DEPARTMENT OF DEFENSE PLANNING, PROGRAMMING, AND BUDGETING SYSTEM (PPBS)/ ARMY PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION SYSTEM (PPBES)

—An Executive Primer—

INTRODUCTION

Prior to embarking on a detailed discussion of our topic, we need to establish a few practical definitions. **Resources** are the people, equipment, land, facilities, and their necessary support funding. **Planning** provides a list of approved requirements that need resources. **Programming** groups the requirements into logical decision sets, allocates six-year resources among those sets, and selects those that fit within the resource limits. **Budgeting** focuses on the first two years of the six-year program and rearranges the programs under congressional appropriation groupings and submits the resulting two-year budget to Congress for review and approval of the first year. These are simple definitions of the critical elements of the Department of Defense (DoD) Planning, Programming, and Budgeting System (PPBS) and the supporting Department of the Army Planning, Programming, Budgeting, and Execution System (PPBES).

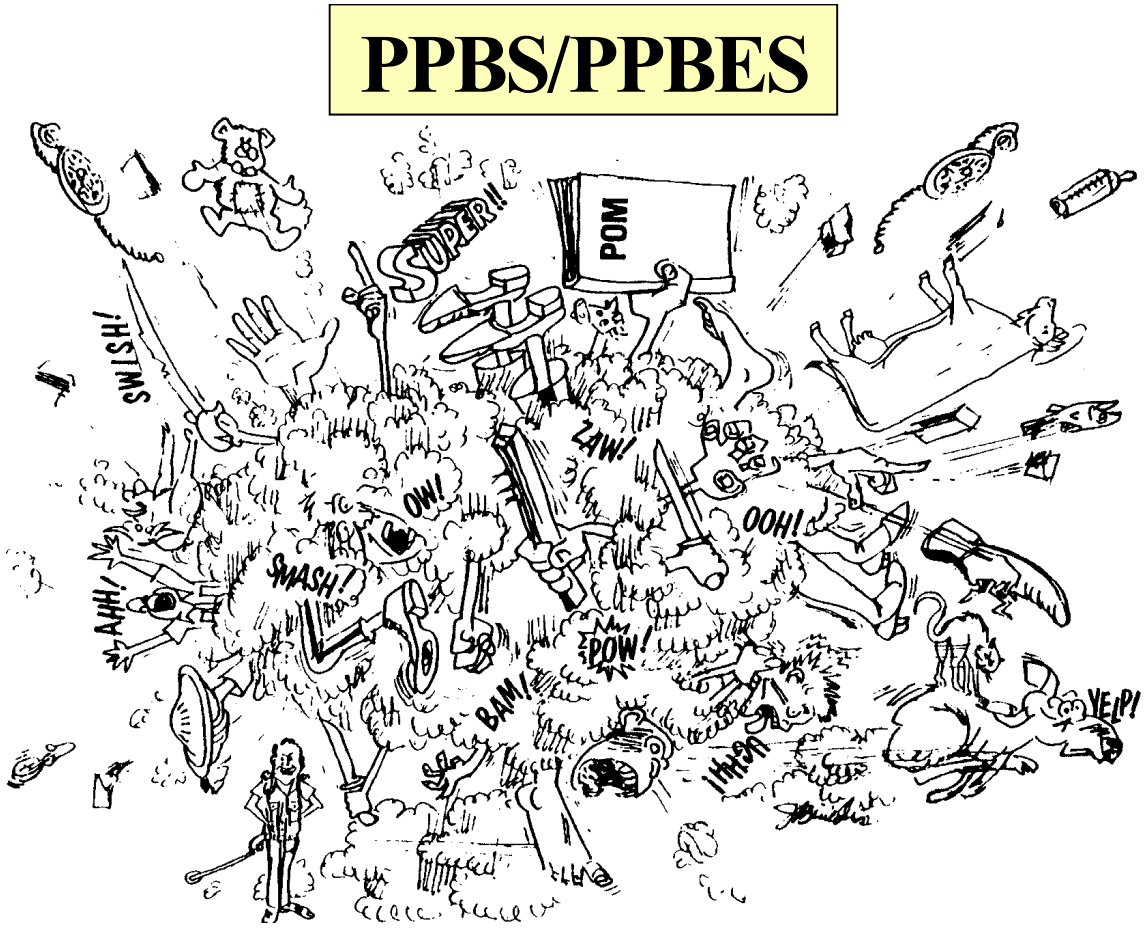


Figure 1

BACKGROUND

Secretary of Defense Robert McNamara established the DoD PPBS in 1962. The system as we know it today is dramatically different from the 1962 system.

Prior to the McNamara era, each Service essentially established its own single-year budget and submitted it to Congress annually. When McNamara became the Secretary of Defense (SECDEF) in 1962 he brought with him expertise on how to control large organizations—the major tenet being the need to plan and program to control change over several years (i.e., multi-year programming). His management approach required each Service to document their multi-year programming of resources in a single document termed the Five Year Defense Program (FYDP). He designated the SECDEF as the only approving authority for any changes to that document. Thus any Service that wanted to add, delete, or revise something in the FYDP had to obtain SECDEF approval. The Office of the Secretary of Defense (OSD) approved, disapproved, or modified a requested FYDP change.

The Services responded to this control, over time, by virtually swamping OSD with change requests. They apparently assumed that submitting more requests increased the probability that OSD would approve some of those requests. To accommodate this increase in change requests OSD established the Program Analysis and Evaluation (PA&E) office. The original responsibility of this office was to evaluate the change requests and to recommend to the SECDEF those change proposals that had merit. In the beginning the PA&E analysis focused on technical merit, defense needs, and adequacy of the proposal. Over time, however, this objective approach adjusted to the realities of resource constraints. Soon the analysis and evaluation of change proposals submitted by the Services (under a rule that if OSD approved the changes, then the Service got the dollars), began to focus on affordability as opposed to need or technical merit. More and more OSD analyses of proposals resulted in the disapproval of change requests under the guise of technical deficiency when, in fact, it was an affordability problem.

As this fact of life emerged, it became apparent that OSD needed a system to discipline the frequency, timing, quantity, and value of change proposals. That, in turn, resulted in the development of the PPBS framework, as we know it today, wherein Services submit changes to a multi-year program on a cyclical basis and OSD provides guidance on the *dos and don'ts*.

PPBS evolved to its present state as a result of internal OSD initiatives to make the system more responsive and as a result of pressures external to OSD to do things differently. Today, the PPBS includes the full range of activities that support both DoD and Army decision making concerning the allocation of resources. The Army in 1981 added Execution to its process and titled it PPBES. In that context we will identify the process as PPBES unless we specifically are discussing the OSD process then the term PPBS will be used.

OVERVIEW

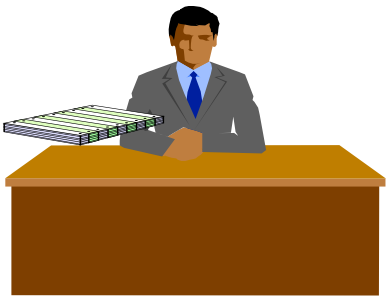
We will not attempt to describe in detail the PPBS and PPBES processes, but will instead attempt to provide a familiarity with the processes in layman's terms. Subscribing to the adage that a picture is worth a thousand words, Figure 1 graphically portrays the system as we know and love it today.

First, we need to expand the practical definitions of planning, programming, and budgeting presented in the introduction. **Planning** includes the definition and examination of alternative strategies, the analysis of changing conditions and trends, threat, technology, and economic assessments, and efforts to understand both change and the long-term implications of current choices. Basically, it is a process for determining requirements. **Programming** includes the definition and analysis of alternative forces, weapon systems, and support systems, together with their multi-year resource implications and the evaluation of various tradeoff options. Basically, it is a process for balancing and integrating resources among the various programs according to certain priorities. **Budgeting** includes formulation, justification, execution, and control of the budget. Basically, it is a process for convincing OSD and Congress to provide the necessary resources and then balancing the checkbook to ensure we spend our resources in accordance with the law. It is very important to understand that these general definitions relate to the functions performed and not to a specific organizational element that performs them. With these definitions in mind, we will now transition to the specifics of the PPBES process.

There are really two kinds of systems operative in Headquarters, Department of the Army (HQDA) today (fig 2).

TWO KINDS OF SYSTEMS OPERATING AT DEPARTMENT OF THE ARMY

ADMIN



PLAN
PROGRAM
BUDGET

Figure 2

The administrative system consists of the processes and controls we establish essentially to *move the mail* and provides the procedures and policies we follow to communicate in a standard format within the headquarters. PPBES establishes and, in some cases, disciplines how we communicate both inside and outside the Army in terms of planning, programming, and budgeting. While PPBS is primarily a DoD internal system, it has become an integral part of the vocabulary of Congress and other Executive Departments. It is milestone oriented and ultimately influences activity levels, late hour and weekend work requirements, leave schedules, and the disposition of everyone it touches.

The entire system has its origin in an assessment of Army capabilities, both today and what the Army wants in the future. As shown in Figure 3, Congress and the Executive Branch adjust or refine these capabilities when they fulfill their constitutionally mandated responsibilities.

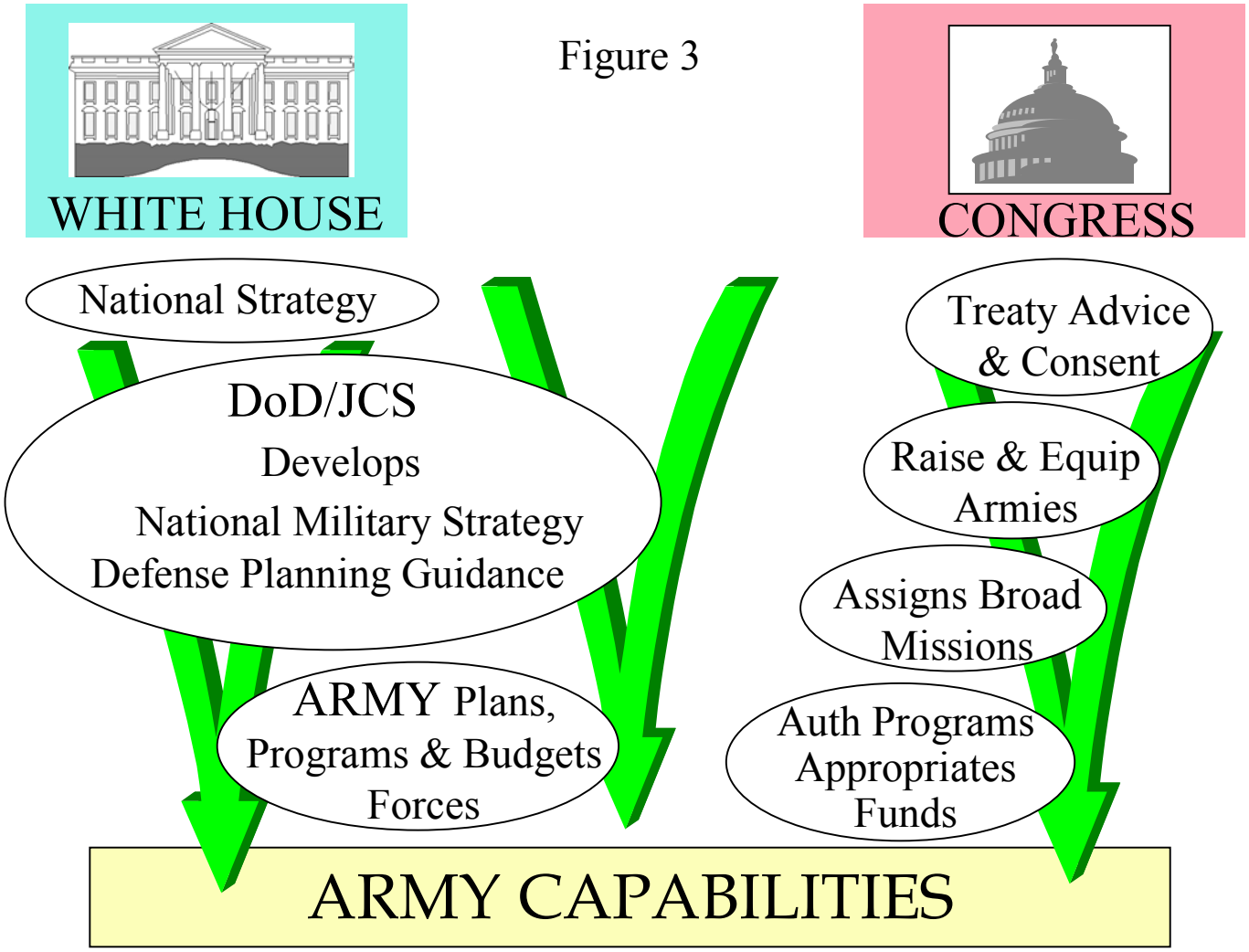


Figure 3

If we were to array the functions required to provide, sustain, and improve our capabilities and associate them with the elements of PPBES, we might see a correlation similar to that seen in Figure 4. The impression conveyed that there is no overlap is misleading; however, the degree of overlap between functions is a topic that generates heated discussions and is one of the ingredients that causes the integration of the various functions. Suffice it to say it is not a heel-to-

toe relationship and overlaps exist that require considerable cooperation and coordination between responsible agencies.

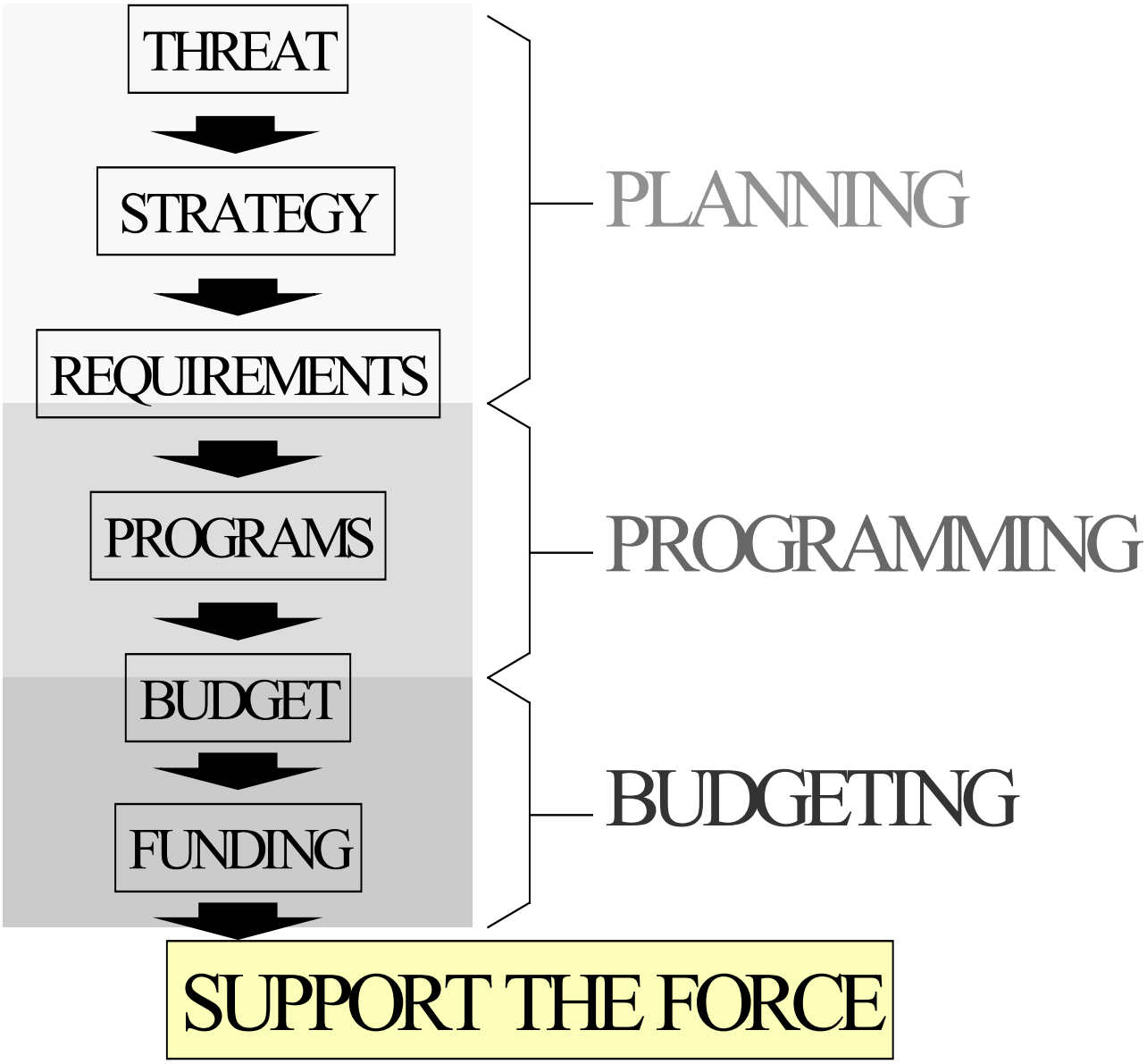


Figure 4

PLANNING

We will now turn to the so-called start point of the biennial (two year cycle) PPBES process—the planning phase. We show in Figure 5 the *What* aspects of planning. The Army breaks the planning timeframe into three sections: the far term (out to 25 years), the mid term (out to 16 years), and the near term (out to 6 years). It almost goes without saying that consistency during the planning phase is critical, if the plan is to be relevant. If the plan is constantly changing or is not realistically attainable, it loses credibility and people will soon ignore it. Hence, the Army provides stability by fiscally constraining resource allocation and force size during the planning phase.

PLANNING

•**WHAT**
- >Broad Strategy and Plans
- >Far Term - Out to 25 Years
- >Mid Term - Out to 16 Years
- >Near Term - Out to 6 Years
- >Fiscally Constrained
- >Establishes Fiscally Constrained Force Levels
- >Departure Point for Programming

•**WHO**
- >JCS Produces NMS and JPD
- >OSD Produces DPG
- >ODCS, G-3 Produces TAP, TAA, and ODCS, G-8 Produces the RDAP

Figure 5

In Figure 5 we also introduce the *who* aspect of planning. The Organization of the Joint Chiefs of Staff (OJCS) produces a document called the National Military Strategy (NMS) that defines the national military objectives, establishes the strategy to achieve these objectives, and addresses the military capabilities required to execute the strategy. OJCS also produces a document called the Joint Planning Document (JPD) that provides initial, timely, authoritative planning and broad programming advice to the Secretary of Defense for the preparation of the Defense Planning Guidance (DPG). The Office of the Secretary of Defense (OSD) then produces the DPG that provides guidance to the military departments and defense agencies for Program Objective Memorandum (POM) development. The DPG includes major planning issues and decisions, strategy and policy, strategic elements, the Secretary's program planning objectives, the Defense Planning Estimate, the illustrative Planning Scenarios, and a series of studies.

The Army's Deputy Chief of Staff, G-3 has overall responsibility for developing The Army Plan (TAP) and its three stand-alone sections. Section I is Army Strategic Planning Guidance (ASPG). It is the responsibility of the DCS, G-3 and analyzes the future strategic environment 25 years out. Section II is Army Planning Priorities Guidance (APPG). It is the responsibility of the DCS, G-3 and covers the six years of the POM plus ten additional years. Section III of the TAP is the Army Program Guidance Memorandum (APGM). It is the responsibility of the Director, Program Analysis and Evaluation (G-8 DPAE). It guides the POM by providing goals, objectives, sub-objectives and prioritized resource tasks for each of the six Program Evaluation Groups (PEGs). ODCS, G-3 conducts the Total Army Analysis (TAA) and the Office of the Deputy Chief of Staff, G-8 develops the Research Development and Acquisition Plan (RDAP). TAA produces the support and generating forces to complement the Army's operating forces. The RDAP produces a prioritized list of all RDA programs with funding and quantities for the POM and nine years beyond.

While both the DPG and TAP are formidable documents to sit down and read for complete comprehension, they are critically important documents in the process. The process of developing the DPG includes the military departments, Defense Agencies, and the unified commands, while TAP development includes all Major Army Commands (MACOMs) and Army Component Commands (ACCs) of the unified commands. Everyone in the chain has the opportunity to participate. Hence, the process itself is just as important as the final products because it provides direction and coordination within the Department of Defense and the Army.

PROGRAMMING

PROGRAMMING

- **WHAT**
  - >Translates Planning Guidance and Objectives into finite action
  - >Considers Alternatives and Tradeoffs
  - >Integrates Proponent's Requirements into a balanced Program
- **WHO**
  - >DPAE within ODCS, G-8 Produces the POM
  - >ODCS, G-3 Integrates Requirements & Prioritizes Programs

Figure 6

We now transition to a brief discussion of those strange folks called programmers. In Figure 6 we depict the job description of a programmer.

A programmer endeavors to translate the goals and objectives of the planner (i.e., requirements) into finite actions with resources applied. The programmer considers alternatives and tradeoffs but always remains focused on the planner's objective. Perhaps the most critical task of the programmer is to integrate all the different requirements into a balanced program. The program balance only becomes difficult when we must achieve that balance within constrained resources (more on this later).

We display in Figure 7 what appears to be a different definition of programming than shown earlier. This really is not the case although it is academically a little more precise. Nevertheless, what is important in this graphic are the questions that the programmer must address. Hopefully, at this point an issue we raised at the outset is becoming clear, one central activity in the organization cannot perform the programming function by itself. Every major staff element is an integral part of the programming function. When all the programmers on the Army staff get together they talk about these questions, and they address the conflicts, the alternatives, and the tradeoffs, but always oriented on the planner's objective.

DEFINITION OF PROGRAMMING

The Art of Translating Guidance Into Action.....
To Produce Combat Capability by the Timely and Balanced Allocation of Resources

- How Big Will We Make the Army?
- What Forces Will It Contain?
- What Will We Buy?
- Where and What Will We Build?
- What Are the Expected Resource Constraints?

Figure 7

We should now talk about what it is that programmers produce (other than headaches and confusion). They produce a document that displays the Army program over a six-year period. They call it a Program Objective Memorandum (POM) because that's what programmers have always called it. Typically transmitted by SECARMY in a memo to the SECDEF that includes an Executive Summary, the POM/BES comprises both narrative and a database,

whose format and contents are prescribed by OSD Programming Data Requirements (PDR). Figure 7a lists topics covered in BES/POM 04-09.

TOPICS COVERED IN POM/BES 04-09

- Introduction
- Forces
- Investment
- Operations and Support
- Infrastructure – Environmental
- Infrastructure – Defense Agencies
- Manpower and Personnel
- Defense Working Capital Fund

Figure 7a

Figure 8 displays the major ingredients of the POM process. The POM contains what the Army proposes to do with the resources that OSD has provided in its fiscal guidance for each of the six program years in terms of forces, manpower, training, procurement, research and development (R&D), construction, logistics, and all the other things it takes to sustain the force. Once OSD approves this document, they consolidate it with the other Services' POMs and now call it the Future Years Defense Program (FYDP).

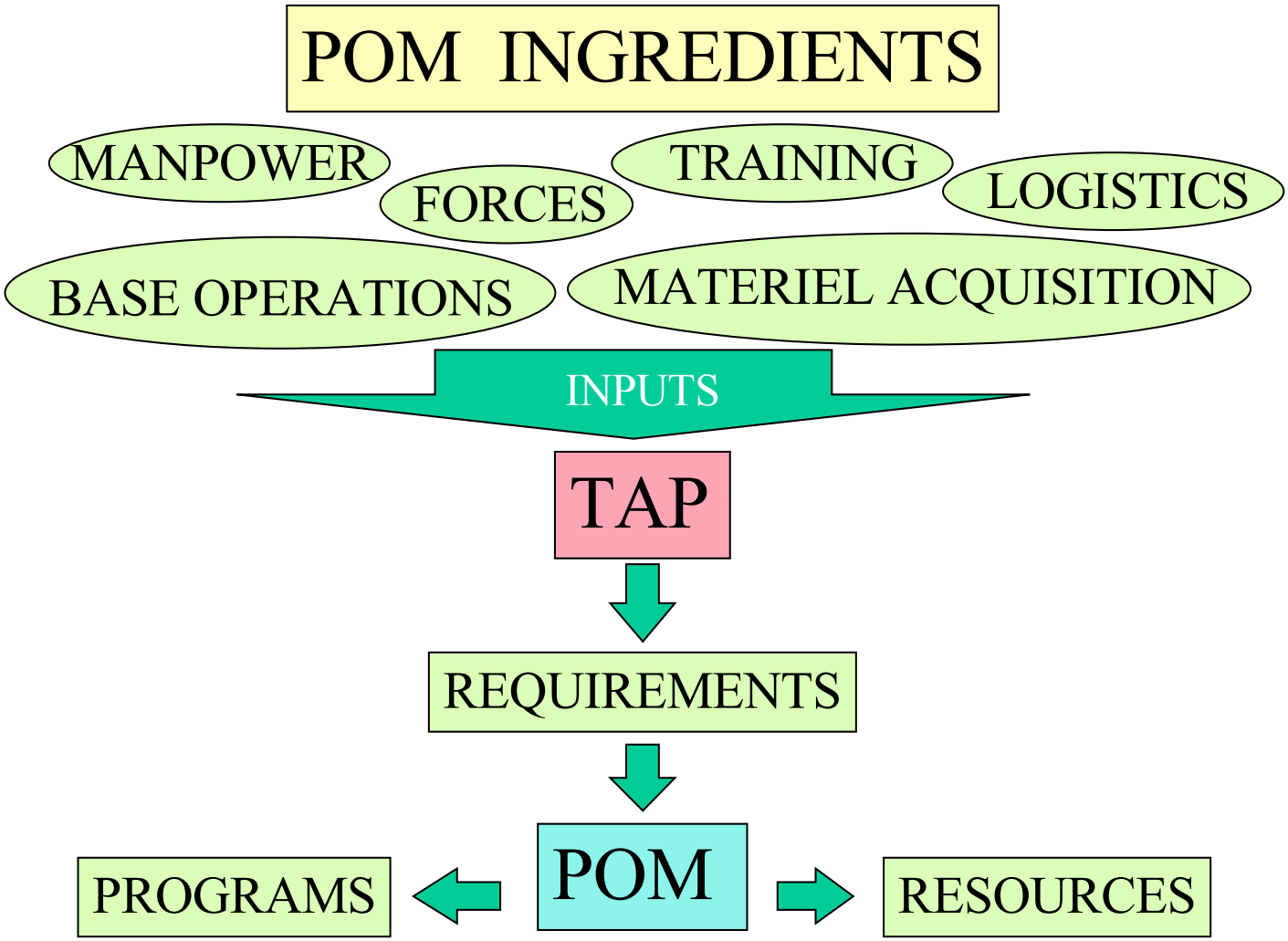


Figure 8

The approval of the POM is not just a short note from the SECDEF to Secretary of the Army (SA) saying *"OK on your POM."* Sometimes OSD does not like our *stewardship report* on how we would allocate the resources. In cases where we disagree or where one of the Services raises issues, there is a big meeting with all the *warlords* from OSD and each of the Services. This deliberative body, called the Defense Resources Board (DRB), tries to reach some accommodation; normally we win some and lose some. We find out how we fared when the SECDEF publishes his decision in what we call the Program Decision Memorandum (PDM). This decision memo tells us what parts of our POM are OK and what parts we have to change.

BUDGETING

Well before POM approval, programming will have already passed the torch to budgeting. Once the senior Army leadership approves and priorities the Army's program, the budgeting process takes control of the PPBES database. We have now reached the point where a piece of the program must now transition to the budget.

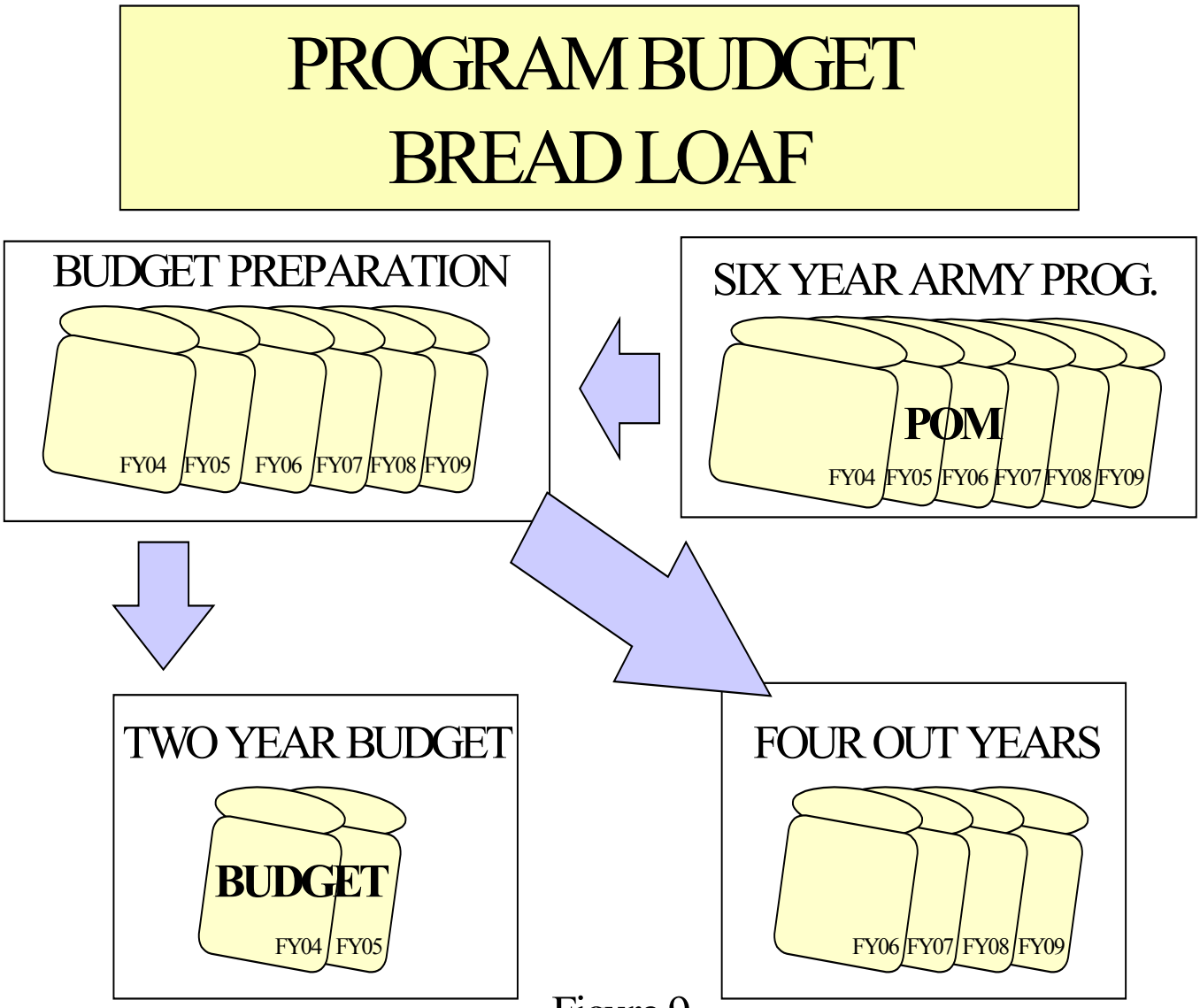


Figure 9

Figure 9 shows the POM, the six-year Army program, as a loaf of bread divided into six slices each representing one year of the POM. As we begin budget preparation we slice off the first two years and reformat those years from programmer language (programs) into budgetary terms (appropriations). We set aside the remainder of the loaf for about a year then we add two new slices (years) to the back end that we bake into another POM.

BUDGETING

- **WHAT**
  - >Budget Formulation
    - »Develops Detailed Fund Estimates to Support Plans and Programs
    - »Obtains Resources for Program Execution
  - >Budget Justification & Explanation to Congress
  - >Budget Execution
    - »Requests Apportionment of Funds from OMB
    - »Allocates Funds to MACOMs
    - »Reviews Expenditures & Obligations
- **WHO**
  - >ASA(FM&C) -- The Army Budget Office
  - >ODCS, G-3 Integrates Requirements & Prioritizes

Figure 10

In Figure 10 we depict the *what* and *who* in the budget process of PPBES. The completion of the POM *triggers* budget formulation, and combining the POM and the Budget Estimates Submission (BES) is the final step before the formal submission of the Services combined BES/POM. The translation of the first two years of the POM into budget language and format is a formidable task that involves every element of the Army staff and Secretariat.

In Figure 11, we endeavor to show how the program relates to the budget and the perspectives of those performing the budget and program functions. On the left side of the matrix we show the programming view that endeavors to look at packages (referred to as Management Decision Packages or MDEPs). These packages try to address all appropriations associated with that specific program line as the programmer endeavors to look horizontally across all appropriations.

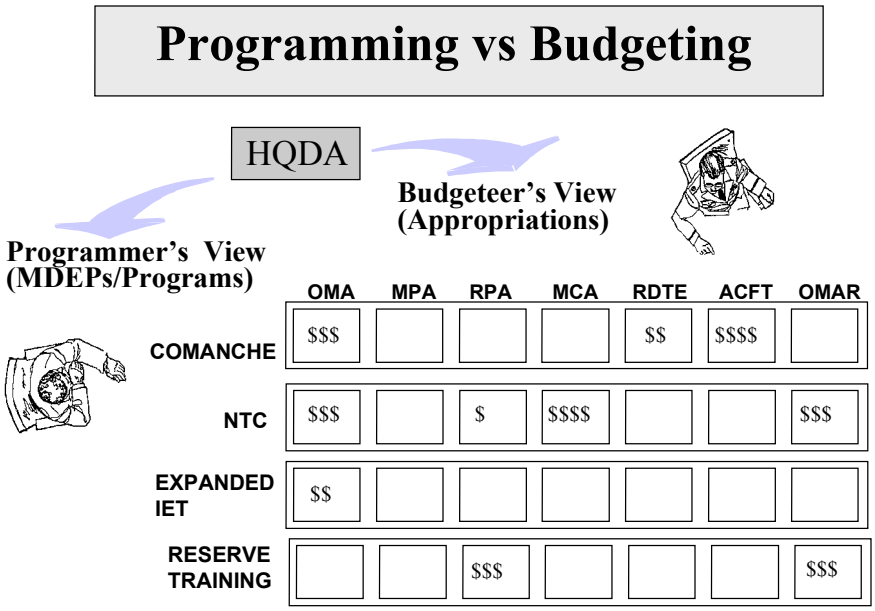


Figure 11

We allude to this situation when we ask *does that number include all the tails?* What we are really asking is *does the resource total shown include all the dollars or resources required from each appropriation to execute the program properly?* The figure shows the budget perspective that looks down vertically, through all programs, oriented on a specific appropriation. In theory, if we could put the whole Army program in this matrix, the programmer would read left to right to determine total cost of each specific program. The budget officer would look vertically to determine the total value of the appropriation and could further see what piece of that appropriation we designate for each program.

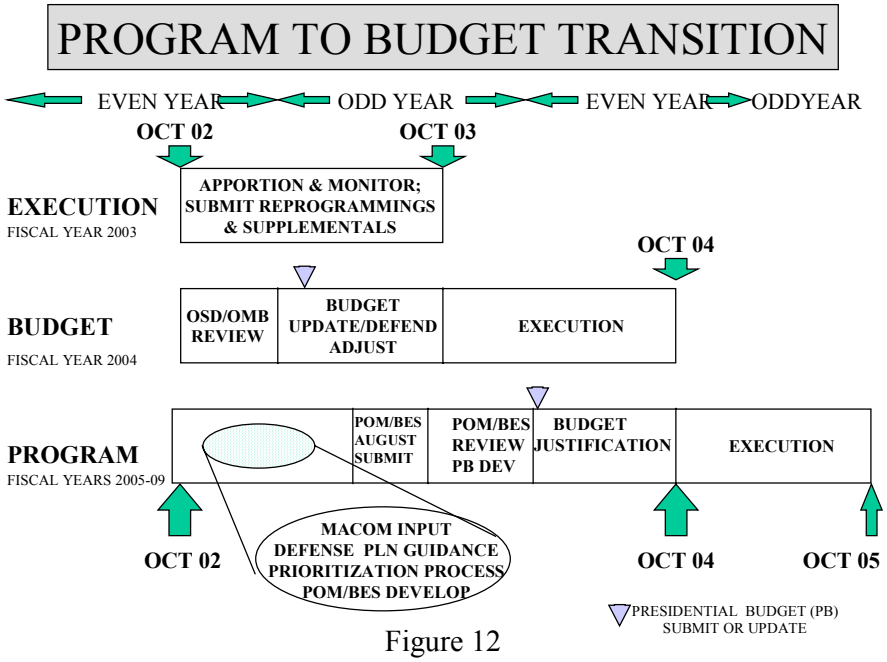


Figure 12

Figure 12 highlights that the PPBES is not a successive process where nothing starts until the preceding function has concluded. The program to budget transition really involves three separate functions all going on simultaneously. The situation illustrated started in October 02 in which the building of mini-POM 05-09 was initiated. At the top we show fiscal year 2003 (FY 03), the execution year and the second year of the biennial budget years, FY 02-03. The second function shown we label budget, and it identifies the first year, FY 04, of the current biennial budget. However, the third function labeled program shows that we first developed the program for FY 05-09 during the execution of the FY 03 budget for the BES/POM submission in August 2003. When you look at the OCT 02 arrow it becomes apparent that all three functions occur simultaneously and they interrelate. A simple example to point out interdependence might be the procurement of a *widget* that we had budgeted to buy in FY 03. If for some reason we see that we cannot execute as we planned (e.g., changes such as cost or technical), we would probably revise our assumptions for FY 04 and then modify our budget submission. We also would have to modify the subsequent program years (i.e., FY 05-09, called *the out-years*) because changes in FY 03 and FY 04 would probably require adjustments to the out-year resources. This simple example is one of many where execution problems will drive changes into the program years and perhaps influence the plan.

Figure 13 points out the competitors that continually try to get into the program and budget as a claimant for resources

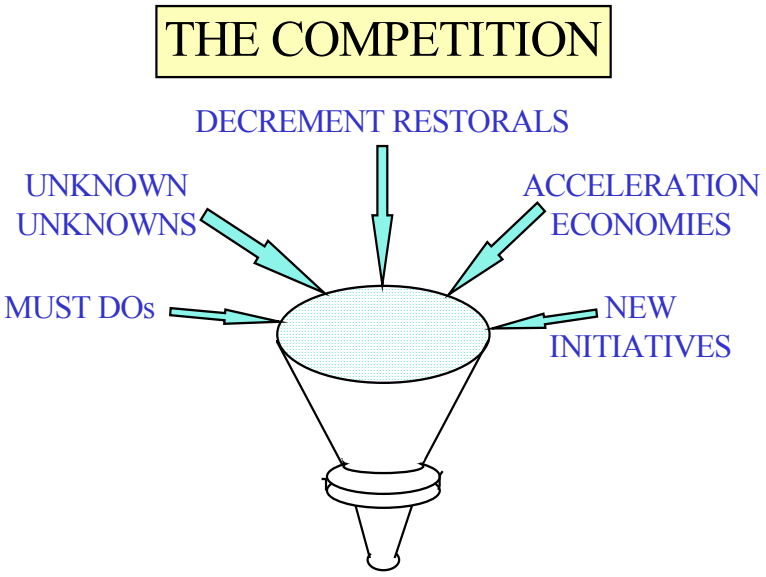


Figure 13

First, there are those essential things called "*must do's*." They have their origin in either changing strategy, doctrine, or threat, or a recognition that we have something broken and we must fix it. The second claimant is "*unknown unknowns*" which are either surprises or represent a hedge against a risk we are not willing to accept. Third, there are "*decrement restorals*" which is another way to say we should put back in what we took out last year. Fourth, acceleration economies highlight that if we bought what we want faster we could save money. We also refer to this issue as "*front end resources to achieve economic rates.*" Finally, we show "*new initiatives*" which are those things that respond to a demonstrated need and are trying to obtain resources. Because the Army can only accommodate so many *adds* to the existing program, we must establish some criteria to evaluate the competition.

Figure 14 highlights some of the criteria used in this discrimination process.

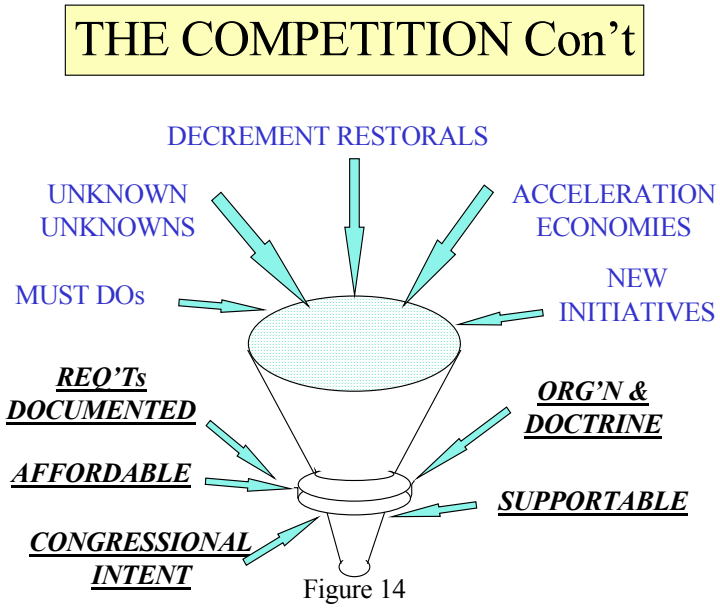


Figure 14

The first test is to determine if the need or requirement is valid or documented. Next is it affordable and, if not, how will it be resourced? Does the requirement complement existing or planned organization and doctrine? Is the proposal supportable in terms of dollars and spaces now and in the future? We also examine for sensitivity to Congressional intent. Depending on the situation, there are many other *tests* that we can apply. We refer to this *testing process* as the Army prioritization process. The DCS, G-3 is responsible for requirements integration and the prioritization of all Army programs, but the entire Army staff contributes. This prioritization process is a continuous process throughout PPBES. We might simplistically define the process as a technique where we segregate all the needs of the Army into functional groupings and rank them by their functional contribution. The DCS, G-3 then integrates the product of each of these functional groups (or what we call Program Evaluation Groups [PEGs]) into an Army master priority list.

MAJOR PPBS PLAYERS

Figure 15 displays the major players in the formal PPBS process.

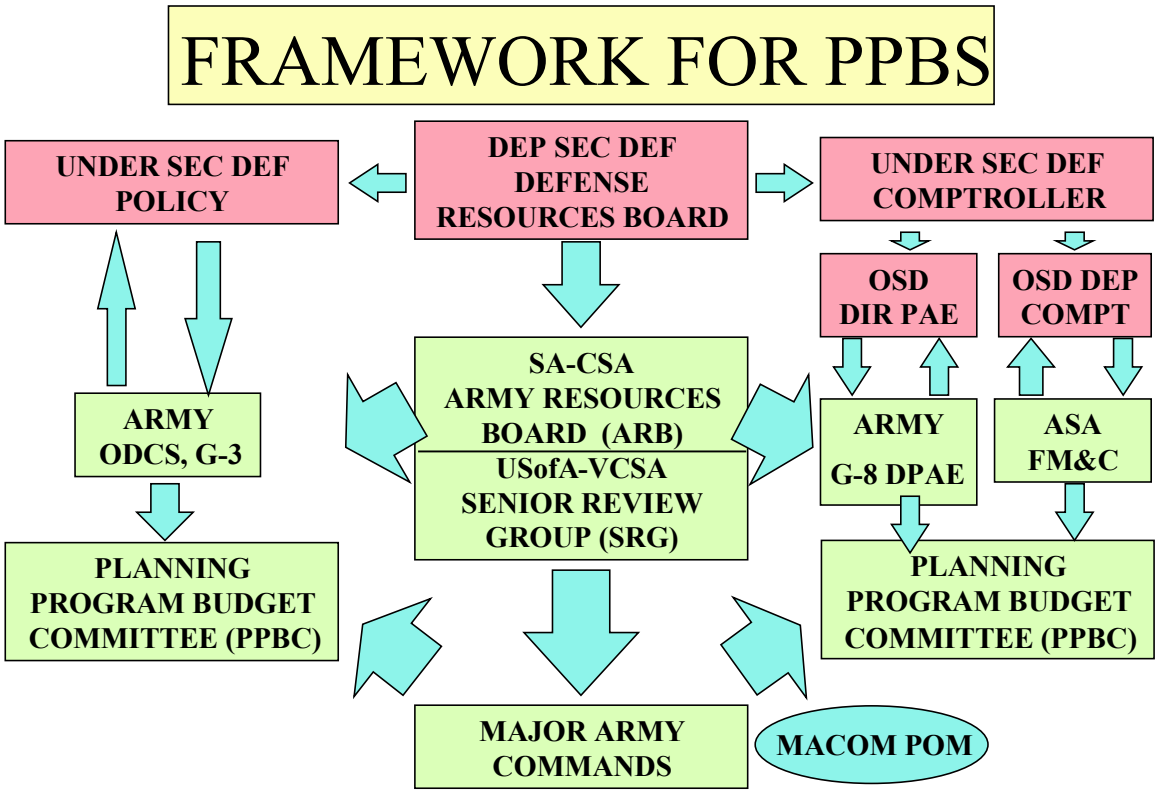


Figure 15

At the top we display the principal OSD entities including their deliberating and decision-making body, the Defense Resources Board (DRB), chaired by the Deputy Secretary of Defense (DEPSECDEF). During the planning, programming, and budgeting phases of PPBS the DRB addresses major issues requiring resolution. Membership includes only Under Secretary of Defense level principals, Service Secretaries, and the Chairman and Vice Chairman of the Joint Chiefs of Staff. The Service Chiefs usually attend with the Service Secretaries.

The ASA (FM&C) is responsible for the administration of all phases of Army PPBES. In the middle of Figure 15, we depict the Army's final deliberating and decision-making body called the Army Resources Board (ARB). The SA chairs and the Chief of Staff of the Army (CSA) vice-chairs the ARB. The Senior Review Group (SRG), co-chaired by the USA and the VCSA, is the central council for coordination of all issues requiring ARB review and approval and is the intermediate senior body between the ARB and the Planning Program Budget Committee (PPBC).

At the bottom of the diagram we show the Planning Program Budget Committee (PPBC) that includes every element of the Army staff and the Secretariat.

The PPBC is the first formal committee with staff-wide participation that addresses the TAP, the program and the budget as an entity. The Deputy Assistant Secretary of the Army for Budget (DASA-B), the Director, Program Analysis and Evaluation, G-8 (DPAE, G-8) and the Assistant Deputy Chief of Staff, G-3 (ADCS, G-3) are the co-chairs of the PPBC.

MACOMs provide input to POM development through the MACOM POM. The use of the Command Budget Estimate (CBE) and the Resource Management Update (RMU) were discontinued commencing with POM 98-03. Specific budget inputs are incorporated in the MACOM POM submission. Also, greater emphasis is placed on ensuring consistency in the first two years of the POM and the two-year Budget Estimate Submission (BES). The PPBC makes initial decisions and recommendations as a body and proposes appropriate program or budget positions to the SRG and the ARB. The SA and the CSA will make the final decisions.

Recently the Joint Staff has played a more active role in PPBS. The major player is the Vice Chairman of the Joint Chiefs of Staff (VCJCS). Figure 16 depicts how the Joint Staff fits into the system.

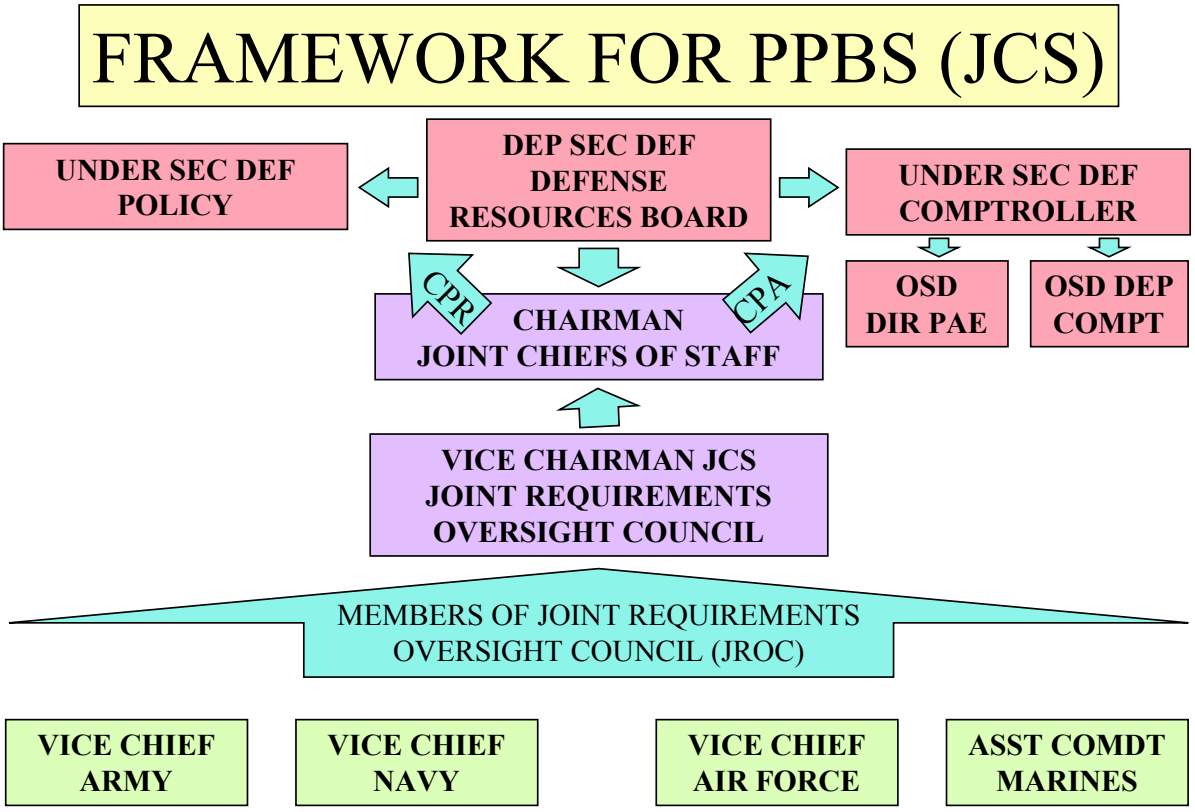


Figure 16

The VCJCS is chairman of the Joint Requirements Oversight Council (JROC) that oversees the Joint War-fighting Capabilities Assessments (JWCA) process and prepares the Chairman's Program Recommendation (CPR) and Chairman's Program Assessment (CPA). The CPR provides the Chairman's recommendations to OSD for inclusion in the DPG, and the CPA is the Chairman's assessment of the service POMs. The VCSA is the Army's representative on the JROC.

Program Evaluation Groups (PEGs)

PEG NAME	PROPONENT	CO-CHAIR	CO-CHAIR	APPROPRIATION	PROGRAM INTEGRATORS G-8 DPAE—programming G-3 ZR—planning G-3 RQ--requirements
ORGANIZING	DCS, G -3	ASA(M&RA)	DCS, G-3	ASA(FM&C)	G-8 DPAE, G-3 ZR, G-3 RQ
MANNING	DCS, G -1	ASA(M&RA)	DCS, G-1	ASA(FM&C)	G-8 DPAE, G-3 ZR, G-3 RQ
TRAINING	DCS, G -3	ASA(M&RA)	DCS, G-3	ASA(FM&C)	G-8 DPAE, G-3 ZR, G-3 RQ
EQUIPPING	DCS, G -8	ASA(ALT)	DCS, G-8	ASA(FM&C)	G-8 DPAE, G-3 ZR, G-3 RQ
SUSTAINING	DCS, G -4	ASA(ALT)	DCS, G-4	ASA(FM&C)	G-8 DPAE, G-3 ZR, G-3 RQ
INSTALLATION	ACSIM	ASA(I&E)	ACSIM	ASA(FM&C)	G-8 DPAE, G-3 ZR, G-3 RQ

PRG Integrators: DARNG, CAR, CIO/G-6

Figure 17

The Program Evaluation Groups (PEGs) play an important role in the PPBES process. They support all phases of the PPBES with special emphasis on the POM building process. Before POM 98-03 there were 14 PEGs and now there are six. The composition of the PEGs is shown in figure 17. Each PEG has extensive representation throughout Army Headquarters. They were restructured to more closely align the Army's POM build to the five pillars of defense used by OSD in the PPBS and to the U.S.C. Title 10 responsibilities of the Secretary of the Army.

TIMELINES

Even though we have probably been *as clear as mud* with our preceding discussion, we will take a fast spin through an abbreviated PPBES cycle. We will start our rapid journey on 1 January of an odd year and we will trip lightly through the succeeding two years.

Beginning in September-December timeframe, the Army staff will start the development of the TAP. The TAP goes through the PPBC, SRG, and ARB framework for the PPBES. By October, under the direction of the ODCS, G-3, the Army staff should have Section I and II of the TAP to the SA and CSA for final approval and signature. Section III of the TAP, which is the responsibility of the G-8 DPAE, receives final approval and signature of the SA and the CSA in late December.

During October, despite all the other things going on, the planning phase of the PPBS is now going into high gear at OSD. Hopefully, the JCS has already provided the Joint Planning Document (JPD) to OSD, and the Army has published and distributed the update of the TAP to the MACOMs for their MACOM POM development. The OSD staff, working under the direction of the Under Secretary of Defense for Policy (USD [P]) and in close coordination with the Services and JCS, is completing the planning objectives and goals for the Defense Department. OSD constrains this planning effort by providing a

macro resource allocation that estimates the available resources and costs for the planning years. The DRB will review this planning effort in a series of meetings throughout January and February with decisions sometime in March. OSD publishes the Defense Planning Guidance (DPG) soon thereafter, the earlier the better for the Services. However, there often is a delay in its publication. The Services participate in the development of this guidance although they do not have *veto rights.*

At some time and possibly with the publishing of the DPG, OSD provides fiscal guidance (total obligation authority) for each of the six program years. OSD develops this fiscal guidance with direction from the President's Office of Management and Budget (OMB). Ideally, from the Army's perspective, we need the fiscal guidance as early as possible in the programming phase (i.e., January), but in the past OSD has provided it as late as April.

The Army staff begins POM/BES development in earnest in January. The MACOM POMs are received in February. As the development process continues through June to early July, the pace steadily intensifies and PPBC, SRG and ARB meetings become more frequent and longer. The Secretariat is always involved and plays an integral part in the development of all memos, read-ahead packages, decision papers, and the decisions themselves. While this is a combined process leading to a single resource position, the POM/BES, the process lead (and database control) resides with the D,PAE through June when it transitions to the DASA(B).

Hopefully by late July, we have resolved all major issues relating to the POM/BES, and the SA and CSA have approved it. The Army staff now turns to writing the narrative portion of the POM and providing justification for submission to OSD in late August.

OSD reviews the combined POM/PBS beginning soon after its submission. Based on data derived from identical program baselines, the concurrent program and budget review continues until late December concluding when final Presidential budget decisions are made. Issues center on compliance with the Defense Planning Guidance (DPG), the overall balance of Service programs, programmatic issues deferred during DPG preparation, congressional marks and late-breaking large issues.

As issues arise, representatives of HQDA principal officials meet with their OSD counterparts. The Army representatives present the Army position and try to clarify the issue. If possible, they resolve the issue. An issue thus resolved becomes known as an out-of-court settlement. Such settlements require the signature of responsible officials, both Army and OSD. The disposition of remaining issues is decided by OSD. Announced in one or more Program Decision Memorandums (PDMs), the program decisions are incorporated directly into the budget. OSD decides all budget issues through Program Budget Decisions (PBDs).

After the DEPSECDEF or USD (Comptroller) has signed most PBDs, each Service selects as Major Budget Issues (MBIs) certain, still pending, adverse resource decisions. Army MBIs center on decrements to specific initiatives or broad issues that would significantly impair its ability to achieve its program intentions. An MBI addresses the

adverse impact that would occur if the decrement were to prevail. At the end of the PBD process, the SECARMY and CSA meet with the SECDEF and DEPSECDEF on Major Budget Issues. After the meeting, the SECDEF decides each issue, if necessary meeting with the Office of Management and Budget (OMB) or the President to request additional funds or recommend other action.

In December, at the end of the PBD cycle, OSD normally issues a final PBD or OSD memorandum incorporating any changes from MBI deliberations, thus completing the PBD process. OSD then issues each Service its final total obligation authority (TOA) and manpower controls. ASA (FM&C) incorporates the final changes in the developing President's Budget while the Director of Program Analysis and Evaluation (DPAE) uses the information to adjust or revalidate the Army's Program.

After implementing the final resource distribution at the budget activity and object class level, Army sends the information to OSD. OSD and OMB forward the information as the Army's portion of the Defense budget, which OMB incorporates into the President's Budget.

The President's Budget covers prior year obligations and updated resource estimates for the current year. During the biennial POM/PBS cycle, it covers total obligation authority (TOA) estimates for the budget year and budget year plus 1. The following year, reflecting the off cycle update of the POM/PBS, the Presidents' Budget presents a revised second budget year.

That was a two-year *foot race* through one cycle. We have clearly not done justice to all the complexity and interrelationships involved, nor have we described the extent of the overlap in all the various functions.

EXECUTION—PPBS BECOMES PPBES

Before 1981, the Army's managers of the PPBS focused their attention on the Planning, Programming, and Budgeting elements of the process as if they fully identified all the essential ingredients of the complete system. There was a major deficiency, however, as they tended to leave out the *real world* aspect of the process— the **execution** of the programs and budgets in the field. There was a compelling need to acknowledge the requirement to *capture* execution as a critical element of the process.

Several events must take place before the Army can execute its program after the President signs the Authorization and Appropriation bills passed by the Congress. OMB must apportion the appropriations providing obligation/budget authority. The Department of the Treasury must issue a Treasury Warrant providing cash. Program authority must be released by the Under Secretary of Defense (Comptroller). Finally, the Army process commences. Before the Army can execute its program for the fiscal year, all these authorities must be loaded into the Program Budget Accounting System (PBAS). Guided by appropriation and fund sponsors at HQDA and via PBAS, ASA (FM&C) allocates

apportioned funds to MACOMs and operating agencies through the Funding Authorization Document (FAD).

It is only in the execution of the approved and resourced programs that we can evaluate the work that has gone into the earlier three stages of the process or simply stated—*did we get the results we expected and for which we paid?* If we have designed an attainable, workable program, defined it clearly to both our field commands and the Congress, and provided the resources, then we should be able to execute the program successfully and demonstrate that achievement to ourselves and others. If we have not met this challenge, it will become perfectly obvious during the year of execution.

Sometimes we find in execution of our programs that we face problems that we had not foreseen. These problems might include workers' strikes at the plants that produce our weapon systems, changing international events and commitments of our forces, changes in our national political commitments, or any other of a number of possibilities. These are facts of life that drive changes and we have to be able to accommodate and incorporate these changes into the other ongoing PPBS phases of the process. We have to make certain that we get the best output—the most progress towards our stated goals—for the resources that the process makes available.

Congress recognizes that priorities change dictating the need for flexibility during budget execution. Within stated guidelines and specified dollar thresholds, Congress allows federal agencies to reprogram existing funds to finance unfunded requirements. FY91 marked the first year of omnibus reprogramming which, except for construction accounts, consolidates all DoD reprogramming actions for submission at the same time subsequent to mid-year review of program execution.

We have, in the past, transferred responsibility to the field commanders for execution. We have to look at program execution in terms of the program outputs and not simply as the accounting for funds obligated and expensed through the finance system. Feedback allows us to eliminate our unworkable programs and correct our mistakes early in the continuing programming and budgeting processes. Each level of command has the opportunity to eliminate non-productive or ineffective programs that they have initiated and currently control. They also have the opportunity to recommend the elimination of programs that higher levels have initiated or currently control.

Past administrations have recognized this need to evaluate our execution of approved programs. In 1981, OSD established formal performance reviews for designated programs on a regular basis. They tasked the Services to account for the management of their program execution process. During the 1980s and until 1995, the Army staff conducted quarterly execution reviews called Program Performance and Budget Execution Reviews (PPBERS). From 1995 to 2002, the Assistant Secretary of the Army for Financial Management and Comptroller (ASA [FM&C]) conducted Quarterly Army Performance Reviews (QAPRs) of program performance and budget execution. Secretariat and Army Staff principals presented the reviews directly to the SA and the CSA. The QAPR compared program performance with objectives set at the beginning of the fiscal year by the Secretariat and Army Staff principals. Cost and Performance Measures Reviews

(CPMRs) replaced the QAPRs in 2002. CPMRs are designed to assess key strategic, business, and programmatic measures. They provide a corporate-level view of a limited set of key performance measures focused on business efficiencies and program accomplishment. Cost and performance measures are accessible on Army Knowledge Online (AKO) leveraging information technology (IT) to conduct e-staffing and eliminate routine meetings and replace paper-laden past processes. Under CPMRs, issue-based action meetings regarding specific performance are conducted as required.

Additionally, the Army Systems Acquisition Review Council (ASARC) monitors performance of designated acquisition programs to include milestone reviews. Finally, program performance feedback is submitted through the Standard Financial System (STANFINS), the principal accounting system for the majority of Army installations and through the Tactical Unit Financial Management Information System (TUFMIS) for tactical units.

OVERVIEW—KEY PPBES MILESTONES

In Figure 18 we have endeavored to show the key milestones of the entire process.

In closing, we should add that this PPBES process will continue with or without participation. The momentum of the system has developed over the years and, although we can make modest internal adjustments, the train is not going to stop to let someone get aboard. There is ample opportunity for interested offices and individuals to become involved; however, there are no engraved invitations. Even though there are major reviews in this process, to *influence the action* and make a meaningful contribution, one must start long before the *moguls* meet to make final decisions. Hand wringing and emotional appeals at the final hour may be good for the soul, but seldom provide the remedy sought.

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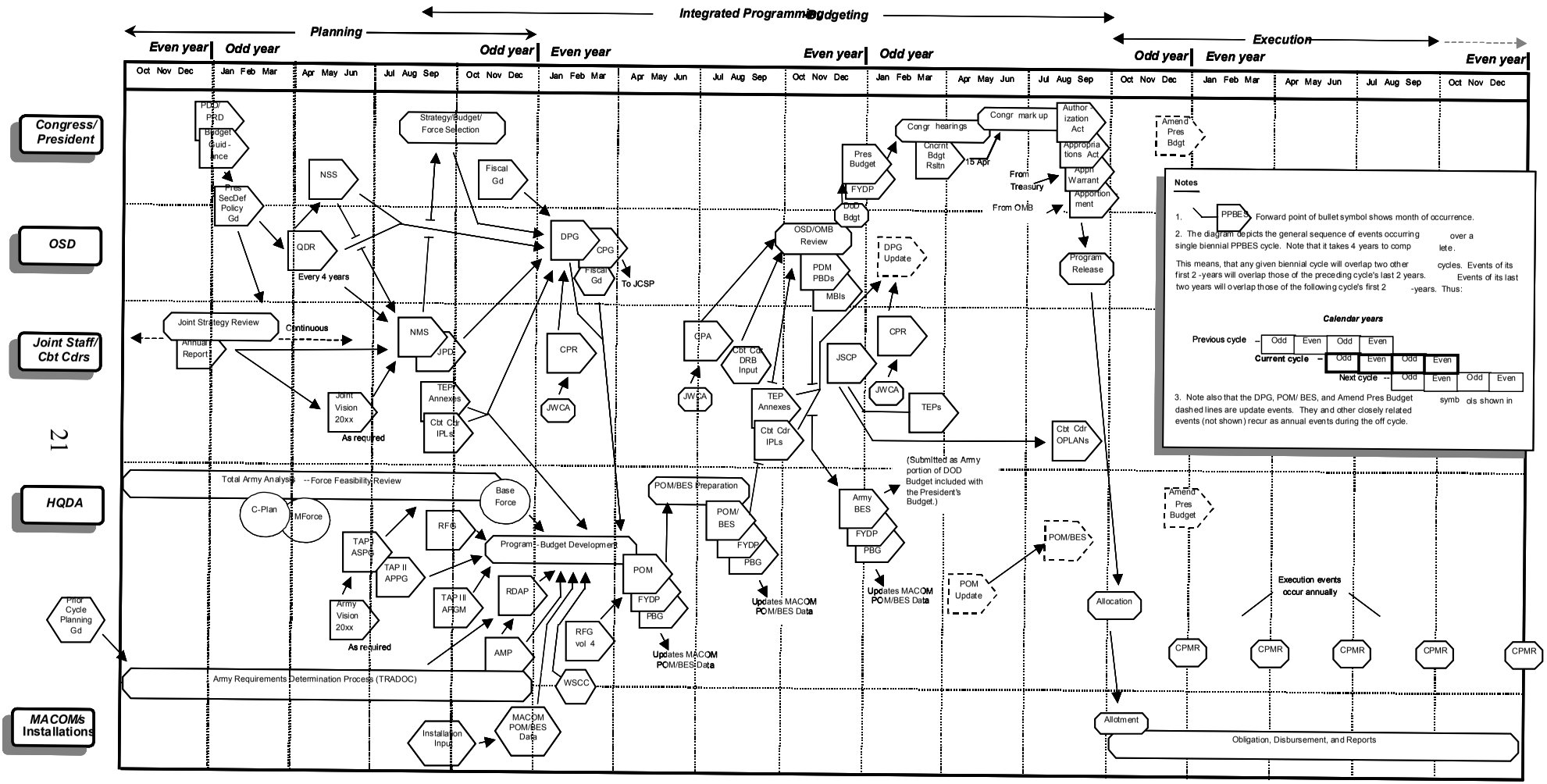
Events in the Biennial PPBS/PPBES Cycle



AMP	Army Modernization Plan
APPG	Army Planning Priorities Guidance
Appn	Appropriation
ASPG	Army Strategic Planning Guidance
Bdgt	Budget
BES	Budget Estimate Submission
Cbt Cdr	Combatant Commander, unified command
Cncrnt	Concurrent
Congr	Congress
CPA	Chairman's Program Assessment
CPG	Contingency Planning Guidance
C-PLAN	Command Plan
CPMR	Cost and Performance Measures Review
CPR	Chairman's Program Recommendations
DOD	Department of Defense
DPG	Defense Planning Guidance
DRB	Defense Resources Board
FYDP	Future Years Defense Program
Gd	Guidance
HQDA	Headquarters, Department of the Army
IPL	Integrated Priority List
JPD	Joint Planning Document
JSCP	Joint Strategic Capabilities Plan
JWCA	Joint Warfighting Capability Assessment
MACOM	Major Army command
MBI	Major Budget Issue
Mforce	Master Force
MILCON	Military construction
NMS	National Military Strategy
NSS	National Security Strategy
OMB	Office of Management and Budget
OPLAN	Operation plan
OSD	Office of the Secretary of Defense
PBD	Program Budget Decision
PBG	Program and Budget Guidance
PDD	Presidential Decision Directive
PDM	Program Decision Memorandum
POM	Program Objective Memorandum
PPBES	Planning, Programming, Budgeting and Execution System
PPBS	Planning, Programming, and Budgeting System
PRD	Presidential Review Directive
Pres	President
QDR	Quadrennial Defense Review
RDAP	Research, Development, and Acquisition Plan
RFG	Resource Formulation Guide
TAP	The Army Plan
TEP	Theater Engagement Plan
TRADOC	U.S. Army Training and Doctrine Command
Vol	Volume
WSCC	Winter Senior Commanders' Conference