



Op-Ed

Fixing America's Defense Budget

By Elaine McCusker

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As Congress prepares to review the fiscal year 2024 federal budget request, new opportunities are emerging that can provide for America's defense while still prioritizing cost saving and fiscal responsibility. The budget request, now expected to be submitted in detail more than 5 weeks late, will provide a rare opening for reforms previously considered too progressive.

Fixing the defense budget should address two key challenges: improving transparency and competitiveness by focusing resources on the Department of Defense (DoD) [core mission](#) and restructuring the budget for increased speed and agility in delivering military capability to the force.

First, according to an [AEI report](#) released last fall, the DoD budget contains nearly \$109 billion in spending that does not directly produce military capability. Though these indirect costs of supporting and retaining the all-volunteer force and nondefense programs and activities may be important, they contribute to a misleading picture of America's defense spending. This spending could be moved in favor of a reimagined defense budget that harvests the overhead costs expended on these efforts and better meets the nation's national security needs.

Second, the defense budget needs an improved structure that is transparent, responsive, and supportive of management and oversight functions. It should be agile enough to quickly take

advantage of technological advances and sufficient to meet strategic direction. The budget is currently not built for any of these things.

So, how do we solve these two fundamental problems and reform the budget?

First, we need to clear out the non-core mission programs and activities that have complicated the budget structure and diffused resources and attention from core defense programs. We should align environmental, energy, education, security assistance, and civilian medical research programs that are the primary mission of other organizations to those organizations. If such programs are found to be of lesser priority, we should stop doing them, at least at the federal level.

We should then move entitlement-like spending that is embedded in the defense budget for things like health care, compensation and benefits to a [separate mandatory budget](#) for management and execution.

Second, we should restructure the budget to support the way programs would be most effectively managed and to easily – and automatically – answer key management and oversight questions.

Ultimately, the new budget structure would remove or reduce pre-decided barriers that divide the defense budget into thousands of accounts and restrict flexibility and responsiveness and replace them with capability management and real-time, dynamic tools like Advancing Analytics (ADVANA) that provide visibility on program performance, status and progress in producing outcomes.

The new budget structure would center on joint development of capability-oriented outcomes – not service-specific platforms – that include input from the Combatant Commands (COCOMs) and Joint staff. This approach would reduce and combine program elements and budgets under outcome-focused management and mitigate the friction between capability providers and COCOM requirements. If budgets are unable to support requirements, [as has been the case for decades](#), then defined risk would be accepted or strategies would need to be adjusted.

The reduction of budget divisions and resulting flexibility would release program managers from sticking to old plans and instead [incentivize exploration](#). Those not dedicated to a specific program or weapon system would support the integration of existing systems and insertion of new technologies. Creation of new operational concepts would allow the department to competitively improve warfighting outcomes now, rather than waiting years for new weapons systems, thereby possibly also eliminating the technology [valley of death](#).

As programmers and program managers are the center of gravity in solving the valley of death, we need to alter the expectation that they can predict the future and instead allow them to adapt to it and take advantage of it.

The first set of changes – moving non-core or entitlement-like efforts out of the defense budget – should be achievable in one to two budget cycles. The second set of changes – reforming the way the budget is developed, managed, assessed and conveyed – may take three to four budget cycles alongside concentrated leadership and focused partnership with Congress.

Finally, implementation of the most productive and successful defense budgeting modernization effort for speed, agility, responsiveness and transparency won't matter without budget agreements that enable on-time enactment of annual appropriations. The Defense Department has operated under continuing resolutions for 1,600 days since fiscal year 2010. The latest iteration from October 1 to December 23, 2022, cost the Department valuable time and \$17 billion in buying power.

The defense budget is not just about dollars and cents. It is at the core of our nation's security and the safety of those who provide it. We have the solution to two fundamental problems in the defense budget. We should wait no longer to implement the reform America needs.

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