

Making Budget Work for You



Sabria Mathis
Washington Office
Division Of Budget
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Objectives

Upon successful completion of this lesson, participants will be able to:

1. Define what role **YOU** play in the budget process.
2. Define and understand that internal and external factors play different roles at the national level in the budget process.
3. Describe why the budget received may vary from the budget submitted (*What goes up may not come down!*).
4. Describe why the final allocation received may vary from the initial allocation.
5. Develop a better understanding of how the **BLM** Budget process works and your role. (*AWP & PTA*)
6. Become familiar with budget terminology.

Four Parts to Developing the Budget

PART 1: The White House (Office of Management and Budget) develops guidance which is funneled down to the Bureau level.

- BLM and DOI do not participate in this process, but it is important to understand.

PART 2: The Bureaus develop proposed budgets, which are funneled back up through the Administration and to Congress.

- Request to DOI, OMB, and Budget Justifications.

PART 3: The Congress develops its budget – based on input from the Administration and its own policy and fiscal goals.

- Congressional Hearings, Markups, Reports, Conference Committee, Capability & Effects Statements.

PART 4: The BLM's internal processes to allocate funds.

- Planning Target Allocation (PTA) & Annual Work Plan (AWP).



Part I - The White House (Office of Management and Budget) develops guidance which is funneled down to the Bureau level.

- OMB has two ways it issues their guidance to BLM:
 1. **Fiscal Concerns** – especially: National Debt payments, Deficit, & Entitlement spending
 2. **Policy Direction** – Each Administration has it's own policy concerns.
- OMB begins to look at these issues well in advance of the budget year.
- DOI/BLM are not involved in this process.

Understanding OMB's Fiscal Budget Concerns

2 Basic Concepts

- **Expenditures**

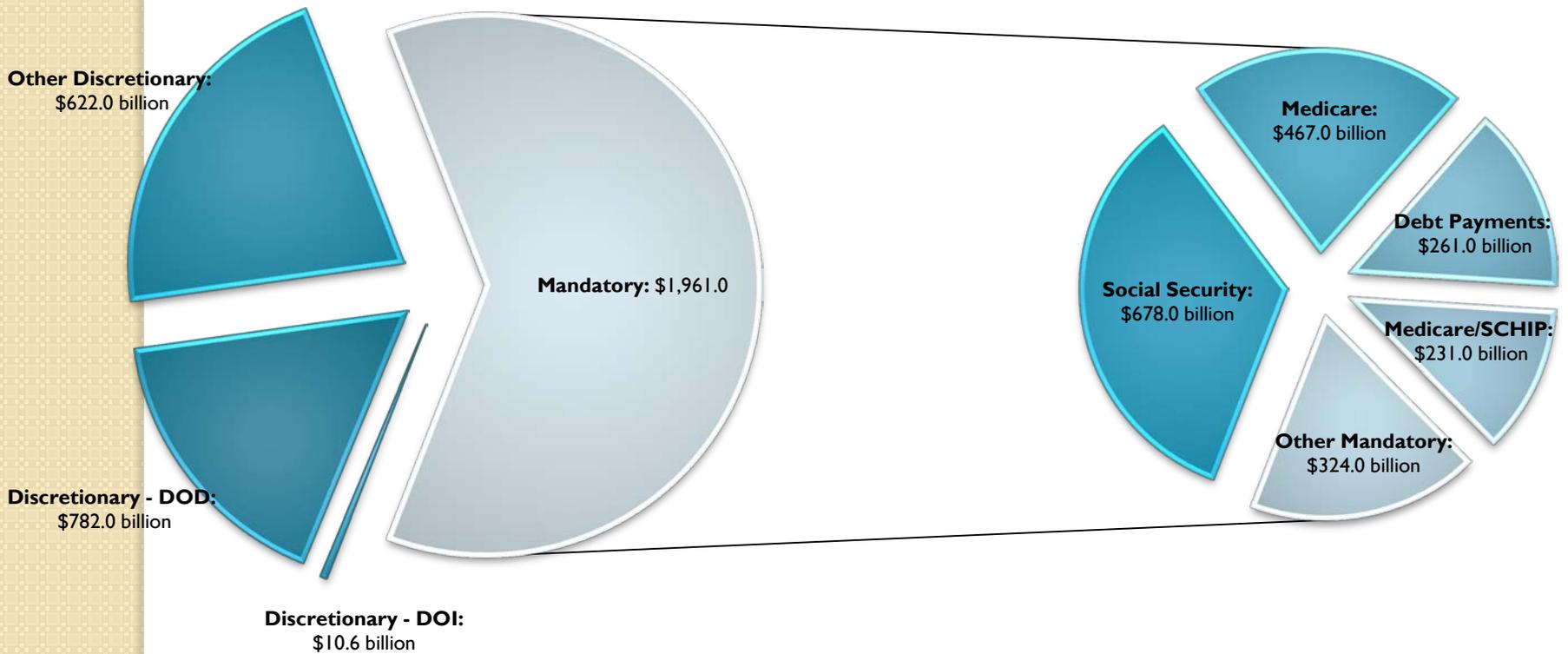
- **Discretionary:** Each year Congress decides how much money to spend (or not spend) as part of the annual appropriations process e.g. Defense, Commerce, Justice, BLM, all get their spending authority through discretionary appropriations
- **Mandatory:** Money paid out of the Treasury automatically without any decision making action by Congress or the President e.g. Medicare, Medicaid, interest payments on the deficit, Social Security Benefits, all receive their spending authority without prior approval. Medicare, Medicaid, Social Security, and various other mandatory spending programs are often referred to as “**Entitlements**” because one is automatically entitled to receive such payments simply by qualifying and signing up.

- **Receipts**

- If there are more expenditures than receipts, then the Federal Government must borrow money to pay the difference, i.e. the deficit.

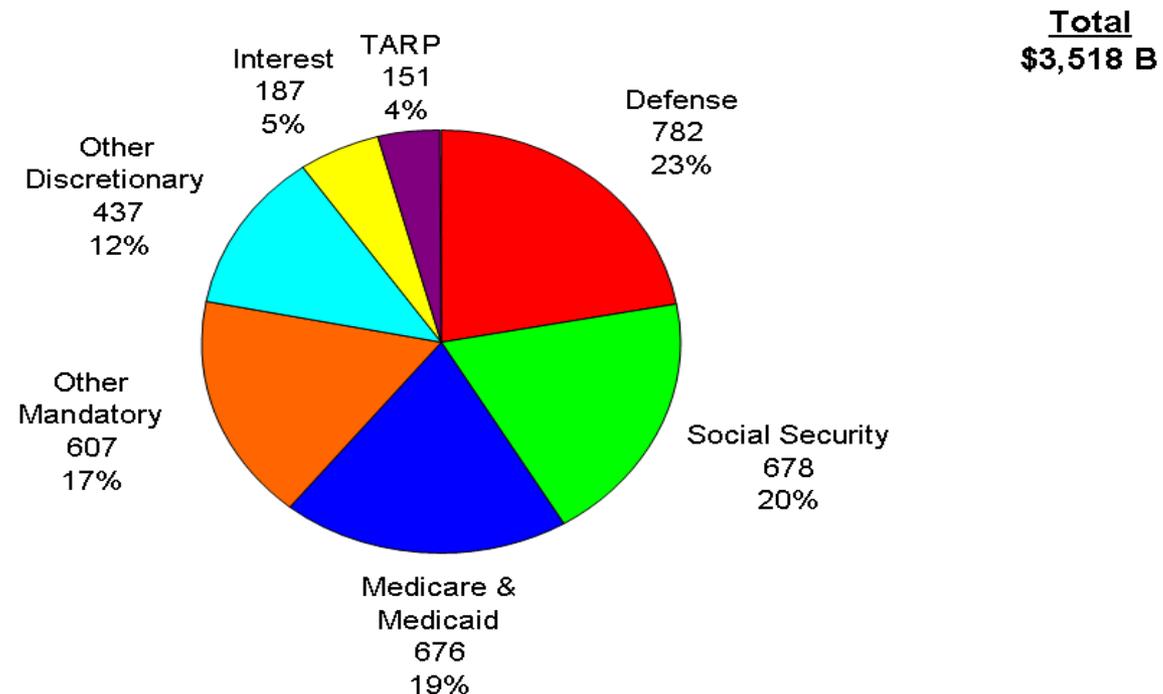
DOI and Other Government Spending

FY 2009 Federal Spending



OMB's Fiscal Budget Concerns: Federal Spending

U.S. Federal Spending – Fiscal Year 2009 (\$ Billion)

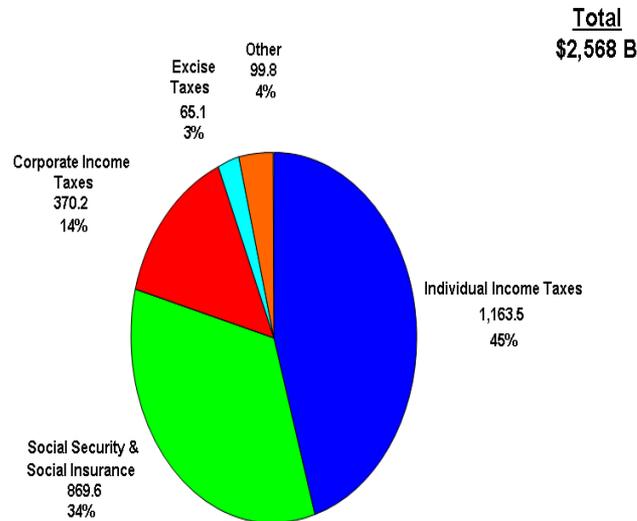


Source: OMB - 2011 Budget - Summary Table S-3

OMB's Fiscal Budget Concerns: Receipts

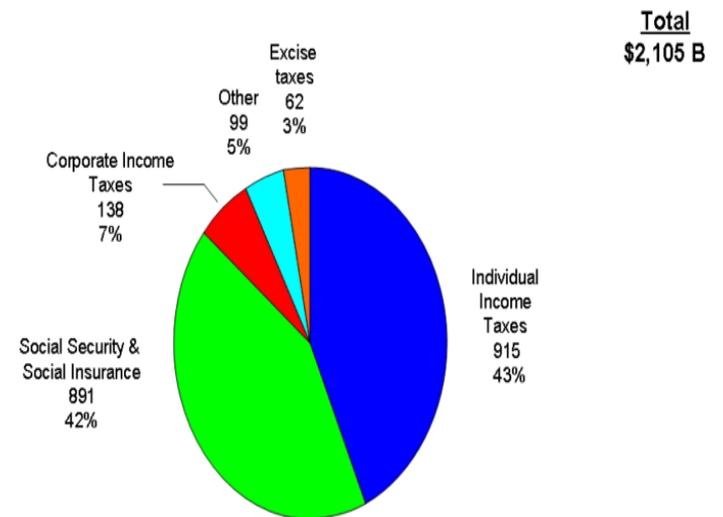
- Sources:
 - Taxes
 - Oil and Gas Royalties, Right-of-Way Rents, various Agency collected Fee's.
- Total Receipts Collected in FY2007: \$2.6 trillion and FY2009: \$2.1 trillion.

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



Source: Budget of the United States Government, FY 2009

U.S. Federal Receipts – Fiscal Year 2009 (\$ Billions)



Source Data: OMB – 2011 Budget – Summary Table S-3

OMB's Fiscal Concerns in Deciding Broader Budget Outcomes

- OMB and President balance the collective fiscal concerns based on receipts estimates, mandatory/entitlement estimates, & debt cost, they decide how much **discretionary** money they want Congress to appropriate. (BLM's Budget).
- OMB takes the total amount of discretionary money and divides it among the various Federal Departments. They then give direction to the Departments and offices in the Executive Branch.
 - Includes spending limits for total Budget for each Department.
 - Policy direction - Such as Performance, IT Security, Management concerns, Border Security, Economic Recovery.
 - Department decides how to divide money amongst the Bureaus.
- The discretionary spending number is set before any consideration is given to the needs of the various Departments.
- Departments give direction to Bureaus:
 - Includes spending limits for each Bureau, policy direction (to implement OMB's and Secretary's policies)



Part 2: The Bureaus (BLM) develop their proposed budgets

BLM Developing the Budget

- Bureaus (BLM) work within the policy and fiscal direction given by Department and OMB. Total spending amount for each Bureau is already set (although sometimes the Department can shift funding between Bureaus if they keep the same total for Department)
- Bureaus develop budgets, based on Department guidance, and provide to Department, then to OMB.
- Here's where BLM gets started in the process.
 - The DOI Budget Request
 - The OMB Budget Request
 - The President's Budget (Budget Justifications)

The Development of the BLM budget & proposals: 1st Step- The Budget Strategy Team (BST)

- The internal BLM team that guides and coordinates the BLM's budget process. They have the responsibility for guiding and coordinating the BLM's budget process from start to finish.
- With the assistance of the WO Budget Office, develops the overall budget strategy to implement the DOI and BLM Strategic Plan.
- Provide oversight on the implementation of the budget.
- Provide guidance and statement of emphasis areas to integrate the BLM budget strategy and the Strategic Plan goals, and guide other BLM processes.
- BST develops proposed budget but ultimately has to fit it within the budget numbers developed by OMB and the Department.

Who Does the BST Consist of ?

BST Members Include:

1. Bureau Budget Officer (BST Advisor);
2. Bureau Strategic Planner (BST Advisor);
3. AD, Planning and Renewable Resources;
4. AD, Lands, Realty and Resource Protection;
5. AD, Communications;
6. A State Director;
7. An Associate State Director;
8. A Field Manager;
9. A State Budget Officer;
10. AD, Human Resource Management;
11. AD, Business and Fiscal Resources;
12. AD Information Resources Management



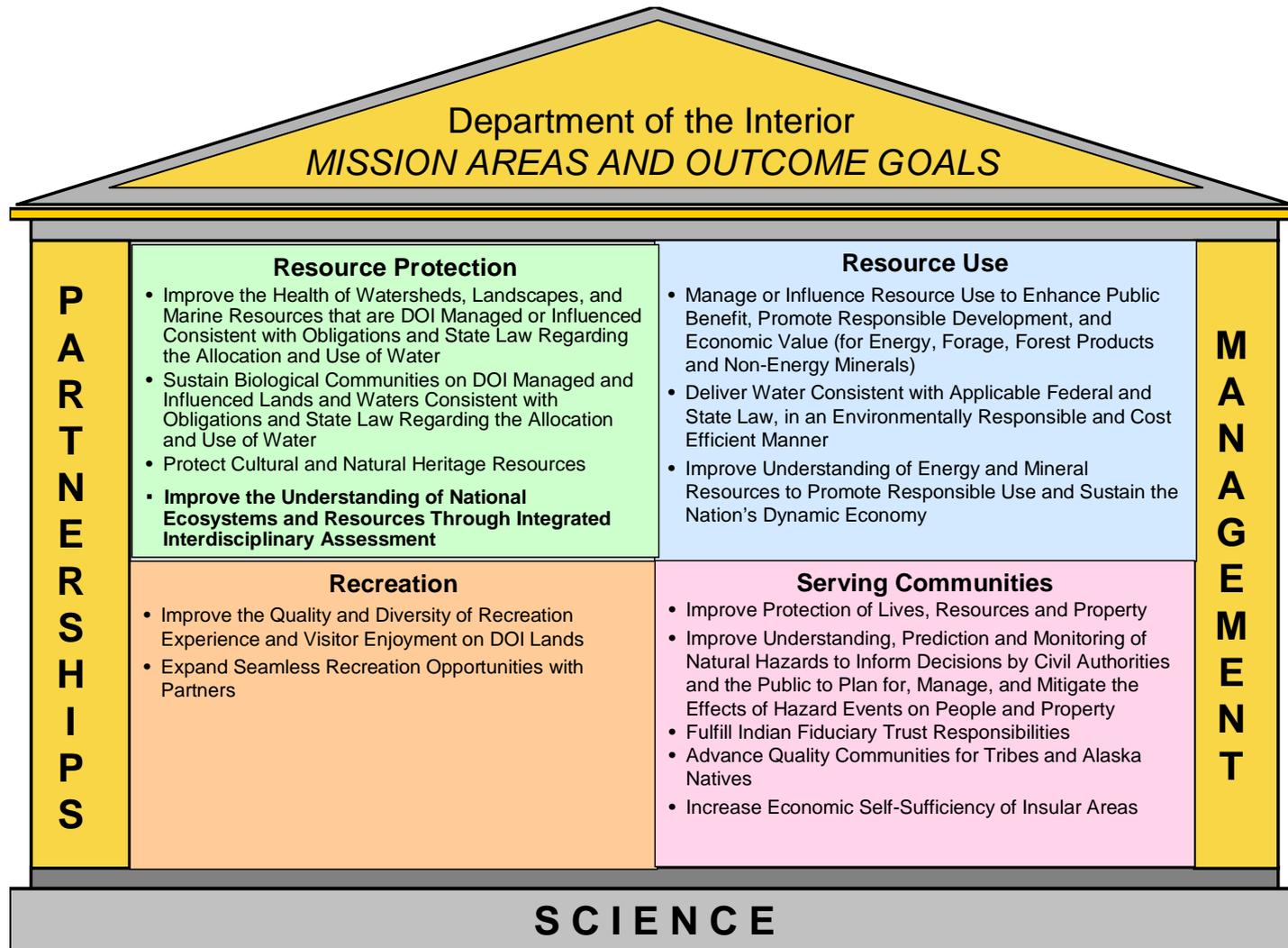
The BST makes decisions on the Fiscal Budget

- During the months of December - April each year, the Budget Strategy Team (BST) meets to discuss the Bureau-wide Initiatives, **DOI Strategic Plan**, BPS entries, and other BLM priorities. From this, the team develops a draft BLM budget concept for the upcoming budget cycle.
- This March & April the BST developed these concepts for the BLM 2012 Budget Strategy (2012 DOI Request).



Department of the Interior Strategic Plan for 2007 – 2012 (revised)

OLD Department of the Interior Strategic Plan for 2007 – 2012 (revised 2007)



- Improve the Health of Watersheds, Landscapes, and Marine Resources that are DOI Managed or Influenced Consistent with Obligations and State Law Regarding the Allocation and Use of Water
- Sustain Biological Communities on DOI Managed and Influenced Lands and Waters Consistent with Obligations and State Law Regarding the Allocation and Use of Water
- Protect Cultural and Natural Heritage Resources
- **Improve the Understanding of National Ecosystems and Resources Through Integrated Interdisciplinary Assessment**

- Improve the Quality and Diversity of Recreation Experience and Visitor Enjoyment on DOI Lands
- Expand Seamless Recreation Opportunities with Partners

- Manage or Influence Resource Use to Enhance Public Benefit, Promote Responsible Development, and Economic Value (for Energy, Forage, Forest Products and Non-Energy Minerals)
- Deliver Water Consistent with Applicable Federal and State Law, in an Environmentally Responsible and Cost Efficient Manner
- Improve Understanding of Energy and Mineral Resources to Promote Responsible Use and Sustain the Nation's Dynamic Economy

- Improve Protection of Lives, Resources and Property
- Improve Understanding, Prediction and Monitoring of Natural Hazards to Inform Decisions by Civil Authorities and the Public to Plan for, Manage, and Mitigate the Effects of Hazard Events on People and Property
- Fulfill Indian Fiduciary Trust Responsibilities
- Advance Quality Communities for Tribes and Alaska Natives
- Increase Economic Self-Sufficiency of Insular Areas

Protecting Natural, Cultural and Heritage Resources

Protecting America's Treasured Landscapes

- Improving Land & Water Health
- Restoring Landscapes to Desired Condition
- Maintaining Landscapes in Desired Condition
- Effecting Adaptive response to Climate Change
- Sustaining Species Health
 - Stabilizing Species
 - Stabilizing Populations
- Effecting Adaptive Response to Climate Change
- Expanding Protection of Landscapes
 - Developing Partnership Projects
 - Implementing Land Acquisition Strategies

Protecting America's Heritage

- Preserving Historic Structures
- Protecting Cultural Assets

Protecting Life, Resources and Property

- Wildland Fire Protection and Rehabilitation

Sustainably Using Energy, Water and Natural Resources

Securing America's Energy

- Managing Conventional Energy Development
- Developing Renewable Energy Potential
- Providing for Energy Transmission Corridors

Managing Water for the 21st Century

- Conserving Water
- Improving Reliability of Water Delivery
- Managing Climate Impacts on Water
- Improving Infrastructure and Operational Efficiency

Sustainably Managing Timber, Forage & Non-energy Minerals

- Managing Timber and Forest Products Resources
- Providing for Sustainable Forage and Grazing
- Managing Non-energy Minerals Development

Helping Americans Experience the Outdoors

- Achieving a High Level of Visitor Satisfaction
- Improving Visitor Understanding of DOI Natural and Cultural Areas
- Improving Access for Underserved Communities

Empowering People and Communities

Empowering Native American and Alaska Native Communities

- Fulfilling Fiduciary Trust
- Creating Economic Opportunity
- Strengthening Indian Education
- Making Communities Safer
- Supporting Self-Governance and Self-Determination
- Respecting and Supporting Indian Cultures
- Protecting Indian Water Rights

Empowering Insular Communities

- Improving Quality of Life
- Creating Economic Opportunity
- Increasing Technical Planning and Financial Oversight Abilities

Empowering Native Hawaiian Communities

- TBD

Providing the Scientific Foundation for Decision Making

Science for Sustainable Resource Use, Protection and Adaptive Management

- Identify and Predict Ecosystem Change to Protect and Sustain Environmental Resources
- Identify and Model the Causes and Impacts of Changes to the Earth and Ocean System to Inform Management Strategies
- Assess and Forecast Climate Change and its Effects to Develop Mitigation and Adaptation Strategies
- Monitor and Assess Water Availability and Quality to Meet Water Resource Needs
- Assess the National and Global Energy and Mineral Resource Endowment to Enhance Economic Vitality

Science to Protect and Empower Communities

- Monitor Natural Hazards and Address Risk and Resilience
- Identify the Key Pathways and Risk Factors Between the Environment/ Wildlife and Human Health

Multi-Dimensional Science and Information Framework for Understanding the Earth

- Advance the Information Framework to Discover, Integrate and Preserve Data for Science and Natural Resources Stewardship
- Create Geologic Maps and Models for Sustaining Resources and Protecting Communities
- Advance the Application of Remote Sensing and Geospatial Information and Technologies for Understanding Changes to the Earth

Creating Opportunities for Young People in the Outdoors

- Creating a Youth Conservation Corps
- Engaging Young People in Environ. Programs

Building a 21st Century Interior

- Reducing Interior's Carbon Footprint
- Building a 21st Century Workforce
- Improving Bus. Processes and Oper. Efficiency

VALUES

- Ethics
- Engage the public in open, transparent government
- Accountability
- Promoting partnerships
- Diversity
- Scientific integrity
- Acquisition integrity and efficiency
- Financial integrity and performance improvement (incl. revenue management)
- Safety, security and preparedness
- Dependability of information technology
- Promote small and disadvantaged business
- Effective budget implementation
- Effective asset management
- Employee workplace health and safety



Secretary Initiatives 2009 – 2012

Used in Developing 2011 Budget Request. Implements the DOI Strategic Plan.

- **New Energy Frontier-** Implementing a comprehensive New Energy Frontier strategy that creates jobs, reduces the Nation's dependence on foreign oil, and reduces climate change impacts. The budget requests an increase of \$27.4 million for renewable and conventional energy programs.
- **Climate Change Adaption:** Confronting the realities of climate change and launching an integrated strategy for Climate Change Adaptation. An increase of \$35.4 million is requested to implement the Department's integrated program.
- **Treasured Landscape:** Developing a 21st century Conservation agenda that protects Treasured Landscapes. The 2011 budget includes increases of \$106. million for Land Water Conservation Fund programs. And \$71.4 mil for investments in major ecosystem restoration projects in the Chesapeake Bay, California's Bay-Delta, the Gulf Coast of Louisiana and Mississippi, and the Everglades.
- **Sustain and Manage America's Resources for Tomorrow:** tackling the water challenges facing the country with a new strategy to Sustain and Manage America's Resources for tomorrow. The Department's Water Smart sustainability agenda includes increases of \$36.4 million.
- **Youth in Natural Resources:** The budget increases funding for youth programs by \$9.3 million.
- **Empowering Tribal Nations:** Honoring trust and responsibilities and Empowering Tribal Nations. The budget includes targeted increases for contract support and other tribal priorities.
- **Wild Horse & Burro:** Continue to implement the Secretary's WHB initiative. Increasing the program operations and purchasing the WHB Preserve.

Budget request submitted to DOI

“DOI Request”

- DOI gives guidance on policy and targets to BLM during April and May each year.
- BLM usually focus on any Secretary Initiative areas, and other BLM priorities which is usually decided by the Director or the BST.
- DOI usually asks for several scenarios – over and under the targeted level. For example, -3% and -5% scenarios.
- The Secretary reviews Bureau submissions; determines if the submissions meet DOI goals; and decides on the compositions of the DOI budget request, including:
 - Overall funding and staffing levels – between Bureaus
 - Continuing programs
 - New initiatives
 - Reduction scenarios
 - Management improvements
- BLM is competing for funding with other DOI bureaus because DOI has a bottom line total funding to work with. BLM has to make a persuasive case for funding, based on our performance in prior years.

Budget request submitted to OMB

“OMB Request”

- During July & August, of each year, the BLM develops the Budget Estimates for upcoming Fiscal Year for the Office of Management and Budget (OMB). We submit this budget proposal, which is based off of the outcome of the DOI Request to OMB in September. Known as the **OMB Request**.
- The Office of Management and Budget completes its review of our submission in late November, determining which proposals should be included in the President’s Budget, including funding levels. This is called the **OMB Passback** (In November). We appeal. DOI and OMB will negotiate over decisions, funding levels.
- DOI is competing for funding with other government departments. OMB has to take information from the whole executive branch and make complex decisions.
- Areas OMB looks at: to determine their decision:
 - Programs with funding increases in the past – which should have showed results by now.
 - Where can they get the most for the \$? It’s based on performance.
 - Initiatives that show several DOI bureaus working together are very persuasive.

Budget Justifications

“Green Book”

- In November of each year, the BLM begins writing the upcoming FY Budget (this year 2011 Budget Justifications).
- In December and January, OMB gave final decisions to DOI & BLM. At this point, we support the Administrations position.
- The President presented the Budget to Congress on the first Monday in February, of every year, and the Secretary holds a press conference.
- Budget Justifications are submitted to Congress in late February, or early March. (BLM’s book was published on 3/2/2010)
- The Secretary and the BLM Director testify before several Congressional Committees in March & April of the current year on the upcoming years budget (this year 2011 Budget)



Part 3: The Congress develops its budget – based on input from the Administration and its own policy and fiscal goals.

Congressional Action on the Budget

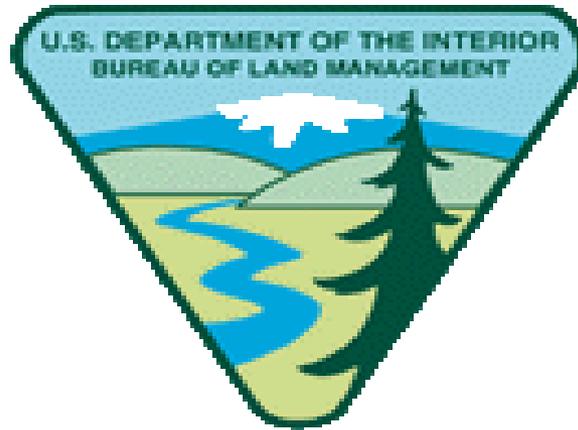
- In January and February, Congress passes a Budget Resolution.
- A Budget resolution is Congress's outline of the Budget.
- Budget Resolution has the total dollars Congress decides to appropriate, and divides the total among the appropriations subcommittees. This is done before considering needs of individual bureaus.
- Congress makes their own projections of receipts, expenditures, & debt cost through the Congressional Budget Office (CBO) and the House and Senate Budget Committees.
- As with OMB, Congresses' projections determine their discretionary spending limit. (Lately, Congress and White House have differed in their projections).

Congressional Action on the Budget

cont'd

- In February and March, the Committees hold hearings.
- In March and April, the Appropriations Committee staff will work on the draft bills and reports.
- BLM will answer questions, and prepare **Capability and Effects statements** for the Appropriations Committee staff. The House and Senate Appropriations Committees will each develop their version of the 2011 Appropriations Act. The Committees will vote on the draft bills and then the House and Senate will vote on the respective draft bills.
- The House and Senate versions will be different. Each version reflects the respective priorities.

Part 4: BLM's Internal Process to Allocate Funds



Development of the FY 2011 BLM Budget Request

Year	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT
FY 2010						BST Meets 2011-2012 Emphasis Areas Developed		2012 Budget Request sent to the DOI		Passback from DOI on 2012 Request		2012 Budget Estimates sent to OMB Submit OMB Request
FY 2011		Passback from OMB on 2012 Request, Start writing 2012 Budget Justif.	BPS Entries due. Start writing testimony, press releases.		2012 Budget Justifications sent to Congress. Press Conference Hearings begin.	Congress Hearings on 2012 Budget. Briefings for Cong'l staff.	BLM starts working on 2012 PTA	House & Senate Apropos Comm. work on bills & reports mark-up.	House & Senate Apropos Comm.'s. mark-up their bills. House votes on House bill.	Senate scheduled to vote on Senate bill		Conf. Comm. usually meets to reconcile bills
FY 2012	End of Year Closeout for 2010, determine carryover to be used in 2011	Issue 2011 AWP		1 st Quarter Review	Will Congress enact a 2011 full year appropriation? Or a full year CR?		Mid-Year review			3 rd Quarter Review		
FY 2013	End of Year Closeout for 2011											

Planning Target Allocations - PTA

- Planning Target Allocations (PTA) are preliminary allocations and program directives based on the Budget Justification articulated in the Budget Justifications; analysis of prior year performance; and **BPS** entries for project specific programs.
- PTA is usually issued in the Spring, after the Budget Justifications are completed.
- Feedback from State Offices is crucial.
- BLM **Field Committee** assist with making decisions on the PTA.
- Final decision made by the BLM Director.

Budget Planning System (BPS)

- Allows the State and Field Offices to input priorities.
- Allows State and Field Offices to input specific projects, for the programs that allocate funds based on projects.
- BPS submissions for the 2011 Budget were due on March 16th for 2011.
- Important to include accurate information in BPS.
- There's a IM issued by the WO Budget Office annually on BPS.

Who Is the BLM Field Committee?

Field Committees Role in the PTA process

A BLM senior leadership group composed of all of the Associate State Directors and the Deputy Assistant Directors. The Budget Sub-Group of the Field Committee meets several times a year to:

- (1) Help prepare Planning Target Allocation (PTA) guidance;
- (2) Recommend projects for central funding to the BLM Director;
- (3) Review the PTA for consistency with Bureau policy and budget strategy;
- (4) Recommend release of the PTA to the Director; and
- (5) Recommend release of the Annual Work Plan (AWP) to the Director
- (6) Approves base funding shifts between states and for Washington Office.
- (7) Approves one-time funding allocations (over a certain threshold)

How You Fit In the PTA process

- The PTA process is the BLM internal process that gives the States and the Field Offices it's direction for the year.
- Determines what projects and work areas you will focus on for that year.
- You get to negotiate with your state leads on what you need for your offices programs.
- That information is then rolled up at the state level and submitted to WFO as the State PTA feedback.

Annual Work Plan (AWP)

- The AWP is the BLM internal funding allocation process that is issued once Congress enacts an Appropriation Act. (September/October).
- AWP implements any changes Congress makes from the Budget Justifications, and any other changes needed after feedback on the PTA. ~~(Red line strike out)~~
- AWP is usually issued in November or December to the states, after the enactment of the appropriations in September or October.

Annual Work Plan cont'd (AWP)

- An allocation of current year funding and performance and/or adjustment to a Planning Target is based on final Congressional appropriations.
- This allocation to the BLM Washington, State, and Center Offices is made by the WO Budget Office in consultation with the BLM Budget Strategy Team (BST). Then, States allocate the AWP to the appropriate District and/or Field Offices in the same categories, base and one time.

AWP – Role of the Field Committee

- Provides guidance for the development of the Annual Work Plan based on changes that occur between the PTA and the final appropriations.
- Reviews the Annual Work Plan and makes recommendations to the Director. Approves base funding shifts between states and the Washington Office. Approves one-time funding allocations (over a certain threshold)
- Makes decisions on allocation of carryover above 2% percent from the proceeding year.

What You should know about the **AWP** process

- The AWP is the BLM internal process that gives the States and the Field Offices the final direction from Congress after the enactment of the Budget.
- It will include any changes Congress made from the Budget Justification and incorporate your input from your States PTA feedback.

Budget Cycle ends with review and audit of expenditures

- Washington Budget Office & NOC conducts a review of performance and spending, at first quarter, mid-year and third quarter.
- Budget Office conducts an end-of-year analysis.
- Close-out in late September of each year with the WO Budget Office and NOC.

Your Contribution to Budget Process

- Submit funding needs via BPS (March of each year)
- Submit Workload Targets
- Report on Workload Accomplishments (PMDS)
(Critical for 3rd quarter)
- Respond to Planning Target Analysis (May of every year)
- Comment on Planning Target Allocation
- Comment on Annual Work Plan (September of every year)
- Ensure funding is spent for the intended purpose
- Contribute to Budget Justifications (i.e. success stories, accomplishments, performance targets) (Nov- January every year)

Principles of the Budget Process

- **Prioritize requests – be honest**
- **Be consistent in the financial message**
- **Know what's happening with your programs in the field office in regards to budget**
- **Be familiar with Budget Information (*i.e President's Budget, AWP & PTA*)**
- **Accurately report accomplishments (*Performance Based Budgeting*)**
- **Keep the priorities of the Bureau**



Where is best source for BLM budget information?

WO Budget Division website

- <http://web.blm.gov/wo-800/wo880>
- Budget Terminology Handout



Q&A and Discussion

