

# Security Cooperation Programming Conference



## DSCA Budget Presentation

10 April 2001



## Agenda

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- Background
- Overview
- Major Trends and Issues
- Budget Outlook
- Other Implementing Agencies
- Mapping to Core Functions
- DSCA Headquarters Budget
- Funding Targets
- Summary/Wrap Up



## Background

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- During June-August of FY00 DSCA began to develop the Performance Based Budgeting process
  - PBB born out of internal DSCA concerns and the needs of external stakeholders
    - GAO Report
    - Need for additional accountability
  - PBB modeled from the PPBS
  - Developed through iterative process



## Background

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- Also during this time, several discussions were conducted among the MILDEPs and DSCA to develop the core functions.
- The Six FMS Core Functions developed and agreed upon by the MILDEPS are:
  - Pre-LOR
  - Case Development
  - Case Execution
  - Case Closure
  - Other Security Cooperation
  - Business Sustaining



## Overview

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- The new paradigm for Security Cooperation:
  - Security Cooperation is a Program of Engagement
  - Security Cooperation activities should be based on Performance and Results
  - Security Cooperation programs should involve sound planning, programming and budgeting
- Communication among DSCA and all stakeholders is imperative to the success of Security Cooperation activities



## Major Trends and Issues

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- Work Force
- Direct Commercial Sales
- Automation
- Program Management Lines
- Policy Formulation
- Performance Measures

\* Refer to DSCA Programmatic and Budget Guidance



## Budget Outlook-ALL ORGANIZATIONS

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	FY 00	FY 01	FY 02	FY 03
<b>MILDEPS</b>	202.287	204.332	210.882	215.809
<b>ALL OTHER ORGANIZATIONS (Including Reserve)</b>	140.713	135.668	137.118	140.191
<b>TOTAL</b>	<b>343.000</b>	<b>340.000</b>	<b>348.000</b>	<b>356.000</b>

\$ in Millions

- **Total Amount for FMS Administrative Budget for FY 01- 03**
- **The amounts represent the total baseline budgets including inflationary and pay raise increase**
- **The MILDEP amounts listed exclude transferred DSAMS funds, USAF Peace Sun IX CMCS Maintenance, Supply Discrepancy Report (SDR) supplemental funding, Reinvention funding, Plan Colombia, and other one-time increases**



## Budget Outlook-MILDEPS

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	FY 00	FY 01	FY 02	FY 03
Army	75.634	77.271	79.303	81.149
Navy	50.278	51.118	53.572	54.768
Air Force	76.375	75.943	78.007	79.892
Total	202.287	204.332	210.882	215.809

\$ in Millions

- **The numbers for each MILDEP are from the DSCA Programmatic and Budget Guidance**
- **The MILDEP amounts listed exclude transferred DSAMS funds, USAF Peace Sun IX CMCS Maintenance, Supply Discrepancy Report (SDR) supplemental funding, Reinvention funding, Plan Colombia, and other one-time increases**



## Budget Outlook-OTHER AGENCIES

	FY 00	FY 01	FY 02	FY 03
DSCA	20.153	18.936	20.116	20.622
IT (DSAMS,DSADC, USAF-CMCS, DISA)	39.174	36.600	35.450	34.500
DISAM	4.702	4.942	5.180	5.335
OVERSEAS (SAO, Unified Commands, AIT)	24.484	26.989	26.609	27.360
DFAS	37.661	36.927	36.208	35.505
SMALL AGENCIES (DLA, DCMA, NIMA,NSA, DISA)	1.837	2.218	2.262	2.306
SPECIAL PROJECTS	12.701	9.056	11.293	14.563
<b>TOTAL</b>	<b>140.713</b>	<b>135.668</b>	<b>137.118</b>	<b>140.191</b>

\$ in Millions

- The figures represent the total budgets for all other agencies engaged in FMS activities



## Budget Outlook-INFORMATION TECHNOLOGY

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	FY 00	FY 01	FY 02	FY 03
DSAMS	18.034	14.000	12.750	11.500
DSADC-W/USAF CMCS	12.330	12.100	12.400	12.700
DISA-Legacy Systems	8.810	10.500	10.300	10.300
TOTAL IT	39.174	36.600	35.450	34.500

\$ in Millions

- DSADC includes USAF CMCS maintenance of \$3.7 million



## DSCA Core Functions Mapping

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- The Mapping of the DSCA budget to the Core Functions included analysis of DSCA, DISAM and DSAMS
- DSCA identified over 120 activities that not only supported FMS activities, but were integral to the FMS process
- The level of effort for the activities were also compared with the FY 00 Work Load Survey conducted by DSCA
- As PBC Implementation occurs, DSCA anticipates a more accurate alignment to the Core Functions
- The results of the Core Function mapping process will focus on the DSCA Headquarters' FMS Administrative budget



## DSCA-Headquarters Budget

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	FY 00	FY 01	FY 02	FY 03
<b>DSCA</b>	<b>20.153</b>	<b>18.936</b>	<b>20.116</b>	<b>20.622</b>

**\$ in Millions**



## DSCA Headquarters Budget-Detail

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	FY 00	FY 01	FY 02	FY 03
HQ Accounts	16.280	17.681	19.123	19.595
DLO	.651	.683	.715	.749
ADP	3.548	2.580	2.580	2.580
SAN	.415	.793	.800	.800
Reinvention	.610	.150	.150	.150
Strategic Planning	.534	.262	0.000	0.000
SDAF/FMF Reimbursement	-1.885	-3.213	-3.252	-3.252
Total	20.153	18.936	20.116	20.622



## DSCA Headquarters-Accounts Detail

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	FY 00	FY 01
Civilian Payroll	10.820	11.900
TDY	.945	1.000
Rent and Communications	1.839	1.850
Contracts	2.250	2.574
Training	.330	.250
Representation Funds	.012	.007
Other	.084	.100
<b>Total</b>	<b>16.280</b>	<b>17.681</b>

**\$ in Millions**



## DSCA Core Function Break-Out

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	Pre-LOR	Case Development	Case Execution	Case Closure	Other Security Cooperation	Business Sustaining
FY 00	4%	6%	6%	2%	14%	68%
FY 01	4%	6%	6%	2%	6%	76%
FY 02	4%	6%	6%	2%	7%	75%
FY 03	4%	6%	6%	2%	7%	75%

- The percentages were determined through the mapping process
- The next slides present information for each core function



# Programmatic and Resource Guidance: Pre-LOR (DSCA-HQ)

	FY 00	FY 01	FY 02	FY 03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>Estimate (\$)</i> Millions	<b>.806</b>	<b>.757</b>	<b>.805</b>	<b>.825</b>
<p>Comments</p> <p>The level of effort expended for Pre-LOR activity for DSCA HQ is 4% of the total DSCA FMS Administrative Budget.</p> <p>The Pre-LOR Core Function consists of 24 distinct activities at DSCA. The list on the right is a sample of those activities.</p>	<p><b>Pre-LOR Activities for DSCA include:</b></p> <ul style="list-style-type: none"> <li>■ <b>Formulate and Disseminate Non-Financial Policy (P3)</b></li> <li>■ <b>Program Management (P3)</b></li> <li>■ <b>Participate in IPTs (Comptroller)</b></li> <li>■ <b>Publication of the SAMM (P3)</b></li> <li>■ <b>Coordinate MILDEP Re-engineering Activities (Strategic Planning)</b></li> <li>■ <b>Improve SC Foreign Customer Relationships (Strategic Planning)</b></li> <li>■ <b>Intermediate between OSD and State Department (MEAN)</b></li> </ul>			



# Programmatic and Resource Guidance: Case Development (DSCA-HQ)

	FY 00	FY 01	FY 02	FY 03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>Estimate (\$)</i> Millions	<b>1.209</b>	<b>1.136</b>	<b>1.207</b>	<b>1.237</b>
<p>Comments</p> <p>The efforts expended for Case Development activities is 6% of the DSCA FMS Admin budget.</p> <p>The Case Development Core Function consists of 32 activities.</p>	<p><b>Case Development Activities Include:</b></p> <ul style="list-style-type: none"> <li>■ Review LOAs and Funding Profiles(Financial Management)</li> <li>■ Process LORs, LOAs and Other Security Assistance Products(MEAN)</li> <li>■ Perform Oversight and Financial Activities(Comptroller)</li> <li>■ Anticipate and Respond to Front Office issues (Comptroller)</li> <li>■ Provide Policy Advice/Helpdesk-Type Support (P3)</li> <li>■ Oversee Co-Production Activity (ERASA)</li> <li>■ Interface with Customers to Resolve Problems (ERASA)</li> </ul>			



# Programmatic and Resource Guidance: Case Execution (DSCA-HQ)

	FY 00	FY 01	FY 02	FY 03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>Estimate (\$)</i> Millions	<b>1.209</b>	<b>1.136</b>	<b>1.207</b>	<b>1.237</b>
<p>Comments</p> <p>The efforts expended for Case Execution activities is 6% of the DSCA FMS Admin budget.</p> <p>At DSCA, Case Execution consists of 32 activities.</p>	<p><b>Case Execution Duties:</b></p> <ul style="list-style-type: none"> <li>■ <b>Perform Oversight of Financial Activities</b> (Comptroller)</li> <li>■ <b>Perform Programmatic Financial Management</b> (Financial Management)</li> <li>■ <b>Respond to All Financial Inquiries</b> (Financial Management)</li> <li>■ <b>Coordinate Taskings and Administrative Information for Bilateral Meetings</b> (ERASA)</li> <li>■ <b>Oversee Counter-Narcotics Security Assistance</b> (ERASA)</li> <li>■ <b>Program Management</b> (P3)</li> <li>■ <b>Interface with Customers to Solve Problems</b> (MEAN)</li> <li>■ <b>Process LORs, LOAs, and Other Security Assistance Products</b> (MEAN)</li> </ul>			



# Programmatic and Resource Guidance: Case Closure (DSCA-HQ)

	FY 00	FY 01	FY 02	FY 03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$) Millions</i>	<b>.403</b>	<b>.379</b>	<b>.402</b>	<b>.412</b>
<p>Comments: The efforts expended for Case Closure activities is 2% of the DSCA FMS Admin budget.</p> <p>Case Closure consists of 17 activities.</p>	<p><b>Case Closure Activities:</b></p> <ul style="list-style-type: none"> <li>■ <b>Perform Oversight of Financial Activities</b> (Comptroller)</li> <li>■ <b>Anticipate and Respond to Front Office Issues</b> (Comptroller)</li> <li>■ <b>Liaison with DFAS Denver</b> (Financial Management)</li> <li>■ <b>Assist in FMS Case Closure Efforts</b> (Financial Management)</li> <li>■ <b>Oversee the Services Security Assistance Activities</b> (MEAN)</li> <li>■ <b>Participate in Financial Management Reviews for Operational Issues</b> (MEAN)</li> </ul>			



# Programmatic and Resource Guidance: Other Security Cooperation (DSCA-HQ)

	FY 00	FY 01	FY 02	FY 03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$) Millions</i>	<b>2.750</b>	<b>1.142</b>	<b>1.375</b>	<b>1.491</b>
<p>Comments: From the DSCA Study and the Work Load Survey, the level of effort expended for Other Security Cooperation Programs is in the range of 7-23%.</p> <p>The \$ Amount represents the actual and estimated FMF Admin reimbursement .</p> <p><b>*The level of Other Security Cooperation at DSCA is actually significantly higher for which we receive reimbursement from FMF Admin.</b></p>	<p><b>Other Security Cooperation Activities:</b></p> <ul style="list-style-type: none"> <li>■ <b>Husbanding Country Resources</b>(Financial Management)</li> <li>■ <b>Review FMF Programs</b> (Financial Management)</li> <li>■ <b>Provide Assistance to LOAs</b> (Financial Management)</li> <li>■ <b>Perform SAO Oversight</b> (Resource Management)</li> <li>■ <b>Maintain Regular Contact with Congress</b>(Legislative Affairs)</li> <li>■ <b>Oversee Counter-Narcotics Security Assistance</b> (ERASA)</li> <li>■ <b>Intermediate Between OSD and State Department</b> (ERASA)</li> </ul>			



# Programmatic and Resource Guidance: Business Sustaining (DSCA HQ)

	FY 00	FY 01	FY 02	FY 03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>MILDEP Estimate (\$) Millions</i>	<b>13.775</b>	<b>14.385</b>	<b>15.120</b>	<b>15.419</b>
<p>Comments: The level of effort required for Business Sustaining activities that support FMS is 59% of the overall budget.</p>	<p><b>Business Sustaining Activities:</b></p> <ul style="list-style-type: none"> <li>■ Provide General Counsel Advice (General Counsel)</li> <li>■ Oversee Co-Production Activity (ERASA)</li> <li>■ Forecast Sales (P3)</li> <li>■ Program Management (P3)</li> <li>■ Developmental Research (DISAM)</li> <li>■ Oversee the Services Security Assistance Activities (MEAN)</li> <li>■ Help Desk (DISAM)</li> </ul>			



## DSCA-HQ Core Function Total

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	FY 00	FY 01	FY 02	FY 03
Pre-LOR	<b>.806</b>	<b>.757</b>	<b>.805</b>	<b>.825</b>
Case Development	<b>1.209</b>	<b>1.136</b>	<b>1.207</b>	<b>1.237</b>
Case Execution	<b>1.209</b>	<b>1.136</b>	<b>1.207</b>	<b>1.237</b>
Case Closure	<b>.403</b>	<b>.379</b>	<b>.402</b>	<b>.412</b>
Other Security Cooperation	<b>2.750</b>	<b>1.142</b>	<b>1.375</b>	<b>1.491</b>
Business Sustaining	<b>13.775</b>	<b>14.385</b>	<b>15.120</b>	<b>15.419</b>
<b>Total</b>	<b>20.153</b>	<b>18.936</b>	<b>20.116</b>	<b>20.622</b>



## Funding Targets and Expenditures

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- Funding Targets and Ceilings are currently developed from:
  - Actuals
  - Baselines
  - Pay Raises
  - Inflation
- DSCA will consider needs within 5% of MILDEP budget target which meet the following requirements:
  - Adequate level of information and justification
  - Core function impacts
  - Out Year impacts



# BACKGROUND INFORMATION

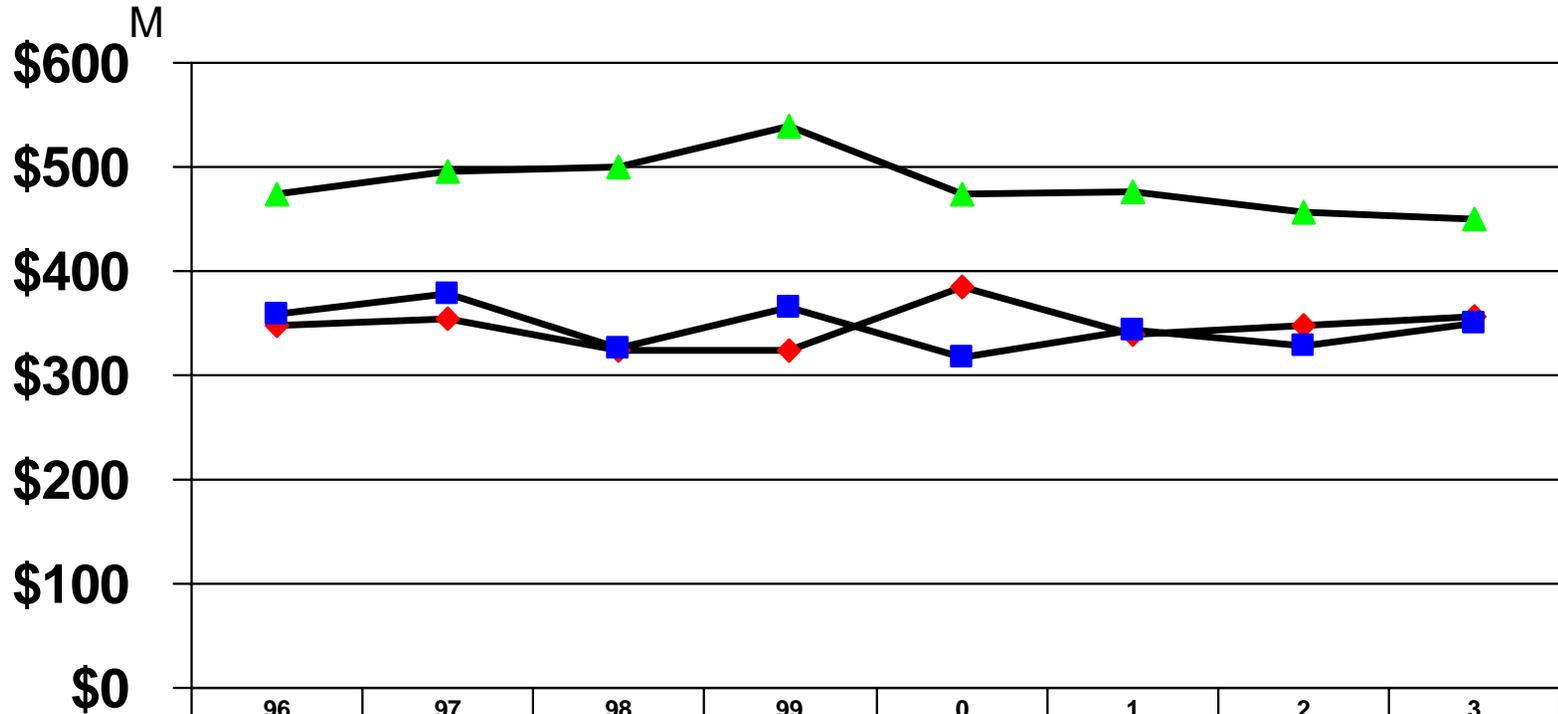
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- **BUDGET OUTLOOK CHART**
- **FUNCTIONAL VIEW OF SECURITY COOPERATION COMMUNITY**
- **FUNCTIONAL VIEW OF USG AND CONTRACTOR SECURITY COOPERATION COMMUNITY**



# BUDGET OUTLOOK

## WITH ANTICIPATED REVISED BUDGET TARGETS



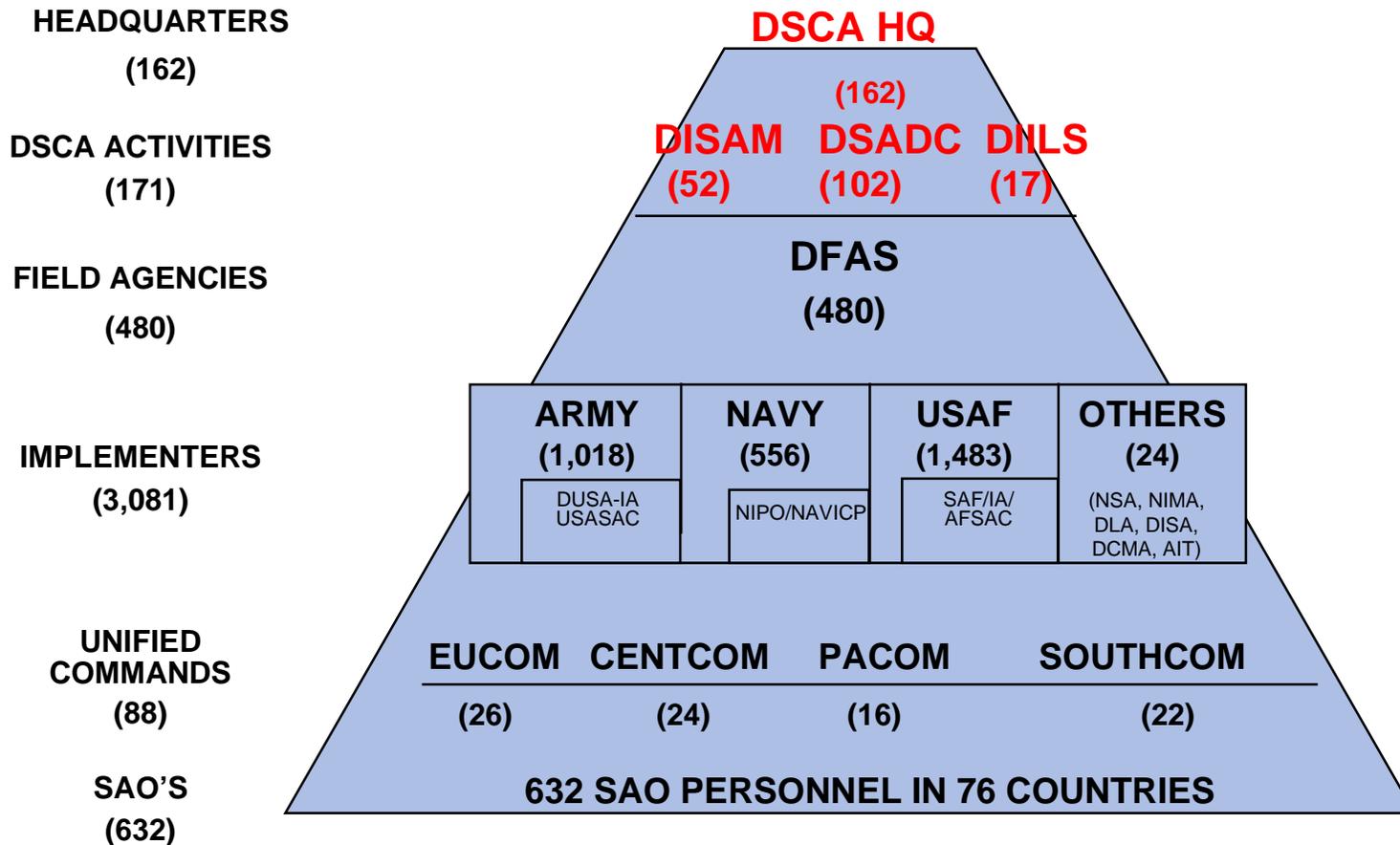
	96	97	98	99	0	1	2	3
◆ Expenses	348	355	324	325	384	340	348	356
■ Income	359	378	327	366	318	343	328	349
▲ Balance	473	496	499	539	473	476	457	450
Official Sales in \$B	10.5	8.8	8.6	12.2	12.1	12.8	11.1	11.8

Official sales values for prior years are “as of” the end of the fiscal year.



# FUNCTIONAL VIEW OF THE SECURITY COOPERATION COMMUNITY

4,614 WORK YEARS FY 00



(Current as of Mar 28, 2001)



## Definitions

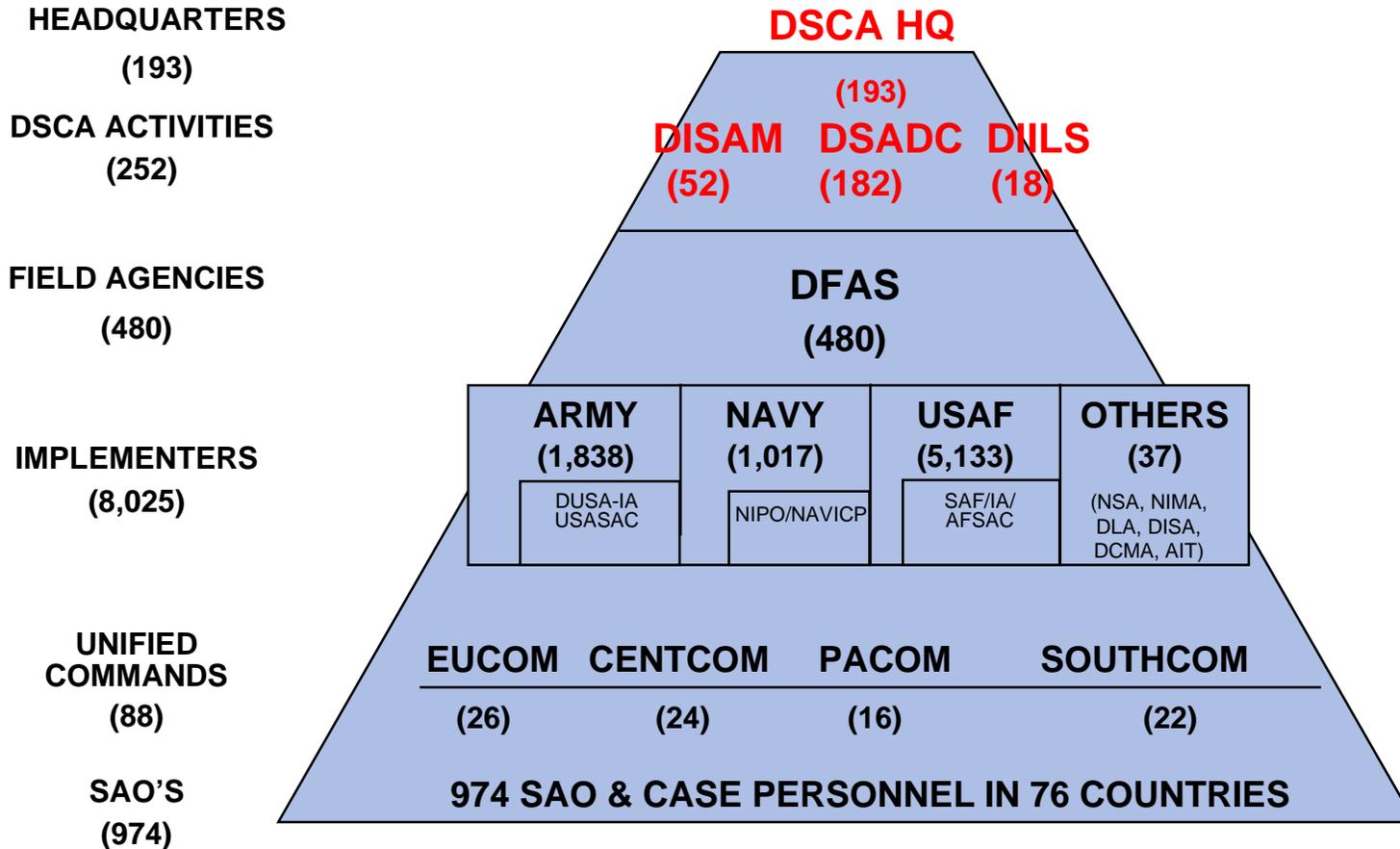
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- Components of Security Cooperation chart:
  - Security assistance admin funded
    - FMS+ FMF; USG employees, full time and part time, military and civilian; Source: Admin budgets, Oct 00
  - DoD Humanitarian assistance/demining/WI/DIILS
    - DSCA, DIILS; Source: DOD O&M + MILPERS budgets



# FUNCTIONAL VIEW OF THE USG AND CONTRACTOR SECURITY COOPERATION COMMUNITY

10,012 WORK YEARS FY 00



(Current as of Mar 28, 2001)



## Definitions

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- Components of the USG and Contractor Chart:
  - Security assistance admin funded
    - FMS+ FMF; USG employees, full time and part time, military and civilian; + contractors paid by admin budgets
    - Source: Admin budgets, Oct 00
  - DoD Humanitarian assistance/demining/WI/DIILS
    - DSCA, DIILS; Source: DOD O&M + MILPERS budgets
  - FMS cases
    - USG full time employees, military and civilian  
(DOES NOT INCLUDE CONTRACTORS IN FMS CASES)
      - Program mgt lines, technical assistance lines
    - Source: annual report to Congress, AECA Section 25a



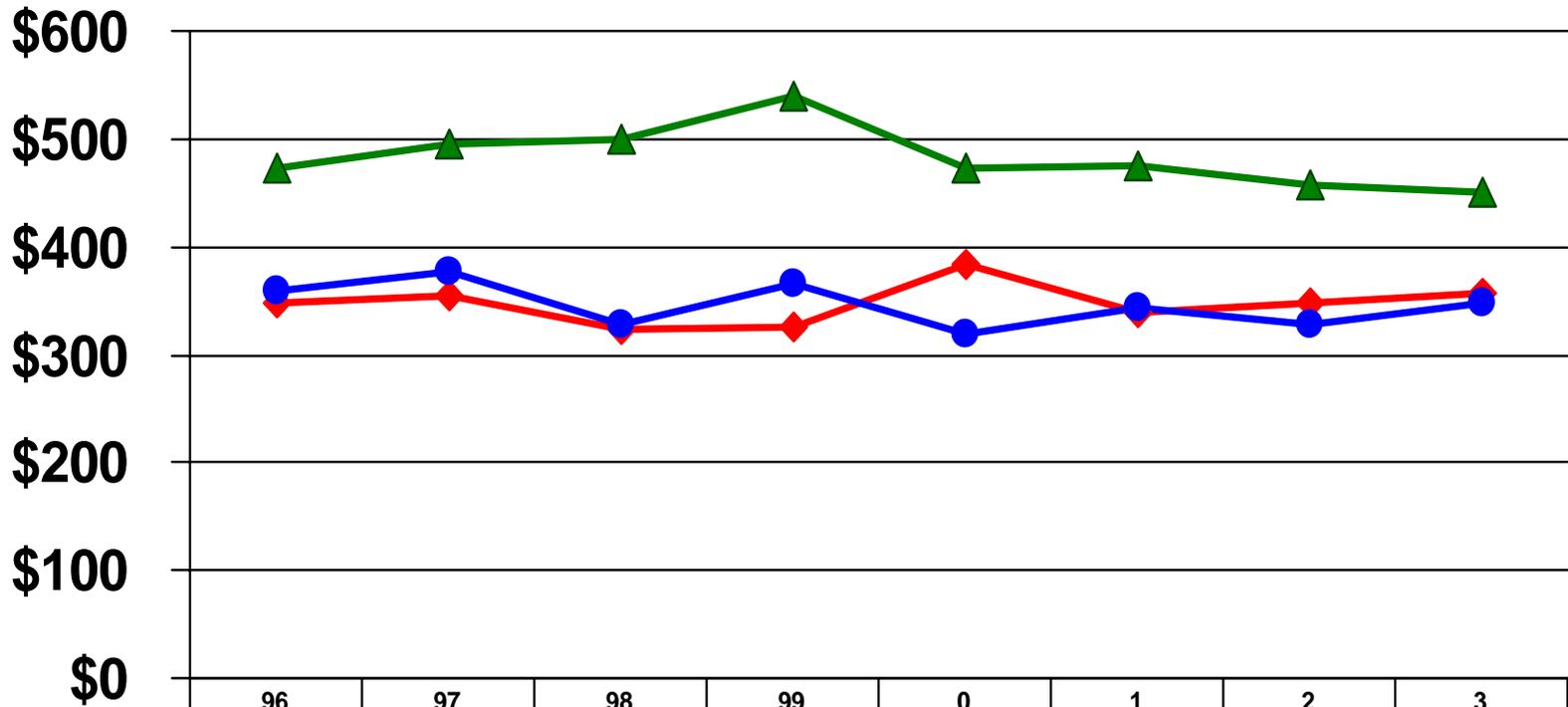
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# **FMS ADMINISTRATIVE SURCHARGE REVENUE PROJECTIONS**



# FMS ADMIN SURCHARGE

(\$ MILLIONS)



	96	97	98	99	0	1	2	3
Expenses	348	355	324	325	384	340	348	356
Income/Revenue	359	378	327	366	318	343	328	349
Balance	473	496	499	539	473	476	457	450
Sales in \$B	10.5	8.8	8.6	12.2	12.1	12.8	11.1	11.8



## BACKGROUND

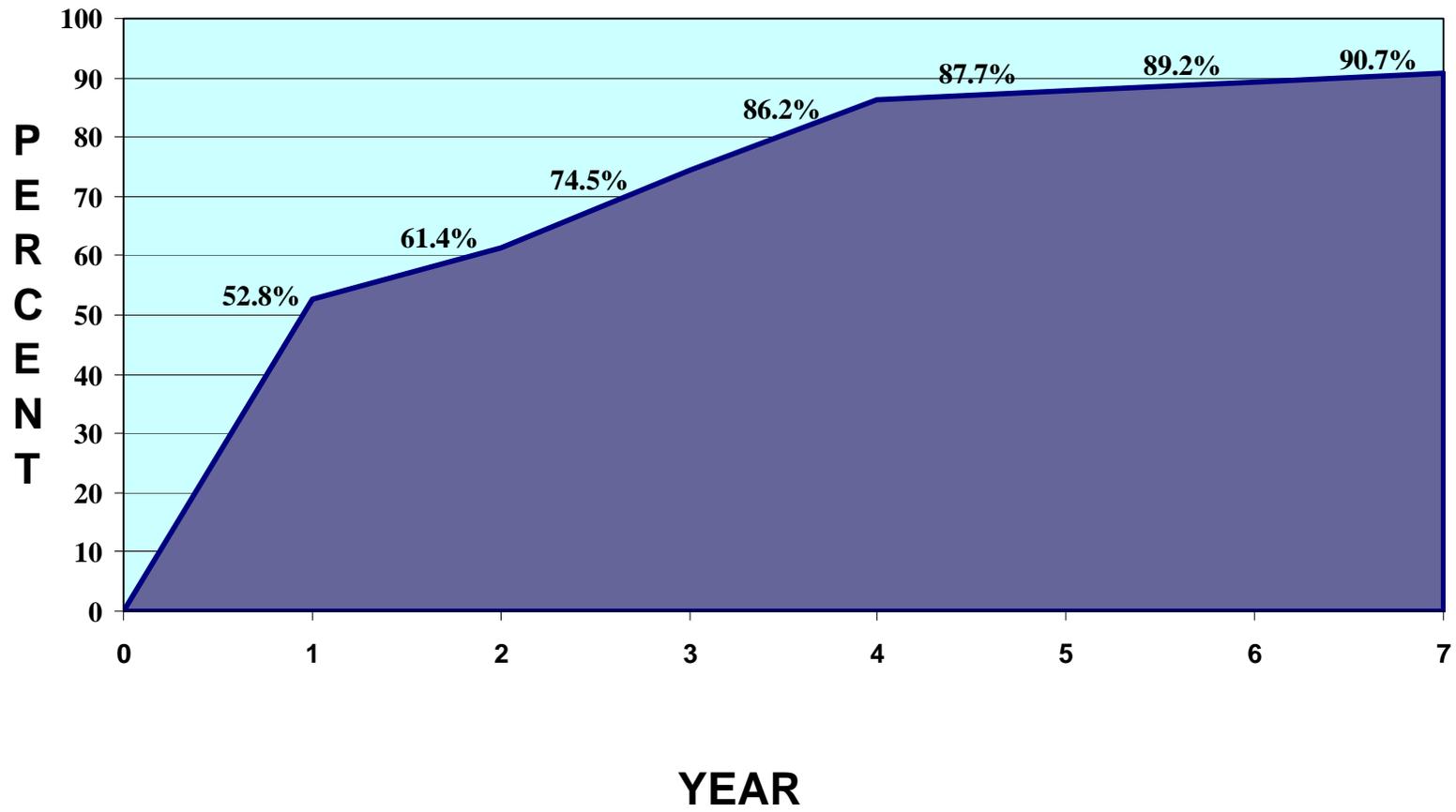
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- **REVENUES = DFAS TRANSFER OF CUSTOMER FUNDS TO ADMIN ACCOUNT**
- **50% FRONTLOAD ...REMAINDER OVER LIFE OF CASE**
- **METHODOLOGY BASED ON HISTORICAL TRENDS AND APPLIED TO:**
  - **EXISTING CASES**
  - **FUTURE SALES**



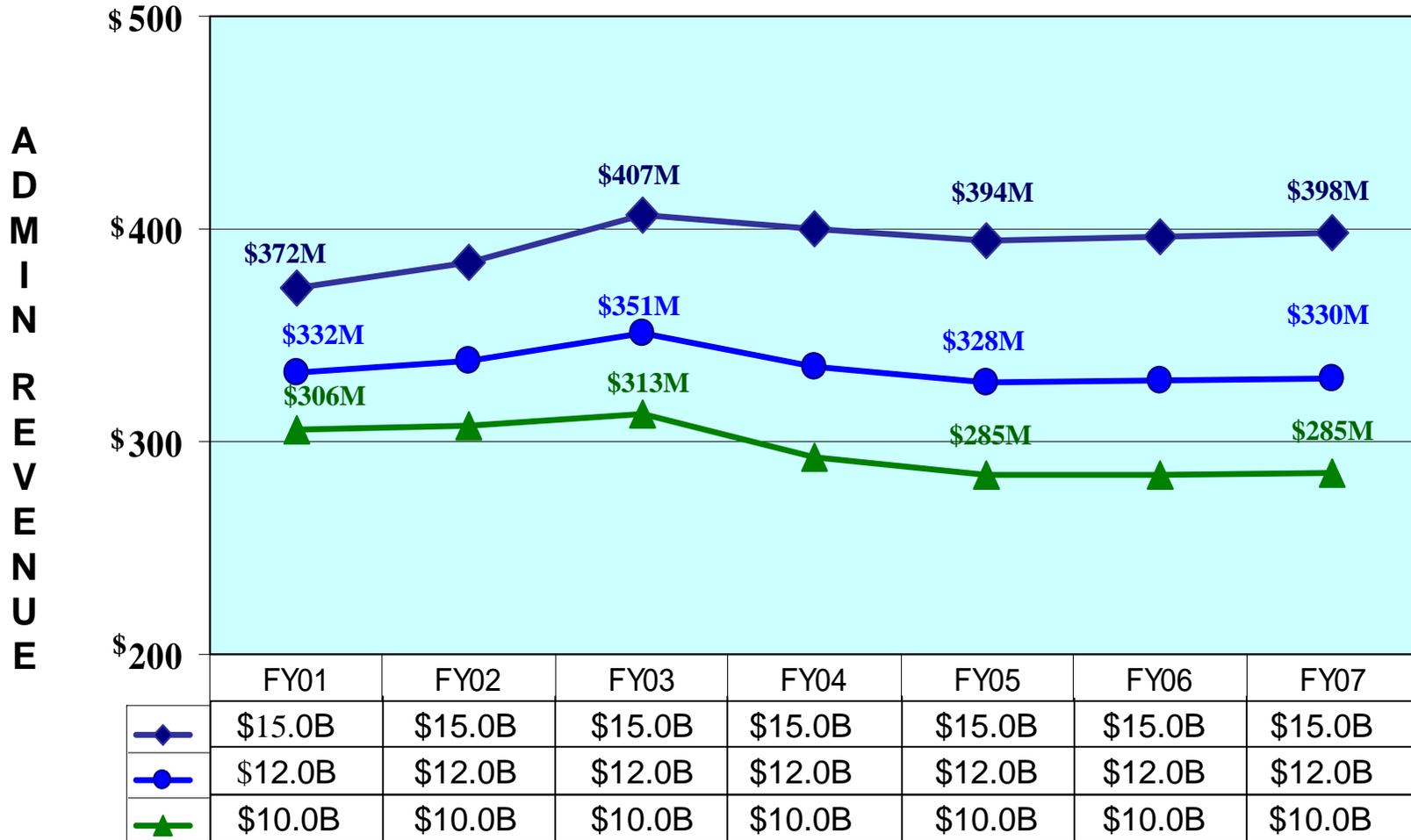
# ADMIN REVENUE TREND OVER LIFE OF CASE

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# ADMIN REVENUE IMPACT OF SALES PROJECTIONS



SALES