



U.S. House of Representatives
COMMITTEE ON THE BUDGET
Washington, DC 20515-6065

January 12, 2024

The Honorable Robert F. Hale
Chairman
Commission on Planning, Programming, Budgeting, and Execution Reform
Washington, D.C.

Dear Chairman Hale,

Section 1004 of the Fiscal Year (FY) 2022 National Defense Authorization Act (NDAA) established the *Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform*¹ to analyze and make recommendations on how to improve the budgeting processes and practices of one of the most complex organizations in the world: the U.S. Department of Defense (“Department”).

Congressional action has mandated that the PPBE Reform Commission examine a \$816.7 billion agency, which holds \$3.8 trillion in assets; and employs 3.4 million service members and civilians, operating in 4,800 sites in more than 160 countries.² Currently, the Department’s annual budget submission involves 50,000 military and civilian personnel,³ consists of 30,000 pages, thousands of budget lines, and is the culmination of up to four years of work. The House Committee on the Budget recognizes the monumental task set before the Commission. The Committee formally requests that the PPBE Reform Commission work in tandem with Budget Committee Chairman Arrington, Budget Process Reform Task Force Chair Yakym, and Budget Oversight Task Force Chair General Bergman to improve the Department’s budget and budgeting process.

In advance of issuance of the final report, scheduled for release in March 2024, the PPBE Reform Commission released an interim report outlining five actions that could be immediately implemented to improve the Department’s budget and budgeting process⁴:

1. Increase Transparency between the Department and Congress.

¹ PUBLIC LAW 117-81, DEC. 27, 2021, <https://www.congress.gov/117/plaws/publ81/PLAW-117publ81.pdf>.

² U.S. Department of Defense Financial Improvement and Audit Remediation Report, Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, June 2023, https://comptroller.defense.gov/Portals/45/documents/fiar/FIAR_Report_June_2023.pdf.

³ How DoD’s own budget process keeps the military on the wrong side of the ‘valley of death’, Federal News Network, December 21, 2022, <https://federalnewsnetwork.com/contracting/2022/12/how-DoDs-own-budget-process-keeps-the-military-on-the-wrong-side-of-the-valley-of-death/>.

⁴ Commission on PPBE Reform Interim Report Fact Sheet, Aug 2023, <https://ppbereform.senate.gov/wp-content/uploads/2023/08/Interim-Report-Fact-Sheet.pdf>.

- Including, but not limited to, the Department issuing a midyear update briefing to Congress, improving training for Department liaisons to Congress, and restructuring budget justification books.
- 2. Promote Innovation and Adaptability.**
 - Including, but not limited to, consolidation of budget line items and updating guidance documents.
 - 3. Improve Alignment of Budgets to Strategy.**
 - Including, but not limited to, improving the understanding of private sector practices.
 - 4. Improve Business Systems and Data Analytics.**
 - Including, but not limited to, establishing a better system for Department-Congressional information sharing.
 - 5. Improve Capability of Department Programming and Budgeting Workforce.**
 - Including, but not limited to, improving recruiting and retention of the Department’s budget workforce.

These actions would not only help improve the Department — they would help the Committee on the Budget in its own work. As you know, the Congressional Budget and Impoundment Control Act of 1974 created the Committee for the purpose of producing a fiscal framework that establishes and enforces overall spending and revenue levels, including Function 050 (National Defense). Given that national defense spending now consists of approximately half of the 302(a) committee allocations provided in the budget resolution, the recommendations made by the Commission could help inform and guide the congressional budgeting process to ensure taxpayers’ dollars are allocated effectively.

The Committee believes that focusing on reforms to streamline and modernize the Department’s budget and budget process would accomplish three goals:

- 1. Build trust in the Department.**
 - Building trust starts with transparency and accountability. The Department just failed its 6th audit in a row.⁵ Until 2018, the Department never even completed one. The 2023 audit was only able to account for half of the Department’s \$3.8 trillion in assets — leaving \$1.9 trillion in unaccounted assets — more than the entire discretionary budget Congress passes every year. The Department needs to be able to account for all of its funding. This includes transparent accounting and funding information for past, current, and future threats and conflicts.
- 2. Help educate and inform the American people about National Security.**

⁵ United States Department of Defense Agency Financial Report, Fiscal Year 2023, <https://comptroller.defense.gov/odcfo/afr/>.

- The Department’s current budgeting processes and practices have been over-engineered. Across all the services, the Department’s budget materials rely on separate — but equally outdated — systems that cannot provide real-time data or be easily shared with other services, auditors, Congress, and the American public. Easily accessible and transparent information on funding needs to be available and updated regularly. A priority for the Department should be implementing a user-friendly online dashboard to easily look up unclassified funding information, including ever-evolving National Security threats/challenges, requirements, and objectives.

3. Help Congress budget better for National Security.

- Delayed enactment of appropriations bills and the regular use of continuing resolutions (CRs) have hindered the Department’s ability to effectively budget.⁶ While the Department does not have control over the congressional budget process, it does have control over the tens of thousands of pages of indecipherable and outdated budget documents it sends to Congress — which adds to the complexity of funding the Department appropriately and on time.

Given our shared interest in improving the defense budget and budget process, the Committee on the Budget would like to invite the PPBE Reform Commission to testify at a hearing to discuss the Commission’s findings. We request to schedule this hearing after the release of the Commission’s final report, but before the release of the President’s Fiscal Year 2025 Budget Request.

Thank you for your consideration.

Sincerely,



Jodey C. Arrington
Chairman
House Budget Committee



Rudy Yakym
Chair of the Budget Process Reform Task Force
House Budget Committee



Jack Bergman
Chair of the Oversight Task Force
House Budget Committee

⁶ Congress passes stopgap funding bill, hampering Pentagon initiatives, Defense News, Nov 15, 2023, <https://www.defensenews.com/congress/2023/11/16/congress-passes-stopgap-funding-bill-hampering-pentagon-initiatives/>.