

# Savannah River Operations Office

---

# The Federal Budget Process

By

**H. Kriss Nielsen**

Budget Director, Savannah River Site

**October 23, 2008**

---



**EM** *Environmental Management*

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

# Introduction to the Federal Budget Process

*"You know, our Founding Fathers considered the power of the purse the most important responsibility of the legislative branch. If that power is abused, it can have very serious consequences for our nation, not only threatening our prosperity with huge budget deficits but, ultimately, undermining the economic foundations of our safety and national security. And that's why we must start now.....to reform the budget process."*

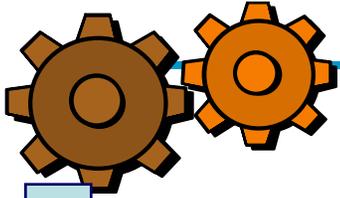
**- President Ronald Reagan in a Radio Address to the Nation on November 8, 1986**



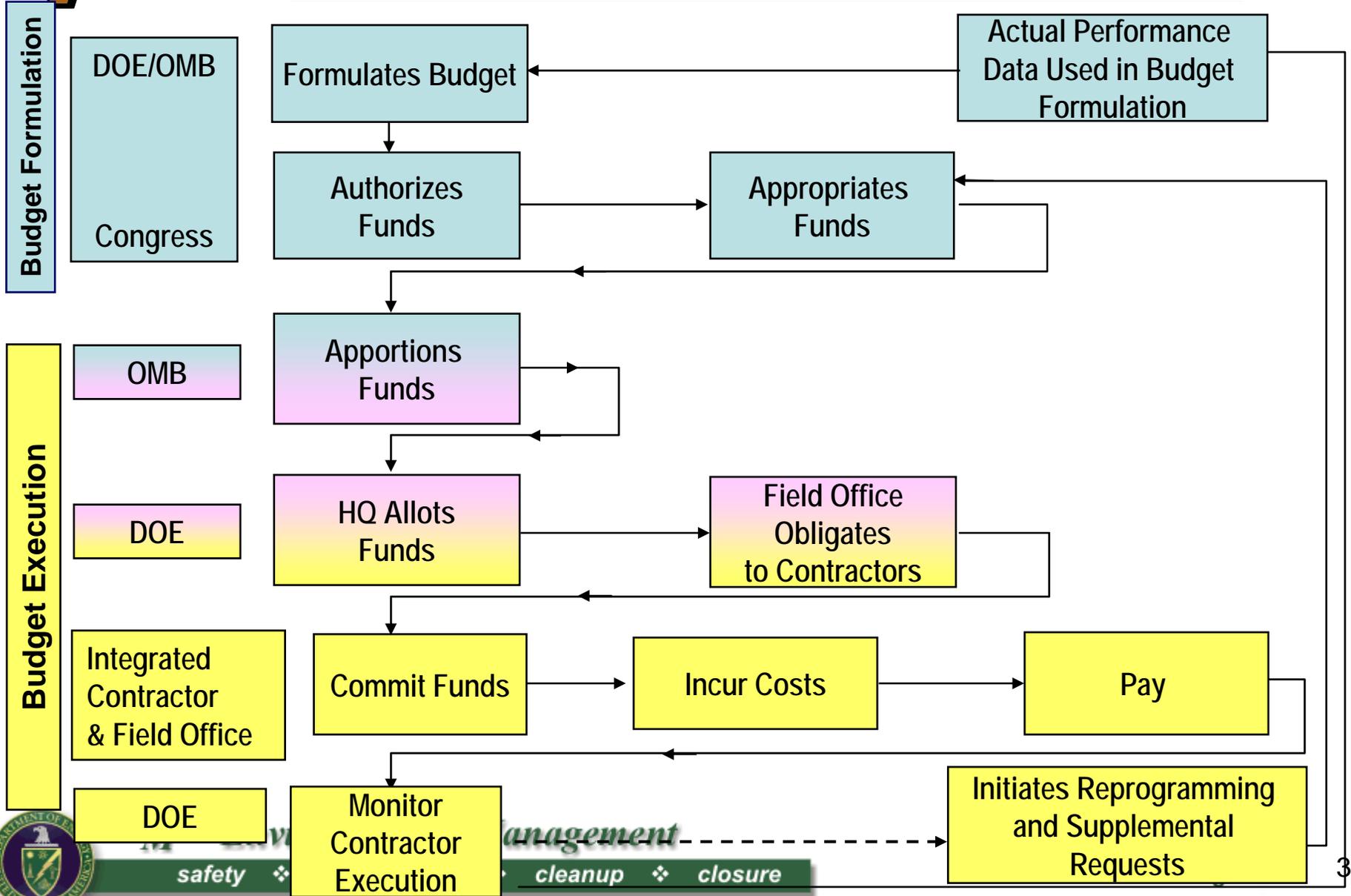
**EM Environmental Management**

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)



# Integrate View of the Budget Process



safety ❖ cleanup ❖ closure

## Major Players and Functions

<b>Players</b>	<b>Functions Performed</b>
<b>Congress</b>	<b>Authorizes/ appropriates funds to DOE</b>
<b>OMB</b>	<b>Apportions funds to DOE</b>
<b>HQ Program Offices</b>	<b>Issues program guidance and determines funding allocations</b>
<b>DOE HQ CFO</b>	<b>Allots funds to the field</b>
<b>DOE Field</b>	<b>Obligates funds to contractors</b>
<b>Contractors</b>	<b>Execute the plan—incur costs and report status of funds to DOE</b>
<b>DOE Field/HQ and GAO</b>	<b>Monitor contractors' cost performance</b>
<b>DOE Headquarters</b>	<b>Consolidates accounting data and reports monthly to Treasury and OMB</b>

***“Money alone sets the whole world in motion.”***

Maxim 656 of Publius Syrus, 42 B.C.E.



**EM Environmental Management**

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

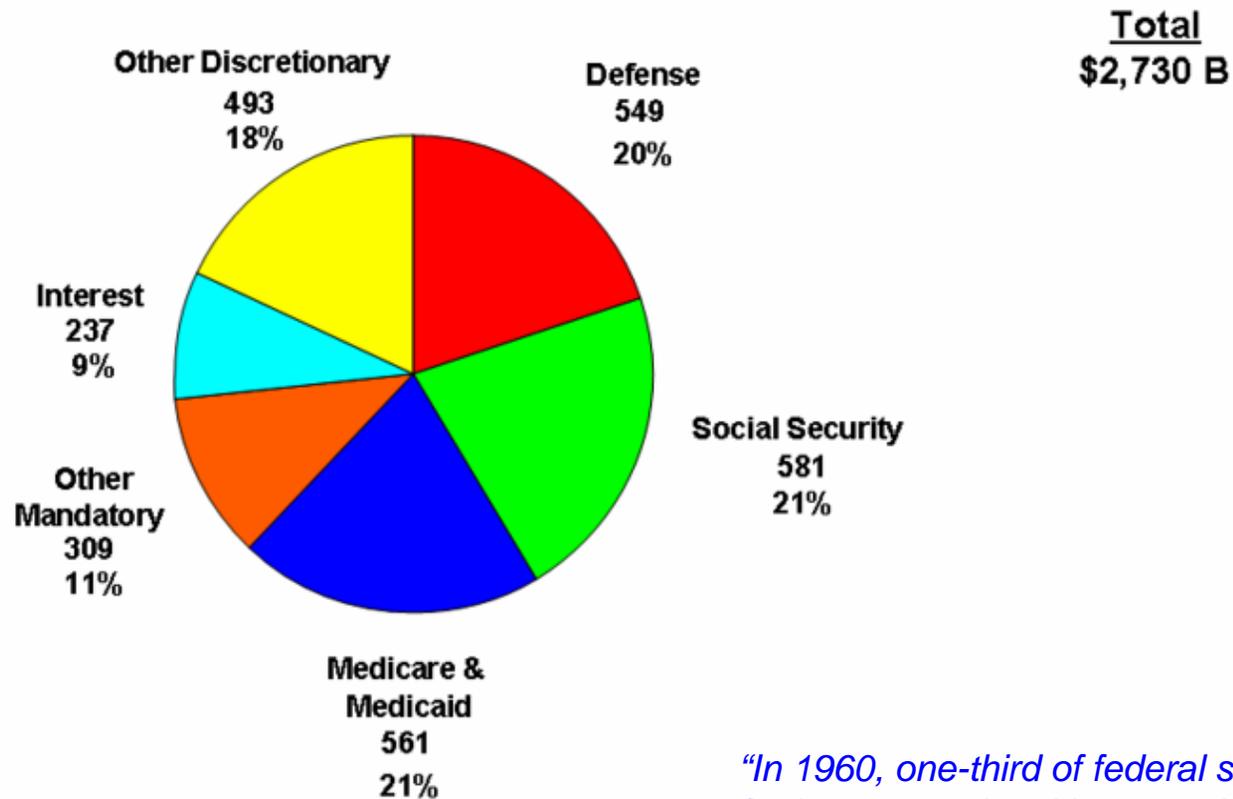
# Introduction to the Federal Budget Process

- The way in which **Congress develops tax and spending legislation** is guided by a set of specific procedures laid out in the **Congressional Budget Act of 1974**. The centerpiece of the Budget Act is the requirement that Congress each year develop a **“budget resolution”** setting overarching limits on spending and on tax cuts. These limits apply to legislation developed by individual **congressional committees** as well as to any amendments offered to such legislation on the House or Senate floor. The following is a brief overview of the federal budget process, including:
  - The **President’s Budget Request (PBR)**, which kicks off the budget process each year;
  - The **congressional budget resolution** — how it is developed and what it contains;
  - How the terms of **budget resolution enforcement** are used by the House and Senate; and
  - Budget **“reconciliation,”** a special procedure used in some years to facilitate the passage of spending and tax legislation.



# Introduction to the Federal Budget Process

## U.S. Federal Spending – Fiscal Year 2007 (\$ Billion)



*“In 1960, one-third of federal spending was for interest and entitlements; by 1993 it was two thirds.”*

Source: Budget of the United States Government FY 2009



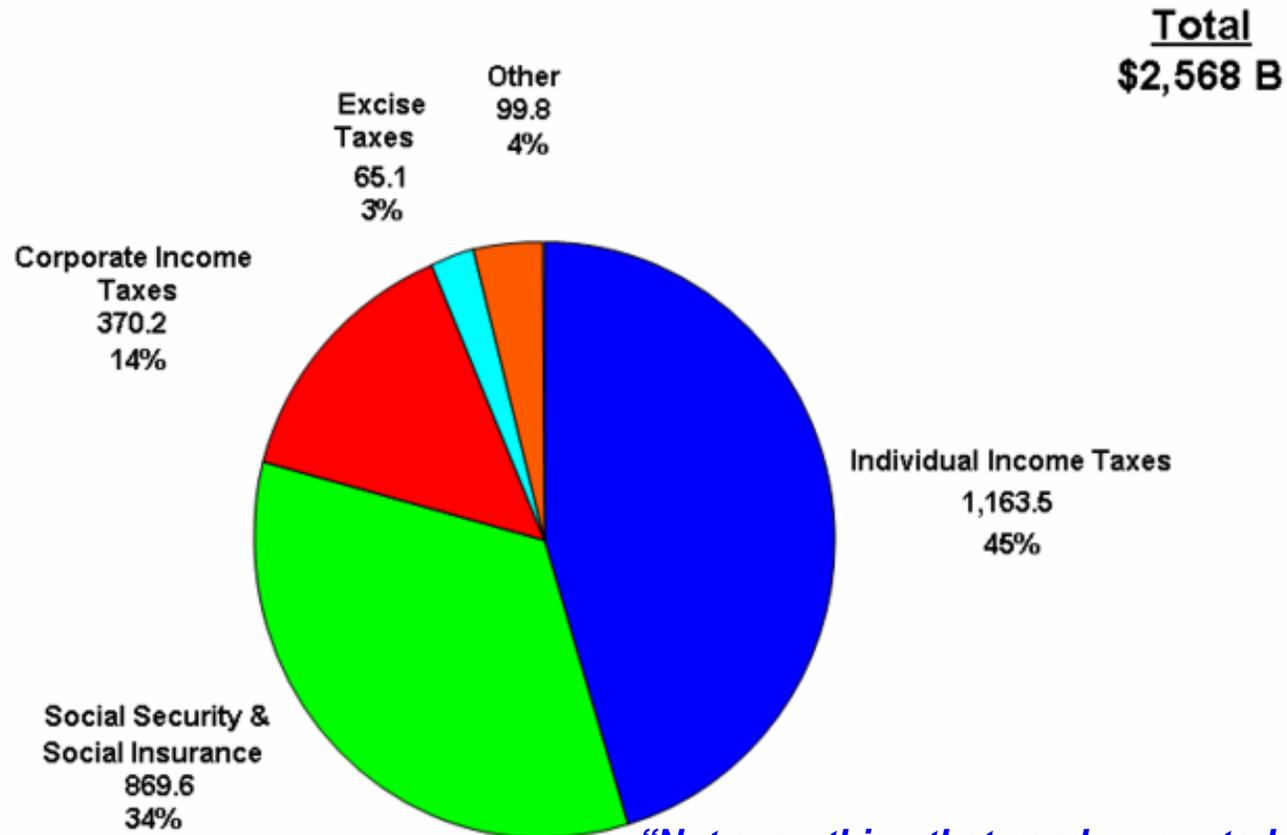
## The President's Budget Request

- On or before the **first Monday in February**, the President submits to Congress a detailed budget request for the coming federal fiscal year, which begins on October 1. This budget request, developed by the President's **Office of Management and Budget (OMB)**, plays three important roles.
- **First**, it tells Congress what the President believes overall federal **fiscal policy** should be, as established by three main components: (1) how much money the federal government should spend on public purposes; (2) how much it should take in as tax revenues; and (3) how much of a deficit (or surplus) the federal government should run, which is simply the difference between (1) and (2).
- **Second**, the budget request lays out the President's relative **priorities for federal programs** — how much he believes should be spent on defense, agriculture, education, health, and so on. The President's budget is very specific, and recommends funding levels for individual federal programs or small groups of programs called “budget accounts.” The budget typically sketches out fiscal policy and budget priorities not only for the coming year but for the next **five years** or more. It is also accompanied by historical tables that set out past budget figures.



# Introduction to the Federal Budget Process

## U.S. Federal Receipts – Fiscal Year 2007 (\$ Billions)



*“Not everything that can be counted counts,  
and not everything that counts can be counted.”*  
Albert Einstein

Source: Budget of the United States Government, FY 2009

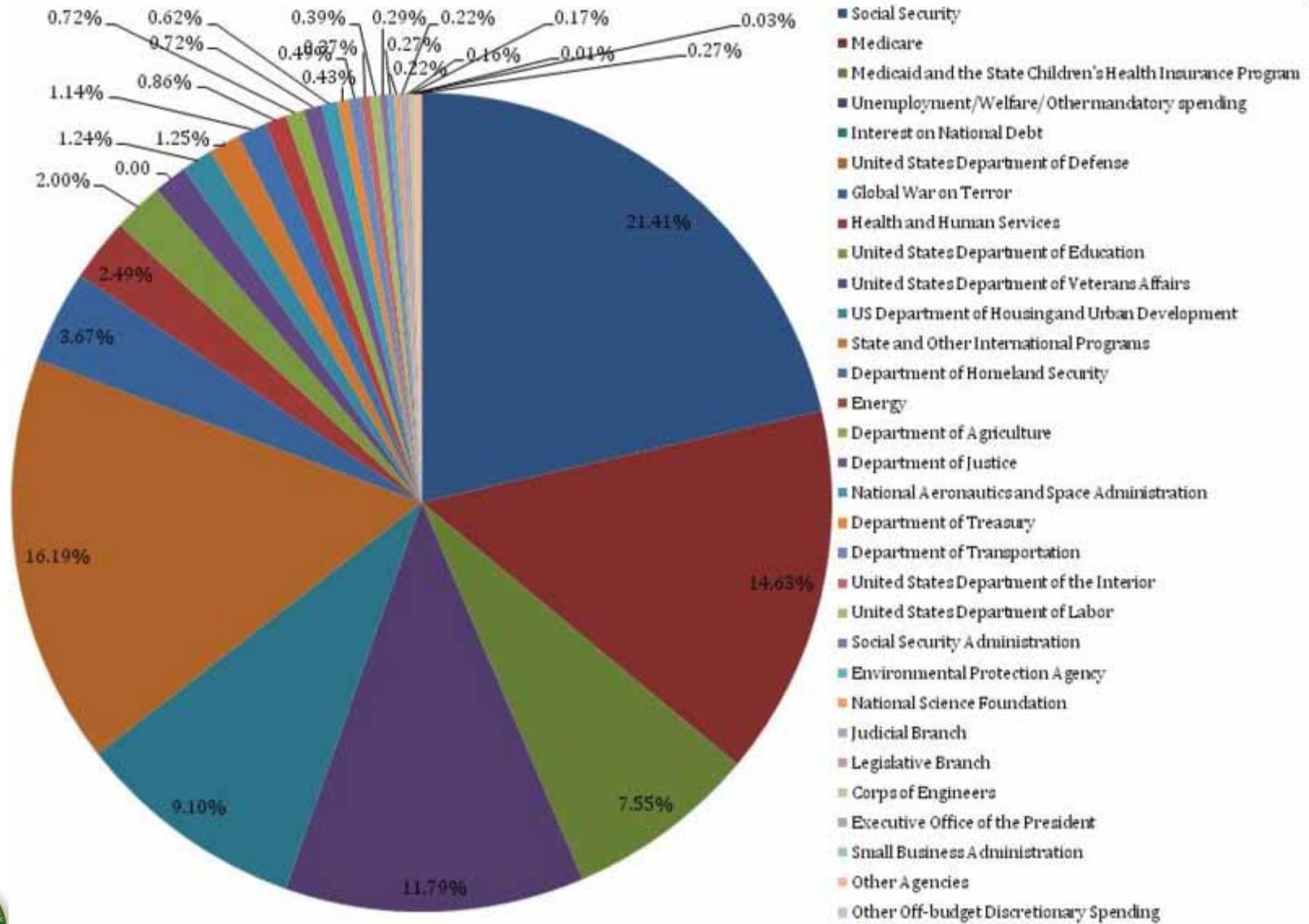


## The President's Budget Request

- The **third role** that the President's budget plays is to signal to Congress what **spending and tax policy** changes the President recommends. The President does not need to propose legislative change for those parts of the budget that are governed by permanent law if he feels none is necessary. Nearly all of the federal tax code is set in permanent law, and will not expire. Similarly, more than one-half of federal spending — including the **three largest entitlement programs (Medicare, Medicaid, and Social Security)** — is also **permanently enacted**. Interest paid on the national debt is also paid automatically, with no need for specific legislation. (There is, however, a separate **“debt ceiling”** which limits how much the Treasury can borrow. The debt ceiling is periodically raised through separate legislation.)



# FY 2007 Spending by Category



safety ❖ performance ❖ cleanup ❖ closure

## The President's Budget: Total Spending

- The President's actual budget for 2007 totals \$2.8 trillion. Percentages in parentheses indicate percentage change compared to 2006.
- \$586.1 billion (+7.0%) - [Social Security](#)
- \$548.8 billion (+9.0%) - [Defense](#)
- \$394.5 billion (+12.4%) - [Medicare](#)
- \$294.0 billion (+2.0%) - Unemployment and welfare
- \$276.4 billion (+2.9%) - [Medicaid](#) and other health related
- \$243.7 billion (+13.4%) - Interest on debt
- \$89.9 billion (+1.3%) - Education and training
- \$76.9 billion (+8.1%) - Transportation
- \$72.6 billion (+5.8%) - Veterans' benefits
- \$43.5 billion (+9.2%) - [Administration of justice](#)
- \$33.1 billion (+5.7%) - Natural resources and environment
- \$32.5 billion (+15.4%) - Foreign affairs
- \$27.0 billion (+3.7%) - Agriculture
- \$26.8 billion (+28.7%) - Community and regional development
- \$25.0 billion (+4.0%) - Science and technology
- \$23.5 billion (+0.8%) - [Energy](#)
- \$20.1 billion (+11.4%) - General government



**EM** *Environmental Management*

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

## The President's Budget Request

- The one type of spending the President *does* have to ask for each year is: **Funding for “discretionary” or “appropriated” programs**, which fall under the jurisdiction of the **House and Senate Appropriations Committees**. Discretionary programs must have their funding renewed each year in order to continue operating. Almost **all defense spending is discretionary**, as are the budgets for **K-12 education, health research, and housing**, to name just a few examples. Altogether, **discretionary programs make up about one-third of all federal spending**. The President's budget spells out how much funding he recommends for each discretionary program.



**EM** Environmental Management

safety ❖ performance ❖ cleanup ❖ closure

## The President's budget can also include:

- **Changes to “mandatory” or “entitlement” programs**, such as **Social Security, Medicare, Medicaid**, and certain other programs (including but not limited to **food stamps, federal civilian and military retirement benefits, veterans' disability benefits, and unemployment insurance**) that are not controlled by annual appropriations. For example, when the President proposed adding a prescription drug benefit to Medicare, he had to show a corresponding increase in Medicare costs in his budget, relative to what Medicare would otherwise be projected to cost. Similarly, if the President proposes a reduction in Medicaid payments to states, his budget would show lower Medicaid costs than projected under current law.
- **Changes to the tax code.** Any presidential proposal to increase or decrease taxes should be reflected in a change in the amount of federal revenue that his budget expected to be collected the next year or in future years, relative to what would otherwise be collected.
- **Summary:** The President's budget must request a specific funding level for appropriated programs and may also request changes in tax and entitlement law.



## The Congressional Budget Resolution

- After receiving the President's budget request, Congress generally holds hearings to question Administration officials about their requests and then develops its own budget resolution. This work is **done by the House and Senate Budget Committees**, whose primary function is to draft the budget resolution. Once the committees are done, the budget resolution goes to the House and Senate floor, where it can be **amended (by a majority vote)**. It then goes to a House-Senate conference to resolve any differences, and a conference report is passed by both houses.
- The budget resolution is a "concurrent" congressional resolution, not an ordinary bill, and therefore does not go to the President for his signature or veto. It also **requires only a majority vote to pass**, and is one of the few pieces of legislation that **cannot be filibustered** in the Senate.
- The **budget resolution is supposed to be passed by April 15**, but it often takes longer. Occasionally, Congress does not pass a budget resolution. If that happens, the previous year's resolution, which is a multi-year plan, stays in effect.



## What is in the budget resolution?

- Unlike the President's budget, which is very detailed, the congressional budget resolution is a very simple document. It consists of a set of numbers stating **how much Congress is supposed to spend in each of 19 broad spending categories (known as budget "functions")** and **how much total revenue the government will collect, for each of the next five or more years.** (The Congressional Budget Act requires that the resolution cover a minimum of five years, but Congress sometimes chooses to develop a 10-year budget.) The difference between the two totals — the **spending ceiling** and the **revenue floor** — represents the **deficit** (or **surplus**) expected for each year.

*"Budgeting: The fine art of ensuring that everyone gets their fair share of less than the need."*



**EM** *Environmental Management*

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

## How spending is defined: budget authority vs. outlays.

- The spending totals in the budget resolution are stated in two different ways: the total amount of “**budget authority**” that is to be provided, and the estimated level of **expenditures, or “outlays.”** **Budget authority is how much money Congress allows a federal agency to commit to spend; outlays are how much money actually flows out of the federal treasury in a given year.** For example, a bill that appropriated \$50 million for building a bridge would provide \$50 million in budget authority in the same year, but the bill might not result in \$50 million in outlays until the following year, when the bridge actually is built.
- Budget authority and outlays thus serve different purposes. **Budget authority represents a limit on how much funding Congress will provide**, and is generally what Congress focuses on in making most budgetary decisions. **Outlays, because they represent actual cash flow, help determine the size of the overall deficit or surplus.**



## How committee spending limits get set: 302(a) allocations

- The report that accompanies the budget resolution includes **a table called the “302(a) allocation.”** This table takes the total spending figures that are laid out by budget function in the budget resolution and distributes these totals by congressional committee. The House and Senate tables are slightly different from one another, since committee jurisdictions vary somewhat between the two chambers.
- The **Appropriations Committee** receives a single 302(a) allocation for all of its programs. It then decides on its own how to divide up this funding among its **12 subcommittees**, into what are known as 302(b) sub-allocations. The various committees with jurisdiction over mandatory programs each get an allocation that represents a total dollar ceiling for all of the legislation they produce that year.
- The **Committee on Appropriations** is a committee of the **U.S. House of Representatives**. It is in charge of setting the specific expenditures of money by the government of the United States. As such, it is one of the most powerful of the committees, and its members are seen as influential.



## How committee spending limits get set: 302(a) allocations

- The **U.S. Senate Committee on Appropriations** is a standing committee of the U.S. Senate. It has **jurisdiction over all discretionary spending** legislation in the Senate.
- The **Senate Appropriations Committee is the largest committee** in the U.S. Senate, consisting of **29 members**. Its role is defined by the U.S. Constitution, which requires "appropriations made by law" prior to the expenditure of any money from the Treasury, and is therefore **one of the most powerful committees in the Senate**.
- The committee was first **organized on March 6, 1867**, when power over appropriations was taken out of the hands of the Finance Committee.
- The **chairman of the Appropriations Committee has enormous power** to bring home special projects (sometimes referred to as **"pork barrel spending"**) for his or her state as well as having the final say on other Senator's appropriation requests.



## How committee spending limits get set: 302(a) allocations

- Budget resolution spending totals do not apply to the “authorizing” legislation produced by congressional committees. **Authorizing legislation** typically either changes the rules for a federal program or **provides a limit** on how much money can be appropriated for it.
- The budget resolution can also include temporary or permanent changes to the congressional budget process. For example, the fiscal year 2007 budget resolution contained a provision reinstating the **“pay-as-you-go rule”** in the Senate

## Budget Process and Politics

- To budget is to fight over money
- There will always be friction among congressional committees and between those who make tax policy and control spending.
- The budget process is the means by which this conflict is channeled to enable agreement each year.
- There is no federal budgeting devoid of politics.



## “Pay-As-You-Go” or “PAYGO” Rule

- Independent of the Congressional Budget Act, the House and Senate each have a rule requiring that **all entitlement increases and tax cuts be fully offset**. For example, a bill that increased Medicare spending would have to be paid for by cutting somewhere else in Medicare or another entitlement program, by raising revenues, or by a combination of the two. The rule does not apply to discretionary spending, which is limited by the allocations set in the annual budget resolution.
- If legislation providing for new tax cuts or entitlement increases is not paid for, **the “PAYGO” rule gives any Senator the power to raise a point of order against the bill**, which can only be waived by the vote of 60 Senators. In the House, any Member can raise a point of order, and there is no opportunity to vote to waive the PAYGO requirement — the bill is automatically defeated, unless the leadership-appointed Rules Committee has decided in advance to waive PAYGO as part of the broader measure (referred to as a rule) setting the terms of debate on the bill as a whole and the House has agreed to that rule.



## “Pay-As-You-Go” or “PAYGO” Rule

- PAYGO is an additional requirement, separate and apart from the terms of the budget resolution. **A bill that cuts taxes or increases entitlement spending without an offset would violate the PAYGO rule** even if the budget resolution had assumed the enactment of tax cuts or entitlement increases and allocated the necessary amounts to the relevant committees. (The PAYGO rule does not directly apply to the budget resolution itself or amendments to it, however.)
- In order to satisfy the House and Senate PAYGO rules, **a bill must be paid for over the first six years** (including the current year), and over the first 11 years (including the current year). The Senate PAYGO rule does not consider the impact of a bill on Social Security and other “off-budget” items, whereas the House PAYGO rule applies to the “unified budget,” which includes Social Security.



## How Are the Terms of the Budget Resolution Enforced?

- The main enforcement mechanism preventing Congress from passing legislation is the ability of a single member of the House or the Senate to raise a **budget “point of order”** on the floor to block such legislation. This point of order has not been particularly important in the House because it can be waived there by a simple majority vote on a resolution developed by the leadership-appointed **Rules Committee**, which sets the conditions under which each bill will be considered on the floor. However, the budget point of order is very important in the Senate, where any legislation that exceeds a committee’s spending allocation — or cuts taxes below the level allowed in the budget resolution — is vulnerable to a budget point of order on the floor that requires *60 votes* to waive.
- **Appropriations bills** must fit within the 302(a) allocation given to the Appropriations Committee as well as the Committee-determined 302(b) sub-allocation for the coming FY. Tax or entitlement bills must fit within the budget resolution’s spending limit both in the first year and over the total multi-year period covered by the budget resolution. The cost of a tax or entitlement bill is determined (or “scored”) by the Budget Committees.



## The Budget “Reconciliation” Process

- From time to time, Congress chooses to make use of a special procedure outlined in the **Congressional Budget Act** known as “**reconciliation.**” This procedure was originally designed as a **deficit-reduction tool**, to force committees to produce spending cuts or tax increases called for in the budget resolution
- **What is a reconciliation bill?** A reconciliation bill is a single piece of legislation that typically includes multiple provisions (generally developed by several committees) all of which affect the federal budget — whether on the mandatory spending side, the tax side, or both. **A reconciliation bill is the only piece of legislation (other than the budget resolution itself) that cannot be filibustered** on the Senate floor, so it can pass by a majority vote.



## How does the reconciliation process work?

- If Congress decides to use the reconciliation process, language known as a **“reconciliation directive”** must be included in the budget resolution. The **reconciliation directive instructs various committees to produce legislation by a specific date that meets certain spending or tax targets.** (If they fail to produce this legislation, the Budget Committee Chair generally has the right to offer floor amendments to meet the reconciliation targets for them, which is enough of a threat that committees tend to comply with the directive.) The Budget Committees then package all of these bills together into one bill that goes to the floor for an **up-or-down vote**, with only limited opportunity for amendment. After the House and Senate resolve the differences between their competing bills, a final conference report is considered on the floor of each house and then **goes to the President for his signature or veto.**



## Constraints on reconciliation: the “Byrd rule.”

- While reconciliation enables Congress to bundle together several different provisions affecting a broad range of programs, it faces one major constraint: the **“Byrd rule,” named after Senator Byrd of West Virginia.** This Senate rule makes any provision of (or amendment to) the reconciliation bill that is deemed **“extraneous”** to the purpose of amending entitlement or tax law vulnerable to a point of order. If a point of order is raised under the Byrd rule, the offending provision is automatically stripped from the bill unless at least 60 Senators vote to waive the rule. This makes it difficult, for example, to include any policy changes in the reconciliation bill unless they have direct fiscal implications. Under this rule, authorizations of discretionary appropriations are not allowed, nor are changes to civil rights or employment law, for example. **Changes to Social Security also are not permitted under the Byrd rule.**
- In addition, **the Byrd rule bars any entitlement increases or tax cuts** that cost money beyond the five (or more) years covered by the reconciliation directive, unless these “out-year” costs are fully offset by other provisions in the bill. This is a central reason why Congress made the 2001 tax cuts expire by 2010, rather than making them permanent.



# Time Table of the Budget Process

On or Before:	Action to be completed:
First Monday in February	President submits his budget.
15-Feb	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after the President submits the budget.	Committees submit views and estimates to Budget Committees. (Frequently, the House Budget Committee sets own date based on Legislative Calendar)
1-Apr	Senate Budget Committee reports concurrent resolution on the budget.
15-Apr	Congress completes action on the concurrent resolution on the budget. (This is not signed by the President).*
15-May	Annual appropriation bills may be considered in House.
10-Jun	House Appropriations Committee reports last annual appropriation bill.
15-Jun	Congress completes action on reconciliation legislation. (If required by the budget resolution).
30-Jun	House completes action on annual appropriation bills.
1-Oct	Fiscal year begins.



## 5 STAGES OF THE CONGRESSIONAL BUDGET PROCESS

- **1. The President's Budget Submission.** The President submits a comprehensive budget request to Congress in early February which outlines the Administration's policy and funding priorities and the economic outlook for the coming fiscal year. This budget, which estimates spending, revenue and borrowing levels, is compiled by OMB from input by the various federal agencies, with funding broken down into 20 budget function categories.
- **2. Adoption of the Budget Resolution.** House and Senate Committees hold hearings on the President's budget and the Budget Committees report a concurrent resolution on the budget that sets each committee's allocation of spending authority for the next fiscal year and aggregate spending and revenue levels for 5 years. The budget resolution also establishes aggregate totals with respect to revenues and spending for the entire federal budget. This resolution, once adopted, is not law, as it is not signed by the President. The allocations, enforceable through points of order, establish the framework to consider spending and revenue bills on the House and Senate floor.



## 5 STAGES OF THE CONGRESSIONAL BUDGET PROCESS

- **3. Passage of Appropriation Bills.** In May the House begins consideration of the 13 annual appropriation bills for the next fiscal year based on the discretionary spending allocation in the budget resolution. As these bills move through hearings, markups, Floor consideration, and conference they are constrained by the levels and allocations in the budget resolution and the enforcement of the Budget Act and through House and Senate rules.
- **4. Consideration of Reconciliation Legislation.** If the spending and revenue levels in the budget resolution require changes in existing law, the resolution would contain instructions to committees to report legislation containing such statutory changes. Whether for tax increases or decreases, deficit reduction, mandatory spending increases or decreases or adjustments in the public debt limit, this process has been used to focus many agents on one goal, often in a large bill.
- **5. Consideration of Authorization Legislation.** Congress considers numerous measures authorizing the appropriation of funds on a myriad of programs each fiscal year. This decision-making is constrained by the Budget Act and through House and Senate rules.



## Rerack, Realignment and Reprogramming

- **Rerack:** Racking and stacking the budget formulation spreadsheet numbers to improve the budget previous submitted. Reracking is done in May-July, forwarded to agency for approval and forwarding to OMB.
- **Realignment:** OMB receives rerack in September, reviews and forwards to Congress for approval. The Realignment process re-aligns budget dollars to match the site's Programs'/Projects' work scope more appropriately.
- **Reprogramming:** Resource realignment process within an appropriation account
  - **Informal** approved at agency level. Involves transferring up to \$5M from one PBS to another. Play this card only once per PBS. Process duration is about three months.
  - **Formal** approved by committees of both the House and Senate. Process very laborious at all levels, very time consuming. No limit on dollar amount. Play this card only once. Process duration about six months.



## Rescission

- **Rescission** - A provision of law that **repeals previously enacted budget authority** in whole or in part. Under the Impoundment Control Act of 1974, **the President can impound funds** by sending a message to Congress requesting one or more rescissions and the reasons for doing so. If Congress does not pass a rescission bill for the programs requested by the President within **forty-five days of continuous session** after receiving the message, the President must make the funds available for obligation and expenditure. If the President does not, the comptroller general of the United States is authorized to bring suit to compel the release of those funds. **A rescission bill may rescind all, part, or none of an amount proposed by the president, and may rescind funds the president has not impounded.**
- **Continuous session:** Days on which either house is in actual session.
- **Rescission bills:** The Line Item Veto Act of 1997, authorized rescission authority for the President.



# Movement of Funding

## The A's have it

<b>Appropriation</b>	Congressional Level
<b>Allowances</b>	Congressional Level
<b>Authorizations</b>	Congressional Level
<b>Apportionment</b>	OMB Level
<b>Approved Funding Plan</b>	Agency Level
<b>Allotment</b>	Agency Level
<b>Advice of Allotment</b>	Agency Level
<b>Authority</b>	Agency Level
<b>Allocation</b>	Site Level
<b>Accounting</b>	Site Level



# Appropriations and Apportionments

- **Appropriations:**
  - Acts of Congress, signed into law by the President
  - Provide budget authority, permits Federal agency to incur obligations and spend public funds
- **Apportionments:**
  - A plan approved by OMB to spend resources provided by law
  - Submitted to OMB on SF 132 Apportionment and Re-apportionment Schedule
  - Funds apportioned are made available to DOE for allotment, obligation, and expenditure
  - Process is detailed in DOE M 135.1-1A Budget Execution, and in OMB Circular A-11
- **Accountability:**
  - Forecasts how authority will be obligated and what results are expected
  - Serves as a “Contract” between the Agency and Congress.
  - Measures Performance



## Energy and Water Development Appropriation Act

<b>Appropriation Account Title</b>	<b>Symbol</b>	<b>Fund Code</b>
• Geothermal Resources Development Fund	89X0206	00050
• Federal Energy Regulatory Commission	89X0212	00100
• Science	89X0222	00501
• Energy Supply Research & Development	89X0224	00560
• Departmental Administration	89X0228	00651
• Strategic Petroleum Reserve	89X0233	00700
• Emergency Preparedness	89X0234	00750
• Clean Coal Technology	89X0235	00800
• Inspector General	89X0236	00850
• Weapons Activities	89X0240	00900
• New Production Reactors	89X0241	00950
• Other Defense Activities	89X0243	01050
• Defense Nuclear Waste Disposal	89X0244	01100
• Defense Facilities Closure Projects	89X0251	01250
• Nuclear Waste Disposal	89X0252	01300
• Southeastern Power Administration - O&M	89X0302	01350



**EM Environmental Management**

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

## Energy and Water Development Appropriation Act (cont.)

<b>Appropriation Account Title</b>	<b>Symbol</b>	<b>Fund Code</b>
• Southwestern Power Administration - O&M	89X0303	01400
• Defense Nuclear Non-Proliferation	89X0309	01550
• NNSA Office of the Administrator	89X0313	01650
• Naval Reactors	89X0314	01700
• Uranium Facilities Maint. & Remediation	89X0315	01750
• Northeast Home Heating Oil Reserve	89X0316	01800
• Bonneville Power Administration	89X4045	02250
• Isotope Production & Distribution	89X4180	02300
• Working Capital Fund	89X4563	02400
• Western Area Power Administration	89X5068	02500
• Nuclear Waste Fund	89X5227	02800
• Uranium Enrichment D&D	89X5231	03000



## Analyze This!

- **Budget Analysis:**

- Statistical analysis to change data into information
- Deviation analysis, Cost modeling (Direct, Indirect, Full, Variable, Fixed, Sunk, Marginal, Differential, Life Cycle)
- Variance analysis: cost variance analysis, schedule variance analysis, indices variance analysis, variance at completion analysis ...
- Unit Cost and Cost Estimating Relationships
- Basis of Estimates (BOE) creation and analysis
- Payback Period Determination and Analysis
- Inflation Rates and Constant Dollars Analysis
- Time Value of Money
- Net Present Value Analysis and Internal Rate of Return
- Regression Analysis, Sensitivity Analysis

**Analysis is the process by which issues are separated into their component parts and each part and the interaction among the parts are systematically investigated. The components of an issue are put back together in a logical way to state a conclusion and support a recommendation.**

- **Program Analysis:**

- Allows Multi-year comparison of Agency Efficiency and Effectiveness
- Compares Expectations to Results
- Required by GPRA
- Conforms to the President's Management Agenda (PMA)

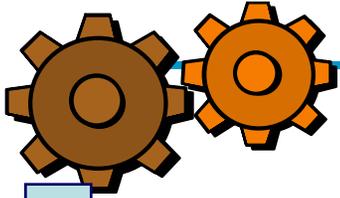


**E• M Environmental Management**

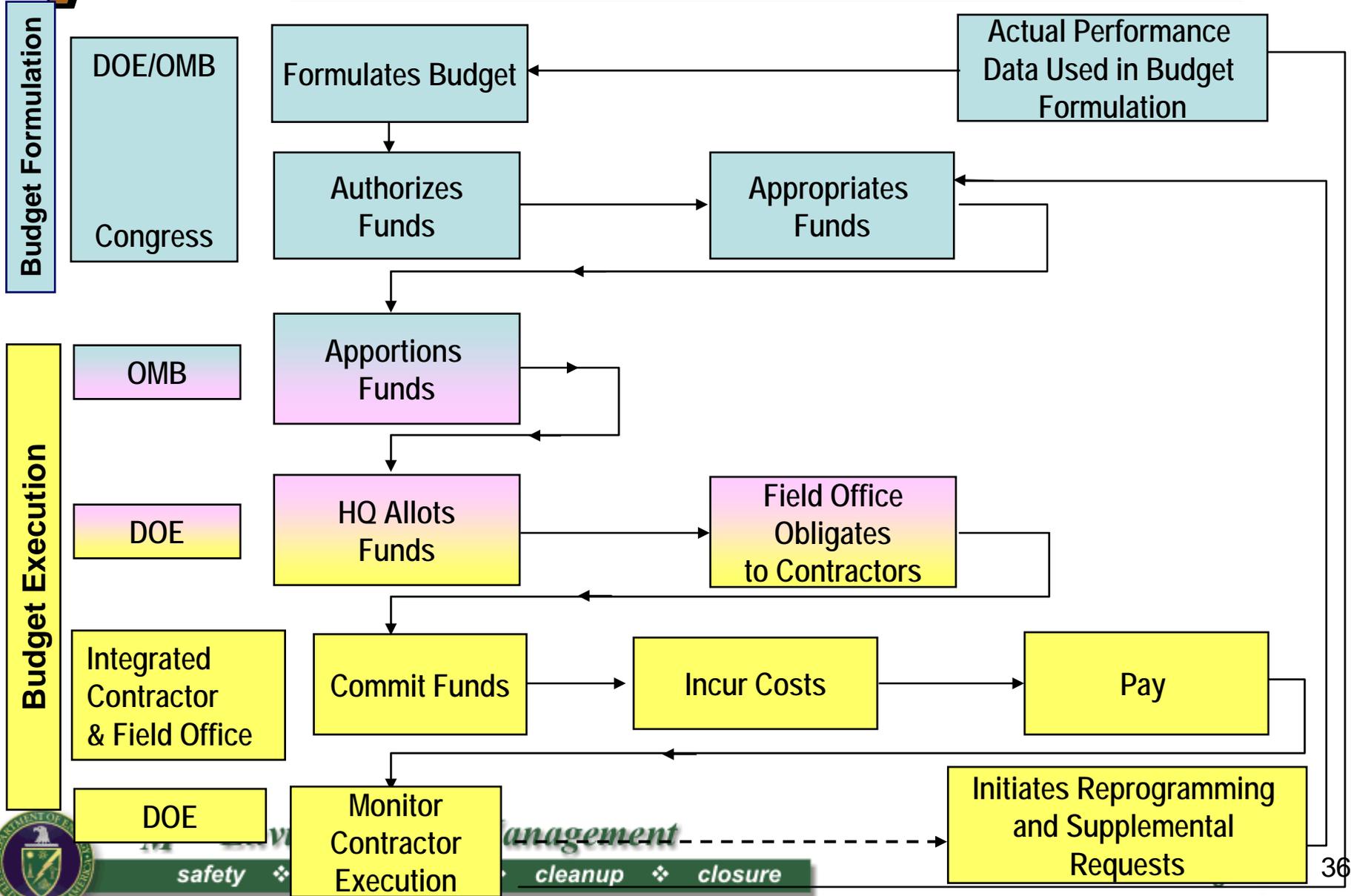
safety ❖ performance ❖ cleanup ❖ closure

• Strategic Mgmt of Human Capital, Competitive Sourcing, Financial Mgmt, Expand E-Gov, Budget & Performance Integration

[www.em.doe.gov](http://www.em.doe.gov)



# Integrate View of the Budget Process



safety ❖ cleanup ❖ closure

# Budget Formulation Process

Budget Formulation Process:		
Key Step	FY 2010 Example	Description
<b>GUIDANCE</b>	Jun-08	OMB tells agency how to do strategic plan and budget request. Overall budget numbers are set.
<b>STRATEGY</b>	Spring - summer 2008	Agency strategic plan development/update. Strategic plan sets framework for broad agency programs.
<b>REQUEST</b>	December 2007 - August 2008	Operating components develop/submit budget request to agency. Actual programs and expenditures start to be planned.
<b>DECISIONS</b>	June - August 2008	Agency develops strategy on how to deal with OMB. Agency has to decide what will sell and its ability to achieve it.
<b>TO OMB</b>	Sep-08	Agency sends budget request to OMB. Agency decisions are documented and price tags attached.
<b>PASSBACK</b>	November, December 2008	OMB recommendations and Presidential decisions to agency. "This is what we can afford," states OMB.
<b>APPEALS</b>	After passback.	Agency works the system; may appeal decisions if they are not to the agency's liking. "This is what the President really wants," states the agency.
<b>TO CONGRESS</b>	Feb-09	The President's Budget request or Congressional submission is sent to Congress. The Executive Branch takes a stand, and asks for money.

*"I gave him an unlimited budget and he exceeded it."*  
Edward Williams (1920-1988)



# Budget Formulation Process

## Budget Formulation Process (continued):

Key Step	FY 2010 Example	Description
<b>HEARINGS</b>	March/April 2009	House and Senate hold hearings on President's request. Congress asks for additional information; agency prepares it. Congressional appropriators attempt to figure out what is behind President's numbers and words.
<b>Q &amp; As</b>	February - June 2009	Questions from members and staff and agency responses establish a record.
<b>MARKUPS</b>	March - October 2009	House and Senate sub- and full committees discuss and act on the request, incorporating their views on what is worth funding. Agency works the system, attempting to influence outcomes.
<b>VOTES</b>	Sep-09	House and Senate debate and vote in floor action.
<b>THE CR</b>	Sep-09	Continuing Resolution, or stop-gap spending measure, used if time runs out. Otherwise, shutdown.
<b>CONFERENCE</b>	Oct-09	House and Senate meet to negotiate their differences.
<b>ENACTED</b>	October/November 2009	Congress finally makes up its mind, and passes bill. President vetoes or signs bill. Appropriations Act is now law. All negotiations are over at the Presidential level, but operating levels still have room to negotiate.



# Budget Formulation Process

<b>Budget Execution Process:</b>		
Key Step	FY 2010 Example	Description
<b>OP PLAN, expenditure plan</b>	Sep-09	Agency does operating plan, or how it will spend appropriated money. The GPRA annual plan is refined. Changes in programs are made to fit resources made available in the appropriations act, as well as to accommodate expressed Congressional concerns.
<b>ALLOCATE</b>	October - December 2009	Operating components get agency permission to use resources, and parcel them out to operating officials.
<b>ACTION!</b>	October 2009 and following years.	Goods and services are procured and delivered.
<b>AUDITS</b>	Anytime.	GAO and/or the IG may investigate anything related to resources.



# Budget Execution Process

## Budget Execution Process:

Key Step	FY 2010 Example	Description
<b>OP PLAN, expenditure plan</b>	Sep-09	Agency does operating plan, or how it will spend appropriated money. The GPRA annual plan is refined. Changes in programs are made to fit resources made available in the appropriations act, as well as to accommodate expressed Congressional concerns.
<b>ALLOCATE</b>	October - December 2009	Operating components get agency permission to use resources, and parcel them out to operating officials.
<b>ACTION!</b>	October 2009 and following years.	Goods and services are procured and delivered.
<b>AUDITS</b>	Anytime.	GAO and/or the IG may investigate anything related to resources.

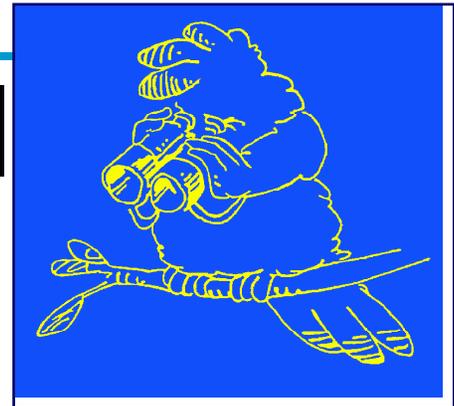
## Congressional Oversight Process:

<b>OVERSIGHT</b>	March/April 2011, and cumulatively every year until three years are covered.	Congressional committees request data, may hold hearings, take the only action they can: By September/October 2011, actions on the FY 2012 request let the agency and operating managers know how well they did, in the eyes of Congress, during FY 2010.
------------------	--	---

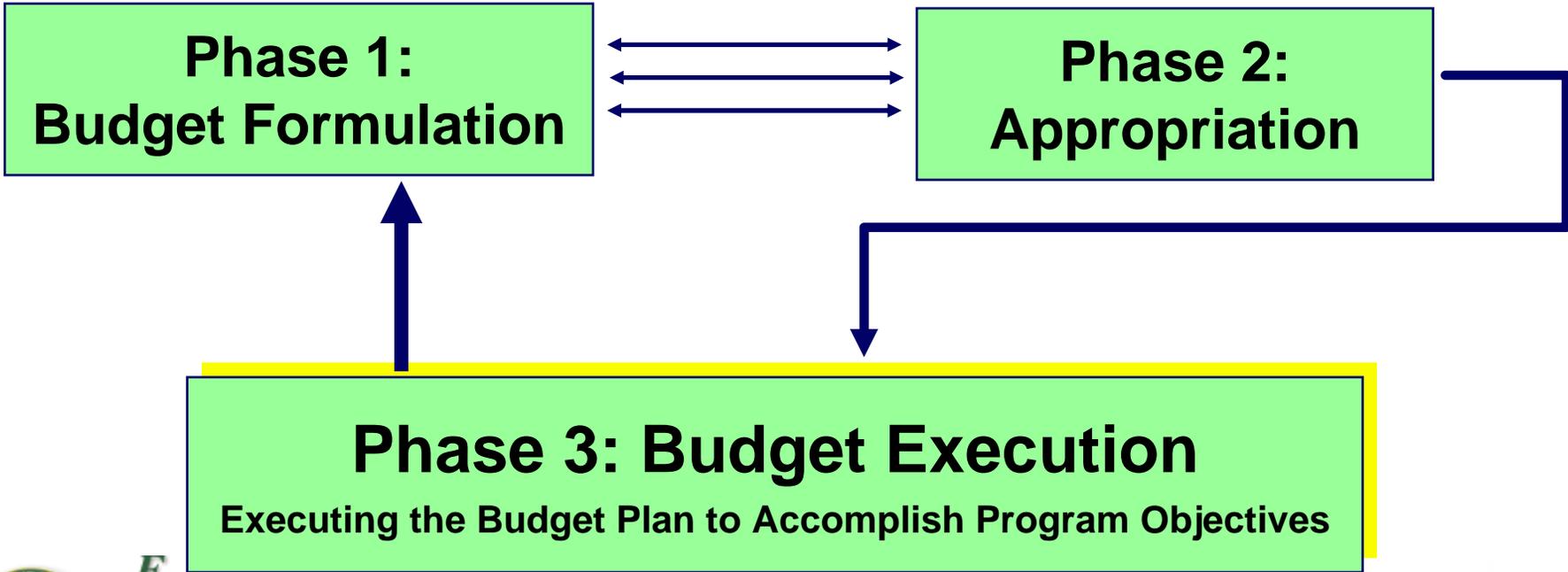


# 3 Phases of the Budget Process

Budget execution is the third phase of the budget process:

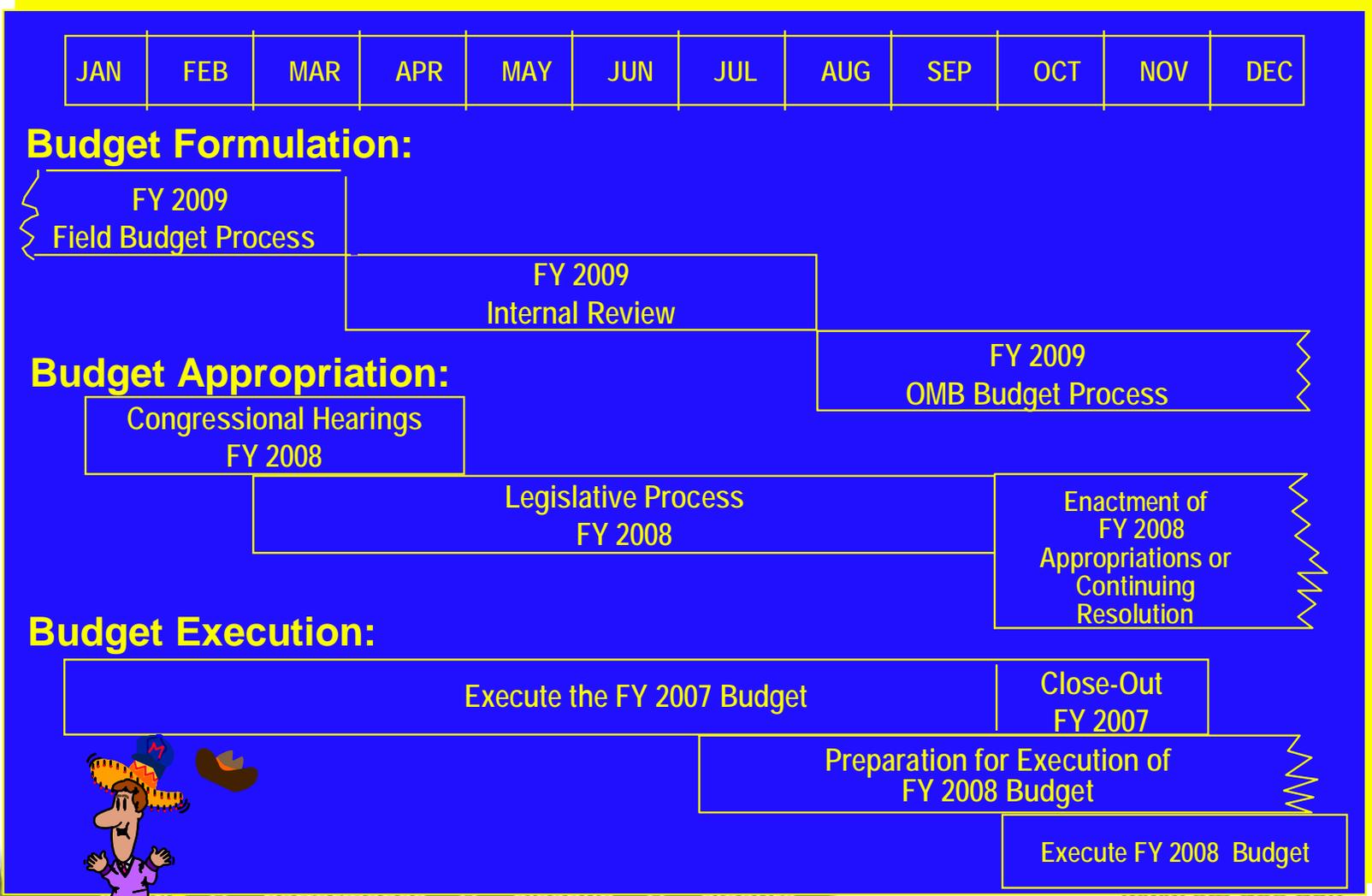


Getting a bird's eye view



# The Budget Formulation Process

## Calendar Year 2007 Three-in-One



Success performance cleanup closure

Must wear many hats

[www.em.doe.gov](http://www.em.doe.gov)

## Budget Execution – Major Processes

- Obtaining Congressional and **Program Execution Guidance**
- **Distributing and controlling** funds inside control points
  - Approved Funding Program
  - Monthly Advice of Allotment
  - Monthly Financial Allocations Plans (commitments and obligations)
- **Obligating and spending** funds to accomplish mission program objectives
- **Accounting for and reporting** on actual performance data (Earned Value)
- **Monitoring and evaluating** financial execution (spend plans vs cost actuals, cost variance and root cause analysis)

*“There are often more factors at work than just price and volume.”*



**EM** *Environmental Management*

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

## Key Document: Advice of Allotment (HQ Form 2260.2)

- Executes the agency's legal responsibilities under the Anti-Deficiency Act (31 U.S.C. 1514)
- Officially transmits legal authority to incur obligations to Headquarters and field organizations
- Restricts obligations and expenditures in each appropriation to the amount apportioned by OMB
- Displays all legal limitations imposed by Congress or OMB



## Approved Funding Program (AFP)

- Provides a detailed breakdown of all obligational authority reflected on allotments
- Establishes funding levels of DOE programs for all Departmental elements
- Identifies amounts available at each congressional control level against which actual obligations and costs are measured
- Issued on a monthly basis for operating expenses and construction, and for reimbursable work for Federal and non-Federal entities



## Administrative Control of Funds

- Title 31, Section 1514, of U.S. Code, **Administrative Division of Apportionments** requires the Secretary of Energy to prescribe and carry out a system for administratively controlling funds.
- Funds are expended solely for the purposes for which they were appropriated, except as otherwise provided by law.
- Funds are **certified as available and committed before obligations**.
- Obligations or expenditures are not authorized or incurred in excess of available funds or in excess of any legal or administrative limitations.
- Only valid obligations are recorded in the accounting records, and all obligations incurred are recorded accurately and promptly.
- Outstanding obligations are validated annually.
- Legal Availability of Funds:
  - **Purpose:** What we are authorized to do with appropriated funds.
  - **Time:** Obligation must occur before expiration of obligational availability of appropriation. Annual, Multi-year, and No-year appropriations.
  - **Amount:** Obligations cannot exceed appropriations

Appropriation Law



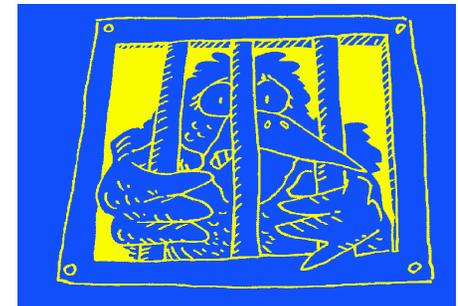
**EM** Environmental Management

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

## Anti-Deficiency Act

- 31 U.S.C. 1514, ***Administrative Division of Apportionments***: agencies must establish a formal administrative control of funds process
- 31 U.S.C. 1517, ***Prohibited Obligations and Expenditures***: legal violation occurs if appropriations, apportionments, or allotments are exceeded
- 31 U.S.C. 1518, ***Adverse Personnel Actions***: administrative penalties (including termination) accrue if section 1517 is violated — not willfully
- 31 U.S.C. 1519, ***Criminal Penalties***: criminal penalties accrue if violation of section 1517 is willful



Don't be a jailbird.

[www.em.doe.gov](http://www.em.doe.gov)



**EM** Environmental Management

safety ❖ performance ❖ cleanup ❖ closure

# Application of Funds Process

## 1. Commitment (reservation of funds):

An **administrative reservation of funds** in accounting system to ensure ample funds are available to cover obligational documents to be issued in future

## 2. Obligation:

A financial condition that is realized when **a legal responsibility is incurred** for which the Department must expend funds in future for goods and services that have been contractually ordered or consumed

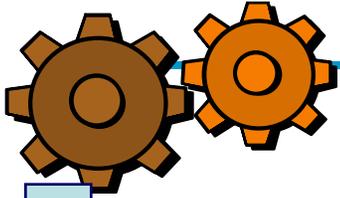
## 3. Costs:

Costs are incurred when outstanding **orders have been filled** and/or **services have been rendered** for which payments are pending

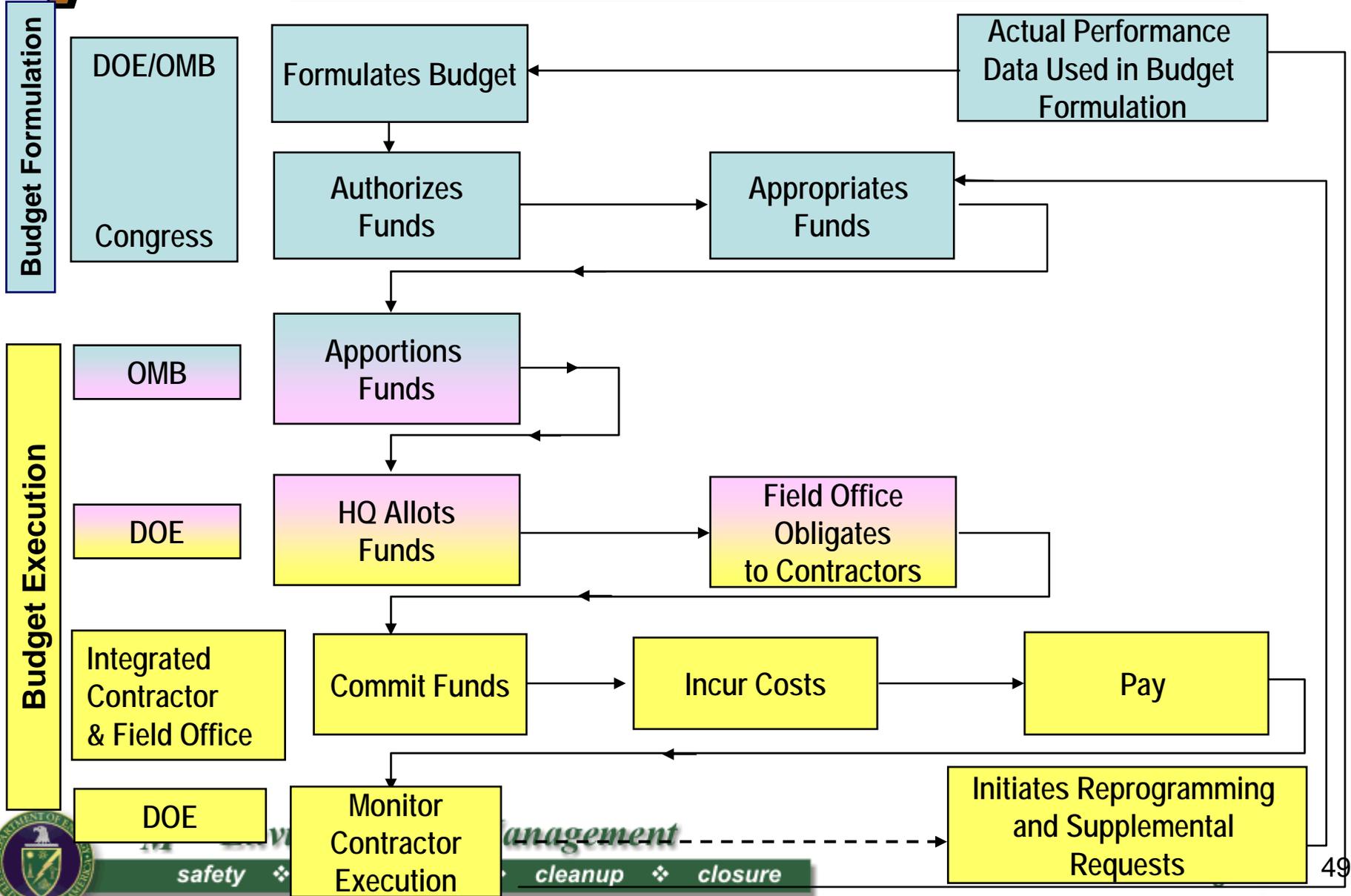
## 4. Outlay or Expenditure:

The issuance of checks, **disbursements of cash**, or electronic transfer of funds made to liquidate/satisfy Federal obligations



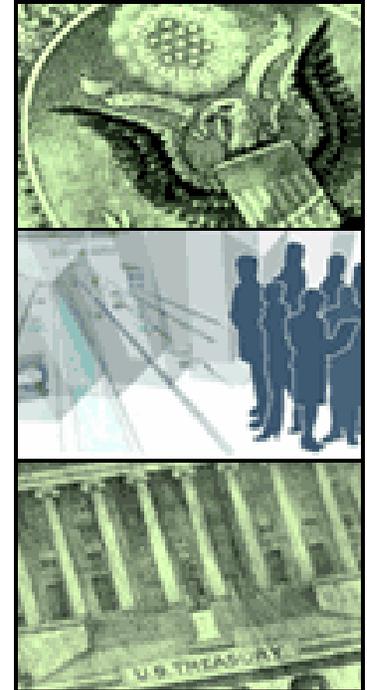


# Integrate View of the Budget Process



## How Citizens Influence the Budget Process

- Your legislator can be your most effective lobbyist of the budget committee members, as well as provide access to the budget information and publications. Because the budget process can move quickly, **it is difficult to follow an item of interest without assistance**. Most bills are amended each time a change is made. Changes do not show in the bill until subcommittee recommendations are adopted by the full committee.
- Your legislator can find out whether a capital outlay project has been approved for your community.
- **It is in the subcommittee hearings where most of the legislative changes in the budget bill are made.** **This is an important time to make your voice heard.** Timing is critical. Make sure that any communication you attempt is accomplished as early in the budget process as possible



## How Citizens Influence the Budget Process

- Timing is critical
- If you are concerned about budget issues, let your legislator know.
  - Call the district office
  - Talk to your representative
  - Write a letter to your Senator or Congressman
  - Meet with your legislator, or a member of his/her staff.
  - Send an email message via the internet
- Join the Citizens' Advisory Board



Don't get mad at the budget



**EM** Environmental Management

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

# SRS Stakeholders

Name	Organization	Telephone	Email	Contact Person
<b>SC and GA Congressional Delegation</b>				
U.S. Congressman Paul Broun	U.S. House of Representatives	202-225-4101	<a href="mailto:Rep.paul.broun@mail.house.gov">Rep.paul.broun@mail.house.gov</a>	John Cohen
U.S. Congressman John Spratt	U.S. House of Representatives	202-115-5501	<a href="mailto:Rep.spratt@mail.house.gov">Rep.spratt@mail.house.gov</a>	John Cohen
U.S. Senator Johnny Isakson	U.S. Senate	202-224-3643	<a href="http://Isakson.senate.gov">http://Isakson.senate.gov</a>	John Cohen
U.S. Congressman Gresham Barrett	U.S. House of Representatives	202-225-5301	<a href="mailto:Bulldog1@mail.house.gov">Bulldog1@mail.house.gov</a>	John Cohen
U.S. Congressman John Barrow	U.S. House of Representatives	202-225-2823	<a href="mailto:John.barrow@mail.house.gov">John.barrow@mail.house.gov</a>	John Cohen
U.S. Congressman Henry Brown	U.S. House of Representatives	202-225-3176	<a href="mailto:writehenrybrown@mail.house.gov">writehenrybrown@mail.house.gov</a>	John Cohen
U.S. Congressman James Clyburn	U.S. House of Representatives	202-225-3315	<a href="mailto:jclyburn@mail.house.gov">jclyburn@mail.house.gov</a>	John Cohen
U.S. Congressman Robert Inglis	U.S. House of Representatives	202-225-6030	<a href="mailto:Bob.inglis@mail.house.gov">Bob.inglis@mail.house.gov</a>	John Cohen
U.S. Congressman Joe Wilson	U.S. House of Representatives	202-225-2452	<a href="mailto:Joe.wilson@mail.house.gov">Joe.wilson@mail.house.gov</a>	John Cohen
U.S. Senator Saxby Chambliss	U.S. Senate	202-224-3521	<a href="mailto:Saxby_chambliss@chambliss.senate.gov">Saxby_chambliss@chambliss.senate.gov</a>	John Cohen
U.S. Senator James Demint	U.S. Senate	202-224-6121	<a href="mailto:James.demint@mail.senate.gov">James.demint@mail.senate.gov</a>	John Cohen
U.S. Senator Lindsey Graham	U.S. Senate	202-224-5972	<a href="http://lgraham.senate.gov">http://lgraham.senate.gov</a>	John Cohen



**EM Environmental Management**

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

## SRS Stakeholders

Name	Organization	Telephone	<a href="#">Email</a>	Contact Person
<b>South Carolina State Delegation</b>				
Representative Lonnie Hosey	S.C. House of Representatives	803-536-8903	<a href="mailto:LH1@scstatehouse.net">LH1@scstatehouse.net</a>	Lessie Price
Representative Bakari Sellers	S.C. House of Representatives	803-793-3637	<a href="mailto:sellersb@schouse.org">sellersb@schouse.org</a>	Lessie Price
Senator Bradley Hutto	S.C. Senate	803-534-5218	<a href="mailto:cbhutto@aol.com">cbhutto@aol.com</a>	Lessie Price
Senator Shane A. Massey	S.C. Senate	803-649-6200	<a href="mailto:shanemassey@scsenate.org">shanemassey@scsenate.org</a>	Lessie Price
Senator John Matthews	S.C. Senate	803-212-2383	<a href="mailto:JWM@scsenate.org">JWM@scsenate.org</a>	Lessie Price
Senator Nikki Setzler	S.C. Senate	803-796-1285	<a href="mailto:NGS@scsenate.org">NGS@scsenate.org</a>	Lessie Price
Representative Roland Smith	S.C. House of Representatives	803-734-3114	<a href="mailto:JS@scstatehouse.net">JS@scstatehouse.net</a>	Ronnie Young
Senator Greg Ryberg	S.C. Senate	803-212-6400	<a href="mailto:suvius@aol.com">suvius@aol.com</a>	Ronnie Young



# SRS Stakeholders

Name	Organization	Telephone	Email	Contact Person
<b>Georgia State Delegation</b>				
Representative Hardie Davis	GA House of Representatives	706-434-8553	<a href="mailto:Hardie.davis@house.ga.gov">Hardie.davis@house.ga.gov</a>	Lessie Price
Representative Gloria Frazier	GA House of Representatives	706-560-9709	<a href="mailto:Gloria.frazier@house.ga.gov">Gloria.frazier@house.ga.gov</a>	Lessie Price
Representative Quincy Murphy	GA House of Representatives	706-790-4600	<a href="mailto:gmurphy@allstate.com">gmurphy@allstate.com</a>	Lessie Price
Representative Barbara Sims	GA House of Representatives	706-481-9591	<a href="mailto:Barbara.sims@house.ga.gov">Barbara.sims@house.ga.gov</a>	Lessie Price
Senator J.B. Powell	GA State Senate	404-463-1314	<a href="mailto:jbpowell@senate.ga.us">jbpowell@senate.ga.us</a>	Lessie Price
Senator Ed Tarver	GA State Senate	404-656-0340	<a href="mailto:Ed.tarver@senate.ga.gov">Ed.tarver@senate.ga.gov</a>	Lessie Price
Representative Barry Fleming	GA House of Representatives	706-724-0171	<a href="mailto:bffleming@legis.state.ga.us">bffleming@legis.state.ga.us</a>	Ronnie Young
Representative Ben Harbin	GA House of Representatives	706-869-1953	<a href="mailto:bharbin@legis.state.ga.us">bharbin@legis.state.ga.us</a>	Ronnie Young
Representative Wayne Howard	GA House of Representatives	404-656-6372	<a href="mailto:Wayne.howard@house.ga.gov">Wayne.howard@house.ga.gov</a>	Ronnie Young
Senator Bill Jackson	GA State Senate	404-656-5114	<a href="mailto:Bill.jackson@senate.ga.gov">Bill.jackson@senate.ga.gov</a>	Ronnie Young



# SRS Stakeholders

Name	Organization	Telephone	Email	Contact Person
<b>Local Congressional Offices</b>				
<b>Lynthia Ross</b>	Cong. John Barrow's Office	706-722-4494	<a href="mailto:Lynthia.ross@mail.house.gov">Lynthia.ross@mail.house.gov</a>	Lessie Price
<b>Kathy Crawford</b>	Cong. Henry Brown's Office	843-747-4145	<a href="mailto:Kathy.crawford@mail.house.gov">Kathy.crawford@mail.house.gov</a>	Lessie Price
<b>Charlie McDow</b>	Cong. John Spratt's Office	803-327-1114	<a href="mailto:charlie.mcdow@mail.house.gov">charlie.mcdow@mail.house.gov</a>	Lessie Price
<b>Robert Nance</b>	Cong. James Clyburn's Office	803-799-1100	<a href="mailto:Robert.nance@mail.house.gov">Robert.nance@mail.house.gov</a>	Lessie Price
<b>Kathryn Wade</b>	Cong. Gresham Barrett's Office	803-649-5571	<a href="mailto:Kathryn.wade@mail.house.gov">Kathryn.wade@mail.house.gov</a>	Lessie Price
<b>Butch Wallace</b>	Cong. Joe Wilson's Office	803-939-0041	<a href="mailto:Butch.wallace@mail.house.gov">Butch.wallace@mail.house.gov</a>	Lessie Price
<b>Ian Headley</b>	Senator James DeMint's Office	803-771-6112	<a href="mailto:ian_headley@demint.senate.gov">ian_headley@demint.senate.gov</a>	Lessie Price
<b>Reagan Williams</b>	Cong. Paul Brown's Office	706-447-3857	<a href="mailto:Reagan.williams@mail.house.gov">Reagan.williams@mail.house.gov</a>	Ronnie Young
<b>Luke Byars</b>	Senator Jim DeMint's Office	803-771-6112	<a href="mailto:lukebyars@demint.senate.gov">lukebyars@demint.senate.gov</a>	Ronnie Young
<b>Nancy Bobbitt</b>	Senator Johnny Isakson's Office	706-836-3398	<a href="mailto:Nancy_bobbitt@isakson.senate.gov">Nancy_bobbitt@isakson.senate.gov</a>	Ronnie Young
<b>Jim Hussey</b>	Senator Saxby Chambliss' Office	706-738-j0302	<a href="mailto:Jim_hussey@chambliss.senate.gov">Jim_hussey@chambliss.senate.gov</a>	Ronnie Young
<b>Price Atkinson</b>	Cong. Bob Inglis' Office	894-232-1141	<a href="mailto:price.atkinson@mail.house.gov">price.atkinson@mail.house.gov</a>	Ronnie Young
<b>Rene Ann Tewkesbury</b>	Senator Lindsey Graham's Office	803-933-0112	<a href="mailto:Reneann_tewkesbury@lgraham.senate.gov">Reneann_tewkesbury@lgraham.senate.gov</a>	Ronnie Young



**EM Environmental Management**

safety ❖ performance ❖ cleanup ❖ closure

[www.em.doe.gov](http://www.em.doe.gov)

# SRS Stakeholders

Name	Organization	Telephone	Email	Contact Person
<b>Economic Development</b>				
Fred Humes	Economic Development	803-641-3300	<a href="mailto:fhumes@edpsc.org">fhumes@edpsc.org</a>	Keith Wood
Marty Martin	Barnwell County EDC	803-259-1263	<a href="mailto:Bcedc1@bellsouth.net">Bcedc1@bellsouth.net</a>	Lessie Price
Name	Organization	Telephone	Email	Contact Person
<b>Chamber of Commerce</b>				
David Jameson	Greater Aiken Chamber	803-641-1111	<a href="mailto:djameson@aikenchamber.net">djameson@aikenchamber.net</a>	Keith Wood
Sue Parr	Augusta Metro Chamber	706-821-1313	<a href="mailto:sparr@augustagausa.com">sparr@augustagausa.com</a>	Lessie Price
Name	Organization	Telephone	Email	Contact Person
<b>Southern Carolina Alliance</b>				
Danny Black	SCRDA	803-541-0023	<a href="mailto:dblack@southerncarolina.org">dblack@southerncarolina.org</a>	Lessie Price



# SRS Stakeholders

Name	Organization	Telephone	<u>Email</u>	Contact Person
<b>County Council</b>				
Ronnie Young	Chairman, Aiken County Council	803-502-5713	<a href="mailto:Ronnie.Young.young@wgint.com">Ronnie Young.young@wgint.com</a>	
Anthony G. Mizzell	Chairman, Richland County Council	803-576-2050	<a href="mailto:mizzell@richlandonline.com">mizzell@richlandonline.com</a>	Lessie Price
William Nimmons	Chairman, Bamberg County Council	803-368-5203	<a href="mailto:wcnimmons@bellsouth.net">wcnimmons@bellsouth.net</a>	Lessie Price
J. W. Wall	Chairman, Allendale County Council	803-632-3352	<a href="#">No email</a>	Ronnie Young
Lowell Jowers	Chairman, Barnwell County Council	803-541-7157	<a href="#">No email</a>	Ronnie Young
Monroe Kneece	Chairman, Edgefield County Council	803-279-7060	<a href="mailto:mkneece@edgefieldcounty.sc.gov">mkneece@edgefieldcounty.sc.gov</a>	Ronnie Young



# SRS Stakeholders

Name	Organization	Telephone	<u>Email</u>	Contact Person
<b>Mayors</b>				
Deke Copenhaver	Augusta-Richmond County Gov.	706-821-1831	<a href="mailto:mayordeke@augustaga.gov">mayordeke@augustaga.gov</a>	Lessie Price
Fred Cavanaugh	City of Aiken	803-649-1583	<a href="mailto:fcavanaugh@aiken.net">fcavanaugh@aiken.net</a>	Lessie Price
Vernon Dunbar	Town of New Ellenton	803-652-2214	<a href="mailto:vdunbar@newellentonsc.com">vdunbar@newellentonsc.com</a>	Lessie Price
Todd Etheredge	Town of Jackson	803-471-3906	<a href="mailto:tojclerk@aikenelectric.net">tojclerk@aikenelectric.net</a>	Ronnie Young
Lark Jones	City of North Augusta	803-279-2935	<a href="mailto:ljones@northaugusta.net">ljones@northaugusta.net</a>	Ronnie Young



## SRS Stakeholders

Name	Organization	Telephone	<a href="#">Email</a>	Contact Person
<b>Universities/Colleges</b>				
Dr. Tom Hallman	University of South Carolina Aiken	803-641-3403	<a href="mailto:tomh@usca.edu">tomh@usca.edu</a>	Keith Wood
Dr. Susan Winsor	Aiken Technical College	803-593-9231	<a href="mailto:winsors@atc.edu">winsors@atc.edu</a>	Keith Wood
Terry Elam	Augusta Technical College	706-771-4005	<a href="mailto:telam@augustatech.edu">telam@augustatech.edu</a>	Lessie Price
<b>Other Contacts</b>				
Dr. Clint Wolfe	CNTA	803-649-3456	<a href="mailto:cnta@bellsouth.net">cnta@bellsouth.net</a>	Keith Wood
Dr. Susan Wood	CNTA	803-643-8820	<a href="mailto:Jukat133@bellsouth.net">Jukat133@bellsouth.net</a>	Keith Wood
Ben Rusche	Governor's Nuclear Advisory Coun.	803-739-6596	<a href="mailto:brusche@sc.rr.com">brusche@sc.rr.com</a>	Keith Wood
Shelly Sherritt Wilson	SCDHEC, Federal Liaison	803-896-8955	<a href="mailto:sherrimd@dhec.sc.gov">sherrimd@dhec.sc.gov</a>	Ronnie Young
Richard McLeod	SRS CRO	803-593-9954	<a href="mailto:crescentemc@aol.com">crescentemc@aol.com</a>	Ronnie Young
Scott English	S.C. Governor's Office	803-734-5166	<a href="mailto:sdenglish@gov.sc.gov">sdenglish@gov.sc.gov</a>	Lessie Price

