



Planning, Programming, Budgeting and Execution (PPBE)



TOPIC LEARNING OBJECTIVES	STUDENT PREPARATION
<p>Upon successful completion of this topic, the student will be able to:</p> <ol style="list-style-type: none">1. Identify the basic flow of the financial management process, to include cost analysis, the Planning, Programming, Budgeting and Execution (PPBE) Process, Congressional enactment, and program execution.2. Recognize the role of the PPBE process in acquisition management.3. Identify the phases, associated products, and timeframes of the PPBE process.4. Relate the following building blocks of the Future Years Defense Program (FYDP) to the PPBE process: Major Program (MP); and Program Element (PE).5. Identify the key events in the planning phase and recognize who prepares, reviews, and signs the Defense Planning Guidance (DPG).6. Identify the key events in the programming phase and recognize who prepares, reviews, and signs the Program Objective Memorandum (POM) and Program Decision Memoranda (PDM).7. Recognize the participants and processes of Navy POM development.8. Identify the key events in the budgeting phase and recognize who prepares, reviews, and signs the Budget Estimate Submission (BES), Program Budget Decisions (PBDs), and who generates reclaims.	<p>Student Support Material</p> <ol style="list-style-type: none">1. DAU PPBE Platinum Card https://www.dau.edu/tools/Lists/DAUTools/Attachments/156/Platinum%20Card%20%202020.pdf <p>Primary References</p> <ol style="list-style-type: none">1. DoD 7000.14-R Financial Management Regulation https://comptroller.defense.gov/fmr/2. Navy Planning, Programming, Budgeting, and Execution, RAND Corporation, 2016 <p>Additional References</p> <ol style="list-style-type: none">1. http://comptroller.defense.gov/Home.aspx2. DAU BFM 0050 Planning, Programming, Budgeting and Execution3. DoDD 7045.14, PPBE Process, January 25, 2013 (Change 1 August 29, 2017)

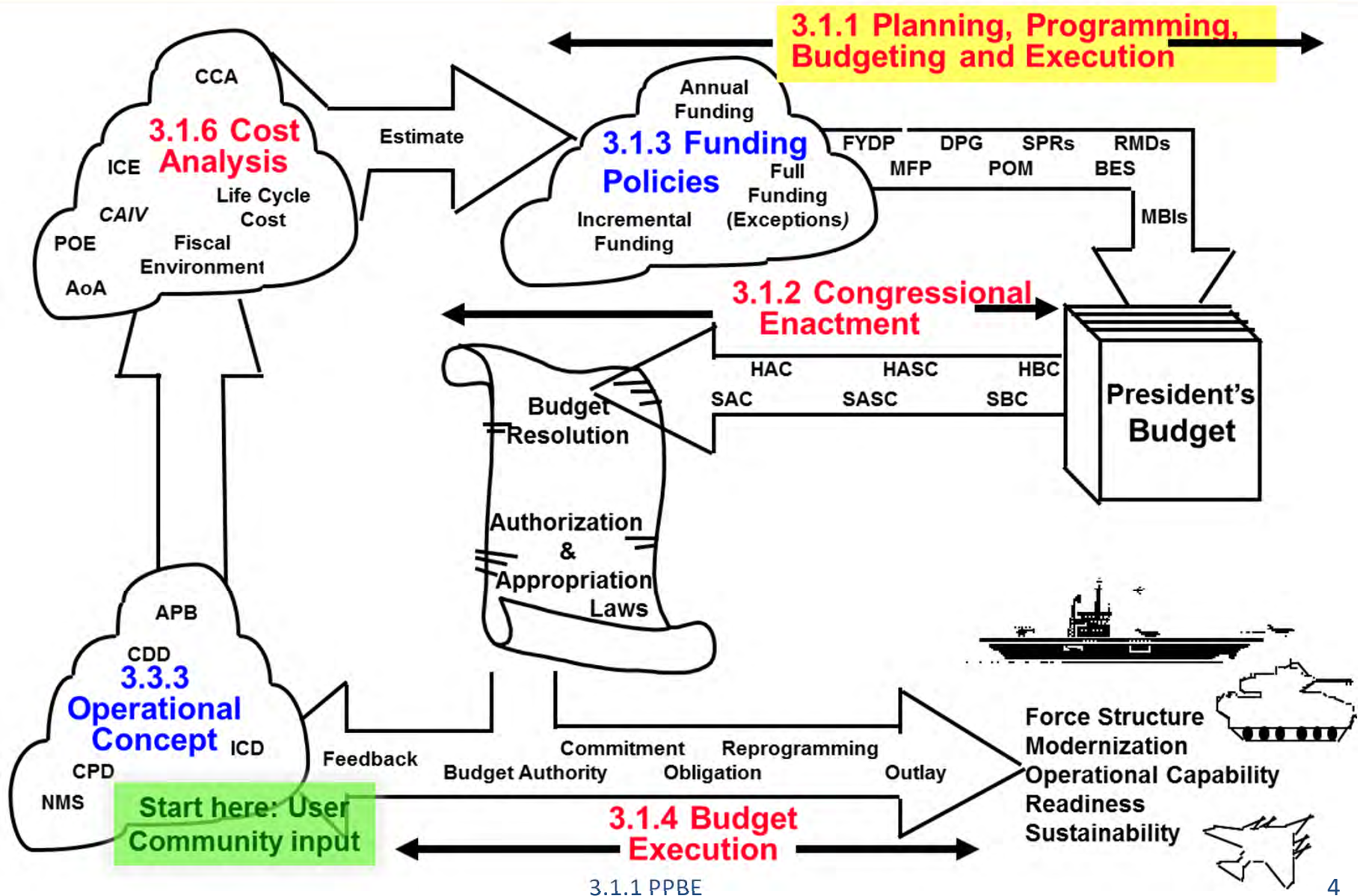


Overview

- PPBE Overview
- Future Year Defense Program (FYDP)
- PPBE Phases
 - Planning
 - Programming
 - Budgeting
 - Execution



The Big Picture





Role of the PPBE process

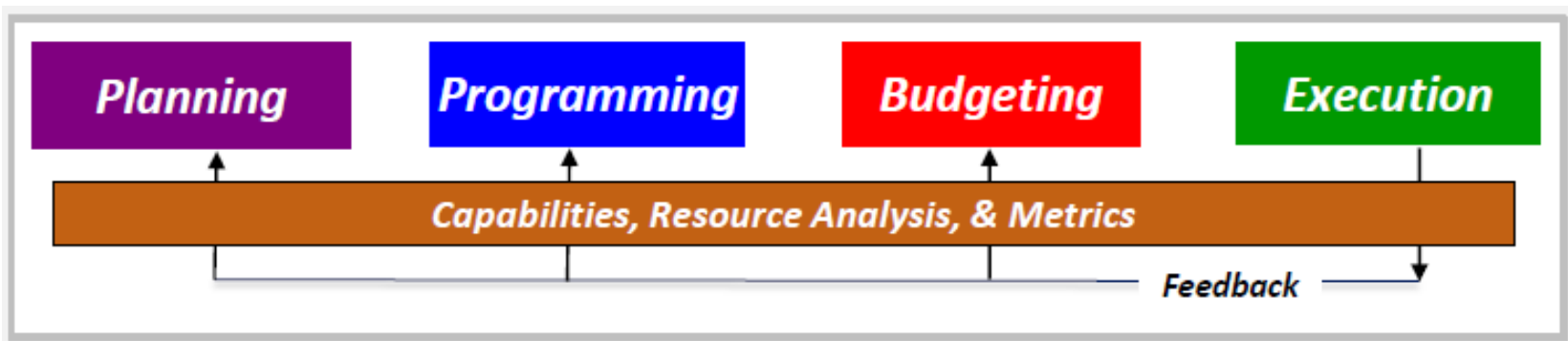
- DoD uses the PPBE process to identify the fiscal needs of the services and decide how to allocate resources
 - Annual budget of >\$885B
 - 3 million Active Duty and Civilian employees
- A rational system for balancing
 - Requirements competing for limited funds
 - Internal (DoD) and External (OMB, Congress) priorities
- The end result of the PPBE process is the DoD portion of the President's Budget





PPBE Overview

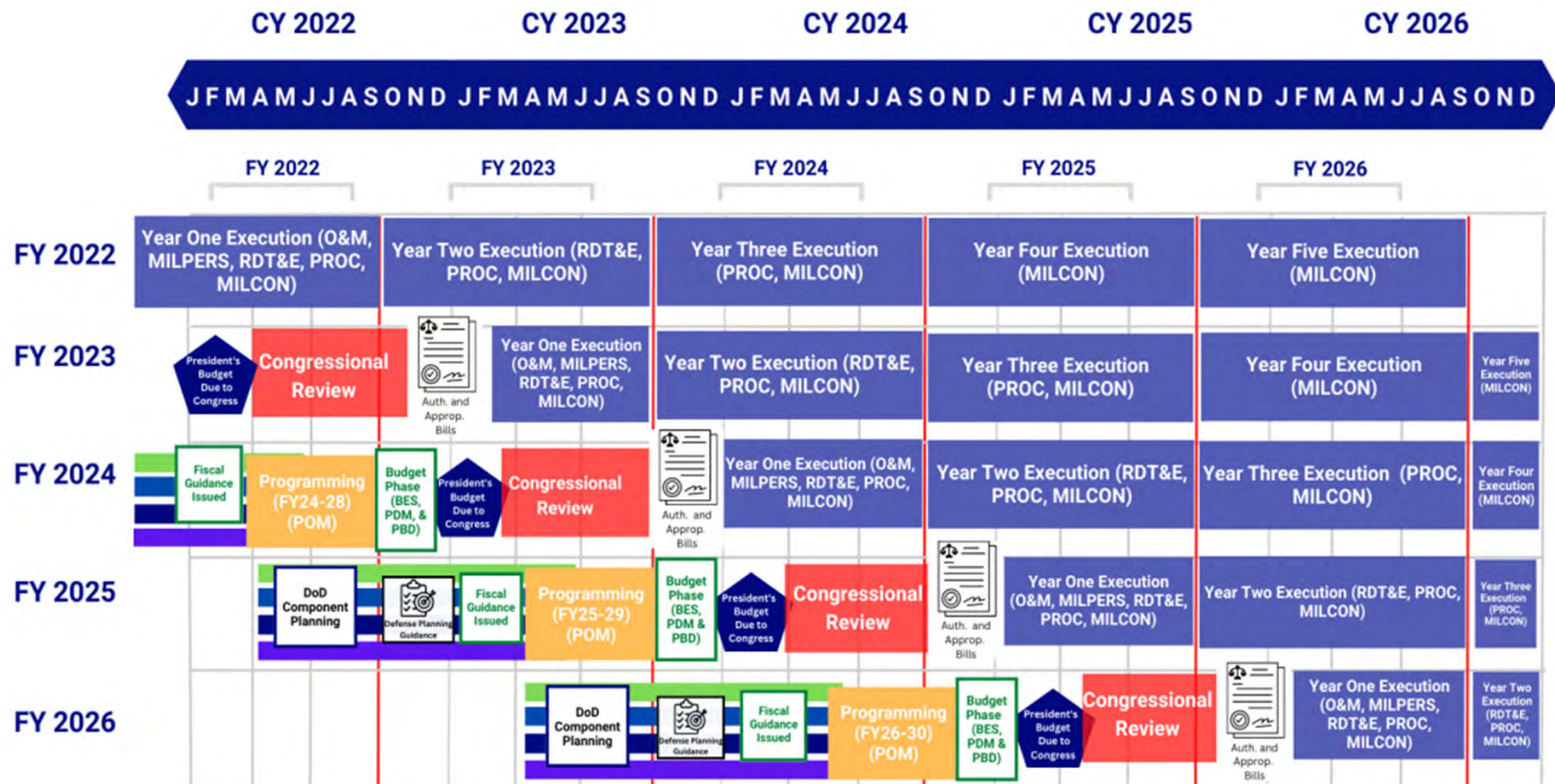
- **Planning**: predicting and describing the most likely future strategic environment and defining the military capabilities it requires
- **Programming**:
 - Resource allocation: assigning assets to meet identified missions according to established priorities
 - Program integration: identifying/analyzing mission shortfalls and duplications and suggesting alternatives for minimizing or eliminating them
- **Budgeting**: producing an annual budget for presentation to Congress, linking missions to requested funding
- **Execution**: operate in the real world; make adjustments





PPBE Timeline

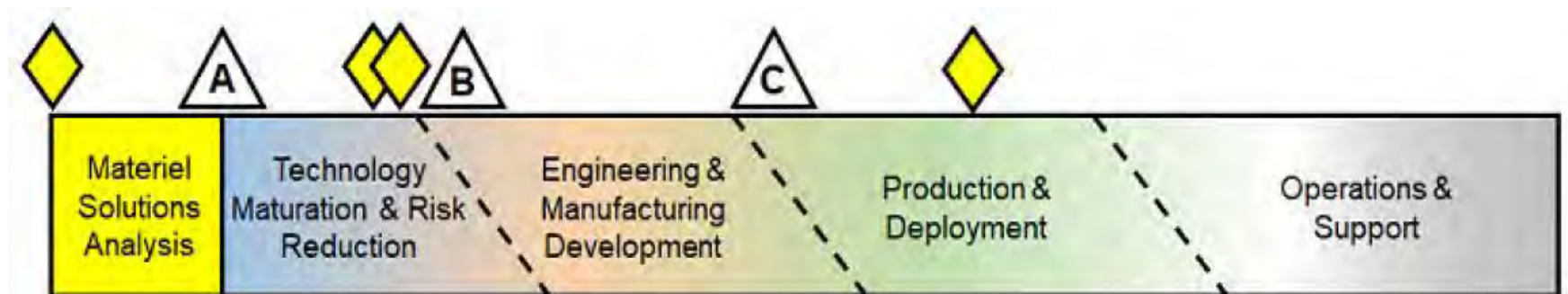
- Calendar-driven process: need to view required actions, events, and decisions along a timeline that accounts for multiple fiscal and calendar years





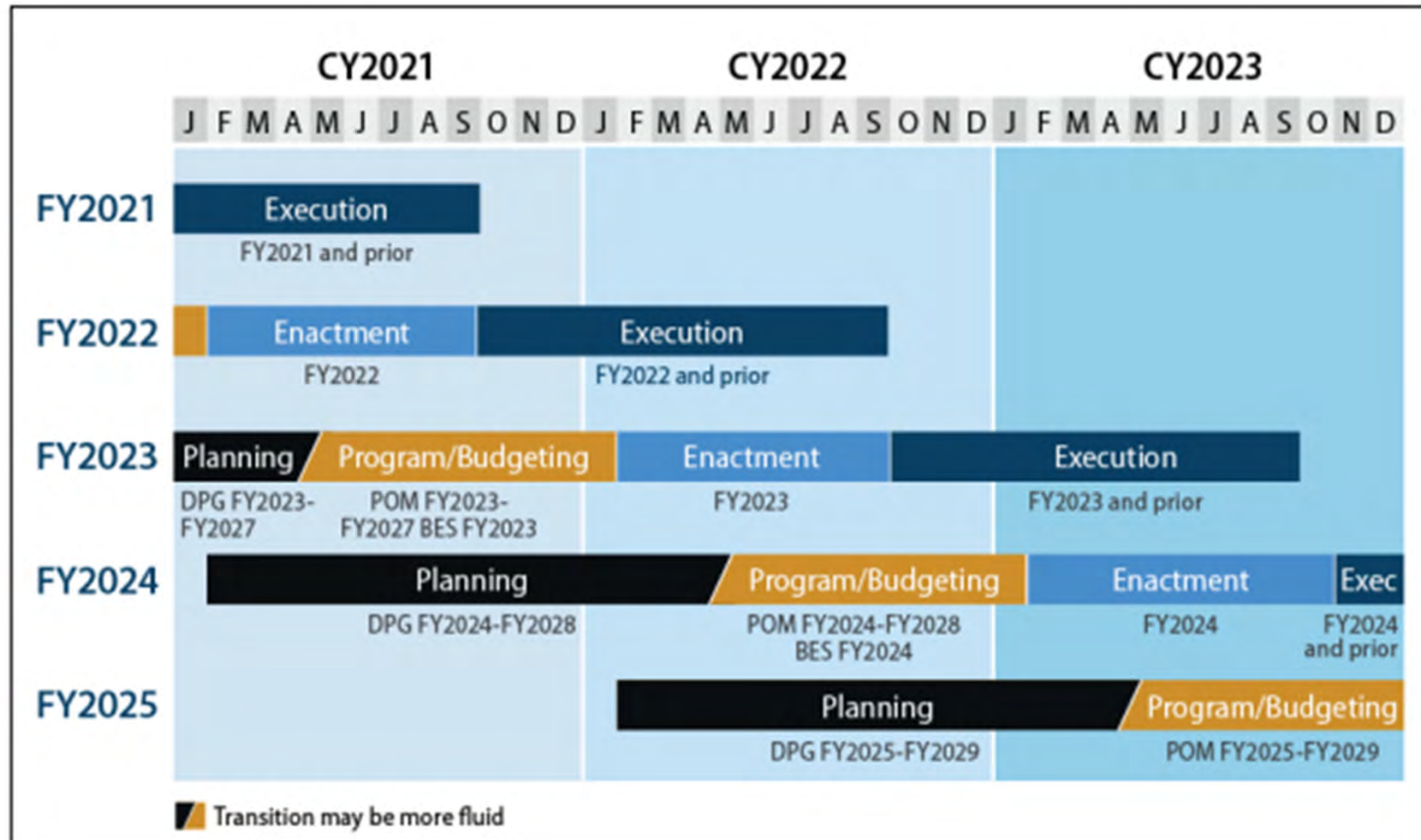
PPBE and the DAS

- PPBE is calendar-driven process, while the Defense Acquisition System (DAS) is an event-driven process. Once a program is initiated, resources allocated through PPBE may impact a program's execution plans in DAS





Timeframes of the Navy PPBE process



Source: Figure created by CRS based on DAU references.

Notes: Timeline is notional. CY is calendar year; FY is fiscal year. Execution as shown is based on appropriations available for one year.



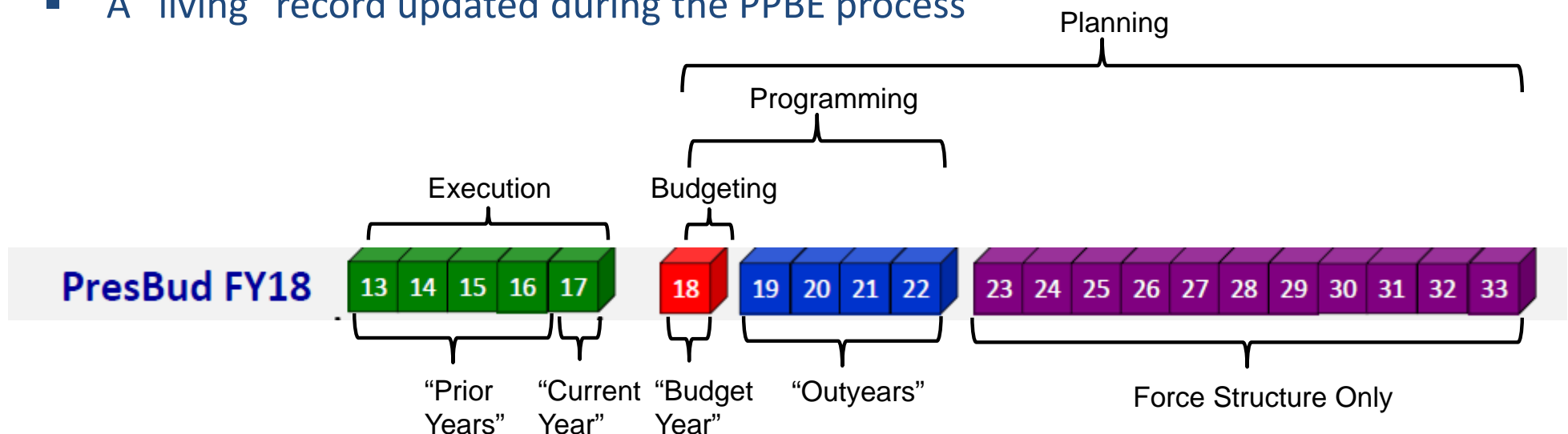
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Future Year Defense Program (FYDP)

- DoD's internal database that is used to track the department's resource allocations
 - DoN's access-controlled database is the Navy Program Budget Information System (PBIS)
 - Projects DOD funding, manpower, and force structure needs over a **five-year period**
- Contains Prior Year (PY), Current Year (CY), Budget Year (BY) + 4 Out-Years (POM) + additional years for force structure only
- A "living" record updated during the PPBE process

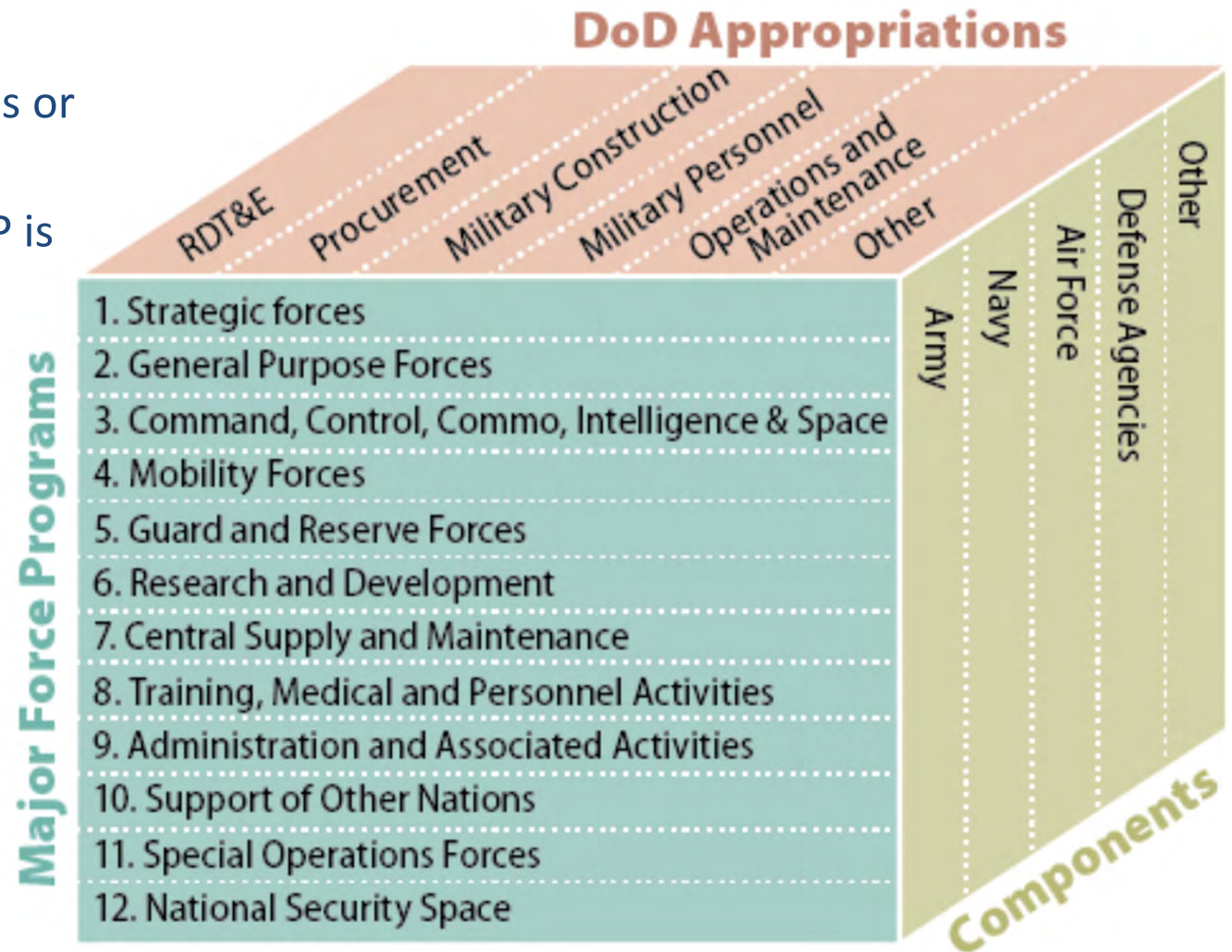


The primary purpose of the FYDP is to track DoD funds, force structure, and personnel strength throughout the PPBE process



FYDP Structure

- Allows users to identify, sort, and display DoD plans or programs by resource
- Every resource in the FYDP is categorized across 3 dimensions/categories:
 - Major Force Program
 - Appropriation
 - Component/Agency





FYDP Structure: Major Force Programs

- The FYDP organizes the data into 12 different Major Force Programs (MFPs)
- MFPs provide a:
 - Macro-level reflection of resources necessary to achieve DoD's force missions or support missions
- Six MFPs are considered combat force programs (*) and six are considered support programs

1. Strategic forces *
2. General Purpose Forces *
3. Command, Control, Commo, Intelligence & Space *
4. Mobility Forces *
5. Guard and Reserve Forces *
6. Research and Development
7. Central Supply and Maintenance
8. Training, Medical and Personnel Activities
9. Administration and Associated Activities
10. Support of Other Nations
11. Special Operations Forces *
12. National Security Space



FYDP Structure: Appropriations

- Appropriation categories are the major funding classes by which Congress provides funds for all Federal agencies including DoD





FYDP Structure: Component / Agency

- The FYDP tracks funds for each of the three military services and other DoD agencies that request funding through the DoD PPBE process
- Each data set may contain funding from different appropriation categories and different MFPs





FYDP Structure: Program Elements

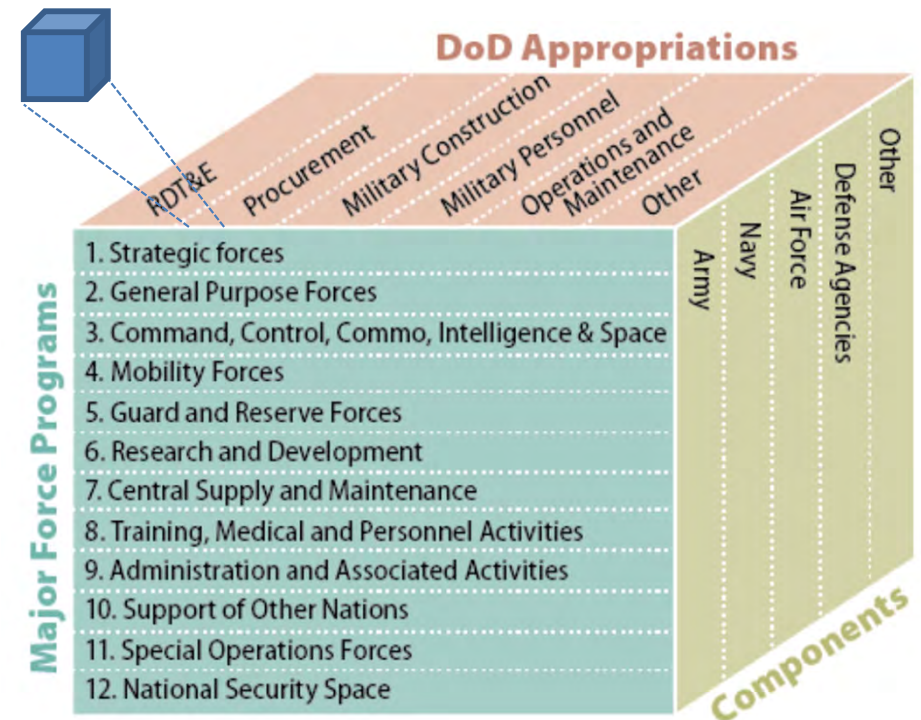
- Resources are assigned to a MFP using a unique program element (PE) code
 - 12 MFPs include thousands of PEs
- Each PE is a unique alphanumeric codes used to track and identify resources
 - PEs enable a user to identify allocations such as the total resources assigned to a program, the weapon systems and support systems within a program
 - As narrow as a specific platform (i.e., Navy F/A 18 squadron)
 - As broad as Air Force long range strategic planning
 - Single PE may encompass funding from several appropriations
 - e.g., PE for a weapon systems may include Procurement funds to purchase new subsystems and Operations and Maintenance (O&M) to maintain the fielded subsystems

PEs enable identification of allocations to programs and support systems



FYDP Structure: Program Elements

Program Element





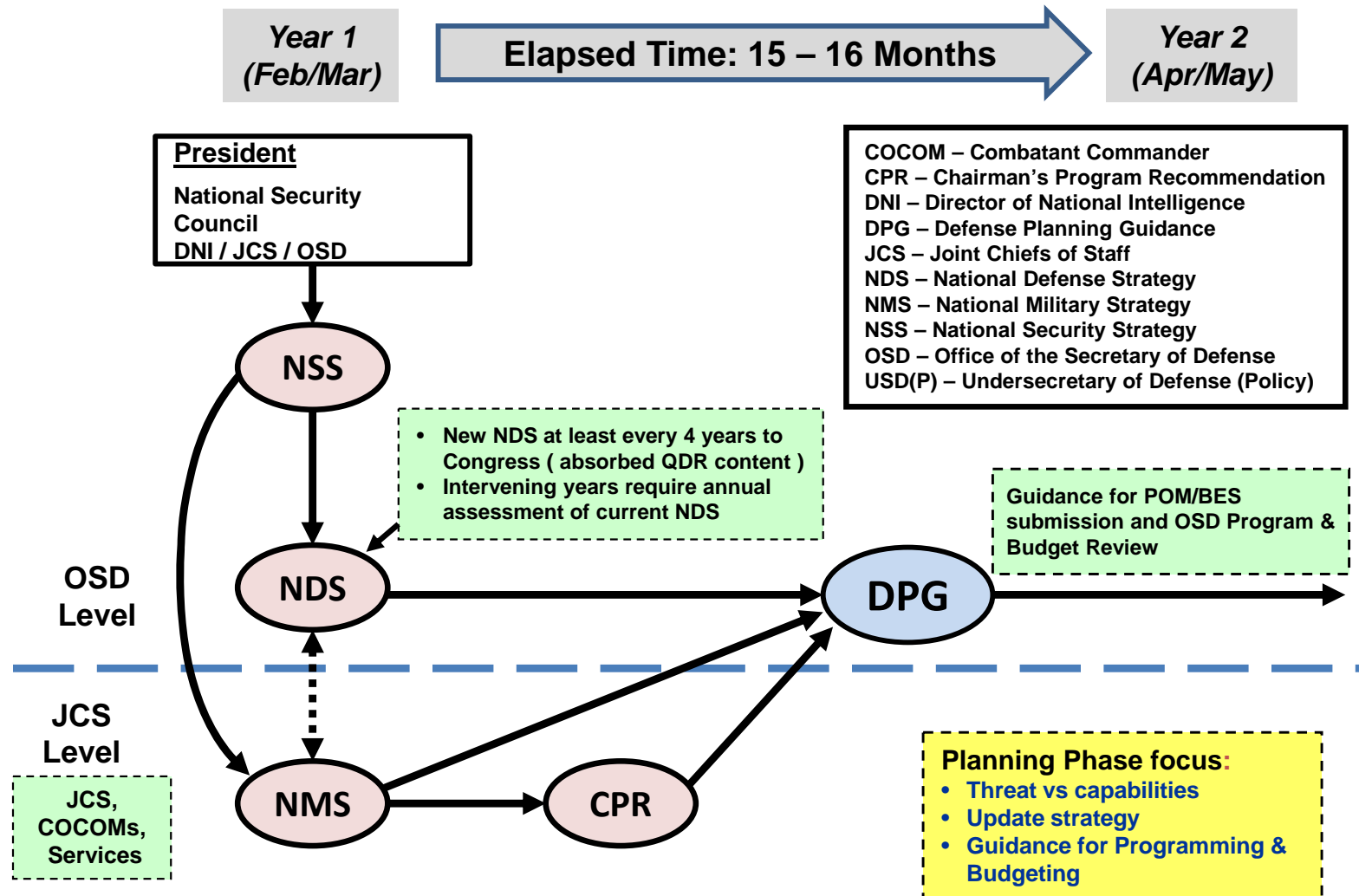
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Planning Phase

PPBE - PLANNING - LED BY USD (P)





Planning Phase Key Documents

- Chairman's Program Recommendation (CPR)
 - Chairman of the Joint Chiefs of Staff (CJCS) coordinates with Joint Requirements Oversight Council (JROC) and COCOMs to identify priorities for input into the Defense Planning Guidance (DPG)
 - Focus is on warfighting areas (strike, mine warfare, etc.)
 - **Signed by CJCS**

- Defense Planning Guidance (DPG)
 - Direction on force structure and resource priorities to execute the strategy
 - Drafted by the USD (Policy), **signed by the SECDEF**
 - Issued to Services as direction for Program development
 - Contains threat assessment, strategy, policy, force planning, resource planning, fiscal guidance, etc.
 - Service Secretaries are expected to program within guidance
 - Classified document

DPG is the end product of the planning phase



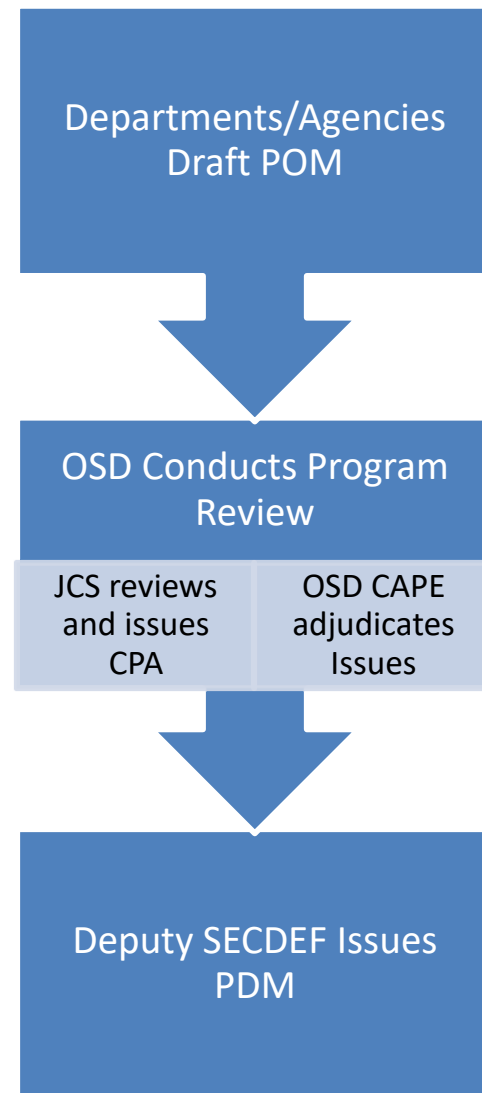
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Programming Process Overview

- Each department and DoD Agency creates a **Program Objectives Memorandum (POM)**, which is a time-phased allocation of resources across all programs within the service/agency
 - Crafted to comply with strategic and fiscal guidance
 - Covers a period of 5 years, starting with the budget year
- OSD conducts a Program Review to allow SECDEF to make resource decisions and ensure POM is compliant with strategic guidance
 - JCS reviews the POM submissions and CJCS signs out the **Chairman's Program Assessment (CPA)**, which assesses compliance with strategic guidance
 - OSD Cost Analysis and Program Evaluation (CAPE) reviews for balance, cost effectiveness and value to the warfighter, and manages "issue" resolution (adjudication of tradeoff decisions)
- Deputy SECDEF signs out **Program Decision Memoranda (PDM)**, which approves POMs as modified by the Program Review





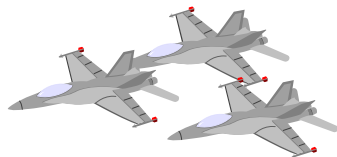
Navy Programming Process

- Top-down fiscal guidance
 - Fiscal controls are imposed by higher echelons on lower echelons
 - OMB -> OSD -> DoN -> OPNAV -> Resource Sponsor -> Program
- Bottom-up POM submissions
 - Units propose and justify the resources necessary to perform their missions
 - PMW 160 -> PEO C4I -> OPNAV N2/6 (Resource Sponsor)
 - Proposals across all Resource Sponsors are integrated by OPNAV N8 to create the Navy Tentative-POM
 - DoN integrates Navy and USMC POMs and **SECNAV signs out the DoN POM**
- Issues
 - As the POM is constructed, proposed changes from previous funding levels are called issues and have a tracking and adjudication process



POM Resources

- Allocation of future resources
 - Buy programs that provide capabilities from planning phase
 - Allocate in each FY over the FYDP
 - Each has an established/approved “price”
- Three types of resources
 - Quantities. Equipment procured during a FY
 - End strength. Manpower planned at the end of a FY
 - Money. For all other programs



Qty	3
\$/each	\$75,000K
Subtotal	\$225,000K

End strength	25
\$/each	\$120K
Subtotal	\$3,000K

Flt Hours	3,000
\$/hour	\$5,000
Subtotal	\$15,000K

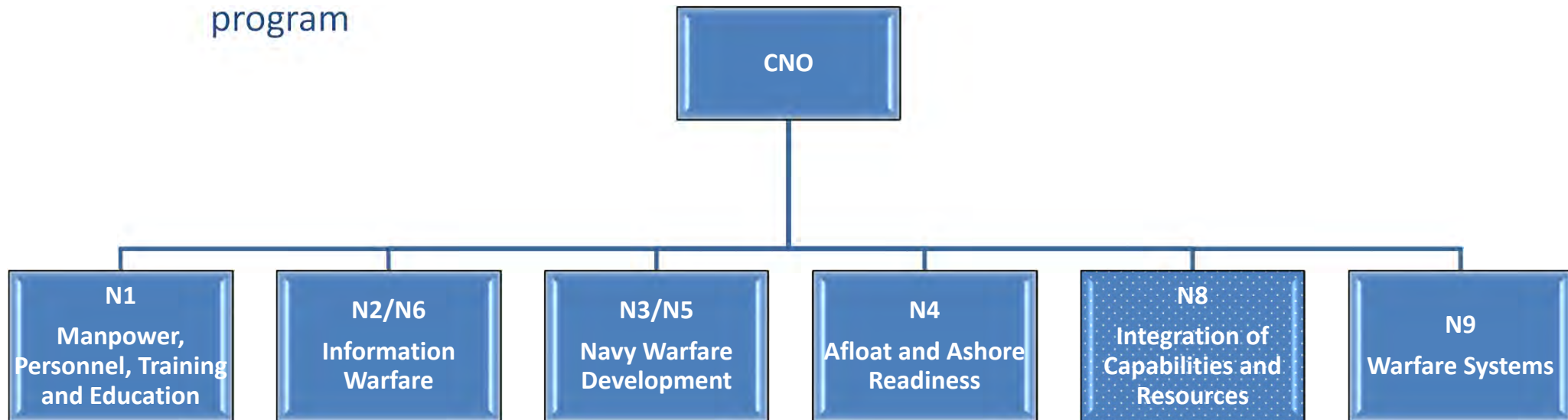
**Total F/A-18
Resources
(for one FY)**

\$243,000K



The Navy POM Process: Resource Sponsor

- Resource sponsors are responsible for specified subsets of resources constituting certain warfare areas or supporting tasks
 - Defining, advocating, and defending requirements
 - Translating requirements into program and resource requirements
 - Ensuring an effective and balanced program within assigned fiscal controls
 - Assisting during internal Navy budget reviews in order to maintain a balanced program

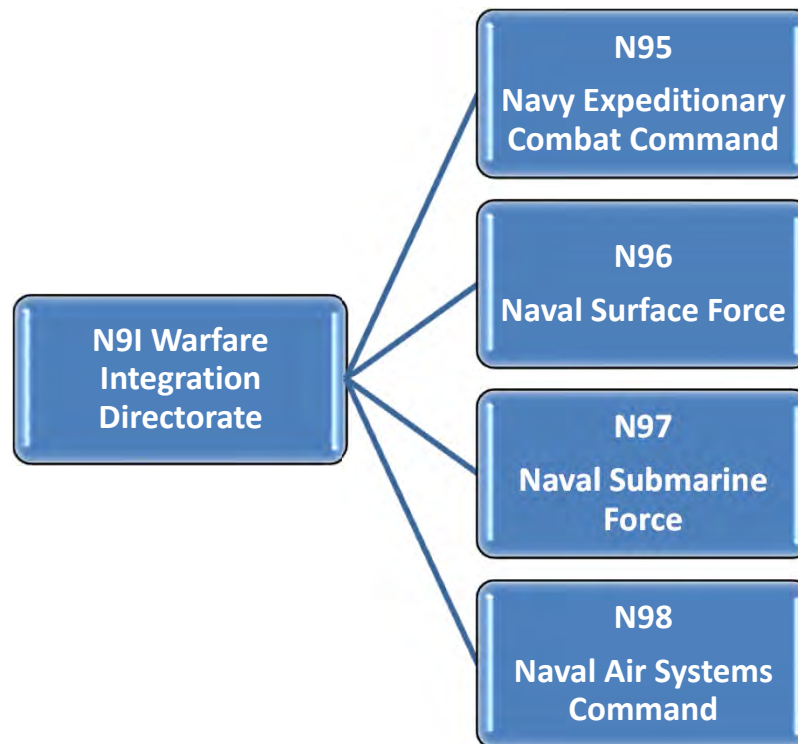


- N8 leads the process to balance the Navy POM



Resource Sponsor: N9

- N9-Warfare systems is the advocate for the largest portion of the Navy's Total Obligation Authority (TOA) each year
 - Responsible for determining, integrating, and resourcing expeditionary, surface, undersea, and air warfare requirements and their associated systems, manpower, training, and readiness requirements





Navy Programming Exercise

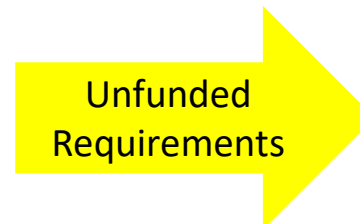
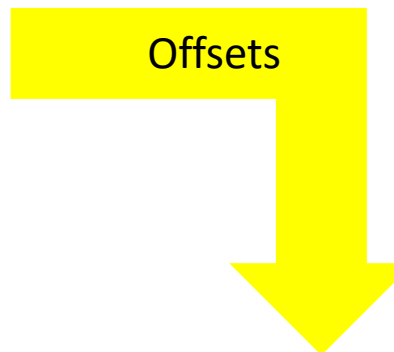
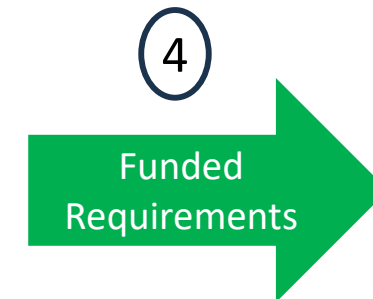
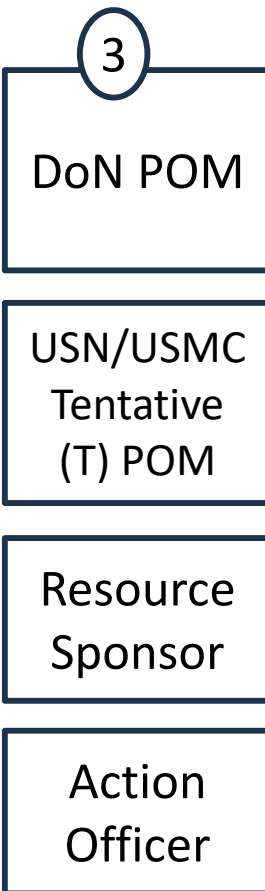
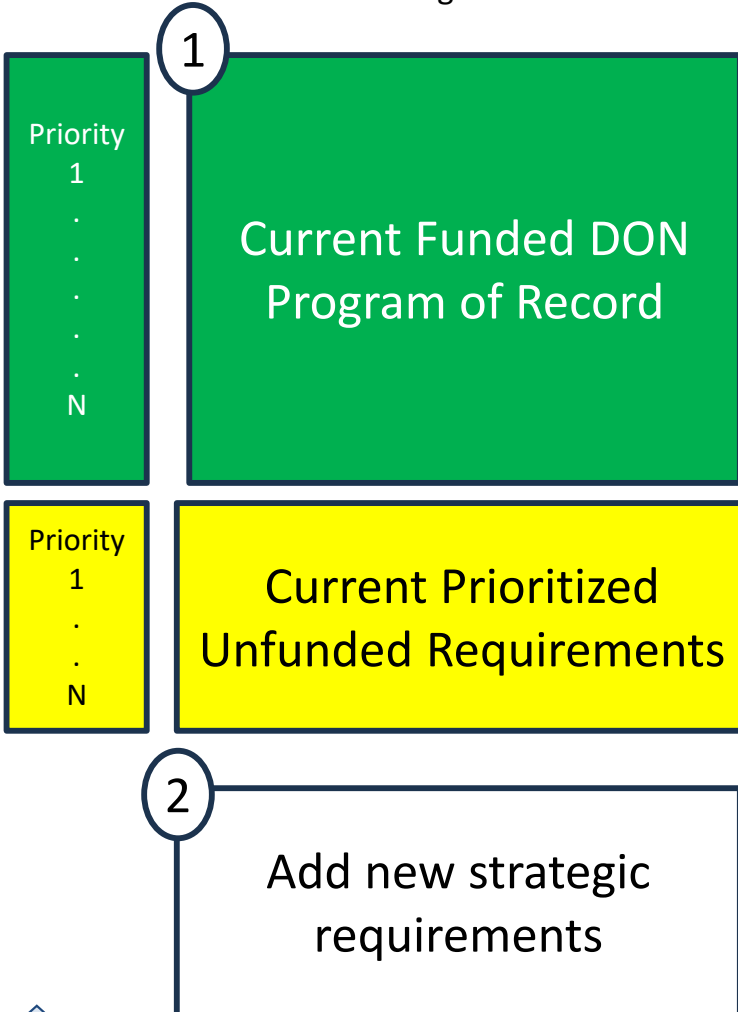
POM 26

POM 27

Start with existing baseline

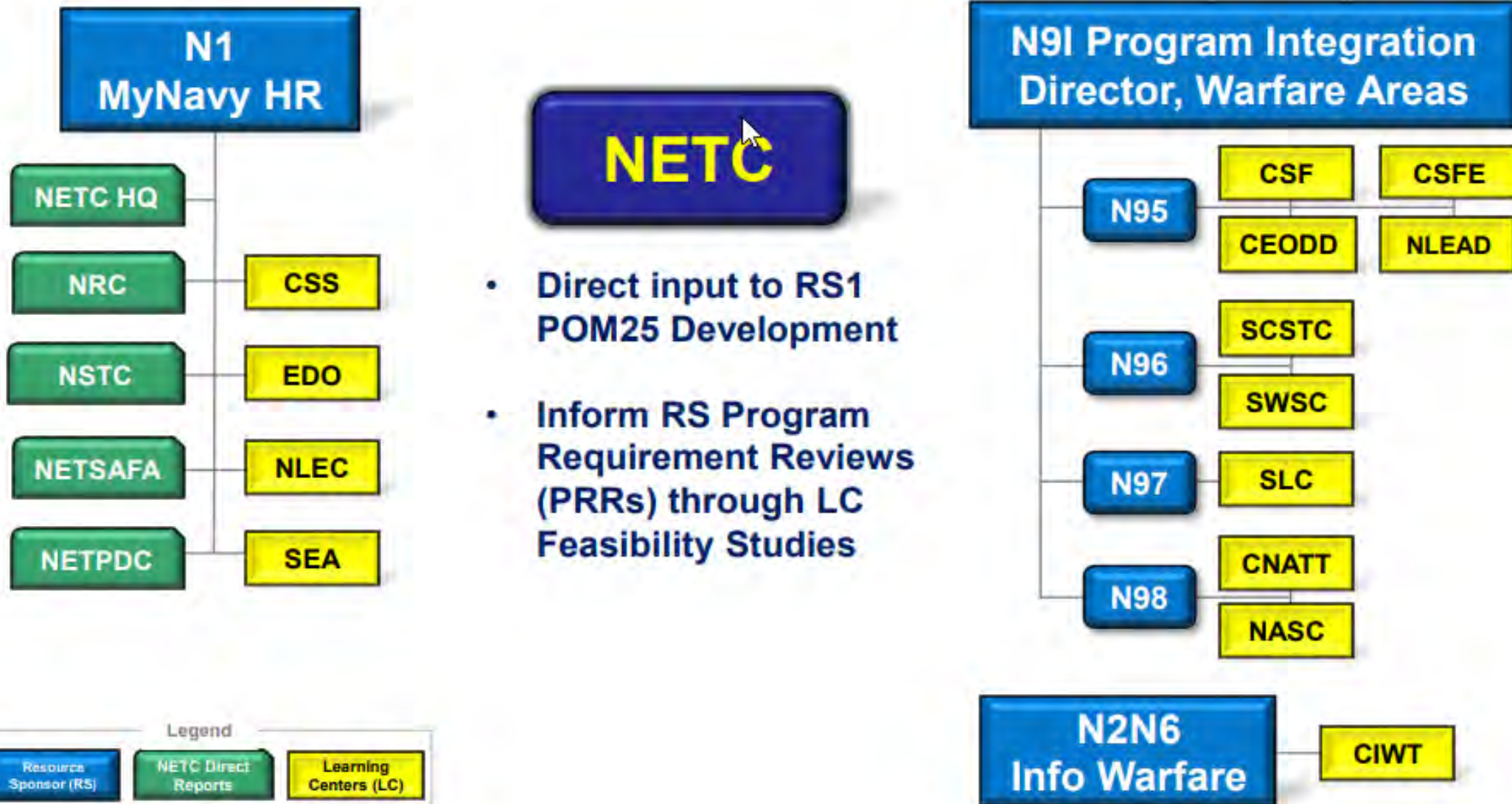
Create, deliberate,
integrate inputs

Finalize Choices





POM Example: NETC Role in POM26 Development





POM Example

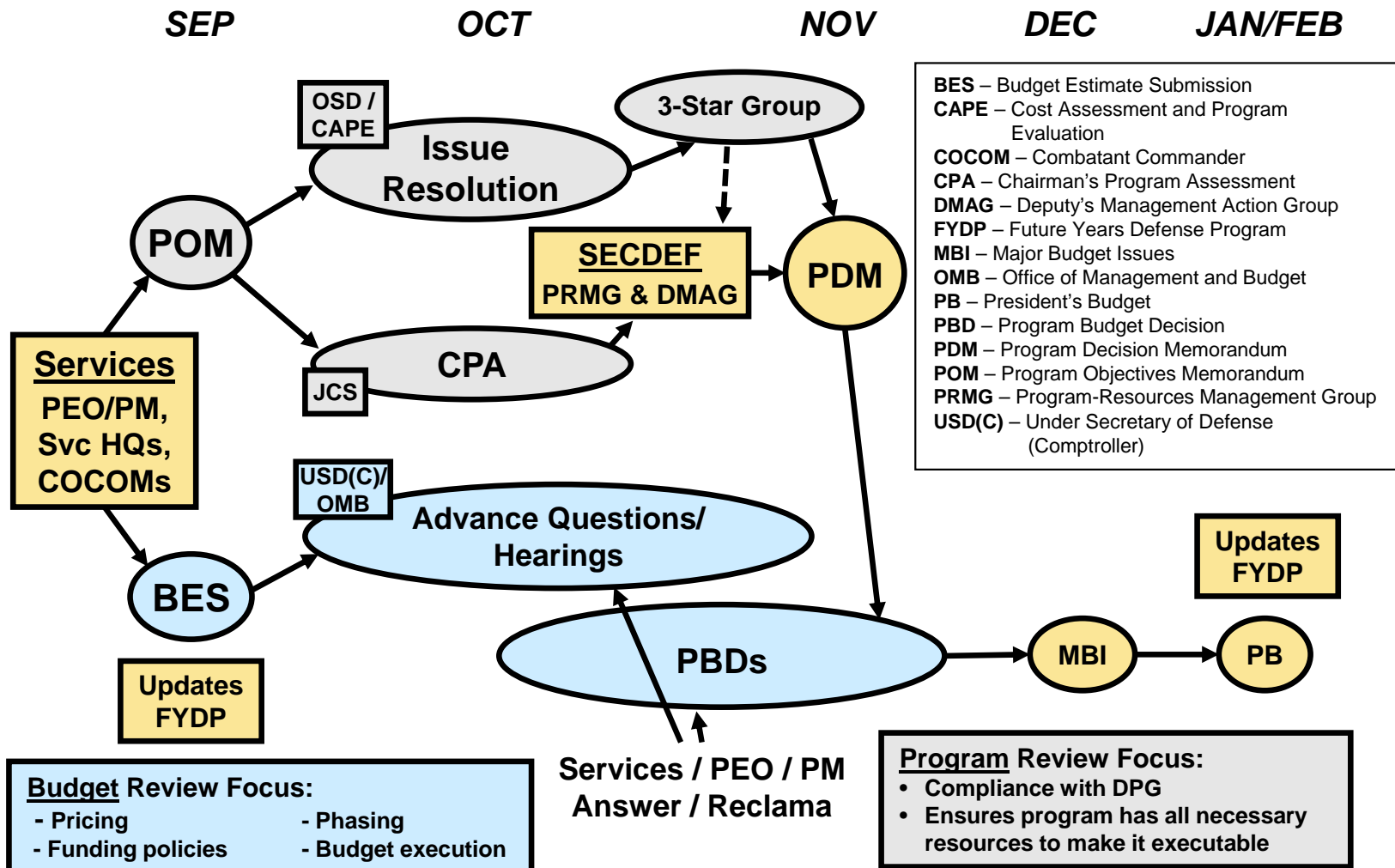
- POM-23 Submission for DDG 1000 Combat Systems
 - Coordinated across 3 stakeholders
 - Resource Sponsor: OPNAV N96E
 - Ship Program Manager: PMS 500
 - Combat Systems Program Manager (PARM): PEO IWS 9.0
 - Detailed POM slides to support 3 ships
 - 4 specific Program Elements across 5 fiscal years
 - Addressed issues from cybersecurity to spares

OMN - PE 0204202N, LI 1B5B, 15BU0								
Priority	ISSUE SUMMARY (\$K)	FY23	FY24	FY25	FY26	FY27	TOTAL	APPN
BES-22 POR		129.5	124.5	145.3	147.6	150.5	697.4	OMN
	CS Software	88.0	72.5	83.9	85.0	86.5	415.9	OMN
	CS Sustainment	34.9	22.9	31.6	33.4	35.0	157.8	OMN
	Conventional Prompt Strike (CPS)	6.6	29.1	29.8	29.2	29.0	123.7	OMN
Proposed Additions								
Priority 1								
1	HM&E, Platform, & C4I Cybersecurity	0.5	0.5	0.5	6.8	6.8	15.1	OMN
Total Additions		0.5	0.5	0.5	6.8	6.8	15.1	OMN
POM-23 Requested POR		130.0	125.0	145.8	154.4	157.3	712.5	OMN



OSD Program Review

PPBE - CONCURRENT PROGRAM/BUDGET REVIEW





Programming Phase Key Documents

■ POM

- Services input
 - **POM is a time-phased resource allocation to support Defense Planning Guidance (DPG)**
- Issues developed, alternatives formulated and briefed by 3-star group to Senior Leadership Review Group
- Review POM compliance with DPG and National Military Strategy (NMS)
- POM signed by each Military Department (**SECNAV for the Navy**)

■ PDM

- SECDEF direction to Services
- Summarizes all decisions and approves Component POM as modified by OSD Program/Budget Review
- Decisions incorporated into the budget
- Ends the programming phase
- **Signed by the Deputy SECDEF (delegated)**



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 - **Budgeting**
 - Execution



Programming vs Budgeting

■ Programming

- Used to achieve balanced allocation of limited resources with respect to risk and strategic priorities **within DoD**
- OSD-developed process
- Process differs greatly between services and agencies
- Input for budget year plus 4 out years (FYDP)

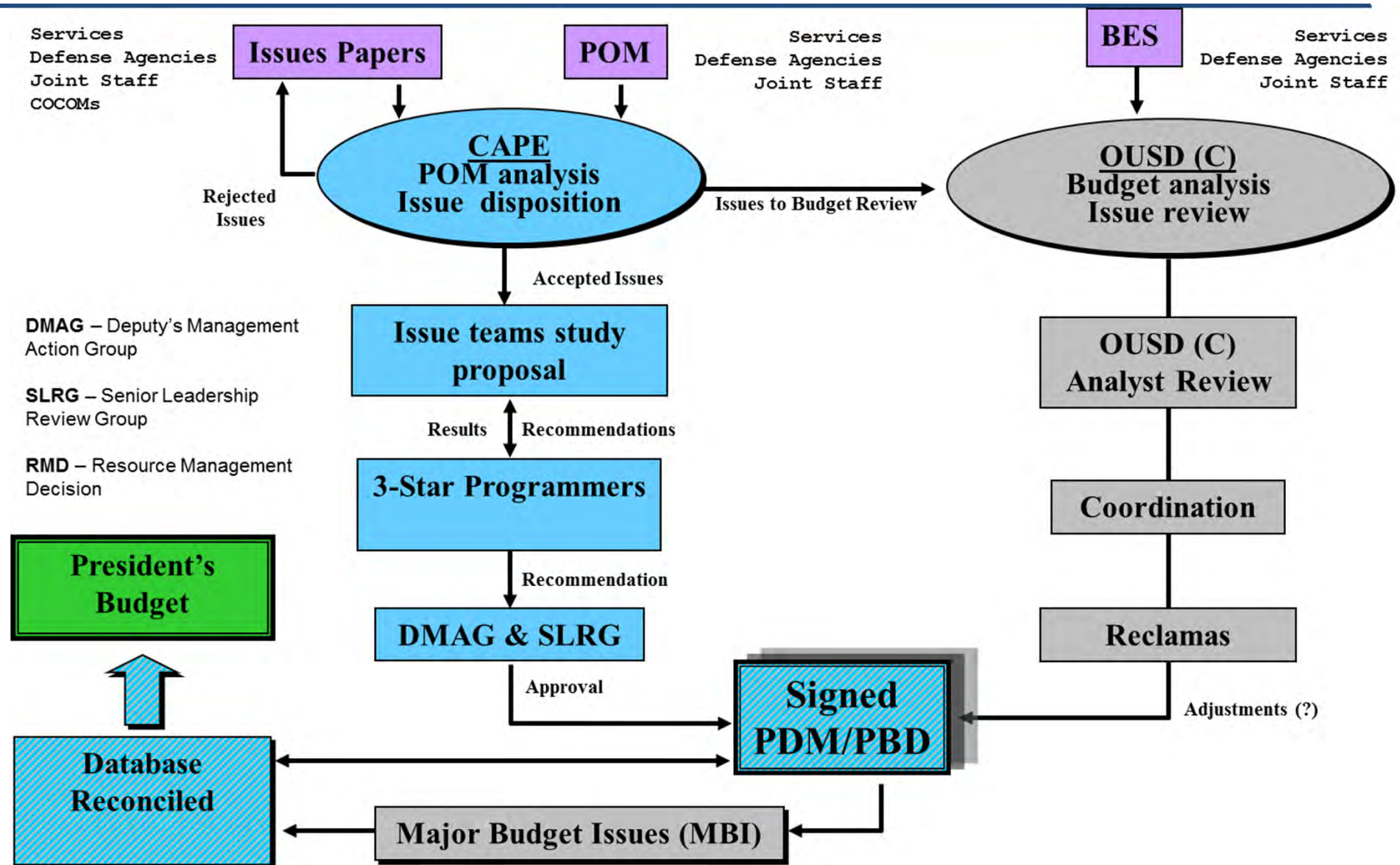
■ Budgeting

- Used to communicate DoN and DoD intent **outside DoD** and to provide input to the president's budget
- Constitutionally-derived process
- Process is largely the same across services and agencies
- Input for budget year only (the first year of the 5-year FYDP)

Programming is DoD's internal tradeoff process that supports providing strategically aligned, coherent input to the Government-wide budgeting process



OSD Budget Review





Budgeting Phase Key Events and Documents

- Budget Estimate Submission (BES)
 - Services provide budgets or Budget Change Proposals to OSD in appropriation format
 - Input prepared by Ech II Budget Submitting Offices (BSOs)... more on this in 3.1.5
 - **Signed by each Service Secretary (SECNAV for Navy)**
- Budget Hearings
 - Advanced questions to Services on programs
 - Joint OSD and OMB hearings
- Program Budget Decisions (PBDs)
 - Directs adjustment of Service budget
 - Services prepare reclaims
 - **Signed by Deputy SECDEF (as delegated down by SECDEF)**
- Major Budget Issues (MBI)
 - Last chance for Services to present issues to OSD to affect President's Budget
 - SECDEF decides and submits DoD Budget to OMB
- President's Budget (PB)
 - Submitted to Congress by first Monday in February



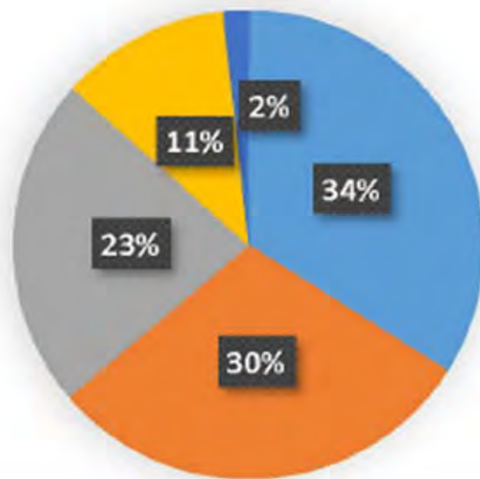
Budgeting Phase Key Events and Documents

- PBD issued by USD(FM&C) analysts after thorough review of POM/BES and questions/answers from the OSD/OMB budget hearings
- PBDs used to adjust the POM/BES and primarily address the budget year
- Draft version PBDs are vetted throughout the OSD staff and Services/Defense Agencies for comment, a.k.a. reclama
 - A reclama (or alternative position) is generated by the affected party and is stated in concrete operational impacts and business case scenarios
 - After consideration, the USD(FM&C) provides a recommendation to the Deputy Secretary of Defense, who makes the final decision and signs the final PBD



What Do Budgets Look Like

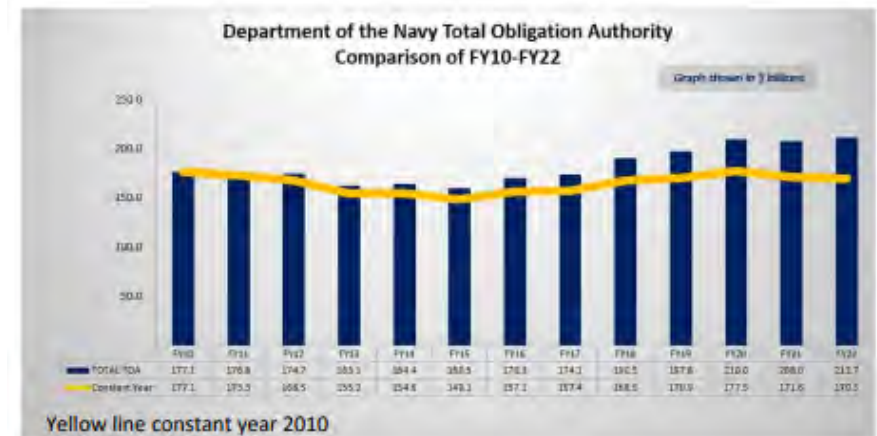
(excerpts from DoN FY22)



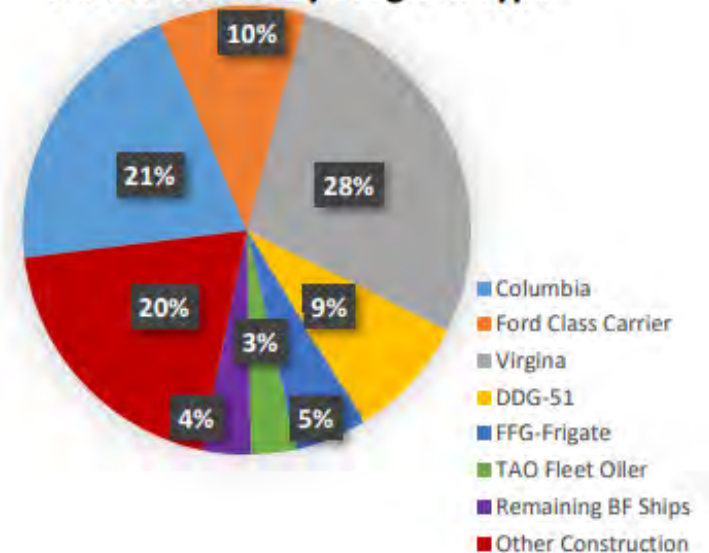
Navy Total FY23
\$180.5B

- Operation & Maintenance
- Procurement
- Military Personnel
- Research & Development
- MILCON & Family Housing

Navy Total (\$B)	FY22 Enacted	FY23 PB	Delta	% Diff
Operation and Maintenance	59.05	61.41	2.36	4.0%
Procurement	50.98	53.75	2.78	5.4%
Military Personnel	39.96	41.19	1.24	3.1%
Research and Development	19.25	21.02	1.77	9.2%
MILCON & Family Housing	2.87	3.13	0.26	9.1%
Revolving and Management Funds	0.15	-	-0.15	-
Total	172.26	180.51	8.25	4.8%



% of Total SCN by Program Type





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Execution Phase

- Purpose: assess programs-of-record against actual performance and adjust program plans and budgets to minimize near-term financial risk
 - Confirm program schedules
 - Adjust financial resources
 - Reset pricing based on actuals
 - Realign excess resources for other priority needs
- Activities
 - Mid-year review
 - Reprogramming
 - Supplemental appropriations
 - Financial closeout
- More in 3.1.4 Budget Execution



Phases of the PPBE Process Review

■ Planning

- Identifies capabilities required to deter and defeat threats
- Defines national defense policies, objectives, and strategies
- Products are the **CPR and DPG**

■ Programming

- Allocate resources to support Dept of Navy, Army, etc., roles and missions
- Translates planning decisions into time-phased resource requirements
- Cost out force objectives for six years
- Products are the **POM and PDM**

■ Budgeting

- Review is on proper budget justification and execution
- Products are the **BES, PBD, and the DoD portion of President's Budget**

■ Execution

- Concurrent with program/budget review
- Develop performance metrics
- Assess actual output against planned performance
- Adjust resources to achieve desired performance goals



Summary

- What are the four phases of the DoD financial management process?
- What are the two primary products of the planning phase?
- Who signs the two documents mentioned above?
- What are the building blocks of the FYDP that identify functional or organizational entities and their related resources?



Summary

- This document is the end product of the planning phase and is signed by the SECDEF?
- The POM/BES is signed by ... and the PDM/PBDs are signed by ...