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A COMPARISON OF PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS) PRACTICES OF THE MILITARY DEPARTMENTS

by

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December, 1994

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A COMPARISON OF PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS) PRACTICES OF THE MILITARY DEPARTMENTS

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ABSTRACT

This thesis examines the Planning, Programming and Budgeting System (PPBS) practices currently in place in the military departments of the Department of Defense. The thesis provides an overview of the PPBS at the Department of Defense level and then describes the current practices of the Departments of the Army, Navy (excluding the Marine Corps) and Air Force. In each chapter, there is first an examination of the PPBS organization of the respective department. Next, there is a focus on the conduct of the programming phase of the PPBS after delivery of the Defense Planning Guidance. Finally, there is a description of the budget phase, ending with the delivery of the approved Budget Estimate Submissions to the Office of the Secretary of Defense. After descriptions of the practices of each of the departments, there is a comparison of the programming phase practices and a comparison of the budgeting phase practices. The thesis does not examine the practices of the military departments in the planning phase as the planning phase is primarily a Department of Defense function.

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LIST OF ACRONYMS

AASA	Administrative Assistant to the Secretary of the Army
ABR	Abbreviated Budget Review
ACNO	Assistant Chief of Naval Operations
ADCSOPS	Assistant Deputy Chief of Staff for Operations
ADP	Automated Data Processing
AF/DP	Office of the Deputy Chief of Staff for Personnel
AF/LG	Office of the Deputy Chief of Staff for Logistics
AF/PE	Directorate of Programs and Evaluation
AF/XO	Office of the Deputy Chief of Staff for Operations and Plans
AFC	Air Force Council
APG	Army Programming Guidance
ARNG	Army Reserve National Guard
ASA(FM)	Assistant Secretary of the Army (Financial Management)
ASA(ILE)	Assistant Secretary of the Army (Installations, Logistics, and Engineering)
ASA(MRA)	Assistant Secretary of the Army (Manpower and Reserve Affairs)
ASA(RDA)	Assistant Secretary of the Army (Research, Development and Acquisition)
ASCIM	Assistant Chief of Staff for Installation Management
ASN	Assistant Secretary of the Navy
BAM	Baseline Assessment Memorandum
BES	Budget Estimate Submission
BRG	Budget Review Group
BSO	Budget Submitting Office
CAR	Chief, Army Reserve
CBE	Command Budget Estimate
CinC	Commander in Chief
CNGB	Chief, National Guard Bureau
CNO	Chief of Naval Operations
COA	Comptroller of the Army
CoC	Council of Colonels
COE	Chief of Engineers
CSA	Chief of Staff of the Army
CSAF	Chief of Staff of the Air Force
DAB	Deputy Assistant Secretary for the Army Budget
DAS	Director of the Army Staff
DCNO	Deputy Chief of Naval Operations
DCS	Deputy Chief of Staff
DCSINT	Deputy Chief of Staff for Intelligence
DCSLOG	Deputy Chief of Staff for Logistics
DCSOPS	Deputy Chief of Staff for Operations
DCSPER	Deputy Chief of Staff for Personnel
DEPSECDEF	Deputy Secretary of Defense
DISC4	Director of Information Systems for Command, Control, Communications and Computers
DM	Director of Management
DoD	Department of Defense
DoN	Department of the Navy
DONPIC	Department of the Navy Program Information Center
DOS	Director, Operations and Support
DPAE	Director, Program and Analysis Directorate
DPG	Defense Planning Guidance

DPSB	Department of the Navy Program Strategy Board
DRB	Defense Resources Board
ESC	Executive Steering Committee
FY	Fiscal Year
FYDP	Future Years Defense Plan
HQ	Headquarters
HQDA	Headquarters, Department of the Army
IBR	Investment Balance Review
IPL	Integrated Priority List
JCS	Joint Chiefs of Staff
JMA/SA	Joint Mission Area/Support Area
MACOM	Major Command
MAJCOM	Major Command
MBI	Major Budget Issue
MDEP	Management Decision Package
MILCON	Military Construction
N091	Director of Navy Test and Evaluation and Technology Requirements
N093	Surgeon General of the Navy
N095	Director of Naval Reserve
N096	Oceanographer of the Navy
N12	Director, Total Force Programming/Manpower
N2	Director, Naval Intelligence
N51	Director, Strategy and Policy Division
N6	Director, Space and Electronic Warfare
N7	Director, Naval Training
N8	Deputy Chief of Naval Operations (Resources, Warfare Requirements and Assessment)
N80	Director, Programming Division
N81	Director, Assessment Division
N82	Director, Fiscal Management Division
N83	Director, CinC Liaison Division
N85	Director, Expeditionary Warfare Division
N86	ACNO (Surface Warfare)
N87	ACNO (Submarine Warfare)
N88	Director, Air Warfare
N89	Director, Special Programs Division
NAVCOMPT	Navy Comptroller
NCB	Director, Office of Budget and Reports
O&M	Operations and Maintenance
OLA	Office of Legislative Affairs
OMB	Office of Management and Budget
OPNAV	Naval Operations
OPR	Office of Primary Responsibility
OSD	Office of the Secretary of Defense
PAED	Programming Analysis and Evaluation Directorate
PBC	Program and Budget Committee
PBD	Program Budget Decision
PBG	Program and Budget Guidance
PDM	Program Decision Memorandum
PE	Program Element
PEG	Program Evaluation Group
PEM	Program Element Monitor
PM	Program Manager

POC	Point of Contact
POM	Program Objectives Memorandum
PPBES	Planning, Programming, Budgeting and Execution System
PPBS	Planning, Programming and Budgeting System
PPG	Preliminary Program Guidance
PRG	Program Review Group
PSG	Prioritization Steering Group
R&D	Research and Development
R^3B	Resources and Requirements Review Board
SA	Secretary of the Army
SAF	Secretary of the Air Force
SAF/AQ	Assistant Secretary of the Air Force for Acquisition
SAF/FM	Assistant Secretary of the Air Force for Financial Management
SECDEF	Secretary of Defense
SECAF	Secretary of the Air Force
SELCOM	Select Committee
SPP	Sponsor Program Proposal
T-POM	Tentative POM
TAP	The Army Plan
TOA	Total Obligation Authority
TSG	The Surgeon General
UFR	Unfinanced (or Unfunded) Requirement
USAR	U.S. Army Reserve
USN	Under Secretary of the Navy
VCSA	Vice Chief of Staff of the Army

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I. INTRODUCTION

A. PURPOSE

The purpose of this thesis is to conduct a review and comparison of the approaches taken by the three military departments to the Planning, Programming, and Budgeting System (PPBS). The thesis will provide the basis for further study of the PPBS process in DoD, and it will identify the current processes used by the Departments of the Army, Navy and Air Force. It will attempt to identify the fundamental similarities and differences in the means by which the military departments formulate their Program Objectives Memorandum and Budget.

B. BACKGROUND

Since its inception in 1961, the PPB system has evolved into a different set of processes and flows of information for each of the departments involved. The changes are driven by the personalities of leaders involved, by the evolving structure of the Department of Defense, and by the fiscal environment. The approaches of the individual services are not readily understood by financial managers of the other services. Although the end products of the phases of the PPBS must be the same in format and content, the means by which the services reach those ends are different--both nominally and fundamentally.

C. METHODOLOGY

This research was initiated with a review of available literature on the subject of the PPBS, including applicable directives, instructions, and publications, both internal and external to DoD and the military departments. The primary source of data for the thesis was an extensive series of interviews conducted with the managers of the PPBS in the various military departments during a two week period in the Pentagon. Questions focused on determining how the processes were conducted. The questions were intended to supplement the available instructions and to assist in understanding the instructions.

D. SCOPE LIMITATIONS

It should be noted that the thesis does not review the planning phase of the PPBS beyond a cursory overview in the second chapter. The body of the thesis focuses on the programming and budgeting phases of the PPBS and how the services conduct those phases.

Additionally, the thesis does not include a review of the PPBS practices of the United States Marine Corps. Practices attributed to the Navy department are those of the Navy portion of the PPBS only, not the Marine Corps portion.

E. SUMMARY OF FINDINGS

There are two substantive differences in the methods by which the Departments of the Army, Navy and Air Force conduct the PPBS. They are in the input to the Program Objectives Memorandum or Budget Estimate Submission and in the review process of the respective service. Quite a number of the differences appear to be nominal only, due to the need to achieve similar ends regardless of the means.

F. THESIS OUTLINE

The thesis consists of an overview of the PPBS at the Department of Defense level, and it is followed by an outline of the programming and budgeting practices of the Army, Navy and Air Force, in that order. Following the presentation of the individual department practices, two comparison chapters follow: a Program Objectives Memorandum process comparison chapter and a budget process comparison chapter. Final conclusions are discussed in the last chapter as are recommendations for further study.

For reference, there is a list of acronyms found at the front of the thesis.

II. OVERVIEW OF THE PPBS

The purpose of the PPBS is to lend organization to the process of allocating scarce resources to the demands of the Department of Defense. Prior to the introduction of the PPBS, the military departments created their budgets independently, and with very little guidance. The Secretary of Defense's involvement consisted largely of "dividing the DoD pie" among the departments, and, if they exceeded their shares, the Secretary directed reductions to get the budgets within the assigned top lines. (The term "top lines" used here and throughout the paper refers to the upper fiscal constraints on a department's program or budget. They are fiscal controls which are not to be exceeded in constructing the respective documents.) Prior to the introduction of the PPBS, budgeting in the military was not related to long term plans, and there was little analysis of different proposals to achieve a balanced, effective force. [Ref. 1, p.17]

Secretary of Defense Robert S. McNamara introduced the concept of program budgeting to the DoD in 1961. Secretary McNamara brought the concept of program budgeting from the Rand Corporation, where it had been developed in the 1950s. He saw it as the "vehicle" to achieve the control he desired over the weapons purchased by the Department of Defense and to correct the weaknesses of the previous system of budgeting in the DoD. Originally, the Office of the Secretary of Defense (OSD) created its own independent program alternatives; in 1969, SECDEF Melvin Laird changed the process so that the services put forth alternative proposals, and the SECDEF chose from among them. Over time, a number of the features of the PPBS have evolved such that the system in place today is very different from the system instituted in 1961. [Ref. 1, pp.18-20]

The system still retains the basic structure that it held when it was introduced: the three phases, Planning, Programming, and Budgeting, and the database, the Future Years Defense Program (FYDP). The system has evolved, understandably, subject to the influences of the secretaries that followed McNamara, and subject to congressional legislation and direction. [Ref. 1, p. 20] Additionally, the processes have evolved differently within each of the military departments. Although the end products are all the same (e.g., Program Objective Memorandums or POMs and Budgets), the methods used by each of the departments to reach those ends vary.

A. PPBS AT THE DOD LEVEL

The PPBS is the Secretary of Defense's means to control the allocation of resources to the departments under his authority. By various presentations and reviews, the Office of the Secretary of Defense is given numerous opportunities to control the process and to ensure allocation of resources to those specific items deemed important to him. An overview of the process follows.

1. DoD PPBS Organizations

a. The Defense Resources Board (DRB)

The Defense Resources Board (DRB) assists the Secretary of Defense in major program decision making. It is involved both in preparation of the Defense Planning Guidance (DPG) and in the resolution of Program Review issues. It is an advisory board whose membership includes:

- Deputy Secretary of Defense (DEPSECDEF) (Chairman)
- Chairman of the Joint Chiefs of Staff (Vice Chairman)
- Secretaries of the Military Departments
- Under Secretary of Defense (Policy)
- Under Secretary of Defense (Acquisition and Technology)
- Under Secretary of Defense (Personnel and Readiness)
- DoD Comptroller
- Vice Chairman of the Joint Chiefs of Staff
- Executive Secretary: Director, Program Analysis and Evaluation (PA&E)
- Service Chiefs, CinCs, other OSD principals, and other invited leadership, as desired. [Ref. 2]

b. Program Review Group (PRG)

The Program Review Group (PRG) serves as a subordinate group to the DRB. Its purpose is to screen Program Review issues before they are deliberated by the DRB. Its membership includes:

- Director, Program Analysis and Evaluation (PA&E) (Chairman)
- DoD Comptroller
- Under Secretary of Defense (Personnel and Readiness)
- Principal Deputy Under Secretary (Acquisition and Technology)
- Assistant Secretary of Defense (Strategy, Requirements and Resources)

- Assistant Secretary of Defense (C3I)
- Assistant Secretary of Defense (Health Affairs)
- Assistant Secretary of Defense (Reserve Affairs)
- Army Deputy Chief of Staff (Operations and Plans)
- Navy Deputy Chief of Naval Operations (Resources, Warfare Requirements and Assessments)
- Air Force Deputy Chief of Staff (Plans and Operations)
- Joint Staff Director for Force Structure, Resources and Assessment (J-8)

[Ref. 2, Attachment A]

2. The Planning Phase

The planning phase of the PPBS is primarily a DoD function. It provides the DoD's definition of the current strategy and force requirements necessary to counter current and potential threats to the United States. The strategy and force requirements defined create an outline for allocation of DoD resources. Although broad in nature, the documents produced in the planning phase prioritize the use of DoD resources and provide the DoD with guidelines for their allocation decisions.

The primary output of the planning phase of the PPBS is the Secretary of Defense's Defense Planning Guidance (DPG). The DPG derives from three inputs: the President's National Security Strategy, the Chairman of the Joint Chiefs of Staff's National Military Strategy Document (NMSD), and the Secretary of Defense's planning policy inputs. The DPG plays a direct role in the PPBS as guidance for POM preparation. It specifically provides force and fiscal guidance to the services in order for the services to prepare their POMs.

The DPG

- Defines the threat against which DoD programs are measured
- States national and defense policy objectives and strategy
- Provides resource and forces planning guidance
- Establishes the fiscal guidelines for the oncoming programming phase[Ref. 3]

During development of the DPG, service inputs are solicited, and draft copies of the DPG are circulated for comment. As the services raise issues during the review of the draft DPG, they are deliberated by the Defense Resources Board (DRB). Once the DRB deliberates on the issues presented to it, it forwards recommendations to the Secretary of Defense. After considering the views of the DRB, the Secretary of Defense makes final

decisions and signs the DPG. Once the DPG is signed, the planning cycle is formally completed and the programming phase commences.

The FY'95-'99 DPG included:

- Defense Policy Goals, Dangers and Overall Strategy
- Dangers, Opportunities and U.S. Military Roles
- Overall Force Requirements
- Programming Guidance
- Illustrative Planning Scenarios for Sustainment, Readiness and Other Purposes [Ref. 4]

3. The Programming Phase

The Program development phase of the PPBS is primarily a military department function. The programming phase of the PPBS commences formally with the delivery of the DPG to the military departments. The departments commence construction of their respective POM inputs with the guidance outlined in the DPG, and they submit their results to OSD for review. The objective of the programming phase is to develop a financial plan that is consistent with the policy, resource and fiscal guidelines promulgated in the DPG and the planning phase. The final document of the programming phase is the POM, a six fiscal year outline of how the Department of Defense intends to spend its money and allocate manpower. Each of the military departments develops the POM using the previous POM's last four years and updating it to reflect new initiatives, scaling down of some projects, and adherence to new planning guidance. While the services are given a maximum level of available resources, or top line, they may move the money around to reflect new initiatives. They are allowed to move resources around as long as they remain within the top line, unlike during the budgeting phase, because they are not bound to the legal guidelines that Congress applies via authorizations. The POM is an OSD document.

POMs are constructed during the "even" or "POM" years. The last POM that was constructed was the 96-01 POM covering the years 1996-2001. The next POM will be constructed for 1998.

4. The Program Review Phase

Once the military departments submit their service POM inputs, these inputs are reviewed by the analysts within the Office of the Secretary of Defense and the Office of the Chairman of the Joint Chiefs of Staff (CJCS). The review conducted by the CJCS is considered by OSD along with their own analysis. The OSD analysts review the military department submissions to ensure that they conform to the guidance provided by the DPG and any other guidance (fiscal or otherwise) that the Secretary of Defense may have provided during the course of POM construction.

The Program Review phase is led by the OSD Director, Program Analysis and Evaluation (D,PA&E). As noted earlier, he heads the Program Review Group (PRG). The PRG is given an initial list of issues on which to focus study by the Deputy Secretary of Defense. Upon receipt of the list, various offices in the Office of the Secretary of Defense are designated as lead for studying those particular items of interest to the Secretary of Defense. In developing the issues for briefing to the DRB, issue teams, which include members of OSD, the Joint Staff, and the military departments, study the issues and prepare alternatives to resolve them. The alternatives, not to exceed five for each issue, with alternative 1 as the service's POM position, are changes to the POMs submitted by the military departments. [Ref. 2, p. 2]

The PRG is responsible to screen the issues and prepare them for briefing to the Defense Resources Board (DRB). Once the PRG approves the work of the issue teams, the issues are briefed to the DRB. The Secretary of Defense makes final decisions after considering the views of the DRB. Those decisions are published as the Program Decision Memorandum (PDM).

a. Chairman's Program Assessment

The Chairman's Program Assessment (CPA) is the assessment of the service POMs by the Office of the Chairman of the Joint Chiefs of Staff (CJCS). The CPA reviews the POMs and comments on their support of the unified and specified Commanders-in-Chief and on support of defense-wide goals and objectives. The CPA provides OSD and the DRB with "an assessment of the collective capability and inherent risks of implementing the

Services' programs."[Ref. 3, p. 4] The CPA recommends changes to the programs to enhance or balance the service POMs in the course of combining all of them.

b. Program Review Issue Papers

Program issues are alternatives to the POM submissions which are recommended by the OSD analysts and that arise from their reviews of the service POMs. They are designated by the DEPSECDEF for study by issue groups. Aside from those issues raised by the DEPSECDEF, issues may be nominated by any PRG member, any defense senior executive responsible for a portion of the defense program, and the CinCs. However, those issues must be accompanied by an offset proposal from within that individual's area of responsibility. [Ref. 2, p. 3]

The issues have been relegated to tiers as follows:

Tier 1 issues: Major issues (about 40) which are reviewed and debated by the DRB. The service Secretaries make presentations to the DRB in defense of their position and extensive briefing materials are provided.

Tier 2 issues: Issues which are handled through written issue papers and written reclama by the services. The Program Review Group makes recommendations to the DRB. The DRB decides on the issues and forwards their decisions for inclusion in PDM.

Tier 3 issues: Issues deferred to the Budget Review or not considered at all. [Ref. 21, p. 31]

c. PDM Delivery

The decisions of the OSD program review are consolidated and published in the Program Decision Memorandum (PDM). The PDM officially modifies the service POM inputs and provides the OSD approved baseline to commence budget formulation. The PDM is the closing document of the DoD programming phase.

5. The Budget Phase

The first two years of the approved POM is the baseline for creation of service budgets. The development of the service budget inputs is primarily a service function, with responsibility for the budget submission and execution residing with the service Secretaries.

6. The Budget Review Phase

The completion of the service Budget Estimate Submissions (BESs) is followed by a joint OSD/OMB review of the service submissions. The review is conducted jointly to afford the Department of Defense the opportunity to submit its budget as late as possible for inclusion in the President's budget. The OSD/OMB staffs review the DoD budget for "proper pricing, reasonableness and executability." [Ref. 5, p. 20]

The focus of the OSD budget review is the preparation of Program Budget Decisions (PBDs). PBDs are similar to the PDM issues in that they provide alternatives to the service proposals. In this case, the PBDs are alternatives to the service BESs. It is DoD practice to forward draft copies of the PBDs to the services at the same time they are circulated in OSD. This practice resolves a number of the issues before the PBDs are signed.

Once PBDs are signed by the DEPSECDEF, the services are given the opportunity to submit a reclama. This opportunity is a chance for the services to appeal the impending decision by the Office of the Secretary of Defense. Once PBDs are signed and final, they are incorporated into the BES submissions for inclusion in the President's budget.

However, the military departments have one last opportunity to appeal decisions made by the PBDs. The appeal is the Major Budget Issue (MBI) series. Major Budget Issues are those issues which the services deem vitally important to their effective operation. These issues are briefed to the DRB by the service Secretaries and chiefs. They are then decided upon by the SECDEF and DEPSECDEF.

III. DEPARTMENT OF THE ARMY PPBS

A. ARMY PPBS ORGANIZATION

The Army PPBS is referred to as the PPBES within the Army. The Army adds the "E" into the PPBS because they consider execution to be a valid phase along with the others. The Army PPBS is conducted, reviewed, and approved by a number of committees and organizations within the Army staff. The organizations listed below are those principally involved with the construction and review of the Army's Program Objectives Memorandum (POM) and Budget Estimate Submission (BES) inputs to the Secretary of the Army. The planning organizations are not discussed.

1. Army Staff PPBS Organization

The organizations responsible for the Army PPBS are, for programming, the Program Analysis and Evaluation Directorate (PAED) and for budgeting, the Assistant Secretary of the Army for Financial Management. The Army principal is the Deputy Assistant Secretary of the Army for the Army Budget (DAB).

2. Program Evaluation Groups (PEGs)

Program Evaluation Groups (PEGs) are the among the first decision making bodies in the Army PPBS. Each PEG chairman is a colonel from the Army headquarters from the proponent department (e.g., Personnel Activities proponent is Deputy Chief of Staff for Personnel, DCSPER). Each PEG is comprised of five permanent members, plus others such as representatives from the Major Commands (MACOMs) as required. The five permanent members are:

- Program sponsor for requirements determination
- Program sponsor for budget and performance evaluation
- Secretariat member
- Appropriation sponsor
- Programming Analysis and Evaluation Directorate (PAED) representative [Ref. 5]

The PEGs manage groups of resources, both fiscal and manpower, that provide for operational or support requirements. They are:*

Title	Mgr. for requirements determination	Manager for program and performance	Appropriation sponsor	Army Secretariat member
Manpower and Force Structure	DCSOPS	DCSPER, CNGB, CAR	ASA(FM)	ASA(MRA)
General Purpose Forces	DCSOPS	DCSOPS	ASA(FM)	ASA(MRA)
Information Management	DISC4	DISC4	ASA(FM)	ASA(FM), DISC4
Intelligence	DCSINT	DCSINT	ASA(FM)	ASA(MRA)
Army National Guard (ARNG)	CNGB	CNGB	CNGB	CNGB, ASA(MRA)
U.S. Army Reserve (USAR)	CAR	CAR	CAR	CAR, ASA(MRA)
Modernization (Battlefield)	DCSOPS	ASA(RDA), DISC4	ASA(FM)	ASA(RDA)
Supply and Maintenance	DCSLOG	DCSLOG	ASA(FM)	ASA(ILE)
School and Institutional Training	DCSOPS	DCSOPS	ASA(FM)	ASA(MRA)
Medical	TSG	TSG	ASA(FM)	ASA(MRA)
Personnel Activities	DCSPER	DCSPER	ASA(FM)	ASA(MRA)
Administrative	AASA	AASA	ASA(FM)	ASA(MRA)
Base Operations (BASOPS)	ASCIM	ASCIM	ASA(FM)	ASA(ILE)
Construction and Housing	ASCIM	ASCIM	ASA(FM)	ASA(ILE)

Figure 1. Army Program Evaluation Group (PEG) structure. [After Ref. 5.]

The PEGs operate throughout the PPBS. During the planning phase, they are instrumental in development of the primary Army-generated planning document "The Army Plan" (TAP). During the POM build, they take the inputs from the Army Major Commands (MACOMs) and construct the POM input for their functional areas. During budgeting and execution, they

* A table of acronyms is available at the front of the thesis.

track their programs and ensure proper execution. Additionally, they indirectly assist budget formulation by reviewing the MACOM submissions to ensure that they follow the programmatic positions developed during the POM phase. They defend their programs during the various phases. [Ref. 5]

3. The "Council of Colonels" (CoC)

The Council of Colonels (CoC) is one of the headquarters review bodies for the PPBS. It is comprised of colonels representing the same offices as the representation on the Program and Budget Committee (PBC) discussed in the next section. It is the PPBS deliberative body that precedes the Program and Budget Committee.

4. Program and Budget Committee (PBC)

The Program and Budget Committee (PBC) is a two-star corporate review body for the Army. It meets and deliberates both during the programming phase of the PPBS and during the budget formulation phase. It is co-chaired by the Director of the Program Analysis and Evaluation Directorate (PAED) and by the Director of the Army Budget (DAB). Either PAED or DAB takes the lead, depending on the phase of the PPBS that is ongoing or being reviewed. As indicated in the lead Army instruction on the PPBS,

> the PBC serves in both a coordinating and executive advisory role. It provides a continuing forum in which program and budget managers review, adjust, and decide issues. An aim of the PBC is to make sure of the internal consistency and support of Army policy. [Ref. 5]

It consists of representatives from across the Army headquarters staff, both Army Staff and Secretariat, to include:

- Office of the Deputy Chief of Staff for Operations (DCSOPS)
- Office of the Deputy Chief of Staff for Personnel (DCSPER)
- Office of the Deputy Chief of Staff for Intelligence (DCSINT)
- Director of Operations and Support (DOS)
- U. S. Army Reserve (USAR)
- Army National Guard (ARNG)
- Office of the Assistant Secretary of the Army (ASA) for Manpower and Reserve Affairs (M&RA)
- Office of the ASA for Installations, Logistics and Engineering (IL&E)
- Director of Management (DM)
- Secretary of the Army (Research, Development and Acquisition) (SARDA)

- Office of the Deputy Chief of Staff for Logistics (DCSLOG)
- Office of the Director of Information Systems for Command, Control, Communications and Computers (ODISC4)
- Administrative Assistant to the Secretary of the Army (AASA)
- Office of the Surgeon General (OTSG)
- Assistant Chief of Staff for Installation Management (ACSIM)

The purpose of the PBC is to oversee all phases of the PPBS, to make decisions that are returned to the Army Staff for action and to make recommendations to the Select Committee (SELCOM).

5. Prioritization Steering Group (PSG)

The PSG is another PPBS executive group. It consists of military members of the Army Staff and Secretariat. Its membership includes:

- DCSOPS ☆☆☆ (Chairman)
- Director of the Army Staff (DAS) ☆☆☆
- Chief of Engineers (COE) ☆☆☆
- Comptroller of the Army (COA) ☆☆☆
- DISC4 ☆☆☆
- DCSLOG ☆☆☆
- DCSINT ☆☆☆
- Military Deputy for RDA ☆☆☆
- DCSPER ☆☆☆
- D, PAE ☆☆
- DAB ☆☆
- ASCIM ☆☆*

The PSG takes its input from the PBC and reviews the prioritization of unresourced and resourced requirements. ("Resourced and unresourced requirements" refer to those requirements delineated either in a program or budget proposal which are funded in the program, or not. These terms are synonymous with "financed and unfinanced" and "funded and unfunded," and they are used interchangeably.) If necessary it effects decisions on those prioritization issues which the PBC was unable to resolve. It forwards its recommendations regarding the unresourced requirements prioritization to the SELCOM for further deliberation.

* The stars used here, and throughout the paper, refer to the number of stars worn by the respective flag or general officer.

6. Select Committee (SELCOM)

The Select Committee (SELCOM) is the final deliberative body that precedes decision making by the Secretary of the Army and the Chief of Staff of the Army. It is co-chaired by the Vice Chief of Staff of the Army (VCSA) and the Under Secretary of the Army. It includes Army Staff and Secretariat principals, and its members number approximately 30-35. It is an executive group which meets to review Army policy issues in addition to its PPBS responsibilities. Membership includes:

From the Secretariat:

- Assistant Secretaries of the Army
- The General Counsel
- Administrative Assistant to the Secretary of the Army (AASA)
- DISC4 ☆☆☆
- The Inspector General ☆☆☆
- Deputy Under Secretary of the Army for Operations Research
- Chief of Legislative Liaison ☆☆
- Chief of Public Affairs ☆☆
- Comptroller of the Army ☆☆☆
- Military Deputy to the ASA (RDA) ☆☆☆
- DAB ☆☆

From the Army Staff

- Director of the Army Staff (DAS) ☆☆☆
- All Deputy Chiefs of Staff ☆☆☆
- Asst. Chief of Staff for Installation Management ☆☆
- Chief of Engineers (COE) ☆☆☆
- The Surgeon General (TSG) ☆☆☆
- Chief, National Guard Bureau ☆☆
- Chief, Army Reserve ☆☆
- The Judge Advocate General ☆☆
- Director of Management ☆☆
- Director, PA&E ☆☆

The SELCOM resolves issues forwarded to it by the PBC and makes its own recommendations if different from those forwarded by the PBC. The SELCOM then forwards the results of its deliberations and any unresolved disagreements to the Secretary of the Army and the Chief of Staff of the Army for final PPBS decisions.

B. ARMY PROGRAMMING

1. Program Objectives Memorandum (POM) Development

This section describes the procedure currently used by the Army to generate their POM submission. It is depicted in Figure 2.

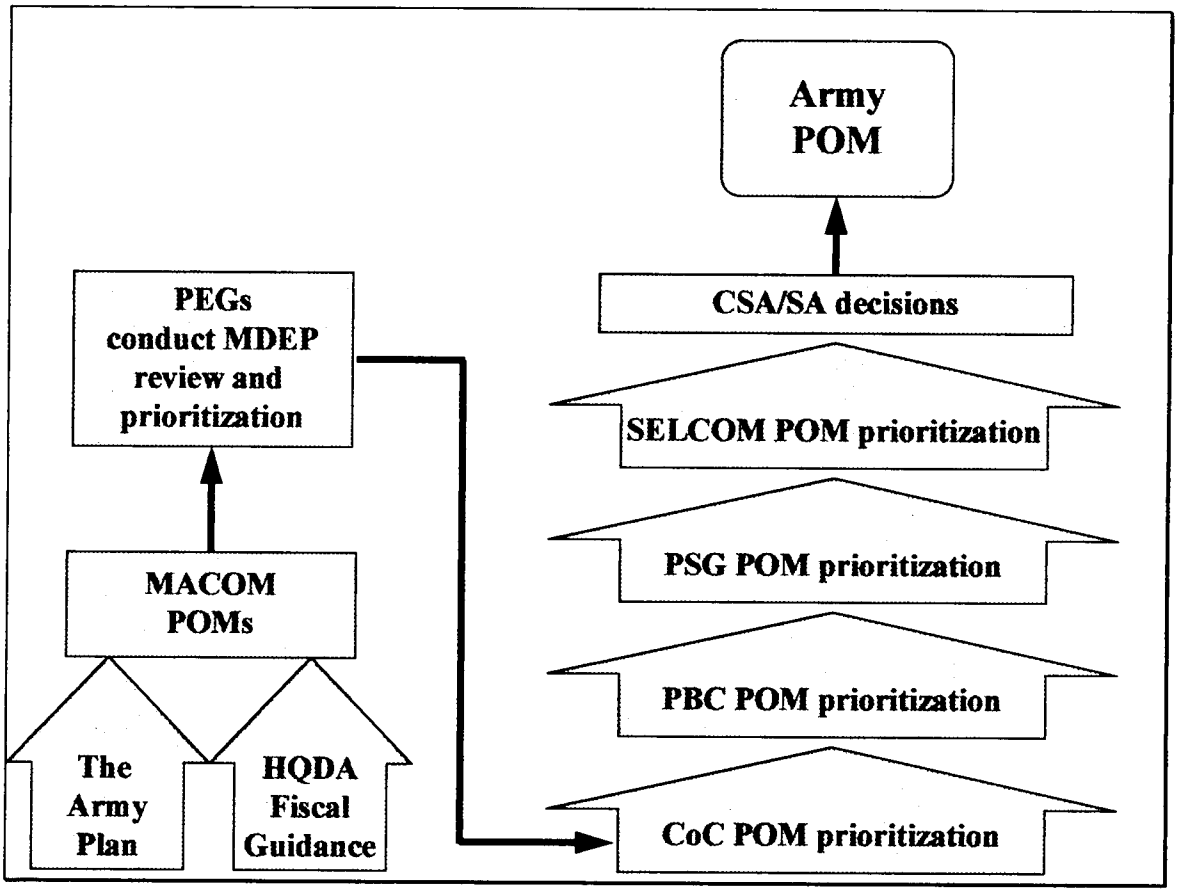

Figure 2. The Army POM development sequence.

The programming phase for the Army commences with the publication of the final Army Programming Guidance (APG), a headquarters prepared document, in August of the odd years. Preparation of the APG is commenced in January of the odd years and is developed concurrently with the Force Integration Analysis (FIA), an Army assessment of the affordability of force packages proposed in the planning phase of the PPBS. (These force packages are outlined in the principal Army planning document "The Army Plan.") The

Army's assessment factors in the FIA include impacts from the most recent fiscal and resource guidance provided by the ongoing PPBS cycle. The APG, once approved by the Secretary of the Army and the Chief of Staff of the Army, provides the resource baseline which is used by the MACOMs to develop their POM proposals.

The next step in the development of the Army POM is the call for inputs from the Major Commanders (MACOMs). The call for inputs is delivered with the TAP and the APG. Additionally, the Program Budget Guidance (PBG), resource guidance in appropriation format, is delivered to the MACOMs. PBGs are delivered five times in the biennial PPBS cycle; the PBG following the delivery of the APG and TAP reflects the guidance approved by the CSA and SA. The delivery of PBGs throughout the PPBS cycle is conducted to provide the latest official resource guidance.

The next step in the POM development process is the MACOM POM submission to the Army HQ. The MACOM POM submission includes the MACOM Commander's narrative, the Commander's program assessment, and a limited ADP input. The MACOM Commander's narrative has been consistently identified as a very important part of the MACOM POM submission.[Ref. 6] It is the opportunity for the MACOM to list unfinanced requirements and to describe how his POM meets HQDA fiscal guidance and the Commander in Chief Integrated Priority Lists (CinC IPLs). The MACOM POM submission is the MACOM's opportunity to reprice current programs and to adjust the programs under his cognizance to "reflect reality." The POM submission allows the MACOM Commander to reprioritize his programs. The important factors are that the MACOM remain within the topline dollar limit provided by the HQDA, and that his decisions conform with the resource guidance provided by HQDA.

The aggregate of the MACOM inputs is separated into what the Army refers to as Management Decision Packages (MDEPs). An MDEP is "a stand alone functional package that describes a particular organization, program or function capturing total resources over a 9 year period." [Ref. 7] MDEPs are groupings of Program Elements (PEs) that fall together naturally due to their functional areas. The MDEPs are groups of program elements and appropriations that comprise an organization, program or function. For example, a weapons system such as the Patriot missile system or the M-1 tank is designated an MDEP. The MDEP tracks all the resources applied to Patriot (or M-1)--R&D, Procurement, MILCON,

Manpower, and O&M. As noted, MDEPs describe not only fiscal resources, but manpower resources as well. The purpose of the MDEPs is to serve as a decision aid. Discrete decisions regarding a complete program can be made by HQDA by using the MDEP accounts. Although funds are seldom spent in terms of a complete MDEP account, funds are passed to the MACOMs by HQDA in MDEP accounts. In fact, the dollars are moved around within the MDEP and appropriation accounts to pay bills as they arise. The MACOM inputs to HQDA are broken into MDEPs and delivered to the Program Evaluation Groups (PEGs). PEGs are responsible for the number of MDEPs that fall under their cognizance due to their area of fiscal responsibility. [Ref 8]

PEGs commence the POM build with the following inputs: the MACOM POM inputs (especially, unfinanced requirements), CinC IPLs, the TAP, the APG and HQDA fiscal guidance. The fiscal guidance is an estimate of the level of resources expected to be approved in the DPG. Since the DPG is issued later in the cycle, a guess is made to commence the construction of the POM, and additional changes are made later as further guidance, including the DPG, arrives.

Also, the Vice Chief of Staff of the Army and the Chief of Staff of the Army provide guidance to lead the programming process. The guidance is policy-oriented, such as the requirement to "fund Base Operations at a given percentage, or to maintain current UH-60 levels." Or, "in order to keep readiness up, I want no decrease in OPTEMPO." [Refs. 9, 10]

The responsibility of the PEGs is to build their portion of the Army program and to "scrub" their MDEPs , that is, to review them to determine what bills need to be paid and to identify the offsets that can be achieved from within their MDEPs. Additionally, the PEGs must balance their allotted TOA with their priorities--all within the context of senior leadership guidance. Since the sum of all of the MACOM inputs is usually larger than projected Army TOA, some prioritization must be made. Accordingly, within each PEG, an internal primary list of prioritized programs is created. This list describes those programs that they can fund, given their fiscal guidance and ranks their unfinanced requirements (UFRs). The PEG results are sent to the Program Analysis and Evaluation Directorate (PAED), a complete list of UFRs is compiled by PAED, and the list is prioritized by the Deputy Chief of Staff for Operations (DCSOPS). DCSOPS prioritizes the UFR list using the TAP, DPG, APG and other senior leadership guidance to guide the ranking.

After the PEGs complete their work, they each present their portions of the POM input (their MDEPs) to the "Council of Colonels," (CoC) the first HQDA corporate review body that approves and forwards decisions about the POM input. At these briefings, PEGs compete for resources with each other, the argument being, as at each level, that no PEGs' MDEPs can adequately operate with the funds they have been allotted. [Ref. 10] The CoC reviews the inputs, makes decisions about what to fund or not and forwards the POM proposal and the list of UFRs to the Program and Budget Committee. The PBC reviews the POM proposal, and the list of UFRs and prioritized requirements, and either directs changes to the proposal or forwards the proposal to the Prioritization Steering Group (PSG). The PSG reviews and approves the program, resolves issues, and forwards the POM proposal to the Select Committee (SELCOM).

The SELCOM is chaired by the Vice Chief of Staff, Army (VCSA) and the Under Secretary of the Army. The SELCOM meets to decide among proposed alternatives and resolve issues presented by the PBC. It forwards the POM with its recommendations and alternatives to the Secretary of the Army and the Chief of Staff of the Army. The Secretary of the Army and the Chief of Staff of the Army are the final decision makers.

The Army's initial POM 96-01 planning calendar was as shown in Figure 3.

2. Program Review

During the OSD review of the Army's POM, issues are raised by the DEPSECDEF. During the course of the review, Issue Teams, with membership from the OSD staff, the Joint Staff, and the military departments, are formed to deliberate each issue. The issues are debated, briefed to the Program Review Group and the Defense Resources Board, and alternatives to the Army POM are then proposed by OSD.

The lead agent in the Program Review for the Army is the Director, Program and Analysis Directorate (PAED). PAED works primarily with the Joint Staff to resolve issues, and functional proponents from the Army Staff work with the OSD staff to attempt to clarify issues and resolve them. The usual route for preparation of response to Tier I issues is for the DPAE and functional proponent to jointly draft a response and brief the Chief of Staff and Secretary of the Army.

Some issues are resolved before they are incorporated into the Program Decision Memorandum (PDM); others are not and are incorporated into the PDM. Once the PDM is received, it is incorporated into the developing BES.

Date	Event
29 March	Base File on-line
5-6 April	Council of Colonels (CoC) receives Program Evaluation Group (PEG) briefings
7 April	CoC receives Appropriation Sponsor reviews
7-11 April	Program Budget Committee receives Functional and Appropriation Sponsor reviews
12 April	PEG chairmen meet
13 April	CoC conducts POM prioritization
15 April	PBC conducts POM prioritization
19 April	PEG chairmen meet
21 April	Prioritization Steering Group (PSG) meets
27 April	SELCOM decisions
6 May	Chief of Staff, Army (CSA)/Secretary of the Army (SA) decisions
6-10 June	CoC and PBC receive Appropriation Sponsor overviews of POM and proposed BES strategy
10 June	POM 96-01 due to OSD

Figure 3. The Army's initial POM 96-01 planning calendar. [After Ref. 12]

C. DEPARTMENT OF THE ARMY BUDGETING

This section describes the procedures currently in place in the Army to formulate its Budget Estimate Submission to the Office of the Secretary of Defense. It is depicted in Figure 4.

1. Budget Estimate Submission (BES) Development

The first step in the development of the Army budget is the issue of the Program and Budget Guidance (PBG) to the MACOMs and PEOs for their use in developing Command

Budget Estimates (CBE). The PBG provides headquarters guidance and the most current levels of fiscal guidance available from the Office of the Secretary of Defense. MACOMs in turn request CBEs from their subordinate commands. The MACOMs roll up the subordinates' "Installation CBEs" into their inputs, and those MACOM CBEs are forwarded to the Army staff for review.

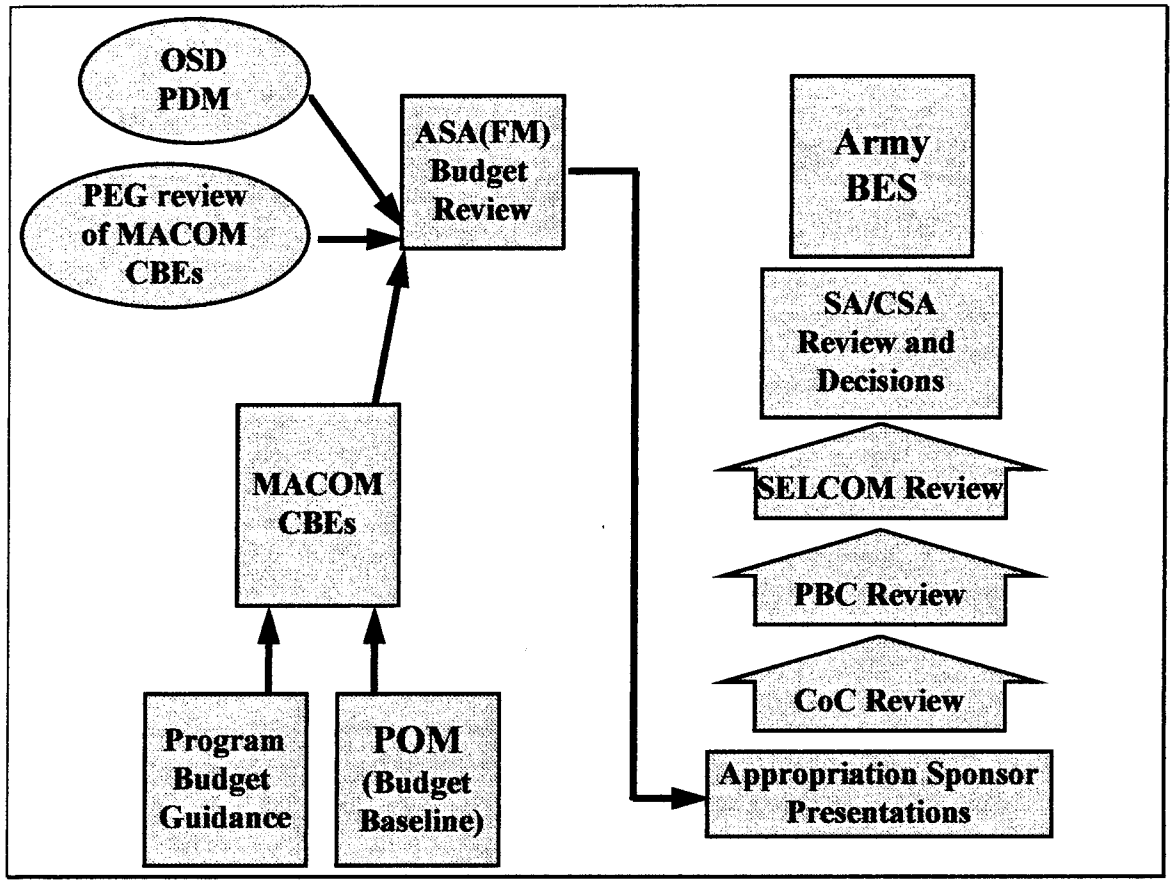

Figure 4. Army BES development sequence.

MACOMs' inputs ideally remain consistent with the guidance and topline controls provided in the approved POM and PBG. Some programmatic changes are incorporated into CBEs; however, they must remain within the topline controls provided, and they are subject to review by the PBC and the SELCOM. At the HQDA, the MACOM CBEs are consolidated into the "BES Appropriation File" in a computer database as the HQDA approved MACOM input.

As the MACOM CBEs are received, they are posted on a HQDA off-line database, the "Schedule Coordination System." Once posted, all concerned parties are notified so that they may review the inputs. This is the opportunity for the PEGs to provide their positions on the MACOM inputs. They review the database for the MDEPs which fall under their cognizance. The PEGs' primary effort is directed at ensuring that what is said in the "commander's narrative" portion of the CBEs (and accordingly the CBE itself) does not adversely affect the PEGs' programmatic positions. If anything in the MACOM BES submissions does deviate from the PEGs' program, the PEGs raise the issue with the Appropriation Sponsor point-of-contact (Appropriation POC). The Appropriation POCs are budget analysts in the Army Budget Office in the Office of the Assistant Secretary of the Army for Financial Management (ASA-FM). The analysts either agree or disagree with the PEG position. If no agreement or position can be reached at the action officer level, resolution is attempted by the CoC. If there is still a dispute, it is forwarded to the PBC for resolution. If the PBC cannot resolve the issue, the "Three Wise Men"--the DAB (☆☆), the DPAE (☆☆) and the ADCSOPS (☆☆) themselves--resolve the issue. Although it has never been necessary, the SELCOM would resolve issues that did not clear in the PBC. [Ref. 11]

Any changes to the approved POM which arise during the course of the BES formulation must remain within the allotted TOA for the Army. Accordingly, program changes that result in new bills require an equal offset. All changes and offsets are briefed by the functional proponents and appropriation sponsors to the CoC and the PBC during budget formulation. The briefs to the CoC and PBC by the appropriation sponsors and functional proponents generally consist of analysis of the impacts of the changes made by the MACOMs. For example, if the change by a MACOM will result in the fulfillment of only a percentage of a certain requirement, or if a MACOM change will result in the break of a production line, those impacts would be briefed by the appropriation POCs to the CoC and PBC [Ref. 11].

2. Internal BES Review

Once the appropriation sponsor briefs are complete, all unresourced requirements are prioritized by the Office of the Deputy Chief of Staff for Operations and Plans (DCSOPS). Once unresourced requirements are prioritized, they and the BES are briefed to the CoC. Any

changes in the prioritization are made, and the BES is then briefed to the PBC. Changes are then briefed and must be approved by the SELCOM to be included in the Army budget.

Although procurement accounts are continuously reviewed by the PEGs to ensure that there are no indefensible execution problems, they are reviewed during the budget formulation phase by the budget analysts in the Army budget office to ensure that they are executable and will be defensible to OSD during the OSD summer review.

When the Program Decision Memorandum (PDM) is issued from the Office of the Secretary of Defense, it must be incorporated into the BES submission. The PDM is received by the Director, Program Analysis and Evaluation Directorate (DPAE), and the Army program is adjusted based on the changes included therein. After changes are incorporated into the POM, the PDM is forwarded to the Director of the Army Budget (DAB) for incorporation into the developing BES.

After the SELCOM review and approval of the Army BES, the Army comptroller presents the budget proposal to the Secretary of the Army and the Chief of Staff of the Army. Once approved by the CSA/SA, the BES database file is locked and all the requisite justification books that accompany the BES submission to OSD are prepared.

The Army's initial planning calendar for the FY96-97 BES is depicted in Figure 5.

3. Budget Review

PBDs are alternative courses of action, with regard to resource allocation, in response to the Army BES proposal. In the current fiscal environment, one of declining DoD resources, the PBDs are usually proposed decrements to the BES. When the Deputy Secretary of Defense approves alternate courses of action to those outlined in the Army BES, they are incorporated into the most current Army fiscal guidance. If the Army decides to fight for the resources, they submit a reclama. It has traditionally been the Army position to fight for every dollar, as opposed to giving up some programs and fighting for the "important" ones. Upon receipt of PBDs from the Office of the Secretary of Defense, responses are developed.

Date	Event
11 April	Command Budget Estimate (CBE) Instructions delivered to MACOMs
20-22 June	SELCOM receives BES strategy brief
28 June	CSA receives BES strategy brief
30 June	SA receives BES strategy brief
11 July	CBEs due to headquarters from MACOMs
26 July	BES Appropriation File on-line
1-4 August	CoC/ PBC receive Appropriation Sponsor overviews
16 August	CoC meets for BES prioritization
17 August	PBC meets for BES prioritization
19 August	SELCOM makes BES decisions
23 August	CSA makes BES decisions
24 August	SA makes final BES decisions
1 September	BES database is locked
9 September	FY 96-97 BES submitted to OSD

Figure 5. The Army's initial FY96-97 BES planning calendar. [After Ref. 12]

When the draft PBDs are received, they are entered into an off-line database. Responses to the PBDs are developed by the proponent for the program in ASA-FM, with assistance from the program proponents outside of the secretariat. Those proponents (e.g., DCSLOG, DCSOPS, the PMs) all weigh in to provide assistance.

If the PBD is approved by the DEPSECDEF despite the Army objections, there is another opportunity for the Army to fight for their few major points of contention. These major issues are called Major Budget Issues (MBIs). MBIs are the opportunity for the Secretary and Chief of Staff of the Army to brief the SECDEF and DEPSECDEF on those issues which they believe will have a strong adverse impact on the Army program and budget.

Once the review process is complete, and the budget is approved by the Secretary of Defense, the Army's portion of the budget is prepared for inclusion in the President's budget, and all of the Army databases are updated to reflect this, the most current fiscal guidance.

IV. DEPARTMENT OF THE NAVY PPBS

The conduct of PPBS in the Department of the Navy is unique in that two groups, the Navy and the Marine Corps, make up the Department of the Navy. Accordingly, both prepare inputs to the Department of the Navy Program Objectives Memorandum and Budget Estimate Submission. Of note, the Navy and Marine Corps processes are conducted independently and concurrently. The inputs are joined into the Department of the Navy POM or budget in the Office of the Secretary of the Navy. As noted in the Scope Limitations, this thesis does not address the formulation of the Marine Corps inputs to the PPBS.

A. NAVY PPBS ORGANIZATION

1. The Navy Staff Organization

The Navy Staff is organized to conduct programming and budgeting within the N8 organization. The Deputy Chief of Naval Operations (Resources, Warfare Requirements and Assessment) (N8) is the executive agent for the Navy PPBS. Under him are

- Director, Programming Division (N80) ☆☆
- Director, Assessment Division (N81) ☆☆
- Director, Fiscal Management Division (N82) ☆☆

N82 is "dual-hatted" in the Navy Secretariat as the Director, Office of Budget and Reports in the Office of the Navy Comptroller (NAVCOMPT) organization.

2. The Resources and Requirements Review Board (R^3B)

The R^3B is the Navy's executive board for "assessing joint warfare mission and support areas of the Navy, deciding warfare requirements and resource issues, and coordinating the planning, programming and budgeting process." [Ref. 13] The following members comprise the R^3B:

- N8 ☆☆☆
- N80 ☆☆/ N81 ☆☆/ N82 ☆☆
- Director, CinC Liaison Division (N83) ☆☆
- Director, Expeditionary Warfare Division (N85) ☆☆
- Assistant Chief of Naval Operations (Surface Warfare) (N86) ☆☆
- ACNO (Submarine Warfare) (N87) ☆☆
- Director, Air Warfare (N88) ☆☆
- Director, Special Programs Division (N89) ☆☆
- Director, Total Force Programming/Manpower (N12) ☆☆
- Deputy Director, Naval Intelligence (N2B) [☆-eq.]
- Assistant Deputy Chief of Naval Operations (Logistics) ☆☆
- Director, Strategy and Policy Division (N51) ☆☆
- Deputy Director, Space and Electronic Warfare (N6B) ☆☆
- Deputy Director, Naval Training (N7B) ☆☆
- Director of Navy Test and Evaluation and Technology Requirements (N091) ☆☆
- Director of Naval Reserve (N095) ☆☆
- Oceanographer of the Navy (N096) ☆☆
- Deputy Chief of Staff for Aviation (Marine Corps) ☆☆
- Deputy Chief of Staff for Programs and Resources (Marine Corps) ☆☆
- Vice Commander, Naval Air Systems Command ☆☆
- Vice Commander, Naval Sea Systems Command ☆☆
- Vice Commander, Space and Naval Warfare Systems Command ☆☆
- Chief of Information ☆
- Chief of Legislative Affairs ☆
- Director, Office of Program Appraisal ☆☆ [Ref. 13]

3. The Navy Staff Executive Steering Committee (ESC)

The Navy Staff ESC consists of the following membership:

- Vice Chief of Naval Operations ☆☆☆☆
- All Deputy Chiefs of Naval Operations (N1-N8) ☆☆☆
- Commander, Space and Naval Warfare Systems Command
- Commander, Naval Sea Systems Command ☆☆☆
- Commander, Naval Air Systems Command ☆☆☆
- Commander, Naval Supply Systems Command ☆☆
- Commander, Naval Facilities Engineering Command ☆☆
- Commander, Military Sealift Command ☆☆☆
- Surgeon General of the Navy ☆☆☆
- Director, Assessment Division ☆☆
- Director of Navy Test & Evaluation & Technology Requirements ☆☆
- Director of Naval Reserve ☆☆
- Judge Advocate General ☆☆
- Chief of Chaplains of the Navy ☆☆
- Chief of Legislative Affairs ☆
- Chief of Information ☆
- Master Chief Petty Officer of the Navy

The Navy Staff ESC is one of the corporate review bodies that reviews the developing Navy POM. It forwards decisions and recommendations to the Chief of Naval Operations for final decisions before the Navy POM is submitted to the Secretary of the Navy.

4. Resource Sponsors

Resource sponsors are Navy staff Deputy CNOs or Division Directors who are responsible for "an identifiable aggregation of resources which constitute inputs to warfare and supporting tasks, such as air, surface, or subsurface warfare."[Ref. 14] The Resource Sponsors are responsible for groups of programs and program elements that comprise a warfare or support area. The Resource Sponsors are responsible for developing the programs under their cognizance during the programming phase. Specifically, they are provided guidance and TOA levels to generate their portion of the POM input. During the budgeting phase, they are responsible for providing the programmatic guidance in order to reconcile changes that occur due to repricing, rescheduling, or other changes. The Resource Sponsors are listed in Figure 6.

5. Department of the Navy Program Strategy Board (DPSB)

The DPSB is the final decision making body within the Department of the Navy. It includes

- Secretary of the Navy (Chairman)
- Chief of Naval Operations
- Commandant of the Marine Corps
- Under Secretary of the Navy
- Vice Chief of Naval Operations
- Assistant Commandant of the Marine Corps
- Assistant Secretary of the Navy (RD&A)
- Assistant Secretary of the Navy (I&E)
- Assistant Secretary of the Navy (M&RA)
- Assistant Secretary of the Navy (FM)
- DCNO (Resources, Warfare Requirements and Assessment)
- Director, Office of Program Appraisal
- Director, Programming Division
- Director, Fiscal Management Division
- Deputy Chief of Staff of the Marine Corps (Programs and Resources)
  [Ref. 16, p. 6]

Resource	Sponsor
Manpower and Personnel	DCNO (Manpower and Personnel) (N1) ☆☆☆
Family Housing	DCNO (Manpower and Personnel) (N1) ☆☆☆
Intelligence	Dir. of Naval Intelligence (N2) ☆☆
Logistics/Strategic Sealift	DCNO (Logistics) (N4) ☆☆☆
Space and Electronic Warfare	Dir., Space & Electronic Warfare (N6) ☆☆☆
Training	Dir. of Naval Training (N7) ☆☆☆
Expeditionary Warfare	Dir., Expeditionary Warfare Div. (N85) ☆☆
Surface Warfare	Dir., Surface Warfare Div. (N86) ☆☆
Submarine Warfare	Dir., Submarine Warfare Div. (N87) ☆☆
Air Warfare	Dir., Air Warfare Division (N88) ☆☆
Science & Technology/Test & Evaluation	Dir. of Navy Test & Evaluation & Technology Requirements (N091) ☆☆
Medical	Surgeon General of the Navy (N093) ☆☆☆
Oceanography	Oceanographer of the Navy (N096) ☆☆
Administration	Asst. Vice Chief of Naval Operations (N09B) (O-6)

Figure 6. Navy Resource Sponsors.

B. NAVY PROGRAMMING

1. Program Assessment

This section describes the Program Assessment portion of the Navy's programming process. It is depicted in Figure 7.

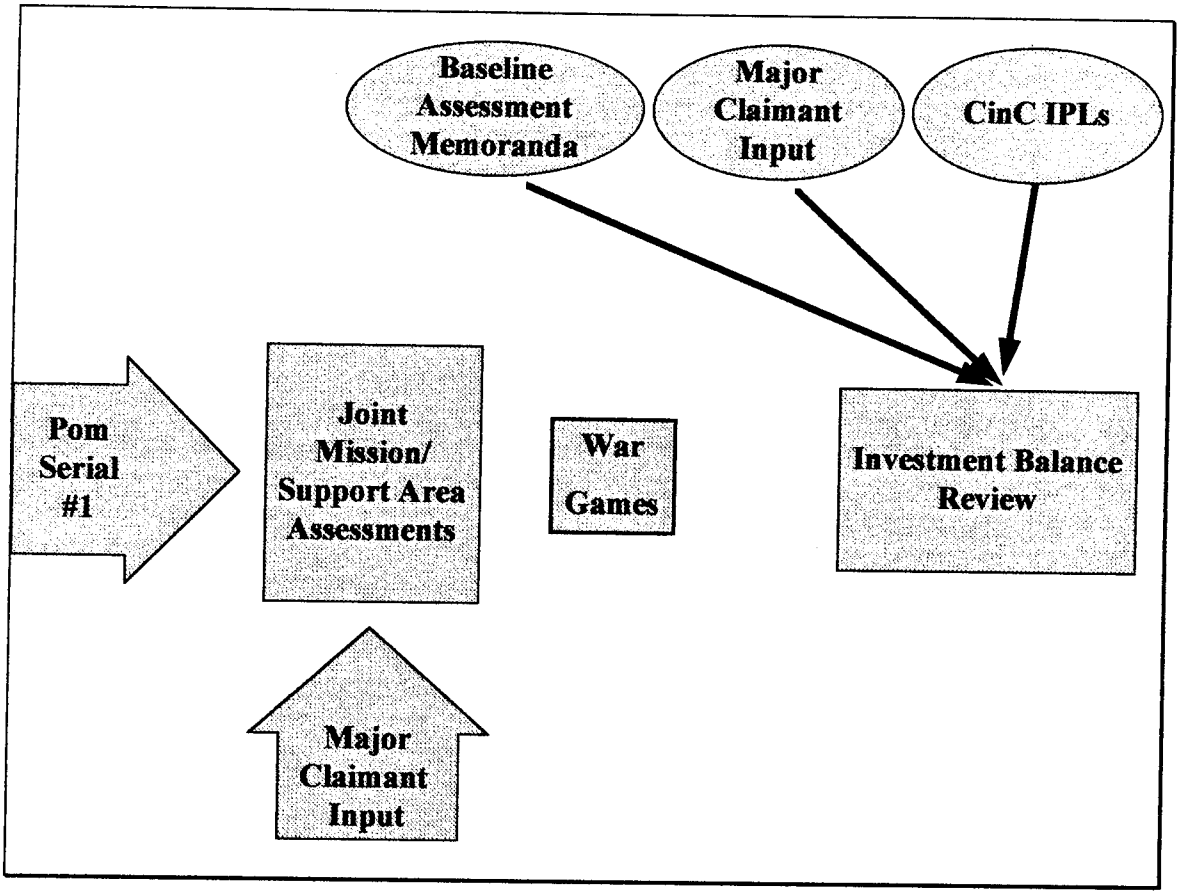

Figure 7. Navy Program Assessment Process. [After Ref. 4]

a. Joint Mission Area/Support Area (JMA/SA) Reviews

The Navy assessment process is led by the Director, Assessment Division (N81). The purpose of this process is to "provide a continuous iterative review" of the Navy program's joint warfighting and forward presence capabilities and its resource requirements. "[It] is OPNAV's principal program planning tool ... and [assessments] provide alternative programs to best provide [warfighting and crisis response] capabilities within constraints of fiscal reality." [Ref. 15] The Joint Mission Area/Support Area (JMA/SA) Assessments provide the basis for discussion of program validity and tradeoffs for senior Navy leadership. The JMA/SA areas are listed in Figure 8.

Joint Mission Area	Support Areas
Forward Presence	Readiness, Support and Infrastructure
Strategic Deterrence	Manpower and Personnel
Joint Littoral	Shore Training
Joint Strike	
Surveillance	
Space Electronic Warfare/ Intelligence	
Strategic Sealift and Protection	

Figure 8. Navy JMA/SA areas. [After Ref. 15]

Each assessment area is directed to analyze and wargame the DPG, and to develop a baseline of how it believes operations should be conducted within its area. The JMA/SAs then, using the current FYDP, determine the capability of the current program. During the assessment review, the JMA/SA teams prepare lists of recommendations for program "plus-ups" and shortfalls of alternative programs. Because the JMA/SA teams are given a topline control for their particular area, they must prioritize those programs that become unaffordable. If they recommend a "plus-up" to any programs within their domain, then they must also propose programs to cut from within their domain. Such an approach provides a wide selection of "investment" choices for the R^3B when it meets to make decisions. The JMA/SA teams complete their portion of the assessment process with briefs to the R^3B. At that point, N81 creates the first proposal for the Investment Balance Review (IBR). [Ref. 15, Enclosure (3)]

b. Investment Balance Review

The Investment Balance Review (IBR) is led by N81. It is the culmination of the JMA/SA assessment review process and compiles all the JMA/SA recommendations into a single program proposal for discussion, review and approval by the R^3B. The IBR is considered to be a broad framework from which to commence the more detailed level of programming required to develop a justifiable POM. The completion of the IBR is considered the completion of the "program planning" phase of the PPBS and the commencement of the program development phase.

c. Baseline Assessment Memoranda (BAMs)

Baseline Assessment Memoranda (BAMs) are an

> independent assessment of the funding required to reach specified levels of capability for a particular program (e.g., ship depot maintenance, spares funding, etc.). BAMs are designed to help resource sponsors determine appropriate funding levels for the assessed program. [Ref. 16, p. 2]

BAMs are prepared, incorporating the most current budget and execution data, by the JMA/SA teams both for the assessment review in preparation for the IBR and for the Resource Sponsors for preparation of their Sponsor Program Proposals (SPPs). [Ref. 16, Encl. 2, p. 3]

2. POM Development

This section describes the current Navy practices for developing the Program Objectives Memorandum. The process is depicted in Figure 9.

The development of the Navy POM is guided by the Director, Programming Division (N80). It commences with the completion of the IBR. The first step in the POM development process is delivery of "Preliminary Program Guidance"(PPG), one of many "POM serials." POM serials are the memoranda sent by N80 to all concerned commands in the programming process. They update timelines, fiscal guidance and requirements as necessary. The PPG is the "initial blueprint for POM development," and it details the results of the JMA/SA assessments, the final decisions of the IBR and all the decisions resulting from meetings of the R^3B. It provides specific levels of fiscal guidance and end strength controls. [Ref. 16] With the PPG, the Resource Sponsors commence building their POM inputs.

The primary agents in the POM build are the Resource Sponsors. The resource sponsors, as described earlier in the chapter, are responsible for a grouping of resources that fall under their cognizance. The Resource Sponsors are tasked with developing Sponsor Program Proposals (SPPs). The SPPs are the sponsors' allocation of their resources to the requirements outlined in the PPG and as developed by the R^3B. The SPPs must also address the results of the IBR, the CinC IPLs, and claimant issues within their area of responsibility.

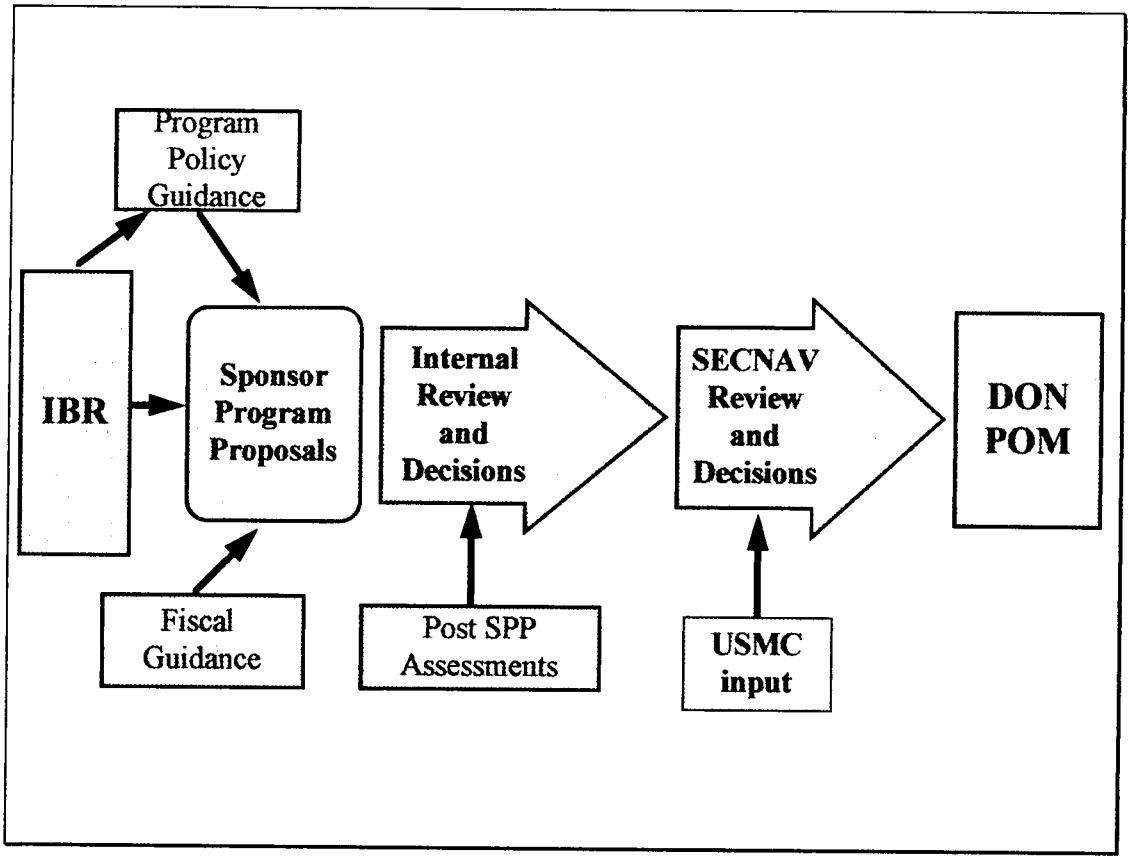

Figure 9. The Navy POM development sequence. [After Ref. 4]

An input to the Resource Sponsor's SPPs is provided by the Navy's "major claimants." Major claimants are those commands which "are responsible for portions of the Navy operations and maintenance and reserve personnel appropriations," such as the fleet commands [Ref. 14, p. I-20]. Major claimants are provided the opportunity to raise programmatic issues or problems through the Claimant Issue papers. The claimant issues are the primary opportunity for the claimants to influence the developing POM. These issues are programmatic ones that the claimant cannot resolve with his own resources, and which must be forwarded because they will cause either a large problem with the Navy program or a large number of Navy programs. The issues must be forwarded with proposed offsets. Claimants are allowed to submit five or more issue papers per Resource Sponsor, up to a grand total of 25 issues. The Resource Sponsors must address the inputs from each of their claimants in their SPPs.

The IBR and the SPPs are conducted, or formulated, in the absence of DoD fiscal guidance. Accordingly, each of the respective groups (JMA/SA teams or Resource Sponsors) is given a low fiscal "target" to use for planning purposes. The target is lower than the baseline predicted to be promulgated in the DoD fiscal guidance--specifically to avoid a small stream of horizontal cuts if the fiscal guidance turns out to be lower than predicted. [Ref. 17] Then, while the SPPs are being developed, the DoD fiscal guidance is promulgated and the Resource Sponsors adjust to the new topline controls. [Ref. 4]

The completion of the development of the SPPs is followed by presentations to the R^3B by the Resource Sponsors. After reviewing the SPPs for compliance with guidance, the R^3B makes its adjustments to the SPPs. N80 then compiles the SPPs into a complete POM proposal. The complete "program" is briefed to the Navy Staff Executive Steering Committee, and then the CNO ESC for decisions on policy issues, and the CNO approves the Tentative POM (T-POM). It is then briefed to the Department of the Navy Program Strategy Board (DPSB) by N80, and N80's Marine Corps counterpart briefs the Marine Corps portion of the POM. During the DPSB meeting, concerns of the Navy secretariat are addressed. Upon completion of the review by the DPSB, and approval by the SECNAV, the official Department of the Navy POM is submitted to the Office of the Secretary of Defense. [Ref. 16, p. 3]

The original POM 96-01 Schedule of Events is listed in Figure 10.

3. Program Review

During the course of the OSD/OMB program review, issues, or proposals to change the Navy POM submission, are prepared by analysts in the Office of the Secretary of Defense. Within the Department of the Navy, the Director, Department of the Navy Program Information Center (DONPIC) (who is also the Director, Programming Division), is the lead coordinating agent for issue response. Issue teams are provided Navy members, and the Navy works closely with the OSD staff to attempt to reconcile differences and clarify issues before they are incorporated into the PDM. Once the PDM is signed by the DEPSECDEF, decisions are final, and the POM is updated. PDM decisions are incorporated into the developing budget as well.

Date	Event
Nov. 93-Jan 94	JMA/SA Assessments
Mid-Late Jan 94	JMA/SA Assessment briefs to the R^3B
Mid Feb. 94	IBR presentation to the R^3B
End of Feb.	Preliminary Program Guidance issue by N80
Feb.-Mar 94	Sponsor Program Proposals developed
Mar 94	DoD fiscal guidance and Defense Planning Guidance issue
Mid Mar 94	SPP presentations to the R^3B
End of March	Post SPP adjustments
Early April	Proposed program brief to CNO ESC by N80
Mid April	Proposed program brief to DPSB
End of April	POM documentation submitted to N80 and database locked.
Early May	POM 96-01 submitted to OSD

Figure 10. The initial Navy POM planning calendar. [After Ref. 16]

C. DEPARTMENT OF THE NAVY BUDGETING

1. Budget Formulation

This section describes the Navy budget process, which is depicted in Figure 11. Department of the Navy budget formulation commences formally with delivery of the POM. The first step in budget formulation is the call for budget inputs. NAVCOMPT issues the calendar for the DoN Budget Review, and Budget Submitting Offices (BSOs) commence preparation of budget exhibits. BSOs are major claimants and Program offices which submit their budget estimates directly to the Navy comptroller. They include the Atlantic and Pacific fleet commanders, the systems commanders, Headquarters, Marine Corps, and other major commanders and claimants. The BSOs submit their budget estimates in conformance with the latest guidance, and ideally, the current POM input. After receipt of the BSO's budget estimates, the NAVCOMPT analysts examine the submissions to ensure that they conform to the most recent guidance, are priced using the latest cost factors, and are not placing resources at risk by allocating funds to programs which may have changed since the POM submission. [Ref. 14]

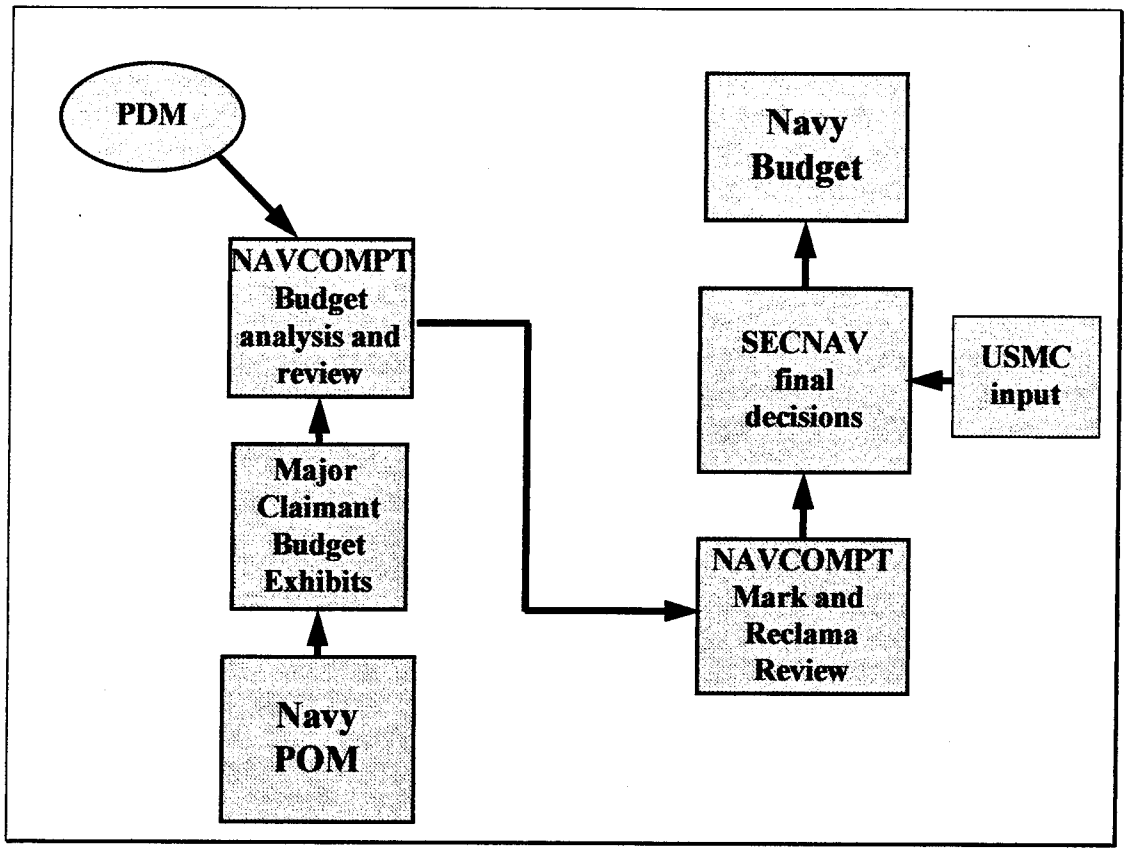

Figure 11. The Navy budget formulation process.

The next step in the Department of the Navy budget formulation is a process unique to the DoN. The NAVCOMPT staff conducts a formal Markup and Reclama Review. The markups are recommended adjustments to programs in the budget estimates. As outlined in the "Department of the Navy Budget Guidance Manual," they are made for a number of reasons to include pricing changes, problems with program executability, the DoD Program Decision Memorandum, congressional action, and deviations from obligation rates. [Ref. 14]

The BSOs and Resource Sponsors are given the opportunity to respond to the markups through the Reclama process. If a claimant does not agree with a markup, he submits a reclama. If no reclama is submitted, the mark is considered final. If a reclama is submitted, it is resolved at the lowest level at which an agreement can be reached. Since the marks are signed by the division directors, the majority of the disagreements are resolved at that level. If the issue cannot be resolved at the division director level, it is forwarded to the

Director, Office of Budget and Reports (NCB). If the issue is not resolved at that level, NCB meets with the DCNO (Resources, Warfare Requirements, and Assessment) (N8). [Ref. 14]

Upon completion of the mark and reclama review process, the NAVCOMPT organization assembles the budget exhibits into a complete budget for submission to the Secretary of the Navy for final approval. Once approved, the budget is submitted to OSD for the OSD/OMB budget review.

2. Budget Review

In the Department of the Navy, response to Program Budget Decisions (PBDs) is coordinated by the Office of the Navy Comptroller. The PBDs are recommended changes to the Navy budget submission which are developed by analysts in the Office of the Secretary of Defense. The proposals recommend alternatives to the Navy position, and, in the current fiscal environment, are usually decrements.

When PBDs are received in NAVCOMPT, they are immediately distributed to the appropriate offices for response; one action office is named for coordination of the response. All interested parties (e.g., resource sponsors, program managers, claimants) weigh in to assist in development of the Navy reclama, if one is to be submitted.

The Director, Office of Budget and Reports in NAVCOMPT conducts a review of the proposed reclamas, and they are forwarded to OSD for consideration. Once the final PBDs are signed, they are incorporated into the budget submission and transmitted to OSD for inclusion in the President's Budget.

V. DEPARTMENT OF THE AIR FORCE PPBS

A. AIR FORCE PPBS ORGANIZATION

The aim of the structure of the Air Force PPBS is to provide the senior leadership of the Air Force the ability to make decisions from a number of options provided for consideration. The decision makers in the Air Force are the Secretary of the Air Force (SECAF) and the Chief of Staff of the Air Force (CSAF).

The lead organizations in the Air Force PPBS include the Air Force staff, the Directorate of Programs and Evaluation (AF/PE); and the Secretariat staff, the Assistant Secretary of the Air Force for Financial Management (SAF/FM). The lead organization during the POM build is the AF/PE (or, "PE"), and the lead organization during the Budget Estimate Submission is the SAF/FM. Under each of the lead organizations, there are suborganizations that evaluate ongoing and proposed programs and provide recommendations to help their programs meet headquarters guidance. These teams are called "Resource Allocation Teams."

1. Resource Allocation Teams

The Resource Allocation Teams ("Teams") are the managers for groups of programs within the Air Force structure. These teams were restructured in 1991 and replaced seventeen previous review panels. The teams are listed in Figure 12.

Each of the Teams is chaired by a colonel from the respective headquarters functional area. The Teams consist of representatives from the functional area, the headquarters staff, SAF/FM, manpower representatives, and logistics representatives. The representatives are appointed by the Deputy Chief of Staff who is functionally responsible for the given resources. Each Team consists of approximately thirty members. The composition of the Team tends to reflect its focus, that is, each of the team's membership is tailored to provide expertise in the area for which it is responsible. For example, the Personnel & Support Team has more manpower personnel than operations personnel. The Teams are the managers of

numerous programs, and it is their responsibility to provide recommendations and options to the senior Air Force leadership regarding the programs under their purview.

Resource Allocation Team	Chairman
Space, Nuclear Deterrence, and C^4I	AF/XO (Director, Space/Nuclear Forces Division)
Power Projection	AF/XO (Director, Combat Forces Division)
Global Mobility	AF/XO (Director, Mobility Forces Division)
Materiel Support	SAF/AQ (Chief of Program Integration & Congressional Affairs Division), and AF/LG (Assoc. Director for Logistics Resources, Directorate of Supply)
Personnel & Support	AF/DP (Deputy Chief, Resource Division, Directorate of Personnel Programs)
Special Access Required (SAR) Programs	SAF/AQ (Director, Electronic & Special Programs), and AF/PE (Chief, Forces Division, Directorate of Programs and Evaluation)
National Foreign Intelligence Program (NFIP)	AF/IN (Director, Directorate of Resource Management, Asst. Chief of Staff/Intelligence)

Figure 12. The current Air Force Resource Allocation Team structure.

2. Program Element Monitors (PEMs)

The other program proponents within the Air Force structure are the Program Element Monitors (PEMs). PEMs are Air Force Headquarters proponents for particular programs and groupings of program elements. They are responsible for the progress of their individual programs and primarily for providing proponency for their PEs.

3. Budget Review Group (BRG)

The Air Force's Budget Review Group is a group of Secretariat and Air Force principals that review each Program Budget Decision (PBD) and proposed reclama to decide the Air Force's position on the specific PBD. Acceptance or rebuttal is signed by the

chairman of the BRG. This group only meets for PBD review and discussion. Its membership includes:

- Deputy Assistant Secretary for the Budget
- Deputy Assistant Secretary for Force Support and Personnel
- Director, Personnel Programs
- Director of Supply
- Director of Forces
- Deputy Chief of Staff/ Command, Control, Communications and Computers
- Deputy Assistant Secretary for Management, Policy and Program Integration
- Director of Programs and Evaluation
- Assistant Secretary for Space
- Civil Engineer
- Director of Air National Guard
- Chief of the Air Force Reserve
- Chief of Security Police
- Inspector General
- Assistant Chief of Staff/ Intelligence
- Director of Medical Programs and Resources

Advisors include:

- Director of Operational Requirements
- Office of the Administrative Assistant's Chief of Plans, Program and Budget
- Chief of the Manpower Resources Division for Director of Programs and Evaluation
- Deputy Assistant Secretary for Cost and Economics.
  [Ref. 20, p. 48]

4. Air Force Council (AFC)

The Air Force Council is the executive advisory board to the Chief of Staff of the Air Force and the Secretary of the Air Force. Its membership includes:

- Vice Chief of Staff of the Air Force (Chairman) ☆☆☆☆
- Asst. Vice Chief of Staff ☆☆☆
- Asst. Secretary for Acquisition
- Asst. Secretary for Financial Management (Comptroller)
- Asst. Secretary for Manpower, Reserve Affairs, Installations, and Environment
- Asst. Secretary for Space
- General Counsel
- Inspector General ☆☆☆
- Deputy Chief of Staff (DCS)/Logistics ☆☆☆
- DCS/Plans and Operations ☆☆☆
- DCS/Personnel ☆☆☆
- The Surgeon General ☆☆☆
- Deputy Under Secretary for International Affairs
- The Administrative Assistant
- Director of Programs and Evaluation ☆☆

B. AIR FORCE PROGRAMMING

1. POM Development

The Air Force POM is developed from the guidance provided in the DPG and from the senior Air Force leadership guidance. Additional guidance is provided from CinCs and Major Commands (MAJCOMs).

Once the MAJCOMs provide their inputs to the Teams, the Teams evaluate them, prepare their POM inputs, and forward the Resource Allocation Team inputs to AF/PE. AF/PE then analyzes Team inputs and either recommends changes to the teams, if necessary, or develops options and alternatives of their own. Those inputs are briefed to the senior Air Force leadership for deliberation and decision.

a. MAJCOM POM Development

Guidance for the preparation of the POM inputs by the MAJCOMs is given by AF/PE in the form of the POM Preparation Instructions (PPI). The PPI provide the schedule and all of the requirements and formats for preparation of the POM. The first input in the Air Force POM build is the input from the MAJCOMs. MAJCOM involvement in POM development is the primary means at the MAJCOM's disposal to influence how Air Force dollars are spent. MAJCOM involvement in the BES development and review is limited.

The Air Force staff provides the MAJCOMs an updated baseline (the baseline being the repriced program which is currently in force) and topline controls for their use in development of POM proposals. Additionally, the MAJCOMs use the Program Guidance provided by the senior leadership (SECAF/CSAF). The updated, repriced baselines which the MAJCOMs are provided specifically list the dollars the MAJCOMs can program. Additionally however, the MAJCOMs are given a topline level of spending--a level usually below their repriced baseline. This has been the case recently, in an environment of declining resources. This, as in the other services, requires prioritization of all programs under the

MAJCOM's purview, and it causes the MAJCOMs to prioritize their unfunded requirements. The Program Guidance also provides force structure and any other resource limitations. It is first submitted in the spring of the odd years, and it is updated at the end of the summer of the odd years, prior to the deadline for MAJCOM POM submissions. The updated, repriced baselines which the MAJCOMs are provided specifically list the dollars the MAJCOMs can program.

Once the MAJCOMs prepare their POM proposals, in the fall of the odd years, they present them to the senior Air Force leadership, the Resource Allocation Teams and the HQ Staff. The point of entry for the MAJCOMs' inputs is through the Teams; AF/PE assembles the disconnects and new programs into groupings of options on which the leadership can deliberate [Ref. 18]. The POM submissions include:

- A prioritized list of disconnects
- A ranked list of offsets
- The oral presentations which communicate "their side of the story" to the senior Air Force leadership.
  [Ref. 21, p. 27]

b. USAF HQ POM Development

The POM build, as mentioned earlier, is fiscally constrained. Under the TOA controls, or "topline" controls, the Resource Allocation Teams review and analyze the MAJCOM inputs and commence the POM build. The POM build is depicted in Figure 13. The primary emphasis at this point is to provide program options to the Air Force leadership. Each of the Resource Allocation Teams is given a portion of the Air Force TOA from which to commence construction of its portion of the POM. As an example, the Power Projection team has the most money (40 percent). It should be noted that the Teams do not own any resources per se; the MAJCOMs are the ones who have the resource requirements.

Before receiving the MAJCOM briefings mentioned in the previous section, the Resource Allocation Teams receive briefings from the Air Staff Program Element Monitors (PEMs). These are the Air Staff proponents for programs and groupings of program elements (e.g., F-16, C-17, JSTARS). During their briefings to the Teams, they explain the baseline of their program. They give a preview of the issues that the MAJCOMs will raise during their

briefs, and they will provide their perspective on whether the MAJCOMs have legitimate problems or not.

Teams then review the portions of the MAJCOM POM inputs which fall under their purview. They review the inputs to ensure that there are not overlapping requirements, or duplicative efforts, being conducted by more than one MAJCOM. The Teams then prioritize the requirements given to them.

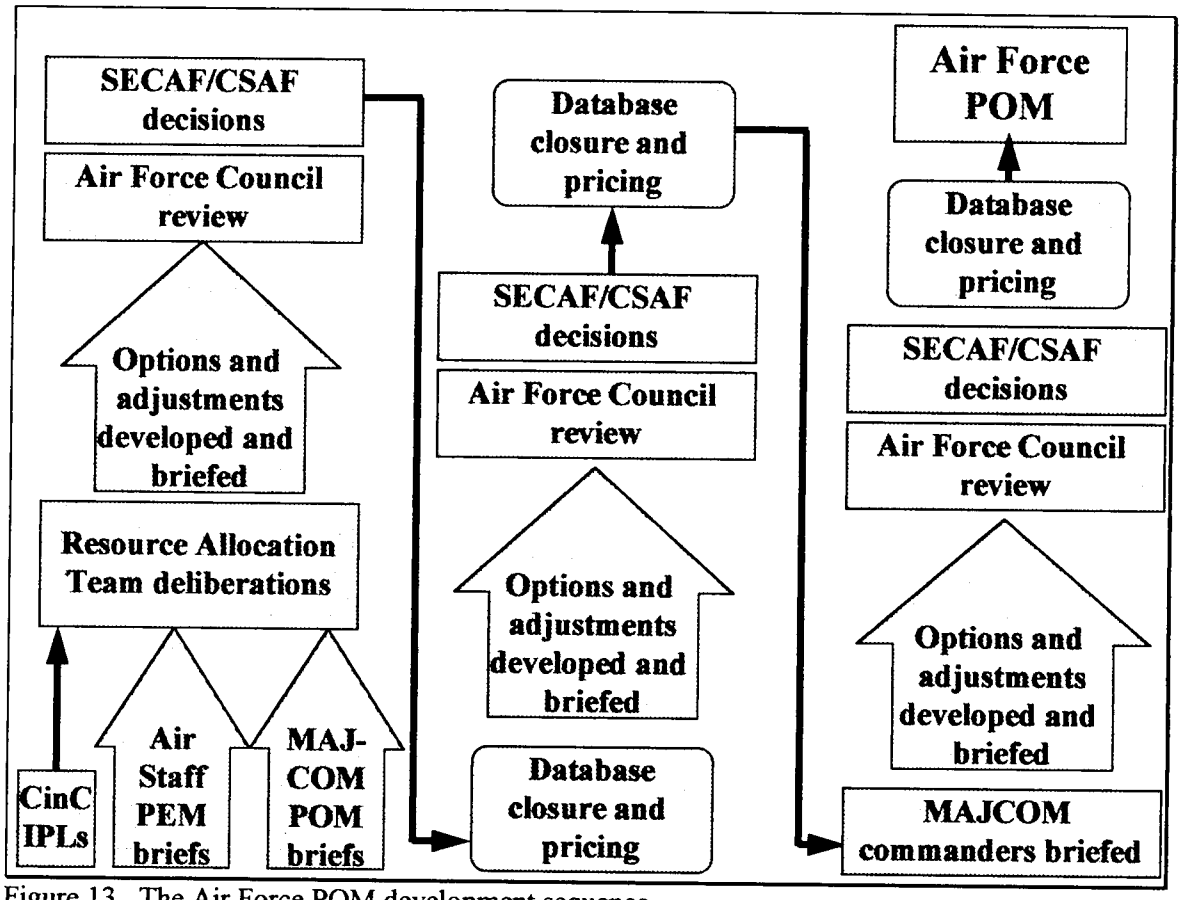

Figure 13. The Air Force POM development sequence.

If a MAJCOM provides an offset from within his POM input to pay for a requirement, then that requirement is given a high priority and approved. Offsets can be unrelated PEs that the MAJCOM has determined he can do without in order to fund his new requirements. If the MAJCOM produces an "outstanding requirement," or one he cannot pay

from within his own resources, then it becomes the responsibility of the Resource Allocation Team to either pay for or leave unfunded. If the Team decides to fund the requirement, the resources come from within the Teams' allocation of resources. That might mean that the funds come from another MAJCOM.

After construction of program options, the Resource Allocation Teams must obtain the approval of the Deputy Chief of Staff that is responsible for them before they are submitted to the Directorate of Programs and Evaluation (AF/PE). For example, changes and options made by the Power Projection team must be approved by the Deputy Chief of Staff/Plans and Operations (AF/XO) prior to submission to AF/PE. [Ref. 19] This review by the Deputy Chief of Staff is his opportunity to change or allocate funds as he sees fit.

AF/PE takes the inputs from the Teams and either recommends changes for the Teams to implement or they adds its own independent alternatives to the senior Air Force leadership. [Ref. 21] AF/PE compiles options for the leadership to deliberate, the aggregate of which may not precisely meet the most current fiscal guidance. Exercises are the formal briefings to Air Force leadership which provide program adjustment options [Ref. 21, p.51]. Accordingly, once AF/PE completes compilation of the POM options, they are presented first to the Air Force Council and second to the Secretary of the Air Force and the Chief of Staff of the Air Force. After completion of this first round of deliberations, the database is locked and the results of "Round One" are delivered back to the MAJCOM programmers. A second round of MAJCOM POM briefings is conducted, POM options are constructed, the AFC and the SECAF/CSAF are briefed, the database is closed and the results of "Round Two" deliberations are delivered back to the MAJCOM programmers. The commencement of the "Round Three" exercise begins with a briefing to the MAJCOM commanders, and then proceeds as previously described. Upon completion of "Round Three," the MAJCOM commanders are backbriefed on the results, and the POM goes to the printers. [Ref. 20]

During the 96-01 POM build, the third round exercise was conducted concurrently with the Round Two database closure, briefed to the AFC, and a fourth round was commenced. The fourth round was the last, and upon completion, the POM was delivered to OSD.

Throughout each POM construct and database closure, SAF/FM works closely with AF/PE to correctly price the latest options. Once the last round is complete, AF/PE directs SAF/FM to ensure accurate pricing of the approved program. [Ref. 21]

For the 96-01 POM input by the Air Force, the three round deliberation process was used.

The preliminary schedule is depicted in Figure 14.

Date	Event
February 23	MAJCOM programmers POM Kickoff Conference
Feb.28-11 Mar	Air Staff PEM briefings to the Resource Allocation Teams
17-18 March	MAJCOM POM briefings to the Resource Allocation Team chiefs
19-29 March	"Round 1 Exercise"
29 March	Brief to Air Force Council (AFC)
31 March	Brief to Secretary of the Air Force (SECAF)/ Chief of Staff, Air Force (CSAF)
5-15 April	Database Closure [AF/PE and SAF/FM together price current POM input]
18 April-6 May	"Round 2 Exercise"
21-22 April	MAJCOM "Round 2" POM briefs by MAJCOM programmers
4 May	"Round 2" Air Force Council briefing
6 May	"Round 2" SECAF/CSAF briefing
7-16 May	"Round 2" database closure and "Round 3" exercise
10 May	Feedback the results of "Round 2" to the MAJCOM programmers (☆)
16 May	"Round 3" brief to Air Force Council
17 May	Briefing to MAJCOM commanders
17-27 May	"Round 4" exercise
25 May	"Round 4" brief to Air Force Council
27 May	"Round 4" brief to SECAF
28 May-7 June	Database completion and preparation of documentation
8 June	"Round 4" backbrief to CSAF
10 June	POM due to OSD

Figure 14. The initial Air Force POM planning calendar. [After Ref. 20, modified by Ref. 22]

2. Program Review

AF/PE is the coordinating body for Air Force response to issues developed by OSD. Issues are recommended changes to the Air Force program provided as an alternative to the Air Force POM position. As issues are proposed, the Air Force generates a response. The responsibility for generating a response is assigned to a general officer on the Air Force staff and to a Resource Allocation Team chief. The proposed response is briefed to the Air Force Council and the SECAF. Once the issue response is provided by the Air Force, and a decision is made, the results of all the decisions (as outlined in the Program Decision Memorandum) are incorporated into the current PPBS cycle. The PDM is incorporated into the FYDP and usually affects most the developing BES.

C. DEPARTMENT OF THE AIR FORCE BUDGETING

1. Budget Development

According to the Air Force's PPBS Primer, the Air Force's Budget Estimate Submission (BES) is based on:

- the OSD review of the Service POM (as modified by the PDM)
- refinement of the POM into budget level detail
- results of the Summer Review (of investment accounts), and
- updating of pricing factors/models. [Ref. 21, p. 42]

The process is depicted in Figure 15.

The lead in budget formulation, as indicated earlier, is the Secretary of the Air Force (Financial Management) (SAF/FM). Preparation of the BES primarily entails accurate pricing of the POM and reviewing the various programs for proper execution. In reviewing execution, SAF/FM reviews programs to ensure that they are executing in accordance with the published obligation rates provided by OSD. If they are not, as with the other services, it is in the Air Force's best interest to redirect the dollars to other high priority unfunded requirements before submitting the budget to OSD for review.

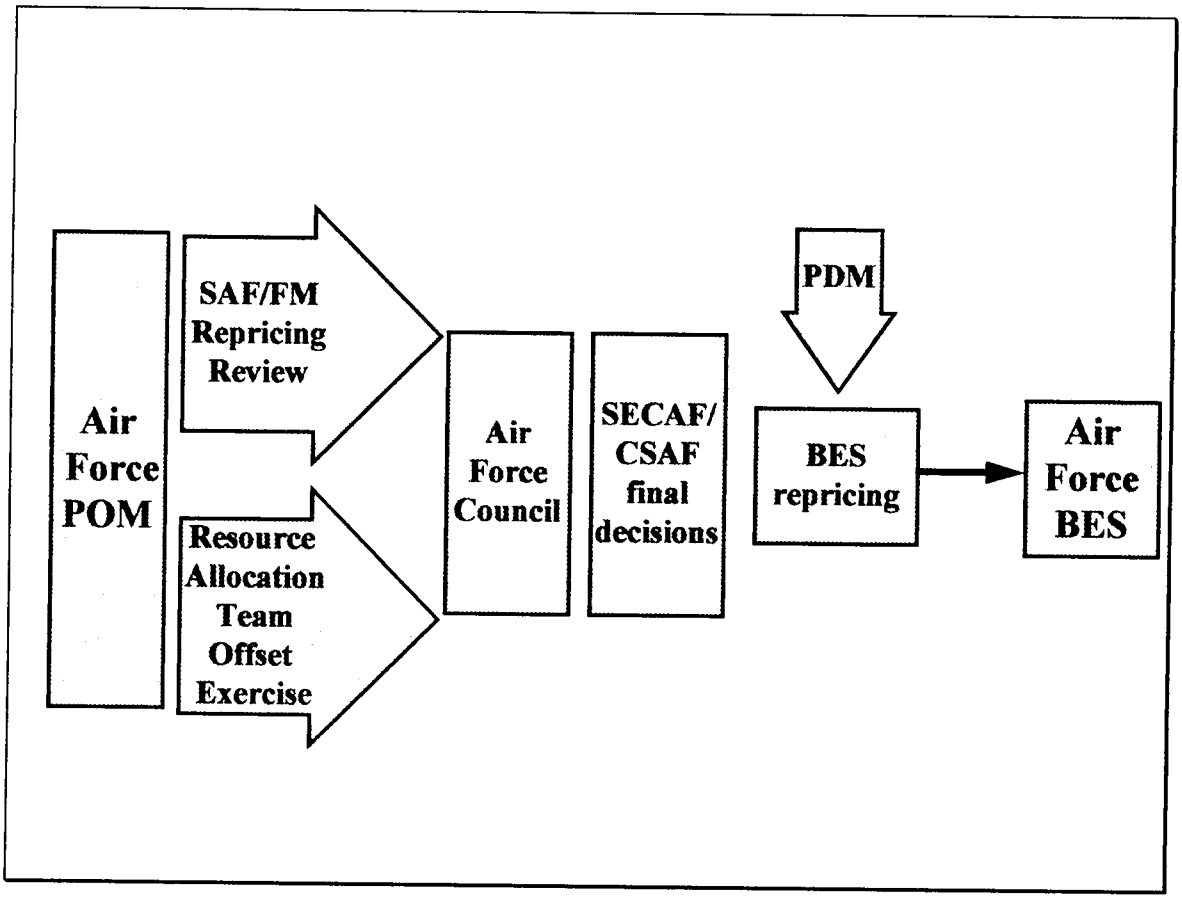

Figure 15. The Air Force BES formulation process. [After Ref. 21]

MAJCOM involvement in BES formulation, as indicated earlier, is limited. No BES inputs per se are solicited. At the same time as the BES review, the MAJCOM does provide an input concerning executability or pricing issues, in the form of inputs for the Operations and Maintenance Financial Plan (Fin Plan). The O&M Financial Plan is a review of the O&M portion of the BES which is being reviewed by the Congress. (The FY95 O&M Fin Plan review was commenced in February 1994.) The O&M Financial Plan is the opportunity for the MAJCOMs to indicate or update how they intend to spread their money. For example, MAJCOMs have the discretion to spend money for purposes other than it was originally programmed (within congressionally mandated limits, of course). Naturally, there will be no adjustments to the current POM, because it will already have been approved. Any programmatic changes that arise from changes in the Fin Plan occur in the following POM. (That is, changes to the FY95 Fin Plan in the FY 95 column will affect the 96-01 POM and

the 96-97 BES.) This occurs because any large changes to a program in a given year will create large ramps in the following years that must be adjusted, lest OSD decide to take the money themselves. (For example, if a MAJCOM decided to cut F-16 funding in FY95, there would be a commensurate "growth" of the program in the following year. The question is whether those funds are now at risk because of the large "growth" of the program from one year to the next.)

In the course of the Summer Review, the SAF/FM reviews the investment accounts. The FM community reprices the accounts, adjusts them for actual inflation and actual price changes, and examines them for executability.

The Air Force uses computerized costing models extensively to accurately price their POM. As a result, either a "bill" arises, which must be paid, or a "bill-payer" or offset is created. If a significant bill arises that cannot be offset from within the given program area (e.g., Logistics offsets that pay Logistics bills), SAF/FM will deliver the bill to AF/PE for resolution. At that time, the FM community and the responsible community will have to address the validity of the bill. They must prove that programmatic changes must be made and that no offsets can be achieved to pay the bill with (in this case) Logistics assets.

If a significant bill remains after the bills and offsets are tabulated, the FM community looks to AF/PE to make recommendations for programmatic cuts to pay the remaining bill. If the bill is sufficiently large, the Resource Allocation Teams are "energized" and each is given a pro rata target reduction to produce. Once proposals are made, they are again priced by the FM community to ensure that they are priced correctly and that the money really exists.[Ref. 23] The Air Force commissions the Teams when the FM community forecasts the potential for large adjustments to the Air Force topline.

All of the changes which are proposed during the summer review are summarized and briefed first to the Air Force Council, then to Vice Chief of Staff of the Air Force, and then to the Chief of Staff and the Secretary of the Air Force. When the Program Decision Memorandum (PDM) is received from the Office of the Secretary of Defense, it is incorporated into the developing BES.

2. Budget Review

During the course of the OSD budget review, the draft PBDs are circulated for comment by the military departments. These draft PBDs are alternatives to the submitted Air Force BES. In the current fiscal environment, the changes are usually decrements to the proposed budget. If the Air Force so decides, they may appeal the PBD by submitting a reclama to OSD. In the Air Force, the responses are developed by the PBD Offices of Primary Responsibility (OPRs). These offices are functionally assigned, e.g., the OPR for the MILCON appropriation is the Civil Engineer. The responses must be developed within 24 hours after receipt and briefed to the Budget Review Group. The BRG decides whether there are grounds for reclama or not. If there are, the reclama is prepared and signed by either the chairman of the BRG or the SAF/FM. The reclama is then forwarded to the OSD comptroller.

If issues are not resolved to the Air Force's satisfaction, then they may appeal the decision to higher authority. Specifically, the Budget Review Group prepares a list of potential Major Budget Issues (MBIs) for the Secretary and the Chief of Staff of the Air Force to personally appeal to the Defense Planning and Resources Board (DPRB). The decisions of the DPRB are final and are signed by the SECDEF or the DEPSECDEF. Those changes are incorporated into the BES, and the updated BES is prepared for inclusion in the President's Budget.

VI. POM PROCESS COMPARISON

This chapter of the thesis outlines the differences in the preparation of the three service's POMs. The analysis attempts to point out those differences which are only nominal and to discuss the substantive differences in procedure.

A. INPUT TO POM CONSTRUCTION

In the formulation of the Program Objectives Memoranda of the military departments, the primary difference lies in the level of centralization or decentralization of the processes or portions of the process. One factor is the initial input to the eventual POM. In the Army and the Air Force, the initial input is provided to the headquarters staffs by the major commands.

In the Army, the Army Program Guidance (APG) is published in draft form as part of an Army planning document, "The Army Plan" (TAP). The APG is published (in draft form) in January of the odd years. Concurrent to the preparation of the APG is the Army's Force Integration Analysis (FIA) or assessment of force alternatives. The FIA evaluates alternative base forces and addresses macro issues such as whether the forces outlined can be equipped and trained in light of current resource constraints. The APG outlines projected manpower and dollar figures for the next POM, and when published in its final form, in late summer of the odd years, forms the basis for the creation of the MACOM POMs. The MACOMs submit POM proposals in November of the odd years, although they have been working on them throughout the odd year, updating their proposals as estimates and topline guidance are received from the headquarters. Once the MACOM POM inputs are received by the Army Staff, they are analyzed by the Army Staff (PEGs and PAED), and the complete POM input is prepared for review by the headquarters committee structure.

In the Air Force, the guidance for the inputs to the POMs consists of an updated, repriced Air Force baseline and an updated repriced MAJCOM-specific baseline. Additional guidance includes the Air Staff and Secretariat's "best guess" at what the Air Force topline will be for the next POM. As additional guidance is received, the Air Staff delivers it to the MAJCOMs. "Additional guidance" can be anything from changes in force structure to specific dollar and manpower levels. Once complete, the MAJCOM POM proposals are

presented to the Resource Allocation Teams for deliberation and to develop options to propose to the Air Force leadership. The Resource Allocation Teams commence building their POM inputs from the inputs provided by the major commands. Once the POM is constructed, it is reviewed by Air Force headquarters committees.

In the Navy, however, POM inputs are not solicited from the field; rather, a headquarters-centralized assessment process is conducted by the Assessment Division of the Navy staff, involving Navy functional principals from throughout the Navy Staff. This process determines the direction of the POM, taking into account the current projections of resource availability for POM construction. The assessment teams provide recommendations to assimilate into the Investment Balance Review (IBR). The IBR is a complete Navy assessment which is reviewed and deliberated by the Navy's Resources and Requirements Review Board (R^3B). Once the R^3B approves the general direction and policies for construction of the POM resulting from the IBR, the results are delivered to the Resource Sponsors. Resource Sponsors (equivalent in a sense to PEGs or Resource Allocation Teams) then construct their portions of the POM. Once the POM is constructed, it is reviewed by the Navy headquarters committee review structure.

B. POM CONSTRUCTION AT HEADQUARTERS

The basic organization of program construction at the headquarters appears to be the same across the military departments. The organizational structure of each department, while nominally different, tends to reflect the same basic focus--dividing groups of programs and program elements into resource areas for evaluation by headquarters teams.

In the Army, the Program Evaluation Groups review, prioritize and compile their resources, or Management Decision Packages (MDEPs). In the Navy, the Resource Sponsors are provided their groups of resources to compile into POM inputs. In the Air Force, the Resource Allocation Teams are given their portion of the POM input to review and balance. In each service, the resource teams are given a specific portion of their respective service's Total Obligation Authority (TOA) and are directed to develop a balanced program with those resources. If they cannot find offsets, or program decrements, to pay for new initiatives or unexecutable programs from within their own resources, they appeal to the review structure for more resources. In each case, the resource teams prioritize the unfunded requirements and

"deliver" those unfundeds to the committee structure to deliberate and decide "which bills to pay." In all cases, the POM inputs generated by the resource teams are compiled by the headquarters programming divisions and prepared for a review by each service's POM review committees.

The only other item of interest is the extent to which the Air Force accurately prices its POM. During the construction of the POM, the Air Force FM community works closely with the programmers to reprice the POM on three occasions during the development cycle. It does not appear that the other services seek to do so as extensively as does the Air Force.

C. POM CORPORATE REVIEW STRUCTURE

The corporate review board structure among the services is similar as well, in that the POMs are deliberated by senior members of the respective departments prior to submission to the service chiefs and secretaries. Each of the committees makes decisions at certain levels of "fiscal authority"--meaning the larger the dollar amount of the decision that must be made, the higher in the structure the decision is made. The notable difference among the services is that the Navy review structure does not directly involve the secretariat staff prior to submission of the POM to the SECNAV, while the Army and the Air Force have combined the two groups--staff and secretariat--for the reviews.

The Army's structure has the most formal committees in the POM review process: the Council of Colonels, the Program and Budget Committee (Army staff ☆☆ and secretariat equivalent), the Prioritization Steering Group (☆☆☆ military representatives of Army staff and secretariat equivalent), and the SELCOM (Army staff ☆☆☆ and secretariat equivalent).

The Air Force structure also includes Staff and Secretariat, however its structure involves only the Air Force Council (AFC), a three star level Air Staff and Secretariat board, although recent discussion has suggested reinstating an intermediate review group between the Resource Allocation Teams and the Air Force Council. [Ref. 24]

The Navy organization for POM review includes the R^3B, which is a two star board of Navy and Marine Corps principals, chaired by the Deputy Chief of Naval Operations (Resources, Warfare Requirements and Assessment). The other review committees are the Navy Staff ESC and the CNO Executive Steering Committee. There is no formal committee

involvement of the secretariat staff until the POM proposal reaches the Department of the Navy Program Strategy Board (DPSB), a top level Navy committee chaired by the Secretary of the Navy.

D. CONCLUSIONS

In summary, we find two approaches to the POM development phase of the PPBS, that of the Army and the Air Force, and that of the Navy. The Army and the Air Force decentralize their initial inputs to the POM. Although fiscal guidance and topline controls are provided, the major commands are given some flexibility in providing new initiatives and reprioritizing their resources. It should be recognized that in the Air Force, the POM input is the primary window of opportunity for the MAJCOM to provide input to the PPBS cycle. After the initial POM input, all three services centrally manage their POM formulation. That is not to say that the major commanders have no further say in the matter; in fact, they all have opportunities to raise issue with programmatic problems in their areas of responsibility as they surface.

Accordingly, the primary difference in POM formulation among the services is that the Navy centrally designs and constructs its POM, whereas the other two services solicit input from their major commanders and centrally manage the process from there.

The other substantive difference is reflected in Secretariat involvement, outlined above, between the Army and Air Force, and the Navy. The Army and Air Force involve the Secretariat staffs in their formal decision making committees, whereas the Navy does not.

POM PROCESS COMPARISON TABLE

	Army	Navy	Air Force
Organizations			
Headquarters Division	Programming and Analysis Directorate (PAED)	Programming Division (N80)	Programs and Evaluation Directorate (AF/PE)
Resource Teams	Program Evaluation Groups (PEGs)	Resource Sponsors	Resource Allocation Teams
Corporate Review Structure	Council of Colonels (CoC) Program and Budget Committee (PBC) Prioritization Steering Group (PSG) Select Committee (SELCOM)	Resources and Requirements Review Board (R^3B) CNO Executive Steering Committee (CNO ESC) Department of the Navy Program Strategy Board (DPSB)	Air Staff Deputy Chiefs of Staff Air Force Council (AFC)
Initial input	MACOM POM input, guided by headquarters guidance.	Program assessment conducted by the Director, Assessment Division (N81)	MAJCOM POM inputs, guided by headquarters guidance and headquarters provided repriced baseline.
MACOM involvement	Submits MACOM POM input	Submits issue papers to raise programmatic problems and issues that need to be resolved in the Sponsor Program Proposals (SPPs)	MAJCOM POM inputs. MAJCOMs brief Resource Allocation Teams at headquarters.
Headquarters Action	MACOM inputs broken into MDEPs and provided to PEGs	Assessment of current POM conducted. JMA/SA reviews. R^3B decisions. Resource sponsors given TOA controls to use in POM development.	MAJCOM inputs delivered to Teams

Resource Team Action	PEGs review MDEPs. Determine what bills and offsets must be resolved.	SPPs developed by Resource sponsors.	Resource Allocation Teams review programs, make decisions. Requirements and offset proposals developed.
POM briefs	PEGs forward unfunded and prioritized requirements to CoC. PEGs compete for resources. CoC prioritizes. PBC prioritizes. SELCOM prioritizes. CSA/SA decide.	Presentations to the R^3B. Presentations to the CNO ESC. CNO approves T-POM. Final decisions by the DPSB.	Changes and options approved by functional DCS who "owns" Team. AF/PE compiles options and presents to AFC. AFC forwards options to CSAF/SAF. CSAF/SAF decisions for Round One. Two more rounds.
FM community involvement			Extensive repricing of POM in each round of POM exercises.

VII. BUDGET PROCESS COMPARISON

In all three services, the final BES differs slightly from the POM. The differences derive from a number of factors, including the impact of the OSD Program Decision Memorandum, changes in pricing factors, and the necessity of readjusting funding levels due to program changes (e.g., schedules).

These differences derive also from differences in fiscal guidance and in the level of accuracy and detail required for the POM and for the BES. The POM is constructed in terms of outputs which include ships, airplanes and other warfighting means. The data element for the POM structure is the program or program element. On the other hand, budgets are constructed in terms of inputs, dollars and manpower levels. The data for the budget databases is framed in terms of appropriations--the authorization to spend money. Additionally, there is a difference in the level of detail found in the dollar figures in the POM and the BES. In the POM, it is not critical that program elements be correctly priced. In the budget submission, however, it is critical that all programs be priced properly in order to create an executable, defensible budget.

A comparison of Budget Estimate Submission (BES) formulation among the three military departments reveals two basic approaches to BES formulation.

A. BES CONSTRUCTION

The first method of BES formulation is that used by the Air Force. It is a centralized, headquarters managed repricing of the first two years of the POM. The Air Force FM community makes extensive use of model-driven pricing and extensively reprices their POM to make it as close to reality as possible. Programmatic adjustments are made at headquarters as the need arises. To make the requisite programming adjustments, programming groups (the Resource Allocation Teams) are commissioned to find offsets, or program decrements, to pay the Air Force bills. Once the programmers (Teams) find offsets, they are repriced by the FM community to ensure the money actually exists, and then the bills are paid. Accordingly, in the Air Force, the FM community is primarily tasked with accurately repricing the POM, and the programmers find the offsets.

The second method of BES formulation is that practiced by the Army and the Navy. In this approach, inputs are solicited by the headquarters budget office from the major commands (or, in the Navy case, Claimants). These major command inputs and exhibits are created using the POM as the baseline for BES development. Additional guidance is provided by the headquarters staffs, but the commands receiving the resources submit the budget inputs. In this case, it is recognized that major commands may deviate from the POM if necessary to ensure that the program remains executable.

The differences in POMs and BESs outlined at the beginning of the chapter readily lend themselves to the processes used by the Army and the Navy in BES formulation. The BES is constructed by providing the major commands with the POM as a baseline for construction of BES inputs. There is some flexibility in drafting the budgets because of the recognized need to ensure that, if resources are programmed in an unexecutable manner, then the situation must be corrected. In this case, it is recognized that programmatic changes must be made; they are proposed by the appropriation sponsors and the major commands.

In the case of Army decisions, any programmatic changes made by the MACOMs are commented on by the Program Evaluation Groups (PEGs) and are deliberated by the Army staff--first the Council of Colonels, second the Program and Budget Committee, and third, the Select Committee. All of these groups weigh in to recommend changes to the BES to accommodate the bills that must be paid. To be sure, if MACOM's CBEs deviate from the POM, and their changes are approved by the PBC and SELCOM, those changes are incorporated into the budget.

In the Navy, adjustments are recommended by the budget analysts within the Office of the Navy Comptroller (NAVCOMPT). Programmatic changes are circulated for comment and are the source of ad hoc deliberating sessions involving all of the concerned parties (i.e., appropriation sponsor, resource sponsor, claimants, et al.). Programming decisions involve the Programming Division, the budget office, and all concerned parties. Consensus is reached and the changes required to achieve an executable budget are incorporated into the budget proposal.

B. INTERNAL BES REVIEW STRUCTURE

Another difference in budget formulation practices resides in the makeup of the series of organizations that review the BES inputs prior to submission to the respective service secretaries. In the Army and the Air Force, there are a number of formal reviewing committees that deliberate on the BES input prior to forwarding it to their respective secretaries. In the Navy, the budget proceeds from the budget officer to the office of the Secretary of the Navy.

In the Army, the BES is assimilated in the budget office, and it is then presented to and reviewed by the Council of Colonels, the Program and Budget Committee, and the Select Committee before it goes to the Chief of Staff and the Secretary of the Army. Of note, all of these committees include both secretariat and Army Staff members. The intent of structuring the organizations as such is to brief both the Army Staff and Secretariat together, and to ensure that all parties are aware of, and involved in, decision making. Army decisions and Secretariat decisions are resolved together in the committee meetings rather than being resolved sequentially as the budget is forwarded up the chain of command. The substance of the committee reviews is to discuss marginal prioritization issues, not review the entire BES. Naturally, the entire BES is briefed, but it is on a broad level. The primary focus of the meetings is to resolve issues (bills and offsets). [Ref. 25]

In the Air Force, like the Army, there is a formal committee structure. Once the budget is repriced, and options for offsets are compiled, the issues are reviewed and decided upon by the Air Force Council. As noted earlier, the Air Force Council is a "three star" board consisting of both Air Staff and Secretariat members. Once the committee review is complete, recommendations for offsets to pay bills or fix programs are forwarded to the Chief of Staff and the Secretary of the Air Force.

The Navy process of internal budget review is different from that of the other two services in that the review is conducted by the budget analysts, but the next step is a centralized, formal markup and reclama review. During this review, the major claimants are assessed marks to their budget inputs by the Office of the Navy Comptroller (NAVCOMPT). (Analysts develop marks, division directors sign them.) Resolution of issues is attempted first

at the action officer level, but if compromise cannot be reached, the issues are forwarded up the chain. If the major claimants still are dissatisfied once a decision has been made by the NAVCOMPT Budget Director, they can take the issue to the Deputy Chief of Naval Operations (Resources, Warfare Requirements and Assessment) for resolution.

When Navy-wide bills (e.g., for flying hours) arise during the course of the budget review and offsets must be achieved, decrement proposals are prepared by the Navy budget office, and consensus is developed among the concerned parties (i.e., N80, major claimants, resource sponsors). There is not a formal structure per se; discussions, although they involve all of the concerned principals, tend to be ad hoc. [Ref. 26]

An additional difference between the Navy and the Army and Air Force, is that the review by the Navy Secretariat proceeds directly from the Navy budget office to the Office of the Secretary of the Navy. There is not a review by Navy staff principals in the formal sense. While the Navy staff is naturally involved with inputs to decisions about the preparation and justification of the budget, there is no formal joint committee review by the Staff and Secretariat as there is in the Army or Air Force.

C. CONCLUSIONS

Three distinct approaches to budget formulation are apparent. These differences derive from two major factors--input structure and review structure. In the Army, we find a decentralized input to the BES and a highly structured and layered central review process. The major commanders submit budget exhibits to the budget office where they are compiled and reviewed. After review by the appropriation sponsors, changes are briefed to the series of committees outlined earlier in the chapter. Final decisions are made by the Secretary and Chief of Staff of the Army.

In the Navy, we find a decentralized input to the budget process; that is, the major claimants submit their budget exhibits for review by the Navy budget office. The budget office compiles and reviews the proposals. Then the budget office makes programmatic adjustments by ad hoc committees, which include the people necessary to effect and approve decisions. The budget is briefed to, and final decisions are made by, the Secretary of the Navy.

In the Air Force, we find a centralized repricing of the POM. Their "repricing review [is conducted] to ensure the FYDP uses the most current cost factors (inflation rates, flying hour factors, etc.)." [Ref. 21, p. 35] Offsets are referred to the programming teams for determination of funding sources and are typically spread pro rata. Nonetheless, the proposals are briefed to the Air Force Council (the Air Staff and Secretariat board); final decisions are those of the Secretary of the Air Force and the Chief of Staff.

BUDGET PROCESS COMPARISON TABLE

	Army	Navy	Air Force
Responsible Headquarters Organization	Assistant Secretary of the Army (Financial Management) (ASA-FM)	Assistant Secretary of the Navy (Financial Management (ASN-FM) (NAVCOMPT)	Assistant Secretary of the Air Force (Financial Management) (SAF/FM)
Initial input	MACOMs provide Command Budget Estimates.	Major claimants provide Command Budget Estimates.	Repriced POM.
Review	CBEs posted on internal Army HQ network for review by interested parties. PEGs discuss disagreement with MACOM submissions, with Appropriation POCs (budget analysts). Large numbers of issues resolved at action officer level.	CBEs reviewed by NAVCOMPT budget analysts. Markup and Reclama review conducted. Disagreements between budget analysts and Claimants resolved at lowest level possible.	SAF/FM takes lead by repricing POM. SAF/FM conducts review of investment accounts to ensure executability.
Major command involvement	CBE input.	CBE inputs. Have opportunity to reclama changes made by the Budget Office.	Participate in review of budget which is being reviewed by the Congress. Direct involvement in BES formulation per se is limited to big issues.
BES review and internal issue resolution	Unresolved disputes forwarded to CoC. CoC priorities and decisions forwarded to PBC. PBC decisions forwarded to SELCOM. SELCOM results forwarded to CSA/SA.	Unresolved disputes forwarded to NAVCOMPT budget director (NCB) for decision. NCB forwards any unresolved disagreements to N8. Budget is presented to SECNAV (with CNO and CMC, ASNs and USN to provide advice) for decisions.	Bills that cannot be accommodated by offsets are referred to AF/PE who passes them to the Resource Allocation Teams (pro rata share usually). Changes are summarized and briefed to AFC and CSAF/SAF.

VIII. CONCLUSIONS

The evidence presented in this thesis points to three distinct approaches to the Planning, Programming and Budgeting System in the Department of Defense. Although many of the differences are nominal, there are three fundamentally different approaches that arise from combinations of two basic factors: (1) the input to the given document and (2) the review process of the respective service. The Army decentralizes input to both the POM and the BES and reviews both centrally. The Navy centrally assesses and prepares its POM and decentralizes preparation of the BES. The Air Force decentralizes input to the POM but centrally reprices the POM to create its BES.

In attempting to assess the value of a particular approach to the PPBS, one must consider a multitude of factors. In fact, there are so many influences on the PPBS process as a whole that it becomes a virtual impossibility to assess the impact of any particular approach on the entire process. Any assessment of the resulting marks to budget proposals or issues raised with POM proposals would probably be gratuitous due to the influence of external factors in a given PPBS cycle, such as the political atmosphere, the fiscal environment, congressional mandates or preferences, and so on.

While the original intent of the PPBS was to provide a six year program, of which the first two years were to be merely repriced, a number of factors have influenced the evolution of the PPBS as well.

> PPBS has continually expanded to include more participants in the program and budget decision-making because resource competition is the crux of the political process. As such, more and more players have been successful in finding roles that permit them to compete for a piece of the budget action .... [Ref. 27, p. 26]

Congressional oversight is increasingly prevalent, and portions of the PPBS have changed. The POM/ BES sequence is not necessarily sequential, as recent experience has borne out. PBDs are not merely pricing or execution changes, but, in the eyes of many PPBS managers, have become a second PDM opportunity for OSD--in some cases revisiting decisions that were made during the previous PDM.

Accordingly, since there are so many influences on the POM and budget processes external to the Department of Defense, conjecture on how to improve the process in each of the individual services, within current guidelines, becomes the issue. There are factors in each phase of the PPBS which are intuitively appealing, and these should provide the basis for further study.

In the POM input phase, it is appealing to manage the development of the POM centrally and to use a central input, as the Navy does. The advantage is that there may be a longer term focus, and a focus on the entire POM when it is created, gamed and planned centrally. It is not intuitively obvious how the aggregation of POM inputs from a number of major commands provides the long term focus required of the POM. It is questionable how long term the focus of major commands truly is.

In the POM review phase, the use of joint Staff and Secretariat committees, as the Army and Air Force do, is appealing due to the ability to involve both parties in the decision making process. This clearly obviates the need to have a sequential series of decisions, first by the Staff and second by the Secretariat. If consensus is reached in joint meetings, then both groups of decision makers have their input and understand the reasoning behind the decisions reached. Unless the Secretariat review of either the POM or budget is cursory, there may be some usefulness in briefing both parties together to minimize differences early in the process and to save time in the briefing process.

In the budget input phase, although the original spirit of the PPBS dictates repricing of the first two years of the POM, it seems appealing to use budget submissions from those commands that will actually execute the budgets, as the Army and the Navy do. By providing the POM as a baseline, the spirit of PPBS is intact, but the budget submission may be easier to defend because it comes from the field. This setup provides flexibility to the major claimants to use their resources as necessary within the budget window. As stated by Jones,

> ... in practice programming tends to focus on a two-year period, and much of the budget is decided annually even though six-year projections are prepared for both programs and budgets. [Ref. 27, p. 17]

If, in fact, much of the annual budget is decided annually, then it seems even more intuitive to provide the framework for resource allocation centrally but to decentralize the budget inputs.

It is questionable whether a centrally directed spending plan is more defensible than a decentralized plan based on inputs from the commands using the resources.

In the budget review phase, it is appealing to use similar or, preferably, the same review structure that deliberated the POM input. This should provide continuity across the POM and budget, so that, when deciding those issues on the margin, the same committees decide how to prioritize resource allocation. Such a review process may provide a more defensible product simply by virtue of consistency in the resulting decisions. Again, as in the POM process, the use of joint Staff and Secretariat committees may provide added speed in forwarding the proposal up the chain of command, and joint committees may resolve differences found in sequential decision making.

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