



**U.S. AIR FORCE**

**United States Air Force**

**Air Force Security Cooperation  
Performance Plan (FY02-03)**

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## EXECUTIVE SUMMARY

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In response to stakeholder concern, the Defense Security Cooperation Agency (DSCA), along with the implementing agencies (IAs), is working to reform the budgeting process to improve upon cost accountability and provide greater visibility. This response has resulted in the development of the Performance Based Budgeting (PBB) cycle. The intent of this effort is to link budget to corporate strategy, provide a basis for determining the Foreign Military Sales (FMS) administrative fund ceiling, as well as provide a vehicle that will provide justification of the budget submissions.

The new PBB cycle is structured within the context of six Core Functions: Pre-Letter of Request, Case Development, Case Execution, Case Closure, Other Security Cooperation, and Business Sustaining. The move from object class to FMS Core Functions will require an additional level of communication and cooperation with DSCA as the transition takes place.

This document highlights four key topics which include current Security Cooperation issues and challenges, the outlook of the Security Cooperation community, where the Air Force is headed as an organization from a strategic standpoint, and budget information as it correlates to the six Core Functions.

There are six major challenges currently facing the Air Force Security Assistance community: workforce, direct commercial sales (DCS), automation, direct case funding, policy formulation, and performance measures / metrics standardization.

As a community within the Air Force, our people are our most important resource; therefore, employee retention and recruitment are our top priority for the next three to five years. We are facing many personnel concerns (e. g., workforce stability, work environment improvement, aging workforce, etc.), however, future innovative initiatives are necessary to ensure we preserve this essential resource.

Teaming is critical to all FMS and DCS stakeholders. Those stakeholders include US industry, foreign allies, and Untied States Air Force (USAF) counterparts. The Air Force applauds DSCA's efforts to obtain legislative language changes to Section 30 of the Arms Export Control Act (AECA) to allow the Air Force to improve support services to US defense firms as well as provide the authority to charge our industry partners directly for these services.

Improving the timeliness and quality of service through automation is another issue we face on a daily basis. We are concentrating on web-based technology to facilitate data sharing and reporting requirements as a means to overcome this challenge. From this effort, we hope to realize cost savings, increased productivity, improved business processes, and standardized data definition that support informed management decisions.

Current practices allow agencies to exercise discretion in determining what expenses should be charged directly to an FMS case. This discretion often results in confusion and the inconsistent application of those expenses within the Security Cooperation community. The Air Force believes the Performance Based Costing (PBC) initiatives will capture cost data that may diminish the need for FMS surcharges as more costs can be linked directly to cases.

Finally, we must find measures / metrics that provides us with information allowing benchmarking and business process improvement. Once measured, the objective is to improve processes by making them simpler, shorter, and provide a cost savings.

The outlook for the Air Force Security Cooperation environment is based upon four areas of interest: new FY02 sales, projections from sustainment efforts, projections from existing sales and workload, and other programs and/or operational initiatives with resource implications. Currently, the decrease in global defense budgets has caused an increase in upgrades and/or major modifications to a variety of Air Force aircraft platforms and systems. There is, however, a large market in the maintenance (modifications and upgrades) of the platforms and systems already in use. There are two services currently in place to service these needs, the WorldWide Redistribution Service (WWRS) and the Parts and Repair Ordering Service (PROS). The projections from existing sales and workload focus mainly on foreign aircraft housed at US bases. This service allows us to build relationships with our allies as well as build access, interoperability, and coalition partners for the Expeditionary Aerospace Force. Workload is increased due to the need for aircraft clearances, space for additional aircraft, and training for foreign military personnel.

As an organization, our strategy is based upon four organizational fundamentals: the SAF/IA vision, SAF/IA mission, SAF/IA core competencies, and SAF/IA guiding principles. These fundamentals are used as the foundation from which we establish our organizational goals. To facilitate organizational improvement, four key performance perspectives must be recognized: financial, business, customer, and organizational learning.

Financially, our goal is to reduce end-to-end costs for both our customers and our FMS programs. As a result, we hope to eliminate percentage fees on FMS cases. Actual fees reflecting the functions performed will be charged to our customers versus a standard percentage fee included on all cases. The new PBB process gives us the initial step towards this desired end-state through the PBC initiative and total fiscal accountability.

Improvement of our business processes requires simplifying or eliminating the steps which are no longer required by today's level of automation. Eliminating these non-value added steps will not only reduce the costs of FMS programs, but will also shorten the amount of time to complete FMS case activities.

Current reinvention efforts provide our customers with transparency and access to our FMS programs, oversight of these programs, and internal processes. By providing increased visibility, we achieve lower cost, quicker delivery, and programs that work.

Finally, significant investments must be made within our workforce. Updating the skills of our people must be accomplished through continuous spiral learning. Currently, we have many initiatives in place to assist our workforce in acquiring the necessary skills to ensure success throughout our organization.

During this first transition year, the MILDEPs may use their discretion on how they wish to translate object class to Core Function. As the PBB cycle matures, DSCA and the MILDEPs may refine and possibly redefine the meanings of the Core Functions. DSCA is aware that this first year is a significant transition year, thus, the process may be changed to reflect necessary improvements in future cycles. The quantitative information provided herein was our first attempt at compiling percentages and budget estimates into the six Core Functions. Hence, these estimates are subject to change in future reporting periods.

In conclusion, this document is a testament to our commitment to both the PBB process and full PBC implementation. Not only will these efforts allow for better justification of funding, but will ultimately provide a better understanding of the actual cost of doing business.

# OPENING STATEMENTS

The Defense Security Cooperation Agency (DSCA), with the assistance and input of key personnel from the implementing agencies (IAs), has undergone considerable change in an endeavor to improve the way we develop and execute the Foreign Military Sales (FMS) administrative budget. The result of that effort is a new Performance Based Budgeting (PBB) Cycle. The PBB Cycle will improve communication, collaboration, and partnering within the Air Force, DSCA, and other Defense and Federal Agencies that conduct International Affairs activities.

The primary objective of PBB is the development of a budget process that will link our budget to our corporate strategy, and provide formalized programming, planning, and performance measures to justify our submission. The key difference in this new PBB process is the use of Core Functions vice object class breakout. The new process is built around six Core Functions developed collaboratively with the Military Departments (MILDEPs) and other key stakeholders. Table 1 provides an overview of the six Core Functions.

**Table 1  
Core Functions**

<b>Core Function</b>	<b>Definition</b>
Pre-Letter of Request (LOR)	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.
Case Development	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.
Case Execution	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.
Case Closure	All actions required to perform logistical reconciliation, financial reconciliation, certify line, and case closure.
Other Security Cooperation	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 examples include International Military Education and Training (IMET), the Foreign Military Financing (FMF) program, Presidential Drawdowns, DoD Informational Program, and grant Excess Defense Articles (EDA) program.
Business Sustaining	Efforts required in providing employee supervision, leadership, and guidance including personnel management, workload management, and secretarial support that cannot be traced directly to one of the other five Core Functions or specific cost objectives.

As this process matures and as the International Affairs community learns during this transitional year, we anticipate and support a refinement of the Core Functions over time. It is our perception that while these initial Core Functions mirror the lifecycle of FMS, they do not reflect Core Functions as they relate to International Affairs. The Air Force performs four major functional activities: acquisition, training, sustainment, and services. These four functional categories are broken down further into sub-categories to obtain additional detail. We will be collecting cost data



within these functional categories and then cross-walking the information into the six Core Functions. Figure 1 provides one such look. It is also important to understand that the data collection process allows us the ability to approach and analysis our requirements in a variety of methods.

**Figure 1  
Functional Categories Related to Core Functions**

<b>Functional Categories</b>							
<b>Acquisition</b>		↑	↑	↑	↑	↑	↑
	Platforms	→					→
	Weapons	→					→
	Cooperative R&D	→					→
<b>Training</b>							
	Systems Sales Related	→					→
	Annual Programs	→					→
	Dedicated Training	→					→
<b>Sustainment</b>							
	Publications	→					→
	Spares	→					→
	SE	→					→
	Software	→					→
<b>Services</b>							
	Technical Support	→					→
	Transport/Ferry	→					→
	Integration	→					→
<b>Core Functions</b>		<b>Pre-LOR</b>	<b>Case Dev</b>	<b>Case Exec</b>	<b>Closure</b>	<b>Other SC</b>	<b>Bus Sust</b>

The first year of the new budget cycle, FY02, will be one of transition and learning. The FY02 PBB cycle focuses on budgeting for our FMS administrative fund allocation. Other funding and programs will be gradually added to the budget cycle as the process matures.

DSCA provided the IA's programmatic guidance in the form of the Corporate Security Cooperation Performance Plan (CSCPP). It provides specific information on how DSCA and the IAs should conduct the budgeting process for FY02 and FY03. The CSCPP also addresses the business and financial outlook of all DoD MILDEPs and Defense Agencies as well as a framework for IA to prepare a performance plan. The goal of the document is to provide a clear picture of the Security Cooperation community, as well as to begin the critical dialog needed



between DSCA and IAs to foster a more collaborative and accountable planning, programming, and budgeting process.

This document, the Air Force Security Cooperation Performance Plan (AF SCPP), is our response to DSCA's CSCPP. It identifies:

- The challenges and issues currently facing the Air Force.
- The outlook for the Air Force Security Cooperation environment.
- Where the Air Force is headed as an organization from a strategic standpoint.
- Budget information as it correlates to the six Core Functions.

This document was used as our foundation from which our presentation for the Security Cooperation Programming Conference (SCPC) was constructed. This conference, presented by DSCA, was held on 10 April 2001. The overall objective of the conference was to begin a programmatic dialogue with MILDEPs to coordinate and link DSCA corporate level priorities and funding to MILDEP priorities and actions. During this conference, the Air Force:

- Presented the program areas and priorities that can be accommodated within our budget target set by DSCA.
- Determined what program areas and priorities could not be accommodated within our budget target, therefore, may need above the target funding.
- Set the stage for a programmatic level discussion of priorities and funding.

Because the presentation was built from this document, the information listed above can also be found herein.

# SECURITY COOPERATION CHALLENGES

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This section provides significant issues and trends impacting the Security Cooperation community within the Air Force. The challenges that will not only affect specific organizations within the Air Force, but throughout the entire Security Cooperation community are:

- Workforce
- Direct commercial sales
- Automation
- Direct Case Funding
- Policy formulation
- Performance measures / metrics standardization

## Workforce

Human resources are our number one priority. Employee retention and recruiting programs are our chief concern during the next three to five years. Under the umbrella of "workforce", several key areas of focus are:

- Workforce stability – As a result of continued Air Force budget cuts as well as reductions in the FMS administrative budget over the past five years, the workforce continues to encounter repeated organizational impacts.

For example, because of the Air Force Security Assistance Training (AFSAT) Squadron's size, manpower-related requirements (i.e., temporary duty (TDY)) are struggling. An example of this is manpower-related requirements that are levied from higher headquarters in support of existing efforts (e.g., Defense Security Assistance Management System (DSAMS)). These ad hoc requirements hinder our ability to maintain current operations. The Financial Management and Flying Training divisions in particular have manpower issues and when additional work and travel are requested, it disrupts their ability to conduct standard business operations. The shortage of rated personnel and Air Force restrictions with regard to allowing them out of the cockpit have kept the Flying Training division at minimal manning with no end in sight for the next few years. AFSAT has identified in their FY01 unfunded requirements amount to support an Air Education and Training Command (AETC) initiative which use retired pilots to fill staff-type jobs. This is an excellent way to address the problem, yet currently still unfunded. AFSAT may also be forced to consider permanently converting other positions from military to civilian in order to provide continuity.

This pattern of turmoil overtly affects a wide range of personnel issues and personnel responses. We are committed over the next 24 months to stabilize our workforce, and utilize data collected through the Performance Based Costing (PBC) structure to reallocate resources appropriately.

- Work environment improvement – The major anticipated above target need for the Air Force is the Air Force Security Assistance Center (AFSAC) "Quality of Life" initiative. Most importantly, the AFSAC is a dedicated organization that is in direct support of the Security Cooperation community. This requirement will provide AFSAC with the appropriate resources in order to improve current personnel facilities. The proposed project consists of facility renovations, furniture replacements, computer/network stabilization, and carpet

replacement. For more information regarding this initiative, please see the Above Target Needs section on page 28.

- Career development – One of the keys to success of any workforce is the amount of investment in education, career development, and continual training. We are committed over the next three years to increase our budget outlays for education, training, and career development to equal three percent (3%) of our budget for each fiscal year. To achieve this goal, several key milestones must transpire.

In conjunction with DSCA and other MILDEP and agencies stakeholders, the Deputy Under Secretary of the Air Force for International Affairs (SAF/IA) is leading a team to develop three major deliverables. The first is the creation of guidelines for use by the MILDEPs and Defense Agencies to create formalized, stand-alone career programs, and/or inclusion within existing programs. The second is an analysis of our current workforce. The results of this analysis include: 1) an assessment of the “as is” posture of our personnel in regard to training, education, and career development; 2) use of that assessment to reconcile the workforce against the desired “to be” posture; 3) the development of an implementation plan, which includes developing individual training and education strategy to resolve workforce “gaps”. The third and final deliverable is the oversight and assistance in the development, approval, and implementation of MILDEP and Defense Agency specific plans.

An alternative to a Security Assistance-unique career program would be to engage the Office of Personnel Management (OPM) to ensure the appropriate Security Assistance skill codes are included at proper levels for the different careers within the Security Assistance field. This would provide greater flexibility in hiring decisions, less vulnerability to receiving unqualified or marginally qualified personnel in reduction in force (RIF) actions, and aid the career broadening of Security Assistance personnel.

- Aging workforce – As an entity, the Air Force is experiencing an aging workforce without the needed personnel management tools necessary to ensure an adequate pool of qualified personnel is available to backfill vacancies as they are created through employee retirement. To address this issue, the Air Force Materiel Command (AFMC) has instituted a long-range management program called “Workforce Shaping 2005”. This program includes a variety of personnel management initiatives including expanded use of the Palace Acquire intern program. These efforts will mitigate the forecasted “brain drain” by inducting new personnel with desired aptitudes. However, the various organizational functionals must supplement the program with tailored developmental and training opportunities that will provide the breadth and depth of knowledge and skills pertinent to their particular specialty areas. The Security Cooperation community needs to actively attract and recruit new employees (e.g., through college interviews) and ensure appropriate funding is made available to support these efforts (e.g., to pay recruitment bonuses). And finally, there is a need to properly target and plan for the developmental and training resources needed to offset the projected loss of employee expertise.
- Funding – Changes to existing programs, such as the change in funding source of the Informational Program, also impact our workforce as well our relationships with the training community and international students. The reduction of US military and government personnel in the Security Assistance community as well as increased use of foreign nationals to fill some of these roles substantially impacts the training process. Many of the foreign nationals possess neither an understanding of Security Assistance policies and procedures nor the ability to effectively sell Air Force training opportunities.
- Training – A properly trained workforce is key to successful program implementation, execution, and ultimately customer satisfaction. We are committed to provide our field activities and personnel with the tools necessary to assist in executing our International

Affairs programs. These tools are to include training guides, process handbooks, classroom training, and virtual training, in the short term.

We recognize our personnel are limited with regards to the classroom training available for International Affairs. The Defense Institute of Security Assistance Management (DISAM) provides an excellent “purple” perspective for functions such as case management, financial management, and logistics management. Existing Air Force and DoD classes provide personnel with an understanding of day-to-day activities within a given functional area - logistics, finance, and/or acquisition. What does not exist is a direct link between these activities and the knowledge required to perform the function of a Case Manager, Line Manager, Country Director, or Security Assistance Program Manager. The knowledge, skills, and abilities required to effectively and efficiently perform their mission requires a broad understanding of multiple functions, plus a multitude of cultural, political, and military influences. Additionally, most of these classes are limited in the number of allocations and/or involve highly competitive selection processes. Our long-term goal is to identify and develop appropriate training for our personnel to bridge this gap, and to ensure we provide an appropriate portfolio of training and education options to keep our personnel trained to perform their mission.

## **Direct Commercial Sales**

The Air Force views any “sale” of major defense equipment as a method to support our national security, strengthen our US defense industrial base, and develop dominant aerospace coalitions, regardless if this “sale” is DCS or FMS oriented. The key in achieving these goals mandates interactive and open relationships with US industry, our foreign allies, and our USAF counterparts. The Air Force has a long history of partnering with such stakeholders to develop and implement a myriad of complex, multi-billion dollar programs over the past three to four years. Over that period, we documented lessons learned, and made appropriate changes to improve the interaction among our partners. In some instances, these lessons learned resulted in significant organizational changes within the community, development of proactive policy and procedures for disclosure and technology transfer, and appropriate alignment of roles and responsibilities.

Another issue regarding DCS is the increasing number of hybrid cases where equipment is purchased directly from a contractor, however, training is still performed via FMS. AFSAT especially needs to be involved earlier to ensure that realistic training expectations are relayed by the contractor and planned for by acquiring countries. A way to relieve this problem may be to make information on all end item sales, as well as major system sales, available to and easily accessible by all in the Security Assistance community. Past history also indicates that contractors often lead the customer to believe that all support training (e.g., language training, prerequisite training, etc.) is accessible through the USAF before contacting the USAF regarding availability. Unfortunately, this usually occurs when the customer is already in a “late to need” situation. It is recommended that DSCA develop guidance to advise contractors on how they should respond when referencing MILDEP capabilities. For instance, the DSCA web site could include a tutorial regarding this issue and make it assessable to all contractors.

DCS for state-of-the-art technology systems often require DoD support services in order to be effective. However, presently there is no method available for contractors to directly pay the DoD for needed services. AECA Section 30 provides a means for contractors to pay the DoD for government furnished equipment/government furnished materiel (GFE/GFM) related costs (to include DoD administrative services) in support of weapon system sales, but there is no comparable provision for DoD services that might be unrelated to GFE/GFM. The only recourse is to require the purchasing country to establish an LOA for DoD services.

We applaud and support DSCA's efforts to obtain legislative language changes to Section 30 of the Arms Export Control Act (AECA). This change will allow the Air Force to improve support services to US defense firms involved in overseas defense procurements and will provide authority to charge our industry partners directly for support services.

## **Automation**

We will leverage information technology (IT) to take full advantage of web-based technologies and other cutting edge technology tools. We are focusing on web-based technology to facilitate Security Cooperation data sharing and e-learning, collect and report performance measurements, and provide a more interactive, user-friendly interface with our customers. The use of web-based technology should result in cost savings, increased productivity, improved business processes, and standardized data definition that support informed management decisions.

The first objective will be improved timeliness and quality of our customer service. The use of IT in our community is paramount to improving the exchange of information with our stakeholders and customers. Many countries are lagging behind the US with regard to investing in the support infrastructure and business management process necessary to take full advantage of this technology. The DoD/USAF must take steps to further publicize the cost benefits of this technology while being prepared to support the continuing data needs of those countries that cannot/will not commit to the necessary investment. In pursuing IT solutions for our customers and stakeholders, we must understand no single solution will meet all stakeholder and customer requirements. Therefore, our number one goal is to provide our customers and stakeholders the choice in how we interact and interface. While we may view a move towards Internet facilitated processes and communication, we must be mindful that all our customers do not, or cannot, embrace certain technologies. It is therefore incumbent upon us to ensure resources used to exploit technology include, as part of all analyses, the perceived benefit to the majority of our customer base.

In addition to our MILDEP activities, we are still heavily involved in DSAMS. The original intent of DSAMS was to provide instrumental IT that supports the lifecycle of FMS, for all MILDEPs and agencies. However, the cornerstone of DSAMS, the Case Execution module, has presently been cancelled due to integration and configuration issues. Although the Air Force is in full support of this decision, interim funding is required to upgrade our legacy systems during this "brown out". We are also challenged to support the implementation of the Training module. The Training module has a very rigorous schedule which may result in the Air Force asking DSCA for more time to implement. One of the most significant internal operational and financial management concerns is the unknown integration issues that may or may not arise. We have begun an internal analysis of our Security Assistance financial systems, in conjunction with our domestic systems, with an eye toward professed functionality via DSAMS. This analysis will provide us with an understanding of our needs, as well as provide hard data for DSCA to include in their module development and implementation plans and schedules.

One of our most important steps towards leveraging IT was in January 2001 when the Air Force senior leaders directed that the Air Force Portal was to become the single interface to all Air Force unclassified combat and mission-support and service applications. Users of each of the applications will plan, fund, and execute the migration of their program-specific applications to the Portal. However, not all steps towards automation need to be this colossal. Something as simple as the Security Cooperation community considering a notification mechanism when important new information has been posted that would alert "subscribers". The process could be similar to Deskbook's AcqNow subscription service where an email is sent to subscribers regarding specific topics. Without this notification service, community personnel must rely on web surfing or word-of-mouth to become aware of information posting.

Most importantly, as a service, we understand that the transition from our current technology to future capabilities will inherently involve changes to business practices that will result in additional retraining and educational efforts for Security Assistance personnel. During this transition period, the productivity of many employees may be affected as the capabilities of a new system become understood.

## **Direct Case Funding**

Our approval and use of case-funded manpower, whether through program management lines (PMLs) or other services lines, are absolute and mission critical. Current practice allows agencies to exercise discretion determining what expenses should be charged directly to an FMS case resulting in confusion and inconsistent application within the Security Cooperation community. DSCA, in conjunction with the IAs, is attempting to reach consistency on how each IA determines when services should be case-funded or FMS administrative-funded. As part of this review, DSCA should provide guidance regarding shifting from one funding source to another when there is a temporary requirement to perform a function that is sourced from another type of funds, (e.g., shifting from administrative to case-funded when an administrative-funded person is in TDY status in direct support of a specific case). Currently, support costs (e.g., supplies, Automated Data Processing equipment, etc.) for case-funded personnel are typically included in PMLs. However, without requirements-based administrative budgets, we have been able to barely cover civilian pay and travel expenses. If there are any dollars left, currently they are applied to common support costs. A shift of manpower funding sources from PMLs to FMS administrative budget would further exacerbate this situation.

The Air Force utilizes a very formal and stringent process to identify, develop, coordinate, approve, and allocate case-funded manpower - we do not take this responsibility lightly. Any restrictions incorporated in a final policy, which decreases our authority to identify and allocate manpower accordingly, will have potential programmatic and fiscal impacts to operational execution of Air Force FMS programs. It must also be noted that any negative financial impacts resulting from the revised policy may affect the overall Air Force manpower process, causing a myriad "trickle-down" personnel actions. These actions are cyclical, and transpire over an 18-24 month period.

Until final policy is formulated and provided for final review, impacts from said policy are an unknown. It is our understanding that the collection and submission of detailed cost data is to provide an avenue to either justify a requirement for case-funded manpower and/or increased or decreased administrative funds. The implication of this statement seems counter to our perceived understanding of the PBB cycle, and corresponding PBC initiative. The PBC effort will essentially capture cost data that may diminish the need for FMS surcharges as more costs can be linked directly to cases. Policy formulation with regard to PMLs should be delayed until analysis of PBC data can support the proposed policy.

## **Policy Formulation**

Various guidance documents must be linked together to form a cohesive policy. New or updated policies should be given thorough and ample coordination time before going into effect. Additionally, changes to existing policy are often slow to be received by the field. Frequently, the field receives policy guidance where immediate retroactive action is necessary based on receipt of the message.

Another issue surrounding policy formulation involves funding for nonrecurring costs associated with FMS versions of next generation platforms (e.g., Air Intercept Missile (AIM-9X) and Joint Air-to-Surface Standoff Missile (JASSM)). Initial thoughts include funding from direct funding from DSCA, recovering the costs at a later date, funding on a pro rata basis based on projected sales,

and using 3600 funds for covering these costs. Further deliberation is necessary with regard to this matter.

## **Development and Standardization of Performance Measures/Metrics**

Reproduction of measures and metrics can serve to reinforce shared goals and priorities, and some forums are more suited for strategic, rather than operational measures. However, duplication of efforts to develop measures creates confusion and weakens objectives. As we standardize the Core Functions and core activities involved in conducting FMS, we must also determine what measures provide us with information for benchmarking and improving our business. The key to developing and standardizing performance measures will be continuous communication with DSCA.

Metrics should be easily tracked via mechanized systems, however, should not be measured just because the ability to measure is there. As performance measures are developed, care should be taken to ensure they are meaningful and will result in desired behavioral changes. While standardization may be desirable, it may not be practical in all cases due to the variances in business processes and practices between the various MILDEPs.

It is also important to note that some measures (e.g., numbers of students, numbers of LOAs, modifications and amendments, number of classes, number of case closures, etc.) are misleading as they do not always have direct correlation with resources required. Given the five types of unit pricing, highly variable student load, and other training-unique factors, it is extremely difficult to determine accurate or adequate performance measures that directly tie to resources required. For example, a high student load may or may not require significantly more program management effort. It may be as simple as they are paying full FMS price versus one of the four alternatives. We have no control of the pricing policy, as this is directed from DSCA.

The most important aspect to consider when creating performance measures and metrics is to determine our desired end-state. Once measures are created, the behavioral and process transformations must ensure that the effected process is simpler, shorter, and allows for financial improvement(s) which should be passed along to the customer.

# SECURITY COOPERATION OUTLOOK

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This section represents the overall financial outlook for the Air Force FMS program.

## Anticipated Sales and Workload

- We anticipate a steady volume of Advanced Medium-Range, Air-to-Air Missile (AMRAAM), AIM-120 missiles throughout the Pacific and European theaters. We also anticipate increased sales of other significant military equipment (SME) and major defense equipment (MDE) munitions sales, both stand-alone and as FMS support packages to DCS (anticipated \$600M).
- The Korean F-15K program will be a major hybrid DCS-FMS sale requiring significant across-the-board USAF functional support.
- Our F-16 fighter programs, both used and new production, will continue to increase during FY02. The recently signed Italian F-16 lease and associated support and training, may provide an incentive for other European allies considering a fighter acquisition. Implementation and execution of the Italian lease/sale will be workload intensive over the next few years. We also have proposals for the sale or lease of F-16 aircraft with Poland, Hungary, Austria, Chile, Venezuela, Brazil, Singapore, Oman, and Thailand. In addition to these proposals, the F-16 aircraft is emerging as a serious prospect with other countries such as Bulgaria, who are in early discussions for a fighter solution. Any sale will also result in extensive training and support packages (anticipated \$4.2B).
- The importance of interoperability is the focus of Kosovo Lessons Learned and the Office of the Secretary of Defense (OSD) Defense Capabilities Initiative. Our European allies are already exploring the potential benefits of consolidated buys as they endeavor to develop and improve their Precision Guided Munitions capability.
- In the area of Air Early Warning and Control (AEW&C), we are working several significant DCS-FMS hybrid sales of USAF variant platforms and capability to Turkey, Greece, Australia, Korea, and up to three additional sales.
- Airlift and refueling support will continue to generate workload and will increase in the near term until tanker and airlift solutions are fielded within the European Theater. Current proposals are being worked for Japan, Israel, and other countries (anticipated \$825M).
- Anticipated sale/lease programs for the C-17 aircraft continue to increase. We envision two to three major hybrid sales during FY02 that will also result in extensive training packages (anticipated \$1.4B in sales).
- Exercises, such as Red Flag, COPE THUNDER, Combat Archer, and Combat Hammer, continue to constitute an increasing workload as we work associated policy and participation issues. Prioritization is becoming an issue, with requests to participate in various exercises exceeding available space.
- Interest in Global Hawk and other Unmanned Aerial Vehicle (UAV) technology continues to increase, and will result in FMS-DCS hybrid sales in the foreseeable future.
- Space is becoming a growing concern for many of our allies, with an increased awareness and requirement for involvement and cooperation in this area.
- The Taiwan Defensive Radar Program will be a pure FMS sale. It will require significant USAF monitoring to ensure that directed system requirements are adhered to (anticipated \$1.8B).

### ***Projections from Sustainment***

Given the continued decrease in global defense budgets, we are experiencing a significant increase in upgrades and/or major modifications to a host of USAF aircraft platforms and systems.

Through World Wide Redistribution Service (WWRS), we have been successful in turning overstocked, or retired platform spares and support equipment into funding available to our allies for other defense procurement priorities. We currently have 12 customers, with an inventory of 5.998M items, valued at \$1.035B. Requirements filled through WWRS save the customer, on average, 21.9% of the standard stock list price. Both the Navy and Defense Logistics Agency (DLA) are contemplating utilizing WWRS as a method to support their customers.

Through Parts and Repair Ordering Service (PROS), we have been successful over the last ten years in supporting our customers to obtain a variety of articles and services, which would have otherwise gone direct commercial and/or taken up to five years for contracting action. The most recent five year contract will close out with over \$1B in articles and services. The five-year follow-on contract is expected to double.

An issue facing sustainment involves the Tucson F-16 fleet. This fleet is aging and diverging from current customer requirements. Tucson flies the F-16A while most new sales involve the F-16C and customers understandably want the ability to train on the same equipment they are buying. Unfortunately, there appears to be no upgrade program in sight, which means this problem will continue to escalate.

### ***Projections from Existing Sales and Workload***

Many USAF bases house numerous foreign allies' aircraft. Through this effort, the Air Force is building long-term relationships with these countries. These actions build access, interoperability, and coalition partners for the Expeditionary Aerospace Force, which, in short, is the SAF/IA mission.

Some examples of foreign continental United States (CONUS) beddowns are the following:

- McConnell AFB – Singapore KC-135s
- Luke AFB – Singapore and Taiwan F16s
- Cannon AFB – Singapore F16s
- Holloman AFB – German Tornados and F-4s

A downfall to housing these aircraft is the additional workload that is associated with the effort. For example, clearances are needed for foreign aircraft, additional space is necessary to house these aircraft, and training slots are needed for foreign personnel.

Another example of an ongoing issue that directly affects an organization's existing workload is timing of actions. Despite leading to smoother execution, increased customer involvement in the LOA process before formal agreement impacts the timeliness of training and processing of training requests. With regard to AFSAT, definitization is mostly done Pre-LOA, which means by the time the LOA is signed, training is often behind schedule.

### ***Other Programs and/or Operational Initiatives with Resource Implications***

Due to the sensitivity of the technology involved, the OSD directed that USAF oversee the development of the United Arab Emirates (UAE) Block 60 F-16. (Note: the UAE F-16 program is primarily a direct commercial arrangement between the UAE and Lockheed Martin.) This will require additional TDY to monitor/evaluate the development process (particularly avionics testing)

and release of associated technical data. Oversight requirements are likely increase as a result of F-16 Block 60 sales to other countries. This effort is estimated at \$1.5B. Other anticipated support sales are as follows:

- Australia AEW&C for \$150M
- C-17 Support strategy for \$350M
- Egypt IFF platform integration for \$330M

# STRATEGY

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## SAF/IA Vision

“Vision” indicates leadership’s aspirations for the organization, providing a panoramic view of what business the organization wants to be in, where they are headed, and what kind of organization they are trying to create. The following is a compelling statement of our desired end-state:

*Dominant aerospace coalitions*

## SAF/IA Mission

“Mission” specifies statements of purpose that distinguish one organization from another. It addresses the basic questions “what is our business?” and “what are we trying to accomplish on behalf of our customers?” Our stated mission is as follows:

*To build access, interoperability, and coalition partners for the Expeditionary Aerospace Force*

To achieve this mission, the USAF provides the best in service to our customers and optimum opportunities for personal and professional development of our people as well as maintaining relationships at the highest level with our partners in order to pursue our vision.

## SAF/IA Core Competencies

A “core competency” is something an organization does well relative to other similar organizations. Frequently, a core competence is the product of effective collaboration among different parts of the organization, and of individual resources teaming together. We view our core competencies to be:

- Security Assistance
- Armaments cooperation
- Technology transfer
- Pol-Mil assessment
- Comparative weapons analysis
- International airman programs

## SAF/IA Doctrine – Guiding Principles

A “doctrine” is defined as a principle or body of principles presented for acceptance or belief. Our fundamental beliefs about how things should be is as follows:

*Coalition aerospace power will be decisive*

Aerospace power will play a decisive role in future conflicts, spanning a spectrum from humanitarian relief operations to major theater war. Sustained aerospace operations require access to infrastructure and resources within or near the theater of conflict.

*Interoperability is built through peacetime engagement*

Expeditionary Aerospace Force operations are enhanced by interoperability with coalition partners. Interoperability is best developed through peacetime engagement activities, including Security Assistance, armaments cooperation, international airmen programs, and exercises.

*Engagement creates understanding of regional security issues*

Engagement with Air Force counterparts around the world creates broad understanding of regional security issues from our partner's perspective. Analyses of political, military, and economic trends provide senior Air Force leadership critical insights into the task of building and maintaining aerospace coalitions. They also enhance development of the unified command's regional strategy and theater engagement plans.

*Competition dominates the international aerospace market*

The international aerospace market reflects a preference for American products, technology, and long-term support contracts. However, competing products from allies, friends, and potential adversaries are available. National leadership directs air forces to economize, support indigenous industries, and acquire current technology. Partner air forces evaluate multiple sources to meet acquisition and sustainment requirements. Conversely, the USAF evaluates systems from allies and partners.

*Accurate, timely information enhances American competitiveness*

Partners require enough information about a product or service to make an accurate evaluation. Pricing information should be timely and in enough detail for the partner to assess the program's overall value, not just its immediate cost. Configuration includes technology that is interoperable with and ensures a qualitative edge for the United States military. It should also improve the partner's current capabilities and provide a growth path for future upgrades and enhancements.

*Technology can and should be shared at an appropriate level*

The current market for high-tech products and services requires increased information about US products to assure their competitive evaluation by current and potential coalition partners. By stressing "higher walls around fewer things," we advocate timely release of appropriate technology, while protecting those things that are truly unique and vital to national security.

*Provide leadership, advocacy, and access*

Security Assistance and armaments cooperation programs are complex enterprises, requiring leadership, education, and team building within the USAF, cooperation with industry, and persuasive advocacy within the interagency. They also require extensive interaction with all counterpart levels of the partner air force, addressing financial, programmatic, legal, security, and other political-military issues.

*Influence is built through trust*

We build programs to jointly acquire or deliver products and services to current and potential coalition aerospace partners. We seek to influence the partners' source selection process. Influence is built on trust between counterparts at every level of the organization. Trust is earned through credibility and consistency, based on our ability to create realistic expectations and meet them in a timely manner.

### *Cooperation provides mutual benefits*

International armaments cooperation enables interoperability and provides special benefits to participating nations. Coalition partners develop cooperative relationships to leverage resources through cost sharing and economies of scale. Early discussion supports joint development of common systems to meet common security requirements. International airmen programs offer opportunities and a solid foundation for relationships between partner air forces, enhancing access and building influence.

## **Organizational Improvement**

Organizations, similar to evolving organisms, undergo both growth and deterioration processes. It is important to analyze our organization's processes, environment, customers, and measurements in a more systematic way. In order to maximize this growth and repress deterioration, four questions must be asked:

- How do we want to improve financially?
- How do we want to improve our business processes?
- How do we want to improve our customer relations?
- How do we want to improve organizational learning?

Cause and effect link these four perspectives. For example, organizational learning and growth improves the execution of internal business processes, which leads to higher customer satisfaction, which results in financial gains. By answering these four questions, we can begin to understand a stronger sense of common purpose and, more importantly, recognize that every job counts.

### ***Key Performance Drivers***

The following display the key performance drivers associated with the four perspectives discussed above:

- Financial Perspective – Reduce end-to-end costs to deliver FMS programs. In turn, this will lower costs for both the FMS programs and our customers.
- Business Perspective – Simplify and eliminate the steps which are no longer required by today's level of automation.
- Customer Perspective – By providing increased FMS value, we achieve lower cost, quicker delivery, and programs that work.
- Organizational Perspective – In order to achieve organizational improvement, two actions are necessary – maintain continuous spiral learning and acquire the skills which are necessary to continually improve processes.

### ***Financial Improvement***

To achieve our goals and enact our guiding principles, we must embrace fiscal control and responsibility for the good of our customers and our organizations. Fiscal control of our foreign customers' funds is paramount to the successful execution of Air Force programs. We must be able to offer our foreign partners the security and satisfaction that their money is used appropriately and judiciously, and always in their best interest. Institutionalizing fiscal control and responsibility provides us the opportunity to challenge our customers to reflect on our past relationship, and forge ahead with a renewed sense of commerce.

By lowering process end-to-end costs, identifying cost drivers, and decreasing costs to deliver articles and services, we can achieve our desired end-state of eliminating percentage fees on FMS cases. Actual fees will be charged to our customers that are associated with specific functions. By doing this, our customers will be paying for only what they need and not a percentage of the case value.

One outstanding issue facing the Air Force Security Cooperation environment is countries increasingly making competitor selections and negotiating contract terms prior to LOA (conditions, not-to-exceed price, etc.). Consequently, DoD contracting services move from a post-award to pre-LOA environment. Additionally, countries are depending upon the US to help define requirements for complex or multi-configuration systems prior to submission of a formal LOR. Under these scenarios, the Security Cooperation environment is potentially at financial risk if the FMS sale is not consummated. The community needs to ensure country funds are made available to cover pre-LOA work as a standard practice when these efforts are undertaken/agreed to.

Increased manpower in the Air Force-wide Financial Management divisions would aid in freeing existing resources to problem areas of reconciliation and case closure. A shortage of manpower after the accounting function was transferred to DFAS in FY97 has created a large backlog of accounting errors that still need to be researched and corrected. Our ability to overcome backlog, implement new business practices, and absorb transferred functions (e.g., Informational Program, waived admin billings, possible delivery reporting transfer, etc) will be dependent on approval of additional manpower.

Another outstanding issue concerns the recent change to fund the Informational Program (IP) from Operations and Maintenance (O&M) funds. This change has provided significant disruption and additional effort by financial management, the IP program managers and International Military Student Officers (IMSO) across the Air Force and should be reevaluated. Both AFSAT and SAF/FMBOP have addressed these concerns to SAF/FMBIS.

The final financial challenge is sharing data throughout the service, which, in turn, will create an appropriate and responsible standardized environment to thoughtfully interact with all our stakeholders. Accounting data input, recording, and reporting need to be improved to mend recurring discrepancies between base-level and service-level records. In this new age of technology, packaging and providing sound and accurate financial information should be one of our top priorities.

The new budget process provides an initial step toward organizational independence through the use of performance based cost initiatives and total fiscal accountability. It is imperative that we press forward with full implementation of PBC. In turn, we will provide our Air Force leadership with the appropriate data that enables real management decision making, not to mention better alignment of resources with workload.

### ***Business Process Improvement***

As DSCA challenges us to reevaluate a myriad of process improvements, so too must we challenge ourselves to look internally. We must focus on simplifying or eliminating the unnecessary steps which are not providing value to our customers.

We are successful at providing our personnel the “how to” instructions to accomplish day-to-day tasks. What we must focus on is performing that same level of competency for the “why to”. It has been difficult in recent years to undergo continual change, both in personnel and organizations, and attempt to keep a trained and educated workforce. We must begin to look

outward to train and educate our personnel on “why” they accomplish their job, how they fit in the big picture, and why they are a vital member in the successful execution of International Affairs.

Another hindrance that faces the challenge of improving business processes is FMS administrative budget reductions. For example, AFSAC has continued a trend started several years ago to centralize the management of like-type FMS cases into a single organization focused on case management. Previously, case management was decentralized into country team groupings. This former arrangement promoted customer relations at perhaps the expense of inefficient operations and the lack of consistent or standard case management processes and services. This realignment of case management responsibilities continues and eventually the management of all cases will be centralized.

Finally, it is crucial to the training community that they are better informed and represented throughout all FMS negotiations. This requires increasing Pre-LOA TDY activity for all involved organizations to better understand training needs. Also needed is a more open dialog with weapons system suppliers to better communicate actual USAF capabilities to meet the wide range of customer requirements.

### ***Customer Relations Improvement***

The direct result of ongoing reinvention efforts will be substantially improved relations with our customers. Reinvention will provide our customers with continued transparency and access to our FMS programs, oversight of these programs, and internal processes. These processes must be more streamlined and customer-focused as well as advocating changes in policy through SAF/IA to DSCA to permit achievement of more efficient service.

These actions, by themselves, will not foster improved relationships with our customers. We must continually work to improve our relationships, with all our customers. One of our guiding principles - *Influence is built through trust* - needs to be institutionalized throughout our workforce. Trust is developed over a period of time through a series of interactions. Our customers judge our trustworthiness by both the aggregate of our interactions over long periods of time, as well as the most recent interactions. Whenever we interact with our customer, it needs to be accomplished professionally, completely, and accurately. It is these interactions that provide the building blocks of our national security. Goodwill with our customers has been built overtime and needs to continue in the future.

One recommendation to improve customer relations includes considering making funding available for staff assistance visits to various “problem” countries. These visits can include explaining USAF training as it applies to Security Assistance as well as the status of their programs. This could clear up discrepancies, policy and procedure questions, and display specific, tailored training opportunities where time may not permit in other meetings or reviews.

### ***Organizational Learning Improvement***

An organization is only as good as its people. Significant investments have been made in educating our managers and financial analysts on the tasks and procedures necessary to comply with FMS financial management policies and processes. Since February 2000, over 180 personnel from over 40 Air Force and DoD divisions have participated in the Air Force Security Assistance Management Case Reconciliation (SAM-CR) training course. Three additional sessions are scheduled for calendar year 2001 and will accommodate 44 additional students.

To increase the availability of the SAM-CR course, we are developing an eLearning portal which will host the Internet version along with additional learning material. This portal will be completed in May 2001. Though we are making great strides, there is much to be learned. Future training initiatives should be centered around case management roles and responsibilities. Too often, our procedures vary from organization to organization, from person to person, and from case to case.

As the standardization of case management progresses, so to must the “how/why to” learning initiatives.

Finally, updating the skills of our people must be a high priority. We need to communicate to our employees that retraining will be made available for their current positions, and if necessary, make this an involuntary action for all personnel. As mentioned previously, there will be a substantial decline in our workforce in the upcoming future, therefore, updating the skills of our current personnel is crucial.

## Ongoing Initiatives to Support Organizational Improvement

We must continuously analyze the way we do business to ensure that the evolving challenges of our environment are met. By asking ourselves where we expect to be in the future as an organization, we will conclude that improvements can always be made. Below are just some of the areas we have aggressive initiatives supporting organizational improvement:

- Security Assistance Management Competency Based Curriculum – In addition to the SAM-CR training course and eLearning portal, we are pursuing a full-scale employee development program that will allow us to maintain the expertise of our business.
- Business Performance Improvement Implementation and Communication – We have developed procedures to help field-level personnel in pricing articles and services when responding to LORs. We are proactively working with our DFAS counterparts to reach consensus about the organizational roles and responsibilities that frequently cross organizations.
- Program Management – We have completed a “Net-Readiness Assessment” to identify program and technological disconnects and, as a result, are implementing two initiatives. The first is to develop and implement an eLearning portal for Air Force Security Assistance personnel to gain Internet-based training on crucial skills. The second is to design, develop, and implement a “Proof of Concept” web portal. In addition to moving forward on these two initiatives, the assessment has set the tone for increased capabilities of doing business via the Internet.
- Process Mapping – In order to improve our business processes, we must first understand them. We have documented all the significant Air Force Security Assistance processes at SAF/IA, AFSAC, and AFSAT as well as financial management processes throughout the Air Force performing activities. These documents are being reviewed and updated on a continual bases with a goal to automate as many processes as possible. This proactive action meets the overarching goals and concepts of DSCA and should continue to be refined to facilitate achievement of this improvement. Additionally, we are nearing the completion of two policy manuals used in day-to-day operations (AFMAN 16-101, *International Affairs and Security Assistance Management* and AFMAN 23-110, *USAF Supply Manual – Volume IX*).
- Case Closure – The importance of case closure has never been greater. We need to focus on eliminating closure as a process through training and continuous reconciliation. In the meantime, we are working diligently to clear the backlog of open Notice of Supply and Services Complete (NSSC) cases while meeting the increasing demands of our environment. One of the keys to successful case closure is persistent case management. Through several of our initiatives, we must embrace the paradigm shift towards cross-functional teams, knowledge sharing, process automation, and open communication.
- Communication and Distribution – The use of technology to improve communication and workflow distribution is necessary in today’s environment. Through web development, we have been able to provide accessibility to Air Force Security Assistance policies, processes, and other useful documentation to assist our people successfully complete their daily tasks.

The SAF/IA Web site is also used to communicate the Air Force Security Assistance Reinvention Process Action Team (PAT) goals, success stories, and primary activities.



# BUDGET

All budgetary items will be expected to be presented by both regular object class and by Core Function when DSCA issues the budget call (scheduled for 15 May 2001). During this first transition year, the crosswalk methodology used by the MILDEPs to translate object class to Core Function is left up to the discretion of the MILDEP. Suggested and/or accepted methodologies may be necessary in the future.

To compile the following quantitative information, the Air Force reviewed the activities correlated with the established Core Functions. From these activities, the commands determined what percentage of their budget was used to complete these activities (field input was also provided). FY02 and 03 were especially difficult to determine due to predicting whether or not percentages would remain the same or fluctuate. As stated previously, these estimates are not entirely accurate and may not be upheld in future reporting periods.

## Anticipated Programs and Activities Correlated to the Core Functions

Within the new PBB Cycle, we will begin to budget by a common language of Core Functions. The primary objective of PBB is the development of a budget process that links budgets to corporate strategy, planning, and performance measures for justification purposes. The key difference in this new PBB process is the use of the FMS Core Function approach. By doing this, one can determine the adequate level of resources needed for Security Cooperation programs and initiatives.

### Pre-LOR

Pre-LOR activities are defined as all efforts expended prior to receipt of a LOR. This includes responding to requests for information, performing materiel/technology transfer analysis, and completing customer requirements determination and definition.

**Figure 2  
Pre-LOR Estimates**

	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>AF Estimate (\$) Thousands</i>	<b>\$764</b>	<b>\$759</b>	<b>\$1,170</b>	<b>\$1,598</b>
Comments:				
<i>Percentage of Total</i>	1%	1%	1.5%	2%
85% Acquisition	\$649.19	\$645.52	\$994.59	\$1,358.16
2% Training	\$15.28	\$15.19	\$23.40	\$31.96
10% Sustainment	\$76.38	\$75.94	\$117.01	\$159.78
3% Services	\$22.91	\$22.78	\$35.10	\$47.94

### Case Development

LOA development activities are defined as all efforts required to process customer requests, and gather, develop, and integrate price and availability data for preparation of an LOA. These efforts continue from receipt of a customer's LOR through case preparation, staffing, and customer acceptance. Example activities are developing pricing data, preparing documentation, staffing and coordinating documentation, and performing congressional actions.

**Figure 3  
Case Development Estimates**

	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<b>AF Estimate (\$) Thousands</b>	<b>\$9,165</b>	<b>\$9,113</b>	<b>\$6,631</b>	<b>\$5,592</b>
Comments				
<i>Percentage of Total</i>	12%	12%	8.5%	7%
20% Acquisition	\$1,833.00	\$1,822.63	\$1,326.12	\$1,118.49
8% Training	\$733.20	\$729.05	\$530.45	\$447.40
60% Sustainment	\$5,499.00	\$5,467.90	\$3,978.36	\$3,355.46
12% Services	\$1,099.80	\$1,093.58	\$795.67	\$671.09

### Case Execution

Case execution activities are defined as overall coordination to initiate case implementation efforts required to conduct and execute case management, technical, logistical and financial support, training management, and the contractual efforts under acquisition and contracting.

**Figure 4  
Case Execution Estimates**

	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<b>AF Estimate (\$ Thousands)</b>	<b>\$46,589</b>	<b>\$46,325</b>	<b>\$50,705</b>	<b>\$54,327</b>
Comments				
<i>Percentage of Total</i>	61%	61%	65%	68%
30% Acquisition	\$13,976.63	\$13,897.57	\$15,211.37	\$16,297.97
10% Training	\$4,658.88	\$4,632.52	\$5,070.46	\$5,432.66
40% Sustainment	\$18,635.50	\$18,530.09	\$20,281.82	\$21,730.62
20% Services	\$9,317.75	\$9,265.05	\$10,140.91	\$10,865.31

**Case Closure**

Case closure activities are all actions required to perform final logistical and financial reconciliation, management of case closure program, and certifying lines and cases for closure.

**Figure 5  
Case Closure Estimates**

	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<b>AF Estimate (\$ Thousands)</b>	<b>\$6,874</b>	<b>\$6,835</b>	<b>\$7,801</b>	<b>\$8,788</b>
Comments				
<i>Percentage of Total</i>	9%	9%	10%	11%
30% Acquisition	\$2,062.13	\$2,050.46	\$2,340.21	\$2,636.44
10% Training	\$687.38	\$683.49	\$780.07	\$878.81
40% Sustainment	\$2,749.50	\$2,733.95	\$3,120.28	\$3,515.25
20% Services	\$1,374.75	\$1,366.97	\$1,560.14	\$1,757.62

**Other Security Cooperation**

Other Security Cooperation activities are 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 IMET, the Foreign Military Financing program (FMF), the grant EDA program, DCS, Section 1004 Counternarcotics, Presidential Drawdown, DoD Informational Program, International Narcotics Law Enforcement (INL), Aviation Leadership Program (ALP), and other programs as directed.

**Figure 6  
Other Security Cooperation Estimates**

	FY00	FY01	FY02	FY03
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<i>AF Estimate (\$) Thousands</i>	<b>\$3,055</b>	<b>\$3,038</b>	<b>\$3,120</b>	<b>\$3,196</b>
Comments				
<i>Percentage of Total</i>	4%	4%	4%	4%
5% Acquisition	\$152.75	\$151.89	\$156.01	\$159.78
20% Training	\$611.00	\$607.54	\$624.06	\$639.14
70% Sustainment	\$2,138.50	\$2,126.40	\$2,184.20	\$2,236.98
5% Services	\$152.75	\$151.89	\$156.01	\$159.78

***Business Sustaining***

Business sustaining activities are defined as efforts required in providing employee supervision, leadership, and guidance. This includes supervision/secretarial support, country program oversight, non-mission time activities, budget activities, manpower policy determination, and procedures.



**Figure 7  
Business Sustaining Estimates**

	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>
	<i>Actual</i>	<i>Planned Execution</i>	<i>Estimate</i>	<i>Estimate</i>
<b>AF Estimate (\$) Thousands</b>	<b>\$9,929</b>	<b>\$9,873</b>	<b>\$8,581</b>	<b>\$6,391</b>
Comments				
<i>Percentage of Total</i>	13%	13%	11%	8%
10% Acquisition	\$992.88	\$987.26	\$858.08	\$639.14
20% Training	\$1,985.75	\$1,974.52	\$1,716.15	\$1,278.27
65% Sustainment	\$6,453.69	\$6,417.18	\$5,577.50	\$4,154.38
5% Services	\$496.44	\$493.63	\$429.04	\$319.57

## Above Target Needs

Because DSCA works within a constrained budget environment, there are certain essential baseline priorities that must be included in our budget to ensure that current levels of service are sustained.

The major anticipated above target need for the Air Force is the AFSAC "Quality of Life" initiative. Most importantly, AFSAC is a dedicated organization which is in direct support of the Security Cooperation community. This requirement will provide AFSAC with the appropriate resources in order to improve current personnel facilities. The proposed project consists of facility renovations, furniture replacements, computer/network stabilization, and carpet replacement:

- Furniture – \$2.2 M (\$740K over three years)
- Communication/Computer Upgrades – \$1.3M
- Facilities – \$1.9M (major repairs to restrooms, lighting, HVAC, electric, and plumbing)

The need cannot be met within the Air Force target due to the aggregated investment required (approximately \$5M), and requires incremental funding through FY04. Impacts beyond FY02 include:

- Furniture – Over 18 years old, hard to find replacement parts, and seating is aged over 12 years.
- Communications/Computer – Wiring outdated, phone system old and expensive to support, majority of the computers are over four years out-dated, and network compliance issues. Facilities – One building is condemned, all restroom facilities need replacing (broken tile, pipes, non-working sinks, no ventilation), electrical wiring brittle, potential safety hazards identified, and inability to control temperature consistency.

## **OUT-YEAR COMMENTS**

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The Air Force has identified some out-year challenges and issues that will be making an impact in the foreseeable future. The following are some examples of upcoming milestones within the Air Force FMS community:

### **FY03**

- The Air Force will begin full implementation of education, training, and career development to combat against our aging workforce.
- DSAMS Releases 7 and 8 for training community will impact AFSAT. It is essential to maintain continuous communication with AFSAT to try to alleviate this impact.
- More lateral recruiting is necessary due to the short amount of time we have before our workforce begins its decline from retirements.

### **FY05**

- Retirements will begin to negatively impact workload.
- Changes to DoD financial systems will affect specific Air Force systems. These changes need to be done in such a way to allow the systems to integrate smoothly.

## CONCLUSION

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The Air Force is committed to both the PBB process and full PBC implementation. We will not reach the required PBB end-state without full implementation of PBC. By gaining visibility of the resources, activities, and cost drivers in our FMS environment, PBC will drive a better understanding of the actual cost of doing business. It will also allow for better justification for funding.

The Air Force believes PBC will ultimately change the way we cost cases. Our desired outcome from embracing PBB and PBC is to be able to charge fees that are directly associated with the activities and functions our customers request.