

JANUARY 2023



ASMC

PPBE Reform

# SURVEY ON PROCESSES

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# American Society of Military Comptrollers

ASMC is the non-profit educational and professional organization for persons, military and civilian, involved in the overall field of defense financial management (FM). ASMC promotes the education and training of its members and supports the development and advancement of the profession of defense FM. The Society provides professional programs to keep members abreast of current issues and encourages the exchange of information, techniques, and approaches.

ASMC's mission is to promote thought leadership, professional development, and ethical behavior in all aspects of defense FM. Our vision is to be the premier organization bringing people together in advancing thought leadership, professionalism, and ethics within the national security financial management community.

## TABLE OF CONTENTS

The ASMC PPBE Reform Task Force.....	3
Executive Summary.....	4-7
Detailed Findings.....	8-21
Demographics.....	22-25
End Notes.....	26
Contact Us.....	26

# The ASMC PPBE Reform Task Force

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**Honorable Tom Harker** – Former Assistant Secretary of the Navy (FM&C), Acting Under Secretary of Defense Comptroller/CFO, and Acting Secretary of the Navy

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**Jim Palmisano**- Regional Vice President, Oracle

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**Vance Stewart** - Department of the Army (Retired)

**Vice Admiral Pat Tracey** – U.S. Navy (Retired)

**Lieutenant Colonel Neville Welch** - USMC (Retired), Independent Consultant, EOP Foundation

# EXECUTIVE SUMMARY

The United States spends more money on its military than any other country in the world. In fact, it takes the combined military budgets of the top seven nations underneath the United States to equal what the U.S. military spends annually.<sup>1</sup> So how good are the financial management processes that the DoD uses to manage that spending?

The ASMC PPBE Reform Task Force set out to answer this question. We conducted a survey using random sampling of ASMC's 16,000 members, the financial management professionals from the public and private sectors working within the DoD's Planning, Programming, Budgeting, and Execution (PPBE) system every day. Based on the survey responses, we are able to identify initial insights into opportunities to improve the PPBE processes.

Here are a few highlights from the survey:

- An overwhelming 71.06% of respondents say existing PPBE processes do not enable the DoD to quickly respond to changing mission needs, innovations, and technological advancements after a budget has been submitted.
- Nearly two-thirds (64.07%) of respondents say existing PPBE processes are not effective at using performance measures to assess the outcomes of programs.
- 64.06% of respondents say the J-book process is too slow to keep pace with today's rapid pace of change, so the J-book content is often out-of-date by the time Congress sees it.
- Nearly two-thirds (61.72%) of respondents say existing PPBE processes do not enable agile, flexible resource planning.
- 56.25% of respondents say existing PPBE reprogramming thresholds are not appropriate for today's environment.

- 46.87% of respondents say existing PPBE processes are ineffective at linking budgets to plans.
- 45.31% of respondents say today's PPBE does not provides senior leaders with the quality (rigor, timeliness, understandable, etc.) of analysis they need to make decisions on resource allocation.

The Task Force will explore these opportunities for improvement in our coming interviews of subject matter experts, and in more detailed surveys.

Meanwhile, other survey questions revealed that the DoD's financial management community views PPBE processes as merely 'fairly effective' and 'fairly flexible.' This is faint praise at best.


- 45% of respondents say the current PPBE processes are fairly effective.
- 45% of respondents say the current PPBE processes are fairly flexible at responding to changing needs.
- 45% of respondents say the current reprogramming process is fairly effective
- 43.74% of respondents say the current PPBE processes are seldom effective at linking budgets to plans.

These ratings are nothing better than a "C grade." Given that the DoD's budget is half of the federal discretionary budget, our taxpayers deserve better than 'fairly effective' and 'fairly flexible' processes. The Biden-Harris Management Agenda Vision calls for continuous improvement in federal acquisition and financial management systems. It's past time we got to work improving PPBE.

Our warfighters also deserve better. They face a wide range of fast-paced challenges. As the National Security Strategy states:

The People's Republic of China harbors the intention and, increasingly, the capacity to reshape the international order in favor of one that tilts the global playing field to its benefit, even as the United States remains committed to managing the competition between our countries responsibly. Russia's brutal and unprovoked war on its neighbor Ukraine has shattered peace in Europe and impacted stability everywhere, and its reckless nuclear threats endanger the global non-proliferation regime. Autocrats are working overtime to undermine democracy and export a model of governance marked by repression at home and coercion abroad."<sup>2</sup>

By enabling DoD's acquisition of desired military capability, at a pace that challenged the enemy's ability to compete, PPBE contributed directly to U.S. success in the Cold War. But PPBE was designed for the Industrial Age, moving at its pace, and in a time when the US economy could easily out-produce the Soviet economy. Then, the DoD was the dominant driver of Research and Development (R&D) spending. Today's world is different. We are operating in a globally interconnected world in the information age--where kinetic and non-kinetic effects matter to winning and the pace of change is accelerating. DoD has identified our primary adversary as the Chinese Communist Party (CCP). They are waging war across an entire spectrum of social, political, economic, and grey-zone military dimensions. Their economy has purchasing power parity with the US economy but is growing faster. They are modernizing their military capabilities at a faster pace than we are matching. Industry, not government, dominates spending in R&D and in operationalizing technology solutions while the CCP exerts control over nearly every aspect of the Chinese economy.<sup>3</sup> They are on the cutting edge of AI, 5G, cyber hacking, and quantum computing. The irony is that the business processes supporting the Chinese military facilitate their rapid purchase and deployment of US-generated technical solutions and innovation, while PPBE delays our own adoption.



As these emerging technologies transform warfare and pose novel threats, we need to be able to deploy new capabilities to the battlefield at scale in a timely manner. We also need our adversaries to know that we will not be in our own way. It's time to modernize PPBE so that it operates as an effective weapon in the context of 21st century threats and of 21st century military, technology, industry, economic, and fiscal realities.

Previews of coming attractions – The Task Force will shortly launch a survey of ASMC and National Contract Management Association (NMCA) members on the topic of the IT tools and systems that support PPBE. Following that, we'll conduct a survey to explore the opportunities for improvement identified in the current survey responses captured in this report.

Meanwhile, for more details on the current survey responses, please see the remainder of this report.

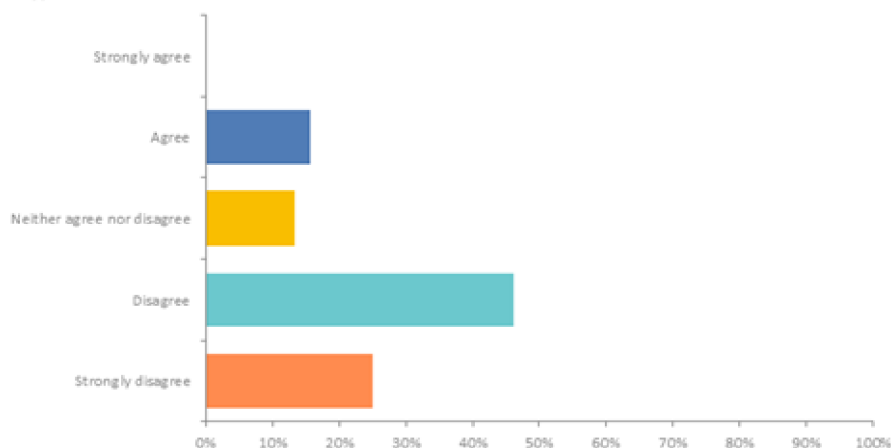
# DETAILED FINDINGS

Existing PPBE processes do not enable the DoD to quickly respond to changing mission needs, innovations, and technological advancements after a budget has been submitted.

When asked to confirm the statement, “Existing PPBE processes enable us to quickly respond to changing mission needs, innovations, and technological advancements after a budget has been submitted”, an overwhelming **71.06%** of respondent Disagreed or Strongly disagreed. 13.28% neither agreed nor disagreed. A mere 15.62% agreed.

## Existing PPBE processes enable us to quickly respond to changing mission needs, innovations, and technological advancements after a budget has been submitted.

Answered: 128 Skipped: 183



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## Existing PPBE processes enable us to quickly respond to changing mission needs, innovations, and technological advancements after a budget has been submitted.

Answered: 128 Skipped: 183

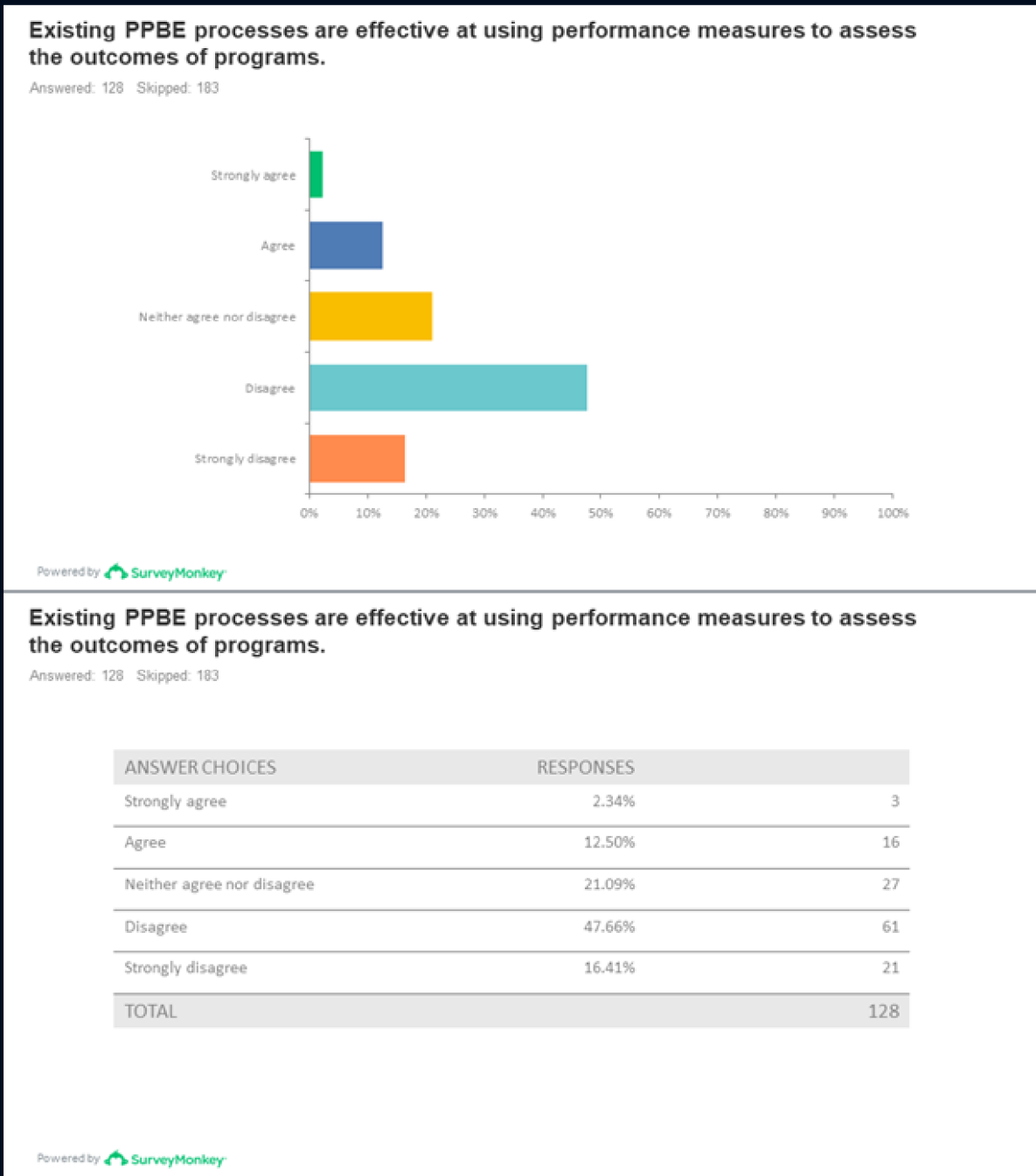
ANSWER CHOICES	RESPONSES
Strongly agree	0% 0
Agree	15.62% 20
Neither agree nor disagree	13.28% 17
Disagree	46.09% 59
Strongly disagree	25.00% 32
<b>TOTAL</b>	<b>128</b>

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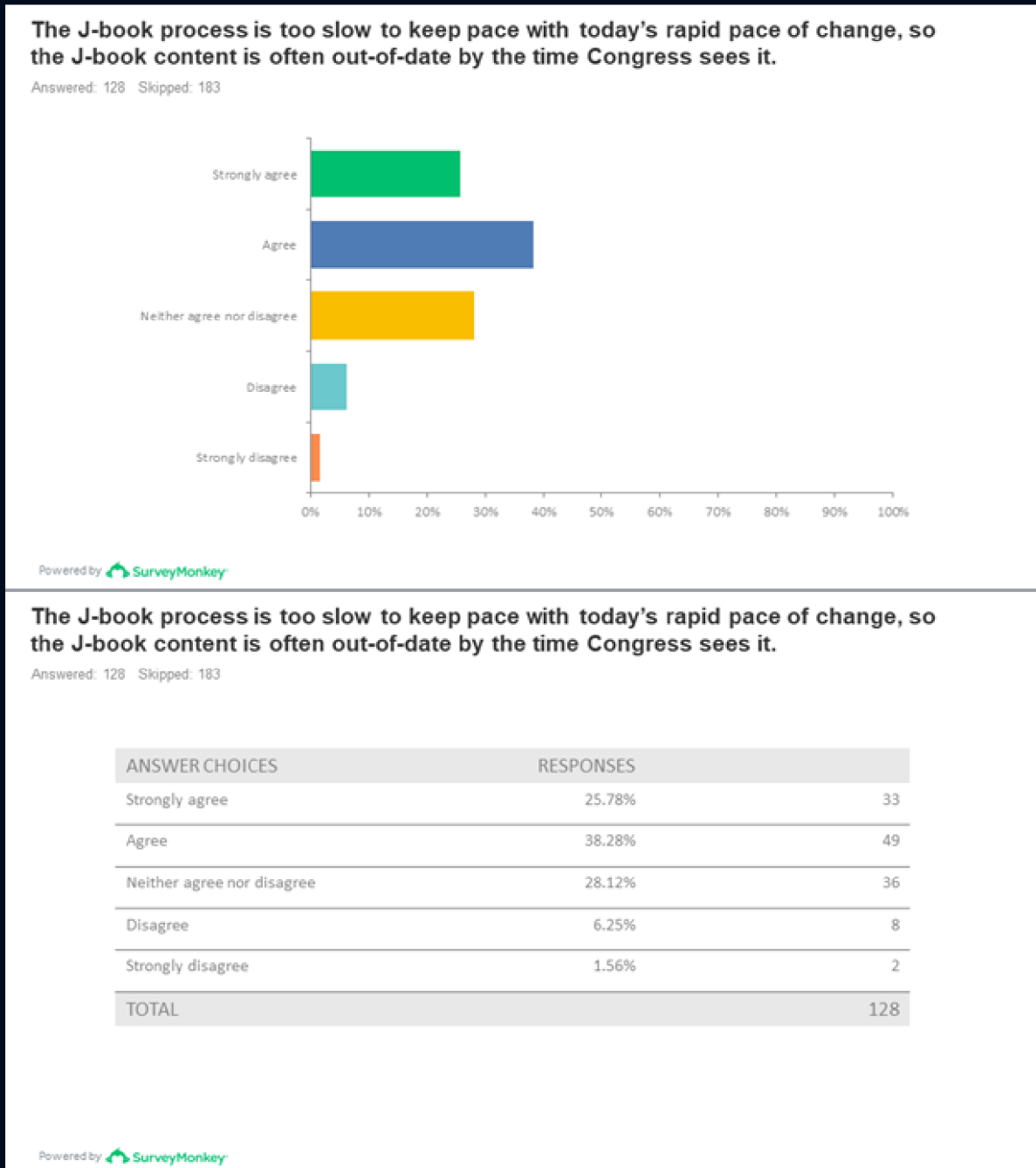
**Existing PPBE processes are not effective at using performance measures to assess the outcomes of programs.**

When asked to confirm the statement “Existing PPBE processes are effective at using performance measures to assess the outcomes of programs”, over 2/3’s (64.07%) either disagreed or strongly disagreed. 21.09% neither disagreed nor agreed. 14.84% either agreed or strongly agreed.



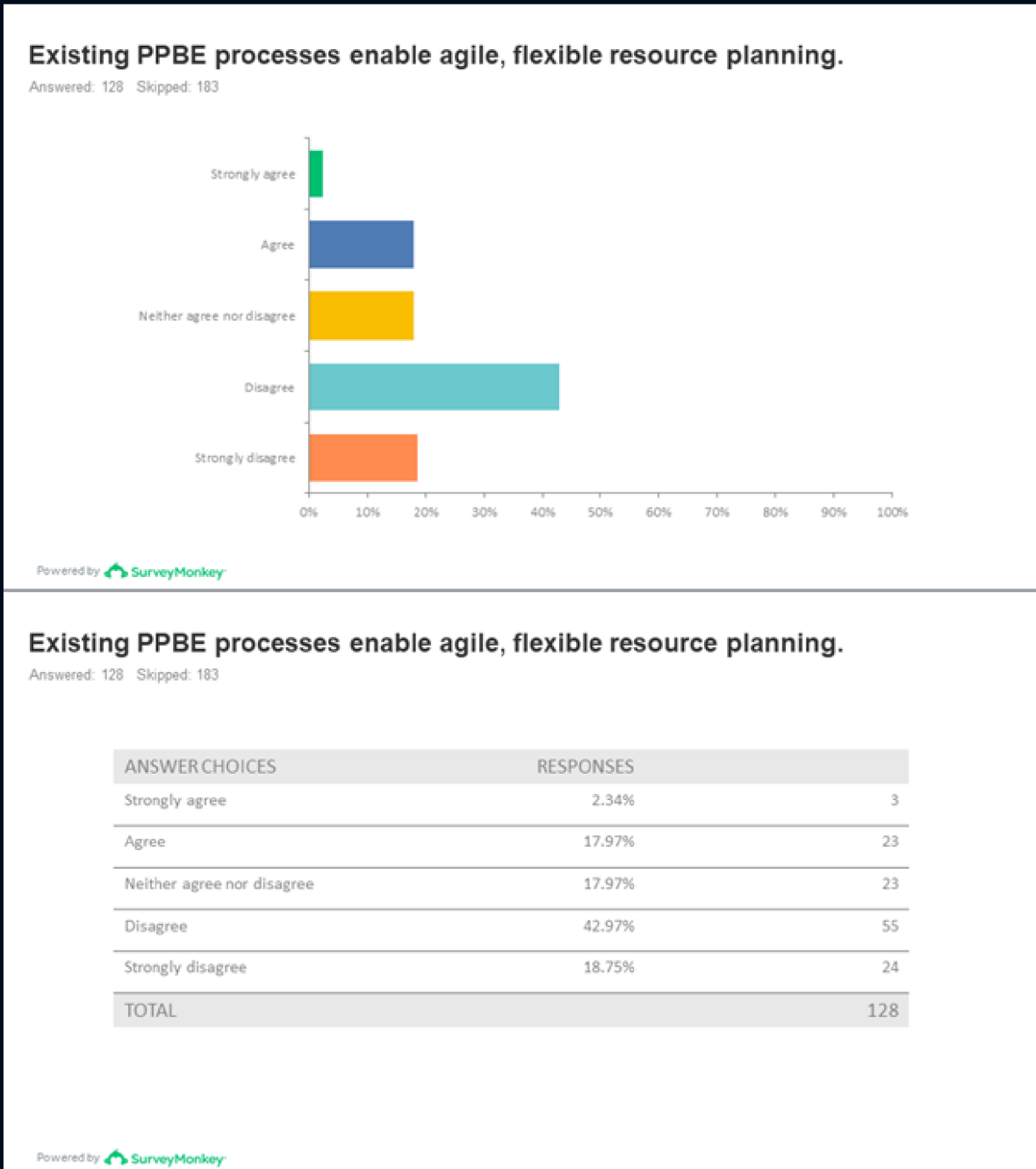
**The J-book process is too slow to keep pace with today’s rapid pace of change, so the J-book content is often out-of-date by the time Congress sees it.**

When asked to confirm the statement “The J-book process is too slow to keep pace with today’s rapid pace of change, so the J-book content is often out-of-date by the time Congress sees it”, **64.06%** either agreed or strongly agreed. 28.12% neither agreed nor disagreed. A mere 7.81% either disagreed or strongly disagreed.



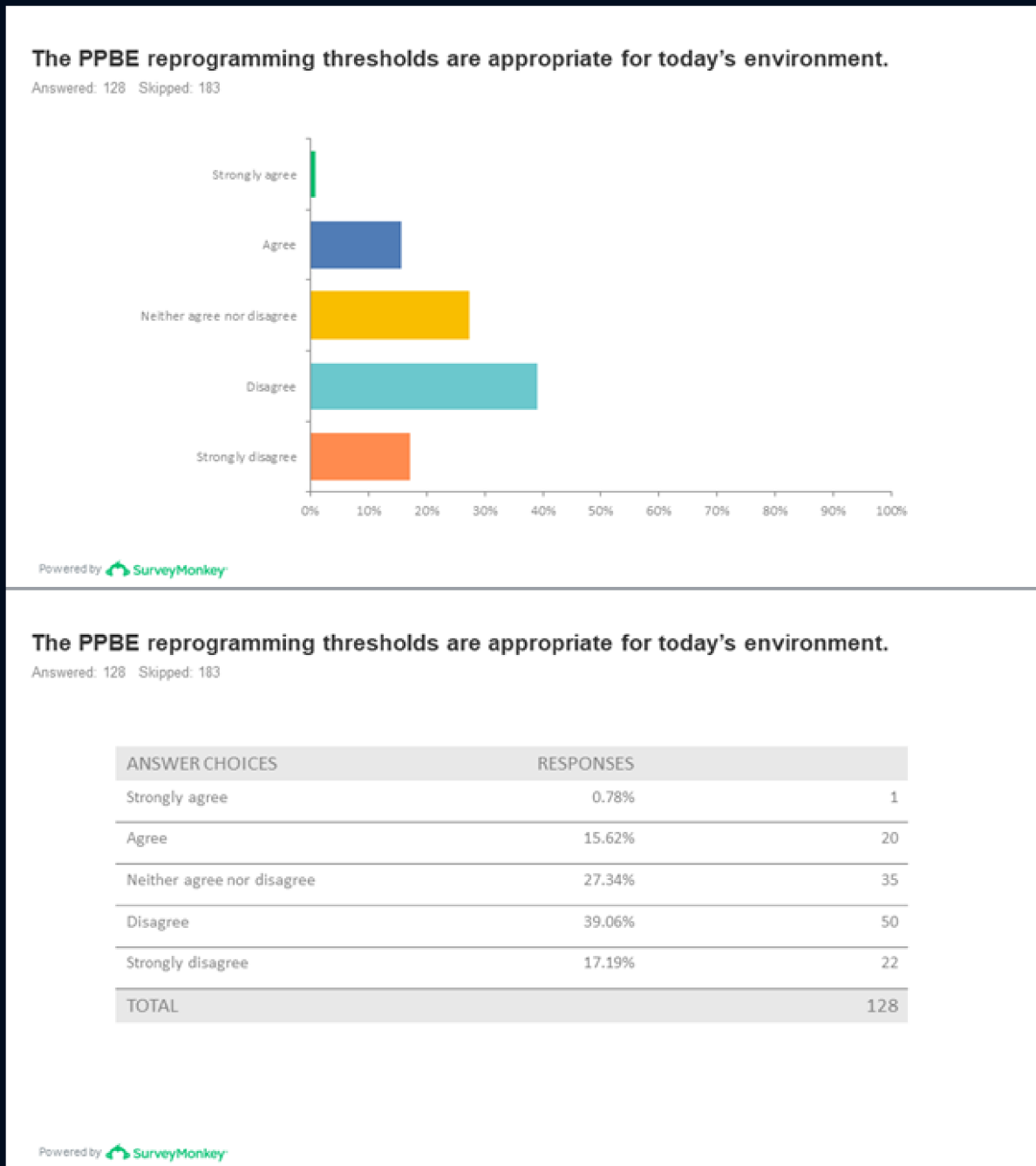
## Existing PPBE processes do not enable agile, flexible resource planning.

When asked to confirm the statement, “Existing PPBE processes enable agile, flexible resource planning”, nearly 2/3’s (**61.72%**) of respondents disagreed or strongly disagreed. 17.97% neither agreed nor disagreed. 20.31% either agreed or strongly agreed.



## Existing PPBE reprogramming thresholds are not appropriate for today's environment.

When asked to confirm the statement "The PPBE reprogramming thresholds are appropriate for today's environment", **56.25%** either disagreed or strongly disagreed. 27.34% were neutral. 16.4% agreed.



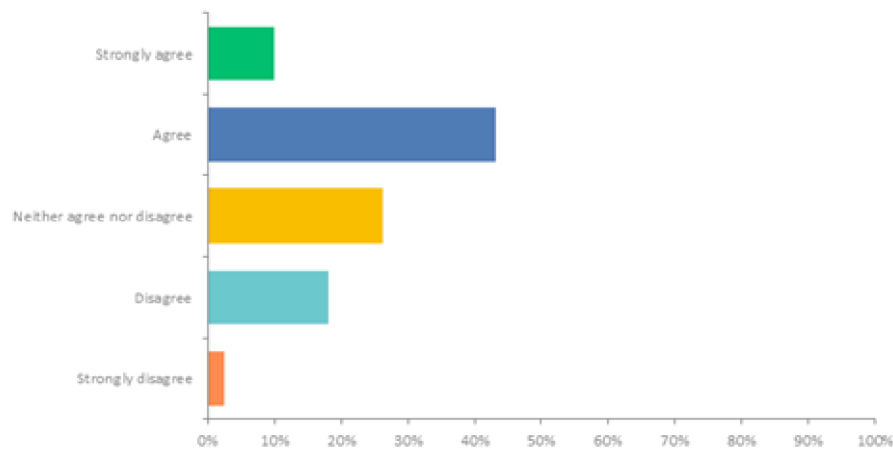
## DoD financial management professionals have access training on statistical analysis and visualization.

In a bit of good news from the survey, more than half of the respondents (53.12%) say they have access to the training they need to develop complex cognitive skills like statistical analysis and visualization.

Credit goes to the DoD's FM leadership and to organizations like ASMC for their professional development programs. Unfortunately, there is still room for improvement. 26.25% of respondents didn't take a firm position on the question. 20.72% do not have access to the training they need.

### I have ready access to the training I need to develop complex cognitive skills like statistical analysis and visualization.

Answered: 160 Skipped: 151



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### I have ready access to the training I need to develop complex cognitive skills like statistical analysis and visualization.

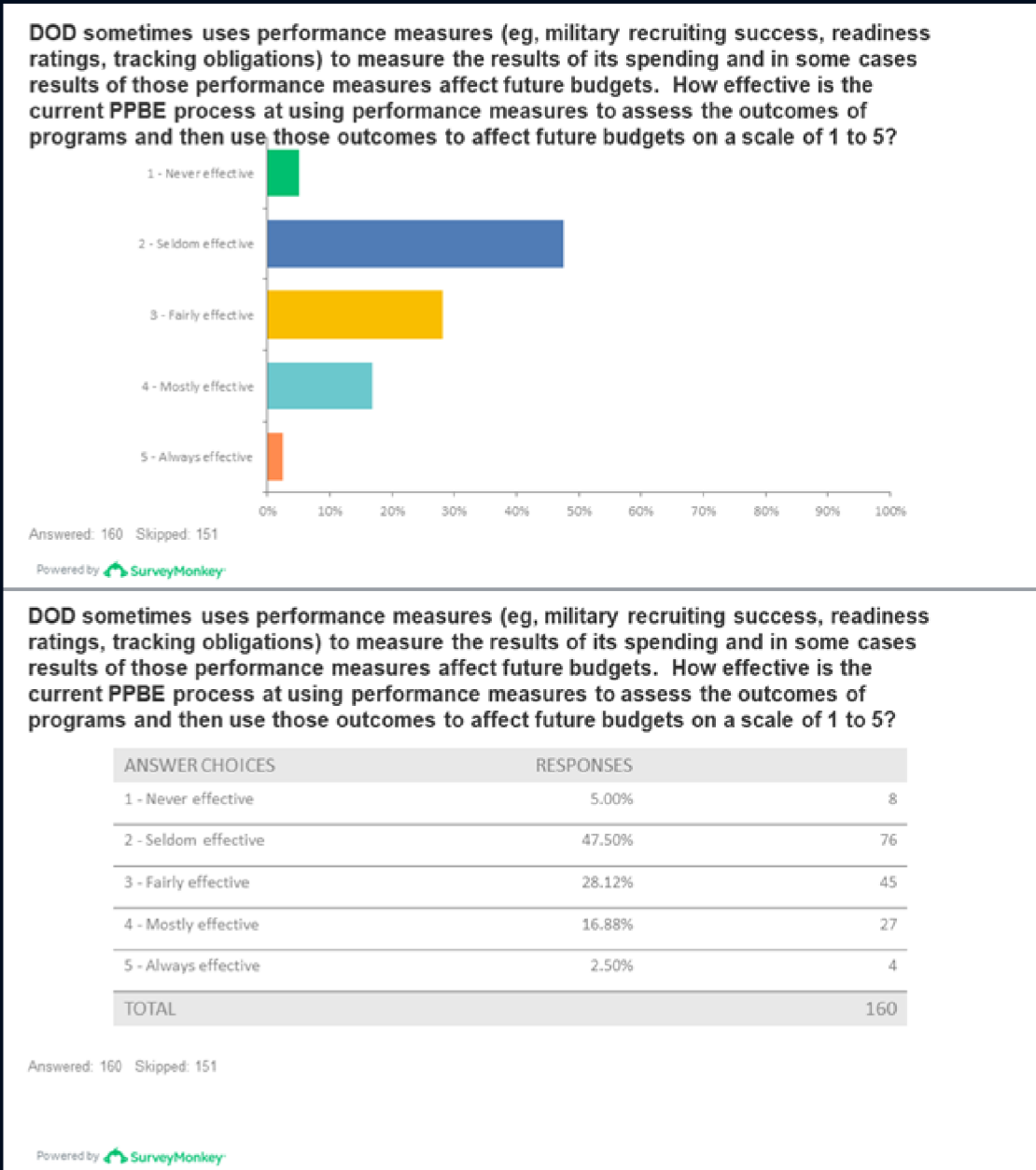
Answered: 160 Skipped: 151

ANSWER CHOICES	RESPONSES	
Strongly agree	10.0%	16
Agree	43.12%	69
Neither agree nor disagree	26.25%	42
Disagree	18.12%	29
Strongly disagree	2.50%	4
<b>TOTAL</b>		<b>160</b>

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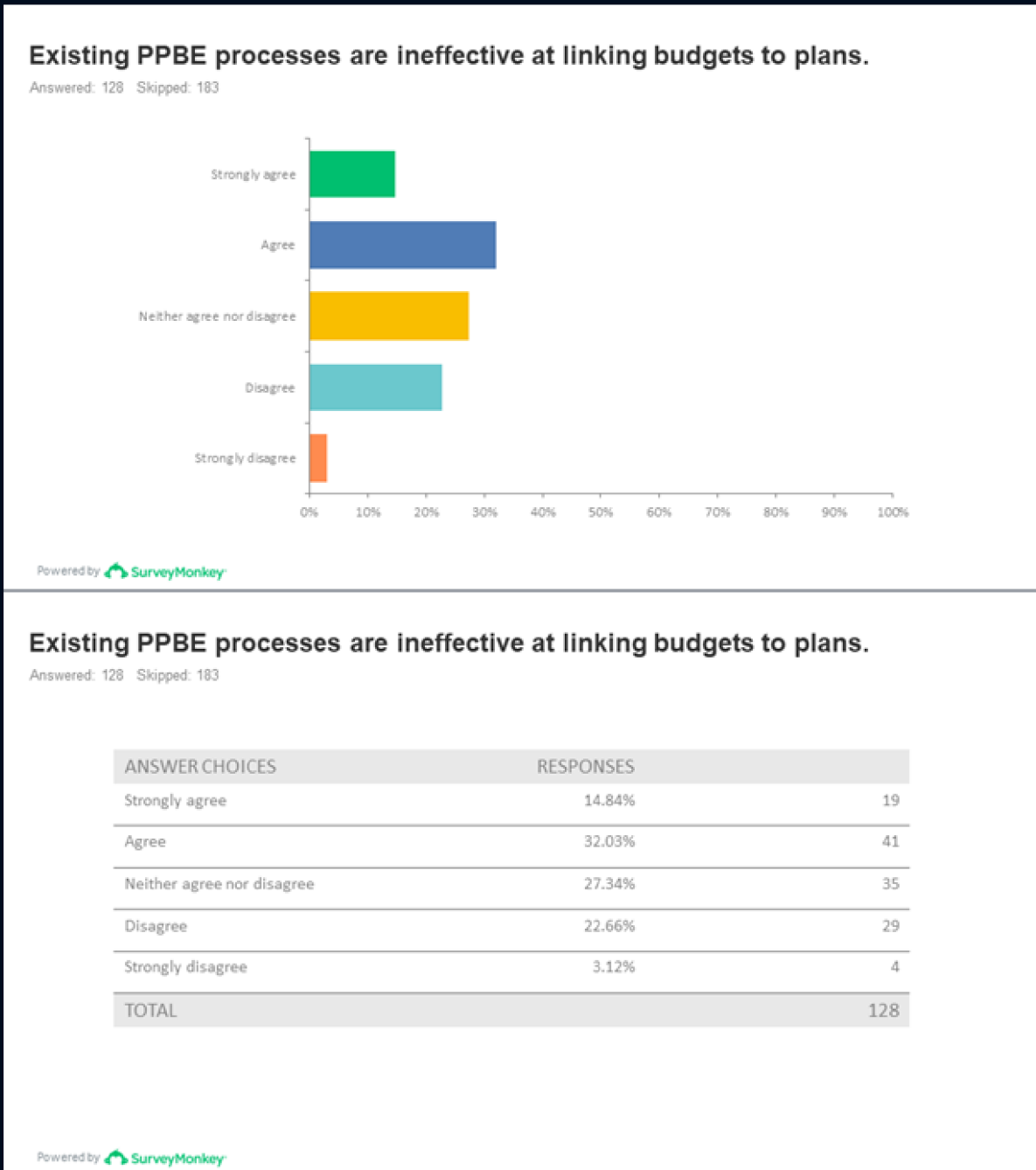
**PPBE processes are not effective at using performance measures to assess the outcomes of programs or use those outcomes to affect future budgets.**

DOD sometimes uses performance measures (e.g., military recruiting success, readiness ratings, tracking obligations) to measure the results of its spending and in some cases results of those performance measures affect future budgets. That's critical given DOD's spending makes up about half of the federal government's discretionary spending, and its physical assets represent more than 70 percent of the federal government's physical asset. So, it's bad news when **52.5%** of respondents say those processes are Seldom or Never effective at using outcomes to drive future budgets. A mere 28.12% of respondents gave a rating of Fairly effective. 19.33% of respondents gave a rating of Mostly or Always effective.



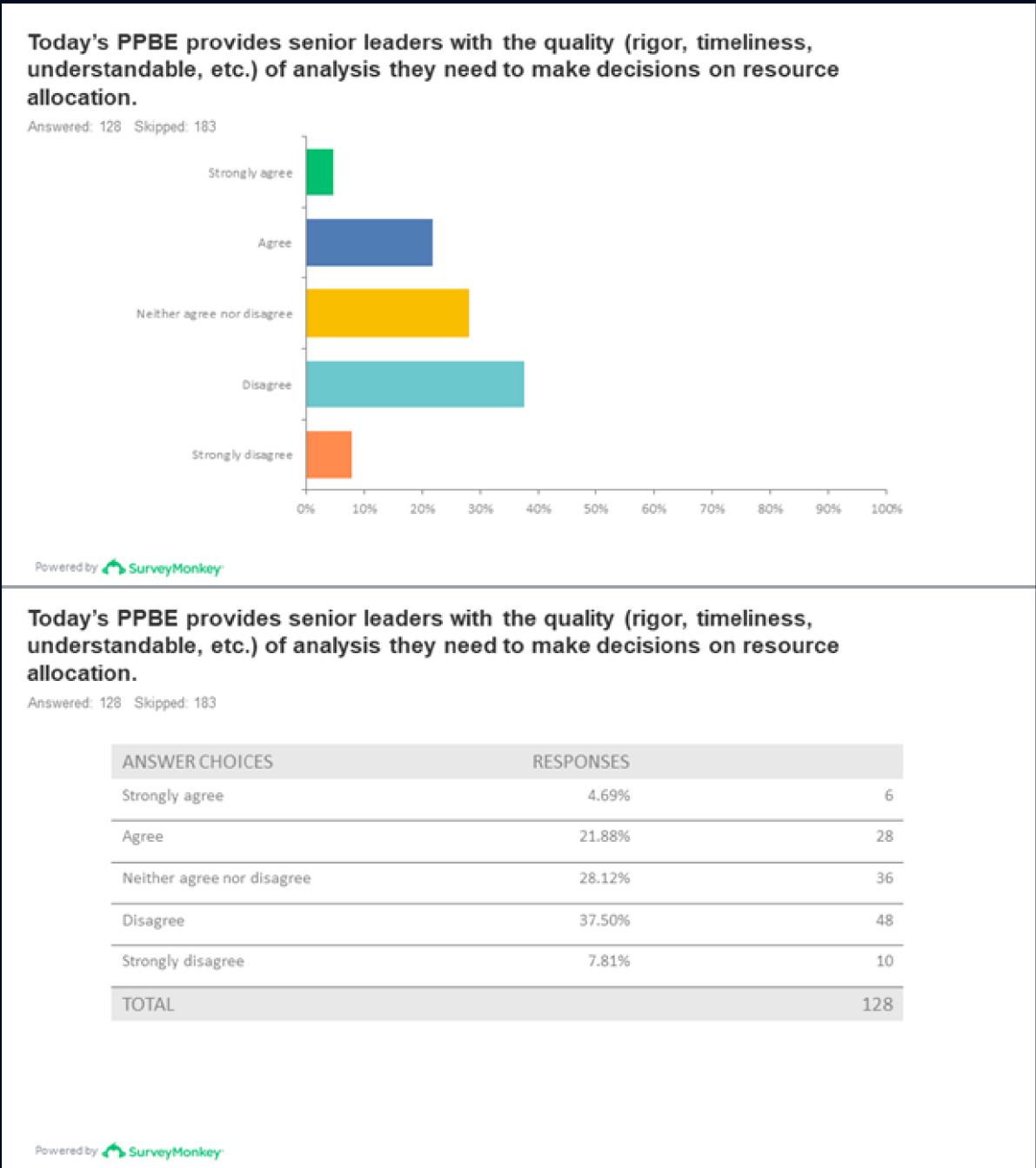
## Existing PPBE processes are ineffective at linking budgets to plans.

When asked to confirm the statement “Existing PPBE processes are ineffective at linking budgets to plans”, **46.87%** of respondents agreed or strongly agreed. 27.34% were neutral. 25.78% either disagreed or strongly disagreed.



**Today's PPBE does not provides senior leaders with the quality (rigor, timeliness, understandable, etc.) of analysis they need to make decisions on resource allocation.**

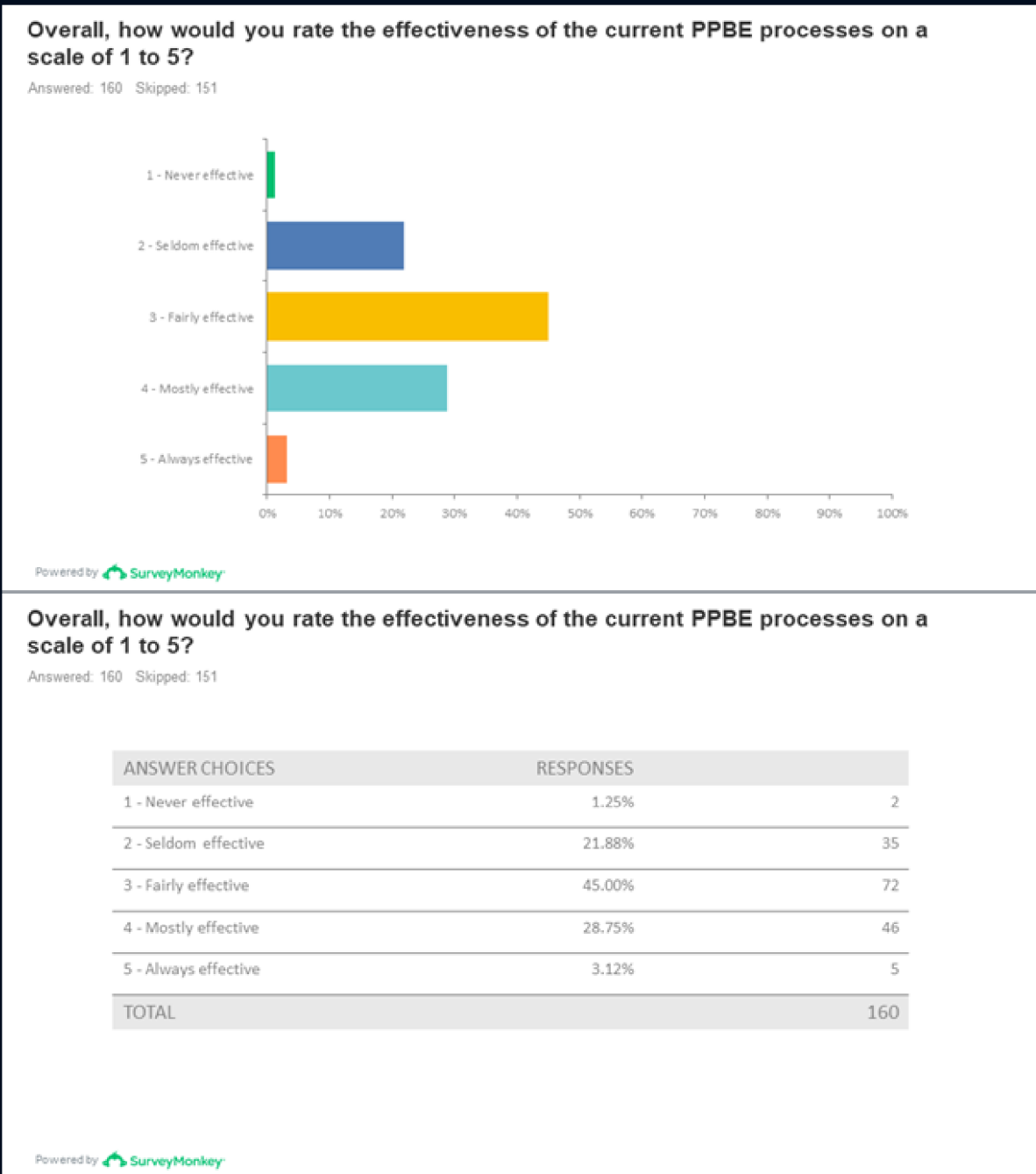
When asked to confirm the statement “Today's PPBE provides senior leaders with the quality (rigor, timeliness, understandable, etc.) of analysis they need to make decisions on resource allocation”, **45.31%** of respondents disagreed or strongly disagreed. 28.12% neither disagreed nor agreed. 26.57% disagreed or strongly disagreed.





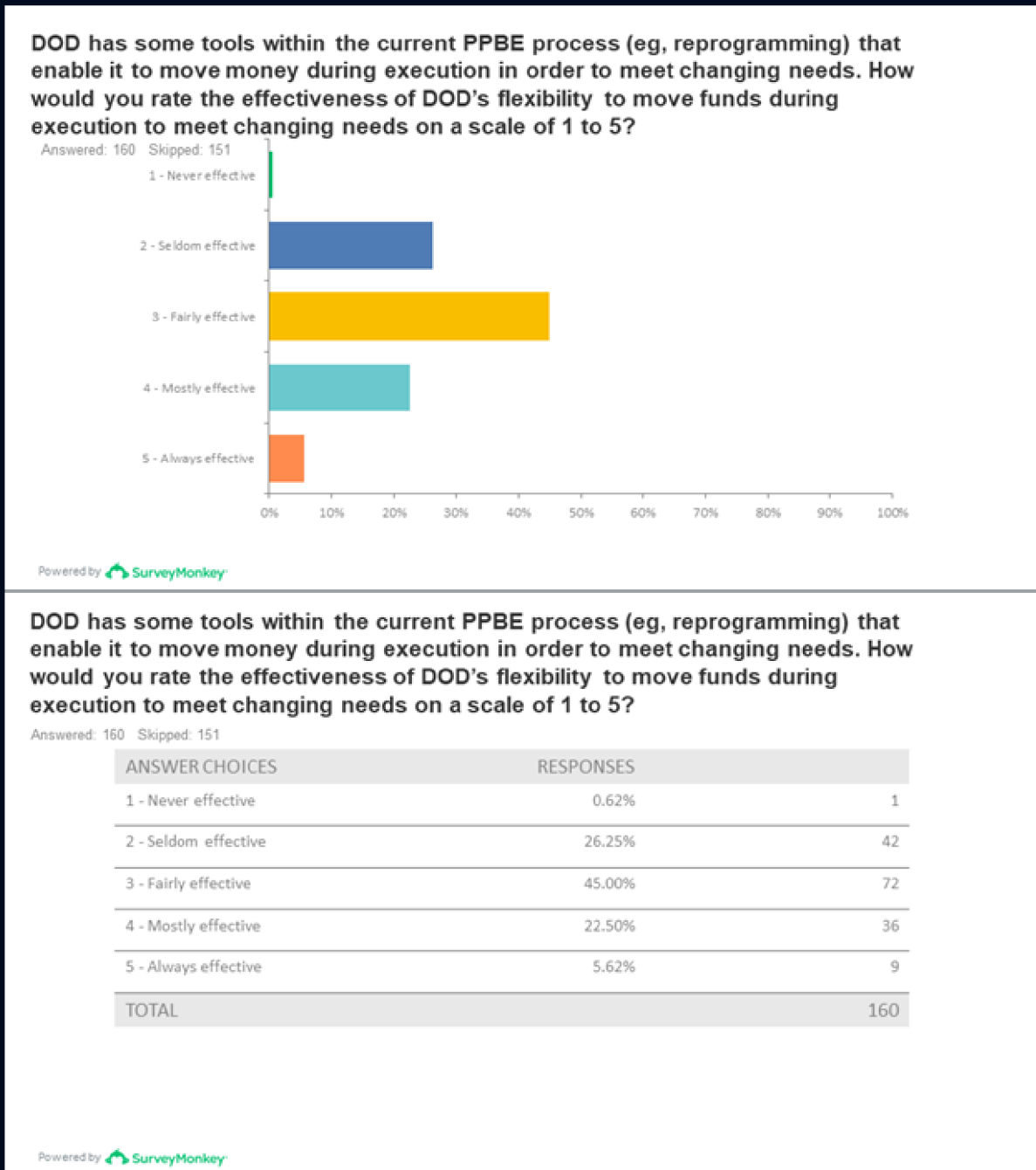
## DoD's current PPBE processes are just fairly effective.

The majority view is that the current PPBE processes are fairly effective, with 45% of respondents choosing this score. The remainder of the responses roughly bracket the central viewpoint. 31.87% of respondents gave a rating of Mostly or Always effective. But 23.13% gave a rating of Seldom or Never effective. This is not world-beating performance. This is a textbook case of “damning with faint praise” given the relentless modernization of The People’s Liberation Army, a revanchist Russia, and routinely provocative behavior from Iran and North Korea.



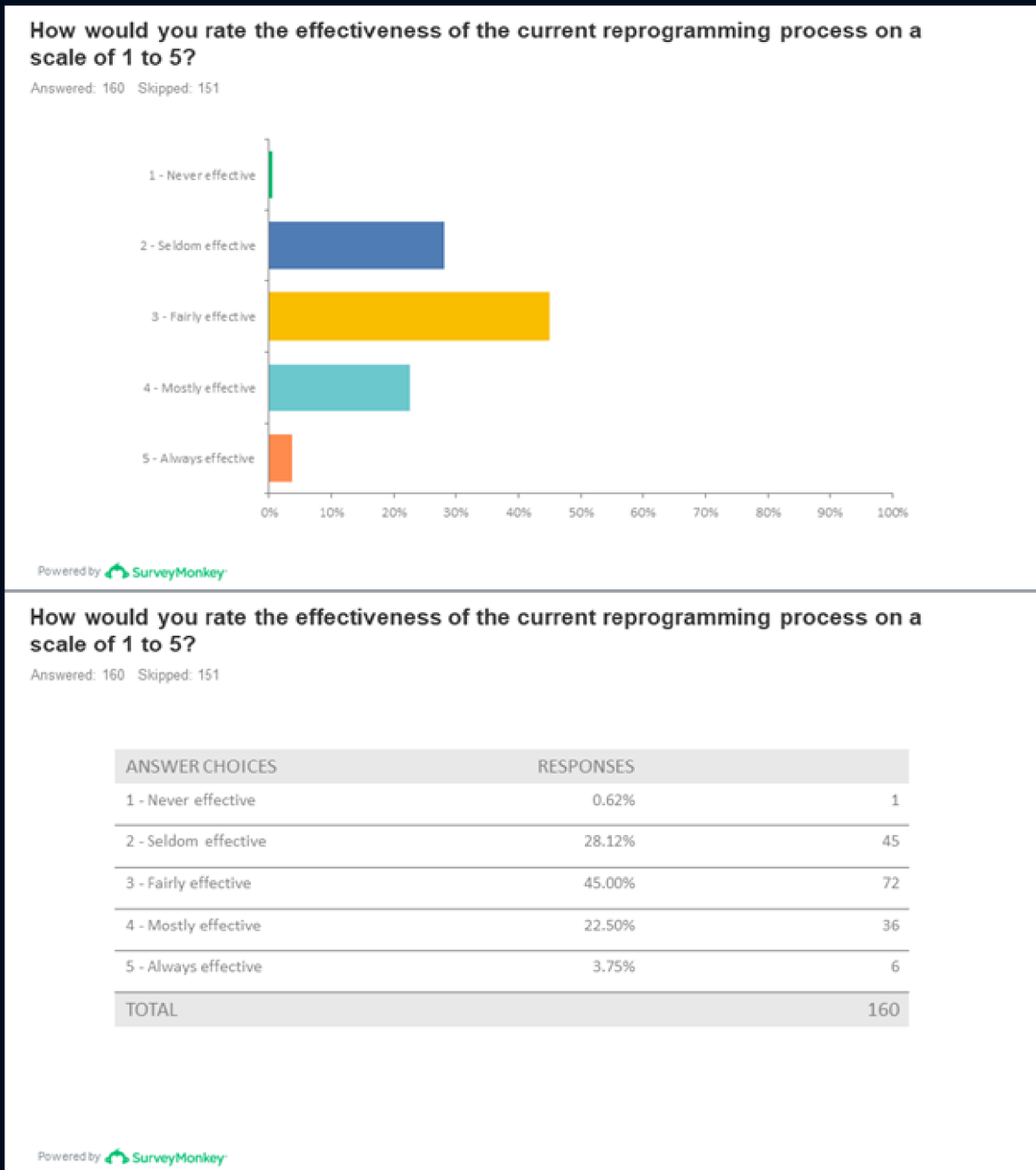
**PPBE is only fairly flexibility when it comes to moving funds during execution to meet changing needs,**

The majority view is that the current PPBE processes are fairly flexible at responding to changing needs, with 45% of respondents choosing this score. Meanwhile the DoD faces rapidly shifting technologies and equally rapidly emerging challenges. 28.12% of respondents gave a rating of Mostly or Always effective. But 26.87% gave a rating of Seldom or Never effective. This is not world-beating performance.



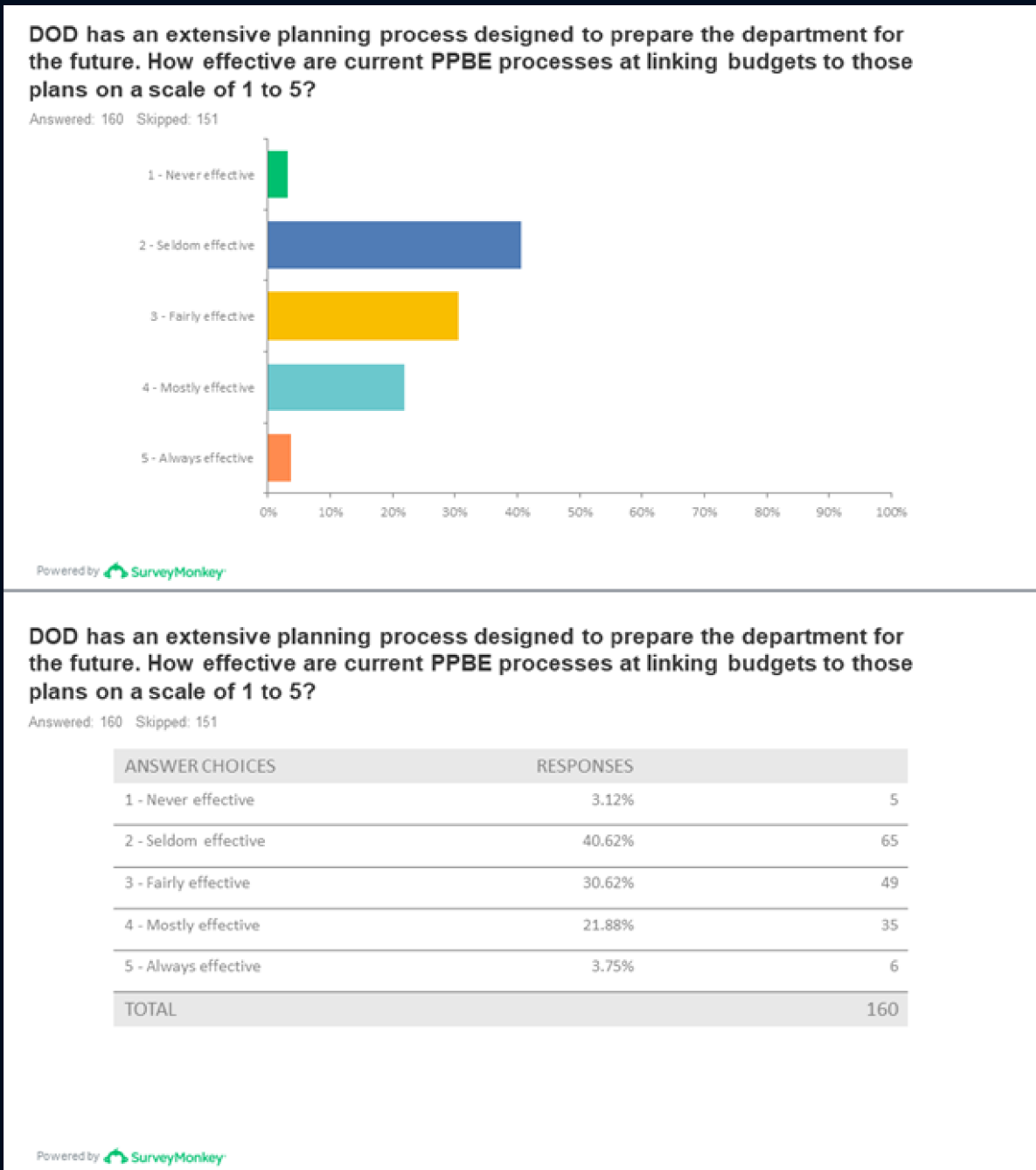
## The current reprogramming process is just fairly effective.

The majority view is that the current reprogramming process is fairly effective, with **45%** of respondents choosing this score. 26.25% of respondents gave a rating of Mostly or Always effective. But 28.74% gave a rating of Seldom or Never effective. This is not world-beating performance.



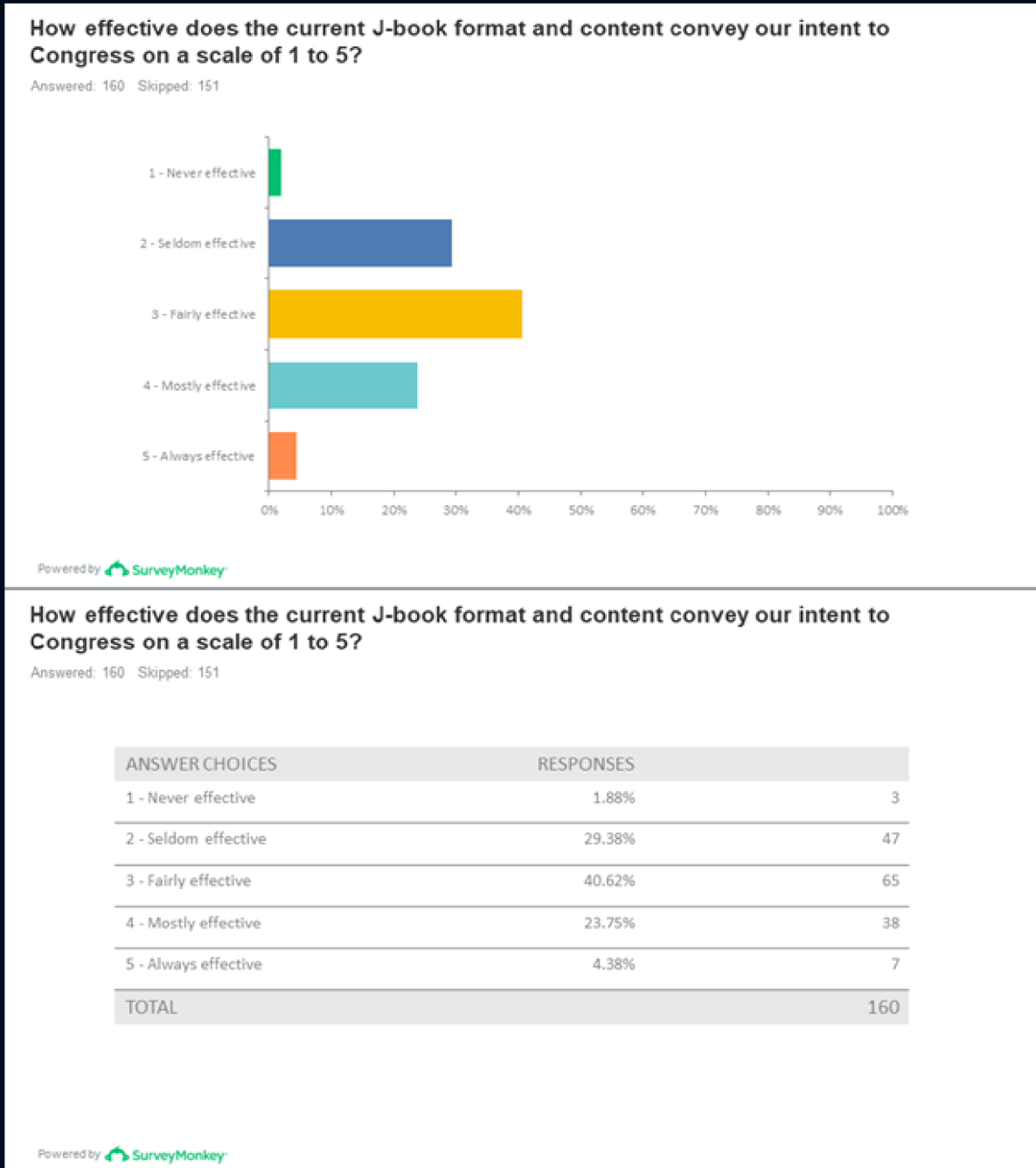
The current PPBE processes are seldom effective at linking budgets to the DoD's future plans.

DOD has an extensive planning process designed to prepare the department for the future. Unfortunately, these processes are seldom effective at linking budgets to plans according to the majority of respondents, with 43.74% giving a rating of Seldom or Never effective. 30.62% gave a rating of Fairly effective. 25.63% gave a rating of Mostly or Always effective.



## The current J-book format and content is only fairly effective at conveying the DoD's intent to Congress.

Budget J-Books (Justification Books) are an important output of the PPBE Process, and Congress is the customer for the J-Books. 40.62% of respondents rated the J-Books as fairly effective. 31.26% of respondents gave a rating of Seldom or never effective. 28.13% of respondents gave a rating of Mostly or Always effective.

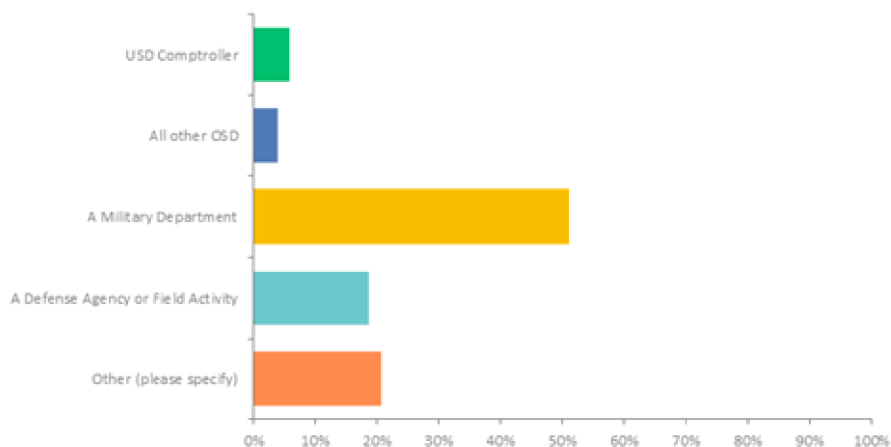


# DEMOGRAPHICS

The organizational alignment of the survey respondents roughly parallels the organizational distribution of the DoD budget, with the majority operating in a Military Department. Budgeting, followed by Execution, and then Audit are the most common recurring responsibilities of the respondents. The respondents have extensive career experience in PPBE. 58.52% have more than 15 years of experience and 75.2% have 10+ years of experience with PPBE.

## My current organizational alignment is with (check one):

Answered: 311 Skipped: 0



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## My current organizational alignment is with (check one):

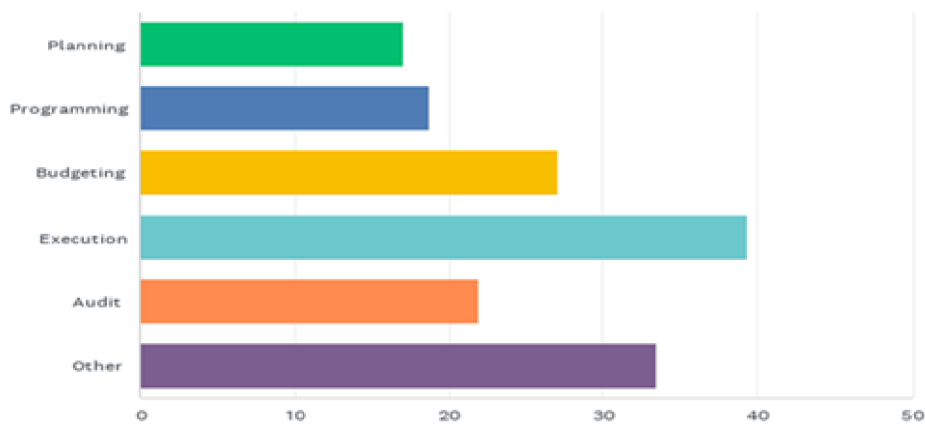
Answered: 311 Skipped: 0

ANSWER CHOICES	RESPONSES	
USD Comptroller	5.79%	18
All other OSD	3.86%	12
A Military Department	51.13%	159
A Defense Agency or Field Activity	18.65%	58
Other (please specify)	20.58%	64
<b>TOTAL</b>		<b>311</b>

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**In the last fiscal year, my time & energy were distributed as follows: (Your answers should add up to 100%.)**

Answered: 311 Skipped: 0



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**In the last fiscal year, my time & energy were distributed as follows: (Your answers should add up to 100%.)**

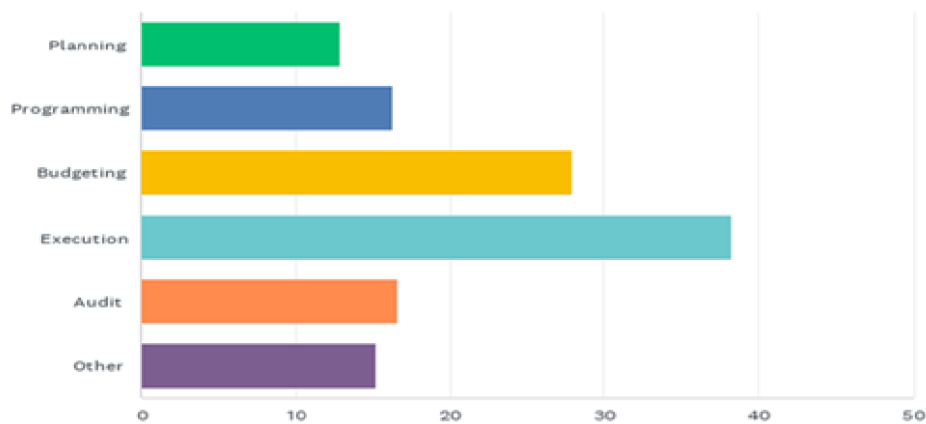
Answered: 311 Skipped: 0

ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
Planning	17	2,891	170
Programming	19	3,581	191
Budgeting	27	6,204	229
Execution	39	9,529	242
Audit	22	4,108	187
Other	33	4,787	143
<b>Total Respondents: 311</b>			

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**Looking across my career, my work experience is distributed as follows: (Your answers should add up to 100%.)**

Answered: 311 Skipped: 0



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**Looking across my career, my work experience is distributed as follows: (Your answers should add up to 100%.)**

Answered: 311 Skipped: 0

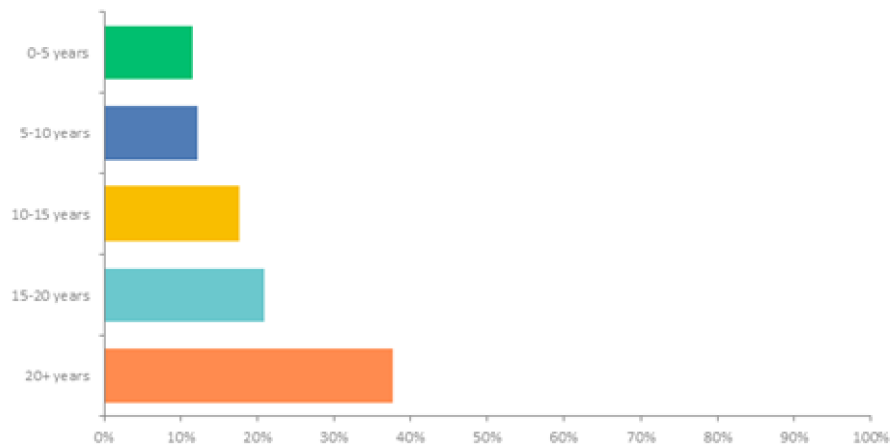
ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
Planning	13	2,861	222
Programming	16	3,888	238
Budgeting	28	8,024	287
Execution	38	10,985	287
Audit	17	3,500	211
Other	15	1,842	121
<b>Total Respondents: 311</b>			

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### My professional experience with PPBE adds up to a total of (pick one):

Answered: 311 Skipped: 0



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### My professional experience with PPBE adds up to a total of (pick one):

Answered: 311 Skipped: 0

ANSWER CHOICES	RESPONSES	
0-5 years	11.58%	36
5-10 years	12.22%	38
10-15 years	17.68%	55
15-20 years	20.90%	65
20+ years	37.62%	117
TOTAL		311

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# END NOTES

<sup>1</sup> <https://militarymortgagecenter.com/us-military/us-military-budget/spending/>

<sup>2</sup> <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>

<sup>3</sup> <https://www.belfercenter.org/sites/default/files/2020-05/ChinaStealing.pdf>

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