



COMPTROLLER

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

18 FEB 1976

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MAR 1976

MEMORANDUM FOR SECRETARY OF DEFENSE

SUBJECT: Senate Budget Committee Request for Budget Data by "Mission" -
ACTION MEMORANDUM

I was advised by Admiral Holcomb of your decision to stick with the displays we presently use and resist the pressure to allocate support on yet another mission structure. I fully support your decision.

In the joint memorandum of February 3 I said I would provide you the Service views when received. They are synthesized at Tab B for your information.

On February 12, I provided a presentation on this matter to a group comprised of the Chief Counsels of the Armed Services and Appropriations Committees, the Defense analysts of the Budget Committees and a representative of the Congressional Budget Office. The purpose was to provide a basic understanding of the mission display requested. In this way we would have minimized the potential for misunderstanding if the display had been released.

Many concerns were expressed by members of the group including such things as:

1. This type of display may cause considerable confusion in the debate of the Defense budget resolution if used in arriving at an overall Defense number.
2. The official comments of the other committees should be solicited.
3. There should be complete agreement between all six oversight committees of the Defense Mission Structure to be ultimately officially submitted by the Department of Defense.



note
I've attached an alternative memo which builds on our visit to Chile's office



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4. If this type of display is provided as "the way" the Congress is going to review the Defense Budget, the DoD should revise its accounting systems to fully support such data so that it would be reliable.

Tab A is a proposed response to Senator Hollings informing him of your decision.

Terence E. McClary

Terence E. McClary
Assistant Secretary of Defense

Enclosures



Summary of Service Views

Army:

"...we request you urge the Senate Budget Committee to withdraw its requirement for ... budget data into a format considerably different from that submitted to the other Committees of the Congress."

"...the display would place us in the position of developing a new set of data with new figures and justifications ..."

"The Army recommends that DoD stand on the material already provided ..."

"Such a submission should be accompanied with the caveat that much of these data are factored and cannot be adequately identified or tracked to specific programs already submitted in the President's Budget."

Navy:

"The concern is that the information may be misunderstood or misused since the estimates cannot be derived from existing FYDP and budget data. Budget justification material provided to Congress is not structured, nor could it be structured, to support these estimates. Department of the Navy witnesses appearing before Congress would not be able to justify these costs, nor could they be related intelligently to any decisions made by the Congress to adjust these estimates."

"The addition of another structure for displaying costs to Congress can only result in confusion and additional workload in creating and reconciling figures."

"...Navy believes very strongly that the DoD PPBS, of which the FYDP is an integral part, must provide as its final output the budget that goes to Congress."

Air Force:

"...I am concerned that the immediacy of the SBC's request forces the use of display which is still under development within OSD, and has not been evaluated in depth by the Services. This data, if submitted, could mislead the Committee and impair their understanding of the program goals and objectives reflected in the FY 77 budget. The mission format provided by the SBC differs radically from approved and traditional budget displays. It is exceedingly complex, depends too heavily upon the judgment of the analyst, is not workload related nor defensible to close scrutiny, and may not preserve appropriation integrity."



"Congressional decision-making leading to the FY 77 Defense Appropriation might be seriously impaired by use of the mission resource display data."

"...I recommend that a concerted effort be made to discourage the SBC from using the data and encourage the use of DoD appropriation and FYDP displays. I further recommend that we utilize the on-going PPBS Improvement Effort to establish a DoD policy and methodology for meeting the provisions of Section 601(a) of the Congressional Budget and Impoundment Control Act."



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THE SECRETARY OF DEFENSE
WASHINGTON

MAR 6 1976

Honorable Ernest F. Hollings
Chairman, Defense Task Force
Committee on the Budget
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This letter is in response to your January 22 request for a display of the FY 77 President's Budget for Defense by "Defense Mission Structure."

All of us are working on the problem of explaining defense programs and expenditures to the American people in a way which is accurate, clear, and relatable to national security objectives. The task seems to be relatively easy in the case of strategic nuclear forces. Over the years, the need for a strategic deterrent has been appreciated by almost everyone. Strategic systems are almost entirely single-purpose; the mission U.S. nuclear forces perform can be related to a quantifiable counterpart on the Soviet side and an answer to the "how much is enough?" question is, at least, conceivable. We have a kind of parity or equivalence with the Soviet Union today -- they lead in throwweight and total megatonnage, we lead in numbers of reentry vehicles and warheads and in accuracy -- and the deterrent is effective.

The situation is not so sharply focused with respect to the multi-purpose elements of our military capability. They must interact with the multi-purpose forces around the world... those of the Warsaw Pact, the Soviets alone, Mid-East countries, Asian nations, and emerging powers throughout the world. We talk of broad missions for our general purpose forces, but we realize they must do anything and everything the strategic nuclear forces cannot do.

As I indicated in my letter to Senator Chiles on January 10, I want to be responsive to the requirements of the Budget Control and Impoundment Act of 1974 by presenting the Defense



Budget in an appropriate mission structure. We met in Senator Chiles' office on March 5 for the purpose of clarifying the way in which the DoD programming system has evolved to do just that. I showed you the FY 77 Budget in conventional terms -- by major appropriations title -- and then in terms of the ten major programs used within DoD to relate resources to outputs or missions.

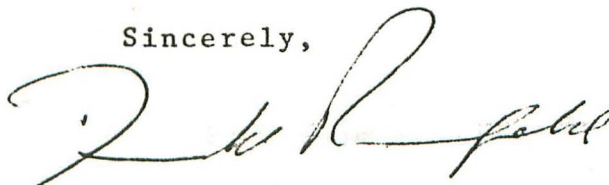
You will recall that five of the ten DoD programs (\$65 billion of a \$112.7 billion total in FY 77) are force- or mission-oriented -- strategic forces, general purpose forces, intelligence and communications, airlift and sealift, and Guard and Reserve forces -- and the other five include a broad support base for those forces or functions. Over the past decade, DoD has successively refined its program element structure to allocate as much support to missions and forces as has seemed reasonable.

The result is a Defense mission structure which presents a picture quite different from the degree of resource allocation your letter requested, but which has a validity by virtue of wide understanding of the allocation details -- both within DoD and without -- and it serves us well.

Thus, after careful consideration of where we are with respect to formal submission of a new display, I conclude that changing to the format you suggested could cause considerable confusion and misunderstanding with respect to the FY 77 Budget, possibly detracting from the substantive discussion of defense issues which we both seek.

It is my view, therefore, that I should continue to present and justify the Defense budget to the Congress by the appropriation structure and major program categories already used within DoD. We will continue to work with you, the other Congressional Committees, Congressional Budget Office, and Office of Management and Budget to determine how this program structure should be revised to meet the requirements of Section 601 of P.L. 93-344 by the FY 79 objective date.

Sincerely,



EDMUND S. MUSKIE, MAINE, CHAIRMAN

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United States Senate

COMMITTEE ON THE BUDGET
WASHINGTON, D.C. 20510

DOUGLAS J. BENNET, JR., STAFF DIRECTOR
JOHN T. MC EVOY, CHIEF COUNSEL
ROBERT S. BOYD, MINORITY STAFF DIRECTOR

January 22, 1975

Honorable Donald Rumsfeld
Secretary
Department of Defense
The Pentagon
Washington, D.C.

Dear Mr. Secretary:

Thank you for your letter of January 10 indicating your desire to work with the Senate Budget Committee toward meeting our budget information requirements.

Last year, during consideration of the defense function budget, the committee determined that a mission approach should be pursued for 1977 to provide a framework for assessing the total resources devoted to each major defense mission. The goal, similarly proposed by former Secretary Schlesinger, recommended: to raise the level of congressional debate above distracting, piecemeal issues and instead concentrate on fundamental defense priorities and capabilities.

As a result of discussions with Mr. McClary and his staff, we have come to an agreement that a mission budget presentation could be presented by the Defense Department in the format submitted to you. This format is more detailed than that provided to the committee last year. However, it conforms rather closely to the structure now used by OSD for its own fiscal guidance.

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January 22, 1975

After careful consideration, we have concluded that this display, along with relevant back up material, would provide the committee with important insight into the relationship between defense policies and resource allocation. As a result, we feel compelled to repeat the request that you provide such a mission budget display for FY 1977, along with related breakouts and trends by February 9 for our review for the defense function.


We realize that there is uncertainty in how to best allocate elements of overhead to specific missions, and questions on how to best redefine the missions themselves. For now, however, we are prepared to structure the missions to take account of the existing defense categories and to accept your best estimates of Program 7 and 8 allocations even though they may not be of the same quality as other budget estimates. We are convinced that our experience will be helpful in preparing for the required government-wide presentation of agency mission budgets as called for in the 1974 Budget Control and Impoundment Act, section 601(i), beginning with fiscal year 1979.

We look forward to your continued interest and support.

Sincerely,

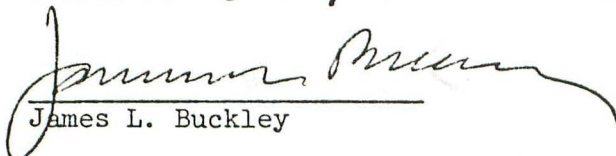

Ernest F. Hollings
Chairman, Defense Task Force


Robert Dole


Alan Cranston


Lawton Chiles


Warren G. Magnuson


James L. Buckley

