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AIR FORCE CASES

REPORT AND RECOMMENDATIONS AND AIR FORCE ACTION

(P. 1)

Directorate of Programs & Evaluation
DCS/Programs & Resources
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FOREWORD

The Primer describes the current Planning, Programming, and Budgeting System (PPBS) as well as the organization, responsibilities, and general procedures by which the system functions. It is designed as a learning tool for you, the new Air Staff action officer, and takes you through a complete PPBS cycle as an aid to better understanding the overall process. You will find that it describes how the Air Force conducts business within the PPBS system and how the Air Staff supports the field commanders and interfaces with OSD. Hopefully through the Primer you will arrive at a better understanding of the overall PPBS process and have an easier transition into your new Air Staff world.

The PPBS system is an evolutionary process which is reviewed at the end of each cycle. As the system evolves, the Primer will continue to be updated to reflect these changes. The Programs Division within the Directorate of Programs & Evaluation serves as the OPR for the Primer. Any suggested changes should be provided to AF/PRPRP, ext 41655. The next revision to the Primer will be published following establishment of the procedures and timing for the Biennial Planning, Programming, and Budgeting System (BPPBS). You can find a brief overview of the proposed BPPBS and proposed flow charts for BPPBS events on pages, 44, 45, and 46 of this edition.



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Director of Programs and Evaluation



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THE PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS)

-- A PRIMER --

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AIR FORCE PROGRAMMING PHILOSOPHY

The Air Force develops its programs to achieve the defense objectives established by the President and Secretary of Defense. To develop the program, the Air Force employs a corporate approach structured to support the total force. The process begins with the Air Force field commanders translating guidance from the President and the Secretary of Defense into operational plans designed to safeguard our national security interests. At the same time, these senior officers identify the resources needed to execute their plans now and for the next five years. They also assess potential threats against enduring national goals and objectives and recommend long range resource allocations. The military judgement of these commanders constitutes the foundation upon which the Air Force Program Objective Memorandum, or POM, is built. Under the supervision of the Secretary of the Air Force, the Air Force integrates operational requirements with the fiscal, manpower, and materiel resources available. This integration involves balancing near term readiness and sustainability requirements with modernization programs and research and development initiatives. These considerations must also be projected into the future to insure total program equilibrium over time. As a result, balancing readiness and sustainability with modernization and force structure is a continuous, dynamic process. Underlying this entire process is the overarching importance of quality personnel which remains the key to both near term stability and future flexibility in the Air Force Program. The combination of all these factors yields a carefully balanced program complemented by extensive analytical support that is responsive to all Air Force, Joint and Cross Service Program requirements.

PRIMER OVERVIEW

PPBS GENERAL DATA

- PLANNING
- PROGRAMMING
 - THE AIR FORCE PROGRAM (THE "POM")
 - PROGRAM REVIEW
- BUDGETING
- SUMMARY AND EPILOG

The Primer starts with a look at PPBS to include: the national environment in which it operates, the system's characteristics, information about the Defense Resources Board, and the Five Year Defense Program

The next step is to examine each of the three parts of the PPBS - Planning, Programming, and Budgeting

A revitalized planning process improves our ability to translate top-down guidance into meaningful plans and requirements. Streamlined planning documents and mission area analysis prioritize objectives and assess strategies while providing the all-important link between planning and programming

Programming has two subdivisions. Development of the proposed Air Force Program (called "The POM" - an acronym for Program Objective Memorandum) and a formal program review and approval by the Secretary of Defense. Initial program costing is established during the programming phase

In the budgeting process we refine the costing of the approved program and submit a proposed budget to the Secretary of Defense for review and approval. The result becomes part of the President' Budget which goes to Congress each January

The summary and epilog tie the Primer together and conclude the story.

PPBS DESCRIPTION AND CHARACTERISTICS

DESCRIPTION

- DOD RESOURCE MANAGEMENT SYSTEM - CONTROLLED BY SECDEF
- OBJECTIVE IS TO IDENTIFY MISSION NEEDS, MATCH WITH RESOURCES, AND TRANSLATE INTO BUDGET PROPOSALS
- SYSTEM PRODUCES DEFENSE GUIDANCE, FIVE YEAR DEFENSE PROGRAM AND THE DOD PORTION OF THE PRESIDENT'S BUDGET

CHARACTERISTICS

- SYSTEM IS DYNAMIC AND EVOLVING
- CURRENT EMPHASIS ON
 - CENTRALIZED POLICY DIRECTION
 - DECENTRALIZED EXECUTION
 - PARTICIPATORY MANAGEMENT
 - IMPROVED PLANNING

PPBS is the DOD resource management system. Controlled by the Secretary of Defense (SECDEF), its purpose is to identify mission needs, match them with resource requirements, and translate them into budget proposals.

System outputs include the Defense Guidance (DG), the Five Year Defense Program (FYDP) and the DOD portion of the President's Budget (PB).

The system is dynamic and evolves continually for many reasons ranging from changes in key personnel to shifts in policy direction. One of the greatest single sources of change is the seating of a new political administration. Each new Secretary of Defense adjusts the system to reflect his style of management. The current emphasis is on the following items:

- A continuation of centralized policy direction at the Office of the Secretary of Defense (OSD) level;
- A move to return execution authority and responsibility from the OSD staff to the Services, ~~(Military Departments)~~;
- A desire to include all DOD "players" fully in the decision-making process. Previously the process was characterized by Service Headquarters-OSD dialogue. Now the inputs of the operational commanders-in-chief (CINCs) and the Joint Staff are being incorporated;
- A goal of strengthening the planning phase of the PPBS to provide a better guide in developing programs and budgets

NATIONAL DIRECTION

Depicted here are the key documents in the annual cycle leading to the President's Budget Submission to Congress each January. Each is discussed more fully in later pages

→ National security policy provides the basis from which the Defense Guidance (DG) is developed. The Joint Staff and the Services also provide advice to the civilian defense authorities for their consideration during DG development

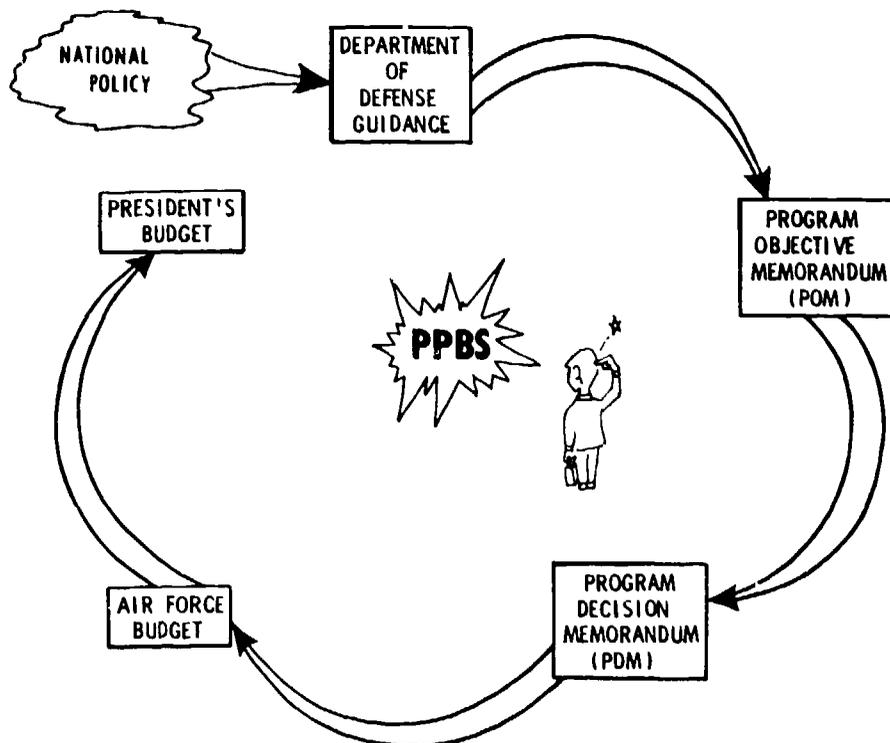
- Formulation of national security policy

→ National security policy is developed through the National Security Council (NSC) system and, when approved by the President, implemented by National Security Decision Directives, (NSDDs)

-- The NSC is the principal forum for considering international security issues requiring Presidential decision. A committee structure consisting of Senior Interdepartmental Groups (SIGs) and Interdepartmental Groups (IGs) supports the NSC

--- Three SIGs develop national security policy and make recommendations dealing with issues in their respective areas: Defense Policy (SIG-DP), Foreign Policy (SIG-FP), and Intelligence (SIG-I). Each SIG includes representatives from the Departments of State and Defense, as well as the CIA and NSC, plus invited individuals who have expertise on specific matters under consideration

--- IGs are established under the SIGs to consider issues in detail and to prepare papers for SIG review



DEFENSE RESOURCES BOARD

FUNCTIONS

- DOD BOARD OF DIRECTORS
- HELP SECDEF MANAGE PPBS
 - REVIEW DEFENSE GUIDANCE
 - CONDUCT PROGRAM AND BUDGET REVIEWS
- ENSURE THAT ACQUISITION OF MAJOR SYSTEMS MORE CLOSELY ALIGNED WITH PPBS

MEMBERS

CHAIRMAN, DEPUTY SECRETARY OF DEFENSE	
SECRETARY OF THE ARMY	ASD, INTERNATIONAL SECURITY AFFAIRS
SECRETARY OF NAVY	ASD, INTERNATIONAL SECURITY POLICY
SECRETARY OF AIR FORCE	ASD, MANPOWER
CHAIRMAN, JOINT CHIEFS OF STAFF	ASD, RESEARCH & TECHNOLOGY
USD, POLICY	ASD, RESERVE AFFAIRS
USD, RESEARCH & ENGINEERING	GENERAL COUNSEL
ASD, ACQUISITION & LOGISTICS	DIRECTOR, PROGRAM ANALYSIS & EVALUATION
ASD, COMMAND, CONTROL, COMMUNICATIONS & INTELLIGENCE	DIRECTOR, STRATEGIC DEFENSE INITIATIVE
ASD, COMPTROLLER	DIRECTOR, OPERATIONAL TEST & EVALUATION
ASD, HEALTH AFFAIRS	ASSOC DIRECTOR (OMB), NATIONAL SECURITY & INTERNATIONAL AFFAIRS

The Defense Resources Board (DRB) is SECDEF's corporate review body - his Board of Directors

It helps him manage two of the major activities in the Pentagon - The PPBS and the systems acquisition process

The current SECDEF has expanded DRB functions and membership

- Charter covered program and budget reviews and now covers planning issues
- Air Force, Army, and Navy Secretaries have been added as members. Also, the Service Chiefs attend virtually all meetings

Office of Management and Budget (OMB) participation is very useful. Because OMB has responsibility for developing the President's Budget, its involvement in DOD program and budget reviews eliminates the need for an additional OMB review following completion of DOD action. This unique procedure allows SECDEF to submit the DOD budget later than any other department (State, Agriculture, etc) in the Executive Branch

Current DRB operating procedures are different from preceding Administrations

- DEPSECDEF now has authority to make decisions. Former approach reserved decisions to SECDEF
- Previously, members formally voted on issues. Current approach is more informal with decision following discussion (DepSecDef final authority)

FIVE YEAR DEFENSE PROGRAM (FYDP)

- BASIC DOD PROGRAMMING DOCUMENT
- INTEGRATED AND COORDINATED PROGRAM
 - FORCES, COSTS, MANPOWER, PROCUREMENT AND CONSTRUCTION
- STRUCTURE
 - FIVE YEAR \$ HORIZON (EIGHT YEARS FOR FORCE TABLES)
 - CONSTRUCTED TO PORTRAY DATA TWO WAYS
 - MAJOR FORCE PROGRAM - FOR DOD REVIEW
 - APPROPRIATION - FOR CONGRESSIONAL REVIEW
- UPDATED THREE TIMES EACH YEAR
 - JANUARY: REFLECTS THE PRESIDENT'S BUDGET
 - MAY: REFLECTS THE POM
 - SEPTEMBER: REFLECTS THE SERVICE BUDGET ESTIMATES

The FYDP is the official document which summarizes the SECDEF-approved programs for the Department of Defense. It is a detailed compilation of the total resources (forces, manpower, procurement, construction, research and development, and dollars) programmed for DOD, arranged by Major Force Program (MFP) and appropriation. The FYDP projects five years for all data except forces, which extend an additional three years

- Assistant Secretary of Defense (Comptroller) maintains the FYDP
- Services provide updated data (AF/AC is Air Force OPR)

FYDP format:

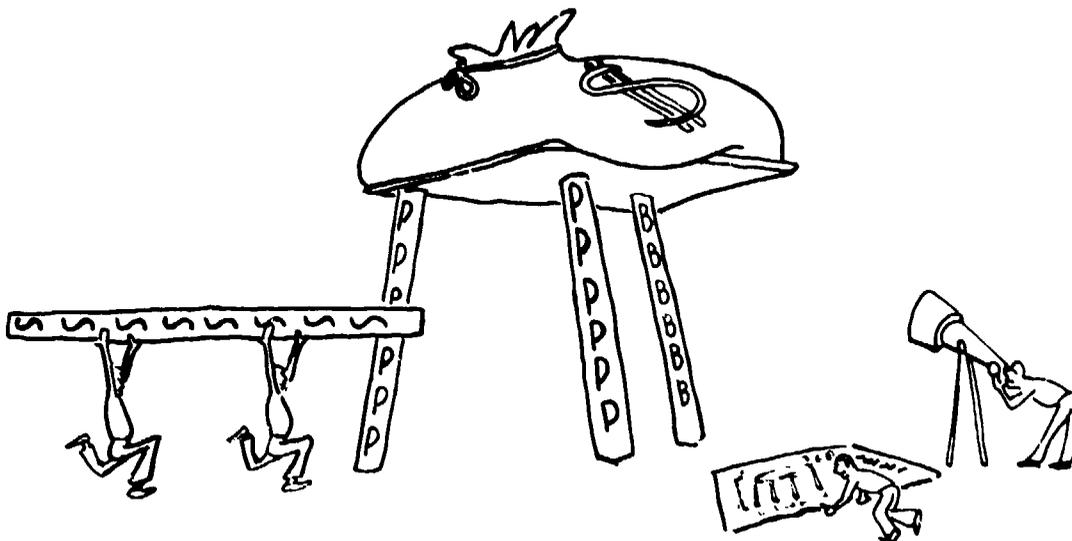
- MFP - There are ten Major Force Programs (MFPs). Each one consists of a number of Program Elements (PE). This structure is used as a basis for internal DOD program review
- Appropriation - This structure is used by Congress in its review of the DOD budget request and differs from the MFP approach. By satisfying both requirements, the FYDP serves as an interface between the two methods of portraying program/budget data.

The FYDP is updated three times each year

- In January to reflect the President's Budget (This becomes the departure point for developing the Service program for the next budget year)
- In May to reflect Service program proposals (The POM) as a first step toward the next President's Budget.
- In September to reflect Service budget estimates resulting from SecDef decisions on the Service program proposals (The BES)
- The mechanism for these updates is the program exercise described more completely on a later page

FYDP STRUCTURE MAJOR FORCE PROGRAMS

- 1 STRATEGIC FORCES
- 2 GENERAL PURPOSE FORCES
- 3 INTELLIGENCE AND COMMUNICATIONS
- 4 AIRLIFT/SEALIFT FORCES
- 5 GUARD AND RESERVE FORCES
- 6 RESEARCH AND DEVELOPMENT
- 7 CENTRAL SUPPLY AND MAINTENANCE
- 8 TRAINING, MEDICAL, OTHER GENERAL PERSONNEL ACTIVITIES
- 9 ADMINISTRATION AND ASSOCIATED ACTIVITIES
- 10 SUPPORT OF OTHER NATIONS



Ten MFPs expressed in cost, people and hardware detail by Program Element (PE)

- Combat force-oriented Programs (MFPs 1-5) generally contain their own organic support
- Support-oriented Programs (MFPs 6-10) are essentially Defense-wide

The PE is the basic building block

- PEs describe all forces, activities and support required to accomplish the AF mission with associated costs for a five-year period. Costs are provided by appropriation and program element
- There are over 1600 PEs in DoD (over 600 in AF)

For each PE in the AF there is a Program Element Monitor (PEM) in either HQ USAF or HQ AFSC

PROGRAM ELEMENT MONITOR

- THE EXPERT FOR ASSIGNED PE(s)
 - PRESIDES OVER PROGRAM'S WELL-BEING FROM BIRTH TO DEATH
 - PROVIDES "CORPORATE MEMORY"
 - LINK BETWEEN USING MAJCOM(s) AND AIR STAFF/OSD, ETC
 - READY TO BRIEF ANY PROGRAM ASPECT TO ANYONE
 - PREPARES AND UPDATES PROGRAM DECISION PACKAGES (PDPs) AND EXERCISE GUIDANCE
- ONE PEM PER PE
 - GENERALLY FROM STAFF OFFICE THAT IS FUNCTIONAL OPR
 - PEM MAY HAVE MORE THAN ONE PE

The PEM is THE expert everyone turns to for ANY AND ALL information concerning his program(s)

- PEM presides over a program from the pain of birth, through the joy of growth and success and possibly the agony of death
- The PEM provides the "corporate memory," is an indispensable link between the using command(s) and the Air Staff, and is the program spokesman for anyone, anytime. In other words, he is the primary program advocate
- To provide care and feeding for his programs, the PEM prepares and updates Program Decision Packages (PDPs) and Exercise Guidance (more to come) as required
- Bottom line is that the PEM must stay constantly alert to keep abreast of what is a very fluid situation

Each PE is assigned a PEM

- PEM generally is assigned from within the functional staff office OPR. As such, one of his most challenging tasks may be the balancing of functional desires with Air Force needs
- PEM may be responsible for more than one PE

PLANNING, PROGRAMMING & BUDGETING SYSTEM

- Each of the three segments of the PPBS (planning, programming, budgeting) contributes toward attaining our ultimate objective - providing operational commanders the best mix of forces and support attainable within fiscal constraints. As shown, each segment overlaps with the next
 - Planning - identifies the threat facing the nation during the next 5-20 years, assesses our capability to counter it, and recommends the forces necessary to defeat it. Planning highlights critical needs and examines risks if recommended goals are not attained in order to guide resource decisions
 - Programming - matches available dollars against the most critical needs and develops a five-year resource proposal. After this proposal is approved, it becomes the basis for budgeting action
 - Budgeting - refines the detailed costs and develops the Service estimate required to accomplish the approved program. Following review and approval, it serves as the input to the President's Budget. In the budgeting segment, the Air Staff plays a major role in defending the budget submission before Congress and executing Congressional appropriation legislation

PLANNING

- DETERMINE TOTAL FORCES REQUIRED TO COUNTER THREAT
- ESTABLISH BENCHMARK TO
 - HIGHLIGHT CRITICAL NEEDS
 - EXAMINE RISKS
 - GUIDE RESOURCE DECISIONS

PROGRAMMING

- MATCH AVAILABLE \$ WITH MOST CRITICAL NEEDS
- DEVELOP 5-YEAR RESOURCE PROPOSAL

BUDGETING

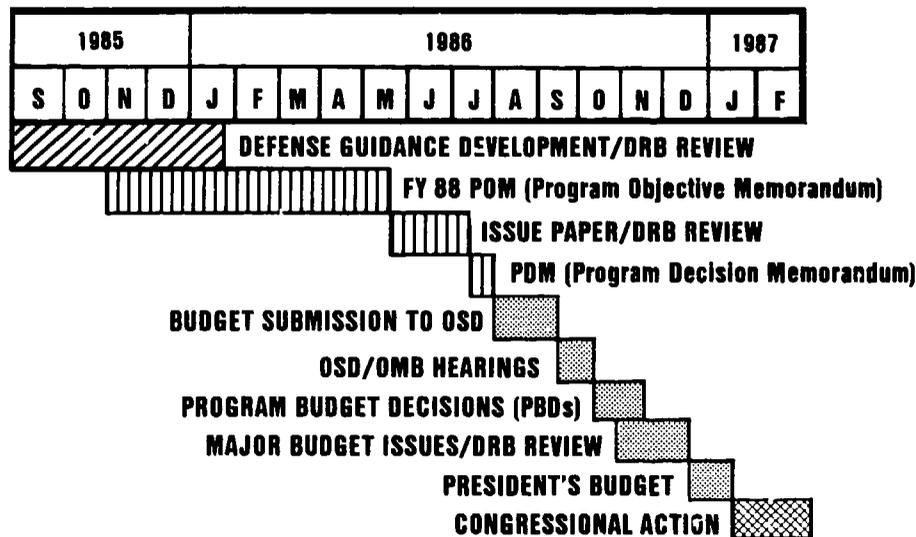
- FINAL COST APPROVED PROGRAMS
- PREPARE & SUBMIT DETAILED BUDGET
- ENACT & EXECUTE

PPBS SEQUENCE OF EVENTS

Here is the general time sequencing of key events within the PPBS (for FY 88 President's Budget)

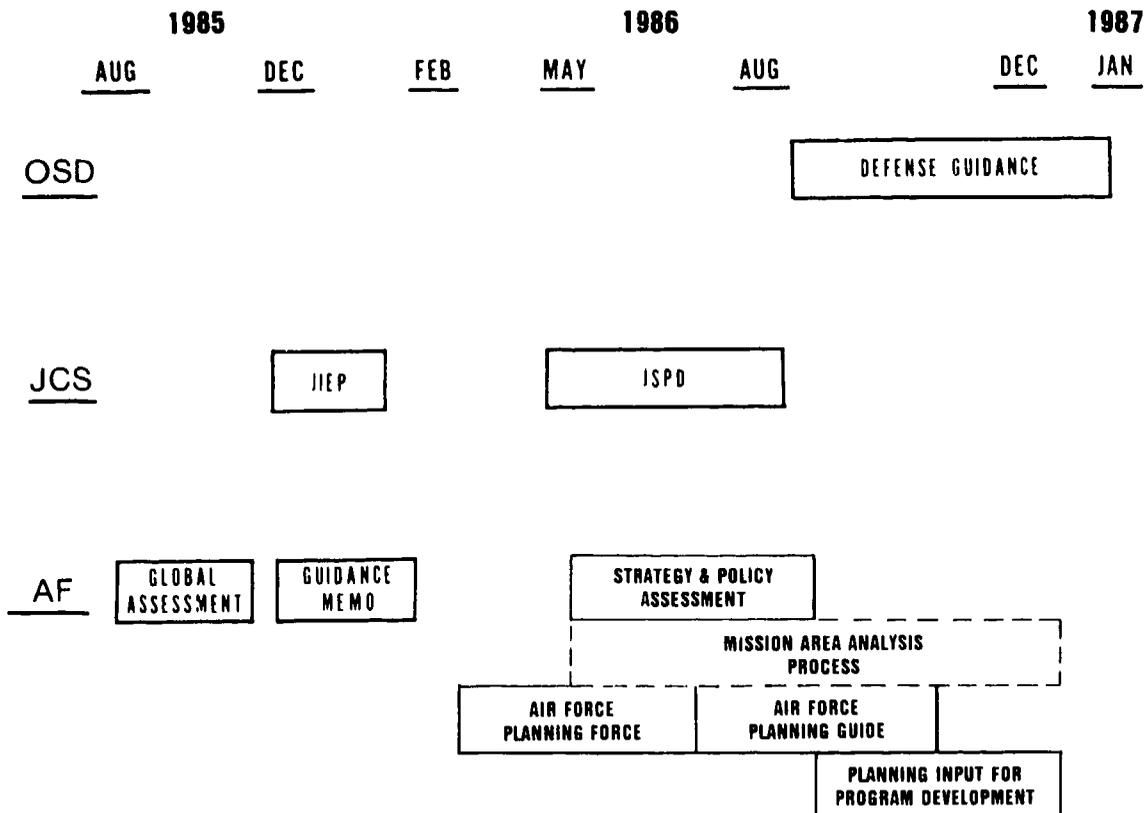
- Air Force planners started work in August 1985. They are developing items for internal Air Force use and provide inputs to the Joint Strategic Planning Document and the Defense Guidance
- The Defense Guidance is issued to the Services and the Joint Staff and reflects the SecDef's policy, strategy, force planning, resource planning, and fiscal guidance in January 1986
- POM development is the intensive process by which the Services prioritize fiscally-constrained program proposals for the next five years
- Issue Papers prepared by members of the DRB to suggest program changes to the Service POMs. The DRB is the forum which reviews and provides recommendations to the SecDef on these proposed changes to the Services' programs
- The Program Decision Memorandum (PDM) records SecDef decisions on the issues and directs adjustments to the Service POM
 - The Budget Estimate Submission (BES) is the Service's budget proposal. The BES is based on the OSD review of the Service POM, as updated by the PDM
- OSD and the Office of Management and Budget (OMB) hold hearings to gather supplementary information on how we arrived at specific budget estimates
- Program Budget Decisions (PBDs) issued by OSD are used to resolve most differences between Service BES* and OSD/OMB pricing. Remaining major issues are resolved by the DRB and SecDef
- Our Budget request, as approved by OSD and OMB, then becomes part of the President's Annual Budget Submission to Congress (usually in January). Congressional review and (hopefully) approval occurs during the months prior to the start of the FY 88 Budget year (1 Oct 87)
- In total, one cycle totals three years from the start of Air Force planning until budget execution begins

* Throughout this PRIMER and in practice, the AF Budget is variously called the AF Budget Submission or the AF Budget Estimate Submission (BES). They are the same.



PLANNING

- While OSD counts the start of a PPBS cycle as 1 Sep with initial development of the Defense Guidance (DG), Joint Staff and Air Force planning activities start as much as a full year earlier. AF/XOX is the Air Staff OPR for the Planning Segment
- Joint Staff Planning products include the Joint Intelligence Estimate for Planning (JIEP) and the Joint Strategic Planning Document (JSPD)
- Air Force planning begins with the Global Assessment and the Planning Guidance Memo. The Strategy and Policy assessment follows and provides the basis for AF input into the JSPD and the Defense Guidance (DG)
- Mission Area Analysis (MAA) is a tool for assessing USAF mission capabilities and for programmers to use in evaluating competing alternatives. The Air Force Planning Guide provides the record of the MAA assessment
- The Air Force Planning Force is developed annually to determine the force structure required to execute the national military strategy with a reasonable assurance of success
- The Planning Input for Program Development (PIPD) provides a concise statement of priorities for each of the Air Force's broad activities, missions, and specialized tasks, for use in developing the Air Force program
- The DG completion results from an extensive dialogue between OSD, the Joint Staff, and the Services
- The DG and PIPD documents published in Jan 86 will provide baseline guidance for building the FY 88 POM



JOINT INTELLIGENCE ESTIMATE FOR PLANNING (JIEP)

- DEVELOPED BY: - JOINT STAFF, SERVICES, DEFENSE INTELLIGENCE AGENCY (DIA)
- PERIOD COVERED: - SHORT, MID RANGE (1-10 FISCAL YEARS)
- PURPOSE: - TO PROVIDE PRINCIPAL INTELLIGENCE BASIS FOR DEVELOPMENT OF JSPD, JOINT PROGRAM ASSESSMENT MEMORANDUM (JPAM), AND JOINT STRATEGIC CAPABILITIES PLAN (JSCP). USES DEFENSE INTELLIGENCE PROJECTION FOR PLANNING (DIPP)
- CONTENT: - WORLD POWER RELATIONSHIPS
- REGIONAL ESTIMATES OF CAPABILITIES AND LIKELY COURSES OF ACTION
- REGIONAL TREATY ORGANIZATIONS
- ORGANIZATION: - SINGLE DOCUMENT WITH SEVEN PARTS
- | | |
|------------------------------|-------------------|
| -- GLOBAL APPRAISAL | -- NORTH KOREA |
| -- REGIONAL APPRAISALS | -- SOUTHEAST ASIA |
| -- USSR, WARSAW PACT | -- CUBA |
| -- PEOPLES REPUBLIC OF CHINA | |
- JIEP SUPPLEMENT: -- DIA PUB (NOT JOINT STAFF) - UPDATES JIEP



- Provides the principal threat base upon which the Joint Staff builds, in subsequent documents, recommendations on
 - Strategy to overcome the threat and fulfill military objectives
 - Planning forces to carry out the strategy
- Published in December timeframe
 - At the start of the PPBS planning segment

JOINT STRATEGIC PLANNING DOCUMENT AND SUPPORTING ANALYSES

- JSPD - EXECUTIVE SUMMARY (FORWARDED TO SECDEF ON 1 SEPTEMBER)
- INTERNAL JOINT STAFF SUPPORTING ANALYSES
 - JSPDSA I, STRATEGY AND FORCE PLANNING GUIDANCE
 - MILITARY OBJECTIVES
 - JOINT STAFF THREAT APPRAISAL
 - MILITARY STRATEGY
 - FORCE PLANNING GUIDANCE TO CINCS AND SERVICES
 - JSPDSA II, ANALYSIS AND FORCE REQUIREMENTS
 - DERIVED FROM CINC AND SERVICE INPUTS
 - "PLANNING FORCES" REQUIRED TO EXECUTE STRATEGY WITH A "REASONABLE ASSURANCE" OF SUCCESS
 - ADVICE ON ACHIEVEMENT OF "PLANNING FORCES"
 - RISK IN PROGRAM FORCES
 - RISK REDUCTION MEASURES
 - ALLIED FORCE CAPABILITIES AND RECOMMENDATIONS

Provides SecDef, the NSC, and the President with JCS advice on policy, national military strategy, and force recommendations

Establishes position of the JCS as a reference for Presidential and NSC-directed actions

Provides Joint Staff recommendations to OSD to influence development of the DG

Includes recommendations for risk reduction measures (that is, which mission or program areas should receive emphasis if additional funds were available)

Requires CINC and Service participation during development. (AF/XOX is Air Staff point of contact with the Joint Staff for all PPBS activity throughout the planning process)

AIR FORCE PLANNING

- USAF GLOBAL ASSESSMENT
 - 20 YEAR LOOK INTO FUTURE
 - PROPOSES MILITARY OBJECTIVES AND STRATEGY CHANGES
- SECAF/CSAF PLANNING GUIDANCE MEMO
 - "TOP DOWN" GUIDANCE TO PLANNERS
 - ESTABLISHES LONG TERM OBJECTIVES AND PRIORITIES
- STRATEGY AND POLICY ASSESSMENT
 - EVALUATES CURRENT MILITARY OBJECTIVES AND STRATEGY
 - IDENTIFIES ISSUES FOR DG
- USAF PLANNING FORCE
 - ESTABLISHES FORCE REQUIREMENTS TO EXECUTE NATIONAL MILITARY STRATEGY WITH A REASONABLE ASSURANCE OF SUCCESS
 - THREAT DRIVEN
- PLANNING INPUT FOR PROGRAM DEVELOPMENT
 - CATALOGS INFORMATION FOR PROGRAM DEVELOPERS
 - LISTS PRIORITIES BY BROAD ACTIVITY, MISSION, AND SPECIALIZED TASKS
- Air Force planning is the first step in the PPBS cycle
- USAF Global assessment looks 20 years ahead to project the environment the AF is likely to face
 - Contains background data, supporting analysis, and proposed objectives and strategies which the SecAF and CSAF use to develop the planning guidance memorandum

Planning Guidance Memorandum (PGM) - The PGM provides Air Staff and MAJCOM planners with broad executive guidance and long-term perspectives on the Air Force mission, tasks, and activities

- Establishes long-term (15 years beyond FYDP) Air Force priorities within the frame work of national policy

Strategy and Policy Assessment (SPA) - The SPA is a mid-term document that evaluates current U.S. national security objectives, military objectives and military strategies

- Provides a review and critique of the current DG, and prepares planners for participation in the development of the JCS and DOD DG

USAF Planning Force (PF) - The PF describes the forces required to carry out the Air Force's role in national strategy, with a reasonable assurance of success

USAF Planning Input for Program Development (PIPD) - The PIPD provides a set of priorities for each of the Air Force's missions, specialized tasks, and broad activities (organizing, training, equipping, and sustaining forces) to be used in the development of the Air Force program

DEFENSE GUIDANCE (DG)

- SECDEF GUIDANCE TO DOD
 - POLICY GUIDANCE
 - STRATEGY
 - FORCE PLANNING
 - RESOURCE PLANNING
 - FISCAL GUIDANCE
 - MAJOR ISSUES
- ALL DOD ELEMENTS HELP DEVELOP
 - DOD DRAFTING TEAMS REVIEW AND DEVELOP SECTIONS
 - DG STEERING GROUP AND DRB RESOLVES ISSUES
 - DESIGNED TO LINK ALL PLANNING PIECES TOGETHER IN COHERENT PACKAGE
- PURPOSE IS TO GUIDE RESOURCE ALLOCATION DECISIONS
 - SERVICES FOR PROGRAM DEVELOPMENT
 - OSD, JCS FOR PROGRAM REVIEW

The DG provides DOD guidance to the Services for the development of the POM

The DG provides SECDEF's policy, strategy, force planning, resource planning, and fiscal guidance to all DOD organizations

- Fiscal guidance is provided at Total Obligational Authority (TOA) level for each of the next five years. (TOA is the total money required to execute the program). This dollar total reflects Presidential/OMB decisions concerning the amount of real growth and the inflation rates to be used when developing the Air Force program
- Fiscal guidance provides the overall constraint, or dollar ceiling, within which our program must be constructed

All DOD players contribute to IG development. Air Force has two channels for input - first directly to OSD and second through the JCS. Air Force Major Commands (MAJCOMs) provide their input to AF/XOX; Specified Commands input through the JCS as well

The DRB reviews and resolves major issues, as required, prior to final DG publication.

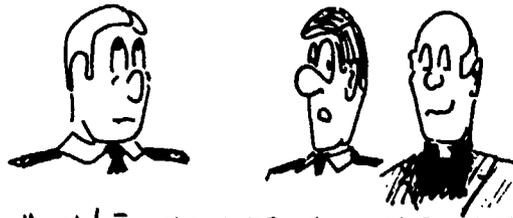
DG is designed to guide resource allocation decisions which occur during the programming and the budgeting phases. Services develop their program proposals in accordance with it while OSD and Joint Staff use it as the baseline for program review

MISSION AREA ANALYSIS (MAA)

MISSION AREA ANALYSIS:
A TOOL FOR UNDERSTANDING
AIR FORCE CAPABILITY TO
ACHIEVE IDENTIFIABLE
OBJECTIVES

PRODUCT:
THE AIR FORCE PLANNING
GUIDE

- KNOW THE GUIDANCE
- KNOW THE THREAT
- IDENTIFY THE SPECIFIC TASKS,
FUNCTIONS AND CONDITIONS
- IDENTIFY THE SPECIFIC MISSION
OBJECTIVES
- ESTABLISH THE RELATIVE IMPORTANCE
OF THE TASKS AND FUNCTIONS
- ASSESS CAPABILITY TO ACCOMPLISH
TASKS
- IDENTIFY CAPABILITY SHORTFALLS AND
LIMITING FACTORS
- ARTICULATE NEEDS BACK TO LEADERSHIP
BASED ON MISSION DEFICIENCY AND
RELATIVE IMPORTANCE

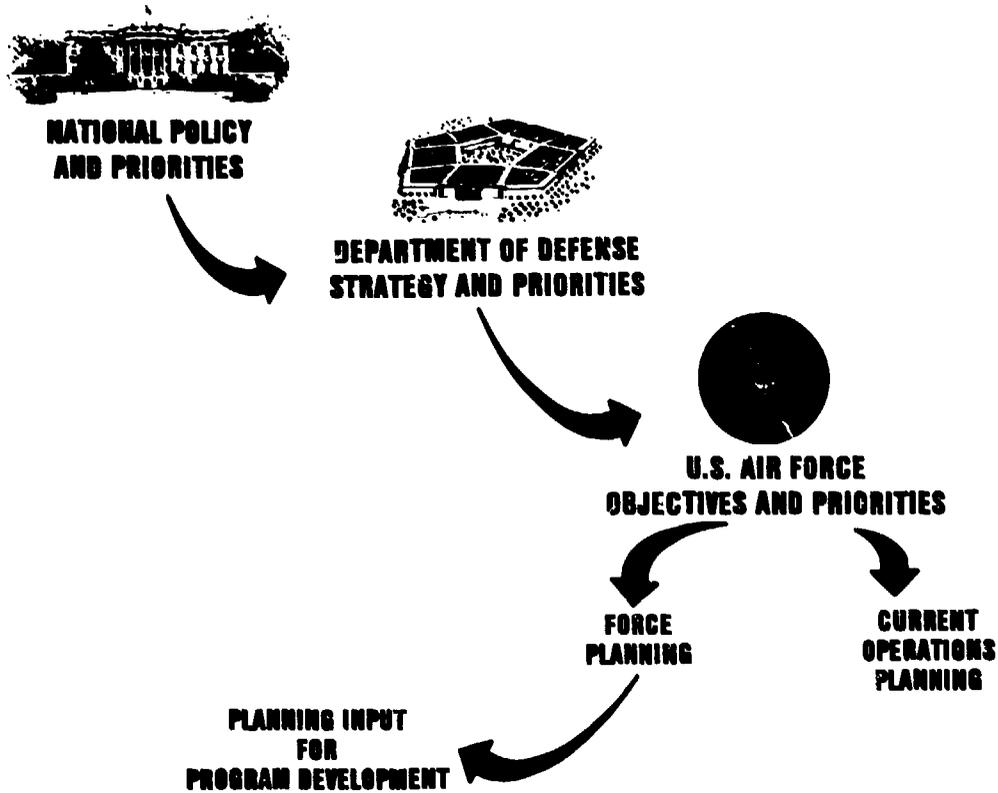


"OH! I THOUGHT YOU SAID MISSIONARY."

- MAA is directed by AF/XOX who, with Air Staff and MAJCOM involvement, analyzes current Air Force capabilities to achieve the mission objectives required to support DG strategy against the projected threat. This analysis is completed prior to the start of building the POM and produces a listing of capability improvement needs and limiting factors which is an input to the programming process. The same list provides a framework for establishing the required force levels contained in the PIPD
- This process identifies factors limiting Air Force capabilities, and their relative importance. It is also used during POM formulation to assess the mission capability impacts of proposed changes to the program
- The record of the MAA assessment is contained in the annual Air Force Planning Guide

PLANNING PROCESS

- The planning process is summarized below



- The Planning Input for Program Development provides a valuable link from the planning process to POM Development.

PROGRAMMING

- OVERLAPS WITH PLANNING AND BUDGETING
- TWO DISTINCT PROCESSES
 - POM DEVELOPMENT
 - POM REVIEW
- RESULT IS SECDEF-APPROVED PROGRAM
 - APPROVAL (INCLUDING CHANGES RESULTING FROM REVIEW) CONTAINED IN PDM
 - BASELINE FOR START OF BUDGETING SEGMENT

The programming segment is the first point in the PPBS process where fiscal constraints are matched against resource requirements and it is likely to impact alternatives selected during the planning segments

Programming matches available dollars against the identified most critical needs to develop a 5-year resource proposal, the Five-Year Defense Program (FYDP), for the Air Force

- This segment starts before planning activity is complete and ends after initial budgeting activity
- Using the Air Force planning products, inputs from the CINCs, MAJCOMs, and the DG, the Air Force develops its proposed program - the Program Objective Memorandum (POM)
- The Air Force (and the other) POMs are reviewed by the CINCs, Joint Staff, the OSD staff and the OMB staff
- The reviewers develop alternatives (issues) to some of the programs contained in the POMs. Each issue consists of two or more alternatives. The DRB reviews the alternatives and then makes recommendations to the SecDef
- SecDef decisions on the alternatives are provided to each Service in a Program Decision Memorandum (PDM) for that Service
- The POM, as modified by the PDM, serves as a baseline for the start of the budgeting segment

The following pages provide detail on each of the points above

THE PROGRAM OBJECTIVE MEMORANDUM THE "POM"

- OSD GUIDANCE IN MANY FORMS
- AF/PR FOCAL POINT
- FUNCTIONAL STAFF "ADVOCATES"
- MAJCOM PARTICIPATION
- BOARD STRUCTURE REVIEW

Each Military Department and Defense Agency annually prepares and submits a POM to the SecDef

The POM identifies total program requirements in ranked PDP format for the next 5 years, and includes rationale in support of the planned changes from the approved FYDP baseline

The POM is based on strategic concepts and guidance stated in the DG, and includes assessment of the risk associated with current and proposed forces and support program

The POM requires six months of concentrated effort each year to construct

Builds on the previous year's effort, expresses the Air Force Five Year Program recommendations to OSD to meet the objectives of the Defense Guidance and the Air Force senior leadership, and identifies Air Force initiatives

- All Major Commands, Separate Operating Agencies, and Direct Reporting Units provide formal inputs
- Over 400 Program Element Monitors (PEMs) provide inputs on over 600 AF Program Elements (PEs) which cover the entire AF program
- Special high national interest areas - like PEACEKEEPER, C-17 and space systems - undergo additional reviews
- Functional areas - which cut across mission areas and individual PEs - are reviewed to provide "more than one look" at the same item so that decisions are made based on the most complete review possible

The Director of Programs and Evaluation (AF/PRP), as the chairman of the Air Staff Board, is responsible for building the POM and justifying it during the subsequent program review process with OSD

Functional staff and MAJCOMs advocate programs and new initiatives throughout the process. MAJCOMs also review the POM at several points during its development

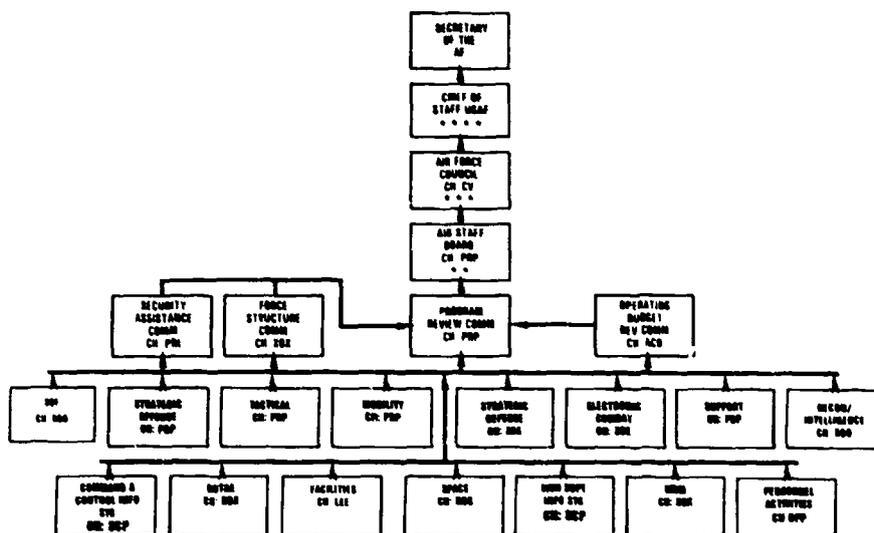
A key feature of the AF POM development process is the use of a corporate review body - the Air Force Board Structure

- Brings it all together
- Provides "Open" POM process
- Provides recommendations to CSAF and SECAF

THE AF CORPORATE REVIEW APPROACH

- This chart shows the corporate review structure used in POM development. Each level is the screening agency for higher levels. Each level can refer to the functional staff. Membership of each level comes from across the functional staff
- Panels: Mission and special interest oriented. Chaired by Senior Colonels, members are field grade officers and civilian equivalents. Fifteen panels in all
- Committees: Four committees evaluate the Panel inputs. The Security Assistance Committee develops recommendations in the special interest foreign military sales area. The Force Structure Committee develops recommendations on the force structure (size and mix of forces) to carry out assigned AF missions. The Operating Budget Review Committee provides recommendations concerning the development of the Operation and Maintenance budget. The Program Review Committee brings it all together by developing consolidated recommendations on the entire AF program. It is the key Air Force Board Structure organization in POM development. Committees are chaired by General Officers and have Colonel members and civilian equivalents
- Each panel and committee is a "mini-Air Staff" with representation from all functional areas. This insures that all aspects of a given program proposal are thoroughly evaluated before being presented to the ASB and AFC for senior level consideration
- Air Staff Board (ASB): The Director of Programs and Evaluation chairs this Air Staff directorate level (two-star) corporate board. The ASB reviews the committee inputs and provides overall program recommendations to the Air Force Council
- Air Force Council (AFC): The Vice Chief of Staff chairs the AFC. Membership is at the Deputy Chief of Staff (three-star) level. The AFC is the final corporate review body whose recommendations go to the CSAF and the SECAP

AF BOARD STRUCTURE FOR POM DEVELOPMENT



CINC PARTICIPATION IN THE PPBS

During the 1984 Program Review, several CINCs expressed concern regarding their limited participation in POM development. As a result, The Deputy Secretary solicited the views of the CINCs and the DRB members for enhancing the CINCs' role in the PPBS, with emphasis on POM development and program review. The subsequent replies underscored the effectiveness of the AF open POM process.

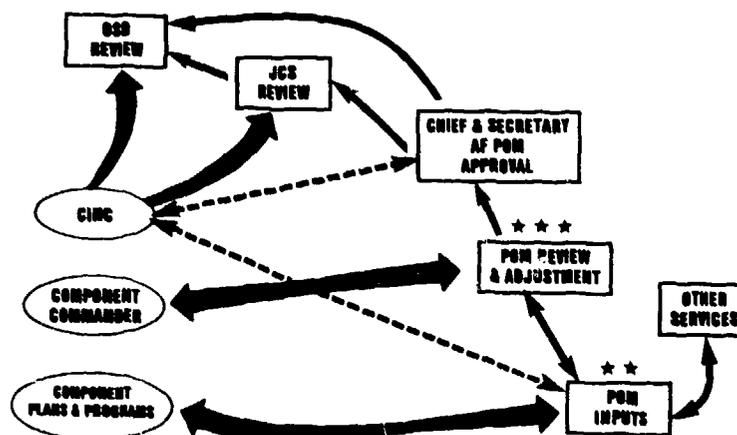
The AF POM process has always utilized the component as the key link to the supported CINC. TAC, PACAF, USAFE and AFSPACE translate their Unified CINCs' requirements into programmatic solutions and integrate the resultant programs into their respective MAJCOM POM submissions. Those POM submissions specifically highlight CINC requirements and provide justification for any CINC requirements not recommended for full funding. Component and CINC staffs engage in a continuous exchange of information throughout POM development. The component also insures that the Air Staff is kept apprised of changing CINC concerns.

In November 1984, the Deputy Secretary directed that three actions be taken to enhance the role of the CINC in program development. First, the CINCs were directed to submit a list of their higher priority needs to the SecDef. This list is referred to as an Integrated Priority List (IPL). Second, the Services were directed to report in their POM, the extent of funding support for each IPL requirement. And third, the CINCs were permitted to take direct exception to the Service POMs by authoring issues for consideration during the Program Review.

While POM development continues to be a Service responsibility, increased CINC participation has resulted in closer coordination at all levels, greater cooperation among the Services and more senior leadership involvement throughout the process. Ultimately, these improvements will provide each Commander-in-Chief the best mix of forces, equipment and support attainable within fiscal constraints.

CINCs INVOLVEMENT IN AIR FORCE POM PREPARATION

- The ultimate objective of the PPBS is to provide the operational Commanders-in-Chief the best mix of forces, equipment, and support attainable within available resources.
- The Joint Chiefs of Staff shall review the major material and personnel requirements of the Armed Forces in accordance with strategic and logistics plans.
- The Joint Chiefs of Staff shall review the plans and programs of Commanders of unified and specified commands to determine their adequacy, feasibility, and suitability for the performance of assigned missions.
- The Commander of a unified or specified command is authorized to review the recommendations bearing on the Budget from the component commanders to their parent military departments to verify that the recommendations are in agreement with his plans and programs.



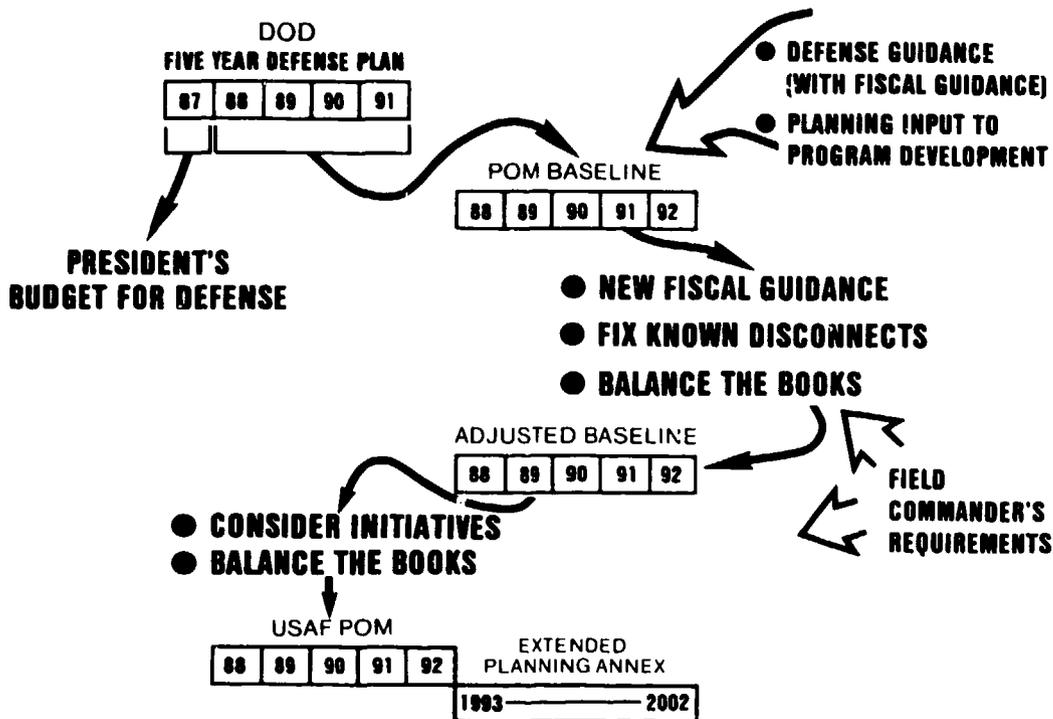
CINC PARTICIPATION in the CURRENT PPBS PROCESS

7 unified commands and 2 specified commands

Component commands:

- PACAF supports US Pacific Command
- USAFE supports US European Command
- USAFRED (TAC) Supports
 - US Readiness Command
 - US Atlantic Command
 - US Southern Command
 - US Central Command
 - US Element NORAD
- AFSPACCOM supports US Space Command
- CINCs submit Integrated Priority Lists (IPLs) to SECDEF
- Unified CINCs have direct access to Service Chiefs
- CINCs permitted to raise program review issues
- Services report the extent of POM support for IPL requirements in POM Annex

POM BUILDING PROCESS



Air Force POM Development consists of four phases

- Fixing the baseline (disconnect phase)
- Fiscal Guidance Adjustment
- Initiatives Phase
- Pricing

Before the POM Building Process is described in detail, two important concepts should be understood

- The Program Decision Package
- The Program Exercise

THE PROGRAM DECISION PACKAGE (PDP)

- DECISION DOCUMENT FOR AIR FORCE LEADERSHIP
 - TOTAL CURRENT PROGRAM IN "HOME" PDPs AND CANDIDATES FOR CHANGE IN "DELTA" PDPs COMPRISE THE PDP SET
 - PROVIDES YEAR-LONG TRACK - FROM ONE POM TO THE NEXT
 - PDP CONTENT CHANGES WITH APPROVAL OF A "DELTA" PDP
- PROVIDES THE PROGRAM STRUCTURE FOR BUILDING AND REVISING THE AIR FORCE PROGRAM
- DESCRIBES AN INDEPENDENT ALL-INCLUSIVE PORTION OF THE PROGRAM
 - IN TERMS OF CAPABILITY, DOLLARS, MANPOWER (TOTAL RESOURCES)
 - CONTAINS ONE OR MORE PEs
- PDP MONITOR
 - APPOINTED BY APPROPRIATE PANEL CHAIRMAN
 - RESPONSIBLE FOR MAINTAINING PDP ACCURACY
- PDPs ARE THE "BUILDING BLOCKS" THAT DEFINE THE TOTAL AIR FORCE PROGRAM

The PDP is a decision document used by the Air Force leadership. The current program plus proposed alternatives are all developed in PDP format. While PDPs were initially developed strictly for POM preparation, they now are updated throughout the year and provide a program track throughout the PPBS process. Delta PDP content changes often (daily in some cases) during POM development

A PDP describes an independent portion of the Air Force program in terms of the resources needed for that portion. Though each PDP can be summarized on a single page, an expanded version containing greater detail can require several pages. While a PDP contains no advocacy, impact information is part of the total package prepared

A PDP monitor is required to insure that each PDP remains accurate and complete. Because PDPs change often during POM development, this is a challenging job. Each monitor is appointed by the appropriate panel chairman and is a knowledgeable action officer or a PEM

THE PROGRAM EXERCISE

- THE PROGRAM EXERCISE PROVIDES THE GUIDANCE THAT LINKS THE AIR FORCE PDP DATA BASE WITH THE DOD FYDP DATA BASE
 - UPDATES FYDP WITH APPROVED ADJUSTMENTS TO THE AIR FORCE PROGRAM
 - REFINES PROGRAM COST ESTIMATES
 - PROVIDES A FYDP THAT REFLECTS THE AIR FORCE PROGRAM
- CONDUCTED THREE TIMES PER YEAR
 - DURING POM DEVELOPMENT (A SERIES)
 - DURING BUDGET ESTIMATE DEVELOPMENT (B SERIES)
 - DURING FINAL DEVELOPMENT OF PRESIDENT'S BUDGET (C SERIES)
- EXERCISE GUIDANCE DIRECTS PROGRAM CHANGE
 - RECONCILES PDP AND FYDP DATA BASE DIFFERENCES
 - IMPLEMENTS DIRECTED CHANGES

BOTTOM LINE - THE SMART PEM AND PDP MONITOR UNDERSTAND EXERCISE REPORTS AND INSURE THEY ARE CORRECT

Program exercises have two purposes. First is to ensure that the program is accurately costed. Program costing is initially developed from numerous sources (program office or contractor estimates, previous experience, etc). The exercise verifies these initial estimates through a formalized process within the Air Staff. Second is to serve as a vehicle for updating the FYDP. Exercises are conducted by AF/PRP and AF/ACB but involve a large part of the Air Staff. AF/PRP publishes exercise guidance which AF/ACB and other budget analysts execute.

There are three exercise series each year. Each series leads to one of the three FYDP updates described earlier

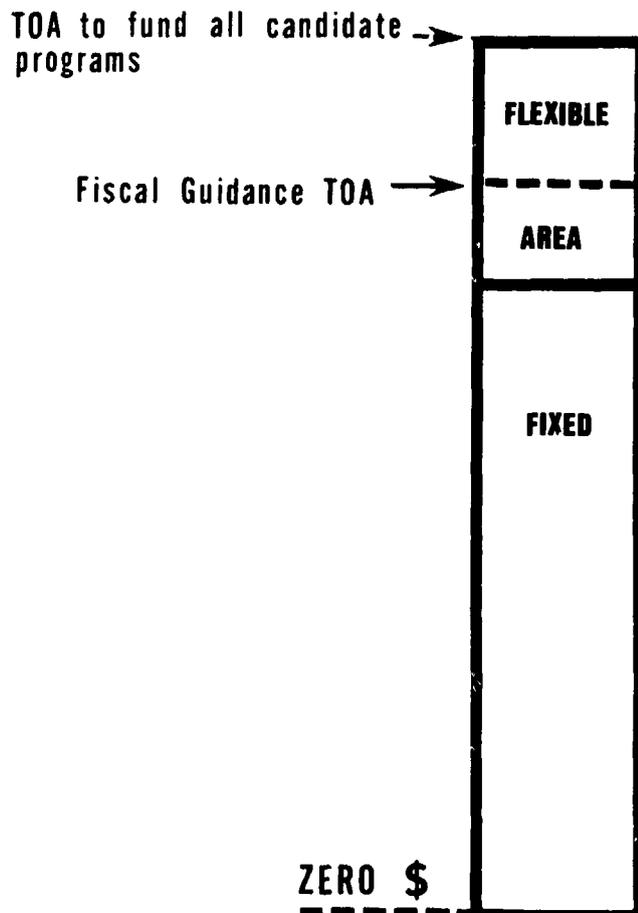
- The A Exercise supports POM development by initially costing the proposed program and alternatives to it
- The B Exercise occurs during Budget Estimate preparation to update program costing and incorporate changes directed during program review
- The C Exercise only incorporates changes directed during budget review and results in the Air Force portion of the President's Budget.

Exercise guidance is direction to the Air Staff to cost a particular item and include it in the funded program. Exercise guidance directs program change resulting from Air Force, OSD or OMB decisions

- There is a key difference between a PDP and exercise guidance. The baseline PDP defines a portion of the Air Force program. A delta PDP reflects a recommended change to the Air Force program. Once approved, this change generates exercise guidance which ultimately adjusts the approved Air Force Program. The delta PDP doesn't change the baseline. Only exercise guidance as implemented by AF/ACB does this.

BUILDING THE POM

- The Air Force has ranked competing requirements for many years (built from the bottom up) to insure that the most critical needs are met within fiscal constraints
- A point not well understood is that a large percentage of the program essentially is fixed. This "fixed" portion consists of the key items shown here and represents about 75% of the Air Force's expected TOA (the total money anticipated to execute the program). Candidates for the remaining funding extend far beyond expected TOA (by as much as 10-20 billion dollars). The "flexible area" contains packages of additional procurement (force modernization and growth) and increased levels of specific readiness, sustainability, R&D activities and other support
 - Reductions to Air Force programs brought about by limitations in TOA do not necessarily come solely from the "flexible area." The fixed program as well must be considered in light of changing requirements based upon the latest information
- A key objective of POM development is to insure a balanced program. Several kinds of balance are essential to the health and success of the Air Force - balance among mission areas, balance between force structure and support, and balance between readiness and modernization



"FLEXIBLE AREA" Programs

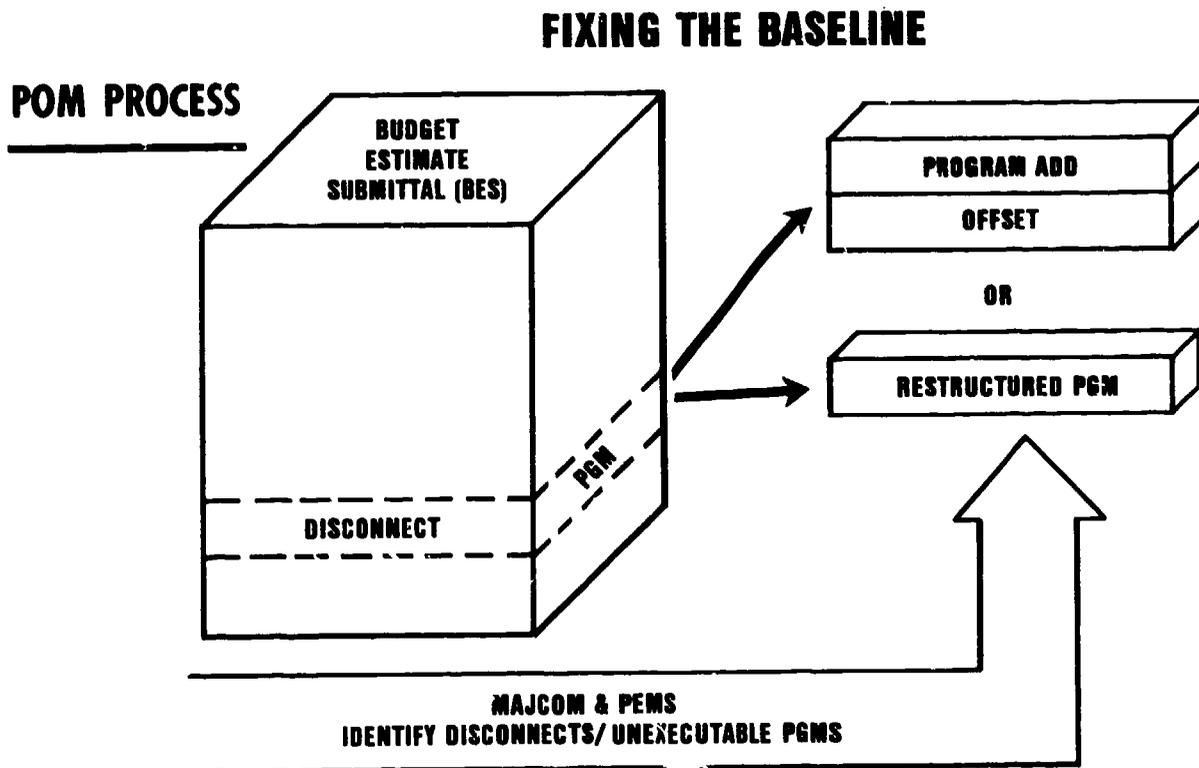
- Force Growth Procurement
- Modernization Procurement
- Increased levels of:
 - Readiness, Sustainability
 - Research and Development

"FIXED" Programs

- Peacetime Operations/Training
- Essential levels of:
 - Readiness, Sustainability
 - Research and Development
- Directed Programs
 - Intelligence
 - Strategic
 - Other
- Base Support
 - Base Structure
 - Personnel
 - Logistics
 - Other

DISCONNECT PHASE (November - January)

- The initial goal is to identify unexecutable programs created by funding shortfalls, force adjustments, and/or policy changes since the BES
 - All inputs are developed and submitted as Program Decision Packages (PDPs)
- Most often, funding shortfalls result from Congressional actions generated during review of the preceding years President's Budget or by fact-of-life changes
- The BES, normally submitted to OSD in September, is the initial baseline from which MAJCOMs determine program requirements for the next year since the President's Budget (which will serve as the true POM baseline) is not available until January. POM development starts in the Fall to meet the OSD submittal date, in mid-May
- In January, MAJCOMs brief the panels on unexecutable programs (not changes in program scope or schedule accelerations.) These briefings include alternative programmatic solutions (adjustments in program content and/or funding) and associated funding offsets
 - For each fix that requires additional funding, some other existing program must be reduced, rephased, or cancelled



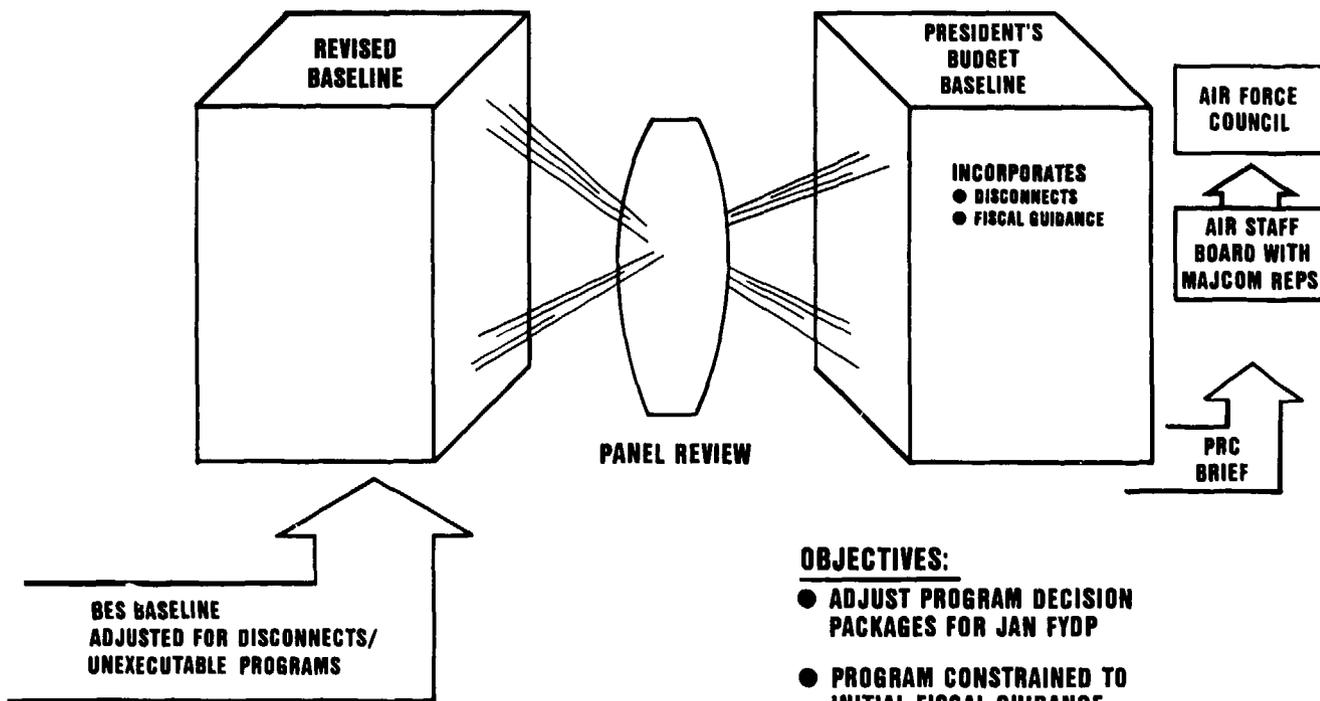
OBJECTIVES:

- REVIEW ALL PROGRAMS
- IDENTIFY DISCONNECTS OR UNEXECUTABLE PROGRAMS
- IDENTIFY OFFSETS AND/OR PROGRAMMATIC ADJUSTMENTS

FISCAL GUIDANCE ADJUSTMENT PHASE (January - February)

- After the President's Budget (PB) is submitted in January, the baseline shifts from the BES to the FYDP as updated in the PB
- OSD establishes new fiscal guidance (a dollar ceiling) to help the Services size the next POM development cycle
 - New fiscal guidance reflects many things - Congressional climate, new economic trends, or changing international environment
- Panels review their programs in light of the revised guidance
 - Present recommended program adjustments to the PRC
- The PRC rebuilds the Air Force Program based upon revised guidance and the panel recommendations
- The PRC briefs the Air Staff Board, with MAJCOM representatives in attendance, on the recommended adjustments to the Air Force Program
- The ASB then briefs the Air Force Council on the recommended revisions to the Air Force program

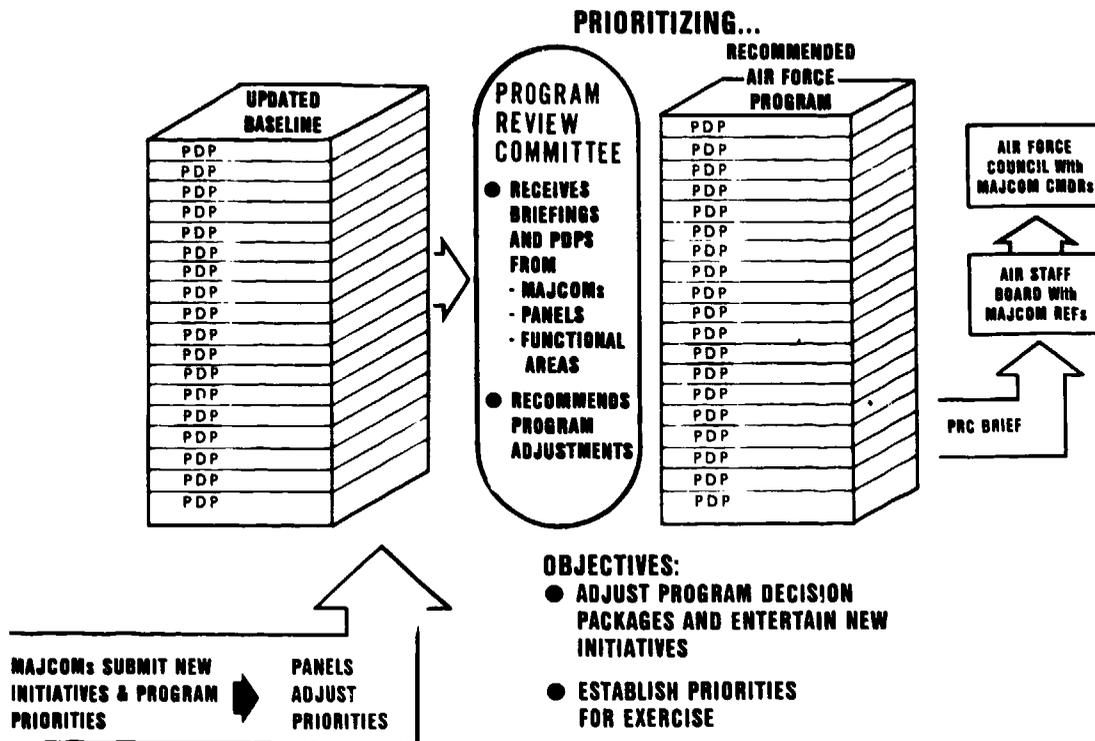
JANUARY FYDP UPDATE



PROGRAM UPDATE PHASE

INITIATIVES PHASE (February - March)

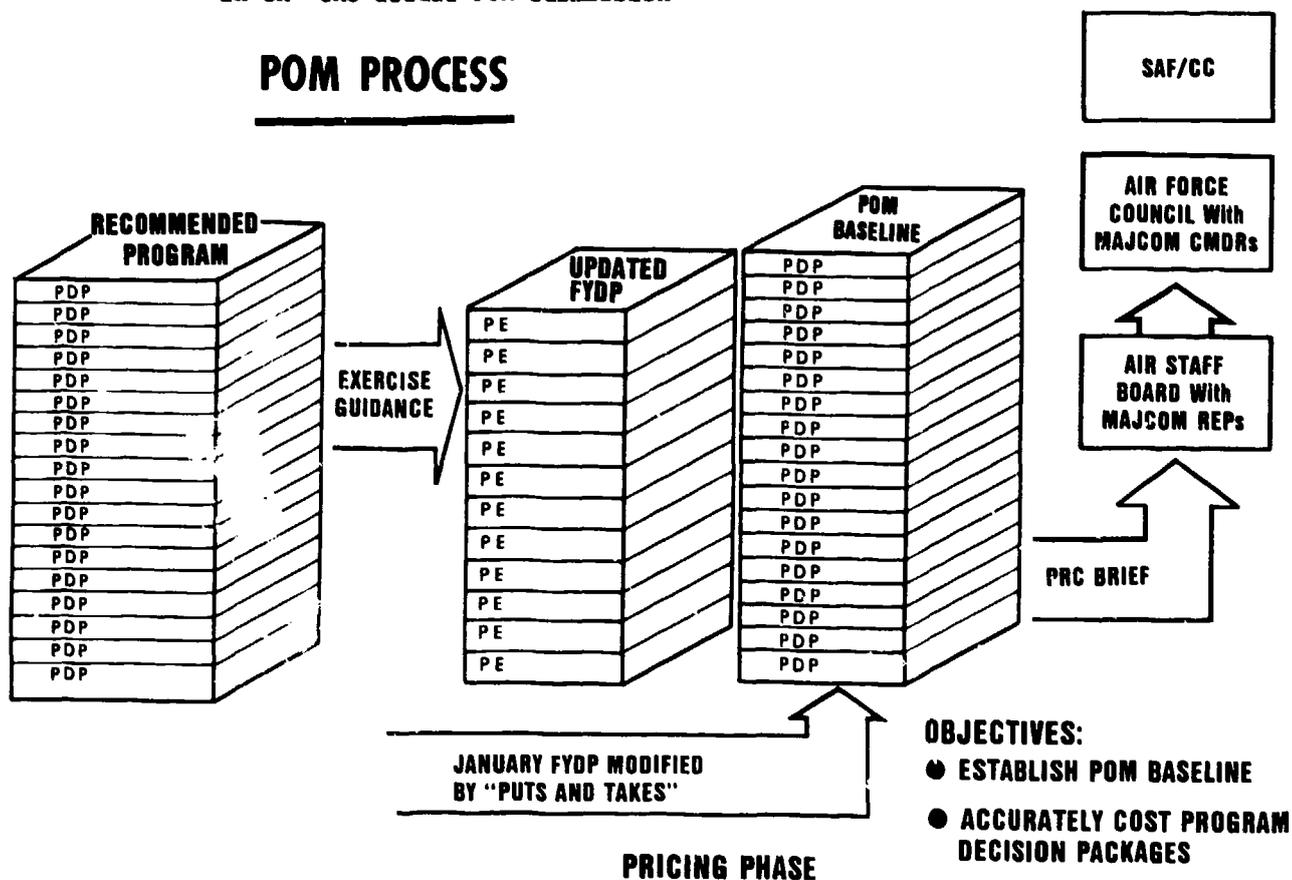
- The MAJCOMs return to brief the Air Staff Board Panels and Committees on their integrated rank-ordered POM (including initiatives with identified offsets)
- Each Panel then evaluates the programs it has responsibility for
 - The PDPs are rank ordered by the Panels from "most dear" to "least dear".
 - Initiatives could be ranked more dear than currently-funded programs
 - Each panel chairman briefs the PRC on a prioritized list of all MAJCOM initiatives that were presented to his Panel
 - Initiatives recommended for funding and the associated offsets are identified
 - The PRC balances all panel inputs to develop a recommended revised Air Force program
- The PRC Chairman briefs the Air Staff Board with MAJCOM XPs in attendance. Subsequently, the Air Staff Board Chairman briefs the Air Force Council with the MAJCOM/CCs in attendance.
 - This represents the initial Air Force recommended POM position.



PRICING PHASE (March - April)

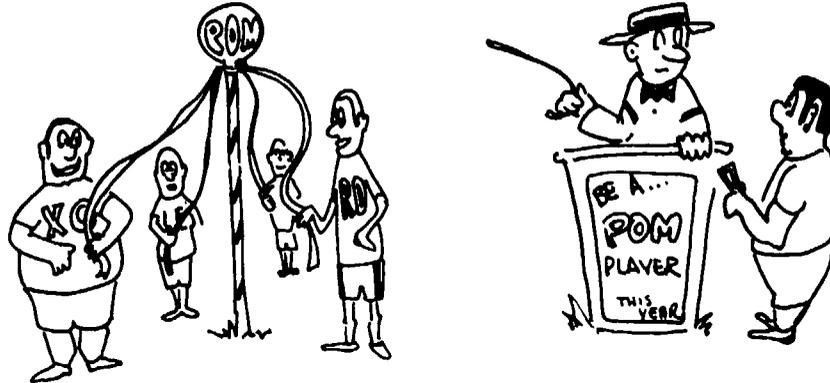
- The PRC will continue to revise the program based on approved recommendations received up to the AFC and MAJCOM/CC Review
 - This revised listing, reflecting the ranking and funding for each program, becomes the Air Force Council recommended POM
- Exercise guidance is published that directs all adjustments to be incorporated
 - The A exercise verifies the pricing of the January FYDP POM baseline plus the changes that are being considered to it
 - The result is a new baseline for continued POM development. Each office with a functional impact inputs applicable data into the exercise data base. Only those PDPs which are impacted by factor adjustments or recommended adjustments are revised
- The exercise proposals are briefed through the Air Staff Board structure to the Chief and the Secretary in order to gain final guidance concerning further changes necessary to "close in on" the actual POM submission

POM PROCESS

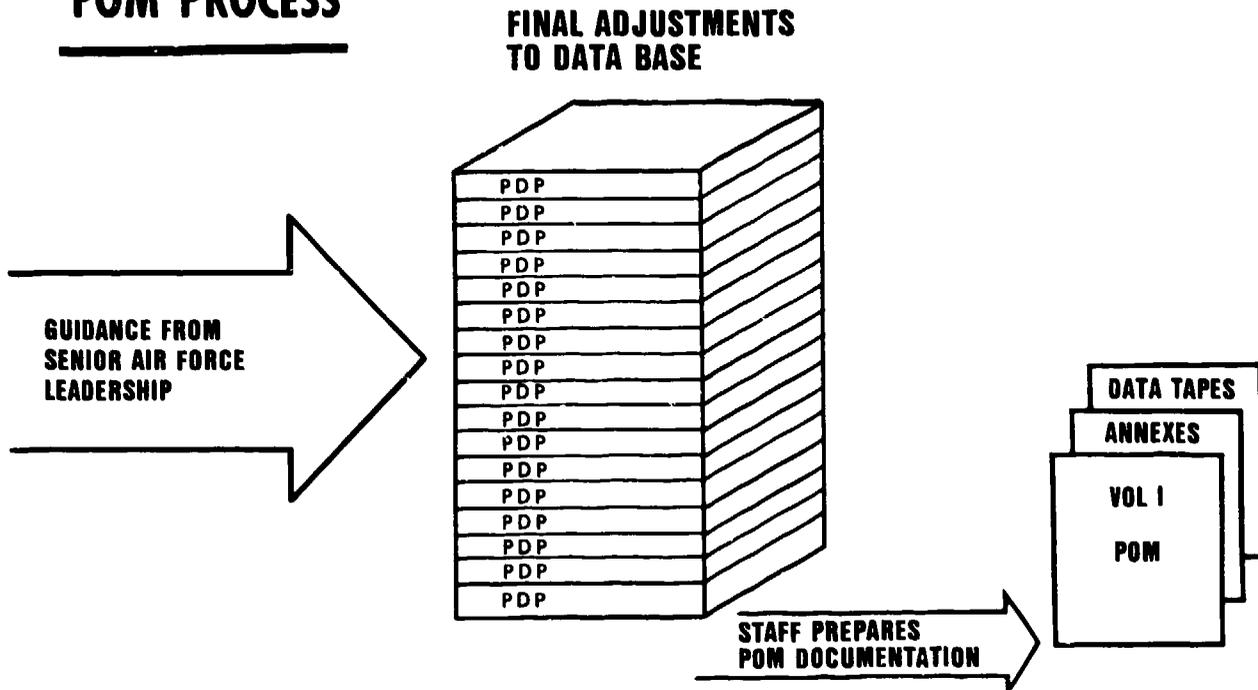


POM APPROVAL

- After receiving guidance from the senior Air Force leadership, the Air Staff Board issues instructions for a final program adjustment in preparation for POM submission to OSD
- The results of the final data are reported to the AF leadership (including the MAJCOM commanders), and the Air Staff prepares to submit the POM to OSD



POM PROCESS

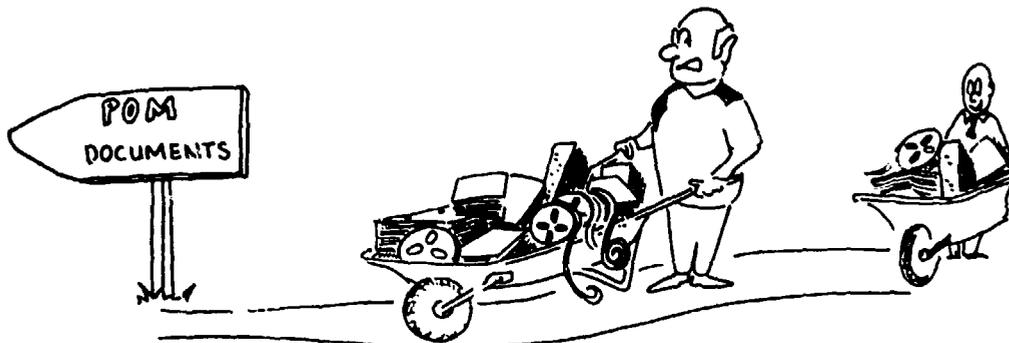


OBJECTIVE:

- FINAL PROGRAM & PRIORITY ADJUSTMENTS
- PREPARE AND SUBMIT POM TO OSD
- UPDATE FYDP BASELINE

DOCUMENTING THE POM

- POM documentation requirements are expressed in the annual OSD POM Preparation Instructions (PPI) provided to the Services in February.
 - Services receive a draft PPI for review and comment prior to final issuance. AF/PRPR is Air Staff OPR for PPI comments.
 - PPI is distributed to Air Staff offices with an AF Administrative Plan attached which identifies responsible organizations for POM documentation inputs.
- The POM is normally submitted to OSD in mid-May. The submission consists of hard copy documentation as well as a net change computer file which identifies the changes between the approved January FYDP and the May POM.
 - The FYDP is updated to reflect Service POM positions.



MAY 86 PROGRAM OBJECTIVE MEMORANDUM

FY 88	FY 89	FY 90	FY 91	FY 92
AIR FORCE RECOMMENDATIONS: <hr/> FORCE LEVELS MANPOWER PROCUREMENT \$ BY APPROPRIATION WITHIN FISCAL GUIDANCE				

WITH SUPPORTING RATIONALE:

- CINC ANNEX
 - FORCES
 - READINESS AND MODERNIZATION
- MANPOWER
 - COST TABLES
 - MAJOR PROCUREMENTS

PROGRAMMING DOCUMENTS

		<u>OPR</u>	<u>ISSUED</u>
PA	AEROSPACE VEHICLES & FLYING HOURS	AF/PRP	FEB & JUN
PC	COMMUNICATIONS - ELECTRONICS	AF/PRP	FEB & JUN
PD	BASES, UNITS & PRIORITIES	AF/PRP	FEB & JUN
PM	MANPOWER & ORGANIZATION	AFMEA/ADS	APR & OCT
PO	OPERATIONAL TEST & EVALUATION	AF/XOO	FEB
PS	NUCLEAR WEAPONS CAPABILITIES & EQUIPAGE	AF/LEY	MAY
PT	TACTICAL AIR MISSILES	AF/PRP	SEP

The USAF Program is documented in the USAF Force and Financial Plan (F&FP) and the USAF Program Documents

- The F&FP and Program documents relate directly in structure and content to the DoD FYDP

The USAF F&FP reflects the program approved by the SECDEF and is consistent with the DoD FYDP

- It provides expansion of detail over the FYDP for AF program elements
- Cost data are summarized by major program, appropriation, cost category, cost element and weapon system code

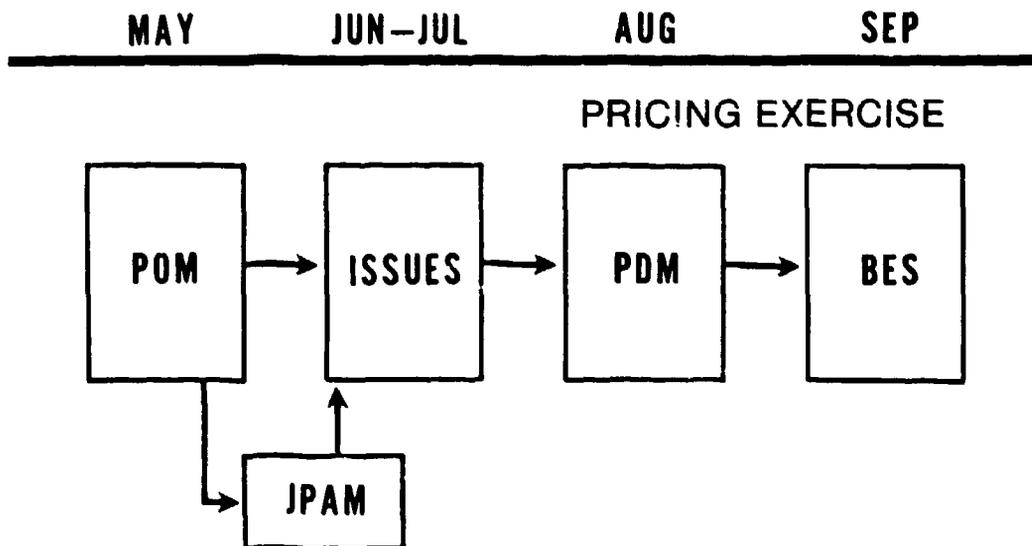
The Program Documents

- Are coded by PE to correlate to the USAF F&FP
- Guide operations of the Air Staff and Major Commands
- Review and adjust operating budgets and material procurement programs
- Support development of future program/budget requirements
- All principal Program Documents are published twice a year except the annual PO, PS and PT
- Supplementary Program documents are also published to document a particular resource or commodity within the overall program
 - Examples include: EWP-Electronic Warfare Plan, STEP-System Training Equip Program, AMMP-Technical Training Program, etc
- Broad policies and procedures for control and documentation of AF programs are contained in AFR 27-9

PROGRAM REVIEW (May - August)

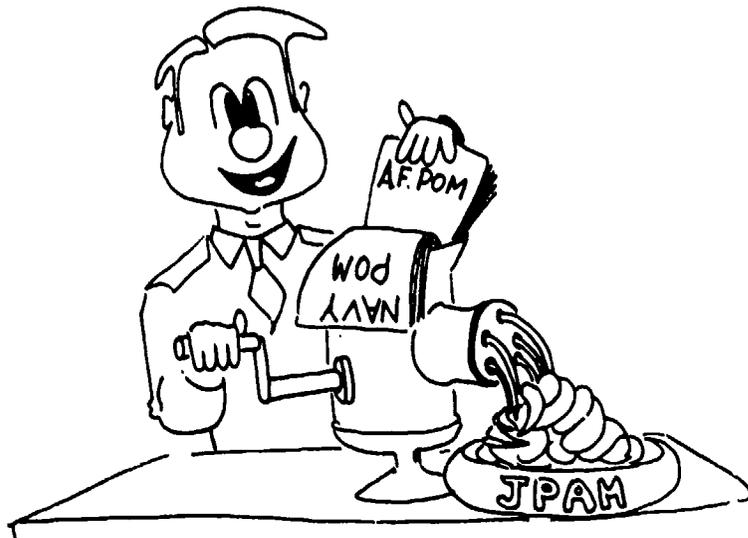
- POM review starts immediately after POM transmittal to OSD (and others). Objectives of the review include determining Service compliance with Defense Guidance and attempting to develop more cost-effective alternatives to Service-proposed programs.
- The Joint Staff provides a risk assessment of Service POMs to SECDEF in the Joint Program Assessment Memorandum (JPAM)
- In some cases, program alternatives (called "issues") to the POM are proposed. The issues are grouped in a series of books for DRB consideration and resolution
- SECDEF/DEPSECDEF provide decisions to each Service in a Program Decision Memorandum (PDM)
- All decisions affecting the Air Force POM are incorporated into the data base through the BES Exercise
- The POM, as modified by the PDM, is the basis for the Budget Estimate Submission (BES)

PROGRAM REVIEW



JOINT PROGRAM ASSESSMENT MEMORANDUM (JPAM)

- JOINT STAFF ASSESSMENT OF CAPABILITIES AND RISKS OF COMPOSITE SERVICE POM FORCE RECOMMENDATIONS
- CINC ASSESSMENT OF SERVICE POM
- JOINT STAFF VIEWS ON OVERALL BALANCE OF COMPOSITE POM FORCES
- JOINT STAFF RECOMMENDATIONS ON CAPABILITY IMPROVEMENTS
- PUBLISHED SHORTLY AFTER SERVICE POM SUBMISSION



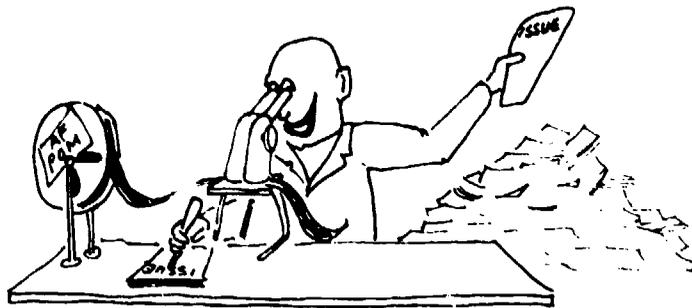
In the JPAM the JCS provides a risk assessment of the Service POMs for the SecDef to use during POM review

The JPAM is based on POM force recommendations, and includes the views of the JCS on the balance and capabilities of the overall POM force and support levels to execute the approved national military strategy

The JCS recommends actions to improve overall defense capability within alternative POM funding level directed by the SecDef

ISSUES

- DRB MEMBERS SUBMIT CANDIDATE MAJOR ISSUES
- ISSUES SELECTED AND ASSIGNED TO AN ISSUE BOOK
 - POLICY AND RISK ASSESSMENT
 - CINC's ISSUES
 - NUCLEAR FORCES
 - CONVENTIONAL FORCES
 - MODERNIZATION AND INVESTMENT
 - READINESS AND OTHER LOGISTICS
 - MANPOWER
 - INTELLIGENCE
 - MANAGEMENT INITIATIVES
- EACH ISSUE DEVELOPED BY DOD TEAM
 - AF PARTICIPATES IN ALL APPROPRIATE ISSUES
- ISSUE BOOKS FORM THE BASIS FOR DRB CONSIDERATION



Issues are alternatives to program proposals contained in the POM. Any DRB member or any CINC can review POMs and propose candidate topics for development into issues for DRB consideration. This year over 200 candidates were submitted

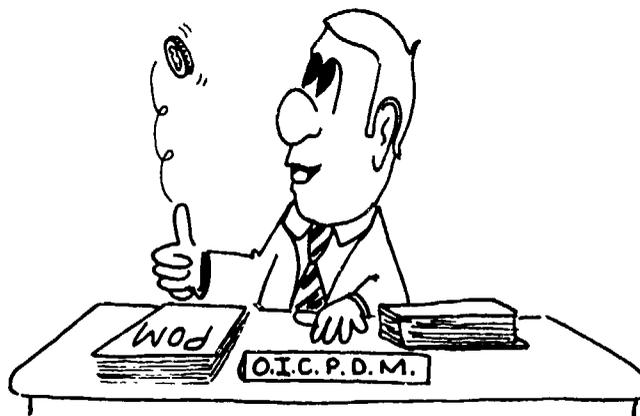
From the candidates a small number of issues (about 80) worthy of DRB attention are selected for development. Each issue is assigned to one of eight issue books. An additional "book", CINC's Issues, was added in the FY 87 Program Review

Each issue is developed by an Issue Author and a team comprised of all DOD interested parties. The Air Force is represented in developing all the issues that pertained to it

- Each issue is composed of a discussion section followed by several alternatives. Alternative one is always the POM position. One or more additional alternatives provide the DRB with other potential solutions
- DRB discussion of the issues is based on the information contained in the issue books

PROGRAM DECISION MEMORANDUM (PDM)

- DRB CONSIDERATION
 - AT LEAST ONE MEETING PER ISSUE BOOK
 - MEETINGS HELD DAILY
 - TENTATIVE DECISIONS REACHED
 - WRAP-UP MEETING REVIEWS IMPACT OF TENTATIVE DECISIONS ON TOTAL DOD PROGRAM
 - OPEN ISSUES RESOLVED AND FINAL DECISIONS REACHED
- PROGRAM DECISION MEMORANDUM
 - APPROVES POM AS MODIFIED BY PROGRAM REVIEW
 - ONE PER SERVICE
 - FORMS THE BASIS FOR DEVELOPING BUDGET ESTIMATE SUBMISSIONS (BES)



Because the issues have major impact on DOD, the DRB devotes a large amount of time and effort to their resolution. Each book is the subject of at least one 2-3 hour meeting. The DRB does not vote. Following discussion, the DEPSECDEF reaches a tentative decision. In many cases the decision may be different from any of the alternatives developed by the issue team, i.e., a new alternative. During the two to three week period the issues are being resolved, the DRB meets virtually every weekday. After all the books have been individually reviewed, a "wrap-up" meeting is held to evaluate the total impact of the tentative decisions on the program. Open issues are resolved and final decisions reached

Last year SECDEF and the Service Chiefs attended all DRB program review sessions

In addition, Commanders of Unified and Specified Commands provided their views on the POMs at a special DRB meeting as the first step in program review

The PDM records the final decisions and approves the Service POMs as modified by these decisions. A separate PDM is issued for each Service

With program approval achieved, the Services then prepare their Budget Estimate Submissions.

BUDGET ESTIMATE SUBMISSION

- DETAILED COSTING BY:
 - APPROPRIATION
 - MAJOR FORCE PROGRAM
- DETAIL ARRAYED BY:
 - APPROPRIATION
 - MAJOR FORCE PROGRAM/BUDGET ACTIVITY
 - PROGRAM ELEMENTS
 - DEFENSE PLANNING & PROGRAMMING CATEGORIES
 - DOD ELEMENT OF EXPENSE - E.G., SUPPLIES AND EQUIPMENT
- OTHER SUPPORTING DATA
 - FLYING HOURS
 - MANYEARS
 - END-STRENGTHS
 - FORCES
 - SPECIAL EXHIBITS
 - OUTLAYS
- RESULTS IN BUDGET ESTIMATE SUBMISSION (BES)
 - SUBMITTED TO OSD IN SEPTEMBER

Submission includes detailed costing of the POM as modified by the PDM by appropriation and major force program

Various special displays and supporting data are required as part of the combined OSD and OMB budget review, as well as to meet Congressional requirements

Definitions of two budget terms are extremely important because both are used throughout the government in discussing government spending

- TOA - Total Obligational Authority (a DOD term) is almost synonymous with Budget Authority (BA) provided by Congress. It is the authority to enter into obligations for immediate or future payment (outlay) of government funds. Obligations may be incurred from one to five years depending on the type of appropriation
- Outlays - The actual expenditure of money from the U.S. Treasury, which generally lags behind the obligation. Congress, under the full funding concept, approves sufficient BA to complete a program even though completion and final payment may be several years away. This flow of funds naturally impacts on the economy through the amount of money in circulation, inflation, interest rates, employment, etc. In recent years, Congress has attempted to adjust BA to control outlays. One additional bit of information, the term "balanced budget" refers to the relationship between collections to the U.S. Treasury (i.e. taxes, etc.) and actual outlays

Programs are supported by different appropriations as they move through their life cycles. The process of tracking program outlays is important since these various appropriations have different rates of outlay. We are concerned with meeting outlay targets while retaining as much TOA as possible.

Complete Air Staff involvement is required

- The FYDP is updated to reflect Service BES positions

BUDGET REVIEW

- ENSURES PROGRAMS AND DOLLARS CORRECTLY MATCHED
- PROGRAM BUDGET DECISION (PBD) IS STAFF INSTRUMENT TO COMMUNICATE OSD/OMB DECISIONS
 - CAN ADDRESS LARGE AREA (STRATEGIC FORCES) OR MORE DEFINITIVE AREA (KC-135 REENGINEING)
 - DESCRIBES AREA, IDENTIFIES SERVICE RESOURCE ESTIMATES, AND PROVIDES OSD/OMB EVALUATION AND ALTERNATIVE(S)
- AIR FORCE MAY APPEAL DECISIONS
 - INITIALLY A COUPLE DAYS TO DEVELOP APPEAL
 - COMPRESSES TO A FEW HOURS TOWARD CYCLE COMPLETION
- DECISIONS ARE INCORPORATED INTO FYDP DURING PRESIDENT'S BUDGET (C) EXERCISE



Purpose is to ensure that programs and dollars are correctly matched

OSD and OMB budget analysts evaluate the BES in an attempt to review service pricing and identify lesser cost alternatives

OSD/OMB decisions are documented in PBDs

- May propose one or more alternatives to the Service budget proposal
- SECDEF/DEPSECDEF selects an alternative and signs the PBD
- Several hundred PBDs required to evaluate the total budget

Services review and comment on the PBDs. This appeal "train" starts fast and accelerates during the process. The time allowed to develop an appeal decreases from two days to two hours at the end of the review period.

Remaining major budget issues between OSD and the Services are resolved by the DRB

Decisions that change our BES are incorporated into the Air Force data base through the President's Budget (C) Exercise. This insures that the Air Force and OSD data bases are identical when the President's Budget is submitted.

THE PRESIDENT'S BUDGET

- Subsequent to resolution of remaining major issues in November, the Services complete final pricing of the approved budget
- In December the President makes final decisions concerning the budget he will submit to Congress in January via meetings with OMB and the various departments in the federal government. The DRB prepares the SECDEF for his meeting with the President and implements any new guidance resulting from the President's final decisions concerning the size and composition of the Defense budget
- OSD submits the DOD budget request for OMB final review and incorporation into the President's Budget Submission to Congress in January
- The FYDP is updated to reflect the President's Budget and provides the basis for the next cycle
- For the next several months Congress reviews the DoD budget (along with others) and must pass both authorization and appropriation legislation before the Services have an approved budget to start the new fiscal year on 1 Oct
- When Congress fails to enact an appropriation bill in time for signature by the President, before 1 Oct, it must pass a Continuing Resolution Authority (CRA) to enable operations to legally continue. In spite of the slip in the fiscal year start by three months to 1 Oct, CRAs seem to be the norm in recent years

-- And So It Goes --

NOTE: Additional detail on the budget phase of the PPBS and the subsequent Congressional review can be found in AFP 172-4, The Air Force Budget.

JAN

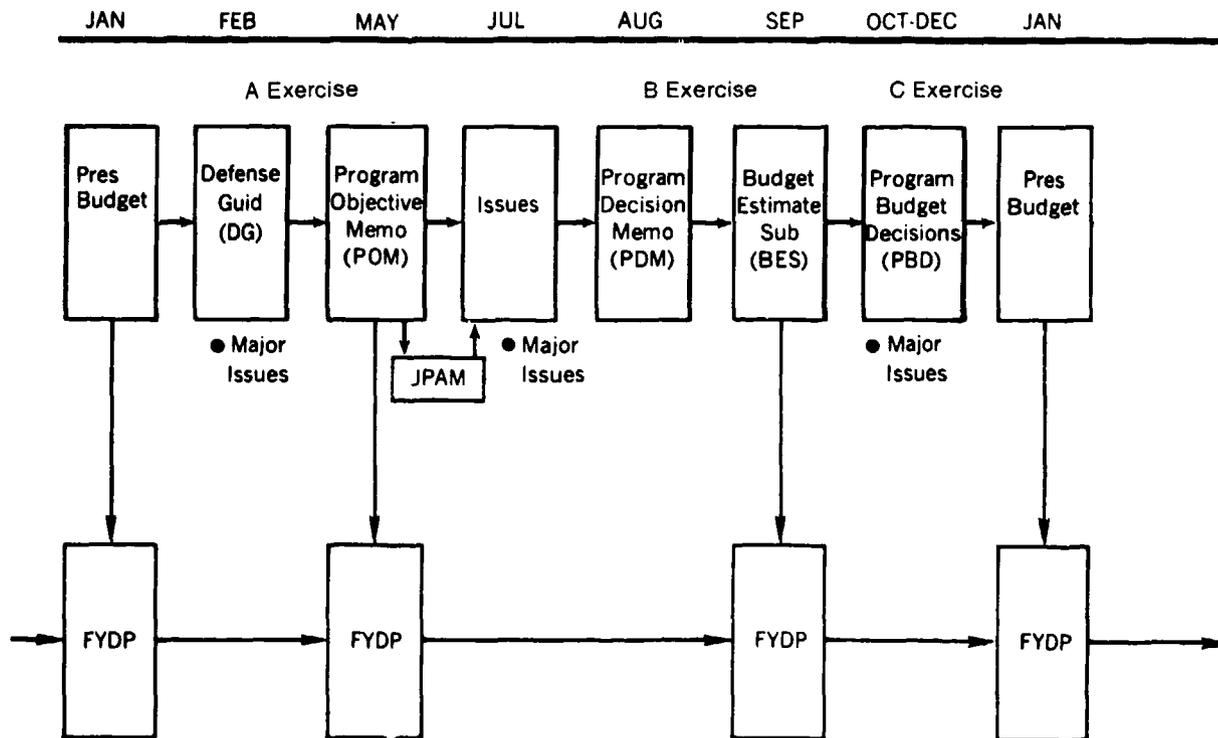


- RECORDS SECDEF BUDGET DECISIONS
- BASIS FOR NEXT CYCLE

PLANNING, PROGRAMMING & BUDGETING SUMMARY

- Summarized here are the key activities during the 12-month planning, programming and budgeting process
- POM builds from bottom-up
- Three opportunities for top-level dialogue between Services and OSD
 - DG Issues
 - Program Issues
 - Budget Issues
- Iterative process between Services and OSD with JCS and CINC participation
- Three FYDP updates per year (President's Budget, POM, & BES)
- Program adjustments occur throughout process

PROGRAMMING & BUDGETING PROCESS

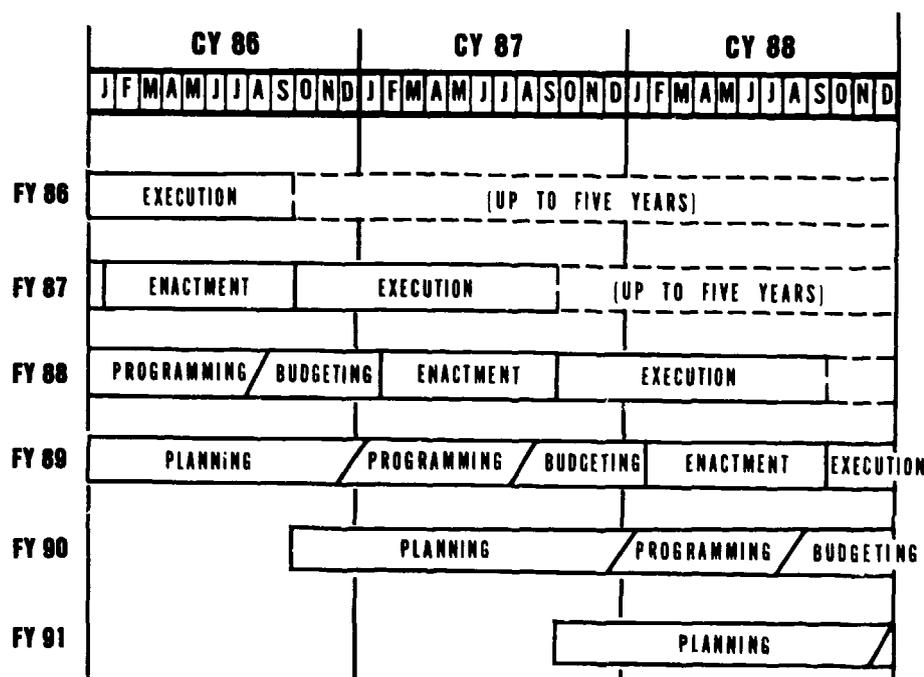


FYDP-Five Year Defense Program
 JPAM-Joint Program Assessment Memo

PPBS CYCLE OVERLAP

- Already mentioned is the fact that the segments of a single PPBS cycle overlap
- An important point to remember is that a PPBS cycle does not evolve in isolation. Rather, several cycles are simultaneously in progress. In fact, if enactment and execution activities are included, four cycles overlap with each other. This is significant because unexpected events occurring in one cycle can impact a cycle in an earlier stage of development. Action officers must constantly be alert to this type of potentially unpleasant event.
- Overlap is further complicated during Administration changes, supplemental budget requests or major programmatic decisions (for example, restructuring of the PEACEKEEPER missile program)
- Understanding these points helps one unravel some of the complexities of the process

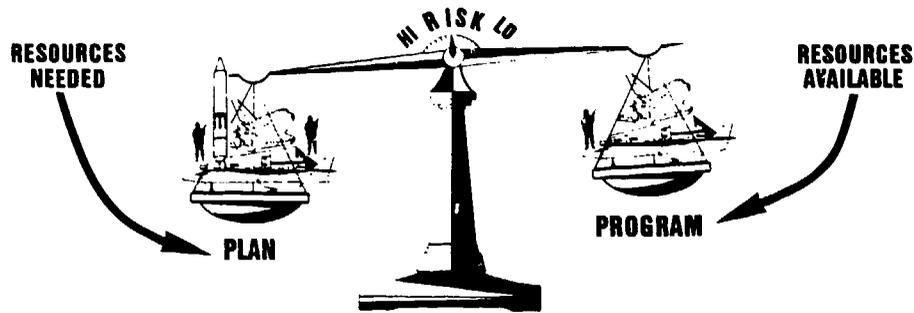
CYCLE OVERLAP



PPBS SUMMARY

- Here's what it is all about

"TO GET THE NECESSARY MANPOWER, FACILITIES, AIRCRAFT, MISSILES, AND OPERATING FUNDS TO ENABLE US TO OVERCOME THE THREAT"



BIENNIAL PLANNING, PROGRAMMING & BUDGETING SYSTEM (BPPBS)

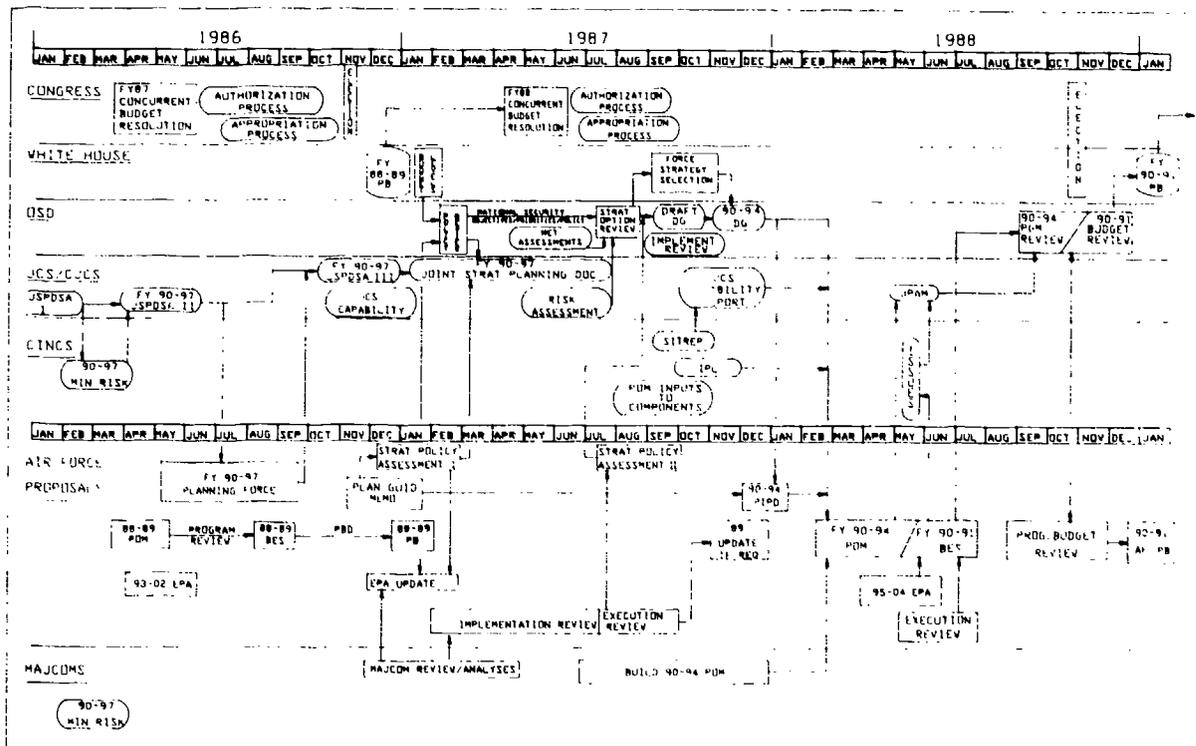
A Biennial Planning, Programming and Budgeting System (BPPBS) Working Group was chartered 30 July 1986 by the Vice Chief of Staff, USAF. Their task was to review Air Force actions required to implement a two year PPBS as directed by National Security Decision Directive (NSDD) 219.

The BPPBS flow charts on the following pages outline 1) recommend major CY 87 and subsequent "odd year" actions required to implement the two-year PPBS while depicting business as usual in CY 88; and 2) odd year actions with concurrent POM/BES submissions and reviews in the even year. The dates used are approximations. Under BPPBS the transition year (CY 87) will feature a major policy review, as well as strategy and force planning for the various budget levels directed by the White House.

The Office of the Secretary of Defense (OSD) currently plans no POM or FYDP update during the odd-year, but recognizes the need for some version of a combined review in the fall. OSD/PA&E has indicated the even-year cycle may feature the existing three exercises (POM, Program Review and the Budget Review), but the Air Force and Army have come on line in favor of combining the program and budget reviews.

At the time of this printing of the Primer, procedures for the DOD BPPBS have not been resolved. When the policies and procedures for biennial budgeting have been established, the Primer will be revised.

BPPBS TRANSITION (AIR FORCE PROPOSAL)



GLOSSARY

- Air Force Council (AFC) - Advisory Board to the Chief of Staff** chaired by Vice Chief of Staff, and consisting of the Assistant Vice Chief of Staff, Comptroller of the Air Force, Inspector General, Surgeon General, and the Deputy Chiefs of Staff.
- Air Staff Board (ASB) - The ASB assists the Air Staff through recommendations to the appropriate functional manager at directorate level and expedites director-level coordination on major, urgent, and complex issues. The ASB is chaired by the Director of Programs and Evaluation and provides a Two-Star review of issues going to the AFC.**
- Budget - A planned program for a fiscal period in terms of estimated costs, obligations, and expenditures.**
- Budget Authority (BA) - Authority provided by the Congress, mainly in the form of appropriations, which allows the federal agencies to incur obligations. Budget Authority is composed of New Obligational Authority (NOA), defined below, plus loan authority (which is authority to incur obligations for loans, for example, debt payment on mortgages for military family housing).**
- Budget Cycle - That time necessary to formulate, review, present, and secure approval of the fiscal program.**
- Budget Estimate Submission (BES) - The BES is a recosting of the POM as modified by the PDM. Fact-of-life adjustments, including congressional action impacting POM and PDM positions, are made in accordance with OSD direction. In the PPBS, is developed during the Jul-Sep time frame.**
- Budget Year (BY) - The fiscal year covered by the budget estimate. A budget year begins 1 Oct and ends 30 Sep of the following calendar year. It is used by the Federal Government for accounting purposes, it also coincides with the Fiscal Year.**
- Delta Program Decision Package (Delta PDP) - A Delta PDP reflects all the resources in dollars and manpower required to execute a specific decision affecting the Air Force Program. All actions that revise the program will first be described in a Delta PDP so the impact on the total program can be analyzed. When the decision is implemented in a program exercise, the Delta PDP is incorporated into the baseline and will disappear.**
- Defense Guidance (DG) - The Department of Defense strategic plan for the development and employment of future forces. Provides SecDef's Threat Assessment Policy.**

Strategy, Force Planning, Resource Planning, and Fiscal Guidance to all DOD organizations.

Defense Resources Board (DRB) - This is the SECDEF's corporate review body. It acts as a board of directors, and helps the SECDEF manage the PPBS by reviewing planning issues and conducting program and budget reviews. The DRB also assists the SECDEF to ensure acquisition of major systems is more closely aligned with the PPBS. Membership is shown on page 4.

Fiscal Guidance (FG) - Bi-annual guidance issued by SECDEF which provides the fiscal constraints on the JCS, the military departments, and Defense agencies in the formulation of force structures and the FYDP.

Fiscal Year (FY) - The 12-month period which begins 1 Oct of one calendar year and ends 30 Sept of the next calendar year.

Five Year Defense Program (FYDP) - The official document which summarizes SECDEF approved plans and programs for the DOD. It is updated 3 times each year.

Force and Financial Plan (F&FP) - The F&FP is the data base that describes the FYDP. The Air Force F&FP is maintained by AF/AC and is a detailed compilation of the total resources programmed for the Air Force.

PBD - A SECDEF or DEPSECDEF decision authorizing changes to submitted Budget Estimate and the FYDP. Their implementation results in PB.

PDM - A document which records the SECDEF or DEPSECDEF's final decisions on POM proposals and approves DOD component POMs as modified by these decisions. Implementation results in the BES.

Program Decision Package (PDP) - A PDP describes all the resources in dollars and manpower required to support an independent portion of the Air Force program. Sometimes called "baseline PDPs," these PDPs provide the information used by Air Force leadership when reviewing funding requirements for the Air Force program. The sum of all baseline PDPs equals to the total Air Force Program. See Delta PDP above.

POM - An annual submission memorandum to the SECDEF from each military department and Defense Agency which proposes total program requirements for the next five years, and includes rationale for planned changes from the approved FYDP baseline within the Fiscal Guidance.

Program Element (PE) - A combination of manpower, equipment, and facilities related to a mission capability or activity. The PE is the basic building block of the FYDP.

PPBS - The DOD Resources Management System controlled by SECDEF and used to establish, maintain, and revise the FYDP and the DOD portion of the President's Budget.

Program Review Committee (PRC) - The PRC reviews proposals and makes recommendations relevant to resource allocation and the impact of resource limitations on Air Force program and force projections.

Program Year (PY) - A fiscal year in the FYDP that ends not earlier than the second year beyond the current calendar year. Thus, during calendar year 1986 the first program year is FY 1988.

Reclama - A formal restatement and presentation of budget requirements to OSD, OMB, or the Congress in further justification of that portion of Air Force requirements that the reviewing authorities have not funded.

Total Obligational Authority (TOA) - The total direct financial requirements of the FYDP, or any component thereof, necessary to support the approved program to a given fiscal year.

EPILOG

The preceding describes the overall mechanics of putting together a program within the Planning, Programming and Budgeting System. What is not described is the philosophy, analytical approach and judgement which underpin each program, each mission area, and each POM. Without them, the program has little meaning. The DG and its collection of thoughts is one piece of this foundation. The Service concepts, or philosophy, however, are the essential ingredients which provide for the constructive debate necessary to extract the maximum for each defense dollar requested. All programs need a philosophy -- a way of making that program fit into and link with all the other programs. How else can the total make sense and be balanced?

Another Primer omission is more obscure -- real-world awareness. Programs are best built and defended by keen awareness -- Congressional hearings, sensings from OSD, OMB and the White House, the press, Aerospace Daily, Commerce Daily, trade journals of all kinds, industry proposals, and, above all else, the field commands.

One last thought is that the formal PPBS provides the skeleton, but people provide the heart, brains, and muscle which make it work.