Army Regulation 1-1

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Administration

Planning, Programming, Budgeting, and Execution System

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Headquarters
Department of the Army
Washington, DC
9 July 1986
AR 1-1
Planning, Programming, Budgeting, and Execution System

This revision—

- Introduces the Army's new management architecture for allocating program and budget resources (para 2-5).

- Covers the enhanced planning process that helps bridge the gap between planning and programming (paras 3-3 and 3-4).

- Describes the use of designated functional areas to help build the Army program and the process for setting program priorities (paras 4-4 and 4-5).

- Adds execution as an individual phase of system activity (chap 6).
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Effective 1 August 1986

Administration

Planning, Programming, Budgeting, and Execution System

This UPDATE printing publishes a revision which is effective 1 August 1986. Because the structure of the entire revised text has been reorganized, no attempt has been made to highlight changes from the earlier regulation dated 25 May 1976.

Summary. This regulation on the Planning, Programming, Budgeting, and Execution System (PPBES) has been revised. It implements DODD 7045.14 and DODI 7045.7, which cover the parent DOD Planning, Programming, and Budgeting System (PPBS).

Applicability. This regulation applies to the Active Army, the Army National Guard, and the U.S. Army Reserve.

Impact on New Manning System. This regulation does not contain information that affects the New Manning System.

Internal control systems. This regulation is not subject to the requirements of AR 11–2. It does not contain internal control provisions.

Supplementation. Supplementation of this regulation and establishment of forms other than DA forms are prohibited without prior approval from HQDA (DACS–DPD), WASH DC 20310–0200.

Interim changes. Interim changes to this regulation are not official unless they are authenticated by The Adjutant General. Users will destroy interim changes on their expiration dates unless sooner superseded or rescinded.

Suggested improvements. The proponents agency of this regulation is the Office of the Chief of Staff, Army. Users may send comments and suggest improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to HQDA (DACS–DPD), WASH DC 20310–0200.

Distribution. Distribution of this issue has been made in accordance with DA Form 12–9A–R requirements for l-series publications. The number of copies distributed to a given subscriber is the number of copies requested in Block 4 of the subscriber’s DA Form 12–9A–R. AR 1–1 distribution is D for Active Army, ARNG, and USAR.

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Glossary

This regulation supersedes AR 1–1, 25 May 1976.
Chapter 1
Introduction

1-1. Purpose
This regulation assigns responsibilities and prescribes policy and procedures for the Army Planning, Programming, Budgeting, and Execution System (PPBES) used in—
a. Determining requirements for total obligational authority (TOA) and manpower for the Army program.
b. Allocating required resources to specific purposes.
c. Requesting the resources from Congress.
d. Monitoring the application of approved resources for intended purposes.

1-2. References
DA Pam 5-9, Planning, Programming, Budgeting, and Execution System (PPBES), is a required publication. (Cited in paras 1-5 and 2-7.)

1-3. Explanation of abbreviations
Abbreviations used in this regulation are explained in the glossary.

1-4. Responsibilities
a. The Assistant Secretary of the Army (Financial Management) (ASA FM) is responsible for the Army PPBES, including program development, budget formulation and execution, and resource analysis and integration.
b. The Director of Program Analysis and Evaluation, Office of the Chief of Staff, Army (DPAE, OCSA), will—
   (1) Maintain the overall discipline of the PPBES.
   (2) Provide the PPBES interface between the Army Staff and the following:
      (a) Office of the Secretary of the Army (OSA).
      (b) Organization of the Joint Chiefs of Staff (OJCS).
      (c) Office of the Secretary of Defense (OSD).
   (3) Manage the programming phase.
   (4) Compile and defend the Program Objective Memorandum (POM).
   (5) With the Comptroller of the Army, develop and maintain the following:
      (a) Resource management architecture to support the integration of the PPBES processes.
      (b) Data base architecture of the PPBES Data Management System (PROBE), including management of data entry for PROBE. (The name PROBE derives from an improvement project called Program Optimization and Budget Evaluation.)
   (6) Maintain the Army portion of the Five Year Defense Program (FYDP).
   (7) Develop Army Guidance, Volumes II through IV.
   c. The Deputy Chief of Staff for Operations and Plans (DCSOPS) will—
      (1) Manage the planning phase.
      (2) Exercise staff supervision and assign, coordinate, and review staff actions of the Joint Chiefs of Staff (JCS).

   (3) Develop The Army Plan (TAP), which is Army Guidance, Volume I.
   (4) Recommend priorities for allocating resources for approval by the Chief of Staff, Army (CSA) and the Secretary of the Army (SA).
   (5) Develop the Extended Planning Annex (EPA) to the POM.
   d. The Comptroller of the Army (COA) will—
      (1) Manage the budgeting and execution phases.
      (2) Formulate, present, and execute the Army budget.
      (3) Establish policy and guidance for the following:
         (a) Financial review and analysis.
         (b) Quarterly Management Review of major Army programs under the Program Performance and Budget Execution Review System (PPBERS).
         (c) Reprogramming actions.
         (d) Fund distribution.
         (e) Accounting and reporting for all funds managed by the Army.
         (f) Developing and maintaining standard systems in support of (a), (d), and (e) above.
   (4) Provide cost estimates for integration into PPBES processes.
   (5) With the DPAE, maintain the Army budget portion of PROBE.
   e. Heads of all Army Staff agencies will—
      (1) Support Army force requirements and objectives planning within their area of staff responsibility.
      (2) Advise the CSA, through the DC-SOPS, on matters of joint operations interest and on required actions resulting from decisions by the JCS.
      (3) Plan, program, and budget for assigned responsibilities and functions.
      (4) Review and analyze program performance and budget execution within their area of staff responsibility.
      (5) Involve counterparts in the Army Secretariat in all phases and activities of the PPBES.
   f. The commanders of major Army commands (MACOMs) and operating agencies will—
      (1) Plan, program, and budget for assigned missions, responsibilities, and functions.
      (2) Execute the MACOM or agency budget.
      (3) Review and analyze MACOM or agency program performance and budget execution.
   g. Commanders of MACOMs serving as an Army component of a unified or specified command will also identify, coordinate, and prioritize commander in chief (CINC) requirements.

Chapter 2
System Description

Section 1
The Department of Defense Planning, Programming, and Budgeting System

2-1. The DOD PPBES concept
a. The Department of Defense (DOD) Planning, Programming, and Budgeting System (PPBES) serves as the primary management system of DOD. It is also the parent system of the Army’s PPBES.
b. The official summary of programs developed within the DOD PPBES and approved by the Secretary of Defense (SECDEF) appears in the Five Year Defense Program (FYDP). The summary includes separately published annexes for procurement, construction, and research, development, test, and evaluation (RDTE).
c. The FYDP is issued three times a year.

   (1) The first issue records resource levels supporting the President’s budget submission to Congress in January or February. Congress, which does not receive the FYDP, has visibility of resource data as follows:
      (a) TOA and manpower for only the prior year, current year, and budget year plus 1 year past the budget year.
      (b) Procurement, construction, and RDTE for 4 years past the budget year.
   (2) The two subsequent issues of the FYDP record resource levels submitted by defense components in their POM in May and budget estimates in September.

2-2. Defense Resources Board
a. The Defense Resources Board (DRB) assists the SECDEF in managing the PPBES process. The DRB—

      (1) Reviews proposed policy and planning and programming guidance.
      (2) Conducts the program and the budget review.
      (3) Evaluates high priority programs.
      (4) Ensures that major acquisition programs align with the PPBES.
   (5) Advises the SECDEF on policy, PPBES issues, and proposed decisions.

   b. The Deputy Secretary of Defense (DEPSECDEF) chairs the DRB. Members include staff principals from OSD, the Chairman of the JCS, and Service Secretaries. Although not members, the Chiefs of Staff of the Army and Air Force, Chief of Naval Operations, and Commandant of the Marine Corps participate in DRB deliberations in an advisory capacity. The Office of Management and Budget (OMB) is represented by the Associate Director of National Security and International Affairs.
Section II
The Army Planning, Programming, Budgeting, and Execution System

2-3. The Army PPBES concept
   a. As the Army's primary resource management system, the PPBES constitutes a major decisionmaking process.
   b. The PPBES differs from the DOD PPBES by formally adding program and budget execution as an individual phase of system activity.
   c. The PPBES interfaces with OSD and OCS planning processes to produce the TAP.
   d. Linking to the OSD programming and budgeting processes, the PPBES develops and maintains the Army portion of the FYDP and defense budget. The PPBES integrates centrally managed programs for manpower; research, development, and acquisition; and stationing and construction. Concurrently, the PPBES incorporates the operation and maintenance budgets of the MACOMs and operating agencies and MACOM needs for manpower, housing, and construction.
   e. The PPBES supports budget preparation from installation to departmental level. It reviews execution of the approved program and budget by both headquarters and field organizations. During execution, it provides feedback to the planning, programming, and budgeting processes.
   f. Documents produced within the PPBES support support defense decisionmaking, and the review and discussion that attend their development help shape the outcome. The following are examples:
      (1) The Army helps prepare the Defense Guidance (DG) and planning documents produced by the Joint Strategic Planning System (JSPS). The participation influences policy, strategy, and force objectives considered by the SECDEF and the JCS. The same participation bears also on policies for materiel development and acquisition and other issues.
      (2) MACOMs influence the positions and decisions drawn by the CSA and the SA. MACOMs—(a) Participate in developing Army Guidance.
      (b) Develop Program Analysis and Resource Reviews (PARRs).
      (c) Submit operating budgets.
      (d) Identify problems hindering command missions in an annual POM assessment letter.
      (e) Make their views known through periodic commanders’ conferences held by the CSA on the proposed plan, program, and budget.
      (3) MACOMs serving as an Army component of a unified command also identify, coordinate, and prioritize CINC requirements and submit them to Headquarters Department of the Army (HQDA) as part of the MACOM program submission.

2-4. PPBES objectives
   The objectives of the PPBES are as follows:
   a. Reflect the national military strategy in sizing, structuring, and manning the Army force.
   b. Obtain required forces, manpower, and dollars.
   c. Allocate forces, manpower, dollars, and available materiel and equipment among competing demands according to Army resource allocation policy and priorities.
   d. Evaluate how well the execution of the program and budget applies resources to achieve intended purposes and adjust resource requirements based on execution feedback.

2-5. Resource management architecture
   a. The PPBES architecture allocates program and budget resources to products described by Management Decision Packages (MDEPs), which collectively establish Army force capability. The architecture distributes the packages among the following five discrete management areas:
      (1) Missions of table of organization and equipment (TOE) units.
      (2) Acquisition, fielding, and sustainment of systems. (Linkage to units exists through offline decision support systems maintained by the Deputy Chief of Staff for Research, Development, and Acquisition (DCSRA).
      (3) Activities of the support and mobilization area.
      (4) Operations of Army installations.
      (5) Special functional areas (program and budget packages that cut across two or more other management areas in order to define and protect resources having high-level interest during a specific period).
   b. MDEPs have two components.
      (1) One component is a Program Development Increment Package (PPIP) managed by the DPAE. The PPIP covers the five program years and helps build the Army program/PDIPs—
         (a) Help the decisionmaking process accommodate either decreases or increases to TA and manpower levels.
         (b) Provide discrete, executable levels that can be readily extrapolated to unit equipping.
      (2) The other component of the MDEP is a Budget Increment Package (BIP) managed by the Director of Army Budget (DAB). The BIP complements the PPIP and covers the prior year, current year, and budget year.

2-6. Principal PPBES committees
   a. Select Committee.
      (1) The Vice Chief of Staff, Army (VCOS) chairs the Select Committee (SELCOM), which consists of the heads of Army Staff agencies and selected other general officers.
      (2) The SELCOM functions as the senior committee of the Army Staff. The forum helps the senior leadership review, coordinate, and integrate PPBES actions. The SELCOM considers and interprets guidance from the SECDEF, SA, and CSA. It reviews Army policy, programs, and budgets. It reviews the performance of program and budget execution. The SELCOM may dispose of actions on its own or recommend action to the CSA and SA.
   b. Strategy and Planning Committee.
      (1) The Strategy and Planning Committee (SPC) consists mainly of officials responsible for planning in the various Army Staff agencies and offices of the Army Secretariat. Members include the DPAE and DAB. The Assistant DCOPS (ADCSOPS) chairs the SPC. The ADCSOPS (Joint Affairs) serves as the alternate chairman.
      (2) The SPC serves as an integrating forum for Army planning. It considers guidance and analyses related to strategy and planning and makes recommendations to the SELCOM. The SPC ensures that the TAP gives programmers consistent and affordable planning guidance in each Army functional area. The SPC also monitors program planning and development.
      c. Program and Budget Committee.
      (1) The Program and Budget Committee (PBC) consists mainly of officials responsible for programming and budgeting in the various Army Staff agencies. The DPAE and DAB co-chair the PBC, each presiding according to the subject under consideration.
         (a) The PBC oversees the programming, budgeting, and execution phases of the PPBES, including information feedback among the phases. The PBC serves in both a coordinative and executive-advisory role. It provides a continuing forum in which program and budget matters are reviewed, adjusted, and decided issues. As a main objective, the PBC ensures the internal consistency and support of established Army policy.
         (b) The PBC may return the results of committee deliberations to the Army Staff for action. It may pass them directly to the SELCOM for its review or approval for later presentation to the CSA and SA.
      (2) A PBC Weapons Systems Subcommittee helps link resource requirements of major weapon systems to the PPBES.
         (a) The subcommittee consists of general officers and members of the Senior Executive Service (SES) and is co-chaired by representatives of the DPAE and DAB. Broadly representing the Army Staff and Secretariat, its members include a representative of the U.S. Army Material Command (AMC).
         (b) The subcommittee serves as the single staff forum to review program, budget, and cost estimates of major weapon systems. It

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ensures that the PPBES uses estimates consistent with those of the Army Systems Acquisition Review Council (ASARC) process. It develops affordability analyses and recommendations for weapon system funding and acquisition profiles. It presents the analyses and recommendations to the PBC, SELCOM, and other bodies for senior review.

1. Prioritization Steering Group
(2) The PBC—
(a) Reviews the program established through the POM building deliberations of the PBC.
(b) Resolves conflicts involving unresource requirements or issues on which the PBC fails to reach agreement.
(c) Produces a prioritized, balanced program that meets fiscal and manpower constraints imposed by OSD by making recommendations to the SELCOM.

2-7. Other committees
Other committees for PPBES are listed below. (See DA Pam 5-9 for a description of these committees.)
(a) HQDA Program and Budget Advisory Committee (PBAC).
(b) Study Program Coordination Committee (SPCC).
(c) Construction Requirements Review Committee (CRRC).
(d) Stationing and Installations Planning Committee (SIPC).

2-8. PPBES cycle
(a) The PPBES has four formal phases. Three it shares with the DOD PPBS: planning, programming, and budgeting. The fourth, execution, applies uniquely to the Army as a distinct system phase.
(b) PPBES cycles overlap as do all four phases within each cycle. Chapters 3 through 6 explain the phases. The discussion covers key PPBES documents and events shown in figure 2-1 (located after last chapter of this regulation).

Chapter 3
Planning Phase

3-1. PPBES planning process
Army PPBES planning supports the DOD PPBS and OJCS strategic planning. Planning helps the senior leadership of the Army determine Army force requirements and objectives. It also guides them in allocating resources to support Army roles and missions. PPBES planning proceeds as a three-phase, midrange force study.

3-2. Phase I, Force Requirements Planning
Force Requirements Planning takes place from mid-February to mid-July. During this phase, the Army Staff translates defense policies and objectives into Army terms.

3-3. Phase II, Objectives Planning
(a) Objectives Planning occurs from July through September. In phase II, the Army Staff considers the projected availability of resources. It evaluates alternatives for allocating resources to an objective force reasonably attainable within anticipated constraints, and revising focus for program and budget action.
(b) Objectives planning centers on developing an attainable, balanced force structure for the total Army—Active Army, Army National Guard, and Army Reserve. The approach uses a force development process named Total Army Analysis (TAA). TAA develops for each POM year a proposed program force that can best meet projected mission requirements within anticipated resource levels. In addition, the TAA specifies objective force requirements for the 10-year extended planning period beyond the POM.
(c) To qualify for the TAP, however, the proposed force must be affordable and offer a rational basis for distributing available dollars and manpower. Toward these ends, a process of macro-analysis tests for affordability and allows the leadership to evaluate the resource implications of policy guidance.
(d) The SPC, Army Staff, and MACOMs review the TAA results. DCOPS presents the alternatives with a recommendation to the CSA and the SA for approval. DCOPS expands the approved alternative into the TAP, where it becomes the philosophical basis for the upcoming Army program.

3-4. Phase III, Planning Documentation
(a) Planning Documentation begins in June and ends with the publication of the TAP in December. In September and October, DCOPS:
(1) Prepares a draft TAP. The draft records the objective force alternative approved by the CSA and the SA and provides additional guidance and priorities.
(2) Circulates the draft for Army Staff and MACOM reviews and places its objectives and guidance on the agenda of the October Army Commanders’ Conference.
(b) After the Commander’s Conference, the Army leadership freezes the force structure so that DCOPS can develop the detailed constrained force structure defined through objectives planning (para 3-3). DCOPS completes this effort in November so that the calculation of final requirements for training personnel and equipment can begin in early December using the following automated systems:
(1) Personnel Structure and Composition System (PERSACS).

2-8. Logistics Structure and Composition System (LOGSACS).
(a) Following the Commanders’ Conference, DCOPS—
(1) Revises the draft TAP to respond to all comments.
(b) Presents the TAP to the CSA and the SA for final approval.
(c) Published as Army Guidance, Volume I, the TAP bridges the gap between the planning and programmed force and guides development of the Army program.

Chapter 4
Programming Phase

4-1. Army programming
During the programming phase the Army translates planning decisions and OSD programming guidance into a comprehensive and detailed allocation of forces, manpower, and funds for a 5-year period. The result is the Army POM, which presents the Army’s proposal for a balanced allocation of its resources within specified constraints. OSD reviews the POM and modifies it to reflect SECDEF program decisions. The program, as approved by the SECDEF, provides the basis for annual Army Budget Estimates.

4-2. Program guidance
(a) Defense Guidance. Defense Guidance, developed during the planning phase, provides programming direction from the SECDEF.
(b) Army Guidance. Army Guidance governs programming by the Army Staff, MACOMs, and operating agencies. It is issued in four stand-alone volumes.
(1) Volume I publishes the TAP.
(2) Volume II documents program development procedures. Volume II includes instructions to MACOMs for preparing the PARR (para 4-3b) and submitting CINC high priority warfighting needs.
(3) Volume III forwards DA-directed PDDPs for MACOM assistance in costing.
(4) Volume IV provides Army implementation of OSD POM Program Instructions (PPI).
(c) Program and Budget Guidance. The Program and Budget Guidance (PBG) publishes resource guidance to MACOMs and operating agencies three times a year. The September PBG, based on the OSD budget, provides guidance for preparing the PARR. The January PBG reflects the President’s budget. The May PBG reflects the POM. The January and May PBGs provide guidance to commands and agencies for preparing Command Operating Budgets (COBs). The PBG covers—
(1) Manpower.
(2) Appropriations of immediate MACOM interest such as—
(a) Operation and Maintenance, Army (OMA) and Army Reserve (OMAR).
(b) Military Construction, Army (MCA) and Army Reserve (MCA).
4-5. Program development process

a. Initial programming.

(1) Getting under way in early September, programming activity refines and extends the program of the prior year. The work draws substance and direction from planning decisions ultimately reflected in the TAP and TAA scheduled for publication in early December and the LRRDAP scheduled for publication in late January.

(2) The budgeted program proposed to the SECDEF in September establishes the base that MACOMs use to prepare their program requirements. MACOMs comment to HQDA on the LRRDAP in early October and submit the PARR the following January.

(3) Meanwhile, at HQDA, from September through December, the Army Staff—

(1) Reviews POM Assessment Letters grading the POM, which are prepared by MACOM commanders.

(2) Reviews the existing program to determine program deficiencies.

(3) Develops DA-directed and compliance PDIPs.

(4) Sorts existing PDIPs by functional area.

(5) Establishes force structure and civilian manpower requirements.

b. Panel review.

(1) Activity of the functional panels during January and February.

(2) The panels review their programs in terms of TOA guidance developed by DP&E in coordination with DCSOPS. The panels then build an executable functional program, placing all PDIPs in rank order. Each panel reports the results of its deliberations to DP&E and its PDIP rankings to DCSOPS, who has staff responsibility for setting priorities for the overall Army program.

c. DCSOPS ranking process. DCSOPS merges the separate ranked lists prepared by the panels. Placing all PDIPs in a "1" to "n" priority, DCSOPS presents the results to the PBC for ratification.

d. Functional review. During a special session called the functional review, the PBC integrates the individual functional programs presented by the panels into a single Army program. The PSC and, later, the Joint SELCOM review and adjust the results of the PBC review.

e. Decision. Starting in January, the CSA and SA hold a series of in-process reviews. Then, after the Joint SELCOM has completed its work and advice is received from the March Commanders' Conference, the CSA and SA perform a final review and approve the Army program.

f. Program Objective Memorandum. The POM, submitted for OSD review in May, documents the program approved by the CSA and SA. The EPA is published as an annex to the POM; it extends the 5-year POM program by 10 years.

4-6. Program review and approval

a. Program review.

(1) Also known as the summer issue cycle, OSD program review begins in early June and extends into August. The review features the use of numerous issue papers assembled into eight different issue books.

(2) As issues arise, members of the Army Staff and Secretariat confer with their OSD counterparts. The Army representatives support the POM position and attempt to clarify and, if possible, resolve the issues raised. When they are able to resolve an issue outside the DRB, the agreement becomes known as an out-of-court settlement. Such settlements require the signature of responsible officials, both Army and OSD.

(3) As required, DP&E processes replies responding to each issue book. Each reply goes to the VCSA or the Under Secretary of the Army for review and signature and then to OSD. The Army Staff agency primarily responsible for the subject matter reviews unresolved issues in each book and helps DP&E prepare and coordinate the reply.

b. Program Decision Memorandum. In late August, after Service programs are debated in the DRB, the DEPSECDEF signs the Program Decision Memorandum (PDM). The PDM approves the POM with specific changes and furnishes the basis for formulating the budget submission to OSD.

Chapter 5
BUDGETING PHASE

Section 1
Army Budgeting

5-1. Budgeting process

Army budgeting proceeds in three stages: formulation, justification, and execution. Budget formulation converts into Army Budget Estimates the first year of the program as approved by the DEPSECDEF in the PDM. Budget justification presents the estimates to Congress and defends them before that body. Budget execution applies congressionally approved resources consisting of the authorized manpower and appropriated funds to obtain and sustain required forces, products, and services.

5-2. Guidance

The Department of the Army Budget Directive gives instructions for preparing and submitting Army Budget Estimates. The January and May PBG documents give MACOMs and operating agencies information for preparing their COBs.
5-3. Command budget submissions

a. MACOMs and installations will develop their COBs based on POM guidance and program levels approved for the President’s budget in January. MACOMs will submit the COB to HQDA in July for 3 fiscal years as follows:

(1) The current year (execution year).
(2) The budget year (next execution year and under review by Congress).
(3) The first program year (the President’s next budget year).

b. A major objective during budgeting and execution is to maintain program and budget consistency. Acceptance of any change to program levels in the approved POM requires determining program trade-offs to achieve a zero-sum change. That is, adjustments during budget formulation must remain within the levels approved for Army TOA.

5-4. Other MACOM budget submissions

Budget submissions and processes parallel those for the COB apply to appropriate MACOMs for the RDTE, procurement, and emergency construction appropriations as well as for National Guard and Reserve appropriations.

5-5. Acquisition reviews

Material development, procurement, and maintenance programs undergo evaluation during acquisition reviews held in the spring and summer. The reviews consider recent execution experience in pricing as well as projected increases in market prices for each major equipment category. Issues failing to receive required resources at these levels go to the PBC, PSG, and SELCOM for review and, as necessary, to the CSA and the SA for decision.

5-6. Final adjustments

On receipt of the PDM, the DPAE, DAB, and appropriation directors will:

a. Adjust POM TOA and manpower levels.

b. Revise the levels to incorporate changes determined through review of the COBs and centralized programs for military construction, materiel acquisition, and maintenance.

c. Adjust for congressional changes in the President’s budget currently before Congress.

5-7. Program budget review

a. The appropriation directors present their proposed revisions to the PBC and SELCOM.

b. After the SELCOM review, COA presents the budget to the CSA and the SA for approval. Once the proposed estimates are approved, appropriation and program directors prepare detailed justification books for a joint review conducted by OSD and OMB. The DAB prepares the executive summary of the budget and a forwarding letter for the SA to send to the SECDEF. Separately, the DAB submits a detailed justification book by appropriation to OSD, and the DPAE submits an update tape for the FYDP.

5-8. OSD-OMB budget review

a. Members of OSD and OMB jointly review Army Budget Estimates. Also called the fall review, the joint review focuses on proper pricing, reasonableness, and executability.

b. Recommendations developed during the review usually include alternative courses of action. The DEPSECDEF reviews recommended adjustments and forwards approved alternatives to the Army as Program Budget Decisions (PBDs). The Army has the option either to accept or appeal PBDs. Generally, appeals may be made for only three reasons:

(1) New information has become available since submitting the budget.
(2) A factual error (in the budget, the supporting justification material, or the PBD) requires correction.
(3) The programmatic impacts are so significant that this becomes a major issue later in the process.

c. The COA and ASA(FM) must personally approve PBD reclassifications submitted to OSD.

d. The DAB—

(1) Maintains coordination between the Assistant Secretary of Defense (Comptroller), the Army Secretariat, and Army appropriation and program directors.

(2) Ensures that adjustments to fiscal and manpower controls are correct on all records for each PBD.

(3) Gives special attention to PBDs that are appealed, since the DEPSECDEF may revise the adjustments when he reviews Service appeals.

5-9. President's budget

a. Normally in late December toward the end of the PBD cycle, the DRB meets to review major budget issues as nominated by the Services. At this meeting the Service Secretaries, Chiefs of Staff of the Army and Air Force, Chief of Naval Operations, and Commandant of the Marine Corps make final arguments on important matters. OSD issues DRB decisions on major budget issues as final PBDs.

b. OMB incorporates final budget controls for the current and budget years into printer’s galleys of the President’s budget used in printing a single budget document for the executive branch. The DPAE uses these plus the outyear controls to update the FYDP to reflect the President’s budget submission.

c. Appropriation directors use the adjustments to post PDIs at the program element, Standard Study Number (SSN), or project level of detail.

5-10. Budget hearings

a. During budget justification, the Army presents and defends its portion of the President’s program before Congress. The process proceeds formally and informally under the staff supervision of the DAB.

b. After the President formally submits the budget, the Army provides detailed budget justification books to the authorizing and appropriations committees. First, however, appropriation directors will have prepared the justification material in the books to conform with decisions of the President and SECDEF and congressional requirements for format and supporting information. To verify compliance, the justification books undergo review first by the DAB, DPAE, and ASA(FM) and then by OSD.

c. The authorizing and appropriation committees hold formal hearings to discuss the issues in the budget request. The SA and the CSA normally testify first. The DAB leads the appropriation directors in presenting and defending the details of the budget. The DPAE, COA, ASA(FM), and Chief of Legislative Liaison also take part in the review.

5-11. Legislative approval and enactment

Budget justification concludes when the President signs the appropriation bills passed by Congress for the coming fiscal year. Enacted into law, Army appropriations provide the legal authority to incur obligations and make payments.

5-12. Continuing resolution authority

When Congress fails to pass an appropriation by the end of September, it usually passes a continuing resolution. The continuing resolution provides emergency legislation that authorizes the funding of Government operations in the absence of appropriations. A temporary measure, the continuing resolution usually restricts funding to the prior year level and prohibits new initiatives.

Chapter 6

Execution Phase

6-1. Budget execution

Budget execution applies the funds appropriated by Congress. The procedure entails:

a. Apportioning, allocating, and allotting funds; obligating and disbursing them; and associated reporting and review.

b. Financing unbudgeted requirements caused by changed conditions unforeseen at the time of the budget submission and of higher priority than the requirements from which funds have been diverted.

c. Conducting selected performance reviews.
6-2. Apportionment, allocation, and allotment

a. An apportionment distributes funds by making specified amounts available for obligation. Appropriation directors request apportionment from OMB by submitting justification through the DAB and OSD at the time of budget review. OMB approves the requests, returning apportionments through OSD.

b. Guided by appropriation and fund directors at HQDA, the U.S. Army Finance and Accounting Center (USAFAc) allocates apportioned funds to operating agencies. Operating agencies, in turn, make funds available to subordinate commands and installations by an allotment. Allotments authorize users to place orders and award contracts for products and services to carry out approved programs. Installations obligate funds as orders are placed and contracts awarded. They make payments as material is delivered or as services are performed.

6-3. Funds control

a. The Army must receive OSD program authorizations and provide them to executing commands before any funds can be obligated.

b. OSD controls multiyear procurement accounts through program releases that specify the quantity of an authorized item that may be bought. Similarly, program releases control the obligation and expenditure of RDTE funds by program elements and construction funds by construction project.

c. Authorization controls apply quarterly but impose few restrictions on budget programs and activities funded by operating accounts. Instead, OSD establishes dollar thresholds that govern rates of expenditure. Within these thresholds, execution tends to focus on accommodating changes in pricing and in adjusting command priorities.

6-4. Budget year program packages

In September, HQDA approves the current year column of the Army Budget Estimates. HQDA then prepares budget year program packages that provide the information in HIF detail (prior year, current year, and budget year). HQDA periodically updates the packages with MACOM execution data.

6-5. Obligation and outlay plans

a. Early in the fiscal year DAB prepares initial obligation and outlay plans for all Army appropriations and funds that will be active during the year. Then, after an appropriation act passes, DAB and appropriation directors revise plans based on MACOM estimates of annual obligations.

b. ASA (FM) sends completed obligation and outlay plans to the Assistant Secretary of Defense (Comptroller).

6-6. Financing unbudgeted requirements

Congress recognizes the need for flexibility during budget execution to accommodate unforeseen requirements or changes in operating conditions. Congress accepts that rigid adherence to program purposes and amounts originally budgeted and approved would jeopardize businesslike performance. Accordingly, as controlled by stated restrictions and within specified dollar thresholds, Congress allows Federal agencies to reprogram existing funds to finance unbudgeted requirements.

6-7. Program Performance and Budget Execution Review System

a. COA has developed and maintains a Program Performance and Budget Execution Review System (PPBERS).

b. PPBERS compares actual program performance with objectives set by the CSA and the SA at the beginning of the year reflected in BIPs. It then takes corrective action to improve goal accomplishment.

c. PBC sessions conducted at both the colonel and general officer levels of representation receive the quarterly PPBERS presentations. From these reviews, the PBC selects topics for further presentation to the Joint SELCOM.

6-8. Accounting support

The Army Output Oriented Resource Management System (OORMS) tracks financial resources from Army programming through budgeting and budgeting execution.
Figure 2-1. Key events by PPBES phase during annual iteration of overlapping PPBES cycles
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABE</td>
<td>Army Budget Estimates</td>
</tr>
<tr>
<td>ACSIM</td>
<td>Assistant Chief of Staff for Information Management</td>
</tr>
<tr>
<td>ADCSOPS</td>
<td>Assistant Deputy Chief of Staff for Operations and Plans</td>
</tr>
<tr>
<td>AFH</td>
<td>Army Family Housing</td>
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<tr>
<td>AFHC</td>
<td>Army Family Housing (Construction)</td>
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<tr>
<td>AFHO</td>
<td>Army Family Housing (Operations)</td>
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<td>AMC</td>
<td>U.S. Army Materiel Command</td>
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<tr>
<td>ASA (FM)</td>
<td>Assistant Secretary of the Army (Financial Management)</td>
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<tr>
<td>ASARC</td>
<td>Army Systems Acquisition Review Council</td>
</tr>
<tr>
<td>BIP</td>
<td>Budget Increment Package</td>
</tr>
<tr>
<td>BV</td>
<td>budget year</td>
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<tr>
<td>CINC</td>
<td>Commander in Chief</td>
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<tr>
<td>COA</td>
<td>Comptroller of the Army</td>
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<tr>
<td>COB</td>
<td>Command Operating Budget</td>
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<tr>
<td>CRA</td>
<td>continuing resolution authority</td>
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<tr>
<td>CRRC</td>
<td>Construction Requirements Review Committee</td>
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<tr>
<td>CSA</td>
<td>Chief of Staff, Army</td>
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<tr>
<td>CY</td>
<td>current year</td>
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<td>DA</td>
<td>Department of the Army</td>
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<tr>
<td>DAB</td>
<td>Director of Army Budget</td>
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<td>DCSLOG</td>
<td>Deputy Chief of Staff for Logistics</td>
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<tr>
<td>DCSOPS</td>
<td>Deputy Chief of Staff for Operations and Plans</td>
</tr>
<tr>
<td>DCSPER</td>
<td>Deputy Chief of Staff for Personnel</td>
</tr>
<tr>
<td>DCSRDA</td>
<td>Deputy Chief of Staff for Research, Development, and Acquisition</td>
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<tr>
<td>DG</td>
<td>Defense Guidance</td>
</tr>
<tr>
<td>DEPSECDEF</td>
<td>Deputy Secretary of Defense</td>
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<tr>
<td>DOD</td>
<td>Department of Defense</td>
</tr>
<tr>
<td>DPAE</td>
<td>Director of Program Analysis and Evaluation</td>
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<td>DRB</td>
<td>Defense Resources Board</td>
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<tr>
<td>EPA</td>
<td>Extended Planning Annex</td>
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<tr>
<td>FY</td>
<td>fiscal year</td>
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<tr>
<td>FYDP</td>
<td>Five Year Defense Program</td>
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<tr>
<td>HQDA</td>
<td>Headquarters, Department of the Army</td>
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<td>JCS</td>
<td>Joint Chiefs of Staff</td>
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<td>JSPS</td>
<td>Joint Strategic Planning System</td>
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<td>LOGSACS</td>
<td>Logistics Structure and Composition System</td>
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<td>LRRDAP</td>
<td>Long Range Research and Development Acquisition Plan</td>
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<td>MACOM</td>
<td>major Army command</td>
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<td>MCA</td>
<td>Military Construction, Army</td>
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<tr>
<td>MCAR</td>
<td>Military Construction, Army Reserve</td>
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<td>MDEP</td>
<td>Management Decision Package</td>
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<tr>
<td>MWR</td>
<td>morale, welfare, and recreation</td>
</tr>
</tbody>
</table>

**NAF**
- nonappropriated funding

**OCSA**
- Office of the Chief of Staff, Army

**OJCS**
- Organization of the Joint Chiefs of Staff

**OMA**
- Operation and Maintenance, Army

**OMAR**
- Operation and Maintenance, Army Reserve

**OMB**
- Office of Management and Budget

**OORMS**
- Output Oriented Resource Management System

**OSA**
- Office of the Secretary of the Army

**OSS**
- Office of the Secretary of Defense

**PARR**
- Program Analysis and Resource Review

**PBAC**
- Program and Budget Advisory Committee

**PBC**
- Program and Budget Committee

**PBD**
- Program Budget Decision

**PBG**
- Program and Budget Guidance

**PDIP**
- Program Development Increment Package

**PERSACS**
- Personnel Structure and Composition System

**PDM**
- Program Decision Memorandum

**POM**
- Program Objective Memorandum

**PPBERS**
- Program Performance and Budget Execution Review System

**PPBES**
- Planning, Programming, Budgeting, and Execution System

**PPBS**
- Planning, Programming, and Budgeting System

**PPI**
- POM Preparation Instructions

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PROBE
PPBES Data Management System

PSG
Prioritization Steering Group

PY
prior year

RDA
research, development, and acquisition

RDTE
Research, Development, Test, and Evaluation

SA
Secretary of the Army

SACS
Structure and Composition System

SECDEF
Secretary of Defense

SELCOM
Select Committee

SES
Senior Executive Service

SIPC
Stationing and Installation Planning Committee

SPC
Strategy and Planning Committee

SPCC
Study Program Coordination Committee

TAA
Total Army Analysis

TAP
The Army Plan

TOA
total obligational authority

TOE
table of organization and equipment

USAFAC
U.S. Army Finance and Accounting Center

VCSA
Vice Chief of Staff, Army