

Fact Sheet: Department of Defense "Topline" Funding

"Topline" funding for the Defense Department refers to all national defense funding regardless of its source. Calculating the annual topline requires looking at a range of funding sources. At \$750 billion, the Fiscal Year 2020 (FY20) topline request is higher than at any time in our nation's history apart from World War II.ⁱ

Background: Understanding the Pentagon "Topline"

The Pentagon topline is the total dollar amount allocated to the Defense Department in a single fiscal year. The topline is comprised of funding from several different sources. In normal times – that is, when the nation is not engaged in warfighting operations – the topline contains three basic pots of money: the Pentagon's annual "base" budget, funding for the nuclear weapons-related work of the Department of Energy (DOE), and funding for defense-related work of other federal agencies such as the Department of Homeland Security and the Federal Bureau of Investigation (FBI).ⁱⁱ According to the Congressional Research Service, the annual "base" budget accounts for approximately 96 percent of the Pentagon's topline.ⁱⁱⁱ

When the Pentagon is called upon to perform additional activities – primarily combat operations but also such things as disaster relief – the Defense Department will receive additional funds above its annual budget in forms variously known as "Emergency Supplemental Appropriations", "Supplemental Appropriations", and "Contingency Funding". While these supplemental spending packages are often allocated outside of the Defense Department's annual budget – and may not count toward annual defense spending caps set by Congress – they are generally considered to be part of the Pentagon's topline for as long as they are required.

Definitions: The "National Defense" Budget Function

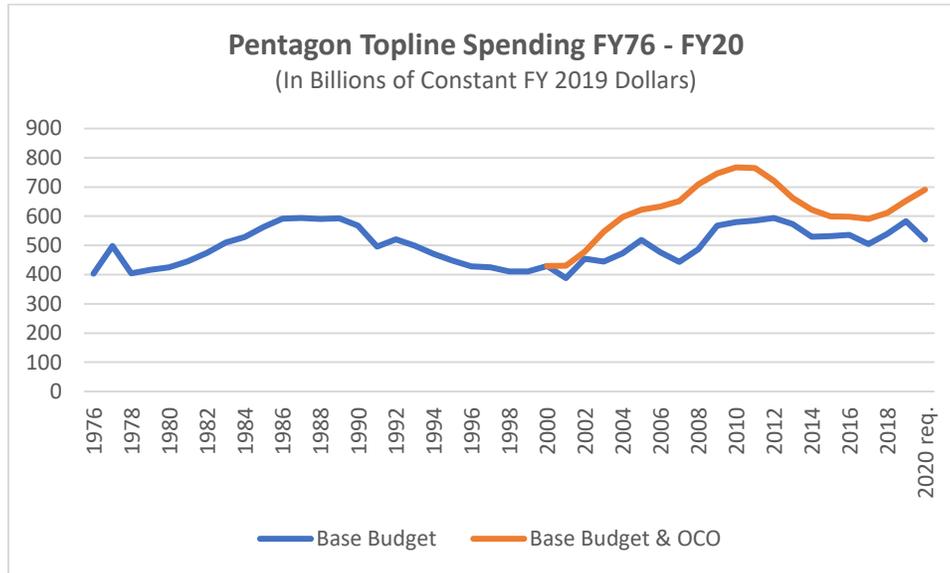
The federal budget uses a classification system that organizes federal government spending into categories, or "functions" that describe the purpose of each activity. The "National Defense" funding category (known as the "050 Function"), contains the following "Subfunctions," or "accounts:"

- *Subfunction 051*: Department of Defense, including the following activities: Military Personnel, Operation and Maintenance, Procurement, Research, Development, Test, and Evaluation, and Military Construction and Family Housing
- *Subfunction 053*: Nuclear weapons-related activities of the Department of Energy
- *Subfunction 054*: Defense-related activities of other federal agencies. ["Counter-terrorism" work of the FBI accounts for two-thirds of total "054" funding].

Historical Trends in Pentagon "Topline" Funding

In order to accurately compare historic Pentagon topline funding, this paper uses "constant" dollars – funding levels that have been adjusted to take into account the effects of inflation over time. When adjusted for inflation, it is not surprising that Pentagon topline funding tends to be higher during wartime. There have been notable exceptions to this trend, however. Funding during President Reagan's peacetime build-up reached \$594 billion in 1987, 14 percent higher than it

would be in FY92, when the \$521 billion Pentagon topline included most of the costs of the first Gulf War. With that exception, the current Pentagon topline – not including funding for Overseas Contingency Operations – is higher than at any time since the Vietnam War.^{iv} This is despite the fact that the budgets of the 1970's and 1980's supported a Cold War military roughly one-third larger than today's force.



NOTE: This table shows funding for the Pentagon's annual "base" budget, as this is the figure which most closely relates to the annual congressional appropriation for "Defense." It shows *Outlays in constant FY19 dollars.*

The Defense Department's "Topline" Request for Fiscal Year 2020

The Trump Administration's FY20 request is \$750 billion for the Defense Department.^v This includes \$576 billion for the Pentagon's "base" budget, DOE and other federal agencies. It also includes \$165 billion in Overseas Contingency Operations (OCO) and an additional \$9 billion for "emergency requirements," both considered "off-budget" but included in the FY20 topline. This \$34 billion increase is roughly 4.7 percent above the FY19 budget. It is interesting to note that in the FY20 request the topline increases while the "base" budget declines, reflecting a shifting of funds by the Pentagon for non-combat activities into the OCO accounts.

ⁱ "National Defense Budget Estimates for FY 2019." Defense Department. Accessed February 2, 2019.

https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2019/FY19_Green_Book.pdf

ⁱⁱ "Discretionary Budget Authority by Subfunction: An Overview." Congressional Research Service, June 7, 2017. Accessed April 3, 2019.

https://www.everycrsreport.com/reports/R41726.html#_Toc484776109

ⁱⁱⁱ "Defense Primer: The National Defense Budget Function (050)." Congressional Research Service, March 17, 2017. Accessed February 17, 2019.

<https://fas.org/sgp/crs/natsec/IF10618.pdf>

^{iv} "National Defense Budget Estimates for FY 2019." Defense Department.

^v "Defense Department Budget Overview, Fiscal Year 2020." Defense Department. Accessed March 15, 2019.

https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020_Budget_Request_Overview_Book.pdf