

U.S. Budgets for National Security
Fall 2012

Course No. 17-S953
Instructor: Cindy Williams
Time: Thursday 1:00 to 3:00 PM
Classroom: E51-390

Topic List

Week	Date	Topic
1	Sept 6	Introduction – Budgets as Policy
2	Sept 13	National Security Budgets in Context
3	Sept 20	Defense Budget Composition and Internal Pressures
4	Sept 27	Grand Strategy and Budgets
5	Oct 4	Planning and Budgeting in the Department of Defense
6	Oct 11	Planning and Budgeting in the White House and Congress
7	Oct 18	Spending for Military Pay and Benefits
8	Oct 25	Budgets to Modernize the Force
9	Nov 1	Budgets for Operation and Maintenance
10	Nov 8	Cost of Wars in Iraq and Afghanistan
11	Nov 15	Federal Spending for Homeland Security
12	Nov 29	Federal Spending for Diplomacy and Foreign Aid
13	Dec 6	Presentation of Alternative National Security Plans

Week 1: Introduction – Budgets as Policy

Gordon Adams and Cindy Williams, Chapter 1, “Money is Policy,” in *Buying National Security: How the US Plans and Pays for Its Global Role and Safety at Home* (Routledge 2010), pp. 1-7.

Allen Schick, *The Federal Budget: Politics, Policy, Process*, 3rd ed. (Washington, D.C: Brookings Institution Press, 2007), Chapter 1: Conflict and Resolution in Federal Budgeting, p. 1-5.

Aaron Wildavsky and Naomi Caiden, *The New Politics of the Budgetary Process*, 5th ed. (Longman, 2003), Foreword by Don Kettl

Alain C. Enthoven, K. Wayne Smith, *How Much Is Enough? Shaping the Defense Program, 1961-1969* (Santa Monica, Calif: RAND Corporation, 2005), Foreword.

Week 2: National Security Budgets in Context

Congressional Budget Office, “The Long-Term Budget Outlook,” June 2012, Summary and Chapter 1: “The Long-Term Outlook for the Federal Budget,”
http://www.cbo.gov/sites/default/files/cbofiles/attachments/LTBO_One-Col_2.pdf

Congressional Budget Office, “Budget and Economic Outlook: Fiscal Years 2012-2022,” January 2012. Read the Summary, pp. XI-XV.
http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf

Congressional Budget Office, “An Analysis of the President’s Budgetary Proposals for Fiscal Year 2013,” March 2012. <http://www.cbo.gov/sites/default/files/cbofiles/attachments/03-16-APB1.pdf>

Dennis S. Ippolito, *Why Budgets Matter: Budget Policy and American Politics* (University Park, Pa: Pennsylvania State University Press, 2003), Chapter 1: Perspectives on Budget Pol.

Historical Tables, Budget of the U.S. Government, FY 2013: Visit the OMB’s budget web site and pull up the Historical tables at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/hist.pdf>. Familiarize your with the list of tables available and view Table 8.4, “Outlays by Budget Enforcement Act Category as Percentages of GDP: 1962-2017.”

Week 3: Defense Budget Composition and Internal Pressures

Stephen Daggett, “Resourcing the National Defense Strategy,” Statement before the Committee on Armed Services, U.S. House of Representatives, November 18, 2009, http://armedservices.house.gov/pdfs/FC111809/Daggett_Testimony111809.pdf.

Congressional Budget Office, “Long-Term Implications of the 2012 Future Years Defense Program,” July 2012, ppviii-39. http://www.cbo.gov/sites/default/files/cbofiles/attachments/07-11-12-FYDP_forPosting_0.pdf

TO BE UPDATED LATER - Todd Harrison, “Analysis of the FY 2012 Defense Budget,” Center for Strategic and Budgetary Assessments (CSBA), July 2011, <http://www.csbaonline.org/publications/2011/07/analysis-of-the-fy2012-defense-budget/>. Read the executive summary and overview chapter, skim the rest.

Defense Comptroller’s Green Book; visit the Comptroller’s Web site for FY 2013 budget materials. Open the Green Book for FY 2013. Familiarize yourself with the table of contents, and view Budget Authority history by appropriation title (Table 6-8). http://comptroller.defense.gov/defbudget/fy2013/FY13_Green_Book.pdf.

Week 4: Grand Strategy and Budgets

The following article by Barry Posen and Andrew Ross is dated, but it offers the merit of looking side-by-side at four distinct grand strategies and discussing their potential costs. As you read the administration's documents, be sure to consider the budgetary implications of the strategies they put forth.

Barry R. Posen and Andrew L. Ross, "Competing Visions for U.S. Grand Strategy," *International Security* (Vol. 21 No. 3), Winter 1996/7, pp. 3-51.

Quadrennial Defense Review Report, February 2010

http://www.defense.gov/qdr/images/QDR_as_of_12Feb10_1000.pdf. This QDR has been overtaken by the strategic plan below, but is still an important reference. *Read the executive summary and introduction, and skim the rest. Consider which of the Posen and Ross grand strategies are reflected here. Also review what you know about U.S. budgets for national security, and consider which of the Posen and Ross grand strategies they might reflect.*

Sustaining U.S. Global Leadership: Priorities for 21st Century Defense (The White House and the Department of Defense, January 2012). *This document reflects the Obama administration's current strategic guidance for defense. Consider which of the Posen and Ross grand strategies are reflected here, and what has changed since the QDR of 2010.*

Barry R. Posen, "The Case for Restraint," *The American Interest*, November-December 2007
<http://www.the-american-interest.com/article.cfm?piece=331>

Catherine Dale and Pat Towell, "Assessing DOD's New Strategic Guidance," Congressional Research Service, January 12, 2012 (<http://thesimonscenter.org/wp-content/uploads/2012/01/CRS-Defense-Strategic-Guidance-R42146.pdf>)

Assignment Due

Op-Ed about a National Security Policy Issue with Budget Implications. Prepare a 700-1,000 word opinion article about a national security issue with budgetary implications. Choose a topic about which you are passionate. If possible, the article should hook into an event or issue that is in current (or recent) play in the media. It should be written to capture the attention of the newspaper-reading public and in language that is accessible to the general public. Samples and guidelines will be distributed in class.

Due Date: September 27, 2012; submit as attachment to e-mail to cindywil@mit.edu

Grading: 25 percent

Week 5: Planning and Budgeting in the Department of Defense

Review the following foreword from week 1: Aaron Wildavsky and Naomi Caiden, *The New Politics of the Budgetary Process*, 5th ed. (Longman, 2003), Foreword by Don Kettl.

Review the following foreword from week 1: Alain C. Enthoven, K. Wayne Smith, *How Much Is Enough? Shaping the Defense Program, 1961-1969* (Santa Monica, Calif: RAND Corporation, 2005), Foreword.

Gordon Adams and Cindy Williams, *Buying National Security: How America Plans and Pays for Its Global Role and Safety at Home* (Routledge 2010), Chapter 5: “Planning, Programming, Budgeting, and Execution in the Department of Defense” (pp. 93-119 and endnotes pp. 287-291).

Week 6: Planning and Budgeting in the White House and Congress

Read two more chapters from Gordon Adams and Cindy Williams, *Buying National Security: How America Plans and Pays for Its Global Role and Safety at Home* (Routledge 2010), Chapter 8: “The Role of the Executive Office of the President in National Security Budgeting,” pp. 162-192 and endnotes pp.299-305; and Chapter 9: “Resource Allocation and Budgeting in Congress,” pp. 193-220 and endnotes pp. 305-308.

Lee Hamilton, “Congress Only Tinkers On The Budget”, 2005
<http://congress.indiana.edu/congress-only-tinkers-the-budget>

Week 7: Spending for Military Pay and Benefits

Congressional Budget Office, *The All-Volunteer Military: Issues and Performance*, July 2007, p. 1-37

<http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/83xx/doc8313/07-19-militaryvol.pdf>

Center for Strategic and Budgetary Assessments, “Rebalancing Military Compensation: An Evidence Based Approach,” Todd Harrison, July 2012.

Congressional Budget Office, “Evaluating Military Compensation, “Testimony: Statement of Carla Tighe Murray, Senior Analyst for Military Compensation and Health Care before the Subcommittee on Personnel Committee on Armed Services, United States Senate, April 28, 2010.

<http://www.cbo.gov/sites/default/files/cbofiles/attachments/04-28-MilitaryPay.pdf>

Week 8: Budgets to Modernize the Force

“It is a relatively straightforward calculation to show that if the trends which have prevailed so consistently over the last half-century were to continue for a few more decades, we will reach a point in the year 2036 where the Defense Department will literally be able to afford only one aircraft.” – Norman Augustine, 1979¹

Review material from week 3 in Congressional Budget Office, “Long-Term Implications of the 2013 Future Years Defense Program,” July 2012. Focus on materials in Chapter 3, pp. 25-37. http://www.cbo.gov/sites/default/files/cbofiles/attachments/07-11-12-FYDP_forPosting_0.pdf

Aaron Wildavsky and Naomi Caiden, *The New Politics of the Budgetary Process*, 5th ed. (Longman, 2003). Read the “Acquisitions” section of Chapter 8 (pp. 165-170)

Russell Rumbaugh, “*What We Bought: Defense Procurement from FY01 to FY10*,” (The Henry L. Stimson Center, October 2011). <http://www.stimson.org/images/uploads/research-pdfs/Contentv2.pdf>

Congressional Budget Office, “Strategies for Maintaining the Navy’s and Marine Corps’ Inventories of Fighter Aircraft,” May 2010. <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/112xx/doc11279/05-27-fighterinventories.pdf>

¹ Norman Augustine, “One plane, one tank, one ship: Trend for the Future?” *Defense Management Journal*, Vol. 11, No. 2, 1975, pp. 34-40. (Ordered on Illiad), p. 34.

Week 9: Budgets for Operation and Maintenance

view material from week 3 in Congressional Budget Office, “Long-Term Implications of the 2012 Future Years Defense Program,” July 2012. Focus on the chapter on Operations and Support, pp. 13-24.

http://www.cbo.gov/sites/default/files/cbofiles/attachments/07-11-12-FYDP_forPosting_0.pdf

Cindy Williams, “The U.S. Defense Budget,” Statement before the Senate Budget Committee, February 23, 2010,

<http://web.mit.edu/ssp/people/williams/budget%20committee%20testimony%20021810.pdf>

Government Accountability Office, “Defense Budget: Trends in Operation and Maintenance Costs and Support Services Contracting,” May 2007, <http://www.gao.gov/new.items/d07631.pdf> (pp. i-33)

Assignment Due:

Budget Option for National Security. In 700 to 1,000 words, lay out background information and arguments for and against one change in national security policy and its potential effect on the federal budget. (Your proposed change can come from national defense, homeland security, and/or international affairs.) Include a table showing the budgetary effects (savings or costs, in both Budget Authority and Outlays) over the period from 2012 to 2017. Language should be neutral and non-partisan, and both sides of the issue should be addressed fairly. Aim for a style similar to the one in CBO’s compendium, “Reducing the Deficit: Spending and Revenue Options, (<http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf>). In addition to the option paper, please provide the spreadsheet that you use to calculate budgetary effects, including your assumptions about inflation and outlay rates.

Due Date: Nov. 1, 2012; submit as attachments to e-mail to cindywil@mit.edu

Grading: 25 percent

Week 10: Cost of the Wars in Iraq and Afghanistan

Moshe Schwartz, "DoD Contractors in Iraq and Afghanistan: Background and Analysis," Congressional Research Service, May 13, 2011. <http://www.fas.org/sgp/crs/natsec/R40764.pdf>

Amy Belasco, "The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11" (Washington, DC: Congressional Research Service, September 28, 2009), pp. 1-37 and 44-49, <http://www.fas.org/sgp/crs/natsec/RL33110.pdf>

Terri Tanielian and Lisa H. Jaycox, eds, *Invisible Wounds of War: Psychological and Cognitive Injuries, Their Consequences, and Services to Assist Recovery* (Santa Monica, Calif.: RAND Corporation, 2008), read the summary.
http://www.rand.org/pubs/monographs/2008/RAND_MG720.sum.pdf

Congressional Budget Office, *Replacing and Repairing Equipment Used in Iraq and Afghanistan: The Army's Reset Program* (September 2007), Summary
<http://www.cbo.gov/ftpdocs/86xx/doc8629/09-13-ArmyReset.pdf>

Peter W. Singer, "Outsourcing the Fight," June 2008
http://www.brookings.edu/opinions/2008/0605_military_contractors_singer.aspx

Congressional Budget Office, *Contractors' Support of U.S. Operations in Iraq* (Washington, D.C.: CBO, August 2008), p. 1, 6-20
<http://cbo.gov/ftpdocs/96xx/doc9688/08-12-IraqContractors.pdf>

Commission on Wartime Contracting, "Transforming Wartime Contracting," Final Report to Congress, August 2011. Read the Executive Summary, pp. 1-13.
(http://wartimecontracting.gov/docs/CWC_FinalReport-lowres.pdf)

Linda Blimes and Joseph Stiglitz, "America's Costly War Machine," The LA Times, September 18, 2011 (<http://articles.latimes.com/2011/sep/18/opinion/la-oe--bilmes-war-cost-20110918>)

Week 11: Federal Spending for Homeland Security

The White House, *Analytical Perspectives* volume of the FY 2013 budget. Read section on Homeland Security in the chapter on Special Programs, pp.417-424.

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/spec.pdf>

U.S. Department of Homeland Security, *Quadrennial Homeland Security Review (QHSR) Report*, February 2010, http://www.dhs.gov/xlibrary/assets/qhsr_report.pdf. Read the executive summary and introduction

Gordon Adams and Cindy Williams, *Buying National Security: How America Plans and Pays for Its Global Role and Safety at Home* (Routledge 2010), Chapter 7, "Resource Allocation and Budgeting for Homeland Security," pp. 141-161 and endnotes pp. 296-298.

Week 12: Federal Spending for Diplomacy and Foreign Aid

Department of State, Executive Budget Summary, "Function 150 & Other International Programs, Fiscal Year 2013; examine Table of Contents, the Secretary's message, and the tables on pages 1-17 to get an overview of U.S. international affairs spending, <http://www.state.gov/documents/organization/183755.pdf>

Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief February 2007 (<http://www.stanleyfoundation.org/publications/pab/pab07natsecbudget.pdf>), 16 pages.

Gordon Adams and Cindy Williams, *Buying National Security: How America Plans and Pays for Its Global Role and Safety at Home* (Routledge 2010), Chapter 2: "Resource Planning for International Affairs and State Operations," pp. 8-31 and endnotes pp. 255-264.

Secretaries of State Henry Kissinger, George Shultz, James Baker, Lawrence Eagleburger, Warren Christopher, Madeleine Albright, Colin Powell and Condoleezza Rice, "U.S. must deploy more foreign diplomacy personnel," *Politico*, June 25, 2009 <http://www.politico.com/news/stories/0609/24159.html>

Week 13: Presentation of Alternative National Security Plans

Top-Level National Security Review (Group Project). Prepare and present an annotated briefing that outlines a new national security strategy and the military force structure, modernization programs, infrastructure, and budgets to go with it. As a departure point, students will be provided with a set of budget constraints and policy guidelines (such as a summary of invented campaign quotes from an imaginary new president).

Briefing Date: Dec.6, 2012, the final class meeting

Grading: 40 percent

Additional Materials

Federal Budget Website

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/budget.pdf>

Fiscal Year (FY) 2013 Budget of the United States Government

Analytical Perspectives volume includes summary of spending for homeland security

Historical Tables of the Budget

Prior-Year Budgets

DOD Comptroller's website

<http://comptroller.defense.gov/>

National Defense Budget Estimates for FY 2013 (The Green Book)

- Historical tables for DoD Spending: by appropriation, by Service, in constant dollars and current dollars; BA, TOA, and Outlays
- Deflators to convert current to constant dollars

Program acquisition costs by weapon system (not averages, but costs this year)

Procurement Programs (P-1)

Operation and Maintenance Programs (O-1)

Research, Development, Test, and Evaluation (RDT&E) Programs (R-1)

Military Personnel Programs (M-1)

Links to Service budgets

Congressional Budget Office: <http://www.cbo.gov>, CBO reports, including economic and budgetary analyses, long-term economic and budgetary outlook, policy reports

General Accountability Office: <http://www.gao.gov>, GAO Reports including:

- *A Glossary of Terms Used in the Federal Budget Process*, (Washington DC: Government Accountability Office, September 2005), <http://www.gao.gov/new.items/d05734sp.pdf>
- *Defense Acquisitions: Assessments of Selected Weapon Programs*, March 2010, <http://www.gao.gov/new.items/d10388sp.pdf>

Congressional Research Service Reports – Selected reports available at:

- <http://digital.library.unt.edu/explore/collections/CRSR/browse/>
- <http://www.fpc.state.gov/c18185.htm>

Non-governmental organizations studying the budget

- www.csbaonline.org
- <http://www.stimson.org/budgeting/programhome.cfm>
- <http://www.cato.org/foreign-policy-national-security>
- <http://www.cbpp.org/>
- <http://www.brookings.edu/projects/21defense.aspx>
- <http://www.heritage.org/research/nationalsecurity/>

Course Assignments and Grading

Op-Ed about a National Security Policy Issue with Budget Implications. Prepare a 700-1,000 word opinion article about a national security issue with budgetary implications. Choose a topic

about which you are passionate. If possible, the article should hook into an event or issue that is in current (or recent) play in the media. It should be written to capture the attention of the newspaper-reading public and in language that is accessible to the general public. Samples and guidelines will be distributed in class.

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Briefing Date: Dec. 6, 2012, the final class meeting

Grading: 40 percent

Class Participation: 10 percent