Welcome to PPBE Overview and Building Blocks

This lesson explains how the Planning, Programming, Budgeting, and Execution (PPBE) process is the source of financial resources for the Life Cycle Logician (LCL). Understanding financial status is important in every phase of a project lifecycle. The Wall Chart identifies PPBE in the AT&L Life Cycle Management Framework. Additionally, you will learn about the PPBE process and its major building blocks: the Future Years Defense Program (FYDP), Major Force Programs (MFP), and Program Elements (PE).
Objectives

Upon completion of this lesson, you will be able to:

- Recall the primary purpose of each of the three phases of the PPBE process.
- Identify the interrelationship 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. The objective of PPBE is to provide 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.
Long Description

This is a graphic that shows a balance scale with money and military equipment on each side. The word Support appears on the left side of the graphic. The word Personnel appears on the right side, and the word Equipment appears on the bottom.
PPBE Overview

The PPBE process was changed in April 2010. The most significant change made to the overall PPBE process when compared to the process used between 2003 and 2009 is the return to an annual cycle in lieu of a biennial cycle.

The PPBE cycle is intended to be an annual process. It is described as such in this course, consistent with DoD's submission of an annual budget as part of the President's Budget Request to Congress.
**Long Description:**

Diagram showing the NSS (National Security Strategy) document prepared by NSC (National Security Council) and signed by the President.
Three Phases of PPBE

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 Defense Planning and Programming Guidance (DPPG).

The primary purpose of the Programming phase is to develop affordable Component resource packages (programs) prioritized in accordance with the DPPG. These programs, which cover 5 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.
**Popup Text:**

**Defense Planning and Programming Guidance (DPPG)**

Product of the Planning, Programming, Budgeting and Execution (PPBE) process planning phase. The DPPG reflects the President's National Security Strategy (NSS), the Secretary of Defense's National Defense Strategy, and the Chairman of the Joint Chiefs of Staff's National Military Strategy (NMS). It also reflects results of the Quadrennial Defense Review, and the annual Chairman's Program Recommendations (CPR). The DPPG drives the development of the Program Objective Memoranda (POM) and Budget Estimate Submissions (BES). (DAU Glossary)

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**Long Description:**

The circles list the primary purposes of each PPBE Phase as outlined in the content of this page.

- **Planning**
  - Review the Threat
  - Develop Guidance
- **Programming**
  - Turn guidance into achievable and affordable packages
  - 5 year program
- **Budgeting**
  - Efficient execution
  - 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
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).

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.

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.

**Long Description:**

This is a graphic that contains two images connected by an arrow with a clock beside it. The image on top is labeled Program Office and it contains people around a conference table. It has the words Planning, Programming, and Budgeting beside it. An arrow points to the image on the bottom of the graphic, which is labeled Decision Makers, and contains the Pentagon.
Three Decision-Making Support Systems

Now that we've defined PPBE and introduced some key players and documents, 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.
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.

The second decision-making support system is the Defense Acquisition System, which translates the user needs identified in the 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, Budgeting and Execution (PPBE) system, which is the system within the DoD used to allocate financial, personnel, and materiel resources based on mission priorities.
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.
Relationship of PPBE to Defense Acquisition System

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 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 its scope or extend its schedule.
PPBE Challenges

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.
Long Description:

Picture of a tug of war where team A is named as PPBE shown as Calendar-driven and team B is named as DAS shown as Events-driven.
Knowledge Review

Which phase below produces a DoD request for funding that can be effectively defended before Congress?

- [ ] Planning
- [ ] Programming
- [x] Budgeting
- [ ] Execution

The **Budgeting** phase produces a DoD request for funding that can be effectively defended before Congress.
Future Years Defense Program (FYDP) Purpose & Content

Now we will discuss the basic building blocks of PPBE: the FYDP, Major Force Programs, and Program Elements.

The FYDP is a database containing information on the DoD resource programs approved by SECDEF for a particular PPBE cycle. The basic FYDP includes five years of information regarding force levels (for example, aircraft inventories), personnel requirements, and funding requirements information (one budget year plus four "out-years").

The graphic shows the years included in the FY 14-18 PPBE cycle. For this cycle, FY14 is the budget year and FY15 through 18 are the out-years.
FYDP

A massive DoD database and internal accounting system that summarizes forces and resources associated with programs approved by the Secretary of Defense (SECDEF). Its three parts are the organizations affected, appropriations accounts (Research, Development, Test and Evaluation (RDT&E), Operation and Maintenance (O&M), etc.), and the 11 major programs (strategic forces, mobility forces, R&D, etc.). The FYDP allows a “crosswalk” between DoD’s internal system of accounting via 11 major programs and congressional appropriations. The primary data element in the FYDP is the Program Element (PE). The FYDP is updated during the Planning, Programming, Budgeting and Execution (PPBE) Process cycle: submission of the combined Program Objectives Memorandum (POM)/Budget Estimate Submission (BES) (usually August/September), and submission of the President’s Budget (PB) (early February the year following).

Long Description:

The basic FYDP for the FY 14-18 PPBE cycle is represented as a loaf of sliced bread, with a fiscal year assigned to each slice. The 10 slices represent the Prior Year (FY 12), Current Year (FY 13), Budget Year 1 (FY 14), four out-years (FY 15 through FY 18) and three years for Force Levels Only (FY 19 through FY 21).
FYDP Purpose & Content, Cont.

To allow insight into past and future years, the full FYDP includes information about resource allocation for the years immediately preceding the 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 14-18 PPBE cycle. For this cycle, FY 12 is the prior year and FY 13 is the current year. FY 14 is the budget year and FY 15 through FY 18 are the out-years. FY 19 through FY 21 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.
The basic FYDP for the FY 14-18 PPBE cycle is represented as a loaf of sliced bread, with a fiscal year assigned to each slice. The 10 slices represent the Prior Year (FY 12), Current Year (FY 13), Budget Year 1 (FY 14), four out-years (FY 15 through FY 18) and three years for Force Levels Only (FY 19 through FY 21).
FYDP Purpose & Content, Cont.

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 year 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 year along with the two years preceding and the four years following the budget years.
The basic FYDP for the FY 14-18 PPBE cycle is represented as a loaf of sliced bread, with a fiscal year assigned to each slice. The 10 slices represent the Prior Year (FY 12), Current Year (FY 13), Budget Year 1 (FY 14), four out-years (FY 15 through FY 18) and three years for Force Levels Only (FY 19 through FY 21).
FYDP Three Major Dimensions

The FYDP database is structured in three basic dimensions. In its first dimension the FYDP is categorized into Major Force 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.
Long Description:

Three dimensional cube with a frontal view listing the Major Force 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.
Knowledge Review

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

☐ For the PPBE cycle, the basic FYDP contains five years of information regarding force levels, manpower requirements, and funding requirements.

☐ The FYDP is a database.

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

☐ 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).

Check Answer

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.
Major Programs

A Major Force Program (MFP) 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 MFPs listed. Every MFP is further subdivided into units called program elements.

Note: The MFPs are listed in the graphic on the right. Select the D hyperlink to access a numbered list.
<table>
<thead>
<tr>
<th>MFP</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFP 1</td>
<td>Strategic Forces</td>
</tr>
<tr>
<td>MFP 2</td>
<td>General Purpose Forces</td>
</tr>
<tr>
<td>MFP 3</td>
<td>Command, Control, Communications, Intel &amp; Space</td>
</tr>
<tr>
<td>MFP 4</td>
<td>Mobility Forces</td>
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<tr>
<td>MFP 5</td>
<td>Guard &amp; Reserve Forces</td>
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<tr>
<td>MFP 6</td>
<td>Research and Development MFP</td>
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<tr>
<td>MFP 7</td>
<td>Central Supply &amp; Maintenance</td>
</tr>
<tr>
<td>MFP 8</td>
<td>Training, Medical, and Other Personnel Activities</td>
</tr>
<tr>
<td>MFP 9</td>
<td>Administration and Associated Activities</td>
</tr>
<tr>
<td>MFP 10</td>
<td>Support of Other Nations</td>
</tr>
<tr>
<td>MFP 11</td>
<td>Special Operations Forces</td>
</tr>
</tbody>
</table>
Program Elements

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 3600 active PEs.

Select the following hyperlink to access the FYDP Program Structure Handbook (DoD 7045.7-H).
**Long Description:**


Broad PEs: 0101815F Advanced Strategic Programs, 0202096A Base Operations, 0301011N Cryptologic Activities, and 0801714M Personnel Processing Activities.
Program Elements, Cont.

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 Force Program (MFP) 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 MFP 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 PE suffixes.
**Popup Text:**

**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, Cont.

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 Operation & Support phase (primarily O&M and MILPERS funds).
A table with multiple program elements and appropriations. Appropriations represented are RDT&E, Aircraft Procurement, MILCON, O&M, and MILPERS for the period FY 10 through FY 15. This table shows two programs: one labeled PE 060nnnnF consisting of RDT&E funds; and a second program labeled PE 010nnnnF consisting of Aircraft Procurement, MILCON, O&M, and MILPERS funds. PE 060nnnnF RDT&E funds decrease from FY 10 through FY 12. PE010nnnnF transitions over a six year period from production & deployment (primarily Procurement and MILCON funds) to the Operation & Support phase (primarily O&M and MILPERS funds). Aircraft Procurement funds start in FY 11 and increase until stabilizing in FY 13. MILCON funds are allotted to FY 11. O&M funds start in FY 13 and increase through FY 15, while MILPERS funds start in FY 12 and increase through FY 15.
The end result of the PPBE process is the DoD portion of the President's Budget.

True

False

The statement is true. The end result of the PPBE process is the DoD portion of the President's Budget.
Knowledge Review

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

- Major Programs
- Components
- DoD Appropriations
- Program Elements

Major Programs, Components, and DoD Appropriations are all major dimensions of the FYDP database.
Knowledge Review

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?

- The Fiscal Year.

- The priority of the program element.

- The Major Force Program to which the program element belongs.

- The first two digits have no significance.

The first two digits of the program element number represent **The Major Force Program to which the program element belongs**.
Knowledge Review

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?

- An acquisition program with identified resource shortfalls over the latest PPBE cycle may be initiated without resolving these shortfalls.
- At program initiation, an acquisition program must demonstrate that it is fully funded over its entire life cycle.
- Once a program is initiated, it need not update its resource requirements until the next scheduled milestone or decision review.
- Once a program is initiated, resource allocation decisions in the PPBE may impact the program's execution plans.

The interaction between the PPBE and the Defense Acquisition System is best represented by the statement "Once a program is initiated, resource allocation decisions in the PPBE may impact the program's execution plans".
PPBE Overview and Building Blocks Summary

You have completed the lesson PPBE Overview and Building Blocks and should now be able to:

- Recall the primary purpose of each of the three phases of the PPBE process.
- Identify the interrelationship 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.
Lesson Completion

You have completed the content for this lesson.

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