

DoD Budget 2022 Details on Pay Raise, TRICARE Fees, and More

The Biden administration released the full version of its FY 2022 budget proposal to Congress on May 28, and the Military Officers Association of America (MOAA) government relations team has been hard at work analyzing the 1,000-page proposal to understand what successes can be hallmarked and what potential threats need to be addressed in the upcoming budget cycle. The top-line figures of the full version are mostly in line with the so-called “skinny budget” the president released 9 April, -- a proposed 1.7% increase in overall DoD funding and a 10% increase, a significant uptick, in VA spending compared with last year’s enacted levels.

House Budget Committee Chair Rep. John Yarmuth (D-Ky.) called the budget “transformative” and said it “will ensure we emerge from these past 14 months of crisis stronger and better prepared for the future than ever before.” Sen. Lindsey Graham (R-SC), ranking member of the Senate Budget Committee, called the budget “dead on arrival – just like all other presidential budgets” and “insanely expensive,” adding it would “result in a weakened Department of Defense.” These differing opinions on the president’s budget from two key leaders in the congressional budgeting process augur the challenges to come.

What Comes Next? After the release of the 9 April skinny budget, Congress began meeting with administration officials to question them about their requests. Hearings will continue with the full version of the proposal. Following this analysis, the House and Senate Budget Committees will develop separate budget resolutions, which will set the spending constraints for the upcoming fiscal year’s mandatory and discretionary funding. Mandatory funding is used for existing federal programs like Social Security and Medicare. Discretionary funding is divided amongst the House and Senate Appropriations Committees, with the budget resolution setting the spending levels for each appropriations bill. Each of the 12 Appropriations subcommittees oversee the funding of the government’s federal agencies and programs.

Additionally, the budget resolutions establish the budget authority for the annual National Defense Authorization Act (NDAA). The NDAA is the main legislative engine for MOAA’s advocacy to affect change on DoD programs and policies. Work on the NDAA begins in the House Armed Services Committee and the Senate Armed Services Committee. Both committees will continue to conduct hearings with DOD officials and will begin markups for this year’s NDAA.

If the budget doesn’t pass by the start of the new fiscal year (1 OCT), Congress can pass a continuing resolution (CR), which carries over the appropriated funding set in the last fiscal year through the date that the CR ends. In cases where a budget has not been passed by Congress and signed by the president, and there is no CR in place, the government begins the process of shutting down. Government shutdowns further disrupt regular order in Congress and delays congressional business until the previously preventable funding emergency is resolved.

What MOAA Is Tracking on DoD

The DoD budget proposal is set at \$715 billion, an \$11 billion (1.7%) increase that does not keep pace with inflation from FY 2021’s enacted level, nor does it match the 3% to 5% above

inflation through FY 2023 that served as a benchmark for previous budget discussions. Key takeaways include a 2.7% pay raise that remains tied to the Employment Cost Index for the military, and unlike years past includes the president's authority to program the civilian raise also at 2.7%. Along with these pay raises is a badly needed increase of \$200 million for family support programs.

Additionally, the budget proposal does not include any new cost increases to TRICARE beneficiaries. The budget indicates a reduction of overall military end strength, which is concerning when considering the growth of the Space Force. The reduction is especially concerning after a year that marked the largest mobilization of the Reserve Component since World War II and previous requirements for servicemembers to "do more with less." The proposed active duty end strength would drop to 1,346,400 under the budget, from 1,351,000 in the enacted FY 21 version.

Here's the breakdown by service:

- Army: FY 21 enacted 486,000; FY22 proposed 485,000
- Marine Corps: FY 21 enacted 181,200; FY 22 proposed 178,500
- Navy: FY 21 enacted 348,400; FY 22 proposed 346,200
- Air Force: FY 21 enacted 329,100; FY 22 proposed 328,300
- Space Force: FY 21 enacted 6,400; FY22 proposed 8,400

The Reserve Component also would face an overall reduction, but at a smaller scale and with some components seeing small end strength increases:

- Army National Guard: FY 21 enacted 336,500; FY 22 proposed 336,000
- Army Reserve: FY22 enacted 189,800; FY 22 proposed 189,500 • Marine Corps Reserve: FY 22 enacted 36,200; FY 22 proposed 36,800
- Navy Reserve: FY 22 enacted 59,000; FY 22 proposed 58,600
- Air National Guard: FY 21 enacted 108,100; FY22 proposed 108,300 DoD could grow its overall civilian workforce from FY 21 enacted 777,428 to FY 22 proposed 785,952 full time equivalent (FTE) positions, in a reversal from previous cuts to civilian positions.

The proposed active-duty personnel cuts come at a time where the Government Accountability Office has issued a report that Navy personnel are overworked and ships are not crewed properly – conditions that contribute to accidents. An Army spokesman has also indicated that the proposed total manning reduction of 1700 soldiers, the equivalent of two battalions, will not impact planned deployments and National Training Center rotations. In the past year, 170,000 soldiers have deployed to 140 countries while 40,000 have performed COVID-related missions, responded to natural disasters, and supported civil authorities in the last year. No change in force structure is planned, with the reduction adding to concerns modernization will be prioritized over personnel in the future.

The budget request also detailed:

- \$54 million for the Military Health System (MHS), a 5.3% increase from the previous year's enacted level.
- A 2% increase in active military medical end strength, although the budget overview narrative indicates DoD will continue "optimizing military medical end strength to match operational requirements." MOAA will remain vigilant on the medical billets issue.
- \$8.6 billion for military family support programs, including funding for child care and youth programs; Morale, Welfare, and Recreation programs; Warfighter and Family Services; commissaries; and Department of Defense Education Activity (DoDEA) schools.

Of particular note, as MOAA continues to hear concerns about accessible, affordable child care options, the budget request seeks to fund a pilot program providing financial assistance to servicemembers to offset the cost of in-home child care, such as care provided by nannies or au pairs.

What MOAA is Tracking on VA

The VA is requesting \$269.9 billion for FY 2022, a 10% increase over last year. Priorities flagged by MOAA in this year's budget proposal include: Veterans' Health Care

- Continuing investment in VA's electronic health record modernization.
- Expanding VA caregiver support program services, including the phased expansion of the Program of Comprehensive Assistance for Family Caregivers included in the MISSION Act. Once fully implemented, this will provide eligible caregivers of pre-9/11 veterans additional services and a monthly stipend for caregiving.
- Increasing case management services to help more veterans gain permanent housing through vouchers and to prevent homelessness among low-income veteran families. Veterans' Benefits
- Modernization efforts to support the Digital GI Bill, an integrated system to support veterans, VA, and schools.
- An additional 334 full-time employees to help process the claims for the new Agent Orange presumptives added by the FY 2021 NDAA.
- Funding for a pilot program focused on supporting service-disabled veterans finding employment opportunities.

What MOAA Is Tracking:

Other Departments

- The Department of Commerce's budget requests \$11.5 billion, up 29% (\$2.6 billion) from the FY 2021 enacted level. The administration's proposal funds the National Oceanic and Atmospheric Administration (NOAA) at \$6.9 billion, which is over half of the department's

budget request and a 28% increase from the previous year's enacted level. Over \$800 million of NOAA's budget would be utilized to expand climate observation and forecasting and help combat climate change-related challenges.

- The Department of Health and Human Services' FY 2022 proposal includes \$131.8 billion in discretionary spending, a 23.5% increase from the FY 2021 enacted level. Of note, this request includes \$4.6 million for the U.S. Public Health Services Civilian Corps readiness training and \$13.8 million for the U.S. Public Health Services Ready Reserve program.
- The Department of Homeland Security's FY 2022 budget requests \$52 million, which is nearly equal to the FY 2021 enacted level. The administration's proposal funds the Coast Guard with \$13.1 billion, only a 0.3% increase from the FY 2021 enacted level.