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\$1.5 Trillion Military Budget Would Add \$5.8 Trillion to Debt Over Decade

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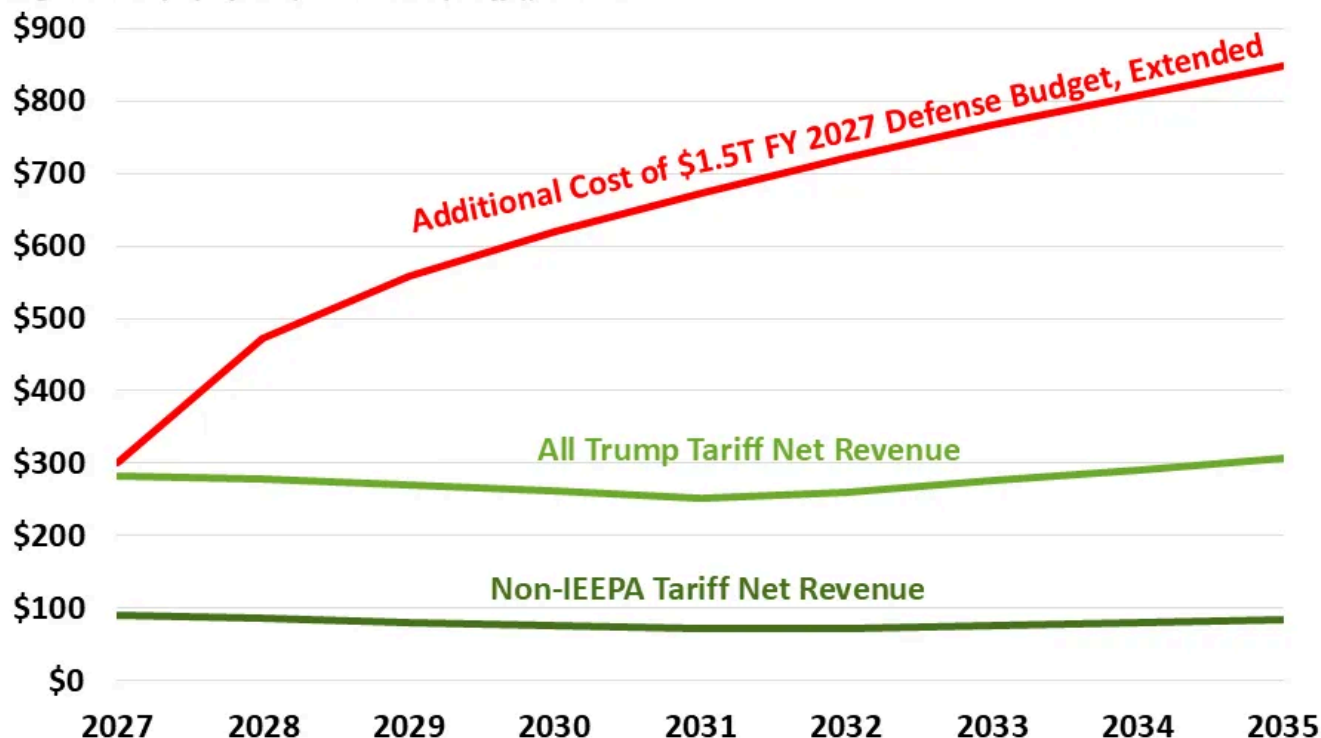
In a [post on Truth Social \(https://truthsocial.com/@realDonaldTrump/posts/115855894695940909\)](https://truthsocial.com/@realDonaldTrump/posts/115855894695940909), President Trump called for increasing the Fiscal Year (FY) 2027 defense budget to \$1.5 trillion, rather than \$1 trillion he said he previously wanted to propose. We preliminarily estimate that this would increase defense spending by \$5 trillion through 2035, adding **\$5.8 trillion** to the national debt when interest is included.

To justify this increase, President Trump points to the substantial revenue being brought in by the tariffs enacted thus far in his second term, arguing that the tariffs would be sufficient to cover increased military spending, [rebate payments \(/blogs/tariff-dividends-could-cost-600-billion-year\)](#), and deficit reduction. In reality, the military spending increase would be about twice as large as expected tariff revenue.

The Congressional Budget Office [recently estimated \(/blogs/cbos-new-projections-show-1-trillion-less-tariff-savings\)](#) current tariffs would raise \$2.5 trillion of additional revenue through 2035, or \$3 trillion with interest. On a dynamic basis, the revenue is likely to be somewhat smaller.

\$1.5T Defense Budget Far Larger Than Tariff Revenue

Change in Outlays (Defense) or Revenue (Tariffs), Billions



Source: CRFB estimates based on CBO data.

Note: years beyond FY 2027 are extended assuming CBO's baseline convention, which roughly matches increases with inflation. All figures include interest costs/savings.

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Importantly, the Supreme Court may soon rule that a substantial portion of the tariffs – those put in place via the International Emergency Economic Powers Act (IEEPA) – are illegal. In that case, total deficit reduction from the tariff revenue would be closer to \$700 billion through 2035 on a conventional basis based on prior estimates (</blogs/cbos-new-projections-show-1-trillion-less-tariff-savings>), covering only about 15% of the cost of a defense hike. It is important to note that President Trump said (<https://truthsocial.com/@realDonaldTrump/posts/115855894695940909>) that absent tariff revenue, military spending should total \$1 trillion in 2027.

Given the \$175 billion appropriated to the defense budget under the One Big Beautiful Bill Act (OBBBA) (</blogs/whats-one-big-beautiful-bill-act>), there is little case for a near-term increase in military spending. Any future increases that may be necessary should be fully paid for, ideally twice-over (</blogs/its-time-super-paygo>) given our high and rising national debt, with new revenue or spending cuts. Policymakers should not rely on

existing tariff revenue – without which deficits would be much higher (</blogs/cbos-new-projections-show-1-trillion-less-tariff-savings>) – and even if they did it would fall far short of covering the costs of such a large defense spending increase.

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Appropriations Watch: FY 2026 **(/blogs/appropriations-watch-fy-2026)**

Updated 2/2/26: On January 31, the government partially shut down as last fall's continuing resolution only extended funding for certain agencies through January 30. Six Fiscal Year (FY) 2026 funding...

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Broad, Bipartisan Support for a 3% Deficit Target **(/blogs/broad-bipartisan-support-3-deficit-target)**

Representatives Bill Huizenga (R-MI) and Scott Peters (D-CA), co-chairs of the Bipartisan Fiscal Forum (BFF),
[joined by Representatives Lloyd Smucker \(R-PA\) and Mike Quigley \(D-IL\), along with the...](/BLOGS/BROAD-BIPARTISAN-SUPPORT-3-DEFICIT-TARGET)

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ACA Subsidy Extension Tracker (</blogs/aca-subsidy-extension-tracker>)

With the Affordable Care Act (ACA) enhanced subsidies set to expire soon, several policymakers have proposed plans to extend the enhancements. You can read more about the ACA subsidies here. We...

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