The Transportation Balance

A Study of the Transportation Budgeting Process

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Abstract

This study analyzes the way the Department of Defense currently funds the Defense Transportation System (DTS). The central question that this study attempts to answer is does the current decentralized, service-centered, budgeting process optimize national mobility capabilities or would centralized budget authority, under United States Transportation Command (USTRANSCOM), offer greater potential for balancing mobility capabilities and requirements?

To answer this question this study examines the current process employed to maintain the DTS and comparing the current system to one possible alternative: US Transportation Command Budget Authority. The study accomplishes this by first describing the objective of the budgeting process, which is to balance limited lift capabilities against demanding requirements, and follows this description of the "transportation balance" with a brief description of the DTS. The study continues with an analysis of the current process used to support the balance of this DTS. This analysis includes a study of the planning, programming, and budgeting system (PPBS) from both the Navy and Air Force perspective and the impact this system has on the transportation system. After the study of the PPBS this study describes the Joint Requirement Oversight Council and its influence on the DTS. This study then describes one alternative to the current process and its potential for maintaining the transportation system in balance. The proposed alternative grants USTRANSCOM budget authority for Major Force Program 4 airlift and sealift program elements. After the description of the proposed alternative budgeting system this study examines US Special Operations Command budget authority and its' affect upon the Special Operations Mission. This study then examines examples of USTRANCOM's limited budget authority.

This study concludes by saying that the proposed process could more effectively support the DTS balance than the current process. It also addresses several of the major implications of this policy change, but acknowledges that it did not address other possible alternatives to the one proposed. The final conclusion, therefore, recommends further studies compare other possible alternatives to the one proposed in this study.

About the Author

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Chapter 1

Introduction

The fundamental purpose of the Armed Forces must remain to fight and win our Nation's wars whenever and wherever called upon.

—John M. Shalikashvili
1995 National Military Strategy

Providing transportation forces to support the nation's chosen strategy is a process of balancing stated requirements with affordable and effective capabilities. The transportation forces of the Department of Defense (DOD) are critical to the execution of the United States' national military strategy, currently a dual, near-simultaneous, major regional contingency (MRC) strategy. The ability to "fight and win . . . whenever and wherever" is dependent upon the ability of these forces to deploy and sustain the nation's combat forces. Regardless of the strategy, therefore, maximizing transportation capabilities in relation to requirements is an important policy objective.

Question and Choice

This study proposes an alternative to the current process of maintaining that balance; a process which offers the potential to leverage available lift capabilities against requirements more effectively. Not surprisingly, the national military strategy recommends enhancement to four strategic mobility areas to maximize the nation's ability to project power: Increase airlift capability, additional prepositioning, increase surge capacity of sealift, and improve the responsiveness of the Ready Reserve Force.[1] These are expensive propositions—demanding, among other planning elements, an effective budgeting process. Does the current DOD budgeting process for acquiring transportation forces ensure effective and economic achievement of these proposed enhancements? This study proposes an alternative to the current budgeting process by answering a core question: Does the current decentralized, service-centered, budgeting process optimize national mobility capabilities or would centralized budget authority, under United States Transportation Command (USTRANSCOM), offer greater potential for balancing mobility capabilities and requirements?

This question presents a choice between the status quo budgeting system and placing budget authority in the hands of USTRANSCOM. This study answers that question and presents the issues involved in choosing to maintain the current system or accept a significant change of policy.

Methodology

This study analyzes five topics to answer the core question. The second chapter discusses the nature of the balance between mobility requirements and capabilities, as well as the specific nature of the military transportation problem. The third chapter describes and analyzes the current programming and budgeting system. It specifically examines the role of the services, the major commands, and the unified commands in this system. Chapter 3 also describes the role of the enhanced Joint Requirements Oversight Council (JROC) in the budgeting process.

The fourth chapter discusses what the system would look like if USTRANSCOM had budget authority. The purpose of the third and fourth chapters is to directly compare and contrast the current system with the proposed system. This comparison highlights which of the two systems, the current or the proposed, permits leveraging the transport forces more effectively. The fifth chapter examines the precedent set by the US Special Operations Command (USSOCOM) budget authority and the implications of limited budget authority in USTRANSCOM. Studying these examples provides evidence to either support or dispute the proposed process.

The final chapter discusses the broader implications of such a programming and budgeting system for the Air Force and the DOD in general. It also summarizes the question and argument, along with drawing conclusions.

Assumptions and Limitations

This study is based on certain assumptions and limitations. This study assumes that the basic national security strategy and the national military strategy of the United States will not change drastically in the near future. Specifically, the United States will continue to have global interests, some of which will require the introduction of military force or military-unique capabilities. This assumes, therefore, a persistent requirement for mobility. This study also assumes that there will be consistent calls to either reduce the total defense budget or increase the capability of the forces acquired with a fixed budget.

This study is limited in that it cannot, with 100 percent accuracy, predict the outcome of a centralized budget authority for mobility forces under USTRANSCOM. It can highlight disconnects or organizational seams which lead to inefficiencies or ineffectiveness in the current system. By identifying and proposing a system to eliminate the seams or disconnects of the current system, the potential for greater lift for fewer dollars is apparent. This study also looks at present examples of centralized budget authority in an attempt to predict the seams and disconnects an altered system might produce.

The impact of this proposal on the Army component of the transportation system is discussed, but only in a limited fashion. The focus of this analy-

sis is centered on the Navy and Air Force systems. The Navy and Air Force portions of the transportation budget far exceed that of the Army, and the way that the Army's Military Traffic Management Command (MTMC) is funded is unique. This is discussed in greater detail in chapter 5.

Significance and Originality

Reduced overseas presence, reliance on mobility forces for power projection, and continual budgetary pressures forces, military thinkers to not only study what mobility forces the nation buys, but also how they are bought. This study seeks to inform a choice between the current system of buying transportation forces and a process which offers greater potential for realizing the USTRANSCOM vision statement:

> USTRANSCOM, providing timely, customer-focused global mobility in peace and war through efficient, effective, and integrated transportation from origin to destination.[2]

This study is unique in that it describes the budgetary disconnects which limit full exploitation of transportation forces in the current budget system compared to the possibilities in a USTRANSCOM centered system. There have been several recent articles which address related topics. These were prevalent in the years closely following the passage of the Goldwater-Nichols Act, the creation of USSOCOM and the establishment of its independent budget authority. Most of these articles or studies, however, address the broader topic of budget authority, or increased influence, for the commanders in chief (CINC) of the unified commands in general.[3] One of these studies specifically addresses USTRANSCOM budget authority and compares it to the USSOCOM situation, similar to the approach of this study. This study, conducted at the Industrial College of the Armed Forces, however, made a limited attempt to identify the budgetary disconnects with regard to USTRANSCOM.[4] Its conclusion used the specific USTRANSCOM example to try and answer the broader question as to whether every CINC should have budget authority. This study looks specifically at that question with regard to USTRANSCOM. The disconnects it analyzes, unlike previous studies, lie in the conceptual nature of balancing transportation capabilities and requirements. There are implications for other unified commands, but these are addressed only as possibilities for further research.

Chapter 2 begins the analysis by describing the process of balancing requirements and capabilities. It looks at the components involved and the historical evidence of how this balance was achieved in the past. This evidence is used to distill the fundamental tensions at the heart of the choice between the current and proposed systems. It also describes the basic components of the Defense Transportation System (DTS) to provide a picture of the system which is involved in this budget balancing act.

Notes

1. Joint Chiefs of Staff, *National Military Strategy of the United States of America* (Washington, D.C.: Government Printing Office [GPO], 1995), 7.

2. United States Transportation Command (USSTRANCOM), *DTS 2015 Strategic Plan, Executive Summary* (Scott Air Force Base [AFB], Ill.: USTRANSCOM/J5-SP, 1995), 7.

3. These studies were generated as a result of the fact that the Goldwater-Nichols Act specifically called for each of the CINCs to have a budget primarily for training and improving command and control capabilities. See Lawrence C. Crockett, "Joint Commanders and Budget Authority" (Fort McNair, Washington, D.C.: Industrial College of the Armed Forces, 1992); Julia Denman, "Enhancing CINCs' Influence on Defense Resource Allocation: Progress and Problems" (Carlisle Barracks, Pa.: US Army War College, May 1989); Barry H. Smith, "A Budget for the CINCs?" (Fort McNair, Washington, D.C.: Industrial College of the Armed Forces, 1993); and Herschel Kanter, *The CINCs and the Acquisition Process* (Alexandria, Va.: Institute for Defense Analysis, September 1988), II-8.

4. Smith.

Chapter 2

The Nature of the Problem

The first, the supreme, the most far-reaching act of judgment that the statesman and commander have to make is to establish by that test the kind of war on which they are embarking; neither mistaking it for, nor trying to turn it into, something that is alien to its nature.

—Carl von Clausewitz
On War

In order to produce an informed decision regarding the question at hand, it is essential to understand the nature of the transportation balance, and its elements. The choice presented in the first chapter boils down to either maintaining the current budgeting process for transportation or replacing it with a process centralized under USTRANSCOM. In order to address the "nature" of this choice, this chapter answers two questions. First, what is the general nature of the dilemma involved in the transportation budgeting process? This description of the balance between transportation capabilities and requirements permits a comparison of the current and the proposed system in following chapters. Second, what is the nature of the DTS? Looking at the general nature of the DTS allows analysis of the effects of the current and the proposed budgeting system on more specific examples later in this study.

The Transportation Balance

Past changes to the transportation system limit the degree to which mobility planners can leverage finite transportation capabilities against demanding requirements. To understand why these changes limit the ability to leverage capability, one must understand how the leveraging takes place. The variables in the "calculus" of balancing the transportation system are capabilities, requirements, and the structure employed to quantify, satisfy, and establish equilibrium between the first two elements. In the transportation system airlift and sealift capabilities are measured in terms of millions of ton miles per day and square footage, respectively, in conjunction with throughput capability.[1] With respect to the budgeting process, transportation capability equates to the amount of money spent on transportation assets the more capability (ton miles or square footage) desired, the more one spends. Requirements define what is needed out of the transportation system. These requirements are derived through the Joint Strategic Planning System which includes the inputs of the CINCs of the unified commands.[2] The third portion of this

process is the structure, which balances capabilities and requirements. This structure consists of three parts: operational, organizational, and managerial elements; each is established to either effectively employ, command, or acquire transportation assets to meet the established requirements.[3]

There are two easily identifiable techniques used to maintain the balance between capabilities and requirements. The first method establishes the requirements and then procures the capabilities to meet them. The second method is to determine how much capability is affordable and then determine what requirements or strategic scenarios this capability will support. There is, however, another way to arrive at a balance. The third way of maintaining balance is to focus on improving the operational, organizational, and managerial portions of the structure which supports this balance. This improvement in the individual portions of the structure—in an appropriate fashion—maximizes or leverages the ultimate capabilities of the forces and equipment bought.[4] This last method essentially allows planners to do more with less.

A simplistic way of describing this balancing act is by using a child's teeter-totter as an illustration (see fig. 1). There is one child (requirements) on one end of the board and one child (capabilities) on the other. If the requirements side is too heavy you can either add more capability or lighten requirements. The board and pivot point are the operational,

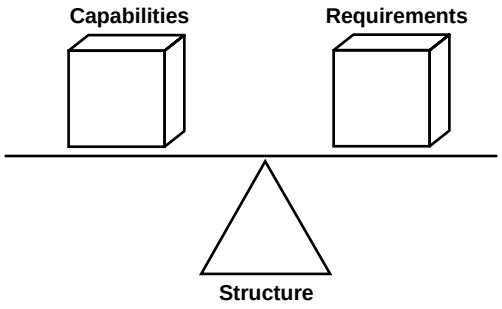

Figure 1. The Balance

organizational, and managerial structure. By structurally adjusting the balance, moving the pivot point farther away from the smaller child, one child's weight can be leveraged against the other's. Adjusting the structure effectively balances "heavier" requirements with "lighter" capabilities.

In the past all three techniques were used in pursuit of balancing transportation capabilities against requirements (see fig. 2). The most obvious way to adjust the balance is to manipulate either the requirements or the capabilities. An example of increasing the capability of the fleet (see fig. 3) was the purchase of the C-5B in the mid-1980s.[5] This purchase, made during the development of the C-17, was to offset the airlift shortfall identified in the 1981 Congressionally Mandated Mobility

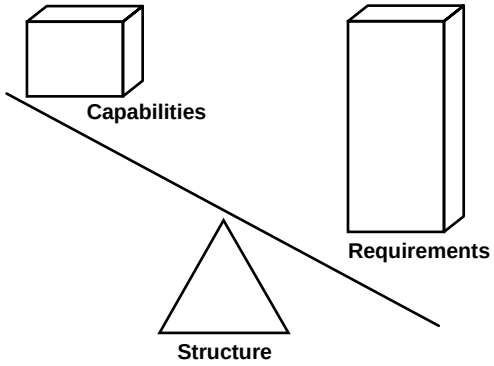

Figure 2: The Imbalance

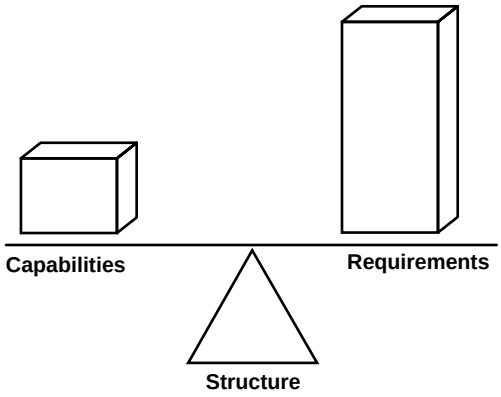

Figure 3. Method One

Study.[6] The addition of 19 large medium speed roll-on/roll-off (LMSRO/RO) ships dictated by the 1992 Mobility Requirement Study (MRS) and more recently the 1994 MRS Bottom Up Review Update (MRS/BURU) is another example of increasing capability to counterbalance requirements.[7] An example of changing the requirements side (see fig. 4) of the balance is the recent decision to change the national military strategy from one which supports two simultaneous MRCs to one which supports two near-simultaneous MRCs. This change from simultaneous to near-simultaneous had a significant effect on the total lift assets required to support the strategy.[8]

In addition to manipulating the requirements and capabilities to manage the balance, there are past examples of modifications made to the three-part structure which supports the balance. Figure 5 illustrates how modifying the structure leverages the capabilities against the requirements. Figure 6 shows how the structure consists of three parts in the simple model portrayed. Structural modifications leverage the capabilities of the limited

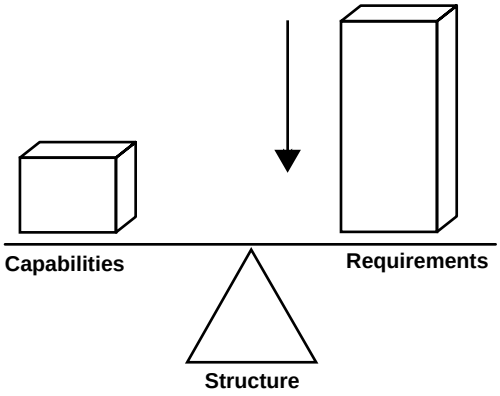

Figure 4. Method Two

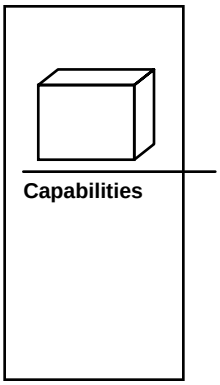

Figure 5. Method Three

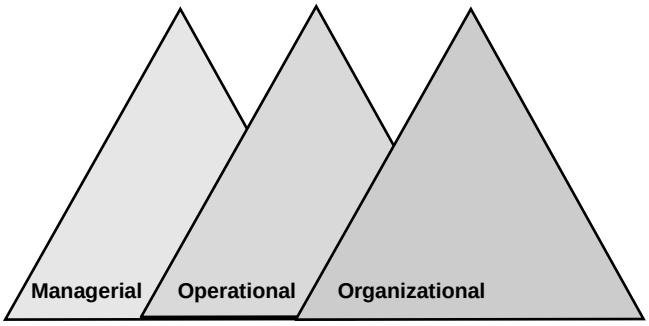

Figure 6. The Structural Components

transportation assets by making organizational, operational, or managerial changes. Examples of changes which emphasized operational flexibility over raw capability included the purchase of the C-17 or additional prepositioning ships.[9] The C-17 accomplishes this leveraging with its ability to carry any of the Army's outsize cargo into small fields. Unlike the C-5, which is restricted to larger fields with large apron areas, the C-17 can land at and maneuver on small fields. This opens up more destinations for its cargo. Because the C-17 is not as restricted as the C-5, it effectively leverages the capability of the airplane by permitting more direct, timely delivery of cargo. Prepositioning in a similar way leverages the capability of cargo ships. By placing equipment on these strategically located ships, tailored for specific tasks or units, this equipment reaches a contingency much more rapidly than a ship from the continental United States.

There are also examples of past organizational changes made to leverage the capability of limited transportation forces. These changes include the unification of the transportation assets under USTRANSCOM[10] and then giving the command Combatant Command (COCOM) authority versus operational control (OPCON) over its subordinate Transportation Component Commands (TCC) during peace and war.[11] The original charter of USTRANSCOM stressed effective employment of existing mobility assets. The reasoning behind the move to COCOM during peace and war was identical. Both of these changes addressed the need to leverage transportation capabilities by placing all of the multiuse transportation forces under one command. In the past when a unit needed to deploy for either a contingency or an exercise, it worked with all three components of the transportation system individually. To streamline these efforts USTRANSCOM is now the single point of contact for all of the DOD's transportation needs.[12]

There are examples of limited changes to the management portion of the three-part structure supporting the balance between requirements and capabilities. The concept of the managerial portion of the supporting structure is borrowed from one of the landmark documents leading to the Goldwater-Nichols Defense Reorganization Act of 1986, *Defense Organization: The Need for Change*.[13] It proposed that alterations to the people, organizational, and managerial foundations of an established organization lead to *fundamental* transformation. The term *managerial changes* defined changes to the acquisition process of an organization. Previous limited changes to the DTS include the creation of the National Defense Sealift Fund,[14] the Strategic Mobility Enhancement Fund,[15] and the Defense Business Operating Fund for Transportation.[16] The limitations of these changes arise from the fact that USTRANSCOM is unable to affect changes to the force structure with them. This ability to modify the forces with which USTRANSCOM is required to fulfill its obligations still resides with the individual services. This is described in greater detail in the next chapter.

Section Summary

Analyzing the "nature" of the balancing process for transportation distills the transportation balance down to its fundamental components. Examples in this section show that the past changes to the transportation system limit the degree that transportation planners can leverage capabilities against demanding requirements. These changes focused on increasing capabilities, decreasing requirements, or partial modifications to the structure. Recent changes to the three-part structure focus primarily on its organizational and operational aspects. Although changes to the managerial or budgeting portion of this structure occurred, they did not change the fundamental nature of the programming and budgeting process. This section sets up the next chapter's discussion on the detailed process of programming and budgeting for transportation. Programming and budgeting is the managerial element of the three-part structure defined above. It is the means by which the forces are acquired that make up the DTS. This study proposes that an adjustment to the programming and budgeting process permits closer integration of the elements of the DTS; this integration leads to greater leverage. The next section examines the elements of this complex system which require integration.

Defense Transportation System

The USTRANSCOM mission is: to provide air, land, and sea transportation for the Department of Defense both in time of peace and time of war.[17] The DTS is a multifaceted, complex, global system. The capabilities, requirements, and structure consist of many parts—some closely integrated, others only loosely connected. In order for this system to be completely effective, in the most economical fashion, it must integrate its many components. The system consists of civilian, active duty, guard, and reserve personnel who work together to provide global transportation in support of the National Command Authorities (NCA). These people employ air, sea, and ground transportation assets from commercial industry and the military to make the system work. This combination of people with their equipment requires ports, both sea and air, as points of embarkation and debarkation through which the tools of war and peace flow. To facilitate the flow of equipment and people, an integrated command and control structure coordinates these diverse operations and ensures the flow is smooth and efficient. USTRANSCOM accomplishes its mission through three TCCs: Air Mobility Command (AMC), Military Sealift Command (MSC), and the MTMC.

Air Mobility Command manages the air transportation portion of USTRANSCOM through the employment and maintenance of the civil reserve air fleet (CRAF) and organic military units. The military units consist of guard, active, and reserve forces. MSC manages sea transportation by utilizing Surge Sealift, the Ready Reserve Fleet, the Navy Fleet Auxil-

iary Force (NFAF), and the National Defense Reserve Fleet (NDRF). The management of these different fleets revolves around a complex relationship between USTRANSCOM, MSC, the Navy, and the Department of Transportation's Maritime Administration (MARAD).[18] The MTMC is primarily responsible for movement of forces within the United States to port facilities and the management of these port facilities. It also supports theater port facility operations. The majority of the MTMC mission is conducted through civilian contract operations.[19]

The USTRANSCOM document *DTS 2015: Strategic Plan* describes the transportation system in four broad categories: people, equipment, infrastructure, and operations. Under these broad categories, it establishes goals and supporting objectives.[20] The command and its component commands base their planning actions and goals on these four categories. USTRANSCOM establishes the command goals and objectives while the components establish the individual component goals and objectives in coordination with and to support those of USTRANSCOM. The operative concept is that if each of USTRANSCOM's goals and objectives are met under each category, then the DTS is healthy. If these categories are not properly maintained, then the DTS is less then completely effective.

To maintain the health of the DTS, USTRANSCOM carefully links its four system categories to specific tasks. Each of the components establishes specific tasks to enable each of the supporting objectives and keep its portion of the DTS healthy. For example, the second category—equipment—states as its overall goal: "Ensure equipment supports current and future DTS requirements in an international environment."[21] The USTRANSCOM supporting objectives under the equipment category are to:

- Develop strategic sealift, air mobility, and surface modernization programs.
- Utilize commercial, off-the-shelf capabilities to support transportation requirements.[22]

Examples of the tasks which support these objectives come from both AMC and MSC and are detailed in their respective master plans. Examples of the AMC tasks which support the USTRANSCOM's second strategic goal of equipment under the airlift mission area are cargo, airdrop, aeromedical evacuation, special operations, and passengers.[23] These are the different tasks that must be performed by AMC in order to support USTRANSCOM's various goals. AMC must have equipment programs which support the objectives in *DTS 2015*. Recent examples of AMC equipment modernization programs that fulfill those tasks include the procurement of the C-17 and the procurement of a 60K loader, a cargo-handling vehicle. Equipment modernization programs which support the MSC tasks are purchase of additional LMSR ships and RRF roll-on/roll-off (RO/RO) shipping.

Section Summary

The DTS is a complex conglomeration of military and civilian, men, equipment, and operations. The system is organizationally centered under USTRANSCOM. It is not "managerially" centered under USTRANSCOM. The command responsible for the maintenance of the DTS does not have the authority to modernize the equipment required to maintain this system.

Chapter Summary

Starting with a conceptual description of the transportation process of balancing requirements and capabilities, this chapter then described the different methods employed to maintain the balance. These methods include increasing capabilities or decreasing requirements and modifying the structure which supports the balance. The organizational, operational, or managerial procedures inherent to the structure are modified to leverage limited capabilities. This balance is part of a transportation system which remains vital by striving to accomplish specific goals, objectives and tasks. The planning, programming, and budgeting system (PPBS) is the DOD managerial process, or the budgeting portion of the three-part structure, utilized to maintain the health of this critical DOD mission. A recent variation of this complex procedure is the JROC and Joint Warfighting Capabilities Assessment (JWCA) process. The next chapter describes the PPBS and the JROC/JWCA to determine if additional modification to this part of the transportation structure can further leverage finite capabilities. Examples of specific programs which have undergone both of these processes show how portions of the transportation system fare under the current programming and budgeting system.

Notes

1. Millions of ton miles per day is the typical measurement for airlift capability. It is the number of miles that an airplane, or fleet of airplanes, can take a ton of cargo in a day. Square footage is the typical measurement for sealift capability; this equates to the area available on a ship to carry cargo. Throughput measures the capability of the ports to interface with the different modes of transportation in terms of time to load or unload cargo.

2. The unified commanders establish these requirements through the deliberate planning process which is applied to specific operations plans (OPLAN). These OPLANs are assigned to the CINCs by the Joint Strategic Capabilities Plan (JSCP) which is derived from the president's national security strategy and the chairman of the Joint Chiefs of Staff national military strategy; Armed Forces Staff College, *AFSC Publication 1: The Joint Staff Officer's Guide 1993* (Norfolk, Va.: National Defense University, 1993), 5–16 and 5–34.

3. This concept is a modification of one established in *Defense Organization: The Need for Change* which states that changes to the people, organizational and managerial foundations of an established organization lead to change. Staff report to the Committee on Armed Services, US Senate, *Defense Organization: The Need for Change* (Washington, D.C.: Government Printing Office [GPO], October 1985), 483.

4. An example of the operational portion of the structure would include acquiring assets which have greater flexibility. The C-17 is an airlift example where its raw tonnage

capability is less than the proposed nondevelopmental airlift aircraft (NDAA), but its ability to utilize smaller runways is one way it leverages its "lighter" capability. An example of the organizational portion of the structure is the fact that CINCUSTRANSCOM can now call up the first stage of the CRAF, allowing a quicker injection of CRAF during the early stages of a contingency. The term *managerial structure* is used in the same way that the 1986 Packard Commission report uses the term, which is the process of programming and budgeting.

5. DOD, *Annual Report to the Congress Fiscal Year 1983* (Washington, D.C.: GPO, 1982), III–94.

6. DOD, *Congressionally Mandated Mobility Study, Summary Volume 1* (S) (Washington, D.C.: DOD, 30 April 1981), 34–37 (U).

7. Joint Chiefs of Staff, *Mobility Requirements Study Volume I* (U) (Washington, D.C.: Joint Chiefs of Staff, 23 January 1992), ES-5 (U); and Joint Chiefs of Staff, *Mobility Requirements Study Bottom-Up Review Update* (S) (Washington, D.C.: Joint Chiefs of Staff, 28 March 1995), VI-2 (U).

8. Ibid., ES-1 (U).

9. USSTRANCOM, *Posture Statement Ronald R. Fogleman, USAF Commander in Chief United States Transportation Command* (Scott AFB, Ill.: USTRANSCOM, April 1994), 23–24, 31.

10. DOD 4500.53, Transcript maintained at USTRANSCOM Research Center, Scott AFB, Ill., 15 May 1987.

11. Richard B. Cheney, Washington, D.C., memorandum to the secretaries of the military departments and the chairman of the Joint Chiefs of Staff (CJCS), subj.: Strengthening Department of Defense Transportation Functions, 14 February 1992. Transcript maintained at USTRANSCOM Research Center, Scott AFB, Ill.

12. Ibid.

13. Staff report to the Committee on Armed Services US Senate, *Defense Organization: The Need for Change* (Washington, D.C.: GPO, October 1985), 483.

14. Committee on Armed Services, House of Representatives, 103d Congress, 1st sess., *National Defense Authorization Act for Fiscal Year 1994* (Washington, D.C.: GPO, 1993), IX.

15. Committee on Armed Services, House of Representatives, 103d Cong., 2d Sess., *National Defense Authorization Act for Fiscal Year 1994* (Washington, D.C.: GPO, 1994), 149–150.

16. General Accounting Office, *Defense Business Operations Fund Management Issues Challenge Fund Implementation* (Washington, D.C.: GPO, March 1995), 3.

17. USSTRANCOM, *DTS 2015: Strategic Plan* (Scott AFB, Ill.: USSTRANSCOM/TCJ5-SP, February 1995), 5.

18. Basil B. Bates Jr., *US Strategic Sealift Capability in 1994: Is it Ready for the Threat?* (Newport, R.I.: Naval War College, February 1994), 2–4.

19. Military Traffic Management Command, "Master Plan (Prototype)," 1 August 1994. Transcript maintained at USTRANSCOM Research Center, Scott AFB, Ill.

20. *Posture Statement Ronald R. Fogleman*, 7.

21. Ibid.

22. Ibid., 11.

23. AMC, *1996 Air Mobility Master Plan* (Scott AFB, Ill.: Headquarters AMC/XP, October 1995), 5-2.

Chapter 3

The Process Today

How much am I willing to spend on . . . transportation?

—Charles J. Hitch and Roland N. McKean
The Economics of Defense in the Nuclear Age

This chapter explains how the PPBS and the JROC deal with the vision, goals, objectives, and tasks established in *DTS: 2015*. It analyzes the current process employed to fund the DTS. A study of the Air Force and Navy approaches to the system follows an analysis of the three components of the PPBS. Included is a discussion of the Air Force and Navy interface to the JROC and a description of the JWCA process. By examining the managerial portion of the structure used to balance transportation capabilities and requirements, this study identifies if and how modifications to this process permit more effective leveraging of the capabilities.

The Planning, Programming, and Budgeting System

Defense Secretary Robert S. McNamara established the PPBS partly as an attempt to put an end to duplicative spending by the services. This was a reaction to the previous system in which the services simply submitted unrelated budgets. There were numerous goals for this new system. In addition to decreasing wasteful spending, the PPBS sought to link national strategic planning to the budgeting process. To accomplish these goals, the PPBS introduced civilian cost-benefit techniques along with other quantitative systems for analyzing the budget. In order to fulfill the goal of reducing duplicative spending, the PPBS sought to budget by functional versus service categories. This transition led to the establishment of MFP categories in the budget process.[1] These MFPs created broad mission areas under which specific weapon system programs were categorized. The 10 original MFPs are listed in table 1 below, along with the eleventh created in 1989 for Special Operation Forces (SOP) under the authority of USSOCOM.

The major disconnect in the DOD budgeting process is the attempt to budget along functional lines under an organizational structure centered on the services. Even with the establishment of the MFPs there is no clear method for ensuring that budgeting occurs *across* service lines. Without a very strong secretary of defense the PPBS does not naturally force service budgeting along functional lines. Each of the three parts of the PPBS make it part of an iterative and cyclical process. It is cyclical because every other year the budget is developed with direct reference to the last

Table 1

DOD Major Force Programs

MFP-1	Strategic Forces
MFP-2	General Purpose Forces
MFP-3	Intelligence and Communication
MFP-4	Airlift and Sealift
MFP-5	National Guard and Reserve Forces
MFP-6	Research and Development
MFP-7	Central Supply and Maintenance
MFP-8	Training, Medical, and Other
MFP-9	Administration
MFP-10	Support of other Nations
MFP-11	Special Operations

budget as a baseline. The Office of the Secretary of Defense (OSD) adjusts the former budget by publishing the Defense Planning Guidance (DPG) with guidance for each of the services.[2] Unless this guidance is very specific and directive it cannot overcome the momentum of the service priorities established in the previous Future Years Defense Program (FYDP). It is interpreted by the services and results in a Program Objective Memorandum (POM) reflecting service priorities, not functional priorities.`

The first step in the PPBS, planning, remains close to the goal of cross-service budgeting because of the high level from which it originates. It is, however, where the cross goal begins to erode. The planning phase of the PPBS is a complex integration of national objectives and fiscal guidance from the president and the secretary of defense presented to the CJCS. The chairman takes this guidance, and in coordination with the other members of the Joint Chiefs of Staff and the unified commanders, begins to develop national military objectives, strategy, recommended forces, options, assessments, and evaluates risk.[3] Since the guidance from the secretary of defense is divided among the separate services for funding execution, instead of being divided along MFP lines, the goal of functional force structure planning is eroded. The guidance from the NCA in conjunction with the recommendations of the military leadership produces, informally, the guidance and doctrines of each of the individual services. This link from strategy to service guidance and doctrine provides the services a vehicle to communicate their requirements, which if met, permits them to support the nation's strategy. These service requirements justify the development and maintenance of service programs but not necessarily along MFP lines.[4] The connection between the planning phase of the PPBS and the programming phase is the DPG.

The programming phase continues the service-centered versus MFP-centered direction of the planning phase to the lower levels of each of the services. Although it is service centered, there is an accountability mechanism through the requirement to respond to the CINC of the unified commands integrated priority lists (IPL). The IPL is an annual responsibility for each of the unified commands; it addresses those items each command feels require priority attention in the service's POM.[5] The Goldwater-Nichols Defense Act established this procedure to give the "warfighting" commands direct input to the programming process and make the services responsive to the warfighter's needs.[6] This accountability feature is limited due to the unstructured nature of the IPLs and the methods by which the services must respond.[7] The programming phase takes the output of the planning phase to develop requirements in terms of equipment and budget to acquire the equipment. This phase of the PPBS specifically deals with the development of a budget for a six-year time frame. It uses economic forecasts and budget predictions to ensure fiscal constraint in the service POM. The programming covers the 11 MFPs, five appropriations areas, and all of the services and defense agencies. Each service produces and submits a POM which the CJCS evaluates to determine how well it follows the guidance in the DPG. The full POM is developed every other year on even years. The POM must address the unified command priorities which are submitted prior to the start of the PPBS cycle in the form of each unified commander's IPL.[8] The biennial programming phase leads into the budgeting phase which occurs every year.

The budgeting phase is the short-term result of the planning and programming phases. Instead of economic forecasts, it uses current economic figures to determine the amount of money available to match the programmed plan. This phase produces the DOD budget, which becomes part of the president's budget. Its focus is on the current year, the budget year, and the budget year plus one. The services produce a budget estimate submission (BES) which is forwarded to the Office of the Assistant Secretary of Defense (comptroller). These are modified with a process of program budget decisions (PBD) and service reclamation to become the DOD budget.[9] During non-POM years, a budget "drill" is conducted, starting with an amended BES.[10] The outcome of this final step is a system whose nature results in protecting programs along service lines and not functional lines.

The budgeting phase highlights the service-centered nature of the PPBS process. The short deadlines built into this phase cause it to reach a frenzied level of activity in order to address questions from the OSD or Congress regarding programs. The pace of the budgeting phase causes the system to fall back on its fundamental nature. The desire to protect programs in accordance with service priorities, not necessarily functional priorities, precludes it from achieving the original intent of the MFP process.

The Air Force and the Current System for Airlift

For mobility requirements the Air Force approach to the PPBS revolves around AMC. AMC takes the planning guidance from the DPG through the Air Staff and works with the baseline FYDP. AMC is responsible for specific program elements or subsets of a Major Force Program. AMC program elements come from MFP-4 (airlift and sealift programs).[11] A program element identifies all forces and activities necessary to accomplish the mission under the different MFPs.[12]

By focusing on the airlift portion of MFP-4 program elements, AMC, in theory, does not concern itself with service priorities, only airlift or its functional priorities. The people responsible for the programming at AMC are the Program Element Monitor (PEM) and the program manager. The PEM is the individual at AMC who is responsible for the program element. This includes funding and scheduling problems for the program element. The PEM is responsible to the AMC staff for all information concerning his or her program element.[13] The program managers provide functional expertise from across the AMC staff on specific programs.[14] The PEM uses the baseline, derived from the previous budget cycle FYDP, to identify disconnects, initiatives, and offsets. A disconnect identifies a portion of a program element which, because of funding problems, causes the program to be completed as planned. Initiatives add to the baseline plan by increasing the funding of an existing program or by creating a new program. Offsets are excess funds which are taken from a program to pay for disconnects, initiatives, or to decrease the overall budget.[15]

The AMC-centered system is not free from involvement with the larger Air Force POM. The AMC PEM uses offsets, proposed in AMC, to develop an AMC POM for submission to the Air Staff. The programmers at AMC work with programmers at the Air Staff. Each program element has two PEMs, one at the major commands (MAJCOM) and one at the Air Staff. Having an AMC PEM is the command's method to provide a focal point representing AMC headquarters on its various program elements.

The Air Staff review process is a hierarchical system starting with the PEMs from similar program elements defending their programs from one another and progressing ultimately to a review by the secretary and chief of staff of the Air Force. Mission or mission support panels combine related program elements to integrate the POMs submitted by the MAJCOMs. Currently there are five in each category. Examples of the mission panels include air superiority, power projection, and global mobility. Examples of the mission support panels include logistics, installation support, and personnel/training. Each panel is divided into integrated process teams (IPT) which look at more specific tasks within the panel.[16] The IPTs in the global mobility panel include tactical airlift, C-5, C-17, and C-141 teams, in addition to others. The IPT team leaders are also the Air Staff PEMs for the program element(s) that their IPT represents. The IPTs

have representatives from across the Air Staff much like an AMC PEM has functional representatives from the entire AMC staff.[17]

The review process continues from the panels through the corporate structure. The program that is developed cooperatively between the AMC PEM and the Air Staff PEM for each mobility program element is compared to those of the other MAJCOM/Air Staff IPTs. Remaining disconnects and initiatives are initially resolved across panel boundaries by the review and guidance of midlevel Air Staff leadership. Three bodies review the panel submissions: the Air Force Group, the Air Force Board, and the Air Force Council. The Air Force Group "serves the senior leadership as the first corporate integrated review and evaluation of programs and issues" and is composed of colonels or civilian equivalents from across the functional areas of the Air Staff at the Pentagon.[18] It is the lowest level decision-making body. It relays its decisions and unresolved issues to the Air Force Board, composed of brigadier generals, who review and resolve issues from the group. The board forwards these to the Air Force Council for its final review, approval, or amendment of the Air Force POM.[19] Board members, like group members, come from across the Air Staff including expertise from Operations (XO), Acquisitions (AQ), Logistics (LG), and Personnel (DP) staffs. The council is the highest level of review and is chaired by the chief of staff.

In addition to the corporate structure described above, the Air Force employs an Air Force Requirements Oversight Council (AFROC) as part of its program review process. The AFROC's primary responsibilities include assessment of Air Force operational requirements, quality articulation of these requirements, consistent documentation of the requirements, and resolution of cross-service issues. The AFROC establishes the service's priorities to facilitate the review of the different programs by Air Force's corporate structure.[20]

The Air Staff review process erodes the functional, airlift, focus of the AMC proposed POM in three ways. The first involves initiatives, disconnects, and offsets. If AMC identifies an internal offset, it is not necessarily used to fund disconnects or initiatives within the AMC proposed POM. Once an offset is offered, the Air Staff determines which program element initiatives or disconnects from all of the MAJCOMs it is used to fund. This directly impacts the second way that the Air Staff process erodes the functional nature of the programming process. The second point is that the Air Staff level comparison of the different functional areas essentially compares apples to oranges within the service. Above the mobility panel level, mobility programs are compared to non-mobility programs and the offsets are used across panel boundaries. The third point that causes erosion of the functional focus is the membership at all the levels of the Air Force corporate structure. None of the mobility panel IPTs include membership from AMC. The implementation plan of the *Enhanced Air Force Corporate Structure* does not specifically preclude MAJCOM membership, but there are no AMC members on the mobility program IPTs.[21] *The panel, board*

and council consist strictly of Air Staff members. This reflects the service-centered nature of the budgeting process which results in service, not functional, priorities prevailing.

Navy and the Current System for Sealift

The Navy approach to functional programming is different from the Air Force but has the same natural weaknesses. The Navy approach to functional input and programming centers around the Office of Chief of Naval Operations (CNO) level. The Navy has claimants and resource sponsors. Claimants are the commands or agencies that submit funding requirements to the CNO for different programs. For strategic sealift there are three primary claimants: the Navy fleets, MSC, and the MARAD from the Department of Transportation. The Navy fleets are the claimants responsible for the maritime pre-positioning ships. MSC is responsible for the Fast Sealift Ships and MARAD is responsible for the Ready Reserve Fleet operations and maintenance (O&M) funding.[22] There is one office responsible for funding sealift programs, CNO/N42, a division of CNO/N4, the Navy logistics directorate. The various sealift claimants send funding requirements to N42 which then submits a sealift POM to N4. N4 submits its integrated logistics POM to N81. N81 is the assessment division of the Navy's resources, warfare requirements, and assessments directorate. This division balances the different POMs from the various Navy directorates to develop the overall Navy POM.[23] N81 is similar to the Air Force Group as the Navy's lowest level of POM integration. Like the Air Force the Navy programs along functional lines, but the review process likewise dilutes any functional perspective.

The Navy attains its functional approach through wargaming and a matrix assessment concept. The Navy wargames determine broad programming targets for the different offices, including N42. It accomplishes this by looking at 12 assessment areas similar to the JWCA areas which are discussed later. One area is maritime support of land forces, roughly corresponding to the Strategic Mobility and Sustainment area in the JWCA process. During wargaming requirements for each assessment area is established for the various scenarios of the wargame. These requirements are translated into budgetary targets to fiscally constrain N42's budget submission. This wargame and assessment matrix process is used in conjunction with the previous FYDP, DPG and Navy programming guidance to analyze disconnects, initiatives, and offsets similar to the Air Force.[24] The limitations imposed on this functional approach are the same as the limitations which result from the Air Force process. First, offsets that are identified by N42 can be used Navy-wide. The exception to this are programs that are funded by the National Defense Sealift Fund (NDSF) which, by law, cannot be used for programs other than sealift programs. Second, the Navy process also compares apples to oranges when develop-

ing its POM. Lastly, the claimants that define the requirements are not involved in the review process.

PPBS Section Summary

There are three important aspects of PPBS and the Air Force and Navy roles. First, the PPBS is service centered. Although the program elements are funded under the auspices of cross-service major force programs, each service is responsible for its traditional program elements of the MFP. There is not one lead agent responsible for a MFP. Second, although the Air Force and Navy approach is different, there are also great similarities. Both use the baseline FYDP and program guidance to identify disconnects, initiatives, and offsets. The Air Force and Navy both also use a hierarchical system to resolve unsettled issues within each individual service. The Air Force does this at both the MAJCOM level and at the Air Staff level. The Navy does this only at the CNO level. The result of this in-service hierarchical review process is that they both compare transportation programs against other Air Force or Navy programs, not against other transportation programs. There is a requirement to compare transportation programs to non-transportation programs, but this proposal suggests that it should occur after the transportation system is integrated. This point is discussed further in the last chapter. Lastly, although both the Air Force and Navy POMs must address each of the unified commander's priority items, it does not integrate the system nor is its scope very broad because of the need to limit the number of priorities. The IPL is limited because a CINC must decide what is truly a priority and what is not. For example, USTRANSCOM limits its IPL items to 10 major items with numerous subitems for each. Although the service must explain how they address the IPL items, this does not necessarily reflect the way that the Unified Command would like to see them addressed. The JROC is another way that the CINCs have impact on the budgeting process and is examined in the next section.

JROC and Transportation

The JROC attempts to direct the programming process along functional lines. However, this attempt is limited by the nature of the programming process. The JROC evolved from the Joint Requirements and Management Board (JRMB) that was similar to the current council but with a revolving board chairman. Although similar in form, in substance the JROC is much more powerful. The JROC consists of the vice chief of staff of the Army, vice chief of naval operations, the vice chief of staff of the Air Force, and the assistant commandant of the Marine Corps, just as the JRMB. In 1986 the Goldwater-Nichols Act created the office of the vice chairman of the Joint Chiefs of Staff and made him the chairman of the now renamed JROC. The most recent change is the codification of the JROC charter in

the 1996 Defense Authorization Act.[25] The overarching purpose of the JROC is to cut across service lines and analyze requirements and acquisition programs with a joint perspective. This is similar to one of the original motivations behind Secretary McNamara's PPBS. The JROC differs in that it provides military oversight versus civilian oversight.[26]

The impact of the JROC on joint perspective budgeting is now more tangible because of recent changes. Vice chairman of the Joint Chiefs of Staff, Adm William Owens, significantly influenced the role of the JROC by instituting four major changes in the JROC.[27] The first increased the time spent by the members on JROC business. The second created the JWCA process. Next, the JROC became involved in the publication of the chairman's program assessment (CPA) and the creation and involvement with the chairman's program recommendations (CPR). Lastly, he formalized the communication between the JROC and the commanders of the unified commanders.[28]

Admiral Owens made these changes to help the JROC fulfill its mission of assisting the chairman. The JROC charter specifically states that the mission of the JROC is to assist the chairman and the vice chairman in 11 different tasks. The tasks that are most directly related to this thesis, in the order that they appear in the charter, are as follows:

- Assess military requirements for defense acquisition programs.
- Spokesman for the commanders of the combatant commands on operational requirements.
- Assign a joint priority among major programs meeting valid requirements.
- Assess the extent program recommendations and budget proposals of Military Departments and DOD components conform with established priorities.
- Assist the Vice Chairman of the Joint Chiefs of Staff in carrying out his responsibilities as Vice Chairman of the Defense Acquisition Board (DAB).
- Identify, evaluate, and designate potential candidates for joint acquisition programs.
- Resolve cross-Service requirements issues.[29]

The JROC exists to build consensus among the services on functional issues in the acquisition process. It also represents the unified commanders in the PPBS process. The JROC uses the JWCA process to accomplish these missions. The JWCA uses a matrix process to cut across service, agency and OSD lines in broad functional areas similar to the MFP areas established with the PPBS in 1961.[30] The JWCA consists of 10 functional assessment areas with representation from the various defense organizations. The MFP *and* JWCA are not identical; they do, however, share one common purpose permit budgeting along functional versus service lines. The differences result from civilian versus the military perspectives. The similarities are evident in the MFP-4 and the strategic mobility relation-

ship—also in the intelligence and communication (MFP-3) and the intelligence, surveillance, reconnaissance JWCA area relationship. The different assessment areas and the participants are shown in figure 7. The primary area of concern for USTRANSCOM is the strategic mobility and sustainability assessment area. The strategic mobility and sustainability area is sponsored by the Joint Staff under J-4.

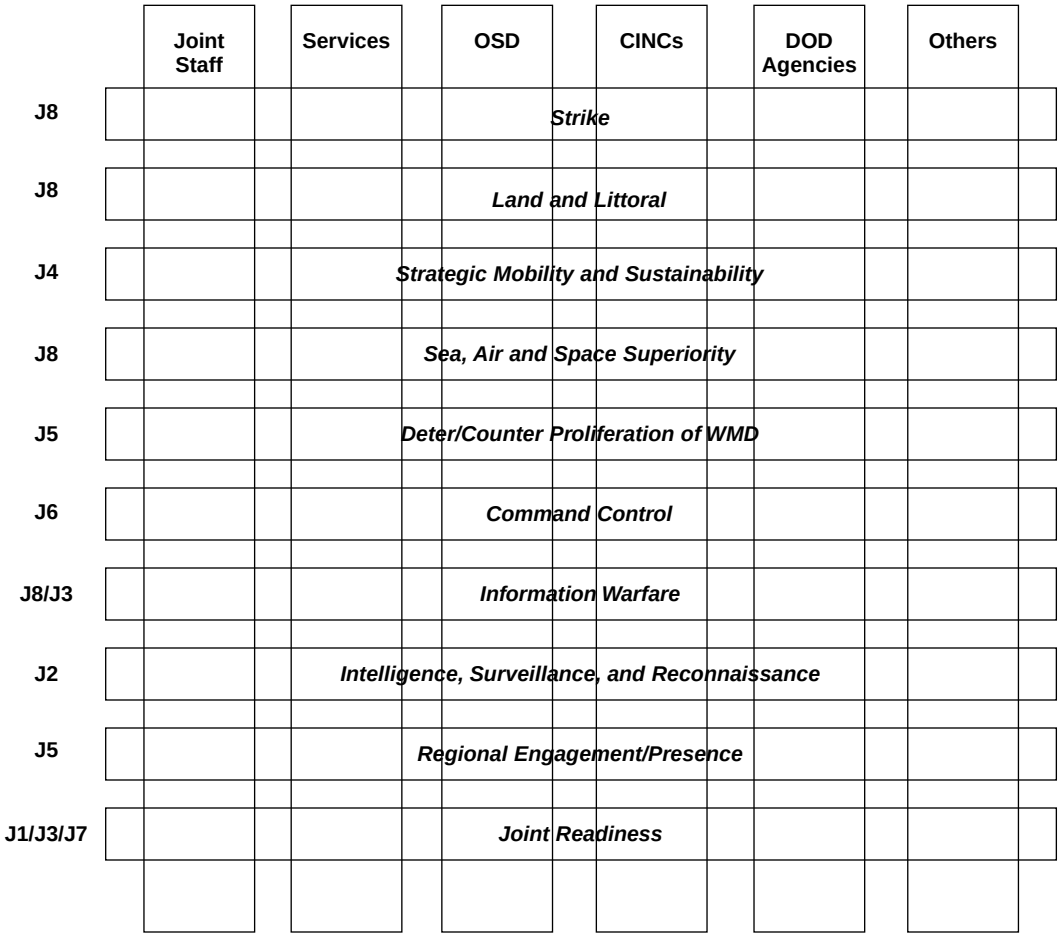

Figure 7. Joint War-fighting Capability Assessment

The JWCA attempts to cause functionally centered budgeting during the input and the output stages of the PPBS. The CPR is the CJCS input to the secretary of defense for the DPG. The CPA assesses the individual service POMs to determine if they followed the recommendations in the CPR. The CPR is the chairman's input at the beginning of the PPBS. It represents the unified commanders and the joint staff on the specific issues covered in the JWCA process. The CPA is the chairman's assessment of the output of the PPBS. It not only assesses but recommends changes to the service POMs

as advice to the OSD before the POM is forwarded to the president. During each of these cycles, specific issues are addressed and answered in such a way that the product becomes part of either the CPR or the CPA. Issues studied by the assessment areas can come from numerous agencies. The CINCs are the primary source of current JWCA issues. The issues for an upcoming JROC are identified in a contract brief. The contract brief from the JWCA assessment area teams informs the JROC what issues the upcoming JWCA cycle will address. The contract brief identifies the issue and identifies the responsibilities of the different participants which leads to resolution of the issue. An action officer (AO) study team is constituted from the different representatives of the JWCA matrix. Each study team has members assigned by their different organizations to participate on the team. The AO study teams consist of core members and supporting members. The core members are the service's representatives from the Pentagon. The supporting members come from the major or unified commands and provide requested technical expertise.

Direct input to the CPA and the CPR give the study teams authority to determine the course of the particular issue which they address. Each issue is resolved with a "deliverable" that answers the question or offers a solution to resolve the problem. The deliverable is briefed to the unified commanders prior to the JROC briefing.[31] The deliverables can become a part of the CPR or the CPA and hence also the DPG.

JROC Section Summary

The JROC/JWCA and the IPL are the only inputs that the CINC, the chairman, or the vice chairman have into the services' POM process. The JWCA process has a significant effect but is limited in scope because of the size of the joint staff and the size of the task. The joint staff is limited by law to 1,627 military and civilian members.[32] It is impossible for this small number of people to look at all of the operations in the 10 assessment areas which could be candidates for joint review. Because of its relatively small size, the joint staff relies on the services for the manpower and the expertise in the different areas being evaluated. These service members not only serve on the JWCA study teams but are actively involved in their respective service POM development—some are the PEMs for service programs. This creates the awkward situation of asking team members to wear a joint hat for the JWCA study team and then a service hat for the service IPT. Because of the limited scope and the potential for conflict of interests for the service members, the JWCA is unlikely to look at the DTS as an integrated whole. It is effective for reviewing isolated problems, but this structure does not naturally lead to an integrated system.

The JWCA process does review important, yet isolated issues. However, because of its small size or its' structure, it does not or cannot integrate the separate components and missions of the DTS. The study teams in the

strategic mobility assessment area do not have a formal method of cross flow. The strategic mobility "tree" consists of the strategic mobility "trunk" with airlift, sealift, and prepositioning main "branches." There are numerous smaller branches from each of these main branches but no definitive mechanism to connect the smaller branches to determine common problems or solutions. An example of this is the material handling equipment (MHE) under the airlift branch. Similar equipment issues exist under the sealift main branch within the Joint Logistics Over the Shore (JLOTS) subbranch. Both of these study areas address transshipment problems but do not formally interface with each other. Neither the JROC nor the current PPBS effectively leverage transportation capabilities; the following section describes the effects of the budgeting process on transportation.

Current Process in Action

In order for the DTS to function, it must meet the goals described in chapter 2. For airlift this included specific modernization programs such as the procurement of the 60K loader and the C-17. Sealift modernization programs include procurement of additional LMSRO/RO ships and funding for the Ready Reserve Fleet ships. Examining the procurement of the 60K loader and the Ready Reserve Fleet issues highlight the imperfections of the current system.

The Air Force approach to procuring additional MHE highlights the problem of acquiring basic transportation infrastructure in a service-centered procurement process. The average 40K loader is 23 years old; the original life span was predicted to be eight years. The fleet is nearly unsupportable due to constant maintenance problems, and recent intense use has led to metal fatigue and frame cracks. A replacement strategy for the aging fleet of 60,000-pound capable aircraft loaders was identified by the Military Airlift Command (MAC) in mid-1980s. The first of 318 new 60K loaders will arrive at their destination in 1996.[33] This delay was influenced by the inability of MAC and AMC to elevate the priority of these systems until it was almost too late. MHE is now a JWCA and a USTRANSCOM IPL item and receives elevated priority; this reflects the belated nature of the current program to replace the current aging equipment.

The MRS and MRS/BURU recommended 36 RO/RO in reduced operating status for the Ready Reserve Fleet. Only 31 of these ships have been added to the fleet; the last five are still being debated. Fiscal year (FY) 1993 authorizations created the NDSF in order to encourage the Navy to obligate funds for these five ships. The Navy is not totally responsible for the lack of these ships, as Congress is restricting the purchase of these ships to US builders. The end result is that the current system has not completed the purchase of ships called for in the MRS and the MRS/BURU.

Both of these programs became issues for JWCA study teams. The JWCA helped ensure that the 60K loader program progressed to its current point but could not affect the status of the Ready Reserve Fleet. The

60K loader shows the JWCA's ability to influence change but only after the fact. In the case of the Ready Reserve Fleet, the Navy and congressional debate over how to proceed with the funding continues to delay the purchase of final ships.

Chapter Summary

Because the current PPBS is service centered it does not permit integration of the total DTS. Transportation is a core competency of all the services; but because of its multiuser nature, it is not naturally the core competency of any of the services. The services choose assets which support the missions that are most fundamental to their nature against those which are fundamental to everyone. This puts them in the position of choosing between apples and oranges—F-22s versus C-17s or warships versus LMSRs. The submission of IPLs from the unified commands helps the service make these difficult decisions, but it is high-level input and does not remove the need of the service to make the choice.

The JROC, and especially the JWCA, attempted to accomplish what the PPBS originally intended, except from within the military establishment. Its functional or mission-area approach and its ability to directly influence the CPR, CPA, and the DPG make it a strong tool. However, much like the IPLs, it is a band-aid approach designed to fix problems after the fact instead of ensuring that the DTS is healthy from the start. Until an integrated approach, comparing transportation systems against transportation systems, is established, the ability to fully leverage the limited transportation assets available to the nation will not be recognized.

Notes

1. Staff report to the Committee on Armed Services United States Senate, *Defense Organization: The Need For Change* (Washington, D.C.: Government Printing Office [GPO], October 1985), 485.

2. Armed Forces Staff College Pub 1: *The Joint Staff Officer's Guide 1993* (Norfolk, Va.: National Defense University, Armed Forces Staff College, 1993) 5–9, 5–16, 5–34.

3. Joint Staff, Director for Operational Plans and Interoperability, Joint Pub 5-0, *Doctrine for Planning Joint Operations,* Washington, D.C., 13 April 199,) II-2, 3.

4. The link between service doctrine and the budgeting process is not a formal portion of the joint strategic planning system and planning, programming and budgeting system. Statements of the national military strategy are used, within each service, to promote particular programs which each service believes, from their perspective, best accomplishes this strategy.

5. AMC describes the POM in the following manner: "The Service, Defense Agencies, and USSOCOM submit POMs to SECDEF biennially. The POMs propose military department and defense agency total program requirements for the next six years and include rationale for planned changes from the approved FYDP baseline within OSD Fiscal Guidance." This is different from a budget estimate submission (BES) which is described in the following manner: "The BES is a re-costing of the POM as modified by the Program Decision Memorandum (PDM). Fact-of-Life adjustments, including congressional actions impacting POM and PDM positions, are made in accordance with OSD direction." HQ

AMC/XPPP, Program Element Monitor and Program Managers' Handbook, *A "How To" Guide for AMC Programmers* (Scott AFB, Ill.: HQ AMC, 7 July 1995), A-6, A-2.

6. As cited in Lawrence C. Crockett, *Joint Commanders and Budget Authority* (Fort McNair, Washington, D.C.: Industrial College of the Armed Forces, 1992), III–2.

7. Ibid., III–6–III–8.

8. AFSC PUB 1, 5-10—5-14.

9. Ibid., 5-14—16.

10. Program Element Monitor and Program Managers' Handbook, *A "How To" Guide for AMC Programmers*, 2.

11. AMC is responsible for the program elements which cover general purpose tanker forces, MFP-2 program elements. There are also guard and reserve (MFP-5) airlift forces for which AMC is responsible.

12. Program Element Monitor and Program Managers' Handbook, 3.

13. Ibid., 4, 11.

14. Ibid., 4.

15. Ibid., 3–4.

16. Department of the Air Force, *The Enhanced Air Force Corporate Structure, Implementation* (Washington, D.C.: AF/PE, November 1995), 4-6.

17. Maj Greg Parker, Air Force HQ/XOFM Global Mobility Panel POC, interview by author, 18 March 1996.

18. *The Enhanced Air Force Corporate Structure, Implementation*, 3.

19. Ibid., 3–4.

20. Brig Gen David J. McCloud, "Charter of the Air Force Requirements Oversight Council," September 1995.

21. Ibid., 2–16.

22. Comdr Robert Drash, HQ Navy/N42, interview by the author, Washington, D.C., 19 March 1996.

23. Ibid.

24. Ibid.

25. "National Defense Authorization Act for Fiscal Year 1996," on-line, Internet, 23 February 1996, available from
http://rs9.loc.gov/cgi-bin/query/4?c104:./temp/~c104CF2s:e769827:

26. Office of the Vice Chairman of the Joint Chiefs of Staff, *JROC: Planning in a Revolutionary Era* (Washington, D.C.: DNA Printing Plant, 1996), 20–22.

27. Ibid., 2–5.

28. Ibid., 10–12.

29. Memorandum from the Office of the Chairman, the Joint Chiefs of Staff, "MCM-14-95, Charter of the Joint Requirements Oversight Council" (Washington, D.C.: Office of the Chairman, the Joint Chiefs of Staff, 7 February 1995), 1–2.

30. Michael D. Burnes, *The History, Concepts and Phases of the PPBS* (Washington, D.C.: Air Force Studies and Analyses Agency, 25 August 1992), 2.

31. Comdr Rick Bush, Joint Staff J4, interview by the author, 18 February 1996.

32. AFSC PUB 1, 2-13.

33. Air Mobility Command, *1996 Air Mobility Master Plan* (Scott AFB, Ill.: HQ AMC/XP, October 1995), 5–54, 55.

Chapter 4

The Proposed Process

A nation which excuses its own failures by the sacred untouchableness of its own habits can excuse itself into complete disaster.

—George Kennan
American Diplomacy

The proposed system eliminates the need for the services to compare apples to oranges. Various attempts at creating greater budget authority for the DTS included the creation of PPBS and the JWCA. These changes sought to cut across service lines in order to create a truly integrated DTS. These attempts and others like them are diluted because it is the nature of services to ensure their primary mission is funded. A next step is to grant USTRANSCOM the authority for developing and executing an integrated POM. This proposal moves the Title 10 equipment responsibilities for transportation assets from the services to USTRANSCOM. The services, however, maintain their organization and training responsibilities. The following chapters analyze possible problems and organizational seams created by this change. Making a modification to the managerial portion of the structure, supporting the transportation balance, enables USTRANSCOM to leverage capabilities against requirements.

The New PPBS for Transportation

The proposed system is not service centered. USTRANSCOM becomes the sole responsible organization for equipping MFP-4 program elements. The PPBS *planning* process changes in that the USTRANSCOM responsibilities for the DPG are expanded. The PPBS programming portion changes more significantly. Under this proposal, USTRANSCOM issues guidance to the TCCs and the TCCs, use MFP-4 programs to develop a FYDP baseline. Programming for AMC and MSC is described in the next two sections of this chapter. Programming for MTMC is not described in detail because approximately 88 percent of MTMC funding is derived from the Defense Business Operating Fund for Transportation (DBOF-T) which is already managed by USTRANSCOM and is described in greater detail in the next chapter.[1]

The proposed system establishes a review process to compare transportation systems to transportation systems in order to determine priorities. The proposed corporate review structure at USTRANSCOM settles issues between the three TCCs that arise during POM development. Mission panels, mission support panels, and imbedded IPTs, similar to

those found now at the Air Staff, would reside at each TCC. For example, an airlift panel would reside at AMC; and a similar sealift panel would reside at MSC. Mission and mission support panels would reside at each component, or if they are generic to all the TCCs, be combined at USTRANSCOM. Members of the IPTs would include representatives from the TCCs, USTRANSCOM, the unified commands, and affected civilian agencies. USTRANSCOM would create levels of review along the lines of the current Air Force Group, Board, and Council.[2]

USTRANSCOM, not the services, would defend its transportation specific BES in the budgeting phase of this proposed system. The short responses required during the buildup to the BES translates to increased USTRANSCOM presence in the Pentagon.[3]

The new system relies on wargaming and mobility requirement studies to establish transportation priorities. Similar to the Navy and the JWCA, a USTRANSCOM matrix review uses wargame results to examine different transportation assessment areas. This matrix review forces a system wide look at the different functions within the transportation system. The different USTRANSCOM staff organizations would review the wargame or study-based requirements and determine which transportation assessment area requires priority. This prioritization translates into planning guidance from USTRANSCOM to its components. This guidance establishes a fiscal ceiling under which the programmers from the components work.

The proposed USTRANSCOM POM naturally incorporates both USTRANSCOM's IPL items and the other unified commands' transportation-specific IPL items. As a supporting command legally responsible to all the unified commands, the transportation priorities of the other unified commands are addressed in the USTRANSCOM IPL. This is not different from what occurs today. The supported commands, traditionally the geographic commands, influence the transportation requirements used in wargames and requirements studies by setting force-level requirements. These requirements form the foundation of the USTRANSCOM IPL. A USTRANSCOM POM addresses these transportation IPL items not from a single service or single medium perspective but from an integrated DTS perspective. Today these transportation IPL items are addressed in three different service POMs and integrated after-the-fact with the JROC/JWCA process.

Air Mobility Command and the New PPBS for Airlift

Under this proposal AMC continues its role in programming for airlift. Program elements that AMC is currently responsible for would continue under AMC programmers. AMC program element monitors (PEM) continue as program advocates using the expertise from the command's program managers.[4] The PEM continues to use the baseline FYDP to identify disconnects and initiatives. These would be resolved internally. Unlike the

current system, AMC identified offsets would be used at the USTRANSCOM level to fund other transportation initiatives and disconnects. This encourages USTRANSCOM to find internal offsets to fund initiatives, unlike the current system which punishes the command by funding initiatives or disconnects outside of its core competency.

The AMC PEM is the only PEM; there is no Air Staff or USTRANSCOM equivalent position. Instead of dealing with an Air Staff PEM, the AMC PEM deals with a POM integrator at USTRANSCOM J5 or J8. This is similar to the current Navy process which takes N42 inputs first to the N4 level for Navy logistical budget integration and then to N81 for overall Navy budget integration. In this new process AMC would integrate the airlift budget and then would work with USTRANSCOM J8 to integrate it with the sealift and MTMC budgets. This would be an iterative process much like it is today. In this new managerial structure most of the Air Staff mobility programming jobs are not required. New positions at USTRANSCOM J8 are required to integrate the TCC POMs; but like the additional Pentagon positions, they are offset by the fewer Air Staff positions.

Military Sealift Command and the New PPBS for Sealift

The current Navy structure requires significant changes to implement this proposed plan for sealift. The Navy's current PPBS system is centered around the CNO staff instead of MSC. Under the proposed system, MSC requires a full programming office. The manning for this would come from the current programmers at the CNO N42. MSC also gains the additional sealift program elements that are not currently under MSC operational control. They are, however, under programming responsibility of N42; therefore, the N42 multiuser program elements migrate to MSC. Some single-user sealift programs—for example, the Navy Fleet Auxiliary Forces—would remain under the naval programming umbrella.

With the proposed system in place, MSC develops a POM with guidance and integration from USTRANSCOM. MSC creates IPTs for each of the different programs under the sealift panel. This sealift panel represents the MSC proposed POM to USTRANSCOM/J8 and the newly created USTRANSCOM corporate review structure. Sealift PEMs continue to advocate their programs, identify disconnects and initiatives, and resolve them internally when possible. They accomplish this within MSC and USTRANSCOM. Offsets would go to any of the USTRANSCOM identified initiatives and disconnects.

PPBS Section Summary

This proposal clearly places the authority for equipping the DTS under the command that has the responsibility for its operation. Unlike today's

system this authority is scattered among the services, none of whom have complete responsibility. The changes required to implement a new USTRANSCOM centered PPBS system for transportation forces are significant but not insurmountable. Political and service opposition is a different subject than the technical challenges of this managerial change, and these are elaborated upon in chapter 6. USTRANSCOM would require more people to aid in the integration of the component POMs and a corporate review process. AMC would not require any more people; it would only need to start receiving programming guidance from USTRANSCOM. MSC would require the most change; but the programmers at N42 would migrate from the Navy to MSC and continue their responsibility for the same program elements that they currently advocate. In short, the change is big but not overwhelming.

JROC and Its Role in the New Process

The JROC is no longer required to build consensus between the services for transportation force decisions. It continues to fulfill its role of representing the various unified commands to the services. This role, however, is minimized because of USTRANSCOM's need to fulfill the requirements of the unified commands. USTRANSCOM budget authority enhances the JROC's ability to assess the joint military requirements and capabilities by presenting a POM that is already integrated. The JROC/JWCA process currently is the military tool for integrating the separate services inputs to the DTS. The original intent of the PPBS and the JROC was to integrate separate service POMs along functional lines. USTRANSCOM centered budget authority answers this programming dilemma for transportation.

The need for the JROC and JWCA, however, continues to exist for four reasons. First, the need to balance capabilities and requirements that cross service boundaries remains for other assessment areas and MFPs. Second, the JROC remains as the military-led accountability tool for all of the POMs, including USTRANSCOM's. Third, the USTRANSCOM POM remains subject to recommendations submitted by the chairman by way of the DPG. Finally, the JROC/JWCA also assesses the transportation POM to ensure that it addresses IPL items and JWCA issues. The last function is minimized because of the nature of USTRANSCOM as a supporting command and the transportation integration resulting from the proposed process.

With budget authority, USTRANSCOM as a supporting command can accomplish or assist in the accomplishment of the separate tasks assigned to the JROC in its charter. It enhances the JROC as it analyzes transportation requirements and programs by providing a joint viewpoint at the onset of the programming cycle. The mission tasks are listed below with a discussion of how USTRANSCOM in its new role would enhance the JROC accomplishment of these tasks.

- *Assess military requirements for defense acquisition programs.* Under currently established war games and mobility simulations, with the budget centered under USTRANSCOM, USTRANSCOM remains the focal point for establishing transportation requirements by way of the unified commands force requirements.
- *As spokesman for the commanders of the combatant commands on operational requirements.*
  With the proposed process, USTRANSCOM becomes the single spokesman for the other combatant commanders' transportation requirements. USTRANSCOM currently has the responsibility for this portion of the JROC mission. The proposed budget process gives authority to fulfill these requirements.
- *Assign a joint priority among major programs meeting valid requirements.*
  Under the proposed process, the JROC still accomplishes this part of its mission. Major transportation programs require priority against other major defense programs. USTRANSCOM is the single-voice advocate for its programs, but they still require justification and balance against other important DOD programs. For smaller programs, USTRANSCOM would prioritize internally.
- *Assess the extent program recommendations and budget proposals of Military Departments and DOD components conform with established priorities.*

This JROC mission continues with the proposed process in place. Like it does for the service budgets, the JROC adds a layer of military-led accountability. The USTRANSCOM proposed POM requires a check and balance prior to its submittal to the Secretary of Defense. The JROC process provides this in the form of the CPA.

- *Assist the Vice Chairman of the Joint Chiefs of Staff in carrying out his responsibilities as Vice Chairman of the Defense Acquisition Board (DAB).*
  Under the proposed system USTRANSCOM provides a unified and fully integrated transportation view for the VCJCS to carry forward to the DAB.
- *Identify, evaluate, and designate potential candidates for joint acquisition programs.*
  As the single authority for the DTS, USTRANSCOM works with the services and the other combatant commands to recommend non-transportation acquisition programs that minimize the transportation requirements or enhance the capabilities that exist. Because of the scope of the current JROC it can only do this to a limited extent.
- *Resolve cross-service requirements issues.*[5]
  USTRANSCOM, with budget authority, greatly assists the JROC in fulfilling this part of its mission for transportation requirements. It does this across service and across unified command lines. As a sup-

porting command its focus is to support all the CINCs and their OPLANs. USTRANSCOM cannot support one CINC or service more than the others, it is legally obligated to support all the CINCs, as directed by the NCA.[6]

JROC and the New PPBS Section Summary

A USTRANSCOM centered system does not eliminate the need for the JROC. Because the new system permits an integrated approach to the DTS, in concert with the JROC's ability to investigate high interest items, it makes the JROC more effective. The JROC remains a vital part of the transportation portion of the PPBS system. Its role in transportation forces is minimized in some aspects and enhanced in others. Consensus between the services is not required, but representation for the other unified commands is still an important role. Its transportation integration function is minimized, but it still makes recommendation for the DPG and assesses the service, USTRANSCOM and USSOCOM POMs. It is also the military accountability process as well as the authority for integrating the various POMs.

The New PPBS in Action

The previous chapter briefly examined two examples, the Air Force 60K loader and the Navy's Ready Reserve Fleet RO/RO ships, to describe how the current PPBS system affects the DTS. Both of these programs are critical for USTRANSCOM to meet the current and future needs of the unified commands. The proposed process allows USTRANSCOM to flow these programs into a transportation POM, balancing major programs in some years with smaller programs in others. The proposed process still requires the CPR and the CPA to balance these against the other DOD programs. But the proposal permits USTRANSCOM to plan and budget for the maintenance of this diverse system.

Chapter Summary

This chapter described the proposed budgeting system for transportation. The proposed change centers the budgeting process for equipping the DTS under USTRANSCOM. It does not eliminate these services but organize and train functions of the transportation component commands program while USTRANSCOM develops a review process to integrate and prioritize the separate POMs. This integrated transportation POM is forwarded to the DOD for further integration with the remaining POMs. The JROC process still makes recommendations for the DPG and assesses the USTRANSCOM POM, but its role of building consensus among the services with respect to transportation issues is eliminated. The JROC con-

tinues to act as an accountability tool and as the unified commands representative.

The next chapter studies examples of budget authority under a unified commander. It explores the reasoning and the success of these examples. It examines cases of both total budget authority and limited budget authority and argues a substantive precedent exists for further USTRANSCOM budget authority.

Notes

1. "Military Traffic Management Command, Master Plan (Prototype)." Transcript maintained at USTRANSCOM Research Center, Scott Air Force Base (AFB), Ill., 1 August 1994, 5.

2. Department of the Air Force, *The Enhanced Air Force Corporate Structure Implementation* (Washington, D.C.: AF/PE, November 1995), 2–4.

3. There are currently two full-time USTRANSCOM people at the Pentagon, one colonel and one secretary.

4. Headquarters AMC/XPPP, Program Element Monitor and Program Managers' Handbook, *A "How To" Guide for AMC Programmers* (Scott AFB, Ill.: Headquarters AMC, 7 July 1995), 4–5.

5. Memorandum from the Office of the Chairman, Joint Chiefs of Staff, MCM-14-95, subj.: Charter of the Joint Requirements Oversight Council, Washington, D.C., 7 February 1995, 1–2.

6. Joint Staff, Director for Operational Plans and Interoperability, Joint Pub 0-2, *Unified Action Armed Forces* (UNAAF), Washington, D.C., 24 February 1995, III–10.

Chapter 5

Precedence and Indicators

If you look at the service programs historically, you'll see that they don't change very much or very fast in their emphasis. The traditional core will get funded, first and foremost, then the programs that are peripheral to individual services core interests, missions and traditions compete for resources that are left.

—Noel Koch

Today, the managerial component of the structure used to balance transportation requirements against capabilities is centered around the separate Services, as described in chapter 3. Centering this programming component of the "balancing act" around USTRANSCOM results in the process described in chapter 4. USSOCOM is an example of a military function, special operations, that has done this already. It effectively shifted the managerial portion of a similar balance in order to permit greater leverage of limited capabilities against multiuser requirements. Additionally, there are examples within the current DTS of limited budget authority for USTRANSCOM. These are restrained attempts in the transportation function to effect this same kind of change. This chapter examines these two examples, USSOCOM budget authority and USTRANSCOM's limited budget authority, to answer four questions.

1. Can implementation of budget authority be successful?
2. What are some of the problems involved with implementation of budget authority?
3. Do the examples demonstrate that budget authority actually resulted in a better integrated force, evidence of greater leverage?
4. Can the reasoning used to grant USTRANSCOM's current limited budget authority be served as well or better by the proposed process?

Answering these questions addresses two broader issues surrounding the proposed solution to the DTS balancing problem. The first question is about feasibility, and answering the second provides a qualitative assessment of the proposal.

US Special Operations Command Budget Authority

USSOCOM, as a separate command, was and still is a contentious issue. Its creation occurred in the defense reform years of the mid-1980s; but the roots of the debate go back to WWII, Korea, and Vietnam. The Desert One accident, however, provided the impetus for the creation of this unique command.[1] The impetus behind the proposed USTRANSCOM budgetary modifications is less dramatic than that which created USSOCOM; and the changes to our current command structure are less severe

than the creation of a new unified command, but the significance for the DOD is no less important.

Studying the history of the creation of USSOCOM and its acquisition of budget authority offers useful insights regarding the implementation of USTRANSCOM budget authority. Examining the congressional committee hearings and legislation indicates the contention surrounding the creation of USSOCOM and the issue of it gaining budget authority. The following examination of the USSOCOM creation outlines lessons which aid in deciding if a similar policy change is useful for the DTS.

- *Lesson One: The proposed policy implementation is less ambitious than the creation of USSOCOM.*

Three laws spell out the history of the creation of USSOCOM and the issue of its budget authority clearly. The first, Public Law (PL) 99-661, the Cohen-Nunn amendment, was the original legislation creating the command. In addition to establishing a unified combatant command responsible for SOF, it formed a board for low-intensity conflict within the NSC. It created the position of Assistant Secretary of Defense for Special Operations and low-intensity conflict (ASD SO/LIC), and established a MFP-11 for SOF programs. The law also established a SOF commander in the US European Command, US Pacific Command and any other geographic command that the secretary of defense deemed appropriate.[2] USTRANSCOM is already a combatant command and MFP-4 covers the program elements the command is responsible for now and that do not change in the proposed process. There is no position in the OSD for transportation. This may be required, depending on the degree of support that transportation receives once this proposal is implemented.

- *Lesson Two: Head of Agency status for USTRANSCOM is simpler due to the existence of MFP-4.*

In reaction to the perception DOD was dragging their feet on the creation of the USSOCOM, Congress enacted PL 100-180. The authors of this second law drew this perception from the original vehement reaction against forming the command and the unwillingness of the DOD to appoint an appropriate ASD SO/LIC.[3] PL 100-180 mandated several changes. First, it made the ASD SO/LIC the principal civilian adviser to the secretary of defense on special operations and low-intensity conflict. Second, it required the secretary of defense to publish an ASD SO/LIC charter. Next, it designated the secretary of the Army as the acting ASD SO/LIC until an appropriate candidate was found by the DOD. Finally, PL 100-180 gave the CINC USSOCOM head of agency authority. This last step provided the commander in chief of special operations command (CINCSOC) the same authority over acquisition and procurement as a service secretary. All of these facilitated the implementation of MFP-11.[4] Of the four changes legislatively mandated for USSOCOM, only designating the CINC of US Transportation Command (CINCUSTRANSCOM) as a head of agency is required under this proposal.

- *Lesson Three: Programming responsibilities in the proposed process are clearer due to the existence of MFP-4 prior to the establishment of budget authority.*

Lingering confusion regarding the degree of programming authority that USSOCOM should possess resulted in PL 100-456 less then a year after PL 100-180. PL 100-456 prescribed that USSOCOM prepare a SOF POM. The law also stated the POM include programming for the SOF assigned to the other unified commands.[5] The 1988 law intended that USSOCOM assume these budgetary responsibilities as soon as possible but not later then 1992.[6] The combination of these laws made the intent of the Congress abundantly clear and USSOCOM operates in accordance with these laws today. A smoother transition with regard to programming responsibilities is possible for USTRANSCOM because of MFP-4. USSOCOM, however, was a newly created command that had to develop a POM and determine in reluctant coordination with the services what program elements belonged in that POM.

- *Lesson Four: The proposed system employs experienced MFP-4 programmers to ease the transition.*

Once USSOCOM's responsibilities were established by law, there were still problems with implementation; but these problems should not effect USTRANSCOM implementation to the same degree. These problems stemmed from the lack of personnel with experience in the PPBS. Few SOF personnel had Pentagon or programming experience. Additionally, the small congressional liaison office in USSOCOM did not deal well with budget responsibilities and required extra staff positions.[7] Under the proposed process USTRANSCOM budgeting centers around the TCCs. The AMC staff already accomplishes programming and the MSC staff will initially consist of the migrated N42 programmers, thus minimizing transition problems for USTRANSCOM. USTRANSCOM will require additional budgeting and liaison people at the Pentagon, much like USSOCOM, but recognizing this prior to implementation will minimize this problem.[8]

- *Lesson Five: The current MFP-4 programs ameliorate problems resulting from the size of the proposed USTRANSCOM budget.*

The remaining problem that plagues the SOF budget presents a dilemma for the USSOCOM programmers—the problem is size. USSOCOM uses only about 1.7 percent of DOD manpower and 1.3 percent of the DOD budget.[9] Because it is so small and wishes to remain small, USSOCOM cannot afford to independently fund its major programs. The most recent example of this is the CV-22, the special operations version of the V-22. The V-22 is a Navy program designed to replace and enhance the capabilities of the Marine Corps CH-46. USSOCOM plans to buy only 50 CV-22s while the Navy plans on buying 425 for the Marines. In fact, USSOCOM is not buying the airplane at all; the Air Force is buying the airplane and USSOCOM is buying its SOF unique equipment. This is the same arrangement USSOCOM has for the new MC-130 Talon II and the AC-130U

Gunship. The command does not require enough of the airplanes to buy a sufficient quantity to make the acquisition economically viable. USSOCOM acquires these major programs in partnership with one or more of the services. With the CV-22 it is the Air Force and the Navy.[10] Most of the time this arrangement works in favor of USSOCOM; the command is able to maintain a small budget by getting the services to buy its major weapon systems which it then upgrades. This arrangement, however, gives USSOCOM less control of the acquisition, configuration, and schedule of these programs. The dilemma, therefore, stems from the desire for control while at the same time limiting the command's budget. Since MFP-4 exists and under the proposed programming process for USTRANSCOM its program elements, including major programs, transfer to USTRANSCOM, partnerships for current programs are not required. Because the precedent is set for transportation forces, the FYDP continue to fund the appropriate elements as USTRANSCOM is able to justify them.[11]

With the lessons learned from the creation of USSOCOM in mind, the next step is to determine the influence that USSOCOM budget authority had in integrating the SOF. Because USTRANSCOM's command relationship is established and tested, and because MFP-4 already exists, many of the agreements used to establish the relationship between USSOCOM and other organizations are less complex. USSOCOM has agreements with all the services, the other unified commands, and four other DOD agencies or organizations. The command considered a total of 37 agreements essential in order to adhere to its legislatively mandated responsibilities.[12] By completing these agreements the command established the means for the services, the components, and USSOCOM to interact. These agreements provide the means for USSOCOM to integrate its separate service components.

The USSOCOM agreements cover MFP-11 responsibilities such as research, development, and acquisition, plus military construction/engineering support.[13] This proposal requires USTRANSCOM to establish agreements with the services establishing the division of labor between USTRANSCOM and the services. For example, USTRANSCOM will utilize AFMC to oversee the acquisition of major airlift programs. By starting with the established MFP-4 responsibilities, the agreements for program element responsibilities are simpler than during the USSOCOM transition. Military construction agreements would vary in complexity depending on the location, size, and relationship of bases, posts, and ports. All of these agreements, whether of equal or lesser complexity, are facilitated by the fact that USSOCOM has established similar relationships from which USTRANSCOM can learn.

Budget authority improved the integration of SOF in numerous ways. Under the proposed process, the DTS could expect similar integration improvements. These improvements to the SOF include the creation of programs or units that are interoperable among the three components. The creation of the SORDAC in 1991 promoted integration.[14] It is not dif-

ficult to imagine a similar defense transportation center incorporating the Air Mobility Warfare Center based at Fort Dix, New Jersey, and including elements from the Army and Navy.[15] The creation of a triservice special operations medical training center (SOMTC) is yet another way that triservice SOF unique capabilities and requirements are being integrated.[16] A similar notional program for patient transportation benefits from an integrated budget.

Budget authority allows USSOCOM to pursue various improvements other than new procurement that are ongoing for the different SOF mobility assets. These have implications across the command and include improvements to the HC-130 P/N, special operations low-level (SOLL) C-141, MH-53J improvements, and modifications to the EC-130E Commando Solo. Equally important are the numerous Command, Control, Communications, Computers & Intelligence (C^4I) systems under development, including the theater SOC C^4I program, the Tactical Satellite Manpack Ultra-High Frequency (UHF) Terminals (TACSAT), SOF Laser Markers (SOFLAM) and Multimission Advanced Tactical Terminal (MATT). These programs are interoperable among each of the components of USSOCOM.[17] Even with its dependence on the services for major programs, the acquisition of these multiple systems exemplifies the ability of a USSOCOM budget to provide the capabilities to balance the requirements. It is reasonable to extrapolate for USTRANSCOM, with no dependence on the services, and foresee an integrated, balanced transportation POM.

Section Summary

The creation of USSOCOM and its budget authority set the precedent for a similar approach for USTRANSCOM. Examining the USSOCOM example answers three questions. First, can implementation of budget authority be successful? The creation of USSOCOM with budget authority was difficult but successful. Establishing budget authority for USTRANSCOM presents challenges but apparently not as many as USSOCOM faced. Second, what are some of the problems of implementing budget authority for USTRANSCOM? The problems of staffing and congressional liaison are solved for USSOCOM. The problem of funding major programs demands attention. In the proposed process, USTRANSCOM requires a larger presence in the Pentagon and MSC; but these people exist in other organizations and have the requisite experience. USSOCOM's dependency on the services is not a problem for USTRANSCOM because MFP-4 is established. Lastly, does budget authority actually yield a better integrated force? There are numerous indications that better integration of the three components' requirements and capabilities is taking place. USTRANSCOM can realize similar improvements in integration with budget authority. Examining these questions in the context of USSOCOM and comparing the answers to the USTRANSCOM situation partially answers the broad questions of feasibil-

ity and quality of a change in the programming process. Answering the question concerning USTRANSCOM's current limited budget authority looks at both questions from a different perspective.

USTRANSCOM's Limited Budget Authority

USSOCOM budget authority is the only example of a unified commander holding head of agency authority. This head of agency authority obligates USSOCOM to prepare and submit a POM. Limited budget authority exists in USTRANSCOM. What are the examples of limited budget authority, what does this imply, and has it been successful? By answering these questions the broader feasibility and quality questions, regarding USTRANSCOM budget authority are further explored. Analyzing the four types of budget authority that USTRANSCOM possesses answers the above questions. The first is the DBOF-T, next is the MEF, third is the commander in chief's initiative fund (CINCIF), and the fourth is the C^2IP.

Unlike USSOCOM, USTRANSCOM was not created in such a heated atmosphere.[18] The directive creating USTRANSCOM was much less restrictive than the public laws that created USSOCOM and granted it budget authority. USTRANSCOM also initially had less responsibility and authority than USSOCOM.[19] Not until 1992 did USTRANSCOM acquire combatant command of its three component commands.[20] At that same time, USTRANSCOM gained significant budgetary authority in the form of control of the DBOF-T.

To understand the significance of the DBOF-T to the proposal one must know why DOD created the DBOF. The DBOF-T, like the rest of the DBOF programs is a revolving fund, forcing business-like practices on the services. Revolving funds existed for many years. The Airlift Service Industrial Fund (ASIF), for example, lasted from 1958, until it was replaced by the DBOF-T. With the creation of the DBOF in September 1991, several industrial funds and stock funds combined under the administration of the OSD comptroller.[21] Controlling costs is the major goal of this combination of the former funds under one DBOF. The fund does two additional things. The first forces transportation users to stay within a planned and published operating budget. Customers cannot exceed this planned budget without prior approval from the DOD comptroller. Second, DBOF requires customer prices to reflect full USTRANSCOM costs, including depreciation of assets and offsetting losses or gains from previous years.[22]

Imposing business principles on the DOD for transportation has not been entirely successful. As part of establishing prices, USTRANSCOM prepares the DBOF-T POM and submits it to the secretary of defense.[23] There are two portions to the DBOF-T prices, the operating funds and capital investment funds. Operating funds cover the direct costs of providing the transportation to the various DOD users. Capital funds generally cover the depreciation of the assets involved in providing the transportation service. By building the DBOF-T POM, USTRANSCOM is telling the OSD comptroller how much money is required to support the DOD

transportation requirements. USTRANSCOM's control of this fund is its most significant example of budget authority. USTRANSCOM's role in this has been contested. As the manager for this fund, USTRANSCOM is responsible to the secretary of defense for the funding of DOD's transportation needs. The services relay their projected transportation costs to USTRANSCOM, and USTRANSCOM uses these to develop the DBOF-T POM. These figures do not always match and USTRANSCOM has been accused of charging too much for transportation. The source of contention has primarily been centered on USTRANSCOM's use of the fund for recapitalization programs under the capital investment portion of the fund.[24]

Without complete budget authority, the goal of the DBOF cannot be realized. The disagreements between USTRANSCOM and the transportation users over costs result from the need of the command to fund capital improvements not covered by the service POMs. The robust transportation system required for wartime results in high peacetime costs for the relatively small number of users. With expanded budget authority, USTRANSCOM would charge users the operations and capital costs to support peacetime requirements. The command would program, through the PPBS, for any additional wartime readiness costs.[25]

The next three examples of limited budget authority indicate a recognition by Congress of the need to integrate the transportation system. The House Armed Services Committee recommended $50 million for fiscal year 1995 for a new initiative, the Strategic Mobility Enhancement Fund.[26] Congress directed the commander of USTRANSCOM to be the sole authority for the expenditure of this money. The fund is for mobility enhancements to ensure strategic mobility readiness, some of which the committee discussed in the text of the 1995 report. The suggestions in the text included a merchant marine reserve program, an airlift companion trainer program, increased use of flight simulators, and improvements to the airlift enroute structure. In the discussion of overseas bases, the report stated, "the commander of USTRANSCOM is in the best position to make the necessary trade-offs among competing high-priority projects."[27]

In addition to the Strategic Mobility Enhancement Fund, Congress has for several years authorized a CINC intermediate frequency (IF). This is a $25 million fund limited to use on one-time joint, humanitarian, or command and control initiatives. It cannot be used for major systems, service, or unfunded FYDP programs. Suggestions for the use of this fund come from the USTRANSCOM community at large and is managed by USTRANSCOM J-8. The fourth budgetary fund that USTRANSCOM controls is the C^2IP. This fund is a maximum of $300 thousand to be used at the USTRANSCOM headquarters for operations and maintenance, procurement or research and development on urgent and unforeseen C^2IP requirements. The fund cannot be used for yearly purchases, manpower requirements, or word processing equipment.[28]

The creation of these USTRANSCOM controlled funds reflect the broader need to integrate the whole DTS budget process. They do not,

however, permit the command to solve problems before they occur. These funding programs are only small and insufficient steps towards integrating the overall DTS budget process.

Section Summary

The control of these funds indicates the feasibility of USTRANSCOM budget authority. The problems that occur with control of the DBOF-T indicate there is room for a qualitative improvement. The last three funds demonstrate the command is currently fiscally responsible for portions of its mission requirements but unable to establish an integrated DTS. The most significant example of budget authority is the control of the DBOF-T.[29] Budget authority permits USTRANSCOM to build recapitalization programs into a POM out of user prices. It also permits the command to create an integrated system beforehand, instead of integrating after the fact.

Chapter Summary

Describing the budget authority USSOCOM possesses and USTRANSCOM's limited budget authority permits a glance into a possible future given expanded budget authority for USTRANSCOM. The first of two important characteristics of the USSOCOM budget are the limitations which USSOCOM must work under because of the size of the command. The second characteristic is that, in spite of this limitation, the command made great strides in integrating the three components' capabilities and matching them with its requirements. USTRANSCOM is not limited by its size or the types of programs for which it is responsible because of established MFP-4 programs. USTRANSCOM will also integrate the separate components more effectively with budget authority. The important characteristic that stands out in the second section is the impact that USTRANSCOM has DOD-wide, with its responsibility for different funds—especially the DBOF-T. This impact allows USTRANSCOM to meet user needs but does not allow it to integrate and, therefore, leverage, all of the commands' capabilities to meet these needs most effectively.

Notes

1. William G. Boykin, *Special Operations and Low-Intensity Conflict Legislation: Why Was It Passed and Have the Voids Been Filled*? (Carlisle Barracks, Pa.: US Army War College, 12 April 1991), 2–7.
2. John M. Collins, *Special Operations Forces: An Assessment* (Washington, D.C.: National Defense University Press, April 1994), 10–11.
3. Boykin, 26–28, 38–41.
4. Collins, 11–12.
5. Ibid.
6. Boykin, 45.
7. Lawrence C. Crockett, *Joint Commanders and Budget Authority* (Fort McNair, Washington, D.C.: Industrial College of the Armed Forces, 1992), II-10–II-12, IV-1.

8. Collins, 32–35.

9. Gen Wayne A. Downing, "Small Budget, Big Payoff," interview by Glenn W. Goodman Jr., *Armed Forces Journal International*, vol. 132, no. 1 (August 1994): 44.

10. Maj Ray Kruelski, USSOCOM/J7, interview by author, 21 May 1996.

11. Ibid.

12. Committee on Armed Services, Subcommittee on Readiness, House of Representatives, General Accounting Office (GAO) Report to the Chairman, "Special Operations Command: Progress Made in Completing Needed Agreements" (Washington, D.C.: June 1992), 2.

13. Ibid., 12–13.

14. James R. Locher III and Carl W. Stiner, "US Special Operations Forces, Posture Statement" (1992), 17.

15. Air Mobility Command, *1996 Air Mobility Master Plan* (Scott AFB, Ill.: Headquarters AMC/XP, October 1995), 3–16.

16. Locher and Stiner, C-12.

17. Allen Holmes and Wayne A. Downing, "US Special Operations Forces, Posture Statement" (1994), 40–45.

18. Gen Duane H. Cassidy, "General Duane H. Cassidy, US Transportation Command's First Commander in Chief," interview by Dr. James K. Matthews, August 1989. Transcript maintained at USTRANSCOM Research Center, Scott AFB, Ill., 1–8.

19. The original directive that established USTRANSCOM did not dictate command relationships; It simply echoed the recommendations of the Packard Commission.

20. Richard B. Cheney, Washington, D.C., to the secretaries of the military departments and the chairman of the Joint Chiefs of Staff, subj.: Strengthening Department of Defense Transportation Functions, 14 February 1992. Transcript maintained at USTRANSCOM Research Center, Scott AFB, Ill.

21. GAO Report to Congressional Committees, "DBOF Management Issues Challenge Fund Implementation" (Washington, D.C.: GAO, March 1995), 3.

22. Lawrence Schwarz, *Implementing the Defense Business Operations Fund: The Case of the Military Airlift Command* (Bethesda, Md.: Logistics Management Institute, June 1992), 1–2.

23. The total 1997 DBOF-T account is $3.95 billion, which includes the accounts for AMC, MSC, MTMC and the USTRANSCOM headquarters operations account. Lt Col Steve Jones, USTRANSCOM/J8-P, telephone interview by author, 23 May 1996.

24. Lt Col Steve Jones, USTRANSCOM/J8-P, interview by author, 21 March 1996.

25. Ibid. An example of the high peacetime costs needed to support the wartime structure is the airlift subsidy. This congressional subsidy covers the high cost of a unique military airlift system and still keeps the DBOF prices down so that the users can afford to exercise the system. Jones interview, 21 March 1996.

26. House of Representatives, "National Defense Authorization Act for Fiscal Year 1995" (Washington, D.C.: Government Printing Office, 1994), 149–50.

27. Ibid., 149.

28. Jones interview.

29. Ibid.

Chapter 6

Summary, Implications, and Conclusion

I can think of no programs more vital than those that are designed to enhance the strategic deployment of our forces.

—Gen John M. Shalikashvili
1994 Posture Statement

In the past, we approached our strategic lift shortfalls much like the Soviets treated their five-year economic plans. Time and again, we gathered great fervor and intensity behind our intention to correct these shortfalls, we drew up ambitious timetables and schedules, and then, with each succeeding year we slipped these schedules as we failed to accomplish one objective after another, as projected increases in air tonnage and sea tonnage failed to materialize, until we finally succumbed to the old trick of modifying our original requirements, reducing them to levels that made us appear successful, when, in fact we remained far short of our original goals. Then, a few years later, some coalescing event would cause us to repeat the same cycle again. This budget is part of another of those five-year plans, but this time we have much more on the line than in the past.

—Gen John M. Shalikashvili
1994 Statement before House Appropriations Committee

The first and second chapters of this paper start with a description of the balance between transportation capabilities and requirements. By analyzing this balance, they set out to determine if granting budget authority to USTRANSCOM would leverage the DOD's limited transportation capabilities more effectively. This description leads to the conclusion that past attempts to balance transportation capabilities against requirements did not include complete financial responsibility for DOD transportation under one authority. A description of the transportation mission followed the explanation of this balance. The basic nature of the transportation mission includes goals, objectives, and tasks focused on people, equipment, infrastructure and operations. Each of the components of US transportation command must maintain these four elements by performing specific tasks. This study describes tasks for two of the components, MSC and AMC, in order to facilitate the discussion in later chapters concerning the budgeting process and the role that the JROC plays in that process.

Summary

As the next step in answering the thesis question, chapter 3 described the current budgeting process. This included a description of the PPBS at the DOD level and the Air Force and the Navy approach to the PPBS.

Similarly, the third chapter described the JROC and the JWCA process from a DOD, Air Force, and Navy perspective. Finally, the chapter described a case for both airlift and sealift programs going through the process as it stands today. The descriptions summarized above led to the following conclusions: the system in place today cannot create an integrated transportation system, and the Air Force process is duplicative. Although the JROC attempts to integrate, its limitations allow it to only selectively focus on a few issues after the fact versus integrating throughout the process of building the DTS.

The fourth chapter described the proposed process for budgeting transportation and how it would work. Similar to the third chapter, it started by describing the proposed PPBS for the DOD, the Air Force, and the Navy. Likewise, it described the way in which the JROC and JWCA process might change under this proposed system. Using the same airlift and sealift examples from the previous chapter, chapter 4 described the steps these programs must take for review under the proposed process. This chapter concluded that centralizing the POM process around USTRANSCOM would eliminate much of the duplicative effort in the Air Force and that this USTRANSCOM centered proposal would offer greater potential for integration of the DTS than the current system. The proposal seeks to utilize the JROC in a role to which it is more naturally suited. The JROC, in the proposed process, provides a high level of accountability over USTRANSCOM on behalf of the DTS users.

Following the description of the proposed process, chapter 5 describes the events that led to the establishment of USSOCOM and the manner in which it gained budget authority. Additionally, this chapter describes USTRANSCOM's limited budget authority. By describing these two examples of budget authority that exist in unified commands it draws the conclusion that not only was it possible for USTRANSCOM to gain budget authority but, using USSOCOM as an example, the chapter argues that the possibilities for greater integration were likely. Additionally, it highlights the fact that because the USTRANSCOM components are closely aligned with MFP elements it should not have the same problems USSOCOM had at its inception when creating a new MFP.

Implications of Proposed Implementation

This section addresses some of the reservations over granting USTRANSCOM budget authority as raised by various sources during the course of research, including senior ranking officers from the various services and members of the Joint, Air, Navy, USTRANSCOM, and AMC staffs. There are, of course, other implications; but these are the ones that came up most often and/or seemed to have the greatest significance.

- *If budget authority is appropriate for USTRANSCOM, why would it not apply to the all of the unified commands?*

The answer is rooted in the difference between a geographic CINC and a functional CINC. This difference is particularly true for USTRANSCOM. The functional CINCs have one primary mission, or core competency. For USTRANSCOM that mission is transportation of military equipment to support all the other unified commanders. The geographic CINC's mission is much more broad and ranges from operations other than war to MRC. It can also be accomplished with a variety of weapon systems, each with overlapping capabilities. If each geographic CINC had budget authority to match their spectrum of assigned missions, each would require a substantial and idiosyncratic joint force at their call, an absurd funding situation.

- *If the geographic commands are not eligible for budget authority, then should the other functional commands at least be granted budget authority?*

The answer to this question is in two parts. First, USSPACECOM's and USSTRATCOM's mission is not so narrowly defined as USTRANSCOM's pure transportation mission; therefore, this policy change does not immediately fit for each of the functional CINCs. Second, the other functional CINCs do not have such a clear historical connection with the PPBS. USTRANSCOM and its individual components—before they were unified—has had a connection in the form of MFP-4. Similarly, when the JWCA was created it included a separate assessment area for strategic mobility and sustainment. No other command, functional or geographic, has such a historically recognized focus.

- *The next most often made point refers to the CINCs' responsibilities.*

The point is often made that the primary responsibility of the unified; commands is to prosecute war; and if the command is involved in the very complex business of the PPBS; this could dilute its ability to fulfill its primary responsibility. This issue is addressed in two ways. First, part of this problem stems from the poor differentiation in joint doctrine between a functional CINC versus a geographic CINC. In the vast majority of cases, USTRANSCOM's primary role is that of a supporting command. USTRANSCOM has been a supported command, but this is not its most likely role.[1] By and large, USTRANSCOM supports the geographic CINCs' role. Since the command is established upon one well-defined mission, USTRANSCOM has the luxury—even the mandate—of not only preparing for the war that it will support tomorrow but also the war that it will support in five years. Second, USTRANSCOM is already very involved in the budget process as the manager of the DBOF-T and its other funds.

- *How would this policy implementation impact the affiliation of the components with their parent services or the culture of the services?*

Under the proposed policy, the services would continue to organize and train the components in coordination with USTRANSCOM. The airmen, soldiers, and sailors would continue to be airmen, soldiers, and sailors. The differences in their areas of expertise will not change because USTRANSCOM is paying the bills. USSOCOM provides an example of how

SOF is separate; but they are nonetheless still dependent on the services and maintain their identity with the Air Force, Army, and Navy. Agreements between the services and USTRANSCOM which establish procedures to deal with personnel issues are an important aspect of the proposed process.

- *Another implication of this proposal is that it continues to erode the power of the services.*

From the current perspective, this is true; but it is also possible that it could strengthen the services role by divesting what is, in fact, not the core activity of any of the services. This policy frees the services to consider in detail, and in coordination with each of the other services, the very difficult topics of roles and missions with respect to force application across the spectrum of conflict. This policy also distributes the burden of equipping the transportation forces equally by taking the required funds off the top, leaving funds to be divided among the services based on combat capabilities and requirements. This implication relates to the "organize, train and equip" mantra, referring to the current responsibility of the services under Title 10 of the *US Code*. This "habit" cannot be allowed to reach the level of George Kennen's "sacred untouchableness"; and if an approach with potential is available, then it must be considered.[2]

- *Another aspect of this policy change comes under the broad heading of competition.*

This thesis implies that under USTRANSCOM centered budget authority the DTS will be "better." Better implies improved efficiency, but can a monopoly of the DTS actually improve efficiency? Monopolies are historically and theoretically inefficient due to lack of competition. There are, however, large portions of the DTS with the characteristics of a natural monopoly. A natural monopoly is an industry whose cost of production, in conjunction with a small market, limits the overall market place "naturally" to only one provider.[3] The cost of producing aircraft that carry very large, heavy vehicles, or ships whose cargo can drive on or off, is not only expensive but there are few customers that require these capabilities. That is why very few commercial companies operate aircraft or ships with these features. In addition to the characteristics of a natural monopoly, the monopolistic nature of the DTS is apparent by the degree of government intervention that strictly controls the system.[4] Although much of the DTS is a monopoly, large portions are not. The CRAF program for airlift and shipping contracts make it a very competitive system. One could suggest that the competition between the services which is imbedded in the current system might generate efficiencies. However, since the resulting competition first occurs within the services, competing transportation against nontransportation systems, this leads to false competition. Truer competition prevails when transportation systems compete against each other based on their ability to support the national military strategy. A system to contend with the negative attributes of a monopoly, high prices

and poor service, must exist or that monopolist stands the chance of being replaced. The system that exists to avoid this in the proposed process consists of the numerous checks and balances that are in place in the current PPBS and also the JROC process.

- *A final implication one must consider before a policy of this nature is implemented is the issue of personnel. Or, how would USTRANSCOM budget and provide the manpower for its separate components?*

The answer to this question applies to several of the other issues already discussed. The fact that USSOCOM already deals with this issue and has working agreements with the services that deal with this issue make a transition more simple. This is not to say that this would not be a different problem for USTRANSCOM; but there has been a precedent set, upon which the implementers of this proposal can build.

Conclusion

The national military strategy is transportation dependent. The transportation system could easily be considered a center of gravity, "the hub of all power and movement, on which everything depends."[5] The way in which the DOD funds this center of gravity can influence its efficiency and effectiveness. The previous chapters show there is strong potential to improve the DTS by following the process proposed and described in chapter 4. This process essentially permits USTRANSCOM to leverage to the fullest extent limited capabilities against growing requirements. The other aspects of the structure, the operational and organizational parts upon which the DTS rests, have undergone significant change to enhance the balance. By adopting this proposal, the managerial or budgeting portion will also aid in leveraging the nation's transportation assets. Currently, USTRANSCOM is responsible for providing a well-defined service to the entire DOD—transportation. The command, however, is limited in its authority to fulfill this responsibility. Without this authority it is less accountable for the mission because it can ascribe its performance to factors beyond its control. With both the responsibility and the authority, the command is singularly accountable for the performance of the DTS.

It is impossible to prove without doubt the benefits of any policy change. It is, however, possible to show where the problems lie in the current system, the potential benefits, and some of the costs of change. The evidence in this paper demonstrates these problems, describes the benefits, and addresses some potential difficulties of the proposed change. This study did not study other solutions to the fragmented budgeting system. Alternatives could include modifying the JROC process or strengthening the role of the Joint Staff J4. In order to fully appraise the strength of the proposed solution, comparison to these and other possible solutions is necessary. The importance of transportation to the nation's strategy and

the limited implementation costs of this plan warrant studying this policy change in greater detail.

Notes

1. Lt Gen James D. Starling, "Deputy Commander in Chief US Transportation Command, Exit Interview" interview by Dr. James K. Matthews, September 1993. Transcript maintained at USTRANSCOM Research Center, 43–44.

2. "A nation which excuses its own failures by the sacred untouchableness of its own habits can excuse itself into complete disaster." George Kennan, *American Diplomacy* (Chicago: University of Chicago Press, 1956), 73.

3. John P. Gould Jr. and Edward P. Lazear, *Microeconomics Theory* (Homewood, Ill.: Irwin, 1989), 293.

4. Ibid., 294.

5. Carl von Clausewitz, *On War*, trans. and edited by Michael Howard and Peter Paret (Princeton, N.J.: Princeton University Press, 1984), 595.