Planning, Programming, Budgeting, & Execution
Module Overview
Introduction to Planning, Programming, Budgeting & Execution (PPBE)

Approximate Length: 3 hours, 15 minutes

Welcome to the Planning, Programming, Budgeting, and Execution (PPBE) Module of the Acquisition Business Management Pre-Course. This module consists of 5 lessons:

1. PPBE Overview and Building Blocks (40 minutes)
2. Planning Phase (30 minutes)
3. Programming Phase (30 minutes)
4. Budgeting Phase (35 minutes)
5. PPBE Issues (35 minutes)

Located throughout and at the end of these lessons are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Long Description

Animation titled PPBE Phases -- 1. Shows a group of people in a planning session, 2. Shows a military person sitting at a computer representing the programming phase, and 3. Shows a group of people calculating, which represents the budgeting phase.
Learning Objectives (1 of 2)

At the end of this module, you should be able to explain the Planning, Programming, Budgeting, and Execution (PPBE) process, to include the relationship of each phase to the systems acquisition process.

By completing the lessons in this module, you should be able to:

- Recall the primary purpose of each of the three phases of the PPBE process.
- Identify the inter-relationship between PPBE and the Defense Acquisition System.
- Identify the purpose, contents and three major dimensions of the Future Years Defense Program (FYDP).
- Identify the purpose of Major Force Programs and Program Elements and their relationship to the Future Years Defense Program.

Learning Objectives (2 of 2)

You should also be able to:

- Identify the principal players, major activities, timeline, and primary inputs and products of the Planning phase of PPBE.
- Identify the principal players, major activities, timeline, and primary inputs and products of the Programming phase of PPBE.
- Identify the principal players, major activities, timeline, and primary inputs and products of the Budgeting phase of PPBE.
- Recognize the significant issues that concern the OSD Budget Analyst during his/her review of budget justification documentation.
- Recognize reasons that acquisition programs may lose funding during the PPBE process.
- Recall the characteristics of a good reclama or impact statement.

This page completes the Module Overview. Select a lesson from the Table of Contents to continue.
PPBE Overview & Building Blocks

PPBE Overview and Building Blocks
Welcome to the PPBE Overview and Building Blocks Lesson. This lesson will introduce you to the Planning, Programming, Budgeting, and Execution (PPBE) process and its major building blocks: the Future Years Defense Program (FYDP), Major Programs (MP), and Program Elements (PE).

Located throughout and at the end of these lessons are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Long Description

PPBE process is depicted as building blocks. Three of the blocks are labeled as FYDP, MP and PE since these are the major building blocks of PPBE.

Learning Objectives

By completing this lesson, you should be able to:

- Recall the primary purpose of each of the three phases of the PPBE process.
- Identify the inter-relationship between PPBE and the Defense Acquisition System.
- Identify the purpose, contents and three major dimensions of the Future Years Defense Program (FYDP).
- Identify the purpose of Major Force Programs and Program Elements and their relationship to the Future Years Defense Program.

What is PPBE?

PPBE is DoD's primary resource allocation system, having the ultimate objective of providing warfighters with the best mix of equipment, personnel, and support attainable within established fiscal constraints.

The end result of the PPBE process is the DoD portion of the President's Budget.

Note: this process was previously known as the Planning, Programming and Budgeting System (PPBS). In May 2003, DoD Management Initiative Decision 913 modified the process and the name.

PPBE Overview (1 of 2)
The PPBE cycle is intended to be a biennial process (that is, conducted every two years). It is described as such in this course, consistent with DoD's submission of a biennial budget as part of the President's Budget request to Congress. The biennial budget is submitted in even-numbered fiscal years.

For example, the FY 02 President's Budget contained DoD budget justification material for FY 02 and FY 03, plus projections of budget requirements for the following four years.

To support this, Planning would commence in an odd-numbered calendar year, with Programming and Budgeting in the following even-numbered calendar year.

In practice, however, Congress only appropriates funds for the first year of the biennial budget request. Thus, amended budget justification must be submitted for the second year of the original biennial budget request so that Congress can appropriate the funds for that second year.

This has caused PPBE to become in reality an annual process, although there are some significant differences in the "odd" year of the biennial cycle that are noted in the discussion of each PPBE phase as applicable.
PPBE consists of three distinct but interrelated phases: Planning, Programming, and Budgeting with an Execution review occurring during Budgeting. Since 2001, the Programming and Budgeting phases have been conducted simultaneously, but they will be discussed separately for clarity.

The primary purpose of the Planning phase is to assess the DoD strategy and capabilities required to counter threats to national security and to document these in the Joint Programming Guidance (JPG).

The primary purpose of the Programming phase is to develop affordable Component resource packages (programs) prioritized in accordance with the JPG. These programs, which cover 5 or 6 years, describe the levels of forces, personnel, and money required to execute the DoD strategy developed in the Planning phase.

The primary purpose of the Budgeting phase is to scrutinize the first one or two years of the Component programs to ensure efficient use of resources and to produce a DoD budget request that can be effectively defended before Congress.

**Long Description**

The circles list the primary purposes of each PPBE Phase as outlined in the content of this page. The Planning phase includes review the threat and develop guidance. The Programming phase includes turn guidance into achievable and affordable packages for a 5 or 6 year program. Finally, the Budgeting phase includes efficient execution and develop a defensible budget request.

**Key Service Players**
Each of the Services approaches the PPBE process somewhat differently. However, in each Service, the success of a program depends on the timely flow of information from the program office to decision makers in the Pentagon throughout all phases of the PPBE process.

Each Service has a personnel structure established to provide this link between the user, the program office, and the decision-makers.

Select the following hyperlinks for more information on the Services' PPBE personnel structures.

- [Air Force](#)
- [Navy](#)
- [Army](#)

### Key Service Player - Air Force

The Program Element Monitor (PEM) plays a key role in all phases of PPBE. PEMs are assigned to the Air Staff (usually within the Deputy Chief of Staff, Air and Space Operations organization, AF/XO) or to the Air Force Secretariat (usually within the Assistant Secretary of the Air Force (Acquisition) organization, SAF/AQ).

Each Program Element managed by the Air Force is assigned to a PEM who acts as integrator between the using commands, acquisition commands, the Air Staff, the Program Executive Officer or Acquisition Commander, and the Program Management Office by serving as the spokesperson for the program.

The PEM's duty is to coordinate functional concerns across the Air Staff for all phases of PPBE. A PEM may be responsible for more than one Program Element (PE).

### Key Service Player - Navy

For the Navy, PPBE coordination is performed by Requirements Officers (ROs), who are typically officers on the staff of the Chief of Naval Operations (OPNAV staff) within the Warfare Requirements and Programs directorate.

ROs represent mission-oriented resource sponsors (Surface, Submarine, Air, Space and Electronic Warfare, etc.) and are responsible for the link between the using commands (the Fleet), Systems Commands or other developing commands, program offices, OPNAV and the Navy Secretariat.

ROs also prepare and justify the Navy position on resource allocation within their assigned areas of responsibility. They are active in all phases of PPBE.

### Key Service Players - Army

The Army PPBE personnel structure is in general more decentralized than the other services. The Army has a Management Decision Package (MDEP) Point of Contact (POC) and a Department of the Army Systems Coordinator (DASC) responsible for many of the PPBE functions mentioned on the previous pages.
Other key players include the User Representative or System Integrator (SI), the Program Evaluation Group (PEG) and the responsible PEG coordinator who ultimately must approve all MDEPs/programs in the Army's programming submission.

The Assistant Secretary of the Army (Financial Management and Comptroller) POC is a critical player working with the PM during the budgeting and execution portion of the cycle. The Army refers to its overall process as "PPBES" reflecting added emphasis on execution.

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**Three Decision-Making Support Systems (1 of 2)**

Now that we've defined PPBE and introduced some key players, we'll address the relationship between PPBE and defense acquisition.

All acquisition programs must be concerned with three major DoD decision-making support systems:

- Joint Capabilities Integration and Development System
- Defense Acquisition System
- Planning, Programming, Budgeting and Execution Process

The Joint Capabilities Integration and Development System (JCIDS) is a structured methodology that defines capability gaps, capability needs and approaches to provide those capabilities within a specified functional or operational area.
The remaining two major DoD decision-making support systems are discussed on the following page.

Long Description

Three overlapping numbered circles (with overlap numbered) represent the three Decision-making Support Systems: Circle #1, Joint Capabilities Integration & Development System; Circle #2, Defense Acquisition System; and Circle #3, PPBE (primary focus of the financial management discipline). The overlap (#4), effective interaction between phases, is essential for success.

Three Decision-Making Support Systems (2 of 2)

The second decision-making support system is the Defense Acquisition System, which translates the user needs identified in the Joint Capabilities Integration and Development System (JCIDS) into a weapon system or automated information system. The Defense Acquisition System is governed by the DoD 5000 series of documents that define the management process for DoD acquisition programs.

The third decision-making support system is the Planning, Programming, and Budgeting Execution (PPBE), in which DoD allocates its limited financial, personnel, and materiel resources in light of mission priorities.

Effective interaction between the three decision-making support systems is important. The relationship between PPBE and the Defense Acquisition System is discussed on the next screen.
Three overlapping numbered circles (with overlap numbered) represent the three Decision-making Support Systems: Circle #1, Joint Capabilities Integration & Development System; Circle #2, Defense Acquisition System; and Circle #3, PPBE (primary focus of the financial management discipline). The overlap (#4), effective interaction between phases, is essential for success.

PPBE and the Defense Acquisition System are connected through DoD’s personnel and financial resources. At program initiation, an acquisition program must identify its needs for these resources over the life of the program. These requirements must be consistent with the resources that have been allocated to the program in the latest PPBE cycle to ensure that the program is affordable. Any funding shortfalls must be addressed in the PPBE before the program can be approved for initiation.

As the program is carried out, its budget requirements must be updated at least annually and any changes be properly reflected in the PPBE. In turn, any decisions in the PPBE that alter the program’s budget request are likely to have some impact on the program's execution. For example, budget cuts may cause the program to reduce part of its scope or stretch out its schedule.
One obstacle to efficient coordination between PPBE and the Defense Acquisition System is the different nature of each process.

PPBE is a calendar-driven system that requires information and decision-making based on specific dates rather than events. These dates are determined by the legal requirement for the President to submit a budget request to Congress no later than the first Monday in February. On the other hand, the Defense Acquisition System process is driven by events, specifically milestones and decision reviews.

**Knowledge Review**

The following Knowledge Review is a matching question. Select a letter associated with the answers below and type that letter in the space next to the best corresponding phrase or statement. Then, select the Submit button and feedback will appear.

Match each of the three phases of the PPBE process to its primary purpose.

a. Planning

b. Budgeting

c. Programming

1. **Produce a DoD request for funding that can be effectively defended before Congress.**

2. **Assess capabilities and articulate strategy needed to counter national security threats.**

3. **Develop Component resource packages that describe the levels of forces, personnel, and money required to execute the DoD strategy.**

Correct! The purpose of the **Planning phase** is to review national security threats and articulate the strategy and capabilities required to counter these threats via the Joint Programming Guidance. The purpose of the **Programming phase** is to develop Component resource packages that describe the levels of forces, manpower, and money required to execute the DoD strategy expressed in the Joint Programming Guidance. The purpose of the **Budgeting phase** is to produce a defensible DoD request
for funding that will be incorporated into a document submitted by the President to Congress (the President’s Budget).

Knowledge Review

The following Knowledge Review is a matching question. Select a letter associated with the answers below and type that letter in the space next to the best corresponding phrase or statement. Then, select the Submit button and feedback will appear.

Each of the Services approaches the PPBE process somewhat differently. Match these key players in the PPBE process to their respective Services.

a. Requirements Officers.

b. Program Element Monitors.

c. Management Decision Package Points of Contact and Systems Coordinators.

1. Army

2. Air Force

3. Navy

Correct! The MDEP POC represents the Army, the Program Element Monitor (PEM) represents the Air Force, the RO represents the Navy.

FYDP Purpose & Content (1 of 3)
Now we will discuss the basic building blocks of PPBE: the FYDP, Major Force Programs and Program Elements.

The **Future Years Defense Program (FYDP)** is a database containing the DoD resource program approved by SECDEF for a particular PPBE cycle.

The basic FYDP includes six years of information regarding force levels (for example, aircraft inventories), personnel requirements, and funding requirements information (two budget years plus four "out-years").

The graphic shows the years included in the FY 12-17 PPBE cycle. For this cycle, FY 12 and FY 13 are the two budget years and FY 14 through FY 17 are the out-years.

### Long Description

The basic FYDP for the FY 12-17 PPBE cycle is represented as a loaf of sliced bread, with a fiscal year assigned to each slice. The 11 slices represent the Prior Year (FY 10), Current Year (FY 11), Budget Year 1 (FY 12), Budget Year 2 (FY 13), four out-years (FY 14 through FY 17) and three years for Force Levels Only (FY 18 through FY 20).

### FYDP Purpose & Content (2 of 3)

To allow insight to past and future years, the full FYDP includes information about resource allocation for the years immediately preceding the first budget year (past and current years) as well as three additional years of force level information beyond the fourth out-year.
The graphic shows the two years included in the full FYDP for the FY 12-17 PPBE cycle. For this cycle, FY 10 is the prior year and FY 11 is the current year. FY 12 and FY 13 are the two budget years and FY 14 through FY 17 are the out-years. FY 18 through FY 20 are the years for which only force level information is shown in the FYDP.

The FYDP is usually updated twice each year: in August/September to reflect the Program and Budget Review submission and in January to reflect the President's Budget submission.

**Long Description**

The basic FYDP for the FY 12-17 PPBE cycle is represented as a loaf of sliced bread, with a fiscal year assigned to each slice. The 11 slices represent the Prior Year (FY 10), Current Year (FY 11), Budget Year 1 (FY 12), Budget Year 2 (FY 13), four out-years (FY 14 through FY 17) and three years for Force Levels Only (FY 18 through FY 20).

The FYDP is considered an internal DoD working document and is generally "closely held" within DoD. Since the FYDP out-year programs reflect internal planning assumptions, FYDP data beyond the budget years is not released outside the Executive Branch without the permission of the Undersecretary of Defense (Comptroller) (USD(C)).

However, after submission of the President's Budget, DoD sends the Congressional oversight committees and the Congressional Budget Office FYDP information covering the budget years along with the two years preceding and the four years following the budget years.
The basic FYDP for the FY 12-17 PPBE cycle is represented as a loaf of sliced bread, with a fiscal year assigned to each slice. The 11 slices represent the Prior Year (FY 20), Current Year (FY 11), Budget Year 1 (FY 12), Budget Year 2 (FY 13), four out-years (FY 14 through FY 17) and three years for Force Levels Only (FY 18 through FY 20).

FYDP Three Major Dimensions

The FYDP database is structured in three basic dimensions. In its first dimension the FYDP is categorized into Major Programs, which are used for internal DoD program management purposes, especially during the Planning and Programming phases.

In its second dimension, the FYDP is arranged by appropriation for DoD's preparation of budget requests during the Budgeting phase and Congressional review of these budget requests during the budget enactment process.

The third dimension displays resources by DoD Components.

Select the following hyperlink to access a larger view of the Three Major Dimensions Cube.
Long Description

Three dimensional cube with a frontal view listing the Major Programs: Strategic Forces; General Purpose Forces; Command, Control, Communications, Intelligence & Space; Mobility Forces; Guard & Reserve Forces; Research and Development; Central Supply & Maintenance; Training, Medical and Other Personnel Activities; Administration and Associated Activities; Support of Other Nations; and Special Operations Forces. The overhead view lists DoD appropriations types: RDT&E, Procurement, Military Construction, Military Personnel, Operations & Maintenance, and Other. The right side view lists the DoD Components: Army, Navy, Air Force, Defense Agencies, and Other.

FYDP Three Major Dimensions

For more information on the FYDP, visit the FYDP Structure Management site at https://fsm.ra.pae.osd.mil/FSM/index.html (.mil only)
The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Which of the following statements about the FYDP is not true?

a. For a normal biennial PPBE cycle, the basic FYDP contains six years of information regarding force levels, manpower requirements, and funding requirements.

b. The FYDP is a database.

c. The FYDP is normally updated just once during a PPBE cycle, to reflect the President's Budget submission to Congress.

d. FYDP data outside the budget years is not released outside of DoD except to support the President's Budget or with the consent of the Undersecretary of Defense (Comptroller).

Correct!

The FYDP is normally updated more than once during a PPBE cycle. FYDP updates occur when the Components submit the Program and Budget (POM/BES) and when the President's Budget submission is finalized. The remaining statements are all true.

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**Major Programs**

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A Major Program (MP) reflects a macro-level force mission or a support mission of DoD. Every resource tracked in the FYDP database is assigned to support one of the 11 MPs listed. Every MP is further subdivided into units called program elements.

Note: The MPs are listed in the graphic on the right.

**Long Description**

Major Programs (MPs) include:

MP 1 - Strategic Forces

MP 2 - General Purpose Forces

MP 3 - Command, Control, Communications, Intelligence & Space

MP 4 - Mobility Forces

MP 5 - Guard & Reserve Forces

MP 6 - Research and Development

MP 7 - Central Supply & Maintenance

MP 8 - Training, Medical, and Other Personnel Activities

MP 9 - Administration and Associated Activities

MP 10 - Support of Other Nations

MP 11 - Special Operations Forces

**Program Elements (1 of 3)**
The program element (PE) is the primary data element in the FYDP and normally the smallest aggregation of resources controlled by OSD. PEs are structured to provide the level of visibility desired by OSD.

Some PEs are very specific, and other PEs are much broader in scope, covering multiple systems or efforts for which OSD does not require individual insight. Each resource tracked in the FYDP is assigned to exactly one PE. There are over 3,600 active PEs.

For more information, refer to the FYDP Program Structure Handbook (DoD 7045.7-H).

The following hyperlink accesses the FYDP Program Structure Handbook (DoD 7045.7-H). However, access is limited primarily to members of the .mil and .gov domains.

<table>
<thead>
<tr>
<th>Long Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad PEs: 0101815F Advanced Strategic Programs, 0202096A Base Operations, 0301011N Cryptologic Activities, and 0801714M Personnel Processing Activities.</td>
</tr>
</tbody>
</table>

A program element is identified by a seven-digit number followed by an alphabetical suffix. The first two digits of the PE number identify the Major Program (MP) that contains the program element while the alphabetical suffix identifies which Service or Defense Agency has cognizance over that PE.
For example, in the PE "0203610A," the first two digits (02) indicate that this program element falls within MP 2 - General Purpose Forces. The suffix "A" indicates that the Army controls this PE's resources.

Select the hyperlink to access a list of some common program element suffixes.

Common PE suffixes

Common Program Element Suffixes

A - Army
BB - US Special Operations Command
C - Missile Defense Agency
D - OSD
F - Air Force
G - National Security Agency
J - Joint Chiefs of Staff
M - Marine Corps
N - Navy
S - Defense Logistics Agency

Program Elements (3 of 3)

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A single PE may encompass funding from several appropriations. For example, a PE covering a particular aircraft system may include procurement funds to purchase new aircraft and O&M funds to operate fielded systems. Over the course of its life-cycle, an acquisition program typically uses several PEs.

A table with multiple program elements and appropriations is represented in the figure shown here, which shows a program transitioning over a six year period from the Engineering and Manufacturing Development phase (primarily RDT&E funds) through Production & Deployment (primarily Procurement and MILCON funds) to the Operations & Support phase (primarily O&M and MILPERS funds).

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**Long Description**

A table with multiple program elements and appropriations. Appropriations represented are RDT&E, Aircraft Procurement, MILCON, O&M, and MILPERS for the period FY 11 through FY 16. This table shows two programs: one labeled PE 060nnnnF consisting of RDT&E funds; and a second program labeled PE 010nnnF consisting of Aircraft Procurement, MILCON, O&M, and MILPERS funds. PE 060nnnnF RDT&E funds decrease from FY 11 through FY 13. PE010nnnnF transitions over a six year period from production & deployment (primarily Procurement and MILCON funds) to the Operations & Support phase (primarily O&M and MILPERS funds). Aircraft Procurement funds start in FY 12 and increase until stabilizing in FY 14. MILCON funds are allotted to FY 12. O&M funds start in FY 14 and increase through FY 16, while MILPERS funds start in FY 13 and increase through FY 16.

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**Knowledge Review**

The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.

The end result of the PPBE process is the DoD portion of the President's Budget.

**True**

**False**

Correct!

*The end result of the PPBE process is the DoD portion of the President's Budget.*
The following Knowledge Review is a matching question. Select a letter associated with the answers below and type that letter in the space next to the best corresponding phrase or statement. Then, select the Submit button and feedback will appear.

Match each of the Decision Support Systems with its appropriate description.

a. Planning, Programming, Budgeting, and Execution (PPBE)

b. Joint Capabilities Integration and Development System

c. Defense Acquisition System

1. Identifies the need for a new capability to remedy a mission area deficiency and documents it in an Initial Capabilities Document.

2. Translates identified user needs into a weapon or automated information system.

3. Allocates DoD’s limited financial, personnel, and materiel resources among programs, considering mission priorities.

Correct! The Joint Capabilities Integration and Development System identifies the need for a new capability to remedy a mission area deficiency and documents it in an Initial Capabilities Document. The Defense Acquisition System translates these identified user needs into a weapon or automated information system. The Planning, Programming, Budgeting, and Execution System allocates DoD’s limited financial, personnel, and materiel resources among programs, considering mission priorities.

The following Knowledge Review allows for multiple correct answers. Select one or more answers that best correspond, then select the Submit button and feedback will appear.

Which of the following is considered to be a major dimension of the Future Years Defense Program (FYDP) database?

a. Major Programs

b. Components

c. DoD Appropriations

d. Program Elements

Correct!
Major Programs, Components, and DoD appropriations are each considered to be a major dimension of the Future Years Defense Program (FYDP) database.

Knowledge Review

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Program element numbers are used to track and identify resources in the Future Years Defense Program. What do the first two digits of the program element number represent?

a. The fiscal year.

b. The priority of the program element.

c. The Major Program to which the program element belongs.

d. The first two digits have no significance.

Correct!

The first two digits of a program element number always reflect the Major Program to which the program element belongs.

Knowledge Review

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

The PPBE and the Defense Acquisition System are connected through DoD’s personnel and financial resources. Which of the following statements correctly represents the interaction between the PPBE and Defense Acquisition System?

a. An acquisition program with identified resource shortfalls over the latest PPBE cycle may be initiated without resolving these shortfalls.

b. At program initiation, an acquisition program must demonstrate that it is fully funded over its entire life cycle.

c. Once a program is initiated, it need not update its resource requirements until the next scheduled milestone or decision review.
d. Once a program is initiated, resource allocation decisions in the PPBE may impact the program’s execution plans.

Correct! Once a program is initiated, resource allocation decisions in the PPBE may impact the program’s execution plans. The other statements are incorrect. Because of affordability considerations, acquisition programs with identified resource shortfalls over the latest PPBE cycle must resolve these shortfalls before they can be approved for program initiation. However, they need not demonstrate that they are fully funded over their entire life cycle. Also, once a program is initiated, it should update its resource requirements at least annually and ensure that these requirements are reflected in the FYDP.

Lesson Summary (1 of 4)

Congratulations! You have completed the PPBE Overview and Building Blocks Lesson. The following topics were presented in this lesson:

- All acquisition programs are affected by three major DoD Decision Support Systems: the Joint Capabilities Integration and Development System, the Defense Acquisition System and the Planning, Programming, Budgeting, and Execution (PPBE) process. PPBE and the Defense Acquisition System must interact effectively to provide acquisition programs with appropriate levels of resources within constraints. Such efficient coordination is sometimes impeded by the different natures of the two systems, with PPBE being calendar-driven and the Defense Acquisition System being driven by events.

- PPBE is DoD’s primary resource allocation system, having the ultimate objective to provide warfighters with the best mix of forces, equipment, and support attainable within established fiscal constraints. The PPBE cycle is intended to be conducted every two years, consistent with DoD’s submission of a biennial budget request for even-numbered fiscal years.

Lesson Summary (2 of 4)

- PPBE consists of three distinct but interrelated phases: Planning, Programming, and Budgeting. Since 2001, the Programming and Budgeting phases have been conducted simultaneously.

  - The primary purpose of the Planning phase is to review the threats to national security and articulate the DoD strategy and capabilities required to counter these threats in the Joint Programming Guidance (JPG).
  - The primary purpose of the Programming phase is to develop Component resource packages (programs) prioritized in accordance with the JPG.
  - The primary purpose of the Budgeting phase is to produce a defensible DoD budget request to be incorporated into the President’s Budget submission to Congress.
The following topics were also presented in this lesson:

- Coordination of the PPBE process varies among the Services. In any case, information must flow in a timely manner from the program office to decision makers in the Pentagon throughout all phases of the PPBE process for a program to be successful in securing the resources it requires.
  
  o Air Force Key Personnel: The Program Element Monitor (PEM) acts as an integrator between the using commands, acquisition commands, the Air Staff, the Program Executive Officer or Acquisition Commander, and the Program Management Office by serving as the spokesperson for their assigned program element (PE).
  
  o Navy Key Personnel: The RO represent mission-oriented resource sponsors (subsurface, surface, air, etc.) and are responsible for the link between the using commands, Systems or other developing commands, program offices, OPNAV and the Navy Secretariat.
  
  o Army Key Personnel: The Management Decision Package (MDEP) Point of Contact (POC) and the Department of the Army Systems Coordinator (DASC) are responsible for many of the PPBE coordination functions by serving as the spokesperson for their assigned program element (PE).

Finally, the following topics were also presented in this lesson:

- The Future Years Defense Program (FYDP) is a database containing the DoD resource program approved by SECDEF for a particular PPBE cycle. This database is structured into three basic dimensions:
  
  o Major Programs that reflect a macro-level force mission or a support mission of DoD.
  
  o DoD appropriations, including RDT&E, Procurement, Military Construction, Military Personnel, and Operations & Maintenance.
  
  o Components that control the various FYDP resources, such as Army, Navy, Air Force, various Defense Agencies, etc.

- A program element (PE) is the primary data element in the FYDP and normally the smallest aggregation of resources controlled by OSD. Each PE is identified by a seven-digit number followed by an alphabetical suffix, with the first two digits representing the Major Program and the suffix denoting the Component that controls the PE.

This page completes the lesson. Select a lesson from the Table of Contents to continue.
Planning Phase

Planning Phase
Introduction to the Planning Phase

Approximate Length: 30 minutes

Welcome to the PPBE Planning Phase Lesson. This lesson introduces the Planning phase, including its products, major activities, timeline, and principal players.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Learning Objective

By completing this lesson, you should be able to identify the principal players, major activities, timeline, and primary inputs and products of the Planning Phase of PPBE.
In the Planning phase of PPBE, military capabilities are assessed, national security threats are articulated, and national defense policies, objectives, and strategy are defined. This phase culminates in the issuance of the Joint Programming Guidance (JPG) in the April/May timeframe each year.

The JPG is a fiscally constrained document that records the decisions reached during the planning phase and provides guidance to the services for the upcoming Programming phase of PPBE.
Planning takes place under the general direction of the Undersecretary of Defense for Policy (USD(P)). Participants represent the views of all the senior defense staff offices, including the various elements of the Office of the Secretary of Defense (OSD), the Joint Chiefs of Staff (JCS), the unified and specified (combatant) commands, and affected staff elements of the military services and defense agencies.

The National Security Council and the Office of Management and Budget also participate in the process of deriving broad elements of national security policy guidance. The Service PPBE Action Officers participate in the Planning Phase by providing inputs to and reviewing the JPG. The flowchart and acronyms will be explained in the following pages.

For an overview of this phase, select the following hyperlink: Planning Phase flowchart.

Flow chart showing the objective of the Planning phase is to develop guidance for structuring forces and establishing priorities. Lead is USD (Policy). The flowchart contains seven rectangles representing key documents developed in the Planning Phase: National Security Strategy (NSS), National Defense Strategy (NDS), National Military Strategy (NMS), Quadrennial Defense Review (QDR), Guidance for the Development of the Force (GDF), Chairman’s Program Recommendation (CPR), and the Joint Programming Guidance (JPG). Shows blocks indicating players in the process. The NSS is approved by the President and is developed by the NSC, CIA, DIA, JCS and OSD. The NDS is developed at the OSD level based on the NSS. The NMS is developed at the JCS level and is based on the NDS. The QDR is developed only every four years and is based on the NDS and NMS. The GDF is more detailed and is developed at the OSD level based on the NDS, NMS and QDR (if applicable). The CPR is based on the NMS and constitutes the JCS’s final input to the JPG. The final JPG is based on the GDF and the CPR and is approved by the Secretary of Defense (SECDEF).
The primary inputs to the PPBE Planning Phase are:

1. National Security Strategy of the United States (NSS)
2. National Defense Strategy (NDS)
3. National Military Strategy (NMS)
4. Quadrennial Defense Review (QDR)
5. Chairman's Program Recommendation (CPR)

The following pages explain each of these inputs.
The National Security Strategy of the United States (NSS) is a key input to the Planning phase. Prepared by the National Security Council (NSC) and signed by the President, this unclassified document provides general information on the following:

- National objectives and interests
- Global and regional trends
- Political, economic and defense strategies

The National Security Strategy (NSS) is usually prepared in the first year of a new administration. It provides the basis for the National Military Strategy (NMS).

Select the following link to access a sample National Security Strategy (NSS).
NDS: The NDS is the Secretary of Defense’s strategic guidance on the priority of defense missions and associated strategic goals in support of the NSS.

NMS: The Chairman of the Joint Chiefs of Staff (CJCS) recommends a National Military Strategy (NMS) and fiscally constrained force structure that supports the attainment of national security objectives during the period to be covered by the JPG. The NMS is prepared using the NSS, NDS and intelligence assessments from the Central Intelligence Agency, the Defense Intelligence Agency and other intelligence organizations. It provides strategic direction on how the Joint Force should align the military ends, ways, means and risks consistent with the goals established in the NDS.

**Long Description**

Flowchart showing that the Joint Staff puts the NMS together for the CJCS to review and approve. The CJCS uses input from the NDS created by the OSD staff and input from the intelligence assessments created by other intelligence sources.
The QDR is normally completed in the second year of each four-year presidential administration and is published in the third year. Therefore it is part of the PPBE Planning phase every four years.

It is the result of a comprehensive examination of potential threats, strategy, force structure, readiness posture, modernization programs, infrastructure, and information operations and intelligence. In the years that it is completed it becomes the primary input for the Guidance for the Development of the Force (GDF) and ultimately the Joint Programming Guidance (JPG).

Developed by the OSD staff with input from the Joint Staff, The GDF considers a long-term view of the security environment and helps shape the investment blueprint for the six Future Years Defense Program (FYDP) years.

It establishes priorities within and across Joint Capability Areas (e.g., command and control) managed by Capability Portfolio Managers (CPMs). It essentially translates the higher-lever guidance provided in the NSS, NDS, NMS and QDR into more detailed guidance addressing the different capability (or “mission”) areas.
**Chairman's Program Recommendation (CPR)**

The Joint Chiefs of Staff (JCS)-level Joint Requirements Oversight Council (JROC), along with the Joint Staff, assists the Chairman of the JCS (CJSS) in identifying and assessing the priority of joint requirements, studying alternatives, and ensuring priorities conform with and reflect resource levels projected by the SECDEF.

Within the Planning Phase of PPBE, the JROC provides suggested issues and recommendations for the Chairman’s Program Recommendation (CPR), which is intended to influence the Joint Programming Guidance (JPG).

The CPR provides the CJCS’s program recommendations and are intended to enhance joint readiness, promote joint doctrine and training, and satisfy warfighting requirements.

**JPG Development Process**

The Joint Programming Guidance (JPG) is prepared by the Undersecretary of Defense for Policy (USD(P)) organization, assisted by the office of the Director, Cost Assessment and Program Evaluation (CAPE). Considering all previous Planning phase documents, particularly the GDF and CPR, a collaborative joint planning process occurs where major issues are assessed, and decisions made on issues, metrics and measures of sufficiency.

The decisions are recorded in the JPG, which will be issued in the April/May timeframe. The JPG will demonstrate that the totality of the programmatic guidance is fiscally executable.

**Planning Phase Fiscal Guidance**

The diagram illustrates the flow of funds from OMB to DoD and then to the various components.
During the Planning phase, DoD considers at a very high level the resource constraints resulting from the "topline" set by the Office of Management and Budget (OMB) for the defense portion of the federal budget.

DoD allocates this "topline" amount among the various Components and provides fiscal guidance regarding Total Obligational Authority (TOA) levels for each Component for the budget year(s) and the four following out-years as an accompaniment to the JPG.

**Long Description**

Flowchart showing that the 'topline' is set by the OMB for the defense portion of the federal budget. In turn, DoD allocates this topline amount among the various Components

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**Planning Phase – Timing**

Planning is a meticulous process that begins about three years in advance of the first budget year covered by the PPBE cycle. This process will take place over a portion of two calendar years. It will typically begin in the February/March timeframe after the previous President’s Budget (PB) submission (the PB is submitted no later than the first Monday in February, by law).

For example, the planning phase to support the budget request for FY 2012 would have begun in February/March 2009. It would culminate with the issuance of the Joint Programming Guidance (JPG) in the April/May 2010 timeframe. At the “front end” of the process the high-level documents such as the NSS, NDS, NMS and QDR will be assessed and updated as required. As discussed earlier, the QDR is only accomplished every four years and the other three are normally not revised every year (usually not more frequently than two to three years). In any case, the analysis done in these early stages of a Planning Phase cycle will lead to the development of the GDF, CPR and ultimately the JPG, as discussed earlier. The Planning process is flexible and there are no “hard
deadlines” for completing the Planning phase documents other than the April/May completion date for the JPG.

Select the following hyperlink to access an example of a Planning Phase Timeline Chart.

Planning Phase Timeline Chart.

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**Planning Phase - Timeline Chart**

**PLANNING Phase - Timing**

- **~ FEB/MAR (1st Year)**
  - President
  - National Security Council
  - CIA/DIA
  - NSS
  - NDS
  - QDR
  - GDF
  - CPR

- **~ APR/MAY (2nd Year)**
  - OSD
  - JCS

---

**Long Description**

Timeline and flowchart depicting PPBE Planning phase. The flowchart contains seven rectangles representing key documents developed in the Planning Phase: National Security Strategy (NSS), National Defense Strategy (NDS), National Military Strategy (NMS), Quadrennial Defense Review (QDR), Guidance for the Development of the Force (GDF), Chairman’s Program Recommendation (CPR), and the Joint Programming Guidance (JPG). Shows blocks indicating players in the process. The NSS is approved by the President and is developed by the NSC, CIA, DIA, JCS and OSD. The NDS is developed at the OSD level based on the NSS. The NMS is developed at the JCS level and is based on the NDS. The QDR is developed only every four years and is based on the NDS and NMS. The GDF is more detailed and is developed at the OSD level based on the NDS, NMS and QDR (if applicable). The CPR is based on the NMS and constitutes the JCS’s final input to the JPG. The final JPG is based on the GDF and the CPR and is approved by the Secretary of Defense (SECDEF). The Planning phase is shown to occur over portions of two calendar years. It begins in the February/March timeframe of the first year and ends with the issuance of the JPG in the April/May timeframe of the second year.
The principal players in the PPBE Planning Phase include:

- Undersecretary of Defense (Policy)
- Director, Program Analysis & Evaluation
- Chairman, Joint Chiefs of Staff
- Unified and Specified Command Combatant Commanders
- Service Chiefs
- Joint Staff
- OSD Staff
- Component Staffs
- Service/Component PPBE Action Officers (for example, PEM, RO, MDEP POC, DASC)

Knowledge Review

The following Knowledge Review allows for multiple correct answers. Select one or more answers that best correspond, then select the Submit button and feedback will appear.

The Planning phase culminates in the issuance of the Joint Programming Guidance (JPG). Which of the following are inputs to the JPG?

a. National Military Strategy (NMS)
b. Future Years Defense Program (FYDP)

c. Acquisition Program Baseline (APB)

d. Chairman's Program Recommendation (CPR)

Correct!

The NMS and the CPR are both inputs to the JPG. The FYDP is a database that reflects resource allocation decisions made during the PPBE process, while the APB is a document that relates only to a specific acquisition program.

Knowledge Review

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Which of the following planning phase documents presents a long-term view of the security environment and helps shape the investment blueprint for the six Future Years Defense Program (FYDP) years by establishing priorities within and across Joint Capability Areas (e.g., command and control)?

a. National Security Strategy (NSS)

b. Guidance for the Development of the Force (GDF)

c. National Defense Strategy (NDS)

d. None of the above.

Correct! The Guidance for the Development of the Force (GDF) presents a long-term view of the security environment and helps shape the investment blueprint for the six FYDP years by establishing priorities within and across Joint Capability Areas (e.g., command and control).

Knowledge Review

Page 17 of 23

The Planning phase to support the FY 14 - FY 15 budget submission will begin in calendar year 2010 and the Joint Programming Guidance (JPG) culminating this phase will be issued in the April/May 2011 timeframe.

True

False
Correct, this statement is false. The Planning phase to support the FY 14 - FY 15 budget submission will begin in calendar year 2011 and the Joint Programming Guidance (JPG) culminating this phase will be issued in the April/May 2012 timeframe. The Planning phase begins about three years in advance of the first budget year covered by the PPBE cycle and culminates with the issuance of the JPG in the April/May timeframe of the following calendar year.

Knowledge Review

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Match the following definitions with the appropriate Planning phase input.

a. Provides strategic guidance on the priority of defense missions and associated strategic goals in support of the National Security Strategy (NSS).

b. Provides strategic direction on how the Joint Force should align the military ends, ways, means and risks consistent with the goals established in the National Defense Strategy (NDS).

c. Provides general information on: national objectives and interests; global and regional trends; and political, economic and defense strategies to protect national interests.

d. Developed every four years, it is the result of a comprehensive examination of potential threats, strategy, force structure, readiness posture, modernization programs, infrastructure, and information operations and intelligence.

1. National Security Strategy (NSS)

2. Quadrennial Defense Review (QDR)

3. National Military Strategy (NMS)


Correct! The NSS provides general information on national objectives and interests; global and regional trends; and political, economic and defense strategies to protect national interests. The NDS provides strategic guidance on the priority of defense missions and associated strategic goals in support of the NSS. The NMS provides strategic direction on how the Joint Force should align the military ends, ways, means and risks consistent with the goals established in the NDS. The QDR is developed every four years, and is the result of a comprehensive examination of potential threats, strategy, force structure, readiness posture, modernization programs, infrastructure, and information operations and intelligence.

Knowledge Review

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The following Knowledge Review allows for multiple correct answers. Select one or more answers that best correspond, then select the Check Answers button and feedback will appear.
The principal players in the PPBE Planning Phase include: (select all that apply)

- a. Undersecretary of Defense (Policy)
- b. Chairman, Joint Chiefs of Staff
- c. OMB Budget Analyst
- d. Joint, OSD, and Component Staffs
- e. Unified and Specified Command Combatant Commanders
- f. Service/Component PPBE Action Officers

Correct!

Of this list, only the OMB Budget Analyst is not a key player during the Planning phase of PPBE.

Lesson Summary (1 of 4)

Congratulations! You have completed the PPBE Planning Phase Lesson. The following topics were presented in this lesson:

- Planning Phase overview. In the Planning phase of PPBE, capabilities are assessed, national security threats are articulated, and national defense policies, objectives, and strategy are defined. Planning takes place under the general direction of the Undersecretary of Defense for Policy (USD(P)) and culminates in the issuance of the Joint Programming Guidance (JPG).
- The primary inputs to the PPBE Planning Phase are:
  - National Security Strategy of the United States (NSS). Prepared by the National Security Council and signed by the President, this document outlines U.S. national interests and strategies to protect those interests.
  - National Defense Strategy (NDS). The NDS provides strategic guidance on the priority of defense missions and associated strategic goals in support of the NSS.
  - National Military Strategy (NMS). The Chairman of the Joint Chiefs of Staff (CJCS) recommends a NMS that supports the attainment of national security objectives during the period to be covered by the JPG.

Lesson Summary (2 of 4)

The following topic was also presented in this lesson:
The primary inputs to the PPBE Planning Phase also include:

- **Guidance for the Development of the Force (GDF).** The GDF presents a long-term view of the security environment and helps shape the investment blueprint for the six FYDP years by establishing priorities within and across Joint Capability Areas (e.g., command and control).
- **Chairman’s Program Recommendation (CPR).** The Joint Chiefs of Staff (JCS)-level Joint Requirements Oversight Council (JROC), along with the Joint Staff, assists the Chairman of the JCS (CJSS) in identifying and assessing the priority of joint requirements, studying alternatives, and ensuring priorities confirm to and reflect resource levels projected by the SECDEF. Within the Planning Phase of PPBE, the JROC provides suggested issues and recommendations for the Chairman’s Program Recommendation (CPR), which is intended to influence the Joint Programming Guidance (JPG). The CPR provides the CJCS’s program recommendations and is intended to enhance joint readiness, promote joint doctrine and training, and satisfy war fighting requirements.

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**Lesson Summary (3 of 4)**

The following topics were also discussed in this lesson:

- **Quadrennial Defense Review (QDR).** The QDR is developed every four years, and is the result of a comprehensive examination of potential threats, strategy, force structure, readiness posture, modernization programs, infrastructure, and information operations and intelligence.
- **Joint Programming Guidance (JPG).** The JPG documents the decisions made on issues, metrics and measures of sufficiency during the collaborative joint planning process. It is issued around April/May. The JPG will demonstrate that the totality of the programmatic guidance is fiscally executable.

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**Lesson Summary (4 of 4)**

Finally, the following topics were also presented in this lesson:

- **Planning Phase timing.** Planning is a meticulous process that begins about three years in advance of the first budget year covered by the PPBE cycle.

- **The principal players in the PPBE Planning Phase include:**
  - Undersecretary of Defense (Policy)
  - Director, Program Analysis & Evaluation
  - Chairman, Joint Chiefs of Staff
  - Unified and Specified Command Combatant Commanders
  - Service Chiefs
  - Joint Staff
  - OSD Staff
- Component Staffs
- Service/Component PPBE Action Officers (for example, PEM, RO, MDEP POC, DASC)

This page completes the lesson. Select a lesson from the Table of Contents to continue.
Programming Phase

Programming Phase
Approximate Length: 30 minutes

Welcome to the PPBE Programming Phase Lesson. This lesson introduces the Programming phase, including its products, major activities, timeline, and principal players.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

**Learning Objective**

By completing this lesson, you should be able to identify the principal players, major activities, timeline, and primary inputs and products of the Programming phase of PPBE.
Programming is the process by which the Joint Programming Guidance is translated into effective and achievable resource packages (programs) by the DoD Components. In this phase, DoD assesses the priority and affordability of Component programs.

The Director, Cost Assessment and Program Evaluation (D, CAPE) is responsible for overall coordination of this PPBE phase.

Before 2001, the Programming and Budgeting phases took place sequentially, with Programming followed by Budgeting. Since 2001, these two PPBE phases have been conducted concurrently; however, they will be presented separately to simplify discussion. Select the following hyperlink to access a detailed Combined Programming and Budgeting Phases flowchart.
Components send to OSD a combined Program and Budget Review submission in August which is then reviewed by OSD, OMB, the Joint Staff, and the Combatant Commanders. Two distinct tracks proceed concurrently: the Program Review (Programming Phase) and the Budget Review (Budgeting Phase). The Program Review handles programmatic and JPG compliance issues. Top level issues are considered by the Deputy's Advisory Working Group or the Senior Leader Review Group. The decisions made during the Program Review are captured in one or more Program Decision Memorandums. All other issues are handled in the Budget Review where decisions are captured in Program Budget Decisions. The Major Budget Issues provide a final opportunity for the Components to resolve a limited number of high priority issues before the President's Budget is submitted to Congress in February.
The Joint Programming Guidance (JPG) and the associated Fiscal Guidance that result from the Planning phase are two of the key inputs to the Programming phase.

Additionally, the DoD Components receive Integrated Priority Lists (IPLs) from the Combatant Commanders of the Unified and Specified commands that provide the warfighter’s views of resource requirements and priorities that should be addressed during Programming. The DoD Components’ subordinate commands also provide input regarding their resource allocation desires.

Each DoD Component considers the various inputs it receives, then puts together a balanced program that allocates its forces, personnel and financial resources in the way that the Component determines will best satisfy JPG objectives and fiscal constraints while addressing the Combatant Commanders’ concerns. The Service PPBE Action Officers (PEM, RO, MDEP POC, DASC) are key players in this program preparation process.

The Component program is documented in a program submission (commonly known as the Program Objectives Memorandum or POM) submitted by the Component Head as part of the Program and Budget Review submission to OSD in August.

**Long Description**

Balance scale with Forces, Personnel and Financial Resources on the left, and JPG objectives and Fiscal Constraints on the right. Depicts DoD Components considering the various inputs, then putting together a balanced program to address the Combatant Commanders’ concerns.
In even-numbered years, the Components each prepare a new program submission documenting their program proposals. Components must identify significant force structure and personnel end strength changes that have occurred since the previous submission, as well as any new starts being undertaken for major acquisition systems. Any shortfalls in meeting JPG or Combatant Commander objectives should also be highlighted.

The Special Operations Command (SOC) has the distinction of being the only Combatant Command to prepare its own program submission. This ensures that DoD can easily identify the resources devoted to the special operations mission area.
A regular program submission prepared during an even-numbered year covers the two budget years and four out-years. It is usually referred to as the POM and further identified by the first and last years of the period it covers.

For example, the POM that has FY 2012 as its first budget year is known as "POM 12-17" and is represented in the graphic above.

In an odd-numbered year (the "off-year" of the normal PPBE cycle), the Components prepare revisions to the original program submission or POM. These revisions cover only five years - the second budget year of the original POM and the four out-years.

Each Component submits a package of prioritized Change Proposals (CPs). Certain OSD and Joint Staff organizations, as well as the Combatant Commanders, may also submit CPs for consideration. Accepted CPs are developed as issues in the Program Review.

This off-year revised program submission is variously known as the Amended POM (APOM), Mini-POM, or Program Review (PR), depending on the Component. Thus, the revised program submission that follows POM 12-17 may be known as APOM 13-17 (Air Force), Mini-POM 13-17 (Army), or PR 13-17 (Navy).
OSD conducts a detailed review of the Component Program and Budget submissions. The review consists of two distinct tracks that proceed concurrently: Program Review and Budget Review. OSD Cost Assessment and Program Evaluation (CAPE) leads the Program Review and recommends issues to be considered. The Components, Combatant Commanders, Joint Staff, and OSD Principal Staff Assistants may also nominate issues (or CPs).

The Program Review considers issues pertaining to JPG compliance, the overall balance of Component programs, and programmatic issues deferred during JPG preparation, as well as significant late-breaking issues. All other issues are handled in the Budget Review, which is discussed as part of the Budgeting phase of PPBE. Most decisions regarding the disposition of nominated issues or CPs are made by the Vice Chairman of the Joint Chiefs of Staff, the Director, CAPE and the USD (Comptroller), although the Secretary of Defense has final decision authority.

**Long Description**

Flowchart showing the OSD process during a detailed review of the Component Program and Budget Review submissions. Top box reads 'Component Program/Budget Submissions,' the left box reads 'Program Review, OSD(C) leads.' The right box reads 'Budget Review, USD(C) leads.' The bottom box reads 'President’s Budget.'
Issue Teams, typically including representatives from affected OSD and Component staff offices as well as the Joint Staff, are constituted to examine the proposed programs in light of the specific issues identified for consideration during the Program Review. An example of such an issue might be compliance with readiness levels called for in the JPG. The Issue Teams also consider program alternatives and recommend the program changes they consider necessary.

The Issue Papers that result from this review present one or more alternatives to the Component program submission position on a particular issue, and analyze the implications of each alternative, particularly with respect to cost and personnel. Any major stakeholder who disagrees with an Issue Paper recommendation usually has an opportunity to articulate why they disagree and to propose a new alternative or support an existing alternative.

**Long Description**

Flowchart with four blocks connected together, in the following order: Component Program Submission, Issues/Alternatives, Issue Teams, and Issue Papers. Issue Teams are constituted to examine the proposed programs, consider any program alternatives proposed by major stakeholders, and recommend the program changes they consider necessary.
The Three Star Group reviews Issue Papers that address particularly important or broad issues and passes these on to the Deputy’s Advisory Working Group (DAWG) with their assessment/recommendation. The DAWG considers the Issue Paper, the original Component position, inputs from the appropriate Capability Portfolio Manager (CPM) and any dissenting opinions submitted, before deciding which position should be recommended to the Deputy Secretary of Defense (DEPSECDEF) for inclusion in the approved Component program. The DAWG will refer more significant/contentious issues to the Senior Leader Review Group (SLRG) which will make the final recommendation to the DEFSECDEF. These decisions are documented in a Program Decision Memorandum (PDM).

The Service PPBE Action Officers (PEM, RO, MDEP POC, DASC) constantly monitor activities during the program review process and take action as necessary to obtain and provide information to defend their programs.

Long Description
Flow chart with 6 boxes: Issue Papers; Three Star Group; Deputy's Advisory Working Group/Senior Leader Review Group; Recommendation on Issue Papers; Deputy Secretary of Defense (DEPSECDEF); and Program Decision Memorandum (PDM). The boxes are connected in numeric order to support the content of the page. The flow chart also includes the statement, the Service PPBE Action Officers monitor all activities of the review process.

Chairman's Program Assessment (CPA)

In parallel with the OSD staff Program Review, the Joint Staff and Combatant Commanders review the Component program submissions to assess compliance with the Joint Programming Guidance and National Military Strategy, as well as accommodation of the Combatant Commanders' Integrated Priority Lists. The resulting document is issued by the Chairman of the Joint Chiefs of Staff to the Secretary of Defense as the Chairman’s Program Assessment (CPA). The CPA provides SECDEF with alternatives to Component program recommendations and budget proposals to achieve greater conformance with established priorities.
Long Description

Flow chart with activity boxes that represent that the Joint Staff and the Combatant Commanders review the Component POMs for compliance with the DPG, NMS, and Combatant Commanders' IPLs. The output from this review is the Chairman’s Program Assessment.

Program Decision Memorandum (PDM)

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Decisions on the issues considered during the Program Review are published in one or more Program Decision Memoranda (PDMs), which are usually signed by the Deputy Secretary of Defense (DEPSECDEF), usually in November.

These decisions are not subject to review by budget analysts and are incorporated directly into the budget.

Programming Phase Timeline Chart

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In the biennial PPBE process, the Programming phase begins early in an even-numbered year. As shown in the hyperlink example below, combined program and budget submissions are provided to OSD in August. Review of the program submissions continues through November, when the Program Decision Memoranda (PDM) is issued and the changes they direct are incorporated into the budget.

As an example, during the FY 12-17 PPBE cycle, Components would begin Programming in early calendar year 2010. The Component Programs (POMs) would be submitted to OSD during August 2010 as part of the combined Program and Budget Review submission. Program Review would take place between August and November 2010, with Program Decision Memoranda issued in late November 2010. Select the following hyperlink to access a Programming Phase Timeline Chart.
The principal players in the PPBE Programming Phase include:

- Director, Cost Assessment & Program Evaluation (CAPE)
- Deputy Secretary of Defense
- Chairman and Vice Chairman, Joint Chiefs of Staff
- Undersecretary of Defense, Comptroller
- Unified and Specified Command Combatant Commanders
- Deputy's Advisory Working Group (DAWG)
- Senior Leader Review Group (SLRG)
- 3-Star Group
The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Which one of the following is a direct input to the Programming phase?

a. National Security Strategy of the United States (NSS)
b. Joint Programming Guidance (JPG)
c. National Military Strategy (NMS)
d. Guidance for the Development of the Force (GDF)

Correct!

The JPG is the only one of the listed documents that is a direct input to the Programming phase of PPBE. The NSS, NMS, and GDF are inputs to the Planning phase of PPBE.

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

In preparing the even-year program submission (or POM), a Component must identify any significant changes that have occurred since the previous program submission pertaining to:

a. National Security Strategy
b. Major acquisition new starts
c. Force structure
d. Personnel end strength
Correct! In preparing the even-year program submission (or POM), a Component must identify major acquisition new starts, and any significant force structure and personnel end strength changes that have occurred since the previous program submission.

Knowledge Review

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

The Component program submission that supports the FY 14-FY 17 PPBE cycle should be submitted to OSD in:

a. August 2011
b. April 2012
c. August 2012
d. November 2012

Correct!

The Component program submission (or POM) supporting the FY 14-17 PPBE cycle should be submitted to OSD in August 2012. Review of this POM will conclude in November 2012 (FY 13) and the results incorporated into the DoD portion of the FY 14-15 President’s Budget request that will be sent to Congress in February 2013 for enactment into law by 1 October 2013 (start of FY 14).

Knowledge Review

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The following Knowledge Review is a matching question. Select a letter associated with the answers below and type that letter in the space next to the best corresponding phrase or statement. Then, select the Submit button and feedback will appear. Match these Programming phase documents with their associated descriptions.

a. Documents the Component’s proposed allocation of resources to best satisfy JPG objectives and fiscal constraints while addressing the concerns of the Combatant Commanders.
b. Presents one or more alternatives to the original position on a particular issue, and analyzes the implications of each alternative, particularly with respect to cost and personnel.
c. Provides SECDEF with the nation’s senior military advisor’s advice regarding Component recommendations and budget proposals to achieve greater conformance with established priorities.
   1. Chairman’s Program Assessment (CPA)
   2. Program Submission for the Program and Budget Review
3. Issue Paper

Correct! The correct answers are: 1-c., 2-a., 3-b. The CPA provides SECDEF with the nation’s senior military advisor’s (Chairman, JCS) advice regarding Component recommendations and budget proposals to achieve greater conformance with established priorities. The program submission documents the Component’s proposed allocation of resources to best satisfy JPG objectives and fiscal constraints while addressing the concerns of the Combatant Commanders. An Issue Paper presents one or more alternatives to the original program submission position on a particular issue, and analyzes the implications of each alternative, particularly with respect to cost and personnel.

Knowledge Review

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The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Check Answers button and feedback will appear.

The principal players in the PPBE Programming Phase include:

a. National Security Council
b. Chairman, Joint Chiefs of Staff
c. Joint, OSD, and Component Staffs
d. Director, Cost Assessment & Program Evaluation
e. Service/Component PPBE Action Officers

Correct! The NSC is the only one on this list that is not considered a principal player in the Programming phase of PPBE.

Lesson Summary (1 of 4)

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Congratulations! You have completed the PPBE Programming Phase Lesson. The following topics were presented in this lesson:

- Programming Overview. Programming is the process by which the Joint Programming Guidance is translated into effective and achievable resource packages (programs) by the DoD Components. The Director, Cost Assessment & Program Evaluation (D,CAPE) is responsible for overall coordination of this PPBE phase.

- Programming Inputs. The JPG and the associated Fiscal Guidance from the Planning phase are two of the key inputs to the Programming phase. The DoD Components also receive inputs from the Combatant Commanders (Integrated Priority Lists) and the Components’ subordinate commands regarding their resource requirements.
Lesson Summary (2 of 4)

Page 22 of 24

The following topics were also presented in this lesson:

- Program Submission. Each DoD Component puts together a balanced program that allocates its forces, personnel and financial resources and documents it in a program submission for the Program and Budget Review submission. The program submission is usually referred to as the Program Objectives Memorandum or POM.
  - Regular program submissions (or POMs) are prepared in even-numbered years, covering the two budget years and four out-years. Components must identify significant force structure and personnel end strength changes that have occurred since the previous submission, as well as any new starts being undertaken for major acquisition systems. Any shortfalls in meeting JPG or Combatant Commander objectives should also be highlighted.
  - In odd-numbered years, the Components prepare revisions, called Change Proposals (CPs), to the original program submission. The revisions cover only five years - the second budget year of the original POM and the four out-years.
  - The Service PPBE Action Officers (PEM, RO, MDEP POC, DASC) are key players in the program submission preparation process.

Lesson Summary (3 of 4)

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Other topics presented include:

- Program Review. This portion of the overall review of the Program and Budget Review mainly considers issues pertaining to JPG compliance, Service program balance and major programmatic issues. The Secretary of Defense decides what JPG compliance issues will be considered during the Program Review.
  - Issue Teams examine the Component programs in light of the specific issues identified for review. They also examine proposed program alternatives and recommend the program changes they consider necessary. This review results in Issue Papers.
  - Particularly important or broad issues are reviewed by the 3-Star Group and passed on to the Deputy's Advisory Working Group (DAWG) and Senior Leader Review Group (SLRG). The DAWG/SLRG considers all inputs on the issue and recommends a position to the Deputy Secretary of Defense (DEPSECDEF) for inclusion in the approved Component program.

- Chairman's Program Assessment (CPA). The CPA provides SECDEF with alternatives to Component program recommendations and budget proposals to achieve greater conformance with established priorities. Program Decision Memorandum (PDM). Decisions on Program Review issues are published in one or more Program Decision Memorandums (PDMs) and incorporated into the President's Budget.
Finally, the following topic was presented in this lesson:

- The principal players in the PPBE Programming Phase include:
  - Director, Cost Assessment & Program Evaluation (CAPE)
  - Deputy Secretary of Defense
  - Chairman and Vice Chairman, Joint Chiefs of Staff
  - Undersecretary of Defense, Comptroller
  - Unified and Specified Command Combatant Commanders
  - Deputy's Advisory Working Group (DAWG)
  - Senior Leader Review Group (SLRG)
  - 3-Star Group
  - Component Heads
  - OSD Staff
  - Joint Staff
  - Component Staffs
  - Service/Component PPBE Action Officers (PEM, RO, MDEP POC, DASC)

This page completes the lesson. Select a lesson from the Table of Contents to continue.
Budgeting Phase

Budgeting Phase
Welcome to the PPBE Budgeting Phase Lesson. This lesson introduces the Budgeting phase, including its products, major activities, timeline, and principal players.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

By completing this lesson, you should be able to identify the principal players, major activities, timeline, and primary inputs and products of the Budgeting phase of PPBE.
The third phase of the PPBE process is the Budgeting phase, during which the Component prepares its budget submissions, OSD reviews these submissions for defensibility and efficient execution, and the submissions are formatted for inclusion as part of the President's Budget request to Congress.

Select the following hyperlink to access a detailed Combined Programming and Budgeting Phases flowchart.
Components send to OSD a combined Program and Budget Review submission in August which is then reviewed by OSD, OMB, the Joint Staff, and the Combatant Commanders. Two distinct tracks proceed concurrently: the Program Review (Programming Phase) and the Budget Review (Budgeting Phase). The Program Review handles programmatic and JPG compliance issues. Top level issues are considered by the Deputy's Advisory Working Group or the Senior Leader Review Group. The decisions made during the Program Review are captured in one or more Program Decision Memorandums. All other issues are handled in the Budget Review where decisions are captured in Program Budget Decisions. The Major Budget Issues provide a final opportunity for the Components to resolve a limited number of high priority issues before the President's Budget is submitted to Congress in February.
The primary inputs to the Budgeting phase come from the Components' operational organizations and field activities, who begin developing their individual budgets in the summer as a prelude to their headquarters' call for budget submissions.

These budget inputs should be consistent with the Component program submission that is being developed simultaneously. Some Components aggregate these budget inputs into a baseline set of budget justification documents and perform a Summer Budget Review to examine program execution and adjust the budget as necessary.
In an even-year, the Component then updates (or initially prepares) its budget baseline documents, repricing or restructuring programs as necessary, and provides the budgeting portion of its Program and Budget submission to the office of the USD (Comptroller) in August. This Budget Submission is commonly known as the Budget Estimate Submission or BES.

In the odd-year, no BES is submitted. Instead Components submit Change Proposals (CPs) to OSD in August. CPs affecting budget years cover only fact-of-life changes (such as cost increases, schedule delays, etc.) and changes resulting from Congressional action. Certain OSD and Joint Staff organizations may also submit CPs.
OSD conducts a detailed review of the Component Program and Budget submissions. The review consists of two distinct tracks that proceed concurrently:

- Program Review (Programming Phase)
- Budget Review (Budgeting Phase)

The Program Review (discussed as part of the Programming phase) is led by the Director, CAPE, and considers issues pertaining to JPG compliance, the overall balance of Component programs, programmatic issues deferred during JPG preparation, as well as significant late-breaking issues.

The Budget Review, which is discussed on the following pages, is led by the USD(Comptroller) and covers all other issues not considered during the Program Review that affect the budget year(s).

**Long Description**

Flowchart showing the OSD process during a detailed review of the Component Program and Budget submissions. Top box reads 'Component PBR Submissions,' the left box reads 'Program Review OSD (CAPE) leads.' The right box reads 'Budget Review, USD(C) leads.' The bottom box reads 'President's Budget.'
Budget analysts from the Office of the Undersecretary of Defense (Comptroller) (OUSD(C)) and the Office of Management and Budget (OMB) normally conduct a joint review in the fall after submission of the BES or CPs. OMB retains the authority to submit separate decisions on the reviews but, in practice, rarely does.

During their review, the budget analysts consider issues related to program phasing and pricing, compliance with DoD funding policies, and efficient execution of funds, based on performance metrics.

PPBE places additional emphasis on reviewing program execution through the use of performance metrics. These metrics place the focus on output, measuring not just how funds are spent, but what is received for the money invested.
The OSD budget analysts usually issue "advance questions" to the Components to obtain additional information regarding the budget request. Program-specific questions are usually referred to the program office for a response. All responses to advance questions are submitted in writing through the Component comptrollers to the OSD budget analysts.

After submission of the budget or CPs, the OSD budget analysts, with their OMB counterparts, hold budget hearings to review appropriations and specific programs. Component functional staff and OSD program advocates provide information as necessary during these hearings. Although the budget analysts mainly seek information via the comptroller chain of command, the Service PPBE Action Officers constantly monitor activities during the budget review process, participate in budget hearings, and take action as necessary to obtain and provide information to defend their programs.
After a thorough review of the budget submissions, and taking into consideration the answers provided to the advance questions and during the budget hearings, the OSD budget analysts normally prepare a series of Program Budget Decisions (PBDs) for the appropriations and programs under their oversight.

These PBDs, directing adjustments to the Component budgets, usually affect only the budget year(s) covered by the BES or CP submission, but may also affect the current years of execution and provide an estimate of the resource impact to the four out-years.
Before a PBD is issued, a "draft" or "advance" version is usually circulated among the affected stakeholders to give them an opportunity to provide comments. This includes appropriate members of the Components, the OSD staff, and the Joint Staff.

For example, draft PBDs that affect acquisition programs usually receive responses (known as reclamas) from the affected Component as well as other stakeholders such as the USD (Acquisition, Technology & Logistics) and the Director, Cost Assessment & Program Evaluation (CAPE).

Any stakeholder may submit a reclama to a draft PBD, through their Component or Principal Staff Assistant, requesting that it be reversed or changed. Such a reclama may provide corrected, supplemental or new information that addresses the basic argument and assumptions of the PBD. A reclama may also include an alternative proposal to mitigate the impact of the PBD. Reclamas must usually be submitted within 48 to 96 hours following the release of the draft PBD.

**Long Description**

OSD budget analysts provide the draft PBD to the affected Component and other stakeholders. Stakeholders may submit a reclama within 48 to 96 hours following release of the draft PBD.
After considering all reclamas, the OSD analyst may choose: (1) not to go forward with the PBD; (2) to submit the PBD after modifying it in some way; or (3) to submit the PBD as originally drafted. If the analyst decides to submit the PBD, a summary document is prepared that lays out all the information regarding the draft PBD and the reclamas submitted. This is provided to the PBD authority, who is usually the Deputy Secretary of Defense (DEPSECDEF), for a final decision and signature.

DEPSECDEF may accept the PBD as submitted or may modify it to incorporate all or part of an alternative proposed in a reclama and any other changes considered appropriate. In a few cases, when the PBD affects non-controversial items or is non-discretionary (for example, inflation adjustments dictated by OMB), the USD(Comptroller) will sign the final PBD.

PBDs are issued as they are completed, usually between October and December.

**Long Description**

Animation of a spinning arrow in a circle. The circle is divided into three sections to represent that the OSD analyst may choose: (1) not to go forward with the PBD; (2) to submit the PBD after modifying it in some way; or (3) to submit the PBD as originally drafted.
Once the Program Decision Memorandums from the Program Review and the PBDs from the Budget Review are signed, the Components have one last opportunity to identify issues resulting from these documents that are considered serious enough to warrant a Major Budget Issue (MBI) meeting. These MBI meetings between the Component Head, Secretary of Defense (SECDEF) and DEPSECDEF, typically occur in mid-December.

Since the defense budget is restricted to the amount of the topline provided by OMB, Components are usually required to provide funding offsets from other programs within that Component to "buy back" programs cited as MBIs. However, there is always the chance that SECDEF could take the proposed offsets while denying the buy-back. For these reasons, the number of MBIs discussed tends to be small (usually 5 or fewer per Component). Decisions resulting from MBI meetings are usually announced by issuing revised PBDs.

**Long Description**

Flowchart depicting PBDs and PDMs resulting from the Budget Review and Program Review, respectively. Components Review signed PDMs and PBDs. Components can request a MBI meeting with their Component Head, DEPSECDEF, and SECDEF. If successful, a revised PBD is issued.
In late December, the Components must revise their budgets and supporting documentation to incorporate the effects of final PBDs and PDMs for inclusion in the President's Budget.

Following a topline meeting with the President, the President's Budget is finalized by early January and DoD updates the Future Years Defense Program. The President’s Budget is then submitted to Congress through OMB by the first Monday in February.

**Budgeting Phase Timeline**

As shown in the graphic, combined program and budget submissions are provided to OSD in August. Review of the budget estimate submission (BES) or Change Proposals (CPs) then ensues.

Select the following hyperlink to access an example of the timing of the Budgeting phase.

[Example of the timing of the Budgeting phase](#)

Select the following hyperlink to access an example of a Budgeting Phase Timeline Chart.

[Budgeting Phase Timeline Chart](#)
**Example of the timing of the Budgeting phase**

As an example of the timing of the Budgeting phase, for the FY 12-17 PPBE cycle, Budgeting would begin in mid-calendar year 2010, with the Components gathering inputs to prepare their budget submissions. The Component budget submissions would be provided to OSD during August 2010 as part of the combined Program and Budget review submission. The Budget Review would take place between August and November 2010, with Program Budget Decisions issued in October and November 2010. Major Budget Issue meetings would be held in early to mid-December 2010. The DoD portion of the President’s Budget would be submitted to OMB in early January 2011, at which time the FYDP would be updated. The President’s Budget would then be submitted to Congress by the first Monday of February 2011.

**Long Description**

Abbreviated Budget Review timeline flowchart. The Components begin budgeting in the middle of a year. Combined program and budget submissions occur in August. The Budget Review occurs in the August to December timeframe, with the President's Budget released in February.
The Budgeting phase begins in the middle of a calendar year. As shown in the graphic, combined program and budget submissions are provided to OSD in August (only CPs are submitted in August of an odd year). Review of the budget submissions continues through November, when the Program Budget Decisions (PBDs) are issued. After the Major Budget Issues review in December, changes are incorporated into the budget and the budget submitted to OMB for inclusion in the President’s Budget. The FYDP is updated at this time.
The principal players in the PPBE Budgeting Phase include:

- Undersecretary of Defense (Comptroller)
- Secretary of Defense
- Deputy Secretary of Defense
- OSD Budget Analysts
- OMB Budget Analysts
- OSD Staff
- Joint Staff
- Component Staffs, especially Component budget analysts
- Service/Component PPBE Action Officers (PEM, RO, MDEP POC, DASC)

Knowledge Review

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The following Knowledge Review is a matching question. Select a letter associated with the answers below and type that letter in the space next to the best corresponding phrase or statement. Then, select the Check Answers button and feedback will appear.

Match these key Budgeting Phase activities with the phrase best describing them.

**a.** Components clarify and defend their Budget Submissions to OSD.

**b.** Components request the reversal of five or fewer adjustments made during the Program and Budget Review process.

**c.** Components are directed, usually by DEPSECDEF, to make adjustments to their Budget Submissions.

1. **Program Budget Decisions**

2. **Advance Questions/Budget Hearings**

3. **Major Budget Issues**

Correct! The correct answers are: 1-c., 2-a., 3-b. Components have the opportunity to clarify and defend their Budget Submission in response to Advance Questions from OSD and OMB budget analysts and later during Budget Hearings. The Program Budget Decisions that follow, directing adjustments, are usually signed by DEPSECDEF. Lastly, Components have a final opportunity during the Major Budget Issue process to request reversal or “buy back” five or fewer highly significant adjustments made by OSD during the Program and Budget Review.
The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

Which of the following are products of the Budgeting phase of PPBE?

a. Program Budget Decision
b. Program Decision Memorandum
c. DoD portion of the President's Budget
d. Joint Programming Guidance
e. Program Objectives Memorandum

Correct!

Program Budget Decisions and the DoD portion of the President's Budget are both products of the Budgeting Phase of PPBE. Program Decision Memorandums and Program Objectives Memorandums are both products of the Programming phase of PPBE, while the Joint Programming Guidance is a product of the Planning phase of PPBE.

The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.

Any stakeholder may submit a reclama to a draft PBD, through their Component or Principal Staff Assistant, requesting that it be reversed or changed.

a. True
b. False

Correct!

Any stakeholder may submit a reclama to a draft PBD. Although the majority of reclamas are submitted by the affected Component, any stakeholder may submit one.
The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.
For the FY 14-19 PPBE cycle, the Component budget submissions would be provided to OSD during _______________, as part of the combined Program and Budget Submission.

a. August 2013

b. February 2013

c. August 2012

d. February 2012

Correct!

For the FY 14-19 PPBE cycle, Budgeting would begin in mid-calendar year 2012, with the Components gathering inputs to prepare their budget submissions. The Component budget submissions would be provided to OSD during August 2012 as part of the combined Program and Budget Submission.

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Check Answers button and feedback will appear.
The principal players in the PPBE Budgeting Phase include: (select all that apply)

a. Secretary of Defense

b. OMB Budget Analyst

c. Joint, OSD, and Component Staffs

d. Unified and Specified Command Combatant Commanders

e. Undersecretary of Defense (Comptroller)

f. Service/Component PPBE Action Officers

Correct!

Of the listed players, only the Unified and Specified Command Combatant Commanders are not considered to be key players in the Budgeting phase of PPBE.
Lesson Summary (1 of 4)

Congratulations! You have completed the PPBE Budgeting Lesson. The following topics were presented in this lesson:

- Budgeting Overview. During the Budgeting phase, budget submissions are prepared by the Components, reviewed by OSD for defensibility and efficient execution, and formatted for inclusion in the President's Budget. The USD (Comptroller) is the lead for this phase of PPBE.

- Budgeting Inputs. Operational organizations and field activities develop their individual budgets and submit them to their Component's headquarters. These budget inputs should be consistent with the Component program submission that is being developed simultaneously. Some Components perform a Summer Budget Review to examine program execution to adjust the budget request as necessary. In even-years, Components submit their Budget Estimate Submission (BES) to OSD in August, in odd-years, they instead submit Change Proposals (CPs) in August.

Lesson Summary (2 of 4)

The following topics were also presented in this lesson:

- OSD/OMB Budget Review. Budget analysts from OSD and OMB jointly review the budget submission in the fall. Although OMB can submit separate decisions on the reviews, it rarely does.
  
  - OSD budget analysts may issue advance questions to the Components to be answered in writing. Subsequently, budget hearings are held to review appropriations or specific programs, with Component functional staff and OSD program advocates providing information as necessary.
  
  - During the budget review, information primarily flows via the Component comptroller chain of command, but the Service PPBE Action Officers (PEM, RO, MDEP POC, DASC) also participate actively in this process to defend their programs.

Lesson Summary (3 of 4)

Other topics presented in this lesson include:

- Draft Program Budget Decisions (PBDs). Following the advance questions and budget hearings, the OSD budget analysts prepare draft Program Budget Decisions (PBDs) that direct adjustments to the Component budgets, primarily for the budget year(s) covered by the Program and Budget Review submission.
• Reclama Process. Draft PBDs are usually circulated among the affected stakeholders (OSD Staff, Components, Joint Staff, etc.). Although most reclamas are submitted by the affected Component, any stakeholder may submit a reclama requesting that a draft PBD be reversed or changed. A reclama may contest the basic argument and assumptions of the PBD and may also include an alternative proposal to mitigate the PBD's impact. Reclamas must usually be submitted within 48 to 96 hours after the release of the draft PBD.

• Final PBDs. After considering all reclamas, the budget analyst may choose to drop the PBD or to send it forward with or without modification to the PBD authority, usually the DEPSECDEF. The PBD is accompanied by a summary that includes all of the reclamas submitted. DEPSECDEF may reject the PBD, accept it as submitted, or make changes before signing the final PBD. Some PBDs are approved and signed by the USD (Comptroller). PBDs are issued as they are completed, usually in October and November.

Lesson Summary (4 of 4)

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Finally, the following topics were also presented in this lesson:

• Major Budget Issues (MBIs). After the PBDs and Program Decision Memorandums (PDMs) from the Program Review are signed, a Component Head has one last chance to request changes relating to a small number of serious issues in an MBI meeting with the SECDEF and DEPSECDEF in December. Changes resulting from MBI meetings are usually announced in revised PBDs.

• President's Budget. Final PBDs and PDMs are incorporated into the Component budgets and supporting documentation for inclusion in the President's Budget, which is finalized in early January and submitted to Congress by the first Monday in February.

• The principal players in the PPBE Budgeting Phase include:
  - Undersecretary of Defense (Comptroller)
  - Secretary of Defense
  - Deputy Secretary of Defense
  - OSD and OMB Budget Analysts
  - OSD Staff, Joint Staff, and Component Staffs, especially Component Budget Analysts
  - Service/Component PPBE Action Officers (PEM, RO, MDEP POC, DASC)

This page completes the lesson. Select a lesson from the Table of Contents to continue.
PPBE Issues

PPBE Issues
Introduction to PPBE Issues

Approximate Length: 35 minutes

Welcome to the PPBE Issues Lesson. This lesson presents the issues that budget analysts are typically concerned with during reviews, reasons that acquisition programs may lose funding, and advice on preparing quality reclamas or impact statements.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Learning Objectives

By completing this lesson, you should be able to:

- Recognize reasons that acquisition programs may lose funding during the PPBE process.
- Recognize the significant issues that concern the OSD Budget Analyst during his/her review of budget justification documentation.
- Recall the characteristics of a good reclama or impact statement.
Four Reasons Programs Lose Funding (1 of 2)

Page 3 of 26

Programs may not receive their desired levels of funding during the PPBE process for several reasons.

- **Scarcity of financial resources.** Limits of the DoD topline may cause programs to be unfunded or funded at less than desired levels. Additionally, programs may lose funding as DoD attempts to balance competing priorities (for example, readiness and modernization.) Programs whose funding profiles absorb too large a share of a Component's resources may also be vulnerable to cuts.

- **Questionable need for program.** Failure to provide detailed justification for requested funding may cause decision-makers to misjudge the importance of a program and reduce or eliminate its funds. Programs which duplicate efforts or capabilities existing elsewhere in DoD will usually be eliminated or consolidated. Programs to improve systems which will be retired in the near future are also vulnerable, as these resources can probably be applied to more lasting effect elsewhere.

Four Reasons Programs Lose Funding (2 of 2)

Page 4 of 26
Additionally, programs may not receive their desired levels of funding during the PPBE process for these reasons.

- **Excessive risk.** Projects that involve high technological risk may be scaled back in the short term to allow technology to catch up. Programs that are being undertaken before clear needs or capability requirements have been identified are also likely to be eliminated or reduced.
- **Budget Review issues.** The four principal issue areas considered by OSD and OMB analysts during the review of the Component budget submissions are:
  - Program pricing
  - Program phasing
  - Funding policies
  - Program budget executability

Questions that are likely to be asked with respect to each of these issues will be discussed on the following pages.

**Program Pricing**

Page 5 of 26

The following questions examine whether the specific program has been priced out properly so that the program is requesting the right amount of funding. Some of the questions likely to be asked under this category are:

- Is the budget based on the "most likely cost" of the work to be done?
- Is the proper escalation index applied?
- Are learning curves properly applied to production programs?
- Are inefficient production rates driving up cost?
- Are the effects of configuration changes included in the pricing?
The following questions examine the compatibility between the requirements shown in the approved acquisition strategy and the funding request, to ensure that the program is requesting funds at the proper time. Some of the questions likely to be asked under this category are:

- Is the proposed budget consistent with the timing and expected costs of major program events (for example, milestone decisions, testing, start of production, etc.)?
- Is the program attempting to finance more than 12 months worth of deliveries?
- Have non-recurring production costs and production facility ramp-up time been properly phased into the budget?
- Are any funds requested to begin an effort in the fourth quarter of the fiscal year? If so, what is the impact of slipping this into the following fiscal year?
The following questions examine the compliance of the budget request with the proper policy for each specific appropriation category. Some of the questions likely to be asked under this category are:

- Does the nature of the work proposed to be funded match the purpose of the appropriation?
- Are RDT&E funds budgeted on an incremental basis?
- Are Procurement and MILCON funds budgeted on a full funding basis?
- Are O&M and MILPERS funds budgeted on an annual basis?
- Has any proposed advance procurement or multiyear procurement received required approvals?

Long Description

Policy compliance factors include: the nature of work; the appropriation purpose; incremental funding of RDT&E; full funding of procurement and MILCON; annual funding of O&M and MILPERS; and approval of advance procurement and multiyear procurement.
The following questions examine the efficiency with which an organization has executed (that is, obligated and expended) its funds and the likelihood that it can give up part of its requested budget without significant adverse effect. Some of the questions likely to be asked under this category are:

- Is the program currently behind its goals for obligations and expenditures? If so, what is causing this lag?
- If the current execution lag is due to a schedule slip, how does this affect the future program schedule? Will some of the effort now slated for the first budget year slip into the second budget year, freeing up some of the budgeted funds?
- Does the program's past execution performance indicate that the program consistently "pads" its budget estimates?

Of the four major issues examined during the budget review, program budget execution is the greatest concern, since "excess" funds identified during the budget scrub can be used to finance other requirements that ended up just below the "cut line" due to their priority status. This enables
DoD to use its funds efficiently, stretching its limited dollars to address as many requirements as possible.

In addition to the issues above, OSD budget analysts also ensure that all decisions made during the Programming phase and issued in Program Decision Memorandums have been incorporated into the budget proposal.

**Knowledge Review**

**Page 10 of 26**

The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Funds have been requested to finance an upgrade to the ARMADILLO system. This system is scheduled to be retired within the next three years. Which of the following reasons would most likely be used to justify reducing or eliminating the ARMADILLO funding request?

- **a. Scarcity of financial resources**
- **b. Questionable need for program**
- **c. Excessive risk**
- **d. Budget Review issues**

Correct!

The most likely reason to be used in justifying reduction or elimination of the ARMADILLO funding request is the questionable need for the program. Since the ARMADILLO is scheduled to be retired soon, the funds requested for its upgrade could probably be used more effectively for another purpose.

**Knowledge Review**

**Page 11 of 26**

The following Knowledge Review is a matching question. Select a letter associated with the answers below and type that letter in the space next to the best corresponding phrase or statement (letters may apply to more than one answer). Then, select the Submit button and feedback will appear.

Match each of the following topics to the principal issue area under which they might be considered by OSD and OMB analysts during the review of the Component budget submissions.

- **a. Program Pricing**
- **b. Funding Policies**
c. Program Phasing

d. Program Budget Execution

1. Obligations and expenditures

2. Production facility ramp-up time

3. Inefficient production rates

4. Number of months worth of deliveries financed

5. Matching of appropriations to proposed work

6. Incremental budgeting of RDT&E funds

Correct! The correct answers are: 1-d., 2-c., 3-a., 4-c., 5-b., 6-b. Obligations and expenditures are considered as part of the Program Budget Execution issues. Production facility ramp-up time and number of months worth of deliveries financed are both considered under Program Phasing issues. Inefficient production rates is considered under Program Pricing issues. Matching of appropriations to proposed work and incremental budgeting of RDT&E funds both are considered under Funding Policies issues.

Knowledge Review

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Which one of the following four major issues is usually the greatest concern during the budget scrub?

a. Program Pricing

b. Funding Policies

c. Program Phasing

d. Program Budget Execution

Correct!

Program budget execution is usually the greatest concern, since "excess" funds can be used to finance other requirements, allowing DoD to use its funds more efficiently.
An **impact statement** is an assessment of the effects that a budget cut will have on a program. Impacts may include work that will not be accomplished or will be slipped to a future year, cost growth due to program delays, adverse impacts on system users, etc. Such budget cuts may already have occurred or may be under consideration.

A **reclama** is an attempt to head off a proposed budget cut by explaining why the proposal should be changed or eliminated. As such, a reclama often includes an impact statement.

Well-written impact statements and reclamas clearly and succinctly state the program's position in an attempt to either avoid or minimize the effects of proposed budget cuts.
Good impact statements usually address one or more of the following issues as applicable:

- **Operational Impact**: Describe what capability will not be provided to users, quantify length of delay in providing capability to users, and describe effect of delayed/non-receipt of capabilities on users.

- **Business Case**: Describe the amount and timing of projected cost increases stemming from the loss of funding. If the government might fail to meet its contractual obligations as a result of the funding loss, explain why this is the case and any resulting cost impact.

Other issues typically addressed by good impact statements if applicable:

- **Policy Non-Compliance**: If policy or direction from Congress or senior DoD leadership might be violated as a result of the program's loss of funding, explain what policy will be violated and why this will be difficult or impossible to avoid.

- **Program Impact**: If the loss of funding will cause the program to deviate significantly from its Acquisition Program Baseline, describe why this is the case. Program impacts are usually viewed as less serious than operational impacts, therefore, trace program impacts to operational impacts whenever possible.
Writing Effective Impact Statements (3 of 3)

General rules in writing impact statements:

- **Use non-technical language and spell out acronyms** for reviewers who may not be familiar with your program.
- **Be as specific as possible in describing the impact.** Avoid "motherhood and apple pie" statements that do not specifically address the impact of the cut, for example, "this reduction will reduce the quality of life of our soldiers." Select this hyperlink to access examples of weak statements improved by added specificity.
- **Maintain credibility by citing believable impacts** that are proportional to the funding loss. For example, a statement that the end item will experience a one-year fielding delay due to the loss of 1% of program funding will probably not be considered credible.
- **Be prepared to follow through** on any programmatic changes cited in the impact statement; for example, if you said that the funding loss would require a major program restructure, then do it.

**Examples of Effective Impact Statements**

**Example 1:**

WEAK: Will lose one man-year of contractor support needed to produce ABC required item.

GOOD: Launch of XYZ satellite will be delayed 2 months because of delays in producing ABC required item; delay in satellite launch will bring global coverage down to 65%. (Make this kind of statement only if there will be a serious operational gap).

**Example 2:**

WEAK: Reductions in launch operations and special study support.

GOOD: Reductions in launch operations and special study support will increase risk of being unable to diagnose anomalies and keep launch of ABC on schedule. If launch of ABC is delayed by more
than 3 months, this will cause a satellite coverage gap in Region X that could restrict use of certain weapon systems that depend on satellite communications.

Writing Effective Reclamas (1 of 2)

Effective reclamas seeking to avert a proposed funding cut should:

- **Specifically answer the argument.** Address your reclama to the reason for the proposed cut.

- **Challenge the analyst's facts or reasoning if appropriate.** Provide additional or correct information and/or point out logical flaws in the proposal.

- **Provide specific, credible impacts** of the proposed cut.

- **Be consistent** with other documents and statements regarding the program (for example, budget exhibits, Program and Budget Review submission, Combatant Commander, Integrated Priority List, testimony by Service leadership, etc.)
Effective reclamas should also:

- **Be concise.** The longer the reclama, the more likely that its message will be missed.

- **Use non-technical language and spell out acronyms** for reviewers who may not be familiar with your program.

- **Avoid emotional or hyperbolic statements** that may alienate your audience, for example; "this baseless reduction."

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**Acquisition Program Resource Management**

Page 19 of 26
Acquisition personnel must be aware that their programs are typically managing funds or funding requests that are in different stages of PPBE, enactment, or execution. The chart associated with this page illustrates this overlap in the management of program resources.

As shown here, in late July 2012 (FY 12), a program office using Procurement funds might be:

- Managing the execution of its FY 10, FY 11 and FY 12 funds.
- Tracking the Congressional enactment of its FY 13 funds.
- Preparing its portion of the Program and Budget Review documentation for its FY 14 funds.

Select the following hyperlink to see an enlarged Resource Allocation Process Overlap Chart.

**Long Description**

This chart is associated with the text on the main page. It illustrates the overlap in the management of program resources.

As shown here, in late July 2012 (FY12), a program office using only Procurement funds might be:

- Managing the execution of its FY10, FY11 and FY12 funds;
- Tracking the Congressional enactment of its FY13 funds; and
- Preparing its portion of the Program and Budget Review documentation for its FY14 funds.

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**Resource Allocation Process Overlap Chart**
Acquisition program personnel should realize that they must estimate their funding requirements as much as six or seven years in advance of when the funds will be needed for execution.

For example, if a program is planning to award a production contract in FY 2018, the first opportunity to request that funds be set aside for the program within the Component’s topline occurs in the FY 14-19 Program and Budget Review submission, which is actually formulated during FY 12. The chart illustrates this timing relationship.

Select the following hyperlink to see an enlarged Timing of Funding Requirements Estimates Chart

Long Description

Chart titled PPBE and Defense Acquisition System. Timeline across top shows Fiscal Years 10 through 19. First row below timeline shows symbols representing program milestones and decision reviews: Milestone A is early in FY 10, Milestone B is late in FY 11, Milestone C is mid-FY 15, and Full Rate Production Decision is late FY 17. Next row shows symbols representing major program contract awards: Concept Exploration contract award is mid-FY 10, System Development & Demonstration contract award is late FY 11, Low Rate Initial Production contract award is late FY 15, and Production contract award is early FY 18. The next row shows symbols representing the Program and Budget Review submissions for the biennial PPBE cycles: PBR 04-09 is late FY 10, PBR 06-11 is late FY 12, PBR 08-13 is late FY 14, PBR 10-15 is late FY 16, and PBR 12-17 is late FY 18. An arrow originating at the Production contract award symbol in the second row is drawn to PBR 06-11 in the third row to denote that the first opportunity to program and budget funds for the production contract award is in PBR 06-11.
PPBE and Defense Acquisition System Example

Long Description

Chart titled PPBE and Defense Acquisition System. Timeline across top shows Fiscal Years 10 through 19. First row below timeline shows symbols representing program milestones and decision reviews: Milestone A is early in FY 10, Milestone B is late in FY 11, Milestone C is mid-FY 15, and Full Rate Production Decision is late FY 17. Next row shows symbols representing major program contract awards: Technology Development contract award is mid-FY 10, Engineering and Manufacturing Development contract award is late FY 11, Low Rate Initial Production contract award is late FY 15, and Production contract award is early FY 18. The next row shows symbols representing the Program and Budget Review submissions for the biennial PPBE cycles: PBR 12-17 is late FY 10, PBR 14-19 is late FY 12, PBR 16-21 is late FY 14, PBR 18-23 is late FY 16, and PBR 20-25 is late FY 18. An arrow originating at the Production contract award symbol in the second row is drawn to PBR 14-19 in the third row to denote that the first opportunity to program and budget funds for the production contract award is in PBR 14-19.
Knowledge Review

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The following Knowledge Review is a matching question. Select a letter associated with the answers at the bottom of the screen and type that letter in the space next to the best corresponding phrase or statement. Then, select the Check Answers button and feedback will appear.

Match the following terms with their definitions.

a. Reclama

b. Impact statement

1. An assessment of the effects that a budget cut will have on a program.

2. An attempt to head off a proposed budget cut by explaining why the proposal should be changed or eliminated.

Correct! The correct answers are: 1-b., 2-a. A Reclama is an attempt to head off a proposed budget cut by explaining why the proposal should be changed or eliminated. An impact statement is an assessment of the effects that a budget cut will have on a program. An impact statement is often part of a reclama.

Knowledge Review

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The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

Which of the following are general rules for writing Impact Statements? (Select all that apply)

a. Use non-technical language and spell out acronyms.

b. Be as specific as possible in describing the impact.

c. Cite believable impacts that are proportional to the funding loss.

d. Cite programmatic changes that are unlikely to be implemented even if the funding loss occurs.

Correct!

All of these are general rules for writing impact statements, except for citing programmatic changes that are unlikely to be implemented even if the funding loss occurs. Doing so would likely reduce a program office’s credibility and make it less effective in future attempts to prevent funding cuts.
The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Complete this statement: If a program is planning to award a production contract in FY 2020, the first opportunity to request that funds be set aside for the program within the Component's topline occurs in the ________, Program and Budget Review submission.

a. FY14-20
b. FY16-21
c. FY20-20
d. FY14-21

Correct!

The first opportunity to request that funds be set aside for a planned contract award in FY 2020 occurs in the FY16-21 Program and Budget Review submission. None of the other choices correctly identifies the years covered in a Program and Budget Review submission.

Lesson Summary (1 of 3)

Congratulations! You have completed the PPBE Issues Lesson. The following topics were presented in this lesson:

- Four reasons programs lose funding. Programs may not receive their desired levels of funding during the PPBE process due to scarcity of financial resources, questionable need for the program, excessive risk, or Budget Review issues.

- Budget Review issues. The four principal issue areas considered during the review of the Component budget submissions are program pricing, program phasing, funding policies, and program budget execution. Of these four, program budget execution is usually the greatest concern, since "excess" funds identified during the budget scrub can be used to finance other requirements, improving the efficiency of DoD's use of funds.
The following topics were also presented in this lesson:

- Impact statements. An impact statement is an assessment of the effects that a budget cut will have on a program. This may include work scope reductions or schedule slippage, cost growth due to program delays, adverse impacts on system users, etc.
  - Good impact statements usually address issues related to: effects on users, cost and contractual implications, policy compliance, and program execution effects.
  - General rules in writing impact statements include:
    - Using non-technical language and spelling out acronyms.
    - Being as specific as possible in describing the impact.
    - Maintaining credibility by citing believable impacts.
    - Being prepared to follow through on any programmatic changes cited.

Finally, the following topics were presented in this lesson:

- Reclamas. A reclama is an attempt to head off a proposed budget cut by explaining why the proposal should be changed or eliminated. A reclama often includes an impact statement.
  - Effective reclamas seeking to avert a proposed funding cut should be specific, concise, factual, rational, easily understood, and consistent with other documents and statements regarding the program.
- Acquisition program resource management. Acquisition personnel must be aware that their programs are typically managing funds or funding requests that are in different stages of PPBE, enactment, or execution and that it is very important to understand the exact status of each appropriation or funding request.
- Estimating funding requirements. Acquisition program personnel should realize that estimates of funding requirements for their programs may have to be prepared as much as six or seven years in advance of the year in which the funds will be executed.

This page completes the lesson. Select a lesson from the Table of Contents to continue.
Module Summary

Module Summary
Congratulations! You have completed the Planning, Programming, Budgeting, and Execution (PPBE) process Module. The following topics were presented in the PPBE Overview and Building Blocks Lesson of this module:

- All acquisition programs are affected by three major DoD Decision Support Systems: the Joint Capabilities Integration and Development System, the Defense Acquisition System and the Planning, Programming, Budgeting, and Execution (PPBE) process. PPBE and the Defense Acquisition System must interact effectively to provide acquisition programs with appropriate levels of resources within constraints. Such efficient coordination is sometimes impeded by the different natures of the two systems, with PPBE being calendar-driven and the Defense Acquisition System being driven by events.

- PPBE is DoD's primary resource allocation system, having the ultimate objective to provide warfighters with the best mix of forces, equipment, and support attainable within established fiscal constraints. The PPBE cycle is intended to be conducted every two years, consistent with DoD's submission of a biennial budget request for even-numbered fiscal years.

Other topics presented include:

- Coordination of the PPBE process varies among the Services. In any case, information must flow in a timely manner from the program office to decision makers in the Pentagon throughout all phases of the PPBE process for a program to be successful in securing the resources it requires.
  
  o Air Force Key Personnel: The Program Element Monitor (PEM) acts as an integrator between the using commands, acquisition commands, the Air Staff, the Program Executive Officer or Acquisition Commander, and the Program Management Office by serving as the spokesperson for their assigned program element (PE).
  
  o Navy Key Personnel: The RO represent mission-oriented resource sponsors (subsurface, surface, air, etc.) and are responsible for the link between the using commands, Systems or other developing commands, program offices, OPNAV and the Navy Secretariat.
  
  o Army Key Personnel: The Management Decision Package (MDEP) Point of Contact (POC) and the Department of the Army Systems Coordinator (DASC) are responsible for many of the PPBE coordination functions by serving as the spokesperson for their assigned program element (PE).
Other topics presented include:

- PPBE consists of three distinct but interrelated phases: Planning, Programming, and Budgeting. Since 2001, the Programming and Budgeting phases have been conducted simultaneously.
  - The primary purpose of the Planning phase is to review the threats to national security and articulate the DoD strategy and capabilities required to counter these threats in the Joint Programming Guidance (JPG).
  - The primary purpose of the Programming phase is to develop Component resource packages (programs) prioritized in accordance with the JPG.
  - The primary purpose of the Budgeting phase is to produce a defensible DoD budget request to be incorporated into the President’s Budget submission to Congress.

Other topics presented include:

- The Future Years Defense Program (FYDP) is a database containing the DoD resource program approved by SECDEF for a particular PPBE cycle. This database is structured into three basic dimensions:
  - Major Programs that reflect a macro-level force mission or a support mission of DoD.
  - DoD appropriations, including RDT&E, Procurement, Military Construction, Military Personnel, and Operations & Maintenance.
  - Components that control the various FYDP resources, such as Army, Navy, Air Force, various Defense Agencies, etc.
- A program element (PE) is the primary data element in the FYDP and normally the smallest aggregation of resources controlled by OSD. Each PE is identified by a seven-digit number followed by an alphabetical suffix, with the first two digits representing the Major Program and the suffix denoting the Component that controls the PE.

The following topics were presented in the PPBE Planning Phase Lesson of this module:

- Planning Phase overview. In the Planning phase of PPBE, national security threats are assessed, capabilities required to counter these threats are articulated, and national defense policies, objectives, and strategy are defined. Planning takes place under the general
direction of the Undersecretary of Defense for Policy (USD(P)) and culminates in the issuance of the Joint Programming Guidance (JPG).

- The primary inputs to the PPBE Planning Phase are:
  - National Security Strategy of the United States (NSS). Prepared by the National Security Council and signed by the President, this document outlines U.S. national interests and strategies to protect those interests.
  - National Military Stategy (NMS). Provides strategic direction on how the Joint Force should align the military ends, ways, means and risks consistent with the goals established in the National Defense Strategy (NDS).

Other topics presented include:

- The primary inputs to the PPBE Planning Phase also include:
  - Quadrennial Defense Review (QDR). Developed every four years, it is the result of a comprehensive examination of potential threats, strategy, force structure, readiness posture, modernization programs, infrastructure, and information operations and intelligence.
  - Guidance for the Development of the Force (GDF). The GDF presents a long-term view of the security environment and helps shape the investment blueprint for the six FYDP years by establishing priorities within and across Joint Capability Areas (e.g., command and control).
  - Chairman's Program Recommendation (CPR). The Joint Chiefs of Staff (JCS)-level Joint Requirements Oversight Council (JROC), along with the Joint Staff, assists the Chairman of the JCS (CJSS) in identifying and assessing the priority of joint requirements, studying alternatives, and ensuring priorities conform with and reflect resource levels projected by the SECDEF. Within the Planning Phase of PPBE, the JROC provides suggested issues and recommendations for the Chairman’s Program Recommendation (CPR), which is intended to influence the Joint Programming Guidance (JPG). The CPR provides the CJCS’s program recommendations and is intended to enhance joint readiness, promote joint doctrine and training, and satisfy war fighting requirements.
Other topics presented include:

- Joint Programming Guidance (JPG). The JPG provides the DoD Components with guidance for peacetime, crises, and wartime strategies. The Director, Cost Assessment & Program Evaluation (D, CAPE) assists the Undersecretary of Defense for Policy (USD(P)) in the preparation of the JPG.

- The JPG documents the decisions made on issues, metrics and measures of sufficiency during the collaborative joint planning process and will demonstrate that the totality of the programmatic guidance is fiscally executable.

- The JPG, which is usually issued in March/April, is the final product of the Planning phase and is the basis for the development of the Component programs in the next phase of PPBE.

Other topics presented include:

- Planning Phase timing. Planning is a meticulous process that begins about three years in advance of the first budget year covered by the PPBE cycle.

- The principal players in the PPBE Planning Phase include:
  - Undersecretary of Defense (Policy)
  - Director, Cost Assessment & Program Evaluation
  - Chairman, Joint Chiefs of Staff
  - Unified and Specified Command Combatant Commanders
  - Service Chiefs
  - Joint Staff
  - OSD Staff
  - Component Staffs
  - Service/Component PPBE Action Officers (for example, PEM, RO, MDEP POC, DASC)

The following topics were presented in the PPBE Programming Phase Lesson:

- Programming Overview. Programming is the process by which the Joint Programming Guidance is translated into effective and achievable resource packages (programs) by the
DoD Components. The Director, Cost Assessment & Program Analysis (D, CAPE) is responsible for overall coordination of this PPBE phase.

- Programming Inputs. The JPG and the associated Fiscal Guidance from the Planning phase are two of the key inputs to the Programming phase. The DoD Components also receive inputs from the Combatant Commanders (Integrated Priority Lists) and the Components’ subordinate commands regarding their resource requirements.

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Other topics presented include:

- Program Submission. Each DoD Component puts together a balanced program that allocates its forces, personnel and financial resources and documents it in a program submission for the Program and Budget Review submission. The program submission is usually referred to as the Program Objectives Memorandum or POM.
  
  - Regular program submissions (or POMs) are prepared in even-numbered years, covering the two budget years and four out-years. Components must identify significant force structure and personnel end strength changes that have occurred since the previous submission, as well as any new starts being undertaken for major acquisition systems. Any shortfalls in meeting JPG or Combatant Commander objectives should also be highlighted.
  
  - In odd-numbered years, the Components prepare a revision to the original program submission. This revision is in the form of Change Proposals (CPs). The revision covers only five years - the second budget year of the original POM and the four out-years. This revised program submission is variously known as the Amended POM (APOM), Mini-POM, or Program Review (PR).
  
  - The Service PPBE Action Officers (PEM, RO, MDEP POC, DASC) are key players in the program submission preparation process.

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Other topics presented include:

- Program Review. This portion of the Program and Budget Review mainly considers issues pertaining to JPG compliance, Service program balance and major programmatic issues. The Secretary of Defense decides what JPG compliance issues will be considered during the Program Review.
  
  - Issue Teams examine the Component programs in light of the specific issues identified for review. They also examine proposed program alternatives and recommend the program changes they consider necessary. This review results in Issue Papers.
Particularly important or broad issues are reviewed by the 3-Star Group and passed on to the Deputy's Advisory Working Group (DAWG) and the Senior Leader Review Group (SLRG). The DAWG/SLRG considers all inputs on the issue and recommends a position to the Deputy Secretary of Defense (DEFSECDEF) for inclusion in the approved Component program.

- Chairman’s Program Assessment (CPA). The CPA provides SECDEF with alternatives to Component program recommendations and budget proposals to achieve greater conformance with established priorities. Program Decision Memoranda (PDM). Decisions on Program Review issues are published in one or more Program Decision Memoranda (PDM) and incorporated into the President's Budget.

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Other topics presented include:

- The principal players in the PPBE Programming Phase include:
  - Director, Program Analysis & Evaluation
  - Deputy Secretary of Defense
  - Chairman and Vice Chairman, Joint Chiefs of Staff
  - Undersecretary of Defense, Comptroller
  - Unified and Specified Command Combatant Commanders
  - Deputy's Advisory Working Group (DAWG)
  - Senior Leader Review Group (SLRG)
  - 3-Star Group
  - Component Heads
  - OSD Staff
  - Joint Staff
  - Component Staffs
  - Service/Component PPBE Action Officers (PEM, RO, MDEP POC, DASC)

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**Module Summary (13 of 18)**

The following topics were presented in the PPBE Budgeting Lesson of this module:

- **Budgeting Overview.** During the Budgeting phase, budget submissions are prepared by the Components, reviewed by OSD for defensibility and efficient execution, and formatted for inclusion in the President’s Budget. The USD (Comptroller) is the lead for this phase of PPBE.

- **Budgeting Inputs.** Operational organizations and field activities develop their individual budgets and submit them to their Component’s headquarters. These budget inputs should be consistent with the Component program submission that is being developed simultaneously. Some Components perform a Summer Budget Review to examine program execution to adjust the budget request as necessary before submitting it to OSD in August.
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Other topics presented include:

- OSD/OMB Budget Review. Budget analysts from OSD and OMB jointly review the budget submission portion of the Program and Budget Review submission during September and October. Although OMB can submit separate decisions on the reviews, it rarely does.
  - OSD budget analysts may issue advance questions to the Components to be answered in writing. Subsequently, budget hearings are held to review appropriations or specific programs, with Component functional staff and OSD program advocates providing information as necessary.
  - During the budget review, information primarily flows via the Component comptroller chain of command, but the Service PPBE Action Officers (PEM, RO, MDEP POC, DASC) also participate actively in this process to defend their programs.

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Other topics presented include:

- Draft Program Budget Decisions (PBDs). Following the advance questions and budget hearings, the OSD budget analysts prepare draft Program Budget Decisions (PBDs) that direct adjustments to the Component budgets, primarily for the budget year(s) covered by the Program and Budget Review submission.

- Reclama Process. Draft PBDs are usually circulated among the affected stakeholders (OSD Staff, Components, Joint Staff, etc.). Although most reclamas are submitted by the affected Component, any stakeholder may submit a reclama requesting that a draft PBD be reversed or changed. A reclama may contest the basic argument and assumptions of the PBD and may also include an alternative proposal to mitigate the PBD’s impact. Reclamas must usually be submitted within 48 to 96 hours after the release of the draft PBD.

- Final PBDs. After considering all reclamas, the budget analyst may choose to drop the PBD or to send it forward with or without modification to the PBD authority, usually the DEPSECDEF. The PBD is accompanied by a summary that includes all of the reclamas submitted. DEPSECDEF may reject the PBD, accept it as submitted, or make changes before signing the final PBD. Some PBDs are approved and signed by the USD (Comptroller). PBDs are issued as they are completed, usually in October and November.

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Other topics presented include:
• Major Budget Issues (MBIs). After the PBDs and Program Decision Memorandums (PDMs) from the Program Review are signed, a Component Head has one last chance to request changes relating to a small number of serious issues in an MBI meeting with the SECDEF and DEPSECDEF in December. Changes resulting from MBI meetings are usually announced in revised PBDs.

• President’s Budget. Final PBDs and PDMs are incorporated into the Component budgets and supporting documentation for inclusion in the President’s Budget, which is finalized in early January and submitted to Congress by the first Monday in February.

• The principal players in the PPBE Budgeting Phase include:
  o Undersecretary of Defense (Comptroller)
  o Secretary of Defense
  o Deputy Secretary of Defense
  o OSD and OMB Budget Analysts
  o OSD Staff, Joint Staff, and Component Staffs, especially Component Budget Analysts
  o Service/Component PPBE Action Officers (PEM, RO, MDEP POC, DASC)

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Other topics presented include:

• Impact statements. An impact statement is an assessment of the effects that a budget cut will have on a program. This may include work scope reductions or schedule slippage, cost growth due to program delays, adverse impacts on system users, etc.
  o Good impact statements usually address issues related to: effects on users, cost and contractual implications, policy compliance, and program execution effects.
  o General rules in writing impact statements include:
    ▪ Using non-technical language and spelling out acronyms.
    ▪ Being as specific as possible in describing the impact.
    ▪ Maintaining credibility by citing believable impacts.
    ▪ Being prepared to follow through on any programmatic changes cited.

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Finally, the following topics were presented in this module:

• Reclamas. A reclama is an attempt to head off a proposed budget cut by explaining why the proposal should be changed or eliminated. A reclama often includes an impact statement.
Effective reclamas seeking to avert a proposed funding cut should be specific, concise, factual, rational, easily understood, and consistent with other documents and statements regarding the program.

- Acquisition program resource management. Acquisition personnel must be aware that their programs are typically managing funds or funding requests that are in different stages of PPBE, enactment, or execution and that it is very important to understand the exact status of each appropriation or funding request.

- Estimating funding requirements. Acquisition program personnel should realize that estimates of funding requirements for their programs may have to be prepared as much as six or seven years in advance of the year in which the funds will be executed.

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