

PPBE Reform Commission Final Report Recommendations: Issues for Congress

May 31, 2024

In March 2024, the [Commission on Planning, Programming, Budgeting, and Execution \(PPBE\) Reform](#) issued its [final report](#) for improving the budget development process of the U.S. Department of Defense (DOD). The commission made 28 recommendations, some with multiple parts, across five “critical areas.” Certain recommendations were broad in scope, from replacing DOD’s 1960s-era PPBE process to restructuring the department’s annual budget requests to Congress. See [Table 1](#).

Table 1. PPBE Reform Commission Final Report Recommendations

| Critical Area | Number | Recommendation |
|--|--------|---|
| Improve the Alignment of Budgets to Strategy | 1 | Replace the PPBE Process with a new Defense Resourcing System * |
| | 2 | Strengthen the Defense Resourcing Guidance * |
| | 3 | Establish Continuous Planning and Analysis * |
| | 4 | Transform the Budget Structure * |
| | 5 | Consolidate RDT&E Budget Activities |
| Foster Innovation and Adaptability | 6 | Increase Availability [Period] of Operating Funds * |
| | 7 | Modify Internal DOD Reprogramming Requirements |
| | 8 | Update Values for Below Threshold Reprogrammings * |
| | 9 | Mitigate Problems Caused by Continuing Resolutions * |
| | 10 | Review and Consolidate Budget Line Items * |
| | 11 | Address Challenges with Colors of Money * |
| | 12 | Review and Update PPBE-Related Guidance Documents |
| | 13 | Improve Awareness of Technology Resourcing Authorities |
| | 14 | Establish Special Transfer Authority Around Milestone Decisions |
| | 15 | Rebaseline OSD Obligation and Expenditure Benchmarks |
| | 16 | Encourage Use of the Defense Modernization Account |

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IN12372

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

Source: Commission on Planning, Programming, Budgeting, and Execution Reform, *Defense Resourcing for the Future: Final Report*, March 2024, https://ppbereform.senate.gov/wp-content/uploads/2024/03/Commission-on-PPBE-Reform_Full-Report_6-March-2024_FINAL.pdf.

Notes: Asterisk (*) denotes a recommendation the report described as “key.” The report did not define the criteria for making such a determination.

Background

Section 1004 of the National Defense Authorization Act for Fiscal Year 2022 (NDAA; P.L. 117-81) established a 14-member commission to examine the effectiveness of the PPBE process, consider alternatives, and make legislative and policy recommendations “to improve such process and practices in order to field the operational capabilities necessary to outpace near-peer competitors, provide data and analytical insight, and support an integrated budget that is aligned with strategic defense objectives.”

Over a two-year period, the commission conducted hundreds of interviews with PPBE stakeholders, including officials from the government, private sector, and academia. The commission also solicited extensive research on the topic from federally funded research and development centers (e.g., [RAND Corporation](#), [Institute for Defense Analyses](#), and [MITRE Corporation](#)), as well as academic institutions, through DOD’s National Security Innovation Network and the [Acquisition Innovation Research Center](#).

The commission published an interim report on [August 15, 2023](#) and the final report on [March 6, 2024](#). The chair, vice chair, and executive director testified before the Senate Armed Services Committee (SASC) on [March 20, 2024](#). In [a statement](#), SASC leaders said, “These findings should help the Department develop new technologies in a streamlined, agile manner.” The [explanatory statement](#) accompanying the Department of Defense Appropriations Act, 2024 (Division A of P.L. 117-84) stated, “At a time when the Department’s financial statement audits continue to largely result in disclaimers of opinion, caution is paramount when considering the relaxation of financial controls put in place to address past systemic failures.”

Potential Issues for Congress

The commission's final recommendations raise potential issues for Congress, such as whether to adopt none, some, or all of the recommendations requiring congressional action; whether to support, oppose, or condition recommendations requiring DOD action; and how to exercise oversight of any implemented recommendations.

Congress may consider which recommendations would require congressional action through changes in law or practice, such as modifying provisions in future annual defense authorization and appropriation legislation and accompanying reports, and/or in *United States Code* (U.S.C.). In addition, Congress may consider which recommendations may be implemented in the short term (e.g., as part of the FY2025 budget cycle) or over a longer term (e.g., five years).

In Section K, “[Legislative Language](#)” of the final report, the commission included draft legislative provisions related to four of the recommendations:

- **Recommendation 6.** Increase availability of operating funds by modifying language in operation and maintenance (O&M) and military personnel (MILPERS) appropriations in the annual Department of Defense Appropriations Act. These funds, known as *operating funds*, are typically only available for one fiscal year. The commission's draft legislative text would allow up to 5% of such funds to remain available for obligation in the next fiscal year;
- **Recommendation 8.** Update values for funding reallocations known as below threshold reprogrammings (BTRs), in multiple parts: 1) Increase BTR thresholds based on the nominal growth of the appropriation relative to the amount provided in FY2003 (8A) by amending language in the explanatory statement accompanying the annual defense appropriations act; and 2) Allow reprogramming up to 1.5% per account, depending on the appropriation type (8B), by adding a general provision to the annual defense appropriations act;
- **Recommendation 14.** Establish special transfer authority for weapons acquisition programs around milestone decisions during transition from development to production, allowing DOD to shift a limited amount of funding between procurement accounts and research, development, test, and evaluation accounts by adding a general provision to the annual defense appropriations act; and
- **Recommendation 16.** Encourage use of the Defense Modernization Account, by amending [10 U.S.C. §3136](#) to authorize use of the funds for time-sensitive opportunities.

Other recommendations may require changes in law and/or congressional practice. For example, Recommendation 9 suggests allowing DOD to start or accelerate development or production of certain weapon systems using budget authority provided in short-term funding measures known as *continuing resolutions*—if the systems were requested in the President's budget and approved in the House and Senate (or by the relevant appropriations committees or subcommittees).

Longer term, Recommendation 4 suggests restructuring defense appropriations to emphasize major capability activity area (e.g., mobility aviation, ground maneuver forces, surface combat ships) rather than lifecycle process (e.g., procurement, O&M). Such restructuring could affect how DOD prepares and submits its annual budget, and how Congress authorizes and appropriates funding for such activities. It potentially could include conforming changes in Titles 10 and 32 of the *United States Code*. The commission identified [FY2027](#) as a target date for adopting a new DOD budget structure (i.e., in the FY2028 President's budget request). Similarly, Recommendation 28 suggests establishing a

cross-functional team reporting to the Deputy Secretary of Defense to oversee and implement recommendations for a “three-to-five year timeframe.”

Congress may consider which recommendations DOD could implement independent of, or in collaboration with, other government agencies. For example, Recommendation 1 suggests DOD adopt a new Defense Resourcing System (DRS) with fewer processes to replace PPBE and strengthen “the connection between strategy and resource allocation while creating a more flexible and agile execution process.” This recommendation and others may require formal or informal input from other entities in the executive and/or the legislative branch.

Congress may consider how to provide oversight of implemented recommendations, particularly in terms of assessing the effectiveness of a recommendation relative to its stated goal or objective. For example, under Recommendation 8, if existing forms of congressional notification and/or prior approval of department reprogramming actions are no longer provided or otherwise changed, the level and type of congressional oversight may vary. The combined effect of recommendations could produce intended or unintended outcomes.

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