



TSA MANAGEMENT DIRECTIVE No. 500.1
PLANNING, PROGRAMMING, BUDGETING AND EXECUTION

To enhance mission performance, TSA is committed to promoting a culture founded on its values of Integrity, Innovation and Team Spirit.

1. **PURPOSE:** This directive provides TSA policy and procedures for the implementation of a corporate planning, programming, budgeting, and execution process.
2. **SCOPE:** This directive applies to all TSA organizational elements, appropriations, and funds.
3. **AUTHORITIES:**
 - A. Accountability of Tax Dollars Act of 2002 (P.L. 107-289)
 - B. Antideficiency Act (ADA), as amended (P.L. 97-258)
 - C. Aviation and Transportation Security Act (ATSA) (P.L. 107-71)
 - D. Budget and Accounting Act, 1921, as amended (P.L. 67-13)
 - E. Chief Financial Officers Act of 1990 (P.L. 101-576)
 - F. Congressional Budget Act of 1974 (P.L. 93-344)
 - G. Department of Homeland Security (DHS) Financial Accountability Act (P.L. 108-330)
 - H. DHS Directive 101-01, Planning, Programming, Budgeting and Execution
 - I. DHS Directive No. 071-02, The Joint Requirements Council (JRC)
 - J. Federal Financial Management Improvement Act of 1996 (P.L. 104-208)
 - K. Office of Management and Budget (OMB) Circular No. A-11, Preparation, Submission and Execution of the Budget
 - L. Public Law 107-296, 116 Stat. 21 35, "The Homeland Security Act of 2002," codified in Title 6, United States Code
 - M. Public Law 108-330, The Department of Homeland Security Financial Accountability Act
 - N. Public Law 111-352, The Government Performance Results Act Modernization Act (GPRAMA)

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- O. Public Law 113-291, National Defense Authorization Act (NDAA) for Fiscal Year 2015, containing the Federal Information Technology Acquisition Reform Act (FITARA) under Title VIII, Subtitle D
- P. Title 31 United States Code (U.S.C), Chapter 13 - Appropriations

4. DEFINITIONS:

- A. An Appropriation: An Act of Congress authorizing funds to be drawn from the Treasury for specific uses.
- B. Budget Year(s): The year(s) following the current fiscal year, and for which the Office of Management and Budget Justification (OMBJ) is prepared. For example, if the current fiscal year is 2017, the budget year(s) would be FY 2018-2019.
- C. Capability: The ability to execute a specified course of action. It is designed by an operational or support user and expressed in broad operational or support activities requiring resources.
- D. Execution Year: The current fiscal year.
- E. Fiscal Year (FY): The 12-month period which begins with 1 October of one year and ends 30 September of the next year.
- F. Future Years Homeland Security Program (FYHSP): The official DHS document and database that summarizes Secretary of Homeland Security approved plans and programs for the Department of Homeland Security.
- G. Planning, Programming, Budgeting, and Execution (PPBE): PPBE is a framework for making decisions on policy, strategy, and the development of personnel and capabilities to accomplish anticipated missions. PPBE is an annual cyclical process consisting of four sequential and overlapping phases:
 - (1) Planning: The first phase of PPBE process is Planning and consists of a vision of the future with a focus on broad strategies and viewpoints. This long-range outlook is informed by both external DHS Resource Planning Guidance (RPG), internal TSA RPG, and capability-based gap assessments through the TSA Mission Essential Capability Needs for Secure Aviation (TSCAP). The planning phase encompasses long-range guidance and objectives for up to 5 years and defines the workforce, modernization and investment requirements to meet mission objectives. The RPG is designed to provide focused, timely, strategic direction to resource allocation decisions. The priorities developed in the RPG help provide the common analytical and programmatic course to build capabilities needed to overcome the diverse challenges of the future. The guidance is largely fiscally unconstrained and mandatory. Implementation must be consistent with strategic direction and priorities.
 - (2) Programming: The second phase of the PPBE process is Programming and applies constraints to the DHS and TSA vision developed in the planning phase. This phase is primarily a component function and translates external and internal guidance into action, balances allocation of resources to plans (requirements), organizes requirements into packages (programs) and prioritizes programs based on capabilities and risks.

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The components make Resource Allocation Process (RAP) submissions that include program decision options to make choices for meeting the RPG over the FYHSP. This phase concludes with issuance of the DHS Resource Allocation Decision.

- (3) **Budgeting:** The third phase of PPBE process is Budgeting and involves the formulation and control of near-term resource requirements based on the results of the planning and programming efforts. The budget is developed from the final Resource Allocation Document (RAD) published by DHS and justifies the changes from the previous budget year to the new budget year. It also serves as the basis to prepare the requirements for presentation to OMB and Congress. DHS uses the budget review as an opportunity to ensure programs are correctly costed and dollars are budgeted within fiscal management guidance, rules and constraints. In this process there is some opportunity for the programs to be adjusted to better meet capability requirements before submittal to Congress. DHS and components achieve this through information provided to OMB prior to and after OMB's pass back of fiscal controls aligned for inclusion to the President's Budget in preparation for congressional justification deliberations.
 - (4) **Execution:** The final phase of the PPBE process is Execution of the program-budget. Execution begins at the start of the fiscal year and is the process by which performance of the planning, programming, and budgeting phases are translated into TSA capability. Execution activities support measurement of performance to program-budget through periodic resource management reviews within the specific fiscal year. Additionally, performance metrics serve as a management control to observe the effectiveness of program-budget decisions.
- H. **Portfolio:** A set of program elements grouped within a functional designation to support a mission area.
 - I. **Program:** An organized set of activities directed toward a common purpose, objective, or goal undertaken or proposed by an entity to carry out responsibilities/mission assigned to it.
 - J. **Program Element (PE):** A description of a mission or capability by the identification of the organizational entities and resources needed to perform the assigned mission. PEs are fundamental elements at which resource changes are made. PEs are the basic building blocks used by TSA's Portfolios for Future Years Homeland Security Program (FYHSP) build during the programming stage of the Planning, Programming, Budgeting and Execution (PPBE) cycle; therefore, they are fundamental to the Resource Allocation Process.

5. RESPONSIBILITIES:

- A. **The Executive Steering Committee.** The Deputy Administrator (DADM) chairs the Executive Steering Committee (ESC), comprised of the Chief Operating Officer (COO), the Chief Mission Support Officer (CMS), and the Chief of Staff (COS). The ESC serves as the senior forum for cross-functional consideration of the most critical TSA issues. The ESC reviews and evaluates TSA objectives, policies, plans, programs, budgets, and studies to make timely recommendations to the Administrator (ADM). The ESC also provides Deputy Management Activity Group level coordination on significant, urgent, and complex issues to ensure that

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TSA plans, programs, and policies comply with DHS national objectives. The ESC returns issues to the Senior Leadership Team (SLT) for further study.

B. The Senior Leadership Team. The Senior Leadership Team (SLT) is comprised of Assistant and Deputy Assistant Administrators leading program offices with mission and functional areas of TSA expertise. The SLT provides review, evaluation, and recommendations within the same broad categories as the ESC for objectives, policies, plans, programs, budgets, and studies that require a broader representative span of corporate consideration and resolution. The Assistant Administrator for the Office of Finance and Administration (OFA) facilitates the discussion since the OFA is the executive agent for PPBE at TSA. The SLT will accomplish the following:

- (1) In preparation for the Resource Allocation Process submission during the programming stage:
 - (a) Provides program details to support the program review process that include information such as program description, changes, risks, performance and budget data;
 - (b) Provides recommendations on programming solutions and decisions options to meet TSA priorities and DHS guidance; and
 - (c) Advocates for resources through the portfolio process in order to meet its functional requirements.
- (2) In preparation for the President's Budget submission in the budgeting stage:
 - (a) Provides budget details and justification material that aligns programs to fiscal controls distributed through OMB pass back (i.e., TSA funding baseline);
 - (b) Provides recommendations on budget solutions to address fiscal shortfalls or surpluses to meet TSA priorities and DHS guidance; and
 - (c) Assists the Administrator in defending the agency's resource requirements before Congress, either in a hearing setting or in personal communication with Congressional members.
- (3) In preparation for Execution Reviews in the execution stage:
 - (a) Provides program details for quarterly reviews that include program description, changes, risks, performance and budget data;
 - (b) Provides recommendations on programming solutions and decisions options to meet TSA priorities and DHS guidance; and
 - (c) Evaluates risk mitigation and assesses the impact of execution strategies on current and out year programs and budgets.

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C. The Portfolio Review Committee. The Portfolio Review Committee (PRC) is the first level of the TSA PPBE process consisting of Portfolio Chairs from the COO, CMS, and OFA. The PRC represent mission and functional areas of TSA expertise and is supported by advisory members from program offices. The PRC reviews, evaluates, and recommends programming solutions during the Programming phase of the PPBE process. The composition of the PRC portfolios are:

- (1) Personnel and Administration: supports activities of human capital management and provides financial, administrative, and operational support to TSA employees and external audiences;
- (2) Mission Support: provides for the delivery and sustainment of administrative services for emerging functions;
- (3) Investment and Technology: supports activities related to the acquisition of field equipment, enterprise services, and Information Technology (IT);
- (4) Vetting and Enforcement: prevents and enforces non-vetted persons from accessing unauthorized areas/programs and vetted persons from doing harm; and
- (5) Screening and Operations: supports domestic and foreign operations and compliance activities related to screening people and property entering the transportation system.

NOTE: Each portfolio is assigned Program Elements (PE) and is represented by program offices with personnel from relevant areas of expertise. Program offices are the primary advocates for their PEs, addressing issues and coordinating functional concerns across various staff organizational elements.

D. Office of Finance and Administration. The Office of Finance and Administration (OFA) serves as the executive agent for TSA in the facilitation of the PPBE process. As such, OFA takes action to accomplish the following:

- (1) Receive, compile, distribute, interpret, and comply with DHS PPBE guidance;
- (2) Submit program and budget data according to the DHS schedule and guidance;
- (3) Coordinate with SLT and program offices to translate capability requirements into programmatic and budgetary terms, to include PEs and funding across the FYHSP;
- (4) Conduct and coordinate the budget review by evaluating the Office budget submissions for financial appropriateness while maintaining the administration's fiscal controls;
- (5) Conduct program execution and performance reviews;
- (6) Prepare and publish budget decision documents;
- (7) Prepare the TSA budget for submission to the OMB;
- (8) Present and justify the TSA budget to the Congress;

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- (9) Advise the Assistant Administrators and Deputy Assistant Administrators on all PPBE matters related to financial management;
 - (10) Assist in the implementation and coordination of the planning phase of the PPBE process;
 - (11) Assist in the preparation, coordination, and publication of planning guidance for the employment and development of the workforce;
 - (12) Review planning scenarios and national plans to determine the demands that might be placed on the TSA, identify shortfalls, and guide resource allocations based on strategic analysis when appropriate; and
 - (13) Advise the Administrator and Deputy Administrator concerning plans, programs, capabilities in relation to budgets developed to meet TSA mission objectives and counter projected threats to support the Homeland Security strategy.
- E. Office of Requirements and Capabilities Analysis. The Office of Requirements and Capabilities Analysis (ORCA) serves as the executive agent for TSA on the DHS Joint Requirements Council. To ensure an appropriate alignment of requirements identification and prioritization to the PPBE process the ORCA seeks to accomplish the following:
- (1) Assess and provide enterprise-level validated requirement inputs, as well as capabilities requirement analysis, into the planning and programming phases of budget process.

6. POLICY:

- A. The PPBE is a cyclic process containing four distinct but interrelated phases: planning, programming, budgeting, and execution. In addition to establishing the framework and process for decision making on future programs, the process permits prior decisions to be examined and analyzed from the viewpoint of the current environment (i.e., level of threat, political, economic, technological, and resource-related prospectives) and for the time period being addressed.
- B. The purpose of the PPBE process is to produce a plan, program, and budget for TSA execution. The program and budget is forwarded in summary to DHS for submission to the President's Budget. The President's Budget then is submitted to Congress for authorization and appropriation. The decisions shall be based on and consistent with a set of objectives, policies, priorities, and strategies derived from DHS directives. The ultimate objective of PPBE shall be to provide the operational and support offices and staff the best mix of manpower, equipment, and support attainable within fiscal constraints.
- C. Throughout the PPBE decision-making process, the Administrator is to provide centralized policy direction while placing program execution authority and responsibilities with organizational leaders. The program offices shall provide advice and information as requested by the Administrator and his/her staff so that execution and accountability may be effectively assessed properly.

7. PROCEDURES:

- A. Planning: In the planning phase, the aviation and surface security role and posture of the United States and DHS in the world environment is examined, considering enduring national security objectives and the need for efficient management of resources. The focus shall be on the following major objectives that culminate into TSA's Resource Planning Guidance:
- (1) defining aviation and surface security strategy necessary to help maintain national security and support the DHS policy five years in the future;
 - (2) planning the integrated and balanced staffing and capital investment necessary to accomplish this strategy;
 - (3) ensuring the necessary framework (including priorities) to manage TSA resources effectively for successful mission accomplishment consistent with national resource limitations; and
 - (4) providing decision options to the Administrator to help assess the role of aviation and surface security in the formulation of national security policy and related decisions.
- B. Programming: In the programming phase, TSA shall develop proposed programs consistent with DHS Guidance. These programs shall reflect systematic analysis of missions and objectives to be achieved, alternative methods of accomplishing them, and the effective allocation of the resources. PRC shall analyze the programs and provide recommendations to TSA senior leadership of solutions for decision. The Office of Performance and Enterprise Risk shall review the PRC program recommendations and provide a risk assessment based on the capability of the composite staffing, capital investment and support programs for TSA program offices the goal of which is to execute the strategy approved during the planning phase. OFA shall integrate a RAP submission to issue to DHS.
- C. Budgeting: In the budgeting phase, TSA shall develop detailed budget estimates and justification for the budget years of the resource activities approved during the programming phase. As a result of the DHS Secretary's RAD, TSA will prepare and defend the agency's resource request to OMB. Pending negotiations with OMB on final pass back fiscal control levels, TSA will prepare the budget for inclusion into the President's Budget Request to Congress.
- D. Execution: In the execution phase, TSA shall develop an annual operating plan that specifies, at appropriate program office levels, TSA's strategy to implement budgets approved in the budgeting phase. Additionally, TSA shall conduct execution reviews to measure performance of operating plan to mission goals and objectives planned.
- E. Documentation: The decisions associated with the four phases of the PPBE process represent a significant planning effort that result in a complex matrix of program and budget data across the five years of the FYHSP. To ensure TSA's ability to review prior and future decisions and reconcile activities for each PPBE phase through the FYHSP, TSA shall develop and maintain a system that supports TSA's development of programming and budgeting documents, program and budget options development, and accounting resources executed. An automated PPBE system fuses these elements such that efficiencies can be achieved to support time sensitive

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decision-making through each PPBE phase. The system shall also contain information at the program office and program element levels for dollars and quantities of pay and non-pay expenses aligned to appropriated reporting requirements.

F. PPBE Schedule: Timely publication of PPBE documents is critical to the management of TSA. Since the PPBE documents represent a dialogue among the many participants, the relevant documents, complete with supporting attachments or appendices, must be issued to allow adequate time for analysis and response. Therefore, a schedule of significant events in the PPBE process for the upcoming fiscal year shall be issued.

8. APPROVAL AND EFFECTIVE DATE: This policy is approved and effective the date of signature unless otherwise specified.

APPROVAL

Signed

December 14, 2017

Pat A. Rose, Jr.
Assistant Administrator/Chief Financial and
Administrative Officer for
Office of Finance and Administration

Date

EFFECTIVE

Date

Distribution: Assistant Administrators, and equivalents, Managers and Supervisors, Business Management Offices, and Program Element Managers

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