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MARYLAND

March 13, 2013

The Honorable Ashton B. Carter  
Deputy Secretary  
U.S. Department of Defense  
The Pentagon  
Washington, D.C. 20301

Dear Secretary Carter:

As co-chairs of the Council of Governors (Council), we are pleased to affirm that the nation's governors have approved the attached "*State-Federal Consultative Process for Programming and Budgetary Proposals Affecting the National Guard*" (consultative process).

During our February 25 Council meeting, we welcomed the news that the Department of Defense (DoD) and the White House have also reviewed and approved the attached *consultative process* agreement and are committed to its implementation. As we discussed, our *consultative process* agreement is another milestone achievement in the Council's ongoing efforts to improve state-federal cooperation. This agreement builds upon our previous successes improving unity of effort for disaster response and will have similar far-reaching and positive effects on the state-federal partnership to protect the nation and provide for the safety of our citizens.

We also appreciate your willingness to partner with us and the Department of Homeland Security to address cybersecurity issues through the Council. We look forward to future collaborative efforts in this area, including a discussion of ways in which the National Guard can serve as a critical cyber resource for both states and the federal government.

We greatly value the relationship governors and our representatives have had with DoD principals and staff to develop the consultative process. We look forward to working with you to implement this important agreement and to continue collaborating on critical issues affecting the safety and security of our citizens.

Sincerely,

A handwritten signature in blue ink, reading "Terry E. Branstad".

Governor Terry E. Branstad  
Co-Chair  
Council of Governors

A handwritten signature in blue ink, reading "Martin O'Malley".

Governor Martin O'Malley  
Co-Chair  
Council of Governors

Attachment:

State-Federal Consultative Process for Programming and Budgetary Proposals Affecting the National Guard

cc:

The Honorable John McHugh, Secretary of the Army

The Honorable Michael Donley, Secretary of the Air Force

General Ray Odierno, Chief of Staff for the U.S. Army

General Mark Welsh, Chief of Staff for the U.S. Air Force

General Frank Grass, Chief, National Guard Bureau

Mr. Todd Rosenblum, Acting Assistant Secretary for Homeland Defense and Americas' Security Affairs

# State-Federal Consultative Process for Programming and Budgetary Proposals Affecting the National Guard

February 25, 2013

## Purpose

The Department of Defense (DoD) and the States, Territories, and the District of Columbia (hereafter referred to as the various States), represented through the Council of Governors, will engage in a sustained process to exchange views, information, and advice, consistent with applicable guidelines on programming and budgetary priorities and requirements on matters specified in Executive Order 13528.

## Objectives

The intent and objectives of this process are to<sup>1</sup>:

- Improve and clarify procedures by which State-level observations, analysis, and requirements related to the National Guard are communicated to and incorporated into DoD's processes for requirements definition and Planning, Programming, Budgeting, and Execution (PPBE);
- Improve and clarify procedures by which Federal-level observations, planning facts and assumptions, capability analysis, and strategic requirements and priorities underpinning DoD's strategy, plans, programming, and budgetary processes regarding matters affecting the National Guard specified in Executive Order 13528 are communicated to the Council of Governors and affected governors and their Adjutants General throughout the current program build; and
- Improve and clarify procedures by which Federal resource allocation or reallocation proposals that would affect the National Guard or military operations in support of domestic civil authorities will be discussed and views and information exchanged with the Council of Governors in advance of DoD formally requesting, submitting, or implementing Federal resource allocation or reallocation actions that affect the National Guard; and
- Strengthen the Council of Governors as an ongoing, interactive forum for Federal-State dialogue on matters specified in Executive Order 13528.

## Implementation

Consultations and dialogue between DoD and the States will occur on four tracks:

- 1) Planning, Analysis, Requirements Definition: Coincident with the Department's major plans, analysis, and budget processes, and consistent with his statutory and regulatory

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<sup>1</sup>As permitted by applicable laws and policies, including: 10 U.S.C. § 113; 10 U.S.C. § 135; 10 U.S.C. § 151; 10 U.S.C. § 3013; 10 U.S.C. § 3033; 10 U.S.C. § 8013; 10 U.S.C. § 8033; DoD Directive 7045.14; and OMB Circular A-11.

authority, roles, and responsibilities<sup>2</sup>, the Chief, National Guard Bureau (NGB), will work with the States to ensure that their State-level observations, analysis, and requirements related to the National Guard are communicated to DoD for inclusion in Department plans, analysis, and budget processes. To the extent necessary, the Chief, NGB, in cooperation with the Office of the Secretary of Defense (OSD) and the Joint Staff, will assist the Council of Governors in establishing a structured methodology to produce inputs that articulate States' needs, whether civilian or military in nature, while conforming to established DoD timelines and formats. OSD and the Joint Staff will work with the Chief, NGB, and the Directors of the Air and Army National Guard to ensure that appropriate States' representatives participate in DoD-wide domestic prevention and response planning and capability analysis activities. These activities will assist DoD in refining its prevention and response capabilities to meet State-articulated needs most effectively, consistent with other DoD requirements.

- 2) Strategic dialogue: A strategic-level dialogue between States and DoD will occur primarily through twice-yearly Council of Governors' plenary meetings, plus other Council meetings and/or work sessions held by mutual agreement. This dialogue is intended to enhance the mutual understanding of States' and Federal requirements, the broader Federal defense program and budget, as well as the unique considerations for the Governors as promulgated in Executive Order 13528 and to ensure consistency with requirements set forth by applicable laws and policies.<sup>3</sup>

During meetings of the Council of Governors, potential discussion topics include, but are not limited to, the following, which are related to matters specified in Executive Order 13528:

- insight by the various States on domestic prevention and response needs;
  - perspectives on requirements for Defense Support to Civil Authorities offered by the Department of Homeland Security (DHS), the Federal Emergency Management Agency (FEMA), and other Federal Departments and Agencies as appropriate and consistent with the National Response Framework and Presidential Policy Directive 8 (National Preparedness);
  - insight into DoD's priorities – related to warfighting and domestic prevention and response;
  - the fiscal environment and its implications for the program build;
  - prevailing strategic trends, strategic guidance development, strategic planning factors and assumptions, and potential implications for force structure, Army and Air Force roles and missions, and Active Component/Reserve Component mix; and
  - an overview of the key components of the Chief, NGB's, inputs to the budget process.
- 3) PPBE process: As a more detailed supplement to the strategic dialogue, the PPBE process provides a range of opportunities for appropriate working-level planning and capability analysis participation and higher-level strategic dialogue to provide timely and substantive

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<sup>2</sup> Including: 10 U.S.C., § 151; 10 U.S.C. § 10501; 10 U.S.C. § 10502; 10 U.S.C. § 10503; and DoD Directive 5105.77.

<sup>3</sup> Including: 32 U.S.C. § 104; 10 U.S.C. § 113; 10 U.S.C., § 135; 10 U.S.C., § 151; 10 U.S.C. § 3013; 10 U.S.C. § 3033; 10 U.S.C. § 8013; 10 U.S.C. § 8033; 10 U.S.C. § 10501; 10 U.S.C. § 10502; DoD Directive 5105.77, DoD Directive 7045.14, and OMB Circular A-11.

views, information, and advice to inform and improve budget-related decision making on both sides. There are various existing venues available for this dialogue, including working sessions of the Council of Governors, quarterly meetings of the States' Adjutants General, and video-teleconferences.

Since the PPBE is a rolling process – with submitted, current, and future budgets simultaneously being executed, developed, or considered – a strategic-level dialogue will similarly be a rolling process and will generally occur in three phases.

- *Phase 1: Initial input to current program build:* In the January-February timeframe, at the early development stage of the Army and Air Force Program Objective Memoranda (POM) and Budget Estimate Submission (BES), DoD will provide a strategic overview of the trends that will affect the defense budget, including a macro view of DoD's fiscal environment and the evolving roles and missions of the Army and Air Force. Also throughout Phase I (January-June timeframe), States will collectively communicate through the Chief, NGB, their assessments and concerns regarding civil support missions and related capability requirements. The Chief, NGB, will work with the Joint and Service Staffs to develop National Guard requirements and carry them forward into the DoD PPBE process deliberations. DoD will consider the States collective input in consultation with DHS, FEMA, and other Federal departments and agencies, as appropriate.
- *Phase 2: Second consultation on current program build:* In the July-September timeframe, before the official kick-off of the Program Budget Review (PBR), the Deputy Secretary will provide States' representatives with an update on strategic guidelines, based upon the Defense Planning Guidance that will inform the current program build. These guidelines will be substantive and informative but also consistent with PPBE guidelines not to divulge specific programmatic items under consideration. States will have an opportunity to provide additional feedback and concerns to inform the programmatic issues carried forward into the PBR by NGB.
- *Phase 3: Analytic retrospective on most recent budget submission:* In the February-March timeframe (i.e., concurrent with the presentation of the President's Budget to Congress), DoD will share details of its final analysis related to force structure, capabilities requirements, Active Component/Reserve Component mix, and other areas and relevant studies that were used to develop the President's Budget decisions that touch on States' interests related to National Guard issues.<sup>4</sup> This analysis, in turn, can shape State feedback through the Chief, NGB, on current program build and considerations for budgets in future years.<sup>5</sup>

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<sup>4</sup>As permitted by applicable laws and policies, including: 10 U.S.C. § 113; 10 U.S.C. § 135; 10 U.S.C. § 151; 10 U.S.C. § 3013; 10 U.S.C. § 3033; 10 U.S.C. § 8013; 10 U.S.C. § 8033; DoD Directive 7045.14; and OMB Circular A-11.

<sup>5</sup> To facilitate implementation of this consultative process, the Phase 3 analytic retrospective will be utilized upon presentation of the President's Budget for FY2014 to Congress in the February-March 2013 timeframe.

- 4) Ad hoc consultations: DoD, through the Chief, NGB, will conduct *ad hoc* discussions and working sessions with States specifically tailored to address other matters of mutual interest specified in Executive Order 13528.

### **Notice of Non-Disclosure**

Throughout the execution of all four tracks, if applicable laws or policies prevent the Chief, NGB, the Director of the Air National Guard, the Director of the Army National Guard, or other DoD officials involved in the dialogue from communicating or sharing programming or budgetary information with the States, the officials concerned shall acknowledge to the Council of Governors being unable to do so and give notice as to the applicable law or policies prohibiting such disclosure.