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## Pentagon budget passes, but a trainwreck looms

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By a vote of 89-8, the Senate on Monday passed a \$700 billion defense budget. That isn't particularly newsworthy. As the New York Times reported, "The vote marked the 56th consecutive year that Congress has passed the defense policy bill—a point of personal pride for Senator John McCain, the Arizona Republican who chairs the Senate Armed Services Committee."

The important story is that Sen. McCain et al. have no plan for actually raising the necessary funds, either through more taxes, cuts elsewhere, or more debt. Previous budget fights played by the rules — compromising to abide by the bipartisan Budget Control Act caps on discretionary spending. Willfully ignoring the BCA elephant in the room, as the Senate just did, runs the risk of a government shutdown and/or sequestration.

The Donald Trump administration opened the Pentagon funding floodgates when it debuted a \$668 billion budget request earlier this year. Trump made good on his promise to rebuild the military by cutting deeply from non-defense accounts, thus creating the illusion of fiscal discipline. But he also called for increasing the BCA defense caps.

At the time, McCain declared Trump's budget "dead on arrival" because it cut too deeply from these other programs. He also declared the Defense Department increase to be insufficient. It was never clear how McCain would square that circle.

It still isn't. It appears that he expects someone else to solve the BCA problem, or that it will magically disappear.

But he isn't alone. Many in Congress took Trump's budget as a signal to spend even more on the military. Until now, Congress used its favorite loophole — the cap-exempt Overseas Contingency Operations account — to offset perceived funding shortfalls at the Pentagon. Congressional abuse of OCO was predictable but shortsighted. It allowed Congress to maintain the fiction that it was adhering to the BCA caps without actually doing so.

Monday's vote dispensed with the charade. In the just-passed NDAA, funding for the base budget exceeds the \$549 billion cap by \$91 billion and puts \$60 billion in OCO. The House version passed last month also put a majority of its plus-up in base funding, exceeding the BCA cap by \$72.5 billion. The Trump administration's budget seems almost sane in comparison by asking for \$54 billion over the cap — which, to be clear, is unnecessary in order to keep Americans safe and maintain the U.S. military as the finest fighting force in the world.

Eight-nine senators, not merely McCain and a handful of outspoken hawks, apparently believe that the Pentagon needs a 16-percent increase over the BCA caps in order to function next year alone. Plus another \$60 billion for OCO. But no senator knows where those extra billions will come from.

The BCA was enacted in 2011 to impose some fiscal discipline by providing an upper bound for defense and non-defense discretionary spending. Since then, members of Congress found ways to either budget under or raise (2013, 2015) the caps. The one time they failed to avoid sequestration—the October 2013 government shutdown — lasted only 16 days.

As much as members of Congress bemoan the budget caps and fear sequestration for its damaging effects, you would think they would take the risk of a government shutdown more seriously. Sen. Tom Cotton offered the only amendment to the NDAA that would have altered the Budget Control Act for this fiscal year. Rather than trying to strike a bipartisan deal to increase the caps or repeal the legislation entirely, Cotton sought to render the BCA toothless by partially repealing the automatic sequestration mechanism.

Cotton's amendment was a political non-starter because it failed to reassure Democrats worried about caps on spending for non-defense programs. Even if it miraculously passed in the Senate, the amendment would have faced a tough fight from some House members while in conference. Predictably, Cotton's proposal, along with several other controversial amendments, was never granted a vote.

Congress can't afford to ignore the political and fiscal reality forever. A military budget that exceeds the BCA caps, and offers no plan for undoing those caps, should be — as McCain said of Trump's first budget submission — “dead on arrival.”

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