DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
Washington, D. C. 20314-1000

EC 11-2-214

CECW-IP

Circular
No. 11-2-214

31 March 2017

EXPIRES 31 March 2018

Army Programs

U.S. ARMY CORPS OF ENGINEERS

CIVIL WORKS DIRECT PROGRAM DEVELOPMENT POLICY GUIDANCE
FISCAL YEAR 2019

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SECTION 1

1. Purpose. This Engineer Circular (EC) provides policy guidance for the development and submission of the Corps of Engineers direct Civil Works (CW) Budget and Allocation Strategy for Fiscal Year 2019 (FY19). . In addition to this EC, the U.S. Army Corps of Engineers Civil Works Annual Program Development Manual, CECW-PDM 0001, dated 31 March 2017, will provide specific guidance for how project data is developed and managed for use in developing the CW Program. The Program Development Manual (PDM) will be available at the following link: https://intranet.usace.army.mil/hq/cecw/Pages/Fiscal%20Year%202019%20Progam%20Development%20Manual%20(Draft).aspx.

2. Applicability. This EC applies to all Corps of Engineers Headquarters (HQUSACE) elements, Major Subordinate Commands (MSCs), districts and field operating activities (FOAs) having Civil Works Program responsibilities. Specifically excluded from this guidance are mandatory program activities, such as those funded by Permanent Appropriations (PA) and the Coastal Wetlands Restoration Trust Fund (CWRTF).

3. Distribution Statement. This information is approved for public release, see: http://www.publications.usace.army.mil/USACE-Publications/Engineer-Circulars/.

4. References. See Appendix A for the list of related publications, Appendix K for the Glossary, and Appendix B for Acronyms.

5. Conventions. The following conventions are used for selected one-year periods. When a new Budget is released then all years advance by one.

BY = Budget Year (the fiscal year of the Budget to be released next) = FY19
BY-1 = the fiscal year of the most recently released Budget = FY18
BY-2 = 2 yrs. before BY = the fiscal year of the current fiscal year = FY17
BY+1 to BY+4 = FY20 to FY23

This EC supersedes portions of ER 11-2-220, ER 11-2-240, ER 11-2-290, and ER 11-2-292

6. General Guidance. Work packages and the management of those work packages over time will be the basis for Annual Budget Development, making Annual Allocation Strategy funding decisions and developing an Allocation Plan for emergency work. Development and communication of complete, accurate information on capabilities is an important part of budget development and defense. Capability information assists in the formulation of budget recommendations that use funding effectively and efficiently, and assists the Appropriations Committees of Congress in their decisions on allocations of funding. Capabilities also are of interest to non-Federal entities, who use them to help establish their own annual program recommendations. Therefore, providing realistic, defensible estimates of capabilities is an important responsibility of the U.S. Army Corps of Engineers during budget and allocation plan development and defense.

a. Annual Budget. The process for developing the annual budget is performance-based and reflects USACE's compliance with the requirements of the Government Performance and Results Act of 1993 (GPRA). Therefore, the budget is developed in a manner that reflects the primary business processes functions established for the Civil Works mission. The overall budget development process follows specific guidance based on the types of appropriation, and the business lines and business programs. In addition, each business line and business program has specific business performance and facility level data requirements.

b. Annual BY-1 Funds Allocation Strategy. The process for developing the annual BY-1 Funds Allocation Strategy is performance-based, resembles the process for the annual budget, and uses the same CW-IFD dataset (for the fiscal year preceding the annual budget). Depending on the timing of Congressional appropriations, the annual BY-1 Funds Allocation Strategy is usually developed prior to or concurrently with the annual budget for the budget year.

(1) Annual Appropriations Act. Congress provides guidance and direction for funding in the Statement of Managers accompanying annual Energy and Water Development Appropriations Act for budgeted projects and may include additional funding line items for "Additional Funding for Ongoing Work".

(a) Budgeted Projects, Programs, and Activities will be allocated funds in accordance with the line items in the Statement of Managers. Funds will be allocated based on the current capability listed at the work package level.

(b) Additional Funding for Ongoing Work will be allocated to projects, programs, and activities in accordance with the Statement of Managers direction on work or activities qualifying for funding from those line items.

(2) Full Year Continuing Resolution Act (CRA). Congress may enact a full-year continuing appropriations act applicable to Energy and Water Development, with no accompanying Statement of Managers. Funds will be allocated in accordance with the continuing appropriations act and based on the current project capability listed at the work package level.

c. Allocation Strategy for emergency work. The process for developing the emergency allocation plan is event-based, resembles the process for the annual BY-1 Funds Allocation Strategy, and uses the CW-IFD dataset. Even if there are not supplemental appropriations, the emergency allocation strategy will specially fund work packages developed as a result of a storm event. The MSC Repair Classification, Declaration Type and Number, and Storm Event data fields used for post event damage repairs/dredging work are identified in the Program Development Manual.

7. Program Development Timeline. The FY19 Civil Works Budget and Allocation Strategy will be developed based on the following process and schedule. The schedule is based on the key assumption that decision making on the FY18 Allocation Strategy and the final FY19 Budget will be simultaneous, and will occur following “Passback” and enactment of FY2018 Appropriations. Figure 1A contains details on submittal due dates for the FY19 budget data. The image below depicts the sequence of activities accomplished in development of the annual program and budget of the Corps’ Civil Works Program.

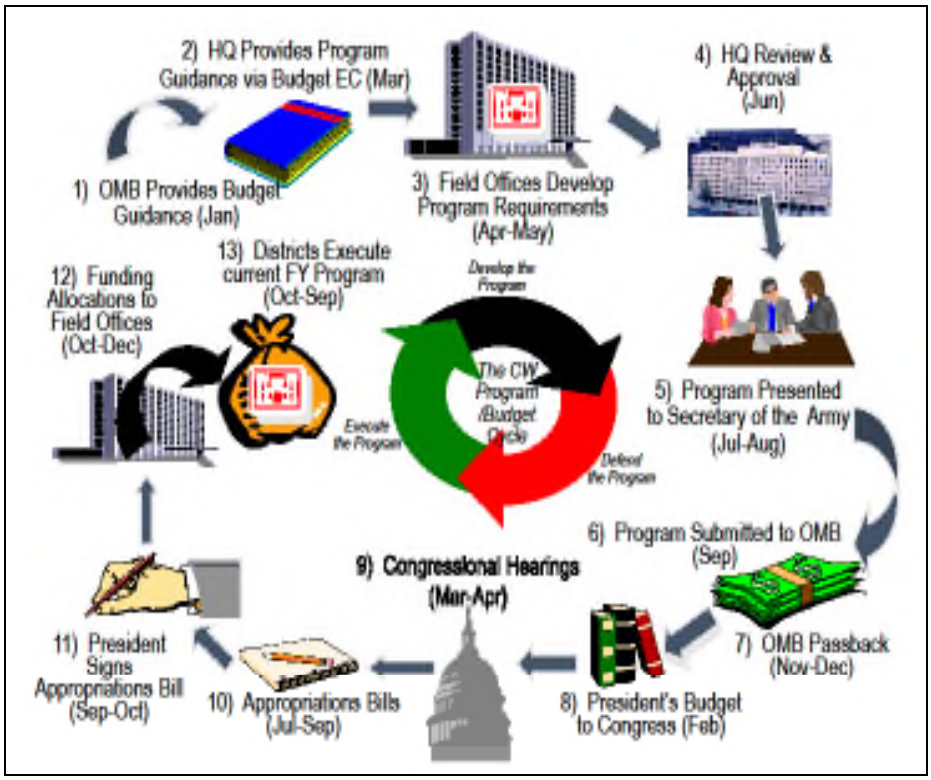

Figure 1. The Civil Works Program/Budget Cycle

Below is the overall Program Development Battle Rhythm and Integrated Schedule. Submission dates are set by HQ to control the budget development workload and to enable the Chief of Engineers to brief the ASA(CW) on a pre-determined schedule.

Initiate Working Draft – Program Development Guidance	Aug 2016
Working Draft – Program Development Guidance	Dec 2016
Begin Budget development and Work Package data entry	Dec 2016
Final Program Development Guidance issued	Mar 2017
MSC complete data entry, QA, and ranking	Apr 2017
Draft J-Sheets, initial meetings with SACW on continuing work	Jun-Jul 2017
Work package allocation decision for COE submittal	Jun 2017
New starts and new funding decisions for I & C accounts	Jun 2017
SACW briefings	Jul-Aug 2017
Army Budget submittal	Sep 2017
Passback	Dec 2017
Pbud & hearing allocation decision/Lock for internal & external use	Jan 2018
Congressional Submittal for Pbud & J sheets	Feb 2018
Answer QFRs and RFIs using Locked data	Feb-May 2018
Unlock - Districts and MSCs update work package capabilities	Jun 2018
Conference allocation decision for BY-1 Allocation Strategy (do not lock)	TBD on CR
Conference	TBD
Answer RFIs using Conference snapshot	Oct-Dec 2018
BY-1 Allocation Strategy cleared	Conf + 45 days
Work allowances issued	Conf + 60 days

Figure 1A Submittal Due Dates for FY19 Budget

8. Organization and Management of the Budget and Allocation Strategy Data. This guidance develops the CW Budget and Allocation Strategy around the following key components. For program development there are two levels of data – the program code level and the work package level.

a. Civil Works Integrated Funding Database (CW-IFD): The Program and Project Management Information System (P2) – Civil Works Integrated Funding Database module is the authoritative Automated Information System (AIS) to be used in the development of the Civil Works Program.

b. Program Code: The term Program Code is used to identify the top level element that is identified by a unique code. See current EC for Civil Works Execution of the Annual Civil Works Program Management for use of Program Codes. For Budget development and Allocation Strategy development, a Program Code is the summation level used to submit budget capabilities, it is the level identified within the President's budget, Appropriation bills, reports and acts and it is the level where allocations are issued through the Allocation Strategy process.

c. Appropriations: There are eight appropriation accounts in the Civil Works program: Investigations (I), Construction (C), Operation & Maintenance (O&M), Mississippi River and Tributaries (MR&T), Regulatory, Expenses, Formerly Utilized Sites Remedial Action Program (FUSRAP) and Flood Control and Coastal Emergencies (FCCE). Four of the accounts Investigations, Construction, O&M, and MR&T are further defined by business lines. The remaining accounts relate to a single project purpose. Further information and guidance for each appropriation can be found in Annex I - VIII.

(1) Investigations (I): The Investigations account is used to fund studies for water resource projects authorized by general or specific Congressional legislation. This account is also used to fund preconstruction preliminary engineering and design work leading up to development of the plans and specifications for the first significant construction contract. Budget and Allocation Strategy information for projects/studies developed under the Investigation Account are identified under a primary Business Line. This account is also used to fund planning assistance to states, coordination with other Federal agencies and other Federal public interests, research and development activities, collection of study data not chargeable to authorized projects, performed by other Federal agencies and transferred by the Corps of Engineers under cooperative programs for observing and compiling basic data on streamflow, rainfall and other remaining items. Specific information regarding the Investigations program development can be found in Annex I, and Remaining Items information in Annex VIII.

(2) Construction (C): The Construction account is used to fund the implementation, including detailed plans and specifications for new and continuing construction, reconstruction, major rehabilitation, dam safety assurance, dredge material disposal

facilities (DMDFs), deficiency correction of projects specifically authorized by Congress, and specifically authorized post-construction modifications. Budget and Allocation Strategy information developed for projects under the Construction Account are identified under a primary Business Line. Specific information regarding the Construction program development can be found in Annex II and Remaining Items information in Annex VIII.

(3) Operation and Maintenance (O&M): The Operation and Maintenance account funds operation, maintenance, and related activities at the water resources projects that the Corps operates and maintains. Work to be accomplished consists of dredging, maintenance, repair, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts. Budget and Allocation Strategy information developed under the O&M Account are broken out as either 'O' or 'M' and further identified by Business Line (s). Specific information regarding the O&M program development can be found in Annex III and Remaining Items information in Annex VIII.

(4) Mississippi River and Tributaries (MR&T): The MR&T account funds projects or programs on the Mississippi River main stem and its tributaries. Funding in the MR&T account combines with the Investigations, Construction, and O&M accounts. All guidance that pertains to Investigations, Construction, and Operation & Maintenance also applies to the applicable portion of the MR&T appropriation.

(5) Expenses (E): The Expenses account funds program development, defense and execution of the Civil Works program, as well as oversight of the Civil Works program missions. Expenses are submitted as labor and non-labor capabilities. Specific information regarding the Expenses program development can be found in Annex IV.

(6) Regulatory: The Regulatory account funds labor and non-labor activities which will improve protection of the Nation's waters and wetlands and provide greater efficiency of permit processing. Specific information regarding the Regulatory program development can be found in Annex V.

(7) Formerly Used Sites Remedial Action Program (FUSRAP): The FUSRAP account funds remedial activities at sites contaminated as a result of the Nation's early atomic weapons development program. Specific information regarding the FUSRAP program development can be found in Annex VI.

(8) Flood Control and Coastal Emergencies (FCCE): The FCCE account funds activities under the Robert T. Stafford Disaster Relief and Recovery Assistance Act (42 USC 5121 et seq.), Homeland Security/Emergency Operations, Rehabilitation of Flood Control Works and federally authorized and Constructed Hurricane/Shore Protection

Projects damaged or destroyed by wind, wave or water action of other than ordinary nature, provision of Emergency Water, Advance Measures to prevent or reduce flood damage when there is an imminent threat of unusual flooding, and participation in the Hazard Mitigation Program. Specific information regarding the FCCE program development can be found in Section 5 of the PDM.

d. Functional Programs: In addition to the appropriation accounts, there are two functional programs which require budget development information and Allocation Strategy allocations:

(1) Revolving Fund - Plant Replacement and Improvement Program (PRIP) and Automation Program (AP). Specific information regarding the PRIP can be found in Annex VII.

(2) Remaining Items (RI) development can be found in Annex VIII.

e. Business Lines: The business lines categorize work according to its primary purpose. There are seven business lines in the Civil Works program and the business lines are managed through a matrixed organization of subject matter experts, (Business Line Managers), who coordinate budget development and Allocation Strategy development with the Civil Works Integration Division, Program Development Branch.

(1) Emergency Management (EM): Emergency management continues to be an important part of the Civil Works Program, which directly supports the Department of Homeland Security in carrying out the National Response Framework. It does this by providing emergency support in public works and engineering and by conducting emergency response and recovery activities under authority of P.L. 84-99. Funding for this program comes primarily through budget and supplemental appropriations to the Flood Control and Coastal Emergencies (FCCE) account. In addition, O&M funds are used to maintain highly-trained workforce to deal with both man-made and natural disasters under the National Emergency Preparedness Program (NEPP).

(2) Environment (AER, ENS, ENF): The Corps has three distinct areas that are focused on the environment: (1) AER - Aquatic Ecosystem Restoration; (2) ENS – Environmental Stewardship of Corps-owned lands; and, (3) ENF - the Formerly Utilized Sites Remedial Action Program (FUSRAP) is located in ANNEX VI. The Corps' mission in Aquatic Ecosystem Restoration is to help restore aquatic habitat to a more natural condition in ecosystems in which structure, function, and dynamic processes have become degraded. The emphasis is on restoration of nationally or regionally significant habitats where the solution primarily involves modifying the hydrology and geomorphology. Environmental Stewardship focuses on managing, conserving, and preserving natural resources on 11.5 million acres of land and water at 456 multipurpose Corps projects. Corps personnel monitor water quality at the Corps' dams

in cooperation with state wildlife agencies. This business line encompasses compliance measures to ensure Corps projects: (1) meet Federal, state and local environmental requirements; (2) sustain environmental quality; and, (3) conserve natural and cultural resources. Under the FUSRAP, the Corps investigates and cleans up former Manhattan Project and Atomic Energy Commission sites.

(3) Flood Risk Management (FRM): The Corps of Engineers reduces the risk to human safety and property damage in the event of floods and coastal storms through its Flood Risk Management business line. The Corps has constructed 13,600 miles of levees and dikes, 383 reservoirs, and more than 90 storm damage reduction projects along 240 miles of the Nation's 2,700 miles of shoreline. Upon completion, the sponsoring cities, towns, and special use districts assume responsibility to operate and maintain most of the infrastructure built under the auspices of FRM. Over the years, the Corps' mission of addressing the causes and impacts of flooding has evolved from flood control and prevention to more comprehensive FRM. These changes reflect a greater appreciation for the complexity and dynamics of flood problems -- the interaction of natural forces and human development -- as well as for the Federal, state, local, and individual partnerships needed to thoroughly manage the risks caused by coastal storms and heavy rains.

(4) Hydropower (HYD): The Corps' multipurpose authorities provide hydroelectric power as an additional benefit of projects built for navigation and flood risk management. The Corps is the largest owner-operator of hydroelectric power plants in the United States, and one of the largest in the world. The Corps operates 353 generating units at 75 multipurpose reservoirs, mostly in the Pacific Northwest; they account for about 24 percent of America's hydroelectric power and approximately 3 percent of the country's total electric-generating capacity.

(5) Navigation (NAV): The Corps of Engineers helps facilitate commercial navigation by providing safe, reliable, highly cost-effective, and environmentally sustainable waterborne transportation systems for the movement of commercial goods. The Corps fulfills this responsibility through a combination of capital improvements and the operation and maintenance of existing infrastructure projects. The Navigation business line contributes to the Nation's economy; nearly 80 percent of international trade passes through our ports. The Corps' Navigation program includes Corps-maintained navigable channels, waterways, and infrastructure, which are part of a larger transportation network that also includes publicly- and privately- owned vessels, marine terminals, intermodal connections, shipyards, and repair facilities. The Corps maintains approximately 12,000 miles of inland waterways with 229 locks at 187 sites; and approximately 300 deep-draft and over 600 shallow-draft coastal channels and harbors (including on the Great Lakes), which extends 13,000 miles, and includes 12 locks, more than 900 other coastal navigation structures, and 800 coastal and inland bridges.

(6) Recreation (REC): Corps is the largest provider of water-based outdoor recreation in the nation. The Corps' multipurpose authorities provide recreation as an additional benefit of projects built for navigation and flood risk management. The Corps' Recreation business line provides quality outdoor public recreation experiences at 402 recreation projects that offer camping, picnicking, swimming, boat ramps, etc., in 44 states. The recreation program manages 54,000 miles of shoreline, 10,200 miles of trails, and 3,760 boat ramps. Ninety percent of these sites are within 50 miles of a metropolitan area.

(7) Water Supply (WTR): The Corps has authority for water supply in connection with construction, operation and modification of Federal navigation, flood risk management, and multipurpose projects. Management of the Nation's water supply is critical to limiting water shortages and lessening the impact of droughts.

f. Work Package: A work package represents an increment of work that can be considered for inclusion in the Budget or Allocation Strategy or for funding with supplemental appropriations. All the work in a work package must share the same appropriation, Program Activity code, business line (including joint use), program code, and Engineer Reporting Organization Code (EROC). Details for work package development for each business line are in the Program Development Manual. A work package should provide a useful increment of work that, if funded, can be executed without any other work package being funded, or linked to the other required packages if the work is broken out to meet the M&M 20/20 Framework (see Annex III). It must be developed so that the work represented is not overly granular or too aggregated. The scope of a work package does not change from fiscal year to fiscal year, though capabilities may vary with improved information on costs and schedules. In particular, the scope of a work package, once budgeted, does not change except in extraordinary cases.

g. Capability:

(1) Capability is defined as the amount of additional, new funding (over and above projected or actual unobligated carry-in from prior fiscal years) that, if provided in the applicable fiscal year, can be obligated, or can be committed for a contract solicitation, effectively and efficiently in that fiscal year, consistent with law and contracting and execution policy, assuming that all projected or actual uncommitted carry-in to that fiscal year is obligated or committed first. However, in the case of a MIPR or continuing contract, the estimate for the amount that can be obligated or committed for the MIPR or contract is limited to the amount that can be expended in the applicable fiscal year. Furthermore, capability does not include the amount of new funding that would be committed for a contract solicitation in September of the applicable FY. In that case, the contract amount should be included in the capability for the next FY and, if the contract

is included in the President's Budget for the next FY, the solicitation could be issued in the first quarter if approved in accordance with the Execution EC.

(2) Capability on a contract work package proposed for funding in the Budget includes BY costs of engineering and design (E&D), supervision and administration (S&A), and contingencies on the contract, but does not include out-year costs of E&D, S&A, and contingencies. The exception is that out-year costs of E&D, S&A, and contingencies should be included if the BY is the last year that contracts are planned to be funded on the project or the study phase, since in this case including them would enable full funding of the project or phase. The estimate for contingencies for a project or study phase to be fully funded should be sufficient to avoid having to seek additional, "recompletion" funding through a future budget or Allocation Strategy.

(3) Once the allocations in the President's Budget for a given FY (which becomes BY-1) have been finalized, the capability estimate for an unbudgeted, fully funded contract work package should be adjusted to include out-year costs of E&D, S&A, and contingencies, among other adjustments, because out-year funding is not certain if the unbudgeted work package is funded in a BY-1 Allocation Strategy.

(4) Capability and "Amount That Could Be Used" are identical. Project capability for a FY is the sum of its work package capabilities for that FY.

h. Enterprise-Wide Capability for Allocation Strategy: Enterprise-wide capability, or execution capacity, is the maximum amount of project capabilities that the MSC or FOA can execute in the applicable fiscal year. It is recognized that each enterprise, while it can execute the project capabilities on some of its projects, cannot execute the project capabilities on all of its projects. Enterprise-wide capability is less than the sum of project capabilities. Appropriations Committee staffs are interested in USACE enterprise-wide capabilities, particularly by business line or line item of additional funding, for the Allocation Strategy (BY-1). This paragraph provides guidance on how each MSC or FOA states its enterprise-wide capability in the Allocation Strategy.

(1) The Explanatory Statements accompanying recent energy and water development appropriations acts have provided line items of additional funding that span all authorized business lines and functions, including those of lower budget priority such as bank protection and environmental infrastructure. Accordingly, enterprise-wide capability should represent a balanced mix of business lines and functions. In other words, within each business line or function a reasonable portion of work packages should be within enterprise-wide capability, and others should be beyond enterprise-wide capability. The mix is more or less governed by expectations (based on recent Explanatory Statements and House and Senate Reports) for funding of budgeted work and the line items of additional funding.

(2). The MSC or FOA should use performance metrics to determine, within each business line or function, which work packages are within enterprise capability, and which are not. All budgeted work packages should be first-added within enterprise capability, and unbudgeted work packages should be next-added.

(3). The MSC or FOA should signify which work packages are within enterprise-wide capability by checking the "Funding Pot" box, in the "Recommended for Funding" field under the “Funding” tab in the Civil Works Integrated Funding Database (CW-IFD). To respond to Congressional inquiries for USACE-wide enterprise capability for a business line or function, HQUSACE will aggregate across USACE the capabilities of work packages in that business line or function that have the “Funding Pot” box checked.

9. Roles and Responsibilities.

a. Districts. The district engineer through the Programs and Project Management Division along with the Operations and Regulatory Division are responsible for initial data entry, quality control, completeness, and overall management of the Budget and Allocation Strategy data.

b. MSCs and Labs. The MSC’s role with regard to data submission is quality assurance, i.e., to verify adherence to guidance in this document and the Program Development Manual. The MSC and Labs will also have data entry responsibility for specific remaining items as well as for the consolidated MSC ranking. Required MSC submissions, recipients, means of data input and due dates are summarized in TABLE 2.

c. Functional Area Proponents. The Functional area proponents are responsible for coordinating guidance within their functional area. This includes Planning, Engineering and Construction, Operations, Emergency Management, Regulatory, General Expenses, PRIP, and Remaining Items.

d. HQ RITs. The RITs are responsible coordinating all J-Sheet submittals with MSC and District personnel.

e. HQ BL Managers (BLM). The BLMs are responsible for coordinating specific business line guidance contained in the Program Development Manual, the Program Development Policy Guidance, reviewing/verifying Budget and Allocation Strategy data, developing the HQ ranking all work within their business line, negotiate and balance crosswalk tables, and identify work packages to fund in the Allocation Strategy or with supplemental funding.

f. HQ Civil Works Program Integration Division (CECW-I). The CECW-I has overall

responsibility for developing, defending and execution the Civil Works Program. The Program Development Branch (CECW-ID) is responsible for finalizing the Budget submittal and allocating funds from the Budget and the Allocation Strategy. The Project Programs Branch (CECW-IP) is responsible for this EC as well as for preparing annual execution guidance. The National Programs Branch (CECW-IN) is responsible for the managing the CW-IFD and the Program Development Manual.

10. Budget Policy.

a. Presidential (OMB) Policy.

(1) Economic Assumptions. OMB provides the economic assumptions underlying Presidential policy to the agencies as a basis for budget development. These will typically be shown in the Analytical Perspectives section of the Budget of the United States Government. These assumptions, along with related factors from the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS) and workforce conversion data from HQUSACE Human Resources Office, are shown for BY-3 through BY+19 in TABLE 1. The assumptions and related data cover: (1) base rates for Federal, civilian, permanent workers (includes pay and burden factors); (2) pay raises for these workers applicable to both changing and fixed base rates and; (3) inflation for "goods and services" of Federal civilian temporary and non-Federal workers, and non-pay items.

(a) Pay and Burden Rates. Base rates (against which pay raises apply) reflect assumed pre-raise pay and burden rates. Pre-raise pay rates are 1.000, by definition, for regular pay, and assumed to be 0.02 for awards. Assumed burden rates reflect assumed government contributions for worker benefits. The rates comprise two parts - one part for government contributions under the CSRS; the other, under the FERS. The first part (including contributions for retirement, health insurance, Medicare, and life insurance) is shrinking, while the second part (including contributions for regular, “Thrift Savings,” and Old Age Survivors Disability Insurance (OASDI) retirement; health insurance; Medicare; and life insurance) is growing. This results from permanent force “attrition” and subsequent “turnover” through the hiring of more workers under FERS. The Board of Actuaries of the CSRS and the FERS recommended changes to long term economic and demographic assumptions and as a result normal cost percentages have increased for FERS retirement groups. The normal cost is an actuarially determined percentage which represents the amount that must be saved each pay period over an employee’s entire working career to fully finance, with interest, the cost of the employee’s retirement. The percentage for employing agency and employee contributions in the CSRS is set in law (at 7% each for most employees) and has not changed. The Middle Class Tax Relief and Job Creation Act of 2012 increased FERS Revised Annuity Employee (RAE) employee contributions for regular employees hired after December 30, 2012 with less than five years of prior creditable service to a rate of

3.1%. The Bipartisan Budget act of 2013 reduced FERS further reduced annuitant employee (FREA) employee contributions for regular employees hired after December 31, 2013 with less than five years of prior creditable service to a rate of 4.4%. The FERS regular contributions remain at 0.8%. The employer contribution for FERS, FERS RAE and FERS FRAE employees is the difference between the employee contribution and the actuarial normal cost. These reduced employer contributions are phased in over a similar timeframe as the CSRS to FERS transition Class 1 “updating factors” reflect the year-over-year change in base (resulting from change in burden), the associated year-over-year raises, and whatever raise absorption may pertain.

(b) Pay Raise Assumptions. Pay raise assumptions for Federal, civilian, permanent workers in the past have been shown in the OMB document Analytical Perspectives, Budget of the United States Government, Table 2-1, Economic Assumptions. Prior to its release, OMB provides guidance to the agencies in the annual baseline adjustment factors for personnel/pay related costs for discretionary programs. Future projections are developed using rates in this guidance. Assumed pay raise rates include base and locality components. (The base component is different from the base rate, discussed above, against which the base component applies). Base components, reflecting the Employment Cost Index (ECI), apply nationally. For BY- 2 (2017) the President’s alternative pay adjustment for both base and locality pay is 2.1 percent. For BY-1 (2018) the factor is adjusted for the same raise as in 2017 at 2.1 percent. For future years the formulas established in law along with information in the OMB guidance are used to complete Table 1. Prior year budget guidance gave information on the allocation of pay raise rates to base and locality components based on the number and distribution of workers eligible for locality pay. Class 1 rates in TABLE 1 are based on composite raises for all years. TABLE 1 assumes that there will be no increase in outlays because of grade and step increases as the mean Federal grade and step have remained relatively constant, reflecting the fact that as some Federal workers are being promoted others are leaving the Federal service altogether. For this reason, grade and step increases have virtually no net effect on the annual change in the Federal payroll.

(c) Inflation Rates Inflation rates reflect assumed price increases for "goods and services" of temporary Federal and non-Federal workers, and for non-pay items. Public Law 105-33, entitled Balanced Budget Act of 1997, requires that the Gross Domestic Product (GDP) percent change, year-over-year chained price index (1996 = 100) rates be used to develop “baseline estimates” reflecting, instead of Presidential policy, continued operations under current law and current year appropriations. The baseline program based on these estimates is discussed in OMB’s Circular A-11, “Preparation, Submission and Execution of the Budget”. At the recommendation of OMB, these rates were used as Class 2 rates of TABLE 1. Class 2 “updating factors” reflect the year-over-year inflation and whatever inflation absorption may pertain.

(2) OMB Out-year Ceilings. OMB maintains out-year planning estimates, or

ceilings, for the Investigations, Construction and Operation and Maintenance appropriation accounts in the Civil Works Program. These ceilings (1) define the President's long-term resource requirements, (2) reflect the long-term effects of the President's policies on various programs, projects, and activities (PPAs) funded by each account and (3) serve as benchmarks for use in evaluating Congressional appropriations. See Glossary for definition of (PPA). These ceilings are presented, for all accounts, in TABLE 5.2 of the Historical Tables appendix of the Budget.

b. Army Budget Policy. See OASA (CW) memo dated TBD. The primary goal for formulating the Army's 2019 Civil Works budget recommendation to OMB is to clearly demonstrate and defend that the Army's recommendation represents wise use of limited Federal resources. Specific policy guidance for each appropriation is provided in the Annexes.

c. Corps Budget and Allocation Strategy Policies.

(1) Budget Funding Levels. The budget formulation process in any given BY includes the development of multiple funding scenarios (funding levels) that provide Army with a decision matrix for funding the Civil Works Program. Budget funding levels enable HQ and Army to evaluate additional workload against incremental funding increases and are also used to help justify recommended levels above the ceiling level to Army and OMB.

(a) Budget Funding Level. The following represent the potential funding levels in an Army budget submission to OMB. Each level is an incremental increase in funding in the budget. The number of funding levels varies in any BY based on Army budget guidance.

(b) Low Level of Funding. For Investigations, assumes optimal funding for all ongoing 3x3x3 compliant projects and minimal funding for ongoing projects that are not 3x3x3 compliant (i.e., required a waiver). For Construction, assumes the smallest useful increment of work for ongoing Construction projects, except for DSAC I and II construction, which will receive optimal funding. For Operation and Maintenance, allows the Corps to maintain its level of performance on a majority of performance metrics. For Harbor Maintenance Trust Fund (HMTF), maintain parity on a performance basis with inland navigation but does not exceed $950 million. Any New Starts that are demonstrably affordable and will not adversely impact ongoing work. (Note that this is not the same program represented by "baseline estimates" required by PL 101-508 or discussed in OMB's Circular A -11).

(c) High Level of Funding. For Investigations and Construction, assumes optimal funding for all ongoing projects. For Operation & Maintenance, allows the Corps to maintain or improve performance as measured by performance metrics. For HMTF,

maintain parity on a performance basis with inland navigation, allowing the level to exceed $950 million if merited by performance increases.

(d) Chief's Recommendation. This level of funding will be no more than the High Level of Funding. It will represent the amount of funding that HQs determines can be effectively and efficiently executed in the BY.

(2) Allocation Strategy Guidance. The Allocation Strategy will be developed to distribute available funding. The annual funds will either be provided from a Conference Report, possibly with "funding pots," for additional funding for ongoing work or from a year-long continuing resolution without funding pots. In either case allocations will be made based on work package information which is prioritized by District, MSC/Labs and HQ Business Line Managers. All allocated amounts (including funding-pot amounts) become project funds in the FY once distributed.

(3) Environmental Operating Principles (EOPs). These principles apply across all business lines and accounts and must be given appropriate consideration when formulating the BY budget. See http://www.usace.army.mil/Missions/Environmental.aspx for the Corps EOPs at the Corps website.

11. Special Policy, Guidance and Initiatives for FY19.

a. Impacts to the FY19 Budget Submittal. In addition to OMB budget guidance which is normally received in the June BY-2 timeframe for the BY President's Budget, field units must consider the outcome of the BY-1 President's Budget when developing the program for submission to HQUSACE. It is anticipated that the BY-1 Allocation Strategy will be developed at the same time as the BY Budget. If this occurs, then allocation decisions for BY-1 will also need to be taken into account as the final budget documents are developed.

b. Transforming the Civil Works Budget Process. Civil Works Transformation in the budget process includes improved management of the budget processes associated with through Smart Use of Systems, systems-based budgeting, O&M 20/20, asset management, and the expenses program.

(1) The Smart Use of Systems. The overall objective of the Smart Use of Systems is to make efficient and consistent use of the various tools currently being used within the Corps of Engineers Civil Works program for project and program data. CW-IFD is the tool that will be used to collect project/program data from the various other data sources within the Corps and then provide an intuitive and user friendly platform for users to enter and manage the project and program data needed for budget and Allocation Strategy development.

(2) Systems-Based Budgeting. Systems-Based Budgeting (SBB) explicitly acknowledges that the projects and work packages included in each year's budget submission are interconnected, within the context of systems and watersheds in which they operate. As such, the decision to fund (or not to fund) any given project or work package influences both the stand-alone project and system as a whole. Systems-based budgeting accounts for the interconnected performance of projects within watersheds and systems, in order to provide decision makers with a more clearly articulated description of work packages and project Value to Nation. For program development, the outcome of SBB will be an improved alignment of budgeting with national and system objectives by directing resources to reduce risk of loss of services (O&M) and enhance service (CG & GI) expressed in economic, social and environmental terms across missions. The USACE strategic outcome is that we will provide a better informed budget recommendation to Congress for Civil Works by project, based upon each project's actual Value to Nation. SBB will recognize priorities and challenges of water resource management issues in and across water resource systems, of which watersheds are one example. The full implementation of SBB will improve upon the existing budgeting process in three ways. First, it explicitly links all projects performance with the broad set of national goals and objectives of interest to decision makers. Second, it objectively accounts for influence that each project has on the performance of other related projects and the system as a whole. Finally, it captures the unique role some Corps projects play in aiding the performance of other Federal and non-Federal projects within a system. As a result, system-based budgeting provides a more complete account of the value associated with each item in the budget submission.

(3) Operation & Maintenance 20/20 Framework (O&M 20/20). O&M 20/20 is a national effort to simplify and improve the O&M budget development process by requiring consistent definitions of activities and costs related to mission performance across the Civil Works enterprise. It is a significant part of Budget Transformation and Civil Works Transformation, and is composed of three integrated yet distinct efforts: 1) the development and implementation of improved, consistent business rules and reporting mechanisms with which to monitor the results of those rules; 2) the continued development and implementation of risk-informed portfolio analytics and budget prioritization through the Asset Management effort; and 3) the continued refinement of Resource Codes (RC) and Work Category Codes (WCC) with which to characterize both budget development and execution. Among other things, this effort redefines the legacy terms 'Increment', 'Routine', and 'Non-routine' for the O&M budget development process, or removes them entirely.

(4) Asset Management. The USACE Asset Management effort is an integral part of the overall USACE Infrastructure Strategy (UIS), which is itself one of the 4 pillars of Civil Works Transformation. Asset Management tools and processes specifically link to and support the Budget Transformation pillar of Civil Works Transformation through

identification of maintenance activities, Operational Condition Assessments, Operational Risk Assessments, and budget prioritization based on the risk-informed data produced by those tools and processes. Specific guidance for FY19 implementation is contained in this document, the business line appendices of the Program Development Manual, and Annex III Operation and Maintenance. New or additional terms are referenced in the Glossary of this EC.

(5) Digital Accountability Transparency Act (Data Act). The Digital Accountability and Transparency Act of 2014 was signed by the President on May 9, 2014. It is designed to expand the Federal Funding Accountability and Transparency Act of 2006 which increases accountability and transparency in Federal spending. It establishes Government-wide data standards for financial data, simplifies reporting for entities receiving Federal funds, improves the quality of data submitted to USA Spending.gov, and applies approaches developed by the Recovery Accountability and Transparency board to spending across the Federal Government.

c. Accountability in Budgeting for Civil Works Mitigation. USACE is required to budget for (and implement) environmental mitigation concurrent with or prior to construction of the project. Section 906(b) of WRDA 1986 as amended (33 USC §2283) requires that for all water resources development projects, on which construction had not commenced as of November 1986 and which necessitates mitigation for losses to ecological resources (including the acquisition of lands or interest in lands to mitigate losses) shall be undertaken prior to or concurrent with construction of the project. USACE is assessing the status of all outstanding mitigation prior to preparing its 2017 Annual Report to Congress on Mitigation as required by WRDA 2007 Sec 2036.

All construction projects seeking funding in the FY19 budget must have:

(1) an updated response in the “MITIGATION REQUIREMENT CODE” field in CW-IFD (at the Program code level)

(2) an updated entry in the Civil Works Mitigation Database as of the time of submission of the MSC budget recommendation to HQUSACE. Mitigation database is located at http://mitigationdb.usace.army.mil.

During the May/June 2017, HQUSACE will be conducting MSC line item reviews of all ongoing construction projects to assess the status of mitigation requirements, ensure proper entry in the database, gain clarity on FY19 funding requirements for mitigation, and identify any impediments to compliance with WRDA Section 906(b). See Section II-2-2.k. of the Construction Annex for additional guidance on database entry requirements, work packages, and increments for mitigation. Prior Annual Mitigation Reports to Congress can be found at: http://www.usace.army.mil/Missions/Civil-Works/Project-Planning/Products/MitigationStatus/.

d. Alternative Financing.

(1) Background. Alternative Financing is a key component of our overall Infrastructure Strategy (UIS) and Civil Works Transformation, and builds upon the UIS' Asset Management and Life-Cycle Portfolio Management efforts.

The term Alternative Financing includes locally-led Public-Private Partnerships (P3) (or in certain cases known as Public-Public-Private Partnerships or P4), Contributed/Advanced/ Accelerated Funds, divestiture and end of lifecycle solutions, and Energy Savings Performance Contracts, among other tools to improve the implementation of national infrastructure. This budget guidance focuses on P3/P4.

(2) USACE is exploring P3/P4 demonstration projects within existing authorities consistent with a July 2014 Presidential Memorandum Expanding Public-Private Collaboration on Infrastructure Development and Financing and the USACE Campaign Goal.
The value proposition associated with enabling full up front funding and/or optimal funding streams - in concert with our Non-Federal cost sharing partners and the private sector - is to help unleash innovation, shorten infrastructure delivery times, reduce federal risk, and lower infrastructure lifecycle costs. This value proposition is especially appealing to budgetable projects. P3/P4 can increase federal return on investment, and extract optimum value from investments in new and existing infrastructure, resulting in an offset of Federal costs that promotes cost recovery, furthering infrastructure investment.

(3) FY19 Budget EC. Each USACE MSC shall develop two P3 or P4 demonstration project proposals to include any of the business lines at any stage of the project process (so long as the project is very likely to be in the Federal interest). Viable proposals will have the ability to be implemented within existing authorities and result in decreased lifecycle costs. This year special emphasis will be placed on budgetable projects for the reasons explained in the previous paragraph.

(a) Priority will be given to projects demonstrating:

- Willing and motivated sponsor, where initial P3/P4 discussions with the sponsor have commenced with support as needed/requested from the Corps' private sector consultant

- Expected stakeholder acceptance

- Budgetability (e.g. a BCR that competes well in the current budget prioritization process)

- Return on Federal Investment
- Largest lifecycle cost reductions to the Federal government
- Replicable

(b) Corps headquarters has P3 experts available to directly assist in the development and formulation of Alternative Financing proposals. Inclusion and support from non-Federal sponsors is critical to the success of any Alternative Financing proposal and HQUSACE can assist with coordination and communications with sponsors pertaining to Alternative Financing. Those projects requiring assistance can contact the HQ/IWR demonstration project POC assigned to your MSC. Private sector experts have been contracted to assist in all of these efforts. Additionally, a screening tool has been made available for use.

(c) MSCs are also encouraged to develop a pool of potential projects behind their two recommendations. A minimum of two P4 proposals will be included in the President's 2019 Budget.

(d) Civil Works Integrated Funding Database (CW-IFD) will include three data fields to meet the above requirements: 1) P3/P4 Pilot – Yes or No; 2) Anticipated willing and motivated Sponsor – Yes or No; 3) Lifecycle cost reduction likely – Yes or No. The projects need to be entered into CW-IFD as part of the normal budgeting process.

For each individual work package that incorporates a P3/P4 proposal, it would be helpful to include near the beginning of the work package description and justification the phrase 'P3/P4 PROPOSAL' so that we can easily drill down to the proper package within the project.

(e) Submittals: Fill out both tabs of the screening tool and provide a P3/P4 specific fact sheet narrating the proposal and any challenges it aims to solve. The screening tool and fact sheet template are located at the Alternative Financing SharePoint site, under Shared Documents, under P3:
https://team.usace.army.mil/sites/IWR/PDT/altfin/default.aspx

(f) Outcomes. Implementation of P3/4 will enable USACE to meet the Nation’s demands for water resources infrastructure.

e. Study Like Activities. ASA(CW) has requested that all study like activities that occur outside of the Investigations account be readily identified. In order to main transparency for the study like activities, Phase Activity Codes and Category-Class-Subclass (CCS) codes have been identified and will be used during FY19 Program Development. See Phase Activity Codes and CCS codes in TABLE 3.

f. Funding Derived from Harbor Maintenance and Inland Waterways Trust Funds. OMB has directed that allocations of funding in each appropriation that are derived from the Harbor Maintenance Trust Fund (HMTF) or the Inland Waterways Trust Fund (IWTF) not exceed the amount apportioned by OMB as a non-expenditure transfer from that trust fund to that appropriation. New Category-Class-Subclass (CCS) codes have been established and will be used in the Operation and Maintenance and Construction Accounts during the FY19 Program Development to ensure that the Civil Works Program is developed, and in turn, executed against that trust fund. See TABLE 3 – CCS Codes for the CCS codes that must be used when identifying work packages to be funded by the Trust Funds.

12. Performance Based Budgeting.

a. The "Government Performance and Results Act of 1993" or GPRA, is the foundation for present-day budget development within the Federal government. GPRA requires that government agencies develop strategic and annual performance plans for serving the Nation, and produce reports on how effective and efficient performance actually was for a given period. This law has led to the establishment of results-oriented performance planning, measurement, and reporting throughout the Federal government. In the GPRA Mod Act, Congress called for a performance management framework that shifts emphasis to the use of goals and measures to improve outcomes, not just the production of plans and reports. Civil Works performance measures are tied to the Civil Works Strategic Plan goals. A summary of the current Civil Works strategic goals are as follows:

(1) Transform the Civil Works Program to deliver water resources solutions through Integrated Water Resources Management.

(2) Improve the safety and resilience of communities and water resources infrastructure.

(3) Ensure the Nation’s waterways are available for economic and national security purposes.

(4) Restore, protect, and manage aquatic ecosystems to benefit the Nation.

(5) Manage the life-cycle of water resources infrastructure systems in order to consistently deliver sustainable services.

b. Performance-based program development assures Army that only those programs, and only those parts of those programs, which can be justified by the results produced or expected to be produced will be included in the budget. Results may be in

the form of outputs or outcomes. Performance-based program development is designed to ensure execution of only clearly justified programs and to allow increments to be added such that the first-added increment provides the best results or returns, the second-added increment provides the second-best results or returns, etc. The increments are added in order of priority, both within and across Business Lines, to build a total program whose size ultimately depends on available funding. The program development procedures and guidelines for all business lines are contained in the Program Development Manual.

(1) Performance measures are written criteria by which to gauge progress in accomplishing any particular performance objectives, goals, and missions. For the Civil Works Program, the Corps has performance measures for each business line. They are used, not only as standards by which to judge performance based on project or program results, but also to forecast performance contributions of investment increments that are prioritized and evaluated for budget and Allocation Strategy development.

(2) Performance results are products of operating the Projects. They are determined through collection of data, by performance measure, describing the extent to which performance objectives, goals, or missions, were met through operating the project. They are used, not only to evaluate program performance and judge program worthiness after the fact, but also to evaluate the reasonableness of performance measures.

13. New Starts, New Investment Decisions, and Continuing Studies and Projects.

a. New Start. A new start is the provision of funding in the I or C appropriation or in the Investigation or Construction sub-account of the MR&T appropriation (MR&T (I) or MR&T (C)), or as a Remaining Item in the O&M appropriation, of a PPA (see definition) that never has received an initial work allowance in that appropriation or sub-account, and for which any broader project or program of which it is a component has never received an initial work allowance in that appropriation or sub-account. However, with respect to the O&M appropriation or the MR&T (O&M) sub-account, a new start excludes the first-time funding of a completed construction project or separable element migrating from the C appropriation or the MR&T (C) sub-account.

b. Continuing Study or Construction Project. A continuing study or construction project is a study or construction project that has been funded already as a new start, or, in the case of a construction project, for which the project or program of which it is a component has been funded already as a new start. A continuing study includes a sub-basin study that is “spun off” from a previously funded basin-wide or comprehensive study and that is funded for the first time in its own right. A continuing construction project includes a separable element that is a component of a previously funded

construction project and that is funded for the first time in its own right. However, certain types of continuing study or construction project may require new investment decisions, as discussed below.

c. New Investment Decision. A New Investment Decision is a decision by the Executive Branch to support funding for a PPA heretofore not supported. A new start requires a new investment decision, as do some types of continuing studies and construction projects. The following involve a new investment decision:

(1) A new start.

(2) A new phase of a study funded previously in the applicable account.

(3) A resumption.

(a) A study resumption is the renewal of study activities on a study that has not been funded in any of the three most recent fiscal years before the fiscal year in question.

(b) A construction resumption is renewal of physical construction activities on a project or separable element on which physical construction under a construction contract has not been performed in any of the three most recent fiscal years before the fiscal year in question. However, in the case of a construction project with intermittent construction activities, such as phases, levee lifts, or renourishment cycles, initiation of the next intermittent construction activity is not a resumption. Note that funding of continuing planning, engineering and design, and real estate activities does not require a new investment decision because they are not physical construction.

(4) A separable element that has not been funded previously in the C appropriation or the MR&T (C) sub-account, and that is a component of a specifically authorized, continuing construction project previously funded in that appropriation or sub-account.

(5) A deficiency correction project or a major rehabilitation project (other than for seepage control or static instability correction) funded for the first time in the C account or the MR&T (C) sub-account.

(6) Any study, study phase, project, element, major rehabilitation, or deficiency correction project that has been funded previously in the applicable account, but that has never been funded in a President's Budget or cleared “BY-1 Allocation Strategy” for that account. Note that, for a construction project already funded in the C appropriation or the MR&T (C) sub-account but not heretofore supported, funding of continuing planning, engineering, and design does not require a new investment decision because they are not physical construction.

d. A construction project with intermittent construction activities or a dredged material disposal facility at an operating Federal project does not require a new investment decision.

e. For a dam safety assurance project or a major rehabilitation project for seepage control or static instability correction that migrates from programmatic to line item funding, the new investment decision is by the ASA(CW).

f. The Executive Branch may elect to treat certain types of new investment decisions as “new starts” for budget scoring purposes; nonetheless, a true “new start” is as defined in paragraph above.

14. Contracts and Budget Development.

a. Following the guidance in the latest Engineer Circular EC-11-2-215, an acquisition plan will be developed for evaluating potential contract alternatives for each proposed contract.

b. Use of Continuing Contracts.

(1) Based on ASA guidance, no new contracts with a value of less than $20 million will be planned as continuing contracts in the BY. However, HQUSACE will consider including new continuing contracts with a value greater than $10 million, with compelling justification. Coordination and approval must occur in accordance with the latest Engineer Circular EC-11-2-215.

(2) Contracts proposed for inclusion in the Budget or the Allocation Strategy as continuing contracts will use the Primary clause.

(3) By 31 July 2017, any contract planned for the FY19 budget as a continuing contract will be submitted for approval in accordance with the latest Engineer Circular EC-11-2-215.

(4) Continuing contracts may be considered where earnings span more than one fiscal year.

c. Contract Type/Conditions. Specific contract type and conditions can be identified in TABLE 1a. The table only applies only to construction and O&M of specifically authorized projects and defines approval level and the timeframe of the request for each type of contract.

15. Five Year Funding Streams for Civil Works Programs.

a. Introduction. OMB BY ceilings (estimated budget authority) reflect the intent of the President's Five-year programs from a national perspective. However, Army recommends the distribution of funding within the ceiling for Civil Works to OMB and may elect to recommend alternative funding levels as well. To this end, Army can elect alternative work mixes and associated incremental funding levels, by functional account, that best meet scheduled commitments, Army priorities, and project capabilities. Emphasis or de-emphasis of programs, projects, and activities should always provide for the most efficient and productive use of funds.

b. Five-Year Funding Stream. Five-year capability (BY through BY+4) estimates the long-term resource requirements for the Investigations, Construction and Operation and Maintenance accounts. CW-IFD out-year data fields will be populated by districts and MSCs to allow MSCs to input out-year capability data. These capability amounts provide a 5-year portfolio management tool for all accounts. For clarity, the five-year funding stream is different than what is submitted annually to (OMB) by the PID, which is known as the Five-Year Development Plan (FYDP). See the business line sections in the FY19 PDM for additional information as it relates to how the 5-year funding stream should be developed by business line.

c. Submission Requirements for the MSCs and HQ Business Line Managers. MSCs shall complete data input for five-year capability in accordance with the guidance presented in the Program Policy Annexes for Investigations, Construction and Operation and Maintenance. For example: the funding stream for Investigations for feasibility and GRR's studies states the following: A study specific funding stream will be identified by the Alternatives Milestone and will receive vertical alignment. Studies identified in the BY-1 or BY-2 that have not reached the Alternatives Milestone so a specific funding stream has not yet been aligned, will continue to be supported in the budget at the Standard Funding Stream of 36 months over 4 fiscal years $200,000 for year 1, $600,000 for year 2, $600,000 for year 3, and $100,000 for year 4. Given the unique nature of watershed assessment studies we expect a variety in cost, scope, schedule and complexity. The out-year estimates need to assume efficient funding to complete the assessment. For PED studies, the PED estimates in out-years need to include useful increments of work that results in the first set of Plans and Specs.

- For the Construction projects, use the last 3-year average budget years such as; BY-1, BY-2 and BY-3 plus the inclusion of the project acquisition contract strategy and or continuing contracts to get your upper limits of your 5-year funding streams. This information can be found in the Construction Annex II-4-1e which states; it is extremely important that schedules and capabilities be realistic and risk-based. Project capabilities are used in formulating the President's Budget and the Five-Year Development Plan, and overly optimistic schedules, or capabilities that ignore carry-in or fund out-year obligations, lead to a misallocation of funding.

- In addition, 5-year capability serves as the basis for the (FYDP). The FYDP is a stand-alone document prepared by HQUSACE, which provides a five-year look at the funding needs for each Corps business line. Specific data requirements are identified in the Program Development Manual. The FYDP is submitted annually to the Office of Management and Budget (OMB) and the Congress along with the Budget submission.

16. Cost Estimating for Civil Works Studies/Projects.

a. Economic Assumptions. The Administration's economic assumptions address inflation and adjustments. Table 1 provides cost estimate updating rates based on these assumptions, extrapolated through BY+19. These rates may be extended beyond BY+19 using the procedures described in Footnote 16 of TABLE 1. The rates are used, as explained below, to update all study and project cost estimates.

b. Updating. As shown in Table 1, all costs of Corps work are grouped into two "classes" - Class 1 and Class 2. Class 1 includes only costs of Corps civilian permanent workers. Class 2 includes all other costs, including costs of Corps civilian temporary workers. Each class has its own set of rates for cost estimate updating. Nevertheless, each set is used in the same way - through execution of the "algorithm" described in the table. The two cost classes and their rates are discussed below.

(1) Corps Civilian Permanent Worker Cost. The Class 1 rates in Table 1 are applicable to the BY-1 pay raise base. They derive from “updating factors” incorporating effects of then-year pay raises and a changing pay raise base. The pay raises reflect standard nationwide pay raises and locality pay increments. The breakdown between the two is based on local pay gaps and must be determined each year. These rates should be used to update Corps civilian permanent worker cost estimates for all budgeted work of all studies, projects, and activities.

(2) Corps Civilian Temporary and Non-Corps Worker and Non-Pay Cost. The Class 2 rates of Table are applicable to the BY-1 base of all costs other than those for Corps civilian permanent workers, ranging from costs of Corps civilian temporary workers, and consultants and Architect Engineers used in the various preconstruction planning and construction stages of work, to real estate costs. They derive from “updating factors” reflecting standard nationwide inflation. Use these rates to update Corps civilian temporary and non-Corps worker and non-pay cost estimates for all budgeted work of all studies, projects, and activities.

c. Microcomputer Assisted Cost Estimating System (MCACES). A complete and reliable MCACES baseline cost estimate and realistic workflow and funding schedule are essential in preparing out-year programs. Projections of work and funding requirements will be consistent with the President’s BY-1 budget, as modified by any Congressional action. The funding schedules should be reviewed and adjusted

continuously to reflect the sponsor's financial capability and project progress.

17. Project Economics.

a. Economic Updates. Economic updates shall be in accordance with ER 1105-2-100, ER 1110-2-1302 and Civil Works Policy Memorandum (CWPM) #12-001 entitled: “Methodology for Updating Benefit-to-Cost Ratios (BCR) for Budget Development”. See https://planning.erdc.dren.mil/toolbox/library/MemosandLetters/CWPM12-001.pdf.

b. Benefit /Cost Ratios (BCRs).

(1) The purpose of Table 1 is to ensure the currency of economic updates and BCRs for those construction and PED projects included in the BY budget and to outline compliance with the final Engineer Inspector General (EIG) BCR Inspection Report recommendations dated 2 August 2011.

(2) Updated BCRs of new start and continuing PED or construction projects proposed for the BY budget are required as follows:

(a) New PEDs or Construction Projects. For new PEDs, construction projects or construction project elements proposed in a MSC budget submission, the approval date of the latest economic analysis must not precede the date of the MSC budget submission date by more than 3 years. For example, for a new construction project for the FY2019 budget (initial submission due to HQ by May of 2017), the approval date of the document containing the most recent economic analysis can be no older than 1 May 2014.

(b) Continuing PEDs or Construction Projects. For continuing PEDs or construction projects proposed in a MSC budget submission, the date of approval of the latest economic analysis must not precede the MSC budget submission date by more than 5 years. For example, for any continuing construction project recommended for the FY2019 budget (initial submission due to HQ by May of 2017), the economic analysis can be no older than 1 May 2012.

(c) Exception. If a project is scheduled for completion in the BY with no major changes anticipated in the project’s costs or benefits between the budget submission date and the project completion date, an exception to updating the BCR can be requested from CECW-ID. If the project completion date moves beyond 30 September of the BY subsequent to approval of the exception, an economic update of the BCR will be required before the project is included in any future budget or Allocation Strategy.

(d) Discount Rates. A discount rate of 2.875% will be used to determine the “current” economics of any project. For CECW-P Memorandum, 17-01, see

https://planning.erdc.dren.mil/toolbox/library/EGMs/EGM17-01.pdf dated 25 October 2016,

- For projects funded for construction, the "applicable" rate is the one in effect when construction funds were first appropriated.

- For projects never funded for construction, the applicable rate is the "current" rate, unless the project qualifies for the 3 1/4% rate under the "grandfather" clause in Section 80 of the Water Resource Development Act of 1974, PL 93-251. Even if "grandfathered" for budgetary purposes the actual current rate should be also used and results shown.

- In addition, costs and benefits, and remaining costs and benefits must be computed and displayed at a 7% discount rate for consistent evaluation in accordance with Executive Order 12893, "Principles for Federal Infrastructure Investment". This E.O. requires that benefits, costs, and benefit-cost ratios for new infrastructure investments of all Federal agencies be evaluated at a discount rate of 7% to facilitate comparison and decision making. The total benefit/cost ratios (BCR) and remaining benefit / remaining cost ratios (RBRCRs) for all continuing and new construction projects, each based on a 7% discount rate, will be input into the CW-IFD database. RBRCRs are required when updating Justification Sheets. Specifics on computing RBRCRs are included in Annex II, Sub-Annex II-4.

(3) Verification of BCR Updates. In accordance with implementing guidance contained in the EIG report cited above, District Commanders are required to provide CECW-ID a signed "Verification of Compliance with Engineer Regulation (ER) 1105-2-100 for BCR Updates" as shown in ILLUSTRATION 5A with their BY budget submission. As part of their Quality Assurance Program, MSCs are required to ensure that this illustration is signed by all District Commanders and submitted to HQ. See TABLE 2 for submission dates.

18. Ranking Work Packages. Levels of Performance in O&M, increments, where applicable, along with Ranks will be used in conjunction by HQ to make Budget and BY-1 Allocation Strategy funding decisions within each Account. However, Rankings should cross all business lines. MSCs rank all work packages, across all business lines, against each other. See specific guidance in the Investigation, Construction and O&M Annexes. This approach is not necessary for increment 1 and increment 2 work packages.

a. Generally, Increments 1 and 2 represent critical construction work on budgeted projects. Common O&M and to some degree Specific Work Activities represent critical O&M work for efficient, effective and safe operation of priority projects. For Construction, work packages in Increments 1 and 2 are intended to fall within the Decrement funding level and do not need to be further ranked. Work packages falling in

Increments 3 through 9 must be further ranked. O&M ranks all work packages using the methods described in Section 2, Annex III, and the PDM business line sections. Investigations ranks all work packages using methods described in Annex I and the PDM business line sections.

b. The Ranks span fiscal years and apply to Budget, Allocation Strategy, and supplemental applications. Accordingly, there will not be separate Ranks for the different applications or for different fiscal years. All work packages entered in CW-IFD and displaying a capability for the BY-1 or thereafter must be given Ranks, if applicable. However, Ranks will be "versioned" at various key points in the program development time line or cycle.

c. The District and MSC/Lab Ranks are across Business Lines and independent of Increments or Level of performance; that is, work packages in higher increments or LOPs are not necessarily ranked higher than other work packages. Once the work packages have been ranked, work packages that are added due to newly arising requirements may be assigned duplicate rankings based on their relative priority, without necessitating re-ranking of all work packages.

d. HQ ranks are across Business Lines and independent of Increments or O&M LOP. HQ Ranks are in tranches. Army ranks cross business lines and Increments/LOP and are also in tranches.

e. District, MSC, and HQ Ranks should be developed in consideration of the performance information available in CW-IFD and policy stated in this EC. Information on District, MSC, and HQ Ranks can be found in the PDM.

f. Details on Increments for Construction, and Levels of Performance for O&M along with Ranks are found in the PDM.

19. Justification Materials.

a. Justification Sheet Management. ASA(CW) guidance issued 25 Apr 2016 for Formulating the FY18 Civil Works Budget remains in effect for Justification Sheets (J-sheets) developed for the FY19 Civil Works Budget recommendation. Specifically, this guidance states, "Justification Sheets should focus on justifying the work that is being presented for funding in the Budget. Any part of a project that is not part of the budgeted work should be identified as un-programmed and footnoted with an explanation accordingly. All J-sheets should be posted in MAX Community."

(1) HQUSACE application of ASA(CW) guidance for FY19 budget development follows:

(a) Only HQUSACE Account Managers will post J-sheets in MAX, the OMB-managed Federal community enterprise database system. All other HQ Proponents, MSCs, FOAs and Centers will save J-sheets on USACE intranet sharepoint site at a specific address provided separate from this EC.

(b) HQUSACE Account Managers will post in MAX only final version J-sheets that have received the endorsement of the Chief, Program Integration Division or his designated representative and have completed staffing between HQ Business Line Managers, HQ Proponents, RITs, and MSC/Center/FOAs. There may be follow-on questions and concerns to address once the ASA(CW) and/or OMB reviews J-sheets in MAX. The result of these reviews may require updates or corrections to J-sheets and re-posting revised version J-sheets in MAX.

(2) J-sheets will undergo an iterative review and authentication process to ensure a complete and accurate document. The expectations at each level of the Civil Works Program development follows:

(a) District level

- Review and authenticate the annual updated project cost estimate and schedule based on OMB price level and inflation indices provided in the this EC.

- Update of project schedule in P2 to identify work that could be accomplished in the Budget Year (this identifies the work packages and becomes the capability amount).

- Validate that economics and environmental compliance is current.

- Update CW-IFD with work packages that matches activities identified in P2 schedule (capability level).

- Update Justification Sheet with new cost estimate and listing of actions that could be accomplished in Budget Year.

(b) The MSCs, FOA, and Center are responsible for overseeing district data submission quality, verify adherence to this EC and the PDM. The MSCs, FOA, and Center also have data entry responsibility for specific remaining items and providing a consolidated MSC level ranking. At the MSC, the CWID Chiefs perform the following actions:

- Review and approve updated cost estimate.

- Validate economics and environmental data.

- Review and authenticate J-Sheets to ensure they follow format in this EC and define work activities based on CW-IFD.

- Obtain MSC review by RE, E&C and Planning.

- Transmit the J-Sheets to the HQs RIT Program Managers.

(c) RIT Program Managers are responsible for reviewing, coordinating changes/updates, and authenticating J-Sheet submittals in coordination with their MSC and District personnel. RIT Program Managers provide the J-sheets to HQ Account Managers for further processing and consideration in the Chief of Engineer's budget recommendation.

(d) HQ Account Managers within Program Development Branch (CECW-ID), in coordination with HQ BLMs, have the responsibility for overseeing the development of J-Sheets. This includes reviewing, coordinating, collaborating and performing quality assurance of the J-Sheet development process. The final approved J-sheet that aligns with the Chief of Engineers FY19 budget recommendation will be provided via MAX to OASA(CW) for Army endorsement. Once approved at OASA(CW) level, the J-sheet is promoted in MAX to OMB for their review, approval, and clearance for consideration in the President's budget submission for the Civil Works Program.

(e) HQ BLMs in coordination with CECW-ID Account/Program Managers are responsible to coordinate specific business line guidance contained in their respective appendices; review, verify, and authenticate the J-Sheet data entry process; develop business line specific data entry requirements; and manage the overall consistency of the J-Sheet. They have the responsibility to perform headquarters level BLM rankings in support of the Chief of Engineers budget recommendation.

b. Document Restrictions and Marking. All submissions required by this EC are NOT TO BE RELEASED outside the Department of the Army until after the BY President's Budget is released to the public. See ER 11-2-240, "Civil Works Activities - Construction & Design," for instructions regarding the marking of documents for restricted distribution.

c. Justification Sheets (J-sheets).

(1) Schedule. See TABLE 2 in for J-sheet submission requirements.

(2) J-sheet Guidelines. J-sheets authors will develop documentation using

Microsoft Word and must be consistent with the J-sheet requirements provided in this document. DO NOT deviate from the formatting outlined below without first contacting your RIT programmer for guidance. RIT programmers are responsible for coordinating J-sheets with MSCs.

(a) General Instructions

- The project name provided on J-sheets is not to change from prior year budgets unless specific concurrence is sought and received from CECW-ID.

- Where a project has a certified total project cost estimate (TPCE), include language in the J-sheet stating this fact and the timeline for planned resolution of the TPCE exceeding the Section 902 limit (if applicable).

- MSCs will submit final J-sheets via email with track changes to associated RITs for review. See TABLE 2 for submission dates. Use the Checklist, TABLE 2a, during the development of your J-sheets and submit signed checklist along with your Final J-sheets.

- For projects whose BCR has changed since lasted submitted to Congress, highlight the change on the J-sheet. (changed since FY 2018 Budget)

- Completion Dates. Completion dates should only be included on activities that are being funded to completion in the BY. Use “TBD” (To Be Determined) on ALL J-sheets requiring completion dates beyond the Budget Year EXCEPT for beach nourishment projects. See Illustration II-4.2, JUSTIFICATION section for additional justification information required for beach nourishment projects.

- For all FRM J-sheets, remove any and all references to “Risk Index” or “Basis of Risk Index”.

- Justification paragraphs must clearly state what risks will occur and/or what project benefits will not be realized if the BY funds are not received.

- Wherever projected Study or PED completion dates are used in the J-sheet, use a FY rather than “month and year” to allow for slippages.

- Acronyms must be defined when used throughout the J-sheet or not introduced. Acronyms must be spelled out the first time and immediately followed with the abbreviation in ( ).

- J-sheets are required on all budgeted work submitted by the MSC.

- Show funding for "operation" and "maintenance" work separately on O&M J-sheets. Ensure the total amount for O and M match your division's total.

- Identify States for each of the following items Scheduling Reservoir Operations, Inspection of Completed Works, Project Condition Surveys, Inspection of Completed Environmental projects, and Surveillance of Northern Boundary Waters. Refer to Annex III.

- Develop project completion schedules for Construction projects consistent with the President's budget funding amounts. Do not show future advanced appropriations in the summarized financial data on your justification sheets. Prepare the summarized financial data in accordance with the examples in ILLUSTRATION II-4.2 of Annex II.

- For all J-sheets where Dam Safety (DS) wedge funds have been used for PED (post-Dam Safety Modification Study) costs, include the DS wedge sunk PED costs in the Total Project Costs for the project.

(b) General Notes on Formatting

- Normal rules of grammar apply to all J-sheets.

- All numbers must be shown in whole numbers that have been rounded to the nearest thousand (Example $23,567,541 show as $23,568,000).

- All narrative text is to be left justified on the page.

- All negative amounts on J-sheets must be in parentheses “( )”.

- Where templates show “FY (BY) the J-sheets should show “FY 2019”. Where templates show FY (BY-1) J-sheets should show FY 2018, etc.

(c) Formatting Investigations (I) & Construction (C) Account J-sheets

- Use regular Arial 10 font, automatic line height, line spacing of 1, and margins of 1 inch top and bottom, 0.5 inch left and right, 1inch header/0.8 inch footer.

- Footers for I & C Account J-sheets:

o Use only the Microsoft Word Standard Blank (Three Columns) footer option.

o No page numbers and no date in footers.

o Use regular Arial 10 font, automatic line height, line spacing of 1, and margins of 1 inch top and bottom, 0.5 inch left and right, 1 inch header/0.8 inch footer. Left Column should be left justified with “Division (spell out fully)”, e.g. Division: Southwestern. Center Column should be center justified with “District (spell out fully)”, e.g. District: Mobile. Right Column should be right justified with “Project Name, State (two letter state abbreviation only- do not spell out). Use the “Wrap Text” formatting feature within the footer cell if all text does not fit on a single line.

- Tables for I & C Account J-sheets

o If there is a need for columns, use the table option and center justify on the page.

o Column headings (if applicable) are to be center justified within the column.
o Financial data is to be formatted as currency with comma separator, $ symbol and no decimals.

o Numerical data is to be right justified horizontally and bottom justified vertically within the cell.

o Alphabetical data cells should be left justified within the column horizontally, center justified vertically within the cell.

o Benefit values are to be formatted as currency with the comma separator, $ symbol and no decimals.

o A separate left justified small column within the table should be used for the footnote designator adjacent to the numeric data cells (i.e., 1).

o If a footnote designator is needed within the text column, the designator should be the last item within the text.

o The actual footnote(s) should be incorporated as the last lines of the table with the horizontal cells merged into a single cell to allow text wrapping.

o Only one footnote per horizontal line of table.

o Embedded tables within a table are NOT allowed.
(d) Formatting Operation and Maintenance (O&M) J-sheets:

- Use regular Arial 10 font, automatic line height, line spacing of 1, and margins of 1 inch top and bottom and 1 inch side margins.

- Footers for O&M J-sheets Same as for I & C Account J-sheets above.

(e) Formatting Maps and Illustrations: Follow the guidance in Annex II, Illustration II-4-4 for map content EXCEPT that for margins and font size use the guidance above for I, C and O&M Account J-sheets.

20. Certification and Verification of Compliance Requirements.

a. Required by Law or Executive Order. At least two, and possibly four, certifications are required with the BY Budget submission to attest that MSC Budgets comply with applicable laws and Executive Orders. The two certifications always required by HQ (CECW-I) include one by district commanders regarding compliance with an Executive Order on data sharing, and one by the MSC directors of programs management regarding compliance with use of management controls. The remaining two Certifications of Compliance that may be required are both for signature by district commanders - both regarding compliance with coastal barrier laws. Each Certification is discussed below.

(1) Executive Order on Geospatial Data. Reference ER 1110-1-8156, "Policies, Guidance, and Requirements for Geospatial Data and Systems," and EM 1110-1-2909, "Geospatial Data and Systems," assist USACE in protecting its investment in geospatial data and systems and in complying with Executive Order 12906, "Coordinating Geographic Data Acquisition and Access - The National Spatial Data Infrastructure." USACE collects a variety of geospatial data to produce products such as river and harbor maps, charts, and drawings; real estate maps; environmental and economic studies; and engineering studies and drawings. Paragraph 7.g.(4) of the ER explains that, beginning with the FY97 Civil Works Budget cycle, each district commander will submit a certification, modeled after Figure 1, certifying that his command has documented new geospatial data that it has created and made this documentation (metadata) available via the National Geospatial Data Clearinghouse on the Internet. The certification is due by the date shown in TABLE 2.

(2) Coastal Barrier Laws. OMB's Circular A-11, Section 12.5(s) states that estimates must not include any new Federal expenditures or financial assistance prohibited by the “Coastal Barrier Resources Act” (CBRA), PL 97-348. In addition, the ”Coastal Barrier Improvement Act of 1990,” PL 101-591, amending CBRA, requires that the Corps certify annually to Congress and the Secretary of Interior that it was in compliance with the provisions of CBRA, as amended, during the previous fiscal year. Therefore, each District Commander whose district includes areas covered by the Coastal Barrier Resources System will submit two certifications -- one modeled after each Figures 2A and 2B certifying, respectively, that this “FY17 Work Package Capability" is in compliance with these laws and that no funds were obligated in the past fiscal year (BY-2) for purposes prohibited by them. Note that PL 101-591 added new

units to the Coastal Barrier Resources System. The certifications are due by dates shown in Table 2.

(3) Management Control Law. Federal agencies are required by law to establish "management controls" for the activities they manage, and to provide assessments of their effectiveness to the President and Congress, annually. To this end, functional proponents identify requirements for compliance with law, including safeguarding assets, ensuring adequate records, and promoting efficiency and effectiveness of program accomplishment and reflect them in checklists. Army's management control effort, implemented by AR 11-2, “Manager’s Internal Control Program” specifically includes the Civil Works Program. The Management Control Evaluation Checklist for Civil Works Program Development is provided in Figure 3 of this section of the EC. A sample of a completed checklist is available for illustration purposes only in Figure 6 of this section of the EC. This is for use by programs management organizations in MSCs and districts, as explained below:

(a) Use the checklist during development of your Budget submission. District commands will use it first; then MSCs, when reviewing and modifying district submissions.

(b) A "no" response to a checklist question suggests a potential management weakness. However, if the potential management weakness is the result of a special case or specific exception, then there may be no management weakness. Those signing the Certification are the judge. If it is determined that a weakness exists, the weakness must be corrected as quickly as resources and essential mission priorities allow. No upward reporting is required.

(c) If a management weakness requires the attention or awareness of the next higher level of management, it is either a “notable weakness” or "material weakness" - a material weakness being more serious of the two. This is a judgment call on the relative seriousness of the problem. It is made at each progressive echelon, based on each manager's professional judgment. Weaknesses discovered by districts are reported to the MSCs, which determine whether to report them to CECW-ID. The reports must specify corrective actions taken or planned. The highest echelon receiving the report will evaluate the corrective actions, provide assistance if needed, and track progress. Consult AR 11-2 to determine whether a weakness is “notable” or "material". In general terms, if there has been no potential or actual loss of resources, adverse publicity, diminished credibility or violation of statutory or regulatory requirements, this reportable weakness would be considered a “notable” weakness for the purpose of the management control program for the Civil Works Program.

(d) Do not send program management checklists to HQUSACE unless there is a "no" response to a checklist question or there is additional guidance requiring

submission of information. Each MSC CW or CW Integration Division Chief shall submit a signed Certification modeled after Figure 4, certifying that a program management checklist was used by the MSC districts, and as applicable, the MSC. The check list must be signed by either a general officer or SES. The certification must be submitted in accordance with Table 2.

b. Required by Engineer Regulation. See Figure 5a for Verification of Compliance with ER 1105-2-100 for BCR Updates.

21. Change Management.

a. To ensure consistency among this EC and its successors, the Program Development Manual and CW-IFD, a Change Management Committee has been established. The Change Management Committee will review and approve or disapprove all proposed changes to the Program Development Manual, User Guide, and CW-IFD, as they relate to program development.

b. Users of this EC are strongly encouraged to bring all errors, omissions, and inconsistencies found in this document to the attention of CECW-IP at the earliest possible date. Recommended or suggested improvements to this EC are also strongly encouraged.

c. Any and all deviations from the guidance in this program development EC in the preparation or submission of the BY Budget and BY-1 Allocation Strategy, whether intentional or not, must be brought to the attention of the Chief, CECW-ID and CECW-IP at the earliest possible date. All MSC Budget submissions are expected to be in accordance with the guidance and the intent of the guidance provided herein.

FOR THE COMMANDER:

8 Appendixes
(See Table of Contents)

JAMES C. DALTON. P.E.
Director of Civil Works

TABLE 1 and TABLE 1a

Cost Estimate Update Rates and Contract Type and Conditions


fy19ec_table_ 1 Cost Estimate Updating Ra


Table 1 a Contract Type and Conditions.›

TABLE 2

Summary of FY19 Submission Requirements and Shared FY18 Allocation Strategy


fy19ec_table_2.xlsx

TABLE 2a Final I, C, O&M Checklist Template


fy19ec_table_2a.xlsx

TABLE 3 – Phase Codes and CCS Codes


Table 3a Phase Codes.xlsx


fy19ec_table_3b.xlsx

TABLE 4 - J-Sheet Naming Convention and Table 5 - J-Sheet Parent Child Workflow


fy19ec_table_4.docx


fy19ec_table_5.docx

DATE: _____

Certification of Compliance with Section 3(D) Of Executive Order 12906

and Paragraph 8 of ER 1110-1-8156

I hereby certify that the BY budget for the _____ (district, division, or laboratory name) Civil Works Program does not include an implicit or explicit request for funds to collect, produce, or acquire Geospatial data that is available through the National Geospatial Data Clearinghouse and that all possible data collection partnerships identified through the Clearinghouse were investigated. The _____ (district, division, or laboratory name) has also contributed metadata to the National Geospatial Data Clearinghouse in accordance with ER 1110-1-8156.

_____
Colonel, Corps of Engineers
Commanding

FOR ILLUSTRATION PURPOSES ONLY

(TO BE TYPED AS NECESSARY)

DATE_____

Certification of Compliance with Coastal Barrier Resources Act

I hereby certify that the BY budget for the _____ (district name) District Civil Works Program does not include a request for funds which would result in any new Federal expenditures or financial assistance prohibited by the Coastal Barrier Resources Act (PL 97-348), as amended by the Coastal Barrier Improvement Act of 1990 (PL 101-591).

_____
Colonel, Corps of Engineers
Commanding

Figure 2A Certification of Compliance with Coastal Barrier Resources Act

FOR ILLUSTRATION PURPOSES ONLY

(TO BE TYPED AS NECESSARY)

DATE_____

Certification of Compliance with Coastal Barrier Resources Act

I hereby certify that no Civil Works Budget funds were obligated in BY-2 by the _____ (district name) District for any new Federal expenditures or financial assistance prohibited by the Coastal Barrier Resources Act (PL 97-348), as amended by the Coastal Barrier Improvement Act of 1990 (PL 101-591).

_____
Colonel, Corps of Engineers
Commanding

Figure 2B Certification of Compliance with Coastal Barrier Resources Act

FOR ILLUSTRATION PURPOSES ONLY

(TO BE TYPED AS NECESSARY)

Management Control Evaluation Checklist

FUNCTION. The function covered by this checklist is Civil Works Budget Development.

PURPOSE. The purpose of this checklist is to assist Programs management organizations in USACE major subordinate commands (MSC) and districts in evaluating key management controls in development of their annual budget requests. It is not intended to cover all controls.

INSTRUCTIONS. Become thoroughly familiar with the contents of the Budget EC and read paragraph 16 of this EC before completing the checklist. Answers must be based on the actual testing of key management controls (such as document analysis, direct observation, sampling, simulation, other). Answers which indicate deficiencies must be explained and corrective actions indicated in support documentation. A sample of ILLUSTRATION 3 is provided below.

TEST QUESTIONS:

1. Are funding schedules continuously reviewed and adjusted to reflect Congressional actions, the local sponsors' financial capability, and project progress?
Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

2. Does development of the multi-year programs follow the guidance included in the applicable Annexes of the Budget EC?
Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

3. Are alternative multi-year program proposals fully documented?
Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

Figure 3
Management Control Evaluation Checklist

4. Is the multi-year Capability program independent of the other programs, yet consistent with Army policy and approved project cooperation agreements?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

5. Have the "Class 1" rates of TABLE 1, “BY Program, Cost Estimate Updating,” been applied to the pay-related costs for Civilian employees when preparing PB3a’s and PB6’s?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

6. Have the "Class 2" rates of TABLE 1, “BY Program, Cost Estimate Updating,” been used to update costs for consultants and AEs used in the various preconstruction planning and construction stages of work when preparing PB3a’s and PB6’s?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

7. Have the "Class 1" and “Class 2" rates of TABLE 1, “BY Program, Cost Estimate Updating,” been used for the period BY-1 through BY+19 for all PPAs when preparing PB3a’s and PB6’s?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

8. Has the procedure in Footnote 8 of TABLE 1, “BY Program, Cost Estimate Updating,” been used to determine rates for use in updating cost estimates beyond BY+19?

Tested by:
Response: YES_____ NO_____ NA_____

Remarks:

Figure 3
(Continued)

9. Are the appropriate discount rates being used to compute the benefit-cost ratios of projects?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

10. Is the approval date of the latest economic analysis in accordance with the Budget EC?

a. For construction and PED new starts - not more than three years older than the date of the budget submission to HQUSACE?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

b. For continuing construction and PEDs - not more than five years older than the date of the budget submission to HQUSACE?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

11. Were benefit-cost ratio computations based on benefits in the latest approved economic analyses, were current project costs deflated to the price levels of such benefits, and were all review and certification requirements met?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

12. Are new start recommendations justified based on NED benefits, or responsive to restoration and protection of environmental resources, including fish and wildlife habitat, i.e., inland and coastal wetlands, other aquatic and riparian habitat?
Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

Figure 3 (Continued)

13. Do recommended new construction starts have firm M-CACES baseline cost estimates?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

14. Have new start recommendations been screened according to the criteria established in the Budget EC?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

15. Are data in the Construction and Investigations illustrations compatible, showing that:

a. Construction capability is shown for the fiscal year following PED completion?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

b. Project cost estimates are identical?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

16. Is the “Estimated Total Carry-In” included in all applicable budget justification sheets (Investigations, Construction and O&M)?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

Figure 3
(Continued)

17. Are the latest (most current) cost estimates for BY budgeted projects, through project completion, within the project 902 cost limit established in law? If not, provide project details in the remarks below.

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

18. Were Section 902 cost limit calculations performed by District economists in accordance with ER 1105-2-100, Appendix G, Table G-4? Note that use of the Section 902 Analysis Certified Tool is acceptable in lieu of Table G-4.

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

19. Were the (most current) cost estimates developed by the district (or region) cost estimating personnel in accordance with the following standards: (1) ER 1110-2-1302, Civil Works Cost Engineering, (2) EC 1165-2-214, Water Resources Policies and Authorities - Civil Works Review and (3) ETL 1110-2-573, Engineering and Design: Construction Cost Estimating Guide for Civil Works?

Tested by:
Response: YES_____ NO_____ NA_____
Remarks:

20. Does the "Total Allocation to Date" for any budgeted project exceed 80% of the current "Total Project Cost Estimate" (See ER 1110-2-1302, paragraph 11. k. (3)) for the project? If so, provide project details in the remarks section below and to the MSC Commander, Chief, CECW-ID, and DCG, C+EO at the earliest possible date.

Tested by:
Response: YES_____ NO_____NA_____
Remarks:

Figure 3
(Continued)

21. Where “Total Allocation to Date” for any budgeted project exceeds 80% of the authorized “Total Project Cost Estimate”, the following has been verified:

a. The most recent Total Project Cost Estimate and associated products were developed in accordance with the following standards: (1) ER 1110-2-1302, Civil Works Cost Engineering, (2) EC 1165-2-214, Water Resources Policies and Authorities - Civil Works Review and (3) ETL 1110-2-573, Engineering and Design Construction Cost Estimating Guide for Civil Works.

Tested by:
Response: YES_____ NO_____NA_____
Remarks:

b. The most recent Total Project Cost Estimate, construction schedule and risk-based analysis were developed by the district (or region) cost personnel with support from the (PDT).

Tested by:
Response: YES_____ NO_____NA_____
Remarks:

c. Where the risk-based analysis indicates the most recent Total Project Cost Estimate will exceed the 902 limit, a District Quality Control/Quality Assurance (DQC) review and a Cost Agency Technical Review (Cost ATR) Certification have been obtained from the Cost Engineering Mandatory Center of Expertise (MCX).

Tested by:
Response: YES_____ NO_____NA_____
Remarks:

DATE PREPARED: _____

[NOTE Help make this a better tool for evaluating management controls. Submit suggestions for improvement to HQUSACE (CECW-ID), Washington, D. C. 20314-1000.]

Figure 3 (Continued)

DATE: _____

Certification of Use of Management Control Evaluation Checklist

I hereby certify that in the BY, (major subordinate command name) Division's Civil Works Budget was developed making full use of the Management Control Evaluation Checklist.

_____
Director of Civil Works Programs Management

Figure 4 Certification of Use of Management Control Evaluation Checklist

FOR ILLUSTRATION PURPOSES ONLY

(TO BE TYPED AS NECESSARY)

DATE: _____

Verification of Compliance with ER 1105-2-100 for BCR Updates

I hereby verify that the BCRs for projects submitted for the Civil Works BY budget submission from the _____(district) were:

1. Developed in strict accordance with ER 1105-2-100 or an approved economic update based on the Methodology for Updating Benefit-to-Cost Ratios (BCR) for Budget Development dated March 8, 2012.

2. That the Civil Works Integrated Funding database (CW-IFD) Primavera 2v3 (P2) system data accurately reflects these economic updates.

3. If P2 / CW-IFD does NOT accurately reflect these economic updates, the updates are accurately reflected in the Construction Project-level Data Sheet attached.

Check here ___ if there is an attachment (ILLUSTRATION 5B).

_____
Colonel/Lt. Colonel, Corps of Engineers
Commanding

Figure 5A Verification of Compliance with ER 1105-2-100 for BCR Updates

FOR ILLUSTRATION PURPOSES ONLY

(TO BE TYPED AS NECESSARY)
Figure 5B

Construction Project-Level Data Sheet for BCR Updates
(To Be Attached to Figure 5A as Needed)

SAMPLE CHECKLIST
FIGURE 5B.pdf

Figure 6
Sample Management Control Evaluation Checklist

Figure 6
Management Checklis