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**NAVAL POSTGRADUATE SCHOOL
Monterey, California**



THESIS

**ALTERNATIVE HEADQUARTERS SUPPORT FUNDING FOR
THEATER SPECIAL OPERATIONS COMMANDS**

by

Wayne W. Anderson, Jr.

December 2002

Principal Advisor: Lawrence R. Jones
Associate Advisor: Jerry L. McCaffery

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**ALTERNATIVE HEADQUARTERS SUPPORT FUNDING FOR THEATER
SPECIAL OPERATIONS COMMANDS**

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Lieutenant Commander, United States Navy
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Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

**NAVAL POSTGRADUATE SCHOOL
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ABSTRACT

The current funding mechanism for theater special operations command (SOC) headquarters support costs is inadequately supported by legal guidance. Existing legislation and policy documents do not formalize theater SOC funding relationships to provide an enforcement tool that ensures the theater SOCs can properly resource their headquarters support requirements. Consequently, the ambiguity of this funding mechanism has allowed the theater SOCs to develop unique scenarios for financing headquarters support. To remedy this deficiency, this thesis conducts a comparative analysis of current theater SOC headquarters support funding mechanisms and examines three funding alternatives. This thesis concludes the best alternative would mandate that the Services assign separate Program Element (PE) numbers to theater SOC headquarters support in the Future Years Defense Program (FYDP) and distribute theater SOC headquarters support funding through the respective theater combatant commands. In addition, the thesis generates criteria that may be used in preliminary analysis by other commands that face similar funding ambiguities and may need to identify alternative funding mechanisms.

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I. INTRODUCTION

A. PURPOSE

This thesis identifies the best of three alternative funding mechanisms for headquarters support costs at theater special operations commands (SOCs). The analysis of this topic also generates criteria that may be used to establish baseline metrics for other Department of Defense (DoD) commands that may require alternate funding mechanisms. The research consists of:

- A review of the legal guidance and policies for theater SOC headquarters support funding
- A review of the events that caused Under Secretary of Defense (Comptroller) (USD(C)) to issue Program Budget Decision (PBD) 081. All citations of PBD 081 in this chapter refer to PBD 081 issued in December 2000.
- A comparative analysis of the funding mechanisms for headquarters support costs at the six theater SOCs
- A comparative analysis of three alternative funding mechanisms for theater SOC headquarters support costs
- Specific conclusions that identify the best alternative funding for theater SOC headquarters support
- General conclusions that may be used in preliminary analysis for identifying alternative funding mechanisms at other commands where the existing legal guidance for funding may not be clear

B. BACKGROUND

The unique history, mission and funding of the theater SOCs created an unanticipated scenario concerning the responsibility for funding and managing theater SOC

headquarters support costs. There is a defined source and flow of funds for theater SOC special operations (SO)-peculiar requirements using Major Force Program (MFP)-11 dollars: the matter is quite different for theater SOC headquarters support costs. U.S. Special Operations Command (USSOCOM), the theater combatant commands and the theater SOCs have adopted separate interpretations concerning how the theater SOCs should receive headquarters support funding.

This thesis shows that the current funding mechanism for theater SOC headquarters support costs is inadequately supported with legal guidance. To remedy this deficiency, this thesis compares three alternative funding mechanisms and concludes with the best alternative for theater SOC headquarters support funding.

C. RESEARCH QUESTIONS

1. Primary Research Question

What is the best alternative for funding theater SOC headquarters support costs?

2. Secondary Research Questions

- How do the theater SOCs currently fund headquarters support costs?
- Why did the theater SOCs use MFP-11 dollars to fund headquarters support costs in Fiscal Year 2000 (FY00)?
- Should the theater SOC funding mechanism for headquarters support costs be uniform?
- What authority is required to make changes in funding theater SOC headquarters support costs?
- What is the financial impact of alternative funding mechanisms for theater SOC headquarters support costs?

D. SCOPE

Comptroller and budget officials at the commands mentioned in this thesis contributed to this research. Views from individual personnel may not be representative of the command as a whole. Additionally, the scope of this research includes the perspectives of USD(C), Assistant Secretary of Defense (Special Operations/Low Intensity Conflict) (ASD(SO/LIC)), USSOCOM and the six theater SOCs.

E. METHODOLOGY

The methodology for this research was divided into six steps: (1) review of pertinent literature, (2) data collection, (3) interviews with comptroller officials and budget analysts, (4) analysis of current theater SOC headquarters support funding mechanisms, (5) analysis of three theater SOC headquarters support funding alternatives, and (6) identification of the best alternative funding mechanism.

- Literature Review: A review of literature and legal support references related to theater SOC headquarters support funding was conducted. This research included PBDs, USD(C) documents and legislation.
- Data Collection: Data were collected from the six theater SOCs and from USD(C). These data included the total MFP-11 dollars and total MFP-2 dollars that the theater SOCs spent on headquarters support costs in FY00. These data also covered the funding moves directed by PBD 081.
- Interviews: Interview questions were constructed from the literature review and the data collection. Comptroller officials from USSOCOM and the six theater SOCs were interviewed. Additionally, budget officials from USD(C), ASD(SO/LIC) and the U.S. Navy Field Support Activity were interviewed.

- Analysis of theater SOC funding mechanisms: Responses to the interviews were synthesized with the data collection to conduct a comparative analysis of the current theater SOC funding mechanisms for headquarters support costs.
- Analysis of alternative funding mechanisms: Information obtained through the interviews. The theater SOC funding mechanism analysis was used to conduct a comparative analysis of three alternatives for funding theater SOC headquarters support costs.
- Conclusions: From the funding alternative analysis, the best alternative funding mechanism for theater SOC headquarters support costs was selected. Additionally, the funding alternative analysis generated criteria that may be used to establish baseline metrics for other commands that may require alternate funding mechanisms.

F. ORGANIZATION

Chapter II provides a brief background of theater SOC command relationships, mission and funding. From this base, the chapter explains how five of the six theater SOCs used MFP-11 dollars for funding headquarters support costs in FY00. Next, it analyzes the impact of PBD 081 on USSOCOM and on the theater SOCs. The chapter concludes by summarizing the nature of the problem with the current funding mechanism for theater SOC headquarters support costs.

Chapter III analyzes theater SOC funding relationships for headquarters support costs by examining the theater SOCs individually. Each section of this chapter first explains theater SOC relationships with the theater combatant command staff and describes the current funding mechanism for theater SOC headquarters support costs. Next, it looks at theater SOC criteria for separating special operations (SO)-peculiar requirements from

headquarters support requirements. The section then describes theater SOC funding circumstances in FY00 and the local effect of PBD 081 on theater SOC financial procedures. This chapter concludes by summarizing variations across theater SOC funding information in a comparison table.

Chapter IV analyzes three alternative funding mechanisms in separate sections. Each section describes the alternative and analyzes the effect of the alternative funding method on reducing the theater SOC variations identified in Chapter III. This analysis includes the requirements for implementing the alternative and any remaining barriers to change the alternative would encounter. Each section then looks at the financial impact of the alternative on budgets and appropriations linked to theater SOC headquarters support. This chapter concludes by summarizing the alternative funding mechanisms in two comparison tables.

Chapter V concludes with the best alternative for funding theater SOC headquarters support costs. Next, this chapter draws additional general conclusions from the analysis conducted during this research. Finally, this chapter answers the research questions listed in Chapter I and suggests areas of further study associated with this thesis.

G. BENEFITS OF STUDY

The current funding mechanism for theater SOC headquarters support costs is inadequately supported with legal guidance. To correct this deficiency, this thesis concludes the best alternative funding mechanism for the

theater SOCs from three options. This analysis includes the effect of the alternative on reducing variations among current theater SOC funding mechanisms, the barriers to implementing the alternative and the financial impact of the alternative. Information from this research may help smooth the progress of USD(C), USSOCOM and the five theater combatant commands to formalizing the funding mechanism for theater SOC headquarters support costs. A formalized funding mechanism would provide an enforcement tool to ensure that the theater SOCs would be able to properly resource their headquarters support requirements.

Budget issues caused by inadequate legal guidance may not be exclusive to the theater SOCs; other commands may face similar issues surrounding the interpretation of funding mechanisms or financial responsibilities. This thesis also generates criteria that other DoD commands may use in preliminary analysis to help identify an alternative funding mechanism.

II. FUNDING THEATER SOC HEADQUARTERS SUPPORT COSTS

A. INTRODUCTION

The command relationships and financial resources of theater special operations commands (SOCs) are unique and present very complicated issues. This chapter will establish a common foundation of background information concerning theater SOC command relationships, mission and funding. From this base, the chapter will explain how five of the six theater SOCs used Major Force Program (MFP)-11 dollars for funding headquarters support costs in Fiscal Year 2000 (FY00). Next, it will analyze the impact of Program Budget Decision (PBD) 081 on U.S. Special Operations Command (USSOCOM) and on the theater SOCs. All citations of PBD 081 in this chapter refer to PBD 081 issued in December 2000. Finally, the chapter will summarize the nature of the problem with the current funding mechanism for theater SOC headquarters support costs.

B. BACKGROUND OF THE THEATER SOCS

1. History

Before 1983, the theater SOCs did not exist. Each theater combatant command, then referred to as a geographic Commander in Chief (CINC), had its own special operations (SO) division traditionally organized in the Operations Directorate. The head of this division was usually an Army/Air Force Colonel or a Navy Captain. The SO division was part of the combatant command headquarters staff and reported to the combatant commander through the Director of Operations.

The Cohen-Nunn amendment to the FY87 National Defense Authorization Act established the office of the Assistant Secretary of Defense (Special Operations/Low Intensity Conflict) (ASD(SO/LIC)) and USSOCOM. This amendment changed the face of special operations. "In Cohen-Nunn, Congress recognized that the things that make SOF [special operations forces] different from conventional and strategic forces dictates a command structure which ensures cohesion and optimal use of limited resources." [Ref. 1:p. 51] USSOCOM emerged as a Service-like organization that eventually managed all U.S.-based SOF and, "since 1988, each of the theater unified commands have [sic] established a separate Special Operations Command (SOC) to meet its theater-unique special operations requirements." [Ref. 2] This means there was a SOC in each of the five geographic theaters and an additional SOC established by U.S. Forces Korea to handle all SOF on the Korean Peninsula.

2. Command Relationships

When the theater combatant commands established the theater SOCs, they designated the new organizations as subordinate unified (sub-unified) commands. Uniquely, Special Operations Command Korea (SOCKOR) became a functional component command of U.S. Forces Korea (USFK) and not a sub-unified command of U.S. Pacific Command (USPACOM). As Figure 1 shows, each theater combatant command had at least four component commands - an Army component, a Naval component, an Air Force component and a Marine Corps component - and a sub-unified command. This sub-unified command was the theater SOC. The theater SOC commander was now on equal footing with the other Service

component commanders and reported directly to the combatant commander instead of through the Director of Operations.

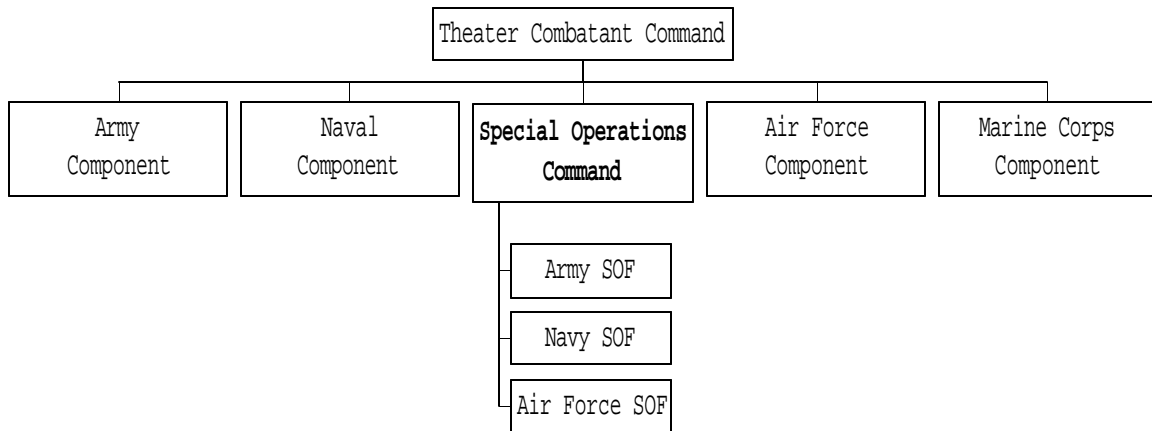


Figure 1. Theater Combatant Command Organization.
[From: Ref. 1:p. 51]

Initially, the fledgling theater SOCs faced challenges in the areas of personnel, staff experience and funding. By the mid-1990s, "Congress sought to enhance the cohesion of theater SOF by mandating general or flag rank (one-star) officers as SOC commanders in Europe and the Pacific, and later for the Central and Southern regions." [Ref. 1:p. 52] Increases in manpower assignments and experience soon led to improved staff capabilities. Finally, in addition to the headquarters staff, the theater SOCs also had command and control of SOF from the Army, Navy and Air Force assigned to support the theater combatant command.

3. Mission

The theater SOCs have multiple roles. "The theater SOC commander is responsible to the geographic CINC for planning and conducting joint special operations in the theater, ensuring that SOF capabilities are matched to mission requirements, exercising operational control of SOF

for joint special operations, and advising the CINC and component commanders in theater on the proper employment of SOF." [Ref. 3:p. 13] Additionally, each theater SOC, "...has responsibility for SOF-peculiar logistical requirements of assigned forces, and forms the core of a joint special operational task force able to act independently or as the special operations component of a larger joint/combined task force." [Ref. 1:p. 51] The theater SOC command relationships and many responsibilities, however, created unique funding requirements.

4. Funding

As unified commands, each of the five theater combatant commands has a Service component as an executive agent to carry out administrative and logistical support of headquarters functions. Service Operations and Maintenance (O&M) appropriations fund MFP-2 accounts designated for General Purpose Forces. Thus, the Service executive agents send MFP-2 dollars to the combatant commands for direct headquarters support requirements. Table 1 is a list of the executive agent assignments for all the unified commands.

Since the theater SOCs are sub-unified commands of the respective combatant commands that have SO-peculiar requirements and perform SO-activities, funding for the theater SOCs became confusing. USSOCOM funds theater SOC SO-peculiar requirements and SO-activities using MFP-11 dollars. From Section 167 of Title 10, U.S. Code, the functions of MFP-11 include, "...developing and acquiring special operations-peculiar equipment and acquiring special

operations-peculiar material, supplies and services."
[Ref. 5:p. 103]

<u>Combatant Command</u>	<u>Executive Agent</u>
U.S. European Command	Army
U.S. Southern Command	Army
U.S. Joint Forces Command	Navy
U.S. Pacific Command, except U.S. Forces Korea	Navy Army
U.S. Central Command	Air Force
U.S. Northern Command	Air Force
U.S. Special Operations Command, except Joint Special Operations Command	Air Force Army
U.S. Strategic Command	Air Force
U.S. Element, North American Air Defense Command	Air Force

Table 1. Executive Agent Assignments for Combatant
Commands.
[From: Ref. 4:p. 7]

Joint Publication 3-05 defines "special operations-peculiar" as,

Equipment, material, supplies, and services required for special operations mission support for which there is no broad conventional requirement. This includes the standard items used by other DOD forces but modified for special operations forces (SOF); items initially designed for, or used by, SOF until adapted for use as Service-common by other DOD forces; and items approved by the Commander in Chief, US Special Operations Command (USCINCSOC) as critically urgent for the immediate accomplishment of a special operations mission but not normally procured by USCINCSOC, [Ref. 6:p. GL-10]

As will be explained later, USSOCOM, the theater combatant commands and the theater SOCs interpreted the source and flow of funds for theater SOC headquarters support in different ways.

Before 1987, MFP-11 funding and non-MFP-11 funding for special operations was in Service programs. When USSOCOM received MFP-11 funding, however, the U.S. Code did not designate any MFP-11 dollars for the theater SOCs. In PBD 623 (December 1992), Under Secretary of Defense (Comptroller) (USD(C)) provided funding for theater SOC SO-peculiar requirements for FY93. [Ref. 7] This decision did not transfer the headquarters support responsibility. Through PBD 744 (March 1993), USD(C) provided further MFP-11 funds for theater SOC SO-peculiar requirements for FY94-99. [Ref. 8] Again, there were no transfers from Service funds. Finally, in February 1996, a USD(C) memorandum mandated that, "...all Treasury Index 97 funds received by the Department [of Defense] are to be issued and controlled using the Program Budget and Accounting System (PBAS)." [Ref. 9] Accordingly, the theater SOCs began to receive direct fund distribution of MFP-11 dollars for SO-peculiar requirements effective in FY97. The memorandum did not specifically address the funding for theater SOC headquarters support costs.

Before the theater SOCs became sub-unified commands, the combatant commands covered all of the headquarters costs because the theater SOCs were part of combatant command staffs. Since the theater SOCs remained part of combatant command staffs as sub-unified commands, there was an assumption that the combatant commands would continue to fund these costs. Unanticipated difficulties arose when the theater SOCs became larger through Congressional and USSOCOM initiatives during the early 1990s. The theater SOCs had grown and had created larger headquarters support bills for the respective combatant commands. [Ref. 10]

Meanwhile, the funding mechanism for theater SOC headquarters support costs remained unclear and became subject to conflicting interpretations of fiscal responsibility.

C. THEATER SOC HEADQUARTERS SUPPORT FUNDING IN FY00

Section 167 of Title 10, U.S. Code requires USSOCOM to have an inspector general (IG) responsible for conducting, "...internal audits and inspections of purchasing and contracting actions through the special operations command and such other inspector general functions as may be assigned." [Ref. 5] In 1999, the USSOCOM IG initiated an examination to ensure the theater SOCs were spending their MFP-11 dollars correctly. [Ref. 11] After obtaining data from the theater SOCs, USSOCOM determined how much Service MFP-2 funding and how much USSOCOM MFP-11 funding the theater SOCs used to pay for FY00 headquarters support requirements. Table 2 presents the percentage allocation of how the theater SOCs financed their headquarters support in FY00.

<u>Command</u>	<u>Service MFP-2</u>	<u>USSOCOM MFP-11</u>
SOCCENT	54.6%	45.4%
SOCJFCOM	62.6%	37.4%
SOC PAC	67.1%	32.9%
SOCEUR	79.1%	20.9%
SOCKOR	93.6%	6.4%
SOC SOUTH	100.0%	0.0%
Average	76.2%	23.8%

Table 2. FY00 Theater SOC Headquarters Support Funding Source Distribution.
[From: Ref. 12:p. 20]

On average, the theater SOCs used MFP-11 dollars to fund 23.8% of their headquarters support costs in FY00.

However, the theater SOCs had a wide range: Special Operations Command Central (SOCCENT) financed 45.4% of headquarters support requirements with MFP-11 dollars while Special Operations Command South (SOCSOUTH) did not use any MFP-11 dollars for their headquarters support.

Additionally, the use of MFP-11 funds on headquarters support by the theater SOCs was a continuing occurrence and not an isolated event in FY00. Reasons why the theater SOCs used MFP-11 for non-SO-peculiar requirements varied across the five theater SOCs. Chapter III will analyze this topic further.

The USSOCOM interpretation of existing legislation and USD(C) documents was that MFP-11 dollars should not finance any theater SOC headquarters support costs and that MFP-2 dollars from the Service O&M appropriations should fund all of these expenses. Thus, USSOCOM believed that all theater SOC headquarters support funding profiles should mirror SOCSOUTH and that the theater SOCs shown in Table 2 spending MFP-11 dollars on headquarters support costs in FY00 did so incorrectly. Consequently, USSOCOM took steps to ensure the theater SOCs would use future MFP-11 funding properly.

D. PROGRAM BUDGET DECISION 081 (DECEMBER 2000)

1. Genesis

USSOCOM sought to prevent the theater SOCs from spending MFP-11 dollars on headquarters support. This meant clearly defining the funding mechanism for theater SOC headquarters support costs and reaching an agreement on this arrangement between USSOCOM and the five theater combatant commands. Given that Department of Defense

Directive (DoDD) 5100.3 states, "...the support responsibility designated for the headquarters of each Combatant Command extends to the headquarters of all subordinate joint commands established within the Combatant Command," [Ref. 13:p. 2] USSOCOM believed that the appropriate Service executive agent should fund theater SOC headquarters costs through the respective theater combatant command.

The USSOCOM IG had conducted its first funding investigation at SOCCENT. From data in PBD 081, SOCCENT had spent \$353,000 in MFP-11 dollars on headquarters support requirements in FY00. In the case of SOCCENT, the Service executive agent (Air Force) had funded \$425,000 in MFP-2 dollars used by the theater SOC for headquarters support. [Ref 12:p. 20] Based on DoDD 5100.3, USSOCOM inferred that funds for SOCCENT headquarters support should flow through U.S. Central Command (USCENTCOM) as part of the headquarters support for that theater combatant command. For this reason, USSOCOM requested USCENTCOM to adjust the USCENTCOM headquarters support budget in the out years to reflect the additional \$353,000 for SOCCENT headquarters support and to plan for anticipated SOCCENT growth. USCENTCOM did not meet this request.

It appeared to USSOCOM and to SOCCENT that USCENTCOM interpreted existing legislation and USD(C) documents to read that the Service executive agent did not have to distribute theater SOC headquarters support costs through the theater combatant command. Further, it seemed as though USCENTCOM had already made efforts to separate SOCCENT funding from the USCENTCOM budget. After the 1996

USD(C) memorandum [Ref. 9], USCENTCOM attempted through official memoranda to switch the funding accounts used by SOCCENT from Operating Agency Code (OAC) 51 (Headquarters, USCENTCOM) to OAC 52 (USSOCOM). One USCENTCOM memorandum stated,

USSOCCENT is no longer funded by USCENTCOM, but is still included in the USCENTCOM OAC...The OAC is used to track funds issued and obligations incurred by each command...SOCCENT was formally funded by USCENTCOM and was under OAC 51. However, when funding channels were reorganized in 1993 and SOCCENT began being funded by SOCOM, their OAC was not changed. This is incorrect and could cause problems. [Ref. 14]

Additional memoranda stated, "...around FY96, USSOCCENT's funding source changed from USCENTCOM to USSOCOM, but USSOCCENT continued to use (erroneously) USCENTCOM's OAC 51" [Ref. 15] and, "...since USSOCOM began providing authority directly to SOCCENT, continued use of USCENTCOM's OAC to track SOCCENT funding and obligations has been wholly inappropriate." [Ref. 16]

Thus, it became apparent that USCENTCOM had adopted a cultural mindset that theater SOC headquarters support costs should not flow through the theater combatant command. USSOCOM still maintained that the Air Force should distribute SOCCENT headquarters support requirements through USCENTCOM. These dissimilar positions evolved to an impasse between USSOCOM and USCENTCOM. Lacking an unambiguous support reference, the issue rose to USD(C) for a decision on the funding mechanism for theater SOC headquarters support costs.

2. Decision

USD(C) decided to resolve this matter through a PBD. The first part of PBD 081 attempted to untangle theater SOC relationships to combatant command staffs and clarify responsibility for theater SOC headquarters support. The decision stated,

Theater Special Operations Commands (SOCs),..., are assigned to Theater CINCs and serve as part of the CINC staff. Because the SOC's are considered an integral part of the CINC staff, as a matter of practice, the SOC's direct headquarters funding support has generally been provided by the appropriate supporting Service. Generally, the funds are provided from the CINC budget but in some cases, the funds are provided directly to the SOC by Service organizations. However, in either case the source of the funds is the Service budgets and is provided as part of the Service responsibility to support the CINC headquarters operations. [Ref. 12:pp. 19-20]

Although PBD 081 explained that the supporting Service executive agent was responsible for theater SOC headquarters support requirements, the decision did not mandate that the funding must flow through the respective theater combatant command.

PBD 081 also acknowledged that the existing legislation and policies did not present an official and precise route for funding theater SOC headquarters support costs. The decision continued,

As noted, however, this funding arrangement is more a matter of precedence and agreement than documented policy. While DoDD 5100.3, Support of the Headquarters of Combatant and Subordinate Joint Commands, dated November 15, 1999, is explicit in assigning to the Services the responsibility to provide administrative and logistics support to joint headquarters, the

direct headquarters support to SOCs is not specifically addressed. As a result, confusion has arisen in support for certain SOCs... [Ref. 12:p. 20]

However, PBD 081 did not formalize an unequivocal funding mechanism. Rather, it instructed,

To ensure that funding responsibilities are clearly defined, the alternative directs that OUSD(Policy) prepare an amendment to DoDD 5100.3, which explicitly states that the source of funding for direct headquarters support for the Theater SOC is from the appropriate supporting Service. The amended DoDD should further specify that the provision of such funding is the responsibility of the Theater CINC to which the SOC is assigned. [Ref. 12:p. 20]

PBD 081 presented a specific funding route for theater SOC headquarters support starting with the Service executive agent, through the theater combatant command and directly to the theater SOC. Importantly, the decision did not implement this route by amending DoDD 5101.3. It merely provided guidance for the amendment.

The next part of PBD 081 addressed what USD(C) interpreted as an incorrect funding distribution between the Services and USSOCOM. USD(C) decided that the data from Table 2 gave evidence of over funding the USSOCOM O&M, Defense-wide (DW) appropriation (which provides MFP-11 dollars for SO-peculiar requirements) and of under funding the Service O&M appropriations (which provide MFP-2 dollars). USD(C) determined that if the theater SOCs used MFP-11 dollars for headquarters support requirements in FY00, then the funding was in the wrong appropriation. In an attempt to rectify this issue, PBD 081 stated,

To be consistent with the policy described earlier and to appropriately fund the SOCs, both alternatives reduce the USSOCOM budget by \$2.5 million beginning in FY 2002 and increase the appropriate Service budgets by the same amount. Additionally, another \$.4 million is added to the Air Force in FY 2002 to increase support to SOCCENT. [Ref. 12:p. 21]

PBD 081 moved the amounts that the theater SOCs had spent from their MFP-11 accounts on headquarters costs in FY00 from USSOCOM to the Services. The move started in FY02 and continued through FY07. Table 3 shows these funding adjustments in millions of dollars.

<u>Appropriation</u>	<u>(Dollars in Millions)</u>					
	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
O&M - Army	+0.6	+0.6	+0.6	+0.7	+0.7	+0.7
- SOCKOR	+0.1	+0.1	+0.1	+0.1	+0.1	+0.1
- SOCEUR	+0.5	+0.5	+0.5	+0.6	+0.6	+0.6
O&M - Navy	+1.5	+1.5	+1.5	+1.5	+1.5	+1.6
- SOCPAC	+0.8	+0.8	+0.8	+0.8	+0.8	+0.8
- SOCFJCOM	+0.7	+0.7	+0.7	+0.7	+0.7	+0.8
O&M - Air Force	+0.8	+0.8	+0.8	+0.8	+0.8	+0.8
- SOCCENT	+0.8	+0.8	+0.8	+0.8	+0.8	+0.8
O&M, DW - USSOCOM	-2.5	-2.5	-2.5	-2.6	-2.6	-2.7

Table 3. PBD 081 Funding Adjustments.
[From: Ref. 12:p. 21]

3. Impact

After USD(C) issued PBD 081, USSOCOM directed its own adjustment of MFP-11 funds. For FY02-07, USSOCOM reduced each theater SOC MFP-11 account by the appropriate amount of the funds moved from USSOCOM to the Service in PBD 081. [Ref. 17] For example, Table 3 shows that the decision moved \$0.8 M from USSOCOM to the Department of Navy in FY02

for Special Operations Command Pacific (SOCPAC) headquarters support costs. Consequently, USSOCOM deducted this exact amount from the SOCPAC FY02 MFP-11 budget. Chapter III contains a further analysis of the effect of these funding reductions on each theater SOC.

Additionally, USSOCOM prohibited the theater SOCs from using MFP-11 funds for headquarters support costs as had occurred in FY00. A memorandum from USCINCSOC in February 2001 instructed each theater SOC, "...to work with their respective CINC resourcing process to obtain the support needed to operate the SOC headquarters. The MFP-11 dollars USSOCOM provides you [the theater SOCs] will be dedicated to SO-peculiar requirements and SOF mission activities only." [Ref. 18] The theater SOCs had to identify expenditures as SO-peculiar or as headquarters support and procure MFP-2 dollars for all non-SO-peculiar requirements. However, the funding mechanism for theater SOC headquarters support was still not defined. USD(C) had not amended DoDD 5100.3 in accordance with PBD 081 and the directive remains unamended.

E. SUMMARY

The unique history, mission and funding of theater special operations commands created an unanticipated scenario concerning the responsibility for funding and managing theater SOC headquarters support costs. While there is a defined source and flow of funds for theater SOC SO-peculiar requirements using MFP-11 dollars, the matter is quite different for theater SOC headquarters support costs. USSOCOM, the theater combatant commands and the theater SOCs have adopted separate interpretations

concerning how the theater SOCs should receive headquarters support funding.

The current funding mechanism for theater SOC headquarters support costs is inadequately supported with legal guidance. Existing legislation and policy documents, including PBD 081, do not formalize theater SOC funding relationships to provide an enforcement tool that ensures the theater SOCs can properly resource their headquarters support requirements. In the following chapters, a remedy will be presented for this deficiency.

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III. THEATER SOC FUNDING MECHANISMS FOR HEADQUARTERS SUPPORT COSTS

A. INTRODUCTION

Spread around the world, the six theater special operations commands (SOCs) have separate methods for financing headquarters support requirements. This chapter will analyze theater SOC funding relationships for headquarters support costs by examining the theater SOCs individually from the perspective of theater SOC comptroller officials. Each section of this chapter will first show theater SOC command relationships through an organizational chart, explain theater SOC comptroller relationships with the theater combatant command staff and describe the current funding mechanism for theater SOC headquarters support costs. Next, it will look at theater SOC criteria for separating special operations (SO)-peculiar requirements from headquarters support requirements. The section will then explain theater SOC funding circumstances in Fiscal Year 2000 (FY00) and the local effect of Program Budget Decision (PBD) 081 on theater SOC financial procedures. All citations of PBD 081 in this chapter refer to PBD 081 issued in December 2000. Finally, this chapter will summarize the theater SOC funding information in a comparison table.

B. SPECIAL OPERATIONS COMMAND CENTRAL (SOCCENT)

1. Theater Combatant Command Relationships

SOCCENT is a subordinate unified (sub-unified) command of U.S. Central Command (USCENTCOM). Figure 2 shows USCENTCOM organization. The Service executive agent for USCENTCOM headquarters support requirements is the

Department of the Air Force. Since Department of Defense Directive (DoDD) 5100.3 assigned headquarters support responsibility for combatant command subordinate joint commands to the same Service executive agent as the respective combatant command [Ref. 13:p. 2], the Air Force also pays for SOCCENT headquarters support costs.

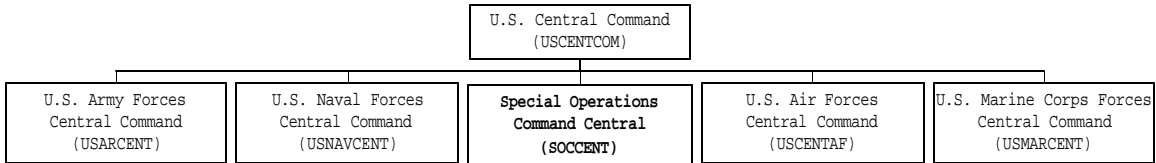


Figure 2. U.S. Central Command Organization.
[From: Ref. 19]

SOCCENT believes that USCENTCOM views the theater SOC as the USCENTCOM SO component command. Similar to other USCENTCOM component commands, such as U.S. Naval Forces Central Command, USCENTCOM does not want any role in funding SOCCENT headquarters costs. [Ref. 20] SOCCENT does not submit Program Objective Memorandum (POM) input to USCENTCOM and USCENTCOM does not distribute any headquarters support dollars to SOCCENT. Thus, there is no formal funding relationship between USCENTCOM and SOCCENT. In addressing the funding flow of SOCCENT non-SO-Peculiar costs, a USCENTCOM comptroller official told SOCCENT, "...our [USCENTCOM] only stipulation was that the theater CINC didn't want the money for his 'SOF Component' commingled with that of his HQ [headquarters]." [Ref. 21] Thus, there is no formal arrangement between the two comptroller divisions concerning SOCCENT headquarters support.

2. Headquarters Support Funding Mechanism

SOCCENT headquarters support funds flow from the Air Force Operations & Maintenance (O&M) appropriation account, and through Headquarters, Eleventh Wing. Eleventh Wing also distributes headquarters support to numerous Air Force commands and activities in the National Capital Region including the Pentagon, the Air Force Honor Guard and the Air Force Band. [Ref. 22] SOCCENT receives the Major Force Program (MFP)-2 dollars in an Operating Budget Activity Document (OBAD) via fax from Eleventh Wing. SOCCENT then uses the OBAD as authorization to load funds into the SOCCENT accounting system. Eleventh Wing sends an OBAD to SOCCENT on a quarterly basis, which allows the SOCCENT comptroller to manage the MFP-2 funding for SOCCENT headquarters support requirements. [Ref. 20]

The path for SOCCENT to submit POM input for future headquarters support requirements is not clear. Before PBD 081, SOCCENT did not make a separate POM submission for headquarters support. The first opportunity for SOCCENT to submit input will be for the FY04 POM. To date, SOCCENT, Eleventh Wing and the Air Force are working to define this request route. USCENTCOM is not involved in the fund distribution or the POM submission process for SOCCENT headquarters support requirements.

3. SO-Peculiar vs. Headquarters Support

Before Under Secretary of Defense (Comptroller) (USD(C)) released PBD 081, SOCCENT did not distinguish between SO-peculiar and headquarters support requirements. SOCCENT considered all costs as SO-peculiar and used MFP-11 funds for these expenses. [Ref. 20] Additionally, SOCCENT included headquarters support costs in POM submissions to

U.S. Special Operations Command (USSSOCOM) for SOCCENT MFP-11 funds.

In April 2000, USSOCOM comptrollers distributed the Theater SOC Support Matrix to theater SOC comptrollers. This matrix divided theater SOC costs into four categories - Common Support, Base Operations [Operating] Support, Direct Headquarters Support and Special Operations Forces (SOF) Operational Requirements - and designated the financial responsibility for each cost. The Theater SOC Support Matrix is included as Appendix A.

SOCCENT began using this matrix for FY02 requirements to determine which costs were for SO-peculiar activities and which costs were for headquarters support. Subsequently, SOCCENT used MFP-11 dollars to finance SO-peculiar costs and MFP-2 dollars to finance headquarters support costs.

4. FY00 Funding Issues

From the data in PBD 081, SOCCENT used \$353,000 from MFP-11 funds on headquarters support requirements. The Service executive agent (Air Force) financed \$425,000 of SOCCENT headquarters support requirements with MFP-2 funds. Table 4 shows this funding summary for all the theater SOCs.

<u>Command</u>	<u>(Dollars in Thousands)</u>		<u>Total</u>
	<u>Services</u>	<u>USSOCOM</u>	
SOCCENT	425	353	778
SOCJFCOM	1,190	710	1,900
SOC PAC	1,450	710	2,160
SOCEUR	1,956	517	2,473
SOCKOR	1,438	99	1,537
SOC SOUTH	<u>3,851</u>	<u>0</u>	<u>3,851</u>
Total	10,310	2,389	12,699

Table 4. FY00 Theater SOC Direct Headquarters Support.
 [From: Ref. 12:p. 20]

5. Consequences of PBD 081

PBD 081 increased the MFP-2 funding available for SOCCENT headquarters support by moving \$800,000 from USSOCOM to the Air Force. Table 3 in Chapter II shows this funding transfer. Consequently, USSOCOM reduced SOCCENT MFP-11 funding by this same figure. Since SOCCENT previously had used MFP-11 dollars on headquarters support, the move and the reduction effectively cancelled each other out. However, the Air Force did impose a 16% "tax" on the funds moved from USSOCOM. Thus, SOCCENT only received \$672,000 for its headquarters support requirements in FY02. This meant that SOCCENT received just 84% of the funds that USSOCOM deducted from SOCCENT MFP-11 dollars back from the Air Force as headquarters support. This 16% "tax" is a way for the Air Force to pass on across the board reductions in the Air Force O&M appropriation to the commands that receive MFP-2 dollars from the Air Force. This "tax" was never returned. [Ref. 20]

Ensuring that SOCCENT received the funding was more complicated. PBD 081 did not provide a tracking instrument for the funding move from USSOCOM to the Services to make certain that the theater SOCs received the funds for their

headquarters support requirements. Further, SOCCENT had not received MFP-2 funding before. The SOCCENT comptroller had to contact Air Force staff to coordinate a distribution method for SOCCENT headquarters support funds. After examining many alternatives, including flowing the funds through USCENTCOM, Air Force staff decided to send SOCCENT headquarters support funding through Headquarters, Eleventh Wing. [Ref. 20]

PBD 081 significantly reduced the flexibility of the SOCCENT comptroller. Before the decision, SOCCENT SO-peculiar and headquarters support requirements came from the same MFP-11 account. Currently, SOCCENT must separate these costs and use MFP-11 funds strictly for SO-peculiar requirements. However, because PBD 081 did not amend DoDD 5100.3, SOCCENT still does not have a defined POM submission process. This lack of clarity means more work for SOCCENT comptrollers in meeting new administrative requirements and deciding where to surface budget issues.

C. SPECIAL OPERATIONS COMMAND EUROPE (SOCEUR)

1. Theater Combatant Command Relationships

SOCEUR is a sub-unified command of U.S. European Command (USEUCOM). Figure 3 shows USEUCOM organization.

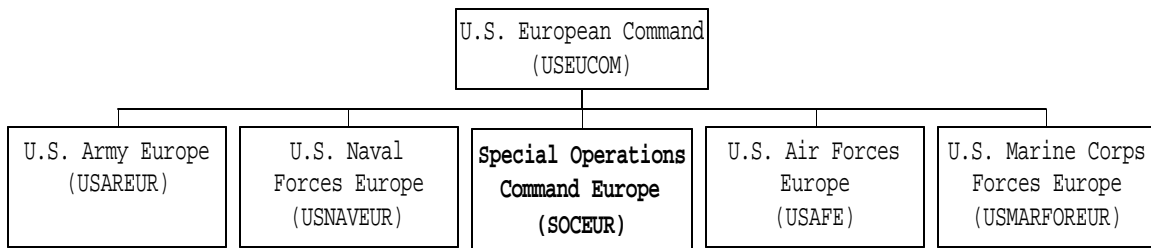


Figure 3. U.S. European Command Organization.
[From: Ref. 23]

The Service executive agent for USEUCOM headquarters requirements is the Department of the Army. Since DoDD 5100.3 assigned headquarters support responsibility for combatant command subordinate joint commands to the same Service executive agent as the respective combatant command [Ref. 13:p. 2], the Army O&M appropriation also funds SOCEUR headquarters support costs. However, the MFP-2 funding for SOCEUR headquarters support requirements is buried in the headquarters support budget for USEUCOM. SOCEUR headquarters support does not have a separate funding line: there is no identifiable ceiling or floor for the amount of USEUCOM headquarters support funds that will fund SOCEUR headquarters support requirements. [Ref. 24]

SOCEUR believes that USEUCOM views the theater SOC as a "Special Staff" of USEUCOM. Using this informal designation, USEUCOM controls the funding of SOCEUR headquarters support through a cost transfer process that will be described in the next sub-section. USEUCOM made the decision to use the cost transfer method [Ref. 24], but the system could change if a new USEUCOM comptroller wanted to use a different financial process.

Additionally, a USEUCOM staff member told the SOCEUR comptroller, "...SOCEUR is not part of EUCOM and EUCOM has no responsibility for any funding of SOCEUR." [Ref. 24] This endeavor to financially separate SOCEUR from USEUCOM presented significant barriers to establishing a cohesive working relationship between the USEUCOM comptroller staff and the SOCEUR comptroller staff.

2. Headquarters Support Funding Mechanism

SOCEUR funds headquarters support costs using a cost transfer process with USEUCOM. Initially, the SOCEUR comptroller must expend MFP-11 funds up front for any headquarters support requirements and then submit a cost transfer request to USEUCOM. After the disbursement has been processed by the Defense Finance and Accounting Service (DFAS), USEUCOM may accept a cost transfer for the expense. This action moves the obligation and the disbursement from the SOCEUR MFP-11 account to the USEUCOM MFP-2 account at DFAS. However, this cost transfer is conditional upon USEUCOM validating the request. During this process, USEUCOM could decide that the expense was not a SOCEUR headquarters support requirement and refuse to assume the cost transfer obligation. In that case, SOCEUR would have to absorb the expense with MFP-11 dollars. [Ref. 25]

This system prevents SOCEUR from using the MFP-11 funds temporarily spent on a headquarters support cost while waiting for USEUCOM to assume the cost transfer obligation. Additionally, there have been historical delays at DFAS in processing the cost transfers to USEUCOM and in posting the disbursements. Headquarters support costs that occur late in the fiscal year often post in the subsequent fiscal year. Thus, because the cost transfers are based on actual disbursements, there is nothing left to cost transfer to USEUCOM after the fiscal year ends. SOCEUR often has absorbed these late requirements with MFP-11 dollars. [Ref. 24]

SOCEUR has no path to submit POM input for future headquarters support requirements. U.S. Army Europe staff told the SOCEUR comptroller that SOCEUR input for headquarter support was not relevant because, "...all funds were pulled from the Services and given to SOCOM years ago." [Ref. 25] Moreover, after USEUCOM receives its MFP-2 dollars from the Army, the SOCEUR comptroller does not know the amount of headquarters support funding available for the subsequent fiscal year. As USEUCOM assumes cost transfers for SOCEUR headquarters support, the SOCEUR comptroller has no visibility on how much more SOCEUR headquarters support costs will be assumed by USEUCOM during the rest of the fiscal year. [Ref. 24] This void of financial information and awareness makes it extremely difficult for SOCEUR to budget and manage headquarters support requirements.

3. SO-Peculiar vs. Headquarters Support

To determine whether a cost is SO-peculiar, SOCEUR evaluates the deployment relevance of the requirement. All costs associated with deployment away from SOCEUR garrison headquarters are SO-peculiar. This includes a deployable local area network (LAN) for SOCEUR information technology and any logistical support required during deployments by SOCEUR headquarters personnel. SOCEUR uses MFP-11 dollars to finance these deployment costs. Requirements for the SOCEUR garrison facility are headquarters support costs. Examples include furniture, office supplies and the secure LAN (SLAN) used by SOCEUR headquarters personnel in garrison. SOCEUR submits cost transfer requests to USEUCOM for these costs. [Ref. 25]

4. FY00 Funding Issues

From the data in PBD 081, SOCEUR spent \$517,000 of MFP-11 funds on headquarters support requirements in FY00. This included \$305,000 on SLAN equipment (servers, terminals and fiber-optic wires) and \$68,000 for minor repairs and maintenance of the building maintained by United States Army Europe. [Ref. 25] SOCEUR submitted cost transfer requests to USEUCOM for these requirements, but USEUCOM refused to assume these obligations. USEUCOM assumed the obligation for \$1,956,000 in other FY00 SOCEUR headquarters support costs. These requirements were funded by the Army O&M appropriation through USEUCOM. Table 5 shows this funding summary.

	<u>(Dollars in Thousands)</u>		
<u>Command</u>	<u>Army</u>	<u>USSOCOM</u>	<u>Total</u>
SOCEUR	1,956	517	2,473

Table 5. FY00 SOCEUR Direct Headquarters Support.
[From: Ref. 12:p. 20]

5. Consequences of PBD 081

PBD 081 increased the MFP-2 funding available for SOCEUR headquarters support by moving \$500,000 from USSOCOM to the Army. Table 3 in Chapter II shows this funding transfer. Consequently, USSOCOM reduced SOCEUR MFP-11 funds by this same amount. However, almost all of the MFP-11 dollars SOCEUR spent on headquarters support, such as the SLAN infrastructure costs, were one-time expenses that SOCEUR would not incur in the out years. [Ref. 25] Thus, PBD 081 increased USEUCOM fiscal flexibility for managing headquarters support and reduced SOCEUR fiscal resources by cutting the SOCEUR MFP-11 budget by 20% for FY02-07.

The Army distributed the funding move for SOCEUR headquarters support in PBD 081 through USEUCOM. Since PBD 081 did not provide a tracking mechanism for the funding move, the SOCEUR comptroller notified USEUCOM of the importance that SOCEUR receive the entire funding move for FY02-07 headquarters support. USEUCOM refused to transfer any MFP-2 funds to SOCEUR and intended to continue the cost transfer process. However, USEUCOM assured SOCEUR that the full move would be allocated for SOCEUR headquarters support requirements and that "...they [USEUCOM] are running a 'checkbook' to see what they spend in our [SOCEUR] support." [Ref. 25] This means that USEUCOM would not "tax" the funding move and that SOCEUR would receive 100% of the MFP-2 dollars moved from USSOCOM.

By identifying the amount of the funding move for SOCEUR headquarters costs, PBD 081 provided the SOCEUR comptroller with a baseline minimum for SOCEUR headquarters support requirements. Although USEUCOM might accept future cost transfer obligations that exceed the amounts moved for SOCEUR headquarters support in PBD 081, SOCEUR now has visibility on a quantifiable amount of MFP-2 funds available for SOCEUR headquarters costs.

D. SPECIAL OPERATIONS COMMAND JOINT FORCES COMMAND (SOCJFCOM)

1. Theater Combatant Command Relationships

SOCJFCOM is a sub-unified command of U.S. Joint Forces Command (USJFCOM). Figure 4 shows USJFCOM organization.

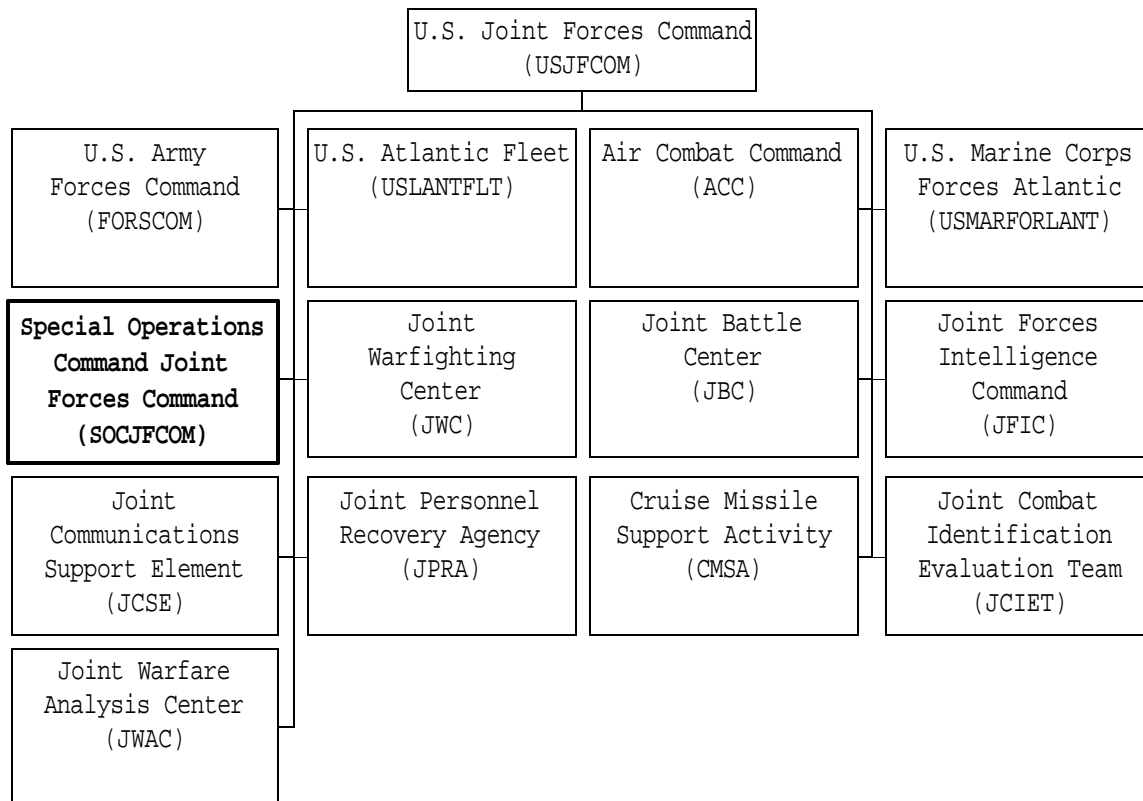


Figure 4. U.S. Joint Forces Command Organization.
 [From: Ref. 26]

The Service executive agent for USJFCOM headquarters requirements is the Department of the Navy. Since DoDD 5100.3 assigned headquarters support responsibility for combatant command subordinate joint commands to the same Service executive agent as the respective combatant command [Ref. 13:p. 2], the Navy O&M appropriation also funds SOCJFCOM headquarters support costs.

MFP-2 funding for SOCJFCOM headquarters support requirements is buried in the headquarters support budget for USJFCOM without a separate funding line. Although legally responsible for SOCJFCOM MFP-11 expenses on SO-peculiar requirements, the SOCJFCOM comptroller is not responsible for SOCJFCOM MFP-2 expenses on headquarters

support requirements. The USJFCOM comptroller retains this legal authority. For MFP-2 dollars, the SOCJFCOM comptroller has the same status as any other member on the USJFCOM comptroller staff. [Ref. 27]

2. Headquarters Support Funding Mechanism

USJFCOM comptrollers treat the MFP-2 funding for SOCJFCOM headquarters support the same as funding headquarters support costs for other divisions of USJFCOM staff, such as the Operations Directorate or the Intelligence Directorate. At the beginning of each fiscal year, the SOCJFCOM comptroller receives a control number from USJFCOM that identifies the SOCJFCOM MFP-2 budget for headquarters support requirements over the entire year. However, USJFCOM keeps all SOCJFCOM headquarters support contained within the USJFCOM MFP-2 budget and uses a funding approval process for most expenses.

To pay for headquarters support requirements less than \$2,500, the SOCJFCOM comptroller uses the Government Purchase Card. USJFCOM deducts SOCJFCOM expenses charged with the Government Purchase Card directly from the SOCJFCOM MFP-2 budget. No approval from the USJFCOM is necessary. However, for expenses greater than \$2,500, including contracts, SOCJFCOM must submit the documents to USJFCOM for approval. Subsequently, if USJFCOM supports the expense, the USJFCOM comptroller signs the contract (or funds the expense) and deducts the costs from the SOCJFCOM MFP-2 budget. [Ref. 27]

During this process, the USJFCOM comptroller could disapprove a SOCJFCOM request for MFP-2 funding. In that case, the SOCJFCOM comptroller would have to find another

method to fund the requirement or choose not to incur the expense. Additionally, SOCJFCOM submits POM input for headquarters support requirements directly to the USJFCOM. USJFCOM immediately rolls this submission into the USJFCOM headquarters support budget and eliminates any possible tracking of the input by SOCJFCOM during the budget process. [Ref. 27] Thus, SOCJFCOM headquarters support becomes part of USJFCOM headquarters support.

Through experience, SOCJFCOM has learned what headquarters support requirements USJFCOM approves for MFP-2 funding. However, there has been a high turnover rate of personnel on the USJFCOM staff. This means that the informal relationship between the USJFCOM comptroller staff and the SOCJFCOM comptroller staff constantly changes.

3. SO-Peculiar vs. Headquarters Support

SOCJFCOM "...conducts worldwide joint SOF training and facilitates joint integration to enhance the effectiveness and interoperability of special operations forces in joint, multinational, and interagency environments." [Ref. 3] This mission is unique among the six theater SOCs and provides SOCJFCOM with criteria for separating SO-peculiar costs from headquarters support costs. If a requirement supports a SOF training deployment, it is SO-peculiar. Costs related to administrative requirements in garrison, however, are headquarters support. These expenses do not directly support the SOCJFCOM joint training team. Examples include copiers, computer support and garrison contracts. [Ref. 27]

Before USD(C) released PBD 081, SOCJFCOM did not use MFP-11 funds exclusively for SO-peculiar requirements.

SOCJFCOM funded most headquarters support costs with MFP-2 dollars from USJFCOM. However, the lack of specific guidance on funding headquarters support allowed the SOCJFCOM comptroller to supplement headquarters support requirements not approved by USJFCOM with MFP-11 dollars. [Ref. 27] After PBD 081, USSOCOM prohibited the theater SOCs from using MFP-11 dollars on non-SO-peculiar requirements. [Ref. 18]

4. FY00 Funding Issues

From the data in PBD 081, SOCJFCOM spent \$710,000 of MFP-11 funds on headquarters support requirements in FY00. These were headquarters support costs that USJFCOM had disapproved for MFP-2 funding and that SOCJFCOM had funded with MFP-11 dollars. USJFCOM approved \$1,190,000 in FY00 SOCJFCOM headquarters support costs. These requirements were funded from the Navy O&M appropriation through USJFCOM. Table 6 shows this funding summary.

<u>Command</u>	<u>(Dollars in Thousands)</u>		<u>Total</u>
	<u>Navy</u>	<u>USSOCOM</u>	
SOCJFCOM	1,190	710	1,900

Table 6. FY00 SOCJFCOM Direct Headquarters Support.
[From: Ref. 12:p. 20]

5. Consequences of PBD 081

PBD 081 increased the MFP-2 funding available for SOCJFCOM headquarters support by moving \$700,000 from USSOCOM to the Navy. Table 3 in Chapter II shows this funding transfer. Consequently, USSOCOM reduced SOCJFCOM MFP-11 funds by this same amount. The Navy distributed the funding move for SOCJFCOM headquarters support in PBD 081 through USJFCOM. Although PBD 081 did not provide a tracking mechanism for the move, the SOCJFCOM comptroller

has already seen a specific line item in the USJFCOM FY02 budget for the funding move from USSOCOM and is confident that SOCJFCOM will receive this headquarters support for FY03-07. However, USJFCOM traditionally imposes a 5% "withhold" on all MFP-2 funds distributed to USJFCOM commands. [Ref. 27] Thus, at the beginning of the fiscal year, SOCJFCOM will only receive 95% of the amount that USSOCOM deducted from SOCJFCOM MFP-11 funds back as MFP-2 funding for SOCJFCOM headquarters support.

USJFCOM shields this "withhold" until the end of each fiscal year. At that time, all USJFCOM commands compete for the "withhold" to finance any unfunded requirements (UFRs). [Ref. 27] This means that SOCJFCOM could either receive more MFP-2 dollars for headquarters support UFRs than the 5% that USJFCOM deducted or not get any of the MFP-2 deduction back at all.

Additionally, when the SOCJFCOM comptroller submits future headquarters support POM inputs to USJFCOM, the amount may not be rolled into the USJFCOM headquarters support budget. Thus, future SOCJFCOM headquarters support requirements may have to compete with other USJFCOM priorities, including USJFCOM headquarters support requirements.

E. SPECIAL OPERATIONS COMMAND KOREA (SOCKOR)

1. Theater Combatant Command Relationships

The specific SO requirements on the Korean Peninsula precipitated the requirement for U.S. Pacific Command (USPACOM) to have two theater SOCs: Special Operations Command Pacific (SOCPAC) and SOCKOR. However,

...because of the unique command relationships in Korea, SOCKOR is the only theater SOC that is not a subordinate unified command. Established in 1988 as a functional component command of U.S. Forces, Korea (USFK), SOCKOR is the principal organization responsible for the integration of U.S. SOF in Korea. [Ref. 3]

Figure 5 shows USPACOM organization.

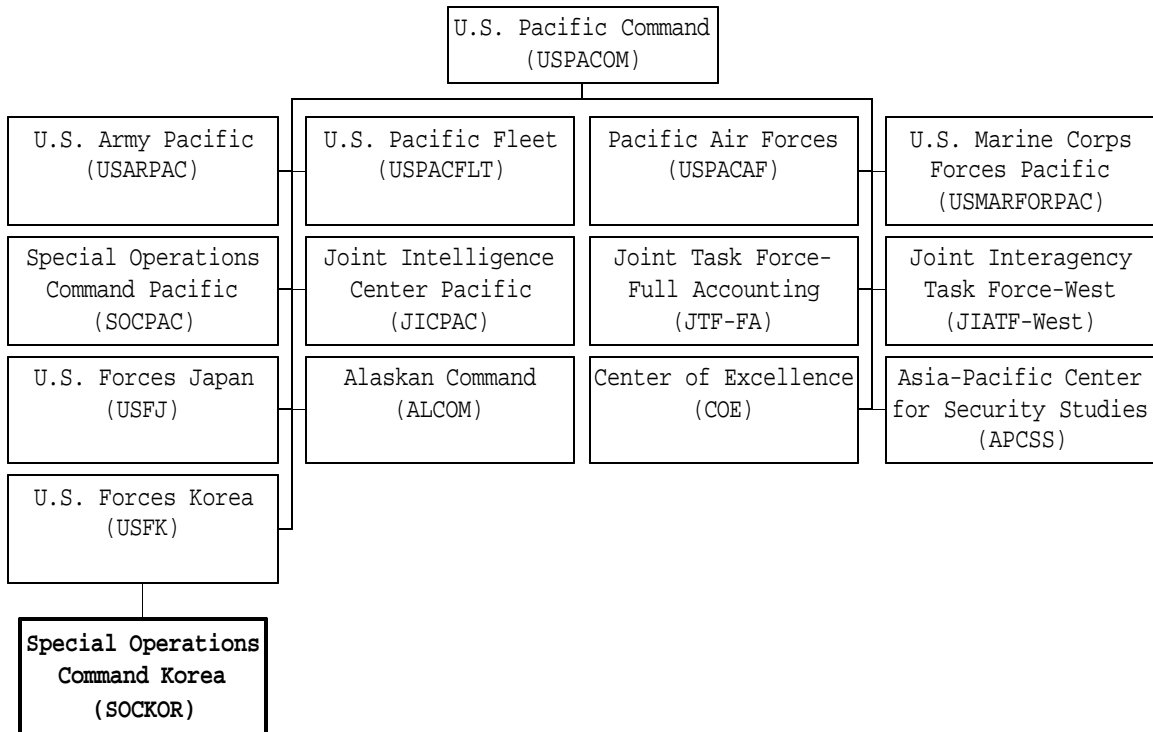


Figure 5. U.S. Pacific Command Organization.
[From: Ref. 28]

Although USFK is a sub-unified command of USPACOM, the Service executive agent for USFK headquarters requirements is the Department of the Army. Thus, the Army O&M appropriation funds SOCKOR headquarters support costs. Funds flow from the Army through Eighth U.S. Army (EUSA) in Korea to SOCKOR via a Funding Authorization Document (FAD). EUSA handles MFP-2 funding for all USFK commands and SOCKOR

headquarters support does not have a separate funding line within the EUSA MFP-2 account. [Ref. 29]

2. Headquarters Support Funding Mechanism

EUSA funds SOCKOR headquarters support costs using a funding approval process. The SOCKOR comptroller must submit a formal request to EUSA for each headquarters support requirement and then wait for a FAD that permits SOCKOR to use MFP-2 dollars for that particular expense. During this process, EUSA could disapprove a SOCKOR request for MFP-2 funding. In that case, the SOCKOR comptroller would have to find an alternate funding source for the requirement. [Ref. 29]

Additionally, The SOCKOR comptroller provides input to the EUSA POM for future SOCKOR headquarters support requirements. EUSA, however, combines headquarters support inputs from all USFK component commands to make one POM submission to the Army for MFP-2 dollars. Although EUSA receives funding from the Army at the beginning of the fiscal year, the SOCKOR comptroller does not know the amount of MFP-2 funding available for SOCKOR headquarters support.

3. SO-Peculiar vs. Headquarters Support

SOCKOR uses the Theater SOC Support Matrix distributed to theater SOC comptrollers by USSOCOM in April 2000 to separate SO-peculiar requirements from headquarters support requirements. This matrix divided costs into four categories - Common Support, Base Operations [Operating] Support, Direct Headquarters Support and Special Operations Forces (SOF) Operational Requirements - and designated the financial responsibility for each cost. The Theater SOC Support Matrix is included as Appendix A. Accordingly,

SOCKOR uses MFP-11 dollars to finance SO-peculiar costs and requests MFP-2 dollars from EUSA to finance headquarters support costs. [Ref. 29]

4. FY00 Funding Issues

From the data in PBD 081, SOCKOR spent \$99,000 of MFP-11 funds on headquarters support requirements in FY00. EUSA approved funding for \$1,438,000 in FY00 SOCKOR headquarters support costs. These requirements were funded by the Army O&M appropriation through EUSA. Table 7 shows this funding summary.

	<u>(Dollars in Thousands)</u>		
<u>Command</u>	<u>Army</u>	<u>USSOCOM</u>	<u>Total</u>
SOCKOR	1,438	99	1,537

Table 7. FY00 SOCKOR Direct Headquarters Support.
[From: Ref. 12:p. 20]

5. Consequences of PBD 081

PBD 081 increased the MFP-2 funding available for SOCKOR headquarters support by moving \$100,000 from USSOCOM to the Army. Table 3 in Chapter II shows this funding transfer. Consequently, USSOCOM reduced SOCKOR MFP-11 funds by this same amount.

Although PBD 081 did not provide a tracking mechanism for the move, the SOCKOR comptroller received a funding letter from EUSA Headquarters Activity that allocated the funds from USSOCOM to SOCKOR headquarters support for FY02-07. However, SOCKOR received its FY02 MFP-2 funding through two different funding paths. SOCKOR received \$180,000 from the Army through EUSA. This distribution was consistent with historical amounts SOCKOR has received for headquarters support. In addition, the Army distributed

the \$100,000 funding move from USSOCOM through an Army Management Headquarters Activities account owned by USPACOM. Although EUSA comptrollers traditionally "tax" 5% of all MFP-2 funds, the EUSA funding letter showed that SOCKOR would receive the entire FY02 funding move from USSOCOM for headquarters support without reduction. The SOCKOR comptroller is not sure if this rare tax exemption will continue in the out years. [Ref. 29]

Significantly, the EUSA funding letter also provided the SOCKOR comptroller with a baseline minimum amount for SOCKOR headquarters support requirements. Although EUSA might approve requests for future headquarters support that exceed the amounts moved in PBD 081 for FY02-07, SOCKOR finally has visibility on a quantifiable amount of MFP-2 funds available for SOCKOR headquarters costs.

F. SPECIAL OPERATIONS COMMAND PACIFIC (SOCPAC)

1. Theater Combatant Command Relationships

SOCPAC is a sub-unified command of U.S. Pacific Command (USPACOM). Figure 6 shows USPACOM organization.

The Service executive agent for USPACOM headquarters requirements is the Department of the Navy. Since DoDD 5100.3 assigned headquarters support responsibility for combatant command subordinate joint commands to the same Service executive agent as the respective combatant command [Ref. 13:p. 2], the Navy O&M appropriation also funds SOCPAC headquarters support costs. The MFP-2 funding for SOCPAC headquarters support requirements has a separate line item in the USPACOM budget. This means the SOCPAC comptroller can easily identify MFP-2 funding budgeted for SOCPAC headquarters support. [Ref. 30]

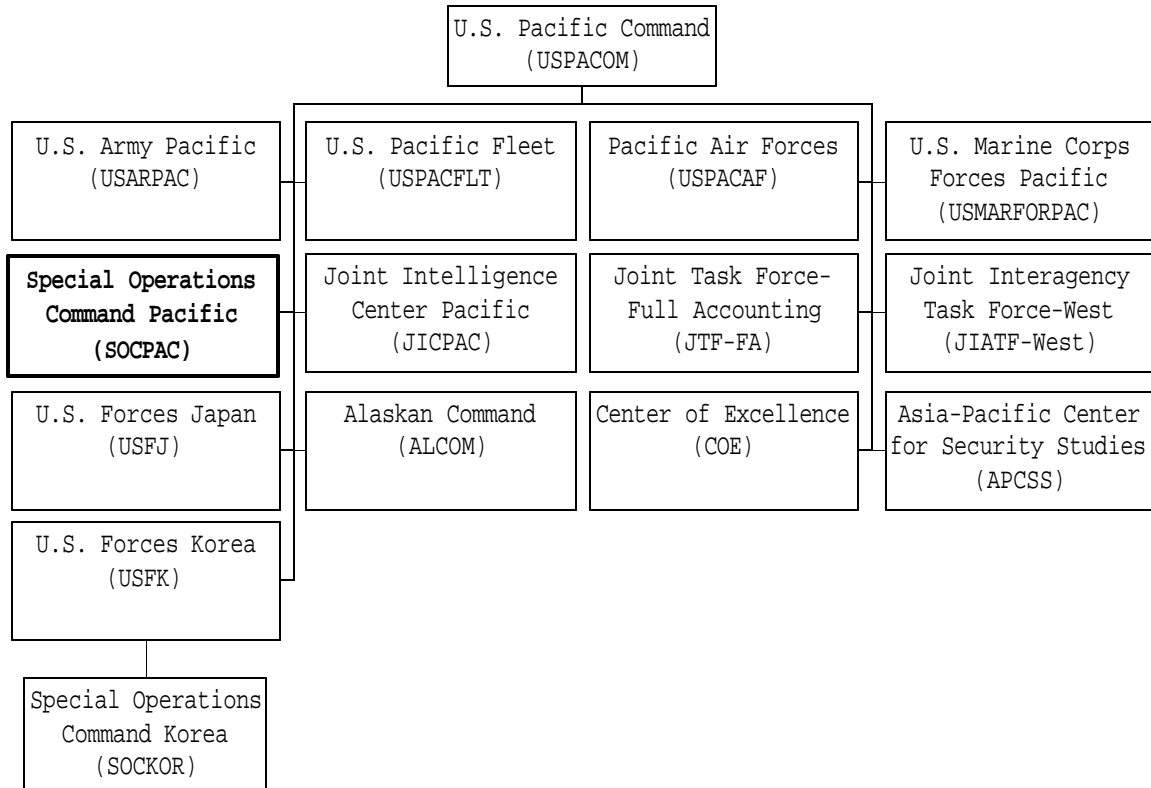


Figure 6. U.S. Pacific Command Organization.
[From: Ref. 28]

The SOCPAC comptroller staff has established an excellent working relationship with USPACOM comptrollers. This positive and professional atmosphere has eliminated most barriers between USPACOM and SOCPAC concerning funding SOCPAC headquarters support requirements. However, this relationship is informal and could easily change if there are comptroller personnel changes at either command. [Ref. 30]

2. Headquarters Support Funding Mechanism

SOCPAC funds headquarters support costs by accepting Military Interdepartmental Purchase Requests (MIPRs) from USPACOM on a reimbursable basis. At the beginning of each fiscal year, SOCPAC receives a MIPR for all budgeted

headquarters support costs for that year. The SOCPAC comptroller then loads the MFP-2 dollars into the SOCPAC accounting system and draws off the balance to fund headquarters support requirements throughout the year. The SOCPAC comptroller has the authority to ensure the MFP-2 funds are used properly. Additionally, the SOCPAC comptroller plans to submit input for the FY04 POM through USPACOM for future SOCPAC headquarters support. [Ref. 30]

3. SO-Peculiar vs. Headquarters Support

Before and during FY00, SOCPAC did not separate SOCPAC headquarters support costs from SO-peculiar costs and funded any headquarters support requirements that were not covered by USPACOM with SOCPAC MFP-11 dollars. To determine whether a cost is SO-peculiar, SOCPAC assesses whether the requirement is associated with deployment away from SOCPAC garrison headquarters. Costs supporting deployments are SO-peculiar. This covers all travel by SOCPAC personnel excluding Service-common schools. SOCPAC uses MFP-11 dollars to finance these requirements. Costs not associated with deployments are headquarters support costs. After USSOCOM prohibited the theater SOCs from using MFP-11 dollars on non-SO-peculiar requirements in February 2001 [Ref. 18], SOCPAC began funding headquarters support cost with MFP-2 funds. [Ref. 30]

4. FY00 Funding Issues

From the data in PBD 081, SOCPAC spent \$710,000 of MFP-11 funds on headquarters support requirements in FY00. USPACOM financed \$1,450,000 of FY00 SOCPAC headquarters support costs. These requirements were funded by the Navy O&M appropriation through USPACOM. Table 8 shows this funding summary.

	(Dollars in Thousands)		
<u>Command</u>	<u>Navy</u>	<u>USSOCOM</u>	<u>Total</u>
SOCPAC	1,450	710	2,160

Table 8. FY00 SOCPAC Direct Headquarters Support.
[From: Ref. 12:p. 20]

5. Consequences of PBD 081

PBD 081 increased the MFP-2 funding available for SOCPAC headquarters support by moving \$800,000 from USSOCOM to the Navy. Table 3 in Chapter II shows this funding transfer. Consequently, USSOCOM reduced SOCPAC MFP-11 funds by this same amount. Since SOCPAC previously had used MFP-11 dollars on headquarters support, the move and the reduction effectively cancelled each other out.

The Navy distributed the funding move for FY02 SOCPAC headquarters support in PBD 081 through U.S. Pacific Fleet (USPACFLT). USPACFLT is the Naval component command of USPACOM. Although SOCPAC received the MFP-2 funds from USPACFLT via MIPR without issue, the Navy plans to distribute future funds for SOCPAC headquarters support through USPACOM. In addition, USPACOM comptrollers have assured SOCPAC that they will not "tax" any portion of the MFP-2 funding. [Ref. 30] This means SOCPAC will receive 100% of the amount USSOCOM reduced from SOCPAC MFP-11 funds back as MFP-2 funds for headquarters support costs.

By identifying the funding move amount for SOCPAC headquarters costs, PBD 081 gave SOCPAC comptroller visibility of SOCPAC MFP-2 funding within the USPACOM headquarters support budget. This means SOCPAC will have the opportunity to compete for future SOCPAC MFP-2 funding within USPACOM. Given the close working relationship with

the USPACOM comptroller staff, the SOCPAC comptroller believes future SOCPAC headquarters support costs will be sufficiently funded with MFP-2 dollars through USPACOM. [Ref. 30]

G. SPECIAL OPERATIONS COMMAND SOUTH (SOCSOUTH)

1. Theater Combatant Command Relationships

SOCSOUTH is a sub-unified command U.S. Southern Command (USSOUTHCOM). Figure 7 shows USSOUTHCOM organization.

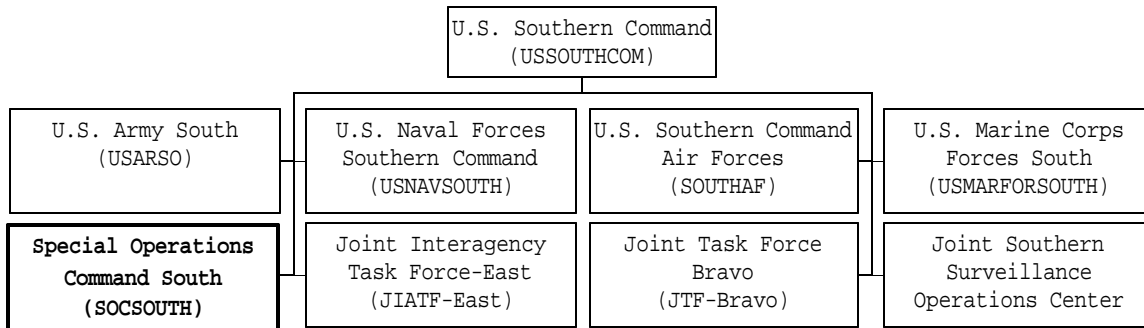


Figure 7. U.S. Southern Command Organization. [From: Ref. 31]

The Service executive agent for USSOUTHCOM headquarters requirements is the Department of the Army. Since DoDD 5100.3 assigned headquarters support responsibility for combatant command subordinate joint commands to the same Service executive agent as the respective combatant command [Ref. 13:p. 2], the Army O&M appropriation also funds SOCSOUTH headquarters support costs. The MFP-2 funding for SOCSOUTH headquarters support requirements is distributed through U.S. Army South (USARSO) and has a separate line item in the USARSO budget. This means the SOCSOUTH comptroller can easily identify MFP-2 funding budgeted for SOCSOUTH headquarters support.

USARSO also handles the headquarters support requirements for USSOUTHCOM. [Ref. 32]

The SOCSOUTH comptroller has continued a long-standing cohesive and productive working relationship with the USARSO comptroller staff. Thus, there are virtually no barriers between USARSO and SOCSOUTH concerning funding SOCSOUTH headquarters support requirements. There is no formal instruction defining this process because, "...this is the way the Army takes care of things [headquarters support] within SOUTHCOM." [Ref. 32] Additionally, the USARSO deputy comptroller is a civilian that has previously worked for USARSO in a military capacity and has maintained a close relationship with SOCSOUTH. However, this arrangement could easily change if there are personnel changes at either command. [Ref. 32]

2. Headquarters Support Funding Mechanism

SOCSOUTH receives MFP-2 funding for budgeted headquarters support requirements through a FAD from USARSO on a quarterly basis. The SOCSOUTH comptroller believes that USARSO "taxes" all MFP-2 funds by about 30%. This "tax" is kept by USARSO and never distributed to SOCSOUTH, yet has not prevented SOCSOUTH from fully funding its headquarters support costs. The SOCSOUTH comptroller executes the SOCSOUTH budget and spends MFP-2 dollars on headquarters support costs. Additionally, the SOCSOUTH comptroller regularly participates in the USARSO POM process to procure funding for future SOCSOUTH headquarters support requirements. [Ref. 32]

3. SO-Peculiar vs. Headquarters Support

SOCSOUTH has no formal instruction or method to separate SO-peculiar requirements from headquarters support

costs. The SOCSOUTH comptroller relies on historical data and common sense for determining which costs are for headquarters support and require MFP-2 funding. Examples include headquarters computers, common supplies, and maintenance. MFP-11 dollars are used for SO-peculiar equipment, travel and training. After sending SOCSOUTH the MFP-2 FAD each quarter, USARSO does not question SOCSOUTH MFP-2 spending on budgeted headquarters support costs. [Ref. 32]

4. FY00 Funding Issues

From the data in PBD 081, SOCSOUTH did not spend any MFP-11 funds on headquarters support requirements in FY00. The Army O&M appropriation financed all \$3,851,000 of SOCSOUTH FY00 headquarters support with MFP-2 funds distributed through USARSO. Table 9 shows this funding summary.

	<u>(Dollars in Thousands)</u>		
<u>Command</u>	<u>Army</u>	<u>USSOCOM</u>	<u>Total</u>
SOCSOUTH	3,851	0	3,851

Table 9. FY00 SOCSOUTH Direct Headquarters Support.
[From: Ref. 12:p. 20]

5. Consequences of PBD 081

PBD 081 had no impact on SOCSOUTH. The SOCSOUTH comptroller already had been separating SO-peculiar requirements from headquarters support requirements and had spent no MFP-11 funds on headquarters support in FY00. Thus, PBD 081 did not move any funds from USSOCOM to the Army for SOCSOUTH headquarters support and USSOCOM did not alter the SOCSOUTH MFP-11 budget.

H. SUMMARY

Each geographic theater presents unique requirements and challenges. The theater combatant commands have tailored staff relationships and procedures around the necessities and nuances of the regions. To ensure financial transactions occur in a timely and proper fashion, formal guidelines and documents are essential. Although PBD 081 identified Service executive agents as the source of theater special operations command headquarters support funding, the decision did not clarify or formalize the distribution route for theater SOC MFP-2 dollars.

The ambiguity of the funding mechanism for theater SOC headquarters support requirements allowed the theater SOCs to develop unique scenarios for financing headquarters support costs. The funding relationships are not formalized at the theater combatant command level and are often driven by Service culture and comptroller proclivities. Thus, many of the theater SOC MFP-2 funding arrangements could change because of personnel rotations on the theater combatant command staff or the theater SOC staff. Table 10 compares the headquarters support funding environments at the six theater SOCs.

	SOCCEANT	SOCEUR	SOCJFCOM	SOCKOR	SOC PAC	SOC SOUTH
Combatant Command	USCENTCOM	USEUCOM	USJFCOM	USPACOM	USPACOM	USSOUTHCOM
Service EA	Air Force	Army	Navy	Army	Navy	Army
Formal MFP-2 Funding Flow	No	No	No	No	No	No
MFP-2 Distribution Command	11 th Wing	USEUCOM	USJFCOM	EUSA	USPACOM	USARSO
MFP-2 Distribution Method	Quarterly OBAD	Cost Transfers per Item	Annual Control Numbers	FAD per Item	Annual MIPR	Quarterly FAD
Separate MFP-2 Funding Line	Yes	No	No	No	Yes	Yes
MFP-2 Spending Approval per Item	No	Yes	Yes	Yes	No	No
Submit MFP-2 POM Input	Not Defined	No	Yes	Yes	Yes	Yes
SO vs. HQ Method Pre-PBD 081	None	SO Travel	SO Travel	SOC Support Matrix	None	Historical SO Criteria
SO vs. HQ Method Post-PBD 081	SOC Support Matrix	SO Travel	SO Travel	SOC Support Matrix	SO Travel	Historical SO Criteria
FY00 MFP-11 on HQ Costs (Thousands)	\$353	\$517	\$710	\$99	\$710	None
FY00 MFP-2 on HQ Costs (Thousands)	\$425	\$1,956	\$1,190	\$1,438	\$1,450	\$3,851
PBD 081 Funding Move (Thousands)	\$800	\$500	\$700	\$100	\$800	None
MFP-2 Tax by Distribution Command	16%	None	5%	None	None	30%
PBD 081 Move Impact on MFP-11 Fund	None	Reduce 20%	Reduce 5%	None	None	None

Table 10. Comparison of Theater SOC Headquarters Support Funding.

Significant variations among the theater SOCs include that:

- MFP-2 funds come from different Service executive agent appropriations;

- The respective theater combatant command does not distribute MFP-2 funding for SOCCENT, SOCKOR and SOCSOUTH;
- Each theater SOC receives its MFP-2 funding via six different distribution mechanisms: quarterly OBADs, cost transfer per item, annual control numbers, FAD per item, annual MIPRs and quarterly FADs;
- The respective distribution command "taxes" MFP-2 funding for SOCCENT and SOCSOUTH and imposes a "withhold" on SOCJFCOM MFP-2 funding;
- The MFP-2 dollars for SOCEUR, SOCJFCOM and SOCKOR do not have identifiable funding lines in the budgets of the respective distribution commands;
- Before spending any MFP-2 dollars, the comptrollers for SOCEUR, SOCJFCOM and SOCKOR must obtain approval from the respective distribution command;
- SOCCENT and SOCEUR do not have a formal way to participate in the POM process for future headquarters support funding.

PBD 081 did not solve the budget shortfalls in issues relating to the funding mechanism for theater SOC headquarters support. In the following chapter, an analysis of potential alternative funding mechanisms to formalize this arrangement and make clear the distribution routes from the source to the theater SOCs is presented.

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IV. ALTERNATIVES FOR FUNDING THEATER SOC HEADQUARTERS SUPPORT COSTS

A. INTRODUCTION

There are numerous variations in the procedures for funding theater special operations command (SOC) headquarters support costs. This chapter will analyze three alternative funding mechanisms in separate sections. Each section will first describe the alternative. Next, it will analyze the effect of the alternative funding method on reducing the theater SOC variations identified in Chapter III. This analysis will include the requirements for implementing the alternative and any remaining barriers to change the alternative would encounter. Each section will then look at the financial impact of the alternative on budgets and appropriations linked to theater SOC headquarters support. Finally, this chapter will summarize the alternative funding mechanisms in a comparison table.

B. ALTERNATIVE NUMBER 1: USSOCOM MFP-2 ACCOUNT

1. Funding Mechanism

The first alternative funding mechanism would be to insert U.S. Special Operations Command (USSOCOM) into the distribution chain for theater SOC headquarters support funding by establishing a Major Force Program (MFP)-2 account at USSOCOM. The funds would flow from the Service appropriations to the USSOCOM MFP-2 account. Subsequently, USSOCOM would distribute the MFP-2 dollars to the theater SOCs for headquarters support costs. USSOCOM could distribute the MFP-2 funds to the theater SOCs using quarterly Funding Authorization Documents (FADs). This

procedure would mirror the mechanism USSOCOM currently uses to distribute theater SOC MFP-11 dollars.

The theater SOCs would also submit future headquarters support requirements directly to USSOCOM for participation in the Program Objective Memorandum (POM) process. Since the MFP-2 dollars would still come from Service Operations and Maintenance (O&M) appropriations, USSOCOM would have to group the theater SOC inputs by assigned Service executive agent and then make separate POM submissions to the three Services. For example, USSOCOM would combine inputs for future headquarters support costs from Special Operations Command Joint Forces Command (SOCJFCOM) and Special Operations Command Pacific (SOCPAC) to make a single submission to the Department of the Navy.

2. Effect on Reducing Theater SOC Variations

Alternative No. 1 would eliminate almost all the existing variations in the theater SOC funding mechanisms identified in Chapter III. Although the three Service O&M appropriations would remain as the sources of funding theater SOC headquarters support costs, all MFP-2 funds would now be distributed to the theater SOCs through a single command: USSOCOM. If USSOCOM distributes the MFP-2 dollars using FADs on a quarterly basis, the theater SOCs would receive their funding in a uniform manner. The quarterly FAD distribution would also eliminate any requirement for theater SOC comptrollers to seek approval from USSOCOM on individual headquarters support requirements. The theater SOC comptrollers would manage theater SOC MFP-2 dollars the same way USSOCOM currently allows the comptrollers to manage theater SOC MFP-11 dollars.

Significantly, USSOCOM currently does not create a reserve by "taxing" the MFP-11 dollars that it distributes to the theater SOCs. [Ref. 11] If theater SOC MFP-2 funding also flows through USSOCOM, these funds would not be subject to the "taxes" or "withholds" imposed by the distribution commands identified in Chapter III. This means the theater SOCs would receive more MFP-2 funding for headquarters support requirements. In the case of SOCCENT, however, the Department of the Air Force creates a reserve at the Service level. Consequently, SOCCENT MFP-2 funds would probably still be reduced.

In addition, USSOCOM would have the authority to give each theater SOC headquarters support budget an identifiable funding line within the USSOCOM MFP-2 account. Thus, all theater SOC comptrollers would now have visibility of their headquarters support budgets. This alternative also clearly defines the submission process for future theater SOC headquarters support requirements. USSOCOM would now be the advocate for theater SOC headquarters support costs at the Service level.

3. Implementation Requirements

To implement Alternative No. 1, Under Secretary of Defense (Comptroller) (USD(C)) would have to issue a Program Budget Decision (PBD) that established an MFP-2 account for USSOCOM and that redefined the flow of MFP-2 funds for theater SOC headquarters support costs. Thus, the PBD would have to direct the Services to distribute theater SOC headquarters support funding from Service O&M appropriations to USSOCOM. [Ref. 33]

PBD 081 (December 2000) directed an amendment to Department of Defense Directive (DoDD) 5100.3 that stated, "...the provision of such funding [theater SOC headquarters support costs] is the responsibility of the Theater CINC to which the SOC is assigned." [Ref. 12:p. 20] For this reason, a PBD that implemented Alternative No. 1 also must direct another amendment to DoDD 5100.3 that explicitly states that the provision of funding theater SOC headquarters support costs is the responsibility of the Service executive agent through USSOCOM. [Ref. 33] All citations of PBD 081 in this chapter refer to PBD 081 issued in December 2000

4. Barriers to Change

There is no legal restriction prohibiting USSOCOM from receiving MFP-2 funding from the Service O&M appropriations for distribution to the theater SOCs. [Ref. 10] However, funding traditionally flows along command organizational lines. The theater SOCs are subordinate unified (sub-unified) commands of the theater combatant commands, not of USSOCOM. Thus, because there is no organizational relationship between USSOCOM and the theater SOCs, Alternative No. 1 may create unanticipated issues between USSOCOM and the theater SOCs in managing and budgeting theater SOC headquarters support funding. For example, if the USSOCOM and the theater SOCs disagreed about spending MFP-2 dollars on a particular requirement, there would be no mechanism in place to resolve this difference. Significantly, USSOCOM does distribute MFP-11 dollars to the theater SOCs without an organizational relationship in place to act as an enforcement tool for budgetary issues.

This is because Section 167 of Title 10, U.S. Code gives USSOCOM,

...authority, direction, and control over the expenditure of [MFP-11] funds - ... (ii) for special operations forces assigned to unified combatant commands other than the special operations command... [Ref. 5:p. 100]

This authority allows USSOCOM to resolve any MFP-11 funding issues that may surface with the theater SOCs, but does not extend to MFP-2 funds. Therefore, changing the path of theater SOC MFP-2 dollars without changing theater SOC command relationships could create budget challenges that do not exist with MFP-11 dollars.

5. Financial Impact

Alternative No. 1 would not immediately affect Service O&M appropriations. This alternative preserves the executive agent responsibilities for theater SOC headquarters support costs that the existing DoDD 5100.3 (November 1999) assigned to the Services. For that reason, the Services would still finance theater SOC headquarters support. However, the POM input for future theater SOC headquarters support requirements would now come through USSOCOM to the appropriate supporting Service. USSOCOM previously has not participated in the POM process for Service appropriations. Thus, procedures for this mechanism would have to be defined and established.

Creating an MFP-2 account at USSOCOM would mean that commands currently distributing theater SOC MFP-2 funds would no longer receive that MFP-2 funding from the Service executive agent. For example, because U.S. Joint Forces Command (USJFCOM) and U.S. Pacific Command (USPACOM)

receive funding for theater SOC headquarters support as part of their own MFP-2 funding from the Navy O&M appropriation, both unified commands would now receive fewer MFP-2 dollars from the Navy. Instead, the Navy would combine the SOCJFCOM MFP-2 funds with the SOCPAC MFP-2 funds and send a single funding transfer to the new USSOCOM MFP-2 account. USJFCOM and USPACOM would also not incorporate theater SOC headquarters support into future POM inputs for MFP-2 funding. Using Fiscal Year 2000 (FY00) data from PBD 081, Table 11 shows this funding summary.

<u>Distribution Command (Theater SOC)</u>	<u>(Dollars in Thousands)</u> <u>MFP-2 Budget</u>
Headquarters, Eleventh Wing (SOCCENT)	- 778
USEUCOM (SOCEUR)	- 3,851
USJFCOM (SOCJFCOM)	- 2,160
Eighth U.S. Army (SOCKOR)	- 1,537
USPACOM (SOCPAC)	- 2,437
<u>U.S. Army South (SOCSOUTH)</u>	<u>- 1,900</u>
Total	- 12,699
USSOCOM	+ 12,699

Table 11. Alternative No. 1 MFP-2 Funding Summary.
[From: Ref. 12:p. 20]

Additionally, managing an MFP-2 account would be a new undertaking for USSOCOM. Budget officials and comptrollers would have to become knowledgeable on the MFP-2 financial process and on the POM submission process of the Army, Navy and Air Force. This could lead to the hiring of more comptrollers at USSOCOM, increased financial training and a significant workload increase at USSOCOM. [Ref. 20]

C. ALTERNATIVE NUMBER 2: SEPARATE THEATER SOC PE NUMBER

1. Funding Mechanism

The second alternative would be to send MFP-2 funding for theater SOC headquarters support through the respective theater combatant command. In addition, this alternative would direct the Service executive agents to assign a separate Program Element (PE) number for theater SOC headquarters support. The funds would flow from Service appropriations to theater combatant command MFP-2 accounts. The theater combatant command would then distribute the MFP-2 dollars to the theater SOC by the traditional mechanism used by that particular theater combatant command.

Additionally, the theater SOCs would submit their input for future headquarters support to the respective theater combatant command for participation in the POM process. The theater combatant command would then be the advocate for theater SOC headquarters support funding from the assigned Service executive agent appropriation. For example, USJFCOM would include SOCJFCOM input for future headquarters support requirements as a separate budget item within the USJFCOM funding request to the Department of the Navy. Subsequently, the Navy would identify the O&M funding for SOCJFCOM headquarters support by a PE number and would distribute the funding to USJFCOM. The USJFCOM comptrollers would then decide how to distribute the funding to SOCJFCOM.

2. Effect on Reducing Theater SOC Variations

Alternative No. 2 affects some of the theater SOC variations identified in Chapter III. The three Service O&M appropriations would remain the sources of theater SOC

headquarters support funding and all the theater SOCs would receive their MFP-2 dollars through the respective theater combatant commands. The theater combatant commands would distribute MFP-2 dollars according to their own preferences and would be able to create reserves through "taxes" or "withholds" on theater SOC headquarters support funding. This means the theater SOCs would receive their MFP-2 dollars by various distribution mechanisms and these funds could be reduced by the respective theater combatant command. Significantly, however, the PE numbers would give theater SOC comptrollers the capability to track their headquarters support budgets from the POM input process through fund distribution during the entire fiscal year.

Since Alternative No. 2 places the theater combatant commands in the distribution chain for theater SOC MFP-2 funding, approval for theater SOC comptrollers to spend the MFP-2 dollars on theater SOC headquarters support would still be at the discretion of theater combatant command. In addition, this alternative designates the theater combatant command as the advocate for theater SOC headquarters support funding during the POM process.

3. Implementation Requirements

To implement Alternative No. 2, USD(C) would have to issue a PBD that defined the flow of theater SOC headquarters support funding. Thus, the PBD would have to direct the Service executive agents to distribute theater SOC MFP-2 funds from Service O&M appropriations to the proper theater combatant commands. [Ref. 33] DoDD 5100.3 also would have to be amended in accordance with the guidance from PBD 081. Specifically, PBD 081 directed the amendment for DoDD 5100.3 to read, "...the provision of such

funding [theater SOC headquarters support costs] is the responsibility of the Theater CINC to which the SOC is assigned." [Ref. 12:p. 20] DoDD 5100.3 remains unamended and thus does not provide an enforcement tool that would require the theater combatant commands to provide theater SOC headquarters support funding.

Further, the amendment of DoDD 5100.3 would have to direct the Service executive agents to assign separate PE numbers in the Future Years Defense Program (FYDP) to O&M funding provided to the theater combatant commands for theater SOC headquarters support. In May 2002, a memorandum from USD(C) stated,

The CINC [Commander in Chief] FYDP visibility can be most efficiently achieved by using the existing Program Element structure and assigning attributes to the CINC O&M funding. Beginning with the FY 2004 Program and Budget Review submission, all Components are to use the attribute methodology to provide visibility in the FYDP for all CINC direct O&M funding. [Ref. 34]

Accordingly, the Services now assign PE numbers in the FYDP to any O&M funding provided for theater combatant command headquarters support. For example, the Navy now assigns separate PE numbers to "JFCOM HQ" (USJFCOM headquarters support) and to "CINCPAC HQ" (USPACOM headquarters support). [Ref. 35] The headquarters support funds for SOCJFCOM and SOCPAC, however, are still included under the PE number assigned to the respective theater combatant command headquarters support. Thus, the amendment to DoDD 5100.3 in Alternative No. 2 would extend this FYDP visibility to the theater SOCs by requiring the

Navy to assign PE numbers to SOCJFCOM headquarters support funds and SOCPAC headquarters support funds.

4. Barriers to Change

There are no legal obstacles to Alternative No. 2. Any resistance to implementing this alternative would probably come from the theater combatant commands. [Ref. 10] The theater combatant commands for Special Operations Command Central (SOCCENT), Special Operations Command Korea (SOCKOR) and Special Operations Command South (SOCSOUTH) currently do not participate in the distribution chain or in the POM process for theater SOC headquarters support costs. Those commands may surface issues associated with the additional financial and personnel burdens of managing theater SOC MFP-2 funds.

Additionally, the data from PBD 081 shows SOCSOUTH spent no MFP-11 dollars on headquarters support requirements in FY00. Further analysis in Chapter III shows the SOCSOUTH funding mechanism is informal, yet effective. Thus, implementing this Alternative No. 2 could have unanticipated consequences for SOCSOUTH.

5. Financial Impact

Alternative No. 2 would not immediately affect Service O&M appropriations. This alternative preserves the executive agent responsibilities that the existing DoDD 5100.3 (November 1999) assigned to the Services. For that reason, the Services would still finance theater SOC headquarters support. However, because the distribution and POM input process paths would change for SOCCENT, SOCKOR and SOCSOUTH, the MFP-2 budgets of the respective distribution commands and the theater combatant commands also would change. One notable exception would be SOCKOR.

To keep SOCKOR executive agent responsibility with the Department of the Army, SOCKOR MFP-2 funds would flow through U.S. Forces Korea (USFK). Using FY00 data from PBD 081, Table 12 shows this funding summary.

In addition, all theater SOC headquarters support budgets may be significantly affected by this alternative. If the Services assign separate PE numbers to theater SOC headquarters support costs in the FYDP, these requirements will now be competing with the other priorities of the theater combatant commands. Although theater SOC comptrollers will have visibility of these budgets, there is a chance that other theater requirements would eclipse theater SOC headquarters support and leave the theater SOCs struggling for MFP-2 funding.

<u>Distribution Command (Theater SOC)</u>	<u>(Dollars in Thousands)</u> <u>MFP-2 Budget</u>
Headquarters, Eleventh Wing (SOCCENT)	- 778
Eighth U.S. Army (SOCKOR)	- 1,537
<u>U.S. Army South (SOCSOUTH)</u>	<u>- 1,900</u>
Total	- 4,215
USCENTCOM (SOCCENT)	+ 778
USFK (SOCKOR)	+ 1,537
<u>USSOUTHCOM (SOCSOUTH)</u>	<u>+ 1,900</u>
Total	+ 4,215

Table 12. Alternative No. 2 MFP-2 Funding Summary.
[From: Ref. 12:p. 20]

D. ALTERNATIVE NUMBER 3: THEATER SOCS USE MFP-11 FUNDS

1. Funding Mechanism

The third alternative would be to allow the theater SOCs to use MFP-11 dollars to pay for headquarters support requirements. The funds would flow through USSOCOM and

directly to the theater SOCs in quarterly FADS. Theater SOC headquarters support funding would mesh together with the existing funding mechanism in place for MFP-11 funds currently distributed for SO-peculiar requirements. Thus, the theater SOCs would receive one MFP-11 distribution each quarter for all requirements.

2. Effect on Reducing Theater SOC Variations

Alternative No. 3 would eliminate all variations in the theater SOC funding mechanisms for headquarters support costs identified in Chapter III. Service O&M appropriations would no longer be the source of theater SOC headquarters support funding: all theater SOC funding would come from the USSOCOM O&M, Defense-wide (DW) appropriation. Since USSOCOM currently does not create a reserve from the MFP-11 dollars it distributes to the theater SOCs [Ref. 11], theater SOC headquarters support funds would not be subject to the "taxes" or "withholds" imposed by the current distribution commands identified in Chapter III. This means all theater SOCs would receive headquarters support funding without reductions.

Additionally, USSOCOM could maintain the existing MFP-11 distribution mechanism of issuing FADs to the theater SOCs on a quarterly basis. Quarterly FADs eliminate the requirement for theater SOC comptrollers to seek approval for individual headquarters support requirements and allows theater SOC comptrollers to manage all theater SOC funding. Theater SOC MFP-11 dollars already have identifiable funding lines within the USSOCOM MFP-11 budget. This alternative ensures theater SOC comptrollers have visibility of all theater SOC funding and have USSOCOM as

an advocate for all funding requirements during the POM process.

3. Implementation Requirements

To implement Alternative No. 3, USD(C) would have to issue a PBD that realigned theater SOC headquarters support funding from the Service O&M appropriations to the USSOCOM O&M, DW appropriation. Additionally, this PBD would have to direct USSOCOM to distribute this supplementary funding to the theater SOCs for headquarters support requirements.

USD(C) would also have to change the funding responsibilities in DoDD 5100.3. The directive currently states,

...the Commander in Chief of the U.S. Special Operations Command shall program and budget for the SO-peculiar [special operations-peculiar] support of the headquarters of the theater Special Operations Commands and other joint special operations commands established within the Combatant Commands...the supporting Military Departments shall program and budget for the Service-common support of these joint SO headquarters. [Ref. 13:p. 3]

Thus, DoDD 5100.3 would have to be amended to state that USSOCOM shall also program and budget for theater SOC headquarters support requirements for which funds have been transferred from the Services to USSOCOM.

4. Barriers to Change

Alternative No. 3 would face significant legal and philosophical obstacles. Chapter II listed the uses of MFP-11 dollars from Section 167 of Title 10, U.S. Code to include, "...developing and acquiring special operations-peculiar equipment and acquiring special operations-peculiar material, supplies and services." [Ref. 5:p. 103]

Amending DoDD 5100.3 to add theater SOC headquarters support costs to USSOCOM responsibilities implies USSOCOM would use MFP-11 funds for theater SOC headquarters support. This means theater SOC headquarter support costs would be considered "special operations-peculiar" (SO-peculiar). However, Joint Publication 3-05 defines "SO-peculiar" as,

Equipment, material, supplies, and services required for special operations mission support for which there is no broad conventional requirement. This includes the standard items used by other DOD forces but modified for special operations forces (SOF); items initially designed for, or used by, SOF until adapted for use as Service-common by other DOD forces; and items approved by the Commander in Chief, US Special Operations Command (USCINCSOC) as critically urgent for the immediate accomplishment of a special operations mission but not normally procured by USCINCSOC, [Ref. 6:p. GL-10]

Although an argument could be made that theater SOC headquarters support costs are "equipment, material, supplies, and services required for special operations mission support," headquarters support costs also have conventional requirements. For example, the secure local area network (SLAN) computer system installed at Special Operations Command Europe (SOCEUR) is used by SO personnel and directly supports SO missions. However, there is also a conventional requirement for the SLAN throughout the military. Thus, the SLAN is not "SO-peculiar" and one legal interpretation is that MFP-11 dollars should not pay for the SLAN.

To contend that "SO-peculiar" is contingent upon the activity being performed or the personnel that require the

support would be redefining "SO-peculiar" differently from existing legal guidance. Consequently, amending the definition of "SO-peculiar" to incorporate theater SOC headquarters support costs may require changing U.S. Code and Joint Publication 3-05.

In addition, funding theater SOC headquarters support with MFP-11 dollars means that all theater SOC funding would come from USSOCOM. This means that all theater SOC funding would flow without corresponding command relationships. Section 167 of Title 10, U.S. Code gives USSOCOM,

...authority, direction, and control over the expenditure of [MFP-11] funds - ... (ii) for special operations forces assigned to unified combatant commands other than the special operations command... [Ref. 5:p. 100]

Although this authority allows USSOCOM to resolve any MFP-11 funding issues that may surface with the theater SOCs, the theater SOCs are sub-unified commands of the theater combatant command, not of USSOCOM.

Thus, Alternative No. 3 would create an environment in which the theater SOCs work directly for the theater combatant commands, yet receive all financial support from a different unified command: USSOCOM. This situation could precipitate unanticipated issues between the theater combatant commands and USSOCOM on theater SOC funding and resource allocation. The theater SOCs would be caught in the middle if problems arose.

5. Financial Impact

Alternative No. 3 would directly affect the Service O&M appropriations and the USSOCOM O&M, DW appropriation.

This alternative eliminates the executive agent responsibilities for theater SOC headquarters support requirements that the existing DoDD 5100.3 (November 1999) assigned to the Services and transfers these duties to USSOCOM. For this reason, the Services would no longer finance theater SOC headquarters support costs from Service O&M appropriations. In addition, POM input for future theater SOC headquarters support would come from the theater SOCs and feed directly into the USSOCOM O&M, DW appropriation.

Transferring this financial responsibility from the Services to USSOCOM would mean identifying the total theater SOC headquarters support funding currently in Service O&M appropriations. Subsequently, USD(C) would have to move those funds from the Services to USSOCOM through a PBD. For example, SOCJFCOM and SOCPAC spent a total (Service MFP-2 dollars and USSOCOM MFP-11 dollars) of \$4,060,000 on headquarters support costs in FY00. [Ref. 12: p.20] Alternative No. 3 would move this amount from the Department of the Navy to USSOCOM. Alternative No. 3 would also implement similar moves from the Army and the Air Force to USSOCOM. Using FY00 data from PBD 081, Table 13 shows this funding summary.

In addition, the funding moves implemented by PBD 081 spanned FY02-07. The moves described in Alternative No. 3 should also span six fiscal years to ensure the changes in the appropriations have sufficient visibility in the FYDP.

<u>Appropriation</u>	<u>(Dollars in Thousands)</u> <u>Amount</u>
O&M - <u>Army</u>	- 7,861
- SOCEUR	- 2,473
- SOCKOR	- 1,537
- SOCSOUTH	- 3,851
O&M - <u>Navy</u>	- 4,060
- SOCJFCOM	- 1,900
- SOCPAC	- 2,160
O&M - <u>Air Force</u>	- 778
- SOCCENT	- 778
O&M, DW - USSOCOM	+ 12,699

Table 13. Alternative No. 3 Funding Summary.
[From: Ref. 12:p. 20]

E. SUMMARY

This chapter presented three alternatives for funding headquarters support costs at theater special operations commands. Although the alternatives have several commonalities, the analysis also revealed significant variations and trends. Table 14 compares the three funding alternatives.

	Alternative No. 1	Alternative No. 2	Alternative No. 3
Appropriation	Services O&M	Services O&M	USSOCOM O&M, DW
Funding Mechanism	Establish MFP-2 account at USSOCOM	Mandate SOCs have separate PE numbers	Allow SOCs to use MFP-11 funds
Distribution Command	USSOCOM	Combatant Commands	USSOCOM
Distribution Mechanism	Quarterly FAD	Combatant Command Discretion	Quarterly FAD
Identifiable Funding Line	Yes	Yes	Yes
Spending Approval per Item	No	Combatant Command Discretion	No
Formal POM Submission	Yes	Yes	Yes
Implementation Requirements	PBD and DoDD 5100.3 amendment	PBD and DoDD 5100.3 Amendment	PBD and DoDD 5100.3 Amendment; Changes to: -10 USC 167 -JP 3-05
Barriers to Change	Funding path different from command path; USSOCOM	USCENTCOM USFK USSOUTHCOM	10 USC 167 and JP 3-05
Amount Moved (FY00 Dollars)	\$12,699,000	\$4,215,000	\$12,699,000
Financial Accounts Affected	Distribution command MFP-2 budgets and new USSOCOM MFP-2 account affected; Appropriations unaffected	MFP-2 budgets affected: -11 th Wing -EUSA -USARSO -USCENTCOM -USFK -USSOUTHCOM; Appropriations unaffected	MFP-2 budgets affected: -11 th Wing -EUSA -USARSO -USEUCOM -USJFCOM -USPACOM; Service O&M and USSOCOM O&M, DW appropriations affected

Table 14. Comparison of Theater SOC Headquarters Support Funding Alternatives.

Commonalities among the alternatives:

- Eliminate ambiguity by formalizing the funding mechanism for theater SOC headquarters support costs;
- Provide identifiable funding lines for theater SOC headquarters support costs;
- Provide a path to participate in the POM process for theater SOC headquarters support costs.

Variations among the funding alternatives:

- Appropriation for funding theater SOC headquarters support requirements;
- Distribution commands for headquarters support funds;
- Creation of reserves through "taxes" or "withholds" by the distribution command;
- Distribution mechanisms for headquarters support funds;
- Approval requirements for spending theater SOC headquarters support funds;
- Implementation requirements for the alternative;
- Barriers to changing to the alternative;
- Financial impact of the alternative.

Further, the differences in the alternatives condense to three categories: effect on reducing the theater SOC variations identified in Chapter III, barriers to implementation and financial impact. Table 15 ranks the alternatives in these areas.

	Alternative No. 1	Alternative No. 2	Alternative No. 3
Effect on Reducing SOC Variations	Middle	Lowest	Highest
Barriers to Implementation	Middle	Lowest	Highest
Financial Impact	Middle	Lowest	Highest

Table 15. Ranking of Theater SOC Headquarters Support Funding Alternatives.

From Table 15, one trend clearly emerges: the effect the alternative has on reducing the theater SOC variations identified in Chapter III is directly proportional to the barriers for implementation and the financial impact of the alternative. This means that the more standardized across the theater SOCs the alternative makes this funding mechanism, the greater the implementation obstacles and the more substantial the ensuing financial impact.

All of the alternatives appear to be improvements over the existing funding mechanism for theater SOC headquarters support costs. None of the alternatives will please all of the stakeholders involved. However, each of these three formal funding arrangements provides an enforcement tool that ensures the theater SOCs have a clearly defined mechanism to resource their headquarters support requirements. The following chapter will present the best alternative.

V. CONCLUSIONS

A. INTRODUCTION

The current funding mechanism for theater special operations command (SOC) headquarters support costs is inadequately supported by legal guidance. As explained in Chapter II, existing legislation and policy documents do not formalize theater SOC funding relationships to provide an enforcement tool that ensures the theater SOCs can properly resource their headquarters support requirements. The comparative analysis of the six theater SOCs made in Chapter III showed that the ambiguity of this funding mechanism allowed the theater SOCs to develop unique scenarios for financing headquarters support. Subsequently, Chapter IV presented and analyzed three funding alternatives.

This chapter will conclude that the best alternative for funding theater SOC headquarters support costs from the options presented in Chapter IV is Alternative No. 2: assign separate Program Element (PE) numbers to theater SOC headquarters support funding and distribute the funds through the respective theater combatant commands. Next, this chapter will draw additional general conclusions from the analysis conducted during this research. Finally, this chapter will answer the research questions listed in Chapter I and will suggest areas of further study associated with this thesis.

B. SPECIFIC CONCLUSIONS

All three alternatives presented in Chapter IV would formalize the funding mechanism for theater SOC

headquarters support costs. However, the Chapter IV summary also identified a relation between the effect of the alternative on reducing variations among theater SOC funding mechanisms and the barriers to implementation and financial impact of the alternative. This means that the more standardized across the theater SOCs the selected alternative makes the funding mechanism, the greater the implementation obstacles and the more substantial the ensuing financial impact. Therefore, since all three alternatives would improve the existing theater SOC funding mechanism for headquarters support by formalizing the process, the best choice is the option that would face the lowest implementation obstacles and would cause the minimum financial impact: Alternative No. 2.

Alternative No. 2 would mandate that the Services assign separate PE numbers to theater SOC headquarters support in the Future Years Defense Program (FYDP) and distribute theater SOC Major Force Program (MFP)-2 funds through the respective theater combatant commands. To implement Alternative No. 2, Under Secretary of Defense (Comptroller) (USD(C)) would have to issue a Program Budget Decision (PBD) that defined the flow of theater SOC headquarters support funding. Thus, the PBD would have to direct the Service executive agents to distribute theater SOC MFP-2 funds from Service Operations and Maintenance (O&M) appropriations to the proper theater combatant commands. [Ref. 33] Department of Defense Directive (DoDD) 5100.3 also would have to be amended in accordance with the guidance from PBD 081. All citations of PBD 081 in this chapter refer to PBD 081 issued in December 2000. Specifically, PBD 081 directed the amendment for DoDD

5100.3 to read, "...the provision of such funding [theater SOC headquarters support costs] is the responsibility of the Theater CINC to which the SOC is assigned." [Ref. 12:p. 20]

Alternative No. 2 would not eliminate all variations among the theater SOCs identified in Chapter III. The specific surviving variations are described in Chapter IV, Section B, Sub-section 2. Significantly, Alternative No. 2 would allow the Services and the theater combatant commands to create reserves through "taxes" or "withholds" on theater SOC headquarters support funds. However, the amount of the "taxes" or "withholds" could vary across the Services and the combatant commands. This means the theater SOCs might receive different percentages of the MFP-2 dollars intended for headquarters support funding in the Service O&M appropriations.

Alternative No. 2, however, would distribute theater SOC MFP-2 funding along command organization paths. Recalling from Chapter II that the theater SOCs, except Special Operations Command Korea (SOCKOR), are subordinate unified (sub-unified) commands of the theater combatant commands, this option would position the theater combatant commands to resolve budget issues surrounding theater SOC headquarters support. Thus, the budget authority for theater SOC headquarters support would be in alignment with theater SOC command authority.

In summary, Alternative No. 2 is the best option for four reasons:

- Alternative No. 2 formalizes the funding mechanism for theater SOC headquarters support requirements;

- Alternative No. 2 faces the lowest barriers to implementation among the three alternatives;
- Alternative No. 2 causes the minimum financial impact among the three alternatives;
- Alternative No. 2 aligns budget authority for theater SOC headquarters support with theater SOC command authority.

C. GENERAL CONCLUSIONS

Alternative No. 2, which would assign separate PE numbers to theater SOC headquarters support funding and would distribute the funds through the respective theater combatant commands, is the best alternative funding mechanism for theater SOC headquarters support requirements. Ambiguity and lack of formalized funding responsibilities for theater SOC headquarters support precipitated the need for identifying this alternative. However, budget issues caused by inadequate legal guidance may not be exclusive to the theater SOCs. Other commands may face similar issues surrounding the interpretation of funding mechanisms or financial responsibilities.

In these situations, five questions from this research provide information for analysis in selecting an alternative funding mechanism:

- Does the alternative formalize the funding mechanism?
- Does the alternative standardize the funding mechanism?
- What are the barriers to change for the alternative?
- What is the financial impact of the alternative?
- Does the alternative place the funding mechanism in alignment with command authority?

Every funding situation will be unique. These questions are not comprehensive metrics for identifying alternative funding mechanisms. Rather, they are suggested to establish a baseline for further analysis.

D. ANSWERS TO RESEARCH QUESTIONS

1. What Is the Best Alternative for Funding Theater SOC Headquarters Support Costs?

Chapter IV analyzed three alternative funding mechanisms for theater SOC headquarters support costs. Alternative No. 2, which would mandate that the Services assign separate PE numbers to theater SOC headquarters support in the FYDP and distribute the funds through the respective theater combatant commands, is the best option. Section B of this chapter provides additional support for this conclusion.

2. How Do the Theater SOCs Currently Fund Headquarters Support Costs?

The six theater SOCs have developed individual funding mechanisms for headquarters support costs. Chapter III makes a comparative analysis of these funding arrangements.

3. Why Did the Theater SOCs Use MFP-11 Dollars to Fund Headquarters Support Costs in FY00?

Data from PBD 081 shows that five of the six theater SOCs used MFP-11 dollars for headquarters support costs in Fiscal Year 2000 (FY00). Special Operations Command South (SOCSOUTH) was the lone exception. Reasons for spending MFP-11 funds on headquarters support requirements varied among the theater SOCs and are explained in Chapter III.

4. Should the Theater SOC Funding Mechanism for Headquarters Support Costs Be Uniform?

By implementing Alternative No. 3 from Chapter IV, which would allow the theater SOCs to use MFP-11 dollars to

fund headquarters support costs, the theater SOC funding mechanisms would be uniform. However, the Chapter IV summary also points out that the more standardized across the theater SOCs the selected alternative makes this funding mechanism, the greater the implementation obstacles and the more substantial the ensuing financial impact. This means that although Alternative No. 3 would make theater SOC funding mechanisms uniform, this alternative would face the most significant barriers to implementation and would cause the highest financial impact among the three options.

As described in Section B of this chapter, since all the alternatives presented in Chapter IV formalize the funding mechanism for theater SOC headquarters support, the best alternative is the option with the lowest obstacles to implementation and the minimum financial impact: Alternative No. 2. Thus, while Alternative No. 2 does not completely standardize this theater SOC funding mechanism, it does provide the enforcement tool necessary to ensure theater SOCs can properly resource their headquarters support requirements.

5. What Authority is Required to Make Changes in Funding Theater SOC Headquarters Support Costs?

Implementation requirements vary among the three alternatives. Alternative No. 1, which would establish a U.S. Special Operations Command (USSOCOM) MFP-2 account, would require USD(C) to issue a PBD and to amend DoDD 5100.3. Alternative No. 2, which would assign separate PE numbers to theater SOC headquarters support funding and would distribute the funds through the respective theater

combatant commands, also would require USD(C) to issue a PBD and to amend DoDD 5100.3.

Alternative No. 3, which would allow the theater SOCs to use MFP-11 dollars for headquarters support costs, has the same requirements for USD(C) as Alternative Nos. 1 and 2: issue a PBD and amend DoDD 5100.3. Additionally, Alternative No. 3 would require amending the definition of "special operations-peculiar" to include theater SOC headquarters support costs. This modification would require the Joint Chiefs of Staff to revise Joint Publication 3-05 and the Congress to change Section 167 of Title 10, U.S. Code. Chapter IV makes a comparative analysis of the three alternatives and provides additional evaluation of the implementation requirements and barriers to change.

6. What is the Financial Impact of Alternative Funding Mechanisms for Theater SOC Headquarters Support Costs?

Financial impact varied among the three alternatives. Alternative No. 1, which would establish a USSOCOM MFP-2 account, would not affect Service O&M appropriations. Using FY00 figures, the alternative would change the route of \$12,699,000 in total headquarters support funding from the six current distribution commands to the USSOCOM MFP-2 account before final distribution to the theater SOCs.

Alternative No. 2, which would assign separate PE numbers to theater SOC headquarters support funding and would distribute the funds through the respective theater combatant commands, also would not affect Service O&M appropriations. This alternative would affect the funding mechanisms for Special Operations Command Central

(SOCCENT), SOCKOR and SOCSOUTH. Using FY00 figures, the alternative would change the route of \$4,215,000 in total headquarters support funding from the current distribution commands of these three theater SOCs to the appropriate theater combatant commands before final distribution to the theater SOCs. In the unique case of SOCKOR command relationships, the funds would flow through U.S. Forces Korea (USFK) before reaching SOCKOR.

Alternative No. 3 would allow the theater SOCs to use MFP-11 dollars for headquarters support costs. Using FY00 figures, the alternative would move \$12,699,000 in total headquarters support funding from Service O&M appropriations to the USSOCOM O&M Defense-wide appropriation before direct distribution to the theater SOCs. Chapter IV presents a comparative analysis of the three alternatives and provides additional financial evaluation. Table 16 summarizes the financial impact of the alternatives.

	Alternative No. 1	Alternative No. 2	Alternative No. 3
Amount Moved (FY00 Dollars)	\$12,699,000	\$4,215,000	\$12,699,000
Type of Funding	MFP-2 Accounts	MFP-2 Accounts	Appropriations

Table 16. Financial Impact of Theater SOC Headquarters and Support Funding Alternatives.
[From: Ref. 12:p. 20]

E. SUGGESTED FURTHER STUDIES

1. Theater SOC Command Relationships

This research would examine theater SOC designations as sub-unified commands of the theater combatant commands. This analysis would determine whether the existing theater

SOC command relationships support the most efficient and effective way to fight and fund special operations missions. Research on this topic also should include an evaluation of theater SOC missions, alternative command structures and current world climate.

2. USSOCOM as a Supported Command

The Unified Command Plan states USSOCOM responsibilities include, "...command of selected special operations missions if directed to do so by the President or Secretary of Defense." [Ref. 36:p. 14] This research would analyze the command relationships and funding implications if USSOCOM is permanently designated as a supported command.

3. "Special Operations-Peculiar"

This research would analyze the definition of "special operations (SO)-peculiar" and would evaluate whether existing legal references provide sufficient guidance to cover all the funding requirements for supporting SO missions. Research on this issue also should include an analysis of the intent and the legal uses of MFP-11 dollars as specified in Section 167 of Title 10, U.S. Code.

4. Theater SOC Base Operating Support

In addition to SO-peculiar costs and headquarters support costs, the theater SOCs also have base operating support (BOS) requirements. This research would analyze the BOS funding mechanisms at the six theater SOCs and would determine if the existing arrangements are adequate or if alternatives are necessary.

5. Separating Theater SOC Requirements

Appendix A is the Theater SOC Support Matrix provided to theater SOC comptrollers by USSOCOM in April 2000. This

research could use the information in Appendix A as a baseline to develop comprehensive criteria for separating SO-peculiar requirements, headquarters support requirements and BOS requirements. Conclusions from this research could help implement a formalized standard for separating theater SOC costs.

6. Funding Mechanisms at Other Commands

This research would identify other commands within the Department of Defense that have inadequate funding mechanisms. Additionally, the study could use the criteria listed in Section C of this chapter in preliminary analysis for evaluating potential alternatives to these funding issues.

APPENDIX A. THEATER SOC SUPPORT MATRIX

TSOC (THEATER SOC) SUPPORT

Bill Payer	USSOCOM	CINC/SV/EA
COMMON SUPPORT		
NON-SO-PECULIAR RDT&E		X
NON-SO PECULIAR PROCUREMENT		X
NON-SO PECULIAR CONSTRUCTION		X
REAL PROPERTY MAINTENANCE		X
INSTALLATION/GENERAL PURPOSE CONSTRUCTION		X
SUSTAINING BASE MEDICAL COSTS		X
INDIVIDUAL ENTRY LEVEL TRAINING		X
COMMON EQUIPMENT AND MAINTENANCE SUPPORT FOR COMMON EQUIPMENT		X
COMMON MODIFICATIONS		X
COMMON VEHICLES		X
COMMON AMMUNITION		X
BASE OPERATIONS SUPPORT		
ADMINISTRATIVE SERVICES (records management, personnel Locator, forms, publications, official reference library, etc)		X
AUDIO AND VISUAL INFORMATION SERVICES (photography, graphics, film, video and audio media services)		X
AUTOMATED DATA PROCESSING AND AUTOMATION SERVICES (data processing services and design, development, maintenance, etc., of data processing systems) Service Common Feeder Systems		X
CHAPEL AND CHAPLAIN SERVICES (pastoral ministries, worship services, religious rites, spiritual counseling and religious education)		X
CIVILIAN PERSONNEL SERVICES (Recruitment, classification, staffing personnel management, employee relations, awards, etc.)		X
CLUBS (officer, NCO, aero, community and recreational clubs)		X
COMMAND SUPPORT (Oversight and management provided by the Installation Commander and command element staff.)		X
COMMON USE FACILITY CONSTRUCTION, OPERATIONS, MAINTENANCE AND REPAIR (Construction, alteration, operation, Maintenance, and repair of common use infrastructure (roads, grounds, Structures, energy consumption, snow removal, installation Beautification projects), etc.)		X
COMMUNICATION SERVICES (Dedicated communication svcs and Telephone equipment. May include leasing of communication equipment,		

TSOC (THEATER SOC) SUPPORT

Bill Payer	USSOCOM	CINC/SV/EA
lines, and special communications-electronics equipment services) Installation/Garrison Level		X
COMMUNITY RELATIONS (Public relations activities, charity fund raising events, and installation open house programs.)		X
COMMUNITY SERVICES (Family Support centers, child development centers, youth activity, theaters, and thrift shops)		X
CUSTODIAL SERVICES (Janitorial, cleaning services)		X
DISASTER PREPAREDNESS (Disaster programs and related services, equipment, and facility support for emergencies and wartime ops.)		X
DUPLICATION SERVICES (operation of centralized copying equipment)		X
EDUCATION SERVICES OFFERED BY THE INSTALLATION		X
ENTOMOLOGY SERVICES (abatement and control measures for Insects, rodents, weeds, fungi, etc.,)		X
ENVIRONMENTAL CLEANUP (collection, clean-up, transportation And disposal of hazardous material)		X
ENVIRONMENTAL COMPLIANCE (Recycling and pollution prevention, etc)		X
EQUIPMENT MAINTENANCE, REPAIR AND CALIBRATION (Maintenance, repair and calibration of industrial equip, office equipment, lab equipment, (not vehicles), etc.)		X
EXPLOSIVE ORDNANCE SUPPORT (Services and facilities for Explosive ordnance storage, disposal and training)		X
FACILITY CONSTRUCTION AND MAJOR REPAIR (Minor Construction, alterations, additions, and major repairs to Construction, alterations, additions, and major repairs to Modernize, replace, expand or restore real property)		X
FACILITY MAINTENANCE AND MINOR REPAIR (Routine and cyclical preventive maintenance and minor repairs. Required to preserve or restore real property to use for its Designated purpose.)		X
FINANCE AND ACCOUNTING (provided by DFAS) Expenses, reimbursement, working fund, payroll and leave accounting disbursing, voucher and invoice system, financial reporting.		X
FIRE PROTECTION (normal services related to fire protection and fighting operations, alert service and rescue operations)		X
FOOD SERVICE (Preparation and service of food to personnel and related dining facility operations)		X

TSOC (THEATER SOC) SUPPORT

Bill Payer	USSOCOM	CINC/SV/EA
HEALTH SERVICES (administration of health care, dental treatment, and other medical/veterinary support)		X
HOUSING AND LODGING SERVICES (Family, unmarried, and unaccompanied housing referral svcs - bachelor quarters, transient accommodations)		X
LAUNDRY AND DRY CLEANING SERVICES		X
LEGAL SERVICES		X
MAIL SERVICE		X
MAIL POSTAGE SERVICE		X
MAIL TRANSPORTATION OVERSEAS		X
MILITARY PERSONNEL SUPPORT (passports, identification cards, security clearances, etc) Installation Level		X
MOBILIZATION SUPPORT		X
MORALE, WELFARE AND RECREATION (recreation centers, gyms, parks, athletic fields, hobby shops, etc)		X
MORTUARY SERVICES (logistical functions related to recovery, identification, care and disposition of deceased Personnel)		X
MUSEUMS		X
POLICE SERVICES (law and order enforcement (traffic, vehicle decals and confinement/detention facilities))		X
PRINTING SERVICES (centralized printing, binding, and mass mail addressing)		X
PUBLIC AFFAIRS (response to news media on behalf of government)		X
PURCHASING AND CONTRACTING (acquisition and Contract management, procurement of property, services, equipment, construction and supplies)		X
REFUSE COLLECTION AND DISPOSAL (collection and disposal of trash and waste)		X
RESOURCE MANAGEMENT (Funds management, cost and budget formulation and execution)		X
RETIRED AFFAIRS (operation of retired affairs offices and programs primarily for retired personnel)		X
SAFETY (Operation of safety programs, education, and promotional efforts)		X
SECURITY SERVICES (security inspections, entry and Exit controls)		X
SHUTTLE SERVICE (operations of local taxis, vans and Bus transportation)		X
SOCIAL ACTIONS (civilian and military personnel assistance and training on substance abuse and relations)		X
STORAGE AND WAREHOUSING (provision of space for receipt, storage, issue and shipment)		X

TSOC (THEATER SOC) SUPPORT

<u>Bill Payer</u>	<u>USSOCOM</u>	<u>CINC/SV/EA</u>
SELF HELP		X
TECHNICAL AND LEGAL LIBRARIES		X
TRAINING SERVICE (instruction and use of target ranges, simulators, etc.)		X
TRANSPORTATION SERVICES (transportation of Personnel, personal property, to include shipping, packing, crating, port clearance, scheduling, etc.)		X
UTILITIES (water, sewage, electricity, natural gas, and fuel oil services.)		X
VEHICLE SUPPORT (maintenance and repair of Customer vehicles, supply maintenance and repair of Vehicles for customers' use.)		X
WEATHER SERVICES (Advising weather conditions)		X
DIRECT HEADQUARTERS SUPPORT		
ADMINISTRATION (Mgt of admin communications, Documentation, publication, reproduction programs.)		X
AUDIT (Mgt of audit programs, development/establishment Of audit objectives, policies, plans and standards)		X
COMMAND (Functions performed by head of activity, Executives, aides, protocol, personnel, etc.)		X
COST ANALYSIS (Prep of estimates and operating costs of pgms, equip, systems, and collection, validation, and analysis of cost data.)		X
DATA AUTOMATION (Mgt of data standardization, equipment selection, system policies, and satellite data processing units and ADP support.)		X
NATIONAL INTEL SATELLITE IMAGERY		X
THEATER CINC C4 REQ'TS (TPFFD, software compliance, service common stds)		X
GLOBAL COMMAND AND CONTROL SYSTEM		X
ENGINEERING AND CONSTRUCTION (Mgt of engrg pgms, design develop and review, functional/technical review of const and repair projects.)		X
ENVIRONMENTAL SCIENCES (Mgt of environmental pgms, including oceanographic and meteorological pgms, as well as weather services)		X
FACILITIES (Mgt of real estate, facilities and civil engrg or public works pgms.)		X
FINANCIAL MANAGEMENT (Mgt of budget, Acctg and Finance, internal review, and related fin mgt pgms.)		X
INFORMATION AND PUBLIC AFFAIRS (Mgt of internal		

TSOC (THEATER SOC) SUPPORT

Bill Payer	USSOCOM	CINC/SV/EA
and public/community relations pgms)		X
INSPECTION AND EVALUATION (Mgt of inspection and evaluation pgms, development/establishment of inspection and evaluation objs, policies, plans and stds.)		X
INTELLIGENCE (Mgt of intel collection, analysis, production, and evaluation programs)		X
LEGAL AND LEGISLATIVE AFFAIRS (Mgt of legal and legislative pgms and legal services)		X
LOGISTICS (Mgt of supply, maintenance, transportation, procurement, production, and materiel programs) <u>Supply and Services</u> (Supply pgms and services functions, such as clothing sales, mortuary, laundry, food svcs.) <u>Transportation</u> (Mil and cml air, sea, and surface trans pgms, motor vehicle mgt and logistic trans planning and control) <u>Materiel Management</u> (Log support of weapon/nonweapon sys, equipment and commodities (delivery to disposal) <u>Procurement and Production</u> (Procurement and production mgt for acq of weapon sys, equip, materiel and svcs)		X X X X
MANPOWER AND ORGANIZATION (Allocation and control of an orgn's structure, manpower resources, grade authorizations, and eval of manpower utilization)		X
PERSONNEL (Mgt of civilian/military personnel pgms, such as staffing, career development, position classification, pay mgt, employee and labor relations, awards, social actions pgms, etc)		X
POLICY, PLANS, AND PROGRAMMING (Formulation, coordination, and development of plans, policies, and programming actions.)		X
RESEARCH AND DEVELOPMENT (Mgt of basic and developmental research, test and engrg pgms)		X
RESERVE AFFAIRS (Mgt of reserve forces programs for service on active duty)		X
SECURITY (Mgt of physical, personnel, information, and communication security programs.)		X
TELECOMMUNICATIONS (Mgt of comm pgrms as well as electronic-communications svcs) C2IP		X
TRAINING AND EDUCATION (Mgt of training and educational pgms, research, evaluation and curriculum development)		X
PROFESSIONAL DEVELOPMENT		SVC
UNIT ADMINISTRATION (Direct support functions		

TSOC (THEATER SOC) SUPPORT

Bill Payer	USSOCOM	CINC/SV/EA
of unit supply preparation, duty roster maintenance, etc.)		X
FORCE PROTECTION		X
DEVELOPING COUNTRIES COMBINED EXERCISE PROGRAM (DCCEP)		X
THEATER CINC ACTIVITIES (TCA)		X
DEMINEING		X
HUMANITARIAN/CIVIL ASSISTANCE (HCA)		X
COUNTERTERRORISM READINESS INITIATIVE FUND (CT RIF)		X
CINC INITIATIVE FUND (CIF)		X
ERC		X
JOINT TASK FORCE (JTF) (Non-SOF)		X
SOF AUGMENTATION WITH NON-SOF PERSONNEL		X
MILPAY		SVC Execute
CIVILIAN PAY (NON-SOF)		X
EXERCISES (NON-SOF) NEOs, ESATs, PSATs, CSATs, etc.		X
TSOC SOF OPERATIONAL REQUIREMENTS		
COMMUNICATIONS/ACQUISITION/MAINTENANCE		
DEPLOYABLE SCAMPI	X	
IN-GARRISON HQ TSOC SCAMPI (10 workstations, one server)	X	
SCAMPI ASSOCIATED AIRTIME (Satellite and land services) - OPS	X	
SOCRATES WORKSTATIONS FOR SOF UNIQUE	X	
DEPLOYED C4 SYSTEMS W/ CONNECTIVITY TO SOF NETS	X	
VTC (1 deployable and 1 in-garrison)	X	
DATA AUTOMATION (Mgt of data, standardization, equipment selection, system policies, and satellite data processing units and ADP support.) SO-Peculiar	X	
FINANCIAL MANAGEMENT (Mgt of budget, Acctg and Finance, internal review, and related fin mgt pgms) SO-Peculiar	X	
HISTORICAL AFFAIRS (Mgt of historical writing, Research, studies, analyses) SO-Peculiar	X	
INSPECTION AND EVALUATION (Mgt of inspection and evaluation pgms, development/establishment of inspection and evaluation objs, policies, plans and stds.) SO-Peculiar	X	
INTELLIGENCE (Mgt of intel collection, analysis, production, and evaluation programs) SO-Peculiar	X	
LEGAL AND LEGISLATIVE AFFAIRS (Mgt of legal and		

TSOC (THEATER SOC) SUPPORT

Bill Payer	USSOCOM	CINC/SV/EA
legislative pgms and legal services) SO-Peculiar	X	
LOGISTICS (Mgt of supply, maintenance, transportation, procurement, production, and materiel programs) SO-Peculiar <u>Materiel Management</u> (Log support of weapon/nonweapon sys, equipment and commodities (delivery to disposal) <u>Procurement and Production</u> (Procurement and production mgt for acq of weapon sys, equip, materiel and svcs)	X X	
MANPOWER AND ORGANIZATION (Allocation and control of an orgn's structure, manpower resources, grade authorizations, and eval of manpower utilization) SO-Peculiar	X	
OPERATIONS (Development and analysis of global or theater joint, combined, service component, strategic, defensive, and tactical ops, including operational readiness, plans and requirements, training, command and control services) SO-Peculiar <u>JTF/CJSOFT or JSOTF</u> (TSOC HQ Staff Only) <u>Site Surveys for SOF Deployments</u> (TSOC HQ Staff Only) <u>Equipment/Supplies</u> (Non-SOF Organ/Member "assigned" to TSOC HQs)	X X X	
OPERATIONS ANALYSIS (Development of studies of operational pgms and analysis of operational mix of weapons, equipment, tactics, and strategy) SO-Peculiar	X	
POLICY, PLANS, AND PROGRAMMING (Formulation, coordination and development of plans, policies, and programming actions.) SO-Peculiar	X	
RESEARCH AND DEVELOPMENT (Mgt of basic and developmental research, test and engrg pgms) SO-Peculiar	X	
RESERVE AFFAIRS (Mgt of reserve forces programs for service on active duty) SO-Peculiar	X	
TRAINING AND EDUCATION (Mgt of training and educational pgms, research, evaluation and curriculum development) SO-Peculiar	X	
MILPAY (MFP-11)	Programs	
CIVILIAN PAY (MFP-11)	X	
EXERCISES (SOF) (TSOC HQ Staff Only)	X	
CONTINGENCIES (TSOC HQ Staff Only)	X	
NON-PME TRAINING (Halo, Jump, SOF Language, etc.)	X	

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APPENDIX B. ACRONYMS AND ABBREVIATIONS

ASD(SO/LIC)	Assistant Secretary of Defense (Special Operations/Low Intensity Conflict)
BOS	Base Operating Support
CINC	Commander in Chief
DFAS	Defense Finance and Accounting Service
DoD	Department of Defense
DoDD	Department of Defense Directive
DW	Defense-wide
EA	Executive Agent
EUSA	Eighth United States Army
FAD	Funding Authorization Document
FY	Fiscal Year
FYDP	Future Years Defense Program
HQ	Headquarters
IG	Inspector General
JP	Joint Publication
LAN	Local Area Network
MFP	Major Force Program
MIPR	Military Interdepartmental Purchase Request
No.	Number
OAC	Operating Agency Code
OBAD	Operating Budget Activity Document
O&M	Operations and Maintenance
PBAS	Program Budget and Accounting System
PBD	Program Budget Decision
PE	Program Element
POM	Program Objective Memorandum
SLAN	Secure Local Area Network
SO	Special Operations

SOC	Special Operations Command
SOCCENT	Special Operations Command Central
SOCEUR	Special Operations Command Europe
SOCJFCOM	Special Operations Command Joint Forces Command
SOCKOR	Special Operations Command Korea
SOC PAC	Special Operations Command Pacific
SOC SOUTH	Special Operations Command South
SOF	Special Operations Forces
Sub-unified	Subordinate Unified
SV	Service
TSOC	Theater Special Operations Command
U.S.	United States
USC	United States Code
USCENTCOM	United States Central Command
USCINCSOC	Commander in Chief, United States Special Operations Command
USD(C)	Under Secretary of Defense (Comptroller)
USEUCOM	United States European Command
USFK	United States Forces Korea
UFR	Unfunded Requirement
USJFCOM	United States Joint Forces Command
USPACOM	United States Pacific Command
USPACFLT	United States Pacific Fleet
USARSO	United States Army South
USSOCOM	United States Special Operations Command
USSOUTHCOM	United States Southern Command

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