

Holland & Knight Defense Situation Report: June 2025

A monthly roundup of defense policy news

Welcome back to Holland & Knight's monthly defense news update. We are pleased to bring you the latest in defense policy, regulatory updates, and other significant developments. If you would like additional information on anything in this report, please reach out to the authors or members of Holland & Knight's [National Security & Defense Industry Sector Group](#).

LEGISLATIVE UPDATES

Reconciliation Update

President Donald Trump on July 4, 2025, signed the [One Big Beautiful Bill Act](#) into law. This legislation is the product of months of negotiations between the White House and congressional Republicans. Structured as a budget reconciliation package to bypass traditional filibuster rules, the bill consolidates policy priorities from various authorizing committees of the House and Senate into a single, sweeping legislative framework.

The U.S. Armed Services Committees' portion of the reconciliation legislation provides significant funding increases for strategic capability areas within the U.S. Department of Defense (DOD) and National Nuclear Security Administration (NNSA). It includes more than \$150 billion in funding, divided across 11 major sections focused on enhancing military capabilities, strengthening the defense industrial base, improving military readiness, enhancing deterrence against near-peer competitors and supporting quality of life for service members and their families. Should Congress pass a full-year funding bill for fiscal year (FY) 2026, the additional investment included in the Armed Services Committee's portion of the reconciliation bill would put the total DOD budget for FY 2026 over \$1 trillion for the first time in history.

The defense portion of the reconciliation bill addresses critical capability gaps identified by the Trump Administration, military leadership and members of Congress. It includes significant investment across multiple domains, with particular emphasis on shipbuilding, supply chain resilience, low-cost weapons and munitions production, DOD cybersecurity, nuclear modernization, Indo-Pacific Command capabilities and readiness initiatives. The legislation also provides an initial investment in the president's Golden Dome initiative, which is a comprehensive layered missile defense architecture.

The Act provides substantial resources to accelerate development and production of key weapons systems, modernize aging infrastructure, invest in emerging technologies – such as hypersonics, autonomous systems and artificial intelligence (AI) – and support defense innovation to ensure the U.S. maintains its military technological edge. Several sections include significant industrial base investments aimed at expanding capacity and addressing supply chain vulnerabilities, particularly for critical minerals and other urgent operational needs identified by the DOD's Industrial Base Fund. In its FY 2026 budget submission, the Trump Administration assumed that approximately \$119 billion of the national defense resources provided in this legislation would be spent in FY 2026.

Additional information on the comprehensive package is provided in a [previous Holland & Knight alert](#).

Appropriations Update

On June 12, 2025, the full House Appropriations Committee approved its [FY 2026 Defense Appropriations Act](#), totaling \$831.5 billion in DOD discretionary defense spending, which is essentially flat compared to the FY 2025 enacted level. House Defense Appropriations Subcommittee Chairman Ken Calvert (R-Calif.) noted that when combining Congress' defense funding, including in the aforementioned reconciliation bill, the FY 2026 defense budget will exceed \$1 trillion for the first time – a "historic commitment" to strengthening the military. The House bill falls roughly \$10 billion short of the administration's topline request, which requested [\\$842 billion in base discretionary funding](#) for the DOD.

The topline figure of \$831.5 billion in DOD discretionary funding through the House appropriations bill is spread across several functions, including Military Personnel (\$189 billion), Operations and Maintenance (\$283 billion), Procurement (\$174 billion), and Research, Development, Testing, and Evaluation (\$147 billion), with the remainder appropriated to various DOD programs and administrative costs.

At a program level, this appropriations bill demonstrates robust support for advanced capabilities. For example, \$8.5 billion is allocated for the procurement of 69 F-35 combat aircraft, while \$4.2 billion is allocated for the Research, Development, Test, and Evaluation of 6th Generation aircraft for both the U.S. Air Force's F-47 and U.S. Navy's FA-XX. Further, it fully funds modernization of the nuclear triad programs – such as the B-21 Raider stealth bomber, Columbia-class ballistic missile submarines and new Sentinel intercontinental ballistic missile to replace the Minuteman III.

The bill also emphasizes unmanned and autonomous systems across all domains, from aerial drones to uncrewed naval vessels, as well as Counter-UAS capabilities. In the space and missile defense arena, House appropriators allotted about \$13 billion for missile defense and space programs, in part to augment the Pentagon's nascent Golden Dome homeland missile shield effort. Hypersonic weapons development received more than \$2.6 billion in funding.

Notably, the bill seeks to reverse the military's recent "divest-to-invest" approach by preventing the retirement of legacy systems such as certain F-15 fighters and U-2 spy planes, while still investing in next-generation platforms. It also continues to prioritize innovation, providing a combined \$1.3 billion for the Defense Innovation Unit (DIU), rapid prototyping fund (APFIT) and new Office of Strategic Capital.

The House defense appropriations bill will next move to the House floor beginning the week of July 14, 2025, where further amendments and debate will occur. Across the Capitol, the U.S. Senate Committee on Appropriations is currently drafting its version of the defense spending bill. Senate appropriators, including Chair Susan Collins (R-Maine), have indicated they share many of the House's broad goals but will have to reconcile the base budget constraints with any additional funds from reconciliation. Anticipate the Senate to mark up its defense appropriations bill after reviewing the final scope of the reconciliation funding.

NDAA Updates

With the reconciliation legislation signed into law by the president, members of the House Armed Services Committee (HASC) and Senate Armed Services Committee (SASC) are turning their attention to the FY 2026 National Defense Authorization Act (NDAA). Beginning on July 7, 2025, the SASC commenced meeting in closed session to mark up the NDAA. Though the SASC markups are closed to

the public and generally become publicly available only days before full Senate floor consideration, Chairman Roger Wicker (R-Miss.) and Ranking Member Jack Reed (D-R.I.) released an [executive summary](#) of their version. Of note is that the SASC included a topline funding of \$924.7 billion, which is \$31 billion more than the president's budget request. The topline for the DOD is \$878 billion.

The HASC began marking up its version on July 14, 2025, in open settings. The HASC [Chairman's Mark](#) of the FY 2026 NDAA was released on July 6, 2025, and the following subcommittee prints are below:

- [Subcommittee on Cyber, Information Technologies, and Innovation Subcommittee on Intelligence and Special Operations](#)
- [Subcommittee on Military Personnel](#)
- [Subcommittee on Readiness](#)
- [Subcommittee on Seapower and Projection Forces](#)
- [Subcommittee on Strategic Forces](#)
- [Subcommittee on Tactical Air and Land Forces](#)

The basis for the FY 2026 NDAA will be defense acquisition reform. At the center of this policy debate will be the [Streamlining Procurement for Effective Execution and Delivery \(SPEED\) Act](#) announced on June 9, 2025, by HASC Chairman Mike Rogers (R-Ala.) and Ranking Member Adam Smith (D-Wash.) to restructure, streamline and modernize the DOD's acquisition system. In the Senate, the basis for the beginning point on defense acquisition reform is the [Fostering Reform and Government Efficiency in Defense \(FoRGED\) Act](#), which was introduced last Congress by SASC Chairman Wicker.

Another major debate and theme within the FY 2026 NDAA will be on President Trump's Golden Dome initiative. On June 24, 2025, Sens. Dan Sullivan (R-Alaska) and Kevin Cramer (R-N.D.) and Rep. Mark Messmer (R-Ind.) – members of the HASC and SASC – introduced the [Ground and Orbital Launched Defeat of Emergent Nuclear Destruction and Other Missile Engagements \(GOLDEN DOME\) Act](#) to shape layered homeland missile defense in alignment with the president's January 2025 [executive order](#).

In addition to these more specific modernization priorities, improving service member quality of life remains a constant focus of both committees. As such, anticipate seeing significant debate on increasing military pay, particularly for junior enlisted, as well as raising housing allowances and improving housing options for service members.

HASC and SASC Business

By mid-June, the HASC completed its slate of posture and budget hearings in preparation for the FY 2026 NDAA. On June 4, 2025, U.S. Army leadership [testified](#) before the committee on its posture, followed by Air Force leadership the day after. Additionally, the full committee examined [U.S. Military Posture in the Greater Middle East and Africa](#), as well as the [Department of the Navy's posture](#), before [questioning DOD leadership](#) on the FY 2026 Budget Request.

In the Senate, [Army](#), [Navy](#) and [DOD](#) leadership testified in regard to the FY 2026 NDAA. Additionally, on June 24, 2025, [nominations](#) were considered for Commander, U.S. Central Command, and Commander, U.S. European Command/Supreme Allied Commander, Europe. Several [additional nominations](#) were considered later that week, including Under Secretary of the Navy, Assistant Secretary of Defense for Critical Technologies, Assistant Secretary of the Army for Manpower and

Reserve Affairs, Assistant Secretary of the Army for Acquisition, Logistics, and Technology, and Assistant Secretary of the Army for Installations, Energy, and Environment.

EXECUTIVE AND DEPARTMENTAL UPDATES

Pentagon Submits UPLs for Services and Combatant Commands

The DOD's FY 2026 Unfunded Priorities Lists (UPLs), submitted by the Army, Navy, U.S. Marine Corps, Air Force, U.S. Space Force and U.S. National Guard, reflect a sharpened focus on strategic deterrence and operational readiness amid sustained global tensions. Congress has typically responded well to UPLs, which generally include additional items that have not been given the amount of attention deserved in an official president's budget request. These are typically items that are seen as equivalent to a service's mission and readiness to ensure the nation's security. The practice of senior military leaders providing a UPL was initiated by Congress first as a request in the 1990s. In the FY 2017 NDAA, Congress required a UPL via statute in 10 U.S.C. 222a. Though the UPLs have not yet been publicly released, early reports indicate several key areas of investment. Across Services and Combatant Commands, munitions production remains a top concern, as well as investment in various emerging technologies to include AI and strategic communications networks. Of particular interest to the Army, Marine Corps and U.S. Indo-Pacific Command (INDOPACOM) was the procurement of multidomain unmanned platforms. Aircraft procurement and modernization also represented high-dollar line items for the Air Force, Navy, National Guard, U.S. Central Command (CENTCOM) and U.S. Strategic Command (STRATCOM).

The reported topline of each service's UPL is highlighted below:

- The Army's request totals \$4.3 billion.
- The Navy's request totals \$7.4 billion.
- The Marine Corps' request totals \$2.8 billion.
- The Air Force's request totals \$10 billion.
- The Space Force's request totals \$6 billion.
- The National Guard's request totals \$2.4 billion.

The reported topline of each Combatant Command's UPL is highlighted below:

- INDOPACOM's request totals \$12 billion.
- CENTCOM's request totals \$732 million.
- STRATCOM's request totals \$322.5 million.
- U.S. Southern Command's (SOUTHCOM) request totals \$60 million.
- U.S. Northern Command's (NORTHCOM) request totals \$35 million.

Department of the Navy Announces Tech Priorities

On June 17, 2025, the Department of the Navy's acting Chief Technology Officer (CTO) Justin M. Fanelli [issued a memorandum](#) outlining five Priority Technology Areas (PTAs) to drive Navy modernization. The memo emphasizes the need to "accelerate the adoption of game-changing commercial technology" so the Navy can outpace adversaries, with the ultimate goal of getting "modern capabilities in the hands of the warfighter faster."

The PTAs identified are:

- **AI/Autonomy.** leveraging AI for decision advantage and human-machine teaming
- **Quantum.** Secure communications, advanced computing and sensing, and Transport/Connectivity (resilient networking and next-generation 5G/FutureG communications)
- **C5ISR/Naval Space.** Improved command, control, intelligence and space-based capabilities
- **Cyberspace Operations/Zero Trust.** Strengthened cybersecurity and zero-trust networking

The CTO highlights throughout the memo that priorities are not mutually exclusive – many technologies overlap – but they mark the critical categories of need that the Navy will focus on to maintain its operational edge. The memo aligns the Navy's tech focus with broader DOD goals, especially echoing the Pentagon's critical tech lists and Office of Naval Research strategy. Externally, the publication of these PTAs is intended to explicitly signal to industry partners where to concentrate innovation efforts in support of Navy missions.

Adm. Daryl Caudle Nominated for CNO

On June 17, 2025, President Trump [notified the Senate](#) of his nomination of Adm. Daryl Caudle to serve as the next Chief of Naval Operations (CNO). The current Vice CNO, Adm. James Kilby, has been serving as acting CNO since February 2025.

Adm. Caudle currently serves as the commander of U.S. Fleet Forces Command, U.S. Naval Forces Strategic Command and U.S. Strategic Command Joint Force Maritime Component in Norfolk, Virginia. He previously led Naval Submarine Forces, Naval Submarine Force Atlantic and Allied Submarine Command.

In a [2023 address](#) to the Surface Navy Association Symposium, Adm. Caudle spoke on defense supply chain challenges, expressing, "I'm not as forgiving of the defense industrial base, I'm just not ... I'm not forgiving of the fact you're not delivering the ordnance we need. We're talking about warfighting, national security, and going against a competitor here, and a potential adversary that is like nothing we've ever seen. It's so essential to winning. And in my position, and for the people in the room in uniform, that's all that matters, and I can't do that without the ordnance. That's how we actually win."

Adm. Caudle's nomination has been referred to the SASC. A hearing date is not yet set.

Senior Defense and National Security Officials Confirmed by Senate

Several significant defense and national security leadership positions were filled in June as the Senate confirmed President Trump's nominees.

On June 3, 2025, the Senate [voted 51-46](#) to confirm Michael Duffey as Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)), the Pentagon's top acquisition and sustainment official. Sworn in on June 5, 2025, Duffey now oversees the DOD's vast procurement and industrial base enterprise, with a mandate to modernize how the military buys and maintains its equipment. A former Deputy Chief of Staff to the Defense Secretary, Duffey has emphasized that "future conflicts will be won on the factory floor as much as on the field of battle," underscoring the need to bolster U.S. defense production capacity.

Also on June 3, the Senate voted 72-26 to confirm Dale Marks as Assistant Secretary of Defense for Energy, Installations, and Environment. In this role, Assistant Secretary Marks will lead the DOD's sprawling network of bases and infrastructure, including energy resilience initiatives and environmental cleanup efforts, such as addressing per- and polyfluoroalkyl substances (PFAS) contamination. His confirmation comes as the Pentagon ramps up work on base energy projects and climate resilience in support of military readiness.

On June 24, 2025, the Senate [confirmed](#) Daniel Zimmerman to serve as Assistant Secretary of Defense for International Security Affairs. A 16-year CIA veteran, Zimmerman will be the principal advisor on defense policy for Europe, the Middle East, Africa and the Western Hemisphere. This is a critical Pentagon policy post responsible for managing security cooperation with allies, overseeing defense aspects of international agreements and shaping regional defense strategies. With his intelligence background and experience on the Abraham Accords, Zimmerman is expected to strengthen defense partnerships and address threats ranging from NATO's eastern flank to counterterrorism in the Middle East.

DIU Solicitations

As of this publication, DIU has one new solicitation listed. The solicitation, [Project G.I.](#), seeks "ready-now" uncrewed systems (UxS) solutions to enhance the speed and lethality for small, dispersed targeting-strike cells operating under Denied, Disrupted, Intermittent, and Low-Bandwidth (DDIL) conditions. Solutions should fundamentally improve how tactical formations sense, decide and strike, independent of consistent communication or extensive logistical support. Phase 1 responses were due by July 10, 2025.

CONTACTS



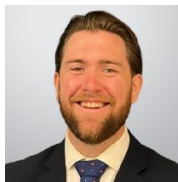
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