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CONGRESSIONAL BUDGETARY ACTIONS AND THEIR EFFECT ON THE UNITED STATES MARINE CORPS' ANNUAL BUDGET REQUESTS AND SUBSEQUENT EXECUTIONS

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December 2019

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The ability of the Department of Defense to maintain its readiness has been impacted by sustained combat operations due to the global war on terror. Compounding this problem further, Congress has created a climate of fiscal uncertainty through multiple congressional budgetary actions. These actions include the Budget Control Act (BCA) of 2011, Bipartisan Budget Act amendments, and Continuing Resolutions. The objective of this project is to determine the financial impacts these actions have had on the Marine Corps' budget requests and execution since the enactment of the BCA.

This project covers a 10-year period from fiscal year 2009 to 2018 which incorporates three fiscal years prior to the enactment of the BCA. Budget requests from the DoD as well as the Marine Corps were utilized in order to analyze the effects of the legislative actions. Analysis shows that the Marine Corps' budget requests for its Operating Forces trends the same as the DoD base budget. Regarding budget execution, a direct link to unobligated balances and legislative actions could not be determined.

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CONGRESSIONAL BUDGETARY ACTIONS AND THEIR EFFECT ON THE UNITED STATES MARINE CORPS' ANNUAL BUDGET REQUESTS AND SUBSEQUENT EXECUTIONS

ABSTRACT

The ability of the Department of Defense to maintain its readiness has been impacted by sustained combat operations due to the global war on terror. Compounding this problem further, Congress has created a climate of fiscal uncertainty through multiple congressional budgetary actions. These actions include the Budget Control Act (BCA) of 2011, Bipartisan Budget Act amendments, and Continuing Resolutions. The objective of this project is to determine the financial impacts these actions have had on the Marine Corps' budget requests and execution since the enactment of the BCA.

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LIST OF ACRONYMS AND ABBREVIATIONS

BA	Budget Activity
BBA	Bipartisan Budget Act
BCA	Budget Control Act
CBO	Congressional Budget Office
CR	Continuing Resolution
CRS	Congressional Research Service
DoD	Department of Defense
DoN	Department of the Navy
FY	Fiscal Year
FYDP	Future Years Defense Program
NDS	National Defense Strategy
OCO	Overseas Contingency Operations
O&M	Operations and Maintenance
OMMC	Operations and Maintenance Marine Corps
OUSD (C)	Office of the Under Secretary of Defense (Comptroller)
PB	President's Budget
POM	Program Objective Memorandum
PPBE	Planning Programming Budgeting and Execution
TOA	Total Obligation Authority

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I. INTRODUCTION

A. OVERVIEW

As a result of 18 years of sustained combat operations across the globe, the ability of the Department of Defense (DoD) to maintain the readiness of its force has been severely impacted. Consequences of congressional budgetary actions that have delayed and limited funding to support the DoD have compounded the readiness problem. In a statement to the Senate Appropriations Defense Subcommittee, Former chairman of the Joint Chiefs of Staff United States Marine Corps General Joseph Dunford said, “Eight years of continuing resolutions and the absence of predictable funding has forced the department to prioritize near-term readiness at the expense of modernization and advance capability development” (Garamone, 2017a). His statement provides direct insight into the main problem facing the DoD as it tries to modernize the force and improve readiness.

Over 30 Continuing Resolutions (CR) have been passed since fiscal year (FY) 2010, and with the passing of the Budget Control Act (BCA) of 2011, federal defense funding has faced a decade of financial uncertainty resulting in ever changing long-term, strategy-driven funding plans (McClanahan, Saturno, Lynch, Heniff, & Murray, 2019). These congressional actions have created an overarching financial environment that directly impacts how budget requests are prepared, submitted, and ultimately executed. The BCA is set to expire in FY 2021; but, as shown by the funding shortfall for DoD long-term planning forecast by the Office of the Under Secretary of Defense (Comptroller) (OUSD [C]) (2016a) and depicted in Figure 1, the DoD will continue to feel the effects of the challenging fiscal climate. These effects on the DoD have a direct impact on the Marine Corps’ ability to conduct long-term planning and fix its short-term problems.

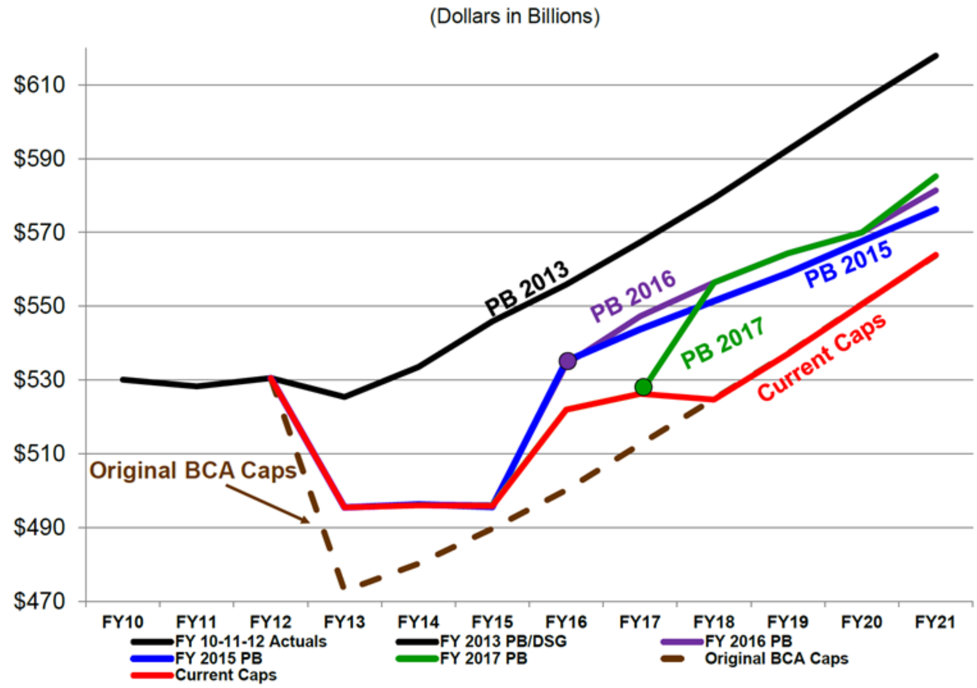

Figure 1. Defense Budget Picture FY 2017. Adapted from OUSD [C] (2016a).

Another factor affecting the Marine Corps' fiscal problems is the planning, programming, budgeting, and execution (PPBE) system, which is the budgeting process for the DoD. Within this budgeting cycle, at any time three budgets are being managed by the DoD, which adds to the complexity when under constant fiscal uncertainty. For the Marine Corps, programming and budgeting falls under the purview of the Department of the Navy (DoN), and must be reviewed and approved by the DoN, which in itself creates additional friction such as differing long-term objectives regarding force structure or shipbuilding plans that support Marine Corps operations. As the Marine Corps tries to conduct long-term planning and programming, the budget seldom reflects the requirements since it is continually adjusted by other priorities within the DoN and even at the DoD level.

All of these factors play a role in the Marine Corps' ability to budget and execute resources to be a force in readiness. According to the readiness section of the DoN FY 2018 Budget Highlights Book, the FY 2018 budget continued the efforts of the FY 2017 budget to close the gap on readiness and provide a forward postured Marine Corps that is ready to respond to crisis. The main account that it focuses on for achieving this goal, Budget Activity (BA) 1 Operating Forces, falls under the Operations and Maintenance, Marine Corps (OMMC) appropriation. This account provides funding to employ and sustain expeditionary forces, conduct training exercises, and support base operations for installations around the world. It receives the largest portion of the OMMC budget, as seen in Figure 2.

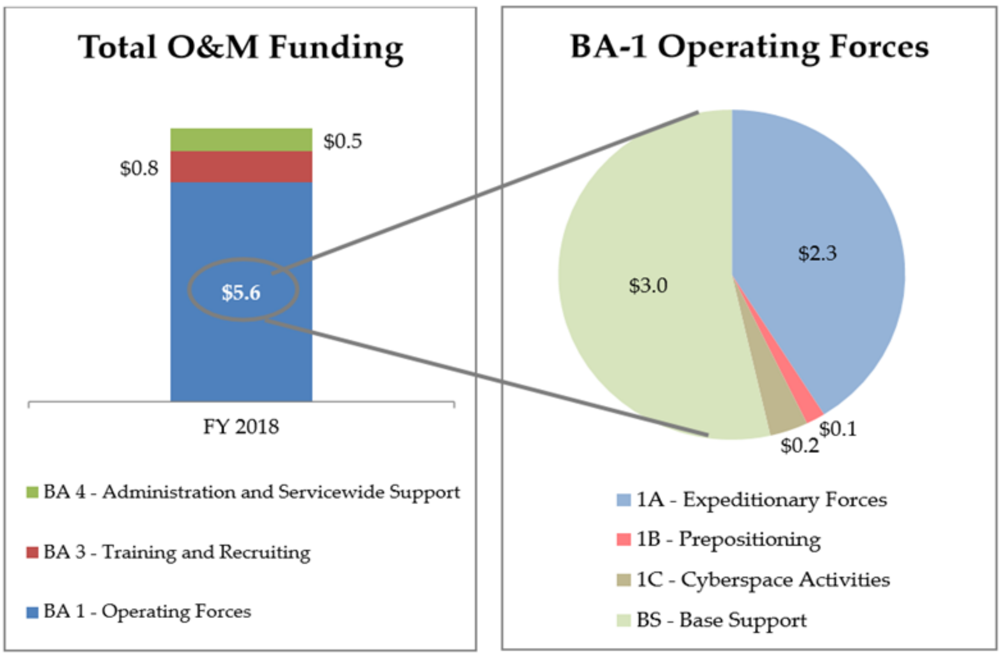

Figure 2. FY 2018 Active Marine Corps O&M Funding. Source: Office of the Assistant Secretary of the Navy [Financial Management and Comptroller], (2018).

B. PROBLEM STATEMENT

As the strategic environment has moved into an era of great power competition, it is vital that the Marine Corps utilizes its scarce resources effectively and efficiently in order to prepare for the future conflicts that it will face. Even though congressional actions continue to limit the financial flexibility of the DoD, each Service within the DoD continues to under-execute its total obligation authority (TOA) resulting in expired funding that can no longer be used to support their warfighters. The Marine Corps has not fully assessed the impact of congressional actions on its resource allocation. Through analysis, the Marine Corps may find it has more flexibility to assume risk in certain programs while funding others.

C. RESEARCH QUESTIONS

Primary research question: How have the fiscal constraints imposed on the DoD through the BCA affected Marine Corps budget requests and subsequent executions?

Secondary research questions: What were the outyear total budget projections for the DoD prior to, and as a result of, the BCA? What actions did the BCA and subsequent modification require? What is the delta between the allocations the Marine Corps received and subsequently executed in each fiscal year for its OMMC appropriation from 2009 through 2018? Have Continuing Resolutions impacted the Marine Corps' execution? How has the Marine Corps used the Overseas Contingency Operations (OCO) funds to lessen the impact of the budget cap?

D. SCOPE

According to the Congressional Research Service's (CRS) study on defining military readiness, no authoritative list exists that defines which budget line items contribute to supporting military readiness (Rumbaugh, 2017). Although the Marine Corps receives and utilizes multiple appropriations to support its readiness, it would be difficult to conduct a thorough analysis across numerous funding streams that have various life cycles. Even analyzing one appropriation proves itself difficult as seen in an analysis conducted by the Congressional Budget Office (CBO) in 2011 in which it could not establish a statistical relationship between unit readiness and Operations and Maintenance (O&M) spending (CBO, 2011).

A proxy must be determined for readiness in order to analyze the effects of congressional budgetary actions. Because the Marine Corps continues to face its own unique readiness problem, this project focuses on the O&M appropriation as its proxy for readiness, which focuses on the Marine Corps' active force O&M accounts that are one-year appropriations. According to Rumbaugh (2017), since O&M accounts contain funding for activities that do not contribute to readiness of the active force, an analysis of BA 1 Operating Forces is the refined proxy and the report concentrates on the narrow concept of readiness so no other appropriation besides OMMC is part of the analysis. The analysis covers both the budgeting and execution of BA 1 Operating Forces, OMMC from FY2009 through FY2018. This time range will provide the ability to compare budgeting and execution of FYs prior to the enactment of the BCA with FYs under the BCA. This time range is also limited due to the availability of reliable data. Recommendations for possible improvement is limited to any inferences gained through comparative analysis of data.

E. METHODOLOGY

In order to analyze the impacts of congressional budgetary actions on the Marine Corps, the data used has to be accurate and reliable. The Office of the Under Secretary of Defense, Comptroller's unclassified open source website has adequate data from 2009 to 2018 for both budgeting and execution of BA 1 Operating Forces, OMMC. For budgeting, the Operation & Maintenance Programs (O-1) report provides the relevant budget data for baseline and OCO funding. In order to determine a specific fiscal year's budget request and amount enacted we must use two different fiscal year O-1 reports. For example, to determine the budget request for FY2015, the FY2015 O-1 report is used. The FY2016 O-1 report provides the amount enacted for FY2015.

For execution, the OUSD [C] quarterly O&M budget execution reports provide data for budget execution for a given fiscal year. The 4th quarter report for a fiscal year provides the net TOA and total obligations for BA 1 Operating Forces, OMMC, which include baseline, OCO, statutory adjustments, and reprogramming actions. Even though the net TOA is different from the enacted amount, it still serves as a basis for comparing execution against budget. Since there is no reliable way to separate out between baseline, OCO, and reprogramming funding under total obligations, the given values will be used.

Recording data using Microsoft Excel facilitates its proper organization and allows for manipulation in order to conduct relevant analysis. The workbook is broken down into budget requests, enacted budget amounts, budget execution, funding caps based on the BCA and subsequent BBAs, and CR length in days for each fiscal year from 2009 to 2018.

Having these categories allows comparison to see what the deltas are between the Marine Corps' BA 1 Operating Forces, OMMC budget request and enacted TOA, with adjustments, and budget execution. It also allows comparison between length of CRs and budget execution to see if there is a statistical relationship between the two.

In order to conduct specific analysis for values across multiple fiscal years, the amounts must be converted into FY19 constant (real) dollars to ensure accurate comparison. To convert the amounts into constant dollars, we use the DoD deflator values as shown in Table 1 and the formula found in the FY19 DoD Green Book; Constant \$ = $\frac{\text{Current \$}}{\text{FYdeflator}} * (100)$.

Table 1. DoD Deflator. Adapted from OUSD [C], (2019a).

FY	DoD Deflator
2009	84.86
2010	86.80
2011	88.44
2012	89.90
2013	91.37
2014	92.46
2015	93.49
2016	94.38
2017	96.17
2018	98.16
2019	100.00

II. BACKGROUND

A. OVERVIEW

The BCA of 2011 is a federal law which was enacted to control the U.S. government's budget and spending. Its intent was to cap the government discretionary and non-discretionary spending for 10 years from 2011 to 2021. The caps set by the BCA were revised upward several times, limiting their effectiveness.

Since the implementation of the BCA of 2011 and frequent CRs dating prior to the BCA of 2011, the DoD, Marine Corps and political and industry leaders alike have in one voice pointed out the impact these legislative actions have had. These stakeholders noted the effects of the legislation on modernization programs, training, and operations across the services. The Marine Corps' ability to remain a technically adept force capable of winning a near-or peer-to-peer conflict is directly tied to the same effects.

For instance, in a statement delivered to the Senate Committee on Armed Services on September 2016, then Commandant of the Marine Corps, General Robert Neller, stated that budget cuts had impacted the Marine Corps and had come with a cost to meet operational requirements. Not too long after, both former Defense Secretary James Mattis and General Joseph Dunford, chairman of the Joint Chiefs of Staff testified in front of the same committee as the issue of budget caps and fiscal uncertainty still impacted the Marine Corps' readiness and the DoD as a whole. General Mattis voiced at this June 2017 hearing that the DoD needed several years to rectify the impact of sequestration and voiced the urgency of the issue: "Let me be clear: As hard as the last 16 years of war have been on our military, no enemy in the field has done as much to harm the readiness of U.S. military than the combined impact of the BCA's defense spending caps, worsened by operating for ten of the last 11 years under CRs of varied and unpredictable duration" (McGarry, 2019, p. 3).

B. BUDGET CONTROL ACT OF 2011

On August 2, 2011, President Barack Obama signed into law the BCA of 2011 (Pub.L. 112–25), also known as “An Act to provide for budget control”. The BCA contained several critical components in order to try and bring the budget under control. First, there was the increase of the U.S. debt-ceiling in order to prevent a crisis and debt default. Second, the law imposed caps to both defense and nondefense discretionary spending for ten fiscal years, from FY 2012 through FY2021 (S.365—112th Congress, 2011). In addition, the spending caps of the discretionary spending were enforced by sequestration to cut funding across discretionary spending to the limit specified by law in the event that spending caps were violated. This meant that a sequester was to take effect to reduce the deficit if at least $1.2 trillion was not enacted by January 15, 2012 (S.365—112th Congress, 2011) and continues through fiscal year 2021 when distributed equally across defense and non-defense spending with some exemptions (House Committee on the Budget, 2011).

The first automatic enforcement after the BCA of 2011 was enacted took effect in January 2012. This automatic revision of the BCA reduced the discretionary budget authority limits for defense spending by $54 billion in FY 2013 and by $55 billion in FY 2014 through FY 2021. The amounts for the BCA and Bipartisan Budget Acts (BBA) spending limits on National Defense discretionary base budget authority came from CRS report No. R44039 as seen on Table 2. Table 2 depicts the spending limits in billions of nominal dollars as amended in shaded and bold and excludes OCO.

Table 2. BCA Limits on National Defense (050) Discretionary Base Budget Authority. Source: McGarry (2019).

National Defense (050)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Budget Control Act of 2011	555	546	556	566	577	590	603	616	630	644
BCA after automatic revision	555	492	501	511	522	535	548	561	575	589
American Taxpayer Relief Act of 2012	555	**518**	**497**	511	522	535	548	561	575	589
Bipartisan Budget Act of 2013	555	518	**520**	**521**	523	536	549	562	576	590
Bipartisan Budget Act of 2015	555	518	520	521	**548**	**551**	549	562	576	590
Bipartisan Budget Act of 2018	555	518	520	521	548	551	**629**	**647**	576	590
Bipartisan Budget Act of 2019	555	518	520	521	548	551	629	647	**667**	**672**

C. STATUTORY CHANGES MADE TO THE BCA OF 2011

To modify or repeal any aspect of the BCA of 2011, new legislation must be enacted. Up to five statutory changes have been made to the BCA since 2012. The changes were to the spending limits or enforcement procedures initially listed in the BCA for each year from FY2013 through FY2021 (House Committee on the Budget, 2011).

The American Taxpayer Relief Act (ATRA) as well as all four Bipartisan Budget Acts (BBAs) were enacted to raise the spending limits instituted by the BCA of 2011. These bills were all introduced by the House of Representative unlike the BCA itself which was introduced by the Senate. A budget resolution must be passed by both the House of Representative and the Senate before it is signed into law by the president. The fact that Congress could not pass a budget on time post-BCA and the pressure of the DoD to raise the caps are the contributing factors to these statutory changes.

1. The American Taxpayer Relief Act (ATRA) of 2012 (Pub.L. 112–240)

This ATRA was enacted on January 2, 2013 (H.R. 8—112th Congress, 2011). Signed by President Barack Obama, the ATRA of 2012 primarily made permanent extension and modification of the 2001 and 2003 tax relief and extended the 2009 tax relief and made permanent alternative minimum tax relief (H.R. 8—112th Congress, 2011). Also, other temporary tax provisions to include the individual tax and business tax were extended for a period of one to five years (H.R. 8—112th Congress, 2011). Pertaining to the BCA of 2011, this bill addressed the activation of the BCA of 2011's budget sequestration provisions. It reduced cuts to the defense accounts originally set by the BCA of 2011 by $24 billion and delayed the start of the FY 2013 sequester from January to March of that fiscal year (Driessen & Lynch, 2019). The ATRA of 2012 impacted the discretionary budget authority limits under the BCA of 2011 for FY 2013 and FY 2014. The discretionary caps in FY 2013 were set at approximately $518 billion for defense activities and $484 billion for nondefense activities, and the FY 2014 discretionary caps were set at $497 billion for defense activities and $469 billion for nondefense activities.

2. The Bipartisan Budget Act (BBA) of 2013 (Pub.L. 113–67)

This law was enacted on December 26, 2013 (H.J.Res. 59—113th Congress, 2013). Signed by President Barack Obama, the BBA of 2013 is also referred to as the Murray-Ryan agreement. Because the 2011 budget cut greatly affected the DoD and FY 2013 encountered a sequester that started on March 3, 2013, one of the primary purposes for the BBA of 2013 was to find a solution for the DoD in order to better support DoD personnel and their mission. Also known as the Continuing Appropriations Resolution, 2014, the BBA of 2013 was a federal statute concerning spending and the budget in the United States (H.J.Res. 59—113th Congress, 2013), which raised the sequestration caps for FYs 2014 and 2015 for both defense and nondefense discretionary spending each by about $22 billion and $9 billion, respectively, for discretionary spending (Driessen & Lynch, 2019), in return for extending the imposition of the caps into fiscal years 2022 and 2023. In effect, raising the caps, but extending them longer into the future. Following the enactment of this law, the discretionary caps in FY 2014 were set at approximately $520 billion for defense activities and $492 billion for nondefense activities, and the FY 2015 discretionary caps were set at $521 billion for defense activities and $492 billion for nondefense activities.

3. The BBA of 2015 (Pub.L. 114–74)

This law was enacted on November 2, 2015 (H.J. 1314—114th Congress, 2015). Signed by President Barack Obama, this bill was initially used with the intent to pass three proposals that were distinct and unrelated (H.J. 1314—114th Congress, 2015). These proposals were: the BBA of 2015, the Trade Act of 2015 and a bill regarding administrative appeal of IRS determinations (H.J. 1314—114th Congress, 2015). Ultimately, the bill was used to raise the government debt ceiling and raise the government spending levels by $25 billion in FY 2016 for both defense and nondefense discretionary spending, and by $15 billion in FY 2017 for both defense and nondefense discretionary spending (Driessen & Lynch, 2019). Following the enactment of this law, the discretionary caps in FY 2016 were set at approximately $548 billion for defense activities and $518 billion for nondefense activities, and the FY 2017 discretionary caps were set at $551 billion for defense activities and $519 billion for nondefense activities. Also, nonbinding spending targets for OCO for FY 2016 and FY 2017 were established.

4. The BBA of 2018 (Pub.L. 115–123)

This bill was enacted on February 9, 2018 (H.R. 1892—115th Congress, 2018). An amendment to this bill: "Bipartisan Budget and Appropriation Reform Act of 2018" was introduced to Congress on November 29, 2018 but was not enacted (H.R. 7191—115th Congress, 2018). Signed by President Donald Trump, the BBA of 2018 is also known as "Further Extension of Continuing Appropriations Act, 2018; Department of Defense Appropriations Act, 2018; Sustain Care Act of 2018; Honoring Hometown Heroes Act" (H.R. 1892—115th Congress, 2018). This bill increased the discretionary spending limits for defense and nondefense spending for FY 2018 by $80 billion and $63 billion, respectively, and for FY 2019 by $85 billion and $68 billion, respectively. The discretionary caps in FY 2018 were set at approximately $629 billion for defense activities and $579 billion for nondefense activities, and the FY 2019 discretionary caps were set at $647 billion for defense activities and $597 billion for nondefense activities. This bill also prevented a government shutdown in FY 2019 and allowed the funding of the federal government until March 23, 2018.

5. The BBA of 2019 (Pub.L. 116–37)

This law was enacted on August 2, 2019. Signed by President Donald Trump, this bill increased the discretionary spending limits for defense and nondefense spending for FY 2020 by $90 billion and $78 billion, respectively, and for FY 2021 by $81 billion and $72 billion, respectively. In other words, following the enactment of this law, the discretionary caps in FY 2020 were set at approximately $667 billion for defense activities and $622 billion for nondefense activities, and the FY 2021 discretionary caps are scheduled to be $672 billion for defense activities and $627 billion for nondefense activities (the highest yet) (Driessen & Lynch, 2019). The bill also suspended the debt limit for those fiscal years until July 31, 2021 and modified budget enforcement procedures. In addition, the bill specified limits for OCO funding and included provisions for designations of funds for OCO.

D. CONTINUING RESOLUTIONS

A CR or continuing appropriations as defined by the U.S. Senate, is a "legislation in the form of a joint resolution enacted by Congress, when the new fiscal year is about to begin or has begun, to provide budget authority for Federal agencies and programs to continue in operation until the regular appropriations acts are enacted" (U.S. Senate, 2019). The Continuing Resolution Authority gives Marine Corps commands an authorization to continue with daily operations before an appropriation bill is signed and an authorization is passed down to Headquarters Marine Corps, Programs and Resources for execution.

Data regarding the amount of days the DoD was under a CR came from CRS report No R45870 as seen on Figure 3. Figure 3 depicts the large disparity of days under a CR between FY 2010 to FY2018 compared to FY 2002 to FY 2009. The DoD has started the FY under a CR every year since FY 2011. The many CRs in FY 2011 made FY 2011 the first year since FY 2002 that the CRs went into the third quarter lasting 196 days. CRs are supposed to be temporary and are designed to give decision-makers more time to sign the appropriation bills that are often used to prevent government shutdowns.

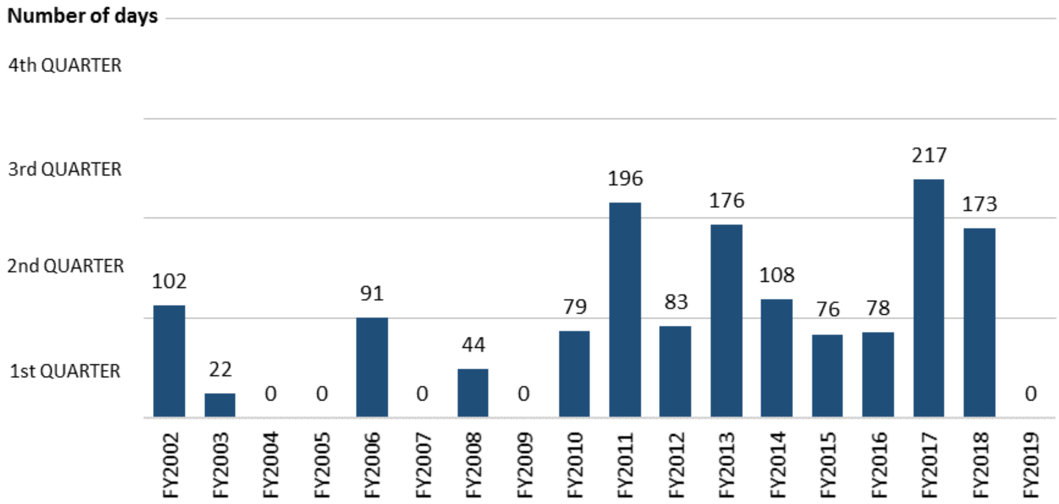

Figure 3. Days Under a Continuing Resolution: Department of Defense. Source: Towell, McClanahan, & Roscoe (2019).

As General Robert Neller stated to the Senate Committee on Armed Services in 2016, "The fiscal reductions and budget instability of the past few years have negatively impacted our current and future readiness" (Neller, 2016, p. 3). The budget instability mentioned here is not only due to the effect of the BCA of 2011, but also to the multiple CRs the DoD has faced over the years. One of the major issues with CRs is that although CRs give DoD agencies such as the Marine Corps the latitude to continue normal operations and maintenance until an appropriation bill is signed, no new initiatives or programs can be executed. These have impacted Marine Corps procurements such as the Marine Personnel Carrier (MPC) that in turn end up impacting OMMC. "On June 14, 2013, Marine leadership put the MPC program on ice due to budgetary pressures but suggested the program might be resurrected some 10 years down the road when budgetary resources might be more favorable" (Feickert, 2019, Summary).

This issue was addressed by the CRS on August 2019 which released the "Defense Spending Under an Interim Continuing Resolution: In brief." The CRS assessed the impact on DoD and concluded that "published reports on the effect of CRs on agency operations typically provide anecdotal assertions that such funding measures increase costs and reduce efficiencies" (Towell et al., 2019), but that those accounts do not support their information with data and therefore make it systematically impossible to analyze the effects of CRs (Towell et al., 2019). Nevertheless, the CRS looked also at research conducted by the RAND Corporation in 2017. RAND concluded after looking at certain criteria that it “did not find strong evidence… indicating that CRs are generally associated with delays in procurement awards or increased costs” (Towell et al., 2019), but that, given the limitations inherent in statistical analysis, it could not use the results perceived to eliminate the manifestation of negative impacts imposed by CRs (Towell et al., 2019).

E. SUMMARY

The BCA of 2011 had five statutory changes that altered the BCA from its original form and intent. Over the span of seven years (2012–2018) there were five statutory changes that amended and increased the caps for both discretionary and nondiscretionary spending for every year since 2012.

Figure 4 shows actual and projected outlays by budget enforcement category from 2001 to 2024 projections. It depicts a slight decrease in defense and non-defense discretionary spending after the BCA of 2011 was enacted. However, before the end of the covered period (2021), there is an increase in both defense and non-defense discretionary spending if not higher, matching what is was in 2011. The several amendments to the BCA of 2011 made it less effective in the sense that it did not meet its initial intent every year after its enactment.

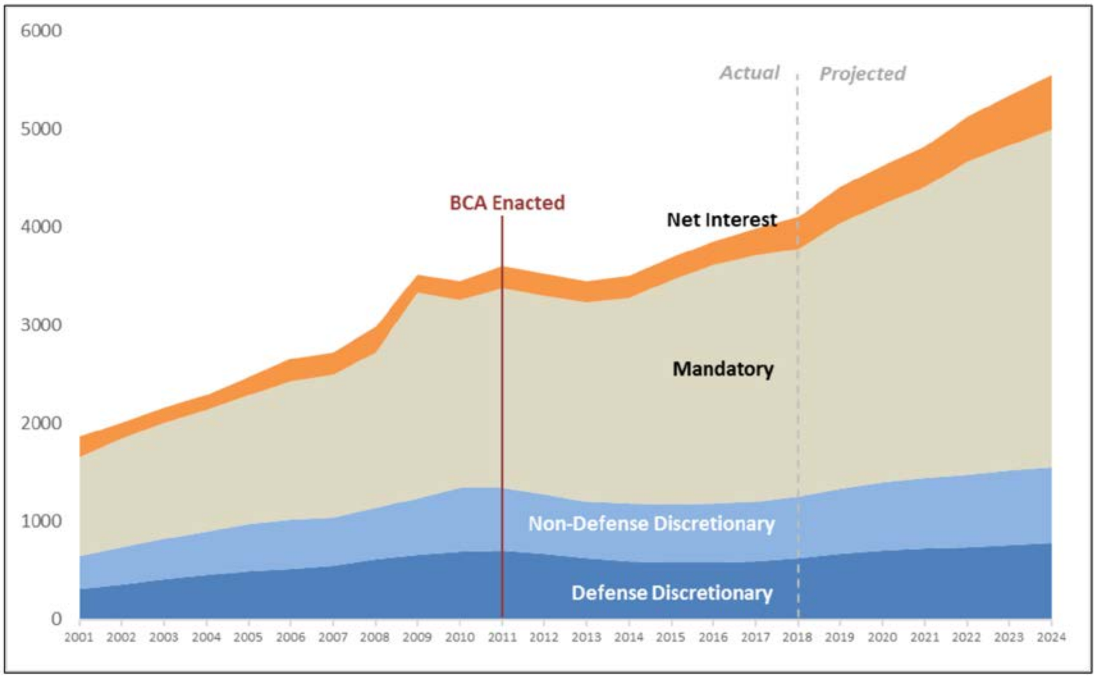

Figure 4. Outlays by Budget Enforcement Act Category, FY2001-FY2024 (in billions). Adapted from McGarry (2019).

The BCA impacted the Marine Corps by limiting the amount the service could spend and frequent CRs made executing those lower amounts more difficult. The varied and unpredictable fiscal environment of CRs have become the direct link between budget requests and subsequent executions. There has been uncertainty and chaos in the Marine Corps spending significantly impacting the Marine Corps' readiness which is why General Mattis advocated stable budgets for the DoD to work with (Garamone, 2017b).

Although the cuts to the defense budget have tapered off, the damage caused by successive cuts, but also the uncertainty of future years' funding levels and delays in current year funds have left its marks on modernization programs, training, and operations. In fact, years of sequestration actually caused the need for a larger budget (Perez, 2018). In order to reverse this damage, not only must the Marine Corps consider whether its budget request formulation process and funds execution needs revision, but it must also truly understand the impact of budget caps in real terms. This will put budget and financial officers in a better position to advise decision-makers, refine how they prepare budget requests, and implement plans to efficiently execute their funding.

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III. FINDINGS

This chapter provides the findings from the compiled data in an effort to provide insight into answering the research questions. The analysis begins with the budgeting perspective at the DoD level and then dives into the Marine Corps’ BA 1 Operating Forces account from before the BCA, FY 2009 to 2011, and post BCA FYs 2012 to 2018. The BA 1 Operating Forces OMMC account represents a proxy for readiness to shed some insight into how funding for readiness may have changed during the 10-year period. Next, the analysis looks at the execution of the data by the Marine Corps and its relation to the DoD and budget caps. The data presented is from the total DoD discretionary budget, the OMMC appropriation level, and BA 1 Operating Forces level to see if there is any relationship regarding cuts/caps on funding and their effects.

A. BUDGET REQUESTS

1. DoD

In order to understand the fiscal climate and long-term implications on planning, we need to look at the top line DoD budget requests and allocations. From FY 2012 to FY 2018 there had been 5 different budget deals that affected the funding caps regarding discretionary funding for the DoD. In FY 2013, sequestration kicked in and significantly reduced the budget for the DoD from the prior FY. Figure 5 shows how the enacted amounts for the DoD, which include base and OCO funding, in nominal and real (FY 2019) terms have tracked together over the past 10 years. From FY 2009 to 2010 the DoD had a slight increase in its enacted amounts and from 2010 to 2015 the DoD enacted amounts did not increase in either nominal or real values. FY 2016 was the first year to see an increase in both real and nominal values in terms of the enacted amounts that were similar to prior BCA growth. In real terms, the FY 2017 increase in enacted amounts was less than the prior year by 0.22 percent.

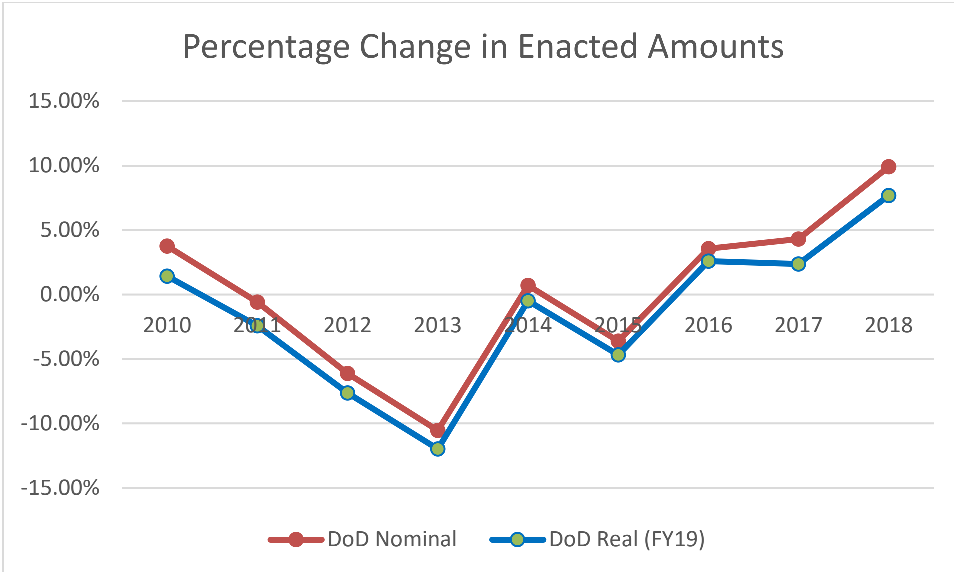


Figure 5. FY to FY Changes in DoD Enacted Amounts. Adapted from OUSD [C] (2019a)

Table 3 displays the President's Budget (PB) submission for FY 2011 through 2018 with proposed out-year topline figures for the base budget. Data for FY 2009 and 2010 data long-range planning data is unavailable. As the available data shows, beginning with FY 2012, the initial year after the enactment of the BCA, the topline figures for the DoD have decreased year over year with its long-range planning. Looking at the FY 2011 PB submission, the DoD anticipated requiring $635 billion in FY 2016 to meet its objectives, however, the actual PB submitted for FY 2016 was $101 billion below that amount. The largest difference in long-range planning can be seen in FY 2015 with a delta of $120 billion from what was forecasted back in FY 2011 to what was actually submitted in FY 2015. The FY 2015 PB submission is almost 20 percent less than what was forecasted to be required back in FY 2011. Even though the FY 2018 delta is small compared to the other FYs, the PB amount submitted was above the BCA enacted cuts in hopes that Congress would produce legislation to enact that amount.

Table 3. DoD Proposed Outyear Topline Figures for the Base Budget. Adapted from OUSD [C] (2010c, 2011c, 2012b, 2013c, 2014c, 2015c, 2016c, 2017d).

Current $ in Billions	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
FY 2011 PB	566	582	598	616	635		
FY 2012 PB	553	571	586	598	611	622	
FY 2013 PB		525	534	546	556	567	579
FY 2014 PB			527	541	551	560	569
FY 2015 PB				496	535	544	551
FY 2016 PB					534	547	556
FY 2017 PB						524	557
FY 2018 PB							575
Delta*	**-13**	**-57**	**-71**	**-120**	**-101**	**-98**	**-4**

*Initial outyear minus actual PB submission

Figure 6, from the FY 2019 budget request, shows how the BCA and BBA caps has hindered the DoD from receiving the funding it forecasted based on the FY 2011 Future Years Defense Program (FYDP). The figure also shows how the DoD is finally starting to close the gap on its shortage beginning in FY 2018. Figure 6 along with Table 3, shows the effect on the DoD topline when it comes to planning long-range strategies and what is appropriated by Congress.

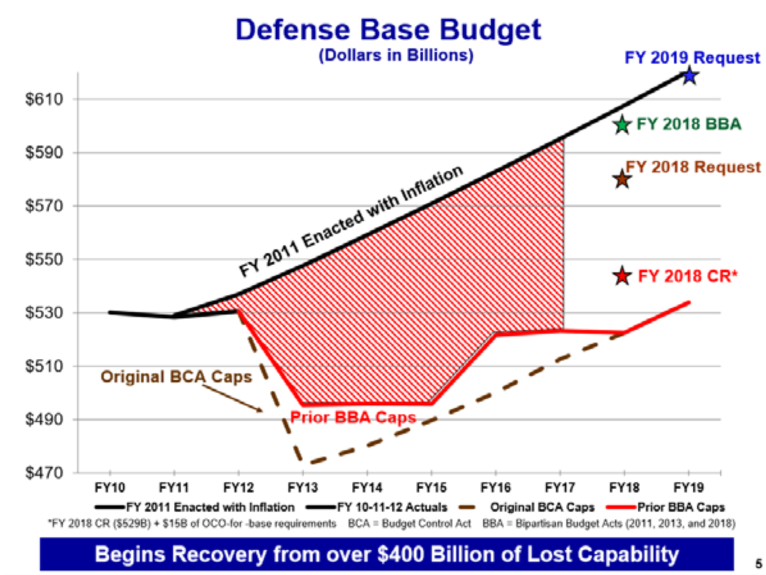


Figure 6. Defense Base Budget. Source: OUSD [C] (2018).

Because of the congressional legislative actions that have limited the topline of the DoD, the DoD has used its OCO funding to offset the caps imposed by the BCA and BBAs to cover some of its baseline requirements. OCO has continually been used as a means to fund baseline requirements since OCO does not fall under the constraints of the BCA. The continual use of OCO funds to offset base budget caps highlights a huge problem within the DoD fiscal environment. These limitations have resulted in the abuse of OCO to fund large portions of long-term baseline requirements and do not align with the purpose of why OCO was introduced in FY 2011. Figure 7 displays the percentage of the budget authority for the DoD that is OCO funding. The percentage trends downward after the enactment of the BCA but still remains a significant portion of the total budget authority of the DoD.

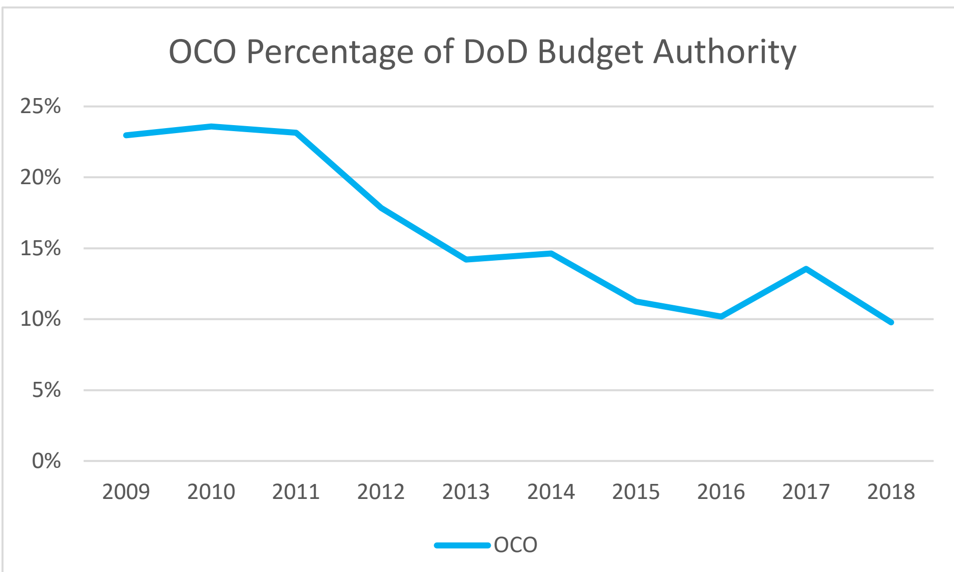


Figure 7. OCO Percentage of DoD Budget Authority. Adapted from OUSD [C] (2019a).

Figure 8 shows the percentage change from FY to FY of OCO funding. This graph trends in the same way as Figure 5 except for FY 2018 where the BBA was enacted which increased the base cap to $600 billion which decreased the amount required for OCO resulting in a negative 22 percent change. With the drawdown of military forces from combat operations in Iraq and Afghanistan in 2011, funded by OCO, a downward slope in the percentage change in OCO funding can be seen. After 2011, besides the standard military exercises and operations overseas, OCO funded some military operations including the terrorism threat in Afghanistan and Yemen (Torreon & Plagakis, 2019).

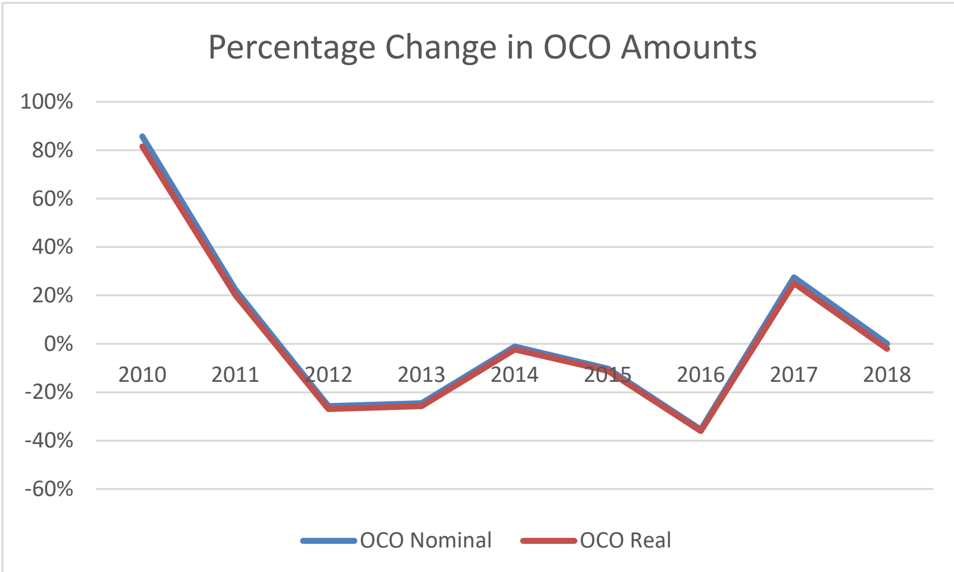


Figure 8. Percentage Change in OCO Amounts. Adapted from OUSD [C] (2019a).

2. Marine Corps

To see how the BCA of 2011 and its statutory changes imposed on the DoD affected Marine Corps budget requests, a bar chart was used to compare OMMC BA 1 Operating Force PB request, enacted amount net of statutory adjustments, and the TOA net of reprogramming to see how each one of them fluctuated pre-BCA and years following the BCA. Pre-BCA years in Figure 9 show that the enacted amount is drastically above the PB requested amount which is due to how OCO was reported. In FY 2009 through 2011 OCO was not included in the PB request and was added as a statutory adjustment to the enacted amounts. FYs 2012 through 2018 do not have any drastic difference in values between the three variables. In FY 2013, even though the amount enacted was higher than requested, due to sequestration taking effect the net TOA for the Marine Corps dropped significantly.

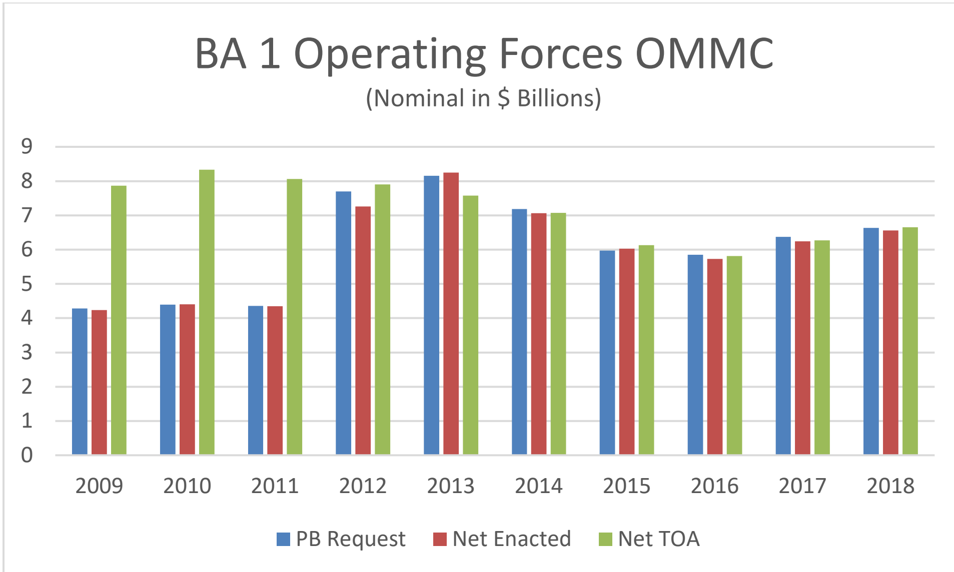


Figure 9. Marine Corps BA 1 Operating Forces. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

Table 4 displays the amounts and relative size of the Marine Corps' BA 1 Operating Forces budget request compared to that of the DoD topline. It also shows what the BA 1 Operating Forces budget request is compared to the overall OMMC budget request. The Marine Corps' BA 1 Operating Forces budget request takes up the majority of the OMMC request but is only around one percent of the overall DoD budget request. FY 2009 through 2011 only includes base funding which is why they are lower than the other FYs. Also, the increase in BA 1 as a percentage of the DoD topline beginning in FY 2012 is due to the amount of OCO enacted for the BA 1 account since it is used to support the deployed forces conducting contingency operations. As seen from Figure 9 and Table 4, there is a significant drop in overall funding in more recent years at all three levels from FY 2015 to 2018 compared to the amounts from the beginning of the BCA in FY 2012 to 2014.

Table 4. BA 1 Operating Forces Percentage of OMMC & DoD. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

FY	BA 1 ($ BN)	OMMC ($ BN)	DoD ($ BN)	BA 1 % OMMC	BA 1 % DoD
2009	4.3	5.6	515	76%	0.83%
2010	4.4	5.5	534	80%	0.82%
2011	4.4	5.6	549	78%	0.79%
2012	7.7	9.5	671	81%	1.15%
2013	8.2	10	614	82%	1.33%
2014	7.2	8.9	615	81%	1.17%
2015	6.0	7.4	575	81%	1.04%
2016	5.8	7.2	585	81%	1.00%
2017	6.4	7.8	589	82%	1.08%
2018	6.6	8.1	639	82%	1.04%

Figure 10 displays the percentage change from FY to FY of BA 1 budget requests and DoD budget requests. This line chart shows a similar trend in both variable except in FY 2013 and 2014 where the percentages deviate from each other. In FY 2013 the percentage change for the DoD from FY 2012 is negative 8.49 percent while the Marine Corps' BA 1 percentage change from the same period is 6.03 percent. In FY 2014 the percentage change for the DoD from FY 2013 to 2014 is 0.16 percent while the Marine Corps' BA 1 percentage change is negative 11.94 percent.

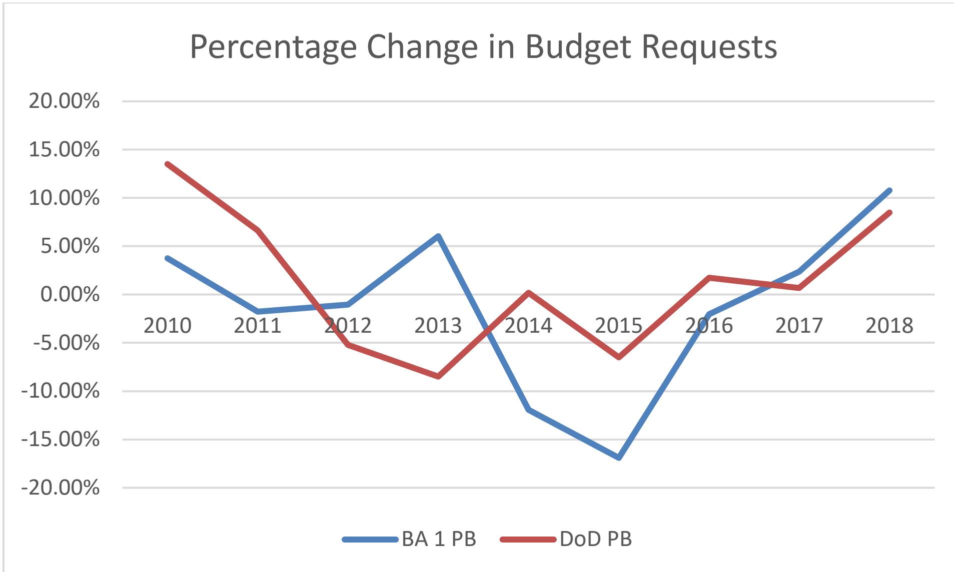


Figure 10. Percentage Change in Budget Requests. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b)

Figure 11 displays the percentage change from FY to FY of BA 1 and DoD enacted amounts along with the BBA budget cap adjustments beginning in FY 2012. This line chart is very similar to Figure 10 except in FY 2010 and 2011 the percentages are closer in line with each other. The huge drop in DoD enacted amount after FY 2013 is the BCA effect. FY 2013 saw the BCA spending limit in effect and the enforcement of sequestration. The variation in percentages in Figure 11 compared to Figure 10 are due to statutory adjustments made by Congress in the budgeting process. Looking at the BBA data, the budget cap from FY 2016 to FY 2017 only had a slight increase compared to larger increases to the DoD and BA 1 account. Even though in FY 2014 the BBA had a slight increase in the budget cap, BA 1 had a large decrease in its enacted amount.

Figure 12 displays the percentage changes from FY to FY of BA 1 budget request in nominal and constant FY 2019 values. This chart shows that when adjusted for inflation, the values for the percentage changes from year to year are lower than the nominal rates. For example, in FY 2015, the percentage change from the PB request for BA 1 in nominal terms was negative 16.91 percent, however, when put into FY 2019 values, the real value becomes negative 17.82 percent. This means that in FY 2015 the amount requested had less buying power than what was originally budgeted for. The effects of the BCA can be seen in the percentage change from FY 2013 to FY 2014 in BA 1 as it reaches nearly negative 15 percent.

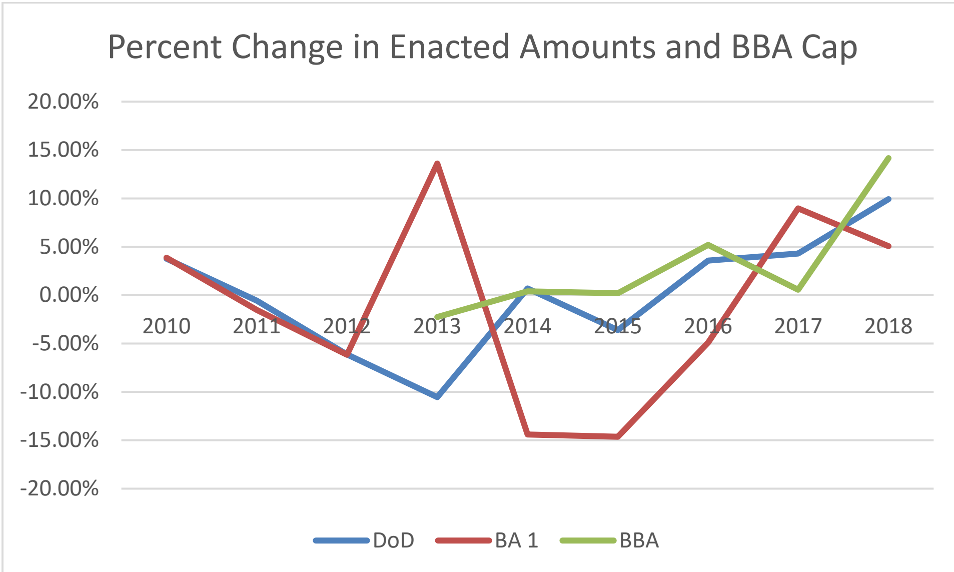


Figure 11. Percentage Change in Enacted Amounts for BA 1 and DoD. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

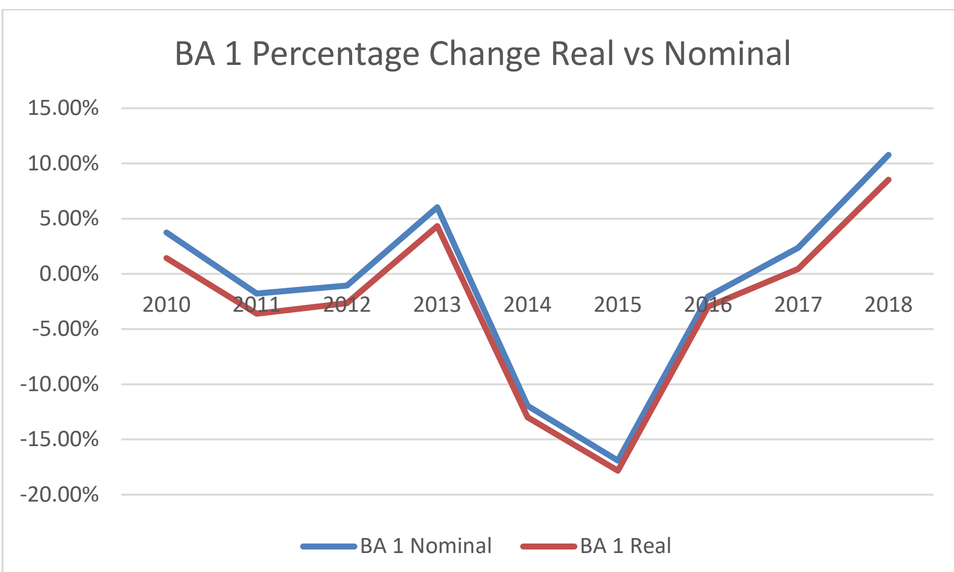


Figure 12. Percentage Changed in Enacted Amounts for BA 1. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

Figure 13 shows the percentage of the Marine Corps' BA 1 PB request of OCO compared to the total budget request over the last 10 FYs. The figure also shows the percentage of the budget request for the DoD that is OCO. In comparison, both lines have similar trends but the overall percentage of OCO for the Marine Corps' BA 1 is consistently higher which is in line with what the account supports. Both lines trend downward after the enactment of the BCA which is interesting considering OCO amounts do not fall under BCA caps.

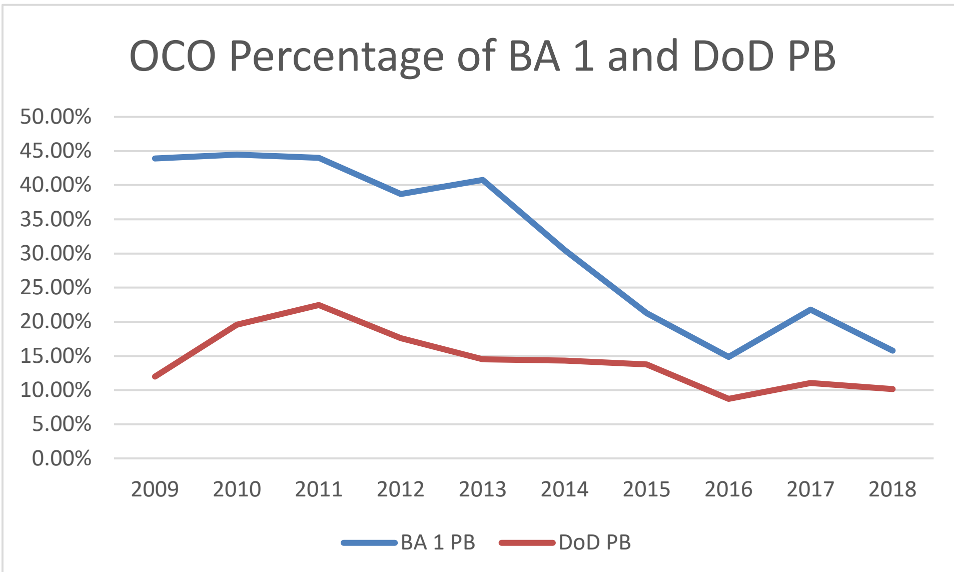


Figure 13. OCO Percentage of DoD Budget Authority. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

Figure 14 shows the percentage change from FY to FY of OCO funding budget requests for both BA 1 and the DoD. This chart has similar trends compared to Figure 11 which is the percentage change of enacted amounts for BA 1 and DoD topline. The variables become inverse of each other after the BCA enactment from FY 2012 to FY 2016. In FY 2017 they come closer to alignment with each other and the percentages continue to lower in FY 2018 as the DoD tries to increase the base budget and decrease its reliance on OCO.

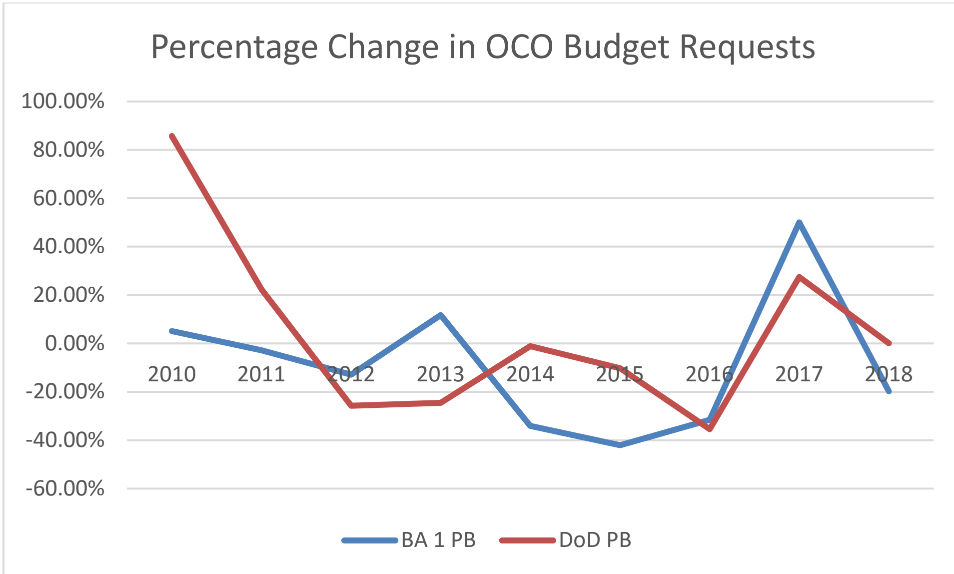


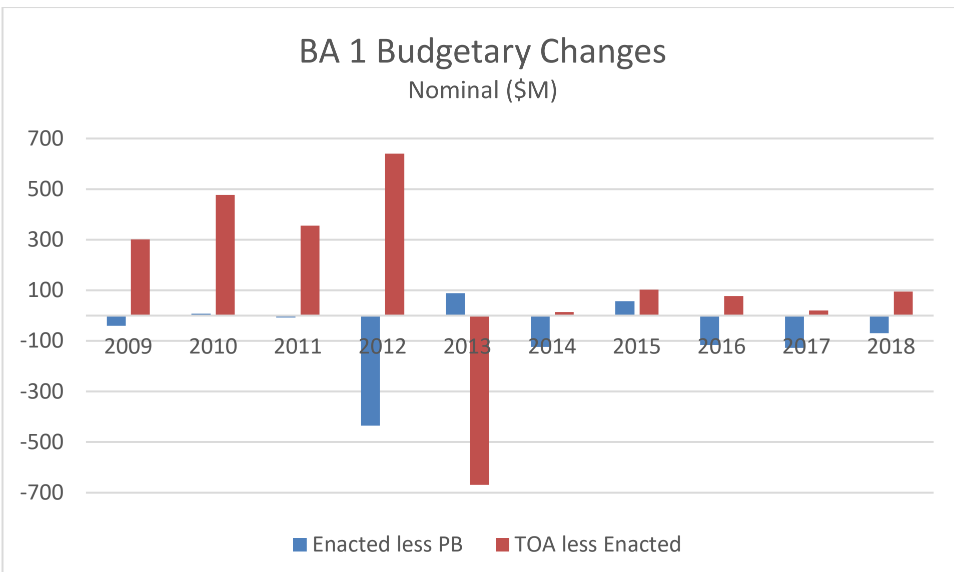
Figure 14. Percentage Change in OCO Amounts. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

In summary, the figures and tables in this chapter demonstrate that congressional budgetary actions have led to inconsistent and untimely funding which has impacted the DoD and Marine Corps through their requested, enacted, and executed appropriations. As seen throughout the chapter, funding for the DoD from FY 2012 through FY 2016 slowly declined, due to BCA effects, until it hit the lowest amount in the decade in FY 2016. This led to the DoD facing a readiness and modernization problem due to the lack of fiscal certainty and the ability to adequately fund a long-term defense strategy. This has also forced the services to use OCO funding to fund baseline requirements.

B. BUDGET EXECUTION

With so much uncertainty facing the execution year of the PPBE process, the actual amounts budgeted for will more than likely be different from what is appropriated and will also vary by what is reprogrammed or adjusted during the year. The difference between the amounts that the Marine Corps budgeted for, received, and adjusted during each FY are seen in Table 5. The amounts enacted compared to the requests vary slightly from year to year. However, FY 2012 shows that the amount enacted was over $400 million less than the amount requested. Also, the enacted amounts in the most recent years is consistently less than the amounts requested. The adjustments to the TOA throughout the fiscal year may indicate that, the Marine Corps reprogrammed funding from other accounts knowing that it could execute the money prior to expiration. As the figure displays, the pre-BCA FYs have a larger amount of adjustments made which increased the net TOA for the BA 1 account compared to the post-BCA FYs. This may be an indicator that with tighter fiscal constraints and uncertainty the Marine Corps' ability to adjust funding during the FY may be limited since the enactment of the BCA. However, the larger amount of TOA in pre-BCA FYs can also be associated to the use of OCO funding. FY 2013 shows the effect of sequestration which resulted in a reduction of over $600 million to the account.

Table 5. BA 1 Budgetary Changes. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).



The delta between the allocations the Marine Corps received and subsequently executed in each fiscal year for its BA 1 Operating Forces OMMC appropriation from FYs 2009 through 2018 is depicted in Figure 12. The line chart displays the unobligated amount which is the difference between the net TOA and execution over those years. The lowest amount is seen in FY 2009 which is before the enactment of the BCA. However, in FY 2014 the unobligated is very close to FY 2009 levels.

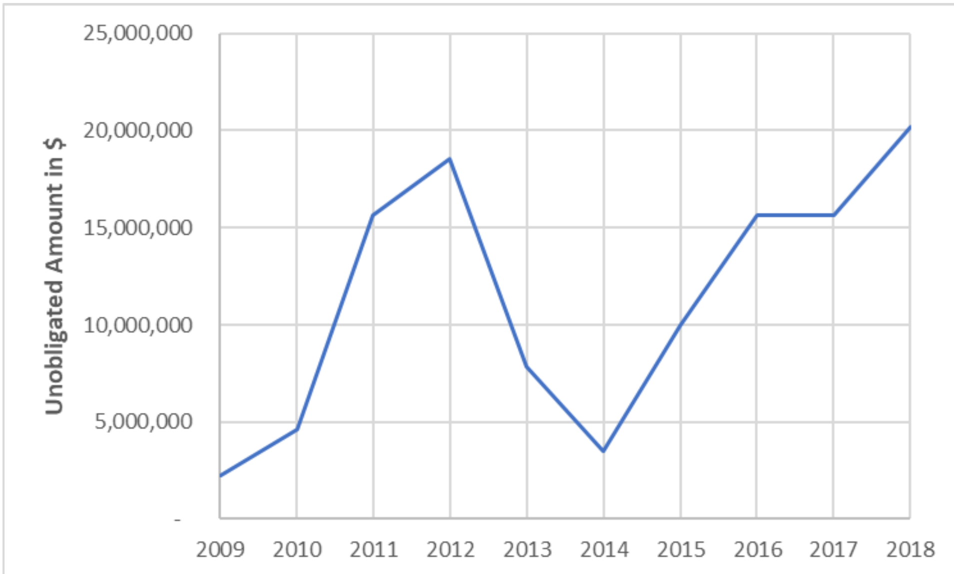


Figure 15. Delta between OMMC BA 01 Operating Forces Net TOA and Execution. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

Figure 16 shows that there is no correlation between high unobligated balances and a lower appropriation the following year. If Y is the FY, series 1 through 9 identify each FY from FY 2009 through FY 2017. In FY 2012 (series 4) for example, the unobligated TOA is the highest of the covered period (FYs 2009—2017). The enacted amount FY 2013 (series 4), however, is not the lowest of the covered period (FYs 2010—2018), suggesting that there is likely no correlation between the high unobligated balance (FY 2012) and the enacted amount the following year (FY 2013). A correlation of the unobligated TOA at year Y to the enacted amount with statutory adjustment at year Y +1 gives a value of -0.069; a negative correlation between the two variables. This confirms that there is no practically significant correlation between the high unobligated balance on year Y and a lower appropriation the following year.

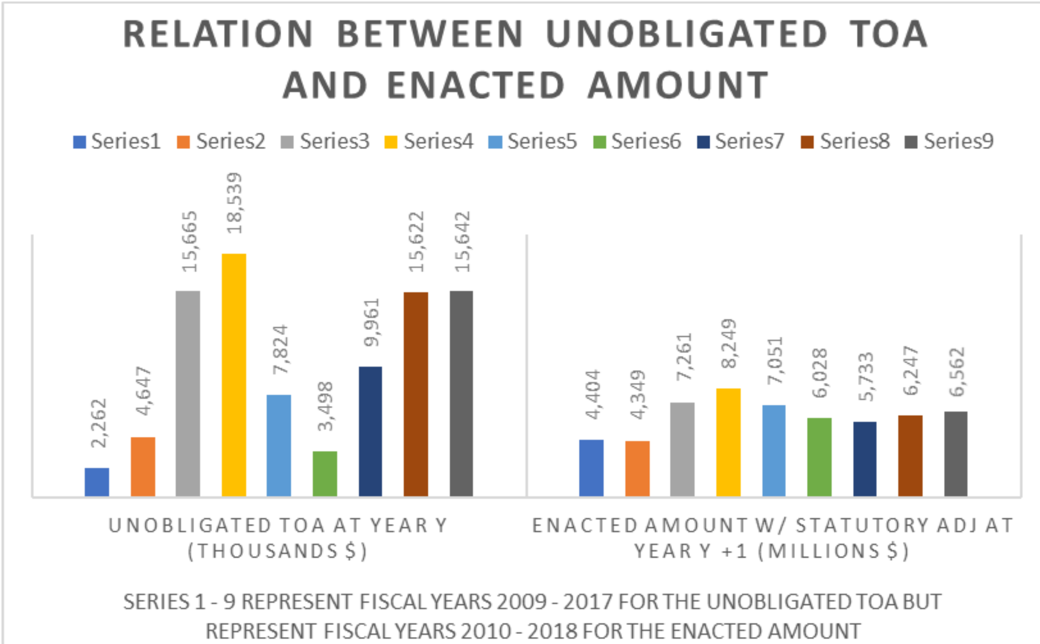


Figure 16. Relation between OMMC BA 01 Operating Forces Unobligated TOA and the Following Year Enacted Amount. Adapted from OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

To determine if CRs have impacted the Marine Corps' ability to execute its funding based solely on data. A correlation analysis was conducted to see if any statistical relationship exists between BA 1 Operating Forces OMMC unobligated TOA for each FY and the amount of days under a CR for that FY.

Table 6. BA 01 Operating Force OMMC Unobligated TOA and Number of Days under CR. Adapted from Towell et al., 2019, OUSD [C] (2009b, 2010b, 2011b, 2013b, 2014b, 2015b, 2016b. 2017c, 2019b).

Fiscal Year	Number of Days Under CR (Days)	Unobligated TOA (Thousands $)
2009	0	2,262
2010	79	4,647
2011	196	15,665
2012	83	18,539
2013	176	7,823
2014	108	3,498
2015	76	9,961
2016	78	15,621
2017	217	15,642
2018	173	20,202

Table 6 data was used to conduct a correlation test in Excel. The correlation test between OMMC BA 01 Operating Forces unobligated TOA against the number of days under CR during FYs 2009 through 2018 gave a correlation of 0.515. Based on the result obtained, there is a moderate correlation between the number of days under CR and the unobligated TOA.

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IV. DISCUSSION

A. BUDGET REQUESTS

This chapter discusses the findings from Chapter 3 and the implications they may have in answering the research questions. The discussion begins with the implications of the congressional actions from the budgeting perspective at the DoD level and then dives into the Marine Corps' BA 1 Operating Forces account starting pre-BCA, FYs 2009 to 2011, then post BCA FYs 2012 to 2018. Finally, the discussion focuses on the effects of the BCA on budget execution at the Marine Corps' BA level.

1. DoD

According to the DoD PB FY 2019 request (OUSD [C], 2018), in order to meet the full requirements of the National Defense Strategy (NDS), the DoD required funding from the enacted FY 2011 budget levels, adjusted for inflation. Obviously, this has failed to occur since the enactment of the BCA as seen by Figure 6. With the passing of the 2018 BBA, the base budget levels have begun to reach the required levels for the DoD to get the funding it requires to implement the NDS. However, since the passing of the BCA, the capped funding received by the DoD led to a loss of over $400 billion in capability as determined through the PPBE process and outlined within the FYDP. Table 3 displays this capability loss as seen through the deltas between FY 2011 PB and each subsequent PB through FY 2016. Even after the passing of the BCA, a huge delta exists between the FYDP from the FY 2012 PB compared to the FY 2017 PB request.

Since FY 2011, the DoD did not receive an increase in its base budget in real terms until FY 2016. This implies that Congress expected the DoD to continue its advance forward to meet the NDS without additional funding to enhance capabilities and increase readiness of the force. Without additional funding, the DoD had to choose between maintaining the readiness of aging equipment or investing into future technologies and weapon systems to fight tomorrow's battles. The tough decisions made by the DoD and Services resulted in serious readiness issues and was brought to the attention of Congress on multiple occasions as addressed in the introduction and background chapters. However, it was not until the BBA of 2018 that progress was made to fully fund the baseline requirements of the DoD which have fallen behind for at least six fiscal years.

In order to mitigate the funding caps established by the BCA, the DoD utilized OCO funding to cover its critical base budget shortfalls. This practice has received negative attention in Congress, as it is viewed as a work around to the BCA caps since it does not fall under BCA legislation. Nonetheless, the DoD continues to use this strategy since it still remains underfunded for its base budget requests, albeit at a lower percentage of the total budget compared to FYs prior to FY 2018. Even though the DoD is still engaged in limited contingency operations, the amount of OCO requested is smaller because the base budget funding has increased to meet the baseline requirements of the DoD.

2. Marine Corps

How does the Marine Corps, the United States expeditionary force in readiness prepares itself without the proper resources? Again, as identified in previous chapters, Marine Corps leadership has asked this question at the highest levels of government and will continue to ask until it receives the appropriate amount of funding to accomplish its mission in providing a force in readiness for the nation. As previously discussed, this project uses the BA 1 Operating Forces account as a proxy for the readiness of the Marine Corps. By using this proxy, some insights can be drawn into why the Marine Corps faces readiness problems. Similar to the DoD, the enacted amounts for the BA 1 account began to decrease in FY 2012 and continued to decrease all the way through FY 2016. It was not until FY 2017 that the Marine Corps began seeing an increase in funding for its BA 1 account. Again, similar to the DoD, the multiple years of funding decreases forced the Marine Corps to prioritize between readiness and modernization. Even though the Marine Corps has the ability to adjust and reprogram funding between accounts, it must make a tradeoff since it has a limited budget. Since the enactment of the BCA, the Marine Corps has reprogrammed funding into the BA 1 account to increase its net TOA; however, it has not done so in significant amounts and is more than likely still underfunded compared to the FY 2011 FYDP for that account.

The Marine Corps' BA 1 is the largest OMMC account and is typically 80 percent of the OMMC budget request. This percentage has held constant prior to and after the passing of the BCA along with OMMC as a percentage of the DoD topline. Since these percentages have held constant, it demonstrates that as funding decreases at the higher DoD level, the decrease in funding is seen at the service level and within their individual accounts. The budget requests for the DoD and the Marine Corps' BA 1 have followed similar trends in percent changes during the BCA, except for FY 2014 where the Marine Corps had a large decrease in its BA 1 budget request compared to an almost zero percent change in the DoD request. Further analysis is required to see if the Marine Corps' topline numbers dropped significantly during FY 2014 and if cuts were made across the board.

The Marine Corps' BA account funds overseas operations, so it makes sense that a majority of its funding comes from OCO. During the final years of combat operations in Iraq and Afghanistan, OCO made up almost 45 percent of the BA 1 account. This makes sense, since the account directly supports overseas missions. As the drawdown from those operations occurred, the amount of OCO as a percentage of the BA 1 account slowly diminished and decreased down to roughly 15 percent in FY 2016. It increased in FY 2017 but in FY 2018 decreased again. It is interesting to note that the Marine Corps' percentage change in OCO from FY 2013 to FY 2014 compared to DoD is drastic (almost 35 percent decrease) while the DoD was at approximately zero percent change. With a large decrease in its OCO funding, the baseline requirements that it was funding with OCO may have been set aside to result in compounding the readiness issue along with being part of the longest war.

B. BUDGET EXECUTION

The actual amounts that the Marine Corps budgeted for, received, and adjusted varied every FY from 2009 to 2018 as shown in Table 5. With so much uncertainty facing the execution year of the PPBE process and the congressional actions that continue to limit the Marine Corps' flexibility, it is hard to fathom that the Marine Corps continues to under-execute its TOA. This under-execution in the BA 1 account although not directly linked to the enactment of the BCA is still a loss of funds that prevents proper support of the operating forces.

Findings from chapter 3 suggest that the enacted amounts vary slightly from year to year except in FY 2012, where the change was drastic. The enacted amount is in fact over $400 million less than the amount requested. This does not have any tangible explanation, as the BCA limits on National Defense discretionary base budget authority did not kick in until FY 2013. Also, post BCA, the enacted amounts are mostly less than the requested amounts a situation which can be justified by the BCA limits, thus forcing Congress to stay within a cap. Table 5 also display a net TOA for the BA 1 account higher than the enacted amount from every FY from FYs 2009 to 2018, except for FY 2013, where it is significantly lower. This can be explained by the 2013 sequestration which reduced over $600 million to the account. It is noticeable, however, that the net TOA is significantly higher than the enacted amount pre-BCA, close to $700 million, but not so much post-BCA where it is only about $100 million. Again, as previously indicated, this is likely due to the use of OCO funds. Through reprogramming, however, the Marine Corps may have found a flexibility in assuming risk in certain programs while funding others. This is beneficial because it allows the Marine Corps to execute most of its BA 1 funding prior to funds expiring.

The data shows that the fiscal constraints imposed on the DoD through the BCA affected the Marine Corps budget executions positively. The net TOA were significantly closer to the enacted amount post-BCA.

Looking at the delta between the allocation the Marine Corps received and subsequently executed for its BA 1 account, it does not follow the same pattern as the TOA less enacted amounts. This makes sense. The enacted amounts are in fact subject to congressional actions every year for the BA 1 account. Net TOA less enacted amounts showed a clear difference between pre-BCA and post-BCA and how drastic the sequestration impact was. However, Net TOA less execution (Figure 15) does not show any pattern. The Net TOA less execution or the unobligated amount is lower in FY 2014 compared to FY 2013 when there was a sequestration.

This result shows that the BCA of 2011 alone did not have any impact on the Marine Corps budget execution when looking at the BA 1 Operating Force, OMMC proxy. The delta between the allocations the Marine Corps received and subsequently executed in each FY for its OMMC appropriation from 2009 through 2018 varied between $2.6 million in FY 2009 and $20.2 million in FY 2018, which are both the lowest and the highest unobligated amount, respectively. Looking at it in terms of percentage, this is only 0.03% and 0.3% respectively for FY 2009 and FY 2018 of the net TOA.

It could be hypothesized that there is a correlation between high unobligated balances and lower appropriation the following year. However, the findings show that there is no correlation between the two (Figure 16). The appropriation passed by Congress every year does not look at the remaining balance of the previous year. In fact, the Marine Corps through the Program Objective Memorandum (POM), gives its recommendation regarding how to plan and allocate its resources.

Analyzing tables and the associated findings shows that CRs have not impacted the Marine Corps' budget execution. There was a moderate correlation between the number of days under CR and the unobligated TOA amount from FYs 2009 – 2018.

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V. CONCLUSION

A. SUMMARY

This project's primary purpose focused on the impact of the BCA on the Marine Corps' budget requests and executions. The project reviewed data from the past ten FYs (2009 to 2018) at the DoD and Marine Corps BA level for budgeting and at the Marine Corps BA level for execution. The primary focus on the analysis used quantitative methods to gain insight into the effects of the BCA. The methods included statistical comparisons between DoD and Marine Corps budgeting changes pre- and post-BCA years, and also looked at possible correlations between unobligated balances and the length of CRs.

In an attempt to help answer the research questions as addressed in the Introduction, a summary of the all of the legislative actions that occurred in the past ten years was outlined. This facilitated the comparison of fiscal constraints put on the DoD to how they affected the Marine Corps. It also provided insight into the fiscal uncertainty of which the DoD has been operating under.

The quantitative analysis began with looking at the DoD budget requests over a ten-year period. Analysis showed a large loss of capability over the FYDP from both FY 2011 and FY 2012 PB requests. This loss in baseline funding is directly related to the BCA-imposed funding caps. It was not until FY 2016 that the enacted amount of baseline funding began to increase. The four-year decrease in funding had negative effects on the ability of the DoD to properly conduct long-term planning.

The analysis continued by looking at the Marine Corps BA level and its budget requests over the same ten-year period. Comparison between the Marine Corps and DoD showed a similar pattern regarding percentage changes across the FYs as the amounts decrease and increased with each new legislation. Slight variation occurred between FY 2013 and FY 2014, however, the rest of the period remained consistent. The amount of OCO as a percentage of the BA 1 account consistently decreased, which is consistent with the decrease in overseas operations and not the funding caps imposed by congressional actions.

Finally, the analysis looked at the Marine Corps' BA 1 budget execution. The unobligated balances for each FY pre and post-BCA were used in correlation tests against both the length of the CRs for each FY and the enacted amounts for each following FY. The first test showed no correlation between the unobligated balance and the following years enacted amount while the second test showed moderate correlation between the CR length and unobligated balance.

B. FURTHER RESEARCH

After conducting the initial research into this topic, it is evident that a deeper analysis should be conducted to determine the root cause of budget variations at the Marine Corps BA level. The following areas may help explain in both quantitative and qualitative terms why the variations exist.

First, a look into the POM cycle and the decisions made by Marine Corps leadership on areas that assumed risk by cutting funding and the reasons behind these decisions based on imposed cuts by the DoN. This would provide insight into the methodology used by the Marine Corps in its tradeoff decisions regarding limited budget authority. This could be done at the BA 1 Operating Forces level and compared to other BA accounts.

Second, a deeper analysis into the impact of CRs on budget execution may provide insight into the real cost of not passing a budget on time. Statistics may show how much of the unobligated funding for each FY is tied to the budget not passing in a timely manner.

Third, further analysis must be done to measure the impact of fiscal constraints by correlating funding levels with measures of readiness.

Finally, further research into the Marine Corps' use of OCO may provide insight into what actual baseline requirements benefited from it. With the current projection of OCO getting smaller while base budgets increase, analysis may indicate risk for the Marine Corps not receiving ample funding in either its base budget or OCO request.

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