

1. SECURITY AND GEOPOLITICS

US DEFENCE BUDGET: PLANNING, PROGRAMMING, BUDGETING AND EXECUTION PROCESS. POLITICAL CHALLENGES

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ABSTRACT

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US defense expenditures are managed through the system of Planning, Programming, Budgeting and Execution (PPBE). PPBE is a complex and bureaucratic process requiring close coordination of many agencies and components of Department of Defense (DoD). Despite constant scrutiny and amendment by executive and legislative branches, it is still perceived as non-optimized process, which are not utilized in other parts of the US Government. The aim of this article is to present PPBE with a specific emphasis on the defense budget proceedings in Congress. The publications suggests, that, since defense spending remains by far the biggest non-obligatory part of the US Federal budget, the whole budgetary process in that sector is prone to face different political challenges.

Keywords

PPBE, defence budget, sequestration, pork barrel.

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Introduction

US defense budget² is managed under the Planning, Programming, Budgeting, and Execution (PPBE) system. PPBE is specifically described in DoD Directive Number 7045.14 from January 25, 2013

(with later amendments) and applies to all components of the Department of Defense³. Upon this regulation PPBE is defined as the “annual resource allocation process for DoD within the quadrennial planning cycle” and is determined by a number of guidelines, including the Quadrennial Defense Review (QDR), force development guidance, program guidance and budget guidance. Simultaneously, although the programs and budgets are formulated annually, they encompass different periods of time (budget – one year; program – addi-

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² Defence budget is defined in this article as a budget of Department of Defense (DoD).

³ PPBE is applied only to DoD.

tional four years⁴).

There are five main objectives of PPBE, including: i. supporting providing the DoD with the most effective mix of forces, equipment and manpower; ii. facilitating the alignment of resources to prioritized capabilities based on and overarching strategy and balancing necessary warfighting capabilities with risk, affordability, and effectiveness; iii. providing mechanisms for making and implementing fiscally sound decisions in support of the national security strategy and national defense strategy; iv. facilitating execution reviews of past decisions and actions (reviews assess execution performance based on goals and strategic objectives); and v. accepting products of acquisition and requirement processes (outlined in other documents). The Directive, apart from the main part, is composed of enclosures, which refer to: (1) different stages of PPBE process (i.e. DoD Directive 5000.01 – The Defense Acquisition System, from May 12, 2003) and (2) scope of responsibility of respective organs within PPBE⁵.

PPBE is a specific and complex system, which is used within Department of Defense and not in the other branches of the US government. It operates in the biggest defense budget in the world and has been often amended during more than 50 years of its implementation. As far as it can be assessed as a very effective tool, it still remains non-optimized mostly due to the political factors.

Evolution of PPBE (Planning, Programming, Budgeting and Execution)

The PPBE process was established in

⁴ Department of Defense, Directive, Number 7045.14, January 25, 2013, *The Planning, Programming, Budgeting, and Execution (PPBE) Process*, p. 1 /w/ <https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodd/704514p.pdf?ver=2019-06-06-145814-060> – dostę z 10.04.2020.

⁵ Ibidem.

2003 and evolved from the Planning, Programming, and Budgeting System (PPBS), which had been introduced into the Department of Defense (DOD) in the early 1960's (during the terms of US Presidents: John F. Kennedy and Lyndon Johnson) by Secretary of Defense Robert McNamara. The main purpose of PPBS was to „link strategies to the identified programs, within budget requirements, that most satisfy the Nation's policy objectives"⁶. The system was defined as an integrated management system that places emphasis on the use of analysis for program decision making, where management of defense resources has been provided with a better analytical basis for making program decision, and for putting such decisions into operation through an integration of the planning, programming and budgeting functions⁷. As John Crecine underlined, the basic idea behind PPB was that „the military ought to determine their objectives first, what expenditures are needed to achieve those objectives in the long term (...) this means assessing the threat, determining the force structure needed to meet that threat (...) and costing out the approved plans for the upcoming budget year"⁸.

An introduction of PPBS signified much more than just the new system of management of resources. DoD was an extremely big organization of 4,5 million employees (more than America's top 25 corporations combined at that time) and despite se-

⁶ S.G. Holcombe, N.C. Johnston, *Analysis of PPBE process in the current dynamic political environment*, Institutional Archive of the Naval Postgraduate School, 2008, s. 1 /w/ https://calhoun.nps.edu/bitstream/handle/10945/10339/08Jun_Holcombe_MBA.pdf?sequence=1&isAllowed=y – dostę z 10.04.2020.

⁷ P.A. Don Vito, *The Essentials of a Planning Programming Budgeting System*, RAND Corporation, Santa Monica, California, 1969. s. 1.

⁸ J.P. Crecine, *Defense Budgeting: Organizational Adaptation to External Constraints*, Memorandum RM-6121-PR, Rand Corporation, Santa Monica, California, 1970, s. 36-38.

rial attempts to increase civilian control of the nation's military forces, the services' budgets remained largely independent of one another and without oversight by the Secretary of Defense⁹. Robert McNamara was tasked with taking control of DoD planning and budgeting away from the military and putting it direct responsibility of civilian leadership. As Lawrence Jones and Jerry McCaffery emphasized "the initial motivation for establishing PPBS had as much to do with control and politics as it did with rational planning and budgeting"¹⁰.

At the beginning, the military entities remained distant, if not against, the new system. However, after a few years they became fully engaged in learning how to compete in the process. That was relatively difficult as far as the PPBS was not just a budget reform, but the new approach to analysis and competition between alternative programs, weapons systems and multi-year programmatic objectives¹¹.

PPBS has been modified several times. The most important ones came with the reform of Melvin Laird¹², Goldwater-Nichols act¹³ and the latest reform of Donald Rums-

feld. The recent amendments include not only a change of the name of the process (from PPBS to PPBE or PPBES), but also: i. merging separate program and budget reviews into a single review cycle performed simultaneously rather than sequentially; ii. incorporating a budget process matched to national electoral cycles with major strategic changes slated for the second year of a presidential term and minimal updating done in the first and third years, given no major change in the threat; iii. fixing timing of the process so that planning and budgeting were clearly derivative processes driven by the Quadrennial Defense Review and the National Military Strategy and iv. changing the cycle for provision of top-level planning information. The key of the PPBE reform was to establish a four-year resource planning and decision cycle to replace the previous system that operated in a six-year. As Sharon Holcombe and Nathan Johnston underlined „over the past years, modifications were made to the PPB System (...) but the original intent has remained intact” and simultaneously “other federal agencies attempted to implement PPB-based systems but the reform only persisted within DoD”¹⁴.

Main Characteristics of PPBE

PPBE is a multiannual, time-driven process which, for any fiscal year cycle, typically begins more than two years before the expected year of budget execution. The system is part of DoD's Resource Allocation Process, a timeline intended to present when actions associated with a particular fiscal year cycle should occur during the calendar year¹⁵ (see Figure 1).

¹⁴ S.G. Holcombe, N. C. Johnston, op. cit., s. 1.

¹⁵ Congressional Research Service, *Defense Primer: Planning, Programming, Budgeting and Execution (PPBE) Process*, January 27, 2020 /in/ <https://fas.org/sgp/crs/natsec/IF10429.pdf> - access on April 14, 2020, p. 1.

⁹ L.R. Jones, J.L. McCaffery, *Reform of the Planning, Programming, Budgeting System, and Management Control in the US Department of Defense: Insights from Budget Theory*, Public Budgeting and Finance, Fall 2005, s. 5.

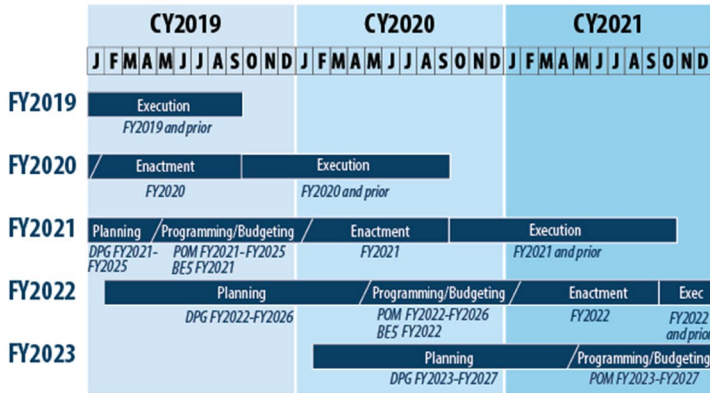
¹⁰ Ibidem.

¹¹ Ibidem, s. 6.

¹² The aim of Lairds' reform was to ensure more balance between civil and military stages of decision making process. See: L. J. Jones, J. L. McCaffery, *Budgeting, Financial Management and Acquisition Reform in the US Department of Defense*, Information Age Publishing, Charlotte (North Carolina), 2008, s. 142-143.

¹³ Under the Goldwater-Nichols Act, military advice was centralized in the chairman of the Joint Chiefs of Staff as opposed to the service chiefs. The direct reasons of introduction of this act were operational challenges of US Armed Forces due to unsatisfactory acquisition policy during the war in Vietnam. See: M. Mróz, *System kierowania siłami zbrojnymi w Stanach Zjednoczonych*, Biuro Studiów i Ekspertyz, Kancelaria Sejmu, sierpień 1995, p. 2-5., C. Nefmakos, I. Bliokstein, A. S. McCarthy, J. M. Sollinger, *The Perfect Storm. The Goldwater-Nichols Act and Its Effect on Navy Acquisition*, RAND Corporation, 2010, p. 11.

Figure 1. DoD Resource Allocation Process (by month, calendar year and fiscal year).



Source: Congressional Research Service, Defense Primer: Planning, Programming, Budgeting and Execution (PPBE) Process, January 27, 2020 /in/ <https://fas.org/sgp/crs/natsec/IF10429.pdf> - access on April 14, 2020, p. 1.

The system is composed of four stages: planning, programming, budgeting and execution.

Planning. The planning phase of PPBE is designed to “integrate assessments of potential military threats facing the country, overall national strategy and defense policy, ongoing defense plans and programs

and projected financial resources into an overall statement of policy”¹⁶. Formally it is presented through the Defense Planning Guidance (DPG), which provides an official direction to the military services on the basic principles that they are to follow in preparing their own long-term budgetary plans¹⁷.

Table 1. DoD PPBE Phases

Phase	Key documents	Entities involved
Planning	National Security Strategy (NSS) National Military Strategy (NMS) Defense Strategy Review (DSR) Defense Planning Guidance (DPG)	(annually) White House. (biennially) Chairman, Joint Chiefs of Staff (CJCS) Office of Secretary of Defense (OSD)
	The Army Plan (TAP) Army Vision (AV) Army Strategic Plan (ASP) APMG, ACP, RDAP	Department of the Army (DA) Respective components of Armed Forces.
Programming	Program Recommendation Technical Guidance Memorandum (TGM) Fiscal Guidance (FG) Program Objective Memorandum (POM)/Budget Estimate Submission (BES) Program Assessment (PA)	CJCS DA OSD DA CJCS
Budgeting	Resource Management Decision (RMD) DoD Budget President’s Budget	OSD OSD White House

¹⁶ M. Tyszkiewicz, S. Daggett, *A Defense Budget Primer*, CRS Report for Congress, December 9, 1998, s. 27.

¹⁷ Ibidem.

Execution	Authorization/Appropriation Execution Assessment	DA
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Source: Department of Defense Planning, Programming, Budgeting, and Execution Phases. p. 8-2 /w/ US Army War College, 2017-2018, *How the Army Runs, A Senior Leader Reference Handbook*, Carlisle, 2018 /w/ <http://www.carlisle.army.mil/orgs/SSL/dclm/pubs/HTAR.pdf> - access on April 11, 2020.

Programming. The programming phase is aimed at analyzing the anticipated effects of present-day decisions on the future force. At the beginning, the heads of each military service and defense agency prepare Program Objective Memorandum (POM), which outline proposed resource requirements (forces, manpower and funding) for program over five years. Once each service submits a POM, Director of the Cost Assessment and Program Evaluation makes the reviews of the programs, which

are eventually verified by OSD¹⁸.

Budgeting. During the budgeting phase, DoD Comptroller reviews the budget submissions from military services to ensure appropriate funding, fiscal controls and feasibility of execution within the budget year. The final document called Budget Estimate Submission (BES) is sent to President’s Office of Management and Budget (OMB) to be included in the President’s annual budget request to Congress¹⁹.

Table 2. Main entities participating in PPBE.

Entities	Main functions
Secretary of Defense	Provides centralized policy throughout the PPBE process. Exercises centralized control of executive policy direction.
Deputy Secretary of Defense	Manages the day-to-day management and operation of the PPBE process.
Under Secretary of Defense (Comptroller)	Prepares the DoD budget for submission to the Office of Management and Budget.
Under Secretary of Defense for Policy	Conducts and coordinates the planning phase of PPBE process.
Director for CAPE	Prepares and publish DoD fiscal and programming guidance.
Under Secretary of Defense for Acquisition, Technology and Logistics (ATL)	Advises the Secretary and Deputy Secretary of Defense on all PPBE matters related to ATL.
Under Secretary of Defense for Personnel and Readiness	Advise the Secretary and Deputy Secretary of Defense on all PPBE matters related to total force.
Under Secretary of Defense for Intelligence	Advises the Secretary and Deputy Secretary of Defense on all PPBE matters related to intelligence.
Deputy Chief Management	Provides administrative and managerial support to the Deputy Secretary’s senior governance bodies.
Chief Information Officer	Advises the Secretary and Deputy Secretary of Defense on all major cyber investments and information technology resource allocations.
Heads of DoD Components	Develops and executes the programs and budgets necessary to achieve national objectives
CJCS	Advises the Secretary of Defense on all PPBE matters to include the Chairman’s Program Recommendation and Assessment of DoD programs and budgets.

Source: Department of Defense, Directive, Number 7045.14, op. cit.

Execution. The final phase is intended to evaluate program results. It occurs simultaneously with the program review and the budget review to assess a program’s ac-

tual performance compared to its planned performance²⁰.

¹⁸ Congressional Research Service, *Defense Primer*, op. cit., s. 2.

¹⁹ Ibidem.

²⁰ Ibidem.

Defense budget proceedings in Congress.

The concept of centralized budgetary system in the Federal Government was introduced only after World War I. Congress noticed then how wartime spending raised the national debt and thought they needed more control over government expenditures. As a response, the Budgeting and Accounting Act entered into force in 1921, keeping individual departments or branches in the government from holding too much financial power²¹. Before enactment of the law, Federal Government agencies, including DoD, usually sent budget requests independently to congressional committees with no coordination²². In these circumstances, Congress was not able to

make holistic evaluation of overall government expenditures and to relate them to revenues or to establish national priorities. However, as the size and responsibilities of the federal government grew and as US involvement in world wars aggravated the problems with fiscal discipline, financial management and even allegations of widespread corruption, the need for budgetary reform became more apparent. The system was changed after the World War I; additional reforms were introduced after World War II and after the war in Vietnam. The final amendment was adopted in 1974²³.

The process begins formally, when President submits defense budget to Congress (see table below).

Table 3. Defense Budget Process in Congress.

Timeframe	Action
By the first Monday in February	President submits defense budget to Congress.
February	House Representatives (Budget, National Security, Appropriations) and Senate (Budget, Armed Services, Appropriations) Commissions and relevant Sub-Committees start hearings on the defense budget.
6 weeks after budget submission	House Representatives (National Security, Appropriations) and Senate (Armed Services, Appropriations) Committees submit opinions on the defense budget level to Budget Committee.
April 1	Senate Budget Committee reports CBR—Concurrent Budget Resolution
April 15	Congress finalizes action on the CBR setting levels of budget authority and outlays for the national defense budget function.
No deadline	Congress approves defense authorization act.
June 10	House Representatives Appropriations Committee reports last annual appropriations act.
June 30	House Representatives completes action on annual appropriations acts.
October 1	Beginning of a new fiscal year. Funding provided either in regular appropriations acts or continuing resolutions.

Source: M. Tyszkiewicz, S. Dagget, *op.cit.*, p. 30.

Congress deliberates on the budget request approximately 8 months (since the beginning of February until the end of September). The document is thoroughly analyzed in different committees and sub-

committees, being debated with the participation, if needed, with the participation of members of administration and other interested groups²⁴.

²¹ K. Johnston, *Why is the Budgeting and Accounting Act important?*, the nest, February 12, 2019/in/ <https://budgeting.thenest.com/budgeting-accounting-act-1921-important-28658.html> - access on April 16, 2020.

²² OMB Circular No. A-11, Section 15-Basic Budget Laws, p. 1 /in/ https://obamawhitehouse.archives.gov/sites/default/files/omb/assets/a11_current_year/s15.pdf - access on April 16, 2020.

²³ Full text of the Congressional and Impoundment Control Act of 1974 can be found here: Public Law 93-344, July 12, 1974, 88 Stat. 297- <http://legcounsel.house.gov/Comps/BUDGET.pdf> - access on April 16, 2020.

²⁴ J.L. McCaffery, L. R. Jones, *Budgeting and Financial Management for National Defense*, Information Age Publishing, Charlotte, NC, 2004, s. 31.

Congressional action of the defense budget is a three step process: **1. Passage (through resolutions of two chambers) of the CBR (Concurrent Budget Resolution,)** which sets a framework for consideration of revenue and spending measures; **2. Defense authorization process,** which provides the statutory authority for defense programs; **3. Appropriation process,** which establishes the budget authority to fund defense programs.

By June 30, House Representatives completes action on annual appropriation bills; spending is defined in two ways: budget authority (maximum amount of authorized expenses) and outlays (expenditures). In principle, appropriations can be set on the level of authorizations or below.

Since the two chambers, House and Senate, have worked on their own versions of the appropriation bills, they have to reconcile their texts by conference committees. President should sign unified bill before October 1, when the new fiscal year begins. Should there is no consent on the bill until that date, Congress continues to fund the government via a short-term funding measure known as continuing resolution²⁵.

PPBE and political challenges.

Opinions on PPBE are versatile²⁶. PPBE has been effectively implemented under DoD for more than a half a century. However, it required constant amendments and was not transformed into other branches of government, despite certain initiatives

from President Lyndon Johnson²⁷. Where do these difficulties come from?

Partially they stem directly from inefficiencies of the system. We can begin with the timeline of PPBE. The system is designed to progress sequentially, so that DoD examines the future security environment (planning), proposes programs for investment (programming), develops a detailed budget according to fiscal guidance (budgeting) and ensures compliance throughout (execution). These phases not only blend together, but are often disrupted by not meeting time requirements²⁸. The next problem lies with the bureaucracy, where the individual institutions (agencies and other components of DoD) focus on their own interests rather than seeing larger defense enterprise (e.g. each POM is reviewed individually, but not seen in tandem with other POMs). And finally, there are some inefficiencies in the structure of the defense budget. Part of the defense budget dedicated to OCO (*Overseas Contingency Operations*²⁹) was going to provide additional resources to DOD to fund unforeseen crises of wars. It was used in the case of Afghanistan and Iraq – as experts said – in a responsible manner, but currently OCO “is funding programs well beyond its intended parameters”³⁰.

Regardless bureaucratic and technical problems, it seems that political realities create majority of challenges. As it is underlined by Richard Kaufman, the military

²⁷ See, L.J. Jones, J.L. McCaffery, *Budgeting, Financial Management*....., op. cit., 142.

²⁸ M. Shevin-Coetzee, *Fixing the Pentagon's Broken Budget*, *The National Interest*, February 12, 2016 /in/ <https://nationalinterest.org/feature/fixing-the-pentagons-broken-budget-15188/in/> - access on April 27, 2020.

²⁹ OCO (or war funds) is a separate pot of funding operated by the DoD and State Department in addition to their base budgets. OCO has very little oversight and is mandatory spending – *Overseas Contingency Operations: The Pentagon Slush Fund* /in/ <https://www.nationalpriorities.org/campaigns/overseas-contingency-operations/> - access on April 28, 2020.

³⁰ Ibidem.

²⁵ *How DoD Gets Money: A Primer on the US Federal Budget Process*, Feb 13, 2012 /in/ <https://www.defenseindustrydaily.com/dod-budget-federal-legislation-07303/>

²⁶ See e.g. M. Shevin-Coetzee, *The Labyrinth Within. Reforming the Pentagon's Budgeting Process*, Center for a New American Security, February 8, 2016 /in/ <https://www.cnas.org/publications/reports/the-labyrinth-within-reforming-the-pentagons-budgeting-process> - access on April 29, 2020.

budget process does not have to be systematic, rational and open to public scrutiny; “while serious thought about military policy goes into the budget (...) the process also serves as a more or less closed market place where public resources are allocated among relatively few powerful public and private interest groups”³¹. During budgetary proceedings in Congress, there is, on one hand, a necessity of transparent and objective process based on current and foreseeable threats perception analysis with a prudent strategy being used, but on the other hand, different interests are wore down. And there are at least a couple of reasons for that.

First, we have to differentiate between mandatory and non-obligatory spending in the US federal budget. The vast majority of the former expenditures cover three largest entitlement programs (Social Security, Medicare and Medicaid) and many smaller programs (e.g. retirement programs for federal employees, student loans and unemployment compensation). They are governed by statutory criteria and thus are usually not set by annual appropriation acts. Simultaneously, discretionary (or non-obligatory) expenses go mostly to defense programs and are under scrutiny of the House and Senate Appropriations Committees (as it was discussed earlier)³². The structure of expenditures are shown in the table below.

Table 4. Composition of US Federal Outlays (2018).

Type of Outlays	In million USD	In GDP	In Federal Budget ¹
Mandatory	2,546	12,7 %	63 %
Discretionary	1,262	6,3 %	31 %

Source: D. A. Austin, *Trends in Mandatory Spending: In Brief*, Congressional Research Service, September 14, 2018, p. 2-5 /in/ <https://fas.org/sgp/crs/misc/R44641.pdf> - access on April 26, 2020.

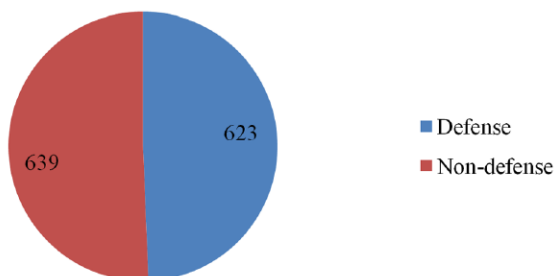
Discretionary spending represent only 31 % of the total US federal budget, which amounted in 2018 to 1,262 million USD. Simultaneously, defense spending remains the biggest piece in the US Federal budget standing for 623 mln USD (divided into: operation and maintenance-255, military

personnel-139, procurement-113, research, development, test and evaluation-77 and other expenses-39), which represents almost 50% of all non-obligatory expenses (see the figure below). This is the largest budget to be deliberated by Congress.

³¹ R.F. Kaufman, *The Defense Budget Process*, /in/ J. K. Galbraith, J. Brauer, L.L. Webster, *Economics of Peace and Security*, Eolss Publishers, Oxford, 2009, p. 53.

³² Congressional Budget Office, *What is the difference between mandatory and discretionary spending?* /in/ <https://www.cbo.gov/content/what-difference-between-mandatory-and-discretionary-spending> - access on April 26, 2020.

Figure 2. Composition of obligatory expenses in US federal budget.



Source: Congressional Budget Office, Discretionary Spending in 2018: An infographic, June 18, 2019 /in/ <https://www.cbo.gov/publication/55344> - access on April 26, 2020.

Second, defense sector is a significant driver of economic development in many states of the US. The benefits from military installations could impact every citizen. At the same time, the companies that support military are major employers and tax generators. It is worth emphasizing that the indirect and induced employment associated with the US defense industry is currently at least 3,5 million jobs³³.

The level of defense spending is unequally spread among the individual states due to political, military (e.g. locations of military bases) and economic (e.g. headquarters of big defense industry companies) factors. That could directly influence macroeconomic measures in respective states and have direct political implications. Below you can find the list of the biggest beneficiaries of defense spending.

Table 5. The biggest beneficiaries of defense spending among US states.

State	Billion USD	State	Billion USD
1. California	48.8	6. Connecticut	13.1
2. Virginia	42.7	7. Pennsylvania	12.7
3. Texas	33.3	8. Washington	12.3
4. Maryland	20.2	9. Georgia	11.9
5. Florida	17.9	10. Alabama	10.9

Source: US Department of Defense, Defense Spending by State, Fiscal Year 2016, revised version, January 2019 /in/ <http://www.fy16-defense-spending-by-state.com.s3-website-us-gov-west-1.amazonaws.com/#Overview> – access on April 27, 2020.

Almost 60 % of defense funding went to only 10 states, with an average of 7.4 billion USD per state. Vermont was the receiver of the lowest amount of spending with only 313 million USD³⁴. It does not have to be explained that members of Congress fight very hard in influencing directing the de-

fense budget project to their own constituencies.

Third, there are big interests among defense companies to keep the defense spending as high as possible. Top five biggest defense companies in the world are US ones, including: Lockheed Martin, Boeing, Northrop Grumman Raytheon and General Dynamics. They are also major contractors of the US Department of Defense; it is estimated that “in a good year, Lockheed re-

³³ A. Bowman, The Military and Defense Industry: An Economic Force in the US, September 2012, /in/ <https://siteselection.com/issues/2012/sep/sas-military-economy.cfm>

³⁴ Ibidem.

ceives up to 50 billion USD in government contracts, a sum larger than the operating budget of the State Department³⁵. Only in 2019, the companies spent circa 112 million USD for lobbyists³⁶. They constantly try to influence members of Congress in shaping defense budget.

All above mentioned factors influence the work of individual members of Congress and could make the budgetary process non-optimized. It results not only in common legislative decisions, but could have an untypical posture of congressional interference.

Untypical ways of congressional interference.

During the budgetary process there could be different procedural terms. One of the most specific ones is sequestration, which provides for the enforcement of budgetary limits established in law through the automatic cancellation of previously enacted spending, making largely across-the-board reductions to nonexempt programs, activities and accounts. The objective of sequestration is to deter enactment of legislation violating the spending limits or to automatically reduce spending to the limits specified in law.

The discretionary spending limit was established by the Budget Control Act of 2011 and has been a matter of a wave of criticism. Among them was former Secretary Defense Jim Mattis who said that "as hard as the last 16 years of war have been on our military, no enemy in the field has done as much to harm the readiness of US military than the combined impact of BCA's

spending caps, worsened by operating for 10 of the last 11 years under continuing resolutions of varied and unpredictable duration"³⁷. Despite huge criticism, attempts to fully repeal BCA have not succeeded. However, lawmakers have enacted increases to the defense and non-defense spending caps (e.g. according to BCA 2011 the initial cap for 2018 was going to be 603 million USD, instead of 629).

Supplemental funding belongs to the special system of allocating funds for covering events that are impossible to forecast and budget ahead of time. This funding grew exponentially in the first decade of XXI century and was tied mostly with financing military deployments abroad. According to the US Government Accountability Office, supplemental funding provided between 1997 and 2006 approximately 612 billion USD (50 % of this money went to defense-related emergencies)³⁸.

The other mechanism is pork-barrel legislation. These are appropriations of public funds by Congress for projects that do not serve the interests of any large portion of the country's citizenry but are nevertheless promoted by a small group of legislators, because they will pump outside taxpayers' money and resources into the local districts these legislators represent³⁹. Historically the Department of Defense Appropriations Act contains the most part. In the 2014 fiscal year budget, more than 90 million USD al-

³⁵ A. Azam, *Defence contractors in US politics*, The Express Tribune, December 26, 2019 /in/ <https://tribune.com.pk/story/2124932/6-defence-contractors-us-politics/> - access on April 27, 2020.

³⁶ OpenSecrets.org. Center for Responsive Policy, *Defense: Lobbying*, 2019 /in/ <https://www.opensecrets.org/industries/lobbying.php?ind=D> - access on April 27, 2020.

³⁷ B.W. McGarry, *The Defense Budget and the Budget Control Act: Frequently Asked Questions*, Congressional Research Service, September 30 2019, p. 3 /in/ <https://fas.org/sgp/crs/natsec/R44039.pdf> - access on April 28, 2020.

³⁸ T. Sharp, *Problems with Using Supplemental Budget Process to Fund Ongoing Military Operations in Iraq and Afghanistan*, The Center for Arms Control and Non-Proliferation, Washington, March 2008, /in/ <http://armscontrolcenter.org/problems-with-using-the-supplemental-budget-process-to-fund-ongoing-military-operations-in-iraq-and-afghanistan/> - access on April 28, 2020..

³⁹ P. M. Johnson, *A Glossary of Political Economy Terms*, Auburn University, 2005 /in/ <http://webhome.auburn.edu/~johnspm/gloss/> - access on April 28, 2020.

located for tank upgrades, the US Army did not even want. The money was given, because the supplier of the tanks operations across several congressional districts.

Earmark funding is a similar institution to a pork-barrel funding. It is provided by Congress for specific projects or programs in such a manner that the allocation: i. circumvents a merit-based or competitive allocation process; ii. applies to a very limited number of individuals or entities or iii. otherwise reduces the ability of the Government to independently manage the agency budget⁴⁰. Congress imposed moratorium on earmarks, but there are still attempts to introduce them. In fiscal year 2015 members of Congress have found stealthy ways to “load up defense spending bills with scores of provisions propping up programs the military didn’t request and doesn’t want – while also allowing some earmarks from decades past to live on”⁴¹ (so called “zombie earmarks”).

Conclusion

The aim of this article was to present the system of PPBE, which is used by DoD in managing the biggest defense budget in the world. The system was designed as an integrated management system that link strategies to the identified programs and within appropriate budget ceilings. PPBE is a complex, multiannual, time-driven process, which requires a close collaboration of many agencies and components of DoD. Despite constant amendments, PPBE still faces bureaucratic and political challenges. The latter ones seem to be much more

significant, since the defense spending remains the biggest non-obligatory part of US Federal Budget and US members of Congress are under permanent electoral and economic pressure.

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