



Department of Defense

DIRECTIVE

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ASD(C)

SUBJECT: The Planning, Programming, and Budgeting System (PPBS)

References: (a) Deputy Secretary of Defense Memorandum, "Management of the DoD Planning, Programming, and Budgeting System," March 27, 1981
(b) DoD Directive 5000.1, "Major System Acquisitions," March 29, 1982
(c) Secretary of Defense Memorandum, Establishment of Defense Resources Board," April 7, 1979
(d) DoD Instruction 7045.7, "Implementation of the Planning, Programming, and Budgeting System (PPBS)," May 23, 1984

1. PURPOSE

This Directive implements reference (a) by establishing policy, procedures, and responsibilities for the Planning, Programming, and Budgeting System (PPBS), the primary resource management process in the Department of Defense.

2. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense, the Military Departments, the Organization of the Joint Chiefs of Staff (OJCS), the Unified and Specified Commands, and the Defense Agencies (hereafter referred to collectively as "DoD Components").

3. POLICY

3.1. The PPBS is a cyclic process containing three distinct but interrelated phases: planning, programming, and budgeting. In addition to establishing the framework and process for decisionmaking on future programs, the process permits prior

decisions to be examined and analyzed from the viewpoint of the current environment (threat, political, economic, technological, and resources) and for the time period being addressed. The decisions shall be based on and consistent with a set of objectives, policies, priorities, and strategies derived from National Security Decision Directives. The ultimate objective of the PPBS shall be to provide the operational commanders-in-chief the best mix of forces, equipment, and support attainable within fiscal constraints. Throughout the PPBS, the Secretary of Defense will provide centralized policy direction while placing program execution authority and responsibilities with the DoD Components. The Military Departments and Defense Agencies shall provide advice and information as requested by the Secretary of Defense and his staff so that execution and accountability may be assessed properly.

3.2. The purpose of the PPBS is to produce a plan, a program, and, finally, a budget for the Department of Defense. The budget is forwarded in summary to the President for his approval. The President's budget then is submitted to the Congress for authorization and appropriation.

4. PROCEDURES

4.1. Planning. In the planning phase, the military role and posture of the United States and the Department of Defense in the world environment shall be examined, considering enduring national security objectives and the need for efficient management of resources. The focus shall be on the following major objectives: defining the national military strategy necessary to help maintain national security and support U.S. foreign policy 2 to 7 years in the future; planning the integrated and balanced military forces necessary to accomplish that strategy; ensuring the necessary framework (including priorities) to manage DoD resources effectively for successful mission accomplishment consistent with national resource limitations; and providing decision options to the Secretary of Defense to help him assess the role of national defense in the formulation of national security policy and related decisions. This review shall culminate in the issuance of the Defense Guidance.

4.2. Programming. In the programming phase, the DoD Components shall develop proposed programs consistent with the Defense Guidance. These programs shall reflect systematic analysis of missions and objectives to be achieved, alternative methods of accomplishing them, and the effective allocation of the resources. The JCS shall analyze the programs and provide a risk assessment based on the capability of the composite force level and support program for the U.S. Armed Forces to execute the strategy approved during the planning phase. A program review is conducted; the results are issued in Program Decision Memoranda (PDMs).

4.3. Budgeting. In the budgeting phase, the DoD Components shall develop detailed budget estimates for the budget years of the programs approved during the

programming phase. A joint Office of Management and Budget (OMB)/DoD budget review is conducted; the results are issued in Program Budget Decisions (PBDs).

4.4. Five-Year Defense Program (FYDP). The decisions associated with the three phases of the PPBS shall be reflected in the FYDP. Since the FYDP outyear programs reflect internal planning assumptions, FYDP data beyond the budget year may not be released outside the Executive Branch of the Government without the expressed written consent of the Assistant Secretary of Defense (Comptroller).

4.5. Planning, Programming, and Budgeting System Schedule. Timely publication of the PPBS documents is critical to the management of the Department of Defense. Since the system represents a dialogue among the many participants, the relevant documents, complete with annexes, must be issued to allow adequate time for analysis and response. Therefore, a schedule of significant events in the PPBS process for the upcoming calendar year shall be issued.

4.6. Defense Systems Acquisition Review and PPBS Interface. Interface between the weapons acquisition process, as defined in DoD Directive 5000.1 (reference (b)), and the PPBS is achieved by designated membership of the Defense Systems Acquisition Review Council (DSARC) and the Defense Resources Board (DRB) and the requirement to develop an acquisition strategy for all major systems.

4.7. *To maintain the integrity and confidentiality of the governmental deliberative process, and to assist in maintaining the effectiveness of competition in the contract awards process, PPBS documents and supporting databases shall not be disclosed outside the Department of Defense and other Government Agencies directly involved in the defense planning and resource allocation process (e.g., the Office of Management and Budget). Examples of such documents and data bases are:*

4.7.1. *Planning Phase. Defense Planning Guidance.*

4.7.2. *Programming Phase*

4.7.2.1. *Fiscal Guidance (when separate from Defense Planning Guidance).*

4.7.2.2. *Program Objective Memoranda.*

4.7.2.3. *POM Defense Program (formerly FYDP) documents -- (POM Defense Program, Procurement Annex, RDT&E Annex).*

4.7.2.4. *Program Review Proposals.*

4.7.2.5. *Issue Papers (also referred to as Major Issue Papers, Tier II Issue Papers, Cover Briefs).*

4.7.2.6. *Proposed Military Department Program Reductions (or Program Offsets).*

4.7.2.7. *Tentative Issue Decision Memoranda.*

4.7.2.8. *Program Decision Memorandum.*

4.7.3. *Budgeting Phase*

4.7.3.1. *Defense Program (formerly FYDP) documents for September Budget Estimate submission and President's Budget Estimate submission including Procurement, RDT&E, and Construction Annexes.*

4.7.3.2. *Classified P-1, R-1, and C-1.*

4.7.3.3. *Program Budget Decisions and Defense Management Report Decisions.*

4.7.3.4. *Reports Generated by the Automated Budget Review System (BRS).*

4.7.3.5. *DD 1414 Base for Reprogramming.*

4.7.3.6. *DD 1416 Report of Programs.*

4.7.3.7. *Contract Award Reports.*

4.7.3.8. *Congressional Data Sheets.*

4.8. Request for exceptions to this limitation may be granted on a case-by-case basis to meet compelling needs, after coordination with General Counsel of the Department of Defense, by the Head of the OSD office responsible for the PPBS phase to which the document or data base pertains: the USD(P) for the planning phase, the ASD(PA&E) for programming, and the Comptroller of the Department of Defense, for budgeting. Disclosure of PPBS information to the Congress and the General Accounting Office (GAO) is covered by statute or other procedures.

5. RESPONSIBILITIES

5.1. The Secretary of Defense, assisted by the DRB, exercises centralized control of executive policy direction by concentrating on major policy decisions, defining planning goals, and allocating resources to support these objectives, including joint, DoD-wide, cross-DoD Component, and cross-command programs.

5.2. The Heads of the DoD Components shall develop and execute the necessary programs and provide the day-to-day management of the resources under their control and shall participate in meeting the objectives and requirements of national security objectives as identified in the PPBS.

5.3. The Chairman of the Defense Resources Board, and the Board's members, under Deputy Secretary of Defense Memorandum of March 27, 1981 and Secretary of Defense Memorandum of April 7, 1979 (references (a) and (c)), shall be responsible for the overall process.

5.4. The Executive Secretary to the Defense Resources Board, shall coordinate the entire process.

5.5. The Under Secretary of Defense for Policy shall coordinate the planning phase.

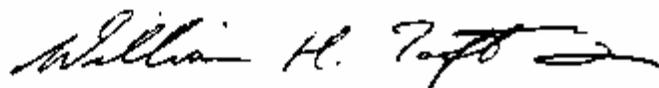
5.6. The Under Secretary of Defense for Research and Engineering shall coordinate the interface of the acquisition process with the PPBS.

5.7. The Director for Program Analysis and Evaluation shall coordinate the annual program review.

5.8. The Assistant Secretary of Defense (Comptroller) shall coordinate the annual joint OMB/DoD budget review.

6. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward three copies of implementing documents to the Assistant Secretary of Defense (Comptroller) within 120 days. Detailed implementation of this Directive shall be in accordance with DoD Instruction 7045.7 (reference (d)).



William H. Taft, IV
Deputy Secretary of Defense