

Modernizing Defense: Problems and Solutions



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Introduction: The Pentagon's Many Difficulties

The budget for the Department of Defense (DOD), the government's largest discretionary expenditure, accounts for approximately one-sixth of federal spending and 82 percent of its physical assets.¹ To meet national security and fiscal challenges, the Pentagon must improve its performance in two areas, and members of Congress must better perform their role.

The Pentagon's enormous budget and lack of fiscal discipline have resulted in an unprecedented financial black hole that would be deemed unacceptable were it to occur in any other agency or the private sector. The DOD's procurement system is also in dire need of an overhaul. Decades-long acquisition programs and a lack of strategic thinking regarding future requirements have resulted in inflated price tags, underperforming end products, and platforms that are surplus to needs. Congress routinely worsens the picture by failing to provide sufficient oversight and prioritizing parochial interests over a coherent national security strategy.

To address these problems, the Pentagon should reform its method of contracting with the private sector, looking first at commercially available products, and increasing the speed of development and acquisition. Congress must reassert its oversight role and hold the DOD accountable where necessary.

Finances

The DOD remains the sole federal agency that has yet to pass a clean audit under the Chief Financial Officers Act of 1990. The fiscal year (FY) 2024 National Defense Authorization Act (NDAA) required the DOD to attain an "unmodified opinion," or clean audit, by December 31, 2028.² The effort has been broken down into 28 sub-audits, with nine having achieved a clean audit thus far.³ Of the five DOD branches, only the Marine Corps has passed an audit, which it accomplished in both 2023 and 2024.

The Pentagon's inability to adequately track its spending is not a new occurrence. Its financial irregularities have been on the Government Accountability Office's (GAO) list of programs at high risk for waste, fraud, abuse, and mismanagement since 1990. The February 25, 2025, GAO High-Risk report contained five areas within the DOD, including weapon systems acquisition, which has been on the list since 1990, and business systems modernization, first added in 1995.⁴

¹ Congressional Budget Office, "Defense and National Security," October 1, 2025, <https://www.cbo.gov/topics/defense-and-national-security>.

² Department of Defense (DOD) Inspector General (IG), "Understanding the Results of the Audit of the FY 2024 DoD Financial Statements," February 28, 2025, https://media.defense.gov/2025/Mar/07/2003662906/-1/-1/1/DODIG-2025-074_SECURE.PDF.

³ Jen Judson, "No clean audit yet, but results show 'momentum,' DOD comptroller says," *Defense News*, November 18, 2024, <https://www.defensenews.com/pentagon/2024/11/18/no-clean-audit-yet-but-results-show-momentum-dod-comptroller-says/>.

⁴ Government Accountability Office (GAO), "High-Risk Series," February 25, 2025, <https://www.gao.gov/products/gao-25-107743>.

GAO expanded its concerns over DOD financial management in an April 29, 2025, report that added fraud risk management to the High-Risk List.⁵ The report noted that between FYs 2017 and 2024, the DOD reported \$10.8 billion in fraud and \$6.6 billion in fraudulent payments tracked between FYs 2013 and 2017.⁶

The GAO stated, “the full extent of fraud affecting DOD is not known but is potentially significant. Until DOD implements a comprehensive antifraud strategy that effectively aligns with leading practices, as GAO has recommended, its programs and significant expenditures will remain at substantial risk of fraud.”⁷ Furthermore, “confirmed fraud reflect only a small fraction of DOD’s potential fraud exposure. While DOD officials previously informed us that they did not believe there was much fraud within the department relative to its overall spending, even a small percentage” of the Pentagon’s budget “... lost to fraudsters would be a significant divergence of resources from its warfighting mission.”⁸

The failure to provide a clean audit means that reports of wasteful spending should be viewed with caution. For example, a November 2021 Agency Financial Report for FY 2021 noted that improper payments for the Military Health Benefits program were \$168 million, a 50.4 percent reduction from the \$338.9 million in FY 2020.⁹ It expressed a 95 percent level of confidence in the accuracy of its method for identifying improper payments within the program.

However, these results were called into question by a January 11, 2022, DOD Office of Inspector General (IG) report, which found that the Defense Health Agency (DHA) “did not have adequate processes to identify improper payments and produce a reliable improper payment estimate.”¹⁰ Because the DHA used inappropriate sampling methodology and did not undertake proper reviews, the agency is “unable to produce a reliable improper payment estimate.”¹¹

The GAO, too, has criticized the DOD’s problematic improper payment methodology. Each of the FY 2023 and FY 2024 GAO reports listing improper payments in federal agencies found the DOD to be noncompliant in publishing information, leading to unreliable estimates.¹²

Past DOD IG reports have identified eye-watering amounts of potentially wasted money. A July 26, 2016, report noted that the Defense Financing and Accounting Service could not adequately document \$6.5 trillion worth of year-end adjustments to general fund transactions and data.¹³

⁵ GAO, “DOD Financial Management,” April 29, 2025, <https://www.gao.gov/products/gao-25-108191>.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ DOD, “Agency Financial Report Fiscal Year 2021,” November 15, 2021, https://comptroller.defense.gov/Portals/45/Documents/afir/fy2021/DoD_FY21_Agency_Financial_Report.pdf.

¹⁰ DOD IG, “Audit of the Defense Health Agency’s Reporting of Improper Payment Estimates for the Military Health Benefits Program,” January 11, 2022, <https://media.defense.gov/2022/Jan/13/2002921501/-1/-1/1/DODIG-2022-052.PDF>.

¹¹ Ibid.

¹² GAO, “Improper Payments: Information on Agencies’ Fiscal Year 2023 Estimates,” March 26, 2024, <https://www.gao.gov/assets/d24106927.pdf>; GAO, “Improper Payments: Information on Agencies’ Fiscal Year 2024 Estimates,” March 11, 2025, <https://www.gao.gov/assets/gao-25-107753.pdf>.

¹³ DOD IG, “Army General Fund Adjustments Not Adequately Documented or Supported,” July 16, 2016, <https://media.defense.gov/2016/Jul/26/2001714261/-1/-1/1/DODIG-2016-113.pdf>.

Underscoring the importance of the DOD strengthening its budgeting practices is the fact that its budget will increase dramatically. The Trump administration requested \$848.3 billion for the DOD in FY 2026, and the One Big Beautiful Bill Act, signed into law by President Trump on July 4, 2025, included an additional \$150 billion.¹⁴ Should legislators follow suit on the DOD's budget request, the combined \$998.3 billion for national defense in FY 2026 would represent a 20.1 percent increase from the \$831 billion in FY 2024. Congress failed to pass any appropriations bills in FY 2025, instead funding the federal government through a continuing resolution, meaning the FY 2024 funding level applied to that year as well.

DOD officials have stressed patience with the audits, but this problem does not exist at any other federal agency. While the Internal Revenue Service is unlikely to allow private citizens to get away unpenalized with more than 30 years of financial ineptitude, legislators have been far more charitable to the Pentagon.

Procurement

The DOD's procurement system has not only been scrutinized by the GAO and the DOD IG, but also comprehensive non-governmental reports. The 1984 Grace Commission report under President Ronald Reagan included task force reports on procurement and the office of the secretary of defense.¹⁵ In 1986, again under President Reagan, the Packard Commission issued its report on defense management, including acquisition reform.¹⁶

The Pentagon's woeful track record in developing and purchasing new weapons systems can best be understood by analyzing individual cases, from the absurd \$437 hammer and \$640 toilet seat to far more costly but equally wasteful programs like the F-35 Joint Strike Fighter (JSF) and the Army's M10 Booker tank. The JSF shows how an unfavorable contract, ponderous procurement timeline, and premature purchasing of an incomplete product can fatally undermine the result. The M10 Booker illustrates how a lack of strategic thinking at the outset can result in a weapon system that does not fit the mission for which it was designed.

First Case Study: JSF

The fifth generation of military aircraft, which include the F-35 and the F-22, failed to provide a good return on investment for taxpayers. The F-22 was initially set to take nine years and \$12.6 billion to produce, but lasted 19 years and cost \$26.3 billion.¹⁷ The per unit cost increased by

¹⁴ Meghann Myers, "DOD's budget request finally drops, combining a real decrease with a one-time boost," *Defense One*, June 16, 2025, <https://www.defenseone.com/policy/2025/06/dods-budget-request-finally-drops-combining-real-decrease-one-time-boost/406345/>; Valerie Insinna, "Congress passes Trump's reconciliation megabill with \$150B for defense," *Breaking Defense*, July 3, 2025, <https://breakingdefense.com/2025/07/congress-passes-trumps-reconciliation-megabill-with-150b-for-defense/>.

¹⁵ President's Private Sector Survey on Cost Control, "Report on the Office of the Secretary of Defense," U.S. Government Printing Office, Spring-Fall 1983, [https://www.google.com/books/edition/Report_on_the_Office_of_the_Secretary_of/8oqGAAAAMAAJ?hl=en&gbpv=1&dq=inauthor:%22President%27s+Private+Sector+Survey+on+Cost+Control+\(U.S.\)%22&printsec=frontcover](https://www.google.com/books/edition/Report_on_the_Office_of_the_Secretary_of/8oqGAAAAMAAJ?hl=en&gbpv=1&dq=inauthor:%22President%27s+Private+Sector+Survey+on+Cost+Control+(U.S.)%22&printsec=frontcover).

¹⁶ "A Quest for Excellence," President's Blue Ribbon Commission on Defense Management, June 1986, <https://dair.nps.edu/bitstream/123456789/3705/1/SEC809-RL-86-0106.pdf>.

¹⁷ Ralph Vartabedian and W.J. Hennigan, "F-22 program produces few planes, soaring costs," *Los Angeles Times*, June 16, 2013, <https://www.latimes.com/business/la-fi-advanced-fighter-woes-20130616-dto-htmlstory.html>.

177 percent, from the initial estimate of \$149 million to \$412 million.¹⁸ By the time the plug was pulled in FY 2010, problems with the plane and a lack of a mission led the DOD to purchase 187 F-22s, or 563 fewer than the originally intended 750.¹⁹ With a readiness rate of 40.19 percent in FY 2024, the F-22 has proven to be a highly unreliable aircraft.²⁰ The DOD attempted to divest itself of 32 F-22s, but this move was blocked by the FY 2025 NDAA, one of many examples of wasteful spending caused by the parochial interests of members of Congress.²¹

But the foibles of the F-22 pale in comparison to the F-35, which is the most notorious example of what not to do as the Pentagon begins to invest in the sixth generation of aircraft.

As the standard bearer of the DOD's atrocious acquisition record, the JSF has been under continuous development since the contract was awarded in 2001. Total acquisition costs exceed \$442 billion, 89.7 percent greater than the initial estimate of \$233 billion, and according to an April 15, 2024, GAO report, total lifetime costs of the program will now exceed \$2 trillion, or 17.7 percent more than the previous \$1.7 trillion estimate in September 2023.²²

The JSF has been plagued by a staggering array of persistent issues, like those highlighted in the FY 2019 DOD Operational Test and Evaluation Annual Report, which revealed 873 unresolved deficiencies including 13 Category 1 items, involving the most serious flaws that could endanger crew and aircraft.²³ While that was less than the 917 unresolved deficiencies and 15 Category 1 items found in September 2018, the report stated that "although the program is working to fix deficiencies, new discoveries are still being made, resulting in only a minor decrease in the overall number of deficiencies."²⁴

The next big problem with the JSF came when Lockheed Martin, the JSF's prime contractor, struggled to deliver aircraft with improvements to displays, computers, and processing power known as Technology Refresh 3 (TR-3), which was meant to be ready in April 2023 at \$1 billion over budget.²⁵ A January 31, 2025, DOD Operation Test and Evaluation (OTE) report highlighted persistent struggles within the program, including "no improvement in meeting schedule and performance timelines for developing and testing software designed to address deficiencies and add new capabilities."²⁶

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ John A. Tirpak, "Air Force Mission Capable Rates Reach Lowest Levels in Years," *Air and Space Forces Magazine*, February 18, 2025, <https://www.airandspaceforces.com/air-force-mission-capable-rates-fiscal-2024/>.

²¹ Greg Hadley, "What's in the New NDAA: Pay Raises, No F-22 Divestments, and ...Beards?" *Air and Space Forces Magazine*, December 9, 2024, <https://www.airandspaceforces.com/new-2025-ndaa-junior-enlisted-pay-fighter-retirements/>.

²² GAO, "F-35 Sustainment: Costs Continue to Rise While Planned Use and Availability Have Decreased," April 15, 2024, <https://www.gao.gov/assets/d24106703.pdf>.

²³ DOD, Director, Operational Test and Evaluation, "FY 2019 Annual Report," December 20, 2019, <https://www.dote.osd.mil/Portals/97/pub/reports/FY2019/other/2019DOTEAnnualReport.pdf?ver=2020-01-30-115634-877>.

²⁴ Ibid.

²⁵ Audrey Decker, "F-35 tech problems, protracted negotiations hit Lockheed finances," *Defense One*, October 22, 2024, <https://www.defenseone.com/threats/2024/10/f-35-tech-problems-protracted-negotiations-hit-lockheed-finances/400455/>.

²⁶ DOD, Director, Operational Test and Evaluation, "FY 2024 Annual Report," January 2025, <https://www.dote.osd.mil/Portals/97/pub/reports/FY2024/other/2024Annual-Report.pdf?ver=WLFmx7nkeDHfuvtKyfGQ%3d%3d>.

The Pentagon began to refuse acceptance of new JSFs in July 2023 because of shortcomings in TR-3.²⁷ After the contractor released a “truncated” version of TR-3, which enabled the aircraft’s use in training, but not combat (which is the sole raison d’être for a fighter jet), the government accepted deliveries again beginning in July 2024.²⁸ However, the Pentagon is withholding payment of approximately \$5 million for each aircraft until TR-3 is completed.²⁹ The OTE stated that, because the JSF program office “has not adequately planned” for testing, “dedicated operational testing of these aircraft will not occur until mid to late FY26, approximately two years after the configuration began delivery to the field.”³⁰

In the meantime, the aircraft’s current software is not being fixed. According to the OTE report, the JSF program “cannot simultaneously work out solutions” to TR-2 while developing TR-3.³¹

The GAO has also reported at length on JSF program failures. According to the April 15, 2024, GAO report, “We have consistently found that the F-35 fleet is not meeting its availability goals, which are measured by mission capable rates (i.e., the percentage of time the aircraft can perform one of its tasked missions), despite increasing projected costs. No F-35 variant met its performance goals for mission capable rates from fiscal years 2019 through 2023.”³² An April 15, 2024, *Defense One* article reported a mission capable rate of 51.9 percent for the F-35A, 59.7 percent for the F-35B, and 61.9 percent for the F-35C.³³

Given its many troubles, the JSF has attracted the scorn of numerous defense officials and members of Congress. In February 2014, then-Under Secretary of Defense for Acquisition, Technology, and Logistics Frank Kendall referred to the purchase of the F-35 as “acquisition malpractice.”³⁴ The late Sen. John McCain (R-Ariz.), who was then chairman of the Senate Armed Services Committee, called the JSF program “both a scandal and a tragedy with respect to cost, schedule, and performance” on April 26, 2016.³⁵

However, the quote that best illustrates the cause of the JSF’s many struggles came from then-Air Force Secretary Deborah Lee James, who stated on July 24, 2015, “The biggest lesson I have learned from the F-35 is never again should we be flying an aircraft while we’re building it.”³⁶

The fatal decision to procure the JSF while it was under development led to delays and costs that are not usually associated with defense procurement. For example, when problems were

²⁷ Stephen Losey, “New F-35s can fly combat training as DOD holds millions for Lockheed,” *Defense News*, August 30, 2024, <https://www.defensenews.com/air/2024/08/30/new-f-35s-can-fly-combat-training-as-dod-holds-millions-from-lockheed/>.

²⁸ Ibid.

²⁹ Stephen Losey, “Lockheed feels financial pinch from F-35 upgrade, contract delays,” *Defense News*, October 22, 2024, https://www.defensenews.com/air/2024/10/22/lockheed-feels-financial-pinch-from-f-35-upgrade-contract-delays/?utm_source=sailthru&utm_medium=email&utm_campaign=dfn-dnr.

³⁰ Director, Operational Test and Evaluation, “FY 2024 Annual Report.”

³¹ Ibid.

³² GAO, “F-35 Sustainment: Costs Continue to Rise While Planned Use and Availability Have Decreased.”

³³ Audrey Decker, “The F-35 program is costing more and doing less, GAO says,” *Defense One*, April 15, 2024, <https://www.defenseone.com/business/2024/04/f-35-program-costing-more-and-doing-less-gao-says/395747/>.

³⁴ Andrea Drusch, “Fighter plane cost overruns detailed,” *Politico*, February 16, 2014, <https://www.politico.com/story/2014/02/f-35-fighter-plane-costs-103579>.

³⁵ Ryan Browne, “John McCain: F-35 is ‘a scandal and a tragedy,’” *CNN*, April 27, 2016, <https://www.cnn.com/2016/04/26/politics/f-35-delay-air-force/>.

³⁶ Richard Sisk, “Air Force Secretary Acknowledges Wide Range of Problems with F-35,” *Military*, July 28, 2015, <https://www.military.com/daily-news/2015/07/28/air-force-secretary-acknowledges-wide-range-problems-f35.html>.

identified, contractors needed to make changes to planes that were already assembled. Those modifications included updates to equipment and incorporating new technologies, resulting in an overly complex platform.

Clearly the cost, complexity, and length of development of fifth generation aircraft are unsustainable. As the DOD begins investing in the sixth generation with a \$3.5 billion request in FY 2026 for development of the F-47, a course correction is vital.³⁷

The Air Force intends to invest \$19.6 billion for F-47 research, development, test, and evaluation (RDT&E) over the next five years.³⁸ Former Air Force Secretary Frank Kendall has questioned whether the F-47 is affordable, noting that each of the aircraft will cost “more than twice the price” of one JSF, which costs an average of \$90 million.³⁹ Moreover, the Pentagon is set to spend \$28 billion by 2029 on RDT&E for the Combat Collaborative Aircraft (CCA), which are drones that will fly alongside fifth and sixth generation aircraft.⁴⁰

The potential is high for these ambitious projects to be plagued with the same issues as the F-35. The F-47 is intended to fly further and faster than the F-35, with a combat radius of 1,000 nautical miles, compared to 590 nautical miles for the F-22 and 670 nautical miles for the F-35A, and be capable of flying at Mach 2 (1,500 miles per hour), compared to the F-35A’s top speed of Mach 1.6 (1,200 miles per hour).⁴¹ It will also have a higher stealth rating than either the JSF or F-22.⁴² The DOD intends to buy 185 F-47s, around same number of F-22s it purchased.⁴³

The CCA drones also involve significant investment in new technology and will rely on unproven capabilities. The DOD plans to purchase between 1,000 and 2,000 CCAs, which will be able to fly more than 700 nautical miles (further than the F-22 and F-35), and have some stealth capabilities.⁴⁴ The intention of CCAs is to “soak up” enemy missiles, increasing the change of survival of any manned aircraft in an encounter, while adding increased firepower.⁴⁵ However, with a price point of between \$25 to \$30 million each, CCAs will cost far too much to

³⁷ “EXCLUSIVE: Pentagon’s RDT&E budget revealed – Which next-gen systems get a cash influx in FY26?,” *Breaking Defense*, June 9, 2025, <https://breakingdefense.com/2025/06/exclusive-pentagons-rdte-budget-revealed-which-next-gen-systems-get-a-cash-influx-in-fy26/>.

³⁸ John A. Tirpak, “USAF plans \$28.48 Billion over 5 Years to Develop New Advanced Fighters, Drone Escorts,” *Air and Space Forces Magazine*, March 16, 2024, <https://www.airandspaceforces.com/usaf-2025-ngad-cca-five-year-budget/>.

³⁹ Frank Kendall, “Did the Trump administration move too quickly to commit to the F-47?,” *Defense News*, April 9, 2025, <https://www.defensenews.com/opinion/2025/04/09/did-the-trump-administration-move-too-quickly-to-commit-to-the-f-47/>; John A. Tirpak, “Former Air Force Secretary Didn’t Include NGAD in his 2026 Budget Plan,” *Air and Space Forces Magazine*, March 31, 2025, <https://www.airandspaceforces.com/ngad-kendall-2026-budget/>.

⁴⁰ Patrick Tucker, “Defense Department budget request goes hard on AI, autonomy,” *Defense One*, July 1, 2025, <https://www.defenseone.com/technology/2025/07/defense-department-budget-request-goes-hard-ai-autonomy/406438/>.

⁴¹ Stephen Losey, “Air Force eyes longer range for F-47 as combat edge in Pacific theater,” *Defense News*, May 14, 2025, <https://www.defensenews.com/air/2025/05/14/air-force-eyes-longer-range-for-f-47-as-combat-edge-in-pacific-theater/>.

⁴² Audrey Decker, “F-47 will have 70% better combat radius than F-22, Air Force says,” *Defense One*, May 13, 2025, <https://www.defenseone.com/defense-systems/2025/05/f-47-will-almost-double-f-22s-combat-radius-air-force-says/405309/>.

⁴³ Ibid.

⁴⁴ John A. Tirpak, Unshin Lee Harpley, and Chris Gordon, “Anduril and General Atomics to Develop New Collaborative Combat Aircraft for the Air Force,” *Air and Space Forces Magazine*, April 24, 2024, <https://www.airandspaceforces.com/cca-contract-winners-to-be-announced-imminently/>.

⁴⁵ Douglas A. Birkley and Heather Penney, “It’s time to fully fund the Air Force’s collaborative combat aircraft,” *Air Force Times*, April 15, 2025, <https://www.airforcetimes.com/opinion/2025/04/15/its-time-to-fully-fund-the-air-forces-collaborative-combat-aircraft/>.

be treated as disposable munitions.⁴⁶ Other estimates project a lower cost of each CCA of “far less than \$20 million,” according to General Atomics, one of the contractors.⁴⁷

Given that both the F-47 and CCAs involve the development of new and unproven technology, there exists plenty of scope for delays and cost overruns. To avoid the mistakes of the fifth generation, the DOD should move more quickly through the development phase, and above all else, ensure that the technology of both programs have been thoroughly tested and in a matured state prior to shifting to acquisition.

Second Case Study: M10 Booker

The M10 Booker tank presents a second lesson for future Pentagon acquisition programs: The importance of critical thinking when projecting future needs.

In 2013, the Army envisioned a light tank to replace the retired M551 Sheridan, capable of supporting infantry by being airdropped from a C-130 or C-17, with two M10s fitting in each type of cargo plane. An April 27, 2025, *Defense One* article showed how the program spiraled out of control.⁴⁸

After it quickly became clear that the envisioned vehicle would not fit inside a C-130, the Army decided to change the rules for the procurement rather than fixing that problem. In 2015, the Army Requirements Oversight Council determined that the M10 Booker would not be required to fit inside a C-130 or airdropped at all.⁴⁹ Then, altered Air Force load restrictions meant that only one M10 could fit in a C-17.⁵⁰ At 42 tons, the M10 weighs 40 percent less than the 70-ton M1 Abrams (the Army’s main battle tank) but 162.5 percent more than the 16-ton M551 Sheridan.⁵¹

Indeed, the M10’s weight has proven problematic in more than one way. In 2018, the M10 was assigned to a variety of bases including Fort Campbell, which sits astride the Kentucky-Tennessee border. Unfortunately (and unbelievably), the M10 is too heavy to drive across eight of the 11 bridges at the base.⁵²

According to Senior Advisor for Science and Technology and the Chief Technology Officer (CTO) to the Chief of Staff of the U.S. Army Alexander Miller, the M10 should have been cancelled as soon it became clear it would never be easily airdropped. Miller said, “As soon as you remove the requirement for airdropability, you’re no longer actually helping infantry. You

⁴⁶ Audrey Decker, “Next wave of Air Force drone wingmen could be cheaper, official says,” *Defense One*, April 24, 2025, <https://www.defenseone.com/technology/2025/04/next-wave-air-force-drone-wingmen-could-be-cheaper-official-says/404833/>.

⁴⁷ Audrey Decker, “As CCAs make international debut, companies pitch European co-production,” *Defense One*, June 20, 2025, <https://www.defenseone.com/business/2025/06/ccas-make-international-debut-companies-pitch-european-co-production/406208/>.

⁴⁸ Meghann Myers, “The Army made a tank it doesn’t need and can’t use. Now it’s figuring out what to do with it,” *Defense One*, April 27, 2025, <https://www.defenseone.com/policy/2025/04/army-made-tank-it-doesnt-need-and-cant-use-now-its-figuring-out-what-do-it/404877/>.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Ibid.

are just as maneuverable as a main battle tank at that point, which means you are less maneuverable.”⁵³

The M10 is not only too heavy to be useful for the Army but also incorporates obsolete technology. The M10 was obliged to use the Single Channel Ground and Airborne Radio System (SINCARS), which was first incorporated by the Army in 1990. To replace SINCARS, the Army spent \$15 billion over 15 years on the Joint Tactical Radio System, only to cancel the program.⁵⁴

CTO Miller neatly summarized the M10 Booker mess in the *Defense One* article, stating, “So now you have a vehicle that is the best idea of 2013, that has the best technology limitations of 2013 – which are really technology limitations of 2000, because you’re trying to be backwards-compatible ... You’ve added boundary conditions that say you can’t expand. You can’t expand the capabilities because you can’t add autonomy. You can’t actually add digital technologies. And the process continues to move.”⁵⁵

On June 9, 2025, Army Secretary Daniel Driscoll summed up his service’s failed Booker experience, stating, “We, the Army as a customer, kind of helped create this Frankenstein that came to be.”⁵⁶ After having spent \$1 billion, the Army officially announced the end of the M10 Booker on June 11, 2025.⁵⁷ All existing tanks will be sent to storage, or the scrap heap.

Role of Congress

Pentagon planners are not always to blame for wasteful defense spending, as members of Congress routinely inject parochial politics into national security policy. These unhelpful decisions include earmarks for acquisition of additional planes and tanks that were not requested by the DOD and impeding the retirement of outdated platforms that the Pentagon wishes to divest.

The JSF’s many problems have not stopped legislators from exceeding the Pentagon’s budget request for the program. In FY 2024, the most recent year in which members of Congress passed the 12 appropriations bills that fund the federal government and thereby had the opportunity to include earmarks, legislators added \$282,353,000 to fund the purchase of three unrequested JSFs for the Air Force.⁵⁸ Since the JSF is still in development, additional funding through earmarks will likely be added to retrofit these JSFs. Since FY 2001, legislators have added 39 earmarks for the JSF program, costing \$12.4 billion.⁵⁹

⁵³ Ibid.

⁵⁴ Lauren C. Williams, “The Army’s dream of vastly simplified networking is starting to come true,” *Defense One*, October 18, 2024, <https://www.defenseone.com/defense-systems/2024/10/armys-dream-vastly-simplified-networking-starting-come-true/400365/>.

⁵⁵ Myers, “The Army made a tank it doesn’t need and can’t use. Now it’s figuring out what to do with it.”

⁵⁶ Jen Judson, “Dead on arrival: Army pulls the plug on M10 Booker light tank,” *Defense News*, June 12, 2025, <https://www.defensenews.com/land/2025/06/12/dead-on-arrival-army-pulls-plug-on-m10-booker-light-tank/>.

⁵⁷ Ibid.

⁵⁸ Citizens Against Government Waste, *2024 Congressional Pig Book Summary*, p. 14, https://www.cagw.org/sites/default/files/pdf/CAGW_PigBook_2024.pdf.

⁵⁹ Ibid, p. 15.

The wide distribution of F-35 supply lines across the country is no accident. According to a map showing the local economic impact of the JSF on Lockheed Martin’s website, the only state that does not have at least one supplier for the aircraft is Hawaii.⁶⁰ This gives all but four members of Congress more than enough incentive to keep greasing the wheels.

The M1 Abrams tank provides a second example of a parochial pet project that skews defense spending priorities. Over the objections of senior DOD officials, members of Congress have for many years provided funding for the M1 upgrade program, which converts M1s into the M1A2SEP variant, including \$518,000,000 for two earmarks in FY 2024.⁶¹ Although the tank plant is in Lima, Ohio, its suppliers are spread across the country, which helps to explain the widespread support. Past versions of the DOD bills, including in FYs 2016 and 2017, hinted at a parochial incentive for the program’s continuance: industrial base support.⁶² Jobs programs should never be disguised as national security priorities.

The continued funding for the program makes it worth revisiting why the Pentagon has long objected to finite resources being wasted on an unwanted project. On February 17, 2012, then-Army Chief of Staff General Raymond Odierno told the House Armed Services Committee that the U.S. possesses more than enough tanks to meet the country’s needs and “our tank fleet is in good shape.”⁶³

On September 6, 2023, the DOD announced that it intends to move on from the M1A2SEP, based in part on lessons learned in the fighting in Ukraine.⁶⁴ The funding would be redistributed to develop the M1E3.⁶⁵ The new tank will integrate technologies designed to increase survivability and maneuverability and likely be fielded beginning in the 2040s.⁶⁶

Since FY 1994, at least 13 members of Congress have added 47 earmarks for the M1 Abrams upgrade program, costing taxpayers \$3 billion.⁶⁷ Continuing to commit vast resources to an unnecessary program will inevitably make upgrading the Abrams in the manner the Pentagon prefers much more difficult.

Legislators have also prevented the Pentagon from trimming costs by blocking the retirement of old and outdated weapons systems, like seven Ticonderoga-class guided-missile cruisers. According to a December 17, 2024, GAO report, the Navy wasted \$1.84 billion, or 49.7 percent, of the \$3.7 billion spent since 2015 retrofitting the seven cruisers.⁶⁸

⁶⁰ F-35 Lightning II, “The Most Economically Significant Defense Program in History, Contributing Approximately \$72 Billion Annually,” *F35.com*, October 1, 2025, <https://www.f35.com/f35/about/economic-impact.html>.

⁶¹ 2024 *Congressional Pig Book Summary*, p. 13.

⁶² *Ibid.*

⁶³ Michael B. Kelley, “Congress Is Forcing the Army To Buy Tanks It Neither Needs Nor Wants,” *Business Insider*, October 10, 2012, <https://www.businessinsider.com/congress-forcing-the-army-to-make-tanks-2012-10>.

⁶⁴ Jen Judson, “US Army scraps tank upgrade, unveils modernization plan,” *Defense News*, September 6, 2023, <https://www.defensenews.com/land/2023/09/06/us-army-scraps-abrams-tank-upgrade-unveils-new-modernization-plan/>.

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*

⁶⁷ 2024 *Congressional Pig Book Summary*, p. 13.

⁶⁸ GAO, “Navy Ship Modernization: Poor Cruiser Outcomes Demonstrate Need for Better Planning and Quality Oversight in Future Efforts,” December 17, 2024, <https://www.gao.gov/products/gao-25-106749>.

While the GAO found that the DOD did not “effectively plan the cruiser effort,” including the elimination of quality assurance measures like inspections that would have exposed shoddy work by contractors, much of the blame can be laid at the feet of members of Congress.⁶⁹ According to the report, in 2012 the Navy decided that due to budget constraints, the best option was to retire the seven cruisers and redirect the money saved on newer technology.⁷⁰ Members of Congress disagreed, and GAO reported that they instead “provided funding to modernize these ships.”⁷¹ In response, the Navy planned to use a phased approach to modernization” that would upgrade the cruisers’ combat capability and extend service life by five years.⁷²

The Navy ended up spending \$1.84 billion to modernize four cruisers that were then divested before being redeployed.⁷³ Moreover, modernization will be completed for the three other ships, but that will not result in an extension of their useful service lives.

In addition to blocking the retirement of the Ticonderoga vessels, members of Congress have also extended the life of other old or underperforming weapons platforms, including the Littoral Combat Ship and A-10 Warthog. This parochial pork inflates costs in the near term and crowds out spending on higher mission critical priorities in the long term.

Solutions

The Pentagon’s procurement challenges can be addressed by extracting more value out of the contracts signed with private firms and increasing the pace at which new weapons systems are developed and produced. Members of Congress could contribute to the success of this effort by spending more time on oversight and less time on earmarks.

Acquisition Overhaul

Broadly speaking, the government has two options upon entering into agreements with companies: A fixed-price model, where a total compensation package is set and the contractor is on the hook for overruns, and a cost-plus model, where the government is responsible for additional costs incurred during development and production. While there should be a clear priority for fixed-price contracts, these are not a panacea. Studies including a September 2015 RAND Corporation report have noted that cost growth is consistent in both fixed-price and cost-plus deals.⁷⁴ The Pentagon would also be unlikely to allow a contractor to go out of business should a fixed-price deal jeopardize its financial health.

That said, taxpayers would benefit from the use of incentives, present in fixed-price deals, that are designed to control costs. Indeed, under a cost-plus model, contractors are incentivized to

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Laura Baldwin, Mark Lowell, and Obaid Younossi, “RAND Finds Little Hope Fixed Price Deals Control Costs,” *Breaking Defense*, September 16, 2015, <https://breakingdefense.com/2015/09/rand-finds-little-hope-fixed-price-deals-control-costs/>.

inflate costs.⁷⁵ Having been awarded a monopoly over building a new aircraft, for instance, the company is aware that the government is on the hook regardless of how long the project takes or how over budget it becomes. Once a contract is awarded no other firm can undercut the winner.

An additional benefit of fixed-price contracts is that they have the potential to produce far larger profits.⁷⁶ Cost-plus contracts typically limit profit margins to between 5 percent and 12 percent.⁷⁷ Fixed-price deals mean companies keep whatever money is left over after delivering the product.

The benefits of the fixed-price model can be seen by contrasting the F-35 and KC-46 Pegasus. Since the F-35 is a cost-plus agreement, taxpayers are on the hook for the \$442 billion in acquisition costs, 89.7 percent greater than the \$233 billion original estimate.

For the KC-46 Pegasus refueling tanker, Pentagon officials awarded a fixed-price contract to Boeing in 2011.⁷⁸ Because the KC-46 was built off the existing Boeing 767, the contract was thought to be low risk and therefore fitting for a fixed-price contract. However, hitches in development have caused Boeing to incur losses of more than \$7 billion on the delivery of 128 tankers, or 70 percent of the 179 the Air Force intends to purchase.⁷⁹ While the losses on the Pegasus deal are unfortunate for Boeing, the company's size makes it easier to absorb than it would be for a smaller operation. And in any event, it is preferable for the contractor to shoulder the burden of risk (and potential for significant profit), then for taxpayers to be on the hook.

Another approach that relies on open contracting is being considered by the Pentagon. The government would retain ownership of or be allowed to access the intellectual property (IP) used in the development of a new weapons system, which would allow the use of multiple contractors and potentially reduce costs.

A September 21, 2023, GAO report determined that the DOD's failure to negotiate access to the JSF's technical data severely hamstrung efforts to maintain aircraft, adding to costs, delaying fixes, and contributing to its woeful readiness rates.⁸⁰ The report noted that contractor-supplied JSF maintenance manuals for each part "are ambiguous and rarely are detailed enough for depot personnel to make the repair."⁸¹ Because of a lack of access to technical data, "depot personnel not only cannot fix the part, but they cannot learn and understand how to fix the part."⁸²

⁷⁵ Warren Katz, "The 'Cost Plus' boondoggle that hobbles US defense," October 10, 2024, <https://breakingdefense.com/2024/10/the-cost-plus-boondoggle-that-hobbles-us-defense/>.

⁷⁶ Stephen Losey, "'Cautionary Tale': How Boeing won a US Air Force program and lost \$7B," *Defense News*, January 9, 2024, <https://www.defensenews.com/industry/2024/01/09/cautionary-tale-how-boeing-won-a-us-air-force-program-and-lost-7b/>.

⁷⁷ Ibid.

⁷⁸ Marcus Weisgerber, "Boeing Losses on KC-46 Tanker Top \$7B," *Defense One*, April 26, 2023, <https://www.defenseone.com/business/2023/04/boeing-losses-building-kc-46-tanker-now-top-7-billion/385685/>.

⁷⁹ Audrey Decker, "There's a new problem with Boeing's KC-46 tanker," *Defense One*, July 30, 2024, <https://www.defenseone.com/business/2024/07/theres-new-problem-boeings-kc-46-tanker/398453/>.

⁸⁰ GAO, "F-35 Aircraft: DOD and the Military Services Need to Reassess the Future Sustainment Strategy," September 21, 2023, <https://www.gao.gov/assets/gao-23-105341.pdf>.

⁸¹ Ibid.

⁸² Ibid.

Moreover, support equipment used to make repairs at depots frequently breaks, but because it is proprietary, the DOD must rely on contractors for fixes, which can take months.⁸³ According to the GAO, “Since so much of the technical data used to maintain the aircraft is proprietary and unavailable to the military services, trainers in the military services cannot develop effective training programs for maintainers.”⁸⁴

Other problems exist with software maintenance. Lockheed Martin and its subcontractors wrote more than eight million lines of code for the JSF and handle all ongoing management. The government has long wished to reduce costs by taking control of code sustainment, like it has with other aircraft, but it cannot do so since there is no access to the source code.

All of this adds up to a “a perpetual monopoly,” according to former Air Force Secretary Kendall.⁸⁵ In addition to increased costs, the government has been beholden to the contractor’s timeframe and capacity in fixing the many problems encountered during development.

The Pentagon has changed its approach for the development of the F-47. During a May 20, 2025, Senate Armed Services Committee hearing, Air Force Chief of Staff David Allvin stated, “the primary difference is that we now have more control over the [F-47] project as it moves forward . . . We have in-sourced more. We have more ownership of the tech base. We guided a government reference architecture, so we own the mission systems. And so others can come in and play, but we own the development, the upgrade.”⁸⁶ According to Allvin, this will expedite future aircraft enhancements, which will arrive “at the speed of software, not hardware. [Upgrades] can come at the speed of our engineers understanding how fast to advance, versus dealing with the contractor and paying the extra cost.”⁸⁷

Former Air Force Secretary Kendall has stated that the F-47 will have a “modular open system,” allowing alternative contractors to work on the aircraft, or “bring in new suppliers as it upgrades parts of the system.”⁸⁸ While the default position for acquisition officials should be to allow companies to retain IP rights for products they are developing for use by government, the Pentagon may continue to control the IP in systems like fighter jets that do not have applications in the private sector. This should help keep contractors accountable and ensure that some of the issues that plagued the JSF are not repeated in the future.

The Need for Speed

The DOD appears to have grasped the need for a much more proactive procurement process. It is taking steps to achieve this in other areas, including software acquisition. President Trump’s April 19, 2025, Executive Order (EO) 14265 directed the DOD to “rapidly reform our antiquated defense acquisition processes with an emphasis on speed, flexibility, and execution,” including a

⁸³ Stephen Losey, “GAO blasts contractor-led F-35 maintenance as costly, slow,” *Defense News*, September 22, 2023, <https://www.defensenews.com/air/2023/09/22/gao-blasts-contractor-led-f-35-maintenance-as-costly-slow/>.

⁸⁴ GAO, “F-35 Aircraft: DOD and the Military Services Need to Reassess the Future Sustainment Strategy.”

⁸⁵ Losey, “GAO blasts contractor-led F-35 maintenance as costly, slow.”

⁸⁶ Stephen Losey, “Allvin: Air Force owns more tech on F-47, dodging F-35 mistake,” *Defense News*, May 22, 2025, <https://www.defensenews.com/air/2025/05/22/allvin-air-force-owns-more-tech-on-f-47-dodging-f-35-mistake/>.

⁸⁷ Ibid.

⁸⁸ Ibid.

preference for “commercial solutions,” or those products and services that already exist in the private sector.⁸⁹ This shift will enable the DOD to rapidly plug in commercially available products as opposed to building duplicative systems, which are costly, lengthy, and wasteful.

The EO also directed the DOD to “promote expedited and streamlined acquisitions.”⁹⁰ It ordered a review of internal regulations that impede faster procurement and directed the secretary of defense to make changes to implementation guides, manuals, and regulations where necessary.

According to an April 11, 2025, *Defense One* article, the Navy’s Program Executive Office for Digital Services is already moving to improve acquisition through a pilot project that uses artificial intelligence (AI) rather than staff to review proposals and information requests for conflicts of interest and classified material.⁹¹ Instead of creating its own AI system, the Navy plugged in an existing commercial product. When asked how much using AI would save, an official stated, “It depends on the scale of how big those teams are. ... But if you’re taking a manual process, this is someone’s 40-hour work week for 52 weeks a year, and this is turning into a process that can be done in like 30 seconds.”⁹²

Of course, the need for the Pentagon to move faster and rely more heavily on existing private-sector products is nothing new. Former DOD secretaries including Donald Rumsfeld, Robert Gates, and Ash Carter all emphasized such a shift during their time at the helm. Defense Secretary Pete Hegseth’s March 6, 2025, memo signaled his intent to follow in the footsteps of his predecessors.⁹³ The memo directs the DOD to adopt the Software Acquisition Pathway, which prioritizes the purchase of existing commercial technology as opposed to funding the development of redundant in-house software.

However, talking about the problem is easy and implementation will be far trickier. The DOD’s move from multi-decade procurement timelines to acquisition in the space of months will require a significant cultural shift. Its woeful track record underscores the need for such a change. As Commander of the U.S. Indo-Pacific Command Admiral Samuel Paparo stated at the February 13, 2025, Honolulu Defense Forum, “We’ve got to do some innovation by subtraction, removing bureaucratic obstacles within our system that impedes our progress – every unnecessary review, every duplicative process that damages our readiness.”⁹⁴ He added that the Pentagon needs, “procurement at the speed of combat, not at the speed of committees.”⁹⁵

⁸⁹ Executive Office of the President, “Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base,” *FederalRegister.gov*, April 9, 2025, <https://www.federalregister.gov/documents/2025/04/15/2025-06461/modernizing-defense-acquisitions-and-spurring-innovation-in-the-defense-industrial-base>.

⁹⁰ Ibid.

⁹¹ Patrick Tucker and Jennifer Hlad, “Long-sought goal of better Pentagon buying may finally be within reach,” *Defense One*, April 11, 2025, <https://www.defenseone.com/business/2025/04/long-sought-goal-better-pentagon-buying-may-finally-be-within-reach/404483/>.

⁹² Ibid.

⁹³ Pete Hegseth, “Directing Modern Software Acquisition to Maximize Lethality,” DOD, March 6, 2025, <https://media.defense.gov/2025/Mar/07/2003662943/-1/-1/1/DIRECTING-MODERN-SOFTWARE-ACQUISITION-TO-MAXIMIZE-LETHALITY.PDF>.

⁹⁴ Admiral Samuel J. Paparo, “Honolulu Defense Forum Keynote Address,” DOD, February 13, 2025, https://drive.google.com/file/d/15UGcA86A_kNzzamdLah6fkr8vbLmYaGK/view.

⁹⁵ Ibid.

Drones are a good example of where the DOD has found itself operating well behind the pace of modern conflict. The war in Ukraine has produced a remarkably swift tempo of drone advancements. Seeking to overcome jamming that render the small aircraft inoperable, both sides have developed countermeasures including fiber optic spools that connect drones directly to operators, and AI technology that enables a drone to autonomously engage a target.⁹⁶ The furious pace of offensive and defensive drone advancements means technology is being iterated upon in the space of weeks, as opposed to the years it typically takes the DOD to develop new platforms.

Sensing this paradigm shift, the DOD requested FY 2026 funding for development of drone swarms using AI targeting software, which, according to a March 6, 2025, Center for Strategic and International Studies report, improves by three to four times the success rate of drone strikes.⁹⁷ Defense Secretary Pete Hegseth's July 10, 2025, memo called for every squad in the U.S. military to be equipped with cheap expendable drones, stating that drones, "resemble munitions more than high-end airplanes," so they should be categorized as consumables.⁹⁸ The designation of drones as munitions as opposed to aircraft will help facilitate procurement in large numbers.

The rapid pace of drone advancements renders the typical prolonged DOD development path unworkable. Instead of engaging with one company over multiple decades to develop drone technology, as it has in the past, the DOD must adapt to a much faster timescale, regularly looking to the private sector for the latest technology, and updating its arsenal continuously.

Conclusion

To meet the security challenges of the coming decades, the Pentagon must improve its return on taxpayers' investment. Thus far, the Pentagon's fiscal ineptitude and money burning procurement disasters have been rewarded by ever-increasing budgets from members of Congress, despite requirements in numerous defense bills for clean audits to be produced. The financial deficiencies that have plagued the DOD have been identified ad nauseum, but it is evident that these problems will continue until members of Congress hold the DOD to a much higher standard of accountability and transparency.

On the acquisition front, poorly constructed contracts, ponderous timelines, purchasing weapons systems before they have fully developed, and a lack of strategic thinking have caused many of the Pentagon's projects to go off the rails. Multi-decade long development timelines are ominously out of step with the pace of how wars are now being fought. The DOD must strive to move more rapidly through the procurement process, look first to the private sector, and institute safeguards in future contracts to prevent them from spiraling out of control.

⁹⁶ Daniel Boffey, "Killing machines: how Russia and Ukraine's race to perfect deadly pilotless drones could harm us all," *The Guardian*, June 25, 2025, <https://www.theguardian.com/world/2025/jun/25/ukraine-russia-autonomous-drones-ai>.

⁹⁷ Tucker, "Defense Department budget request goes hard on AI, autonomy;" Kateryna Bondar, "Ukraine's Future Vision and Current Capabilities for Waging AI-Enabled Autonomous Warfare," *Center for Strategic and International Studies*, March 6, 2025, <https://www.csis.org/analysis/ukraines-future-vision-and-current-capabilities-waging-ai-enabled-autonomous-warfare>.

⁹⁸ Jeff Schogol, "How far does the US military have to go to catch up on drones?" *Task and Purpose*, August 4, 2025, <https://taskandpurpose.com/news/us-military-behind-on-drone-warfare/>.

Pentagon planners and legislators alike have blithely accepted the current standard at the DOD for far too long. Unless the Pentagon undergoes serious procurement reform, the department will become a liability rather than a guarantor of national security. Policymakers must demand a faster, more agile acquisition process – one that prioritizes speed, leverages proven commercial technologies, and curbs the waste and delays that have plagued defense procurement programs. Sustainable defense readiness will depend not on expanding budgets, but on enacting smart, accountable policies that align procurement practices with the pace of modern conflict.