 Most program managers (PMs) touch only procurement and RDT&E money. However, PMs might have some military construction money for facilities that may need to be constructed. They also might have operations-and-maintenance money to pay office salaries, travel, and other expenses.

Budget authority is a bit like a line of credit that enables paying bills and "obligating" the government to pay for programs in every stage of development. Unlike lines of credit, budget authority is restricted to the purpose for which it was procured.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION (RDT&E) appropriations finance efforts in developing equipment, materiel or computer software. They also fund developmental test and evaluation performed by government entities and contractors to develop equipment, materiel or computer application software, which includes operational test and evaluation. RDT&E efforts may include purchases of test articles, weapons, equipment, components and materials. Also included are services to develop and test systems, which could be IT systems or weapon systems. Funds may be used for both investments (e.g., laboratory test equipment) and expenses (e.g., salaries of civilian employees at research and development-dedicated facilities). This category has a two-year obligation life.

PROCUREMENT finances investment items, and covers all costs necessary to deliver a useful item intended for operational use or inventory. Within procurement, there are appropriations accounts that include: a. Shipbuilding and conversion Navy. b. Aircraft procurement Air Force. c. Missile procurement Army, etc. Procurement funds are typically used for system acquisition (production), modifications, major service life extension efforts and initial spares, often including costs of fabricating and installation of modifications to existing items, and comprise "investments." These procurements have a three-year obligation life.

MILITARY CONSTRUCTION appropriation receives considerable attention from Congress, and is enacted separately from the defense appropriations act. It funds the costs of major construction projects such as bases, facilities, military schools, etc. Project costs include architecture and engineering services; construction design; real property acquisition costs; and land acquisition costs necessary to complete the construction project. MILCON is considered an "investment" account. Military construction has a five-year obligation life.

OPERATIONS AND MAINTENANCE OR SUSTAINMENT funding does not finance investments, but things with benefits derived for a limited period of time, i.e., expenses. Examples of costs financed by operations and maintenance funds are headquarters operations, civilian salaries and awards, travel, fuel, minor construction projects of $750,000 or less, expenses of operational military forces, training and education, recruiting, depot maintenance, spare parts, base operations support, etc. Operations-and-maintenance funding has a one-year obligation life. Adapted from M. Walsh and G. Land. Teaching Note, Building the Program Budget, DAU, Feb. 2010.

MILITARY PERSONNEL is considered an expense account and funds the costs of salaries and compensation for active military and National Guard personnel as well as personnel-related expenses such as costs associated with permanent change of duty station moves, training in conjunction with those moves, subsistence, temporary lodging, bonuses, and retired pay accrual. Military personnel funding has a one-year obligation life.

* All percentages are approximate and based on the Army budget request for the 2021 fiscal year ~$178 billion

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