Appropriations Process

Navy Appropriations Matters Office (FMBE)

Debbie Ogledzinski - Congressional Support Branch Head
LCDR Steve Marty - Medical Affairs Action Officer
On behalf of ASN(FM&C), the Appropriations Matters Office (FMBE) coordinates all matters related to the House and Senate Appropriations Subcommittees on Defense and Military Construction.

Required by legislative direction since 1983 to be separate from OLA:

“The Committee directs that the budget liaison structure be moved to a status independent from legislative liaison influence and control and given the authority and manpower to respond directly to the Committee’s factual information requirements”.

Appropriations Committee
Leadership

Senate Committee on Appropriations (SAC)
Subcommittee on Defense (SAC-D)

Daniel K. Inouye (D-HI) Chairman
Thad Cochran (R-MS) Ranking

House Committee on Appropriations (HAC)
Subcommittee on Defense (HAC-D)

David R. Obey (D-WI) Chairman *
Norman D. Dicks (D-WA) Chairman
C.W. Bill Young (R-FL) Ranking
Jerry Lewis (R-CA) Ranking

*Will not run for re-election in November
Appropriations (Continued)

Senate Committee on Appropriations (SAC)  
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies (SAC MILCON)

Tim Johnson (D-SD) Chairman  
Kay Bailey Hutchison (R-TX) Ranking

House Committee on Appropriations (HAC)  
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies (HAC MILCON)

Chet Edwards (D-TX) Chairman  
Zach Wamp (R-TN) Ranking *

*Running for Governor of Tennessee
“No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law”¹

¹ U.S. Constitution, Article I, Section 9.
The Appropriations Process

**Budget Resolution - Sets Spending Limits**
- Sets spending ceilings for the upcoming fiscal year.
- Distributes federal spending among 20 functional categories, such as national defense, agriculture, and transportation, and sets similar levels for each function.
- Includes revenue floors
- No Budget/Outlay Authority with Budget Resolution

**Authorization Act - Authorizes Appropriations**
- Establishes, continues, or modifies agencies or programs.
- Authorizes appropriations for specific agencies and programs, frequently setting spending ceilings for them.
- No Budget/Outlay Authority with Authorization Act

**Appropriations Act**
- Provides new **budget authority** for the program, activity, or agency previously authorized.
- Congress is not required to provide appropriations for an authorized program.
Types of Appropriations Measures

**Regular Appropriations Bills**
- Provides most of the funding that is provided in all appropriations measures for a fiscal year, and must be enacted by October 1 of each year.

**Continuing Resolutions**
- If regular bills are not enacted by the deadline, Congress adopts continuing resolutions (CR) to continue funding generally until regular bills are enacted.

**Supplemental Bills**
- Considered later and provide additional appropriations.
We DO NOT:

- Lobby

FMBE Role:

- Support President’s Budget request with Appropriations Committees

- Assist in formulation of Congressional Budget Engagement Strategy
- Support Budget Hearings and Congressional Testimony
- Aid in preparation of Program Budget Briefs
- Respond to Defense and Military Construction Subcommittee requests for program information
- Coordinate Navy appeals for Authorization and Appropriation committee adjustments to President’s Budget request
- Coordinate and execute travel for subcommittee members, professional staff members, and associate staff members

We DO NOT:

- Lobby
Budget Formulation & Execution Process

**PLANNING**
- NAT’l Policy
- CINC’s
- AGENCIES
- SERVICES
- WORLD
- SITUATION

**PROGRAMMING**
- STRATEGIC VISION
- (CSPG)/LRPO
- JSR/JPD
- NMSD
- OSD
- PLANNING

**BUDGETING**
- NAVY
- BUDGET
- PREPARATION & REVIEW
- OSD/OMB
- BUDGET SUBMIT
- OSD/OMB
- REVIEW
- DECISIONS
- (PBM)

**PPBE Flow**
- SUMMARY CPAM
- DPG/FG
- CPAM ANALYSES
- * IWAR ANALYSES

**FMBE Focus**
- EXECUTE
- CONGRESS
- APPROPRIATION
- PRES. BUDGET
- OSD/OMB
- REVIEW
- OSD/OMB
- SUBMIT
- NAVY
- BUDGET
- PREPARATION & REVIEW
- OSD/OMB
- REVIEW
- DECISIONS
- (PBM)

**Notes**
- * IWAR DEVELOPMENT
- CONTINUOUS
Notional Defense Appropriations Legislative Calendar

- **Budget Process**
  - HBC
  - SB C

- **Authorization Bill**
  - HAS C
  - SUBCOM

- **Appropriations Bill**
  - House Subcom
  - Senate Subcom

**Key Events:**
- **Beginning of Fiscal Year**
- **Congress Convenes**
- **President Submits Budget**
- **Defense Appropriations Legislation**
- **Floor Vote**
- **Conference**
PB Rollout Timeline

- The President is required to submit his annual budget on or before the 1st Monday in February.

- OSD and Service budget roll-out briefings to media.

- Budget Justification Material (J-Books) to the Defense Committees.

- FMB budget roll-out briefings to Defense Committee Professional Staff Members (PSMs) and Military Legislative Assistants (MLAs): HASC, SASC, HAC-D, SAC-D, and CBO.

- SECNAV, CNO, and CMC Posture Hearings: HASC, SASC, HAC-D, and SAC-D.

- Program Briefings to Defense Committee PSMs and MLAs along with providing answers to Requests for Information (RFIs).
# FY 2011 Budget Breakdown (in billions)

## Infrastructure: $5.0B

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>MILCON</td>
<td>$0.5B</td>
</tr>
<tr>
<td>BRAC</td>
<td>$0.6B</td>
</tr>
<tr>
<td>Family Housing</td>
<td>$0.5B</td>
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## MilPers: $45.1B

<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td>Basic Pays</td>
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<tr>
<td>Housing Allowance</td>
<td>$7.0B</td>
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<tr>
<td>Retired Pay Accrual</td>
<td>$5.9B</td>
</tr>
<tr>
<td>Health Accrual</td>
<td>$3.3B</td>
</tr>
<tr>
<td>Reserve Personnel</td>
<td>$2.6B</td>
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<tr>
<td>Special Pays</td>
<td>$2.1B</td>
</tr>
<tr>
<td>Subsistence</td>
<td>$2.1B</td>
</tr>
<tr>
<td>Allowances</td>
<td>$0.9B</td>
</tr>
<tr>
<td>Other</td>
<td>$3.1B</td>
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</table>

Navy Strength 324,300
Marine Corps 202,100

## Procurement: $46.6B

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Aircraft</td>
<td>$18.5B</td>
</tr>
<tr>
<td>Ships</td>
<td>$16.1B</td>
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<tr>
<td>Weapons Procurement</td>
<td>$3.4B</td>
</tr>
<tr>
<td>Marine Corps Procurement</td>
<td>$1.3B</td>
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<tr>
<td>Balanced Investment</td>
<td></td>
</tr>
<tr>
<td>Other Navy Procurement</td>
<td>$6.5B</td>
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## O&M: $46.2B

<table>
<thead>
<tr>
<th>Category</th>
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<tbody>
<tr>
<td>Ship Ops</td>
<td>$11.0B</td>
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<tr>
<td>Base Support</td>
<td>$7.2B</td>
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<tr>
<td>Aviation Ops</td>
<td>$6.3B</td>
</tr>
<tr>
<td>Marine Corps O&amp;M</td>
<td>$5.6B</td>
</tr>
<tr>
<td>Combat/Weapons Support</td>
<td>$5.5B</td>
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<tr>
<td>Service Wide Support</td>
<td>$4.6B</td>
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<tr>
<td>Training and Education</td>
<td>$3.3B</td>
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<tr>
<td>Reserve O&amp;M</td>
<td>$1.7B</td>
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<tr>
<td>Environmental Restoration</td>
<td>$0.3B</td>
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## R&D: $17.7B

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Basic Research</td>
<td>$0.6</td>
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<tr>
<td>Applied Research</td>
<td>$0.7</td>
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<tr>
<td>Transitioning to Procurement</td>
<td></td>
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</tbody>
</table>

## FY11: $160.6B

*Numbers may not add due to rounding

*Naval strength and Marine Corps

*Balance Investment

*Naval component due to rounding

*Non-recurring investment

*Naval strength and Marine Corps
Hearing Process

- Witness provides written statement to the Committee before the hearing as part of the official record.

- Hearing preparation sessions for the witnesses:
  - Acquisition Issues
  - I&E and M&RA Issues

- Member Interest Grid and Probable Questions

- SECNAV/CNO/CMC Office Calls with Chairman and Ranking of Committee prior to hearing.

- QFRs/IFRs/Transcript resulting from the Hearing
H.R. XXXX

A Bill

Provides lump-sum appropriation for each account

REPORT

OF THE

COMMITTEE ON APPROPRIATIONS

Provides more detailed directions to the Department on the distribution of funding among various activities funded within an account
# Conference Outcome

<table>
<thead>
<tr>
<th>Account</th>
<th>Pres Budget</th>
<th>HAC</th>
<th>Change</th>
<th>SAC</th>
<th>Change</th>
<th>Conf</th>
<th>Change</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement of Ammunition, Navy/MC</td>
<td>841</td>
<td>795</td>
<td>-46</td>
<td>814</td>
<td>-27</td>
<td>801</td>
<td>-40</td>
<td>Direct attack cost growth</td>
</tr>
<tr>
<td>General Purpose Bombs</td>
<td>75</td>
<td>73</td>
<td>-2</td>
<td>75</td>
<td>0</td>
<td>73</td>
<td>-2</td>
<td>Cost Growth</td>
</tr>
<tr>
<td>Practice Bombs</td>
<td>34</td>
<td>29</td>
<td>-5</td>
<td>25</td>
<td>-10</td>
<td>28</td>
<td>-6</td>
<td>-$5M Support funding carryover, -$9.8M MJU-55 production termination</td>
</tr>
<tr>
<td>Cartridges and Devices</td>
<td>51</td>
<td>48</td>
<td>-3</td>
<td>51</td>
<td>0</td>
<td>48</td>
<td>-3</td>
<td>Support funding carryover</td>
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<tr>
<td>Air Expendable Counter Measures</td>
<td>79</td>
<td>64</td>
<td>-15</td>
<td>69</td>
<td>-10</td>
<td>64</td>
<td>-15</td>
<td>-$1.3M Tracer cartridge cost growth, -$1.7M APIT</td>
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<tr>
<td>5”/54 Gun Ammo</td>
<td>27</td>
<td>23</td>
<td>-4</td>
<td>27</td>
<td>0</td>
<td>23</td>
<td>-4</td>
<td>Multi-option fuze growth</td>
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<tr>
<td>Small Arms and Landing Party Ammo</td>
<td>43</td>
<td>34</td>
<td>-9</td>
<td>43</td>
<td>0</td>
<td>41</td>
<td>-2</td>
<td></td>
</tr>
</tbody>
</table>
Conference Appeals

Priority Department of Defense Budgetary Appeal
FY 2010 Defense Appropriations Bill

Subject: Standard Missile - 6 (SM-6)

Appropriations: Weapons Procurement, Navy

Summary: The House reduced the request by $117.63 million based on concern that the SM-6 contract award will likely slip into FY2010.

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget (Dollars in Millions)</th>
<th>House</th>
<th>Senate</th>
<th>Appeal</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM-6</td>
<td>249.2</td>
<td>131.6</td>
<td>-</td>
<td>249.2</td>
</tr>
</tbody>
</table>

DoD Position/Impact: The Department opposes the House reduction because it eliminates production of SM-6 in FY 2010 thereby impacting procurement costs, causing a production delay/break during the Low Rate Initial Production (LRIP) phase and further delaying the Navy’s ability to meet Fleet requirements for an extended range air defense weapon by eighteen months to two years.

Milestone C authority was granted on 29 July by the Defense Acquisition Board (DAB). A not-to-exceed (NTE) letter contract update was agreed upon by Raytheon Missile Systems (RMS), with a planned contract award in mid-August 2009. Obligation of funding for the FY 2010 contract option is planned for March 2010.

The acquisition strategy prescribes negotiating LRIP Lot 1 in FY 2009 with priced options for LRIP Lots 2 and 3 to be funded in FY 2010 and FY2011, respectively, ensuring SM-6 is on track to begin delivery of production rounds in 2QFY 2011.

Without FY 2010 funding, completion of LRIP will be delayed 10-13 months, delaying a Full Rate Production decision by at least a year, resulting in a breach of the Acquisition Program Baseline (APB) for schedule. Program strategy for SM-6 included using LRIP rounds to support developmental/operational testing and simultaneous fleet load-out to pace the evolving threat. If the 26 missiles are not procured in FY 2010, SM-6 introduction in the fleet will be delayed from 2013 until approximately 2014-2015.

Since SM-6, SM-2 and AMRAAM share assembly lines, a gap in production will cause requalification of the production line and unplanned support labor costs. In addition to increasing program costs, this will result in further program delays as the Cost Certification review being conducted in support of the Weapons Reform Acquisition Act of 2009 will be delayed to take these cost impacts into account. This could result in a Nunn-McCurdy cost breach of the Acquisition Program Baseline.

The Department urges support of the President’s budget request and restoration of full funding to the SM-6 System Development and Demonstration program to preserve the Navy’s ability to meet Fleet requirements against a growing threat. The SM-6 Program has been on schedule and within cost estimates since its inception.
Appropriations Status

- Supplemental
- FY11 Defense Appropriations Bill
- FY11 Military Construction Bill
- FY11 OCO Request
Hill Perspective

Professional Staff Member balances competing interests & requirements against constrained top line.

Tools available to the staffer:
- Industry Interaction
- Member Interaction
- Personal Staff Interaction
- Budget Books and Briefs
- Hearings
- RFIs
- Travel

Constrained Top Line resulting from Budget Resolution and Authorization Act

Member Interests

President’s Budget Request

Industr y Concerns via Lobbyists
Questions?