



**COMMISSION ON PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION REFORM**



**DEFENSE  
RESOURCING  
FOR THE  
FUTURE**



**Acquisition Research Symposium Panel 24**

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# COMMISSION CHARTER

Section 1004 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2022 created an independent “Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform” within the Legislative Branch and **directed the Commission to conduct a comprehensive assessment of all four phases of the PPBE process** that governs how the DoD creates its resourcing strategy for the following five years and provides the framework and input for the President’s Budget request. The law directs a specific focus on budgetary processes that affect **defense modernization.**



# COMMISSION RESEARCH APPROACH



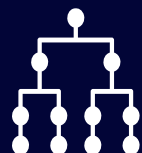
## Workforce

Sufficiency of the current DoD programming and budgeting workforce



## Reprogramming

Monetary thresholds and use of below-versus above-threshold reprogrammings by the DoD



## Budget Structure

Current structure and effectiveness supporting warfighting requirements



## Agile Budget Mechanisms

BA-08 Software Pilot Program and other mechanisms



## Case Studies

Experiences of how PPBE supports or hinders program execution (e.g., "Valley of Death")



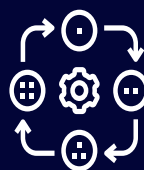
## FMR/Reports/Studies

Review the Financial Management Regulation (FMR), reports, studies



## Comparative Studies

Transferrable best practices from private industry, other federal agencies or countries



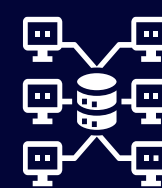
## PPBE Assessment

Net Assessment of the Effectiveness of all four phases of the PPBE system



## Performance Measures

Metrics currently being used and determining how they are informing budgets



## FM Systems

Improvement of Financial Management Systems and their relationship to auditability



## Innovation Funds

Root cause for existence of funds and ability to deliver capability



## Congress

Institutionalization of information necessary for congressional oversight

Research conducted by Commission staff, RAND, IDA, MITRE, academic organizations to include AIRC and NSIN, and an FM Systems Tiger Team. Commissioners and staff conducted over 400 interviews with over 1,100 subject matter experts.



# COMMISSION RESEARCH DETAILS

## Organic Research

- In-depth analysis of reprogramming actions, program new starts and budget structure
- Analysis of agile budgeting and of expiring, expired, and cancelled funds
- Assessment of OSD CAPE, Comptroller, Service programming & Military Department FM workforces
- Analysis of defense business and financial management systems
- Analysis of DoD performance metrics
- Industry Comparative Study – Interviews with 15 CFOs, literature review
- Assessment of the dev, review, format, and use of formal/informal budget justification materials
- Case studies on Facilities Sustainment Restoration and Modernization
- Review of the DoD Financial Management Regulation and other PPBE related guidance

## Outside Research

- RAND: Comparative case studies: Strategic Competitors, Allied and Partner nations, and other Federal Agencies
- IDA: Examination of PPBE Documents, Timelines Involved for Each Phase, and the Ability to Make Changes
- **AIRC (Stevens Institute, GMU): Case studies on Tech Transition, Obligation/Expenditure Curve Analysis, Portfolio Budgeting, Justification Books, SAR and Budget Structure analysis**
- FM Systems Tiger Team: Review of FM Systems, relationship to internal controls and auditability
- Service Design Collective: Improving communication between Congress and the DoD through technical enclaves
- MITRE: General Use of Performance Measures, Budget Structure versus Strategy, Incentives on Spending Behavior
- NSIN (College of William & Mary, UVA): Innovation/SBIR, Linking Budgets to Strategy



# Foster Innovation and Adaptability

**Increase Availability of Operating Funds**  
Allow 5% of operating funds to be obligated in second year. Lessens incentive to obligate for lower-priority programs at year end

**Address Challenges with Colors of Money**  
Align color of money with the predominant activity of the program; enable DoD to fund software programs with any color of money; and allow use of O&M for continuing improvements to hardware.

**Modify Internal DoD Reprogramming Requirements**  
Streamline internal reprogramming procedures, including delegation of transfer authority

**Review and Update PPBE-Related Guidance Documents**  
Ensure sufficient review and more frequent update to defense resourcing guidance documents, with an update at least every three years

**Encourage Use of the Defense Modernization Account**  
Utilize the DMA to remove barriers to execution, and work with Congress to improve the authority

**Improve Awareness of Technology Resourcing Authorities**  
Develop a handbook of available innovation funds and authorities

**Update Values for Below Threshold Reprogrammings**  
Raise thresholds to keep pace with historical budget increases; provide agility for increased speed in addressing changing threats/requirements  
RDT&E - \$25M, Proc - \$40M, O&M - \$30M, MILPERS - \$15M

**Mitigate Problems Caused by Continuing Resolutions**  
Allow DoD to proceed with new starts, increased program quantities and development ramps while under a CR unless any Committee/Subcommittee has prohibited the action

**Establish Special Transfer Authority Around Milestone Decisions**  
Authorize ability to move money between RDT&E and Procurement within a single program between milestones for a 3-year period

**Review and Consolidate Budget Line Items**  
Streamline current resourcing and execution processes, retain transparency for Congress, and end unnecessary duplication in the existing budget structures

**Rebaseline OSD Obligation and Expenditure Benchmarks**  
Assess and rebaseline obligation and expenditure benchmarks based on recent historical execution at the BLI level for all appropriations



# Foster Innovation and Adaptability

**Increase Availability of Operating Funds**  
Allow 5% of O&M and MILPERS to be obligated in second year. Lessens incentive to obligate on lower-priority programs at year end.

**\$8.9B**  
Average Cancelled O&M FY 2018 – FY 2022

**Other Agencies**  
DHS: 50% carryover of some unobligated balances  
NNSA: No-year funds  
NASA: All Two-year funds  
Defense Health Program: 1% carryover

**Update Values for Below Threshold Reprogrammings**  
Raise thresholds to keep pace with historical budget increases and allows additional agility.

**FY 2003 – FY 2023 Budget Growth**  
RDT&E: 142%      O&M: 98%  
Procurement: 113%      MILPERS: 68%

**\$40M PROC**

FY03 \$20M

FY23 \$10M

**\$25M RDT&E**

FY03 \$10M

FY23 \$10M

**\$30M O&M**

FY03 \$15M

FY23 \$10M

**\$15M MILPERS**

FY03 \$10M

FY23 \$10M

**Review and Consolidate Budget Line Items**  
Streamline current resourcing and execution processes, retain transparency for Congress, and end unnecessary duplication in the existing budget structures.

**1,700+**  
Procurement & RDT&E Budget Line Items

**93**  
Army S&T PEs reduced over 5 years

**7,000+**  
pages of financial regulations

**Review and Update PPBE Related Guidance Documents**  
Ensure sufficient review and more frequent update to defense resourcing guidance documents, with an update at least every three years.

**Consolidation Supports Agile Development**  
“I want to retain all the flexibility I can at the lowest levels so we can just not have anything getting in our way...[a consolidated PE] **provides flexibility** to put money in whichever pathway we need **to fulfill requirements.**”  
– Army Robotic Combat Vehicle Case Study (AIRC)

**Innovative Ideas and Insights for  
Improving Program Resourcing  
Across Seams**

**Panelists:**

**Ms. Leslie Ashton**

**Mr. Ed Cardon, LTG (Ret.)**

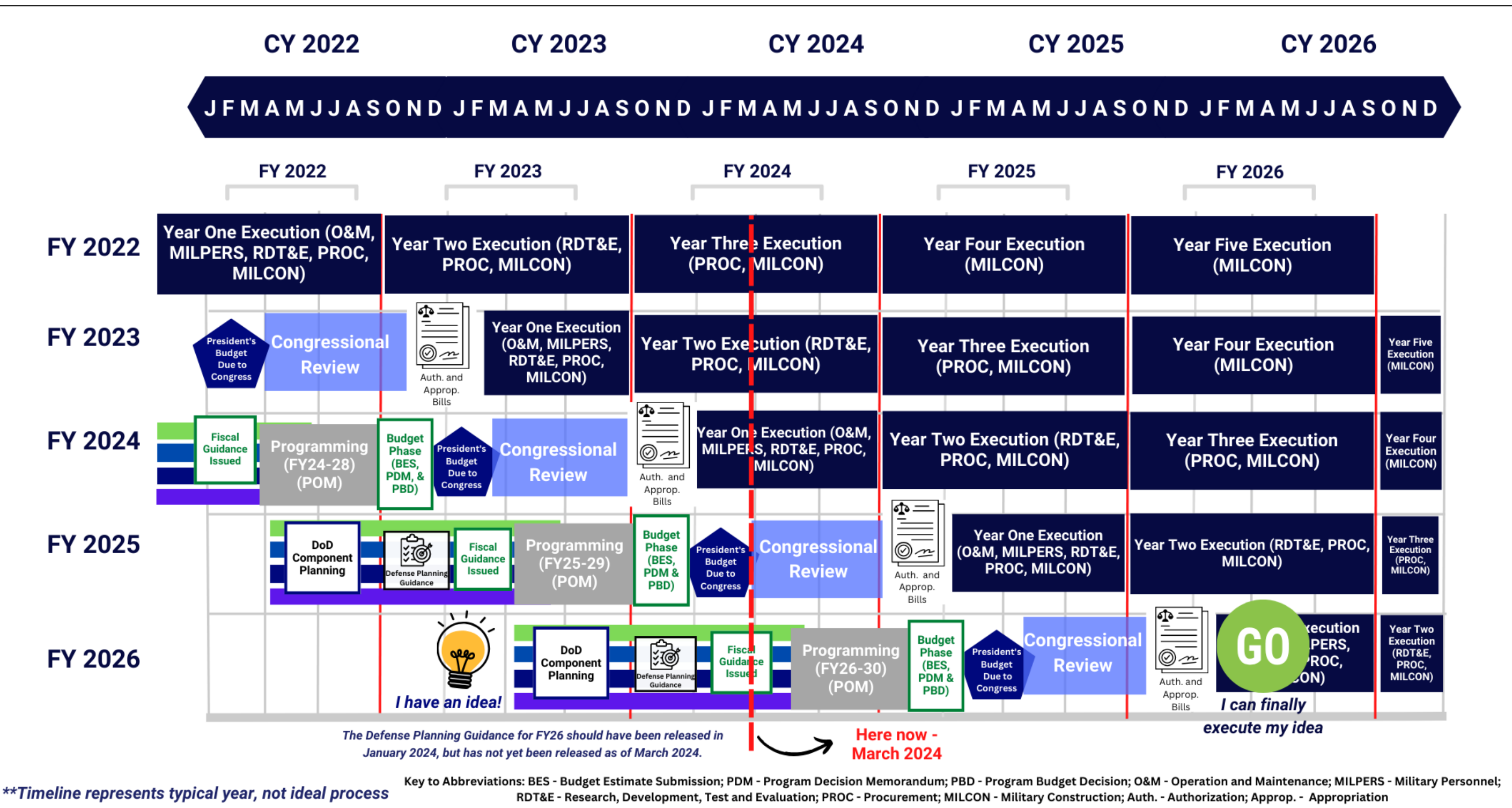
**Ms. Olivia Letts**

**BACK UP**






# A COMPLEX CURRENT PROCESS





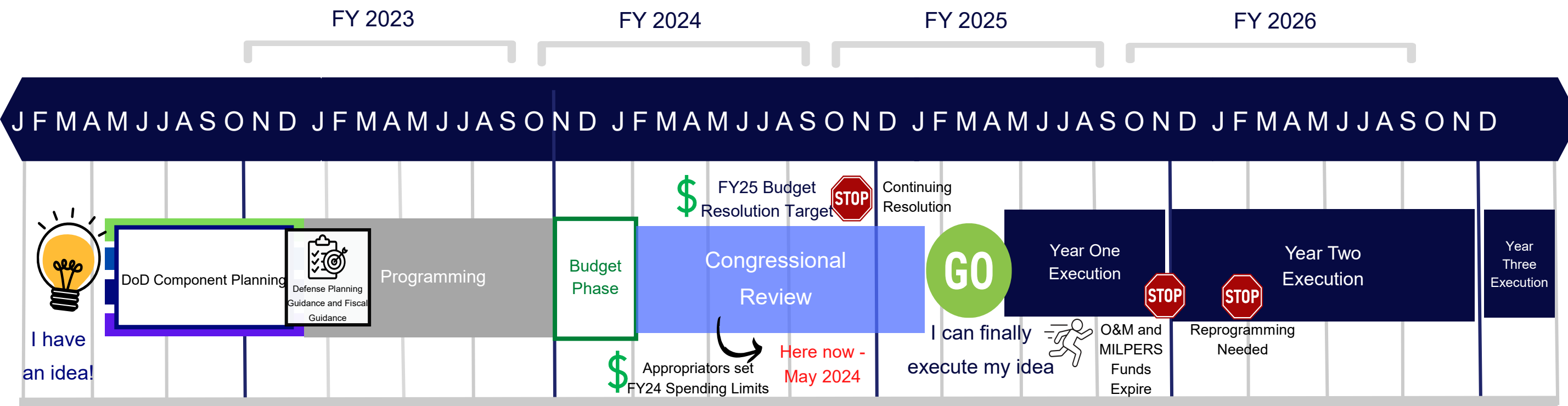
# THE MANDATE FOR CHANGE

“The security environment is rapidly evolving, and **the current PPBE process is not capable of responding as quickly and effectively as needed** to support today’s warfighter. The Department of Defense (DoD) needs a new process, one that **enables strategy to drive resource allocation in a more rigorous, joint, and analytically informed way**. The new process should also **embrace changes** that enable the DoD to respond effectively to emerging threats while leveraging technological advances.”





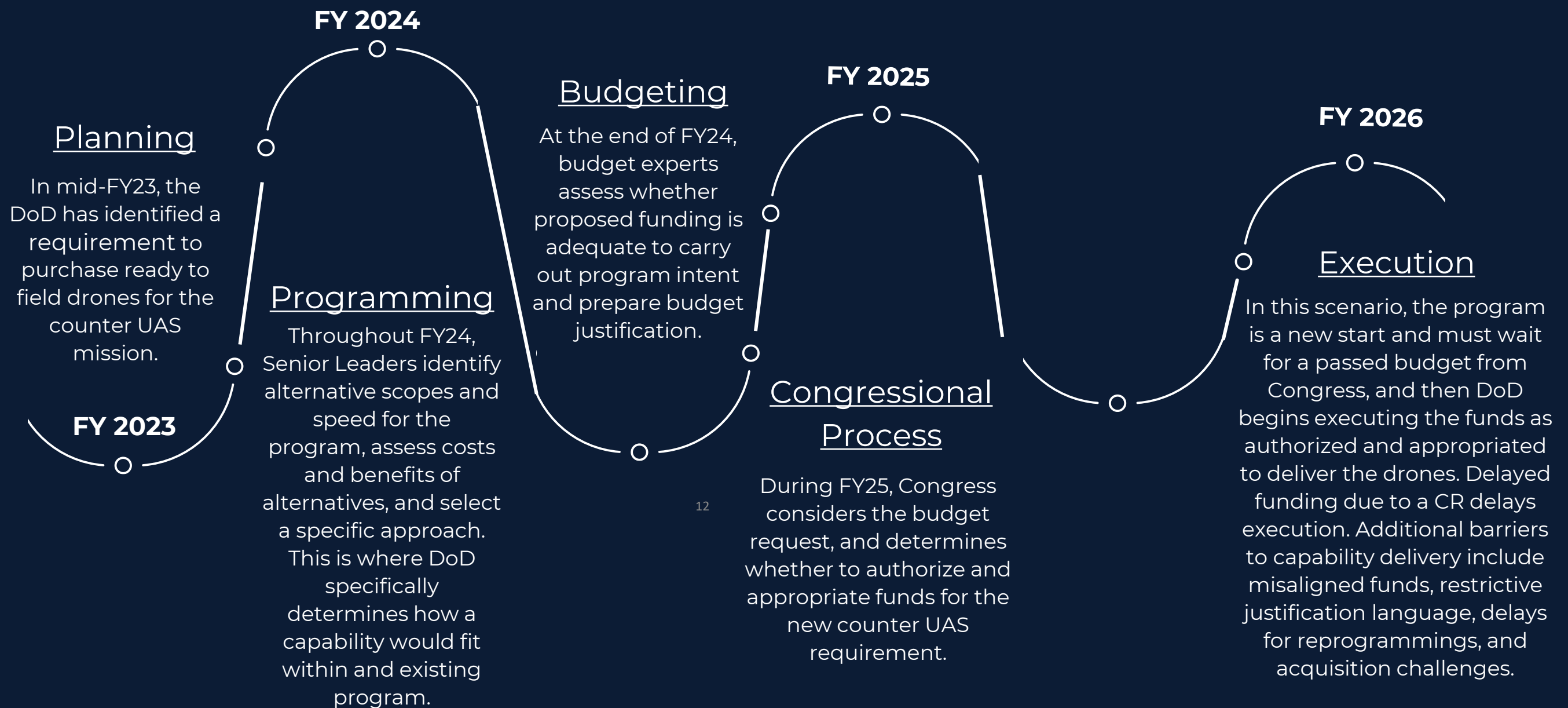
# THE NEED FOR RESOURCING REFORM



\*\*Timeline represents typical year, not ideal process

- To acquire or start something NEW in FY 2025, DoD would have had to have the idea in 2023 or earlier.
- A budget topline and on-time appropriation provide predictability and stability
- The Commission proposes improvements to speed decision-making and delivery of capability to ensure overmatch with our competitors.

# PPBE Slows DoD's Ability to Buy Capability



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**A notional example of the typical timeline for DoD to buy new capability for the field**



# COMPLETE LIST OF RECOMMENDATIONS

Improve the Alignment of Budgets to Strategy

1. **Replace the PPBE Process with a New Defense Resourcing System**
2. **Strengthen the Defense Resourcing Guidance**
3. **Establish Continuous Planning and Analysis**
4. **Transform the Budget Structure**
5. Consolidate RDT&E Budget Activities
6. **Increase Availability of Operating Funds**
7. Modify Internal DoD Reprogramming Requirements
8. **Update Values for Below Threshold Reprogrammings**
9. **Mitigate Problems Caused by Continuing Resolutions**
10. **Review and Consolidate Budget Line Items**
11. **Address Challenges with Colors of Money**
12. Review and Update PPBE-Related Guidance Documents
13. Improve Awareness of Technology Resourcing Authorities
14. Establish Special Transfer Authority for Programs Around Milestone Decisions
15. Rebaseline OSD Obligation and Expenditure Benchmarks
16. Encourage use of the Defense Modernization Account

Foster Innovation and Adaptability

Strengthen Relationships Between DoD and Congress

Modernize Business Systems and Data Analytics

Strengthen the Capability of the Resourcing Workforce

17. **Encourage Improved In-Person Communications**
18. Restructure the Justification Books
19. **Establish Classified and Unclassified Communication Enclaves**
20. **Create a Common Analytics Platform**
21. Strengthen Governance for DoD Business Systems
22. Accelerate Progress Toward Auditable Financial Statements
23. Continue Rationalization of the OSD Resourcing Systems
24. Modernize the Tracking of Congressionally Directed Actions
25. **Continue the Focus on Recruiting and Retention**
26. Streamline Processes and Improve Analytic Capabilities
27. **Improve Training for Personnel Involved in Defense Resourcing**
28. Establish an Implementation Team for Commission Recommendations

\*Recommendations in bold are key Commission recommendations



# COMMUNITY ENGAGEMENT

## Broader Federal Government

- House Appropriations Committee - Full Committee and Defense Subcommittee
- Senate Appropriations Committee - Full Committee and Defense Subcommittee
- House Armed Services Committee
- Senate Armed Services Committee
- House Permanent Select Committee on Intelligence
- Senate Select Committee on Intelligence
- Various Members of Congress and their staff
- Government Accountability Office
- Office of Management and Budget



## Industry

Science Applications International Corporation, Inc , AECOM, AAR Corporation, Exiger, Revere Federal Strategies, Govini, DecisionLens, Productable, Defense & Aerospace Competitive Intelligence Service, Definitive Logic, Catalyst Campus, Applied Intuition, Hermeus, Booz Allen Hamilton, Darkside Federal, UNISON, CSIS, Boeing, Palo Alto, PespiCo, Walmart, Parsons Corp, Lockheed Martin, Northrup Grumman, Huntington Ingalls Industries, Voyager Space, Battelle, Ford Motor Company, Hawkeye 360, Resilience, Mercury Systems, Anduril, Palantir, Rebellion, Arete Associates, Continuum Dynamics, Corvid Technologies LLC, Critical Link LLC, Echelon Bio Sciences, EnergyNtTech, First RF, FTL Labs, Indiana Microelectronics, IRFLEX Corp, Judd Systems Technologies, LOADPATH, SI2 Technologies, Spectral Sciences, Google, Tier 1 Performance, Teqnovation LLC, Cypress International, VOXTEL, L3Harris Technologies, CORAS, OneStream, Integrated Data Services, Metrea, Scaled Agile, Cybernet Systems, Adams and Reese LLP, Salesforce, Costco, CACI, SAP....and more!

## Former Government Officials

- former Deputy Secretary of Defense
- former DoD Comptroller
- former Director, CAPE
- former Assistant Secretary of the Navy for Research, Development & Acquisition
- former Assistant Secretary of the Air Force for Acquisition, Technology and Logistics
- former Director, Air Force Rapid Capabilities Office
- former Commander, Air Force Materiel Command
- former Director, Defense Innovation Unit
- former Service Acquisition Executives and program managers
- former HASC, SASC, HAC-D, and SAC-D professional staff members
- former PPBE practitioners
- Service Design Collective



## Associations

- American Society of Military Comptrollers
- Association for Uncrewed Vehicle Systems International
- AGA
- Silicon Valley Defense Group
- National Defense Industrial Association
- Federation of American Scientists/ Day One Project

## The Public

- Open Mic Session on Program Management
- Open Mic Session on Budgeting
- Open Mic Session on Valley of Death
- Open Mic Session on Programming
- Open Mic Session on Requirements
- Open Mic Session on Reprogrammings
- Social Media/Email Input

## Comparative Case Studies

- Countries: Russia, China, Australia, United Kingdom, Canada, France, Germany, Sweden, Japan, Singapore
- US Federal Agencies: Department of Homeland Security (DHS), Office of the Director of National Intelligence (ODNI), NASA, Health and Human Services (HHS), Department of Veteran Affairs, National Nuclear Security Administration



## Department of Defense

- Deputy Secretary of Defense
- Secretary of the Air Force
- Under Secretary of Defense (R&E)
- Under Secretary of Defense (A&S)
- Under Secretary of Defense Policy
- Under Secretary of Defense Comptroller
- Under Secretary of the Navy
- Director, CAPE
- DoD Inspector General
- DoD Chief Information Officer (DoD CIO)
- OSD Legislative Affairs
- Chief Data and Artificial Intelligence Office (CDAO)
- Performance Improvement Office (PIO)
- Analysis Working Group (AWG)
- Joint Staff
- Combatant Commands
- Military Department Comptrollers
- Service Programmers
- Service Planners
- Service Acquisition Executives
- NavalX, AFWERX, Office of Naval Research, PEO Digital, Office of Strategic Capital, Defense Innovation Unit
- Washington Headquarters Service
- Defense Finance Accounting Service (DFAS)
- Defense Technical Information Center (DTIC)
- Innovation Steering Group
- PEOs and Program Managers
- Acquisition Innovation Research Center (UARC)



## Academia

- George Mason University
- Naval Postgraduate School
- Duke University
- The College of William and Mary
- University of Virginia
- Defense Acquisition University
- Stevens Institute of Technology
- National Defense University

## Federally Funded Research and Development Centers (FFRDCs)

- RAND
- MITRE
- Institute for Defense Analyses
- Carnegie Mellon University Software Engineering Institute