

DoD's 2026 Budget Request and Plan for Funding Provided by the 2025 Reconciliation Act



APRIL 2026

Congressional Budget Office
Nonpartisan Analysis for the U.S. Congress





Introduction and Summary of Findings

What Is in This Document?

This document describes the Congressional Budget Office's analysis of the Department of Defense's (DoD's) plans for fiscal year 2026, as reflected in DoD's 2026 budget request, and the implications of those plans for defense costs through 2040.

In most years, CBO's long-term projections of defense costs are based on DoD's Future Years Defense Program (FYDP), a five-year plan outlining how DoD expects to align its resources with its strategies and programs. No FYDP was released in 2026. As a result, CBO based its projections on the 2026 budget request. CBO's analysis also draws from the 2025 FYDP (DoD's most recent five-year plan) and other DoD planning documents, including the National Defense Strategy, the Navy's 30-year shipbuilding plans, and Selected Acquisition Reports. CBO otherwise used the same methods as in its previous long-term projections. (For details about those methods, see [How CBO Projects the Long-Term Costs of the Department of Defense's Future Years Defense Program.](#))

This analysis focuses on DoD's base budget, which excludes supplemental and emergency funding, to capture the enduring costs of defense—that is, costs that are expected to continue over the long term, regardless of whether the United States is actively engaged in a specific conflict. The 2026 budget request included significant funding provided by the 2025 reconciliation act (Public Law 119-21), which complicates projections of those enduring costs.

Since this analysis was completed, DoD has released its 2027 budget request. The current analysis provides a basis for analyzing that request.

Summary of CBO's Main Findings

DoD's 2026 budget request totaled \$961 billion, including \$113 billion in funding provided by the 2025 reconciliation act. Adjusted for inflation, that request was one of the largest over the past 50 years.

Most of the reconciliation funding in DoD's 2026 budget request was allocated to acquisition. Total funding for acquisition exceeded amounts anticipated in the 2025 FYDP, but base-budget funding for acquisition was lower than anticipated. That pattern suggests that reconciliation funding is substituting for, not just supplementing, base-budget resources.

Smaller amounts of reconciliation funding were allocated to operation and support and to infrastructure, without corresponding decreases in base-budget funding. That reconciliation funding was largely used to enhance resources for operation and maintenance (O&M).

The use of reconciliation funding and the absence of a 2026 FYDP create uncertainty about DoD's future costs. Reconciliation funding was not provided through the usual appropriation titles and accounts and is available over multiple years. In its projection, CBO treats the funding as a one-year increase. If funding persists at 2026 levels, enduring defense costs will be higher than projected.

Notes About This Document

Unless otherwise indicated, all years referred to are federal fiscal years, which run from October 1 to September 30 and are designated by the calendar year in which they end.

Dollar amounts are expressed in 2026 dollars. To remove the effects of inflation, CBO adjusted dollar amounts using its [February 2026 economic projections](#) for the gross domestic product price index. Dollar amounts attributed to DoD for 2026 are based on DoD's nominal estimates and were converted to 2026 dollars in the same way.

Numbers may not add up to totals because of rounding.

Data sources for all figures and tables include the DoD Comptroller's [Department of Defense Fiscal Year 2026 Mandatory Funding Overview](#) and summary tables of appropriation account titles in the [defense budget materials for 2026](#). CBO's estimates of [funding provided by the 2025 reconciliation act](#) were prepared in July 2025.

From left to right, the photographs on the cover show the following: disassembly of an Army Tactical Missile System missile (Dori Whipple); testing of the Space-Based Infrared System GEO-5 satellite (Lockheed Martin); Army Tactical Missile System warhead skins (U.S. Army); an F-15EX fighter aircraft (U.S. Air Force); and construction of the Virginia class attack submarine Pre-Commissioning Unit Minnesota (SSN 783; Chris Oxley/U.S. Navy).

DoD's 2026 Budget Request

Complications With the 2026 Budget Request

The President is expected to submit the budget of the U.S. government for the following fiscal year by the first Monday in February. That submission can take the form of a full budget on time or a late, abbreviated “skinny” budget, with full details submitted later (if at all). The current Administration took office in January 2025 and, working with Congress, submitted an abbreviated budget for fiscal year 2026 in May 2025.

The budget reconciliation process started in April 2025, while DoD was still finalizing its 2026 budget request (which normally would have been completed in February). Rather than wait for reconciliation legislation to be enacted, DoD completed its budget request—estimating that reconciliation funding for defense would total \$151 billion, on the basis of the April 2025 [House Armed Services Committee’s markup of the bill](#)—and submitted it in July 2025.

Other documentation that normally would have provided details about DoD’s funding was also not submitted with the President’s budget: the *National Defense Budget Estimates*, a reference source for data on DoD’s funding by account and program, and the Public Budget Database, the Office of Management and Budget’s summary of federal government funding by agency and account.

Recent Information About DoD's 2026 Budget

Since CBO conducted its analysis of DoD's 2026 budget request, the Administration has provided additional details.

- First, in February 2026, the Office of Management and Budget released its allotment of mandatory funding for defense provided by the 2025 reconciliation act, clarifying how those funds will be allocated across DoD's appropriation accounts and reducing the uncertainty about how they will be used.
- Second, the April 2026 submission of the President's budget for 2027 included line-item details of how 2026 funding is being allocated and a five-year plan indicating how DoD expects the costs of its plans to change from 2027 to 2031. The April 2026 submission became available after this analysis was completed. That information will inform CBO's future analysis of enduring defense costs.

Uncertainty About the Enduring Cost of DoD's Plan

Congress often provides DoD with incremental funds in addition to what DoD requests for its base budget. Incremental funding is typically provided in the form of supplemental appropriations designated for unforeseen emergencies or specific military operations.

The 2025 reconciliation act provided incremental funding for DoD, but unlike typical supplemental appropriations, the law made funding available until September 30, 2029, and provided it through broad thematic sections rather than appropriation titles and accounts. That structure creates uncertainty about how DoD will align the funds with appropriation accounts and specific programs.

Without a 2026 FYDP outlining how DoD planned to use its resources over the next five years, the size of DoD's 2026 budget request could be interpreted in three ways:

- As a one-year increase, after which DoD's base budget would return to levels consistent with those in the 2025 FYDP (CBO's projections incorporate this assumption);
- As a short-term increase to modernize DoD's forces, like the Cold War buildup in the 1980s; or
- As a permanent increase in the enduring cost of defense.

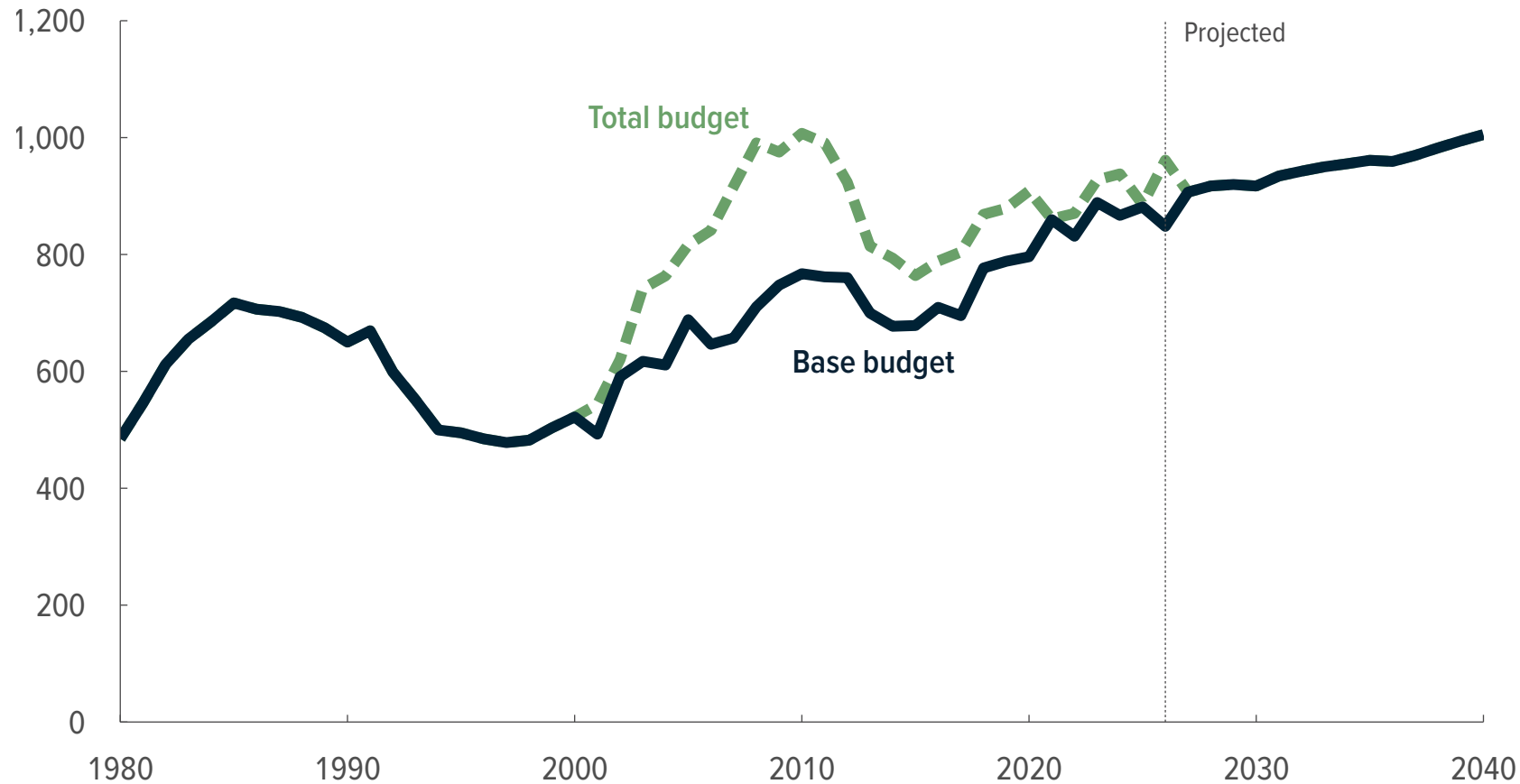
DoD's 2026 Budget Request in Historical Context

When adjusted for inflation, the 2026 budget request represents one of three high-water marks in defense funding over the past 50 years:

- The 1985 request for \$717 billion occurred in the peak year of DoD's modernization during the Cold War buildup.
- The 2010 request for \$1,007 billion included funds to support a surge of military personnel for the war in Afghanistan.
- The 2026 request for \$961 billion included \$113 billion that DoD estimated it would receive from the 2025 reconciliation act.

Historical Funding and Projected Costs for DoD Through 2040

Billions of 2026 dollars



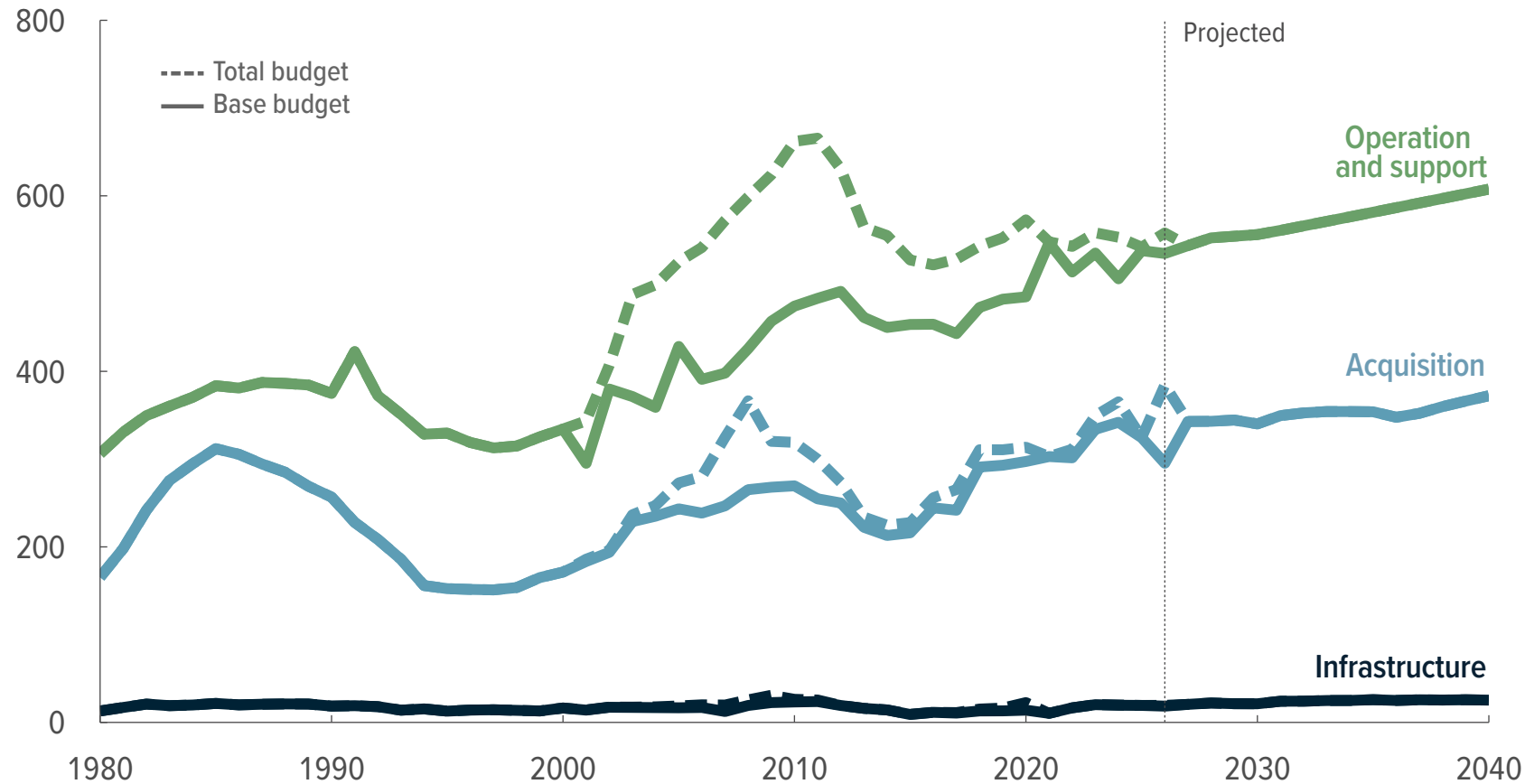
DoD's 2026 budget request included base-budget funding plus a portion of the defense funding provided by the 2025 reconciliation act.

CBO treats the reconciliation funding as a one-year increment to DoD's enduring resource requirements.

In CBO's projection, starting in 2027, DoD's enduring costs return to levels consistent with its stated plans, with increases driven by cost growth in wages, services, and materials that exceeds economywide inflation.

Funding for Operation and Support, Acquisition, and Infrastructure

Billions of 2026 dollars



DoD's base budget typically reflects the enduring costs of manning, training, maintaining, and equipping the military.

The pronounced reduction in base-budget acquisition funding in DoD's 2026 budget request suggests that reconciliation funding will be used to support the department's enduring requirements, which creates uncertainty about funding levels after 2026.



Funding From the 2025 Reconciliation Act

Enacted Reconciliation Funding and DoD's 2026 Budget

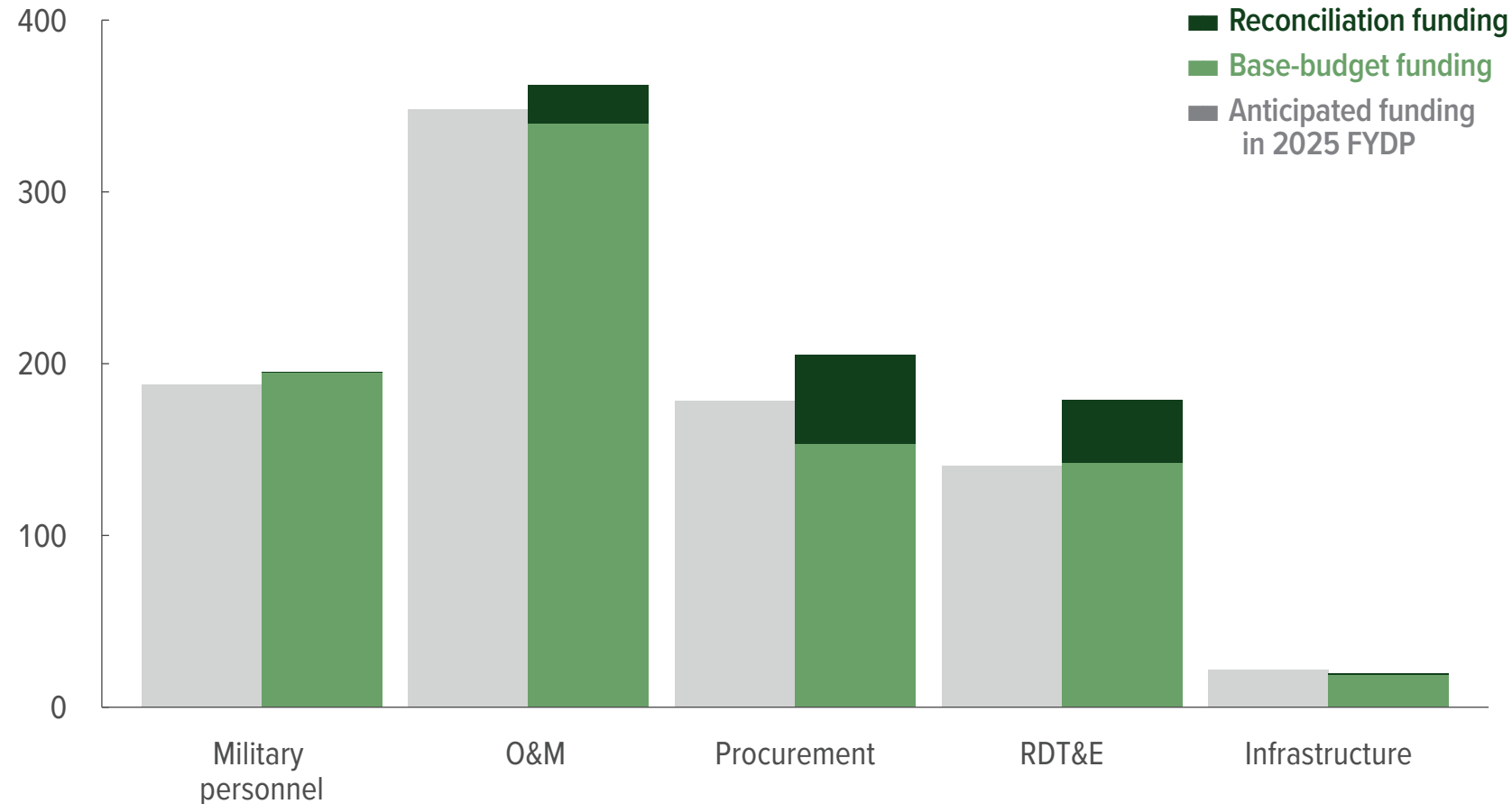
The 2025 reconciliation act was enacted on July 4, 2025. It provided DoD with \$156 billion in mandatory funding for defense, available for obligation until September 30, 2029.

That mandatory funding is provided in title II of the law, which is organized into 13 sections based on the authorized uses of the funds. Defense funding is usually discretionary, which means that Congress specifies fixed dollar amounts for appropriation titles (such as military personnel and procurement) and the funding cannot be repurposed without Congressional authorization. Designating funding by section, rather than by appropriation title, gives DoD greater-than-usual latitude in using the authorized funds.

DoD's 2026 budget request included a \$113 billion placeholder for mandatory funding, which ended up being 73 percent of the total funding ultimately provided to DoD by the 2025 reconciliation act.

Funding in DoD's 2026 Budget Request, by Appropriation Title

Billions of 2026 dollars

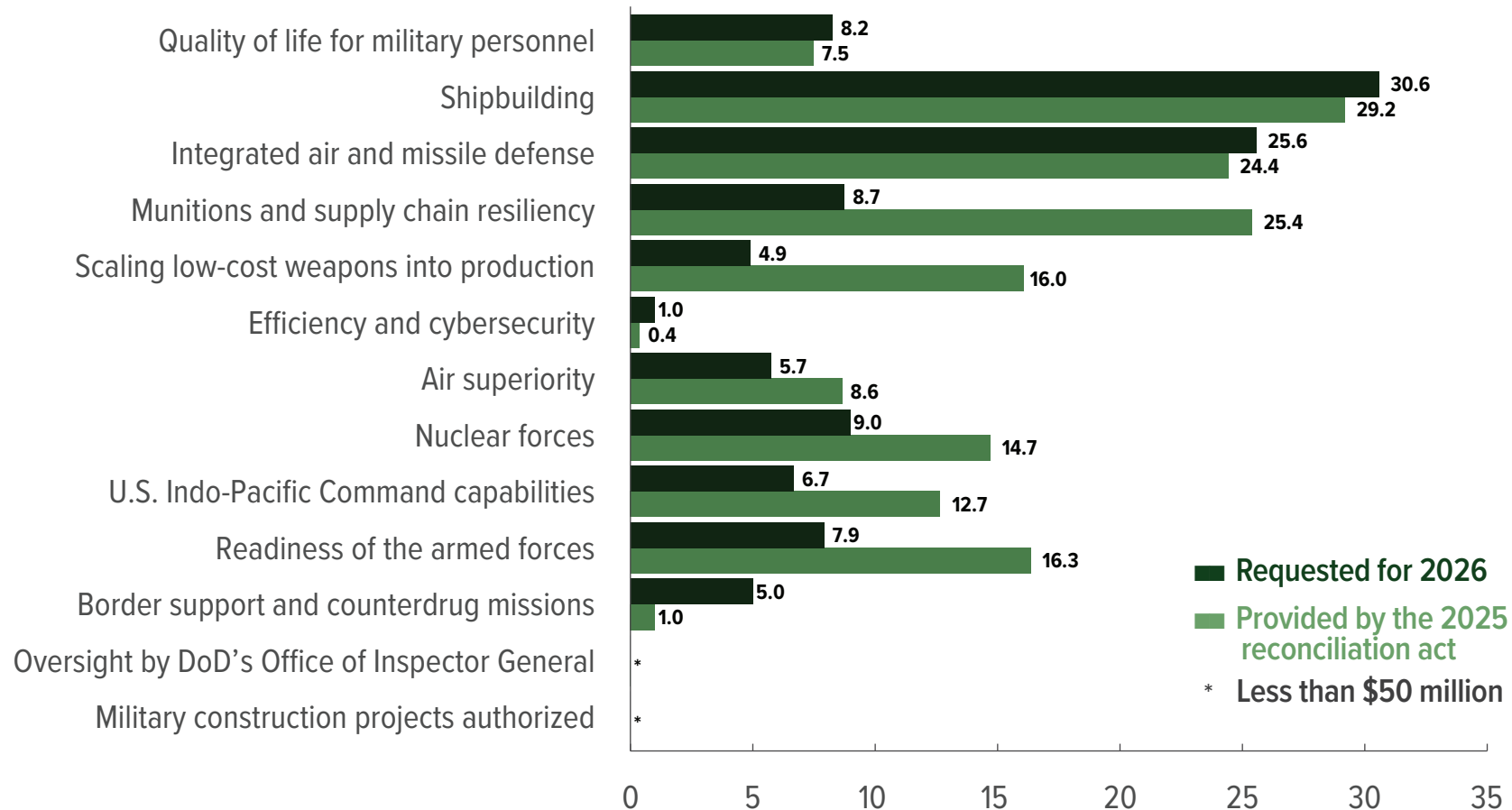


Reconciliation funding represented 12 percent of what DoD requested for 2026.

DoD's 2026 budget request allocated most of that reconciliation funding for acquisition, to procurement accounts and to research, development, test, and evaluation (RDT&E) accounts.

Funding Provided by the 2025 Reconciliation Act, by Section, and Corresponding Mandatory Funding in DoD's Plan

Billions of 2026 dollars



DoD's 2026 budget request incorporated \$113 billion (or 73 percent) of the defense funding provided by the 2025 reconciliation act.

DoD planned to use significantly less funding than many sections of the law provided. It allocated significantly more for border support and slightly more for shipbuilding and missile defense.



Acquisition Funding in DoD's 2026 Budget Request

Acquisition Funding

Acquisition funding includes the appropriations for procurement and for RDT&E. That funding is used to develop and buy new weapon systems and other major equipment, to upgrade the capabilities or extend the service life of existing weapon systems, and to support research on future technologies.

In DoD's 2026 budget request, total funding for acquisition was \$384 billion. Adjusted for inflation, that amount was 18 percent more than was appropriated for 2025 and 21 percent more than DoD anticipated for 2026 in its 2025 FYDP.

Mandatory funding for acquisition in DoD's plans—\$52 billion for procurement and \$37 billion for RDT&E—accounted for 79 percent of the \$113 billion in defense funding provided by the 2025 reconciliation act.

Base-budget funding for acquisition equaled \$295 billion: \$153 billion for procurement and \$142 billion for RDT&E. Adjusted for inflation, that amount was 9.0 percent less than was appropriated for 2025 and 7.4 percent less than DoD anticipated for 2026 in its 2025 FYDP.

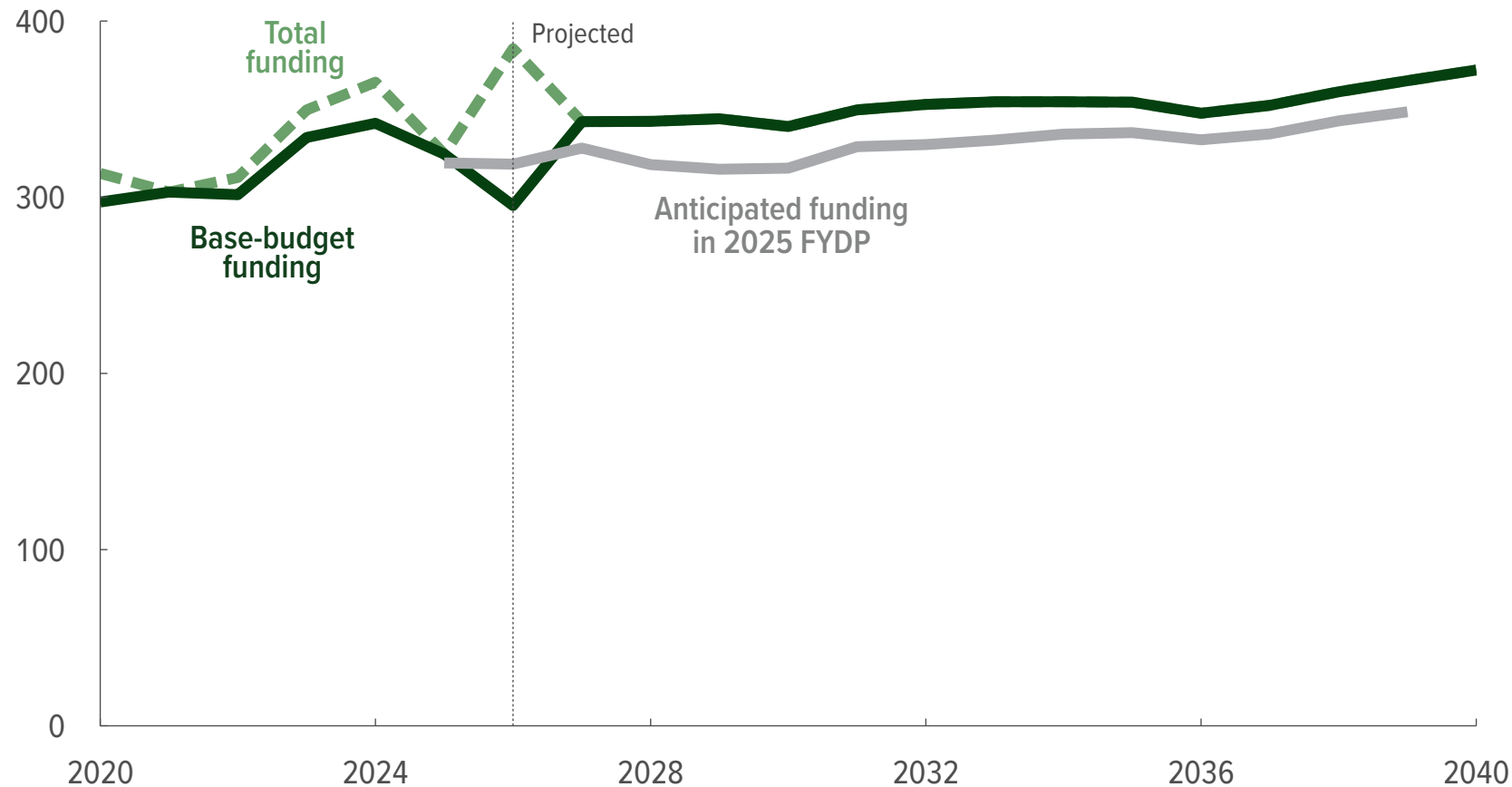
Uncertainty About Acquisition Funding

The decrease in base-budget funding for acquisition, accompanied by the increase in total funding, suggests that some reconciliation funds will be allocated to activities that would otherwise have been part of DoD's base budget.

That pattern, coupled with the lack of a 2026 FYDP, makes projections of future acquisition funding uncertain because the amount of reconciliation funding that might endure in the budget after 2026 is difficult to estimate.

Acquisition Funding in DoD's 2025 FYDP and 2026 Budget Request

Billions of 2026 dollars



The total amount of funding for acquisition in DoD's 2026 budget request, including funding provided by the 2025 reconciliation act, was greater than was anticipated in the 2025 FYDP.

The amount of base-budget funding that DoD requested for acquisition in 2026 was smaller than was anticipated in the 2025 FYDP.

Changes in Acquisition Funding in DoD's Plans, by Military Department

Total acquisition funding for the three military departments and for other DoD activities (defensewide acquisition) was higher in the 2026 budget request than was anticipated in the 2025 FYDP.

The Departments of the Navy and the Air Force received most of the reconciliation funding for acquisition.

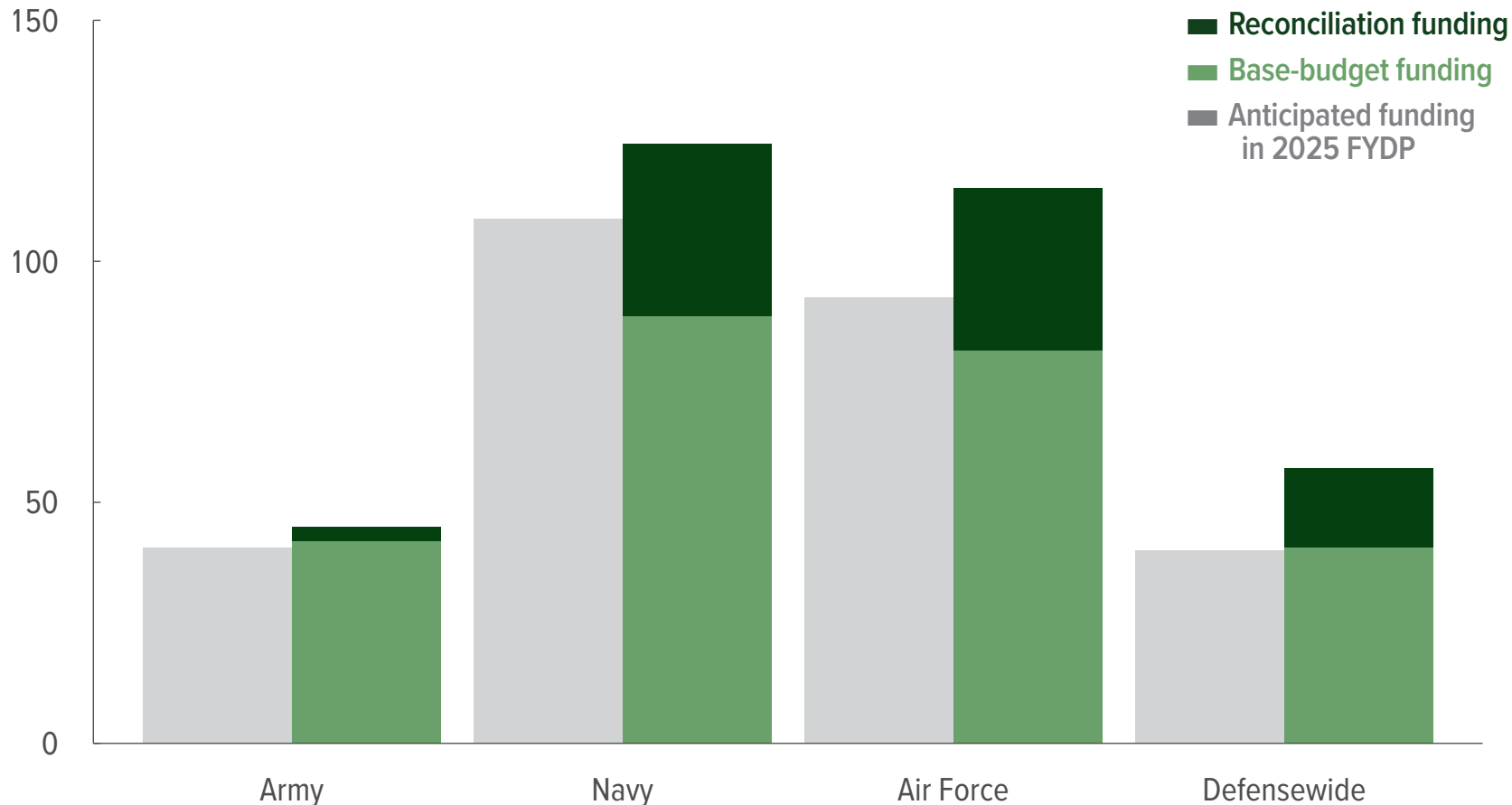
- The total amounts of acquisition funding requested for those departments, including reconciliation funds, were 14 percent and 25 percent higher, respectively, than was anticipated in the 2025 FYDP.
- The amounts of base-budget acquisition funding requested for those departments were 19 percent and 12 percent lower, respectively, than was anticipated in the 2025 FYDP.

For the Department of the Army and defensewide activities, the total amounts of acquisition funding in DoD's 2026 budget request were 10 percent and 43 percent higher, respectively, than was anticipated in the 2025 FYDP. The amounts of base-budget funding for acquisition were 3 percent and 1 percent higher.

Roughly half of the \$16.6 billion in reconciliation funding for defensewide accounts was for three activities: Homeland Defense Initiatives (\$5.2 billion), industrial base analysis and support (\$2.1 billion), and classified programs (\$1.2 billion).

Acquisition Funding in DoD's 2026 Budget Request, by Military Department

Billions of 2026 dollars



Total funding for all three military departments and for defensewide activities was higher in DoD's 2026 budget request than was anticipated in the 2025 FYDP.

DoD used reconciliation funding to offset smaller-than-anticipated amounts of base-budget funding for the Departments of the Navy and the Air Force.

Reconciliation Funding in the Department of the Navy's Acquisition Accounts

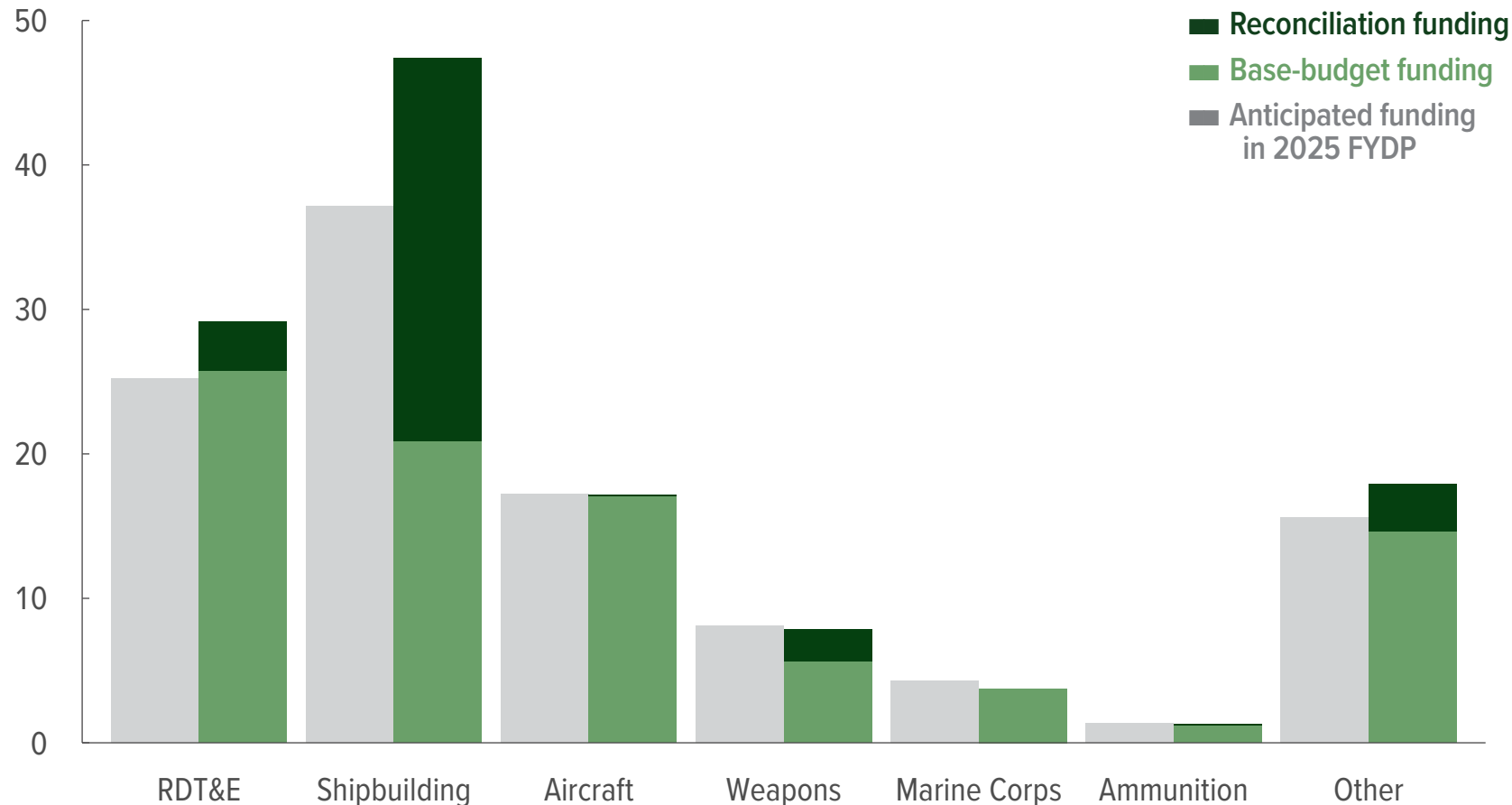
In DoD's 2026 budget request, reconciliation funds represented 29 percent of the Department of the Navy's funding for acquisition.

Total funding for the Navy's weapons account was 3 percent lower than was anticipated in the 2025 FYDP. Base-budget funding for that account was 31 percent lower; reconciliation funds made up for most of that difference.

For the shipbuilding account, total funding was 28 percent higher than was anticipated in the 2025 FYDP, but base-budget funding was 44 percent lower.

Acquisition Funding for the Department of the Navy in DoD's 2026 Budget Request

Billions of 2026 dollars



Most of the reconciliation funding for the Department of the Navy in DoD's 2026 budget request was for shipbuilding.

Total funding for shipbuilding was 28 percent higher than was anticipated in the 2025 FYDP. Much of the reconciliation funding for shipbuilding offset a lower-than-anticipated amount of base-budget funding.

Reconciliation Funding in the Department of the Air Force's Acquisition Accounts

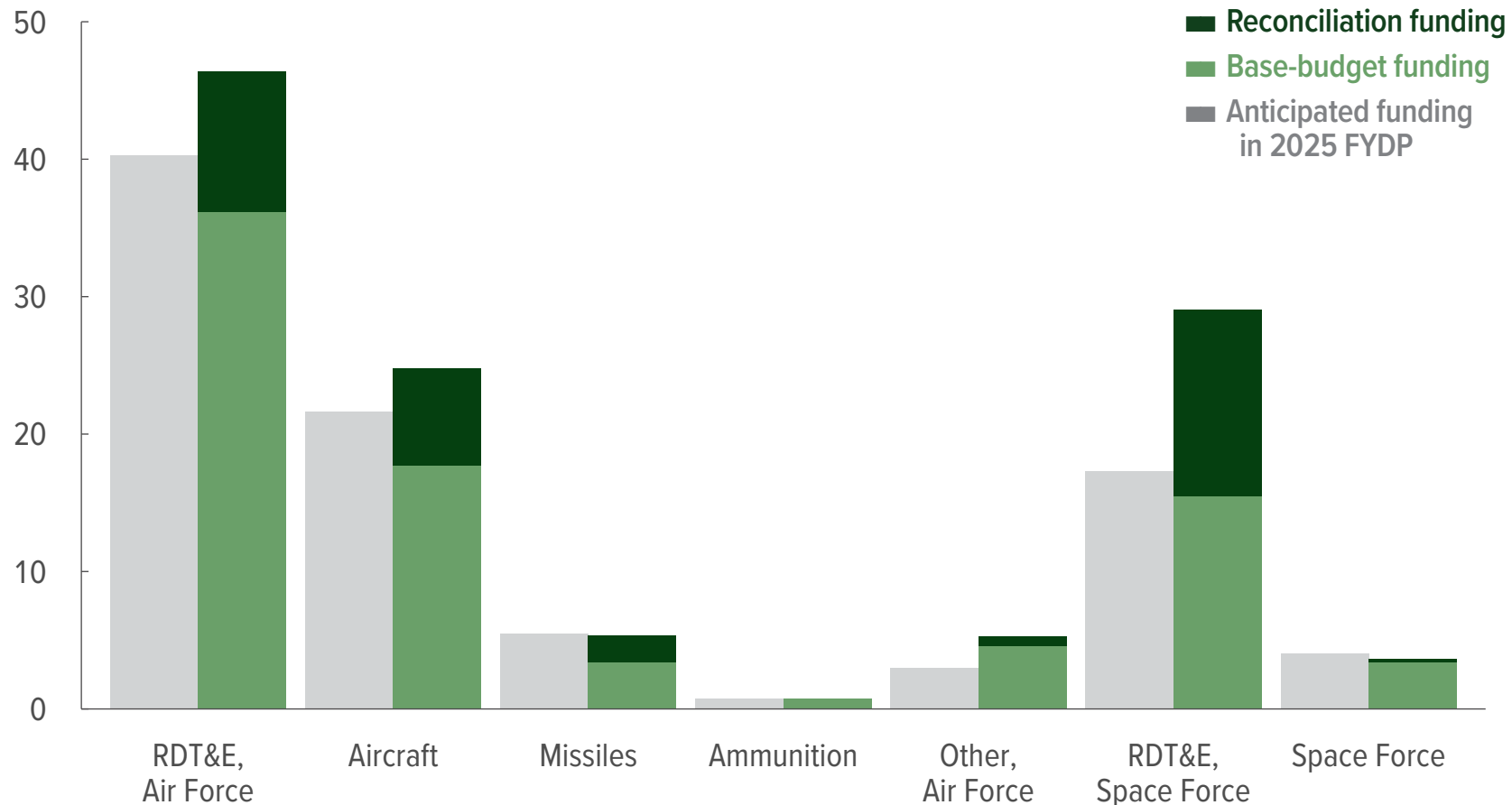
In DoD's 2026 budget request, reconciliation funding made up 29 percent of the Department of the Air Force's acquisition budget.¹

Most of the reconciliation funds for the Department of the Air Force were for RDT&E and aircraft. As with Navy shipbuilding, the base-budget funding for those accounts was lower than was anticipated in the 2025 FYDP, but the total funding was higher.

1. CBO's estimates of funding for the Department of the Air Force do not include roughly \$40 billion requested for 2026 in "non-blue" funds, which are appropriated for Air Force acquisition accounts but are used to fund activities outside of the Air Force.

Acquisition Funding for the Department of the Air Force in DoD's 2026 Budget Request

Billions of 2026 dollars



Most of the reconciliation funding requested for the Department of the Air Force's acquisition was for RDT&E for the Space Force. DoD requested 68 percent more funding for that account than anticipated in the 2025 FYDP; reconciliation funds made up nearly half that amount.

By contrast, the total funding requested for missile and Space Force procurement, including reconciliation funding, was less than anticipated in the 2025 FYDP.

Operation and Support Funding in DoD's 2026 Budget Request

Operation and Support Funding

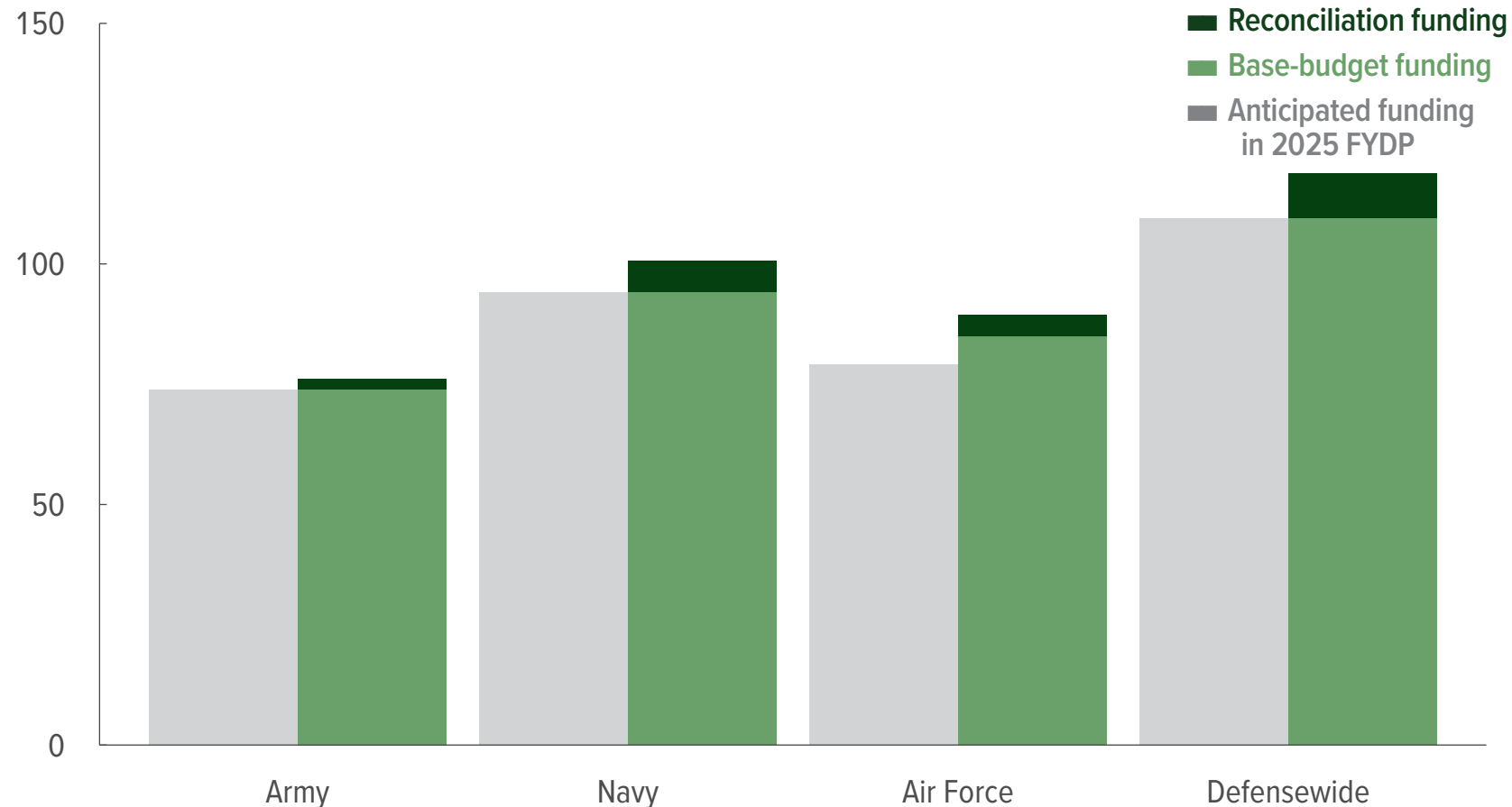
Operation and support funding totaled \$558 billion in DoD's 2026 budget request. That funding, which is for the military personnel accounts and the operation and maintenance accounts, represented 58 percent of DoD's total budget and 21 percent of the defense funding provided by the 2025 reconciliation act.

For the military personnel accounts, DoD requested \$195 billion. That amount included \$0.7 billion in reconciliation funding, which DoD planned to use primarily to increase service members' housing allowances and to offset temporary lodging expenses for service members who are on duty and away from their home station.

For the O&M accounts, DoD requested \$362 billion, including \$23 billion in reconciliation funding to enhance facility sustainment, restoration, and modernization and to increase depot maintenance.

Operation and Maintenance Funding in DoD's 2026 Budget Request, by Military Department

Billions of 2026 dollars

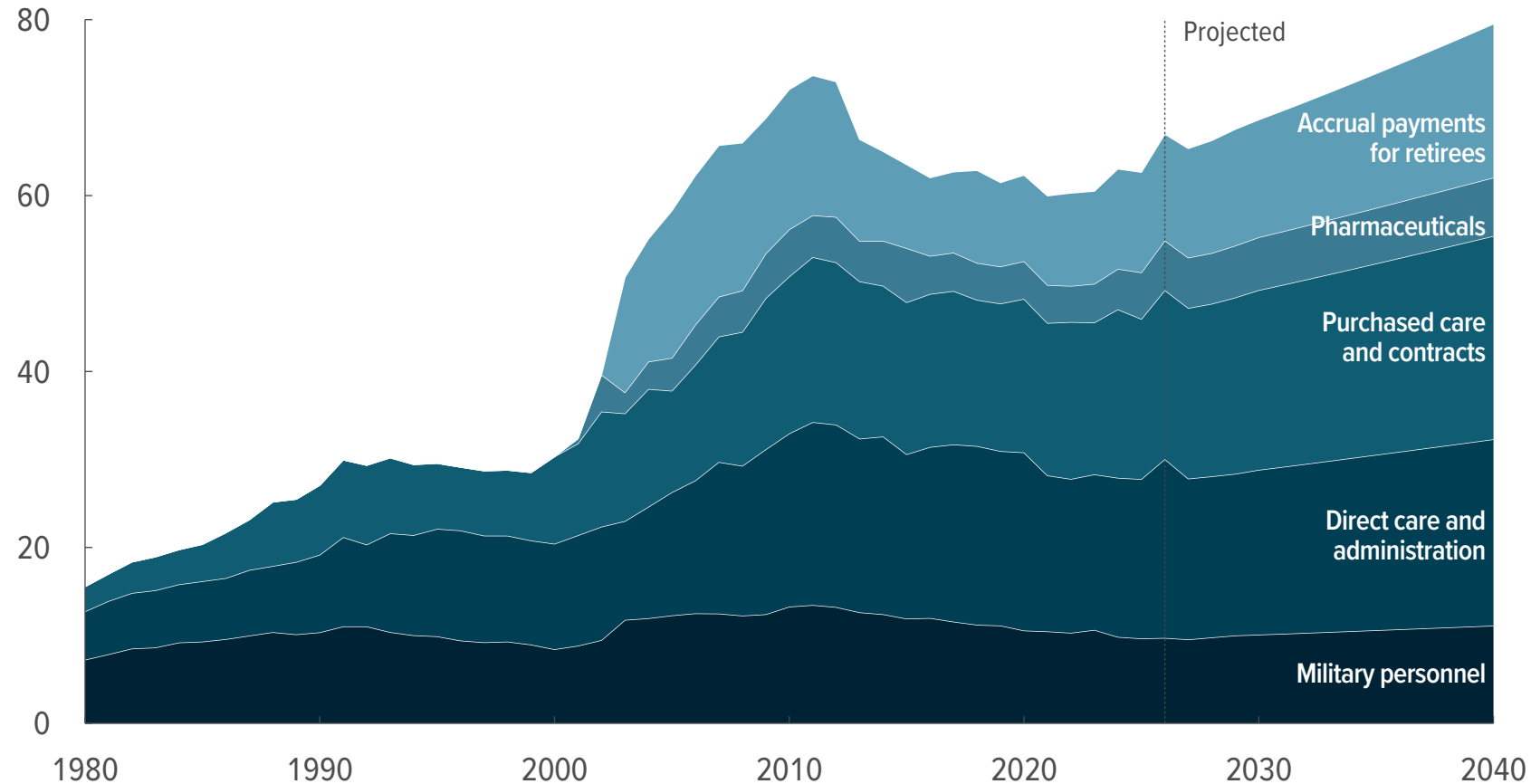


In DoD's budget request for 2026, O&M was allocated less than half as much reconciliation funding as acquisition.

The amount allocated to defensewide O&M accounts included \$9.4 billion in reconciliation funding. More than half of that amount was for border protection and immigration detention activities.

Funding for Military Health Care

Billions of 2026 dollars



DoD's 2026 budget request designated \$2 billion in reconciliation funding for military health care, increasing funds for direct care to enhance military health care facilities, operations, and service providers.

After 2026, in CBO's projection, the cost of military health care rises through 2040. That growth is driven by increases in compensation costs and economywide increases in the cost of health care and pharmaceuticals.

Operation and Support Funding, by Appropriation Title

Billions of 2026 dollars

	Requested	Projected	
	2026	2030	2040
Military personnel			
Military compensation	183	189	205
TRICARE for Life	12	13	17
Total	195	202	223
Operation and maintenance^a			
Civilian compensation	98	97	106
Contractor compensation	47	49	54
O&M in the MHS	45	45	51
Other O&M ^b	172	163	174
Total	362	354	385
Total funding for operation and support	558	556	608

MHS = Military Health System; O&M = operation and maintenance.

a. CBO included the relatively small amount in DoD's budget for revolving and management funds with the O&M appropriation because those two titles involve similar activities.

b. Other O&M is the sum of the O&M and revolving and management fund appropriation titles minus costs for civilian compensation, contractor compensation, and the MHS.



Operation and Support Funding, by Economic Activity

Billions of 2026 dollars

	Requested	Projected	
	2026	2030	2040
Compensation^a			
Military personnel	195	202	223
Civilian personnel ^b	98	97	106
Contractor personnel ^b	47	49	54
Total	340	348	383
Military Health System^c			
Military personnel in the MHS	10	10	11
Civilian personnel in the MHS	8	8	9
O&M in the MHS ^d	37	37	42
TRICARE for Life	12	13	17
Total	67	69	80
Other O&M	172	163	174

MHS = Military Health System; O&M = operation and maintenance.

a. Compensation consists of cash pay, noncash benefits, and accrual payments for retirement benefits. For civilians and contractors, it also includes DoD's contributions for health insurance.

b. The amounts shown here do not include compensation for civilian personnel and contractors funded from accounts other than O&M.

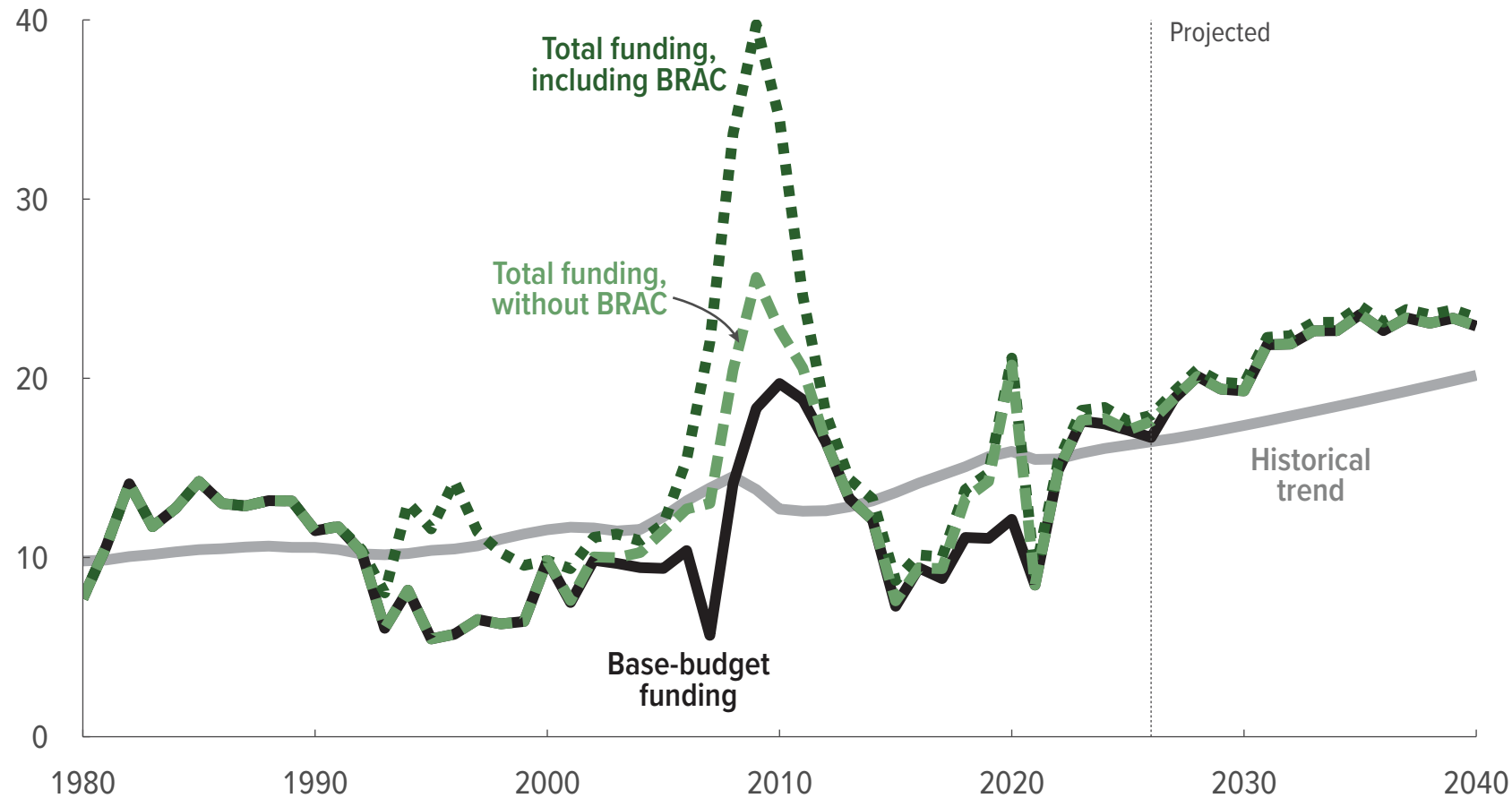
c. Funding for compensation and for the MHS is not additive because MHS costs include personnel compensation costs.

d. To avoid double-counting, O&M funding in the MHS does not include the cost of federal civilian compensation.

Infrastructure Funding in DoD's 2026 Budget Request

Funding for Military Construction

Billions of 2026 dollars



Funding for military construction in DoD’s 2026 budget request included \$0.9 billion from the 2025 reconciliation act.

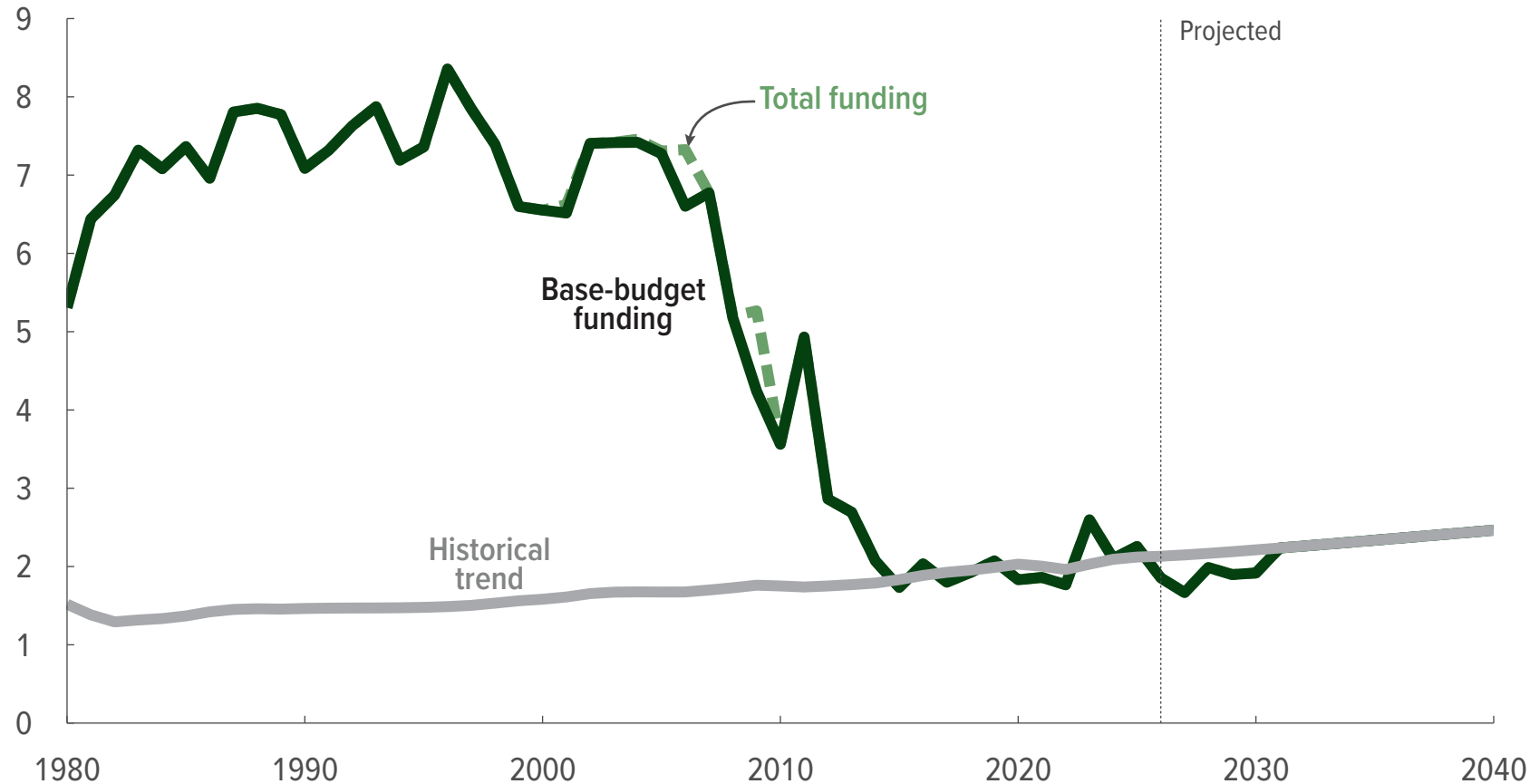
In CBO’s projection, higher-than-average costs for military construction after 2026 reflect infrastructure costs for major acquisition programs, such as the Air Force’s Sentinel missile program, and the Navy’s plans to modernize its shipyards.

BRAC = base realignment and closure. BRAC is a process in which DoD closes and consolidates military bases to streamline its allocation of resources and reduce costs. BRAC occurs episodically, in rounds authorized by Congress, and the funding supports DoD-managed environmental cleanup, caretaker services, and property disposal at affected bases.



Funding for Family Housing

Billions of 2026 dollars



Funding in DoD's family housing accounts dropped considerably from 2005 to 2015. During that period, most family housing on military installations was privatized, and the associated funding was shifted to housing allowances in military personnel accounts.

According to the 2025 FYDP, DoD's costs for housing from 2026 to 2030 will fall below historical trends. In CBO's projection, costs return to levels consistent with those trends in 2031.

About This Document

This document was prepared as part of an annual series at the request of the Chairman and the Ranking Member of the Senate Committee on the Budget. In keeping with the Congressional Budget Office's mandate to provide objective, impartial analysis, it makes no recommendations.

David Arthur and F. Matthew Woodward prepared the document with guidance from David Mosher and Edward G. Keating. Michael Bennett (formerly of CBO) and Eric J. Labs contributed to the analysis. Xinzhe Cheng, William Ma, David Newman, and Lara Robillard provided comments. Ryan Snyder fact-checked the document.

Jeffrey Kling reviewed the document. Christine Browne edited it, and Jorge Salazar created the graphics and prepared the text for publication. The document is available at www.cbo.gov/publication/62301.

CBO seeks feedback to make its work as useful as possible. Please send comments to communications@cbo.gov.



Phillip L. Swagel
Director