**FY21 N91 (WFS) NAF BUDGET AND NARRATIVE STATEMENT GUIDANCE**

1. This N91 specific budget and narrative statement guidance is intended to replace Enclosure 1 and Exhibit 7, which are MWR centric and not applicable to the current FS APF funding profile or the unique requirements related to execution of Family Support (N91) as a Category A, MWR activity.

2. The Fiscal Year (FY-21) budget guidance will be posted on the Morale, Welfare and Recreation (MWR) website at <http://navymwr.org/resources/finance/APF_NAF/> and the CNIC Gateway 2.0 https://g2.cnic.navy.mil/tscnichq/N9/N94/N948/APFNAF%20Financial%20Pub/Forms/AllItems.aspx. All budgets must be entered in Systems Applications Processing (SAP). Draft financial budget information should be completed using FY-21, Version 0 of the SAP Planning module.

3. Specific requirements for development of the Headquarters’ portion of the budget can be found in exhibit (1).

4. The primary goal of the FY-21 budget is to continue providing high-quality, properly-sized, customer-focused and financially responsible Fleet and Family Readiness (FFR) programs for Sailors and their families. To accomplish this for N91, Regions must assess total, historical appropriated fund (APF) and non-appropriated fund (NAF) resources, Navy Program standards, and alignment of common support functions. Overall, the NAF goal for each Region is to create a realistic and achievable budget that balances total FS APF and NAF requirements/execution in a way that total growth between years does not exceed inflation. Funding integrity between appropriations and high visibility programs within appropriations must flow directly from the appropriated fund to the non-appropriated fund side. Additionally, the following guidance is in effect:

* **Regions should continue efforts to create common support efficiencies across all N9 programs through efficient processes, consolidations and eliminations of redundancies.**
* Growth in N91 NAF labor authorization is not permitted without prior review and concurrence by CNIC N91. GS to NAF conversions are not considered NAF labor authorization growth and are permitted per the FY21 Operations Plan. Regional or Installation changes to authorized labor that result in increased cost (e.g., changes in GS grade equivalent level pay-setting within the posted NAF pay band, NF-04 to NF-05 position accretions, double stuffing NAF billets during transition) require prior review/concurrence by CNIC N91.
* Prompt recruitment/backfill of authorized FS NAF labor, within the cost constraints above, may occur without CNIC N91/N9 review.
* The expected inflation rate for N91 labor and non-labor support should not exceed 2%.
* Match expenses by budgeting in the period the expense is expected to post in SAP. Do not spread the expense equally over twelve months unless it is a monthly expense or will be recorded as a prepaid expense and amortized over the period covered by the invoice.

5. Submit the final budget package via DoN Tracker by 10 June 2020. Before consolidating and forwarding budgets, Regional Commanders should review and approve the NAF budgets using the following guidelines:

* Growth in expenses greater than 4% over FY19 NAF execution should be justified in the budget narrative.
* FY-21 will require quarterly budget to actual variance analysis for variances greater than 3%. This will require mitigations throughout the year to be able to meet the overall full-year budget performance.
* Centralized N91 UFM will continue in FY21 for both Navy and DoD FAP appropriations.
* Regions should follow the FY-21 Operations Plans direction for APF and NAF execution of programs and outputs based on program standards, funding levels and strategic goals.
* It will be essential to review all contracts to ensure Navy delivered services are meeting standards and customer requirements.
* Since all N91 non-appropriated funds, with the exception of commercial sponsorship funds, are derived from UFM, UFM must only be used for expenses for which APF can be used. As such, UFM is not authorized for any patron giveaway items with an intrinsic value to the customer. This includes, but is not limited to, shirts, hats, bags, food, prizes, gift certificates/cards, etc.
* For additional guidance regarding UFM, refer to the FY-21 Operations Plan and the CNIC Comptroller (N8) Business Rules.

6. Exhibit (5) provides accounting changes for FY-21 to be considered when developing NAF budgets. Downloaded benefit costs for FY-21 are itemized in exhibit (5). There is a possible change in Federal Employees Retirement Systems Retirement Benefit cost that might be published in mid to late April. This information will be forwarded separately when available. Total benefits, including downloaded costs for full-time employees, annual leave, Federal Insurance Contributions Act and sick leave, are estimated to be 35% of salaries.

7. Historically, CNIC N9 Headquarters has been responsible for absorbing the cost associated with NAF EEO investigations. However, effective with FY21, these costs will be charged directly to each region. This change is being implemented as part of the Fair Share cost distribution. Each Region should incorporate these new expenses into their FY21 budget plan. Trend data for FY17-FYTD20 investigation expenses can be requested through the CNIC NAF EEO Office. POC is Eric Kemp at (901) 874-6973 or email: eric.kemp2@navy.mil.

8. Regions should plan for a general cost of living adjustment (COLA), and conduct performance bonuses and/or salary adjustments in a scheduled manner that is consistent to General Schedule (GS) performance cycle and quality step types of increases (QSI). Based on this, the following is provided as a proposed baseline for FY-21 budget preparations for labor:

* Plan an FY-21 COLA increase of 2.0%.
* FY-21 performance based pay adjustments may be planned at each Region's discretion at no more than 1.5% of aggregate salaries within each appropriation (Navy and FAP). Ensure that your budget goals can absorb planned performance based pay adjustments.
* FY-21 Cash Bonus Awards may be planned at each Region's discretion, but are capped at no more than 1.5% of aggregate salaries for FY-20 within each appropriation (Navy and FAP) as stated in OMB-OPM memo M-17-07 dated 18 November 2016.
* To calculate the 1.5% of aggregate salaries for performance based pay adjustments and cash bonus awards should use the G/L accounts 601000, 602000, 606000, 606100, 622000, 622001, 623000, 623001, and 623002, as applicable.
* NOTE: This information is strictly for budget preparation guidance and may change as clarifying information is later received (any changes will be communicated as soon as received).
* Commander, Navy Installations Command point of contact for compensation questions is Mrs. Sandy New at (901) 874-6716, DSN: 882-6716, or sandy.new@navy.mil.

13. Point of contact for the N91 NAF budget submission (N92/N94/N95) is Dr. Terri Rau (N91) at 901-874-4224, DSN: 882-4224 or email terri.rau@navy.mil.

**N91 NARRATIVE STATEMENT GUIDANCE**

A regional narrative statement must be provided with each N91 budget and should include the following:

1. Explain the overall NAF and APF financial condition. Explain changes from FY20 occurring due to shifts from APF to NAF or vice versa along with any substantial differences between FY19 actual and FY20 projection versus your FY21 NAF budget. Please be sure to identify GS to NAF conversions that occurred in FY20 along with APF/NAF funding amounts by appropriation.
2. Explain the method used to budget for labor. Identify whether you budgeted to 100% of your authorization or included projected labor lapse in your FY21 NAF budget. If your FY21 NAF budget includes labor lapse, please identify the percentage of lapse used to project FY21 NAF labor. Regardless of the method used, please identify your percentage NAF labor lapse for FY19 and projected for FY21.
3. Explain areas of labor and non-labor expense growth that exceed 4% over FY19 NAF execution or 2% over FY20 NAF execution projections.