



# Defense Primer: Procurement

## Overview

While *procurement* implies a process of obtaining goods or services, the word also refers to a specific title and to associated accounts within the typically annual National Defense Authorization Act (NDAA) and Department of Defense Appropriations Act.

## Appropriations for Procurement

The Department of Defense (DOD), which is “using a secondary Department of War designation,” under [Executive Order 14347](#) dated September 5, 2025, procurement appropriations title provides funds for nonconstruction-related *investment costs*—the costs to acquire capital assets, such as an F-35 Joint Strike Fighter aircraft or a Virginia-class submarine. Investment costs are distinguished from *expenses*—the costs of resources consumed in operating the department, such as food and fuel. DOD uses procurement appropriations to obtain various categories of materiel, including

- new military hardware (e.g., aircraft, ships, armored vehicles, radios, and satellites);
- upgrades to existing equipment, including service life extension or remanufacturing programs;
- weapons and ammunition (e.g., air-to-air missiles and rifle rounds); and
- spares and repair parts.

Procurement funding provided to the department in a given fiscal year (FY) can usually be obligated over a period of three years. The most prominent exception is Navy Shipbuilding and Conversion funding, which is available for five years. Congress enacted FY2025 appropriations for DOD through two short-term continuing resolutions (CRs) and one full-year CR (P.L. 118-83; P.L. 118-158; and P.L. 119-4 ). In total, these CRs provided \$167.5 billion for procurement accounts. (See **Table 1**).

### NDAA and Defense Appropriations

CRS In Focus IF10516, *Defense Primer: Navigating the NDAA*  
CRS In Focus IF10515, *Defense Primer: The NDAA Process*  
CRS In Focus IF10514, *Defense Primer: Defense Appropriations Process*

## How is DOD Procurement Funded?

In general, Congress appropriates money for defense procurement under a policy of *full funding*, which requires funding the entire procurement cost of end-items (e.g., AIM-9 Sidewinder missiles or KC-46A refueling tankers)

in one fiscal year. In other words, the total funding necessary to acquire a useable end-item is approved by Congress in a single fiscal year, even though related work may span many years.

**Table 1. Selected Funding for DOD Procurement Accounts in the Full-Year Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4)**

Account (Acronym)	\$ (billions)
Aircraft Procurement, Army	\$3.5
Missile Procurement, Army	\$6.0
Procurement of Weapons and Tracked Combat Vehicles, Army	\$3.7
Procurement of Ammunition, Army	\$2.9
Other Procurement, Army	\$8.7
Aircraft Procurement, Navy	\$15.9
Weapons Procurement, Navy	\$6.3
Procurement of Ammunition, Navy and Marine Corps	\$1.6
Other Procurement, Navy	\$15.1
Procurement, Marine Corps	\$3.8
Aircraft Procurement, Air Force	\$19.9
Missile Procurement, Air Force	\$4.3
Procurement of Ammunition, Air Force	\$0.6
Other Procurement, Air Force	\$31.0
Procurement, Space Force	\$3.9
Procurement, Defense-Wide	\$5.7
Defense Production Act (DPA) Purchases	\$0.5
National Guard and Reserve Equipment	\$0.9
Shipbuilding and Conversion, Navy (SCN)	\$33.3
<b>TOTAL</b>	<b>\$167.6</b>

**Source:** CRS analysis of Division A, Title IV, Sections 1403-1404 of the Full Year Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4). The FY2025 reconciliation act ( P.L. 119-21) specified funds for appropriation that could be used for DOD procurement but did not specify funds for appropriation by typical title names, (including procurement) so these figures are not included in this chart.

**Note:** Figures rounded.

## Exceptions to Full Funding

- **Incremental Funding.** In rare cases, programs have been procured using *incremental funding*, a funding policy typically associated with research and development activities. Under incremental funding, a system's cost is phased over two or more fiscal years. Incremental funding has principally been used to procure certain ships and submarines (e.g., Virginia- and Columbia-class submarines) but is typically avoided as a funding mechanism for procurement.
- **Multiyear Procurement.** Under 10 U.S.C. §3501, Congress sometimes authorizes *multiyear procurement* (MYP) for programs. MYP can achieve savings by committing to buy items from a contractor over multiple years for a reduced price per unit. Qualifying for MYP requires a program to prove that it will achieve substantial savings throughout its annual buys, receive sufficient and stable funding, and procure items unlikely to substantially change over the multiyear period. Examples include ships (e.g., Virginia-class submarines and DDG-51 Arleigh Burke-class destroyers); aircraft (e.g., UH-60 Black Hawk helicopters, MV-22 Osprey tilt-rotor aircraft, and C-130J Super Hercules cargo planes); and munitions (e.g., M142 High Mobility Artillery Rocket Systems, or HIMARS, and MGM-140 Army Tactical Missile Systems, or ATACMS)).
- **Advance Procurement.** Programs receive *advance procurement* funds for components of a unit that need to be purchased long before the unit itself is purchased. Advance procurement requires a separate initial contract, and its authority is provided in an appropriations act. For programs using MYP, advance procurement may also be used to achieve economic order quantity, which is defined as buying enough of an item to minimize the total cost.

## When Does a Program Enter Procurement?

A program that produces a major capability (e.g., an aircraft carrier) typically enters procurement after it receives Milestone C approval in the Defense Acquisition System. Prior to procurement, programs are considered to be in development and are generally funded through Research, Development, Test and Evaluation (RDT&E) appropriations. Some programs may receive procurement funds before a formal Milestone C approval.

## How Else Does DOD Purchase Goods and Services? How Does Procurement Relate to Defense Contracting?

Congress typically authorizes and appropriates procurement funding to DOD for nonconstruction investments. DOD may use funding other than procurement to purchase services (e.g., research, architectural design, or cleaning services) and smaller goods (e.g., gauze or light bulbs) because DOD identifies such purchases as expenses rather than investments and funds them in other parts of its budget.

DOD purchases goods and services from the private sector through contracts and accounts for expenditures as contract obligations. These individual activities—most of which are too granular to be captured in appropriations data—are tracked at the level of obligations. *Obligation* is the term used when agencies enter into contracts, employ personnel, or otherwise commit to spending money.

## Considerations for Congress

Congress may face several questions relevant to DOD procurement, including

- Does Congress have adequate information to exercise oversight of exceptions to full funding policies (e.g., incremental funding and multiyear procurement)?
- How might the delineation between procurement and RDT&E funding impact development of new capabilities? Is Milestone C approval the appropriate time for a program to move from RDT&E funding to procurement funding?
- What demand signal do procurement appropriations timelines send to the defense industrial base?

### Relevant Statutes

Title 10, Part IV, of the *U.S. Code*—Service, Supply, and Procurement.

### CRS Products

For information on the full funding policy in DOD procurement, see CRS Report RL31404, *Defense Procurement: Full Funding Policy—Background, Issues, and Options for Congress*

For information on special cases of procurement, see CRS Report R41909, *Multiyear Procurement (MYP) and Block Buy Contracting in Defense Acquisition: Background and Issues for Congress*

For general information on defense procurement and contract acquisition, see CRS In Focus IF10600, *Defense Primer: Department of Defense Contractors* and CRS Report R44010, *Defense Acquisitions: How and Where DOD Spends Its Contracting Dollars*

### Other Resources

DOD Comptroller, Defense Budget Materials, <https://comptroller.war.gov/budget-materials/>

DOD 7000.14-R, “Financial Management Regulation,” *Budget Formulation and Presentation: Procurement Appropriations*, vol. 2B, Ch. 4, November 2017, [https://comptroller.war.gov/Portals/45/documents/fmr/Volume\\_02b.pdf](https://comptroller.war.gov/Portals/45/documents/fmr/Volume_02b.pdf)

Alexandra G. Neenan, Analyst in U.S. Defense Policy

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