

Contingencies for Ongoing IWTF Construction Projects in LRD

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Current USACE Practice

- Budget Guidance
 - ▶ Contract Cost + Full Contingencies + Full S&A
- Example:
 - ▶ \$100M contract option - 2 years
 - ▶ \$20M in contingencies
 - ▶ \$5M in S&A
- Each year contingencies are evaluated
 - ▶ Excess are subtracted from the next year budget request

Great Lakes and Ohio River Division Plan

- Develop Contingency Amounts at Division Level
 - ▶ Each specifically authorized project budgeted for 75% of full contingencies
 - Example:
 - ▷ 3 projects at \$100M would only need \$45M instead of \$60M
 - ▷ Use reprogramming, if necessary, at Below Threshold Limit of \$5M (Threshold is determined by Congress)
- Project contingencies are evaluated annually
 - ▶ Excess are subtracted from the next year budget request
 - ▶ Above threshold Reprogramming actions require Congressional Notification, can take 5 or more months to accomplish

Conclusion

- Program/Project Reviews performed annually
- Large amounts of funding are generally not available
- If we are seeking to gain greater flexibility than what the project specific budgeting and below threshold reprogramming can provide, a Congressional Budgeting Policy change is required to allow funding outside of specifically authorized projects or higher thresholds