

Financial Management as an Integral Part of Program Management

at

Center for Services Support
TASK FORCE EXCEL

Advanced Management Program

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PURPOSE

The purpose of this paper is to discuss the impacts of the financial management structure on the core mission of the Center for Services (CSS). Specifically, maintaining Budget Holder (BH) functions as opposed to conducting business as an Operating Target (OPTAR) Holder.

INTRODUCTION

“Task Force for Excellence through Commitment to Education and Learning (EXCEL), the catalyst of the Navy’s Revolution in Training, is making a radical statement: Sailors are people too.” Task Force EXCEL is the Chief of Naval Operations (CNO) initiative to offer today’s Sailor modern training and educational opportunities throughout their professional career. This gives them a competitive advantage within their career field while the Navy reaps a return on investment. “The Sailor Continuum is the tool the Navy is using to identify knowledge, skills and abilities (needed) to be successful. It is the vehicle that will drive all training, education and proficiency requirements for every enlisted rate and officer community. The Sailor Continuum has five areas of concentration, which are separated into levels of expertise.” (<http://www.excel.navy.mil>) The program will provide consistency in training for each individual rate throughout the Navy. Additionally, the program also benefits the sailor upon their retirement in the form of professional certification that translates to civilian position and experience. “The whole idea is to break down the mental fences that may have kept us from extraordinary success in the past.”

CNO stated “Naval Education and Training, NETC (formerly CNET) will function as an Echelon II major claimant who serves as the Navy’s chief learning officer and principal advisor to CNO and Combined Fleet Forces Command (CFFC) on all learning and human performance issues. NETC will also focus on policy and strategy issues, and serve as the Navy’s training and education assessment sponsor. The Naval Personnel Development Command (NPDC) will stand up as an Echelon III command reporting to NETC. NPDC will provide support and ensure standardization to both the learning centers and the Training Support Commands (TSC).”

“The Centers will provide the crucial linkage between individual training and Fleet mission accomplishment.” Centers will be the program management organization monitoring and planning the Sailor’s professional training. There will be fifteen Centers throughout the continental United States responsible for a variety of rates. In this case study, we will be looking at financial operations at CSS, Athens as the benchmark for other Centers.



ENVIRONMENT

CSS, Athens will manage over 40,000 enlisted personnel grouped into three rating categories and will be responsible for 17 Supply (AK/SK, DK, SH, PC, MS), Administrative (YN, PN, LN, NC, NCCR, RP) and Media (JO, MU, LI, PH, DM) rates. CSS will be responsible for an average training throughput of 10,500 sailors per year in “A” school curriculums alone. In order to accomplish this mission, CSS will be structured with 29 military personnel, one with a dual function with the “brick and mortar” schoolhouse of NSCS; and 48 civilian personnel, eight with a dual function between NSCS and CSS.

DISCUSSION

CSS as Budget Holder:

Ability to broker influential relationships with industry

CSS, as BH, should be an influential power base. This would enable CSS to better partner with industry and other military services. As an effective and efficient business base, CSS could better develop training programs which mirror industry practices, market training services, and conduct industry experiments to test notional training programs on a reimbursable basis.

Ability to better align outyear requirements with Planning, Programming and Budgeting System (PPBS)

CSS, as BH, could better align realistic program management requirements throughout the Future Years Defense Plan (FYDP). Program Managers (PM) would be accountable for life cycle management of 17 personnel rates to include: curriculum development, career progression, and rating consolidation. Program requirements have a direct and inseparable link to the PPBS and financial constraints inherent in program management execution. CSS could proactively determine alternative courses of action in a fluctuating budget environment without losses in productivity, measured in time, personnel, and program impact.

Planning, Programming and Budgeting System participation

BH functions would allow Program Managers direct input into the Planning, Programming and Budgeting System (PPBS). The Program Objective Memorandum (POM) process is dynamic and continuous, requiring constant revisions to adapt to changing external forces.

Program Managers would be in a better position to defend and reclaim programmatic Marks and Program Budget Decisions (PBD) in a BH environment. The POM process mandates timely flow of information and immediate program management decisions, adapting to changing environments. Ability to directly liaison with the BH decreases cycle time associated with the Business Case Analysis approach PM’s will employ.



As opportunities are discovered which optimize training across rates, funds could easily be redistributed and realigned to accomplish mission goals. This would provide the Centers with the flexibility and agility that corporate businesses consider crucial in a changing environment.

Ability to manage different colors of money

As BH, CSS could manage the multiple “colors” of money required to execute its life-cycle program. Life-cycle program management requires management of Manpower funds, Operations and Maintenance funds, and Operations Procurement funds. Other types of funds could include Research, Development, Test and Evaluation (RDT&E) and Aircraft Procurement, Navy (APN). Manpower fund inputs, specifically Military Personnel, Navy (MPN) and Military Personnel, Marine Corps (MPMC), require end strength projections alone within and beyond the FYDP. Operations and Maintenance, Navy (O&M,N) are required to conduct normal operations. Operations Procurement, Navy (OPN) funds are required to invest in Center infrastructure and training center development. As training centers move to laboratory concepts to test training models, mock-ups will be required to test notional concepts before fleet introduction. The DD21 concept of manpower reduction through automation and technological initiatives are good examples of this training approach.

Centers will be unique

Each Center will take on a shape and form of its own, molding itself to concentrate on rate requirements, curriculums, and life-cycle goals. As BHs, Centers could effectively and efficiently service their unique organization, as opposed to a higher echelon BH applying a standard “cookie-cutter” approach across various Centers.

Consolidate existing budget processes at Navy Supply Corps School with CSS

A Comptroller infrastructure currently exists at NSCS. Expanding current BH functions at NSCS to incorporate CSS functions and responsibilities will require little investment.

CSS as Operating Target (OPTAR) Holder:

Program Manager is not fully empowered

CSS, as a center for training development and excellence, may not be highly regarded as Program Managers by partners in industry. The ability to influence budget processes at higher levels could reduce the Center’s control over its program. Industry initiatives could be introduced and “sold” to higher-level officials, which may be pushed down to the Center. Vendors may be inclined to develop business relationships with disassociated BH’s, who control the “purse strings”, as opposed to Program Managers.

Program Management is a life cycle function, extending beyond the current fiscal year into the FYDP. Disassociated OPTAR holders will not have real-time information associated with fluctuations and strategic changes at the BH level. BH’s servicing

multiple Centers would not be able to continuously interact with multiple OPTAR holders, while simultaneously accomplishing full-time BH functions.

Increased cycle time

Cycle time for recurring budget processes would be increased as multiple OPTAR holders funnel numerous requests up the chain of command. Sheer transaction requests associated with multiple Centers would limit efficiency and create burdens in a centralized BH organization. For instance, manpower intensive transactions require intricate knowledge by the command obligating the funds. Examples are matching Negative Unliquidated Obligations (NULO) and Unmatched Expenditures.

OPTAR Holders could become financial document “chasers,” tracking funds up and down the chain of command. Funds essential for time critical requirements could become lost in a paper shuffle and precious opportunities would be lost.

Reprogramming requests within Budget Authority would have to leave the Center to be accomplished at higher levels. The time criticality of this issue would be compounded as BH’s in a centralized BH organization conduct transactions for multiple Centers. As a result, the Program Manager will lose the agility and flexibility required to fully accomplish the Center’s mission.

OPTAR Holders have limited flexibility

In the Center’s environment that is built around partnerships with industry and other Services, OPTAR Holders are not allowed to accept reimbursable funding documents and work orders. Documents and Inter-Service Support Agreements must be executed outside the Center. This process is inefficient.

Costs associated with processing transactions through the Defense Finance and Accounting Service (DFAS) grow exponentially. As centralized BH’s execute agreements for multiple Centers, transactions and lines of accounting processed through DFAS for each center are doubled (e.g., document accepted at BH level, processed to a line of accounting for the OPTAR holder, translated to a job order number at the OPTAR Holder level, and reprocessed up the chain). DFAS is a revolving fund activity and recoups costs on a per transaction basis.

Duplicate budget efforts

Budget structures currently in place at NSCS are duplicated outside the Center. Providing OPTAR Holder staff to the Center would not address the strategic implications of maintaining PPBS and POM corporate knowledge within the Center.



Contracting Officer Support:

One issue not reflected within proposed organizational structures for Task Force Excel is the location within the organization for Contracting Officers. Assigning a Contracting Officer to each Center is critical for a Center's success. A Contracting Officer is crucial to effectively "connect" suppliers and customers. The Center will be a supplier of training and curriculum services, as well as a customer to industry. Agreements to perform these services will fall outside the normal ISSA structure and may require competitive negotiation.

RECOMMENDATIONS:

Center for Services Support, under the revolutionary concept of Task Force EXCEL, should have a fully empowered Program Manager. In order for the Program Manager to best partner with industry, best align program requirements with the FYDP, and maximize program flexibility, a Budget Holder should be collocated with the Program Manager.

Contracting Officers should be assigned to the Center for Services Support to author and negotiate agreements.

