

**BY ORDER OF THE COMMANDER  
AIR FORCE RESEARCH LABORATORY**

**AIR FORCE RESEARCH LABORATORY  
INSTRUCTION 65-6**



**5 AUGUST 2014**

**Financial Management**

**BUDGET GUIDANCE AND PROCEDURES**

**COMPLIANCE WITH THIS PUBLICATION IS MANDATORY**

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(Pamela J. Henson)

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This instruction implements Air Force Policy Directive (AFPD) 65-6, *Budget*, and provides additional instruction for AFRL. This instruction primarily applies to AFRL Headquarters (AFRL HQ) 2-ltr organizations. This publication may not be supplemented or further implemented/extended. Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the AF IMT 847, *Recommendation for Change of Publication*; route AF IMT 847 through the appropriate functional chain of command. Requests for waivers must be submitted to the OPR for consideration and approval. Ensure that all records created as a result of processes prescribed in this publication are maintained IAW AFMAN 33-363, *Management of Records*, and disposed of IAW the Air Force Records Disposition Schedule (RDS). The use of the name or mark of any specific manufacturer, commercial product, commodity, or service in this publication does not imply endorsement by the Air Force.

### **SUMMARY OF CHANGES**

Paragraphs 2.2 and 3.2 contained the most changes. However, the changes in this instruction are considered non-material administrative changes.

**1. Introduction.** This instruction is designed specifically to supplement guidelines developed for the budget process of the AFRL HQ staff operating budgets and corporate bills. This annual budget process includes the call for requirements; approval of the budget; tracking of commitments, obligations, and expenditures for the entire fiscal year; monthly reconciliation of the budgets with the program managers; and bi-annual budget execution reviews.

**2. Procedures.** The procedures for the annual HQ budget process are as follows:

2.1. The budget process must comply with the AFPD 65-6 requirements.

2.2. AFRL Financial Management (AFRL/FM), which consists of the AFRL/FM director, AFRL/FM deputy director, and affiliated AFRL/FM office staff, discuss any known budget changes from the previous year. These changes are then incorporated into the budget development call instructions. In March/April, AFRL/FM sends out the budget call to all the AFRL HQ 2-ltr directors to inform them of the start of the budget process and to provide them with guidance on how they should proceed. AFRL/FM then distributes the budget templates and reports (i.e., individual budget targets, input templates, prior budget submission data, and current year execution data) to the various HQ 2-ltr organizations. The 2-ltr organizations submit their budgets by the designated due date to AFRL/FM.

2.2.1. Staff budgets include civilian pay, travel, training, supplies, equipment, and contractor support. These funds are used to support the day-to-day activities of the HQ staff.

2.2.2. Corporate bills are submitted for specific AFRL-wide requirements. They include projects such as the Science & Engineering (S&E) Fair, Corporate Library, Oracle, and Lab Demo.

2.3. Staff budgets and corporate bill requirements are submitted by Element of Expense Investment Code (EEIC) (i.e., travel, training, contracts, and supplies, with detailed descriptions for those requirements). EEICs are referred to as cost categories in this instruction. Increases from designated budget targets must also be justified.

2.4. AFRL/FM collects all the staff budget and corporate bill requirements and coordinates with the HQ 2-ltr directors to make appropriate adjustments to eliminate duplication.

2.5. AFRL/FM briefs AFRL/CV and HQ 2-ltr directors in May on the size and content of the staff budget and corporate bill requirements.

2.6. In June, the AFRL Commander (AFRL/CC) and AFRL Executive Director (AFRL/CA) are briefed on the proposed budget. After approval by AFRL/CC and AFRL/CA, the budget is then briefed to the AFRL Corporate Board for final approval. During the Corporate Board, programmatic such as Systems Engineering or Rapid Reaction programs are reviewed and approved for funding. These programmatic are identified to AFRL/FM to source along with the corporate bills and staff operating budgets. Corporate bills, HQ 2-ltr operating budgets and programmatic are collectively referred to as corporate-level assessments.

2.7. At the beginning of October, the approved staff and corporate bill budgets are issued to the HQ 2-ltr organizations. Spending during the beginning of the fiscal year may be restricted due to limited budget authority (i.e., Continuing Resolution Authority [CRA]). Please note that an approved budget does not negate the need for requiring offices to acquire any other applicable acquisition approval (e.g., Service Requirement Approval Document).

2.8. HQ 2-ltr directors may appoint budget focal points to monitor their staff operating budgets and program managers to monitor their corporate bills. Budget training can be provided by AFRL/FM upon request to all new focal points and program managers. AFRL/FM will provide monthly obligation and expenditure reports for each HQ 2-ltr office.

HQ 2-ltr directors, budget focal points, and program managers are all encouraged to review these reports to reconcile their records and to track the execution of their respective budgets.

2.9. During the year, staff budget and corporate bill requirements may change and require adjustments among the cost categories. The focal points can move funding among their respective cost categories (except travel) to cover higher priority requirements; however, their bottom line must remain the same. Corporate bills are for specific amounts and purposes and are not normally adjusted during the year. Adjustments among training, supplies, and support contractors are routine and will be worked directly between AFRL/FM and the HQ 2-ltr focal point. Movement of funds between HQ divisions and AFRL technology directorates (TDs) will be administered by AFRL/FM. As required, AFRL/CV can direct adjustments within the HQ budget in order to accommodate higher priorities.

2.10. In March and August, AFRL/FM holds an execution budget review with all the HQ 2-ltr directors and AFRL/CV. During this review, staff operating and corporate bill budgets are evaluated against the Office of the Secretary of Defense (OSD) straight-lined obligation and expenditure goals. Any HQ division with an underperforming budget must provide justification as to why it needs to retain its funds. In addition, all HQ 2-ltr organizations are required to submit an itemized spend plan for their remaining budget balances, including any projected shortfalls, or balances to return. AFRL/FM will compile a list of all the HQ shortfalls and balances to return for AFRL/CV to prioritize. Funds returned by the HQ divisions may be used for HQ shortfalls, TD-specific projects, and/or returned to the TDs for general use. Any funding unobligated at the end of the fiscal year will also be returned to the TDs.

### **3. Methodology.**

3.1. Funding to support the staff budget and corporate bills comes from assessing the TDs' programmed budgets.

3.2. The corporate-level assessments (reference definition in paragraph 2.6.) are levied by program element code (PEC), but TDs are given the option of working with HQ to reallocate the assessment among their own PECs. The base for the assessment is the sum of the President's Budget for all non-devolved PECs, less any Congressional Reductions. The total assessment is calculated by multiplying the assessment percentage for that given year by the sum of the PB. The individual PE amounts are determined similarly – the assessment percentage is multiplied by each proposed PEC amount as listed in the PB. Additional assessments are levied against specific PECs, as agreed to in the corporate board approval (For example, Section 219.) This provides the total corporate assessment bill for the PECs.

3.3. Once the total bill is calculated, AFRL/FM reviews programmatic to determine that sufficient funding is available. When needed, the analyst works with the TDs to make adjustments to the PEC assessments to provide appropriate funds as needed. After programmatic are appropriately funded, the remaining funds are retained by AFRL/FM for HQ budget execution.

**4. Policy.** All funds used for staff budgets and corporate bills, although 3600 appropriations, will be considered 1-year money. They will be obligated in the current year. Only requirements with a bona fide need will be carried over to the second year.

THOMAS J. MASIELLO, Major General, USAF  
Commander

**Attachment 1**

**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION**

***References***

**AFPD 65-6**, *Budget*, 1 May 98

**AFMAN 33-363**, *Management of Records*, 1 Mar 08

***Prescribed Forms***

None

***Adopted Forms***

AF Form 847, *Recommendation for Change of Publication*

***Abbreviations and Acronyms***

**CA**—Executive Director

**CRA**—Continuing Resolution Authority

**CV**—Vice Commander

**DoD**—Department of Defense

**EEIC**—Element of Expense Investment Code

**FM**—Financial Management

**HQ**—Headquarters

**OPR**—Office of Primary Responsibility

**OSD**—Office of Secretary of Defense

**PEC**—Program Element Code

**S&E**—Science and Engineering

**TD**—Technology Directorate