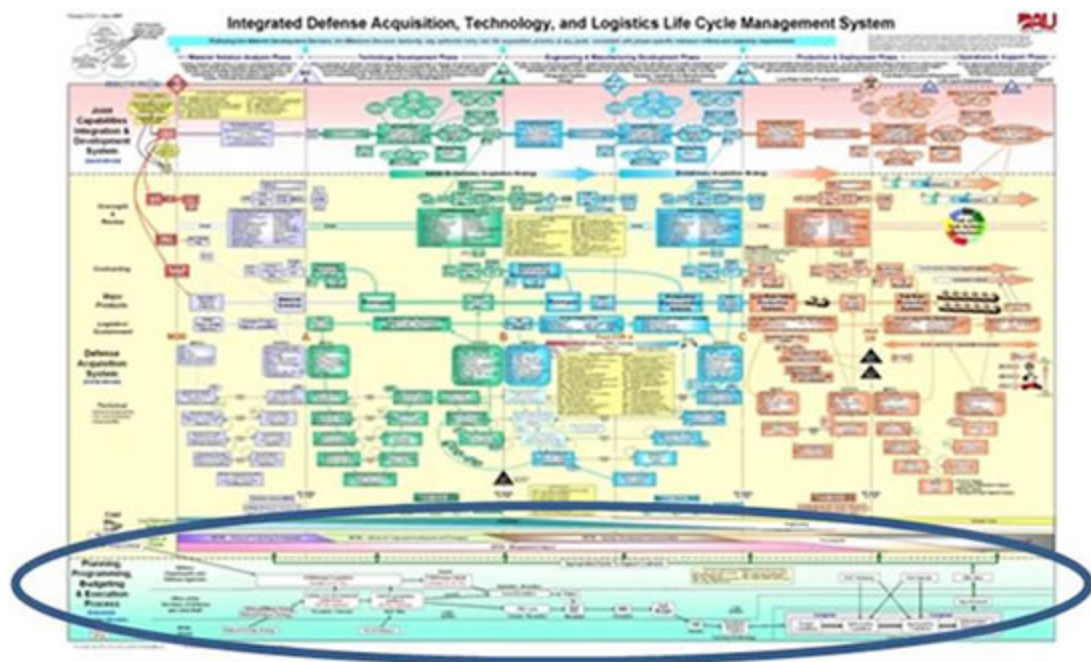


## Welcome to Budgeting Phase

This lesson introduces the Budgeting phase, to include its:

- Products
- Major activities
- Timeline
- Principal players



## Objectives

Upon completion of this lesson, you will be able to:

- Identify the principal players, major activities, timeline, and primary inputs and products of the Budgeting phase of PPBE.

## Budgeting Phase Overview

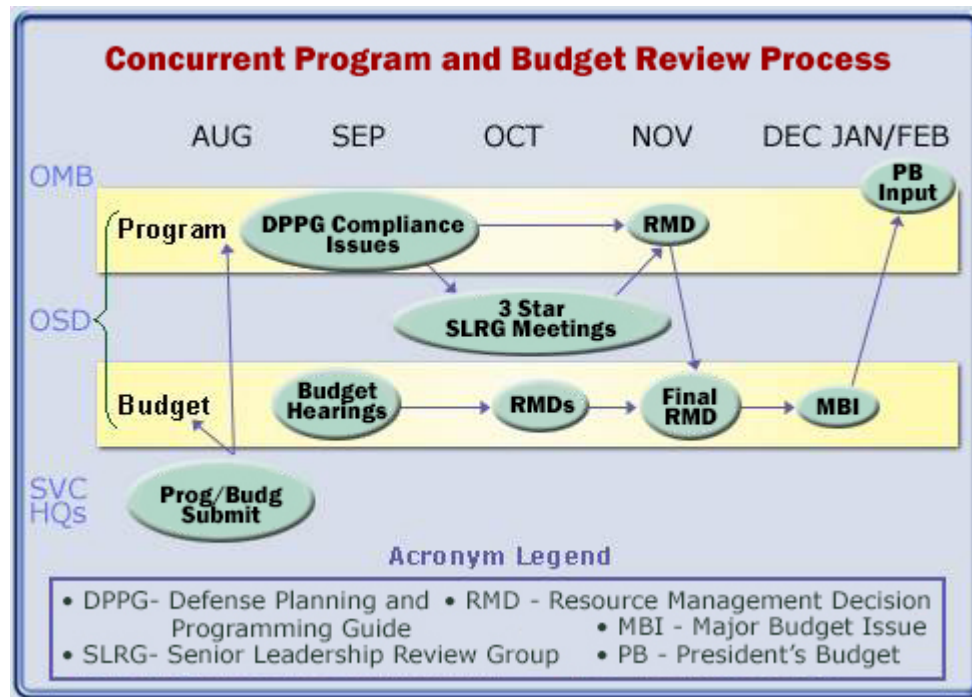
The third phase of the PPBE process is the Budgeting phase, during which the Component prepares its budget submissions, OSD reviews these submissions for defensibility and efficient execution, and the submissions are formatted for inclusion as part of the President's budget request to Congress.

[Click here to view the Combined Programming and Budgeting Phases Flowchart.](#)



## Popup Text

### Combined Programming and Budgeting Phases Flowchart



## Long Description

Components send to OSD a combined Program and Budget Review submission in August which is then reviewed by OSD, OMB, the Joint Staff, and the Combatant Commanders. Two distinct tracks proceed concurrently: the Program Review (Programming Phase) and the Budget Review (Budgeting Phase). The Program Review handles programmatic and DPPG compliance issues. Top level issues are considered by the Defense Resources Board. The decisions made during the Program Review are captured in one or more Resource Management Decisions. All other issues are handled in the Budget Review where decisions are captured in Resource Management Decisions. The Major Budget Issues provide a final opportunity for

the Components to resolve a limited number of high priority issues before the President's Budget is submitted to Congress in February.

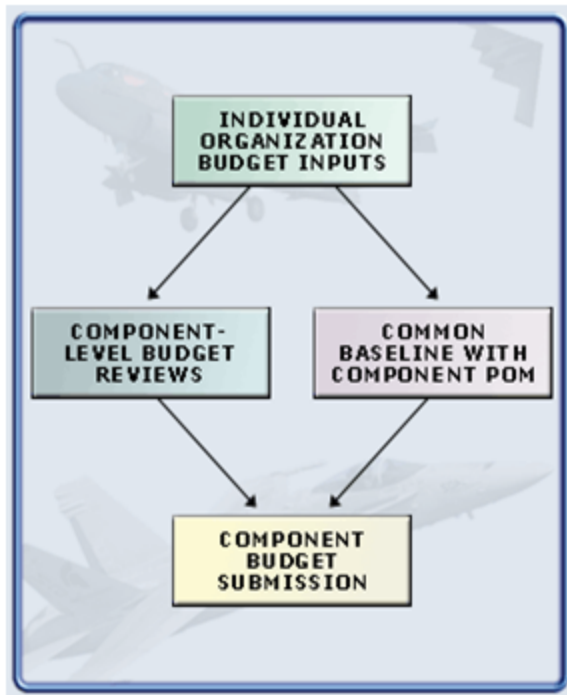
**Long Description**

Military tanks, ships launching rockets, aircraft dropping bombs, soldier with a gun, and aircraft on runway are all part of DoD.

## Budgeting Phase Inputs

The primary inputs to the Budgeting phase come from the Components' operational organizations and field activities, which begin developing their individual budgets in the summer as a prelude to their headquarters' call for budget submissions.

These budget inputs should be consistent with the Component program submission that is being developed simultaneously. Some Components aggregate these budget inputs into a baseline set of budget justification documents and perform a Summer Budget Review to examine program execution and adjust the budget as necessary.

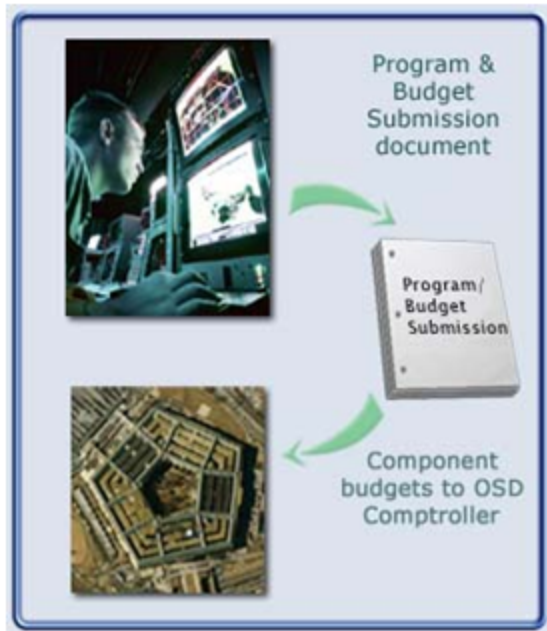


**Long Description**

Flowchart diagram depicting the budgeting phase inputs. Individual Organization Budget Inputs are sent to Component Level Reviews and Common Baseline with Component POM, which will then send it for Component Budget Submission.

## Budget Submission

Each year, the Component prepares its budget baseline documents, re-pricing or restructuring programs as necessary, and provides the budgeting portion of its Program and Budget submission to the office of the USD (Comptroller) in August. This Budget Submission is commonly known as the Budget Estimate Submission or BES.





**Long Description**

Diagram depicting process flow where components update their budget baseline documents for August delivery to the OSD Comptroller.

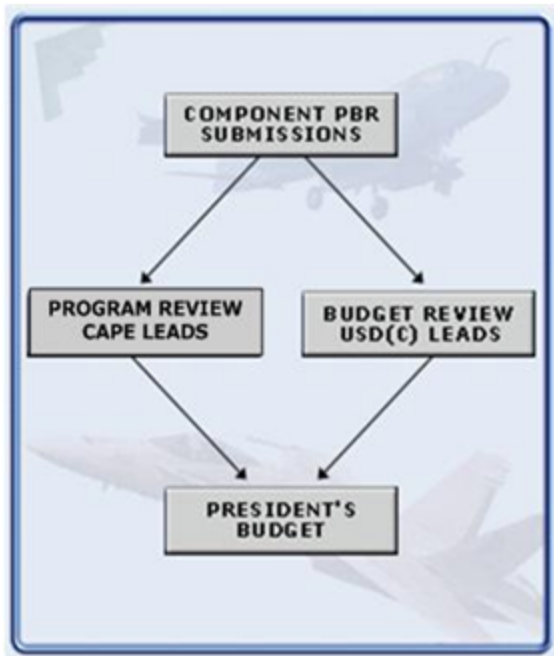
### Concurrent Program and Budget Review

OSD conducts a detailed review of the Component Program and Budget submissions. The review consists of two distinct tracks that proceed concurrently:

- Program Review (Programming Phase)
- Budget Review (Budgeting Phase)

The Program Review (discussed as part of the Programming phase) is led by the OSD/Cost Assessment and Program Evaluation (CAPE) Deputy Director for Program Evaluation, and considers issues pertaining to DPPG compliance, the overall balance of Component programs, programmatic issues deferred during DPPG preparation, as well as significant late-breaking issues.

The Budget Review, which is discussed on the following pages, is led by the USD (Comptroller) and covers all other issues not considered during the Program Review.



### **Long Description**

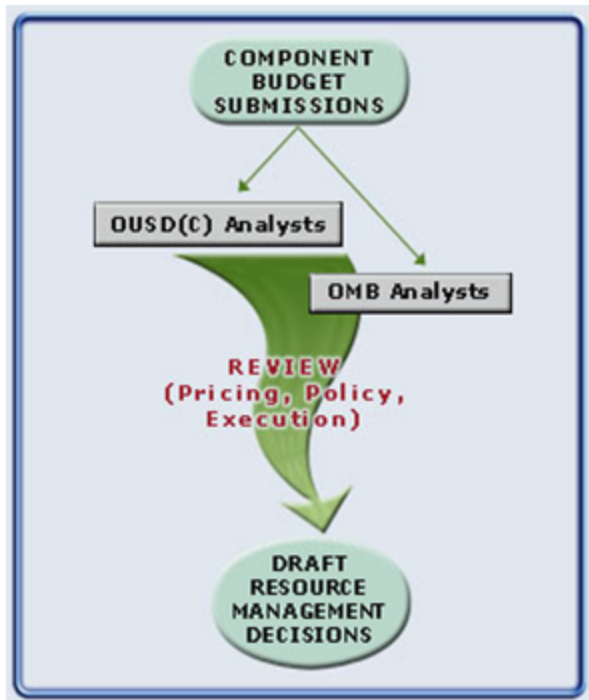
Flowchart showing the OSD process during a detailed review of the Component Program and Budget Review submissions. Top box reads 'Component PBR Submissions,' the left box reads 'Program Review, CAPE Leads.' The right box reads 'Budget Review, USD(C) leads.' The bottom box reads 'President's Budget.'

## OSD/OMB Budget Review

Budget analysts from the Office of the Undersecretary of Defense (Comptroller) (OUSD (C)) and the Office of Management and Budget (OMB) normally conduct a joint review in the fall after submission of the BES or BCPs. OMB retains the authority to submit separate decisions on the reviews but, in practice, rarely does.

During their review, the budget analysts consider issues related to program phasing and pricing, compliance with DoD funding policies, and efficient execution of funds, based on performance metrics.

PPBE places additional emphasis on reviewing program execution through the use of performance metrics. These metrics place the focus on output, measuring not just how funds are spent, but what is received for the money invested.



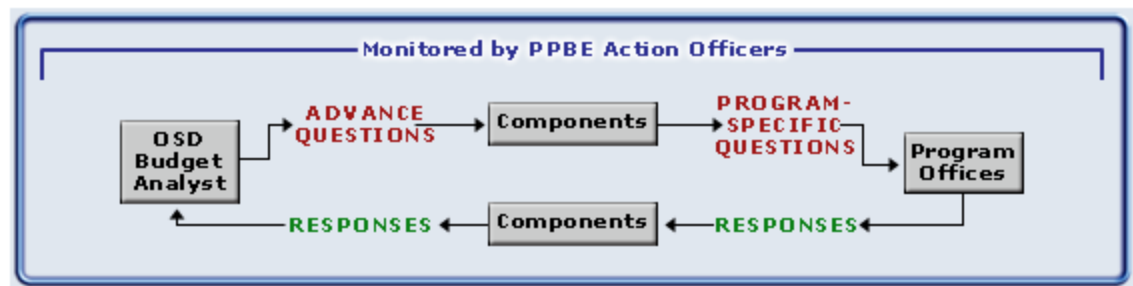
### **Long Description**

Chart showing part of the Budgeting phase process. An oval labeled Component Budget Submissions is located at the top center of the chart. Two diagonal arrows lead down from the bottom of the oval to two gray boxes that are level with each other. The left-hand box is labeled OUSD(C) Analysts and the right-hand box is labeled OMB Analysts. A large green S-shaped arrow flows from the bottom of both analyst boxes. The words Budget Review (Pricing, Policy, Execution) are superimposed on the S-shaped arrow, which ends at an oval labeled Resource Management Decisions.

## OSD/OMB Budget Review, Cont.

The OSD budget analysts usually issue "advance questions" to the Components to obtain additional information regarding the budget request. Program-specific questions are usually referred to the program office for a response. All responses to advance questions are submitted in writing through the Component comptrollers to the OSD budget analysts.

After submission of the budget or BCPs, the OSD budget analysts, with their OMB counterparts, hold budget hearings to review appropriations and specific programs. Component functional staff and OSD program advocates provide information as necessary during these hearings. Although the budget analysts mainly seek information via the comptroller chain of command, the Service PPBE Action Officers constantly monitor activities during the budget review process, participate in budget hearings, and take action as necessary to obtain and provide information to defend their programs.



**Long Description**

Flowchart diagram depicting OSD Budget Analysts issue "Advance Questions" to Components. The responses are sent through Component Controllers back to the OSD Budget Analyst. Service PPBE Action Officers monitor the budget review activities.

### **Resource Management Decision (RMD) Process**

Resource Management Decisions (RMDs) signed by the DEPSECDEF were issued in place of PDMs and PBDs. Per the SECDEF's direction, the issues and decisions previously addressed in the POM reviews and BES reviews and documented in two separate documents were combined into a single document with two separate sections addressing programming and budgeting; this approach significantly reduced the number of decision documents.

In addition, because of the extensive POM and BES issue deliberations within and between the various senior leadership groups within the DoD (i.e. 3-Star Programmers, Deputy's Advisory Working Group (DAWG), Senior Leader Review Group (SLRG)) prior to the issuance of an RMD, the SECDEF has tried to limit the use of the Major Budget Issue (MBI) process."



### **Resource Management Decision (RMD) Process**

Following a thorough review of the POM/BES , questions/answers from the OSD/OMB budget hearings and the review of issues/recommendations coming from the Programming review, a series of RMDs are issued. These RMDs are broken down into three distinct chapters within the RMD: Budgeting ( prepared by USD (C)); Programming (prepared by USD CAPE); and Economics/other. Decisions/changes to the POM/BES, based on these three areas of review are reflected in the RMDs.

In the past a draft PBD/PDM would be issued to the Services and Components for review and/or to reclama. Using the RMD process the Services and Components are only given an opportunity to comment on a selected list of issues. They are not given the opportunity to reclama the actual RMDs. The RMDs are signed by the SECDEF and become the final decision documents to the PPBE review process.

### President's Budget (PB)

The Services revise their budgets to incorporate the decisions from the concurrent program and budget review process (signed RMDs ) for inclusion in the PB. After a "top line" meeting between the SECDEF, Director of OMB and the President, the PB is finalized in early January and submitted through OMB for consolidation with budget requests from all other federal agencies to Congress no later than the first Monday in February.

The FYDP is also updated to reflect the PB. These actions end the Budgeting Phase of PPBE and begin the Congressional Enactment process.



**Long Description**

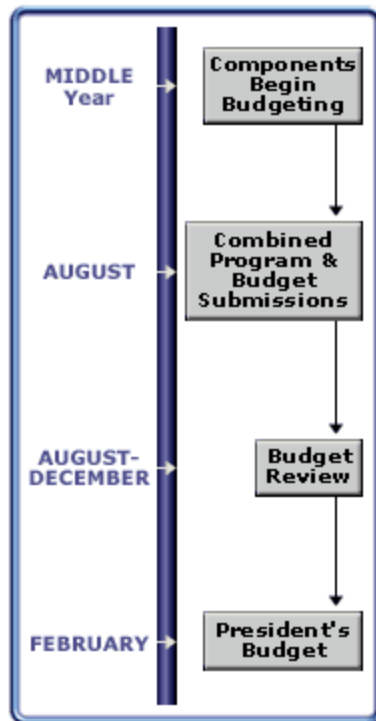
Final revisions to Budget is provided for inclusion in the President's Budget, President's Budget is then submitted to Congress through OMB by the first Monday in February.

### Budgeting Phase Timeline

As shown in the graphic, combined program and budget submissions are provided to OSD in August. Review of the budget or BCP submissions.

[Click here to view an example of the timing of the Budgeting phase.](#)

[Click here to view an example of a Budgeting Phase Timeline Chart.](#)

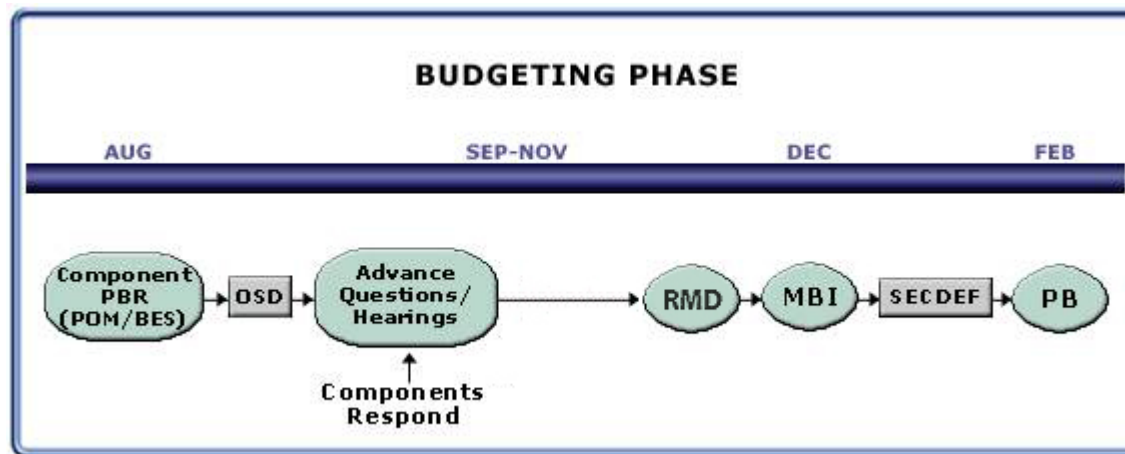


## Popup Text

### Example of the timing of the Budgeting phase

As an example of the timing of the Budgeting phase, for the FY 14-18 PPBE cycle, Budgeting would begin in mid-calendar year 2012, with the Components gathering inputs to prepare their budget submissions. The Component budget submissions would be provided to OSD during August 2012 as part of the combined Program and Budget review submission. The Budget Review would take place between August and November 2012, with Program Budget Decisions issued in October and November 2012. Major Budget Issue meetings would be held in early to mid-December 2012. The DoD portion of the President's Budget would be submitted to OMB in early January 2013, at which time the FYDP would be updated. The President's Budget would then be submitted to Congress by the first Monday of February 2013.

### Budgeting Phase Timeline Chart



### Long Description

In the PPBE process, the Budgeting phase begins in the middle of each calendar year. As shown in the graphic, combined program and budget submissions are provided to OSD in August. Review of the budget

submissions continues through December, when the Resource Management Decisions (RMDs) are issued. After changes are incorporated into the budget and it is submitted to OMB for inclusion in the President's Budget. The FYDP is updated at this time.

### **Long Description**

Abbreviated Budget Review Timeline Flowchart. The Components begin budgeting in the middle of year. Combined program and budget submissions occur in August. The Budget Review occurs in the August to December timeframe, with the President's Budget released in February.

## **Principal Players - Budgeting Phase**

The principal players in the PPBE Budgeting Phase include:

- Undersecretary of Defense (Comptroller)
- Secretary of Defense
- Deputy Secretary of Defense
- OSD Budget Analysts
- OMB Budget Analysts
- OSD Staff
- Joint Staff Component Staffs, especially Component budget analysts
- Service/Component PPBE Action Officers (PEM, RO, MDEP POC, DASC)



## Knowledge Review

Select all that apply.

Which of the following is a product of the Budgeting phase of PPBE?

- ☒ Resource Management Decision (RMD)
- ☒ DoD portion of the President's Budget
- ☐ Defense Planning and Programming Guidance
- ☐ Program Objective Memorandum

Check Answer



The **Resource Management Decision (RMD)** and the **DoD portion of the President's Budget** are products of the Budgeting phase of PPBE.



### Knowledge Review

Any stakeholder may submit a reclama to a draft RMD, through their Component or Principal Staff Assistant, requesting that it be reversed or changed.

☐ True

☒ False

Check Answer



The statement is **False**, any stakeholder can not submit a reclama to a draft RMD, through their Component or Principal Staff Assistant, requesting that it be reversed or changed.

## Knowledge Review

For the FY 14-18 PPBE cycle, the Component budget submissions would be provided to OSD during \_\_\_\_\_, as part of the combined Program and Budget Review submission.

- ☐ August FY13
- ☐ February 2013
- ☒ August FY12
- ☐ February 2012

Check Answer



For the FY 10-15 PPBE cycle, the Component budget submissions would be provided to OSD during **August FY12**, as part of the combined Program and Budget Review submission.

## Knowledge Review

Select all that apply.

The principal players in the PPBE Budgeting Phase include:

- ☒ Secretary of Defense
- ☒ OMB Budget Analyst
- ☒ Joint, OSD, and Component Staffs
- ☐ Unified and Specified Command Combatant Commanders
- ☒ Undersecretary of Defense (Comptroller)
- ☒ Service/Component PPBE Action Officers

Check Answer



The principal players in the PPBE Budgeting Phase include the **Secretary of Defense, OMB Budget Analyst, Joint, OSD, and Component Staffs, Undersecretary of Defense (Controller), and Service/Component PPBE Action Officers.**

### **Budgeting Phase Summary**

You have completed Budgeting Phase and should now be able to:

- Identify the principal players, major activities, timeline, and primary inputs and products of the Budgeting phase of PPBE.

## Lesson Completion

You have completed the content for this lesson.

To continue, select another lesson from the Table of Contents on the left.

If you have closed or hidden the Table of Contents, click the Show TOC button at the top in the Atlas navigation bar.