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# **NNSA OPERATIONS UNDER A CONTINUING RESOLUTION**

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**NATIONAL NUCLEAR SECURITY ADMINISTRATION  
Office of Planning, Programming, Budgeting &  
Evaluation**

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1. PURPOSE. To provide general operating procedures and address frequently asked questions associated with operating under a Continuing Resolution.
2. CANCELLATIONS. None.
3. APPLICABILITY. The provisions of this policy apply to all NNSA organizational elements
4. BACKGROUND. If appropriation legislation is not enacted prior to October 1, a continuing resolution (CR) is normally passed by Congress. A CR provides budget authority for ongoing activities for a specific period of time, and specifies the rate at which obligations may occur. The rate is typically the least of the current Fiscal Year rate, or House or Senate appropriations committee mark. The rate is applicable at the appropriation level, e.g. Weapons Activities, Defense Nuclear Nonproliferation, Office of the Administrator, Naval Reactors, rather than at the individual Program, Project or Activity (PPA). The rate and time period covered by the CR are used by the DOE CFO to calculate the amount of obligational authority available to be allotted and distributed to programs and sites.

OMB issues a “Bulletin” prior to October 1 that provides automatic apportionment of obligational authority under a CR. The DOE CFO carries out its normal funds distribution processes working with the NNSA through the Office of PPBE to enable the program and site distribution for these funds.

5. REQUIREMENTS.
  - a. Funds Distribution Plan – the Initial AFP: Input for the Initial AFP is requested by the Office of PPBE in early August for input into the Department’s Funds Distribution System. The Departmental process uses the lower of the House or Senate Mark as the basis for the Approved Funding Program (the controlling document for funds distribution) under a CR. This is an administrative process only that assures a conservative path forward to preserve final Congressional prerogatives to the extent possible. The AFP represents the annualized funding plan, even during a CR. The allotment reflects the actual obligational authority available consistent with the terms of the CR. (see Attachment 1)
  - b. Work Authorization- Workscope is delineated, and is authorized using DOE O 412.1. Funding authorized is consistent with the amounts in the AFP, but there is a caveat under the “General Guidance” as follows: “...the Approved Funding Program (AFP) reflects the lower of the House or Senate appropriations mark. Funding made available beginning October 1 is determined by allotments resulting from a Continuing Resolution until final action occurs on the Energy and Water Development Appropriations Act. Funding adjustments will be made,

as necessary, to reflect the Enacted Appropriation.”

- c. Funding Availability – the Continuing Resolution: The Continuing Resolution (CR) contains information needed to calculate the rate for spending and the duration of the resolution. The CR can also include General Provisions. Funding availability under the CR is determined by the OMB and the DOE CFO.

The CR “rate” of operations is generally stated as the lower of the current rate, or the House or Senate appropriations committee mark if these are available. The “rate” is determined at the appropriation level, rather than by individual “program, project and activity”. However, in rare cases, there are special rates specified in the CR for individual projects, programs or activities.

The “duration” of the CR is also specified, and can be days, weeks, months or a full year. The “rate” and “duration” are combined, and the OMB and DOE CFO determine the total amount of new obligational authority that is available for each appropriation for the duration of the continuing resolution. (see Attachment 1)

- d. Funding Distribution – Via the Allotments: Allotment available for obligation is a function of the total funding available under the CR divided according to the distribution in the Initial AFP. The funding amount is computed and distributed to the allottees (Headquarters and field entities) by the CFO. For NNSA, the largest allotment is held by the Service Center because most M&O sites and contractors are aligned with the Service Center for funds control and accounting. (see Attachment 1)
- e. Funding Distribution -- to Sites and Contractors: The funds provided by the allotment may be applied in any proportion throughout the AFP provided they do not exceed any limitations or provisions specified in the terms of the CR, or any obligation control level established in the AFP. The allottee, in consultation with the Office of PPBE, will take into account to the extent possible any extraordinary funding requirements. Flexibility to make reallocations to accommodate extraordinary needs depends almost entirely upon the financial status of other sites and programs within the allotment. (see Attachment 1)

## 6. ADDITIONAL CONSIDERATIONS.

- a. Extraordinary obligation requirements: In August and September of each year, in anticipation of a CR, NNSA financial staff and the Service Center work with program offices and M&O contractors to identify “**extraordinary obligation requirements.**” Because the obligational authority provided under a CR is controlled at the appropriation level, there exists a great deal of flexibility to allocate more of the allotment to meet specific extraordinary requirements as long as other programs can carry on with less than their proportional share of the new OA.
- b. NNSA Program Management Guidance document: If needed to assure that NNSA’s

program priorities are clarified, NNSA will promulgate a memorandum to Federal and M&O Contractor entities stating program priorities in some or all NNSA programs. This may cover operating and/or construction activities.

- c. Program Termination under a CR: Neither the Congress nor the DOE desires to terminate ongoing activities under a CR. Generally, the CR language will address this situation, and activities will be authorized by the DOE to operate at a very low level so as to preserve the prerogatives of the Congress in their resolution of the final appropriations. In August and September each year, NNSA and the DOE CFO will work together to identify programs in this situation, and agree on the minimum amount of funding needed to continue for the expected duration of the CR. An “exception” to the DOE Initial AFP guidance is requested by NNSA, a memo provided by the Office of PPBE, and this is usually approved by the CFO.

Should the final appropriations result in a zero/termination for the program, a congressional reprogramming/appropriation transfer request will likely be required to cover any funding expended for the terminated program during a CR.

- d. Monthly AFP cycle under a CR: The “normal” monthly AFP change cycle is usually not in effect during the period of Continuing Resolutions. Rather, the DOE provides additional allotments for each enacted CR, and AFP change cycles are coordinated with the allotments to the extent practicable. The Office of PPBE will provide guidance to the program offices on these cycle changes.
- e. Prohibition on “New Starts”: CRs typically do not allow for the initiation of new activities or cancellation of on-going activities. They generally continue ongoing activities under the terms and conditions of the prior year appropriations. This prohibition generally applies at the obligational control levels (delineated on the Department’s Base Table), mainly affecting new line item construction projects.
- f. AFP: Funding is distributed by the allottees to the M&Os via local AFPs and contract modifications once the Headquarters AFP and allotment is received. The local AFPs tie to the amount allotted, rather than the Headquarters AFP. Prior to receipt of the allotment, the NNSA Service Center issues guidance and a “supplemental” AFP directing the M&Os to continue work consistent with the terms of the CR. The local AFP is issued after “reporting level” data is collected from the M&O contractors.

## 7. ROLES AND RESPONSIBILITIES.

- a. The Administrator, NNSA, is responsible for assuring that the NNSA programs are carried out consistent with the enacted legislation.

- b. The NNSA General Counsel is responsible for interpreting enacted legislation, as needed, to support budget execution.
- c. The Office of Planning, Programming, Budgeting and Evaluation (PPBE) is responsible for managing the Budget Execution process, including:
  - (1) Providing official funds control guidance on obligational authority to all NNSA elements,
  - (2) Funds distribution and control, including interface to the DOE automated financial systems for the processing of monthly AFPs and work authorizations per NNSA Policy, and input to the Department's FDS, in conformance with DOE Base Table, NNSA policy and applicable appropriation and authorization legislation,
  - (3) Processing of work authorizations with Program Offices to assure consistency with the AFPs, NNSA Policy, and Congressional authorization and appropriation legislation,
  - (4) Serving as a focal point with field elements for official financial data for budget execution,
  - (5) Serving as the NNSA liaison with the DOE Office of the Chief Financial Officer and the OMB on budget execution matters,
  - (6) Maintaining and updating the NNSA Policy on Budget Execution on the NNSA intranet at <http://hq.na.gov>
  - (7) Collecting input on extraordinary obligation requirements and working with the allottee holders to address in the allocation of the allotment,
  - (8) Collecting input from the Program Offices on priorities and expectations under the CR to be included in a comprehensive NNSA guidance document to the NNSA Sites.
- d. Headquarters NNSA Program Offices will be responsible for:
  - (1) Providing funding allocations for program elements and sites within funds control guidance provided by the Office of PPBE,
  - (2) Collecting information on extraordinary obligation requirements from the field and Program Managers and providing input to the Office of PPBE,

- (3) Providing program management guidance on priorities and expectations under the CR,
  - (4) Providing program management guidance for approved work scope to be incorporated into official work authorization documents, and
  - (5) Maintaining program management databases consistent with the monthly AFPs, if cited on work authorizations.
- e. The NNSA Service Center and DOE Operations Offices are responsible for processing allotments, issuing local AFPs, interfacing with Site Offices and M&O contractors, and certifying availability of funds. In addition, the NNSA Service Center and selected DOE Operations Offices also handle AFPs and Work Authorizations for non-NNSA programs conducted at NNSA sites.
- f. The Site Offices, serving as the Contracting Offices, are responsible for managing the contract and associated processes to ensure the contractor spends the funds in accordance with program guidance contained associated approved work authorizations. In addition, the Site Offices also handle AFPs and Work Authorizations for non-NNSA programs conducted at NNSA sites.
8. REFERENCES. Department of Energy (DOE) Order 135.1A, Budget Execution Funds Distribution and Control; DOE M 135.1-1A, Budget Execution-Funds Distribution and Control Manual; DOE O 137.1A, Plan for Operating in the Event of a Lapse in Appropriations.
9. CONTACT. The NNSA, Office of Planning, Programming, Budgeting and Evaluation, NA-62, 301-903-3334.



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ATTACHMENT 1. Example of Funding Under a CR  
ATTACHMENT 2. Frequently Asked Questions

**Attachment 1**

**Example of Funding Under a CR**

**1. Determining the levels for the Initial Approved funding program:**

(\$ in Thousands)

Appropriation/Program	FY 2007 Current	FY 2008 House mark	FY 2008 Senate Mark	<b>FY 2008 Initial AFP</b>
GREEN Program				
Widget production	590,000	900,000	1,900,000	<b>900,000</b>
BIG Ongoing Construction project	420,000	200,000	300,000	<b>200,000</b>
TINY New Construction project	0	50,000	50,000	<b>0</b>
Facility Maintenance	100,000	150,000	75,000	<b>75,000</b>
<b>Total, Green program</b>	<b>1,110,000</b>	<b>1,300,000</b>	<b>2,325,000</b>	<b>1,175,000</b>

This example Initial AFP reflects the **lesser of the House or Senate marks, by Program, Project and Activity**. No funding is included for new construction starts. The Initial AFP indicated an annualized funding plan of \$1.175 billion for the GREEN appropriation.

**2. Computing Funding Availability under the Continuing Resolution**

The example CR sets the “rate of operations” for the GREEN appropriation at the lower of the FY 2007 Current rate (\$1.1B) or FY 2008 House Mark (\$1.3 B)—in this case the lower is the Current rate. The calculation is as follows: Current Level for GREEN (\$1.1B) X length of CR (48 days, or 48/365 = 13.15% of the fiscal year). Therefore,

$$\text{Total Funding available under 1}^{\text{st}} \text{ CR} = \$1.1 \times 13.15\% = \mathbf{\$145M.}$$

This represents the total amount available for all GREEN programs to cover normal operations for 48 days, including extraordinary items such as the BIG construction project that requires a lump sum of funding for procurements in early October.

**Example of Funding Under a CR (con't)****3. Funding Distribution via the allotments:****Distribute Initial AFP by Program and Site:**

(\$ in Thousands)

<b>Appropriation/Program</b>	<b>FY 2008 Initial AFP</b>	<b>Comment</b>
Widget Program - LANL	800,000	
Widget Program - SR	100,000	
Subtotal Widgets	900,000	
BIG Ongoing Construction - LANL	200,000	Payment of \$100,000 needed by 10/15
TINY Construction Project – Y-12	0	
Facility Maintenance – LANL	40,000	
Facility Maintenance – SR	10,000	
Facility Maintenance - Y-12	25,000	
Subtotal, Facility Maintenance	75,000	
<b>TOTAL, GREEN</b>	<b>1,175,000</b>	

**Sort Initial AFP By Allottee and Distribute Total Funding Available under 1<sup>st</sup> CR:**

(\$ in Thousands)

<b>Allottee</b>	<b>FY 2008 Initial AFP</b>	<b>FY 2008 1<sup>st</sup> CR</b>
Service Center	1,065,000	131,400
Savannah River	110,000	13,600
<b>TOTAL GREEN</b>	<b>1,175,000</b>	<b>145,000</b>



**Example of Funding Under a CR (con't)**

**4. Funding available to sites and contractors:**

(\$ in Thousands)

<b>Appropriation/Program</b>	<b>FY 2008 Initial AFP</b>	<b>FY 2008 1<sup>st</sup> CR</b>
Widget Program - LANL	800,000	23,400
Widget Program - SR	100,000	12,300
<b>Subtotal Widgets</b>	<b>900,000</b>	<b>35,700</b>
<b>BIG Ongoing Construction - LANL</b>	<b>200,000</b>	<b>100,000</b>
TINY Construction Project – Y-12	0	0
Facility Maintenance – LANL	40,000	5,000
Facility Maintenance – SR	10,000	1,300
Facility Maintenance - Y-12	25,000	3,000
<b>Subtotal, Facility Maintenance</b>	<b>75,000</b>	<b>9,300</b>
<b>TOTAL, GREEN</b>	<b>1,175,000</b>	<b>145,000</b>

The allottees allocate the available funding to programs, projects and activities based on needs for new obligational authority.

The Savannah River allotment had no extraordinary obligation requirements, so the available funding was allocated proportionally to the two PPAs.

The Service Center needed to take into account the extraordinary obligation for the BIG construction project. After that commitment was met, there was little funding remaining to be allocated to the other PPAs. The Service Center noted that the Facility Maintenance program had large uncosted balances at each site, so minimal new funding was provided there, with the remaining new funding allocated to Widget Production.

## **Attachment 2**

### **Frequently Asked Questions**

#### **What is a Continuing Resolution?**

The “CR” is generally a “Joint Resolution”, passed by both houses of Congress and signed into law by the President on or before October 1. The purpose of the CR is to provide continuing appropriations in the absence of enactment of separate appropriations acts. The CR is organized by appropriations act, and covers any for which regular appropriations have not been enacted for the upcoming fiscal year. The provisions of a CR can and do differ from year to year, based on Congressional prerogatives.

#### **Where is NNSA’s funding located?**

NNSA’s funding is provided within the CR provision covering the “Energy and Water Development and Interior and Related Agencies” appropriations act. NNSA may also be affected by “General Provisions” contained in the CR.

#### **How much funding is available under a CR?**

This is specified in the provisions of the CR, and is a combination of the “rate” and the “duration”.

The CR “rate” of operations is generally stated as the lower of the current rate, or the House or Senate appropriations committee mark if these are available. The “rate” is determined at the appropriation level, rather than by individual “program, project and activity”. However, in rare cases, there are special rates specified in the CR for individual projects, programs or activities.

The “duration” of the CR is also specified, and can be days, weeks, months or a full year. The “rate” and “duration” are combined, and the OMB and DOE CFO determine the total amount of new obligational authority that is available for each appropriation for the duration of the continuing resolution.

#### **How is the funding available under a CR distributed to NNSA programs and activities?**

The distribution is determined based on the program and site allocations contained in the Initial Approved Funding Program (AFP) that is developed annually by NNSA in August and September. It is controlled by the total amount available by appropriation under the CR.

The program and site allocations in the Initial AFP are developed with the possibility of a CR in mind. The program and site distributions in the Initial AFP form the basis for the

“allotments” to the Federal field entities, and therefore NNSA makes a concerted effort to distribute most funding to the field entities in the Initial AFP to assure that enough allotment is available for continuing operations. Funding is routinely “pulled back” to Headquarters after full year appropriations are enacted.

The DOE CFO calculates the amount of funding in each allotment as a function of the total obligational authority available in each appropriation, and the program and site distribution contained in NNSA’s Initial AFP. Most NNSA funding is allotted to the Service Center, which gives NNSA a great deal of flexibility in subsequent allocations to programs and sites.

**What if the “lower of House or Senate” rule for creating the initial AFP results in zero for an ongoing activity?**

Neither the Congress nor the DOE desires to terminate ongoing activities under a CR. Generally, the activities will be authorized by the DOE to operate at a very low level so as to preserve the prerogatives of the Congress in their resolution of the final appropriations. In August and September each year, NNSA and the DOE CFO will work together to identify these programs, and agree on the minimum amount of funding needed to continue for the expected duration of the CR. An “exception” to the DOE guidance is requested, and usually approved by the CFO.

Should the final appropriations result in a zero/termination for the program, a congressional reprogramming/appropriation transfer request will likely be required to cover any funding expended for the terminated program during a CR.

**Does the “no new starts” provision apply to activities other than construction projects?**

DOE’s guidance has generally limited the “no new starts” provision to line item construction projects and Major Items of Equipment only, and this is our assumption unless directed otherwise. New activities within operating programs are not affected by this provision.

**Can unobligated balances be expended during the period of the CR?**

Yes, but only those balances that have been projected in advance to the CFO per their summer guidance, apportioned by OMB, certified by CFO as being available when preliminary year-end accounting data is available in November, and approved by the CFO for allotment.

**What flexibility does a program or site have to move funds between control points while operating under a CR?**

There is generally more flexibility to move funding between programs and sites under a CR, although the reduced funding available is a limiting factor. Under a CR, the usual monthly schedule for funds distribution is usually not in effect; rather, the distribution schedule is dictated by the provisions of the CR.

**What does an allottee do if there is a requirement to make a payment that is in excess of the allotment they receive during a CR?**

There must be sufficient allotment to make a payment. In August and September of each year, in anticipation of a CR, NNSA financial staff and the Service Center work with program offices and M&O contractors to identify “**extraordinary obligation requirements.**” Because the obligational authority provided under a CR is controlled at the appropriation level, there exists a great deal of flexibility to allocate the allotment to meet extraordinary requirements as long as other programs can carry on with less than their proportional share of the new OA.

**How should the phrase "project or activity" be applied in determining the CR level?**

In the context of determining the rate for operations under the CR, OMB has interpreted the term "project or activity" to refer to the total appropriation, that is, the account level. GAO's view has been consistent with OMB's (see page 8-24 of the Principles of Federal Appropriations Laws, Third Edition, Volume II, issued by GAO and OMB Bulletin No. 06-04, Page 4).