

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

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Regulation
No. 11-2-292

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Program Management
CAPABILITY ESTIMATES DURING DEFENSE OF CIVIL WORKS PROGRAM

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CAPABILITY ESTIMATES DURING DEFENSE OF CIVIL WORKS PROGRAM

1. Purpose. This guidance governs the development of capabilities during the defense phase for each fiscal year's Civil Works program. Guidance on the development of capabilities during the development phase for the program is provided in Reference 3.b.
2. Applicability. This guidance applies to all USACE elements having Civil Works responsibilities.
3. References.
 - a. EC 11-2-196, Execution of the Annual Civil Works Program, 31 July 2009, or its successor.
 - b. EC 11-2-194, FY 2011 Program Development Guidance, 1 April 2009, or its successor.
 - c. OMB Circular A-11, dated 7 August 2009 or its successor, Section 22, "Communications with the Congress and the Public and Clearance Requirements."
 - d. P2 OFA-CW Program Budget Submission (PBS) Training Workbook Document 17 April 2008, with all subsequent revisions.
 - e. ER 1105-2-100, Planning Guidance Notebook, 22 April 2000.
4. General Policy. Information on capabilities is an important part of the appropriations process, and assists the Appropriations Committees of Congress in their decisions on allocations of funding during the budget defense phase. Capabilities also are of interest to non-Federal interests, who use them to help establish their own annual program recommendations. Therefore, providing realistic, defensible estimates of capabilities is an important responsibility of the U.S. Army Corps of Engineers during budget defense.
5. Definition of Capability. Capabilities are stated in terms of obligations, not expenditures. Capability is defined as the amount of funds, over and above projected or actual unobligated carry-in, that can be obligated effectively and efficiently on a project in a fiscal year, consistent with law and policy. Capability and "Amount That Could Be Used" are identical. Funds that cannot be obligated in a fiscal year and would be carried over for obligation in future fiscal years are not included in capability. The exception is that, for contract work that is fully funded in a fiscal year but has a performance period extending beyond that fiscal year, the full costs of engineering and design and supervision and

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administration associated with that contract work may be included in capability for that fiscal year.

6. Context for Capability Disclaimer. Due to capacity constraints, not all projects can be executed at the capability level at the same time. This is recognized by the Executive Branch and the Congress. Nonetheless, the capability stated for each project should be based on the assumption that there are no fiscal constraints in the execution of that project, but with full recognition of manpower restraints, sound engineering practice and the timing of funds availability. Guidance from the Senate in Senate Report 94-505 is at Appendix A. A standard disclaimer that should accompany each disclosure of capabilities outside the Department of the Army is at Appendix B.

7. Preparation of Capability Estimates.

a. Universe of Projects.

(1) Capability estimates should be prepared for each active study or project in the Investigations, Construction, Mississippi River and Tributaries, Operation and Maintenance, and Formerly Utilized Sites Remedial Action Program accounts, including those funded for completion in the budget fiscal year (PY) and others with zero capability. However, do not prepare capability estimates for "Remaining Items" programmed by HQUSACE, or for inactive or deferred studies and projects (see Reference 3.e., paragraph G-3).

(2) Capability estimates should be prepared not only for budgeted work, but also for unbudgeted work including unbudgeted continuing studies and projects, additional increments of work on budgeted projects, and unbudgeted new starts. For policy-inconsistent projects, see para 9.d.

(3) Generally, capability for each type of work should be expressed for the stage of project development and in the appropriations account under which that type of work is budgeted or for which it qualifies under Appendix C. However, in circumstances where a study or project already has received funds for a stage of project development, capability may be expressed for that stage of project development. Other exceptions should be discussed with CECW-IF.

(4) Capability ordinarily will be expressed only for work that is authorized for the applicable stage of project development. However, capabilities may be established for studies and projects for which required authorization or reauthorization is expected by the PY. In these cases, the need for authorization or modification must be noted under "Purpose of Additional Capability".

b. Assumptions.

(1) Federal cost estimates for all construction projects with programmed work in or after the PY will include an allowance for inflation through the construction period for the programmed work.

(2) For assumptions related to contracts and acquisition plans follow the guidance in References 3.a. and 3.b.

(3) Use Conference allocations for PY-1, adjusted for any approved or actual reprogramming.

c. Basis of Estimates. Each estimate should be based on an obligation schedule that is efficient from an engineering standpoint and that is realistic, that is, risk-based. Where significant schedule risk or uncertainties exist, technical or coordination actions should be undertaken in order to reduce the risks and uncertainties and enable a more reliable capability estimate; otherwise, the capability estimate should be adjusted to reflect the risks and uncertainties. Over-optimistic capability estimates should be avoided, as this could result in a misallocation of scarce funding.

d. Estimates for Remaining Items will be prepared by HQUSACE under separate correspondence. Projects funded by Remaining Items that would be executed by particular districts or FOAs will be folded in the HQUSACE estimates for the applicable Remaining Items.

8. P2 OFA-CW Data Entry.

a. Both MSCs and Districts may enter capability data and updates thereto. Districts and MSC's will use the PBS module of P2 OFA-CW to submit and maintain funding capabilities. Data are entered using the PBS Funding Capabilities data entry form (DEF), which is located in the "PBS Data Entry Forms" folder.

b. A report named "PBS Funding Capabilities Report" is available in the "PBS Reports Multi-Year Funding Stream" folder. The layout of this report is similar to the data displayed and entered on the PBS Funding Capabilities DEF.

c. Detailed instructions concerning the "PBS Funding Capabilities DEF" and the "PBS Funding Capabilities Report" are provided in reference 3.d.

9. Presentation of Capability Estimates.

a. Tables. Capabilities are coded in the P2 OFA-CW database according to the Appropriation Groups listed at Appendix D. When the PBS Funding Capabilities Report is printed, the report is organized according to these Appropriation Groups.

b. Prospective new starts should be assigned Category, Class, and Subclass codes in accordance with Reference 3.b.

c. Funding Increments; Purpose of Additional Capability.

(1) In P2 OFA-CW data, other tabular data, and fact sheets provided to the Appropriations Committees, capabilities are provided in increments. The intent is to inform the Committees of multiple funding increments that produce useful increments of work. Accordingly, multiple funding increments should be identified for each project, where practicable. Because funds are limited, failure to identify increments or over-aggregation of increments could result in a project not receiving funds.

(2) For each funding increment above the budget amount, a purpose of additional capability should be provided. Expressions of additional capabilities must be clear and meaningful, identifying, in lay terms, specific additional items to be accomplished with additional funds and any effects on schedule. Include a verb describing the action to be taken using the funding increment. Avoid acronyms and overly technical terminology. Appendix E provides standard statements for non-zero capability.

(3) Capability could be zero, such as when carry-in is sufficiently high, a study or construction project is fully funded, or project dimensions at a navigation project are adequate for current use. In all cases of zero capability, the reason must be explained under "Purpose of Additional Capability." See Appendix F for standard reasons for zero capability.

(4) Appendix G provides examples of unacceptable statements.

d. Policy-Inconsistent Projects. Some projects are inconsistent with budget policy because they are not justified, the Administration does not support the plans selected, they have unusual cost sharing, or they produce low priority outputs such as bank stabilization, environmental infrastructure, or single purpose recreation, recreational navigation, or water supply. In these cases, the Purpose of Additional Capability should include the following statement: "Note: the Administration's review of this project has identified economic or policy concerns." (The fact sheets/spreadsheets should NOT have this statement in the paragraph describing the work, but included in either the paragraph titled 'Issues and Other Information' or 'Administration Support'.)

10. Approval, Updating, and Disclosure of Capability Estimates.

a. MSCs are responsible for quality assurance on capabilities data and accountable for capability estimates. MSCs shall specify approval procedures for capability estimates and updates thereto.

b. Capabilities as entered in P2 OFA-CW, as reflected in the Senate fact sheets, House data base, or Conference fact sheets, as applicable, and as communicated to Members must agree. HQUSACE provides capability estimates and updates to the Appropriation Committees at certain milestones to support House, Senate, and Conference action. To ensure consistency, only HQUSACE will provide estimates to the Committees. Once the estimates have been provided, Divisions and Districts will support these estimates, until such time as HQUSACE solicits updates or approves case-specific changes, as discussed further below.

c. Initial capability estimates for the PY may be provided to Members and non-Federal interests once the President's budget for the PY has been released and the capability estimates have been entered in the P2 OFA-CW data base and approved.

d. If the P2 OFA-CW data base is unlocked for updates, updates may be entered into the database and approved, in which case the approved updated estimates should be included in the Senate fact sheets, House data base, or Conference fact sheets as applicable. However, if the P2-OFA data base is locked (and, if applicable, the Senate fact sheets, House data base, or Conference fact sheets also have been finalized), the Members and non-Federal interests should be informed only that capability is being updated, unless and until the update has been entered in the data base and approved (through an exception granted by HQUSACE or as a consequence of the data base being unlocked) and the change has been communicated to the Committees by HQUSACE.

e. Once a capability is updated and approved in P2-OFA (and, if applicable, in the Senate fact sheets, House data base, or Conference fact sheets), and after the Committees are notified by HQUSACE of the change, the updated capability must be communicated to Members and non-Federal interests if they had been provided the previous capability.

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f. Capabilities provided in writing will be accompanied by the disclaimer at Appendix B.

FOR THE COMMANDER:

7 Appendices:

App A – Senate Report 94-505 (Extract)

App B – Disclaimer to be Used When
Disclosing Capabilities

App C – Eligibility Criteria for Statement of
Capabilities

App D – Appropriation Groups

App E – Standard Statements for Purposes
of Additional Capability – Capability
is Equal to or Greater Than Budget

App F – Standard Statements for Purposes
of Additional Capability – Capability
is Zero

App G – Unacceptable Statements for
Purposes of Additional Capability

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Colonel, Corps of Engineers

Chief of Staff

APPENDIX A

Senate Report 94-505 (Extract)

“The Committee believes that there is much misunderstanding regarding the longstanding practice and use of ‘capability’ as it relates to funding for Civil Works projects. Therefore, the following explanation of ‘capability’ is offered:

“The capability for each individual study or project is the amount which can be efficiently utilized during the budget fiscal year without regard to fiscal constraints but with full recognition of personnel restraints, sound engineering practice and the timing of funds availability. Further, capabilities are based on the premise that the additional amount for any individual project or investigation is superimposed on the basic program presented in the President’s Budget; and that it is the maximum amount which can be effectively and economically utilized on the particular project as the next-added increment (each project considered as a separate increment) to the basic program.”

APPENDIX B

Disclaimer to be Used When Disclosing Capabilities

“The capability estimate for each study or project is the Army Corps of Engineers estimate for the most that it could obligate efficiently during the fiscal year for that study or project. However, each capability estimate is made without reference to the availability of manpower, equipment, and other resources across the Army Civil Works program, so the sum of the capability estimates exceeds the amount that the Corps actually could obligate in a single fiscal year. The Budget allocates funding among studies and projects on a performance basis in a manner that will enable the Corps to use that funding effectively. Furthermore, the overall funding level proposed in the Budget for the Army Civil Works program reflects the Administration's assessment of national priorities in view of the range of potential private and public uses of funds. Consequently, while the Corps could obligate additional funds for some studies and projects, offsetting reductions within the Army Civil Works program would be required to maintain overall budgetary objectives.”

APPENDIX C

Eligibility Criteria for Capabilities

Studies.

1. The study is authorized, either pursuant to a Resolution of the authorizing Committees or under general authority such as section 216 Review of Completed Projects.
2. The study is ongoing, or, for a reconnaissance study (other than for an inland waterway project), the Project Manager has confirmed that a non-Federal interest is willing to cost share the feasibility phase.

Preconstruction Engineering and Design (initiation of PED following a non-cost shared study).

1. Either PED is under way, or the Division Engineer's Transmittal Letter for the feasibility-level study for authorization or reauthorization has been completed or can be completed no later than during the PY.
2. Except in the case of an inland waterway project or other project where concurrent financing of PED is not required, the Project Manager has confirmed that a non-Federal interest is willing to finance 25 percent of PED costs.
3. Except in the case of an inland waterway project, the Project Manager has confirmed that a non-Federal interest is willing to cost share project construction.

Construction.

1. The project is authorized for construction, and no additional authorization is required. This includes specific authorization for a new project, general authority such as section 1203 for Dam Safety Assurance, or existing project authority such as for rehabilitations.
2. PED has been completed or can be completed no later than during the PY.
3. The Project Manager has confirmed that the non-Federal project sponsor understands its contractual and financial commitments and is able to meet the funding requirements of the construction schedule, including "catch up" for its share of PED costs, that the Project Partnership Agreement can be executed in the fiscal year, and that the project is in compliance with environmental statutes applicable to the current stage of implementation. An Environmental Assessment/Finding of No Significant Impact has been signed, or a final EIS or supplement was filed with EPA unless the project is subject to Section 404 (r) of PL 95-217. Any authorized environmental mitigation is scheduled to be funded concurrently and proportionately with construction.

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4. The feasibility-level decision document (including a General Reevaluation Report) supporting the Project Partnership Agreement has been completed and approved.
5. No known or reasonably anticipated conditions or unresolved issues exist which might prevent either award of the first significant construction contract by the end of the PY, or, if the sponsor does not have title to the required lands and easements, the start of real estate acquisition so that the scheduled first significant construction contract can be awarded by the end of PY+1. Planning, engineering, and design work should be far enough along in the PY so that the orderly and continuous progression of construction is assured with the scheduled award of the first construction contract.

Operation and Maintenance.

1. The project is one for which the Corps is authorized to perform operation and maintenance.
2. The work is for maintenance and repairs. Operations work is generally consistent from one year to the next and sufficient funds should have been included in the budget. Therefore additional capability for operations work is very rare.

FUSRAP (specific site).

1. The site has been accepted into the program by the Department of Energy, or a Remedial Investigation/Feasibility Study is under way, or the preliminary assessment of the site as a potential new site has been completed with a recommendation to conduct a RI/FS.

APPENDIX D
Appropriation Groups

<u>APPN</u>	<u>GRP</u>	<u>DESCRIPTION</u>
I	1	Authorized Studies
I	2	Preconstruction Engineering and Design
C	1	Authorized Construction and IWTF
C	2	CAP – Section 107 (CCS 216)
C	3	[no longer used]
C	4	CAP – Section 111 (CCS 232)
C	5	CAP – Section 103 (CCS 420)
C	6	CAP – Section 205 (CCS 516)
C	7	CAP – Section 14 (CCS 517)
C	8	CAP – Section 208 (CCS 518)
C	9	CAP – Section 1135 (CCS 722)
C	10	CAP – Section 206 (CCS 732)
C	11	CAP – Section 204 (CCS 792)
O&M	1	Non-CAP
O&M	2	[no longer used]
O&M	3	CAP – Section 111 (CCS 132)
O&M	4	CAP – Section 204 (CCS 792)
MR&T I	1	Authorized Studies
MR&T I	2	Preconstruction Engineering and Design
MR&T C	1	Construction
MR&T M	1	Operation and Maintenance
FUSRAP	1	FUSRAP

APPENDIX E

Standard Statements for Purposes of Additional Capability – Capability is Equal to or Greater Than Budget

Standard Statement

Situation to be used

No additional requirement.

Capability is the same as the budget amount, not zero, and the project or study is not funded for completion.

Complete study, PED, or project.

Item would be completed with the capability amount.

Complete project except for unprogrammed [specific feature name].

Item would be completed with the capability amount, except for unprogrammed feature.

Initiate reconnaissance phase of study.

No previous funds have been allocated for the study.

Initiate and complete reconnaissance phase of study.

No previous funds have been allocated for the study, and the reconnaissance phase would be completed with the indicated amount.

Complete reconnaissance phase of study.

The reconnaissance phase would be completed with the indicated amount.

Initiate feasibility phase of study.

The reconnaissance phase of study has been fully funded (or would be fully funded in a separate increment), and no previous funds have been allocated for the feasibility phase

Initiate PED or project.

The previous phase has been fully funded (or would be fully funded in a separate increment), and no previous funds have been allocated for the item.

Initiate [specific feature name]

Construction has been funded (or would be funded in a separate increment), and the indicated amount would be used to initiate an additional feature.

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Resume study or PED.

Study or PED has not been funded since PY-3, but would be resumed with the indicated amount.

Resume project.

Physical construction has not been under way since PY-3, but would be resumed with the indicated amount.

Continue study, PED, or project.

Applicable phase is ongoing and would be continued with the indicated amount.

Continue planning, engineering and Design during construction.

Project has been funded for construction but construction is not underway, and planning, engineering and design would be continued with the indicated amount.

Advance study, PED, or project completion [quantity] months.

Item is in budget, and progress of entire item can be accelerated with indicated amount.

Advance completion of [specific feature name] [quantity] months.

Item is in budget, and progress of specific feature can be accelerated with indicated amount.

Dredge [specific feature name] from [reach name to reach name] at dimensions [channel dimensions].

Specific description, including verb, of maintenance item that could be accomplished with indicated amount.

Repair [specific feature name]

Specific description, including verb, of maintenance item that could be accomplished with indicated amount.

1/ Note: The Administration's review of this project has identified economic and/or policy concerns.

[Use this footnote to footnote any statement for purpose of additional capability on a study or project opposed by the Administration.]

APPENDIX F

Standard Statements for Purposes of Additional Capability – Capability is Zero

Standard Statement	Situation to Be Used
Available funds are sufficient for efficient progress on PED, or project.	Item will continue with carried-in funds, and no additional funds could be obligated.
Reconnaissance phase of study, feasibility phase of study, PED, or project is fully funded.	No additional funds are required to complete the applicable project phase.
Project is fully funded except for unprogrammed [specific feature name]	No additional funds are required to complete the project, except for an unprogrammed feature.
Combined with the [name] study.	Study is being addressed under another study authority.
Project will be pursued under Section [number] of the Continuing Authorities Program.	Study has been converted to a CAP project.
Project depth(s) adequate for current use.	No dredging is needed currently.
Periodic nourishment currently not needed.	No periodic nourishment is needed currently.
Deferred pending completion and approval of [type of decision document].	Capability cannot be estimated until decision document is completed and approved.
Deferred pending demonstration of need for [feature name].	Capability for accomplishment of specific feature cannot be estimated until need is demonstrated.
Dredging deferred pending construction of dredged material disposal facility.	Dredged material disposal facility must be completed before dredging and will not be completed in PY.

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Dredging deferred pending identification of dredged material disposal areas.

Capability cannot be estimated until disposal areas are known.

Project is being implemented by non-Federal interests.

Non-Federal interests have elected to Implement project at their expense.

Federal share of non-Federal work in kind is payable in a future FY.

Non-Federal work in kind is under way but Federal reimbursement is not owed until a future FY.

Lack of PED financing.

Prospective non-Federal project partner recently has indicated unwillingness to finance the non-Federal portion of PED costs, or considerable time has passed since any expression of interest, and project has not been reclassified yet from active category.

Lack of project cooperation for future project.

Prospective non-Federal project partner recently has indicated unwillingness to proceed with project, or considerable time has passed since any expression of interest, and study or project has not been reclassified yet from active category (applies to PEDs that are not financed 75/25 only).

Lack of project cooperation.

Prospective non-Federal project partner recently has indicated unwillingness to proceed with feasibility study or project, or considerable time has passed since any expression of interest, and study or project has not been reclassified yet from active category.

Proposed for non-Federal financing.

Non-Federal interests have proposed to finance 100 percent of remaining costs.

Being implemented with non-Federal funds.

Non-Federal interests are financing 100 percent of remaining costs.

Cost sharing and financing by non-Federal partner are unavailable.

The non-Federal project partner definitely has indicated that cost sharing and financing as reflected in PL 99-662 are unavailable.

Cost sharing and financing by non-Federal partner are unlikely.

The non-Federal project partner is unable to commit to cost sharing and financing as reflected in PL 99-662, and it is unlikely that such a commitment will be forthcoming.

Under review.

Capability cannot be estimated pending further review and coordination.

Cost sharing and financing has not been established.

Capability cannot be estimated because cost sharing and financing policy has not been established for project.

Study or project is more appropriately accomplished by [name of other Federal, State, or local agency].

Capability cannot be estimated because the item is outside USACE areas of responsibility.

Does not meet economic selection criteria.

Zero budget and capability because the item does not meet current economic selection criteria.

Washington level review not completed.

Capability cannot be estimated until completion of project document review by HQUSACE, ASA(CW), and OMB.

APPENDIX G

Unacceptable Statements for Purposes of Additional Capability

Unacceptable Statement	Reason for Unacceptability
Required to maintain schedule.	The schedule is established by the Budget. Additional funds either accelerate the schedule or represent the revised estimate for accomplishing budgeted work.
Additional O&M requirements.	Meaningless.
Required to operate [name of facility].	Minimum funds for operation of existing facilities have been provided within the budget amount.
Hire four additional temporary employees or fund service contract	Statements are to indicate what specific items would be accomplished with additional funds, not method of accomplishing additional work.
Dredging or additional dredging.	Too general. Indicate specifically what additional area or feature will be dredged.
Excessive District and AE workload or lack of personnel.	Statement is inconsistent with defining individual study or project capability as the next added increment without regard to other studies or projects.
Report submitted to HQUSACE, Secretary of the Army, or OMB.	Status of report not required. Further, statement implies that review is being unnecessarily delayed.
Negative report being prepared.	Such a statement preempts report findings and the issuance of the Division Engineer's Transmittal Letter.

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Contingent upon reprogramming
During [PY-1]

Capability is not to be dependent upon a reprogramming action. Capability should be based only on actual or approved reprogramming. Should a reprogramming be accomplished, the capability subsequently may be revised, if appropriate.

Miscellaneous

Meaningless.