



# A Unified National Security Budget? Issues for Congress

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## Summary

In recent years a number of observers and practitioners have identified various facets of U.S. government national security practice—decision-making, strategy-making, budgeting, planning and execution, and congressional oversight—as inherently “cross-cutting.” They have in mind arenas—such as counterterrorism, and stabilization and reconstruction—that by definition involve multiple agencies, or for which responsibilities could be divided up in any number of ways among various agencies. For such facets of national security, they argue, the U.S. government is seldom able to conduct genuinely holistic consideration. The cost, they add, is a loss of effectiveness, or efficiency, or both.

In order to encourage holistic consideration of national security issues, some members of this inchoate school have called for the use of “unified national security budgeting” (UNSB). To be clear, their goal is not to refine the U.S. federal system of budgeting, but rather to use budgetary mechanisms to drive changes in U.S. national security practices. Within this broad school of thought, various proponents call for the adoption of a number of different approaches, from a single shared funding pool for all national security activities, to mission-specific funding pools, to crosscut displays, to more strategically driven budgeting. In turn, various proponents apparently aim to achieve quite different kinds of change with their proposed remedies—from rebalancing the distribution of roles and responsibilities among executive branch agencies, to saving money, to revisiting fundamental understandings about how U.S. national security is best protected.

For Congress, constitutionally mandated to control the power of the purse, the most fundamental issue at stake may be ensuring the integrity of the overall federal budgeting system—there may be no single best answer regarding how it should function, but *that* it function would seem to be of paramount importance. At the same time, while the current system does not adjudicate “national security” in an explicit, bounded way, and while no single, generally agreed definition of the boundaries of “national security” exists, Congress has oversight responsibility for any number of activities and executive branch agencies that could reasonably be considered to contribute to national security, and thus vested interests in both the effectiveness and the efficiency of U.S. national security practices. A basic challenge for Congress may be fundamental tensions between optimizing the overall federal budgeting system, and optimizing for its national security sub-system.

For any set of “unified budgeting” proposals, it may be helpful to Congress to consider what problems the proposals are designed to address; the potential costs and benefits that implementing the proposals might introduce; the risks the proposals might pose to the functioning of the current overall U.S. federal budgeting system; and how the impact of the implementation of the proposals would best be gauged.

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Recent years have witnessed a growing interest, in Congress, in the executive branch, and in the broader policy community, in re-examining how well the U.S. government conducts the business of national security—from decision-making, to strategy-making, to budgeting, to planning and execution, to accountability and oversight. That interest reflects concerns with effectiveness—how well the U.S. government accomplishes the mission—and with efficiency—how well the U.S. government stewards scarce resources—in the national security arena.

Within the context of these debates, a number of practitioners and observers have called for the adoption of “unified”—or “consolidated” or “integrated”—approaches to national security budgeting.<sup>1</sup> The primary concern of this unified national security budgeting school, loosely defined, is not to improve U.S. budgeting practices *per se*, but rather to use budgetary mechanisms to drive changes in the priorities and practice of national security.

Members of the school broadly share the view that some U.S. national security concerns, such as counter-terrorism, or stabilization and reconstruction, are inherently cross-cutting: that is, they require the participation of multiple agencies, and their associated responsibilities could conceivably be divided up any number of ways among various agencies. In turn, members of the school argue that the current system allows little space for holistic consideration of such cross-cutting national security issues, and they propose an array of budgetary tools designed to promote cross-fertilization. They suggest that for such cross-cutting issues, more “unified” budgeting approaches could facilitate the identification of overlaps and gaps among agencies’ efforts; enable more deliberate assignment of roles and responsibilities; catalyze closer collaboration; and provide greater transparency to help support congressional oversight. Such changes, they add, could improve effectiveness and save money.

The school itself is far from unified—there is no single model for “unified national security budgeting.” Various proponents have put forward quite different proposed remedies and are—apparently—aiming to solve quite different underlying problems. The fact that the debate itself is not cohesive has no logical bearing on the value of the various associated proposals, but it suggests a need to define terms, as a starting point.

For Congress, constitutionally mandated to control the power of the purse, fundamental issues at stake include both oversight of the effectiveness and efficiency of U.S. government national security activities, and the integrity of the overall federal system of budgeting. Of particular interest may be the extent to which, if any, efforts to optimize the overall system, and efforts to optimize its national security “sub-system,” constitute competing imperatives.

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<sup>1</sup> See for example: Clark A. Murdock and Michèle A. Flournoy, lead investigators, *Beyond Goldwater-Nichols: U.S. Government and Defense Reform for a New Strategic Era, Phase 2 Report*, Center for Strategic and International Studies, July 2005; Cindy Williams and Gordon Adams, “Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation,” MIT Security Studies Program Occasional Paper, June 2008; Jim Locher, Executive Director, *Forging a New Shield*, Project on National Security Reform, November 2008; Department of State, *Leading Through Civilian Power: The First Quadrennial Diplomacy and Development Review*, 2010; Stephen J. Hadley and William J. Perry, Co-Chairmen, *The QDR in Perspective: Meeting America’s National Security Needs in the 21<sup>st</sup> Century*, The Final Report of the Quadrennial Defense Review Independent Panel, July 2010; Thomas Nides, Deputy Secretary for Management and Resources, “A Unified Security Budget for the United States,” speech to the Center for American Progress, Washington, DC, August 31, 2011; Miriam Pemberton and Lawrence Korb, principal authors, *The Task Force on a Unified Security Budget, Rebalancing Our National Security: The Benefits of Implementing a Unified Security Budget*, Center for American Progress and Institute for Policy Studies, October 2012.

This report describes and characterizes the unified national security budgeting school's broadly shared critique of the current system; describes and analyzes various proposed unified national security budgeting approaches; and offers a succinct list of considerations for Members and staff of Congress who may be interested in this issue.

## Background

The U.S. government system of budgeting for national security activities is part of a much larger, highly complex system of federal budget development—based on the constitutional distribution of roles and responsibilities between Congress and the President, on statute, and on a wide array of established practices by key stakeholders. The system necessarily covers the full panoply of U.S. government responsibilities and activities, and therefore by definition—de facto if not explicitly—adjudicates among all competing concerns. In a sense, the federal budget system not only reflects the distribution of power among branches, but also refines and institutionalizes that power balance. So the stakes associated with any possible revision of the federal budget system are quite high.<sup>2</sup>

## Current System of Federal Budgeting

The current, extremely complex federal budgeting system includes at least three major processes directly germane to the consideration of national security.

In the executive branch, the Office of Management and Budget (OMB), part of the Executive Office of the President (EOP), is responsible for administering budget development and execution. OMB typically assigns each federal Department and agency an informal topline—a total funding limit—early in the process. OMB may also provide additional funding level guidance for some specific activities. Agencies then typically work within their respective toplines, which can be negotiable, to craft their budget requests. The appropriate Resource Management Offices (RMO) within OMB consider the draft requests and work with agencies to refine them.<sup>3</sup> OMB leadership considers the findings—a process in which National Security Staff (NSS) members, for national security-related matters, may participate. OMB “passes back” its decisions to agencies, revisions are made, any agency appeals are adjudicated, final EOP decisions are taken, and the results are put forward to Congress as the President’s budget request.<sup>4</sup>

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<sup>2</sup> Regarding the overall system see CRS Report 98-721, *Introduction to the Federal Budget Process*, coordinated by (name redacted), and CRS Report RS20179 *The Role of the President in Budget Development*, by (name redacted) and (name redacted).

<sup>3</sup> OMB’s five RMOs are mandated to assess the effectiveness of agency programs, policies and procedures; weigh competing funding demands within and among agencies; and work with agencies to set funding priorities. Currently, the National Security Programs RMO includes two Divisions: “National Security”; and “International Affairs,” which includes Branches for “State” and for “Economic Affairs.” The General Government Programs RMO includes two Divisions, one of which, “Transportation, Homeland, Justice, and Services,” includes Branches for “Transportation/GSA,” “Homeland Security,” and “Justice.” See OMB website <http://www.whitehouse.gov/omb/organization>.

<sup>4</sup> OMB gives agencies passbacks at the account level. The “account” is the fundamental building block of discretionary appropriations and is essential to federal accounting; see Chapter 15 of Title 31, U.S. Code. Agencies do get another opportunity to shift funding during execution. If explicitly authorized by law, an agency may transfer funds from one account to another, within that agency or at another agency. Some transfers may require advance notification to Congress. Agencies may also reprogram funding—that is, reallocate funds within an account from one program to (continued...)

In Congress, appropriations committees allocate shares of the discretionary budget to their subcommittees, each of which has specified oversight responsibilities. Each subcommittee's remit corresponds to some broad mission area—such as “defense” or “homeland security.” But those remits do not fully align with Departments and agencies—subcommittees may be responsible for some activities at multiple agencies, and agencies may answer to more than one subcommittee.<sup>5</sup>

Meanwhile, as an organizing construct, the entire federal government uses a hierarchy of categories—budget “functions” and “sub-functions,” based on the purpose the funding is intended to serve—to organize compilation and consideration of budget requests.<sup>6</sup> These functions do not fully align with Departments and agencies, nor do they correspond directly to appropriations subcommittees—for example, there is no single budget function for “homeland security,” which is both an agency and a subcommittee title. According to a number of practitioners, budget function categories do not fully reflect the way that budget requests are developed or considered in either participating branch of government.<sup>7</sup>

## **How the Current System Addresses National Security**

The current system does not budget for national security in an explicit and bounded way. There is no legal definition stating how “national security” maps onto any of the sets of boundaries used in the current budget process—including executive branch agencies, appropriations subcommittees, or budget functions.<sup>8</sup>

It is worth noting that bounding “national security” for the purposes of budgeting would require more than organizational or administrative fixes; it would also require significant conceptual efforts to define the boundaries of the category. The broader policy community has no single, shared understanding of the arenas and activities that contribute to national security. In practice, the debates about boundaries tend to be shaped by real-world developments. For example, in the wake of the terrorist acts of September 11, 2001, many practitioners and observers urged closer integration between homeland security and traditional national security efforts. The Obama Administration, at the start of its first term, declared the two “indistinguishable” and institutionalized the concept organizationally with a merger of the previously separate National

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another. Some reprogramming may also require advance congressional notification.

<sup>5</sup> Congress may also exercise its constitutional power of the purse by setting aggregate budget policies and general spending priorities across various policy domains in an annual concurrent budget resolution. See CRS Report RS20095, *The Congressional Budget Process: A Brief Overview*, by (name redacted).

<sup>6</sup> Spending amounts for each functional category are established by the annual budget resolution. See CRS Report 98-280, *Functional Categories of the Federal Budget*, by (name redacted)

<sup>7</sup> Interviews with executive and legislative branch officials, 2013.

<sup>8</sup> Among agencies, “national security” might focus narrowly on the Department of Defense (DOD) but might also include any or all activities of the Department of State, the U.S. Agency for International Development (AID), and the Department of Homeland Security (DHS), as well as slices of activity by many other agencies ranging from Agriculture to Veterans Affairs. Among appropriations subcommittees, “national security” might most obviously include Defense. But Homeland Security, and State, Foreign Operations and Related Programs could easily fit, and Military Construction, Veterans Affairs, and Related Agencies, and pieces of other jurisdictions from Agriculture, to Justice, to Transportation might conceivably be included. Among budget functions, candidate accounts might include national defense (050), and international affairs (150), as well as facets of agriculture (350) in the sense of international assistance, transportation (400) in the sense of critical infrastructure, education (500) in the sense of growing a future national security workforce, and veterans benefits and services (700), among other areas.

and Homeland Security Councils.<sup>9</sup> Yet on one hand, it is not obvious that all national and homeland security concerns should be combined, for all purposes. And on the other hand, contributions to U.S. national security might be defined more broadly still—to include energy, the environment, and the economy, for example.

In principle, incorporation of some activities that are not traditionally included under a national security umbrella might give them additional prominence and might even boost their chances of getting funded. Even more ambitiously, broadening the scope of “national security” in the budgeting process might encourage practitioners to think more creatively about how various instruments of national power contribute to U.S. national security, and to use resourcing decisions to re-balance the weight of those contributions. Yet inclusion of broader activities in the national security mix could conceivably have the opposite effect by sharpening the zero-sum contest for resources between traditional and less-traditional national security tools.<sup>10</sup>

## **How UNSB Advocates View the Current System**

Unified national security budget advocates typically characterize the current system in at least two important ways. First, they rightly point out that the current system does not treat “national security” in a distinct, bounded way.

Second, they tend to argue that the various national security-related components of the budget are developed in striking isolation from one another. They suggest that the executive branch process would do well to undertake more ambitious cross-cutting consideration of national security issues; and they add that in practice it is better at ensuring the internal consistency of each agency’s budget request than at reconciling the requests of various agencies. They suggest that appropriations committees would do well to adjudicate more actively how cross-cutting national security priorities are met by adjusting the mix of activities undertaken, or the division of labor among agencies, or both. But they argue that in practice, subcommittees tend to guard against perceived incursions into their respective jurisdictions, and full committee-level adjudication is relatively rare.<sup>11</sup>

## **Challenges to the UNSB School**

Skeptics might raise concerns about any of several broadly shared facets of UNSB community thought. First, they might point to the relatively limited attention UNSB advocates tend to give to the integrity of the federal government budgeting system—to the damage that might be done to the overall system including, not least, congressional oversight, by changes to any of its basic modalities. Second, some might suggest that the UNSB community typically fails to consider

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<sup>9</sup> See Presidential Study Directive 1, “Organizing for Homeland Security and Counterterrorism,” February 23, 2009.

<sup>10</sup> For example, the 2011 Budget Control Act, provided, for fiscal years 2012 and 2013, caps for discretionary spending in two categories: “security” and “non-security.” The security category included appropriations associated with agency budgets for DOD, DHS, the Department of Veterans Affairs, and the National Nuclear Security Administration, as well as with the intelligence community management account and with budget function 150. See the Budget Control Act, P.L. 112-25, §101 and 102, amending §251 and 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, P.L. 99-177. In principle, while such an approach might protect all named activities vis-à-vis those in the non-security category, it might intensify competition among them for the “security” share of the budget.

<sup>11</sup> Interviews with executive and legislative Branch officials, 2013. See Murdock and Flournoy, 2005, pp.34-36; Williams and Adams, 2008; and Locher 2008, pp.323-351.

what additional room there might be for holistic consideration of cross-cutting issues within the formal bounds of the current system through fuller utilization of existing tools.

Third, skeptics might observe that “national security” is but one subset of overall U.S. concerns, and that optimizing for national security might well mean sub-optimizing in other arenas and at the level of U.S. government responsibilities. Finally, some suggest that unified budgeting advocates may be particularly eager to label national security activities as “cross-cutting,” viewing holistic consideration as an additive good without associating any opportunity costs with the forfeiture of single-agency responsibility. In principle, single agency-based approaches may sometimes offer greater efficiency and greater effectiveness. Further, unified budgeting advocates may tend to believe that an activity either is cross-cutting or it is not. Yet in practice, activities may have some single-agency facets and some cross-cutting facets, so the art would be to weigh the benefits and opportunity costs of treating such activities either holistically or within single agencies.

## **Unified Approaches to Budgeting for National Security**

While a number of practitioners and outside experts have called for adopting more “unified” approaches toward budgeting for national security, those calls themselves have hardly been unified in the prescriptions they have put forward. They vary greatly in content and—more fundamentally—in intent.

### **A Single National Security Budget**

Perhaps the most ambitious approach to unified budgeting for national security would feature a single, shared pool of funding for all national security activities, with systemic-level decision-making and accountability from the White House, and with holistic congressional oversight of the entire pool. A key variant of such an approach would limit the scope of the shared pool and other associated modalities to those national security activities that are inherently “cross-cutting”—those, for example, that by definition require the participation of more than one agency such that integration of effort is required, or those that could conceivably be carried out by any of several different agencies such that decisions about roles and responsibilities are required. Other activities that contribute to national security, deemed to be self-contained within given agencies, might be excluded from such a cross-cutting pool. Either variant would require discrete choices regarding scope—of national security activities writ large, or of some cross-cutting subset.<sup>12</sup>

Potential benefits of such an approach, given its shared funding pool and its systemic-level adjudication, might include enabling trade-offs to be made—among activities, agencies, or both—across the full span of U.S. government national security efforts. Such an approach might

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<sup>12</sup> Some observers and practitioners have suggested that more flexible transfer authorities might serve the same purpose as shared pools of funding. But both approaches, on their own, are merely tools. The real issue may be the extent to which, if any, either approach facilitates holistic consideration of cross-cutting issues. Depending on the actual mechanism selected, shared funding pools adjudicated up at the EOP level seem better placed to encourage debate, at the start of the process, about the distribution of resources, and the distribution of responsibilities.



not only make tradeoffs theoretically possible, but also catalyze deeper strategic thinking about the best balance of tools of national power for delivering “security.”<sup>13</sup>

A list of potential costs of this approach might start with the possibility that such fundamental adjustments to the mechanisms of budgeting for national security could trigger shifts in the balance of power between the Legislative and executive branches—particularly if the new modalities entail a more proactive de facto exercise of authority over the budget process by the President. In addition, the scope of this approach—particularly in its maximal, comprehensive, version—could prove unwieldy and make it hard to manage a disciplined process. Further, a single comprehensive pool of such scope would likely require a more robust mechanism for systemic-level adjudication, and might also require a greater number of systemic-level adjudicators at the NSS and OMB, with the appropriate expertise, to carry it out. In turn, the use of a genuinely shared funding pool, with no *a priori* decisions about the division of responsibilities and resources among agencies, might also require new modalities for congressional oversight.<sup>14</sup> Finally, while the process of determining the best use for a large, shared pool might conceivably help foster a strong, shared sense of purpose, it might also intensify zero-sum competitions among agencies for both resources and relevance.

## **Mission-Based Budgeting**

An alternative to comprehensive unified budgeting for national security is “mission-based budgeting,” which typically refers to some form of unified budgeting across multiple agencies in a specific mission area. This approach is sometimes regarded as a “pilot” for a broader unified budgeting effort, and sometimes as an end in itself. Mission-based approaches might, in theory, take any of a wide variety of forms, with a correspondingly wide variety of potential costs and benefits.

The Global Security Contingency Fund (GSCF) might be considered a leading example of mission-based budgeting. Regardless of how accurately it reflects that approach, however, its prominence in official rhetoric, congressional interest, and policy community attention make it an important touchstone for consideration. GSCF is a budgeting mechanism that allows State and DOD to transfer funds to a discrete Treasury account, to be used to provide assistance to foreign security forces to help them conduct counterterrorism or stability operations.<sup>15</sup>

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<sup>13</sup> Approaches that frame national security inclusively are particularly popular among those who advocate shifting the balance from military to non-military tools. This school broadly argues that the early, effective application of diplomatic and economic instruments may avert conflicts and crises at much lower overall cost; and that therefore the U.S. government should better resource such preventive approaches, even at the expense of military preparedness. See for example Williams and Adams, 2008; and Pemberton and Korb, 2012.

<sup>14</sup> UNSB proposals tend to emphasize concept and intent with relatively limited attention to budgetary process detail. One can imagine, for example, treating a single shared pool as a single account, with all the internal reprogramming authority that implies, but adjudicated at the systemic level by the EOP. One can also imagine retaining the current system of accounts yet applying much more flexible transfer authorities throughout a bounded set of “national security” accounts, adjudicated at the systemic level. Either approach, if adopted, would likely require rethinking some of the modalities of congressional oversight.

<sup>15</sup> See P.L. 112-81, §1207, National Defense Authorization Act for Fiscal Year 2012; and P.L. 112-74, Consolidated Appropriations Act for Fiscal Year 2012; and CRS Report R42641, *Global Security Contingency Fund: Summary and Issue Overview*, by (name redacted).

GSCF is sometimes characterized as a bold step forward toward unified national security budgeting, away from past approaches designed merely to “work around” existing limitations.<sup>16</sup> Yet in practice, GSCF’s specific mechanisms and narrow scope raise questions about the kind of change it is intended to drive. GSCF’s total funding stream is relatively limited. More importantly, not all U.S. government activities—or even all State and DOD activities—within the specified mission areas, are covered by GSCF, so the mechanism is limited in its ability to highlight the full range of gaps, unnecessary overlaps and potential tradeoffs in these areas. Further, GSCF is horizontally adjudicated—as a rule, State and DOD conduct programmatic decision-making between themselves, which may limit the Fund’s ability to directly link national strategy and resourcing. In turn, the adjustments required in order for Congress to provide oversight are in this case relatively simple, compared to hypothetical, comprehensive unified budgeting approaches, because the Fund involves only two agencies.

DOD’s use of joint capability areas (JCAs) in its internal budgeting process may be a helpful agency-level analogue for the concept of mission-based budgeting. It is also a good counterpoint to GSCF, because the two approaches differ markedly in their business rules. In general, DOD budgeting might be viewed as a microcosm of broader executive branch budgeting, given the need to coordinate and reconcile budget requests among Military Services and agencies, each with its own mandate but all broadly supporting of a single defense strategy.

JCAs are an organizing construct designed to give DOD leadership a single consolidated view of key mission areas—such as “Battlefield Awareness”—and to support analysis and decision-making over portfolios of related matters. Unlike GSCF, they are not based on shared funding pools. But also unlike GSCF, they are designed, in theory, to be comprehensive within a given mission area, and thus able to provide a full picture and enabling identification of gaps, overlaps, and potential tradeoffs. And unlike GSCF, JCA adjudication and decision-making are conducted at the systemic level—at the level of the Office of the Secretary of Defense and the Joint Staff—rather than horizontally among Services and agencies. The process typically generates displays that could be used to inform both internal decision-making and external review by the White House and/or Congress.<sup>17</sup>

The potential benefit, and also costs, of mission-based budgeting are likely to vary greatly based on the design of any specific initiative. One potential virtue of a focus on mission area, rather than on the entire field of national security, is its relative manageability, given both the narrower substantive scope and the smaller quantitative scale. In turn, if the mission area is defined inclusively—as JCAs are—it can provide focused analysis and tee up decision-making regarding gaps, overlaps and tradeoffs within that arena. While it cannot shed light on the appropriate balance among mission areas, it might help make decision-making—and execution—within single arenas more effective. Further, if the mission area is defined inclusively, the adjudication

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<sup>16</sup> See Transcript, House Armed Services Committee, Defense Authorization Hearing with Secretary of Defense Robert Gates and Chairman of the Joint Chiefs of Staff Admiral Mike Mullen, February 16, 2011, in which the witnesses contrasted the GSCF pooled fund with past “work-arounds and jerry-rigged operations” such as “Section 1206” authority. See CRS Report RS22855, *Security Assistance Reform: “Section 1206” Background and Issues for Congress*, by (name redacted).

<sup>17</sup> Interviews with DOD officials, 2006, 2007, 2013, and see Department of Defense Directive Number 7045.20, *Capability Portfolio Management*, September 25, 2008; Office of the Secretary of Defense, Memorandum for the Vice Chairman of the Joint Chiefs of Staff, *Joint Capability Area (JCA) 2010 Refinement*, April 8, 2011; and Chairman of the Joint Chiefs of Staff Instruction 3170.01H, *Joint Capabilities Integration and Development System*, January 10, 2012. In 2006, DOD pledged to “begin to break out its budget according to joint capability areas, for presentation to Congress,” see Department of Defense, *Quadrennial Defense Review Report*, February 6, 2006, p.67.

process could easily generate comprehensive displays of all the associated budgetary choices, which might facilitate oversight by illuminating the Administration's approaches and choices.

Different levels of adjudication for mission-based budgets suggest different potential pay-offs. Systemic-level adjudication might help ensure that top national priorities, rather than agency equities, drive choices within that arena. Horizontal adjudication might, as some practical experience suggests, present greater difficulties in arriving at solutions. But if participants of horizontal processes persevere, their enforced collaboration on budgeting might conceivably open doors to broader collaboration in that mission area—for example in planning and execution.

Costs, like benefits, would be likely to vary greatly depending on design. One consideration—a limitation more than a cost—concerns scope. Mission-based budgets may be less well-placed than a more comprehensive unified national security budget to consider genuinely alternative approaches, or to catalyze fundamental re-thinking about the provision of national security—for example, tradeoffs in the balance of prevention and preparedness efforts.

In turn, different levels of adjudication might introduce different kinds of potential costs. Systemic-level adjudication of a mission area would require—as it would for a comprehensive unified budget—the time and attention of systemic-level adjudicators, as well as their ability to grasp the full spectrum of issues, activities, and agency equities at stake. That suggests the need for sufficient numbers of personnel with the appropriate expertise at the NSS and OMB, and for effective NSS/OMB collaboration mechanisms.

Horizontal adjudication might hold more potential pitfalls; practical experience and organizational theory suggest that the instruction to “sort it out amongst yourselves” can be fraught with peril.<sup>18</sup> Arguably, this variant might require sufficient strategic guidance from the systemic level to allow—or force—major stakeholders to work toward the same ends, and with a shared understanding of the basic division of labor. In addition—or instead—this approach might require interlocutors who are steeped in their own agencies' capabilities and equities, but who also fully appreciate other agencies' roles and contributions.

To that end, many have argued that the best means for making sure that agencies can collaborate fluidly on national security matters—on planning and execution as well as on budgeting—is by building, across the federal government, a cadre of national security professionals, through shared education, training, and inter-agency exchange service. In theory, such cadre-building might foster a stronger sense of shared purpose and priorities, and the participants—fully cognizant of the roles and capabilities of other agencies as well as their own—might come to approach budgeting for cross-cutting national security issues more collaboratively—for example, more readily identifying, and agreeing to, tradeoffs.<sup>19</sup>

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<sup>18</sup> For example, the creation of U.S. Special Operations Command (SOCOM) arguably reflected in part congressional frustration with the inability of the Military Services to resolve, amongst themselves, the provision of support to special operations forces. See Susan L. Marquis, *Unconventional Warfare: Rebuilding U.S. Special Operations Forces*, Washington, DC: Brookings Institution Press, 1997. More recently, in the wake of the 2012 Defense Strategic Guidance (DSG) that gave additional emphasis to special operations, DOD leadership reportedly left it to the Military Services and SOCOM to sort out the implications of the DSG for the division of roles and responsibilities between special operations forces and general-purpose forces, an approach that has reportedly produced some frustrations. Interviews with DOD officials, 2012, and see Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21<sup>st</sup> Century Defense*, January 2012, available at [http://www.defense.gov/news/Defense\\_Strategic\\_Guidance.pdf](http://www.defense.gov/news/Defense_Strategic_Guidance.pdf).

<sup>19</sup> See CRS Report RL34565, *National Security Professionals and Interagency Reform: Proposals, Recent Experience*, (continued...)

Finally, mission-based budgeting might require, or make desirable, some form of coordinated congressional oversight. For example, some activities designed to be carried out by multiple agencies might only be executable if each agency receives the necessary authorization and appropriations from its respective committees of jurisdiction. That is, it might make sense to decide “yes” or “no” across the board. And some requests by individual agencies for resources and authorities might only make logical sense in the context of the Administration’s request for the entire mission area.

## **National Security Crosscut Displays**

Many proposals regarding national security budgeting focus not on the use of a shared funding pool, but rather on a variety of other measures, often in combination with each other. Of those, “crosscut displays” may be the most common. In general, a crosscut budget display refers to a comprehensive visual depiction of all activities by two or more agencies within a given policy arena.

Crosscuts are not a new idea—they have long been used in a variety of fields, sometimes but not always congressionally mandated.<sup>20</sup> The homeland security arena provides one of the most prominent crosscut display examples of recent years. In the wake of the terrorist attacks of September 11, 2001, Congress required that the President submit, with the annual budget request, a display of funding—by budget function, by agency, and by initiative area—contributing to homeland security. The requirement consolidated and expanded previous requirements for crosscut displays concerning counterterrorism, and domestic emergency preparedness.<sup>21</sup> Today the results of that mandate are captured in an appendix to the Analytical Perspectives component of the President’s budget submission, which is entitled “Homeland Security Funding by Agency and Budget Account.” This display, which covers recently enacted budgets as well as the current budget request, highlights the remarkably broad spectrum of agencies considered to contribute to homeland security.<sup>22</sup>

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(...continued)

*and Issues for Congress*, by (name redacted). §1107 of P.L. 112-239, National Defense Authorization Act for Fiscal Year 2013, established a permanent requirement for interagency personnel rotations for national security professionals.

<sup>20</sup> See for example CRS RL 34329, *Crosscut Budgets in Ecosystem Restoration Initiatives: Examples and Issues for Congress*, by (name redacted) and (name redacted), August 3, 2011, which highlights two different cases, both with congressional mandates, and analyzes various approaches to constructing and utilizing crosscuts. See also the Foreign Assistance website, <http://foreignassistance.gov/>, recently launched by the Department of State, which includes a “dashboard” of foreign assistance budget planning data for State, AID, and the Millennium Challenge Corporation.

<sup>21</sup> See §889, P.L. 107-296, Homeland Security Act of 2002, November 25, 2002, which amended Title 31, U.S. Code, Section 1105(a). This law repealed as duplicative existing requirements for crosscuts related to counterterrorism and domestic emergency preparedness for responding to weapons of mass destruction attacks, see P.L. 105-85, §1051, National Defense Authorization Act for Fiscal Year 1998, November 18, 1997; and P.L. 105-261, §1403, Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, October 17, 1998. In January 2013, the Obama Administration proposed eliminating the statutory reporting requirement on the grounds that “the data is neither used in the preparation of the President’s budget nor with respect to informing program decisions.” See U.S. EOP, OMB, “What congressionally-mandated plans and reports did agencies propose for Congress to consider modifying in response to the GPRM Modernization Act, P.L. 111-352?” available at [http://www.performance.gov/faq#Congressionally-mandated\\_Plans\\_and\\_Reports](http://www.performance.gov/faq#Congressionally-mandated_Plans_and_Reports).

<sup>22</sup> For fiscal year 2013, these included the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs, as well as the Corps of Engineers, the Environmental Protection Agency, the Executive Office of the President, the General Services Administration, the National Aeronautics and (continued...)

Crosscut budget displays have many potential benefits. Their most obvious virtue might be transparency, providing both the executive branch and Congress a picture of overall U.S. effort in a given field, including all the facets of that effort and the respective contributions of all participating agencies. That picture might highlight gaps and unnecessary redundancies, and might help facilitate adjudication of the roles and missions of various actors. For Congress, even without any adjustments to current modalities for oversight, crosscuts might provide broader context for the activities within a given committee’s jurisdiction, and might also facilitate cross-talk among committees as needed.

One cost associated with the use of crosscuts is the discipline required in order for the results to be meaningful. In particular, all contributors have to share the same vocabulary and understanding of concepts. Enforcing such discipline might require additional systemic-level supervision. Under the heading of “costs” broadly defined, the use of crosscuts also carries certain limitations. Crosscuts do not, on their own, tee up decision-making—they merely reflect decisions made—so additional steps would be required in order for crosscuts to serve as tools for change of any kind. Crosscuts also do not inherently indicate accountability for the cross-cutting mission areas they depict. Instead, effective execution may require the additional step of assigning responsibility, whether to the systemic level, to a lead agency, or to a combination of agencies, for ensuring that all facets of a mission area are integrated and accomplished. And unlike pooled funding, crosscuts, even when they indicate gaps or unnecessary overlaps in effort, include no mechanism for the re-allocation of resources and/or authorities. Any such changes might require additional actions by Congress as well as the executive branch.

In addition to costs and limitations, the use of crosscuts merit particular caution in several ways. First, regardless of how the scope of inclusion is defined, crosscuts might give the impression of being comprehensive and might therefore focus disproportionate attention on aggregate funding levels over time. That is, they might encourage particular scrutiny of whether the U.S. government is spending “too much” or “too little”—a consideration that would only be as meaningful as the defined scope of the crosscut, and the consistency of that definition over time. Second, crosscuts displays might tacitly encourage straight cost comparisons among activities that might not make sense: how, after all, should a timely, effective diplomatic intervention be weighed against the acquisition of a major weapons system as contributions to national security?

## **Strategically Driven Budgeting**

Also commonly encountered in the unified national security budgeting debates—and in the national security reform debates more broadly—are calls for the White House to issue more specific strategic guidance that sets the terms for budgetary decisions. Some view such a step as a necessary precursor for any effective pooled funding approach. Others suggest that a very rigorous process designed to develop such strategic guidance might provide some of the same benefits that pooled funding mechanisms are designed to deliver.

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Space Administration, the National Science Foundation, OPM, the Social Security Administration, the District of Columbia, the Federal Communications Commission, the Intelligence Community Management Account, the National Archives and Records Administration, the Nuclear Regulatory Commission, the Securities and Exchange Commission, the Smithsonian Institution, and the U.S. Holocaust Museum. See Office of Management and Budget, Analytical Perspectives, Appendix: Homeland Security Mission Funding by Agency and Budget Account, available at [http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/homeland\\_supp.pdf](http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/homeland_supp.pdf).

Currently the most prominent delivery system for national security guidance is the National Security Strategy. The law requires that Administrations deliver such a strategy annually, and Administrations have varied in their compliance with that timeline. Typically, the final products provide elegant descriptions of fundamental U.S. interests, U.S. security concerns around the world, and an array of U.S. objectives. But they typically do not articulate priorities, assign roles and responsibilities to specific Departments and agencies, or provide resource parameters.<sup>23</sup>

Responding to these perceived shortcomings, many practitioners and observers have recommended a more rigorous approach: the conduct of a systemic-level national security review, every four years, led by the NSS with strong support from OMB and full participation by all relevant agencies. Such a review would be designed to clarify core U.S. national security interests; identify and prioritize U.S. objectives; identify and prioritize the activities—the “ways and means”—to be used to achieve those objectives; assign roles and responsibilities to Departments and agencies; establish resource constraints; and elaborate a shared understanding of associated risks and opportunities to mitigate them.<sup>24</sup> The review process would generate internal, classified guidance—national security planning guidance (NSPG)—that would serve as the basis for agencies to build their budget requests. In turn, the broad themes of the review would be released as a public document, the national security strategy, that is, as a by-product rather than as the primary goal of the review effort.<sup>25</sup> For its part, Congress has shown some interest in the

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<sup>23</sup> The requirement to produce a national security strategy was established by §603, P.L. 99-433, Goldwater-Nichols Department of Defense Reorganization Act of 1986, which amended P.L. 80-235, National Security Act of 1947. See CRS Report RL34505, *National Security Strategy: Legislative Mandates, Execution to Date, and Considerations for Congress*, by (name redacted).

<sup>24</sup> In principle, the GPRA Modernization Act of 2010, P.L. 111-352, was designed to achieve some of the same goals. The Act updated and refined the Government Performance Results Act (GPRA) of 1993, P.L. 103-62. The 2010 Act mandates that every four years, the Director of OMB coordinate with agencies to develop priority goals for the federal government—outcome-oriented goals, long-term in nature, covering a limited number of cross-cutting policy areas. In turn, the Act requires that every two years, agencies develop agency priority goals informed by the federal priority goals. The Act also mandates that every four years, each agency craft an agency strategic plan with all the basic elements of classical strategy—a mission statement, goals (ends), how the goals will be achieved (ways and means), external factors that could affect the outcomes (risks), and program evaluations (assessments). Moreover, each agency plan must state how it supports federal priorities; and how the agency collaborates with other agencies to achieve its ends. The Act further requires consultation with Congress on federal priority goals and agency strategic plans. In refining the 1993 Act, the 2010 Act was explicitly intended to link performance metrics and reporting more closely to strategic objectives, and to create an architecture of designated responsible officials to help ensure accountability. It makes sense to consider to what extent, if any, the GPRA tools might be used to meet some of the concerns raised by NSPG proponents. Most obviously, while national security-related issues might appear as federal or agency priorities, GPRA does not specifically address national security. Second, GPRA optimizes at the systemic level—the full panoply of concerns at the federal level—and might thus be inherently in tension with any approaches designed to optimize for national security alone. Third, while GPRA appears to stress both what should be done (priorities) and how it is done (performance), it does not appear to address who should do it i.e. the distribution of roles and responsibilities among agencies, something NSPG tackles directly. See “GPRA Modernization Act of 2010,” Report of the Committee on Homeland Security and Governmental Affairs, United States Senate, to accompany H.R. 2142, December 16, 2010; Jacob J. Lew, Director, OMB, “Delivering on the Accountable Government Initiative and Implementing the GPRA Modernization Act of 2010,” April 14, 2011; and Performance and Management section of Analytical Perspectives, Budget of the United States Government, Fiscal Year 2013, available at [http://www.whitehouse.gov/omb/budget/Analytical\\_Perspectives](http://www.whitehouse.gov/omb/budget/Analytical_Perspectives). See also CRS Report R42379, *Changes to the Government Performance and Results Act (GPRA): Overview of the New Framework of Products and Processes*, by (name redacted), and CRS Report R42490, *Reexamination of Agency Reporting Requirements: Annual Process Under the GPRA Modernization Act of 2010 (GPRAMA)*, by (name redacted).

<sup>25</sup> Such proposals are self-consciously modeled on DOD practices, including the statutorily mandated conduct of the Quadrennial Defense Review (QDR), which generates a report that, among other things, “delineates a national defense strategy” (see §118, Title 10, U.S. Code); as well as DOD’s long-standing practice of issuing internal, classified guidance for both planning and execution—currently the Defense Planning Guidance (DPG) and Guidance for the (continued...)

potential utility of such an approach, mandating that the President issue NSPG in one major mission area—countering al Qaeda and its affiliates.<sup>26</sup>

The potential benefits of the use of more explicit strategic guidance would likely depend on how rigorously and iteratively the associated reviews are conducted. In principle, a rigorous review process that links strategy and resourcing and delivers clear guidance has great potential to ensure that national priorities are met both effectively and efficiently. In particular, the approach includes the potential to make cross-cutting comparisons—for example, which approach should be chosen, when it would be possible to use any of several different instruments of national power to achieve an objective? And who should exercise those instruments? Also importantly, the hands-on direction by the Executive Office of the President gives this approach, unlike the use of crosscut displays alone, a built-in mechanism for decision-making as an integral part of the process.

Strategically driven budgeting carries a number of potential costs in the sense of additional requirements. The approach relies on rigorous adjudication at the systemic level by both strategy and resource experts, working closely with each other and managing a complex dialogue with all contributing agencies. That implies a requirement for sufficient numbers of personnel with sufficient expertise, at the NSS and OMB, and for adequate collaboration mechanisms. While a key distinguishing quality of this approach is the strong role played by the EOP, it might also require sufficiently rigorous strategic, planning, and budgetary processes within participating agencies, so that they can contribute meaningfully to the interagency reviews.

Crosscut displays might be considered an additional requirement of this approach, although their use might more appropriately be considered a likely inherent facet of the strategic review process itself. Finally, because this approach does not alter the basic modalities for submitting budget requests to Congress, it would not necessarily require changes in congressional oversight. However, to the extent that an Administration makes significant tradeoffs across mission areas, and/or across agencies in order to provide national security, Members of Congress might be interested in using cross-cutting modalities of their own—such as holding joint hearings among several committees, or considering the Administration’s crosscut displays together—to better evaluate Administration decision-making.

## Issues

In evaluating proposals and options for possible refinements to budgeting for national security activities, Congress may wish to consider the following issues.

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Employment of the Force (GEF). Yet DOD’s own practices are imperfectly aligned: the QDR process typically aims primarily at generating the unclassified report, while the pointed, internal guidance—the DPG, the GEF, and budget decisions—may be developed asynchronously with that process. For an early, clear call for the use of a Quadrennial National Security Review and NSPG, see Clark A. Murdock and Michèle A. Flournoy, lead investigators, *Beyond Goldwater-Nichols: U.S. Government and Defense Reform for a New Strategic Era, Phase 2 Report*, Center for Strategic and International Studies, July 2005. Their work drew on a similar, though more narrowly defense-focused, proposal for a Quadrennial Security Review by the Commission on Roles and Missions (CORM) that was mandated by Congress in §1401-1411 of P.L. 103-160, National Defense Authorization Act for Fiscal Year 1994; see John P. White, Chairman, Commission on Roles and Missions of the Armed Forces: *Directions for Defense*, May 24, 1995.

<sup>26</sup> See §1032, P.L. 112-81, National Defense Authorization Act for Fiscal Year 2012.

## **Ends**

The debates about unified budgeting for national security lack a shared sense of the basic problem that needs to be solved. Accordingly, they also lack a shared sense of the basic goal that needs to be achieved.

- For any given unified budgeting proposal, what problem is it designed to solve—for example, are current U.S. national security efforts perceived to be too expensive, too ineffective, or imbalanced in the distribution of labor across the executive branch?
- In reality, how if at all does the current system of budgeting for national security fall short? What advantages if any might it have over proposed alternative systems? To what extent might cross-cutting consideration of national security issues be expanded within the formal constraints of the current system?
- How do various proposals balance the magnitude of the perceived problem and the anticipated benefits of proposed changes, against the anticipated costs of change in terms of time, energy and resources, together with the risks of unanticipated damage to the rest of the system?

## **Scope**

In theory, many different choices could be made regarding the appropriate boundaries of national security writ large, or of explicitly “cross-cutting” issues within the field of national security, for use in unified budgeting approaches.

- In budgeting for national security activities, regardless of the mechanisms for doing so, what purchase might be gained by considering national security as a whole? What advantages might examination, instead, of explicitly cross-cutting national security activities, offer?
- If either cross-cutting national security issues, or national security issues writ large, deserve explicit attention in the budgeting process, what should those categories include?
- What are the broader stakes—for both agencies and issues—of exclusion from or inclusion under a national security umbrella?

## **Ways and Means**

Regardless of the specific goals that any changes to national security budgeting might be designed to achieve, any number of different approaches, or combinations of approaches, might theoretically be selected to help achieve those goals.

- Which of the various possible “ways and means” put forward in different proposals would in principle be compatible with each other?
- For any given desired end, which ways and means would best achieve the desired results?



- For any proposed set of ends/ways/means, which of the ways and means are essential to making the approach work, and which are merely helpful additions?

## **Resource Implications**

Almost any changes to current ways of doing business would be likely to carry some near-term financial costs as a reflection of adjustments to new practices. But some changes might introduce longer-term savings, either because the process itself becomes more efficient, or because new processes yield a more effective practice of national security writ large.

- For any given proposal, what would be the likely near-term associated resource requirements? What longer-term savings, if any, might it generate?
- How might the likelihood that refined budget processes would reduce future U.S. requirements through the more effective execution of national security activities—for example, through better-integrated or better-balanced instruments of national power—best be calculated?
- How might the likelihood that refined budget processes would increase future U.S. requirements—either through initial investments as changes are institutionalized, or through unanticipated consequences—best be calculated?

## **Risks**

Any analysis of unified budgeting proposals would sensibly include a consideration of risk.

- In taking apart various facets of the current system (together with the myriad behavior patterns that inevitably develop in any bureaucratic order to compensate for the inefficiencies of the formal system), what unanticipated ripple effects might be created?
- What steps if any do proposals offer for mitigating such risks?

## **Assessments**

A particularly vexing problem for both national security practice and organizational theory concerns assessments—knowing in what ways, to what extent, and why introduced changes are generating desired results. One unsatisfying approach would be to consider immediate “outputs”—for example, does the system produce decisions? A much more sophisticated approach would consider effects—for example, what additional contributions, if any, does a modified system of budgeting for national security make to the protection of U.S. national security interests? What quickly becomes apparent is the great difficulty of distinguishing among the impacts of many different variables—budgeting, but also decision-making, strategy-making, planning, execution.

- For any unified budgeting proposal, how would the impact of its use on both effectiveness and efficiency be determined? How would its impact be distinguished from that of other facets of the national security process? How much time would it take for any results to manifest themselves?

- To what extent if any might the tools provided by the GPRA Modernization Act of 2010, P.L. 111-352, be helpful for ascertaining the impact of any changes to modalities for budgeting for national security on the effectiveness and/or efficiency of results in that field?

## **Congressional Oversight**

Some unified budgeting approaches suggest—while others would seem to require—changes in the modalities of congressional oversight.

- To what extent if any could Congress, in theory, without any formal changes, engage in more holistic consideration of national security matters? What benefits if any might that have?
- To what extent, if any, would any given unified national security budgeting proposal necessitate changes in the modalities of congressional oversight, of authorizations as well as appropriations?
- What impact if any might proposed changes in congressional oversight—for example, holding more frequent joint hearings concerning cross-cutting national security issues, or increasing the size of appropriations committee staffs—have on the effectiveness and/or efficiency of U.S. national security efforts, even without changes in the structure or organization of executive branch national security budgeting?

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