

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.

All links provided in this newsletter are accessible to IDA staff. External recipients might not have access to all provided content.

Articles published by the media since our last issue

Management & Governance

[Rebuilding U.S. Missile Inventory: A Multiyear Project](#) (*Center for Strategic & International Studies*)

The 39-day bombing and air defense campaign against Iran depleted inventories of key U.S. munitions stockpiles, as a previous [CSIS analysis](#) detailed. The United States has enough munitions for any plausible scenario in the Iran war, but the depleted inventories have created a window of vulnerability for a potential Western Pacific conflict. The time needed to rebuild those inventories has thus become a major concern.

[Hegseth Memo Calls For Sweeping, Open-Ended Review Of Pentagon's Legal System](#) (*Defense One*)

Defense Secretary Pete Hegseth, who last year gutted a Congressionally-created panel that oversaw his department’s legal community, is standing up a new one with a broader purview.

Organization & Alignment

None this month

Resourcing & Financial Management

[Hearing Wrap Up: DOW Must Make Operational Changes to Pass a Financial Audit](#) (*House.gov*)

Yesterday, the Subcommittee on Government Operations held a hearing on “[DOW Financial Management: Examining Progress and New Audit Approaches](#).” This hearing was part of the Subcommittee’s larger investigation into the Department of War’s (DOW) ineffective financial management that has been preventing them from achieving a clean audit. During the hearing, members analyzed the DOW’s revised audit strategy and assessed persistent roadblocks within the agency that prevent it from passing a financial audit.

[DOD Faces Mounting Pressure To Pass Clean Audit For The First Time](#) (*Defense News*)

House lawmakers and government watchdogs expressed skepticism Wednesday about the Defense Department’s ability to produce a clean financial audit by a Dec. 31, 2028, statutory deadline.

[Duplication & Cost Savings](#) (GAO)

May 12

[DOD Financial Management: Questions Associated with New Financial Audit Approach](#) (GAO)

May 13

Acquisition

[From Innovation Ecosystem to Industrial Base](#) (Center for a New American Security)

The Department of Defense's recent push toward developing a [Warfighting Acquisition System](#) correctly identifies the problem, but it must now translate production into long-term budgets and acquisition decisions.

[New DFARS Rule Would Expand FOCI Requirements Beyond Classified Contracts](#) (Federal News Network)

The Defense Department is proposing a sweeping new rule that would significantly expand the government's scrutiny of foreign ownership and influence across the defense industrial base, requiring tens of thousands of uncleared contractors to comply with security requirements historically applied only to companies handling classified information.

[Iran War Exposes Shortcomings in U.S. Military Industrial Base](#) (New York Times)

Defense Secretary Pete Hegseth is taking on a problem that the Pentagon and Congress have tried, and mostly failed, to address for years.

[Navy Unveils Three New PAEs For Aviation, Mission Systems, Munitions](#) (Breaking Defense)

"The establishment of these PAEs today will accelerate acquisition efforts in three key portfolios," said Jason Potter, who is performing the duties of assistant secretary of the Navy for research and development.

[Hegseth Aims To Cut Through The Bureaucracy With 'Deal Team Six'](#) (Defense News)

The Department of Defense launched a team of elite private sector businessmen tasked with handling and approving defense contractor negotiations, aimed at fixing the former "broken Pentagon bureaucracy."

[COMMENTARY: Experts Make Their Picks for Acquisition Reform Litmus Tests](#) (National Defense)

National Defense [chose three military technologies](#) that are at a high technology readiness level — and are sorely needed by warfighters — to serve as litmus tests for the Pentagon's latest campaign to change the much-maligned acquisition system. [...] We asked four noted experts in military technology and acquisitions for their picks.

[Acquisition Reform Needs Its Own Wargame](#) (War on the Rocks)

One number buried in the Pentagon's Fiscal Year 2027 budget request reveals a decade of acquisition decisions in a data point: The U.S. Navy is requesting 785 Tomahawk cruise missiles. In 2025, Congress funded 55. That 1,200 percent jump is the cost of choices never stress-tested against the scenario unfolding today — a sustained air campaign against Iran while China watches the magazine drain.

[COMMENTARY: Three Litmus Tests That Can Measure Acquisition Reform](#) *(National Defense)*

Secretary of War Pete Hegseth on Nov. 7 announced sweeping changes to the way the Defense Department acquires the technology and goods warfighters need to maintain superiority over their rivals.

“The defense acquisition system as you know it is dead,” he declared in a major speech revealing details of his Acquisition Transformation Strategy.

[DCAA To Close Additional Offices Amid Agency Reorganization](#) *(Federal News Network)*

After shutting down 40 smaller audit suboffices around the country, the Defense Contract Audit Agency announced additional office closures as it continues its sweeping effort to reorganize the structure of the agency and shrink its physical footprint.

Healthcare

[Lawmakers Press DOD To Commit To TRICARE Pharmacy Contract Annual Audits](#) *(Federal News Network)*

As the Defense Department begins planning for the next-generation TRICARE pharmacy contract, which would succeed the current agreement currently administered by Express Scripts, lawmakers say the Pentagon cannot continue to ignore what they describe as a major conflict of interest where Express Scripts both acts as a pharmacy benefit manager (PBM) and operates its own pharmacies.

[Reservists Sue Pentagon Over Denied Transition Health Care Benefits](#) *(Federal News Network)*

A group of National Guard and Reserve service members is suing the Defense Department, alleging the Pentagon is unlawfully denying transitional health care coverage to eligible troops returning from active duty based on an internal administrative coding requirement not authorized by statute.

[‘Got To Get Fixed:’ Billing Delays, Coverage Issues Still Plague Tricare Patients And Providers](#) *(Stars and Stripes)*

[...] Kraklow and Evans are among many active-duty and retired service members who have been trapped in a bureaucratic meltdown that first surfaced more than a year ago with the rollout of the new contracts for Tricare, the health care program for active-duty service members, National Guard and Reserve members, and their families.

[Defense Department Proposes Splitting Military Health System Budget](#) *(Military Times)*

The Defense Department wants to change how it pays for the military health system, splitting the account into two programs to safeguard funds for providing medical care to U.S. service members.

Logistics

[DOD Civilian Workforce Losses Strain Military Installation Operations](#) *(Federal News Network)*

The Pentagon’s deferred resignation program and other civilian workforce reduction efforts have led to staffing shortages in critical installation support roles, which have caused cost increases, inadequate oversight of installation projects and contributed to delays in project design and execution.

[DOD Real Property: Actions Needed to Better Ensure Efficient Leasing and Space Management in the Capital Region](#) *(GAO)*

May 13

Data & Information Technology

[Independent Assessment of the Defense Business Enterprise Architecture](#) (RAND)

In this congressionally mandated report, the authors assess the effectiveness of the defense business enterprise architecture (DBEA) as a framework for planning, managing, and integrating defense business systems and its adequacy in informing business process reengineering.

[House Bill Looks to Improve Pentagon's Data Recovery Efforts](#) (MeriTalk)

Lawmakers are pushing the Defense Department to create formal recovery time objectives and data restoration plans to strengthen resilience against cyberattacks.

['Insatiable Appetite' For AI: Maven Usage Surged For Strikes On Iran, Pentagon AI Chief Says](#) (Breaking Defense)

DoD users tore through 20 billion tokens a day as Palantir's Maven Smart System was "leveraged" to help plan and coordinate Operation Epic Fury's 13,000 airstrikes on Iran, officials said.

[Some Of The Biggest Cyber Risks To The Military Don't Start Inside Government Networks](#) (Federal News Network)

By opening its Defense Industrial Base Cybersecurity Program to new partners, the Pentagon is trying to reduce vulnerabilities across the supply chain. As those risks extend beyond government systems into the private sector, partnership becomes central.

[DOD Wants Nearly \\$30 Billion To Modernize Its AI Supercomputing Arsenal In Fiscal 2027](#)

(DefenseScoop)

The Defense Department is requesting close to \$30 billion in fiscal 2027 to purchase and enable next-generation AI supercomputers and modernize the military's computing infrastructure to power them.

[DOD Wants More Than \\$2B In Fiscal 2027 To Move Beyond 'Fragmented' CJADC2 Deployments](#)

(DefenseScoop)

Tucked into the Pentagon's budget materials for fiscal 2027 is a request for more than \$2 billion to purchase command-and-control technology licenses and engineering support for the U.S. combatant commands, Joint Staff and National Guard Bureau.

[DOD Strikes Deals With Major Tech Firms To Deploy AI On Classified Networks](#) (Federal News Network)

The Defense Department has struck agreements with some of the nation's largest technology companies to deploy their advanced artificial intelligence capabilities on its classified networks, part of a broader push to accelerate the military's adoption of AI.

Human Resources

[Suicide Prevention: DOD Should Improve Monitoring and Assessment of Training](#) (GAO)

May 20

[Civilian Workforce: DOD Should Assess Lessons Learned to Better Understand Reduction Impacts](#)

(GAO)

May 29

Risk Management

[NBIS A 'Key Priority' For New DCSA Director](#) *(Federal News Network)*

A new director at the Defense Counterintelligence and Security Agency will take on DCSA's longstanding challenge to modernize the federal government's background investigations system.

Performance Management

None this month