

# U.S. Military Forces in FY 2021

## *The Budget and Strategy Overview: Four Challenges and a Wild Card*

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CSIS Senior Adviser Mark Cancian annually produces a series of papers on U.S. military forces, including composition, new initiatives, long-term trends, and challenges. The first white paper in this year's series analyzes the strategy and budget context for building forces in FY 2021, criticisms of the strategy, budget and resulting force plans, and risks for sustaining force levels in the future.

### **KEY TAKEAWAYS**

- From FY 2017 to FY 2020, the administration increased the defense budget to fund its national defense strategy. However, that growth ended in FY 2021, requiring some trade-offs. The FY 2021 budget maintains the readiness gains of the last several years and expands force size modestly but squeezes modernization.
- Active component end strength is projected to increase from 1,346,000 in FY 2020 to 1,351,500 in FY 2021 and 1,361,000 by FY 2025. Congress has been supportive.
- In the long term, force structure faces four challenges and a wild card. The challenges include:
  1. The need to respond to heavy day-to-day demands for crisis response, allied engagement, gray zone competition, and ongoing regional conflicts. One observer called this “a bear trap of current commitments,” and it works against reducing force size.
  2. The opening of a resources-strategy gap as budgets are flat or reduced, but the strategy does not change. This increases risk as actions may not be able to back words.
  3. The desire to move more aggressively toward a structure designed for great power conflict, increasing modernization, and trading off force structure if necessary. A major uncertainty is how the concept of “legacy” systems will be applied—does that mean old systems or old types of systems?

4. Disagreements about strategy, as many libertarians and progressives support a foreign policy of “restraint” that would have the United States less involved militarily with nations overseas. Such a strategy would make large segments of existing force structure unnecessary.

- The wild card is the long-term effect of the pandemic, and whether this would change the nature or size of the defense effort.
- The public will be the ultimate arbiter. Polling indicates public support for a U.S. role in the world but not increased spending.

What is force structure? The Department of Defense (DOD) defines force structure as “the number, size, and structure of units.” Force structure is one of four elements of military capability, the others being readiness (“the ability of units and equipment to deliver the outputs for which they were designed”), modernization (“the technical sophistication of weapon systems and equipment”), and sustainment (“the ability to maintain the necessary level of military activity”).<sup>1</sup>

### *The Trump Administration’s Strategy*

Analysis of force structure must begin with strategy, since that, at least in theory, drives all elements of military capability as well as national security policy and budgets.

The administration’s *National Security Strategy* (NSS), issued in December 2017, and *National Defense Strategy* (NDS), published in January 2018, describe the national security environment the administration sees.<sup>2</sup> The NDS bluntly depicted a U.S. military that is losing its edge over potential competitors and urges “increased and sustained investment” for “long-term strategic competitions with China and Russia.”

There is no need to reiterate the strategy at length here. The key points are as follows

- **Five threats:** China, Russia, North Korea, Iran, and global terrorism. These are the same threats that Secretary Ash Carter described at the end of the Obama administration, but the order has changed.<sup>3</sup> Whereas Carter had put Russia first, the Trump administration puts China first. Further, the administration’s strategy places greater emphasis on China and Russia than the other three threats.
- **The importance of allies:** The NDS extolls their value, the long-standing relationships, and the need for these connections in the future. This contrasts with the president’s often critical comments.
- **The need for management reform:** The NDS notes the importance of being good stewards of the public’s money. This is particularly important during a defense buildup when DOD asks the taxpayers for an increased financial commitment.

A big change is the force sizing construct—the way the strategy calculates how many forces are needed and of what kind. A “1+” construct—“defeating aggression by a major power . . . [and] deterring aggression by

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1. Joint Staff, *DOD Dictionary of Military and Associated Terms* (Washington, DC: Department of Defense (DOD), updated June 2020), <https://www.jcs.mil/Portals/36/Documents/Doctrine/pubs/dictionary.pdf>.

2. White House, *A New National Security Strategy for a New Era* (NSS) (Washington, DC: December 2017), <https://www.whitehouse.gov/articles/new-national-security-strategy-new-era/>; and DOD, *A Summary of the 2018 National Defense Strategy: Sharpening the American Military’s Competitive Edge* (NDS) (Washington, DC: January 2018), <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.

3. For example, Secretary of Defense Ash Carter, “U.S. National Security Challenges and Ongoing Military Operations,” Senate Armed Services Committee, 114th Cong., 2nd sess., September 22, 2016, [https://www.armed-services.senate.gov/imo/media/doc/Carter\\_09-22-16.pdf](https://www.armed-services.senate.gov/imo/media/doc/Carter_09-22-16.pdf).

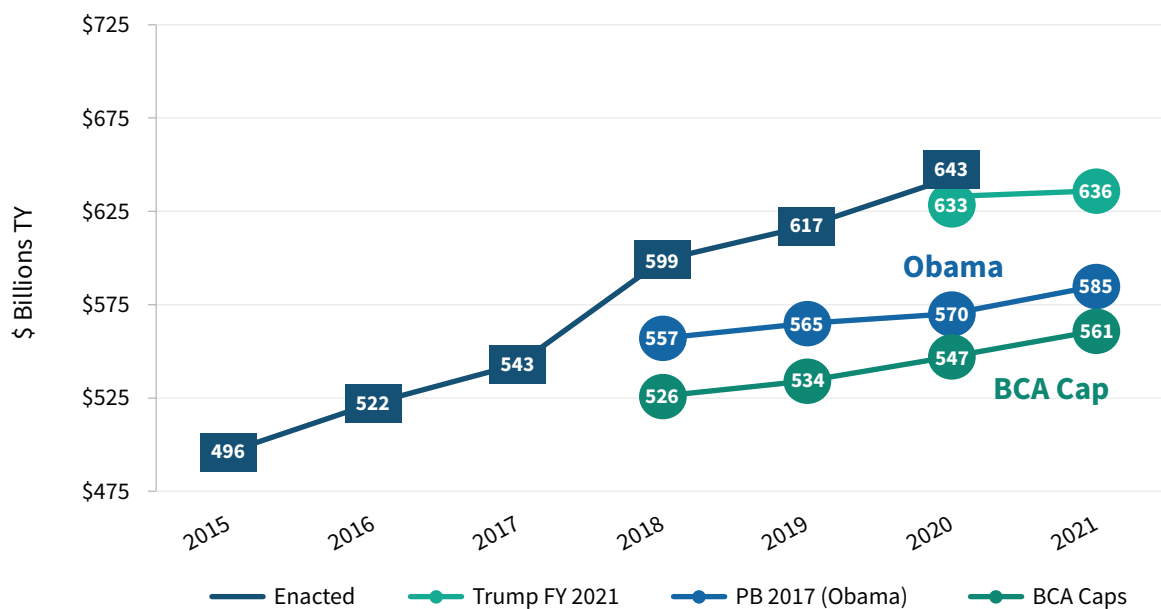
[another] major power”—replaced the two major conflict construct, which had been a constant in various configurations since the end of the Cold War. This change reflects that conflict with a major power such as China or Russia would be more demanding than the typical regional conflicts of the past, such as with North Korea or Iraq. What it means for force planning, however, is unclear in the unclassified documents.

Overall, both the NSS and the NDS have a strong tone of U.S. primacy: “[t]he Department of Defense will . . . remain the preeminent military power in the world, ensure the balance of power remains in our favor, and advance an international order that is most conducive to our security and prosperity.” The department will “prevail in conflict and preserve peace through strength.”<sup>4</sup> There is no hint that the United States will accept a decline in status or even a multipolar world.

### The Trump Administration’s Budget: Putting Its Money Where Its Mouth Is

As budgeteers like to say, “Plans without funding are hallucinations.” To its credit, the Trump administration put resources against its strategy. Chart 1 shows DOD’s budget history and the projection for FY 2021. Resources are substantially higher than the BCA cap and what the Obama administration had planned. These budget increases have allowed the services to rebuild readiness, institute a robust modernization program, and grow force structure a little.

Chart 1: DoD Base Budget History (then-year dollars)



Note: Base budget only, excludes OCO. BCA cap calculated for DOD only. Here in throughout this report, DOD budget totals include discretionary funds only. The enacted amount for FY 2020 includes pandemic supplementals. The Trump FY 2021 projection was originally made from the budget without supplementals; hence it starts at a lower level in FY 2020.

Source: Office of the Under Secretary for Defense, National Defense Budget Estimates for FY 2017 (Washington, DC: Department of Defense, March 2016), [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/FY17\\_Green\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/FY17_Green_Book.pdf); and Office of the Under Secretary for Defense, National Defense Budget Estimates for FY 2021 (Washington, DC: Department of Defense, April 2020), [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/FY21\\_Green\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/FY21_Green_Book.pdf). Includes base budget only, excludes OCO.

4. DOD, NDS, 4–5.

## Trade-offs in the FY 2021 Budget

In an ideal world, forces would be highly ready, thoroughly modernized, and large enough to meet the demands of both surge warfighting and day-to-day deployments. However, limits on resources require some trade-offs, and those are evident in the FY 2021 budget.

Active component end strength would increase slightly in the FY 2021 budget (by 5,500 servicemembers). Reserve component end strength stays essentially the same: 801,900 in FY 2020, increasing by only 100 in FY 2021, to 802,000. This stability in a budget that declines in real terms likely reflects several factors: residual plans to expand, the difficulty in cutting forces, and the continuing high demand for day-to-day force deployments.

Readiness stays generally constant as measured by the publicly available metrics such as flying hours, steaming days, and number of major exercises. (The one exception may be the decline of Air Force flying hours, though the number of exercises does not go down. This may reflect the decline in combat flying.) Although classified metrics (such as the Defense Readiness Reporting System, or DRRS) are not publicly available, service statements indicate that they remain at a relatively high level.<sup>5</sup> The department also asserts that it is on track with its Readiness Recovery Framework, although it has not released any details about what the metrics are or how they have changed.

Table 1: Service Readiness Metrics FY 2019–FY 2021

	FY 2019	FY 2020	FY 2021
<b>Army rotations at combat training centers</b>	41	42	40
<b>Navy flying hours</b>	1.030	1.037M	1.099M
<b>Navy steaming days per quarter (deployed/non-deployed)</b>	58/24	54/24	54/24
<b>Navy integrated exercises—Basic</b>	75	76	95
<b>Navy integrated exercises—Integrated</b>	70	70	93
<b>Marine Corps large exercises—Ground</b>	24	24	24
<b>Marine Corps large exercises—Air</b>	9+2 Det	9+2 Det	9+2 Det
<b>Air Force flying hours</b>	1.454M	1.325M	1.238M
<b>Air Force full-spectrum exercises</b>	25	24	25

This sustainment of readiness occurs despite a \$4.5 billion reduction in operations and maintenance funding in the base budget (which covers a wide variety of activities, not just those related to force readiness). Although the FYDP projects continued decline in O&M funding, the changing treatment of war funding makes year-to-year comparisons difficult. However, O&M has typically grown in constant dollar terms, despite administrations repeatedly projecting declines.<sup>6</sup>

A major uncertainty for readiness is the long-term effect of the Covid-19 pandemic. In March and April 2020, the military services shut down most of their training and paused the induction of recruits into basic training. This created a situation that was not sustainable. Readiness and force size would soon deteriorate. However,

5. DRRS, the Defense Readiness Reporting System, is the latest version of DOD's unit readiness reporting systems that cover personnel, equipment, training, ordnance, and supply. It incorporates the previous Status of Readiness and Training System (SORTS).  
 6. The Future Years Defense Program (FYDP) is DOD's internal program and financial database as approved by the secretary. The FYDP arrays cost data, manpower, and force structure over a five-year period. Because these plans are fiscally constrained to a level directed by the president, they represent an official statement about priorities. The current FYDP period is FY 2021–FY 2025.

the services soon restarted deployments and high-level training, though with continuing precautions. Whether the resulting level of activity is sufficient for long-term readiness remains to be seen. Reports indicate that the services may not have been able to execute all the planned training in 2020. The Army for example, had to give up three rotations at its combat training centers and might have similar restrictions next year.<sup>7</sup>

Modernization, measured by total procurement and RDT&E funding (base plus war funding but excluding pandemic supplementals), decreases by \$4.8 billion in nominal terms in FY 2021 but by \$9.8 billion in constant dollars. Over the five years of the defense program, procurement dips in constant dollars and then recovers to the FY 2020 level, but research, development, testing, and evaluation (RDT&E) funding declines substantially, from \$106.7 billion in FY 2021 to \$92.3 billion in FY 2025 (FY 2021 dollars).<sup>8</sup> Although this could represent the transition of developmental programs into procurement, it may not produce all of the advanced, and expensive, new systems that the strategy requires and in the numbers needed to fill the force structure.

### *The Trump Administration’s FY 2021 Plan for Force Structure*

Table 1 shows the evolution of force structure plans. The bottom line is that even an expanded budget does not allow large force structure increases. Force structure is a lower priority under the current national defense strategy, and the modest increases in the administration’s plans reflect that reality.

Table 2: Force Structure Targets

	BCA Caps LT Effects (“Sequestration”) <sup>a</sup>	Obama FY 2017 FYDP Goal	Trump Campaign (9/2016)	FY 2021 Budget
<b>Army end strength</b> (regular/reserve)	421,000/ 498,000	450,000/ 530,000	540,000/ [563,000] <sup>b</sup>	485,900/ 526,300
<b>Army brigade combat teams</b> (AC/RC)	53 (27/26)	58 (30/28)	68 (40/28)	58 (31/27)
<b>Navy carriers</b>	10	11	12	11
<b>Navy ships</b>	274	295	350	306
<b>Air Force TacAir A/C</b> (4th/5th generation)	1,015 (668/347)	1,101 (699/402)	1,310 (837/473)	1,194 (939/255)
<b>USMC end strength</b>	175,000	180,000	242,000 (!) <sup>c</sup>	184,100

Note: “End strength” is the number of military personnel in the service at the end of the fiscal year (September 30).

a “Sequestration” is the term often associated with cuts that would be required if the caps of the Budget Control Act of 2011 were imposed. However, the term is a misnomer. Sequestration applies to the mechanism by which the cuts would be made, not to their extent. Nevertheless, because the term has gained widespread currency, it is used here.

b Not specified in Trump’s speech but taken from the Heritage Foundation study on which the speech was based: Dakota Wood ed., *2019 Index of U.S. Military Strength* (Washington, DC: Heritage Foundation, November 2018), [https://www.heritage.org/sites/default/files/2018-09/2019\\_IndexOfUSMilitaryStrength\\_WEB.pdf](https://www.heritage.org/sites/default/files/2018-09/2019_IndexOfUSMilitaryStrength_WEB.pdf).

c This was the implied size of the Marine Corps in the Heritage study that Trump cited. It is not clear that the study intended such a large increase.

7. Colin Clark, “Army Lost Three NTC Rotations to Covid; FORSCOM Curbs Pace for Next Year Also,” *Breaking Defense*, October 13, 2020, <https://breakingdefense.com/2020/10/army-lost-3-ntc-training-rotations-to-covid-forscom-curbs-pace-next-year-too/>; For broader discussion of readiness, see Mark Cancian and Adam Saxton, “Mission First: US Military Must Train and Recruit during Pandemic,” *Breaking Defense*, April 27, 2020, <https://breakingdefense.com/2020/04/mission-first-us-military-must-train-recruit-during-pandemic/>.

8. Office of the Under Secretary Of Defense (Comptroller), *National Defense Budget Estimates for FY 2021* (Washington, DC: DOD, April 2020), table 6-8, [https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/FY21\\_Green\\_Book.pdf](https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/FY21_Green_Book.pdf). Hereafter known as *FY 2021 Green Book* (named for the color of its customary cover). Calculations here and throughout this report use DOD deflators.

- The left column shows the force structure that would have resulted if the caps set by the Budget Control Act of 2011 (BCA) had been imposed. Although the BCA caps are now expired, the “sequestration” force provides a useful benchmark because it received bipartisan criticism as inadequate for national security.<sup>9</sup>
- The second column shows the last plans of the Obama administration. While higher than the BCA level, these levels were still not adequate to implement the multi-theater strategy that the Obama administration had adopted at the end of its time in office.
- The third column shows what President Trump had laid out during the campaign. Based on work by the Heritage Foundation, described later, it shows a large force increase.
- The fourth column shows the forces for FY 2021 in the president’s budget proposal.

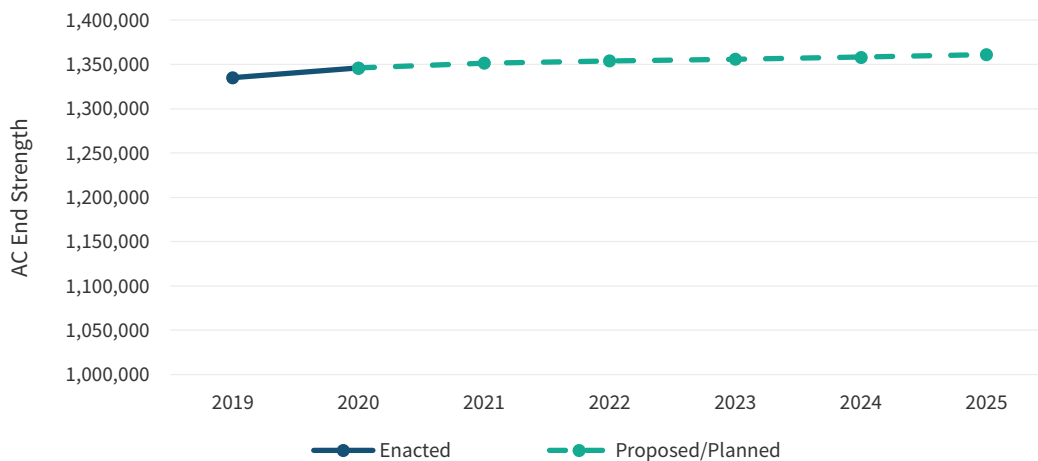
The later chapters on individual services in this series will discuss the specifics of each of the services’ forces.

### Long-term Force Structure Plans

Data on future force structure are sparse. Long-term plans for force structure and personnel have nearly disappeared from DOD’s budget documents. There is no explanation for this disappearance. However, it likely arises from a misplaced concern that potential adversaries might benefit from the information.<sup>10</sup>

Nevertheless, the budget exhibits do contain some information about future end strength (Chart 2). Because these budget exhibits show end strength levels for FY 2021 and FY 2025 only, the intervening years were interpolated.<sup>11</sup>

Chart 2: DOD Active Component End Strength FY 2019–FY 2025



Note: FY 2020 level reflects expected end strength, which is slightly higher than the congressionally authorized strength. The services are given some latitude to deviate from congressional authorizations in response to developments through the year, such as recruiting results and budget execution.

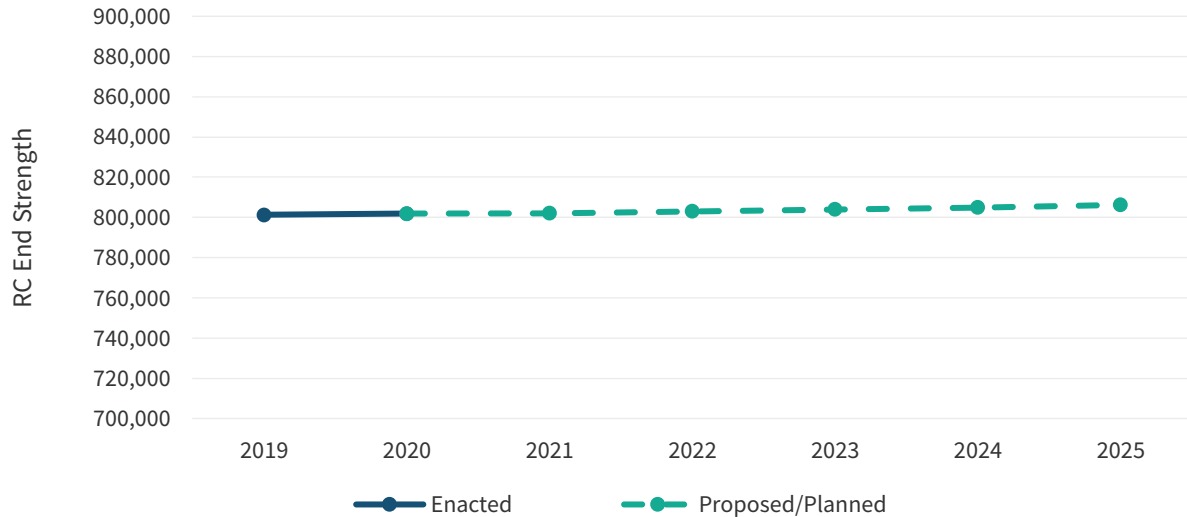
9. Force levels from Department of Defense, *2014 Quadrennial Defense Review* (Washington, DC: March 2014), [https://archive.defense.gov/pubs/2014\\_Quadrennial\\_Defense\\_Review.pdf](https://archive.defense.gov/pubs/2014_Quadrennial_Defense_Review.pdf).

10. This secrecy has become a major issue for the Pentagon press corps. See, for example, Jeff Schogol, “The Pentagon Is Terrified of Talking to Reporters Again,” *Task and Purpose*, September 4, 2020, <https://taskandpurpose.com/pentagon-run-down/pentagon-media-relations>.

11. Technically, end strength is the number of personnel in the service at the end of the fiscal year, September 30. The number of personnel in the service varies through the year, so this number is used for year-to-year estimates. For budgeting purposes, the services often use average strength.

The projection shows a small increase between FY 2021 and FY 2025 of about 15,100 (1.1 percent). The Army and Navy increase while the Air Force and Marine Corps decrease.

Chart 3: DOD Reserve Component End Strength FY 2019–FY 2025



The reserve components show the same small increase that the active component forces show, growing by about 4,300 (0.5 percent). The Army and Air Force reserve components increase, the Marine Corps reserve stays steady, and the Navy reserve continues its long-term decline. This likely reflects that the Army and Air Force rely more on the reserve components and that their reserve components are politically more powerful. (The service chapters contain details about what is happening with their personnel.)

End strength is not force structure (“the number size and composition of units”); it lacks detail about how those personnel are organized and equipped and, hence, how the services intend to fight future conflicts. Nevertheless, end strength is all that is currently available.

Maintaining and slightly expanding end strength reflects a judgment by the services to protect force structure, even at the expense of modernization, despite what the strategy says.

### *Challenge #1: Retaining Capacity for Regional Conflicts, Crisis Response, and Allied Engagement.*

In this view, the world is in a state of persistent conflict that demands a high level of U.S. global presence for regional conflicts, crisis response, and allied engagement.<sup>12</sup> The notion that great power conflict will occur mostly in the “gray area” further increases demand for military forces. As many experts point out, physical presence is needed to meet these demands and to exercise global leadership; virtual presence is

12. See, for one example among many: James Thomas, “Reshaping the U.S. Military,” Testimony Before the Senate Armed Services Committee, 115th Cong., 1st sess., February 16, 2017, <https://www.armed-services.senate.gov/hearings/17-02-16-reshaping-the-us-military>.



actual absence.<sup>13</sup> Former Secretary Gates called ignoring current conflicts and focusing on future conflicts “next war-itis.”<sup>14</sup>

Continuing high demand for forces increases operational tempo. DOD has a global force management process to prioritize force requests and allocate forces to meet them so that they do not overly stress personnel. The tension is that combatant commanders have no restrictions on their requests for forces, and therefore a gap always exists between requests and the forces available.<sup>15</sup> Further, national leadership often directs deployments and commitments in response to global events despite intentions to reduce demands. For example, deployments to Europe have increased greatly since Russia seized the Crimea and the invasion of Ukraine. Thus, the services are caught in “a bear trap of current commitments.”

To meet both wartime and day-to-day force demands, conservative think tanks have proposed larger force structures.

- Heritage’s *Index of U.S. Military Strength* proposes a large expansion of U.S. active-duty components: 50 regular Army brigade combat teams, 400 battle force ships, 625 strike aircraft, 36 active-duty Marine Corps battalions, and 1,200 active-duty Air Force fighter/ground-attack aircraft. All the military services were rated as “marginal” and particularly deficient on capacity, that is, the size of the forces.<sup>16</sup>
- The American Enterprise Institute has similarly recommended a broad expansion of forces to cover a “three-theater” demand. It argued that “America’s deteriorating international position requires an urgent reinvestment in and expansion of U.S. military forces.” The recommended budget is 4 percent of GDP, about \$180 billion above the Trump administration’s planned FY 2021 budget.<sup>17</sup> In a supplemental report aimed at “repairing and rebuilding” the armed forces, Mackenzie Eaglen outlined a path whereby in 2025 the Army would have 519,000 active end strength, the Marine Corps 202,000, and the Air Force 350,000. In addition, an accelerated shipbuilding plan would bring the Navy’s fleet up to 339 ships.<sup>18</sup>

The competing demands of a high-end conflict and day-to-day force deployments push the military services toward a high-low mix: a force that incorporates advanced, and often very expensive, technologies along with less expensive elements that can cover less demanding threats, such as regional opponents and crisis response. The administration’s program does not acknowledge such an approach. However, the services appear to have moved in that direction with regard to particular decisions, such as the Air Force’s decision to retain the A-10 and procure some F-15EXs and the Navy’s decision to continue the frigate program, continue procurement of F-18s, and investigate less expensive amphibious ships.

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13. For example, Thomas Donnelly, “Peers, Near-Peers, and Partial Peers: Making Sense of America’s Balance-of-Power Interests,” Statement before the Senate Committee on Armed Services, 115th Cong., 1st sess., February 16, 2017, <https://www.aei.org/research-products/speech/peers-near-peers-and-partial-peers/>; Michael J. Mazarr, “Presence v. Warfighting: A Looming Dilemma in Defense Planning,” *War On The Rocks*, April 26, 2016, <https://warontherocks.com/2016/04/presence-vs-warfighting-a-looming-dilemma-in-defense-planning>.

14. Associated Press, “Military Must Focus on Current Wars, Gates Says,” *NBC News*, 2008, [http://www.nbcnews.com/id/24600218/ns/us\\_news-military/t/military-must-focus-current-wars-gates-says/#.XURBD-hKhPY](http://www.nbcnews.com/id/24600218/ns/us_news-military/t/military-must-focus-current-wars-gates-says/#.XURBD-hKhPY).

15. For an excellent description of how force demands are generated, forces are allocated, and services cycle units through deployments, see Edward J. Filiberti, *Generating Military Capabilities* (Carlisle, PA: U.S. Army War College Press, 2019).

16. Dakota Wood ed., *2020 Index of U.S. Military Strength* (Washington, DC: Heritage Foundation, October 2019), [https://www.heritage.org/sites/default/files/2019-11/2020\\_IndexOfUSMilitaryStrength\\_WEB.pdf](https://www.heritage.org/sites/default/files/2019-11/2020_IndexOfUSMilitaryStrength_WEB.pdf).

17. Calculated by taking 4 percent of the latest reported U.S. GDP according to OMB in “Historical Tables,” table 1-2 and “FY 2020 Midsession Review,” from <https://www.whitehouse.gov/omb/budget/>; 4 percent requirement from American Enterprise Institute, *To Rebuild America’s Military* (Washington, DC: October 2015), <http://www.aei.org/wp-content/uploads/2015/10/To-Rebuild-Americas-Military.pdf>.

18. Mackenzie Eaglen, *Repair and Rebuild: Balancing New Military Spending for a Three-Theater Strategy* (Washington, DC: American Enterprise Institute, October 2017), 17, <http://www.aei.org/wp-content/uploads/2017/11/Repair-and-Rebuild.pdf>.



Seth Jones, director of CSIS's Transnational Threats Project, has argued that a focus on great power competition should not obscure the fact that the most likely demands on DOD will be to respond to global terrorism and actions in the gray area between peace and conflict. He notes: "It would be imprudent if the United States were to move too quickly away from countering terrorists while the threat is still high."<sup>19</sup> While the NDS does include terrorism as a threat, it also notes that "[i]nterstate strategic competition, not terrorism, is now the primary concern in U.S. national security."<sup>20</sup>

## Challenge #2: A Strategy-Resources Gap

Strategy/resource gaps are a recurring theme in national security literature. The strategic desires of policy officials often outrun the resources that the budget process provides. The gap will particularly affect force structure because the national defense strategy prioritizes readiness and modernization, as will any likely successor. Force structure in all the services would likely be a bill payer.

**A restricted budget future collides with the need for growth.** General Dunford set off a debate when he was chairman of the Joint Chiefs by saying that the defense strategy requires 3–5 percent real growth per year. Dunford and other senior officials made that point many times, so it was not a casual observation. Many use that as a benchmark for resource requirements.<sup>21</sup>

Although General Dunford and others provided no analytic justification for the 3–5 percent requirement, other analyses have shown the need for real increases in the DOD budget just to stand still. Compensation for military and civilian personnel has historically had to increase faster than inflation to compete in the labor market. For military personnel compensation, that has been 1 percent real growth.<sup>22</sup> Further, spending in the operations and maintenance account, which includes a wide variety of activities from military operations to healthcare base operations to environmental restoration, has also increased in real terms, averaging 2.6 percent above inflation.<sup>23</sup> The Congressional Budget Office estimates that DOD's current plans will require an additional \$77 billion over the FYDP period, FY 2021–FY 2025.<sup>24</sup>

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19. Seth G. Jones, "America's Counterterrorism Gamble," CSIS, *CSIS Briefs*, July 2018, <https://www.csis.org/analysis/americas-counterterrorism-gamble>.

20. DOD, NDS, 1.

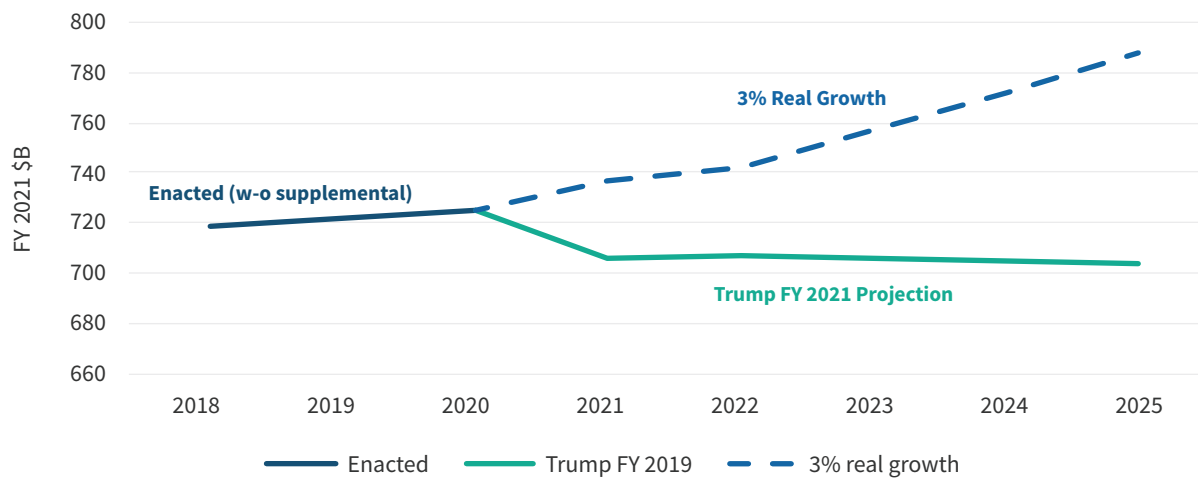
21. See, for example, "A Conversation with Chairman of the Joint Chiefs Of Staff Joseph Dunford," Brookings Institution, Washington, DC, May 29, 2019, <https://www.brookings.edu/events/a-conversation-with-chairman-of-the-joint-chiefs-of-staff-general-dunford/>; and Aaron Mehta, "DoD needs 3-5 percent annual growth through 2023, top officials say," *Defense News*, June 13, 2017, <https://www.defensenews.com/pentagon/2017/06/13/dod-needs-3-5-percent-annual-growth-through-2023-top-officials-say/>.

22. Calculated by comparing inflation for the military personnel account with DOD's overall inflation in FY 2021 Green Book, table 5-6.

23. Todd Harrison and Seamus P. Daniels, *Analysis of the FY 2021 Defense Budget* (Washington, DC: CSIS, August 2020), 7, <http://defense360.csis.org/wp-content/uploads/2020/08/Analysis-of-the-FY-2021-Defense-Budget.pdf>.

24. CBO's figures include acquisition cost growth as well as military personnel and O&M costs. Congressional Budget Office, *Long-Term Implications of the 2021 Future Years Defense Program* (Washington, DC: September 2020), <https://www.cbo.gov/publication/56554>.

Chart 4: DOD Budget Projections (Base plus OCO, FY 2021 dollars, billions)



Rising budgets mitigated this concern over the last few years because the debate was whether budgets were rising fast enough. However, for the last two years, the Trump administration has projected flat future budget levels. Chart 3 shows the administration’s budget projections and 3 percent budget growth line.<sup>25</sup>

The administration has long stated its intention to pay for these new initiatives through cuts in overhead and infrastructure. The NDS, for example, has management reform as one of its three major elements. Such efforts are needed. However, while it is easy to criticize excess overhead, the specifics get messy and hard to implement.<sup>26</sup> For example, the administration has been unable, and recently unwilling, to push for base closures, which is the most well-documented and widely supported mechanism for achieving overhead savings. The FY 2021 budget does identify \$5.7 billion in savings, which is commendable, but Congress has rejected major elements, such as healthcare reforms. The much-anticipated audit identified no savings because that is not its function.<sup>27</sup>

The bottom line is that the gap between projected resources and the 3 percent “requirement” grows rapidly.

**Criticisms of a strategy-resources gap.** Even when the defense budget was rising, there was criticism that resources were inadequate. The National Defense Strategy Commission, a group created by Congress to consider the DOD’s NDS and provide an independent perspective, harshly criticized what it saw as the lack of adequate resources and called the current situation “an emergency.” It finds, “[t]he NDS is not adequately resourced,” and “America is very near the point of strategic insolvency, where its ‘means’ are badly out of the alignment with its ‘ends.’” It strongly endorsed Chairman Dunford’s goal of 3–5 percent real budget growth.<sup>28</sup>

25. To increase comparability, these projections include both the base and OCO but exclude supplementals for natural disasters such as hurricanes and the Covid-19 pandemic. The decline in FY 2021 represents the effects of the Bipartisan Budget Agreement of 2020. The Trump projections also assume some reduction wartime operations, which are subtracted from the 3 percent real growth requirement. “Bipartisan Budget Agreement for Fiscal Years FY 2020 and FY 2021,” Senate Appropriations Committee, <https://www.appropriations.senate.gov/imo/media/doc/Bipartisan%20Budget%20Agreement%20July%2022%202019.pdf>.

26. See, for example, Mark Cancian, “Bad Idea: Easy Savings from DOD Management Reform,” *Breaking Defense*, December 11, 2017, <https://breakingdefense.com/2017/12/41070/>. This piece and several others show how savings are possible but face strong opposition and require investment of political capital.

27. Mark Cancian, “Why Auditing the Pentagon Audit Isn’t Turning up a Windfall of Waste,” *Forbes*, November 19, 2018, <https://www.forbes.com/sites/markcancian/2018/11/19/the-dod-audit-no-pot-of-gold-at-the-end-of-that-rainbow/#490a8f9f3230>.

28. National Defense Strategy Commission, *Providing for the Common Defense: The Assessment and Recommendations of the National*

Conservative think tanks have picked up this theme. The Heritage Foundation affirmed the 3–5 percent annual growth standard.<sup>29</sup> Similarly, Rick Berger and Gary Schmitt of the American Enterprise Institute argued that “the proposed budget . . . falls short of the funding the military needs to carry out the strategy with confidence.”<sup>30</sup>

A Biden administration might make this gap even wider. The Democratic platform proposed cuts to the defense budget, though the magnitude is unstated: “We can maintain a strong defense and protect our safety and security for less.” The consensus among the national security community is that these cuts might total 5 percent. Signals about where cuts would come are modest, including some trimming of nuclear forces and elimination of “legacy” forces.<sup>31</sup> On the other hand, Biden policy documents so far, which are quite vague, reiterate many of the points of the Obama and Trump administrations about the need for global engagement, a strong military, and support for the troops. Biden has stated that he has no plans for “major” defense cuts.<sup>32</sup>

### *Challenge #3: The Need to Shift More Aggressively to a Great Power Structure*

The Trump administration’s stated priorities (and possibly those of a Biden administration) are readiness, modernization, and force structure last.<sup>33</sup>

However, a continuing criticism is that the post-NDS budgets have not gone far enough in implementing the strategy; the budgets retain too many legacy forces and systems and do not move aggressively enough in funding and fielding the kinds of advanced technologies that the strategy requires. In general, such critics call for cutting forces to fund more modernization. As one example among many, Paul Scharre of the Center for New American Security writes, “[t]he United States is a military optimized for refighting the 1991 Persian Gulf war. Why? Because it’s comfortable . . . The United States hasn’t adapted its forces to a rising China.”<sup>34</sup>

The Democratic Party platform weighed in on this controversy. Like many critics of the defense program, it decried legacy platforms and forces:

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*Defense Strategy Commission* (Washington, DC: United States Institute of Peace, November 13, 2018), <https://www.usip.org/publications/2018/11/providing-common-defense>.

29. Frederico Bartels et al., “How Congress Can Improve the President’s 2020 Defense Budget Request,” Heritage Foundation, *Backgrounder* 3402, March 27, 2019, p. 1-2, <https://www.heritage.org/sites/default/files/2019-03/BG3402.pdf>.

30. Rick Berger and Gary Schmitt, “Budget Deal Is No-Win for the Military,” *Wall Street Journal*, July 28, 2019, <https://www.wsj.com/articles/budget-deal-is-no-win-for-the-military-11564337478>.

31. Democratic Party, *2020 Democratic Party Platform*, 67, <https://www.demconvention.com/wp-content/uploads/2020/08/2020-07-31-Democratic-Party-Platform-For-Distribution.pdf>; Joseph R Biden, Jr., “Why America Must Lead Again: Rescuing US Foreign Policy after Trump,” *Foreign Affairs*, March/April 2020, <https://www.foreignaffairs.com/articles/united-states/2020-01-23/why-america-must-lead-again>.

32. Steve Beynon, “Biden says US must maintain small force in Middle East, has no plans for major defense cuts,” *Stars & Stripes*, September 10, 2020, <https://www.stripes.com/news/us/biden-says-us-must-maintain-small-force-in-middle-east-has-no-plans-for-major-defense-cuts-1.644631#:~:text=Space%20Force-,Biden%20says%20US%20must%20maintain%20small%20force%20in%20Middle%20East,plans%20for%20major%20Defense%20cuts&text=He%20also%20said%20he%20does,such%20as%20China%20and%20Russia>.

33. For likely priorities of a Biden administration, see Mark Cancian, “The Fuzzy Outlines of Biden’s National Security Policies,” *Breaking Defense*, August 26, 2020, <https://breakingdefense.com/2020/08/the-fuzzy-outlines-of-bidens-national-security-policies/>.

34. Paul Scharre, “Esper’s Convenient Lie,” *Defense One*, September 18, 2020, <https://www.defenseone.com/ideas/2020/09/espers-convenient-lie/168596/>. For other examples, see Susanna V. Blume & Molly Parrish, *Investing in Great Power Competition* (Washington, DC: Center for a New American Security, July 9, 2020), <https://www.cnas.org/publications/reports/investing-in-great-power-competition>; Elbridge Colby, “How to Win America’s Next War: War’s Sci-Fi Future,” *Foreign Policy*, May 5, 2019, <https://foreignpolicy.com/2019/05/05/how-to-win-americas-next-war-china-russia-military-infrastructure/>; and Christian Brose, *The Kill Chain: Defending America in the Future of High-Tech Warfare* (New York: Hachet Books, 2020).

Rather than continuing to rely on legacy platforms that are increasingly exposed and vulnerable, Democrats support funding a more cost-effective, agile, flexible, and resilient force with modern transportation and logistics capabilities that can operate in more contested environments. Democrats will accelerate defense transformation.<sup>35</sup>

To illustrate what the impact on force structure might be if this approach were aggressively implemented, CSIS used its Force Cost Calculator. This tool calculates a defense budget based on a wide variety of inputs on forces, readiness levels, and equipment programs. The table below shows the results. The assumption is that the top line is locked, but military personnel compensation rises at 1 percent a year and O&M at 2.2 percent a year above inflation. (The budget projections allow 0.4 percent above inflation for military personnel and inflation only for O&M.<sup>36</sup>) The projection assumed that readiness would stay at the FY 2020 level and that modernization programs would remain on track. Special operations forces were held constant since they have been protected historically.

The bottom line is that force structure would get much smaller. Such a scenario would drive force structure to the level of “sequestration” as depicted in Table 1. In reality, the services would make the cuts more “balanced”: squeeze readiness, stretch out modernization programs, and cut back munitions inventories, to protect some force structure. However, that is not what the strategy directs.

Table 3: Force Structure Effects of Implementing a Great Power Strategy Under Constrained Resources

		FY 2021 Level	FY 2025 Level
<b>Army</b>	Active Component (AC) Personnel	485,900	425,700
	Reserve Component (RC) Personnel	526,300	482,900
	Total BCTs	58	50
<b>Navy</b>	AC Personnel	347,800	318,100
	RC Personnel	58,800	53,400
	Ships	306	293
<b>Marine Corps</b>	AC Personnel	184,100	164,500
	RC Personnel	38,500	37,200
<b>Air Force (includes Space Force)</b>	AC Personnel	327,300	308,100
	RC Personnel	178,400	142,800
	Fighter Attack Aircraft	1,200	1,013

A major unanswered question in this discussion is what qualifies as a “legacy” platform. On this definition hang tens of billions of dollars of acquisition funding and the structure of future forces. Strategists, such as those who criticize the lack of change in the budget, see legacy platforms as those that use old technologies and outdated operational concepts. They would cut manned aircraft, aircraft carriers, and armored vehicles, substituting smaller unmanned and distributed systems.

35. Democratic Party, *2020 Democratic Party Platform*, 66.

36. Military personnel inflation from *FY 2021 Green Book*, table 5-3; O&M inflation from *FY 2021 Green Book*, table 5-6. Military personnel long-term inflation calculated by comparing inflation in the military personnel account with inflation in the economy as a whole, data from *FY 2021 Green Book*, table 5-6 and 5-1, respectively, 1975-2021.

The military services define legacy as old systems in the inventory. They would retire older systems and buy similar but more modern systems. For example, strategists would urge the Air Force to curtail F-35 procurement and move toward a fleet of unmanned aerial vehicles (UAVs). The Air Force would retire F-16s and A-10s and use the savings to buy more F-35s. Similarly, the Navy is proposing retiring old cruisers and building new destroyers. The Army has proposed reducing procurement of tanks and Bradley Fighting Vehicles while buying a new generation of ground combat vehicles.<sup>37</sup>

#### *Challenge #4: Strategy Changes That Could Change Force Structure*

Strategy drives force structure. Thus, any changes in strategy will change the size and shape of the forces. The NDS received broad support in Congress and the national security community. The challenges that it identified built on what the Obama administration had been discussing after 2014 and on many analyses by outside experts.

Nevertheless, the NDS was not universally acclaimed, particularly by those who want less entanglement in foreign affairs and less spending on defense. Some libertarians and progressives have proposed a strategy of “restraint” and reduced spending that goes with it.

CATO, a libertarian think tank, has consistently rejected a strategy of engagement and forward deployments. As Christopher Preble, CATO’s vice president for defense and foreign policy studies, argues: “Admitting that the United States is incapable of effectively adjudicating every territorial dispute or of thwarting every security threat in every part of the world is hardly tantamount to surrender. It is, rather, a wise admission of the limits of American power and an acknowledgment of the need to share the burdens, and the responsibilities, of dealing with a complex world.”<sup>38</sup>

CATO’s strategy would reduce forward deployments and cut the Army, Air Force, and Marine Corps by a third. The strategy would cut the Navy relatively less (by 25 percent) to retain the ability to deploy globally when needed. Reserves would be reduced less than active-duty forces to maintain a surge capability. These changes would cut about \$110 billion per year from the defense budget.<sup>39</sup>

In recent years, a progressive critique of national security strategy and budgets has arisen, reinforcing critiques such as those by CATO. For example, a coalition of progressive groups proposed “utiliz[ing] our military solely for the defense of the people of our country” and cutting \$200 billion from the defense budget.<sup>40</sup> A detailed progressive analysis proposed cutting ground (Army and Marine Corps) force structure heavily, reducing readiness through cuts in civilians and contractors, and terminating several nuclear modernization programs and most national missile-defense programs. It would save about \$125 billion per year if fully implemented.<sup>41</sup>

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37. Tony Bertuca, “DOD Chiefs Try to Sell Congress on a Budget That Would ‘Divest to Invest,’” *Inside Defense*, February 26, 2020, <https://insidedefense.com/daily-news/dod-chiefs-try-sell-congress-budget-would-divest-invest>.

38. Christopher A. Preble, “Adapting to American Decline,” *New York Times*, April 21, 2018, <https://www.cato.org/publications/commentary/adapting-american-decline>.

39. Force levels from a think tank budget exercise, results described in Jacob Cohn and Ryan Boone, eds., *How Much Is Enough? Alternative Defense Strategies* (Washington, DC: Center for Strategic and Budgetary Analyses, 2016), <http://csbaonline.org/research/publications/how-much-is-enough-alternative-defense-strategies>.

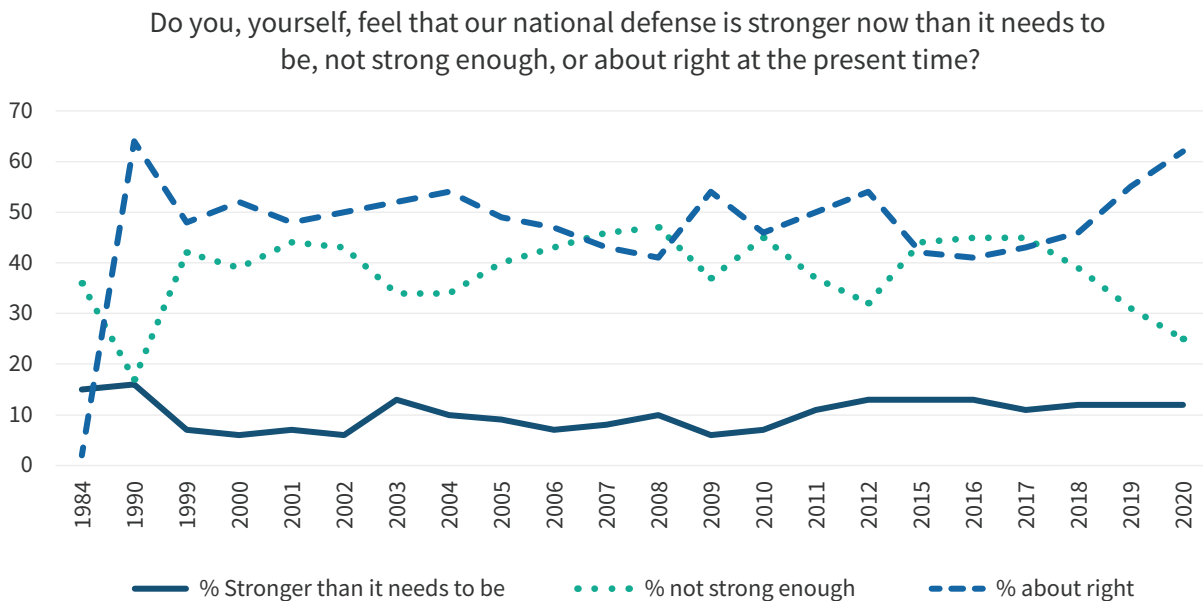
40. “Letter to VP Joseph Biden,” Demand Progress, May 11, 2020, <https://demandprogress.org/50-organizations-urge-biden-trump-adopt-principled-foreign-policy/>.

41. Center for International Policy, *Sustainable Defense: More Security, Less Spending – Final Report of the Sustainable Defense Task Force of The Center for International Policy* (Washington, DC: June 2019), <http://comw.org/pda/sustainable-defense-more-security-less-spending/>.

## Where Is Public Opinion?

Ultimately, the size and shape of the defense effort depend on the level of support from the American people. The chart below shows public attitudes toward national defense.<sup>42</sup> The good news for defense is that there is little support for the notion that the United States is too strong. That opinion barely gets into double digits. The bad news is that support for budget increases or force expansion is weak.

Chart 5: Public Opinion on National Defense



Source: “In Depth: Topics A to Z Military and National Defense,” Gallup Organization, <https://news.gallup.com/poll/1666/military-national-defense.aspx>.

The opinion that the United States is not strong enough began rising in 2012, as the postwar drawdown took effect, and continued rising with the increased threats from Russia, ISIS, and China becoming apparent in 2014.

“Not strong enough” dipped dramatically after 2017 and is now substantially below “about right,” likely reflecting satisfaction with the defense buildup and concerns about the Trump administration. Questions about the level of the defense budget elicit similar dynamics.

This level of public opinion would seem to support, though weakly, the path that the Trump administration is on but would not support further large increases. Public opinion could deteriorate if forces become engaged in new conflicts.

Regarding the U.S. role in the world, the public is generally supportive, but there are limits.<sup>43</sup>

- There is strong support for the notion that NATO membership is good for the United States (77 percent versus 15 percent).

42. Jeffery M. Jones, “Record High Say US Defense Spending ‘about Right,’” Gallup Organization, March 16, 2020, <https://news.gallup.com/poll/288761/record-high-say-defense-spending-right.aspx>.

43. “Large Majorities in Both Parties Say NATO Is Good for the US,” Pew Research Center, April 2, 2019, <https://www.pewresearch.org/politics/2019/04/02/large-majorities-in-both-parties-say-nato-is-good-for-the-u-s/>.



- The public is evenly divided about whether the United States should be more or less involved in world affairs (49 percent less involved, 44 percent more involved).
- The public is supportive of the United States taking into account the interests of its allies (54 percent yes, 40 percent no).

### Covid-19: The Wild Card

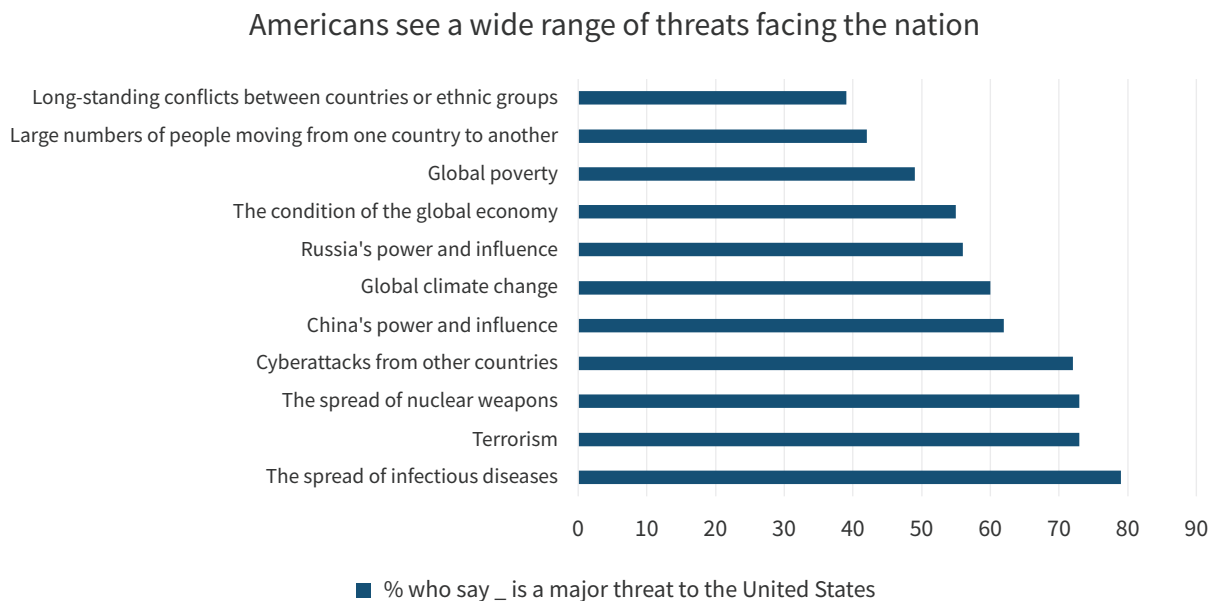
The pandemic has disrupted the nation’s social and economic life and has had a major impact on DOD’s operations and industry. The bottom line is that DOD has, so far, weathered the pandemic better than the country overall, as DOD’s infection rate is lower and its lethality rate is much lower.<sup>44</sup> The long-term effect on DOD is unclear.

Because the pandemic has had such a major effect on the U.S. society and economy, many speculate it will have a major long-term effect on national security. At a minimum, there will be a replenishment of DOD’s medical inventories and some enhancements of dual-use forces (i.e., those that can do both warfighting and humanitarian assistance).

Still, it may be that two years from now, when a vaccine is widely available and economic and social life have returned to some version of a pre-pandemic normal, DOD will retain its current structures and missions. Changes at the federal level could focus on domestic agencies such as FEMA, CDC, and HHS.

On the other hand, polling shows that infectious disease now tops Americans concerns about security. This could drive changes in DOD.

Chart 6: Public Opinion on Threats to the Nation



Source: Jacob Poushter and Moira Fagan, “Americans See Spread of Disease as Top International Threat, Along With Terrorism, Nuclear Weapons, and Cyberattacks,” Pew Research, April 13, 2020, <https://www.pewresearch.org/global/2020/04/13/americans-see-spread-of-disease-as-top-international-threat-along-with-terrorism-nuclear-weapons-cyberattacks/>.

44. For details on defense and the pandemic, see Mark Cancian and Adam Saxton, “Weekly Covid Response Update,” CSIS, <https://defense360.csis.org/series/combating-covid-19/>.

One set of arguments holds that because the level of national debt has skyrocketed, and the nation's focus has turned to domestic affairs, the defense budget will go down. Secretary Esper has commented on this: “[t]here’s a concern that [the pandemic] may lead to smaller defense budgets in the future.”<sup>45</sup> Indeed, a group of progressives in Congress called for just such a change: “America needs a coronavirus cure, not more war.”<sup>46</sup>

Public concerns about future pandemics might drive an effort to expand DOD’s role in such national emergencies regardless of the level of the defense budget. This might involve creating new DOD institutions for medical research or greatly expanding those that already exist. It might involve expanding dual-use capabilities, such as building a new generation of hospital ships (which Congress is already contemplating). It might involve reversing the proposed restructuring and shrinking of the military medical community. (DOD has proposed to focus its medical community on “military readiness”—capabilities needed for conflicts—and reducing those capabilities that apply solely or primarily to dependents and retirees.)

Whether this is a good role for DOD is an open question. The military services prefer to focus on the traditional warfighting missions, and domestic agencies exist to provide emergency medical capabilities. However, DOD is often called on in emergencies because of its technical competence and broad set of capabilities.

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45. Paul McCleary, “Old Weapons under Fire As Covid Debt Rises,” Breaking Defense, May 5, 2020, <https://breakingdefense.com/2020/05/old-weapons-under-fire-as-covid-debt-rises/>.

46. Mark Pocan and Barbara Lee, “Letter to the House Armed Services Committee,” U.S. Congress, May 19, 2020, <https://pocan.house.gov/sites/pocan.house.gov/files/documents/Pocan-Lee%20Defense%20Spending%20Reduction%20Joint%20Sign-on%20Letter%205-19-20.pdf>.