

Defense Resource Management

Planning, Programming, and Budgeting System

Planning, Programming, Budgeting, and Execution System

Planning, Programming, Budgeting, and Execution Process

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View this presentation in slideshow as it has moving parts to a number of the pages.

Why Do We Study PPBE?

- Policy Is What Gets Funded
- Allocates about 60% of the Federal Discretionary \$
- Including the \$ that pay you
- System Everyone Loves to Hate

What PPBE Process Is

- **The Strategic Planning Process for DoD**
 - Forecasts the more likely future environments
 - Determines military capabilities needed for them
- **The Resource Allocation Process for DoD**
 - Allocates resources to missions
 - Constrains plans and establishes priorities
- **The Program Integration Process for DoD**
 - Analyzes mission shortfalls & duplications
 - Evaluates best approach for addressing them
- **The Budget Formulation Process for DoD**
 - Produces the annual budget
 - Links the budget to missions and strategies



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He rejected radical organizational changes, such as those proposed by a group Kennedy appointed, headed by Sen. W. Stuart Symington, which would have abolished the military departments, replaced the JCS with a single chief of staff, and established three functional unified commands. McNamara accepted the need for separate services but argued that "at the end we must have one defense policy, not three conflicting defense policies. And it is the job of the Secretary and his staff to make sure that this is the case."

DoD Bio of RSM available at Defense Link.
SECDEF 61 to 68, Hickel SEC Interior 69-70

A Little History

*...and war is not an affair of arms, but of **money** which gives to arms their use, and which is needed above all things when a continental is fighting against a maritime power: let us find **money first**, and then we may safely allow our minds to be excited by the speeches of our allies.*



*Archidamus as quoted by Thucydides, 1.83
Circa 400 BC*

A Little Relevant History

- **National Security Act of 1947/DoD Reorganization Act of 1958**
- **Role of the SECDEF:**
 - Allocate money to the services, monitor compliance, arbitrate disputes
 - Personally grasp strategic issues and provide active leadership

A Little More History

- **In 1958 SASC told SECDEF to select Army Nike-Herc or Air Force Bomarc for continental air defense**
- **Service Opinions:**
 - Army: Interceptors and Nike
 - Air Force: Interceptors and Bomarc
 - Navy: No need for more continental air defense
- **Result – Arbitrary cut across all forces**
- **Secretary McNamara Implemented PPBS**

Times Are Tough for Everybody

“I, after pushing for all of those years for governmental reform on Capitol Hill, now sit on the largest bureaucracy in government and I feel something like Captain Ahab. I have finally come face to face with the White Whale that I’ve been chasing all these years and I’m lashed to it.”

*William Cohen
Secretary of Defense
May 7, 1997*

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Maxwell Taylor, *The Uncertain Trumpet*, 1959, “Our military strategy today is more a result of administrative and budgetary happenstance than an analytical appraisal of requirements and resources.”

Enthoven and Smith, 1969, *How Much Is Enough*, “Defense budgeting was, in effect, largely unrelated to military strategy.”

Carl Builder, 1993, *Calculus or Charade*, “The calculus is unraveling. We can no longer link objectives and threats to the bills we would like to present.”

CORM Report, June 1995, “Although the current PPBS produces budgets on time, it often fails to facilitate thoughtful debate that effect roles, missions, and functions and, more importantly, defense priorities.” And, “The PPBS phases operate semi-autonomously rather than supportively, creating unnecessary turbulence and encouraging revisiting of prior decisions.”

Idealized Ground Combat Vehicle Program

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Systems							#	##
RDTE	\$	\$	\$	\$				
PROC				\$	\$\$	\$\$	\$\$	\$\$
MCA				\$		\$		\$
Ammo				\$\$	\$\$	\$\$	\$	\$
OMA			\$	\$	\$	\$	\$	\$
OMNG							\$	\$
CIV	##	##	##	##	#	#	#	#
MIL	#	#	#	#	#	#	#	#

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In this notional example the Army is developing and fielding a tank with increased capabilities. It uses RDTE to develop the tank, Procurement to buy it (long lead in 02). It must build new ranges and motorpools, hence the MCA (but we are fielding to one post every 2 years). We have to buy War Reserve Ammo up front and then annual training ammo. We need operations and maintenance money both to field the tank and then to sustain it (most O&M after a system is fielded would not be programmed here but in unit OPTEMPO accounts). And then we need O&M for the National Guard to overhaul the displaced tanks that will flow to them. Note that people are also programmed. In this case these are not unit level tankers but probably members of the PM office and fielding teams.

The message here is that the decision to field a tank has a lot of moving parts and the job of a programmer is to insure they stay linked.

Notional Army Budget (w GCV)

		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
RDTE	1	\$	\$	\$	\$	\$	\$	\$	\$
	N	\$	\$	\$	\$	\$	\$	\$	\$
PROC	1	\$	\$	\$	\$	\$	\$	\$	\$
	N	\$	\$	\$	\$	\$	\$	\$	\$
MCA		\$	\$	\$	\$	\$	\$	\$	\$
	.								
	.								
	.								
ALL APPNs		\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$

This chart shows that the budget is organized by appropriation and within appropriation by something called budget activity. Although if you dig you can find the various resource streams for our tank example from the programming phase, the budget is designed to highlight, for example, how much RDTE we got last year, how much we are asking for this year and why the changes. It seeks to insure we are paying the right unit cost for things (utilities, salaries, big ticket procurement items, etc.) but it is not oriented on determining if we are buying the right capabilities.

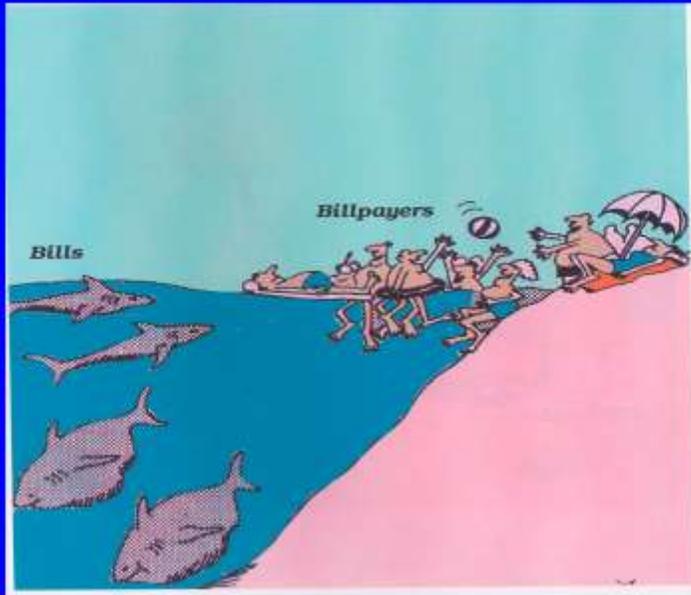
Now lets look at the process

The Resource Management Dynamic

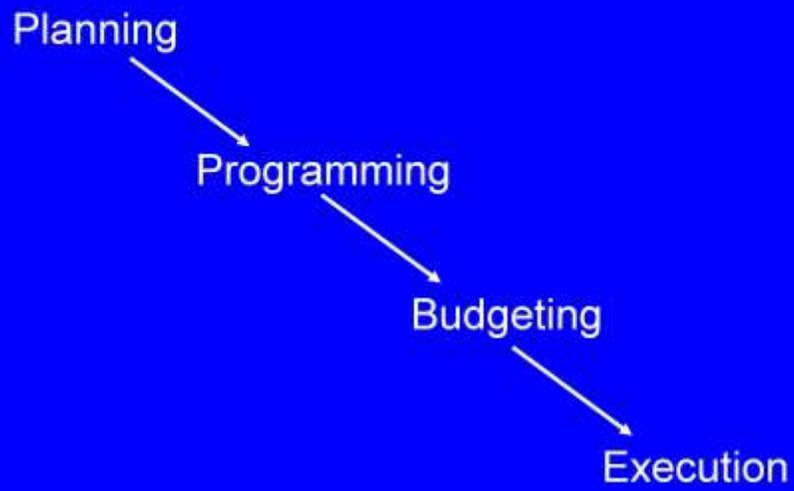
Bills & Billpayers

- A Bill is something you want to do that you do not have money for.
- A Billpayer is something you have money for that you are not going to do so you can do something new
- Goal – Use somebody else's billpayer for your bill

The Resource Management Dynamic



The Theory

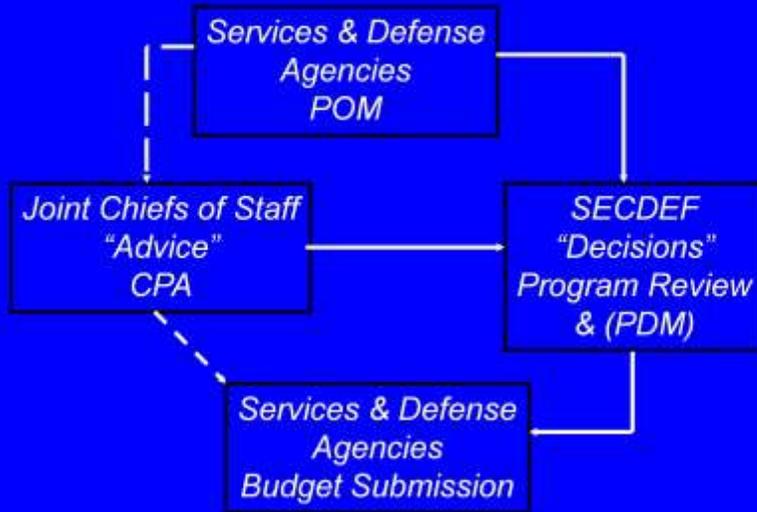


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Planning

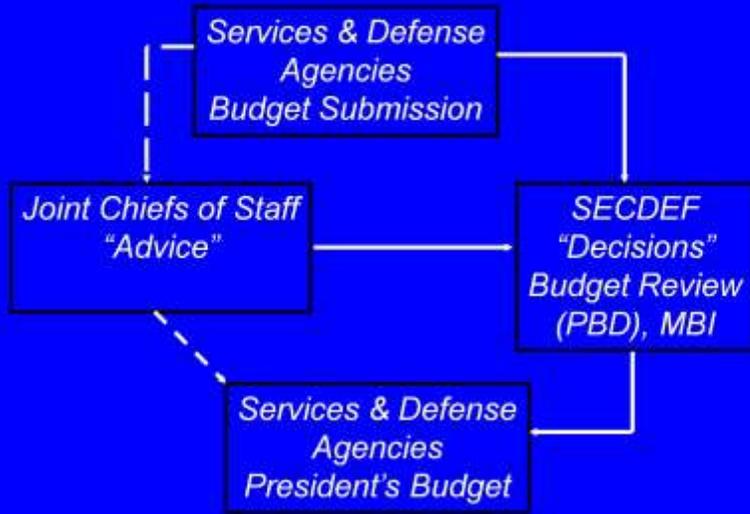


Programming



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Budgeting



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Execution



National Defense Authorization Act for Fiscal Year 2010
Subtitle C--Navy Programs

SEC. 121. LITTORAL COMBAT SHIP PROGRAM.

(a) Contract Authority-

(1) IN GENERAL- The Secretary of the Navy may procure up to ten Littoral Combat Ships and 15 Littoral Combat Ship ship control and weapon systems by entering into a contract using competitive procedures. Such procurement may also include—

SEC. 122. TREATMENT OF LITTORAL COMBAT SHIP PROGRAM AS A MAJOR DEFENSE ACQUISITION PROGRAM.

Effective as of the date of the enactment of this Act, the program for the Littoral Combat Ship shall be treated as a major defense acquisition program for purposes of chapter 144 of title 10, United States Code.

Department of Defense Appropriations Act, 2010
SHIPBUILDING AND CONVERSION, NAVY

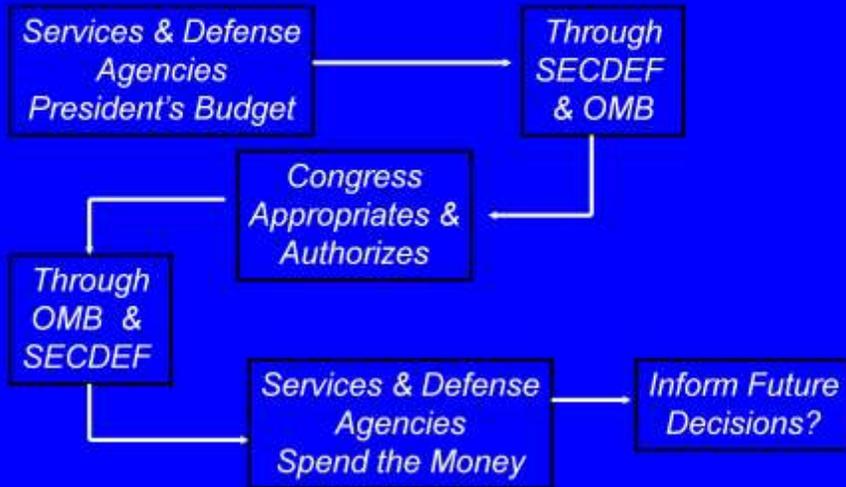
For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, includingfollows:

Carrier Replacement Program, \$739,269,000;

.....

Littoral Combat Ship, \$1,080,000,000;

Execution



“Budgeting” is so much fun because:

When faced with a 20 year threat,
the government responds with a 15 year plan,
in a 6 year defense program,
managed by 3 year personnel,
attempting to develop a 2 year budget,
which in reality is funded by a 1 year appropriation,
(which is typically 1 - 6 months late),
actually formulated over a 3 day weekend,
and approved in a 1 hour decision briefing!!

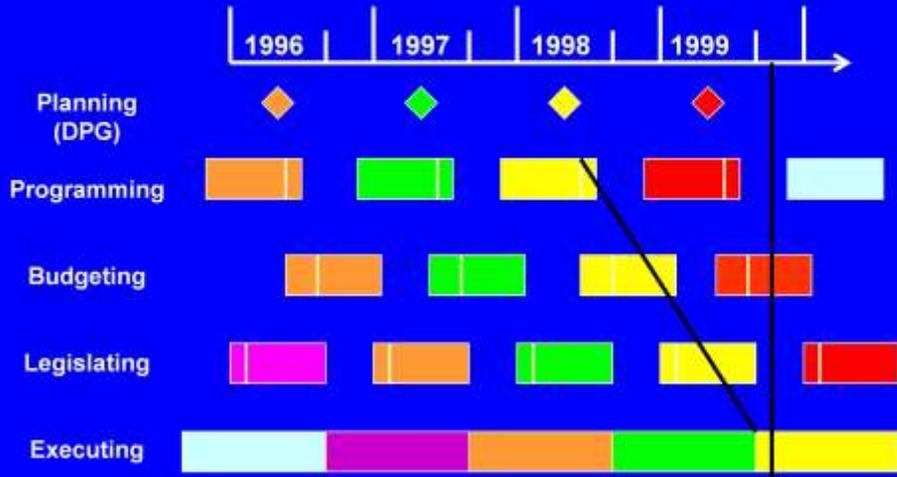
George Singley, out-going Dep Asst Sec Army for Research and Technology
Briefing to AUSA Silicon Valley Symposium
May 1995

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We have talked all the way through a single cycle of the process showing a clearly defined hand-off between the phases. Unfortunately the hand-offs are not clean, and adding complexity - there are several cycles of this process going on simultaneously.

◆ 98 - 03
 ◆ 99 - 03
 ◆ 00 - 05
 ◆ 01 - 05
 ◆ 02 - 07

Adding Reality



More “Reality”

Reprogramming

Omnibus Reprogramming

Supplemental Appropriation

Emergency Supplemental Appropriation

Bush/Rumsfeld PPBS

Concurrent Program and Budget Review

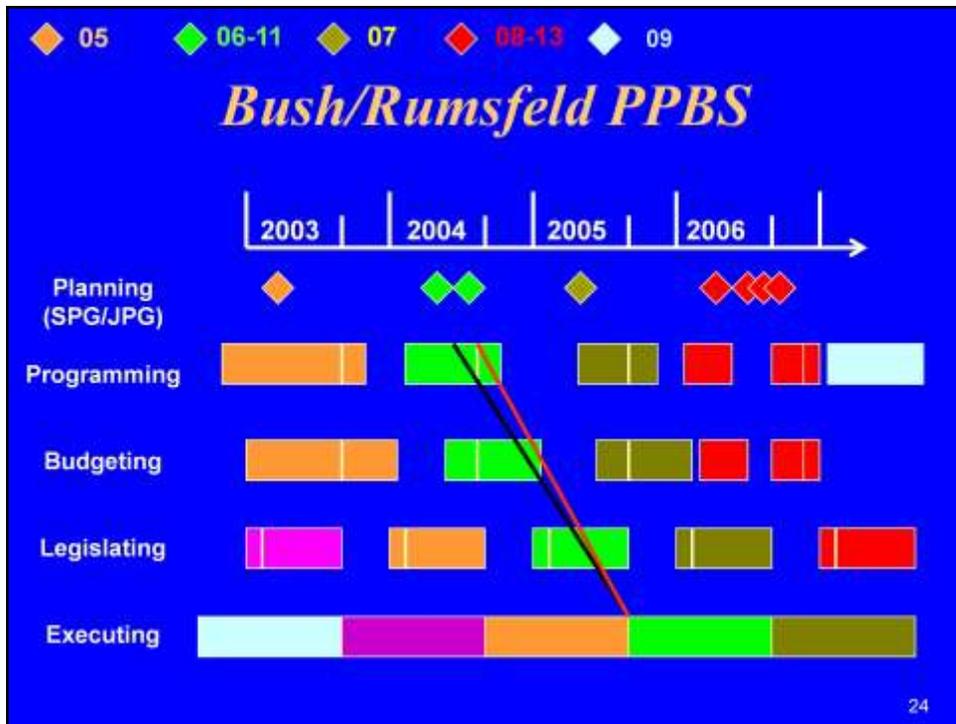
Four Year PPBE Process

- Quadrennial Defense Review 6 months later
- Defense Planning Guidance costed
- 2 Two Year Cycles
- Annual Foci
 - Year 1 Review and Refinement
 - Year 2 Formalizing the Agenda
 - Year 3 Execution of Guidance
 - Year 4 Ensuring the Legacy
- Emphasis added to execution

Streamlined, Collaborative, Competitive Process

- Strategy Planning Guidance – Policy, Strategy, Transformation
- Joint Programming Guidance – Fiscally Constrained, Directive

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PBD 753 Dec 2004



This is a KEY point in the presentation and recommends a fundamental change to the way we do business.

We've all struggled with the timing of the sequential PPBS process and the difficulty associated with implementing decisions 'off cycle', specifically acquisition.

First and foremost is the paradigm shift that processes should be continuous vice sequential.

Explicitly plans for a 4 year strategy cycle, with a two year internal cycle for detailed resource allocation decisions with the DPG as the decision vehicle to implement strategy.

Positions the strategy cycle as the principal driver of resource allocation decisions and removes perception that the budget drives it.

Assumes amending the law with regard to the QDR submission and revises the due date to the second year vice first year.

The President's budget remains an annual requirement.

It accommodates changes to the program of record (the FYDP) in the off-year, if events warrant.

Recognizes that acquisition is on a different decision track.

- Provides for a continuous assessment of joint capabilities.

- Establishes merging of Military Capabilities and Acquisition

- Allows for the rapid insertion of acquisition decisions at any point in the process.

- **2 Year Term**
- **Transform or get the job done?**
- **Management style and capacity**
- **What have we seen?**

Gates PPBE?

May 07

- No supplemental in 08
- Cut back Stop-Loss

Jan 08

- Separate bridge request
- Supplemental to come
- Focus on operations
- Repair civil military relations – engagement, accountability

Jan 09

- FY09 Bridge and Supplemental (OCO Definition)
- Capability Portfolio Management
- Tight control over the process

Feb 09

- Deferred the budget until May

Apr 09

- Programmatic Direction

Fall 09

- Maintained tight control, reinforced concurrent program/budget review

Summary

- *PPBE Process is a decision support system for the SECDEF*
- *It connects strategies to tasks, plans to budgets*
- *It is a competitive sport*
- *The system is constrained but change is possible*