DEPARTMENT OF DEFENSE PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION (PPBE) PROCESS / ARMY PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION (PPBE) PROCESS

—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 required capabilities that need resources. **Capabilities** are established needs justifying the timely allocation of resources to achieve an ability to accomplish approved military objectives, missions, or tasks. Programming groups the capabilities into logical decision sets, allocates five-year resources among those sets, and selects those that fit within the resource limits. **Budgeting** focuses on the first year of the five-year program and rearranges the programs under congressional appropriation groupings and submits the resulting one-year budget to Congress for review and approval. These are simple definitions of the critical elements of the Department of Defense (DOD) Planning, Programming, Budgeting, and Execution (PPBE) process and the supporting Department of the Army PPBE component.

BACKGROUND

PPBE PROCESS
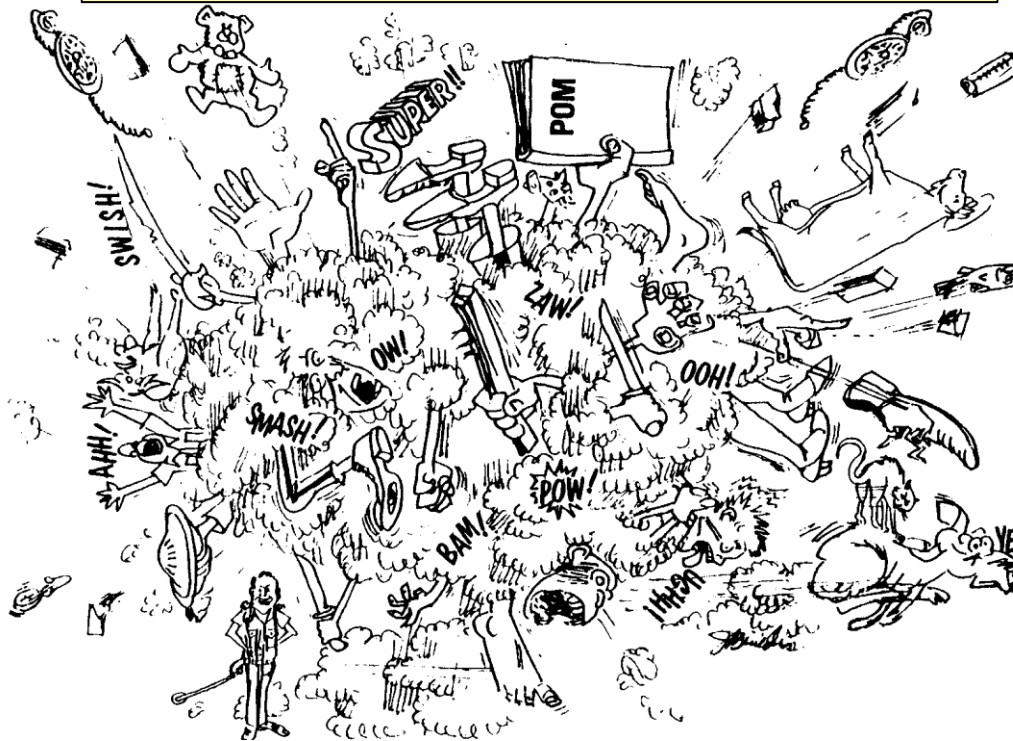
2018

THE ART OF DISTRIBUTING RESOURCES EQUITABLY

Figure 1

Secretary of Defense Robert McNamara established the DOD Planning, Programming, and Budgeting System (PPBS) in 1962. The system as we know it today is dramatically different from the 1962 system to include its current title – the Planning, Programming, Budgeting and Execution (PPBE) process.

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 Future Years 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 wherein Services submit changes to a multi-year program on a cyclical basis based upon OSD 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 PPBE process 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 re-titled it PPBES. In 2003, DOD changed PPBS to PPBE process. Army followed DOD's lead and replaced PPBES with PPBE process. Therefore, we will identify both the DOD process and the Army process as PPBE.

OVERVIEW

We will not attempt to describe in detail the DOD and Army PPBE 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 in conjunction with efforts to understand both change and the long-term implications of current choices. Basically, it is a process for determining required capabilities. **Programming** includes the definition and analysis of alternative force structures, 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 PPBE process.

There are really two kinds of systems operative in the Department of Defense today (fig 2).
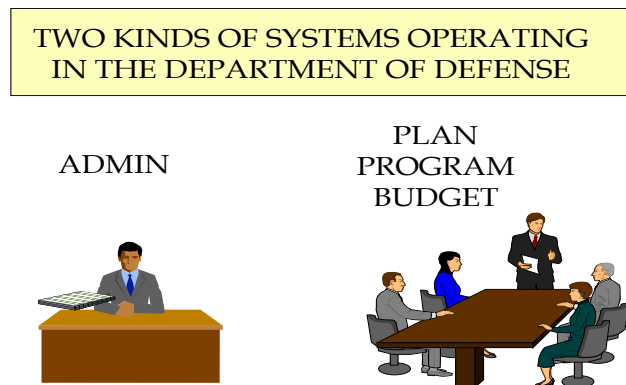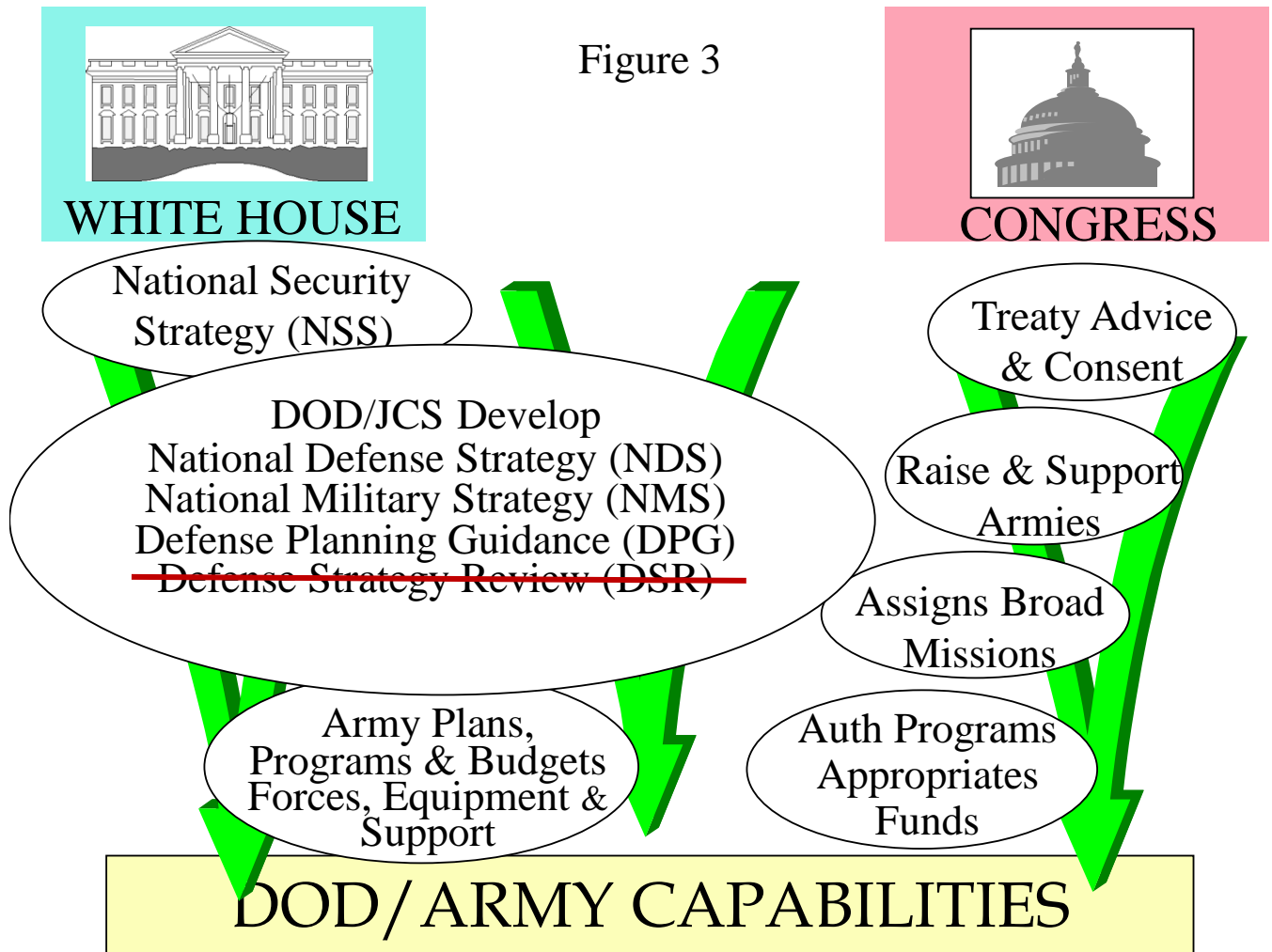

Figure 2

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. DOD PPBE establishes and, in some cases, disciplines how we communicate both inside and outside DOD in terms of planning, programming, and budgeting. While PPBE is primarily a DOD internal system, it has become an integral part of the vocabulary of Congress and other Executive Departments. It is calendar oriented and ultimately influences activity levels, late hour and weekend work requirements, leave schedules, and the disposition of everyone it touches.

The entire process focuses on an assessment of required capabilities, both for today and for what DOD requires 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

WHITE HOUSE

CONGRESS

National Security Strategy (NSS)

Treaty Advice & Consent

DOD/JCS Develop
National Defense Strategy (NDS)
National Military Strategy (NMS)
Defense Planning Guidance (DPG)
~~Defense Strategy Review (DSR)~~

Raise & Support Armies

Assigns Broad Missions

Army Plans, Programs & Budgets Forces, Equipment & Support

Auth Programs Appropriates Funds

DOD/ARMY CAPABILITIES

If we were to array the functions required to provide, sustain, and improve our capabilities and associate them with the phases of PPBE, we might see a correlation similar to that shown 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 organizations.
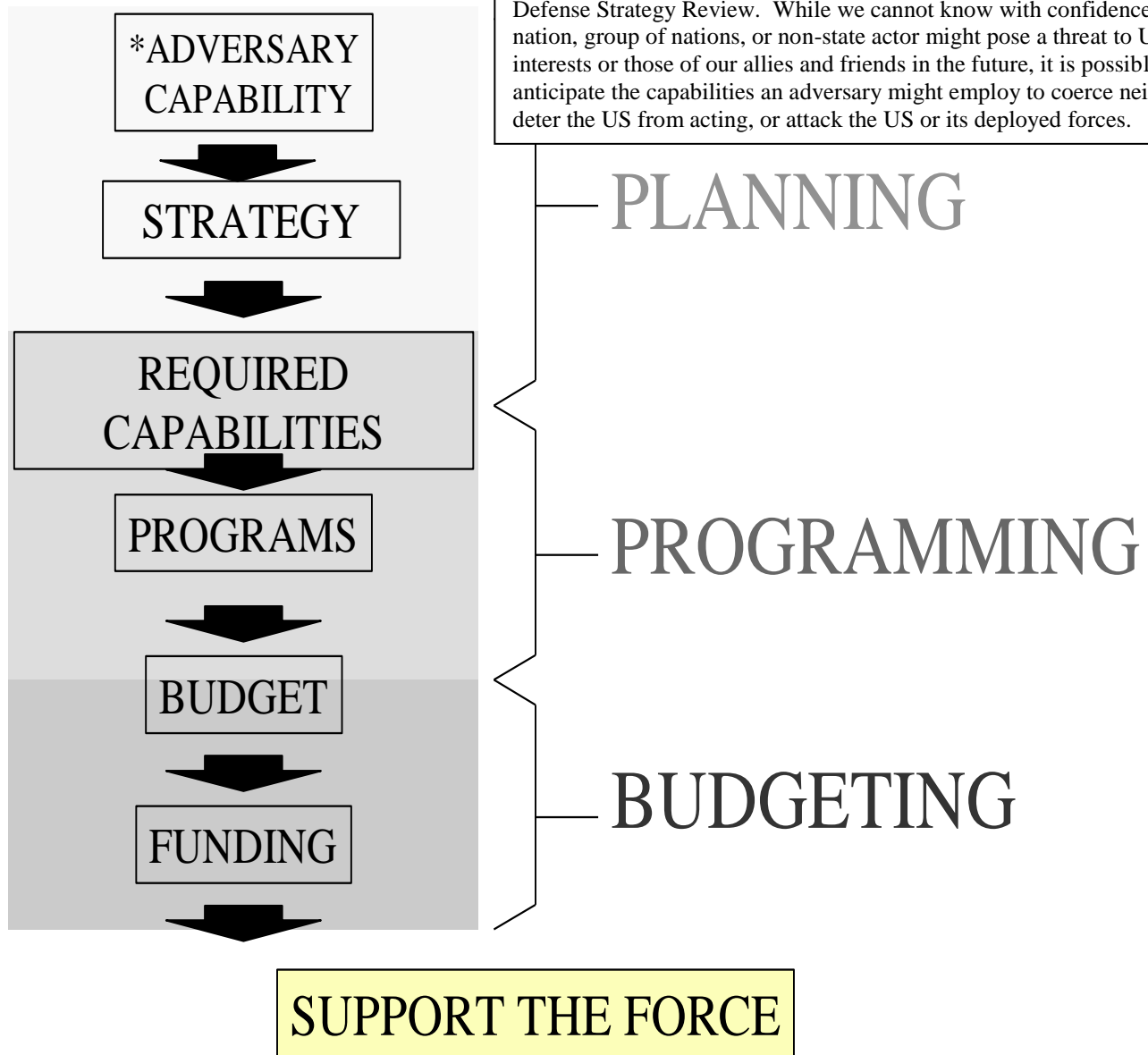
Figure 4

PLANNING

We will now turn to the start point of the DOD and Army PPBE process—the planning phase. We show in Figure 5 the "what" aspects of planning. DOD conducts an enhanced, collaborative, joint, capabilities-based planning process formulating, analyzing, and resolving major issues. The Army breaks the planning timeframe into three sections: the far term (out to 25 years), the mid-term (out to 15 years), and the near term (out to 5 years). It almost goes without saying that consistent and coherent direction 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. Therefore, Army provides stability by fiscally informing resource allocation and force structure development during the planning phase.

- **WHAT**
  - > **Enhanced, collaborative, joint planning**
  - > **Far Term - Out to 25 Years**
  - > **Mid Term - Out to 15 Years**
  - > **Near Term - Out to 5 Years**
  - > **Fiscally Informed**
  - > **Establishes Fiscally Informed Force Levels**
  - > **Departure Point for Programming**
- **WHO**
  - > **OSD Produces DPG, NDS, and ~~DSR~~**
  - > **JCS Produces NMS**
  - > **ODCS, G-3/5/7 Produces TAP and TAA**
  - > **ODCS, G-8 Produces the RDA Plan**

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). The NMS is a Chairman of the Joint Chiefs of Staff document that defines the national military objectives, establishes the strategy to achieve these objectives, and addresses the military capabilities required to execute the strategy. The NMS provides a coordinated recommendation on how to employ the Nation's military forces in order to achieve the objectives of the National Security Strategy and is required by law to be presented to the Congress annually for each fiscal year by 15 February. Consistent with the NSS and NMS and intended to provide guidance and direction for development of the Defense Strategy Review (DSR) (now obsolete) Report to Congress, the Office of the Secretary of Defense (OSD) promulgates a National Defense Strategy (NDS). The NDS is a relatively new document with the third edition published in June 2008 to guide DSR 2015 development. The National Defense Strategy has been published on only two occasions and is not expected to be published again. OSD produces the DPG providing guidance to the military departments and defense agencies for planning and Program Objective Memorandum (POM) and Budget Estimate Submission (BES) development. The DPG is a fiscally informed policy and strategy document.

The Army's Deputy Chief of Staff for Operations and Plans, G-3/5/7, is overall responsible for developing The Army Plan (TAP) and specifically responsible for preparing four of its five stand-alone sections. Section I, Army Vision (AV)… "Captures Secretary of the Army and Chief Staff of the Army guidance for moving the Army forward." Section II Army Strategic Plan (ASP) … "Builds upon the AV laying out institutional strategy for achieving the AV over a 10-year horizon." Section III Army Planning Guidance (APG) …"Enhances its focus on planning vs. prioritization." Section IV Army Program Guidance Memorandum (APGM), is the only section developed outside the G-3/5/7 and is the responsibility of the Director, Program Analysis and Evaluation (DPAE, G-8). It guides the POM by providing goals, objectives, sub-objectives and prioritized resource tasks for each of the six Program Evaluation Groups (PEGs). Section V, Army Campaign Plan (ACP), directs the planning, preparation, and execution of Army operations and transformation. After the Army Plan is completed, ODCS, G-3/5/7 conducts the Total Army Analysis (TAA) and the ODCS, G-8 develops the Research Development and Acquisition Plan (RDA Plan). TAA validates the operating force and produces the support and generating forces to complement the Army's operating force. The RDA Plan is a 1-n prioritized list of all research development and acquisition

(RDA) program packages [Management Decision Packages (MDEPs)] with funding and quantities for the five-year POM.

While the DPG and TAP are formidable documents to sit down and read for complete comprehension, they are critically important documents in the process. The military departments, Joint Staff, Defense Agencies, and the unified commands all participate in the development of DPG; while TAP development includes all Army Commands (ACOMs) and Army Service Component Commands (ASCCs) 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

- **WHAT**
  - > Translates Planning and Programming Guidance into finite action
  - > Considers Alternatives and Tradeoffs
  - > Integrates Proponent's Required Capabilities into a balanced Program

- **WHO**
  - > DPAE within ODCS, G-8 produces the POM
  - > ODCS, G-3/5/7 Integrates Required Capabilities & prioritizes Programs

Figure 6

PROGRAMMING

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

DEFINITION OF PROGRAMMING

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

- **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

A programmer endeavors to translate the goals and objectives of the planner (i.e., required capabilities) into finite actions with resources applied. The programmer considers alternatives and

tradeoffs, but always remains focused on the planner's guidance and objectives. Perhaps the most critical task of the programmer is to integrate all the different required capabilities into a balanced program. The program balance becomes difficult when we must achieve that balance within constrained resources.

We display in Figure 7 what appears to be a different definition of programming than shown earlier. In reality, it is academically a little more precise. Nevertheless, the important aspects of 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 guidance and objectives.

We should now talk about what it is that Army programmers produce. Every fiscal year they produce a document that displays the Army program over a five-year period. They call it a Program Objective Memorandum (POM). Characterizing the first year as the Budget Estimate Submission (BES) and transmitted by the SECARMY in a memorandum to the SECDEF that includes an Executive Summary, the POM/BES comprises both a narrative and a database whose format and contents are prescribed by OSD Programming Data Requirements (PDR).

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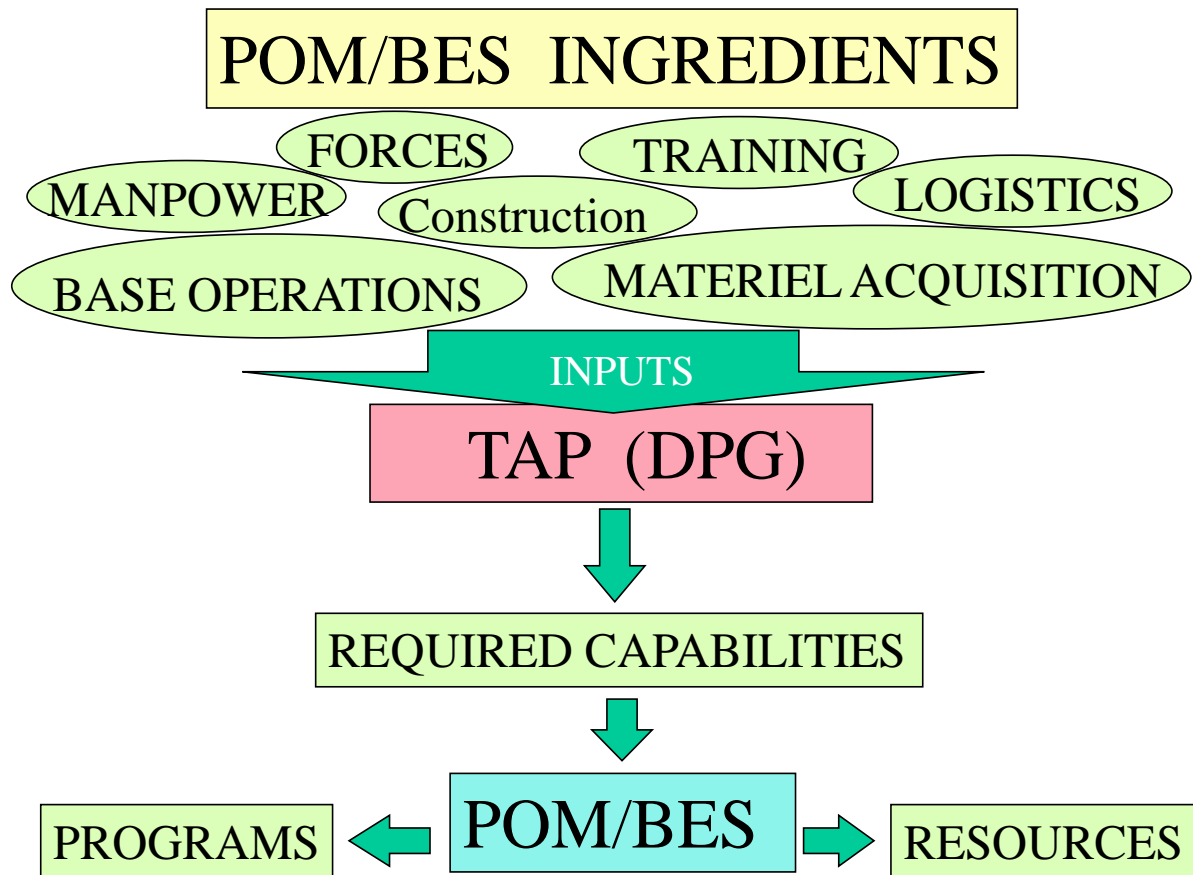
Figure 8

Approval of the POM/BES is not just a short note from the SECDEF to Secretary of the Army (SA) saying, "OK on your POM/BES." Sometimes OSD does not like our stewardship report on how we would allocate the resources. Issues of disagreement are identified as either major or minor. The 3-Star Programmers [Director, OSD Capabilities Assessment and Cost Analysis (CAPE (Chair), OSD principals, J8 Joint Staff, and Service programmers] analyze major issues and issue papers are created for the Services to comment upon. These are forwarded to the SECDEF for resolution. Minor issues are managed by a smaller group consisting of the Director, OSD PA&E or the Principal Deputy Director, OSD CAPE, the Vice Chairman, Joint Chiefs of Staff (VCJCS), and the Under Secretary of Defense, Comptroller [USD(C)] with recommendations forwarded to the DEPSECDEF for decision. The decisions for both major and minor issues are incorporated in the Program Budget Decisions (PBDs). This decisions memos tells the service what parts of our POM are approved and what parts we must change to meet the SECDEF's guidance.

BUDGETING

Before POMBES approval, programmers will pass control of the Army's database to the budget side of the house. Once the senior Army leadership approves and prioritizes the Army's program, the budgeting process takes control of the Army PPBE database. We have now reached the point where a piece of the program must now transition to the budget.

PROGRAM/BUDGET (POM/BES) BREAD LOAF

BUDGET PREPARATION

FY19 FY20 FY21 FY22 FY23

FIVE YEAR ARMY PROG.

POM

FY19 FY20 FY21 FY22 FY23

ONE YEAR BUDGET

Budget Estimate
Submission
(BES)
FY19
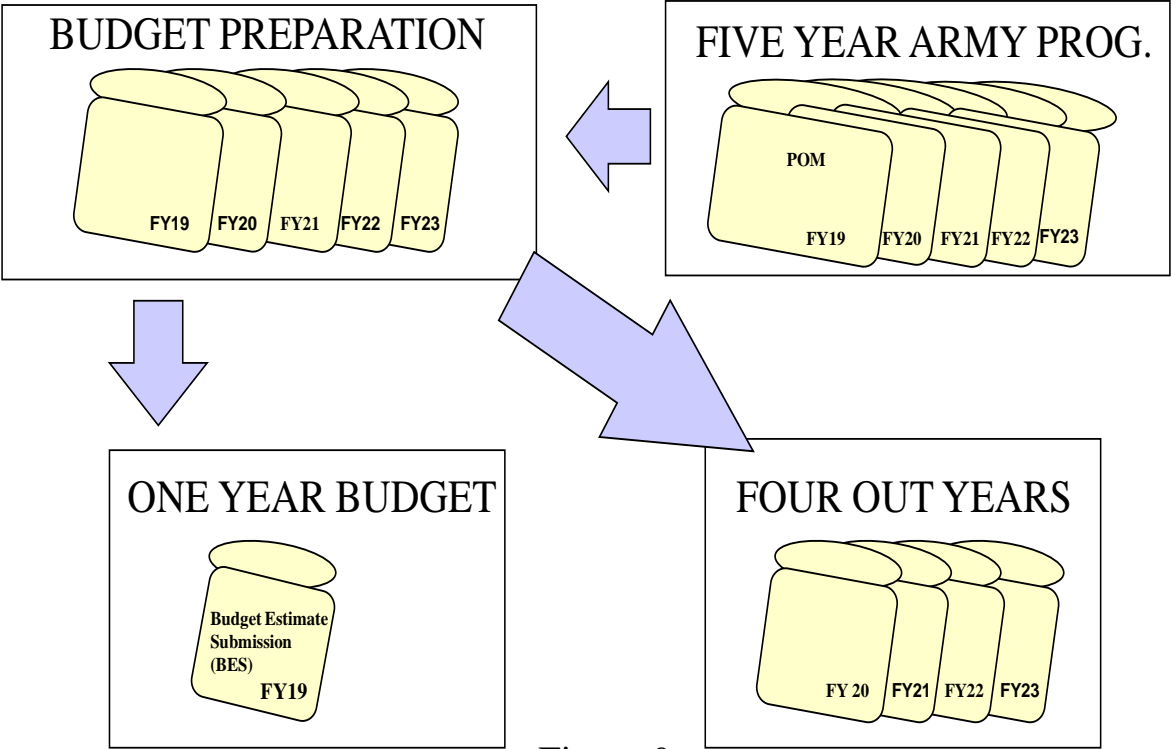
FOUR OUT YEARS

FY 20 FY21 FY22 FY23

Figure 9

Figure 9 displays the POM 19-23, the five-year Army program, as a loaf of bread divided into five slices each representing one year of the Program Objective Memorandum (POM). As we begin budget preparation we slice off the first year[1] and reformat that year from programmer language (programs) into budgetary terms (appropriations). We set aside the remainder of the loaf for about a year then we add one new slice (year) to the back end and bake into another five year POM/BES.

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[1] Note: The requirement to submit a biennial budget was repealed in 2008. See Sec. 1006. Repeal of requirement for two-year budget cycle for the Department of Defense, National Defense Authorization Act FY 2008.

- **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 Office of Management & Budget (OMB)
    - » Allocates Funds to ACOMs
    - » Reviews Expenditures & Obligations
- **WHO**
  - > ASA(FM&C) -- The Army Budget Office
  - > ODCS, G-3/5/7 Integrates Required Capabilities & Prioritizes

Figure 10

In Figure 10 we depict what and who in the budget phase of Army PPBE. The completion of the Program Objective Memorandum (POM) triggers budget formulation and combination of the POM and the BES is the final step before the formal submission of the Services' combined POM/BES. The translation of the first year 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 program and budget functions. On the left side of the matrix we show the programming view that endeavors to look at packages [Management Decision Packages (MDEPs)]. These packages try to address all appropriations associated with that specific program line as the programmer endeavors to look horizontally across all appropriations.

Programming vs Budgeting

HQDA

Budgeteer's View (Appropriations)

Programmer's View (MDEPs/Programs)

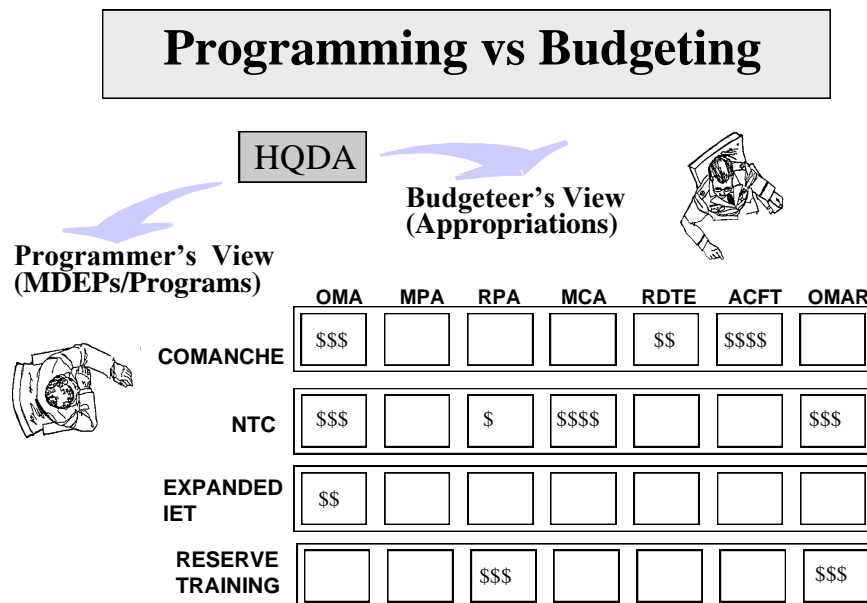|	OMA	MPA	RPA	MCA	RDTE	ACFT	OMAR
COMANCHE	$$$				$$	$$$$	
NTC	$$$		$	$$$$			$$$
EXPANDED IET	$$						
RESERVE TRAINING			$$$				$$$

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 designated for each program.

PROGRAM TO BUDGET TRANSITION

FY YEAR 18   FY YEAR 19   FY YEAR 20

OCT 18   Oct 19

PRESIDENTIAL
BUDGET (PB) SUBMIT
DEV – Develop
SEP – September
AUG - August

EXECUTION
FISCAL YEAR 2018

APPORTION & MONITOR;
SUBMIT REPROGRAMMINGS
& SUPPLEMENTALS

Oct 20

PB 19

BUDGET
FISCAL YEAR 2019

| OSD/OMB REVIEW FY19 budget | BUDGET UPDATE/DEFEND ADJUST | Execution PB 19 |

PB 20

SUBMIT JULY/AUGUST to OSD

PROGRAM
Fiscal Years 20-21

| | OSD/OMB REVIEW FY20 budget | BUDGET UPDATE/DEFEND ADJUST | Execution PB 20 |

Oct 19

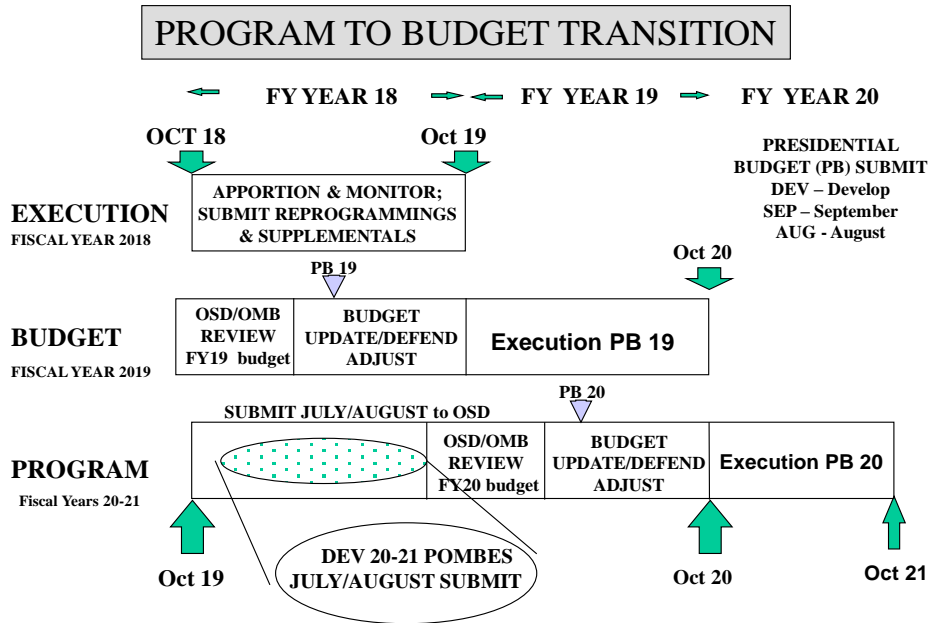DEV 20-21 POMBES
JULY/AUGUST SUBMIT

Oct 20   Oct 21

Figure 12

Figure 12 highlights that Army PPBE 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 starts in October 2018 in which the development of POMBES 19-23 begins. [Note: As of 9 April 2010 Program Budget Reviews (PBR) were eliminated and DOD reverted to an annual POMBES cycle] At the top we show fiscal year 2018 (FY 18) the underline execution year. The second function shown we label budget, and it identifies the first year, FY 19, of POMBES 19-23. However, the third function labeled program shows that we are developing a POMBES 20-24 for submission to the SECDEF in July 2020. When you look at the OCT 18 arrows 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 18. If for some reason we see that we cannot execute as we planned (e.g., changes such as cost or production schedule), we would probably revise our assumptions for FY 19 and then modify our budget submission. We also would have to modify the subsequent program years, FY 19-23 because changes in FY18 would probably require adjustments to POMBES 19-23 resources. This example is one of many where year of 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 claimants for resources.

THE COMPETITION

DECREMENT RESTORALS

UNKNOWN UNKNOWNS

ACCELERATION ECONOMIES
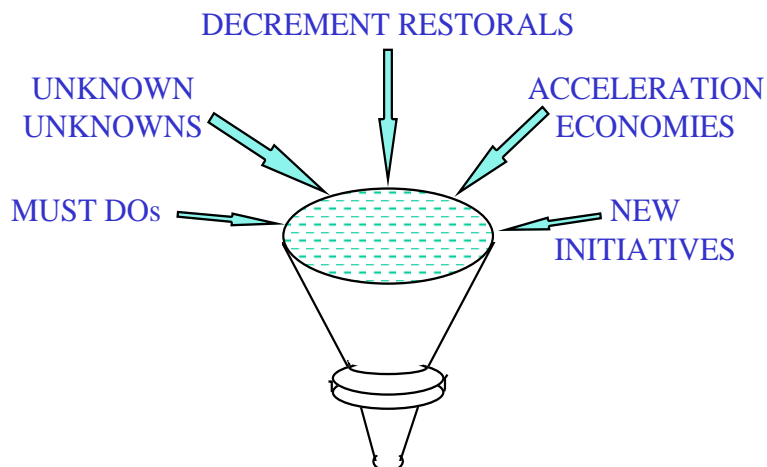
MUST DOs

NEW INITIATIVES

Figure 13

First, there are those essential things called "must do's." They have their origin in changing strategy, doctrine, or 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 programs that respond to a demonstrated need and are trying to obtain resources. Because the Army can only accommodate so many adds to the existing Army program, we must establish some criteria to evaluate the competition.

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

THE COMPETITION Con't

DECREMENT RESTORALS

UNKNOWN UNKNOWNS

ACCELERATION ECONOMIES

MUST DOs

NEW INITIATIVES

REQ'Ts DOCUMENTED

ORG'N & DOCTRINE

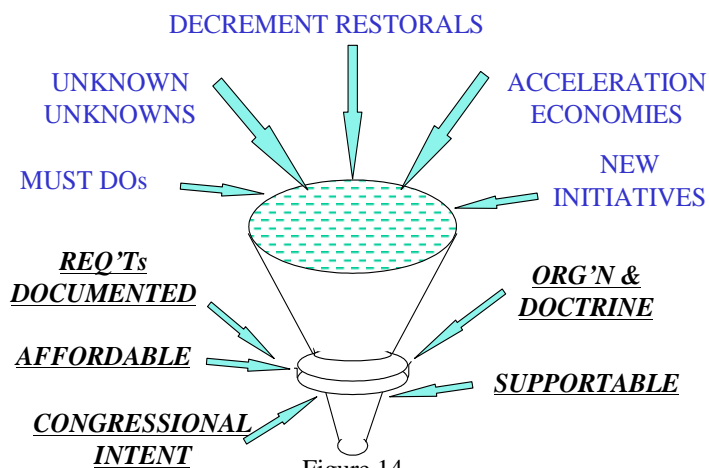*AFFORDABLE*

SUPPORTABLE

CONGRESSIONAL INTENT

Figure 14

The first test is to determine if the need or required capability is valid or documented. We look to the strategy documents to determine what we are required to do. Next is it affordable and, if not, how

will it be resourced? Does the capability 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-3/5/7 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 Army PPBE. 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-3/5/7 then integrates the product of each of these functional groups [Program Evaluation Groups (PEGs)] into an Army master priority list.

MAJOR PPBE PLAYERS

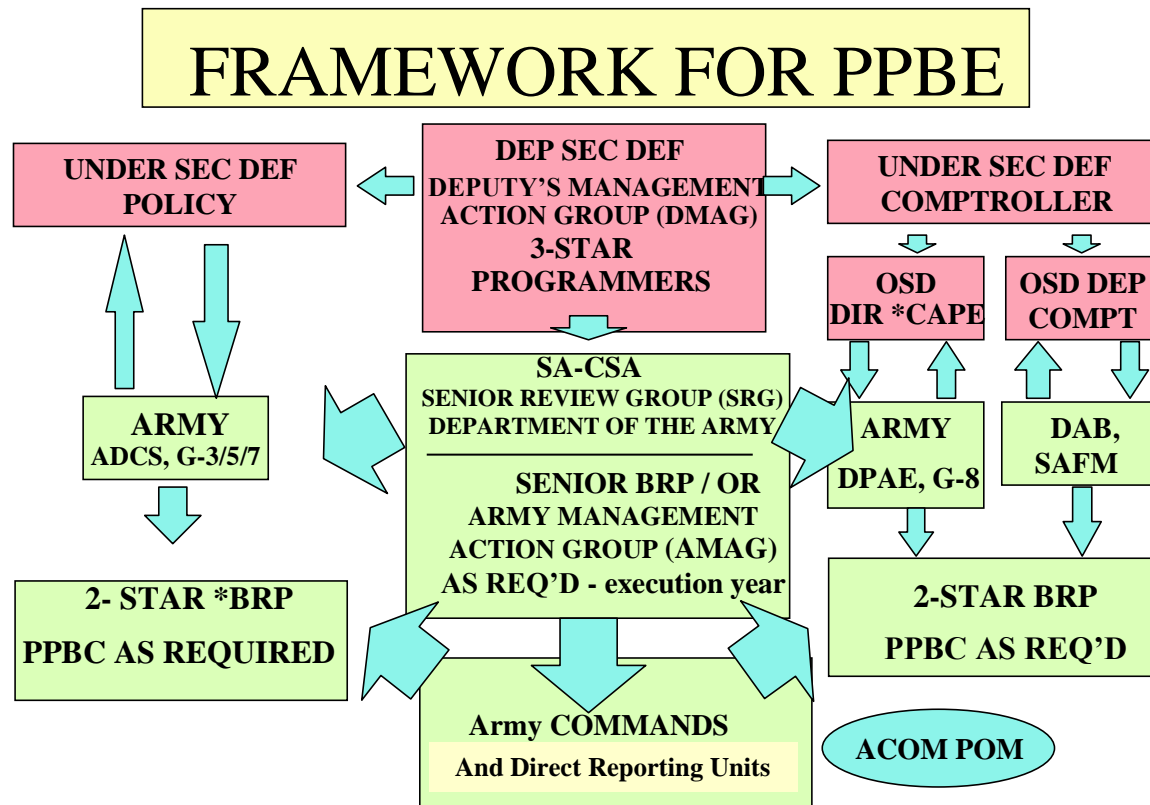Figure 15 displays the major players in the formal PPBE process.

Figure 15

* BRP – Budget, Requirements, and Program Board   * Cost Analysis & Program Assessment (CAPE)

At the top we display the principal OSD entities including their deliberating and decision- making bodies, the Deputy's Management Action Group (DMAG) and the 3-Star Group. The DMAG's agenda, schedule, and membership composition are determined by the Deputy Secretary of Defense. The DMAG replaced the Deputy's Advisory Working Group (DAWG) and is a forum for determining management actions for topics chosen by the Deputy Secretary of Defense. Membership of the 3-Star Programmers includes the OSD Director of Program Analysis and Evaluation (Chair), Under Secretaries of Defense representatives, Joint Staff Director for Structure, Resources, and Assessment (J8), and the Services' 3-Star Programmers. The 3-Star Group addresses major issues and presents decision options to the DMAG for resolution.

The ASA (FM&C) is responsible for the administration of all phases of Army PPBE. In the middle of Figure 15, we depict the Army's final deliberating and decision-making body called the Senior Review Group (SRG). The SA chairs and the Chief of Staff of the Army (CSA) vice-chairs this body. The Army Management Action Group (AMAG) is the central council for coordination of all POM issues requiring review and approval and is the intermediate senior body between the Senior Review Group and the 2-Star Planning Programming and Budget Committee (PPBC).

The Budget, Requirements, and Program (BRP) board's major focus is on any adjustments that may be required during the year of execution of the approved Congressional budget

The PPBC is the first formal committee with staff-wide participation that addresses the TAP, the program, and the budget. The Director of the Army Budget (DAB); the Director, Program Analysis and Evaluation, G-8 (DPAE G-8) and the Assistant Deputy Chief of Staff, G-3/5/7 (ADCS, G-3/5/7) are the co-chairs of the PPBC.

ACOMs provide input to the POM and Budget Estimate Submission (BES) development through the ACOM POMs. The PPBC convenes to make recommendations on decisions to the next higher board. The PPBC recommendations as a body and proposes appropriate program or budget positions to the AMAG and as required presents recommended positions to the Senior Review Group (SRG). The SA and the CSA will make the final decisions.

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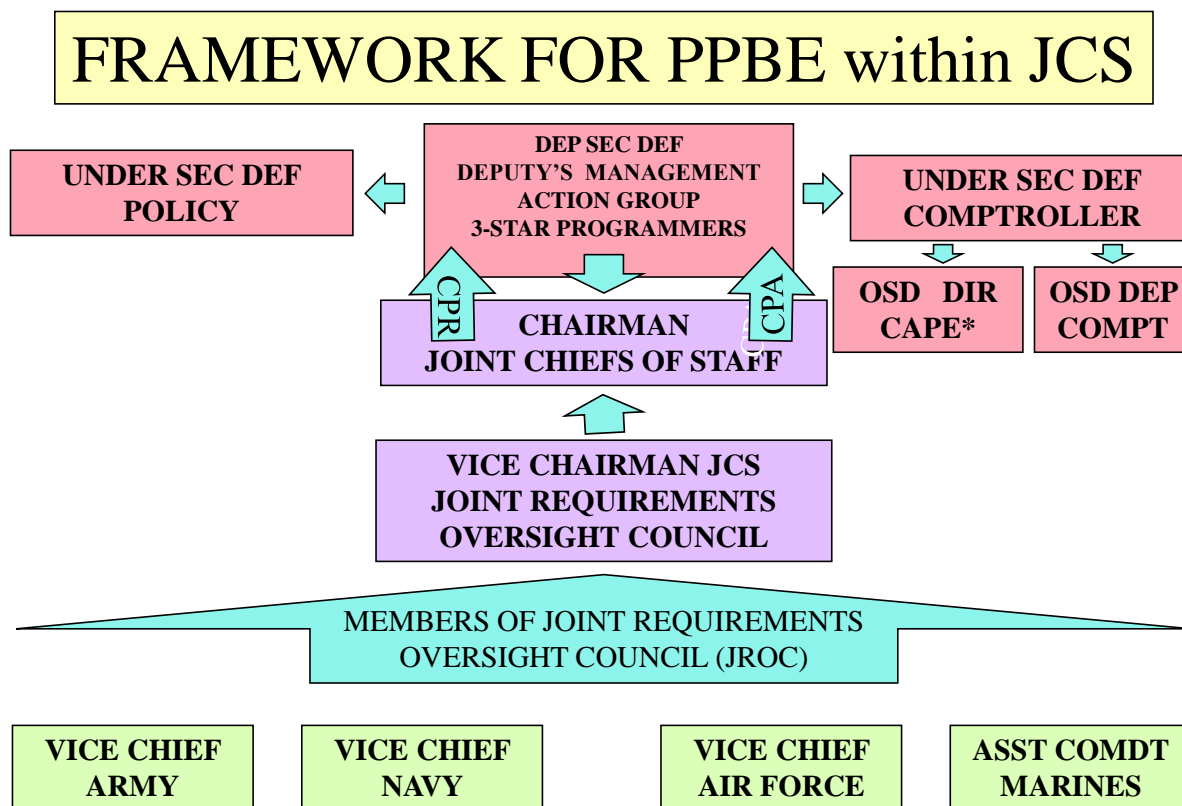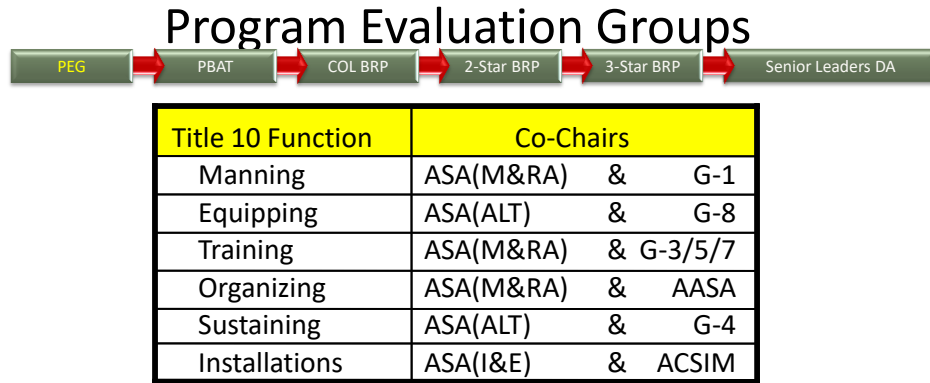

Figure 16

*Cost Analysis & Program Assessment (CAPE)

The VCJCS is chairman of the Joint Requirements Oversight Council (JROC) that oversees the Joint Capabilities Integration and Development System (JCIDS) and supervises preparation of 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 which has been done away with for the moment. The CPA is the Chairman's assessment of how well the service and agency POMs conform to the guidance and support the combatant commanders. The VCSA is the Army's representative on the JROC.

Program Evaluation Groups

| PEG | → | PBAT | → | COL BRP | → | 2-Star BRP | → | 3-Star BRP | → | Senior Leaders DA |

Title 10 Function	Co-Chairs		
Manning	ASA(M&RA)	&	G-1
Equipping	ASA(ALT)	&	G-8
Training	ASA(M&RA)	&	G-3/5/7
Organizing	ASA(M&RA)	&	AASA
Sustaining	ASA(ALT)	&	G-4
Installations	ASA(I&E)	&	ACSIM

- **Aligned with Title 10 functions and used to support PPBE decision-making**

- **Set scope of resource requirements needed to execute Army programs**

- **Include Army Secretariat and ARSTAF representatives as members**

- **Include ARNG, AR, and CIO/G-6 representatives as Program Integrators**

Figure 17

The Program Evaluation Groups (PEGs) play an important role in the Army PPBE process. They support all phases of the PPBE process with special emphasis on POM/BES building. Before POM 98-03 there were 14 Panels and now there are six PEGs. The title and co-chairs of the PEGs are shown in figure 17. Each PEG has broad Army Secretariat and Army Staff representation. They were restructured to more closely align the Army's POM/BES build to the U.S.C. Title 10 responsibilities of the Secretary of the Army.

TIMELINES

Now, within the context of the information previously covered, we will take a spin through an abridged Army PPBE cycle. Keep in mind that, as of 9 April 2010, the PPBE process operates on a fiscal year cycle developing single year budgets annually. The Services and Agencies develop and submit a combined POM/BES each year for OSD/OMB review and adjustment.

We start our journey in the latter part of one fiscal year and the beginning of the next fiscal year. In the September-December timeframe, the Army staff develops the Army Plan (TAP). TAP approval moves through the Planning Program Budget Committee (PPBC), the Army Management Action Group (AMAG), and the Senior Review Group framework of the PPBE

process. By October, under the direction of the ODCS, G-3/5/7, and the Army staff should have Section I, II and III of The Army Plan to the SA and CSA for final approval and signature. Section IV of TAP, which is the responsibility of the G-8 DPAE, and Section V of TAP, should receive final approval and signature of the SA and the CSA in November and December respectively.

During December, despite all the other things going on, the planning phase of PPBE is now going into high gear at OSD. Army has published and distributed TAP, or TAP update, to the ACOMs for their ACOM POM development. The OSD staff, working under the direction of the Under Secretary of Defense for Policy, USD (P), and in coordination with the Combatant Commands, Services, and Joint Staff finalizes and issues Defense Planning Guidance (DPG). DPG is produced or updated as necessary to communicate Defense policy and strategy and programmatic guidance on significant issues. DPG provides top down, resource-informed strategic direction and resource constrained program guidance. The Secretary of Defense Senior Leadership Council (DSLC)[2], chaired by the SecDef and composed of SLRG Principals and all ten Combatant Commanders, drives the development of DPG. While the Services participate in the development of this guidance, they do not have veto rights.

DPG is designed to facilitate enhanced, collaborative, capabilities-based joint planning addressing both operational and enterprise issues. DPG is issued in the April timeframe in conjunction with OSD fiscal guidance for each of the five program years. OSD develops this fiscal guidance with direction from the President's Office of Management and Budget (OMB).

The Army staff begins POM/BES development in earnest in January. The ACOM and direct reporting unit POMs are received in February. As the development process continues into June and July, the pace steadily intensifies with 2-Star and 3-Star meetings becoming 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 developmental process leading to a single resource position, the POM/BES, the process lead (and database control) resides with the DPAE into June when it transitions to the Director of the Army Budget (DAB).

Hopefully by mid-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 at the end of July.

OSD reviews the combined POM/BES beginning soon after its submission. The concurrent program and budget review continues into December concluding when final Presidential budget decisions are made. Program issues center on compliance with the Defense Planning Guidance, the overall balance of Service programs, congressional marks, and late-breaking significant events. Program issues develop from review by members of the 3-Star Programmers, nonmember Assistant Secretaries of Defense, and other OSD analysts who manage specific programs. Each reviewer prepares a proposal(s) in issue paper format that recommends alternatives to POM/BES submitted programs. Proposed additions and reductions sum to zero adding nothing to the cost of the Defense program. Combatant Commanders also may submit proposals, but need not zero balance theirs with offsets.

As Army program and budget issues arise, representatives of HQDA principal officials meet with their OSD counterparts. The Army representatives present the Army's argument in support of Army's position. If possible, they mutually resolve the issue. An issue thus resolved becomes

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[2] See DODD 5105.79, SUBJECT: DoD Senior Governance Councils, May 19, 2008.

known as an out-of-court settlement. Such settlements require the signature of responsible officials from both Army and OSD. The disposition of remaining issues is decided by OSD.

Toward the end of the review process typically during the first two weeks of December, 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 Army's ability to achieve its program intentions. An MBI addresses the adverse impact that would occur if the decrement were to prevail. 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.

In December, at the end of the issues paper review cycle, OSD issues a series of Program Budget Decisions (PBDs) announcing the resolution of issues and directing necessary adjustments. OSD then issues each Service its final total obligation authority (TOA) and manpower controls. ASA (FM&C) incorporates the final changes in the Army's budget estimate submission, while the Director of Program Analysis and Evaluation (DPAE) uses the information to adjust, as necessary, the Army's Program.

After implementing the final resource distribution, Army sends the information to OSD. OSD forwards the information to OMB as the Army's portion of the Defense budget, which OMB incorporates into the President's Budget. The President's Budget (PB) covers prior year obligations and updated resource estimates for the current year.

That was a foot race through one cycle. Clearly, we have 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

Before 1981, the Army's managers of the then PPBS focused their attention on the planning, programming, and budgeting elements of the system 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. In order to demonstrate the importance of execution review, Army inserted execution in the title of its resource management system changing PPBS to PPBES. In May of 2003, DOD recognizing the importance of performance review changed PPBS to PPBE process. Army followed suit and changed PPBES to PPBE process in September 2003.

Several events must take place before the Army can execute its program after the President signs the Authorization and Appropriations 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 General Fund Enterprise Business System (GFEBS). Guided by appropriation and fund sponsors at HQDA and via GFEBS, ASA (FM&C) allocates apportioned funds to ACOMs 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 others and ourselves. 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 PPBE 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 un-funded or under-funded 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 expended 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. In 2002 Cost and Performance Measures Reviews (CPMRs) were announced as the replacement for QAPRs. CPMRs were designed to assess key strategic, business, and programmatic measures. They were intended to provide a corporate-level view of a limited set of key performance measures focused on business efficiencies and program accomplishment. The fundamental concept supporting the CPMR approach was the leverage that would be provided by information technology (IT). Program cost and performance measures would be reviewed electronically utilizing Army Knowledge Online (AKO) thereby eliminating routine meetings and replacing a paper-laden, antiquated process. Under the CPMRs process, issue-based action meetings regarding specific performance were to be conducted as required. CPMRs never took hold and currently quarterly meetings are held to review established strategic priorities and metrics.

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 General Fund Enterprise Business System (GFEBS), the principal accounting system for the Department of the Army.

OVERVIEW—KEY MILESTONES

In Figure 18 we have endeavored to show the major events of the process.

In closing, we should add that this process will continue with or without participation from all interested and affected parties. The momentum of the process has developed over the years into a continuous cycle that moves through milestone events of overlapping planning, programming, budgeting and execution phases. 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 leaders 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.
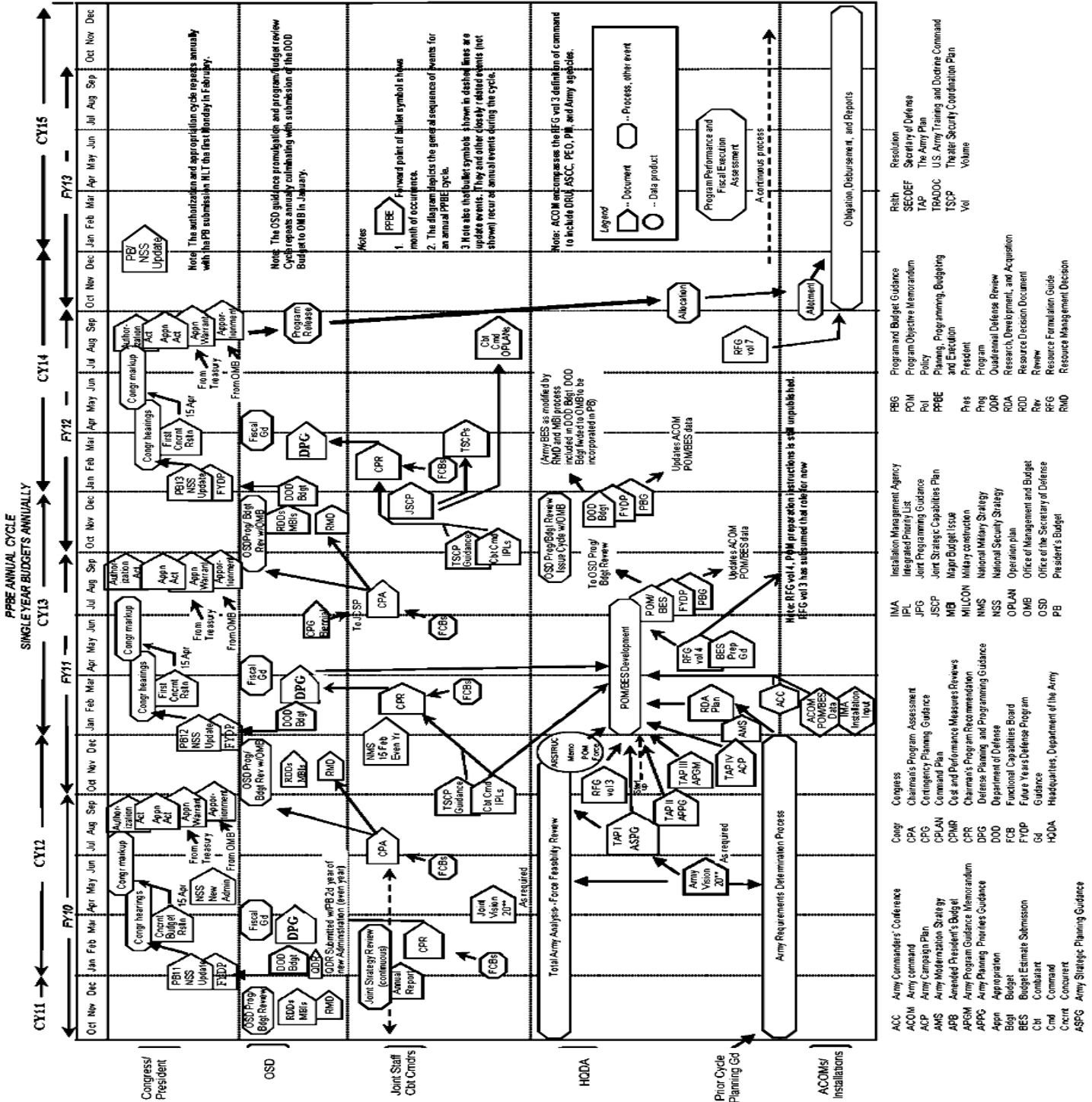
 Updated by the Army Force Management School, December 2017

Figure 18. Major Events of the PPBE process