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Budget Development & Funding





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Presentation Objectives

At the end of this presentation you will be able to

- **Discuss the annual budget process for Civil Works funding, including hydropower O&M**
- **Understand the various roles of multiple agencies in developing the annual hydropower O&M budget**
- **Understand performance-based budgeting**



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Budget Development Guidance

- **Engineer Circular (EC) 11-2-187**
(<http://www.usace.army.mil/inet/functions/cw/cecwb/>) **provides guidance for development and submission to OMB of the Civil Works budget.**
- **The EC applies to all headquarters elements, major subordinate commands (MSCs), districts, and field support activities having Civil Works responsibilities.**



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Budget Development Guidance (cont'd)

- **The EC comprises 3 parts:**
 - **Main Part, providing overall guidance;**
 - **Annexes I - VIII, providing guidance for development of each of the 8 business programs:**
 - **Emergency Management (EM)**
 - **Environment (EN)**
 - **Flood and Coastal Storm Damage Reduction (F&CSDR)**
 - **Hydropower (H)**
 - **Navigation (N)**
 - **Recreation (RC)**
 - **Regulatory (RG)**
 - **Water Supply (WS)**
 - **Six Appendices**



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Corps' Focus in Budget Development

- **Maintenance of critical infrastructure**
- **Funding high return studies and construction projects**
- **Continuing best ongoing work within available funds**



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What is a Budget?

- **A plan for the coordination of resources and expenditures**
- **A statement of the financial position of an administration for a definite period of time based on estimates of expenditures during the period and proposals for financing them**



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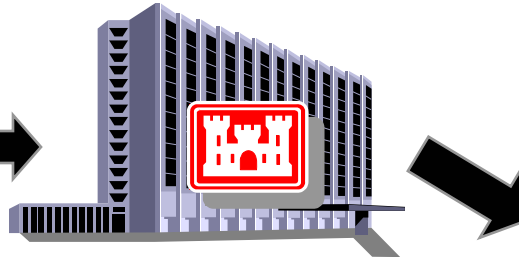
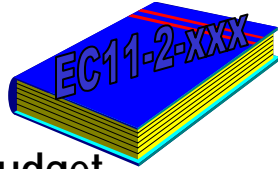
What Is The Federal Budget?

The Budget of the United States Government, which sets forth the President's comprehensive financial plan for allocating resources and indicates the President's priorities for the Federal Government.



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HQ Provides Budget Guidance (Mar)



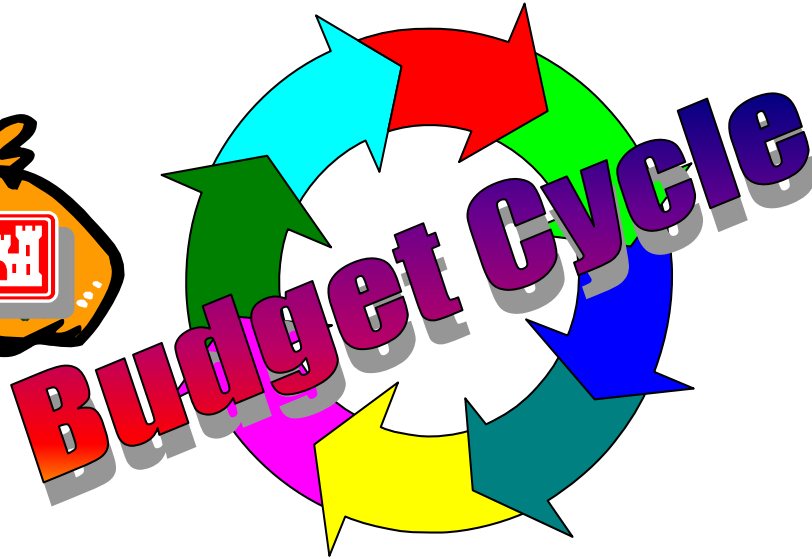
Field Offices Develop Program Requirements (Mar - Apr)

HQ Review & Approval (May - Jun)



OMB Provides Budget Guidance (Jan)

Funding Alloc. To Field Offices (Oct - Dec)



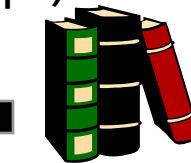
Budget Presented to Sec. Army (Jul - Aug)

Budget Submitted to OMB (Sep)



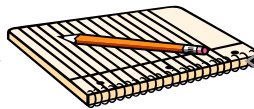
OMB Passback (Nov)

Cong. Hearings (Mar - Apr)



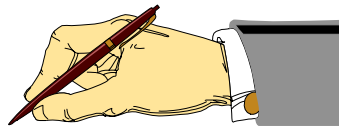
President's Budget to Congress (Feb)

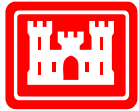
Appropriations Bills (Jul - Sep)



Budget Resolutions

President Signs Approp. Bill (Sep - Oct)

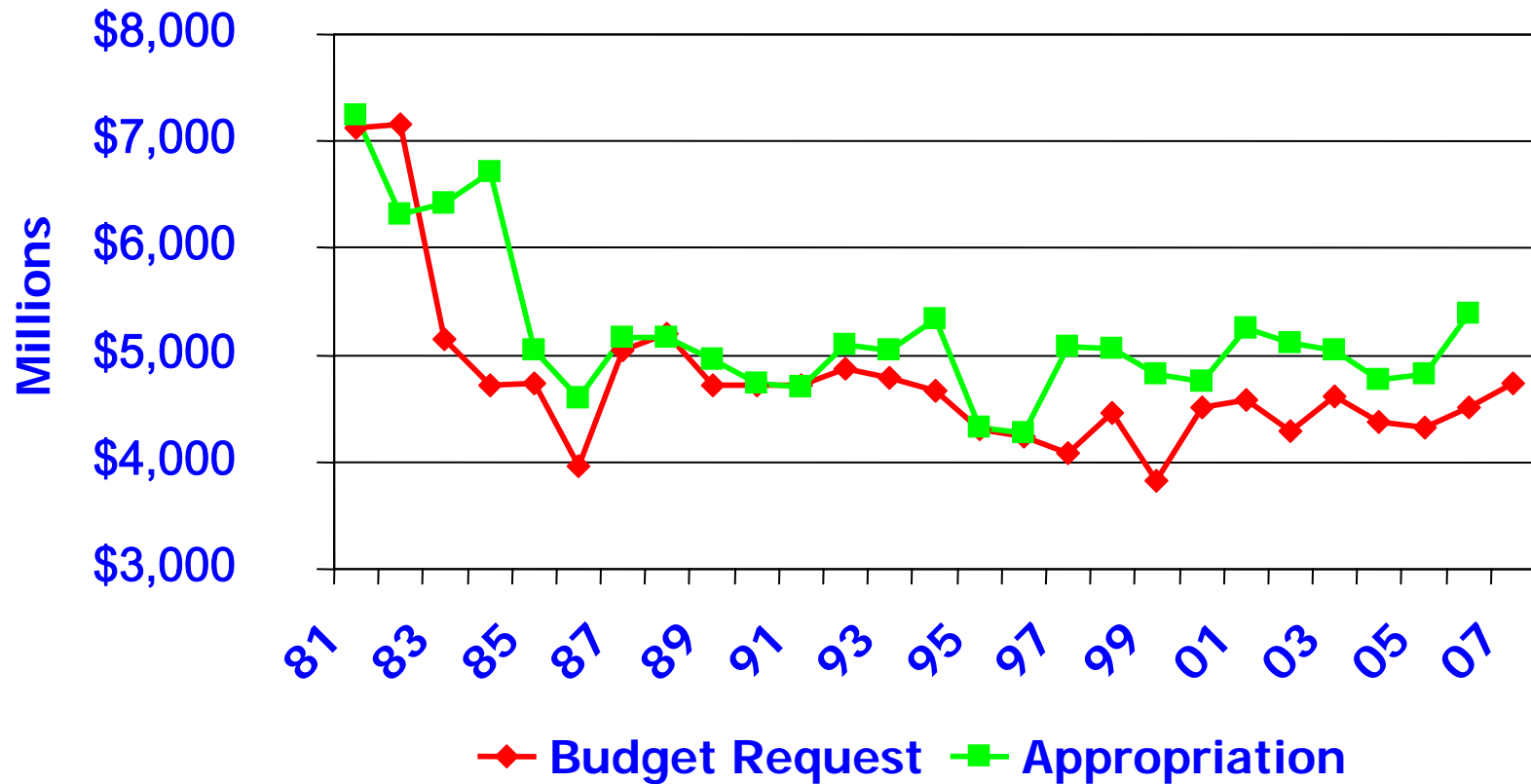




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Civil Works Appropriations

(\$2006)





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FY07

Civil Works Budget

Supports the President's overall budget priorities to:

- **Continue long-term economic growth**
- **Rebuild and recover the Gulf Coast**
- **Win the Global War on Terrorism**
- **Secure the Homeland**



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Performance Based Budgeting

Linking budget and program performance



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What Is Performance?

- **Something accomplished**
- **The fulfillment of a claim, promise, or request**



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How Do We Measure Performance?

- **Performance Measures**



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How Are Performance Measures Used In Budgeting?

- **To assist in prioritizing the contents of a budget.**
- **To assist in measuring the performance of the program.**



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Program Objectives & Performance Measures for Hydropower

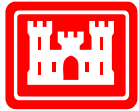
- **Program Objective 1: Invest in Hydropower major rehab projects when benefits exceed costs.**
- **Performance Measure:**
 - **Remaining BCR (project specific measure)**



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Program Objectives & Performance Measures for Hydropower

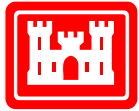
- **Program Objective 2: Future – invest in environmentally sustainable hydropower improvements where economically justified.**
- **Performance Measures:**
 - **To Be Developed in the future**



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Program Objectives & Performance Measures for Hydropower

- **Program Objectives 3, 4 & 5: Provide reliable power; Provide peaking power; Maintain capability to provide power efficiently.**
- **Performance Measures:**
 - **Forced outage rate**
 - **Physical condition/failure risk index**



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Program Objectives & Performance Measures for Hydropower

- **Program Objective 6: Ensure projects perform to meet authorized purposes and evolving conditions. (Applies to Joint Activities at multi-purpose projects.)**
- **Performance Measures:**
 - **None identified for Joint Activities at this time**



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O&M Program Development

- **Identify individual items of work (work packages)**
- **Aggregate work packages by project line items (Ops, Maintenance, etc.)**
- **Place project line items (or work packages) into appropriate Funding Increment**
- **Rank all line items (or work packages)**



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Project Level

- **Develops individual work packages**
- **Places work packages into proper business functions**
- **Aggregate work packages into project line items by activity**
- **Place line item/work packages in proper Funding Increment**
- **Prioritizes all work**
- **Completes action in April/May**



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District Level

- **Reviews project level submissions**
- **Integrates project line items/work packages into prioritized district program**
- **Submits district program to division in May/June**



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Division Level

- **Reviews district submissions**
- **Integrates district line items/work packages into prioritized division program**
- **Submits recommendations to HQ by early July**



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HQUSACE Level

- **Review division programs for national consistency**
- **Generally maintain division priorities**
- **Develop CW requirements by Business Programs**
- **Develop consolidated program consistent with OMB guidance**
- **Recommendations to ASA(CW) in August**



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OASA(CW) Level

Office of the Assistant Secretary of the Army for Civil Works

- **Reviews O&M in relation to total program**
- **Adjusts program mix to stay within OMB ceiling**
- **Submits budget request to OMB by early
September**



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OMB Level

Office of Management & Budget

- **Ensures consistency with Administration policies and priorities**
- **Establishes final amount of budget in coordination with ASA(CW) and Corps**
- **Transmits President's Budget to Congress in early February**



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Congressional Level

- **Reviews President's Budget request**
- **Civil Works included in Energy & Water Bill**
- **One of 13 appropriations bills**
- **Adds work important to members**
- **Appropriations bill enacted by 1 October**
- **Continuing Resolution if regular bill is late**



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Work Allowances

- **Allocated to districts at start of fiscal year (less S&S)**
- **No O&M funds remain in HQUSACE**
- **Work Allowances adjusted based on current conditions**
- **Districts and Divisions have limited reprogramming authority within established criteria**



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Program Execution Goals

- **Accomplish highest priority work in terms of:**
 - **Congressional adds**
 - **President's budget**
 - **District/Agency Mission**
- **Achieve 100% obligation and expenditure rate**



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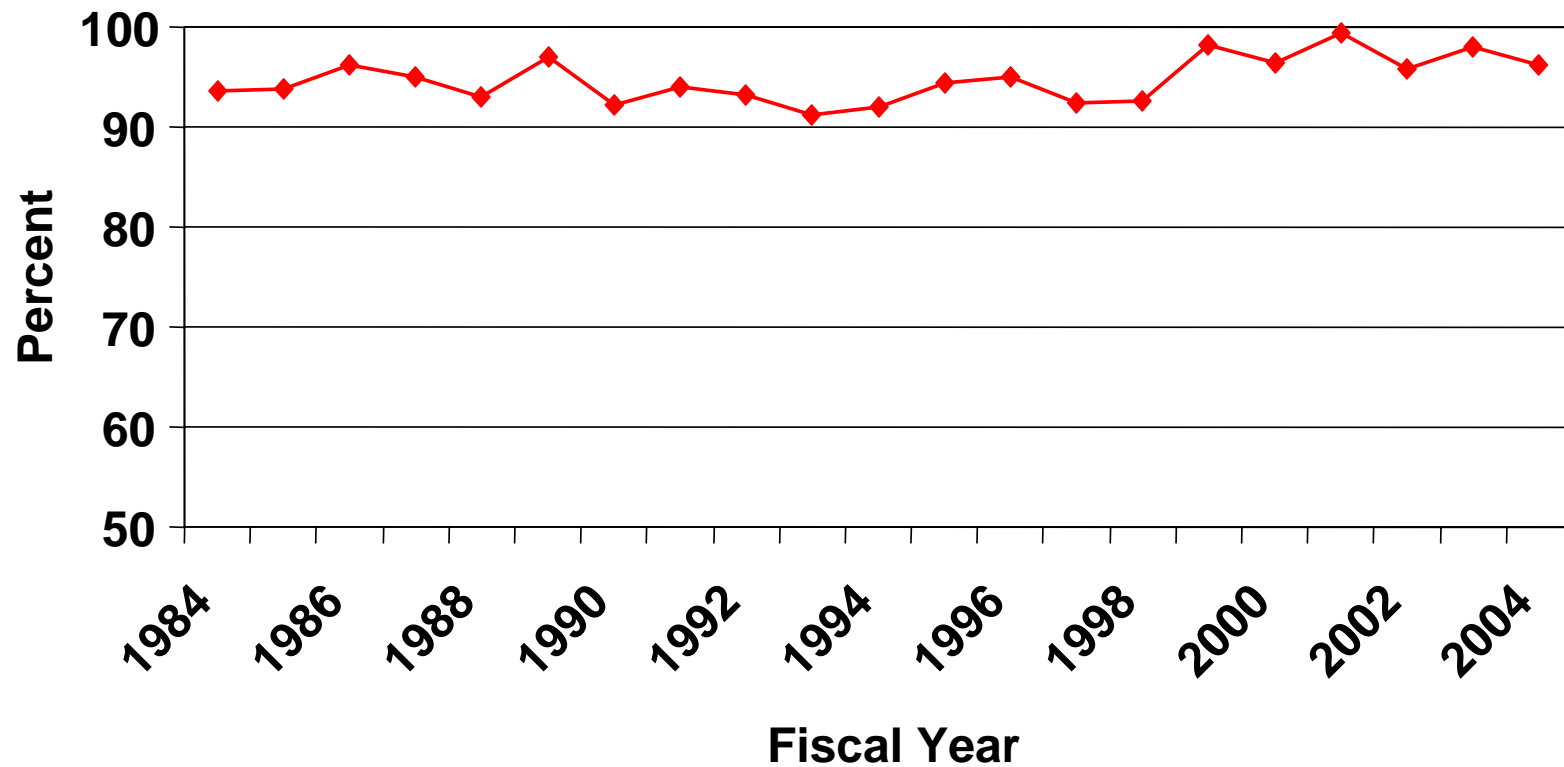
Management Procedures to Achieve Goals

- **Follow reprogramming criteria**
- **Manage dredging contracts to meet local/regional priorities**
- **Schedule all available dollars**
- **Schedule contract work as early as practicable**
- **Identify surplus funds for next highest priority work**



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Historical Program Execution (Percent Expended)





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Questions & Possible Answers!