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Defense Primer: Planning, Programming, Budgeting, and Execution (PPBE) Process

Introduction

The Planning, Programming, Budgeting, and Execution (PPBE) process is a U.S. Department of Defense (DOD) system for allocating resources among the military departments, defense agencies, and other entities (referred to as DOD components). This annual process serves as the framework for DOD civilian and military leaders to decide which programs and force management requirements to fund based on strategic objectives. *DOD Directive 7045.14* states the objective of the process is “to provide the DOD with the most effective mix of forces, equipment, manpower, and support attainable within fiscal constraints.” Chairman of the Joint Chiefs of Staff *Instruction 3100.01F* describes the process as the Secretary of Defense’s “institutional strategic planning system and the primary decision-making process for translating strategic guidance into resource allocation decisions.” The process produces DOD’s portion of the President’s annual budget request to Congress and updates the DOD’s five-year funding plan, known as the Future Years Defense Program (FYDP). In 2024, the Commission on Planning, Programming, Budgeting, and Execution Reform recommended replacing PPBE with a new Defense Resourcing System (DRS) to strengthen “the connection between strategy and resource allocation while creating a more flexible and agile execution process.”

Background

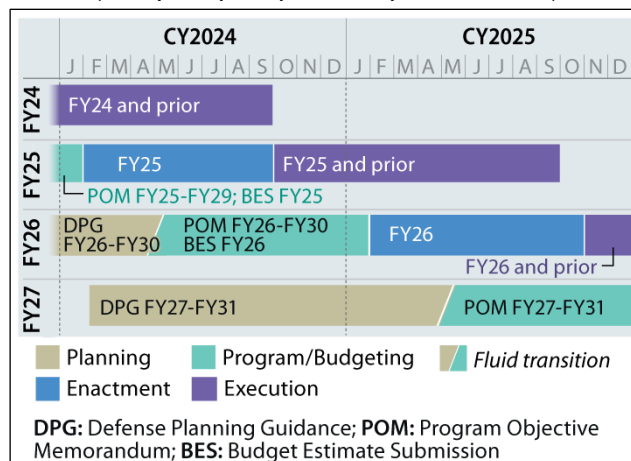
In 1961, then-Secretary of Defense (SECDEF) Robert S. McNamara established the Planning, Programming, and Budgeting System (PPBS) as a framework for linking strategic objectives with resources. In 2003, DOD renamed the system PPBE in part to emphasize the need to better manage the execution of budget authority provided by Congress. The Deputy Secretary of Defense manages the overall process. PPBE is one of DOD’s three main acquisition-related decision support systems, along with the Joint Capabilities Integration and Development System (JCIDS) for developing requirements to address capability gaps and the Defense Acquisition System (DAS) for managing acquisition programs. PPBE is a calendar-driven process that, for any fiscal year cycle, typically begins more than two years before the expected year of budget execution. **Figure 1** shows when PPBE actions associated with a fiscal year cycle may occur during a calendar year.

PPBE Phases

The PPBE process typically produces internal documents and materials for each phase. The *planning* phase produces the Defense Planning Guidance (DPG), which details force development priorities. The *programming* phase generates a Program Objective Memorandum (POM), a funding plan for each component covering a five-year period that adjusts

programs in the FYDP. The *budgeting* phase results in a Budget Estimate Submission (BES), which covers the first year of the POM and converts programs into budget terms for submission to Congress.

Figure 1. DOD Resource Allocation Process (notional)
(fiscal year cycle by calendar year and month)



Source: CRS graphic based on DOD references.

Notes: CY: calendar year; FY: fiscal year cycle. Prior: prior years.

Planning

The Under Secretary of Defense (USD) for Policy leads the planning phase. The Chairman of the Joint Chiefs of Staff (CJCS) also plays a significant role in the process, in accordance with statutory responsibilities under 10 U.S.C. §151 as the principal military advisor to the SECDEF. The CJCS’s role is, in part, to advocate for solutions to department-wide requirements. The phase involves reviewing the President’s National Security Strategy, the SECDEF’s National Defense Strategy, and the CJCS’s National Military Strategy to align the resulting Defense Planning Guidance (DPG) with a presidential administration’s policy goals and views on potential threats, force structure, readiness posture, and other factors. Developed with input from the CJCS, military departments, and combatant commanders, the DPG typically contains guidance on investments and divestments for the components and is intended to inform a component’s POM.

Programming

The programming phase is meant to analyze anticipated effects of present-day decisions on the future force. The Director of the Office of Cost Assessment and Program Evaluation (CAPE) leads this phase. The programming phase involves the head of each component developing a POM recommending resource requirements over five years.

Each POM prioritizes and adjusts programs in the FYDP—categorized by such inputs as forces (i.e., equipment items or combat units), military and civilian personnel, and funding—and describes risks associated with unfunded, underfunded, or overfunded programs. Following POM submission, CAPE leads the reviews of the programs, forecasts the resource requirements for the next five years, and updates the FYDP. After program reviews, the SECDEF may direct the components to make changes.

Budgeting

The USD Comptroller/Chief Financial Officer leads the budgeting phase, in which the components complete a Budget Estimate Submission for the first year of the FYDP. Using guidance from the Office of Management and Budget (OMB), the Comptroller reviews the budget submissions for funding and fiscal controls, phasing of the efforts over the funding period, and feasibility of execution within the budget year. During this phase, Comptroller analysts collaborate with component analysts to align budget requests with the overall defense budget. As a result of budget reviews, the SECDEF may direct the components to make changes. The final product is typically submitted to OMB in December for inclusion in the President’s annual budget request to Congress, usually submitted in February.

Execution

During the execution phase, OSD and the components evaluate the obligation and expenditure of funds, as well as program results. The purpose of execution review is to assess program objectives against outcomes. The components assess compliance with SECDEF guidance, performance metrics, and program results. OSD staff review the assessments and recommend changes, in coordination with the CJCS and the Joint Staff.

Commission Recommendations

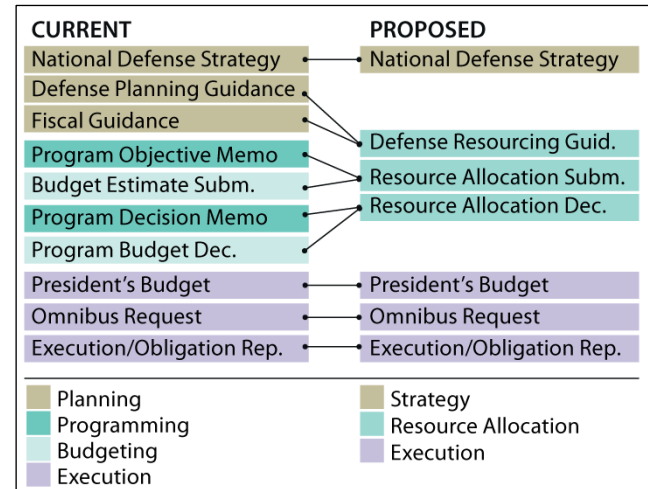
Section 1004 of the National Defense Authorization Act for Fiscal Year 2022 (NDAA; P.L. 117-81) established the 14-member Commission to examine the effectiveness of the PPBE process, consider alternatives, and make legislative and policy recommendations “to improve such process and practices in order to field the operational capabilities necessary to outpace near-peer competitors, provide data and analytical insight, and support an integrated budget that is aligned with strategic defense objectives.” In March 2024, the Commission issued its final report, which contained 28 recommendations across five “critical areas.” The first recommendation suggests DOD replace PPBE with a new Defense Resourcing System (DRS) that would include fewer processes and documents than PPBE. For example, the recommendation suggests DRS have three main processes (i.e., Strategy, Resource Allocation, and Execution) rather than the four in PPBE, in part by consolidating elements of the current Programming and Budgeting phases. See **Figure 2**.

Potential Issues for Congress

Congress may consider whether replacing the current PPBE process with another system, such as the proposed Defense Resourcing System (DRS), would improve the alignment of budget requests to strategy and the fielding of operational capabilities, and what criteria could be used to measure the

effectiveness of another system. Congress may also consider if changes to military department and DOD component processes, practices, and information technology systems might be necessary to implement DRS or another system. Congress may also consider how DRS or another system may enable DOD officials to resolve competing views on funding for strategic priorities.

Figure 2. Current PPBE Documents, by Phase; and Proposed DRS Documents, by Phase



Source: CRS graphic based on Commission on Planning, Programming, Budgeting, and Execution Reform, *Defense Resourcing for the Future: Final Report*, March 2024, p. 47.

Notes: “Guid.” is guidance; “Subm.” is submission; and “Rep.” is reports.

Additional Resources

10 U.S.C. §§ 113, 134, 135, 139a, 151, 153

DOD, *Financial Management Regulation*, 7000.14-R

DOD, Directive 7045.14, *The Planning, Programming, Budgeting, and Execution (PPBE) Process*

DOD, *Future Years Defense Program (FYDP), Structure Handbook*, February 2020

Chairman of the Joint Chiefs of Staff Instructions (CJCSI) 3100.01F, 5123.01I, and 8501.01B

Commission on Planning, Programming, Budgeting, and Execution Reform, *Defense Resourcing for the Future: Final Report*, March 2024

CRS Insight IN12372, *PPBE Reform Commission Final Report Recommendations: Issues for Congress*

CRS Report R47178, *DOD Planning, Programming, Budgeting, and Execution (PPBE): Overview and Selected Issues for Congress*

CRS In Focus IF10831, *Defense Primer: Future Years Defense Program (FYDP)*

CRS In Focus IF10428, *Intelligence Planning, Programming, Budgeting, and Evaluation (IPPE) Process*

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