

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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May 28, 2004

In reply refer to:
1680 (CA-944) I

EMS TRANSMISSION: 5/28/04
Instruction Memorandum No. **CA-2004-041**
Expires: 09/30/2005

To: DSDs – Energy & Minerals, Natural Resources, Support Services
DM-CDD
All Field Managers

From: State Director

Subject: Testing of a Proposed New Performance Oriented Process for Allocating
Management of Lands and Resources (MLR) Funding **DD: 06/18/04**

Program Area: Budget Execution

Purpose: This Instruction Memorandum (IM) requests all Field Managers and certain Deputy State Directors (DSDs) to provide workload measure data in order to test a proposed new performance oriented process for allocating MLR funding in California for FY 2005.

Policy/Action: The proposed new process would allocate MLR “undirected” funding based on priority work to be performed along with an assessment of an organization’s effectiveness. MLR “directed” funding would be allocated as in the past. While parts of the new process are still in development, the portion dealing with the initial allocation based on workload has been drafted and is ready for testing.

Briefly, the new process proposes an initial allocation of MLR “undirected” funding to the Regions by determining: (1) the planned core priority program element (PE) workload for FY 2005 for each organizational unit, then rolling this up to a Region total; (2) the average FY2003 state controllable (SCC) unit cost for each Region for each priority PE; and (3) multiplying the Region core priority PE workload by the Region average unit cost. The initial allocation would match subactivity funding with the associated priority PE to the extent of the available “undirected” funds within the state cost target.

In addition to this process for the Regions, the SO would be funded using a percent ceiling of the total MLR allocation available for distribution, excluding funds identified for centrally funded items and funding held in office CA990. The SO Divisions that have operational responsibility will be asked to determine core priority PE workload in those areas to help determine the mix of funding to reach the percent ceiling. Employing the percent ceiling concept for the support functions in each Region, e.g., NorCal Support Team, is under consideration and will be looked at during this exercise.

Remaining MLR “undirected” funding, if any, would be distributed to those organizations that can produce additional priority workload above core priority workload, or to organizations that have a new workload resulting from a Bureau or State initiative or emerging issue. In the event California has insufficient “undirected” MLR dollars in its cost targets to fund all of the core priority workload identified through this exercise, adjustments will be made to fund as much of this work as possible.

Certain MLR programs would be excluded from the proposed new process because all or a majority of the cost target is either project specific, line-item appropriations, or funds support functions that have no workload measure (e.g., X codes). All Fire program funding would also be excluded from the proposed process.

To test the process, each Field Manager and certain DSDs will need to identify the core workload of that office. Using this data, an initial MLR allocation for FY 2005 using actual PTA cost targets can be identified and compared with prior year allocations to determine the validity of the process and any needed adjustments.

Background: At its May 11, 2004, meeting, the California Budget Strategy Team (BST) approved for testing a new performance oriented process for distributing MLR “undirected” funding to the Regions and the SO. The BST acknowledged that California can no longer continue to allocate its funding resources as it has in the past, i.e., on the basis of funding on-board permanent labor, and must transition to funding the planned work.

A critical component of the new process is the concept of priority PEs (workload measures) by subactivity. For several years, the Washington Office (WO) has been grading the States on what it considered to be priority PEs within each subactivity. The principle behind its analysis was that States should emphasize completion of priority PE workloads with the funding received. A list by MLR subactivity of the PEs that are considered priority workload measures for FY 2004 by the WO is contained in Attachment 1. This information is available on the cost management website at <http://web.wo.blm.gov/abc/>. While other PEs can and should be used within a subactivity when appropriate (aka “other appropriate PEs”), the use of priority PEs as a measuring stick of performance should be emphasized to benefit our continued effort to receive adequate and appropriate funding for California.

The list in Attachment 1 excludes the MLR subactivities of 1610-Planning, 1653-Deferred Maintenance, and 1654-Infrastructure Improvements as these programs are line item appropriations and will not be subject to the new process. Programs that support the organization and have no workload measures are also not listed, i.e., 1810-Information Systems,

1820-Administration, and 1830-Bureau Fixed Costs. For purposes of this exercise, two non-MLR subactivities (1492-Communications Sites and 3130-Acquisition Management) have been included in Attachment 1 as these programs may be part of an organization's core priority workload.

Another key component is the concept of "core" priority workload for each organizational unit. Each organization has a unique set of management responsibilities based on resource values found within its administrative boundary and the demand for those resources, whether consumptive or non-consumptive, consistent with management prescriptions in land use plans. Within this framework there exists certain core responsibilities that constitute an annually recurring, repetitive workload for each organization. Workload that is not recurring from year to year is not considered core workload even though it may stem from demands upon resource values. While core workload may encompass some non-priority work as defined by the WO, it is hoped that this is minimal. California can ill afford to emphasize non-priority work within the framework of how WO is conducting its annual program performance reviews.

What you are asked to do: We are asking each **Field Manager** to do the following:

- Identify and quantify for FY2005 the core workload in terms of current (FY2004) PEs and workload measurements for each executing office within your organizational unit. For example, the Arcata Field Manager would identify core workload for each of the following executing offices: Arcata Field Office (CA330), King Range NCA (CA338), and Headwaters (CA339). Do not identify additional priority workload above the organization's core workload in your feedback.
- Determine the subactivity associated with the identified core workload using the priority PE by subactivity concept. For the PEs that are a priority in association with more than one subactivity, the Field Manager has the option of splitting the workload among more than one associated subactivity.
- Use the template in Attachment 2 to electronically provide the core workload feedback for each executing office.

The template lists all current FY2004 PEs that have a workload measure and are not associated with a subactivity program excluded from the new process (e.g., 1610, Fire). The PEs in white are priority PEs associated with one or more MLR subactivity programs shown. The PEs highlighted in yellow are not a priority PE associated with any MLR subactivity program, and the subactivity has been left blank. Again, for purposes of this exercise, two non-MLR subactivities (1492 and 3130) are included in the template for certain priority PEs and for consideration in determining core workload. For feedback consistency, the template format has been locked except for the "# Planned" column where data is to be entered.

We are asking the **DSDs for Energy & Minerals, Natural Resources, and Support Services** to do the following:

- Identify and quantify for FY2005 the core workload in the same manner described above for Field Managers for each executing office within your organizational unit having operational responsibilities.
- Determine the subactivity associated with the identified core workload in the same manner described above for Field Managers.
- Use the template in Attachment 2 to electronically provide core workload feedback.

Timeframe: Field Managers and DSDs shall provide the information requested in this IM to the SO Budget Staff by **Friday, June 18, 2004**.

Contacts: Questions concerning priority PEs (workload measures) and associated subactivities should be directed to the appropriate SO Program Lead. All other questions should be directed to the SO Budget Staff at 916-978-4508. Field Managers and DSDs may also consult with their BST representative for additional background on the proposed new allocation process.

Signed by:
James Wesley Abbott
Associate State Director

Authenticated by:
Richard A. Erickson
Records Management

2 Attachments: (see separate excel files)

Attach. 1 – List by subactivity of priority PEs (Excel) (4pp)

Attach. 2 – Feedback Template (Excel) (4pp)

cc: ACOs
Regional/SO Budget Analysts