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### **Enhancing Marine Corps Budgeting Practices: Optimizing O&M Fund Efficiency Through Refined Budget Formulation Standards**

December 2024

**Capt Russell W. Wedger, USMC**

**Capt Jordan P. Korengold, USMC**

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**Naval Postgraduate School**

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Prepared for the Naval Postgraduate School, Monterey, CA 93943

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## **ABSTRACT**

The purpose of this qualitative study was to investigate the challenges and potential process improvements in Marine Corps Operations and Maintenance (O&M) budget formulation through the implementation of three key initiatives: (a) select recommendations put forth by the Commission on Planning, Programming, Budgeting, and Execution Reform; (b) the further integration of Defense Agencies Initiative and Global Combat Support System-Marine Corps capabilities related to budgeting, and (c) the development of a standardized O&M budget formulation template. The study explored how these initiatives can contribute to creating a more efficient O&M budgeting process that optimizes the utilization and consolidation process of O&M funds for the Fleet Marine Force. By employing a qualitative research method, this study provided a comprehensive understanding of the current challenges in Marine Corps O&M budget formulation, propose actionable recommendations for process improvements, and provided a standard O&M budget formulation template that can enhance financial management within the organization.



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## ABOUT THE AUTHORS

**Captain Russell W. Wedger** was born in Forest Lake, MN in 1994. In 2013, he attended Winona State University, MN, graduating with distinction in 2017 with a Bachelor of Science in Accounting. During the summers of 2015 and 2016, he attended Platoon Leaders Course (PLC) Juniors and Seniors at Marine Officer Candidates School (OCS) in Quantico, VA. Upon graduation, he received his commission in the summer of 2017 and completed The Basic School (TBS) in the spring of 2018. As a Flight Student aboard NAS Pensacola and NAS Milton, he completed Introductory Flight School (IFS), Aviation Preflight Indoctrination (API), and T6-B Texan Ground School. Due to medical reasons, in the fall of 2019 he was re-designated as a Supply Officer and transferred to 2d Transportation Support Battalion, Camp Lejeune, NC. By January, he earned the 3002 MOS as an honor graduate of Supply Chain Management Officer Course 1-20. He then served as the Battalion Supply and Fiscal Officer and Command Financial Specialist (CFS). In August 2021, he transferred to Combat Logistics Regiment (CLR) 2, where he served as Regimental Supply and Fiscal Officer and Lead SAPR Victim Advocate for the regiment. From August to November 2021, he directly supported CLR 2 Headquarters with Operation Allies Welcome (OAW). In May 2022, he was tasked to augment 2d Marine Expeditionary Brigade (MEB) and deployed to Naples, Italy, where he served as Supply Officer, Budget Officer and Assistant Operations Officer N-4 (Logistics) for Task Force 61/2, Amphibious Forces Europe, U.S. SIXTH Fleet. Upon his return to Camp Lejeune in September 2022, he reassumed his duties with CLR 2 until May 2023. He was selected under the Commandant's Career Level Education Board (CCLEB) to attend the Naval Postgraduate School (NPS) in Monterey, CA, graduating in December 2024 with a Master of Science in Financial Management. During his time at NPS, he also completed Expeditionary Warfare School (EWS) and began Command and Staff College (C&SC). Following his graduation from NPS, he was assigned to Marine Corps Systems Command (MARCORSYSCOM), where he will serve as a Financial Management Specialist. Captain Wedger's personal decorations include the Navy and Marine Corps Commendation Medal (Second award) and the Navy and Marine Corps Achievement Medal.



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## LIST OF ACRONYMS AND ABBREVIATIONS

ADA	Anti-Deficiency Act
BEA	Budget Execution Activity
BLI	Budget Line Item
CJCS	Chairman of the Joint Chiefs of Staff
CMC	Commandant of the Marine Corps
COTS	Commercial Off the Shelf
CR	Continuing Resolution
CRS	Congressional Research Service
DAI	Defense Agencies Initiative
D.C.	Deputy Commandant
DFF	Descriptive Flexible Fields
DoD	Department of Defense
DON	Department of Navy
DPG	Defense Planning Guidance
DRG	Defense Resource Guidance
ERM	Enterprise Resource Management
FCP	Funds Control Personnel
FMF	Fleet Marine Force
FYDP	Future Years Defense Program
GAO	Government Accountability Office
GCPC	Government Commercial Purchase Card
GCSS-MC	Global Combat Support System-Marine Corps
HQMC	Headquarters Marine Corps
J-books	Justification-books
MARCORSYSCOM	Marine Corps Systems Command
MARFORCOM	Marine Forces Command
MARFORPAC	Marine Forces Pacific
MAW	Marine Aircraft Wing
MEB	Marine Expeditionary Brigade
MFEA	Marine Forces Europe and Africa



MIG	Marine Information Group
MILPERS	Military Personnel
MLG	Marine Logistics Group
MEF	Marine Expeditionary Force
MEU	Marine Expeditionary Unit
NDAA	National Defense Authorization Act
NSS	National Security Strategy
NDS	National Defense Strategy
O&M	Operation and Maintenance
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PB	President's Budget
P&R	Programs and Resources
PCC	Project Classification Code
PPBE(S)	Planning Programming Budgeting and Execution (System)
RAS	Resource Allocation Submission
SABRS	Standard Accounting Budgeting and Reporting System
SECDEF	Secretary of Defense
SECNAV	Secretary of the Navy
SMU	Supply Management Unit
SOF	Status of Funds
Treasury	Department of the Treasury
USMC	United States Marine Corps





## I. INTRODUCTION

The U.S Marine Corps (USMC) Fleet Marine Force (FMF) faces challenges in budget formulation for Operation and Maintenance (O&M) funds. These funds are essential for maintaining readiness, conducting operational travel, obtaining new equipment and building the toolbelt of operational capabilities. However, current budgeting practices and templates often lead to suboptimal O&M utilization. This issue is further compounded by a lack of understanding of financial and supply systems; Planning, Programming, Budgeting, and Execution (PPBE) reform initiatives; and the lack of a standardized budget formulation template.

Evidence supports the claim that the current challenges in making the most of O&M funds arise from several factors, including but not limited to a need for uniformity in budget formulation, inadequate integration of enterprise resource management (ERM) systems, and a lack of O&M budgetary knowledge. For instance, the Congressional Research Service (CRS) has observed increasing complexity in military operations and a rapidly changing technological landscape, resulting in the need for a more efficient and data-driven approach to resource allocation (McGarry, 2022). Furthermore, the United States Government Accountability Office (U.S. GAO, 2021) has reported inconsistencies and inefficiencies in financial management practices at the Department of Defense (DoD), which further emphasizes the need to improve its budgetary practices. The Marine Corps also faces a challenge in understanding how to properly implement the recommendations from the Commission on PPBE Reform (2024), as well as how to make the most of the capabilities of the Defense Agencies Initiative (DAI) and better integrate it with the Global Combat Support System-Marine Corps (GCSS-MC).

A standardized budget formulation template would address some of these challenges. Although the relatively new DAI ERM system has helped address other parts of these challenges, more improvement is needed in standardization and integration to drive meaningful changes to the budget formulation process. The clear lack of system and budgetary knowledge hinders the Marine Corps' ability to maximize its financial resources and ensure operational readiness.



This thesis contributes to the Marine Corps' financial management and supply communities through its exploration of current budgetary practices, fiscal policies, strategic integration of ERM systems, and PPBE reform initiatives. It provides actionable recommendations to enhance the allocation efficiency of O&M funds within the FMF. This study benefits the Marine Corps and serves as a model for other DoD and government agencies seeking to optimize their financial resources and improve their budget formulation processes. The motivation behind this research stems from experiences as Marine Corps finance and supply officers at the tactical, operational, and strategic levels, where we continuously encountered budgeting and allocation deficiencies that could have been avoided if properly budgeted for.

## **A. METHODOLOGY**

The purpose of this qualitative study was to examine the challenges and identify potential improvements in Marine Corps budget formulation by focusing on three key initiatives: (a) the implementation of select recommendations of the PPBE Reform Commission; (b) the integration of fiscal and supply systems, such as the DAI and GCSS-MC; and (c) the development of a standardized budget formulation template. This study explored how these initiatives could lead to a more efficient budgeting process that improves the allocation and utilization of O&M funds for the FMF.

This study employed a qualitative research approach, utilizing interviews with Naval Postgraduate School Students with finance and supply experience across various levels of the FMF to gain insights into current budget practices, system integration of DAI, and the impact of the PPBE Reform Commission's recommendations. The Naval Postgraduate School Institutional Review Board reviewed and approved the interview protocol to ensure compliance with ethical research standards. Additionally, applicable GAO reports, CRS reports, the Commission on PPBE Reform report (2024), existing Marine Corps budget templates, budget requests and policies, and legislative statutes were analyzed to evaluate the alignment of current practices with applicable laws. The information from these documents and interviews was analyzed to identify issues and trends, such as the need for more standardization in O&M budget templates. This analysis developed actionable recommendations to improve O&M budget formulation



and establish a standardized O&M budget template to enhance financial management and resource allocation across the FMF.

## **B. RESEARCH OBJECTIVES**

The primary research objectives are as follows:

- Formally recommend adjusting the Marine Corps budget formulation process to align with the five recommendations identified in this thesis from the Commission on PPBE Reform's 2024 report.
- Create a proposed budget formulation template for use across the FMF that will precisely align budget requirements to maximize allocation and efficiency of O&M funds.

## **C. PRIMARY RESEARCH QUESTION**

The primary research question for this thesis is: What standard budget formulation template improves the allocation and efficiency of O&M funds for the FMF, informed by the findings and recommendations of the Commission on PPBE Reform and using the capabilities of DAI and GCSS-MC?

## **D. SECONDARY RESEARCH QUESTIONS**

- Why did the Commission on PPBE Reform recommend improving budget justification documentation and the training of those who prepare them?
- What capabilities does DAI provide to make this new budget formulation template successful?
- What are the potential barriers to the successful implementation of the proposed budgeting process improvements, and how can these barriers be overcome to ensure the long-term sustainability and effectiveness of the reforms?
- What would be the attributes of an adequate budget formulation template?



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## **II. BACKGROUND**

To understand O&M budget formulation within the FMF, it is essential to examine the current DoD resource allocation framework. This chapter analyzes the PPBE process initiated by SECDEF McNamara to enhance DoD's budget formulation control and explores the Marine Corps' development of O&M budgets across its five echelons of command. From HQMC Programs and Resources (P&R) strategic guidance to individual unit execution, each echelon plays a distinct role in translating fiscal priorities into actionable budget plans. The chapter also examines how the recent implementation of DAI has modernized the Marine Corps' ability to track execution and inform budgets while highlighting current challenges in standardizing this process. This foundational understanding will inform the development requirements for a standardized FMF budget template.

### **A. PLANNING, PROGRAMMING, BUDGETING & EXECUTION PROCESS**

The PPBE process is the system for planning for and building funding for the DoD. It was created in 1961 under then-Secretary of Defense (SECDEF) Robert McNamara as the DoD sought to overhaul and improve its resource allocation methods. McNamara introduced PPBE to “exert more control over DoD's budget formulation process” (McGarry, 2022, p. 2). This was a change from the services' traditional independence when it came to formulating budgets.

The PPBE cycle begins with the Planning phase, where the SECDEF, service secretaries, and service chiefs analyze strategic priorities, capability gaps, and evolving threats to establish fiscal programming guidance for future budget cycles (McGarry, 2022). The output of this phase is the SECDEF's issuance of the Defense Planning Guidance (DPG). This document establishes strategic objectives and outlines methods for resource allocation. The DPG brings together input from the National Security Strategy (NSS), National Defense Strategy (NDS), and evaluations of global threats (McGarry, 2022). The Pentagon has ongoing efforts to align defense planning with emerging global challenges, as evidenced by the direct input of the Chairman of the Joint Chiefs of Staff's



(CJCS) (McGarry, 2022). The DPG serves as a guide for follow-on programming and budgeting decisions for the DoD.

The Programming phase translates strategic plans and desired outcomes into actionable programs. The method to achieve this is by creating the Program Objective Memorandum (POM) outlining proposed funding allocations over a five-year period, known as the Future Years Defense Program (FYDP), shown in Figure 1.

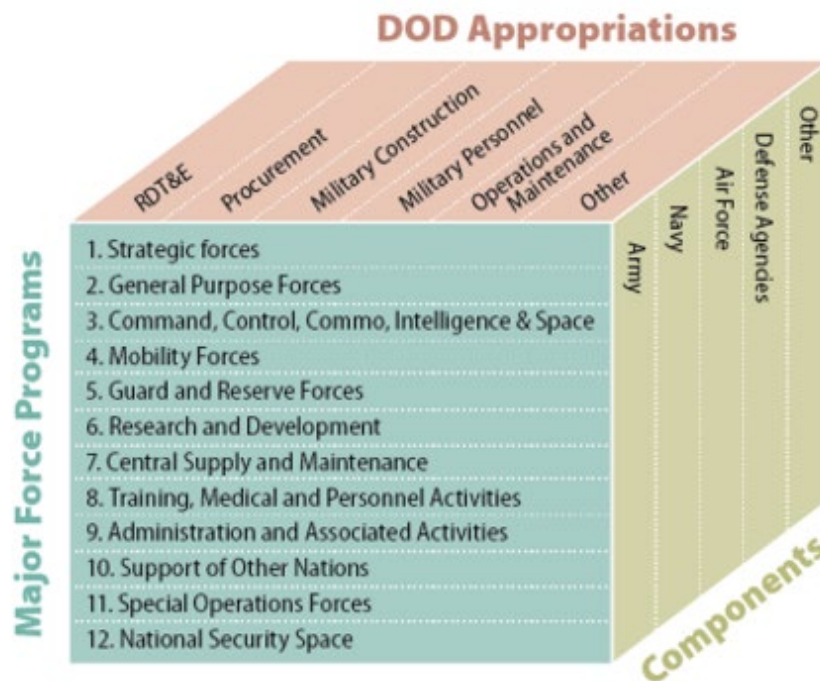


Figure 1. FYDP Structure. Source: McGarry (2024).

McNamara emphasized this approach to encourage longer-term thinking beyond annual budget cycles (McGarry, 2022). POMs face thorough scrutiny to ensure they align with overarching DoD priorities while respecting fiscal realities.

Budget experts convert approved programs into detailed financial plans in the Budgeting phase. This stage produces the DoD's budget request, submitted first to the Office of Management and Budget (OMB), and then to congress. The budgeting phase has become more complicated since PPBE's inception, reflecting the complexity of modern-day defense systems and operations (Candрева, 2024). It involves an extensive negotiation between the DoD and congressional committees.

The Execution phase of the PPBE process involves the services implementing the approved budget plan by exercising the granted authority by Congress in compliance with the law. While budgeting focuses on policy choices, execution is about achieving outcomes and delivering the desired capabilities (Candрева, 2024). It ensures that programs and policies are effectively carried out and provides valuable feedback for future planning and budgeting cycles.

The PPBE process remains an ever-important tool for the Marine Corps in maintaining combat readiness and fulfilling its mission. However, budget formulation varies within and across the services, creating inconsistencies (Department of Defense Office of Inspector General [OIG], 2024). Outdated technology hampers efficient resource management, and services struggle to balance immediate needs with long-term strategic modernization efforts (Department of Defense OIG, 2024).

## **B. CURRENT MARINE CORPS O&M BUDGET FORMULATION PROCESS**

The Marine Corps has consistently improved its budget formulation and execution processes to align with broader DoD goals (Miller, 1999). The Department of the Navy's (DON) budget process involves the Marine Corps and Navy developing a unified budget request that aligns with the two service branches' strategic objectives (Reed, 2002). The Marine Corps' O&M budget formulation process engages multiple stakeholders, including but not limited to Headquarters Marine Corps (HQMC) and the entire FMF (Miller, 1999). This elaborate budget call entails a comprehensive analysis of requirements and priorities, as well as an assessment of the trade-offs associated with various budgetary decisions. The Marine Corps' budget is subsequently integrated into the larger DON budget request, which is then submitted to Congress for approval.

The Marine Corps closely tracks its spending during budget execution to maximize the effective use of supporting its mission and key priorities. Regular reporting and oversight procedures are in place to quickly identify and resolve emerging issues or challenges (Headquarters United States Marine Corps [HQMC], 2009). This structured budgeting approach ensures the Marine Corps can maintain its readiness, modernize its capabilities, and support its personnel (HQMC, 2009). The process balances immediate



operational needs with long-term force development objectives. This allows for adaptation due to evolving security threats, feeds the next year's budget with essential information, and responsibly manages taxpayer resources.

The Marine Corps O&M budget formulation process involves multiple levels of organization and influential decision-makers. From Echelon I (HQMC P&R) to Echelon V (individual units), each echelon plays a separate role in creating actionable budget plans.

The Echelon I level provides guidance and oversight to ensure alignment with DoD and DON strategic priorities. Echelon I is responsible for issuing directives and policies that shape the budget formulation process, compiling the entire Marine Corps budget, and defending the budget request before the SECNAV, SECDEF, and Congress. (HQMC, 2009). The Commandant of the Marine Corps (CMC) leads HQMC and is aided by the deputy commandant for P&R, led by a lieutenant general and colonel comptroller, the lead finance officer for the Marine Corps.

At the Echelon II level, major commands such as Marine Forces Command (MARFORCOM), Marine Forces Pacific (MARFORPAC), Marine Corps Logistics Command (LOGCOM), and Marine Forces Europe and Africa (MFEA) take strategic goals from HQMC and translate them into budget priorities. These commands receive funds directly from HQMC and then provide allotments to subordinate commands within their organization hierarchy (HQMC, 2009). Echelon II commands are “responsible for carrying out the direction of CMC for the Marine Corps or in support of higher organizations, either internal or external to the Marine Corps” (USMC, 2023 p. 5). A lieutenant general or major general is typically in charge at this level, depending on the command, with a lieutenant colonel comptroller managing all financial activities.

Echelon III (Intermediate Commands) involve commands like the Marine Expeditionary Force (MEF). They consolidate detailed budget submissions that reflect the needs and priorities of their respective subordinate commands (Brothers, 1981), enforce updated fiscal guidance from HQMC, restructure the force as directed, and facilitate the employment of large-scale exercises and deployments. A lieutenant general





is typically in command at this level with a lieutenant colonel comptroller managing all financial activities.

At the Echelon IV level, major subordinate commands (MSC) manage the execution of budgets within their jurisdictions. They ensure that budgetary allocations are aligned with operational requirements and adjust as necessary to address emerging needs (Hitch, 2022). Examples of these commands are the Division, Marine Logistics Group (MLG), Marine Aircraft Wing (MAW), Marine Expeditionary Brigade (MEB), and the Marine Information Group (MIG). Typically, a brigadier general or, in Division's case, a major general commands these units usually with a lieutenant colonel comptroller in charge of the financial management of the MSC.

Lastly, at the Echelon V level, individual units execute O&M funds according to approved plans at the unit level. Unit commanders ensure expenditures are consistent with budgetary guidelines and tactical mission requirements (HQMC, 2009). These commands consist of units like regiments and Marine Expeditionary Units (MEU), commanded by a colonel. They also consist of commands at the battalion and squadron level, commanded by a lieutenant colonel. At these levels, a comptroller is typically not embedded in the unit, so captain and lieutenant supply officers assume the fiscal officer role. Recently, however, MEUs have been provided with Captain finance officers to facilitate better communication, increase financial productivity, and provide the command with fiscal subject matter experts (P. Armijo, NPS Student, interview with author, September 30, 2024).

Commands like II MEF apply HQMC and MARFORCOM guidance to develop their budget priorities, ensuring alignment with the strategic objectives. These commands then refine their priorities into actionable advice for their subordinate commands, such as divisions, wings, and logistics groups. Each subordinate command then formulates its budget, focusing on mission requirements and resource allocations that adhere to the guidance received. For example, within II MEF, the 2nd Marine Division receives budgetary directives from II MEF, encompassing resource allocation for personnel, operations, maintenance, and training. The division's financial and supply officers then create a detailed budget plan, which is forwarded to II MEF for review and consolidation.



Prior to this, finance and supply officers undergo specialized training in budget formulation and execution at their respective occupational courses (HQMC, 2009). After the subordinate commands submit their budget plans, II MEF consolidates these budgets into a comprehensive format that reflects the needs and priorities of the entire MEF. This consolidated budget is forwarded to MARFORCOM and then HQMC for review and integration. At HQMC, the budgets from all Echelon II commands are reviewed, adjusted as necessary, and integrated into the final O&M budget submission to the DON.

This process highlights the cyclical nature of the budget formulation, where guidance flows downward, and consolidated budget proposals move upward through the echelons, ensuring coherence in fiscal planning across the organization and supported by advanced systems like DAI. Commanders are ultimately responsible for the administration of authorized funds, aided by finance and supply officers to assist in complex financial management situations.

The Marine Corps has made significant strides in improving its financial management process, particularly with the transition to DAI, as it provides greater transparency and accountability. However, there are still areas for improvement, particularly with integrating better financial reports, tracking GCSS-MC historical spending data, improving budget training and standardizing the budget formulation template.



### **III. LITERATURE REVIEW**

This literature review will focus on the key topics that support the argument for standardizing the budget formulation template within the FMF. Understanding the relevant legislation, Marine Corps budget policies and guidance, and the capabilities of budgetary and supply systems like the DAI and GCSS-MC will provide the foundation to understand the challenges in the current budget formulation process. Additionally, the Commission on PPBE Reform (2024) recommendations will provide context as they relate to budget formulation and will inform our proposed solution. By examining these topics, we can identify the gaps in current practices and make a clear case for a standardized budget template that will enhance the effectiveness of O&M fund allocation. This literature review will build towards our recommendations and ensure that the complexities of budget formulation are thoroughly understood and addressed.

#### **A. APPLICABLE LEGISLATION**

This section examines key fiscal policies and legislative frameworks that shape Marine Corps budget formulation. The “Use-it-or-lose-it” rule’s impact on spending patterns, U.S.C. Title 10 and 31’s legal requirements for defense budgeting, and the effects that CRs have on Marine Corps financial planning and the development of its budgets. Understanding these elements is essential for identifying constraints and opportunities within the Marine Corps’ budget formulation process, particularly as the organization aims to improve resource allocation practices while maintaining regulation compliance.

##### **1. Use-It-or-Lose-It**

The “use-it-or-lose-it” rule affects how the Marine Corps effectively budgets its limited fiscal resources. This rule is designed to prevent funds from accumulating at the end of the FY, which increases the pressure on commanders to execute their funds while being responsible stewards of taxpayer dollars (Candreva, 2019). On the other hand, the rule tends to incentivize wasteful spending near the end of the FY, as units rush to obligate funds to avoid losing them the next year (Jones & McCaffery, 2008). This is



known as “year-end spending” and has been a persistent challenge for the Marine Corps and the DoD.

Further critiques of this trend frame it not solely as an economic issue but as one that results from governance factors. (Candreva, 2019). The use-it-or-lose-it rule, particularly the year-end spending spikes, is often a rational response by managers to the legal and administrative environment they operate within rather than an inherently problematic behavior (Candreva, 2019). Additionally, institutional norms, laws such as the Anti-Deficiency Act (ADA), and rigid appropriation structures force managers to obligate all of their budget authority to avoid possible penalties or future budget cuts (Candreva, 2019). In this context, spending surges occur to avoid the appearance of inefficiency and lost opportunities rather than out of wastefulness.

Moreover, evidence supports the reality of these year-end spikes. Studies have shown that federal agencies, including the DoD, experience significant increases in spending at the end of the fiscal year (FY) (Liebman & Mahoney, 2017). While spending surges are real, they do not always indicate wasteful spending by financial managers and commanders (Candreva, 2019). Instead, they reflect legal framework challenges and the need to balance fiscal accountability with operational flexibility.

Current initiatives to mitigate the negative effects of use it or lose it include detailed long-term planning, flexible reprogramming of funds, and multi-year procurement strategies (Candreva, 2019). Furthermore, the Marine Corps has emphasized the importance of sound financial management practices and the need for leaders at all levels to be good stewards of taxpayer dollars (GAO, 2024). Continuing to develop a culture of fiscal responsibility that allows financial managers to properly plan and allocate resources to best support operations is essential.

The end-of-year spending trend typically entails rushed procurement of supplies, quick execution of smaller maintenance contracts, and last-minute training initiatives as units attempt to fully execute their O&M funds. While this spending often aligns with valid requirements, the compressed timeline can lead to less-than-optimal resource decision-making. Improved budget formulation practices, such as detailed spending plans, quarterly execution reviews, and early identification of unfunded requirements



could help to mitigate these challenges. By implementing more robust planning processes during budget development, units can better pace their spending throughout the year. Lastly, it will reduce the pressure to execute funds rapidly in the fourth quarter and ultimately lead to more effective use of resources.

The use-it-or-lose-it theory will continue to be a challenge for the DoD and financial managers who try to balance sound budgetary practices with operational needs. As the Marine Corps adjusts to this evolving budgetary environment, it will need to balance efficient resource utilization with appropriation directives to sustain readiness. The solution is not to just alter spending patterns but reform the governance structures that drive these behaviors, allowing for a more adaptive financial system to accommodate the dynamic needs of defense agencies (Candreva, 2019).

## **2. United States Code**

This section provides an exploration of the effects of Title 10 and Title 31 of the U.S. Code for effective financial management within the DoD, specifically the Marine Corps, through various government reports and legal text. These statutes form a legal and fundamental basis for defense organization, budget preparation, and fiscal accountability.

### ***a. Title 10 of the U.S. Code***

Enacted in 1956, Title 10 of the *U.S. Code* covers the roles and responsibilities of the DoD along with the structure. It also establishes the legal framework that governs the DoD, budget preparation, and alignment with the NSS and NDS (Title 10 of the *U.S. Code*). It is fundamental for defense budgeting, especially ensuring that appropriations align with national priorities. For example, Subtitle A, which governs general military law, explains the responsibilities for budget preparation and submission to the SECDEF (Future Years Defense Program [FYDP], 2024). This section requires the SECDEF to consolidate budget submissions and provide them to Congress within five days after the president's budget (PB) submission (FYDP, 2024).

Furthermore, Subtitle C of the U.S.C. specifically addresses the Navy and Marine Corps, focusing on budget allocation and outlines specific provisions for the development and execution of O&M appropriations. A recent GAO report discusses the Marine Corps'



difficulties during the planning process by linking O&M execution to exercises that support operations (Arkin, 2022). A better understanding of these provisions within Title 10 will help align the allocation of resources in the budget planning process.

***b. Title 31 of the U.S. Code***

Title 31 of the *U.S. Code* provides the legal framework for federal budgeting and accounting practices. Limitation on Expending and Obligating Amounts (2024), 31 U.S.C. § 1341, enforces the ADA, which prevents agencies from obligating or expending funds beyond the appropriations approved by Congress (GAO, 2016). The ADA is essential for the Marine Corps and all other agencies to maintain fiscal discipline by forbidding spending in the absence of an appropriation or in excess of one.

Volume 14, Chapter 2, of the *DoD Financial Management Regulation (FMR)* (2020) provides a detailed explanation of the importance of compliance with the ADA statute, specifically emphasizing “amount.” Under Prohibited Obligations and Expenditures (2024), 31 U.S.C. § 1517, commanding generals hold legal responsibility for ensuring that funds are not obligated or expended above the apportioned amounts. Title 31’s governance ensures that finance and supply officers execute their duties with a clear understanding of the legal parameters.

This law is the basis for how the DoD executes O&M funds within the FY and only for the specific program or requirements authorized in the budget. A well-informed budget plan is key, as it will allow the Marine Corps to execute appropriations within legal constraints. Additionally, the GAO’s *Red Book* (2016) provides detailed interpretations of appropriations law and cases where violations of the ADA have occurred to guide financial managers on specific compliance.

Furthermore, Budget Contents and Submission to Congress (2024), 31 U.S.C § 1105, outlines the guidelines for what is required in budget submissions and provides the president the flexibility to “set forth the budget in such form and detail” (Saturno, 2023, p. 15). This has led to an increase in detailed justifications for the appropriations requests by federal agencies. DoD departments support the PB request by preparing congressional budget justifications to defend each of their requests (Saturno, 2023). The Marine Corps’



O&M budget submissions rely on these provisions to ensure their budget requests comply with Title 31.

Title 10 and Title 31 provide the legal framework that forms the backbone of financial management within the DoD. Title 10 sets the parameters for military budgeting in line with national security objectives, while Title 31 ensures compliance with fiscal law, such as the ADA. These statutes provide the Marine Corps with the necessary fiscal discipline framework while effectively aligning its budgetary practices with operational goals.

### **3. Continuing Resolutions**

Continuing resolutions (CRs) provide stopgap funding to keep federal agencies afloat when an appropriations bill hasn't been passed by Congress before the start of a FY (Arkin, 2022). The main components of CRs include coverage, duration, funding rate, purpose restrictions, and anomalies (Aherne et al., 2023). Coverage refers to the activities funded by the CRs, which are usually specified by referencing a prior FY appropriations bill. Duration implies the time period the funding is provided. The funding rate establishes the level of budget authority, often based on previous FY levels. CRs prohibit the use of funds for new activities not funded in the previous year. Anomalies are provisions that create exceptions to the standard components of CRs, and may provide funds for certain accounts or activities (Aherne et al., 2023). Without an appropriations bill or a CR passed by Congress, there would be a consequential decrease in spending, as a gap in funding would form, and an ensuing government shutdown would follow.

The Congressional Budget Act of 1974 changed the FY to begin on 1 October 1976, and since then, Congress has used a CR every year except for three for at least one of the 12 appropriations bills (Aherne et al., 2023). This shows an overreliance on a capability that should be seldom used by Congress. Since 1998, an average of five CRs per year have been used, with the number of CRs in a single year ranging from two to 21 (Aherne et al., 2023). This shows that even when Congress uses a CR, it is not quickly followed up by the appropriations bill but rather another CR. The duration of these CRs have ranged anywhere from 21 to 216 days, and in three cases (2007, 2011, and 2013) Congress ended up enacting entire-year CRs (Aherne et al., 2023). This further paints the



picture of how hard fiscal planning becomes for federal agencies due to the sheer unpredictability of appropriations.

While CRs are critical to prevent government shutdowns, they create challenges for most federal agencies (GAO, 2018). Operating under CRs makes it difficult to plan and implement programs effectively, mainly when CRs are short in duration and/or in multiple iterations. CRs include provisions that restrict agencies from initiating new programs, which delay the implementation of key initiatives (Aherne et al., 2023). Policymakers, budget experts, and DoD officials have expressed grave concerns about the increasing reliance on CRs. Critics argue that the high frequency of CR usage reflects a breakdown in the regular appropriations process and has led to inefficient government operations. However, some proponents contend that CRs are necessary to prevent disruptive government shutdowns due to politics (Aherne et al., 2023).

The use of CRs has negative impacts on the Marine Corps' O&M funding activities and readiness, especially during the first and second quarters of the FY. CRs delay the initiation of planned modernization efforts, training programs, and hamper maintenance activities due to the constrained fiscal environment. During CRs, the Marine Corps usually receives funding in short-term increments, like 21 or 45 days at a time, complicating long-term planning for maintenance schedules, service and unit-level training exercises, and equipment upgrades (Aherne et al., 2023). This incremental funding approach leads to inefficient spending patterns, as Marine Corps units might rush to obligate funds near the end of a CR or spend most of what they have as soon as it hits their DAI project.

The administrative burden of managing finances under CRs also requires additional effort. Operational priorities can take a back seat to the attention needed from commanders, finance, and supply officers toward short-term financial management requirements. A standardized budget template would assist with managing these challenges in several ways. First, it would provide a consistent framework for quickly adjusting spending plans when operating under CR constraints, allowing units to reallocate resources based on CR funding levels. Second, the template would enable faster consolidation of budget data across echelons, allowing the Marine Corps to





respond more rapidly to congressional inquiries about CR impacts and justify requests for anomalies. Lastly, by incorporating standardized and clearly defined BLIs with imbedded HQMC guidance, the template would help units develop more detailed resource requirements under various CR scenarios, reducing the administrative burden of managing multiple short-term funding increments.

## **B. MARINE CORPS BUDGET POLICY AND ERM SYSTEMS**

This section examines how the Marine Corps' financial management systems and policies contribute to budget formulation practices. The implementation of DAI marked a sizable shift from SABRS, working alongside GCSS-MC to modernize financial operations. These systems aim to enhance the Marine Corps' ability to develop accurate and timely budgets while meeting DoD audit requirements. The review analyzes existing research and documentation on Marine Corps financial policies, DAI capabilities, GCSS-MC integration, and current system challenges, specifically focusing on how these elements impact the organization's budget formulation process. Understanding these components is essential for identifying opportunities to standardize and improve Marine Corps budget development practices.

### **1. Policy**

The Marine Corps adheres to comprehensive fiscal policies outlined in the *Marine Corps Financial Management Standard Operating Procedure Manual* (HQMC, 2015), which serves as the standard operating procedure manual that guides financial management actions. At the core of Marine Corps financial operations is DAI, which was designed to achieve fiduciary standards that were established by Congress, the GAO, the OMB, the Treasury, and finally the DoD. The financial transaction cycle follows a four-phase process: commitment, obligation, expense, and liquidation (HQMC, 2015). The process, however, has evolved into commitment, obligation, expenditure, and disbursement since the release of DAI. Each phase is carefully tracked and recorded to ensure proper fund management. Fund flow begins with the receipt of appropriations from Congress, which are then apportioned by the OMB and distributed through the DoD, the DON, and then to the Marine Corps (Heniff et al., 2016). The deputy



commandant for P&R and the comptroller then pass funds via DAI to subordinate levels to those with the necessary roles and responsibilities (USMC, 2021a). This structured approach to fund distribution and management provides the framework needed to develop accurate budget estimates based on documented financial processes.

Strict regulations govern Marine Corps O&M purchases. The Government Commercial Purchase Card (GCPC) is used for commercial of-the-shelf (COTS) purchases under the micro-purchase threshold of \$10,000 (Naval Supply Systems Command, 2006), while larger procurements follow a lengthy set of contractual procedures and regulations (U.S. DON, 2022). Additionally, GCSS-MC is one of the main sources for O&M spending and is heavily regulated by the *User's Manual 4000-125*, the *DoD FMR*, and the *Marine Corps Financial Management Standard Operating Procedure Manual* (MCO 7300.21B). A notable update for FY2025 includes the G-Invoicing application as the standard for intragovernmental buy/sell transactions (HQMC, 2024). This tool, facilitated through DAI, ensures consistent financial reporting and reduces reliance on manual processes by establishing new data standards and requiring the electronic submission and approval of requests (HQMC, 2024). This improvement supports enhanced integrity in financial record-keeping. All of these expense types are examples of budget line items (BLIs), which, when put together, are the components of an O&M budget. The standardization of these procurement processes enables more accurate tracking of spending patterns, which directly informs future budget requirements and enhances the accuracy of budget formulation.

Year-end procedures ensure all transactions are accounted for before the FY closes. In line with FY2025 guidance, commands must prioritize validating unliquidated obligations, especially those from nearly five years ago, to avoid executing expired appropriations (HQMC, 2024). This practice reinforces budgetary discipline and upholds compliance with federal regulations. Proper year-end closeout procedures provide financial managers with an objective baseline that supports more precise budgets for future FYs.

Integrating financial systems, controls, and reviews forms a robust financial structure. This setup gives leaders more accurate and timely information, speeding up



decision-making. Lastly, accountability is stressed at all levels, from fund managers to top leadership, pushing to create a culture that develops and retains a climate of fiscal responsibility.

## **2. Defense Agencies Initiative**

DAI is a financial management system “intended to transform the budget, finance, and accounting operations of most DoD Defense Agencies to achieve accurate and reliable financial information in support of financial accountability and effective and efficient decision-making throughout the Defense Agencies in support of the missions of the warfighter” (Defense Logistics Agency [DLA], n.d., para. 1). The Marine Corps implemented DAI in 2021 to replace the legacy Standard Accounting Budgeting and Reporting System (SABRS). DAI integrates various financial processes, offering end-to-end solutions for procurement, budgeting, and accounting operations. This platform was implemented to assist the Marine Corps, and 26 other DoD agencies achieve fiscal transparency, improve data integrity, and comprehensive accountability (DLA, n.d.). For the Marine Corps, the shift to DAI represents a major transformation in managing financial data, aligning with the DoD objective of achieving a clean audit opinion (GAO, 2024).

DAI provides modern capabilities that enhance Marine Corps’ financial management operations. Two of DAI’s main tools are its Procure-to-Pay and Order-to-Cash processes, which automates financial workflows and integrates logistics systems like GCSS-MC into DAI’s business process (USMC, 2021b). These capabilities allow for streamlined procurement management to ensure financial management transactions align with regulations. This comprehensive integration provides historical spending data and trends that inform more accurate budget formulation for future FYs.

Another significant feature is DAI’s use of the Oracle Business Intelligence Enterprise Edition platform. This platform allows authorized users access to real-time, enterprise-wide, financial data that gives finance and supply officers the ability to monitor budget execution closely (DLA, n.d.). Not only does this platform provide commanders with the ability to make resource-informed decisions, but it also is essential



for maintaining accurate financial reporting to track expenditures and support audit readiness. The increased visibility into current spending trends enables more precise budget formulation by providing data-driven insights for future budgeting decisions.

Another critical feature is DAI's integration with Advana, the DoD's centralized analytics platform mandated by Congress to enhance data transparency and support comprehensive reporting. As required by the FY2018 National Defense Authorization Act (NDAA), the Marine Corps and other defense agencies must leverage Advana to meet congressional demands for timely, accurate reporting on expenditures (DoD, 2023). By integrating DAI with Advana, the DoD enabled real-time tracking of budget allocations to enhance fiscal responsibility and align with the DoD's goals for audit readiness and compliance. This integration provides leadership with enterprise-wide analytics that strengthens budget formulation by enabling better-informed planning based on real-time patterns across the organization.

DAI provides the Marine Corps with a more comprehensive ERM system that will enhance its ability to be more accountable and transparent with execution. DAI's real-time financial reporting and execution tracking capabilities directly support a more efficient budget formulation standard within the Marine Corps. For example, by using Project Classification Codes and Descriptive Flexible Fields, DAI provides finance and supply officers with a more thorough way to track costs associated with specific projects and contingency operations (Assistant SECNAV [Financial Management and Comptroller], 2024). This enables finance officers to allocate funds more accurately to operational requirements.

Furthermore, DAI's ability to produce real-time Status of Funds reports enables financial managers to monitor execution against budgets at the project and task levels (DLA, n.d.-a). This ability to accurately monitor fund usage enables commanders and supply officers to make well-informed, resource guided, requisition decisions to meet mission needs. By providing accurate data, DAI has not only helped the Marine Corps improve the efficiency of O&M funds management, but it also has helped inform a more accurate budget planning cycle.



### **3. Global Combat Support System-Marine Corps**

GCSS-MC, a supply and logistics system implemented in 2003, has significantly influenced financial management and aligned the Marine Corps with DoD audit objectives. (GAO, 2008). By integrating supply chain management, maintenance operations, and financial processes, GCSS-MC enhances real-time visibility into resources like inventory levels, maintenance status, and O&M fund utilization (GAO, 2008). This improved visibility supports more accurate forecasting and aids in budget formulation, enabling the Marine Corps to make better informed decisions with O&M spending.

Additionally, GCSS-MCs, integration with DAI, albeit disjointed, enhances the flow of financial data between logistics and accounting systems, promoting better coordination between O&M financial managers. This integration enables more detailed tracking of spending patterns and better ensures compliance with DoD regulations, including *DoD FMR 7000.14-R*. By leveraging both systems, the Marine Corps has improved its ability to execute budget authority, further supporting strategic objectives (Aronin et al., 2018).

### **4. System Challenges**

DAI and GCSS-MC are not without issue, as with any software implementation into an organization. One challenge that the Marine Corps faces with its full implementation of DAI is user adaptation. The GAO (2024) identified that the Marine Corps was partially inconsistent with training Marines in the new processes and systems associated with DAI. The complexity of DAI and its differences from the legacy SABR system have led to some resistance among users. Continuous training, ongoing support, and user feedback are essential to ensure finance and supply officers can fully engage in all that DAI has to offer.

Another challenge the Marine Corps must deal with is not fully using DAI's Project Budgets tool to assist in creating a standardized budget formulation process across all echelons. This feature within DAI allows commands to detail their budget planning at both the project and task levels. However, as of the writing of this thesis, the



feature has yet to be used by the Marine Corps, resulting in a missed opportunity to align resources to strategies more efficiently. The Marine Corps should consider opening the tool to the FMF, training financial managers on how to use it, and ensuring that its use becomes a standard practice during the budgeting process.

GCSS-MC, while integral to the success of supply chain and O&M management, was not implemented to be a primary financial system (Aronin et al., 2018). It is the primary system to facilitate effective logistics planning, maintenance activities, and supply support. It also provides historical O&M spending data, active requisition tracking, and property management capabilities, each of which feeds into better audit results. The system itself, however, doesn't fully link to DAI. Manual actions in comptroller offices are required all too often to enable the use of GCSS-MC lines of accounting. Separate correspondence is usually required to adjust spending limits, and funding levels cannot be directly viewed in DAI. Additionally, the fund cycle language is different, as GCSS-MC still uses commitment, obligation, expense, and liquidation, while DAI uses commitment, obligation, expenditure, and disbursement. All of these disjointed lines of effort limit the integration potential of DAI and GCSS-MC.

DAI has improved the Marine Corps' financial management process in terms of data integrity, audit readiness, and budget efficiency. While the transition from SABRS to DAI, as well as the adoption of GCSS-MC, was not met without challenges, the systems' capabilities have provided the Marine Corps with added flexibility, transparency, and disciplined style to financial management. DAI provided the tools the Marine Corps needed to achieve long-term financial sustainability and, ultimately, will move the organization forward towards standardizing the budget formulation process.

### **C. PPBE REFORM COMMISSION REPORT: MARCH 2024**

The Commission on PPBE Reform was directed by the FY2022 NDAA to address the effectiveness and transparency of the DoD's primary resource allocation system (National Defense Authorization Act [NDAA], 2021). The commission's objective is to improve responsiveness and transparency and elevate process decisions across the PPBE framework. The commission recommended ways to better align budgets with strategies, build adaptability, enhance DoD cooperation with Congress, and upgrade business



systems capabilities (Commission on PPBE Reform, 2024). Several of these recommendations are essential to ensure a more effective allocation of resources and should be considered for implementation by every DoD entity. They are particularly relevant for the Marine Corps, which encounter challenges in O&M budget formulation.

Additionally, the PPBE Reform Commission's report emphasizes that aligning budgets with Title 10 of the *U.S. Code*'s legal requirements is vital to reforming the budgeting process, to include O&M appropriations, by ensuring that strategic goals are encompassed in the planning process (Commission on PPBE Reform, 2024). The correlation between legal constraints and operational requirements ties back to how Title 10 necessitates fiscal discipline while supporting readiness.

The Marine Corps can enhance budgetary practices through standardization, refine O&M fund allocation, and in turn improve mission readiness by adopting certain key components of the commission's report. The report offers clear strategies to achieve improved financial management processes, and their implementation should be considered as practicable.

#### **1. PPBE Reform Commission Recommendation 1: Replace the PPBE Process with a Different Defense Resourcing System**

The PPBE Reform Commission recommends creating a new Defense Resourcing System (DRS) to transform how the DoD approaches budgeting. The DRS improves the integration of strategic goals with resource allocation, fosters an execution process that is both adaptable and responsive and maintains the role of congressional oversight (Commission on PPBE Reform, 2024). The DRS has three financial management segments: strategy, resource allocation, and execution. These processes look to improve the alignment between resources and strategic priorities. In the new DRS, the strategy is based upon priorities outlined in the NSS and the NDS (Commission on PPBE Reform, 2024). Resource allocation involves a three-step process of developing the Defense Resource Guidance (DRG), building a strategically informed Resource Allocation Submission (RAS), and reviewing the RAS, which is done by the Office of the Secretary of Defense (OSD), that informs the final DoD budget request (Commission on PPBE Reform, 2024).





One of the key benefits of the DRS is its ability to incorporate continuous analysis and evaluation throughout these phases, enabling more responsive adjustments to emerging threats and military operations. Under the current PPBE system, the separation between programming and budgeting creates inefficiencies and duplications, which the DRS seeks to mitigate by consolidating these processes into an integrated framework. This consolidation is expected to reduce the time required for decision-making while maintaining a clear connection between priorities and financial planning.

This shift to the DRS would help inform the Marine Corps on how to create a flexible and responsive budget formulation process. Through continuous analysis, the Marine Corps can make real-time adjustments to its O&M appropriations in response to changing operational demands. The DRS also emphasizes integrating strategic direction into the resource allocation process, allowing senior leaders to trace how programs and initiatives align with goals throughout the budget cycle. This approach addresses one of the core inefficiencies within the Marine Corps, in which misalignment between budget requests and authoritative requirements often occurs due to the lack of oversight during O&M budget formation.

## **2. PPBE Reform Commission Recommendation 6: Increase Availability of Operating Funds**

The Commission on PPBE Reform's (2024) recommendation on increasing the availability of operating funds could help tackle the use-it-or-lose-it dilemma of O&M appropriations. When unobligated O&M funds expire when the FY ends, they are no longer available for new execution and can only be modified or canceled (Candrea, 2024). This current practice can lead to inefficient "hurry-up" spending that often prioritizes obligation over O&M procurement effectiveness (Commission on PPBE Reform, 2024). The Commission on PPBE Reform (2024) recommends providing greater flexibility in managing end-of-year expenditures by allowing up to 5% of annual appropriated funds to be carried over into the next FY.

The increased availability of operating funds to be obligated could help make budget planning and execution across the FMF more flexible, predictable, and disciplined. Allowing a portion of O&M funds to be carried over could reduce the





pressure on finance and supply officers to quickly spend funds before the end of the FY. This recommendation would also help financial managers allocate funds more effectively, ensuring the funds are used towards supporting requirements rather than being wasted. Overall, this would improve the efficiency of O&M execution, reduce prior-year reversions, and reduce the risk of ADA violations caused by rushed end-of-year spending (Commission on PPBE Reform, 2024).

### **3. PPBE Reform Commission Recommendation 9: Mitigate Problems Caused by Continuing Resolutions**

CRs have become a persistent feature of the federal budget process, disrupting the DoD's ability to effectively plan and execute its financial operations. The commission proposes two key changes to mitigate the challenges posed by CRs. First, they recommend allowing select new starts during a CR, provided the program is already in the PB original request and also approved by Congress. This would allow new initiatives to move forward at the lowest funding level approved (Commission on PPBE Reform, 2024). Second, the commission suggests permitting increases in production and development rates during a CR, subject to similar conditions and congressional approval. These changes aim to address the CR challenges described earlier in this thesis while maintaining the right level of congressional oversight (Commission on PPBE Reform, 2024).

Under the proposed changes, the Marine Corps could establish a prioritized list of critical O&M activities that would benefit from increased funding rates during CRs, such as essential maintenance tied to reportable readiness equipment. This approach would facilitate a higher level of operational readiness during CRs by preserving training tempos, continuing vital maintenance schedules and sustaining key support functions that would otherwise fall to the wayside. Furthermore, this strategy could include contingency plans for rapidly scaling O&M activities up or down based on available funding, thereby mitigating the disruptive effects of CRs on day-to-day operations. Lastly, this would better inform budget requests at the tactical level due to the expanded scope of O&M spending capabilities.



#### **4. PPBE Reform Commission Recommendation 10: Review and Consolidate Budget Line Items**

Consolidating the BLIs from current budget submissions will streamline the budgeting process by reducing the number of separate line items that must be reviewed and approved by multiple layers of bureaucracy (Commission on PPBE Reform, 2024). The current system has an excessive amount of BLIs, which creates a burden on the budget formulation process and congressional oversight. Consolidating these BLIs would simplify financial management across the DoD and increase the flexibility of budget execution (DoD, 2023). This recommendation provides examples of successful consolidation efforts, such as those within Special Operations Command O&M, Procurement, and Research, Development, Test, and Evaluation BLIs, which reduced the number of BLIs without sacrificing transparency (Commission on PPBE Reform, 2024).

This consolidation could lead to a more agile and responsive budgeting process for the Marine Corps. Fewer line items would reduce the administrative workload for finance and supply officers and increase the speed with which O&M funds can be allocated to meet emerging requirements. This more streamlined approach aligns with the goal of standardizing the budget formulation template by reducing complexity and improving efficiency in BLIs. By consolidating BLIs, the Marine Corps can adopt a more uniform budgeting process that is easier to manage, more adaptable, and better suited to leveraging the capabilities DAI and GCSS-MC.

#### **5. PPBE Reform Commission Recommendation 18: Restructure the Justification Books**

Restructuring Justification-books (J-books) is meant to improve the clarity and transparency of budget justifications provided to Congress. Currently, the content and structure of J-books vary widely across programs, with some providing insufficient detail, while others are more complex. The purpose of J-Books is to describe how the decisions made in the POM align with the plan to fulfill strategies and are clearly articulated to Congress (Candrea, 2024). The commission recommends standardizing formats and including more relevant programmatic financial data (Commission on PPBE



Reform, 2024). This would make it easier for Congress to review and approve budget requests and ensure that essential operational priorities are effectively communicated.

The Marine Corps unique mission as a rapid response force necessitates detailed resource justifications, implying that improvement to the J-books is very relevant. Restructuring the J-books would lead to more efficient communication of Marine Corps O&M budget requests. More precise justification materials would provide Congress with the information to make decisions without constant requests for additional information. This could also enhance the Marine Corps' ability to advocate for critical operational funding and ensure that Congress understands the strategic importance of O&M allocations. The *USMC Financial Guidebook for Commander's Handbook* (HQMC, 2009) states that when requesting funds, budget estimate submissions must be accompanied by detailed justifications. The standardization of the J-book would help inform how to format the justification requirement within the budget formulation template so commands can clearly articulate their requirements.

#### **D. CHARACTERISTICS OF AN EFFECTIVE DOD BUDGET**

Effective budgeting within the DoD is important to ensure that O&M resources are accurately allocated to meet mission readiness requirements and achieve DoD objectives. Managing budgets across multiple echelons creates challenges when attempting to allocate O&M funds. As the Marine Corps is known to be America's crisis response force, its finance and supply officers must allocate resources to focus on supporting operational requirements and simultaneously being fiscally responsible.

The current budget formulation process within the Marine Corps lacks uniformity across Echelons II-V, leading to inefficiencies in how O&M funds are distributed. This section focuses on the core characteristics of an effective budget, drawing from the principles outlined by The World Bank's (1998) *Public Expenditure Management Handbook*. By applying these principles—discipline, flexibility, transparency, accountability, and predictability—this review supports the development of a standardized budget formulation template that can streamline financial processes, improve accountability, and enhance the alignment of financial resources within the Marine Corps.



The World Bank's (1998) handbook describes discipline in budgeting as the adherence to established fiscal laws and regulations. Within the DoD, finance and supply officers must operate within a complex regulatory environment where budgets go through multiple layers of approval and oversight. A disciplined budget is not just about adhering to rules, but also ensuring that fiscal decisions support operational priorities. Furthermore, a disciplined budget is one in which funds are not wasted on discretionary requirements, and finance and supply officers have a tight grip over expenditures. This involves rigorous budget planning among the command, constant monitoring of execution, and a strong adherence to financial regulations. Failing to uphold a disciplined budgeting approach can result in possible fraud, waste, and abuse of O&M funds rather than allocating resources toward urgent requirements.

A good budget must also be flexible, especially within the Marine Corps, where operations shift rapidly, and financial managers must be able to respond to emerging threats. A flexible budget allows for quick adjustments in response to unforeseen contingencies while allowing for the already planned requirements to be executed without delay (Candrea, 2024). Flexibility in budgeting is also about giving commanders at each echelon the authority to make decisions regarding the immediate needs for their units while adhering to the legal constraints of the different types of appropriations (HQMC, 2009). However, flexibility must not come at the cost of accountability. Commanders and financial managers must do more than reallocate funds at the expense of mission requirements. Instead, their responsibility for resource allocation decisions should encourage them to reprioritize spending within strict budget limits while also increasing accountability for achieving results (The World Bank, 1998).

Another characteristic of effective budgeting is to ensure that every dollar is allocated to a specific requirement and the budget can be tracked and verified. Transparency allows financial managers to see how funds are being allocated and executed, while accountability ensures that finance and supply officers who are managing the funds are responsible for how they are spent. Transparency also requires that the rationale behind decisions, along with their results and costs, be accessible, clearly communicated, and understood (The World Bank, 1998). This is essential for maintaining trust and ensuring that resources are allocated toward specific requirements to accomplish



the mission. The integration of comprehensive financial systems, such as DAI, is vital for the Marine Corps' role in ensuring transparency. Alternatively, accountability involves segregating duties and establishing clear responsibilities for financial managers and decision-makers.

Budgets must also be predictable to ensure that funds are available when needed and allocated to align with commanders' priorities. A predictable budget allows commanders to create a plan confidently, knowing that the required resources will become available for current and future years. Predictability in budgeting also allows for efficient resource management in the annual budget cycle and over the long term (The World Bank, 1998). It ensures that all stakeholders can trust the established processes, knowing that once budgetary decisions are finalized, they will be carried out as planned (Candрева, 2024). Especially for the Marine Corps, where the operational tempo is extremely high, predictability is important to maintain readiness and ensure operations are not disrupted by funding shortfalls. A standardized budget formulation template can help improve predictability by creating a more consistent and reliable process for requesting O&M funds. By improving forecasting, the Marine Corps can support its operations with minimal delays or mid-year financial shortfalls.

The Marine Corps should consider adopting a formal budget template that standardizes processes across all echelons while enabling operational flexibility. Standardization ensures that budget submissions are clear, consistent, and easily comparable across units. This balance of standardization and flexibility is achieved by establishing clear guidelines for the budget formulation process while allowing commanders' discretion over specific BLIs. A standard budget template will help to ensure that budgets are not just financial documents but tools that advance the Marine Corps' priorities. As with any significant change, implementing a standardized budget formulation template will encounter resistance. Finance and supply officers may hesitate to adopt new systems or processes, particularly if they are perceived as burdensome or disruptive to the current standard operating procedures. To overcome this struggle, clear communication of the benefits of standardization will be required.



The characteristics of an effective budget—discipline, flexibility, transparency, accountability, and predictability—are essential for continued success of the Marine Corps’ financial management system. By developing a standardized budget formulation template that incorporates these principles, the Marine Corps can ensure its financial resources are properly allocated. However, implementing this new template will require overcoming organizational resistance and integrating new budgetary technologies.



## **IV. DATA AND ANALYSIS**

This chapter evaluates a sample of current FMF O&M budget formulation templates across various echelons and identifies the essential characteristics for developing the proposed standardized template. The analysis is informed by multiple data sources, including interviews with eight Naval Postgraduate School students with direct experience in Marine Corps financial management and supply operations, a review of current FMF budget templates, and insights from the Commission on PPBE Reform's recommendations outlined in Chapter III.

The interviewees included officers and senior enlisted personnel, ranging from Captain to Major as well as Master Sergeant, with one to nine years of experience in budget formulation. Their billeted roles were comprised of budget officers, comptrollers, supply officers, and disbursing officers, representing aviation and ground operations across echelons 2–5. This group offered practical insights into managing O&M budgets, leveraging systems like DAI and GCSS-MC, and addressing challenges such as continuing resolutions and fiscal constraints. Their collective expertise provided a foundation for evaluating current budgeting practices and identifying solutions for a more effective, standardized budget formulation template.

### **A. INTERVIEWS**

During the interview process, insights from Marine Corps finance and supply officers with direct experience in budget formulation across various commands within the FMF were gathered. The researchers pursued three primary objectives to understand Marine Corps budget formulation processes and standardization opportunities. First, current budget formulation practices across different echelons of command were examined for template usage and effectiveness, DAI and GCSS-MC integration in the budgeting process, challenges in resource allocation and execution, and command-specific requirements. Second, the interviews identified critical components for a standardized budget template by evaluating the officers' previous experiences in the FMF, understanding critical features needed across commands, assessing automation requirements, and determining necessary justification fields. Third, the researchers



examined system integration challenges, identified training and education needs, and studied resource and time constraints affecting budget development.

Conducted from September–October 2024, the interviews encompassed comprehensive discussions on budget formulation processes and procedures, financial management system capabilities and limitations, template standardization experiences, and potential process improvements. Interviewees’ experience spanned from pre-DAI implementation through current operations, providing diverse perspectives on modern systems and processes. This broad scope supplied the viewpoints necessary to inform the development of an effective standardized budget template while considering the unique requirements across the FMF, from tactical to operational levels.

Analysis of the interview responses revealed several consistent themes and critical requirements essential to the development of a standardized budget template. The following findings highlight significant characteristics identified as necessary components for successful implementation across the FMF.

***a. Template Structure and Essential Elements***

A standardized template must include clearly defined expense categories with built-in formulas for automatic calculations, allowing users to efficiently input and track costs associated with travel, supplies, contracts, and commanders’ specific requirements. The template should incorporate detailed justification fields that link spending to operational requirements while providing space for variance analysis between projected and actual expenditures to enhance future planning accuracy. Incorporating these elements will help inform how to build a more effective standard budget template across the FMF. These elements will ensure consistent categorization and expense tracking, making it easier to justify and align budgets to requirements. Including fields to help analyze changes across FYs will support accuracy in current budgeting practices and provide valuable insight for improving future budget forecasts and resource allocation.

***b. System Integration***

Interviewees emphasized the need for seamless integration between DAI and GCSS-MC to enable real-time budget execution monitoring and comprehensive historical





data tracking. Enhanced reporting capabilities allow financial managers to analyze spending patterns and consolidate data automatically, reducing manual reconciliation efforts and improving accuracy across systems. This will, in turn, directly support future budgeting actions by providing accurate historical spending data and trend analysis for more informed financial forecasting and resource allocation decisions.

***c. Process Standardization***

Standardization efforts would streamline budget consolidation across echelons while improving submission accuracy and resource alignment with requirements. Major Devault and Captain Armijo noted how standardization could reduce training requirements for new personnel while enhancing communication between units and higher headquarters (K. Devault & P. Armijo, NPS students, interview with author, September 30, 2024). Implementing process standardization across the FMF will facilitate more efficient budget consolidation and improve consistency in financial reporting to provide more accurate data and alignment with mission-critical requirements. Reducing training demands and enhancing communication across the FMF will support better transitions and consistency in budget practices across all echelons.

***d. Implementation Challenges***

The diverse operational requirements across units demand a flexible template to accommodate command-specific needs while maintaining standardization. Regular template updates must address evolving policies and systems while managing version control issues, particularly when multiple users simultaneously access and modify budget data. Ensuring flexibility and control of certain aspects of the template will make the standardized budget template more adaptable and reliable, meeting unique operational requirements for each command while supporting consistent budgeting practices across the FMF.

Furthermore, incorporating this template within DAI's budgeting capabilities presents an additional challenge, as the template must be compatible with DAI's evolving functionalities to allow for data integration and automated tracking. The template must adapt to DAI's updates and capabilities, ensuring all budgeting requirements align with



system constraints and leverage real-time data access to enhance budget accuracy and efficiency.

*e. Requirements for Success*

Success depends on clear guidance from HQMC and comprehensive training that supports command-specific requirements. The template must integrate seamlessly with existing financial systems while maintaining enough flexibility to accommodate operational changes and emerging requirements across the FMF.

The findings also highlight the importance of clear justification fields, automated calculations, detailed expense tracking, and alignment with authoritative requirements. Multiple insights revealed the value of standardization in facilitating budget consolidation, while experienced financial managers underscored the importance of system integration and user-friendly design.

These findings help form the foundation for developing a standardized template that addresses challenges while incorporating essential features identified by experienced financial managers. The insights gathered directly inform the template's structure and content, which are discussed in subsequent sections.

**B. OVERVIEW AND ANALYSIS OF CURRENT FMF BUDGET TEMPLATE EXAMPLES**

This section presents a comprehensive analysis of five O&M budget templates currently utilized across the FMF. It provides an examination their relative strengths and weaknesses through the lens of established DoD budgeting principles. The analysis methodology leverages the World Bank's (1998) *Public Expenditure Management Handbook* criteria for effective public sector budgeting and insights derived from extensive FMF operational experience.

Across the FMF, a concerning trend in which various echelons are employing locally created and substantially different budget templates has emerged. The current landscape reveals grave deficiencies: templates frequently lack basic contextual information, fail to include comprehensive expense categories for accurate forecasting, add unnecessary transaction data, and have outdated content. These issues are



compounded by annual recreation of templates by inexperienced personnel due to permanent change of station cycles. The variations in layout quality range from underwhelming to entirely inadequate, with many templates missing fundamental elements such as predictability foundations, embedded guidance, and essential identifiers. This fragmentation particularly impacts finance officers' ability to consolidate budgets effectively and demonstrate fiscal decisiveness. Junior finance and supply officers typically need more experience, direction, and training to generate realistic budgets (J. Stark, NPS student, interview with author, September 30, 2024).

The evaluation focuses on how each template addresses key budgeting characteristics, including discipline, flexibility, transparency, accountability, and predictability. The World Bank outlines these characteristics as benchmarks for assessing budget efficacy within DoD contexts. Figures 2–6 illustrate these systemic issues through active FMF budget examples, highlighting the prevalent flaws and missing essential elements. This section highlights the varying degrees of effectiveness in current FMF budgeting approaches. The findings presented here form the foundation for subsequent recommendations to optimize budget template design for enhanced fiscal management across the FMF.

The template in Figure 2 was obtained from a captain finance officer who employs it in a Marine Corps Division. The FMF budget template demonstrates a few strengths in its structural design, which features a comprehensive monthly phasing system and detailed categorization of operations and maintenance costs, including specific line items such as Defense Travel System, bill of materials, fuel, contracting, and medical. This facilitates transparent resource allocation and enhanced accountability, as its organized framework allows financial managers to implement adjustments as needed. The systematic approach to cost categorization proves particularly valuable for commands seeking to maintain strict oversight of their financial resources, while the monthly phasing structure supports proactive management of spending patterns.

However, the template in Figure 2 exhibits several critical limitations that significantly impact its effectiveness in practical applications. The absence of numerous expense types and dedicated justification fields hampers the ability to provide context for



spending decisions, while the rigid structure restricts commands' ability to accommodate unique requirements. Additional deficiencies include the lack of embedded user guidance, which decreases awareness of requirements and trends and increases the risk of data entry errors, particularly in commands experiencing frequent personnel turnover. The template in Figure 2 also omits crucial overarching financial information such as total authority and other DAI identifiers like "project" and "task," limiting users' ability to maintain proper oversight of the budgeted resources. It also splits up Supply Management Unit (SMU) expenses into an excessive "maintenance" section that finance officers do not necessarily need and can cause confusion. These shortcomings not only create additional administrative burden but also potentially compromise the completeness of the users' planning efforts.

The template in Figure 3 was obtained from a captain finance officer who employs it at a Marine Corps Air Station. The template exhibits a template with various strengths in its structure and functionality, presenting a few expense type sections that categorize distinct funding requirements. The template's columns could help facilitate comprehensive expense documentation and strategic planning up to a certain point. A valuable feature is the inclusion of a justification section that prompts users to articulate the purpose and value of expenditures, enhancing accountability. Additionally, the implementation of subtotal fields for each section, resulting in a "Total Core Requirements" calculation, helps enable higher-level assessments.

However, the template in Figure 3 has many limitations that affect its practical utility. The absence of monthly phasing capabilities restricts users' ability to plan and track expenditures across the FY, making it challenging to manage resources effectively.



UNIT NAME

These are exercises planned and funded by your unit. The costs you enter in the "ORGANIC TEEP DETAIL" chart need to be appropriately phased in the "ORGANIC TEEP PHASING" chart.

ORGANIC DETAIL																
START DATE	X CO		X CO		X CO		X CO		X CO		X CO		X CO		X CO	
END DATE	OCT-DEC		OCT-DEC		OCT-DEC		OCT-DEC		OCT-DEC		OCT-DEC		OCT-DEC		OCT-DEC	
	AMOUNT	DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT	DESCRIPTION
<b>OPERATIONS</b>																
DTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BOM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUEL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CONTRACTING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MEDICAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>OPERATIONS TOTAL</b>	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
<b>MAINTENANCE</b>																
CM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SAC 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OVERHEAD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SL-3																
<b>MAINTENANCE TOTAL</b>	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
<b>ORGANIC EVENT TOTAL</b>	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	

ORGANIC PHASING														
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FY25	
<b>OPERATIONS</b>														
DTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BOM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUEL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CONTRACTING	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MEDICAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MISC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>OPERATIONS TOTAL</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>MAINTENANCE</b>														
CM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SAC 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OVERHEAD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SL-3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>MAINTENANCE TOTAL</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>ORGANIC TEEP TOTAL</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Figure 2. FMF Budget Template A. Source: United States Marine Corps (2024a).



The rigid categorical structure may prove problematic for commands with specialized expense types that do not align with the minimal identified sections, potentially forcing users to implement suboptimal workarounds that compromise budget accuracy. A blatant missing feature is the identification of SMU expenses. The template in Figure 3 lacks both a mechanism for consolidating data across multiple units and an overarching financial control framework. These omissions create an additional administrative burden for fiscal officers during data aggregation and comprehensive understanding for all stakeholders.

The template in Figure 4 was obtained from a captain finance officer who employs it in a Marine Logistics Group. The template reveals several well-designed features that enhance its functionality as a budgeting tool, particularly its relatively comprehensive expense type classifications. The template helps facilitate compliance with regulations while assisting in streamlining the consolidation process. A particularly valuable feature is the dedicated SMU section, which enables units to maintain separate tracking of maintenance funding, which tends to be one of the largest expenses in a given FY. The SMU acts as the intermediate supply unit in the supply chain, bridging the gap between using-units and wholesalers such as DLA. Its primary mission is to stockpile supplies close to supported units, reducing requisition cycle times and enhancing operational readiness (Abercrombie et al., 2016). The implementation of a monthly structure and budgeted subtotals provides users with a clear overview, supporting more efficient assessments of budget ceiling requirements.

However, the template in Figure 4 exhibits limitations that impact its effectiveness as a comprehensive budgeting solution. The absence of DAI identifiers and dedicated fields for expenditure justifications creates challenges, particularly during higher-level budget reviews where detailed context for spending decisions is typically necessary. This limitation could compromise transparency and complicate the budget approval process for various expenses. The separation of the allocation and obligation phasing plan tends to confuse junior finance and supply officers and does not provide substantial information to budget planners.



MCAS FUNDING REQUIREMENTS WORKSHEET					
Department:	S-4 Station Supply				
Division:	Customer Service		POC:		
Project			POC contact #:		
Task			ALT POC:		
FY25 BUDGET Amount:	\$	-	ALT POC #:		
WITHIN BUDGET Requirements: (list here only the requirements you would be able to execute with your FY25 proposed budget)					
<u>MATERIALS AND SERVICES - separate admin and janitorial supplies from function specific materials and services</u>					
Type Requirement	Amount Required	When required	Recurring/Non-Recurring	What service does this provide to MCAS Beaufort and its tenants?	Total M&S
	\$0.00				
	\$0.00				
	\$0.00				
	\$0.00				
	\$0.00				
	\$0.00				
	\$0.00				
	\$0.00				\$0.00
<u>CONTRACTS - list each</u>	Amount Required	When required	Recurring/Non-Recurring	What service does this provide to MCAS Beaufort and its tenants?	Total Contracts
					\$0.00
<u>TRAINING/TRAVEL - list each</u>	Amount Required	When required	Recurring/Non-Recurring	What service does this provide to MCAS Beaufort and its tenants?	Total Training
					\$0.00
<b>TOTAL CORE REQUIREMENTS</b>					<b>\$0.00</b>

Figure 3. FMF Budget Template B. Source: United States Marine Corps (2024b).



Additionally, the lack of embedded instructional guidance or tooltips presents a barrier to users who may be unfamiliar with specific categories or processes. This deficiency in user support features could lead to inconsistent data entry practices, potentially increasing administrative overhead.

The template in Figure 5 was obtained from a first lieutenant finance officer who employs it at Marine Forces Europe and Africa. The template attempts to provide a comprehensive budgeting framework through an excessive array of tracking columns, which theoretically enables detailed monitoring of budget requirements. However, the data fields and layout seem to niche this template to an upper echelon command and not be conducive to the majority of the FMF. Though the template includes a priority assignment column and a dedicated section for force design initiatives, these features often result in inconsistent interpretations and subjective entries, possibly leading to questionable data reliability. The template in Figure 5 results in a near-counterproductive layout to most of the FMF and a cumbersome documentation process that doesn't focus on the essential data, logical flow, and detailed justifications.

The design flaws of the template in Figure 5 create an overwhelming and inefficient FMF user experience that is particularly burdensome for supply officers and commands with straightforward budget requirements. The absence of clear data entry guidelines can also lead to inconsistent interpretations across different commands. Additionally, the lack of embedded guidance or tooltips can compound these issues. The attempt at comprehensiveness, in the end, undermines this template's basic functionality as a budgeting tool.

The template in Figure 6 was provided by a staff sergeant supply chief, who employs this template at a Marine Corps Air Station. The template employs a multi-tab structure that, while seemingly organized, actually creates unnecessary complexity in budget management.





## Allocation Phasing Plan

Unit Name: CLB-XX

### Allocation Phasing Plan FY-XX

Object Class	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
210-Travel/Transportation of Personnel	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
220-Transportation of Things	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
232-Rental Payments to Others	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
233-Comm Utilities & Misc Charges	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
240-Printing and Reproduction	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
251-Advisory & Asst Services	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
252-Other Service Contract Non-FED	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
253-OTH Good/Service Federal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
254-Operation/Maint of Facilities	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
256-Medical Care	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
257-Ops & Maint of Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
258-Subsistence & Support of Persons	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
260-Supplies and Materials	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
26FL-Fuel	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
310-Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
<b>Sub Total</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
<b>SMU (PAYGO)</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
<b>Total</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$

## Obligation Phasing Plan

Unit Name: CLB-XX

### Obligation Phasing Plan FY-XX

Object Class	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
210-Travel/Transportation of Personnel	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
220-Transportation of Things	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
232-Rental Payments to Others	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
233-Comm Utilities & Misc Charges	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
240-Printing and Reproduction	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
251-Advisory & Asst Services	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
252-Other Service Contract Non-FED	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
253-OTH Good/Service Federal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
254-Operation/Maint of Facilities	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
256-Medical Care	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
257-Ops & Maint of Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
258-Subsistence & Support of Persons	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
260-Supplies and Materials	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
26FL-Fuel	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
310-Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
<b>Sub Total</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
<b>SMU (PAYGO)</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$
<b>Total</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$

Figure 4. FMF Budget Template C. Source: United States Marine Corps (2024c).



Though meant to provide dedicated spaces through its comprehensive coverage of expense types, this excessive transaction-line detail fragments the financial picture and complicates the fiscal officer's ability to maintain a clear overview of the command's financial status. The separation of expenses across multiple tabs creates a bulky system that requires users to navigate numerous sheets just to piece together basic financial information, ultimately hindering budget management. Furthermore, the template's overly detailed structure can lead to data entry inconsistencies across tabs, potentially compromising the reliability of budget tracking and making it difficult to maintain standardized practices. These limitations strongly suggest that a more streamlined, consolidated approach would better serve the practical needs of fiscal and supply officers who require clear O&M budgeting data.



[illegible]



### C. PROPOSED STANDARD BUDGET TEMPLATE

This section introduces the standardized FMF budget template, located in the only supplemental document of this thesis, designed to address the systemic deficiencies identified in current budgeting practices while incorporating established DoD financial management principles. The proposed template serves as a framework solution that bridges the gap between best practices and practical FMF requirements, providing an integrated approach to O&M budget development built upon the World Bank's (1998) *Public Expenditure Management Handbook* framework, interview findings, and extensive FMF operational experience. This section details the template's core components, including its standardized layout, comprehensive FMF expense types, embedded policy guidance, and consolidation mechanisms. Each feature has been specifically created to enhance budget accuracy, promote fiscal transparency, and streamline the overall budgeting process while ensuring alignment with DoD financial management requirements. The template facilitates consistent budget data regardless of personnel turnover by establishing a uniform structure with clear categorical definitions, integrated historical data capabilities, and robust forecasting tools. This represents a significant step toward establishing a more efficient, predictable, and professional budgeting system across the FMF.

The proposed FMF budget template demonstrates several notable strengths that directly address current O&M budget deficiencies. First, its standardized layout and comprehensive expense categorization system provide a robust framework that surpasses the current fragmented approach. This framework maintains the flexibility to accommodate command-specific requirements while also ensuring consistency and completeness in budget development regardless of personnel turnover or experience levels, which is invaluable given the challenges posed by regular personnel moving cycles and varying levels of financial knowledge among junior officers.

Another significant strength lies in the template's integration of embedded policy guidance and common trends that are necessary to understand. Users can move their mouse over a field to reveal comments containing detailed instructions or contextual information, ensuring clarity and ease of use. This aids in serving as both a practical



document and a training tool. By incorporating standard and clear categorical definitions while allowing for command-specific adaptability, the template effectively bridges the knowledge gap often faced by inexperienced finance and supply officers while promoting transparency and consistency. The template's consolidation mechanisms further enhance its utility, streamlining the budget aggregation process across echelons and enabling more effective demonstration of fiscal decisiveness. This integrated approach, built upon established World Bank principles, interview findings, budget analysis, and operational FMF experience, represents a marked improvement over current templates that often lack contextual information and essential identifiers.

The proposed template, while addressing many current deficiencies, faces limitations when not incorporated with DAI. This separation from DAI means the template cannot leverage real-time execution data that would otherwise provide valuable insights for budget forecasting and development. Without direct integration into DAI, users would have to manually extract and input historical execution data if desired, potentially introducing delays and accuracy concerns in the budgeting process. While the template provides a structured framework for a budget development tool in DAI, its effectiveness is limited without DAI's automated data capabilities, which provide a more comprehensive view of financial performance. This limitation represents an opportunity for future development rather than a flaw in the template's core design and functionality.

The proposed standardized FMF budget template represents a substantial advancement in O&M budget formulation practices, addressing critical deficiencies while establishing a foundation for more effective budgeting. By incorporating established DoD financial principles, The World Bank framework guidance, and insights from operational experience, the template delivers a near-comprehensive solution for standardization. While the template's current standalone nature outside of DAI presents certain limitations, its robust framework for expense categorization, embedded policy guidance and trends, and consolidation mechanisms provide immediate value in addressing the FMF's pressing O&M budget formulation challenges. As the Marine Corps continues to evolve its budgeting practices, this template serves as both an immediate path to addressing current issues and a framework for a future version within DAI.



## **V. CONCLUSION**

Chapter V joins the findings from the literature review and data and analysis to present a comprehensive summary for modernizing the Marine Corps' O&M budget formulation process. The cornerstone of this summary is a standardized O&M budget template designed to enhance fiscal planning and execution across the FMF. This chapter presents the main conclusions and opportunities for further research regarding adopting this standardized approach throughout the FMF.

### **A. OPPORTUNITIES FOR FURTHER RESEARCH**

As this study presents a framework for enhancing the Marine Corps' budget formulation process, several areas for further research can help deepen and expand upon these initial findings. Exploring these opportunities will aid in understanding the long-term impacts of a standardized budget template and refining its implementation across all echelons of the FMF.

#### **1. Implications**

Further research exploring the integration challenges of a standardized budget template across FMF echelons is essential to ensure successful implementation. Priority research areas should include an examination of organizational barriers to standardization, considering how variations in operational priorities and command structures can influence adoption. Additionally, investigating the effectiveness of different budget models and support systems is essential, particularly given the frequent turnover of finance and supply officers and varying levels of expertise across the FMF.

Researchers should also investigate the relationship between standardized budgeting processes and DAI implementation. As DAI continues to mature within Marine Corps finance, studies examining its integration capabilities, automated features, and analytics potential would enhance template functionality. Understanding how to maximize DAI's capabilities while maintaining template flexibility could help streamline the budget formulation processes and improve O&M data accuracy. A structured feedback system gathering insights from FMF users will enable continuous refinement of



both the template and training content, ultimately enhancing O&M budget formulation practices.

## **2. Training and Education**

Implementing a standardized O&M budget template across the FMF requires a dedicated training approach integrated into existing courses like the Supply Chain Management Operations Course and Financial Management Officer Course. These courses should enhance officers' analytical capabilities, focusing on budget trend interpretation and strategic resource allocation decisions. Additionally, enhancing DAI training within these courses will ensure officers understand system capabilities, tools, and automated features from the start of their careers.

The training program should extend beyond technical skills and initial training courses to emphasize strategic, operational, and tactical budget formulation practices. Advanced workshops for experienced officers can focus on complex analytics and DAI integration to enhance budget forecasting precision and system utilization. Virtual training modules can ensure consistent education standards for deployed and remote personnel, maintaining financial management proficiency across the force regardless of location.

## **B. CONCLUSION**

This thesis presents a standardized budget formulation template to address opportunities to enhance the Marine Corps O&M budget formulation practices across the FMF. Informed by the Commission on PPBE Reform (2024) recommendations, the current capabilities of DAI, existing FMF O&M budget templates, and insights from experienced Marine Corps finance and supply officers, this template is an attempt to enhance the budget formulation process. By providing a comprehensive yet adaptable framework, it meets the diverse operational needs of commands while maintaining consistency in budget reporting.

The proposed template is designed to represent the characteristics of an effective budget—predictability, flexibility, transparency, and accountability (The World Bank, 1998). With dedicated sections for historical data, comprehensive categorization,





embedded guidance, and built-in flexibility for command-specific needs, the template facilitates a streamlined approach to budget formulation. Integration with DAI's functionalities would enhance the template's effectiveness by enabling automated data updates and minimizing manual entry errors. These features collectively promote data transparency, reduce the risk of inaccurate information, and provide commanders with greater control over their O&M funds.

This template initiates a critical shift toward improved data integrity across the FMF. The center of gravity in budgeting lies in the data itself, as accurate and reliable data is the foundation of effective budget formulation. By creating a standardized process for recording and organizing budget data, this template supports improved data quality and consistency. Establishing data integrity through a unified budgeting structure not only enhances the credibility of budget reports but also strengthens the analytical basis for future financial planning. Additionally, this template is a framework for further discussion and refinement in Marine Corps budget formulation practices. By creating a system that prioritizes data reliability, the template encourages future enhancements that can adapt to evolving requirements and advancements within DAI.

In summary, the proposed O&M budget template represents a step toward further educating the FMF and improving Marine Corps budget formulation practices at all echelons. It establishes a standardized and adaptable framework that aligns with HQMC's directives, strengthens data integrity, and improves O&M resource allocation. This approach addresses current budgeting challenges and sets the stage for future enhancements, making the template a valuable tool for promoting fiscal discipline and operational readiness across the FMF. By adopting this template, the Marine Corps will be well equipped to manage its O&M resources effectively, meet mission-critical goals due to better budgets, and drive meaningful changes in budget formulation practices.



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## **APPENDIX. INTERVIEW QUESTIONS**

### **A. INTERVIEW QUESTIONS**

The following questions were asked to a set of eight NPS students with finance and supply experience:

#### **1. Background and Experience**

- a. Can you describe your role and responsibilities in the Marine Corps budget formulation process?
- b. How long have you been involved in conducting the budget formulation process?

#### **2. Marine Corps Money Systems**

- a. How do you utilize DAI and GCSS-MC in your budget formulation process?
- b. What are the key capabilities of these systems that support budgeting and financial management?
- c. In your experience, how effective are DAI and GCSS-MC in improving budget accuracy and efficiency?
- d. What technical or operational challenges have you faced while using these systems?
- e. Are there specific features or capabilities you believe are missing or underutilized in DAI and GCSS-MC?

#### **3. Development and Utilization of a Standardized Budget Formulation Template**

- a. Are you currently using a standardized budget formulation template? If so, describe how it has impacted your work.
- b. What elements do you believe are essential in a standardized budget formulation template for the Marine Corps?
- c. What benefits have you observed from using a standardized template?
- d. What limitations or challenges have you encountered with the current template?

#### **4. Current Challenges**

- a. What are the main challenges you face in the current Marine Corps budget formulation process?
- b. How do these challenges affect the allocation and utilization of O&M funds for the FMF?



**5. Potential Improvements**

- a. Based on your experience, what process improvements would you recommend to enhance the budgeting process?
- b. How do you think the implementation of the three key initiatives (PPBE recommendations, DAI and GCSS-MC, standardized template) can contribute to these improvements?

**6. Final Thoughts**

- a. Are there any additional suggestions or insights you believe are important for this qualitative study?



## **SUPPLEMENTAL: PROPOSED STANDARD BUDGET TEMPLATE**

This supplemental material presents the proposed budget formulation template developed to improve O&M fund management across the board, providing a standardized framework for use across the FMF. The template includes categorized expense tracking and data aggregation tools designed to enhance data integrity, streamline financial processes, and support efficient budget planning. It focuses on usability through a logical structure and embedded tools, serving as a foundational step toward a more transparent and adaptable budgeting process. To access the supplemental material(s) listed here, contact the Dudley Knox Library or, for publicly releasable theses and supplementals only, visit the thesis pages in the library's Calhoun database.



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