



The Planning, Programming, Budgeting and Execution (PPBE) Process

Jim Dominy
Department of Defense
Director, Program & Financial Control
Office of the Under Secretary of Defense (Comptroller)



MID 913 (2003)

- Biennial budgets within a 4 year time period
 - QDR released in the second year
- Even years are “on” years
 - Full planning, programming and budgeting
 - Full-up POM and BES submissions
- Odd years are “off” years
 - Limited changes to guidance
 - Adjustments to second year of biennial budget
 - Focus of program and budget review is on execution and performance



FY 2008 Budget Submission

- Full-up POMs and BESs
- Milestones:
 - Fiscal guidance released April 3
 - Full POMs/BESs electronic submissions due August 15
 - All justification material due September 1
 - Major issues resolved before Thanksgiving
 - Budget lock December 18
 - President's Budget released February 5, 2007
- Requirements for the FY 2007 Supplemental will be due at the same time as the BES



Program & Budget Review

- Review of Component Submissions
 - Are programs properly priced and executable?
 - Do the submissions comply with guidance?
 - Does OSD agree with the tradeoff decisions made in the submissions?
- QDR Implementation
 - Do component submissions require adjustment to implement the QDR recommendations?
- Fiscal Constraints
 - Where should we take additional risks in order to balance the program and/or fund program enhancements?



Department of Defense Topline

(Discretionary budget authority \$ in billions)

| | <u>FY 06</u> | <u>FY 07</u> | <u>Change</u> |
|------------|--------------|--------------|---------------|
| DoD Budget | 410.8 | 439.3 | +28.5 |

FY 2007 Budget provides:

- 7 percent increase over FY 2006 enacted budget
- Capabilities for future challenges
- Advanced technology for greater operational capability and combat power
- Robust pay & incentives for recruitment and retention
- Superior health care coverage



FY 2007 – 2011 DoD Budget

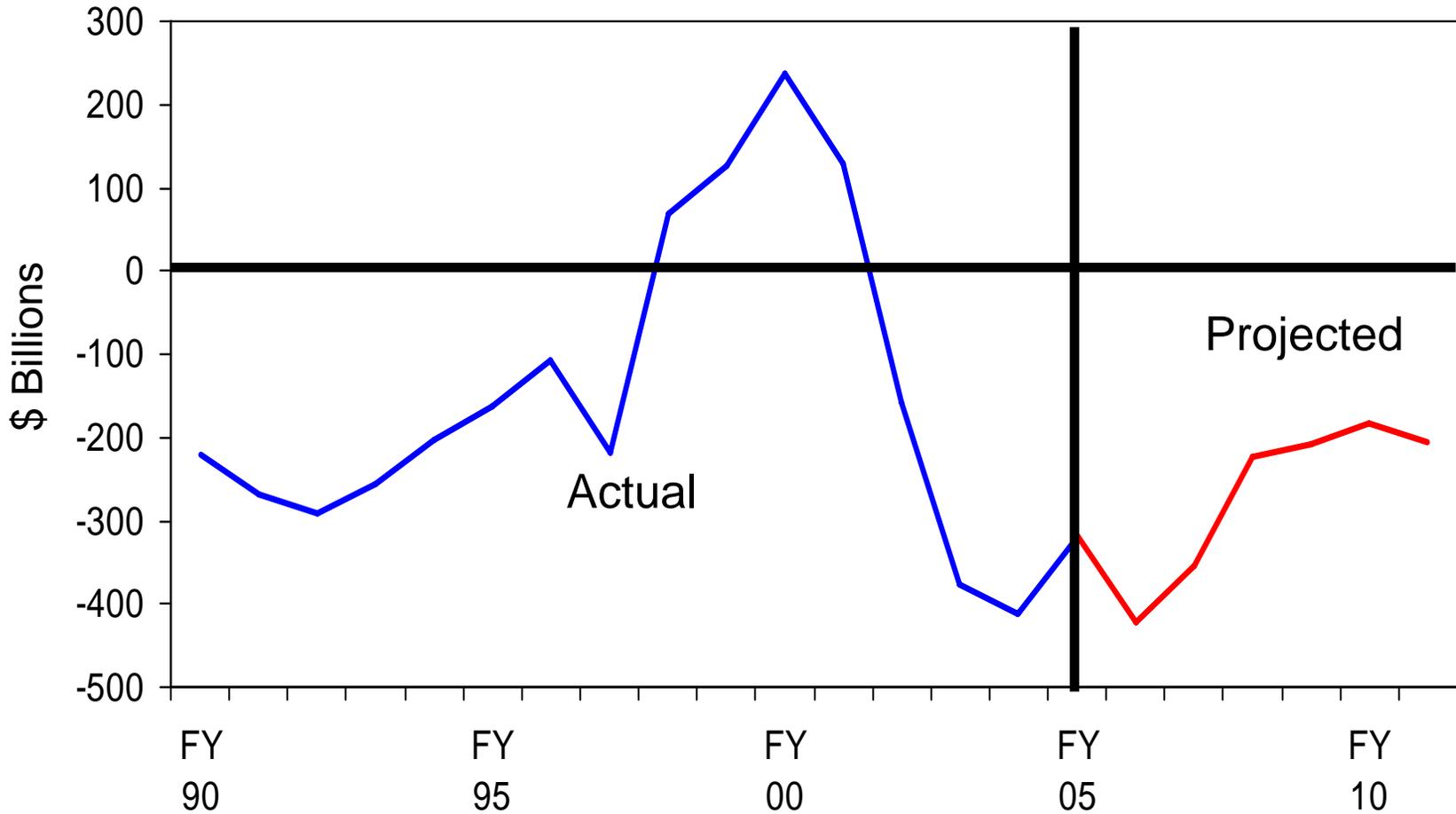
(Discretionary Budget Authority, \$ Billions)

| | <u>FY 07</u> | <u>FY 08</u> | <u>FY 09</u> | <u>FY 10</u> | <u>FY 11</u> |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| FY 07 Pres Bud | 439.3 | 462.4 | 481.9 | 492.0 | 502.3 |
| Procurement & RDT&E | 157.4 | 174.2 | 183.7 | 191.9 | 188.3 |



Total Federal Deficit/Surplus

(FY 2007 President's Budget)





Cost Pressures

- Military Pay & Allowances
 - Recruitment & Retention
- Health Care
- Inflation
- Fuel
- GWOT
- Reconstitution
- Weapon System Cost Growth



Process Pressures

- QDR during a war
- Year-round decision process
 - Budget, Budget Amendment, GWOT Supplementals, Natural Disaster Supplementals, etc.
- Cash flowing
- Reprogrammings – war and non-war



Future PPBE Changes?

- Quadrennial Defense Review
- Capabilities-based resource allocation
- Capital budgeting
- Appropriation Structure
- Performance Management & Program Evaluation



Strategic Resource Decision System

- QDR called for “increased transparency” in the PPBE process
- Strategic Resource Decision System is a proposal to provide a “common operational picture”
 - Single, authoritative PPBE database
 - Unified programming and budgeting data structure
- Advantages:
 - Single data inputs
 - Greater flexibility to view the Department’s resources from different perspectives
 - Single data source eliminates reconciliation
 - SARs, Justification Material, Budget
- Ultimate solution may involve changes to the programming and/or appropriation budget structure



Performance Management

- The “E” was added to PPBE to emphasize the need for an effective performance feedback loop
 - The requirement was discussed extensively in QDR sessions
- How do we get there?
 - Currently we require Components to have performance measures covering 100% of budget resources
 - Performance measures are used to review programs and budgets
 - Enterprise Architectures are emphasizing designs that provide effective feedback
- Budget & Performance Integration Initiative one of five on President’s Management Agenda



Performance Evaluation

- PART = Program Assessment Rating Tool
- OMB program to evaluate all programs in the federal government for effectiveness and efficiency
- Graded from Effective to Ineffective
- PART reports required to be integrated with budget justification material
- Once a program is PARTed, the performance measures live on
- When the FY 08 PARTs are completed, we will have covered 86 % of DoD resources



Procurement

(current \$ in billions)

