



ANALYSIS

A Tale of Two Budgets

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It was the best of budgets, it was the worst of budgets,

it was the age of the pivot, it was the age of sequester,

it was a time for rebalancing, it was a time for rebuilding,

it was a budget of constraints, it was a budget of balance,

it was a budget of hard choices, it was a budget dead on arrival,

it was a budget that prioritized future capabilities, it was a budget that protected current capacity—in short, this budget was so conflicted and confused even its chief proponents could not explain it.

The FY 2015 defense budget submitted this week is unlike any budget before. While top Pentagon leaders briefed many of the details in advance, it is now evident that the budget DoD submitted is not as they described. While the budget is \$115 billion more over the next five years than the budget caps set by Congress, that extra money does not fund the higher force levels Secretary Hagel and others said it would fund. Instead, it cuts Army and Marine Corps active end strength to 420,000 and 175,000, respectively, and it does not fully fund 11 aircraft carriers for the Navy.

The rhetoric does not match the reality because this budget is two conflicting budgets in one. The two conflicting budgets are not the sequester-level budget and the \$115 billion higher President's budget. The sequester-level budget, while talked about at length by Pentagon leaders, was not actually submitted to Congress. Rather, the two conflicting budgets are the one DoD presented in words and the very different budget it submitted in numbers. The inconsistency between the words and the numbers provides a window into the uncertainty and lack of consensus within the Obama Administration's national security team.

When the White House approved an extra \$115 billion above the budget caps for DoD, the Pentagon apparently built a budget that did not hold Army and Marine Corps end strength to 440-450,000 and 182,000 or fully fund the refueling and overhaul of the aircraft carrier USS George Washington. Instead, it spent the money on other priorities, such as modernization programs that ensure the military maintains its technological edge and has the right mix of capabilities for the future. Last year's Strategic Choices and Management Review framed this as a choice between near-term capacity and long-term capabilities. Rightly or wrongly, this initial budget leaned more in the direction of long-term capabilities.

But something happened along the way because this is not the budget Secretary Hagel previewed a week before its release.

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