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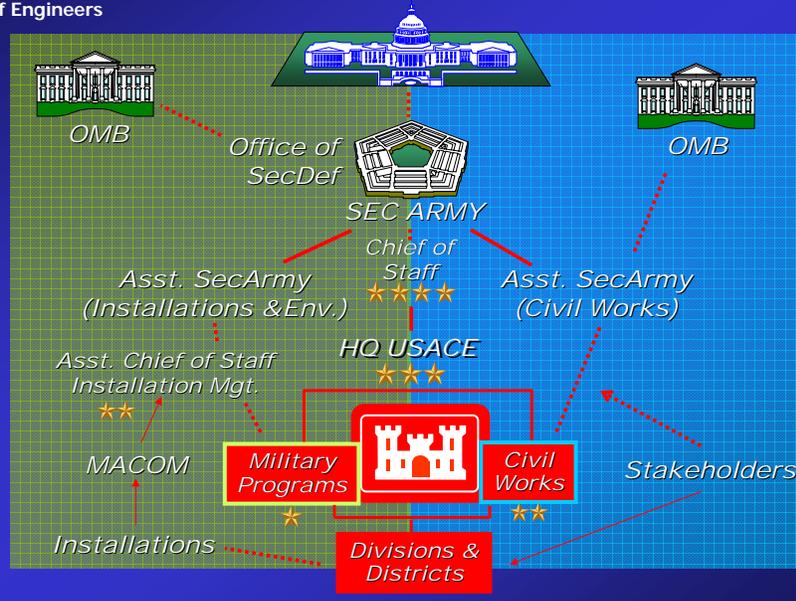
Civil Works Appropriations Process

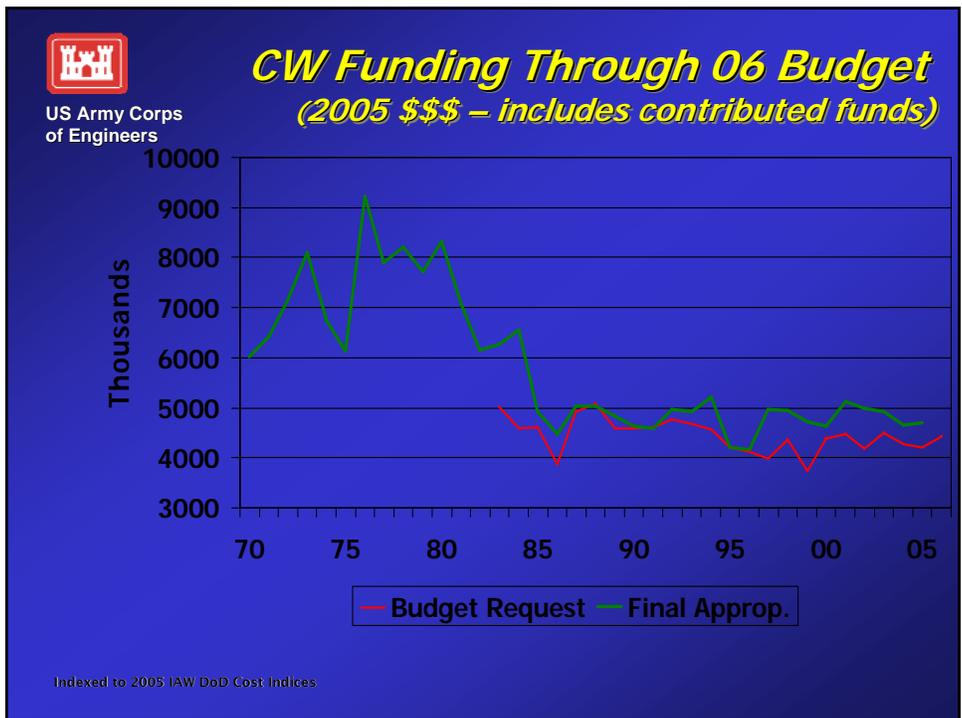
Barry Holliday
Navigation Program Manager



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Authorization/Appropriations Process - The Major Players







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APPROPRIATION ACCOUNTS

General Investigations (GI)
Construction, General (CG)
Operations & Maintenance, General (O&M, G)
Flood Control, Mississippi River & tributaries (FC,MR&T)
Regulatory Program (RP)
Formerly Utilized Sites Remedial Action Program (FUSRAP)
General Expenses (GE)
Flood Control & Coastal Emergencies (FCCE)



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BUSINESS PROGRAM STRUCTURE

Navigation

Coastal harbors and channels; Inland Waterways

Flood Damage Reduction

Riverine Floods; Coastal Storms

Environment

Aquatic Ecosystem Restoration

Stewardship

Formerly Utilized Sites Remedial Action Program (FUSRAP)

Hydropower

Recreation

Water Supply

Flood Control and Coastal Emergencies

Regulatory Program

Support For Others



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CIVIL WORKS BUDGET FORMULATION

TRADITIONAL APPROACH:

- By account (Surveys and Design/Construction/O&M, etc.)
- Geographic balance considered
- Funding shortages spread across nearly all activities

BUDGETING BY PERFORMANCE:

- By business program (navigation, flood, etc.)
- Funding distributed based on outcomes
- Highest priority work funded at an efficient rate
- Lower priority work may be deferred, even if already started



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Seven Budgeting Principles in the FY 2006 Budget

- I) *a)* Projects compete in each of the 3 main mission areas (FDR; NAV; ENR and are classified as:
 - 1) Coastal Navigation
 - 2) Inland navigation
 - 3) Flood Damage Reduction
 - 4) Storm Damage Reduction
 - 5) Aquatic Ecosystem Restoration
 - 6) Other (including all major rehabilitation and Hydropower
- b)* Categories 1-4 are 70% or more of CG program; 5 is 25% or less; 6 is 5% or more
- c)* Projects ranked based on performance criteria (Remaining Benefit Remaining Cost ratios or Effective use of resources to address Significant Ecological problems)
- d)* Dam Safety and Seepage correction projects get capability needs
- II) Projects at the top of their rankings receive at least 80% of capability
- III) New Starts and Resumptions are included if their RBCR's are in the top 20%
- IV) Repeal current continuing contract clause and propose a new multi-year contract authority with better controls on outlays and spending
- V) Lower ranking projects considered for contract deferral, suspension, or termination out of a Termination fund
- VI) Any funding left in the Termination fund after evaluations to go to Highest performing projects
- VII) Up to 10% of the CG account can be moved to ongoing construction regardless of above



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Five Authorization and Appropriations Principles from FY 2005 Budget

- Use sound analytical methods for new investments
- Fund few new projects until ongoing work is drawn down
- Set investment priorities for each mission by looking nation-wide
- Deauthorize projects not supported by the Administration
- Set cost sharing to reflect distribution of benefits



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Authorization and Appropriations Principles from FY 2005 Appropriations

- Protect the investment already made in major water infrastructure
- Complete projects that are already under construction.
- Move forward with completing ongoing studies that appear to be justified by their economic or environmental benefits.
- Fulfill prior commitments made to local sponsors, including those made on beach renourishment projects.
- Develop a comprehensive five-year plan to guide budget requests and Congressional spending decisions. Develop a view of what lies ahead in the coming years of the Civil Works program and correct the perception that the Corps Civil Works lacks focus or guiding principles.



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BASIS OF 06 BUDGET

Budget Requests Formulated with Assumptions on Prior Year Funding

- Army Recommendation to OMB Sep 2004
- Aggressive implementation of PMA expected
- Performance Plans to be incorporated into budget request and Congressional Justifications.
- Performance Measures included so performance is clear and request related to effectiveness.



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Budgeting – Which Projects Make the Cut?

Performance Measures

Nationwide Program benefits

- Flood & Storm DR
- Inland % Coastal Nav
- Aquatic Ecosystem Rest

Annual Net Benefits

Value & Quantity areas restored

Projects that apply watershed principles

Ranking Criteria

- New/Continuing
- Remaining Benefit-Cost Ratio
- People at risk in 100-yr floodplain
- Years to complete a phase
- Last year feasibility/completions
- "Normal" O&M at high use
- O&M BCR for FDR
- Loss prevention for significant natural resources
- ESA & compliance needs
- Safety, Caretaker, Subsistence



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FY 06 PERFORMANCE-BASED BUDGETING

Use Performance Measures To:

- Rank competing investments in each business program
- Demonstrate improved outcomes from added increments

Develop amounts based on their own internal performance metrics for:

- REG; GE; FCCE; REC; ENV Stewardship; FUSRAP

Develop Performance Based program for project oriented business lines:

- Initial program (no new work, no new phases or contracts, previously budgeted projects only)
 - for FC; NAV; ENV Restoration; Hydro; WS;
- Add Performance Base High Return items and "Must Have" increments for GI and O&M items
 - Categorize and Prioritize CG projects into Dam Safety; High Priority (RBRC>5 and High ENR outputs); Priority Projects (RBRC from 5 down to 3 and then lower priority below that)
 - Distinguish between Ongoing vs New contracts VERY IMPORTANT
 - Work up through the lowest priority, ongoing CG projects and contracts to get to "Final Budget"



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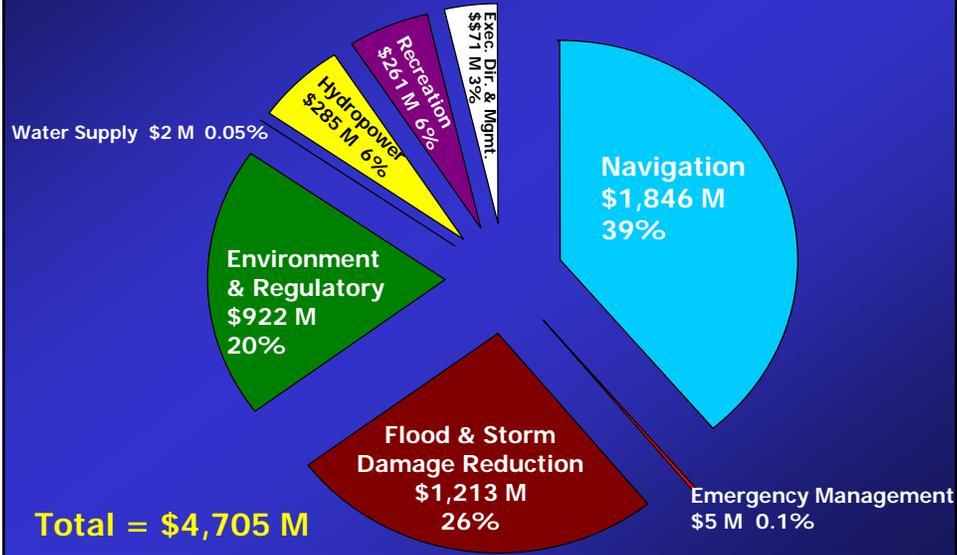
FY 06 BUDGET

	<u>03 Act</u>	<u>04 Act</u>	<u>05 Bud</u>	<u>05 Act</u>	<u>06 Army</u>	<u>06 Current</u>
General Investigations	134	117	91	145	118	95
Operation & Maint.	1967	1968	1934	1959	1937	1979
Construction, General	1745	1722	1437	1796	1315	1637
Miss. River & Tribs.	342	324	270	324	228	270
Regulatory Program	138	140	150	145	180	160
Flood Control & Coastal Emer	15	0	50	0	25	70
F.U.S.R.A.P.	144	140	140	165	130	140
General Expenses	154	160	167	167	169	162
ASA(CW)	0	0	0	4	0	0
Total	4639	4571	4238	4705	4102	4513



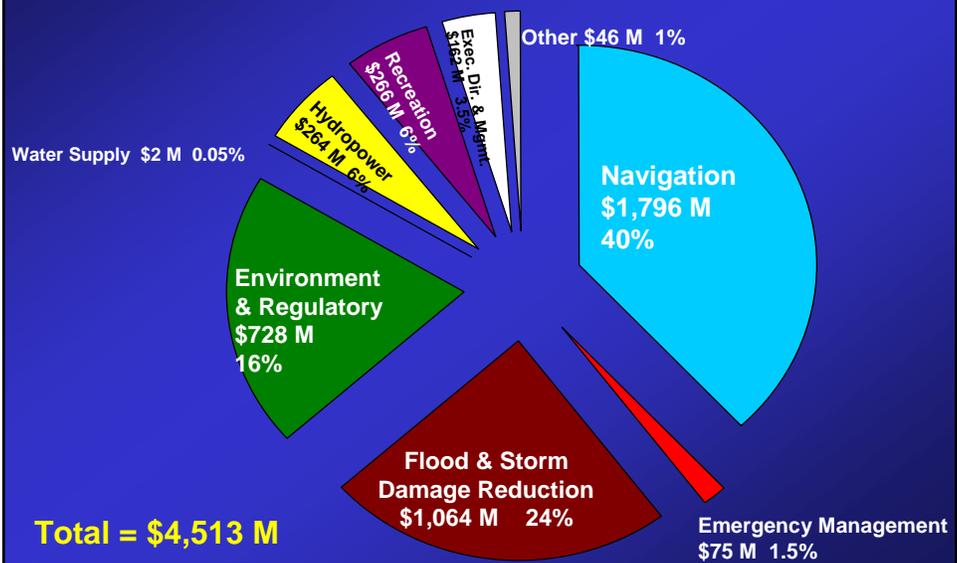
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FY 05 Appropriation by Business Program



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FY 06 Budget by Business Line





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President's Budget



Reflects commitment to
prosecute War on Terror.

Supports work that benefits will pay enormous
future.

Funds critical water resources infrastructure needs

Assists President's Management Agenda.

We will execute to best of our abilities, focusing on:

- Contributing to national security,
- Energizing the economy,
- Enhancing our environment.



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FUTURE DIRECTIONS

- Performance Measures need *refinement* to use in prioritizing
- Cross Cutting Measures need to be developed to prioritize across business lines.
- Field Training on use of measures in their own prioritization needs to be conducted
- Corporate-Whole in conjunction with Stakeholders must work closely together to support and define good measures and develop and implement a good program