



# USTRANSCOM



## Module 2 – Lesson 204, Transition Responsibilities/Fiscal Challenges

Together, we deliver.



# Overview/Objectives



The intent of lesson 204 is to provide instruction on:

- Basic appropriation rules
- Anti-Deficiency Act
- Major fund categories
- Plans, Programs, Budget, and Execution (PPBE) Overview
- Transition Responsibilities/Opportunities

Together, we deliver.



# Basic Rules



- Congressional appropriation of funds to a Federal agency imposes limitations on their use
- These restrictions give appropriated funds their “color”
- Color of money is distinguished by three elements of legal availability, all three must be observed for the obligation or expenditure to be legal
  - Purpose
  - Time
  - Amount

Together, we deliver.



# Purpose



- Public funds must be used only for the specific purpose that Congress intended
- Title 31, U.S.C., section 1301, states:  
“Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law”
- Example - the Air Force uses its aircraft appropriation to buy tanks for the Army – This violates the purpose rule

Together, we deliver.



# Time



- All funds must be obligated within the period of availability (e.g., 1 year for O&M and TWCF, 2 years for RDT&E and 5 years for construction)
- Appropriated funds can only be obligated for bona fide (i.e., legitimate) needs of the period of availability for which the appropriation was made
- When traveling, it is best practice to pay for travel using current year appropriated funds; however, legally one can use FY15 RDT&E funds to pay for FY16 travel since we have two years to obligate RDT&E funds (i.e., this would not be a bona fide need violation)

Together, we deliver.



# Amount



- There are restrictions and limits on the amount available for expenditure
- The amount appropriated by Congress for any specific purpose and period may not be exceeded
- This rule is straightforward: to obligate or spend more money than Congress allowed for a specific project/program is unlawful

Together, we deliver.



# Anti-Deficiency Act



- The Anti-Deficiency Act serves as the primary foundation for the Government's administrative control of funds. The law prohibits:
  - Obligating funds in any appropriation in excess of the amount available in that appropriation
  - Involving the Government in any contract or other obligation for the payment of money in advance of the appropriation made for such purpose, unless otherwise authorized by law
  - Accepting voluntary services for the United States, or employing personal services in excess of that authorized by law, except in emergencies involving the safety of human life or the protection of property
  - Making obligations or expenditures in excess of an apportionment or reappropriation in excess of the amount permitted by agency regulations

Together, we deliver.



# Major Fund Categories



- **Operations and Maintenance (O&M)** – Training, supply, and equipment maintenance of military units and the administrative support and facilities infrastructure of military bases
- **Transportation Working Capital Fund (TWCF)**
  - Operating – Used for funding management, oversight, consumable materials, or capital purchases < \$250K
  - Capital – Used for material purchases > \$250K
- **Procurement** – funds the cost for prime mission equipment (i.e., aircraft, ships, missiles, etc.), support items, initial spares, etc.
- **Military Construction (MILCON)** – Funds to pay for buildings
- **Research, Development, Test, and Evaluation (RDT&E)** – funds activities for development of new systems or to expand performance of fielded systems (must obligate funds within two years and fully expense funds within five years)
- **Military Personnel (MILPERS)** – Funds for military pay

Together, we deliver.



# Plans, Programs, Budget, and Execution (PPBE) Overview



- PPBE, formerly known as the Planning, Programming, and Budgeting System, was implemented through Management Initiative Decision (MID) 913 (Implementation of a 2-Year Planning, Programming, Budgeting, and Execution Process) in May 2003
- Deputy Secretary of Defense (DEPSECDEF) implemented the PPBE to increase the effectiveness of the Planning, Programming, and Budgeting process. The 2-year cycle will guide DOD's strategy development, identification of needs for military capabilities, program planning, resource estimation and allocation, acquisition, and other decision processes.
- A comprehensive process that determines distribution of DOD funding resources. PPBE involves DOD, Congress, and the executive branches of Government. The complete planning cycle takes two years and encompasses numerous subcomponents such as the Integrated Priority List (IPL), Chairman's Program Recommendation (CPR), Joint Planning Guidance (JPG), POM/BES, and the Chairman's Program Assessment (CPA).

Together, we deliver.



# PPBE General Phases



- **Planning**
- **Programming**
- **Budgeting**
- **Execution**

Together, we deliver.



# Planning



- Planning examines the military posture of the United States in light of national security objectives and resource limitations
- Primary function of the planning phase is to collect intelligence on military capabilities and political intentions of foreign nations; evaluate the threat to our national security; develop strategies to meet the threat; and devise force levels to support the strategies

Together, we deliver.



# Programming



- Programming starts with the issuance of the Biennial Program Objective Memorandum (POM). This phase matches dollars to requirements. Programming establishes the allocation of dollars and introduces other resource constraints, such as personnel. Programming inputs are broken down into 11 major force programs: strategic forces; general purpose forces; command, control, communication, and space; mobility forces; Guard and Reserve forces; research and development (for the Army, the Navy, the Air Force and various Defense Agencies); central supply and maintenance; training, medical and other general personnel activities; administration and associated activities; support of other nations; and special operations forces.
- OSD, along with the Joint Chiefs of Staff, Combatant Commanders, and the Services, determine the constrained mix of assets that best satisfies the defense posture expressed in the planning documents and accomplished in the Biennial POM. A Program Decision Memorandum (PDM) is issued to summarize this phase of the process.

Together, we deliver.



# Budgeting



- Budgeting fits the force requirements into the resources available
- A Biennial Budget Estimate Submission (BES) is built concurrently with the biennial POM and refined by Resource Management Decisions (RMDs)
- This phase culminates in the President's Budget

Together, we deliver.



# Execution



- Execution provides the opportunity to make assessments concerning current and previous resource allocations and whether the DOD achieved its planned performance goals
- If goals are not met recommendations may be made to replace that program with alternative solutions or to make appropriate funding adjustments to correct resource imbalances
- Program and budget change proposals seek to adjust allocations or resources in order to achieve desired performance goals

Together, we deliver.



# Transition Responsibilities



- It's the PC's responsibility to identify the transition path (i.e., Program of Record (POR), GSA catalogue item, etc.) at project inception
- The PC must identify how their program will fit into the POM cycle and ensure they both mesh well
- The PC has to confirm that their projects transition and sustainment is budgeted for across the Fiscal Year Development Plan (FYDP)
- Even if a POR is identified from the outset, the PC must shepherd the POR through the RDT&E process and cultivate the relationship

Together, we deliver.



# Summary



- You should now have a fundamental understanding of:
  - Basic Appropriation Rules
  - The Anti-Deficiency Act/Bona Fide Need
  - Major Fund Categories
  - PPBE Overview
  - Transition Responsibilities/Opportunities

Questions or Additional Information, Call the RDT&E Team at  
618-220-4337

Together, we deliver.