



United States Department of the Interior

OFFICE OF THE SECRETARY

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National Policy Memorandum

**Assistant Secretary – Indian Affairs
Deputy Assistant Secretary – Indian Affairs (Management)
Office of Facilities, Property, and Safety Management**

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Effective: 2/15/19

Expires: 2/15/20

**Title: Construction Facilities Improvement & Repair (FI&R) Funding Allocation
Methodology – Amendment 1**

1. Purpose

The purpose of this memorandum is to extend NPM-OFPSM-1, Construction Facilities Improvement & Repair (FI&R) Funding Allocation Methodology, issued on February 21, 2018, for an additional year. This policy establishes funding allocation procedures for Construction FI&R programs for Education Construction, Public Safety and Justice Construction, and Other Construction across Indian Affairs (IA).

2. Scope

This policy applies to all Indian Affairs (IA) headquarters, field, and program offices under the authority of the Assistant Secretary-Indian Affairs (AS-IA), including the Bureau of Indian Affairs (BIA) and the Bureau of Indian Education (BIE).

3. Policy

It is IA's policy to comply with all Federal laws, regulations, and policies regarding the allocation and execution of appropriated funds. The Construction FI&R funding allocation procedures outlined in this memorandum will be implemented to allocate funding for construction FI&R across IA programs¹. The funding allocation methodology will identify and prioritize deferred maintenance (DM) requirements for programs. The timely identification and prioritization of DM requirements will enable funds to be allocated and acquisition actions to be coordinated effectively and efficiently to initiate the required corrective actions.

¹ This summary uses the Education Construction FI&R Major and Minor funding accounts to present the methodology; however, this methodology is planned to be used for FI&R accounts for Public Safety & Justice Construction and Other Construction funding accounts as well.

This methodology will not apply to Replacement School Construction or Replacement Facility Construction, which has a more comprehensive project selection process.

4. Methodology

Beginning in the summer prior to a specific fiscal year (FY) or the execution year, IA programs (including regions and agencies) will engage with their clients to validate and understand and identify their priority needs. Programs are expected to work with their clients to convey the importance of ensuring that any known deficiencies are input into the IA Facility Management System (IA-FMS) as soon as possible.

All Facilities Managers must use data in IA-FMS to begin compiling the FI&R Minor priority lists for their responsible area(s). Each Facility Manager will develop two (2) priority lists:

- (1) a list addressing safety and health rank 1&2 Work Orders (WOs); and
- (2) a discretionary list of all other categories of DM WOs, as well as additional safety and health, if needed.

Facility Managers will assemble the lists for FI&R Minor using the total score assessed in IA-FMS which uses the IA Supplemental Attachment G Project Scoring Methodology, knowledge of customer need, and project benefits of packaging WOs in groups to achieve economies of scale for work performed at a specific site/building. The initial list will be provided to DFMC no later than the last week of September of the preceding FY.

Mid-August DFMC will conduct an updated comprehensive data pull from IA-FMS. This “snapshot” will be used by DFMC to determine the percent allocations for each program and specifically for each program funding their FI&R Minor project lists. DFMC will also consider each program’s obligation rates/status and status of legacy data validations when determining the final percent allocations.

Time Line of Events

Summer Before FY	<ul style="list-style-type: none"> • Programs will work with clients to validate priority list for the intended FY. • Facility Managers for the program will coordinate the consolidation of the priorities.
Mid-August	<ul style="list-style-type: none"> • DFMC will pull data from IA-FMS on DM WOs.
Mid/Late - August	<ul style="list-style-type: none"> • DFMC will calculate 70% allocations for FI&R Minor and finalize FI&R Major priority list. DFMC will also calculate the planned 70% funding level and priority lists for all other education construction supplemental programs and for all non-education programs.
September	<ul style="list-style-type: none"> • Programs will provide FI&R Minor priority lists to DFMC per 60/40 allocation requirements.

**CR/Final
Appropriation Bill
AND Acquisition
Allows**

- Funding will be allocated at the 70% level (up to the limits of the CR).

February

- Progress review and second iteration initiated.
- Programs update their priority lists with customers.
- DFMC pulls data and calculates distributions.
- Remaining 30% and any withdrawn previous year FI&R Minor, recovered funds, or other carryover funds will be redistributed based on need.

A. ALL Construction FI&R Major (Above \$250K)

Safety and Health (S&H) rank 1 & 2 DM WOs are considered the highest priority for FI&R Major projects. The IA Supplemental Attachment G Project Scoring Methodology provides a higher weight to S&H WOs, but allows for the other categories to reflect their level of need for each scoring category as well. DFMC will identify a list of FI&R Major projects ranked by total score (also known as the attachment G score).

DFMC will develop and review the list of FI&R Major projects, validate the list, and compile an initial list of FI&R Major projects to be funded. DFMC uses the information in IA-FMS, listed category and ranks, attachment G information, and qualitative knowledge of the sites and building locations for developing the initial list. Once developed, the programs will be requested to confirm the supporting data for each WO under their management. Subsequently, the projects will be funded and the program will initiate the process for corrective action. In addition to the current year funded list of WOs, DFMC will rank all remaining FI&R Major WOs as a “snapshot” of additional projects ranked for future years.

B. ALL Construction FI&R Minor (\$250K and below)

The FI&R Minor DM WOs are prioritized more closely by the programs. DFMC is requiring the programs to apply a minimum 60% of their allocation toward correcting S&H rank 1&2 DM WOs, and the remaining 40% (up to) to be utilized at their discretion with priority given to rank 1 and 2 DM WOs. The added flexibility allows the programs to “package” DM WOs to take advantage of economies of scale.

For example, if 10 DM WOs can be funded at a single location under one (1) contract, the overhead and indirect costs can be spread across all 10 DM WOs and will likely reduce the overall cost and reduce the administrative requirements.

The programs must provide the S&H (60%) and discretionary (40%) priority lists to DFMC for initiation of funding allocations. DFMC will **not** normally fund the discretionary (40%) list until the S&H (60%) list is provided².

² As program personnel are trained and certified in the use of the Budget and Project Execution, Ranking and Management (BPERM) module of IA-FMS, the program will begin to operate as described in the BPERM Expansion in the process improvement section at the end of this NPM.

C. Determining Funding Levels for FI&R Minor Planning Allocations

The planning methodology begins before the final appropriation amount is known. Therefore, DFMC uses the requested budget and plans for 70% to be allocated in the **first** iteration of this process. In September, DFMC calculates each program's projected allocation for FI&R Minor, allowing program's to identify and prioritize the FI&R Minor DM WOs for their clients. DFMC or programs that are Budget and Project Execution, Ranking and Management (BPERM) certified will initiate the FBMS Entry Documents (FEDs) to fund the projects which are prepared to be processed as soon as the continuing resolution (CR) and/or final appropriation is made available. Programs are encouraged to conduct all the pre-planning, market research, and other acquisition process activities to ensure the Purchase Request Packages and Statement of Works are ready for acquisitions to solicit Request for Proposals (RFPs) as soon as possible.

Similarly, DFMC will apply the same 70% target to developing first iteration priority lists for the FI&R Major, all supplemental programs, and non-education program priority lists.

In February of the FY, a **second** iteration of the methodology will be initiated. This iteration is planned to allocate the remaining appropriation (30%) plus any additional carry-over or recovered funds. As a result, all funding will be allocated against specific DM WOs within the first half of the FY with the majority allocated in the first quarter. This will enable the programs to initiate the acquisition process with sufficient time to get these projects on contract at the beginning of the construction cycle rather than in the middle or at the end.

It is expected that a program will commit and obligate the allocated funding for their share of FI&R Minor at an execution rate that will result in full obligation or at least commitment before the end of the FY. DFMC will monitor the execution rate for each program's FI&R Minor funding. If the execution rate does not appear to be on a path for full commitment (preferably obligation) by the end of the FY, then DFMC will require the program to provide their plan to achieve the goal. If a plan is not provided or is insufficient, DFMC may withhold some or all of a program's allocation at the next iteration and distribute that portion of the allocation among the other programs that are able to meet the goal. The intent is to ensure that the distributed funding can be put to use in a timely way. As a program catches up to their target execution rate, they will be provided the calculated allocation during the next iteration process.

D. Determining Funding Allocations for FI&R Minor

Education FI&R Minor Funds are allocated as a prorated share of the available funds based on percent of "need" using the total DM WOs in IA-FMS for all S&H categories grouped together and all "Other" categories grouped together.

For example, the total universe of DM WOs for S&H are broken down as a percentage for each program, then each program's percentage is applied to the total allocation.

Example (assumes beginning of the year 70% allocation):

Total FI&R Minor S&H in IA-FMS is: \$300M in S&H DM WOs

<i>For FI&R Minor S&H, Region X has:</i>	<i>\$30M or 10% of the total</i>
<i>Total FI&R Minor Funding Available (Projected):</i>	<i>\$20M</i>
<i>70% of FI&R Minor Funding Available (Projected):</i>	<i>\$14M</i>
<i>60% of Available is (Min Req'd for S&H):</i>	<i>\$8.4M</i>
<i>Region X would get 10% of \$8.4M</i>	<i>\$840K for S/H at Region X</i>

The same calculation methodology is used to calculate the 40% discretionary share for each program using the total universe for all non-S&H categories (Other).

This example reflects the procedure for calculating the allocations at the beginning of a FY based on 70% of the expected appropriation. During the mid-year review (around February/March); the remainder of the appropriated funds and any other funds will be similarly allocated.

The result is that the allocations distributed are based on “need.” Therefore, each program must work with their clients to stress how critically important it is that all DM WOs and abatement plans need to be current and accurate in IA-FMS.

E. Project Savings and Carryover Funds Management

In order to more effectively and efficiently manage carryover funds, IA is establishing a process where **all** construction funds that are not directly obligated to a specific ongoing project are returned to DFMC for reallocation. Any funded Project (Work Breakdown Structure³ (WBS)) that is not fully obligated by July 31 must either have the unobligated balances returned to DFMC or be included in a consolidated report (Due to DFMC NLT July 31) from the program identifying the plan for use of the unobligated balances. *Note: funds provided for a specific Project (WBS) may **only** be used for the DM WOs identified in that Project (WBS).*

All identified project savings (e.g. recovered, close-out, overestimated scope, etc.) is required to be returned to DFMC for reallocation. As an incentive to the programs returning identified “savings” on a project, programs will be given a short two (2) week period to identify specific DM WOs and request using a portion of the saving (up to the total) to fund them. The funds must first be returned, and then will be reallocated properly toward the specific DM WOs. After the two (2) week period, the funds will become part of the general funds available for that funding category. Funding is provided for a specific Project (WBS) which represents a “specific” set of DM WOs; consequently, programs **ARE NOT AUTHORIZED** to re-administer those funds outside the original WBS for any other purpose.

F. Budget Planning

Preliminary Five (5) Year Plans are established utilizing the IA Capital Planning and Investment Control policy (20 IAM 8) and in alignment with DOI guidance for developing

³ In facilities project management, a work breakdown structure (WBS) is a deliverable-oriented breakdown of a project into smaller components. In this case a WBS is a project that consists of one or more DM WOs that can be packaged together in a logical manner (e.g. same building, site, etc.) to enable more efficient management and execution of the work effort.

Five Year Plans. Five Year Plans are typically completed prior to the Congressional Justification being submitted to DOI and OMB in September, two (2) years prior to the execution FY. It is impracticable to expect detailed future planning for individual FI&R DM projects estimated less than \$2 million⁴ as changes may occur over the two (2) year planning to execution period. For most of Education, PS&J, and Other-Agency construction DM planning, DFMC will provide current (at time of planning) and past trend analysis of DM current (at time of planning) requirements, annual growth of DM WOs for at least the two previous years, and an assessment of the effect that each years DM funding has had on the trend-line.

Similarly, education construction FI&R Major (>\$250K) or other program (PS&J or Other-Agency) FI&R >\$2 million unscheduled maintenance does not lend itself to long-term planning models for specific individual actions. DFMC will compile a list of these projects at the beginning of each FY in order to determine the current execution year funded priority list for each program using the DOI Attachment G criteria and IA specific scoring guidance developed for these programs. DFMC will work with the programs to validate the list as needed. The resulting list will identify the intended major projects to be funded during the execution year and provide a “snapshot” of the projects that would be funded in future years if nothing changed or during the current year if additional funding became available. The list will be provided to the Indian Affairs – Construction Investment Review Board (IA-CIRB) for notification and review. The list will not be used for specific future years planning (specific DM WOs), but rather for general plans and justification of consolidated needs.

Larger capital improvement (CI) projects (e.g. schools, detention, or agency facilities) are more conducive to long-rang planning.

5. Roles and Responsibilities

- A. **Deputy Assistant Secretary – Indian Affairs (Management) (DASM)** is responsible for providing oversight and direction to the OFPSM.
- B. **Director, OFPSM** is responsible for implementing policies and providing oversight for facilities, property, and safety management programs for IA.
- C. **DFMC** is responsible for providing direct oversight for the implementation of this policy, develop the priority lists for all construction FI&R Major projects, calculating program funding allocations for FI&R Minor, and allocating funding to programs for executing the FI&R Major and Minor projects.
- D. **Directors, BIA and BIE** are responsible for implementing policies within their areas of responsibility for IA.
- E. **Regional Directors** are responsible for executing policies and providing resources necessary implement procedures for IA.

⁴ This is actually defined further as any education construction FI&R Minor (<=\$250K) or other program (PS&J or Other Agency) <= \$2 million.

F. Regional Facility Managers and BIE Facility Managers are responsible for working with clients to help ensure deficiencies are identified and entered into IA-FMS, help validate data when necessary, develop priority lists, and execute allocated funding in a prompt, effective and efficient manner.

G. Agency and Local Facility Managers are responsible to ensure timely identification and entry of deficiencies into IA-FMS, execute the allocated funding for projects in an effectively and efficiently, providing required documents to acquisition staff to ensure RFP solicitation and contract award is conducted in a timely manner, manage projects from inception to contract close-out.

5. Approval



Jason Freihage
Acting Deputy Assistant Secretary – Indian Affairs (Management)

2/15/19

Date