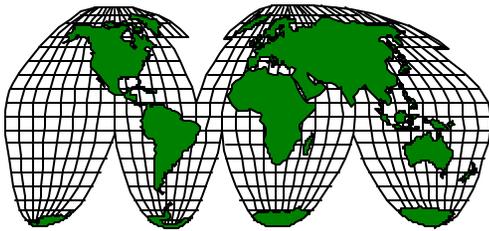




# ***Security Cooperation Programming Conference***

***(Performance Based Budgeting)***



**10 April 2001**

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**Mr. Craig D. Hunter  
Assistant Deputy Under Secretary  
of the Army - International Affairs  
(Security Cooperation)**



## Purpose



To provide the Army presentation for today's "practice" Security Cooperation Programming Conference.

This briefing primarily reflects DUSA-IA and USASAC requirements.



- Security Cooperation Environment/Trends in the Army
- Issues/Challenges Common to all Implementing Agencies
- Anticipated Sales
- Budget Outlook
- Six Buckets
- Anticipated Needs Above Target
- Conclusion

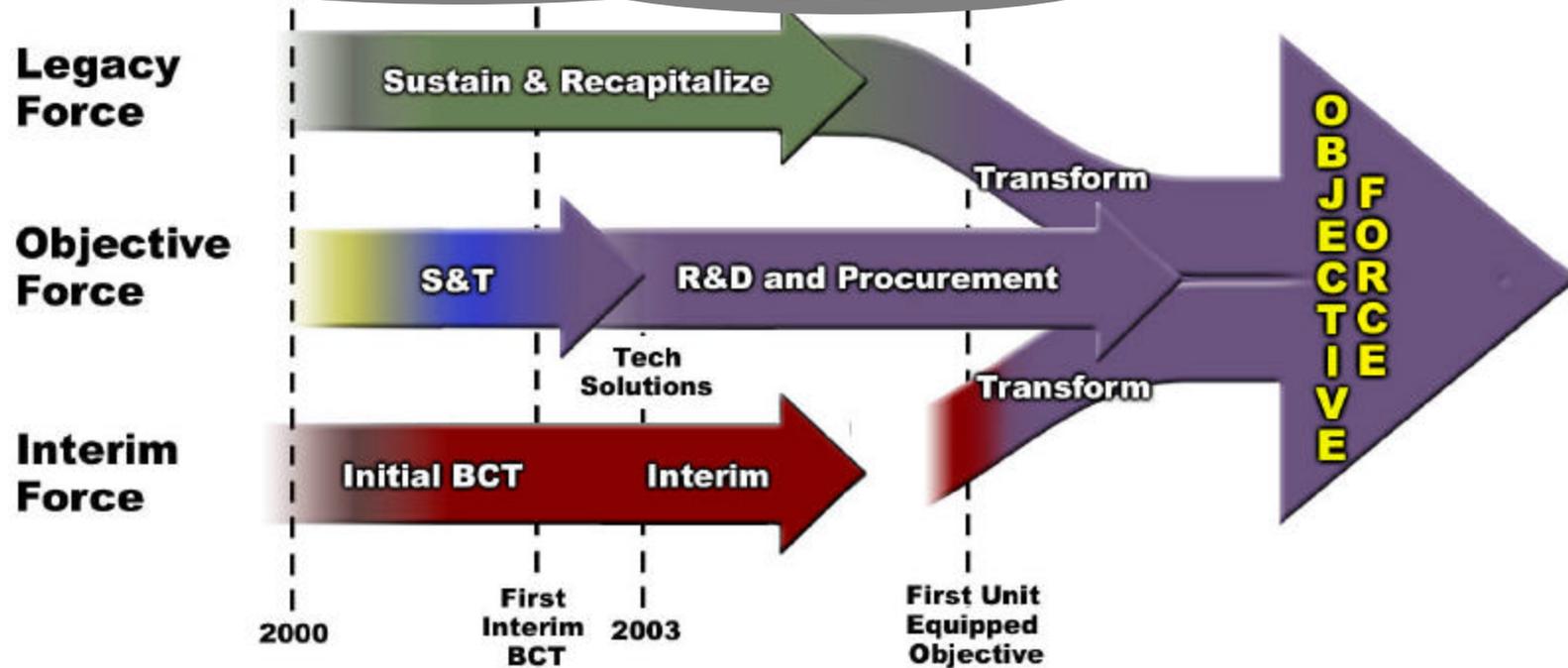


# Army SC Environment and Trends

- Transformation
  - 180-day Call-up Rule
  - NTC/JRTC Decision
  - Officer Distribution Plan Support
- AMC Staffing and Funding Trends
- Major Systems Program Strategy



A Combat Ready Brigade in 96 hours, a Division in 120 hours, and Five Divisions in 30 days.



**... Responsive, Deployable, Agile, Versatile,  
Lethal, Survivable, Sustainable.**



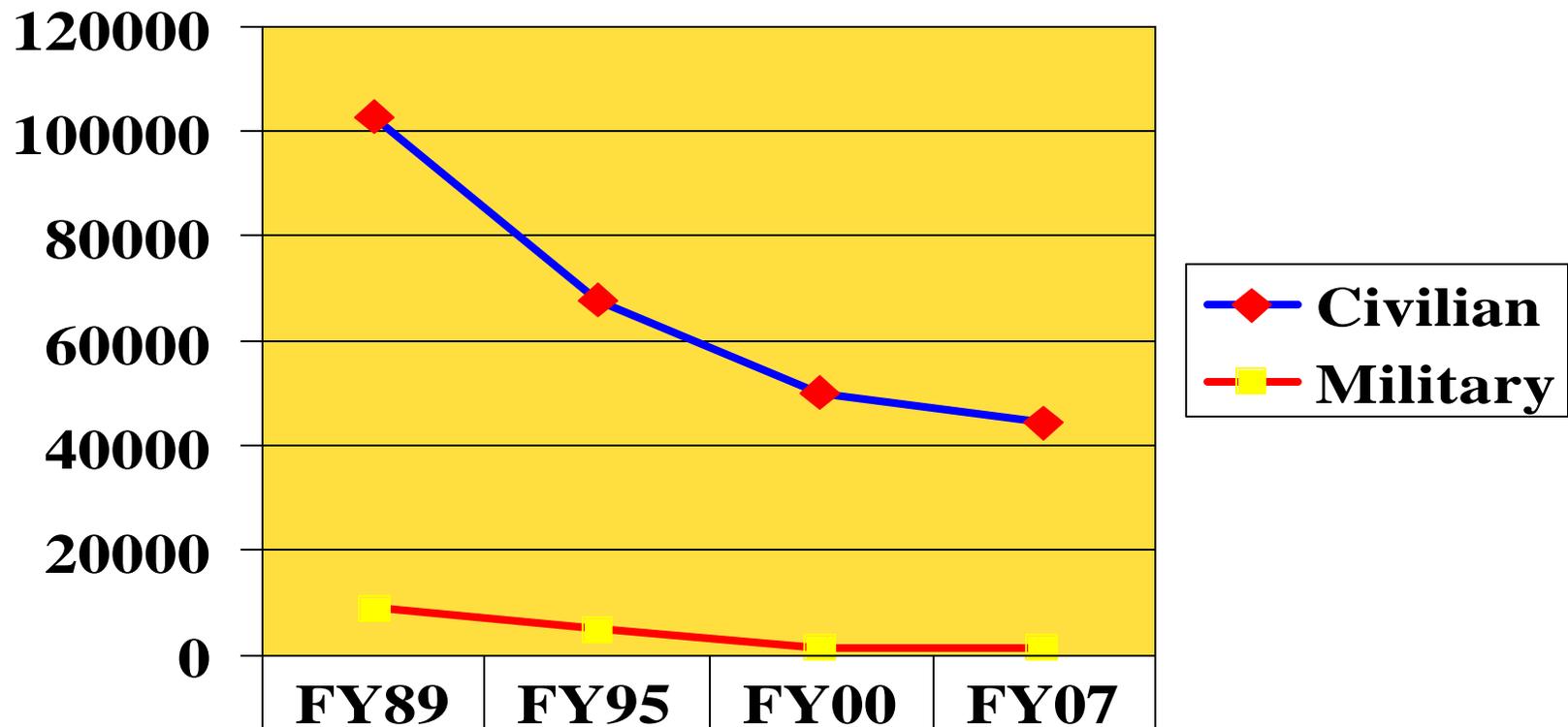
# Army SC Environment and Trends

## Transformation Related Issues

- Priority of Staffing to Corps and below to improve training and personnel readiness
- Bill payers – TRADOC/AMC/HQ Activities
- Impacts
  - Officer Distribution Plan Support
  - Call-ups for training and missions under 180 days require VCSA approval
  - Limit international access to NTC/JRTC



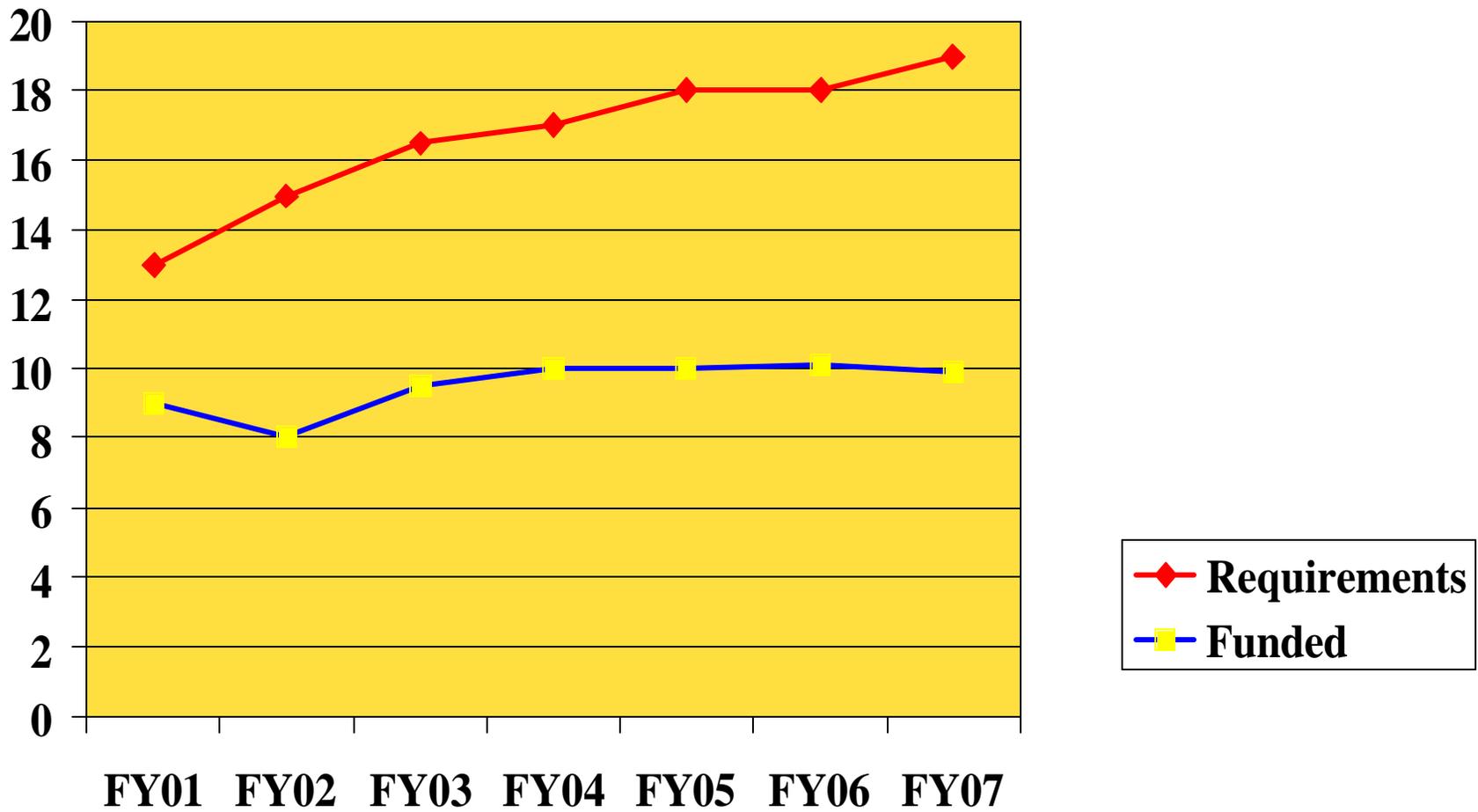
# Army Materiel Command Staffing



	FY89	FY95	FY00	FY07
<b>Civilian</b>	102595	67931	50112	44204
<b>Military</b>	8937	5072	1527	1503



# AMC's Funding Posture (\$Billions)



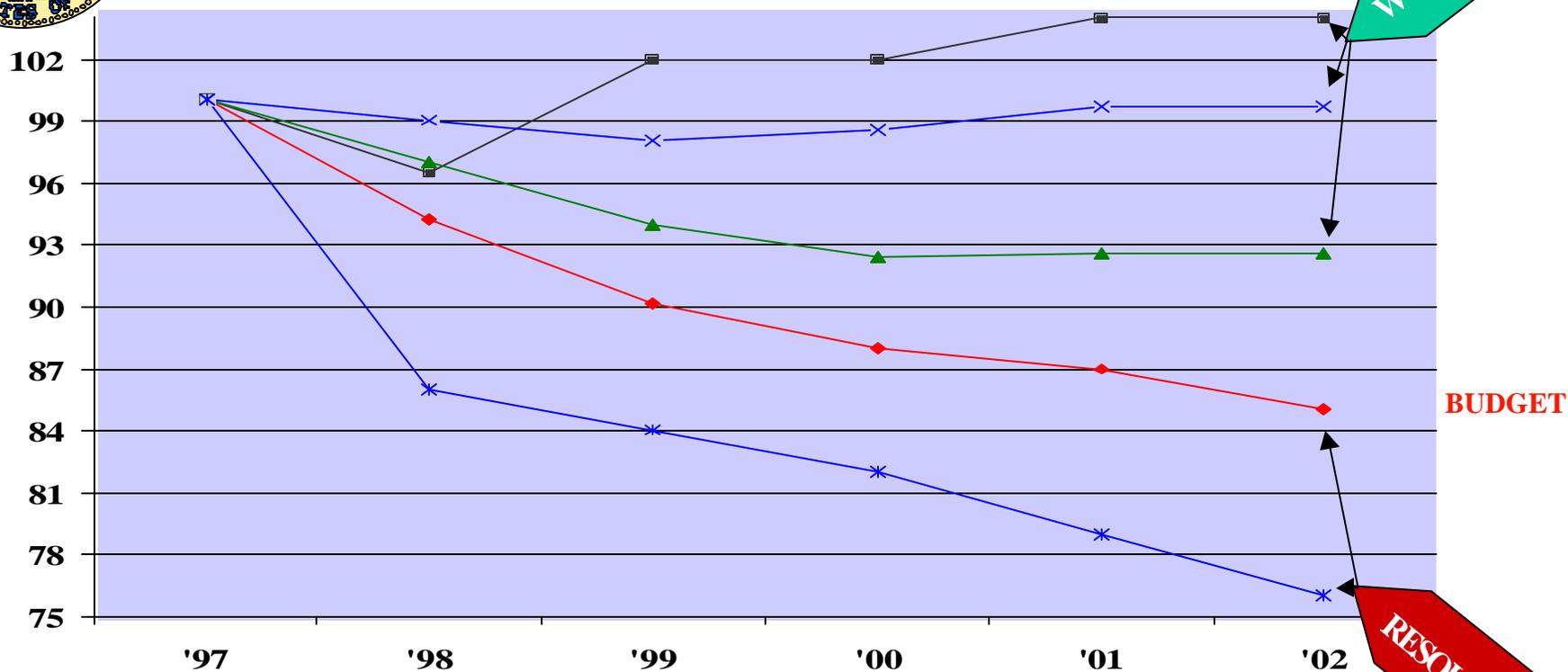


# Manpower Authorizations

## Summary of Requests for Additional AMC Manpower Authorizations - FY03-07 POM

	FY03	FY04	FY05	FY06	FY07
Security Assistance Core Competency					
Civilian	34	35	36	36	36
Military	32	32	32	32	32
<b>Total</b>	<b>66</b>	<b>67</b>	<b>68</b>	<b>68</b>	<b>68</b>

# USASAC Funding v. Workload



	'97	'98	'99	'00	'01	'02
Budget	\$78.14M	\$73.6M	\$70.5M	\$68.97M	\$67.9M	\$66.6M
Undel. Value	\$14.1B	\$13.6B	\$14.4B	\$14.4B	\$14.6B	\$14.6B
Open Cases	4,648	4501	4381	4292	4300	4300
Open Lines	25,077	24,759	24,544	24,687	25,000	25,000
Equivalent Wys	1169	1007	985	955	920	892

**Bottom Line:** Funding has declined 15% since 1997  
 Staffing has been reduced by 29% since 1997

# Major Systems Program Strategy



- **No New Starts Per Se**
  - Comanche ongoing – Fielding in 2010
- **Recapitalization**
  - Apache Remanufacturing – ongoing
  - Maintenance to in place systems
- **System Upgrades**
  - Apache TADS/PNVS (Arrowhead)
  - Patriot PAC 3 Configuration 3 – FUE 01
  - M1A2 SEP

# Major Systems Program Strategy (Cont.)



- International legacy fleet different than US Army – Hawk, AH-1, UH-1, etc.
- Army FMS plays key sustaining role:

	Sales FY00+	% Industry
Patriot	\$7.3 B	30
M1A2	11.7 B	100
Apache	7.6 B	20
LAV	.6 B	25
MLRS	.9 B	70

# Issues/Challenges Common to all IAs



- Work Force
- Direct Commercial Sales
- Automation
- PML
- Policy Formulation
- Performance Measure/Metrics Standards



- DISAM's Study Report ongoing
- Workforce aging (48+ average)
- Need increased attention on professional development for younger members of the workforce
- Need to intensify recruitment and retention efforts

# Direct Commercial Sales



- Processed 3,333 ML in CY 00
- Average Processing Days: 12.8
- Approximately \$10 Billion processed
- Systems/Components of - Apache, Black Hawks, MLRS, Patriot, M1A2, Radars, Ammunition



- Need to exploit information technology, but can't lose today's functionality
- DSAMS
  - Need to decide on design
  - Review resource impact
- CISIL
  - Six year brown out
  - No upgrades/enhancements
- Log integration/automation
  - Supporting wholesale logistics modernization program

# Program Management Lines



- **Resource impact too early to tell**
- **What we've done:**
  - Conducted training (all USASAC, starting other EAs)
  - Started automation design CISIL to allow annual allocation of PML funds
- Army past application conservative
- Reviewing application of new policy judiciously



- Appreciate the paring of FMS Reinvention Groups
- All proposed policies are staffed Army-wide
- Continue to see a need to tie initiatives to resource saving outcomes
- Policies for automated processes should not be implemented until related automated system is changed

# Performance Measures/Metrics Standard



- Performance Measures and Metrics:
  - Should be strategy driven
  - Should have standard definitions and targets



## FY 01 Anticipated Sales

Country	Description	Amount
Egypt	MIAI Abrams Tank Co-production	.590
Greece	Patriot Missile Support	.044
Israel	Beech King Aircraft	.055
Netherlands	Javelin Missile (Opt.2) Javelin Weapon System	.178 .014
Sub-Total		.881
Implemented to Date		1.800
Other		.219
<b>TOTAL (\$ Billions)</b>		<b>\$ 2.900</b>

NOTE: Pending till end of this Fiscal Year, does not include implemented in FY 01.



# FY 02 Anticipated Sales

Country	Description	Amount
Israel	Apache	.400
Netherlands	Patriot/Javelin	.400
Korea	MLRS	.200
Taiwan	Javelin	.400
	AFATDS	.400
Finland	Javelin	.100
Saudi Arabia National Guard	LAV-AG	.120
Kuwait	Non-Standard Ammo	.080
Saudi Arabia/Taiwan/Kuwait	M1A2	1.100
Multiple Locations	BO & CLSSA	.250
	ASE	.080
	Miscellaneous	.105
<b>Total (\$ Billions)</b>		<b>\$ 3.635</b>



# Budget Outlook

	FY 01	FY 02	FY 03
	<i>Planned Execution</i>	<i>Target</i>	<i>Target</i>
DSCA Target (\$ Millions)	77.271	79.303	81.549

## NOTE:

- For the purposes of this presentation, the following seven charts only incorporate data for DUSA-IA and USASAC.
- Excludes one-time funding for: DSAMS, Plan Colombia, and reinvention efforts

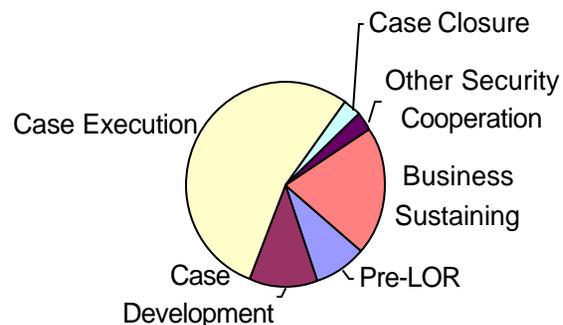
# Budget Outlook



	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$ Millions)</i>	72.285	69.627	72.310	TBD

These numbers only represent a compilation of both DUSA-IA and USASAC.

**Core Function Breakdown of Compilation**





# Pre-LOR

	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$ Millions)</i>	5.958	5.743	5.883	TBD
Efforts expended prior to receipt of a Letter of Request (LOR), includes responding to inquiries, pre-requirements determination, developing a Total Package Approach (TPA), if required, or, specifying the mix of FMS and Direct Commercial Sales (DCS) under a hybrid approach.	<ul style="list-style-type: none"> <li>▪ FY 01/02 includes approximately \$194K/\$195K for DUSA-IA Labor, Travel, Contract Requirements</li> <li>▪ FY01 planned is based upon FY00 actuals applied on a percentage basis to AMC's FY01 total (less DSAMS, Plan Colombia &amp; reinvention).</li> <li>▪ FY02 estimates are based upon a conservative sales estimate of \$3.6B for AMC.</li> <li>▪ There is a medium probability of \$1B-\$2B in increased tank sales (above the \$3.6B sales level).</li> </ul>			

Maintains current level of performance



# Case Development

	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$ Millions)</i>	7.441	8.084	8.280	TBD
Efforts required to process customer request, gather, develop and integrate price and availability data for preparation of a Letter of Offer and Acceptance (LOA). These efforts continue from receipt of a customer's LOR through case preparation, staffing, and customer acceptance	<ul style="list-style-type: none"> <li>▪ FY 01/02 includes approximately \$187K/\$223K for DUSA-IA Labor, Travel, Contract Requirements</li> <li>▪ FY01 planned is based upon FY00 actuals applied on a percentage basis to AMC's FY01 total (less DSAMS, Plan Colombia &amp; reinvention).</li> <li>▪ FY02 estimates are based upon a conservative sales estimate of \$3.6B for AMC.</li> <li>▪ There is a medium probability of \$1B-\$2B in increased tank sales(above the \$3.6B sales level).</li> </ul>			

Maintains current level of performance

# Case Execution



	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$ Millions)</i>	39.833	37.402	39.278	TBD
Overall coordination to initiate case implementation efforts required to conduct and execute case management, security assistance, team management, technical, logistical, and financial support, and the contractual efforts under acquisition and contracting.	<ul style="list-style-type: none"> <li>▪ FY01/02 includes approximately \$82K/\$97K of DUSA-IA Labor, Travel, Contract requirements</li> <li>▪ FY01 planned is based upon FY00 actuals applied on a percentage basis to AMC's FY01 total (less DSAMS, Plan Colombia &amp; reinvention).</li> </ul> <div style="border: 1px solid black; border-radius: 50%; padding: 10px; background-color: #f4a460; margin-top: 10px;"> <ul style="list-style-type: none"> <li>• Projected funding meets 75% of commitment to customer</li> <li>• Plus up of \$1.9M will achieve 80%</li> </ul> </div>			

# Case Closure



	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$ Millions)</i>	2.441	2.355	2.413	TBD
All actions required to perform logistical reconciliation, financial reconciliation, certify line, and case closure.	<ul style="list-style-type: none"> <li>▪ FY 01/02 includes approximately \$148K/\$165K to resource the DUSA-IA Labor, Travel, Contract Requirements</li> <li>▪ FY01 planned is based upon FY00 actuals applied on a percentage basis to AMC's FY01 total (less DSAMS, Plan Colombia &amp; reinvention).</li> </ul> <div style="border: 1px solid black; border-radius: 50%; padding: 10px; background-color: #f4a460; margin-top: 10px;"> <ul style="list-style-type: none"> <li>•Will close approximately 700 cases with focus on EACC</li> <li>•Plus up of \$400K would achieve SC target of 800 Cases</li> </ul> </div>			

# Other Security Cooperation Programs



	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$ Millions)</i>	2.005	1.930	1.979	TBD
<p>All efforts involved in the administration and management of special programs and projects associated with security cooperation requirements, particularly, the non-FMS security cooperation programs authorized under the Foreign Assistance Act, such as International Military Education and Training (IMET), the FMF program, and the grant Excess Defense Articles (EDA) program.</p>	<ul style="list-style-type: none"> <li>▪ FY 01/02 includes approximately \$170K/\$204K to resource the DUSA-IA Labor, Travel, Contract Requirements</li> <li>▪ FY01 planned is based upon FY00 actuals applied on a percentage basis to AMC's FY01 total (less DSAMS, Plan Colombia &amp; reinvention).</li> <li>▪ FY02 estimates are based upon DSCA performance objectives.</li> </ul>			

Maintains current level of performance



# Business Sustaining

	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$ Millions)</i>	14.607	14.113	14.477	TBD
Overall coordination of efforts for country program direction, supervision and secretarial support, automation and information support, budget, manpower, policy and procedures, miscellaneous organizational support, and non-mission time.	<ul style="list-style-type: none"> <li>▪ FY 01/02 includes approximately \$1.871M/\$2.019M to resource DUSA-IA requirement for Labor, Travel Contract Requirements</li> <li>▪ FY01 planned is based upon FY00 actuals applied on a percentage basis to AMC's FY01 total (less DSAMS, Plan Colombia &amp; reinvention).</li> <li>▪ Additional FY02 funding will be required to support DSCA Case Execution efforts related to DSAMS.</li> <li>▪ Provides for the security assistance management and oversight of Army's FMS Export Control function, management oversight of the Army's FMS disclosure and Technology Transfer processes</li> <li>▪ FMS policy integration regarding the impact of new FMS policies that derive from DSCA reinvention initiatives</li> </ul>			

Maintains current level of performance.



# Anticipated Needs Above Target

- Subject to 5%
  - FY02 – 3.965M
  - FY03 – 4.078M
  
- Not Subject to Target
  - Transfer of DFAS resources to Army
  - Workforce Development
  - PBB Implementation/Sustainment
  - PBC Implementation/Sustainment

***Note: Anticipated Needs Above Target Represent All Army Requirements***

# Above Target Requirements



	FY 02	FY 03	Priority
USASAC (Case Execution/Closure)	2.300	2.400	1
Unfunded DFAS Workload (6 positions – Case Closure)	.344	.355	1
Web-based processing of documents (Business sustaining)	.293	.300	2
Digitization (Business Sustaining)	.800	- 0 -	2
USACE (2 positions – Case Execution)	.300	.315	2
Total	4.037	3.370	N/A
Target	3.965	4.078	N/A

# Not Subject to Target



	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>
DFAS Transfer (14/28/28 WYs)	.773	1.604	1.655
Workforce Development	.799	1.598	2.447
PBB Implementation/Sustainment	TBD*	TBD*	TBD*
PBC Implementation/Sustainment	TBD*	TBD*	TBD*

- Assumes centrally funded ongoing support by DSCA to implement
- (\$ Millions)



# PBB Cycle

## I. Data and Information Gathering (Processes 1 – 2)

Call for Security Cooperation Issues  
Jan 01 for FY02/03 and out years 1

Development of Sales Estimates and Approved Revenue Projections  
Jan 01 for FY02/03 and out years 2

Appropriations Committees Review for Ceiling Adjustment  
Dec 01 for FY02 12

OMB Review for Ceiling Adjustment  
Nov 01 for FY02 11

*As required*

Publication of Corporate Security Cooperation Performance Plan (CSCPP)  
Feb 01 for FY02/03 and out years 3

DSCA Presidential Budget Submission  
Dec 01 / Jan 02 for FY03 and out years 10

OMB Hearing for Out Years / OMB PassBack and Reclama  
Nov 01 / Dec 01 for FY03 and out years 9

Development of Implementing Agency Security Cooperation Performance Plan (IASCPP)  
Mar 01 for FY02/03 and out years 4

## II. Planning and Programming (Processes 3 – 5)

Security Cooperation Programming Conference (SCPC)  
Apr 01 for FY02/03 and out years 5

DSCA FMS Administrative Budget Call  
May 01 for FY02/03 and out years 6

Implementing Agency Budget Submission and Corporate Budgeting Conferences (CBCs)  
Aug 01 for FY02/03 and out years 7

Release of DSCA Budget  
Sep 01 for FY02/03 and out years 8

## III. Budgeting (Processes 6 – 12)





## Conclusion

- Strategic Guidance is Critical
  - MILDEPs to prioritization and allocation
  - Tailoring metrics will be a challenge
- Implementing PBB Cycle is an evolving, learning process

**Crawl...Walk...Run**