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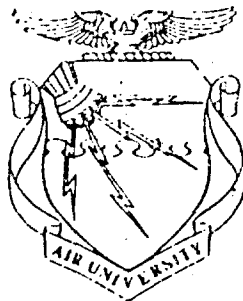
HOW TO PROVIDE THE RESOURCE MANAGER
WITH THE COMPLETE RESOURCE POSTURE

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How to Provide the Resource Manager
with the Complete Resource Posture

While working with Operation and Maintenance Army (OMA) and the Foreign Military Sales (FMS) programs I've come across some differences and some similarities. I believe that both programs can be structured and developed to provide the resource manager with the complete posture for resources needed to accomplish the mission. Each program currently has a different planning, programming and budgeting cycle. Another difference is OMA is a one year appropriation while FMS is based on cash sales to foreign customers from previous years. OMA is provided resources based on assigned manpower spaces while the FMS program is funded using workyears of effort to complete a foreign case sale. The FMS program is included in the OMA program budget as a reimbursable expense. They both are allotted one year to spend their allocated amounts, but the FMS program is allowed to carry over into future years and be reused, whereas the OMA program is not. Major commands that have both OMA and FMS funding are usually primarily OMA funded. (Dw)

I feel that in consolidating the planning, programming and budgeting cycle I can provide the resource manager with a clearer picture of what can be accomplished to complete the required mission, whether it be that of Army, or that of the foreign customer.

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Introduction

Is the resource manager provided with adequate data to make funding decisions today? In regards to the programs of Operation Maintenance Army (OMA) and Foreign Military Sales (FMS), I don't think that the resource manager or comptroller is provided with the adequate data to make these decisions. Why? Hopefully, in this idea paper I will be able to answer this question by showing the differences between the two programs along with the similarities. After discussing the programs I will also present my recommendations as how to change and even possibly correct the current process. The process I'm talking about is that of consolidating the OMA and FMS programs into one resource management document along with changing the Planning, Programming, Budget and Execution (PPBES) system to provide the comptroller with a complete resource posture without reviewing two different documents.

Discussion

Before I get involved with this discussion I feel that I need to define a little about the programs and the PPBES process. First I will describe what the FMS program includes and how it is used to provide resource managers with resources;

second, I will describe the OMA program and what it includes and how it provides resource managers with resources; and, finally, I will describe the current PPBES process for both.

So, what is FMS? Well it's a program that is a portion of the United States Security Assistance authorized by the Foreign Assistance Act of 1961, as amended, and also the Arms Export Control Act, as amended. This assistance provides reimbursement for defense articles and services transferred to foreign countries. The FMS program includes Department of Defense cash sales from stock, such as (inventories, services, and training). Now that I have described the FMS program let me provide some background on the OMA program.

The OMA program is an appropriated fund that finances all Army organizational equipment and supplies, production of audiovisual instruction materials, training aids, operation of service-wide and establishment-wide activities. It also provides funding for medical activities, operation of depots, operation of schools to include training of civilian employees in the program from which their salaries are paid. Along with these programs OMA also funds Army recruiting, the programs related to morale and welfare, information, education, religious activities, and expenses of courts, boards, and commissions. The OMA program is only appropriated for use during one fiscal year, which is from the period of 1 Oct thru 30 Sep.

While these are fresh in your mind let me point out a major

difference between these two programs. OMA is authorized by Congress to be an expenditure for one fiscal year, whereas the FMS program yearly allocation is based on total cash sales collected from foreign customers and the amount of those cash sales that still remains in the FMS trust fund. I will go into this with more detail later in the discussion.

Another difference that needs to be pointed out is that of time frame. The time frame that I am talking about is that in which the OMA and FMS programs budgets are developed. The OMA program is generally developed during May through July, while the FMS program can sometimes be developed as early as April and as late as September of that same fiscal year.

Now that I have shown some differences lets discuss what PPBES consists of. Before we get into the phases of PPBES we should review what the objectives are. First, it should reflect the national military strategy, in sizing, manning and structuring. Second, it should obtain required forces, manpower, and dollars. Third, it must allocate those forces, manpower, dollars, and available materiel and equipment among competing demands according to resource allocation policy and priorities. Lastly, it must evaluate how well the execution of the program and budget applies resources to achieve intended purposes and possibly make adjustments during the execution phase.

The first 'P' in the PPBES system is for planning which examines the role and condition of U.S. military forces with respect to requirements and those objectives of national security listed above. Planning phase covers from 2 to 8 years (midterm) or all the way to 10 years (long-term). The second 'P' is for programming, which translates planning decisions and OSD programming guidance into allocations of forces, manpower, and funds for a 5-year period. The key document in programming is the Army POM which is the proposed balanced allocation of resources within specified fiscal constraints. The next letter is the 'B' which is the budgeting process. This process proceeds in three stages: formulation, justification and execution. The formulation converts Army guidance into estimates for the first year. Justification is the process of budget estimates being presented to Congress and their defense before that body. Finally the 'E' represents execution as it applies the budget estimates to congressionally approved resources containing manpower, forces and products.

Now that I've given some background on the two programs and the PPBES system let us examine why the FMS program is a reimbursement to the OMA program. The main reason for this that most of the major commands are allocated resources under the OMA program and not that of FMS. Since the FMS program is basically a cash management allocation, and the U.S. Government is mostly funded by the allocation process and not cash management, the

government will find it hard to reimburse this cash trust fund with documents that are supposedly authorized funds from the U.S. Treasury. So, the government has reversed the process since the OMA program is of a larger scale compared to that of the FMS.

Another reason the FMS program is treated as a reimbursement to OMA is that of manpower. The FMS program consists of direct case manpower spaces and those that work the administrative effort. Those that are direct case work primarily with the country and case to ensure the complete cycle is accomplished. The administrative personnel are normally OMA manpower that usually spend a certain portion of their time on the FMS program. When the FMS program is budgeted for, workyears of effort are requested. Manpower spaces are not. The OMA program is where the FMS manpower spaces are requested and thus the reimbursement program.

Now that we have discussed the FMS program, the OMA program, and the PPBES system. Let us explain a difference between the PPBES system that both are required to use. The PPBES system that the OMA program uses includes planning, programming, budgeting, and the execution system as discussed above. The PPBES system that is used by the FMS program does not include planning, but it does include the programming, budgeting, and execution cycles. The FMS program does not use planning due to the fact that the sales of equipment or services are completed after the actual planning phase that the U.S. Government develops in the OMA programs PPBES cycle.

Now the question is, "Can the two programs be consolidated into one budgetary document without reimbursement"? I say, Yes! Since the OMA program includes ten major defense programs in it and one happens to relate to Support of Other Nations (P10), I feel that the definition for this major defense program can be changed to make FMS a direct allocation with charges to the trust funds assets. In accomplishing this task, a consolidated document would save manhours of work and even duplication on the part of the justification in the budget process of PPBES. What is meant, is that currently the major commands that prepare budgets for both OMA and the FMS programs are required to submit similar data justifications in two completely different budgets, yet the one is included in the other as a reimbursable account. So I have to ask the question, Why have the same justification in two different budgets?

Another reason that supports the consolidation is that both the FMS and OMA programs are allocated resources to be used in one fiscal year. However, what is different in this regard is that what is not consumed by the FMS program in the given fiscal year is returned to the trust fund to be reallocated the following fiscal year, whereas with the OMA program the funds are considered unusable and then it becomes even harder the following fiscal year for that agency to justify the need for the same amount of resources again.

I feel that with the consolidation of these programs into one budget document, the resource manager will be provided with a complete resource posture. This will be the result of the comptroller or resource manager not having to review two different documents to compile a complete resource posture before evaluating the mission requirements. With the current resource documents the comptroller has to establish and set what he feels are the command's mission priorities. Then he has to break those priorities between the two different funds to try and accomplish the overall command mission. While moving through the fiscal year the comptroller or resource manager might have to move manpower between the different programs. If we establish the consolidated budget, however, this would provide the comptroller and resource manager with a easier means of reprogramming his resources to accomplish the required mission.

Conclusions

As I have already stated earlier there are several differences in the two programs. The first one is that the OMA program budget has the FMS program manpower spaces included in its' formulation while the FMS budget has the needed workyears in it. The second difference, that I discussed earlier was that of the PPBES system that each currently works under.

The difference between the PPBES system is that the FMS program does not have the planning cycle, whereas the OMA program completes all phases. The last difference that I discussed was that of the budget time frame. In this we saw the difference between required budget due dates for OMA and FMS.

Now we find that the budgets of the FMS and OMA program are not similar, but they can provide the resource manager or comptroller with the adequate data to make correct and timely management decisions. Let us cover some of the similarities between the programs to support this statement. First, we find that both programs are provided one fiscal year in which to obligate their funds in. Second, both programs have to be developed into a budget, even if the FMS program is currently included in the OMA program as a reimbursable account. Third, they both have to justify even if the FMS budget justification may be the same as that submitted in the OMA budget submission.

With the differences and similarities discussed, I can now show how to change the current PPBES system and consolidate the FMS and OMA program into one budgetary document for resource management. Since the planning cycle of PPBES is not included in the FMS program this planning must be done during the OMA program. The reason for this is that a FMS sale of equipment or service is usually accomplished after a product has been developed for use by our own country as a matter of national security interest and long-range forecasts.

Since programming is in the short term and foreign countries may have possibly ordered services or equipment, these purchase estimates should be included in the programming year of our consolidated budget submission. Thus, when developing the budgets a consolidated effort should be undertaken to save duplication of paper work and expended manhours. This would also save the duplication of justifying the requested manpower spaces versus workyears of effort in the present two budget submissions. Finally, the execution of the programs in the consolidated mode can be accomplished because both are provided one fiscal year in which to obligate their total obligation authority. So in view of all this, the current PPBES system can be changed to accommodate the consolidation of the FMS and OMA program into one resource programming, budget, and execution document.

Recommendations

My recommendations are that the current PPBES system be changed to include the programming of foreign case sales, the consolidation of budget preparation for the FMS and OMA programs, and the execution of these consolidated programs. Now the question is who will have to accomplish this task that my idea paper has pointed out. Below I have summarized my recommendations and those I feel should be given the task of changing the current system.

- The changing of the current PPBES system must be done by the Chief of Staff, U.S. Army and the Defense Security Assistance Agency's (DSAA) Plans branch and the Office of Management and Budget.

- The changing of the major program to include total FMS in the OMA budget submission without being a reimbursable program would have to be accomplished by the Department of the Army, which includes Deputy Chief of Staff for Financial Management, Deputy Chief of Staff for Logistics, the Army Budget Office, and DSAA's Plans branch and the Office of Management and Budget.

- The consolidation of the FMS budget submission and the OMA budget submission would again have to be approved by those mentioned directly above.

- The changing of the FMS program to be a direct fund has been accomplished already but it has not been implemented by the Army Military Commands' major commands. This task will have to be accomplished by AMC Financial Policy Division of Resource Management.