DAU







Defense Acquisition Overview

Planning, Programming, Budgeting, and Execution (PPBE) Process

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Agenda

- The history of PPBE
- The four phases of PPBE
- The Congressional enactment process
- The program execution process
- The DAU Funds Management Platinum Card- a job support tool

A short history lesson to set the stage

- **The U.S. Constitution provides Congress with specific authorities in Article 1:**
  - Section 8—"To raise and support Armies, but no appropriation of money to that use shall be for a longer term than 2 years", and
  - Section 9—"No Money shall be withdrawn from the Treasury, but in consequence of appropriations made by law. (Initial appropriations provided as a "lump sum" with only general guidance; today requests are much larger with lots of rules and reporting requirements.)
- **How has this authority been used over time?**
  - Increased exercise of congressional authority (Balancing the power of Executive branch) in the form of laws and guidance that accompany appropriations
  - Post WW II/Cold War period brought larger, sustained Defense Establishment.
- **National Security Act of 1947 created OSD and a Secretary of Defense (SECDEF)**
- **SECDEF McNamara implemented a new system in 1961--PPBE**

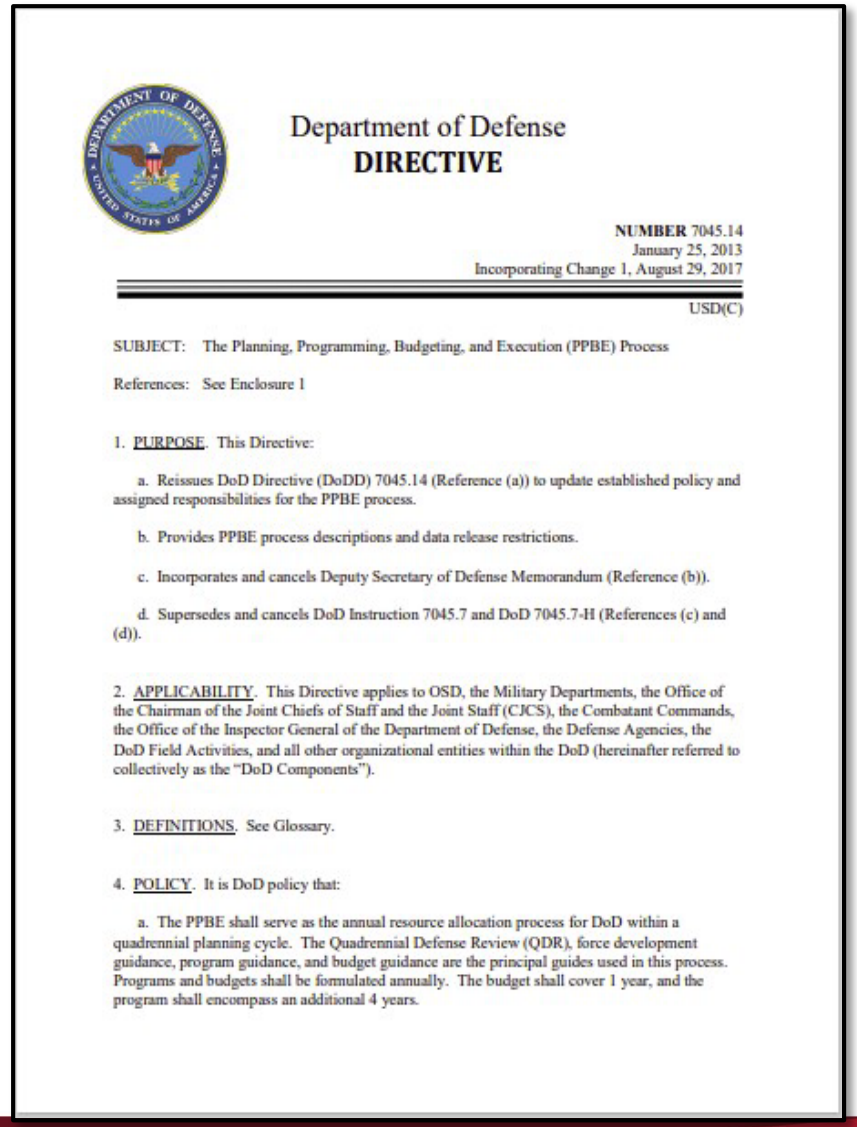
DOD DIRECTIVE 7045.14

The Planning, Programming, Budgeting, and Execution (PPBE) Process

Signed:
Ashton B. Carter
Deputy Secretary of Defense

January 25, 2013

"Supports the objective to provide the DOD with the most effective mix of forces, equipment, manpower, and support attainable within fiscal constraints."



Department of Defense
DIRECTIVE

NUMBER 7045.14
January 25, 2013
Incorporating Change 1, August 29, 2017

USD(C)

SUBJECT: The Planning, Programming, Budgeting, and Execution (PPBE) Process

References: See Enclosure 1

1. PURPOSE. This Directive:

a. Reissues DoD Directive (DoDD) 7045.14 (Reference (a)) to update established policy and assigned responsibilities for the PPBE process.

b. Provides PPBE process descriptions and data release restrictions.

c. Incorporates and cancels Deputy Secretary of Defense Memorandum (Reference (b)).

d. Supersedes and cancels DoD Instruction 7045.7 and DoD 7045.7-H (References (c) and (d)).

2. APPLICABILITY. This Directive applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff (CJCS), the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (hereinafter referred to collectively as the "DoD Components").

3. DEFINITIONS. See Glossary.

4. POLICY. It is DoD policy that:

a. The PPBE shall serve as the annual resource allocation process for DoD within a quadrennial planning cycle. The Quadrennial Defense Review (QDR), force development guidance, program guidance, and budget guidance are the principal guides used in this process. Programs and budgets shall be formulated annually. The budget shall cover 1 year, and the program shall encompass an additional 4 years.

https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodd/704514p.pdf?ver=2019-06-06-145814-060

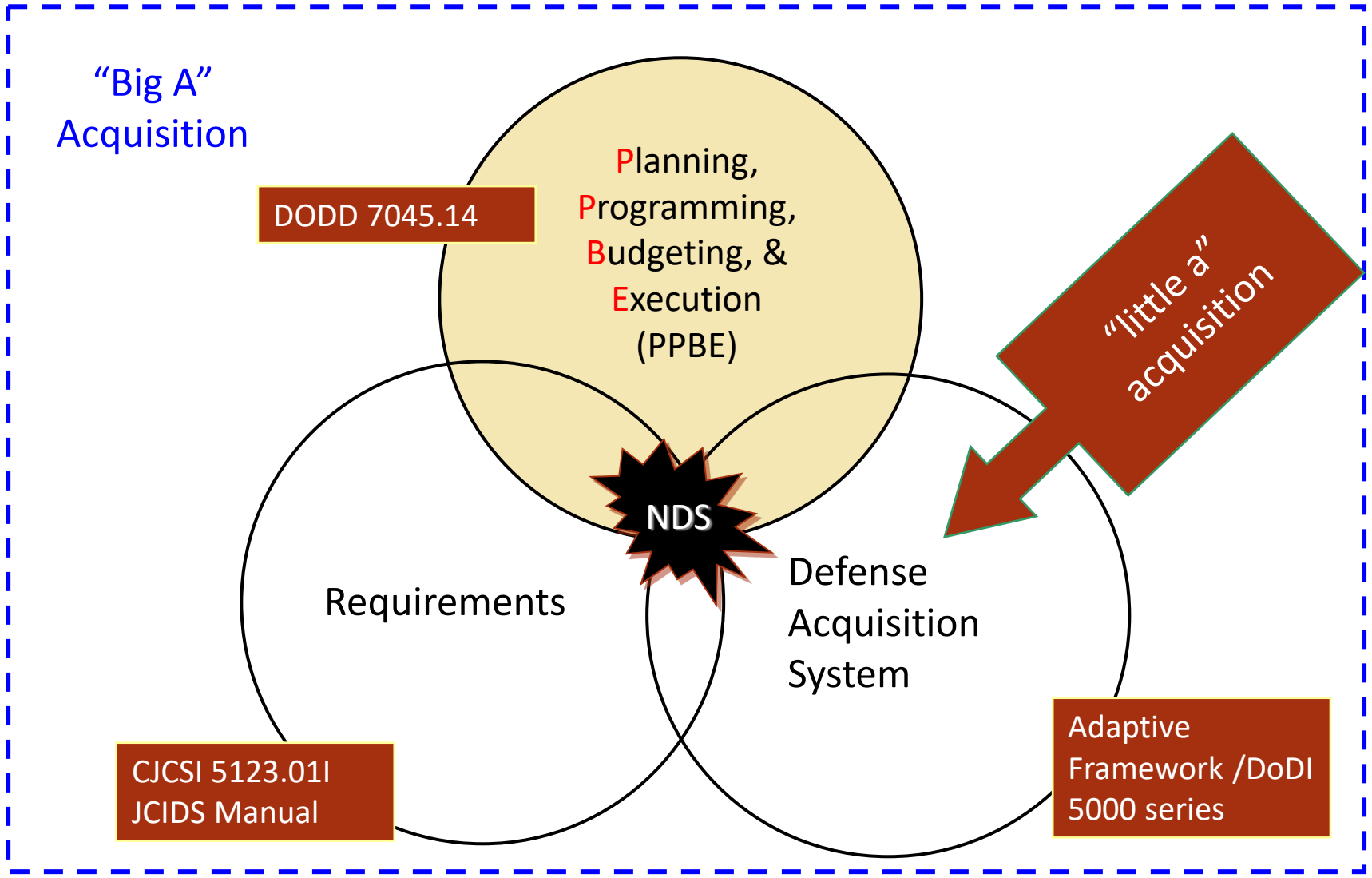
PPBE- Planning, Programming, Budgeting, and Execution

- The internal resource allocation process used by Department of Defense (DOD).
- An annual process that serves as the framework for DOD to decide which programs and which force structure requirements to fund, based on strategic objectives and fiscal constraints.
- All resource allocation decisions, whether for weapons, information systems, people, buildings, operating, or support costs, are made during the PPBE process.



Competing priorities, limited resources, and complex issues

Major Decision Support Systems



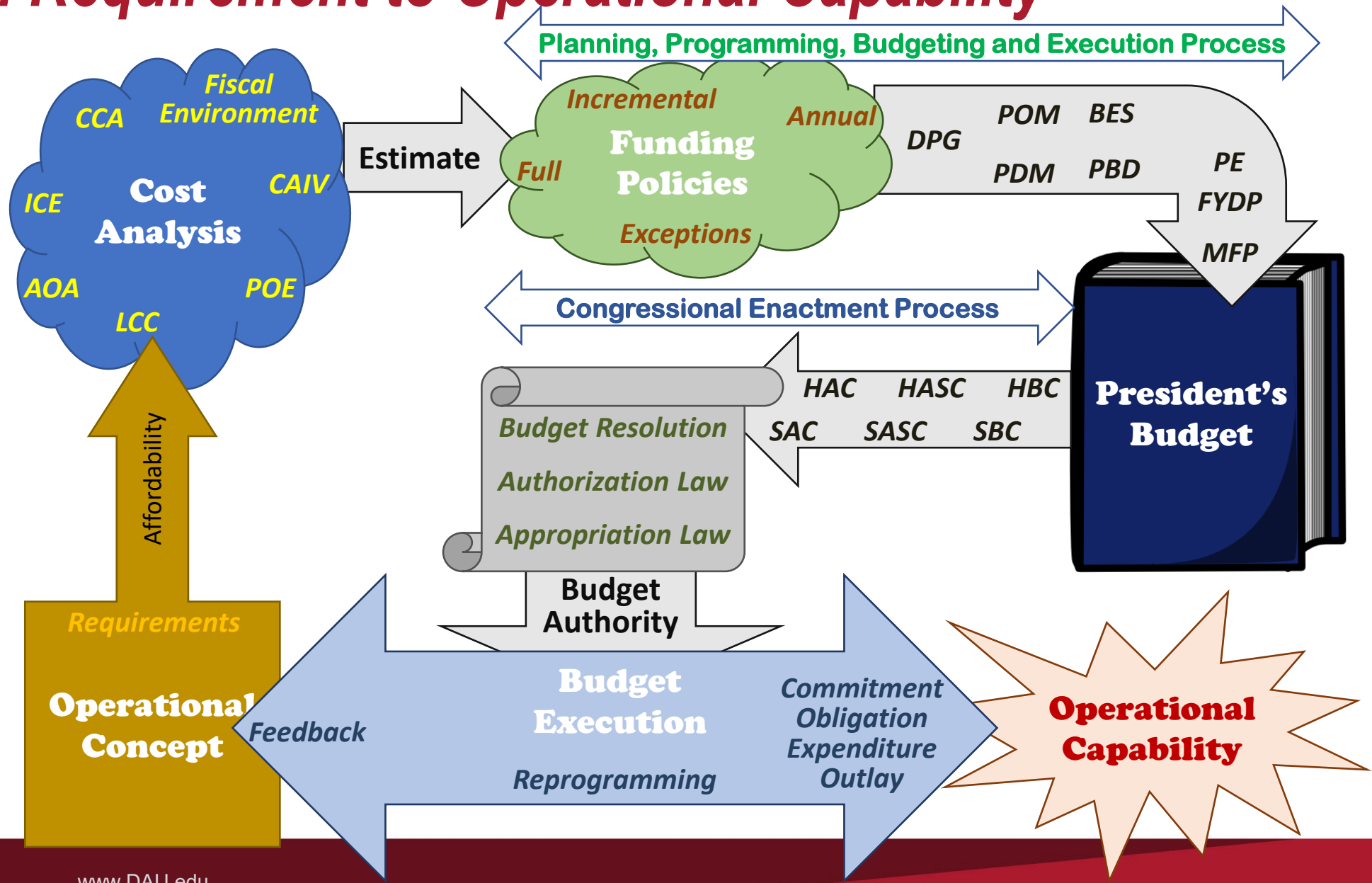
Three interconnected and interlinked decision support systems.

Systems operate under separate cycles

- Needs Based (Requirements)
- Calendar Based (PPBE)
- Event/ Milestone Based (DAS)

NDS- National Defense Strategy
Signed by the Secretary of Defense as the Department of Defense's strategic guidance.

From Requirement to Operational Capability



WHAT IS THE PURPOSE OF PPBE?

PPBE is the principal tool used by the Secretary and the Deputy Secretary in managing the Department of Defense

Provide civilian control and strategic direction

- Centralizes decision making in the Office of the Secretary of Defense (OSD)
- Manages allocation of resources to meet the Secretary's & Administration goals

Create a joint (DoD-wide) program for the Joint Force

- Integrates individual components' inputs into a single defense program
- Ensures stakeholders have a voice; builds consensus

Provide financial "checks and balances"

- Promotes efficient and effective allocation of funds
- Ensures the cost of defense programs are realistic / affordable

Provide basis for justifying programs and budgets to the White House and Congress



Linking resources to defense strategies.
Ensures limited resources are allocated to where the need is the greatest- based on priorities.

PPBE SYSTEM

The PPBE System is the fundamental process by which the DoD makes budgeting decisions and requests appropriations from the Congress.

PLANNING

Identify long range requirements based on known and anticipated national defense policy and military strategy.



PROGRAMMING

General allocation of resources by program and mission area over five years (Future Years Defense Program (FYDP).



BUDGETING

Detailed estimating and costing of individual programs. Detailed determination of resources needed in Budget Year

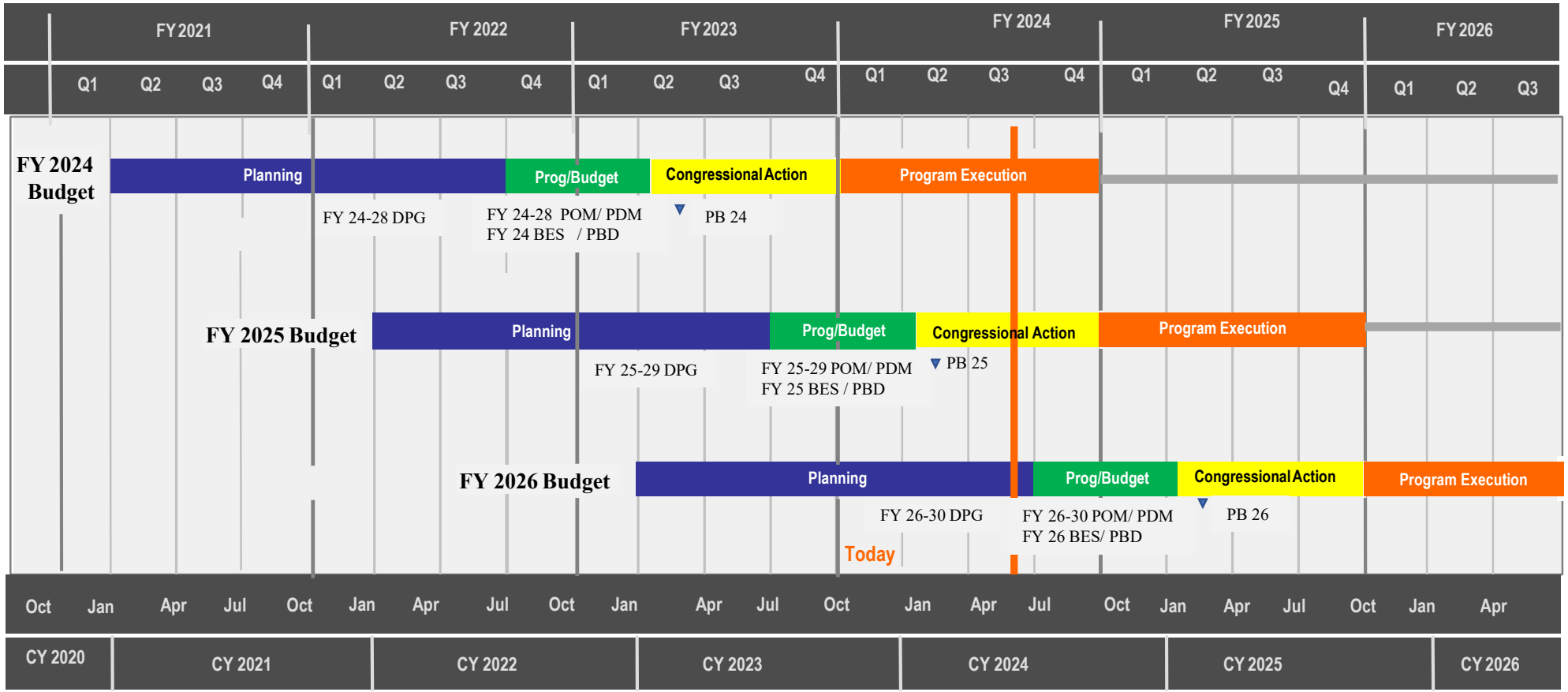


EXECUTION REVIEW

Review of prior years' performance. Plan vs. actual review. Ensure achieving program goals and budget utilization.



RESOURCE ALLOCATION TIMELINE (RAP CHART)



OSD Perspective

Process overlap.

Multiple cycles in play at the same time.

Ongoing living process.

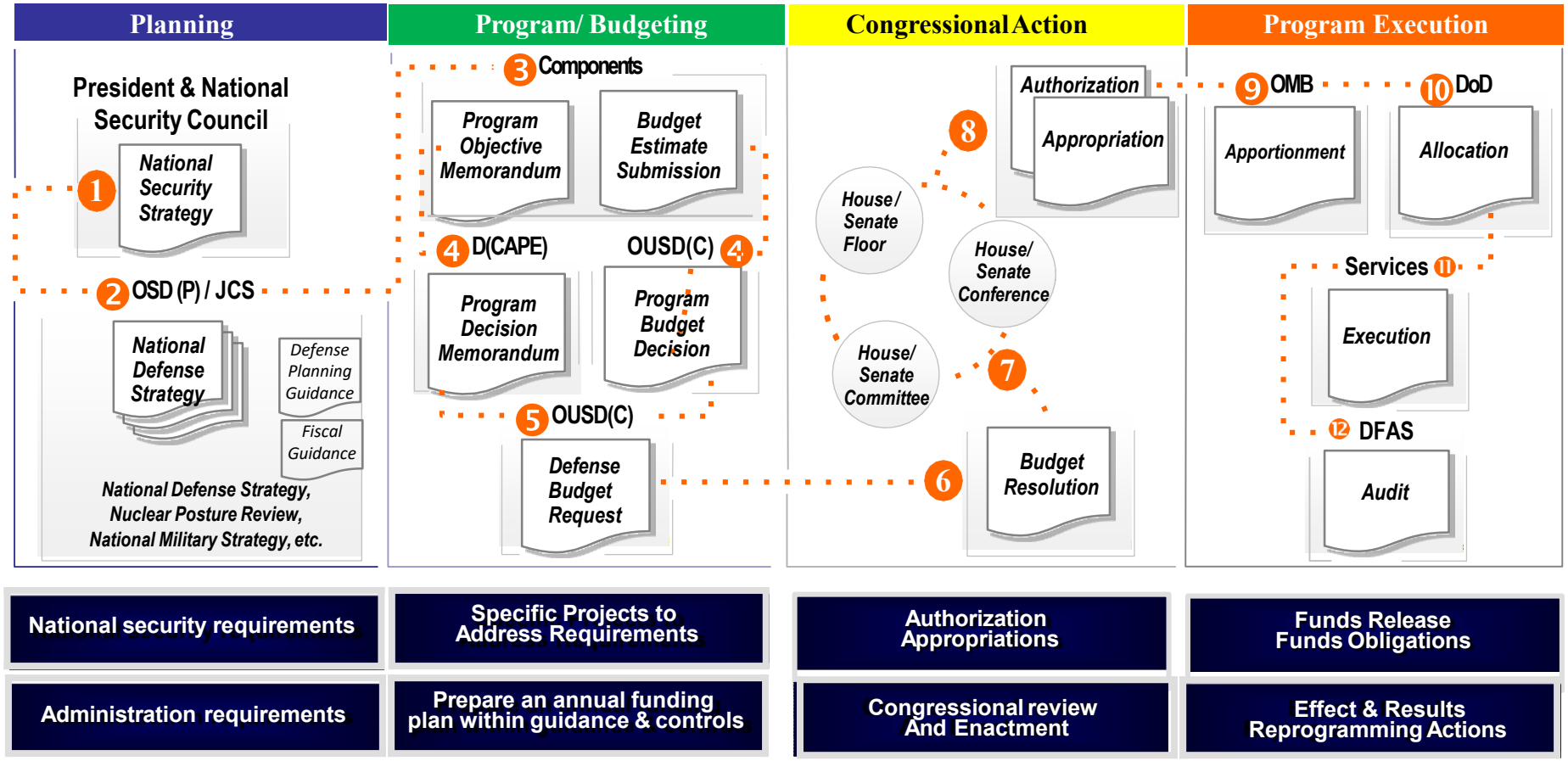
Ask/Confirm:

What Budget Year/ POM cycle?

What phase?

Note that Investment accounts (PROC and RDT&E) and Military Construction accounts are multiyear, and execution extends several fiscal years In the above diagram, in FY 2024:
- **Procurement FY 2022 and FY 2023 funds are also in execution**
- **Research, Development, Test and Evaluation FY 2023 funds are in execution**
- **Shipbuilding and Military Construction FY 2020 FY 2021, FY 2022, FY 2023 are in execution**

Resource Allocation Overview



PPBE - PLANNING



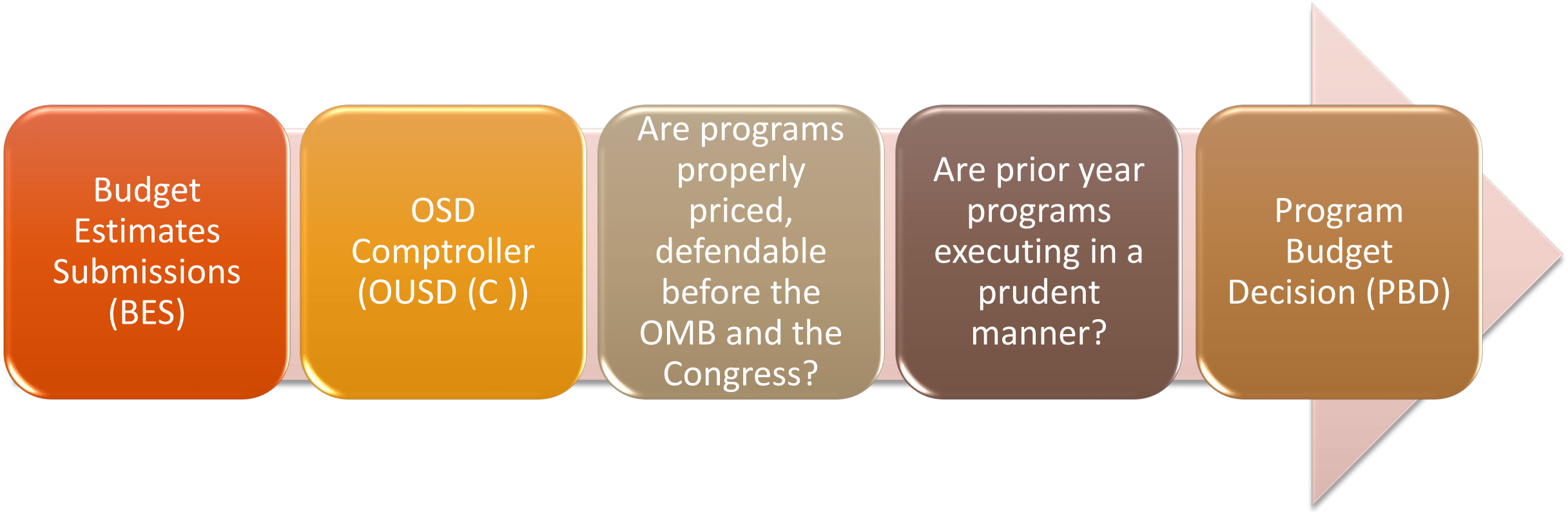
- Intelligence threat assessments (DNI)
- National Security Strategy (NSS) (President)
- National Defense Strategy (NDS) (SECDEF)
- National Military Strategy (NMS) (CJCS)
- Defense Planning Guidance (DPG) (SECDEF)
- Fiscal Guidance (SECDEF)

PPBE – PROGRAMMING



- Program Objective Memorandum (POM)
- Cost Assessment and Program Evaluation (CAPE)
- Issue Teams/ Program Review Teams
- Is the program the most prudent way to address mission requirements and objectives? Alternatives?
- Program Decision Memorandums (PDM) (SECDEF)

PPBE – BUDGETING



Program Pricing, Program Phasing, Funding Policies, Budget Execution Performance

CONGRESSIONAL ENACTMENT

(OMB) Office of Management and Budget

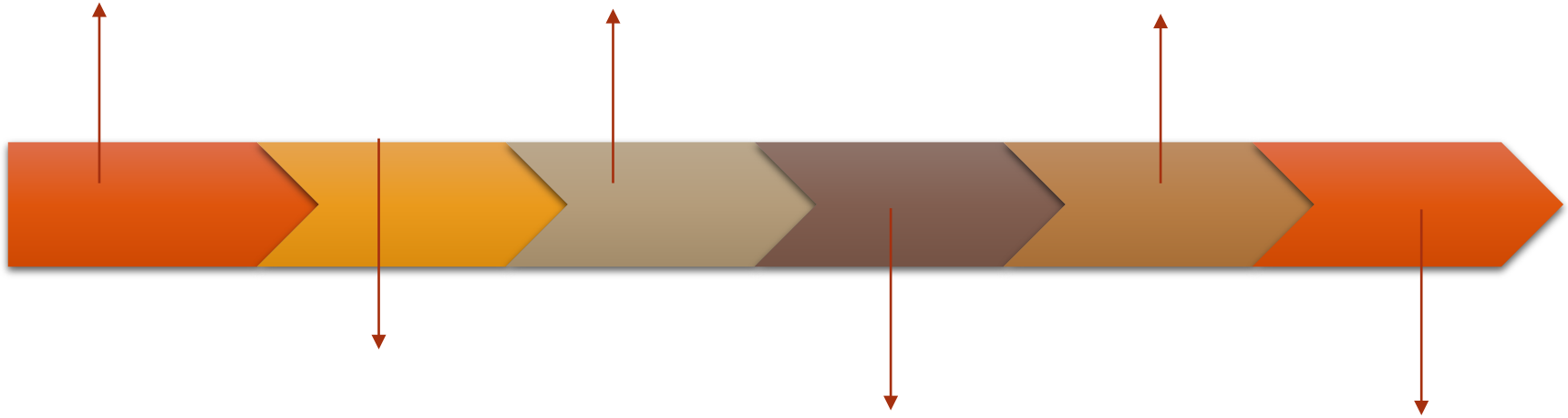
President's Budget (PB)

Budget Justification Exhibits

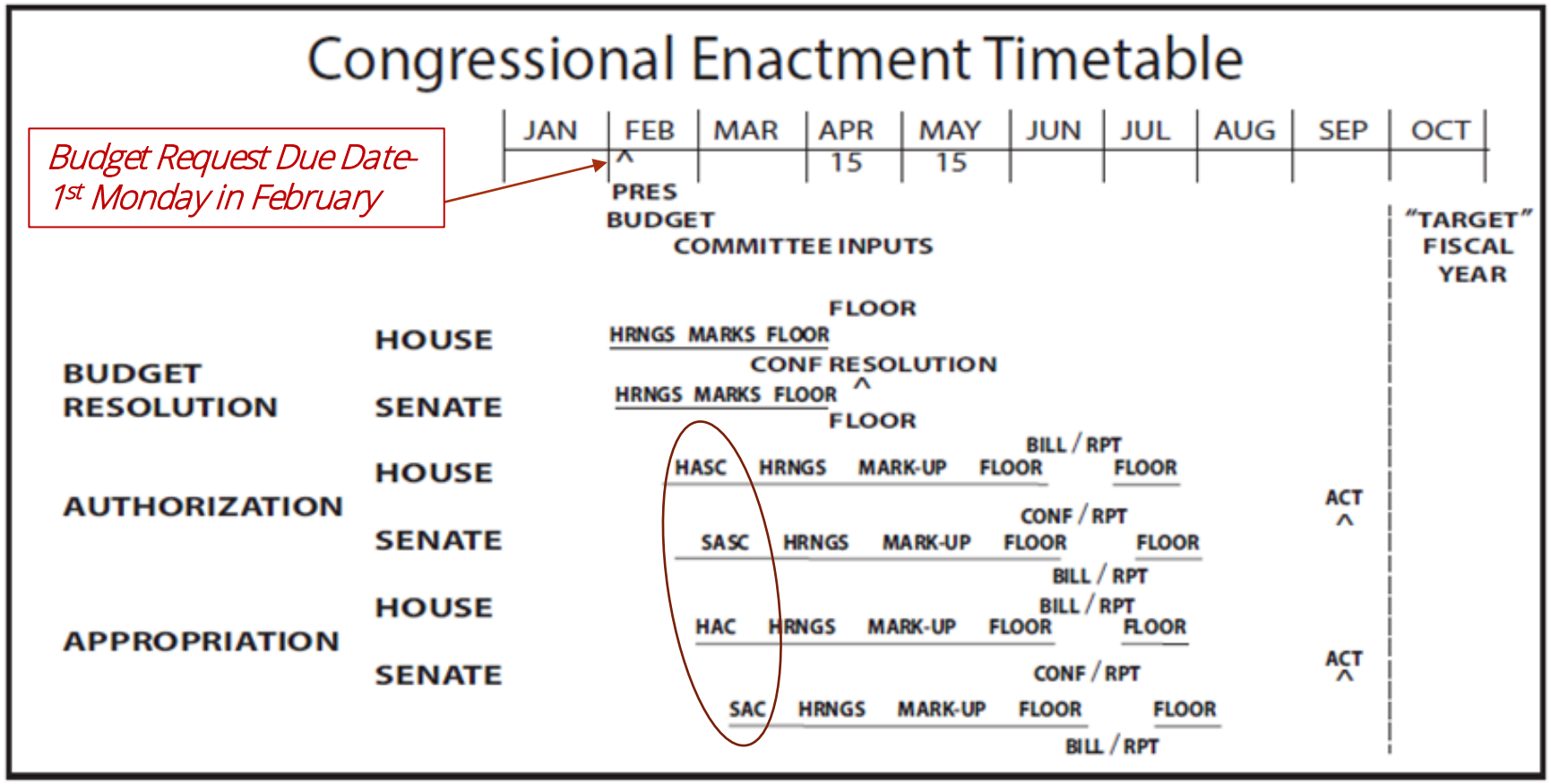
PSM Staffer Day Briefings

National Defense Authorization – Armed Services Committees (SASC/HASC)

Appropriations Act – Appropriations Committees (SAC-D/HAC-D)



PPBE – CONGRESSIONAL ENACTMENT



Authorization and Appropriation

Authorization

- ***National Defense Authorization Act (NDAA)***
- **House Armed Services Committee (HASC)**
- **Senate Armed Services Committee (SASC)**
- **Provides for:**
  - Program Approval
  - Procurement Quantities
  - Personnel End Strength
  - Funding Ceilings for Programs
  - Acquisition Policy

Appropriation



- ***Appropriation Act***
- **House Appropriations Committee (HAC)**
- **Senate Appropriations Committee (SAC)**
- **Provide budget authority - permission to obligate**
- **12 annual appropriations acts**
  - Defense
  - Military Construction
  - Energy and Water Development
  - 9 others
- **Normally follow lead of authorizing committees**

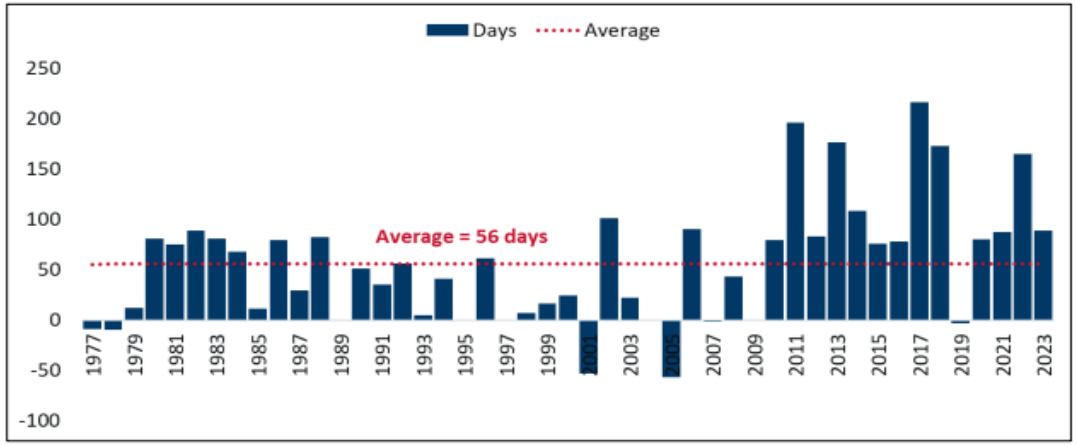
Continuing Resolution (CR)

Many Associated Challenges!

- Spending on auto-pilot, not having the necessary funding
- Typically prevents new program starts
- Impacts schedule, spending plan, contractor operations (labor force, cash flow, production schedules)
- Lost opportunities, contracts delays, adversaries move forward
- Generates internal rework
- May slow hiring plans

Figure 1. Days between Start of Fiscal Year and Enactment of Annual Defense Appropriations Act, FY1977-FY2023

(in number of days)

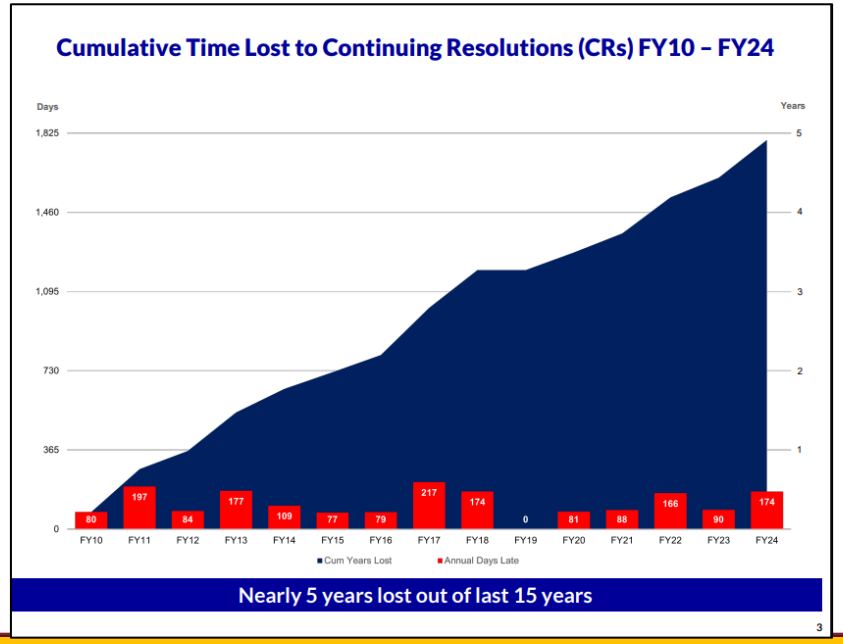


Source: CRS Report: FY2024 Defense Appropriations: Status of Legislative Activity
https://https://crsreports.congress.gov/product/pdf/IN/IN12237

All the money in the world cannot buy more time; time is irrecoverable, and when you are working to keep pace against well-resourced and focused competitors, time matters. ~

Chairman of the Joint Chiefs of Staff ,Gen. C.Q. Brown

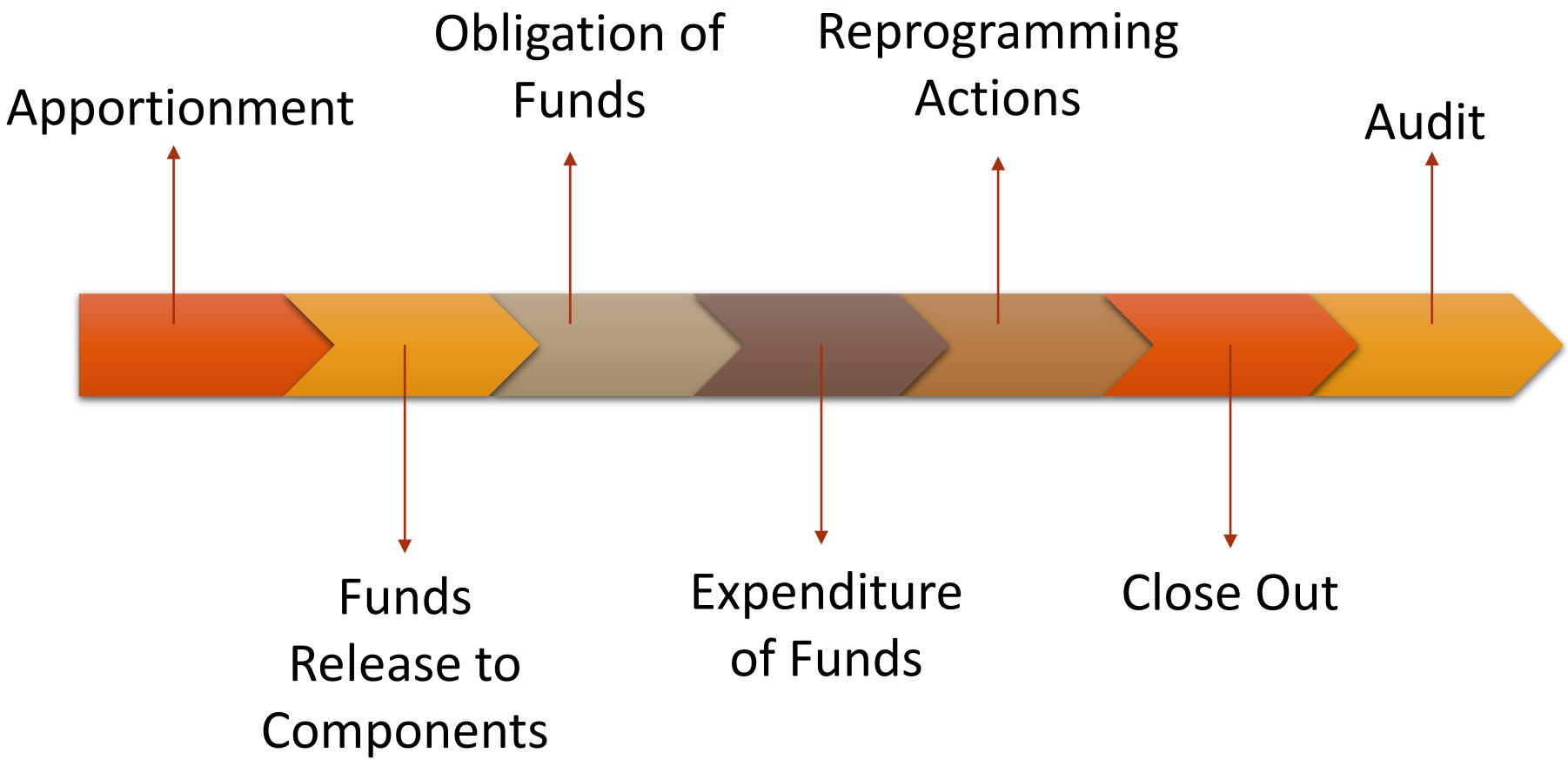
12 Jan 2022 Hearing- Service Chiefs and HAC-D Implications of Extended FY 22 CR



FY 2025 DoD Budget Request- Rollout Briefing
https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2025/FY2025_Budget_Request.pdf

Lots of challenges and Continuing Resolutions are not infrequent.
Expect a Continuing Resolution to occur! Plan for and prepare for them.

PROGRAM EXECUTION



Related Parts

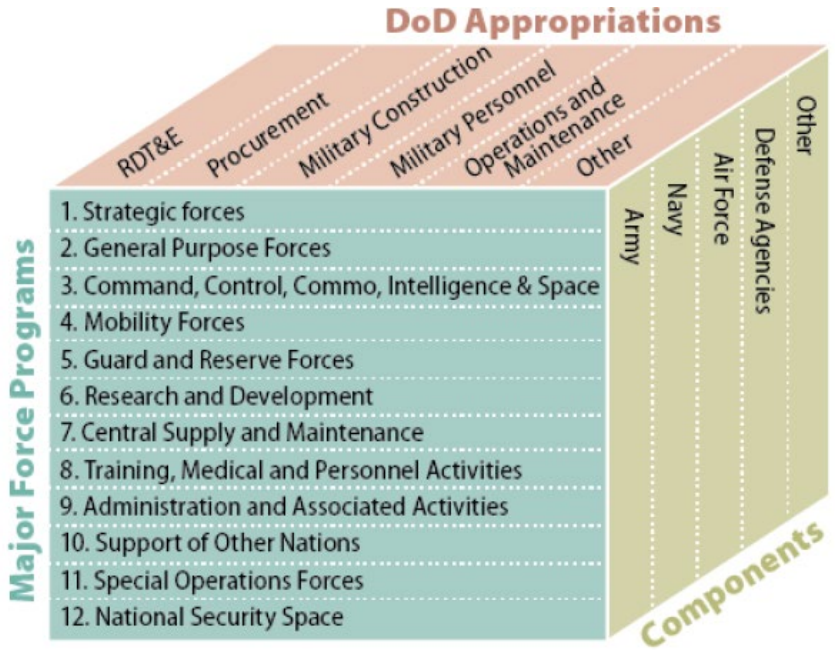
Key PPBE Action Officers (AO)-

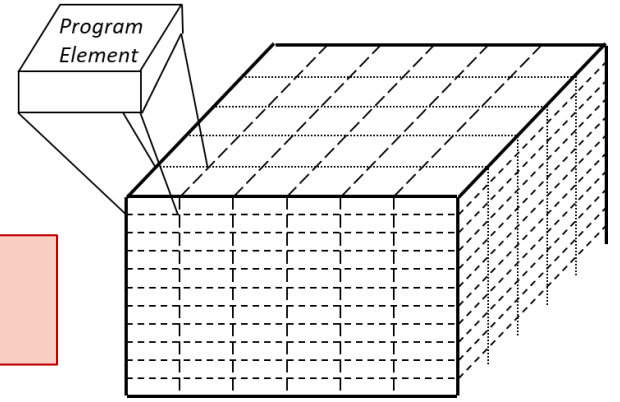
Provides Navigation/Representation Through the Resourcing Process

- AIR FORCE: Program Element Monitor (PEM)
  - Works for Air Force SAE (SAF/AQ)
  - Represents a specific mission/program area. Each Air Force program element is assigned a PEM
  - Interfaces with Operating 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 Office of Chief of Naval Operations (OPNAV staff)
  - Represents a specific mission/resource area
  - Dual Hatted Representing requirements and resourcing
  - Interfaces with Operating Commands, Systems/Developing Commands, OPNAV Staff, Navy Secretariat (especially ASN/RDA), and OSD
- ARMY: Department of Army Systems Coordinator (DASC)
  - Works for Army SAE (ASA/ALT)
  - Represents a specific portfolio or mission area
  - Interfaces with Operating Commands, Developing Commands, Army Staff, Army Secretariat, OSD, and Congress

Future Years Defense Program (FYDP)

- Computer database maintained by D,CAPE
- **Reflects the DoD "planned" allocation of resources across individual programs, over a multiyear period**
- Arrays cost data, manpower and force structure in three dimensions
- Contains PY, CY, BY + 4 Out-Years (7 years)
  FY24, 25, 26, + 27, 28, 29, 30
- Updated annually during the PPBE Cycle:
- Program Element= (PE)= The basic building block to aggregate FYDP data.





- Collectively, the Program Elements (PE) make up the FYDP.
- An acquisition program will likely have resources in more than one PE.

Funds Management Platinum Card

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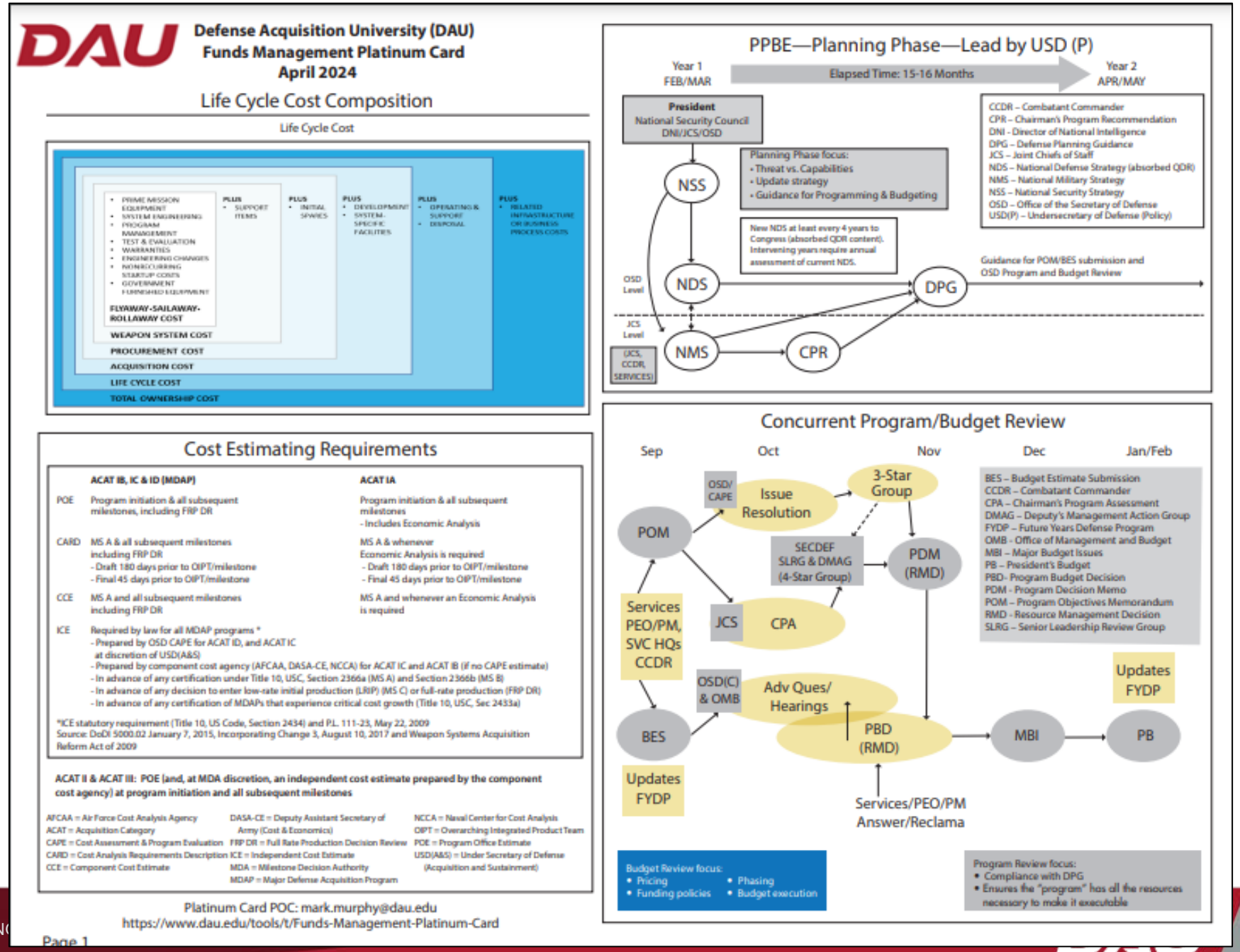
https://www.dau.edu/tools/funds-management-platinum-card

https://www.dau.edu/tools



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Defense Acquisition University (DAU)
Funds Management Platinum Card
April 2024

Life Cycle Cost Composition

Life Cycle Cost

- PRIME MISSION EQUIPMENT
- SYSTEM ENGINEERING
- PROGRAM MANAGEMENT
- TEST & EVALUATION
- WARRANTIES
- ENGINEERING CHANGES
- NONRECURRING STARTUP COSTS
- GOVERNMENT FURNISHED EQUIPMENT

PLUS • SUPPORT ITEMS

PLUS • INITIAL SPARES

PLUS • DEVELOPMENT • SYSTEM-SPECIFIC FACILITIES

PLUS • OPERATING & SUPPORT • DISPOSAL

PLUS • RELATED INFRASTRUCTURE OR BUSINESS PROCESS COSTS

FLYAWAY-SAILAWAY-ROLLAWAY COST

WEAPON SYSTEM COST

PROCUREMENT COST

ACQUISITION COST

LIFE CYCLE COST

TOTAL OWNERSHIP COST

Cost Estimating Requirements

	ACAT IB, IC & ID (MDAP)	ACAT IA
POE	Program initiation & all subsequent milestones, including FRP DR	Program initiation & all subsequent milestones - Includes Economic Analysis
CARD	MS A & all subsequent milestones including FRP DR - Draft 180 days prior to OIPT/milestone - Final 45 days prior to OIPT/milestone	MS A & whenever Economic Analysis is required - Draft 180 days prior to OIPT/milestone - Final 45 days prior to OIPT/milestone
CCE	MS A and all subsequent milestones including FRP DR	MS A and whenever an Economic Analysis is required
ICE	Required by law for all MDAP programs * - Prepared by OSD CAPE for ACAT ID, and ACAT IC at discretion of USD(A&S) - Prepared by component cost agency (AFCAA, DASA-CE, NCCA) for ACAT IC and ACAT IB (if no CAPE estimate) - In advance of any certification under Title 10, USC, Section 2366a (MS A) and Section 2366b (MS B) - In advance of any decision to enter low-rate initial production (LRIP) (MS C) or full-rate production (FRP DR) - In advance of any certification of MDAPs that experience critical cost growth (Title 10, USC, Sec 2433a)	

*ICE statutory requirement (Title 10, US Code, Section 2434) and P.L. 111-23, May 22, 2009
Source: DoDI 5000.02 January 7, 2015, Incorporating Change 3, August 10, 2017 and Weapon Systems Acquisition Reform Act of 2009

ACAT II & ACAT III: POE (and, at MDA discretion, an independent cost estimate prepared by the component cost agency) at program initiation and all subsequent milestones

AFCAA = Air Force Cost Analysis Agency
ACAT = Acquisition Category
CAPE = Cost Assessment & Program Evaluation
CARD = Cost Analysis Requirements Description
CCE = Component Cost Estimate
DASA-CE = Deputy Assistant Secretary of Army (Cost & Economics)
FRP DR = Full Rate Production Decision Review
ICE = Independent Cost Estimate
MDA = Milestone Decision Authority
MDAP = Major Defense Acquisition Program
NCCA = Naval Center for Cost Analysis
OIPT = Overarching Integrated Product Team
POE = Program Office Estimate
USD(A&S) = Under Secretary of Defense (Acquisition and Sustainment)

Platinum Card POC: mark.murphy@dau.edu
https://www.dau.edu/tools/t/Funds-Management-Platinum-Card

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PPBE—Planning Phase—Lead by USD (P)

Year 1 FEB/MAR — Elapsed Time: 15-16 Months — Year 2 APR/MAY

President
National Security Council
DNI/JCS/OSD

Planning Phase focus:
- Threat vs. Capabilities
- Update strategy
- Guidance for Programming & Budgeting

New NDS at least every 4 years to Congress (absorbed QDR content). Intervening years require annual assessment of current NDS.

CCDR – 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)

NSS
NDS
DPG
NMS
CPR

OSD Level
JCS Level
(JCS, CCDR, SERVICES)

Guidance for POM/BES submission and OSD Program and Budget Review

Concurrent Program/Budget Review

Sep — Oct — Nov — Dec — Jan/Feb

POM
OSD/CAPE
Issue Resolution
3-Star Group
SECDEF SLRG & DMAG (4-Star Group)
PDM (RMD)
Services PEO/PM, SVC HQs CCDR
JCS
CPA
OSD(C) & OMB
Adv Ques/ Hearings
Updates FYDP
BES
PBD (RMD)
MBI
PB
Updates FYDP
Services/PEO/PM Answer/Reclama

BES – Budget Estimate Submission
CCDR – Combatant Commander
CPA – Chairman's Program Assessment
DMAG – Deputy's Management Action Group
FYDP – Future Years Defense Program
OMB - Office of Management and Budget
MBI – Major Budget Issues
PB – President's Budget
PBD - Program Budget Decision
PDM - Program Decision Memo
POM – Program Objectives Memorandum
RMD - Resource Management Decision
SLRG – Senior Leadership Review Group

Budget Review focus:
- Pricing
- Funding policies
- Phasing
- Budget execution

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

Funds Management Platinum Card

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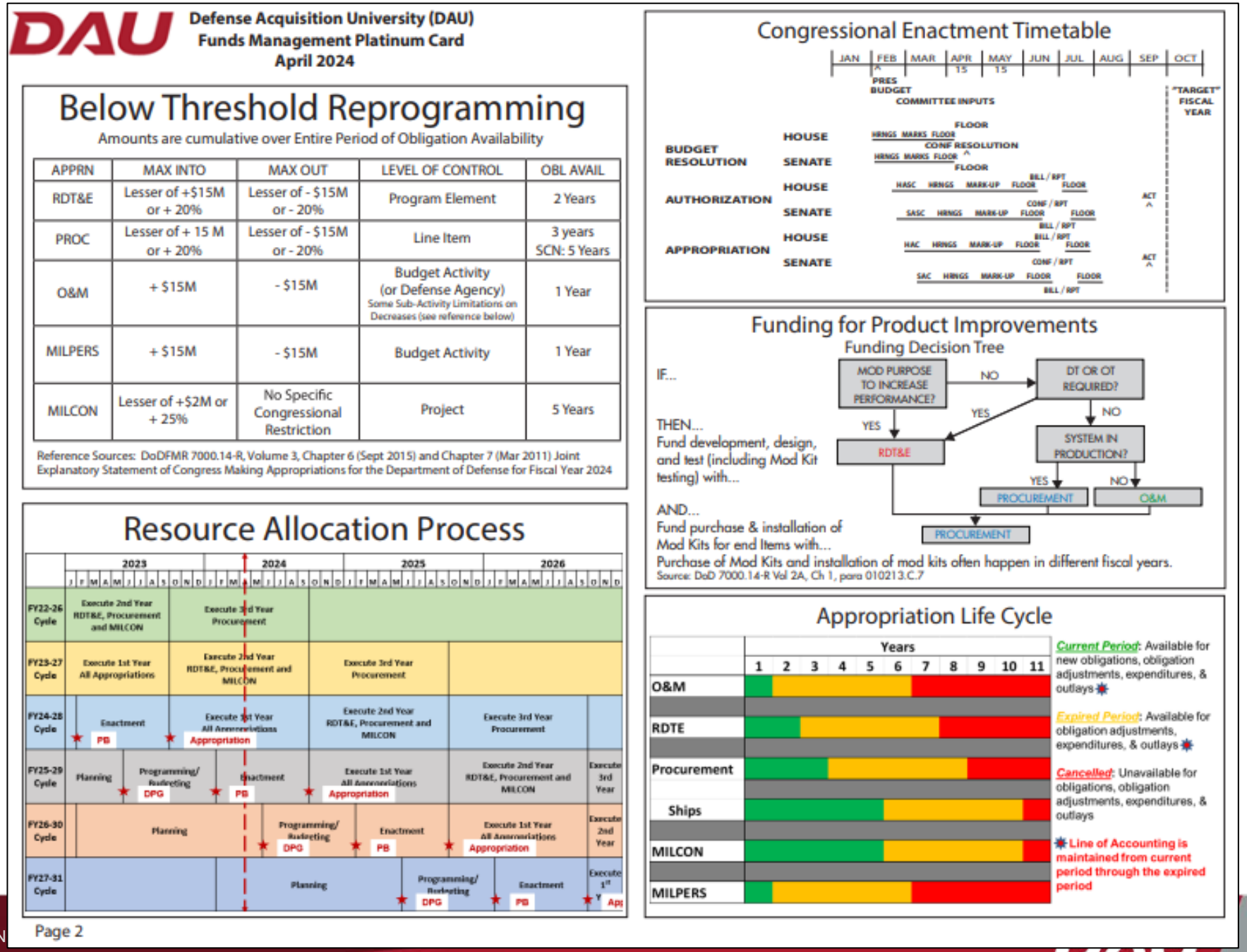

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Below Threshold Reprogramming

Amounts are cumulative over Entire Period of Obligation Availability

APPRN	MAX INTO	MAX OUT	LEVEL OF CONTROL	OBL AVAIL
RDT&E	Lesser of +$15M or + 20%	Lesser of - $15M or - 20%	Program Element	2 Years
PROC	Lesser of + 15 M or + 20%	Lesser of - $15M or - 20%	Line Item	3 years SCN: 5 Years
O&M	+ $15M	- $15M	Budget Activity (or Defense Agency) Some Sub-Activity Limitations on Decreases (see reference below)	1 Year
MILPERS	+ $15M	- $15M	Budget Activity	1 Year
MILCON	Lesser of +$2M or + 25%	No Specific Congressional Restriction	Project	5 Years

Reference Sources: DoDFMR 7000.14-R, Volume 3, Chapter 6 (Sept 2015) and Chapter 7 (Mar 2011) Joint Explanatory Statement of Congress Making Appropriations for the Department of Defense for Fiscal Year 2024

Resource Allocation Process

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Congressional Enactment Timetable

Funding for Product Improvements

Funding Decision Tree

Purchase of Mod Kits and installation of mod kits often happen in different fiscal years.

Source: DoD 7000.14-R Vol 2A, Ch 1, para 010213.C.7

Appropriation Life Cycle

Current Period: Available for new obligations, obligation adjustments, expenditures, & outlays*

Expired Period: Available for obligation adjustments, expenditures, & outlays*

Cancelled: Unavailable for obligations, obligation adjustments, expenditures, & outlays

*Line of Accounting is maintained from current period through the expired period

Financial Management: Summary Thoughts

- **Always Tough Budget Decisions!**
  - A rapidly changing environment
  - Always more we could do
  - Lots of Stakeholders
  - How can the funding be used to meet enterprise priorities
  - Unexpected bills require funding- e.g. Fuel, Inflation, Ukraine, Transport from Afghanistan

Communicate- Understand the environment and priorities and engage your stakeholders.

Limited Resources
Balancing capability, capacity, and readiness + responding to unexpected/emergent needs

TOP TIPS

1. If you have not seen your budget documents, get and read them. OSD and Congress read them → https://comptroller.defense.gov/. If another program office is key to supporting you, consider reading their budget documents - as a cut or downward trend could impact you.

2. If you are not executing as planned, your resources could be in jeopardy. What is your catch-up plan? Communicate with your PEO/OSD. Somebody needs funding and every dollar is important.

3. Be ready to communicate the impact of a 5-10-15% cut (or increase) to your program.

4. Maintain open and ongoing communication with your PPBE Action Officer – they represent you.

5. Be mindful of the difference between Authorizers and Appropriators. Appropriators have long memories. Know your message and stay on point.

6. Recognize that outside macro issues will impact programs (e.g. political environment, topline limits, inflation rates, general reductions, changing administrative priorities, etc.)

Current Topics

PPBE Reform Commission – Membership, Purpose, Reporting, etc.

Purpose

Make legislative and policy recommendations to Congress and DoD related to:

- Fielding operational capabilities necessary to outpace near-peer competitors,
- Providing data and analytical insight, and
- Supporting an integrated budget that is aligned with strategic defense objectives.

Membership

Composed of 14 civilian individuals not employed by the Federal Government.

- Recognized experts having have relevant professional experience.
- Members shall be appointed by: SecDef (2); Congressional leadership (4); SASC (2); HASC (2); HAC (2); SAC (2).

Reporting

- Independent advisory committee within the Legislative Branch
- Interim Report-NLT August 2023 ✓ **Final Report- March 6, 2024.** ✓

Established in FY 22 NDAA Sec. 1004

Contact Details

- **Website: https://ppbereform.senate.gov/**
- LinkedIn: https://www.linkedin.com/company/ppbe-reform-commission/
- Email: PPBE_Reform@ppbe.senate.gov

Additional PPBE Reform insights

- CRS Report, *DOD Planning, Programming, Budgeting, and Execution (PPBE): Overview and Selected Issues for Congress*
- https://crsreports.congress.gov/product/pdf/R/R47178

PPBE Reform Commission- Commissioners and Executive Director

Commissioners



Bob Hale
Chair



Ellen Lord
Vice Chair

The Commission is comprised of fourteen Commissioners who bring a wealth of experience across the congressional, defense, budgeting, acquisition, and innovation ecosystems.

The Secretary of Defense appointed two Commissioners, while congressional leadership appointed the remaining twelve.



Lara Sayer

Executive Director

Ms. Lara Sayer is the Executive Director for the Commission on Planning, Programming, Budgeting and Execution (PPBE) Reform. Prior to joining the Commission, Ms. Sayer served as a part of the Senior Executive Service as the Comptroller for Commander, Navy Installations Command (CNIC) and Naval Facilities Engineering Systems Command (NAVFAC), where she had oversight of annual appropriations in excess of $12B. Ms. Sayer also served as the Comptroller for the Office of Naval Research (ONR) and the Deputy Chief Financial Officer for United States Special Operations Command. Ms. Sayer has also served in several senior positions in the acquisition, budget, and resource management sectors throughout her career. Ms. Sayer holds a Bachelor of Music in Vocal Performance and a Master of Business Administration from Wright State University. She also has a Masters in National Resource Strategy from the Eisenhower School at the National Defense University.



Source: https://ppbereform.senate.gov/

OSD's Response to PPBE Reform Commission's Interim Report

RELEASE
IMMEDIATE RELEASE

Deputy Secretary of Defense Kathleen Hicks Statement on the Release of the Commission on Planning, Programming, Budgeting, and Execution Reform Interim Report

Aug. 15, 2023 |

Attributable to Deputy Secretary of Defense Kathleen Hicks:

The Department of Defense must meet the urgency of today's threats and tomorrow's challenges with innovation in all portfolios — including how we build and execute our budget. This is critical not only to maintain the trust of the American taxpayer, but also to ensure that DoD can rapidly transition, integrate, and deliver cutting-edge capabilities to the warfighter at speed and scale.

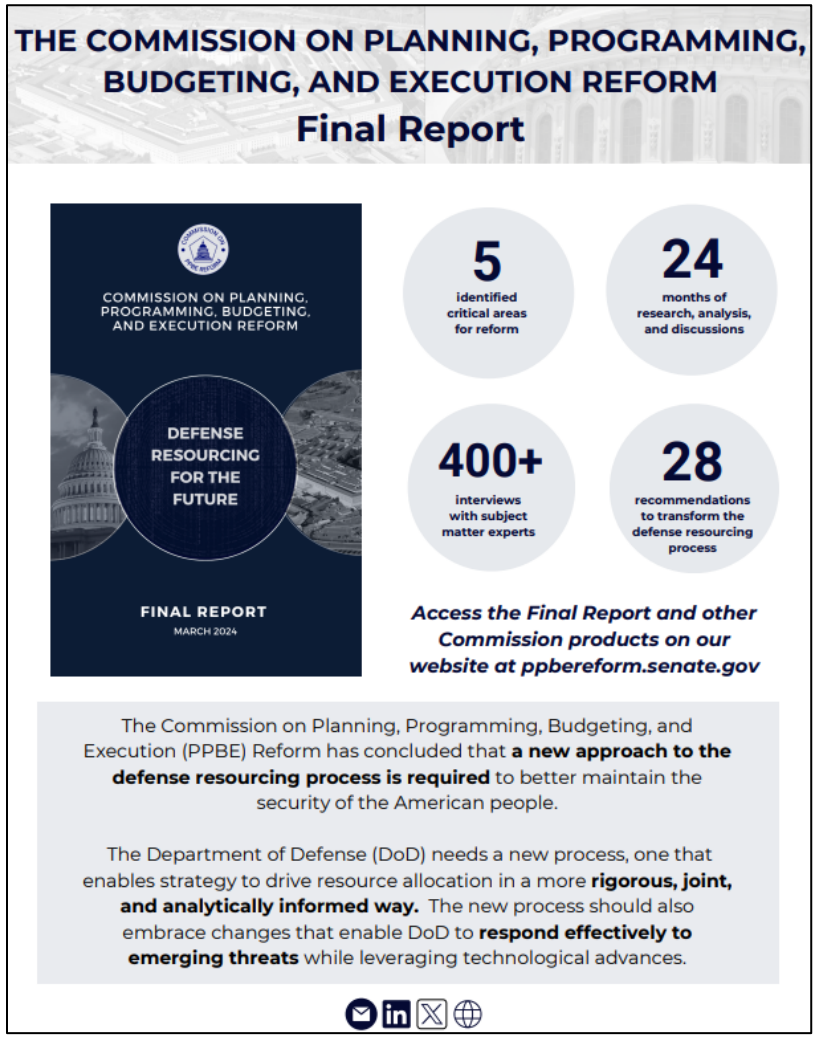
It's no secret that DoD's resource allocation process was born in the industrial age, and the Department has undertaken significant reforms to improve it. The recommendations made in the Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform's Interim Report released today will further these efforts. I am directing the Department to adopt all actions that can be implemented now, as recommended by the Commission and within its purview. We look forward to working with Congress on all other proposed recommendations included in this interim report.

The PPBE Reform Commission's work is immensely important to assisting Congress and DoD in the nation's efforts to stay ahead of the pacing challenge, ensuring our agility in fielding combat credible forces at speed and scale. I stand ready to provide continued DoD cooperation with the Commission and to receive its final report in March 2024.

"The recommendations made in the Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform's Interim Report released today will further these efforts. I am directing the Department to adopt all actions that can be implemented now, as recommended by the Commission and within its purview."

Source:
https://www.defense.gov/News/Releases/Release/Article/3494248/deputy-secretary-of-defense-kathleen-hicks-statement-on-the-release-of-the-comm/

PPBE Reform Commission
Executive Summary and Final Report- 28 Recommendations



THE COMMISSION ON PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION REFORM

Final Report

5 identified critical areas for reform

24 months of research, analysis, and discussions

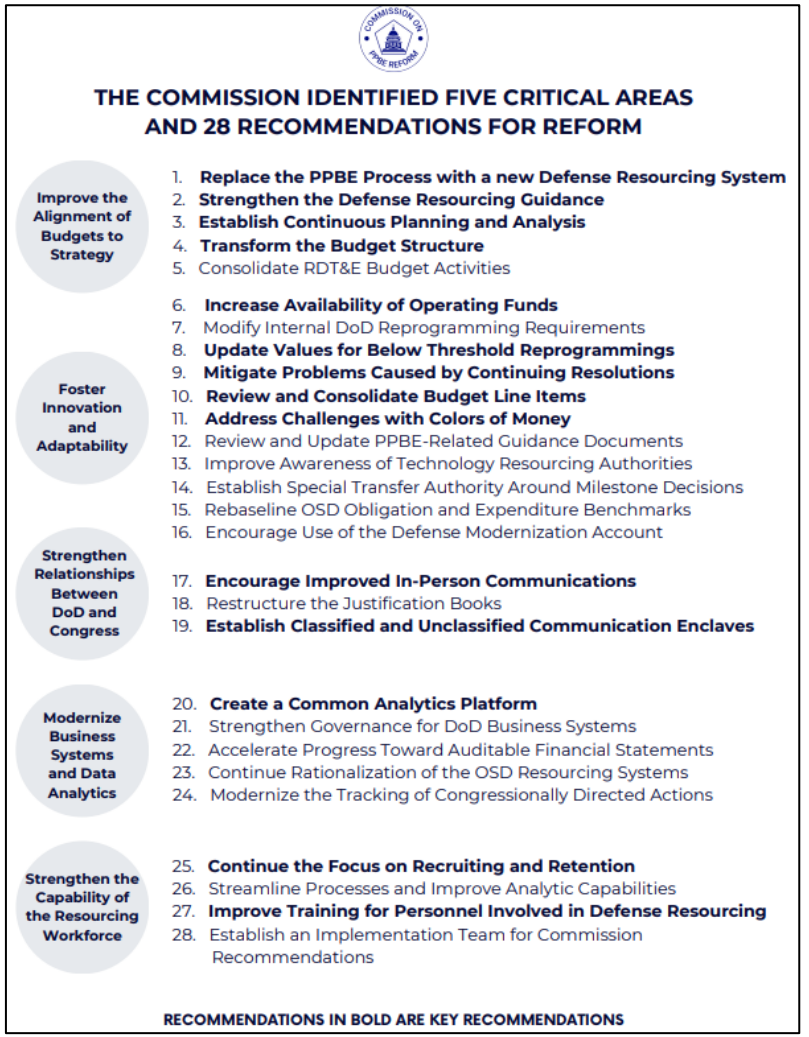
400+ interviews with subject matter experts

28 recommendations to transform the defense resourcing process

Access the Final Report and other Commission products on our website at ppbereform.senate.gov

The Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform has concluded that **a new approach to the defense resourcing process is required** to better maintain the security of the American people.

The Department of Defense (DoD) needs a new process, one that enables strategy to drive resource allocation in a more **rigorous, joint, and analytically informed way.** The new process should also embrace changes that enable DoD to **respond effectively to emerging threats** while leveraging technological advances.



THE COMMISSION IDENTIFIED FIVE CRITICAL AREAS AND 28 RECOMMENDATIONS FOR REFORM

Improve the Alignment of Budgets to Strategy

1. **Replace the PPBE Process with a new Defense Resourcing System**
2. **Strengthen the Defense Resourcing Guidance**
3. **Establish Continuous Planning and Analysis**
4. **Transform the Budget Structure**
5. Consolidate RDT&E Budget Activities

Foster Innovation and Adaptability

6. **Increase Availability of Operating Funds**
7. Modify Internal DoD Reprogramming Requirements
8. **Update Values for Below Threshold Reprogrammings**
9. **Mitigate Problems Caused by Continuing Resolutions**
10. **Review and Consolidate Budget Line Items**
11. **Address Challenges with Colors of Money**
12. Review and Update PPBE-Related Guidance Documents
13. Improve Awareness of Technology Resourcing Authorities
14. Establish Special Transfer Authority Around Milestone Decisions
15. Rebaseline OSD Obligation and Expenditure Benchmarks
16. Encourage Use of the Defense Modernization Account

Strengthen Relationships Between DoD and Congress

17. **Encourage Improved In-Person Communications**
18. Restructure the Justification Books
19. **Establish Classified and Unclassified Communication Enclaves**

Modernize Business Systems and Data Analytics

20. **Create a Common Analytics Platform**
21. Strengthen Governance for DoD Business Systems
22. Accelerate Progress Toward Auditable Financial Statements
23. Continue Rationalization of the OSD Resourcing Systems
24. Modernize the Tracking of Congressionally Directed Actions

Strengthen the Capability of the Resourcing Workforce

25. **Continue the Focus on Recruiting and Retention**
26. Streamline Processes and Improve Analytic Capabilities
27. **Improve Training for Personnel Involved in Defense Resourcing**
28. Establish an Implementation Team for Commission Recommendations

RECOMMENDATIONS IN BOLD ARE KEY RECOMMENDATIONS

Executive Summary - 2 pages
https://ppbereform.senate.gov/wp-content/uploads/2024/03/Commission-on-PPBE-Reform_Final-Report-Fact-Sheet.pdf

Final Report - ~ 400 pages
https://ppbereform.senate.gov/finalreport/

STREAMLINED RESOURCING PROCESS

The Current PPBE Process

PLANNING
PROGRAMMING
BUDGETING
EXECUTION

National Defense Strategy

Defense Planning Guidance

Fiscal Guidance

Program Objective Memorandum

Budget Estimate Submission

Program Decision Memorandum

Program Budget Decision

President's Budget

Omnibus Request

Execution/Obligation Reports

The NEW Defense Resourcing System

STRATEGY
RESOURCE ALLOCATION
EXECUTION

National Defense Strategy

Defense Resourcing Guidance

Resource Allocation Submission

Resource Allocation Decision

President's Budget

Omnibus Request

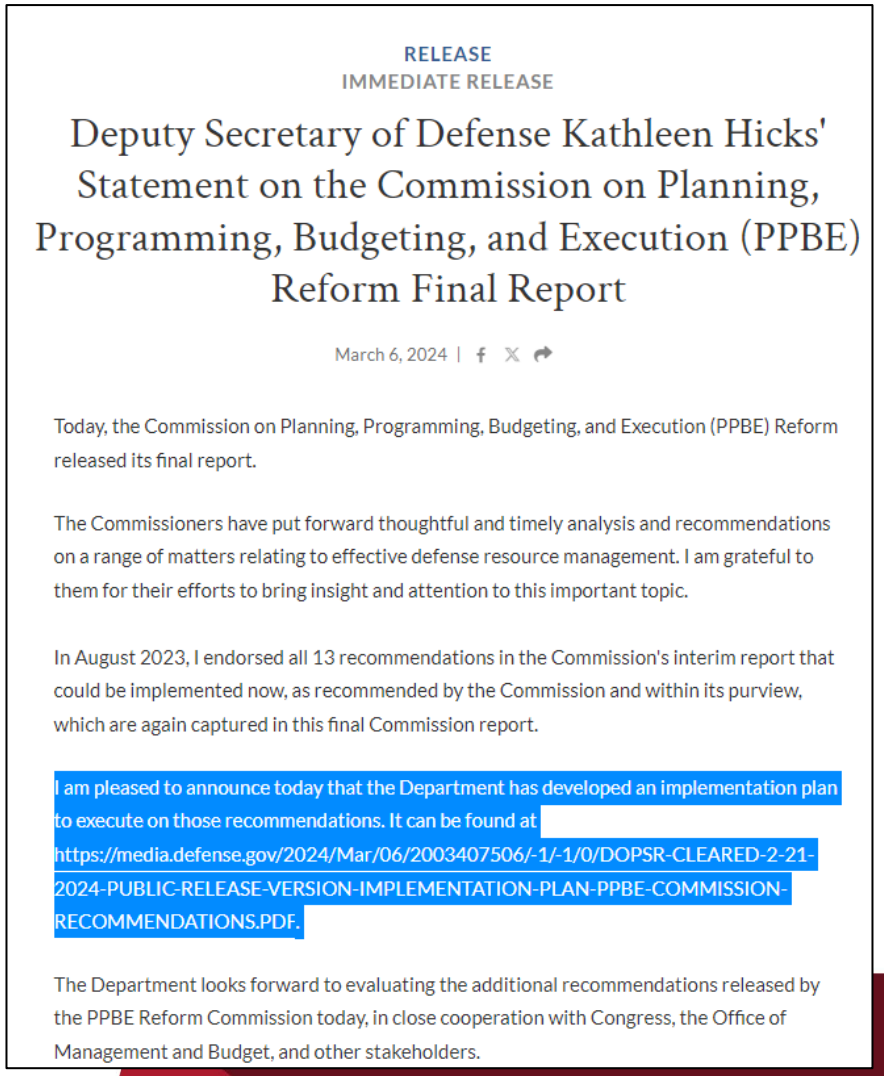
Execution/Obligation Reports

Continuous Analysis

Source: PPBE Reform Commission LinkedIn site
https://www.linkedin.com/company/ppbe-reform-commission/

The new DRS and other Commission recommendations strengthen the Department's ability to react to rapidly changing threats and technology to keep pace with strategic competitors.

DEPSECDEF News release on PPBE Reform Commission's Final Report, and Implementation Plan for Interim Commission's Recommendations:



RELEASE
IMMEDIATE RELEASE

Deputy Secretary of Defense Kathleen Hicks' Statement on the Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform Final Report

March 6, 2024 |

Today, the Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform released its final report.

The Commissioners have put forward thoughtful and timely analysis and recommendations on a range of matters relating to effective defense resource management. I am grateful to them for their efforts to bring insight and attention to this important topic.

In August 2023, I endorsed all 13 recommendations in the Commission's interim report that could be implemented now, as recommended by the Commission and within its purview, which are again captured in this final Commission report.

I am pleased to announce today that the Department has developed an implementation plan to execute on those recommendations. It can be found at https://media.defense.gov/2024/Mar/06/2003407506/-1/-1/0/DOPSR-CLEARED-2-21-2024-PUBLIC-RELEASE-VERSION-IMPLEMENTATION-PLAN-PPBE-COMMISSION-RECOMMENDATIONS.PDF.

The Department looks forward to evaluating the additional recommendations released by the PPBE Reform Commission today, in close cooperation with Congress, the Office of Management and Budget, and other stakeholders.

Link to News Release Memo
https://www.defense.gov/News/Releases/Release/Article/3698304/deputy-secretary-of-defense-kathleen-hicks-statement-on-the-commission-on-plann/

Link to DoD Implementation Plan, for 13 Interim Report Recommendations

"I am pleased to announce today that the Department has developed an implementation plan to execute on those recommendations. It can be found at"

https://media.defense.gov/2024/Mar/06/2003407506/-1/-1/0/DOPSR-CLEARED-2-21-2024-PUBLIC-RELEASE-VERSION-IMPLEMENTATION-PLAN-PPBE-COMMISSION-RECOMMENDATIONS.PDF

Implementation Plan for the Recommendations from the Commission on Planning, Programming, Budgeting, and Execution Reform's Interim Report

December 14, 2023

Department of Defense

CLEARED
For Open Publicati
Feb 21, 2024
Department of Defens
OFFICE OF PREPUBLICATION AND SECU

https://media.defense.gov/2024/Mar/06/2003407506/-1/-1/0/DOPSR-CLEARED-2-21-2024-PUBLIC-RELEASE-VERSION-IMPLEMENTATION-PLAN-PPBE-COMMISSION-RECOMMENDATIONS.PDF

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However, while each recommendation is achievable, it must be established that each individual recommendation will improve the Department's processes significantly enough to justify any additional cost to taxpayers for implementation and sustainment.

List 1 - Near-term Recommendations

PPBE-related DoD and Congress Relationships
1. ★Midyear update briefing to Congress
2. Improve training for DoD liaisons to Congress
3. Restructure budget justification books
4. Improve training for preparation of budget justification materials

Innovation and Adaptability
5. ★Systematic review and consolidation of budget line items
6. Systematically review and update PPBE-related Guidance Documents, including the FMR

Alignment of Budgets to Strategy
7. Improve understanding of private sector practices

PPBE Business Systems and Data Analytics
8. ★Accelerate OSD Comptroller and CAPE IT system consolidation
9. Expand PPBE analytics via Advana
10. Annual report on the Department's strategy for consolidation of DoD PPBE business systems
11. ★Establish enclaves for DoD-Congress-DoD info sharing

DoD Programming and Budgeting Workforce
12. ★Improve recruiting and retention of PPBE personnel
13. Streamline processes and improve analytic capabilities to reduce workload

★*Key Recommendations*

Initial Response to PPBE Reform Commission's Final Recommendations- from the Joint Explanatory Statement for the FY 2024 Appropriations Act, (Pages 8-11), Dated March 18, 2024

Given the timing, with the Final report released on March 6, 2024, and DoD Appropriations enacted on March 23, 2024, Congress, while certainly kept in the loop by the Commission, may not have had an opportunity to full digest the Commission's Final recommendations.

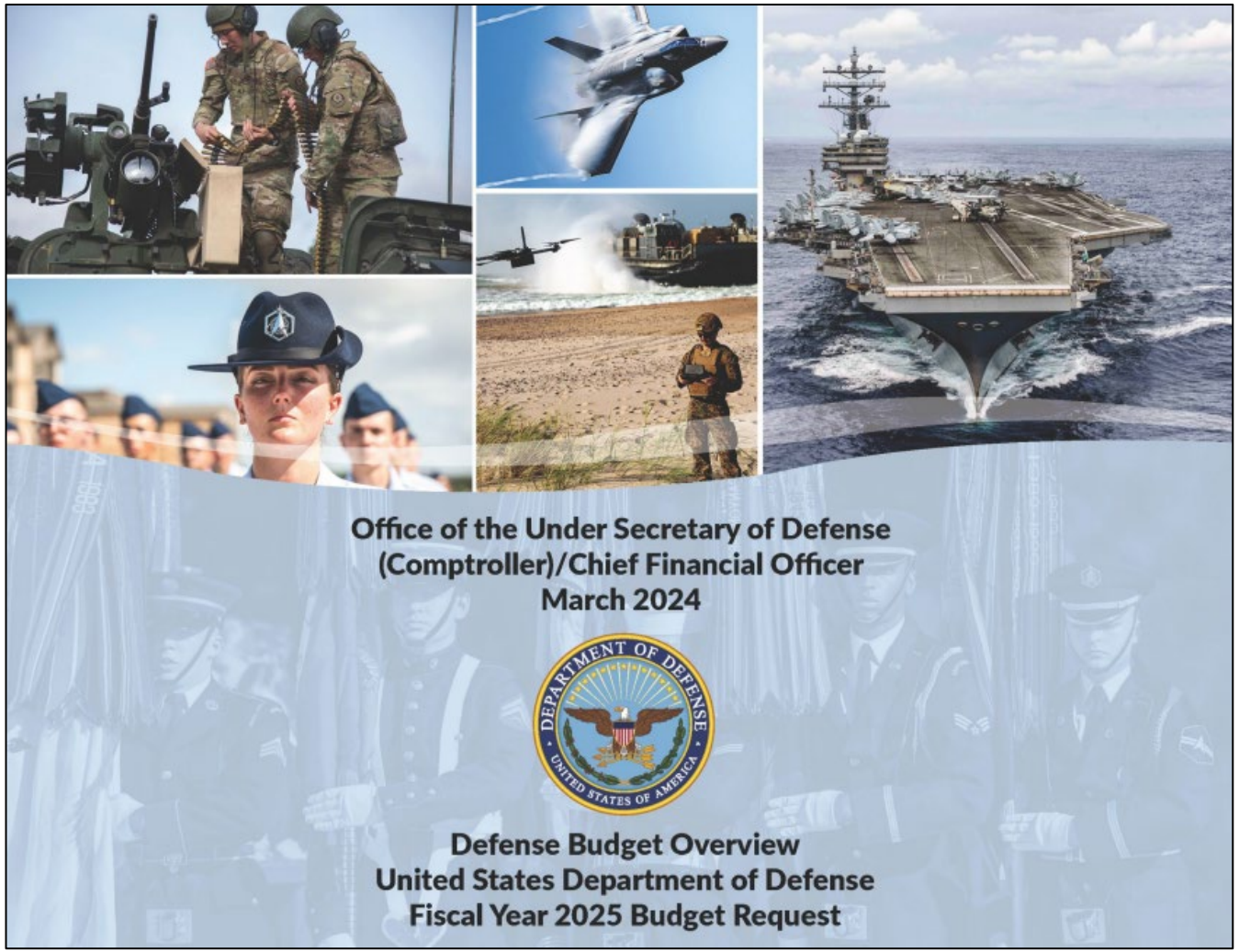
- In general, the Defense appropriators appears to believe that DoD has existing flexibilities that we are not utilizing fully and appears reluctant, at this point, to loosen their oversight role further. Although Congress did provide for $5B in increased Below Threshold reprogramming amounts in four of our five most used appropriation categories.

- Congress does support the Commission's recommendation for more and ongoing communications with the DoD, and notes that the DEPSECDEF has issued guidance to implement 13 of the recommendations for the Commission's Interim report.

Joint Explanatory Statement for FY 2024 Appropriations Act (pages 8-11)
https://docs.house.gov/billsthisweek/20240318/Division%20A%20Defense.PDF

FY 25
Budget Request

FY 2025 DoD Budget Request- Rollout Briefing



https://comptroller.defense.gov/Portals/45/Documents/defbudget/FY2025/FY2025_Budget_Request.pdf

30+ page summary briefing

FY 2025 National Defense Discretionary Budget Request

(Dollars in Billions)

% of Total FY25 DoD Request	By Appropriation Title	FY 2023 Actuals	FY 2024 Request	FY 2024 w/CR Adj 1/	FY 2025 Request	% Change From FY23 Actuals	$B Change From FY 23 Actuals	% Change From FY24 Request	$B Change From FY 24 Request	
21.4%	Military Personnel	174.0	178.9	173.0	181.9	4.5%	$ 7.9	1.7%	$ 3.0	+$11.2B
40.0%	Operation & Maint. / Revolving Funds	320.7	331.4	321.8	339.6	5.9%	$ 18.9	2.5%	$ 8.2	
19.7%	Procurement	162.8	170.0	163.9	167.5	2.9%	$ 4.7	-1.5%	$ (2.5)	-$4.3B
16.9%	Research, Development, Test & Evaluation	139.4	145.0	139.7	143.2	2.7%	$ 3.8	-1.2%	$ (1.8)	
2.1%	Military Construction/Family Housing	19.0	16.7	19.0	17.5	-7.9%	$ (1.5)	4.8%	$ 0.8	
100.0%	**Department of Defense – Total 2/**	**815.9**	**842.0**	**817.3**	**849.8**	4.2%	$ 33.9	0.9%	$ 7.8	
	Other Defense	42.5	44.4	42.4	45.5	7.1%	$ 3.0	2.5%	$ 1.1	
	National Defense	**858.4**	**886.4**	**859.7**	**895.2**	4.3%	$ 36.8	1.0%	$ 8.8	
	Supplemental Funding - DoD 3/	35.8	58.3	58.3	-	-100.0%	$ (35.8)	-100.0%	$ (58.3)	
	National Defense – Total	**894.2**	**944.7**	**918.1**	**895.2**	0.1%	$ 1.0	-5.2%	$ (49.5)	
	DoD By Department/Agency - Base Only									
21.9%	Army	186.2	185.3	185.2	185.8	-0.2%	$ (0.4)	0.3%	$ 0.5	
30.3%	Navy	243.7	255.8	243.3	257.6	5.7%	$ 13.9	0.7%	$ 1.8	
30.9%	Air Force	247.3	259.2	247.4	262.6	6.2%	$ 15.3	1.3%	$ 3.4	
16.9%	Defense-Wide	138.7	141.7	141.4	143.7	3.6%	$ 5.0	1.4%	$ 2.0	

Numbers may not add due to rounding.

1/ Reflects Continuing Resolution (P.L. 118-15, as amended)

2/ Excludes $400M in CHIPS Act funding each fiscal year, which is not part of the discretionary budget total

3/ FY 2023 includes supplemental funding for Ukraine ($35.7 billion) and Natural Disaster Relief ($147 million); FY 2024 includes supplemental funding for Ukraine ($44.4 billion), Israel ($10.6 billion) and U.S. Submarine Industrial Base ($3.3 billion)

FY 2025 aligned to Fiscal Responsibility Act funding levels and continues to make the investments necessary to implement and execute the 2022 NDS

2

Military Departments FY 25 Budget Requests

Army FY 25 Budget Request Details

- https://www.asafm.army.mil/Budget-Materials/

Navy FY 25 Budget Request Details

- https://www.secnav.navy.mil/fmc/Pages/Fiscal-Year-2025.aspx

Air Force FY 25 Budget Request Details

- https://www.saffm.hq.af.mil/FM-Resources/Budget

Reference Materials

Appropriation Categories to Appropriation Line items

Appropriation Categories

- Broad terms pertaining to general "types" of Federal Government funds
- Examples: RDT&E, Procurement, O&M

Appropriation Accounts

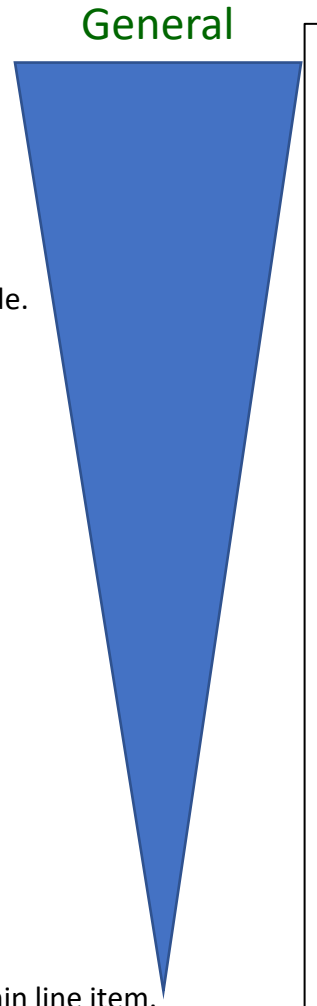
- Specific designation of Federal Government funds as contained in an Appropriations Act., Each account has a unique four-digit code.
- Examples
  - Research, Development, Test and Evaluation (RDT&E), Army (2040)
  - Aircraft Procurement, Navy (1506)
  - Operation & Maintenance (O&M), Defense Wide (0100)
  - Cooperative Threat Reduction Account (0134)

Budget Activity

- A category within each appropriation account that identifies the purpose or types of activities being finance by the appropriation
- Examples: Budget Activities (BA) for Research, Development, Test, and Evaluation (RDT&E) accounts:
  - 01 – Basic Research
  - 02 – Applied Research
  - 03 – Advanced Technology Development
  - 04 – Advanced Component Development and Prototypes

Appropriation Line Item

- The specific program, activity, or organization that is requesting the funding. Congress provides appropriations by line item or within line item.
- Examples: Program Element (RDT&E), Budget Line Item (Procurement), Activity Group/Sub Activity Group (O&M)



RDT&E

RDT&E, Air Force (3600)

Operational System Development BA (07)

Joint Air-to-Surface Standoff Missile (JASSM) 0207325F

Air Force Appropriation line item (Program Element) – for RDT&E Joint-to-Surface Standoff Missile

Apportionment Numerical Codes
The Specific Designation – The Appropriation Account

Treasury Index Code	21	17		57		97
Appropriation Account	**USA**	**USN**	**USMC**	**USAF**	**USSF**	**DoD**
RDT&E	2040	1319		3600	3620	0400
Procurement					3022	0300
Aircraft	2031	1506		3010		
Missiles	2032			3020		
Weapons		1507				
W & TCV	2033					
SCN		1611				
Ammunition	2034	1508		3011		
USMC			1109			
Other	2035	1810		3080		
MILPERS	2010	1453	1105	3500	3510	N/A
O & M	2020	1804	1106	3400	3410	0100
MILCON	2050	1205		3300		0500



Also see → Federal Account Symbols and Titles: The FAST Book https://fiscal.treasury.gov/reference-guidance/fast-book/

Do you know an appropriation account but not what it's for? Look it up in the FAST Book

Program Execution - OSD Guidelines

Obligation & Expenditure Execution Benchmarks

		Yr1	Yr2	Yr3
RDT&E				
Obligations	90%	100%	100%	
Expenditures	55%	90%	100%	
Focus: Expenditures				
Procurement				
Obligations	80%	90%	100%	
Expenditures	--	--	--	
Focus: Obligations				

-- No Specific Benchmark

Decision/Governance Forums – Supporting the SECDEF and DEPSECDEF in the Program Review and Budget Review Processes.

Issue resolved or approved for next level of adjudication.

- **Program Resource Managers Group (PRMG)**
- Formerly the 3-Star Programmers Group
- Chaired by the Director, Cost Assessment and Program Evaluation, for programmatic issues, and the Under Secretary of Defense for Comptroller/Chief Financial Officer, for budgeting and execution issues,
- Supports the SECDEF in the Program Review and Budget Review processes.
- Responsible for screening and developing review issues for presentation to the DMAG
- The Services' lead programming offices (USA G8, DAF A8 and S8, DON N8) are participants.

- **Deputy's Management Action Group (DMAG)**
- Chaired by the DEPSECDEF and co-chaired by the Vice Chairman of the Joint Chiefs of Staff (VCJCS)
- Assists in making major program and budget decisions
- The Secretaries of the Military Departments, Chiefs of the Military Services, and Office of the Secretary of Defense (OSD) Principal Staff Assistants hold standing invitations to the DMAG.

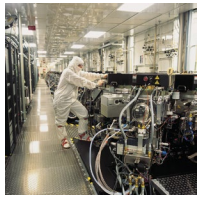
- **Secretary's Leadership Council (SLC)**
- Chaired by the SecDef and co-chaired by the Chairman of the Joint Chiefs of Staff
- Provides advice and assistance on strategic issues to the SecDef
- May get involved in adjudication of certain POM issues.

The outcome of the OSD Program Review and Budget Review is OSD-directed changes to Component POM and BES positions.

Source: DoD Directive 5105.79

Levels of Control for Below Threshold Reprogramming

Below-threshold reprogramming only applies to the movement of funds **within** an appropriation between elements at the appropriation's level of control (for example, between line items within a Procurement appropriation such as FY 23 Army Procurement, Ammunition. The thresholds for below-threshold reprogramming are tied to specific levels of each appropriation's structure











Appropriation Category	RDT&E	Procurement	O&M	MILPERS	MILCON
Level of Control	Budget Activity	Budget Activity	Budget Activity	Budget Activity	Budget Activity
	Program Element	Line Item	Activity Group	Activity Group	Activity Group
	Project		Sub Activity	Sub Activity	Project

Congressional Research Service Report Defense Primer- DoD Transfer and Reprogramming Authorities

Source: https://crsreports.congress.gov/product/pdf/IF/IF11243

Congressional Research Service
Informing the legislative debate since 1914

IN FOCUS

Updated May 1, 2024

Defense Primer: DOD Transfer and Reprogramming Authorities

In provisions of the *United States Code* (U.S.C.) and annual authorization and appropriations acts, Congress provides the U.S. Department of Defense (DOD) limited authorities to obligate funds for purposes other than originally approved, or in a manner that otherwise diverges from congressional expectations. These authorities allow the department to *transfer* or *reprogram* funds. A transfer involves shifting funds from one appropriations account to another, while a reprogramming involves shifting funds within the same account. DOD uses the term *reprogramming action* to describe both types of transactions.

Background

At times, DOD faces unanticipated circumstances with budgetary implications. For example, responding to a geopolitical event or covering an inflationary price increase for a weapon system may create unforeseen costs for the department. Similarly, military recruitment shortfalls or favorable fluctuations in foreign exchange rates may lead to unexpected savings. To allow the department to respond to such situations, Congress routinely authorizes DOD to transfer or reprogram a limited amount of funds. (Congress may also respond to emergent developments by enacting supplemental appropriations or rescissions.)

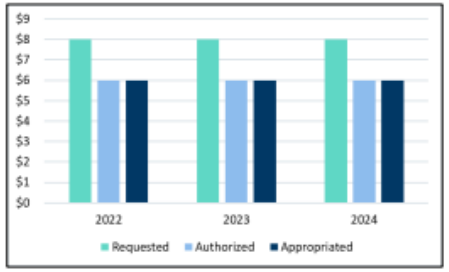
10 U.S.C. §2214 generally covers transfers within DOD "whenever authority is provided in an appropriation Act to transfer amounts in working capital funds or to transfer amounts provided in appropriation Acts for military functions of the Department of Defense (other than military construction)." The statute limits the use of transfers to "a higher priority item, based on unforeseen military requirements," and prohibits transfers for an item for which Congress has denied funds. The statute also requires the Secretary of Defense (SECDEF) to "promptly notify" Congress "of each transfer made under such authority." Other notification requirements reside in specific appropriations provisions. In addition, through procedures developed by the congressional defense committees and DOD, the department's *Financial Management Regulation* requires prior congressional approval of certain reprogramming actions, such as those in excess of dollar amount or percentage thresholds. Authorities and processes for military construction and intelligence-related funding reallocations are beyond the scope of this product.

Types of Transfer Authorities

General Transfer Authority. The annual National Defense Authorization Act (NDAA) and Department of Defense Appropriations Act typically include recurring General Transfer Authority (GTA) provisions that permit DOD to transfer a limited amount of funds. For example, Section 8005 of the Department of Defense Appropriations Act, 2024 (Division A of P.L. 118-47) allows the SECDEF, with the approval of the Office of Management and Budget, to transfer up to $6 billion of "funds made available in this Act ... for military functions (except military construction) between such appropriations or funds or any subdivision." Section 1001, "General Transfer Authority," of the FY2024 NDAA (P.L. 118-31) is the related authorizing language. See **Figure 1**.

Figure 1. DOD General Transfer Authority (GTA) Limits, FY2022-FY2024

(in billions of dollars of budget authority)



Source: CRS analysis of provisions in annual President's budget requests, National Defense Authorization Acts (NDAAs), and Department of Defense Appropriations Acts for selected fiscal years.

Specific Transfer Authority. Congress typically provides additional transfer authorities to DOD in other provisions of defense authorization and appropriations acts for specific purposes. For example, Congress provides authority for transfer accounts intended to receive and disburse allocations, such as the DOD's Drug Interdiction and Counter-Drug Activities account. If Congress provides transfer authorities for specific purposes "in addition to any other transfer authority provided by law," their use does not count toward GTA limits.

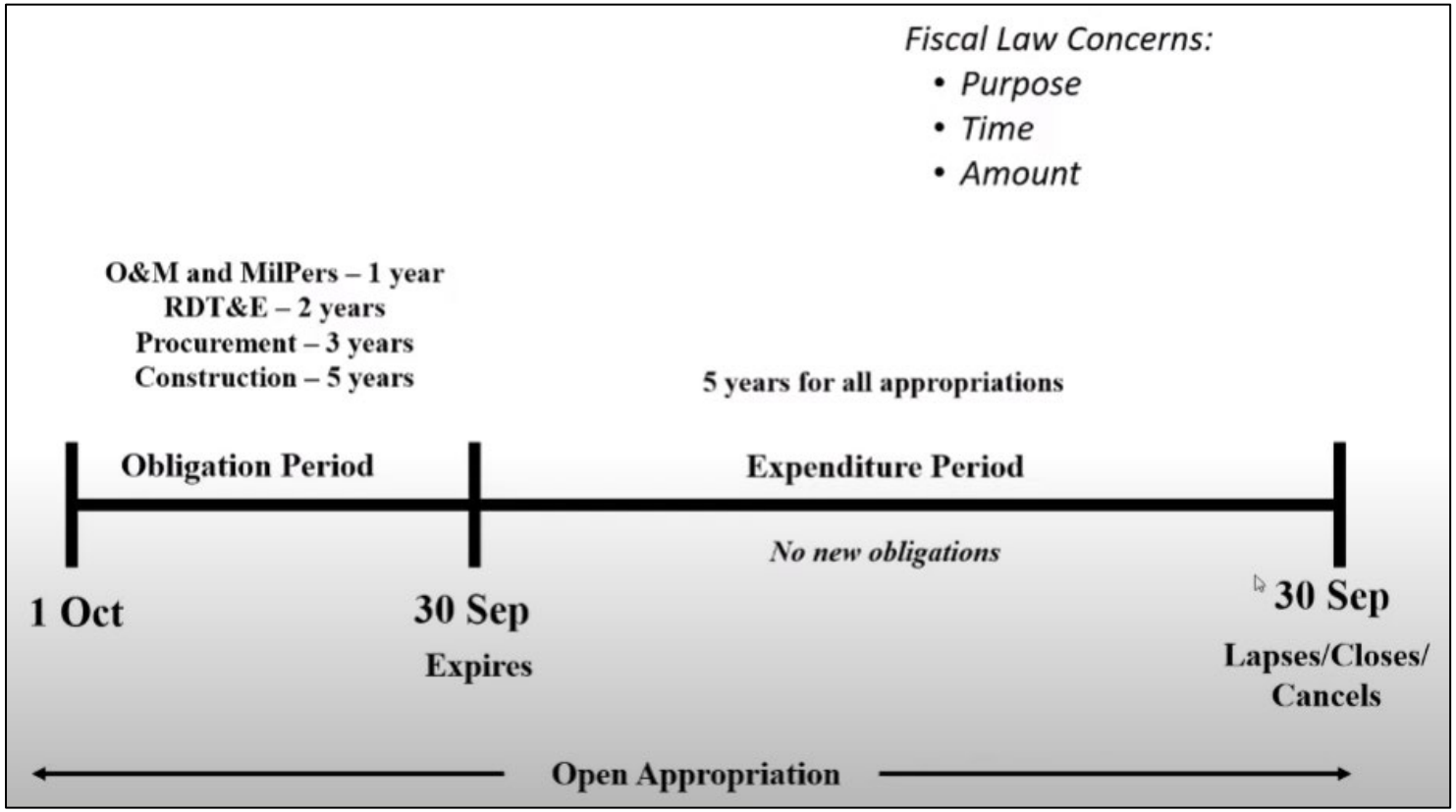
Types of Reprogramming Actions

The FMR defines reprogramming in part as a "realignment of budget authority from the purpose for which appropriated to finance another (usually emergent, unfunded) requirement." DOD transfers and reprograms funds throughout the fiscal year. As part of the congressional notification and prior approval processes, the DOD Comptroller publishes implemented reprogramming actions on the budget execution portion of its website.

Some reprogramming actions are known as *prior-approval* (PA) reprogramming because they require prior congressional approval. If a reprogramming action meets

https://crsreports.congress.gov

FISCAL LAW – TIME, PURPOSE, AMOUNT



Expenditure of public funds is proper only when authorized by Congress...
Congress has the "Power of the Purse, " -- "No money shall be drawn from the Treasury, but in consequence of appropriations made by Law".

Resources can only be used during the specified **time** allowed, for the specific **purpose** identified, and in the **amount** appropriated

- **Bona Fide Need Rule (Time)**

Requires that appropriated funds be used only for **needs or services** that arise in **the year(s)** of the appropriation's obligation availability period

- **Misappropriation Act (Purpose)**

Requires that appropriated funds be used **only for the purposes and programs** for which appropriation was made

- **Anti-Deficiency (Amount)**

Prohibits making or authorizing an obligation **in excess** of the amount available in the appropriation.
Forbids obligating funds **in advance** of appropriation.
Requires regulations to ensure obligations are kept within appropriated or sub-divided amounts and to fix responsibility for violations of the Act

FYDP Program Elements

CRS Defense Primer: Future Years Defense Program (FYDP)
https://crsreports.congress.gov/product/pdf/IF/IF10831

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

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

- MAJOR FORCE PROGRAM 2 (GENERAL PURPOSE FORCES)
  - 0203752A - Aircraft Engine CIP
  - 0204136N - F/A-18 Squadrons
  - 0207163F - AMRAAM
- MAJOR FORCE 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
SF - SPACE FORCE
BB - SOCOM
DBD - DFAS

The first two digits of a program element identify the associated Major Force Program. The alphabetic suffix identifies the service/component.

DAU







