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No Mysteries, Please



Budgeting for Army acquisition programs is both art and science, in which clarity and consistency set the tone for success.

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If every program has a story, mystery is never the genre of choice.

Taking an Army acquisition program budget from concept to reality is a complex undertaking. The vision may be simple, but the potential plot twists are numerous when you factor in the number of programs involved (more than 600) and the thousands of people involved (in the 13 program executive offices (PEOs), the Pentagon and Congress, but who's counting?)

It's a process that doesn't tolerate abstractions well, said Lt. Col. Stephen Miller, who until his recent reassignment worked on budget planning and execution for the deputy assistant secretary of the Army (DASA) for plans, programs and resources (PPR). A fair amount of horse-trading goes into every DOD budget—albeit at the higher levels of authority—before it goes from the Pentagon to the White House for inclusion in the president's budget submission to Congress. And you can't make trades without knowing what you have to gain or lose.

Miller, who served as a program management functional area officer in a broadening assignment with the DASA PPR, had a pivotal role in developing the next budget for the assistant secretary of the Army for acquisition, logistics and technology (ASA(ALT)) and executing the spending appropriated in the previous year.

As part of the first half of his role, he worked on the “J-books” that PEOs submit to ASA (ALT) to justify why they need the money they want the Army to request from Congress. (The “j” is for “justification,” but more on J-books shortly.) There are definitely right ways and wrong ways to explain why Congress should spend taxpayer dollars to support a program, according to Miller and others within ASA(ALT) who have been assigned to synchronizing the budget process and executing expenditures.

Programs are categorized according to expense, with acquisition category (ACAT) I being the most expensive and ACAT IV being the least. But it doesn’t matter whether a program is ACAT I or ACAT IV, Miller said; all acquisition programs go through the exact same process to get funding.

“Each system has its own place in the Army and in the requirements,” explained Lt. Col. Anthony Passero, financial synchronization officer for the DASA PPR. “Just because you’re in an ACAT III or an ACAT IV program doesn’t mean you’re at risk of not being funded. So it’s all about how well you do your staff work and how well you write your justification.”

THE PLAYBOOK

It helps at this point to understand who the major players in the process are, and their order of appearance.

The program management offices develop J-books for the PEOs, who then submit them to ASA(ALT) and the Army Budget Office, where the staff compiles them. The Office of the Secretary of Defense reviews the J-books, then sends them back to the budget office and then to ASA(ALT) for revisions before submitting the Army’s request as part of DOD’s budget submission to the president’s budget request.

Simultaneous with this process, senior defense leaders are testifying at formal hearings on Capitol Hill about Army budget priorities, as well as discussing them in informal meetings with legislators and staffers. And, within the Pentagon, the PEOs are meeting with ASA(ALT) leadership to brief them on their programs’ plans and progress.

Until last year, the deputy chief of staff, G-8 (programs) and the AAE co-chaired the equipping group, and the G-4 (logistics) and AAE co-chaired the sustaining group. Army Chief of Staff Gen. Mark A. Milley inserted the commanders into the co-chair seats starting in FY19, a change that makes them both more involved in budget decisions and more accountable for them.

By virtue of its role as co-chair of the equipping group, for example, Army Futures Command channels the spending priorities that have been formally reviewed and set in conjunction with its eight cross-functional teams into the Army's budget request.

Contrary to what one might expect from the budget process, most of the actual horse-trading happens at a higher level inside the Pentagon during a separate but related process to develop the five-year program objective memorandum, well before the Army's budget request goes to Congress. The program objective memorandum is the primary document on which the services base decisions on program scope and spending, with supporting information on missions, objectives and alternatives.

The National Defense Authorization Act for Fiscal Year 2016 brought about a major shift in how these trades take place. Previously, the chief of staff delegated the verification of requirements to the deputy chief of staff, G-3 (operations and plans). With the passage of the legislation, Milley reinvigorated the approval process with the direct involvement of his office and the vice chief's.

"Now you've got the deep dives by the chief of staff of the Army. And so the horse-trading is done by him," said Passero, who shepherds the budgeting and executes spending for combat systems and Soldier equipment through the program objective memorandum cycle. "He's got all the information he needs ... and he does the horse-trading," asking the G-3 such questions as, why are we still pursuing this capability? Is this a valid need? To which the G-3 might respond, no, and recommend putting the money elsewhere; or the answer might be, we don't need this many, our force structure has changed since the acquisition plan started.

"So there's renewed energy at finding effectiveness in how we spend our money," Passero said.

The negotiating typically continues, to a lesser extent but also at a high level, on Capitol Hill after Congress has received the president's budget submission, which usually happens in February, but not always. "Sometimes a general will be sent to the Hill to do a

little horse-trading or explaining,” Miller explained. For example, “[Lt.] Gen. [Paul A.] Ostrowski [principal military deputy to the ASA(ALT)] carries a lot of the mail on priorities.”

If senior Army leadership holds sway in the development of the [program objective memorandum](#), where does the power reside in determining which Army acquisition programs should receive what money in DOD’s budget request? Miller listed the five most powerful entities in his view:

- ASA(ALT), represented primarily by John Daniels, the DASA PPR.
- The Army Budget Office, headed by the deputy assistant secretary of the Army for budget in the Office of the Assistant Secretary of the Army for Financial Management and Comptroller.
- The Force Development and Program Analysis and Evaluation directorates under the deputy chief of staff, G-8. Force Development has a leading role in developing the five-year program objective memorandum to support the fighting force and the capabilities it needs in the near, mid and far term. Program Analysis and Evaluation’s self-described role focuses on setting priorities and supporting their funding.
- The Office of the Secretary of Defense (OSD), specifically its Office of Cost Assessment and Program Evaluation (CAPE). After ASA(ALT) crafts its budget request during the summer and fall, it sends the request through the Army Budget Office to CAPE, whose issue teams look at all the requests from across the military services to see how the services’ budgets reflect the priorities of the secretary of defense. Those priorities drive the “directed changes”—budget revisions, typically in the nature of, “You’re going to pay more for this, less for that, give up some money to pay OSD bills,” Miller explained—that go back to the services in November and December.

INSIDE THE J-BOOK

A good J-book is way more than a USA Today article, but way less than “War and Peace”—and typically nowhere near as riveting, though an engaging narrative can only help a program’s chances of approval. Technically a compilation of what are known as “procurement and R&D forms,” the J-book justifies to Congress why a program needs the money that the PEO and, in turn, ASA(ALT), is asking for. “J-books lay out descriptions of

what the program does, its accomplishments over the prior year, its plans for next year,” Miller said. “They typically include a schedule.”

Within the pages of the J-book, which collectively is the bedrock of the Army’s budget request, is where a program and its managers have an incomparable opportunity to shine. A J-book can be three to four pages long, or 30 to 40 pages, Miller said. Length is less important than scope and relevance.

He advised acquisition professionals to “ensure that their justifications are well-thought-out, well-timed and consistent year to year. A justification needs to be a stand-alone product” that a Hill staffer can look at, understand without needing to refer to other documents, compare to previous years’ justifications and see “transparency and consistency,” Miller said. The question acquisition professionals should ask themselves, as they explain why they need the money they’re requesting, is, “Am I telling Congress the same story I told last year, and if not, am I telling them why?”

“The staff that are going to review this are really looking at, is the Army doing what they said they were going to do? Has something changed from what they said they were going to do?” Miller said. “And is what they’re doing the most responsible and effective way to do it, as opposed to just going out and burning cash, throwing good money after bad?”

For Passero’s part, “The one thing that I would want the Army Acquisition Workforce as a whole to understand is that they do send out valid requirements, but not all those requirements can be resourced.” When they’re crafting their justification for what they want, “it’s a writing contest—what you say influences senior leaders. So if you can craft your story better than other people, you’re probably going to get funded, right?”

“One, you want to make sure the operational need is there. ... We, at ASA(ALT), don’t make up the requirements. The operational need is supposed to be given to us from the G-3 and G-8. And so you just want to make sure that when you’re writing your justification, you’re thinking in line with the operational need.”

To which Lt. Col. Raymond Yu, a fellow financial synchronization officer, added that, in addition to covering what the operational need is, “We, as the materiel developers, [need to] explain how what we are pursuing gets after that operational need in the most timely, effective and resource-responsible methods.”

There's also the need to maximize the Army's buying power, said Maj. Scott M. Davis, also a financial synchronization officer with DASA PPR. "The ability to prioritize and trade to protect that [budgeted money] is key, especially considering that it's a fixed amount of money inside the DOD budget, which means sometimes other services or OSD would like to pay their bills out of our dollars if possible.

"Congress has a fixed amount of dollars they have to manage, and they have special interests that they want to look at funding as well. So the key thing [program managers] need to know [is] if you're unable to execute those dollars ... don't hesitate to offer them back to the Army. The Army can use them wisely and then work within the appropriate [fiscal] cycles to get that money back when you do need it or can execute it. We'd rather the Army take the money than OSD or Congress."

PROGRAMS ON PARADE

If there is a muse to guide the preparation of something as dry as a J-book, it might be the congressional staffer.

In making decisions on the Army's program funding requests—in the case of ASA(ALT), mostly procurement and research and development dollars, as opposed to the operations and maintenance dollars that make up the bulk of a U.S. Forces Command unit, for example—Congress dissects them down to "a very fine level of detail: which widgets, why, how many and with what parts: how many dollars on part A of the widget, how many on part B," Miller explained. That is in contrast to the budgeting and distribution of operations and maintenance funds, whereby the Army organization requesting funds for operational training says more simply, "We're doing training" and Congress assigns resources for training.

Leading this dissection process are the staffs of the key defense committees and subcommittees charged with authorizing DOD programs and approving specific funding amounts for them. Capitol Hill staffers "do the vast majority of the legwork, face time and bill-writing," Miller said.

In April, after the president has sent the budget request to Congress, Hill staffers take part in "DASC parades," trooping over to ASA(ALT), where Department of the Army system coordinators brief them on the budget requests in their areas of oversight. (More on DASCs shortly.) The briefings are by request; not every budget line merits a meeting with Hill staffers of the authorization or appropriations committees, Miller said. Typi-

cally the DASCs brief ACAT I programs and any ACAT II, III or IV programs of particular interest to Congress. The justification for other programs relies solely on the J-book; hence the need for stand-alone documentation.

The 100 or so DASCs, each of whom reports to one of seven directors under the ASA (ALT)'s deputy for acquisition and systems management, make ASA(ALT)'s case for why a program needs support, while the Hill staffers listen and ask questions. The staffers know the legislators' priorities and how they are likely to decide on a particular program, which guides their questions and discussion. They tend to "focus a lot on what's changed from the previous year's request," Miller said.

A single DASC, whether military or civilian, might be responsible for two or three ACAT I programs, or a basket of ACAT II and III programs, serving as the program expert for those programs in the Pentagon and the liaison between ASA(ALT), the program, the various Army staff and secretariat sections. As such, they are attuned to the budget process, the G-8 for the program objective memorandum process, and G-3 and G-8 for requirements, and are intimately familiar with the who, what, why, when, where and how of spending requests.

The focus of the DASA PPR, by contrast, is more strategic in terms of understanding the Army's message and how a program ties into the overarching Army strategy or the Army plan.

In addition to the DASCs leading the briefings, program managers at the O-6, or colonel, level may participate in the DASC parades, along with representatives of the G-8, the Army Budget Office and now the cross-functional teams of Army Futures Command.

"The thing that makes DASC parades successful is explaining changes proactively and being consistent year to year," said Miller, a former DASC. "The DASCs who run into problems are the ones who try to gloss over changes" from a previous justification for the same program. "So identify that change in the justification document, explain that change and tell them why this is in the best interest of the Army and of the taxpayer to make that change."

"Transparency is key, trust is key," said Maj. Jeffrey Sacks, a former DASC and currently a financial synchronization officer. "Those are probably the biggest things that [members of Congress] look for, and clarity as well. Once you lose trust and try to hide money and are not forthcoming, it can snowball into a really negative thing." Yu added, "It's not

really just trying to hide. It's [that] if we do a poor job of explaining change or explaining why something increased or why something decreased, then it looks like we're trying to hide something. And they're going to ding us by default."

"The popular phrase here in the building is, 'Mysteries are a bill-payer,' " Miller said. Bill-payers are programs whose resources are diverted to pay for other programs. "If you create a mystery for an appropriator, they're going to take your money and pay for something else."

"That holds true at the OSD and the Army level, too," said Sacks.

ASA(ALT) encourages members of the Army Acquisition Workforce to learn more about writing effective J-books through workshops that bring together former congressional staff members and acquisition professionals to train the latter in delivering the kind of program justification that Congress is looking for.

The idea is to "think like an authorizer, think like an appropriator," Sacks said. "If I do that, then theoretically that's going to help me write, because I know what they're looking for. There are no magic words that you're going to put in the justification document per se that are going to get you the money. ... But we can do a better job at it."

Materials for the workshops are on [ASA\(ALT\)'s knowledge management website](#), accessible with a common access card. "Whenever PEOs want to do it, they can do that. But we're trying to do it on an annual basis." The ideal time is in July, to sync with the budget cycle, Sacks said.

THE FACE OF REFORM

"The Army's changing. The Acquisition Corps is changing," said Sacks. "We're doing a lot of reform initiatives and trying to get after providing the capability to the warfighter in a more cost-efficient and expedited manner."

The Army Budget Office and ASA(ALT) are examining how they can improve the budget process, notably the preparation of J-books. "Other than AFC's [Army Futures Command's] injection and some of the chief's hand in the process, we're really executing the same PPB&E [planning, programming, budget and execution] process we've executed for years," Miller said.

Contributing to the push for reform is the Section 809 Panel, established by Congress in the FY16 National Defense Authorization Act. The 16-member panel has since published an interim report and a three-volume final report, containing a total of 98 recommendations “aimed at changing the overall structure and operations of defense acquisition both strategically and tactically,” according to the panel’s website.

The most recent volume, released in January, summarizes the panel’s recommendations, including a section on the budget with 13 recommendations “to reduce inefficiency and dysfunction in the defense acquisition system’s budget formulation and appropriations processes,” such as “empowering DOD managers to reallocate resources between programs as needed; flowing down decision authority to the lowest possible levels; eliminating or mitigating some of the perverse incentives that exist in fiscal law; and mitigating the harmful effects of late funding on DOD acquisition programs.”

In the end, “the general public needs to know that we’re being good stewards of their money,” Davis said.

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