



National Defense Strategy Sustainment Requirements

Can we afford them?

January 2025

Co-Authored by

Honorable Christopher J. Lowman (R), Cypress International, Subject Matter Expert
SES(R) Guy Beougher, Cypress International, Vice President, DoD/Federal Logistics and Energy

*This document is the intellectual property of Cypress International and may only be used as authorized by Cypress International.
Any other use, reproduction, or distribution is prohibited. ©2025 Cypress International - All Rights Reserved.*

Affording the Sustainment associated with a National Defense Strategy

Table of Contents

Preface	3
<u>1.0</u> A review of the last National Defense Strategy.....	4
<u>2.0</u> The environments we find ourselves with two of our near peer competitors.....	7
<u>3.0</u> The Defense Budgets to support NDS Sustainment Requirements.....	14
<u>4.0</u> Examining how we arrived to where we are with costs of sustainment.....	21
<u>5.0</u> Way to wrestle with supporting National Defense Strategies	25
<u>6.0</u> Past Defense Reform Efforts and a Focus on Future Efforts.....	29
<u>7.0</u> Conclusions	34
<u>8.0</u> References.....	35

Preface

At the time this White Paper was written; the 2024 Election had occurred, there is a new President with a House of Representatives and Senate election resulting in a Republican majority in both chambers and the White House. Ukraine was continuing to defend its eastern flank while attacking and occupying ground in Russia. Drone popularity in war was taking on a new priority of effort in Ukraine and Russia with the world witnessing a capability return on investment not seen since the introduction of the machine gun in WWI. Old Contested Logistics considerations were being reinforced and new methods of contesting a theater were being discovered both in the homeland and abroad.

The Peer Competitors of the United States continue to have a desire to win without ever fighting on a battlefield, in the air, space or at sea. They know that attacks on Logistic Supply Chains, Power Projection Platforms, Infrastructure, Sea Lanes and degradation of U.S. Industry will provide them enough time to gain a competitive advantage in the next fight. U.S. competitors also know that U.S. readiness is being challenged by a kaleidoscope of sustainment requirements that differ depending on where the next fight will take place. Unless addressed now, these sustainment requirements will challenge even the renowned logistics capability of the United States.

Two decades of regional conflict in which the U.S. relied on uncontested strategic reach and contract logistics have created a generational gap of experience in projecting, protecting, and fighting in multi-domain operations at the Corps, Theater, Fleet, and Numbered Air Force levels. If the next Peer to Peer Conflict in the Pacific takes place by 2027, initiatives such as the 15-year modernization plans for the Organic Industrial Base, exploration of concepts to address sustainment shortfalls, and introduction of novel sustainment techniques and strategies will be late to need. The book, "Freedom's Forge" tells the story of how U.S. business leaders were mobilized to build ships, tanks, and weapons faster and better than the enemy to win World War II. Arthur Herman, the author of "Freedom's Forge," wrote about Defense Industry Leadership, "Their foes weren't German or Japanese soldiers but Washington politicians and bureaucrats, shrill journalists, military martinets, the denizens of Big Labor as well as Big Government — and sometimes the forces of blind date." We must not forget the lessons learned from our past but rather use them as the foundation from which to build a more robust and resilient sustainment framework needed to succeed in contested theaters.

This White Paper is designed to be non-partisan and provokes thought about affording a National Security Strategy's sustainment requirements. It reviews unclassified sources to assimilate questions that may or may not be answered in a classified setting. It will ask more questions than it has answers. It will examine past budgets over time and highlight the struggles associated with the priorities of modernization, readiness and being prepared to fight tomorrow.

1.0 A review of the last National Defense Strategy

When ChatGPT 3.5 is asked, “Create a 4-5 sentence paragraph that describes a United States National Defense Strategy”, the answer is as follows:

“The United States National Defense Strategy outlines a comprehensive approach to safeguarding national interests and ensuring global stability. It focuses on deterring aggression from near-peer competitors, such as China and Russia, while addressing regional threats posed by rogue states and non-state actors. Emphasizing a strong, modernized military, the strategy highlights investments in advanced technologies, force readiness, and partnerships with allies. It also prioritizes the protection of critical infrastructure and the defense of cyberspace to counter emerging threats. Through this balanced approach, the strategy aims to maintain U.S. leadership and promote a secure, rules-based international order.”

This is not a bad answer. Further review of the operational environments that the National Defense Strategy identifies, budgets over the last decade and the evolution of sustainment costs describe a kaleidoscope sustainment priorities and friction.

2022 National Defense Strategy

The 2022 NDS strategic approach employs three strategic ways (integrated deterrence, campaigning, and building enduring advantage) to foster Integrated Deterrence. Aligned with the NDS, the NDS implements Integrated Deterrence through ruthless prioritization to calibrate decision-making and activities of the Joint Force now to succeed.

Integrated Deterrence, the NDS’ principal strategic approach, generates warfighting advantages by synchronizing operations across warfighting domains, theaters, the spectrum of conflict, instruments of national power, the interagency, private sector, and allies and partners. Integrated Deterrence influences adversary decision calculus by affecting perception of costs, benefits, and consequences of restraint. The Joint Force’s contribution to Integrated Deterrence is combat-credible forces, backstopped by a safe, secure, and effective nuclear deterrent. Through the NDS’ theory of success, the Joint Force contributes to Integrated Deterrence to reduce an adversary’s perceived benefit and increase the adversary’s perceived cost of aggression, incentivizing restraint as a result.

Campaigning is how the DoD sequences day-to-day defense initiatives and develops advantageous conditions to deter conflict, accomplish strategic objectives, and prevail against adversaries across the spectrum of conflict, to include the Gray-Zone.

Building Warfighting Advantage requires deliberate investment to develop leaders, concepts, and capabilities through materiel and non-materiel solutions to achieve strategic objectives in the future.

2022 Defense Priorities:

The 2022 National Defense Strategy describes the PRC as presenting the most consequential and systemic challenge, while Russia poses acute threats - both to vital U.S. national interests abroad and to the homeland. Other features of the security environment the 2022 National Defense Strategy describes include climate change and other transboundary threats, that will increasingly place pressure on the Joint Force and the systems that support it. In this context, and in support of a stable and open international system and U.S. defense commitments, the Department's priorities in the 2022 National Defense Strategy are:

- Defending the homeland, paced to the growing multi-domain threat posed by the PRC
- Deterring strategic attacks against the United States, allies, and partners
- Deterring aggression, while being prepared to prevail in conflict when necessary
- Prioritizing the PRC challenge in the Indo-Pacific region, then the Russia challenge in Europe, and;
- Building a resilient Joint Force and defense ecosystem.

2025 President's Budget Submission supporting the 2022 National Defense Strategy

The 2025 Budget:

- Recognizes PRC as our key strategic competitor and pacing challenge
- Russia remains an acute threat to interests of U.S. and our allies

Per the NDS, DoD will act urgently to sustain and strengthen U.S. military credibility and deterrence capability, guided by four top-level defense priorities:

- Defend the U.S. homeland, paced to the growing multi-domain threat posed by the People's Republic of China (PRC)
- Deter strategic attacks against the United States, our allies, and our partners
- Deter aggression, while being prepared to prevail in conflict, should deterrence fail, focusing first on the PRC challenge in the Indo-Pacific, followed by the Russia challenge in Europe
- Build a resilient Joint Force and defense ecosystem

DoD will advance its priorities through:

- Integrated deterrence
- Campaigning
- Building enduring advantages

What can be summarized from the 2022 National Defense Strategies?

- 2022 NDS doubles down on 2018 NDS and is more descriptive in its joint force objectives.
- DoD continues to focus on near peer competition with the PRC and Russia leading the list of adversaries with the pacing threat being the PRC.
- The NDS can be interpreted by the service Title 10 authorities and Combatant Commands to serve their own budgets and purposes.
- Has the pendulum swung too far in the direction of Large Scale Combat Operations with 1 January 2025 ISIS inspired terrorist attack in New Orleans?

When reviewing where the administration spends their time based on engagements by the President, Vice President, National Security Advisor, Secretary of Defense, and Secretary of State, you could conclude that our NDS might not be well focused. In December of 2024, Administration Leadership spent their time in the following percentage breakdowns:

- EUCOM 40%
- CENTCOM 22%
- INDOPACOM 21%
- AFRICOM 7%
- SOUTHCOM 6%

This breakdown by percentage of time has not varied greatly over the last two years with the Ukraine and Russia consistently being where administration leaders spend their time.

If one of the most precious resources is time, where are we prioritizing investments in readiness, modernization, and forward presence?

Is the National Defense Strategy and the Defense Planning Guidance that supports it specific enough to prioritize investment and defense spending?

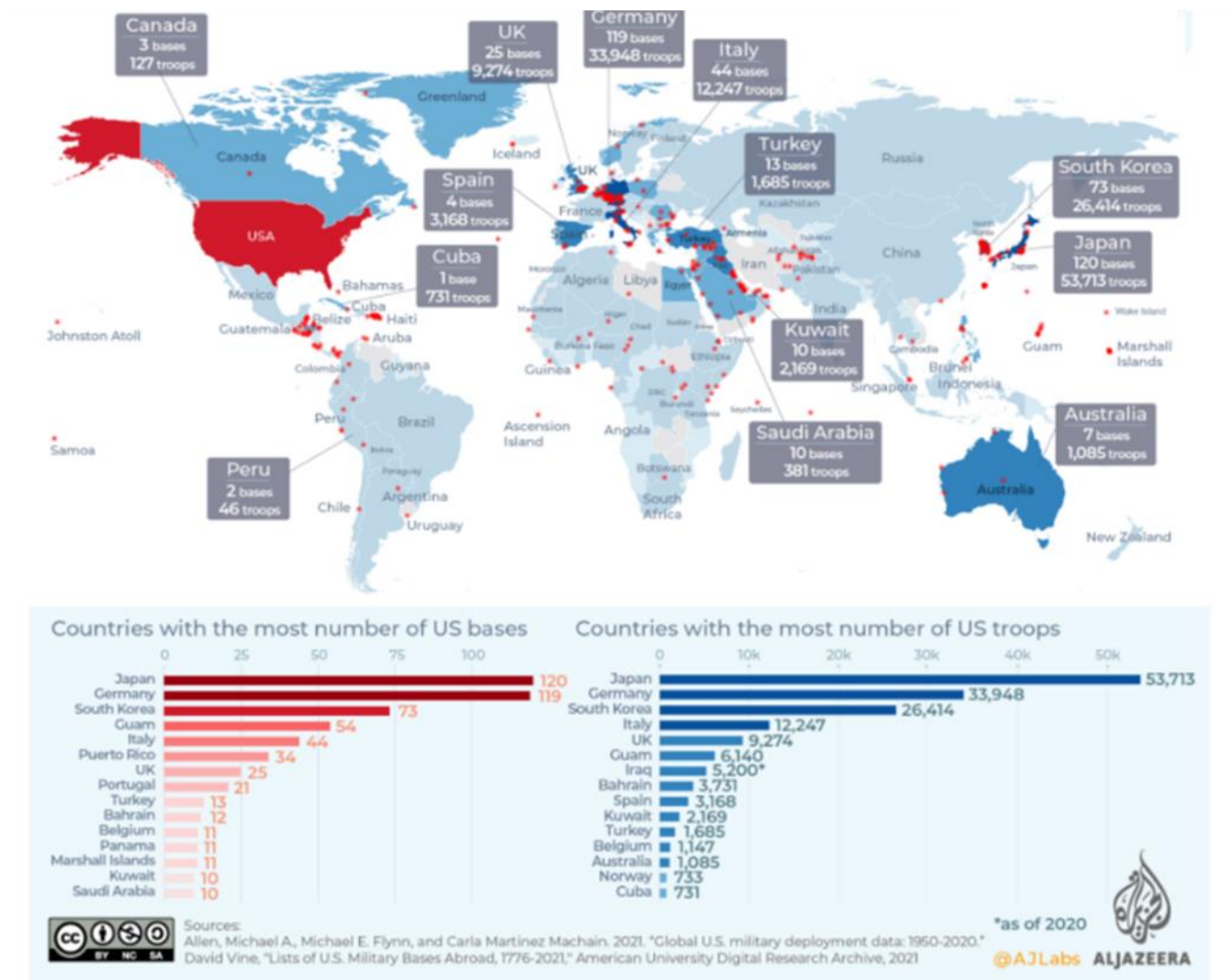
Is U.S. forward presence a reflection of wars of the past or the future, and how fast can those decisions be made?

There should also be an audit of the National Defense Strategy and the policy that is used to achieve that strategy. One of the most disconnect policies is that of Force Manning Levels, once known as Boots on the Ground or BOG. This policy perverts the way in which the Services meet Combatant Commander's War Fighting Requirements. It isn't reflective in the budgets, doctrine, force design or readiness priorities for the way in which Services man, train, and equips their forces. It has caused what some may identify as risky strategies when it comes to sustainment. This may be the driving reason behind the Army placing 85-90% of Sustainment Forces in the Reserve Component. If you're going to use logistics contractors as the first course of action to accomplish a mission, why invest those capabilities in the active force?

Modernization efforts have also become victim to this way of thinking when the Army's Contested Logistics Cross Functional Team is prioritizing their focus to Corps and below logistics. Army Material Command's forward deployed Army Field Support Brigades and Battalions, U.S. TRANSCOM's Forward Transporotation Brigades and Battalions, and Theater Sustainment Commands and it's forces are the priority targets for Contested Logistics.

2.0 The environments we find ourselves with two of our near peer competitors

U.S. forward presence around the globe:



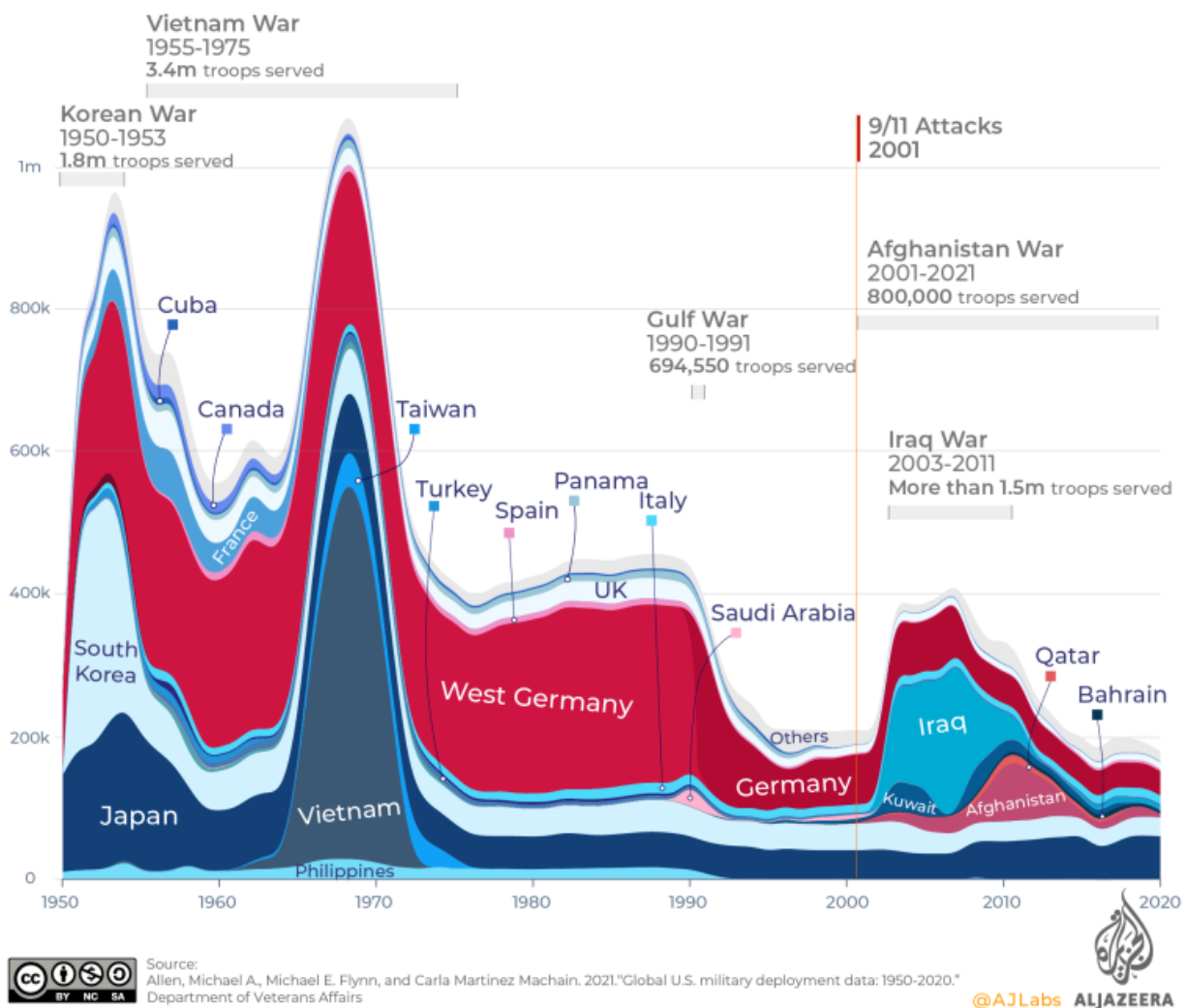
The Media Company, Al Jazeera publishes U.S. Locations on open-source websites. This itself is a form of deterrence, but does it reflect the current NDS or is it a reflection of past conflicts in World War II and conflicts in the middle east? Interestingly enough, Al Jazeera shows Japan with the most U.S. Military Bases and personnel, Germany second, South Korea third, and Guam fourth. One could question some of the other U.S. forward presence in countries that once needed it. One could conclude it is easier to maintain a presence in a foreign land than to

reestablish that presence later. One could also conclude that U.S. Military presence in Europe, Japan, Korea, Guam and the Middle East are more of a reflection of our past conflicts than the future ones described in U.S. National Defense Strategy. This also leads to the question of whether the U.S. NDS has built relations in countries that may need our support in the future and begun to lean forward on developing the sustainment framework to support during times of conflict. With limited funding and a desire to remain fairly ambiguous to give Combatant Commanders decision points during the inception of conflict, we can surmise that they are not getting developed soon enough.

US MILITARY

US troop deployment since 1950

Over the past 70 years, the US military has been **deployed to approximately 210 countries and territories** all over the world.



Line graphs can be used to show how something changes over time. Al Jazeera created the line graph above to show U.S. Military Presence over time from 1950 to 2020. The only two

locations where the U.S. has completely left are Vietnam and Afghanistan. Iraq may soon follow, but ISIS may influence those decisions. Has there been a value assigned and a cost benefit analysis of U.S. forward presences? What role does this put the U.S. Military on the world stage?

The U.S. Military is just one of the four instruments of national power in the United States. It is the one which is the easiest and quickest pillars to exercise. However, it consumes the most valuable and precious national resources, its people. A small percentage of the U.S. Public has served in the Military, so the cost is overlooked and becomes acceptable to the masses, they are not directly impacted, so it is easier to stomach.

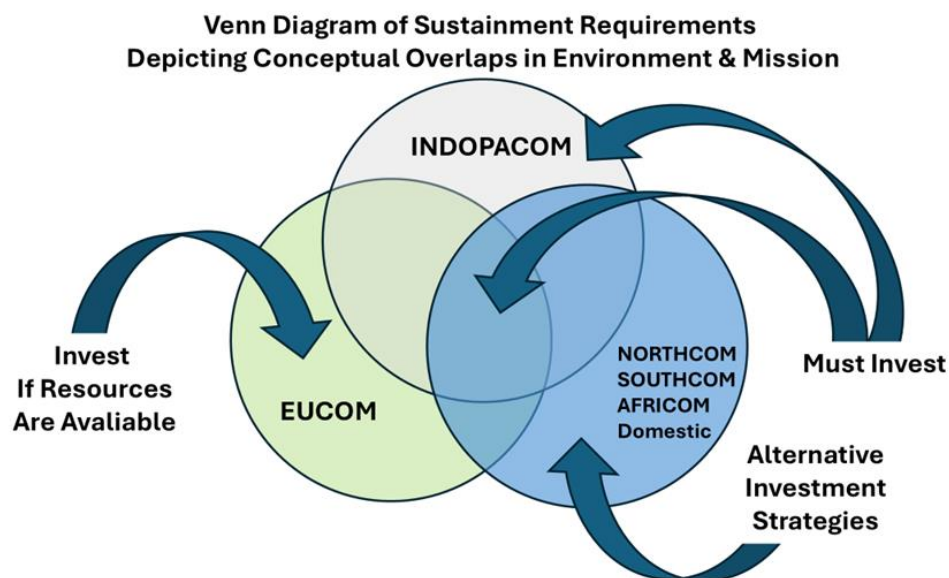
An Attempt to Define the Environments – a Kaleidoscope of Sustainment Requirements

The U.S. NDS has named adversaries and prioritized Areas of Responsibility (AOR). The matrix below is an attempt to describe the characteristics, Combatant Command Responsibilities, Service's level of effort, the sustaining pacing items, and the previous conflicts in those Areas of Responsibility. It describes a very different conflict depending on the environment found in that location on the globe. One could debate the Title 10 lead in each AOR, but each service has a service obligation to fight for dollars in the budget. The adversarial game changer will be if U.S. adversaries conspire together as they did during World War II. Neither the NDS nor budget account for all simultaneous operations with every U.S. Adversary that exist.

Kaleidoscope of Sustainment Support Required for US National Security					
Environment	Characteristics	CCMD	Title 10 & 32 Order of Battle	Sustainment Pacing Items	Previous Major Conflicts with US Involvement
Pacific	* Expansive Area of Operations with 52% of the earth's surface, 36 countries, with 16 time zones. * Predominately Sea and Ocean * Mostly Bi-lateral Allies * Highest OCONUS Presence	INDOPACOM	US Navy, US Air Force, US Marine Corps, US Army, US Space Force	Power Projection Platforms DIB/OIB Fuel Munitions SLOCs / ALOCs / GLOCs Forward Positioning	WW II, Korean War, Vietnam
EUROPE	* Area of Operations covers 21,000,000 square miles (54,000,000 KMs) and 51 countries and territories in 5 time zones. * Predominately Land Base * Well developed Alliances with NATO & EU * 2nd Highest OCONUS Presence	EUCOM	US Army, US Air Force, US Marine Corps, US Navy, US Space Force	Power Projection Platforms DIB/OIB Fuel Munitions GLOCs / ALOCs / SLOCs Forward Positioning	WW I, WW II, Bosnia, Kosovo, Ukraine
Middle East	* Area of Operations spans more than 4 million square miles with more than 560 million people, 21 Nations, 25 ethnic groups, speaking 20 languages and 4 time zones. * Predominately Land Base * Well developed Alliances with NATO & EU * 3rd Highest OCONUS Presence	CENTCOM	US Army, US Air Force, US Marine Corps, US Navy, US Space Force	Power Projection Platforms DIB/OIB Fuel Munitions GLOCs / ALOCs / SLOCs	Desert Storm, OEF, OIF, New Dawn, Syrian Response
US National Disasters	* Continental United States and its territories * Predominately Land Base * National Guard, FEMA & DHS Partners * State and Region Centric	NORTHCOM	DHS / FEMA / USCG, National Guard, Forces, DoD Forces / DSCA	Food / Water Fuel GLOCs / ALOCs	Hurricane, Forest Fires, Earthquakes, Civil Disturbance
Worldwide Disaster Response	* Multiple AORs Around the World * Predominately Land Base * Treaties and Declarations * International Influence	Multiple	State Dept / USAID, DoD Forces and Agencies	Food / Water Commodities Fuel Services	Hurricane, Tsunami, Earthquakes, Ebola Spt, Refugee Spt
** Does not include requirements in AFRICOM, SOUTHCOM & NORAD					

The physics of the problem set does not change. With the exception of the Space Force, each service will encounter a different operating environment in each AOR. This creates a large list of different capability sets for Services associated with each AOR with a different sustainment requirement. The easiest example is the U.S. Army with regard to watercraft.

Each service has differing requirements for operations in each AOR. This includes both weapon systems and sustainment requirements. How the USAF will rearm and refuel will be different in Pacific verses Europe. The USAF has developed a concept of Agile Combat Employment for the Pacific which won't necessarily be needed in Europe. The U.S. Navy will require very different quantities of fuel and a variety of refueling options in Pacific verses EUCOM. The defueling of Red Hill in Hawaii has forced a change in planning and execution in the Pacific that doesn't necessarily apply to Europe. Aforementioned, the U.S. Army requires watercraft in the Pacific when they require more trucks in Europe. Each of these differences dictate different requirements in sustainment operations, investments, and modernization efforts which causes friction in budget strategies and priorities. This can be seen in the differences found in the Unfunded Priority Lists in each Combatant Command.



The above Venn Diagram is an attempt to show the overlap and underlap in sustainment requirements associated with differing AORs. The NDS would show three courses of action:

1. Must Invest
2. Invest if Resources are available

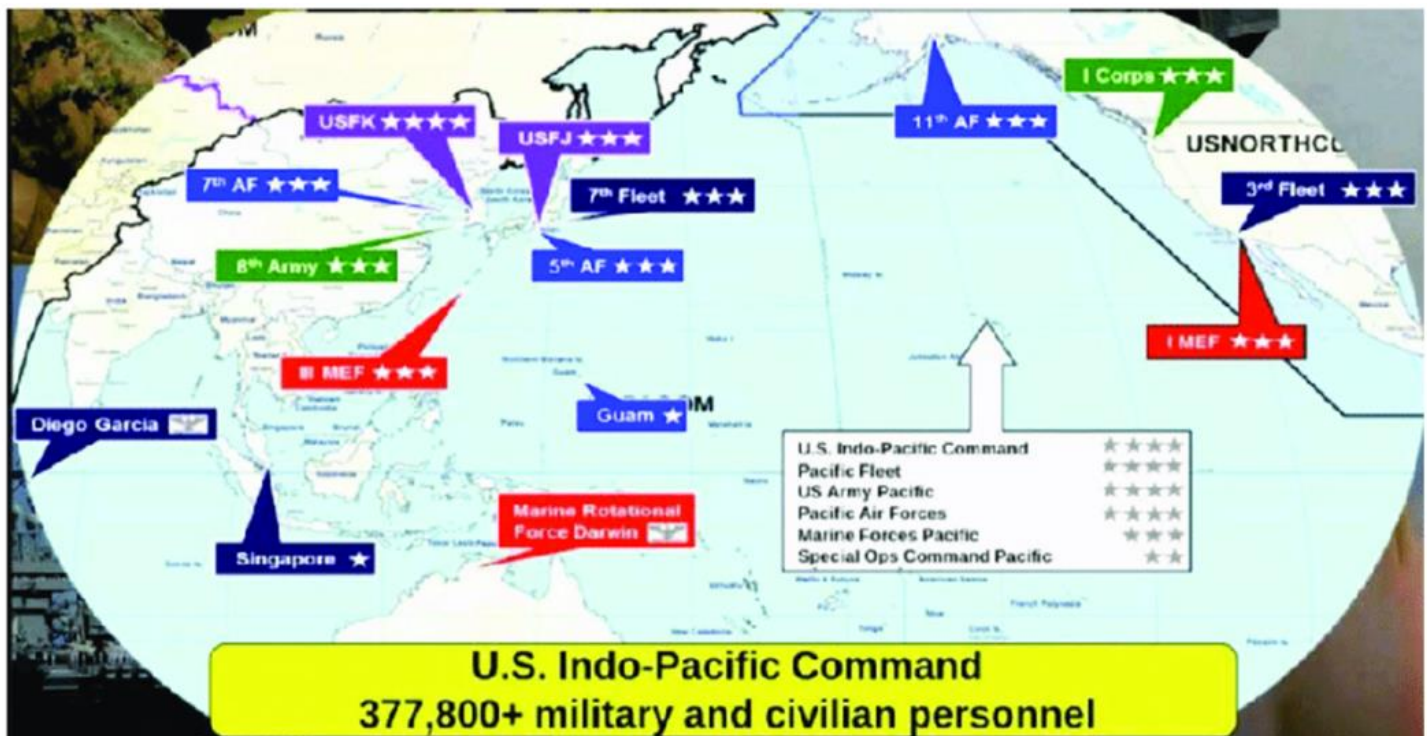
3. A break glass approach to find another way to accomplish the mission, either by national declarations, supplemental or legislatively when needed (Alternate Investment Strategies in the image)

In practice however, these priorities are not reflected in the current U.S. Military Global Positioning and budget requests or execution.

The U.S. Military's Stance

INDOPACOM possesses 52% of the earth's surface, 36 countries, and 16 time zones with mostly Bi-Lateral relationships between the U.S. and its allies & partners. Rightfully so, you will find the largest amount of U.S. Military Commands and Military/Civilian Personnel outside the United States within this AOR. There has been some movement of U.S. Military forces and posture within this AOR based on the China threat, which includes Chinese growth in their forward presence (both commercially and militarily) and their weapons capabilities.

INDOPACOM had the largest Budget Deterrence Initiative Budget and Unfinanced Requirement List which cause one to wonder if the investment in this theater is enough in both resourcing and velocity.



Source:

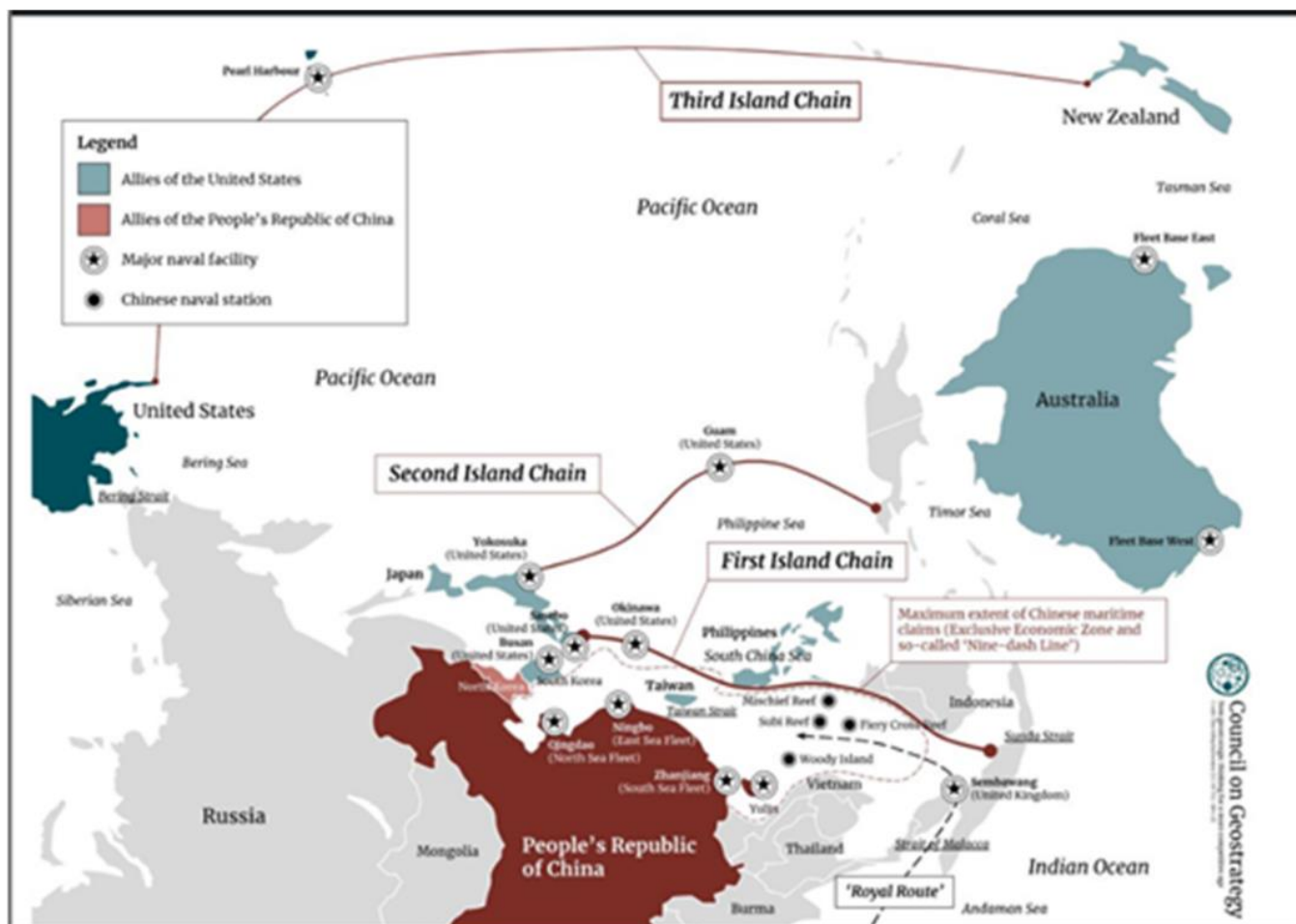
<https://www.researchgate.net/profile/Amri-Hakim/publication/356430215/figure/fig7/AS:1094571702394882@1637977638443/Map-of-US-Indo-Pacific-Military-Bases.png>

The above graphic provides a U.S. Perspective of a traditional U.S. West Coast to Western Pacific perspective. It identifies five 4-Star Commands and ten 3-Star Commands with over

377,800 U.S. Military and Civilian Personnel within the theater. This constitutes approximately 18% of the Active-Duty Military and Federal Civil Servants reported (2,092,139) in the Department of Defense as of June of 2022. It's important to note that this percentage and population does not include the contract logistics support civilians found in the INDOPACOM AOR.

The graphic below is useful in understanding the China perspective. This orientation allows you to see a perspective that provides an impression of being boxed in from freedom of movement in the Pacific Ocean. The fault lines linked to range of weapon systems are the first, second and third island chains described below. This also shows a, "them versus us" perspective with regard to allies and partners.

What this doesn't show is the economic influence that China has in the region, as well as the rest of the globe. In almost every port location where there is a U.S. Military Presence, there is a corresponding China Economic presence. One can find China Economic influence in places like Australia, Djibouti East Africa, South America and the Panama Canal. Often next too or on the other side of a fence line.



Residential investment and China presence has grown exponentially. The China Ocean Shipping Company (COSCO) has 132 million members in the U.S. with over 600 locations reporting a revenue of \$235 billion. The Pew Research Center reports 33% of adults and 63% of Teen in the U.S. use TikTok. COSCO and TikTok illustrates China's influence in two of the four pillars of power being Economic and Information. One could debate that their military diplomatic powers are also growing.

EUCOM consists of over 21,000 square miles, comprised of 51 Countries and 5 time zones. Alliances and partnerships which include multiple members are the basis of U.S. Relationships in the region. This AOR is much denser than the rest. U.S. Military presence in Europe is basically a downsized presence in locations that were occupied in the Cold War. Poland is the exception where there is new USAF and U.S. Army presence. The Marshal Plan set up the conditions and posture for Europe. U.S. Military locations were located on former Wehrmacht locations in Germany occupied from 1935-1945 a majority of the time. Often you could see the architecture branded by German Army and Air Force Unit Emblems on the Bases that U.S. Forces took over and occupied during the Cold War. At pinnacle of the Cold War, there were over 250,000 U.S. Military Members occupying locations in Germany and Italy.



One constant in sustainment that applies to EUCOM, INDOPACOM, and CENTCOM is that the Theater Support Command (TSC) of each three Combatant Commands owns an active-duty organization as an assigned force. Doctrine dictates that these commands are responsible for

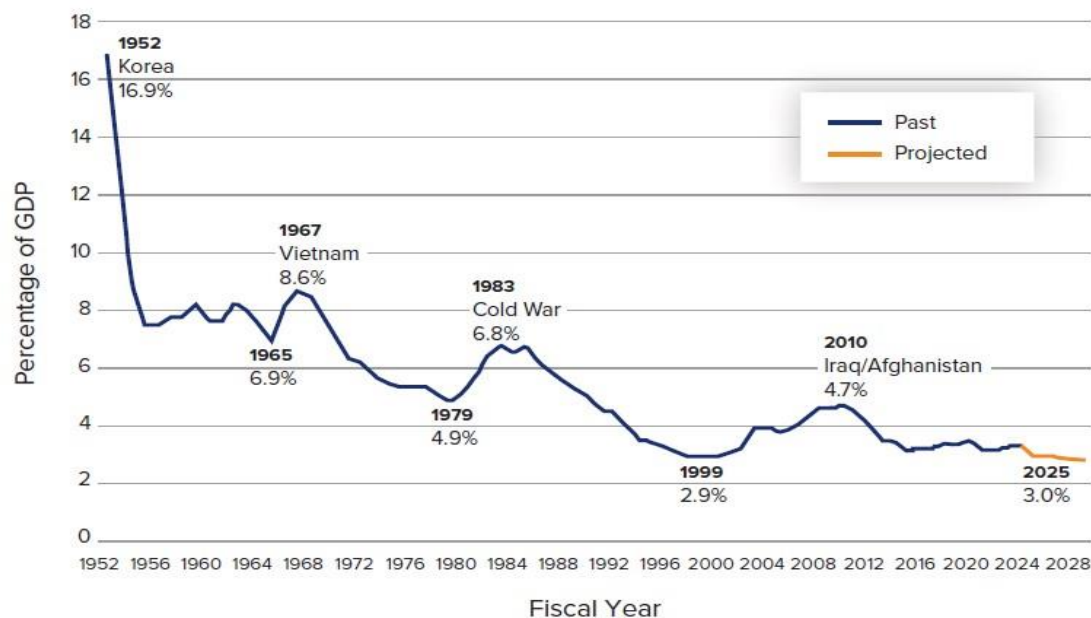
the sustainment distribution missions at the Theater down to Corps levels through Air Bases and Ports. Since they are Army Commands, many times they are not designed or funded to a level required to support the joint force in their AORs. Since the resources required are opaque within the Operation and Maintenance Budgets, tracking and comparing it is difficult.

3.0 The Defense Budgets to support NDS Sustainment Requirements

"Ends, ways, and means" is a strategic planning framework where "ends" represent the desired goals or objectives, "ways" describe the methods or courses of action to achieve those goals, and "means" refer to the resources available to execute the chosen methods; essentially, it outlines the "what" (ends), "how" (ways), and "with what" (means) of a strategy.

If Ends is "National Security for the United States" and Ways is the National Defense Strategy and Defense Planning Guidance, then Means equates to the Defense Budget. Simply put, the Defense Budget is not large enough to sustain U.S. Military Forces to accomplish the Kaleidoscope of Sustainment Requirements already identified. Congress created the Commission on the National Defense Strategy in the Fiscal Year 2022 National Defense

Defense Department Budget Authority as Percentage of Gross Domestic Product, FY 1952 to FY 2029



SOURCES: Features information from Office of the Under Secretary of Defense (Comptroller), *National Defense Budget Estimates for FY 2025*, Tables 1-1 and 6-8, pp. 6 and 138–145; U.S. House of Representatives, "Division: Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2024," pp. 94–98; U.S. House of Representatives, "Division: Department of Defense Appropriations Act, 2024," pp. 299–313; Keys and Nicastro, "FY2024 National Security Supplemental Funding," p. 4; and Office of Management and Budget, Fiscal Year 2025 Historical Tables, Table 10.1.

NOTE: Includes DoD discretionary, mandatory, and supplemental funding.

Source: RAND study from NDS commission: [Commission on the National Defense Strategy | RAND](#)

Authorization Act as an independent body charged with assessing the 2022 National Defense Strategy. Its members are non-governmental experts in national security. The Commission released its final report on July 29, 2024. RAND contributed analytic and administrative support. Below are graphs that tell a story from that Report.

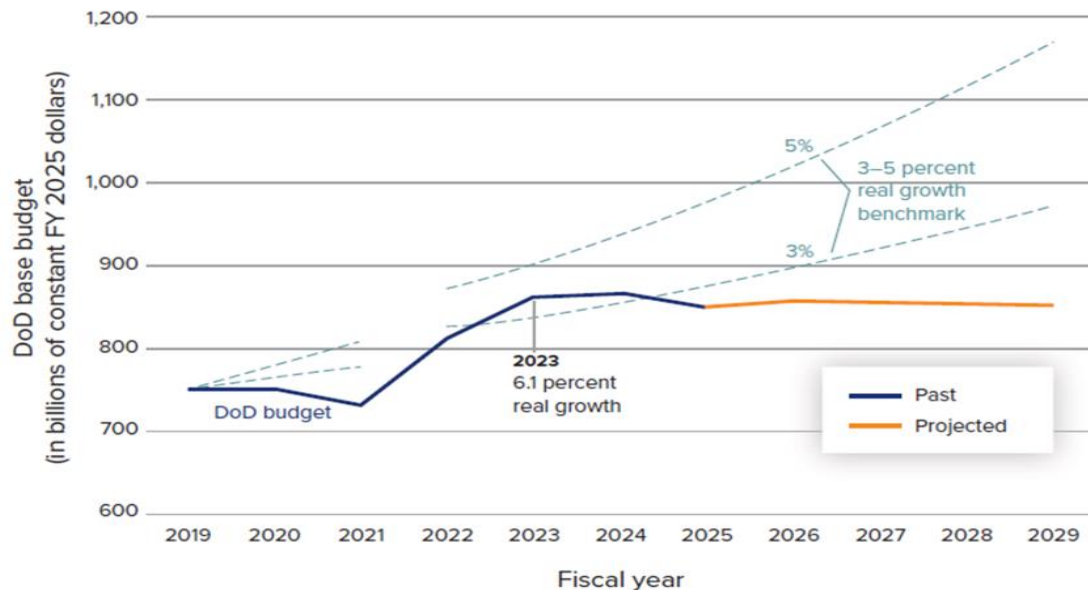
The Chart above illustrates that even though the US Defense Budget is the largest seen in recent years it is the lowest percent of GDP during a period of time with risk not seen since World War II.

Pertinent Excerpts from the report follow: [The Commission finds that, in many ways, China is outpacing the United States and has largely negated the U.S. military advantage in the Western Pacific through two decades of focused military investment. Without significant change by the United States, the balance of power will continue to shift in China's favor. China's overall annual spending on defense is estimated at as much as \$711 billion, and the Chinese government in March 2024 announced an increase in annual defense spending of 7.2 percent. Russia will devote 29 percent of its federal budget this year on national defense as it continues to reconstitute its military and economy after its failed initial invasion of Ukraine in 2022. Russia possesses considerable strategic, space, and cyber capabilities and under Vladimir Putin seeks a return to its global leadership role of the Cold War.

China and Russia's "no-limits" partnership, formed in February 2022 just days before Russia's invasion of Ukraine, has only deepened and broadened to include a military and economic partnership with Iran and North Korea, each of which presents its own significant threat to U.S. interests. This new alignment of nations opposed to U.S. interests creates a real risk, if not likelihood, that conflict anywhere could become a multi-theater or global war. China (and, to a lesser extent, Russia) is fusing military, diplomatic, and industrial strength to expand power worldwide and coerce its neighbors. The United States needs a similarly integrated approach to match, deter, and overcome theirs, which we describe as all elements of national power. The NDS and the 2022 National Security Strategy promote the concept of "integrated deterrence," but neither one presents a plan for implementing this approach, and there are few indications that the U.S. government is consistently integrating tools of national security power.]

The 2018 NDS Commission recommend a growth strategy for Defense Spending. That Commission recommended a 3-5% growth real growth benchmark. The following chart from the 2022 NDS Commission shows that there is no growth projected in the current Defense Budget. Instead, once there is an actual decrease once inflation rates are considered.

Defense Department Base Budget Has Not Kept Pace with the Recommendations of the 2018 NDS Commission



SOURCES: Features information from Office of the Under Secretary of Defense (Comptroller), *National Defense Budget Estimates for FY 2025*, Tables 1-1 and 5-6, pp. 6 and 63; Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, "Fiscal Year 2025 Budget Request: Defense Budget Overview," p. 24; Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, "Fiscal Year 2022 Budget Request: Defense Budget Overview," p. 7-1; U.S. House of Representatives, "Division: Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2024," pp. 94-98; and U.S. House of Representatives, "Division: Department of Defense Appropriations Act, 2024," pp. 299-313.

NOTE: Discretionary base budget authority in constant FY 2025 dollars. FY 2022 benchmark values adjusted upward by \$42.1 billion to reflect merging \$14.3 billion for direct war requirements and \$27.8 billion for enduring requirements into the FY 2022 base budget.

Source: RAND study from NDS commission: [Commission on the National Defense Strategy | RAND](#)

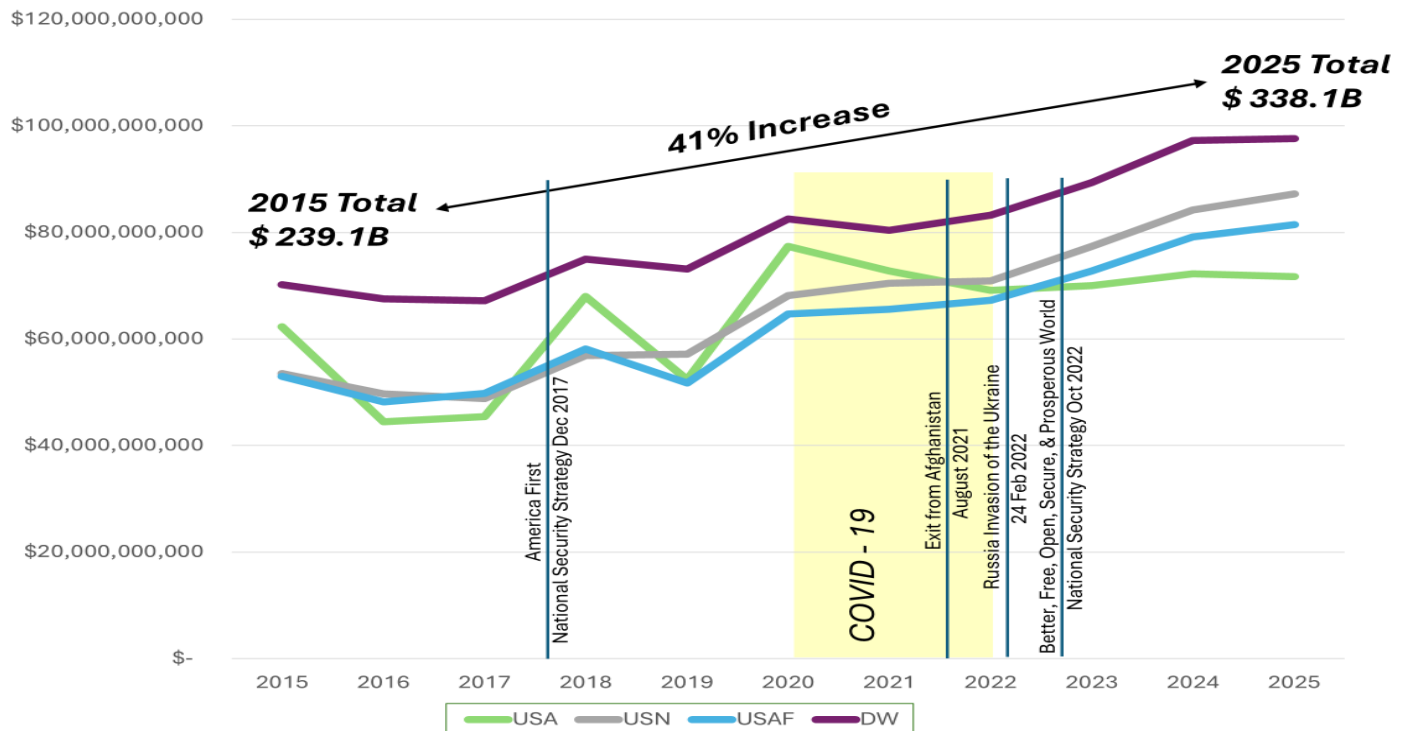
The Department of Defense's (DoD) Operation and Maintenance (O&M) budget covers the costs of military operations, equipment maintenance, and most of the military healthcare system. The O&M budget is consistently the largest category of DoD spending.

The DoD's O&M budget includes:

- Operating costs
- Covers the operating costs of the active duty and reserve service components, as well as Defense Department management and support costs
- Defense working capital funds
- The armed services and other DOD organizations use these funds to purchase goods and services from commercial suppliers
- Civilian salaries
- Most DoD civilian salaries are funded with O&M funds
- Minor construction projects costing less than \$4 million can be funded with O&M appropriations

When comparing Budget Artifacts for the President's Budget Request (PBR) Operations and Maintenance Budgets over the last 10 years you can see a 41% Growth overall. The chart and matrix below shows that growth by service and defense wide with a back drop of significant events. Many of the U.S. modern systems are sustained through a combination of O&M and Procurement funds. The F35 is an example where procurement funding is greater than O&M Funding for sustainment of that weapon system.

PBR O&M Budgets by Service and 4th Estate – Last 10 Years



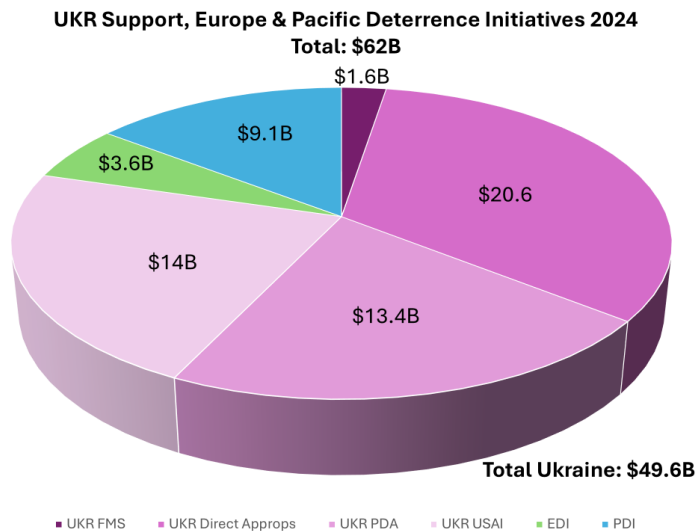
Source: <https://comptroller.defense.gov/Budget-Materials/Budget2024/>

PBR O&M Budgets by Service and 4th Estate – Last 10 Years

Budget Year	Army	Navy	USAF	DW	Total	% Increase / Decrease
2015	\$ 62,339,578,000	\$ 53,510,486,000	\$ 53,015,544,000	\$ 70,212,648,000	\$ 239,078,256,000	
2016	\$ 44,491,300,000	\$ 49,708,300,000	\$ 48,212,400,000	\$ 67,573,300,000	\$ 209,985,300,000	-12%
2017	\$ 45,463,174,000	\$ 48,829,999,000	\$ 49,817,286,000	\$ 67,186,763,000	\$ 211,297,222,000	1%
2018	\$ 67,963,822,000	\$ 56,915,221,000	\$ 58,111,192,000	\$ 74,977,561,000	\$ 257,967,796,000	22%
2019	\$ 52,325,500,000	\$ 57,134,700,000	\$ 51,748,400,000	\$ 73,150,900,000	\$ 234,359,500,000	-9%
2020	\$ 77,413,800,000	\$ 68,187,900,000	\$ 64,710,400,000	\$ 82,521,400,000	\$ 292,833,500,000	25%
* DW Review (\$99B) 2021	\$ 72,779,300,000	\$ 70,466,200,000	\$ 65,598,700,000	\$ 80,429,200,000	\$ 289,273,400,000	-1%
2022	\$ 69,114,100,000	\$ 70,899,800,000	\$ 67,243,300,000	\$ 83,256,200,000	\$ 290,513,400,000	0%
2023	\$ 70,045,000,000	\$ 77,345,400,000	\$ 72,781,100,000	\$ 89,354,400,000	\$ 309,525,900,000	7%
2024	\$ 72,266,600,000	\$ 84,236,700,000	\$ 79,137,500,000	\$ 97,295,200,000	\$ 332,936,000,000	8%
2025	\$ 71,688,100,000	\$ 87,265,100,000	\$ 81,487,600,000	\$ 97,616,400,000	\$ 338,057,200,000	2%
Total % Increase 2015 to 2025 :					41%	

Source: <https://comptroller.defense.gov/Budget-Materials/Budget2024/>

Even though China is described as the pacing threat, the INDOPACOM AOR is receiving less overall funding while submitting the largest Unfinanced Requirements List. The chart below captures 2024 spending accounting for the Pacific Deterrence Initiative (PDI), Europe Deterrence Initiative (EDI) and Ukraine Supplemental Spending which includes Ukraine Foreign Military Sales, Ukraine Direct Appropriations, Ukraine Presidential Drawdown Authority (PDA) and Ukraine Security Assistance Initiative (USAI).



Source: <https://comptroller.defense.gov/Budget-Materials/Budget2024/>

A total Picture on US Ukraine Spending from 2022 to 2024 is found below. Although the PDA actually represented a boost to U.S. DoD Manufacturing by accelerating munitions production and replacement weapon systems like the AMPV, JLTV and Air and Missile Defense Systems.

Supplemental Security Funding for Ukraine 2022 -2024

- Throughout four separate supplemental funding acts, Congress has appropriated ~\$117B for direct and indirect support to Ukraine, including Defense Production Act funding for critical munitions and the industrial base and ~\$71B in USAI and PDA funds for direct materiel support to Ukraine

	Security Related Funds (\$M)	UKR Supp 1 15 Mar 22	UKR Supp 2 21 May 2022	UKR Supp 3 30 Sep 2022	UKR Supp 4 23 Dec 2022	UKR Supp 5* 24 Apr 2024	Total Appropriated
1 \$6B	FMF (DoS)	\$650	\$4,000	\$0	\$80	\$1,600	\$6,330
2 \$39B	Military Personnel	\$195	\$15	\$122	\$92	\$238	\$663
	O&M	\$2,065	\$2,836	\$1,605	\$4,921	\$7,047	\$18,330
	Procurement	\$228	\$1,174	\$1,444	\$1,610	\$13,307	\$17,929
	RDTE	\$130	\$414	\$136	\$317	\$633	\$1,633
	Revolving	\$409	\$0.97				\$410
	Defense Health Program		\$13		\$14		\$28
	Defense Production Act		\$600			\$0.00*	\$600
	Inspector General			\$2	\$6	\$8	\$16
	Intelligence Community			\$0.50	\$0.075	\$2	\$3
3 \$39B	PDA Replenishment	\$3,500.00	\$9,050.00	\$1,500.00	\$11,880.00	\$13,414.43	\$39,344.43
4 \$32B	USAI		\$6,300.00	\$3,000.00	\$9,300.00	\$14,072.46	\$32,672.46
		\$7,178.09	\$24,400.12	\$7,810.50	\$28,220.80	\$50,321.78	\$117,630.68

*Supplemental #5 contained DPA funding unrelated to Ukraine.

As this White Paper was being written, DoD announced Additional Aid for the Ukraine consisting of another \$2.5 billion not shown in the previous two summary charts. This aide package included \$1.5 billion Presidential Drawdown Authority packages as well as \$1.22 billion additional funds through Ukrainian Security Assistance Initiative.

This is while the DoD Inspector General conducts an investigation on USAI spending because 70% of the repair parts shipped for use on donated equipment are not needed, questioning the potential waste of funds for that endeavor.

DOD Announces Additional Aid for Ukraine, Assesses 1,000 North Korean Casualties in Russia's Kursk Region

Dec. 30, 2024 | By Matthew Olay

The Defense Department today announced it will be providing close to \$2.5 billion in additional new security assistance support to Ukraine intended to reaffirm the department's commitment to supporting Ukraine's defense against Russian aggression.

The latest aid package includes a \$1.25 billion presidential drawdown authority package, as well as \$1.22 billion in additional funds through the Ukrainian Security Assistance Initiative, Deputy Pentagon Press Secretary Sabrina Singh told members of the media this morning.

"Together, these packages deliver critical capabilities such as air defense systems, munitions for artillery and rocket systems, anti-tank weapons, unmanned aerial systems and more," Singh said.

Budget for Contested Logistics?

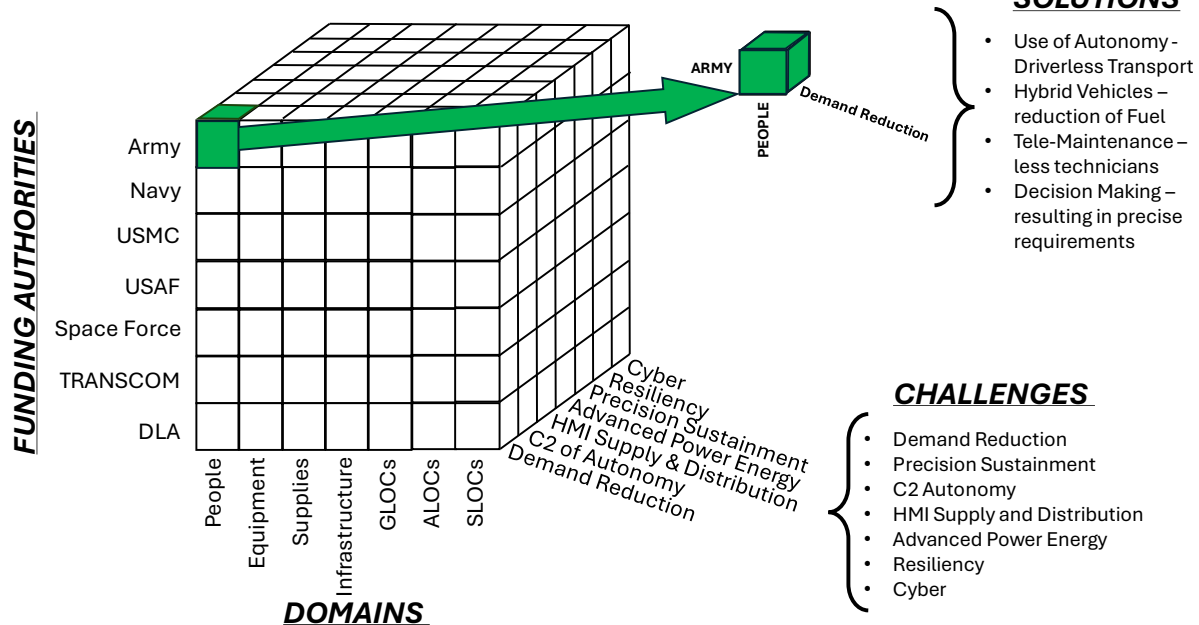
While reviewing the DoD Budget Artifacts in PBR 2024 and 2025, it is not apparent where Contest Logistics is built in. Contested Logistics is a new concept, strategy, focus that all senior leaders from the Joint Staff to the soldier or airman in the motor pool or flight line are talking about. There have been multiple studies and organizations stood up to tackle the concept of Contested Logistics. At the first Joint Warfighting Concept Tabletop Exercise, Logistics and Sustainment was not hand waved and the exercise had to be halted because of Logistics. The term Contested Logistics was coined at that time.

Since then, Contested Logistics has taken on many different means and is very much in the eye of the beholder. It is a subject as broad as it is deep. There are homeland elements outside of the DoD's realm of control but can easily create mission failure for the DoD. Many have compartmentalized it to their Title 10 authorities or some time line associated with OPLAN Phases, none of which really discuss a protracted conflict causing mobilization and converting industry from beans to bullets and automobiles to armored personnel carriers.

This makes trying to create a "means" (budget) to accomplish this wicked hard problem of Contested Logistics which one might identify as a "ways" in the National Defense Strategy. A word search for "Contested Logistics" in the recently released 1800-page 2025 National Defense Authorization Act, it will appear just four times, three of which speaks of including Japan in the INDOPACOM consideration for Contested Logistics.

Below is a way to focus on contested logistics requirements using a more comprehensive framework, better aligning the solutions against challenges, and subsequent budget authorities. This allows the requirements community to better how dollars will be budgeted to address the contested logistics problem set. Illustrating challenges, solutions, and funding authorities allow for more precise risk-informed resource allocation decision making processes to be implemented.

DoD Contested Logistics Multi-Dimensional Array



Contested Logistics Deterrence Initiative Budget Artifact																
Functional Investments	Authorities and Type of Appropriation															
	Army				Navy/USMC				USAF/Space Force				Defense Wide			
	O&M	RDTE	Proc	Milcon	O&M	RDTE	Proc	Milcon	O&M	RDTE	Proc	Milcon	O&M	RDTE	Proc	Milcon
Cyber																
Cyber Defense	\$\$\$		\$\$\$		\$\$\$				\$\$\$				\$\$\$		\$\$\$	
OT Modernization		\$\$\$				\$\$\$						\$\$\$			\$\$\$	
Cyber Training				\$\$\$	\$\$\$				\$\$\$				\$\$\$			
Infrastructure Resilience																
Utilities Upgrades		\$\$\$			\$\$\$			\$\$\$	\$\$\$				\$\$\$			\$\$\$
Force Projection Investments					\$\$\$						\$\$\$			\$\$\$		
Mobilization Investments	\$\$\$		\$\$\$				\$\$\$				\$\$\$				\$\$\$	
Forward Basing		\$\$\$			\$\$\$								\$\$\$			
Force Protection				\$\$\$			\$\$\$								\$\$\$	
Demand Reduction																
Legacy Hybrid Modernization	\$\$\$				\$\$\$			\$\$\$	\$\$\$				\$\$\$			\$\$\$
Preposition Stock		\$\$\$			\$\$\$		\$\$\$				\$\$\$		\$\$\$		\$\$\$	
Micro Grid Improvements		\$\$\$			\$\$\$				\$\$\$			\$\$\$	\$\$\$		\$\$\$	
Expeditionary Small Modular Reactors								\$\$\$								\$\$\$
Presidium Logistics Forecasting	\$\$\$		\$\$\$		\$\$\$						\$\$\$		\$\$\$		\$\$\$	
Virtual Maintenance					\$\$\$			\$\$\$			\$\$\$		\$\$\$			\$\$\$
Autonomous Transportation		\$\$\$					\$\$\$					\$\$\$			\$\$\$	
Exercises / Training																
Simulation		\$\$\$		\$\$\$	\$\$\$				\$\$\$				\$\$\$			
Installation Energy Black Start exercises	\$\$\$						\$\$\$		\$\$\$			\$\$\$			\$\$\$	
AOR Strategic Sustainment Exercises			\$\$\$		\$\$\$						\$\$\$		\$\$\$		\$\$\$	
Individual Skills Training					\$\$\$						\$\$\$		\$\$\$			
Offensive Contested Logistics Ops																
Classified Investments	\$\$\$		\$\$\$		\$\$\$		\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
TOTAL	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$

4.0 Examining how we arrived to where we are with costs of sustainment

Civilian Commerce supporting the Military has been a part of the fabric on National Security since the Revolutionary War. World Wars showed the requirement for uniformed military logisticians in high intensity conflict. The Evolution of Military Uniformed & Federal Civil Servant Logisticians being replaced by Contract Logistics Support has been occurring in earnest since U.S. involvement in the Balkan Peace Keeping Missions with U.S. Boots on the Ground in Bosnia and Kosovo. The post 9/11 period accelerated this phenomenon in support of a rotational force deployment models that rotated troops onto theater sets of equipment which necessitated contractors maintaining equipment in home station. Further use of contract logistics support forward was also a product of Force Maning Limits or known as “Boots on the Ground”. The only “boots on the ground” that counted against established force caps were military and federal civilian personnel. In U.S. Kosovo Deployment known as KFOR 2A the Logistics Task Force was comprised of a 450 Solider Brigade Forward Support Battalion augmented with 300 Soldiers and Civilians from the Corps and Theater level and 4,000 Contract Logistic Support Personnel from Kellog Brown and Root. The illustration below provides a diagram of this evolution as well as a comprehensive framework for contested Logistics.

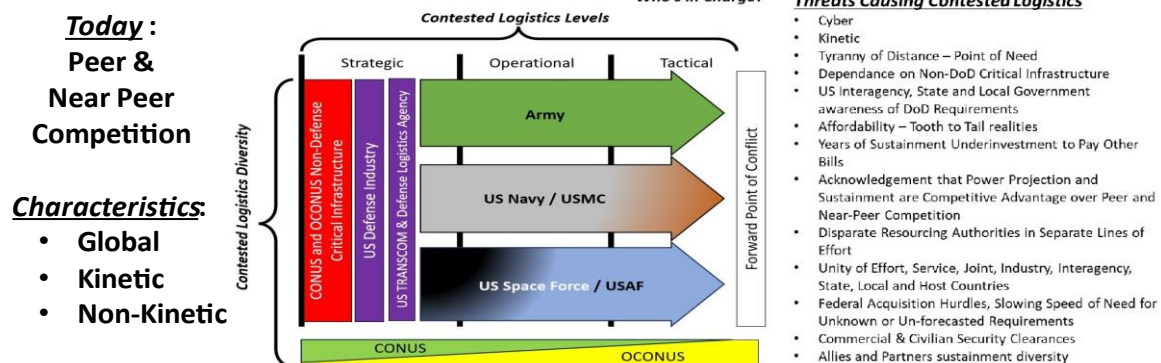
Evolution of Multinational and Contract Logistics Support – Where we are and how we got here



Composition Evolution of U.S. Logistics Forces



Contested Logistics Framework Conundrum



Globalization has been occurring for a long time. The Industrial and Management Ages of the '60s and '80s resulted in outsourcing and offshoring. The book *The Nature of the Firm*, written by Economist Ronald Coase, focuses on the creation of the Firm as an Organization. He argues that the size of a firm (as measured by how many contractual relations are "internal" to the firm and how many "external") is a result of finding an optimal balance between the competing tendencies of the costs. In general, increasing the size of the firm will initially be advantageous, but the decreasing returns will eventually prevent the firm from growing indefinitely. Simply put, once a "Firm" has been established, there is a need to determine what should remain within the boundaries of the firm and what should be contracted out/outsourced based on cost.

Oliver E. Williamson can be described as the father of Transitional Cost Economics Theory, which identifies the cost of creating boundaries. This theory primarily focuses on the economic costs associated with not doing something within the organization or the cost to bifurcate within the organization by creating boundaries that have hidden costs. These costs help create price points in competition and are often found in capitalism. Conversely, these costs can even be the heart of the problem.

As of January 7th, 2025, The Pew Research Center reports that DoD has 762,882 Federal Employees. The U.S. Army has the most Federal Employees at 221,037 or 29% of the total DoD Employees. The U.S. Navy has the second most with 216,537 Federal Employees or 28%. The next is the U.S. Air Force with 186,505 Federal Employees or 22%. Finally, with the least is the DoD Fourth Estate which includes OSD Staff, Defense Agency and Field Activities at 156,803 or 21% of the total 762,882. When you look at these numbers over time, there is consistent growth when looking at all Federal Employees.



<https://www.pewresearch.org/short-reads/2025/01/07/what-the-data-says-about-federal-workers/>

The total population increase of U.S. Federal Employees has grown from 1.76 million in 2000 to 2.26 million 2023, a 28% increase in 23 years.

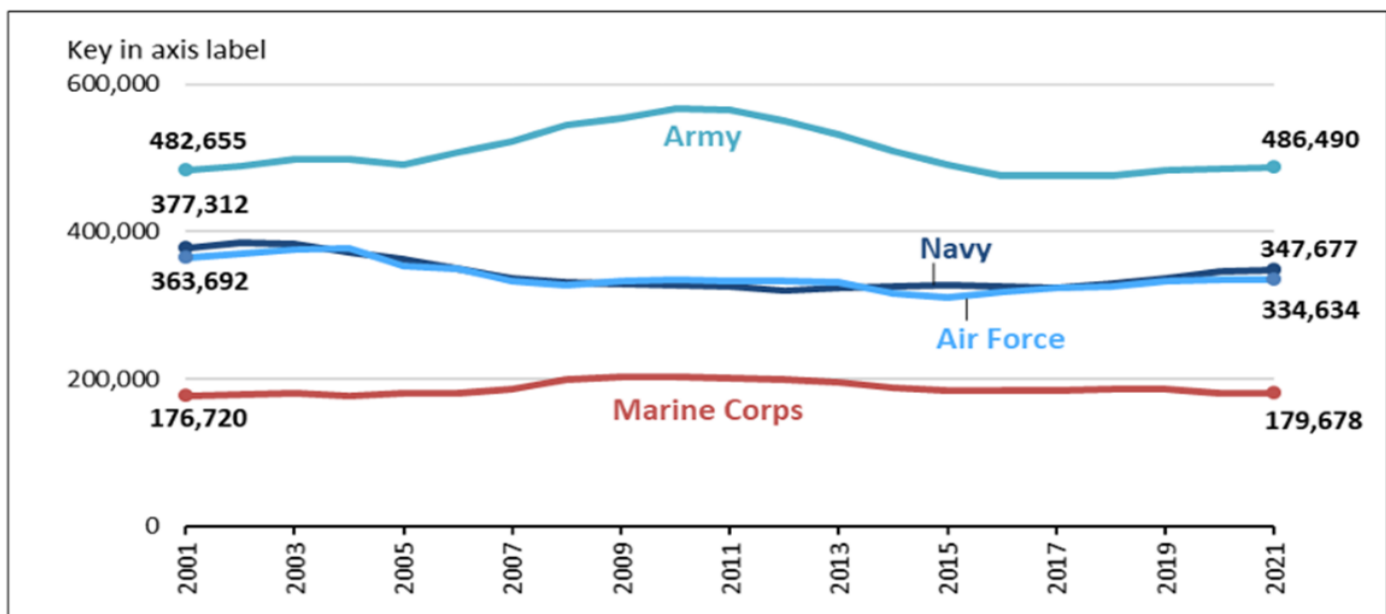
US Total Federal Civil Servant Population since 2000-2023



https://www.fedweek.com/wpcontent/uploads/crs_fed_workforce.pdf

This increase should be balanced with the actual decrease of 3.8% in End-Strength of Active component Armed Forces since 2021 from the Congressional Research Service Report, FY2023 NDAA: Active Component End-Strength August 23, 2022.

Actual End-Strength of Active Component Armed Forces, FY2001-FY2021

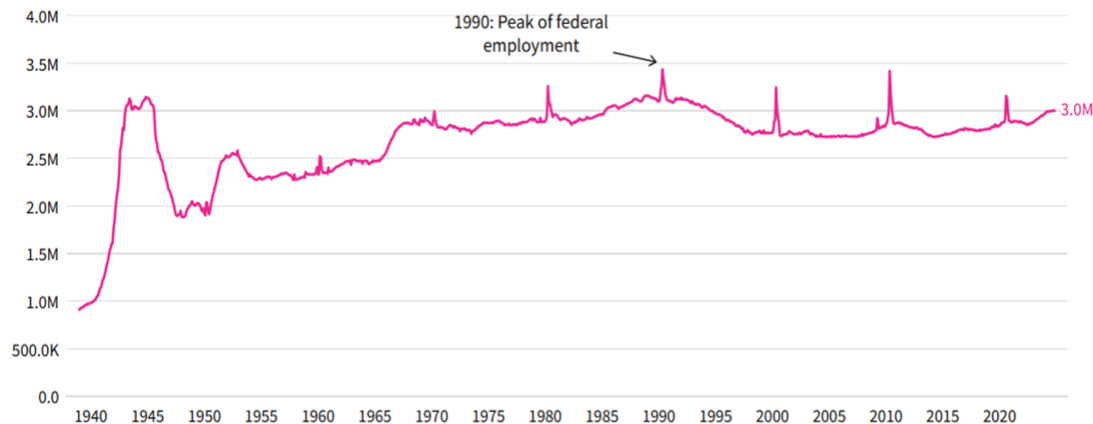


Source: Defense Manpower Data Center, at <https://dwp.dmdc.osd.mil/dwp/app/dod-data-reports/workforce-reports>.

Even though there has been growth in the last 23 years, when you look back since 1940 there has been a reduction with the highest point being 1990 with over a million more Federal Employees than there are today.

Federal employment peaked in May 1990 at 3.4 million.

Monthly number of federal government employees, Jan 1939–Nov 2024



Data is seasonally adjusted. October and November 2024 data are preliminary. Spikes are due to hiring temporary Census workers.

Source: [Bureau of Labor Statistics](#) • [Get the data](#) • [Embed](#) • [Download image](#) • [Download SVG](#)

<https://usafacts.org/articles/how-many-people-work-for-the-federal-government/>

According to the FY2023 CRS report, DoD contracted for 972,000 total prime and subprime contractor Full Time Employees (FTEs). The U.S. Navy has the most Contract FTEs at 576,139 personnel or 60% of the total DoD Contract FTEs. The U.S. Air Force has the second most with 245,861 Contract FTEs or 26%. The next is the U.S. Army with 97,745 Contract FTEs or 10%. Finally, with the least is the DoD Fourth Estate which includes OSD Staff, Defense Agency and Field Activities at 33,664 or 4%. What is not apparent is if the CRS Reports all the contractors associated with many contracts that don't track the number of FTEs employed. Many Contracts only track an outcome not the number of employees it took to produce the outcome.

Regardless, when one adds up the Federal Employees and Contract Employees from these two sources, the total number of civilians employed by the DoD is larger

Table 2. Selected Reported FY2023 DoD Component Contractor FTEs

Prime Contractors and Subcontractors for Contracts Required to be Reported Under 10 U.S.C. §1505, by DoD Component

Funding Agency	Reported FTEs
Department of the Army	97,745
Department of the Navy	576,139
Department of the Air Force	245,861
Defense Advanced Research Projects Agency (DARPA)	547
Defense Information Systems Agency (DISA)	9,875
Defense Counterintelligence and Security Agency (DCSA)	3,480
U.S. Special Operations Command (USSOCOM)	6,028
Defense Health Agency (DHA)	5,001
Office of the Secretary of Defense (OSD)	5,188
Missile Defense Agency (MDA)	3,705

Source: CRS analysis of DoD FY2023 Inventory of Contracted Services.

Notes: FTE estimates in the ICS include contractor-provided data. Some DoD components, such as DIA, which may provide classified contractor FTEs, are not included in these FTE estimates.

than the number of active-duty forces in the Department of Defense. Identifying long-term and short-term costs could be more compelling when comparing these numbers. Policy and limits on the use of uniformed military personnel also come at a cost not captured. It comes down to the economic utility of outsourcing, which is a concept of business focusing on profits and loss to make these decisions. The U.S. Military has tried to implement more leading business practices in industry to efficiently manage their budget (like outsourcing), not focusing on the risks and limitations that they must operate under to ensure a prepared force.

DoD Federal Employess & Contractors			
Services / DoD	Federal Employees	Contractors	Total
US Army	221,037	97,745	318,782
US Navy	216,537	576,139	792,676
USAF	168,505	245,861	414,366
DoD	156,803	33,664	190,467
Total	762,882	953,409	1,716,291

5.0 Ways to wrestle with supporting NDS Strategies

To mitigate the challenge of operating in a contested environment the Department has implemented a series of initiatives to incorporate the concept of integrated deterrence detailed in the 2022 National Defense Strategy (NDS) throughout the Departments strategic sustainment planning and programming efforts. Integrated Deterrence entails working seamlessly across warfighting domains, theaters, the spectrum of conflict, all instruments of U.S. national power, and our network of alliances and partnerships. The NDS states, “...To shore up the foundation for integrated deterrence and campaigning, we will act urgently to build enduring advantages across the defense ecosystem”. In response to that challenge the department initiated several strategic programs to build resilience within the theater defense ecosystem, create avenues for the rapid introduction of technology to mitigate operating costs, and implement enhanced data enabled systems to gain precision in sustainment investments.

Regional Sustainment Framework

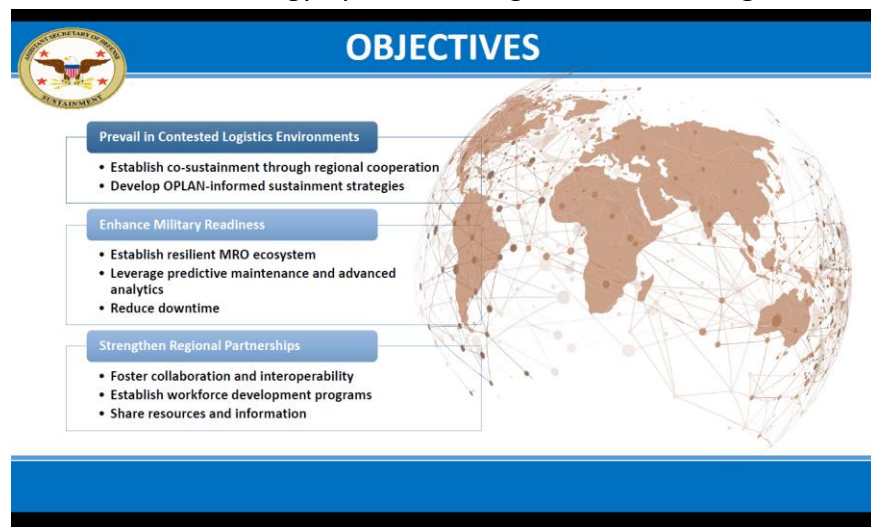
The Regional Sustainment Framework (RSF) is a blueprint aimed at empowering a globally connected, distributed, and resilient Maintenance, Repair, and Overhaul (MRO) ecosystem from which a comprehensive Regional Sustainment Strategy (RSS) will originate. The RSF is intended to bring existing and potential weapon system MRO capability and capacity closer to the forward point of need, and to augment traditional strategies improving readiness in a contested logistics environment.

The RSF will determine and communicate a broad methodology for minimizing downtime for both routine and combat-related repairs, thereby expediting the return of ready military systems to the warfighter. This focus enhances operational readiness and effectiveness, particularly in contested environments.

RSF Objectives:

- *Prevail in Contested Logistics Environments* by developing a robust contingency plan-informed approach to sustaining joint, allied, and partner capabilities in contested logistics environments. The RSF will identify and leverage MRO capacity in theater, addressing capability gaps and vulnerabilities in sustaining critical weapon systems required for theater contingency plans; assess operational effectiveness and readiness impacts; implement agile sustainment strategies that adapt to changing conditions and emerging threats; and optimize the use of regional MRO capacity to minimize retrograde and respond to changes in demand.
- *Enhance Military Readiness* by improving the effectiveness and efficiency of MRO capabilities for rapid response and regeneration of readiness, optimizing MRO for prioritized weapon systems, and encouraging ally and partner nations and industry to expand repair capabilities and range. The RSF will leverage predictive maintenance and advanced analytics for repair scheduling and develop protocols to rapidly expand existing MRO capacity and/or establish new MRO facilities where needed.
- *Strengthen Regional Partnerships* by fostering collaboration and interoperability among DoD, industry partners, and allies and partners for a unified RSS. The RSF will leverage existing forums with strategic partners to address sustainment challenges and cooperation opportunities; design joint workforce development programs and exercises to enhance interoperability in sustainment operations; and facilitate information and resource sharing to build a unified strategy by incentivizing access to existing MRO capabilities,

expanding current capacity, and establishing new MRO capabilities and capacity to support a strategic multi-national defense posture.



Rapid Sustainment Improvement Process (RSIP)

FY2024 Defense Budget Overview, Page 4-30: The USD (Acquisition & Sustainment) is planning two initiatives. The Rapid Sustainment Improvement Process (RSIP) incentivizes Military Services to scale crosscutting sustainment technologies to improve materiel readiness DoD-wide. RSIP identifies systemic materiel readiness issues and fields proven technical sustainment solutions across the Services. The rapid fielding of the right technologies and product support creates a competitive advantage for our fighting forces, allies, and partners. The second PI initiative increases the Defense Acquisition University (DAU) workforce credentialing success rates through empowering senior leaders, program managers, supervisors, and individuals to select training that meets specific job and development requirements.

Data Enabled Sustainment

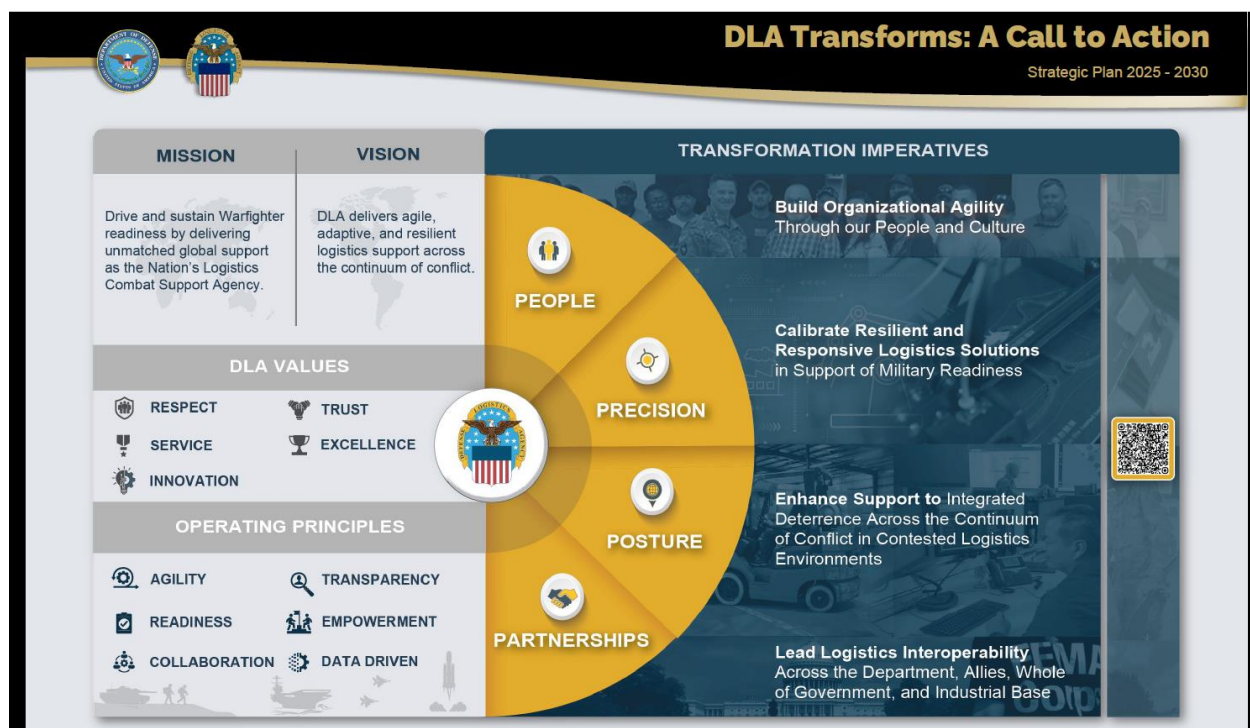
In order to take full advantage of the investments in Enterprise Resource Planning Systems the department embarked upon a comprehensive initiative to establish Sustainment Performance and Cost Metrics and invest in the necessary data analytic tools across the services and OSD. These include Key Performance Parameters such as Operational Availability (Ao) and Materiel Availability (Am) measures and combine these with metrics such as Mission Capable Rates and Depot Turn Around times. Using the same JCIDS requirements baselines metrics during development and testing enhances system performance monitoring throughout the life cycle. This is intended to enable the department and military service management and sustainment management communities to perform analysis to better align department investments to address variables driving cost and reduce availability. The enhanced visibility of actual performance allows for better fidelity in posturing material throughout the theater and adjusting material flows to meet anticipated demand. The data analytic tools necessary to accomplish this goal cannot be developed internally to the department but rather rely on industry to provide.

Sustainment is rarely the first thing that comes to mind when thinking about deterrence. However, in the environment of near peer competition and the potential for operations within a contested logistics environment requires the department to think differently about sustainment. Sustainment will play a critical role in enabling integrated deterrence by increasing adversary uncertainty and presenting a credible deterrence posture. To execute the central charge of the National Defense Strategy to develop, combine, and coordinate our strengths to maximum effect – the core of integrated deterrence – the department is harnessing the power of data and analytics to identify and address cross-cutting sustainment challenges and cost drivers. Likewise, they are ensuring the right balance of logistics capabilities between the organic and private sector sustainment providers to establish and ensure the resilience needed to support warfighter requirements now and in the future. New technologies and the evolving characteristics of war (including speed and lethality) require new

approaches. DoD cannot walk this path alone. It requires collaboration with industry, academia, and international partners to be successful.

Defense Logistics Agency's (DLA) New Strategic Plan 2025-2030

The DLA Strategic Plan 2025 — 2030 “DLA Transforms: A Call to Action”, was informed by a deliberate agency assessment and feedback from DLA’s past and present leaders, Military Services, Combatant Commands, our Allies and partners, and industry associates. The plan identifies four transformative imperatives to provide DLA with its focus: people, precision, posture, and partnerships. These imperatives are grounded in their mission, vision, enduring DLA values, and operating principles. The Strategic Plan is intended to signal the urgent need to change and to provide clarity on the way ahead.



<https://www.dla.mil/Portals/104/Documents/Headquarters/StrategicPlan/DLAstrategic%20Plan2025-2030September2024.pdf>

DLA and their leadership have really captured the “Ways” to their strategy of Transformation. The four P’s: People, Precision, Posture and Partnership are the levers that control many strategies looking to transform in today’s National Defense Environment. How this translates to the transformation of DLA’s Major Subordinate Commands will be the measure of DLA’s Success.

Too often Military Leaders are “waited out” by the Federal Civilian Employees they lead. DLA is manned by about 500 military and 26,000 Federal Civilian Employees. It’s one of the reasons that Vice Admiral Keith Lippert spent five years in command of DLA from 2001 to 2006. He led the biggest transformation in the Department of Defense during that period as DLA adopted

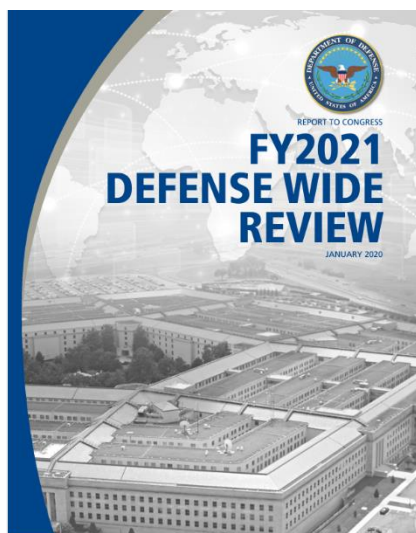
DoD's first Enterprise Resource Planning (ERP) Business System. This adoption resulted in DLA transforming its business processes and organization design to become more effective. When looking at reforming Defense Department Business Enterprises, one should look at DLA's history. The creation of DLA by combining the separate supply centers like Defense Supply Center Columbus, Defense Supply Center Richmond, and Defense Supply Center Philadelphia reduced the number of Federal Civilian's executing the acquisition within those separate supply chains by 50%. This doesn't mean that LTG Simerly's work is done or should only focus on the margins of change. Maybe he too should spend half a decade in the job to attain his strategic vision for DLA.

6.0 Past Defense Reform Efforts and a focus on Future Efforts

Some scholars attribute Albert Einstein with the quote, "Insanity is doing the same thing over and over again and expecting different results". The Defense Department has executed two things consistently. One is to change by growing, shrinking, or reorganizing. The other, often a reason to do the first, is to mount a quest of efficiency or effectiveness. When the Department of Government Efficiencies (D.O.G.E) continues the quest of efficiencies, reduced budgets and savings, it should be informed by past endeavors to do the same. The following are but a few of those attempts dating back 30 years.

- **Defense Wide Review FY2021**
- **Defense Business Board Study: Corporate Downsizing Applications for DoD FY11**
- **Defense Reform Initiative 1997 & 1998**
- **Department of Government Efficiencies (D.O.G.E)**

Defense Wide Review FY2021



SAVINGS AND TRANSFERS

The DWR identified significant savings in each of the functional categories. The largest savings occurred within the "Warfighting & Support" category due primarily to reductions of legacy missions that do not advance the NDS. The Review also identified savings within the Working Capital Funds (WCF) as well as through transfers of DW activities and functions to the military departments and other agencies, for increased effective and efficient management. Figure 2 (below) provides details on the savings and transfers for each functional category.

FUNCTIONAL CATEGORY	FY21 BASELINE	FY21 SAVINGS	% CHANGE	FY21 WCF SAVINGS	FY21 TRANSFERS
Personnel & Benefits	\$42.3	-\$1.2	-2.8%		-\$1.9
Warfighting & Support	\$28.5	-\$2.7	-9.5%		-\$0.0
DW RDT&E	\$16.5	-\$0.8	-4.8%		\$0.0
Policy & Oversight	\$7.5	-\$0.8	-10.7%		-\$0.1
Working Capital Funds	\$4.3	-\$0.2	-4.7%	-\$0.2	-\$0.0
Total DW	\$99.1	-\$5.7	-5.8%	-\$0.2	-\$2.1

AREAS OF INVESTMENT

The purpose of generating these DWR savings was to reinvest in NDS priorities. Every dollar spent on overhead, redundant efforts, and lower priority programs is a dollar not spent on lethality and readiness. Without the DWR savings, the full extent of these investments would not have been possible or would have had to be made by realigning resources from existing warfighting capability in the military departments.

The 2018 National Defense Strategy (NDS) provides a clear roadmap for the Department of Defense (DoD) to focus on increasing lethality, strengthening relationships with allies and partners, and reforming how the DoD does business. The budget increases requested by President Trump for Fiscal Years (FY) 2017 to 2020 received bipartisan support in Congress and have gone a long way to increase the Department's lethality, readiness, and adaptability. However, with the expected flattening of defense spending, reforming how the DoD does business and ensuring that taxpayer resources entrusted to the DoD are wisely spent is more important than ever.

This process was first exercised when former Secretary of Defense Mark Esper was the Secretary of the Army from 2017-2019. It was an interesting process to say the least. The one result it did yield was that senior leaders at the three star and above level really becoming aware of their organization and portfolios. It drove a knowledge and self-reflection that would not have occurred otherwise. It made a dent but didn't cause any lasting change.

Defense Business Board Study: Corporate Downsizing Applications for DoD FY11



DBB TF RECOMMENDATIONS:

- Top Leadership is critical to success. The Secretary of Defense must drive the process and emphasize the “urgency” of the situation.
- Key constituents must be supportive. Congressional support will be needed to enable the Secretary of Defense’s downsizing efforts, especially from key appropriations and defense committees.
- Reductions are driven by strategy. In order to be successful in “rightsizing,” the Secretary of Defense and his leadership team must develop strategic goals to identify essential capabilities that define the future requirements for combat effectiveness. These must be translated into implementation plans within the Programming, Planning, Budgeting, and Execution (PPBE) process.
- Organization/process needs to ensure results. As the Chief Management Officer within the Department, the Deputy Secretary of Defense should be the full-time leader to oversee and implement the “rightsizing” plans. A team of senior advisors who are tightly aligned with the Secretary’s course of action should assist the Deputy Secretary of Defense in a disciplined and focused approach to deliver a “sense of urgency” in addressing the organizational and budgetary challenges

- Reducing manpower costs is critical. The elimination of the least critical activities must result in a meaningful reduction in the number of personnel within the Department
- Eliminate redundant/unnecessary activities with special attention to overhead and staff/offices. Considering the Office of the Secretary Defense has a staff that exceeds 2,700 military and civilian personnel (over 5,000 with consultants), it is important that senior leaders set an example to reduce overhead and personnel in non-value added activities, as well as non-warfighting agencies, organizations, and commands.
- Current DoD force structure, logistics support, and procurement programs must be critically assessed to improve productivity and reduce product costs
- Despite the intense focus on cost reductions, investments for the future should be continued/increased

Background

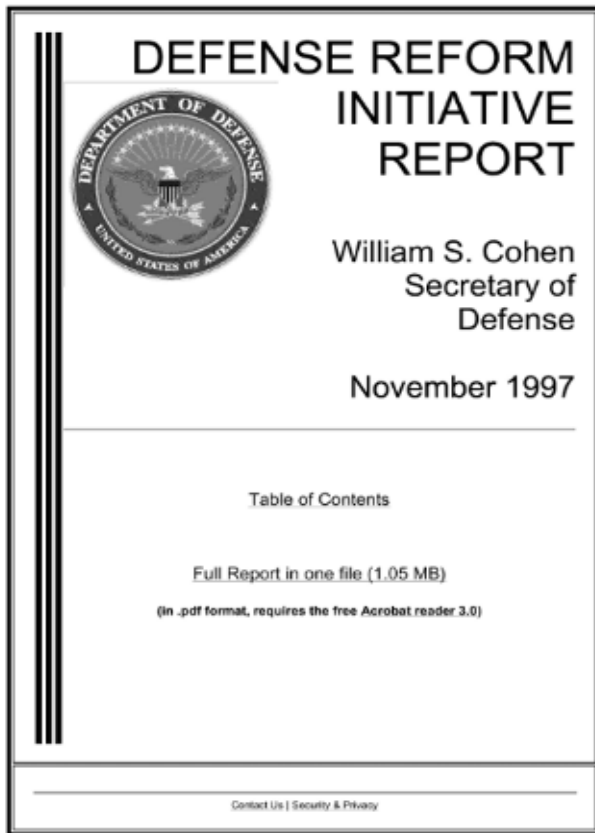
Last Major DoD Downsizing Efforts in 1990's

- DoD budget has been cut before, i.e., after WWII, Korean, and Vietnam conflicts. Most recent deep reductions in 1990s followed collapse of the Soviet Empire when total budget was reduced 25% from \$516B to \$385B.
- Force structure sharply reduced: Army divisions down 44% from 18 to 10, Air Force fighter wings down 50% from 24 to 12, strategic bombers down 73% from 324 to 89 and Navy combatant ships down 42% from 546 to 314 (carriers from 15 to 11).
- Major Weapons Programs cancelled/scaled back: major aircraft procurement programs cut from 8 to 4, Army had no funding for heavy combat vehicles, new ships being built dropped by two-thirds.
- 50 major bases were closed by the BRAC process from 495 to 445.
- Total Active Duty Military Manpower dropped 29% from 2.1M to 1.5M, and Civilian personnel reduced 32% from 1.1M to 750,000.

Note: Constant Dollars

The Defense Business Board Task Force made many more specific recommendations, some of which were not received well by the organizations it criticized. It is worth reading by clicking on the link within the references of this paper. Unlike the Defense Wide Review, very little resulted in a return on the investment of this study.

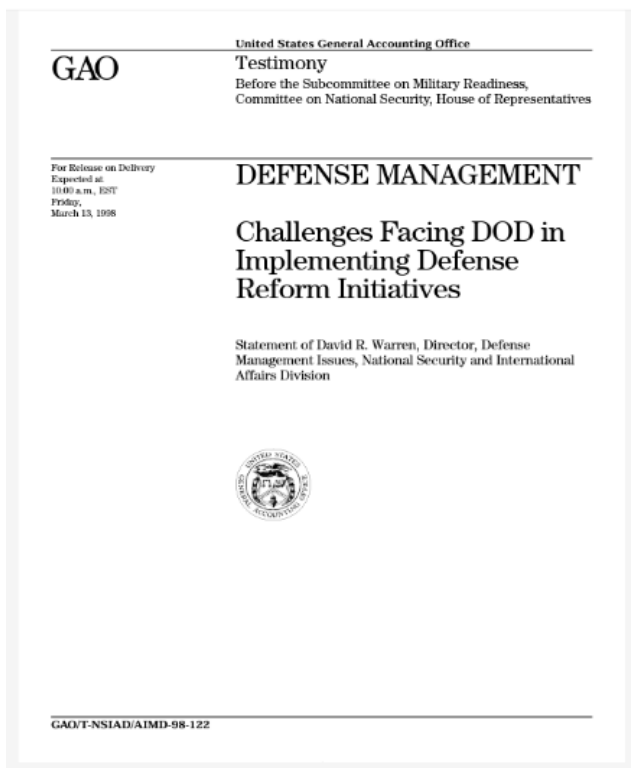
Defense reform Initiative Report 1997 & 1998 GAO Report on meeting Defense Reform Goals.



In 1997, Secretary of Defense William Cohen attempted to bring about a revolution in DoD's business and support operations by identifying and adopting the best business practices from the private. Specifically, it proposed to:

- Reengineer many of its business processes
- Consolidate and reorganize DOD's headquarters elements and defense agencies, including the Office of the Secretary of Defense
- Increase the use of the Office of Management and Budget (OMB) A-76 process to compete DOD's commercial activities
- Conduct two additional rounds of base realignment and closures (BRAC).

These actions are intended to reduce the cost of DOD's business and support activities so that operations and maintenance funds can be freed up to support weapons modernization and readiness needs.



The GAO Summary of the Defense Reform Initiatives of 1997, one year later, is less than satisfying. GAOs work continued to show that significant opportunities remain to further streamline operations, consolidate functions, eliminate duplication of effort, and improve efficiency in DOD's business activities. These opportunities had to be fully embraced if DOD is to achieve the level of savings it needs to meet other priorities such as weapon system modernization and readiness within expected budgets. The one observation that is significant was that taking dollars out of O&M Budgets before the reform was complete was unsuccessful. The report stated that the Defense Management Review (DMR) of the early 1990s, started with much the same hope and was unsuccessful.

Department of Government Efficiencies (D.O.G.E)

So where should the DOGE efforts begin in DoD? Unless DOGE is around for two or three administrations, they must start with the largest returns first. Using Transitional Cost Economics Theory, DOGE must look at the short-term and long-term cost benefits of outsourcing. Some of the (costs) should be examined, even if it's for a second time. These (costs) may have been generated by legacy concepts based on assumptions that are no longer relevant in today's National Security Environment.

Some of these programs that need review are:

- The process for faster adoption of available commercial technology to address sustainment challenges must be institutionalized, incentivized, and resourced. The Government acquisition system is too slow, with too many organizations that can say no and no single decision makers to say yes. The department is sometimes paralyzed to adopt technology that their very own Defense Contractors are using with success.
- Defense Commissary Agency (DECA) outsourcing. This initiative has been reviewed and studied more than once, so testing the facts and assumption of previous studies should be quick.
- Defense Information Systems Agency (DISA) outsourcing. This initiative has been reviewed and studied more than once, so testing the facts and assumption of previous studies should be quick.
- Defense Logistics Agency (DLA) This has been studied over and over. As described earlier, DLA is actually a result of an efficiency action which reduced civilian manpower by 50%. Simply reviewing past reform studies should make quick work of DLA's review.
- Defense Health Agency (DHA) This Agency is also result of past efficiencies and is simply too new to make a recommendation for study, review, or recommendation.
- Senior Military Service Colleges and Universities. The use of insourced senior service colleges for each of the services and the joint force should be assessed for efficiency. The benefit of DoD insourcing vs outsourcing should be validated.
- Service Material Commands that execute the procurement of both repair parts and maintenance should be reviewed. The dynamic difference between the size and scope of the Service's Material Commands and the fleets they support should be reviewed.
- Consolidation of Service Logistics Branches and Organizations should be investigated using the UK and Canada's examples.

7.0 Conclusions

1. A National Security and Defense Strategy that prioritizes Peer Competitors in multiple different geographic locations and operating environments is expensive. Timing and duration are key variables that must be assessed to better inform resource allocation decisions.
2. Innovation and reform decisions once made must be programmed and budgeted against projected timelines and reviewed for effectiveness through the existing Department Sustainment Governance structure. Examples include investments in RSF, and data enabled decision making capabilities.
3. Operation and Maintenance Budget have increased as we have pulled out of Iraq and Afghanistan, even while accounting for supplemental OCO Funding.
4. Investment in readiness is a deterrent. DoD exclusive material Inventories have decreased as Operations and Maintenance Budgets have increased.
5. The Defense Industry is fatigued by RFIs, Experimentation, and Pilots. They are trying to define what Contested Logistics is or is not, and where budgets for those investment dollars can be found.
6. In recent years, more Army Combat Service Support responsibilities have been transferred to the Reserve Component and its uniformed members. In correlation, Contracted Logistic support costs have increased. This balance must be reassessed to determine effectiveness vs efficiency.
7. The DoD Federal Civilian Work Force has seen a decrease, not an increase, over the last five years while Contract Logistics Support costs have seen a radical increase.
8. Controlling Force Deployment by using Force Manning Levels has created a culture of Contracted Logistics Support that has permeated peacetime operations. Outsourcing CLS is not a function of economics like it is in Industry. Instead, it's a way to mitigate the impacts of policy decisions despite costs.
9. The Departments sustainment structure is too fragmented between OSD and the services. Decision making needs to consolidate to implement a truly comprehensive framework and subsequent investment in sustainment innovation and strategies. This fragmentation often dilutes Senior Defense Leader guidance and results in ineffective implementation.
10. Defense Senior Leaders need to assess risk and be willing to accept the risks needed to truly implement the changes and innovations needed.
11. D.O.G.E. Should use Lessons from past attempts of Defense Reform, to include success or failure of past reforms as a base line to start their review.

8.0 References

2022 National Defense Strategy

<https://www.defense.gov/National-Defense-Strategy/>

<https://media.defense.gov/2022/Oct/27/2003103845/-1/-1/1/2022-NATIONAL-DEFENSE-STRATEGY-NPR-MDR.PDF>

2025 DoD Comptroller Budget Meeting 2022 National Defense Strategy

https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2025/FY2025_Budget_Request.pdf

2022 National Military Strategy

<https://www.jcs.mil/Portals/36/NDS%202022%20-%20Signed.pdf>

Commission on the National Defense Strategy

<https://www.rand.org/nsrd/projects/NDS-commission.html>

USD Comptroller Budget Artifacts <https://comptroller.defense.gov/Budget-Materials/Budget2024/>

COSCO Statistics 2024

<https://www.contimod.com/costco-statistics/>

TikTok Research

<https://www.pewresearch.org/short-reads/2024/12/20/8-facts-about-americans-and-tiktok/>

Federal Workforce Statistics Sources: OPM and OMB

<https://crsreports.congress.gov/product/pdf/R/R43590>

Defense Primer: DoD Contractors, Congressional Research Services June 6, 2024

<https://crsreports.congress.gov/product/pdf/IF/IF10600#:~:text=After%20the%20Cold%20War%2C%20the,operations%20in%20Iraq%20and%20Afghanistan>

Regional Sustainment Framework <https://www.acq.osd.mil/asds/docs/RSF-9MAY24.pdf>

DLA Strategic Plan <https://www.dla.mil/Info/Strategic-Plan/>

Corporate Downsizing Applications for DoD Report FY11-08

https://dbb.defense.gov/Portals/35/Documents/Reports/2011/FY11-8_Corporate_Downsizing_Applications_for_DoD_2011-7.pdf

Defense Wide Review Report 2021 <https://media.defense.gov/2020/Feb/06/2002244621/-1/-1/1/FY-2021-DEFENSE-WIDE-REVIEW-FINAL.PDF>

1997 Defense Reform Initiatives Report <https://apps.dtic.mil/sti/pdfs/ADA393659.pdf>

1998 GAO Report: challenges Facing DoD in Implementing Defense Reform Initiatives

<https://www.gao.gov/assets/t-nsiad/aimd-98-122.pdf>

Cypress International Supply Chain White Paper <https://cypressintl.com/wp-content/uploads/2022/01/DoD-Supply-Chain-White-Paper.pdf>

Cypress International Contested Logistics White Paper <https://cypressintl.com/wp-content/uploads/2024/03/Contested-Logistics-Cypress-White-Paper-Final-5-Mar-24.pdf>

Asst Sec Def Sustainment Strategic Plan

https://www.acq.osd.mil/log//LMR/.strategic_plan.html/ASD_Sustainment_Strategic_Plan.pdf

FY2024 Budget Overview Document

https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2024/FY2024_Budget_Request_Overview_Book.pdf

<https://www.AJazeera.com/news/2021/9/10/infographic-us-military-presence-around-the-world-interactive>

<https://www.defensenews.com/land/2023/10/09/what-is-the-us-armys-new-contested-logistics-team-working-on/>

https://www.army.mil/article/265428/army_focuses_on_contested_logistics_a_threat_to_enemy

<https://federalbudgetiq.com/insights/u-s-military-increases-focus-on-contested-logistics/>

<https://www.marines.mil/News/Publications/MCPEL/Electronic-Library-Display/Article/899840/mcdp-4/>

<https://www.marines.mil/Portals/1/Docs/Installations%20and%20Logistics%202030.pdf>

<https://www.asafm.army.mil/Portals/72/Documents/BudgetMaterial/2024/pbr/Army%20FY%202024%20Budget%20Overview%20Briefing.pdf>

<https://www.af.mil/News/Article-Display/Article/3436101/air-force-senior-leaders-hold-contested-logistics-table-top-exercise/>

<https://www.mca-marines.org/wp-content/uploads/Littoral-Operations-in-a-Contested-Environment.pdf>

<https://www.usni.org/magazines/proceedings/2022/april/prepare-contested-logistics>

<https://apps.dtic.mil/sti/trecms/pdf/AD1206189.pdf>

<https://www.usni.org/magazines/proceedings/2021/august/contested-logistics-look-illicit-drug-trade>

<https://www.nbcnews.com/news/us-news/over-16-tons-cocaine-seven-shipping-containers-seized-massive-bust-n1019021>

<https://www.defensedaily.com/joint-warfighting-concept-assumes-contested-logistics/pentagon/>

<https://mwi.westpoint.edu/logistics-determine-your-destiny-what-russias-invasion-is-reteaching-us-about-contested-logistics/>

<https://www.defense.gov/News/News-Stories/Article/Article/3513936/managing-logistics-in-contested-areas-is-key-to-military-success/>

https://www.jcs.mil/Portals/36/Documents/Doctrine/concepts/joint_concept_logistics.pdf?ver=2017-12-28-162028-713

https://www.jcs.mil/Portals/36/Documents/Doctrine/fp/sustainment_6ed.pdf?ver=bAfzHvG14uoVuML424Y77g%3D%3D

<https://www.msn.com/en-us/news/world/explosions-fires-reported-overnight-deep-in-russian-rear-in-alleged-long-range-ukrainian-strikes/ar-BB1h23xl?ocid=entnewsntp&pc=DCTS&cvid=092e5543a5ca42b1b1ed54707f81e2e8&ei=18>

<https://www.msn.com/en-us/news/other/us-uk-conduct-fresh-airstrikes-against-houthis-in-yemen-targeting-military-capabilities/ar-BB1h7pai>

<https://usafacts.org/articles/how-many-cyber-attacks-occur-in-the-us/>

<https://www.bbc.com/news/business-57050690>

<https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/515806p.pdf?ver=2018-11-15-150218-933>

<https://www.dau.edu/blogs/contested-logistics-remains-top-mind>

<https://www.dau.edu/datl/b/sustaining-a-resilient-joint-force-part2>

<https://cascom.army.mil/asrp/index.html>

https://cascom.army.mil/asrp/build/files/Sustaining%20Army%202030_White%20Paper_01%20Oct%202023_Final.pdf

<https://www.nationaldefensemagazine.org/articles/2024/1/5/emerging-technology-horizons-enabling-logistics-in-contested-environments>

<https://dsb.cto.mil/taskforces.htm>

<https://www.airandspaceforces.com/valiant-shield-adds-ace-partners-in-the-pacific-tests-dispersion-mq-9-drop-in/>

<https://breakingdefense.com/2021/05/fleet-decentralization-focus-for-af-budget-beyond-2023/>

<https://www.af.mil/News/Article-Display/Article/2227549/air-force-releases-jado-doctrine/>

<https://apps.dtic.mil/sti/pdfs/AD1145582.pdf>

<https://www.airandspaceforces.com/article/the-next-csaf-lays-out-top-priorities/>

<https://www.airandspaceforces.com/watch-read-logistics-on-the-attack-the-build-up-and-the-delivery/>