FROM REQUIREMENT TO OPERATIONAL CAPABILITY
• “The period 1961 to mid-1965 witnessed strenuous efforts by McNamara to establish greater control over the DoD budget and to make the department function more efficiently and economically.”

• “He regarded the budget as central to conceiving and implementing policy and viewed it in the broader context of national security, embracing policy in its many aspects – the national economy, strategic planning, technology, force programming, collective security, military assistance, and resource allocation.”

• “The strong leadership he exerted benefited markedly from his personal relationship with and support from Presidents Kennedy and Johnson.”

• “His dynamic approach and aggressive style contributed to problems with the military and Congress…..”
Planning, Programming, Budgeting, & Execution

Joint Capabilities Integration & Development System

Acquisition Management System

DSR = Defense Strategy Review
• Strategy & threat drives capabilities
• Capabilities drive force structure
• Force structure constrained by budget
• **Challenge:** Develop a balanced force structure capable of executing the strategy and defeating the threats – without breaking the “Bank”
• *How does the Department do this?*
• **PPBE**
Develop a force structure that provide capabilities to meet the strategy & future threats that doesn’t break the “Bank”
RESOURCE MANAGEMENT SYSTEM

PPBE is the primary resource management system for DoD

- **Planning**: articulates strategy
- **Programming**: identifies and prioritizes size, structure and equipment needed to meet strategy
- **Budgeting**: allocates resources
- **Executing**: evaluates actual to planned performance; adjusts resources as necessary
SecDef - provides centralized policy throughout the PPBE process; exercises centralized control of executive policy direction by making major policy decisions, defining planning goals, issuing programming guidance, and allocating resources; provides the CCMDs additional opportunities for input and comment in all phases of the PPBE process.

DepSecDef - manages the day-to-day management and operation of the PPBE process. The Deputy Secretary of Defense, supported by his designated management process, provides overall PPBE leadership and oversight, and assists the Secretary of Defense in overall PPBE leadership roles.
**KEY DOD PPBE PLAYERS**

- **DoD Components** – The Heads of the DoD Components shall develop and execute the programs and budgets necessary to achieve national objectives in accordance with this Directive, and provide the day-to-day management of the resources under their control.

- **CJCS** - responsibilities include:
  - Advise the SecDef on all PPBE matters to include The Chairman’s Program Recommendation and Assessment of DoD Component programs and budgets as they relate to the priorities established in strategic plans and the requirements of the CCMDs and Chief/NGB.
  - Function as a joint warfighter advocate in all PPBE phases, ensuring that cost-effective solutions for joint warfighter requirements are considered for funding by the DoD Components during the PPBE process.
  - Prioritize requirements within warfare capability areas to assist the PPBE process in developing affordable solutions to warfighting problems.
KEY PPBE ACTION OFFICERS

**ARMY: Department of Army Systems Coordinator (DASC)**
- Interfaces with using Commands, Development Commands, Army Staff, Army Secretariat, and OSD
- Interface between Program Manager (PM) and Congress (through proper Legislative Liaison Offices)

**NAVY: Requirements Officer (RO)**
- Works Navy position on Resource Allocation by “Warfighting Specialty”
- Interfaces with using Commands, Development Commands, CNO Staff, Navy Secretariat and OSD

**AIR FORCE: Program Element Monitor (PEM)**
- Interfaces with using Commands, Development Commands, Air Staff, Air Secretariat, OSD and sometimes, Congress
PPBE PHASES

- **Planning** (OSD Policy)
  - Assess capabilities / review threat
  - Develop guidance

- **Programming** (OSD CAPE)
  - Turn guidance into achievable, affordable packages
  - Six-year program (FYDP)

- **Budgeting** (OSD Comptroller)
  - Scrub budget years
  - Test for most efficient funds execution
  - Prepare defensible budget

- **Execution Review** (concurrent with program/budget review)
  - Develop performance metrics
  - Assess actual output against planned performance
  - Adjust resources to achieve desired performance goals
PLANNING PHASE

**Planning Focus:**
- Threat versus Capability
- Update Strategy
- Provide guidance
PLANNING - KEY OSD PPBE PLAYER

- **OSD/Policy** - Conducts and coordinates the planning phase of the PPBE process
  - Prepare, coordinate, and publish planning guidance for the employment and development of the force
  - Lead DoD-wide efforts for the QDR, including development of the defense strategy
  - Review defense planning scenarios and national plans to determine the demands that might be placed on the DoD, identify shortfalls, and guide resource allocations based on strategic analysis when appropriate
  - Advise the SecDef and DepSecDef concerning plans, programs, capabilities, and budgets to meet U.S. objectives and counter projected threats and on the degree to which the DoD program supports the defense strategy
Programming Focus:
- Compliance with DPG
- Provide Resources
• **Dir/CAPE** - Prepare and publish DoD fiscal guidance, DoD programming guidance and programmatic decision documents in coordination with the USD(C)/CFO, and the Future Years Defense Program (FYDP)

• Conduct and coordinate the DoD program review

• Provide independent analysis and advice to the SecDef and DepSecDef concerning plans, programs, budgets, and capabilities in relation to U.S. defense objectives, projected threats, estimated costs, and resource constraints established in the PPBE process

• Lead **analytical efforts** in support of the QDR; provide cost estimates for all QDR initiatives in order to recommend resource allocations to support these initiatives; and coordinate these analytical efforts with the USD(P)
PROGRAMMING & BUDGETING PHASE

POM: Program Objectives Memorandum
BES: Budget Estimate Submission
CPA: Chairman’s Program Assessment
RMD: Resource Management Decision
MBI: Major Budget Issue
PB: President’s Budget

Programming Focus:
- Compliance with DPG
- Provide Resources

Budgeting Focus:
- Pricing
- Phasing
- Funding Policies
- Current Execution
## PROGRAMMING/BUDGET PROCESS OVERVIEW

<table>
<thead>
<tr>
<th>Activity</th>
<th>FY17-21</th>
<th>FY18-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Guidance Issued</td>
<td>Mar 2015</td>
<td>Feb 2016</td>
</tr>
<tr>
<td>FY 2018-2022 Program and Budget Guidance Issued</td>
<td>Apr-May</td>
<td>Mar-Apr</td>
</tr>
<tr>
<td>Component POM Briefs to 3-Stars</td>
<td>6-10 Jul</td>
<td>27-30 Jun</td>
</tr>
<tr>
<td>Component Program Submissions Due (Line item/PE Level detail)</td>
<td>13 Jul</td>
<td>30 Jun</td>
</tr>
<tr>
<td>Component POM Briefs to DMAG</td>
<td>13-17 Jul</td>
<td>5-8 Jul</td>
</tr>
<tr>
<td>Select and Native Programming Exhibits due</td>
<td>13 Jul</td>
<td>8 Jul</td>
</tr>
<tr>
<td>Draft FYDP Available</td>
<td>27 Jul</td>
<td>15 Jul</td>
</tr>
<tr>
<td>Issue Nominations Due</td>
<td>29 Jul</td>
<td>29 Jul</td>
</tr>
<tr>
<td>USD/COCOM Issue Briefs to Deputy Secretary</td>
<td>30 Jul-14 Aug</td>
<td>8-12 Aug</td>
</tr>
<tr>
<td>Issue Nominations Disposition</td>
<td>17 Aug</td>
<td>15 Aug</td>
</tr>
<tr>
<td>Program Review</td>
<td>17 Aug-2 Nov</td>
<td>15 Aug-10 Nov</td>
</tr>
<tr>
<td>Program Decision Memoranda (Programmatic Resource Mgt Decision)</td>
<td>2 Nov</td>
<td>10 Nov</td>
</tr>
<tr>
<td>Budget Estimate Submissions Due to OSD</td>
<td>8 Sep</td>
<td>1 Dec</td>
</tr>
<tr>
<td>Budget Justification Material Due to OSD</td>
<td>11 Sep</td>
<td>1 Dec</td>
</tr>
<tr>
<td>Budget Review</td>
<td>11 Sep-23 Nov</td>
<td>?</td>
</tr>
<tr>
<td>Program Budget Decisions (Budgetary Resource Mgt Decision)</td>
<td>23 Nov</td>
<td>?</td>
</tr>
<tr>
<td>Budget Lock</td>
<td>18 Dec</td>
<td>?</td>
</tr>
<tr>
<td>President’s Budget Released</td>
<td>1 Feb 2016</td>
<td>16 March 2017</td>
</tr>
</tbody>
</table>
BUDGETING - KEY OSD PPBE PLAYER

• **USD/Comptroller** - Conduct and coordinate the budget review by evaluating the DoD Component budget submissions for financial appropriateness while maintaining the administration’s fiscal controls
  
  • Conduct program execution and performance reviews
  
  • Prepare and publish budget decision documents in coordination with the Director, CAPE
  
  • **Prepare** the DoD budget for submission to the Office of Management and Budget (OMB)
  
  • Present and **justify** the DoD budget to the Congress.
  
  • **Advise** the SecDef and DepSecDef on all PPBE matters related to financial management
BUDGETING PHASE

Budgeting Focus:
- Pricing
- Phasing
- Funding Policies
- Current Execution
OSD BUDGET REVIEW PERSPECTIVE

- Balance requirements to available resources
  - Accommodate topline resource changes
  - Readiness vs. Modernization
- Address Administration / DoD priorities
  - National Programs
  - Guidance for Development of the Force (GDF)
  - Joint Programming Guidance (JPG)
  - Resource Management Decisions (RDMs)
- Acquisition initiatives
  - Acquisition reforms
  - ADM / baseline conformity
  - Industrial Base concerns
- Ensure funding for joint programs is consistent with prior agreements
- Budget review issues
  - Pricing / Phasing / Budget Policy / Execution
<table>
<thead>
<tr>
<th>Pricing</th>
<th>Budget Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Budget to most likely cost/price</td>
<td>• Appropriation cognizance</td>
</tr>
<tr>
<td>• Analysis of cost exhibits</td>
<td>• “Color” of money issues</td>
</tr>
<tr>
<td>• Contract data</td>
<td>• Nature of effort supported</td>
</tr>
<tr>
<td>• Learning curves / production rates</td>
<td>• Full funding vs. incremental funding</td>
</tr>
<tr>
<td>• Escalation indices</td>
<td>• Procurement: Full funding</td>
</tr>
<tr>
<td>• Configuration changes</td>
<td>• RDT&amp;E: Incremental funding</td>
</tr>
<tr>
<td>• Target vs. ceiling experience</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Phasing</th>
<th>Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Procurement / RDT&amp;E concurrency</td>
<td>• Analysis of accounting reports</td>
</tr>
<tr>
<td>• Acquisition schedule:</td>
<td>• Historical (3-5 years) track record</td>
</tr>
<tr>
<td>• Milestone Approvals</td>
<td>• Likelihood budget request can be executed</td>
</tr>
<tr>
<td>• Testing;</td>
<td>• Availability of prior year funds to finance budget year efforts</td>
</tr>
<tr>
<td>• Fact-of-life changes</td>
<td>• Unobligated balances</td>
</tr>
<tr>
<td>• Funded delivery period</td>
<td>• Forward financing of R&amp;D efforts</td>
</tr>
<tr>
<td>• Should not exceed 12 months</td>
<td></td>
</tr>
<tr>
<td>• Production build-up</td>
<td></td>
</tr>
<tr>
<td>• Non-recurring costs</td>
<td></td>
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</tbody>
</table>
FUTURE YEARS DEFENSE PROGRAM (FYDP)

- Computer database maintained by CAPE
- Contains approved force structure and resources to support National Military Strategy
- Contains PY, CY, BY, 4 Out-Years + 3 additional years for force structure only
- Updated two times per PPBE Cycle:
  - Program Objectives Memorandum/Budget Estimate Submission (POM/BES) – August/September
  - President’s Budget (PB) - January / February
FYDP STRUCTURE

**MAJOR FORCE PROGRAMS**

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Program Element</th>
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</tbody>
</table>

**DOD APPROPRIATIONS**

- RDT&E
- Procurement
- Military Construction
- Military Personnel
- Ops & Maintenance
- Other

**Army**

1. Strategic Forces
2. General Purpose Forces
3. Command, Control, Communications, Intell & Space
4. Mobility Forces
5. Guard & Reserve Forces
6. Research and Development
7. Central Supply & Maintenance
8. Training, Medical, and Other Personnel Activities
9. Administration and Associated Activities
10. Support of Other Nations
11. Special Operations Forces
RESOURCE ALLOCATION PROCESS

- **2015**
  - Planning

- **2016**
  - Defense Planning Guidance
  - Programming

- **2017**
  - Budgeting
  - Enactment

- **2018**
  - Appropriations Law

Legend:
- J: January
- F: February
- M: March
- A: April
- M: May
- J: June
- J: July
- A: August
- S: September
- O: October
- N: November
- D: December
<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td><strong>FY 15</strong> PPBE Cycle</td>
<td>Execution 1st year</td>
<td>Enactment</td>
<td>Execution 1st Year</td>
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<tr>
<td><strong>FY 16</strong> PPBE Cycle</td>
<td>Enactment</td>
<td>Programming</td>
<td>Budgeting</td>
<td>Enactment</td>
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<td><strong>FY 17</strong> PPBE Cycle</td>
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<td><strong>FY 18</strong> PPBE Cycle</td>
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<td><strong>FY 19</strong> PPBE Cycle</td>
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<td><strong>FY 21</strong> PPBE Cycle</td>
<td>Planning</td>
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**Resource Allocation Process**
THE DOD PPBE PROCESS

QUESTIONS?