



The 2027 Defense Budget Request

The Good, the Bad, and What to Watch

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Introduction

The White House Office of Management and Budget (OMB) released the fiscal year 2027 (FY 2027) [budget request](#) top line and summary information on Friday, April 3, 2026. As congressional staff and stakeholders await detailed program and budget information from the Pentagon and other federal departments and agencies in the coming weeks, following are a few initial observations on the requested defense budget and what to watch as details are released and evaluated.

The Good

The FY 2027 request [includes](#) \$1.1 trillion in base discretionary budget authority for the national security (050) budget function, up from \$903 billion enacted in FY 2026, and a substantial nominal increase of nearly 28 percent. The administration also proposes \$350 billion in new mandatory defense funding, bringing the total national security budget to \$1.5 trillion.

That structural choice of both discretionary and mandatory budgeting matters. Using mandatory funding to supplement defense spending creates a separate funding stream that is not subject to the annual discretionary caps and appropriations battles that have plagued defense budgets for over a decade. If the baseline number holds up, this represents a meaningful commitment to defense purchasing power.

The base budget is also projected to keep growing above inflation into FY 2028 and beyond. The outyear 050 base discretionary figures climb from \$1,284 billion in FY 2028 to \$1,355 billion by FY 2031, where they level off through FY 2036. Consistent real growth in the base is what actually builds and sustains military capability, and projections that hold above inflation are a necessary, if insufficient, signal of seriousness.

The request also marks another historic high for new construction shipbuilding, [funding](#) both battle force ships and non-battle force vessels. The \$65.8 billion generational investment is almost [\\$20 billion](#) over the FY 2026 request for shipbuilding and conversion. This infusion will bring upgrades to the fleet in the forms of combat power, size, and sustainment. In addition to 18 new ships, the budget requests 16 non-battle force capabilities that are long overdue. Auxiliary ships that enable resupply of logistics and weapons have long been neglected both in condition and in mass. [Funding enabling force generation of logistics vessels](#)— including sealift, hospitals, cargo replenishment, submarine tenders, and more — is a necessary down payment to support the new ships coming online. An influx of 34 ship orders will [strengthen and expand](#) America's

shipbuilding industrial base. The request also includes increasing the repair capacity of public shipyards, which will need to absorb an increased burden from ships deployed as part of Operation Epic Fury.

Long the billpayer for higher priority needs, the budget would [rapidly buy](#) 12 critical munitions. White House budget officials said that the request will fund all the recent framework deals between the Pentagon and select defense suppliers, including five with RTX to increase production of Tomahawk, AMRAAM, SM-3 Block IIA and IB, and SM-6, and the [agreement](#) with Lockheed to quadruple THAAD interceptor production to 400 annually. Turning these frameworks into signed contracts will help replenish [dwindling stocks](#) and restore surge capacity in a [brittle defense industrial base](#). If enacted, this request would also expand from the current companies building munitions and energetics to include newer entrants. Putting dollars behind competition and single points of failure through [stable demand signals](#) and [multiyear contracts](#) is important to balance payload and platforms.

Another necessary infusion of resources is for [facilities maintenance and repair](#). America's bases [are literally falling apart](#). Underfunded FSRM accounts, ranging from 75–90 percent of what is needed, has resulted in a maintenance backlog of over \$200 billion in existing infrastructure. Fixing this problem is a positive step to rebuild and restore military readiness. Troop and family satisfaction with working buildings, on-base welfare spaces, and housing quarters have been too low to retain the all-volunteer force for the long term.

The Mixed

The [five to seven percent](#) military pay raise is the most notable item in this category. The request includes the highest raise above the Employment Cost Index since [FY 1982](#). For enlisted servicemembers, a substantial pay raise is both overdue and deserved. Anyone who has spent time around junior enlisted families knows the gap between what we ask of them and what we pay them.

But there is a structural cost. Military pay raises, once enacted, compound. They lock in higher personnel costs across the Future Years Defense Program and make it harder to sustain end strength over time. The trade is long-term force structure for near-term recruiting and retention benefits. That trade makes sense when you have a recruiting crisis. Yet, the current data [does not suggest](#) we have a crises of significant scale. Unless this raise is paired with offsetting adjustments elsewhere in the compensation package — such as rebalancing cash compensation against deferred benefits like healthcare and retirement — it will quietly consume topline growth that could otherwise go toward readiness and modernization.

The Bad

The reconciliation funding creates a misleading year-over-year picture. OMB is counting all previous reconciliation funding as [FY 2025](#) budget authority, which is technically defensible — the money was made available starting in FY 2025 — but produces a distorted trend line. The result is an apparent spike in FY 2025, a drop in FY 2026, and then a larger spike in FY 2027. Anyone comparing these numbers without understanding the accounting approach will draw the wrong conclusions about the trajectory of defense spending. The reconciliation money is also a one-time injection, not a sustained increase. It does not appear in the outyears. The base has to do the work on its own from FY 2028 forward.

There is also the risk evident each year as the legislative process almost never produces appropriations on time. If Congress does not operate under regular order and pass bipartisan appropriations bills, a [continuing resolution](#) would freeze spending at prior-year levels and disrupt the investments this request lays out. With the potential for a dense buildup as large as or larger than that approved under President Ronald Reagan, it is paramount that Congress commits to being a full partner in seeing it through to on-time enactment.

What to Watch

The topline is only the beginning. As the details emerge over the coming days and weeks, several items deserve close attention.

First, the future year program and budget projections. Outyear numbers are aspirational until they are not. Whether the projected growth above inflation survives contact with future budget negotiations will determine if this request is a real inflection point or another unfunded wish.

Second, the balance between research and [procurement](#). A defense budget that grows but loads the increase into R&D without commensurate procurement growth is a budget that develops capabilities it never fields. The split between RDT&E and procurement accounts will tell us whether the department is serious about closing the gap between prototyping and production.

Third, real redistribution from [non-core](#) to core missions. Topline growth that simply spreads more money across the same portfolio is not reform. Look for whether the request makes hard choices about what the department will stop doing.

Fourth, the twelve munitions priorities. The administration has signaled that munitions production is a top priority. The budget must show whether that rhetoric is backed by

funding — and by the kind of multiyear procurement authority and production-line investments that actually increase output.

Finally, the mechanics of the Business Operators for National Defense (BOND) initiative. The details of how this complementary effort to add more business acumen to the accelerate defense buying, along with its legal authorities and relationship to existing appropriations structures, will determine whether it is a durable innovation or a management gimmick with a clever acronym.

The topline is encouraging. But in defense budgeting, the topline is only the first thing to get right. There is a lot of work ahead in the details and in bringing it to reality.