

# Planning, Programming, and Budgeting Changes

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# Prior Budget Process

- Defense Planning Guidance (DPG) (April)
- Programming (POM Development) (May – September)
- Services prepare Budget Estimates Submission (BES)
- OSD Budget Submission (September)
- OSD/OMB Review (September – December)
- Submission of President's Budget (February)
- Congressional Review of Budget Request (February – August)
- Congressional Authorization and Appropriation
- Budget Execution

# FY 2004-2009 Defense Planning Guidance

Advocated the development of a portfolio of capabilities that lessen the likelihood of operational or technological surprise and allow the swift and decisive defeat of adversaries.

Committed the Department to rigorous experimentation and a culture of innovation.

Required the Department to transform organizations and processes so that innovation is encouraged and rewarded.

Explicitly included transformation of the PPBS and the processes by which the Department generates and validates military requirements and acquisitions.

# FY 2004 DPG

DPG states: The Department's current planning, programming, budgeting and acquisition systems are rigid, unresponsive and ill-suited for a dynamic and uncertain security environment. DoD needs to streamline and integrate PPBS and the major acquisition and requirements processes with particular attention paid to those areas where technological change occurs most rapidly.

Tasked the SEC, under the leadership of the SECNAV, to provide a systematic approach for undertaking the task of replacing these processes.

# Management Initiative Decision 913 (DRAFT)

## **Major Initiatives:**

- Quadrennial Defense Review (QDR) shift from the end of the first year to beginning of second year of a new administration
- Off-year DPG is at the discretion of the Secretary and will not introduce major changes
- Move to a 2-year budget cycle
- Program and budget data will merge into a single standardized system
- Focus on execution and performance in the off-year

# Management Initiative Decision 913 (DRAFT)

## **Changes to Program/Budget Review:**

- Transition to a biennial process
- Incorporate metrics and cost models and focus on outputs  
– what are we getting for our money
- Over time, metrics will become the analytical underpinning to ascertain whether the appropriate allocation of resources exists

# FY 2005 - 2009 Submission

- No DPG-05
- Components will not submit Program Objective Memoranda (POM) or Budget Estimate Submission (BES)
- Components may submit Program Change Proposals (PCPs) or Budget Change Proposals (BCPs)
- Both BCPs and PCPs will be cost neutral: i.e. offsets will be required
- PCPs will be resolved through Program Decision Memoranda and BCPs will be resolved through Program Budget Decisions (PBDs)

# Program Change Proposals (PCPs)

- Identify areas to take additional risk
- Limited to items that exceed \$250 million across the FYDP
  - PCPs may accommodate smaller issues if serious programmatic problem
  - If less than \$250 million, may submit as BCP if budget year is affected
- Must not propose changes to PDM decisions without specific prior approval from the Deputy Secretary
- Combatant Commanders may submit up to six prioritized PCPs regardless of threshold

# Budget Change Proposals (BCPs)

- Include fact-of-life changes:
  - Cost increases
  - Schedule delays
  - Management reform savings
  - Workload changes
  - Funding execution experience
  - Congressional action
- May involve FYDP years if total cost is less than \$250 million and budget year is affected
- Both BCPs and PCPs will be cost neutral: i.e. offsets will be required

# FY 2005 - 2009 Program/Budget Schedule

Aug 1	PCPs due
Aug 15	PCP Dispositions issued
Sept 1	Detailed programmatic and budget info submitted for accepted PCPs
Oct 1	BCPs due
Nov 1	PDM issued
Nov 21	1 <sup>st</sup> Round PBDs completed
Nov 24	Top line guidance received
Dec 9 – 10	Major Budget Issues
Dec 12	Final FY 2005 Budget Decisions
Dec 19	FY 2005 President's Budget Lock
Jan/Feb	Lessons Learned