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PPBE in Comparative Organizations: Case Studies of Selected Allied and Partner Nations

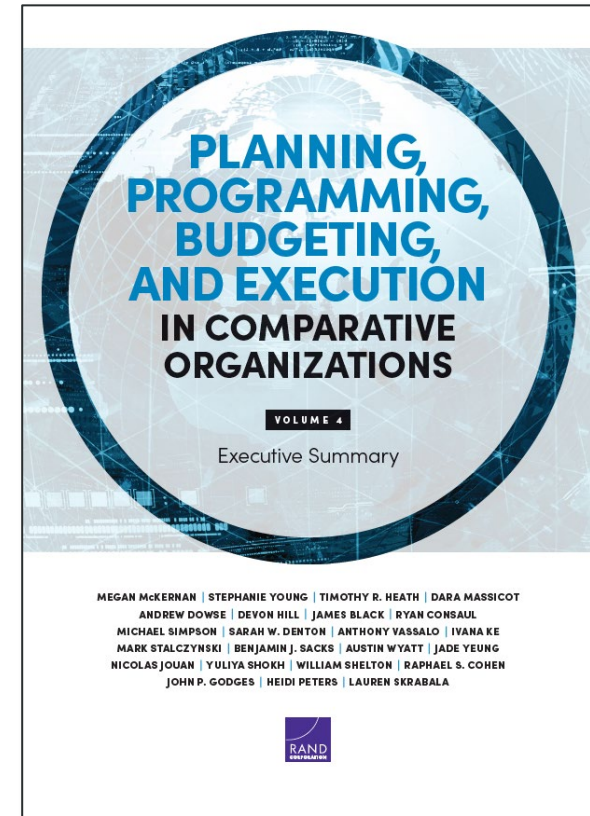
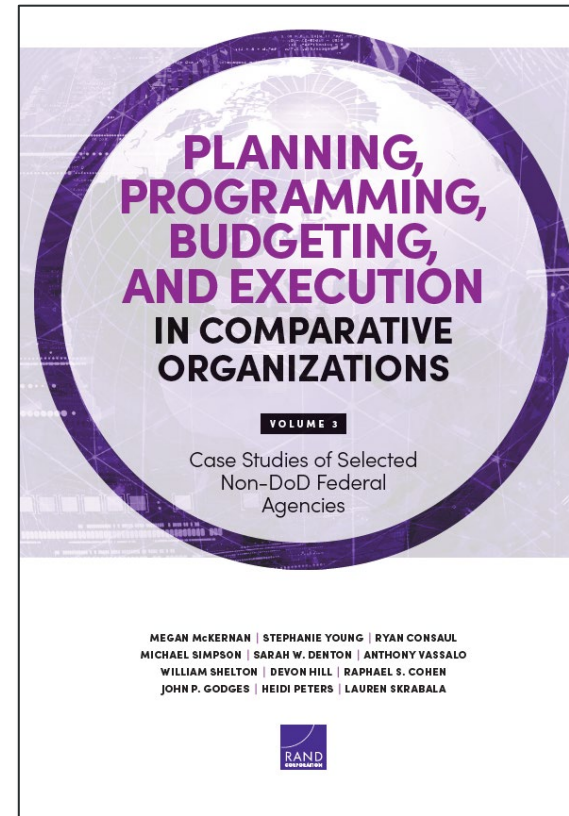
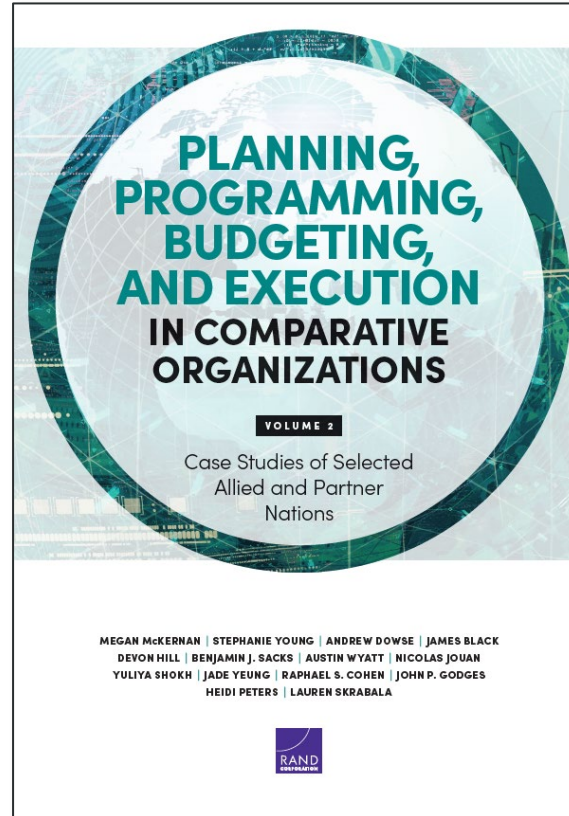
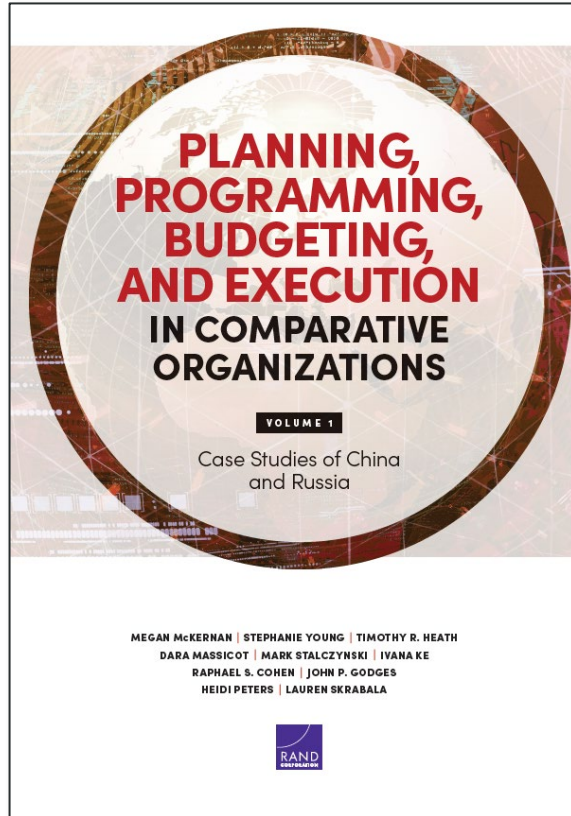
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PPBE in Comparative Organizations: Case Studies

- **Objective:** Conduct case studies of comparative organizations to support Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform
- **Sponsor of Research:** Commission on PPBE Reform
- **Background:** Commission was established by the FY 2022 NDAA to
 - examine the effectiveness of the PPBE process and adjacent DoD practices, particularly with respect to facilitating defense modernization;
 - consider potential alternatives to maximize DoD's ability to respond to potential threats; and
 - make legislative and policy recommendations for process improvements with the aim of fielding the operational capabilities necessary to outpace near-peer competitors and supporting an integrated budget that is aligned with strategic defense objectives

RAND's Input to the PPBE Commission



Phase 1 includes 9 case studies of comparative organizations in 4 volumes (published)

Phase 2 includes 7 additional case studies of comparative organizations in 3 additional volumes (forthcoming)

PPBE Reform Commission integrated results from these studies into their Interim and Final reports

RAND analysis for the PPBE Commission is located at: <https://www.rand.org/nsrd/projects/PPBE-reform.html>

Overview: Methodology

Used RAND-wide diverse interdisciplinary team, drawing on colleagues from RAND U.S., RAND Europe, and RAND Australia with direct experience in selected case studies

Built and used a case study template and interview protocol based on Commission guidance

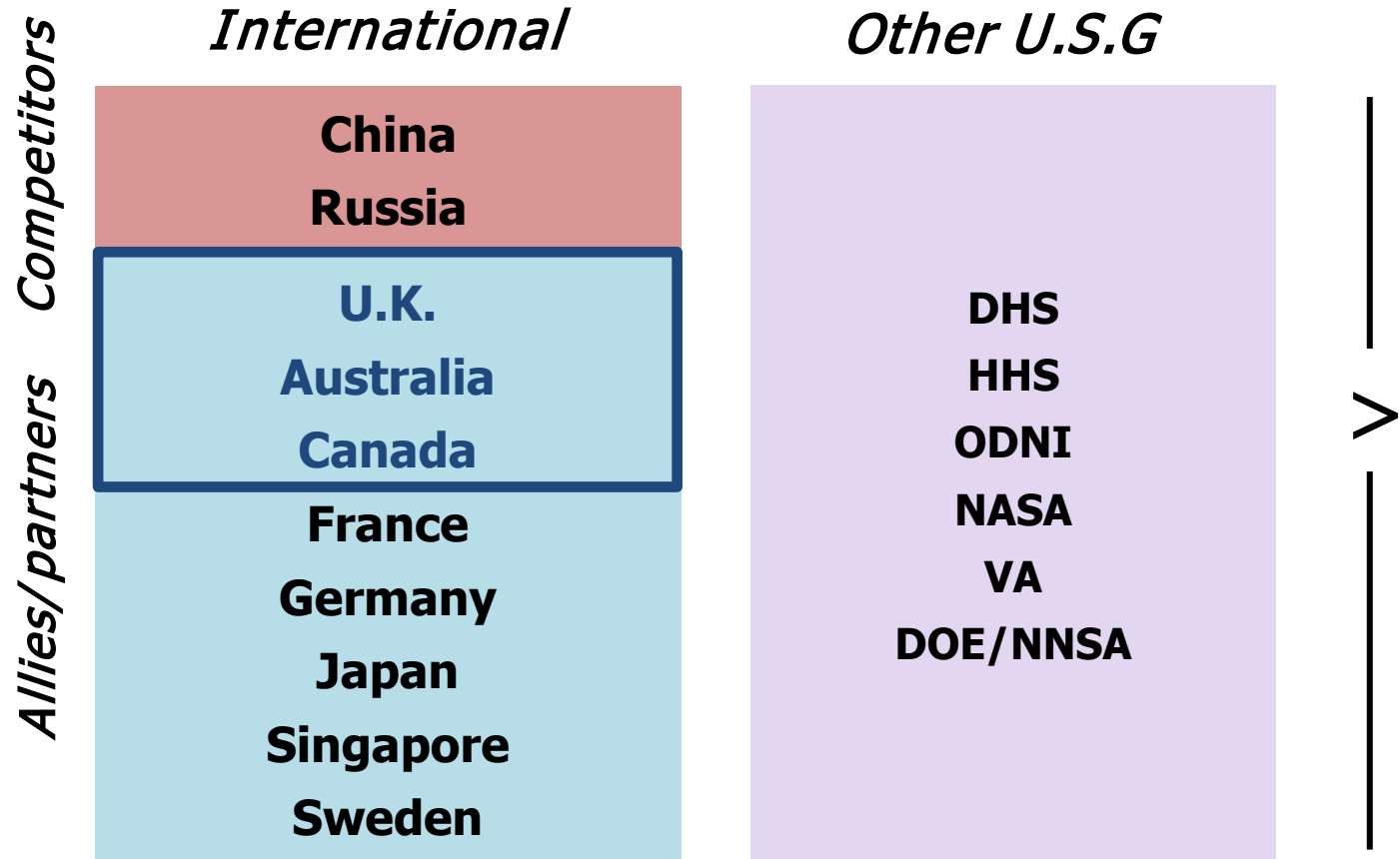
Literature reviews included government documentation outlining processes and policies, planning guidance, budget documentation; published academic and policy research; trade literature; research by international organizations

Foreign language sources used for China, Russia, France, Germany, Japan, and Sweden case studies

Structured discussions with more than 170 subject matter experts and practitioners; including CFO organizations, programmers, budget officials; researchers from academia, FFRDCs, think tanks, and trade literature

Monthly updates and vector checks with the Commission

RAND National Security Research Division Conducted Detailed Case Studies of Select International and Non-DoD USG agencies to Inform Commission's Deliberations



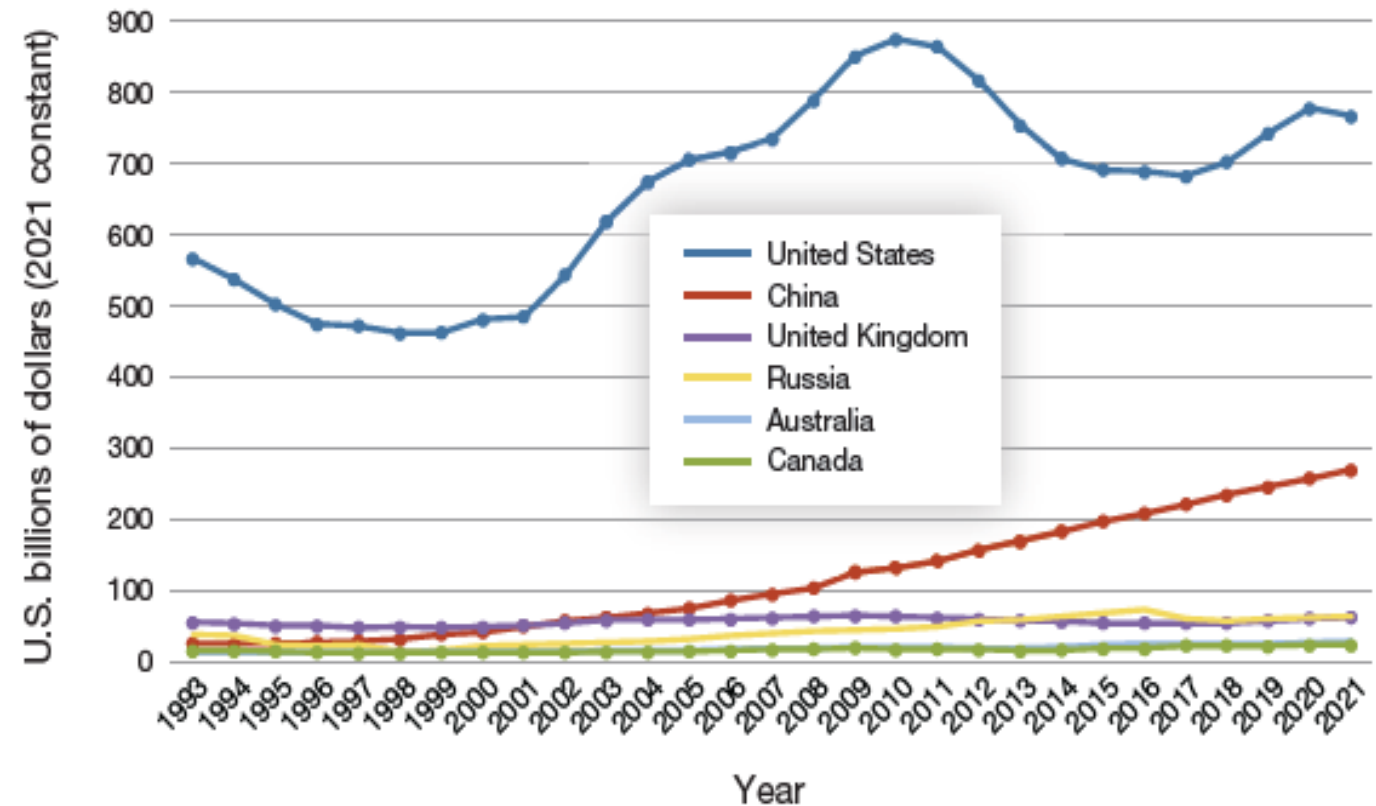
- What are key features of each resource planning process?
- What are perceived strengths and challenges of each process?
- What lessons could be drawn for DoD PPBE processes?
- How might adversary processes affect U.S. comparative advantage/disadvantage?
- Particular focus on enabling innovation, fostering agility/flexibility, and working with industry

Research effort drew on diverse capabilities across RAND, i.e., regional expertise/foreign language fluency, defense budgeting, requirements, and acquisition processes, industrial base/private sector practices, non-Defense agencies

Allied and Partner Nations Case Studies: Context

- A key aspect of the NDS's calls for *integrated deterrence* is incorporation of "Allies and partners at every stage of defense planning... reduce institutional barriers, including those that inhibit collective research and development, planning, interoperability, intelligence and information sharing, and export of key capabilities."
- To learn lessons from partners grappling with similar strategic challenges and to enable more seamless partnerships, the Commission initially asked for case studies of 3 key U.S. allies: the UK, Australia, and Canada
- Similar Parliamentary government systems to each other, but different from U.S.: Executive has power of the purse, facilitates continuity and reduces political friction over appropriations

U.S. and China Defense Spending Exceeds all Other Case Study Countries
Military Expenditure by Country
(Constant (2021) US\$ billions, 1993-2022)



SOURCE: SIPRI, 2023, as of March 17, 2023.

Applicability of Selected Allied and Partner Nation Insights to DoD's PPBE System

- There are notable differences between the U.S. and the selected allies and partners in terms of political systems, population sizes, industrial bases, workforce sizes, and military expenditures; however, we found that, despite these differences, there are similarities in how all four countries generally approach defense resource management:
 - Many decisionmakers and stakeholders are involved throughout the complicated defense resource allocation processes
 - Strategic planning is a key input that is used to explicitly connect priorities to how much funding is spent to address military threats
 - Ongoing discussions are held between defense departments and decisionmakers who control the “power of the purse” to justify how forces and programs will use the funding
 - Defense departments receive and spend funding according to agreed-on appropriations rules and then use certain mechanisms if plans change to move or carry over funding
 - Oversight is a key mechanism for making sure what is budgeted is appropriately spent

Applicability of Selected Allied and Partner Nation Insights to DoD's PPBE System (continued)

- Of particular concern for the U.S. system is its yearly vulnerability to political gridlock, continuing resolutions, and potential government shutdowns—all things that our allies do not endure
- Without altering the U.S. system of government, which deliberately empowers strong voices from both the executive and legislative branches in defense budget decisionmaking, the U.S. could learn from the allied and partner budgetary mechanisms that provide extra budget surety for major multiyear investments without requiring their reevaluation every year
 - UK defense budgeting system benefits from multiannual spending plans, programs, and contracts
 - Likewise, Australia's defense budgeting processes provide a high level of certainty for major military capabilities
 - Strategic planning mechanisms in Australia, Canada, and the UK harness defense spending priorities and drive budget execution
 - Similar budget mechanics are used in Australia, Canada, the UK, and the United States
 - There has been a shared pivot toward supporting agility and innovation in the face of lengthy acquisition cycles



Key Insights from Allied and Partner Nations Case Studies

- Allied/partner cases have shared values with the U.S. and converge on a similar strategic vision
- Foreign Military Sales is an important mechanism for strategic convergence but poses myriad challenges for coordination and resource planning
- Selected allies/partners have less legislative intervention in budgeting processes, relative to the U.S., and no continuing resolutions
- “Jointness” in resource planning appears to be easier in these countries given the smaller size of their militaries
- Selected allies/partners place a larger emphasis on budget predictability and stability than on agility, but each system provides some budget flexibility to address unanticipated changes, and there has been increased interest in enabling speed in the face of lengthy acquisition cycles
- Australia, Canada, and the UK have independent oversight functions for ensuring transparency, audits, or “contestability” of budgeting processes
- Despite the push to accept additional risk, there is still a cultural aversion to risk in the Australian, Canadian, and British budgeting processes

RAND Project Team

Project Leaders: Stephanie Young and Megan McKernan



International Case Studies

ADVERSARIES:

- China: Timothy Heath, Ivana Ke
- Russia: Dara Massicot, Mark Stalczynski

ALLIES AND PARTNERS:

- Australia: Andrew Dowse, Austin Wyatt, Jade Yeung, Benjamin Sacks
- Canada: Devon Hill, Yuliya Shokh
- United Kingdom: James Black, Nicolas Jouan, Benjamin Sacks
- France: Nicolas Jouan, Clara Le Gargasson, Maxime Sommerfeld Antoniou
- Germany: Theodora Ogden, Linda Slapakova, Turner Ruggi
- Japan: Andrew Dowse, Naoko Aoki, Phoebe Pham
- Singapore: Austin Wyatt, Jade Yeung
- Sweden: Mattias Eken, Charlotte Kleberg, Turner Ruggi, Erik Silfversten



Other U.S. Government Agencies

- Department of Homeland Security: Ryan Consaul, Michael Simpson
- Department of Health and Human Services: Michael Simpson, Devon Hill
- National Aeronautics and Space Administration: Sarah Denton, Bill Shelton
- Office of the Director of National Intelligence: Tony Vassalo, Sarah Denton
- Department of Energy's National Nuclear Security Administration: Lauri Rohn, Frank Klotz, Sarah Denton, Yuliya Shokh
- Department of Veterans Affairs: Ryan Consaul, Michael Simpson, Madison Williams



RAND SMES

- Raphael Cohen (methodology)
- Heidi Peters (budgeting terminology)
- John Godges, Lauren Skrabala (communications)
- Chris Mouton, Yun Kang, Caitlin Lee, and Aaron Frank (ATP Management)
- Don Snyder, Michael Kennedy, Irv Blickstein, Brian Persons, Chad Ohlandt, Bonnie Triezenberg, Obaid Younossi, Clinton Reach, John Yurchak, Jeffrey Drezner, Brady Cillo, Gregory Graff, Cynthia Cook, Colin Smith, Nathan Beauchamp-Mustafaga, Jim Powers, Emma Westerman, Daniel Crespin, James Kallimani, Rich Girven, Roger Lough, Paul DeLuca, Hans Pung, Heather Salazar, Carrie Farmer, Alexis Blanc, Stephanie Pezard, King Mallory, Jeffrey Hornung, Derek Grossman (QA)

