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U.S. Department of Defense

PLANNING, PROGRAMMING, BUDGETING, AND
EXECUTION REFORM IMPLEMENTATION REPORT

JANUARY 16, 2025

FOREWORD

THE FUTURE OF THE DEPARTMENT lies in the continued ability to outpace global competitors and the flexibility to deliver results at the speed of relevance. Looking forward, the Department of Defense (DoD) is focused on better data integrity, defense-wide reforms, and modernization so that we can maintain American military superiority well into the 21st century.

For decades, our resource allocation systems have provided a bedrock of structure and accountability for the Department. The complexity of today's multi-level threats—spanning all domains, regions, and technological frontiers—requires that we continuously improve the Planning, Programming, Budgeting, and Execution (PPBE) process that underpins how we deliver on the National Defense Strategy (NDS).

Our military capability depends on agile and effective requirements, acquisition, and PPBE processes to field more technologically advanced capabilities faster and, conversely, enabling us to rapidly retire legacy systems. Our adversaries do not face the same operating environment obstacles we do, nor do they face the statutory restrictions we do, nor do they have to contend with disruptions caused by lengthy continuing resolutions (CRs) that prohibit new starts and keep DoD from sprinting forward in a manner that keeps pace not just with China, but with the product production cycles for our most advanced technologies.

That is why, at the most senior levels of the Department, we prioritized PPBE reform. This PPBE Reform Implementation Plan is a keystone in our efforts to modernize and simplify one of our foundational decision support systems. The PPBE Reform Commissioners provided a comprehensive roadmap for success, focusing on initiatives that serve both immediate defense imperatives and reinforce a long-term strategic advantage agenda.

These initiatives span the entire DoD, strengthen the analytic underpinning of strategic decisions, add agility and flexibility into resource management, and improve communication with Congress.

The DoD has been focused on using data analytics to provide the basis of our reform and modernization efforts, and the Commission on PPBE Reform reemphasized the importance of this mission and our data-driven methodology. The Department has made tremendous progress in recent years. With these initiatives, we aim to capitalize on that progress and the reforms already underway, ensuring the PPBE process meets today's demands while positioning us to be ready for the challenges we expect to face in the crucial years ahead.

Additionally, our commitment to PPBE reform extends beyond the Department's internal processes. Change, especially to defense-wide resourcing, cannot take place in a vacuum as many of our stakeholders operate outside of DoD. Thus, our resourcing process must evolve in concert with Congress, the Office of Management and Budget (OMB), and other stakeholders. While we continue to use authorities currently available to us, we recognize that legislative support and active engagement with stakeholders are essential to achieve a resource allocation system capable of delivering the flexibility and speed our defense strategy requires.

We are dedicated to ensuring our efforts lead to meaningful and lasting improvements in defense resource management. Through these initiatives, a process that has served the Department well for over 60 years will be modernized and simplified to enable the Department to act faster and be more resilient, with a forward-looking defense posture capable of meeting the enduring and emergent threats we face, so that we can continue to be the most elite military in the world.

Kathleen H. Hicks
Deputy Secretary of Defense

MESSAGE FROM THE COMPTROLLER

The Department is laser-focused on how we can modernize systems so that the United States is best prepared for the future fight. The PPBE process has been foundational to decision-making, resource allocation, and execution at the Department of Defense since the 1960s.

However, the global operating environment changed radically since the Cold War. We now have multi-domain risks and trans-national risks like cyber and space. Resource allocation must keep pace, ensuring the Department has the agility to be responsive to a technology acquisition cycle far shorter than traditional legacy systems. Additionally, we must learn to operate more effectively as a highly matrixed organization.

This is why our PPBE Reform Implementation Agenda has multiple parts, so that it can best support the NDS, and so that we, as a Department, can continue to deliver capabilities at the speed of relevance, while also being able to field tools and technology to address emerging threats. If we are to remain the

world's foremost fighting force, we must look at our resource allocation iteratively, so that we continue to evolve and remain responsive to real world challenges.

As implementation matures, we remain committed to collaborating with all stakeholders, including Congress and OMB. The success of any reform relies on sustained cooperation and maintaining the transparency that lies at the heart of our democratic system. This plan lays out a pathway for meaningful change and lasting improvements to defense resource management.

Modernizing our processes is truly a team effort, and I appreciate the highest levels of cooperation and teamwork that are required. I want to extend a very heartfelt thank you to the Commissioners for putting together such thoughtful and strong recommendations, and to the civilian and military members of DoD that are leading the way to actualizing reforms critical to mission success and essential to maintaining U.S. military superiority.

It has been an honor to serve, and I look forward to seeing the positive impact of these reforms on the Department for years to come.

Michael McCord
Under Secretary of Defense (Comptroller)/
Chief Financial Officer

EXECUTIVE SUMMARY

The DoD began undertaking a critical effort to add targeted agility and flexibility into the key resourcing decision allocation system, known as the PPBE process. This process has been a cornerstone of the Department for over 60 years.

However, in response to the evolving geopolitical and national security landscape combined with the increasing complexity of global threats, the DoD must continue to enhance the PPBE process through improving agility, flexibility, and responsiveness, to better support the National Defense Strategy, defend the nation and its interests, and improve capability delivery to the warfighter.

This report provides an overview of the implementation of 26 PPBE reform initiatives. These efforts will have far reaching impact and are designed to be implemented in a phased and iterative manner, with regular assessments and progress updates to ensure the reforms are achieving their intended goals by 2028. They are also based on the recommendations from the Commission on PPBE Reform established in the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2022. Some of the Commission recommendations were similar to initiatives already well under way in the Department.

These reforms are organized around four strategic framework objectives that target removing silos of data, developing analytics tools, improving and standardizing data sharing with Congress, expanding training for the workforce, enhancing budget justification books, and modernizing the content and presentation of the DoD Financial Management Regulation (FMR).

The first objective, *Strengthen and Simplify Strategy to Budget to Capability*, aims to reinforce the alignment between strategy, budgeting, and capability delivery, ensuring DoD's strategic priorities are directly supported by resource allocation. By creating clear connections between high-level defense objectives and resource allocation decisions, the DoD ensures resources to deliver mission-critical capabilities efficiently.

The second objective, *Modernize and Simplify Information Sharing*, focuses on modernizing and refining information sharing between DoD and Congress to effectively advocate the Department's priorities and

articulate the strategic necessity of requirements to defend the nation and its interests. By fostering transparent, consistent, and timely communication, DoD aims to keep Congress well-informed about resource needs, budget execution, and program performance.

The third objective, *Modernize and Simplify FM Defense Business Systems*, targets the improvement of data-driven, fiscally informed, strategic decision-making by incorporating advanced tools into the workforce's toolkit and into senior decision-making processes. Through these initiatives, DoD is expanding real-time insights to foster transparency, efficiency, and strong alignment of resources to strategic objectives.

The fourth objective, *Invest in Today's and Tomorrow's Workforce*, reinforces the Department's commitment to its workforce to provide the necessary training and development opportunities to equip them with the skills to be successful and adaptable, and ready to meet the Department's evolving resource challenges. This objective focuses on attracting and retaining top talent while providing targeted training in the critical areas of data analytics, financial management, and strategic planning.

The success of PPBE reform relies on sustained cooperation and transparency with all stakeholders, including Congress. The Department is committed to collaborating with Congress to address legislative barriers and to ensure that the PPBE process is modernized and simplified to meet the demands of the 21st century. The Department will work closely with Congressional stakeholders to ensure that the PPBE reform efforts are well-supported and well-informed. By working together, the Department can ensure that its PPBE process is effective, efficient, and responsive to the needs of the warfighter, and that it is able to support the Department's mission to defend the nation and its interests.

The approach outlined in this report reflects a shared commitment across the Department to addressing the urgent need for flexibility when the world changes overnight. The Department made tremendous progress in recent years, and this implementation plan aims to expand on those advancements, positioning the Department for success in the years ahead by ensuring the PPBE process meets today's demands and prepares for future challenges.

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PPBE

For over 60 years, what is now called the PPBE process has been one of the DoD's foundational decision support systems and underpins how DoD supports today's and tomorrow's NDS. We are living in a decisive decade where our near-peer adversary has both the intent to reshape the international order, including our place in it, and increasingly, the economic, diplomatic, military, and technological power to do so.

In these times, it cannot be business as usual. Improvements have been made to the PPBE process, but we must continue to add agility and flexibility into the process so that when the world changes, we are well positioned to meet the challenges, achieve our mission, and ensure the success of our warfighters now and in the future fight to come.

As global adversaries accelerate our need for advanced warfighter capabilities and mounting fiscal

debt threatens economic security, today's national security environment is complex, dangerous, and rapidly evolving. This geopolitical landscape adds layers of complexity to the DoD's mission that did not exist when the PPBE process was initially developed. The Department's fiscal discipline is more vital than ever to setting priorities and making tough decisions among competing demands to maximize the impact of every dollar – because every dollar matters.

In the last few years, the Department made great progress in improving internal processes and using existing authorities. The 26 PPBE reforms outlined in this report will expand the Department's ability to deliver critical results.

Lastly, but very importantly, these PPBE reform initiatives can and will adapt to any future adjustments in DoD policy and strategy.

CONGRESS

Congress emphasized the importance of reform and modernization by establishing the Commission on PPBE Reform in the NDAA for FY 2022.

The Department cannot reform the PPBE process alone. A partnership with Congress is essential to vesting the Department with the authorities it needs to continue delivering results in a dynamic global environment.

The implementation of several initiatives necessitates statutory reforms, requiring careful consideration and coordination with Congress.

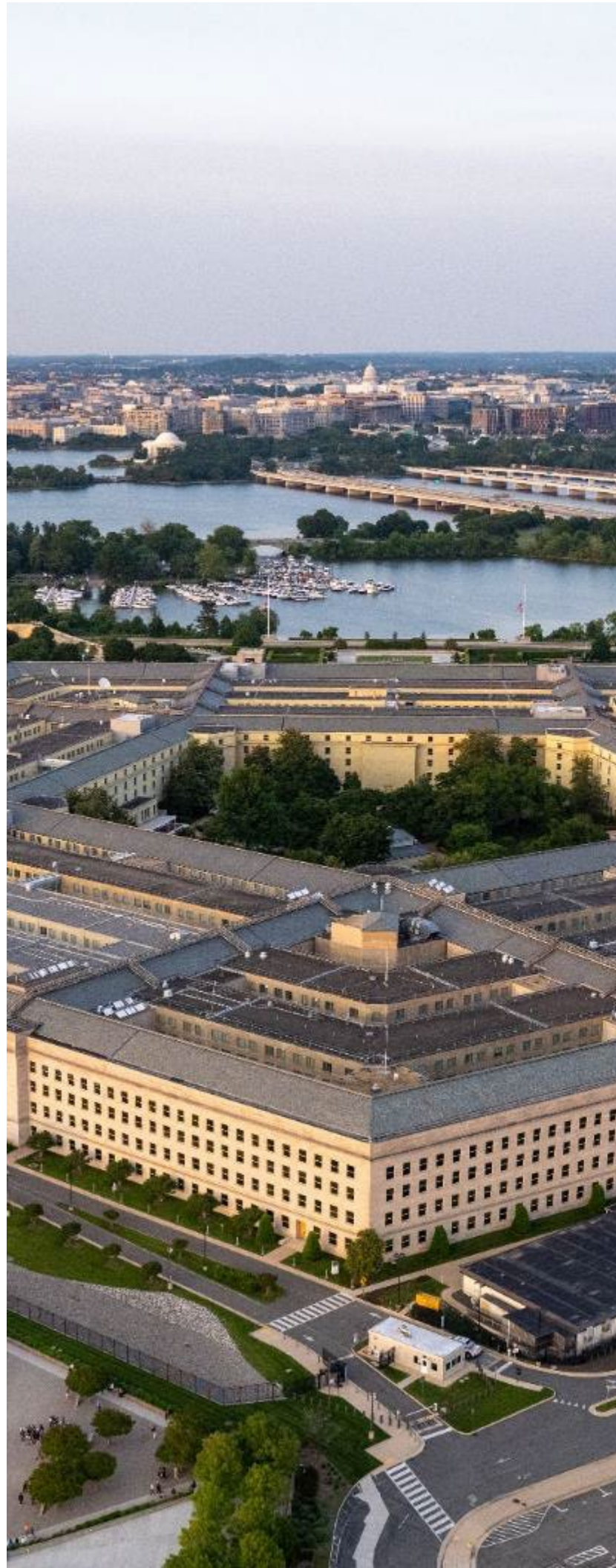
Congressional support determines the level of success, especially for changing reprogramming requirements, increasing funding availability periods, and reducing challenges with continuing resolutions.

These reforms must align with strategic goals and provide transparency and accountability to the American public. This can only be achieved through sustained engagement with Congress and other stakeholders, ensuring that all parties are aligned on key priorities so that reforms remain on track. External collaboration with Congress, OMB, and industry is crucial.

The Department of Defense remains committed to finding solutions that enable us to remain competitive against our adversaries while preserving congressional oversight.

THE NATIONAL DEFENSE STRATEGY

The NDS is the Secretary of Defense's preeminent guidance document for the Department. Reforms that add agility and flexibility into our key resourcing process are a crucial component of how the Department will continue to successfully deliver on the priorities of today's and tomorrow's NDS.



THE MULTIPLE PARTS OF PPBE REFORM

The Department's PPBE reform agenda has multiple parts: improving internal processes, using authorities already available to us or asking Congress for additional flexibilities, where needed.

Internal processes. First, we are focused on our internal processes, making changes where it makes sense.

Over the past few years, the Department produced some of the most strategy-aligned budgets in history. We have:

- » Reinvigorated our strategic analysis capability and joint collaboration through the Analysis Working Group (AWG) to support decision-making throughout the year.
- » Made numerous changes in the annual budget development process to focus on strategic choices and joint perspectives while preserving pathways for critical, yet non-strategic, issues to surface.
- » Established multiple dedicated analytic teams with focus on force planning and strategic competition to make warfighting assessments more independent, joint, iterative, and continual.
- » Released the Defense Planning Guidance (DPG) in February as required for the FY 2024, FY 2025, and FY 2026 budget builds adding fidelity on how to address fiscal constraints and ensure the Military Services built budgets aligned to current strategy and policy.

Looking forward, we are implementing initiatives that provide for a stronger analytic underpinning to the DPG to further tighten that linkage between strategy and our budgets. The DPG priorities will

continue to be monitored and tracked using the Strategic Management Plan (SMP). The PPBE reform will be included in the next SMP.

Authorities we have. The Department successfully achieved flexible changes and approvals from the committees with those existing authorities, including fact of life changes to the budget, adjustments to bills, and programmatic changes mid-budget cycle for emergent needs with and without reprogramming actions.

- » In FY 2024, areas of coordination included Replicator and the Office of Strategic Capital, and reprogramming levels were raised for Operation and Maintenance (O&M), Military Personnel (MILPERS), Research, Development, Test and Evaluation (RDT&E), and Procurement appropriations.
- » In FY 2020 through FY 2023, we requested 61 new start programs via reprogrammings during the fiscal year, and 43 were approved in full by all four congressional defense committees.

Flexibilities we need. Every year as part of the President's Budget submission, the DoD continues to ask Congress to enact additional flexibilities to prepare us for the current and future fight.

- » In the FY 2025 President's Budget, we submitted six requests to help with PPBE reform that were designed to attain the financial management flexibility we need for improved capability delivery¹.

Many of the reform initiatives require statutory change, necessitating careful consideration and coordination with Congress. Reform is essential to enhancing the Department's operational agility while ensuring legislative oversight requirements are preserved. Unfortunately, many of these proposals, and others like them, have been submitted in previous budget cycles but not enacted by Congress.

¹ DoD FY 2025 Budget Request Overview Book, pages 14-15, https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2025/FY2025_Budget_Request_Overview_Book.pdf

Commission recommendations. The Commission on PPBE Reform² proposed 28 overarching recommendations with a total of 35 distinct efforts for the Department and Congress, which are part of the Department’s larger PPBE reform agenda.

The Department appreciates the Commission’s thoughtful and timely analysis and recommendations on a range of matters relating to effective defense resource management. We are grateful for their efforts to bring insight and attention to this important topic.

Implementation plans remain a DoD-led initiative, carefully tailored to meet our Nation’s operational needs and strategic goals. While there were places the Commission on PPBE Reform helped the Department focus on internal processes and structures, many of the recommendations aligned with or closely mirrored initiatives already in progress within the Department prior to the release of the Commission’s Final Report.

The Department officially endorses 26 of the 35 distinct Commission recommendations for implementation.

The Department reviewed every recommendation to determine which will improve capability delivery and increase our ability to deliver on the NDS. Those that were not selected for implementation at this time did not demonstrate significant enough increases in capability delivery to justify the substantial effort and cost to implement.

These initiatives address key areas in the PPBE process with the overarching objectives of increasing agility and flexibility through updating reprogramming thresholds, removing the challenges caused by continuing resolutions, improving communications between Congress and the DoD, modernizing and simplifying financial management business systems, improving strategy to budget to

capability delivery, and training and recruiting the workforce of today and tomorrow.

GOVERNANCE

The Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD(C)) is the overarching DoD lead for the PPBE reform agenda and implementing initiatives across the Department. This role ensures the Department has modern mechanisms, tools, and guidance to empower implementation of these reforms and to spur productivity, innovation, efficiency, accountability, and agility.

The USD(C) established an implementation team and governance process to guarantee progress toward implementation, raise issues for visibility and decision from the Secretary and Deputy Secretary of Defense (DSD), and manage the DoD’s messaging on PPBE Reform. Both the team and its governance will have no less than a three-year life cycle.

TIMELINE

The Department is committed to a phased approach for full implementation of most PPBE reforms by the end of 2028, balancing the urgency of today’s needs with the thorough planning required to secure necessary resources and robust support from key stakeholders. This careful execution will ensure that PPBE reforms are both enduring and impactful, supporting a modernized and responsive defense enterprise.

The longer-term projects, including the budget line item consolidation and budget justification book restructure, are expected to take several years to fully implement but will have large, impactful deliverables along the way and be included in annual President’s Budgets.

While the Department is committed to advancing these reforms expeditiously, ultimately the timeline and success for some implementations will depend

² Commission on PPBE Reform Final Report, <https://ppbereform.senate.gov/finalreport/>

on the outcomes of cross-matrixed stakeholder discussions and, where necessary, legislative actions.

STAKEHOLDERS

The success of this PPBE reform implementation will rely heavily on collaboration and coordination between key stakeholders, internal and external to the Department. External collaboration with Congress, OMB, and industry is crucial.

Inside the Department, each of the endorsed recommendations has been assigned to an Office of Primary Responsibility who is leading the development, coordination, and execution of each initiative. This collaborative approach ensures that necessary input is gathered from all the stakeholders across the Department, so all equities are considered.

THIS REPORT

This report replaces the *Department of Defense's Implementation Plan for the Recommendations from the Commission on Planning, Programming, Budgeting, and Execution Reform's Interim Report*³. That initial plan outlined the Department-led implementation for 13 recommendations made by

the Commission on PPBE Reform in their August 2023 Interim Report.

This report expands on the work initiated from that report and provides further updates and insights while also incorporating new reform initiatives that the Department has since undertaken.

Led by the USD(C), this plan outlines at a high-level the PPBE reform initiatives across the Department. The approach in this report reflects a shared commitment across the DoD to address the urgent need for flexibility combined with continuous efforts to improve an already robust resourcing process that upholds transparency, accountability, and agility, while remaining grounded in the Department's unique mission and structure and preserving Congressional oversight.

The Department has made tremendous progress in recent years, and with this plan, we aim to expand on that progress, ensuring the PPBE process not only meets today's demands but also positions us to be ready for the challenges we expect to face in the crucial years ahead.

This implementation plan is a Department-wide commitment to the future of our national defense.

³ DoD's PPBE Reform Implementation Plan
<https://comptroller.defense.gov/PPBE-Reform/>



THE REFORM FRAMEWORK

The PPBE reform framework is divided into four strategic objectives that are deliberately targeted to address areas of reform that add flexibility into the process specifically to improve capability

delivery in support of today's and tomorrow's NDS. These objectives also align with the DoD Financial Management (FM) Strategy⁴ and the DoD SMP⁵.



OBJECTIVE 1: STRENGTHEN AND SIMPLIFY STRATEGY TO BUDGET TO CAPABILITY TO SUCCESSFULLY DELIVER ON OUR STRATEGIC PRIORITIES IN A COMPLEX, EVER CHANGING, GEOPOLITICAL ENVIRONMENT

OBJECTIVE 2: MODERNIZE AND SIMPLIFY INFORMATION SHARING BETWEEN DoD AND CONGRESS TO EFFECTIVELY PRESENT AND DEFEND THE EQUITIES OF THE DEPARTMENT

OBJECTIVE 3: MODERNIZE AND SIMPLIFY FM DEFENSE BUSINESS SYSTEMS AND END-TO-END ENVIRONMENT TO EMPOWER DATA DRIVEN, FISCALLY INFORMED, STRATEGIC DECISION-MAKING

OBJECTIVE 4: INVEST IN TODAY'S AND TOMORROW'S WORKFORCE TO DEVELOP AND RECRUIT AN AGILE AND ADAPTABLE CIVILIAN SERVICE

⁴ DoD Financial Management Strategy FY22-26.
https://comptroller.defense.gov/Portals/45/Documents/DoDFMStrategy/DoD_FM_Strategy.pdf

⁵ DoD Strategic Management Plan FY22-26
https://media.defense.gov/2024/Apr/12/2003438601/-1/-1/1/FY25_DOD_STRATEGIC_MANAGEMENT_PLAN_2024_FINAL.PDF

Each of the reform initiatives fall within a single objective but may have secondary and tertiary effects across other initiatives, PPBE Reform strategic objectives, DoD FM Strategy objectives, and DoD SMP objectives.

OBJECTIVE 1: STRENGTHEN AND SIMPLIFY STRATEGY TO BUDGET TO CAPABILITY TO SUCCESSFULLY DELIVER ON OUR STRATEGIC PRIORITIES IN A COMPLEX, EVER CHANGING, GEOPOLITICAL ENVIRONMENT

- » STRENGTHEN DEFENSE PLANNING GUIDANCE'S ANALYTICAL UNDERPINNINGS
- » CONTINUOUS PLANNING AND ANALYSIS
- » INCREASE AVAILABILITY PERIOD FOR O&M AND PCS COSTS
- » ADJUST BTR LEVELS BASED ON FY 2023 FUNDING AMOUNTS
- » ALLOW REPROGRAMMING OF SMALL PERCENTAGE VIA REGULAR REPORTING TO DEFENSE COMMITTEES
- » INCREASE NEW START NOTIFICATION THRESHOLDS
- » MITIGATE PROBLEMS CAUSED BY CONTINUING RESOLUTIONS
- » REVIEW AND CONSOLIDATE BUDGET LINE ITEMS
- » ALIGN PROGRAM AND PROGRAM OFFICE FUNDING TO THE PREDOMINANT ACTIVITY
- » REVIEW AND UPDATE PPBE-RELATED GUIDANCE DOCUMENTS
- » ESTABLISH A PPBE REFORM IMPLEMENTATION TEAM

OBJECTIVE 2: MODERNIZE AND SIMPLIFY INFORMATION SHARING BETWEEN DoD AND CONGRESS TO EFFECTIVELY PRESENT AND DEFEND THE EQUITIES OF THE DoD

- » IMPROVED COMMUNICATIONS WITH CONGRESS
- » RESTRUCTURE THE JUSTIFICATION BOOKS
- » ESTABLISH COMMUNICATION ENCLAVES BETWEEN DoD AND CONGRESS
- » MODERNIZE THE TRACKING AND TASKING OF CONGRESSIONAL REQUESTS & ACTIONS

OBJECTIVE 3: MODERNIZE AND SIMPLIFY FM DEFENSE BUSINESS SYSTEMS AND END-TO-END ENVIRONMENT TO EMPOWER DATA DRIVEN, FISCALLY INFORMED, STRATEGIC DECISION-MAKING

- » CREATE A COMMON ANALYTICS PLATFORM
- » STRENGTHEN GOVERNANCE FOR DEFENSE BUSINESS SYSTEMS
- » ACCELERATE PROGRESS TOWARD AUDITABLE FINANCIAL STATEMENTS
- » CONTINUE RATIONALIZATION OF OSD RESOURCING SYSTEMS
- » STREAMLINE PROCESSES AND IMPROVE ANALYTIC CAPABILITIES

OBJECTIVE 4: INVEST IN TODAY'S AND TOMORROW'S WORKFORCE TO DEVELOP AND RECRUIT AN AGILE AND ADAPTABLE CIVILIAN SERVICE

- » CONTINUE THE FOCUS ON IMPROVING RECRUITING AND RETENTION
- » INCREASING WORKFORCE KNOWLEDGE OF TECHNOLOGY RESOURCING AUTHORITIES
- » IMPROVE TRAINING FOR PREPARATION OF THE DEPARTMENT'S ANNUAL BUDGET JUSTIFICATION MATERIALS
- » IMPROVE TRAINING FOR DoD LIAISONS
- » EXPAND TRAINING ON DATA ANALYTICS
- » IMPROVE UNDERSTANDING OF PRIVATE SECTOR PRACTICES

THE 26 PPBE REFORM INITIATIVES



FRAMEWORK OBJECTIVE 1

Strengthen and Simplify Strategy to Budget to Capability reinforces the alignment between strategy, budgeting, and capability delivery, ensuring that DoD strategic priorities are directly supported by resource allocation through capability delivery in support of the NDS. By continuing to create clear connections between high-level defense

objectives and resource allocation decisions, the Department optimizes its financial resources to deliver mission-critical capabilities efficiently. This goal continues to reinforce a more agile and responsive defense organization, capable of adapting swiftly to emerging threats and opportunities.

MEASURING PROGRESS

- Collect and incorporate stakeholder input
- Continue to submit CR anomalies, as needed
- Establish governance for oversight
- Propose legislative changes as part of the annual budget submission

REFORM INITIATIVES (11)

- » STRENGTHEN DEFENSE PLANNING GUIDANCE’S ANALYTICAL UNDERPINNINGS
- » CONTINUOUS PLANNING AND ANALYSIS
- » INCREASE AVAILABILITY PERIOD FOR O&M AND PCS COSTS
- » ADJUST BTR LEVELS BASED ON FY 2023 FUNDING AMOUNTS
- » ALLOW REPROGRAMMING OF SMALL PERCENTAGE VIA REGULAR REPORTING TO THE DEFENSE COMMITTEES
- » INCREASE NEW START NOTIFICATION THRESHOLDS
- » MITIGATE PROBLEMS CAUSED BY CONTINUING RESOLUTIONS
- » REVIEW AND CONSOLIDATE BUDGET LINE ITEMS
- » ALIGN PROGRAM AND PROGRAM OFFICE FUNDING TO THE PREDOMINANT ACTIVITY OF THE PROGRAM
- » REVIEW AND UPDATE PPBE-RELATED GUIDANCE DOCUMENTS
- » ESTABLISH A PPBE REFORM IMPLEMENTATION TEAM

HIGHLIGHTS

- ✓ Modernize the PPBE process through more rigorous and better integrated analysis, continuous planning, and expanded analytic capacity to better inform senior leader decisions.
- ✓ Improve flexibility in executing funds by adjusting BTR levels, enabling a 5 percent carryover for O&M and PCS costs; allow some reprogramming via quarterly reporting.
- ✓ Mitigate problems caused by CRs by seeking flexibility to proceed with new starts and production rate increases.
- ✓ Systematically review and consolidate BLIs with congressional defense committees, rationalizing and merging portfolios to increase budget flexibility but maintain transparency.
- ✓ Modernize and update the DoD FMR and related guidance documents, improving user experience, search capabilities, and readability.

STRENGTHEN DEFENSE PLANNING GUIDANCE'S ANALYTICAL UNDERPINNINGS

MILESTONES.

FY 2025— Release of 2027-2031 DPG by the Secretary of Defense in February

Begin collecting analysis, reviewing POMs, and updating materials in third quarter in anticipation of 2028-2032 DPG

Begin drafting in fourth quarter the 2028-2032 DPG

CONGRESS. Stakeholder consensus is not required

10 U.S.C. § 113 (g)(2) directs the Department to provide written guidance (to be known as the DPG) to direct the preparation and review of the program and budget recommendations of all elements of the Department, to be produced in February each year. A comprehensive briefing to Congress on the guidance is to be provided on the DPG at the same time of the President's Budget submission

COMMISSION. #2 Strengthen the Defense Resourcing Guidance

OPR. Office of the Under Secretary of Defense for Policy

INITIATIVE. The Department's annual PPBE process has evolved to focus on developing connective tissue between strategy, resources, and capability delivery from a joint perspective while highlighting key operational challenges for resolution. This requires timely and clear Departmental defense resourcing guidance that translates the NDS into annual budget and resourcing priorities. The Department historically communicated this internally to Components through the DPG—the Secretary of Defense's highest-level guidance on force planning prioritization, which enables the Services to generate their Program Objective Memoranda (POM) particularly with respect to identifying where to explore trade-space in the planning phase of the PPBE process.

IMPLEMENTATION. The Department partially agrees with the Commission's recommendation #2 and is implementing the intent of the recommendation by strengthening the DPG's analytical underpinnings through the AWG. The robust analytic insights will help the DPG maintain a strong connection between the budget and DoD's strategy, thereby broadly improving defense resourcing guidance.

Acting through OSD Policy, the Department is working to further strengthen its defense resourcing guidance, namely by strengthening the DPG's analytic underpinnings through the AWG and to ensure timely delivery as statutorily required annually in February.

The DPG iteratively builds on decisions, lessons learned, and analyses developed during the previous year's resourcing cycle. Building upon these previous efforts, additional processes and practices have been instituted to provide a strong foundation informed by FY 2026 resourcing deliberations and analytical products developed by AWG members and drawn from across the Department. In initial drafting, new analytical products presented in the FY 2026 Program and Budget Review and analytical insights presented through the AWG, as well as findings from the Services, Joint Staff, and Cost Assessment and Program Evaluation (CAPE) and incorporated findings from the FY26 Program and Budget Review deliberations. Similarly, OSD is setting high expectations for Components' recommended changes to the DPG through the staffing and review process, including analysis supporting resourcing new initiatives requiring cross-component investments affirming that all DPG direction is grounded in the extensive analysis conducted and currently underway across the Department.

CONTINUOUS PLANNING AND ANALYSIS

IMPLEMENTED

MILESTONES.

FY 2021 – Established AWG

FY 2021 - FY 2024 -

Strengthened analytic underpinning for senior leader decisions by improving analytic processes and outputs; institutionalized continuous analytic cycle centered around analytic plans and decisions support; grew analytic community of interest to 28 organizations across DoD; collection and synthesis of component analytic plans, and annual integration of analytic insights on key areas of senior DoD leader interest

FY 2024 – Authorized in NDAA

Ongoing - Improving analytic transparency, robustness, knowledge management and linking analysis to decisions; Annually examine ways to strengthen and improve analytic enterprise

CONGRESS. Emphasize demand for analytic underpinning

COMMISSION. #3 Establish Continuous Planning and Analysis

OPR. Cost Assessment & Program Evaluation

INITIATIVE. The Department must continuously evaluate our capabilities and technologies and underpin those assessments with rigorous analysis that effectively informs strategic decisions, guidance, and investments. The Department is committed to both expanding analytic capability and delivering continuous analysis to support senior leader decisions.

IMPLEMENTATION. The Department agrees with the Commission on the importance of rigorous strategic analysis in decision-making processes. The Department anticipated the need for continuous planning and analysis and established the AWG with a charter signed by the DSD in 2021 (and now codified in the NDAA for FY 2024) to ensure leaders, forums, and processes within the Department have quality analytic insights to leverage for decisions and guidance.

The AWG is a formal working group led by OUSD Policy, CAPE, Joint Staff J7 and J8, and Chief Digital and Artificial Intelligence Office (CDAO) with U.S. Indo-Pacific Command, U.S. European Command, and U.S. Central Command as observers, and in close collaboration with a community of interest comprised of senior analytic leaders from OSD, the Military Services, and the other Combatant Commands.

Over the last three years, the AWG pursued two core objectives: strengthening the analytic outputs for senior leader decisions and improving the Department's analytic processes. The AWG aims to improve analytic underpinning through enhanced transparency, improved robustness, and better integrated strategic insights to continuously support decisions across the enterprise. The AWG is also increasing the Department's analytic capacity by growing the strategic analysis workforce, modernizing analytic tools, and annually sponsoring a small number of studies to close key analytic gaps. The AWG created a DoD-wide analytic cycle that collects, shares, and synthesizes Component plans to better integrate analysis on warfighting assessments, providing the underpinning for the DPG and several decision forums.

The AWG now focuses on providing analytic underpinning for the DPG and several decision-making forums. Each year, the AWG examines how it can expand analytic breadth and further the Department's analytic enterprise.

INCREASE AVAILABILITY PERIOD FOR O&M AND PCS COSTS

PROPOSED IN FY 2025 PRESIDENT'S BUDGET

MILESTONES.

FY 2024 – Proposals submitted with the FY 2025 President's Budget Submission

FY 2025 – Review the FY 2025 appropriations language for two-year PCS funding and O&M carryover

Annually - Review available authorities and propose additional flexibility in authorities where needed

CONGRESS. Success requires stakeholder consensus

COMMISSION. #6 Increase Availability of Operating Funds

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Increasing the availability period for the O&M appropriation and Military Personnel (MILPERS) permanent change of station (PCS) costs funds require stakeholder consensus. Increasing the availability of operating funds enables the DoD to address late-breaking bills and unanticipated expenses. This will result in a more productive expenditure of the funds, fewer deobligations, and greater spending power for the Department.

IMPLEMENTATION. The Commission recommended addressing challenges related to the availability of operating funds by allowing a carryover of five percent of O&M and MILPERS (delete PCS) annual total obligation authority, to cross into the next fiscal year.

The Department submitted a total of six different PPBE Reform budget execution flexibilities as part of the FY 2025 President's Budget request, to include: two-year PCS funding; a Health Care Transformation Fund; two percent carryover for National Guard appropriations; an increase to the Below Threshold Reprogramming (BTR) limits; O&M unobligated balance carryover; and enhancements to the Civil-Military program within the O&M, Defense-Wide account.

To date, Congress has not been supportive of multi-year O&M funding other than by exception for certain specific issues, and none of the Department's requested language was included in the markups of their FY 2025 bills. However, other federal agencies and some parts of DoD such as the Defense Health Program, do have O&M carryover authority. There is also precedent for carryover and longer availability periods in other federal agencies, such as two-year availability for non-construction National Aeronautics and Space Administration appropriations and Department of Homeland Security authority to carry over half of its unobligated balances of some of its annual appropriations.

The Department will continue to review our available authorities and request additional flexibilities and authorities where needed. Additional analysis and engagement with Congressional stakeholders are needed to reinforce the benefit of maximizing the use of the Department's resources.

ADJUST BTR LEVELS BASED ON FY 2023 FUNDING AMOUNTS

PROPOSED IN FY 2025 PRESIDENT'S BUDGET

MILESTONES.

FY 2024 – Proposal submitted with the FY 2025 President's Budget submission

Annually - Review current limits and propose changes where needed

CONGRESS. Success requires stakeholder consensus

COMMISSION. #8A Increase BTR Thresholds Based Upon the Nominal Growth of the Appropriation

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Adjusting the values for BTR actions aligns with Departmental priorities to maximize the use of appropriated funds and address emergent requirements during the year of execution.

IMPLEMENTATION. The Department concurs with the Commission recommendation that greater flexibility is needed and BTR levels should be adjusted to reflect the nominal growth in the appropriations over the last 20 fiscal years. As the BTR thresholds are outlined annually in the Joint Explanatory Statement accompanying the appropriations bill, this change requires stakeholder consensus and action. Current thresholds for FY 2024 are enacted at \$15 million for all appropriations.

The approach recommended by the Commission calculated new thresholds for each color of money by taking the ratio between total spending for the color of money in FY 2003 and total spending for the color of money in FY 2023. This calculation resulted in new proposed BTR thresholds of \$25 million for RDT&E, \$40 million for Procurement, \$30 million for O&M, and \$15 million for MILPERS.

With the submission of the FY 2025 President's Budget request, the Department proposed language to update the BTR thresholds to those levels recommended by the Commission. There would continue to be a prohibition on using this reprogramming authority to terminate programs, cut items of special congressional interest, or initiate new starts. Neither the House nor the Senate markups of the FY 2025 President's Budget made any changes to the current BTR thresholds.

The Department will continue to engage with Congressional stakeholders to reinforce the need to increase the BTR thresholds to amounts that are more consistent with the levels and ratios of the current defense budget. Providing greater flexibility in the year of execution through more realistic BTR thresholds will minimize delays in the day-to-day execution of funds, allow the Department to better address unanticipated requirements, and eliminate the time required to address minor reprogramming requirements for non-material changes in cost or program growth.

ALLOW REPROGRAMMING OF SMALL PERCENTAGE VIA REGULAR REPORTING TO THE DEFENSE COMMITTEES

MILESTONES.

FY 2025 - Establish a working group with all stakeholders and regularly convene to evaluate potential courses of action for inclusion with future President's Budgets

FY 2026 – Pursue proposals for implementation

CONGRESS. Success requires stakeholder consensus

COMMISSION. #8B Allow Reprogramming of a Small Percentage of an Entire Appropriations Account with Regular Congressional Briefings and Oversight

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Expanding the Department's authorities to request approval of some reprogramming amounts through regular reports to the defense oversight committees requires stakeholder consensus. As a follow on to increased BTR thresholds, this will provide much needed flexibility in the year of execution and dramatically improve the Department's ability to support innovation and responsiveness to changing circumstances and emergent requirements.

IMPLEMENTATION. The Department concurs with the Commission recommendation that the Department be allowed to move a small percentage of the funds within an appropriation account in the year of execution with a quarterly report to the congressional defense committees. The Commission proposed a gradual replacement of set BTR thresholds with approval of reprogramming actions via quarterly reporting of amounts up to a certain percentage of the total appropriation. That percentage, based on a historical analysis of 24 fiscal years for BTR transfers within each appropriations account, concluded that transfers generally fall within the range of up to 0.1 percent of MILPERS accounts, 0.5 percent of O&M accounts, 1.5 percent of RDT&E accounts, and 1.5 percent of Procurement accounts.

The Department will establish a working group with stakeholders to evaluate potential courses of action and determine: what changes may be required in the underlying financial management systems to appropriately track and monitor the limits; develop the associated process documentation and guidance; develop an overarching Congressional engagement strategy for the Department; and draft any appropriations or legislative language that may be necessary to implement the new reprogramming approval construct.

INCREASE NEW START NOTIFICATION THRESHOLD

MILESTONES.

FY 2025 – Convene a working group to include DoD and external stakeholders to examine options by appropriation; socialize new thresholds and/or definitions with Congress; and integrate changes into the DoD FMR and other budget guidance

CONGRESS. Success requires stakeholder consensus

COMMISSION. #8C Simplify New Start Notifications by Increasing the Notification Threshold

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Increasing the threshold for new start notifications to Congress requires stakeholder consensus. New starts in this recommendation are programs initiated after there is an appropriations act. All new starts require congressional notification, regardless of dollar amount, via a notify-and-wait letter process, which is a time-consuming process and delays capability delivery. Increasing the threshold for a notification requirement would increase the Department’s ability to adapt to changing threats and emergent requirements.

IMPLEMENTATION. The Department concurs with the Commission recommendation to align the new start notification threshold with the proposed increase to overall BTR thresholds.

The Department will work with both internal and external stakeholders to review and potentially redefine what a new start is for each appropriation title. The definitions currently contained in the DoD FMR may not necessarily reflect the changing nature of some activities and could benefit from a regular review to determine if those definitions are still applicable.

Further, as part of the PPBE reform initiative titled “Improve Training for Preparation of Budget Justification Materials”, the Departmental training will emphasize appropriate definition and designation of new starts in budget justification books so as not to unintentionally and inappropriately interpret minor modifications of existing efforts as a new start.

MITIGATE PROBLEMS CAUSED BY CONTINUING RESOLUTIONS

MILESTONES.

Annually- Continue to submit anomalies

CONGRESS. Success requires stakeholder consensus

COMMISSION. #9 Mitigate Problems Caused by Continuing Resolutions

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Avoiding a CR can only be accomplished by Congress; however, mitigating the problems triggered by CRs requires DoD and stakeholder consensus.

IMPLEMENTATION. The Department concurs with the Commission recommendation for much-needed flexibility in a CR that would allow the Department to proceed with new starts and production rate increases if requested in the President's Budget and approved in the House and in the Senate (or by the relevant appropriations committees or subcommittees). The new start or production rate increase would be permitted with funds available at the lowest mark level acted upon by the House or Senate (or by the relevant appropriations committees or subcommittees).

Unfortunately, CRs have become the norm over the last 20 plus years with only the FY 2009 and FY 2019 appropriations bills being enacted prior to the end of the fiscal year on September 30th. The CRs create significant challenges for the Department because of standard prohibitions on all new starts and increased production quantities. At a time when the Department faces increasing threats from strategic competitors, continually operating under CRs erodes the U.S. military advantage, impedes our ability to innovate and modernize, degrades readiness, hurts our Service members, workforce and industrial base, and limits our ability to take action against future challenges.

The Department routinely submits anomalies through the OMB to pursue selected activities under a CR. Previous CRs have contained language allowing for very limited new starts and production rate increases. Congress has also enacted rate of operations anomalies in the last few years. In FY 2025, DoD submitted CR anomalies to avoid production delays in the Columbia class submarine that were included in the signed CRs.

The Department will continue to submit and request anomalies under a CR for activities that cannot wait for a full appropriation enactment.

REVIEW AND CONSOLIDATE BUDGET LINE ITEMS

MILESTONES.

FY 2024 -Established stakeholder group to review analytical approach and identify potential lines for consolidations starting with the FY 2026 President's Budget request

These following activities align with the annual budget review process and timelines to submit the President's Budget

Summer – Winter - Solicit input and finalize proposed BLI consolidations with OMB and Congress

Spring - Submit President's Budget with the consolidated BLI structure

Annually - Review the current structure to determine any changes to pursue

CONGRESS. Success requires stakeholder consensus

COMMISSION. #10 Review and Consolidate Budget Line Items

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Consolidating budget line items (BLI) requires stakeholder consensus. The Department's current budget structure is composed of programs, projects, and activities reflected as BLIs. These BLIs are the building blocks of the annual President's Budget that determine how DoD funds will be authorized and appropriated, thereby impacting how much flexibility the Department has during the year of execution.

IMPLEMENTATION. The Department concurs with the Commission recommendation to systematically review BLIs and work with the congressional defense committees to rationalize and consolidate BLIs where appropriate by reviewing portfolios on a rolling basis over a five-to ten-year cycle.

Over the past decade, the number of BLIs has increased due to the propensity to segregate program content to retain transparency for specific projects.

The Department has previously been successful with efforts to consolidate BLIs, such as across multiple U.S. Special Operations Command appropriations and Army science and technology programs, which highlights the collaboration between the DoD and Congress on such efforts. This initiative will expand on that success.

Congressional language from the Joint Explanatory Statement to accompany the DoD Appropriations Act, 2024 and the Senate Appropriations Committee Subcommittee on Defense markup of the FY 2025 President's Budget encouraged the Department to continue working on BLI consolidation together with the congressional defense committees. However, the committee also directed that the FY 2026 request maintain the current appropriations structure.

The Department will continue to build on the progress made since the implementation began after the DSD endorsed this recommendation in the Commission's Interim Report in August 2023. As an important first step, in December 2024, the USD(C) approved the Army's request for a pilot effort to consolidate line items in high priority areas including Unmanned Aerial Systems and counter-UAS programs.

ALIGN PROGRAM AND PROGRAM OFFICE FUNDING TO THE PREDOMINANT ACTIVITY OF THE PROGRAM

MILESTONES. The following activities align with the annual budget review process and timelines to submit the President's Budget

FY 2025 – Solicit input and finalize proposed changes with OMB and Congress

FY 2026 - Submit any proposals in the FY 2027 President's Budget

Annually - Evaluate success of enacted proposals and review potential additional proposals for future President's Budgets

CONGRESS. Success requires stakeholder consensus

COMMISSION. #11C Align Program and Program Office Funding to the Predominant Activity of the Program

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Allow a program or program office to use their predominant funding to pay for all activities including personnel, administrative and overhead costs, and the missions they fund and oversee.

IMPLEMENTATION. The Department concurs with the Commission recommendation to align a program and program office funding to allow the use of a single color of money to fund activities associated with the effort's primary focus. Currently, funds for a program's various activities are often in a variety of appropriations.

This proposed change provides several benefits, to include allowing programs and program offices to respond to operational needs more quickly, providing enhanced congressional oversight through a more holistic view of an organization and its costs, and aligning DoD more closely with industry practices. This structure also closely aligns DoD practices with the audit standards that require the cost of a program office to be included as part of the capitalized value of the acquired equipment.

The Department currently has authority for many of the Department's research and development laboratories and the Defense Advanced Research Projects Agency (DARPA) to fund their research activities, civilian salaries, and support costs with RDT&E funds. On a Federal level, the National Aeronautics and Space Administration is also wholly funded with RDT&E funds, similar to the DoD labs and DARPA.

The Department will establish a working group led by USD(C) with OSD stakeholders, OMB, and Service and DoD Component financial and acquisition managers. The working group will propose a pilot(s) that could be included as early as the FY 2027 President's Budget including potential congressional language or legislative proposals. The Department will evaluate the effectiveness of any enacted request and determine whether changes or additional language may be required in future proposals.

REVIEW AND UPDATE PPBE-RELATED GUIDANCE DOCUMENTS

MILESTONES.

FY 2024 – Updated and published 28 percent of chapters identified for revision; Began study for recommendations for modernizing the DoD FMR

FY 2025 – Complete modernization study and begin the process to improve DoD FMR usability; Update and publish 62 percent of chapters identified for revision

FY 2026 – Complete the update and publication of the remaining chapters; comply with the NDAA for FY 2025 direction by September 30, 2026

CONGRESS. Stakeholder consensus is not required

COMMISSION. #12 Review and Update PPBE-Related Guidance Documents

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Complete systematic update and revision of all chapters of the DoD FMR including a modernization effort to improve the user experience.

IMPLEMENTATION. The Department concurs with the Commission recommendation for a systematic update of the DoD FMR and DoD Directive 7045.14, “The PPBE Process.”

The DoD FMR is the Department’s foundational regulatory, technical, and guidance document for FM systems and functions. It synthesizes a substantial list of statutory and regulatory FM requirements applicable to the DoD. By its nature, it is very technical, which can present a challenge for users who are not subject matter experts to interpret and apply the guidance.

A full modernization study began in 2024 specifically targeted to improve user experience with enhanced search capabilities, hyperlinks to historical changes and applicable U.S. Code sections, and rewrites of all chapters to ensure the DoD FMR is in plain language that is easy to understand. Congress is in support of a modernization.

The modernization study’s discovery stage engaged stakeholders at all levels to better understand their challenges when using the DoD FMR and what content and user features they would like to have available. The Department is also exploring technology options to enhance website usability, DoD FMR plain language readability, and search capability to improve relevant results.

The Department established a Tiger Team in 2024 to review, update, and systemically maintain the DoD FMR on an ongoing basis. As a result, 28 percent of chapters identified for revision were published in 2024. Sixty-two percent of chapters identified for revision will be published in 2025, and the remaining chapters will be complete by the end of 2026.

The NDAA for FY 2025 directs the USD(C) to revise the DoD FMR to provide updated guidance for current legislative and regulatory requirements, to streamline and deconflict guidance to ensure consistency and clarity and remove outdated guidance.

ESTABLISH A PPBE REFORM IMPLEMENTATION TEAM

IMPLEMENTED

MILESTONES.

FY 2025 - Established team and accountability framework to ensure progress

USD(C) signed charter and governance documents including reporting process for measuring reform progress

Brief Congress no later than 60 days after NDAA enactment

FY 2025 – FY 2028 – Quarterly or bi-annually stakeholder touch points with OMB and Congress

Quarterly reporting to the DSD and other governance processes

Bi-annual reporting to Congress

FY 2028 - disestablish team or re-assess

CONGRESS. Section 1006 of the NDAA for FY 2025 codifies the requirement to establish and resource a cross-functional team to oversee implementation of PPBE reform and reporting requirements on implementation and progress

COMMISSION. #28 Establish an Implementation Team for Commission Recommendations

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. To achieve meaningful and sustained PPBE reform, the DoD has established a dedicated implementation team with the expertise and authority to oversee complex, Department-wide, multi-year initiatives and ensure steady progress.

IMPLEMENTATION. The Department partially concurs on the Commission recommendation to establish an implementation team. The PPBE Reform Implementation Team was established in November 2024 under the direction of the USD(C). The PPBE Reform Implementation Team will be effective for a period of no less than three years. At that time, a path forward and future implementation activities will be re-assessed.

The DSD, in the memorandum, “Planning, Programming, Budgeting, and Execution Reform,” dated August 23, 2024, designated the USD(C) to act as the lead for implementing PPBE reforms and to establish and oversee a cross-functional team. In addition, the NDAA for FY 2025 enacted on December 23, 2024, codified the implementation team requirement, and directed the USD(C) to brief congressional defense committees and to seek feedback on the recommendations of the Commission no later than 60 days after enactment, and reporting requirements every 180 days on implementation progress.

The PPBE Reform Implementation Team is the focal point for measuring progress, governing implementation, reporting, high-level issue escalation, and overseeing the Department’s strategic messaging on PPBE reform. The implementation team coordinates and oversees the Department’s PPBE reform agenda, ensuring a collaborative and transparent approach to implementing approved recommendations from the Commission and other Department-led reform ideas. In December 2024, the Team established an accountability framework to ensure responsiveness and transparency in addressing challenges. In January 2025, the USD(C) signed the governance framework and charter to guide implementation and ensure continued success through completion.

FRAMEWORK OBJECTIVE 2

Modernize and Simplify Information Sharing continues the focus on modernizing and refining information sharing between DoD and Congress to effectively advocate for and defend the Department’s priorities. By fostering transparent, consistent, and timely

communication, DoD aims to keep Congress well-informed about resource needs, budget execution, and program performance, leading to better alignment of expectations and reduced budgeting delays.

MEASURING PROGRESS

- Collecting and incorporating stakeholder input
- Conducting a FY 2026 pre-mark-up engagement with Congress
- Publishing the Congressional Access to DoD Budget Data: Discovery Sprint Findings Report in FY 2025

REFORM INITIATIVES (4)

- » IMPROVED COMMUNICATIONS WITH CONGRESS
- » RESTRUCTURE THE JUSTIFICATION BOOKS
- » ESTABLISH COMMUNICATION ENCLAVES BETWEEN DoD AND CONGRESS
- » MODERNIZE THE TRACKING AND TASKING OF CONGRESSIONAL REQUESTS AND ACTIONS

HIGHLIGHTS

- ✓ Improve communications and relationships with Congress through enhanced and increased engagements to foster transparency and collaboration, especially surrounding resourcing priorities and emergent requirements.
- ✓ Restructure budget justification books (J-books) to provide consistent, clear, and relevant information, aligned with NDS priorities to enhance congressional oversight and public transparency.
- ✓ Establish a collaborative digital environment to facilitate secure and efficient information sharing on resourcing issues between DoD and Congress (e.g. SUNvana on the SUNet platform).
- ✓ Modernize the Congressional Hearings and Reporting Requirements Tracking System (CHARRTS) to improve tracking and tasking of congressional requests.

IMPROVED COMMUNICATIONS WITH CONGRESS

MILESTONES.

FY 2025-

Identify congressional processes with resource impacts

Develop potential process improvements

Meet with DoD stakeholders to discuss proposed process improvements and identify additional proposals

Meet with Congressional stakeholders to discuss proposed process improvements and identify additional proposals

Implement approved process changes

Develop additional potential process changes based on stakeholder inputs and iterate on process

Annually- Meet with DoD and Congressional stakeholders to discuss proposed process improvements and identify additional proposals based on stakeholder inputs

CONGRESS. Success requires stakeholder consensus.

COMMISSION. #17 Encourage Improved In-Person Communications

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. The Department, Services, and DoD Components will establish a process for more relevant, frequent, and proactive engagement with the appropriate congressional committees to improve communication with Congress.

IMPLEMENTATION. The Department endorses the Commission's recommendation to encourage improved communications with Congress. The DoD is committed to continuing the recent positive trends surrounding the relationship and communication between the Department and all Congressional stakeholders.

The Department will gather stakeholder input to identify areas for improved communication and information sharing; best practices from the legislative and appropriation liaison shops across the Services and DoD Components; and process improvement options for consideration.

Specific areas for engagements could include providing any additional information on prior approval reprogramming requests; offering regular quarterly engagements on critical programs; improving the timeliness of the Department's responses to congressional staffer requests for information; and establishing and institutionalizing a pre-markup engagement strategy for FY 2026 and beyond.

Notably, many of our proposed key actions and activities will be iterative in nature and require continuous feedback from congressional committee staff directors and clerks to ensure their effectiveness and relevance.

RESTRUCTURE THE JUSTIFICATION BOOKS

MILESTONES. These following items align annually with the budget review process and timelines to submit in the President's Budget

FY 2024 – Established the cross-functional working group

FY 2025 - Finalize working group recommendations, socialize proposed changes with OMB and Congress

FY 2026 - Submit any new structures in the FY 2027 President's Budget

Annually - Review changes that were made and evaluate effectiveness

Review potential additional proposals for future budgets

CONGRESS. No statutory or regulatory changes are required to implement this initiative; however, stakeholder consensus is required. Specifically, any changes to the structure of justification books should be discussed with the congressional defense committees prior to submission in a President's Budget

COMMISSION. #18 Restructure the Justification Books

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. The Department is conducting a comprehensive review of the budget justification books, or J-books, to identify any necessary changes to the information provided, establish more uniform formats and content, and eliminate exhibits that are no longer of value.

IMPLEMENTATION. The J-books contain thousands of pages of detailed program and budget information divided first by Component and then by appropriation. It can be a challenge for the DoD to clearly articulate and justify a program and for Congress, the public, and industry to track and understand them across the different J-books that might contain a piece of information on that program. The books have evolved over time, and in some cases, specific exhibits are designed to address statutory requirements or congressional stakeholder preferences. The current J-books vary widely in scope and content, with some large program writeups providing less detailed information while some smaller program writeups providing extensive detail.

The Department began activities to implement this action from the Interim Report and established a cross-functional working group to initiate the significant effort to evaluate the J-books for each appropriation and assess how the justification materials communicate program and resource needs aligned with NDS priorities. The initial focus is on determining the effectiveness, consistency, clarity, and relevance of information and how it aligns with programmatic objectives and then identifying any necessary changes to the information provided, establishing more common formats and content for the J-books, and eliminating exhibits that are no longer of value. The goal is to enhance the J-books so that Congress can perform its oversight role more effectively and the public has transparency into the DoD budget request.

On an annual basis, the Department will review exhibits to eliminate those no longer useful for congressional review and to incorporate changes into the J-books to clearly link the resources to strategy and better defend the Department's request to Congress.

ESTABLISH COMMUNICATION ENCLAVES BETWEEN DOD AND CONGRESS

MILESTONES.

FY 2025 - Complete discovery sprint, produce a *Findings Report*, develop a plan, and begin implementation of enhancements based on the discovery sprint findings and recommendations

CONGRESS. Stakeholder consensus is required

COMMISSION. #19 Establish Classified and Unclassified Communication Enclaves

OPR. Office of the Chief Data and Artificial Intelligence Officer

INITIATIVE. Improved information sharing between DoD and Congress on resourcing issues is mutually beneficial: delivering faster and clearer information to Congress leads to stronger relationships, less labor-intensive requests for information, and faster feedback on potential legislative actions.

IMPLEMENTATION. The Department concurs with this recommendation from the Commission and will continue to develop a digital solution to improve information sharing between DoD and Congress.

Success of the communication enclaves between DoD and Congress requires stakeholder consensus. The existing method for sharing budget and acquisition data between the DoD and Congress is manual, cumbersome, and time consuming.

To begin addressing this need in 2024, the Department delivered a collaborative environment accessible to congressional staff, referred to as “SUNvana.” This environment currently provides Congress access to some resource execution-related data, applications, and services.

In the spring of 2024, a small number of congressional staff were given access to SUNvana. The Department conducted a discovery sprint with Congressional and DoD stakeholders in early FY 2025 understand SUNvana’s limited user adoption, get user feedback on SUNvana, and gain clarity on Congressional requirements for improved access and formats for data. The output of the discovery sprint will be a Findings Report that includes key findings, recommendations, and quick wins to guide improvements and future solutions developments.

The Department is committed to implementing a digital solution for improved data sharing between DoD and Congress and will begin execution of priority business requirements based on the discovery sprint findings. Future development will be guided by continued feedback and engagement from Congress and Department stakeholders.

MODERNIZE THE TRACKING AND TASKING OF CONGRESSIONAL REQUESTS AND ACTIONS

MILESTONES.

FY 2023 – Modernization of CHARRTS began

FY 2024 – FY 2025 – Review and revise as necessary the process for internal assignment of Departmental congressional reporting requirements; update associated DoDI and/or guidance; and update underlying IT system from cold fusion to .net

FY 2025 – Complete CHARRTS modernization effort

CONGRESS. Stakeholder consensus is not required

COMMISSION. #24 Modernize the Tracking of Congressionally Directed Actions

OPR. Office of the Assistant Secretary of Defense for Legislative Affairs

INITIATIVE. The Department is modernizing and improving the process and platform by which the DoD tasks and tracks congressionally-directed actions.

IMPLEMENTATION. For the last 18 months, the Department’s system CHARRTS, governance, and regulations have been undergoing a review and modernization effort and will be fully implemented and revised in FY 2025.

The modernized tasking and tracking platform will have improved functionality features including easily accessible and readable icons and drop-down menus to assist in navigating the dashboard.

The Department’s governance and guidance that outline the internal assignment and management of congressional requests processes has been reviewed and revised where necessary. A revision to the DoD Instruction (DoDI) 5545.02 titled “DoD Policy for Congressional Authorization and Appropriations Reporting Requirements” is in final coordination. There is an enterprise-wide emphasis on the oversight and management of congressional reporting requirements in an effort to increase timely and thorough responses.

FRAMEWORK OBJECTIVE 3

Modernize and Simplify FM Defense Business Systems and end-to-end business environment is targeted to improve data-driven, fiscally informed strategic decision-making by incorporating advanced tools like Advana into the workforce’s toolkit and into

senior decision-making processes. Through these initiatives, DoD is expanding real-time insights to foster transparency, efficiency, and strong alignment of resources to strategic objectives.

MEASURING PROGRESS

- COLLECTING AND INCORPORATING STAKEHOLDER INPUT
- PROPOSED LEGISLATIVE LANGUAGE CHANGES ARE UNDER REVIEW WITHIN THE DEPARTMENT
- ESTABLISH COMMON ANALYTICS PLATFORM INTEGRATED PRODUCT TEAM (IPT) CHARTER
- CONSOLIDATE SYSTEM ACTIVITIES INTO NEXT GENERATION RESOURCE MANAGEMENT SYSTEM (NGRMS) TO ENSURE A MORE STREAMLINED ENTERPRISE PPBE PROCESS
- FINALIZE PPBE COMMON DATA MODEL (CDM) FOR SOURCES INGESTED INTO THE ADVANA COMMON ANALYTICS PLATFORM
- UPDATE DoD FMR BY 2026

REFORM INITIATIVES (5)

- » CREATE A COMMON ANALYTICS PLATFORM
- » STRENGTHEN GOVERNANCE FOR DEFENSE BUSINESS SYSTEMS
- » ACCELERATE PROGRESS TOWARD AUDITABLE FINANCIAL STATEMENTS THROUGH FINANCIAL SYSTEMS
- » CONTINUE RATIONALIZATION OF OSD RESOURCING SYSTEMS
- » STREAMLINE PROCESSES AND IMPROVE ANALYTIC CAPABILITIES

HIGHLIGHTS

- ✓ Create a common analytics platform providing centralized, streamlined access to authoritative data and advanced analytics capabilities across various functional areas.
- ✓ Strengthen and modernize the governance of defense business systems (DBS) to ensure DoD priorities are understood and needs are incorporated.
- ✓ Accelerate progress toward an unmodified audit opinion by 2028 through business system rationalization and modernization, systematically remediating high-priority financial system issues.
- ✓ Consolidate the OSD resourcing system environment by deploying the NGRMS and the Advana platform, streamlining PPBE processes and increasing efficiencies.
- ✓ Streamline PPBE processes and improve analytics through NGRMS and Advana implementation, automating tasks and enabling near-real-time decision-making.

CREATE A COMMON ANALYTICS PLATFORM

MILESTONES.

FY 2025 – Establish an IPT Charter and begin hosting IPT forums

Catalog current authoritative data sources to Advana that support the PPBE submission cycle and decision-making processes

Develop, publish, and implement on Advana a CDM for PPBE data sets

Define a formal change management process to capture data and analytic requirements and supporting user adoption

FY 2026 – Establish a PPBE common analytics platform and develop data sharing agreements and governance

Continuously - Continuously reassess delivery of enhanced analytics and streamlined capabilities

CONGRESS. Stakeholder consensus is not required

COMMISSION. #20 Create a Common Analytics Platform

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Expand and enhance capabilities of Advana, the Department's current common analytics platform, to provide enterprise resourcing analytics.

IMPLEMENTATION. The complexity of the Department's PPBE process is immense. It encompasses thousands of interrelated components involving people, technology, and procedural interactions. The nature of current data systems can impact interoperability and create data silos, complicating decision-making processes.

With the current common analytics platform, Advana, the Department has a single, secure repository for data, making information readily available and access to authoritative data across functional areas, enabling enhanced reporting and streamlined processes. Expanding and enhancing it will enable all DoD Components to leverage the same authoritative, transaction-level information to make data-informed decisions.

In the spring of FY 2025, the Department will convene an IPT and begin hosting IPT forums with stakeholders to foster collaboration across a variety of organizations. By the end of FY 2025, the IPT will propose a plan to the OUSD(C) for decision that outlines recommendations for expanding and enhancing Advana as the common analytics platform.

Also in FY 2025, the Department will establish foundational data governance and data management principles, catalog current authoritative data sources in DoD's Data Catalog on Advana that support the PPBE submission cycle and decision-making process. The Department will then develop, publish, and implement on Advana a CDM for PPBE data sets to enable the usability and integration of PPBE data with other sources. Further, in FY 2025 the Department will define a formal change management process for capturing data and analytic requirements and supporting user adoption.

In FY 2026, the cataloged list of PPBE data sources for the PPBE common analytics platform will be prioritized and the coordination with data source owners to develop data sharing agreements, set data safeguards, and ingest of necessary sources will begin.

STRENGTHEN GOVERNANCE FOR DEFENSE BUSINESS SYSTEMS

MILESTONES.

FY 2025 - Publish DBS Modernization Action Plan, DBC charter, legacy IT criteria list, legacy DBS list, DBS certification and management guidance version 2, incorporate system-related audit goals into management documents and processes, BEA Analytics dashboard in Advana

Quarterly - DBC briefs on retirement status

CONGRESS. Stakeholder consensus is not required

COMMISSION. #21 Strengthen Governance for DoD Business Systems

OPR. Office of the Department of Defense Chief Information Officer

INITIATIVE. Develop and lead an Enterprise Business Systems Roadmap with all associated details, performance measures, and timelines and ensure compliance by leveraging the Department's budget certification authority. Provide the congressional defense committees an annual report and briefing on the progression of the Department's Business Systems Roadmap and its linkage to auditability. Develop a strategic approach to prioritize the remediation of known system issues within the DoD that impact financial statement auditability and address priorities as part of the Enterprise Business Systems Roadmap.

IMPLEMENTATION. The Department has reinvigorated its efforts to strengthen the governance of DBS. In October 2023, the Defense Business Council (DBC) was reconstituted in accordance with the NDAA for FY 2023 and a cross functional governance board was established to improve incorporation of functional priorities.

Existing governing bodies are sufficient to execute transformational DBS rationalization. However, expanding alignment and integration across stakeholders will enable a bi-directional flow of information between cross-functional governing bodies, including the DBC, and functional-level governance, including the Financial Improvement and Audit Remediation Governance Board. This will ensure DoD priorities are ubiquitously understood and the needs and progress of functional-level governing bodies executing DBS rationalization efforts are incorporated.

The Department will establish a DBS Modernization Action Plan, codify a revised DBC charter, identify rationalization opportunities, perform rationalization, operationalize the DoD Business Enterprise Architecture (BEA), refine DBS certification and management processes, and remediate known systems issues related to audit. The Department can use existing levers such as budget certification authority and governance forums to ensure investments and retirements are in alignment with policies and roadmaps for a modernized business systems architecture.

Additionally, requirements for FM systems that support the PPBE process are being incorporated as a part of the DBS annual certification process. This certification requires systems to report on the acceleration of remediation of audit issues and other technical and functional requirements.

ACCELERATE PROGRESS TOWARD AUDITABLE FINANCIAL STATEMENTS THROUGH FINANCIAL SYSTEMS

MILESTONES.

FY 2024 - Updated DoD FMR 7000.14-R

FY 2025 - Capture Internal Control over Reporting – Financial Systems relevant system inventories and prioritize systems for audit remediation

Drive active management of enterprise audit-relevant system retirements

Identify, lead, and support execution of efforts aligned to Secretary of Defense outlined priorities

Ongoing - Continue leveraging governance forums to advance audit progress with financial systems

Review current authorities

CONGRESS. Stakeholder consensus may be required

COMMISSION. #22 Accelerate Progress Toward Auditable Financial Statements

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Continual development of financial systems policy changes to accelerate progress of the financial statement audit. Review of current authorities that may affect how financial statement beginning balances are defined.

IMPLEMENTATION. The DoD’s business systems environment and the processes facilitated by those systems play a critical role in ensuring the DoD’s financial data is appropriately tracked, processed, and reported out on the annual financial statements. Business system rationalization and modernization are critical to achieving an unmodified audit opinion, and the DoD is working to methodically address the highest priority challenges to reach an unmodified opinion by the congressionally mandated deadline of December 2028.

There are four main objectives that will be accomplished over the next year, which are also in alignment with the reform initiative, *Strengthen Governance for Defense Business Systems*.

Objective #1 will begin later in FY 2025 to further define priority systems.

Objective #2 began in FY 2024 and will continue work across the Department to remedy known systems issues, including continuing to use cross-functional governance forums and DBS Annual Certification Process to reinforce audit priorities; continue our focus on retiring systems; execute Secretary of Defense “FY 2025 Financial Statement Audit Remediation Priority” memo requirements and those from the FY 2024 Secretary of Defense “Expectations for Supporting DoD Financial Statement Audits” memo; and continue to identify weaknesses and notices of findings and recommendations (NFR) related to systems

Objective #3 will continue previous work to leverage governance forums to advance audit progress with financial systems.

Lastly, Objective #4 began in FY 2025 and reviews existing authorities that may affect achieving a Department-wide or DoD reporting entity’s unmodified audit opinion. Potential reviews include the duties of the USD(C) in 10 U.S.C. 135 and 10 U.S.C. 2222 and how the Financial Statement Beginning Balances are defined.

CONTINUE RATIONALIZATION OF OSD RESOURCING SYSTEMS

MILESTONES.

FY 2024 – Completed integration of single sign-on and NGRMS users management module and retired and replaced legacy reporting systems with Advana

FY 2024 – FY 2026 – Expand NGRMS API gateways with DoD and external partners

FY 2025 – Retire CDS, evaluate potential courses of action for SNAP/SNAP-IT way ahead, and continue migrating and retiring legacy systems; pilot one Military Service and one Defense Agency for NGRMS-as-a-Service; Drive data standardization, integration, and traceability across enterprise end-to-end PPBE process, including funds controls, budget formulation, and other PPBE data

FY 2026 - Integrate program review decision tools, DRDW, and IMT to NGRMS framework and retire DDS and CIS

CONGRESS. Stakeholder consensus is not required

COMMISSION. #23 Continue Rationalization of the OSD Resourcing Systems

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Pair the NGRMS and Advana platforms to tie resources (NGRMS) with the business metrics (Advana) that support the DoD's ability to formulate, justify, present, and defend the Department's budget during the PPBE process.

IMPLEMENTATION. The Department concurs with the Commission recommendation to continue DoD efforts to consolidate and streamline OSD programming and budgeting systems, processes, and analytic capabilities. The DoD does not concur with the recommendation to consolidate nor co-locate the Comptroller and CAPE IT offices.

The Department is well underway with the execution of this initiative through the consolidation of resource management activities into the NGRMS to ensure a more streamlined enterprise PPBE process. The end goal is to create a single, integrated systems environment for planning, programming, budgeting, and execution (which links to Advana) across the Department, providing a single-source DoD resource management tool that will increase efficiencies and enhance data analytics during program/budget/execution reviews, reduce duplication of efforts and inaccuracies of data, support better capability trade-off analysis, and better inform DoD senior leader decision-making.

By the end of FY 2025, implement cloud containerization plans; assess the DoD Component budget formulation systems architecture to understand current formulation capabilities and identify how the Department should enhance NGRMS; support budget exhibit reform through auto population of manpower exhibits from NGRMS manpower module; finalize and implement manpower exhibit requirements from a single source; expand Exhibit Automation System capabilities; conduct a feasibility assessment to determine if internal PPBE guidance and decision documents can be shared and accessed appropriately through NGRMS or Advana; transition remaining CAPE data feeds and utilize the standard NGRMS data structure; retire CDS and SNAP/SNAP-IT; and pilot one Military Service and one Defense Agency for NGRMS-as-a-Service.

By the end of FY 2026, begin implementation of AI/ML technologies to increase productivity and deliver new ways for end-users to interact with NGRMS data. Further, begin the integration of program review decision support tools, DRDW, and IMT to NGRMS framework and begin retirement of DDS and CIS.

STREAMLINE PROCESSES AND IMPROVE ANALYTIC CAPABILITIES

MILESTONES.

FY 2025 - Implement Change Management Plan to manage user requirements and support user adoption of analytic tools

FY 2025 – FY 2026 - Finalize PPBE CDM for sources ingested into the Advana common analytics platform

Ingest and integrate additional PPBE data sources to improve analytics capabilities, provide near-real-time analytics, and begin the foundation for robust AI/ML tools

CONGRESS. Stakeholder consensus is not required

COMMISSION. #26 Streamline Processes and Improve Analytic Capabilities

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Streamline operations and enhance analytics capabilities through NGRMS and Advana.

IMPLEMENTATION. The Department concurs with the Commission recommendation for the DoD to continue to streamline processes and improve analytic capabilities. Through NGRMS and Advana, the Department will consolidate data management and improve efficiency by minimizing data re-entry, and leveraging Advana, will provide automation capabilities, analytic, and data science tools to deliver near-real-time analytics to decision-makers.

Milestones to complete in FY 2025 include delivery of an initial application for enhanced tracking of current O&M funds execution, enhancing existing reporting capabilities with improved timeliness (from monthly to daily) and breadth of information (from BLI-level to program/transaction-level); delivery of enhanced analytic capabilities for analysts that integrate data and streamline processes for mid-year reviews, execution reviews, and leadership reporting; implementing a formal change management process for capturing analytic and data requirements and supporting user adoption; and delivery of consolidated transaction-level applications for tracking funds execution across each major DoD appropriation and integrating it with data from functional domains to enhance data-driven resource planning and deliver granular, accurate, and timely reporting.

Milestones to begin in FY 2025 and continue into FY 2026 include developing initial artificial intelligence (AI) / Machine Learning (ML) and predictive modeling capabilities to deliver enhanced and automated reporting for execution reviews and support long-term planning via prediction of unobligated balances.

This initiative also aligns with other PPBE reform initiatives including *Continue Rationalization of OSD Resourcing Systems* and *Create a Common Analytics Platform*.

FRAMEWORK OBJECTIVE 4

Invest in Today's and Tomorrow's Workforce emphasizes the Department's commitment to our workforce to provide the necessary training and development opportunities to equip them with the skills to be successful, adaptable, and ready to meet the Department's evolving resource challenges. Investing in our people is essential. They

must have current knowledge and tools to meet the increasing pace and competitiveness of the strategic environment. This objective focuses on attracting and retaining top talent while providing targeted training in the critical areas of data analytics, financial management, and strategic planning.

MEASURING PROGRESS

- COLLECTING AND INCORPORATING STAKEHOLDER INPUT
- EXPANSION OF FM CERTIFICATION PROGRAM AND DEFENSE ACQUISITION UNIVERSITY TRAINING OFFERINGS IN DATA ANALYTICS
- COMMUNICATING WITH CONGRESS AND TECH RESOURCING AUTHORITIES

REFORM INITIATIVES (6)

- » CONTINUE THE FOCUS ON IMPROVING RECRUITING AND RETENTION
- » INCREASING WORKFORCE KNOWLEDGE OF AVAILABLE TECHNOLOGY RESOURCING AUTHORITIES
- » IMPROVE TRAINING FOR PREPARATION OF THE DEPARTMENT'S ANNUAL BUDGET JUSTIFICATION MATERIALS
- » IMPROVE TRAINING FOR DoD LIAISONS
- » EXPAND TRAINING ON DATA ANALYTICS
- » IMPROVE UNDERSTANDING OF PRIVATE SECTOR PRACTICES

HIGHLIGHTS

- ✓ Establish a comprehensive baseline of flexible funding authorities within the Department to inform future recommendations and workforce training.
- ✓ Implement a collaborative outreach strategy to recruit and retain top FM talent.
- ✓ Establish standardized Department-wide training to teach personnel how to develop and write effective justification materials.
- ✓ Develop standardized training for DoD liaisons incorporating best practices to ensure effective communication with Congress.
- ✓ Develop and mandate data analytics training for the FM workforce, incorporating best-in-class offerings to enhance analytics competencies across the Department.
- ✓ Establish a familiarization program to educate PPBE personnel on private sector practices and structures, enhancing DoD senior leader decision-making and industry partnerships.

CONTINUE THE FOCUS ON IMPROVING RECRUITING AND RETENTION

MILESTONES.

FY 2024 – Launched and completed the DoD FM Enterprise Recruitment Pilot

Built candidate pool of almost 500 applicants

FY 2025 – Continue recruitment efforts and assess levels of success to retain highly qualified talent within the DoD FM community

FY 2025 – FY 2026 – Assess retention across the FM community, identify root causes, and research retention strategies for offices below industry average; provide assessment and progress in the annual Year-In-Review

CONGRESS. Stakeholder consensus could be required

COMMISSION. #25: Continue the Focus on Recruiting and Retention

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Shape an appropriately skilled and ready future workforce through improved recruitment and retention of the defense FM civilian workforce.

IMPLEMENTATION. The Department concurs with the Commission recommendation that there is a great need to continue efforts to recruit and retain top talent personnel. The Department's ability to deliver relevant and timely talent is critical to building enduring competitive advantages and achieving national security objectives. The FM community must be positioned to compete for, win, and retain top talent. The DoD's ability to maintain and build new skills and experience with new talent depends on the capability to efficiently and effectively recruit, hire, and retain high-performing employees.

Inefficient or burdensome hiring processes result in the loss of prime talent to the private sector and less qualified talent pools. Furthermore, lengthy vacancies require managers to operate with inadequate resources, straining the existing workforce. If used appropriately, the combination of marketing and branding with streamlined hiring are very effective in meeting requirements for quality, timeliness, and retention.

In 2024, the Department launched and completed a DoD FM Enterprise Recruitment Pilot specifically to attract talent and competencies relevant to defense financial management. Ongoing recruitment efforts are going beyond finding talent using the traditional job websites and employing three recruitment concepts including a branding and market strategy that focuses on opportunities across the Department throughout a career; creating a pool of talent decreasing time to hire for the entire DoD FM community; and continuous engagement with candidates.

In FY 2025 and forward, the Department will continue to analyze DoD FM Enterprise recruitment through retention assessment across the FM community, identifying root causes, and researching retention strategies for offices below industry average. Reporting of the assessment and progress will be included in the DoD FM Advana Workforce Health Index Dashboard and also in the annual Year-In-Review, the FM Strategic Planning tool used to report progress on the DoD FM Functional Community Implementation Plan.

INCREASING WORKFORCE KNOWLEDGE OF AVAILABLE TECHNOLOGY RESOURCING AUTHORITIES

MILESTONES.

FY 2025—Begin research effort to establish baseline knowledge, use, and understanding of existing authorities

Assessment completed on flexible funding gaps identified in the research

DAU publishes website with points of contact for technology resourcing authorities

CONGRESS. Stakeholder consensus not required

COMMISSION. #13 Improve Awareness of Technology Resourcing Authorities

OPR. Office of the Under Secretary of Defense for Acquisition and Sustainment

INITIATIVE. The Department focused on using authorities already available and had success achieving flexible changes and approvals from the committees with those existing authorities. To ensure there is wide use and understanding of existing authorities, the Department will review all existing flexible funding authorities available to the DoD and develop a baseline of what authorities the Department has, where there are flexible accounts to execute from, how they can be used, and how they are used. This baseline will provide the Department the analysis to make further recommendations on future flexible funding requirements.

IMPLEMENTATION. The Department concurs with the Commission recommendation to invest in increasing the workforce's knowledge and use of available flexible technology resourcing authorities.

The Department will make information and training readily accessible on current available innovation and adaptability funds and authorities. This will be electronically offered on the existing Defense Acquisition University (DAU) online environment and the FM Certification portal. The Department will develop a webpage and training content through DAU and will include points of contact for the various technology resourcing authorities.

Additionally, the Department will begin a 10-month research effort to establish baseline knowledge, use, and understanding of existing authorities that can then be used to make further recommendations against and will provide a report of their findings. The DoD will establish a DoD Working Group to assess the findings and identify any gaps in authorities within the Department.

IMPROVE TRAINING FOR PREPARATION OF THE DEPARTMENT'S ANNUAL BUDGET JUSTIFICATION MATERIALS

MILESTONES.

FY 2024 – Rolled out new and increased number of virtual class offerings led by SMEs

FY 2024 - FY 2025 – Complete baseline reviews of required competencies and existing training across the DoD

FY 2025 – Continue virtual classes and offerings of commercially available topics

Implement standardized and structured training content across a variety of platforms

Continuously - Collect feedback on courses, evaluate their effectiveness, identify gaps in curriculum and skills

CONGRESS. Stakeholder consensus is not required

COMMISSION. #27A: Improve Training for Preparation of Justification Materials

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. The budget justification books and materials contain upwards of 60,000 pages of detailed program and budget information. This massive material evolved over time, and in some cases, is designed to address statutory requirements or congressional stakeholder preferences. The current J-books and materials vary widely in scope and content. There is some targeted training, primarily within the DoD Components and supplemented with on-the-job training, on the role of the materials and how to develop and write descriptive narratives. Expanded and targeted training will ensure the materials accurately communicate and represent the requirements and equities of the Department to a variety of audiences including Congress.

IMPLEMENTATION. The Department concurs with the Commission recommendation that targeted and expanded training courses for various types of budget justification materials, including J-books, data files, overview books, and staffer briefings is necessary.

The Department began this implementation in spring of FY 2024. The Department established a curriculum review working group to review existing training and then revise or create additional standardized and structured training content across a variety of platforms and methods to create a holistic approach to J-book training.

In the summer of 2024, virtual classes, led by subject matter experts (SME), and commercially available training were quickly made available to the financial management community for writing J-book narratives and preparing and submitting budget justification materials.

The Department plans to continue expansion and standardization of J-books training across a variety of platforms throughout FY 2025, through quarterly webinars led by DoD SMEs, virtual instructor-led course offerings, and coordination with DoD schoolhouses. By the end of FY 2025 the Department plans to develop and expand on existing web-based training content available to both the acquisition and financial management communities, beginning with the foundation in the basics of why the justification material is important and progressing into developing and writing narratives and J-books for specific appropriations and exhibits, rollout briefings, talking points, and other materials.

IMPROVE TRAINING FOR DOD LIAISONS

MILESTONES:

FY 2024 - FY 2025 – Establish a baseline list of liaison positions, define required competencies, develop a curriculum, and identify any gaps in skills and training

FY 2025 – Complete baseline reviews of required competencies for each position and existing training across the DoD

Implement standardized and structured training content across a variety of platforms including DAU and the FM Certification Program

Continuously – Collect feedback on courses, evaluate effectiveness, identify any remaining gaps in curriculum and skills, and update as needed

CONGRESS. Congressional staffer feedback will be solicited for input into the training program

COMMISSION - #27B Improve Training for DoD Liaisons

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. Expanded and specific targeted training to ensure DoD personnel accurately communicate and represent the requirements and equities of the Department during engagements with Congress.

IMPLEMENTATION. The Department concurs with the Commission recommendation that standardized and structured training is critical to effective successful communications with Congress. The Department's engagement with Congress is exceptionally important. The DoD liaisons provide a critical connection between the Department's personnel and congressional members and committee staff. Liaisons facilitate a vast variety of communications from formal hearings with senior leaders to subject matter expert briefings on requested topics.

Beginning in summer of 2024, the Department focused on identifying and cataloging all liaison positions and personnel across the Department and required skills specific to their position. By the end of FY 2025, the baseline knowledge and skills of the personnel in the current liaison positions will be assessed and training gaps identified to ensure each has the necessary expertise to accurately present the equities of the DoD. Feedback will be requested from professional staff members and incorporated into training.

Both internal and external stakeholders have emphasized the detrimental effects of non-aligned engagements with Congress and the importance of established Department guidance requiring coordination through OASD(LA) and OUSD(C) Budget and Appropriations Affairs or their military department counterparts.

By the end of FY 2025, standardized and structured training programs will be available Department-wide across a variety of platforms including DAU and the FM Certification Program. In FY 2026, additional training will continue to be added, where necessary.

EXPAND TRAINING ON DATA ANALYTICS

MILESTONES:

FY 2024 – Expanded trainings offered under FM certification program and through commercially led programs

FY 2024 - FY 2025 - Baseline competencies review, curriculum review, and composition review

FY 2025 – Launched a Data Analytics Graduate Certificate Pilot with the Naval Post Graduate School

Continuously - Collect feedback on courses, evaluate effectiveness, identify gaps in curriculum and skills

CONGRESS. Stakeholder consensus is not required

COMMISSION. #27C Expand Training on Data Analytics

OPR. Office of the Under Secretary of Defense (Comptroller)

INITIATIVE. As part of investing in our people, training and development opportunities in data analytics is necessary to equip them with the skills to be successful, adaptable, and ready to meet the Department's evolving resource challenges.

IMPLEMENTATION. The Department concurs with the Commission recommendation data analytics training is very necessary for the workforce. There is a relationship between data analytics and improved decision-making. Data is a strategic resource, and it is critical to build and maintain the battlefield advantage.

In FY 2024, the Department established a curriculum working group to review and revise existing training requirements for the FM community. The group decided to implement Data Analytics as a mandatory requirement for all financial management personnel requiring Defense Financial Management certification.

In FY 2025, the Department partnered with Naval Postgraduate School to launch a year-long cohort pilot awarding a Data Analytics Graduate Certificate, where members gain essential skills and knowledge in modern data analytics practices and leverage data-based decision making. Outcomes will be measured to ensure best practices for future viability and success.

The training is a shift from finding and reconciling data to analysis of the available authoritative information that enables better analysis and decision making at all levels of the Department.

IMPROVE UNDERSTANDING OF PRIVATE SECTOR PRACTICES

MILESTONES.

FY 2025 - Standup familiarization program to include regular regional site visits

Develop and implement programming for a 101 educational series for PPBE personnel to better familiarize them with the role of risk capital, how firms are structured and incentivized, how they invest, and how DoD can better collaborate with them and their portfolio companies

FY 2026 - Programming and site visits will expand to private equity

Incorporate feedback and lessons learned from previous activities, commence work on a pilot project to introduce updated practices in a DoD Component

CONGRESS. Stakeholder consensus is not required

COMMISSION. #27D Improve Understanding of Private Sector Practices

OPR. Office of the Under Secretary of Defense for Acquisition and Sustainment

INITIATIVE. A familiarization program will be instituted to enhance PPBE personnel understanding of private sector structures, incentives, and practices resulting in increased DoD senior leader decision-making capability as well as strengthened industry partner activity, transparency, and performance.

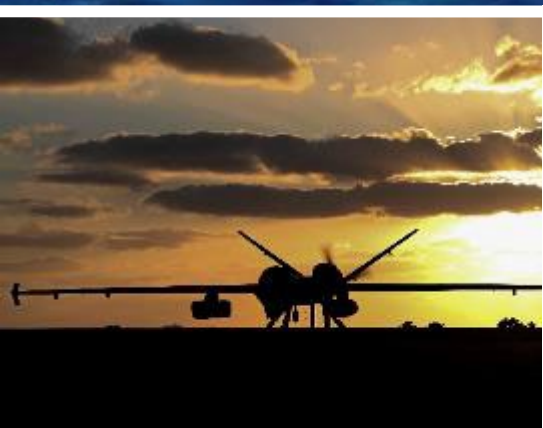
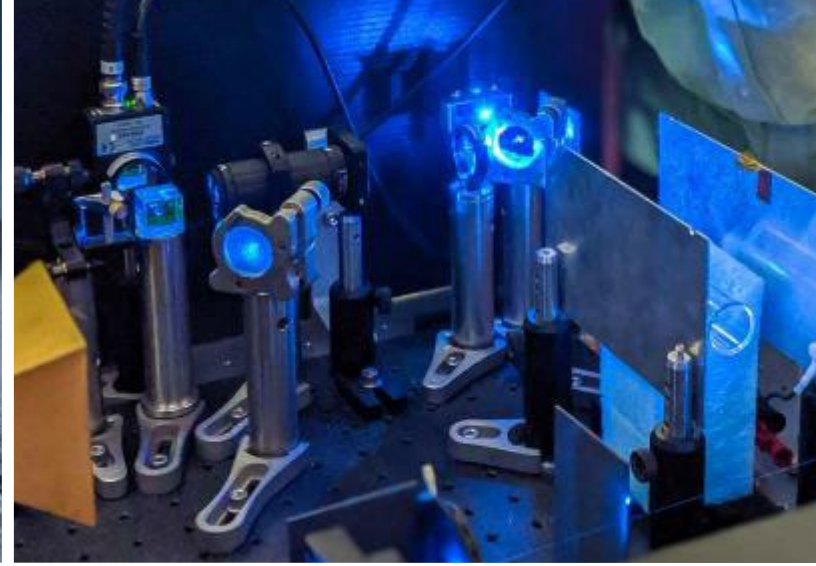
IMPLEMENTATION. The Department concurs with the Commission recommendation that increasingly, DoD needs the assistance of the private sector, including small business and private capital firms, to provide the innovation needed to meet warfighter requirements. The Commission believes that PPBE personnel should be better informed about private sector firms and their incentive structures to increase DoD's understanding about how PPBE decisions impact private firms and make better decisions during the PPBE process.

The familiarization program initially includes regional site visits with private sector entities, to include financial investors such as private equity, infrastructure investors, private credit, and venture capital. The program is developing and implementing educational programming to provide "101" sessions for PPBE personnel related to the role of risk capital within the defense industrial base, how private markets play an important role in value creation, the stages of investing, how private market participants conduct market research and due diligence, how they organize their funding, and their timelines.

Additionally, the NDAA for FY 2025 encourages the Department's FM workforce to participate in the exchange program with private sector software-focused companies to improve their understanding of private sector practices.

In FY 2026, the program will expand offerings to include additional areas, such as deeper dives into private capital funds, and will begin work on a pilot project that introduces and implements updated practices within the Department.

The end state is a strategic, data-driven approach to engagements that enhance DoD understanding of private sector structures, incentives, and practices resulting in increased DoD senior leader decision-making capability as well as strengthened industry partner activity, transparency, and performance.





You can find more on the Department's PPBE reform initiatives on the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer website: <https://comptroller.defense.gov/>

