

Recommendation #261
SRS Budget Process - Improvements

Background

At the May 2006 meeting of the Department of Energy (DOE) Environmental Management (EM) Site Specific Advisory Board (SSAB), the President's Fiscal Year (FY) 07 budget for EM received significant attention because of major budget cuts affecting existing commitments on cleanup activities and regulatory compliance across the DOE complex. The SSAB voiced these concerns in a letter approved by each site-specific advisory board [Ref. 1]. In addition, the SSAB addressed the need for a consistent and effective budget process to assist DOE with priorities and levels of funding at each site.

The EM SSAB concerns paralleled those of the Savannah River Site (SRS) Citizens Advisory Board (CAB). In response to the President's FY 07 budget for SRS, the SRS CAB issued Recommendation #228 concerning potential budget shortfalls at SRS [Ref. 2]. In this Recommendation and Recommendations #234 and 238 adopted in the following months [Ref. 3 and 4], the CAB specifically requested to be involved earlier in the budget development process. DOE responded in February 2007 with a letter giving guidance for SSAB participation in the EM budget request process [Ref. 5]. A new era of budget participation had begun.

The SRS CAB understands that at any point in time DOE is dealing with budgets for three fiscal years. For example, in March 2009, while the FY 2009 budget is being executed, the FY 2010 budget has been submitted to Congress and requirements for the 2011 budget are being assembled. For SRS, the budget process follows four steps: 1) site requirements; 2) internal DOE and Office of Management and Budget (OMB) deliberations; 3) congressional action; and 4) execution.

Typically, during the January-February timeframe, budget guidance and funding targets are released to field sites, like SRS. SRS develops a site budget and Integrated Priority List (IPL) that ranks all work planned for the target fiscal year and submits it to DOE-EM in April. At this point the budget process is "embargoed" to the public. DOE-EM compares and prioritizes the budget requests across the complex to the budget targets issued by OMB, and identifies and resolves issues in a "Corporate Forum" to reach an acceptable budget submission to DOE's Chief Financial Officer for final decisions in June. Between June and August, internal budget briefings are held at DOE-HQ. The budget is then submitted to OMB in September. Around Thanksgiving, it is given back to DOE for review and potential appeals are reviewed. Normally, the final budget decision is made in January. The budget is then printed and the forthcoming Presidential budget is released to Congress around February, when the embargo ends for the current year. Ideally, there is Congressional hearings from March to September, and then around the first of October, the budget is approved and the new fiscal year begins.

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Following distribution of the DOE's February 2007 letter to the EM SSAB, the SRS CAB approved two additional Recommendations #244 and 252 [Ref. 6 and 7] requesting more specific information needed to understand the budget and project planning processes, including Project Baselines, critical path schedules, and five-year plans (this forms the scope of work for the Certified Baseline). On February 26, 2008, DOE-SR requested the SRS CAB provide input to the FY 2010 IPL and the most current EM *Five-Year Plan* [Ref. 8]. Subsequent information exchange between the SRS CAB and DOE-SR is documented in Recommendation #254 [Ref. 9]. DOE's response to these three Recommendations, as well as the ongoing interaction between the SRS CAB and DOE-SR on budget matters, indicate a positive commitment to re-establish a process that promotes effective and consistent CAB participation in SRS budget planning and tracking.

Comments

The SRS CAB is pleased at the progress that has been made regarding CAB insight into the DOE-SRS budget and our participation in the annual budget process. We appreciate the effort required to provide the CAB with sufficient information for us to understand budget status and rationale, and in turn provide meaningful input to DOE-SRS. On the other hand, we believe this information is necessary for us to be effective stewards of the public trust.

We understand that plans (such as Five-Year Plans and Certified Baselines) will only materialize if the work is adequately funded. We also understand that some budget information is embargoed on a pre-determined schedule tied to that fiscal year's budget process. As of March 2008, the FY 2009 budget was no longer embargoed but the FY 2010 budget was soon thereafter; as of April 2009, the FY 2010 budget was no longer embargoed, but the FY 2011 budget will be soon.

The CAB also understands that the budget available to fund all of the projects above that level of funding required for the "minimum safe" condition that protects workers, the public and the environment is limited. This means that priorities on the IPL are critical.

Overall, the CAB'S goal is to stay informed about what work is planned and when, how much funding is required (and requested) to execute the planned work, what funding is actually received and when, how work is subsequently realigned once funding is allocated, and how funding and schedule estimates change during the course of project execution.

The information exchange process that has evolved over the past two years can be improved. Two examples follow.

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DOE-SR was requested by the SRS CAB [Ref. 4] to provide the status of all SRS projects in conjunction with the priority funding list. The proposed FY11 IPL was presented to the SRS CAB in March 2009 [Ref. 10]; however, the burden was on CAB members to extract the rationale for priority rankings from briefings received over the past year that addressed project status and risk. By contrast, the Nevada Test Site CAB budget committee receives a briefing on the status of all major projects at the time IPL input is requested [Ref. 11]. Also, most CAB members, as well as the public at large, are not sufficiently familiar with Project Baseline Summaries (PBSs) to discriminate between operational risks (those that might hinder operations) and those that threaten workers, the public and the environment. Understanding relative project risk is necessary to developing informed CAB input to the IPL.

DOE-SR was also requested by the SRS CAB [Ref. 4] to include a budget slide in all program presentations that addresses each project's budget and expense history. When this happens, it proves to be a very useful tool for explaining project value and progress however, it occurs as the exception rather than the rule. In addition, including the IPL ranking and PBS summary in each project being briefed would be a helpful reference.

Recommendations

The SRS CAB recommends that DOE:

1. Provide an update from each of the EM Federal Project Directors to specifically aid the CAB in formulating recommendations for the planning year IPL as part of the annual budget preparation process.
2. Inform the CAB of any significant funding differences between the Certified Baseline and the President's budget request, and between the President's request and the congressional appropriation for a particular budget year. Describe project impact (e.g., delayed milestones, changes in performance metrics, etc.).
3. As current year projects are executed, inform the CAB of any significant funding changes (e.g., funding delays, reprogramming, cost savings or overruns, etc.). Describe project impact (e.g., renegotiation of regulatory milestones, etc.).
4. Include a budget and schedule slide in each project status briefing made to the CAB that references the IPL ranking and Project Baseline Summary (PBS).
5. Provide a briefing to the CAB in July 2009 summarizing the process that is being implemented to ensure the CAB can participate effectively in budget planning, and is routinely informed about project funding status and the impact of budgets and funding on project performance.

References

1. Environmental Management Site Specific Advisory Board (SSAB) letter to Assistant Secretary James A. Rispoli, EM-21/DOE-HQ ("Recommendation for EM SSAB Input to Future Site Environmental Budget Requests", June 19, 2006).

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2. SRS-CAB R228 ("President's FY07 SRS Budget Shortfall", March 28, 2006).
3. SRS-CAB R234 ("SRS Budget Participation", May 23, 2006).
4. SRS-CAB R238 ("DOE Budget--Stakeholder Participation Consistency", September 9, 2006).
5. Memorandum for Distribution issued by Mark W. Frei, Deputy Assistant Secretary for Program Planning and Budget, DOE-HQ ("Participation of the Environmental Management Site Specific Advisory Board in Environmental Management Budget Requests", February 1, 2007).
6. SRS-CAB R244 ("DOE Budget Formulation and Stakeholder Participation", March 27, 2007).
7. SRS-CAB R252 ("SRS CAB Input in the DOE-SR Budget Process", November 27, 2007).
8. BD-08-0009, Memorandum from J. Allison, Manager, DOE-SR, to D. Antonucci, Chair, SRS CAB ("Input to the FY 2010 Integrated Priority List", February 26, 2008).
9. SRS-CAB R254 ("FY 2010 Integrated Priority List and Budget Process Input", March 25, 2008).
10. Presentation to the SRS CAB by Lance Schlag, Director, DOE-SR Mission Planning Division ("Integrated Priority List and Budget Update", March 23, 2009)
11. Nevada Test Site Community Advisory Board (NTS CAB) Full Board Minutes (January 28, 2009),
www.ntscab.com/Documents/Minutes/FY%202009/FB/012809%20FB%20Minutes%20FINAL.pdf

Agency Responses

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