



Planning, Programming, Budgeting and Execution (PPBE) Process

Roberta Tomasini

roberta.tomasini@dau.mil

703-805-3764

Defense Systems Management College

Defense Acquisition University

Fort Belvoir, Virginia

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- PPBE Overview
 - National Security Strategy, Dec 2017 (2)
 - National Defense Strategy, Jan 2018 (1)
 - SecDef Mattis' 3 Lines of Effort (1)
 - PB 19 Highlights (Open Source Info) (9)
 - PPBE Phases (1)
- Building Blocks
 - FYDP, MFP, and Program Elements (3)
- PPBE Process and Schedule (3)

National Security Strategy (Dec 2017) (1/2)

Pillar I: Protect the American People, the Homeland, and the American Way of Life

- Secure U.S. Borders and Territory**
- Pursue Threats to Their Source**
- Keep America Safe in the Cyber Era**
- Promote American Resilience**

Pillar II: Promote American Prosperity

- Rejuvenate the Domestic Economy**
- Promote Free, Fair, and Reciprocal Economic Relationships**
- Lead in Research, Technology, Invention, and Innovation**
- Promote and Protect the U.S. National Security Innovation Base**
- Embrace Energy Dominance**

National Security Strategy (Dec 2017) (2/2)

Pillar III: Preserve Peace through Strength

- Renew America's Competitive Advantages**
- Renew Capabilities**
 - Military, Def Industrial Base, Nuclear Forces, Space, Cyberspace, Intelligence**
- Diplomacy and Statecraft**

Pillar IV: Advance American Influence

- Encourage Aspiring Partners**
- Achieve Better Outcomes in Multilateral Forums**
- Champion American Values**

National Defense Strategy

- **Compete, Deter, and Win to Preserve Peace through Strength**
 - Expand the competitive space leveraging all elements of national power
- **Competition with China and Russia is central challenge**
 - Continue efforts to deter and counter North Korea, Iran, and terrorists
- **Sustain U.S. influence and ensure favorable regional balances of power**
 - Build a more lethal, resilient, agile, and ready Joint Force
 - Strengthen alliances and attract new partners
 - Reform the Department's business practices for greater performance and affordability

Great Power Competition is now the Primary Focus

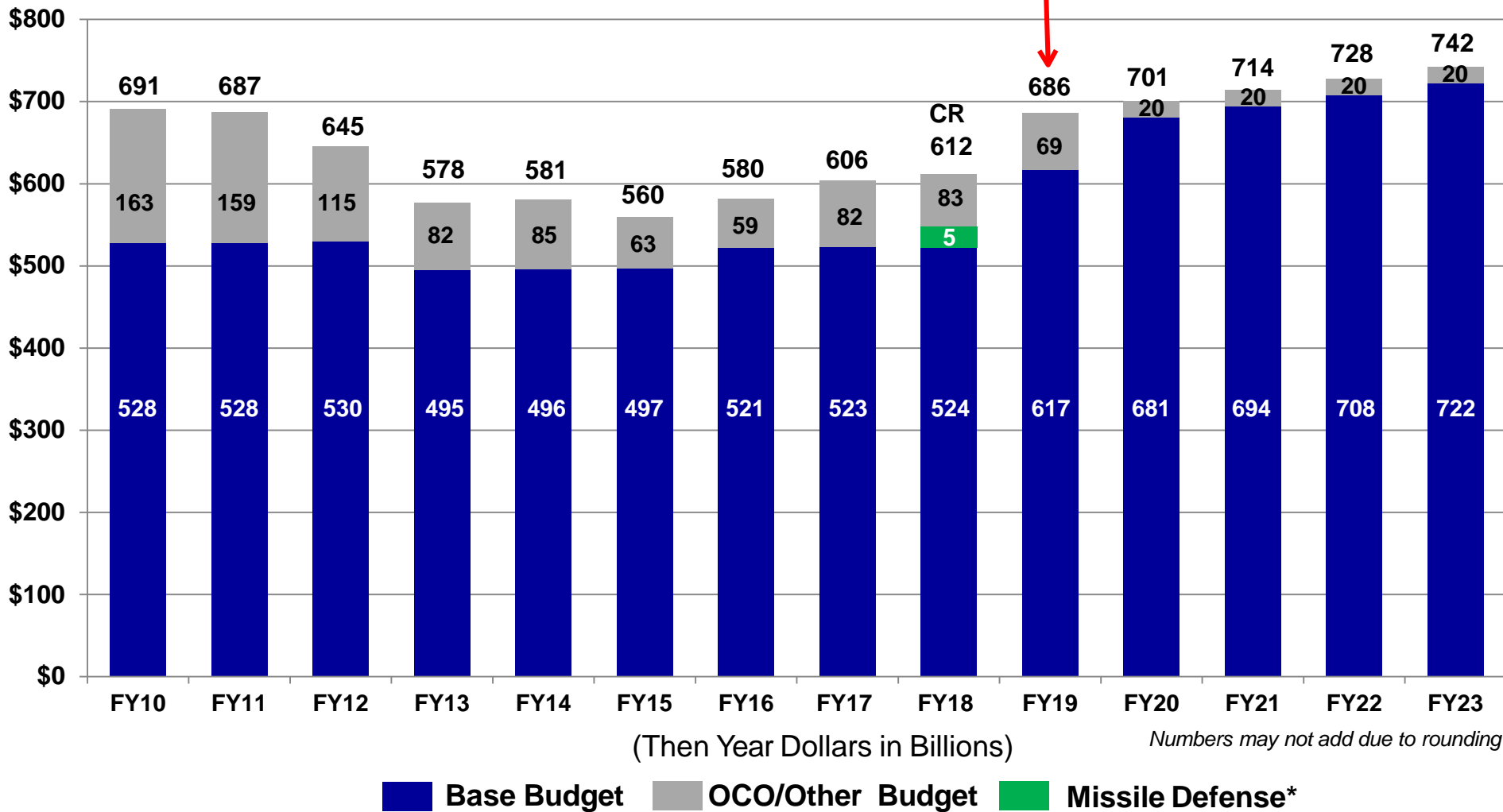
DoD Strategic Framework: 3 Lines of Effort

SecDef memo dated 5 Oct 2017

- **LOE 1: Build a More Lethal Force**
 - **Maintain a safe, secure, and reliable nuclear deterrent**
 - **Field a decisive conventional force**
 - **Retain irregular warfare as a core competency**
- **LOE 2: Strengthen Alliances & Attract New Partners**
 - **Sustain and grow iron-clad Asia-Pacific alliances**
 - **Fortify the Trans-Atlantic alliance**
 - **Form an enduring Middle East coalition**
- **LOE 3: Reform the Department**
 - **Instill budget discipline and effective resource mgt**
 - **Develop a culture of rapid and meaningful innovation**
 - **Streamline requirements and acquisition processes**
 - **Promote responsible risk-taking and personal initiative**

DoD Funding from FY 2010 Through FY 2023

(Discretionary Budget Authority)



*Division B, P.L. 115-96, DoD Missile Defeat and Defense Enhancements Appropriations Act, 2018

Increases funding \$74 Billion (10% real growth) over CR Levels

FY 2019 National Defense Budget Request

(Dollars in Billions)

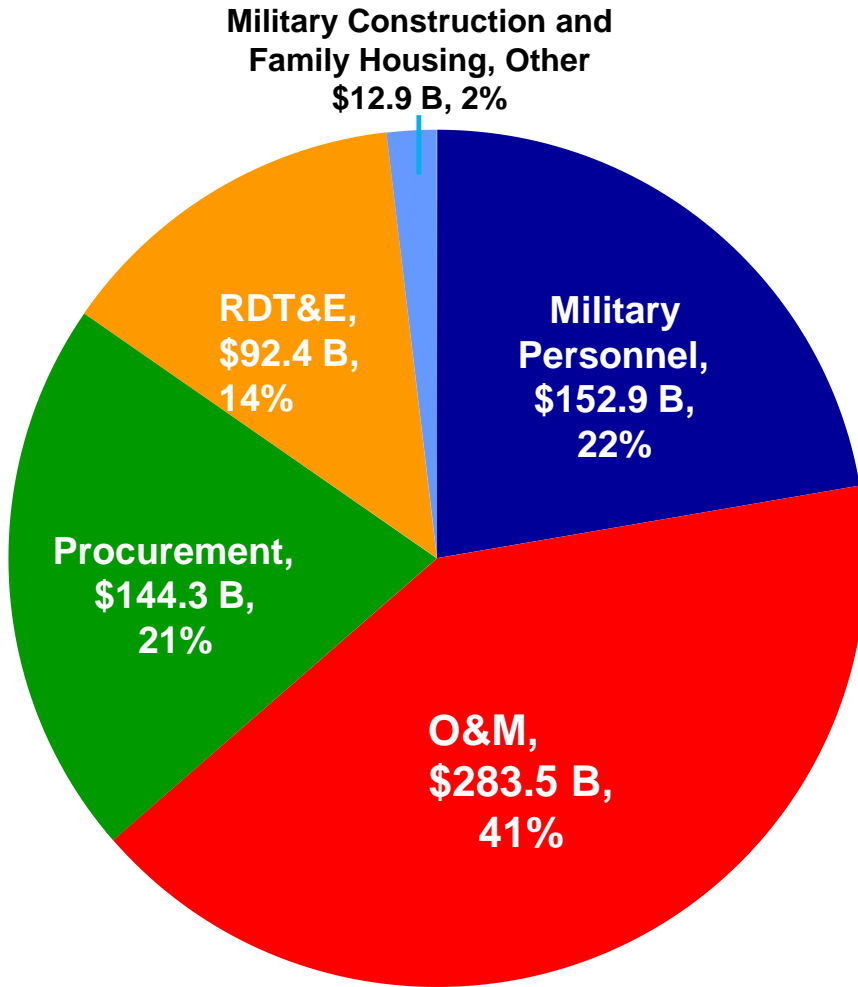
DoD – Military - Base Budget Request	\$617
DoD - Military - Overseas Contingency Operations (OCO)	<u>69</u>
Total DoD Military (051)	\$686
Other National Defense (053/054)	<u>30</u>
Total National Defense (050)	\$716

- Budget driven by the National Defense Strategy
- \$74 Billion (10% real growth) over DoD's current CR levels
- Appreciative of the Congress enacting the Bipartisan Budget Act of 2018
- We are committed to being good stewards of the taxpayers' money

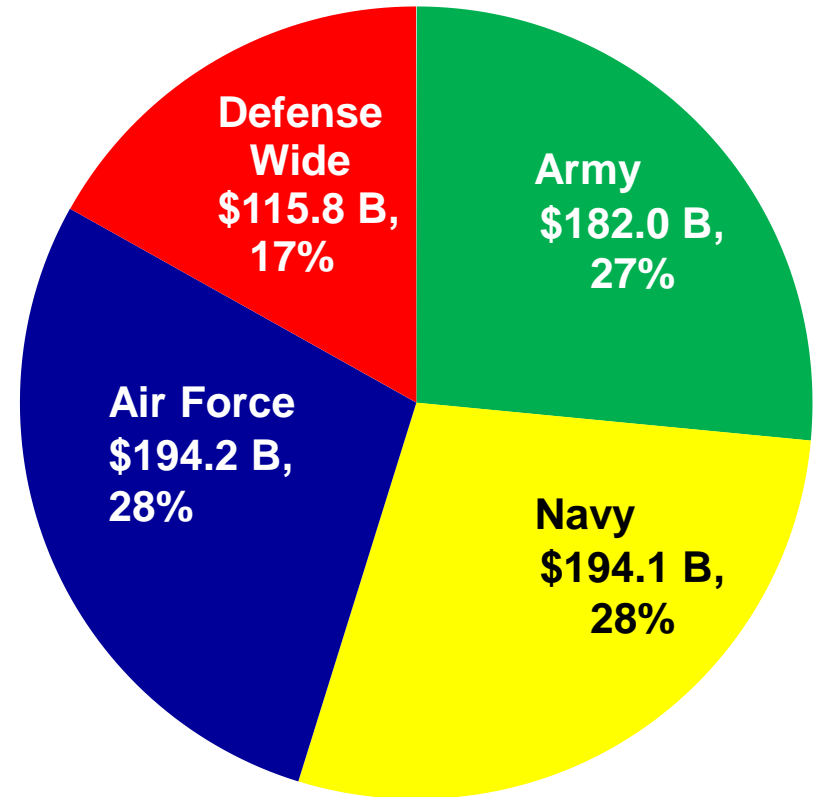
A Strategy Driven Budget

FY 2019 Total Base and OCO Funding

By Appropriation Title



By Military Department



FY 2019 Request: \$686.1 billion

Numbers may not add due to rounding

FY 2019 Overseas Contingency Operations (OCO)

(Dollars in Billions)

- **Operation FREEDOM'S SENTINEL (Afghanistan) and Theater Posture** **46.3**
 - Maintains increased in-country U.S. presence to continue the President's South Asia strategy
 - Funds training and equipping of Afghan security forces, including support for the Afghan Air Force and Special Security Forces (\$5.2 billion)
 - Includes other theater-wide support requirements and costs, including the replenishment, replacement, and repair of equipment destroyed, damaged, or worn out due to prolonged use in combat operations
- **Operation INHERENT RESOLVE (Iraq and Syria)** **15.3**
 - Supports ongoing operations against ISIS, including training and equipping of Iraqi Security Forces and vetted Syrian opposition forces (\$1.4 billion)
 - Funds the replacement of munitions, both expended and projected
- **European Deterrence Initiative (EDI)** **6.5**
 - Enhances capability and posture resiliency to improve deterrence and U.S. warfighting effectiveness in Europe
 - Includes funding for Ukraine to build capacity to conduct internal defense operations to defend its sovereignty and territorial integrity (\$200 million)
- **Security Cooperation (SC)** **0.9**
 - Builds partner capacity to conduct counterterrorism, crisis response, and other SC missions through training, equipping, and other activities

TOTAL OCO REQUEST **69.0**

FY 2019 President's Budget Military End Strength

Military Component	FY 2017 ^{1/}	FY 2018 ^{2/}	FY 2019	FY 2023	Δ FY18-19	Δ FY18-23
Active Components (AC)						
Army	476,245	476,000	487,500	495,500	+11,500	+19,500
Navy	323,944	327,900	335,400	344,800	+7,500	+16,900
Marine Corps	184,514	185,000	186,100	186,400	+1,100	+1,400
Air Force	322,787	325,100	329,100	338,800	+4,000	+13,700
TOTAL AC	1,307,490	1,314,000	1,338,100	1,365,500	+24,100	+51,500
Reserve Components (RC)						
Army Reserve	194,318	199,000	199,500	200,000	+500	+1,000
Navy Reserve	57,824	59,000	59,100	59,200	+100	+200
Marine Corps Reserve	38,682	38,500	38,500	38,500	--	--
Air Force Reserve	68,798	69,800	70,000	70,200	+200	+400
Army National Guard	343,603	343,000	343,500	344,500	+500	+1,500
Air National Guard	105,670	106,600	107,100	108,600	+500	+2,000
TOTAL RC	808,895	815,900	817,700	821,000	+1,800	+5,100
Army AC + RC	1,014,166	1,018,000	1,030,500	1,040,000	+12,500	+22,000
Navy AC + RC	381,768	386,900	394,500	404,000	+7,600	+17,100
Marine Corps AC + RC	223,196	223,500	224,600	224,900	+1,100	+1,400
Air Force AC + RC	497,255	501,500	506,200	517,600	+4,700	+16,100
TOTAL AC + RC	2,116,385	2,129,900	2,155,800	2,186,500	+25,900	+56,600

^{1/} FY 2017 Actuals

^{2/} FY 2018 PB Request. FY 2018 NDAA (P.L. 115-91) increases FY 2018 PB end strength by 9.5K (Army +8.5K (Active +7.5K Reserve +0.5K; Guard +0.5K); USMC +1.0K).

Builds Capacity & Lethality – FY 2019 +25.9K and +56.6K by FY 2023

Major Investments in the FY 2019 Budget

(Base + OCO)

	FY 2018 Request		FY 2019 Request	
	Qty	\$B	Qty	\$B
Aircraft				
F-35 Joint Strike Fighter (Air Force, Marine Corps, Navy)	70	10.8	77	10.7
KC-46 Tanker Replacement (Air Force)	15	3.1	15	3.0
F/A-18E/F Super Hornet (Navy)	14	1.3	24	2.0
AH-64E Apache Attack Helicopter (Army)	63	1.4	60	1.3
VH-92 Presidential Helicopter (Marine Corps)	-	0.5	6	0.9
P-8A Poseidon (Navy)	7	1.6	10	2.2
CH-53K King Stallion (Marine Corps)	4	1.1	8	1.6
Shipbuilding				
Virginia Class Submarine	2	5.5	2	7.4
DDG-51 Arleigh Burke Class Destroyers	2	4.0	3	6.0
Littoral Combat ships (LCS)	2	1.7	1	1.3
CVN-78 Class Aircraft Carrier	1	4.6	-	1.8
Fleet Replenishment Oiler (T-AO)	1	0.5	2	1.1
Towing, Salvage, and Rescue Ship (T-ATS)	1	0.1	1	0.1
Expeditionary Sea Base	-	-	1	0.7
Space				
Evolved Expendable Launch Vehicle (Air Force)	3	1.9	5	2.0
Global Positioning System (GPS) (Air Force)	-	1.1	-	1.5
Space Based Infrared System (Air Force)	-	1.5	-	0.8

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

Major Investments in the FY 2019 Budget

(Base + OCO)

	FY 2018 Request		FY2019 Request	
	Qty	\$B	Qty	\$B
Preferred Munitions				
Joint Direct Attack Munition (JDAM) (Navy, Air Force)	34,529	0.9	43,594	1.2
Guided Multiple Launch Rocket System (GMLRS) (Army and Marine Corp)	6,474	0.9	9,733	1.2
Small Diameter Bomb I (SDB I) (Navy, Air Force)	6,852	0.3	6,826	0.3
Small Diameter Bomb II (SDB II) (Navy, Air Force)	550	0.3	1,260	0.4
Hellfire Missile (Army, Navy, Air Force)	7,664	0.7	7,045	0.6
Joint Air-to-Surface Standoff Missile-Extended Range (Air Force)	360	0.5	360	0.6
Joint Air-to-Ground Missile (JAGM) (Army, Navy)	824	0.2	1,121	0.3
Ground Systems				
Joint Light Tactical Vehicle (Army, Marine Corps, Air Force)	2,777	1.1	5,113	2.0
M-1 Abrams Tank Modifications/Upgrades (Army)	56	1.2	135	2.7
Amphibious Combat Vehicle (Marine Corps)	26	0.3	30	0.3
Armored Multi-Purpose Vehicle (Army)	107	0.6	197	0.8

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

Major Investments in the FY 2019 Budget

(Base + OCO)

	FY 2018 Request		FY 2019 Request	
	Qty	\$B	Qty	\$B
Nuclear Deterrence				
B-21 Long Range Strike Bomber (Air Force)	-	2.0	-	2.3
Columbia Class Submarine - (Advance Procurement + RDT&E) (Navy)	-	1.9	-	3.7
Long-Range Stand-Off (LRSO) Missile (Air Force)	-	0.5	-	0.6
Ground Based Strategic Deterrent (GBSD) (Air Force)	-	0.2	-	0.3
Missile Defense Programs				
AEGIS Ballistic Missile Defense (SM-3)	54	2.1	43	1.7
Ground Based Midcourse Defense (Interceptors/Silos)	-/10	1.9	4/10	2.1
Terminal High Altitude Area Defense (THAAD) Ballistic Missile Defense	84	1.3	82	1.1
Patriot Advanced Capability (PAC-3) Missile Segment Enhancement	240	1.1	240	1.1

Includes Procurement and Research, Development, Test and Evaluation (RDT&E) funding

Numbers may not add due to rounding

Note: Aegis FY 2018 increased by \$0.5 million and Qty of 16 SM-3 IIA (MDDE Amendment)

Ground Based Midcourse FY 2018 increased by \$0.6 million (MDDE Amendment, includes MILCON) THAAD FY

2018 increased by \$0.5 billion and Qty of 50 (MDDE Amendment)

PAC-3 MSE FY 2018 increase by \$0.6 billion and Qty of 147 (MDDE Amendment)

Investments in Technology Innovation

- Funds science and technology to further innovation (\$13.7 billion)
- Supports DoD, academic, and industry partnerships with initiatives for:
 - Hypersonics
 - Autonomy
 - Cyber
 - Space
 - Directed Energy
 - Electronic Warfare
 - Artificial Intelligence

Accelerates Delivery of New Capabilities

- Planning (OSD Policy)
 - Assess capabilities / review threat
 - Develop guidance
- Programming (OSD CAPE)
 - Turn guidance into achievable, affordable packages
 - Five-year program (Future Years Defense Program)
- Budgeting (OSD Comptroller)
 - Test for efficient funds execution
 - Scrub budget year
 - Prepare defensible budget
- Execution Review (concurrent with program/budget review)
 - Develop performance metrics
 - Assess actual output against planned performance
 - Adjust resources to achieve desired performance goals



How many phases are in the PPBE process?

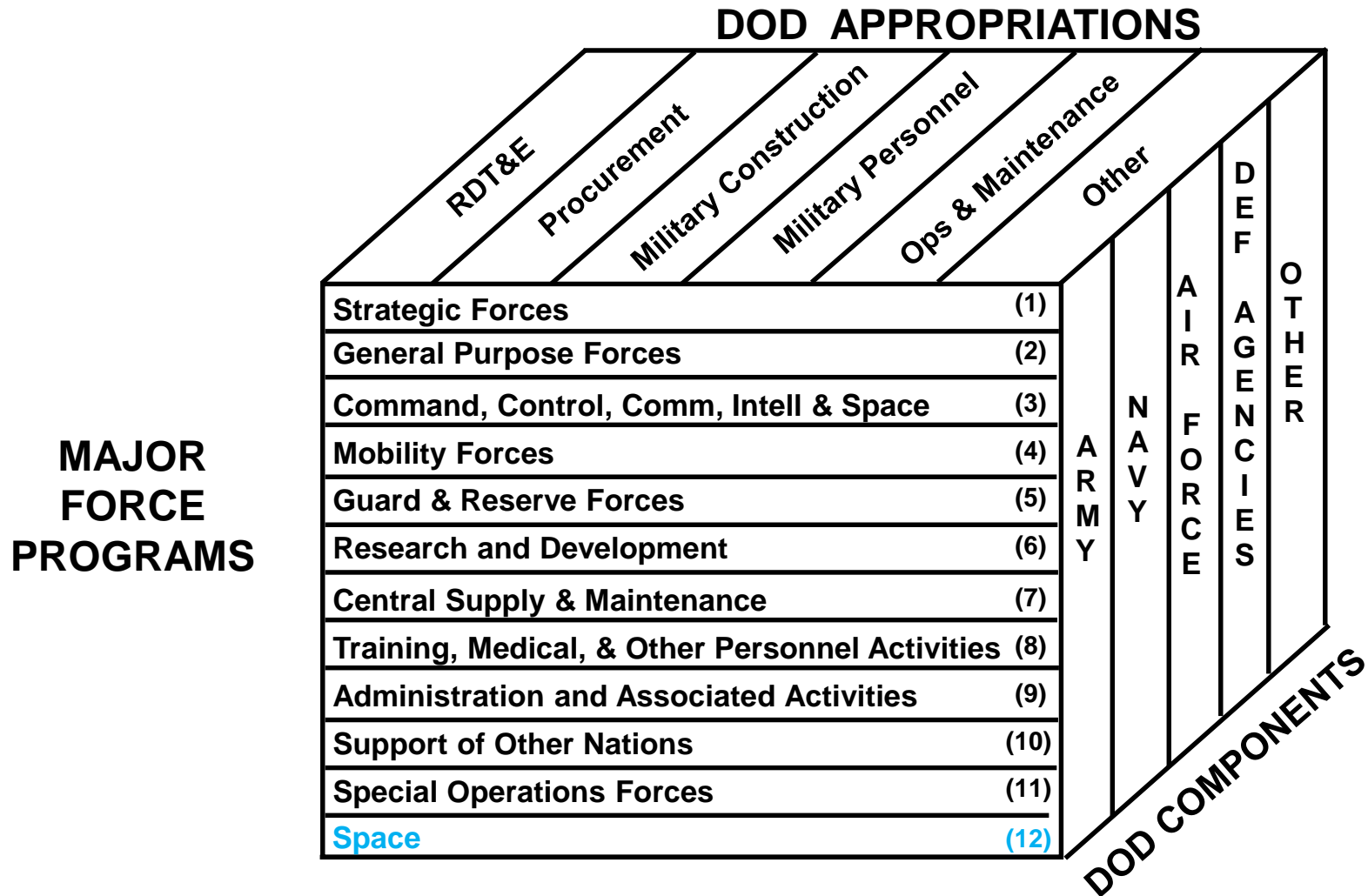


Future Years Defense Program (FYDP)

- Computer Database Maintained by OSD CAPE
- Contains Approved Force Structure and Resources for all Defense Programs
- Updated 2 Times for the FY 20-24 PPBE Cycle:
 - POM/BES – Sep 2018
 - President’s Budget (PB) – Feb 2019
- Reflects PY, CY, **BY, + 4 Out-Years**
18 19 **20** **21** **22** **23** **24**
3 additional years for force structure only
- Component PPBE databases
 - Navy: PBIS
 - Air Force : ABIDES
 - Army: PROBE



Future Years Defense Program (FYDP)



PROGRAM ELEMENT (PE): Smallest aggregation of resources normally controlled by OSD

- PE NUMBER: Used to track and identify resources; seven digit number followed by an alphabetic suffix

- PROGRAM 2 (GENERAL PURPOSE FORCES)

0203752A - Aircraft Engine CIP

0204136N - F/A-18 Squadrons

0207163F - AMRAAM

- PROGRAM 3 (C3, INTEL & Space)

0303158A - Joint Command and Control Program (JC2)

0307207N - Aerial Common Sensor (ACS)

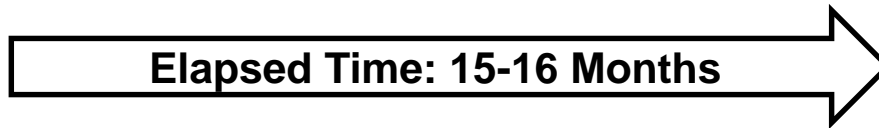
0305164F - NAVSTAR GPS (User Equipment)

A - ARMY
N - NAVY
M - MARINE
F - AF
D - OSD
C - MDA
E - DARPA
J - JCS
S - DLA
BB - SOCOM
DBD - DFAS

Ref: DoD 7045.7 - H

PPBE – Planning Phase - Lead by USD (P)

YEAR 1
FEB/MAR



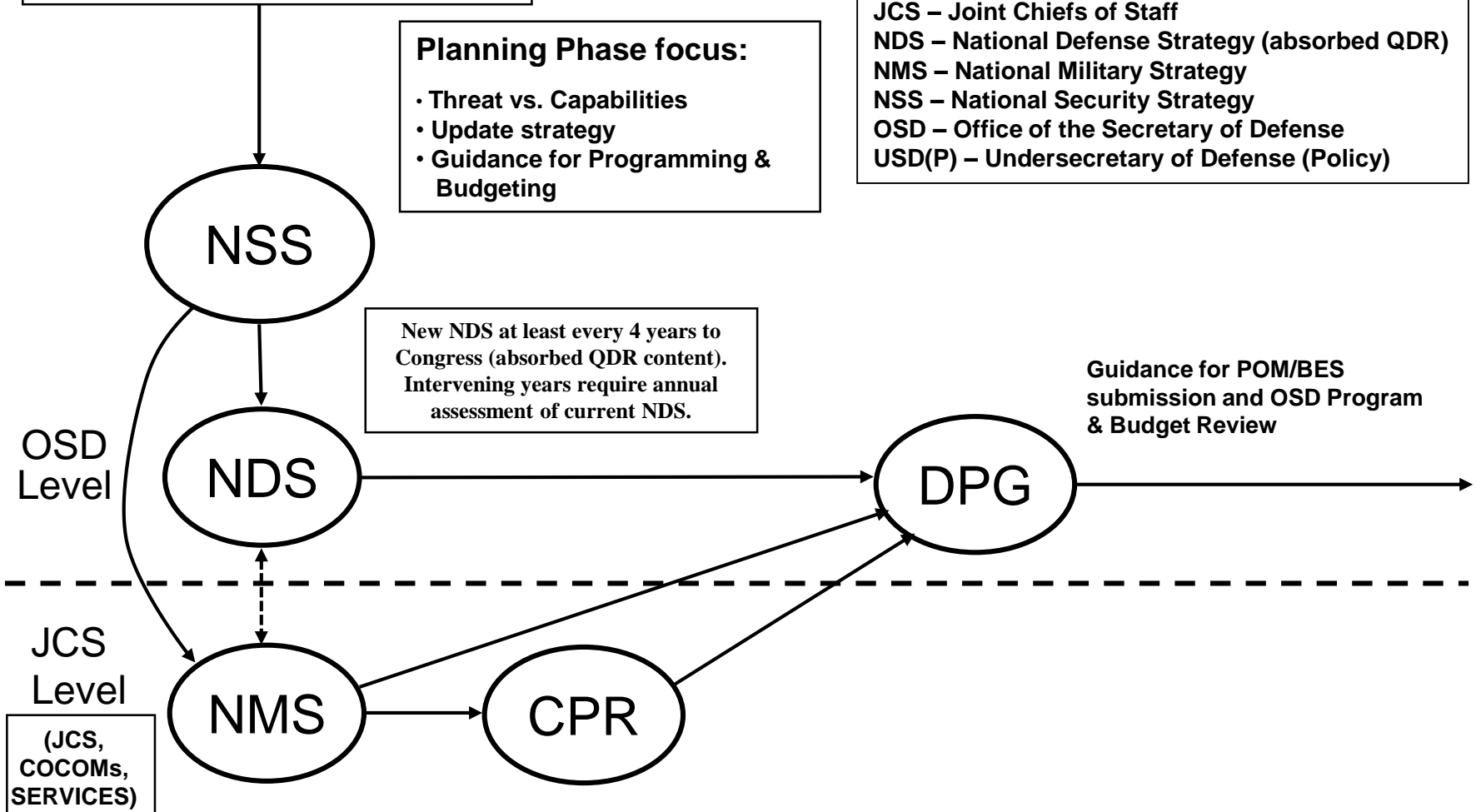
YEAR 2
APR/MAY

President
National Security Council
DNI/JCS/OSD

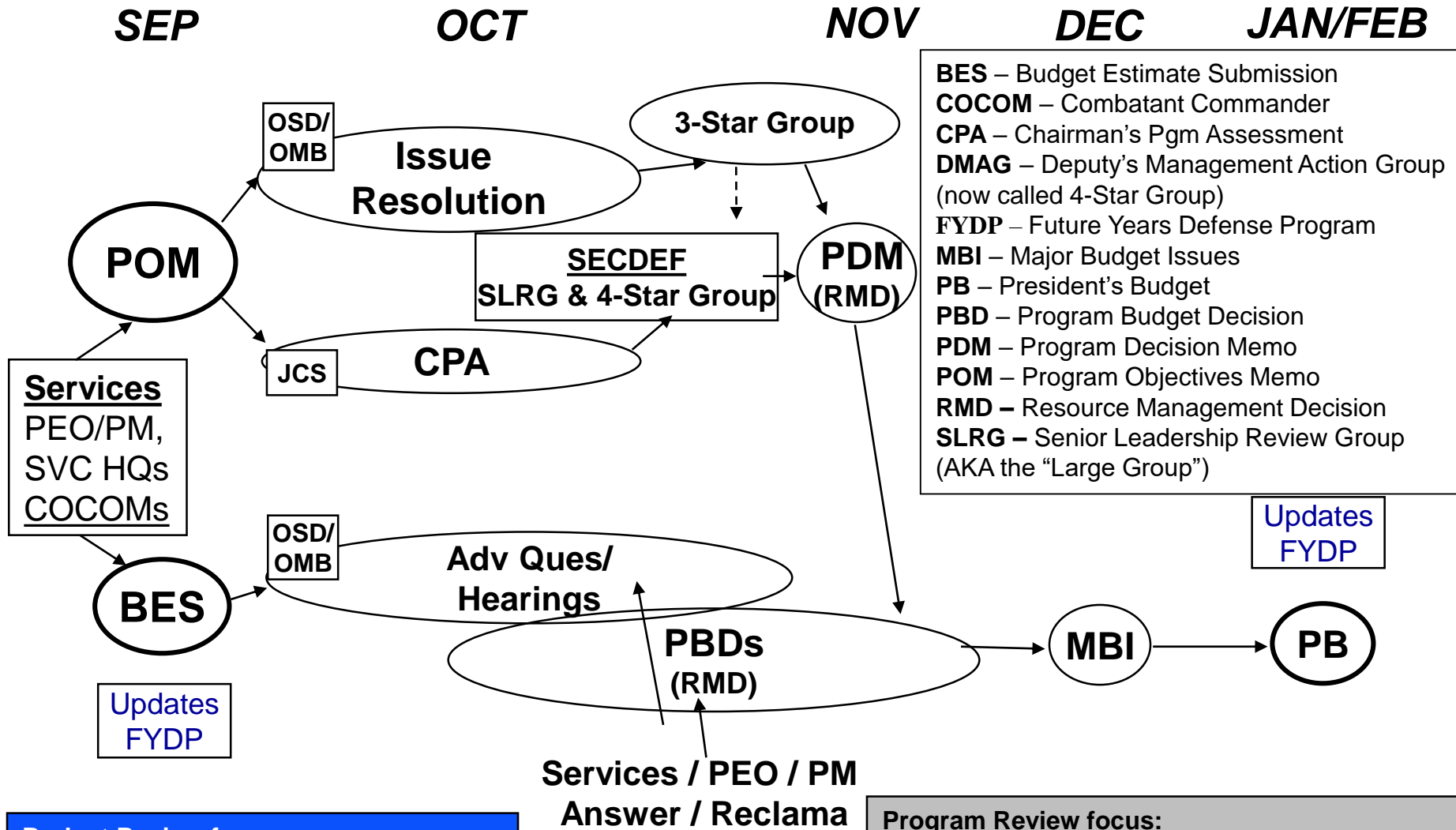
COCOM – Combatant Commander
CPR – Chairman’s Program Recommendation
DNI – Director of National Intelligence
DPG – Defense Planning Guidance
JCS – Joint Chiefs of Staff
NDS – National Defense Strategy (absorbed QDR)
NMS – National Military Strategy
NSS – National Security Strategy
OSD – Office of the Secretary of Defense
USD(P) – Undersecretary of Defense (Policy)

Planning Phase focus:

- Threat vs. Capabilities
- Update strategy
- Guidance for Programming & Budgeting



Concurrent Program/Budget Review



BES – Budget Estimate Submission
COCOM – Combatant Commander
CPA – Chairman's Pgm Assessment
DMAG – Deputy's Management Action Group (now called 4-Star Group)
FYDP – Future Years Defense Program
MBI – Major Budget Issues
PB – President's Budget
PBD – Program Budget Decision
PDM – Program Decision Memo
POM – Program Objectives Memo
RMD – Resource Management Decision
SLRG – Senior Leadership Review Group (AKA the "Large Group")

Budget Review focus:

- Pricing
- Phasing
- Funding policies
- Budget execution

Program Review focus:

- Compliance with DPG
- Ensures the "program" has all the resources necessary to make it executable

Services / PEO / PM
 Answer / Reclama



Program/Budget Review Schedule




Mar–Aug 18	National Defense Strategy Implementation
Mar 18	Fiscal Guidance Issued
May 18	FY 20-24 Integrated Program and Budget Guidance Issued
24 Aug 18	Component Program/Budget Submissions (databases lock)
27-31 Aug 18	Component POM Briefs to 3-Star
4-7 Sep 18	Component POM Briefs to 4-Star Forum
4 Sep 18	Budget Justification Materials to OSD/OMB
14 Sep 18	Issue Nominations
21 Sep 18	Issue Nomination Disposition
Sep-Nov 18	Program/Budget Review
5 Dec 18	Program/Budget Decisions Complete
19 Dec 18	Budget Lock
Feb 2019	PB 20 Released

Source: OSD(C) and CAPE memo, dated 29 March 2018

- **AIR FORCE: Program Element Monitor (PEM)**
 - Works for Air Force SAE (SAF/AQ)
 - Each Air Force program element is assigned a PEM
 - Interfaces with Using Commands, Material Command, Air Staff, Air Secretariat, OSD, and sometimes Congress
 - A PEM may be responsible for more than one program element
- **NAVY: Requirements Officer (RO)**
 - Works for resource sponsor on OPNAV staff (e.g., Navy Aviation resource sponsor is N98)
 - Interfaces with Using Commands, Systems/Developing Commands, OPNAV Staff, Navy Secretariat (especially the Navy SAE, which is ASN/RDA), and OSD
- **ARMY: Department of Army Systems Coordinator (DASC)**
 - Works for Army SAE (ASA/ALT)
 - Interfaces with Using Commands, Developing Commands, Army Staff, Army Secretariat, OSD, and Congress



Service Resource Role Differences

	Military	AF – PEM A – DASC N – RO	Civilian
	AF CSAF A-1.....A-11 A-5		Sec AF SAF/AQ PEM SAF/FMP
	A CSA G-1.....G-8 G-3 → G-8		Sec A ASA (ALT) DASC
	N CNO N-1.....N-9 N-8 RO		Sec Nav ASN (RDA)
	Resource Sponsors		

Service POMs	Injects	Review Criteria	Process for SD Decision	Budget Review
<ul style="list-style-type: none"> • Army • Navy • USAF • USMC • SOCOM • MDA • Other components 	<p style="text-align: center;">SPRs (~\$20B initiatives)</p> <ul style="list-style-type: none"> • Ground Combat • CP2 • Third Offset • Space • Munitions • Contested Mobility • Stress on the Force <p style="text-align: center;">Issue Papers (\$87B accepted)</p> <ul style="list-style-type: none"> • Russia/ERI • Cyber, ISR, Space & Nuclear • OCO & Readiness • Innovation & Third Offset • Other 	<p style="text-align: center;">SecDef Priorities</p> <ul style="list-style-type: none"> • Five Challenges (CRIKCT) • Innovative Capabilities & Operational Concepts • Big Bets (Space, Cyber, EW) • Force of the Future • Principled and Inclusive Security Network • Reform 	<p style="text-align: center;">Issue Teams</p> <hr/> <p style="text-align: center;">3 Stars</p> <hr/> <p style="text-align: center;">DMAGs</p> <hr/> <p style="text-align: center;">SD Decisions</p> <hr/> <p style="text-align: center;">PDM (November)</p> <hr/> <p style="text-align: center;">Components submit balanced BES</p>	<ul style="list-style-type: none"> • Topline • Supplemental • Economic Assumptions • Execution



Senior Leader Review Group

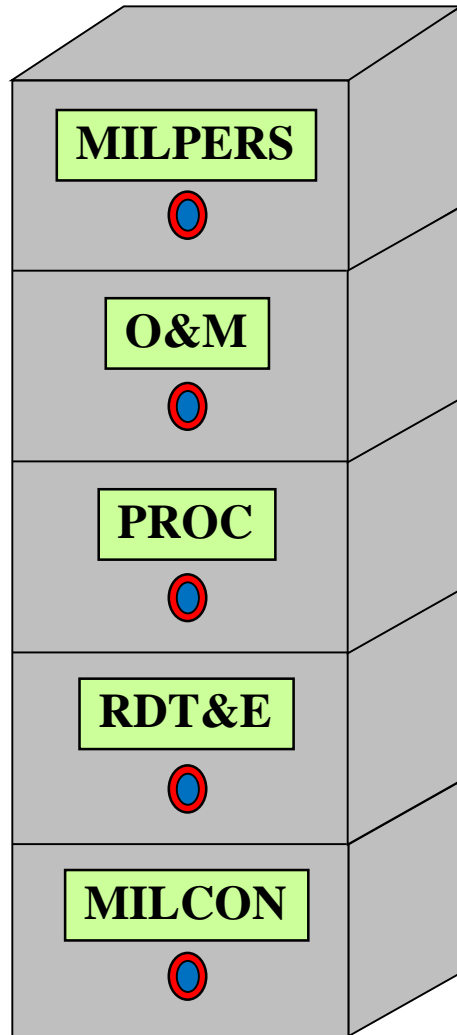
AKA “The Large Group”

- Secretary of Defense
- Deputy Secretary of Defense
- Secretary or Under Secretary of the Army
- Secretary or Under Secretary of the Navy
- Secretary or Under Secretary of Air Force
- Chairman Joint Chiefs of Staff
- Vice Chairman Joint Chiefs of Staff
- Under Secretary of Defense (AT&L)*
- Under Secretary of Defense (Policy)*
- Under Secretary of Defense (Comptroller)
/Chief Financial Officer*
- Under Secretary of Defense (Intelligence)*
- Under Secretary of Defense (P&R)*
- Commandant or Assistant Commandant
of the Marine Corps
- Director of Administration and Management
- Chief or Vice Chief of Staff of the Army
- Chief or Vice Chief of Naval Operations
- Chief of Staff or Vice Chief of the Air
Force
- General Counsel
- ASD (Legislative Affairs)
- ASD (Networks & Information
Integration/Chief Information Officer
- ASD for Public Affairs
- Director, Cost Assessment and Program
Evaluation
- Director, Joint Staff
- Deputy Chief Management Officer
- Chief, National Guard Bureau

* Or Principal Deputy

Defense Appropriations

“Colors of Money”



Military Personnel (MILPERS)

Active & Reserve Forces

Operation & Maintenance (O&M)

Active & Reserve Forces
(civilian Salaries, supplies,
spares, fuels, travel, etc...)
Environmental Restoration
Former Soviet Union Threat
Reduction
Overseas Humanitarian,
Disaster, & Civic Aid

Procurement

Aircraft
Missiles
Weapons
Weapons & Tracked Combat
Vehicles
Ammunition
Other Procurement
Shipbuilding & Conversion
Marine Corps
Defense wide procurement
National Guard & Reserves

Research, Development, Test & Evaluation (RDT&E)

Basic Research
Applied Research
Advanced Technology Development
Advanced Component Development
& Prototypes
System Development & Demonstration
RDT&E Management Support
Operational Systems Development

Military Construction (MILCON)

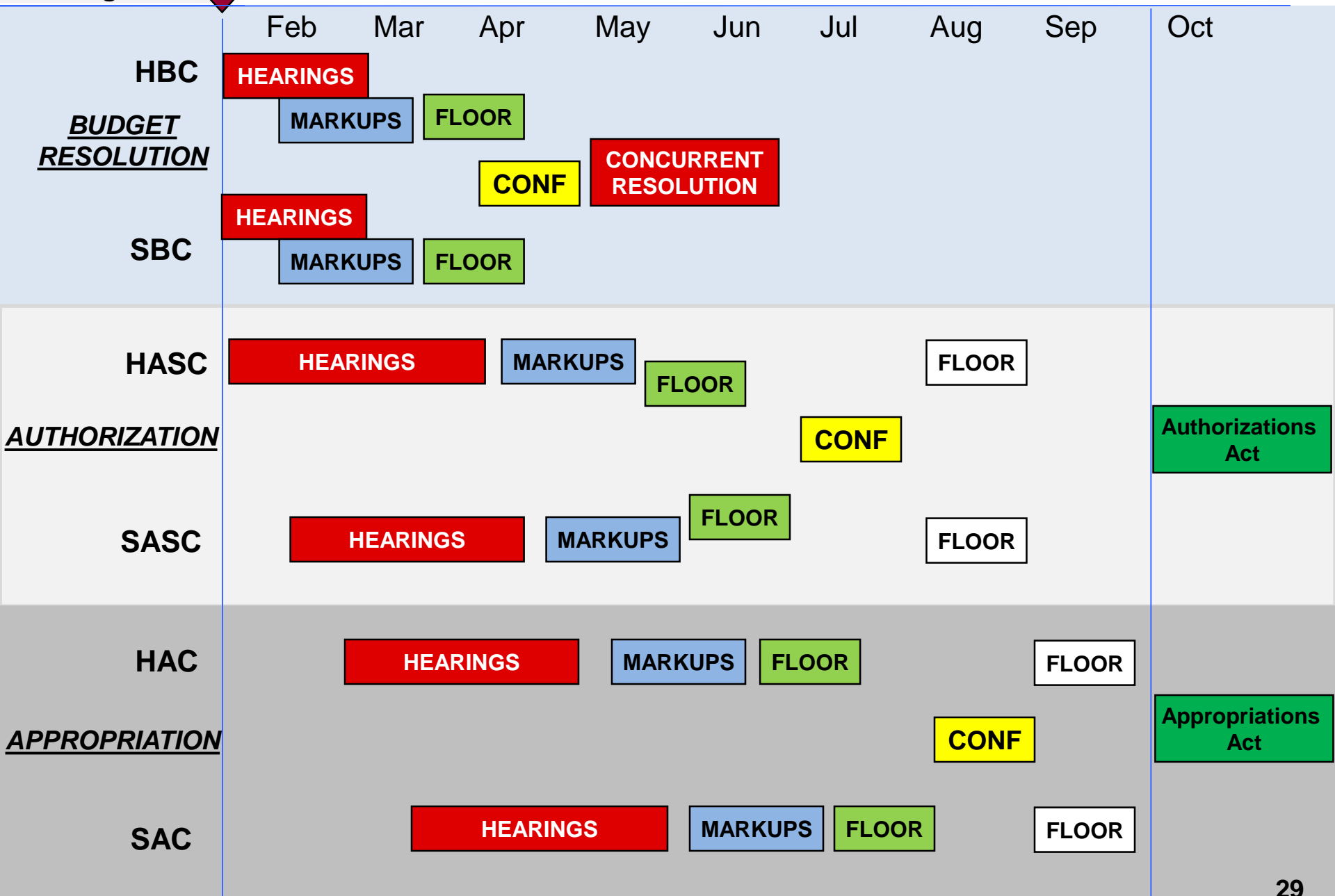
Facilities
Family Housing
Base Realignment & Closure (BRAC)

Other

Defense Health Program
Chemical Agents & Munitions
Destruction
Drug Interdiction & Counter-Drug
Activities
Joint Improvised Explosive Device
Defeat Fund
Rapid Acquisition Fund
Office of the Inspector General

Notional Enactment Process and Timeline

President's Budget to Congress





FM Scope: From Requirement to Capability

