

CHAPTER 2 BUDGETS

GENERAL

Annual budgets must be established for TISA and food service operations. This chapter defines responsibilities and explains the requirements for the installation dining facility budget fund.

PLANNING FACTORS

The installation FA, with input from other command FAs, and the TISO provide input to the installation budget. Figure 2-1 (page 2-1) shows how the installation staff is organized for budget development. The three phases of the installation budget cycle are the formulation, development, and execution phases. Manpower requirements are developed separately from the installation

budget, but they have a direct effect on the budget.

Formulation

The installation budget cycle begins each April when the commander receives budget and manpower guidance from the MACOM. This guidance defines the installation mission and tells what resources will be provided. After consulting with the staff, the Director of Resource Management tailors the budget and manpower guidance to the specific needs of the installation. Figure 2-2 (page 2-2) shows the formulation phase of the budget cycle.

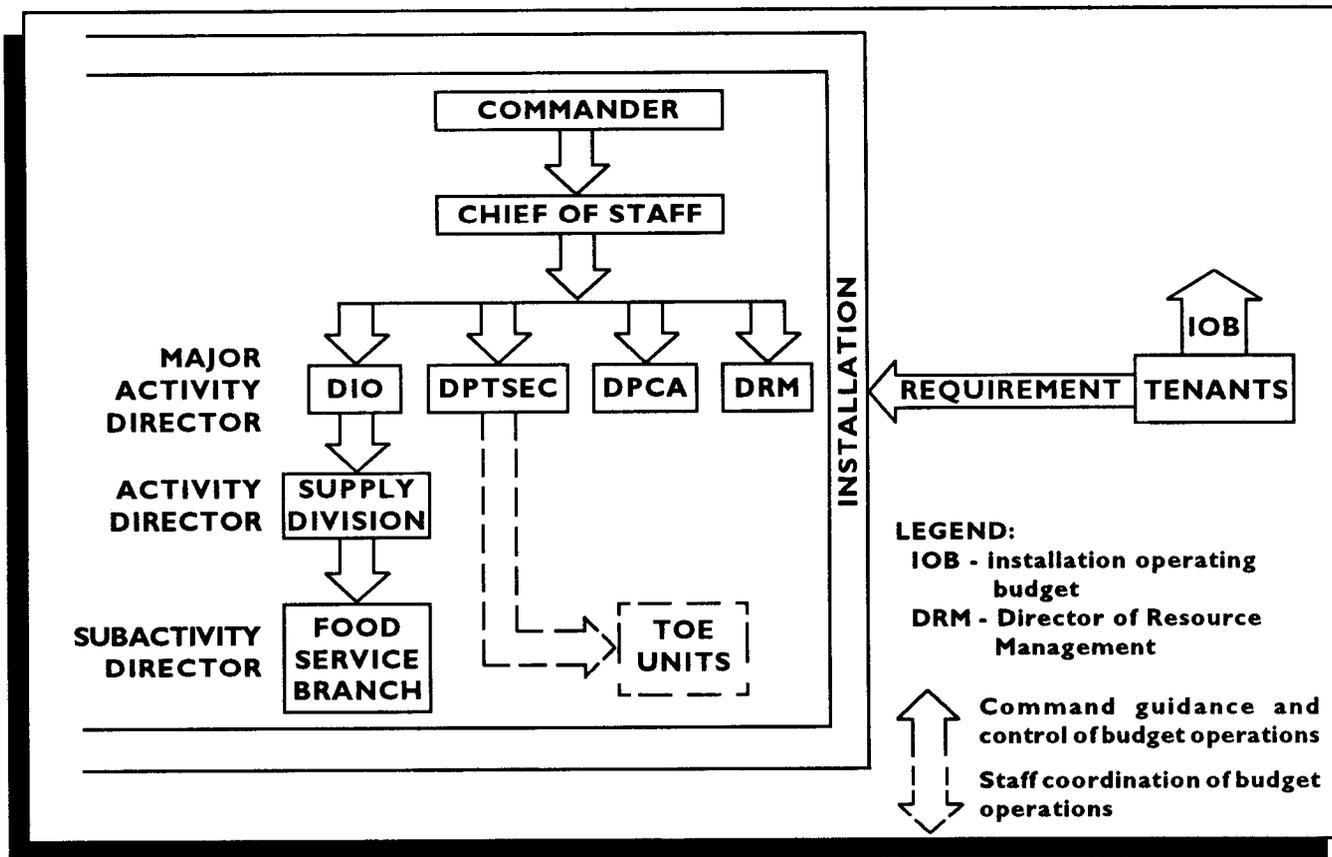


Figure 2-1. Staff organization for budget development

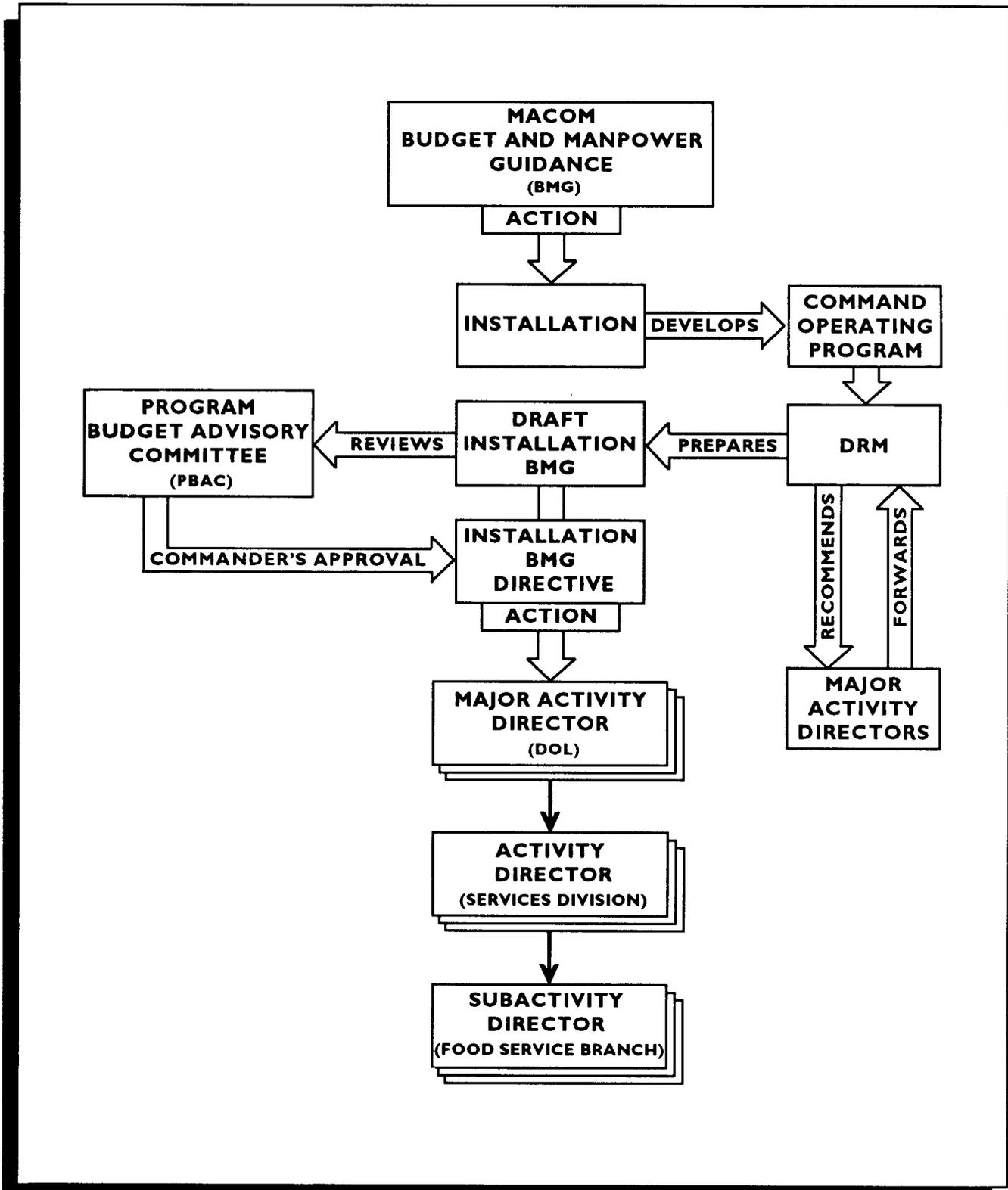


Figure 2-2. Formulation phase of the budget cycle

Development

Based on annual guidance from the chief of the services division, the FA and the TISO develop their portion of the installation budget. First, they compare projected ceilings with projected requirements. If fund requirements exceed projected ceilings, they must prioritize requirements. The chief of the services division may accept the shortfall, revise cost ceilings from the division, or request adjustment to cost ceilings from the DOL. If projected ceilings exceed requirements, the chief of the services division adjusts the ceilings for other activities within the division or advises the DOL. Figure 2-3 (page 2-4) shows the development phase of the budget cycle. The installation FA develops the food service budget using an activity schedule for each activity account code for which he is responsible. Activity account codes are in AR 37-100. Figure 2-4 (page 2-5) is an example of an activity detail schedule for the operation of dining facilities. Each schedule includes a series of elements of expense. See AR 37-100 for more information on elements of expense. The DRM can provide detailed guidance on how to figure costs, such as those for personnel and office supplies, which are common to all activities. The installation FA must use his judgment and the input from other FAs and facility managers to develop cost projections for food service activities. Projected fund requirements should be based partly on the budget from the previous year. If there was a significant deficit or surplus, the TISA or installation FA should adjust the current year's projections accordingly. The budget projection should then be adjusted for the current rate of inflation or deflation. The rates may be obtained from the DRM. Some considerations which will influence projected fund requirements and the food service budget are described below.

Equipment replacement. The TISO and FA should maintain copies of equipment replacement records for all nonexpendable garrison equipment on the installation. The forms, (DA Form 3988-R for dining facilities and DA Form 4170-R for TISAs) which are prepared by the TISO and each FSS, list programmed replacement dates for equipment from

the appropriate TB in the 750-97 series or in the 43-0002 series or from the manufacturer's operation manual. However, programmed replacement dates may not be accurate. Since installation facility engineers are responsible for maintaining the equipment, they can advise when a piece of equipment is not economically repairable. The installation FA should include the cost of replacing that item in the budget. Garrison equipment is financed from either Other Procurement, Army funds or Operation and Maintenance, Army funds. Equipment that has been designated base-level commercial equipment is financed through OPA funds. Generally, equipment that costs more than \$15,000 is classified as base-level commercial, but check SB 700-20 and the Army Master Data File to be sure. Such equipment is centrally funded, so requirements must be submitted to the MACOM separately from the installation budget. To find the publication that has more on this topic, look under BASE LEVEL COMMERCIAL EQUIPMENT FIELD GUIDANCE in the alphabetical cross-reference of DA Pamphlet 25-30.

Contract costs. The FA must identify projected contract costs for any phase of food service operations which are to be contracted. Total OMA costs for operation under a contract should include salary expenses that have been paid out of military personnel, Army funds; functions formerly performed by DA civilians; and costs for supplies if the contractor is to furnish items previously provided by the government.

Improvement. The two basic types of facilities improvement are new construction and modernization. Construction includes the building of new facilities and the renovation of existing facilities. The cost of minor construction (under \$200,000) is paid out of OMA funds. The cost of major construction is paid out of military construction, Army funds. The Chief of Engineers prepares this part of the budget. Modernization includes the completion of new facilities and improvement of existing facilities. It involves the installation or replacement of chairs, tables, booths, floor and wall coverings, partitions, drapes, lights, sound

systems, and other such items. Costs for modernization are paid out of OMA funds, which the FA must include in the installation budget.

Training. Although training costs are minor in comparison with the other items discussed, they should not be overlooked. The installation FA and

TISO should be sure to project the costs for per diem, travel, and tuition for personnel to attend resident courses. Also include the cost of bringing mobile training teams to the installation for on-site training and for attendance at food service or TISA conferences and work shops.

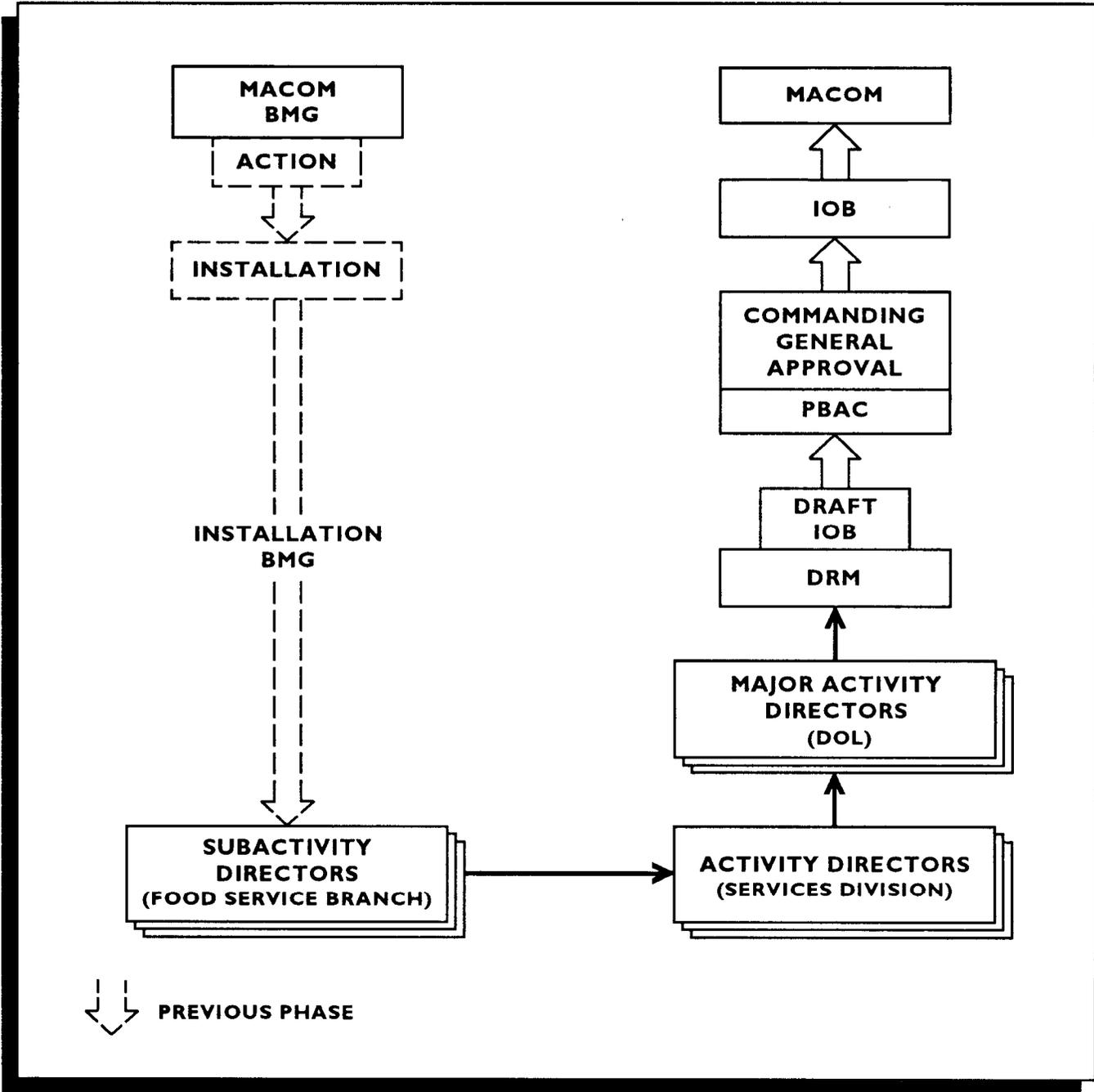


Figure 2-3. Development phase

ACTIVITY ACCOUNT CODE
.F3000

ACTIVITY DETAIL SCHEDULE

TITLE: OPERATION OF DINING FACILITIES

BUDGET YEAR FORECAST
(CUMULATIVE)

DESCRIPTION	CURRENT YEAR	BUDGET YEAR FORECAST (CUMULATIVE)				UNFINANCED REQUIREMENTS
		1st Qtr	2d Qtr	3d Qtr	4th Qtr	
Civilian Personnel Compensation (EOE 1100 series)	\$1,185,000	\$300,000	\$600,000	\$900,000	\$1,200,000	
Personnel Benefits (EOE 1200 series)	71,000	18,000	36,000	54,000	72,000	
Travel & Transportation of Personnel (TDY) (EOE 2100 series)	10,000	2,000	5,000	8,000	10,000	
Other Services (EOE 2300 through 2500 series)	290,000	80,000	149,000	213,000	297,500	
Consumable Supplies (EOE 2600 series)	80,000	20,750	40,250	64,750	90,500	
Equipment (EOE 3100 series)	50,000	100,000	110,000	135,000	180,000	
Total OMA Costs	\$1,600,000	\$520,750	\$940,250	\$1,374,750	\$1,850,000	
Personnel Strength:						
Military End Strength	60	50	50	50	50	
Military Average Utilization	60	50	50	50	50	
Civilian End Strength	130	140	140	140	140	
Reimbursements:						
Funded	0	0	0	0	0	
Automatic	0	0	0	0	0	
Performance Factor (AR 37-100-FY) (Number of meals served in units of 1,000)	1,600	415	805	1,295	1,810	

LEGEND: EOE - element of expense OMA - operation and maintenance, Army TDY - temporary duty

Figure 2-4. Typical activity detail schedule

Execution

At the beginning of each fiscal year, the installation commander receives a funding authorization document from the MACOM. This document establishes authority to spend and obligate funds. After reviewing the funding authorization document with the installation staff officers, the DRM provides approved obligation and expense ceilings

to the DOL and to other major activity directors. The installation FA and TISO receive their ceilings from the chief of services division. Figure 2-5 (page 2-6) shows the execution phase of the installation budget. DO NOT spend or obligate more money than you are authorized. Doing so is not only poor management--it is illegal.

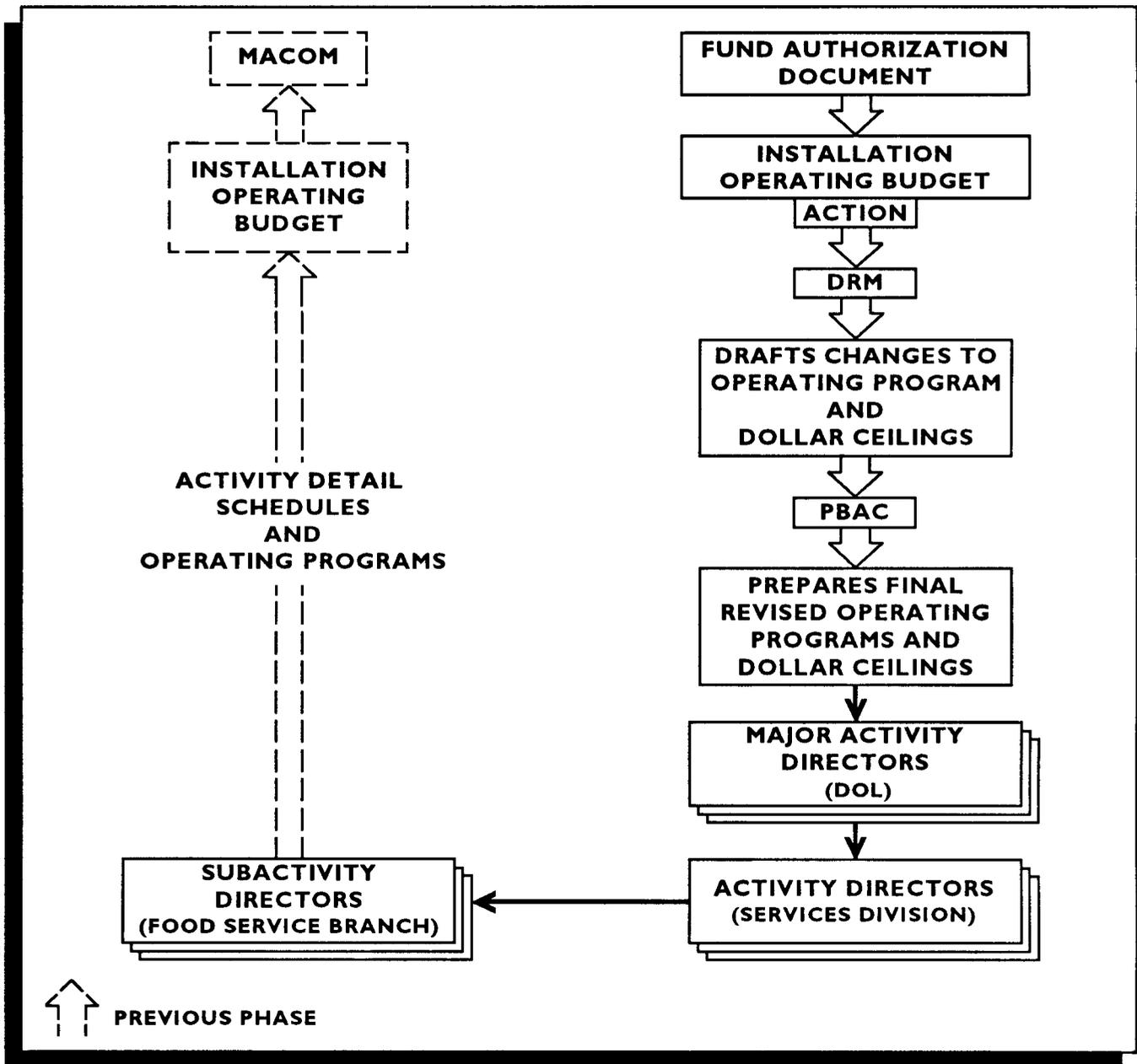


Figure 2-5. Execution phase