



Actual Obligation Rates Versus Comptroller Projected Obligation Rates

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Research Objective

Goal: to assess the reliability and accuracy of Department of Defense (DoD) *Comptroller projected obligation rates*.

How:

- Assess the projections' consistency with other DoD program metrics
- Identify trends in the projections' accuracy across different accounts
- Attempt to isolate factors that may influence the formulation and accuracy of the projections

Comptroller Projected Obligation Rates

FINANCIAL
SUMMARY
TABLES



Comptroller Projected Obligation Rates
(DoD Financial Summary Tables)

	Month	RDT&E		Procurement		O&M		MILCON	
		Obl.	Exp.	Obl.	Exp.	Obl.	Exp.	Obl.	Exp.
First Year of Availability	Oct	7.5%	4.6%	6.7%	N/A	8.3%	6.3%	5.4%	1.2%
	Nov	15.0%	9.2%	13.3%	N/A	16.7%	12.5%	10.8%	2.3%
	Dec	22.5%	13.8%	20.0%	N/A	25.0%	18.8%	16.3%	3.5%
	Jan	30.0%	18.3%	26.7%	N/A	33.3%	25.0%	21.7%	4.7%
	Feb	37.5%	22.9%	33.3%	N/A	41.7%	31.3%	27.1%	5.8%
	Mar	45.0%	27.5%	40.0%	N/A	50.0%	37.5%	32.5%	7.0%
	Apr	52.5%	32.1%	46.7%	N/A	58.3%	43.8%	37.9%	8.2%
	May	60.0%	36.7%	53.3%	N/A	66.7%	50.0%	43.3%	9.3%
	Jun	67.5%	41.3%	60.0%	N/A	75.0%	56.3%	48.8%	10.5%
Second Year of Availability	Jul	75.0%	45.8%	66.7%	N/A	83.3%	66.7%	66.7%	10.5%
	Aug	82.5%	50.4%	73.3%	N/A	91.7%	66.7%	66.7%	10.5%
	Sep	90.0%	55.0%	80.0%	N/A	100.0%	75.0%	75.0%	10.5%
	Oct	90.8%	57.9%	80.8%	N/A	100.0%	75.0%	75.0%	10.5%
	Nov	91.7%	60.8%	81.7%	N/A	100.0%	75.0%	75.0%	10.5%
	Dec	92.5%	63.8%	82.5%	N/A	100.0%	75.0%	75.0%	10.5%
	Jan	93.3%	66.7%	83.3%	N/A	100.0%	75.0%	75.0%	10.5%
	Feb	94.2%	69.6%	84.2%	N/A	100.0%	75.0%	75.0%	10.5%
	Mar	95.0%	72.5%	85.0%	N/A	100.0%	75.0%	75.0%	10.5%
Second Year of Availability	Apr	95.8%	75.4%	85.8%	N/A	100.0%	75.0%	75.0%	10.5%
	May	96.7%	78.3%	86.7%	N/A	100.0%	75.0%	75.0%	10.5%
	Jun	97.5%	81.3%	87.5%	N/A	100.0%	75.0%	75.0%	10.5%
	Jul	98.3%	84.2%	88.3%	N/A	100.0%	75.0%	75.0%	10.5%
	Aug	99.2%	87.1%	89.2%	N/A	100.0%	75.0%	75.0%	10.5%
	Sep	100.0%	90.0%	90.0%	N/A	100.0%	75.0%	75.0%	10.5%

OSD Rule-of-Thumb Obligation Rate Benchmarks
(Colors of Money)

PROGRAM	YEAR	FY 2014	FY 2015	FY 2016	FY 2017
APPROPRIATION ACCOUNT					
PROCUREMENT					
Aircraft Procurement, Army	2014	64.44	25.00	10.56	
	2015		64.44	25.00	10.56
Missile Procurement, Army	2014	82.01	14.48	3.51	
	2015		82.01	14.48	3.51
Procurement of W&TCV, Army	2014	50.43	34.61	14.96	
	2015		50.43	34.61	14.96
Procurement of Ammunition, Army	2014	74.06	18.41	7.53	
	2015		74.06	18.41	7.53

Methodology

1. Identify trends in the projected obligation rates
 2. Compare projections to the OSD benchmarks
 3. Compare actual obligation rates to the OSD benchmarks
 4. Calculate the average error between the projected and the actual obligation rate
- Initial analysis 18 assessed procurement accounts; excluded SCN and several others

Trends in Comptroller Projected Obligation Rates

2031A	Aircraft Procurement, Army					
		2018	64.44	25.00	10.56	
		2019		64.44	25.00	10.56

	Aircraft Procurement, Army					
		2016	64.44	25.00	10.56	
		2017		64.44	25.00	10.56

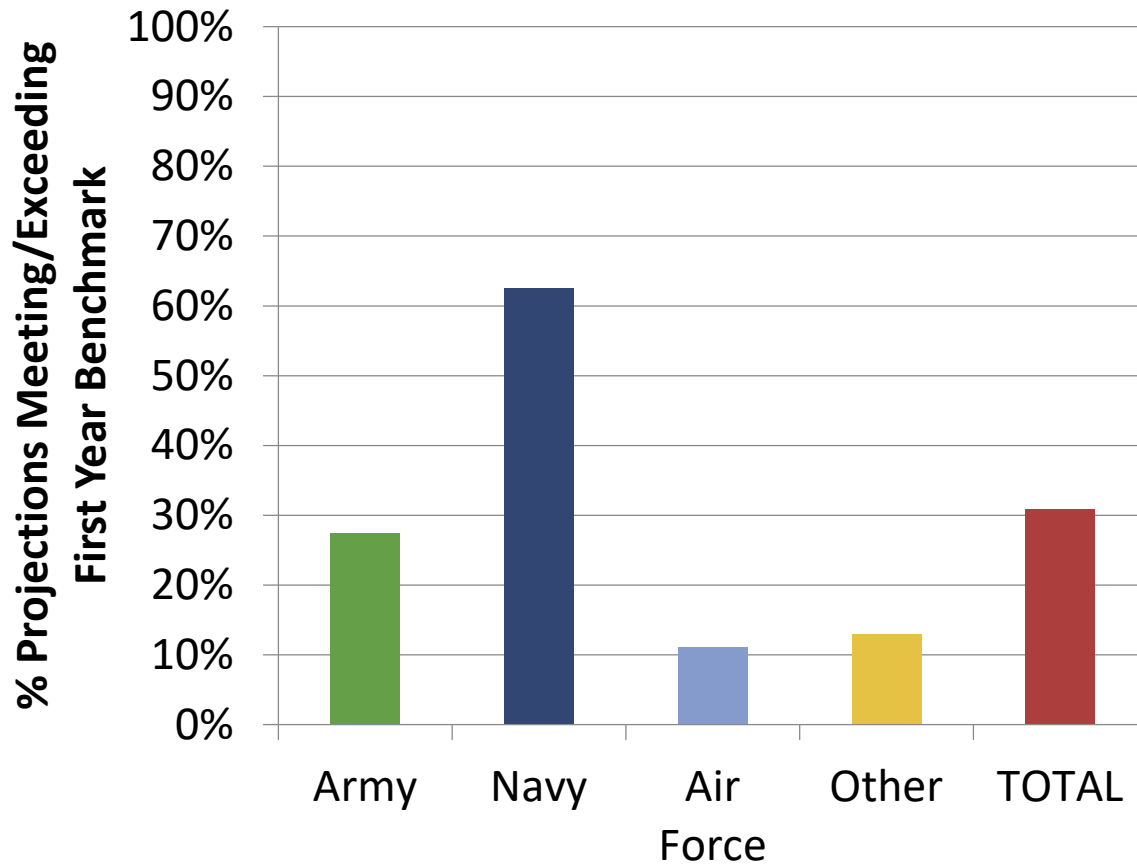
	Aircraft Procurement, Army					
		2016	64.44	25.00	10.56	
		2017		64.44	25.00	10.56

	Aircraft Procurement, Army					
		2015	64.44	25.00	10.56	
		2016		64.44	25.00	10.56

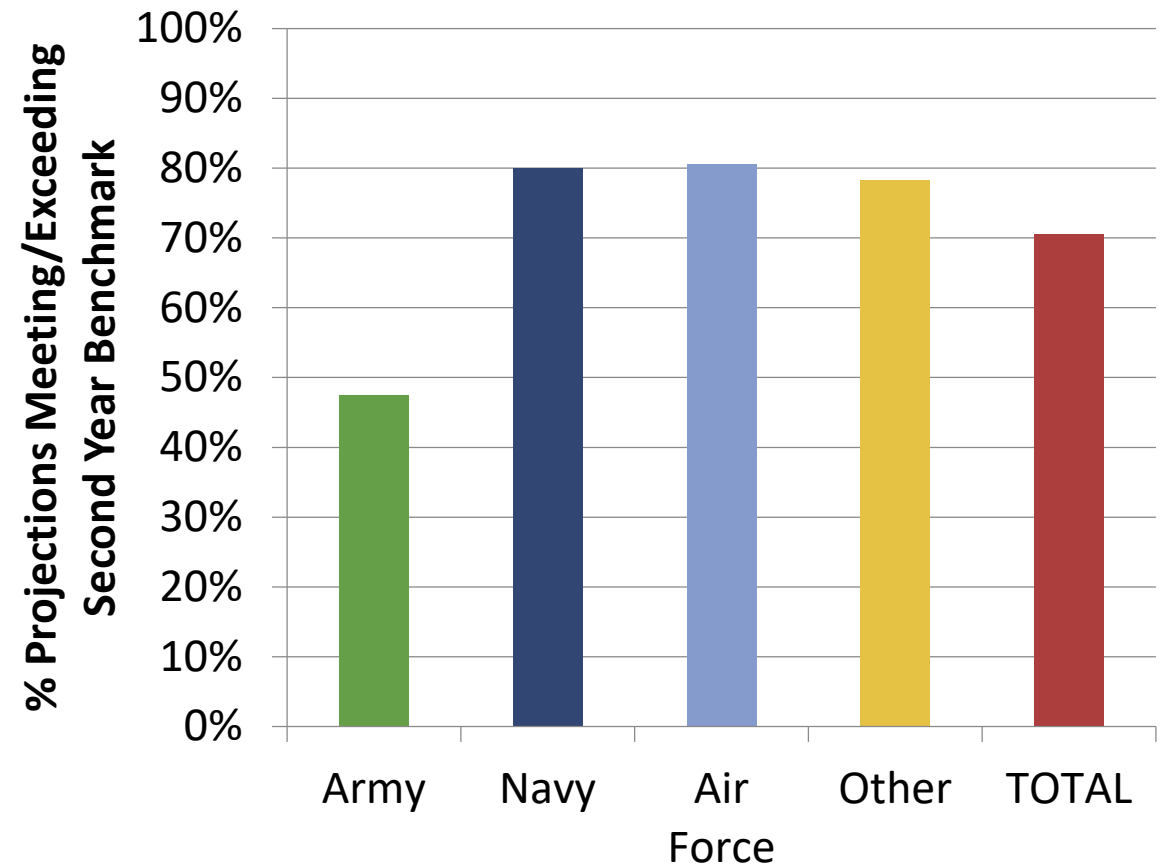
	Aircraft Procurement, Army					
		2014	64.44	25.00	10.56	
		2015		64.44	25.00	10.56

Lack of alignment between Projected Obligation Rates and OSD Benchmarks

Comptroller Projected Obligation Rates for Procurement Accounts vs. OSD Benchmark for First Year (80%)

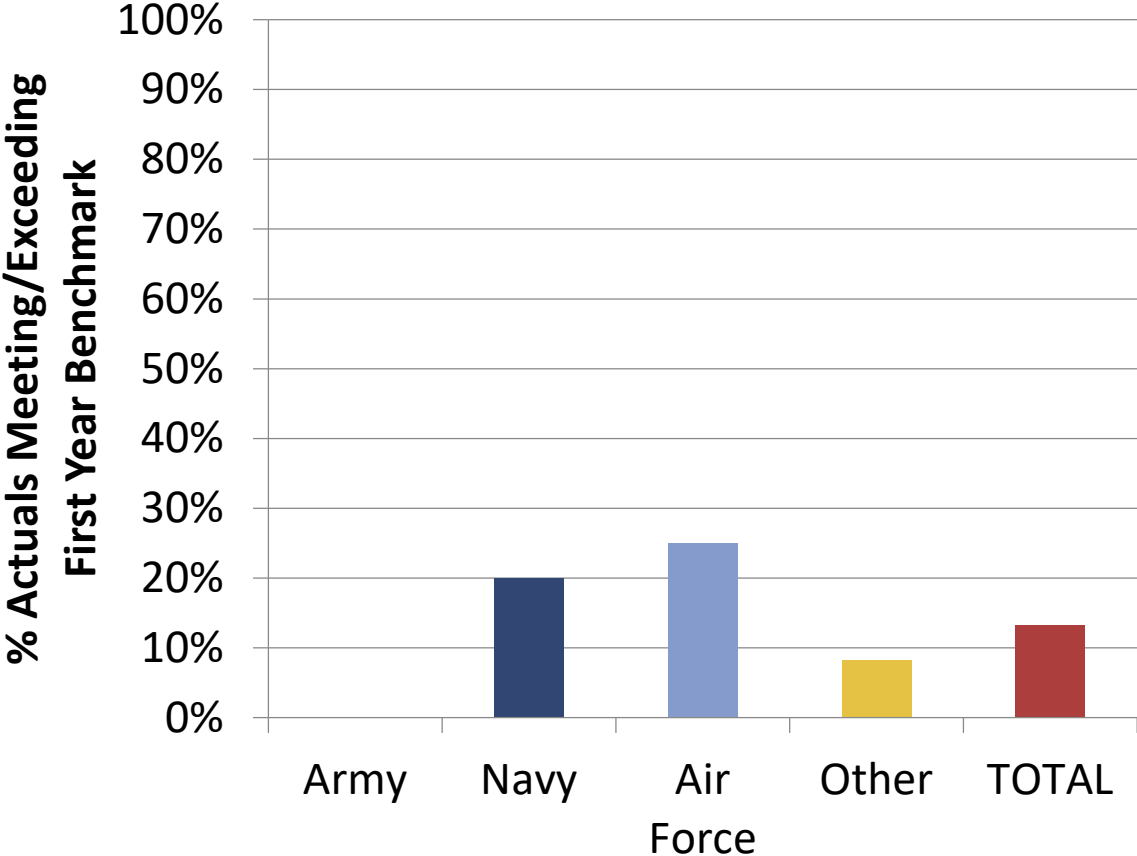


Comptroller Projected Obligation Rates for Procurement Accounts vs. OSD Benchmark for Second Year (90%)

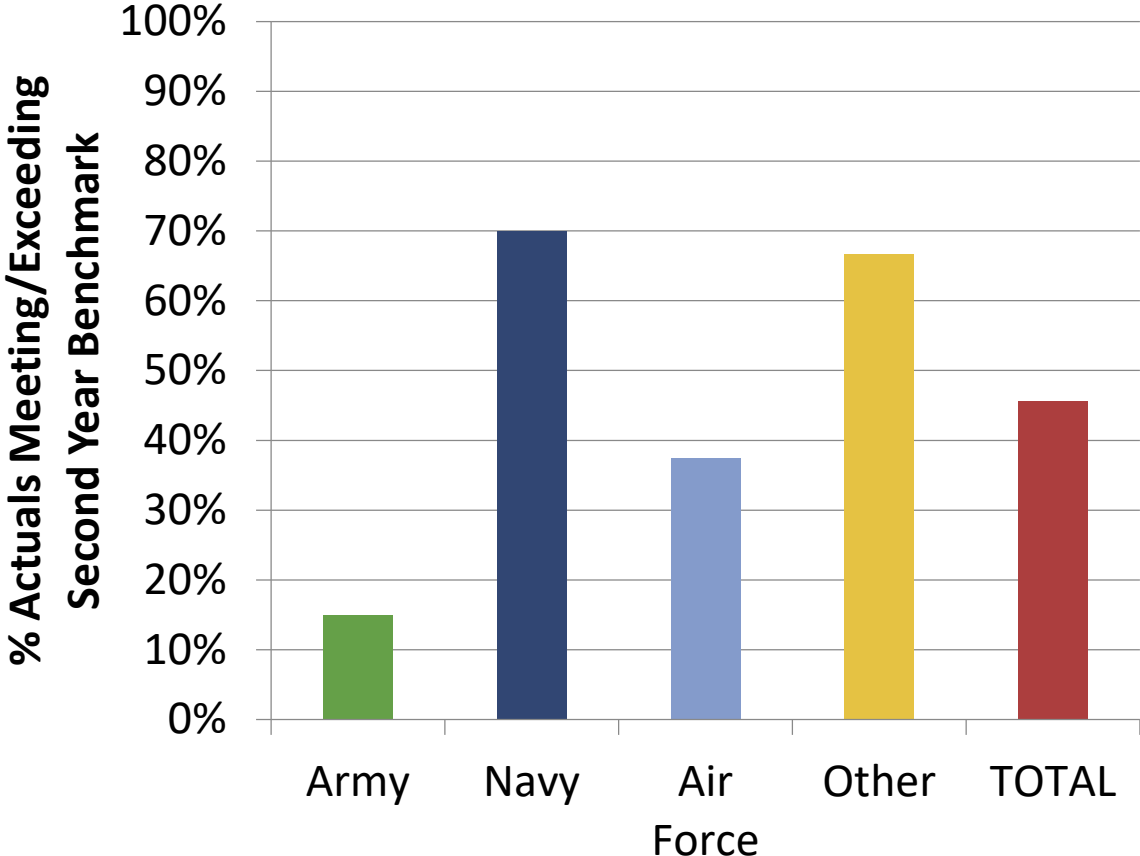


Actual Obligation Rates fail to meet OSD Benchmarks for first year

Actual Obligation Rates for Procurement Accounts vs. OSD Benchmark for First Year (80%)

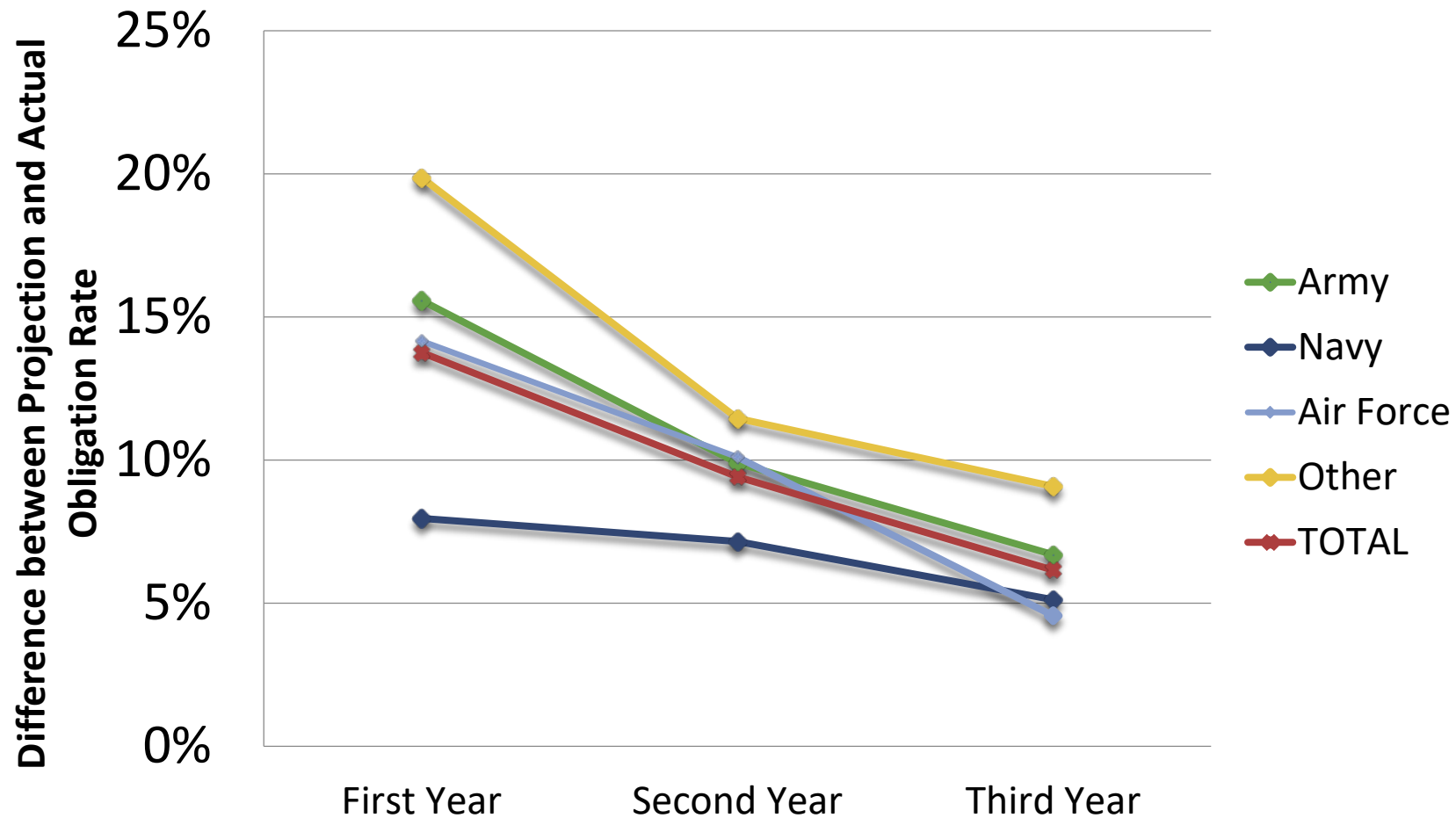


Actual Obligation Rates for Procurement Accounts vs. OSD Benchmark for Second Year (90%)



Error in the Projected Obligation Rates

Average Difference Between Projected and Actual Obligation Rate by Department



Key Findings

- Projected obligation rates at the account level stay fairly consistent over time, despite changes to programs and account funding.
- Just over half of the projected obligation rates for the first and second year of funding availability meet or exceed the corresponding execution benchmarks.
- The majority of actual obligation rates fail to meet the benchmarks.
- Greatest error between the projections and actuals is in the first year; degree of error varies by military department.

Future Research Priorities

- Expand research scope to include RDT&E and MILCON accounts.
- Expand time frame of analysis to include projected obligation rates prior to 2012.
- Interview projected obligation rate owners in the Comptroller's office.

Questions?

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