

Holland & Knight Defense Situation Report: December 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

NDAAs Updates

President Donald Trump on December 18, 2025, signed into law the fiscal year (FY) 2026 National Defense Authorization Act (NDAA). It was passed by wide bipartisan margins in both the U.S. House of Representatives and U.S. Senate by votes of 312-112 and 77-20, respectively.

The law authorizes \$900.6 billion for the U.S. Department of War (DOW), nuclear security programs at the U.S. Department of Energy (DOE) and related national security activities, roughly \$8 billion above the presidential budget request. Spanning more than 3,000 pages, the legislation shapes procurement priorities and strengthens the defense industrial base.

The final agreement between the House and Senate Armed Services Committees (HASC, SASC) strikes a balance between the Senate's \$925.8 billion proposal, which was \$33.2 billion higher than the presidential budget request, and the House's \$892.6 billion measure, which largely tracked the administration's request. Signing this bill into law marks the 65th consecutive annual authorization and underscores one of the last enduring bipartisan efforts in Washington.

The theme and basis for the FY 2026 NDAA was defense acquisition reform. At the center of this policy debate was the Streamlining Procurement for Effective Execution and Delivery (SPEED) Act, announced on June 9, 2025, by HASC Chair Mike Rogers (R-Ala.) and Ranking Member Adam Smith (D-Wash.) to restructure, streamline and modernize the DOW's acquisition system. In the Senate, the basis for the beginning point on defense acquisition reform was the Fostering Reform and Government Efficiency in Defense (FoRGED) Act, which was introduced in December 2024 by SASC Chair Roger Wicker (R-Miss.).

Tied to defense acquisition reform were other notable themes reflecting the current state of the U.S. armed forces and defense industry's technological innovations, including emerging technologies, drone and counter-drone legislation, shipbuilding and maritime reform, munitions production and modernization, defense industrial base investments and major weapons programs, including Golden Dome and hypersonics.

In addition to these more specific modernization priorities, improving service member quality of life remained a constant focus of the HASC and SASC and is reflected in the final bill. As such, the bill touched on all quality-of-life programs, including healthcare, military pay, housing and transition assistance.

Notable provisions were also omitted – namely, reauthorization of the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, which are used by many in the defense industry.

For a full review and analysis of the bill, which includes specific provisions and impact to industry, please see Holland & Knight's alert, "[FY 2026 National Defense Authorization Act: A Comprehensive Holland & Knight Analysis](#)," December 22, 2025.

Appropriations Updates

The defense bill remains one of nine FY 2026 appropriations bills awaiting passage. The U.S. Congress previously passed a three-bill package of full appropriations bills, along with the November 2025 continuing resolution (CR) of FY 2025 funding. These are the Agriculture, Military Construction & Veterans Affairs (MilConVA), and Legislative Branch bills.

The two chambers have opposing views on how to proceed with the remaining nine bills, with the Senate opting for a five-bill "minibus" comprising the Defense, Labor-HHS, Interior, Transportation-HUD, and Commerce-Justice-Science bills. The House would prefer to save Defense and Labor-HHS, the two largest and most contentious bills, for a second minibuss package in January 2026 to avoid unnecessarily delaying the other spending bills.

On December 20, 2025, House and Senate Appropriations Chairs Rep. Tom Cole (R-Okla.) and Sen. Susan Collins (R-Maine) [announced](#) that they had reached an agreement on the remaining funding allocations. Though this is a critical step forward for the appropriations process, it was not bipartisan, and the topline has not been released to the public.

Appropriators will have until January 31, 2026, when the current CR expires. If lawmakers are unable to pass full-year appropriations bills before the CR expires, they will have to pass another short-term CR.

Senate Confirmations and Nominations

On December 18, 2025, the Senate [passed](#) an en bloc package of 97 nominations by a partisan vote of 52-47. The package included several DOW and military services nominations, including:

- James Mazol, Deputy Under Secretary of Defense for Research and Engineering
- Michael Powers, Deputy Under Secretary of Defense, Comptroller
- Kirsten Davies, Chief Information Officer, DOW
- Amy Henninger, Director of Operational Test and Evaluation, DOW
- Derrick Anderson, Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict
- Robert Kadlec, Assistant Secretary of Defense for Nuclear Deterrence, Chemical, and Biological Defense Policy and Programs
- Marc Berkowitz, Assistant Secretary of Defense for Space Policy
- Joseph Jewell, Assistant Secretary of Defense for Science and Technology
- John Noh, Assistant Secretary of Defense for Indo-Pacific Security Affairs
- James Caggy, Assistant Secretary of the Defense for Mission Capabilities (new position)
- Timothy Dill, Assistant Secretary of Defense for Manpower and Reserve Affairs
- Maurice Todd, Assistant Secretary of Defense for Readiness
- Michael Payne, Director of Cost Assessment and Program Evaluation, DOW

- Platte Moring, Inspector General, DOW
- Michael Borders, Assistant Secretary of the Air Force for Energy, Installations, and Environment
- William Lane III, General Counsel of the U.S. Department of the Air Force
- Charles Young III, General Counsel of the U.S. Department of the Army
- Benjamin Kohlmann, Assistant Secretary of the U.S. Navy for Manpower and Reserve Affairs
- David Denton, Jr., General Counsel of the Navy
- Brendan Rogers, Assistant Secretary of the Navy for Energy, Installations and Environment
- David Beck, Deputy Administrator for Defense Programs, National Nuclear Security Administration

Also on December 18, by unanimous consent, the Senate agreed to the nomination of Adm. Kevin Lunday to be commandant of the U.S. Coast Guard, the branch's highest-ranking member.

There are five remaining DOW nominees awaiting confirmation, including Keith Bass to be Assistant Secretary of Defense for Health Affairs. Mr. Bass' confirmation is proceeding as a stand-alone vote, with Senate consideration commencing on January 5, 2026.

Additionally, the Pentagon nominated U.S. Indo-Pacific Command Deputy Commander Lt. Gen. Joshua Rudd to lead both the U.S. Cyber Command (USCYBERCOM) and National Security Agency. The nomination was referred to the SASC and Senate Select Committee on Intelligence (SSCI) for review. USCYBERCOM is one of the 11 unified combatant commands and unifies the direction of cyberspace operations, strengthens the DOW's cyberspace capabilities and integrates and bolsters its cyber expertise.

EXECUTIVE AND DEPARTMENTAL UPDATES

White House Releases National Security Strategy

On December 4, 2025, the White House released its [National Security Strategy](#) (NSS), signaling a decisive shift in U.S. foreign policy and military posture of the U.S., emphasizing the safeguarding of core national interests through strength and economic leverage at home. The NSS also prioritizes deterring adversaries, particularly China, by reinforcing military capabilities, reshoring critical supply chains and conditioning alliances on greater burden-sharing. The NSS underscores that U.S. engagement will focus on protecting prosperity and security, including maintaining freedom of navigation in key sea lanes, securing access to strategic minerals and ensuring technological leadership in areas such as artificial intelligence, quantum computing and biotechnology.

Regionally, the NSS calls for stability in the Western Hemisphere to curb mass migration and illicit activity while avoiding prolonged military entanglements in the Middle East. It also stresses preserving European security alongside preventing hostile powers from undermining U.S. primacy in energy-rich regions. To achieve these objectives, the administration pledges to strengthen military readiness and pursue transactional partnerships that advance American economic and security interests.

Secretary Hegseth Previews Forthcoming National Defense Strategy

On December 6, 2025, DOW Secretary Hegseth gave a [speech](#) at the 2025 Reagan National Defense Forum in Simi Valley, California, previewing the DOW's forthcoming National Defense Strategy (NDS). The NSS sets the president's overarching vision for national security, defining threats, priorities and

goals, while the NDS translates the NSS into military objectives and guidance for the DOW to achieve those goals, focusing on force structure, modernization and operations to implement the broader national vision.

Secretary Hegseth outlined the four focused Lines of Effort (LOE) for the DOW, which will be outlined in the NDS and previewed in the NSS: defending the U.S. homeland, deterring China, leveling burden-sharing with allies and growing the defense industrial base. An integral part of the fourth LOE requires transforming the acquisition system to enable quicker fielding of capabilities, which requires greater industry competition and new entrants, particularly in the dual-use and commercial space, according to Secretary Hegseth.

New Navy Battleship Announced

On December 22, 2025, President Trump and Navy Secretary John Phelan announced their intent to construct a [new class of Navy surface battleships](#). The new class, which will replace a plan to develop another class of the DDG destroyer, is currently in the design phase and will produce ships weighing approximately 30,000 tons to 40,000 tons each. The first ship, named the USS Defiant (BBG 1), is projected to be operational in the early 2030s. Secretary Phelan said the new class will focus on firepower, much like that of the Iowa class, which was built in the 1940s and retired by the turn of the century. President Trump said the ships will equip nuclear-armed sea-launched cruise missiles (SLCM-N), hypersonic weapons, electronic rail guns and laser-based weaponry.

The battleship will be acquired using a Navy-led, industry-collaborative design team approach to accelerate design and construction and supported by more than 1,000 suppliers in nearly every state. The Navy will continue to build and employ DDG 51 and develop FF(X)-class frigates as a combatant, growing the fleet through a more intentional high/low mix of capability and platforms.

First Round of FY 2026 APFIT Projects Surpass \$1 Billion in Procurement Funding

On December 22, 2025, the DOW [announced](#) the first round of FY 2026 awards totaling more than \$1 billion under the Accelerate the Procurement and Fielding of Innovative Technologies (APFIT) program. The APFIT program began in FY 2022 and was created to provide procurement funding for cutting-edge technology that has surpassed the development phase and is ready to transition to operational use by the warfighter. Project awards range from \$10 million to \$50 million and are given primarily to defense startups that qualify as small businesses. In the DOW's announcement, Under Secretary of War for Research and Engineering (R&E) Emil Michael commented that "Crossing the billion-dollar threshold underscores APFIT's commitment to America's small business innovators." The average award in the funding round was \$30 million per project. Some of the projects selected include:

- Augmented Maneuver Vehicle for Satellites, \$48.5 million, U.S. Space Force
- Autonomous Unmanned Ground Vehicle (UGV) for Ground Based Air Defense (GBAD), \$20 million, U.S. Marine Corps
- Domestic High Performance UAS Batteries, \$28 million, Navy
- High Frequency Intercept Direction Finding and Exploitation (HIDES), \$21.66 million, Army
- Trolling Uncrewed Navigation Assistant (TUNA) Seeker, \$35 million, Marine Corps

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