

The Defense Management Institute (DMI) was established by the Director of Administration and Management (DA&M) for the Department of Defense (DOD) and is operated by the Institute for Defense Analyses (IDA). DMI is a non-partisan research organization committed to bridging public and private sector efforts to improve the management, organization, performance improvement and enterprise business operations of the DOD. DMI organizes the practice of “defense management” into the following eight pillars: Management and Governance, Organization and Alignment, Resourcing and Financial Management, Acquisition, Healthcare, Logistics, Data and Information Technology, and Human Resources.

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Articles published by the media since our last issue

Management & Governance

[DoD Still Failing To Properly Mark CUI Data Years After Initial Audit](#) *(Federal News Network)*

The Defense Department is once again under scrutiny for how it handles controlled unclassified information after a new watchdog review found persistent and widespread problems identified years ago that the department has yet to fix.

Organization & Alignment

None this month

Resourcing & Financial Management

[Unpacking the \\$1.5 Trillion FY 2027 Defense Budget Topline](#) *(Center for Strategic & International Studies)*

While more detailed information on the defense budget request will come when the Department of Defense (DoD) releases its full request in the coming weeks, below are five questions on the FY 2027 defense budget topline, past and projected spending levels, and future congressional action.

[FY2026 Department of Defense Appropriations: In Brief](#) *(Congressional Research Service)*

Congress provided FY2026 appropriations totaling \$839.2 billion for certain national defense activities of the Department of Defense (DOD) through the Department of Defense Appropriations Act, 2026 (Division A of P.L. 119-75). Funding provided in the act is \$8.4 billion more than DOD's FY2026 request for such activities.

[Pentagon Bets on \\$350B to Boost 2027 Defense Budget](#) *(MeriTalk)*

The Department of Defense's (DOD) fiscal year (FY) 2027 budget proposal hinges on a major gamble: that Congress will approve \$350 billion in mandatory spending through reconciliation to help reach a \$1.45 trillion defense topline.

[AI Won't Fix The Pentagon's Audit Problem](#) *(Federal News Network)*

Aubrey Vaughan, vice president of government strategy at Celonis, explains why DoD can't just lather AI over top of legacy systems to improve financial audits.

[Embracing Private Equity in the Next Era of National Security](#) *(Center for a New American Security)*

For decades, the United States has fielded the world's most advanced and capable military. It has done so despite an acquisition system that is often bureaucratic, slow, and prone to cost overruns. There is now broad recognition that this model is no longer sufficient.

[DOD Officially Launches New Economic Defense Unit To Mesh Military Aims With Global Financial Sway](#) *(DefenseScoop)*

The EDU director will oversee the hub as the deputy secretary's principal advisor for economic competition across the Defense Department.

[Penny Wise, Dollar Stronger: Why the Pentagon Should Reform, Not Cut Military Advising Missions](#) *(Military Review)*

The U.S. military faces a paradox: While investing heavily in next-generation platforms and autonomous systems for large-scale combat operations (LSCO), the Department of War is dismantling one of its most cost-effective tools—military advising—just as China and Russia expand their own advisory operations across Africa, Latin America, and Southeast Asia.

Acquisition

[For Acquisition Reform To Succeed, The Pentagon Needs Civilian Agency Budget Flexibilities](#) *(Breaking Defense)*

Secretary Pete Hegseth's push for faster, more commercial defense acquisition will fall short unless Congress also gives the Pentagon the flexible budget authorities already available to civilian agencies, Bill Greenwalt writes.

[Multi-Sourcing, MOSA, And Producibility Form Next-Level Defense Acquisition Reform](#) *(Breaking Defense)*

The [Department of Defense](#) is moving out on implementing the [Acquisition Transformation Strategy](#) that Secretary Pete Hegseth announced last November. But amidst all the focus on new deals for munitions and the reworked [PAE](#) structure, one area of the strategy has largely stayed under the radar: a focus on modularity and multi-sourcing.

[MDM News: Marine Corps Acquisition Reform's 'Most Important Change' is Cultural](#) *(National Defense)*

The Marine Corps is working to implement Secretary of War Pete Hegseth's sweeping acquisition reform mandate, and as it works to balance crisis response readiness with acquisition speed, a new mindset is the most important shift, a service official said.

[Space Force To Finalize Acquisition Portfolio Structure Over Next Two Months](#) *(Breaking Defense)*

The Space Force intends to wrap up the reorganization of its acquisition structure within the next two months, establishing the final three of nine new [Portfolio Acquisition Executive \(PAE\) offices](#) in the "June-ish time frame," according to the head of Space Systems Command (SSC).

[**Weapon System Sustainment: DOD Identified Critical Cost Growth, and the Army Should Take Action to Yield Cost Savings**](#) (GAO)

The Department of Defense spends billions of dollars annually to operate and sustain its aircraft, ships, and combat vehicles. And sustaining these weapon systems over their lifetime is costly. We looked at DOD's sustainment reviews and related cost estimates.

[**Navy And Coast Guard Shipbuilding: A Disciplined, Strategy-Driven Approach Is Needed to Achieve Ambitious Goals**](#) (GAO)

Navy and Coast Guard shipbuilding programs have consistently fallen short of expectations over the last 2 decades. Collectively, they are billions of dollars over cost and years behind schedule. As a result, the Navy announced a strategic shift away from the program in 2025—having previously exercised contract options valued at over \$3 billion dollars. Similarly, the Coast Guard paused work on two ships and terminated two other ships in its Offshore Patrol Cutter program after a more than 5-year delay in delivering the lead ship.

[**Arsenal in Transition: Lessons from World War II Industrial Conversion**](#) (Center for Strategic and Budgetary Assessments)

In Arsenal in Transition: Lessons from World War II Industrial Conversion, Captain Chad P. Wanek examines the U.S. automotive industry's conversion to wartime production during World War II. Using tank manufacturing as a case study, the analysis shows how the United States overcame corporate-regulatory friction, mitigated infrastructure shortages, and adapted to continuous design changes while scaling production of complex systems.

[**Feinberg Should Create A DRPM For Drones**](#) (Breaking Defense)

Acquisition reform at the Pentagon is about to meet a new challenge: the drone gold rush. Already a popular talking point in the building, drones featured prominently in the fiscal 2027 budget.

[**Realizing the Promise of the Drone Revolution**](#) (RAND)

This paper highlights key technological and other trends driving the drone revolution in the military and civilian sectors. The authors outline opportunities, obstacles, and next steps that DOW can take to leverage these developments.

[**Army's Enterprise Contracting Vehicles Likely To Speed Procurement But Not Without Risk**](#) (Breaking Defense)

The Army's recent announcement to award Anduril a [**10 year, \\$20 billion ceiling contract**](#) raised some eyebrows, and not just for its shocking price tag, but also because of the way the contract was laid out.

[**Trump Taps Defense Firm Execs To Lead Space Acquisition, NRO**](#) (Breaking Defense)

Erich Hernandez-Baquero has been selected to serve as the Space Force's next acquisition czar, while Roger Mason has been nominated as the next director of the National Reconnaissance Office.

[**How AI and Other Digital Tools Can Accelerate Acquisition**](#) (RealClear Defense)

The United States faces an increasingly complex and fast-moving threat environment. From ongoing tensions in the Middle East to near-peer competition with China and Russia, the pace of global conflict continues to accelerate.

[Will Private Capital And Disruption Reshape The Defense Industrial Base?](#) *(Breaking Defense)*

Private capital is pouring into defense firms, but unless the relevant stakeholders align, the surge may fail to produce proper returns, according to two op-ed authors.

[Affordable Mass: The Future of Readiness](#) *(National Defense)*

Battling today's adversaries requires speed and scale — not perfection. That is the premise of affordable mass, a design and procurement model built on standardization, supply chain resilience and adaptability.

Healthcare

[DoD Seeks To Split Defense Health Program Into Two Accounts In Fiscal 2027](#) *(Federal News Network)*

The Defense Department is restructuring how it funds and delivers military health care in fiscal 2027, splitting its longstanding single funding account into two separate programs.

Logistics

[FY2026 NDAA: Military Construction and Housing Authorizations](#) *(Congressional Research Service)*

The National Defense Authorization Act (NDAA) for FY2026 authorized funding for the Department of Defense (DOD) military construction and family housing programs, and included policy provisions that may impact the management and oversight of these programs. The FY2026 NDAA authorized 4.4% more for military construction (MILCON) and family housing than the amount the President requested in his FY2026 budget submission to Congress. The FY2026 NDAA included several provisions that gave DOD expanded authorities for executing military construction contracts.

[DoD Joint Bases Stumbling On Facility Sustainment, Raising Flags For Readiness And Accountability](#)

(Federal News Network)

The Defense Department's joint bases were created to improve efficiency and readiness, but sustaining those facilities has proven uneven. A new GAO report finds most joint bases are funded below sustainment goals, with limited visibility into how resources are allocated and lingering disputes over who pays for what. We're walking through the findings and what they mean for readiness.

Data & Information Technology

[Cyber and Artificial Intelligence Provisions in the FY2026 National Defense Authorization Act \(NDAA\)](#)

(Congressional Research Service)

The National Defense Authorization Act for Fiscal Year 2026 (FY2026 NDAA; P.L. 119-60) contains numerous provisions regarding cyber-related issues, including artificial intelligence (AI). Title XV organizes Cyberspace-Related Matters into five subtitles: A. Operations; B. Cybersecurity; C. Information Technology and Data Management; D. Artificial Intelligence; and E. Reports and Other Matters. Other titles in the FY2026 NDAA contain provisions directly or indirectly related to cyberspace and AI. This In

Focus describes selected elements of these and other selected provisions and potential issues for Congress.

[What Happens Inside The Pentagon Is Special. How It Gets Done Is Not.](#) *(DefenseScoop)*

Productivity in the Pentagon is beginning to resemble the outside world.

[DOD Components Face 'Aggressive' Timeline For Maven Smart System Transition](#) *(DefenseScoop)*

Deputy Defense Secretary Steve Feinberg's March 9 memorandum sets an ambitious deadline for Pentagon and military leaders to transition the Maven Smart System (MSS) into a formal program of record by the end of this fiscal year.

[How Automated Testing Helps Agencies Meet DoD Modernization Requirements](#) *(Federal News Network)*

Defense agencies must deploy new solutions quickly to meet evolving mission requirements set forth by the Defense Department's [Acquisition Transformation Strategy](#). However, accelerated deployments cannot mean moving fast at all costs. Organizations must balance speed without sacrificing software quality or security.

[Pentagon-Anthropic Dispute over Autonomous Weapon Systems: Potential Issues for Congress](#) *(Congressional Research Service)*

On February 27, 2026, President Donald J. Trump [directed](#) federal agencies to "IMMEDIATELY CEASE all use of [American AI company] Anthropic's technology." Secretary of Defense Pete Hegseth subsequently [directed](#) the Department of Defense to designate [Anthropic](#) a supply-chain risk to national security; bar defense contractors, suppliers, and partners from working with Anthropic; and describe an up-to-six-month period of transition away from Anthropic products. This designation follows a [reportedly](#) months-long dispute between DOD and Anthropic over DOD use of Anthropic products, including Claude, the company's [generative AI](#) model. On March 9, Anthropic filed a [civil complaint](#) in the U.S. District Court for the Northern District of California and a [petition for review](#) in the U.S. Court of Appeals for the D.C. Circuit challenging these directives. While the district court [issued](#) a preliminary injunction in favor of Anthropic on March 26, the court of appeals [denied](#) Anthropic's motion for a stay on April 8, thus undoing the lower court's injunction. Some lawmakers have [called for](#) a resolution to the disagreement and for Congress to [act](#) to set rules for the department's use of AI and/or autonomous weapon systems.

Human Resources

[DoD Moves To End Most Collective Bargaining Agreements](#) *(Federal News Network)*

Defense Department employees have become the latest to lose their protections provided under collective bargaining agreements, according to union officials and an internal DoD memo obtained by Federal News Network.

[DoD Seeks To Boost Pay While Cutting Incentives, Relocation Funds In 2027](#) *(Federal News Network)*

As the Pentagon seeks to significantly boost pay for service members in 2027, it is also looking to scale back funding for various incentives and permanent change of station moves.

[DoD Seeks To Curb High Military Spouse Unemployment With Expanded Hiring Flexibilities](#) *(Federal News Network)*

The Defense Department is expanding hiring flexibilities in an effort to reduce the persistently high unemployment rate among military spouses, which has held steady at around 22% — or about five times the national average.

[Military Discharges: Character of Service and Eligibility for Department of Veterans Affairs \(VA\) Benefits](#) *(Congressional Research Service)*

Character of service refers to the Armed Forces' evaluation of servicemembers' conduct during their service. Generally, there are five statuses under which servicemembers can be discharged: honorable, general (under honorable conditions), other than honorable (OTH), bad conduct, or dishonorable discharge. A servicemember's branch determines which discharge status he or she should be given. If a former servicemember believes there is an error in his or her service records or disagrees with the discharge status assigned, he or she may seek a discharge status upgrade by submitting an application to the appropriate Discharge Review Board (DRB) or Board for Correction of Military Records (BCMR).

Risk Management

[Vital Signs 2026: Building More Resiliency in Supply Chains](#) *(National Defense)*

Policymakers' renewed focus on supply chain resiliency is a recalibration of a framework that previously prioritized efficiency and lower costs over domestic production and resilience. A new policy framework has emerged over the last three administrations, which has put more weighted emphasis on economic security as part of national security.

[Industrial Security: Improved Risk Management and Stakeholder Engagement Needed to Help DOD Address Mission Gaps](#) *(GAO)*

DOD's Defense Counterintelligence and Security Agency ensures that contractors are properly accessing and storing classified information. However, this agency conducts less than 40% of its required inspections of contractor facilities, which puts this classified information at risk.

Performance Management

None this month