DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
Washington 25, D. C.   Colonel Moody/76262

CS 320 (7 Sep 62)   7 September 1962

MEMORANDUM FOR: DEPUTY CHIEFS OF STAFF
                 COMPTROLLER OF THE ARMY
                 CHIEF OF RESEARCH AND DEVELOPMENT
                 ASSISTANT CHIEF OF STAFF FOR
                     INTELLIGENCE
                 CHIEF, OFFICE RESERVE COMPONENTS

SUBJECT: Reorganization to Improve Planning and Programing

    1.   Attached (Incl 1) is a study of planning-programing-budgeting relationships which was considered by the Secretary of the Army in connection with Defense Project 39a. After reviewing the alternatives presented, the Secretary has approved the following:

        a.   The concept of dividing ODCSOPS into two major staff elements, in the manner outlined in the study.

        b.   The retention of the Office of the Director of Army Programs in the Office of the Chief of Staff.

        c.   The definition of program coordination shown in Inclosure 2, as an aid in defining the responsibilities of the Director of Army Programs.

    2.   The Deputy Chief of Staff for Military Operations, supported by other staff agencies as necessary, will develop a detailed plan for the reorganization of his office into two major staff agencies in consonance with the approved concept. The plan will be accompanied by an associated proposal for the necessary adjustments within other staff elements to avoid overlapping responsibilities and achieve maximum effectiveness and

personnel economy in strategic planning, force development planning, and related programing activities. The broad outlines of this plan will be submitted by 20 September 1962. The detailed plan, together with a recommended schedule for implementation, will be submitted to the Chief of Staff for approval by 15 October 1962.

BY DIRECTION OF THE CHIEF OF STAFF:

V. P. MOCK
Major General, GS
Secretary of the General Staff

2 Incl
  1. Study
  2. Definition

Copy for:
  DAP

FOR OFFICIAL USE ONLY

Examination of Relationships Among
Planning, Programing, and Budgeting

Purpose

The purpose of this paper is to present a basic concept for handling planning, programing, and budgeting functions, in connection with Project 39a.

Planning

1. Existing System. An examination of the planning function, as presently conducted, developed the following salient points which have been recognized for some time by the Army staff:

a. Major Army planning activities have centered around a joint system which has not always worked effectively since its inception, and which is not well suited to methods currently preferred by OSD. This joint-Army planning system has involved preparation of a family of Army plans, covering separate time frames (long-range, mid-range, and short-range), related to comparable joint plans, and designed to serve different purposes within the Army. Five separate plans constitute the family. Despite this family of plans, it has been found necessary, for a variety of reasons, to fill in with additional plans, such as the Army Long Range Capabilities Plan, and interim plans, such as the Operating Forces Projection Plan (prepared this year in the absence of approved joint and Army plans of the family), to meet particular requirements and to provide guidance for programs and program changes. All of the foregoing plans are listed at Tab A, with a brief statement of their relationships and purposes. Seven major Army plans are involved, not to mention numerous supporting planning efforts conducted in various elements of the staff.

b. As a result, substantial staff effort has been devoted to the development of a series of plans of questionable utility. It has, for example, been estimated on the basis of surveys that some 1500-1700 man-hours are devoted by the responsible agency, and 2300-2500 man-hours by contributing agencies, to the preparation of one major planning document -- such as the MRE or the ASOP. The existing set of Army plans involves the following principal difficulties:

(1) Proposal of uncoordinated, sometimes conflicting strategies and/or courses of action for the Army. This is aggravated by fragmentation of responsibility for preparation of various plans, with resultant unilateral claims of exclusive responsibility for providing Army guidance in a given area.

(2) Duplication of effort, in that most plans attempt to incorporate their own analysis of the world environment, the threat, technological forecasts, etc.

(3) Arbitrary division of planning into separate time frames (long-range, mid-range, short-range), whereas in fact the major problems in planning cover all time frames, and the transition between these time frames is an important consideration in itself.

(4) Without the adoption of special additional or interim plans, such as those mentioned above, the present planning system does not provide adequate guidance for programing. With these special measures, the system presents a fragmented, confusing, and inconsistent body of guidance.

2. <u>Alternatives Considered.</u> Alternative approaches to the conduct of planning were obtained from several sources:

a. The "Hoelscher Committee" report indicated that unilateral Army planning for the development of operational forces and systems was adversely affected by overemphasis in ODCSOPS on the joint aspects of planning. It proposed, in effect, that these two types of planning be separated, and that force development planning be conducted by a major staff element which would also be primarily responsible for Army programing. The major disadvantage seen in this latter part of the proposal is: To co-locate the responsibility for program administration with force development planning in one major staff agency might so immerse that agency in the administrative mechanics of the program system as to impede true force development planning and the substantive aspects of programing, just as much as involvement in the joint planning system alledgedly has in the past. ODCSOPS has in fact been reorganized to get a better division between joint and Army planning, but there is still room for a clearer division of effort, and separate responsibilities within ODCSOPS are the source of some of the competition among plans noted above. Programing responsibility has not been handled as proposed in the "Hoelscher Committee" report. Rather, a separate Director of Army Programs has been established in the Office, Chief of Staff.

2

b.   Another theory has been advanced to the effect that all Army planning should be centralized under one so-called planner who would be responsible for the Army aspects of joint planning, Army force development planning, and at least the major actions involved in programing. This theory of centralized planning would, in effect, have programs tacked on as an appendage. This might attain the objective which all concede to be desirable -- a closer correlation of planning and programing -- but it seems to have all of the disadvantages mentioned in a. above, in that the "planner" would be diverted from adequate unilateral Army force development planning by the mechanics of both joint planning and program systems.

c.   There are several concepts for a single or "master" Army plan, and most of these visualize the application of automatic data processing systems to solve the major problems involved in trying to incorporate into one plan all of the information, guidance, etc., which is necessary for proper execution of Army missions. One such concept revolves around an application of AUTOPROBE to support first a coordinated operations planning system, and later an Army "master" plan, to guide annual revisions and improvements of the 5-year program. While the potential of ADPS applications should certainly not be slighted, it appears premature at this time to base procedures and organization on some particular application still under conceptual development.

d.   Consideration has been given, in connection with all of the foregoing, to major reduction in the number of plans produced and to elimination of present duplication and overlap. Principles which might well be applied to any structure of Army plans are:

(1)   Each plan should cover all time frames appropriate to the functional purposes of the plan, in order to avoid the weaknesses inherent in arbitrary division into long, mid, and short-range periods.

(2)   Such basic elements as evaluations of the world environment, technological forecasts, and strategic concepts should be developed only once (and, of course, kept current), for all planning purposes.

Programing

1.   Existing System. The importance of relating force development and other planning to programing has been noted above. It is equally important that programing bear a proper relationship to budgeting. Mr. Hitch

3

has described the function of the program system as that of providing a logical transition between plans and budgets. The examination of the programing function, as presently conducted, developed these points:

a. The Army program system is in a state of change, as the result of OSD programing methods instituted over the past year (which have culminated in publication of the Five-Year Force Structure and Financial Program on 15 June 1962). The Army program system is under study to attain maximum conformity with these OSD methods. Meanwhile, however, it has been necessary to superimpose interim methods (to maintain, update, and change the base program) on the existing functional system of program development. Considerable difficulty was experienced in trying to isolate from all staff actions those which could be clearly identified as programing actions within the staff. Further, programing and budgeting are so interrelated and interdependent that it is impossible to draw a distinct line between the two.

b. As a result, it is not feasible to state how many personnel are involved in activities which might be considered program-related. In most cases, the same people who are charged with staff supervision of functional areas are also the ones who must develop and analyze program requirements, and arrange and justify them in the appropriate format to fit the OSD program system, resource category appropriations for budget purposes, etc. If the administrative part of the programing function is overemphasized, it can be viewed as absorbing or dominating virtually every important activity of the staff. All staff elements contribute to programing and program execution in their functional areas. However, those staff elements specifically identified by title and function as program elements should be concerned primarily with the coordination and administrative processing of program documents which reflect the results of Army decisions and recommendations derived from plans, staff studies, effectiveness analyses, and the like, developed by responsible staff agencies and commands in functional areas such as force development, supply management, etc. To do otherwise tends to establish a separate mechanism for programing decisions which displaces the normal functional staff elements where the real capability for analysis lies.

2. Alternatives Considered. Various concepts of what is meant by programing and how it should be conducted were examined:

a. Department of the Army action on the "Hoelscher Committee" report resulted in the establishment of a Director of Army Programs in OCS. This location was selected (as opposed to a major functional element of the

4

staff) for the dual purpose of giving emphasis to programing, and avoiding a situation in which a major element of the staff was both the director of the program system and a proponent of one particular program. The solution had these advantages, but certain disadvantages have developed. Because of the importance given to programing, and the position of the Director of Programs in the Office of the Chief of Staff, there is a tendency on the part of both OSD and subordinate commands to look to the Director for information, guidance, and actions which his office is not manned to provide without recourse to the remainder of the staff. To retain this organizational solution, but mitigate the problems, the alternatives are: better definition of the responsibilities of the Director and better means of getting staff-developed information to and through his office; expansion of his office into a "super-staff" element with full responsibility and authority for all programing and related actions; or some relief of the presently burdensome system through automation.

b.   One theory holds that programing represents the critical element in all staff action. There are appendages of planning (which provides some input), budgets (which are a different expression of programs), and necessary evaluation of program execution (another source of changes and updating) tacked on at either end of the system. This concept, if carried to the extreme, could mean that program activities and staff elements specifically identified as programmers would supplant the rest of the staff. (It therefore corresponds with the "super-staff" alternative noted above.) However, the administration of the program activity is now actually coordinated by a committee system (the Program Advisory Committee), the individual members of which both represent and answer to the heads of their respective functional staff agencies.

c.   As was noted in the case of planning, there are several concepts concerning the application of automatic data processing systems to programing. Those who are program-oriented visualize the total system as one to accomplish automated programing, budgeting, and operational evaluation. As an example, one such concept which has been suggested revolves around the Army Long Range Capabilities Plan (as an extension of the current 5-year base program), and attempts to relate to it all planning, programing, budgeting, resource management, and command and control activities. However, the ALRCP in its present form is designed for the limited purpose of establishing a "line of balance" among various Army programs, based on a projection of 1963 levels of manpower and funding. Unless considerably modified, this plan will not make proper provision for the type of program change which should result from forward planning based on new strategic concepts, analysis of alternatives, etc.

5

It is conceivable that ADPS will have greater application in programing than in the type of activity which has so far been described as planning. It would nevertheless be premature in the case of programing, as in the case of planning, to base procedures and organization primarily on applications still under conceptual study.

     d.   Consideration has been given, in connection with all of the foregoing, to the extent to which automation could reduce the requirement for personnel in the programing system. The consensus at this time appears to be that no appreciable personnel savings can be forecast, because in extension of the program system, OSD is placing more and more detailed requirements which demand personal attention and judgment.

Budgeting

     1.   <u>Existing System</u>. The close relationship between programing and budgeting has been noted. In one sense the two functions are identical, each representing an arrangement and summation, in different formats, of Army resources over a given period. Unlike programing, however, the administration of budgeting seems to present few problems. Examination disclosed that:

     a.   The budgeting function is being conducted relatively effectively. Although they do not result from the budgeting process, per se, the principal problems which do exist are:

     (1)   Budgets rarely reflect the full requirement established in planning. This situation results from a combination of over-all resource limitations, and the somewhat tenuous nature of the link between planning and budgeting which programing has represented in the past.

     (2)   Considerable, and to most peoples' minds unnecessary, work is involved in translating information from the program package structure to the appropriation structure.

     b.   As in the case of the programing system, if administrative procedures and staff relationships were so arranged, budgeting could (and at one time very nearly did) supplant the rest of the staff, as far as major meaningful activity in the resources field is concerned. However, perhaps because it is an older function, for which the administrative system is now generally recognized as an accounting, correlating, and reporting procedure

to reflect decisions and recommendations developed elsewhere in the staff, budgeting is conducted relatively without turmoil by the Director of the Army Budget, located as a major element in the Office of the Comptroller, and operating with the aid of the Budget Advisory Committee -- a close counterpart of the Program Advisory Committee.

    2. <u>Possible Improvements</u>. In order to mitigate the problems indicated above, the following improvements would be desirable:

    a. Realign the appropriation structure to conform more closely with the program package structure. Such action is beyond control of the Army and involves Congress as well as the DOD.

    b. Achieve closer and more effective working relationships among planning, programing, and budgeting -- and in particular between the latter two.

Analysis of Alternatives

    1. In order to analyze the various alternative concepts and suggestions summarized above, it is necessary to relate planning - programing - budgeting into a single system showing the interdependency of the activities involved. This system must conform with, but should not be dominated by external influences such as joint planning or OSD programing. A primary objective of any system should be to keep its various elements in proper perspective. There is always the danger that such factors as organizational placement, personalities, etc., may put one or another element in a dominant position to the disadvantage of over-all system effectiveness.

    2. At Tab B is a simplified diagram representing the basic concept which appears, as the result of analysis, to be the most logical solution. This is discussed below, with the procedural and organizational alternatives which exist for implementation of the concept.

    a. The system must start with an approved 5-year program (currently referred to as the base program)-- shown at the top of the diagram -- and result in a revision (update, change) of that program -- shown at the bottom of the diagram -- during the annual cycle. Both of these 5-year programs are relatively firm in the earlier years, and become less firm later in the time frame -- as represented by shading on the diagram.

7

b.   The early portions of the current (base) 5-year program represent Army resources, existing or soon available, which are reflected in both the annual budget and current operational planning. Leaving the budget aspects aside for the moment, current operational planning is primarily the responsibility of the JCS and unified commanders, but the Army staff is deeply involved in an advisory and supporting role -- to say nothing of ever-more-frequently occurring cases in which the Army receives direct instructions to vary its commitments or capabilities in a particular area. From all of this activity, the Army staff can deduce and project broad requirements for the correction of deficiencies in current capabilities. Current operational planning thus provides one basic input for longer-range planning.

c.   This longer-range planning must start with an evaluation of the world environment, available technological forecasts, resource estimates, and statements of national objectives, in order to develop appropriate strategic concepts. Obviously, Army planning must bear a close relationship with, and support joint planning activities throughout. This stage of Army and joint planning could logically end with the establishment and projection of strategic concepts and develop broad force requirements to execute them. One major entity of the Army staff could monitor and guide this effort, but other elements of the staff (and commands) would provide significant input. For example (recalling the type of basic element earlier suggested for use in all plans), projection of the world environment and technological forecasts might possibly be developed under the monitorship of ACSI and CRD, respectively, and certainly would be developed with their major assistance. Current plans whose purpose could be considered taken over by this strategic planning activity would be the USMP, the MRE, the ASOP, and appropriate portions of the ARDP. As is the case with the 5-year program, this plan would be far firmer in its early portions than later in the time frame covered. It should, however, be projected as far into the future as appears desirable to perform its basic purposes (perhaps 20 years). Far from separating planning from operations, this concept would in fact directly relate the two, as evidenced by the input to be provided from current operational planning and the necessary coordination with JCS planning and operational activities.

d.   The next major phase of the Army planning effort can be described as force development planning -- translation of the broad concepts and requirements established in strategic planning into an expression of the forces and systems which the Army should develop and provide

8

for joint usage, within the limiting parameters of resources currently available and projected for the future. This is, in essence, the basic mission of the Department of the Army within DOD. Force development planning would have as one basic input the results of program and budget execution in earlier time frames. It would obtain directional guidance from the strategic planning effort, and would in turn provide an input to the earlier stages of that effort -- as represented by the arrows between these two major types of planning. Force development planning could be considered to take over the purposes now fulfilled by the ALRCP, appropriate portions of the ARDP, and the mobilization requirements aspects of the ASOP. As in the case of strategic planning, force development planning could be the responsibility of one major staff entity, but would receive basic input from other elements of the staff (materiel considerations from DCSLOG, manpower considerations from DCSPER, etc.). It would involve the development of coordinated troop bases for the active Army and the reserve components. Like the strategic planning effort, it would be firmer in its earlier portions, and would extend over a total time frame necessary to fulfill its purposes. Force development planning would provide the source (but would not become involved in the mechanics) of specific updatings and changes to the 5-year program, the revision of which would initiate another cycle in the planning process.

e.   The foregoing concept does not represent one "master" plan, but rather two basic planning efforts which can be logically divided from the organizational as well as the procedural point of view. The organizational alternatives are:

(1)   To leave ODCSOPS as presently constituted, assigning both planning efforts described above to one major element of that office. The disadvantages of such a solution were described in discussion of the planning function.

(2)   To reorganize ODCSOPS into two major branches, one responsible for each of the planning functions described above. This solution has no apparent procedural disadvantages, but would represent an extremely broad span of responsibility for one Deputy Chief of Staff. It might also have the result that one of the two basic planning efforts would be made subordinate to the other.

(3)   To establish separate Deputy Chiefs of Staff: one responsible for strategic planning and associated activities, to include all participation in joint planning and operational matters; and the other

9

responsible for force development planning and general execution of the primary Department of the Army mission to provide operational forces to unified commands. This solution would not separate those planning and operational responsibilities which should remain intimately associated. On the other hand, it would avoid a span of control on the part of one Deputy Chief of Staff which many have considered unmanageable in the past. A more detailed description of the respective responsibilities of these Deputy Chiefs of Staff appears at Tab C.

f. Returning to the diagram at Tab B, the annual budget shown at the left derives from the current 5-year program and (after completion of the approval and apportionment processes) provides the monetary resources within which program and budget execution must proceed. It is, therefore, an important source of basic input into force development planning, and through force development planning, into the earlier stages of strategic planning.

g. To coordinate the programing function, three organizational alternatives are feasible:

(1) The program coordination mechanism could be located in DCSOPS, or with the proposed Deputy Chief of Staff for Force Development. The disadvantages of this alternative have been discussed. This solution was considered and rejected in Department of the Army action on the "Hoelscher Committee" report.

(2) A second alternative is to locate program administration under the Comptroller, who is not in the true sense of the word a proponent of any particular program, and who can therefore take an impartial view toward the correlation of all programs. This corresponds to the organizational pattern in OSD and in most major Army staff sections and would facilitate application of a uniform accounting system to programing, budgeting, and fiscal activities.

(3) The third alternative is to leave the Director of Army Programs in the Office, Chief of Staff, as at present, with his responsibilities more clearly defined. The advantages and disadvantages of this solution were discussed in connection with the programing function.

10

Office Memorandum · OFFICE CHIEF OF STAFF ARMY

TO : GENERAL DECKER
GENERAL HAMLETT (Info)
(Copy for each)

ODC&A/Col Moody/76262

DATE: 6 September 1962

FROM : SGS

SUBJECT: Implementation of Sec Army's Decision on Planning-
Programing-Budgeting in Connection with Project 39a

    1.   As you will recall, Secretary Vance has had under consideration
for some time a paper covering the planning, programing, and budgeting
functions which was submitted to him in connection with Project 39a.
He has discussed this paper with you previously and on Tuesday informed
you of the general nature of his decisions. These were:

        a.   To divide OPS into two major staff elements

        b.   To retain the Director of Army Programs in OCS, and

        c.   To approve a definition of program coordination prepared
in his office.

    2.   These decisions were transmitted to General Oberbeck on 4 September
by the memorandum at Tab A.

    3.   Attached at Tab B is a proposed memorandum for the staff calling
on DCSOPS, with the support of other staff agencies, to develop and submit
a detailed plan for the reorganization of his office and for necessary adjust-
ments within other elements of the staff to implement these decisions on the
part of the Secretary. In order to provide the necessary guidance for this
action, the memorandum forwards:

        a.   An abridged version of the paper submitted to Secretary Vance,
with the original recommendations and other extraneous material removed
(Inclosure 1).

        b.   A copy of the Secretary's definition of program coordination
(Inclosure 2).

    4.   General Oberbeck has discussed this memorandum with General
Parker who considers that the earliest reasonable date for completion of the
action is 15 October. While this is after the due date for Project 39a (1 October)
it will be sufficient for the report on that project to refer to implementing action
underway.

*Directive
revised,
per C/S
conversation
with VCS,
to call for
initial
report by
20 Sept*

Approved

See me

DEPARTMENT OF THE ARMY
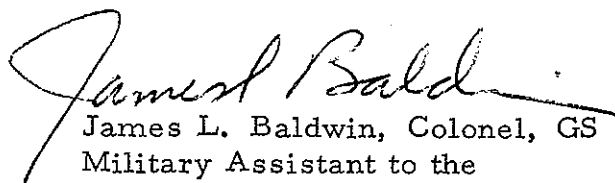OFFICE OF THE SECRETARY OF THE ARMY
WASHINGTON 25, D. C.

4 September 1962

MEMORANDUM FOR BRIGADIER GENERAL A. W. OBERBECK

After discussion with the Chief of Staff, the Secretary of the Army has approved the attached definition of "program coordination." As you will note this definition provides that the program directors will be responsible for developing alternative and recommending specific courses of action to be followed in their fields. The Chief of Staff indicated his concurrence in this definition.

The Secretary also indicated that it was his desire that the Program Coordination Office continue to be located in the Office of the Chief of Staff.

Secretary Vance approves the concept of dividing DCSOPS into two elements in the manner outlined in your paper entitled, "Examination of Relationships Among Planning, Programing and Budgeting."

James L. Baldwin, Colonel, GS
Military Assistant to the
Secretary of the Army

cc: Colonel A. W. Allen

20 August 1962

MEMORANDUM FOR: THE SECRETARY OF THE ARMY

SUBJECT: Project 39a Concepts

    1.   A paper analyzing the over-all planning-programing-budgeting relationships in the Army staff is attached. This is the subject you had indicated for your sequential decision this week. The paper follows the general pattern I have discussed with you previously.

    2.   General Decker has studied the paper and is generally in agreement with it. I presume you will desire to discuss it with him personally.

1 Incl
a/s

ARTHUR W. OBERBECK
Brigadier General, GS
Project Director

Office Memorandum · OFFICE CHIEF OF STAFF ARMY

TO : GENERAL DECKER   DATE: 20 August 1962

FROM : Brig Gen Oberbeck

SUBJECT: Project 39a Concepts

1. As you will remember, Secretary Vance desires to make sequential decisions concerning major reorganization aspects on a weekly basis until the main framework of the Project 39a solution is established. Last Thursday he selected a concept for the Secretariat-Army staff relationship along the lines he had discussed with you earlier. I can discuss the details with you, ‑ if you wish.

2. Next Thursday, the Secretary hopes to select a concept establishing the over-all planning-programing-budgeting relationship in the staff structure. A paper analyzing the alternative staff placements and relationships of these functions is attached. It follows the pattern I spoke to you, the Secretary, and General Wheeler about individually the week before last.

3. The attached paper was prepared utilizing examinations of the planning and programing systems conducted by my office and General Gee's office, with participation by the staff. I have not coordinated the paper itself or discussed it with anyone outside my own office except General Parker.

4. In order to allow the Secretary time to study this paper before Thursday, he should have a copy as soon as possible, but I told him I could not give him one until I had discussed it with you. After he has read the paper, I presume he will wish to pursue this subject with you.

5. I am on your calendar for an appointment at 1130 this morning if you desire to discuss any aspects of the paper or give me any guidance for change after you have had an opportunity to read it.