Understanding the Senate’s Supplemental Budget Bill

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This report describes the major portions of the Senate’s version of the national security supplemental budget request for Ukraine, Israel, border security, and the Indo-Pacific. 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 National Security Supplemental Budget Request

From 2020 to 2022, Washington unleashed a $7.5 trillion spending spree that sent prices in America soaring. With the national debt approaching $34 trillion, or over $258,000 per household, the Senate’s “emergency” supplemental bill providing $110.5 billion in deficit-financed spending is wildly irresponsible.

KEY TAKEAWAYS

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

A large portion of emergency funding for Ukraine will not be used for military operations against Russia.

The request includes $10.7 billion for DHS, HHS, and State Department employees, contractors, and non-governmental organizations to transport and process more illegal aliens quickly into the United States.

This paper, in its entirety, can be found at https://report.heritage.org/bg3800
Except for supporting our ally Israel following the vicious terrorist attack by Hamas, which is a genuinely time-sensitive and unforeseen crisis, all the other items in the supplemental were fully known at the start of the current appropriations process.

Alarmingly, President Biden is asking for millions in humanitarian aid for Gaza and the West Bank in this supplemental. Previous international aid for Palestinians was diverted by Hamas to help fund the deadliest terrorist attack on Israel in its history. Congress should not consider any humanitarian funding for the West Bank or Gaza in areas controlled by Hamas or pro-Hamas entities in this or any legislation.

Senator Majority Leader Schumer is trying to use the supplemental approach to break spending limits that both parties agreed to earlier this year during the debt-ceiling debate. Rather than making room for the supplemental request provisions by trimming or eliminating less important programs, Washington’s big spenders want to use this crisis and its “emergency” loophole to dodge proper budgeting procedures.

That approach has been business as usual for decades. However, at a time of rising interest rates and stubbornly elevated inflation, more reckless unrestrained discretionary spending threatens to push the U.S. economy even further into dangerous and uncharted fiscal territory.

Ukraine Funding: $65.5 Billion

The Senate bill provides $65.5 billion in emergency spending 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, writes that the supplemental request “invests over $50 billion in the American defense industrial base,” as she tries to define the vast majority of the funding for the Ukrainian war effort as an investment here at home.

Analysis. Thanks to creative accounting and misleading labels, most of the support to the Department of Defense (DOD) in this supplemental bill will go to Ukraine and not to the U.S. military. For example, roughly $32 billion is for Defense Department Operations and Maintenance, but the money in this bucket is earmarked to “respond to the situation in Ukraine and for related expenses.” The Senate bill provides an additional $4 billion in military aid to Ukraine over what was initially requested by the Biden Administration. In the Senate version, many of the sections originally listed in the President’s request as being designated to “respond to the situation in Ukraine” have been changed to “respond to the situation in Israel and Ukraine.”
Ukraine Security Assistance Initiative (USAI): $13.5 Billion

The Senate bill provides $13.5 billion for training Ukrainian armed forces and can also be used to purchase military equipment and munitions. This is $1.5 billion above the supplemental request for $12.0 billion for the Ukraine Security Assistance Initiative.

Analysis. 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. The United States has provided over $43 billion in direct military assistance since February 2022. For context, from 2014 to 2021, the United States provided about $2.8 billion.

Direct Budget Support to the Government of Ukraine: $11.8 Billion

The Senate bill provides $11.8 billion to pay the salaries of Ukrainian government employees, along with health care and education costs in Ukraine to “ensure that the government of Ukraine remains operational” and prevent an economic crisis in Ukraine. Another $2.2 billion is included to “build the future of a self-reliant Ukrainian economy.”

Analysis. 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 and pensions of Ukrainian government employees—even while its inflationary policies make life more difficult for American citizens here at home. It also spends billions more to finance its radical climate agenda overseas. This supplemental request contains billions more in aid to Ukraine. The European Union, which lags far behind the United States in its military assistance to Ukraine, 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.

Prior to 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 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.
The supplemental also 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 is no way to explain how the money is being spent once it reaches Ukraine, 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: $14.3 Billion**

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

Similar to the provision for Ukraine for replenishing stockpiles, the Senate bill includes $4.4 billion to fund 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: $801.4 Million**

The Senate bill provides $801.4 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: $4.047 Billion**

The Senate bill includes $4.047 billion to procure the Iron Dome and David’s Sling defense systems to counter rocket, missile, mortar, and drone threats. The extensive rocket attacks on Israel by Hamas on October 7 revealed gaps and seams in the existing defense systems that need to be bolstered, and Hezbollah threatens an even greater missile attack on Israel from Lebanon. The Iron Dome request that in the President’s version was only for aid to Israel now contains an additional $47 million for Ukraine.
Iron Beam Defense System: $1.394 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, test, and evaluation funding within the DOD to be transferred to the Israeli government for Iron Beam. The Iron Beam has been developed by the Israeli government and Israeli defense contractor Rafael Advanced Defense Systems in partnership with the U.S. government and Lockheed Martin. The Iron Beam request that in the President’s version was only for aid to Israel now contains an additional $194 million designated for Ukraine.

Foreign Military Financing: $3.5 Billion

The Senate bill provides $3.5 billion in Foreign Military Financing (FMF) for Israel to procure weapons and military systems produced in the United States or Israel.

Defense Production Act Purchases Account: $198.6 Million

The Senate bill provides $198.6 million for President Biden to use the Defense Production Act to “mitigate industrial base constraints to allow for faster production of weapons and equipment.” The Defense Production Act allows the President to direct and mobilize the domestic economy to respond to emergencies. This funding could incentivize industry to produce defense materials other than ammunition or to reallocate and prioritize scarce resources such as rare earth materials used as part of the defense industrial base.16

Overall Israel Aid Analysis. Unlike the money being earmarked for Ukraine and various so-called humanitarian initiatives, the funding for Israel in this bill is at least focused on military aid that is in the security interests of the United States, albeit on a much smaller scale. The supplemental would also loosen existing requirements about the transfer of weapons to Israel, allowing the Pentagon to send all categories of defense articles—including new defense articles and not just old or obsolete equipment—and shortening the time for the notice the President must provide Congress before transferring weapons to Israel. The existing requirements for notification and transfer are not appropriate for a wartime and exigent situation such as the one Israel faces today.
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 meet the humanitarian needs from the war in Ukraine not covered by the $4.3 billion for Migration and Refugee Assistance and the terrorist attack on Israel. An unspecified portion of the total funding request would be used for emergency food assistance for internally displaced and vulnerable populations and communities inside Ukraine.

Analysis. Arab and Western officials believe that Hamas, the ruling regime in Gaza, has stored months’ worth of food, fuel, and medical supplies “to keep fighting for three to four months without supply.”17 Given the horrible track record of large-scale humanitarian assistance being diverted by terrorist regimes and organizations,18 it is highly likely that U.S. taxpayer-funded humanitarian aid to Gaza will be diverted to support further Hamas terrorist attacks on Israel and fund both sides of this conflict.

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 exporters of food and can feed itself.19 Ukraine’s European neighbors have both the responsibility and the capability to provide whatever additional emergency requirements Ukraine might need, especially as Europe lags far behind the United States in the provision of military aid to Ukraine.

Migration and Refugee Assistance: $4.3 Billion

The Senate bill provides $4.3 billion for Migration and Refugee Assistance. President Biden requested $3.5 billion in humanitarian aid to vulnerable or displaced people inside Ukraine and those affected by Russia’s war in Ukraine.

Analysis. Regional displaced migrants in Europe should be cared for by the European Union. U.S. taxpayers should not subsidize wealthy EU countries. According to the United Nations, global food prices have returned to their pre-2022 war prices, so no justification exists to provide “those affected by Russia’s war in Ukraine” with emergency financial transfers.20
Europe, Eurasia, and Central Asia Assistance: $2.2 Billion

The Senate bill includes $2.2 billion for Ukraine and other nations’ energy, manufacturing, agricultural, transportation, and mining sectors. This request also includes funds for U.S. contractors and grantees to provide technical assistance for Ukraine in the governance and management of these programs.

Analysis. This is yet another area of high risk where the U.S. government cannot ensure where these funds are going and if they are being wasted or lost to corruption. As Ukraine and other European states are slated to eventually become members of the EU, it should fall on European allies to lead in the provision of any economic assistance, especially within Europe, instead of relying on more U.S. taxpayer funding.

World Bank and International Monetary Fund

The Senate bill provides $2 billion through the Department of the Treasury for contributions to the World Bank to assist partner countries in undertaking infrastructure and other development projects. The bill also authorizes the use of unobligated balances to cover the cost of “loans made by the Secretary of the Treasury to the Poverty Reduction and Growth Trust or the Resilience and Sustainability Trust of the IMF...to subsidize gross obligations for the principal amount of direct loans not to exceed $21,000,000,000.”

Analysis. Neither request is an emergency. In fact, the Senate’s Department of State, Foreign Operations, and Related Programs Appropriations Act, 2023 included similar requests for funding and replenishment of the World Bank (International Bank for Reconstruction and Development and the International Development Association) and funding for IMF trust funds. At a minimum, these requests should be handled through normal processes, not through an emergency supplemental bill to address issues unrelated to the World Bank and IMF. However, the requests themselves deserve scrutiny and, likely, opposition from conservatives. For instance, the request to fund IMF trust funds would inappropriately encourage mission creep of that intuition to support climate change, health care, and other development activities outside of its remit.

Compacts of Free Association (COFA)

The Senate bill provides $7.1 billion in mandatory funding over the next 20 years for the Compacts with the Marshall Islands, Micronesia, and Palau,
which includes $6.5 billion in economic assistance to the Freely Associated States and $634 million for continued United States Postal Service in the Freely Associated States.

**Analysis.** The U.S. has Compacts of Free Association (COFA) with Micronesia, the Marshall Islands, and Palau, which play a vital role in resisting Chinese expansion. Failing to renew and fund the COFA agreements risks the loss of exclusive U.S. military access to these three states, allowing Chinese expansion in the Indo-Pacific.

### 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 of 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.

**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.

**Overall Indo-Pacific Analysis.** 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. 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.

### “Border Security” Funding: $10.7 Billion

In response to the worst border crisis in the nation’s history, the Senate bill provides $10.7 billion for “border security” in this supplemental request. This is less than the $13.6 billion for this funding requested by the President.
Customs and Border Protection: $4.47 Billion

The Senate bill provides $4.47 billion to process and transport illegal aliens into the United States. If enacted, the supplemental would fund more manpower, facilities, transportation, and nongovernmental organization (NGO) grants. Alarmingly, $1.4 billion would be transferred to the Federal Emergency Management Agency (FEMA) to provide shelter and social services to illegal aliens.

**Analysis.** The Administration’s fact sheet requests $1.4 billion for FEMA’s Shelter and Security Program (SSP). The Biden Administration is likely looking to use this funding for NGOs to house and transport illegal aliens through both the SSP and Emergency Food and Shelter Program—Humanitarian. This supplemental request for FEMA grants is in addition to the nearly $1 billion that was allocated for NGOs to house and transport illegal aliens under these programs in fiscal year 2023.

Immigration and Customs Enforcement: $2.4 Billion

The Senate bill includes $2.44 billion for Immigration and Customs Enforcement.

**Analysis.** This Administration has been given billions of dollars in annual appropriations for removal operations, and it refuses to remove illegal aliens. It is more likely that this money would be used to fund the transportation of illegal aliens around the United States.

Also, while the Administration calls for additional detention beds, they provide no number or assurance that the funds would be used for removal rather than processing and release. The same concern applies to alternatives to detention, as the money would likely not be used to expand effective monitoring programs such as the Intensive Supervision Appearance Program.

Health and Human Services (HHS): $2.33 Billion

The Senate bill provides $2.33 billion for refugee and entrant assistance for the Health and Human Services (HHS) Office of Refugee Resettlement. This is greater than the $1.85 billion requested by the President for Health and Human Services (HHS) and would be available until September 30, 2025.
**Analysis.** This money would also be used to support unaccompanied alien children (UACs) and other Office of Refugee Resettlement—eligible populations—a massive mistake that seeks to accommodate, not end, the current UAC flow. This would allow children to continue suffering at the hands of cartels and smugglers, where they are then turned over to unvetted sponsors or forced into child labor and sex trafficking. Also, the next Administration should not be bound by Congress to spend FY2025 money on processing unaccompanied children. Rather, the next Administration should prevent unaccompanied children from coming to the U.S. in the first place.

**U.S. Citizenship and Immigration Services (USCIS): $755 Million**

The Senate bill provides $755 million until September 30, 2025, to process more requests for asylum and other immigration benefits (such as illegal parole and work permits) through the hiring of additional USCIS bureaucrats. This is equal to the amount requested by the President for USCIS. The USCIS is a fee-funded agency, but the Biden Administration refuses to charge fees for asylum applications.

**Analysis.** Instead of American taxpayers paying for the Biden Administration’s asylum backlog, applicants should be charged fees for their applications. Asylum applications are subsidized by other benefit applicants. The backlog of pending cases has already been paid for with applicant fees. The U.S. taxpayers should not have to pay USCIS a second time to adjudicate the same applications. Nor should the next Administration be bound by this FY2025 money appropriation. Also, because most illegal aliens are coming to the United States to take American jobs, any acceleration of work authorizations entices more illegal immigration and makes the border crisis worse.

**Department of State: $450 Million**

The Senate bill provides $450 million in foreign aid in the Western Hemisphere and helps foreign nationals immigrate to the United States.

**Analysis.** This item is simply a larger system to encourage migrants to schedule their illegal immigration to the United States and be mass paroled through U.S. ports of entry.

**Department of Labor: $50.0 Million**

The Senate bill provides $50.0 million, equal to the supplemental budget request, to protect UACs, whom the Biden Administration encouraged to enter unlawfully, from child labor violations.
Analysis. Child labor violations are a direct result of policies enticing and rewarding UACs who cross the border. Since Biden took office, border agents have encountered around 436,000 UACs, a historic number. Unable to find and vet enough sponsors to take in the children, HHS has lowered the standards for child sponsors and has lost track of at least 85,000 UACs. These children can easily become sex-trafficking victims or be forced into child labor. Rather than throw good money after bad policies, the Administration should prevent UACs from crossing the border in the first place.

Department of Justice: $1.42 Billion

The Senate bill provides $1.42 billion for the immigration courts to hire 375 additional immigration judge teams, many of whom will be open-borders attorneys selected by the Administration’s political appointees. Of the $1.42 billion, $100 million would be for grants to “provide direct legal representation for certain individuals and families in immigration court proceedings.”

Analysis. Simply hiring more immigration judges would not reduce the abuse of the immigration court system. Rather, it would simply delay the deportation of immigrants through frivolous motions and appeals to spend more time in the United States. It is critical to flag the $100 million new grant created to represent deportable aliens in removal proceedings. This violates 8 U.S.C., sec. 1362, which states that an alien may have legal representation in such proceedings “at no expense to the Government.” The Left has long sought to breach this sound fiscal policy, but U.S. taxpayers should not pay to defend deportable aliens. U.S. citizens do not receive taxpayer-funded legal representation in civil proceedings.

Overall Border Security Analysis. U.S. Customs and Border Protection apprehended 341,392 inadmissible aliens nationwide in September, and the total number of inadmissible aliens encountered nationwide in fiscal year 2023 reached a record of more than 3.2 million. The Administration’s goal with this supplemental funding is not to stop the border crisis, and it is, therefore, not about “border security.” Rather, the funding would speed the processing and release of illegal aliens into the United States and provide grants to sanctuary cities overwhelmed with the consequences of President Biden’s decision to open the borders when he took office.
Conclusion

Congress should fund military aid for Israel without delay. The Biden Administration should not exploit this urgent need to fund Israel to also provide funds for Hamas militants or unleash yet another tranche of unnecessary and unrelated spending. It is vital that Congress pair spending increases with spending reductions for the many wasteful and improper programs that clutter the federal budget. Hardworking families must often make difficult choices after spending money to address emergencies, and Washington can and should do the same.

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Endnotes

1. The Senate supplemental bill is formally titled the “National Security and Border Act, 2024” and is published as an unnumbered amendment on the Senate Appropriations Committee website at https://www.appropriations.senate.gov/imo/media/doc/national_security_and_border_act_text.pdf (accessed December 6, 2023).


11. Ibid.


24. Ibid.

25. Ibid.


29. Ibid.