

The Senate's Security Supplemental Budget Bill: Key Provisions

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KEY TAKEAWAYS

Less than 15 percent of the Senate bill provides aid for U.S. ally Israel and instead includes other taxpayer funding that could be diverted for use by Hamas.

At a time of record deficits, debt, and inflation, the Senate is considering spending \$95 billion without any corresponding decreases in spending elsewhere.

Despite the risks of conflict in the Indo-Pacific, this security supplemental bill does not prioritize the United States or its allies to deter China.

This report describes the Senate's consideration of the national security supplemental budget request for Ukraine, Israel, and the Indo-Pacific.¹

*If you have any questions or wish to speak to an expert in budget, national security, or international aid, please contact Heritage at **GR@heritage.org**.*

Understanding the Senate's Border Policy and National Security Supplemental Appropriations Act

Ukraine Funding: \$60.6 Billion

The Senate bill provides \$60.6 billion in emergency spending funding for the war in Ukraine, including funding for the U.S. military's support of Ukraine. Shalanda Young, Director of the Office of Management and Budget,

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wrote of the original request that it “invests over \$50 billion in the American defense industrial base,” as she tried to define the vast majority of the funding for the Ukrainian war effort as an investment here at home.²

Perhaps realizing how unpopular the transfer of huge amounts of weapons and money to Ukraine has become, the Biden Administration and its allies in Congress and the media have attempted to argue that a large percentage of this funding is for the replenishment of U.S. stores and the strengthening of the defense industrial base. Reading through the bill itself, however, it is far from clear that this is the case. The amounts described by the Administration and its allies as being intended for the replenishment of U.S. stocks are all described in the bill as being intended “to respond to the situation in Ukraine and for related expenses.” True replenishment of U.S. stores would add to the current stockpiles, not send more munitions to Ukraine and then take years to replace what has been sent.

Further eroding the public’s confidence in the process, last summer, as it neared the end of the amount it had been authorized to send to Ukraine, the Pentagon announced a \$6.2 billion accounting error and promptly began sending more weapons and equipment to Ukraine.

Many conservatives will be loath to send more military aid to Ukraine after the announcement in January that Ukrainian defense officials had stolen \$40 million meant for ammunition.³ In October, a leaked report confirmed that Biden Administration officials are far more worried about corruption in Ukraine than they are willing to publicly admit.⁴

Ukraine Security Assistance Initiative (USAI): \$13.8 Billion

The Senate bill provides \$13.8 billion for purchasing military equipment and munitions. This is \$1.8 billion above the original supplemental request for \$12.0 billion for the USAI.

The USAI was first authorized in 2014 and has been used to procure artillery rounds, rockets, tanks, small arms ammunition, and satellite communications and to conduct training, maintenance, and sustainment.⁵ The United States has provided over \$43 billion in direct military assistance since February 2022.⁶ For context, from 2014 to 2021 the United States provided about \$2.8 billion.⁷

Direct Budget Support to the Government of Ukraine: \$7.85 Billion

The Senate bill provides \$7.85 billion, “which may include budget support,” to pay the salaries of Ukrainian government employees, along with health care and education costs in Ukraine.

The U.S. public has been told that assistance to Ukraine is in America's security interests, yet President Biden is not treating the war exclusively as a military project. The Administration has sent billions of dollars to subsidize Ukrainian farmers and small businesses and even pay the salaries of Ukrainian government employees⁸—even while its inflationary policies make life more difficult for American citizens here at home. This supplemental request contains billions more in aid to Ukraine. The European Union⁹ is best positioned to make up the difference and fund the neighboring Ukrainian government given its plans to integrate Ukraine as a new member state.¹⁰

Before this new request, \$113.1 billion has been authorized for Ukraine since February 2022. Of this amount, \$67.1 billion was coded as defense, including direct military aid via the Presidential Drawdown Authority, the USAI, and Foreign Military Financing. About \$46 billion of the \$113.1 billion total was for non-defense spending, including \$26.9 billion in economic support for the Ukrainian government and businesses, along with various humanitarian programs.¹¹

The supplemental still fails to account for the repeated request by conservatives for the appointment of a special inspector general to oversee how this \$113.1 billion is being spent. There are few U.S. officials in Ukraine to ensure the integrity of our aid delivery, and there are serious concerns given the continued corruption in the Ukrainian government despite tens of millions of dollars spent in past U.S. anti-corruption programs.

The rest of the funding is assigned to the DOD for various other initiatives in smaller increments, mostly labeled as supporting the war in Ukraine.

Israel Funding: \$14.1 Billion

Replenishing Stockpiles for Munitions and Equipment Sent to Israel: \$4.4 Billion

Similar to the provision for Ukraine for replenishing stockpiles, \$4.4 billion is included in the Senate bill to fund the DOD's replacement of articles sent to Israel and reimburse the DOD for defense services and training provided to Israel. The request also allows the DOD to transfer amounts among the different appropriations.

Improving Ammunition Plants: \$801.3 Million

The Senate bill provides \$801.3 million to improve domestic U.S. ammunition plants to increase capacity for ammunition production (such as artillery production) within the context of responding to the conflict in Israel.

Iron Dome/David's Sling: \$4 Billion

The Senate bill includes \$4 billion to procure the Iron Dome and David's Sling defense systems to counter rocket, missile, mortar, and drone threats.

Iron Beam Defense System: \$1.2 Billion

Iron Beam is a new directed-energy weapon defense system for shooting down incoming rockets, mortars, or drones—similar to the Iron Dome but considerably less expensive to operate. The Senate bill provides \$1.2 billion in research, development, testing, and evaluation funding within the DOD to be transferred to the Israeli government for Iron Beam. The Israeli government and Israeli defense contractor Rafael Advanced Defense Systems in partnership with the U.S. government and Lockheed Martin developed the Iron Beam.

Foreign Military Financing: \$3.5 Billion

The Senate bill provides \$3.5 billion in Foreign Military Financing for Israel to procure weapons and military systems produced in the United States or Israel. Significantly, this section waives any congressional notification requirement that would apply to these funds being used to purchase weapons and defense equipment produced in the United States.

Confusingly, many of the sections that had been labeled as only about Ukraine or only about Israel a few months ago are now labeled as intended to respond to the situations in Israel and Ukraine. The intent seems to be to conflate the two issues in the minds of voters and lawmakers. Ukraine aid and Israeli aid should be considered separate issues and deserve separate votes.

Red Sea Operations: \$2.4 Billion

This \$2.4 billion is slated for U.S. Central Command to use for operations, force protection, and the replacement of combat expenditures. Senator Patty Murray (D-WA), one of the bill's primary architects, describes this funding as being intended to replace combat expenditures from the Red Sea operations currently being conducted.

This funding will not do anything to solve the issues the United States is currently facing in Iraq, Syria, and Jordan or in the Red Sea. The Biden Administration has allowed Iranian-backed militias to target American troops at will throughout the region by allowing more than a hundred attacks on U.S. bases

before the attack that claimed the lives of three American soldiers in late January. Meanwhile, U.S. warships in the Red Sea have been shooting down incoming \$2,000 Houthi drones with \$2 million missiles.¹² The United States cannot afford to waste these missiles when they are needed to deter China in the Indo-Pacific and U.S. munitions stores are depleted across the globe.¹³

Foreign Aid Funding: \$14 Billion

U.S. Agency for International Development International Disaster Assistance: \$5.7 Billion

The Senate bill provides \$5.7 billion “to address humanitarian needs in response to the situations in Israel and Ukraine, including the provision of emergency food and shelter, and for assistance for other vulnerable populations and communities.”

Multiple news reports show that the main United Nations agency to deliver humanitarian and other foreign assistance to Gaza has been captured by and funded Hamas terrorists.¹⁴ While this bill prohibits funding through this U.N. agency, the problem of aid diversion to Hamas and other terrorist groups plagues all international and nongovernmental aid organizations operating in Gaza as they all lack appropriate vetting and reporting systems.¹⁵ It is therefore highly likely that future U.S.-taxpayer-funded humanitarian aid to Gaza will again be diverted to support further Hamas terrorist attacks on Israel.

Ukraine’s food and nonfood emergency requirements can be much better met by its own government and by neighboring European countries. Ukraine is one of the world’s leading food exporters and can feed itself.¹⁶ Ukraine’s European neighbors have both the responsibility and the capability to provide whatever additional emergency requirements Ukraine might need, especially as Europe still lags far behind the United States in the provision of military aid to Ukraine.

Migration and Refugee Assistance: \$3.5 Billion

The Senate bill provides \$3.5 billion for Migration and Refugee Assistance to address unspecified “humanitarian needs and assist refugees in response to the situations in Israel and Ukraine and for assistance for other vulnerable populations and communities.”

The bill does not specify which refugees or vulnerable populations and communities will be assisted. Regardless, regional displaced

migrants in Europe should be cared for by the European taxpayer. U.S. taxpayers should not subsidize wealthy EU countries.

Indo-Pacific Aid and Shipbuilding: \$5.0 Billion

Shipbuilding and Naval Funding: \$3.0 Billion

The Senate bill provides \$2.1 billion to increase production rates and submarine availability for the *Columbia*-class Navy submarines. The bill also provides \$900 million in funding for operation and maintenance costs for shipbuilding as well as funding for other procurement for shipbuilding.

Shipbuilding is critically important, and The Heritage Foundation has repeatedly called for increased naval shipbuilding of warships needed to deter China in the Indo-Pacific.¹⁷ However, as with many other issues, shipbuilding funding should not be lumped in with other, more contentious issues in an emergency supplemental request and should be addressed (and paid for) in the regular budget process.

Foreign Military Financing: \$2.0 Billion

The Senate bill provides \$2.0 billion in security assistance in the Indo-Pacific for defense weapons and services to allies and partners, including Taiwan. The remainder is for operations and maintenance, other procurement, research and development, and military construction.

Failure to Include the Amended Compact of Free Association (COFA) Agreements

The Senate legislation does not include the COFA agreements, which expired at the end of 2023. These agreements with the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau grant the United States unique defense privileges and rights—including strategic denial rights—in exchange for economic assistance and access to federal programs. In June 2023, the Compact of Free Association Amendments Act requested \$7.1 billion to fully fund the renewed compacts for all three countries across 20 years.

Not funding the COFA agreements is an act of strategic malpractice. The COFAs allow the United States to unilaterally block third-party militaries, such as the Chinese, from entering the territorial waters of the COFA states.

The United States also has exclusive rights to construct military sites and position supplies in the COFA states, which could be used during a military contingency in the Indo–Pacific. Due to how the prior compacts were funded, Congress needs to offset only about \$2.3 billion in new funding for all three countries across 20 years.¹⁸ If the supplemental were even mildly interested in bolstering deterrence against China, then it would have included the critical and timely funding needed for the renewed COFA agreements.

Budget Considerations

The legislation waives all budgetary rules on the final two pages. The \$95 billion appropriated by this bill would be financed through increasing the deficit. This would drive inflation and interest rates higher.

Congress has approved over \$12 trillion in emergency and disaster spending since 1992 and embarked on a \$7.5 trillion spending spree between 2020 and 2022.¹⁹ A significant factor underlying this recklessness was a prolonged period of low interest rates, which lulled legislators into a false sense that there was no cost to deficit spending.²⁰ That approach has resulted in a gross national debt of \$34.2 trillion and expected deficits of over \$20 trillion over the next decade.²¹

Unprecedented deficit spending during the COVID-19 pandemic and the Federal Reserve’s excessive degree of accommodation led to the most severe bout of inflation in four decades. Subsequent increases to interest rates, done to combat inflation, have driven the cost of financing the national debt to \$711 billion in fiscal year 2023—over 33 percent higher than the year before—while also creating turmoil in mortgage markets.²²

Conclusion

Allowing structural deficits to remain this high—and passing additional deficit spending—increases the likelihood of additional surges of inflation, permanently stunted economic growth, and other serious consequences that would be borne by the American public.²³ In that context, this \$95 billion supplemental spending package with no offsetting savings (or even down-the-line budgetary consequences such as PAYGO²⁴) ought to be recognized as radical and dangerous. While legislators should be able to respond to matters of genuinely immediate and national concern, problems that have developed over the years should be addressed primarily through the appropriations process and subject to spending limits.

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Endnotes

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