



A Wartime Budget Meets a Peacetime Congress

What Congress Should Learn from the FY 2027 Unfunded
Priorities List

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Introduction

For years, the Pentagon's unfunded priorities lists (UPLs) functioned as annual warnings to Congress. After the president submitted the defense budget, the military services and combatant commands would provide lawmakers with lists of programs, military construction projects, readiness accounts, and operational needs left unfunded inside the administration's request. In many years, these lists, totaled by fiscal year in Table 1, revealed more about strategic risk than the budget itself.

The authors have long argued that UPLs matter because they expose the gap between strategy and resources.¹ Historically, they showed a Pentagon forced into painful tradeoffs: modernization versus readiness, current operations versus future force structure, or personnel costs versus procurement. But the FY 2027 UPLs are different.

Table 1: Unfunded Priority Lists Total by Fiscal Year (\$B)

FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
\$21.9	\$16.9	\$29.4	\$51.7	\$3.9

Source: Authors' calculations based off the fiscal year 2023-2027 publicly available unfunded priority lists (UPL).

This year's lists arrive alongside a proposed defense topline approaching \$1.5 trillion, including roughly \$350 billion in additional one-time funding layered atop the base budget.² Compared to previous years, the unfunded priorities lists, as expected, are remarkably small. What remains unfunded is revealing.

The FY 2027 UPLs in the appendix, which is partial as many components listed no shortfalls and others are still pending, suggests the Pentagon is entering a new phase, one where money is no longer the primary limiting factor. The challenge is increasingly whether the Department of Defense can absorb, execute, and translate unprecedented resources into usable military capability, and do so on a relevant timeline.

Congress is also entering a new phase as it continues using peacetime congressional calendars to resource a wartime-level budget. It is likely that under current timelines, Congress will again fail to provide the funding the military needs on time, potentially wasting a full year before taking meaningful action on this extraordinary \$1.5 trillion request. Time where factories will not be built. Time when supply chains will continue to wither. Time when munition stocks will get lower. In addition to all of this, Congress should pay close attention, because the meaning of the UPL process itself may be changing.

The Pentagon Finally Matches Budget to Strategy and Reality

For much of the post-Cold War period, defense budgeting was defined by scarcity. Even during the wars in Iraq and Afghanistan, the services routinely deferred modernization and infrastructure investment to protect near-term operational readiness. After the Budget Control Act, the Pentagon became accustomed to managing decline through continuing resolutions,

delayed procurement, and maintenance deferrals.³ The FY 2027 budget request breaks from that pattern.

The administration's base request combined with the one-time \$350 billion investment infusion could effectively build on the momentum that is underway now and provide the Pentagon something closer to the top line needed for what the nation expects of it. Unlike prior years, the services do not appear to have been forced into severe internal tradeoffs. In fact, Joint Staff Director of Force Structure, Resource and Assessment Lt. Gen Whitney said during the budget roll-out press conference that "By having a budget of this size, we were not forced to make that trade between the investment in the capabilities we need and the readiness of our force."⁴

There are relatively few major procurement shortfalls, spare parts emergencies, or readiness crises appearing in the UPLs. Instead, the lists are dominated by military construction, installation modernization, sustainment, and infrastructure recapitalization. That is a major shift.

The Air Force's unfunded list is heavily weighted toward MILCON projects.⁵ The Army and Navy similarly emphasize facilities, infrastructure upgrades, and sustainment requirements.⁶ These are not the signatures of a hollow force starved for weapons procurement. They are evidence of a defense establishment attempting to rebuild physical capacity after decades of deferred investment. The Pentagon has entered what might be called the recapitalization era.

The Infrastructure Deficit Is Now Strategic

The overwhelming infrastructure focus of the FY 2027 UPLs reveals something policymakers have long been unable to fix: the United States accumulated a massive defense infrastructure debt over thirty years of prioritizing near-term readiness and operational tempo over long-term recapitalization. Dry docks aged. Barracks deteriorated. Airfields required modernization. Nuclear infrastructure delayed replacement cycles. Installations absorbed operational demand without corresponding reinvestment. Now the bill has arrived.

Even at a one-time \$1.5 trillion topline, the Pentagon still cannot fully modernize the force, recapitalize the nuclear enterprise, expand munitions production, sustain global operations, and repair aging infrastructure simultaneously without tradeoffs. This is not merely an accounting issue. It is a strategic indicator.

Great-power competition is not sustained by advanced technology alone. It also depends on shipyards, depots, logistics hubs, runways, cyber infrastructure, fuel storage, munitions stockpiles, and industrial throughput. The FY 2027 UPLs suggest the Pentagon increasingly understands that reality even if the political system has not fully internalized it.

SOUTHCOM and CYBERCOM Reveal the Remaining Operational Gaps

While the services' lists are dominated by infrastructure, two combatant commands stand out for different reasons: United States Southern Command and Cyber Command. Their requests expose where operational demand still exceeds programmed resources.

United States Southern Command continues to function as the Pentagon's economy-of-force theater. Meaning its needs come after those of other higher priority regions. SOUTHCOM's unfunded requirements remain heavily operational, reflecting persistent missions in counter-narcotics, migration support, regional partnerships, and monitoring growing Chinese influence in the Western Hemisphere. Despite the National Defense Strategy prioritizing the Western Hemisphere, the FY 2027 UPL suggests the commander there sees resource gaps and one has to wonder why. Congress should recognize the warning embedded in the SOUTHCOM list: the United States continues to assign strategic responsibilities in the Western Hemisphere without providing proportional resources. As China expands economic, diplomatic, and technological influence across Latin America, SOUTHCOM remains structurally under-provisioned relative to mission demand, even though the mission itself is less resource-intensive.

United States Cyber Command reveals a different problem. CYBERCOM's requests are concentrated in operational capability, procurement, and research and development. Unlike traditional infrastructure shortfalls, these requests reflect the reality that cyber operations evolve faster than the Pentagon's normal programming and budgeting system can adapt. Cyber threats do not wait for five-year planning cycles or procurement timelines. The command's UPL demonstrates that the Pentagon still struggles to integrate cyber operations into its standard resource allocation processes. Congress should interpret this as a structural warning. The defense budgeting system remains optimized for industrial-age procurement while increasingly confronting real-time digital competition.

In SOUTHCOM and CYBERCOM, the issue is not topline scarcity. It is prioritization and institutional responsiveness.

Congress Should Treat This Budget with Wartime Urgency

For years, Congress often viewed unfunded priorities lists as convenient opportunities for parochial additions or defense plus-ups. Lawmakers routinely added aircraft, ships, and facilities from the lists while claiming they were merely supporting military requests. That interpretation no longer fits the FY 2027 environment.

The key question is not "What can Congress add?" The more important question is: "What can Congress do to enable execution?"

That distinction matters enormously and is the central challenge for national security for the rest of this year. The answer has two parts.

First, Congress must fix the decades-long annual federal budget dysfunction that slams the brakes on military competitiveness and economic prosperity for an average of a third of each year. Second, Congress must bring its power of the purse and its complementary and necessary oversight function into alignment with the defense of the nation.

Fixing Annual Federal Budgeting

Two things at which America's elected leaders have excelled during the federal appropriations process are describing the problem and blaming each other for it. If admitting there is a problem is the first step, we are definitely ready for the next step, fixing it.

Over the last 12 months we have seen some creative actions to chip away at the problem, but not actual fundamental fixes. For example, with the 2025 budget reconciliation enacted last July that included \$150 billion in mandatory spending for defense, new ground was broken.⁷ Defense authorizers stepped into the appropriations process and created a productive mess in the form of capability-focused funding that had a longer allowable period for spending. The 2027 budget request expects this process to be repeated with a \$350 billion infusion which, to date, Congress has not moved to pass.

Congress has also tried to encourage itself to do the right thing. For example, included in the 2023 Fiscal Responsibility Act were provisions acknowledging the problem of annual funding delays and dysfunction and imposing a penalty if regular appropriations were not enacted by the start of the calendar year.⁸ Unfortunately, that penalty was on the nation's security, not on those actually in a position to do something about it – the Congress. Good intent, bad execution.

After the recent government shutdowns, newly introduced legislation changed direction to make sure people get paid when they work, to automatically extend federal funds, and to start applying penalties in the right place. Senator Johnson's Shutdown Fairness Act would ensure that federal workers who are deemed essential and required to work during a shutdown get paychecks during a lapse in appropriations.⁹ Senator Lankford's Prevent Government Shutdowns Act would automatically implement two-week government funding stopgaps if Congress fails to pass its appropriations bills on time and would prohibit taxpayer-funded travel when those automatic continuing resolutions are triggered to force lawmakers to stay in Washington until annual appropriations are completed.¹⁰

While these may be good piecemeal signals, they still miss the mark on forcing a real solution. Such a solution must be sustainable, so therefore must also be bipartisan.

To get things on the right track, Congress should impose penalties for failure to enact appropriations on time in the right place and so they make such failure toxic enough that it stops happening. There are three complementary ways to get serious about this approach.

First, suggestions that Congress should not pay itself if it does not perform its fundamental duty on time have been ignored. But they are key to breaking the current pattern. Congressional pay should be linked to completing appropriations on time. For each week of delay after the start of the fiscal year, Congress should impose a 10 percent pay cut on itself until it enacts final appropriations.

Second, term limits should be linked to job performance—meaning accomplishing the fundamental duty of passing annual federal funding legislation on time each year. One way to do this is to connect running for reelection to some minimum successful outcome on behalf of the American taxpayer. Elected representatives and senators should agree that if they miss budget deadlines in any three years of a six-year cycle, they will not run for office in the next election.

Third, after the new fiscal year starts on October 1, if annual appropriations are not done, then all other congressional priorities should halt until they are, not just travel. Congress could include this directive in a budget reconciliation measure—making clear that until annual appropriations are enacted, there will be no action on other legislation. During this time, the DOD will not be required to submit any congressional reports or provide witnesses for hearings. And no government-supported congressional or senior leader travel will be conducted.

Implementing these three incentives would clarify the importance of Congress fulfilling its most fundamental job on time, involve every member of Congress (not just those in leadership or on appropriations committees), and save taxpayers billions that is lost annually under CRs.

The Defense Budget Structure America Needs

The second thing Congress can do to enable the biggest, and most timely, bang for the defense buck is to build on what it started last year and update the way it provides appropriations and does oversight. It should pass another budget reconciliation with defense funding. It should then take ownership of the incremental pieces of budget reform requested by the Pentagon, such as updated reprogramming thresholds, consolidation of budget line items, and multi-year procurement authorities and do a comprehensive appropriations and oversight structure overhaul.

This should include a macro repeal and replace of reporting requirements, budget exhibits, and appropriation title line items to combine the flexibility the Pentagon needs for its acquisition transformation and new program management organizations with the digitized, searchable and real-time contracting and execution system for congressional insight and oversight.

Numerous past efforts and recommendations to modernize how the budget works continue to hit the wall of appropriator frustration and understandable dubious attitude toward unjustified requests with claims of non-specific or undocumented potential outcomes or perceived roadblocks.

It is time to pursue a joint solution that breaks the impasse and meets the needs of both sides. The road to such a solution will not be easy. It will involve boring, labor intensive research and discussions. It will require a full look at all reporting requirements. It will mean assembling numerous available case studies on what is not working and why, along with identification of logic gaps or un- or under-utilized existing authorities. But the arduous, tedious, detailed work could actually result in a real comprehensive solution that finally allows the Pentagon to match money with the intent for innovation, integration, acquisition and deployment at the speed of relevance that also meets congressional oversight requirements.

The time and money harvested from solving the first problem of annual appropriations process dysfunction should more than pay for the time and effort it takes to solve the second problem of creating the defense budget and oversight structure the nation needs.

Conclusion

The historical 2027 defense budget request together with the important message contained in the limited unfunded priority lists, combined with ongoing transformation inside the Pentagon and a final, fundamental fix to the annual appropriations process and structure dysfunction could add up to a 250th American independence anniversary present that would only have been a dream the tax payer did not even dare to hope until now.

FY 2027 UPL Master List

Service	Title	\$M	APPN
Army			
Army	Billeting Area, Joint Readiness Training Center, FT. Polk, LA	\$157.0	MILCON
Army	Dining Facility, FT. Wainwright, AK	\$147.0	MILCON
Army	Instruction Facilities, Ft. Sill	\$93.0	MILCON
Army	10 DC ANG Projects, DC	\$90.0	MILCON
Army	Tactical Maintenance Facility, Ft. Hood, TX	\$81.0	MILCON
Army	Equipment Concentration Site, Ft. Indiantown Gap, PA	\$76.0	MILCON
Army	Construction of a New Access Control Point, Anniston Army Depot,	\$53.0	MILCON
Army	Access Control Facility, Camp Ripley, MN	\$17.0	MILCON
Army	Vehicle Maintenance Shop, Soto Cano, Honduras	\$17.0	MILCON
Army Total		\$731.0	
Navy			
Navy	Submarine Support Storage, Maintenance, and Operations Facility,	\$50.0	MILCON
Navy	Naval Ocean Processing Facility Expansion	\$169.0	MILCON
Navy	Storm Water Management Facilities, US Naval Academic, Annapoli:	\$86.0	MILCON
Navy	Regional Optics Repair Center, Bangor, WA	\$121.0	MILCON
Navy	Reconfigurable Cyber Laboratory, San Diego, CA	\$68.0	MILCON
Navy	P-8A Aircraft Reserve Hangar, Whidbey Island, WA	\$108.0	MILCON
Navy Total		\$602.0	
Air Force			
Air Force	CTC: Fuel Tanks With Receipt Pipeline & Hydrant System, Tinian, M	\$26.3	MILCON
Air Force	CTC: East Side Campus Infrastructure, Hill, UT	\$60.0	MILCON
Air Force	CTC: KC-46 ADAL Parking Apron & Hydrant Pit, MacDill, FL	\$40.0	MILCON
Air Force	CTC: Child Development Center, Eglin, FL	\$16.0	MILCON
Air Force	CTC: Main Gate Complex, RAF Croughton, UK	\$14.5	MILCON
Air Force	CTC: EDI: DABS-FEV Storage, Rygge, NO	\$8.0	MILCON
Air Force	CTC: MIT LL CSL/MIF Laboratory Building, Hanscom, MA	\$70.5	MILCON
Air Force	EOD, Inc*, Kirtland, NM	\$7.8	MILCON
Air Force	23rd Security Forces Squadron Ops Facility, Inc*, Moody, GA	\$17.5	MILCON
Air Force	Child Development Center, Inc*, Luke, AZ	\$23.0	MILCON
Air Force	Human Performance Center Lab, Inc*, Wright Patterson, OH	\$21.0	MILCON
Air Force	Multi Domain Operations Complex, Inc*, Beale, CA	\$182.3	MILCON
Air Force	Pavement and Maintenance Facility, Grand Forks, ND	\$71.0	MILCON
Air Force	Mission Support Facility, Creech, NV	\$55.0	MILCON
Air Force	Warrior Fitness Training Facility, Creech, NV	\$104.0	MILCON
Air Force	Deployment Processing Center, Cannon, NM	\$79.0	MILCON
Air Force	Child Development Center, Robins, GA	\$52.0	MILCON
Air Force	Child Development Center, Seymour Johnson, NC	\$54.0	MILCON
Air Force	Fire/Crash Rescue Station, Tyndall, FL	\$48.0	MILCON
Air Force	Military Working Dog Kennel, Moody, GA	\$15.9	MILCON
Air Force	Combat Rescue Helicopter Simulator, Kirtland, NM	\$37.0	MILCON
Air Force	E-7 Squadron Operations Facility, Tinker, OK	\$110.0	MILCON
Air Force	RPA Reconnaissance Operations/Training Facility, Creech, NV	\$36.0	MILCON
Air Force	Installation ACP Gate 2 Upgrade, Arnold, TN	\$17.6	MILCON
Air Force	Well No. 5, JB McGuire/D/L, NJ	\$11.0	MILCON
Air Force	Well No. 6, JB McGuire/D/L, NJ	\$11.5	MILCON
Air Force	Add Alter Traffic Lanes Main Gate Entry (Design), Dyess, TX	\$3.2	MILCON
Air Force	Add Alter Traffic Lanes Tye Gate Entry (Design), Dyess, TX	\$4.3	MILCON
Air Force	ADAL ACS Complex, Volk ANGB, WI	\$18.0	MILCON
Air Force	Repair Runway 13-31, Sioux Gateway AP, IA	\$90.0	MILCON
Air Force	Extend Runway 13-31, Sioux Gateway AP, IA	\$65.0	MILCON
Air Force	BCE Pavements & Grounds Facility, Eielson AFB, AK	\$16.0	MILCON
Air Force	Fuel Cell Corr Ctl Hangar (Increment), Salt Lake City IAP, UT	\$58.0	MILCON
Air Force	Aircraft Maintenance Hangar, Scott AFB, IL	\$79.0	MILCON
Air Force	Road, Bridge, and ECP, McGhee-Tyson Airport, TN	\$28.0	MILCON
Air Force	ADAL Aircraft Parking Apron, Sioux Gateway AP, IA	\$48.0	MILCON
Air Force	ADAL Aircraft Parking Apron, Sumpter Smith ANGB, AL	\$33.0	MILCON
Air Force	Combined Operations Facility (Increment 2), Niagara Falls ARS, NY	\$38.0	MILCON
Air Force	Design, Unspecified Worldwide	\$7.0	MILCON
Air Force	Unspecified Minor Military Construction, Unspecified Worldwide	\$9.0	MILCON
Air Force	Aircrew Readiness Facility, Seymour Johnson, NC	\$13.0	MILCON
Air Force Total		\$1,698.3	
CYBERCOM			
CYBERCOM	Scaling Cyber Operational Capacity	\$229.0	O&M
CYBERCOM	Integration of Artificial Intelligence Into Cyber Operations	\$128.0	RDTE
CYBERCOM	DODIN Improvements	\$101.0	O&M
CYBERCOM	CYBERCOM 2.0, Expanding Cybercoms Role in Force Generation a	\$46.0	RDTE
CYBERCOM	Operator Readiness	\$11.0	O&M
CYBERCOM	Enhance Reserve Component Cyber Forces Through Improved Equi	\$59.0	Procurement
CYBERCOM	Facilities Upgrades	\$19.0	MILCON
CYBERCOM Total		\$593.0	
US Southern Command			
SOUTHCOM	Strategic Key Terrain	\$14.5	O&M
SOUTHCOM	Developing and Fielding Modernized Forces	\$16.0	RDTE
SOUTHCOM	Counter-Terrorism	\$162.9	O&M
SOUTHCOM	Strengthening Command	\$56.8	O&M
SOUTHCOM Total		\$250.2	
Grand Total		\$3,874.5	

Source: Author Calculaitons Based on Fiscal Year 2027 Unfunded Priorities Lists

Endnotes

¹ Elaine McCusker and John G. Ferrari, “The Defense Unfunded Priority Lists Expose a Strategy and Resourcing Mismatch,” *AEI*, June 02, 2022, <https://www.aei.org/research-products/report/the-defense-unfunded-priority-lists-expose-a-strategy-and-resourcing-mismatch/>.

² Elaine McCusker and John G. Ferrari, “Analyzing the 2027 Defense Budget Request,” *AEI*, April 16, 2026, <https://www.aei.org/research-products/working-paper/analyzing-the-2027-defense-budget-request/>.

³ Elaine McCusker, “The High Costs of Defense Budget Uncertainty,” *The National Interest*, January 1, 2026, <https://www.aei.org/op-eds/the-high-costs-of-defense-budget-uncertainty/>.

⁴ Jules W. Hurst III and Steven P. Whitney, "Honorable Jay Hurst and Lt. Gen. Steven Whitney Hold Press Briefing on the Department's Fiscal Year 2027 Defense Budget," press briefing transcript, U.S. Department of War, April 21, 2026, <https://www.war.gov/News/Transcripts/Transcript/Article/4466209/honorable-jay-hurst-and-lt-gen-steven-whitney-hold-press-briefing-on-the-depart/>.

⁵ Shelley K. Mesch, "Air Force UPL Calls for \$1.7B for 40 MILCON Projects," *Inside Defense*, May 1, 2026, <https://insidedefense.com/daily-news/air-force-upl-calls-17b-40-milcon-projects>.

⁶ Nick Wilson, "Navy Sends Slim \$602 Million UPL to Hill," *Inside Defense*, April 30, 2026, <https://insidedefense.com/daily-news/navy-sends-slim-602-million-upl-hill>.

⁷ John G. Ferrari and Elaine McCusker, “The Importance of Defense Spending in the Budget Reconciliation Bill,” *AEI*, July 11, 2025, <https://www.aei.org/research-products/working-paper/the-importance-of-defense-spending-in-the-budget-reconciliation-bill/>.

⁸ *Fiscal Responsibility Act of 2023*, Pub. L. No. 118-5, 137 Stat. 10 (2023).

⁹ *Shutdown Fairness Act*, S. 3012, 119th Cong. (2025).

¹⁰ *Prevent Government Shutdowns Act of 2025*, S. 2721, 119th Cong. (2025).