



---

## **FUNDING FOR RESERVE COMPONENT EQUIPMENT: AN ANALYSIS OF THE BUDGET PROCESS**

*A Report Prepared by the Federal Research Division,  
Library of Congress  
under an Interagency Agreement with the  
Commission on the National Guard and Reserves*

*November 2007*

*Researcher: Seth L. Elan*

*Project Manager: Alice R. Buchalter*

**Federal Research Division  
Library of Congress  
Washington, D.C. 20540-4840**

*Tel: 202-707-3900*

*Fax: 202-707-3920*

*E-Mail: [frds@loc.gov](mailto:frds@loc.gov)*

*Homepage: <http://www.loc.gov/rr/frd/>*

## **PREFACE**

This report analyzes the Department of Defense’s current system of tracking the funding for reserve component equipment for the budget years 1997–2006. It evaluates the consistency of data appearing in various official Department of Defense budget documents and congressional appropriations, comparing promised and actual funding and determining what equipment was purchased with the funding. Supporting this analysis are several tables containing data extracted from the relevant budget documents. The report also describes efforts by various government agencies to improve the transparency of the budget process. Finally, the report evaluates the possibility of mandating separate budgetary accounts for reserve component equipment.

**TABLE OF CONTENTS**

PREFACE..... i

TRACKING FUNDING FOR NATIONAL GUARD AND RESERVE EQUIPMENT..... 1

    Introduction..... 1

    Data Sources ..... 2

    Discussion of Financial Tables ..... 2

    Anomalies in the Data..... 5

    Accounting for Actual Spending and Its Impact..... 6

GOVERNMENT BUDGET PROCESS TRANSPARENCY ..... 6

CONCLUSION..... 9

APPENDIX..... 11

BIBLIOGRAPHY..... 19

**FIGURES**

Figure 1. Army Reserve Funding Comparison..... 4

Figure 2. Army National Guard Funding Comparison ..... 5

**TABLES**

Table 1. Reserve Component Procurement Funding ..... 13

Table 2. Summary of National Guard and Reserve Equipment Funding ..... 15

Table 3. National Guard and Reserve Equipment Procurement Funding..... 16

Table 4. Army National Guard and Army Reserve Equipment Procurement Funding ..... 17

Table 5. National Guard and Reserve Equipment Funding (P-1R vs. NGRER) ..... 18

## TRACKING FUNDING FOR NATIONAL GUARD AND RESERVE EQUIPMENT

### Introduction

This report assesses the process by which equipment funding for the National Guard and Reserve is budgeted. The process begins with the president’s budget, which is based on reserve component equipment requirements identified by the parent services. The president’s budget takes two forms: the P–1R, which is provided for information purposes only and is not associated with actual appropriations, and the P–1, which contains the official parent service budget request for equipment procurement. The next stage (and component) involves congressional additions, commonly known as “adds” or “earmarks,” to active component accounts on behalf of reserve components. The third stage/component consists of supplemental congressional appropriations, which entail periodic but unusual legislation specifically designed to relieve shortfalls in reserve component equipment. The final stage/component is the National Guard and Reserve Equipment Appropriation (NGREA), which encompasses routine congressional equipment funding for reserve components. These components provide reserve equipment funding for a given fiscal year.

This report

- 1) Describes how reserve component appropriations are currently identified and tracked within budget documents and from one budget year to another;
- 2) Analyzes (for budget years 1997 to 2006) the correlation between funding “promised” to the reserve component in the “out years” and the actual amounts funded for those purposes in actual budget years;
- 3) Assesses the relative benefit of establishing separate procurement accounts for reserve component equipment; and
- 4) Identifies the means by which other federal organizations have sought to increase the transparency of the budget process to achieve particular policy aims.

The analysis in this report depends on tabular and graphic data. Tables 1–5 are found in the Appendix; two figures appear in the body of the report. The narrative should be read in tandem with these tables and figures for greater clarity.

## Data Sources

In order to assess equipment procurement funding for the National Guard and Reserve, the best resource is the Department of Defense's Web site devoted to budget materials, which can be found at <http://www.defense.gov/comptroller/defbudget/fy2008/index.html>.<sup>1</sup> In the years under discussion, 1996–2007, this site has provided greater disclosure of the various components of Department of Defense spending each successive year. However, the task of tracking and analyzing trends in spending on reserve components remains a major challenge, in particular because the data lack consistency. The equipment funding data extracted from Department of Defense budget documents appear in tables 1–5 in this report. The annual appropriations for the Department of Defense, including conference committee documents, serve as another data source.

## Discussion of Financial Tables

Table 1 (see Appendix) provides an overview of reserve component equipment procurement appropriations from FY 1999 to FY 2006.<sup>2</sup> Data were not available for FY 1997 and FY 1998. FY 1999 to FY 2004 budgets had three line items for each year: the P–1R, congressional adds to active component accounts for reserve components, and the National Guard and Reserve Equipment Appropriation (NGREA). FY 2005 and FY 2006 budgets had four line items: the previous three items plus a supplemental appropriation. From FY 1999 to FY 2006, funding more than doubled to US\$4.1 billion. However, FY 2006 funding reflects the impact of US\$1.3 billion of supplemental funding for National Guard equipment in Pub.L.No. 109–148, the FY 2006 Defense Appropriations Bill (the Leahy–Bond amendment).<sup>3</sup>

Table 2 (see Appendix) shows the P–1R's summary of projected, current, and past appropriations for spending on National Guard and Reserve equipment in the P–1R from FY

---

<sup>1</sup> U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), "Defense Budget Materials," <http://www.defense.gov/comptroller/defbudget/fy2008/index.html> (accessed October 16, 2007).

<sup>2</sup> U.S. Department of Defense, Office of the Assistant Secretary of Defense for Reserve Affairs, "National Guard and Reserve Equipment Report for Fiscal Year 2006," February 2005, <http://armedservices.house.gov/comdocs/reports/2005exereports/05-05-23NGRER%20FY%202006.pdf>.

<sup>3</sup> U.S. Congress, Senate, Office of Senator Patrick Leahy, "Senate Passes Leahy–Bond Amendment to Replenish National Guard Equipment Stocks," September 29, 2005, <http://leahy.senate.gov/press/200509/092905b.html>; and Pub.L.No. 109–148, Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, 119 Stat. 2680, December 30, 2005.

1999 to FY 2006.<sup>4</sup> P–1Rs were not available for FY 1998 and FY 2000. For a given year’s P–1R, the current presidential budget allocation is shown in bold and underlined. The figures below the line represent projections. For comparability, the first column shows procurement funding, including congressional adds and NGREA. The relationship between total procurement funding and the P–1R has no clear pattern. Consistent underfunding occurred in FY 2005, for example, but in other years, procurement funding generally exceeded the P–1R recommendation. This judgment holds whether the comparisons are current, backward-looking, or forward-looking. The funding in these years reflects the impact of congressional adds and the NGREA.

Table 3 (see Appendix) focuses on the NGREA component of the National Guard and Reserve equipment procurement appropriations process from FY 1997 to FY 2006.<sup>5</sup> A second line is provided for FY 2004 because FY 2004 numbers were substantially revised retroactively in FY 2006 budget materials. The table tracks the progression of the NGREA account from the P–1R and the P–1 to congressional deliberation. In the case of the P–1R and P–1, separate breakouts are provided for Reserve and National Guard funding. The congressional deliberation section displays House, Senate, and conference committee totals. As the table highlights, no disparities exist between the P–1R and P–1 for FY 1999 through FY 2006. Only in FY 1997 and FY 1998 did disparities exist in total funding for reserve equipment. In FY 1997, funding in the P–1 was 8 percent lower, and in FY 1998, it was 1 percent higher than that projected in the P–1R. From FY 1998 to FY 2005, the funding results from congressional conference proceedings were remarkably similar to P–1 figures. During this period, a 9 percent lower conference funding result in FY 2001 was the largest disparity noted (see table 3). Also during this period, only in 2001 did the conference committee reduce the P–1 appropriation figure by a significant US\$1 billion amount. This reduction presumably was offset by US\$1.3 billion of supplemental funding from the Leahy–Bond amendment.<sup>6</sup>

As table 3 indicates, in general the conference committee settled on appropriations close to the P–1 figures, even though appropriations stipulated by the preceding House and Senate versions of legislation sometimes differed widely. For example, in 2004 the House proposed

---

<sup>4</sup> U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), “Procurement Programs (P–1R),” <http://www.defense.gov/comptroller/defbudget/fy2008/index.html> (accessed October 16, 2007).

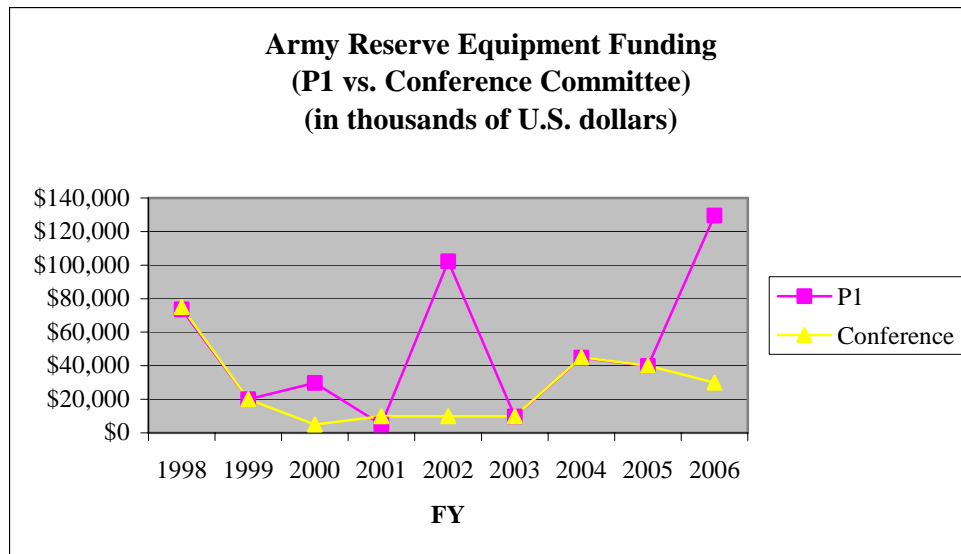
<sup>5</sup> “Defense Budget Materials” and Department of Defense appropriations acts for fiscal years 1997 to 2006, available through Library of Congress, THOMAS Web site, <http://thomas.loc.gov>.

<sup>6</sup> “Senate Passes Leahy–Bond Amendment to Replenish National Guard Equipment Stocks,” and Pub.L.No. 109–148.

NGREA spending of US\$100 million, while the Senate proposed US\$700 million. The conference committee split the difference at US\$400 million, close to the US\$397 million figure in the P-1.

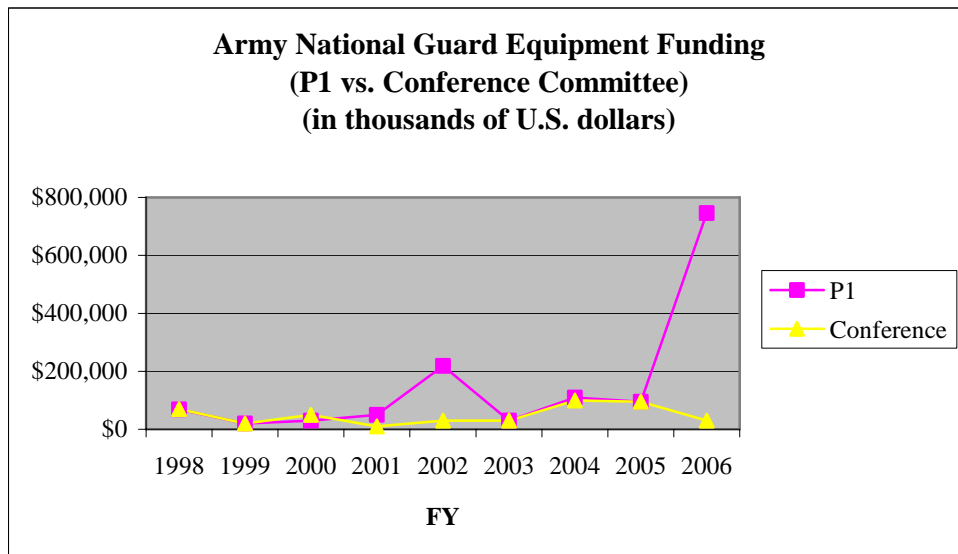
Table 4 (see Appendix) focuses on NGREA funding for the Army National Guard and Reserve exclusively. This focus allows examination of the premise that army components suffer disproportionately from irregular funding. Table 4 indicates that there is scarcely any difference between P-1R projections and P-1 budget totals. In fact, when adjustments are made to P-1 and P-1R amounts in later fiscal years, they are invariably upward, as demonstrated by the data to the right of the P-1 and P-1R charts in table 4. However, congressional action has led repeatedly to significant shortfalls in funding for Army components; surpluses generally involve immaterial amounts (see fig. 1 and Surplus/Shortfall section of table 4). These findings suggest that funding for army components is more variable than for their counterparts in the other services.

**Figure 1. Army Reserve Funding Comparison<sup>7</sup>**



The same comparison for Army National Guard equipment funding (P1 vs. Conference Committee) is depicted visually in figure 2.

<sup>7</sup> Figure created using data from table 4 (see Appendix).

**Figure 2. Army National Guard Funding Comparison<sup>8</sup>**

### Anomalies in the Data

Data consistency is a pervasive problem. The president's budget for National Guard and Reserve equipment (known as P-1R) indicates not just the current fiscal year's recommendation, but also estimated spending over a multiyear period (both trailing and projected). It is not clear what causes the fluctuations in past years' figures. For example, for FY 2002, the P-1R provides five different figures (see the 2002 row of table 2). Given that no consistent figure is provided, it is difficult to pinpoint the P-1R recommendation for a given year. One approach is to rely on budget documents stemming from the same budget year: i.e., the FY 2004 P-1R for the FY 2004 recommendation. In keeping with this approach, the relevant figures are highlighted and underlined in table 2. However, these figures do not appear to be definitive. Specifically, they differ from data found in the National Guard and Reserve Equipment Reports (NGRER). In the NGRER summary chart, the line item for the P-1R recommendation (the first row for each year in table 1) does not coincide with corresponding figures in the P-1R itself (see table 2).

Data for the NGREA are similarly inconsistent. Compare the figures for National Guard and Reserve Equipment spending in the P-1R with the NGREA cite in the NGRER (see table 5, Appendix).<sup>9</sup>

<sup>8</sup> Figure created using data from table 4 (see Appendix).

<sup>9</sup> There are two versions of the P-1R statistic in FY 2004 because the second is a revised number from a later document.



## Accounting for Actual Spending and Its Impact

Once Congress has appropriated funds, it is difficult to determine how much of the appropriated money has been spent and what equipment has been purchased. Documentation is needed that tracks both of these items. Currently, each reserve component's equipment funding is contained in the respective parent service budget request. However, it might be useful if the reserve components maintained separate accounts. Such an accounting system would make it easier to track funding from proposal to procurement. Transparency and accountability would both benefit.

## GOVERNMENT BUDGET PROCESS TRANSPARENCY

The need for budget transparency is an active concern of the entire federal government. On September 26, 2006, Congress enacted Pub.L.No. 109–282, the Federal Funding Accountability and Transparency Act of 2006.<sup>10</sup> The law requires that the Office of Management and Budget establish a Web site to document each federal contract and grant in excess of US\$25,000. The Web site is required to go into operation by January 1, 2008.<sup>11</sup> This new Web site will join two others already introduced by the George W. Bush administration to improve the transparency of the federal budget process:

- ExpectMore.gov evaluates the effectiveness of more than 9,000 individual programs, representing 98 percent of the budget, using the Program Assessment Rating Tool (PART).<sup>12</sup> PART consists of 25 questions that seek to determine whether a program's "purpose is clear and whether it is well designed to achieve its objectives," whether it is required to achieve annual and long-term strategic goals, how the program is managed, and whether its results can be measured accurately.<sup>13</sup> In 2007, 78 percent of programs were classified as "performing," 3 percent were "ineffective," and 19 percent were unable to demonstrate results.<sup>14</sup>

---

<sup>10</sup> Pub.L.No. 109–282, Federal Funding Accountability and Transparency Act of 2006, 120 Stat. 1186, September 26, 2006.

<sup>11</sup> Garret Leigh Hatch, "The Federal Funding Accountability and Transparency Act: Background, Overview, and Implementation Issues," Congressional Research Service, October 6, 2006, <http://www.fas.org/sgp/crs/secretcy/RL33680.pdf>.

<sup>12</sup> U.S. Executive Office of the President, Office of Management and Budget, "OMB: PART Assessments Improve Transparency and Accountability," September 19, 2007, [http://www.whitehouse.gov/omb/pubpress/2007/091907\\_part.html](http://www.whitehouse.gov/omb/pubpress/2007/091907_part.html).

<sup>13</sup> U.S. Executive Office of the President, Office of Management and Budget, "The Program Assessment Rating Tool (PART)," <http://www.whitehouse.gov/omb/expectmore/part.html> (accessed October 10, 2007).

<sup>14</sup> U.S. White House, "Getting to Results: 2007 PART Scores," 2007, [http://www.whitehouse.gov/omb/pubpress/2007/factsheet\\_part2007.pdf](http://www.whitehouse.gov/omb/pubpress/2007/factsheet_part2007.pdf).

- Results.gov tracks agencies' progress in moving toward the standards established in the President's Management Agenda (PMA).<sup>15</sup> The PMA consists of five government-wide goals, including two that relate to financial systems and the budget: "improved financial performance" and "budget and performance integration."<sup>16</sup> Improved financial performance refers to encouraging agencies to obtain clean audits in a timely manner.<sup>17</sup> Budget and performance integration refers to taking program effectiveness into account when allocating resources.<sup>18</sup> The PMA also includes nine agency-specific goals, including one that applies to the Department of Defense: "coordination of Veterans' Affairs and defense programs and systems."<sup>19</sup> This initiative refers to encouraging the Department of Defense and the Department of Veterans Affairs to coordinate their health care programs and eliminate overlap.<sup>20</sup>

Soon after former Secretary of Treasury Paul O'Neill took office in President George W. Bush's first administration, he pledged to correct the federal government's tradition of delayed and inaccurate financial reporting.<sup>21</sup> In April 2001, he compared the federal government's performance unfavorably with that of Alcoa Corporation, where he had just retired as chairman: "In the organization that I left in December, it took us 2-1/2 days to close our financial books at more than 300 locations in 36 countries. It takes the Federal Government five months to close our books; and then the auditors give us a qualified opinion. This is not the stuff of excellence."<sup>22</sup>

The PMA was designed in part to address this deficiency. The U.S. Department of Agriculture (USDA) and the Department of Treasury provide two early case studies in budget reform inspired by the PMA. In FY 2002, the Department of Agriculture produced accurate and timely financial statements for the first time in its 140-year history.<sup>23</sup> Using mostly internal resources, USDA depended on setting clear goals and a quick timetable for progress, identifying

---

<sup>15</sup> U.S. White House, "Fact Sheet: Achieving Greater Transparency and Accountability in Government," September 26, 2006, <http://www.fas.org/sgp/news/2006/09/wh092606-fs.html>.

<sup>16</sup> U.S. White House, "Frequently Asked Questions about the PMA," <http://www.whitehouse.gov/results/agenda/faq.html> (accessed September 28, 2007).

<sup>17</sup> U.S. Executive Office of the President, Office of Management and Budget, "Improved Financial Performance," *The President's Management Agenda*, Fiscal Year 2002, <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>.

<sup>18</sup> U.S. Executive Office of the President, Office of Management and Budget, "Budget and Performance Integration," *The President's Management Agenda*, Fiscal Year 2002, <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>.

<sup>19</sup> "Frequently Asked Questions about the PMA."

<sup>20</sup> U.S. Executive Office of the President, Office of Management and Budget, "Coordination of VA and DoD Programs and Systems," *The President's Management Agenda*, Fiscal Year 2002, <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>.

<sup>21</sup> U.S. Department of Treasury, "Treasury Secretary Paul O'Neill to the Economic Club of New York," April 19, 2001, <https://www.ustreas.gov/press/releases/po209.htm>.

<sup>22</sup> "Treasury Secretary Paul O'Neill to the Economic Club of New York."

responsible officials and holding them accountable, and emphasizing leadership and talent.<sup>24</sup> In a similar FY 2002 initiative, the Department of Treasury was able to reduce the time required to close monthly books from 20 days to three days and to produce an annual Performance and Accountability Report (PAR) from five months to 45 days.<sup>25</sup> The PAR requires agencies to document their progress in achieving long-term objectives with respect to their programs, management, and budget.<sup>26</sup> In FY 2006, all federal agencies submitted their PARs by the 45-day accelerated deadline, and 18 out of 24 agencies received clean audit opinions.<sup>27</sup> Auditors refused to endorse the submissions from the Departments of Defense, Energy, Homeland Security, and State; serious weaknesses found in the Department of Transportation's submission resulted in a qualified opinion.<sup>28</sup>

The Department of Homeland Security (DHS), in particular, has struggled with consolidating the financial reporting of disparate component agencies.<sup>29</sup> It abandoned a system designed to modernize financial reporting known as eMerge2 after spending US\$52 million on the failed system.<sup>30</sup> David Norquist, DHS's chief financial officer, testified before Congress that his department would seek to rectify shortcomings by relying on its Internal Controls over Financial Reporting (ICOFR) Playbook.<sup>31</sup> ICOFR compiles the best practices for internal controls observed at other federal agencies.<sup>32</sup>

---

<sup>23</sup> U.S. White House, "USDA's First Clean Audit," <http://www.whitehouse.gov/results/agenda/howtheydidit-usda.html> (accessed October 1, 2007).

<sup>24</sup> "USDA's First Clean Audit."

<sup>25</sup> U.S. White House, "Department of Treasury: Accelerated Reporting of Financial Statements," <http://www.whitehouse.gov/results/agenda/howtheydidit-treasury.html> (accessed October 1, 2007).

<sup>26</sup> U.S. National Aeronautics and Space Administration, "Performance and Accountability Report: Fiscal Year 2004," [http://www.nasa.gov/pdf/83171main\\_PAR1.pdf](http://www.nasa.gov/pdf/83171main_PAR1.pdf).

<sup>27</sup> Mary Mosquera, "Agencies Improve Financial Rigor," *Government Computer News*, November 17, 2006, <http://www.nexis.com>.

<sup>28</sup> "Agencies Improve Financial Rigor."

<sup>29</sup> Brittany R. Ballenstedt, "Lawmakers Urge DHS to Speed up Financial Consolidation," *Government Executive*, June 29, 2007, <http://www.govexec.com/dailyfed/0607/062907b1.htm>.

<sup>30</sup> Ballenstedt.

<sup>31</sup> U.S. Congress, House of Representatives, Committee on Government Reform, Subcommittee on Government Management, Finance and Accountability, *Hearing on DHS Financial Management*, 109<sup>th</sup> Cong., 2d sess., September 13, 2006 (Statement of David Norquist, Chief Financial Officer, Department of Homeland Security), <http://www.nexis.com>.

<sup>32</sup> *Hearing on DHS Financial Management*.

## CONCLUSION

Tracking funding requests for equipment for reserve components is a challenging task for several reasons. First, the entire process lacks transparency. Second, although overall funding statistics are available, they do not appear to be consistent or definitive. Third, reserve component funding requests are contained in parent service budgets, making them difficult to track independently. As a result, it is all but impossible to determine the impact of funding on actual equipment procurement. In order to resolve these issues, it might make sense for each reserve component to be given independent budget authority. The associated overhead expense would seem to be justified by the improvement in transparency, accountability, and ultimately military readiness.

The premise that the National Guard and Reserve were shortchanged regarding equipment funding for the budget years 1997–2006 could not be demonstrated conclusively for all components. However, there is some evidence that the Army Reserve and Army National Guard received less from the Congress in miscellaneous equipment funding than they had been led to expect by the president’s budget (either P–1R or P–1). The lack of consistent data precludes a definitive finding.

Despite the increasing amount of disclosure in Department of Defense budget documents during the past 10 years, it is noteworthy that the department failed to obtain a clean audit opinion as recently as FY 2006, even though many other agencies received clean audits during the current administration. This deficiency could be used as a selling point for improving the transparency of the equipment budget process for the National Guard and Reserve.

# APPENDIX

**Table 1. Reserve Component Procurement Funding**

(in thousands of U.S. dollars)

<b>FY</b>	<b>Procurement Funding Source</b>	<b>ARNG</b>	<b>USAR</b>	<b>USNR</b>	<b>USMCR</b>	<b>ANG</b>	<b>AFRC</b>	<b>Total</b>	<b>Grand Total</b>
1999	President's Budget P-1R Submit	\$502,600	\$158,100	\$45,400	\$39,930	\$263,260	\$115,040	\$1,124,330	
	Congressional Adds to AC Accts for RC	\$224,300	\$9,500	\$53,000	\$0	\$129,800	\$75,400	\$492,000	
	<i>NGREA</i>	\$20,000	\$20,000	\$60,000	\$20,000	\$212,000	\$20,000	\$352,000	
	<b>TOTAL</b>	<b>\$746,900</b>	<b>\$187,600</b>	<b>\$158,400</b>	<b>\$59,930</b>	<b>\$605,060</b>	<b>\$210,440</b>		<b>\$1,968,330</b>
2000	President's Budget P-1R Submit	\$661,140	\$175,970	\$77,450	\$56,930	\$334,120	\$149,290	\$1,454,900	
	Congressional Adds to AC Accts for RC	\$267,100	\$12,000	\$35,600	\$2,800	\$270,800	\$17,600	\$605,900	
	<i>NGREA</i>	\$29,850	\$29,850	\$19,900	\$19,900	\$29,850	\$19,900	\$149,250	
	<b>TOTAL</b>	<b>\$958,090</b>	<b>\$217,820</b>	<b>\$132,950</b>	<b>\$79,630</b>	<b>\$634,770</b>	<b>\$186,790</b>		<b>\$2,210,050</b>
2001	President's Budget P-1R Submit	\$884,420	\$174,320	\$34,720	\$43,690	\$326,830	\$127,600	\$1,591,580	
	Congressional Adds to AC Accts for RC	\$287,710	\$115,320	\$105,800	\$0	\$505,650	\$0	\$1,014,480	
	<i>NGREA</i>	\$49,540	\$4,950	\$4,950	\$4,950	\$29,730	\$4,950	\$99,070	
	<b>TOTAL</b>	<b>\$1,221,670</b>	<b>\$294,590</b>	<b>\$145,470</b>	<b>\$48,640</b>	<b>\$862,210</b>	<b>\$132,550</b>		<b>\$2,705,130</b>
2002	President's Budget P-1R Submit	\$925,590	\$181,540	\$24,110	\$40,420	\$377,890	\$108,730	\$1,658,280	
	Congressional Adds to AC Accts for RC	\$151,140	\$3,500	\$4,500	\$0	\$33,400	\$2,000	\$194,540	
	<i>NGREA</i>	\$217,290	\$101,550	\$9,860	\$4,930	\$280,420	\$75,220	\$689,270	
	<b>TOTAL</b>	<b>\$1,294,020</b>	<b>\$286,590</b>	<b>\$38,470</b>	<b>\$45,350</b>	<b>\$691,710</b>	<b>\$185,950</b>		<b>\$2,542,090</b>
2003	President's Budget P-1R Submit	\$1,046,300	\$568,000	\$39,500	\$253,700	\$341,700	\$118,600	\$2,367,800	
	Congressional Adds to AC Accts for RC	\$193,740	\$65,400	\$86,300	\$0	\$217,350	\$2,500	\$565,290	
	<i>NGREA</i>	\$29,400	\$9,800	\$9,800	\$9,800	\$29,400	\$9,800	\$98,000	
	<b>TOTAL</b>	<b>\$1,269,440</b>	<b>\$643,200</b>	<b>\$135,600</b>	<b>\$263,500</b>	<b>\$588,450</b>	<b>\$130,900</b>		<b>\$3,031,090</b>
2004	President's Budget P-1R Submit	\$501,200	\$244,300	\$129,700	\$66,800	\$453,500	\$169,800	\$1,565,300	
	Congressional Adds to AC Accts for RC	\$290,800	\$6,700	\$63,390	\$0	\$45,400	\$0	\$406,290	
	<i>NGREA</i>	\$99,260	\$44,670	\$44,660	\$44,660	\$119,110	\$44,670	\$397,030	
	<b>TOTAL</b>	<b>\$891,260</b>	<b>\$295,670</b>	<b>\$237,750</b>	<b>\$111,460</b>	<b>\$618,010</b>	<b>\$214,470</b>		<b>\$2,368,620</b>
2005	President's Budget P-1R Submit	\$586,800	\$302,500	\$55,600	\$127,300	\$425,800	\$134,700	\$1,632,700	
	Congressional Adds to AC Accts for RC	\$194,100	\$126,200	\$0	\$60,100	\$86,400	\$11,000	\$477,800	
	Supplemental	\$787,000	\$0	\$0	\$0	\$38,400	\$0	\$825,400	
	<i>NGREA</i>	\$110,600	\$51,900	\$49,800	\$43,900	\$98,600	\$43,800	\$398,600	

**Table 1. Reserve Component Procurement Funding**

(in thousands of U.S. dollars)

<b>FY</b>	<b>Procurement Funding Source</b>	<b>ARNG</b>	<b>USAR</b>	<b>USNR</b>	<b>USMCR</b>	<b>ANG</b>	<b>AFRC</b>	<b>Total</b>	<b>Grand Total</b>
	<b>TOTAL</b>	<b>\$1,678,500</b>	<b>\$480,600</b>	<b>\$105,400</b>	<b>\$231,300</b>	<b>\$649,200</b>	<b>\$189,500</b>		<b>\$3,334,500</b>
2006	President's Budget P-1R Submit	\$1,144,700	\$37,700	\$252,000	\$101,500	\$427,700	\$164,500	\$2,128,100	
	Congressional Adds to AC Accts for RC	\$59,300	\$97,500	\$0	\$1,500	\$257,800	\$26,100	\$442,200	
	Supplemental	\$317,000	\$53,000	\$0	\$0	\$10,000		\$380,000	
	<i>NGREA</i>	<i>\$729,600</i>	<i>\$129,600</i>	<i>\$29,600</i>	<i>\$29,600</i>	<i>\$229,600</i>	<i>\$29,600</i>	<i>\$1,177,600</i>	
	<b>TOTAL</b>	<b>\$2,250,600</b>	<b>\$317,800</b>	<b>\$281,600</b>	<b>\$132,600</b>	<b>\$925,100</b>	<b>\$220,200</b>		<b>\$4,127,900</b>

Source: U.S. Department of Defense, Office of the Assistant Secretary of Defense for Reserve Affairs, "National Guard and Reserve Equipment Report for Fiscal Year 2006," February 2005, <http://armedservices.house.gov/comdocs/reports/2005exereports/05-05-23NGRER%20FY%202006.pdf>.

**Table 2. Summary of National Guard and Reserve Equipment Funding**  
**President's Budget (P-1R)**  
(in thousands of U.S. dollars)

FY	Procurement Funding*	1998	1999	2000	2001	2002	2003	2004	2005	2006
1998		NA	\$1,785,000	NA						
1999	\$1,968,330	NA	<b>\$1,363,600</b>	NA	\$2,181,000					
2000	\$2,210,020	NA	\$1,427,300	NA	\$2,280,600	\$1,962,900				
2001	\$2,705,140	NA	\$1,481,600	NA	<b>\$1,829,900</b>	\$2,315,200	\$1,914,400			
2002	\$2,542,090	NA	\$1,780,900	NA	\$1,877,400	<b>\$1,897,100</b>	\$2,603,600	\$2,333,700		
2003	\$3,031,090		\$2,205,300	NA	\$3,072,300		<b>\$2,630,700</b>	\$2,454,700	\$2,393,600	
2004	\$2,368,620			NA	\$2,451,500		\$2,140,000	<b>\$1,928,800</b>	\$2,136,600	\$2,260,000
2005	\$1,632,600				\$2,526,100		\$2,197,700	\$2,089,200	<b>\$2,026,200</b>	\$2,599,500
2006							\$2,363,600	\$3,480,500	\$3,235,600	<b>\$2,488,000</b>

\*including Congressional adds, NGREA

#### Surplus/Shortfall

1999		<b>\$604,730</b>		-\$212,670						
2000		\$782,720		-\$70,580	\$247,120					
2001		\$1,223,540		<b>\$875,240</b>	\$389,940	\$790,740				
2002		\$761,190		\$664,690	<b>\$644,990</b>	-\$61,510	\$208,390			
2003		\$825,790		-\$41,210		<b>\$400,390</b>	\$576,390	\$637,490		
2004				-\$82,880		\$228,620	<b>\$439,820</b>	\$232,020	\$108,620	
2005				-\$893,500		-\$565,100	-\$456,600	<b>-\$393,600</b>	-\$966,900	

Source: U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), "Procurement Programs (P-1R)," <http://www.defense.gov/comptroller/defbudget/fy2008/index.html> (accessed October 16, 2007).



**Table 3. National Guard and Reserve Equipment Procurement Funding**

(in thousands of U.S. dollars)

Fiscal Year	House	Senate	Conference	P-1			P-1R (President's budget/NG&RE)		
				Total	Reserve	National Guard	Total	Reserve	National Guard
1997	NA	NA	NA	\$717,300	\$437,200	\$280,100	\$781,000	\$353,000	\$427,900
1998	\$850,000	\$653,000	\$653,000	\$647,000	\$275,300	\$371,700	\$642,100	\$201,600	\$440,400
1999	\$120,000	\$500,000	\$352,000	\$352,000	\$120,000	\$232,000	\$352,000	\$100,000	\$252,000
2000	NA	NA	NA	\$149,200	\$89,500	\$59,700	\$149,200	\$69,600	\$79,500
2001	NA	\$150,000	\$100,000	\$109,700	\$19,800	\$89,900	\$109,700	\$15,000	\$94,900
2002	\$501,485	\$560,505	\$699,130	\$695,100	\$193,000	\$502,100	\$695,100	\$188,000	\$507,200
2003	NA	\$130,000	\$100,000	\$103,000	\$39,200	\$63,800	\$103,000	\$29,400	\$73,600
2004	\$100,000	\$700,000	\$400,000	\$397,000	\$179,300	\$217,700	\$397,000	\$134,400	\$262,600
2004 (FY 06)	NA	NA	NA	\$447,100	\$208,800	\$238,300	\$447,100	\$154,100	\$293,100
2005	NA	\$500,000	\$350,000	\$349,900	\$159,300	\$190,600	\$349,900	\$119,400	\$230,500
2006	NA	\$422,000	\$180,000	\$1,194,000	\$218,400	\$975,600	\$1,194,000	\$188,800	\$1,005,200

	Conference vs. P-1	Percentage Difference	P-1 vs. P-1R	Percentage Difference
1998	\$6,000	1%	-\$63,700	-8%
1999	\$0	0%	\$4,900	1%
2000	NA	NA	\$0	NA
2001	-\$9,700	-9%	\$0	NA
2002	\$4,030	1%	\$0	NA
2003	-\$3,000	-3%	\$0	NA
2004	\$3,000	1%	\$0	NA
2005	\$100	0%	\$0	NA
2006	-\$1,014,000	-290%	\$0	NA

Source: U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), "Defense Budget Materials," <http://www.defense.gov/comptroller/defbudget/fy2008/index.html> (accessed October 16, 2007); and U.S. Congress, "Department of Defense Appropriations Bill," <http://thomas.loc.gov> (accessed October 2007).

**Table 4. Army National Guard and Army Reserve Equipment Procurement Funding**

Fiscal Year	Total	P-1		Adjustment to P-1			P-1R (President's budget/NG&RE)			Adjustment to P-1R		
		Army Reserve	Army National Guard	Total	Army Reserve	Army National Guard	Total	Army Reserve	Army National Guard	Total	Army Reserve	Army National Guard
1997	\$152,800	\$91,500	\$61,300				\$214,500	\$113,700	\$100,800			
1998	\$142,500	\$73,700	\$68,800				\$142,500	\$73,700	\$68,800			
1999	\$40,000	\$20,000	\$20,000				\$40,000	\$20,000	\$20,000			
2000	\$59,600	\$29,800	\$29,800				\$59,600	\$29,800	\$29,800			
2001	\$54,400	\$5,000	\$49,400				\$54,400	\$5,000	\$49,400			
2002	\$321,200	\$102,300	\$218,900				\$321,200	\$102,300	\$218,900			
2003	\$39,200	\$9,800	\$29,400	\$41,700		\$31,900	\$39,200	\$9,800	\$29,400	\$41,700		\$31,900
2004	\$153,700	\$44,800	\$108,900	\$171,900	\$56,700	\$115,200	\$153,700	\$44,800	\$108,900	\$172,000	\$56,700	\$115,300
2005	\$134,500	\$39,800	\$94,700	\$135,900		\$96,100	\$134,400	\$39,800	\$94,600	\$135,900		\$96,100
2006	\$875,600	\$129,600	\$746,000				\$875,600	\$129,600	\$746,000			

	Congressional Action						Surplus/Shortfall (Conference vs. P-1)		
	Army Reserve			Army National Guard			Army Reserve	Army National Guard	
	House	Senate	Conference	House	Senate	Conference			
1997	NA	NA	NA	NA	NA	NA	1997	NA	NA
1998	\$20,000	\$65,000	\$75,000	\$43,000	\$140,000	\$70,000	1998	\$1,300	\$1,200
1999	\$20,000	\$45,000	\$20,000	\$20,000	\$72,000	\$20,000	1999	\$0	\$0
2000	NA	\$20,000	\$5,000	NA	\$50,000	\$50,000	2000	-\$24,800	\$20,200
2001	NA	\$15,000	\$10,000	NA	\$15,000	\$10,000	2001	\$5,000	-\$39,400
2002	NA	\$15,000	\$10,000	NA	\$40,000	\$30,000	2002	-\$92,300	-\$188,900
2003	NA	\$15,000	\$10,000	NA	\$40,000	\$30,000	2003	\$200	\$600
2004	\$15,000	\$50,000	\$45,000	\$20,000	\$240,000	\$100,000	2004	\$200	-\$8,900
2005	NA	\$50,000	\$40,000	NA	\$150,000	\$95,000	2005	\$200	\$300
2006	NA	NA	\$30,000	NA	NA	\$30,000	2006	-\$99,600	-\$716,000

Source: U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), "Defense Budget Materials," <http://www.defense.gov/comptroller/Defbudget/fy2008/index.html> (accessed October 16, 2007); and U.S. Congress, "Department of Defense Appropriations Bill," <http://thomas.loc.gov> (accessed October 2007).

**Table 5. National Guard and Reserve Equipment Funding (P-1R vs. NGRER)**  
(in thousands of U.S. dollars)

<b>Fiscal Year</b>	<b>P-1R Version</b>	<b>NGRER Version</b>
1999	\$352,000	\$352,000
2000	\$149,200	\$149,250
2001	\$109,700	\$99,070
2002	\$695,100	\$689,270
2003	\$103,000	\$98,000
2004	\$397,000/\$447,100	\$397,030
2005	\$349,900	\$398,600
2006	\$1,194,000	\$1,177,600

Source: U.S. Department of Defense, Office of the Under Secretary of Defense (Comptroller), “Procurement Programs (P-1R),” <http://www.defense.gov/comptroller/defbudget/fy2008/index.html> (accessed October 16, 2007); and U.S. Department of Defense, Office of the Assistant Secretary of Defense for Reserve Affairs, “National Guard and Reserve Equipment Report for Fiscal Year 2006,” February 2005, <http://armedservices.house.gov/comdocs/reports/2005exereports/05-05-23NGRER%20FY%202006.pdf>.

**BIBLIOGRAPHY**

- Ballenstedt, Brittany R. “Lawmakers Urge DHS to Speed up Financial Consolidation.” *Government Executive*. June 29, 2007. <http://www.govexec.com/dailyfed/0607/062907b1.htm>.
- Hatch, Garret Leigh. “The Federal Funding Accountability and Transparency Act: Background, Overview, and Implementation Issues.” Congressional Research Service. October 6, 2006. <http://www.fas.org/sgp/crs/secrecy/RL33680.pdf>.
- Mosquera, Mary. “Agencies Improve Financial Rigor.” *Government Computer News*. November 17, 2006. <http://www.nexis.com>.
- U.S. Congress. House of Representatives. Committee on Oversight. Subcommittee on Government Reform. *Hearing on DHS Financial Management*. 109<sup>th</sup> Cong., 2d sess., September 13, 2006 (Statement of David Norquist, Chief Financial Officer, Department of Homeland Security). <http://www.nexis.com>.
- U.S. Congress. Senate. Office of Senator Patrick Leahy. “Senate Passes Leahy–Bond Amendment to Replenish National Guard Equipment Stocks.” September 29, 2005. <http://leahy.senate.gov/press/200509/092905b.html>.
- U.S. Department of Defense. Office of the Assistant Secretary of Defense for Reserve Affairs. “National Guard and Reserve Equipment Report for Fiscal Year 2006.” February 2005. <http://armedservices.house.gov/comdocs/reports/2005exereports/05-05-23NGRER%20FY%202006.pdf>.
- U.S. Department of Defense. Office of the Under Secretary of Defense (Comptroller). “Defense Budget Materials.” <http://www.defense.gov/comptroller/defbudget/fy2008/index.html> (accessed October 16, 2007).
- U.S. Department of Defense. Office of the Under Secretary of Defense (Comptroller). “Procurement Programs (P–1R).” <http://www.defense.gov/comptroller/defbudget/fy2008/index.html> (accessed October 16, 2007).
- U.S. Department of the Treasury. “Treasury Secretary Paul O’Neill to the Economic Club of New York.” April 19, 2001. <https://www.ustreas.gov/press/releases/po209.htm>.
- U.S. Executive Office of the President. Office of Management and Budget. “Budget and Performance Integration.” *The President’s Management Agenda*. Fiscal Year 2002. <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>.
- U.S. Executive Office of the President. Office of Management and Budget. “Coordination of VA and DoD Programs and Systems.” *The President’s Management Agenda*. Fiscal Year 2002. <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>.

- U.S. Executive Office of the President. Office of Management and Budget. “Improved Financial Performance.” *The President’s Management Agenda*. Fiscal Year 2002. <http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>.
- U.S. Executive Office of the President. Office of Management and Budget. “OMB: PART Assessments Improve Transparency and Accountability.” September 19, 2007. [http://www.whitehouse.gov/omb/pubpress/2007/091907\\_part.html](http://www.whitehouse.gov/omb/pubpress/2007/091907_part.html).
- U.S. Executive Office of the President. Office of Management and Budget. “The Program Assessment Rating Tool (PART).” <http://www.whitehouse.gov/omb/expectmore/part.html> (accessed October 10, 2007).
- U.S. National Aeronautics and Space Administration. “Performance and Accountability Report: Fiscal Year 2004.” [http://www.nasa.gov/pdf/83171main\\_PAR1.pdf](http://www.nasa.gov/pdf/83171main_PAR1.pdf).
- U.S. White House. “Department of Treasury: Accelerated Reporting of Financial Statements.” <http://www.whitehouse.gov/results/agenda/howtheydidit-treasury.html> (accessed October 1, 2007).
- U.S. White House. “Fact Sheet: Achieving Greater Transparency and Accountability in Government.” September 26, 2006. <http://www.fas.org/sgp/news/2006/09/wh092606-fs.html>.
- U.S. White House. “Frequently Asked Questions about the PMA.” <http://www.whitehouse.gov/results/agenda/faq.html> (accessed September 28, 2007).
- U.S. White House. “Getting to Results: 2007 PART Scores.” 2007. [http://www.whitehouse.gov/omb/pubpress/2007/factsheet\\_part2007.pdf](http://www.whitehouse.gov/omb/pubpress/2007/factsheet_part2007.pdf).
- U.S. White House. “USDA’s First Clean Audit.” <http://www.whitehouse.gov/results/agenda/howtheydidit-usda.html> (accessed October 1, 2007).