PPBES: Meeting Requirements, Maximizing Value

Panelists: Paul Doremus, Steve Austin, Maureen Wylie

NOAA Leadership Seminar
29 July 2008
NOAA’s Vision: An informed society that uses a comprehensive understanding of the role of the oceans, coasts, and atmosphere in the global ecosystem to make the best social and economic decisions.

NOAA’s Mission: To understand and predict changes in the Earth’s environment and conserve and manage coastal and marine resources to meet our Nation's economic, social, and environmental needs.
Many opportunities exist for NOAA to create value for society, however, fully addressing society’s needs would require more than double NOAA’s current resource levels.

- Extensive requirements gaps in all Goals
- Societal demands are increasing in many areas

*How does NOAA set priorities, align programs, and maximize the value of its investments?*
PPBES is an integrated, requirements-based system for planning, programming, budgeting and execution...

- that uses NOAA’s strategic vision to drive annual investment and management priorities, programmatic and policy choices, and budget development; and

- that provides a systematic approach to allocating resources optimally and maximizing programmatic impact.
Why PPBES?

The Planning, Programming, and Budgeting System (PPBS) had its birth in the government in 1962.

Proponents of PPBS believed that efficiencies and improvements in government operations could be achieved through a common approach for:

◦ Establishing long-range planning objectives

◦ Analyzing the costs and benefits of alternative programs that would meet those objectives

◦ Translating programs into budget and legislative proposals and long-term projections.
PPBS differed from the traditional budgeting process that preceded it in two significant ways.

**Emphasized objectives:** PPBS focused less on the existing base and annual incremental improvements to it, and more on the objectives and long-term alternative means for achieving them. As a result of this shift in focus, PPBS was elevated to a level on par with budgetary management and control.

**Linked planning and budgeting:** by means of programming, PPBS instilled a process that essentially defines a procedure for distributing available resources among the many competing or possible programs.
<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>PLAN</th>
<th>PROGRAM</th>
<th>BUDGET</th>
<th>EXECUTE</th>
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</thead>
<tbody>
<tr>
<td><strong>SHOULD DO</strong></td>
<td>What NOAA SHOULD DO</td>
<td>What NOAA CAN DO</td>
<td>What NOAA WILL DO</td>
<td>What NOAA REALLY DOES</td>
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<tr>
<td><strong>STEPS</strong></td>
<td>Strategic and Annual Planning</td>
<td>Program Review and Development</td>
<td>Budget Formulation and Justification</td>
<td>Program Performance and Management</td>
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<tr>
<td><strong>LEAD</strong></td>
<td>Program Planning &amp; Integration (PPI)</td>
<td>Program Analysis &amp; Evaluation (PA&amp;E)</td>
<td>Chief Financial Officer (CFO)</td>
<td>Deputy Under Secretary with CFO</td>
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</table>
PPBES: Functions and Products

**Planning**
- Set long-term strategic direction
- Evaluate trends, requirements, & stakeholder needs and adjust NOAA-wide priorities

**Programming**
- Analyze NOAA’s ability to meet its strategic goals and objectives
- Align resources to meet NOAA priorities

**Budgeting**
- Adjust Program Plan to meet budget guidance & new requirements
- Develop Budget
- Allocate and manage finances

**Execution**
- Execute adjusted Program Plan
- Optimize operations
- Monitor progress and adjust

**Functions**
- NOAA Strategic Plan
- Annual Guidance Memorandum
- Program Operating Plans & Goal Portfolio Assessments

**Products**
- Programming and Fiscal Guidance
- Program Decision Memorandum
- NOAA Program

- NOAA Budget
- DOC Budget
- President’s Budget
- Fiscal Plans & Reports

- Annual & Budget Operating Plans
- Execution / Variance Reports
- Employee Performance
- Financial Statements & Audits
- Performance and Accountability Report
Planning Phase

Through the Strategic Plan, NOAA articulates its long-term vision and establishes its overarching goals and strategies required to reach that vision.

The Strategic Plan is based on a comprehensive analysis of NOAA mission requirements and incorporates extensive stakeholder input.

Each year, NOAA’s Planning processes provide an opportunity to assess its strategic direction, analyze new trends and challenges within and outside of NOAA, and adjust our corporate priorities to ensure progress towards our strategic goals.
Programming Phase

Functions
- Analyze NOAA’s ability to meet its strategic goals and objectives
- Align resources to meet NOAA priorities

Programming and Fiscal Guidance
- Program Decision Memorandum
- NOAA Program

Products

**September – January: PA&E**

**Programming**

- **Program Review** compares NOAA’s current capabilities with those needed to perform current and future missions
  - Identifies critical gaps across all programs
  - Analyzes alternatives for filling those gaps and meeting NOAA requirements
  - Provides guidance to goals for use in development of the program plans

- **Program Development** determines the optimal use of our limited resources to advance NOAA toward achievement of its strategic goals
  - Goal and Sub-goal program plans provide the analytical foundation for the NOAA Program
  - NOAA Program forms the fiscal and programmatic baseline for the NOAA Budget
Planning identifies **what should be done** within the NOAA Program to achieve NOAA’s strategic goals, objectives, and annual priorities.

Programming identifies **what can be done** through detailed analyses of the Planning Phase products and the development of a fiscally-balanced NOAA Program.

Budgeting identifies **what will be done** via detailed resource requests and justification documents that are included in NOAA’s annual budget submission.

Execution identifies **what is done** to ensure that NOAA satisfies assigned statutory and regulatory duties, and delivers the right products and services.
## Resourcing the NOAA Program

### All appropriations by goal

<table>
<thead>
<tr>
<th>$M By Goal</th>
<th>FY 09 DOC PB</th>
<th>FY 10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
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<td>1,199.6</td>
<td>1,181.5</td>
<td>1,194.9</td>
<td>1,204.0</td>
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<td>1,211.9</td>
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<td>328.3</td>
<td>325.3</td>
<td>329.3</td>
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<td>W&amp;W</td>
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<td>867.5</td>
<td>881.0</td>
<td>867.3</td>
<td>869.5</td>
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<td>C&amp;T</td>
<td>180.4</td>
<td>192.4</td>
<td>197.5</td>
<td>199.5</td>
<td>202.0</td>
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<tr>
<td>Fleet Services</td>
<td>196.9</td>
<td>262.2</td>
<td>274.1</td>
<td>285.9</td>
<td>293.5</td>
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<td>152.9</td>
<td>157.9</td>
<td>149.9</td>
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<tr>
<td>L &amp; CS</td>
<td>554.4</td>
<td>509.5</td>
<td>448.1</td>
<td>453.1</td>
<td>453.2</td>
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<td>Leadership</td>
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<td>Program Support</td>
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<td>4,813.8</td>
<td>5,007.9</td>
<td>5,008.7</td>
<td>5,017.4</td>
<td>5,069.3</td>
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What Does Programming Add?

- An analytical foundation for corporate decisions
- Advantages and risks associated with alternative actions
- Independent and objective analysis to support optimal use of NOAA’s resources
- Considers new ways of doing business (the "base" is not sacred)

### Historical Program Track

<table>
<thead>
<tr>
<th>Program Review</th>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
<th>FY 10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
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<td>FY 2006 - 2010</td>
<td>$3,687</td>
<td>$3,776</td>
<td>$3,933</td>
<td>$3,660</td>
<td>$3,664</td>
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<td>FY 2007 - 2011</td>
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<td>$3,980</td>
<td>$3,958</td>
<td>$3,978</td>
<td>$4,015</td>
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<td>FY 2008 - 2012</td>
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<td>$4,312</td>
<td>$4,249</td>
<td>$4,274</td>
<td>$4,193</td>
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<td>FY 2009 - 2013</td>
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<td>$4,199</td>
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<td>FY 2010 - 2014</td>
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<td>$4,815</td>
<td>$5,010</td>
<td>$5,010</td>
<td>$5,019</td>
<td>$5,071</td>
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**Budgeting Phase**

January – December: **CFO**

- Develop executable budget to support NOAA’s missions
- Defend the NOAA budget during external reviews and Defend President’s Budget
- Develop/Distribute LO and program allocations based on final appropriation

**Functions**

- Adjust Program Plan to meet budget guidance & new requirements
- Develop Budget
- Allocate and manage finances

**Products**

- NOAA Budget
- DOC Budget
- President’s Budget
- Fiscal Plans & Reports
Coherent Corporate Resource Management

Mission Goal Orientation

Planning organization

Budget

Execution organization

Program Orientation

LO

PPA

MG

Program

Program

Program

Capability

Capability

Capability

Program

Program

Program

Capability

Capability

Capability

Execution organization

Program Orientation

LO

PPA

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Capabilities

Programs

Budgets

Mission Goals

Planning Organization

Execution Organization

Programs <> Mission Goals

Programs = Subactivities
NOAA Funding Trends
(Dollars in Billions)

- FY00: 3.2
- FY01: 3.2
- FY02: 3.3
- FY03: 3.3
- FY04: 3.7
- FY05: 3.9
- FY06: 3.9
- FY07: 4.2
- FY08 PB: 3.8
- FY08 House: 4
- FY08 Senate: 4.2
- FY09 DOC Submit: 4.2
- FY09 DOC Psbk: 4.2
Execution Phase

Functions
- Execute adjusted Program Plan
- Optimize operations
- Monitor progress and adjust

Products
- Annual and Budget Operating Plans
- Variance Reports
- Financial Statements and Audits
- Performance and Accountability Report

All the time by everyone

“Execution is the missing link between aspirations and results.” (Execution by Larry Bossidy & Ram Charan)

- Match plans to resources
- Document expectations of performance
- Provide feedback to improve execution
- Ensure accountability
- Produce results
- Apply lessons learned to future plans and programs
Obligations NOAA-wide
July, FY 2007 Dollars in Thousands

### Operations Research & Facilities

<table>
<thead>
<tr>
<th>Month</th>
<th>Plan</th>
<th>Actual</th>
<th>3-Yr-Avg</th>
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### Procurement, Acquisition & Construction

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<th>Month</th>
<th>Plan</th>
<th>Actual</th>
<th>3-Yr-Avg</th>
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### Table

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<tr>
<th>Appropriation</th>
<th>Total Available</th>
<th>Annual Plan</th>
<th>Cumulative Plan</th>
<th>Cumulative Obligations</th>
<th>Variance</th>
<th>% Plan</th>
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<td>ORF</td>
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<td>3,001,598.5</td>
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<td>417,969.9</td>
<td>82%</td>
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<td>945,778.8</td>
<td>772,995.8</td>
<td>172,782.9</td>
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<td>238,758.4</td>
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<td><strong>4,463,766.7</strong></td>
<td><strong>3,538,299.2</strong></td>
<td><strong>2,871,875.1</strong></td>
<td><strong>666,424.1</strong></td>
<td><strong>81%</strong></td>
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PPBES is helping NOAA become an organization that...

- is greater than the sum of its parts
- generates ever greater value to society
- remains relevant, vibrant, and competitive
How Can You Contribute

- Many opportunities
  - Program Operating Plan inputs
  - Goal team Program Plan inputs
  - Line or Staff Office Integrated Priority Lists
  - Council Comments on Program Plans
  - Creatively Achieving your Goals

PPBES guidance posted at www.ppbs.noaa.gov
Thank You

- Questions
- and
- Comments