

Corps of Engineers Budget Process

Operations Manager PROSPECT Course
1-5 August 2005

OBJECTIVES

- ◆ Students will have general knowledge of:
 - Authorization vs. Appropriation
 - Congressional add process
 - Differences in Appropriations
 - Savings and Slippage
 - District Budget process
 - Business line budgeting
 - Functional budget vs. Operating Budget
 - P2 Impacts on Budgeting

REMEMBER!

OPMs are working on executing or planning for three different FY budgets at any one time!

Right now:

- FY 05 Actual execution
- FY 06 Operating Budget and Committee and Conference amounts
- FY 07 Budget submission

Authorization vs. Appropriation

- ◆ Authorization occurs through the authorizing committees in Congress
 - Output is Water Resources Development Act (WRDA)
 - Authorizes project
 - Sometimes authorizes a ceiling amount for the project
 - Does not have any funds (appropriations) associated with this effort
 - Occurs every two years usually
- ◆ Appropriations occur when Congress passes the Energy and Water Appropriation bill
 - Occurs annually

Authorization vs. Appropriations

- ◆ WRDA does not provide funding
- ◆ WRDA put together by authorizing committees
- ◆ Energy & Water bill provides appropriations (funds)
- ◆ Energy & Water bill put together by appropriating committees
- ◆ Congressional adds occur during final preparation of the Energy & Water bill
- ◆ Good idea to know who the members are on these committees

Congressional Adds

- ◆ Added during final stages of the Appropriation bill process
 - Added by House and Senate committees
 - ◆ House and Senate reports
 - Conference report is “negotiated” amount between the two
- ◆ Authorization can occur at this stage of the Appropriation process, but is not the preferred method
- ◆ Added for specific activities
- ◆ Some are “earmarked”
- ◆ Total funding does not usually increase with adds
 - Just a redistribution of the funds
 - Savings and Slippage

Savings and Slippage

- ◆ Essentially two components of S&S
- ◆ HQ funds “un-funded mandates”
 - Smaller portion
- ◆ Mostly funding to cover Congressional Adds
 - 2.0Billion Appropriation (with Cong. Adds)
 - 100M Congressional Adds (No funding added)
 - S&S = $100,000,000 / 2,000,000,000$ or 5%
- ◆ Reduce all other budgeted amounts to cover un-funded requirements

Different Appropriations

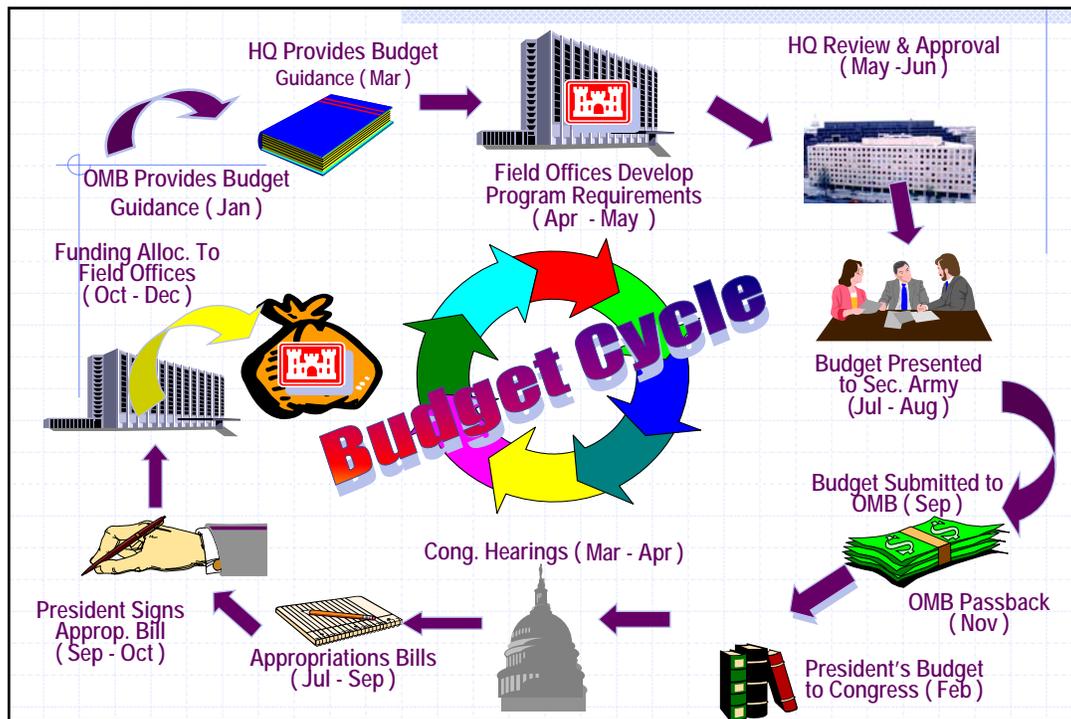
- ◆ Civil Operations and Maintenance (O&M)
 - Routine O&M of project authorized purposes
 - ◆ Recreation, Hydropower, etc
 - O&M for the life of the project
 - Less congressional adds
- ◆ Construction General (CG)
 - Very specific projects
 - ◆ Build a flood control project, Build a lock, etc
 - More defined beginning and end
 - Usually highly visible efforts
 - Most congressional adds occur here

Different Appropriations

- ◆ Maintenance and Operations (M&O)
- ◆ Mississippi River and Tributaries (MR&T)
- ◆ Regulatory
- ◆ Flood Control and Coastal Emergencies
 - Emergency Management
- ◆ General Investigations
- ◆ General Expense – RBC and HQ

CoE O&M Budget Process

- ◆ Districts formulate budget submission by business lines
- ◆ Submit budget to Regional Business Center (RBC) (Division) for review and ranking
- ◆ RBC submit budgets by business lines with all Districts included to Headquarters(HQ)
- ◆ HQ ranks and submits budget to Office of Management and Budget (OMB) for inclusion in Presidents Budget submittal
 - CoE is part of Executive branch
 - Passback may occur at this time
- ◆ Presidents budget submitted to Congress
- ◆ Congress enacts the Energy & Water bill
 - Congressional power of the purse



President's Management Agenda

- ◆ Get a copy and read it (only 21 pages)
 - On Gateway
- ◆ We are the executive branch of Federal Government
- ◆ Sets overall direction
- ◆ Six Initiatives
 - Competitive Sourcing
 - Strategic Management of Human Capital
 - Performance and Budget Integration
 - Expanded Electronic Government
 - Improved Financial Management
 - Improved Real Property Asset Management

CoE Civil Works Strategic Plan

- ◆ Get a copy and read it – It's on Gateway
- ◆ Emphasis is on Navigation, Flood Damage Reduction and Environmental Restoration/Stewardship
 - "Navigation, flood protection and environmental protection remain our three primary Civil Works programs"
- ◆ Does mention other business lines
 - "We accomplish the other six (including SFO) programs in conjunction with these three primary programs"
- ◆ Table 1 lists Civil Works strategic goals and objectives and program objectives
 - This is where the other business lines are discussed

Business Line Budgeting

- ◆ 8 business lines
 - Navigation, Flood and Coastal Storm Damage Reduction, Hydropower, Environmental Stewardship and Restoration, Recreation, Regulatory, Emergency Management, and Water Supply
 - President's Management Agenda has 9 – it includes Support for Others (SFO)
- ◆ Business Line Managers
 - HQ
 - RBC
 - District
 - Budgetary or technical experts?

Business Line Budgeting

- ◆ Each business line has a HQ funding ceiling - ?
 - Districts do not know their ceilings
- ◆ Within a business line guidance is given
 - Each business line has different guidance
- ◆ Each business line has performance measures
- ◆ Performance measures used to rank
- ◆ Performance based budgeting
- ◆ Taking Budgeting from subjective to objective

Performance Measures

- ◆ Some do not fit the O&M program very well
- ◆ Some business lines use computer program for development of budget
 - RecBest, ESBest
 - Many like these systems
- ◆ Sometimes very hard to compare across appropriations
 - Routine O&M(salaries) vs. Construction General project

Performance Measures

- ◆ Navigation
 - 5-yr average commercial tonnage
 - 5-yr average system ton miles
 - % time available
 - B/C ratio (CG)
- ◆ Flood Damage Reduction
 - % time available
 - Average Annual Benefits
 - Average Annual Costs
 - Cumulative damages prevented
 - B/C ratio (CG)

Performance Measures

- ◆ Hydropower
 - Required to avoid forced facility closure
 - Req. to avoid public/workplace safety
 - Req. to avoid legal mandate, Treaty or ESA violation
- ◆ Environmental Stewardship
 - Used ESBest – it ranked projects
 - % acres with completed natural resources inventories
 - % of projects requiring Master plans
 - Mitigation activity
 - Cultural Resources

Performance Measures

◆ Recreation

- Used RecBest program
- RUDA,
- Facility Condition Index
- NED benefits

◆ Water Supply

- Acre-ft under contract vs. acre-ft available
- % of costs covered by revenues returned to Treasury

Performance Measures

◆ Regulatory (8 measures)

- Used 3 funding levels
- Processing general permits
 - ◆ 85% of time for level 1
 - ◆ 90% of time for level 2
- Processing individual permits
 - ◆ 60% of time for level 1
 - ◆ 75% of time for level 2
- FTE's are output measures

◆ Emergency Management (FCCE)

- Planning Response Team readiness index
- PL 84-99 Response Team readiness index

District O&M Budget Submission

- ◆ Overall budget guidance provided by HQ – Budget EC
- ◆ Corporate priorities reviewed and general guidance given to District elements
- ◆ Input from all parts of the district
 - Engineering, Real Estate, etc
- ◆ Operations Managers rank project priorities ****
- ◆ OPM's have PDT for budget preparation
- ◆ District meets to assure appropriately balanced program
- ◆ District Engineer and senior staff are briefed
- ◆ Budget submitted to RBC in June/July

Funding Levels in FY 07

- ◆ Level 1
 - 75% of what project received in FY 06 President's Budget
 - Recreation was funding to support 75% of visitation
 - Hydropower includes critical operations
- ◆ Level 2
 - Different for each business line
 - Recreation included funding to support 75 – 100% visitation
 - Hydropower included Joint operations
- ◆ Levels 3 – 7
 - Different for each business line

OPM Role

- ◆ OPM is KEY to success of budget submission
- ◆ Need quality PgMP for Project ****
- ◆ PDT for project will have members of all organizations which expend funds
- ◆ All PDT members buy-in to process
- ◆ Team decisions are key strengthener for process

Program Management Plan (PgMP)

- ◆ Similar to Project Management Plan
- ◆ Includes information from OMP and Master Plan
- ◆ Very important for budgeting
- ◆ The more detail in plan, the easier it is to budget into future
- ◆ Agreement between organizations in regards to support for a given FY

RBC O&M Budget Submission

- ◆ Strategic initiatives are reviewed by subject matter experts for adequate budget coverage
- ◆ RBC meets with all Districts to discuss and apply Division budget ceiling
- ◆ District budgets are reviewed for coverage of all strategic initiatives
- ◆ Overall rank finalized at ranking meeting or VTC
- ◆ RBC budget submitted to HQ in July

Operating Budget

- ◆ Technical indirect account
 - Overhead expenses
 - Very defined set of expenditures
 - Discretionary and Fixed costs
 - ◆ Discretionary (examples)
 - Labor, Awards, Office Furniture, PCS, VSIP, Training, etc
 - ◆ Fixed (examples)
 - Rent(SLUC), LAN, CASU, Help desk, Phone, etc
- ◆ Less flexibility
 - Rate set by dividing total expenses by total direct labor
- ◆ Once rate set, income starts generating to cover anticipated expenses
- ◆ Heavy emphasis in nominal balance

P2 Role in Future

- ◆ Was not used for FY 07 Budget submission
- ◆ Use Automated Budget System (ABS)
- ◆ Used Prism for FY 07 submission
- ◆ Oracle Financial Analyzer (OFA) will be (?) the tool used to submit budget sometime in the future
- ◆ Team working to develop module