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Budgeting for defense means supporting warfighters in real time



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The [Section 809 Panel](#) recently published its [final volume](#) of recommendations to reform defense acquisition so that it better supports the Department of Defense (DOD) in achieving its primary mission: delivering capability to the warfighter inside the decision cycle of our adversaries. Several of these 59 recommendations suggest changes that can reduce dysfunction and inefficiencies in the way DOD manages its budget. One of these recommendations is to allow portfolio management officials to more easily move money to where it is most needed in the short term, without jumping through an excessive number of bureaucratic hoops.

The financial relationship between DOD and Congress is complicated and can be contentious. As House Armed Services Committee Chairman [Adam Smith \(D-Wash.\)](#) notes, DOD's justifications for budget requests sometimes can seem less like informed predictions and more like a guessing game: "I always joke that [in] the hearings, we have somebody from the Pentagon or somebody from a think tank comes in, scares the hell out of us by saying there's this huge massive threat. ... [These warnings are] all part of an effort to get us to spend a massive amount of money on any one of a thousand different things."

Smith's skepticism indicates a complicated reality: While many threats facing the nation are knowable, no one can predict the timing or manifestation of any single challenge requiring a funded defense capability. Acknowledging this unpredictability as a defining characteristic of the 21st century, and designing an acquisition system around it, is the first step to better defending the nation.

The culture of defense acquisition needs to change to enable and expect more real-time decision making about how capabilities are developed, funded and deployed. In the current system, years can elapse in the time it takes strategic planners to determine future needs and for funding to be directed to a government contract.

In theory, this lengthy period allows time for DOD to review and coordinate its roughly \$700 billion annual budget, both internally and with Congress and the White House. In practice, however, the process falsely assumes that inherently unpredictable defense needs can be anticipated accurately years in advance. Josh Marcuse, executive director of the Defense Innovation Board, recently has characterized such protracted defense acquisition practices as leading to "[risk displacement](#)" that "shifts risk to the war fighter" instead of ensuring the risk reduction they are designed to support.

The current resource allocation process, in general, can work adequately for procuring large weapons systems, partly because of the relatively static structure of the defense industrial base. By relying on giant contracts and codependent relationships with large traditional defense contractors, the military almost always can ensure that there will be skilled labor at the ready to tackle unanticipated problems.

Although this solution can provide support for unpredictable needs, it does not provide transparency into how exactly that support is acquired or funded. It also offers certainty and precision instead of adaptability and innovation. This approach runs counter to the priorities of the [2018 National Defense Strategy](#), which concludes that DOD is wrongly "over-optimized for exceptional performance at the expense of providing timely decisions, policies, and capabilities to the warfighter."

Fortunately, a mechanism exists to respond to changing capability needs, and it works by empowering people to manage money at the working level. Reprogramming is the act of moving funds from one intended purpose to another.

Some reprogramming actions move funding within appropriation accounts and below certain thresholds; these are relatively fast and streamlined. In other cases, reprogramming moves funding across congressionally enacted appropriation accounts. These transfers require advance approval from military comptrollers, the DOD comptroller, and the congressional defense committees. This process generally takes several months.

Congress and DOD should maximize reprogramming flexibility and flow down decision authority to the working levels of the acquisition system, following these three strategies:

- Flow down reprogramming decision authority as much as possible to the working levels of the acquisition system, e.g., program executive officers, who manage portfolios of multiple programs;
- Speed up the process of prior-approval reprogramming as much as possible. Reduce to a minimum the number of “middlemen” between program management offices and congressional committees; and
- Increase acquisition thresholds below which DOD can reprogram within appropriation accounts. The thresholds, adjusted for inflation, are much lower than they were in the 1960s when the modern budgeting process was established.

Expanded reprogramming flexibility, by default, must be paired with an equivalent expansion of transparency. In recent years, DOD has released [detailed data on below-threshold reprogramming](#) to Congress and the public. These datasets are released after decisions have been made, avoiding the problematic scenario in which program officials must wait months for approval. The level of detail in the data promotes good governance, public confidence and congressional-executive trust.

If the military intends to [develop solutions at the speed of relevance](#), it must ensure that working-level individuals have the ability to quickly reallocate resources as needed. Real life will not wait for either a three-year budget cycle or the multi-year acquisition cycle that follows it. Better communication and accountability can transform the culture of defense acquisition and the relationship between legislative and executive into one that is more collaborative, effective and agile.

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