Strategy to Dollars in POM-06

Outline...
• Background
• Perspective
• PPBE 101
• POM-06
• Wrap-Up

Presented by
LCDR Jim Hendrickson
OPNAV (N801E1)
Background ... Resourcing Process (Pre-1961)

- Budget not directly linked to military strategy
- Service budgets developed independently... no inter-service tradeoffs
- Driven by money...
  - Limited by fiscal ceilings
  - Short term-budget year focus
  - Resources reviewed as appropriations rather than mission
McNamara & “whiz kids” established Planning Programming Budgeting System (PPBS)

Goals …
- Link strategy and budget
- Enable cross service analysis & tradeoffs
- Inject analytical rigor
- Consider cost-capability analysis & trade-offs

Budget driven by mission
Outline

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- Perspective
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Perspective ... Ramping Down Since 1988

1988 - Cold War
The Maritime Strategy

Our 2004 force will be 38% smaller than that planned in 1988

1992 - Transition
"From the Sea"
450 Ship Navy

Smaller ... but still big!

2003 - QDR Force
375 Ship Navy

293 Ships and 950 Aircraft as of Jan 04!
**Perspective ... How Big? ... $124B (Navy)**

<table>
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<tr>
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<th>TY$B 2003</th>
<th>GDP%</th>
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<tbody>
<tr>
<td>Gross Domestic Product</td>
<td>11,004</td>
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<tr>
<td>Federal Budget</td>
<td>2,158</td>
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<td>Wealthiest 50 Americans</td>
<td>497</td>
<td>5%</td>
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<tr>
<td>Dept of Defense Budget</td>
<td>456</td>
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<td>Navy TOA</td>
<td>124</td>
<td>1.1%</td>
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#9 on Fortune 500
• PLANNING
  - Identify military capabilities required to meet evolving threats

• PROGRAMMING
  - Define what systems deliver the capabilities
  - Optimize...get the biggest bang for the buck...cost-capability tradeoffs
  - Assess risk

• BUDGETING
  - Program pricing
  - Distribution
  - Execution

• EXECUTION
  - Develop performance metrics
  - Assess actual output vs planned performance
  - Adjust resources to achieve desired performance goals
PPBE 101 ... Key Players

- President –
  - National Security Strategy (NSS)
  - National Military Strategy (NMS)

- SECDEF (OSD) –
  - Quadrennial Defense Review (QDR)
  - Strategic Planning Guidance (SPG)
  - Joint Programming Guidance (JPG)

- SECNAV/CNO – CNO Guidance
  - Warfare Requirements & Programs (N7)
  - Readiness & Logistics (N4)
  - Manpower & Personnel (N1)
  - Resources, Requirements & Assessments (N8)

- Fleet Input (CFFC)

CNO re-alignment ... established CFFC as the fleets single voice in the resourcing process
Planning ... The Objectives

• Identify National interests
  – Examine socio-political environment
  – Determine US role & objectives
  – Bound defense requirements

• Determine service roles
  – Naval Power 21
  – Sea Power 21

• Identify future capability requirements

• Develop Capability Plans
  – Project anticipated threats ... develop scenarios
  – Conduct analysis to test constructs
Programming ... The Objectives

• Translate long range (FYDP) capability requirements into definitive programs ... i.e. weapons systems

• Comply with...
  - Strategic Planning Guidance (SPG)
  - Joint Programming Guidance (JPG)
  - OSD Fiscal Guidance
  - DoN Programming Guidance

• Determine how much we can afford

• Optimize allocation through “Capability Plans”
Programming ...

POM vs PR

• POM ...
  - Even year ... comprehensive review ... 6 yrs

• PR ...
  - Odd year ... focused issues only ... 5 yrs
Budgeting ...

The Objectives

• Accurate and Defendable ...
  - Pricing
  - Up to date
  - Solid justification/documentation
  - Balanced across accounts i.e. SCN-MN

• Executable ...
  - Focused on “Budget Years”
  - Realistic procurement plans with matching personnel pipelines
  - Accurate maintenance schedules
  - Responsive to...
    • Congressional adjustments
    • Program Decision Memoranda
    • OSD & OMB fiscal guidance
**PPBE 101 ... The Time Line**

### Strategic Planning
- **Guidance- OSD Fiscal**
- **Guidance- DoN Programming**

### Capability Plans:
- On going analysis

### Tentative Program Objective Memo (T-POM)

### Budgeting

### Execution

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<th>OCT</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
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<td>Review</td>
<td>OS</td>
<td>POM</td>
<td>BES</td>
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**Navy Program:**
- Program Objective Memo (POM)
- Budget Estimate Submission (BES)

**Program Review:**
- POM Review (PA&E)
- Budget Review (C)

*New*

Long & complex process ... many players ... numerous reviews

"we will conduct a concurrent program and budget review"
Program Review ... Program & Budget

• Office of Secretary of Defense (OSD) ...
  – Planning Analysis & Evaluation (PA&E)
  – Comptroller (C)

• Check...
  – Guidance compliance
  – Cross service integration (Joint)
  – Budget accuracy/execution

• Outputs ...
  – PDM ... Program Decision Memorandum
  – PBDs ... Program Budget Decisions
Navy Program of Record (POR) ...
  - Base line program
  - What we decided on last year

SPG/JPG...
  - Joint war fighting requirements
  - Recapitalization
  - System Integration

Real Life Contingencies ...
Global War on Terrorism (GWOT)
  - Must sustain readiness!!!

This year’s POM
$500M FY06 ... $4B FYDP

End Game ...
Balances the budget through negotiation and a tradeoff of Navy & OSD programmatics

Simple Math ...
Top line – POR – SPG/JPG – GWOT = -$4B
Outline

• Background
• Perspective
• PPBS 101
Sponsor Capability Plan (SCP) – Identify and prioritize requirements within warfighting and readiness.

Integrated SCP (ISCP) – SCP cross-section analysis.

Sponsor Program Proposal (SPP) – Resource sponsor proposal provides recommended allocation across programs.
Wrap Up

PPBE ...
- It’s a mature process ... been with us since the early 60’s
- Links National security and budget strategy
- Structured but dynamic

POM-06 ...
- Maintains improvements in the readiness accounts
- Significant capital investment ... buys transformational ships and aircraft ... but not enough to get to a 375 ship Navy
- Also invests in modernization ... bringing some critical systems up to date

From strategy to dollars ... a focused and optimal investment in warfighting capability for today and tomorrow!
Navy Requirements, Acquisition, and the JCIDS Process
Objectives

• N810/Sponsor roles

• Requirements to Acquisition Interface

• JCIDS Process
Source Documents

CJCSI 3170.01C
24 June 2003
Joint Capabilities Integration and Development System

CJCSI 6212.01B
08 May 2000*
Interoperability and Supportability of National Security Systems and Information Technology

DODI 5000.2
12 May 2003
Operation of the Defense Acquisition System

DODD 5000.1
12 May 2003
The Defense Acquisition System

DOD Acquisition Deskbook
http://www.deskbook.osd.mil

ASN(RD&A) Website:
www.hq.navy.mil/rda

SECNAV INST 5000.2B
6 DEC 96*

SECNAVINST 5420.188E
"Acquisition Category (ACAT) Program Decision Process"

* Revision in progress
N810 Responsibilities

• Navy POC for Joint Requirements Oversight Council (JROC)
  • VCNO’s single Navy POC for the preparation/coordination of Navy positions on JROC process issues
  • JS’s single OPNAV interface for capability document staffing
• N8’s action office supporting his role as requirements approval/endorsement authority
  • Provides recommendations for approval/endorsement of capability documents; provides recommendations for endorsement on Acquisition Program Baseline (APB) reviews
• Navy Capability Document archives
• Capabilities/Acquisition information resource
  • OPNAV expertise on capabilities process (CJCSI 3170 and 6212)
  • Capabilities AO Course and in-process training
  • OPNAV expertise of DOD/SECNAV 5000 series instructions
• Acquisition Program Baseline (APB) process support
Sponsor’s Key Duties

• Provides subject matter expertise to CNO which includes:
  • Generating & revising program requirements
  • Interface with acquisition & test communities
  • Ensure program progress tracks well towards meeting each CDD/CPD performance parameter's threshold/objective
  • Preps for program operational employment
  • Input to the POM process (PPBE)

• Provides subject matter expertise to VCNO which include:
  • Reviewing Navy and other service capabilities documents to support consolidated Navy positions
  • Supporting JROC POC requests for information, SME, and positions for JROC preps
Navy Procurement

Acquisition Side

- ASN(RD&A)
  - PEOs
  - DRPMs
    - NAVAIR
    - NAVSEA
    - SPAWAR

*N7 for warfare requirements, N4 for logistics requirements, N2 for Intel requirements.

Requirement Side

- CNO
- VCNO
- N8

N7/N4/N2* - Resource Sponsors

Program Sponsors

Requirements Officer
Defense Acquisition Management Framework

- Process entry at Milestones A, B, or C
- Entrance criteria met before entering phase
- Evolutionary Acquisition or Single Step to Full Capability

User Needs & Technology Opportunities

A: Concept Refinement - Pre-Systems Acquisition
B: Technology Development - Systems Acquisition
C: System Development & Demonstration - Systems Acquisition

IOC: Production & Deployment
- LRIP/IOT&E
- FRP Decision Review

FOC: Operations & Support

ICD CDD CPD
Joint Capabilities Integration and Development System (JCIDS)

• Top-down process
• Joint concept-centric capabilities identification process
• Determine capability gaps
  – Solutions “born” joint vice joint deconfliction
JCIDS Analyses

Joint Operations Concepts
- Joint Functional Concepts
- Integrated Architectures

Strategic Policy Guidance

Functional Area Analysis
- Functional Needs Analysis

Material Changes
- CJCSI 3170 process

Ideas for Material Approaches

Analysis of Material Approaches
- Alternative N
- Alternative 2

Post Independent Analysis

DOTMLPF Change Recommendation

DOTMLPF Analysis
- Functional Solution Analysis

CDD
CPD
ICD
Capabilities Oversight

JROC
Joint Requirements Oversight Counsel

JCB
N81
Joint Capabilities Board

N81 0-6

Integration of FCB issues for presentation at JCB / JROC Forums

FCBs

Working Groups

N4 0-6 / N81
Focused Logistics

N6/7 0-6 / N81
Battlespace Awareness

N81
Battlepace Awareness

N6/7 0-6 / N81
Force Application

N81
Force Application

N6/7 0-6 / N81
Protection

N81
Protection

N6/7 0-6 / N81
Command & Control

N81
Command & Control

OPNAV SMEs
N81 SME Database

JWCA / FCB efforts - Led by N81 and supported by OPNAV SMEs based on issues being addressed

Includes representatives from OPNAV codes (including - N1, N20, N42, N41, N70, N75, N76, N77, N78, N79, N61, N63)
Navy JCIDS Document Flow

- **Navy Only O-6 & Flag Review**
- **For designated programs**

**THREAT VALIDATION/INTEL CERTIFICATION (DIA/J-2)**

**MUNITIONS CERTIFICATION (J-4)**

**INTEROP/ SUPPORTABILITY CERTIFICATION (J-6)**

**O-6 REVIEW 25 DAYS**

**COCOMS/ SERVICES DOD AGENCIES JOINT STAFF**

**INCORPORATE COMMENTS 15 DAY GOAL**

**Sponsor**

**Sponsor INCORPORATE COMMENTS 15 DAY GOAL**

**FLAG REVIEW 21 DAYS**

**COCOMS/ SERVICES DOD AGENCIES JOINT STAFF**

**INCORPORATE COMMENTS 15 DAY GOAL**

**Final Interop Certification (J-6)**

**All Documents**

**JROC INTEREST**

**JROC INTEGRATION**

**INDEPENDENT**

**FCB REVIEW**

**JCB/JROC VALIDATION/APPROVAL**

**VCNO**

**CNO**

**CFFC**

**For Staffing Coordination**

* Navy Only O-6 & Flag Review
** For designated programs
Take Aways...

✓ Start early
✓ Read the instructions
✓ Stop by for a process brief
✓ Call us when you have a question

Pentagon Room 5E476
Com: (703) 693-9640
FAX: (703) 693-5980
BACK-UPS
FCB Leads/N81 Reps

LEAD

FA  CAPT(S) Healy  N6/7  CAPT Prindle/CDR Craig
BA  CAPT Hoeing  N6/7  CAPT Prindle/CDR Schebler
C2  CAPT Hardy  N6/7  CAPT Prindle/CDR Oberst
P  CAPT Janikowski  N6/7  CAPT Prindle/CDR Bernardi
CAPT Rowland  N6/7

N81 REP/SME

FCB Leads assign JWCA SMEs

N81 continues JWCA support
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<tr>
<th>Category</th>
<th>Criteria (FY$)</th>
<th>Document/KPP Approval/Validation Authority</th>
<th>Milestone Decision Authority</th>
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<tr>
<td>ACAT ID</td>
<td>&gt;$365M RDTE or &gt;$2.190B Procurement</td>
<td>JROC</td>
<td>USD(A&amp;T)</td>
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<td>ACAT IC</td>
<td>(Same)</td>
<td>JROC</td>
<td>USD(A&amp;T)</td>
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<td>ACAT IAM (IT systems)</td>
<td>&gt;$378M Lifetime or &gt;$126M Program or &gt;$32M Single Year</td>
<td>JROC</td>
<td>ASD(C3I)</td>
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<td>ACAT II</td>
<td>&gt;$140M RDTE or &gt;$660M Procurement</td>
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<td>ASN(RDA)</td>
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<td>ACAT III</td>
<td>Combat Capability</td>
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<td>ASN(RDA)</td>
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<td>ACAT IV(T)</td>
<td>Requires OT&amp;E</td>
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<td>ACAT IV(M)</td>
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Functional Area Analysis

• Identifies operational tasks, conditions and standards needed to achieve military objectives
• Led by sponsor
• Inputs:
  - National Strategies
  - Joint Operating Concepts (JOC)
  - Joint Functional Concepts (JFC)
  - Integrated Architectures
  - Universal Joint Task List (UJTL)
• Outputs:
  - Tasks to be reviewed in follow-on functional needs analysis
  - Cross capability and cross system analyses
Functional Needs Analysis

• Assesses the ability of current and programmed joint capabilities to tasks identified in the FAA

• Led by sponsor

• Inputs:
  - Tasks in FAA

• Outputs:
  - Capability gaps or shortcomings
  - Time frame of needed solutions

• Describes:
  - Capability gaps/overlaps, key attributes/capabilities, additional function areas involved in the problem/solution

• Identifies JROC approved functional MOE
Functional Solution Analysis

• Operational based assessment of potential DOTMLPF approaches to solving capability gaps
• Sponsor led
• Inputs:
  – Needs identified in FNA
• Outputs:
  – Potential solution needs, in order of FSA solution priority
• Three substeps:
  – DOTMLPF Analysis
  – Ideas for Material Approaches
  – Analysis of Material Approaches
• Post Independent Analysis