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A COMPARATIVE APPROACH TO MARINE CORPS PROGRAMMING

by

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and

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Major General Morgan: I think it's important, as we start to take a look at the Marine Corps program, to understand specifically that we are a part of the Department of the Navy and that our programming effort derives from that fact.

I was captured by one point that was made in the previous presentation regarding the Army process--that it is very difficult to come to grips with the disconnects between the four-star levels in making decisions. We don't have that problem in the Marine Corps. We've captured all two of our four-stars right at the Navy Annex, so it's a little bit easier for us. But we do have disconnects on occasion between the Marine Corps and the Navy at that level, and part of my responsibility is to minimize that as we work the program and as we attempt to work those things that are of mutual interest between the Navy and the Marine Corps.

Today, though, we're going to talk primarily about how we organize our PPBS process, and, more specifically, how we do programming within the Marine Corps. Having said that, we're going to deal today with what we call the "green dollar" effort, that is, our portion, the Marine Corps' portion of the Department of the Navy TOA that we use for programming on the Marine Corps side. That was captured last night in that panel discussion with the percentages that were articulated for the distribution of TOA within the Department of Defense. I think it was 47 percent for the Air Force, and 29 percent for the Department of the Navy, and 24 percent for the Department of the Army. I'm not going to tell you what our percentage is, but I'd be pleased to have Tom Carney's portion (Army) any time. In developing our program, we have three decision levels. We'll call them committees. We have a POM working group, a POM coordinating group, and a Chief of Staff's committee, and they'll be explained to you. I'm going to ask Lt. Col. Robert Larkin to come up and walk you through this briefing and explain our process of how we do things. I'll pick it up at the end and talk to the process as an overview and answer any of your questions.

This paper discusses steps to be taken in Marine Corps Programming.

Lieutenant Colonel Robert L. Larkin: This is the outline that I will follow this afternoon: I'll touch briefly upon the role of planning in developing the program. I'll then show how the Marine Corps is organized for POM development and the various guidance formats that we use in that development. And then I will take you through the actual POM development process that we use at Headquarters, Marine Corps. [SLIDE 1]

Slide 1

The OUTLINE followed included

- PLANNING PHASE
- ORGANIZATION FOR PROGRAM DEVELOPMENT, and
- POM DEVELOPMENT PROCESS

As General Morgan said earlier, there is one thing we must make clear right up front. I speak to a lot of Marines when I go out to the field who really don't understand this. There are three "POM submissions" that we make at Headquarters, Marine Corps. [SLIDE 2] One of them is a "green dollar" POM, the one with which I work. Not only does it include all of the green dollar Marine Corps appropriations but we also have programming responsibility

Slide 2

MARINE CORPS PROGRAMMING

- GREEN \$ POM
 - USMC PROGRAMS RESOURCES FOR
 - MILITARY CONSTRUCTION, NAVY
 - FAMILY HOUSING MANAGEMENT ACCOUNT, NAVY
- BLUE \$ POM

for the Military Construction, Navy (MCON) funding that has to do with Marines and the Family Housing Management Account, Navy, which is allocated for use by the Marine Corps. We have programming responsibility for the portions of those two accounts that apply to the Marine Corps. And, of course, there is the "blue dollar" POM. Deputy Chief of Staff for Research, Development, and Studies has the RDT&E portion, which is blue dollar (Navy) funds. He is allocated a certain amount of those funds, and he develops the research and development program that supports green dollar programs. He also plays in the arena of RDT&E as it applies to blue dollars and blue-dollar-funded programs. But he does build a separate submission for Marine Corps programs, RDT&E. Of course, the aviation portion of the Marine Corps comes under blue dollar programming, and the Deputy Chief of Staff for Aviation plays very closely with the Navy in that arena.

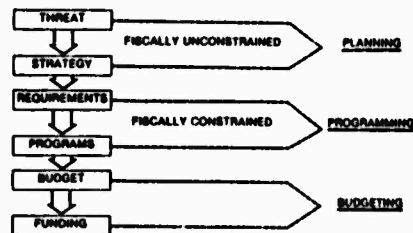
As every service does, we have our diagram that shows how planning starts off everything as we analyze the threat and work it into the strategy as shown in the Defense Guidance. [SLIDE 3 & 4] We loop these two together, the plans and the requirements, through what we call the Marine Corps Mid-Range Objective Plan, the MMROP. [SLIDE 5]

In the past, this plan was totally unconstrained fiscally. It had really little relationship with programming and was very difficult to translate into the POM. In the last two years, we have taken steps to bring programmers more into the writing of that particular document, and they now work very closely with the planners. We now have a separate chapter within that document that takes the mid-range plans and translates them into programming objectives so that the programmers have a base document directly from the planners that they can use as they develop the Marine Corps program.

Of course, as those requirements are being developed, we have the requirements section of Requirements and Programs validate them and pass them on to me and to the POM development committees, who then begin work on building the program.

The program then flows into the budget and eventually into funding and, finally, execution. The Fiscal Director of the Marine Corps picks it up as it becomes a budget, and we, the programmers, follow that budget through the POM coordination branch within Requirements and Programs. We track any actions that take place on that budget so that we get feedback as we move on to the following POM. [SLIDE 6] In a very simplified format,

Slide 3



Slide 4

Purpose of Planning Phase

IDENTIFY FORCE AND SUPPORT REQUIREMENTS FOR THE TIMELY DEVELOPMENT OF PROGRAMS AND ALLOCATION OF RESOURCES WITH SUFFICIENT LEAD TIME TO ALLOW THEIR ATTAINMENT

Slide 5

Service Plans

- MARINE CORPS LONG-RANGE PLAN (MLRP)
- MARINE CORPS MID-RANGE OBJECTIVES PLAN (MMROP)
- MARINE CORPS CAPABILITIES PLAN (MCP)
- MARINE CORPS MOBILIZATION MANAGEMENT PLAN (MPLAN)

not only are we a link but we say that programming is actually a bridge between the planning and the budgeting. Our people are closely involved, as we do work directly with the planners in developing objectives for the programmers. Then we follow that program as it goes into the budget.

This is our version of the slide that everybody has shown--one usually with a lot of months up at the top to show the various actions that take place as we prepare to show the various impacts that we face as programmers. [SLIDE 7] As we go into building POM 85, we point out that the '83 budget execution is still in doubt. Of course, no one knows exactly how it will come out, but it will definitely have some impact upon POM 85.

The OSD review and budget '84 are still undergoing review. We are beginning to build POM 85 at this particular time. The POM committees have already started to work on it. We actually began work back in July.

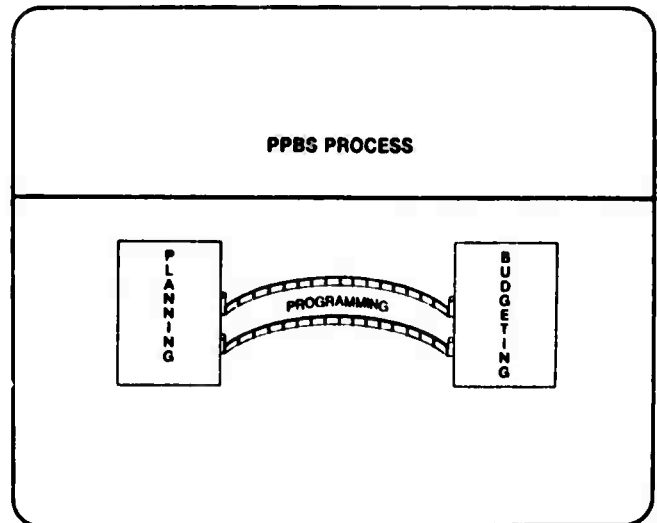
These are the references--the principal references--that we use at Headquarters, Marine Corps. [SLIDE 8] We have a manual for programming and planning which delineates the broad responsibilities of the various Deputy Chiefs of Staff and their sections. It tells them exactly what they must do and how we work together. A very simple document, it's been updated just recently.

Our primary directives for POM development are POM serials. These provide the detailed guidance, direction, and schedule for building the entire program. We bring the various aspects of the program before POM development committees in the form of briefings to cover the various steps that we take as we move forward to final POM submission in May.

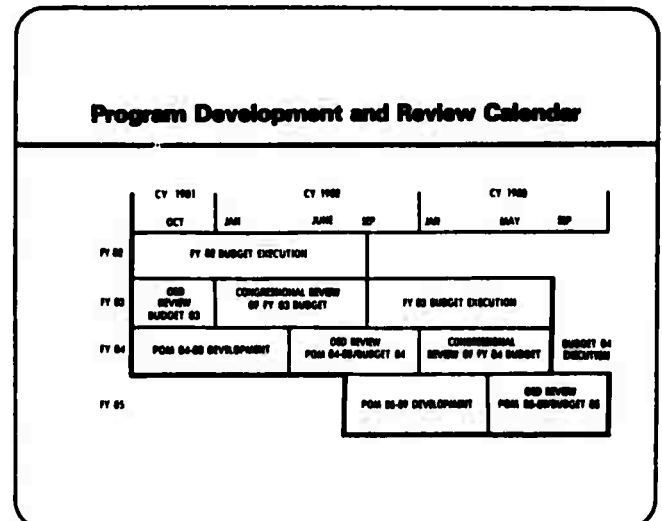
As I pointed out, POM guidance comes in several forms for the Marine Corps. In August of every year, we have a general officers' symposium, where all of our general officers gather at the Headquarters, and ideas are exchanged. [SLIDE 9] They are briefed on the previous POM submission and on the current status of the program as it is going through the review process. General Morgan then passes to me any guidance for the POM development committees.

CMC guidance is published in POM serial 85-1 and is the Commandant's official guidance which outlines the general direction that he would like us to take in the POM. It also provides procedural direction for POM development.

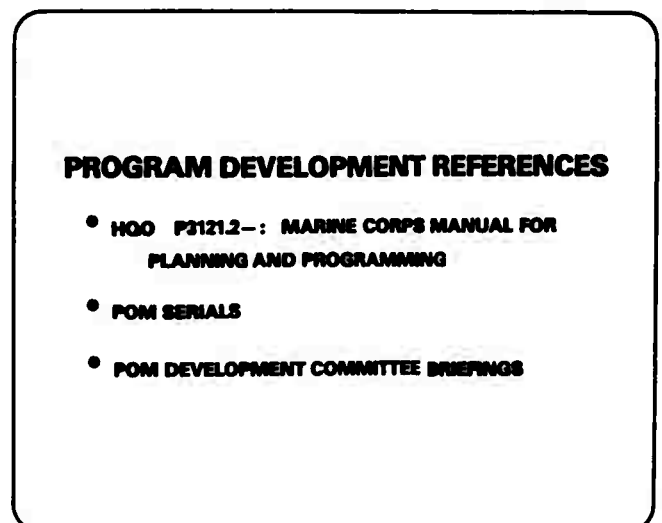
Slide 6



Slide 7



Slide 8



Of course, Secretary of the Navy guidance comes out periodically during POM development, and the Defense Guidance is published shortly after the first of the year and gives us further direction and guidance. POM serials are written memoranda for the Chief of Staff's committee. [SLIDE 10]

The first one is the Commandant's guidance. We draft that in R&P, staff it out to the various members of the Chief of Staff's committees for comment, and formulate the general direction of the Marine Corps for the development of the program. Then, the serial is issued over the Commandant's signature. We generally deal directly with programming matters on the green dollar side. However, it does address possible issues that will need to be developed within the POM cycle. These could range anywhere from the green dollar program to impacts on the Department of the Navy over all. POM development methodology, the basic schedule of how we will do our program and how we want to articulate that program, are also spelled out in general terms that allow the various Deputy Chiefs of Staff to begin work on their portion of the POM.

Another serial that comes out is the manpower structure initiatives call. As was pointed out earlier in the Army brief, the structure that we will be building toward in POM 85 has a tremendous impact on the total affordability issue of the POM. The structure drives the principal end items that we have to buy, the amount of the ammunition that we have to buy, and determines how we allocate our resources. We try to formulate that very early in the POM process. Other serials, for Procurement, Marine Corps, and Operation and Maintenance, Marine Corps, initiatives calls, go out to the Headquarters staff for input to the POM development committees. We then finish up with the POM serials containing administrative instructions in order to bring the information into the overall POM submission.

Here are some examples of those POM serials I mentioned. [SLIDE 11] Three of them have already been written at this stage, and the next one that will come out will be the procurement call. We're going to get that out in November, which will give the sponsors an adequate amount of time to take a look at their current program, take a look at the new initiatives that they want to get in for submission in a timely fashion (shortly after the first of the year) so that we can begin building that program. We go out to the field, as far as operations and maintenance are concerned, to get to the field commanders, to review what their needs are. Then, that input is brought back to the Headquarters to develop a basic program for the Marine Corps.

Slide 9

POM GUIDANCE

- GENERAL OFFICER'S SYMPOSIUM
- CMC GUIDANCE (85-1)
- SECNAV GUIDANCE
- DEFENSE GUIDANCE

Slide 10

POM SERIALS

- MEMORANDA FOR THE C/S COMMITTEE
 - CMC GUIDANCE
 - POM DEVELOPMENT METHODOLOGY
 - STRUCTURE MANPOWER INITIATIVES
 - PMC & O&M/MC INITIATIVES
 - ADMINISTRATIVE INSTRUCTIONS

Slide 11

POM SERIALS

- 85-1 CMC INITIAL GUIDANCE & PROGRAM DEVELOPMENT PLAN
- 85-2 POM 84 MISSION AREA DESCRIPTIONS
- 85-3 MILITARY MANPOWER DEVELOPMENT PROGRAM
 - CIVILIAN MANPOWER PROGRAM - FIELD INPUT
 - O&M FIELD ACTIVITIES INPUT
 - CIVILIAN MANPOWER PROGRAM - HQMC INPUT
 - O&M HQMC STAFF SUBMISSION
 - RESERVE PROGRAM DEVELOPMENT
 - PROCUREMENT PROGRAM
 - POM PREPARATION INSTRUCTIONS
 - FYDP UPDATE
 - APPROPRIATION CONTROLS

We also look at civilian manpower programs, both from the field and from the Headquarters, Marine Corps staff. Reserve program structure is dealt with in the basic manpower development program, which is 85-3; however, there are additional reserve programs that come in separately under another call. And then, as I mentioned, we finish up with the last three items up there. The POM preparation instructions go out under a POM serial, FYDP update instructions follow, and then finally the appropriations controls.

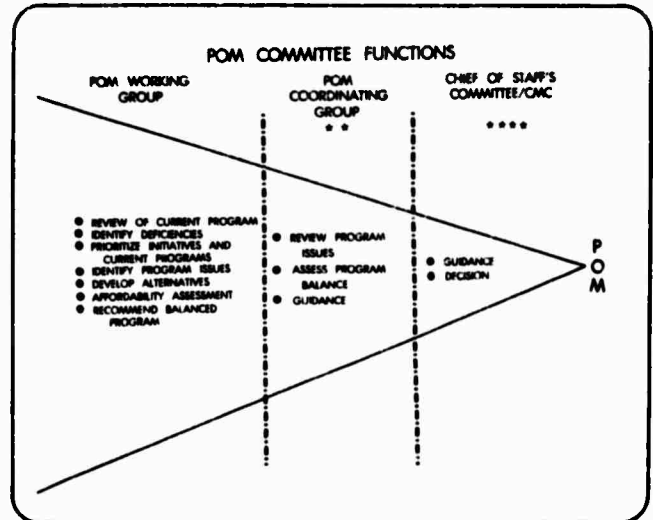
General Morgan mentioned three committees that develop the POM. The Marine Corps has a very streamlined structure for POM development. We begin with the POM working group, of which I am the chairman. [SLIDE 12] It consists of majors and lieutenant colonels at the Headquarters, who represent the members of the Chief of Staff's committee. It is our job to take a look at the current program, and we do that to see what changes have taken place since the last POM cycle. We look to identify any deficiencies, prioritize programs, identify issues that have to be addressed by the various POM committees, and then develop alternative programs. We take a look at the total costing of the Marine Corps program and, finally, recommend a balanced program for consideration by the next committee, which is the POM coordinating group made up of one- and two-star generals at Headquarters, again representing the Chief of Staff's committee and chaired by Major General Morgan.

Now, they don't just get the final program. At various times during POM development if we have a problem at the POM working group level where we cannot resolve an issue, or if we have a major program that must have some decision made on it before we can move forward, we can refer that program directly to the POM coordinating group for consideration and further guidance. Either they give us a decision on it or they refer it up to the Chief of Staff's committee, or they send it back down to us to develop other alternatives.

Finally, when the program has been approved for submission to the Chief of Staff's committee, the program is presented to that committee, which is chaired by the Assistant Commandant.

When that program is finally approved at that level, it is presented to the Commandant of the Marine Corps, who then sits with the Chief of Staff's committee for a final review. He takes a look at the program and, if he has any questions, he resolves them at that point. He then asks the Chief of Staff's committee for any further input that they might have, any sort of late-breaking considerations that

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might not have been addressed thus far in POM development which they would like to bring up.

That seems to occur every year. Someone always has something that didn't get in and that is brought up at that particular time and decided, of course, immediately.

Once the Commandant has approved the program, we go back and begin the paper work for submission of the POM to the Department of the Navy. We may be developing what we call the Marine Corps POM, but it is really a part of the DON POM. We put it together--all the paper work with all the figures, all the numbers--and it goes to the Department of the Navy. They do not change any of it; it is simply integrated into the overall DON POM submission.

These are the members of the Chief of Staff's committee. [SLIDE 13] At the present time, the Director of Intelligence and the Director of Command, Control, Communications, and Computer Systems, C4, are the same person. One interesting item, the commanding general of the Marine Corps Development and Education Command, although not a formal member of the Chief of Staff's committee, does sit on occasion as an associate member of that committee. He is a three-star general from Quantico and, because of his involvement in the development side of many programs, he sits on that committee as needed. Now, of those total members of the committee only eight actually will be involved in submitting or sponsoring programs. Those are: manpower; aviation; reserve affairs; installations and logistics; plans, policies, and operations; intelligence; C4; and training. [SLIDE 14]

The DC/S for Aviation is also the sponsor of the structure for the aviation combat element for the Marine Corps. In that area he takes a look at all of the TOs and the equipment that make up the structure of that portion of the Marine Corps.

The Deputy Chief of Staff for Installations and Logistics oversees the combat service support element of Fleet Marine Force, and the DC/S for Plans Policies and Operations is the guardian of the ground combat element of the Fleet Marine Force.

By tracking the expenditure of the appropriations, the DC/S for Manpower watches the Military Personnel, Marine Corps (MPMC) appropriation. [SLIDE 15]

The DC/S, I&L, has both the procurement and the operations and maintenance accounts. The Deputy Chief of Staff, Reserve Affairs, handles the two reserve accounts: both the O&M and personnel accounts. You will note that the Deputy Chief of Staff, I&L, maintains contact with the Navy to oversee those portions of the Navy accounts for which the Marine Corps has programming responsibility: the military construction and family housing accounts.

Now, this slide is rather busy, but this is actually how we build a program. [SLIDE 16] Somewhere along the way, a person might get lost. We have to use it periodically in explaining POM development so that everybody can get back on track, but I'll walk you through it very slowly.

Obviously, we begin with the previous POM, taking a look at it and analyzing it here at Headquarters, Marine Corps. We actually begin that in the July time frame, when my committee sits down for about three days and takes a studied look at what happened in the previous POM--the methodology, what problems we had, what we can do, whether we can start sooner, or what changes we can possibly make as we go into the development of the next POM.

We have a summer planning conference in which we set up a schedule for the development of the next POM. Of course, the OSD review of the current program is underway at this time. We begin the process to move from the previous POM to what we call a core or base program which we describe as the absolute minimum essential needs of the Marine Corps--the things that we must have that we can't put up on the margin.

From the building of a core program we move to adding different items to arrive at the actual Marine Corps submit. Now, the first

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Chief of Staff's Committee

ASSISTANT COMMANDANT AND CHIEF OF STAFF - CHAIRMAN
DC/S FOR REQUIREMENTS AND PROGRAMS
DC/S FOR PLANS, POLICIES AND OPERATIONS
DC/S FOR MANPOWER
DC/S FOR INSTALLATIONS AND LOGISTICS
DC/S FOR AVIATION
DC/S FOR RESEARCH, DEVELOPMENT AND STUDIES
DC/S FOR RESERVE AFFAIRS
FISCAL DIRECTOR
DIRECTOR OF INTELLIGENCE
DIRECTOR, COMMAND, CONTROL, COMMUNICATIONS AND COMPUTER (C4) SYSTEMS
CG MARINE CORPS DEVELOPMENT AND EDUCATION COMMAND
DC/S FOR TRAINING

Slide 14

PROGRAM SPONSORS

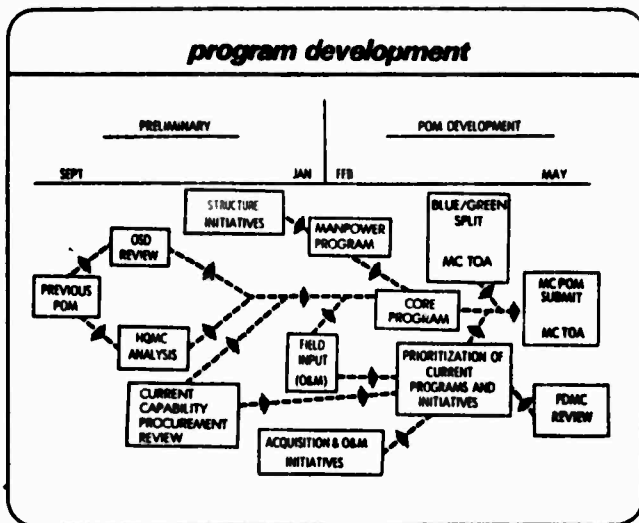
DC/S FOR MANPOWER
DC/S FOR AVIATION
DC/S FOR RESERVE AFFAIRS
DC/S FOR INSTALLATIONS AND LOGISTICS
DC/S FOR PLANS, POLICIES AND OPERATIONS
DIRECTOR, INTELLIGENCE
DIRECTOR, C4
DC/S FOR TRAINING

Slide 15

APPROPRIATION

SPONSORS

MILITARY PERSONNEL, MARINE CORPS	DC/S MANPOWER
PROCUREMENT, MARINE CORPS	DC/S I&L
OPERATION AND MAINTENANCE, MARINE CORPS	DC/S I&L
RESERVE PERSONNEL, MARINE CORPS	DC/S RESERVE AFFAIRS
OPERATION AND MAINTENANCE, MARINE CORPS RESERVE	DC/S RESERVE AFFAIRS
• MILITARY CONSTRUCTION, NAVY	DC/S I&L
• FAMILY HOUSING MANAGEMENT ACCOUNT, NAVY	DC/S I&L



things that we work on, as I mentioned earlier, are structure initiatives and building the manpower program. We have a POM call that goes out and calls for those structure initiatives. We take a look at those different initiatives, work up a program, and then look at the manning that will go against that and place that in the core.

We also take a look at the current capability procurement review. These are equipment items we have that were approved in previous budget years of previous POMs. We review those to see if they've experienced any growth or changes, and we update them for submission in the next POM. If there is any growth or any changes to those programs, we might put those particular changes that we cannot accommodate on the margin, to be prioritized for consideration sometime later, after the core has been built.

Initiatives, of course--both acquisition initiatives and O&M initiatives--are entered into the prioritization process. As I said earlier, we do go out to the field for input on the operations and maintenance program. When we get that back, a portion of that is put into the core as we move forward to develop the program.

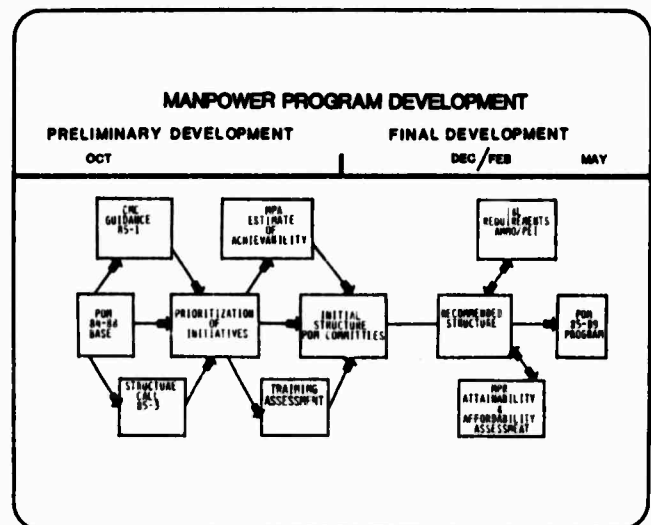
A key element here, which we began about two years ago by looking at about 10 to 15 programs in the first year and last year roughly around 50 and which will be expanded a little bit more this year, is the review by the Fiscal Director of the Marine Corps. He gets involved in the development of the program before it is submitted. He's presently working up a schedule to work with the POM

development committees. He will actually hold hearings on the various programs, looking over all the appropriations to check for executability of those particular programs before they can be submitted for final consideration by the Chief of Staff's committee.

And, of course, once those have all been approved and we've set up everything, we hope to get a rather large, fair share of the blue-green split from Captain Walsh (who is now laughing). I won't mention percentages, but it should be good. We give a special image to the Navy; so they should give us a good share of the TOA, and then we can get all the programs that we need.

Now, to take a look at the individual development of the manpower program: Again, we use the POM 84-88 base, the previous POM, and CMC guidance does mention where we want to go with the structure. [SLIDE 17] As was mentioned previously in the service brief by the Air Force, offsets are positively required here. We don't want a structure that just keeps growing. If you want to submit new initiatives, you have to try to show offsets. We want to take a look at the old problems and the new, and we try to keep it a very disciplined process. The structure call was POM serial 85-3; it provides the basic guidelines for the development of the program.

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When we get all those initiatives in, we prioritize them. We use Decisions and Designs, Inc., who will be speaking to you next about one of their decision techniques to develop a prioritization of the initiatives.

We then build an initial structure for consideration by the POM committees. A

training assessment takes place at this particular time. The Deputy Chief of Staff for Training gets a copy of the initiatives, and he determines what the training impact is. You can't add a new type of weapon and just put the structure in the core if you haven't set aside, maybe, 10 percent for training and overhead. You have to pay the tax for the training of those people. That is looked at before that initiative is accepted for prioritization.

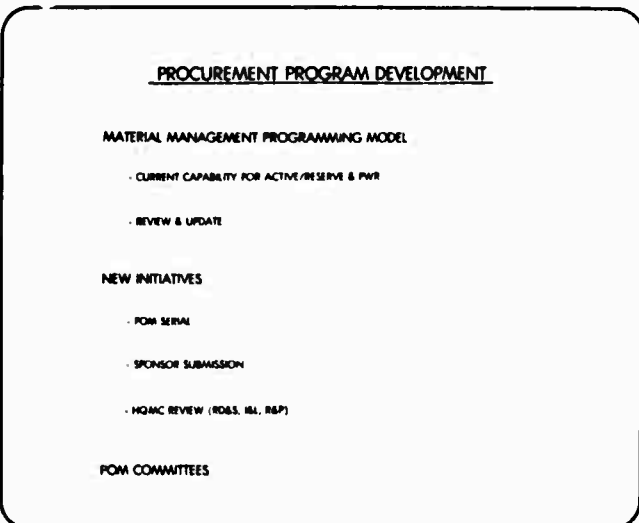
Manpower produces a rough initial estimate as to whether we can achieve the grades and skills required [If we can't, we have to go back and determine whether the timing is wrong--or maybe the whole initiative is wrong.] We then recommend that structure for consideration in the POM.

As soon as we get a total Marine Corps structure for consideration, it goes to the DC/S for Installations and Logistics, where they cost out the additional requirements for ammunition, principal end items, military construction, and maybe some family housing or other additional costs.

The DC/S for manpower then goes on to a further look at both the attainability of the manpower to support that structure; of course, they cost out how much that additional manning will be. Once we get all of that information, it is submitted for consideration in the POM.

A portion or all of it may be put into the core program. For Procurement Marine Corps, we have what we call the Material Management Programming Model, the MMPM, a computer model that has all of the equipment programs for which the Marine Corps currently spends funds. [SLIDE 18] The MMPM is monitored by various sponsors and is updated

Slide 18



periodically. We're running it right now, and the sponsors are reviewing it. They take a look at programs that were approved in previous POMs to see whether the funding profile that's in there is current, whether there are any changes in the requirements for that program. And they update it so that we will have a base of what the current capability equipment costs the Marine Corps. That includes both the equipment to support the active and reserve forces and pre-positioned war reserve levels. The model is sensitive enough to produce several funding levels of principal end items so that we can look at how much we want to put into core and how much we can possibly build to, depending upon what our TOA is.

A POM serial then goes out to tell the sponsors to submit new procurement initiatives. They are reviewed at our Headquarters by the Deputy Chief of Staff for Research, Development, and Studies (RD&S), who determines whether they are coming on line properly and are ready for procurement.

They are reviewed by the Deputy Chief of Staff for Installations and Logistics to determine the logistics supportability of those particular initiatives. Finally, they are submitted to R&P, where we validate the requirement, and the initiative is then forwarded to me for consideration in POM development.

If any of the initiatives have a manpower tail or other problems with it, they are submitted via the Deputy Chief of Staff for Manpower or the Deputy Chief of Staff for Training to determine whether they have any training impacts. They are completely checked out before they arrive at my desk for consideration by the POM committees.

O&M is essentially the same. [SLIDE 19] We go out with a field call, and we also have to keep the Headquarters functioning. So, the various agencies at the Headquarters also submit initiatives in the operation and maintenance area. These are all submitted directly to the Deputy Chief of Staff for Installations and Logistics, who builds a core program which keeps the Marine Corps functioning at the current level. He then builds increments above that particular level. Anything that's new and anything with growth above what we're doing in the current year is put into that incremental list and looked at by the Chief of Staff's committee, to determine whether we want to pick that up in POM 85. Again, it is reviewed by all of the POM committees.

When we have all of these programs and all initiatives have been submitted, this is

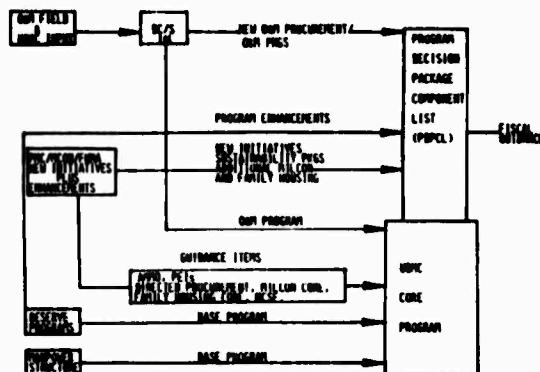
Everything else in procurement--milcon, family housing, and all new initiatives--go into what we call a Program Decision Package Component List or PDpcl. New initiatives, sustainability packages on ammunition, or principal end items above the core are put up in the PDpcl. We build on family housing in the same manner, and, of course, O&M packages are here. In POM 84 we had 150 programs above the core.

Now, how do we do prioritization? I just want to touch on this very briefly. I won't go into the actual techniques because Dr. Peterson follows me. He will be discussing that. We use mission areas, and I'm not going to go into a long thing on mission-area analysis. These mission areas have nothing to do with the Department of Defense mission areas. They're not the same. Ours can change every year. We publish a POM serial. We go to the Deputy Chiefs of Staff and we say, "How would you like to prioritize your program? What are your needs?" And they create their own mission areas--whatever number they want. One year we had 26, then we went to about 38, and I haven't counted what it is this year. It was 38 last year; that included a lot of O&M.

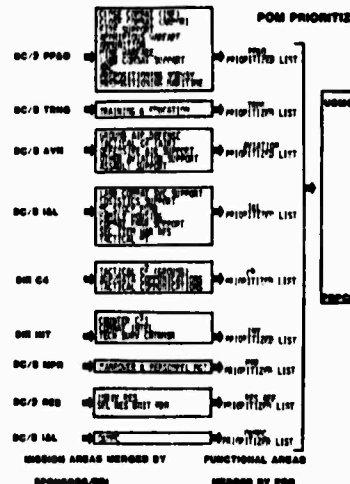
Slide 19

- FIELD CALL
- HQ/MC CALL
- DC/S HILL RECOMMENDED PROGRAM
 - CORE PROGRAM
 - PRIORITIZED INCREMENTS
- POM COMMITTEES

POM 85 DEVELOPMENT



POM PRIORITIZATION PROCESS



takes the programs that he wants to put into the Marine Corps POM, and puts them into those various mission areas. He might have, for instance, 20 programs in this area, maybe 10 here, and--let's say--10 in the other one. He puts his programs underneath those areas. All of the sponsors do that.

As soon as they have all of their programs within those areas, we use--as I said--DDI, who, with a representative from my shop, meets with the individual sponsors. We meet with the action officers from the sponsors from each individual mission area. We meet with them separately. Those action officers prioritize those programs within each mission area. They tell us which ones they feel are most important, down to which is the least important as compared with those particular programs within that mission area.

Next, the programs are weighted so that we can get a better feel for their importance, and we load them into our computer. We do the same thing for the second mission area, and the third mission area. We do it for all of the mission areas.

Once we have them all prioritized and weighted, we come back and meet with the sponsor's evaluation group, a program evaluation group made up of colonels from that particular sponsor's shop. And we do the same procedure with that group, only they have to merge all of the mission areas belonging to the sponsor so that we come out with a single, prioritized list from each sponsor. Now we have a single prioritized list from each sponsor, again using the exact same methodology.

We then form what we call a program evaluation group made up of officers from headquarters who are honest brokers. They cannot be from a sponsor. And we all know we can go out and get a couple of honest brokers if we can keep their names off any piece of paper. We don't show their boss what they did, and complete anonymity is promised.

This group is briefed on selected programs. We select several programs from each sponsor's list. There may be 300 programs, and we couldn't do them all. We select a high-, medium-, or low-valued program from each sponsor, and we brief the program evaluation group on those particular programs so that they become thoroughly knowledgeable. This group of officers is selected from the Headquarters, Marine Corps staff. We pick an infantry officer, armor or artillery officer, communicator, someone with logistics background, manpower rep. They meet away from Headquarters. We take them out to DDI, where

they have a room in which we lock them for an entire day, and they prioritize those selected programs--about 24 programs in all. They merge them into a single list. And again they weight them.

That list is loaded into our computer, where every program has been assigned a weight. We hit the little button, and out comes a single list that provides a prioritized list or a prioritized PDPCL. That is then presented to the POM development committees beginning with the POM working group. We show the list and which program came out number one, which came out last--and that's where the heartburn starts.

At that point, we determine whether there are any inconsistencies, or a program not correctly understood. That list, because we start at the action officer level in putting it together, holds pretty consistent. I'd say, in the three years that I've worked this procedure, about 80 percent--85 percent--of that list will stay. It does not move. In fact, the programs that are down at the bottom of it, or well below wherever the Fiscal Guidance comes in, are actually gone. They don't even get into the discussion. So, it's a pretty accurate method with which to start.

However, there are changes. There are changes at the POM working group, and we come up with a program that includes these different items. That program is sent forward to the POM coordinating group, where there may be some more input. (Sometimes, as you get closer to the fire, there is possibly more wisdom. I don't know, I will assume there is.) And, as it goes forward, there may be some changes. Of course, it's also a time factor; as it goes forward there may be something that will come out. The Fiscal Director is conducting his review at this point. We may find that a program that was in there may have to be bounced back out because it is not executable. And then, eventually, by the time we get to the Chief of Staff's committee, the changes to the program are relatively few. We'll have identified any heartburn issues that any sponsor may have with any of the programs in this procedure. Since we will know about them before they get there, we'll be able to discuss them intelligently in front of the Chief of Staff's committee.

This procedure can be used not only for the procurement issues, but in the O&M area too. We do use it in the manpower portion of our program.

That's basically how we develop our program and how the POM is put together as we move from the September time frame into the

May time frame. Tomorrow the Navy--Captain Walsh and Admiral Metcalf--will be talking about the Navy POM. I want to point out that there are three military departments. And there are four services. I told Captain Walsh that he might not have to do his brief tomorrow since I recognize the fact that thus far there have been only three services; so, I assume it's all over today with our presentation. The points to keep in mind in the writing of the guidance and in directions that follow is that the terms "department" and "service" are sometimes mixed up. That really impacts upon us because we can't figure out whether you're talking directly to us or you're talking to the Department of the Navy. So, there is occasionally a disconnect in addressing problems when the term "department" is used vice "service" and vice versa.

Major General Morgan: We've talked briefly about the process we use. In view of the order of magnitude of the total TOA, obviously, this process works for us--and, we think, successfully. In no manner should it be perceived that we have more or less knockdowns than any other services in trying to come to grips with the issues that are developed. The POM Coordinating Group, which I head, is not too dissimilar from the Program Development Review Committee on the Navy side of the house. They follow the same level of procedure to knock it down and come to grips with balance in the program and the hard issues before we have to put it up there to the Chief of Staff's committee, which is the decision-making process within the Marine Corps.

I would like to talk just briefly to some of the things that we have run into in the last two years. When I arrived back in Headquarters, to take over this particular function a year ago last summer, it was Christmas time compared to when I left in '77. The '81/'82 supplemental and amendment had occurred, and '83 program was down, and I had left here in a period in '77 when we were trading endstrength to get one new start. So, the order of magnitude of the process and the problems that we are dealing with are considerably changed.

We did a few things in the '83 POM and budget development that we thought were essential to the Marine Corps. We focused very clearly on readiness and sustainability. We believe that that's probably the most important part of our mission: to carry out those tasks that we have. And, particularly in the sustainability area, we put a large measure of PMC resources into ammunition. To correct the deficiency that was of long standing, we did a similar thing in '84.

Now, in doing that in '84, we wound up with a relatively significant problem that Bob touched on. In order to meet the Defense Guidance of '84 and to meet the sustainability levels and readiness levels that were demanded in that guidance, we wound up with about \$40 million to use for new starts. We had cared for our manpower programs, the readiness and sustainability factors that were demanded in the Defense Guidance, and those principal end items that we had to procure and to continue those programs that were in the previous budget years. So, we had no new starts in '84. In choosing the strategy for POM 84--and, we prefer to say, in answering the demands of Defense Guidance on sustainability and readiness--we concentrated on readiness and sustainability, and we attained the goals that were demanded--most specifically in the sustainability of ammunition, which was the largest outlay that we had to make to meet those sustainability levels. Well, in the '83 budget on the Hill, we were marked at \$170 million in our ammunition accounts. Now, that may not seem like large numbers to the other services, but to us that's \$170 million out of about \$630 million that was in that particular account. Subsequent to that, we went through the '84 program deliberations and to the PDM and, because the size of our strategic force is relatively limited in the Marine Corps, the tax we paid for the strategic plus-ups bit into our ammunition accounts, also. So, our effort to meet the sustainability guidance of the Defense Department and the readiness guidance has now got us down to some \$300 million below where we started in '83, before we get to Defense Guidance for '85 and start that program.

We can't do that again, and I say that with John Tilson here, so that he understands that we need some other type of focus that accounts for the kinds of things that happen on the Hill that give you a hard correction to your program, and you do not have the flexibility nor the latitude to deal with that and get back in and meet the guidance unless the guidance changes in the future.

Now I want to touch on one other area. Ofttimes, we in the Marine Corps talk of the fact that we have a relatively small portion of the total TOA of the Defense Department, and that is true. But it would be only fair to say that we satellite on many of the Army programs in ground combat. We satellite from a lot of their R&D efforts. We satellite in terms of the contractual relationships therein. We satellite very heavily on the Navy R&D effort, when it comes to aircraft. So, we don't have a particularly straight picture in all of that, and we benefit greatly from a lot of the efforts that are ongoing in the Army

and in the Navy in those R&D efforts and in the acquisition profiles. I say that for a reason.

Some of the problems that we have programmatically when we get down to budget submission are driven by cost factors that we depended on many times from the Army. And a lot of that derives in the ammunition accounts, and the truck accounts, and when those factors change, particularly in the end game, it disrupts our program as that flows in to budget review in the Department of the Defense. Unless there's some magic that occurs--that hasn't magically occurred historically--we can lose considerable TOA in a relative sense to the Marine Corps. We need to do a better job in the Marine Corps, working with the Army on the cost factors, to insure that we do not lose that TOA. With that, let me close and attempt to answer whatever questions you have.

DISCUSSION

Question: I'd like you to comment on the formal use of prioritization in the Marine Corps PPBS. Why do you do that and how does it help?

General Morgan: I believe Colonel Town might be able to answer this a little bit better because I was elsewhere during the development of the process. I would expect that the very limited resources we had in developing the '84 budget were similar to what you had when we started the process. When you're talking about new starts and trying to make decisions across the total TOA with a very limited TOA, we have to make decisions between manpower cuts and new starts. We didn't have a process to do that. Manpower is fundamental with the Army and the Marine Corps. It is, without question, our most important product; that's why you see it going into the core first. When we have to start trading manpower for sustainability or readiness and new starts, we need a little better process than just calling it off the wall to do so. That's the best estimate I can give.

Colonel Town: I'd just like to say one thing. In POM '81 we received our Fiscal Guidance late and then attempted to comply with the Consolidated Guidance. It was a big shock for us when we came out about \$500 million short, trying to comply with Consolidated Guidance. That were no new starts. Our POM went in after an agonizing decrement process which we were not set up to do. I don't know if you remember our "10,000-man cut." We were going to be able to have a maximum of thirty days' sustainability in all accounts and a very bare C2

readiness in our operation and maintenance account. We found out that what we had was a great POM process for making small changes and trades and a wonderful process for adding things. What we really didn't have was a process of biting the bullet and making significant decrements to the current program. So, for POM '81, we said, "Let's have some mission areas and make our sponsors prioritize. Prioritize not only what you want to add, but what you've already got, and make tradeoffs."

That was a critical step, and that's why the mission areas were made so flexible. Sometimes we had ten programs in a mission area, and the next year those programs were bought out, and a sponsor could say, "Gee, I can do a better job by combining a couple of mission areas."

We borrowed from the Army the idea of having a "core" program. That core is the smallest we can make it in order to have flexibility to evaluate other programs.

General Morgan: The second part of that (and I'm sorry but I missed the Army pitch this morning) but not included in our briefing, is that--and Bob touched on the models we use--underlying those models are Marine Corps scenarios that those models play against in terms of developing ammunition expenditure rates relative to our weaponry against a threat force, etc.

Comment from the floor: I'd also like to address that. We started out very much in parallel in our processing. It was persisted in by the next speaker. If we could put off that question about merging the priority list until we hear that pitch, we can answer then.

Question: The first part of the process seems to be the general officers' symposium. Can you tell me what really comes out of that, and do all the general officers play, and is that really the planning process, or how does that tie in?

General Morgan: Certainly. Let me talk to that because it's relatively important but should not be taken out of context. The question is a good one. As Bob said, we have an annual general officers' symposium. It takes place at Headquarters, Marine Corps, at the end of August. We did not design it to relate to PPBS, but it does happen to occur at that time. It affords me the opportunity to cover the previous year's POM development and the PDM process. It also permits me to bring all of the general officers up to speed on the budget and the actions on the Hill on that year's budget. We're able to walk the general officers from all over the Marine Corps very

carefully through program development, and if the PDM is down, the decisions that have been made.

Generally, we have in attendance the two Fleet Marine Force commanders plus the division and wing commanders and service support group commanders of all of our bases and stations around the Marine Corps. It's a one-week conference. The purpose of the conference is for the Commandant to get together annually with his general officers to talk about the total Marine Corps.

We generally structure that conference to bring them up to speed on issues that we have with programming. We have half a day of briefings and half a day of discussion groups on issues that we think are of importance to the Marine Corps, including programming issues. Few if any decisions come out of that conference other than those that the Commandant feels compelled to make so that he can give guidance to the force. Some of them have programmatic impact. It should not be considered in any sense other than that. So, there are programmatic decisions that fall out of that, but it is not a lead for the program commencement.

Question: Could you address how you play in the Navy's program building process?

General Morgan: I can, but it may be fairer on that one to address it mutually with Admiral Metcalf tomorrow. I could give you a picture from our aide, and I'd try to do it in as balanced a manner I can. But I'd rather field that jointly with him, and certainly I'll give you my views at that time--unconstrained.

Question: What role do the Marine Corps field commands play in developing the core programs?

General Morgan: The field commands do not participate in putting their programs in the core. The field commands participate only from an aspect of the operations and maintenance call. We derive from the field commands--there are two FMF commanders--their deficiencies and their requirements from their semiannual situation reports. So, the development of the FMF requirements is done at Headquarters, Marine Corps. Unlike the Army and the Air Force in terms of the four-star commanders who carry leverage to the table as programmers, our FMF commanders do not carry that leverage nor determine what is going to be in the core--only in the O&M accounts.

Question: I understand from the initial briefing that the Department of the Navy

handles your aviation portion. Now, that's not in your core, but how do you transmit what your aviation requirements are to the Department of the Navy, and how does that compete with the Navy's program--especially with something like the AV-8, where you are the single user of a particular type of aircraft?

General Morgan: You need to understand the air combat element of the Marine Corps as Bob touched on it. We try to divide the Marine Corps into ground combat element, aviation combat element, and combat service support. In the aviation combat element, there are green and blue programs; that is to say, our antiair defense systems or Hawk systems are green-dollar-funded. Now, let's leave that aside. The same thing applies to our air control systems, which are green-dollar-funded. Our Stinger missile systems, green-dollar-funded. Aircraft and aviation-peculiar ordnance, POL, etc., are blue-dollar-funded.

Question: How do you develop a requirement, first of all, and then how does the process work?

General Morgan: The requirement is developed at Headquarters, Marine Corps, for initiatives that we have for aviation programs or aviation ordnance. A call is made by the program sponsor, which is Op-05 on the OpNav staff. We make our initiatives to Op-05, and they are blended into the total development of the APN plan by Op-05 and coordinated with Op-90.

Now, how do they compete? They compete in balance with all the other programs, and we tough it out between ourselves and the OpNav staff in the program end game as to what is funded or not funded. It's the same kind of tough fight that you have between the respective TAC, MAC, and SAC commanders in terms of who's getting their share of the pie.

Over time, I think, if you looked at the Marine Corps' share of the APN plan, it would rise and fall over the course of 20 years in a relative sense with age of aircraft and procurement profiles--as with the FA-18, where we're going down the stream together. Or compare it with the F-4. We retained the F-4 for a longer period of time. Because we backed away from acquisition of the F-14 at the end of the game and stayed with the F-4, that portion of the APN plan went down.

We are in a position where our portion of that plan is kind of on an upswing. We've got both AV-8B and FA-18 coming into the force. If you looked at it over an extended period of time, you'd see our relative percentage of

that portion coming out somewhere about 24 percent of the APN plan over time--over an extended period of time--if you look at it that way. It's a tough fight. I won't underestimate it; it's a dogfight annually.

Question: The only other comment is, "Do you have a similar process to develop that initial requirement that we saw here for the other

things that work only with the green dollars, or is the deviation included in that process?"

General Morgan: Aviation is in our aviation green-dollar programs, included in the process you saw. Blue-dollar programs are not in that process, but are in the process in OpNav in development of the APN plan. Any other questions? Thank you very much.