

Congressional Enactment

Module Overview

Congressional Enactment Module Introduction

Introduction to Congressional Enactment

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Approximate Length: 3 hours, 40 minutes

Welcome to the Congressional Enactment Module of the Acquisition Business Management Pre-Course. This module consists of 7 lessons:

1. Congressional Budget Enactment Process - Overview (25 minutes)
2. Budget Resolution Phase (25 minutes)
3. Authorization Phase (25 minutes)
4. Appropriations Phase (25 minutes)
5. Appeal of a Congressional Mark (30 minutes)
6. Enactment Issues (25 minutes)
7. Oversight Reports (40 minutes)

Located throughout and at the end of these lessons are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Learning Objectives

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At the end of this Module, you should be able to describe the congressional processes leading to a budget resolution, an Authorization Act and an Appropriation Act. You should also be able to describe the implications of those process outcomes to defense acquisition programs.

By completing the lessons in this module, you should be able to:

- Identify the roles of key DoD and Service organizations that provide liaison to the congressional committees during the budget enactment process.
- Describe the budget resolution phase of the congressional budget enactment process.
- Describe the authorization phase of the congressional budget enactment process.
- Describe the appropriations phase of the congressional budget enactment process.
- Determine to whom and for what amount DOD may appeal a committee mark under the general rules of appeal to congressional marks.
- Recognize when a Continuing Resolution is required, what it provides and what restrictions it places on program operations.
- Recognize when a program is considered to be a "New Start."
- Identify the purpose, applicability, and frequency of submission of the Selected Acquisition Report, Unit Cost Report and Defense Acquisition Executive Summary.

This page completes the Module Overview. Select a lesson from the Table of Contents to continue.

Process Overview

Congressional Budget Enactment Process Overview

Introduction to the Budget Enactment Process Overview

Page 1 of 13



Approximate Length: 25 minutes

Welcome to the Budget Enactment Process Overview Lesson. This lesson will present you with an overview of the congressional budget enactment process to include the budget resolution, authorization, and appropriations phases of the process. Additionally, the roles of key DoD and Service organizations that provide liaison to the congressional committees during the enactment process will be explained.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

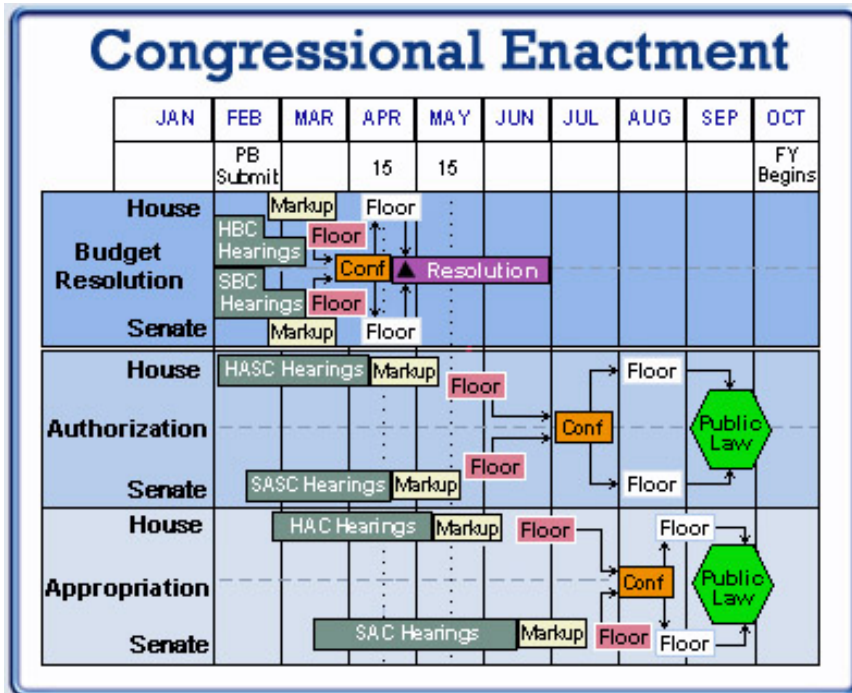
Learning Objective

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By completing this lesson, you should be able to identify the roles of key DoD and Service organizations that provide liaison to the Congressional committees during the budget enactment process.

Congressional Enactment Process

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Once the President's Budget is submitted to Congress on the first Monday in February, it must be enacted into law. The Congressional budget enactment process consists of three steps or phases: Budget Resolution; Authorization; and Appropriation. Select the appropriate hypertext link for a brief explanation of each phase.

This graphic shows the notional schedule for enacting the legislation related to the DoD budget. The timeframes shown for each phase are typical, but may vary depending on political or other circumstances affecting the legislative process.

Long Description

Congressional enactment. Each row represents a phase of the budget enactment process and shows two timelines: one for the House of Representatives and the other for the Senate. The President's Budget request is submitted at the beginning of February. The first row shows the Budget Resolution Phase. The House Budget Committee and Senate Budget Committee Hearings begin in February, with markups made by both committees in March. Each committee refers its version of the budget resolution for approval by a floor vote of its chamber (House or Senate). A conference is convened in April to resolve differences. This phase culminates with the Concurrent Budget Resolution. The second row shows the Authorization Phase. The House Armed Services Committee and Senate Armed Services Committee conduct hearings between February and April. Both committees make markups between April and May, and then refer their versions of the Authorization bill to the floor for debate and approval beginning in May. A conference is convened in July to resolve differences between the House and Senate bills. The common version of the bill passed by

both chambers in September is known as the Authorization Act. The third row shows the Appropriation Phase. The House Appropriation Committee and Senate Appropriation Committee conduct hearings beginning in February with the House ending in May and the Senate ending in June. Markups occur from May to June for the House and from June to July for the Senate. The Appropriations committees send their versions of the Appropriations bills to their chamber floor for debate and approval; June for the House and August for the Senate. A conference is convened in September to resolve differences between the House and Senate versions. The common versions of each appropriations bill passed by both chambers in September are known as the Appropriations Acts. The target date for completion of all budget enactment actions is October 1.

Budget Resolution

During the first phase of the budget enactment process, Congress produces a concurrent resolution on the budget. The budget resolution provides guidance for each year's revenue and spending legislation. Congress uses this guidance as it coordinates various budget-related actions (such as the consideration of appropriations and revenue measures).

Authorization

During the second phase of the budget enactment process, Congress produces a National Defense Authorization Act that permits certain Defense programs and activities to begin or continue from year to year. By law, many of DoD's acquisition efforts must be authorized before funds can be spent.

Appropriation

During the third phase of the budget enactment process, Congress produces several appropriations acts that provide budget authority. This budget authority allows the various Federal agencies to incur obligations for specified purposes, up to the amounts defined in the legislation.

Congressional Staff

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In addition to providing DoD with resources to execute the Defense program, Congress also places restrictions on how these resources can be used. Therefore, it is important to maintain good communications with Congress and its individual members. To be most effective in this regard, it is helpful to know the titles and principal functions of key staff and organizations that provide support to Congress and its members.

Select the following hyperlinks to access more information on:

- [Personal Staff](#)
- [Professional Staff](#)
- [Congressional Budget Office](#)
- [Government Accountability Office](#)

Personal Staff

Personal staffers are employed by the individual members of Congress. They provide constituent support services and may also support the member with expert knowledge in the areas in which the member has a particular interest. For example, a member serving on an Armed Services Committee might have a personal staffer with experience in military affairs.

Professional Staff

Professional staffers support each of the committees/subcommittees and are typically hired and fired by the committee chairperson. Usually they are experts in particular areas of interest to the committee or subcommittee they serve, and they review their portion of the President's Budget down to the line item and program element level of detail. Professional staff members have a profound effect on the ultimate form of the Authorization and Appropriations Acts, often drafting legislative language. They also monitor subsequent compliance with requirements of these laws, such as submission of reports. Most inquiries regarding acquisition programs originate with professional staffers.

Congressional Budget Office

The Congressional Budget Office (CBO) supports the Budget Committees, the Appropriations Committees, and the Revenue Committees with fiscal and economic analyses to enable them to establish national priorities and to make informed decisions about budget policy. The CBO serves the legislative branch in much the same way as the executive branch's Office of Management and Budget (OMB).

Government Accountability Office

The Government Accountability Office (GAO) serves as Congress' chief investigator, auditor, and program evaluator. One of the most visible aspects of congressional oversight, the GAO examines agency financial accounts, federal program performance, and the economy and efficiency of governmental operations. Investigations may be initiated by the GAO or may result from requests by congressional committees or individual members.

Key DoD and Service Liaisons to Congress (1 of 3)

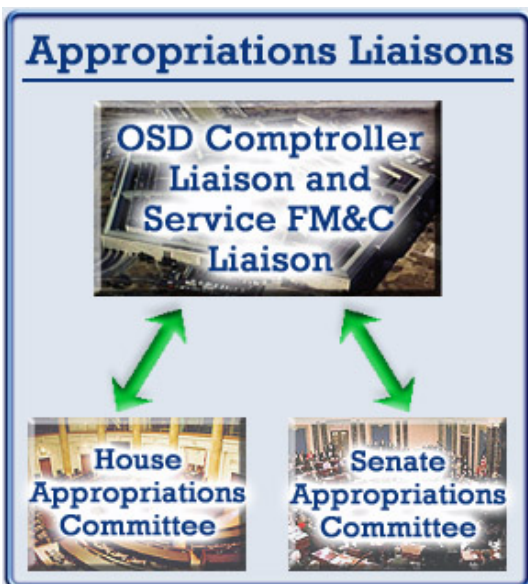
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All inquiries from members of Congress and their staffs should be routed through the appropriate legislative liaison office. This ensures that DoD provides consistent and timely responses to Congressional inquiries. There are two types of legislative liaison offices, dealing with appropriations matters and non-appropriations matters, respectively.

Key DoD and Service Liaisons to Congress (2 of 3)

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Appropriations Liaisons:

The Undersecretary of Defense (Comptroller) and the senior financial management official of each Service (Assistant Secretary for Financial Management and Comptroller) each maintain legislative liaison offices within their organizations which serve as the formal point of contact between DoD and the two House and Senate appropriations Committees. These offices track all legislative items that may affect Defense appropriations and also control the flow of information between Congress and DoD relating to appropriations issues.

Long Description

Appropriations Liaisons. A large rectangular box at the top is labeled OSD Comptroller Liaison and Service FM&C Liaison. Two smaller rectangular boxes appear below, side-by-side. The first small box is labeled House Appropriations Committee and the second small box is labeled Senate Appropriations Committee. A bi-directional arrow connects each small box to the large box above.

Key DoD and Service Liaisons to Congress (3 of 3)

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Non-Appropriations Liaisons:

The Assistant Secretary of Defense for Legislative Affairs and offices of legislative liaison or legislative affairs in the Service secretariats handle all Congressional issues, except those that pertain to Defense appropriations. They provide DoD's interface with the two Authorization Committees (HASC and SASC) as well as with individual members of Congress regarding constituent issues. They also track all non-appropriation related legislative items.

Knowledge Review

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Which of the following represents the correct order of the budget enactment process?

- a. **Authorization, Appropriation, Budget Resolution**
- b. **Budget Resolution, Appropriation, Authorization**
- c. **Appropriation, Authorization, Budget Resolution**
- d. **Budget Resolution, Authorization, Appropriation**

Correct!

The Congressional budget enactment process usually begins with the passage of a concurrent resolution on the budget. This is usually followed by passage of the National Defense Authorization Act. The final step in the enactment process is the passage of appropriations acts.

Knowledge Review

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer then select the Submit button and feedback will appear.

Which of the following generally does NOT provide support to Congress and its members?

- a. **Personal Staff**
- b. **Professional Staff**
- c. **Congressional Budget Office**
- d. **Government Accountability Office (GAO)**
- e. **Office of Management and Budget (OMB)**

Correct!

Personal Staff, Professional Staff, Congressional Budget Office, and the Government Accountability Office (GAO) are considered key staff or organizations that provide support to Congress and its members. The Office of Management and Budget provides support chiefly to the Executive Branch, not to Congress and its members.

Knowledge Review

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The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

Which legislative liaison offices track legislative items that may affect defense appropriations?

- a. Assistant Secretary of Defense for Legislative Affairs
- b. Undersecretary of Defense (Comptroller)
- c. Each Service's Legislative Affairs/Liaison Offices
- d. Each Service's Assistant Secretary for Financial Management and Comptroller Liaison Office

Correct!

The Undersecretary of Defense (Comptroller) and each Service's Assistant Secretary for Financial Management and Comptroller Liaison Office are the offices that track legislative items that may affect defense appropriations.

Lesson Summary (1 of 3)

Page 11 of 13

Congratulations! You have completed the Budget Enactment Process Overview Lesson. The following topics were presented in this lesson:

- Congressional Budget Enactment Process. The Congressional budget enactment process consists of three phases:
 - Budget Resolution Phase. Congress produces a concurrent resolution on the budget, providing guidance for each year's revenue and spending legislation.
 - Authorization Phase. Congress produces a National Defense Authorization Act that permits certain Defense programs and activities to begin or continue from year to year.
 - Appropriation Phase. Congress produces appropriations acts that provide budget authority, allowing various Federal agencies to incur obligations for specified purposes.
-

Lesson Summary (2 of 3)

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The following topic was also discussed in this lesson:

- Congressional Staff. Key staff and organizations that provide support to Congress and its members include:
 - Personal staff work for individual members of Congress and often provide expert knowledge in the key areas.
 - Professional staff support committees/subcommittees and are usually experts in particular areas of interest to the committee. Professional staff personnel often draft legislative language and monitor subsequent compliance with the provisions of that language.
 - The Congressional Budget Office supports the Budget, Appropriations, and Revenue Committees with fiscal and economic analyses.
 - The Government Accountability Office serves as Congress' chief investigator, auditor, and program evaluator, examining agency financial accounts, federal program performance, and the economy and efficiency of governmental operations.
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Lesson Summary (3 of 3)

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Finally, the following topics were discussed in this lesson:

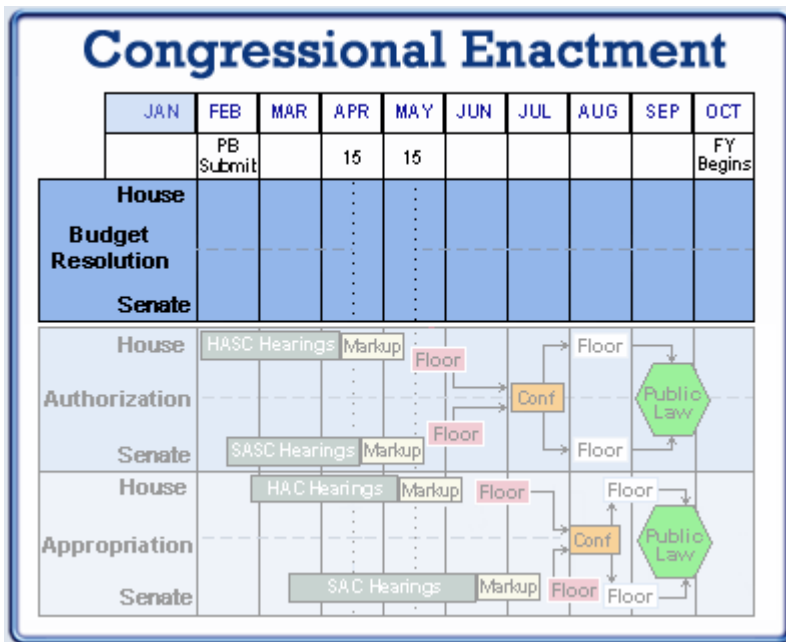
- Legislative Liaison Offices. Inquiries from members of Congress and their staff should be routed through the appropriate Legislative Liaison office.
 - The Undersecretary of Defense (Comptroller) and the senior financial management official of each Service (Assistant Secretary for Financial Management and Comptroller) each maintain legislative liaisons offices. The formal point of contact between DoD and the House and Senate Appropriations Committees, these offices track all legislative items that affect Defense appropriations and control the flow of appropriations-related information between Congress and DoD.
 - The Assistant Secretary of Defense for Legislative Affairs and offices of legislative liaison or legislative affairs in the Service secretariats handle all Congressional issues except those that pertain to Defense appropriations. They provide DoD's interface with the two Authorization Committees (i.e., HASC and SASC). They also track all non-appropriation related legislative items.

Budget Resolution Phase

Budget Resolution Phase

Introduction to the Budget Resolution Phase

Page 1 of 11



Approximate Length: 25 minutes

Welcome to the Budget Resolution Phase Lesson. This lesson will present you with information pertaining to the budget resolution phase of the Congressional budget enactment process including the purpose of the Concurrent Budget Resolution and the roles of the congressional budget committees.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Long Description

Congressional enactment timeline with ten columns and three rows. Each column represents a month beginning with January and ending with October. Each row represents a phase of the budget enactment process and shows two timelines: one for the House of Representatives and the other for the Senate. The President's Budget request is shown being submitted at the beginning of February. Here, the Budget Resolution Phase is emphasized. The first row shows that during the Budget Resolution Phase, the House Budget Committee and Senate Budget Committee Hearings begin in February, with markups made by both committees in March. Each committee refers its version of the budget resolution for approval by a floor vote of its chamber (House or Senate). A conference is convened in April to resolve differences. This phase culminates with the Concurrent Budget Resolution, usually around mid-April.

Learning Objectives

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By completing this lesson you should be able to describe the budget resolution phase of the Congressional budget enactment process.

Congressional Budget Process

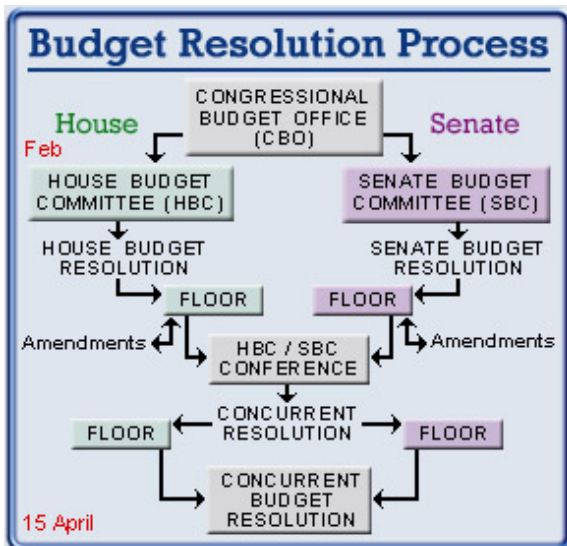
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The Congressional Budget and Impoundment Control Act of 1974, as amended, governs the process by which Congress coordinates its various budget-related actions during the year, such as the consideration of appropriations and revenue measures. The process is centered around an annual concurrent resolution on the budget that sets aggregate budget policies and functional priorities for at least the next five fiscal years.

Concurrent Budget Resolution (CBR)

Page 4 of 11



The first step in the budget enactment process provides an overall blueprint for the Congressional budget process. The Concurrent Budget Resolution (CBR) provides guidance for revenue and spending legislation to be enacted by Congress. The CBR specifies the amounts of revenue, budget authority, and outlays that are authorized for the coming fiscal year and as many as nine years following. In effect, the CBR establishes budget authority and outlay "spending ceilings" for each of 20 major government functions. DoD is most concerned with the National Defense function ceilings.

Select the hyperlink to access a listing of the 21 [major government functions addressed in the CBR](#).

Select the following hyperlink to access an [excerpt from a recent Concurrent Budget Resolution](#).

Long Description

Budget Resolution Process Flowchart. Congressional Budget Office (CBO) analysis goes to both the House Budget Committee (HBC) and the Senate Budget Committee (SBC) in February. The HBC sends the House Budget Resolution to the House floor, while the SBC sends the Senate Budget Resolution to the Senate floor. Both of these documents are amended in the full House and Senate, respectively. Once the House and Senate have each approved their version of the budget, the HBC and SBC hold a joint conference to craft a Concurrent Budget Resolution, which goes to the floors of both the House and Senate for vote. Congress intends to pass the Concurrent Budget Resolution no later than 15 April.

Major Government Functions

- 050 - National Defense
- 150 - International Affairs
- 250 - General Science, Space, and Technology
- 270 - Energy
- 300 - Natural Resources and Environment
- 350 - Agriculture
- 370 - Commerce and Housing Credit
- 400 - Transportation
- 450 - Community and Regional Development
- 500 - Education, Training, Employment and Social Services
- 550 - Health

- 570 - Medicare
- 600 - Income Security
- 650 - Social Security
- 700 - Veterans Benefits and Services
- 750 - Administration of Justice
- 800 - General Government
- 900 - Net Interest
- 920 - Allowances
- 950 - Undistributed Offsetting Receipts
- 970 - Overseas Deployments and Other Activities

House and Senate Budget Committees

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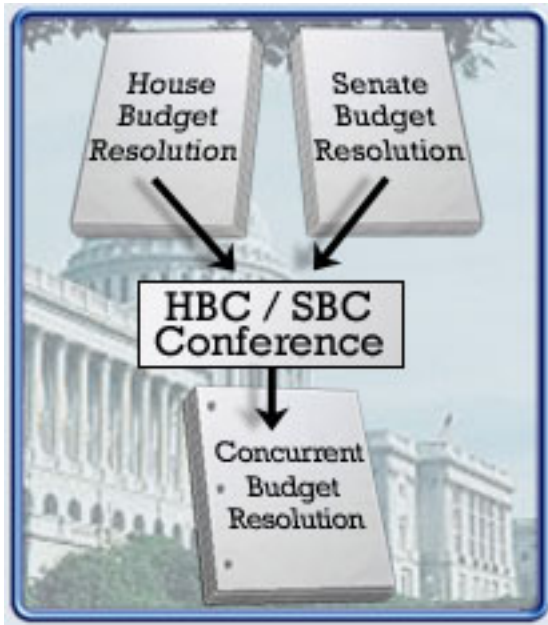


The House Budget Committee (HBC) and Senate Budget Committee (SBC) are responsible for crafting the budget resolution. Each committee considers various inputs in preparing their budget resolutions, including estimates from the standing congressional committees of the funding required to continue their programs, and Congressional Budget Office (CBO) analysis, as well as estimates from the President's Budget submission. While the President's Budget estimates are based on economic assumptions of the Office of Management and

Budget, CBO makes its own economic projections to estimate revenues and outlays that would result from the President's Budget request. Each Budget Committee then presents its version of the budget resolution for review, debate and ultimate passage by their respective chambers.

Budget Resolution Process

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Once the House and Senate have both passed their own versions of the budget resolution, a conference is convened to resolve the differences between the two versions and craft a single common resolution, which, when passed by both chambers, becomes the Concurrent Budget Resolution. The CBR is not a law since it is not signed by the President. However, if a bill is proposed in either chamber that would exceed a spending ceiling set in the resolution, it may be challenged by raising a point of order. In that case, 60 percent of the membership must vote to pass the measure.

Relationship of Budget Resolution to Authorization and Appropriation

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The budget resolution process is not required by the Constitution, but rather is rooted in the Congressional Budget and Impoundment Control Act of 1974. This act also created the CBO. Technically, no appropriation or authorization bill can be considered until the CBR is passed, so Congress aims to pass a CBR no later than April 15 each year. If a CBR has not been passed by May 15, however, appropriations and authorizations bills may be considered, using the spending limits established by the previous year's CBR.

Knowledge Review

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The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

Which of the following statements regarding the Concurrent Budget Resolution (CBR) are true?

- a. **The budget authority amounts specified in the CBR represent the minimum amounts that Congress should provide in its appropriations legislation for a particular fiscal year.**
- b. **The outlay amounts specified in the CBR represent the maximum amounts that Congress should allow as a result of its appropriations legislation for a particular fiscal year.**
- c. **The CBR provides budget guidance for the upcoming fiscal year as well as several years beyond.**
- d. **The CBR is a law signed by the President.**

Correct!

The outlay amounts specified in the CBR represent the maximum amounts that Congress should allow as a result of its appropriations legislation for a particular fiscal year. Also, the CBR provides budget guidance for the upcoming fiscal year as well as several years beyond. However, the budget authority amounts specified in the CBR do not represent the minimum amounts that Congress should provide in its appropriations legislation for a particular fiscal year, they represent the maximum amounts. Finally, the CBR is not a law and it is not signed by the President.

Knowledge Review

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Congress aims to pass a Concurrent Budget Resolution no later than which of the following dates?

- a. February 1st
- b. April 15th
- c. October 1st
- d. May 15th

Correct!

Congress aims to pass a Concurrent Budget Resolution no later than April 15th.

Lesson Summary (1 of 2)

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Congratulations! You have completed the Budget Resolution Phase lesson. The following topics were presented in this lesson:

- Congressional Budget Process. The Congressional Budget process is centered on an annual concurrent resolution on the budget that sets aggregate budget policies and functional priorities for at least the next five fiscal years.
- Concurrent Budget Resolution (CBR). The CBR provides guidance for revenue and spending legislation. It specifies the amounts of revenue, budget authority, and outlays authorized for the coming fiscal year and up to nine years following. The CBR establishes budget authority and outlay "spending ceilings" for each of 21 major government functions.
- Budget Resolution Phase Participants.
 - House Budget Committee (HBC) and Senate Budget Committee (SBC). The HBC and SBC craft the budget resolution.
 - Congressional Budget Office (CBO). The CBO makes its economic analysis and provides it to both the HBC and SBC.

Lesson Summary (2 of 2)

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The following topics were also presented in this lesson:

- Budget Resolution Process. The HBC and SBC each present their version of the budget resolution for review, debate and ultimate passage by the House and Senate, respectively. A conference is then convened to resolve the differences between the

two versions and craft a single common resolution, which, when passed by both chambers, becomes the CBR.

- Relationship of CBR to Authorization and Appropriation. Congress' goal is to pass a CBR no later than April 15 each year. If a CBR has not been passed by May 15, however, appropriations and authorizations bills may be considered, using the spending limits established by the previous year's CBR.

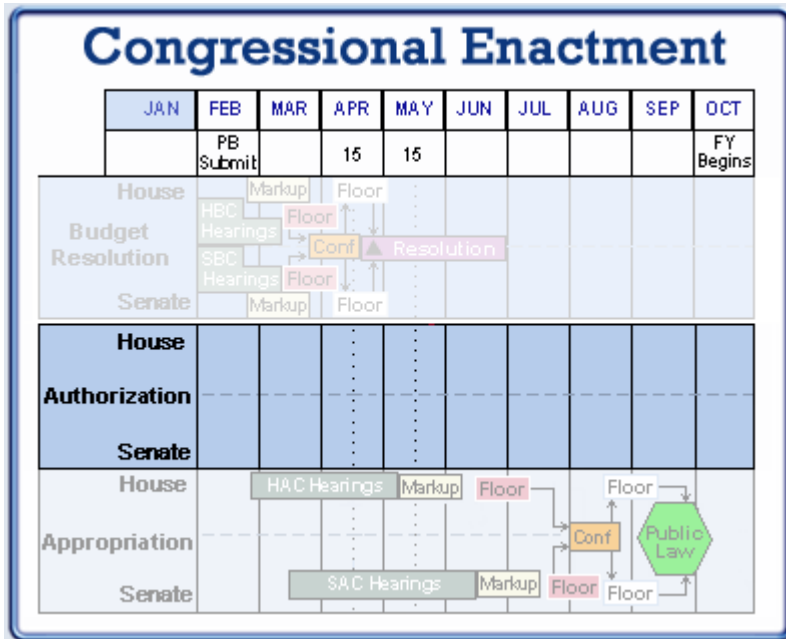
This page completes the lesson. Select the menu button to continue.

Authorization Phase

Authorization Phase

Introduction to the Authorization Phase

Page 1 of 16



Approximate length: 25 minutes

Welcome to the Authorization Phase Lesson. This lesson will present you with information pertaining to the authorization phase of the Congressional budget enactment process. You will discover the purpose of the National Defense Authorization Act and the responsibility of the congressional authorization committees in creating this legislation.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Long Description

Congressional enactment timeline with ten columns and three rows. Each column represents a month beginning with January and ending with October. Each row represents a phase of the budget enactment process and shows two timelines: one for the House of Representatives and the other for the Senate. The President's Budget request is shown being submitted at the beginning of February. The Authorization Phase is highlighted. During the Authorization Phase, the House Armed Services Committee and Senate Armed Services Committee conduct hearings beginning in February and ending in April. Both committees make markups between April and May, and then refer their versions of the Authorization bill to the floor for debate and approval beginning in May and ending in June. A conference is shown to convene in July to resolve differences between the House and Senate bills. The common version of the bill passed by both chambers in September is known as the Authorization Act. The Act becomes law when signed by the President.

Lesson Objectives

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By completing this lesson, you should be able to describe the authorization phase of the Congressional budget process.

Authorization Phase Overview

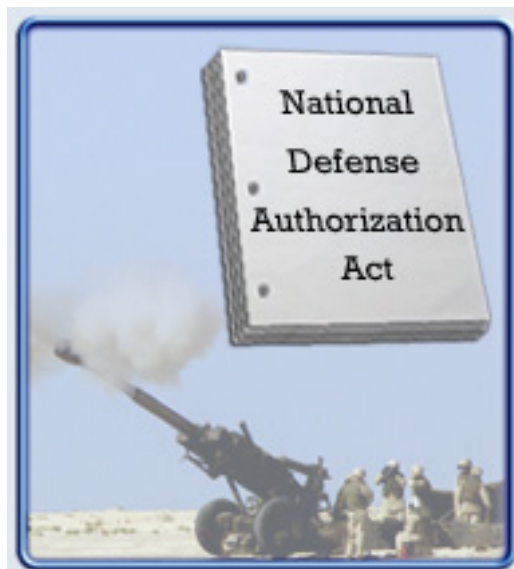
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The second step in the budget enactment process, authorization, originated in 1946 as a means of providing assistance to the Appropriations Committees in considering the increasingly complex defense budget request. The authorization process also allows more members to become involved in the review of the President's Budget request. The primary products of this phase are the National Defense Authorization Act and its accompanying report.

National Defense Authorization Act

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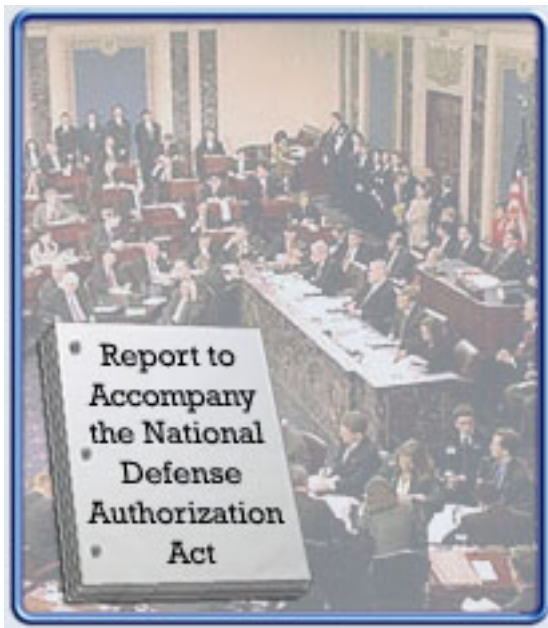
The National Defense Authorization Act accomplishes the following:

- Allows major weapon system acquisition programs and military construction projects to exist.
- Establishes procurement quantity ceilings for major weapon systems.
- Sets military personnel end strength levels.
- Authorizes the type and amounts of appropriations to support defense programs.
- Establishes policies pertaining to specific programs and to the defense establishment as a whole.

Select the following hyperlink to access an [excerpt from a recent National Defense Authorization Act](#).

Report Accompanying the Authorization Act

Page 5 of 16



The report accompanying the National Defense Authorization Act is not law, but provides additional details about the congressional intent behind the various provisions of the act. Information in the report is often referred to as "congressional language." The report also includes listings of the amounts authorized for each:

- RDT&E program element
- Procurement line item
- O&M budget activity

- MILPERS budget activity
- MILCON project

Select the following hyperlink to access [an excerpt from a report accompanying a recent National Defense Authorization Act](#).

The House Armed Services Committee (HASC) and Senate Armed Services Committee (SASC)

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The House Armed Services Committee (HASC) and Senate Armed Services Committee (SASC) are responsible for preparing the National Defense Authorization bills and reports. Each committee has several subcommittees that concentrate on various aspects of the President's Budget proposal (HASC and SASC subcommittees are shown on the graphic to the right). Both the HASC and the SASC subcommittee structures are generally aligned with defense capabilities and functions.

Long Description

Diagram depicting the Senate Armed Services Committee (SASC) and House Armed Services Committee (HASC) subcommittee structures. The subcommittees that concentrate on various aspects of the President's Budget Proposal for the HASC include: Strategic Forces, Projection Forces, Tactical Air and Land Forces, Military Personnel, Terrorism, Unconventional Threats, and Capabilities and Readiness. The subcommittees that concentrate on various aspects of the President's Budget Proposal for the SASC include: Emerging Threats and Capabilities, Sea Power, Strategic Forces, Readiness and Management Support, Personnel, and Airland Forces.

Authorization Process (1 of 3)

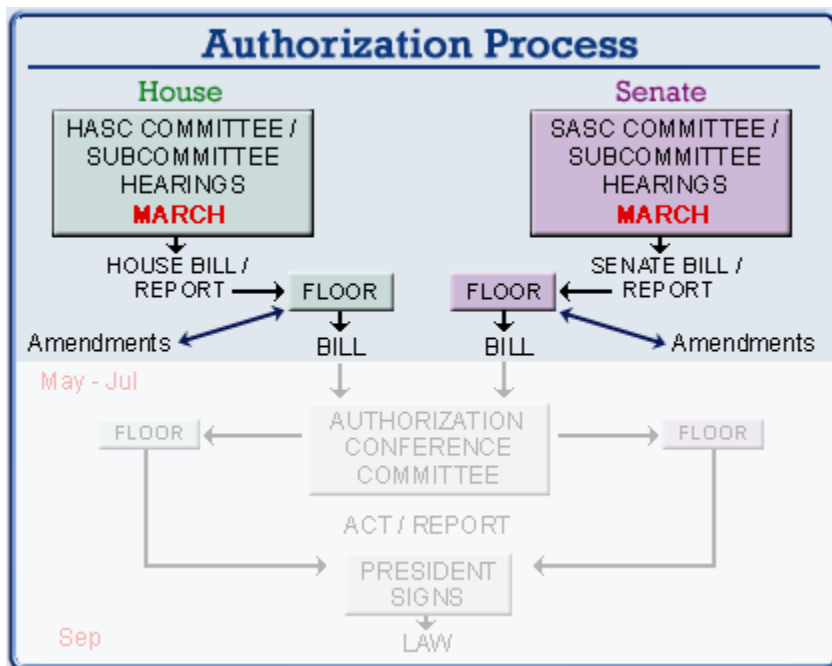
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The HASC, SASC and their subcommittees hold hearings that begin after the submission of the President's Budget. Initial "posture" hearings are conducted with the most senior members of the executive branch, DoD and the Services who discuss and defend the programs in the President's Budget. Follow-on hearings over the next several months delve into a variety of issues of particular interest to the committees (for example, particular acquisition programs, military personnel quality of life issues, etc.).

Authorization Process (2 of 3)

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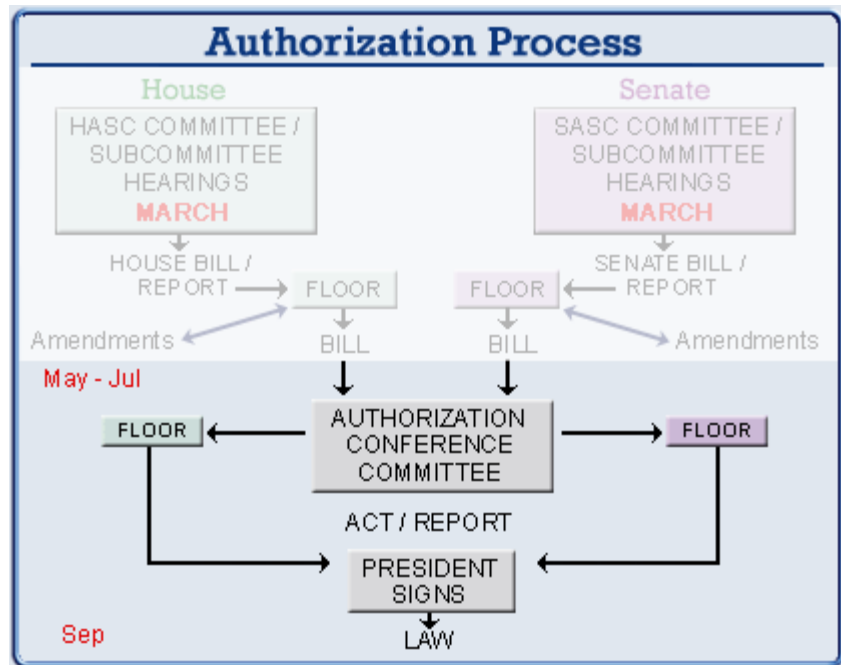


During mark-up sessions, committee members (and staffers) conduct a line-by-line review of the President's Budget, making adjustments as desired. After adding appropriate legislative language pertaining to policy, the HASC and SASC will each send their own versions of the authorization bill to the floor of their respective chambers. On the floor, the proposed bill will be debated, possibly amended, and finally approved. Each authorization bill has a report associated with it providing additional explanation of its intent. Both the House and Senate aim to complete the work on their authorization bills by the end of June each year.

Long Description

A flow chart titled "Authorization Process." The chart is divided into three columns, the House column on the left, the Senate column on the right, and a middle column for joint House/Senate activity. The chart includes two large boxes titled "HASC Committee / Subcommittee Hearings (March)" on the left and "SASC Committee / Subcommittee Hearings (March)" on the right. On the left side of the chart, an arrow points down from the first of these to text reading "House Bill / Report." From there the arrow points to a box titled "Floor." A two-way arrow connects this box to "Amendments." From beneath "Floor," an arrow points to "Bill." On the right side of the chart, an arrow points down from the "SASC Committee / Subcommittee Hearings (March)" box to text reading "Senate Bill / Report." From there the arrow points to a box titled "Floor." A two-way arrow connects this box to "Amendments." From beneath "Floor," an arrow points to "Bill." The remainder of the Authorization Process is greyed out and will appear on the following page.

Authorization Process (3 of 3)



Once both the House and Senate have passed their bills, a Defense Authorization Conference Committee is convened to discuss and resolve the differences between the two versions.

A single revised version of the Authorization Bill, accompanied by a conference report, is sent to the full House and Senate for consideration. Once passed by both chambers, it becomes an Act and is sent to the President for signature into law, hopefully before the start of the new fiscal year on October 1.

Long Description

A flow chart titled "Authorization Process." The initial part of this chart discussed on the previous page is greyed out. The chart is divided into three columns, the House column on the left, the Senate column on the right, and a middle column for joint House / Senate activity. From "Bill," in both the House and Senate columns, an arrow points to another box titled "Authorization Conference Committee" located in the middle of the chart. Beneath "Authorization Conference Committee" is "Act / Report." An arrow points left to a box titled "Floor" and points right to a box titled "Floor." Arrows point from the left and right "Floor" boxes to a box in the center titled "President signs." Directly beneath "President Signs" an arrow points to "Law."

Relationship of Authorization to Appropriation

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House and Senate rules do not permit Congress to appropriate funds for any unauthorized program or activity. Moreover, funds should not be appropriated for a program or activity in excess of the recommended funding level in the Authorization Act. In practice, however, appropriations often differ from authorized amounts.

Knowledge Review

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The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

The National Defense Authorization Act accomplishes which of the following:

- a. Allows major weapon system acquisition programs and military construction projects to exist.
- b. Establishes procurement quantity ceilings for major weapon systems.
- c. Authorizes the type and amounts of appropriations to support defense programs.
- d. Establishes policies pertaining to the specific programs and to the defense establishment as a whole.

Correct!

The National Defense Authorization Act accomplishes all of the stated actions.

Knowledge Review

Page 12 of 16

The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.

The National Defense Authorization Act becomes law as soon as both the full House and Senate pass the same version of the legislation.

- a. True
- b. False

Correct!

To become law, the same version of the National Defense Authorization Act must be passed by both the full House and Senate and this legislation must be signed by the President.

Knowledge Review

Page 13 of 16

The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Which of the following statements concerning the report accompanying the Authorization Act is not true?

- a. It includes amounts authorized for each O&M budget activity
- b. It describes the congressional intent behind the Act's provisions
- c. It is a law separate from the Authorization Act
- d. It contains information often referred to as "congressional language"

Correct!

The report accompanying the Authorization Act is not a law. It is a document that describes the congressional intent behind the Authorization Act's provisions, contains information often referred to as "congressional language," and includes amounts authorized for each O&M budget activity, as well as each RDT&E program element, Procurement line item, MILPERS budget activity, and MILCON project.

Lesson Summary (1 of 3)

Page 14 of 16

Congratulations! You have completed the Authorization Phase Lesson. The following topics were presented in this lesson:

- Authorization Process History. The second step in the budget enactment process, authorization, originated in 1946 as a means of providing assistance to the Appropriations Committees in considering the increasingly complex defense budget request.
 - National Defense Authorization Act.
 - Authorizes major weapon system acquisition programs and military construction projects.
 - Establishes procurement quantity ceilings for major weapon systems.
 - Sets military personnel end strength levels.
 - Authorizes appropriations to support defense programs.
 - Establishes policies for specific programs and the defense establishment.
 - Report Accompanying the Authorization Act. This document is not law, but provides details about the congressional intent behind the various provisions of the act as well as the amounts authorized for individual RDT&E program elements, Procurement line items, O&M and MILPERS budget activities, and MILCON projects.
-

Lesson Summary (2 of 3)

Page 15 of 16

The following topic was also presented in this lesson:

- Authorization Phase Committees.
 - The House Armed Services Committee (HASC).
 - The Senate Armed Services Committee (SASC).
 - Both committees are responsible for preparing the National Defense Authorization Bills and reports.
-

Lesson Summary (3 of 3)

Page 16 of 16

Finally, the following topics were presented in this lesson.

- Authorization Process.
 - The HASC, SASC, and their subcommittee hearings begin after submission of the President's Budget.
 - During mark-up sessions, committees review the President's Budget, making adjustments as desired.
 - The HASC and SASC each send their own versions of the Authorization Bill to the floor of their respective chambers.
 - The proposed bill is debated, possibly amended, and approved.
 - The House and Senate aim to complete their Authorization Bills by the end of June.
 - A conference is convened to resolve differences between the two versions.
 - Once the bill passed in identical form by both the House and Senate, it becomes an Act and is sent to the President for signature to become law, hopefully before October 1.
- Relationship of Authorization to Appropriation. House and Senate rules do not allow appropriation for any unauthorized program or activity. Also, funds should not be appropriated in excess of the recommended funding level in the Authorization Act.

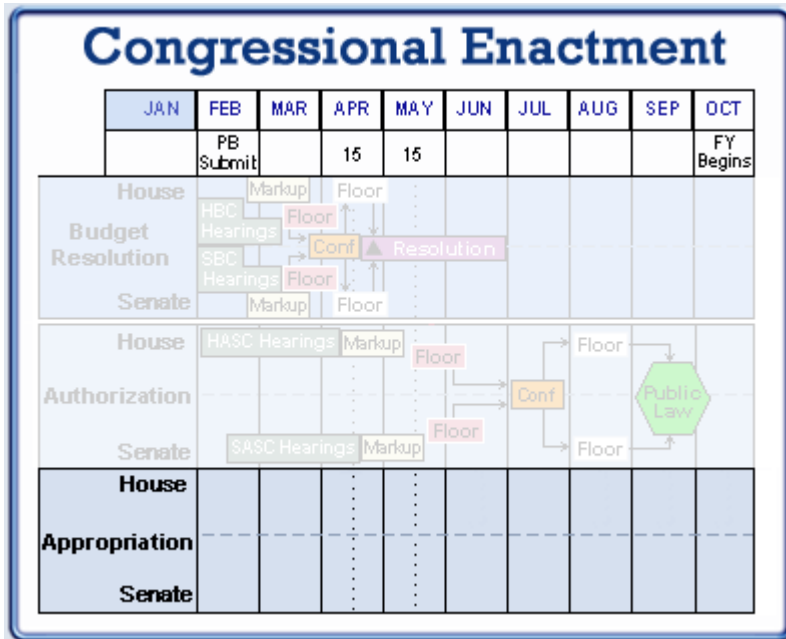
This page completes the lesson. Select the menu button to continue.

Appropriations Phase

Appropriations Phase

Introduction to the Appropriations Phase

Page 1 of 15



Approximate length: 25 minutes

Welcome to the Appropriations Phase Lesson. This lesson will present you with information pertaining to the appropriations phase of the Congressional budget enactment process. You will discover the purpose of Appropriations Acts and the responsibility of the congressional appropriations committees in creating this legislation.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Long Description

Congressional enactment timeline with ten columns and three rows. Each column represents a month beginning with January and ending with October. Each row represents a phase of the budget enactment process and shows two timelines: one for the House of Representatives and the other for the Senate. The President's Budget request is shown being submitted at the beginning of February. The Appropriations Phase shown in the third row is highlighted. During the Appropriations Phase, the House Appropriation Committee and Senate Appropriation Committee conduct hearings beginning in February with the House ending in May and the Senate ending in June. Markups occur from mid-May to mid-June for the House and from late June to late July for the Senate. The Appropriations committees send their versions of the Appropriations bills to their chamber floor for debate and approval; mid-June for the House and August for the Senate. A conference is convened in September to resolve differences between the House and Senate versions of the bills. The common versions of each appropriations bill passed by both chambers in September are known as the Appropriations Acts. Timeline shows that the target date for completion of all

budget enactment actions is the beginning of the fiscal year on October 1. The Act becomes law when signed by the President.

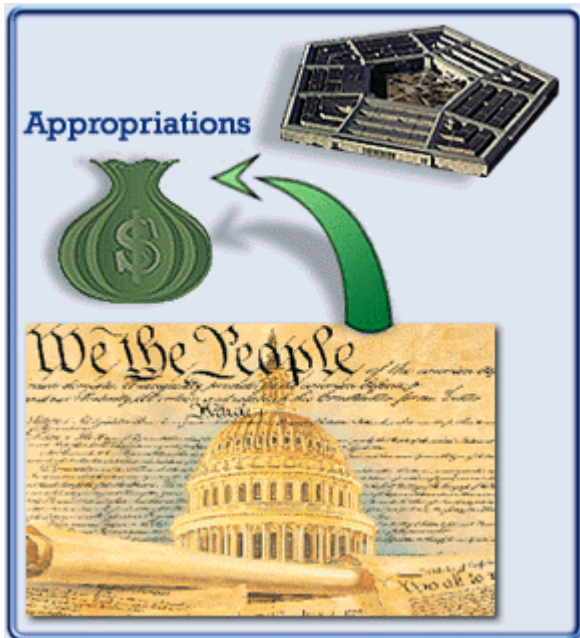
Lesson Objectives

Page 2 of 15

By completing this lesson you should be able to describe the Appropriations Phase of the budget enactment process.

Appropriations Phase Overview

Page 3 of 15



Unlike the budget resolution and authorization steps, the third step in the enactment process, appropriations, is required by the U.S. Constitution. Article I, Section 9 states: "No money shall be drawn from the Treasury, but in consequence of Appropriations made by law."

Appropriations Acts – General

Page 4 of 15



An appropriations act provides Federal agencies with limited amounts of budget authority for the specific purposes identified in the act.

Congress generally produces 12 appropriations acts each year to fund the operations of the Federal government. DoD's funding primarily comes from the Defense Appropriations Act, but the Energy and Water Development and Military Quality of Life and Veterans Affairs Appropriations Acts also provide budget authority used by the department.

Long Description

The 12 appropriations acts are: Agriculture, Rural Development, Food & Drug Administration & Related Agencies; Commerce, Justice, Science & Related Agencies; Energy & Water Development; Defense; Homeland Security; Labor, Health & Human Services, Education & Related Agencies; State, Foreign Operations & Related Agencies; Military Construction, Veterans Affairs & Related Agencies; Interior, Environment & Related Agencies; Transportation, Housing & Urban Development, & Related Agencies; Financial Services & General Government; Legislative Branch.

Defense Appropriations Act

Page 5 of 15



In addition to providing the bulk of DoD's budget authority, the Defense Appropriations Act contains language governing the use of the funds appropriated. Some of this language is general in nature (for example, rules concerning the use of expired appropriations) and some is very specific (such as language prohibiting funds from being spent on a particular program until a report is submitted).

Select the following hyperlink to access an [excerpt from a recent Defense Appropriations Act](#).

Report Accompanying an Appropriations Act

Page 6 of 15



The report accompanying an Appropriations Act provides additional details about the congressional intent behind the various provisions of the act. The report also includes listings of the amounts appropriated for each:

- RDT&E program element
- Procurement line item
- O&M budget activity
- MILPERS budget activity
- MILCON project

Select the following hyperlink to access an [excerpt from a report accompanying a recent Defense Appropriations Act](#).

House Appropriations Committee and Senate Appropriations Committee

Page 7 of 15



The House Appropriations Committee (HAC) and Senate Appropriations Committee (SAC) are responsible for producing the annual appropriations bills that provide funding for the federal government's discretionary spending activities. The HAC and SAC each have 12

subcommittees (see graphic at right), each of which is responsible for producing the appropriations bill covering the activities under its purview.

Appropriations Process (1 of 3)

Page 8 of 15



The HAC, SAC and their subcommittees hold hearings that begin after the submission of the President's Budget. Initial "posture" hearings are conducted with the most senior members of the executive branch and Federal agencies who discuss and defend the programs in the President's Budget. Follow-on hearings over the next several months delve into a variety of issues of particular interest to the committees (for example, particular acquisition programs, military personnel quality of life issues, etc).

Appropriations Process (2 of 3)

Page 9 of 15

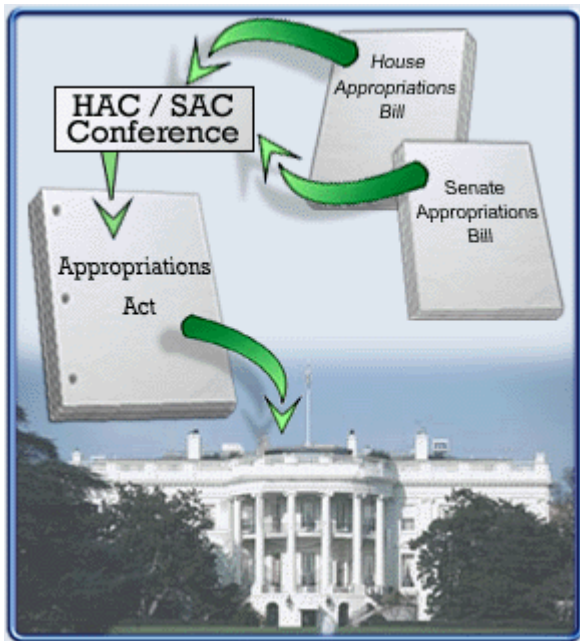


During mark-up sessions, subcommittee members (and staffers) conduct a line-by-line review of the President's Budget, making adjustments as desired. Each subcommittee creates an appropriations bill covering the matters under its purview. Some legislative language pertaining to policy may also be incorporated into an appropriations bill, although most policy matters pertaining to DoD are included in the National Defense Authorization bill. Each subcommittee also generates a report containing further explanation of its intent.

Each appropriations bill produced by a subcommittee is considered by the full Appropriations Committee (HAC or SAC), then reported out to the floor of the House or Senate as appropriate. On the floor, the proposed bill will be debated, possibly amended, and finally approved. Both the House and Senate aim to complete the work on their appropriations bills before the annual August recess each year.

Appropriations Process (3 of 3)

Page 10 of 15



Once both the House and Senate have passed their bills, a conference is convened to discuss and resolve the differences between the two versions. A single revised version of the appropriations bill, accompanied by a conference report, is sent to the full House and Senate for consideration. Once passed by both chambers, it becomes an Act and is sent to the President for signature into law, hopefully before the start of the new fiscal year on October 1.

Knowledge Review

Page 11 of 15

The following Knowledge Review is a True or False question. Select the correct answer and feedback will immediately appear.

None of the products of the budget enactment process (budget resolution, authorization, appropriations) is required by the U.S. Constitution.

- a. True
- b. False

Correct!

The appropriation IS required by the U.S. Constitution, while the budget resolution and authorization are not.

Knowledge Review

Page 12 of 15

The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Select the phrase below that best completes the following sentence. The Defense Appropriations Act _____.

- a. Lists the specific amounts of budget authority appropriated for each RDT&E program element.
- b. Provides limited amounts of budget authority for specific purposes described in the Act.
- c. Establishes procurement quantity ceilings for major weapons systems.
- d. Sets military personnel end strength levels.

Correct!

The Defense Appropriations Act provides limited amounts of budget authority for specific purposes described in the Act. The report accompanying the Defense Appropriations Act lists the specific amounts of budget authority appropriated for each RDT&E program element, while the National Defense Authorization Act establishes procurement quantity ceilings for major weapons systems and sets military personnel end strength levels.

Knowledge Review

Page 13 of 15

The following Knowledge Review allows for multiple correct answers. Select one or more answers that best correspond, then select the Submit button and feedback will appear.

The report accompanying the Defense Appropriations Act includes listings of the amounts appropriated for each:

- a. RDT&E program element
- b. Procurement project
- c. O&M budget activity
- d. MILPERS budget activity

Correct!

The report accompanying the Defense Appropriations Act includes listings of the amounts appropriated for each RDT&E program element, Procurement line item (not project), O&M budget activity, MILPERS budget activity, and MILCON project.

Lesson Summary (1 of 2)

Page 14 of 15

Congratulations! You have completed the Appropriations Phase Lesson. The following topics were presented in this lesson:

- Requirement for Appropriations. The third step in the enactment process, appropriations, is required by the U.S. Constitution.
- Appropriations Acts. An appropriations act provides Federal agencies with limited amounts of budget authority for specific purposes. Congress generally produces 12 appropriations acts each year. DoD's funding primarily comes from the Defense Appropriations Act.
- Appropriations Phase Committees. The House Appropriations Committee (HAC) and Senate Appropriations Committee (SAC) are responsible for producing the annual appropriation bills. The HAC and SAC have subcommittees, each of which is responsible for producing an appropriations bill.
- Defense Appropriations Act and Report. The Defense Appropriations Act provides most of DoD's budget authority, and contains language governing the use of the funds appropriated. The report accompanying an Appropriations Act provides additional details, including listings of the amounts appropriated for each: RDT&E program element; Procurement line item; O&M budget activity; MILPERS budget activity; and MILCON project.

Lesson Summary (2 of 2)

Page 15 of 15

The following topics were also presented in this lesson:

- Appropriations Process.
 - The HAC, SAC and their subcommittees hold hearings after the submission of the President's Budget.
 - During mark-up sessions, the subcommittees review the President's Budget and make adjustments.
 - Each subcommittee creates an appropriations bill and generates a report.
 - Each appropriations bill produced by a subcommittee is considered by the Appropriations Committee (HAC or SAC) and reported out to the floor of the House or Senate.
 - On the floor, the proposed bill is debated, amended, and approved.
 - Once the House and Senate have passed their bills, they convene a conference to discuss and resolve differences.
 - Once the bill is passed in identical form by the House and Senate, it becomes an Act and is sent to the President for signature to become law.

This page completes the lesson. Select the menu button to continue.

Appeal of a Congressional Mark

Appeal of a Congressional Mark

Introduction to Appeals of Congressional Marks

Page 1 of 18



Approximate Length: 30 minutes

Welcome to the Appeal of a Congressional Mark Lesson. This lesson will present you with information needed to understand the process by which DoD appeals proposed Congressional changes ("marks") to the President's Budget request.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

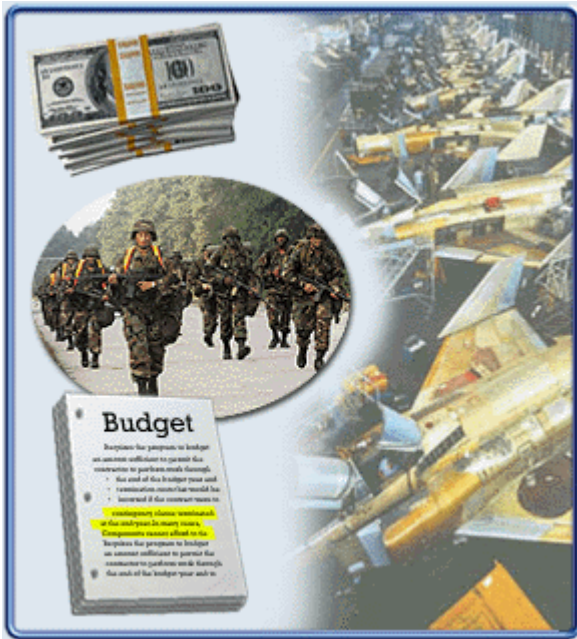
Lesson Objectives

Page 2 of 18

By completing this lesson, you should be able to determine to whom and for what amount DoD may appeal committee marks under the general rule.

DoD Appeals of Congressional Marks (1 of 2)

Page 3 of 18



As the authorization and appropriations committees mark up the President's Budget request, DoD tracks the mark-up and makes appeals in an attempt to minimize the impact of the marks. In addition to appealing funding marks, DoD may also appeal marks affecting personnel levels, procurement quantities, and legislative language that may adversely affect the department or the efficient execution of a program.

DoD Appeals of Congressional Marks (2 of 2)

Page 4 of 18

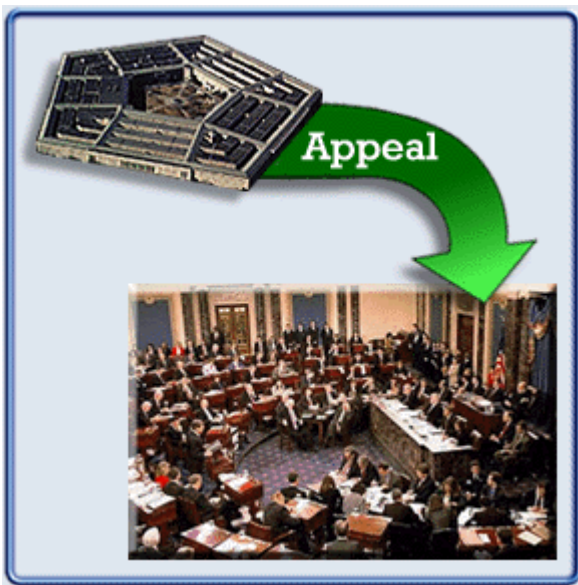


DoD Components are asked to provide candidate programs for appeal. While the office of the Undersecretary of Defense (Comptroller) (USD(C)) consolidates and coordinates all appeal materials, the Components must ensure that materials submitted in support of appeal candidates are accurate and remain up-to-date.

DoD appeals are transmitted under cover of a letter prepared by USD(C) and signed by the Secretary of Defense. Appeals are addressed to the chair of the next committee to take action on the budget request, or in the case of appeals to conferees, to the chairs of both the House and Senate committees.

Congressional Marks Appeals Process (1 of 4)

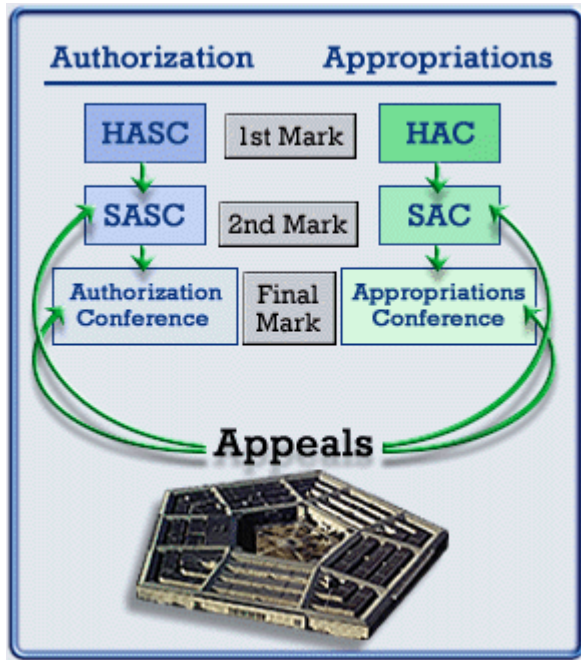
Page 5 of 18



Once a congressional committee has marked the budget, DoD can appeal to the next committee in that process (authorization or appropriation) considering the budget. The House of Representatives traditionally marks fiscal bills first, so DoD appeals generally only go to the Senate committees and the conferences. Since the authorization and appropriations processes are proceeding simultaneously, by agreement with Congress the marks in each process are considered and appealed separately (independently) from each other.

Congressional Marks Appeals Process (2 of 4)

Page 6 of 18



In the authorization process, the House Armed Services Committee (HASC) usually makes the initial mark. DoD may appeal the HASC mark to the Senate Armed Services Committee (SASC). Once the SASC has marked the budget request, DoD may appeal to the Authorization Conference.

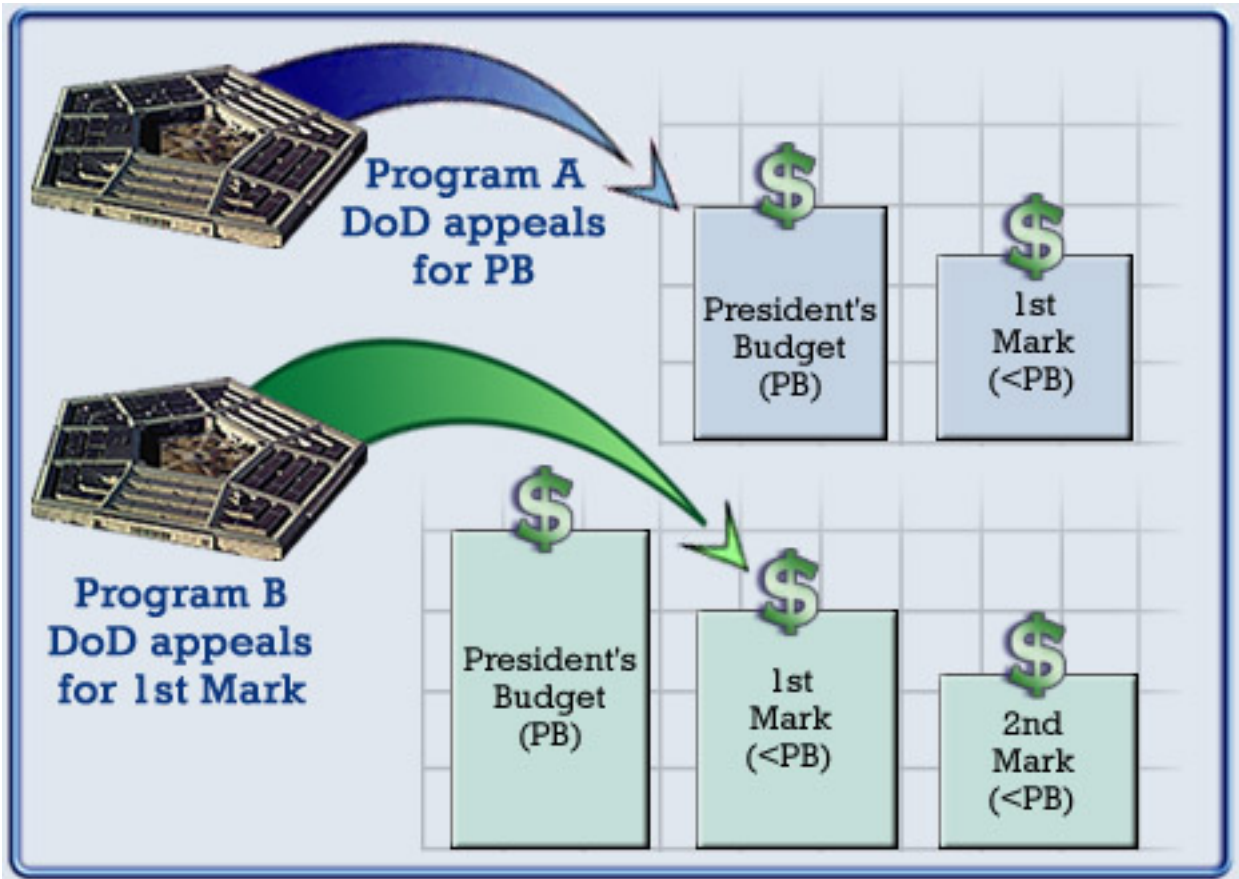
In the appropriations process, the House Appropriations Committee (HAC) makes the initial mark, which DoD may appeal to the Senate Appropriations Committee (SAC). Once the SAC has marked, DoD may appeal to the Appropriations Conference.

Long Description

Pentagon, with two columns, one labeled 'Authorization' and the other labeled 'Appropriations.' Each column has three boxes, with arrows connecting top to bottom: Under Authorization, the boxes are labeled 'HASC,' 'SASC,' and 'Authorization Conference.' Under Appropriations, the boxes are labeled 'HAC,' 'SAC,' and 'Appropriations Conference.' Four arrows labeled 'Appeals' run from the Pentagon to the 'SASC,' 'Authorization Conference,' 'SAC,' and 'Appropriations Conference.' The HASC and HAC are the '1st Mark,' the SASC and SAC are the '2nd Mark,' and the Authorization Conference and Appropriations Conference are the 'Final Mark.'

Congressional Marks Appeals Process (3 of 4)

Page 7 of 18



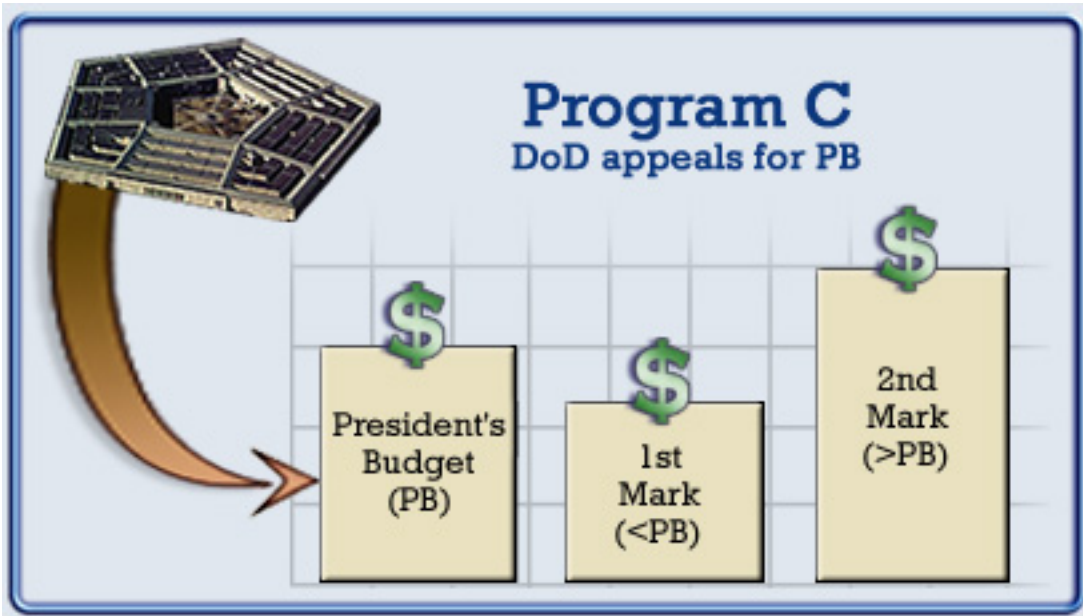
If a mark affects the funding level of a program, DoD may appeal for the amount closest to the President's Budget within the last two congressional marks (or for the President's Budget amount if only one mark exists).

Long Description

Pentagon with two bar graphs, labeled 'Program A' and 'Program B.' Each bar graph has bars with dollar signs labeled 'President's Budget,' '1st Mark (less than PB),' and (for Program B) '2nd Mark (less than PB).' In both Programs the bars are progressively smaller. Arrows labeled 'DoD appeals for' run from the Pentagon to the bars labeled 'President's Budget' in Program A, and '1st Mark' in Program B.

Congressional Marks Appeals Process (4 of 4)

Page 8 of 18



If one or more of the congressional marks exceeds the President's Budget amount, then DoD will appeal for the amount requested in the President's Budget. The appeal is necessary because a Congressional increase for one DoD program usually results in a corresponding decrease to another DoD program.

Congressional Marks Appeals Example (1 of 2)

Page 9 of 18

Appeals Process Example	
AUTHORIZATION MARK	
1. HASC	\$ <u>80</u> M
2. Appeal to:	<u>SASC</u> \$ <u>100</u> M
3. SASC	\$ <u>87</u> M
4. Appeal to:	<u>Auth Conf</u> \$ <u>87</u> M
5. AUTH BILL:	\$ <u>87</u> M

Here is an example scenario of how the appeals process works for marks made during the authorization process. Assume the President's Budget request included \$100 million for Program X.

1. The HASC marks Program X at \$80 million. This is the first mark in the process.
2. DoD appeals to the SASC for \$100 million. Only one mark exists, so DoD may appeal to the amount in the President's Budget request.
3. The SASC marks Program X at \$87 million after considering DoD's appeal. This is the second mark in the process.
4. DoD appeals to Authorization Conference for \$87 million. Both marks are less than the President's Budget request, so by agreement with Congress, DoD may appeal only to the amount of the mark closest to the President's Budget request.
5. The Authorization Conference marks Program X at \$87 million after considering DoD's appeal. This is the end of the mark-up process. No further appeals are possible.

Long Description

Authorization process marks and appeals example. The President's Budget request includes \$100 million for Program X. The HASC marks Program X at \$80 million. DoD appeals to the SASC for \$100 million. The SASC marks Program X at \$87 million after considering DoD's appeal. DoD appeals to Authorization Conference for \$87 million. The Authorization Conference marks Program X at \$87 million after considering DoD's appeal.

Congressional Marks Appeals Example (2 of 2)

Appeals Process Example		
[President's Budget = \$100 M]		
<u>APPROPRIATION</u>		
<u>MARK</u>		
1. HAC	\$ 83	M
2. Appeal to:	SAC	\$ <u>100</u> M
3. SAC	\$ 110	M
4. Appeal to:	Appn Conf	\$ <u>100</u> M
5. APPN BILL:	\$ 95	M

The following is an example scenario of how the appeals process works for marks made during the appropriations process. Assume the President's budget request included \$100 million for Program X.

1. The HAC marks Program X at \$83 million. This is the first mark in the process.
2. DoD appeals to the SAC for \$100 million. Only one mark exists, so DoD may appeal to the amount in the President's Budget request.
3. The SAC marks Program X at \$110 million after considering DoD's appeal. This is the second mark in the process.
4. DoD appeals to the Appropriations Conference for \$100 million. One of the marks (SAC's) is more than the President's Budget request, so DoD should appeal to the amount in the President's Budget request.
5. The Appropriations Conference marks Program X at \$95 million after considering DoD's appeal. This is the end of the mark-up process. No further appeals are possible.

Long Description

Appropriations process marks and appeals example. The President's budget request included \$100 million for Program X. The HAC marks Program X at \$83 million. DoD appeals to the SAC for \$100 million. The SAC marks Program X at \$110 million after considering DoD's appeal. DoD appeals to the Appropriations Conference for \$100 million. The Appropriations Conference marks Program X at \$95 million after considering DoD's appeal.

Resolution of Authorization and Appropriation Differences

Page 11 of 18



When the Authorization and Appropriations Acts do not agree on the dollar amount for a particular program, the Appropriations Act generally prevails. This is certainly the case when the amount authorized exceeds the amount appropriated, since the program cannot exceed the budget authority it receives in the Appropriations Act.

When the amount appropriated exceeds the amount authorized, the Comptroller General has ruled that DoD may spend the entire appropriated amount. However, to maintain good relations with Congress, DoD does not do so immediately. Instead, DoD will seek the agreement of the Armed Services Committees to spend the "excess" appropriated funds, which is generally granted.

Knowledge Review

Page 12 of 18

The next several pages of Knowledge Reviews make up the Congressional Appeals Exercise. These Knowledge Reviews are multiple choice questions. Only one answer is correct; select the best answer and then select the Submit button and feedback will immediately appear. For each of the scenarios on the right side of the page, decide whether or not the action should be appealed; if so, decide to which organization the appeal should go and for what amount.

On April 27, 2011, the House Armed Services Committee mark allocated \$120M of procurement funds for SOLAR.

Scenario:

You are working in the OSD Comptroller organization that is responsible for shepherding the DoD budget request through Congress. You are specifically responsible for tracking the budget request for the Stealthy Overflight Low Altitude Reconnaissance (SOLAR) system. The FY12 President's Budget (PB) requested \$150M for procurement of SOLAR systems.

- a. No appeal is necessary.**
- b. Appeal to the HAC for \$30 million.**
- c. Appeal to the SASC for \$30 million.**
- d. Appeal to the HAC for \$150 million.**
- e. Appeal to the SASC for \$150 million.**

Correct!

DoD should appeal this mark. Since this mark was made in the authorization process by the HASC, the appeal should be sent to the SASC, which is the next committee in the authorization process. Finally, since only one mark exists, DoD may appeal for the amount of the President's Budget request (\$150 million).

Knowledge Review

Page 13 of 18

On May 1, 2011, the Senate Armed Services Committee mark allocated \$130M of procurement funds for SOLAR.

Scenario:

You are working in the OSD Comptroller organization that is responsible for shepherding the DoD budget request through Congress. You are specifically responsible for tracking the budget request for the Stealthy Overflight Low Altitude Reconnaissance (SOLAR) system. The FY12 President's Budget (PB) requested \$150M for procurement of SOLAR systems. On April 27, 2011, the House Armed Services Committee mark allocated \$120M of procurement funds for SOLAR.

- a. **No appeal is necessary.**
- b. **Appeal to the Authorization Conference for \$120 million.**
- c. **Appeal to the Authorization Conference for \$130 million.**
- d. **Appeal to the Authorization Conference for \$150 million.**
- e. **Appeal to the SAC for \$150 million.**

Correct!

DoD should appeal this mark. Since this mark was made in the authorization process by the SASC, the appeal should be sent to the Authorization Conference. Finally, since two marks exist (\$120 million by the HASC and \$130 million by the SASC), and both are less than the President's Budget, DoD may only appeal for the amount of the mark that is closest to the President's Budget request, or \$130 million.

Knowledge Review

Page 14 of 18

On June 15, 2011, the President signed the FY 2012 Defense Authorization Act. SOLAR was authorized \$125M in procurement funds under this Act.

Scenario:

You are working in the OSD Comptroller organization that is responsible for shepherding the DoD budget request through Congress. You are specifically responsible for tracking the budget request for the Stealthy Overflight Low Altitude Reconnaissance (SOLAR) system. The FY12 President's Budget (PB) requested \$150M for procurement of SOLAR systems. On April 27, 2011, the House Armed Services Committee mark allocated \$120M of procurement funds for SOLAR. On May 1, 2011, the Senate Armed Services Committee mark allocated \$130M of procurement funds for SOLAR.

- a. **No appeal is necessary.**
- b. **Appeal to the SASC for \$130 million.**
- c. **Appeal to the Office of the President for \$130 million.**
- d. **Appeal to the SASC for \$150 million.**
- e. **Appeal to the Office of the President for \$150 million.**

Correct!

Since the authorization process has been completed with the enactment of the National Defense Authorization Act, no appeal can be made at this point.

Knowledge Review

Page 15 of 18

On July 20, 2011, the House Appropriations Committee mark allocated \$135M of procurement funding for SOLAR.

Scenario:

You are working in the OSD Comptroller organization that is responsible for shepherding the DoD budget request through Congress. You are specifically responsible for tracking the budget request for the Stealthy Overflight Low Altitude Reconnaissance (SOLAR) system. The FY12 President's Budget (PB) requested \$150M for procurement of SOLAR systems. On April 27, 2011, the House Armed Services Committee mark allocated \$120M of procurement funds for SOLAR. On May 1, 2011, the Senate Armed Services Committee mark allocated \$130M of procurement funds for SOLAR. On June 15, 2011, the President signed the FY 2012 Defense Authorization Act. SOLAR was authorized \$125M in procurement funds under this Act.

- a. **No appeal is necessary.**
- b. **Appeal to the HAC for \$125 million.**
- c. **Appeal to the SAC for \$125 million.**
- d. **Appeal to the SAC for \$135 million.**
- e. **Appeal to the SAC for \$150 million.**

Correct!

DoD should appeal this mark. Since this mark was made in the appropriation process by the HAC, the appeal should be sent to the SAC, which is the next committee in the appropriation process. Finally, since only one mark exists in this process, DoD may appeal for the amount of the President's Budget request (\$150 million).

Knowledge Review

Page 16 of 18

On July 30, 2011, the Senate Appropriations Committee mark allocated \$125M of procurement funding for SOLAR.

Scenario:

You are working in the OSD Comptroller organization that is responsible for shepherding the DoD budget request through Congress. You are specifically responsible for tracking the budget request for the Stealthy Overflight Low Altitude Reconnaissance (SOLAR) system. The FY12 President's Budget (PB) requested \$150M for procurement of SOLAR systems. On April 27, 2011, the House Armed Services Committee mark allocated \$120M of procurement funds for SOLAR. On May 1, 2011, the Senate Armed Services Committee mark allocated \$130M of procurement funds for SOLAR. On June 15, 2011, the President signed the FY 2012 Defense Authorization Act. SOLAR was authorized \$125M in procurement funds under this Act. On July 20, 2011, the House Appropriations Committee mark allocated \$135M of procurement funding for SOLAR.

- a. No appeal is necessary.
- b. Appeal to the SAC for \$125 million.
- c. Appeal to the SAC for \$135 million.
- d. Appeal to the Appropriations Conference for \$135 million.
- e. Appeal to the Appropriations Conference for \$150 million.

Correct! DoD should appeal this mark. Since this mark was made in the appropriation process by the SAC, the appeal should be sent to the Appropriations Conference. Finally, since two marks exist (\$135 million by the HAC and \$125 million by the SAC), and both are less than the President's Budget, DoD may only appeal for the amount of the mark that is closest to the President's Budget request, or \$135 million.

Lesson Summary (1 of 2)

Page 17 of 18

Congratulations! You have completed the Appeal of a Congressional Mark Lesson. The following topics were presented in this lesson:

- DoD Appeals of Congressional Marks. DoD may appeal funding marks, as well as marks affecting personnel levels, procurement quantities, and legislative language that may adversely affect DoD or a DoD program. The Undersecretary of Defense (Comptroller) (USD(C)) consolidates and coordinates appeal materials.
- Congressional Marks Appeals Process.

- Once a congressional committee has marked the budget, DoD can appeal to the next committee in that process. Appeals generally go to the Senate committees and the conferences. Marks in the authorization and appropriations processes are considered and appealed independently.
 - Authorization process. The House Armed Services Committee (HASC) makes the initial mark. DoD may appeal the HASC mark to the Senate Armed Services Committee (SASC). DoD may appeal the SASC mark to the Authorization Conference.
 - Appropriations process. The House Appropriations Committee (HAC) makes the initial mark. DoD may appeal the HAC mark to the Senate Appropriations Committee (SAC). DoD may appeal **the SAC mark to the Appropriations Conference.**
-

Lesson Summary (2 of 2)

Page 18 of 18

The following topics were also presented in this lesson:

- Appeal Amounts. DoD may appeal funding marks for:
 - The amount closest to the President's Budget within the last two congressional marks.
 - The President's Budget amount, if only one mark exists.
 - The President's Budget amount, if one or more of the congressional marks exceeds this amount.
- Resolution of Authorization and Appropriation Differences. The Appropriations Act generally prevails. When the amount appropriated exceeds the amount authorized, DoD may spend the entire appropriated amount. However, before doing so, DoD will seek the agreement of the Armed Services Committees to spend the "excess" appropriated funds, which is generally granted.

This page completes the lesson. Select another topic from the Table of Contents to continue.

Enactment Issues

Enactment Issues

Introduction to Enactment Issues

Page 1 of 14



Approximate Length: 25 minutes

Welcome to the Enactment Issues Lesson. This lesson will present you with information pertaining to two common issues that DoD faces with respect to the enactment process: continuing resolutions and new starts.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Lesson Objectives

Page 2 of 14

By completing this lesson, you should be able to:

- Recognize when a Continuing Resolution is required, what it provides and what restrictions it places on program operations.
 - Recognize when a program is considered to be a "New Start."
-

Continuing Resolution Authority

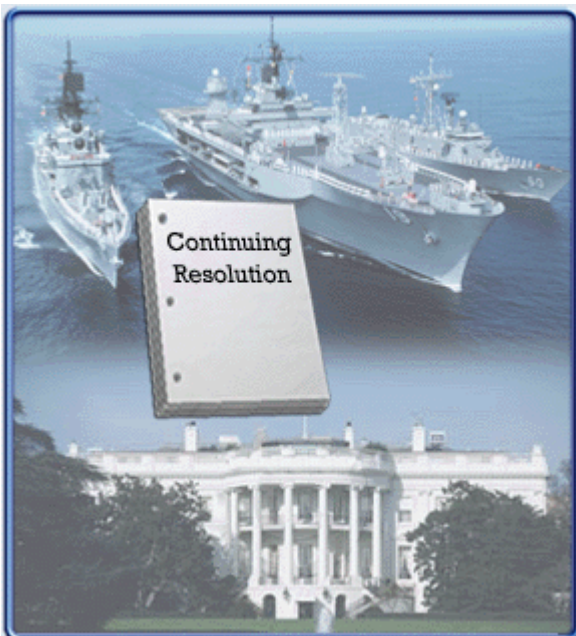
Page 3 of 14



If Congress is unable to pass one or more appropriations acts by the beginning of the fiscal year (October 1), it will usually provide Continuing Resolution Authority (CRA) to prevent agencies whose appropriations have not been passed from shutting down. The CRA provides "stopgap" funding to keep affected agencies operating for a specified period of time. This period, spelled out in the Continuing Resolution, may range from a few days to a few weeks or months, depending on when Congress anticipates that it can pass the final appropriations act(s).

Continuing Resolution Act (1 of 2)

Page 4 of 14



A Continuing Resolution Act is a law, signed by the President, providing Continuing Resolution Authority. Unlike an appropriations act, a Continuing Resolution Act does not specify dollar amounts of budget authority. Rather, it permits activities to operate at "the current rate of operations," which is usually based on one of the following levels:

- The amount the activity was appropriated in the prior year
- The lowest Congressional mark to date

Other spending level limits may be specified in the Continuing Resolution Act, depending on the status of the appropriations bills and whether or not a program was "zeroed-out" (that is, all program funding deleted) during the committee mark-ups.

Continuing Resolution Act (2 of 2)

Page 5 of 14



The interpretation of a "current rate of operations" is left to the individual agencies, but clearly is not intended to permit obligation of an entire year's worth of funding during the period covered by the CRA.

Within DoD, the DoD Components (Services and Defense Agencies) establish the amounts which their programs and activities are permitted to spend under the CRA. These amounts may be less than the maximum amounts permitted by the language in the Continuing Resolution.

Select the hyperlink to view an [excerpt from a continuing resolution](#).

Continuing Resolution Issues for DoD

Page 6 of 14



Late enactment of appropriations presents several problems to DoD and its programs. First, Continuing Resolutions usually contain language which prohibits "new starts," or activities which were not funded and did not take place in preceding years. Secondly, rates of obligation permitted under a Continuing Resolution are usually limited and may impede the timely execution of program efforts.

New Starts Overview

Page 7 of 14



By law, many of DoD's acquisition efforts must be authorized before funds can be spent. Therefore, Congress is concerned about DoD's initiation of "new starts" funded by RDT&E and Procurement appropriations.

According to the DoD Financial Management Regulation 7000.14-R, Volume 3, Chapter 6, Paragraph 060401E, a "new start" is defined as any program, subprogram, modification, project, or subproject not previously justified by DoD and funded by Congress through the normal budget process.

New Starts Requiring Congressional Prior Approval

Page 8 of 14



The House and Senate Armed Services and Appropriations committees must either approve or be notified of all new starts before funds can be obligated, except for certain safety modifications. Written approval from the congressional committees prior to execution of funds ("prior approval") is required when a new start establishes:

- A new procurement line item, program, subprogram, or modification costing \$20 million or more in the first three years
 - A new RDT&E program element, project, or subproject costing \$10 million or more in the first three years
-

New Starts Requiring Only Congressional Notification

Page 9 of 14



Congress must be given letter notification of new starts that do not meet the criteria for prior approval. Funds for such letter notification new starts may not be released for execution until at least 31 days after the notification is received by the congressional committees.

Safety Modification New Starts

Page 10 of 14



New safety modifications with a total cost of less than \$20 million are exempted from the normal rules pertaining to Congressional prior approval and notification. Due to the urgency of such safety modifications, they require only letter notification to Congress. Funds may be spent on these projects immediately once the notification letter has been delivered to the appropriate Congressional committees.

Knowledge Review

Page 11 of 14

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

A Continuing Resolution permits activities to operate at a "current rate of operations" that is usually based on:

- a. The amount the activity was appropriated in the prior year**
- b. A program's acquisition category**
- c. The lowest Congressional mark to date**
- d. The type of appropriation involved**

Correct!

A Continuing Resolution permits activities to operate at a "current rate of operations" that is usually based on the amount the activity was appropriated in the prior year or the lowest Congressional mark to date.

Knowledge Review

Page 12 of 14

The following Knowledge Review is a True or False question. Select the best answer and feedback will appear.

With the exception of certain urgent safety modifications, the House and Senate Armed Services and Appropriations committees must either approve or be notified of all new starts before funds can be obligated.

- a. True**
- b. False**

Correct!

With the exception of certain urgent safety modifications, the House and Senate Armed Services and Appropriations committees must either approve or be notified of all new starts before funds can be obligated. Certain new starts that are urgent safety modifications may obligate funds before providing letter notification to or obtaining prior approval from the Congressional committees as an exception to normal rules.

Lesson Summary (1 of 2)

Page 13 of 14

Congratulations! You have completed the Enactment Issues Lesson. The following topics were presented:

- Continuing Resolution.
 - If Congress is unable to pass one or more appropriations acts by the beginning of the fiscal year, it must provide Continuing Resolution Authority (CRA) to provide "stopgap" funding to keep affected agencies operating for a specified period of time.
 - A Continuing Resolution signed by the President provides Continuing Resolution Authority. It does not specify dollar amounts of budget authority but permits activities to operate at "the current rate of operations" usually based on either:
 - The amount the activity was appropriated in the prior year
 - The lowest Congressional mark to date
 - The interpretation of a "current rate of operations" is left to the individual agencies. DoD components (Services and Defense Agencies) establish the amounts which their programs and activities are permitted to spend under the CRA.
 - Continuing Resolution Issues for DoD. Continuing Resolutions usually contain language which prohibits "new starts." Also, rates of obligation permitted under a Continuing Resolution are usually limited.

Lesson Summary (2 of 2)

Page 14 of 14

The following topics were also presented in this lesson:

- New Starts. Congress is concerned about DoD's initiation of "new starts" funded by RDT&E and Procurement appropriations. A "new start" is any program, modification, or project not previously justified by DoD and funded by Congress through the normal budget process.
 - The House and Senate Armed Services and Appropriations committees must either approve or be notified of all new starts before funds can be obligated, except for certain safety modifications.
 - Prior congressional approval is required if a new start establishes:

- A new procurement line item, program, sub-program or modification of \$20 million or more in the first three years
- A new RDT&E program element, program or project of over \$10 million or more in the first three years
- Congress must be given letter notification of new starts that do not meet the criteria for prior approval. Funds for such new starts are not released until at least 30 days after notification is received.
- New safety modifications with a total cost of less than \$20 million require only letter notification to Congress; funds may be spent once the notification letter has been delivered to the appropriate Congressional Committees.

This page completes the lesson. Select another topic from the Table of Contents to continue.

Oversight Reports

Oversight Reports

Introduction to Oversight Reports

Page 1 of 25



Approximate Length: 40 minutes

Welcome to the Oversight Reports Lesson. This lesson will provide you with basic information about the common reports that may be required for major acquisition programs.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Lesson Objectives

Page 2 of 25

By completing this lesson, you should be able to identify the purpose, applicability, and frequency of submission of the Selected Acquisition Report, Unit Cost Report, and Defense Acquisition Executive Summary.

Reports Overview

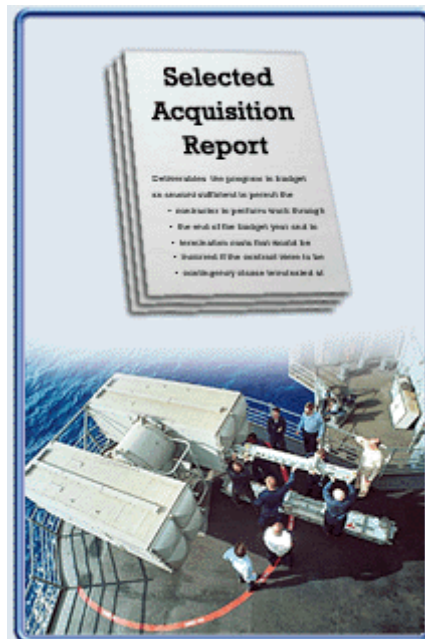
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Congress and DoD both require timely, consistent, and reliable information regarding the status of Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) programs in terms of cost, schedule, and technical performance. The three primary reports designed to provide this information are the Selected Acquisition Report (SAR), the Defense Acquisition Executive Summary (DAES) (released within DoD only), and the Unit Cost Report (UCR). Typically, once a program has been designated a SAR program, it is also required to comply with the DAES and UCR requirements.

Selected Acquisition Report (SAR)

Page 4 of 25



Selected Acquisition Reports (SARs) are submitted to Congress for all ACAT I programs in accordance with 10 U.S.C. Section 2432. The SAR provides the status of total program cost, schedule, and performance along with program unit cost and unit cost breach information. This information is provided in concise form emphasizing new information and changes since the last report. Each SAR must include a full, life-cycle cost analysis for the reporting program, each of its evolutionary blocks, as available, and for its antecedent program, if applicable. Pre-Milestone B projects may submit SARs reporting only RDT&E costs.

Select the following hyperlink to learn more about [annual SARs](#).

Select the following hyperlink to learn more about [quarterly SARs](#).

Select the following hyperlink to learn about [Nunn-McCurdy cost breaches](#) that trigger quarterly SAR reporting.

Annual SARs

Annual SARs are mandatory for all programs that meet the reporting criteria. The SAR for the quarter ending 31 December is the annual SAR; this report is due 60 days after the submission of the President's Budget to Congress.

Quarterly SARs

Quarterly SARs are submitted only on an "exception" basis as described below. If required, they cover the quarters ending 31 March, 30 June, and 30 September and must be submitted within 45 days after the quarter end date. A quarterly SAR is required if any one of the following applies:

- The current estimate includes a 6-month or greater delay, for any schedule parameter, that occurred since the previous SAR.
- Milestone B or Milestone C approval occurs within the reportable quarter.
- A Nunn-McCurdy cost breach occurs during the reporting quarter.

Nunn-McCurdy Cost Breach

A Nunn-McCurdy cost breach occurs when either of the following criteria are met:

- The current estimate of Program Acquisition Unit Cost (PAUC) exceeds the PAUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or exceeds the PAUC objective in the original APB by 30% or more, with both costs expressed in program base year dollars. PAUC is the system's Program Acquisition Cost divided by the total number of fully configured development and production end items expected to be procured;
- The current estimate of Average Procurement Unit Cost (APUC) exceeds the APUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or

exceeds the APUC objective in the original APB by 30% or more, with both costs expressed in program base year dollars. APUC is the system's Procurement Cost divided by the total number of fully configured production end items expected to be procured;

- "original approved APB" refers to that established at program initiation (Milestone B in most cases)
- The statute defines the cost breaches above as 'Significant Cost Growth'.

SAR Waiver Criteria

Page 5 of 25



The SAR submission requirement for a program for a given fiscal year may be waived if certain criteria are met:

- The program has not entered the Engineering and Manufacturing Development phase (formerly known as the System Development and Demonstration phase) and there is no approved Acquisition Program Baseline, or
- A reasonable cost estimate has not been established for the program, or
- The system configuration for the program is not well defined.

As described in DoD acquisition guidance, the USD (AT&L) may consider terminating a program's SAR submissions when 90% of expected production deliveries or 90% of planned acquisition expenditures have been made or when the program is no longer considered an ACAT I program.

Knowledge Review

Page 6 of 25

The following Knowledge Review is a True or False question. Select the best answer and feedback will appear.

An annual SAR is required if the current estimate includes a 6-month or greater delay, for any schedule parameter, that occurred since the previous SAR.

- a. True
- b. False

Correct!

An annual SAR is required for all ACAT I programs meeting reporting criteria. A quarterly SAR is required if the current estimate includes a 6-month or greater delay, for any schedule parameter, that occurred since the previous SAR.

Defense Acquisition Executive Summary (DAES) (1 of 2)

Page 7 of 25



The purpose of the DAES report is to alert the USD (AT&L) or ASD (NII) to both potential and actual program problems before they become significant. At a minimum, the DAES reports program assessments, unit costs, current estimates of the Acquisition Program Baseline (APB) parameters, status reporting of exit criteria, and vulnerability assessments.

The report provides standard, complete summary reporting of ACAT I programs between milestone decision points and is used primarily for program oversight by senior DoD executives. Information contained in the DAES report must be consistent with that in the current Acquisition Decision Memorandum (ADM) and Acquisition Program Baseline, as well with other mandatory or approved program documentation.

Defense Acquisition Execution Summary (DAES) (2 of 2)

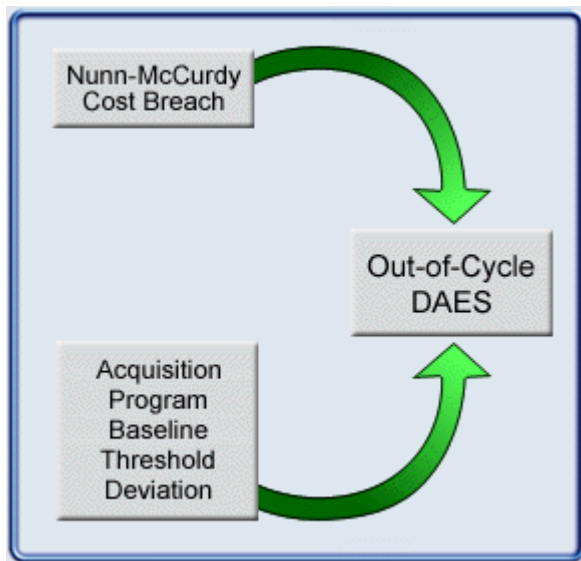
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DAES Submission (by Group)											
A	B	C	A	B	C	A	B	C	A	B	C
Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1 st Quarter			2 nd Quarter			3 rd Quarter			4 th Quarter		

USD (AT&L) designates which ACAT I programs must prepare DAES reports and assigns each designated program to one of three quarterly reporting groups. Group A reports are due at the end of the first month of a calendar quarter; Groups B and C must submit their reports by the end of the second and third months of a calendar quarter, respectively. The ASD(NII) designates the ACAT IA programs required to submit DAES reports, which are due within 30 days following the end of a calendar quarter.

DAES Out-of-Cycle Report

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The DAES report addresses total costs and total quantities for all fiscal years projected through the end of the program's current acquisition phase. There are two reasons an 'out-of-cycle' exception DAES report is required:

- If the program deviates from the approved Acquisition Program Baseline thresholds as a result of the Component's submissions for the Program and Budget Review, or
- When the PM has reasonable cause to believe that a Nunn-McCurdy cost breach occurred or will occur.

Select the following hyperlink to access the criteria for a [Nunn-McCurdy cost breach](#).

Nunn-McCurdy Cost Breach

A Nunn-McCurdy cost breach occurs when either of the following criteria are met:

- The current estimate of Program Acquisition Unit Cost (PAUC) exceeds the PAUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or exceeds the PAUC objective in the original APB by 30% or more, with both costs expressed in program base year dollars. PAUC is the system's Program Acquisition Cost divided by the total number of fully configured development and production end items expected to be procured;
- The current estimate of Average Procurement Unit Cost (APUC) exceeds the APUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or exceeds the APUC objective in the original APB by 30% or more, with both costs expressed in program base year dollars. APUC is the system's Procurement Cost divided by the total number of fully configured production end items expected to be procured;
 - "original approved APB" refers to that established at program initiation (Milestone B in most cases)
- The statute defines the cost breaches above as 'Significant Cost Growth'.

Knowledge Review

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The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.

The DAES report provides standard, complete summary reporting of all ACAT I and ACAT II programs between milestone decision points.

- a. True**
- b. False**

Correct!

The DAES report provides standard, complete summary reporting of all designated ACAT I programs between milestone decision points.

Unit Cost Report (UCR) (1 of 2)

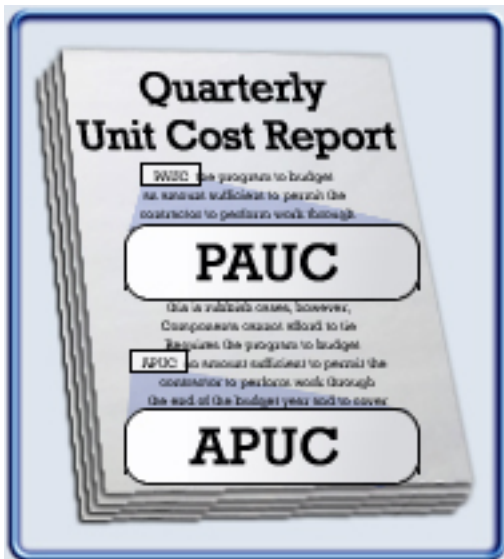
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The UCR was established to satisfy congressional requirements for standardized information to control the unit cost growth of Major Defense Acquisition Programs. It includes Program Acquisition Unit Cost (PAUC) and Average Procurement Unit Cost (APUC) in program base year dollars and major contract information. With the exception of pre-Milestone B programs reporting RDT&E costs only, UCRs are required for all ACAT I programs for which SARs are submitted.

Unit Cost Report (UCR) (2 of 2)

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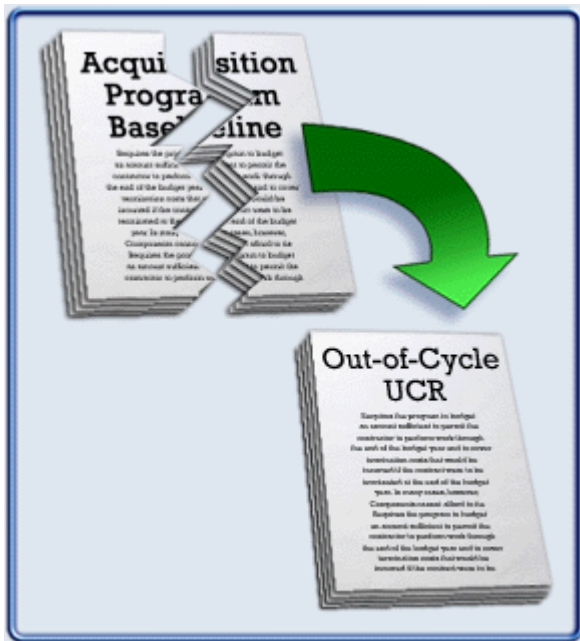
Unit cost reporting begins with the submission of the initial SAR and terminates with the submission of the final SAR. On a quarterly basis, the PM submits to the Component Acquisition Executive (CAE) a written report on the unit costs of the program. The written report shall be included in the DAES submission. The CAE must receive the UCR by the last

working day of the quarter in accordance with the DAES submission procedures. The UCR includes the following information:

- Current estimate of the PAUC and the APUC (in program base year dollars),
- Cost and schedule variances (in dollars) of each major contract since the contract was entered,
- Any known, expected, or anticipated deviations from program schedule milestones or program performance reflected in the currently approved APB.

Out-of-Cycle UCR (1 of 2)

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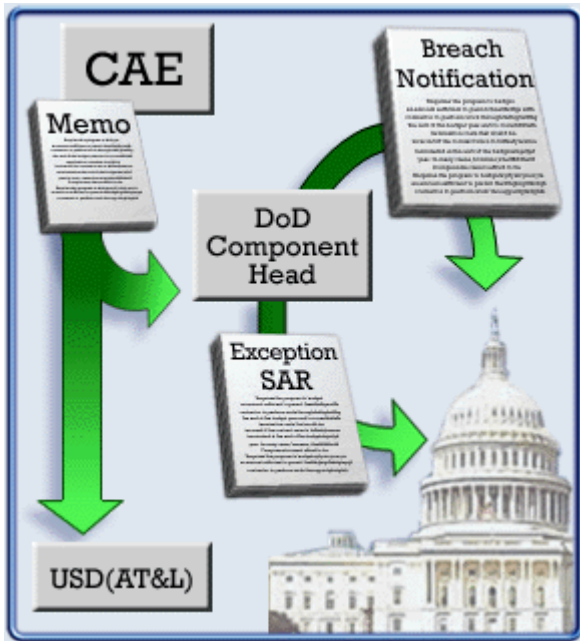


The PM is required to immediately submit an out-of-cycle UCR to the CAE whenever the PM has reasonable cause to believe that either:

- The current estimate of either the PAUC or APUC has increased by 15% or more over the applicable objective value of the currently approved APB or 30% or more over the original APB objective value (this is a Congressionally reportable (Nunn-McCurdy) unit cost breach), or
 - The cost of a major contract has increased at least 15% or more over the contract cost. This is an internal DoD reportable breach only.
-

Out-of-Cycle UCR (2 of 2)

Page 14 of 25



If the CAE determines that a Congressionally reportable (Nunn-McCurdy) unit cost breach has occurred, the CAE is required to inform the USD (AT&L) and the DoD Component Head. The Component Head must confirm the breach and notify Congress of the breach in writing within 45 days after the end of the quarter in the case of a quarterly report or 45 days after the date of the report in the case of an out-of-cycle report. In either case, the notification will also state the date on which the Component Head made the breach determination. The Component Head must then submit an exception SAR containing additional, breach-related information.

Select the following hyperlink to access the criteria for a [Nunn-McCurdy cost breach](#).

Nunn-McCurdy Cost Breach

A Nunn-McCurdy cost breach occurs when either of the following criteria are met:

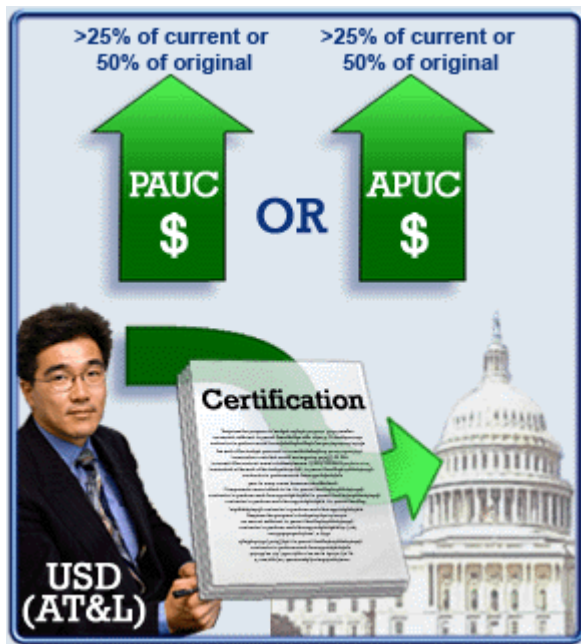
- The current estimate of Program Acquisition Unit Cost (PAUC) exceeds the PAUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or exceeds the PAUC objective in the original APB by 30% or more, with both costs expressed in program base year dollars. PAUC is the system's Program Acquisition Cost divided by the total number of fully configured development and production end items expected to be procured;
- The current estimate of Average Procurement Unit Cost (APUC) exceeds the APUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or exceeds the APUC objective in the original APB by 30% or more, with both costs expressed in program base year dollars. APUC is the system's Procurement Cost

divided by the total number of fully configured production end items expected to be procured;

- "original approved APB" refers to that established at program initiation (Milestone B in most cases)
- The statute defines the cost breaches above as 'Significant Cost Growth'.

Exception Certification Requirement

Page 15 of 25



Unless caused by termination or cancellation of an entire program, if the current estimate of the PAUC or APUC increases by more than 25% over the currently approved APB objectives or by more than 50% over the original APB objectives, USD (AT&L) is required to submit a written certification to Congress within 30 days of submitting the exception SAR. (The Nunn-McCurdy statute defines the 25%/50% breach criteria as 'Critical Cost Growth'.)

If the required explanation documentation of a congressionally reportable unit cost breach (that is, the exception SAR or the USD (AT&L) certification) is not submitted to Congress within the required time, then RDT&E, procurement, and military construction funds may not be obligated for a major contract under the program.

Select the following hyperlink to learn about the required content of the [exception certification](#).

Required Content of Exception Certification

The USD(AT&L) written certification to Congress must state that:

- Program is essential to the national security
- There is no alternative which will provide acceptable capability at less cost
- New estimates of the PAUC and APUC are reasonable per Director, Cost Assessment & Program Evaluation (CAPE)
- Program cost growth must be higher priority than programs providing funding offset
- Management structure is adequate to control PAUC and APUC

Knowledge Review

Page 16 of 25

The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.

All programs that are required to submit a Selected Acquisition Report (SAR) must also submit Unit Cost Reports (UCRs).

- a. True
- b. False

Correct!

Not all ACAT I programs subject to SAR reporting must submit UCRs. Pre-Milestone B programs that only have RDT&E costs to report are exempt from the UCR requirement.

Knowledge Review

Page 17 of 25

The following Knowledge Review is a matching question. Select a letter associated with the answers at the bottom of the screen and type that letter in the space next to the best corresponding phrase or statement. Then, Select the Check Answers button and feedback will appear.

- a. Exception certification
- b. Unit Cost Report
- c. Out-of-Cycle Unit Cost Report

1. Required to be submitted immediately when the Program Manager believes that either a Congressionally reportable or DoD reportable cost breach has occurred.
2. Required for most ACAT I programs that submit SARs to provide PAUC, APUC, and major contract information to the Component Acquisition Executive.
3. Required to be submitted to Congress by USD(AT&L) if the current estimate of the PAUC or APUC increases by more than 25% over the currently approved APB objectives or 50% over the original APB objectives.

Correct! The correct answers are: 1-c., 2-b., 3-a. An Exception Certification is required to be submitted to Congress by USD(AT&L) if the current estimate of the PAUC or APUC increases by more than 25% over the currently approved APB objectives or 50% over the original APB objectives. A Unit Cost Report is required for most ACAT I programs that submit SARs to provide PAUC, APUC, and major contract information to the Component Acquisition Executive. Finally an Out-of-Cycle UCR is required to be submitted immediately when the Program Manager believes that either a Congressionally reportable or DoD reportable cost breach has occurred.

Knowledge Review

Page 18 of 25

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

Congress and DoD both require timely, consistent, and reliable information regarding the status of Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) programs in terms of cost, schedule, and technical performance. The reports designed to provide this information are:

- a. Selected Acquisition Report (SAR)
- b. The Defense Acquisition Executive Summary (DAES)
- c. Cost Performance Report (CPR)
- d. Unit Cost Report (UCR)

Correct!

The SAR, DAES, and UCR provide Congress and DoD with timely, consistent, and reliable information regarding the status of Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) programs in terms of cost, schedule, and technical performance. The CPR often provides data that is used to create these reports, but it is not a report that is submitted to Congress or OSD for oversight purposes.

Knowledge Review

Page 19 of 25

The following Knowledge Review is a matching question. Select a letter associated with the answers at the bottom of the screen and type that letter in the space next to the best corresponding phrase or statement. Then, select the Submit button and feedback will appear.

Match the following reports to their recipients:

- a. USD (AT&L)
- b. Congress
- c. Component Acquisition Executive

1. SAR

2. DAES

3. UCR

Correct! The correct answers are: 1-b., 2-a., 3-c. Selected Acquisition Reports (SARs) are submitted to Congress for all ACAT I programs. The purpose of the DAES report is to alert the USD (AT&L) to both potential and actual program problems before they become significant. Finally, both quarterly and out-of-cycle UCRs are submitted to the Component Acquisition Executive (CAE).

Knowledge Review

Page 20 of 25

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

Select all of the conditions which might allow a program to be granted a waiver to the SAR submission requirement for a given fiscal year.

- a. **The program has not entered the Engineering and Manufacturing Development phase (formerly known as System Development and Demonstration) and there is no approved Acquisition Program Baseline.**
- b. **A reasonable cost estimate has not been established for the program.**
- c. **The system configuration for the program is not well defined.**
- d. **The program is essential to national security.**

Correct!

The SAR submission requirement for a program for a given fiscal year may be waived if any of the following criteria apply: the program has not entered System Development and Demonstration (EMD for grandfathered programs) and there is no approved Acquisition Program Baseline; a reasonable cost estimate has not been established for the program; or the system configuration for the program is not well defined.

Knowledge Review

Page 21 of 25

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

A program that experiences a Nunn-McCurdy cost breach (15% or greater increase in PAUC or APUC relative to current APB objective or 30% or greater increase relative to original APB objective) may be required to submit one or more of the following reports as a result. Select all that apply.

- a. Out-of-Cycle DAES**
- b. Out-of-Cycle UCR**
- c. Annual SAR**
- d. Quarterly SAR**

Correct!

A program that experiences a Nunn-McCurdy cost breach (15% or greater increase in PAUC or APUC relative to APB objective or 30% or greater increase relative to original APB objective) may be required to submit an Out-of-Cycle DAES, Out-of-Cycle UCR, and/or a Quarterly SAR. The Annual SAR is a routine occurrence that is not triggered by a breach.

Lesson Summary (1 of 4)

Page 22 of 25

Congratulations! You have completed the Oversight Reports Lesson. The following topics were presented in this lesson:

- Oversight Reports. Oversight reports provide cost, schedule, and technical performance information regarding the status of Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) programs.
- Selected Acquisition Reports (SARs).
 - SARs, submitted to Congress for all ACAT I programs, provide the status of total program cost, schedule, and performance, and program unit cost and

unit cost breach information. Each SAR must include a full life-cycle cost analysis for the reporting program, each of its evolutionary blocks, and for its antecedent program, if applicable. Pre-Milestone B projects may submit SARs reporting only RDT&E costs. Annual SARs are mandatory, while quarterly SARs are submitted on an exception basis.

- The SAR submission requirement for a program for a given fiscal year may be waived if:
 - The program has not entered Engineering and Manufacturing Development (formerly known as System Development and Demonstration) and there is no approved Acquisition Program Baseline, or
 - A reasonable cost estimate has not been established for the program, or
 - The system configuration for the program is not well defined.

Lesson Summary (2 of 4)

Page 23 of 25

The following topics were also presented in this lesson:

- Nunn-McCurdy Cost Breach. A Nunn-McCurdy cost breach occurs when:
 - the current estimate of Program Acquisition Unit Cost (PAUC) exceeds the PAUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or more or by 30% or more above the original APB PAUC objective;
 - or the current estimate of Average Procurement Unit Cost (APUC) exceeds the APUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or more or by 30% or more above the original APB APUC objective. Costs are expressed in program base year dollars.
- Defense Acquisition Executive Summary (DAES).
 - The purpose of the DAES report is to alert the USD (AT&L) or ASD (NII) to potential and actual program problems. At a minimum, the DAES reports program assessments, unit costs, current estimates of the APB parameters, status reporting of exit criteria, and vulnerability assessments. Only those ACAT I programs designated by the USD(AT&L) and those ACAT IA programs designated by the ASD(NII) are required to submit DAES reports.
 - An 'out-of-cycle' exception DAES report is required if:

- The program deviates from the approved Acquisition Program Baseline thresholds as a result of the Component's submissions for the Program and Budget Review, or
 - The PM believes that a Nunn-McCurdy cost breach occurred or will occur.
-

Lesson Summary (3 of 4)

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The following topics were also presented in this lesson:

- Unit Cost Report (UCR).
 - The UCR includes Program Acquisition Unit Cost (PAUC) and Average Procurement Unit Cost (APUC) in program base year dollars and major contract information. Except for pre-Milestone B programs reporting RDT&E costs only, UCRs are required for all ACAT I programs for which SARs are submitted. UCRs are submitted quarterly by the PM to the Component Acquisition Executive (CAE).
 - The PM must submit an out-of-cycle UCR if:
 - The current estimate of the PAUC or APUC increases by 15% or more over the applicable objective value of the currently approved APB or 30% or more over the original APB (this is a Congressionally reportable (Nunn-McCurdy) unit cost breach), or
 - The cost of a major contract has increased at least 15% or more over the contract cost. This is an internal DoD reportable breach only.
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Lesson Summary (4 of 4)

Page 25 of 25

Finally, the following topics were presented in this lesson:

- Out-of-cycle UCR.
 - If the CAE determines that a Congressionally reportable (Nunn-McCurdy) unit cost breach has occurred, the CAE informs the USD (AT&L) and the DoD Component Head. The Component Head confirms the breach and notifies Congress within 45 days after the end of the quarter (quarterly report) or 45

days after the date of the report (out-of-cycle report). The Component Head must then submit an exception SAR.

- o Unless caused by termination of an entire program, if the current estimate of the PAUC or APUC increases by more than 25% over current APB objectives (or by more than 50% over original APB objectives), USD (AT&L) must submit a written certification to Congress within 30 days of submitting the exception SAR.

This page completes the lesson. Select the Menu button to continue.

Module Summary

Congressional Enactment Module Summary

Module Summary (1 of 18)

Page 1 of 18

Congratulations! You have completed the Congressional Enactment Module. The following topics were presented in the Budget Enactment Process Overview Lesson:

- Congressional Budget Enactment Process. The Congressional budget enactment process consists of three phases:
 - Budget Resolution Phase. Congress produces a concurrent resolution on the budget, providing guidance for each year's revenue and spending legislation.
 - Authorization Phase. Congress produces a National Defense Authorization Act that permits certain Defense programs and activities to begin or continue from year to year.
 - Appropriation Phase. Congress produces appropriations acts that provide budget authority, allowing various Federal agencies to incur obligations for specified purposes.
-

Lesson Summary (2 of 18)

Page 2 of 18

Other topics presented include:

- Congressional Staff. Key staff and organizations that provide support to Congress and its members include:
 - Personal staff work for individual members of Congress and often provide expert knowledge in the key areas.
 - Professional staff support committees/subcommittees and are usually experts in particular areas of interest to the committee. Professional staff personnel often draft legislative language and monitor subsequent compliance with the provisions of that language.
 - The Congressional Budget Office supports the Budget, Appropriations, and Revenue Committees with fiscal and economic analyses.
 - The Government Accountability Office serves as Congress' chief investigator, auditor, and program evaluator, examining agency financial accounts, federal program performance, and the economy and efficiency of governmental operations.
-

Module Summary (3 of 18)

Page 3 of 18

Other topics presented include:

- Legislative Liaison Offices. Inquiries from members of Congress and their staff should be routed through the appropriate Legislative Liaison office.
 - The Undersecretary of Defense (Comptroller) and the senior financial management official of each Service (Assistant Secretary for Financial Management and Comptroller) each maintain legislative liaison offices. The formal point of contact between DoD and the House and Senate Appropriations Committees, these offices track all legislative items that affect Defense appropriations and control the flow of appropriations-related information between Congress and DoD.
 - The Assistant Secretary of Defense for Legislative Affairs and offices of legislative liaison or legislative affairs in the Service secretariats handle all Congressional issues except those that pertain to Defense appropriations. They provide DoD's interface with the two Authorization Committees (i.e., HASC and SASC). They also track all non-appropriation related legislative items.

Module Summary (4 of 18)

Page 4 of 18

The following topics were presented in the Budget Resolution Phase Lesson of this module:

- Congressional Budget Process. The Congressional Budget process is centered on an annual concurrent resolution on the budget that sets aggregate budget policies and functional priorities for at least the next five fiscal years.
- Concurrent Budget Resolution (CBR). The CBR provides guidance for revenue and spending legislation. It specifies the amounts of revenue, budget authority, and outlays authorized for the coming fiscal year and up to nine years following. The CBR establishes budget authority and outlay "spending ceilings" for each of 20 major government functions.
- Budget Resolution Phase Participants.
 - House Budget Committee (HBC) and Senate Budget Committee (SBC). The HBC and SBC craft the budget resolution.
 - Congressional Budget Office (CBO). The CBO makes its economic analysis and provides it to both the HBC and SBC.

Module Summary (5 of 18)

Page 5 of 18

Other topics presented include:

- Budget Resolution Process. The HBC and SBC each present their version of the budget resolution for review, debate and ultimate passage by the House and Senate, respectively. A conference is then convened to resolve the differences between the two versions and craft a single common resolution, which, when passed by both chambers, becomes the CBR.
- Relationship of CBR to Authorization and Appropriation. Congress' goal is to pass a CBR no later than April 15 each year. If a CBR has not been passed by May 15, however, appropriations and authorizations bills may be considered, using the spending limits established by the previous year's CBR.

Module Summary (6 of 18)

Page 6 of 18

The following topics were presented in the Authorization Phase Lesson of this module:

- Authorization Process History. The second step in the budget enactment process, authorization, originated in 1946 as a means of providing assistance to the Appropriations Committees in considering the increasingly complex defense budget request.
- National Defense Authorization Act.
 - Authorizes major weapon system acquisition programs and military construction projects.
 - Establishes procurement quantity ceilings for major weapon systems.
 - Sets military personnel end strength levels.
 - Authorizes appropriations to support defense programs.
 - Establishes policies for specific programs and the defense establishment.
- Report Accompanying the Authorization Act. This document is not law, but provides details about the congressional intent behind the various provisions of the act as well as the amounts authorized for individual RDT&E program elements, Procurement line items, O&M and MILPERS budget activities, and MILCON projects.

Module Summary (7 of 18)

Page 7 of 18

Other topics presented include:

- Authorization Phase Committees.
 - The House Armed Services Committee (HASC). The HASC subcommittees are organized along the lines of the major appropriation categories.
 - The Senate Armed Services Committee (SASC). The SASC subcommittees are structured along the lines of defense capabilities and functions.
 - Both committees are responsible for preparing the National Defense Authorization bills and reports.
-

Module Summary (8 of 18)

Page 8 of 18

Other topics presented include:

- Authorization Process.
 - The HASC, SASC, and their subcommittee hearings begin after submission of the President's Budget.
 - During mark-up sessions, committees review the President's Budget, making adjustments as desired.
 - The HASC and SASC each send their own versions of the Authorization Bill to the floor of their respective chambers.
 - The proposed bill is debated, possibly amended, and approved.
 - The House and Senate aim to complete their Authorization Bills by the end of June.
 - A conference is convened to resolve differences between the two versions.
 - Once the bill passed in identical form by both the House and Senate, it becomes an Act and is sent to the President for signature to become law, hopefully before October 1.
 - Relationship of Authorization to Appropriation. House and Senate rules do not allow appropriation for any unauthorized program or activity. Also, funds should not be appropriated in excess of the recommended funding level in the Authorization Act.
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Module Summary (9 of 18)

Page 9 of 18

The following topics were presented in the Appropriations Phase Lesson of this module:

- Requirement for Appropriations. The third step in the enactment process, appropriation, is required by the U.S. Constitution.
- Appropriations Acts. An appropriations act provides Federal agencies with limited amounts of budget authority for specific purposes. Congress generally produces 12 appropriations acts each year. DoD's funding primarily comes from the Defense Appropriations Act.

- Appropriations Phase Committees. The House Appropriations Committee (HAC) and Senate Appropriations Committee (SAC) are responsible for producing the annual appropriation bills. The HAC and SAC have subcommittees, each of which is responsible for producing an appropriations bill.
 - Defense Appropriations Act and Report. The Defense Appropriations Act provides most of DoD's budget authority, and contains language governing the use of the funds appropriated. The report accompanying an Appropriations Act provides additional details, including listings of the amounts appropriated for each: RDT&E program element; Procurement line item; O&M budget activity; MILPERS budget activity; and MILCON project.
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Module Summary (10 of 18)

Page 10 of 18

Other topics presented include:

- Appropriations Process.
 - The HAC, SAC and their subcommittees hold hearings after the submission of the President's Budget.
 - During mark-up sessions, the subcommittees review the President's Budget and make adjustments.
 - Each subcommittee creates an appropriations bill and generates a report.
 - Each appropriations bill produced by a subcommittee is considered by the Appropriations Committee (HAC or SAC) and reported out to the floor of the House or Senate.
 - On the floor, the proposed bill is debated, amended, and approved.
 - Once the House and Senate have passed their bills, they convene a conference to discuss and resolve differences.
 - Once the bill is passed in identical form by the House and Senate, it becomes an Act and is sent to the President for signature to become law.
-

Module Summary (11 of 18)

Page 11 of 18

The following topics were presented in the Appeal of a Congressional Mark Lesson of this module:

- DoD Appeals of Congressional Marks. DoD may appeal funding marks, as well as marks affecting personnel levels, procurement quantities, and legislative language that may adversely affect DoD or a DoD program. The Undersecretary of Defense (Comptroller) (USD(C)) consolidates and coordinates appeal materials.
- Congressional Marks Appeals Process.

- Once a congressional committee has marked the budget, DoD can appeal to the next committee in that process. Appeals generally go to the Senate committees and the conferences. Marks in the authorization and appropriations processes are considered and appealed independently.
- Authorization process. The House Armed Services Committee (HASC) makes the initial mark. DoD may appeal the HASC mark to the Senate Armed Services Committee (SASC). DoD may appeal the SASC mark to the Authorization Conference.
- Appropriations process. The House Appropriations Committee (HAC) makes the initial mark. DoD may appeal the HAC mark to the Senate Appropriations Committee (SAC). DoD may appeal the SAC mark to the Appropriations Conference.

Module Summary (12 of 18)

Page 12 of 18

Other topics presented include:

- Appeal Amounts. DoD may appeal funding marks for:
 - The amount closest to the President's Budget within the last two congressional marks.
 - The President's Budget amount, if only one mark exists.
 - The President's Budget amount, if one or more of the congressional marks exceeds this amount.
- Resolution of Authorization and Appropriation Differences. The Appropriations Act generally prevails. When the amount appropriated exceeds the amount authorized, DoD may spend the entire appropriated amount. However, before doing so, DoD will seek the agreement of the Armed Services Committees to spend the "excess" appropriated funds, which is generally granted.

Module Summary (13 of 18)

Page 13 of 18

The following topics were presented in the Enactment Issues Lesson of this module:

- Continuing Resolution.
 - If Congress is unable to pass one or more appropriations acts by the beginning of the fiscal year, it must provide Continuing Resolution Authority (CRA) to provide "stopgap" funding to keep affected agencies operating for a specified period of time.
 - A Continuing Resolution signed by the President provides Continuing Resolution Authority. It does not specify dollar amounts of budget authority

but permits activities to operate at "the current rate of operations" usually based on either:

- The amount the activity was appropriated in the prior year
- The lowest Congressional mark to date
- The interpretation of a "current rate of operations" is left to the individual agencies. DoD components (Services and Defense Agencies) establish the amounts which their programs and activities are permitted to spend under the CRA.
- Continuing Resolution Issues for DoD. Rates of obligation permitted under a Continuing Resolution are usually limited. In addition, Continuing Resolutions usually contain language which prohibits "new starts."

Module Summary (14 of 18)

Page 14 of 18

Other topics presented include:

- New Starts. Congress is concerned about DoD's initiation of "new starts" funded by RDT&E and Procurement appropriations. A "new start" is any program, modification, or project not previously justified by DoD and funded by Congress through the normal budget process.
- The House and Senate Armed Services and Appropriations committees must either approve or be notified of all new starts before funds can be obligated, except for certain safety modifications.
- Prior congressional approval is required if a new start establishes:
 - A new procurement line item or program, subprogram or modification that will exceed \$20 million within the first three years
 - A new RDT&E program element, project or subproject that will exceed \$10 million within the first three years
- Congress must be given letter notification of new starts that do not meet the criteria for prior approval. Funds for such new starts are not released until at least 30 days after notification is received.
- New safety modifications with a total cost of less than \$20 million require only letter notification to Congress; funds may be spent once the notification letter has been delivered to the appropriate Congressional committees.

Module Summary (15 of 18)

Page 15 of 18

The following topics were presented in the Oversight Reports Lesson of this module:

- Oversight Reports. Oversight reports provide cost, schedule, and technical performance information regarding the status of Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) programs.
- Selected Acquisition Reports (SARs).
 - SARs, submitted to Congress for all ACAT I programs, provide the status of total program cost, schedule, and performance, and program unit cost and unit cost breach information. Each SAR must include a full life-cycle cost analysis for the reporting program, each of its evolutionary blocks, and for its antecedent program, if applicable. Pre-Milestone B projects may submit SARs reporting only RDT&E costs. Annual SARs are mandatory, while quarterly SARs are submitted on an exception basis.
 - The SAR submission requirement for a program for a given fiscal year may be waived if:
 - The program has not entered Engineering and Manufacturing Development (formerly known as System Development and Demonstration) and there is no approved Acquisition Program Baseline, or
 - A reasonable cost estimate has not been established for the program, or
 - The system configuration for the program is not well defined.

Module Summary (16 of 18)

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Other topics presented include:

- Nunn-McCurdy Cost Breach. A Nunn-McCurdy cost breach occurs when: the current estimate of Program Acquisition Unit Cost (PAUC) exceeds the PAUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or more (or by 30% or more above the original APB PAUC objective) or the current estimate of Average Procurement Unit Cost (APUC) exceeds the APUC objective in the currently approved Acquisition Program Baseline (APB) by 15% or more (or by 30% or more above the original APB APUC objective). Costs are expressed in program base year dollars.
- Defense Acquisition Executive Summary (DAES).
 - The purpose of the DAES report is to alert the USD (AT&L) or ASD(NII) to potential and actual program problems. At a minimum, the DAES reports program assessments, unit costs, current estimates of the APB parameters, status reporting of exit criteria, and vulnerability assessments. Only those

ACAT I programs designated by the USD(AT&L) and those ACAT IA programs designated by the ASD(NII) are required to submit DAES reports.

- An 'out-of-cycle' exception DAES report is required if:
 - The program deviates from the approved Acquisition Program Baseline thresholds as a result of the Component's submissions for the Program and Budget Review, or
 - The PM believes that a Nunn-McCurdy cost breach occurred or will occur.

Module Summary (17 of 18)

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Other topics presented include:

- Unit Cost Report (UCR).
 - The UCR includes Program Acquisition Unit Cost (PAUC) and Average Procurement Unit Cost (APUC) in program base year dollars and major contract information. Except for pre-Milestone B programs reporting RDT&E costs only, UCRs are required for all ACAT I programs for which SARs are submitted. UCRs are submitted quarterly by the PM to the Component Acquisition Executive (CAE).
 - The PM must submit an out-of-cycle UCR if:
 - The current estimate of the PAUC or APUC increases by 15% or more over the applicable objective value of the currently approved APB (or 30% or more over the original APB)(this is a Congressionally reportable (Nunn-McCurdy) unit cost breach), or
 - The cost of a major contract has increased at least 15% or more over the contract cost. This is an internal DoD reportable breach only.

Module Summary (18 of 18)

Page 18 of 18

Finally, the following topics were presented in this module:

- Out-of-cycle UCR.
 - If the CAE determines that a Congressionally reportable (Nunn-McCurdy) unit cost breach has occurred, the CAE informs the USD (AT&L) and the DoD Component Head. The Component Head confirms the breach and notifies Congress within 45 days after the end of the quarter (quarterly report) or 45 days after the date of the report (out-

of-cycle report). The Component Head must then submit an exception SAR.

- Unless caused by termination of an entire program, if the current estimate of the PAUC or APUC increases by more than 25% over current APB objectives (or by more than 50% over the original APB objectives), USD (AT&L) must submit a written certification to Congress within 30 days of submitting the exception SAR.

This page completes the Module Summary. Select the Menu button to continue.