



Frequently Asked Questions: Civil Works Budget Development Transformation (Watershed / System-Based Budget Development)

U.S. ARMY CORPS OF ENGINEERS

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What is Civil Works budget development transformation?

Civil Works budget development transformation seeks to: 1) improve the justification and defense of budget allocations; 2) incorporate integrated water resources management concepts into the budget development framework, as appropriate; 3) implement a watershed budget development process, while continuing to produce a performance-based budget; and 4) communicate transformational budget development processes to both internal and external audiences.

Why does USACE believe it needs to transform the Civil Works Budget Development process?

The Civil Works budget development must evolve from simply a collection of individual projects into a goal-oriented, program based approach to better achieve the nation's goals and objectives. Due to increased competition for limited federal discretionary spending now and into the future, as well as increasing complexity of water resource management issues, it is imperative that all funding for water resource management projects, not only federal funds, be used as effectively and efficiently as possible. A broader, more holistic budget development approach is needed to address water resource issues. A watershed or systems budgeting approach that considers the priorities and funding capabilities of federal, tribal, state and local stakeholders, and non-governmental organizations should enable development of improved comprehensive solutions to these contemporary water resource management issues.

How might the Civil Works budget development process be different going forward?

Future Civil Works budgets will be developed to finish projects that USACE starts and focus on its four core mission areas - Navigation, Flood Risk Management, Hydropower, and Aquatic Ecosystem Restoration. These budgets will reflect greater risks in non-core mission areas, provide more efficient funding for projects and feasibility studies to deliver their benefits sooner, fund fewer projects and studies overall, identify the highest resulting risk from any funding reductions, as well as the cost to buy down that risk. Previously funded studies that have not received appropriations (to include work plans) in FY 2011, 2012, or 2013 or are not in the FY 2014 Presidents Budget, will not be proposed for funding in the FY 2015 budget submission unless a compelling case has been made to the USACE Senior Leadership that the study must continue to be "active."

How is USACE implementing Civil Works budget development transformation?

While continuing to develop annual performance-based Civil Works budgets, USACE remains committed to improving its budget development processes. Those budget development process improvements may be considered transformational in two new areas – moving forward to a more top-down, program-based, goal-focused budgeting approach that would enable USACE to improve communicating the value of CW program to the Nation, and a watershed/system-based approach to budget formulation that will include a sustainable, five-year set of prioritized and performance-based project-level investment options. Development of these investment options will include collaboration with and input from community, state, federal, Tribal and non-governmental stakeholders, thereby developing the broad-based support and leverage of all resources for the watershed/system programs, projects and activities.

(as of June 20, 2013)



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Can we discuss the budget development transformation with our congressional delegations and non-Federal sponsors?

Yes. Talking Points have been developed and should be used by all levels of USACE for coordination and communication with stakeholders, sponsors and Congress.

How is USACE moving towards a more top-down, program-based, goal-focused budget development process?

The initial step in this budget development process was to identify contributions the Civil Works program makes at the business line level towards a set of national priorities/goals and objectives that are consistent with the Civil Works Strategic Plan. The second step was to define multi-year program/business line goals, as well as annual supporting program/business line objectives, that support these national priorities/goals and objectives. This alignment/mapping will enable a further assessment of how best to recommend allocation of funds to accomplish those same national priorities/goals and supporting national objectives. In 2012, MSC's developed and executed watershed/systems budgeting approach pilots during the FY 2014 budget development process.

How is USACE moving towards a watershed/system-based budget development process?

In parallel with the normal performance-based FY 2015 Budget Submission by MSCs, each MSC was directed to select at least two watershed/systems within their geographic boundaries and develop at least two pilot "watershed-based budgets." For the purpose of this business process development exercise, a 'watershed-based budget' is defined as a sustainable, five-year set of prioritized and performance-based project-level investment options. Development of these investment options must include collaboration with and input from community, state, federal, Tribal and non-governmental stakeholders, thus providing the broad-based support and leveraging of resources for the watershed/system activities that will be proposed for Federal funding each year. These "watershed-based budget" pilots will be developed in parallel with the normal budget development process; however, they must not impact the MSC FY 2015 budget submission scheduled for 28 June 2013. The FY 2015 MSC pilot watershed/system budget development process will enable HQUSACE to expand MSC watershed-based budget development to accommodate additional priority watersheds, while still being translatable to Corps business lines. Consistent watershed-based budget processes are being developed. Measurements of watershed-based budget outcomes are being standardized. Standardized watershed-based budget development tools and support processes are being made available.

In 2013, the following lessons learned from FY 2014 watershed/system budget development have been considered in the process of the FY 2015 watershed/system budget development:

- Continue to use National Goals/Priorities & National Objectives to explain to others the full contribution of our Civil Works program to the Nation.
- Add Value to the Nation to existing budget performance metrics.
- Include MSC development of five-year sustainable CW program that meets national objectives.
- Leverage the effects of project-level funding commitments (federal, tribal, state, and local).
- Provide a common operating picture across the entire Civil Works program.
- Identify business processes for MSCs to uniformly document stakeholder input on project-level watershed priorities.

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In 2013, the following challenges remaining from MSC FY 2014 pilot watershed budget development have been considered in the FY 2015 watershed/system budget development process:

- Engagement of stakeholder groups to provide input to prioritization.
- Consistent use of National Goals/Priorities and National Objectives in prioritizing watershed work.
- Robustness and availability of budget development tools used in the pilots.
- Priorities of the Administration.

What are the draft FY 2015 Budget National Priorities/Goals?

- Provide for the National Defense
- Continue to Reduce the Deficit
- Create Jobs and Restore the Economy
- Improve Resiliency and Safety of Communities and Water Resource Infrastructure
- Restore and Protect the Environment
- Maintain Global Competitiveness
- Increase Energy Independence thru Renewable Energy
- Improve Quality of Life
- Support Research and Innovation That Lead to New American Jobs and New American Industries

What are the draft FY 2015 Budget National Objectives?

- Support National Defense at Home and Abroad
- Recapitalize, operate and maintain water resource infrastructure and a reliable waterborne transportation system to provide maximum benefit to the Nation
- Develop, Restore and Protect the Nation's waters, wetlands, and related natural resources
- Reduce the risks of flooding and build the Nation's response capabilities to extreme events
- Improve federal energy, water, and petroleum efficiency, managing, and reducing greenhouse gas emissions toward agency-defined targets
- Double exports from FY2010 to FY2015
- Provide reliable, renewable hydropower benefits to the nation

What are the short and long-term goals of the budget development transformation?

The short-term goal for the FY 2015 budget development process is to expand MSC watershed-based budget development to accommodate additional priority watersheds, while still being translatable to Corps business lines. Consistent watershed-based budget processes are being developed. Measurements of watershed-based budget outcomes are being standardized. Standardized watershed-based budget development tools and support processes are being made available.

The long term goals of Civil Works budget development transformation are to:

- a. Better align and defend proposed investment options in a more comprehensive and integrated manner;
- b. Better identify benefits and outputs that are performance-based, address the highest priority issues within the watershed/system and are of the highest value to the nation;
- c. Evaluate how the proposed investment options integrate or complement ongoing or proposed actions of other Federal water resource agencies, Tribes, state, local governments, our partners and other non-federal bodies;
- d. Increase transparency of MSC involvement in development of the budget, and
- e. Develop a sustainable multi-year program, identifying essential investment options required to reach each watershed/system's goals and objectives.

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How long will it take to transform the Civil Works Budget?

Civil Works Transformation enables development of comprehensive integrated water resource management solutions to contemporary water resource issues. Civil Works Transformation is intended to make Civil Works Budget Development a continual improvement process, but the Corps of Engineers is already beginning to see changes in the way Civil Works budget development is considered at the grassroots level, in terms of stakeholder engagement to identify regional priorities for the budget development process.

Can USACE implement the new budget development approach alone?

The new budget development process cannot be developed and implemented in isolation. The Office of Management and Budget considers USACE's input when putting together the President's Budget, which is submitted to Congress. Congress, in turn, considers the President's Budget in making the funding choices into annual Appropriation Acts. Effective use of funding will continue to require input from and collaboration with stakeholders and other interested parties.

Will implementation of the new Civil Works Budget development process require additional congressional authorizations and appropriations?

Moving from project specific funding to watershed or systems funding may require new congressional authorizations and appropriations. However, USACE will work with our appropriations committees and OMB to implement the new budget development process in a manner that minimizes the number of new authorizations and appropriations.

In an era of constrained resources, will this new watershed/system-based budget development process mean smaller funding requests in the future?

USACE will implement pilot efforts in selected watersheds/systems to gain insights on how funding requirements may change in the future. Funding at the watershed or systems level instead of the project level may offer efficiencies and may reduce redundancies. It may result in smaller funding needs in a given watershed; however, it will take several budget cycles to quantify those efficiencies and savings.

How will you select the watershed pilot projects?

In the FY 2015 Budget Development Guidance, each MSC is directed to identify one priority watershed/system candidate within their geographic boundaries for watershed/system budget development. From these MSC priority watershed/system candidate proposals, Corps leaders in consultation with and concurrence from Office ASA (CW) will select priority watersheds for FY15 watershed/system budget development. For this effort, priority watersheds should include multiple jurisdictions and involve multiple Federal agencies contributing to the improvement of water resource management within that watershed.

In addition, the FY 2015 Budget Development Guidance directs MSCs to select two watersheds within which to conduct a second round of watershed pilots, similar to the FY 2014 watershed budget pilot submissions. The intent is to ensure lessons learned and best practices from FY 2014 are applied to FY 2015 as the pilot process continues to mature.

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What are the criteria for evaluating the watershed pilot projects? How will you weight the focus areas?

One focus of the FY 2015 watershed budgeting effort is formalization of evaluation criteria to be used in FY 2016 and future budget cycles. Efforts will focus on application of "Value to the Nation" criteria, linked to the national objectives, to watersheds that have a common operating picture, for example, existence of (1) a formal watershed commission with participation of two or more federal agencies in addition to the Corps of Engineers, (2) watershed plans that sets out long-range infrastructure goals for the watershed, and (3) opportunities to create synergies and gain efficiencies for investing federal funds in concert with other federal, tribal, state, local, and non-governmental partners.

How will watershed based budgeting affect funding for ongoing Projects currently receiving funding?

FY 2015 watershed budgeting effort will be carried on independently of on-going FY 2015 Civil Works budget development. However, there may be lessons-learned from watershed budgeting efforts that could positively impact on-going Civil Works FY 2015 Civil Works budgeting because of improved understanding of regional requirements and priorities.

Are there any other modernization efforts ongoing with the Civil Works Budget development process?

The USACE is seeking innovative means to finance projects throughout their life cycles. The FY2012 Energy & Water Appropriation provided authority to accept contributed funds from non-Federal entities. There are ongoing discussions with power marketing authorities & industry on alternative financing for hydropower plant modernization recapitalization. The Inland Waterways Users Board, created under the Water Resources Development Act of 1986 to advise the Secretary of the Army on inland navigation construction funding priorities, uses its reports to prioritize projects, propose policy changes and industry proposals to increase revenues for the Non-federal share of lock modernization cost.

For more information, see www.usace.army.mil, or contact Ada Benavides at ada.benavides@usace.army.mil.