

GAO Highlights

Highlights of [GAO-23-105822](#), a report to congressional committees

Why GAO Did This Study

DOD receives about \$95 billion annually to support research and development efforts. Questions have been raised about whether the process used to request and allocate those funds is fast and flexible enough to respond to evolving threats.

Senate Report 117-39 includes a provision for GAO to review DOD financial flexibilities. This report addresses (1) the extent to which DOD communicated information within the department about budget and financial management flexibilities; (2) DOD's use of selected flexibilities, including factors that enabled DOD's use; and (3) whether a selected flexibility that is a pilot effort met leading practices for pilot programs.

GAO reviewed U.S. Code, relevant legislation, and DOD documents to identify flexibilities available during the last five complete fiscal years at the start of this review. GAO selected a nongeneralizable sample of five flexibilities, chosen to provide variation in what they allowed DOD to do, and 25 activities as illustrative examples and to assess their use. GAO interviewed DOD and military department officials.

What GAO Recommends

GAO is making three recommendations to DOD to (1) designate an organization responsible for collecting information about available flexibilities and ensure it shares this information, (2) develop guidance for the lab modernization flexibility, and (3) implement an evaluation plan for the software pilot. DOD concurred with all three recommendations.

View [GAO-23-105822](#). For more information, contact William Russell at (202) 512-4841 or RussellW@gao.gov.

June 2023

RESEARCH AND DEVELOPMENT

DOD Benefited from Financial Flexibilities but Could Do More to Maximize Their Use

What GAO Found

Congress provided the Department of Defense (DOD) at least 26 authorities related to budgeting and financial management that allowed DOD flexibility in its use of funds to support research and development (R&D), innovation, and modernization activities during fiscal years 2017 through 2021. For example, one flexibility allows laboratory (lab) directors to use a small portion of lab funds to support early research. However, DOD has not communicated information across the department about these flexibilities, which could have limited their use. DOD also does not maintain centralized information on them, but DOD and military department officials GAO spoke with said such a resource would be useful. Army, Navy, and Air Force officials responsible for R&D efforts said they were generally familiar with the five selected flexibilities GAO reviewed, but not others. Responsibility for implementation is dispersed among organizations.

DOD used the five flexibilities GAO reviewed to accelerate R&D efforts. For fiscal years 2017 through 2021, DOD reported making about \$4.5 billion available to begin research, construct test centers, and support technology and software development, among other efforts related to these flexibilities.

Examples of Army and Air Force Activities Supported by Two Selected Flexibilities

Army Research Laboratory development of uncrewed aircraft technology and rendition of a test facility at Edwards Air Force Base



Source: Army and Air Force | GAO 23-105822

GAO identified three factors that helped enable DOD officials' use of the five financial flexibilities.

- **Planning** helped officials propose uses of the flexibilities that aligned with agency priorities and structure their use to better meet agency needs.
- **Guidance** outlined the roles, responsibilities, and procedures for using a flexibility. DOD developed guidance for four flexibilities but did not for the lab modernization flexibility, making it more difficult to use, according to officials.
- **Institutional support** included having agency or local leaders who advocated for or provided the management infrastructure to facilitate use.

The software-related pilot flexibility that GAO reviewed did not fully meet leading practices for pilot program design. During the pilot, DOD learned it could not collect the data as planned from all participating programs. DOD is in the process of updating its methodology but has not updated its evaluation plan for assessing the effectiveness of the pilot. Without implementing such a plan, DOD and Congress will lack the information needed to determine whether it should be made permanent.