

**Minerals Management Service
Minerals Management Service Manual**

TRANSMITTAL SHEET

Release No. 302

SUBJECT: Administrative Series
 Part 328: Budget Management Business Process
 Chapter 1: Budget Formulation
 Chapter 2: Budget Execution

EXPLANATION OF MATERIAL TRANSMITTED:

This release provides guidance on MMS budget management business processes.

Director

FILING INSTRUCTIONS:

REMOVE:

Part Chapter Pages Release

INSERT:

<u>Part</u>	<u>Chapter</u>	<u>Pages</u>	<u>Release</u>
328	1	5	
328	2	4	

**Minerals Management Service
Minerals Management Service Manual**

Effective Date: June 10, 2008

Release #: 302

Series: Administrative

Part: 328 - Budget Management Business Process

Chapter: 1 - Budget Formulation

Originating Office: Office of Administration and Budget

1. **Purpose.** This chapter establishes the budget formulation and justification processes for the Minerals Management Service (MMS). Budget formulation and justification includes all steps, actions, and documentation in the budget process which are required and which properly should be taken in advance of the enactment by Congress of an appropriation bill. MMS budget formulation is typically a bottom-up process. That is, each organizational unit will formulate its own budget, which is then passed up through the organization and eventually rolled into MMS's annual budget and performance justifications.

2. **Scope.** This directive applies to all Minerals Management Service offices.

3. Authority.

A. OMB Circular A-11, Preparation, Submission and Execution of the Budget.

4. Definitions.

A. An Appropriation is an act of Congress, signed into law by the President, authorizing money to be paid from the Treasury for a specified use.

B. An Apportionment is a plan, approved by OMB, to spend resources provided by law.

C. A Budget Proposal/Estimate/Justifications details the increases and/or decreases in funding needed and any new initiatives, as compared to the previous year's budget; discusses performance goals and the contribution the proposed budget will make toward the achievement of the goals; and contains responses to specific policy questions appropriate and unique to MMS offices.

D. Capability Statements are responses to Congressional inquiries as to the Bureau's capability to perform a certain proposal.

E. Effect Statements are responses to Congressional inquiries as to the effect a certain proposal would have on the Bureau's operation.

F. The Executive Committee (EC) is the MMS management hierarchy consisting of the Director, Deputy Directors, and Associate Directors.

G. FBMS is the Department's Financial and Business Management System.

H. Passback refers to the formal feedback provided by a reviewing agency (the Department each summer, and OMB each fall) on that year's annual budget submission. Each passback process typically includes initial feedback from the reviewing agency, followed by a short (about one week) opportunity for the MMS Director and ASLM to review the budget decisions and appeal those decisions with which they strongly disagree, and finally a review and final decision on any appeals by the reviewing agency.

5. Responsibilities.

- A. The MMS Executive Committee (EC) is responsible for:
1. Reviewing program initiative proposals and selecting those to be included in the Bureau's budget proposal to the Department.
 2. Reviewing the Departmental passback each summer, the Office of Management, and Budget (OMB) Passback each fall and assisting the Director in deciding on any appeals.
 3. Participating in Congressional budget testimony and hearings.
- B. The Bureau Associate Directors are responsible for:
1. Reviewing and approving program area budget initiative proposals prior to submission to the Budget Division.
 2. Participating in Departmental, OMB, and Congressional meetings, briefings, hearings, etc., as needed
- C. The Budget Division is responsible for:
1. Issuing guidance and requesting budget proposal initiatives from each of the program offices approximately 20 months prior to the fiscal year.
 2. Compiling and reviewing program office initiatives and revisions.
 3. Submitting the Bureau's budget request to the MMS EC for approval.
 4. Making any necessary adjustments and submitting the budget proposal to the Department of the Interior's (Department) Office of Budget (POB).
 5. Consulting with the staff of the Assistant Secretary Land and Minerals Management (ASLM) to prepare for the budget proposal presentation to the Department,
 6. Consolidating changes to the Budget proposal based on the Department passback.
 7. Working with all programs to coordinate and finalize the MMS Budget Estimates for submission to OMB.
 8. Coordinating with the Policy Management and Improvement (PMI) program to include performance measures and data in the Budget Justifications.
 9. Working with all programs, coordinate, finalize, and submit the Budget and Performance Justifications (also known as the "Greenbook") to Congress for review and approval.
 10. Answering questions for the Congressional hearing records in conjunction with the Department and OMB.
 11. Developing Capability Statements and Effect Statements in response to member requests and committee or floor action.
 12. Receiving the enacted Appropriations Act from Congress and the President, and a Letter of Apportionment from OMB.
 13. Informing the program offices of their enacted appropriation amounts and entering the appropriation into FBMS.

14. Initiating the dissemination of information throughout the Bureau in the event the laws and regulations that apply to MMS appropriations are changed.
15. Providing the MMS Finance Division (Finance Division) with copies of the Treasury warrants (reflecting the amounts of enacted appropriations, supplementals, reductions, rescissions, as the case may be).
16. Providing the Finance Division with copies of Treasury non-expenditure transfer documents of the Oil Spill appropriation.

D. The MMS Program Offices are responsible for:

1. Formulating program area budget proposal initiatives.
2. Drafting their respective sections of the Budget Proposal, Estimates, and Justifications.
3. Resolving program specific Department and OMB Passback questions.
4. Answering program specific Congressional questions regarding the budget justifications.

6. Standards, Requirements and Procedures.

Budget formulation guidance is provided by OMB Circular A-11 (updated annually) and is supplemented by guidance from the Department's budget office and guidance from the MMS Budget Division. This annual guidance provides the framework for MMS's budget proposals, estimates, and justifications, and results in appropriations language and associated dollars each year.

On an annual basis, the Budget Division requests budget initiatives from each of the five program offices:

- (1) Offshore Minerals Management (OMM);
- (2) Minerals Revenue Management (MRM);
- (3) Policy and Management Improvement (PMI);
- (4) Administrative Operations/General Support Services (AdOps/GSS); and
- (5) Executive Direction (ED).

After reviewing the program offices' initiatives, the Budget Division compiles and submits the initiatives to the MMS Executive Committee (EC) for review, with final approval by the MMS Director.

After the Director's approval of the budget initiatives, they are submitted to ASLM for review and concurrence. Once concurrence is received, the Budget Division works with the programs and with PMI to complete all narratives and tables (per guidance) required for the proposal. The final draft of the proposal is reviewed and approved by the EC members and the Director.

The proposal is delivered to the Department, which reviews the budget proposal and provides the "Department passback" (see definitions). This process allows for questions and answers, recommendations, and appeals (if any from MMS). Once the Department has reviewed and made final decisions on any appeals, the Budget Division prepares the Budget Estimates for submission to the Office of Management and Budget (OMB).

OMB reviews the Budget Estimates and performs analyses, requests briefings on specific topics of interest, and submits questions regarding the Estimates. Once OMB makes their decisions,

they provide the “OMB passback” to the Department and MMS. The passback is reviewed by the EC and the Director, and any appeals are submitted to ASLM and the Department. If approved, the appeals are submitted to OMB. Once the final decisions on appeals are made, the Budget Division prepares and submits the Budget and Performance Justifications (Greenbook) to Congress for review and approval.

While considering the MMS Budget and Performance Justifications, Congress conducts meetings, briefings, and/or hearings. Congress then approves the Budget Justifications with any changes they have decided upon by including it within an appropriations bill, which is then signed into law by the President. The new budget takes effect October 1. If an appropriation is not passed by Congress and signed by the President by October 1, the Federal Government will operate on a continuing resolution (an extension of the previous budget) until such time as a new budget is in place.

Based on enacted appropriations, the U. S. Department of Treasury (Treasury) issues Treasury warrants or non-expenditure transfer documents to establish the respective Treasury fund balances. These are the supporting documents for the posting of budgetary Standard General Ledger (SGL) entries.

The MMS receives funding for its operations from five sources: The Royalty and Offshore Minerals Management (ROMM) appropriation (which includes one year funding, multi-year funding, and no-year offsetting rental receipts), the Oil Spill Research (OSR) appropriation, and cost recoveries, the Coastal Impact Assistance Program administrative funds, and Royalty-in-Kind administrative funds.

MMS's budget authority can be definite (for a specific amount of funds) or indefinite (no amount specified), and permanent (does not require new legislation after first year of enactment) or annual (legislation is required each year that funds are appropriated).

The laws and regulations that apply to MMS's appropriations are stated in the Appropriation Acts, which are referenced each year in the Budget Justifications. In the event that these laws and regulations are changed, notification is provided to the Budget Division, who initiates the dissemination of information throughout the bureau.

Definite appropriations types are categorized as follows:

- Annual: Appropriated one-year funds are available for obligation for one year and available for expenditure for an additional five years thereafter. After the maximum time has expired, unexpended funds are cancelled and returned to the Treasury. (Example Treasury Appropriation Symbol: 1491917; note - underlined number changes from year-to-year.)
- Multi-year: Appropriated multi-year funds are available for obligation for more than one year and available for expenditure for an additional five years thereafter. After the maximum time has expired, unexpended funds are cancelled and returned to the Treasury. (Example Treasury Appropriation Symbol: 148/91917; note - underlined numbers change from year-to-year.)
- No-year: Appropriated no-year funds remain available for obligation until expended; if any funds are unobligated by the end of a fiscal year, the funds are redistributed as

carryover to the programs the following fiscal year. (Example Treasury Appropriation Symbol: 14X1917).

- Transfer: MMS receives an appropriation from the Oil Spill Liability Trust Fund, which is available until expended (no year), for expenses necessary to carry out title I, section 1016, title IV, sections 4202 and 4303, and title VII, and title VIII, section 8201 of the Oil Pollution Act of 1990. MMS tracks these monies in Treasury Appropriations Symbol fund 14X8370, Oil Spill Research. The funds are transferred from Treasury fund 20X8185, Oil Spill Research Trust Fund, quarterly or as necessary. MMS records the full amount of the appropriation in its budget authority prior to receiving the funds in total. The Treasury Financial Manual states the following for transferring-out Treasury-managed trust fund entities, which includes the Oil Spill Research Trust Fund:

"...a mechanism is sometimes needed to transfer authority to the receiving entity prior to transferring the funds. This gives the receiving entity the resource from which to obligate. The funds remain in the transferring out Treasury Appropriation Fund Symbol in order to maximize interest earned until such time as needed by the receiving entity for disbursement."

The permanent, indefinite appropriations administered by MMS provide for the sharing of mineral leasing receipts collected from the sale, lease, or development of mineral resources located onshore Federal lands. The revenues for these payments are derived from bonuses, rentals, and royalties collected from Federal onshore mineral leases and late payment interest. MMS distributes these funds in accordance with various laws that specify the bases for and timing of payments.

MMS has four permanent, indefinite appropriations that relate to the States Program:

- Mineral Leasing Associated Payments (Mineral Leasing Act) – Recorded in Treasury Fund 5003; States receive 50%;
- National Forest Fund Payments to States (Forest Fund) – Recorded in Treasury Fund 5243; States receive 25%;
- Lands Acquired for Flood Control, Navigation, and Allied Purposes (Flood Control Act of 1936) – Recorded in Treasury Fund 5248; States receive 75%; and
- Qualified OCS revenues as defined in the Gulf of Mexico Energy Security Act - Recorded in Treasury Fund 5535; Gulf producing States receive 37.5% beginning in FY 2009.

The Budget Authority for these funds is based upon amounts MMS receives then distributes to the States. The US Code declares that states are paid a percentage (as stated above) of the revenues resulting from the leasing of mineral resources on Federal lands.