

# What to Look for in the FY 2022 Defense Budget Request

By Todd Harrison, Seamus P. Daniels, Mark F. Cancian, Tom Karako & Wes Rumbaugh

## THE ISSUE

APRIL 2021

The Biden administration is expected to release its first budget request for FY 2022 in May. The request marks the first budget since FY 2011 that is not subject to the discretionary spending limits imposed by the Budget Control Act. While the defense budget request for FY 2022 was developed predominantly under the previous administration, it will provide some direction as to the national security priorities of the new administration. Below, experts from the CSIS International Security Program outline major issues to watch in the FY 2022 defense budget.

## WAITING FOR THE BUDGET REQUEST

BY TODD HARRISON

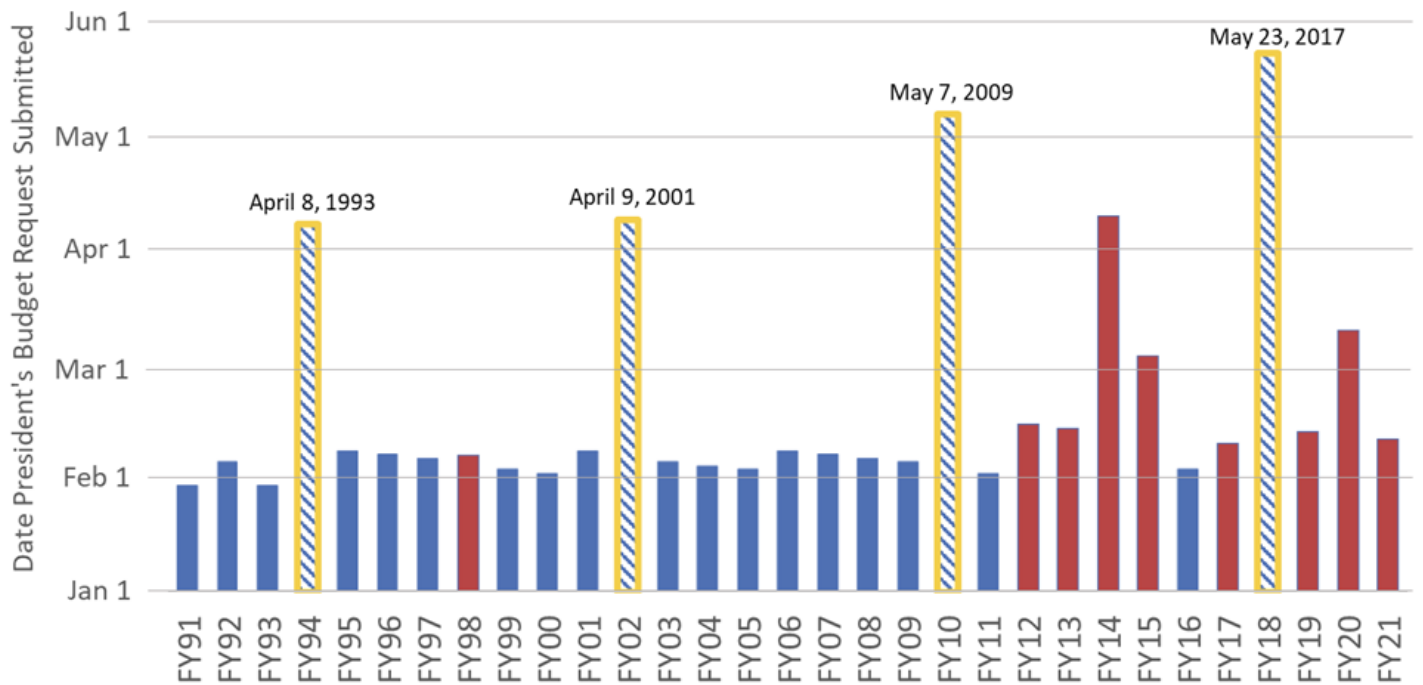
The timing of the budget request is a critical issue to watch this year. Current law specifies that the president's budget request should be submitted to Congress by the first Monday of February. However, it is custom that the first budget request of a new administration is submitted later than this deadline because the incoming team needs extra time to review and tweak the request put together by the outgoing administration before submitting it. But excessive delays in submitting the budget request can create problems downstream in the congressional budget cycle, making it more likely the next fiscal year begins with an extended continuing resolution. A delayed request can also yield more power to Congress in the budget process if it is forced to begin budget deliberations without input from the executive branch. This can make it more difficult for the new

administration to advance its budgetary priorities in the first year of its term.

At the time of this writing, the Biden administration is indicating that it will not submit its budget request until sometime in May. The chart on the following page puts this in historical context, showing when previous budget requests (the full request, not "skinny" budgets or guidance) were submitted in the past. The years with a yellow outline indicate the first request of a new administration, and years shown in red indicate when the budget was late (other than the first request of a new administration).

The Trump administration submitted its first request (the budget for FY 2018) on May 23, 2017, making it the latest submission of the annual budget request at any time since annual presidential budgets became part of the regular process in the 1920s. In comparison, the Obama administration submitted its first request on

**Figure 1: Submission of the President's Budget Request**



May 7, 2009, the George W. Bush administration submitted on April 9, 2001, and the Clinton administration submitted on April 8, 1993. The Biden administration is on track to be the second latest of any budget request, and if it delays past May 23, it will be the new record holder of this dubious distinction.

The extended tardiness of both the Obama and Trump administration’s first budgets served as a foreshadowing of more delays to come. Out of eight budget requests, the Obama administration only submitted two on time, and the Trump administration did not submit any budget requests on time in its four years in office.

## THE DEFENSE BUDGET IN A PERIOD OF TRANSITION

BY SEAMUS P. DANIELS

The Biden administration will submit its FY 2022 budget request to Congress in a period of significant transition for the U.S. defense enterprise. For any new administration, the first year is already a time of profound change as a fresh leadership team takes the reins of the Defense Department (DoD) and begins work developing its own defense strategy. But Biden’s DoD

will release its first budget—[recently announced](#) to total \$715 billion—in the face of major fiscal, strategic, and operational shifts.

The FY 2022 budget will be the first since FY 2011 that is [not subject](#) to discretionary spending limits imposed by the Budget Control Act of 2011 (BCA). Somewhat ironically, the BCA caps—which were intended to limit spending and reduce the federal deficit—expire just as the deficit peaked at a record high in FY 2020. While Congress ultimately raised the caps each year in a series of budget agreements, the spending limits served as a floor for legislators to negotiate higher topline funding levels for defense and non-defense programs. Their expiration in FY 2022 removes that negotiating framework and could force DoD to operate under a continuing resolution for a considerable period of time as Congress determines topline spending levels amidst other legislative priorities like the infrastructure bill.

The first Biden budget also arrives as DoD continues its efforts to reorient itself towards long-term strategic competition with China. While the [2018 National Defense Strategy](#) (NDS) spurred this Department-wide shift and prompted a series of reviews to focus

resources on NDS priorities, the Trump administration struggled to align its budgets with the strategy's stated emphasis on modernization. The Biden administration's forthcoming defense strategy will likely share common themes with the 2018 NDS in prioritizing competition with China and investments in new capabilities, as evidenced by the White House's recent [Interim National Security Strategic Guidance](#) and [FY 2022 budget guidance](#).

The FY 2022 request—which was primarily developed under the previous administration—will not fully reflect the new leadership's priorities given the short turnaround before it is submitted to Congress. However, the Biden administration will aim to make its mark on several notable areas of investment. A February [memo](#) from Deputy Defense Secretary Kathleen Hicks targeted several priorities to review before the budget submission, including: shipbuilding, the nuclear enterprise, long range fires, select aircraft programs, and climate change.

Significantly, the White House's budget guidance also announced that DoD would no longer request funding for Overseas Contingency Operations (OCO). Originally intended to cover the incremental cost of operations in Afghanistan and Iraq, the Obama and Trump administrations took advantage of OCO's exemption from the BCA budget caps to classify non-war expenses within the account. Congress also used the loophole to grease the wheels of budget agreements by increasing defense and non-defense spending [on top of increases](#) in the budget caps, although members of both parties criticized abuse of the account by the executive branch. In its last budget request, however, the Trump administration separated OCO by war-related costs and base budget expenses that had been classified as OCO to avoid spending limits to show the true cost of operations. It also projected that all of the non-war costs would be transferred to the base budget beginning in FY 2022.

The expiration of the budget caps and the administration's planned withdrawal of U.S. troops from

Afghanistan (announced after the budget guidance was released) largely renders OCO irrelevant. While the end of operations in Afghanistan is a major development given the continued U.S. presence in the country for almost 20 years, it will not generate [a significant amount](#) of funds to reinvest elsewhere in the budget because of plans to continue providing financial support to the Afghan military. However, the potential divestment of unneeded force structure and legacy equipment enabled by the withdrawal could allow for a broader rebalancing of priorities in the budget.

The Biden administration's \$715 billion topline for DoD—which represents a slight decrease from FY 2021 funding levels when adjusted for inflation and from the \$722 billion budget the Trump administration had projected for FY 2022—has generated [significant criticism](#) from both progressive Democrats advocating further cuts and Republicans in favor of higher spending. While the detailed FY 2022 request will not provide legislators and the public with a [complete picture](#) of the new administration's plans for the next four years, it may signal the Department's priorities and approach in a changing national security landscape.

## FORCE STRUCTURE: WATCHING FOR CUTS AND RESTRUCTURING

BY MARK F. CANCIAN

A complete explanation of the Biden administration's defense strategy and program will probably not be available until late in the year or even with the submission of the FY 2023 budget in February 2022. However, the FY 2022 budget will contain indications about where the administration plans to go with force structure. Here are five things to watch in the FY 2022 budget request:

**1. Army end strength: how much of a cut?** Many budgeteers and strategists propose cutting Army end strength to fund other priorities, particularly advanced technologies to compete with China in the Western Pacific. [The Army Chief of Staff has aggressively argued](#) that the Army, with its land-based long-range fires,

missile defense, and global logistics capabilities, has a role in the Western Pacific. Nevertheless, it's going to be a tough sell. The regular (active duty) Army stands at 485,000 soldiers now. [The Obama administration had proposed taking it down to 450,000](#), and some concepts had proposed taking it down to 420,000.

**2. Navy shipbuilding plans: how many ships and of what kinds?** Naval expansion has broad support in Congress. The Trump administration originally endorsed the Navy's 2016 force structure assessment that proposed growing the fleet to 355 ships. In December 2020, as the administration was at the end of its time in office, [Secretary Esper released a new shipbuilding plan](#) that called for 403 crewed ships and hundreds of uncrewed ships by FY 2045. However, the administration was never able to develop an affordable plan to achieve either goal. The Biden administration has pledged to develop a new shipbuilding plan. My guess is that this new plan will establish a goal for crewed ships in the 320s (compared with today's 298 ships) and look like a smaller version of what Secretary Esper proposed: an emphasis on submarines, constructing new classes of smaller vessels, and incorporating many uncrewed ships.

Unlike Esper and many strategists, the [Navy has been emphatic that it does not want small carriers](#) but might accept a smaller carrier force. However, [Congress has twice rejected proposals to retire carriers early](#). The FY 2022 budget will indicate whether the Biden administration is following the general parameters of the Trump naval force structure and whether it is willing to take on either Congress or the Navy on carriers.

**3. "Legacy" programs: How does the administration define them?** [The composition of forces will depend on the definition of "legacy."](#) The interim national security strategy and many statements by defense officials have targeted "legacy programs" for cuts. However, these statements do not define what legacy programs are. The services define them as older systems that they want to replace with newer systems. Many strategists define legacy as systems based on outdated operational

concepts. Thus, the Air Force would replace F-15s and F-16s with F-35s. Many strategists would replace them with unmanned systems. Billions hang on that definition.

**4. The F-35 program: Will the department's strategy for tactical aviation change?** The F-35 program, originally envisioned to be a low-cost replacement for the F-16, has ended up being expensive and delayed. [The administration is conducting a review](#) that might cut the total number of aircraft procured. If so, something must replace the cut aircraft. Those replacements could be upgraded versions of F-16s and F-15s or remotely piloted vehicles. The path chosen will structure the tactical aviation fleet for many years.

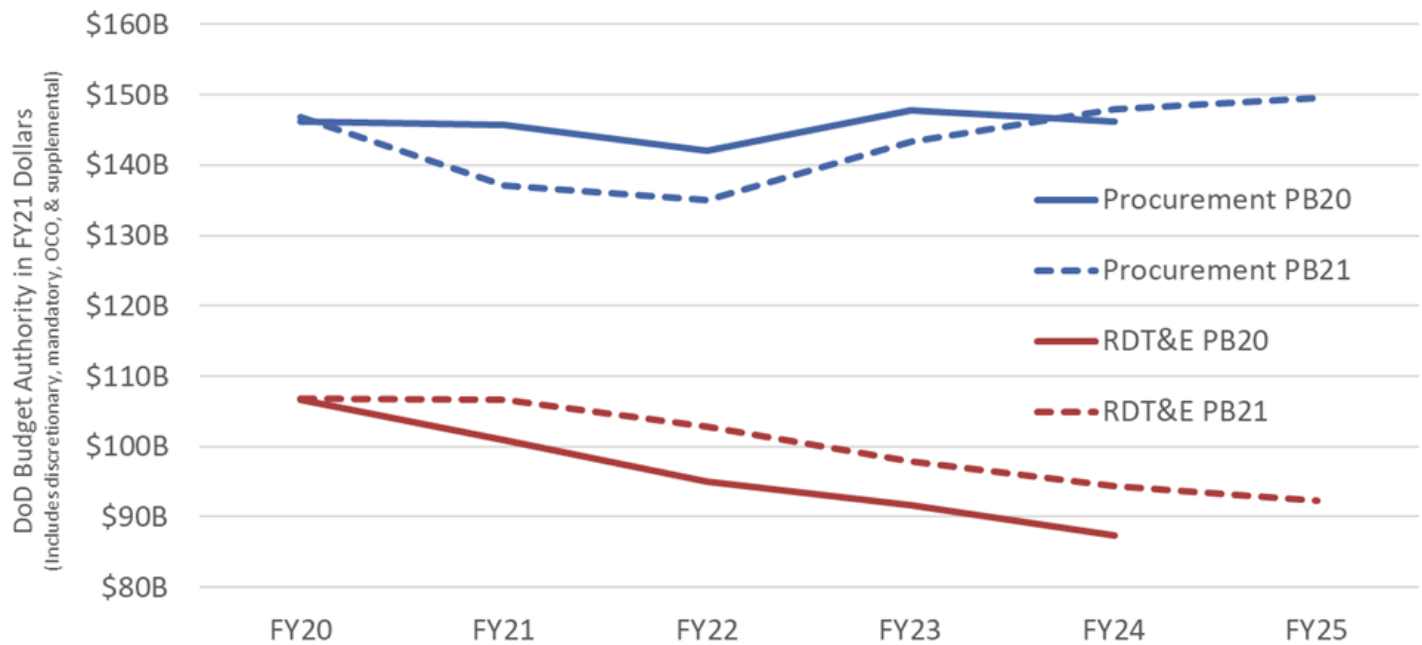
**5. Finally, does the administration offer a justification for the forces?** It has been about 15 years since DoD explained, even roughly, how it calculated the force levels that it was proposing. The Trump administration was typical. Its 2018 [National Defense Strategy](#) sought to "defeat aggression by a major power, deter opportunistic aggression elsewhere, and disrupt imminent terrorist and WMD threats" while defending the homeland and maintaining nuclear deterrence. That required 58 total Army brigade combat teams, 355 Navy ships, about 1,200 Air Force aircraft, and a Marine Corps of 185,000 personnel. There was no description about how the administration determined these very specific force levels from the very general description of strategic goals that it was proposing. This was not unusual. The [Quadrennial Defense Reviews of 2014 and 2010](#) had the same lack of connection.

## DEFENSE ACQUISITION FUNDING AND PRIORITIES IN FY 2022

BY TODD HARRISON

The procurement and research, development, test, and evaluation (RDT&E) titles of the FY 2022 request will be closely watched by Congress and industry. The last request of the Trump administration for FY 2021 made some noticeable shifts in the five-year projections for both titles, as shown on the next page. It reduced the

Figure 2: Five-Year Funding Projections in the FY 2020 and FY 2021 President's Budgets



forecasted level of procurement funding for FY 2021 through FY 2023 and increased the forecasted level of RDT&E funding over the next five years relative to what had been projected in the FY 2020 request. However, despite the relative increase in RDT&E funding, the FY 2021 request still projected that RDT&E funding would decline (in real terms) through FY 2025.

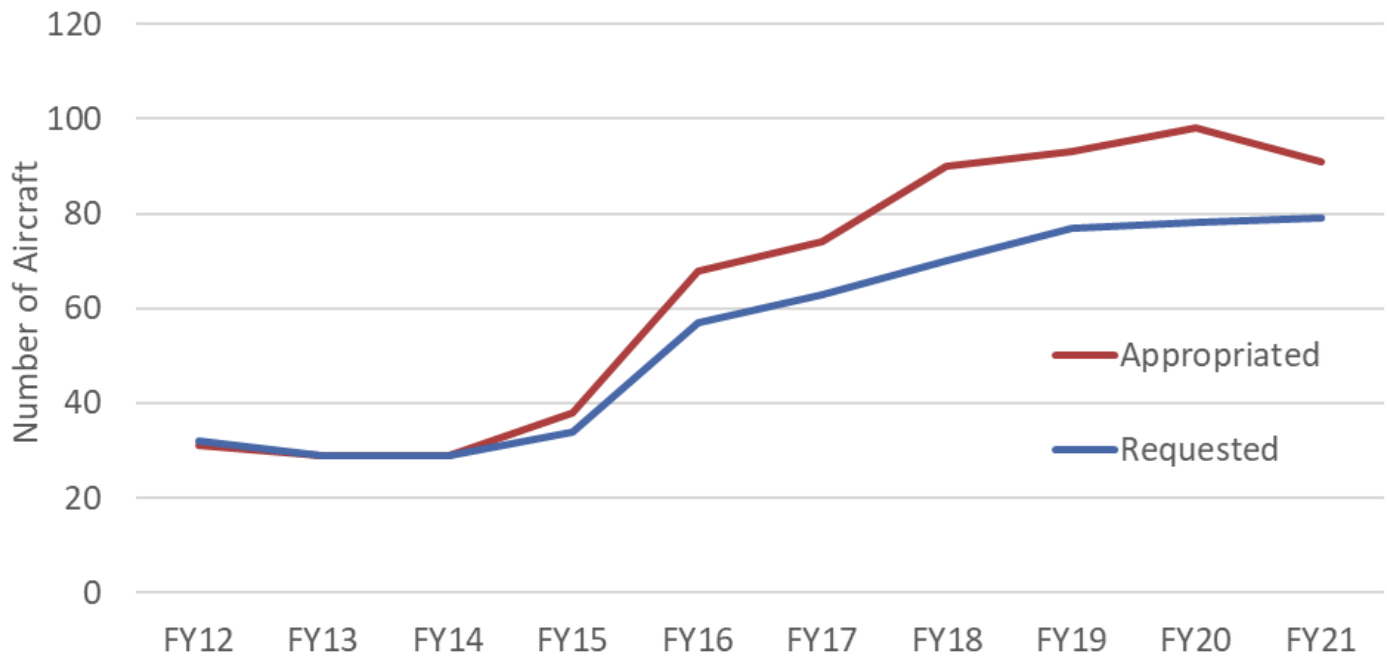
The FY 2022 request may not include a five-year projection for acquisition funding. The first request of the Trump administration (FY 2018) did not include a five-year projection in the Green Book, but it did include projections for procurement and RDT&E accounts in the Services' budget justification books at the line item and program element level of detail. The Obama administration's first request (FY 2010) did not include five-year projections in the Green Book or in the Service's budget justification books. Regardless of whether a five-year projection is included, the main focus in the request will be on the FY 2022 levels of funding compared to the levels that were projected in the last request for FY 2022, which are \$137.7 billion for procurement and \$104.8 billion for RDT&E. These projections from the last request do not include OCO funding, which the Biden administration has indicated it plans to transfer into the base budget. Within the acquisition portion of the budget request, some of the

key areas and programs to watch include: the F-35 Joint Strike Fighter, overall Navy shipbuilding plans, nuclear modernization programs, and Space Development Agency funding.

**F-35:** The F-35 program has come under renewed scrutiny in recent months due to comments and criticisms made by some members of Congress. This is a notable shift from prior years in which Congress showed strong support for the program, but it is not yet clear if these criticisms will ultimately affect the program. As shown in the table on the following page, Congress has appropriated funding for more F-35s each year than DoD requested since FY 2015—a total of 94 additional aircraft over seven years. The issue to watch is whether DoD reduces its planned quantity of aircraft in the FY 2022 request and whether Congress continues to add additional aircraft beyond what is requested. An [internal DoD memo](#) on FY 2022 budget priorities indicates that decisions on the F-35 program are likely to be linked to broader decisions about aircraft modernization, retiring legacy aircraft, and the ability to accelerate remotely crewed and autonomous systems.

**Navy Shipbuilding:** In an unusual step just before leaving office, the Trump administration issued an updated [Navy shipbuilding plan](#) to Congress that

Figure 3: Annual Quantity of F-35s Requested by DoD and Appropriated by Congress



included detailed plans and budgets for FY 2022 through FY 2026. This revealed the specifics of the FY 2022 request being handed over to the Biden administration and effectively set a new baseline by which the new administration’s shipbuilding plans would be compared. Overall, the Trump administration’s revised shipbuilding plan calls for the Navy battle force ship count to increase to 403 crewed ships by FY 2045, compared to a peak of 355 ships in the previous plan. The new plan also calls for significant numbers of remotely crewed surface ships and submarines in the future fleet, which would total 143 (more than a quarter of the total fleet) by FY 2045. For FY 2022, the Trump administration planned to request a total of 12 new ships and \$22.8 billion in new construction funding, which includes two destroyers, one frigate, two attack subs, one LHA, and continued multi-year procurement funding for Ford-class carriers and the Columbia-class ballistic missile submarine.

This ambitious ship building plan would require a considerable increase in Navy funding over the coming years, which would inevitably lead to painful tradeoffs in other areas of the budget if the topline is held flat with inflation or declines in real terms. If the FY 2022 request does not include a five-year projection, it may be difficult to discern how much the new administration

intends to depart from the Trump administration’s plan beyond its revisions to FY 2022 procurement quantities.

**Nuclear Modernization:** During the Obama administration, DoD initiated modernization programs for all three legs of the nuclear triad. Under the Trump administration, these programs largely continued as planned, with the addition of a low-yield nuclear warhead and plans for a new nuclear-armed submarine-launched cruise missile for the Navy—both of which the [Biden administration is may elect to reverse](#). Funding for the new submarine-launched cruise missile was not included in the Trump administration’s last budget request, and if funding for this program was in the FY 2022 request handed over to the Biden administration, it could be removed before it is released. The budgetary impact of removing low-yield warheads from the inventory is likely to be small.

The two main nuclear modernization programs that are likely to come under scrutiny by the new administration and Congress in the coming years are the Ground Based Strategic Deterrent (GBSD) program to build a new intercontinental ballistic missile and modernize associated ground infrastructure and the Long Range Stand Off (LRSO) program to procure a new air-launched nuclear cruise missile. In the last budget request, the

GBSD program was expected to grow in funding from \$1.52 billion in FY 2021 to \$2.54 billion in FY 2022. Funding for LRSO was projected to decline from \$474 million in FY 2021 to \$359 million in FY 2022. The LRSO program is not as far along in development as GBSD, with a Milestone B decision planned for the second quarter of FY 2022. If the Biden administration plans to reconsider the LRSO program as part of its nuclear posture review or the next national defense strategy, it could delay the Milestone B decision for the program and extend the development timeline in the FY 2022 request.

**Space Development Agency:** The Trump administration created the Space Development Agency (SDA) to pursue innovative space architectures, expand space capabilities, and improve the resilience of space systems. In the [FY 2020 National Defense Authorization Act \(NDAA\)](#), Congress mandated that control of the SDA be moved from the Under Secretary of Defense for Research and Engineering (where it currently resides) to the Space Force. Given this planned transfer of control and uncertainty about the new administration's views on the need for proliferated Low Earth Orbit satellite architectures for data transport and missile sensing, the FY 2022 request could propose changes in the SDA's budget to delay or redirect its current development efforts. In the last budget request, the SDA's RDT&E funding was projected to grow from \$288 million in FY 2021 to \$870 million in FY 2022, with a total projected budget of \$6.6 billion for FY 2021 through FY 2025. If the new administration is not committed to fielding more resilient space architectures, it could reduce the SDA's funding by delaying or re-baselining the program.

## MISSILE DEFENSE IN THE FY 2022 BUDGET REQUEST

*BY TOM KARAKO & WES RUMBAUGH*

The FY 2022 budget request will provide the first glimpse of the Biden administration's missile defense priorities. Because of the short timeline to review and revise plans developed by the previous administration and delays in important DoD appointments, its insights may be

somewhat incomplete. Nevertheless, this first budget submission is likely to lay down some markers even in advance of a formal policy review.

Within the missile defense and defeat portfolio, four principal issues are worth watching: the future homeland missile defense interceptor; regional missile defense in the Indo-Pacific; space sensors; and a handful of military service strike and air defense programs.

**Next Generation Interceptor:** The biggest budget issue for the Missile Defense Agency (MDA) remains the acquisition strategy for the Next Generation Interceptor (NGI) to support the homeland Ground-based Midcourse Defense (GMD) system. The Biden Pentagon's first major acquisition decision was to [award](#) two initial contracts to begin development. Despite MDA's unique acquisition authorities, the requirements for NGI were [approved](#) by the Joint Requirements Oversight Council (JROC) in March 2020, which could signal a more conservative "fly before you buy" approach, trading acquisition speed for capability and the long-term sustainability of the mission.

A key question for future years is whether funding levels will be sufficient to maintain the competition between the two NGI designs through [critical design review](#). This funding wedge will compete with other homeland defense priorities, including interim reliability improvements, life extension work for today's GMD interceptor program, and resumed work on a Hawaii-based radar—as well as other missions, such as homeland cruise missile defense and long-range hypersonic defense.

**Guam:** One potential priority area for the new administration is likely to be countering missile threats in the Asia-Pacific region. In March, INDOPACOM Commander Admiral Phil Davidson [testified](#) to the Senate Armed Services Committee about the need for a 360-degree air and missile defense for Guam, which likely means a form of Aegis Ashore. The cruise missile threats posed by China would require a different architecture and capabilities than the ballistic missile-

focused Aegis Ashore sites in Europe. An Aegis Ashore site on Guam would offer an opportunity to [evolve](#) that capability beyond its current configurations, including adding air defense missiles, distributing and making more mobile its several elements, and continued evolution of effectors, including the Standard Missile family and emerging directed energy weapons. Given the relatively flat budget topline announced for FY 2022, one option might be to redirect planned SM-3 and THAAD improvements, previously intended for a homeland defense underlay, to an architecture and posture focused on regional threats. Related issues include questions over whether the Army or Navy will operate Aegis Ashore facilities and where funding for those operations and facilities will reside.

**Space Sensors:** The Biden administration also inherits a long-running [battle](#) over who will develop a space sensor layer and what it will do. At issue is whether the Space Development Agency or the Missile Defense Agency has primary responsibility for developing the Hypersonic and Ballistic Tracking Space Sensor (HBTSS). While the Trump administration [preferred](#) to develop the program in SDA, Congress in two successive years returned responsibility to MDA for funding and developing the payload. The administration will have to decide whether it wants to continue to oppose the bipartisan and bicameral congressional position or whether it will acquiesce to legislative direction to keep the program on track.

**Service Programs:** Several service air defense and missile defeat programs also face critical decision points. One of the most critical will be the Army's Indirect Fire Protection Capability for cruise missile defense and other rockets, artillery, and mortars. The Army has scheduled an IFPC [shoot off](#) event later this year, which will determine the threshold and objective program to replace today's C-RAM system and two interim Iron Dome batteries. The Army will also begin to transition its Integrated Air and Missile Defense Battle Command Systems (ICBS) into production in this budget after it received its Milestone C [approval](#) in January 2021. At the same time, one should expect cuts to

procurement and even research and development related to "legacy" air and missile defense systems. In terms of missile defeat and long-range strike, the new administration is expected to continue to winnow down systems as it transitions from research and development to procurement of new missile systems. DoD will also have to adjudicate debates about [roles and missions](#) between the various services over the responsibility for long-range strike and where the budget for those programs will reside.



## Authors

**Todd Harrison** is the director of Defense Budget Analysis and the Aerospace Security Project in the International Security Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C.

**Seamus P. Daniels** is an associate fellow and associate director for Defense Budget Analysis at CSIS.

**Mark F. Cancian** (Colonel, USMCR, ret.) is a senior adviser with the International Security Program at CSIS.

**Dr. Tom Karako** is a senior fellow with the International Security Program and the director of the Missile Defense Project at CSIS.

**Wes Rumbaugh** is an associate fellow with the Missile Defense Project at CSIS.

*(Photo Credit: DoD photo by Lisa Ferdinando)*

## About CSIS

The Center for Strategic and International Studies (CSIS) is a bipartisan, nonprofit policy research organization dedicated to advancing practical ideas to address the world's greatest challenges.

Thomas J. Pritzker was named chairman of the CSIS Board of Trustees in 2015, succeeding former U.S. senator Sam Nunn (D-GA). Founded in 1962, CSIS is led by John J. Hamre, who has served as president and chief executive officer since 2000.

CSIS's purpose is to define the future of national security. We are guided by a distinct set of values—nonpartisanship, independent thought, innovative thinking, cross-disciplinary scholarship, integrity and professionalism, and talent development. CSIS's values work in concert toward the goal of making real-world impact.

CSIS scholars bring their policy expertise, judgment, and robust networks to their research, analysis, and recommendations. We organize conferences, publish, lecture, and make media appearances that aim to increase the knowledge, awareness, and salience of policy issues with relevant stakeholders and the interested public.

CSIS has impact when our research helps to inform the decisionmaking of key policymakers and the thinking of key influencers. We work toward a vision of a safer and more prosperous world.

CSIS is ranked the number one think tank in the United States as well as the defense and national security center of excellence for 2016-2018 by the University of Pennsylvania's "Global Go To Think Tank Index."

CSIS does not take specific policy positions; accordingly, all views expressed herein should be understood to be solely those of the author(s).

© 2021 by the Center for Strategic and International Studies. All rights reserved.

## About Defense360

The Defense360 microsite is the home for research conducted by experts from the CSIS International Security Program (ISP). Defense360 features reliable, nonpartisan analysis and commentary from ISP experts on key elements of national security policy including strategy, budget, forces, acquisition, and reform. This analysis informs policymakers' decisions on the threats and opportunities shaping U.S. interests at home and abroad.