

Analysis of the Transition from Program Executive Officer to Portfolio Acquisition Executive

Key Points

Section 201 of the Fostering Reform and Government Efficiency in Defense (FoRGED) Act (S.5618) mandates the transition of the Program Executive Officer (PEO) role to Portfolio Acquisition Executive (PAE) within the Department of Defense (DoD) ¹. This change redefines the responsibilities of these acquisition leaders, emphasizing a broader portfolio-level management approach encompassing requirements, programming, and acquisition ¹. The PAE will have direct control over necessary officials and functional support, including performance evaluations, to facilitate the development, procurement, and transition of programs into operational capabilities ¹. This legislative action amends Title 10 of the United States Code and other related acts to reflect this change in terminology and responsibilities ¹.

History of the Recommendation

Information regarding the precise legislative history of this specific recommendation within S.5618 is limited within the provided materials. The bill, titled the "Fostering Reform and Government Efficiency in Defense Act" or "FoRGED Act," was introduced in the Senate on December 19, 2024, by Senator Wicker ¹. It was subsequently read twice and referred to the Committee on Armed Services ¹. The broader context suggests this provision is part of a larger effort to promote defense innovation and streamline the defense acquisition process ¹.

The concept of portfolio management in defense acquisition has been discussed for some time, with recommendations from bodies like the Section 809 Panel on DoD market-based adaptability advocating for a shift towards a portfolio-based model ⁶. This shift aims to move away from optimizing individual programs to optimizing a collection of investments that best meet enterprise objectives ⁶. The transition to PAEs aligns with this broader philosophy of managing related capabilities holistically, potentially allowing for better trade-offs between schedule, funding, and requirements across different weapon systems ⁷. The Defense Resourcing for the Future report also suggests reforms to tie spending more closely to strategy, which a portfolio-level approach could support ⁹.

Desired Effect of the Recommendation

The primary desired effect of transitioning from PEOs to PAEs is to foster a more

integrated and efficient approach to defense acquisition ⁷. By granting PAEs overall management of requirements, programming, and acquisition, the intent is to create a more holistic perspective on capability development ¹.

Desired Effect 1: Enhanced Integration of Acquisition Elements

The new definition explicitly states that the PAE will have overall management of requirements, programming, and acquisition ¹. This integration aims to break down silos between these traditionally separate functions, enabling better alignment of needs with resources and procurement strategies ¹⁰. This approach could lead to faster cycle times and improved delivery of warfighting capabilities ⁶.

Desired Effect 2: Increased Accountability and Control

The provision mandates that the PAE shall have all necessary officials and functional support directly under their control, including responsibility for performance evaluations, to the maximum extent practicable ¹. This increased control is intended to empower PAEs to effectively manage their portfolios and be held accountable for their performance in developing, procuring, and transitioning programs ¹¹.

Desired Effect 3: Strategic Portfolio Management

The change to PAE emphasizes a portfolio-level perspective, encouraging a strategic approach to managing groups of related programs ⁶. This allows for prioritization across objectives, operating models, and initiatives to achieve the organization's strategic goals ¹³. By viewing acquisitions as a portfolio, the DoD can potentially make better decisions regarding resource allocation and investment to meet broader mission needs ⁶.

Desired Effect 4: Improved Responsiveness to Evolving Threats

The transition to a portfolio model is seen as a way to enable a more agile, flexible, and decentralized acquisition organization, better equipped to respond to evolving threats and technologies ¹⁰. PAEs, with their broader authority, could potentially optimize cost reduction and schedule effectiveness while managing risks and opportunities across their portfolios ¹⁰.

Desired Effect 5: Streamlined Decision-Making

By consolidating authority under the PAE, the recommendation aims to reduce decision delay times and inefficiencies often seen in a program-centric model ¹⁰. Direct access to decision-makers and the ability to integrate management and

execution within a portfolio could lead to more timely and effective acquisition outcomes ¹⁰.

Potential Negative Impacts of the Recommendations

Despite the intended benefits, the transition to PAEs could also lead to several unintended negative outcomes if not managed carefully.

Potential Negative Impact 1: Disruption and Resistance to Change

Any significant organizational change can face resistance from individuals and groups who are comfortable with the existing structure and processes ¹⁴. PEOs and their staff may be hesitant to embrace the new roles and responsibilities, potentially leading to disruption in ongoing acquisition programs ¹⁵.

Potential Negative Impact 2: Loss of Program-Specific Expertise

The shift to a portfolio-level focus might dilute the deep program-specific expertise that PEOs often possess ¹⁶. PAEs managing a broader range of programs might not have the same level of detailed understanding of each individual program's technical complexities and challenges.

Potential Negative Impact 3: Increased Bureaucracy and Complexity

While intended to streamline, the creation of new PAE offices and changes in reporting structures could inadvertently introduce new layers of bureaucracy and complexity, particularly during the transition period ²². Defining the precise boundaries of PAE authority and their interaction with existing service acquisition structures will be crucial.

Potential Negative Impact 4: Challenges in Performance Evaluation

Evaluating the performance of PAEs managing diverse portfolios could be more challenging than evaluating PEOs focused on specific programs ¹. Developing appropriate metrics and evaluation criteria that account for the broader portfolio responsibilities will be essential.

Potential Negative Impact 5: Potential for Power Struggles and Conflicts

The redistribution of authority and responsibilities could lead to power struggles and conflicts between PAEs, Service Acquisition Executives (SAEs), and other stakeholders, especially in areas where responsibilities overlap or are not clearly

defined ²².

Mitigations the Organization Will Take to Diminish the Negative Impacts

To mitigate the potential negative impacts, the DoD will likely need to implement several key strategies.

Mitigation of Negative Impact 1: Comprehensive Communication and Change Management

A clear and consistent communication strategy will be vital to explain the rationale behind the transition, the benefits of the PAE model, and the new roles and responsibilities ¹⁴. Engaging current PEOs and their staff in the transition process and providing adequate support and training can help reduce resistance and ensure a smoother transition ¹⁵.

Mitigation of Negative Impact 2: Retention of Program Expertise within PAE Offices

PAE offices will need to be staffed with individuals possessing deep expertise in the various program areas within their portfolio ¹. This could involve strategically assigning former PEOs and their key personnel to PAE offices to ensure continuity of knowledge and experience.

Mitigation of Negative Impact 3: Clear Definition of Roles and Responsibilities

The DoD will need to clearly define the roles, responsibilities, and reporting structures for PAEs and ensure that their authority is well-understood across the acquisition community ²². Updating relevant policies and guidance documents will be crucial to avoid ambiguity and potential conflicts.

Mitigation of Negative Impact 4: Development of Portfolio-Level Performance Metrics

New metrics and evaluation criteria will need to be developed to assess the performance of PAEs based on the overall outcomes of their portfolios, rather than solely on individual program metrics ⁶. These metrics should consider factors such as cost, schedule, performance, and interoperability across the portfolio.

Mitigation of Negative Impact 5: Establishment of Clear Governance and Oversight Mechanisms

Establishing clear governance and oversight mechanisms will be essential to manage potential conflicts and ensure effective collaboration between PAEs and other stakeholders, including SAEs and operational commands. Regular communication and feedback channels should be established to address any issues that arise.

DoD Personnel Most Affected

The federal personnel most directly affected by this transition include:

- **Current Program Executive Officers (PEOs):** Their roles will be redefined as Portfolio Acquisition Executives, requiring them to take on broader responsibilities for a portfolio of programs rather than focusing on individual programs¹. This will likely involve a shift in their focus from detailed program management to a more strategic oversight of multiple related acquisitions.
- **Deputy Program Executive Officers (DPEOs):** Their titles will also change to Deputy Portfolio Acquisition Executives, and their responsibilities will likely expand to support the broader portfolio management approach¹.
- **Program Managers (PMs):** While their core responsibilities for individual programs may not fundamentally change, they will now report to a PAE instead of a PEO. This could potentially impact their level of autonomy and the types of decisions that are made at the portfolio level¹.
- **Acquisition Workforce Staff within PEO Offices:** The staff supporting current PEOs will likely transition to support the newly established PAEs. Their roles might evolve to support portfolio-level analysis, planning, and coordination¹.

Stakeholders Opposed and Rationale for Opposition

Several stakeholders might oppose the transition to PAEs for various reasons:

- **Current PEOs:** Some PEOs might oppose the change if they are comfortable with their current roles and responsibilities and are hesitant to take on the broader scope of a portfolio¹⁴. They might also be concerned about a potential loss of influence or control over individual programs they have nurtured.
- **Program Managers:** Some PMs might be concerned that reporting to a PAE could add another layer of management and potentially slow down decision-making at the program level¹⁰. They might prefer the more direct relationship they had with a PEO focused on their specific program area.
- **Service Acquisition Executives (SAEs):** Depending on how the roles and responsibilities are defined, some SAEs might be concerned about potential overlaps or conflicts in authority with the newly empowered PAEs²². They will want to ensure that the transition enhances rather than hinders their oversight of

service-specific acquisition strategies.

- **Congressional Oversight Committees:** These committees might express concerns about the potential for increased costs, schedule delays, or reduced accountability during the transition period. They will likely scrutinize the DoD's implementation plans and the early outcomes of this change.

Additional Resources

The DoD will likely require several additional resources to successfully implement the transition to PAEs:

- **Funding:** Resources will be needed to establish new PAE offices, potentially including personnel costs, infrastructure, and technology ⁶. Funding might also be required for training and professional development programs to equip current PEOs and their staff with the skills needed for portfolio management.
- **Training:** Comprehensive training programs will be essential to educate the acquisition workforce on the new PAE roles, responsibilities, and processes ¹⁴. This training should cover topics such as portfolio management principles, strategic resource allocation, and cross-program integration.
- **Personnel:** The DoD might need to adjust personnel assignments and potentially hire individuals with experience in portfolio management to staff the new PAE offices effectively ¹⁵. Careful consideration will need to be given to the optimal size and structure of these offices.
- **Updated Policies and Guidance:** Existing acquisition policies, regulations, and guidance documents will need to be updated to reflect the transition to PAEs and clearly define their authorities and responsibilities ²².

Measures of Success

The success and effectiveness of the transition to PAEs can be measured through a combination of qualitative and quantitative indicators:

- **Improved Acquisition Cycle Times:** A reduction in the time taken to develop, procure, and field new capabilities within PAE portfolios would indicate increased efficiency ⁶.
- **Enhanced Interoperability and Integration:** Increased levels of interoperability and integration among programs within a PAE's portfolio would suggest better strategic management ¹⁰.
- **Better Alignment of Requirements and Resources:** Evidence of improved alignment between identified capability gaps and the allocation of resources across a portfolio would demonstrate effective portfolio-level planning ¹³.

- **Increased Cost Efficiency:** Achieving cost savings through better resource management and the identification of synergies across programs within a portfolio would be a key indicator of success ¹⁰.
- **Stakeholder Satisfaction:** Feedback from program managers, operational commands, and other stakeholders regarding the effectiveness and efficiency of the PAE structure would provide valuable qualitative data ²³.
- **Reduced Program Duplication:** A decrease in redundant programs or overlapping capabilities within portfolios would suggest improved strategic oversight ⁶.

Alternative Approaches

While the transition to PAEs represents a significant shift, alternative approaches could have been considered to achieve similar outcomes:

- **Strengthening the Existing PEO Structure:** Instead of a complete transition, the DoD could have focused on enhancing the existing PEO structure by providing them with greater authority over programming and requirements within their program areas ¹⁰.
- **Implementing Portfolio Management Frameworks within PEO Offices:** Portfolio management principles and practices could have been integrated into the existing PEO framework without changing the title or fundamental structure ¹³. This might have allowed for a more gradual evolution towards a portfolio-centric approach.
- **Creating Cross-PEO Coordination Bodies:** Formal bodies or processes could have been established to foster better coordination and integration across related PEO programs, enabling a more holistic view of capability development without a complete organizational restructuring.

Section Specific Question 1:

The most significant change is the expansion of responsibilities for the individual leading acquisition efforts for a set of programs. A Portfolio Acquisition Executive (PAE) has overall management of requirements, programming, and acquisition of defense acquisition programs assigned by the Service Acquisition Executive (SAE) or Component Acquisition Executive (CAE) ¹. This is a broader mandate than that of a Program Executive Officer (PEO), who typically focuses on the execution of specific programs or a portfolio of similar programs ¹⁸. The PAE also explicitly has control over necessary officials and functional support, including performance evaluations, to develop, procure, and transition programs into an operational capability to the maximum extent practicable ¹. While both PEOs and PAEs manage portfolios, the

PAE's defined authority over requirements and programming, in addition to acquisition, marks a key difference. It is anticipated that the portfolios of PAEs will look different from those of PEOs in the sense that they will be more strategically aligned based on capability areas rather than potentially being grouped more narrowly by technology or platform type. PAE staffs will likely need to include personnel with expertise in requirements generation and programming, in addition to traditional acquisition skills, potentially leading to a different composition compared to PEO staffs.

Section Specific Question 2:

Program managers working for PAEs may experience a shift in emphasis towards portfolio-level priorities and trade-offs. While their direct responsibilities for managing individual programs might remain similar, they may need to justify program decisions and resource needs within the context of the broader portfolio managed by the PAE ⁶. PAEs will likely relate to SAEs in a different way than PEOs due to their expanded authority over requirements and programming. The PAE's role as the "primary stakeholder" with overall management across these domains suggests a potentially more strategic and integrated relationship with SAEs, who are responsible for the overall acquisition functions within their respective services or components ¹. SAEs will likely rely on PAEs to provide a more holistic view of capability development and resource management across related programs.

Summary

The transition from Program Executive Officer to Portfolio Acquisition Executive, as mandated by Section 201 of the ForGED Act, represents a significant shift in the DoD's approach to defense acquisition. This change aims to foster a more integrated and strategic management of defense programs by granting PAEs broader authority over requirements, programming, and acquisition. While this transition holds the potential for increased efficiency, better resource alignment, and improved responsiveness to evolving threats, it also presents potential challenges related to organizational disruption, loss of program-specific expertise, and the need for significant adjustments in policies, resources, and personnel. Careful planning, clear communication, and robust implementation strategies will be crucial to mitigate these risks and realize the intended benefits of this acquisition reform.

Recommendation Text from Forged Act follows:

SEC. 201. Transition of program executive officer role to portfolio acquisition executive.

(a) Definition.—Section...source heading, by striking “Program executive officer” and inserting “Portfolio acquisition executive”; and

(B) by striking “program executive officer” and inserting “portfolio acquisition executive”.

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