

# Reclamation Manual

## Directives and Standards

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**Subject:** General Instructions for Use of Estimates in the Budget Process

**Purpose:** To establish the proper use of estimates in budgeting.

**Authority:** Listed in Chapter 1 (BGT 01-01)

**Contact:** Program, Budget, and Liaison Group, W-6300

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1. **Scope.** Reclamation is concerned primarily with the control and use of cost estimates in the program and budget system, and not with estimating methods. Cost estimates cover the following main appropriations within Reclamation: (1) General Investigations (GI); (2) Construction Program (CP), including Regular Construction, Drainage and Minor Construction (D&MC), Rehabilitation and Betterment (R&B), Safety of Dams (SOD), Science and Technology (S&T), Colorado River Basin Salinity Control Project (CRBSCP), Colorado River Storage Project (CRSP), Colorado River Basin Project (CRBP), and Preconstruction Planning (PP); (3) Loan Program (LP); (4) Operation and Maintenance (O&M); (5) Emergency Fund (EF); (6) General Administrative Expenses (GAE); (7) Permanent Appropriations (PA); (8) Working Capital Fund (WCF); and (9) Central Valley Project Restoration Fund (CVPRF). Data for each estimate must be developed under standard methods suited to each particular appropriation.
  - A. **Use in Program Coordination System.** The entire program system for Reclamation is founded on estimates of the cost of each activity as related to the fiscal year. In planning any program on a cost basis, as is the case in the preparation of Control Schedules, PF-2, PF-2B, and PF-3, an accurate estimate of the total cost of the program must be prepared. Thereafter, the accuracy of the schedule can be no better than the basic estimate. These estimates form the basis for the amounts included in the Federal Budget, the allowances established by the Office of Management and Budget, the appropriations made by the Congress which pertain to Reclamation, and the allotment of funds to every activity. Therefore, they are of fundamental importance in supporting the program.
  - B. **Rounding.** The rounding off of figures on budget documents allows for easier communication of appropriation requests. Amounts shown on the Control Schedule in line items (by feature) above "Total Program Cost" for all columns must be rounded to the nearest thousands of dollars, except for the "Total to September 30," the last year of funding and/or the "Balance to Complete" columns. Exception: When the last year of funding for a line item falls in the Current Year or Budget Year, these amounts must be rounded to the nearest thousands of dollars, and the "Estimated Total" column will be adjusted to the nearest dollar. The "Total Obligations" line item must also be rounded to the nearest thousands of dollars for all columns, except "Total to September

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30" and "Balance to Complete," by making adjustments in the "Consolidated Expenditures and Credits" line item for rounding. Again, when the last year of funding becomes the Current Year or Budget Year, the adjustments to the nearest dollar must be made in the "Estimated Total" column. Additional comments regarding rounding of dollar amounts are included in the Program and Budget Handbook.

- C. **Cost Basis.** All estimates of Reclamation activities used in programs must first be prepared on an accrued cost basis, and then related to obligations, expenditures, and outlays for budget and other purposes.
- D. **Total Costs.** The estimates of total costs used in the construction schedules are taken from the construction and project cost estimates prepared on Forms 7-1432 and 7-1720, respectively, or a computerized variation.
- E. **Other Consolidated Expenditures and Credits.** This item represents the sum of those transactions which affect project costs, but not funds, or affect funds, but not costs. Normally this item includes Investigation costs, Transfers, Credits & Other Expenditures (TC&OE) and STORES. Typical examples of transactions included in TC&OE are: the value of equipment, material, or supplies transferred to or from a project without exchange of funds; charges from another Federal Government agency which is financed by its own appropriation, such as Solicitor's Office charges for legal services rendered; and past recorded costs representing General Services Administration furnished office space when there is no exchange of funds. Generally, a minus entry represents the value of goods or services received for use on the project without the requirement for funds. A plus entry represents the value of goods or services rendered or transferred from the project, with exchange of funds. The item of Stores includes Government-furnished material not charged immediately to identified properties. Due to the relative uncertainty of entries in TC&OE, the plus and minus entries in the budget year should normally net to zero.
- F. **Contributions.** Generally, donations of equipment, materials, personnel, or funds by outside agencies or other projects shall be included as a cost of the project. Exceptions shall be specifically noted for special purposes.
- G. **Outside Agencies.** The above requirements for total costs shall not be construed as requiring the inclusion in estimates of costs incurred for work performed by other agencies, unless such work or service by an outside agency is directly a part of the project or activity performed at the request of Reclamation with Reclamation funds transferred for that purpose; or of costs of materials or equipment donated by an outside agency and used directly in the work. Work, in-kind services, and/or up-front financing provided by other agencies through cost-sharing agreements will be included.

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- H. **Current Prices.** All estimates shall be based on prices projected to October 1, 19BY-1, if at all possible, and on salary and wage scales in effect at the time the estimate is prepared.
  - I. **Appropriation Ceiling.** The public law, authorizing the construction of a specific project, generally contains language that limits the amount of Federal money that can be appropriated for the construction work. The Commissioner's Office must be notified whenever it becomes apparent that the project cost estimate will exceed the authorized appropriation ceiling. It will also be necessary to keep the Congress informed by indicating the status of the ceiling on the Project Data Sheet (See Program and Budget Handbook). For details on indexing appropriation authorization estimates see the Program and Budget Handbook.
  - J. **Program and Budget Handbook.** The specific information on the development of Estimates is contained in Reclamation's Program and Budget Handbook. All Offices will follow the procedures listed there in the development of their program estimates.
2. **Program Coordination.** The Program, Budget, and Liaison Group, in the Commissioner's Office, is responsible for carrying out the policy for Reclamation's General Instructions for Use of Estimates in the Budget Process, and for administration and oversight of the program.