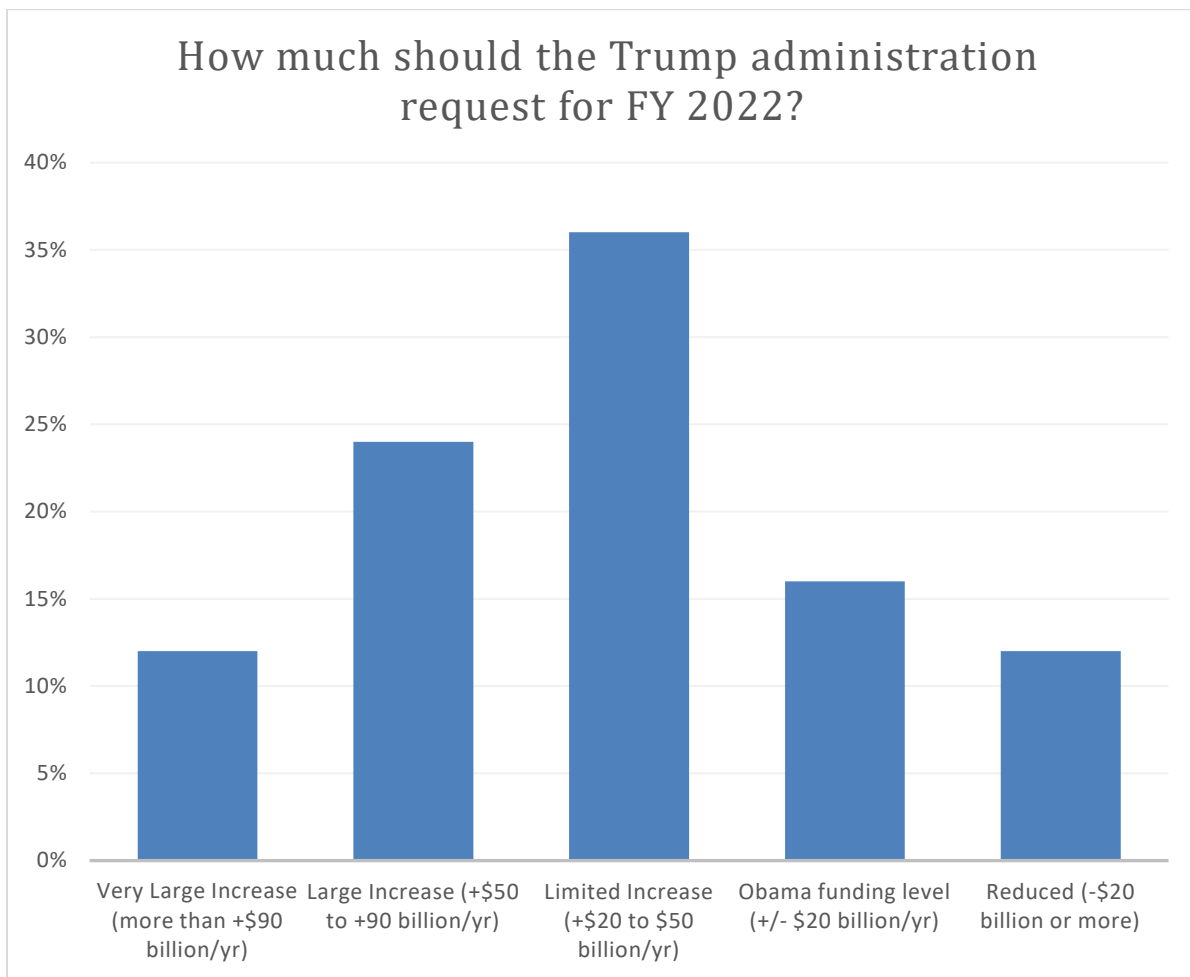
The president’s FY 2019 budget specifies \$707 billion as the DOD budget target for FY 2022, about \$110 billion higher than the \$597 billion the Obama administration had planned. Survey responses are shown above.

CSIS has published analyses of this budget proposal. (See Mark Cancian on its [implication for military forces](#) and Todd Harrison and Seamus Daniels for [analysis of the budget levels](#)).

The responses clearly skewed on the high side, likely as a result of the presidential rhetoric. In this, the public arguably did better than the experts. Last spring most experts thought that the difficulty in reaching a congressional agreement and the competing budget pressures would constrain the

defense buildup. That did not happen. The administration has been quite willing to accept large deficits in the hope that future economic growth will moderate them. In Congress, defense hawks have thoroughly beaten deficit hawks. Finally, both the president and the defense hawks were willing to add money to domestic programs in order to gain acceptance for a defense increase by Democrats. The recently approved bipartisan budget agreement incorporates these dynamics. Of course, the budget deal has not yet been implemented through appropriations, and budget projections are only projections. Nevertheless, the agreement has changed expectations about defense resources.

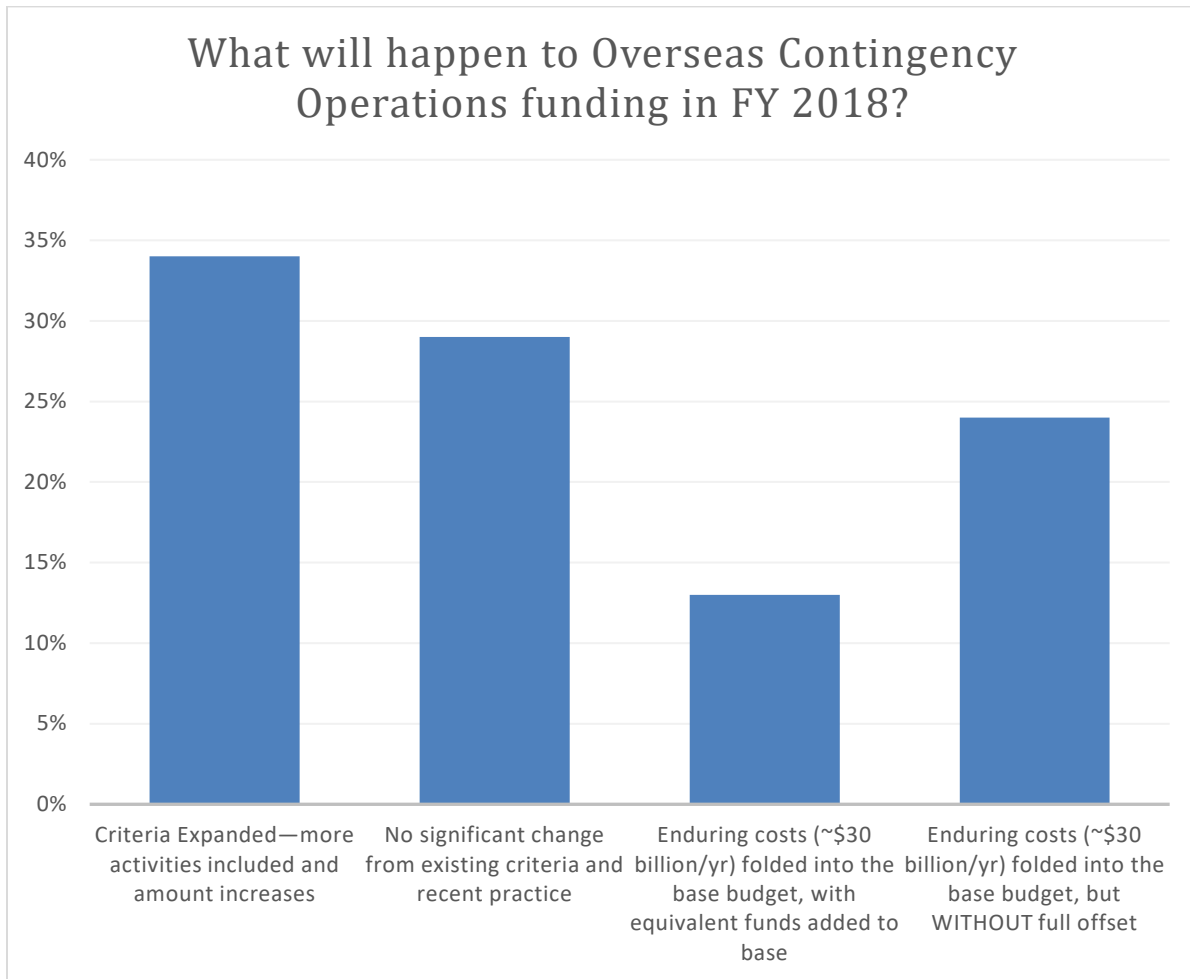
2. How large should the Trump administration’s defense buildup be?



This question had the same choices as the first question but allowed participants to express their personal preferences. There was obviously no right answer. Unsurprisingly, there were some people who believed that the budget should hold steady (16%) or even decline (12%). More interesting was the apparent consensus that some budget increase was needed (72%) but less than the administration was expected to request, “limited increase” being preferred over “large increase.”

3. What will happen to the war funding, called Overseas Contingency Operations (or “OCO”)?

Answer: No significant change



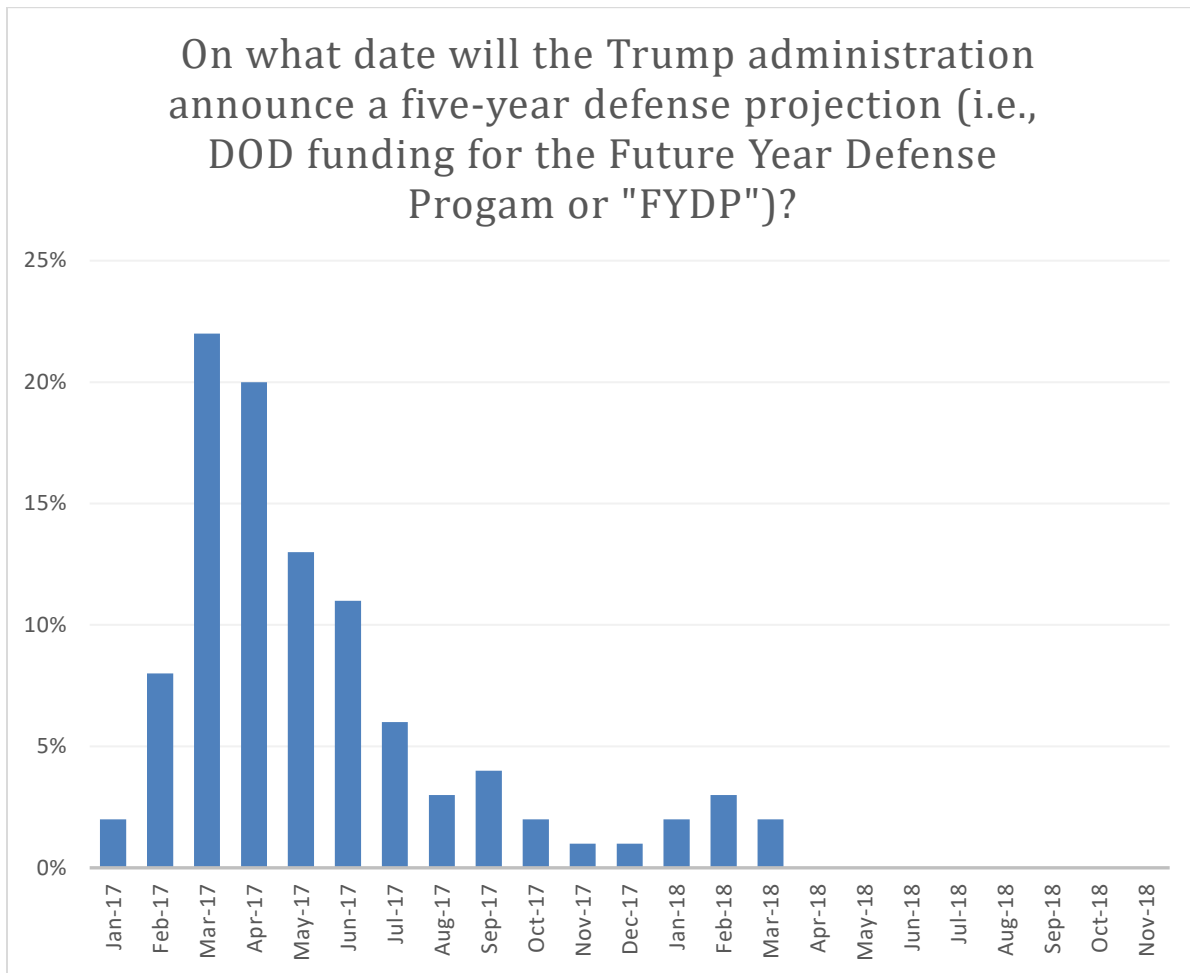
OCO was originally designed to fund the additional costs of wars in Iraq and Afghanistan, but because it is not restricted by the Budget Control Act, both Congress and the president have used it as a relief valve for the base budget and added items not directly related to the wars. CSIS experts have written extensively about this phenomenon (Mark Cancian [here](#), Todd Harrison [here](#)).

There are strong “good government” arguments for moving OCO funding for enduring activities into the base budget, and the Obama administration proposed beginning that process in its FY 2016 budget. However, that proved politically hard to do, and the effort went nowhere. Indeed, the Trump administration almost went in the other direction. In preparing the FY 2019 budget, the Trump administration was poised to add \$20 billion of base funding to OCO to get around the budget caps, but the budget agreement allowed them to put the money directly into the base budget.

The status of OCO could change in the future because the Trump administration is signaling that it may reconsider the structure of war funding. OMB director Mick Mulvaney famously denounced war funding as a “slush fund” when he was a congressman, but he has had to accept it as a member of the administration in order to get budgets passed. However, he has not completely given up. An OMB [budget memo to the Congress](#) says, “In 2020 and the outyears, the Administration proposes returning to OCO’s original purpose by shifting certain costs funded in OCO to the base budget where they belong,” implying that the administration would move some enduring war funding costs to the base if it can increase the base. Such a major shift might be accompanied by a change in name that incorporates the new approach. Time will tell.

4. On what date will the Trump administration announce a five-year defense projection (i.e., DOD funding for the Future Year Defense Program or “FYDP”)?

Answer: February 12, 2018



The date was later than nearly everyone in the survey expected. The Trump administration provided amendments to the FY 2017 budget back in March 2017, and a proposal for the FY 2018 budget in

May 2017, but neither had official out-year projections. Those were not available until submission of the FY 2019 budget.

This is not unusual. Although the Obama administration did have a projection with its first budget, the Bush administration did not. It's difficult to put a long-range plan together quickly as a new team is just taking office, unless the campaign did a lot of work ahead of time.

5. What should OCO be called?

Answer: The George W. Bush administration called the war funding “the Global War on Terror,” or “GWOT.” The Obama administration changed the name to Overseas Contingency Operations, or “OCO,” arguing that terror was a tactic not a wartime target and that “global war on terror” implied an unlimited commitment. The Trump administration might have changed the name again to reflect a new policy or just a new start. However, budget documents continue to use “OCO,” and there is no hint of a possible name change.

Our purpose in asking this question was to give the community an opportunity to be creative, and a lot of the responses were, indeed, extremely creative. Some respondents had serious, or semiserious, proposals, for example:

- “War Funding” (the most common recommendation)
- “Ongoing Operations Fund”
- “Preserving American Interests Abroad”
- “Conflict-Related & Global Contingency Funding”
- “Global Crisis and Contingency Fund”

Others took a humorous approach, for example:

- “Deferring the Cost of War to Future Generations Account”
- “DIE (Defeating Islamic Extremism)”
- “FATE (Fight Against The Enemy)”
- “MOCO (More OCO)”
- “MASA (Make America Safe Again)”
- “WeGNeBB—“We’re Gonna Need a Bigger Budget”
- “Policing the World Fund”

There were, in addition, a lot of suggestions that a bipartisan think tank can't print...

CSIS thanks everyone who participated in the survey for helping to make this an informative exercise.

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