

# **U.S. Military Budget and Force Planning**

## **Fall 2004**

**Course No. 17.953**  
**Instructor: Dr. Cindy Williams**  
**Time: Thursdays 1-3 p.m.**  
**Classroom: E56-249**

### **Topic List**

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<b>Week</b>	<b>Date</b>	<b>Topic</b>
1	Sept 9	Introduction and Overview of Course
2	Sept 16	The Defense Budget in Context: The Federal Budget Outlook
3	Sept 23	Defense Budget Concepts and Processes
4	Sept 30	Estimating the Shortfall: Mismatches Between Plans and Dollars
5	Oct 7	Matching Forces to Grand Strategy
6	Oct 14	Spending to Modernize and Transform the Forces
7	Oct 21	Matching Forces to a Budget
8	Oct 28	Federal Spending for Homeland Security and Combating Terrorism
9	Nov 4	Saving Money on Military Infrastructure
10	Nov 18	Budgeting for Readiness
11	Dec 2	Spending for Military Pay and Benefits
12	Dec 9	Presentation of Alternative Defense Plans

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**\* Indicates students should obtain the document from the World Wide Web.**

**\*\* Indicates that the book is available for purchase from the MIT Coop. A copy of each title is also on reserve at the Dewey Library.**

## On-Line Resources

Federal Budget: <http://www.whitehouse.gov/omb/budget/fy2005>

Fiscal Year (FY) 2005 Budget of the United States Government

Historical Tables of the Budget

Prior-Year Budgets

Defense Department Budget: [www.defenselink.mil/comptroller/defbudget/fy2005/](http://www.defenselink.mil/comptroller/defbudget/fy2005/)

National Defense Budget Estimates for FY 2005 (The Green Book)

- Great 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

Annual Report to the President and the Congress:

<http://www.defenselink.mil/execsec/adr2003/index.html>

- DoD performance measures
- Budget tables
- Resources allocated to mission versus support activities
- Personnel tempo

Congressional Budget Office: <http://www.cbo.gov>

*The Budget and Economic Outlook*

*Budget Options*, March 2003

*An Analysis of the President's Budgetary Proposals for Fiscal Year 2005*

CBO Policy Studies and Reports since 1997

CBO Cost Estimates

General Accountability Office: <http://www.gao.gov>

GAO Reports

## **Reading and Reference Materials**

**Week 1, Sept. 9 – Introduction and Overview of Course**

## **Week 2, Sept. 16 – The Defense Budget in Context: The Federal Budget Outlook**

\*\*Cindy Williams, “Introduction,” in *Holding the Line: U.S. Defense Alternatives for the Early 21<sup>st</sup> Century*, Cindy Williams (editor), MIT Press, 2001, pages 1-18.

\*\*Michael O’Hanlon, *Defense Policy for the Bush Administration, 2001-2005*, “Introduction,” pages 1-21.

\*Steven M. Kosiak, *An Analysis of the FY 2005 Defense Budget Request*, Center for Strategic and Budgetary Assessments (CSBA), 2004, available on-line at [www.csbaonline.org](http://www.csbaonline.org) (Skim and Keep for Reference)

*The Military Balance 2003-2004*, The International Institute for Strategic Studies (IISS), October 2003, “Economic Data: United States,” pages 232-237 (read); “International Comparisons of Defence Expenditure and Military Manpower, 1985, 2001, and 2002,” pages 335-340 (skim and keep for reference).

\* Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2005-2014*, Summary, January 2004. (Obtain from CBO web site, <http://www.cbo.gov/showdoc.cfm?index=4985&sequence=0>).

\* Defense Comptroller’s Green Book, visit Web site: [www.defenselink.mil/comptroller/defbudget/fy2005/](http://www.defenselink.mil/comptroller/defbudget/fy2005/). View Budget Authority history by appropriation title.

\* Historical Tables of the Federal Budget, visit the OMB’s 2005 budget web site: <http://www.whitehouse.gov/omb/budget/fy2005/>. Pull up the Historical Tables and view Table of Contents and Table 8.4, “Outlays by Budget Enforcement Act Category as Percentages of GDP: 1962-2009”.

\* Congressional Budget Office, “The Looming Budgetary Impact of Society’s Aging,” Long-Range Policy Brief No. 2, July 3, 2002. Obtain from web, <http://www.cbo.gov/showdoc.cfm?index=3581&sequence=0>.

### **Week 3, Sept. 23 - Defense Budget Concepts and Processes**

Mary T. Tyszkiewicz and Stephen Daggett, “A Defense Budget Primer,” Congressional Research Service Report to Congress, December 9, 1998, pages 1-53.

For a more compact primer with helpful graphics, go to [www.csbaonline.org](http://www.csbaonline.org); click on Defense Budget Studies and then on Defense Budget Process.

Paul Wolfowitz, Deputy Secretary of Defense, Memorandum for Secretaries of the Military Departments and others, “Procedures and Schedule for Fiscal Year (FY) 2005-2009 Program, Budget, and Execution Review,” 21 May 2003.

\* Green Book for FY 2005,  
[http://www.defenselink.mil/comptroller/defbudget/fy2005/fy2005\\_greenbook.pdf](http://www.defenselink.mil/comptroller/defbudget/fy2005/fy2005_greenbook.pdf),  
Chapter 5: “Pay Raise and Price Increases: Treatment of Inflation” (skim and keep for reference)

\* Department of Defense, “Special Defense Department Briefing with the FY 2005 Budget,” briefing transcript at <http://www.defenselink.mil/transcripts/2004/tr20040202-0408.html>; briefing slides at <http://www.defenselink.mil/news/Feb2004/05brief.pdf>.

**Week 4, Sept. 30 – Estimating the Shortfall: Mismatches Between Plans and Dollars**

\* Congressional Budget Office, *The Long-Term Implications of Current Defense Plans: Summary Update for Fiscal Year 2004*, July 2003,  
<http://www.cbo.gov/showdoc.cfm?index=4449&sequence=0>.

\* Steven M. Kosiak, “Cost Growth in Defense Plans, Occupation in Iraq and War on Terror Could Add Nearly \$1.1 Trillion to Projected Deficits,” CSBA Backgrounder, August 26, 2003, [www.csbaonline.org](http://www.csbaonline.org).

## **Week 5, Oct. 7 – Matching Forces to Grand Strategy**

Barry R. Posen and Andrew L. Ross, “Competing Visions for U.S. Grand Strategy,” *International Security* (Vol. 21 No. 3), Winter 1996/7, pages 5-53. Available online At: <http://www.jstor.org/view/01622889/di008157/00p0003y/0?config=jstor&frame=noframe&userID=1230014a@mit.edu/018dd5533b005013c82f5&dpi=3>

\*\*Cindy Williams, “Introduction” in *Holding the Line: U.S. Defense Alternatives for the Early 21<sup>st</sup> Century*, 2001, pages 18-33.

\* White House, *The National Security Strategy of the United States of America*, September 2002, <http://www.whitehouse.gov/nsc/nss.pdf>.

Department of Defense, *The Quadrennial Defense Review Report*, September 2002, (provided in black-and-white hard copy in the reading package; available in color at <http://www.defenselink.mil/pubs/qdr2001.pdf>).

**Week 6, Oct. 14 - Spending to Modernize and Transform the Forces**

\*\*Michael O'Hanlon, *Defense Policy Choices for the Bush Administration, 2001-05*, Chapter 4, pp. 82-114.

Steven M. Kosiak, *Buying Tomorrow's Military: Options for Modernizing US Defense Capital Stock*, 62 pages. Available online at: <http://www.csbaonline.org/>

Congressional Budget Office, *Transforming the Navy's Surface Combatant Force*, March 2003. Available online at: <http://www.cbo.gov/showdoc.cfm?index=4130&sequence=0>

Secretary of Defense Donald Rumsfeld, *Annual Report to the President and the Congress, 2003*, "Investing in Transformation," pp. 8-9.

## **Week 7, Oct. 21 – Matching Forces to a Budget**

\*\* Cindy Williams (ed), *Holding the Line: U.S. Defense Alternatives for the Early 21<sup>st</sup> Century*, MIT Press, 2001, 3 chapters:

- Owen Cote, “Buying ‘...From the Sea’: A Defense Budget for a Maritime Strategy” pp. 141-180.
- James T. Quinlivan, “Flexible Ground Forces,” pp. 181-210.
- Karl Mueller, “Flexible Power Projection for a Dynamic World: Exploiting the Potential of Air Power,” pp. 211-252.

**Week 8, Oct. 28 – Federal Spending for Homeland Security and Combating Terrorism**

\* The White House, *National Security Strategy for Homeland Security*, July 2002. Obtain from the Web, [http://www.whitehouse.gov/homeland/book/nat\\_strat\\_hls.pdf](http://www.whitehouse.gov/homeland/book/nat_strat_hls.pdf)

\* The White House, *National Security Strategy for Combating Terrorism*, February 2003. Obtain from the Web, [http://www.whitehouse.gov/news/releases/2003/02/counter\\_terrorism/counter\\_terrorism\\_strategy.pdf](http://www.whitehouse.gov/news/releases/2003/02/counter_terrorism/counter_terrorism_strategy.pdf)

\* Office of Management and Budget, *2003 Report to Congress on Combating Terrorism*, September 2003. Obtain from the Web, [http://www.whitehouse.gov/omb/inforeg/2003\\_combat\\_terr.pdf](http://www.whitehouse.gov/omb/inforeg/2003_combat_terr.pdf)

## **Week 9, Nov. 4 – Saving Money on Military Infrastructure**

Secretary of Defense Donald Rumsfeld, *Annual Report to the President and the Congress*, 2003, Appendix C: Resources Allocated to Mission and Support Activities.”

\*\*Cindy Williams, “Holding the Line on Infrastructure Spending,” in *Holding the Line: U.S. Defense Alternatives for the Early 21<sup>st</sup> Century*, 2001, pages 55-78.

Ashton B. Carter, “Keeping the Edge: Managing Defense for the Future,” in *Keeping the Edge: Managing Defense for the Future*, Ashton B. Carter and John P. White (ed) (Cambridge, MA: MIT Press, 2001), pp. 1-26.

## **Week 10, Nov. 18 – Budgeting for Readiness**

\*\*Michael O’Hanlon, *Defense Policy Choices for the Bush Administration 2001-2005*, Brookings 2001, Chapter 2: “Military Readiness and Overseas Commitments,” pp. 22-58.

\* Congressional Budget Office, *The Effects of Aging on the Costs of Operating and Maintaining Military Equipment*, August 2001 (52 pages). Obtain from the Web, <http://www.cbo.gov/showdoc.cfm?index=2982&sequence=0>.

\* Carl Conetta and Charles Knight, *The Readiness Crisis of the U.S. Air Force: A Review and Diagnosis* (Project on Defense Alternatives, 22 April 1999), Executive Summary. Obtain from the Web, <http://www.comw.org/pda/afreadsu.html>.

## **Week 11, Dec. 2 – Spending for Military Pay and Benefits**

\*\*Cindy Williams, “Introduction,” in Cindy Williams (ed) *Filling the Ranks: Transforming the U.S. Military Personnel System* (Cambridge, MA: MIT Press, 2004), pp. 1-28.

\*\*Paul F. Hogan, “Overview of the Current Personnel and Compensation System,” in Cindy Williams (ed) *Filling the Ranks: Transforming the U.S. Military Personnel System* (Cambridge, MA: MIT Press, 2004), pp. 29-53.

James Hosek and Jennifer Sharp, “Keeping Military Pay Competitive: The Outlook for Civilian Wage Growth and Its Consequences,” Rand Issue Paper, 2001, 14 pages.  
Available online at: <http://www.rand.org/publications/IP/IP205/>

**Week 12, Dec. 9 – Presentation of Alternative Defense Plans**

No readings. Group presentation(s) of alternative strategies, forces, modernization programs, and budgets.

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### **Course Products and Grading**

**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 change can come from the national defense, homeland security, or international affairs account.) Include a table showing the budgetary effects (savings or costs, in both Budget Authority and Outlays) over the period from 2005 to 2014. 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, *Budget Options*, March 2003. 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:** Oct. 7, 2004

**Grading:** 25 percent

**Op-Ed About a National Security Policy Issue With Budget Implications.** Prepare a 700-1,000 word opinion article about a national security issue that you are passionate about. 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. If students wish, we will hold a one-hour session outside of class to discuss some tricks of the trade.

**Due Date:** Oct. 28, 2004

**Grading:** 25 percent

**Top-Level Defense Review (Group Project).** Prepare 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. 9, 2004, the final class meeting

**Grading:** 40 percent

**Class Participation:** 10 percent