



Center for
Government Contracting
School of Business

Pathways to Defense Budget Reform

May 11, 2022

Traditional Budgeting (Prior to FY 1952)

Appropriation

Line-itemization

ORDNANCE SERVICE AND SUPPLIES, ARMY		Amount in act	Proposed amendment	Total request
BY ACTIVITY				
110	Maintenance of mobilization facilities and industrial mobilization planning.....	\$71,990,000	0	\$71,990,000
120	Procurement of ammunition.....	38,385,000	0	38,385,000
131	Procurement of artillery.....	103,302,000	0	103,302,000
132	Procurement of small arms.....	2,370,000	0	2,370,000
133	Procurement of tanks and combat vehicles.....	37,225,000	0	37,225,000
134	Procurement of other motor vehicles.....	63,992,000	\$10,000,000	73,992,000
135	Procurement of liaison aircraft.....	2,000,000	0	2,000,000
410	Preservation of ordnance matériel.....	192,984,000	0	192,984,000
420	Preservation of ammunition.....	28,544,000	0	28,544,000
430	Current expenses of the ordnance department.....	67,847,000	0	67,847,000
435	Maintenance of liaison aircraft.....	2,193,000	0	2,193,000
510	Ordnance military training.....	1,168,000	0	1,168,000
610	Research and development.....	48,000,000	0	48,000,000
Total obligations.....		660,000,000	10,000,000	670,000,000
Adjustments: Applied to contract authorization.....		70,000,000	0	70,000,000
Total.....		730,000,000	10,000,000	740,000,000
BY OBJECT				
01	Personal services.....	132,317,701	0	132,317,701
02	Travel.....	1,072,546	0	1,072,546
03	Transportation of things.....	3,697,712	0	3,697,712
05	Rents and utility services.....	691,000	0	691,000
06	Printing and binding.....	54,900	0	54,900
07	Other contractual services.....	44,057,145	0	44,057,145
08	Supplies and materials.....	185,112,188	0	185,112,188
09	Equipment.....	292,996,808	10,000,000	302,996,808
Total obligations.....		660,000,000	10,000,000	670,000,000
Adjustments: Applied to contract authorization.....		70,000,000	0	70,000,000
Total.....		730,000,000	10,000,000	740,000,000

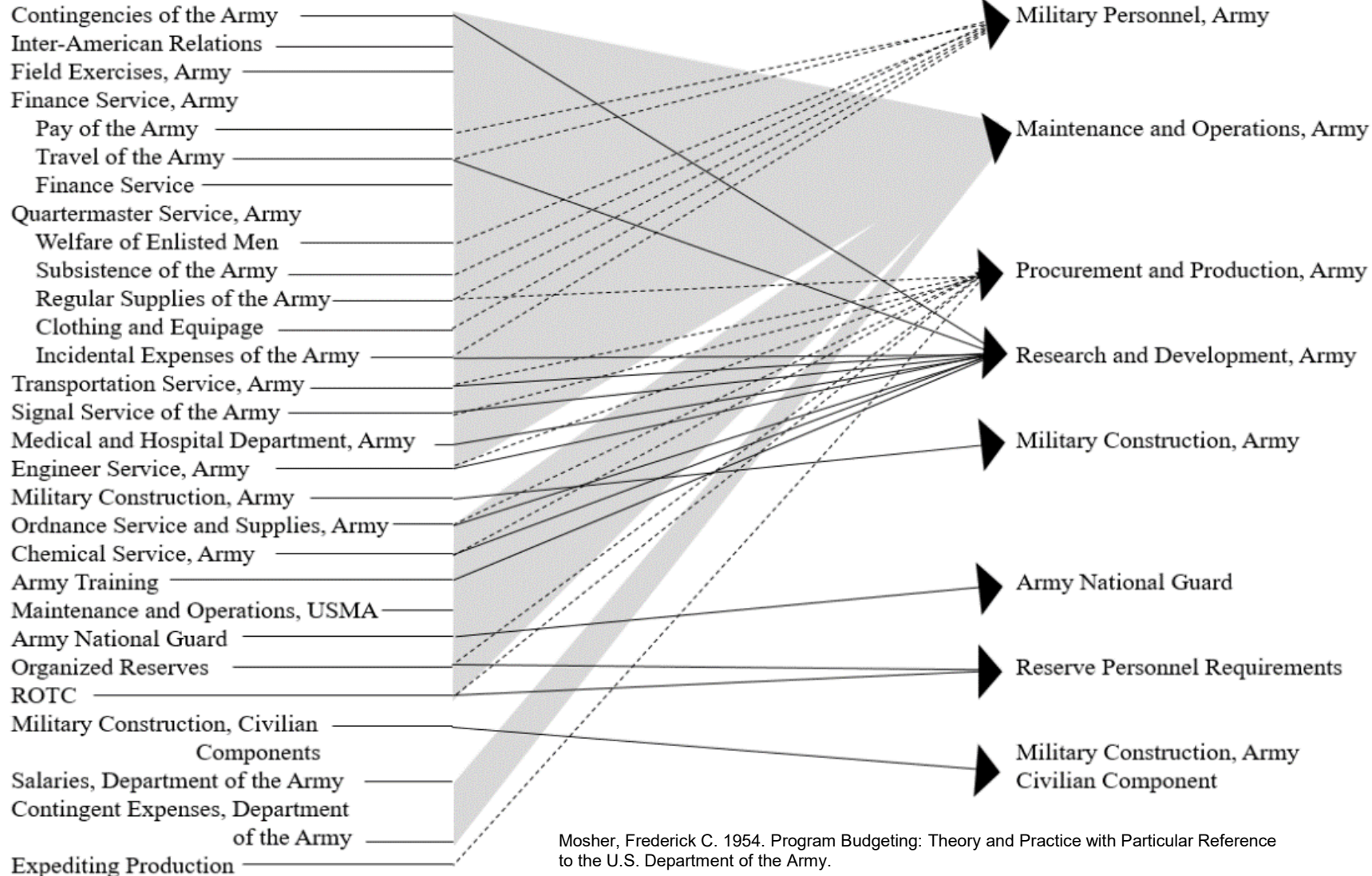
Wide latitude in program choice and execution flexibility delegated to commands, bureaus, and technical services

NATIONAL MILITARY ESTABLISHMENT APPROPRIATION BILL FOR 1950 HEARINGS BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE EIGHTY-FIRST CONGRESS FIRST SESSION ON H. R. 4146.

Performance Budgeting, FY 1952

Army Organizational Approps.

Army Performance Approps.



Appropriations reorganized, but services retained substantial discretion in weapons acquisition

Mosher, Frederick C. 1954. Program Budgeting: Theory and Practice with Particular Reference to the U.S. Department of the Army.

Army Budget Presentation, FY 1956

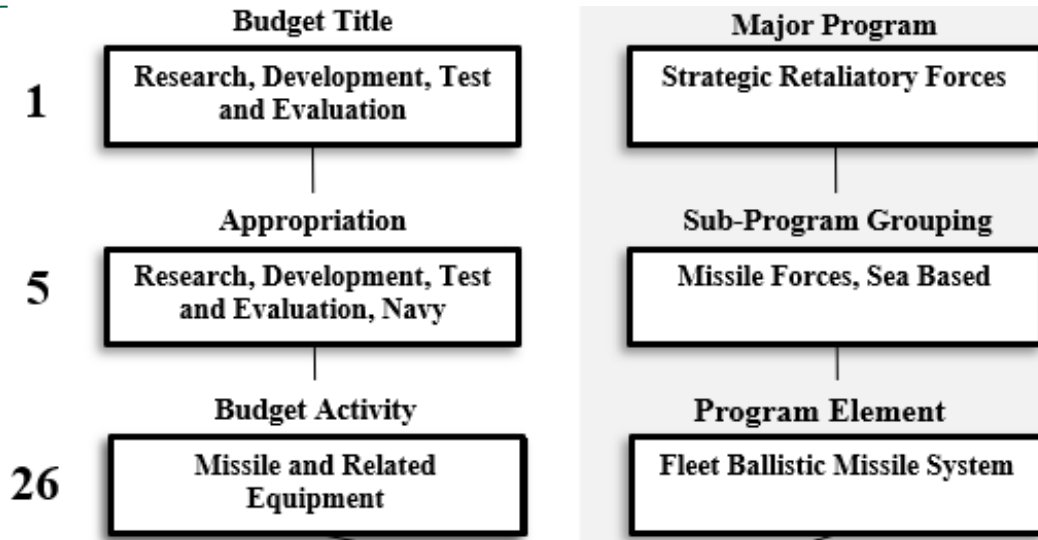
New obligational authority by major budget category, fiscal year 1956 with 5-year com

[Millions of dollars]

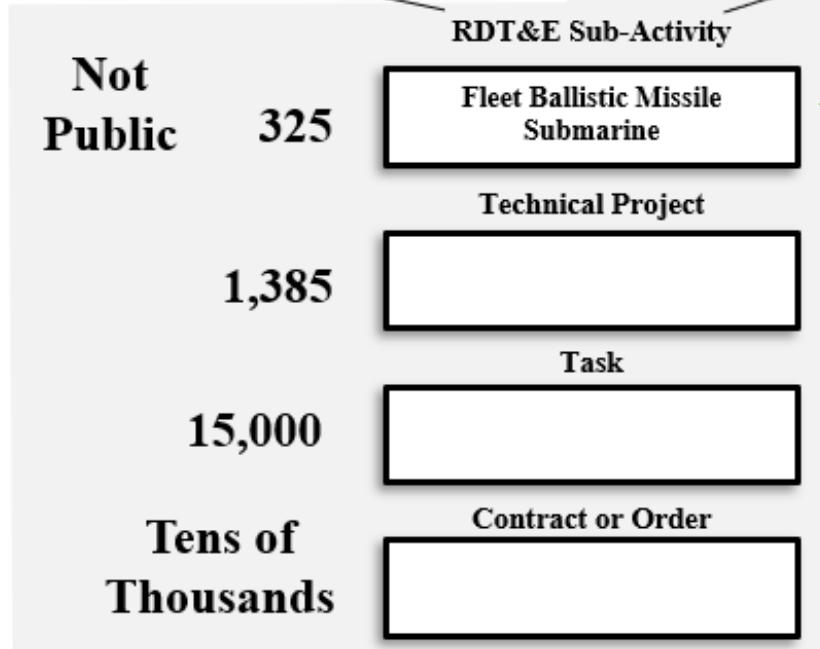
Budget category	Fiscal year 1956, President's budget		Fiscal year 1955		Fiscal year 1954		Fiscal year 1953	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Total Department of Defense.....	32,860	100	29,583	100	34,474	100	47,041	100
I. Military personnel costs.....	9,784	30	10,540	36	11,259	33	11,916	25
II. Operations and maintenance.....	9,000	27	8,366	28	9,648	28	9,908	21
III. Major procurement and production.....	9,524	29	7,126	24	10,432	30	19,956	43
(a) Aircraft.....	(6,064)		(4,398)		(4,470)		(13,346)	
(b) Ships and harbor craft.....	(1,317)		(1,150)		(782)		(675)	
(c) Combat vehicles.....	(30)		(25)		(101)		(246)	
(d) Support vehicles.....	(45)		(23)		(94)		(163)	
(c) Artillery.....	(1)		(9)		(47)		(13)	
(f) Weapons.....	(24)		(21)		(70)		(58)	
(g) Ammunition.....	(433)		(462)		(2,790)		(2,850)	
(h) Guided missiles.....	(923)		(345)		(748)		(896)	
(i) Electronics and communications.....	(370)		(414)		(448)		(668)	
(j) Production equipment and facilities.....	(184)		(62)		(642)		(619)	
(k) Other major procurement and production.....	(132)		(216)		(239)		(423)	

Budget Structure vs. Program Structure, FY 1963

Traditional Format Submitted to Congress



Layers of controls added, but Congress largely ignored program structure



Control of Reprogramming

DEPARTMENT OF DEFENSE
 APPROPRIATIONS FOR 1964, HEARINGS
 BEFORE THE SUBCOMMITTEE OF THE
 COMMITTEE ON APPROPRIATIONS
 UNITED STATES SENATE, EIGHTY-
 EIGHTH CONGRESS, FIRST SESSION, ON
 H.R. 7179, MAKING APPROPRIATIONS
 FOR THE DEPARTMENT OF DEFENSE
 FOR THE FISCAL YEAR ENDING JUNE
 30, 1966, AND FOR OTHER PURPOSES.

Program Element Structure in President's Budget, FY 1972

1. MILITARY SCIENCES (continued)

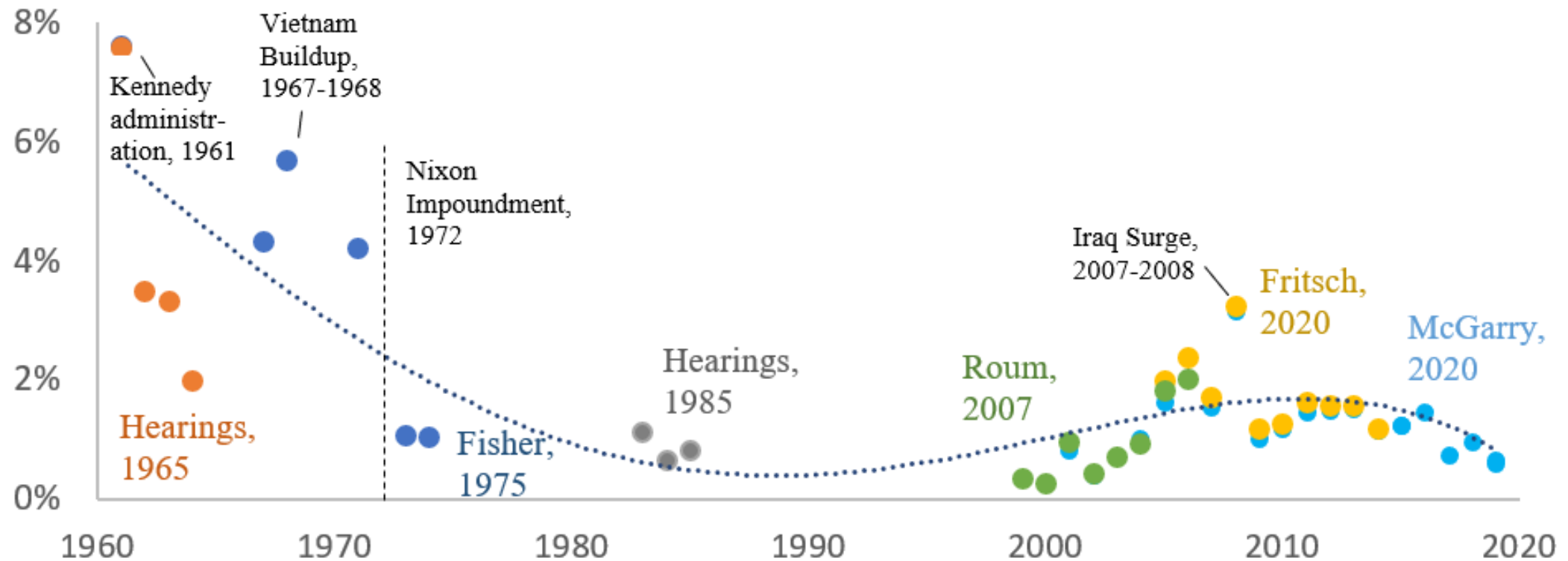
(\$ IN THOUSANDS)

<u>ELEMENT CODE</u>	<u>PROJECT NUMBER</u>	<u>TITLE</u>	<u>FY 1970 ACTUAL</u>	<u>FY 1971 ESTIMATE</u>	<u>FY 1972 ESTIMATE</u>
6.2	<u>EXPLORATORY DEVELOPMENT, ARMY</u> (continued)				
RDT&E Budget Activity					
6.21.01.A	<u>INFORMATION PROCESSING</u> (continued)				
Program Element	A726	Engineer Data Storage and Retrieval	418	308	---
	A727	Chemical Information and Data System	349	335	---
	A728	Technical Information Support Activities	240	250	---
	A729	Symposia and Conferences	182	167	---
	A730	Information and Data Exchange Experimental Activities	152	250	---
Projects	A754	Intelligence Information Processing	---	---	160
	A960	Automatic Data Processing System Future Armies	255	400	500

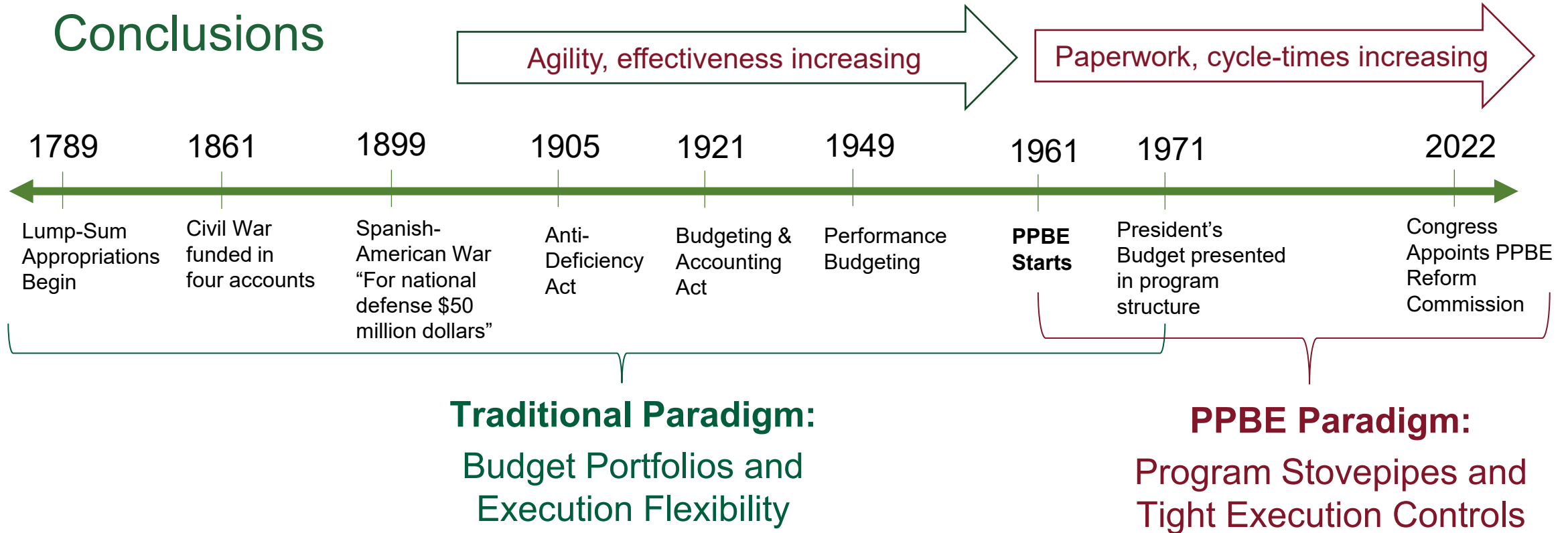
Congress begins using PPBE as the primary policy lever

The Other Side of Budget Flexibility: Reprogramming

Above Threshold Reprogramming as a Percent of the Defense Budget



Conclusions



Budget portfolios and execution flexibility **IS CONSISTENT** with the United States tradition of liberal democracy and Congressional power of the purse

- Military plans and budgets **CAN BE** successfully related through a variety of budgetary and non-budgetary means
- Portfolios depend on **VALUE-DRIVEN** methods of reporting and oversight that focuses on outcomes and individual responsibility