



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
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WASHINGTON DC 20350-1000

APR 19 2011

BUDGET GUIDANCE MEMORANDUM BG 11-1G

Subj: GUIDANCE FOR THE PREPARATION AND SUBMISSION OF THE
FY 2013 PROGRAM/BUDGET ESTIMATES FOR THE DEPARTMENT OF THE
NAVY (DON) PROGRAM/BUDGET REVIEW

Ref: (a) DON Budget Guidance Manual
(b) DoD 7000.14-R, Financial Management Regulation, Volume 2A of October 2008
and Volume 2B of November 2009
(c) BG 11 Series Guidance

Encl: (1) FY 2013 Program/Budget Review Schedule
(2) FY 2013 DON Budget Submission Exhibit List
(3) PBIS Database and Issue Paper Procedures
(4) Budget Object Classification System (BOCS) Detailed Instructions
(5) Civilian Personnel (CIVPERS) Procedures
(6) Navy Working Capital Fund (NWCF) Procedures
(7) Information Technology (IT) Procedures
(8) Budget Productivity Index (BPI) Procedures

1. Purpose. To provide guidance supplementary to that provided in references (a) through (c) for the preparation and submission of FY 2013 program/budget estimates for the Department of the Navy (DON) program/budget review.

2. Background. By reference (c), pricing factors were provided for the FY 2013 program/budget review. Pricing Validation Team reviews, Functional Transfer reviews, the CIVPERs In-Sourcing review, and the FY 2011 investment, working capital fund, and operation and maintenance mid-year reviews are in the process of being completed. To the maximum extent possible, the results of any completed review efforts will be incorporated into the budget controls and reflected in the FY 2013 DON budget submission.

3. General Guidance. The FY 2013 DON program/budget review will be conducted in a manner consistent with recent years and will be scheduled to meet OSD submission requirements. The schedule for the initial portion of the FY 2013 program/budget review is provided at enclosure (1). The FY 2013 DON program/budget review is intended to be comprehensive in scope. The next milestone in the DON program/budget review is the budget formulation/corporate evaluation stage of the process following the completion of initial Service (Navy, Marine Corps, and Secretariat Review Board) program recommendations. Budget Submitting Office (BSO) submissions should be based on these

programming controls, available in the Program Budget Information System (PBIS) on or about 3 May 2011. Unless controls are delayed significantly beyond that date, budget exhibits will be due to the Office of Budget (FMB) 1 June 2011. U.S. Marine Corps, OPNAV N80 and the DON Secretariat are conducting a separate program review and will provide final program recommendations to the PBIS database 2 May 2011. Concurrent with the development of the FY 2013 DON budget estimate, the FY 2013 Overseas Contingency Operation (OCO) requirement will be formulated. FY 2013 OCO guidance will be provided via separate correspondence.

a. Development of DON Program/Budget Estimates. The development of FY 2013 baseline estimates will use a combination of Service program recommendations and BSO realignment adjustments for all appropriations and accounts for FY 2011, FY 2012 and FY 2013, and outyear data for FY 2014 through FY 2017, as appropriate. Note that USDC has shifted to an *annual* budget process versus the previous *biennial* process.

(1) Pricing. It is important that there be a consistent approach taken to pricing programs. Pricing factors for the review were provided in BG 11-1 of 25 February 2011.

(2) Total Obligational Authority (TOA) Controls in PBIS. TOA controls will be available for Navy BSOs in PBIS on or about 3 May 2011. For the Marine Corps, PBIS is to be updated for FY 2013 through FY 2017 program recommendations no later than 2 May 2011, and this data will constitute the basis for the Marine Corps budget control. Addressees are reminded that these controls are not to be discussed outside the Department of the Navy for any reason. DON budget submissions for FY 2011 should be based on currently approved program levels for execution. Estimates for FY 2012 DON programs will be updated and reviewed to ensure an effective and expeditious apportionment of appropriations. BSO realignments of TOA will be authorized for FY 2013 and later years and will follow PBIS issue paper procedures described later. Detailed budget justification materials will be submitted by Navy BSOs and the Marine Corps no later than 1 June 2011.

(3) Exhibit Requirements and Due Dates. Approximately four weeks have been provided to enable BSOs to complete the FY 2013 DON budget submission. BSOs should submit exhibits as required in reference (a), Part II, except as modified by this guidance. All primary budget materials are due to FMB by 1 June 2011; secondary exhibits will be due NLT 15 June 2011. A revised listing of submission requirements, by appropriation or fund and exhibit, is provided at enclosure (2).

b. Program Budget Information System (PBIS). PBIS is the single repository of official program/budget estimates and will be the vehicle through which all participants propose changes to the FY 2013 DON program/budget. All budgets and proposed changes must be developed, reviewed and approved using PBIS. This approach ensures the proper review of every issue and establishes an audit trail of review action. PBIS database procedures and

issue paper generation are discussed at enclosure (3). Questions concerning PBIS should be referred to Mr. Jeff Chilcote at Jeff.Chilcote@navy.mil or Ms. Jessica Kramer at Jessica.Kramer@navy.mil.

(1) Changes to the FY 2013 DON Program/Budget. The primary mechanism for proposing changes to the budget will be by submitting issue papers through PBIS. Issue papers should refrain from revisiting previous program decisions unless essential new or unanticipated information is available. Additionally, all proposed BSO realignments will be documented by issue papers. For proper consideration, all BSO issue papers should be submitted in PBIS by 1 June 2011. Functional transfers entered into PBIS prior to the DON submission have been adjudicated and incorporated into the DON13 controls. Issue paper training and instructions are available on the Program Budget Information Center (PBIC) webpage at the following link: <https://fmbweb1.nmci.navy.mil/fmb32/PBIC.htm>.

(a) Reimbursable Information in PBIS. BSOs are reminded that reimbursable funding levels in PBIS must also be updated during the submission. The deployments of new systems at DFAS and within the DON have further highlighted the importance of accurate reimbursable funding requirements. Process participants are to ensure their reimbursable funding levels properly support the FY 2013 budget. Any issues detected in reimbursable funding profiles (FY13-17) should be corrected using the issue process described in enclosure (3) prior to 1 June 2011.

(b) Cost to Complete Information in PBIS. BSOs are reminded that PBIS houses CTC acquisition program data and it is a required submission for all major defense acquisition programs, i.e., any programs designated as MDAP, pre-MDAP, MAIS, or pre-MAIS. Because the FY17 column of the standard FYDP has been added to the new POM-13 FYDP display, BSOs, Resource Sponsors and Program Managers are to ensure that CTC data is updated for each major defense acquisition program during the FY 2013 DON submission. Standard issue paper procedures in enclosure (3) should be used to update CTC data in PBIS. Program information in Selected Acquisition Reports (SAR) and program data in the PBIS database must match for all MDAP, pre-MDAP, MAIS, or pre-MAIS programs. Participants are alerted that all future SAR data must match PBIS program totals for the FY 2013 BES and President's Budget submissions.

(c) Energy coding in PBIS. Program/budget participants are alerted that a new "Energy" field has been added to PBIS enabling an audit trail of energy related efforts. Specific coding within the Energy field will allow users to distinguish between energy investments and savings. Coding to be used within the Energy field are as follows:

Item	Energy Field Code	Definition
1	EIES-I	Shore energy investment
2	EIES-S	Shore energy savings
3	EIET-I	Tactical energy investment
4	EIET-S	Tactical energy savings

For Energy related issues, Navy and Marine Corps process participants are to use the coding in the above table along with the standard issue processes highlighted in enclosure (3) to submit energy related issues to PBIS.

(2) Justification Management System (JMS) and Budget Metrics. The Justification Management System (JMS) within the PBIS web site is used to collect and disseminate unclassified justification material for all appropriations and special interest areas. No paper copies of justification material will be accepted. The system maintains a workflow history of submitted justification materials and will be used later to submit electronic material to OSD/OMB. The material initially submitted by BSOs will be treated as the initial draft of the material to be submitted to Congress in February 2012. As such, BSOs and FMB analysts must use the objects attached in JMS as their source documents when making any modifications required for the OSD and Congressional submissions. Primary budget exhibits are due in JMS NLT 1 June 2011 and secondary budget exhibits are due NLT 15 June 2011. Enclosure (2) provides a detailed listing of required primary and secondary budget exhibits. Self-guided JMS training is available in PBIS at: <https://fmbweb1.nmci.navy.mil/fmb32training/ecenter/default.htm>. For additional information about JMS please contact Ms. Christine Hurst at Christine.Hurst@navy.mil.

(a) RDOCS. For research and development budget exhibits, BSOs will use the RDOCS system available on PBIS Web. PB12 RDOCS exhibits have been archived and available for reference during the DON13 review. Any text from the PB12 R&D exhibits will be automatically provided in the DON13 electronic exhibit, and it is therefore important that BSOs review R&D program descriptions and other supporting text for accuracy in concert with the FY 2013 DON R&D budget formulation. Additionally, RDOCS has been modified to display the correct fiscal years required by OSD(C) so that rework will not be required. RDOCS point of contact is Mr. Pete Kelly at Peter.Kelly@navy.mil.

(b) PDOCS. During the FY 2012 budget cycle, Procurement exhibits for PANMC were developed in a new pilot application, PDOCS. Using similar automation to RDOCS, PDOCS will be used for PANMC exhibits and all other procurement exhibits will continue to use legacy submission procedures to JMS. BSOs are to submit PANMC exhibits to PDOCS NLT 1 June 2011 for the FY 2013 program/budget review.

(3) Budget display years. For military personnel and operation and maintenance budgets, the budget display will be FY 2011, FY 2012 and FY 2013 (PY, CY and BY). BY2

(FY 2014) has been removed from the display for the FY 2013 budget cycle for annual accounts. For investment budgets, the budget display will reflect FY 2011 Total TOA (Baseline + OCO request), FY 2012 Baseline, FY 2012 OCO Request, FY 2012 Total (Baseline + OCO Request), FY 2013 Baseline, FY 2013 OCO Request, FY 2013 Total TOA (Baseline + OCO Request), FY 2014, FY 2015, FY 2016, and FY 2017. Any investment exhibits which have the four year display (PY, CY, BY1, BY2) will drop BY2 and reflect only FY 2011, FY 2012 and FY 2013. BSOs should adjust budget templates accordingly. The below table summarizes the required columns. Please contact the following FMB POCs for any questions on the inclusion of OCO in the FY 2013 DON budget submission: Ms. Trish Arbogast at Patricia.Arbogast@navy.mil for O&M appropriations; Mr. Steve Straub at Stephen.Straub1@navy.mil for Investment appropriations; Mr. Jim Truesdell at James.Truesdell@navy.mil for MILPERS appropriations. If any further changes occur to budget displays or format, FMB divisions will alert BSOs immediately to the changes.

FY 2013 DON - OCO Submission Requirements in Baseline Budget Justification Materials

APPN Group	FY 2011 OCO Enacted & Transfers¹	FY 2012 OCO Request	FY 2013 OCO Request
MILPERS	Yes	No ²	No ²
O&M	Yes	No ²	No ²
Procurement	Yes	Yes ³	Yes ³
RDT&E	Yes	Yes ³	Yes ³
Construction	Yes	Yes ³	Yes ³

1/ FY 2011 Enacted OCO funding will be included in the FY 2011 column display with FY 2011 Baseline funding.

2/ FY 2012 and FY 2013 OCO O&M and MILPERS requests will be reflected in separate budget exhibits from the Baseline budgets.

3/ FY 2012 and FY 2013 OCO Investment requests will be included as separate columns in the Baseline exhibit as described above.

(4) **Budgetary Object Classification System (BOCS) Updates.** BOCS will be the vehicle through which the distribution of program resources by the object classification categories is identified. BOCS is accessible from the PBIS web site using a PBIS account and password. Object classification data will be used for multiple purposes during the FY 2013 cycle including:

- Reflecting the obligations of funds for various types of program costs.
- Conveying information supporting the pricing basis of estimates.
- Identifying resources in special interest categories of the budget.

(a) For the FY 2013 review cycle, all BSOs planning to obligate funds must submit BOCS data via PBIS for each appropriation for which they submit budget justification materials NLT 1 June 2011. This data should be based on the 3 May 2011 controls in PBIS

(using the appropriate obligation rates). BSOs will submit CIVPERs BOCS data for FY 2011 through FY 2013 along with their non-labor object data for the DON budget review. FMB4 will ensure that personnel data is consistent with BSO OP-8 exhibits.

(b) During the FY 2013 DON program/budget review, FMB will enter BOCS updates for each PBIS issue paper from the DON review. BOCS updates will use the same PBIS issue number and will result in BOCS being generally balanced with PBIS at the completion of the DON review prior to publishing BES controls. BSOs will be afforded a short window to provide updates to these FMB-entered BOCS records enabling a more timely submission of BOCS data to OSD systems.

Additional detailed guidance for BOCS updates are provided at enclosure (4). OMB Circular A-11, Chapter 83, at: http://www.whitehouse.gov/omb/circulars/a11/current_year/a11_toc.html, provides detailed object classification descriptions. The BOCS point of contact is Mr. Bill Orton at William.Orton@navy.mil or Ms. Ramona Jones at (703) 695-3227, DSN 225-3227, or e-mail Ramona.Jones@navy.mil.

c. Civilian Personnel. Although reviews and correction to the PB12 CIVPERs baseline have occurred in the period leading up to the FY 2013 DON submission, BSOs have an additional opportunity to submit USDH FTE adjustments to address critical workload requirements. While BSOs must fund the salary associated with any USDH FTE increases, such adjustments and rationale can be submitted following standard issue paper processes in enclosure (3) and (5). It should be noted, however, that requested FTE increases will likely require DEPSECDEF approval and justification therefore should indicate the extreme criticality of the requirement.

During the Spring, the initial portion of the civilian personnel in-sourcing review was completed prior to the beginning of the DON Budget Review. BSOs may find additional detailed in-sourcing and civilian personnel procedures for the FY 2013 DON submission at enclosure (5). Questions concerning CIVPERS should be directed to Ms. Alicia Gibson at 703-692-4831 or email at Alicia.Gibson@navy.mil.

d. Revolving Funds and Information Technology. Navy Working Capital Fund (NWCF) and Information Technology detailed submission procedures for FY 2013 are provided at enclosures (6) and (7). Questions concerning NWCF should be directed to Ms. Karen Waide at Karen.Waide@navy.mil. Questions concerning IT should be directed to Ms. B.J. Dauro at BJ.Dauro@navy.mil or Mr. Alok Goel at Alok.Goel@navy.mil.

e. Budget Productivity Indicator (BPI). BPI will continue to measure budget timeliness and budget quality. These calculations will encompass all exhibits submitted to JMS, as well as RDOCS and PDOCS exhibits submissions. BSO BPI scores will be posted on the BPI

webpage following each submission. As a reminder for participants, the Budget Timeliness measure is captured when a JMS exhibit is shifted to "Submitted to FMB" status.

f. Budget Preparation Hours. New requirements have been levied to analyze and report costs associated with preparing the President's Budget justification materials. BSOs are required to track and report budget preparation hours for exhibit preparation in JMS, RDOCS and PDOCS. While this metric is not included as a part of the BPI metrics, the DON will report aggregate cost for budget production based on BSO reported production hours.

4. Communication. Process participants are reminded that all actions and information described in this memo are to be maintained internal to the Department of the Navy. All information handled during the FY 2013 DON program budget review is considered to be pre-decisional budget information.

5. Action. Addressees are to follow the FY 2013 Program/Budget process as it unfolds and submit justification materials as necessary. Additional requirements will be promulgated as soon as available. Questions concerning this memorandum should be addressed to Mr. Bill Orton, FMB32, (703) 692-1679, DSN 222-1679.


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