

Chris Hellman's CHN Webinar Talking Points

SLIDE 1: FY2012 – The Whole \$3.7 Trillion Pie

There are three main types of federal spending. The two largest are “Mandatory” and “Discretionary.” The third is interest paid on the national debt. “Mandatory” spending refers mainly to entitlement programs like Social Security and Medicare. Mandatory funding is based on laws governing each program's operations and does not require annual appropriations.

SLIDE 2: The Proposed Discretionary Budget

Discretionary spending is roughly one-third of federal spending and requires annual approval through the appropriations process. Discretionary funds are requested by the White House as part of the budget request for the coming fiscal year. They must be approved by Congress and then signed into law by the President. Over half of proposed FY2012 discretionary spending goes to the military. The remainder is divided up among such programs as education, law enforcement, and energy and the environment. NOTE: The categories shown are those used developed and used by National Priorities Project.

SLIDE 3: Key Aspects of 2012”Security” Spending

In all, the Obama Administration is proposing over \$700 billion for “security” spending for FY2012, a term coined by the Administration in January 2011. In addition to the Pentagon’s annual “base” budget, it includes nuclear weapons-related work of the Department of Energy, the wars in Iraq and Afghanistan and foreign military assistance. In addition, the Administration is requesting almost \$70 billion for “homeland security,” roughly \$19 billion of which is funded through the Pentagon’s budget.

SLIDE 4: U.S. Military Spending

The United States and its allies continue to dominate global military spending. According to the Stockholm International Peace Research Institute (SIPRI) the United States and NATO account for nearly two-thirds of total global military spending. And that does not include our many other allies such as Israel, Australia, Japan, and South Korea. The United States alone spends more on its military than the next 15 nations combined – 10 of which are U.S. allies.

SLIDE 5: How Much Since 9/11?

Since the terrorist attacks of September 11, 2001, U.S. “security” spending has skyrocketed, accounting for \$7.6 trillion in inflation-adjusted figures for the decade FY2001-2011. While it does not support the costs of the wars in Iraq and Afghanistan, the Pentagon’s base budget has gone up 43%. Funding for “Homeland Security” – which was roughly \$16 billion prior to the 9/11 attacks – has gone up a whopping 301%. Total war costs exceed \$1.3 trillion.

SLIDE 6: Impact: The Discretionary Budget Crossroads

Defense discretionary spending has outpaced non-defense since the 1980s and the discrepancy has grown in recent years. If not for the short-term explosion in non-defense discretionary funding that occurred as a result of American Recovery and Reinvestment Act of 2009 – the so-called “stimulus package” – this disparity would be even greater. Looking forward, even though defense spending will likely be cut it will be higher than shown here, as the table assumes only \$50 billion in annual war costs in future years – much lower than is realistic. Likewise, non-defense discretionary spending will almost certainly be lower than is shown here as there is every indication at this point that the majority of spending cuts made under the Budget Control Act will fall disproportionately on the non-defense side.

SLIDE 7: Impact: The Discretionary Budget Crossroads

How big is the disparity between the growth in “security” vs. “non-security” spending? “Security” here includes not just the Pentagon and war costs, but also weapons activities of the Department of Energy, homeland security, international affairs and veterans affairs) from FY2000 to FY2011. Meanwhile “non-security” discretionary spending has risen only 39 percent over the same period. (NOTE: both figures are based on inflation-adjusted “real” increases in spending.)

SLIDE 8: Trade Offs: Who’s Borrowing?

Many fiscal conservatives say that the major entitlement programs – Social Security and Medicare – are the main sources of our deficits. In fact, Social Security and Medicare are trust funds with dedicated sources of revenue that pay for their respective benefits. Pentagon spending, however, is paid for out of the “federal fund,” and competes with all other domestic programs for tax dollars. In fact, rather than adding to the deficit, surpluses in federal trust funds like Social Security and Medicare are used to buy up government debt in the form of Treasury notes. According to NPP’s calculations, 39 percent of the interest on the federal debt is the result of past borrowing to fund the military.

SLIDE 9: Trade Offs: Pentagon Spending v. Proposed Program Cuts

Proposed Pentagon spending for FY2012 is \$553 billion. This does not include war costs or funding for nuclear weapons-related activities of the Department of Energy. At \$553 billion per year, the Pentagon will spend \$1.55 billion per day, \$63.1 million per hour, or \$1.05 million per minute. At those rates, the \$19.6 billion in cuts to Medicare proposed by the Obama Administration for FY2012 account for 13 days of Pentagon spending. The proposed \$2.2 billion cuts to the Community Development Block Grants (CDBG) program account for 35 hours, and so on.

SLIDE 10: Trade Offs: Creating Jobs

According to NPP's "Tradeoffs" database for the \$533 billion requested for the Pentagon for FY2012, you could provide jobs for 2.7 million elementary school teachers, 3.1 million firefighters, and 2.6 million police or sheriff's patrol officers. These are the same types of jobs included in President Obama's jobs program, a version of which was defeated in the U.S. Senate on October 18, 2011. That bill would have cost \$35 billion, or roughly one-15th of the proposed FY2012 Pentagon budget.

SLIDE 11: Trade Off's Your Tax Dollars

In 2010 (the most recent year available), for every one dollar you paid in taxes, 27.4 cents went to the military. Of that, 7.6 cents was used for developing and purchasing weapons. That 7.6 cents is 2.5 times as much as the amount of your tax dollar that went to CHIP, TANF, Section 8 housing assistance, CDBGs, WIC, Head Start, and Home Weatherization Assistance COMBINED.

SLIDE 12: Stay in Touch!

Other Related NPP Materials:

Build a Better Budget

An on-line budget tool that lets you make your own budget choices and share them with your friends and Congress

<http://www.buildabetterbudget.org/?code=NPP>

People's Guide to the Federal Budget

NPP's new guide offers you a basic – yet thorough – understanding of the federal budget process

<http://nationalpriorities.org/en/resources/federal-budget-101/peoples-guide/>

Cost of Bush Tax Cuts

A running tally of the dollars lost to the U.S. Treasury due to tax cuts for the very wealthy, plus lots more

www.costoftaxcuts.com

Ten Years After 9/11: The Dollars and Sense of War

NPP has released new numbers, analyses and tools about the costs of a decade at war

<http://costofwar.com/en/publications/2011/ten-years-after-911/>