

3.0 BUDGETING

Project baselines provide the starting point for the EM budgeting process and the EM *Accelerating Cleanup: Paths to Closure* identifies the overall strategies of the EM Program to be factored into the budget formulation process. Although it is recognized that the *Paths to Closure* is not part of the annual budget development process, it is useful because it provides a life-cycle context for budget development. EM develops a performance-based budget that is presented within the context of the life-cycle cost and performance estimates to demonstrate quantifiable progress against EM's life-cycle estimates.

The objective of the budget process is to obtain financial resources on an annual basis for the EM Program consistent with the EM Vision in *Paths to Closure*. The budget formulation process is divided into four separate stages over approximately a 22-month period. Each stage has its own products, requirements, milestones, time frames, and due dates. Figure 9 provides an overview of the business processes associated with the EM budgeting process. The stages are the Field Budget Submission (Sections 3.1 and 3.2), which generally takes place between January and April ; the Corporate (or Internal) Budget Review (see Sections 3.3 and 3.4), conducted in May through July; the OMB Submission (see Section 3.5), which occurs in August through early December; and finally, the Congressional Budget Request (see Section 3.6), which takes place in late December through the following October.

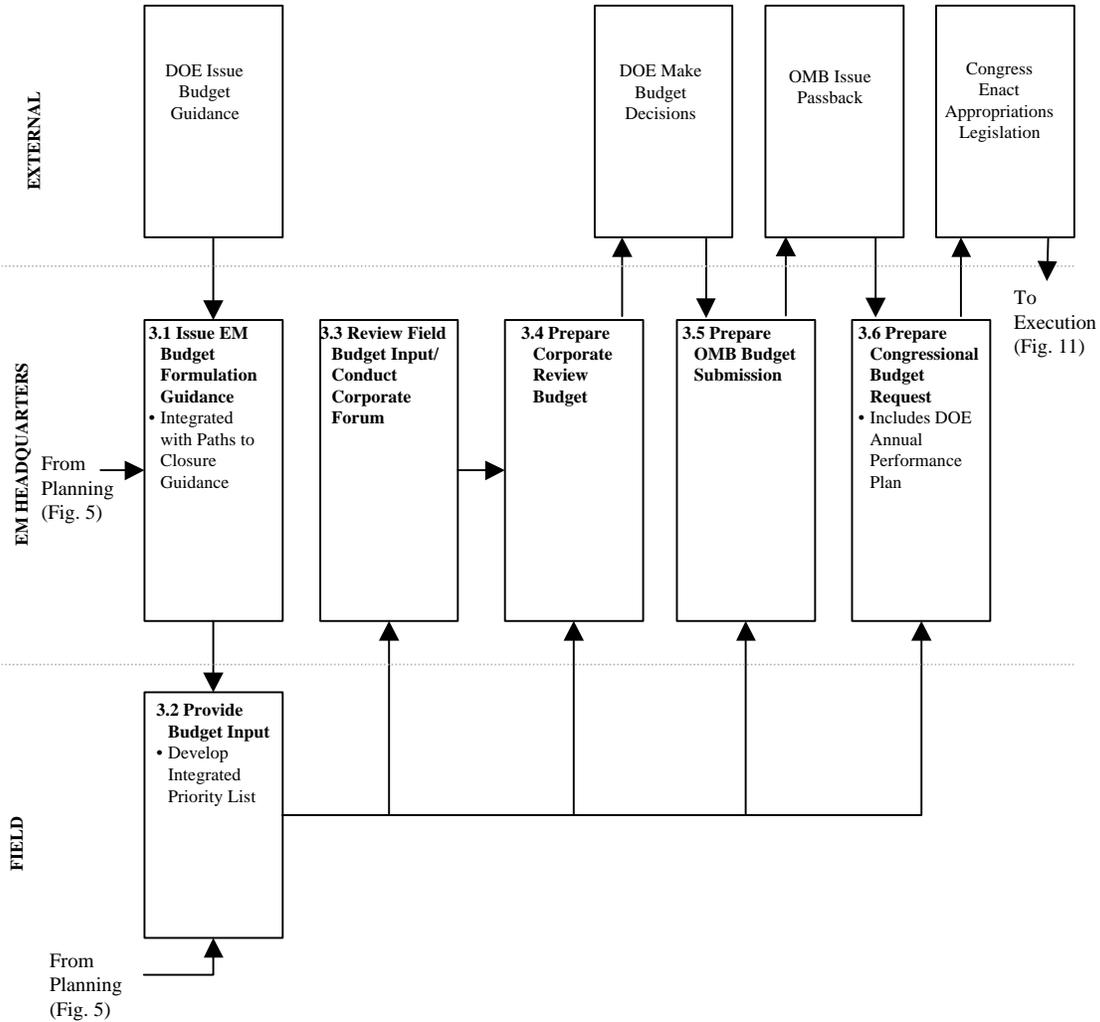


Figure 9. EM Budget Processes

The following sections provide details for each element of the budget process.

3.1 EM BUDGET FORMULATION GUIDANCE

EM Headquarters will issue Life-cycle Planning/Budget Formulation guidance consistent with the *Paths to Closure* vision in the fall/winter of each calendar year, and Field data reporting will be due in the spring. This guidance will include OMB funding targets for each Field Office, national assumptions, budget narrative and priority list requirements, and direction concerning development of performance measures. This guidance supplements the departmental budget formulation guidance issued annually by the CFO. The CFO is responsible for issuing uniform guidance and requirements for DOE’s budget; whereas EM issues guidance and requirements for items unique to EM’s budget needs. The EM guidance is not intended to supersede the CFO’s budget guidance. The CFO guidance, formerly known as the Unicall, includes requirements for line item projects, plant and capital equipment, requirements from OMB Circular A-11, and

Crosscut Requirements and Supplementary Budget Materials required by other Departmental program offices.

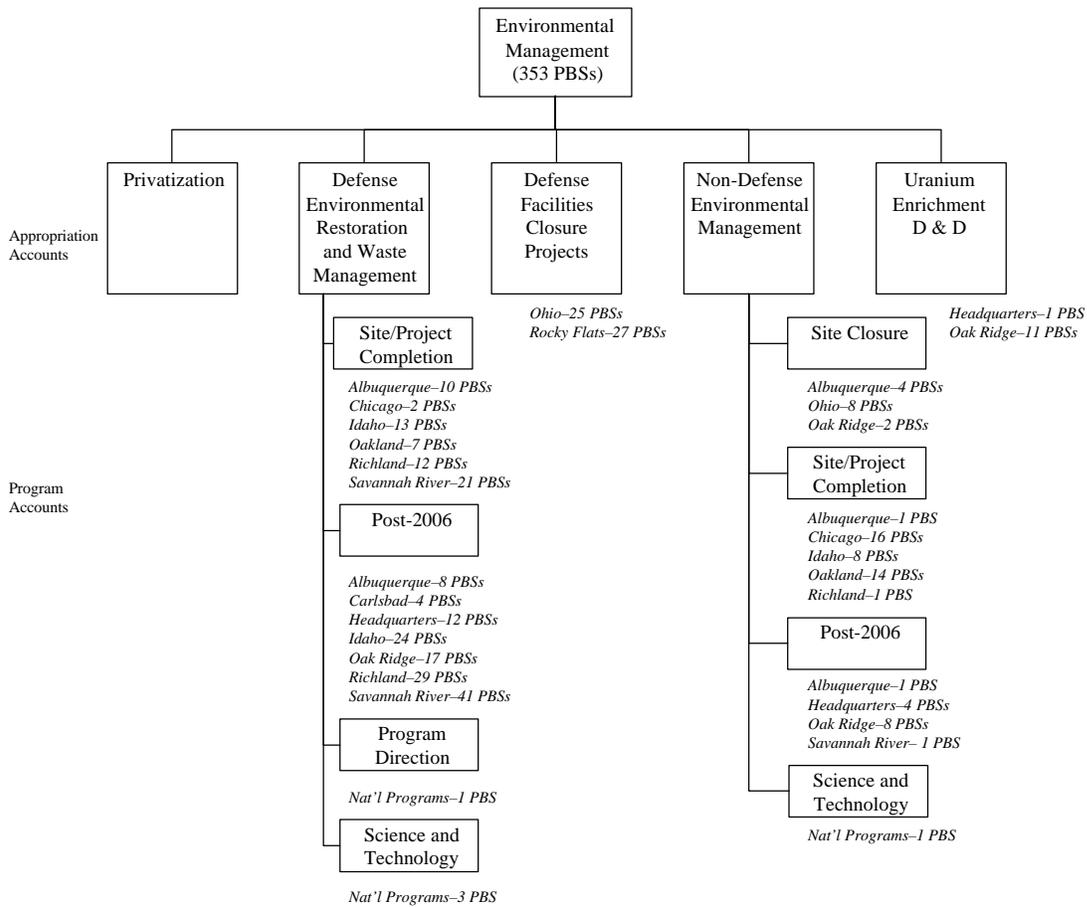


Figure 10. EM Budget Structure

The EM budget structure has been restructured to reflect the *Paths to Closure* vision. Beginning with the FY 1999 Congressional Budget Request, the EM budget has been organized by PBSs, which are included under the following program accounts:

- **Site Closure.** This account provides funding for completing cleanup and closing down facilities with no enduring Federal presence on site, except for stewardship activities. The Department has established a goal of completing cleanup activities budgeted for in this account by 2006.
- **Site/Project Completion.** This account provides funding for environmental management projects that will be completed by 2006 at (1) EM sites where overall site cleanup will not be fully accomplished by 2006; and (2) DOE sites where all EM Projects will be completed by 2006 (except for long-term stewardship activities), but where there will be a continuing federal workforce at the site to carry out enduring non-EM missions.

Post 2006 Completion. This account funds projects that are expected to require work beyond FY 2006.

Other EM Program and appropriation accounts remain essentially the same.

Starting in the FY 1999 budget cycle, PBSs must be structured to ensure that they are funded out of only one appropriation account, and out of only one Program account. Figure 10 illustrates the structure of the FY 2000 Congressional Budget.

3.2 FIELD BUDGET INPUT

Upon receipt of the budget formulation guidance, Field Offices will prepare the requested budget information, including budget authority and performance metrics data, priority lists, and budget narratives (including a discussion of mission, supporting goals and objectives, and accomplishments), and crosscut requirements and supplementary budget materials as requested in the Field Budget Call. The Field should utilize their project baselines as the starting point for development of budget documentation.

Each Operations/Field Office is required to prepare an Integrated Priority List (IPL). The IPL is a list of activities, which may be equal to PBSs (or sub-PBSs) ordered relative to each other, displaying the Operations/Field Office's budget priorities. Headquarters uses the IPL in making funding decisions and to assist in the defense of the budget to the CFO and OMB. Each Operations/Field Office has its own priority-setting process or system in place, designed with input from regulators, local stakeholders, and Tribal Nations. Some site priority-setting processes may be quantitative in nature, while others may be qualitative. The Field Office must consider the EM Vision (see Section 2.1) in developing its priority list. Field Offices are encouraged to work with their stakeholders in developing the Field Budget Submission to reflect stakeholder concerns and priorities. This interaction with stakeholders also provides insight into what drives the funding requirements at each Field Office and is valuable during deliberations at the Corporate Forum. Sites must ensure that funding requests include appropriate funding for safety-related activities required to support planned project activities.

3.3 EM BUDGET REVIEW/CORPORATE FORUM

Following receipt of the Field Budget Submission, Headquarters Site Leads and DASs will review the detailed budget narratives and IPLs to verify that the Field assessments of performance measures, technical, and budget data are adequate; and to establish a level of confidence in the information on which the budget submission is based. Headquarters will analyze the Field submission to verify adherence to Headquarters guidance and strategy. This analysis will include a review of the IPL and the assumptions on scope, schedule, and costs. This is an interactive process between Headquarters and the Field, in which the Headquarters Site Lead will determine the adequacy of the data based on its reasonableness, its ability to be achieved, and its necessity in the budget year. This review is EM's internal budget validation. Information that can assist in this determination includes background data on level of effort, historical information to establish the uniqueness of the project, political sensitivities or initiatives, the performing contractor or contractors, and requirements for research or

development. The Headquarters review will also analyze the Field proposals as a whole, based on the national perspective, considering the impact on closure discussed in the latest *Paths to Closure*. This analysis should resolve many minor issues or misunderstandings and lead to development of major issues for discussion at the EM Corporate Forum meeting, which generally occurs in May.

The EM Corporate Forum is chaired by EM-1 and will include EM-2, the Deputy Assistant Secretaries, and the Field Office Managers (or their designees, including an Assistant Manager for Environmental Management at Field Offices where they exist). The EM Corporate Forum must be convened before the Corporate Review Budget Submission as a 1- to 2-day review focusing on corporate direction/decisions and outstanding issues. Each Operations/Field Office will present issues and challenges for its sites along with the rationale for over-target requests. The Deputy Assistant Secretary for Science and Technology (EM-50) will present the IPL for Science and Technology at this time. The EM-50 IPL will be finalized during the Corporate Forum. Results of the corporate discussions become the basis for the EM Budget Submission to the CFO. Additional Corporate Forum meetings will be held during the year as required by EM-1.

3.4 EM CORPORATE BUDGET REVIEW

During May and June, EM Headquarters Site Leads and DASs will participate on teams led by the EM Budget Office to consolidate Field and National Program budget requests for development of the EM Corporate Review Budget, which is submitted to the CFO in June. The Corporate Review Budget will reflect the results of the EM budget review and the decisions from the Corporate Forum meeting. A series of reviews and briefings conducted by the CFO will lead to a formal presentation of budget issues to the Secretary of Energy in early July, with recommendations from both the CFO and EM on how to resolve the issues. In early August, EM will receive Secretarial decisions on the EM budget issues and a budget allocation from the Department to go forward with the OMB Request.

3.5 OMB BUDGET AND PASSBACK

Once EM receives its final Departmental budget allocation, EM Headquarters staff will update the budget. EM Headquarters Site Leads and DASs will again team with the EM Budget Office to incorporate budget changes as a result of Secretarial decisions, in consultation with the Field. In September, DOE submits the EM budget to OMB. After a number of reviews and briefings in autumn, OMB allocates the Department's budget through a process known as the passback; the Department responds with an appeal, if necessary. This is normally conducted on a very short turnaround basis in late November. In the past, the IPLs have played a critical part in the defense of the EM budget and the development of appeal documentation. EM Headquarters Site Leads and DASs will provide input to the OMB passback appeal, as required. EM Headquarters will involve the Field in the passback and appeal process to the greatest extent possible, recognizing overall time constraints.

3.6 CONGRESSIONAL BUDGET AND APPROPRIATION

Once EM receives the final passback from OMB, the Field will update the budget data and narratives in consultation with Headquarters. Headquarters will issue limited update budget guidance for the Congressional Request that identifies data needed from the Field. EM Headquarters Site Leads and DASs will work with the Field and the EM Headquarters Budget Office to identify recommended changes and to prepare EM's input to the Congressional Budget Request, based on the latest available technical and financial information. Budget and performance measures information for the three-year budget window will be updated, if required, by Operations/Field Offices to support the Congressional Budget Request. The Draft Annual Performance Plan (which must be submitted with the Congressional Budget) must then be revised to be consistent with the measures included in the Congressional Budget Request. Additionally, the budget narratives must be revised to reflect changes resulting from funding decisions and to reflect any changes made to performance measures. The Congressional Budget Request is submitted to the CFO in January with official transmittal to Congress the first week of February.

Upon receiving the Congressional Budget Request, the House and Senate Energy and Water Development appropriation committees and cognizant authorization committees will conduct briefings and formal hearings on the Budget Request. These may include questions for the record that cannot be answered immediately. Responses to these questions will be coordinated by EM Headquarters and involve the Field, as appropriate. A summary of Congressional questions and answers will be maintained by EM Headquarters and shared with the Field. Headquarters will keep the Field informed of developments and changes that occur as the budget proceeds through the Congressional mark-up process until it is passed in an Appropriations Bill and signed into law by the President. During the budget review process, EM Headquarters shall be the primary interface with Congress, and the Field will participate as required. The Field shall not initiate Congressional contacts related to the appropriations process.