

Challenges of Adapting DoD's Acquisition Portfolio to a New Defense Strategy

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Potential Acquisition Challenges

If the Department of Defense (DoD) made major changes in strategy, history suggests that two types of challenges could be faced:

Funding-based challenges: Funding could be needed to develop and procure weapons befitting the new strategy; funding would also be needed to ensure that today's force continues to have the weapons it needs to meet immediate missions.

Knowledge-based challenges: Information would be needed to determine what new weapons to pursue and learn how to build them.

Competition for Funding

Deficits and the national debt may limit federal budgets in the future.

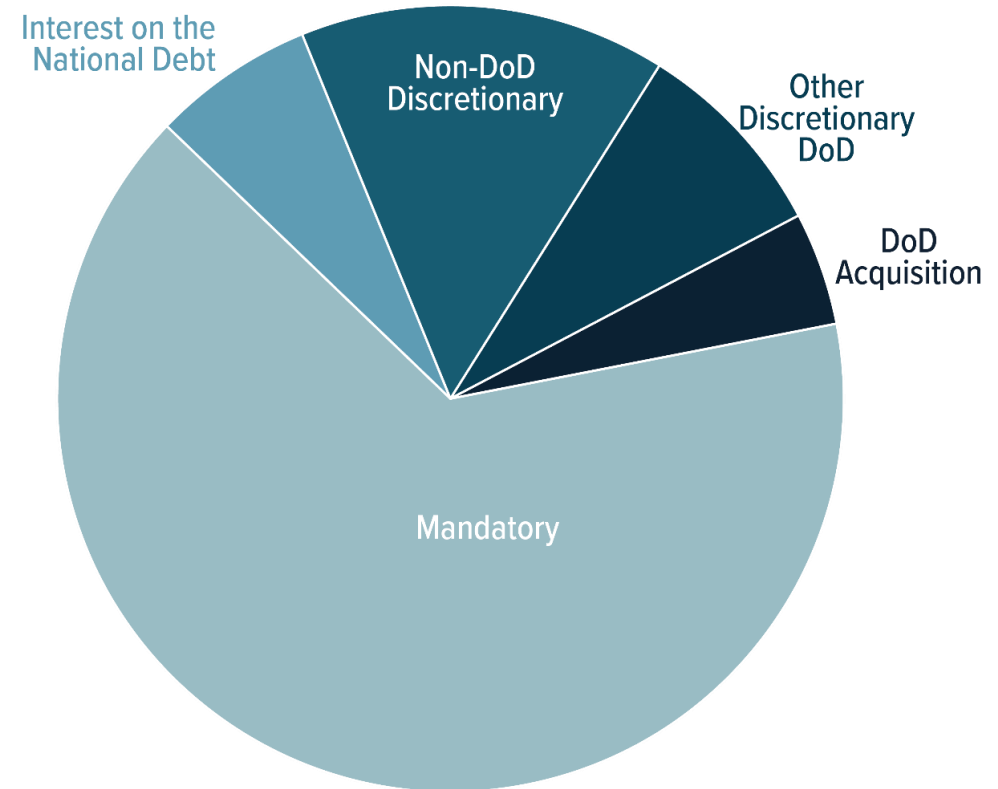
Within the federal budget, DoD competes with mandatory programs (such as Medicare, Medicaid, and much of the Department of Veterans Affairs), non-defense discretionary programs, and interest on the national debt.

Within DoD's total budget, acquisition competes for funding with other defense costs (such as military personnel and operation and maintenance).

Within DoD's acquisition budget, individual programs compete in the following ways:

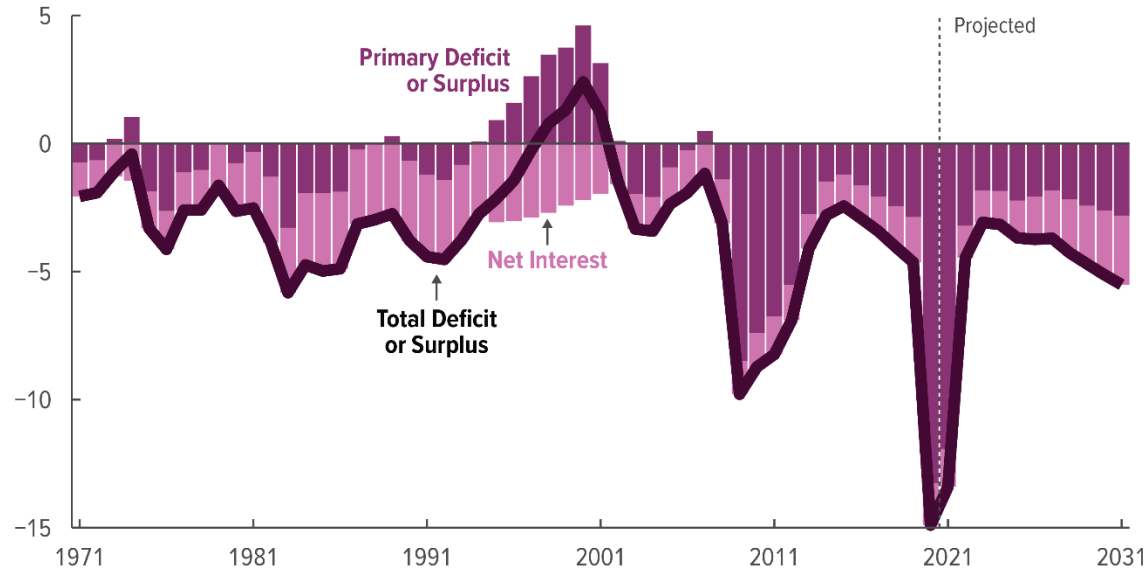
- Between and within service branches,
- Between warfighting domains, and
- Between existing systems and systems in development.

Components of the Federal Budget

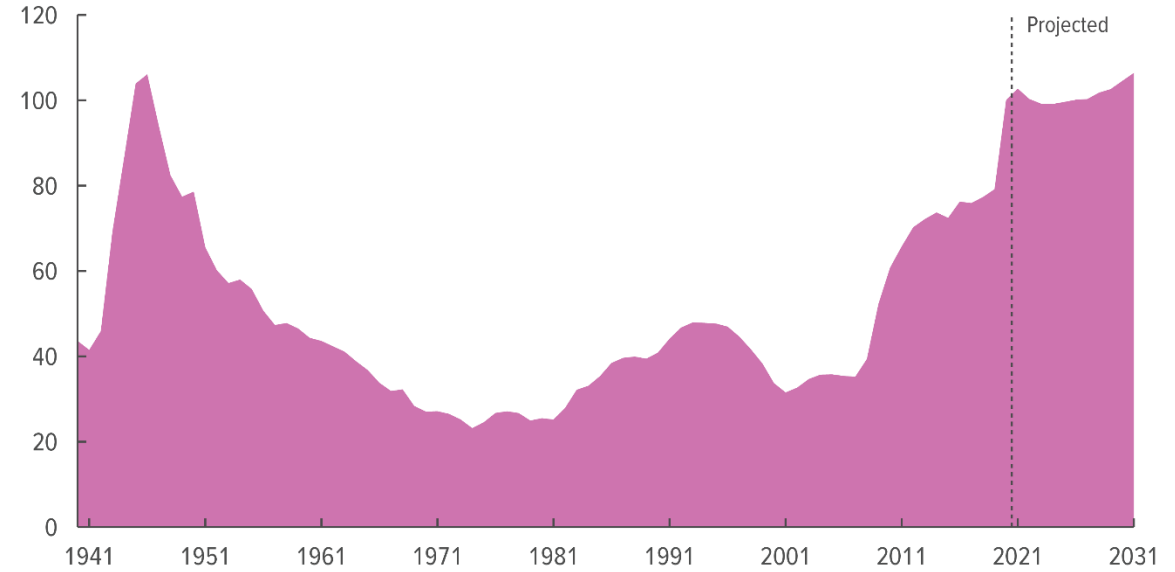


Funding Pressure from Outside DoD

Total Deficits, Primary Deficits, and Net Interest Percentage of GDP



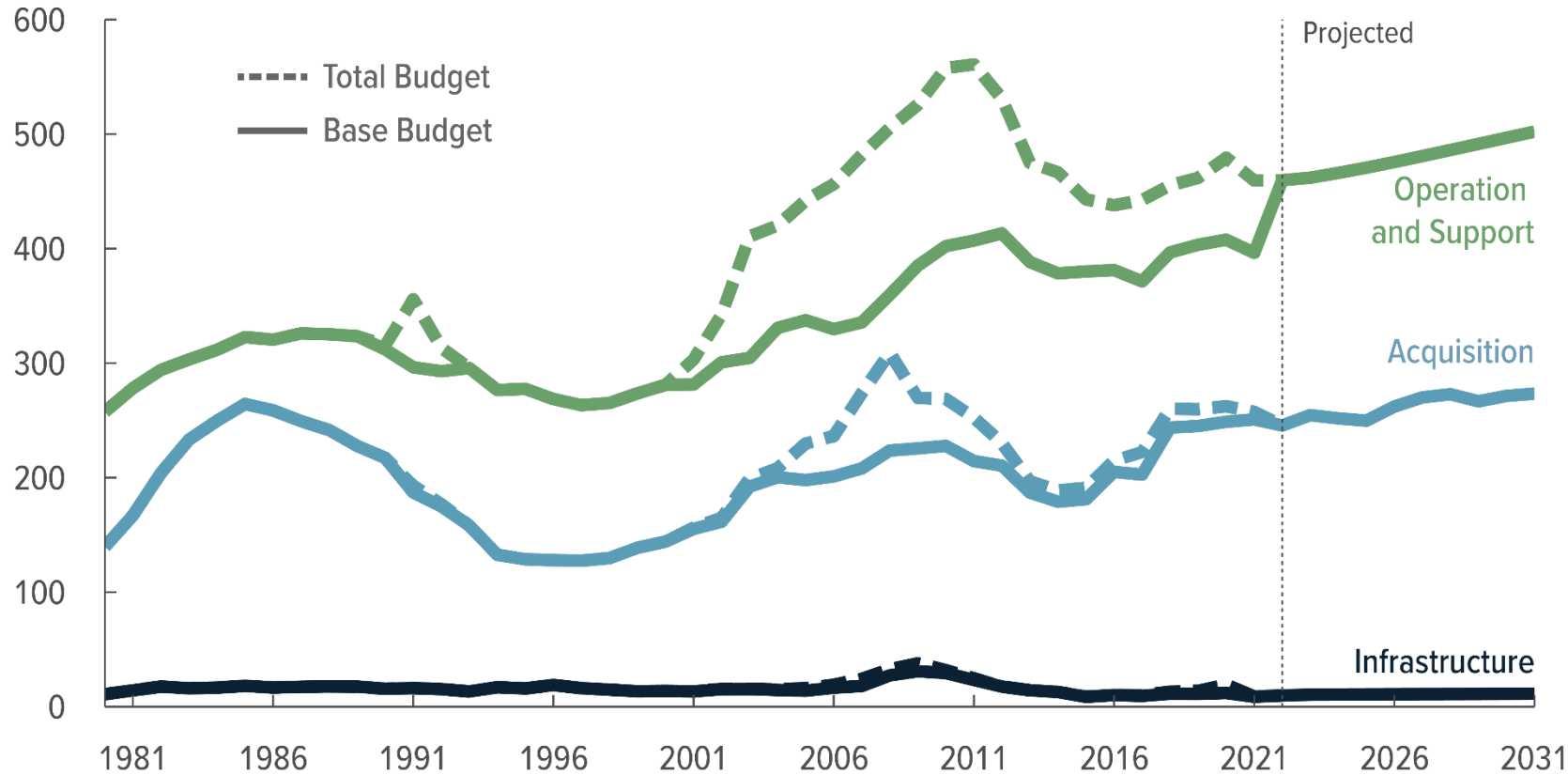
Federal Debt Held by the Public, 1940 to 2031 Percentage of GDP



Funding Pressure from Other Parts of DoD's Budget

DoD's Costs for Operation and Support, Acquisition, and Infrastructure, 1980 to 2031

Billions of 2022 Dollars



Operation and support (military personnel and operation and maintenance) costs steadily grow above the rate of inflation.

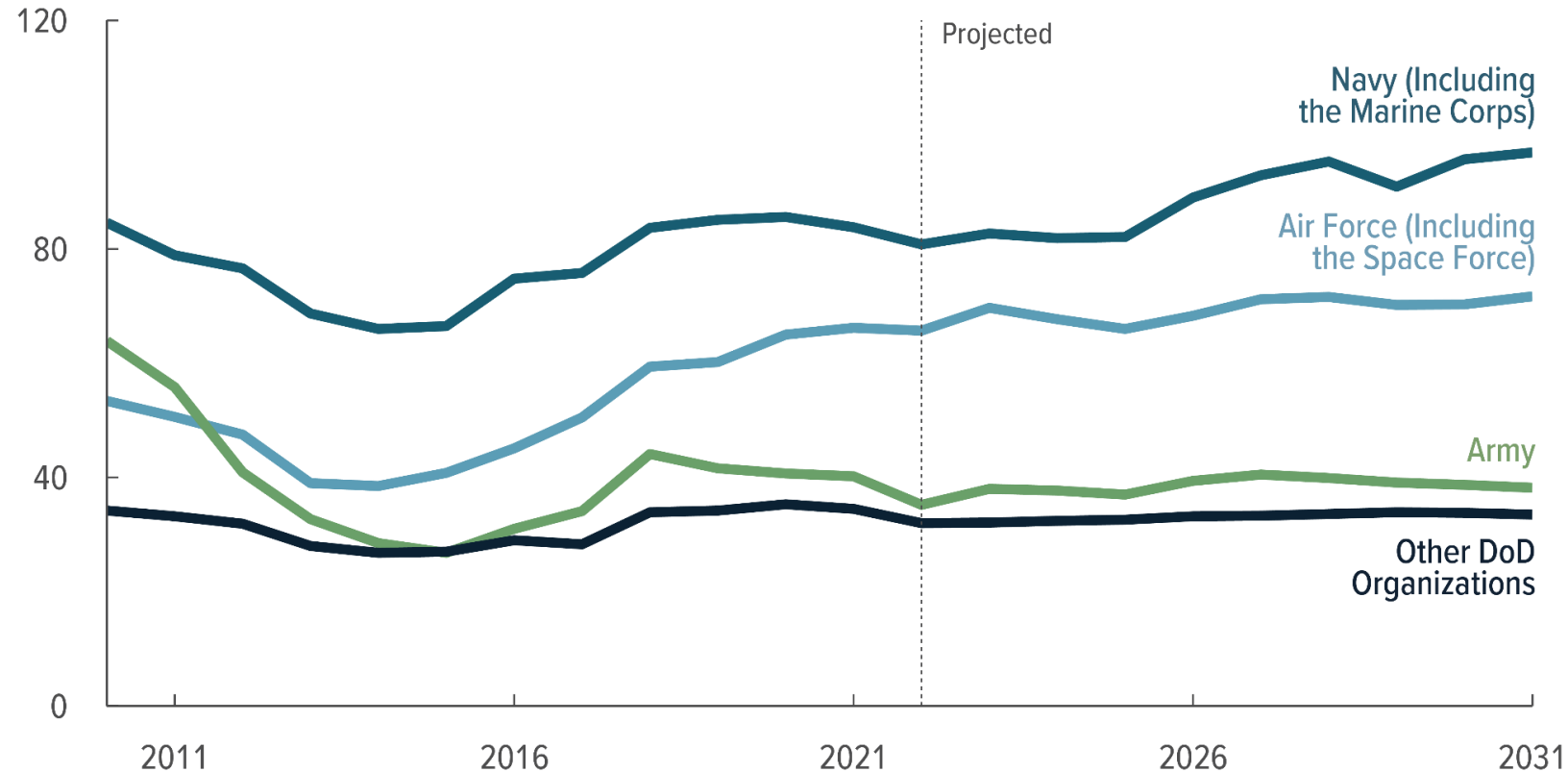
Projections of acquisition costs typically exhibit a sharp increase just beyond DoD's published planning horizon.

This chart is based on DoD's 2022 budget request, the 2021 Future Years Defense Program, and inflation projections as of January 2021. It does not reflect appropriations enacted for 2022 or more recent inflation data.

Funding Pressure within DoD's Acquisition Budget

DoD's Acquisition Costs, by Military Department, 2010 to 2031

Billions of 2022 Dollars



CBO's projections usually indicate an "acquisition bow-wave"—a sharp increase in costs just beyond the five-year plan published by DoD.

The projection is based on DoD's 2022 budget request, the 2021 Future Years Defense Program, and inflation projections as of January 2021. It does not reflect appropriations enacted for 2022 or more recent inflation data.

Funding shown for the Air Force does not include approximately \$30 billion each year for activities not carried out by the department.



Knowledge-Based Challenges

Study and experimentation could be needed to develop new force structures and doctrines.

Habits of thought developed over years or decades of immersion in the old strategy would need to be overcome.

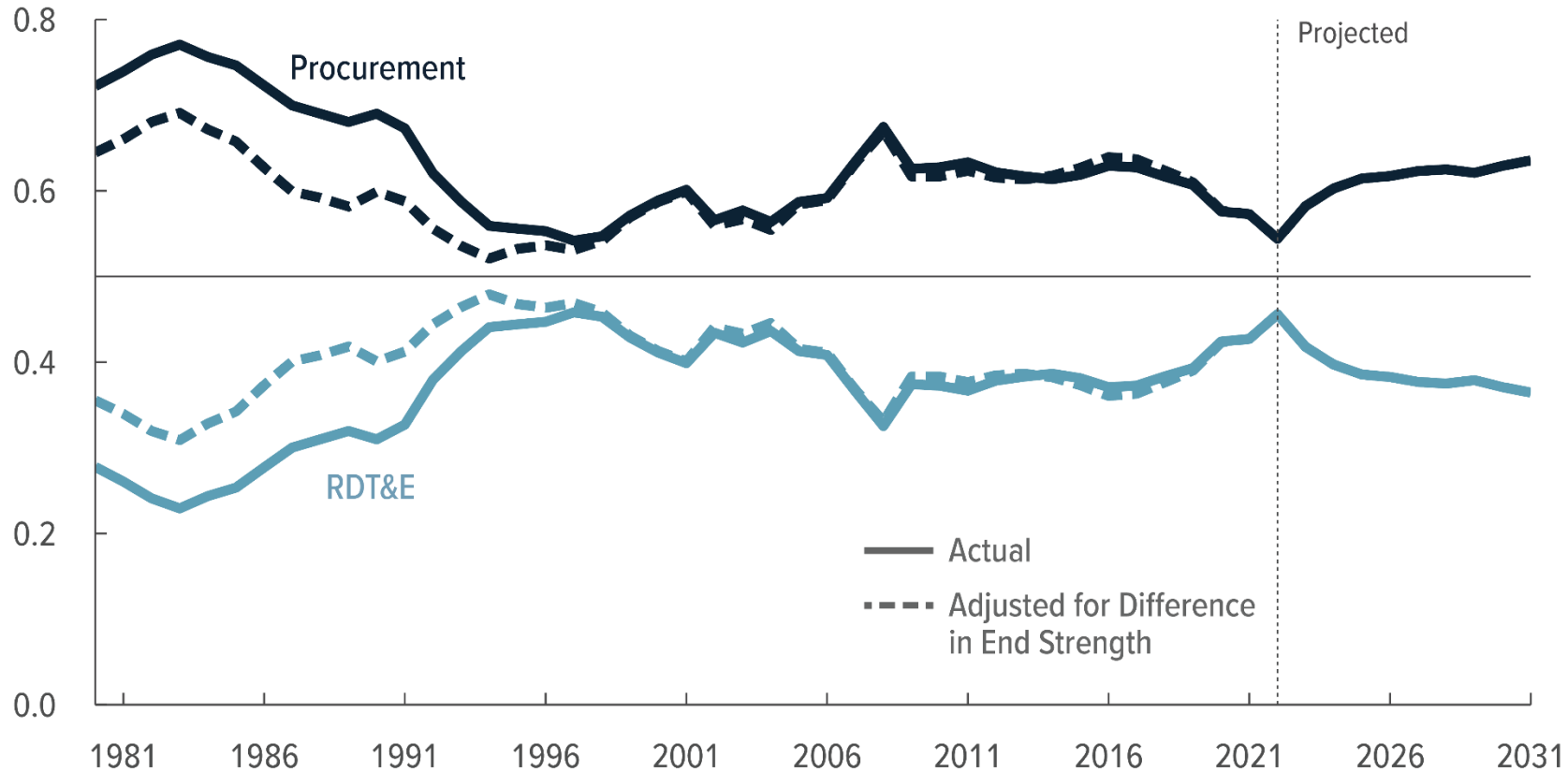
DoD would need to determine which existing systems already fit or could be adapted to a new strategy and which systems should be cancelled or retired.

Programs for new equipment could require a period of research, development, test and evaluation (RDT&E).

Relationship between Procurement and RDT&E, 1980 to 2031

Distribution of Procurement and RDT&E Within Acquisition, 1980 to 2031

Fraction of acquisition budget



Procurement spending is more dependent on force size than RDT&E spending is. The adjusted data in this figure include a normalization of procurement funding to account for differences in force size.

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