

Memorandum For: General Ellis

Subject: Integration of Force Planning and
Development Planning

1. BACKGROUND

Over the past year, AF/RD has conducted an ~~extensive~~ study of how the Air Staff should do Development Planning. Our findings are attached to this memorandum. We have concluded that Development Planning is interdependent with Force Planning and that the Air Staff ~~must~~ pursue an integrated (as distinguished from coordinated) approach to both. This conclusion is based upon the following fundamental considerations:

a. There is a substantial basis for the belief that forthcoming Congressional Appropriations will be significantly less than those required to procure the programmed force structure. This is based upon the conclusions of our detailed analysis of the Air Force's historic budget trends. First, unless there is an explicit reason to justify why future appropriations will grow at a rate significantly greater than has been historically possible, even the most optimistic projection of a future growth rate indicates that the programmed force structure cannot be procured. And second, although we can be reasonably certain of these future restrictions, we are uncertain of their absolute magnitudes.

b. The increasing complexity of weapon systems leads to production economies of scale and contractual rigidities that make it very expensive to change acquisition rates once production plans are set and contracts are signed. Clearly a restrictive budget would force changes in our current acquisition program leading to increased costs. The strong likelihood of such a budget suggests that we should examine alternative acquisition strategies to cope with lower appropriations. By anticipating lower appropriations we can develop our acquisition program so as to reduce the adverse effects of probable production changes which would arise from emerging budget restrictions.

c. Force Structure decisions must provide the context for decisions affecting a weapon system's acquisition rate; however, the opposite is also true. That is to say, if emerging appropriations force us to consider alternative acquisition strategies, such strategies by necessity provide

the context for force structure decisions. The fact that future appropriations are uncertain suggests that we should examine multiple strategies.

Balance

d. Thus Force Planning and Development Planning are interdependent activities, each with the objective of providing balance to the Air Force Program. Recognizing that the Program is the output of the PPBS, it follows that we must integrate the resource inputs to the PPBS. Input categories can be defined in terms of resources being allocated to Operations and Support (O&S), Investment, and Research and Development. In addition to being integrated in the desired Program, these resource categories must also be internally consistent. That is to say, each category should be in harmony with the other two. For example, we do not want to expend R&D resources for the engineering development of systems that we will be unable to procure; we do not want to procure systems that are too costly to operate; and O&S considerations should impact our R&D efforts, but not impair our technological capability through excessive emphasis on near term problems.

The Air Force's emerging economic environment coupled with the interdependencies between Force and Development Planning, and among the budget categories, lead us to the conclusion that we must integrate our planning/decision processes. We do not believe that routine coordination can effectively surmount the internal strains being created by our emerging economic stress.

2. RECOMMENDATIONS

a. Under the aegis of the Air Force Council, a director level steering group should be established to supervise a working group chartered to develop a scheme for integrating Force and Development Planning. This steering group would be composed of XO, XOD, PRP, PRM, LGX, ACB and RDQ.

clearly

b. As its objective, the working group will develop the staff capability to provide you with information on probable future consequences of current decisions. This will help you as a decision maker by explicitly providing integrated information on the strains to the AF Program which are the result of our changing economic environment. To do this, the working group should be accountable to you through the steering committee and the Air Force Council.

c. Proceeding from the premise that Development Planning is dependent upon Force Planning, and vice versa; this working group would develop the interface necessary to provide

the requisite procurement and development programs needed to determine the size and composition of future forces. The complex interdependencies stated in the preceeding paragraph suggest that there is no a priori way of determining the details of this integration. We have identified a conceptual approach as a candidate for consideration (i.e. Atch 1); however, we feel that the working group should make the final determination. In order to do this, the working group should be tasked with the following generalized activities:

- (1) Select a conceptual approach.
- (2) Determine those tasks necessary to implement the concept.
- (3) Identify what information is needed and what the flow of information should be.
- (4) Tune the tasks and information flow to the budget cycle.
- (5) Shape the organizational structure to accomplish the activities discussed above.

d. In order to effectively implement and test this approach, we feel that the working group must be established by March 1975 if we are to impact the FY 78-82 POM. Members of this group (it need not be large but it must represent the spectrum of relevant Air Staff decisions) must not be constrained by other work commitments if this complex effort is to be productive.

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RDQ ltr, 1 Nov 74, Development Planning

✓ RDQL Coord Cy

RDQL Read File Cy

RDQ Read File Cy

RD Read File Cy

Development Plans and Analysis Group (RDQL)

Formulates policies, plans, and procedures for development planning, analysis and management studies. Manning includes Chief, Deputy and one secretary.

RAND/ANSER OFFICE: (RDQLR) Provides PEM function for PE 65101F and 65102F, Rand and Anser respectively. Propose no change to current organization, function, or manning.

MANAGEMENT OFFICE: (RDQLM) Functions as Air Staff secretariat for Requirements Review Group. Serves as Air Staff OPR for disclosure of authorized requirements documentation to industry. Directorate OPR for official statements, backup data, inquiries, inserts for the Congressional Record and project status reports. Serves as the Air Staff Office of Record for all (ROCs); Class V modifications Program Management Directives (PMDs); and RDQ, RDR, and RDS PMDs for requirement actions. Coordinates and submits Directorate inputs to Program Review Group (PRG) and the program budget cycle. Serves as PEM for PE 63101F, Preliminary Design and Development. Propose to add one 0-4 slot to accomplish PRG budget and 63101F PEM functions currently accomplished by RDQL (Maj Colwell), and the restore secretary slot currently scheduled for RIF, 30 June 1975.

DEVELOPMENT PLANS: (RDQLP) Develops techniques to relate RDT&E and investment actions to operational requirements within fiscal constraints. Provides an overview and projection of research and development test and evaluation (RDT&E) and investment budgets, highlighting implicit operational, fiscal, and acquisition constraints. Provides guidance on fiscal matters to Directorate personnel. Integrates Force Structure/Development Planning activities across Air Staff. Provides membership on the Program Review Committee (Air Staff Board). Manning positions indicated on attached organizational chart are all additional (except 0-3 analyst, Capt Spinney) to current RDQL manning.

JCS Focal Point. RDQL currently is RD JCS focal point. Function and one 0-5 slot should be transferred to an organization not affiliated with a particular Directorate since actions cut across all RD functional lines. Recommend transfer to RDE or RDG.

DEVELOPMENT PLANS
& ANALYSIS GROUP

1 06 Chief - Boyd
1 05/06 Deputy - Burton
1 Sec

RDQLR
1 05 Coffee
1 GS-13 Dwyer
1 GS-9 Johnson
1 Sec

RDQLM
2 0-5 Conn, Eastman
1 0-4
1 GS-7 Lumsden
1 Sec

RDQLP**
1 05/06 Chief
3 03/04 Analysts, Spinney

6 Planners ²⁻⁰⁵₄₋₀₄
- (2) Strategic/Airlift
- (1) GP
- (1) EW
- (1) Munitions
- (1) C³
2 Sec

Function: Development Plans

RRG Secretariat
Congressional Focal Point
Pre-PRG Member
PE 63101F, Preliminary Design

RDQL
19 Professionals
5 Secretaries
24 People

** Assumes JCS Focal Point (0-5) will be assigned to RDE or RDG

PRPR A/Lt Col Reynolds/59978/drc/10 Apr 75

Enhancing the Air Staff Process (Your Memo, 4 Apr 75)

AF/PRM

1. I agree with many of the points in the Air University study on enhancing the Air Staff process. After my experience with the FY 76-80 Program Objective Memorandum (POM), I will be among the first to agree that the Air Force needs a Planning, Programming, and Budgeting System (PPBS) that better links threats, operating concepts, and force structure with our RDT&E efforts.
2. In particular, I agree with the study recommendation that planning, programming, and budgeting should be done primarily by mission area (strategic offense/defense, C³, general purpose forces, general support, etc.) rather than Major Force Program (MFP). The mission areas are, in the general sense, an easier and more correct way to look at the basic tasks performed by the Air Force. These basic tasks (combat and support) are logical subdivisions of the mission areas and must be the basis of an integrated planning and programming system. Unless such tasks are clearly defined, justified, and prioritized, the job of distributing Air Force resources among competing needs is, all too often, an ad hoc proposition.
3. Also, the points on restrictive budget trends, the large investment bow wave in the out years, more emphasis on long- versus short-term problems, and clearer definition of relevant missions are valid arguments for changing some features of our current planning and programming system.
4. I should point out, however, that most of the study findings have been pretty much overtaken by events. For instance, based on our experience with the FY 75 POM and previous POMs, we began FY 76-80 POM preparations in September 1973 with the Defense Planning and Programming Guidance (DPPG) as the baseline; panel participation began in January 1974--well ahead of the February 1974 Planning and Programming Guidance Memorandum (PPGM); for the first

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time, all panels participated fully in the POM development and recommended program funding levels for their respective areas based on functional staff and major command requirements; the functional staff worked closely with the major commands, panels, Program Review Committee (PRC), and Force Structure Committee (FSC) throughout the POM cycle to help develop a balanced program; there were numerous formal and informal contacts with OASD(PA&E) to resolve issues during POM preparation; and the Air Staff Board (ASB), Air Force Council (AFC), major commands, Chief of Staff Air Force, and Secretary of the Air Force participated in complete reviews of the POM, some on two or three occasions.

5. The FY 77-81 POM preparation began even earlier and is following the same basic guidelines. For instance, the panels began program reviews in November 1974 using the DPPG as a baseline. As in the FY 76 POM, the functional staff and major commands developed the program requirements reviewed by the panels. Panel reviews were completed and panel differences on program levels were reconciled before the first PRC session on the FY 77 POM. The timing of the panel reviews and the decision to use the panel program level recommendations as a basic guideline for PRC POM deliberations were based on lessons learned in the FY 76 POM development.

6. Additionally, since March 1974, we have been working with AF/RDQ to develop an improved framework in which to better allocate Air Force resources. The origin of this development planning effort goes back approximately four-five years to an AFSC program that attempted to link all RDT&E projects to actual or required conceptual systems. The current AF/RDQ-AF/PRP effort is an extension of the AFSC program and, if successful, would provide a better framework for judging competing needs and allocating all Air Force resources. Resource allocation would, of course, be based upon the relative priorities of the basic tasks performed by the Air Force. I understand that much of the data in the preliminary analysis of such a framework were given to the Air University study group. Thus, the similarity of some of the Air University findings with those of AF/RDQ and AF/PRP may not be entirely coincidental.

7. At any rate, the planning and programming system we currently envision is considerably more extensive than that

proposed in the Air University study. The major features are:

- a. Complete and periodic threat assessments.
- b. Better definition of relevant missions, mission areas, and the basic tasks (combat and support) to perform those missions.
- c. A system of priorities for the basic tasks developed at the ASD, AFC, Chief of Staff Air Force, and Secretary of the Air Force levels.
- d. Development of strategies and operating concepts for the basic tasks.
- e. Alternative program levels, force structures, and support programs based on resource uncertainties for both the POM and Extended Planning Annex periods.
- f. Technology, hardware and support options that support alternative force structures and support programs.
- g. Ultimately, a computer program to simplify pricing and development of alternative programs (force structure and support) for the alternative program levels.

8. While there is much to agree with in the Air University study, there are several points with which I categorically disagree. For instance, I disagree with the statements that "the adversary function is not sufficiently organized..." and "what appears to be missing...is a strong integrating function...." In the organizational sense, the roles played by the PRC and FSC (as well as AF/PRP) would appear to be more than adequate as integrators of the PPBS and as adversaries to counter-balance advocates. In fact, some members of the Air Staff probably believe at the current stage of the POM that these roles are too strongly played. Also, while "outside inputs" are very important to POM development, they simply cannot be the "primary" inputs considering the competing needs of advocates (major commands). An effective PPBS will have to be ultimately based on a total mission analysis regulated by priorities established by the Air Staff.

9. Also, I disagree with the emphasis on Air Staff organization in the Air University study. Certainly, we need to take another look at the usefulness of panel reviews and the role of the panels versus the functional staff in POM development. Our current effort with AF/RDQ would do just that. However, the primary problem is not who develops the Air Force program. Rather, the problem is how we develop it and how well we define our basic goals or objectives. Unless we have the proper framework that links missions, threats, strategies, operating concepts, basic tasks, force structure, and hardware options--all governed by a system of priorities--then no Air Staff agency, regardless of size or organizational location, can develop a truly effective Air Force program. I believe the key to a better POM is through a development planning system like that described in paragraph 7, above, and not necessarily any drastic Air Staff reorganization.

10. Al Slay, Jim Currie, and I plan to discuss the improved planning and programming system with Generals Burrows and Lawson in the next week or so. We hope to convene an Air Staff working group to refine and expand the previous efforts with the idea of using the new development planning system for the FY 78-82 POM. This could be an optimistic plan since the task is rather awesome--a point that is minimized in the Air University study. Nonetheless, we believe the effort is needed and, considering the insight we have gained from our past system analysis, the payoff can be high.

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1. CY 74 POM Development Process (FY 76-80 POM)
2. CY 75 POM Development Process (FY 77-81 POM)

CY 74 POM DEVELOPMENT PROCESS (FY 76-80 POM)

<u>Action</u>	<u>Date</u>
<u>AF/PR letter to AF/XOX and AF/SA initiating FY 76-80 POM actions.</u> This letter was a request to initiate analyses to support the FY 76 POM.	21 Sep 73
<u>Defense Policy and Planning Guidance (DPPG) Issued.</u>	28 Sep
<u>Program Review Committee Briefings on FYDP Elements.</u> The Committee was briefed by the Air Staff OPRs on the current FYDP. These briefings included such things as Intelligence, RDT&E, Military Construction, WRM, and O&M.	4-8 Feb
<u>SECDEF Planning and Programming Guidance Memorandum (PPGM) Received</u>	25 Feb
<u>Review of Programs by Individual Panels.</u> Extensive reviews were conducted by the C ³ , Space, and Data Automation Panels. These included MAJCOM inputs.	Jan
<u>Briefing to Program Review Committee on SECDEF Planning and Programming Guidance Memorandum (PPGM).</u>	4 Mar
<u>Program Review Committee Review of Candidates for the First Program Exercise.</u> The Committee met almost continuously during this period. There were briefings and discussions on 138 candidates for the first Program Exercise.	4-12 Mar
<u>Briefing to Corona Range on PPGM.</u> General Boylan presented a briefing on the major items in the PPGM, and major issues anticipated.	13 Mar

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<u>Action</u>	<u>Date</u>
<u>Program Review Committee Initiated Review of Candidates for Second Program Exercise.</u> Although the first exercise had not been completed, the Committee began reviewing items for the second one. This included such things as requesting additional Panel reports.	21 Mar
<u>First Program Exercise (76-A1)</u>	15-28 Mar
<u>Briefing to Program Review Committee and Force Structure Committee on 76-A1.</u> These Committees were briefed on the results of the exercise and the impact of the program changes.	1 Apr
<u>Briefing to Air Staff Board and MAJCOM Representatives on 76-A1.</u> General Greenleaf briefed the results of the first exercise to the Board and a General Officer representative from AFLC, ADC, AFCS, AFSC, ATC, SAC and TAC.	5 Apr
<u>MAJCOM Comments on 76-A1 Briefing.</u> Each MAJCOM attending the ASB meeting provided written comments.	8 Apr
<u>Briefing to Air Force Council on 76-A1.</u> General Greenleaf briefed the Council on the results of the exercise and the MAJCOM comments.	9 Apr
<u>Briefing to SAF on 76-A1</u> General Greenleaf briefed SAF on the results of 76-A1, MAJCOM comments, and recommendations for the second program exercise.	12 Apr
<u>Second Program Exercise (76-A2).</u>	11-22 Apr

Action

Date

Briefings on Second Program Exercise
to ASB, AFC, CSAF, SAF.

26 Apr - 1 May

As with the first exercise, General Greenleaf briefed the results and recommendations for changes. SAF was briefed a total of three times during the overall POM development process.

Third Program Exercise (76-A3)

2-10 May

POM Documentation and Coordination

10-17 May

POM Summary Sent to MAJCOMS

16 May

CY 75 POM DEVELOPMENT PROCESS (FY 77-81 POM)

<u>ACTION</u>	<u>DATE</u>
<u>AF/PRP Letter to Air Staff Board Panels and Committees Directing the Early Review of Programs</u> All of the Program Elements in the FYDP were divided among the Panels, and they were directed to review them for changes.	24 Oct 74
<u>AF/PRP Letter to MAJCOMs Requesting General Participation in the CY 75 POM Development Process</u> MAJCOMs were told of early start of POM reviews and requested to assist.	24 Oct 74
<u>Panel and Committee Review of Existing Programs and Potential Program Changes</u> As requested in AF/PRP 24 Oct 74 letter, the Panel and Committees conducted an extensive reviews.	Dec-Jan
<u>AF/CVSB Message to MAJCOMs Inviting Briefings</u> The MAJCOMs were invited to present briefings on proposed program changes to the Program Review Committee.	12 Jan 75
<u>First Program Exercise (77-A1)</u>	12 Jan 75
<u>SECDEF Planning and Programming Guidance Memorandum (PPGM) Received</u>	24 Jan-11 Feb
<u>Summary of 77-A1 Provided to CSAF</u>	17 Feb
<u>Program Review Committee and Force Structure Committee Development of Recommendations for Second Program Exercise</u>	Feb
<u>Second Program Exercise (77-A2)</u>	24 Jan-11 Feb
<u>Summary of 77-A2 Provided to CSAF</u>	20 Mar
<u>Briefing on 77-A2 to Program Review Committee</u>	4 Apr

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ACTION

DATE

Briefing on 77-A2 to Air Staff Board and
MAJCOM Representatives

10 Apr

Gen Currie briefed the Board and MAJCOM representatives on the results of 77-A2 and recommendations. The MAJCOMs represented were ADC, AFCS, AFLC, AFSC, ATC, MAC, PACAF, SAC, TAC, USAFE, and USAFSS.

SCHEDULE OF FUTURE ACTIONS

MAJCOM Inputs Due

14 Apr

The MAJCOM comments on the briefing are due on this date.

Briefing to Air Force Council on 77-A2

Discussion with CSAF on POM

17 Apr

Briefing to SAF and CSAF on 77-A2

21 Apr

Final POM Exercise

21 Apr-3 May

POM Documentation and Coordination

2-9 May