

Tailoring the Defense Budget to Defense Priorities

Wilson Beaver

KEY TAKEAWAYS

The President's requested FY 2024 Defense Budget does not match strategic intent, even as China's defense spending and overseas threats continue to rise.

The budget request fails even to account for the record inflation levels, and would thus represent a cut in defense purchasing power from FY 2023.

The defense budget merits careful scrutiny and consideration to ensure that the national defense is appropriately funded and that taxpayer dollars are not misspent.

Despite Secretary of Defense Lloyd Austin's repeated insistence that the President's fiscal year (FY) 2024 Defense Budget is a "strategy-driven document built on the bones of the National Defense Strategy" and reflects the focus on China as the pacing challenge, the President's budget request fails to match strategic intent in some critical ways, even as China's defense spending continues to rise and threats to America's key national interests overseas are increasing.¹

Critically, the budget request fails even to account for President Joe Biden's record inflation levels and would thus represent a cut in defense purchasing power from FY 2023. The defense budget contains cost efficiencies, many of which were laid out in The Heritage Foundation's *Budget Blueprint for Fiscal Year 2023*.² The defense budget merits careful scrutiny and

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consideration to ensure that the national defense is appropriately funded and that taxpayer dollars are not misspent.

The Army

The Army's proposed budget for FY 2024 requests only a 0.3 percent increase over the FY 2023 enacted level. If approved at this level, the Army will suffer a 2 percent loss of buying power in FY 2024, given an assumed rate of inflation of 2.4 percent (which is probably far lower than what will actually occur). This loss of buying power is partially alleviated by the fact that Army end strength plummeted in FY 2022 with a loss of 33,000 Regular Army soldier positions, resulting in a lower requirement for military pay and benefits in FY 2024. The reduction in end strength was driven by an inability to recruit enough volunteers. The Army has described a plan to slowly increase its end strength by 4,000 Regular Army positions per year starting in FY 2025, but the success of that plan will depend on turning around current recruiting trends.

Evidence that the Army is under financial pressure can be found in the reduced amounts of procurement for the Paladin Artillery System (\$210 million less than FY 2023 enacted), the Stryker Fighting Vehicle Upgrade program (\$276 million less than FY 2023 enacted), and the Abrams Tank Upgrade program (\$549 million less than FY 2023 enacted). On a positive note, the Army was able to resource 22 Combat Training Center Rotations, facility maintenance and base operations, and training flying hours and ground maneuver miles programs. Congress should continue to probe the impacts of the reductions in procurement for select systems and offer assistance in recruiting programs.

Missile Defense. The war in Ukraine has highlighted the importance of ballistic and cruise missile defense in modern warfare. The conflict has also brought attention to how anemic these capabilities currently are in the U.S. Army. The President recently approved sending one Patriot battery to Ukraine. More cannot be provided because the Patriot batteries are among the most highly deployed assets in the Army. As a result of incorrect assumptions about future warfare around 2011, the Army is critically lacking capabilities in this domain, relying today on a handful of Maneuver Short Range Air Defense (M-SHORAD) systems, some Stingers, and 16 Patriot battalions. No new programs are proposed to meet this need in the FY 2024 budget request.

This lack of capabilities translates to both an internal shortfall and an inability to provide any assistance to allies and partners. Because the Army has not placed any demands on its industrial base for a mid-tier missile and

drone defense system, European and Asian allies have been forced to look elsewhere. Emblematic of this problem has been the need for the United States to contract to provide Ukraine the Norwegian Advanced Surface-to-Air Missile System (NASAMS). Congress should require the Army—and, simultaneously, an external organization—to assess alternatives to close this vulnerability.

The Navy

The most glaring issues in the FY 2024 defense budget request for the Navy are the omission of funding or plans for the construction of a fifth shipyard and insufficient funding to support the Shipyard Infrastructure Optimization Plan (SIOP). The Navy has programmed \$208 million for FY 2024 to recapitalize shipyards as part of SIOP, yet the Navy's facilities maintenance backlog is \$20 billion.³ Since the SIOP was submitted to Congress in 2018, costs have increased and will continue to increase through discovery, as more maintenance issues are found. This is a natural part of a long-term maintenance process, but the Navy's need to build and maintain more ships in the short term necessitates increased funding for shipyard recapitalization in FY 2024. This is especially relevant in light of the possibility of conflict in the Indo-Pacific, as recently highlighted by The Heritage Foundation's *Special Report*, "Winning the New Cold War: A Plan for Countering China."⁴ The Navy should focus on modernizing and reconfiguring the nation's four existing shipyards to meet the fleet's requirements and avoid delays like those afflicting both the production of Virginia-class submarines and the production of the Navy's first-in-class *Columbia*-class ballistic missile submarine, scheduled for delivery in 2027 but facing significant delays.⁵ To build the fleet the nation needs, Heritage analysts have recommended that Congress enact a Naval Act, which would authorize and fund a multi-year procurement of ships that have a stable design and are in production today.⁶

Shipyards. Fixing the existing shipyards is crucial, but the Navy and its political leaders have long avoided the inevitable conclusion that the nation needs a fifth public shipyard to support the nuclear-powered fleet of submarines and aircraft carriers. The recent months-long closure of drydocks at the Puget Sound Naval Shipyard, Washington, has caused significant new delays in maintenance for nuclear-powered submarines on top of the already substantial delays.⁷ There is not enough dry-dock capacity nor shipyard infrastructure to maintain the nuclear fleet, and the issues will only increase as the fleet expands to the larger numbers needed to pace China. At present, 17 dry docks can conduct maintenance on the older *Los*

Angeles-class submarine, but only 12 can service the newer *Virginia*-class submarines.⁸ Only two dry docks in the United States, in Norfolk and Puget Sound, can accommodate and service *Nimitz*-class carriers.⁹

Ships. With naval conflict in the near future being a very real possibility, the Navy should not be decommissioning ships that still have life in them. Instead, the Navy should retain the guided-missile cruisers the USS *Cowpens* (CG-63), the USS *Shiloh* (CG-67), and the USS *Vicksburg* (CG-69); littoral combat ships the USS *Jackson* (LCS-6) and the USS *Montgomery* (LCS-8); and dock-landing ships the USS *Germantown* (LSD-42), the USS *Gunston Hall* (LSD-44), and the USS *Tortuga* (LSD-46) through the end of their service lives.

For the same reason, the Navy should accelerate the DDG(X) program by producing a clear plan to deliver the new destroyer before 2030. To that end, design requirements need to be finalized as soon as possible so that advance procurement of long-lead parts can be ordered by FY 2025 and bids can begin for orders no later than FY 2026.

The Marine Corps

With China as the United States' primary threat and the Indo-Pacific the theater of highest priority for U.S. national interests, the Marine Corps has been diligently implanting its Force Design 2030 (FD 2030) initiative to ensure that the Corps is prepared to meet these challenges. The Marine Corps is doing so by adjusting procurement, operations, and structures to better match conditions in the Indo-Pacific, consciously moving away from the past two decades of counterinsurgency operations in the Middle East.

Force Design 2030. The FY 2024 defense budget request contains substantial support for the Marine Corps' Force Design 2030 priorities, especially in the procurement of logistics systems, transportation, and pre-positioning assets, including the final two KC-130J refueling and cargo planes and 15 CH-53K heavy-lift helicopters.¹⁰ Substantial progress has been made during the past three years to redesign the service for combat effectiveness in the modern era.

Experimentation, testing, exercises, and force reconfiguration and equipping have all borne extraordinary fruit in fielding new capabilities that are more relevant to low-signature, distributed, offensively postured capabilities. The FY 2024 request also included \$9.1 billion for the Pacific Deterrence Initiative, which will, among other things, enable the Marine Corps to build out Camp Blaz on Guam and increase operations and exercises in the region.¹¹

Amphibious Ships. The FY 2024 President’s Budget request failed to support FD 2030 in one crucial respect, as it dropped the planned purchase of a *San Antonio*-class amphibious warship (LPD) and announced that it was seeking to end the ship’s production line entirely.¹² The Marine Corps’ FD 2030 relies heavily on the availability of amphibious ships, and the existing requirement is for a fleet with a minimum of 31 conventional amphibious ships.¹³ This 31-amphibious-ship requirement was established as the “bare minimum” below which amphibious-ship levels could not fall without introducing substantial risk to U.S. Naval power-projection capabilities. The threat environment especially in the Indo–Pacific and the importance of this region to U.S. national interests have both increased since this requirement was established. Further, a minimum of 31 amphibious ships enables the Navy–Marine Corps team to conduct operations elsewhere around the world while maintaining essential capabilities in the Indo–Pacific. If the Navy continues to decommission amphibious ships without buying replacements, the total number will drop to only 24 of the required 31 this decade.

The Navy and Marine Corps have disputed the cost of an additional amphibious ship, with the Navy claiming that unless the ship is purchased through a multi-ship contract, the cost would likely be \$2 billion (a 25 percent increase over the last purchase). The Commandant of the Marine Corps disputed this price-increase projection and said that the LPD line has made cost improvements, especially when considering inflation.¹⁴

Congress should also continue to support the Marine Corps’ requirements for the new Landing Ship Medium (LSM)-class of small amphibious vessels. Lower-signature, distributed operations across the contested littorals of the Indo–Pacific will be essential to protect U.S. interests in that region. As of April 2023, the Navy and Marine Corps were close to agreeing on the requirements and costs of the LSM program.¹⁵

The Air Force

Rebuilding an Air Force that is ready to execute its role in fighting and defeating a peer competitor requires a plan to increase readiness levels, refresh and expand the service’s fleet of aircraft, include commensurate funding, and empower a succession of Air Force senior leader teams that are dedicated to making it happen.

Adaptive Engine Transition Program (AETP). Although the President’s FY 2024 request cut funding for the AETP,¹⁶ Congress should fully fund the engineering, manufacturing, and development (EMD) and fielding of the AETP as quickly as possible. The Joint Strike Fighter (JSF) changed

significantly from its original design through the F-35's fielding, causing the jet's dimensions and weight as well as its requirements for thrust, cooling, power, and range increase significantly over time. The JSF's engine can no longer meet those demands, and even with an expensive and unproven Enhanced Engine Program (EEP), the engine will fall short of the jet's requirements. Anticipating the need for a higher performing engine, the Air Force invested more than \$4 billion in the AETP. After testing a working prototype, the service found it to meet or exceed every established goal and threshold, which would allow it to meet the F-35's planned block upgrades.¹⁷ And yet, the Air Force elected not to fund the fielding of this engine, which will ultimately terminate any follow-on AETP engine. In order to preserve the dominant qualities of the F-35, Congress should fund it through additional appropriations as quickly as possible.

Aircraft. Congress should reject any proposal to reduce the number of viable fighters, bombers, and tankers in the U.S. Air Force, the Air National Guard, and Air Force Reserve inventories. The FY 2024 President's Budget includes the retirement of 310 Air Force aircraft in 2024 alone. Included in that proposal are 131 fighters: 57 F-15C/Ds; 42 A-10s; and 32 F-22s.¹⁸ It takes seven years to fully develop a fighter pilot and even dated fighters can sustain and expand experience within the fighter force. Every maintainable fighter who is retired without an immediate replacement reduces the pool of experienced fighter pilots that will be available for a peer fight. The F-15s have exceeded their programmed and depot-extended lives and they need to be retired. While early model F-22s may be too expensive to upgrade, and fourth-generation fighter platforms will not be able to penetrate or safely operate in or near high-threat areas, they are needed to train and expand the pool of experienced fighter pilots that can quickly transition to fifth-generation platforms once they become available.

Divestments of viable fighter and tanker assets should end until the platforms in the current inventory, coupled with new acquisitions, bring the number of operational fighter, bomber, airlift, and air-refueling squadrons up to the totals required by the Air Force study known as "The Air Force We Need."¹⁹

Flying Hours. Congress should increase funding for flying hours to enable a 10 percent increase in the number of sorties or training hours that operational pilots receive, and it should increase Air Force Weapons System Sustainment (WSS) accounts to increase F-15E, F-16C, F-35A, and A-10 mission-capable (MC) rates to 80 percent and F-22A MC rates to 60 percent by the end of FY 2024.²⁰

In 2018, Secretary of Defense James Mattis directed the services to prepare for a war with a peer adversary. To that end, he directed the Air Force to increase the MC rates of its F-16, F-22, and F-35 aircraft to 80 percent by the end of September 2019.²¹ MC rates measure how much of a certain fleet is “ready to go” at a given time and the Secretary’s direction was to maximize the readiness of an all-too-small fleet of combat aircraft that could deter or defeat a peer adversary. The service chose instead to highlight the deployability of “lead force elements” within its fleet and never came close to the thresholds set by the Secretary.²²

Today, fighter flying hours and sortie rates are at all-time lows, and the leadership of the Air Force seems unconcerned with the resulting low levels of readiness. The replacement parts required to increase aircraft MC rates are funded by the WSS account. Over the past several years the service has funded this account to between 79 percent and 85 percent of the requirement. Congress should fund the WSS account to 100 percent of the requirement to increase flying hours by 10 percent, and it should increase the funding for flying hours accordingly.

Congress should direct the Air Force to increase fighter flight hours and sortie rates to a minimum of 17 hours a month and three sorties a week per pilot by the end of FY 2024.

Fighter-pilot combat capability is generally measured by the number of flying hours and sorties its operational fighter pilots receive, and in 2021, both markers failed to meet even the minimum mission-ready requirement for the third consecutive year. The average mission-ready pilot received just 10.3 hours and 6.3 sorties a month in 2021.²³ That means that the average line fighter pilot flew one and one-half sorties a week for the duration of 2021. A high-performance jet reduces competence levels to the point where even the best pilots begin to question their execution of very basic tasks.

The Space Force

The U.S. Space Force was created in 2019, and as such is still in the process of establishing itself as a new branch of the military and defining its mission. Although its budget will remain the smallest of the services for the foreseeable future, the Space Force is likely to continue to see large growth in percentage terms as it grows.

Space Fence. The Space Force should immediately field a second Space Fence in Western Australia, and a low-earth-orbit (LEO)-based constellation of surveillance platforms to cover the current gaps in the space surveillance network.

The U.S. has far too few space-based sensors to keep track of the satellites of its increasingly aggressive peer competitors. When coupled with the limited number of dedicated terrestrial-based space-surveillance systems, the entire U.S. space-surveillance capability has significant gaps in coverage. The gaps in coverage are managed through prediction of where those enemy systems should be, which works well until the enemy moves the satellite. With the influx of maneuverable CubeSats, and the potential for the number of operational satellites in orbit to double over the next three years, keeping track of, much less targeting, enemy systems will become much more problematic. A second ground-based Space Fence²⁴ surveillance system, as well as increasing the space-based surveillance systems, would help to close that gap.

Conclusion

If the United States wants to deter aggression, defend the homeland, and prevail in potential conflict when necessary, the defense budget must match this strategic intent. Inefficiencies in the defense budget can be corrected, with funds reallocated to pressing military needs, such as procurement. The Heritage Foundation's *Budget Blueprint for Fiscal Year 2023* contains more than \$15 billion in ideas for potential savings within the defense budget.²⁵ As Members of Congress consider President Biden's FY 2024 Defense Budget Request, foremost in their minds should be the dual priorities of giving the military what it needs to fulfill its mission and ensuring that taxpayer dollars are used responsibly.

Wilson Beaver is Senior Policy Analyst for Defense Budgeting in the Center for National Defense at The Heritage Foundation.

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