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Defense Budget Priorities for the Biden Administration

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The administration of President Joseph Biden inherits a Defense Department (DoD) that has spent the last few years attempting to reorient itself under the guidance of the 2018 National Defense Strategy (NDS). As DoD leadership changes and shapes a new strategy, its priorities in the defense budget could change as well. Below are four critical questions on the challenges and opportunities facing the Biden administration as it crafts its defense plans for the next four years.

Q1: How will the current budget landscape impact the Biden administration's defense plans?

A1: The new administration takes office in a fiscal environment characterized by historically large federal deficits. Much-needed congressional legislation for Covid-19 relief contributed to a federal deficit in excess of \$3.1 trillion in fiscal year 2020—the largest ever in real terms—and additional relief packages passed this fiscal year will similarly lead to a significant deficit in FY 2021.

History suggests that DoD may be forced to plan and operate in a resource-constrained environment over the coming years. Deficit concerns were the [primary driver](#) of the last two defense budget downturns in the late 1980s and early 2010s, and in its final budget request, the Trump administration [projected defense spending](#) would remain essentially flat with inflation into the future amid worries over the size of an already significant pre-Covid-19 deficit.

However, the deficit itself does not preclude the Biden administration from requesting an increase in the defense budget. The expiration of the Budget Control Act (BCA) spending caps in FY 2022 means the Biden administration will submit the first budget request not subject to discretionary spending limits since FY 2011. The willingness of both the new administration and Congress for further Covid-19 relief suggests that policymakers will not pursue serious deficit reduction measures and immediate defense spending cuts until economic recovery is underway. Nevertheless, political pressure on both sides of the aisle will likely see the defense topline remain largely flat in the short term.

Q2: How will the Biden team shape the FY 2022 defense budget?

A2: While the federal budget request is due to Congress by the first Monday of February, the request is [typically delayed](#) when a new administration takes office so it can make adjustments to the budget plans of the previous administration. The FY 2022 budget request will likely be no exception. The Trump and Obama administrations did not submit their complete budget requests for FY 2018 and FY 2010, respectively, until May, while the administration of George W. Bush submitted its FY 2002 request in April. Difficulties [in the Biden administration's DoD transition](#) may further delay the submission of the FY 2022 defense budget request into late spring.

Given that the planning for the defense budget is an extensive, multiyear process, Biden's DoD leadership will not be able to scrutinize every line item in the FY 2022 request. However, it will certainly review and change any major funding issues that fail to align with its policy goals. The Trump administration's [FY 2022 Fiscal Planning Guidance](#) for DoD, released in December, will not restrict the new administration's ability to shape next year's defense budget. However, the Biden administration's take on the Navy's recent [30-year shipbuilding plan](#) will be one area to watch. The Trump administration proposed procuring 12 ships in FY 2022 rather than the seven it had previously planned for that year.

Greater uncertainty exists over how congressional leaders will negotiate a budget deal for FY 2022 and the defense topline. For almost a decade, the BCA budget caps served as a [floor](#) from which to negotiate increases in defense and non-defense spending limits. The lack of a baseline for any dealmaking means Democrats and Republicans must find a new framework for future budget agreements. Congress likely will not begin negotiating a deal for FY 2022 until later in the year, as it first considers another Covid-19 relief package, nominations for Biden appointees, and the impeachment trial of Donald Trump.

Q3: What will the Biden administration prioritize in its defense plans?

A3: In its first year in office, the new DoD leadership will conduct a [strategy review](#) outlining the defense priorities for its tenure. The strategy that emerges from that process will inform the administration's defense budgets and plans, in part for FY 2023 and more completely for FY 2024 (the FY 2024 budget request will be the first developed solely under the Biden administration due to the multiyear budget development process). Given statements from incoming Biden officials and nominees, the Department's focus will likely continue to center primarily on competition with China and, to a lesser extent, Russia—although the "[great power competition](#)" terminology that accompanied the 2018 NDS may be jettisoned.

How will that strategy translate into higher level [budget tradeoffs](#) between readiness, force structure, and modernization? Developing new capabilities for competition with China may see greater sustained investment in research, development, test, and evaluation (RDT&E) and procurement, but that does not mean DoD will or should focus exclusively on preparing for [high-intensity conflict](#). China and Russia have successfully leveraged [gray zone](#) tactics below the threshold of conventional warfare to extend their influence and subvert international norms. Investments in emerging technologies and platforms for the future fight must be balanced with the need to counter hybrid threats. Defense planners must similarly consider how they can increase the resilience and reliability of U.S. systems, from space and communications to cyber infrastructure.

Achieving that balance of addressing today's threats and creating tomorrow's force requires careful consideration of the [demand signal](#) from the combatant commands (COCOMs). In a resource-constrained environment, fulfilling all COCOM requirements threatens to exhaust not only funds that may be better spent elsewhere, but also personnel and equipment. As the American Enterprise Institute's Mackenzie Eaglen has [noted](#), "[c]ombatant commanders and civilian defense leaders and overseers need to be more disciplined about the use of force." This will be critically important as the Biden administration seeks to reassure allies and partners disheartened by relations with the United States during the Trump administration. National security officials must not overly rely on military presence missions for this task and should look to soft-power alternatives to support U.S. partners. While lessening the burden on the military, leveraging the full range of diplomatic, economic, and informational options in the national security toolkit may be a more effective means of addressing some threats from competitors in the gray zone.

To free up funds for investment in new capabilities, the new administration must be willing to make difficult tradeoffs. In particular, it should aim to cut legacy systems within the force that eat up a [growing portion](#) of DoD's operation and maintenance budget. Congressional resistance to such cuts makes that task easier said than done. In the [FY 2021 National Defense Authorization Act](#) (NDAA), Congress mandated that the Air Force pursue 386 operational squadrons and imposed minimum force requirements for certain types of aircraft. Its enactment of the 355-ship goal for the Navy in the FY 2018 NDAA is already well known. This singular focus on a one-dimensional metric for the services' capacity threatens to distract from the larger debates on the capabilities required for current and future conflicts. DoD leadership under the Biden administration must work with Congress to shape the force structure necessary to implement its defense strategy.

Q4: How will Congress impact the new administration's defense budget plans?

A4: With the Democratic Party in control of both chambers of Congress for the first time since January 2011, defense spending—particularly the budget topline and nuclear modernization plans—faces greater scrutiny with some on the party's left wing already [calling for cuts](#). As mentioned earlier, however, drastic cuts to the defense budget are unlikely in the short term, due to the focus on economic recovery. An effort to reduce the authorized topline by 10 percent in the NDAA was [blocked](#) by a bipartisan coalition in both houses. With slim Democratic majorities in the House and Senate and resistance among moderate Democrats to cutting defense significantly, a major reduction in the budget is unlikely.

Arguably, the greater threat to defense spending levels comes from deficit hawks in the Republican Party who are already [voicing concerns](#) over growing deficits. The last major downturn in the defense budget occurred as a result of the 2011 BCA, which was passed in an attempt to contain large federal deficits during the Obama administration. The current makeup of Congress and greater [willingness for further Covid-19 relief](#) measures from [some Republicans](#) likely preclude the passage of any serious deficit reduction legislation in this session. Deficit hawks will find few partners within the Democratic majorities to cut spending now, but control of either chamber could change after the 2022 midterm elections.

Below the topline, both parties are sure to scrutinize any perceived waste or inefficiencies within the budget. The new leadership of DoD should pursue a cooperative relationship with Congress from the start by building on improved financial management practices instituted by the last administration. It should continue the series of reviews—including "[Night Court](#)," [defense-wide](#), service, and COCOM reviews—conducted under Secretary of Defense Mark Esper to ensure alignment between specific programs and the strategy. Ensuring the transparency of true Overseas Contingency Operations costs in the budget will similarly help build trust between congressional oversight committees and the Department.

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