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## The Expiration of the Budget Control Act of 2011 and What it Means for Discretionary Spending

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Last year, the United States ended its 20 year war in Afghanistan. A decade before that, in December 2011, the U.S. ended the war in Iraq. Despite the end of these two major sources of defense spending, the U.S. defense budget continues to increase and receive over half the discretionary budget year-after-year.

### The Budget Control Act of 2011

In 2011, President Barack Obama signed the [Budget Control Act of 2011](#) (BCA) into law in an effort to reduce increased deficits following the Great Recession. The BCA, along with five subsequent budget agreements, established spending caps for discretionary defense spending and nondefense discretionary (NDD) spending for ten fiscal years, from FY2012-FY2021, which led to a decade of [austerity](#). These spending caps operated under what was called a “principle of parity,” requiring equivalent cuts to defense and nondefense programs. With the BCA expired, an opportunity now exists to substantially increase funding for domestic social programs, while simultaneously cutting the bloated Pentagon budget.

### Defense and Nondefense Spending

The BCA defined [two broad categories](#) for discretionary spending:

1. *Defense discretionary spending:* This includes annual appropriations for the Department of Defense, specific areas in the intelligence agencies, nuclear weapons programs at the Department of Energy, and select programs within the Department of Homeland Security, Department of State, and other agencies. (The Budget Control Act defined a broader “security” category for FY2012, but this defense-only definition came into force during FY2013.) It falls mostly, but not entirely, within the jurisdiction of the House Defense Appropriations Subcommittee.
2. *Nondefense discretionary (NDD) spending:* NDD includes annual appropriations for a broad set of public and social programs. It covers funding for the Departments of Agriculture, Commerce, Education, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, Transportation, Treasury, and Veterans Affairs as well as many smaller agencies. It also includes nondefense functions of the Departments of Defense, Energy, Homeland Security, and State.

While annual budget resolutions allow for budget levels to shift between categories, the BCA, and the budget agreements that followed, did not allow for reallocating funds from the defense category to the NDD category. An increase to health care spending, for example, would have to be offset with a cut to education, housing, or another domestic program, but not with a cut to defense spending.

### Increasing the Caps but Widening the Gap

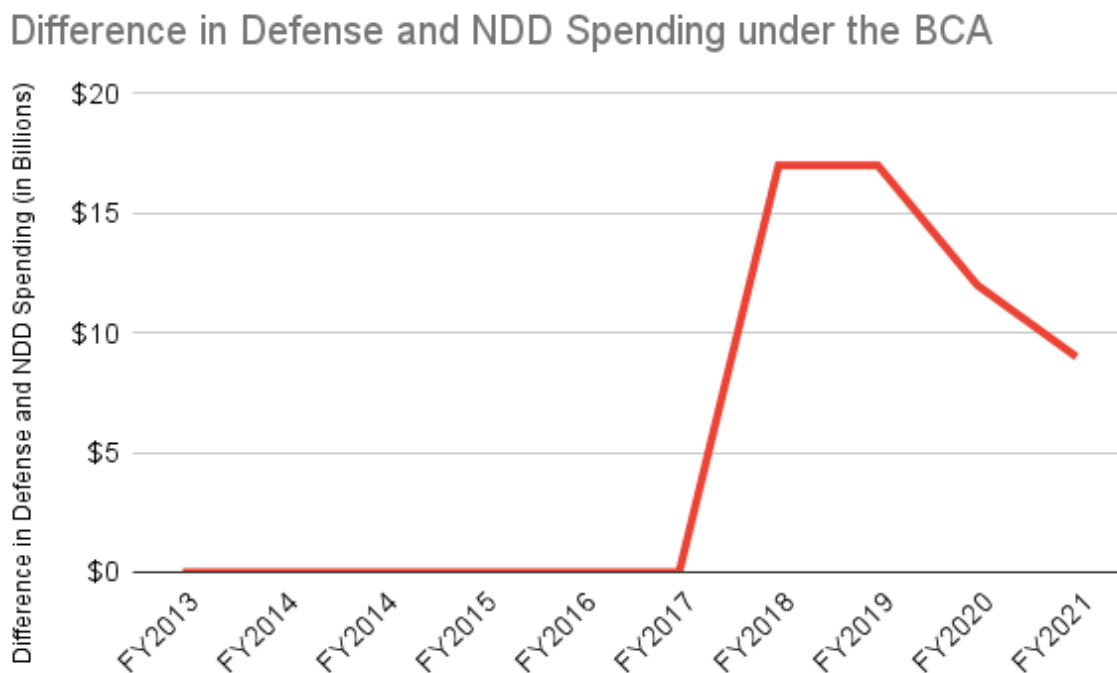
Since the BCA was signed into law, the discretionary caps for defense and NDD were regularly amended through legislation. When the spending caps were increased, both defense and NDD caps were increased ([although not always by equal amounts](#)). Legislation [increased](#) the defense discretionary spending caps in the BCA by roughly \$430 billion from FY2013-FY2021. *Table 1* summarizes the cap increases through various legislative agreements.

**Table 1:** *Increases to discretionary spending caps*

<b>Budget Agreement</b>	<b>Fiscal Year</b>	<b>Defense Increase (relative to BCA)</b>	<b>NDD Increase (relative to BCA)</b>
<b>American Taxpayer Relief Act of 2012</b>	FY2012	\$24 billion	\$24 billion
	FY2013	-\$3 billion	-\$3 billion
<b>Bipartisan Budget Act of 2013</b>	FY2014	\$22 billion	\$22 billion
	FY2015	\$9 billion	\$9 billion
<b>Bipartisan Budget Act of 2015</b>	FY2016	\$25 billion	\$25 billion
	FY2017	\$15 billion	\$15 billion
<b>Bipartisan Budget Act of 2018</b>	FY2018	\$80 billion	\$63 billion
	FY2019	\$85 billion	\$68 billion
<b>Bipartisan Budget Act of 2019</b>	FY2020	\$90 billion	\$78 billion
	FY2021	\$81 billion	\$72 billion

Source: [Expiration of the Discretionary Spending Limits: Frequently Asked Questions](#)

**Graph 1:** Difference in Defense and NDD Spending Due to BCA Spending Caps and Budget Agreements



As seen in Table 1, the parity principle of the BCA was maintained until FY2018, when the defense spending cap began to outpace the NDD spending cap, ultimately leading to a \$9 billion difference in FY2021. [The Bipartisan Budget Act of 2018](#) increased defense discretionary funding by 15%. President Trump proposed a [10%](#) increase to defense spending for FY2018. While spending caps on defense and NDD were set for ten years, [analysts](#) have cited the various changes to topline amounts as a key factor for continued increases in defense spending.

### **FY2022 and FY2023**

President Biden's FY2022 [Discretionary Funding Request](#) reflected the new reality that exists because of the expiration of the BCA. In this proposal, the President requested \$753 billion for defense spending, an increase of \$12.3 billion (1.7%) from FY2021, and \$769 billion for NDD, an increase of \$105.7 billion (16%) from FY2021.

Congress ultimately passed FY2022 appropriations in March 2022, after repeatedly passing [Continuing Resolutions](#) when the fiscal year ended on September 30, 2021. Even though the FY2022 appropriations package was not formally divided into defense and NDD, the [total enacted](#) for defense programs was \$782 billion, a \$42 billion (5.6%) increase from FY2021 and \$730 billion for NDD, a \$46 billion (6.7%) increase from FY2021. **These amounts reflect that increases to defense and NDD spending no longer have to be by the same amounts. NDD spending can increase, while defense spending can be cut, or at the very least remain flat.**

There has not yet been House and Senate floor consideration of [all 12 appropriations bills for FY2023](#). When the fiscal year ended on September 30, 2022, Congress passed a [continuing resolution](#) to keep the government funded until December 16, 2022. However, the House Appropriations Committee passed a defense bill with a topline of [\\$762 billion](#) in June 2022. A couple of weeks later, in July 2022, the full House voted to authorize a defense topline of [\\$850 billion](#) in the annual National Defense Authorization Act (NDAA).

The Senate Appropriations Committee introduced legislation that calls for [\\$850 billion](#) in defense spending. The full Senate has not yet voted on its version of the NDAA, but during a closed-door markup, the Senate Armed Services Committee adopted a defense topline of [\\$847 billion](#). In his [FY2023 budget request](#), President Biden proposed a \$813 billion defense topline, which is a \$31 billion (4%) increase from FY2022. For FY2022, Congress passed a defense appropriations bill that added \$29 billion to President Biden's proposal. It is likely that Congress will continue this trend for FY2023 and pass a defense topline of roughly \$850 billion—\$37 billion more than the President requested.

## Where is Defense Funding Spent?

Most of the Pentagon's excessive and unnecessary budget is spent on areas that contribute to destabilization and persistent militarism at home and abroad. Despite the U.S. ending its wars in Iraq and Afghanistan, the defense budget continues to balloon. [Almost half](#) the Pentagon's base budget goes to defense corporations, with one-third of it going to the top five defense contractors (Lockheed Martin, Boeing, Raytheon, General Dynamics, and Northrop Grumman). Lockheed Martin receives an estimated [90%](#) of its revenue from the federal government.

Under the [Chief Financial Officers Act of 1990](#), federal agencies are required to conduct an annual audit to provide transparency and accountability over where taxpayers dollars are spent. The Department of Defense held its first ever department-wide audit in 2018, which it [failed](#). The Pentagon [failed](#) its audits in 2019 and 2020 as well and again in [2021](#). It remains the [only federal agency not to have passed](#) an audit. In its 2018 audit, the Pentagon's Defense Logistics Agency could not account for more than [\\$800 million](#) in construction projects and it still hasn't been able to confirm how many contractors and subcontractors it employs.

[Weapons programs](#) are also a source of needless spending. One costly and unnecessary weapons program is the [F-35 fighter jet](#), which is projected to cost [\\$1 trillion](#) to build and maintain. It costs about [\\$44,000](#) per hour to fly an F-35, which amounts to \$352 million during the 8,000 hour lifespan of the jet. The A-10 and F-16 fighter jets, which the F-35 is expected to replace, cost roughly half of that at [\\$20,000](#) per hour. The [Government Accountability Office](#) (GAO) found that operational testing of the F-35 continues to be delayed, meaning the development of the program will continue to cost more and more without verification that the jet performs optimally. Additionally, the F-35 continues to be [riddled](#) with efficacy issues.

The Department of Defense Appropriations are so excessive that the Pentagon typically finds itself with a surplus of lethal equipment each year. A measure in the **National Defense Authorization Act, called the section 1033 program, has allowed the Pentagon to transfer these weapons of war to state and local police units.** These weapons include grenade launchers, drones, armored military vehicles, even explosives. Since 1997, the section 1033 program has transferred [\\$7.4 billion](#) worth of military grade equipment to state and local law enforcement. Excessive spending at the Pentagon has trickled down into over-militarization of state and local police and has turned neighborhoods into war zones. These weapons transfers have disproportionately affected communities of color and increased police violence against Black and brown [people](#).

## Opportunities for More NDD Spending

As noted above, the expiration of the BCA means that defense and NDD spending no longer have to increase by the same amounts. President Biden's budget proposals since taking office and FY2022 enacted appropriations bills reflect this new reality. However, despite spending caps no longer being in place, as well as an end to America's two major recent wars, spending on the Pentagon continues to increase. Russia's unprovoked and unjustified invasion of Ukraine has been used to justify increases to the Pentagon budget, however, **most U.S. military, economic, and humanitarian aid sent to Ukraine has been in the form of supplemental bills, not a part of the Pentagon's base budget.**

The shift in spending that can occur because of the expiration of the BCA comes at a time when the world is still reeling from the COVID-19 pandemic, climate disasters threaten the livelihoods of people around the globe, and American families are struggling to access basic necessities, such as food, housing, education, and child care. [Historically](#), during post war eras in America, military spending dropped while social spending increased. The opposite has happened since America ended wars in Iraq and Afghanistan.

Now that Congress and the White House are no longer subject to spending caps, shifts in spending priorities can occur. There can be more investments in families and working people, as opposed to weapons of war. The following increases to FY2023 NDD would help Americans and are now possible because the BCA expired:

- A [\\$17.4 billion](#) boost to NDD would house every homeless person in America.
- It would cost [\\$17 billion](#) to expand the Child Tax Credit, which would reduce childhood poverty in the U.S. by one-fifth.
- For [\\$44.3 billion](#) we could transition every household's energy source from fossil fuels to solar power.
- It would cost [\\$11 billion](#) to provide free school lunches to every student in America.

## Conclusion

While the U.S. has ended its wars in Afghanistan and Iraq, Congress and the White House continue to support increases to Pentagon spending. Funding for the Pentagon mostly lines the pockets of defense contractors and weapons manufacturers and funds the building of weapons that destroy communities across the world. Pentagon spending also hurts communities here in the U.S. as weapons transfers programs lead to more violent policing in Black and brown communities. The expiration of the BCA allows Congress to make meaningful investments and increases in NDD spending, such as housing, healthcare, and education, without the requirement to increase defense spending by the same amount.