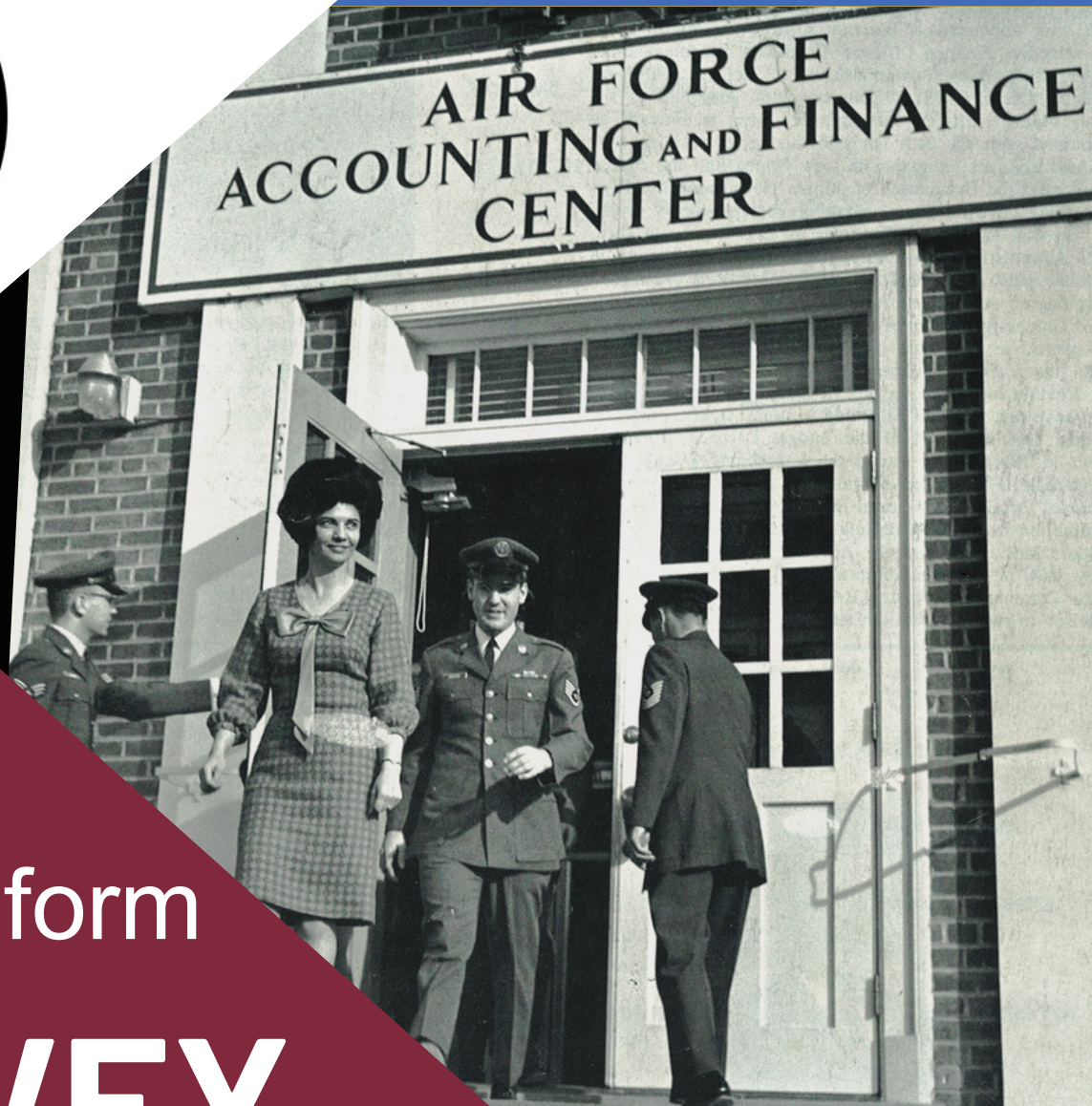


AUGUST 2023



ASMC

PPBE Reform

SURVEY ON PEOPLE & CULTURE

www.asmconline.org



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.

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EXECUTIVE SUMMARY

The success of any proposed reform (of PPBE, Requirements, and Acquisition) will pivot sharply on the people and culture dimension of transformation. As the old joke goes:

Q: How many psychiatrists does it take to change a lightbulb?

A: Only one, but the lightbulb has to really want to change.

With that in mind, the Task Force's work on PPBE Reform continued with a survey on People & Culture issues.

STRATEGIC COMPETITION

According to survey results, the Chinese Communist Party (CCP) presents a clear and present danger.

- Survey respondents overwhelmingly (**68.39%**) agreed that with today's PPBE, the **US faces an immediate risk of failing to deter aggression by the CCP**. 68.39% agreed or strongly agreed that the risk to deterrence is immediate. Only 20.75% disagreed or strongly disagreed.
- **86.85%** of respondents said that in the event deterrence fails the **impact will not be small**.
- Just over half (**50.47%**) of respondents think China will have achieved enough advantage to be an **imminent danger to the US in just 0-2 years**. On a time horizon of **0-5 years**, **84.11%** think China will have achieved enough advantage to be an **imminent danger to the US**.
- Unfortunately, less than half (**47.89%**) of respondents think the defense business enterprise and the warfighting enterprise **share the same view of the risk** of falling behind the military capabilities of Russia & China.

MANAGING BUSINESS RISK

While the Defense Warfighting Enterprise handles strategic and tactical risks with aplomb, the survey uncovered more of a ‘good news / bad news’ story when it comes to how well the Defense Business Enterprise approaches risk management.

- **Only half (50.48%)** of respondents indicated that leaders in their part of DoD are trained to actively identify, quantify, track, and manage business risks, and their performance measures include these activities.
- **Less than half (42.59%)** of respondents indicated that leaders in their part of DoD actively identify, quantify, track, and manage business risks in a common registry.

PPBE is often blamed for the “Valley of Death,” but PPBE doesn’t exist in a vacuum. There are robust interactions between PPBE, requirements, acquisition, and contracting. When it comes to actually taking and managing business risks, the entire Defense Business Enterprise has a reputation for being surprisingly cautious. For example, Other Transaction Authorities (OTA) obligations rose from \$4.4 billion in 2018 to \$7.7 billion in 2019. While that represents a 75 percent increase, it comprises a mere one percent of the total DoD budget. Note that our survey results are not readily mathematically extrapolated to a larger population due to choice of sampling technique. Also, the survey respondents were predominantly ASMC members, not acquisition or contracting professionals. While it may be that our respondents are largely not representative of commands with authorities to spend modernization funds, we would have expected stronger take up of OTAs. Respondents indicated that their part of the DoD makes limited use of the Middle Tier of Acquisition (MTA) pathway, OTAs, although the DoD is more accepting of special hiring authorities.

THE MIDDLE TIER OF ACQUISITION (MTA) PATHWAY

The Middle Tier of Acquisition (MTA) pathway is used to rapidly develop fieldable prototypes within an acquisition program to demonstrate new capabilities and/or rapidly field production quantities of systems with proven technologies that require minimal development.

- Only **13.46%** of respondents indicated that their part of the DoD frequently uses the MTA pathway to develop fieldable prototypes within an acquisition program to demonstrate new capabilities in under one year. Conversely, **33.98%** of respondents indicated their part of the DoD **does not** frequently use the MTA pathway.
- **31.84%** of respondents indicated that their part of the DoD does not frequently use the MTA pathway to field production quantities of systems with proven technologies that require minimal development in under one year. A minority (**14.65%**) of respondents indicated that their part of the DoD uses the MTA pathway in that manner.

OTHER TRANSACTION AUTHORITIES (OTAS)

Other Transaction Authorities (OTAs) were created to give DoD the flexibility to adapt and incorporate business practices that reflect commercial industry standards and best practices into its award instruments. These contracting authorities are exempt from some federal acquisition laws and requirements and can be applied to Operation and Maintenance contracting.

- Only **19.75%** of respondents indicated that their part of the DoD frequently uses OTAs to put innovative capabilities into operations at scale in under one year, while **28.66%** do not use those OTAs.
- **28.03%** of respondents indicated that their part of the DoD *does not* frequently use OTAs to put innovative capabilities on contract in under one year. Only **22.29%** of respondents indicated such use of OTAs.

SPECIAL HIRING AUTHORITIES

Putting new capabilities into operation typically requires new skills to operate the new assets. That's why the mantra of readiness is 'staff, train, equip.' Unlike many organizations in the federal government, the DoD has been given 20+ special hiring authorities and mechanisms.

- A mere **6.46%** of respondents indicated that their part of the DoD frequently uses the DoD's Service Without Pay Authorities to fill open billets. On the other hand, seven times as many respondents (**44.52%**) do not use the Service Without Pay Authorities.
- **35.07%** of respondents indicated that their part of the DoD does not frequently use some of the DoD's Scholarships and Fellowships Authorities, Cyber Focus Authorities, Sourcing from Outside Entities Authorities, or other special hirings authorities to fill open billets. Fewer respondents (**27.27%**) indicated frequent use of those authorities.
- More than one-quarter (**27.21%**) of respondents indicated that their part of the DoD **does not** frequently use the DoD's Expedited Hire Authorities to fill open billets, while **41.14%** of respondents frequently use the DoD's Expedited Hire Authorities.
- Slightly more than half (**54.71%**) of respondents indicated that their part of the DoD frequently uses the DoD's Direct Hire Authorities to fill open billets. Only **12.64%** do not use Direct Hire Authority.

BUDGET BUSTING

The survey explored opportunities to overhaul today's budget processes. This began with a simple technique. All DoD budget accounts are discretionary. Military Personnel (MILPERS), Fuel, and Defense Health appropriations are characterized by high churn today. One proposal is to restructure the DoD budget by making these mandatory.

- Defense Health and MILPERS accounts suffer the greatest budgetary churn, with **37.2%** of respondents choosing each of these compared to **29.88%** choosing Fuel.
- For **80%** of respondents, eliminating budget churn in all three accounts (Defense Health, MILPERS, & Fuel) would free up as much as **50% of their time and energy** to be available to use reprogramming authority for areas that are primarily associated with Research & Development and Investment.

The survey also explored changes to reprogramming thresholds.

- **71.76%** of respondents say it's time to update reprogramming thresholds.
- **69.15%** of experts were in favor of shifting reprogramming thresholds to higher organizational levels.
 - **46.86%** want them at the MilDep / Service
 - **22.29%** favored moving them to OSD
 - **10.29%** wanted to retain reprogramming thresholds at the Program/PEO level.

BUDGET BUSTING

In the view of the Task Force, the prospect of changes to reprogramming thresholds will depend heavily on both Congressional leadership and on DoD's ability to provide new mechanisms for fiscal transparency.

Survey respondents voiced a wide range of views on the question “How (much) should reprogramming thresholds be changed?”

- Some respondents specified a dollar increase, ranging from \$750K to \$1 trillion. The mean average increase was **\$36 billion**. The mode and median increases were both **\$50 million**.
- Some respondents specified a percentage increase, ranging from 15% — 100%. The mean average increase was 38%.
- 18% of the respondents who specified a change argued for unlimited reprogramming authority.

DEMOGRAPHICS

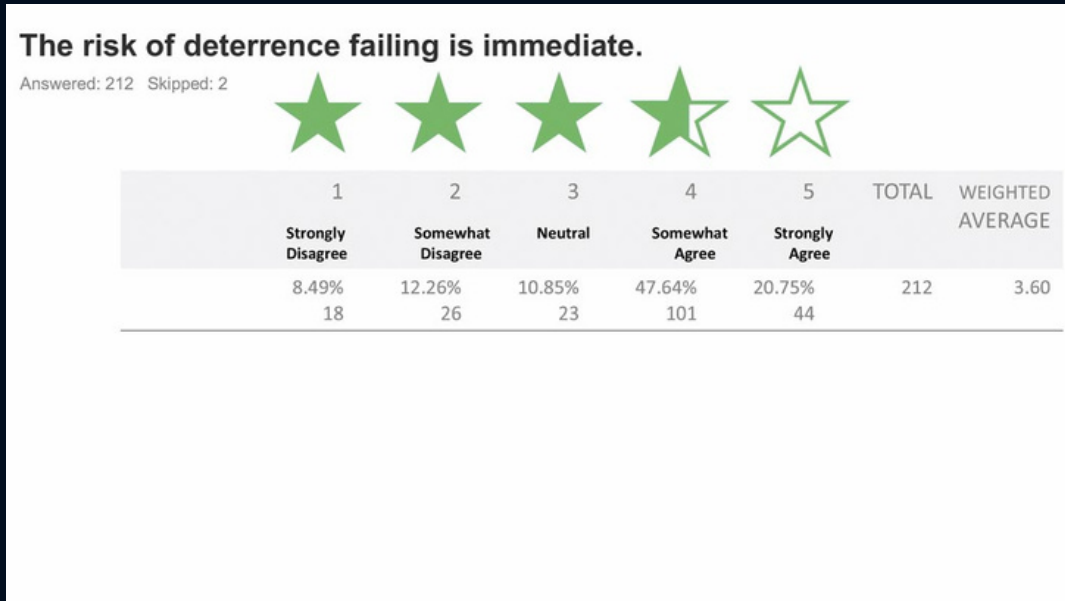
In their 'day jobs,' survey respondents are overwhelmingly focused on Execution and Budgeting activities.

Looking across their professional career, survey respondents have been overwhelmingly engaged in Execution and Budgeting activities.

More than half (51%) of survey respondents are seasoned professionals, with 21+ years of work experience. A total of 65.78% have 16+ years of work experience.

DETAILED FINDINGS

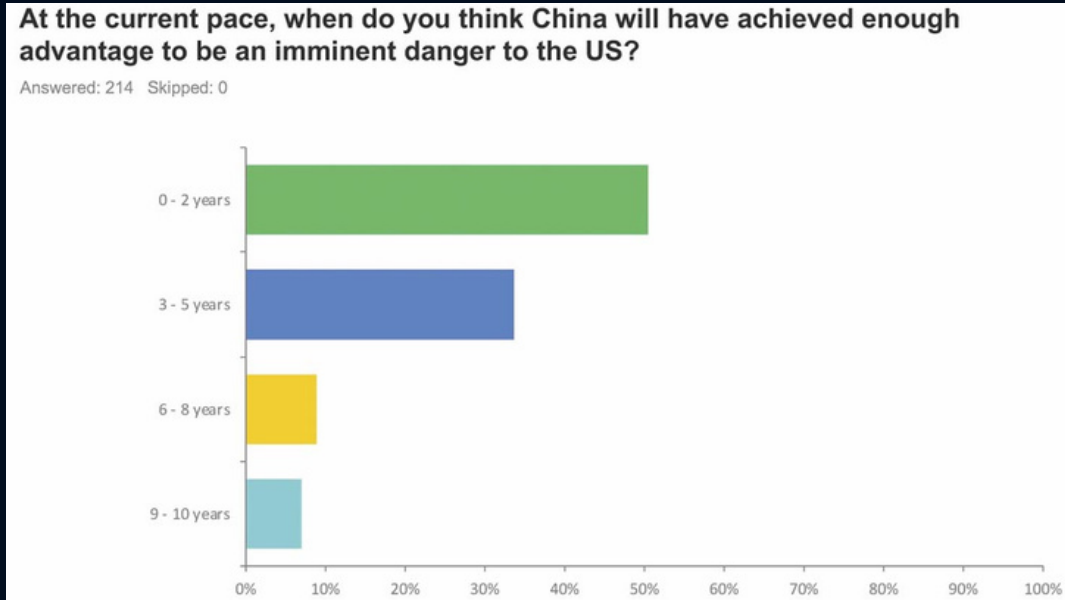
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Unfortunately, less than half (**47.89%**) of respondents think the defense business enterprise and the warfighting enterprise **share the same view of the risk** of falling behind the military capabilities of Russia & China.

To what extent do you think the defense business enterprise and the warfighting enterprise share the same view of the risk of falling behind the military capabilities of Russia & China?

Answered: 213 Skipped: 1



1 Strongly Disagree	2 Somewhat Disagree	3 Neutral	4 Somewhat Agree	5 Strongly Agree	TOTAL	WEIGHTED AVERAGE
9.39%	12.68%	30.05%	19.72%	28.17%	213	3.45
20	27	64	42	60		

Question 5 asked “How could we create a shared view of the risk? There were two groups of responses. They’re shown here.

“Major Muscle Movements”

Foster a mutually beneficial partnership between industry and DoD leadership with a focus on accelerating advanced UxS to support the National Defense Strategy, Distributed Maritime Operations and USMC’s Force Design 2030 that calls for a fully integrated multi-domain human-machine teaming capability that connects the right sensor and the right shooter. Following are three pillars for initial consideration:

1. Connectivity – Support data sharing across industry/ government and academia (Threshold) | Establish a Digital Enterprise to support a National Live, Virtual, Constructive “Sand Box” up to the Secret Level (Objective),
2. Acquisition – Remove current acquisition barriers to accelerate capability to the warfighter (Threshold) | Enable an integrated/collaborative government, industry, academia teaming schema to support a robust UxS full-spectrum full life-cycle capability with surge capacity (Objective), and
3. Common Understanding – Document DoD’s and industry’s capacity, capability, business models, and limitations (Threshold) | Develop common robotics definition, taxonomy, and interoperability standards with synchronized strategies, execution plans, roadmaps and timelines (Objective).

Create an integrated strategy that places as much emphasis on the business support of warfighting plans.

A modernized and efficiency focused look at our procedures. We are much too bureaucratic to modernize quickly. With regards to budget execution, reporting, and auditing, a streamlined approach is needed. If a singular system and

methodology were used as a standard DoD or federal government-wide, we could greatly reduce personnel and duplicate/triplicate oversights to accomplish tasks. This would free up manhours and funding to be able to put toward more lethality.

Transparency and Compatible Systems of Record

We need to look at the “full cost” of operations. OMB Circular A-136 requires a “programmatic” cost of operations, not an appropriation view. We don't know what it really costs to do business in the DoD.

Evidence Based Decision-making

Joint identification, observation and modification of training and resources availability.

More visibly tie defense strategies to budgetary resources to outcomes.

Improved exchanges of capabilities gap assessments, plans to address capabilities gaps, and current status of addressing capabilities gaps.

Developing a system that improves communication between both and facilitates the common operating picture of the shared risk.

Have a shared vision using similar metrics to assess risks.

Collaboratively discuss/develop a risk profile based on subject matter expert input.

Further highlight the risk during the PPBE process and ensure the effects of the risk are gathered at all levels and tracked year to year.

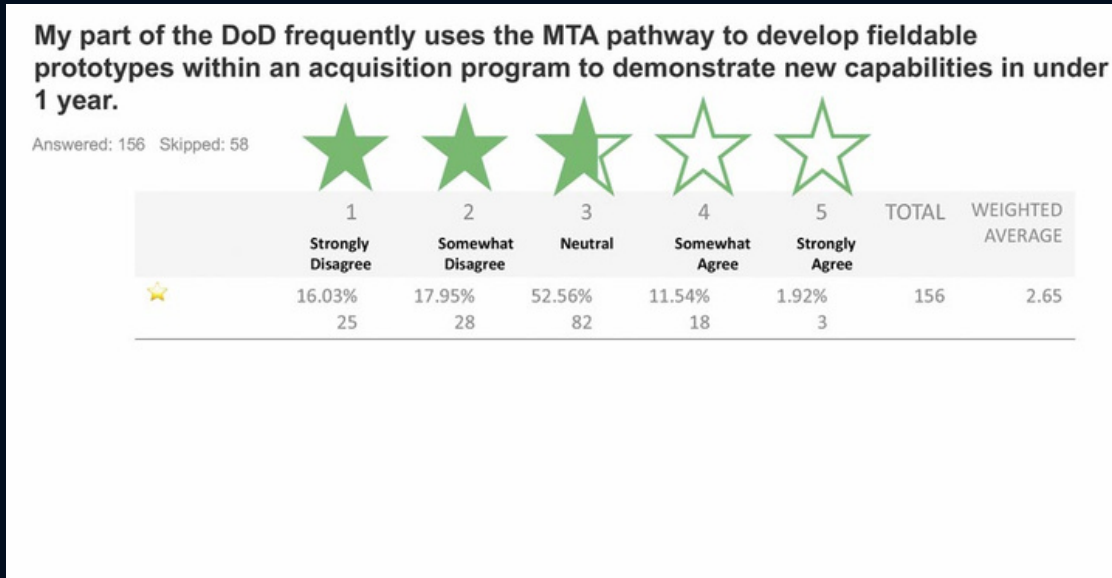
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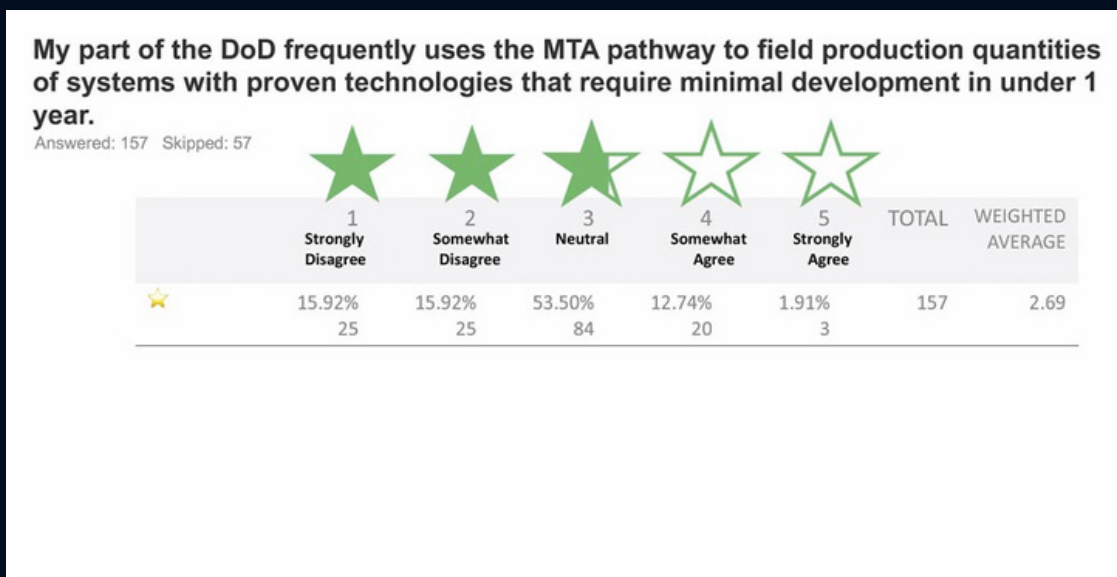
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