DEFENSE ACQUISITION UNIVERSITY

Business, Cost Estimating and Financial Management Department

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TEACHING NOTE

OBLIGATION AND EXPENDITURE PLANS

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OVERVIEW

Obligation Plans and ***Expenditure Plans*** (collectively, known as ***"Spending Plans"*** or ***"Financial Plans"***) are written forecasts of the planned execution of program funds and, during the period of execution, the progress made toward achieving those forecasts. These plans show – on a month by month basis – when during the fiscal year funds are expected to be ***obligated*** (e.g., when a contract is signed) or ***expended*** (e.g., when a check or electronic funds transfer is sent to the contractor). Then, during the execution period, actual obligations and expenditures are tracked on those documents and are compared to the forecasted amounts. Services and Defense Agencies typically require subordinate organizations prepare and submit spending plans for all appropriations for which they have received a funding allotment. Within an acquisition program office, the Business Financial Manager (BFM) is usually responsible for developing and submitting these plans through channels to the Service headquarters. Higher headquarters use spending plans in preparation for and during the apportionment process (in some cases, to determine the timing and amount of funding allotments) and budget execution phase. During the execution phase, the plans serve as a "report card" on how well program offices are using their allotted funds and to determine potential sources of funds for higher priority programs.

CONTENT OF SPENDING PLANS

An obligation plan is required for all fiscal years for all appropriations currently available for new obligation purposes. For example, if the program office has O&M funds, an obligation plan is required for only the current fiscal year. For RDT&E, an obligation plan is required for the current fiscal year and, if any prior year funds still remain unobligated, for the prior fiscal year. For most procurement appropriations, the program office might have obligation plans for the current plus two prior fiscal years (the exception being Shipbuilding and Conversion, Navy (SCN)) for which there might be obligation plans for a total of five fiscal years). Typically, a program office would not have appropriations other than O&M, RDT&E and procurement; therefore, this teaching note will address only those appropriations.

An expenditure plan is required for all fiscal years for all appropriations that have not yet been liquidated (i.e., fully expended) and that have not yet been cancelled. Under provisions of Title 31, U. S. Code, Section 1552 each appropriation account remains in an "expired" status for five years beyond its "current" status. After the fifth year in the "expired" status, the account is closed and any remaining balance (whether obligated or unobligated) in the account is considered "cancelled" and is not available for obligation or expenditure for any purpose. During those five years in the expired status, the budget authority maintains all of its original accounting identity (i.e., appropriation, fiscal year, program element or line item, etc.) and remains available only for adjustments to the original obligations and for disbursements or expenditures against the original obligation. Therefore, it is possible that expenditure plans could be required for six years for O&M; seven years for RDT&E; and eight years for procurement (or ten years for SCN) appropriations in order to track expenditures against the original appropriated amounts for the respective appropriation accounts.

Within the obligation and expenditure plans, the minimum level at which the plans should be prepared is as follows: sub-activity group for O&M; program element for RDT&E; and line item for procurement. While a program office might have only one sub-activity group, one program element, the spending plans would include those multiple entries. Within the minimum level categories, the program office could also show by subordinate entities such as prime contract, lesser contracts, testing, travel, equipment, and management support. The program office might maintain internal records at the more detailed level (for internal control and management purposes) and report to higher headquarters only at the minimum level categories.

Generic obligation and expenditure plans at the level normally desired by higher headquarters are provided at Enclosure 2. Services and Defense Agencies may prescribe a specific layout for their purposes but the enclosed generic plans provide the basic required information. These plans reflect the total allotment of funds provided for the given fiscal year (for obligation purposes) and planned expenditures of those fiscal year allotted funds (for expenditure purposes). Both documents show the plan by month and cumulative; actuals by month and cumulative; and cumulative variances by absolute dollars and by a percentage of the indicated plan. This example also shows the planned cumulative obligation and expenditure percentage of total allotment; this represents the program's plan against established "benchmarks" or goals. The program office may want to include this information for comparison to its actuals.

A generic layout for obligation and expenditure plans at the detailed level a program office might maintain for its internal control and management purposes is provided at Enclosure 3.   Such plans provide the same type information as contained in the report submitted to higher headquarters but would be at the level of detail desired by the preparing office. The detailed information of these plans would then roll up to the plans shown at Enclosure 2 for submission to higher headquarters.

DEVELOPING SPENDING PLANS

A primary requirement for the preparation of spending plans is to assist in the apportionment process that occurs after Congress passes the appropriation acts. Apportionment is the distribution made by the Office of Management and Budget (OMB) of the budget authority (i.e., funding) provided in the appropriation acts; such distribution may be made for specified time periods, activities, programs, projects, or any combinations of these. Primary purposes of the apportionment process are to (1) achieve the most effective and economical use of amounts made available, and (2) prevent agencies from obligating funds in a manner that would result in a deficiency or require a supplemental appropriation.

Initial spending plan forecasts are based on what was contained in the President's Budget for the specific program involved. These plans are then modified by any known Congressional actions on that budget amounts (e.g., cuts or plus-ups). Obligation plans assume that program direction and funding will be available at a particular point in time, thereby enabling the program to meet advertised obligation and expenditure dates. Further, obligation plans will depict on a month by month as well as on a cumulative basis all funds expected to be obligated in the current year. After consolidation and review of input from lower organizations, subordinate commands submit composite plans (by separate appropriation) to the service headquarters comptroller. Once inputs are reviewed by the service headquarters, those headquarters consolidate at the individual appropriation account level and provide that information to USD (C). From there, information is provided to OMB to assist in the apportionment process.

Generally, the spending plans used to assist in the apportionment process are revised one more time at the end of the first quarter of the fiscal year. This revision reflects any later Congressional changes as well as any impacts of a continuing resolution or adjustments during the apportionment process (withholds and/or taxes). This "end of first quarter" spending plan is then locked for the duration of the fiscal year and becomes the baseline plan used for budget execution analysis the remainder of the year. This is the basis of a "report card" of how well program managers are executing their program.

OSD and Service/Components provide "benchmarks" as a guide to develop forecasts. Current OSD "benchmarks" or goals – at the appropriation level – are shown at Enclosure 1. Although service benchmarks are not provided (these vary among the services), each service usually sets their goals several percentage points higher than the OSD goal. Benchmarks used by OSD and Service budget analysts to evaluate programs' execution performance are based on historical information in the official accounting records. Thus, <u>routine</u> delays inherent in the accounting process are automatically accounted for in these benchmarks, and will not generally be accepted as an explanation of why the program appears to be behind in its execution. However, if the program can present credible evidence that unusual delays or errors have occurred in the processing of its obligations or expenditures (e.g., an extremely long period under a Continuing Resolution (CR) or postings to incorrect fund cites), this rationale will usually be accepted and considered by the analyst in making recommendations as to action to be taken on the program's funding.

Spending plans should not be prepared in a vacuum. In addition to established benchmarks, the preparing analyst should consider other realities. The analyst should ensure the plans are based on the program acquisition strategy and should coordinate planned contract awards with the Procuring Contracting Officer's (PCO) contractual action schedule. The type of solicitation, modifications, special clauses, and similar contractual actions for planned contracts also influence the forecast. In those cases where work is expected to be done by another government or defense activity (e.g., a test facility or laboratory), the analyst should consider funding arrangements that may already exist between the two activities. For example, if the other activity will perform the work in-house – and has the authority to accept such work – then a ***reimbursable*** document would be used and the obligation plan will project the obligation to occur when the receiving agency accepts the document. However, if work will be contracted out by that activity, then a ***direct citation*** document would be used and the obligation plan would project the obligation to occur when that activity awards the contract.

Another consideration involves projections for the first quarter of a new fiscal year as well as the last quarter of the fiscal year. The program office should not be overly optimistic about the ability to obligate major contracts early in the fiscal year. Based on history, there is the likelihood of having to operate under Continuing Resolution Authority (CR) for the first portion of the fiscal year due to lack of an enacted appropriations bill. When a CR is expected, the local comptroller will normally request program offices identify their firm requirements for the anticipated CR period (i.e., obligations that <u>must</u> take place to avoid a breach of contract or some other detrimental action). Because of the wording in a typical CR and the fact that this temporary spending authority is only for a limited, specified number of days, OMB and OSD will normally apportion/allot only a small percentage of the RDT&E and procurement funds a program office will ultimately receive for the fiscal year. Therefore, a program office should not normally plan to obligate a large amount of funds early in the fiscal year. Even after an appropriations act is passed, a significant period is normally required to complete the apportionment and allotment process and for the buying entity to receive its funding allotment, which provides authorization to commit and obligate funds. Both type actions could result in delayed receipt by the buying entity of its funding. Until the apportionment process is done completely electronically, up to a month should be assumed for distribution of budget authority allotment through the comptroller chain to the program office. Also, at the same time budget authority is being distributed down the comptroller chain, program authority is being sent down through the acquisition chain. Normally, both authorities are needed before a contract can be awarded.

With regard to planning for large obligations in the fourth quarter, there are four factors that make this a risky plan. First, in the past several years, Congress has included language in the DoD Appropriations Acts that has placed restrictions on the percentage of appropriated funds that may be obligated in the last part of the fiscal year. Second, the FMR (Volume 6A, Chapter 4, paragraph 040509A) requires that Services and Defense Agencies place in a monthly appropriation status financial report (i.e., the Accounting Report [M] 1002) a certification that "not more than 20 percent of the appropriations in that act . . . shall be obligated during the last two months of the fiscal year". Although there are two exceptions to that requirement, neither is applicable to acquisition programs. Third, some contracting offices often impose a "moratorium" on creating obligations in the final weeks of the fiscal year because contract award schedules are full; therefore, a planned significant obligation at the end of the fiscal year might not be executable because of the workload involved in the action. Fourth, the OSD Comptroller budget analysts who review the Services' Budget Estimate Submission (BES) in the PPBE process will typically question why proposed fourth quarter contract awards can not be slipped to the following year. That question frequently results in a Resource Management Decision (RMD) that shifts the requested funds from the targeted budget year and moves that amount to the next fiscal year. The "justification" used in the RMD is that slippages in on-going current year contract work effort will have a ripple effect that result in the follow-on contracts (planned for award with the requested budget) being delayed. Hence, the requested amount of funds in the targeted budget year is considered "excessive" and that budget request is reduced accordingly.

PURPOSES OF SPENDING PLANS

During Apportionment:

As indicated above, the modified spending plans – as later modified during the Congressional enactment process – are used to assist in the apportionment process that occurs after Congress passes the appropriation acts. Data in the aggregated expenditure plans also provide the U.S. Treasury with information regarding projected outlays (i.e., expenditures). Then, the "end of first quarter" spending plans become the baseline against which budget execution is compared.

During Execution:

During the year of execution, the primary purpose of spending plans is to provide a means to measure actual financial execution performance of an organization against its modified plan (i.e., the effectiveness with which it is executing available budget authority). As previously stated, OSD and the Services have benchmarks for obligations and/or expenditures for appropriations typically held by program offices. Comparing planned obligations and expenditures shown on the modified spending plans against the benchmarks indicate how the program plans to meet (or, perhaps, exceed) those established goals. Then, comparing actual obligations and expenditures reflected in the monthly report – and analyzing the explanation provided by the organization involved as to why there is a variance and what will be done to correct the variance – assists a higher headquarters in identifying candidates for program financial reviews, potentially forward-financed programs, and those that are potential bill payers for unanticipated higher priority requirements.

Because spending plans prepared during the year of execution reflect what is actually happening in the program – from a financial perspective – they are a good indicator of the overall current status of the program. Programs that are not obligating and expending funds according to their spending plans (which should have been based on the program's acquisition strategy) are probably behind schedule. Therefore, such programs might not need the same level of funding justified in the President's Budget request to Congress, which was later modified by the funding provided in the appropriations act. Based on information contained in a monthly variance report (discussed in more detail later in this teaching note), the PEO and local comptroller can investigate causes and may determine other programs under their cognizance can spend potentially excess funds more effectively. Service Headquarters and USD (Comptroller) personnel analyze programs' actual obligation and expenditure data for trends to determine if those programs' budget requests are likely to be executed effectively.

Program managers are generally required to report on actual obligations and expenditures as compared to planned obligations and expenditures as part of the quarterly reviews or briefings to the PEO. Using this information, the PEO can make decisions regarding sources of funding for emergent requirements and to provide direction to local comptrollers to reprogram funds as appropriate among acquisition programs under the PEO's cognizance.

Usually starting with the end of December and each month thereafter, program offices and other subordinate commands are required to submit the type obligation and expenditure plans shown in Enclosure 2. Higher headquarters reviews those plans, with emphasis on differences between "cumulative actuals" and "cumulative plan", which are called "variances" or "deviations". Although it may vary among Services and Defense Agencies, a negative or positive variance of as little as 5% or 10% may trigger a requirement to submit a Deviation or Variance Report that explains the variance and provides a "get well" plan (i.e., how the program office will alleviate the problem). Budget analysts at higher headquarters then analyze these variance reports and provide recommendations to decision-making officials. Recommendations can vary from doing nothing at that time to immediately reprogramming some or all unobligated budget authority from a program to more effectively manage scarce funding of that fiscal year.

OSD Comptroller analysts (and, therefore, budget analysts at the Service and Defense Agency levels) focus on obligations for procurement appropriations and on expenditures for RDT&E appropriations. USD (C) typically sets benchmarks for annual obligations and/or expenditures for appropriations and expects Services and Defense Agencies to meet those benchmarks (e.g., those at Enclosure 1). These subordinate commands then set similar but slightly higher goals for their subordinate elements; often, the Service goals are also divided into month by month goals for better tracking purposes.

An Example Based on Data in Enclosures:

In this example, USD (C) budget analysts would expect the program to have obligated at least 90% of its procurement funds by the end of the first year of availability. They would also expect the program to have expended at least 55% of its RDT&E funds in the first year of availability (and, in order to achieve 55% expenditures, to have obligated at least 90% of the available funds). If program spending does not reach these levels, or if the program's obligation and/or expenditure performance is significantly behind its stated plan, this is an indication the program might be falling behind schedule and may not be able to effectively utilize its allotted budget authority. This situation may result in higher headquarters decision to pull funds from that program.

The example obligation plan (with end of June 2010 data) at Enclosure 3, which rolls up to the summary information at Enclosure 2, indicates the program planned to award their prime contract in January 2010; several minor contracts in February, March and April 2010; an obligation for testing in July 2010; and "routine" program office expenses for the other months. According to "actual" obligations, award of the prime contract did not occur until March; the minor contracts occurred in February, March and May; and the obligation for testing has not yet occurred (and was not scheduled until July). Delays in awarding the prime contract and a minor contract resulted in the program being slightly behind planned obligations as of end of June 2010 (i.e., by $4.345 Million), which translates to a negative 2.3% variance. The program office plans to obligate 100% of its total allotted RDT&E program by end of the first year of availability; this is an aggressive obligation plan.

The example expenditure plan (also with end of June 2010 data) at Enclosure 2 (a detailed level expenditure plan was not considered practical in this case) indicate the program planned to have relatively minor expenditures until January 2010, when the prime contract was to be awarded. Thereafter, there would be relatively level expenditures each month as that contractor and those with the minor contracts incurred expenses and submitted invoices and the paying finance office paid those invoices. The planned end-of-year cumulative expenditures (i.e., $129.125 Million) indicate the program office planned to expend approximately 64% of its total allotment in the first year of funds availability; again, this is an aggressive plan. Because actual obligations occurred later than planned, however, actual expenditures also lagged behind plan. Although cumulative actual expenditures have improved in the past three months before this report, there is still a negative variance of $11.46 Million (cumulative plan of $83.045 minus cumulative actual expenditures of $71.581), which translates to a negative 13.8% variance as of the end of June 2008. In summary, as of end of June, the program is slightly behind planned obligations (negative 2.3%) but significantly behind planned expenditures (negative 13.8%) for its FY 2010 RDT&E funds.

Variance Reports

The program in this example would be expected to submit an ***Obligation Variance Report*** for the months ending January (with a negative 98.9%), February (with a negative 97.2%) and April (with a negative 22.8%). The reports for January and February would indicate the estimated $142 Million prime contract planned to be awarded in January was not awarded; an explanation as to why; and what is being done to make that award in a timely manner. The report for April would address similar information for the estimated $40 Million minor contract.

Because the prime contract was awarded two months later than planned, expenditures would also lag. The one month delay awarding the largest of the minor contracts has also had a negative impact on expenditures. The program should expect to submit Expenditure Variance or Deviation

Reports for each month starting with the January data and continuing through June data because of negative variances ranging from 78.3% to 13.8%. Each report should state why expenditures are behind plan and what is being done to try to bring expenditures closer to plan. Examples might include such actions as "maintaining close coordination with contractors to ensure timely submission of invoices and working with the paying finance office to receive formal notification when invoices are paid".

Proposed Budget Reduction and Follow-on Reclama Submission

When a higher headquarters perceives that a program office or other buying entity is not effectively using its available budget authority in a timely manner or the higher headquarters determines a higher priority program needs additional currently available funding, the headquarters might notify the "underachieving" program that a specific amount of its available funding will be withdrawn from the program. Normally, when higher headquarters notifies the subordinate entity of the proposed budget reduction, the entity is offered the opportunity to submit a response to that proposed reduction. This response is known as a ***reclama***.

The ***reclama*** is the subordinate entity's opportunity to "argue" with the higher headquarters about a proposed fiscal action (usually a reduction). By the very nature of the circumstances that usually causes a proposed reduction in a program's funding, the suspense to submit the reclama is short and the reclama must be both brief and specific. What to say in the reclama is often a judgment call on the part of the program office or other buying entity. While the entity should not necessarily voluntarily accept a budget reduction during the execution year, neither should it retain funding that is not honestly needed to satisfy its mission. Depending on many factors that exist when the budget reduction is proposed, the individual responsible for the mission (e.g., the program manager) must make the decision to either accept the entire proposed reduction, offer to accept a reduction of a lesser amount, or argue that no reduction should be made to the program.

Regardless of the specific decision of the response, the subordinate entity should formally respond to the proposed reduction; it should submit a reclama. The reclama generally consists of four parts: (1) Statement of the Issue, (2) Explanation of the Variance, (3) Impact Statement of Proposed Reduction and (4) Program Office Recommendation.

- The "Issue" could be a statement of what higher headquarters proposes to do or it could be worded as a question. For example, this could be "ASA FM&C (i.e., Assistant Secretary of the Army for Financial Management and Comptroller) proposes to reduce XYZ Program FY 2010 RDT&E funding by $10 Million". Alternatively, it could be "Can the XYZ Program affords a $10 Million reduction of its 2010 RDT&E funding?"

- "Explanation of the Variance" provides a short but specific explanation of the variance amount and <u>why</u> the program is in the fiscal situation that probably prompted the proposed reduction. For example, this could be "As of end of June 2010, the program had a negative obligation variance of $4.345 Million, which is only 2.3% of total allotment. Planned award of prime contract in Jan 2010 was delayed to Mar 2010 because of difficulties in final contract negotiations."

- "Impact Statement of Proposed Reduction" provides an explanation of planned actions that will <u>not</u> be accomplished if the proposed budget amount is withdrawn and the specific <u>impact</u> to the program and intended user of the program's product as a result of those actions not being accomplished when planned. In the case of the XYZ Program, this could be as follows: "With planned $10 Million obligation via Reimbursable MIPR to Army's ZZZ Test Facility in July (which is on track) to begin operational testing late that month, plus other planned actions, obligations will increase to about $198 Million, which is only $2 Million under original Obligation Plan and $3 Million under total allotment. If $10 Million is cut from the program, funds for the $10 Million MIPR to the test facility will not be available; operational testing can not begin when scheduled; program will lose its scheduled range time; and execution of the program will be delayed for example eight months until program can reschedule the range again to begin testing. This pushes the program into next fiscal year while waiting for additional funding. This will result in delay of fielding system for at least one year. Because XYZ is an ACAT I program, this will result in a SAR schedule breach."

Another approach to determine a potential impact of a proposed budget reduction – although <u>not</u> applicable in the example of the XYZ Program – would be to focus on the contractor's monthly "***burn rate***" (i.e., the monthly average of cost being incurred on the work effort) and the potential impact to the contract work effort. When this method is appropriate, divide the annual amount planned to be placed on the contract by the number of contract months in the fiscal year; that is the average burn rate. Then divide the proposed budget reduction by that monthly burn rate; that is the approximate number of work-months the contractor will not be able to perform if the proposed budget reduction requires taking funds from the contract. The impact statement would then address the impact of taking funds from the contract and the resultant impact on the schedule. While this approach to determining an impact is not always appropriate (reducing funds already obligated on a contract is a significant action), it would at least be considered if there is no other place from which the proposed reduction could be taken.

- "Program Office Recommendation" is a statement of what should be done instead of the proposed action. Usually, this can be as simple as "Impose no reduction to XYZ Program FY 2010 RDT&E funding."

In the above example, obligations were only slightly behind the plan and a planned action in the following month would bring obligations close to plan. There are circumstances, however, in which a program may honestly <u>not</u> need the funding allotted. In such cases, strong consideration should be given to agreeing to accept part or all the proposed reduction. The reclama would then be written in such a way to agree that $X Million (or $Y Thousand) could be withdrawn from the program. The "Impact Statement" portion of the reclama should then be written to indicate the impact to the program of losing that amount of funding and what should be done, if anything, relative to higher headquarters providing a "pay back" of that amount plus appropriate escalation in a future year.

<u>CONCLUSION</u>

Although budget execution is the last stage of the budget process, it can be the most difficult. Programs are "justified" through command channels to Service headquarters to get their share of resources and are then defended through the programming and budgeting review processes at both the Service and OSD levels. Having survived these scrubs, program funding is included as part of the President's Budget to Congress, where it must also be defended to survive Congressional scrutiny. All the effort that went into the programming, budgeting and enactment process may then be in vain if the program fails to use its available funding in a timely and efficient manner. Proper planning on the part of the program office and the internal use of obligation and expenditure plans to better manage the fiscal aspects of the program will help alleviate budget execution problems and the potential loss of budget authority due to poor execution.

OSD Benchmarks for Obligations and Expenditures During Execution

(As of 15 Dec 2010)

Appropriation Category	First Year Available		Cumulative for Second Year		Cumulative for Third Year	
	Obligation	Expenditure	Obligation	Expenditure	Obligation	Expenditure
O&M	100%	75%	100%	100%	100%	100%
RDT&E	90%	55%	100%	90%	100%	100%
Procurement	80%	N/A	90%	N/A	100%	N/A
Initial Spares	92%	N/A	96%	N/A	100%	N/A
Advance Proc	100%	N/A	100%	N/A	100%	N/A

Notes:

1. Where percentages are shown, these represent "end-of-year" benchmarks against which the specific appropriation account or individual organizations, to include acquisition program offices, could be measured by OSD. While OSD does not currently require services to report their actual obligation and expenditure rates on a routine basis, failure to meet these benchmarks usually means the activity involved is having some type problem that is impacting financial execution performance.
2. A "N/A" in a column indicates that OSD does not have a specific benchmark (e.g., expenditures for procurement appropriation accounts).
3. The services and defense agencies use these benchmarks to set internal benchmarks, which are usually several percentage points closer to the desired 100% (i.e., a higher percentage).

Enclosure 1

XYZ PROGRAM SPENDING PLANS
FY 2010 RDT&E APPROPRIATION
PE 0604999A

OBLIGATIONS IN $ MILLIONS - SUMMARY LEVEL

	Total Allotment	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Plan by Month		0.350	0.450	0.550	142.550	2.750	2.150	40.350	0.350	0.450	10.350	0.350	0.350
Plan Cumulative	201.00	0.350	0.800	1.350	143.900	146.650	148.800	189.150	189.500	189.950	200.300	200.650	201.000
Cumulative % Allotment		0.17%	0.40%	0.67%	71.59%	72.96%	74.03%	94.10%	94.28%	94.50%	99.65%	99.83%	100.00%
Actual by Month		0.245	0.350	0.485	0.535	2.540	141.500	0.290	39.375	0.285			
Actual Cumulative		0.245	0.595	1.080	1.615	4.155	145.655	145.945	185.320	185.605			
Variance $ Cumulative		(0.11)	(0.21)	(0.27)	(142.29)	(142.50)	(3.15)	(43.21)	(4.18)	(4.35)			
Variance % Cumulative		-30.0%	-25.6%	-20.0%	-98.9%	-97.2%	-2.1%	-22.8%	-2.2%	-2.3%			

EXPENDITURES IN $ MILLIONS - SUMMARY LEVEL

	Total Allotment	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Plan by Month		0.035	0.080	0.135	12.390	11.665	11.880	15.915	15.950	14.995	15.030	15.030	16.020
Plan Cumulative	201.00	0.035	0.115	0.250	12.640	24.305	36.185	52.100	68.050	83.045	98.075	113.105	129.125
Cumulative % Allotment		0.02%	0.06%	0.12%	6.29%	12.09%	18.00%	25.92%	33.86%	41.32%	48.79%	56.27%	64.24%
Actual by Month		0.030	0.066	0.110	2.532	3.915	6.098	21.528	19.558	17.746			
Actual Cumulative		0.030	0.096	0.206	2.737	6.652	12.750	34.278	53.836	71.581			
Variance $ Cumulative		(0.01)	(0.02)	(0.04)	(9.90)	(17.65)	(23.43)	(17.82)	(14.21)	(11.46)			
Variance % Cumulative		-15.0%	-16.7%	-17.8%	-78.3%	-72.6%	-64.8%	-34.2%	-20.9%	-13.8%			

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Enclosure 2

XYZ PROGRAM SPENDING PLANS

FY 2010 RDT&E APPROPRIATION

PE 0604999A

OBLIGATIONS IN $ MILLIONS - DETAILED LEVEL

	Total	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Prime Contract													
Plan by Month	142.000				142.000								
Plan Cumulative					142.000	142.000	142.000	142.000	142.000	142.000	142.000	142.000	142.000
Actual by Month	139.500						139.500						
Actual Cumulative							139.500	139.500	139.500	139.500			
Variance $ Cumulative		-	-	-	(142.000)	(142.000)	(2.500)	(2.500)	(2.500)	(2.500)			
Minor Contracts													
Plan by Month	43.750					2.000	1.750	40.000					
Plan Cumulative						2.000	3.750	43.750	43.750	43.750	43.750	43.750	43.750
Actual by Month	42.500					2.000	1.500		39.000				
Actual Cumulative						2.000	3.500	3.500	42.500	42.500			
Variance $ Cumulative		-	-	-	-	-	(0.250)	(40.250)	(1.250)	(1.250)			
Testing													
Plan by Month	10.000										10.000		
Plan Cumulative											10.000	10.000	10.000
Actual by Month	-												
Actual Cumulative													
Variance $ Cumulative		-	-	-	-	-	-	-	-	-			
Travel													
Plan by Month	1.300	0.050	0.150	0.250	0.250	0.200	0.100	0.050	0.050	0.050	0.050	0.050	0.050
Plan Cumulative		0.050	0.200	0.450	0.700	0.900	1.000	1.050	1.100	1.150	1.200	1.250	1.300
Actual by Month	1.040	0.045	0.050	0.195	0.290	0.190	0.150	0.040	0.035	0.045			
Actual Cumulative		0.045	0.095	0.290	0.580	0.770	0.920	0.960	0.995	1.040			
Variance $ Cumulative		(0.005)	(0.105)	(0.160)	(0.120)	(0.130)	(0.080)	(0.090)	(0.105)	(0.110)			
Supplies & Equipment													
Plan by Month	0.950	0.050	0.050	0.050	0.050	0.300	0.050	0.050	0.050	0.150	0.050	0.050	0.050
Plan Cumulative		0.050	0.100	0.150	0.200	0.500	0.550	0.600	0.650	0.800	0.850	0.900	0.950
Actual by Month	0.665	0.050	0.050	0.040	0.045	0.100	0.150	0.100	0.090	0.040			
Actual Cumulative		0.050	0.100	0.140	0.185	0.285	0.435	0.535	0.625	0.665			
Variance $ Cumulative		-	-	(0.010)	(0.015)	(0.215)	(0.115)	(0.065)	(0.025)	(0.135)			
Management & Spt													
Plan by Month	3.000	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Plan Cumulative		0.250	0.500	0.750	1.000	1.250	1.500	1.750	2.000	2.250	2.500	2.750	3.000
Actual by Month	1.900	0.150	0.250	0.250	0.200	0.250	0.200	0.150	0.250	0.200			
Actual Cumulative		0.150	0.400	0.650	0.850	1.100	1.300	1.450	1.700	1.900			
Variance $ Cumulative		(0.100)	(0.100)	(0.100)	(0.150)	(0.150)	(0.200)	(0.300)	(0.300)	(0.350)			
Total													
Plan by Month	201.000	0.350	0.450	0.550	142.550	2.750	2.150	40.350	0.350	0.450	10.350	0.350	0.350
Plan Cumulative		0.350	0.800	1.350	143.900	146.650	148.800	189.150	189.500	189.950	200.300	200.650	201.000
Cumulative % Allotment		0.17%	0.40%	0.67%	71.59%	72.96%	74.03%	94.10%	94.28%	94.50%	99.65%	99.83%	100.00%
Actual by Month	185.605	0.245	0.350	0.485	0.535	2.540	141.500	0.290	39.375	0.285			
Actual Cumulative		0.245	0.595	1.080	1.615	4.155	145.655	145.945	185.320	185.605			
Variance $ Cumulative		(0.105)	(0.205)	(0.270)	(142.285)	(142.495)	(3.145)	(43.205)	(4.180)	(4.345)			
Variance % Cumulative		-30.0%	-25.6%	-20.0%	-98.9%	-97.2%	-2.1%	-22.8%	-2.2%	-2.3%			

Prepared by PMO 3 July 2010

Status as of end June 2010
Report run 1400, 30 June 2010

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