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NASA Procedural Requirements

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2016**COMPLIANCE IS MANDATORY**

Budget Formulation

Responsible Office: Office of the Chief Financial Officer

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Preface

P.1 Purpose

This NASA Procedural Requirements (NPR) provides the financial management, performance requirements and process for budget formulation.

P.2 Applicability

This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers. This language applies to Jet Propulsion Laboratory, a Federally Funded Research and Development Center, other contractors, grant recipients, or parties to agreements only to the extent specified or referenced in the appropriate contracts, grants, or agreements.

P.3 Authority

- a. The Budget and Fiscal, Budget, and Program Information (31 U.S.C., Chapter 11)
- b. Chief Financial Officers Act of 1990, Public Law 101-576
- c. Consolidated Appropriations Resolution, 2003, Public Law 108-7 (42 U.S.C. ° 2459i)
- d. Government Performance and Results Act of 1993, Public Law 103-62
- e. Information Technology Management Reform Act of 1996 (Clinger-Cohen Act), Public Law 104-106, Division E
- f. National Aeronautics and Space Act of 1958, Public Law 85-568 (42 U.S.C., Chapter 26)
- g. Office of Management and Budget (OMB) Circular No. A -11, Preparation, Submission, and Execution of the Budget
- h. OMB Circular No. A -19, Legislative Coordination and Clearance
- i. OMB Circular No. A -25, User Charges
- j. NASA Policy Directive (NPD) 9010.2, "Financial Management"

P.4 Applicable Documents

- a. NPD 1000.0, "NASA Governance and Strategic Handbook"
- b. NPD 1000.3, "The NASA Organization"
- c. NPD 1001.0, "NASA Strategic Plan"

P.5 Measurement/Verification

Quality assurance reviews and analysis of budgetary reports and data submitted through the various

budget calls will be used to measure compliance with this NPR.

P.6 Cancellation

None.

/S/

Terry Bowie
NASA Deputy Chief Financial Officer

Chapter1. Planning, Programming, Budgeting, and Execution

1.1 Overview

1.1.1 NASA develops its budget as part of the Planning, Programming, Budgeting, and Execution (PPBE) process. PPBE requires an enhanced level of analysis during budget formulation to ensure that resource alignment supports the accomplishment of Agency strategic goals and objectives in a resource-constrained environment. Budget formulation occurs annually. The PPBE process includes developing the Agency Strategic Goals and performance plans, formulating the Annual budget, developing fully executable Agency Operating and Execution Plans, and continues through the years of execution. This NPR focuses on budget formulation, which begins at the end of the Planning Phase with the Strategic Planning Guidance (SPG) and ends with Congress approving the budget level which will be funded for the Agency through the enactment of appropriations.

1.1.2 Figure 1-1 depicts the annual PPBE process. The first four steps of the Planning Phase occur separately from the analysis of program resource requirements. The SPG step of Planning and the Programming and Budgeting Phases focus on budget formulation and are the subject of this NPR. The final phase covers budget execution, which is addressed in NPR 9470.1. The steps of each phase are identified by their end products with the exception of Execution, which are identified by the sub-processes.

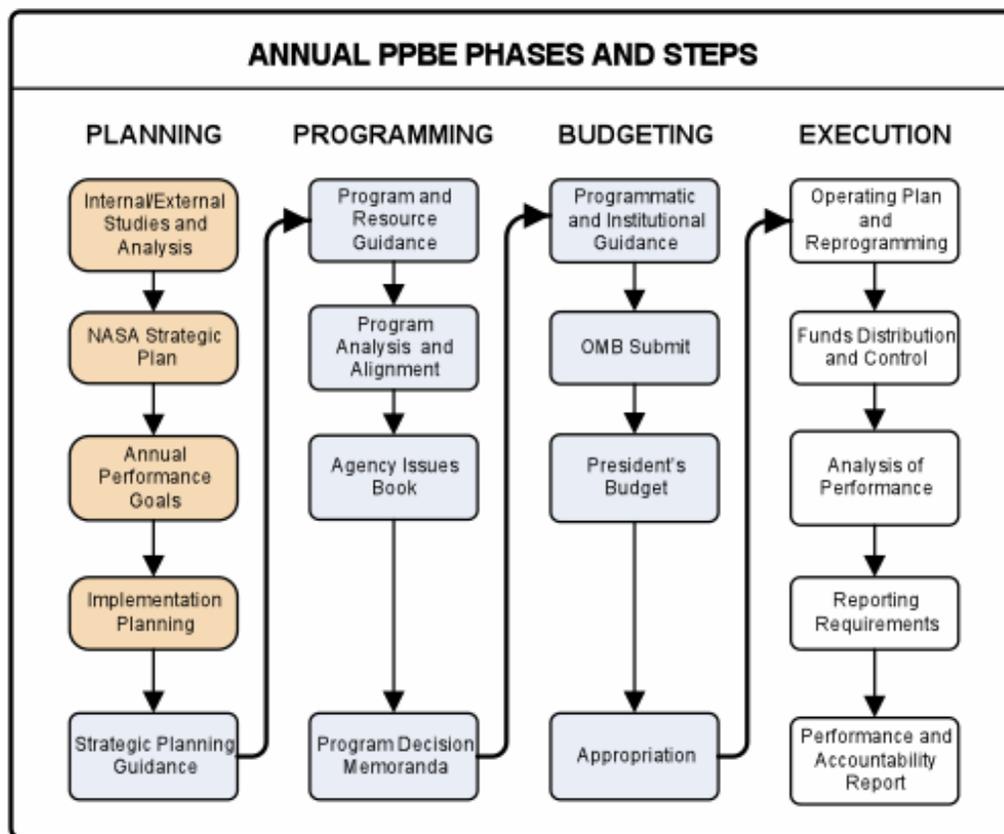


Figure 1-1, Annual PPBE Phases and Steps

1.2 Agency Requirements

1.2.1 NASA shall use the PPBE methodology, as defined in this NPR, to align Agency resources in accordance with legal and regulatory requirements and the Agency's vision and mission.

1.2.2 NASA shall use the PPBE methodology to meet the Annual Performance Plan requirements set forth in the Government Performance and Results Act (GPRA) of 1993, as interpreted in OMB Circular No. A-11, Part 6.

1.2.3 NASA's budget formulation shall be jointly governed by the Office of Program Analysis and Evaluation (PA&E) and the Office of the Chief Financial Officer (OCFO). PA&E has primary responsibility for the Planning and Programming Phases, while OCFO has primary responsibility for the Budgeting and Execution Phases, although both offices, the Control Account Managers (CAMs), and Centers have roles and responsibilities under each phase of the PPBE process.

1.2.4 Data developed for the SPG and during the Programming and Budgeting Phases of PPBE is pre-decisional. The material underlying these decisions should not be released at any time except in accordance with OMB Circular No. A-11, Section 22 and consent from PA&E and OCFO. The only product that is releasable to the Congress and the public is the annual Congressional Budget Justification (CBJ) book which is the output of the budget formulation process.

1.3 General Roles of Functional Offices

1.3.1 PA&E is the Administrator's staff office responsible for providing independent, objective, transparent, and multi-disciplinary assessments for strategic decision-making and provides the strategic planning and performance management required to insure that the long-range goals of NASA are met. As the lead for the Planning Phase, PA&E develops the Agency goals and plan every three years, as required by OMB Circular No. A-11, and conducts studies and analyses on near-term issues that could change strategy for the upcoming budget formulation cycle. As the lead for the Programming Phase, PA&E assesses the program and institutional changes, issues, and performance goals, including a portfolio assessment across the Agency; seeks solutions to various issues; presents the issues and recommendations to senior management; and documents management's decisions. In the Budgeting Phase, PA&E ensures that content justification and commitments for the Budget are clear, performance data is aligned with the budget, project cost and schedule data are consistent with other reports, and Congressional requirements are addressed. In the Execution Phase, PA&E reviews operating plans; continually assesses cost, schedule, technical, and programmatic performance data as part of the Baseline Performance Review (BPR); and develops performance highlights, performance plans, and reports on outcomes quarterly to OMB and Congress for any breach-to-cost and -schedule thresholds.

1.3.2 OCFO oversees all financial management activities relating to the programs and operations of the Agency, including the development and execution of the Agency's budgets. In the Planning Phase, OCFO provides input on the SPG. In the Programming Phase, OCFO reviews CAM allocations in the PRG, defines requirements for tracking subsequent resource adjustments, and reviews resource and FTE data throughout the process. OCFO leads the Budgeting and Execution Phases of PPBE, coordinating development of all budget data deliveries and serving as the primary point of contact with OMB, driving financial performance improvement actions throughout the Agency, and monitoring and reporting the financial execution of the Agency budget. OCFO maintains the Agency's eBudget systems; coordinates development and maintenance of the Agency/Congressional Operating Plans and the Agency Execution Plan; controls the Agency work breakdown structure within the official accounting system and eBudget; defends the Agency budget

to OMB, Congressional committees, and external stakeholders; and analyzes and sets requirements for budget execution performance in the Execution Phase.

1.3.3 CAMs.

1.3.3.1 The CAMs and the accounts they control are listed below:

- a. Deputy Administrator - Agency Maintenance and Operations (AM&O) and Institutional Investments
- b. Associate Administrator - Integrated Center M&O (CM&O) budget
- c. Associate Administrators for each Mission Directorate - Mission Directorate budgets
- d. Assistant Administrator for Education - Education budget
- e. Inspector General - Inspector General's budget

1.3.3.2 CAMs develop the Program Resource Guidance (PRG) for budget development and submit their budget proposals during the Program Analysis and Alignment (PAA) step of the Programming Phase, which establishes their recommended budget strategy, demonstrates how programs will achieve the Agency's strategic objectives, and identifies the targeted level of performance that is to be delivered within the budgeted resources. With the delivery of the PAA, each CAMs update the budget database to permit Center and Agency assessments of the integrated requests and identify issues that are beyond their capability or capacity to resolve within their allocated resources.

1.3.4 Center Directors manage individual CM&O budget accounts, develop their budgets based on the SPG and the PRG, and submit their PAA reports in eBudget Clearinghouse for review.

1.3.5 Mission Support Offices provide their budget proposals to the AM&O CAM.

1.3.6 The Office of Program and Institutional Integration (OPII) coordinates the Center budgets and the Cross-Agency Support budgets and submits an integrated CM&O PAA, an integrated AM&O PAA, and an Institutional Investment PAA report.

1.4 The Federal Budget Process

1.4.1 The Federal budget process occurs in three main phases: Formulation, Congressional, and Execution.

1.4.1.1 Formulation. Title 31, U.S.C., requires that the President prepare a budget for the United States Government on an annual basis and submit it to Congress. During the Federal budget formulation process, the Executive Branch prepares the President's Budget. OMB officially starts the budgeting process by sending planning guidance to Executive Branch agencies in the spring, and the President completes the formulation phase by sending the budget to Congress no later than the first Monday in February.

1.4.1.2 Congressional. Title 2, U.S.C., requires that Congress adopt a concurrent resolution on the budget each year, setting forth appropriate funding levels for Federal government operations. Beginning in February, Congress reviews the President's Budget. It considers the President's Budget proposals, passes a revenue and spending plan for the Federal government called a budget resolution, and enacts the regular appropriations acts and other laws that control spending and receipts. Appropriations acts are to be enacted by September 30, prior to the beginning of each fiscal year. If Congress does not pass regular appropriations acts by September 30, they pass a temporary appropriations act, called a continuing resolution, which provides the authority to fund government

operations for a specific period of time, usually expressed in days or weeks. More than one continuing resolution may be passed in a fiscal year if delays in passing the regular appropriations continue. This enables government operations to continue while Congress continues to draft the regular appropriations act(s). When neither a regular appropriation nor a continuing resolution is passed by Congress and a funding, or appropriation, hiatus occurs, most operations of the Federal government must shut down. OCFO will publish a contingency plan to be used in this situation.

1.4.1.3 Execution. OMB Circular No. A -11 sets forth procedures for execution of the budget, or directing and controlling funds to achieve the purposes and objectives for which they were approved. Agency requirements for execution are addressed in NPR 9470.1, “Budget Execution.”

1.5 The Relationship of the Federal Budget Process and PPBE to Other NASA Management Processes

1.5.1 Performance Plan. GPRA requires that agencies develop budgets that fully integrate the annual performance plan with other elements of the budget request. The NASA Performance Plan, issued annually in the Congressional Budget Justification, establishes annual performance goals for the year for each program included in the Agency’s annual budget request and identifies objective and measurable performance goals; discusses the processes, skills, and resources needed to meet the performance goals; and identifies the performance indicators that will be used to measure progress toward achieving the goals. The NASA Performance Plan is one of the inputs used in the PPBE process for budget formulation. NASA’s performance is compared to the Plan, and the results are reported annually as part of the Performance and Accountability Report in accordance with GPRA.

1.5.2 Internal Controls. NPR 9010.3 “Financial Management Internal Control,” describes NASA’s policy for establishing and maintaining an Agency system of financial management internal control that provides reasonable assurance that Government resources are protected against fraud, waste, mismanagement, and misappropriation. All NASA personnel with financial management responsibilities must ensure that controls are in place, resources are appropriately used to support NASA’s mission, laws and regulations are followed, and data is reliable and timely. NASA managers with responsibility for budget activities must evaluate the internal controls associated with the budget process on a regular basis in accordance with the NASA Internal Control Program. Internal controls for any financial system used to support the PPBE process must also be in place and regularly evaluated for sufficiency.

1.5.3 Information Technology. The PPBE process is supported by multiple Agency financial systems. Any financial information system being procured or used to support the PPBE process must comply with Agency policy regarding financial management and budget systems and with Federal requirements and regulations for financial information systems, including the Information Technology Reform Act of 1995 (also known as the Clinger-Cohen Act).

1.5.4 Program and Project Management. NPR 7120.5, “NASA Program and Project Management Processes and Requirements,” defines the management requirements for formulating, approving, implementing, and evaluating the programs and projects that NASA will consider during the PPBE process.

1.6 The Budget Formulation Schedule

1.6.1 The following table highlights NASA’s steps in complying with Federal budget formulation requirements and provides a schedule for the activities. The table shows the planned timing. The actual timing may vary.

Table 1-1, NASA Steps in Complying with Federal Formulation Requirements

| What Happens? | When? |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| NASA reviews open issues that were either not submitted with the OMB submit or were disapproved by OMB during the Fall Budget process | Fall |
| PA&E develops the Strategic Planning Guidance to set the budget and plans for the next budget formulation period. It is released officially in NASA's eBudget Clearinghouse when the President's Budget is submitted to Congress, typically in February. | December - February |
| The Center PAA is submitted to the CAM for CM&O so that they can integrate and submit an Agency CM&O PAA in Mid May. | March |
| Mission Support Integration Review is conducted with Center Directors and MD AA to discuss the Institutional Issues. | April |
| The Control Account Managers (CAMs) respond with proposed budget and issues in a report called the Program Analysis and Alignment (PAA) Report. | Mid May |
| PA&E evaluates the issues, coordinates responses, and brings forward options and recommendations to the Senior Management Councils. The issue papers are then consolidated in the Agency Issue Book and released in the eBudget Clearinghouse | June - July |
| PA&E sets up a senior management review to discuss issues and recommended decisions in a forum where strategy is discussed and Senior Managers are involved in the decision making. | July |
| PA&E develops PDMs to document the outcome of decisions regarding the issues. The PDMs are then consolidated in a PDM Book and released in the eBudget Clearinghouse, and a budget trace to identify the changes across the Agency. | July |
| A PaIG is developed from the PDMs and OCFO locks the budget data in the formulation finance database for the CAMs to make adjustments to their budget based on the PDM, the Centers also make adjustments, and the CAMs reconcile any differences at the end. | August |
| OCFO submits the NASA Budget Estimates to OMB and prepares an Agency briefing on any Budget structure and Justification for content changes. OCFO works with the CAMs and PAE to formulate the briefing. | 1st Monday in September after Labor Day |
| Detailed presentations are developed and briefed to OMB | September - October |

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| The passback and appeal cycle is usually after Thanksgiving and ends with the Final Settlement in December | November - December |
| Issues and Disconnects that remain are documented by OPII and PA&E in an Acquisition Strategy Planning review that is held with Senior leaders. Tactical approaches to the outcome of the settlement, unresolved issues, or any new event that requires decisions are discussed to prepare for the next budget formulation year's SPG. | November - December |
| OCFO completes development and production of the CBJ. Copies are provided to NASA offices, OMB, and the Office of Legislative and Intergovernmental Affairs (OLIA) for distribution to Congressional Staff on the first Monday in February | January - February |

Chapter 2. Planning

2.1 Overview

2.1.1 The Agency's planning activities include analyzing changing internal and external conditions, trends, threats, and technologies that will affect NASA; examining alternative strategies for adjusting to these changes and conditions; and defining long-term strategic goals, multi-year outcomes, and short-term performance goals that will challenge and enable the Agency to achieve its mission. Planning activities also include developing NASA's performance measurement strategy and specific metrics that will be used to monitor, assess, and report on the Agency's progress toward achieving these goals. The Planning Phase produces the NASA Strategic Plan (NPD 1001.0) every three years, produces implementation plans, and updates to the NASA Governance and Strategic Handbook (NPD 1000.0). This phase also produces NASA's annual and strategic performance, program, and project goals, and a description of desired outcomes. NASA uses these products and other data to create the annual SPG, which provides the basis for development of the Agency's annual budget request. The SPG is the first step in the budget formulation process.

2.2 Strategic Planning Guidance (SPG)

2.2.1 Purpose. In the SPG step of the Planning Phase, PA&E consolidates all of the information from the Strategic Plan, implementation plans, priorities, studies and assessments, and performance measures into strategic guidance for the Control Account Managers (CAMs). CAMs use this information to design their programs/projects to achieve Agency strategic goals and provide the institutional and management structure in support of those goals. Consolidating all relevant guidance into one concise document provides uniform direction for the Agency. The SPG also provides high-level resource guidance that includes the initial funding controls based on decisions from a SPG senior managers' review of new or open issues, disconnects, revisions needed to address OMB settlement, and the Acquisition Strategy Planning (ASP) review. The SPG provides high-level program and institutional guidance on the strategic priorities, directions, and assumptions to develop budgets and performance measurements. The SPG is focused on the budget year + 4 outyears and can request data for projects extending into the future and plan for new initiatives, but it is not used to review competitive project selection within existing programs. The SPG also contains the Annual Performance Planning (APP) guidance for development of the performance commitments which manifest in the pages of the CBJ. Each discrete performance piece is assigned a measurement strategy and then commitments are set accordingly, accounting for Congressional and White House interest and policy, required activities to achieve the strategic goals & Agency plans, past performance issues, internal program and project planning and control policies (i.e. NPRs 7120); and consistency with other internal and external performance commitments.

2.2.2 Process. PA&E compiles all open issues and actions from the last budget submit that need to be addressed in the upcoming budget to ensure each is addressed in the SPG. In addition, PA&E requests input from the OCFO, Office of Program and Institutional Integration (OPII), Mission Directorates (MDs), Mission Support Offices (MSOs), and Centers on "disconnects" and issues that they recommend the SPG address, as well as any special templates to collect data. PA&E reviews and analyzes input provided along with the Strategic Plan, implementation plans, and various relevant studies, reports, and assessments. After review of all inputs, PA&E develops the draft SPG, including the high-level resource controls developed by OCFO, and provides the draft to OCFO, and the CAMs for review and comment. PA&E then reviews the comments and makes changes to the

draft, as appropriate. Disconnects and issues that could affect the SPG are presented to the Strategic and Program Management Councils (S/PMC) for decision. Then, the SPG is updated and presented to the SMC, any changes required by the Council are incorporated, and the final SPG is approved by the SMC. PA&E posts the approved SPG to the eBudget Clearinghouse. An illustration of the SPG process is provided in Figure 2-1.

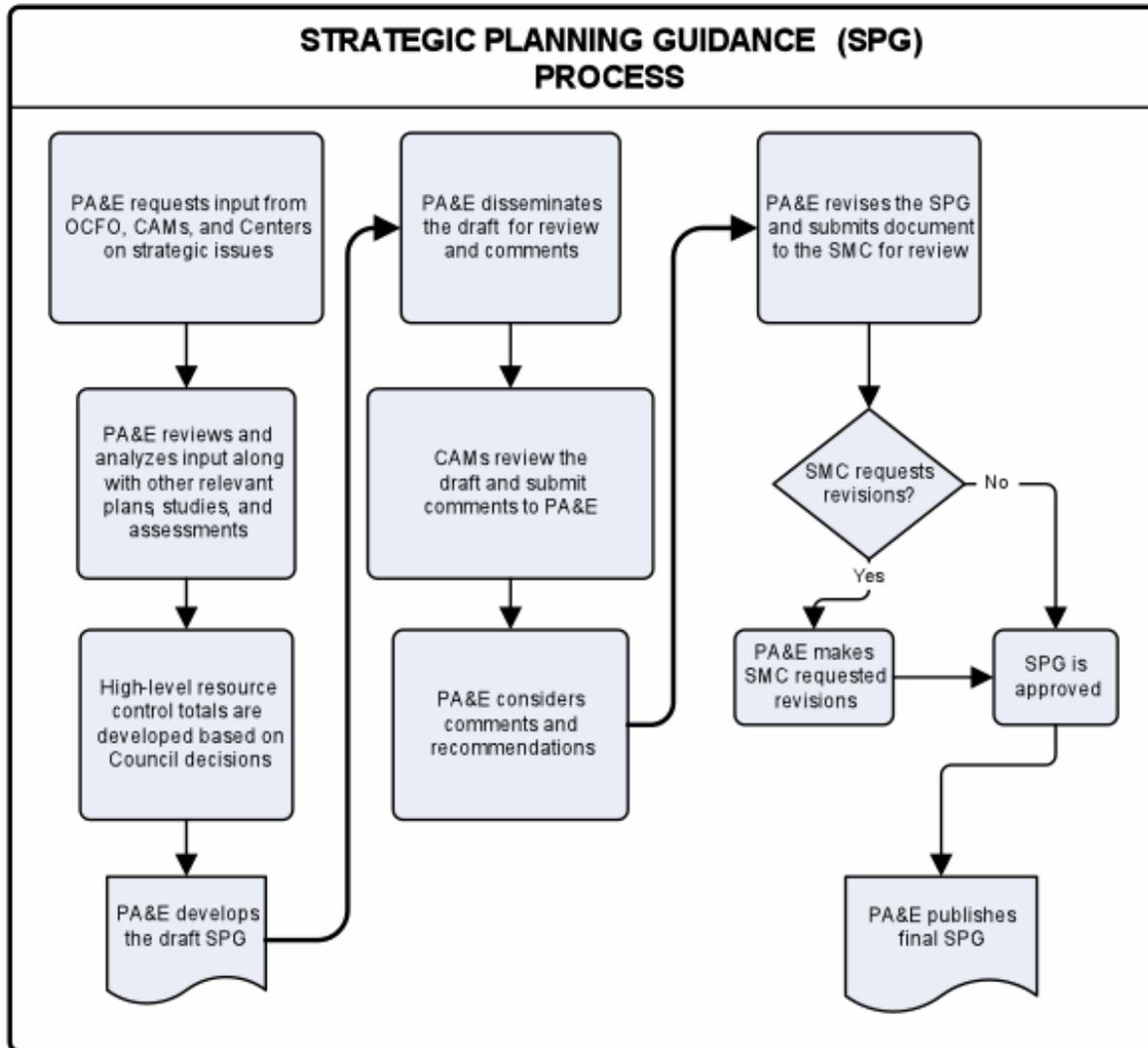


Figure 2-1, SPG Process

2.2.3 Timeline. This step is completed in February of each year. Typically, SPG development begins before receipt of the passback from OMB and is officially released internally to the NASA CAMs and OCFO at the same time the President's Budget is released in early February.

2.2.4 SPG Responsibilities.

2.2.4.1 CAMs. Review and provide comments on the draft SPG.

2.2.4.2 Centers/Mission Support Offices. Provide input to their CAM on issues that need to be addressed in the SPG.

2.2.4.3 OCFO. Provide input to PA&E on the draft SPG.

2.2.4.4 OPII. Integrate comments and issues from the Centers and Mission Support Offices.

2.2.4.5 PA&E. Develop the NASA priorities in conjunction with the Administrator. Request pertinent input and develop the draft version of the SPG, including templates for all formal reports required during the Programming Phase. Submit draft to OCFO and CAMs for review and comment. Address comments received and develop revised draft SPG. Present revised draft SPG to the S/PMC and make any requested revisions. Post final SPG to eBudget Clearinghouse.

Chapter 3. Programming

3.1 Overview

3.1.1 The Programming Phase encompasses the definition and analysis of programs and projects, together with their multi-year resource implications, and the evaluation of possible alternatives, including a risk assessment of each option. Programming also serves to balance and integrate resources among the various programs according to identified priorities.

3.2 Program and Resource Guidance (PRG)

3.2.1 Purpose. In this step, the CAMs take the Strategic Planning Guidance (SPG) and translate it into programmatic guidance and provide additional guidance for the program/project managers and the Centers. The PRG includes preliminary controls at the project by Center level for funding and for direct full-time equivalents (FTE) (to be used by the program/project managers as the basis for their alignment, re-planning, and issue analyses). The CAMs are expected to integrate any guidance that their programs/projects/mission support offices request to prevent the Centers from receiving multiple and conflicting guidance.

3.2.2 Process. The CAMs review the SPG and determine what programmatic level guidance needs to be issued to allow program/project managers and Centers to develop their program analysis and alignment reports. CAMs also allocate the high-level resource control totals from the SPG to lower funding details at levels that they believe appropriate by Center and the direct FTE program/project by Center. These FTE are a departure point for subsequent discussions rather than control totals. These initial allocations in the PRG do not change the base, but the resource figures will be updated during subsequent steps to reflect adjustments recommended and approved. CAMs track and explain all changes from the SPG control totals. Functional offices include any cross-cutting data calls in the PRG. PA&E ensures that programmatic guidance is consistent with the strategic guidance, and the OCFO ensures that resource allocations reconcile to the high-level resource control totals in the SPG. An illustration of the PRG process is provided in Figure 3-1.

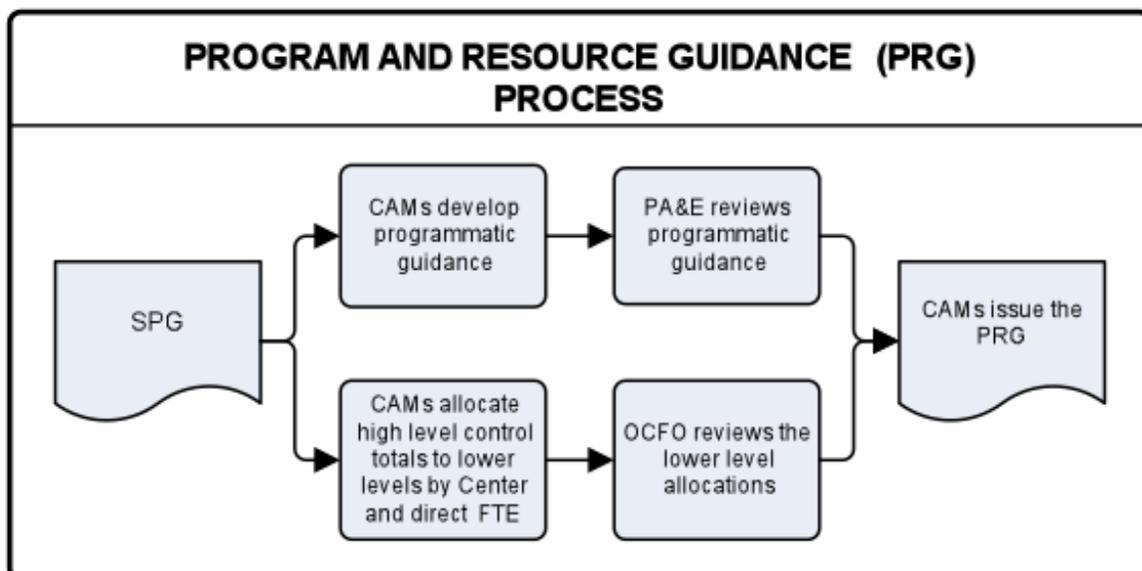


Figure 3-1, PRG Process

3.2.3 Timeline. The CAMs may submit a draft PRG before the SPG is approved. The CAMs release their final PRG just after the issuance of the SPG.

3.2.4 PRG Responsibilities.

3.2.4.1 CAMs. Develop programmatic guidance within the strategic guidelines in the SPG. Allocate the SPG funding control totals down to lower levels but no lower than total project by Center, and identify direct FTE by program/project by Center. Track and explain all changes from the SPG control totals. Post the PRG to eBudget Clearinghouse. Integrate all Program/Project/Mission Support Offices guidance to avoid multiple and conflicting guidance at the Centers.

3.2.4.2 OCFO. Review CAM allocations to ensure compliance with resource control totals in the SPG. Define requirements for tracking subsequent adjustments to resource figures.

3.2.4.3 PA&E. Review CAM programmatic guidance to ensure compliance with the strategic guidance in the SPG.

3.3 Program Analyses and Alignment (PAA)

3.3.1 Purpose. In this step, CAMs identify what they intend to accomplish with their programs/projects to achieve Agency strategic objectives, identify any surplus or deficit capabilities and capacities, and identify the impact of funding reductions or any need for funding increases. The PAA report establishes the CAMs' recommended strategy for the five-year budget period, projects that go into future years, demonstrates how planned programs will achieve Agency strategic objectives within allocated resource levels, develops performance commitment products for the performance budget submission, and includes issue papers as needed. It is used as the basis for PA&E's program analysis of each control account, including support costs. (Institutional infrastructure analysis is conducted during the PAA.)

3.3.2 Process. PA&E issues instructions in the SPG regarding the content, format, and schedule for submission of the PAA report.

3.3.2.1 Center PAA/Integrated CM&O PAA. Centers analyze their M&O programs, complete the required formats and narratives, and submit the Center PAAs in eBudget Clearinghouse for the CM&O CAM and PA&E to review. As part of this process, Centers also adjust the resource figures to reflect proposed funding and FTE changes from the PRG. The CAM office for CM&O facilitates an institutional review with the Associate Administrator and other senior managers to communicate Center issues and recommendations to resolve those issues. The management decisions are combined with the Center PAAs by OPII to develop a Consolidated CM&O PAA report that includes adjusted resource and FTE totals, which is then forwarded to PA&E.

3.3.2.2 Mission Directorates, Office of Education, AM&O, and Institutional Investment PAA. Program/project managers, under the direction of the Mission Directorates, use the program/project-level information in the PRG as the basis for analyses of existing programs. They also solicit information from various staff members, including program analysts, Centers, and other field staff. Program/project managers analyze inputs and, as directed by the Mission Directorates, prepare a program-specific PAA report with the required information for PA&E to analyze various program funding scenarios and the impact of those scenarios on a program's ability to achieve NASA strategic objectives. Some items that could be included in the report are program description, description of missing or surplus capabilities, information on unfunded requirements, analysis of the impact of PA&E defined funding scenarios, risk assessment of the various funding scenarios, discussion of alternatives considered but not taken, and description of the institutional and infrastructure impact on Centers based on increased or decreased resources. The PAA report may

identify funding and FTE adjustments and rationales. CAMs also adjust the resource figures to reflect their proposed funding and FTE changes from the PRG. Program/project managers and Centers may also begin to establish agreements with service providers in this step. CAMs submit the PAA reports to PA&E for an initial review.

3.3.3 An illustration of the PAA process is provided in Figure 3-2.

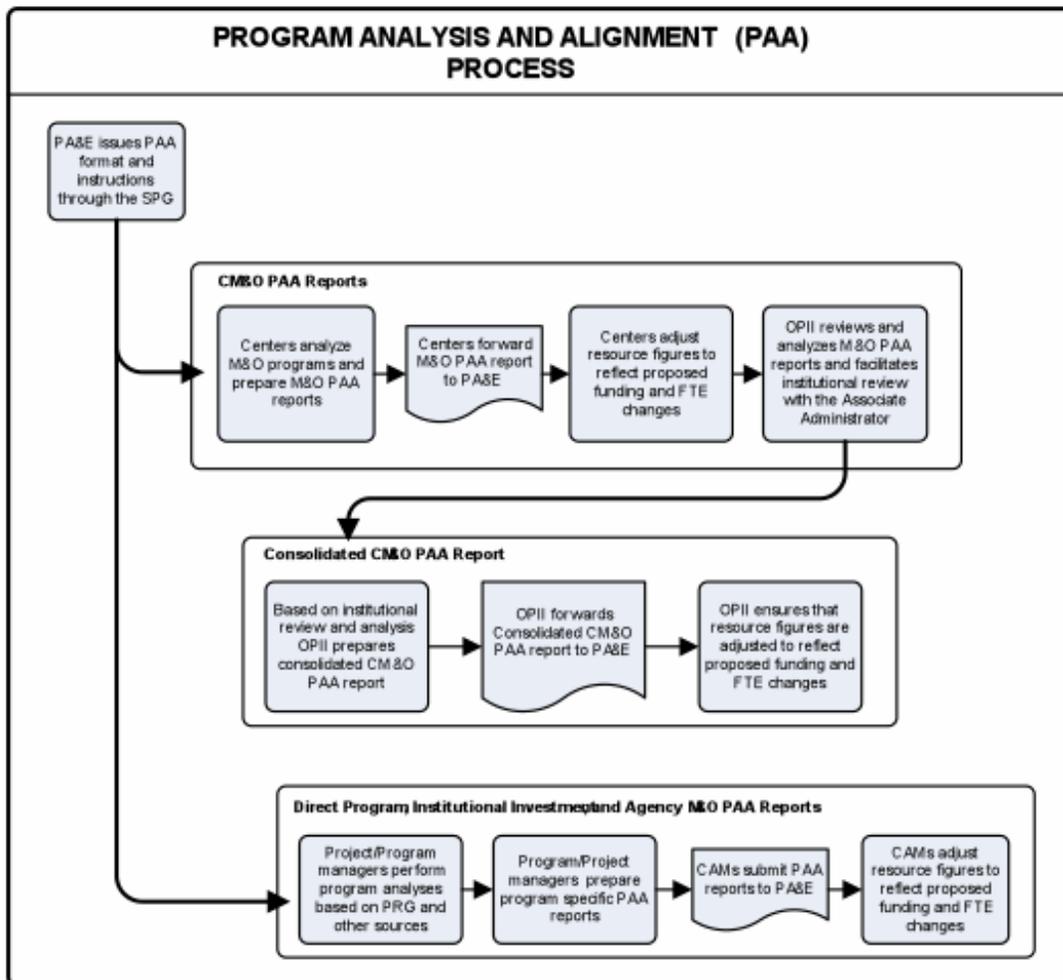


Figure 3-2, PAA Process

3.3.4 Timeline. This step begins as soon as the SPG and PRG have been issued. The Center PAA reports are completed in March, and the CAM PAA reports are completed in mid-May for PA&E to analyze these reports and complete in June.

3.3.5 PAA Responsibilities.

3.3.5.1 CAMs. Complete the PAA reports for all assigned programs, coordinating the efforts of program/project managers. Adjust and explain adjustments to resource figures to reflect proposed funding and FTE changes from the PRG. Submit in eBudget Clearinghouse the PAA report and any outstanding issues.

3.3.5.2 CM&O CAM. Review submitted Center PAA reports to ensure that resource figures are correct and accurately reflect decisions concerning institutional integration. Facilitate a Mission Support Institutional Review with the Center Directors and CAMs with the Associate Administrator chairing. Develop a Consolidated CM&O PAA report and issue papers, as needed, and submit to PA&E.

3.3.5.3 Centers. Provide information and support to CAMs as requested. Complete the Center PAA reports and submit in eBudget Clearinghouse for CM&O CAM to review. Adjust and explain adjustments to resource figures to reflect proposed funding and FTE changes from the PRG. Continue ongoing discussions with program/project managers.

3.3.5.4 OCFO. Review completed PAA reports to ensure that resource figures are correct and that they reflect proposed funding and FTE changes from the SPG/PRG.

3.3.5.5 PA&E. Include the PAA report instructions in the SPG during that step. Review and assess submitted PAA reports for completeness, identification of issues, and alternative approaches for resolution. Develop a portfolio analysis and develop issue papers as required. Schedule PAA reviews, as needed.

3.4 Agency Issues Book

3.4.1 Purpose. In this step, PA&E reviews and analyzes all of the PAA and issue reports to ensure compliance with the SPG and the PRG, ensure that programs can achieve NASA's strategic goals in the timeline indicated and with the resources identified, balance the needs of the various Mission Directorates with resources available, achieve strategic balance between programmatic and institutional needs, balance the capabilities and capacities of the various Centers, ensure that non-critical issues are resolved and documented, and identify critical issues that need to be brought to the SMC for discussion.

3.4.2 Process. PA&E reviews and analyzes the PAA reports and issue papers to determine if CAM proposals are the "best" uses of available capabilities and capacities within expected resource levels. As needed, PA&E contacts CAMs for clarification or additional information, or for CAMs to perform additional analyses and provide information on a new funding scenario. When PA&E reviews each issue paper, they add additional analysis and trade space as needed, along with making a recommendation. PA&E will also develop new issue papers if needed after reviewing all PAA reports. All issue papers submitted to PA&E or written by PA&E are provided to all affected offices so that they have an opportunity to add the CAM recommendation and comments. PA&E compiles the issue papers in an Agency Issues Book. Each issue paper includes the issue statement, discussion, resources required, alternatives, and recommendations. PA&E releases a draft Agency Issues Book through the eBudget Clearinghouse for review and further comment by CAMs. PA&E then submits to the SMC a final Agency Issues Book that presents the issues and recommendations and reflects any changes identified. Cross cutting issues and recommendations are briefed to the CAMs in a separate review to obtain decisions. Throughout this entire step, there is continuous communication among all parties. An illustration of the Agency Issues Book process is provided in Figure 3-4.

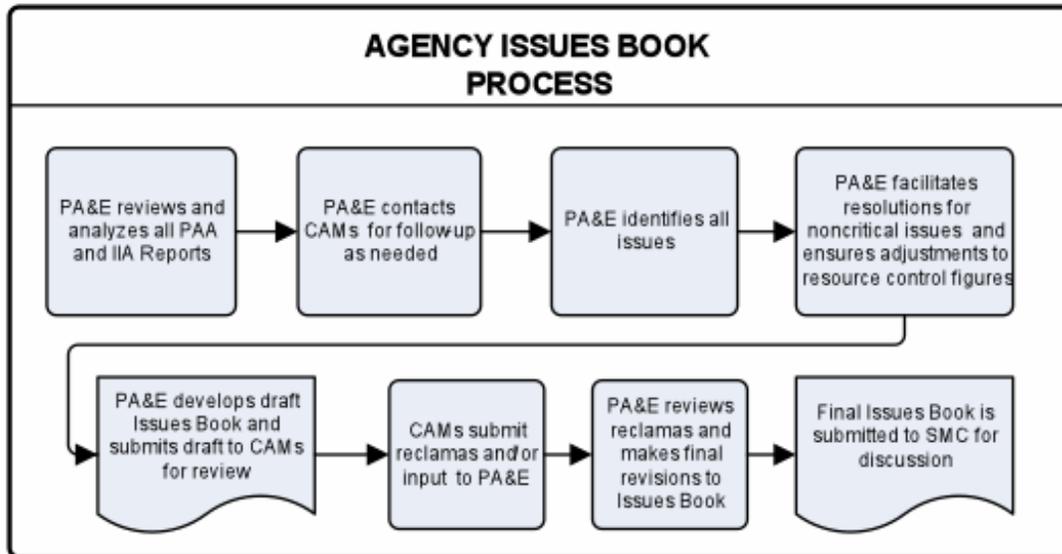


Figure 3-4, Agency Issues Book Process

3.4.3 Timeline. The draft Agency Issues Book is released to eBudget Clearinghouse mid to late June, and the final Issues Book is released late June or early July.

3.4.4 Agency Issues Book Responsibilities.

3.4.4.1 CAMs. Submit issue papers with PAA reports. Respond to issue paper questions. Review and comment on the draft Issues Book.

3.4.4.2 OCFO. Respond to issue paper questions. Review and comment on draft Issues Book.

3.4.4.3 PA&E. Analyze all information provided in the PAA reports. Review each issue paper and add additional analysis and trade space, along with recommendations. Develop new issue papers, as needed, after reviewing all PAA reports and issue papers, and provide to all affected offices so that they have an opportunity to add their CAM recommendation and comments. Compile the issue papers in an Agency Issues Book and coordinate the issue papers with all affected parties for comment. Release a draft Agency Issues Book through the eBudget Clearinghouse for review and further comment. Develop a final Issues Book that reflects any other changes identified, and present the issues and recommendations to the SMC for discussion. Present cross-cutting issues to the CAMs in a special review to obtain decisions.

3.5 Program Decision Memorandum (PDM)

3.5.1 Purpose. In this step, all of the Programming Phase decisions made to establish resource levels and FTE control totals for subsequent development of the budget are documented.

3.5.2 Process. PA&E presents to the CAMs and their resource staff any Agency cross-cutting issues to obtain decisions. PA&E then develops PDMs to document the decisions, which include the main points from the issue papers. PA&E obtains approval from the NASA Administrator or his or her designee for each PDM and compiles the PDMs into a Decision Book, which is posted to the eBudget Clearinghouse. In the event that there is a revision to a PDM or a new PDM is written, an addendum will be posted to the eBudget Clearinghouse. PA&E sets up a meeting, known as the Strategic Budget Decision Review (SBDR) to discuss cross-cutting issues and make recommendations to obtain decisions. PDMs are written to document the decisions from the SBDR. An illustration of the PDM process is provided in Figure 3-5.

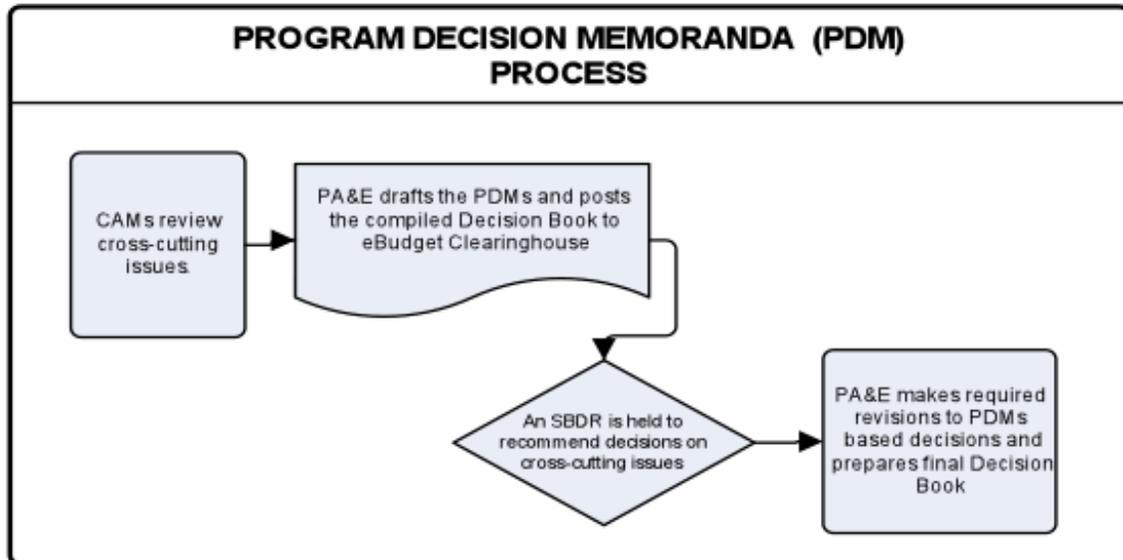


Figure 3-5, PDM Process

3.5.3 Timeline. July to early August.

3.5.4 PDM Responsibilities.

3.5.4.1 CAMs. Review PDMs and take action. Attend SBDR to review and make recommendations for decisions on Agency cross-cutting issues and to approve draft PDMs.

3.5.4.2 OCFO. Review resource tables.

3.5.4.3 PA&E. Prepare PDM documentation, set up and present Agency cross-cutting issues and recommendations at the SBDR to obtain approvals on recommendations. Compile approved PDMs into a Decision Book and post to eBudget Clearinghouse.

3.5.4.4 NASA Administrator or Designee. Make final decisions on PDM issues

Chapter 4. Budgeting

4.1 Overview

4.1.1 The Budgeting Phase includes formulation and justification of the budget to OMB and Congress. Resource allocations established during the Programming Phase are revised based on Program Decision Memorandums, the Congressional Budget Justification (CBJ) is prepared, the budget is defended, and the Congress appropriates funding for NASA to achieve its vision and mission.

4.2 Programmatic and Institutional Guidance (PaIG)

4.2.1 Purpose. In this step, CAMs allocate resources and provide guidance to reflect the decisions made in the PDMs. These allocations are at the project level detail necessary for Centers to adjust the NASA budget according to the PaIG.

4.2.2 Process. PA&E provides to OCFO and the CAMs a PDM trace sheet (budget table) to show changes to the SPG budget controls. OCFO then sets the budget controls in the budget formulation database. The CAMs review the PDM trace sheet and new budget controls and determine necessary allocations to the resource control totals to reflect direct project by Center funding and direct FTE by project by Center. OCFO then ensures that the CAM allocations are in accordance with the PDMs and distributes the new resource control figures to the Centers to begin the next step. No additional funding is created in this step, but there may be additional narrative guidance to assist CAMs in planning and making adjustments based on the PDM decisions. An illustration of the PaIG process is provided in Figure 4-1.

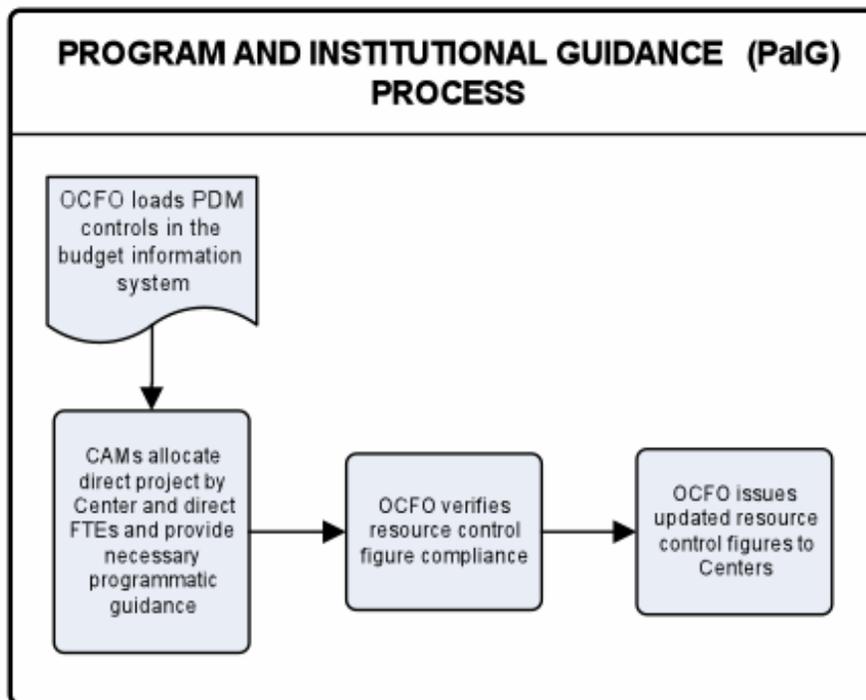


Figure 4-1, PaIG Process

4.2.3 Timeline. This step begins after the release of the PDMs to allow Centers and CAMs time to

begin development of the budget details.

4.2.4 PaIG Responsibilities.

4.2.4.1 CAMs. Allocate programmatic and institutional PDM decisions to resource control figures by direct project by Center and direct FTE by project by Center. Make adjustments before and after the Centers to reconcile data.

4.2.4.2 OCFO. Set control totals in the budget formulation database according to the PDM trace sheet provided by PA&E. Ensure that CAM allocations comply or reconcile with resource control totals in the PDMs. Distribute the new resource control figures to the Centers.

4.2.4.3 Centers. Make adjustments to budget database and reconcile FTE data.

4.2.4.4 PA&E. Develop a PDM trace sheet to show changes to the SPG budget controls and provide to OCFO.

4.3 The OMB Submit

4.3.1 Purpose. In this step, the CAMs develop the OMB budget submission (OMB Submit) in accordance with instructions from OCFO. This is the first step in the budget formulation process in which the product is distributed outside of NASA. However, it is still pre-decisional data and is provided to OMB only. It is also the step in which the planning/programming information is converted into the full array of budget justification data. OCFO and PA&E evaluate the submission to confirm alignment with the Agency strategic objectives, to ensure that the proposed budget is compliant with the PDMs and OMB Circular No. A-11, and to ensure that it is well-justified, executable, and defensible. In addition, as part of the submit PA&E submits the budget year draft Performance Plan. After settlement, the Performance Plan is adjusted as needed and resubmitted for OMB concurrence.

4.3.2 Process. OCFO evaluates the budget submission data and CAM adjustments to ensure compliance with the PaIG. OCFO then develops the PFP. OCFO develops the Agency briefing package with the support of the CAMs and PA&E and reviews the charts with the Administrator before submitting the budget to OMB. The OMB Submit process is depicted in Figure 4-2.

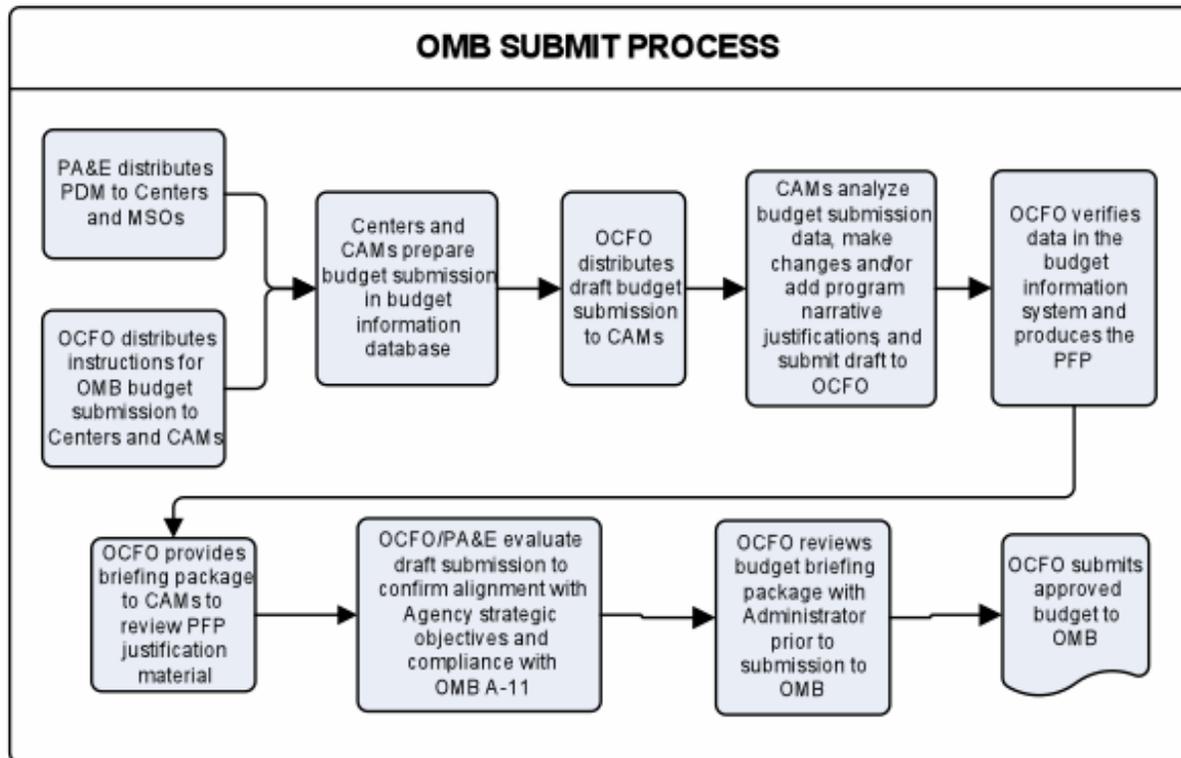


Figure 4-2, OMB Submit Process

4.3.3 Timeline. This step begins in August after completion of the PaIG and is due to OMB the first Monday after Labor Day in September to meet the traditional OMB deadline.

4.3.4 OMB Submit Responsibilities.

4.3.4.1 CAMs. Review Agency briefing and develop detail CAM briefing material for OMB in accordance with instructions.

4.3.4.2 OCFO. Prepare and distribute instructions for development of OMB Submit to CAMs. Review budget input and ensure that budget submissions comply with PDM control totals. Develop the PFP and narrative material for briefing to OMB, working with CAMs on what is required for narrative justifications. Together with PA&E, confirm alignment with the Agency strategic objectives and the PDMs and to ensure that the proposed budget is compliant with OMB Circular No. A-11, well justified, executable, and defensible. Review the budget briefing package with the Administrator, submit to OMB, and serve as the primary point of contact with OMB.

4.3.4.3 PA&E. Review briefing products from the OCFO and CAMs to validate consistency with decisions in support of the OMB budget and justification submission, and to ensure that the proposed budget is compliant well justified, executable, and defensible.

4.4 The President's Budget

4.4.1 Purpose. In this step, OCFO responds to OMB questions on the budget submission, coordinates hearings with Mission Directorates, receives and responds to passback, and works appeals and settlement. The CBJ is developed and assembled for dissemination. This represents NASA's share of the total Federal budget request and includes the detailed schedules required by the Congressional Appropriations Committees.

4.4.2 Process. NASA provides briefings to OMB staff and any additional supporting justification

requested during OMB's analysis of NASA's initial budget submission. OCFO, with PA&E and CAM support, responds to OMB questions concerning policies and resource and performance levels. OMB staff presents options for final decision in the OMB Director's Review and develops the passback and guidance on the appeals process, which are typically released to agencies in late November. OCFO and PA&E review the passback, involving CAMs, as appropriate, and make recommendations to the Administrator on whether to accept or appeal OMB's decisions. If the Administrator chooses to appeal, OCFO prepares the appeal letter and sends it to OMB and provides material in support of negotiations. An iterative process ensues until OMB submits to NASA a settlement. OCFO then issues instructions to CAMs and Centers to update the budget data to reflect the new resource levels. This includes input to the President's Budget documents and galleys and input into MAX and the NASA budget information system, which is linked to the CBJ. OCFO informs the OMC and SMC of the final decisions that will be identified in the CBJ. When development of the CBJ is complete and approved internally at NASA, OCFO submits it to OMB for final review and approval, before publication. On the first Monday in February, OMB formally releases the President's Budget, and the NASA Administrator conducts a press conference to discuss the NASA budget request. Subsequently, working with the Strategic Communications Office/Office of Legislative and Intergovernmental Affairs (OLIA), NASA staff briefs Congressional committee staffs and OLIA delivers copies of the CBJ to them. An illustration of the President's Budget process is provided in Figure 4-3.

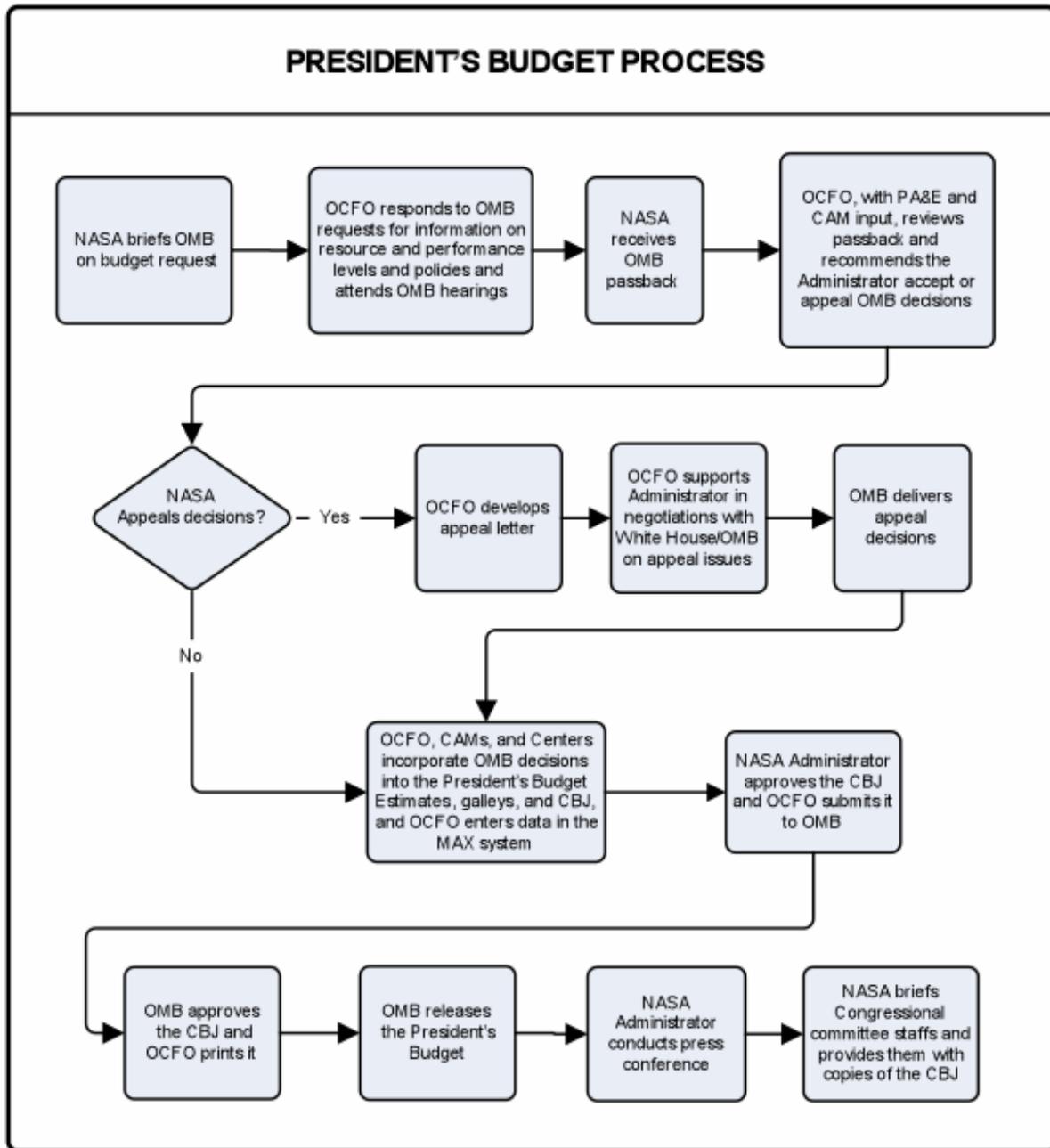


Figure 4-3, President’s Budget Process

4.4.3 Timeline. This step formally begins in September immediately following the OMB Submit and ends with Administrator and other senior leadership briefings to Congress on NASA’s portion of the President’s Budget after formal release of the President’s Budget to Congress on the first Monday in February.

4.4.4 President’s Budget Responsibilities.

4.4.4.1 CAMs. Provide input as required by OCFO to the President’s Budget documents. When notified that settlement has been reached, update resource and performance levels in the budget database and develop narrative changes to correspond to changes negotiated between NASA and OMB.

4.4.4.2 Centers. When notified that settlement has been reached, update resource and performance levels in the budget database if needed and develop fact sheets based on instructions from OCFO.

4.4.4.3 OCFO. Serve as the primary point of contact with OMB. Coordinate NASA budget hearings with OMB and ensure all OMB questions and issues are addressed. Prepare appeal letters on issues, coordinated through the affected offices and PA&E and approved by the Administrator. Take the lead role in preparing appeal responses to OMB and in preparing material in support of negotiations (meetings leading to settlement), coordinating with CAMs and PA&E. Track all OMB questions and ensure all issues are addressed. Maintain resource control totals for the President's Budget submission and document final settlement budget trace in a PDM and provide to PA&E for processing. Coordinate and facilitate development of the CBJ. Provide budget formats and instructions to CAMs and Centers for the preparation of input to the CBJ. Provide formats and instructions to CAMs for the preparation of input to the Congressional budget briefings and the OMB MAX budget information system. Ensure budget tables in the CBJ correspond to levels agreed to by NASA and OMB and that the resources requested correspond to the narrative justifications through the clearinghouse process. Ensure MAX input and galley developments are complete and consistent with other data. Prepare and brief budget rollout materials. Coordinate development and submission of the institutional budget inputs (CM&O, AM&O, and Institutional Investments). Ensure submissions are in compliance with Agency policy and senior leadership decisions. Prepare and brief budget rollout materials. Submit the briefing package to the Administrator for approval. Finalize CBJ editing and obtain concurrence from CAMs, PA&E, and OMB, approving ready for print. Provide copies within NASA, to OMB, and OLIA for Congressional dissemination.

4.4.4.4 PA&E. Reviews passback and validates NASA responses to questions and appeals. Validate Project cost and schedule data in CBJ to ensure it is consistent with the Major Program Annual Report and other cost and schedule reporting. Verify and validate Mission Directorate submission of threshold report and its relationship to the requested budget. Confirm that the CBJ input corresponds to NASA and Administration policies and strategic decisions through eBudget. Review rollout materials to ensure they accurately capture and present intended programmatic decisions. Review and concur with final draft of CBJ prior to it being printed. Support Strategic Communications in development of the Administrator's budget statement and press conference information.

4.4.4.5 Strategic Communications/OLIA. Coordinate meetings to prepare for the budget roll out. Serve as the primary point of contact with Congressional committees. Disseminate CBJ and other budget documents to Congressional committees and staffs. Coordinate Agency presentations and defense of budget before Congress, including development of testimony and hearing records and correspondence with Congress, and response to questions. Strategic Communications/Public Affairs: Sets up Administrators press conference and any media required to roll out the President's budget. Post CBJ and briefings to the nasa.gov web site.

4.5 Appropriation

4.5.1 Purpose. In this step, NASA presents and defends the President's Budget and monitors Congressional progress in developing the NASA appropriation bill in response to the President's Budget. During this step, NASA also attempts to understand the guidance that Congress includes in committee reports and statutes related to Congressional intent with regard to funding provided by Congress and prepares for changes to the President's Budget when those seem likely.

4.5.2 Process. After OMB releases the President's Budget, the NASA Administrator testifies on the submitted budget before Congressional Committees, typically the Authorization Committees first and then the Appropriations Subcommittees. After this testimony, the Committees/ Subcommittees forward questions to NASA, which require a formal response. NASA staff prepares the responses, coordinates them with OMB, and returns them to the Committees/ Subcommittees. After NASA

responses are submitted, the House Appropriations Subcommittee prepares a markup of the appropriation bill and passes it. Subsequently, the full House Appropriations Committee and then the full House take up the bill and pass a version. The Senate Appropriations Subcommittee, the Senate Appropriations Committee, and the full Senate go through a similar process. After the House and Senate have both passed their versions of the appropriations bill, a Conference Committee convenes to resolve differences and craft a conference bill that is subsequently passed by both the House and Senate and sent to the President. Throughout these proceedings, NASA staff monitors the status of NASA’s appropriations. When the House or Senate Committees, Subcommittees, or Conference Committee identify resource levels or policy guidance different from that proposed by the President, NASA staff develops options for implementing the differences. NASA may also provide input to OMB for a Statement of Administration Policy when OMB differs sharply with the position taken by the Congress. Once the House and Senate have reached agreement and passed the appropriations bill, it is sent to the President to sign into law. If Congress is unable to pass the regular appropriations bill by October 1, they typically pass a continuing resolution that allows the Government to remain operational for a specific length of time. More than one continuing resolution may be passed. NASA staff monitors the wording of the continuing resolution and recommends wording to OMB if there are needs that must be met early in the fiscal year that are beyond the limits of this bill. NASA staff also makes preparations to continue operations under the continuing resolution or for shutdown of operations if a bill is not passed and a lapse in appropriations occurs. An illustration of the Appropriation process is provided in Figure 4-4.

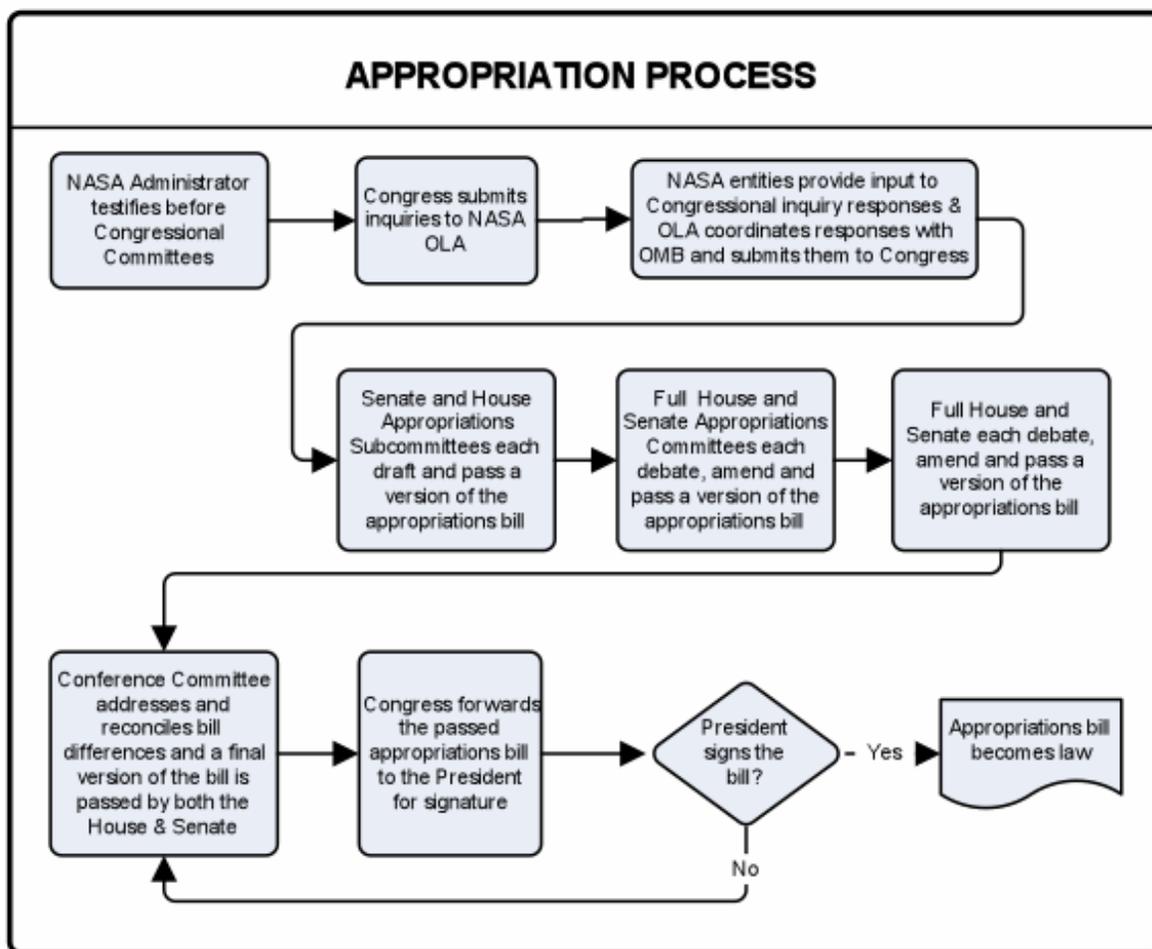


Figure 4-4, Appropriation Process

4.5.3 Timeline. When Congress passes and the President signs the appropriation bills, theoretically before the execution year starts on October 1, but likely late fall or winter.

4.5.4 Appropriation Responsibilities.

4.5.4.1 CAMs/Centers. Provide input to testimony and other support as required.

4.5.4.2 OCFO. Provide input to testimony and other support as required. Monitor Congressional action and initiate the development of alternatives based on probable Congressional action on resource levels or guidance.

4.5.4.3 OLIA. Coordinate testimony by the Administrator and others that may be requested by the Authorization or Appropriations Committees. Coordinate preparation of responses to Committee questions. Assist Committee staff in preparing for mark up of the budget request and in addressing amendments during floor consideration of bill. Provide information to Committee staff as to Agency budget priorities during Appropriations Conference activity.

4.5.4.4 PA&E. Provide input to testimony and other support as required. Provide programmatic analysis of impacts of budget questions and possible changes.

Chapter 5. Working Capital Funds, Grants, and Trust Funds

5.1 Overview

5.1.1 NASA's Working Capital Funds (WCFs), grants, and trust funds generally follow the same guidance described in Chapters 1-5 of this volume if budgets are required.

5.2 Agency Requirements

5.2.1 NASA shall develop WCF, grant, and trust fund budget data in accordance with prescribed guidance. Any special guidance in addition or as an exception to that prescribed for direct programs, CM&O, AM&O, and Institutional Investments shall be developed and distributed by the OCFO.

5.2.2 The OCFO shall lead the budgeting process for WCFs, grants, and trust funds.

5.3 Roles and Responsibilities

5.3.1 Managers of WCFs, grants, and Trust Funds. Provide the data required by OCFO to develop budget estimates and supporting documentation, as identified in budget or financial data calls.

5.3.2 OCFO. Prepare the budget requests and supporting documentation, as necessary.

Chapter 6. Reimbursables

6.1 Overview

6.1.1 Reimbursable budget authority, as used in this volume, is the authority to enter in agreements with other organizations, both Federal and non-Federal, to accept financial reimbursement for the costs of services or goods provided to the customer. It is spending authority provided based on offsetting collections, not appropriated funds. The reimbursable budget authority are based on projections of the known and probable reimbursable work that NASA anticipates receiving from outside sources during a given fiscal year and are submitted as part of the Agency's annual budget request.

6.2 Agency Requirements

6.2.1 NASA shall comply with all legal, regulatory, and policy requirements governing reimbursable agreements and shall request budget authority in the Agency's annual budget request.

6.3 Roles and Responsibilities

6.3.1 Centers. Submit budget estimates for reimbursable activities during the Budgeting Phase, as required in the budget data calls.

6.3.2 OCFO. Develop the reimbursable portion of the Agency's budget request using the data submitted.

Chapter 7. Other Budget Submissions after the Start of the Fiscal Year

7.1 Overview

7.1.1 After the President's Budget has been transmitted to the Congress, the President may propose changes in the budget by transmitting appropriations requests to revise the original budget request for the current year (supplemental) or budget year (amendment), including proposed appropriations language for legislative initiatives (e.g., items included in the budget as legislative proposals). All proposed revisions must conform to the policies of the President. The requests may be for additional amounts or proposed changes in appropriations language that do not affect amounts previously requested, such as technical corrections or changes in a limitation on the use of trust funds. These requests may be either supplemental appropriations or amendments, depending upon when they are transmitted and whether they affect text only or budget amounts. Office of Management and Budget (OMB) directs that agencies take every effort to postpone actions that require supplemental appropriations. However, proposals that decrease or eliminate amounts should be submitted whenever such changes are warranted.

7.2 Agency Requirements

7.2.1 NASA shall make every effort to avoid the need to request a budget supplement or amendment. However, should a supplement or amendment be required, NASA shall comply with all legal, regulatory, and policy requirements governing such budget requests.

7.3 Roles and Responsibilities

7.3.1 OCFO. With input from Mission Directorates and PA&E, OCFO develops the appropriate budget request and supporting documents and submits them to OMB and Congress after obtaining the approval of the NASA Administrator.

7.3.2 NASA Administrator. Approve any proposed budget supplemental or amendment requests prior to their submission to OMB and Congress.

7.4 Budget Supplementals and Amendments Defined

7.4.1 Supplementals. Appropriations requests that are transmitted after completion of action on an annual appropriations bill by the Appropriations Committees of both Houses are called supplementals. They may be transmitted prior to, with, or subsequent to transmittal of the succeeding annual budget document. Supplemental requests that are known at the time of budget preparation are normally transmitted to the Congress with the budget, rather than later as separate transmittals. However, each case is decided separately. OMB representatives inform NASA of which supplementals are transmitted with the budget so NASA can submit the necessary information. These supplementals usually request additional amounts not previously anticipated or requesting changes in appropriations language that do not affect amounts previously appropriated.

7.4.2 Amendments. Proposed actions that revise the President's Budget request and are transmitted prior to completion of action on the budget request by the Appropriations Committees of both

Houses of Congress are called amendments. These include appropriations language for activities authorized since transmittal of the President's Budget that were included in the budget as a legislative proposal.

7.5 Submission Requirements

7.5.1 When requesting supplementals and amendments that increase the amounts contained in the budget, agencies may be required to provide proposals for reductions (offsets) elsewhere in the agency. OMB will only consider requests for supplementals and amendments when:

- a. Existing law requires payments within the fiscal year (e.g., pensions and entitlements);
- b. An unforeseen emergency situation occurs (e.g., natural disaster requiring expenditures for the preservation of life or property);
- c. New legislation enacted after the submission of the annual budget requires additional funds within the fiscal year;
- d. Increased workload is uncontrollable except by statutory change; or

Liability accrues under the law and it is in the Government's interest to liquidate the liability as soon as possible (e.g., claims on which interest is payable).

Any additional information on submission requirements for both supplementals and amendments may be found in OMB Circular No. A-11, Section 110.

Appendix A. Definitions Related to Budget Formulation

A.1 Amendment. A proposed action that revises the President's budget request and is transmitted prior to completion of action on the budget request by the Appropriations Committees of both Houses of Congress. **A.2 Agency Execution Plan.** A detailed financial plan used to determine how funds will be allocated. It is based on the Agency Operating Plan and is typically time phased. **A.3 Agency Management and Operations (AM&O).** A cost category for Headquarters activities such as the Administrator and his or her immediate staff, Mission Directorate management, Headquarters operations management, and functional management that is managed through a common cost pool. **A.4 Agency Operating Plan.** The plan that sets forth the specific amount of appropriated dollars that will be spent in the fiscal year to fulfill NASA's mission and the specific purposes for which the funds will be used. NASA's operating plans are approved by OMB and provided to Congress for a 15-day review period before being executed. **A.5 Appeal.** An application to a recognized authority for reconsideration of a prior or proposed decision. **A.6 Apportionment.** A distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, programs, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred. **A.7 Appropriation.** A provision of law authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority. **A.8 Budget.** A financial plan for a definite period of time that estimates future cost for approved levels of effort; the total sum of money set aside or needed for a purpose. **A.9 Budget Authority.** The authority provided by law to incur financial obligations that will result in outlays. Specific forms of budget authority include appropriations, borrowing authority, contract authority, and spending authority from offsetting collections. **A.10 Budget Resolution.** A concurrent resolution passed by both the House and Senate that sets forth a revenue and spending plan for the budget year and at least four outyears. The plan consists of revenue and spending targets with which subsequent appropriation acts and authorization acts are expected to comply. **A.11 Budget Year.** The fiscal year for which the budget is being developed. **A.12 Capital Assets.** Property, plant, equipment, and software developed, manufactured, transferred, or acquired that meet NASA's capitalization criteria, also known as the capitalization threshold. NASA capitalization policy is contained in NPR 9250.1, "Property, Plant, & Equipment and Operating Materials and Supplies." **A.13 Center Management and Operations (CM&O).** A cost category that captures all of the general and administrative (G&A) activities required to operate and maintain a Center. **A.14 Congressional Budget Justification (CBJ).** Also known as the President's Budget Request. This is an annual NASA budget document that includes budget estimates at the program and project level detail, and provides descriptive and justification for the budget. NASA tailors the CBJ to include performance data which integrates the budget and performance into one document. **A.15 Construction of Facilities (CoF).** A cost category that provides funding for revitalization projects (repair, rehabilitation, and modification of existing facilities), construction of new facilities, acquisition of related collateral equipment, environmental compliance and restoration activities, design of facilities projects, and advanced planning related to future facility needs. **A.16 Continuing Resolution.** Legislation in the form of a joint resolution enacted by Congress to provide budget authority for Federal agencies and programs to continue in operation until regular appropriations acts are enacted. **A.17 Control Account.** A major budgetary account identified in the Strategic Planning Guidance (SPG). These controls are used to set the budget accounts in the finance system (N2). CAMs must ensure that these dollar amounts match in NASA budget formulation system and the Program Analysis and Alignment (PAA) Reports submitted to PA&E. Changes to controls for dollar amounts and Full-Time Equivalents (FTEs) are identified in the Program Decision Memorandum

(PDM) and Programmatic and Institutional Guidance (PaIG). A.18 **Control Account Managers (CAMs)**. Senior Agency officials who manage major budgetary accounts and are responsible for development and execution of the budget content for those accounts. Specific CAMs are identified by title in the SPG. A.19 **Cost**. The price or cash value of the resources used to produce a program, project, or activity. OMB Circulars providing instructions on estimating specific types of cost are listed in the terms section of OMB Circular No. A-11. Costs may be directly associated with a specific program or project or they may be indirect and assessed to programs and projects based on predetermined criteria. A.20 **eBudget**. The on-line system containing budget information and guidance, accessible only by authorized NASA employees. A.21 **Fiscal Year**. The Government's accounting period. The Federal Government's fiscal year begins on October 1 of one calendar year and ends on September 30 of the following calendar year. It is designated by the calendar year in which it ends. A.22 **Full Cost**. The total cost to the Agency to conduct a program or project. Full cost includes costs directly attributable to the program or project, such as program contracts, an appropriate share of Center and Agency-wide overhead costs, and the costs of any shared services that the program or project utilizes. A.23 **Full-Time Equivalent (FTE)**. The basic measure of the levels of employment used in the budget for civil servants. It is defined as the number of total hours worked divided by the maximum number of compensable hours in a fiscal year. The number of compensable hours in the relevant fiscal years is provided in OMB Circular No. A-11. A.24 **MAX**. The OMB information system that is used to collect and process much of the information required from each Agency for preparing the Federal budget. MAX consists of a series of schedules that are sets of data within the MAX database. Each schedule describes a view or slice of the President's budget. A.25 **Mission**. A major function or operation of the Agency and the highest activity level of the NASA budget framework. Missions are required to accomplish an Agency goal or effectively pursue a scientific, technological, or engineering opportunity directly related to an Agency goal. In a broader context, mission refers to the purpose of the Agency. NASA's Mission Statement is: "To pioneer the future in space exploration, scientific discovery, and aeronautics research." A.26 **New Obligational Authority (NOA)**. Budget authority contained in NASA's current fiscal year appropriations act. A.27 **NASA Five Year Plan (NFYP)**. NASA submits its CBJ with a budget runout and justification that covers the budget year plus five additional years. A.28 **Obligation**. A binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally. A.29 **Outlay**. A payment to liquidate an obligation. Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as Federal employee salaries and debt instruments. Outlays are the measure of Government spending. A.30 **Outyears**. The fiscal years following the budget year. Budget development typically includes four outyears. A.31 **Passback**. OMB's notification to agencies of budget, management, and policy decisions following its analysis and review of all Agency budget submissions. Passback data is pre-decisional in nature, and confidentiality must be maintained. A.32 **Pre-decisional Data**. Data developed during the Strategic Planning Guidance development and the Programming and Budgeting Phases, including the nature and amounts of the President's decisions and underlying materials. This data is confidential. It may not be released outside of the Agency until transmitted to Congress, and the material underlying those decisions should not be released at any time except in accordance with OMB Circular No. A-11, Section 22. Outyear discretionary data is also considered pre-decisional and may not be released without prior OMB approval. OMB Memorandum [M-01-17](#), dated April 25, 2001, emphasizes the need for confidentiality of pre-decisional information. A.33 **Program**. A strategic investment by a Mission Directorate or Mission Support Office that has defined goals, objectives, architecture, funding level, and a management structure that supports one or more projects. Additional information on programs may be found in NPR 7120.5, "NASA Program and Project Management Processes and Requirements." A.34 **Program Financial Plan (PFP)**. A detailed budget request presented in the work breakdown structure. A.35 **Project**. A specific investment identified in a Program Plan having defined goals, objectives, requirements, lifecycle cost, a beginning, and an end. A project yields new

or revised products or services that directly address NASA's strategic needs. They may be performed wholly in-house, by government, industry, academia partnerships, or through contracts with private industry. Additional information on projects may be found in NPR 7120.5. A.36 **Settlement**. After passback OMB provides a letter to the Agency indicating all final decisions to prepare the President's Budget Request. A.37 **Supplemental**. An appropriation request submitted after completion of action on an annual appropriations bill by the Appropriations Committees of both Houses. A.38 **Theme**. An element of the NASA budget structure that divides the NASA Mission into strategic categories of one or more programs (e.g., Earth Science, Heliophysics, Planetary Science, and Astrophysics are NASA themes that fall under its Science Mission Directorate).

Appendix B. Acronyms/Initialisms

| | |
|------|-----------------------------------------------------|
| AM&O | Agency Management and Operations |
| APP | Annual Performance Planning |
| ASP | Acquisition Strategy Planning |
| CBJ | Congressional Budget Justification |
| CM&O | Center Management and Operations |
| CoF | Construction of Facilities |
| CAM | Control Account Manager |
| CFO | Chief Financial Officer |
| OGC | Office of the General Counsel |
| FTE | Full Time Equivalent |
| FY | Fiscal Year |
| GPRA | Government Performance and Results Act |
| MAX | OMB's computer system for budgeting submissions |
| MD | Mission Directorate |
| MSO | Mission Support Office |
| NOA | New Obligation Authority |
| NPD | NASA Policy Directive |
| NPR | NASA Procedural Requirements |
| OCFO | Office of the Chief Financial Officer |
| OLIA | Office of Legislative and Intergovernmental Affairs |
| OMB | Office of Management and Budget |
| OMC | Operations Management Council |
| OPII | Office of Program and Institutional Integration |
| PAA | Program Analyses and Alignment |
| PA&E | Office of Program Analysis & Evaluation |
| PaIG | Programmatic and Institutional Guidance |
| PDM | Program Decision Memorandum |
| PFP | Program Financial Plan |
| PMC | Program Management Council |
| PPBE | Planning, Programming, Budgeting, and Execution |
| PRG | Program and Resource Guidance |

SBDR Strategic Budget Decision Review
SMC Strategic Management Council
SPG Strategic Planning Guidance
U.S.C. United States Code
WCF Working Capital Fund

Appendix C. Description of Authority and Applicable Documents

A.1 Authority

a. **The Budget and Fiscal, Budget, and Program Information (31 U.S.C., Chapter 11).** This law provides additional statutory requirements concerning the preparation and submission of Federal budgets, as described below.

(1) **Sections 1104 and 1105.** These sections require that the President prepare and submit a budget of the United States Government for the following fiscal year. In addition, Section 1104 directs each Agency to provide information required by the President in carrying out budget responsibilities and prescribes that the President has access to, and may inspect, the records of an Agency.

(2) **Section 1108.** This section requires the Administrator, as the head of NASA, to prepare and submit to the President each appropriation request for the Agency. The request shall be prepared and submitted in the form prescribed by the President and by the date established by the President.

(3) **Section 1109.** This section also requires that the President submit to both Houses of Congress the estimated budget outlays and proposed budget authority that would be included in the budget for the following fiscal year if programs and activities of the United States Government were carried out during that year at the same level as the current fiscal year without a change in policy.

b. **Chief Financial Officers Act of 1990, Public Law 101-576.** This law amended 31 U.S.C. to improve financial management in the Federal government, establishing a CFO within each major executive Agency and setting forth the responsibilities of that position, which include maintaining reliable information for the development of cost information and developing the Agency financial management budgets.

c. **Consolidated Appropriations Resolution, 2003, Public Law 108-7 (42 U.S.C. § 2459i).** This law established the NASA Working Capital Fund (WCF) and how it may be used.

d. **Government Performance and Results Act of 1993, Public Law 103-62.** This law amended 31 U.S.C. to add additional responsibilities for performance reporting. The law requires agencies to prepare strategic plans, annual performance plans, and annual performance reports. The annual performance plan must cover each program activity set forth in the budget of such Agency, including a description of the operational skills and technology, human capital, information, or other resources required to meet the performance goals.

e. **Information Technology Management Reform Act of 1996 (Clinger-Cohen Act), Public Law 104-106, Division E.** This Act requires the Director of OMB, as part of the annual budget process, to analyze, track, and evaluate the risk of all major capital investments made by Executive agencies for information systems. It also requires the OMB Director to submit a report to Congress on the net program performance benefits achieved as a result of major capital investments made by Executive agencies in information systems and identify how the benefits relate to the accomplishment of the goals of the Executive Agency.

f. **National Aeronautics and Space Act of 1958, Public Law 85-568 (42 U.S.C., Chapter 26).** This law, referred to as The Space Act, established NASA as a Federal agency, outlining the objectives of United States aeronautical and space activities and authorizing NASA to enter into

activities which require financial support functions subject to ADA requirements, such as contracting, hiring employees, constructing facilities, and accepting gifts and donations.

g. **OMB Circular No. A -11, *Preparation, Submission, and Execution of the Budget*.** This Circular provides an overview of the Federal budget process. It discusses the basic laws that regulate the budget process and the terms and concepts needed to understand the budget process. It explains development of the President's Budget and how each Agency is to prepare and submit materials required for OMB and Presidential review of Agency requests and for formulation of the annual budgets. This Circular is revised annually.

h. **OMB Circular No. A -19, *Legislative Coordination and Clearance*.** This Circular outlines procedures for the coordination and clearance by OMB of Agency recommendations on proposed, pending, and enrolled legislation and includes instructions on preparation and timing of Agency legislative programs. Two of the essential purposes for requiring agencies to submit annual legislative programs are to help agencies coordinate the legislative program with the preparation of their annual budget submissions to OMB and to aid OMB and other staff of the Executive Office of the President in developing the President's legislative program and budget.

i. **OMB Circular No. A -25, *User Charges*.** This Circular establishes Federal policy regarding fees assessed for Government services and for sale or use of Government goods or resources and will apply whenever the Agency undertakes activities that involve user charges. It provides information on the scope and types of activities subject to user charges, the basis upon which user charges are to be set, and guidance on Agency implementation of charges and the disposition of collections. Agency estimates for reimbursable budget authority must meet the requirements of this Circular.

j. **NPD 9010.2, "Financial Management."** This NPD establishes that the Agency CFO directs, manages, and provides policy guidance and oversight of Agency financial management personnel, activities, and operations.

A.2 Applicable Documents

- a. **NPD 1000.0, "NASA Governance and Strategic Handbook."** This handbook sets forth the principles by which NASA will strategically manage the Agency, describes the means for doing so, and identifies the specific requirements that drive NASA's strategic planning process.
- b. **NPD 1000.3, "The NASA Organization."** This policy defines the NASA organization and assigns the roles and responsibilities necessary to achieve NASA's vision and mission.
- c. **NPD 1001.0, "NASA Strategic Plan."** The Strategic Plan documents the Agency's long-term goals, articulated in a coherent plan that establishes the framework under which NASA may achieve its vision "to advance U.S. scientific, security, and economic interests through a robust space exploration program."