

February 2026

Backdoor Earmarks in the FY2026 Pentagon Budget

R-1	Mandatory	Budget Request	Final Bill
26 INNOVATIVE NAVAL PROTOTYPES (INP) ADVANCED TECHNOLOGY DEVELOPMENT		0	70,000
Program increase - coherently-combined fiber laser arrays without wavefront sensing			15,000
Program increase - advanced seeker technology for hypersonic missiles			5,000
Program increase - low-cost, mass producible, hypersonic long-range strike weapon			25,000
Program increase - warfighter experience lab			20,000
Program increase - super swarm			5,000
27 UNMANNED AERIAL SYSTEM		28,388	28,388
28 LARGE UNMANNED SURFACE VEHICLES (LUSV)	57,860	0	0
29 AIR/OCEAN TACTICAL APPLICATIONS		35,870	35,870

Funding tables for the Fiscal Year 2026 Defense Appropriations Act contain 1,090 congressional program increases for procurement and research accounts, at a cost to taxpayers of nearly \$34 billion.

Executive Summary

In FY2026, Congress added nearly \$34 billion to the Pentagon's procurement and research accounts through 1,090 individual program increases. Most were proposed anonymously. Three-fourths of these increases funded projects that the Pentagon did not seek any funding for in its budget request.

Compared to FY2024, the cost of congressional increases in these accounts rose about 60 percent in FY2026. The number of increases, however, only rose by 1.6 percent, indicating a sharp spike in the average cost per increase. FY2025 was distorted by a full-year continuing resolution and temporary spending caps, but the broader trend is clear: the cost of program increases in the Pentagon budget is growing rapidly.

These program increases often function as backdoor earmarks, allowing lawmakers to anonymously target funds to specific recipients. Numerous examples of lawmakers taking credit for increases that will likely benefit their states, districts, and campaign contributors underscore the potential conflicts of interest at play.

This report therefore recommends requiring the sponsors of program increases to publicly associate themselves with each proposed increase, offer justifications and long-term cost assessments, detail any proposed offsets at the program level, certify that they have no financial interest in the increase, and list the companies that eventually receive contract awards as a result of their proposed increases.

Introduction

The Pentagon budget can be understood as a product of strategic assumptions, political and profit incentives, and policy inertia. In FY2026, including Pentagon funding in the budget reconciliation bill enacted in July 2025, these dynamics produced a 13 percent increase in Pentagon spending and the first \$1 trillion national security budget (which includes Pentagon spending as well as other national security spending such as Department of Energy spending on nuclear weapons). President Trump is now calling for a [\\$1.5 trillion](#) national security budget for FY2027, which would represent an additional 50 percent increase. The Trump Administration, through massive increases in its budget requests and its pursuit of costly initiatives like the [Golden Dome](#) missile defense program, is clearly a major driver of recent Pentagon spending increases. But Congress is also responsible—not only for approving the president’s budget requests, but for adding to them.

Each year, lawmakers add tens of billions of dollars to the Pentagon budget, spread out across hundreds of individual program increases. While many of these increases are offset with cuts elsewhere in the Pentagon budget, Congress often adds billions of dollars to the Pentagon’s topline request to help cover the cost. This report examines the strategic assumptions, political and profit incentives, and policy inertia driving these congressional increases—and the tradeoffs that come with them.

Since Fiscal Year 2024, Taxpayers for Common Sense (TCS) has tracked congressional increases to the Pentagon budget for Procurement and Research, Development, Test & Evaluation (RDT&E). The latest edition of our [database](#) catalogues these increases in the FY2026 Pentagon budget, detailing which proposals originated in which chambers of Congress, and which proposals made it into the final bill.

In total, Congress approved 1,090 individual program increases for procurement and research projects in the final FY2026 Pentagon spending bill, at a total cost to taxpayers of \$33,973,694,000. That is almost as much as the cost of increases in these categories over the last two years combined. Of the nearly \$34 billion, \$8.4 billion effectively increased the Pentagon’s topline budget, which the FY2026 Pentagon spending bill set at \$838.7 billion. Neither these increases, nor the topline amount, include mandatory funding for the Pentagon appropriated in the budget reconciliation bill enacted last summer, which totaled over \$156 billion over four years.

Congress does not categorize these increases as earmarks, but in practice, they often serve a similar function, allowing lawmakers to target funds to programs and projects that will likely produce benefits for some of their constituents and campaign contributors. These are some of the key political incentives driving congressional program increases in the Pentagon budget. When they act on these political incentives, lawmakers effectively take the military industry’s word for what the Pentagon needs. Then, acting on its profit motives, the industry advances strategic assumptions designed to justify increases that will bolster its profits. Policy inertia has allowed this practice to thrive and expand in the shadows, with no mechanism for public oversight or accountability relating to the supposed benefits and actual costs of these increases.

This report details numerous examples of potential conflicts of interest at play in this process. It shows how lawmakers on both sides of the aisle took credit for program increases in the FY2026 Pentagon spending bill that will likely benefit their campaign contributors. These examples help illuminate a process through which companies and their lobbyists contribute to campaigns and then cash in on those political investments in short order.

This report also examines a recent [report](#) by Wolfpack Research, an investor research group, which explains the firm's decision to short the stock of IonQ, a quantum computing company that it argues misled investors. The Wolfpack report offers a stunning example of the type of abuse and budgetary malpractice that can thrive under these conditions. According to public records, executives at a quantum computing company called IonQ sold off stock last year just before funding tables indicating congressional intent for FY2025 Pentagon spending were released. Those tables revealed that program increases that had led to contract awards for IonQ in previous years were not included, raising questions about insider trading. The more remarkable piece of the story from a policy perspective, however, is that lawmakers used program increases to effectively earmark funds for a quantum computing project that the Pentagon itself has since rejected.

Despite these troubling examples of potential conflicts of interest and waste, this report does not oppose the practice of Congress including program increases in the Pentagon budget. It is, after all, Congress's prerogative and duty to assess and make changes to the president's budget request, including changes that increase spending where critical needs are underfunded. Some of the increases included in the Pentagon budget may reflect genuine national security needs. However, without policies designed to ensure this, perverse political incentives and faulty strategic assumptions will continue fueling wasteful spending at the expense of actual security.

Program Increases Are Backdoor Earmarks

While program increases do not technically qualify as earmarks according to Congress, they serve a similar function. Formal earmarks (euphemistically called "Community Project Funding" or "Congressionally Directed Spending") fund specific projects with predetermined recipients, and are subject to transparency requirements in both the [House](#) and [Senate](#). Lawmakers who propose earmarks are required to identify themselves as the sponsor, disclose the recipient, explain the reason for the earmark, and certify that neither they nor their immediate families have a financial stake in the earmark. [House](#) and [Senate](#) guidance also prohibit earmarks to for-profit entities.

None of these requirements apply to program increases. In fact, the only requirement for these increases mentioned in the [joint explanatory statement](#) for the FY2026 Pentagon spending bill is that the funding "be provided only for the specific purposes indicated in the tables," and that "funding increases shall be competitively awarded or provided to programs that have received competitive awards in the past."

This requirement represents a key difference in how Congress characterizes program increases relative to traditional earmarks. It also serves as a justification for exempting program increases from the requirements

associated with earmarks. Yet, in practice, it amounts to a distinction without a difference, because it fails to ensure meaningful competition or prevent lawmakers from acting on conflicts of interest.

First, the requirement still allows lawmakers to direct funding to specific recipients in some circumstances without any requirement that they disclose their involvement, explain their rationale, or certify that they have no financial stake in the increase. Second, any Pentagon program element that is not brand new will likely have received competitive awards in the past. While some program increases simply increase funding for program elements, most are for specific projects within program elements, suggesting that even if the project being funded is brand new, as long as the program element it falls under has received competitive awards in the past, that funding would meet the requirement. Third, even if Congress strengthened the requirement to ensure project-level increases were competitively awarded or awarded to *projects under the listed program element* that have received competitive rewards in the past, lawmakers would still be able to circumvent the requirement's apparent intent, because program increases are often written so specifically that only one company is well positioned to secure a contract for the increase. In other words, to the extent the requirement was designed to ensure competition and prevent conflicts of interest, these loopholes render it a failure.

The problem, however, is not that lawmakers can propose funding increases for specific recipients—that is, in fact, Congress' prerogative. It is that they can do so anonymously, without certifying that they have no financial interest in the increase, and without explaining why the increase is necessary for national security. The vast majority of congressional program increases are proposed anonymously in the House and Senate Appropriations Committees, ensuring that sponsors and their potential conflicts of interest can stay hidden from public scrutiny. Only program increases proposed as amendments on the floor of the House or Senate list sponsors, but those increases represent a small fraction of the total number of increases. Of the 1,090 program increases for Procurement and RDT&E in the [funding tables](#) accompanying the final FY2026 Pentagon spending bill, only 32 (less than 3 percent) appear to align with program increases proposed as amendments on the House floor (the Senate did not allow floor amendments). While amendments for program increases identify sponsors, they are considered noncontroversial, and so generally pass en bloc (meaning in a package of amendments) by voice vote, with no public debate as to their merit or cost.

The lack of transparency, public debate, and competitive selection processes for these increases has created a process through which lawmakers can, for all intents and purposes, earmark funds for projects that will likely create jobs in their state or district, benefit companies that contributed to their campaigns, or both, all with virtually no public scrutiny. This process in turn fuels wasteful and unnecessary spending that consistently leads to higher topline Pentagon budgets. An analysis of the number and cost of these increases in recent years shows that both are growing at an alarming rate.

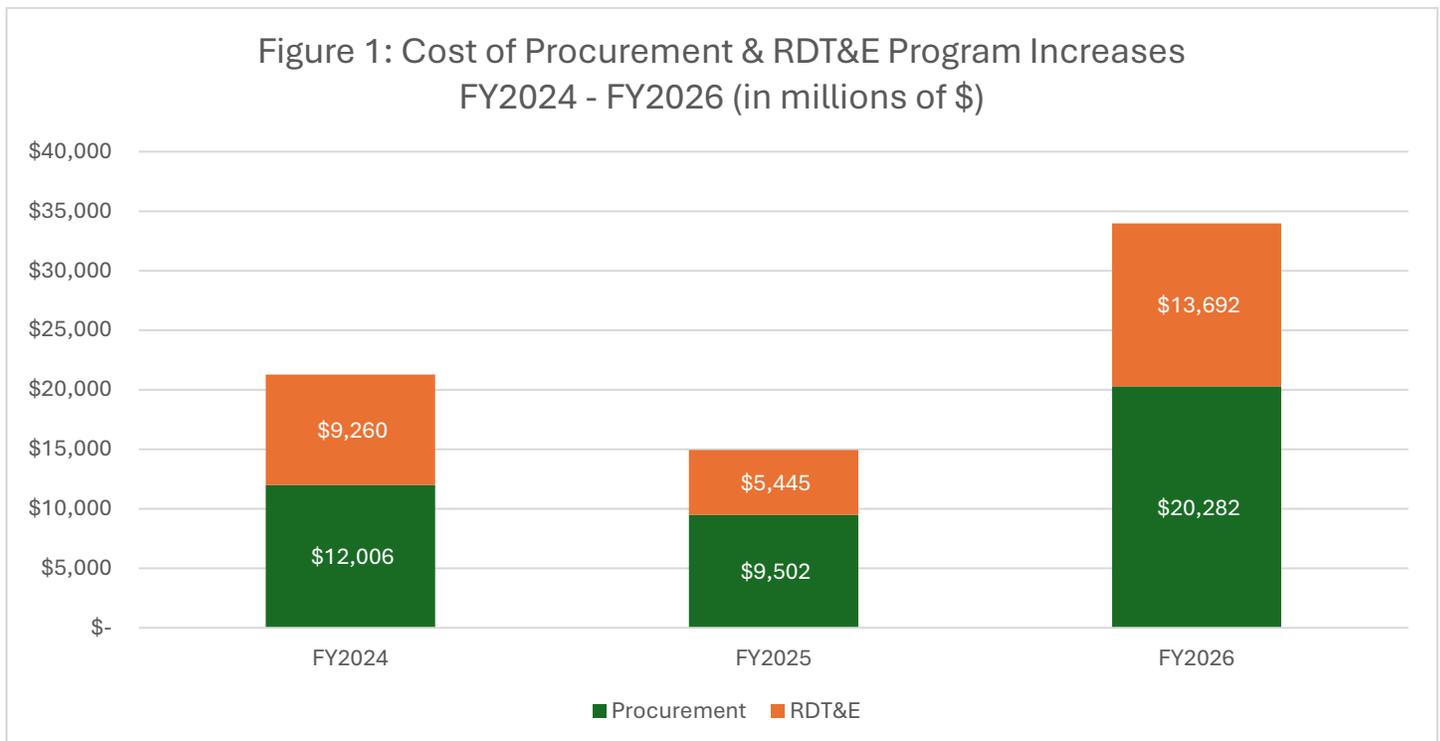
Procurement and RDT&E

TCS's database of congressional program increases in the Pentagon budget focuses on increases for Procurement and Research, Development, Test, and Evaluation (RDT&E), because it is within these accounts that the military industry stands to gain the most through influencing the Pentagon budgeting process.

In total, Congress appropriated \$33,973,694,000 for 1,090 program increases in Procurement and RDT&E for FY2026. Of the 1,090 increases, 166 were for Procurement, while 924 were for RDT&E. However, the amounts proposed for increases in Procurement tended to be higher—Procurement increases totaled about \$20.2 billion, while RDT&E increases totaled about \$13.6 billion. Notably, the total cost of procurement and research increases for the Pentagon this year is more than double the total cost of earmarks enacted in the other spending bills for FY2026—formal earmarks total [\\$15.5 billion](#) so far, with an additional \$272 million held up by delays in passing the Department of Homeland Security bill.

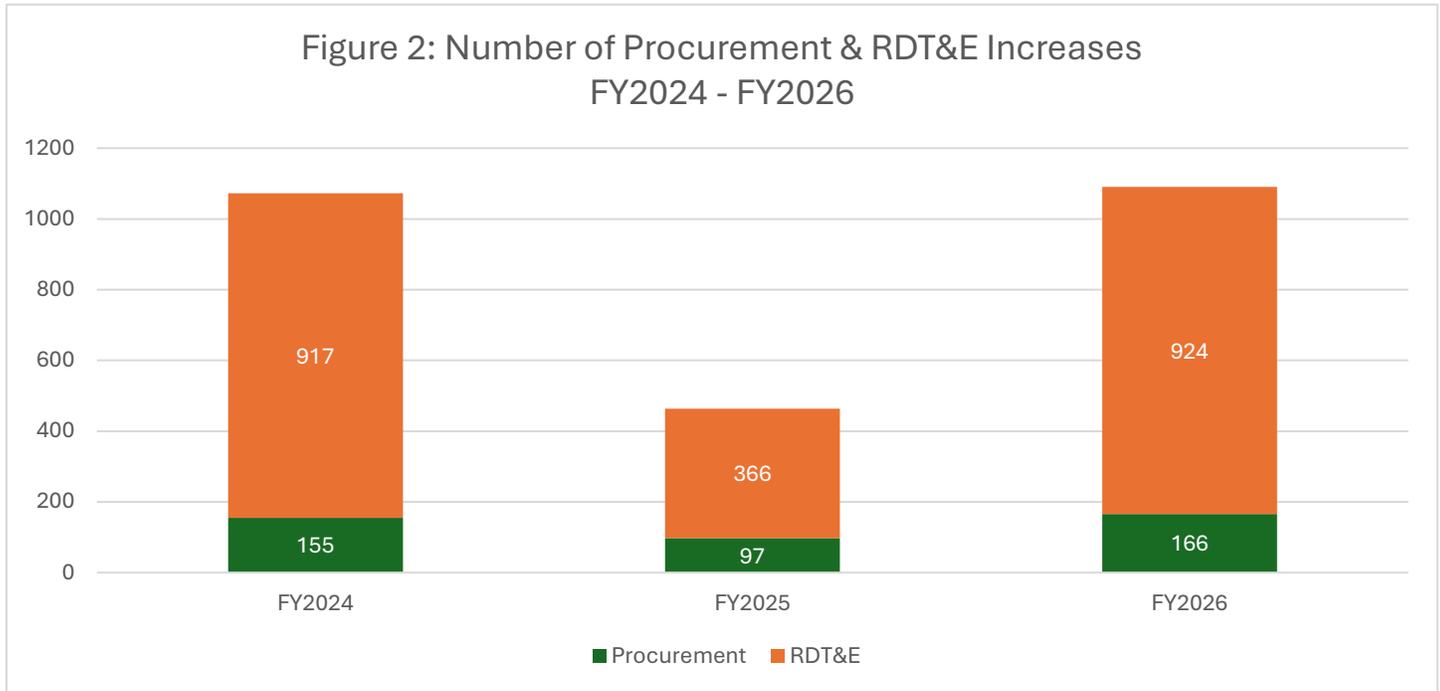
The cost of these program increases represents a significant jump compared to the prior two years. FY2025 was an anomalous year in light of the Pentagon operating under a full-year Continuing Resolution (CR) for the first time ever, and in light of spending caps enacted in the Fiscal Responsibility Act (FRA), which limited Pentagon spending increases in the FY2025 base budget. Importantly, Congress was simultaneously pushing to increase Pentagon spending by \$156 billion through a budget reconciliation bill, which was signed into law less than four months after Congress passed the full-year CR for FY2025. As such, the lower cost and number of increases in FY2025 should not be viewed as an indication that congressional interest in program increases waived. On the contrary, the remarkable jump in the cost of increases for FY2026 is all the more astounding considering that the president’s budget request for FY2026 already included a [13 percent increase](#) in Pentagon spending when accounting for mandatory funding requested through, and ultimately included in, the budget reconciliation bill.

Still, in light of the anomalous nature of FY2025 funding dynamics, comparing FY2024 to FY2026 offers a better barometer of trends in this practice. Figure 1 details the cost of increases for Procurement and RDT&E from FY2024 through FY2026.



Setting aside FY2025 given the unusual dynamics, from FY2024 to FY2026, the cost of congressional increases for Procurement rose by about 69 percent, while the cost of increases for RDT&E rose by about 48 percent. Overall, the cost of increases in these accounts rose by about 60 percent, or \$12.7 billion, over two years.

While their cost rose significantly, the number of increases only rose slightly from FY2024 to FY2026.



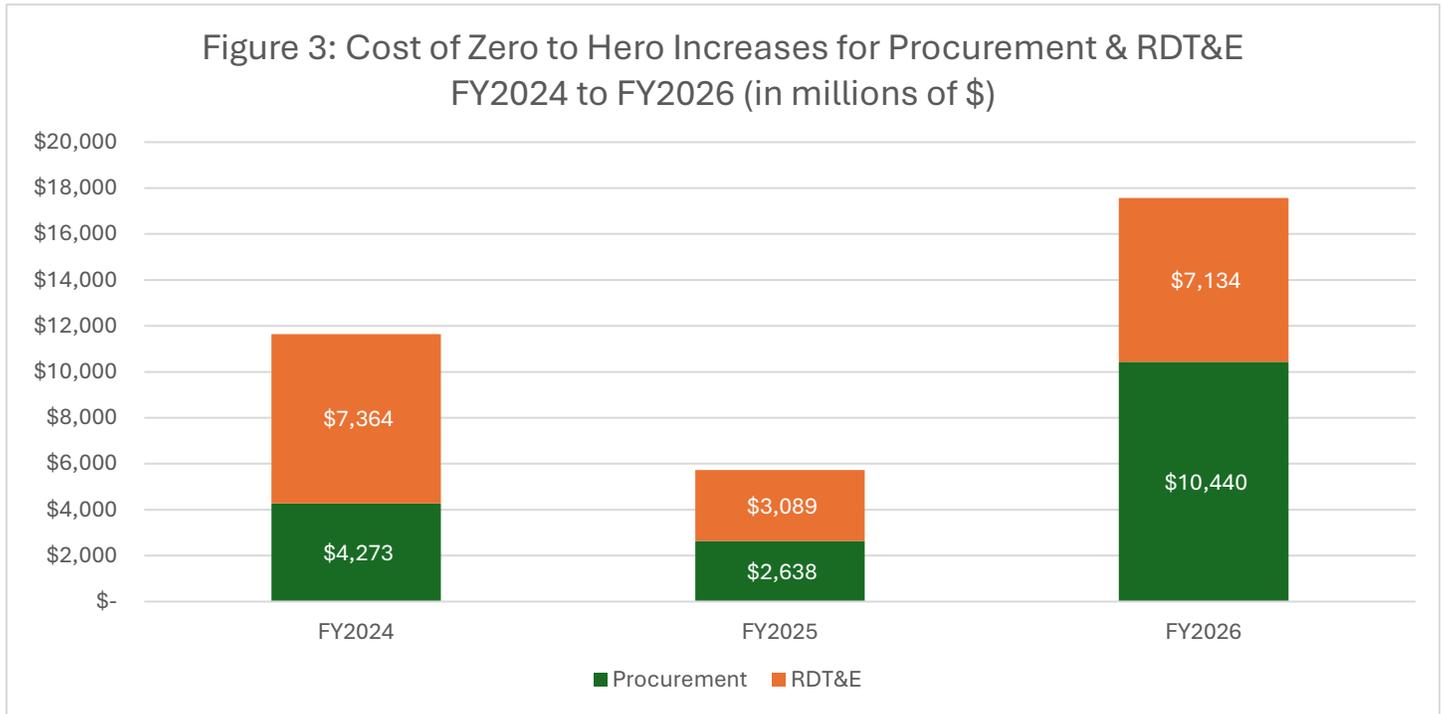
Over this period, the number of congressional increases for Procurement rose by about 0.7 percent, while the number of increases for RDT&E rose by about 7 percent. Overall, the number of congressional increases in these accounts rose by about 1.6 percent over two years.

Zero to Hero

Over half of the program increases included in the Pentagon funding tables fund projects that the Pentagon did not fund at all in its budget request. TCS refers to these as “Zero to Hero” increases.

Of the 1,090 program increases for Procurement and RDT&E in the funding tables for FY2026, 822 (75 percent) were for projects that the Pentagon did not request any funding for in its FY2026 budget request. Within Procurement, 91 of the total 166 program increases (55 percent) were for Zero to Hero increases. Within RDT&E, 731 of 924 total increases (79 percent) were for Zero to Hero increases. By cost, about \$10.4 billion of the \$20.3 billion for Procurement (51 percent) was for Zero to Hero increases, while about \$7.1 billion of the \$13.7 billion for RDT&E (52 percent) was for Zero to Hero increases. Overall, more than \$17.5 billion (52 percent) of the nearly \$34 billion for Procurement and RDT&E was for Zero to Hero increases.

Figure 3 details the cost of Zero to Hero increases in Procurement and RDT&E from FY2024 to FY2026.



Unfunded Priorities

Since 2017, Congress has required the heads of military service branches and combatant commands to submit Unfunded Priority Lists (UPLs). These wish lists essentially request funds for projects that either received no funding in the president’s budget request, or that received less funding than military leaders may have liked. Former Pentagon officials have warned that these lists subvert the normal budget process. Former Pentagon Comptroller Mike McCord [wrote](#) that the requirement “is not an effective way to illuminate our top joint priorities,” and then-Secretary of Defense Lloyd Austin explicitly [supported](#) repealing the requirement.

TCS’s database identifies increases in Procurement and RDT&E that appear to respond to UPLs. In FY2026, the total cost of the Pentagon’s submitted UPLs rose to over [\\$53 billion](#), more than triple their \$18 billion price tag in FY2024. However, many of these unfunded requests did not make it from the UPLs into the final funding tables for the Defense Appropriations Act. In FY2025, UPLs totaled about [\\$30.8 billion](#). In the House and Senate versions of the Pentagon spending bill, increases responding to UPLs for Procurement and RDT&E totaled \$1.5 billion in the House and \$3.5 billion in the Senate (some of which overlapped). Only \$1.5 billion for UPLs in these accounts made it into the final FY2025 bill. In FY2026, increases responding to UPLs for Procurement and RDT&E totaled \$2.1 billion in the House and \$7.3 billion in the Senate (again including some overlap). Lawmakers ultimately met in the middle, including \$3.9 billion for these UPLs in the final bill.

Tracking increases that respond to UPLs can be challenging—the wording used in program increases is rarely identical to that used in the UPLs, and UPL formats are not standardized across services and commands, so some increases responding to UPLs may not be identified as such in TCS’s database. The [bill summary](#)

accompanying the final FY2026 Pentagon spending bill states that the bill includes \$9.4 billion in increases that respond to unfunded priorities, but that may include funding requests for Military Construction, Operations and Maintenance, and Military Personnel, which TCS's database does not track. Still, whatever the precise cost of increases responding to UPLs in Procurement and RDT&E, they clearly make up a minority of the overall cost of congressional increases.

This finding is relevant because some congressional staff have [defended](#) program increases as a reflection of genuine needs communicated by the Pentagon, rather than industry wish lists for profit-boosting increases. This defense is misleading, partly because UPLs are comprised entirely of funding requests that were not deemed important enough to include in the Pentagon's mammoth budget request, and partly because they make up a relatively small portion of the overall cost of congressional increases.

Offsets and Tradeoffs

While Congress appropriated nearly \$34 billion in program increases for Pentagon Procurement and RDT&E in FY2026, many of those increases were offset with corresponding cuts elsewhere in the Pentagon budget. The final Pentagon spending bill included \$8.4 billion above the Pentagon's budget request, which likely helped cover the cost of some of these increases, but at least \$25.5 billion was offset with cuts. For those increases proposed as floor amendments, lawmakers are required to list offsets. Due to the opacity of the committee process, it is not clear whether each increase proposed in committee included a specific offset, or whether offsets were made in bulk after the cost of increases was calculated. Either way, the results are clear—lawmakers made tradeoffs within and beyond the Pentagon budget in order to cover the costs of these increases.

Congress often treats any funding for increases that are offset like monopoly money. That is why virtually all of the program increases proposed as floor amendments, which list offsets, were passed by voice vote en bloc (as part of a package amendments viewed as noncontroversial). But it bears mentioning that offsets are effectively would-be budget cuts—cuts that could be used to reduce the Pentagon's enormous topline and redirect funds to other priorities, from starting to paying down the nation's [\\$38.6 trillion debt](#), to investing in other forms of security like healthcare, housing, and disaster response.

Given the scale of offsets within the Pentagon budget each year, important priorities sometimes end up getting cut. Operations and Maintenance (O&M) programs are among them. O&M is in many ways the backbone of the United States military. It covers a wide range of activities, ensuring that the military's equipment and facilities are well maintained and able to support everything from basic functions to critical missions.

According to the [funding tables](#) accompanying the final FY2026 Pentagon spending bill, Congress appropriated nearly \$1.3 billion less than the Pentagon requested for its O&M accounts. Congress also added program increases for O&M, just as it does for Procurement and RDT&E, so the amount of funding cut from the O&M request is in fact higher. That is partly because Congress likes to tap O&M in order to fund program increases in Procurement and RDT&E. Of the 274 floor amendments for Procurement and RDT&E increases included in

the House version of the bill, 109 proposed cuts to O&M. While only 32 program increases offered as floor amendments were included in the final bill, it is safe to assume that many of the increases included in the final bill were paid for with cuts to O&M.

For example, in the Air Force O&M budget, a program element for “Depot Purchase Equipment Maintenance” was cut by \$122 million. “Flight Training” was cut by \$20 million. In the Navy O&M budget, “Aircraft Depot Maintenance” was cut by \$55 million, while “Specialized Skill Training” and “Professional Development Education” were each cut by \$10 million.

When accounting for O&M funding requested and approved through reconciliation, the Pentagon requested \$22.7 billion, but may have received far less. The funding tables accompanying reconciliation cover multiple years and [lacked](#) the level of detail that regular appropriations guidance includes, but they only specifically directed about \$8 billion in O&M funding, suggesting the O&M shortfall from the Pentagon’s request to what Congress appropriated could be as high as \$16 billion.

Air Drops

The final funding tables for the FY2026 Pentagon spending bill included 92 airdrops—program increases that were not included in the funding tables accompanying the House or Senate versions of the bill—for Procurement and RDT&E accounts. Their total cost was over \$5.9 billion. In FY2025, an anomalous year due to budget caps mandated by the FRA, there were only 13 airdrops in these accounts, totaling \$1.8 billion. In FY2024, there were 60 airdrops, totaling \$1.1 billion. Notably, the [House rules](#) governing formal earmarks require that airdropped earmarks be identified as increases that were not included in the House or Senate funding tables. No similar requirement exists for program increases.

Aside from major increases in the number and cost of airdrops this year compared to FY2024, airdrops in the FY2026 funding tables point to some notable dynamics.

First, seven of the airdrops were labelled as “Reconciliation funding incongruence.” Their total cost was just over \$1 billion. (There were three other program increases for this purpose that originated in the Senate that were also included in the final bill. Their total cost was an additional \$2.4 billion, most of which provided funds for the Navy’s Virginia Class Submarine.) That leadership of the House and Senate Appropriations Committees felt compelled to add over \$1 billion in airdrops to the final bill to address incongruencies in funding in the budget reconciliation bill enacted last summer underscores the challenges that budgeting for the Pentagon through reconciliation can create. Because the reconciliation bill [lacked](#) detailed spending plans, appropriators added funds for projects they felt were not funded at the correct levels. The total cost of budgeting for the Pentagon through reconciliation last year can thus be more accurately understood as over \$159 billion, rather than the \$156 billion included in the reconciliation bill.

Another curious dynamic reflected in the airdrops was the inclusion of a \$401 million airdrop for the F-35 program for “revised economic assumptions.” In budgeting terms, “economic assumptions” often refer to inflation. Due to the lack of specificity in the program increase, it’s difficult to know if that’s the case here. Still,

the language at least raises the question of whether or not lawmakers added hundreds of millions of dollars to the bill at the last minute to help Lockheed Martin, the prime contractor for the F-35, cover the costs of inflation. For fixed-price contracts like those generally used for F-35 production, the costs of inflation are normally borne by industry rather than taxpayers, according to [Pentagon guidance](#). If this increase was a response to inflation, was that guidance jettisoned in this case? A requirement for sponsors of program increases to justify each increase would help illuminate the answers to such questions.

Potential Conflicts of Interest

With the exception of program increases proposed through amendments on the House or Senate floor, lawmakers are not required to identify themselves as the sponsor of program increases in the Pentagon budget. However, some lawmakers choose to issue press releases taking credit for their role in securing specific increases.

Cross-referencing increases highlighted in these press releases with data on campaign contributions from the most likely recipients of those increases (and their lobbyists) sheds some light on the potential conflicts of interest at play in this process. Whether or not a given proposal is motivated by genuine national security needs or by conflicts of interest is difficult to know. However, the potential conflicts of interest generated by this process, examples of which are detailed below, clearly pose unacceptable risks to taxpayers and national security.

\$58 Million for Abrams Tanks

Sen. Katie Britt (R-AL) issued a [press release](#) taking credit for an “increase of \$219.8 million for an additional 15 Abrams tanks, supporting work in Anniston,” which was included in the Senate version of the bill. The final version of the bill includes a \$58.8 million program increase for “Abrams tank procurement.”

Abrams tanks are manufactured by General Dynamics Land Systems, a subsidiary of General Dynamics. According to OpenSecrets.org, an independent nonprofit that tracks money in politics, General Dynamics’ PAC contributed [\\$16,000](#) to Sen. Britt’s campaign committee over the past two election cycles.

Between 2023 and 2024, General Dynamics paid [\\$390,000](#) in lobbying fees to Cornerstone Government Affairs. In the 2024 election cycle, individuals tied to Cornerstone Government Affairs contributed [\\$43,510](#) to Sen. Britt’s campaign committee and leadership PAC. Of those contributions, \$7,000 came from three Cornerstone lobbyists who represented General Dynamics; [Anthony Lazarski](#), [William Smith](#), and [Joseph Barton](#).

\$9.6 Million for Underwater Electromagnetic Theory and Ocean Hydrodynamics Research

Rep. Debbie Wasserman Schultz (D-FL) put out a [press release](#) declaring that she helped secure “\$9 million to support research at Nova Southeastern University for U.S. Navy testing into ocean hydrodynamics and maintaining coastal seabed stealth.” Both the House-passed bill and the final bill include a \$9.6 million increase for “Underwater electromagnetic theory and ocean hydrodynamics research.”

Nova Southeastern University is a private institution located in Rep. Wasserman Schultz's congressional district. Between 2019 and 2024, individuals associated with Nova Southeastern University contributed [\\$7,388](#) to Rep. Wasserman Schultz's campaign.

Between 2023 and 2024, Nova Southeastern University paid [\\$240,000](#) in lobbying fees to a firm called Cormac Group. In the 2024 election cycle, individuals associated with Cormac Group contributed [\\$8,750](#) to Rep. Wasserman Schultz's campaign. One of those individuals was Colin Mueller, a lobbyist for Cormac Group [responsible](#) for lobbying on behalf of Nova Southeastern University. In the 2024 election cycle, he contributed [\\$5,000](#) to Rep. Wasserman Schultz's campaign. One or more of his family members contributed an additional [\\$1,500](#).

\$60 Million for MH-139 Grey Wolf Helicopters

Sen. Deb Fischer (R-NE) put out a [press release](#) declaring that "she advanced over \$200 million for key national and Nebraska-based defense programs..." in the Senate's Pentagon spending bill. Further down, the release highlights \$60 million to procure additional MH-139 Grey Wolf Helicopters. A \$60 million program increase for the MH-139 program originating in the Senate version of the bill was included in the final bill.

According to OpenSecrets.org, individuals and PACs associated with Boeing, the prime contractor for the MH-139, contributed [\\$34,691](#) to Sen. Fischer's campaign committee and leadership PAC between 2019 and 2024.

Between 2023 and 2024, Boeing paid [\\$370,000](#) in lobbying fees to Cornerstone Government Affairs. In the 2024 election cycle, individuals associated with Cornerstone Government Affairs contributed [\\$7,700](#) to Sen. Fischer's campaign. Of that amount, \$4,500 came from Cornerstone lobbyists responsible for lobbying on behalf of Boeing; William Todd contributed [\\$3,000](#), Anthony Lazarski contributed [\\$1,000](#), and William Smith contributed [\\$500](#).

\$30 Million for UH-60M DVEPS Integration

Rep. Susie Lee (D-NV) issued a [press release](#) taking credit for a \$30 million increase included in both the House-passed bill and the final bill for "UH-60M Degraded Visual Environment Pilotage System (DVEPS) Integration." Both the House-passed bill and the final bill include a \$30 million increase for "UH-60M DVEPS integration."

The release describes conversations the congresswoman had with Pentagon contractors about specific increases they hoped to secure in the funding package. In this case, Congresswoman Lee deserves credit for publicly disclosing her conversations with contractors about their requests. With regard to this increase, the release explains that "Congresswoman Lee also met with the Sierra Nevada Corporation, a defense technology global leader in aerospace and national security. They identified a funding disconnect for Degraded Visual Environment Pilotage System (DVEPS) Integration. DVEPS is a technology designed to help military helicopter pilots operate safely in challenging conditions where visibility is reduced or obscured, such as during dust storms or in low-light situations." It then goes on to state that "With these conversations in mind, Congresswoman Lee successfully advocated for the inclusion of the following funding requests in the House of Representatives' Fiscal Year 2026 Defense Appropriations Bill..."

Notably, the release also claims that the increases give companies “a chance to compete to provide their products to the Department of Defense.” However, given that each increase is explicitly linked to a specific company (and in the case of this increase involves a product the company has secured contracts for in the past), the notion that they foster competition is inaccurate.

The Pentagon did not request any money for the DVEPS program in FY2026, qualifying the line item as a Zero to Hero increase. The Army [budget justification book](#) covering the program element does not explain the lack of funding for the program, it simply states “No funding in FY26.”

However, the [justification book](#) covering DVEPS upgrades for the Air Force’s variant of the helicopter, the HH-60W, states that “Retrofits and installs will begin in FY 2027 after development of the DVE modifications are complete,” suggesting the lack of funding for DVEPS in both Army and Air Force programs may be related to ongoing modifications of the system.

Seeking to improve servicemember safety is a perfectly valid motivation for a program increase, and again, Rep. Lee deserves credit for publicly disclosing her conversations with the Sierra Nevada Corporation. Still, the lack of transparency in the program increase process means that, were it not for Rep. Lee’s voluntary disclosure, no one would know who proposed the increase. The Sierra Nevada Corporation’s PAC contributed [\\$11,500](#) to Rep. Lee’s campaign committee over the past two election cycles.

\$474 Million for EA-37B Compass Call Aircraft

Rep. Don Bacon (R-NE) issued a [press release](#) celebrating “Rep. Bacon’s priorities incorporated in the Defense Appropriations bill,” including “\$474 million for 2 additional EA-37B Compass Call aircraft for the 55th Wing.” The funding tables in the House-passed bill and the final bill include a \$474.4 million increase for “two aircraft” under the Compass Call program element.

Airframes for [EA-37B aircraft](#) are manufactured by Gulfstream Aerospace, a subsidiary of General Dynamics. Much of the mission equipment for the aircraft is made by BAE systems. L3Harris Technologies leads system integration for the program. From 2019 to 2024, L3Harris’ PAC contributed [\\$63,500](#) to Rep. Bacon’s campaign committee and leadership PAC. PACs and individuals tied to BAE Systems contributed [\\$54,825](#) over the same period. General Dynamics’ PAC contributed [\\$27,000](#) over that period.

Case Study: How Backdoor Earmarks Funded a Questionable Quantum Computing Project

A recent [report](#) by Wolfpack Research, an investment research firm, detailed a stunning example of the abuse and budgetary malpractice enabled by the lack of transparency over Congress’s role in the Pentagon budgeting process.

“Congresswoman Lee also met with the Sierra Nevada Corporation, a defense technology global leader in aerospace and national security. They identified a funding disconnect...”

— Office of Rep. Susie Lee (D-NV)

The central argument of the Wolfpack report is that a quantum computing company called IonQ, Inc. misled investors. (Notably, because Wolfpack is shorting IonQ's stock, they have a financial interest in undermining confidence in IonQ. TCS has no such financial interest). The report reveals that IonQ reported inflated bookings by relying on the promise of revenue through program increases that did not pan out. It shows that eight IonQ insiders sold or authorized the sale of stock worth \$396.6 million between March 11-14, days before funding tables for the FY2025 full-year CR were first published on May 19. Those funding tables revealed that program increases that had led to contract awards for IonQ in the past, and that were included in earlier versions of the FY2025 funding tables, were not included in the final funding tables. In other words, company insiders sold off nearly \$400 million worth of stock just before news broke that Congress was cutting off funds for their work.

Beyond the appearance that top employees at IonQ engaged in insider trading, the Wolfpack report argues that IonQ deliberately misled investors in several ways. First, it shows that IonQ claimed that it booked \$75.6 million in Pentagon contracts in 2024, but only secured \$21 million worth of funding in the FY2025 budget, "leaving a \$54.6 million black hole in its bookings." IonQ claimed \$75.6 million in bookings by pointing to contracts with potential values up to \$75.6 million, but those contracts were multi-year contracts, and only a relatively small portion of the funds were actually obligated, with the remainder depending on future appropriations from Congress. When new program increases for the project were left out of the FY2025 funding tables, rather than admitting to investors that they had relied on the promise of program increases that did not materialize, and that their bookings were down as a result, they decided to stop reporting bookings altogether. The company's CEO Niccolo de Masi, who took over after the company's previous CEO Peter Chapman resigned in February of 2025, argued at the time that business was so good that demonstrating future earnings through bookings was unnecessary.

Wolfpack's report argues that a key issue, in addition to the company claiming revenue from Pentagon contracts that had yet to be appropriated, is that "IonQ never told investors that these contracts were not due to the normal open and transparent process whereby the Pentagon requests funds for a particular goal and then is allocated those funds and awards a contract based on merit... This underscores the underlying truth that these Pentagon contracts [for IonQ] have been handouts from friendly politicians, not the result of any technological success or advantage over peers."

Of course, the two are not always mutually exclusive. Backdoor earmarks can fund projects that have genuine value to national security, even if they evolve from companies and their lobbyists courting lawmakers with campaign contributions or promises of jobs in their states or districts. However, there is some evidence that IonQ's efforts to develop a functional quantum computer are not going as well as the company would have investors—and lawmakers—believe.

Last spring, the Defense Advanced Research Projects Agency (DARPA) issued \$1 million contract awards to 18 companies to develop concepts to build a functioning quantum computer in the next decade. IonQ was [among them](#). However, IonQ's proposal was not well received—it did not advance to stage two of the competition, which awarded \$5 million contracts to successful applicants. Rather than disclosing this failure to investors, IonQ [bought](#) Oxford Ionics, one of the companies that had [advanced to stage two](#), and then [told investors](#) that

it had won a stage two contract. IonQ's acquisition of Oxford Ionics might make it a more viable competitor in future quantum computing contract competitions. However, the fact that lawmakers doled out tens of millions of dollars in program increases to a company that the Pentagon later assessed did not have a compelling plan to develop a functional quantum computer in the next decade exemplifies the type of waste these program increases can generate.

Sequence of Events

The sequence of events preceding DARPA's rejection of IonQ is telling, and helps explain why a company that could not produce a viable plan to develop a quantum computer in the next decade was able to receive funding from Congress in the first place.

The first Pentagon [contract](#) that IonQ received originated in a program increase that Representative Claudia Tenney (R-NY) took credit for in a [press release](#) more than a year earlier. The release highlighted the Congresswoman's support for "IonQ's Ion Trap Quantum Computer." [Funding tables](#) for the FY2022 Omnibus later included a \$10 million program increase for "Ion Trap Quantum Computing," which then led to the contract award. The award shows that there were two offers on the contract, but one company can submit multiple offers, which is likely what transpired here. Moreover, the fact that the release named the company specifically before the contract was awarded underscores that, from its inception, it was not the result of a genuinely competitive award process.

In the following budget cycle, [funding tables](#) for the FY2023 Pentagon spending bill included a \$30 million program increase for "ion trap quantum computing." IonQ was later awarded a \$25.5 million [contract](#) for "Network Trapped Ion Quantum Computers."

Within a week of securing this award, IonQ issued a [press release](#) in which Senator Chris Van Hollen (D-MD) and then-Representative Dutch Ruppersberger (D-MD) took credit for funding IonQ's work "to deploy two barium-based trapped ion quantum computing systems for quantum networking research and application development." Rep. Ruppersberger said, "This partnership will leverage the Air Force's resources and brightest minds to ensure the United States continues to make great strides in quantum technology and I was proud to help secure the necessary funding." Sen. Van Hollen said, "Quantum computing is sure to play a key role in the future of our economy, our global competitiveness, our national security, and so much more. That's why I was glad to support federal participation in this public-private partnership between the Air Force and Maryland-based IonQ to facilitate their work in building quantum systems that will help safeguard our nation against emerging security threats. I will keep working to bring investments to Maryland that position our state and our nation to be at the forefront of advanced technologies."

In the FY2024 budget cycle, IonQ once again was the beneficiary of a program increase. The [final funding tables](#) included a \$15 million increase for "ion trap quantum computing." This mirrored a \$15 million increase for the same purpose that originated in the funding tables of the House's draft Pentagon spending bill. A \$5 million increase for the same purpose was also included in the Senate version. As usual, appropriators kept the larger of the two increases.

IonQ was later awarded an \$11.9 million [contract](#) for “Trapped Ion Quantum Computing.” The contract included options that could bring its total value to \$54.5 million, but that additional funding was contingent on further congressional appropriations.

In the FY2025 funding bill, while a \$15 million program increase for “trapped ion quantum information science computer” was included in the funding tables accompanying the House version of the bill, there was no comparable increase in the Senate version, and the increase did not make it into the final bill. Given Rep. Ruppertsberger had taken credit for these increases in the past, it is possible that his decision not to seek reelection in 2024 led to this program increase getting cut in the final bill. It is also possible that appropriators simply cut it because the Pentagon was subject to budget caps in FY2025 established by the Fiscal Responsibility Act, and they could not stay within those caps while including all of the proposed program increases.

Either way, that funding fell through when push came to shove is further evidence that this program increase was not a priority for anyone other than the lawmakers that championed it and the company that benefited from it. Whether or not Sen. Van Hollen advocated for its inclusion in the final bill is impossible to know given the opacity of the process, but if he did, it may not have mattered. Axios [reported](#) in February 2025 that House Speaker Mike Johnson would pursue a “solo approach” to passing a full-year continuing resolution, in other words, without the help of Democrats, implying that Democratic requests for program increases in the Pentagon appropriations bill may not have carried their normal weight. Notably, IonQ’s CEO at the time Peter Chapman resigned effective immediately the very same day that report came out, suggesting the company may have read the writing on the wall or gotten word that a program increase they had counted on to fill out reported bookings was unlikely to make it into the final bill.

In FY2026, despite a dramatic increase in the number and cost of congressional program increases, IonQ’s program increase for a trapped ion quantum computer was not included in the House and Senate’s initial Pentagon spending bills, nor in the final bill. The collapse of congressional funding for the project, whether owing to the retirement of one friendly lawmaker, or the waning interest of another, underscores the fickle nature of congressional increases. Even if a given program increase represents a worthy investment, program increases are vulnerable to shifts in the political wind, making them an inherently myopic approach to budgeting for national security.

This story offers a clear example of the type of abuse that can thrive when the relationships between program increases, their sponsors, and their

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— Wolfpack Research

beneficiaries are hidden from public view. As the Wolfpack report concluded, “The congressionally designed opacity of the process means no one outside the company, a handful of politicians, and lobbyists has to know such contracts were directed by an individual lawmaker, rather than being requested by the Pentagon and awarded through the kind of head-to-head competition that investors and taxpayers expect.”

However, this is not just a story about a few bad corporate actors abusing the opacity of the process to mislead investors and shield themselves from financial losses. The fact that lawmakers spent years funneling money to a quantum computing company that the Pentagon later passed on when it held a genuine competition for quantum computing offers a prime example of the wasteful spending that program increases can generate. Had Reps. Tenney and Ruppertsberger and Sen. Van Hollen been required to associate themselves with each program increase, justify their support, detail any offsets to cover the cost, and assess the long-term costs of both these program increases and their offsets, taxpayers might have been spared these ill-advised investments.

Conclusion

The cost of program increases in the Pentagon budget is rising at an alarming rate. Due to the opaque nature of the process for collecting and advancing program increases, many of these increases serve as backdoor earmarks, allowing lawmakers to anonymously direct taxpayer funds to favored projects that primarily serve to benefit their constituents and campaign contributors.

Of course, some of the program increases included in the funding tables for the FY2026 Pentagon spending bill may serve legitimate national security purposes. Furthermore, Congress should not simply rubberstamp the Pentagon’s budget request—adjusting the Pentagon’s budget request is both Congress’ prerogative and duty. However, the process through which lawmakers secure individual program increases for the Pentagon suffers from a lack of transparency and accountability that invites conflicts of interest and leads to wasteful spending.

Lawmakers are expected to represent the interests of their states and districts. But those interests do not supersede the national interest in fiscally responsible budgeting and sound national security strategy. They are U.S. Senators and Representatives. Lawmakers should welcome the opportunity to publicly defend their program increases for the Pentagon on those grounds; separate from any benefits these increases may produce for their constituents or campaign contributors.

Put another way, if Congress believes it is in the best interest of the American people to add nearly \$34 billion to the Pentagon budget, that is its prerogative. However, lawmakers with proposed program increases should be required to identify themselves, explain their rationale, detail any proposed offsets, estimate long-term costs, and disclose the recipients of their enacted increases once they are awarded. Absent these basic transparency and accountability measures, taxpayers and national security will continue to pay the price for Pentagon budget increases motivated by political expediency rather than genuine need.

Recommendations for Congress

- Implement transparency measures to ensure that the sponsor of each program increase can be easily identified online in a downloadable, searchable, and sortable format.
- Require sponsors of program increases to publicly identify any offsets proposed to cover their cost, and require that any proposed offsets detail cuts at the program level.
- Require sponsors of program increases to offer justifications and long-term cost assessments for each program increase and each accompanying offset and make these publicly available on their website.
- Require sponsors of program increases to certify that neither they nor their family have a financial interest in the program increases they propose.
- Require sponsors of program increases, within one year of the enactment of the Defense Appropriations Act or the enactment of a full-year CR that includes Pentagon appropriations, to list on their website the recipients of contracts for their enacted program increases, and whether those contracts were competitively awarded or awarded for projects that were competitively awarded in the past.
- Require that program increases airdropped into the conference report for the final Defense Appropriations Act (i.e. that were not included in the House or Senate reports) be identified as airdrops.
- Require that any funding tables claiming to represent congressional intent be made publicly available on Congress.gov on the same webpage as the bill they refer to prior to final votes in both chambers of Congress on the bill in question.