



**NAVAL
POSTGRADUATE
SCHOOL**

MONTEREY, CALIFORNIA

MBA PROFESSIONAL PROJECT

**AN ANALYSIS OF USMC SERVICE CONTRACTS UNDER
THE SIMPLIFIED ACQUISITION THRESHOLD, AND
THE EFFECTS CAUSED BY CONTINUING RESOLUTIONS**

December 2021

**By: Justin R. Moore
Spencer Preston**

**Advisor: Spencer T. Brien
Second Reader: E. Cory Yoder**

Approved for public release. Distribution is unlimited.

THIS PAGE INTENTIONALLY LEFT BLANK

REPORT DOCUMENTATION PAGE			<i>Form Approved OMB No. 0704-0188</i>
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC, 20503.			
1. AGENCY USE ONLY (Leave blank)	2. REPORT DATE December 2021	3. REPORT TYPE AND DATES COVERED MBA Professional Project	
4. TITLE AND SUBTITLE AN ANALYSIS OF USMC SERVICE CONTRACTS UNDER THE SIMPLIFIED ACQUISITION THRESHOLD, AND THE EFFECTS CAUSED BY CONTINUING RESOLUTIONS			5. FUNDING NUMBERS
6. AUTHOR(S) Justin R. Moore and Spencer Preston			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000			8. PERFORMING ORGANIZATION REPORT NUMBER
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A			10. SPONSORING / MONITORING AGENCY REPORT NUMBER
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.			
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release. Distribution is unlimited.			12b. DISTRIBUTION CODE A
13. ABSTRACT (maximum 200 words) Daily operations within the United States Marine Corps (USMC) are reliant upon the effective and uninterrupted operations of services contracts in both garrison and field environments. From fiscal years 2010–2021, the federal government began the fiscal year with a continuing resolution (CR) in 11 out of 12 years. With the consistency of budget uncertainties at the onset of every fiscal year, purchasing and operations are affected resulting in interruptions to services. Additionally, across the Marine Corps, there is no organizational level standard operating procedures (SOP) for budget execution under a CR. Meshing CRs and the lack of standardization across the organization has potential to affect the deliverability of services. Analyzing data received from a Purchase Request Builder across fiscal years with and without CRs can develop a better understanding of what types of services, dollar amounts, and time are affected most by CRs. This project aims to better identify and understand efficiencies that can be implemented to affect services contracting when operating under a CR and provides recommendations that increase effectiveness of using unit and contracting professionals.			
14. SUBJECT TERMS continuing resolution, CR, Marine Corps, Purchase Request Builder, contracting, services, standard operating procedures, SOP			15. NUMBER OF PAGES 57
			16. PRICE CODE
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UU

THIS PAGE INTENTIONALLY LEFT BLANK

Approved for public release. Distribution is unlimited.

**AN ANALYSIS OF USMC SERVICE CONTRACTS UNDER THE SIMPLIFIED
ACQUISITION THRESHOLD, AND THE EFFECTS CAUSED
BY CONTINUING RESOLUTIONS**

Justin R. Moore, Captain, United States Marine Corps
Spencer Preston, Captain, United States Marine Corps

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

from the

**NAVAL POSTGRADUATE SCHOOL
December 2021**

Approved by: Spencer T. Brien
Advisor

E. Cory Yoder
Second Reader

Rene G. Rendon
Academic Associate, Department of Defense Management

THIS PAGE INTENTIONALLY LEFT BLANK

AN ANALYSIS OF USMC SERVICE CONTRACTS UNDER THE SIMPLIFIED ACQUISITION THRESHOLD, AND THE EFFECTS CAUSED BY CONTINUING RESOLUTIONS

ABSTRACT

Daily operations within the United States Marine Corps (USMC) are reliant upon the effective and uninterrupted operations of services contracts in both garrison and field environments. From fiscal years 2010–2021, the federal government began the fiscal year with a continuing resolution (CR) in 11 out of 12 years. With the consistency of budget uncertainties at the onset of every fiscal year, purchasing and operations are affected resulting in interruptions to services. Additionally, across the Marine Corps, there is no organizational level standard operating procedures (SOP) for budget execution under a CR. Meshing CRs and the lack of standardization across the organization has potential to affect the deliverability of services. Analyzing data received from a Purchase Request Builder across fiscal years with and without CRs can develop a better understanding of what types of services, dollar amounts, and time are affected most by CRs. This project aims to better identify and understand efficiencies that can be implemented to affect services contracting when operating under a CR and provides recommendations that increase effectiveness of using unit and contracting professionals.

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
A.	BACKGROUND	1
B.	PURPOSE	2
C.	RESEARCH QUESTIONS	2
1.	Primary Question.....	3
2.	Secondary Questions.....	3
D.	SCOPE AND LIMITATIONS.....	3
E.	ORGANIZATION OF THE STUDY.....	3
F.	SUMMARY	4
II.	BACKGROUND	5
A.	INTRODUCTION.....	5
B.	BACKGROUND	5
C.	SUMMARY	9
III.	LITERATURE REVIEW	11
A.	BRIEN, KANTNER, AND LETTERLE (2020).....	11
B.	KANTNER AND LETTERLE (2019).....	13
C.	YOUNG AND GILMORE (2019)	13
D.	BARTELS (2018)	14
E.	WILLIAM AND WEES (2016).....	15
F.	BERTEAU (2018).....	15
G.	HARRINGTON, MCCOMMAS, AND OLIVER (2007)	16
H.	FIELD (2021).....	17
I.	SUMMARY	19
IV.	DATA METHODOLOGY AND ANALYSIS	21
A.	METHODOLOGY	21
1.	Data Cleaning and Filtering.....	21
2.	CONTRACT TYPE	24
B.	SUMMARY	30
V.	CONCLUSIONS AND RECOMMENDATIONS.....	31
A.	RESEARCH QUESTION CONCLUSIONS.....	31
1.	Primary Question.....	31
2.	Secondary Question	33
B.	RECOMMENDATIONS.....	34
1.	Recommendation One	34

2.	Recommendation Two	36
3.	Recommendation Three	36
C.	SUMMARY	37
LIST OF REFERENCES.....		39
INITIAL DISTRIBUTION LIST		41

LIST OF FIGURES

Figure 1.	TALT Breakdown and Measurements. Source: Kantner and Letterle (2019).....	9
Figure 2.	DOD-Wide Acquisition of Supplies and Equipment (S&E) Taxonomy. Source: Assad (2012).....	23
Figure 3.	DOD-Wide Acquisition of Supplies and Equipment (S&E) Taxonomy. Source: Assad (2012).....	24
Figure 4.	PRs by FY.....	27

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF TABLES

Table 1.	Service Contract Classification.....	25
Table 2.	PALT by FY	26
Table 3.	PALT by Classification.....	26
Table 4.	PR Analysis by FY.....	28

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF ACRONYMS AND ABBREVIATIONS

APSR	Accountable Property System of Record
CICA	Competition in Contracting Act
CR	Continuing Resolution
DOD	Department of Defense
FAR	Federal Acquisition Regulation
FY	Fiscal Year
PALT	Procurement Acquisition Lead Time
PR	Purchase Request
PRALT	Purchase Request Acceptance Lead Time
RCO	Regional Contracting Office
RDD	Required Delivery Date
SAT	Simplified Acquisition Threshold
SDN	Standard Document Number
SoW	Statement of Work
TALT	Total Acquisition Lead Time
USMC	United States Marine Corps

THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTION

Continuing resolutions degrade effective and efficient execution of budgets throughout public agencies annually. By analyzing purchases below the simplified acquisition threshold within the Marine Corps, specifically contracting for services, this study is being conducted to provide a more in-depth understanding of the relationship between CRs and budget execution. Further, this project is a continuation of a body of research guided by Professor Spencer Brien and conducted by Kantner and Letterle, 2019 and Murphy and Perrine, 2020. We will attempt to further this research specifically in the realm of services contracting and the effect CRs have on the USMC's efficiency in acquiring them. With a greater understanding, our goal is to provide recommendations to increase efficiencies when the United States Marine Corps (USMC) is conducting budget execution under a CR.

A. BACKGROUND

Time is important both in training and on the battlefield, the time from when a need is realized to the time it is received has many any implications across many federal agencies and potentially more so for the Department of Defense. Expediency is key as noted in an article by Berteu (2018) and once again in research by Kantner & Letterle (2019). This expediency is paramount and while the Defense Acquisition System can be cumbersome, it cannot function without appropriated or authorized funds. From 1952–2021, a full budget has only been approved 6 times; 1953, 77, 89, 95, 97, and 2019. (Tollestrup, 2011, Field, 2021). Failure to pass a full fiscal year (FY), October 1–September 30, appropriation results in utilizing the CR appropriation or if no appropriation is passed, entering into a funding gap. This means that a measure, developed for use during extenuating circumstances, is being used as the normal process and full FY appropriations are the anomaly (Brien et al., 2021, p. 2). Requirement identifiers or customers within the DOD are being subject to uncertainty when it comes to requisitions unnecessarily during CRs. Long wait times, costs, and lead time are a product of the uncertainty that is created by the lack of budget being approved for the federal government. Also, “contracting personnel

are familiar with the regulations such as the Federal Acquisition Regulations (FAR) or Competition in Contracting Act (CICA); however, requirement identifiers are typically not familiar with the administrative requirements that are inherent in every request.” (Kantner & Letterle, 2019, p. 1). Administrative requirements inherent in public procurement coupled with uncertainty surrounding continuing resolutions results in the degradation of federal budget managers efficiency and effectiveness (Kantner & Letterle, 2019, p. 1).

B. PURPOSE

The DOD has been trending toward a contracting for services dominated model which will only increase the rate of services contracting. Developing a clear understanding of what is being contracted for and the environmental factors during a CR that affect lead time of contracted acquisitions is important for setting stake holder expectations when inputting request for services, as well as greater agency understanding of the services contracting environment. Throughout this project we will be analyzing purchase request (PR) data of acquisitions below the SAT during FYs 2016 – 2019 from the USMC. Due to CRs being present during three of the four FYs being analyzed, we will be able to develop an understanding of what effects a CR has on PRs within the USMC, to the extent the data allows. Once those affects are present and understood we can use the research results to give recommendations in order to fix the issues as they are identified. Furthermore, this study will seek to identify and distinguish formal and informal factors that lead to potential increased lead times of purchases when operating under a CR.

Utilizing the data received from PR Builder we will analyze the effects that operating under a CR has on purchases. This analysis will specifically look at purchases below the SAT to determine if there are differences in wait times, purchase price, and the number of PRs routed during CRs compared to full FY appropriations.

C. RESEARCH QUESTIONS

The questions below were developed for research to narrow the areas of study. An analytical review of previous PRs for services is beneficial for identifying what types of services are being requested/delivered. Also, beneficial from PR analysis is the ability to

see which types of services requested are affected during a CR. Lastly, the secondary questions look at what the informal and formal implications of a CR; formal implication being passed legislature and policy, informal implications being local restrictions on spending by commanders, and community norms when it comes to spending during a CR.

1. Primary Question

What are the effects of a CR on the contracts and acquisitions within the USMC in comparison to a fully appropriated FY?

2. Secondary Questions

How well does the USMC prepare, both informally and formally, for a CR within the Regional Contracting Offices and the Comptroller's office across I, II, and III Marine Expeditionary Force?

D. SCOPE AND LIMITATIONS

There is information to be gained in expanding the metrics utilized during this thesis, however in concert with previous research the analysis utilized a sample of USMC PRs submitted for purchases below the SAT to identify the implications of a CR on PRs. These factors are including, but not limited to timeline delays or uncertainties, the amount approved / submitted for, which types of contracts are affected more goods or services. Conducting analysis of these areas will demonstrate how CRs and the associated formal and informal restrictions affect each variable. The data being analyzed is pulled from the PR Builder system from FYs 2016 – 2019. Analysis of the data will be conducted utilizing Microsoft Excel. Both the data from PR Builder and the software being utilized for analysis are capable of providing the necessary information for the scope of this project

E. ORGANIZATION OF THE STUDY

Five chapters have been developed for the organization of this thesis. Chapter II provides an understanding of how units conduct budget execution during a CR compared to a fully appropriated budget. In Chapter III a review of relevant literature on our project

is conducted. These articles develop a more in-depth comprehension of the formal purchasing restrictions within the federal government when operating under a CR. Within this chapter there are also proposed solutions to change purchasing operations during a CR as well as Standard Operating Procedures (SOP) from a Marine Corps Regional Contracting Office. Chapter IV analyses the data gathered from PR Builder for the purposes of our project and further discusses the methodology in which we determined the relationships between our data and CRs. Chapter V brings our project to a conclusion as well as provides recommendations for a standardized set of operating procedures for adoption during CRs, which seem to have become the expected operating environment at the beginning of each FY.

F. SUMMARY

Continuing resolutions are the typical way in which the FY begins. Not starting the FY under a full year appropriation results in inefficiencies occurring during budget execution throughout the remainder of the FY. In the following chapter the impact of CRs will be further explained along with an explanation of metrics associated with measuring lead times.

II. BACKGROUND

A. INTRODUCTION

The purpose of this chapter is to develop the readers understanding of CRs, how lead time of acquisitions is captured, and further how the former affects the latter. Regulations regarding CRs and federal acquisitions are explained. The chapter also discusses, specifically to the Marine Corps, the differences between the using unit representatives and the professionals within the agency who conduct contracting activities. Continuing Resolutions affect the submission and execution of PRs substantially. To appreciate the effects of CRs on budget execution the necessary information to understand both the restrictions and regulations surrounding CRs as well as the submission of PRs and the metrics used in PR approval is required.

B. BACKGROUND

In the previous 70 years, only six fiscal years have begun under a full FY appropriation. This means that CRs are the norm, and we have SOPs and regulations implemented to operate in the anomaly (Brien et al., 2021, p. 2). CR appropriations while having a determined start and end period do not mean that after the determined period the next appropriation will be approved for the remainder of the FY, or even that another CR appropriation will be passed. This process can go on for an undetermined amount of time every fiscal year. A budgetary environment of this type creates uncertainty when it comes to the execution of budgets and programs across the federal government. As stated above CRs are not a new phenomenon within the federal government. However, they do continue to stifle financial managers across the federal government and within the Marine Corps. Each year they hamper the effective budget execution of each level within the organization. The fiscal year runs from October 1 through September 30, annually. Further, the average CR lasts into December which results in budget uncertainty for most of the first fiscal quarter of every year. This is not reasonable as the operations of the organization, while lighter during the first quarter, do not stop.

During a fully funded fiscal year, where funding is approved by October 1, units at all levels of the organization have planned for their budget execution by quarter, and in certain instances by month. This means that they can have more precise measurements of where obligation rates should be at the end of each period. CRs convolute this metric because the funds approved for spending are assumptions at the time, as they are uncertain in regard to actual funding that will be appropriated throughout the remainder of the fiscal year. Units could be at the correct obligation rate during October and November or all the way through the first quarter. However, when or if the full appropriation arrives, the approved budget will alter the obligation rate and fiscal managers subsequently must reconcile how they are going to manage the newly approved budget.

This has repercussions because the approved amount could be less or more than what was initially expected, and financial managers are now at a point in the fiscal year where there is less time to plan and are already planning for the next fiscal year. If units are approved for less than originally thought, competition amongst resources must occur and it is necessary to find alternate means of conducting planned operations and purchases. While a part of budgeting, prioritization of purchases and services is necessary here. This prioritization optimally took place during the planning stage of the current year's budget submission. However, the uncertainty of CRs result in a scenario where the realization of approved funds is not until late in the first quarter or second quarter on average, resulting in the reprioritization of requirements based on missed opportunities, lead times for purchases, or obligation rates.

In the event at the end of a CR, when full funding for the remainder of the fiscal year is approved, the approved amount is more than budgeted for fiscal managers are in a situation that is compounded by time. In a situation counter to that, of too little funding, fiscal managers at all levels are in a situation where obligation rates are now dramatically lower than previously thought.

This over funded situation while perceived as a good thing, leads to an environment that is prevalent with inefficient spending. During the current year's budget planning funds were planned for to be obligated throughout the course of an entire FY. If full funding is approved late operations, exercises, and maintenance have already occurred during the CR

period. When approval above what was expected is appropriated late in the FY units are faced with an under obligated situation. This creates a situation that compounds over the remaining months in the FY that leads to potential unnecessary or wasteful spending at the end of the FY in order to meet obligation rates in the pursuit of the unwritten use it or lose it (UorL) mentality. In his 2020 paper for the Naval Postgraduate School Acquisition Research Project, Candreva explores the UorL phenomenon in regard to federal budgeting. The paper explores how UorL is not necessarily negative, but our execution of it has potential to be (Candreva, 2020). A point Candreva alludes to in his paper is that there is nothing stopping financial managers from planning acquisitions during continuing resolutions (Candreva, 2020). However, the practice is simply not taking place, as expressed by Kantner and Letterele in their 2019 research (Candreva, 2020).

As we begin to discuss lead time it is important to gain an understanding of the Marine Corps acquisition or purchasing organizational structure. This explanation is simple yet there are some intricacies for different types of purchases based on geographic location or purchase price. However, for a baseline understanding the explained process will suffice. At the using unit level the requirement identifier submits a request to the unit supply officer who approves the request, this approval forwards the request to a local regional contracting office (RCO). The requirement identifier is typically from a non-supply type or non-acquisition type. This could be a communication, administrative, band, embarkation, or combat camera Marine. Their section develops a requirement and submits it through PR Builder to the supply section of the unit and the supply section approves it in the system sending the requirement to the RCO. If everything were correct the RCO could approve it. However, typically everything is not correct and has to be sent back, since the supply officer is not the subject matter expert on the item being requisitioned it has to be sent back to the requirement identifier for correction. This leads to complications, whether it be because personnel are on leave, TAD, executed orders or it could be that the supply officer was on leave, TAD, or executed orders. The list of reasons for complications as it pertains to lead times is extensive. However, the most important thing to understand is that the supply officer is the middle man and is there for a funds check between the requirement identifier and the RCO. This leads to the growth of lead times because while the supply

officer understands the administrative requirements behind public procurement both in and out of CRs, he or she does not understand the requirements of the good or service being requisitioned by the requirements identifier.

In their 2019 research Kantner & Letterle developed three metrics to determine acquisition efficiency in the scenario described above. Purchase Request Acceptance Lead Time (PRALT), Procurement Acquisition Lead Time (PALT), and Total Acquisition Lead Time (TALT) (Kantner & Letterle, 2019, p. 6). PRALT measures the time from identification of a requirement to the time it is accepted within the system (Kantner & Letterle, 2019, p. 6). PALT measures the time from approval by the RCO to the acquisition of the product, and TALT measures the time from requirement identification to the acquisition of the product (Kantner & Letterle, 2019, p. 6).

The three metrics identified above are utilized to measure efficiency of acquisitions throughout the organization. PALT is an effective measurement, as it can be captured by the system. When the unit approver accepts the purchase request, to the time that the item is acquired. However, the remaining two metrics PRALT and TALT do not accurately capture the acquisition efficiency picture for which they are designed.

“PRALT encompasses the period of time beginning when agency needs are established and ending when a contracting activity accepts the PR for the same agency need” (Kantner& Letterle, 2019, p. 5). “Agency need establishment could refer to the informal identification of a need, such as a request made for goods or services during a staff meeting but is represented in this research by the creation of a PR in PR Builder” (Kantner & Letterle, 2019, p. 5). PRALT, the time from which the requirement is identified to the time the purchase request is approved by the unit approver is not captured in the system. While it is hard to completely capture this metric because the identification of a need may be realized days if not weeks before it is entered in the system the system does still not capture the amount of time a requirement is a entered into the system and when the unit approver approves the request (Kantner & Letterle, 2019, p. 5). This metric is significant in the fact that being able to accurately capture it provides the organization with the ability to understand where the system is running efficiently and where the system is not. By not accurately being able to capture the first day a purchase request was initiated

prior to when it was submitted to the approver, we lose a significant metric in determining if long lead times are resulting during this step.

PALT, the period from when the purchase request is approved by the requesting unit’s appointed approver, to when the contract is awarded (Kantner & Letterle, 2019, p. 6) is a valuable metric because it captures efficiencies and inefficiencies internal to the contracting organization through this phase of purchases. While capturing internal efficiencies / inefficiencies PALT can also be used to identify inefficiencies external to the organization i.e., long lead times.

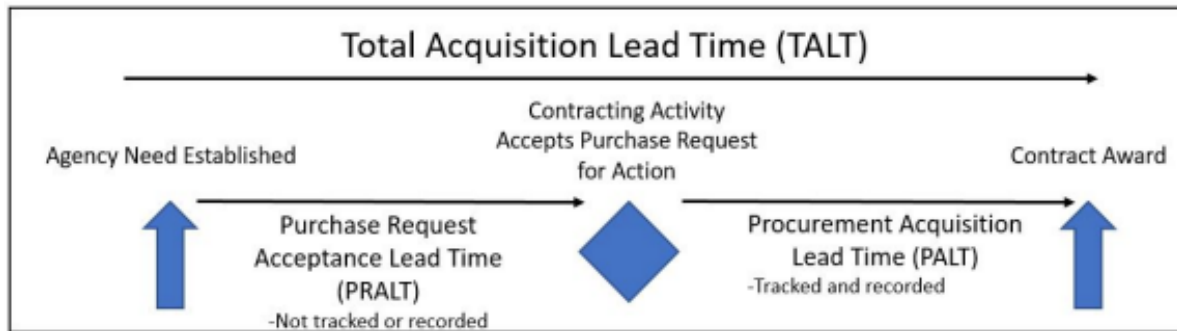


Figure 1. TALT Breakdown and Measurements. Source: Kantner and Letterle (2019).

TALT captures a useful metric, however as a result of the system not accurately capturing PRALT, when requirements are identified or when the PR is opened vice submitted, TALT accuracy is lost. In some instances, this accuracy may be a day or a couple of hours. However, this time could also be weeks or months. TALT is a large piece of what needs to be measured in order to accurately define these terms and better gauge where the system is most and least effective.

C. SUMMARY

The information provided throughout the chapter has been presented to provide an understanding of CRs and the restrictions their enactment places on purchasing in the Marine Corps. Also, in the chapter information was presented to provide the reader with

understanding of the metrics utilized to capture lead times in the Marine Corps. In the following chapter a literature review of sources relevant to the effects of CRs and operating constraints under a continuing resolution will be presented..

III. LITERATURE REVIEW

In this review of literature, the material covering Department of Defense (DOD) acquisition process is divided into three categories: research and the study of purchase request acceptance lead time (PRALT), issues and problems facing the Marine Corps within the regional contracting offices and within the DOD acquisition process. and DOD budget and effects of a CR.

A. BRIEN, KANTNER, AND LETTERLE (2020)

“Consider how private businesses would perform if they spent the first quarter of every year in stasis. How would competitors react if they knew this behavior was repeated year after year? This is the current state of the federal government.” (Brien et al., 2021, 28). In their 2021 article Brien, Kantner, and Letterle address the implications that CRs have on federal agencies by analyzing the effects of CRs on the Marine Corps purchases below the SAT. As noted in the introduction our project is a continuation of their study which began in 2019. Their analysis begins with the understanding that while many studies and reports have been conducted, none have been paired or conducted with an analytical look at purchasing statistics in order to quantify the data.

With a large discussion on continuing resolutions along with an explanation of how “publicness” leads to different agency responses their quantification of the data provides a stronger case to be presented to elected officials and policy makers who have a role in the approval of appropriations to help them understand that efficient passage of appropriations is paramount to the efficient and effective execution of budget by federal financial managers. “Providing lawmakers, agency officials, and congressional staff with evidence of the erosion of agency performance caused by the lack of full budget authority may help shift the calculus of using budget delays as a political tool” (Brien et al., 2021, p. 27).

The data analysis conducted through their study produces results that can be directly linked to inefficiencies related to continuing resolutions. Lower purchase price and less submissions for request are not necessarily a direct reflection of public procurement

policy during a continuing resolution, but they are a result of informal restrictions placed on different levels across federal agencies when operating under a continuing resolution.

A fascinating point made throughout the article is the political control aspect of CRs. Brien, Kantner, and Letterle's provide an explanation of the control category of political and economic influence. The term "control" itself seems daunting at first but it is ultimately an unintended consequence as the authors provide an explanation and recommendation for in their discussion in closing of the article.

It is important to recognize that the political decision to enter into a continuing resolution is not an attempt to intentionally exert control over procurement behavior. The concept of the control dimension of publicness theory may need to be adapted to differentiate between intentional and unintentional control. Unintentional control would encompass the legal and administrative regulations that are triggered by political action. These restraints may not be part of the explicit goal of high-level policy action, but organizations that suffer resource restrictions or other administrative burdens because of the resulting policy outcomes are experiencing the consequences of publicness.

This may be better understood by applying Moulton's framework for understanding the components of publicness (2009). The public value dominating continuing resolution policy is that elected officials want to avoid a full government shutdown in the event that a budgetary compromise has not been achieved. Any interim spending by federal agencies, however, must be controlled so that the executive branch does not usurp power from Congress over the determination of the budget. The restrictions and mechanism of continuing resolutions maintain spending allocations that Congress had previously authorized until a new budget is enacted. The conservative responses to executing budget authority at the agency level, however, are expected given the increased administrative burden continuing resolutions impose. They are natural responses to the risk and uncertainty Rubin (2007) identified that pervades financial management when full budget authority is absent. (Brien et al., 2021, 25)

Ultimately the research conducted and represented throughout this article expresses the strain that continuing resolutions place on federal agencies through the lens of Marine Corps acquisitions below the SAT. In order to provide a more dispersed representation on the effects of continuing resolutions expanding the dollar threshold or expanding the FYs analyzed would provide a more in depth look at the effects of continuing resolutions. As

our research is in coordination with this larger body of knowledge, we were unable to do either.

B. KANTNER AND LETTERLE (2019)

A profound takeaway from the literature review points to a lack of training, high turnover, hamstringing the procurement process within the Marine Corps. In their research, Kantner and Letterle (2019) concluded that “Not only does the Marine Corps face a problem in the way Regional Contracting Offices approach or identify when the procurement process begins, they often find high turnover in such billets, leading to a continues process that can lead to longer lead times and more inefficiencies, service wide.” Furthermore, the lack of training and precise requirements hinders the process, outside of funds availability. “Without the keen knowledge of the requirements interpreters generating the initial request for proposal information correctly, there will always be delays and decreased responsiveness of contracting practices.” (Kantner & Letterle, 2019, as cited in Murphy & Perrine, 2020, p. 17). Unlike a continuing resolution, the Marine Corps does have control over the inefficiencies demonstrated here by (Kantner and Letterle, 2019).

C. YOUNG AND GILMORE (2019)

Annually, Congress appropriates funds to the Department of Defense. When such appropriation bills are not able to be passed, a continuing resolution occurs. According to Stephanie Young and Michael Gilmore, in their work “Operating under a Continuing Resolution,” “a CR can be implemented as either an interim measure (as short as a day) or a measure providing funding for a full Fiscal Year (FY) (Young & Gilmore, 2019, p. 2). The longest overall period of time operating under a CR was 2011, which experienced seven relatively short CRs for a total of almost seven months” (Young & Gilmore, 2019, p. 2). It is also important to note that the language around CRs is not always clear. “For example, recent CR language has included a provision prohibiting any project or activity for which appropriations, funds, or other authority were not available in the previous FY. The interpretation of this prohibition in specific cases of budget execution has proven to be a matter of legal debate” (Young & Gilmore, 2019, p. 4). Furthermore, when operating

under a CR, there are consequences. “Perhaps the most widely presumed cost associated with operating under a CR is inefficiency, or missed opportunities for cost avoidance, which suggests that a CR can make both processes for personnel management and procurement less efficient (Young & Gilmore, 2019, p. 12).”

This literature suggests that a CR increases programmatic risk, especially with respect to cost and schedule, through several mechanisms. First, a CR’s prohibition on funding for activities that did not receive an appropriation the previous year might prevent a program manager from letting contracts on the timeline planned (Young & Gilmore, 2019, p. 13). There is a general agreement among those who have studied CR’s that because they limit government agencies’ ability to engage in activities for which authority has not been granted by law previously, this can cause inefficiency in government operations and have other anticipated harmful effects. Assertions are also commonly made that these anticipated harmful effects can include, among other things, costs for work on the part of government personnel that would not otherwise be done, delays in changing the course of programs or eliminating outmoded programs, and costs for delayed procurements. (Young & Gilmore, 2019, p. 38)

From Young and Gilmore’s research, it seems challenging to identify the chapters within the whole story of exactly what CRs end up affecting due to limited scope, although it appears somewhat evident that CRs come with a mixed bag of complications not always apparent before they are in effect, but most once operating under them, some cues can be observed. This is an area that we look to explore more within our own research.

D. BARTELS (2018)

In his article, “Continuing Resolutions Invariably Harm National Defense,” Frederico Bartels speaks to more of the implications and stress that CRs put on defense spending.

The necessary budget to execute the National Defense Strategy is described as being “sustained,” “predictable,” and “increased” ... However, the federal budget process has largely failed to provide stable annual budgets for the Department of Defense (DOD) ... As then-Secretary of Defense James Mattis stated in his testimony before the House Committee on Armed Services, the defense budget situation has been worsened by operating in 10 of the last 11 years under continuing resolutions of varied and unpredictable duration. (Bartels, 2018)

Bartels goes on to present evidence that continuing resolutions “lack detail” and “the services are essentially operating in three fiscal quarters per year now” due to no service branch scheduling anything within the first quarter of the fiscal year due to the impending CR. Bartels offers suggestions in order to aid in improving budget processes to close his argument out. Although this literature presents valid information, it lacks exactly what our study looks to uncover; what exactly do CRs impact, especially contract type and source data.

E. WILLIAM AND WEES (2016)

Similar to the research of Young and Gilmore, the works of Williams and Wees (2016), titled “FY2017 Defense Spending Under an Interim Continuing Resolution (CR): In Brief,” demonstrates the timing and the implementation of CRs, pointing to the likelihood of the DOD to be

prohibited from any new starts or production quantity increases, thus delaying development, production, testing, and fielding of certain weapon systems. It is also likely that DOD would be limited in its ability to enter into planned long-term contracts, thus losing the program stability and efficiencies that can be gained by such contracts. (William and Wes, 2016)

F. BERTEAU (2018)

Moving forward to the review of literature focusing on PRALT. Purchase Request Acceptance Lead Times, depending on the acquisition, can be described as excessively long. Within the article, “DOD Can Reduce Time to Contract,” Berteau speaks to the intention of every administration taking office to improve performance within the DOD, to include reducing the time it takes to award the contract for the service and product that the government needs for its operations (Berteau, 2018). He goes further to point out that it is hard to find concrete evidence of success, “Congress has weighed in with a directive for the Department of Defense to begin capturing common information on PALT to facilitate identifying the root causes of PALT and ultimately reducing the time for awards” (Berteau 2018). Laws and acts are in place to capture information to give the taxpayer and the DOD more information on the reasons behind long lead times within the Department of Defense

(DOD). Within Section 886 of the Fiscal Year 2018 *National Defense Authorization Act*, Congress declared

No later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall develop, make available for public comment, and finalize (1) a definition of the term “Procurement Administrative Lead Time” or “PALT”, to be applied Department of Defense wide, that describes the amount of time from the date on which a solicitation is issued to the date of an initial award of a contract or task order of the Department of Defense; and (2) a plan for measuring and publicly reporting data on PALT for Department of Defense contracts and task orders above the simplified acquisition threshold. (H.R. 2810, 2018)

Such data gives the public and Contracting Officers across the DOD strong correlations between common acquisitions across the DOD, buying common things with a common process, and the lead times associated with the type of acquisitions. This data does drive our future research.

G. HARRINGTON, MCCOMMAS, AND OLIVER (2007)

The final bin of literature, displaying issues and problems facing the Marine Corps within the Contracting office and DOD acquisition process begins with research from Naval Postgraduate School in 2007. Harrington, McCommas, and Oliver (2007), in their research “Analyses of the United States Marine Corps Continuous Process Improvement Program applied to the contracting process at Marine Corps Regional Contracting Office-Southwest,” argued that “the contracting process is an intricate compilation of activities” (Harrington et al., 2007, p. 43). Similar to Berteau’s argument, “Many factors including request procedure complexity, regulations, contract type, cost, and time constraints dictate the number of steps involved” (Harrington et al., 2007, p. 43). They offer that the Regional Contracting Office – Southwest (RCO-SW) was, at the time of their research, the perfect LSS model to study. “The project focused on this area to reduce the time of contracting actions and provide better service to the customer” (Harrington et al., 2007, p.53). This research concluded that a gap within the procurement process, and the ability to improve it through Lean Six-Sigma continuing process improvement model, is

The key elements, the customer and the RCO, have different perspectives pertaining to the beginning of the procurement process. For personnel

employed in the RCO, tasks commence once a requirement in the form of a valid purchase request enters the system. The specifics of the job dictate personnel cannot execute a purchase request until the procurement details are known. (McComas et al. 2007, p. 71)

H. FIELD (2021)

The report from the GAO which focuses over all on large defense projects displays manners in which the DOD has adopted measures in which to operate during CRs. The report itself addresses Operation and Maintenance, Research, Development, Test and Evaluation, Procurement (Other), and civilian hiring (Field, 2021, p. 3). The portion on civilian hiring does not address the purposes of our research however the other areas do.

In regard to major defense projects / research and development, the report makes a good observation that these two areas are not as affected by CRs as our specific area of study contracting for services below the SAT. These programs operations are not affected as regularly because the appropriation type, they operate under is a multi-year appropriation. This is not to say that they are not affected, as mentioned that in the last 12 years a full year has only been passed once in 2019. This means that while not affected every year, years in which a multi-year appropriation is up for reappropriating there is uncertainty as to the continuity of the program or where the program will face constraints as competition for resources will be in place while awaiting the passage of a full year's appropriation.

Contrary to multi-year appropriations the report identifies that one-year appropriations are more affected by the passage of a continuing resolution. This is where our research resides, at large contracting for services below the SAT are generally funded by one year appropriations. The report identifies that while CRs create the potential for gaps in services the CR also creates more actions as well as redundant actions for contracting professionals. This duplication of effort over time or redundancy is inefficient and detracts attention from other priorities.

In direct relation to our study the report identifies how the services at large have developed mechanisms to cope with the common occurrence of CRs during the first and second quarters of seemingly every fiscal year. The services have begun to push out

guidance of not necessarily how to operate during a continuing resolution but rather how to avoid some of the complications and uncertainty that a continuing resolution causes. In regard to contracting for services, specifically the services have passed guidance to move contracts as way form starting and ending during the first or second quarter but rather in the third or fourth quarters. What this does is allows for services to continue during the CR because they were obligated under the previous FYs appropriation, meaning they can continue even under a CR.

The report also identified another mechanism to avoid the degrading of operations during a CR, and that is to move training requirements, operations, or exercises to later in the year when the full FY appropriation has been passed. While largely agreeing with the previous recommendation to start contracts for services during the third and fourth quarter, this recommendation of pushing requirements until later in the fiscal year is largely unattainable for an almost inexhaustible list of reasons. Maintenance and units at all levels schedules cannot be compressed into 6–7 months out of the year.

Lastly what the report from the GAO misses is that regardless of whether agencies have found mechanisms to help cope with the uncertainty of CRs we still have to plan for a full FYs appropriation. This planning is time wasted but has to be done as does the subsequent planning for 120, 90, 60, or 30 day CRs. When federal budget managers have to plan for these contingencies it leaves all levels across all agencies involved in the dark. As operations, maintenance, and exercises will still be occurring during the first and second quarters due to time and space constraints, the uncertainty, while able to be planned for, creates inefficiencies that cause billions of dollars in budget inefficiencies across the DOD.

The report from GAO encompasses a myriad of topics and the effects that CRs have on them. The results from interviews with DOD officials reveal mechanisms emplaced informally to avoid the inefficiencies created by CRs are substantial in their ability to avoid gaps in services. However, where these mechanisms and the report at large miss the mark is that there is no recommendation from the GAO or interviewees as how to formally avoid the common occurrence of CRs or rather not having to plan for multiple contingencies every fiscal year.

I. SUMMARY

In conclusion, although literature is available that points to key elements of PRALT and what impacts funding has on them, no literature exists that directly presents information on how strong the correlation is between a continuing resolution and its effect on Marine Corps Purchase Request (PR) Builder acquisition lead time, or the specific contract types that are impacted from a CR, utilizing data driven analysis. Due to the gaps within the literature, there is an opportunity for our research to contribute to this area of research.

THIS PAGE INTENTIONALLY LEFT BLANK

IV. DATA METHODOLOGY AND ANALYSIS

This chapter describes the procedures taken to collect and organize the data obtained from the USMC PR Builder office. The initial data received from the PR Builder office was a sample of approximately 800 records generated from 2016–2018. These data were obtained for the Kantner & Letterle (2019) thesis. The following year, a second extract was obtained from Deloitte contractors working for the PR Builder office that included four years of data and was sampled from 2016–2019. This second sample was intended to be used for the Murphy & Perrine (2020) thesis, but was obtained too late in the thesis preparation cycle to actually be used for that research. Instead, Murphy & Perrine (2020) used the same 2016–2018 sample that Kantner & Letterle used. Murphy & Perrine’s primary contribution was to identify and apply the service classification strategy used in this thesis. This thesis is the first to use the 4-year sample obtained by Murphy and Perrine.

One of the key contributions of using the 4-year sample over the 3-year sample is that the 2019 defense budget was passed on time without any continuing resolution at the start of the fiscal year. This means that 2019 can serve as a control year for defense procurement relative to the other years identified in the sample. Although the continuing resolutions in each year from 2016 to 2018 vary in length, including a year with no CR provides information on the baseline seasonality of procurement and purchase order creation.

A. METHODOLOGY

Prior to conducting analysis of the data, it was necessary to get the data from the form it was received into usable information for our research. Through the following section the steps taken towards sanitizing the data is explained.

1. Data Cleaning and Filtering

The raw data extract obtained from the PR Builder system included 4,500 records. The data were restricted to purchase requests with a total less than \$250,000 so that the entire sample would remain below the simplified acquisitions threshold (SAT) (FAR

2.101). The sampling process also “[l]imited sampling of documents across multiple Department of Defense Activity Address Codes (DoDAAC). The DoDAAC information was redacted prior to data filtering in order to preserve operational security and privacy concerns” (Perrine & Murphy, 2020, p. 25).

Transaction records associate with purchase requests are identified by their Standard Document Number (SDN). Tracking all transaction records associated with a SDN provides a description of the history of the creation and administrative processing of purchase requests. The transaction records also identify the originator of the request and the assigned RCO personnel (Perrine & Murphy, 2020, p.26).

Each SDN is associated with multiple documents to record multiple events in the life cycle of purchase request creation, review, revision and final acceptance. The data were consolidated and merged so that there was only a single observation per SDN that contained all relevant purchase request review information. As a result, the 4,500 records were collapsed into a dataset describing 1,074 unique SDNs.

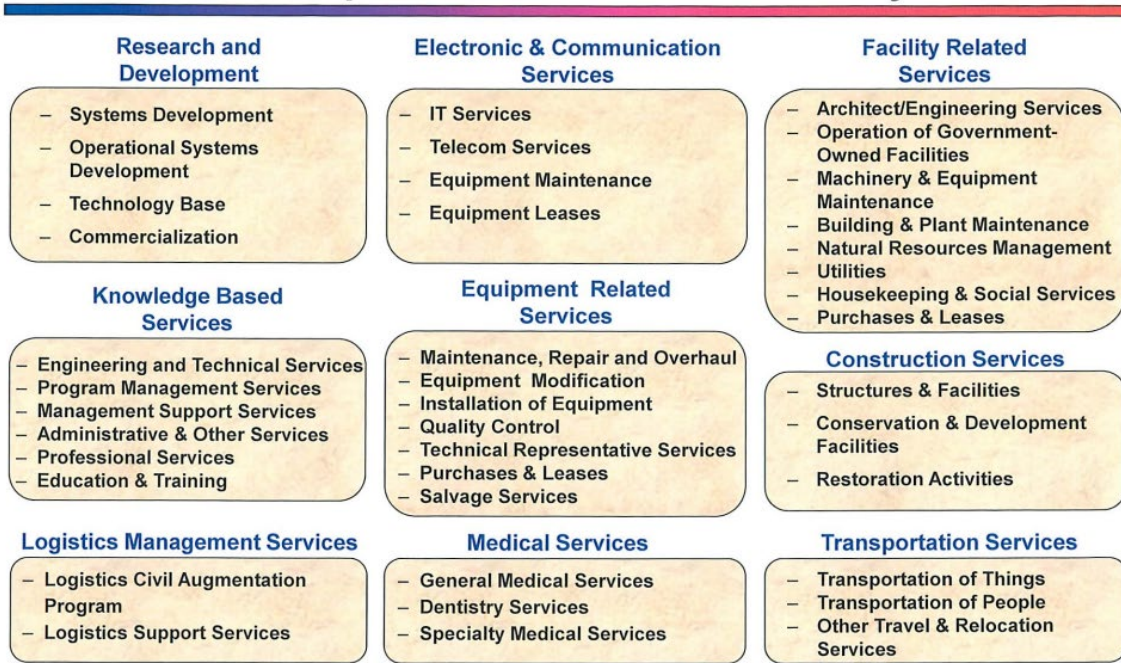
Due to the nature of data as it is pulled from the PR system individual line items had to be determined as goods or services in order to accurately depict the number of commodities vs. service SDNs. Determining the nature of each SDN was an exercise in interpretation, multiple fields in the data received had to be interpreted to understand what each PR was for two of the more instrumental fields “PR_Name” and “Line_Item_Description” were identified by Murphy & Perrine (2020). Following the classification of goods and services the project required us to further classify the services PRs identified during the previous step. The process we utilized to classify the services is outlined below.

To classify the data, we received we utilized the same method as previous research and analysis by Perrine & Murphy (2020). Utilizing the DOD Wide Acquisition of Services Taxonomy allowed for continuity in the larger study. The full taxonomy utilized to classify our data can be seen in the Figure 2 and Figure 3. This classification is consistent with the Product Service Codes (PSC) defined in the Federal Procurement Data System Product and Service code Manual (Assad, 2012; Perrine & Murphy, 2020, p. 27). All records in the data

were coded according to the 9 categories identified in Figure 2. A 10th classification for commodities was also included in our coding procedure.

Attachment 1

DoD-wide Acquisition of Services Taxonomy



9 Services Portfolio Groups, 40 Services Portfolios

Figure 2. DOD-Wide Acquisition of Supplies and Equipment (S&E) Taxonomy. Source: Assad (2012).

DoD-wide Acquisition of Supplies & Equipment (S&E) Taxonomy



Figure 3. DOD-Wide Acquisition of Supplies and Equipment (S&E) Taxonomy. Source: Assad (2012).

After the final round of data preparation, the data was in a state that provided contributing information to our study. This information consisted of service classifications, lead times, and costs. Following are the details that we were able to discern from the data analysis conducted throughout our project.

2. CONTRACT TYPE

While our research focused on the affects continuing resolutions have on service contracts, we did not exclude commodity type acquisitions from the project as it provided points for analysis. However, commodity type acquisitions were not classified past the point of identifying them as commodities. Throughout our project 1074 PRs were analyzed. Utilizing the services taxonomy, the 1074 PRs analyzed were broken down into two categories goods and services. The breakdown of categories was 396 goods and 678

services. As stated, the PRs classified as goods were not analyzed further. The analysis of the services PRs categories is displayed in Table 1.

Table 1. Service Contract Classification

Service Taxonomy Classification	Number of Contracts
Electronic & Communications Services	232
Equipment Related Services	48
Facility Related Services	118
Knowledge Based Services	139
Logistics Management Services	56
Other	4
Research and Development	1
Transportation Services	80
Medical Services	0
Construction Services	0

As seen in Table 1, the USMC contracts primarily in four of the service classifications “Electronics and Communications Services,” “Knowledge Based Services,” “Facility Related Services,” and “Transportation Services.” Only one contract was issued for “Research and Development,” and no contracts were written for “Medical Services,” or “Construction Services” with the received data.

Upon classifying the data, analysis was conducted to visualize the differences in PALT amongst the service types. Table 2 shows the PALT time during CRs and full FY appropriations. This is followed by Table 3, which further breaks down by the differences in PALT during CRs and after the remaining FY appropriation was passed. Of the four years analyzed, three consisted of periods of time in which continuing resolutions were in place. This was unique, as it gave a solid base year in FY19 to evaluate the data from the previous three FYs where a continuing resolution was in place. Another good metric for

comparison was the difference in length of the continuing resolutions from FY16 – FY18. The different varying lengths of continuing resolutions gave insight to how spending was executed both during the CRs, but also in the remainder of each year’s approved budget. Table 2 shows that there is a dramatic difference in PALT. The biggest take away from this data is the average PALT time from FY 16- 19 was 73 days. FY 19 the only fully appropriated FY in our data was 15 days less on average than the average PALT time. Further the average PALT time in 16 and 17 following the remaining FY appropriation was below the average PALT time. An analysis of more FYs would be useful in exploring if this trend continues during CRs across FYs. Also, an analysis specific to FY 18 would be useful to determine formal policies put in place that may have led to variance in PALT seen in Table 2. Potentially this could have been due to the decrease in the acquisition of type 2 classified services.

Table 2. PALT by FY

FY	PALT (CR / Appropriation) Days
16-19	73.07
16	126.79 / 32.41
17	101.85 / 70.40
18	89.06 / 92.51
19	58.09

Table 3. PALT by Classification

CLASSIFICATION	PALT (Days)						
	FY 16 CR	FY 16 NO CR	FY17 CR	FY17 NO CR	FY18 CR	FY18 NO CR	FY19 NO CR
1	0.00	0.00	0.00	0.00	0.00	3.00	0.00
2	227.57	26.13	113.61	60.78	129.26	79.95	57.50
3	9.67	35.86	64.75	23.17	50.36	54.87	88.65
4	168.50	40.65	139.79	69.08	149.17	140.50	65.77
5	38.50	37.20	96.83	30.71	4.75	59.13	19.83
7	90.83	53.50	138.00	248.73	24.40	45.83	32.24
9	66.67	25.13	49.86	19.32	67.67	190.81	35.69
10	262.00	0.00	35.00	0.00	115.00	0.00	0.00
Avg Days	126.79	32.42	101.85	70.41	89.06	92.51	58.10

While we analyzed data on four different FYs 16–19, FY 19 was the only year not consisting of a CR. FYs 16–18 had a CR lasting 12, 30, and 20 weeks, respectively. Through our data analysis some generalizations can be made. The Marine Corps contracts much more for services than for goods. The presence and or length of a CR does not affect the amount of items commodity or services contracted for overall for an FY, depicted in Figure 4 FY 17 and 18 the two years with the longest CR have the most PRs. However, the number of PRs submitted during a CR is less than that submitted during full budget authorization budget execution.

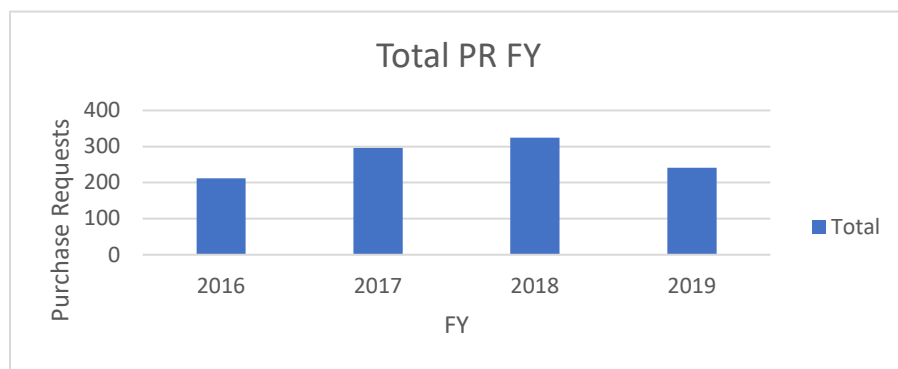


Figure 4. PRs by FY

The purpose of this study was to determine what affects the presence of a CR during a FY had on the service contracts. While the data is specifically derived from the Marine Corps, and below the SAT, the assumption is that this would carry over through most agencies service contracting during CRs. We can discern from the numbers presented in Table 4 that spending is restricted during periods of CR. These results are most externally relevant to service contracts because many of the formal contracting restrictions apply to budget managers across the force. Commodities are not under the same formal restrictions as services in regard to contracting, however spending is still monitored more closely than when executing a budget under normal budget execution conditions. This results in goods being procured more efficiently than service contracts during continuing resolutions. This is a product of formal restrictions, in those services, which weren't provided for in a previous appropriation, may not be started during a continuing resolution.

Table 4. PR Analysis by FY

FY		# of PR	Avg tme for approval	Avg price	Service	Good	Total Services	Total Goods	Ratio G to S
2016	cr	16	10.5	\$31,572	11	5	119	79	0.663866
	budget	182	38	\$31,095	108	74			
2017	cr	101	34.5	\$25,925.97	61	40	178	114	0.640449
	budget	191	56.16	\$22,824.50	117	74			
2018	cr	65	57.78	\$25,578.71	37	28	179	134	0.748603
	budget	248	50.08	\$23,058.38	142	106			
2019	budget	256	63.66	\$25,069.63	187	69	187	69	0.368984

In the Young & Gilmore (2019) RAND report the overall findings were inconclusive in regard to whether or not it continuing resolutions affected Defense Acquisitions.

In our statistical analysis, which contains mixed results, we did not find strong evidence in the budget materials or SARs indicating that CRs are generally associated with delays in procurement awards or increased costs. On the other hand, given the limitations inherent in our statistical analysis, we cannot use its results to rule out the occurrence of these kinds of negative effects. (Young & Gilmore, 2019, p 38)

Based off the analysis of PR Builder, the differential in PRs per week received during a CR vs PR p/ week received under full budget authority is economically meaningful. While potentially not directly affecting acquisitions, what this result tells us is that for a period of the fiscal year, units are forced to execute less efficiently. This less than efficient situation is compounded by two factors: uncertainty and operations. Uncertainty in the aspect that there is no known end to a continuing resolution, as they can be extended, and agencies are left to assume what their full authorization amount will be once full budget authorization is passed. This uncertainty causes fewer purchase requests to be initiated and leaves military units with suboptimal resources.

Services contracting is affected by continuing resolutions being in place when a budget cannot be approved by the start of the FY. The disruptions created by a continuing resolution also persist after full budget authority has been granted. During FY 17 and 18, two of the years we analyzed in which continuing resolutions ran the longest, units spent

money during the CR and subsequently given a full FYs budget once the budget was approved. This action creates an equal if not more inefficient budget execution system one a budget is approved. If a CR lasts until mid-February, the average length of a CR during the three analyzed CRs, and a unit is given more money than it originally requested, for the rest of the FY the budget manager is put in a spot where the money has to be spent in a shorter amount of time. Financial managers face pressure to obligate funds at a faster than initially planned rate and this may create pressure to redirect spending to programs that are less operationally critical but are more easily executable. It can be speculated that this does lead to spending on less than priority items with hasty purchases to make the arbitrary deadline. In the same situation, if no CR is present, then services contracting is evenly spread across the fiscal year and utilized for higher priority items in the command.

Lastly, while FY 19 was useful in comparing statistics from a fully authorized year to FYs with a CR, there were three remarkable statistics:

- The number of PRs in FY 19 is less than FY17, and FY18.
- The average price per PR is less in FY 19.
- The ratio of services to commodities is greater.

The above listed findings from our analysis are opposite of our assumptions leading into our research. However, some explanation can be given to all to provide clarity. In regard to the first bullet, this could potentially be due to duplicate PRs having to be put in for different appropriations. For the second bullet this could be a result of the inefficiencies inherent to CRs in that when services the environment is less certain or shorter term the price for services goes up creating a situation where the Marine Corps gets less for its money.

Furthermore, the final bullet the ratio of services to commodities was greater in FY 19 as compared to the previous three FYs which operated under a CR. This finding in our analysis is significant because it shows that the gap between services and commodity contracting is widening as noted by Schwartz et al., (2015), given a full year

appropriation fiscal managers can plan for and acquire those services as necessary at a price point that is more efficient for service being provided.

B. SUMMARY

Throughout the chapter, we have provided information on the process we went through to clean and filter our data prior to analysis. Further we explained the details on how the data was analyzed and ultimately what data it provided to us during our research. Breaking the data down by classification, FY, CR vs. full appropriation, price, and commodity vs. service allowed us to gain insight into the effects of CRs on acquisitions below the SAT within the USMC. In the last paragraph above four statistics were provided from our analysis that are points for future research to determine the more specific implications of a CR on the Marine Corps acquisition activities. In the next and final chapter, we will provide our conclusion and recommendations developed during our analysis.

V. CONCLUSIONS AND RECOMMENDATIONS

The conduct of this project was to further a body of knowledge on the affects continuing resolutions have on services contracts. More specifically, this project sought to expand the USMCs institutional knowledge as it pertains to services contracting. To provide continuity with previous research conducted the project utilized the DOD-Wide Acquisition of Service Taxonomy (Assad, 2012) to classify the services the Marine Corps purchases during the period from 2016 -2019. Our reason for classifying the services contracted for was to identify which if any were more affected by continuing resolutions, and further to determine analyze the difference in effects on commodities and services. The research conducted throughout this project will bring contributions to a developing knowledge base surrounding Marine Corps service contracts.

A. RESEARCH QUESTION CONCLUSIONS

1. Primary Question

1. What are the effects of a CR on the contracts and acquisitions within the USMC in comparison to a fully appropriated FY?

We received data from Deloitte Consulting LLP which was extracted form PR Builder the USMCs APSR for purchasing. In the received data we were able to analyze 1,074 different SDNs. The outcome of the data analysis was not that different from previous research conducted by Perrine and Murphy in regard to the spread of the services that the Marine Corps contracts form as denoted in Table 1. The Marine Corps spread of services contracted for across the classification is limited. The analysis conducted revealed that services are distributed unevenly across the 9 classifications, with the top 3 classifications Electronic and Communication Services, Knowledge Based Services, and Facilities Related Services accounting for over 70 percent of the service contracts. The complete breakdown is displayed in Table 1.

The effects of a CR on the efficiency of USMC purchases below the SAT are hard to determine from the data. The outcome of the analysis compared with a FY which was

fully appropriated showed results that on the surface look like a CR has a limited effect on the purchasing activities below the SAT of the USMC. However, this could be for a number of reasons. Based off of the number of PRs received during the FYs more PRs were received during FYs 17 and 18 than during FY 19 a fully appropriated year. This could have been for two reasons potentially operational tempo was just higher during FY 17 and 18. More interestingly this could be an effect of a CR being in place and since there was a CR when a service contract was initiated, there were duplicate PRs later in the year once the appropriation was passed for the remainder of the year.

In regard to purchase amount during a CR vs a full appropriation the data is also inconclusive. During all FYs the average purchase price of a PR was higher during a CR than during a fully appropriated time period. The same remains true for FY 19 the purchase price was lower during FY 19 than it was during all portions of the previously analyzed FYs which were conducted partially under a CR appropriation. The factors behind this amount variance are slightly more difficult to discern than the quantity of requests submitted. It is difficult to both determine outright or hypothesize as to why the amount would be higher per PR on average during a CR than during a fully appropriated period.

Based off of personal experience and research conducted the effects of a CR are felt more from the effects of formal and informal restrictions. These restrictions come in the form of the policy and local command controls. New startups are a good example. As explained by Hermann, restrictions include a prohibition on starting any new programs that were not authorized in the previous year's budget bill as well as blocking any new multi-year procurements (Hermann, 2017). As far as local command policy is concerned measures are put into place that make the budget execution environment uncertain and less efficient due to uncertainties in regard to short term appropriations. Because there are so many levels that funding is passed through to get to the using unit level the amount to be allocated is uncertain until it is too late to plan. This results in a situation not able to be analyzed by this data set, priority spending. In priority spending the meaning is we are spending money where it needs to be spent towards operationally, or where it was prioritized during the planning cycle for the current FY. Secondly, it leads to inefficiency in that planning at the using unit levels typically starts in late January and runs through

budget submission in late July early August. It is inefficient to plan in this nature knowing that we will be going into a CR or worse a funding gap. While the plan can be executed to some extent once the full year appropriation is passed it is grossly inefficient.

Overall, the data analysis in and of itself does not provide conclusive results that a CR affects the USMC ability to contract for services below the SAT. While there are differences throughout almost every quantitative category none show a significant deviation from the other in comparison.

2. Secondary Question

How well does the USMC prepare, both informally and formally, for a CR within the Regional Contracting Offices and the Comptroller's office across I, II, and III Marine Expeditionary Force?

In working with both the RCO and contracting offices throughout continuing resolutions and a fully appropriated year, the Marine Corps is constructed more for operations during a fully appropriated fiscal year. This is contrary to the way in which we have historically received appropriations. We analyzed four fiscal years of data only one of which was fully appropriated, 11 out of the past 12 years have begun with a CR, and since 1951 all but 6 years have consisted of some form of a CR. RCOs and Comptrollers SOPs, and for all intense purposes the DOD are centered around full year appropriations. Yet each year we plan for a full year appropriation and receive guidance in mid-September to be prepared for execution under a CR.

The USMC does not have well-established SOPs for budget execution under a CR appropriation. While the comptroller and RCO are proficient in flexing to operations during a CR, the units they serve are not. Supply Officers and their supply sections, as well as the personnel in the Marine Corps who approve PRs from the using unit to the RCO, are typically on their first or second assignment and are not familiar with constraints during CRs specifically those constraints surrounding service contracts. They are only capable of adjusting to requirements as pushed from the comptroller or RCO.

Joyce (2012) found that most agencies have developed processes to better adjust to the level of uncertainty that CRs present. Our experience in the Marine Corps and research suggest this to be true, however the issue is with timeliness and experience of those executing the adjusted budget execution processes during the almost certain CR at the start of each FY. The problem with preparation does not reside specifically with the RCO and Comptroller's offices. While organizationally we could make changes to how we prepare budgets for upcoming fiscal years, entry level training for supply personnel in regard to budget preparation, submission, and execution tends to be geared toward a fully appropriated FY. As mentioned before, preparing for a fully appropriated FY is preparing for the anomaly. Therefore, as supply personnel enter the operating forces, they are not prepared to be executing a budget under a CR.

The analyzed data does not specifically point to issues from an RCO or comptroller's office in regard to preparation. However, the efficiency of USMC PR submission could be improved significantly if RCOs, comptrollers, and supply personnel training gave more attention to CRs rather than full FY appropriations. Our recommendations will expand on this topic.

B. RECOMMENDATIONS

1. Recommendation One

Continue to update and improve the entry level training for enlisted Marines who attend Supply Chain management entry level course, specific to handling purchase request during a continuing resolution.

Currently there are 14 training events that Marines at Supply Chain management course, military occupation specialty (MOS) code 3002,3043, train to during the period of instruction. Outside of Naval Postgraduate School and Chief's course, which Staff non-commissioned officers attend as a supplement for Supply chain management, the level of continuing education training is lacking. Particularly within the realm of training to and for a continuing resolution. Most training that Marines receive is directly related to full FY appropriations and conducting business within that type of budget execution environment.

After the research present here and that conducted by Professor Brien and the previous researchers, it is apparent that budget execution is on average conducted under a CR throughout the first quarter and into the 2nd quarter of the FY. During the budget planning and execution portion of entry level training more emphasis needs to be placed on the impacts of CRs. Further to increase the efficiency of USMC operations during a CR formalized standards need to be developed in order to better train officers and staff noncommissioned officers during their entry level training and continuing education during their careers.

The vast majority of officers, based on experience in the field, get a taste of operating under a CR within their first 8 months of being on the job, when tasked to build a budget for their operational unit, a training and readiness event (T&R) that doesn't get properly trained to during school period of instruction. It can be argued that the Marine Corps fails to set officers or enlisted Marines up for success due to this lack of training on specifics identified throughout our research, when coming out of the pipeline of schooling. Furthermore, the Marine Corps also puts heavy emphasis on new officers and enlisted Marines to learn their craft while balancing all the requirements of base line Marine Corps training. A task that, without the correct training and leadership oversight, can lead to atrophy in one area or the other.

We would recommend that, although the Marine Corps has updated their training over the past five years to include a much heavier emphasis on fiscal and budget executions, it is not enough to adjust the sight picture around CR's, an area needing the most adjustments. The majority of a young officer's time at his first duty station or a young enlisted Marine's time is spent on requisitions, either through contracts or baseline requirements. No formal training exists within the Marine Corps to speak directly to operating a supply support concept during a CR, outside of "stand by for guidance from higher echelons of command.

2. Recommendation Two

Teach and sustain formal education within the Supply Chain Management Officer Corps basic course, and follow-on courses, the importance of understanding the budget process and how it affects acquisitions.

Although our data gathered and our results from our identification and conclusions from that data do not speak directly to this recommendation, from experience, education given to Officers within the Supply Chain management role is lacking. Furthermore, within this military occupation specialty specialty, if you spend time away from the information, you atrophy the skills and knowledge necessary to be deadly within your craft. This could directly affect the warfighter, and your career.

With that information in mind, we recommend continuing education throughout the enlisted and officer career path. With the Commandant of the Marine Corps new guidance, one that speaks to incentivizing different MOSs, we view this as nothing short of a massive opportunity. A program can be designed to continue the officer and enlisted education around budget process and wargame the effects that are caused from a CRs, seen throughout our research and data collection. We have identified the need for and importance of training to the standard that a unit requires when it comes to budget execution during a CR, now implementing a training pipeline to ensure those skills don't atrophy during "b" billets within the career pipeline of a Marine Corps career is vital.

3. Recommendation Three

Increase the amount of financial management officers within the Marine Corps, and place one at each MSC.

Over the past 5 years more fiscal duties have shifted from the comptrollers to the supply, at the same time changes to amount of each MOS within the Marine Corps has not changed. What this results in, is a less efficient fiscal organization. The following recommendation provides a way forward making supply Marine and financial management specialist, two communities that work frequently together, more efficient in budget execution during both CRs and full FY appropriations.

Placing a seasoned financial management officer at each MSC can make a massive contribution to budget execution and planning, definite within a continuing resolution. There were years during heavy deployment cycles within Second Marine Aircraft Wing, that Comptrollers were placed with each operational unit. They conducted training, ensured budget execution and instilled a sense of responsibility at the unit level amongst enlisted supply Marines and officers alike. As the Marine Corps has gotten smaller, that billet was sucked up to higher echelons of command and has remained there into current structure.

We recommend, based on evidence from experience while working within the Fleet Marine Force, and after conducting our research within this project, that the Marine Corps move to implement financial management Marines or Officers back into the using units in order to improve the following: Faster submission into the PR builder system, proper submission with both wording and documentation to improve flash to bang on order to delivery, improved training for Marines who receive limited financial management training as identified in previous recommendations, and overall continuing resolution operations. Financial Management Marines, both officers and enlisted receive far more education on budget formulation, execution, and how a CR affects both. That training is valuable and can be used to teach other Marines if placed at the point of friction, the operating units.

C. SUMMARY

This chapter reviewed the research questions that were sought after during our analysis of the data surrounding the effects of continuing resolutions. Additionally, we investigated the ways in which the Marine Corps currently trains their officers surrounding our topic and chose recommendations to further the institutions' ability to improve service to the warfighter, the Marine who needs a requisition to become a more lethal warrior. Conclusions presented earlier are representations of the findings from our analysis that was presented in Chapter IV, in which we utilized the DOD-Wide Acquisition of Service Taxonomy (Assad, 2012) to classify the services the Marine Corps purchases during the period from 2016 -2019. We chose to classify the services contracted in order to determine which, if any, were more affected by continuing resolutions, and further to determine analyze the difference in effects on commodities and services. Those findings led to our

conclusions, and we believe will lead to furthering education and research surrounding this topic, furthering education and sustainment of education in the Corps, for generations to come.

LIST OF REFERENCES

- Assad, S.D. (2012, August 27). Taxonomy for the acquisition of services and supplies & equipment [Memorandum]. Department of the Navy.
<https://www.acq.osd.mil/dpap/policy/policyvault/USA004219-12-DPAP.pdf>
- Bartels, F. (2018, February 21). *Continuing resolutions invariably harm national defense*. The Heritage Foundation. <https://www.heritage.org/defense/report/continuing-resolutions-invariably-harm-national-defense>
- Berteau, D. (2018, March 30). DOD can reduce time to contract. Federal Times.
<https://www.federaltimes.com/acquisition/2018/03/23/dod-can-reduce-time-to-contract/>
- Brien, S. T., Letterle, K. W., & Kantner, P. A. (2020). Measuring the effects of federal budget dysfunction: Impacts of continuing resolutions on public procurement. Research Gate, October.
- Candrea, P. J. (2020). A critical look at ‘use or lose’. NPS Archive: Calhoun.
<https://calhoun.nps.edu/bitstream/handle/10945/64766/>
- Field, E. A. (2021) *Defense budget: DOD has adopted practices to manage within the constraints of continuing resolutions*. (GAO-21-541). Government Accountability Office.
- Herrmann, M. R. M. (2017). The Pitfalls Of New Starts During A Continuing Resolution. *The Army Lawyer*, 9.
- Jacobs, T. A. (n.d.). Continuing Resolutions: The Influence Of Temporary Spending Restrictions On Monthly Expenditure Patterns Of Federal Agencies. 215.
- Joyce, P. G. (2012). The costs of budget uncertainty: Analyzing the impact of late appropriations. IBM Center for the Business of Government.
- Letterle, K. W., & Kantner, P. A. (2019). An analysis of contracting activity purchase request acceptance lead time for USMC using unit acquisitions under the simplified acquisitions threshold (Doctoral dissertation, Monterey, CA; Naval Postgraduate School).
- Liebman, J. B., & Mahoney, N. (2017). Do expiring budgets lead to wasteful year-end spending? Evidence from federal procurement. *American Economic Review*, 107(11), 3510–49.
- McClanahan, K. P., Bill Jr Heniff, J. V. S., Murray, J., & Lynch, M. S. (2019). Continuing resolutions: Overview of components and practices. *Congressional Research Service*.

- McComas, M. T., Harrington, R. J., & Oliver, D. W. (2007). Analysis of the United States Marine Corps continuous process improvement program applied to the contracting process at Marine Corps Regional Contracting office-Southwest. Naval Postgraduate School Monterey CA.
- Murphy, J. K., & Perrine, S. T. (2020). USMC Service Contract: Analysis of Procurement Requests within PR Builder. Naval Postgraduate School.
- Rubin, I. (2007). The great unraveling: Federal budgeting, 1998–2006. *Public Administration Review*, 67(4), 608–617.
- Schwartz, M., Ginsberg, W., & Sargent Jr, J. F. (2015, April). Defense acquisitions: How and where DOD spends its contracting dollars. Library of Congress Washington DC: Congressional Research Service.
- Slaughter, T. (2020). Government Contracting And Emergency Powers in the Age of Government Shutdowns. *Public Contract Law Journal*, 50(1), 133–153.
- Young, S., & Gilmore, J. M. (2019). Operating Under a Continuing Resolution: A Limited Assessment of Effects on Defense Procurement Contract Awards. RAND Corporation.

INITIAL DISTRIBUTION LIST

1. Defense Technical Information Center
Ft. Belvoir, Virginia
2. Dudley Knox Library
Naval Postgraduate School
Monterey, California