



Commandant
United States Coast Guard

US Coast Guard Stop 7618
2703 Martin Luther King Jr Ave SE
Washington, DC 20593-7618
Staff Symbol: CG-83
Phone: (202) 372-4201
Fax: (202) 372-3947

COMDTINST 7132.6A
09 Jun 16

COMMANDANT INSTRUCTION 7132.6A

Subj: ANNUAL AFC-3X BUDGET DEVELOPMENT AND EXECUTION PROCESSES

Ref: (a) Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)

1. **PURPOSE.** This Instruction establishes policy governing the centralized budgeting (modeling and distribution) of annual AFC-3X budget authority through the web-based budget models (HQ, Operations, etc) known collectively as the Web Budget Model (WBM) and the Energy Budget Model (EBM). This policy consolidates funds modeling and distribution methodologies under the Chief Financial Officer (CFO) in accordance with reference (a).
2. **ACTION.** All Coast Guard (CG) unit commanders, commanding officers, officers-in-charge, deputy/assistant commandants, and chiefs of headquarters staff elements shall comply with the provisions of this Instruction. Internet release is authorized.
3. **DIRECTIVES AFFECTED.** AFC-3X Budget Development Process, COMDTINST 7132.6 is cancelled.
4. **DISCUSSION.** The AFC-3X budget modeling and distribution tools and processes are designed to empower a wide range of CG resource managers by recording, sharing, and archiving the chronological development of the AFC-30/34/36 base. This Instruction provides CG resource managers with detailed explanations of how those tools work and explains how to interact with them most effectively. With these tools, (1) CG leadership bodies (e.g., the Resource Group (RG)) can rapidly assess a significant segment of the Operating Expense (OE) base; (2) resource managers can see clear links between AFC-3X base funds and assets or unique expense burdens; (3) a transparent historical record of funding decisions is available for review; and (4) approved Resource Proposals are linked directly to Administrative Target Unit (ATU) base funding.

DISTRIBUTION – SDL No. 167

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z
A																										
B	X	X	X		X			X												X						
C									X		X			X												
D	X																									
E																										
F																										
G																										
H						X																				

NON-STANDARD DISTRIBUTION:

5. DISCLAIMER. This guidance is not a substitute for applicable legal requirements nor is it itself a rule. It is intended to provide operational guidance for Coast Guard personnel and is not intended to nor does it impose legally-binding requirements on any party outside the Coast Guard.
6. MAJOR CHANGES. Major changes to this instruction include a consolidation and update of previous Enclosures (1), 3XBM Overview, and (2), OBM, SBM and TCBM Guidance; General updates were also included for previous Enclosures (4), EBM Guidance, and (5), e-SP Guidance. The previous Enclosure (3), List of HQ Program Managers and ATU Budget Officers, was eliminated on account of the ever-changing nature of this list, and is now included within the Web Budget Model.
7. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS.
 - a. The development of this Instruction and the general policies contained within have been thoroughly reviewed by the originating office in conjunction with the Office of Environmental Management, and are categorically excluded (CE) under current USCG CE # 33 from further environmental analysis, in accordance with Section 2.B.2. and Figure 2-1 of the National Environmental Policy Act Implementing Procedures and Policy for Considering Environmental Impacts, COMDTINST M16475.1 (series).
 - b. This Instruction will not have any of the following: significant cumulative impacts on the human environment; substantial controversy or substantial change to existing environmental conditions; or inconsistencies with any Federal, State, or local laws or administrative determinations relating to the environment. All future specific actions resulting from the general policies in this Instruction must be individually evaluated for compliance with the National Environmental Policy Act (NEPA), Council on Environmental Policy NEPA regulations at 40 CFR Parts 1500-1508, DHS and Coast Guard NEPA policy, and compliance with all other environmental mandates.
8. DISTRIBUTION. No paper distribution will be made of this Instruction. An electronic version will be located on the following website. Internet: <http://www.uscg.mil/directives/>, and CGPortal: <https://cgportal2.uscg.mil/library/directives/SitePages/Home.aspx>
9. RECORDS MANAGEMENT CONSIDERATIONS. This Instruction has been evaluated for potential records management impacts. The development of this Instruction has been thoroughly reviewed during the directives clearance process, and it has been determined there are no further records scheduling requirements, in accordance with Federal Records Act, 44 U.S.C. 3101 et seq., National Archives and Records Administration (NARA) requirements, and the Information and Life Cycle Management Manual, COMDTINST M5212.12 (series). This policy does not have any significant or substantial change to existing records management requirements.
10. FORMS /REPORTS. None.

11. REQUEST FOR CHANGES. Address questions concerning AFC-3X Budget Development to Commandant (CG-832), specifically the Budget Modeling Team.

T. A. SOKALZUK /s/
Rear Admiral, U.S. Coast Guard
Assistant Commandant for Resources
Chief Financial Officer

Encl: (1) Web Budget Model (WBM) Overview
(2) Energy Budget Model (EBM) Overview
(3) AFC-3X Budget Execution Stage Overview

This page left intentionally blank.

WEB BUDGET MODEL (WBM) OVERVIEW

General

The WBM is a web-based tool managed and hosted by the Operations Support Command (OSC) on behalf of Commandant (CG-832), who manages the modeling, distribution, and execution of current year and expired phase AFC-3X budget authority. WBM users are comprised of various user roles, including the financial analysts at Commandant (CG-83) who populate the model annually based on real-world changes, to the resource manager at a Sector who wants to understand how much is “in the base” for Personal Protective Equipment.

AFC-3X funds execution is de-centralized, with procurements of goods/services occurring at all levels of the CG organization. It is critical that the CFO maintain a documented understanding of the “purpose-driven” breakdown of the AFC-3X base for several reasons:

1. Congressional Intent: Particular segments of AFC-3X funds are highlighted in appropriations language. The WBM ensures legislative intent is preserved through appropriate distribution (or targeted reduction).
2. Base Funding Reviews: Some funding (asset-based) is distributed based on administrative target unit (ATU) allowances (e.g., billets, cutters, boats, buildings) which evolve with the organization. The WBM ensures that asset movements are accompanied with adjustments to ATU funding.
3. Transparent Funds Modeling and Distribution: A documented breakdown of the AFC-3X base, available in a web-based application, provides important transparency to both execution and formulation staffs around the CG.

The Composition of the WBM

The WBM is a compilation of five legacy funding models: the Operations Budget Model (OBM), Support Budget Model (SBM), Training Center (TCBM), Headquarters (HQBM), and Central Accounts (CABM). AFC-3X execution stakeholders at the ATU-level will generally become familiar with one particular model of the WBM, while Resource Management Office (RMO) analysts often become familiar with at least two models.

WBM Funding

The WBM is *not* actually a distribution mechanism. Commandant (CG-832) distributes funds to outlying execution staffs using the current financial management applications (Financial Procurement Desktop and Core Accounting Systems); the WBM is used to *guide* that distribution after modeling an idealized breakdown of AFC-3X budget authority. In certain circumstances, the actual distribution of funds will differ from initial WBM outputs, but Commandant (CG-832) shall make every attempt to (1) reflect such adjustments in the WBM, and (2) communicate the reasons for such adjustments to the AFC-3X community.

The WBM is a closed system which “rolls over” each entity’s base funding with each fiscal year. In an idealized state, the only way to increase or decrease the modeled base funding is to enter the AFC-3X adjustments included on an approved Resource Proposal. However, the difficulty of translating some budget formulation actions into a distribution model results in variance(s) between modeled and actual distributions. This should be expected when using any real-world modeling application, but Commandant

(CG-832) will mitigate and document these variances, wherever possible.

Modeling Variables

The two main drivers of modeled base funding amounts for a RMO, ATU, or other execution entity are *asset-based funding* and *unique (line item) funding*.

1. Asset-based funding is standard funding distributed to RMOs/ATUs based on the quantity of each asset type “owned” by that RMO/ATU (e.g. cutters, boats, planes, people, buildings, etc.). Asset-based funding is logical and simple to maintain, ensuring an equitable distribution of AFC-3X funds. The asset funding standard “total” will not change from year-to-year without an approved Resource Proposal which adjusts funding for that asset type. Note: asset-based funding variables are “owned” by the relevant program office. Commandant (CG-832) does *not* make decisions on these allocations.
2. Unique line-item funding describes a need or activity that is common to units across the CG, but where the actual local cost is unique; or situations where units, based on their particular function or as a result of disparities in cost indices within their geographic location might have varying costs which are unique. For example, every unit with a real-estate footprint needs funding for water and waste water removal, but these costs often vary significantly unit-to-unit due to local circumstances. An example of a functional unique can be seen where Training Centers receive unique direct training funds when other units do not. An example of a location specific unique can be seen when a Sector or Base receives unique funding for leases or interagency agreements when their facilities are shared with other entities.

WBM Standard Operating Procedures

Further explanation of the WBM can be found in the [Web Budget Model Standard Operating Procedure \(SOP\)](#). This SOP provides real-time guidance to all users of the WBM, and the most up-to-date version is always available on the Commandant (CG-832) CGPortal site.

ENERGY BUDGET MODEL (EBM) OVERVIEW

General

The EBM is designed to forecast the total CG energy funding need for the upcoming fiscal year (FY) and inform Commandant's (CG-832) effort to distribute energy funding accurately. It is also a tool to provide CG decision makers energy expense forecasts associated with given levels of operations, surge operations, or adjustment to asset types that attend to specific missions.

Methodology Overview

Like the WBM, the EBM is actually a collection of smaller models, each designed for the circumstances of an individual business problem. For example, forecasting the upcoming year's "shore energy" expense is a different task than forecasting the upcoming year's "aircraft liquid fuel" expense.

Each element of the EBM attempts to capture recent consumption, expenditure, and procurement data and blend it with out-year forecasts and published Defense Logistics Agency unit prices to generate an estimate of expenses in the year ahead. Multiple forecasts are incorporated by the model, including internal CG projections of resource activities (by asset type, operational commander, and geography) and third-party projections of energy (commodity) prices.

The EBM attempts to strike the right balance between precision, efficiency, and simplicity to provide operational planners and financial managers a sense of confidence in making resources allocation decisions. A comprehensive [Energy Budget Model SOP](#) document shall be updated annually and maintained at Commandant's (CG-832) CGPortal site.

EBM Interaction with the WBM

The EBM output for a given fiscal year forecasts the AFC-30 or AFC-34 energy need for that year. In contrast, the WBM includes a unique line item for the enterprise energy account (managed by Commandant (CG-832)). The unique line item is adjusted when approved Resource Proposals make upward/downward adjustments to the OE appropriation. Adjustments to the EBM are required in a number of different scenarios, such as the decommissioning of an asset with a recurring energy budget.

During the final stages of the annual WBM build-out process, the EBM output (forecast) is compared to the WBM unique funding amount for energy. At that point, a forecast energy surplus/deficit plan shall be developed by Commandant (CG-832) and reviewed by Commandant (CG-83). Depending on the materiality of the surplus/deficit, a recommendation shall be developed and approved by Commandant (CG-8). In recent history, surpluses have been used to offset demand for emergent (unfunded) enterprise needs, while deficits have been filled by additional tax or reprogramming events.

EBM forecasts have no impact on the WBM. The only energy funding included in the WBM is the unique line-item funding for the enterprise energy account. Energy funding is typically distributed to energy-specific lines of accounting established at each ATU.

This page left intentionally blank.

AFC-3X BUDGET EXECUTION STAGE OVERVIEW

General

The “execution stage” for an annual appropriation is the fiscal year of the availability of the funds, and most execution stage activity follows a predictable execution chronology within that fiscal year. This document’s description of the execution stage is necessarily general, and should be used to inform an understanding of relevant parties, relationships, processes, and policy. Commandant (CG-832) is the designated Allowance Manager for AFC-3X accounts, and responsible to Commandant (CG-8) (allotment manager) for carrying out the duties described in reference (a), Chapter 3.9.8.

Funds Distribution

The focus of this Instruction begins with the receipt of obligation authority (funds) in the Commandant (CG-832) central accounts. As such, this Instruction purposefully omits preceding actions, but more information on the steps between an enacted budget and the sub-allotment of budget authority to Commandant (CG-831) can be found in reference (a), Chapter 3.

Once “full-year” funding is made available to the AFC-3X central accounts, it is compared to the outputs (funding levels by ATU) of the Web Budget Model (WBM) and Energy Budget Model (EBM). In some cases, adjustments to the WBM ATU full-year funding levels may be necessary. These adjustments are typically minor and are communicated to the AFC-3X community of budget officers, program managers, comptrollers, and financial analysts through announcements and/or content hosted on the Commandant (CG-832) CGPortal site. *Note: In an ideal state, the WBM total suggested distribution would match the total enacted budget for a particular Program, Project, or Activity (PPA) because the Resource Proposals (RP) used to build the Coast Guard budget submission are the same RPs used to build the WBM. There are multiple reasons why this is not exactly true, in practice, as discussed in the [Web Budget Model Standard Operating Procedure \(SOP\)](#).*

Commandant (CG-832) communicates with RMOs and ATUs throughout the budget process regarding adjustments, to ensure informed planning. Commandant (CG-832) also distributes full-year budget authority to Resource Management Offices (RMO) using the financial management system of record. Once RMOs receive full-year budget authority, funding is further distributed to subordinate ATU and Program Elements (PE).

Annual AFC-3X Budget Execution Guidance

At the start of each fiscal year, Commandant (CG-83) releases a guidance memorandum highlighting new policy, focus areas, and trends relevant for the AFC-3X community. These documents establish much of the AFC-3X execution stage strategy for the upcoming year, and reflect Commandant’s (CG-8) delegation of authority to the (AFC-3X) allowance managers in Commandant (CG-83). However, as Chief Financial Officer, Commandant (CG-8) retains ultimate responsibility for AFC-3X.

The annual budget execution guidance includes a “Recurring Schedule of Events,” which lists recurring events, dates, and responsible parties. This “battle rhythm” is designed to facilitate planning, balance the year’s workload for financial managers, and highlight the interdependencies in the AFC-3X chain of command. Current and previous fiscal year documents are available at the Commandant ([CG-832](#)) [CGPortal site](#).

Emergent Needs – (AFC-30)

The budget build (Planning, Programming, and Budgeting) starts years before execution stage; As such, it may be necessary to make significant funding base adjustments between RMOs due to an unforeseen emergent need. Similarly, an unfunded need deemed a priority in the interest of the Coast Guard enterprise may require base adjustments (taxes) borne by all RMOs. Examples of enterprise needs include unexpected and/or unmanageable fuel price changes, an emergent Commandant focus area, etc.

The AFC-30 Emergent Needs process is always dynamic and highly dependent on a number of other factors in the execution stage (actual needs, the timing of congressional budget actions, etc). For these reasons, the annual process details (to include policy criteria, timelines, etc.) for any given year are communicated through Commandant's (CG-83) annual AFC-3X budget execution guidance memorandum.

The following general concepts apply to any year's Emergent Needs process:

1. The requestor (RMO) must present a compelling business case, using an analysis format provided by Commandant (CG-832) financial analysis staff.
2. The requestor is expected to share in the cost of supporting the "emergent need" project, activity, or procurement.
3. Headquarters AFC-30 base funding will be exposed to a higher "tax" rate than the rate faced by field-unit base funding.
4. Requestors should not expect to fund recurring activities through the emergent needs process.