

|EBB  
FYI 031**Headquarters U.S. Air Force***Integrity - Service - Excellence***MID 913  
Implementation of a 2-year  
PPB&E Process**AF/XPP  
28 Mar 03**U.S. AIR FORCE**

UNCLASS



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**MID 913**

- **Implements Planning, Programming, Budgeting and Execution Process (PPB&E)**
  - **Begins with FY05-09 submission – this is the off year**
  - **2 year programming, budgeting and execution**
  - **4 yrs in the 2-yr cycle**
    - **Yr 1: Review and Refinement (notionally would have been FY03 APOM)**
      - Restricted fiscal guidance, off-yr DPG, limited POM/BES submission
    - **Yr 2: Full PPBS Cycle – Formalizing the Agenda (notionally FY04 POM)**
      - QDR, fiscal guidance issued, on-year DPG (implementing QDR), POM/BES submission
    - **Yr 3: Execution of Guidance (FY05-09 APOM falls here)**
      - Restricted fiscal guidance, off-yr DPG, limited POM/BES submission
    - **Yr 4: Full PPBS Cycle – Ensuring the Legacy (FY06 POM)**
      - Fiscal guidance issued, on-year DPG (refining alignment of strategy and programs), POM/BES submission
  - **QDR due date has changed to second year of a new administration**
  - **Services will not forward POMs or BESs during years 1 and 3 – may submit PCPs & BCPs**

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## **MID 913 Procedures & Schedule Memorandum**

- Reiterates MID 913, plus
- PCP guidance
  - Threshold of \$250M (FYDP) per PCP
  - Threshold is for individual programmatic issues
  - Disparate issues should not be “rolled up” simply to achieve the threshold
  - Should incorporate results of remaining FY04-09 DPG studies, PDM and FY05-09 DPG directed studies which are complete and approved
  - Combatant Commanders may submit up to 6 PCPs, no \$ threshold and offsets are not required
- BCP guidance
  - Should cover fact-of-life changes (e.g., cost increases, schedule delays, management reform savings, workload changes, FY03 execution experience, etc.) and changes resulting from congressional actions
- PCP / BCP projected budget increases must be accompanied by offsets

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## **MID 913 Timeline**

- 1 Aug PCPs due to D,PA&E for review
- 15 Aug PCP dispositions issued
- 1 Sept Detailed programmatic & budget info submitted for accepted PCPs
- 1 Oct BCPs due to USD(C) for review
- 1 Nov PDM issued
- 21 Nov “First round” PBDs completed
- 9-10 Dec Major Budget Issues
- 12 Dec Final FY05 budget decisions
- 19 Dec FY05 budget lock

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## ***XPP/FMB Assessment***

- MID 913 is a step in the right direction, but acknowledge that as a result of the OSD PPBS Streamlining Executive Steering Committee recommendations, there are horizons beyond those presented... this process will evolve
- We are concerned about the abruptness of fully implementing MID 913 and memo in FY05 APOM
  - FY05 has broken glass that needs to be fixed
- MID 913 identifies the FY05 APOM as year 3 of a 4 year cycle...AF did not enact years 1 or 2 and is not prepared to fully participate in year 3
  - FY04 PB endgame left OSD with unresolved issues, broken glass and pushed problems to FY05

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## ***Concerns for FY05***

- MAJCOM hard work to provide balanced POMs may be nullified
- DPG requirements creep
  - FY 05 DPG still to be issued
  - DPG and PDM studies completed in CY 05, but not in the FY05 DPG, may continue to drive FY05 bills late in the exercise
- Cost models still to be developed / established
- Technology to merge program and budget data into a single standardized system won't be in place for the FY05 exercise

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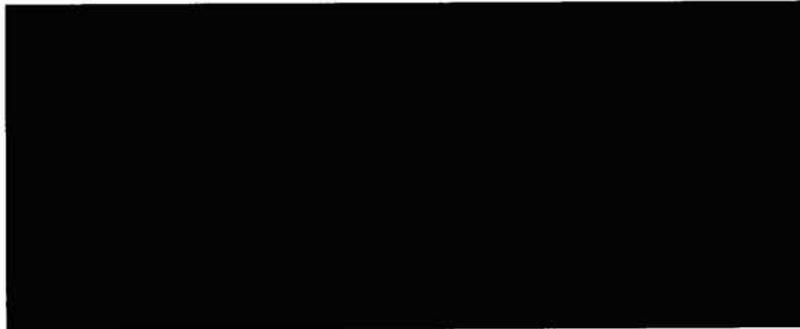
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## ***Air Force Response***

- Accept the MID as an initial step toward PPBS reform; however, identify alternatives to “abrupt” transition reflected in the procedures memorandum



- “Programs” will retain AF interpretation, i.e. Flying Hours / DPEM / ISR

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## ***Issues for Clarification on MID 913***

- Does not support capabilities based programming
- QDR process should start in March not June
- Budget execution review is now slated to take over a JROC function to assess the extent performance goals are met and make recommendations to alternate programs or solutions
- Due to Title 10, Services need authorization to make adjustments below the \$250M threshold in PCPs
  - Automation: what system will be used to populate PCP and BCP formats and track changes
  - Format: level of detail for PCPs and BCPs

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## *Flight Path*

- Response due to OSD(C) COB Monday, 31 Mar 03
  - FMBP / XPPE will prepare the response
    - FMB / XPP signs out letter
    - Coord w/ XP, FM, CV (?)
- Info Brief to AFB: Monday, 31 Mar, 0930-1030

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## BACKUPS

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## XPP/FMB Assessment

- Accept 4-year PPB&E cycle
  - Off-year POMs hinder strategic planning
  - Single OSD review (Program/Budget) advantageous to Services)
  - With correct timing MAJCOM can easily adjust to PCP process during off-year
- FY05 APOM is not the right time to implement
  - Third year in the four year cycle
  - Year 1 & 2 did not “set us up” for a third year frame of reference
    - Services (MAJCOMs) are well into POM development
    - FY04 PB endgame left OSD with unresolved issues, broken glass and pushed problems to FY05

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## **AF Response – Phrases** *Added after 27 Mar a.m. mtg*

- MID 913 is a step in the right direction, but acknowledge that as a result of the OSD PPBS Streamlining Executive Steering Committee recommendations, there are horizons beyond those presented... this process will evolve
- We are concerned about the abruptness of fully implementing MID 913 and memo in FY05 APOM
  - FY05 has broken glass that needs to be fixed
- MID 913 identifies the FY05 APOM as year 3 of a 4 year cycle...AF did not enact years 1 or 2 and is not prepared to fully participate in year 3
- This creates the need for a transition period, where AF look to:
  - Lower the PCP threshold, \$100M vice \$250M
  - Delink disconnects from offsets in the PCP
  - Submit prioritized lists of offsets and disconnects for PCPs
- Attach paper with details of other concerns:
  - Does AF ever submit a data base? When?

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## **OSD (AT&L) Comments** *Mr. Rodgers email*

- Workload concern – OSD analysts can't evaluate 1000's of PCP's
  - Services should have the ability to make changes below a threshold given certain ROE
- We could easily lose the baseline along the way.
  - The "database" and systems to track all this do not exist as far as I know. Comptroller's CIS can't do what this requires of it.
- Not sure of OMB role, when they see what, and in how much detail.
- I'd rather not see folks get surprised like they do now. Joint partners in acquisition programs for example ought not mess with their other Component friends.

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## **OSD (AT&L) Comments**

**Mr. Rodgers email**

- The list of attendees to the smoke filled room where the decisions get made is unclear.
- Prefer something more like "out of court agreements" than "mother may I" PCP's and BCPs. Push the decision making and conflict resolution upstream farther.
- Who get's to direct changes?
  - Only the DPG, or can AT&L direct changes in an ADM for example? Where do you draw the line on this kind of rudder orders from OSD? Most of the OSD "vice presidents" like P&R or AT&L like to think their memos get read and implemented when there are resource implications.

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DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS AIR FORCE  
WASHINGTON, DC



31 March 2003

MEMORANDUM FOR DEPUTY COMPTROLLER (PROGRAM/BUDGET), OSD  
PRINCIPAL DEPUTY DIRECTOR, PROGRAM ANALYSIS AND  
EVALUATION, OSD

FROM: ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT  
AND COMPTROLLER)  
DEPUTY CHIEF OF STAFF PLANS AND PROGRAMS, AF

SUBJECT: MID 913 - Implementation of a 2-Year Planning, Programming, Budgeting, and  
Execution (PPB&E) Process

The Air Force accepts MID 913 with comments. We support the initial step this MID 913 takes toward implementing the recommendations from *Defense Planning Guidance (DPG) 2004-09 Item #20: Streamlining Decision Process*. We do not view this as the end state but as a continuance of a journey towards fully implementing the approved recommendations of the Senior Steering Group. One of our primary concerns with MID 913 is it does not seem to support the SECDEF's stated goal to move the Department to a capabilities based force, but actually focuses the entire process on systems. As the process continues to mature, we would expect to see the shift to a capabilities based approach and a move away from addressing specific programs.

As a Department we must address how we transition to this new process. MID 913 includes guidance implementing recommendations for the 2005-2009 program and budget development and review. We view this transition as an abrupt change from our present method. MID 913 identifies Fiscal Year 2005-2009 as an off-year (Year 3) within a 4-year cycle. The FY04 PB was not enacted with this in mind and thus does not serve as a solid baseline to build the FY05 PB in the proposed manner. Therefore, we offer these comments on the proposed MID 913 to ease the transition and provide the nation with a strong and viable Air Force.

First, recommend acknowledging that Title 10 responsibilities set the Services apart from other organizations covered by MID 913. That responsibility requires the ability to ensure the entire AF program is sound. To do that, we recommend eliminating the arbitrary limit of \$250M on Service-submitted Program Change Requests (PCP). We would prepare PCPs on our major program adjustments, but we would also submit other changes required to fix the broken glass from the FY04 PB endgame. The manner in which these changes would be transmitted to you can be determined at a future time.

Second, we recommend not linking our offsets to disconnects and initiatives in our PCP submissions. We have a Corporate Structure in the Air Force and use it to balance our resources

across all areas. Also, the merit of the program changes we recommend should be based on the merit of the program, not the difficulty of taking the offset. We would provide our offsets to cover all PCPs prioritized by importance and would replace any offsets deemed unacceptable. Our total PCP package will zero balance. These actions will put the AF on the right footing for year 4 of the PPB&E cycle.

Finally, we have specific questions regarding MID 913 processes and timelines that are provided in the attachment. We look forward to working with you through this cycle and stand ready to assist in the implementation of these new processes.

STEPHEN R. LORENZ, Maj Gen, USAF  
Deputy Assistant Secretary (Budget)

KEVIN P. CHILTON, Maj Gen, USAF  
Director of Programs  
Deputy Chief of Staff, Plans and Programs

Attachment:  
Specific Concerns and Questions

### **Air Force Specific Concerns and Questions on MID 913:**

**Overarching Issue.** The MID 913 focus on systems, not capabilities, will challenge the AF as we recently moved to capabilities based programming. This approach is not overtly supported by the PCP construct. A comprehensive understanding of the capabilities delivered to the Joint Warfighter would best accomplish a "shift [in] focus to program performance and results" (p. 8), and that process is not addressed in this MID.

**QDR.** The MID 913 focus is on the QDR submission, not the process. While the submission is pushed to the second year of an administration, the QDR process should start in March, not June. There is not enough time to execute the analysis needed if delayed to a June start. This would then allow the QDR to set the strategy, not the DPG studies. With the strategy in place early enough, the Services can build programs to support it.

**Process.** Service intent is to submit programmatic changes in the PCP and budget changes in the BCPs. Due to Service Title X responsibilities, Services need authorization to make adjustments below the \$250M threshold in PCPs. Delinking PCP offsets and disconnects, and submitting a single list of offsets that equals the combined PCP disconnects, will allow the AF to meet its Title 10 responsibilities. The ability to replace a disapproved offset ensures PCP packages are fully sourced. Finally, request that PCPs be evaluated on their merit, not on the proposed offsets.

**Automation.** At this time, the guidance indicates the information exchange is via paper. Will there be an automated process available for populating PCP and BCP formats? Will there be an automated means to track the potential effects of each approved request? What system will be used to track and report manpower and force structure (flying hour) requirements and dollars?

**Format.** Request clarification on the level of detail required for PCPs and BCPs. For example, will Comptroller Information System (CIS) require APPN/BA/PE level of detail.

**Workload.** Request clarification on how OSD/Service Baselines will stay linked and coordinated. Will CIS be the OSD database used to track all approved PCPs and BCPs? Will there be a rebaseline after the PDM? How will prior year updates and congressional adjustments that impact FY05 be accommodated? Will there be a tracking database and how will it work?