CIRCULAR NO. A–11

PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET

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OFFICE OF MANAGEMENT AND BUDGET
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CIRCULAR NO. A-11
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TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Preparing, Submitting, and Executing the Budget

OMB Circular No. A-11 provides guidance on preparing the FY 2008 Budget submission and includes instructions on budget execution.

The summary of changes highlights the changes made since last year. Most of the changes are technical revisions and clarifications, which are included in the summary of changes. However, there are a few other changes that should be noted.

The revision includes a new requirement for agencies to post on the internet their congressional budget justification materials within two weeks of transmitting those materials to Congress and an updated version of their Capital Asset Plan and Business Case within two weeks of transmittal of the President's Budget to the Congress.

The revision also includes an updated Capital Programming Guide, which reflects changes in the capital planning process since the original publication of the Guide in 1997.

This Circular supersedes all previous versions.

Rob Portman

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GUIDE TO OMB CIRCULAR NO. A–11

What is the purpose of the Circular?

Part 1: Provides an overview of the budget process. It discusses the basic laws that regulate the budget process and the terms and concepts you need to know to understand the budget process and this Circular. (Sections numbered 10 through 22)

Part 2: Covers development of the President's Budget and tells you how to prepare and submit materials required for OMB and Presidential review of agency requests and for formulation of the FY 2008 Budget, including development and submission of performance budgets for FY 2008. The performance budget replaces the annual performance plan required by the Government Performance and Results Act. A significant portion of this part focuses on the preparation of the budget *Appendix* and the related database. Detailed instructions for a number of requirements not directly related to the preparation and production of the budget are accessible through electronic links that are provided in section 25. (Sections numbered 25 through 95)

Part 3: Discusses supplementals and amendments, rescission proposals and deferrals, and investments. (Sections numbered 110 through 113)

Part 4: Provides instructions on budget execution, including guidance on the apportionment and reapportionment process (SF 132), report on budget execution and budgetary resources (SF 133), and a checklist for fund control regulations. (Sections numbered 120 through 150)

Part 5: Covers Federal credit programs, including requirements related to the preparation of budget estimates and to budget execution. (Section number 185)

Part 6: Describes requirements for strategic plans and annual program performance reports and provides an overview of the performance budget. (Sections numbered 200 through 230)

Part 7: Discusses planning, budgeting and acquisition of capital assets, and tells you how to prepare and submit information on new and past acquisitions. Includes an updated and revised Capital Programming Guide. (Section number 300)

Part 8: Contains supplementary materials. (Appendices numbered A through K)

How do I find information in the Circular?

The Circular groups related requirements together and presents requirements chronologically, where appropriate (e.g., instructions related to budget formulation are included in Part 2, and instructions related to budget execution are included in Part 4).

The information in each part is divided into chapters and, in some cases, subchapters. The chapters are organized into a series of sections that consist of consecutively numbered subsections. Section numbers are not repeated between parts. We reserved certain section numbers for future use, so there are gaps in the numbering scheme. Page numbers identify the section number and page within that section.

At the beginning of the Circular, there is a table of contents that identifies all the parts, chapters, sections and associated page numbers.

There is also a table of contents at the beginning of each section that identifies the subsections and exhibits contained in that section. We summarize major changes in policies and requirements at the beginning of the Circular. In addition, we describe the changes that affect each section at the beginning

of that section and use vertical revision bars in the margins to highlight new requirements and significant changes. At the end of the Circular, there is an index.

OMB circulars, memoranda, and bulletins, including Circular No. A–11, are available for viewing or downloading at the following Internet address:

www.whitehouse.gov/omb

Presidential Executive Orders are available for viewing or downloading at the following Internet address:

http://www.archives.gov/federal-register/codification/numeric-executive-orders.html

The Internet version of the Circular contains a number of hyperlinks that link the various parts of A–11 with each other and other websites.

Normally, A–11 is fully revised annually. In addition, the guidance is usually updated in the fall to reflect changes and clarifications since the full revision. If you are working with a paper copy of A–11 or CD ROM, please check the Internet to make sure you have the latest version and updates.

What agencies are covered by the Circular?

This Circular applies to all Executive departments and establishments. In addition, some of the requirements apply to the Legislative and Judicial Branches, to the District of Columbia, and to Government-sponsored enterprises.

If you want a modification to the requirements in this Circular, you must get OMB approval in advance (see section 25.2).

What common conventions does this Circular use?

When the Circular refers to a specific year, assume it is a calendar year unless otherwise noted. The following phrases and abbreviations are used to identify specific fiscal years:

Fiscal Year	Description
Past year – 1 (PY–1)	The fiscal year immediately preceding the past year.
Past year (PY)	The fiscal year immediately preceding the current year; the last completed fiscal year.
Current year (CY)	The fiscal year immediately preceding the budget year.
Budget year (BY)	The next fiscal year for which estimates are submitted.
Budget year + 1 (BY+1) *through* budget year + 9 (BY+9)	The fiscal year following the budget year *through* the ninth fiscal year following the budget year.

Special budget terms, such as budget authority, obligations, and outlays, are defined in section 20.

In Part 2, the term ***schedule*** refers to a set of data within the MAX budget database that is complete in itself and describes a view or slice of the President's Budget. Schedules are described in section 79.

Who can answer questions about the Circular?

The following table lists OMB organizational units with primary responsibility for certain sections of the Circular. You should direct general questions on the instructions and underlying concepts to these units. Direct agency-specific questions on the application of these instructions, as well as on sections not listed below, to your OMB program examiner or Resource Management Office.

OMB CONTACTS

Section No.	Description	OMB Contact	Telephone No.*
PART 2			
51.13	Justification of unobligated balances in credit liquidating accounts	Budget Analysis Branch, Budget Analysis and Systems Division	395–7864
52.4 (a)	Financial management information	Financial Systems Branch, Office of Federal Financial Management	395–5642
52.4 (b)	Grants management information	Financial Standards and Grants Branch, Office of Federal Financial Management	395–3053
52.5	Report on resources for financial management activities	Financial Systems Branch, Office of Federal Financial	395–5642
53	Information technology	Information Policy and Technology Branch, Office of Information and Regulatory Affairs	395–3787
54	Rental payments for space and land	Transportation/GSA Branch, Transportation, Homeland, Justice, and Services Division	395–5670
PART 6	Strategic plans, performance budgets, and annual program performance reports	Deputy Assistant Director for Management	395–7790
PART 7	Planning, budgeting, acquisition, and management of capital assets	Information Policy and Technology Branch, Office of Information and Regulatory Affairs	395–3787
—	MAX A–11 User's Guide	Budget Systems Branch, Budget Analysis and Systems Division	395–6934

*Area code is 202

SUMMARY OF CHANGES

Note: Vertical revision bars "|" are used in the margin of the Circular to highlight new requirements and significant changes.

Section No.	Change
Various	Agencies should not seek advance appropriations as a mechanism for fully funding asset acquisitions. To support the enforcement mechanism in the congressional budget resolution, OMB has not approved new proposals for advance appropriations in the budget.
20.3, 20.4(i)	Clarifies the distinction between rescissions and cancellations of budgetary resources.
20.7(g)	Treats credit program fees deposited into the credit program account and recorded in the budget on a current basis as user charges.
20.13(c)	Instructs agencies to direct specific questions about Economy Act requirements to the agency's Chief Financial Officer and/or Office of General Counsel.
Exhibit 20	Clarifies that shifting budgetary resources within a single Treasury account is considered a transfer, not a reprogramming, if the action moves budgetary resources between separate statutory appropriations.
22.1	Reminds agencies that outyear discretionary data is pre-decisional and should not be released without prior OMB approval.
22.6	Instructs agencies to post their congressional budget justification materials, which include detailed descriptions of agencies' activities and proposals at the program, project, and activity level, on the internet within two weeks of transmittal to Congress.
25	Drops the requirements to report overseas combating terrorism funding levels; training cost data; and changes in proposed employment levels.
25.5	Highlights due dates for the submission of materials required to be included in agencies' budget requests.
31.1	Includes information on basic policies and assumptions previously included in section 30.
32	Moves guidance on estimating full-time equivalents (FTE) to section 85; drops guidance related to other personnel benefits previously included in section 32.11.
32.1	Instructs agencies to use the growth rate in the Employment Cost Index (ECI) reduced by 0.5 percent, when estimating their next budget year civilian pay raise.
33.5	Provides spectrum relocation guidance specific to the 1710-1755 and 1432-1435 MHz bands.
51.1	Reminds agencies to include the annual plan goals described in the White House Initiative on Historically Black Colleges and Universities.
52.4	Drops requirements for information that duplicate requirements under OMB Circular No. A-136.
52.5	Requires information on budget formulation and budget execution activities and systems as part of the exhibit 52 submission due on January 12, 2007.
53.6	Directs on-line submission of agency information technology investment portfolio (exhibit 53); e-mails and delivered copies are unacceptable.
53.8, Exhibit 53	Adds new primary Federal enterprise architecture mapping columns, new primary budget formulation and execution columns, and new Part 5, Special Use IT Investments; clarifies that agency FTE costs associated with IT should be included as part of exhibit 53.
53.9	Reduces FY 2008 Unique Project Identifiers (UPI) to 17 digits; directs funding source line items to use MAX funding codes.

Section No.	Change
Exhibit 79B	Adds an exhibit that displays source category codes for receipt accounts.
81.2	Drops the requirement to track overseas combating terrorism activities; adds a BEA subcategory for supplemental avian flu funding.
Exhibit 81B	Adds an exhibit that crosswalks lines in schedule X to lines in schedules P, A, and S.
82.3	Clarifies the budgetary treatment of transfers of mandatory budget authority pursuant to appropriations law.
82.8	Clarifies that across-the-board reductions will be calculated based on the level of appropriations *prior* to the application of downward adjustments for rescissions of unobligated balances.
82.15(c)	Requires additional lines to tie to amounts reported in FACTS II.
84.4	Drops the requirement to report on R&D performed by colleges and universities (formerly memorandum entry 1441-01); clarifies the definitions for R&D and networking and information technology R&D.
85	Includes information related to FTE and the personnel summary (MAX schedule Q) previously included in sections 32 and 86.1.
85.7	Advises agencies that the prior-year lock will apply to schedule Q.
86	Excludes guidance on the personnel summary (MAX schedule Q), which was moved to section 85; drops budget plans (MAX schedule D).
86.3	Updates the schedule on the status of funds (schedule J) automatically when feeder accounts are uploaded.
112.2	Clarifies the difference between proposed cancellations and rescissions and that funds proposed by the President for cancellation cannot be withheld from obligation.
113.1	Requires that investments by Federal agencies in Federal securities purchased in the secondary market be treated as Federal securities, and that investments by Federal agencies in mutual funds be treated as non-Federal securities; identifies Treasury guidance related to accounting for and reporting on cash and investments held outside of the U.S. Treasury.
120.31	Provides agencies with an automatic apportionment of newly enacted BA while OMB is reviewing the agency's first written apportionment request for the newly enacted BA.
121.5	Modifies reporting requirements to reflect implementation of OMB's secure web-based apportionment application.
123.6	Provides guidance on determining the historical seasonal rate of obligations.
145.2	Advises agencies that if they sign a contract that has an open-ended indemnification clause, it is a reportable violation of the Antideficiency Act.
185.3(v), 185.6(f), and 185.18	Requires mandatory programs to disburse downward reestimates and negative subsidies to a general fund receipt account, consistent with discretionary programs.
185.10(c)	Changes the amounts of loan levels and subsidy budget authority reported in program account schedule U.
185.11(a)	Clarifies that financing account transactions should be coded as mandatory.
185.11(b), 185.11(c)	Clarifies the amounts of guaranteed loans to be reported in financing account schedule H.
185.11(d)	Moves presentation of policy net financing disbursements from financing account schedules G and H to schedule Y.

Section No.	Change
185.16 and Exhibit 185Q	Clarifies that guaranteed loan levels in mandatory programs should be apportioned.
300.7	Requires agencies to post an updated version of their Capital Asset Plans and Business Cases (exhibit 300) on the internet within 2 weeks of transmittal of the President's budget to Congress; changes the security and privacy status reporting to system level, consistent with FISMA.
Exhibit 300	Directs that, of the four major parts in exhibit 300, agencies must complete the 2 appropriate parts applicable to each capital asset; clarifies that agency FTE costs associated with capital assets should be included in the Summary of Spending (Part I, Section B).
Appendix E	Drops Appendix E, Diagnostic Reports. During budget season, agencies will be able to run certain reports through MAX; other diagnostic reports will be available through the OMB website.

CIRCULAR NO. A–11

PART 1

GENERAL INFORMATION

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2006

SECTION 10—OVERVIEW OF THE BUDGET

Table of Contents

The Budget Process

10.1 What is the budget?
10.2 Why prepare a budget?
10.3 What kinds of information does the budget provide?
10.4 Which agencies does the budget cover?
10.5 What happens during the Federal budget process and when?
10.6 What is the Mid-Session Review?

The Central Financial Agencies

10.7 What are the central financial agencies?
10.8 What are the responsibilities and functions of OMB?
10.9 What are the responsibilities and functions of the Treasury?
10.10 What are the responsibilities and functions of CBO?
10.11 What are the responsibilities and functions of GAO?
10.12 Do OMB, CBO, FMS, and GAO have any overlapping responsibilities?

10.1 What is the budget?

In this Circular, the term *budget* means the President's Budget—*The Budget of the United States Government*. The budget consists of several volumes that set forth the President's financial proposal with recommended priorities for allocating resources. The main *Budget* volume contains the President's Budget message and other broad statements of policy. The *Appendix* contains detailed information by agency, bureau or program group, budget accounts, programs, and activities. Other volumes, such as *Analytical Perspectives* and *Historical Tables*, provide complementary views of the budget. Most of the information contained in the budget is, or is based on, information you submit for your agency and programs in response to this Circular.

The term "budget" can mean other things in other contexts. It often refers to the full receipt and outlay proposals rather than the volumes in which these amounts are published. Some people refer collectively to the budget resolution and revenue and spending bills that the Congress passes, which we describe below, as the "congressional budget." Ultimately, the Congress and the President enact many laws that control the Government's receipts and spending, which we sometimes refer to collectively as the budget, as in "enacting the budget."

This section provides a broad overview of the budget process. You can read more about the budget process in a chapter of the *Analytical Perspectives* volume of the most recent budget, "The Budget System and Concepts". You can view or download budget documents at the following Internet address:

http://www.budget.gov/budget

10.2 Why prepare a budget?

The Budget and Accounting Act requires the President to submit a budget (see section 15.2). The President formally transmits his proposals for allocating resources to the Congress through the budget. The Congress considers the recommendations and uses the information included in the budget as it drafts and passes laws that affect spending and receipts. Through this process the Government decides how much money to spend, what to spend it on, and how to raise the money it has decided to spend.

10.3 What kinds of information does the budget provide?

The budget focuses primarily on the budget year—the upcoming fiscal year for which the Congress needs to make appropriations. However, it includes data for the most recently completed year, the current year, and at least the four years following the budget year (outyears) in order to reflect the effect of budget decisions over the longer term. In addition to proposed appropriations for the budget year, the budget may include proposed changes to appropriations for the current year (supplementals and rescissions), and legislative proposals that would affect the current year, the budget year, or the outyears.

The budget provides actual or estimated data (stated in millions or billions of dollars, depending on the context) for the following:

- The amount by account that each agency may obligate the Government to pay (budget authority) and estimates of payments (outlays) by agency and account;
- The amount of receipts each agency collects from various sources;
- Budget authority, outlays, and receipts by major function of the Government, such as national defense; (This is why we assign each budget account a functional classification code(s).)
- Total budget authority, outlays, and receipts for the Government; and
- The actual or estimated surplus (when receipts exceed outlays) or deficit (when outlays exceed receipts).

The budget divides the Government totals for budget authority, outlays, and receipts into "on-budget" amounts and "off-budget" amounts. The off-budget amounts include the transactions of the Social Security trust funds and the Postal Service, which are excluded by law from the on-budget totals.

The budget arrays data in many different ways. For example, one section of the budget focuses solely on Federal investment spending. Also, while the budget focuses primarily on dollars, it also includes data on other resources, such as Federal employment levels.

10.4 What agencies does the budget cover?

The budget covers the agencies of all three branches of Government—Executive, Legislative, and Judicial—and provides information on Government-sponsored enterprises. In accordance with law or established practice, OMB includes information on agencies of the Legislative Branch, the Judicial Branch, and certain Executive Branch agencies as submitted by those agencies without change. By longstanding practice, the budget presents information about the Board of Governors of the Federal Reserve System but does not include amounts for the Board in the budget totals, even though it is a Government agency, because of the independent status of the System. The budget includes information about the Government-sponsored enterprises, such as the Federal National Mortgage Association (Fannie Mae), but does not include them in the budget totals because they are privately owned. (Section 25 discusses the applicability of Part 2 of this Circular to various agencies.)

10.5 What happens during the Federal budget process and when?

The budget process occurs in three main phases:

- *Formulation*. During this phase, the Executive Branch prepares the President's Budget. OMB and the Federal agencies begin preparing the next budget almost as soon as the President has sent the last one to the Congress. OMB officially starts the process by sending planning guidance to Executive Branch agencies in the spring. The President completes this phase by sending the budget to the Congress on the first Monday in February, as specified in law, although occasionally Presidents have sent it later for various reasons. For example, in a year with a transition between outgoing and incoming Administrations, the timing of the President's Budget transmittal changes. (President George W. Bush transmitted his first budget, the 2002 Budget, in April 2001.)

- *Congressional*. This phase starts in late January or February, when the Congress receives the President's Budget. The Congress does not vote on the President's Budget itself, and it does not enact a budget of its own, as such. It considers the President's Budget proposals, passes overall revenue and spending plan called a "budget resolution," and enacts the regular appropriations acts and other laws that control spending and receipts.

- *Execution.* This phase lasts for at least five fiscal years and includes two parts.

  - The *apportionment* part pertains to funds appropriated for that fiscal year and to balances of appropriations made in prior years that remain available for obligation. At the beginning of the fiscal year, and at such other times as necessary, OMB apportions funds—that is, specifies the amount of funds that an agency may use by time period, program, project, or activity—to Executive Branch agencies. Throughout the year, agencies hire people, enter into contracts, enter into grant agreements, etc., in order to carry out their programs, projects, and activities. These actions use up the available funds by obligating the Federal Government to make outlays, immediately or in the future.

  - The *reporting and outlay* part lasts until funds are canceled (one-year and multiple-year funds are canceled at the end of the fifth year after the funds expire for new obligations) or until funds are totally disbursed (for no-year funds). Note: the canceled phase of annual and multi-year authority (see section 20.4(c)) or cancellations of budgetary resources in no-year accounts pursuant to 31 U.S.C. 1555 should not be confused with cancellations as a type of reduction (see section 20.4(i)).

The following tables highlight the major events in each of the phases of the budget process. These tables show the planned timing or, when applicable, the timing specified in law. The actual timing may vary from the plan. For example, the Congress frequently does not enact all appropriations acts by the start of the fiscal year, and on several occasions the President has submitted the budget later than specified for various reasons, including late enactment of appropriations for the previous fiscal year or a change in Administrations. Since budget cycles overlap, we must begin the next cycle before completing the last one.

MAJOR STEPS IN THE FORMULATION PHASE

What happens?	When?
OMB issues Spring planning guidance to Executive Branch agencies for the upcoming budget. The OMB Director issues a letter to the head of each agency providing policy guidance for the agency's budget request. Absent more specific guidance, the outyear estimates included in the previous budget serve as a starting point for the next budget. This begins the process of formulating the budget the President will submit the following February.	Spring
OMB and the Executive Branch agencies discuss budget issues and options. OMB works with the agencies to: Identify major issues for the upcoming budget; Develop and analyze options for the upcoming Fall review; and Plan for the analysis of issues that will need decisions in the future.	Spring and Summer
OMB issues Circular No. A–11 to all Federal agencies. This Circular provides detailed instructions for submitting budget data and materials.	July
Executive Branch agencies (except those not subject to Executive Branch review) make budget submissions. See section 25.	September*
Fiscal year begins. The just completed budget cycle focused on this fiscal year. It was the "budget year" in that cycle and is the "current year" in this cycle.	October 1
OMB conducts its Fall review. OMB staff analyzes agency budget proposals in light of Presidential priorities, program performance, and budget constraints. They raise issues and present options to the Director and other OMB policy officials for their decisions.	October–November
OMB briefs the President and senior advisors on proposed budget policies. The OMB Director recommends a complete set of budget proposals to the President after OMB has reviewed all agency requests and considered overall budget policies.	Late November
Passback. OMB usually informs all Executive Branch agencies at the same time about the decisions on their budget requests.	Late November
All agencies, including Legislative and Judicial Branch agencies, enter MAX computer data and submit print materials and additional data. This process begins immediately after passback and continues until OMB must "lock" agencies out of the database in order to meet the printing deadline.	Late November to early January *
Executive Branch agencies may appeal to OMB and the President. An agency head may ask OMB to reverse or modify certain decisions. In most cases, OMB and the agency head resolve such issues and, if not, work together to present them to the President for a decision.	December *
Agencies prepare and OMB reviews congressional budget justification materials. Agencies prepare the budget justification materials they need to explain their budget requests to the responsible congressional subcommittees.	January
President transmits the budget to the Congress.	First Monday in February

*OMB provides specific deadlines for this activity.

MAJOR STEPS IN THE CONGRESSIONAL PHASE

What happens?	When?
Congressional Budget Office (CBO) reports to Budget Committees on the economic and budget outlook.	January
CBO reestimates the President's Budget based on their economic and technical assumptions.	February
Other committees submit "views and estimates" to House and Senate Budget Committees. Committees indicate their preferences regarding budgetary matters for which they are responsible.	Within 6 weeks of budget transmittal
The Congress completes action on the concurrent resolution on the budget. The Congress commits itself to broad spending and revenue levels by passing a budget resolution.	April 15
The Congress needs to complete action on appropriations bills for the upcoming fiscal year or provides a "continuing resolution" (a stop-gap appropriation law).	September 30

MAJOR STEPS IN THE EXECUTION PHASE

What happens?	When?
Fiscal year begins.	October 1
OMB apportions funds made available in the annual appropriations process and other available funds. Agencies submit apportionment requests to OMB for each budget account by *August 21* or within *10 calendar days* after the approval of the appropriation, whichever is later. OMB approves or modifies the apportionment specifying the amount of funds agencies may use by time period, program, project, or activity.	September 10 (or within 30 days after approval of a spending bill)
Agencies incur obligations and make outlays to carry out the funded programs, projects, and activities. Agencies hire people, enter into contracts, enter into grant agreements, etc., in order to carry out their programs, projects, and activities. Agencies record obligations and outlays pursuant to administrative control of funds procedures (see Appendix H), report to Treasury (see the Treasury Fiscal Requirements Manual and section 130), and prepare financial statements.	Throughout the fiscal year
Fiscal year ends.	September 30
Expired phase (no-year funds do not have an expired phase). Agencies disburse against obligated balances and adjust obligated balances to reflect actual obligations during the period of availability. Agencies continue to record obligations and outlays pursuant to administrative control of funds procedures, report to Treasury, and prepare financial statements.	Until September 30, fifth year after funds expire.

10.6 What is the Mid-Session Review?

The law requires the President to send a report to the Congress updating budget estimates on or before July 15th. This report contains revised budget estimates resulting from changes in economic assumptions, technical reestimates, Presidential initiatives, and completed congressional actions that have occurred since transmittal of the budget. Your OMB representative will provide guidance on the development of these estimates at the appropriate time.

10.7 What are the central financial agencies?

The central financial agencies are:

- The Office of Management and Budget (OMB), in the Executive Office of the President;
- The Department of the Treasury, Financial Management Service (FMS);
- The Congressional Budget Office (CBO), in the Legislative Branch; and
- The Government Accountability Office (GAO), in the Legislative Branch.

10.8 What are the responsibilities and functions of OMB?

OMB's predominant mission is to assist the President in overseeing the preparation of the President's Budget and to supervise its administration by the Executive Branch agencies. OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's Budget and with Administration policies.

In addition, OMB oversees and coordinates the Administration's procurement, financial management, and information and regulatory policies. In each of these areas, OMB's primary role is to improve administrative management, develop better performance measures and coordinating mechanisms, and reduce any unnecessary burdens on the public.

For further information, refer to the OMB web site at http://www.whitehouse.gov/omb.

10.9 What are the responsibilities and functions of the Treasury?

Treasury, acting through FMS:

- Disburses 950 million Federal payments like Social Security, veterans' benefits, and income tax refunds to more than 100 million people; (The Defense Department does not use FMS to disburse its funds.)

- Collects more than $2 trillion in Federal revenues;

- Oversees a daily cash flow of $10 billion;

- Provides centralized debt collection services to most Federal agencies; and

- Provides Government-wide accounting and reporting.

FMS gathers and publishes Government-wide financial information that is used by the public and private sectors to monitor the Government's financial status and establish fiscal and monetary policies. These publications include: the Daily Treasury Statement; the Monthly Treasury Statement; the Treasury Bulletin; the Combined Statement; and the Financial Report of the U.S. Government, which is the Federal Government's set of audited financial statements, a requirement of the Government Management and Reform Act of 1994.

For further information, refer to the FMS web site at http://www.fms.treas.gov/.

10.10 What are the responsibilities and functions of CBO?

CBO was created by the Congressional Budget and Impoundment Control Act of 1974. CBO's mission is to provide the Congress with the objective, timely, non-partisan analyses needed for economic and budget decisions and with the information and estimates required for the congressional budget process. CBO prepares analyses and estimates relating to the budget and the economy and presents options and alternatives for the Congress to consider but does not make recommendations on policy. CBO's services can be grouped into four categories: helping the Congress formulate a budget plan; helping it stay within that plan; helping it assess the impact of Federal mandates; and helping it consider issues related to the budget and economic policy.

For further information, refer to the CBO web site at http://www.cbo.gov/.

10.11 What are the responsibilities and functions of GAO?

GAO is the investigative arm of the Congress. GAO helps the Congress meet its Constitutional responsibilities and helps improve the performance and accountability of the Federal Government for the American people. GAO examines the use of public funds, evaluates Federal programs and activities, and provides analyses, options, recommendations, and other assistance to help the Congress make effective oversight, policy, and funding decisions. In this context, GAO works to continuously improve the economy, efficiency, and effectiveness of the Federal Government through financial audits, program reviews and evaluations, analyses, legal opinions, investigations, and other services. GAO's activities are designed to ensure the Executive Branch's accountability to the Congress under the Constitution and the Government's accountability to the American people. GAO is dedicated to good government through its commitment to the core values of accountability, integrity, and reliability.

For further information, refer to the GAO web site at http://www.gao.gov/.

10.12 Do OMB, CBO, FMS, and GAO have any overlapping responsibilities?

Yes. Here are a few examples:

- After OMB submits the President's Budget, CBO is responsible for re-estimating the budget.

- Both OMB and CBO score the costs of legislation (both appropriations and direct spending included in authorization bills). While Budget Committees have the ultimate responsibility for determining the scoring effects of legislation for Congressional enforcement, they typically rely on CBO estimates during congressional consideration of individual bills to ensure that they are consistent with the budget resolution totals. The President uses OMB estimates to determine the costs of budget-related legislation. OMB reconciles or explains differences between the two sets of discretionary estimates.

- OMB and FMS work together to establish any new Treasury accounts, both during the preparation of the Budget and after bills become laws.

- OMB provides its scoring to FMS to assist in FMS' responsibility to prepare warrants.

- OMB and FMS work together to estimate actual outlays during the course of a year.

- FMS gathers financial information through FACTS II (Federal Agencies' Centralized Trial-Balance System) that allows agencies to submit one set of accounting data (mostly budgetary, some proprietary) that fulfills the needs of the SF 133 Report on Budget Execution and Budgetary

Resources, the FMS 2108 Year-End Closing Statement, and the prior-year column of the Program and Financing schedule in the President's Budget.

- OMB and FMS worked together to develop the FACTS II systems. FMS develops U.S. Standard General Ledger guidance to comply with OMB definitions.

- Both FMS and GAO provide guidelines used by financial managers as they account for Federal finances.

- OMB uses GAO audits and evaluations as part of its review of agency programs.

SECTION 15—BASIC BUDGET LAWS

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15.3 How does the Congress enact the budget and what laws govern the process?
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15.6 What do I need to know about the Federal Credit Reform Act of 1990?

15.1 What laws govern the budget cycle?

The Federal budget cycle can be divided into three distinct phases that are generally sequential and yet intertwined. The first phase, which culminates in the transmittal of the President's budget proposals to the Congress, is called the budget formulation phase. In the next phase, the Congress acts upon laws that together constitute the enacted budget. Once the laws have been enacted, executive agencies carry out the laws in the budget execution phase. The Federal budget cycle is governed mainly by the following six laws, which we describe below:

- Budget and Accounting Act.
- Congressional Budget Act.
- Antideficiency Act.
- Impoundment Control Act.
- Government Performance and Results Act.
- Federal Credit Reform Act.

15.2 Why is the Budget and Accounting Act important?

Before this law, which was enacted in 1921, there was no annual centralized budgeting in the Executive Branch. Federal Government agencies usually sent budget requests independently to congressional committees with no coordination of the various requests in formulating the Federal Government's budget. The Budget and Accounting Act required the President to coordinate the budget requests for all Government agencies and to send a comprehensive budget to the Congress. It created the Bureau of the Budget, now the Office of Management and Budget (OMB), to help the President implement these requirements. It also required the President to include certain information in the budget. The Congress has amended the requirements many times and has codified them as Chapter 11, Title 31, U.S. Code. These are some of the requirements:

- "On or after the first Monday in January but not later than the first Monday in February of each year, the President shall submit a budget of the United States Government for the following fiscal year."

- "Each budget shall include a budget message and summary and supporting information. The President shall include in each budget the following...." The provision goes on to list about thirty items, such as expenditures and receipts for the past year through the fourth year following the budget year, information on debt, financial information, and information on employment levels.

- "Under regulations prescribed by the President, each agency shall provide information required by the President in carrying out this chapter. The President has access to, and may inspect, records of an agency to obtain information."

- "Estimated expenditures and proposed appropriations for the legislative branch and the judicial branch...shall be submitted to the President before October 16 of each year and included in the budget by the President without change."

15.3 How does the Congress enact the budget and what laws govern the process?

The Congress does not enact a budget, as such. Instead, the budget is enacted through several different types of legislation:

- The Congress is first scheduled to adopt a concurrent resolution that sets forth the total budget outlays (spending) and budget receipts for the upcoming fiscal year.

- Next, legislation authorizing changes in programs and in taxes is scheduled to be enacted consistent with the budget resolution.

- Finally, the Congress is scheduled to enact appropriations in the regular appropriations bills for the up-coming fiscal year

Before the Congressional Budget Act (CBA), which was enacted in 1974, there was no annual centralized budgeting in the legislative branch. Each of the regular annual appropriations bills was acted on separately by the Congress and changes in taxes were authorized in another process. In addition, there was no established process to add up the total receipts and total spending in all the bills to reach the Federal Government's bottom line, whether it was a surplus or a deficit.

The CBA established the concurrent resolution on the budget, also known as the budget resolution, the House and Senate Budget Committees, the Congressional Budget Office, and procedures for relating individual appropriation actions to the budget totals. Also, the CBA defines some key budget terms, such as budget authority, that are used in all phases of the President's budget formulation process and the congressional budget process.

- The CBA was amended extensively by a series of laws that prescribed rules and procedures (including "sequestration") designed to constrain spending and receipts legislation. The latest was the Budget Enforcement Act (BEA) which was first enacted in 1990. The most recent version of the BEA constrained legislation enacted through 2002 that would increase spending or decrease receipts. It applied to appropriations acts and other laws, so it affected almost every aspect of budgeting. Key enforcement provisions of the BEA, including the discretionary caps, expired at the end of 2002.

The BEA divided spending into two types—discretionary and mandatory—and applied different rules to each. Section 20.9 explains these rules.

15.4 What laws govern the budget execution process when funds are actually spent?

Chapters 13, 15, and 33 of Title 31, United States Code, govern the process of budget execution. Among these, the major laws are the Antideficiency Act, the Impoundment Control Act, the provisions known as the Economy Act which are found in section 1535, the provisions that govern the closing of accounts which are found in sections 1551 through 1555, and provisions of the "Miscellaneous Receipts Act," which is found in section 3302.

The Antideficiency Act requires OMB to apportion the accounts and to monitor spending; prohibits agencies from spending more than the amounts appropriated or apportioned, whichever is lower; requires that agencies control their spending; and provides penalties for overspending.

Specifically, agencies may not:

- Purchase services and merchandise *before* appropriations are enacted and accounts are apportioned;
- Enter into contracts that *exceed* the appropriation for the year or the amount apportioned by OMB, whichever is lower; or
- Pay bills when there is *no cash* in the appropriation or fund account.

The head of each agency is required to establish, by regulation, a system of administrative control of funds that:

- Restricts *both* obligation and expenditure (outlays or disbursements) from each account to the *lower of* the amount apportioned by OMB or the amount available for obligation and/or expenditure.
- Enables the head of the agency to identify the person(s) responsible for violating the Act.

There are administrative and criminal *penalties* for violating the Antideficiency Act. Also, the agency head is required to report any violations to the President, through the OMB Director; to the Congress; and to the Comptroller General. See section 145 for instructions on reporting violations.

The Impoundment Control Act, which was enacted in 1974, requires that the President notify Congress whenever an official of the Executive Branch withholds, delays, or precludes the obligation or expenditure of budget authority. There are two types of impoundments: the temporary *deferral* of funds and *rescission proposals* to permanently cancel spending. The Act also prescribes the rules that must be followed whenever the executive branch impounds funds. See section 112 for instructions on reporting deferrals and rescission proposals and the rules that must be followed.

15.5 What does the Government Performance and Results Act of 1993 require?

This law emphasizes managing for results by examining what a program accomplishes and how well the accomplishments match with the program's purpose and objectives. It requires agencies to prepare strategic plans, annual performance plans, and annual performance reports. Part 6 of this Circular addresses the requirements of this law.

15.6 What do I need to know about the Federal Credit Reform Act of 1990?

This law governs Federal credit programs—ones that make direct loans and loan guarantees. The Act prescribes a special budget treatment for direct loans and loan guarantees that measures their subsidy cost, rather than their cash flows. For most credit programs, Congress must provide budget authority equal to the subsidy cost in annual appropriations acts before the program can make direct loans or loan guarantees. Section 185 of this Circular address the requirements of this law, which was enacted as an amendment of Title V of the Congressional Budget Act of 1974.

SECTION 20—TERMS AND CONCEPTS

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Ex–20 Transfers of Budgetary Resources among Federal Government Accounts

Summary of Changes

Clarifies the distinction between rescissions and cancellations of budgetary resources (sections 20.3 and 20.4(i)).

Treats credit program fees deposited into the credit program account and recorded in the budget on a current basis as user charges (section 20.7(g)).

Instructs agencies to direct specific questions about Economy Act requirements to the agency's Chief Financial Officer and/or Office of General Counsel (section 20.13(c)).

20.1 What is the purpose of this section?

In this section, we define budget terms—such as budget authority, obligation, and outlay—that you need to know in order to understand the budget process and this Circular. We also explain certain of the terms in depth.

20.2 How do I use this section?

- If you just need a brief definition of a term commonly used in the budget process, go to the next section (section 20.3). That section lists the terms in alphabetical order.
- If you need a fuller explanation of the terms and concepts listed in the section titles of the Table of Contents above, go to sections 20.4–20.13.
- If you need to know about investing fund balances in Federal securities or other securities, go to section 113, investment transactions.
- If you need to know more about the credit terms defined in section 20.3, go to section 185, Federal credit.
- If you need definitions of performance terms, go to section 200, Overview of strategic plans, annual performance plans, and annual program performance reports.

20.3 What special terms must I know?

Advance appropriation means appropriations of new budget authority that become available one or more fiscal years beyond the fiscal year for which the appropriation act was passed. (See section 20.4(c).)

Advance funding means appropriations of budget authority provided in an appropriations act to be used, if necessary, to cover obligations incurred late in the fiscal year for benefit payments in excess of the amount specifically appropriated in the act for that year, where the budget authority is charged to the appropriation for the program for the fiscal year following the fiscal year for which the appropriations act is passed. (See section 20.4(c).)

Agency means a department or establishment of the Government for the purposes of this Circular. (Compare to bureau.)

Allowance means a lump-sum included in the budget to represent certain transactions that are expected to increase or decrease budget authority, outlays, or receipts but that are not, for various reasons, reflected in the program details. For example, the budget might include an allowance to show the effect on the budget totals of a proposal that would affect many accounts by relatively small amounts, in order to avoid unnecessary detail in the presentations for the individual accounts. The President doesn't propose that Congress enact an allowance as such, but rather that it modify specific legislative measures as necessary to produce the increases or decreases represented by the allowance.

Amendment means a proposed action that revises the President's budget request and is transmitted prior to completion of action on the budget request by the Appropriations Committees of both Houses of Congress. (See section 110.2.)

Apportionment means a distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, program, activities,

projects, objects, or any combinations of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, suballotments, and allocations.

Appropriated entitlement—See entitlement authority.

Appropriation means a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority (see section 20.4.)

Baseline means an estimate of the receipts, outlays, and deficit or surplus that would result from continuing current law through the period covered by the budget. (See section 80.)

BEA means the Budget Enforcement Act of 1990, as amended. (See section 20.9.)

Borrowing authority is a type of budget authority that permits obligations and outlays to be financed by borrowing. (See section 20.4(b).)

Budget means the Budget of the United States Government, which sets forth the President's comprehensive financial plan and indicates the President's priorities for the Federal Government. (See section 10.1.)

Budget authority (BA) means the authority provided by law to incur financial obligations that will result in outlays. Specific forms of budget authority include appropriations, borrowing authority, contract authority, and spending authority from offsetting collections. (See section 20.4.)

Budget totals means the totals included in the budget for budget authority, outlays, receipts, and the surplus or the deficit. Some presentations in the budget distinguish on-budget totals from off-budget totals. On-budget totals reflect the transactions of all Federal Government entities, except those excluded from the budget totals by law. Off-budget totals reflect the transactions of Government entities that laws exclude from the on-budget totals (those of the Social Security trust funds and the Postal Service). The budget presents combined on- and off-budget totals to derive totals for Federal activity, sometimes called the unified budget totals. For example, see the end of the chapter "Federal Programs by Agency and Account" in the Analytical Perspectives volume of the most recent budget.

Budgetary resource means an amount available to enter into new obligations and to liquidate them. Budgetary resources are made up of new budget authority (including direct spending authority provided in existing statute and obligation limitations), and unobligated balances of budget authority provided in previous years.

Bureau means the principal subordinate organizational units of an agency.

Cash equivalent transaction means a transaction in which the Government makes outlays or receives collections in a form other than cash, or in which the outlays or receipts recorded in the budget differ from the cash because the cash does not accurately measure the value of the transaction. (See section 20.8.)

Cancellation means a proposal by the President to reduce budget resources (new budget authority or unobligated balances of budget authority) that is not subject to the requirements of Title X of the Congressional Budget and Impoundment Control Act of 1974. Resources that are proposed by the President for cancellation cannot be withheld from obligation pending Congressional action on the proposal. The term is sometimes used more broadly to refer to any legislative action taken by the Congress to reduce budgetary resources, including rescission proposed by the President. Cancellation can either be temporary or permanent. (See section 20.4(i).)

Cancellations as a type of reduction should not be confused with the canceled phase of annual and multi-year authority (see section 20.4(c)) or cancellations of budgetary resources in no-year accounts pursuant to 31 U.S.C. 1555 (See Appendix F, line 6A).

Contract authority permits you to incur obligations in advance of an appropriation, offsetting collections, or receipts to make outlays to liquidate the obligations. Typically, Congress provides contract authority in an authorizing statute to allow you to incur obligations in anticipation of the collection of receipts or offsetting collections that will be used to liquidate the obligations. (See section 20.4(b).)

Cost means the price or cash value of the resources used to produce a program, project, or activity. This term is used in many different contexts. When used in connection with Federal credit programs, the term means the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays (see section 185). For specific instructions on estimating costs, refer to the pertinent OMB instructions: for cost principles for educational institutions, see Circular No. A–21; for estimating costs for user charges, see Circular No. A–25; for rental and construction costs of Government quarters, see Circular No. A–45; for allowable costs for audits, see Circular No. A–50; for cost estimates in performing commercial activities, see Circular No. A–76; and for cost principles for State, local and Indian Tribal Governments, see Circular No. A–97.

Credit program account means a budget account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy amount to a financing account. (See section 185.)

Current services estimates—See baseline.

Deficit means the amount by which outlays exceed receipts in a fiscal year. It may refer to the on-budget, off-budget, or unified budget deficit. (See budget totals.)

Deferral means any executive branch action or inaction that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budgetary resources. The President reports deferrals to Congress by special message. They are not identified separately in the budget. (See section 112.)

Deposit fund means an account established to record amounts held temporarily by the Government until ownership is determined (for example, earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (for example, State and local income taxes withheld from Federal employees' salaries and not yet paid to the State or local government). (See section 20.12.)

Direct loan means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term also includes certain equivalent transactions that extend credit. (See section 185.) (Compare to loan guarantee.)

Direct spending—See mandatory spending.

Discretionary spending means budgetary resources (except those provided to fund mandatory spending programs) provided in appropriations acts. (See section 20.9.) (Compare to mandatory spending.)

Entitlement authority means the authority, generally provided by an authorizing statute, to make payments (including loans and grants) to persons or non-federal entities who meet the requirements established by law. Examples of entitlement authority include benefit payments for Social Security, Medicare, and unemployment insurance. Some programs, such as the food stamp program, veteran's compensation, and Medicaid, are classified as entitlements even through they are funded by appropriations acts, because the authorizing statute for the program obligates the United States to make payments. These are referred to as mandatory appropriations or appropriated entitlements. Also see mandatory spending (section 20.9.)

Expenditure transfer—See transfers.

FACTS II means the Treasury Federal Agencies' Centralized Trial-balance System II. Agency staff use this system to electronically submit the accounting data that (a) support the SF 133 Report on Budget Execution and Budgetary Resources and (b) are used for much of the initial set of past year data in MAX schedule P. (See sections 82.15 and 130.2)

Federal funds group refers to the moneys collected and spent by the Government through accounts other than those designated as trust funds. The Federal funds group includes general, special, public enterprise, and intragovernmental funds. (See section 20.12.) (Compare to trust funds group.)

Financing account means a non-budgetary account that records all of the cash flows resulting from direct loan obligations or loan guarantee commitments made on or after October 1, 1991. At least one financing account is associated with each credit program account. Separate financing accounts are required for direct loan cash flows and for guaranteed cash flows if the program account provides subsidy cost for both forms of credit. The transactions of the financing accounts are a means of financing and not included in the budget totals. (See section 185.) (Compare to liquidating account.)

Fiscal year means the Government's accounting period. It begins on October 1 and ends on September 30, and is designated by the calendar year in which it ends.

Forward funding means appropriations of budget authority that become available for obligation in the last quarter of the fiscal year for the financing of ongoing grant programs during the next fiscal year. (See section 20.4(c).)

Full-time equivalent (FTE) employment is the basic measure of the levels of employment used in the budget. It is the total number of hours worked (or to be worked) divided by the number of compensable hours applicable to each fiscal year. (See section 85.)

Functional classification means the array of budget authority, outlays, and other budget data according to the major purpose served—for example, agriculture, national defense, and transportation. (See section 79.3.)

General fund means the accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys. It is part of the Federal funds group.

Impoundment means any executive action or inaction that temporarily or permanently withholds, delays, or precludes the obligation or expenditure of budgetary resources.

Intragovernmental fund—See revolving fund.

Liquidating account means a budget account that records all cash flows to and from the Government resulting from direct loan obligations and loan guarantee commitments made prior to October 1, 1991. Unlike financing accounts, these accounts are included in the budget totals. (See section 185.) (Compare to financing account.)

Loan guarantee means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. The term does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions. (See section 185.) (Compare to direct loan.)

Mandatory appropriation—See entitlement authority.

Mandatory spending means spending controlled by laws other than appropriation acts (including spending for entitlement programs) and spending for the food stamp program. Although the BEA uses the term direct spending to mean this, mandatory spending is commonly used instead. (See section 20.9.) (Compare to discretionary spending.)

Means of financing refers to borrowing, the change in cash balances, and certain other transactions that are involved in financing a deficit. The term is also used to refer to the debt repayment, the change in cash balances, and certain other transactions involved in using a surplus. By definition, the means of financing are not treated as receipts or outlays. (See section 20.7(f).)

Non-expenditure transfer—See transfer.

Obligated balance means the cumulative amount of budget authority that has been obligated but not yet outlayed. It is also known as unpaid obligations (which are made up of accounts payable and undelivered orders) net of accounts receivable and unfilled customers orders. (See section 20.4(g).)

Obligation means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally. (See section 20.5.)

Obligation limitation means a type of budgetary resource appropriated to accounts in a manner similar to budget authority that limits the amount of budget authority already made available for obligation by another law. The obligation limitation is effectively the amount of new budget authority available for obligation for that period. Obligation limitations are common in Transportation and General Service Administration accounts.

Off-budget—See budget totals.

Offsetting collections mean payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, they are authorized to be spent for the purposes of the account without further action by Congress. They result from business-type or market-oriented activities with the public and intragovernmental transactions with other Government accounts. The authority to spend offsetting collections is a form of budget authority. (See sections 20.4(b) and 20.7.) (Compare to receipts and offsetting receipts.)

Offsetting receipts mean payments to the Government that are deposited in offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. Usually they are deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, they result from business-type or market-oriented activities with the public and intragovernmental transactions with other Government accounts. (See section 20.7.) (Compare to receipts and offsetting collections.)

On-budget—See budget totals.

Outlay means a payment to liquidate an obligation (other than the repayment of debt principal). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as Federal employee salaries and debt instruments. Outlays are the measure of Government spending. (See section 20.6.)

Outyear estimates mean estimates presented in the budget for the years beyond the budget year of budget authority, outlays, receipts, and other items (such as debt).

Pay-as-you-go (PAYGO) means the requirements of the BEA that result in a sequestration if the estimated combined result of legislation affecting mandatory spending or receipts is a net cost for a fiscal year. (See section 20.9.)

Public enterprise fund—See revolving fund.

Reappropriation means an extension of the availability of unobligated balances of budget authority that have expired or would otherwise expire as a result of legislation enacted subsequent to the law that provided the budget authority. (See section 20.4(h), section 121.10.)

Receipts mean collections that result from the Government's exercise of its sovereign power to tax or otherwise compel payment, and gifts of money to the Government. They are compared to outlays in calculating a surplus or deficit. (See section 20.7.) (Compare to offsetting collections and offsetting receipts.)

Reduction in budgetary resources means a *rescission* (see section 20.4(i)); *cancellation* (see section 20.4(i)); *across-the-board reduction* (see section 82.8); or *sequestration* (see section 20.9).

Refund means the return of excess payments to or by the Government. (See section 20.10.)

Reimbursable obligation means an obligation financed by offsetting collections credited to an expenditure account in payment for goods and services provided by that account. (See section 83.5.)

Rescission means a proposal by the President to reduce budgetary resources (new budget authority or unobligated balances of budget authority) pursuant to the requirements of Title X of the Congressional Budget and Impoundment Control Act of 1974. Resources that are proposed by the President for rescission may be withheld from obligation for 45 calendar days of continuous session of the Congress (excluding an adjournment of more than three days on which either House is not in session) pending congressional action on the proposal. The term is often used more broadly to refer to any legislative action taken by the Congress to reduce budgetary resources, including reductions that were not proposed pursuant to the Impoundment Control Act. Rescissions can either be temporary or permanent. (See section 20.4(i).)

Revolving fund means a fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are three types of revolving funds: Public enterprise funds, which conduct business-like operations mainly with the public, intragovernmental revolving funds, which conduct business-like operations mainly within and between Government agencies, and trust revolving funds, which conduct business-like operations mainly with the public. (See section 20.12.)

Scorekeeping means measuring the budget effects of legislation, generally in terms of budget authority, receipts, and outlays, for purposes of the BEA. (See section 20.9.)

Sequestration means the cancellation of budgetary resources provided by discretionary appropriations or mandatory spending legislation, following various procedures prescribed by the BEA. A sequestration may occur in response to a discretionary appropriation that causes discretionary spending to exceed the discretionary spending caps set by the BEA or in response to net costs resulting from the combined result of legislation affecting mandatory spending or receipts (referred to as a "pay-as-you-go" sequestration). (See section 20.9.)

Special fund means a Federal fund account for receipts earmarked for specific purposes and the expenditure of these receipts. (See section 20.12.)

Spending authority from offsetting collections is a type of budget authority that permits obligations and outlays to be financed by offsetting collections (see section 20.4(b)). (Compare to offsetting collections.)

Subsidy means the same as "cost" when it is used in connection with Federal credit programs. (See section 185.)

Surplus means the amount by which receipts exceed outlays in a fiscal year. It may refer to the on-budget, off-budget, or unified budget surplus. (See budget totals.)

Supplemental appropriation means an appropriation enacted subsequent to a regular annual appropriations act, when the need for funds is too urgent to be postponed until the next regular annual appropriations act. (See section 110.2.)

Transfer means to move budgetary resources from one budget account to another. Depending on the circumstances, the budget may record a transfer as an expenditure transfer, which means a transfer that involves an outlay, or as a nonexpenditure transfer, which means a transfer that doesn't involve an outlay. (See section 20.4(j).)

Transfer in the estimates means a proposal to stop funding an activity through one budget account and begin funding it through another account. A transfer in the estimates doesn't involve a transfer of budgetary resources between the accounts. (See section 20.4(k).)

Treasury Appropriation Fund Symbol (TAFS) refers to the separate Treasury accounts for each appropriation title based on the availability of the resources in the account. The TAFS is a combination of Federal account symbol and availability code (e.g., annual, multi-year, or no-year). (See section 20.4(c)).

Trust fund refers to a type of account, designated by law a trust fund, for receipts or offsetting receipts earmarked for specific purposes and the expenditure of these receipts. Some revolving funds are designated as trust funds, and these are called trust revolving funds. Trust revolving funds have no receipt account and the collections are credited directly to the expenditure account. (See section 20.12.) (Compare to special funds and revolving funds.)

Trust funds group refers to the moneys collected and spent by the Government through trust fund accounts. (See section 20.12.) (Compare to Federal funds group.)

Unexpended balance means the sum of the unobligated and obligated balances.

Unobligated balance means the cumulative amount of budget authority that is not obligated and that remains available for obligation under law. (See section 20.4(f).)

User charges are charges assessed for the provision of Government services and for the sale or use of Government goods or resources. The payers of the user charge must be limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public (such as those who pay income taxes or customs duties). User charges are defined and the policy regarding user charges is established in OMB Circular A–25, "User Charges" (July 8, 1993). The term encompasses proceeds from the sale or use of government goods and services, including the sale of natural resources (such as timber, oil, and minerals) and proceeds from asset sales (such as property, plant, and equipment). (See section 20.7(g).)

Warrant means an official document issued by the Secretary of the Treasury, pursuant to law, that establishes the amount of appropriations approved by Congress that can be obligated and disbursed.

20.4 What do I need to know about budget authority?

(a) *Definition of budget authority.*

Budget authority (BA) means the authority provided by law to incur financial obligations that will result in outlays. This definition is the same as the one contained in section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, which Congress uses in the congressional budget process. You violate the law if you enter into contracts, issue purchase orders, hire employees, or otherwise obligate the Government to make a payment before a law has provided budget authority for that purpose (see section 145.1).

(b) *Forms of budget authority*.

Most laws provide budget authority in the form of appropriations, but some laws provide budget authority in the form of contract authority, borrowing authority, or spending authority from offsetting collections. The following table summarizes the characteristics of each form of budget authority, and the text following the table discusses them in more depth.

FORMS OF BUDGET AUTHORITY

Form of budget authority	Summary of Characteristics
Appropriation	• Authorizes obligations and outlays using general funds, special funds, or trust funds. • Provided in appropriations acts and other laws. • May authorize the use of cash-equivalent payments. • Not all appropriations provide budget authority.
Contract authority	• Authorizes obligations but not outlays. • Typically provided in authorizing laws with variations in the way obligations are liquidated.
Borrowing authority	• Authorizes obligations with outlays to be financed by borrowing, usually from Treasury. • Typically provided in laws that authorize business-like operations and require the borrowing to be repaid, with interest, out of the business proceeds.
Spending authority from offsetting collections.	• Authorizes obligations and outlays using offsetting collections. • Typically provided in authorizing laws. • Appropriations acts limit obligations in some cases. • Budget authority may be recorded and obligations incurred against orders from other Federal accounts only if an obligation is recorded by the paying account; obligations normally cannot be incurred against orders from the public without an advance.

(1) *Appropriations*, as a type of budget authority, permit you to incur obligations and make outlays (payments). (Not all appropriations provide budget authority, as explained below.) Congress enacts appropriations in annual appropriations acts and other laws. An appropriation may make funds available from the general fund, special funds, or trust funds, or it may authorize the spending of offsetting collections, which are credited to expenditure accounts (including revolving funds).
A law that authorizes you to incur obligations and liquidate them through cash-equivalent payments (see section 20.8) constitutes an appropriation of budget authority.

Some appropriations do not provide budget authority, because they do not provide authority to incur new obligations. Amounts appropriated to liquidate contract authority, to liquidate deficiencies, or to repay debt provide the cash needed to liquidate obligations already incurred. Because they do not authorize you to incur new obligations, they are not appropriations of budget authority, and you do not record them as such. Although there are many variations in the language providing such appropriations, usually the appropriation heading for such appropriations includes a subheading such as "(Liquidation of Contract Authority)", and the language reads something like, for "payment of obligations...."

For purposes of the Antideficiency Act, the definition of the term "appropriations" is broader. As defined by the Act, it means all new budget authority and balances of budget authority as described here.

(2) *Contract authority* permits you to incur obligations in advance of an appropriation, offsetting collections, or receipts that enable you to make outlays to liquidate the obligations. Typically, Congress provides contract authority in an authorizing statute to allow you to incur obligations in anticipation of the collection of receipts or offsetting collections that will be used to liquidate the obligations. When you receive the appropriated receipts or the collections, you replace the contract authority with the appropriation or the spending authority from the offsetting collections to cover the obligations and subsequently liquidate the obligations.

For some programs, the law authorizes you to use offsetting collections to liquidate the obligations incurred against the contract authority without further appropriation action. In a few cases, such as the foreign military sales program, the law that provides the contract authority also appropriates the receipts without further appropriation action.

For other programs, such as certain highway and airport and airway programs, Congress as a matter of custom requires you to seek an appropriation of receipts to liquidate the obligations.

In some instances, if the program does not have sufficient collections to liquidate the obligations incurred against contract authority, Congress may enact a general fund appropriation.

(3) *Borrowing authority* permits you to incur obligations and authorizes you to borrow funds to liquidate the obligations. Usually, the law authorizing the borrowing specifies that you must borrow from the Treasury, but in a few cases it authorizes borrowing directly from the public. Laws usually authorize borrowing for business-like operations, such as the Tennessee Valley Authority, which generates and sells electrical power. Such laws require the program to repay the borrowing, with interest, out of business proceeds.

(4) *Spending authority from offsetting collections*, usually provided in permanent law, permits you to credit offsetting collections to an expenditure account (see section 20.7(d), to incur obligations, and to make payments s using offsetting the collections.

You record spending authority from offsetting collections and the offsetting collections in the program and financing schedule of an account (see section 82.3 and 82.6). In the simplest case, you record gross budget authority equal to the cash collections for the year (lines 6800 and 6900) and record the cash collections as an offset to the budget authority (lines 8800–8896). Net budget authority equals zero in such cases. In other cases, you must adjust spending authority from cash collections to yield the amount

available as budget authority. We describe these adjustments in section 82.3 (lines 6810–6862 and 6910–6962). We discuss some of these adjustments (offsetting collections credited to expired accounts, changes in uncollected customer payments from Federal sources, and amounts precluded from obligation – in more detail below.

Offsetting collections credited to expired accounts. For *annual* and *multi-year* accounts that perform reimbursable work, the spending authority from the offsetting collections belongs to the Treasury account that filled the order. (See section 20.12 for the distinction between Treasury accounts (TAFS) and budget accounts.) The availability of the spending authority is generally the same as the Treasury account to which it belongs. If the annual or multi-year Treasury account has expired, then you should NOT record the collection as new spending authority (schedule P lines 6800 and 6900) because it is not available to incur new obligations. It is not new budget authority. However, collections that belong to expired Treasury accounts are available to pay old bills, until the authority is canceled. You record collections in expired accounts as offsetting collections along with the collections in unexpired accounts (schedule P lines 8800 through 8845). You report the portion credited to expired accounts only on schedule P line 8896. For more information on determining the period of availability of budget authority, see section 20.4(c). As discussed in section 20.12), each budget account covers all the Treasury accounts with the same appropriation title. The program and financing schedule covers:

- Unexpired accounts (annual, multi-year and no-year); and
- Expired accounts.

You subtract all offsetting collections (unexpired and expired) from gross outlays to yield net outlays so that the contribution of the budget account to the Federal Government's bottom line (the surplus or deficit) can be determined.

For *no-year* accounts, you record gross new budget authority (spending authority from offsetting collections) (schedule P lines 6800 and 6900) equal to the collections for the year and record the collections (schedule P lines 8800—8845) as an offset to the budget authority.

Because offsetting collections and offsetting receipts are deducted from gross budget authority, they are referred to as negative budget authority for some purposes, such as Congressional Budget Act provisions that pertain to budget authority.

Amounts precluded from obligation. A law may preclude you from using some of the offsetting collections to incur obligations (see section 20.4(d)). In these cases, the precluded amounts are not counted as budget authority. However, you always deduct the full amount of offsetting collections (cash) from gross budget authority and gross outlays in the year you collect them, even where a law precludes you from obligating all or a portion of the collections in that year. For this reason, an account can have negative net budget authority or outlays. As a general rule, you record obligations first against new offsetting collections. To the extent that the new offsetting collections are not adequate to cover obligations, you record new budget authority from previously unavailable balances of offsetting collections, but you may not exceed the new obligation limitation, if any.

Changes in uncollected customer payments from Federal sources. You need to adjust the spending authority from cash collections if the account is authorized to perform reimbursable work for another Federal account and you incur obligations against receivables from Federal sources and unfilled customer orders from Federal sources without an advance – that is, before receiving the cash. The law allows you to incur such obligations as long as the paying account is a Federal account and an obligation is recorded against resources available to the paying account. (You cannot incur obligations against customer orders received from non-Federal sources without an advance, unless a law specifically allows it.)

In these cases, you must add any net increase in such amounts for the year to the spending authority from cash collections, or subtract any net decrease in such amounts for the year from the spending authority

from cash collections, to yield the gross budget authority available to the account from offsetting collections. You also add the same amount to offsetting collections (cash) to yield the amount of the offset applied to gross budget authority when calculating net budget authority (see section 82.6).

(c) *Period of availability of budget authority*.

When a law appropriates budget authority, it sets the period during which you can use it to incur new obligations. We call this the period of availability for new obligation of the budget authority, and the period normally is specified in the law providing the budget authority. The period of availability for incurring new obligations is shorter than the period of availability for making disbursements, which is covered by a general law. Each is described below.

Period of availability for incurring new obligations:

- *Annual budget authority*. This term refers to budget authority that is available for obligation during only one fiscal year or less. One year is the default period of availability for annual appropriations acts, because a general provision in each of the acts specifies that the amounts provided in the act are available for one year, unless the act expressly provides otherwise. Even if there were not such a provision, the preamble of an appropriations act says that it is for a specific fiscal year. For example, the following language in an appropriation act would provide one-year budget authority: "For expenses of the Office of the Secretary, $1,500,000."

- *Multi-year budget authority*. The language for a specific appropriation of budget authority in an appropriations act or the authorization of the appropriation may make all or some portion of the amount available for obligation for a specified period of time in excess of one fiscal year. Usually, the period covers two or more whole fiscal years, but it may cover a period that includes part of the second fiscal year. We refer to such budget authority as multi-year budget authority or, specifically, as two-year budget authority, three-year budget authority, etc. For example, if the following language appeared in an appropriations act for 2004, it would provide two-year budget authority: "For research and development, $1,500,000, to remain available until September 30, 2005."

- *No-year budget authority*. The language for a specific appropriation of budget authority or the authorization of the appropriation may make all or some portion of the amount available until expended. That means you can incur obligations against it indefinitely. We refer to this as no-year budget authority. For example, the following language provides no-year budget authority: "For construction, improvements, repair or replacement of physical facilities, $1,500,000, to remain available until expended." Authorizing laws that make appropriations seldom limit the period of availability, so most budget authority provided in authorizing laws is no-year budget authority.

Usually an appropriations act makes budget authority available beginning on October 1 of the fiscal year for which the appropriation act is passed. However, there are three types of appropriations where that is not the case. They are described below, and the budget Appendix lists the accounts in the budget with such appropriations under the heading, "Advance Appropriations, Advance Funding, and Forward Funding."

- *Advance appropriation* means appropriations of new budget authority that become available one or more fiscal years beyond the fiscal year for which the appropriation act was passed. For example, if the following language appeared in an appropriations act for fiscal year 2004, it would provide an advance appropriation for fiscal year 2005: "For operating expenses, $1,500,000, to become available on October 1, 2004." Under current BEA scoring guidelines, new budget authority for advance appropriations is scored in the fiscal year in which the funds become

available for obligation. In this example, you would record the budget authority in fiscal year 2005.

- *Advance funding* means appropriations of budget authority provided in an appropriations act to be used, if necessary, to cover obligations incurred late in the fiscal year for benefit payments in excess of the amount specifically appropriated in the act for that year, where the budget authority is charged to the appropriation for the program for the fiscal year following the fiscal year for which the appropriations act is passed. When such budget authority is used, the budget records an increase in the budget authority for the fiscal year in which it is used and a reduction in the budget authority for the following fiscal year. The following language, when added to regular appropriation language, provides advance funding: "...together with such sums as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year."

- *Forward funding* means appropriations of budget authority that are made available for obligation in the last quarter of the fiscal year for the financing of ongoing grant program during the next fiscal year. The budget records the budget authority in the fiscal year in which it is appropriated. The following language, if it appeared in an appropriation act for 2004, would provide forward funding, which would be recorded in fiscal year 2004: "... of which $2,000,000,000 shall become available on July 1, 2004 and shall remain available through September 30, 2005 for academic year 2004–2005."

Period of availability for making disbursements:

Under a general law, annual budget authority and multi-year budget authority may disburse during the first two phases of the following three phases that make up the life cycle of the budget authority.

- *Unexpired phase*. During this time period the budget authority is available for incurring "new" obligations. You may make "new" grants or sign "new" contracts during this phase and you may make disbursements to liquidate the obligations. This phase lasts for a set number of years. Annual budget authority lasts for up to one fiscal year. Multi-year authority lasts for longer periods, currently from over one fiscal year up to 15 fiscal years, and no-year authority lasts indefinitely.

- *Expired phase*. During this time period, the budget authority is no longer available for new obligations but is still available for disbursement. This phase lasts five years after the last unexpired year unless the expiration period has been lengthened by legislation. Specifically, you may not incur new obligations against expired budget authority, but you may liquidate existing obligations by making disbursements.

However, you may use the expired budget authority to make certain adjustments to obligations that were incurred before the budget authority expired. For example, you could make an upward adjustment in previously recorded obligations for transportation charges, under an agreement to pay actual transportation charges, if they turned out to be greater than originally estimated. Unless there is an exception in law, you may use expired authority to make adjustments to obligations or disbursements only during a period of five years after the last unexpired year. The expired period can be lengthened by legislation. If you have a program with a legitimate need to disburse funds for more than five years after the authority expires for obligation—for example, to make disbursements over many years under direct loan contracts, to pay termination costs under a contract, or to make payments under a lease—and your OMB representative approves, you may propose special language to disburse over a period longer than five years. (section 95.8). You may disburse during the longer period only if the special language is enacted in law.

- *Canceled phase*. After the last expired year, the account is closed, and the balances are canceled. The authority to disburse is canceled and is no longer available for any purpose. Any offsetting collections credited to the account at the time the account is canceled or subsequently must be transferred to miscellaneous receipts in the Treasury. Any old bills with valid obligations that show up after the account is closed must be obligated against and disbursed from budget authority that is available for the same general purpose but still in the unexpired phase. For example, an old bill from obligations incurred against an FY 1999 annual salaries and expense (S&E) account that arrives after the authority is canceled must be obligated and disbursed against the corresponding FY 2005 annual S&E account.

No-year authority usually stays in the unexpired phase until fully obligated and disbursed. When the purposes for which the authority was made available have been achieved, the account may be closed and the authority canceled.

(d) *Determining the amount of budget authority*.

If a law provides budget authority in a specific amount, we refer to it as definite budget authority. We consider the budget authority definite even if the language reads "not to exceed" a specified amount. You record the specified amount as budget authority. For example, this language would provide definite budget authority of $100 million: "For salaries and expenses, not to exceed $100,000,000."

If a law doesn't specify an amount of budget authority, but, instead, specifies a variable factor that determines the amount, we refer to the budget authority as indefinite. If the law provides "such sums as may be necessary" to cover the obligations resulting from an entitlement (such as unemployment insurance), record budget authority in the past year equal to the amount obligated and in other years equal to your estimate of obligations. If a law authorizes you to obligate all of the receipts from a specified source, record budget authority equal to the amount of receipts you collected in the past year and equal to amounts you estimate you will collect in other years.

If a law appropriates a specific amount to be derived from receipts, it limits the amount of budget authority actually provided to the lower of the actual receipts or the amount specified. For example, if the language read, "... and, in addition, $75,000,000 of the amounts collected under section 101 of the Authorization Act of 1995," you could obligate only the amount actually collected, up to $75,000,000. Similarly, if a law appropriates an amount to be derived from a special or trust fund, it limits the amount of budget authority actually provided to the lower of the amount of the balances in the fund or the specified amount. For example, language that reads, "For necessary expenses, $1,500,000, to be derived from the Land Restoration Trust Fund," allows you to obligate only the amount actually in the fund and no more than $1,500,000. If a law authorizes you to obligate all of the receipts credited to a fund, record budget authority equal to the amount of receipts collected by the fund in the past year and equal to the amounts you estimate you will collect in other years.

Some laws that provide borrowing authority limit the amount of debt that may be outstanding at any one time. This may limit your ability to incur obligations indirectly, because you must consider your ability to borrow the cash needed to liquidate the obligations that will become due, but it doesn't determine the level of obligations directly. In such cases, treat the budget authority as indefinite and record the amount that you obligated in the past year or estimate you will obligate in other years. Under the BEA scorekeeping guidelines, OMB will score legislation that imposes or changes a limit of this type only to the extent that we estimate that it will alter the amount of obligations that will be incurred (see Appendix A, scorekeeping guideline no. 16).

Most budget authority provided in appropriations acts is definite, and most budget authority provided in other laws is indefinite.

Congress may enact laws that preclude agencies from using all of their potential budget authority. For example, in some cases Congress enacts limitations on obligations or program levels in appropriations

acts that limit the authority to use offsetting collections or receipts provided in authorizing legislation. In other cases, the authorizing law may itself limit the amount of obligations you may incur, such as through a benefit formula that determines the amount of benefits that may be obligated.

For special and trust funds with indefinite budget authority whose obligations are constrained by an obligation limitation or benefit formula, the collections in excess of such limitations or benefit formulas are not counted as budget authority. Similarly, offsetting collections that are precluded from obligation are not counted as budget authority. In these cases, you reduce the spending authority by the precluded amount. The precluded amounts are considered to be unavailable and are not included in the account's unobligated balances. You record new budget authority in the year the amounts become available for obligation under the law.

(e) *Discretionary or mandatory and current or permanent budget authority*.

The Budget Enforcement Act of 1990 (BEA) requires us to classify budget authority (and outlays) as either discretionary spending or mandatory spending, and applies a different set of rules to each type of spending. We explain this further in section 20.9.

Sometimes, budget authority is characterized as current or permanent. Current authority requires congressional appropriations action on the request for new budget authority for the year involved. Permanent authority becomes available pursuant to standing provisions of law without further appropriations action by Congress after transmittal of the budget for the year involved. Generally, budget authority is current if an annual appropriations act provided it and permanent if authorizing legislation provides it. By and large, the current/permanent distinction has been replaced by the discretionary/mandatory distinction, which is similar but not identical.

(f) *Unobligated balance*.

An unobligated balance consists of the cumulative amounts of budget authority that are not obligated and that remain available for obligation under law.

In budget execution, the unobligated balance of budget authority at the end of the year is the total amount that is available for obligation during the fiscal year.

In budget formulation, there is a related but not identical concept called "unobligated balance carried forward." These are the unobligated balances net of the balances that expire at the end of the fiscal year. Unobligated balances carried forward must meet all of the following conditions:

- They are balances of budget authority that have never been obligated or that have been obligated and deobligated.
- They are balances of budget authority that do not expire at the end of the fiscal year.
- You can quantify the amount by subtracting the obligations to date from the amount of budget authority provided (new budget authority and unobligated balances carried forward at the start of the year from the previous fiscal year). That is, the law providing the budget authority must have specified a definite amount or an indefinite amount based on the appropriation of collections from a specified source. You can not quantify "such sums as may be necessary".

You shouldn't count unavailable special and trust fund receipts or unavailable offsetting collections as budget authority and, therefore, you shouldn't have any unobligated balances as a result of them. Unavailable receipts are included in the special and trust fund receipts schedule (see section 86.4); unavailable offsetting collections are presented as a memorandum entry in the program and financing schedule (see section 82.7).

In budget schedules, such as the program and financing schedule, the unobligated balance carried forward at the end of a year is equal to the unobligated balance at the start of the next year.

The balances you report for the start and end of the past year must be consistent with the amounts reported in the Treasury Combined Statement (TCS) published by the Department of the Treasury (previously called the Treasury Annual Report (TAR)). (See section 82.15.)

(g) *Obligated balance*.

The term obligated balance is a term of art that is defined in law as a "net" concept. It is not the unpaid obligations. The obligated balances are calculated as follows:

- Take the unpaid obligations (which is the sum of the accounts payable and the undelivered orders).
- Subtract the accounts receivable and the unfilled orders from Federal sources.

(h) *Reappropriation*.

A reappropriation is an extension of the availability of unobligated balances of budget authority that have expired or would otherwise expire as a result of legislation enacted subsequent to the law that provided the budget authority. The term does not apply to extensions of the availability of unobligated balances of budget authority that result from standing provisions of law, enacted before the budget authority was provided, or from provisions of law included in the same law that appropriated the funds.

Reappropriations of expired balances that are newly available for obligation in the current or budget year will be recorded as new budget authority (reappropriations) in the year they are newly available, in the full amount of the potential extension. Reappropriations of unexpired balances or reappropriations of expired balances that cannot take effect until a fiscal year beyond the budget year will be reported as balance transfers in the year they are newly available for obligation.

Similar to reappropriations of unexpired balances, extensions in availability resulting from standing provisions of law or from provisions of law included in the same law that appropriated the funds will be shown as balance transfers. See section 121.10 for a complete discussion on reporting for all types of extensions in availability.

(i) *Rescissions and cancellations*.

Rescissions and cancellations are reductions in law of budgetary resources. Reductions are recorded as negative budget authority in the year the reduction takes effect, regardless of whether the action reduces new budget authority or unobligated balances. If a law that precludes the obligation of budgetary resources in one year and authorizes their obligation in a subsequent year, you record negative budget authority in year of the reduction and new budget authority in the subsequent year.

Proposed cancellations and all enacted reductions should be included in the regular budget schedules under transmittal code 0 (see section 79.2). Proposed rescissions, which are subject to the requirements of Title 10 of the Congressional Budget and Impoundment Control Act, require separate schedules under transmittal code 5 (see sections 82.9 and 112).

Congress can enact reductions in many ways. For example, the language can specify a dollar or percentage reduction and can pertain to a specific account or multiple accounts. Rescissions and cancellations can impact all types of budget authority and can be *permanent* or *temporary* subject to the underlying availability of the funds and to the specific statutory authority for the reduction.

Rescissions and cancellations of general fund appropriations are considered to be *permanent* reductions unless the legislation clearly indicates that the reduction is temporary. Permanent reductions of general fund appropriations revert to the General Fund of the U.S. Treasury. Reductions of contract authority and borrowing authority are also usually permanent.

Rescissions and cancellations of amounts appropriated from special and trust fund receipts, as well as spending authority from offsetting collections, are usually *temporary* reductions. The reduction amounts are reported as balances of unappropriated receipts (see section 86.4) or as unavailable offsetting collections (see section 82.7). If the reduced amount is permanently appropriated, it becomes available in the following year, but if it is subject to appropriations, it is not available again until further appropriations action has occurred. An exception is when the legislation makes clear that the amounts are permanently canceled or rescinded, in which case the amounts are returned to the General Fund of the U.S. Treasury.

(j) *Transfer*.

(1) *Definition*. Transfer means to reduce budgetary resources (budget authority and unobligated balances) in one account and increase them in another, by the same amount.

(2) *Authority*. You can't make a transfer unless a law authorizes it. The law may specify a particular transfer or provide general transfer authority within specified limits.

(3) *Expenditure transfer or nonexpenditure transfer*. A transfer is recorded as either an expenditure transfer, which involves an outlay, or a nonexpenditure transfer, which does not involve an outlay. Which you record usually depends on the purpose of the transfer, as explained in the following table, except that nonexpenditure transfers are limited to transactions in which both accounts are within the same fund group (i.e., trust-to-trust or Federal-to-Federal). See also exhibit 20.

If the transfer...	**Record as...**
(1) purchases goods or services that benefit the transferring account for example, Economy Act transactions or purchases from revolving funds (including working capital funds), such as, a rental payment to GSA's Federal Buildings Fund…	An expenditure transfer.
(2) shifts budgetary resources between Federal funds (general, special, and revolving fund accounts) and trust funds (trust fund and trust revolving fund accounts), regardless of the purpose...	An expenditure transfer.
(3) reduces budgetary resources available for the activities of the transferring account and increases them for the activities of the receiving account (for example, a transfer of unobligated balances from the construction account to the salaries and expense account to fund pay raises) other than between Federal and trust funds...	A non-expenditure transfer.
(4) corresponds to a transfer of an activity from one account to another such as in a reorganization)...	A non-expenditure transfer.

(4) *Recording transfers in the budget*:

- *Expenditure transfers*. Record an expenditure transfer as an obligation (against new budget authority or unobligated balances) and an outlay in the transferring account and as an offsetting collection or offsetting receipt in the receiving account (see section 20.7). If the receiving account is a general fund appropriation account or a revolving fund account (including a trust revolving fund), credit the amount as an offsetting collection to the appropriation or revolving fund account.

If the receiving account is a special fund or trust fund account, you would normally credit the amount as an offsetting receipt to a receipt account of the fund.

- *Nonexpenditure transfers*. Do not record an obligation or an outlay or an offsetting collection or offsetting receipt. Record nonexpenditure transfers as a decrease either in budget authority or unobligated balances in the transferring account and as an increase either in budgetary authority or unobligated balances in the gaining account. Whether you record the reduction and increase as a change in budget authority or unobligated balances, depends on the circumstances, as described in the following table.

If you transfer...	And the transfer...	Record...
Unobligated balances	Results from a transfer specified in law that changes the purpose for which the funds will be used	A decrease in budget authority in the transferring account and an increase in budget authority in the gaining account.
Unobligated balances	Results from general transfer authority, or Corresponds to a transfer of an activity such that the purpose does not change	A decrease in unobligated balances in the transferring account and an increase in unobligated balances in the gaining account.
Budget authority in the year it becomes available	Is for any purpose	A decrease in budget authority in the transferring account and an increase in budget authority in the gaining account.

(k) *Transfer in the estimates*.

A transfer in the estimates means the budget proposes to stop funding an activity under one budget account and start funding the activity under another budget account, beginning in the budget year. This does not involve a transfer of budgetary resources, like that discussed in subsection (j). You simply stop showing budget authority in the one account and start showing it in the other. A transfer in the estimates usually reflects a proposal to do one of the following in the budget year:

- Transfer the funding of an activity from one account to another.
- Consolidate funding for related activities from two or more accounts into a single account.
- Disaggregate the funding for an activity from one account between two or more accounts.

You must indicate a transfer in the estimates by footnoting the program and financing schedules of the transferring and receiving accounts (see section 82.12).

(l) *Allocation*.

Allocation means a delegation, authorized in law, by one agency of its authority to obligate budget authority and outlay funds to another agency. When an agency makes such a delegation, the Treasury Department establishes a subsidiary account called a "transfer appropriation account", and the receiving agency may obligate up to the amount included in the account. The budget doesn't show the transfer appropriation account separately. The budget schedules for the parent account include the obligations by

the other agency against the subsidiary account without separate identification, except in the object class schedule (see section 83.15). Allocations are appropriate where the receiving agency is acting as the agent for the allocating agency.

20.5 When should I record obligations and in what amounts?

(a) *The general rule*.

Obligation means a legally binding agreement that will result in outlays, immediately or in the future. When you place an order, sign a contract, award a grant, purchase a service, or take other actions that require the Government to make payments to the public or from one Government account to another, you incur an obligation. It is a violation of the Antideficiency Act (31 U.S.C. 1341(a)) to involve the Federal Government in a contract or obligation for payment of money before an appropriation is made, unless authorized by law. This means you can not incur obligations in a vacuum; you incur an obligation against budget authority in a Treasury account that belongs to your agency. It is a violation of the Antideficiency Act to incur an obligation in an amount greater than the amount available in the Treasury account that is available. This means that the account must have budget authority sufficient to cover the total of such obligations at the time the obligation is incurred. In addition, the obligation you incur must conform to other applicable provisions of law, and you must be able to support the amounts reported by the documentary evidence required by 31 U.S.C. 1501. Moreover, you are required to maintain certifications and records showing that the amounts have been obligated (31 USC 1108). The following provides additional guidance on when to record obligations for the different types of goods and services or the amount.

(b) *Personnel compensation and benefits*.

For personnel compensation and benefits the issue is usually the "timing" of the obligation and not the "amount" of the obligation. The amount is prescribed by laws that cover the civil service and the uniformed service and determined by well-established personnel procedures. As for the timing of the obligation, the amounts generally are recorded as obligations as the amounts are earned during the reporting pay period, with the following exceptions:

Type of obligations...	At the time ...	Because...
Severance pay.	It is paid on a pay period by pay period basis.	Severance pay is not earned with regular salaries and wages.
Authorized reimbursable expenses estimated to be paid to employees for real estate, temporary subsistence, and other expenses incident to relocation at the request of the Government.	The individual travel orders are approved.	The travel is a bona fide need at the time the order is approved.
Cash awards that do not become part of the employee's basic rate of pay.	When payable to the employee.	This is the time the amount is definite.
Allowances for uniforms and quarters.		

Type of obligations...	At the time ...	Because...
Subsidies for commuting costs.		
Unemployment compensation payments to the Department of Labor for former Federal employees	When the agency receives the bills rendered by Labor.	Underlying law.
Annual leave	When it becomes due and payable as terminal leave or taken in lieu of a lump sum payment	Normally, annual leave is unfunded.
Funded annual leave	When you transfer a person from a revolving fund to another revolving fund, you obligate the employee's share of funded annual leave and you pay it to the fund to which the employee is transferred.	The revolving fund to which the employee is transferred will pay the employee's salary and wages when the employee takes the annual leave or will pay the lump sum terminal leave for any annual leave not taken.
	When you transfer a person from a revolving fund to a non-revolving fund, you obligate the employee's portion of the funded annual leave and pay miscellaneous receipts in the general fund of the Treasury	The appropriation from the general fund in the Treasury will pay the employee's salaries and wages when the employee takes the annual leave or will pay the lump sum terminal leave for any annual leave not taken.

(c) *Contractual services and supplies*.

Services and supplies that are purchased by contract are recorded as obligations at the time there is a binding agreement, which is usually when the contract is signed. As a general rule, the amount of the obligation is the maximum liability to the Federal Government. The maximum liability to the Government is normally limited by the terms of the contract, e.g., cancellation clauses.

The following provides the nuances of contracts with certain characteristics.

Contracts with...	Amount obligated is…	At the time ...
A maximum price	The maximum price.	The contract is signed.
	Amount of downward adjustments, i.e. deobligation, if any.	There is documentary evidence that the price is reduced.
Letters of intent and letter contracts.	Normally, no amount is obligated.	The letter is signed.
However, if the letters constitute binding agreements under which	The maximum amount indicated in the letter that the contractor is	

Contracts with...	Amount obligated is…	At the time ...
the contractor is authorized to proceed.	authorized to incur to cover expenses prior to the execution of a definitive contract.	
Contracts for variable quantities.	Normally, no amount is obligated.	The contract is signed.
The contracts are usually followed by "purchase orders" that do obligate the Government.	The amount of actual orders.	The order is issued.
Orders where a law "requires" that you to place orders with another Federal Government account.	The amount of the order.	The order is issued.
Voluntary orders with other Federal Government accounts:	The amount of the order.	The order is issued.
If the order is for common-use standard stock item the supplier has on hand or on order at published prices.		That you issue the order to the supplier.
If the order is for stock items other than the above.		You receive a formal notification that the items are on hand or on order.
If the order involves execution of a specific contract.		The supplying agency notifies you that it has entered into the contract.

Intragovernmental services and supplies. Obligations are incurred for services when they are rendered. For example, obligations for GSA rental payments are incurred in the year in which the premises are occupied, whether or not a bill has been rendered. Obligations are incurred for supplies when the order is placed.

(d) *Land and structures*.

Contracts for lands and structures generally follow the same rules as for contracts specified above with the following exceptions.

Contracts with...	Amount obligated is…	At the time ...
Condemnation proceedings.	The estimated amount for the price of the land, adjusted to the amount of the payment to be held in escrow where there is a declaration of taking.	When you ask the Attorney General to start condemnation proceedings.
Lease-purchases and capital leases covered by the score keeping rules developed under the	The present value of the lease payments, discounted using the Treasury interest rate used in calculating the budget	The contract is signed.

Contracts with...	Amount obligated is…	At the time ...
Budget Enforcement Act.	authority provided for the purchase.	
	The imputed interest costs (that is, the financing costs Treasury would have incurred if it had issued the debt to acquire the asset)	During the lease period.

(e) *Grants and fixed charges*.

Discretionary grants will be obligated after the amounts are determined administratively and recorded at the time the grant award is signed. The grant award is normally the documentary evidence that the grant has been awarded. Letters of credit are issued after the grant awards are made and generally are not obligating documents.

For grants and fixed charges with formulas in law that automatically fix the amount of the charges, record the amount determined by the formula or, if there is an appropriation, then record the amount appropriated, whichever is smaller. The obligation is reported at the time the grantee is awarded the grant and is liquidated when the payment is made to the grantee. To the extent that a grant is no longer valid, you will record a recovery of prior year obligations.

The exceptions follow:

Grants or fixed charges..	Amount obligated is…	At the time ...
In lieu of taxes.	The amount appropriated.	The taxes are due.
Interest.	The amount owed.	The interest is payable.
Dividends.	The amount declared.	The dividend is declared.

(f) *Federal credit programs*.

Obligations in Federal credit programs generally follow the same rules as for "personnel compensation and benefits" and "contracts" specified above with the following exceptions.

The amount is…	Amount obligated is…	At the time ...
Subsidy in direct loan program account	The portion of the subsidy cost for the direct loan contract that you are signing	You sign the direct loan contract. That is, when you enter into a binding agreement to make a direct loan when specified conditions are fulfilled by the borrower.
Subsidy in guaranteed loan program account.	The portion of the subsidy cost for the binding agreement to make a loan guarantee.	You make the loan guarantee commitment. That is, when you enter into a binding agreement to make a loan guarantee when special conditions are fulfilled by the

The amount is…	Amount obligated is…	At the time ...
		borrower, the lender, or any other party to the guarantee agreement.

20.6 What do I need to know about outlays?

Outlay means a payment to liquidate an obligation (other than the repayment to the Treasury of debt principal). Outlays are a measure of Government spending. As required by law, the budget presents some outlays as "on-budget" and some as "off-budget". Total outlays for the Federal Government include both on-budget and off-budget outlays. Government-wide outlay totals are stated net of refunds, offsetting collections, and offsetting receipts. Function, subfunction, and agency outlay totals are stated net of related refunds, offsetting collections, and offsetting receipts for most budget presentations. (Offsetting receipts from a few sources do not offset any specific function, subfunction, or agency but only offset Government-wide outlay totals.) Outlay totals for accounts with offsetting collections are stated both gross and net of the offsetting collections credited to the account. However, the outlay totals for special and trust funds with offsetting receipts are not stated net of the offsetting receipts.

The Government usually makes payments in the form of cash (currency, checks, or electronic fund transfers), and you normally record outlays equal to the disbursement at the time of the disbursement. Normally the amount of cash disbursed appropriately measures the value of the transaction. In other cases, however, the cash disbursed does not accurately measure the value of the transactions. In these cases, we require you to record the cash-equivalent value of the transactions (see section 20.8).

Not every disbursement is an outlay, because not every disbursement liquidates an obligation. You don't record outlays for the following:

- Repayment of debt principal, because we treat borrowing and the repayment of debt principal as a means of financing.

- Disbursements to the public by Federal credit programs for direct loan obligations and loan guarantee commitments made in fiscal year 1992 or later (and those made prior to that year if they have been modified), because we treat the cash flows to and from the Government for credit programs as a means of financing. We record outlays equal to the subsidy cost of direct loans and loan guarantees when the underlying direct or guaranteed loans are disbursed. Disbursements from liquidating accounts for direct loan obligations and loan guarantee commitments made prior to fiscal year 1992 are treated as outlays (see section 185).

- Disbursements from deposit funds, because these funds are on deposit with the Government but are not owned by the Government and are therefore excluded from the budget (see section 20.7).

- Refunds of receipts that result from overpayments, because they are recorded as decreases in receipts, rather than as increases in outlays (see section 20.10).

The timing for recording outlays for interest payments varies. Treasury records outlays for the interest on the public issues of Treasury debt securities as the interest accrues, not when it pays the cash. However, most Treasury debt securities held by Government accounts are in the Government account series. Treasury normally records the interest payments on these securities when it pays the cash. (And you normally record an offsetting collection or receipt on a cash basis.) Four trust funds in the Department of Defense, the Military retirement trust fund, the Education benefits trust fund, the Defense cooperation fund, and the Medicare-eligible health care fund, routinely have relatively large differences between

purchase price and par. For these funds, we've instructed the Department to record the holdings of debt at par but record the differences between purchase price and par as adjustments to the assets of the funds that are amortized over the life of the security. The Department records interest as the amortization occurs. We discuss the budget treatment of investment transactions in section 113.

Outlays during a fiscal year may liquidate obligations incurred in the same year or in prior years. Obligations, in turn, may be incurred against budget authority provided in the same year or against unobligated balances of budget authority provided in prior years. Outlays, therefore, flow in part from budget authority provided for the year in which the money is spent and in part from budget authority provided in prior years. The ratio of the outlays resulting from budget authority enacted in any year to the amount of that budget authority is referred to as the spendout rate for that year.

Outlays for the past year must agree with amounts reported in the Treasury Combined Statement, unless OMB approves an exception.

20.7 What do I need to know about governmental receipts, offsetting collections, and offsetting receipts?

(a) *Overview*.

The money collected by the Federal Government and its accounts that is counted as income in the budget is classified as either governmental receipts (also known as receipts or revenues) or as offsets to budget authority and outlays. We sometimes use the generic term *collections* when referring to all of this money. Collections result from the following transactions:

- Sovereign power—payments from the public that result primarily from the Government's exercise of its sovereign power to tax or otherwise compel payment and from gifts of money.

- Business-type transactions with the public—payments from the public in exchange for goods and services.

- Intragovernmental transactions—payments from other Federal Government accounts.

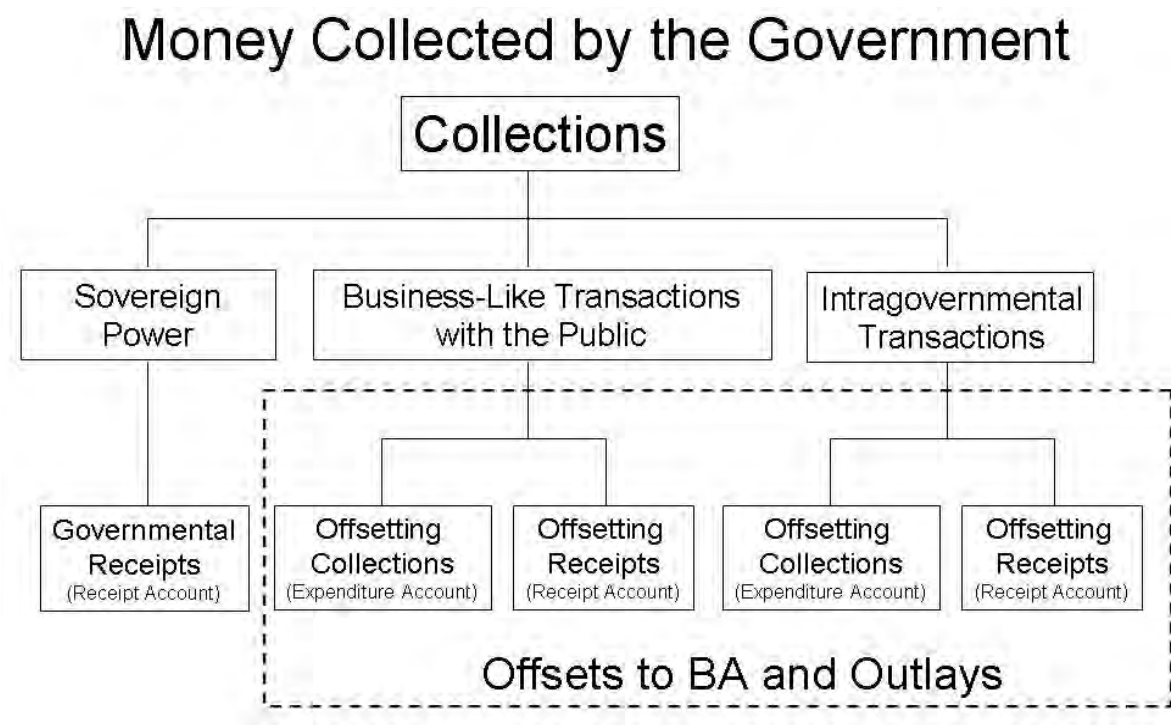
The universe of money collected also includes the proceeds of borrowing and the other means of financing which are not treated as collections in the budget. Means of financing are discussed in section 20.7 (h).

The Federal Government normally receives payments in the form of cash and normally records amounts equal to the amount of cash received at the time of collection. Usually the amount of cash collected appropriately measures the value of the transaction. In some cases, the cash collected does not accurately measure the value of the transaction. In these cases, you record the cash equivalent value of the transactions (see section 20.8).

As recommended by the 1967 President's Commission on Budget Concepts, the budget records money collected by Government agencies in one of two ways – depending on the nature of the activity generating the collection and the law that established the collection:

Governmental receipts, which are compared in total to outlays (net of offsetting collections and offsetting receipts) to calculate the surplus or deficit; or

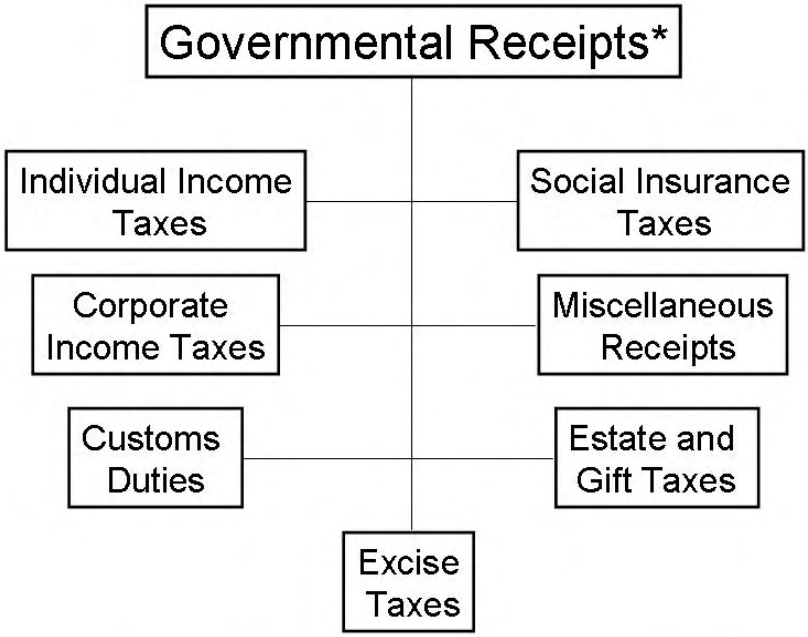
Offsets to budget authority and outlays (classified as either offsetting collections or offsetting receipts), which are deducted from gross budget authority and outlays to produce net budget authority and outlay figures.



(b) *Governmental receipts*.

Governmental receipts are collections that result from the Government's exercise of its sovereign power to tax or otherwise compel payment and gifts of money to the Government. Sometimes they are called receipts, Federal receipts, or revenues. They consist mostly of individual and corporation income taxes and social insurance taxes, but also include excise taxes, compulsory user changes, regulatory fees, custom duties, court fines, certain license fees, and deposits of earning by the Federal Reserve System. Governmental receipts are deposited in receipt accounts. See section 20.7(f) for more detail on receipt accounts.

The types of governmental receipts are summarized in the diagram below. Total governmental receipts for the Federal Government include both on-budget and off-budget receipts.



* Sometimes called "receipts" or "Federal receipts. "

For more information on collections, see chapter 17, "Federal Receipts" in the Analytical Perspectives volume of the 2007 Budget.

(c) *General information about offsets to budget authority and outlays*.

Offsetting collections and offsetting receipts are recorded as offsets to spending, not as additions to the receipt side of the budget. They are recorded as offsets to spending so that the budget totals represent governmental rather than market activity and to prevent double counting from intragovernmental transactions. This ensures that the Budget totals measure the transactions of the Government with the public. They are recorded in the budget in one of two ways, based on interpretation of laws and longstanding budget concepts and practice. They are offsetting collections when the collections are authorized to be credited to expenditure accounts. Otherwise, they are deposited in receipt accounts and called offsetting receipts. See section 20.7(f) for more detail on receipt and expenditure accounts.

Offsetting collections and offsetting receipts are classified according to the type and source of the money collected and how it is treated in the budget. Offsetting collections and offsetting receipts result from one of the following types of transactions:

Business-like transactions or market-oriented activities with the public—collections from the public in exchange for goods or services. The budget records these amounts as offsetting collections from non-Federal resources for offsetting collections or as proprietary receipts for offsetting receipts. The amounts are deducted from gross budget authority and gross outlays, rather than added to receipts. This produces budget totals for receipts, budget authority, and outlays that represent governmental rather than market activity.

Intragovernmental transactions—collections from other Federal Government accounts. The budget records collections by one Government account from another as offsetting collections from Federal sources for offsetting collections or as intragovernmental receipts for offsetting receipts. The amounts

are deducted from gross budget authority and gross outlays so that the budget totals measure the transactions of the Government with the public.

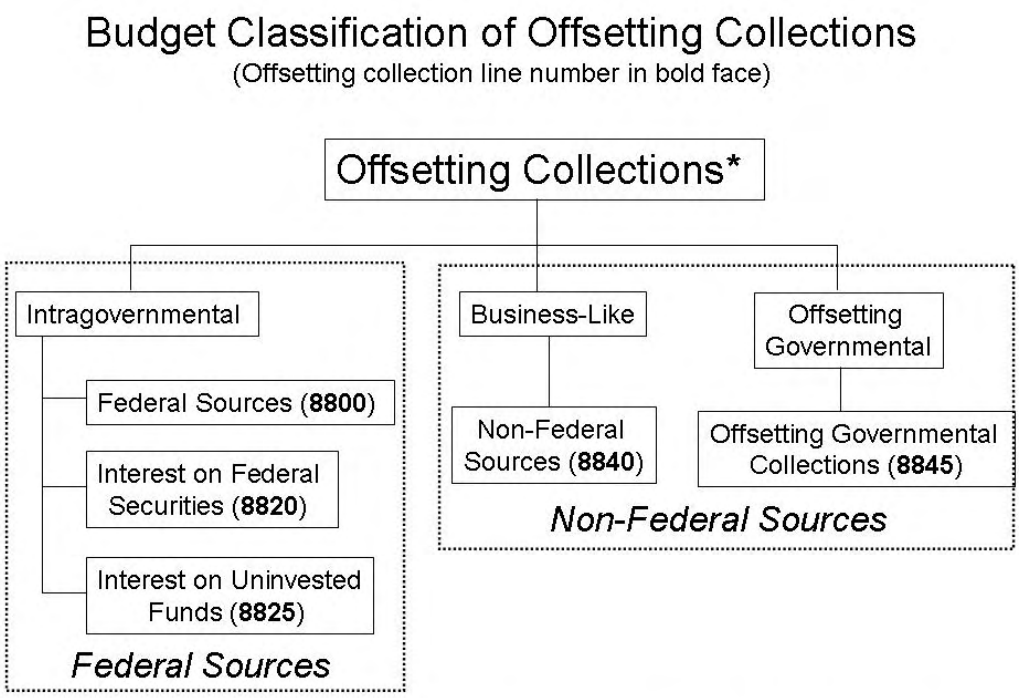
Offsetting governmental transactions—collections from the public that are governmental in nature (e.g., tax receipts, regulatory fees, compulsory user charges) but required by law to be misclassified as offsetting. The budget records amounts from non-Federal sources that are governmental in nature as offsetting governmental collections for offsetting collections or as offsetting governmental receipts for offsetting receipts.

(d) *Offsetting collections*.

Some laws authorize agencies to credit collections directly to the account from which they will be spent. Most revolving funds operate with such authority. Offsetting collections credited to expenditure accounts automatically offset outlays and budget authority at the expenditure account level. Where accounts have offsetting collections, the budget shows the budget authority and outlays of the account both gross (before deducting offsetting collections) and net (after deducting offsetting collections). Totals for the agency, subfunction, and budget are net of offsetting collections.

Line codes are used to identify the source of the collections in OMB's budget database. See the table on "Offsets" in section 82.6 for the offsetting collection line entries and the definitions. The lines are presented in the program and financing (schedule P) in the Appendix to the President's Budget.

The following chart summarizes the coding used in MAX schedule P:



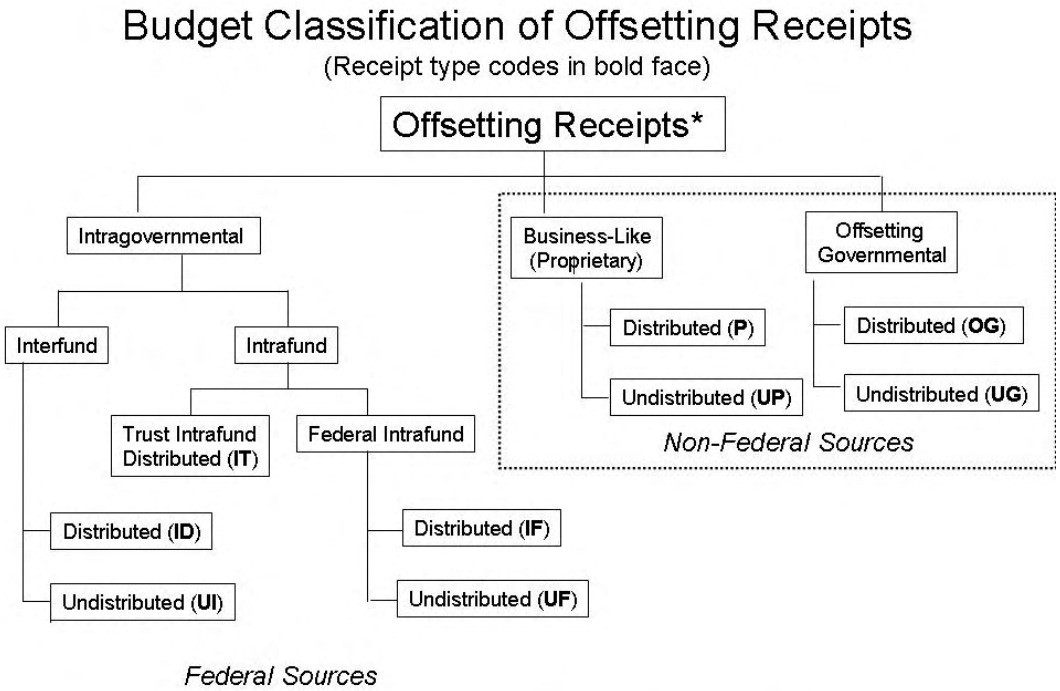
*Normally offsets budget authority and outlays at the expenditure account level.

(e) *Offsetting receipts*.

Collections that are offset against gross outlays and budget authority but are not authorized to be credited to expenditure accounts are credited to receipt accounts and are called offsetting receipts. They are deducted from budget authority and outlays in arriving at total budget authority and outlays. However, unlike offsetting collections that are credited to expenditure accounts, offsetting receipts do not offset budget authority and outlays at the account level. Most offsetting receipts deposited in receipt accounts are offset at the agency and subfunction levels. We call these distributed offsetting receipts. A few offsetting receipts are offset at government-wide totals. We call these undistributed offsetting receipts. For more information on the magnitude of undistributed offsetting receipts see Table 4, Undistributed Offsetting Receipts, in the Object Class Analysis report that accompanies the President's annual budget.

Within OMB's budget database, offsetting receipts are coded to identify the types of offsetting receipt (e.g., governmental, proprietary, intragovernmental) and to identify how they are treated (e.g., offset at the agency and function level). Each offsetting receipt type also has a number of unique and associated source category codes that enable MAX to produce tables needed for the Budget. These are assigned by OMB when the account is established (see exhibit 79B).

The following chart summarizes the receipt types, with associated receipt type codes in parentheses, for the various types of offsetting receipts.



* Normally offsets budget authority and outlays at the agency level.

(f) *Receipt accounts and expenditure accounts*.

The placement of collections in receipt accounts or expenditure accounts is based on the interpretation of laws and long-standing budget concepts and practice.

Receipt accounts.—A general law requires that, except as provided by another law, an official or agent of the Government who receives money for the Federal Government from any source shall deposit the money in the Treasury as soon as practicable. This law (31 USC 3302) is generally referred to as the

"Miscellaneous Receipts Act". The Department of the Treasury, in consultation with OMB, interprets this law as requiring all collections to be deposited in general fund receipt accounts, which as a group comprise part of "the general fund."

Some laws earmark collections from a certain source for a specific purpose. Depending on the legal requirements, Treasury deposits these collections in special fund receipt accounts, trust fund receipt accounts, or credits the collections directly to expenditure accounts, including revolving fund accounts. The legislation also specifies whether the earmarked receipts are (i) available for obligation and outlay without further appropriations action by Congress (i.e., available), or (ii) not available for obligation or outlay until Congress makes the amounts available in annual appropriations or other acts (i.e., unavailable). However, in some cases, receipts are considered to be unavailable because a benefit formula or limitation precludes their use. These amounts of receipts may become available subsequently without appropriations action. See section 20.4(b) (5) for more information about amounts precluded from obligation.

When the collections in the receipt accounts are available for obligation and outlay, the amounts are appropriated to general fund, special fund, trust fund, or other expenditure accounts, as discussed below.

Expenditure accounts.—Some laws override the requirement to first deposit collections in receipt accounts. These collections are credited directly to expenditure accounts, where the collections are generally available for obligation and outlay without further action by Congress. These collections are called offsetting collections. Most revolving funds operate under such authority. These include public enterprise, intragovernmental, and trust revolving funds. In addition, the Economy Act allows Federal agencies or bureaus within agencies to do work for each other. When one account reimburses another account for this work, the Act authorizes the collections to be credited directly to the expenditure account that provided the goods and services.

(g) *User charges*.

User charge means a fee, charge, or assessment the Government levies on a class of the public directly benefiting from, or subject to regulation by, a Government program or activity. We record user charges as governmental receipts, offsetting collections, or offsetting receipts using the criteria described above. The authorizing law must limit the payers of the charges to those benefiting from, or subject to regulation by, the program or activity.

User charges include:

- Collections from non-Federal sources for goods and services provided (for example, the proceeds from the sale of goods by defense commissaries, electricity by power marketing administrations, stamps by the Postal Service; fees charged to enter national parks; and premiums charged for flood and health insurance);
- Voluntary payments to social insurance programs, such as Medicare Part B insurance premiums;
- Miscellaneous customs fees (for example, United States Customs Service merchandise processing fees);
- Proceeds from asset sales (property, plant, and equipment);
- Proceeds from the sale of natural resources (such as timber, oil, and minerals);
- Outer Continental Shelf receipts;

- Spectrum auction proceeds;
- Many fees for permits, and regulatory and judicial services;
- Specific taxes and duties on an exception basis; and
- Credit program fees deposited into the credit program account and recorded in the budget on a current basis.

User charges do not include:

- Collections from other Federal accounts;
- Collections associated with credit programs, except for credit program fees deposited into credit program accounts and recorded in the budget on a current basis.
- Realizations upon loans and investments;
- Interest, dividends, and other earnings;
- Payments to social insurance programs required by law;
- Excise taxes;
- Customs duties;
- Fines, penalties, and forfeitures;
- Cost-sharing contributions; and
- Federal Reserve System deposits of earnings.

(h) *Means of financing*.

These are monies received or paid by the Government that are not counted in the budget totals as either collections (governmental receipts, offsetting collections, or offsetting receipts) or outgo (outlays). Borrowing and the repayment of debt are the primary means of financing. Others are listed below. These monies finance outlays when there is a deficit—that is, when outlays (net of offsetting collections and offsetting receipts) exceed receipts. When there is a surplus—that is, when receipts exceed outlays (net of offsetting collections and offsetting receipts)—the means of financing may be used, together with the surplus, to retire debt.

Most of the individual means of financing represent changes in assets or liabilities and therefore can either be a source of financing for the Government or require financing themselves. For example, if the disbursements from credit financing accounts exceed their collections, which is normal, the difference must be financed by receipts or the other means of financing; if the disbursements are less than the collections, the difference may be used to reduce borrowing or to provide any financing required by the other means of financing. The means of financing other than borrowing and repayment of debt include:

- Net financing disbursements by direct loan and guaranteed loan financing accounts.
- Seigniorage (the profit from coining money) and profits on the sale of gold (a monetary asset).
- Certain exchanges of cash, such as deposits by the U.S. in the International Monetary Fund.
- Changes in Treasury's operating cash balance, uninvested deposit fund balances, and checks outstanding.

- Treasury debt buyback premiums and discounts (see section 113).

For more information on the means of financing, see the section on Budget Deficit or Surplus and Means of Financing in Chapter 26, "The Budget System and Concepts" of the Analytical Perspectives volume of the President's Budget.

20.8 What do I need to know about cash-equivalent transactions?

Normally the amount of cash disbursed or collected is the appropriate measure of the value of the transaction, and you record outlays or collections equal to the cash that changes hands. In other cases, however, the cash disbursed or collected doesn't accurately measure the value of the transactions. In these cases, you should record the cash-equivalent value of the transactions in the budget. The following are some examples of cash-equivalent transactions:

- *Federal employee salaries*. You record an outlay for the full amount of an employee's salary, even though the cash disbursement is net of Federal and state income taxes, retirement contributions, life and health insurance premiums, and other deductions. We record collections for the deductions that are payments to the Government.

- *Debt instruments*. When the Government receives or makes payments in the form of debt instruments (such as bonds, debentures, monetary credits, or notes) in lieu of cash, we record collections or outlays in the budget on a cash-equivalent basis. The Government can borrow from the public to raise cash and then outlay the cash proceeds to liquidate an obligation, or, if authorized in law, it may liquidate the obligation by issuing securities in lieu of the cash. The latter method combines two transactions into one—borrowing and an outlay. Combining these transactions into one does not change the nature of the transactions. Since the two methods of payment are equivalent, we require you to record the same amount of outlays for both cases. Similarly, when the Government accepts securities in lieu of cash from the public in payment of an obligation owed to the Government, we record offsetting receipts or collections. In one program, for example, a Government agency may choose whether to pay default claims against it in cash or by issuing debentures in lieu of cash; the agency records the same amount of outlays in either case. In turn, a recipient of these debentures may choose to pay the fees that it owes to the Government either in cash or by returning debentures of equivalent value that it holds. The agency records the same amount of offsetting receipts or collections in either case.

- *Lease-purchases*. We require you to record an outlay for the acquisition of physical assets through certain types of lease-purchase arrangements as though the transaction was an outright purchase or direct Federal construction. Lease-purchase transactions in which the Government assumes substantial risk are equivalent to the Government raising cash by borrowing from the public and purchasing the asset directly by disbursing the cash proceeds. You must report outlays over the period that the contractor constructs, manufactures, or purchases the asset that will be leased to the Government, not when the Government disburses cash to the developer for lease payments. Because the Government pays no cash up front to the nominal owner of the asset, the transaction creates a Government debt. In such cases, we treat the subsequent cash lease payments as the equivalent of interest outlays on that debt and principal repayments. (See Appendix B).

The scorekeeping effect of cash-equivalent transactions applies to budget authority, as well as to outlays and collections. You record the authority to incur obligations that will be liquidated through cash-equivalent payments as budget authority.

The use of cash-equivalents often results in an increase or decrease in Federal debt. In the previous example of the Government using debentures to pay claims, we record the issuance of a debenture as an

increase in debt, and we record the Government's acceptance of a debenture for payment of fees as a decrease in debt. We also record an increase in debt as the means of financing the cash-equivalent outlays of lease-purchase arrangements in which the Government assumes substantial risk.

20.9 What do I need to know about discretionary spending, mandatory spending, and PAYGO?

(a) *Overview*.

The Budget Enforcement Act (BEA), first enacted in 1990 and extended in 1993 and 1997, significantly amended the laws pertaining to the budget process. The BEA expired at the end of 2002. The Administration proposes to extend the BEA's mechanisms for limiting discretionary spending and to establish mandatory spending controls, and, even though the BEA has expired, we continue to apply many of the concepts and scorekeeping principles embodied in it in our review of legislation. This section describes some of the key requirements of the BEA. Chapter 24, "Budget System and Concepts and Glossary," in the *Analytical Perspectives* volume of the 2004 Budget, discusses the Budget Enforcement Act in more detail.

The Act divided spending into two types—discretionary and mandatory:

1. Discretionary spending means the budget authority controlled by annual appropriations acts and the outlays that result from that budget authority. For example, the budget authority and outlays for the salaries and other operating expenses of Government agencies are usually controlled by annual appropriations acts and, therefore, are usually discretionary. Where obligation limitations set in appropriations acts limit permanent budget authority, except trust fund accounts in the Department of Transportation, we define the budget authority for the account as discretionary in an amount equal to the limit. For the Transportation trust funds, the budget authority remains mandatory, although the funds' outlays are discretionary.

2. Mandatory spending means budget authority and outlays controlled by permanent laws. For example, permanent laws authorize payments for Medicare and Medicaid, unemployment insurance benefits, and farm price supports, so the budget authority and outlays for these programs are mandatory. In addition, budget authority provided in annual appropriations acts for certain programs is treated as mandatory because the authorizing legislation entitles beneficiaries to receive payment or otherwise obligates the Government to make payment. Congress controls the size of the Government's obligation by changing the authorizing legislation, not by funding provided in subsequent appropriation. Also, the BEA specifically defines funding for the Food Stamp program as mandatory spending, even though annual appropriations acts provide funding for the program, and the authorizing legislation doesn't create an entitlement. Mandatory spending is the term commonly used for this kind of spending, although the BEA calls it "direct spending".

The Joint Explanatory Statement of the Committee of Conference for the Balanced Budget Act of 1997 classified all accounts under the Appropriations Committee's jurisdiction at the time as discretionary or mandatory. The "scorekeepers" (House and Senate Budget Committees, CBO, and OMB) consult on the classification of new accounts and may reclassify an existing account. While mandatory and discretionary classifications were used for measuring compliance with the BEA, they do not determine whether a program provides legal entitlement to a payment or benefit or the availability of funding. You should address questions about BEA classifications and legal entitlements to your OMB representative.

The BEA applied one set of rules to discretionary spending and another to mandatory spending and receipts. The rules for receipts were the same as for mandatory spending, because receipts are generally controlled by permanent laws. The Explanatory Statement referred to in the previous paragraph provided scorekeeping guidelines that the scorekeepers used in interpreting the rules. The BEA authorized the scorekeepers to revise the guidelines if all agree on the revision. Appendix A contains the most recent guidelines. Even though the BEA has expired, OMB, the budget committees, and CBO continue to apply these scorekeeping principles in measuring the effects of legislation.

(b) *Discretionary spending caps*.

The BEA defined categories of discretionary spending and specified dollar limits known as "caps" on the amount of spending in each category. The categories varied from year to year. If the amount of budget authority or outlays provided in appropriations acts for a given year exceeded the cap for that category, the BEA required a procedure, called sequestration, for reducing the spending in the category. The President was required to issue a sequestration order reducing most programs in the category by a uniform percentage. Special rules applied in reducing some programs, and the BEA exempted some programs from sequestration.

The BEA required OMB to adjust the caps for appropriations for emergencies—any appropriation designated as emergency spending by both the Congress and the President—and for certain other specified purposes. Thus, these appropriations could not trigger a sequestration. The BEA also required OMB, in consultation with Congress, to adjust the caps for the effects of conceptual changes. If the Congress and the President designated an appropriation as an emergency requirement, we scored the appropriations act for the budget authority and estimated outlays when it was enacted, and we increased the discretionary caps by the same amounts in the next sequestration report.

The BEA required that substantive changes to or restrictions on entitlement law or other mandatory spending law specified in appropriations laws (including changes in offsetting receipts or collections) be treated as changes in discretionary spending for the purposes of scoring those appropriations laws. However, in the subsequent budget, OMB could decide to reclassify such changes, especially in accounts that are generally mandatory, and make a compensating adjustment to the discretionary caps. This was sometimes referred to as "rebasing".

(c) *Pay-as-you-go (PAYGO) requirements*.

The BEA did not cap mandatory spending. Instead, it required all laws that affected mandatory spending or receipts to be enacted on a "pay-as-you-go" (PAYGO) basis. That means that if such a law increased the deficit or decreased the surplus in the budget year or any of the four following years, another law had to be enacted with an offsetting reduction in spending or increase in receipts for each year that was affected. Otherwise, a sequestration would be triggered in the fiscal year the deficit would be increased. The BEA sequestration procedures required a uniform reduction of mandatory spending programs that were neither exempt nor subject to special rules.

The PAYGO rules didn't apply to increases in mandatory spending or decreases in receipts that didn't result from new laws. For example, mandatory spending for benefit programs, such as unemployment insurance, rises when the population of eligible beneficiaries rises, and many benefit payments are automatically increased for inflation under existing laws. Also, if both the Congress and the President designated a provision of mandatory spending or receipts legislation as an emergency requirement, we did not score the effect of the provision as PAYGO.

20.10 What do I need to know about refunds?

Refunds are the repayments of excess payments. The amounts are directly related to previous obligations incurred and outlays made against the appropriation. Refunds received are deposited to the credit of the appropriation or fund account charged with the original obligations as explained in the following table:

The following table explains how to record refunds received:

If you...	And the appropriation against which the obligation was incurred...	You...
(1) receive a refund of funds that were obligated and outlayed in that year	remains available (usually the case)	reduce the total amount of obligations and outlays recorded for the year in the budget schedules.
(2) receive a refund of funds that were obligated and outlayed in a previous year	remains available for new obligations	record the refund as an offsetting collection, increasing spending authority from offsetting collections.
(3) receive a refund of funds that were obligated and outlayed in a previous year	has expired but is not yet canceled	record the refund as offsetting collections (cash) credited to expired accounts (i.e., as offsetting collections on lines 8800–8845 and as offsetting collections credited to expired accounts on line 8896 of the P&F schedule). These offsetting collections are not reported as new budget authority; they are offset against gross outlays but not against gross budget authority.
(4) receive a refund of funds that were obligated in a previous year	has been canceled	deposit the refund in miscellaneous receipts of the Treasury.

Record refunds paid as follows:

- Record refunds paid by an expenditure account as an obligation and an outlay of the account.
- Record refunds of receipts that result from overpayments (such as income taxes withheld in excess of a taxpayer's income tax liability) as reductions of receipts, rather than as outlays. This does not include payments to a taxpayer for credits (such as an earned income tax credit) that exceed the taxpayer's income tax liability. Record these as outlays, not as refunds.

20.11 What do I need to know about advances?

Advances are amounts of money prepaid to a Federal Government account for the later receipt of goods, services, or other assets, or as matching funds.

When an advance is required, the budgetary resource provided by the order is equal to the cash accompanying the order. The advance, per se, is not available for obligation. If both the order and the advance were available for obligation, budgetary resources would be double-counted.

Deposit advances with orders in the appropriate appropriation/fund or receipt account.

Deposit advances without orders as follows:

If the advance is from...	Deposit the advance in...
A non-Federal source	Deposit fund account (6500)
A Federal source	An intragovernmental clearing account (F3885)

When a reimbursable agreement with another Federal account is accompanied by a cash advance, you may disburse to pay obligations associated with that advance. However, if you are authorized to incur obligations against customer orders from other Federal accounts without an advance, the order establishes obligational authority only and you may not disburse the account into a negative position (see section 145.2 on Antideficiency Act violations.

20.12 What do I need to know about accounts and fund types?

(a) *Accounts*.

The term account may refer to a receipt or expenditure account. Governmental receipts and offsetting receipts are deposited into receipt accounts (see section 20.7). Receipt accounts are not available for incurring obligations or making outlays. Expenditure accounts are provided with budget authority (e.g., appropriations or offsetting collections) and are used to incur obligations and make outlays. Receipt and expenditure accounts are further classified into fund types (e.g., general funds and special funds). Fund types are discussed in subsections 20.12(b) through 20.12(f).

The term account may also refer to Treasury accounts and budget accounts. When Congress provides budget authority for a particular purpose or under a particular title, it also provides a specific period of time for which the budget authority is available for obligation. This time period of availability (POA) may be annual, multi-year, or no-year.

Treasury establishes expenditure accounts based on the POA of the resources in the account. That is, Treasury establishes separate accounts with separate Treasury appropriation fund symbols (TAFS) for each POA, i.e., annual, multi-year, or no-year amount. For budget execution, which is governed largely by the Antideficiency Act, you must report data for each of the TAFS expenditure accounts established by Treasury (see section 130).

A budget account generally covers an organized set of activities, programs, or services directed toward a common purpose or goal. For budget formulation, the appropriations and other budget authority provided to TAFS accounts with the same appropriation title for the years covered by the budget are combined and presented as a single account under a single title, e.g., "Salaries and expenses." As an illustration, the FY 2006 column of the program and financing schedule for a "Salaries and expenses" account in the Appendix would include, as appropriate, outlays made in FY 2006 from the unexpired FY 2006 appropriation, the FY 2004–2006 multi-year appropriation, the no-year appropriation, and the five expired annual appropriations (FY 2001 through FY 2005).

For receipt accounts, the budget and Treasury accounts are usually the same.

For information on account identification codes, see section 79.2.

(b) *Overview of fund types*.

Agency activities are financed through general funds, special funds, and revolving funds (public enterprise revolving funds, intragovernmental revolving funds, credit financing accounts), which constitute the Federal funds group, and trust funds and trust revolving funds, which constitute the trust

funds group. General, special, and trust fund collections and disbursements may be held temporarily in clearing accounts pending clearance to the applicable account. Agencies account for amounts that are not Government funds in deposit funds. The following table summarizes the characteristics of these funds. The text following the table discusses the types of funds in more depth.

CHARACTERISTICS OF FUND TYPES AND THEIR ACCOUNTS

Fund Type/Account **Treasury Account Symbol**	**What is the purpose of the account?**	**Are receipt accounts and expenditure accounts linked?**	**Are these funds included in the budget?**
Federal funds:			
General fund receipt accounts (0000–3899)	Record unearmarked receipts.	No.	Yes.
General fund expenditure accounts (0000–3899)	Record budget authority, obligations, and outlays of general fund receipts and borrowing. Record offsetting collections authorized by law, such as the Economy Act, and associated budget authority, obligations, and outlays.	No, general fund appropriations draw from general fund receipts collectively.	Yes.
Special fund receipt accounts (5000–5999)	Record receipts earmarked by law for a specific purpose (other than business-like activity).	Yes.	Yes.
Special fund expenditure accounts (5000–5999)	Record budget authority, obligations, and outlays of special fund receipts. Record offsetting collections authorized by law, such as the Economy Act, and associated budget authority, obligations, and outlays	Yes.	Yes.
Public enterprise revolving funds (4000–4499)	Record offsetting collections earmarked by law for a specific purpose and associated budget authority, obligations, and outlays for a business-like activity conducted primarily with the public.	Not applicable. Collections are credited to the expenditure account.	Yes.[1]
Intragovernmental revolving funds (including working capital funds) (4500–4999)	Record offsetting collections earmarked by law for a specific purpose and associated budget authority, obligations, and outlays for a business-like	Not applicable. Collections credited to the expenditure account.	Yes.

Fund Type/Account Treasury Account Symbol	What is the purpose of the account?	Are receipt accounts and expenditure accounts linked?	Are these funds included in the budget?
	activity conducted primarily within the Government.		
Trust funds:			
Trust fund receipt accounts (8000–8399 and 8500–8999)	Record receipts earmarked by law for a specific purpose (other than a business-like activity).	Yes.	Yes.[1]
Trust fund expenditure accounts (8000–8399 and 8500–8999)	Record budget authority, obligations, and outlays of trust fund receipts. Record offsetting collections authorized by law, such as the Economy Act, and associated budget authority, obligations, and outlays.	Yes.	Yes.[1]
Trust revolving funds (8400–8499)	Record offsetting collections earmarked by law for a specific purpose and associated budget authority, obligations, and outlays for a business-like activity conducted primarily with the public.	Not applicable. Collections credited to the expenditure account.	Yes.
Other: (non-budgetary)			
Clearing accounts (F3800–F3885)	Temporarily hold general, special, or trust fund Federal Government collections or disbursements pending clearance to the applicable receipt or expenditure accounts.	Not applicable. Deposits and disbursements are recorded in the same account.	Yes, once they are posted to either a receipt or expenditure account.
Deposit funds (6000–6999)	Record deposits and disbursements of monies not owned by the Government or not donated to the Government (amounts donated to the Government are deposited in a special or trust fund account).	Not applicable. Deposits and disbursements are recorded in the same account.	No.

[1] By law, the budget authority and the outlays (net of offsetting collections) of the Postal Service Fund (a revolving fund), and the receipts, budget authority, and outlays of the two social security trust funds (the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund) are excluded from the on-budget

totals. The budget documents present these amounts as "off-budget" and adds them to the budget totals to show totals for the Federal Government (sometimes called unified budget totals).

(c) *Federal funds*.

Federal funds comprise several types of accounts or funds. A general fund receipt account records receipts not earmarked by law for a specific purpose, such as individual income tax receipts. A general fund expenditure account records appropriations from the general fund and the associated transactions, such as obligations and outlays. General fund appropriations draw from general fund receipts collectively and, therefore, are not specifically linked to receipt accounts.

The Federal funds group also includes special funds and revolving funds, both of which earmark collections for spending on specific purposes. We establish a special fund where the law requires us to earmark collections from a specified source to finance a particular program, and the law neither authorizes the fund to conduct a cycle of business-type operations (making it a revolving fund) nor designates it as a trust fund. For example, a law established the Land and water conservation fund, earmarking a portion of rents and royalties from Outer Continental Shelf lands and other receipts to be used for land acquisition, conservation, and recreation programs. The receipts earmarked to a fund are recorded in one or more special fund receipt accounts. More than one receipt account may be necessary to distinguish different types of receipts (governmental, proprietary, etc.) and receipts from significantly different types of transactions (registration fees vs. fines and penalties, for example). The fund's appropriations and associated transactions are recorded in a special fund expenditure account. Most funds have only one expenditure account, even if they have multiple receipt accounts. However, a large fund, especially one with appropriations to more than one agency (such as the Land and water conservation fund), may have more than one expenditure account. The majority of special fund collections are derived from the Government's power to impose taxes, fines, and other compulsory payments, and they must be appropriated before they can be obligated and spent.

Revolving funds conduct continuing cycles of business-like activity. They charge for the sale of products or services and use the proceeds to finance their spending. Instead of recording the collections in receipt accounts (as offsetting receipts), the budget records the collections and the outlays of revolving funds in the same account. The laws that establish revolving funds authorize the collections to be obligated and outlayed for the purposes of the fund without further appropriation. The law of supply and demand is expected to regulate such funds. However, in some cases, Congress enacts obligation limitations on the funds in appropriations acts as a way of controlling their expenditures (for example, a limitation on administrative expenses). There are two types of revolving funds in the Federal funds group. Public enterprise funds, such as the Postal Service Fund, conduct business-like operations mainly with the public. Intragovernmental funds, such as the Federal Buildings Fund, conduct business-like operations mainly within and between Government agencies.

(d) *Trust funds*.

Trust funds account for the receipt and expenditure of monies by the Government for carrying out specific purposes and programs in accordance with the terms of a statute that designates the fund as a trust fund (such as the Highway Trust Fund) or for carrying out the stipulations of a trust agreement where the Nation is the beneficiary (such as any of several trust funds for gifts and donations for specific purposes). Like special funds and revolving funds, trust funds earmark collections for spending on specific purposes. Many of the larger trust funds finance social insurance payments for individuals, such as Social Security, Medicare, and unemployment compensation. Other major trust funds finance military and Federal civilian employees' retirement, highway and mass transit construction, and airport and airway development.

A trust fund normally consists of one or more receipt accounts to record receipts and an expenditure account to record the appropriation of the receipts and associated transactions. Some trust funds have multiple receipt accounts for the same reasons that special funds have them. Also, like special funds,

large trust funds (such as the Highway Trust Fund) may have multiple expenditure accounts. A few trust funds, such as the Veterans Special Life Insurance fund and the Employees Life Insurance Fund, are established by law as revolving funds. These funds operate the same way as revolving funds in the Federal funds group, and we call them trust revolving funds. They conduct a cycle of business-type operations. The collections are credited to the expenditure account as offsetting collections and their outlays are displayed net of collections in a single expenditure account.

The Federal budget meaning of the term "trust", as applied to trust fund accounts, differs significantly from its private sector usage. In the private sector, the beneficiary of a trust usually owns the trust's assets, which are managed by a trustee who must follow the stipulations of the trust. In contrast, the Federal Government owns the assets of most Federal trust funds, and it can raise or lower future trust fund collections and payments, or change the purposes for which the collections are used, by changing existing laws. There is no substantive difference between these trust funds and special funds or between trust revolving funds and public enterprise revolving funds. Whether a particular fund is designated in law as a trust fund is, in many cases, arbitrary. For example, the National Service Life Insurance Fund is a trust fund, but the Servicemen's Group Life Insurance Fund is a Federal fund, even though both are financed by earmarked fees paid by veterans and both provide life insurance payments to veterans' beneficiaries. There are a few Federal trust funds that are managed pursuant to a trust agreement. These are identified in the budget as "gift funds". In addition, the Government does act as a true trustee on behalf of some entities outside of the Government where it makes no decisions about the amount of these deposits or how they are spent. For example, it maintains accounts on behalf of individual Federal employees in the Thrift Savings Fund, investing them as directed by the individual employee. The Government accounts for such funds in deposit funds (see the section after next).

(e) *Clearing accounts*.

You use clearing accounts to temporarily account for transactions that you know belong to the Government while you wait for information that will allow you to match the transaction to a specific receipt or expenditure account. For example:

- To temporarily credit unclassified transactions from the public when there is a reasonable presumption that the amounts belong to a Federal Government account other than miscellaneous receipts in the Treasury.

- To temporarily credit unclassified transactions between Federal agencies, including Intragovernmental Payment and Collection (IPAC) transactions.

You should not use clearing accounts to mask an overobligation or overexpenditure of an expenditure account.

(f) *Deposit funds*.

You use deposit funds to account for monies that do not belong to the Government. This includes monies held temporarily by the Government until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State and local income taxes withheld from Federal employees' salaries and not yet paid to the State or local government). We exclude deposit fund transactions, as such, from the budget totals because the funds are not owned by the Government. Therefore, the budget records transactions between deposit funds and budgetary accounts as transactions with the public. For example, when the mineral leasing process has been completed, the winning bidder's earnest money is transferred from the deposit fund to the appropriate receipt account and the budget records a receipt. Similarly, outlays are recorded in an agency's salaries and expense account when a Federal employee is paid, even though some of the amount is transferred to a deposit fund for State and local income taxes withheld and paid later to the State and local government. Deposits and associated disbursements are recorded in the same account.

20.13 What do I need to know about reimbursable work?

Agencies can perform reimbursable work for the public or other Federal agencies. The types of laws that allow you to use advances or reimbursements in return for providing others with goods and services are:

- Laws that establish revolving funds, including franchise funds and working capital funds;
- Provisions in appropriations or substantive laws that allow agencies to use the amounts they collect; and
- The Economy Act (31.U.S.C. 1535).

(a) *Revolving funds*.

You may use a revolving fund when a law establishes the revolving funds and authorizes you to credit payments to the revolving fund that performs the work. Revolving funds operate on a reimbursable basis when working capital (undisbursed cash) is available. Otherwise, advance payments must accompany orders. You may *not* disburse revolving funds into a negative cash position in anticipation of Federal or non-Federal reimbursements because of the Antideficiency Act.

(b) *Payments from the public*.

If the law authorizes an expenditure account to perform work for the public and to credit collections from the public as spending authority, you may cover obligations incurred by the account by:

- Advances collected up to the amount of accompanying orders (see section 20.11 for treatment of amounts greater than the order).
- Working capital that is available for this purpose.

(c) *Economy Act*.

The Act authorizes the head of an agency or major organizational unit within an agency to place an order with a major organizational unit within the same agency or another Federal agency for goods or services provided that:

- The ordering agency has enough money to pay for the order.
- The head of the ordering agency or unit decides the order is in the best interest of the United States Government.
- The agency or unit to fill the order is able to provide or get by contract the ordered goods or services.
- The head of the ordering agency decides that the ordered goods or services cannot be provided by contract as conveniently or cheaply by a commercial enterprise.
- Transactions authorized by the Economy Act are limited by the statutory requirement that the amount obligated by the ordering appropriation is required to be deobligated to the extent that the agency or unit filling the order has not incurred obligations before the end of the period of availability of the ordering appropriation.

Under the Economy Act, payment (via expenditure transfer) may be made in advance or reimbursements may be made. Advances and reimbursements from other Federal Government appropriations are available for obligation when the ordering appropriation records a valid obligation to cover the order. The Act states that the providing (servicing) agency shall charge the ordering (requesting) agency "on the basis of the actual cost of goods or services provided" as agreed to by the agencies. Specific questions about Economy Act requirements should be directed to the agency's Chief Financial Officer and/or Office of General Counsel.

Transfers[1] of Budgetary Resources Among Federal Government Accounts

TYPE OF TRANSACTION	NATURE OF TRANSACTION	TREASURY ACCOUNTING TREATMENT	BUDGET TREATMENT
I. NONEXPENDITURE TRANSFERS			
A. TRANSFER OF AUTHORITY TO OBLIGATE	Transfers to carry out the purposes of the RECEIVING ACCOUNT, for example, to shift resources from one purpose to another or to reflect a reorganization.	TRANSFER via S.F. 1151	The TRANSFERRING ACCOUNT reports a transfer out of budget authority or balances. THE RECEIVING ACCOUNT reports a transfer in.
B. ALLOCATION OF AUTHORITY TO OBLIGATE i.e., transfers to transfer appropriation accounts	Transfers to carry out the purposes of the PARENT ACCOUNT.	TRANSFER via S.F. 1151	Obligations and outlays are reported by the PARENT ACCOUNT.
II. EXPENDITURE TRANSFERS			
A. EXPENDITURE TRANSFER PAYMENTS BETWEEN TWO FEDERAL FUNDS OR BETWEEN TWO TRUST FUNDS	Payments to carry out the purposes of the PAYING ACCOUNT, such as payments in return for goods and services authorized under the Economy Act. Payments that represent financial interchanges between Federal government accounts that are not in exchange for goods and services.	PAYMENTS via S.F. 224 or electronic funds transfer.[2]	Obligations and outlays are reported by the PAYING account. Offsetting collections are reported by the RECEIVING account. The collections are (1) ADVANCES or (2) REPAYMENTS in the form of REIMBURSEMENTS or REFUNDS.
B. EXPENDITURE TRANSFER PAYMENTS BETWEEN FEDERAL AND TRUST FUNDS	All transfers between the two fund groups are expenditure transfers.	PAYMENTS via S.F. 224 or electronic funds transfer.	Same as above.

[1] A transfer is distinguished from a reprogramming in that a reprogramming always involves the shifting of budgetary resources within a Treasury account whereas a transfer usually involves the shifting of budgetary resource between two Treasury accounts. However, the shifting of budgetary resources within a single Treasury account should be considered a transfer if the action moves budgetary resources between separate statutory appropriations.

[2] For non-Treasury disbursing offices, the equivalent of the SF 224 is the SF 1219, Statement of Accountability, and SF 1220, Statement of Transactions.

SECTION 22—COMMUNICATIONS WITH THE CONGRESS AND THE PUBLIC AND CLEARANCE REQUIREMENTS

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Summary of Changes

Reminds agencies that outyear discretionary data is pre-decisional and should not be released without prior OMB approval (section 22.1).

Instructs agencies to post their congressional budget justification materials, which include detailed descriptions of agencies' activities and proposals at the program, project, and activity level, on the internet within two weeks after transmittal to Congress (section 22.6).

22.1 Confidentiality of budget deliberations.

The nature and amounts of the President's decisions and the underlying materials are confidential. Do not release the President's decisions outside of your agency until the Budget is transmitted to the Congress. The materials underlying those decisions should not be released at any time, except in accordance with this section. In addition, outyear discretionary data is considered pre-decisional and should not be released without prior OMB approval. (For additional information on the confidentiality of pre-decisional budget information, please consult OMB Memorandum M–01–17 of April 25, 2001.)

Presidential decisions on current and budget year estimates (other than forecasts of items that will be transmitted formally later), both in total and in detail, become the "proposed appropriations" as that term is used in the Budget and Accounting Act of 1921, as amended, and must be justified by your agency. Do not release agency justifications provided to OMB and any agency future year plans or long-range estimates to anyone outside the Executive Branch, except in accordance with this section.

22.2 Congressional testimony and communications.

The Executive Branch communications that led to the President's budgetary decisions will not be disclosed either by the agencies or by those who have prepared the budget. In addition, agency justifications provided to OMB and any agency future year plans or long-range estimates will not be furnished to anyone outside the Executive Branch, except in accordance with this section.

When furnishing information on appropriations and budgetary matters, you (and your agency representatives) should be aware of the following limitation on communications:

> "...An officer or employee of an agency may submit to Congress or a committee of Congress an appropriations estimate or request, a request for an increase in that estimate or request, or a recommendation on meeting the financial needs of the Government only when requested by either House of Congress" (31 U.S.C. 1108(e)).

You should also be aware of restrictions on communications to influence legislation that are not conducted through proper official channels (18 U.S.C. 1913).

After formal transmittal of the budget, an amendment, or a supplemental appropriation request, the following policies apply when testifying before any congressional committee or communicating with Members of Congress:

- Witnesses will give frank and complete answers to all questions.

- Witnesses will avoid volunteering personal opinions that reflect positions inconsistent with the President's program or appropriation request.

- If statutory provisions exist for the direct submission of the agency budget request to the Congress, OMB may provide you additional materials supporting the President's Budget request that you will forward to the Congress with the agency testimony. Witnesses will be prepared to explain the agency submission, the request in the President's Budget, and any justification material.

- When responding to specific questions on program and appropriations requests, witnesses will not provide the agency request to OMB or plans for the use of appropriations that exceed the President's request. Typically, witnesses are responsible for one or a few programs, whereas the President is responsible for all the needs of the Federal Government given the revenues available. Where appropriate, witnesses should explain this difference in perspective and that it is therefore not appropriate for them to support appropriations above the President's request.

- When asked to provide a written response that involves a statement of opinion on program and appropriations requests, witnesses will provide a reply through the agency head.

- Do not let your communications be perceived as an "appropriations estimate or request ... or an increase in that estimate or request" (31 U.S.C. 1108). You are expected to support the President's budgetary decisions and seek adjustments to those decisions only through established procedures if your agency head determines such action is necessary.

22.3 Clearance of materials for the Congress and the media.

Policy consistency between the President's Budget and the budget-related materials prepared for the Congress and the media is essential. To ensure this consistency, you are required to submit budget-related materials to OMB for clearance prior to transmittal to congressional committees, individual Members of Congress or their staff, or the media. Unless a specific exemption is approved by OMB, materials subject to OMB clearance include:

- All budget justifications and budget-related oversight materials;

- Testimony before and letters to congressional committees;

- Written responses to congressional inquiries or other materials for the record;

- Materials responding to committee and subcommittee reporting requirements;

- Capability statements;

- Appeals letters;
- Reprogramming requests;
- Related cost information;
- Financial management documents addressing budget and policy issues (e.g., some accountability reports or transmittal documents for audited financial statements); and
- Proposed press releases relating to the President's Budget.

Provide this information to OMB five working days in advance to allow adequate review time. Performance and Accountability Reports should be provided 10 days in advance unless a shorter period is approved by OMB. OMB review of reprogramming requests may take longer in some circumstances (e.g., if the request has not been coordinated or if supporting materials have not been provided concurrently). In exceptional circumstances, where the response time is very short, agencies may request oral clearance or make other arrangements for expedited review. Immediately after the budget transmittal and after subsequent transmittals, provide OMB with a schedule of anticipated congressional reviews that require agency oral and written participation. Revise this schedule as appropriate.

Address any questions you have about this subsection to the OMB representatives whom you normally consult on budget-related matters.

22.4 Clearance of changes to the President's Budget.

If you want to propose changes to the President's Budget (e.g., appropriations language, limitations, balance sheets required by the Government Corporation Control Act, and dollar amounts), you must follow the confidentiality and clearance guidance provided in this section and submit a written request as described in section 110.3. OMB will notify you whether a formal transmittal of the change will be made.

When it is possible to reduce the amount of an appropriations request before action has been taken by the Appropriations Committee of either House, the head of your agency should inform OMB promptly. Before your agency head decides to request restoration of a reduction, the reasons for the reduction, the circumstances under which it was made, and its significance to the President's program should be carefully considered.

22.5 Information available to the public.

Many agency budget documents that are subject to the Freedom of Information Act (FOIA) are exempt from mandatory release pursuant to 5 U.S.C. 552(b)(3). Depending on the nature of the record requested, other FOIA exemptions may apply. When deciding whether to withhold a budget document that is exempt from mandatory release, follow the FOIA memorandum issued by the Attorney General on October 12, 2001. Any discretionary decision by an agency to disclose protected information should be made only after full and deliberate consideration of the institutional interests that could be implicated by disclosure, as well as after consultation with OMB. Agency heads are responsible for determining the propriety of record releases under FOIA.

Certain agencies headed by a collegial body may be required to hold their meetings open to public observation unless the agency properly determines that the matter to be discussed warrants the closing of those meetings for reasons enumerated in the Government in the Sunshine Act (Public Law 94–409). Some meetings covered by that Act may pertain to budgetary information discussed in this Circular.

Although, as with the FOIA, it is not possible to determine merely by the generic category of such information whether such an agency would be authorized to close a particular meeting covered by the Act, the premature disclosure of budgetary information may "be likely to significantly frustrate implementation of a proposed agency action" (5 U.S.C. 552b(c)(9)(B)). Furthermore, other exemptions from the open meeting requirements of the Act may apply. Such agencies are responsible for the propriety of determinations that would lead to the disclosure of this budgetary information.

22.6 Congressional budget justifications.

Congressional budget justification materials include the performance budget submission and additional information described below as well as detailed descriptions of agencies' activities and proposals at the program, project, and activity level.

(a) *Materials for performance budget submission to the Congress.*

For FY 2008, you will have submitted your budget to OMB as a performance budget, presenting what you propose to accomplish in the upcoming year and what resources your proposal will require. Descriptions of the performance budget are presented in sections 26 and 51.

You should revise the performance budget submission to reflect decisions made in the Administration's budget process, and use the performance budget format as the basis for your justification of the budget request to the Congress. You should consult with your congressional representatives to agree on the performance budget format, including the use of the results of PART assessments, prior to submitting your congressional justification. Your OMB representative should be included in those consultations as appropriate.

Your congressional justification should be in the form of a "performance budget" to the greatest extent possible. A performance budget should include:

- A description of what you plan to accomplish, organized by strategic goal;
- Background on what you have accomplished;
- Performance targets for current and budget years and how you expect to achieve those targets; and
- What resources you are requesting to achieve the targets.

Where possible, you should include the full cost of a program, and you should align budget accounts with programs.

You should provide your proposed justification to the Congress to your OMB representative with sufficient time for review.

(b) *Material to be included in congressional budget justifications.*

Consistent with 41 U.S.C. 433(h), you should identify funding levels requested for education and training of the acquisition workforce in your budget justifications to the Congress.

Consistent with 42 U.S.C. 8255, you should identify funds requested for energy conservation measures in your budget justifications to the Congress.

You should provide the Congress with information to assess current and proposed capital projects that is consistent with the Administration's budget proposals, including: appropriate information on planning; budgeting, including the current or proposed use of incremental or full funding; acquisition; and management of the projects.

You must submit all budget justification materials to OMB for clearance before transmitting them to the Congress.

(c) *Availability of congressional budget justifications.*

You should make your full congressional budget justification materials available to the public and post the materials on the Internet within two weeks after transmittal of those materials to the Congress. Release of these materials must be done in accordance with the requirements of this section and any relevant provisions of law. Materials will not be released if disclosure is prohibited by statute, the materials are classified or must be kept secret in the interest of national security or foreign policy, or the materials are otherwise exempt from release pursuant to 5 U.S.C. 552(b)(3).

OMB CIRCULAR NO. A-11

PART 2

PREPARATION AND SUBMISSION OF BUDGET ESTIMATES

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2006

SECTION 25—SUMMARY OF REQUIREMENTS

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Summary of Changes

Drops the requirement to report on overseas combating terrorism funding levels.

Drops the requirement to provide training cost data directly to OMB for agencies with over 2,500 employees.

Drops the requirement to provide data on significant changes in proposed employment for agencies with over 1,000 full-time equivalent (FTE) employees.

Highlights due dates for submission of materials required to be included in the agencies' budget requests (section 25.5)

Key Dates for the FY 2008 Budget

Initial budget submissions to OMB ..... September 11
FACTS II closes for 4th quarter, FY 2006 ..... October 26
MAX database opens; FACTS II revision window opens ..... November 15
Economic assumptions released ..... November 16
Agency PY lock and FACTS II revision window closes ..... December 1 [1]
Final Treasury PY outlay and receipts data loaded into the MAX system ..... December 1
Agency baseline lock (discretionary and mandatory) ..... December 15 [2]
Final database: Agency lock-out ..... January 9
Transmittal of the FY 2008 Budget ..... February 5

[1] The prior-year lock will not apply to MAX schedules C, F, J, and O.
[2] Estimates associated with extension of the 2001 and 2003 Tax Acts will also be required at this time.

25.1 Does Part 2 (Preparation and Submission of Budget Estimates) apply to me?

By law (31 U.S.C. 1104), the President's budget must include information on all agencies of all three branches of the Federal government. Therefore, the instructions in Part 2 generally apply to all government agencies. In addition, these instructions apply to the District of Columbia, which must submit information in support of Federal payments to the District. OMB includes the information submitted by certain agencies in the budget without change. In addition, Government-sponsored enterprises (GSEs) submit some of the information required of Government agencies on a comparable basis, and OMB includes it in the budget for information purposes.

If your agency appears in the following list, it is not subject to Executive Branch review by law or custom. That means that the requirements for submitting materials in support of your budget request do not apply to you. However, you do need to submit the information required for inclusion in the budget database and documents, which OMB incorporates without revision.

- Legislative Branch agencies.

- Judicial Branch agencies.

- Executive Branch agencies, as follows:
  - Milk, Fruit, and Vegetable Marketing Orders, USDA.
  - International Trade Commission.
  - Postal Service.
  - Board of Governors of the Federal Reserve System.

- GSEs, as follows:
  - Student Loan Marketing Association.
  - Federal National Mortgage Association.
  - Federal Home Loan Mortgage Corporation.
  - Banks for cooperatives.
  - Agriculture credit banks.
  - Farm credit banks.
  - Federal Agricultural Mortgage Corporation.
  - Federal home loan banks.
  - Financing Corporation.
  - Resolution Funding Corporation.

Contact your OMB representative if you have questions about the applicability of these instructions.

25.2 How do I get an exception?

For the sake of comparability among the budget data and presentations, OMB does not grant many exceptions to the specific requirements in this Part. However, if you believe special circumstances warrant an exception in your case, submit a written request detailing the circumstances and the specific exception needed to your OMB representative by August 1. If OMB approves the exception, it is valid only for the specified budget.

25.3 For what items do I need advance approval?

You must get advance approval from your OMB representative for the items shown in the table below.

Item	See section...	Timing
(1) Form and content of justification materials.	51.2	To be determined in consultation with your OMB representative.
(2) Program activity structure in the program and financing schedule.	82.2	By October 1.
(3) Changes in functional and receipt classifications.	79.3	By October 1.
(4) Changes in budget account structure (new accounts, merged accounts, changes in account titles, etc.)	79.3	Prior to October 1 or as soon as possible thereafter for changes dependent on congressional action or other circumstances beyond agency control.

25.4 How do I submit information to OMB?

You generally submit information in two stages:

(1) *As part of your budget request.* Both Executive Branch agencies that are subject to Executive Branch review and the District of Columbia must prepare information and materials supporting their budget request. Your OMB representative will work with you to determine the specific form, content and timing of this information. Agencies that are not subject to Executive Branch review are not required to submit this information.

(2) *After passback.* Usually beginning in late November, this stage includes MAX computer data, print materials, and additional information used to prepare the budget documents and supporting database. Also, you may need to revise and resubmit some materials included in the budget request to reflect the effects of final decisions. Your OMB representative will provide deadlines for the materials required after passback. Agencies that are not subject to Executive Branch review need to submit information for inclusion in the budget documents and the budget database.

In the following sections, we tell you more about each stage, the items required, the criteria for determining whether the item applies to your agency, and where to find more detailed guidance on the item.

25.5 What do I include in the budget request?

You should include the information described below. In addition, your OMB representative may require you to include other materials (for example, information about your budget request by account and Budget Enforcement Act (BEA) category).

TABLE 1: CONTENTS OF THE BUDGET REQUEST[1]
Access web links at http://www.whitehouse.gov/omb/circulars/a11/current_year/s25.pdf

If your agency is subject to Executive Branch Review and...	Then include this...	See section or link…
	Justification materials	51.2
Covered by the Chief Financial Officers Act	• Report on resources for financial management activities (Exhibit 52) [2] *(Due January 12, 2007)*	52
	• Discussion in its PAR of the agency's financial management strategy. (Due November 15, 2006)	52.4(a)
Not covered by the Chief Financial Officers Act	• Brief summary of financial management plan and systems strategy in the agency's PAR. If agency does not publish a PAR, include this information in the budget submission. (Due November 15, 2006)	52.3

TABLE 1: CONTENTS OF THE BUDGET REQUEST[1]
Access web links at http://www.whitehouse.gov/omb/circulars/a11/current_year/s25.pdf

If your agency is subject to Executive Branch Review and...	Then include this...	See section or link…
Has motor vehicles	Motor vehicle fleet report *(Due August 25, 2006, initial agency input)*	Instructions Example
Requesting IT funding via a Capital Asset Plan or has budget authority of $500,000 or more for financial management systems	Agency Information Technology Investment Portfolio [2]	53
Obligates more than $5 million annually for rental payments to GSA or others	Space budget justification	54
Has credit liquidating accounts with unobligated balances that carry over into the current year	Justification of unobligated balances in liquidating accounts	51.13, 185.3
Has geospatial data investments greater than $500,000	Information on geospatial data investments [2] *(Due within 90 days of enactment of an agency's 2007 appropriations bill)*	Instructions
Controls its federally–owned building space or directly pays the utilities on its leased space or operates a Federal fleet of 20 or more light duty motor vehicles	Information on funds for energy efficiency management	Instructions Spreadsheet
Has overseas employees at embassies or consulates	Information on overseas staffing and costs [3]	Please see Table 1, footnote 3.
Implements homeland security related initiatives	Homeland security data collection [2]	Instructions
Has competitive sourcing initiatives	Competitive sourcing program costs	31.10
Has technology transfers	Information on technology transfers	Instructions Spreadsheet
Subject to GPRA requirements	Merge annual performance plan into performance budget	51.8
Has major capital acquisitions	Capital asset plan and business case [2]	300
Is proposing any discretionary administrative actions that would increase mandatory spending	Information on planned administrative actions	OMB Memorandum M–05–13

[1] Materials are due September 11, 2006, unless otherwise specified. Requirements do not apply to agencies not subject to Executive Branch review (see section 25.1).

[2] If final decisions require changes to this information, revised materials must be submitted.

[3] This information is requested as part of the President's Management Agenda on Rightsizing the USG Presence Overseas. OMB will circulate a Budget Data Request (BDR) in the summer directing agencies to submit complete data on overseas staffing and costs. Agencies will also be required to clearly identify and incorporate this information in their submission to OMB.

25.6 What do I submit after passback?

(a) *Overview.*

After the President has considered the estimates and made his decisions, you will be notified. You submit three types of information after passback, as explained in more detail in the following sections:

- *MAX computer data,* submitted through the MAX budget data system (see sections 79–86).
- *Print materials,* which OMB uses to prepare parts of the budget *Appendix* (see section 95).

If the decisions affect other budget accounts (such as the amount of transfers), you need to coordinate these changes with whomever is responsible for the budget submission of those other accounts.

When you are informed of the President's decisions, your agency head will determine the best and most appropriate distribution of amounts that have been left flexible. This Circular does not address the process by which you appeal passback decisions. We issue separate guidance on the appeals process at the time of passback.

(b) *Timing.*

Passback usually occurs around the end of November. At that time, your OMB representative will give you deadlines for providing the information described below. These deadlines are based on the very tight schedule that OMB must maintain in order to transmit the budget on time. In order to meet the deadlines, you must begin providing the required information based on passback decisions. Do not wait until you have resolved appeals. Appeals generally affect very little of the information you submit, and you will have an opportunity to change the information as necessary to reflect the appeal resolution. Unless your OMB representative agrees, do not submit information that assumes an appeal resolution different from passback. When an appeal results in changes to passback decisions, the changes often differ from the agency proposal.

(c) *MAX computer data.*

You must submit the MAX computer data described below for each applicable budget account. In addition, if the criterion listed in the first column of the table applies to you, submit the data described in the second column for each applicable budget account. We indicate the MAX data section or sections involved and tell you where to find guidance on the requirement.

TABLE 2: MAX COMPUTER DATA [1,2,3]

If your agency has…	Then submit for each applicable budget account…	MAX data schedule…	See section…
Budget authority and outlays	• Estimates of budget authority and outlays	A, S	81
	• Character classification data, including R&D data	C	84

TABLE 2: MAX COMPUTER DATA [1,2,3]

If your agency has…	Then submit for each applicable budget account…	MAX data schedule…	See section…
	• Program and financing schedules[3]	P	82
Obligations	Object classification schedules	O	83
Personnel	Personnel summary	Q	85
Receipt accounts	Receipt estimates	K and R	81
Credit liquidating or financing accounts; or non-credit revolving funds that conduct business-type activities (as determined by OMB), including GSEs	Balance sheet	F	86.1
Appropriations language requests	Budget year appropriations requests in thousands	T	86.2
Major trust funds and certain other accounts (as determined by OMB)	Status of funds	J	86.3
Special or trust fund receipts	Special and trust fund receipts	N	86.4
Credit programs	Federal credit data	G, H, U, and Y	185

[1] Including agencies not subject to Executive Branch review. GSEs submit data for schedules F, G, and H only. Federal Reserve Board submits data for sections A, P, and O only.

[2] Information required for schedules A, S, and P will be reported in a single worksheet (schedule X).

[3] P&F also required for accounts with obligated or unobligated balances.

(d) *Print materials.*

Print materials include these items printed in the *Budget Appendix*:

- *Appropriations language.* You must submit language for each account for which appropriations or limitation language was enacted in the CY or is proposed in the CY or BY, including supplemental appropriations requests. You must also submit any general provisions that pertain to you (see section 95).

- *Narrative statements, footnotes, and tables.* You must provide a narrative statement for each account with activity in the current or budget year and separate statements for supplemental requests, rescission proposals, and items proposed for later transmittal. You may be required to provide tables and footnotes that are not generated by MAX under certain circumstances (see section 95).

(e) *Additional materials.*

If your agency has major formula grants to State or local governments, you will need to submit State-by-State data for these grants and other information (see Instructions).

SECTION 26—SUMMARY OF PERFORMANCE INFORMATION REQUIREMENTS

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26.1 How do I reflect in my budget submission the performance and efficiency improvements my department is making through implementation of the President's Management Agenda?
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26.1 How do I reflect in my budget submission the performance and efficiency improvements my department is making through implementation of the President's Management Agenda?

Implementation of the President's Management Agenda (PMA) is helping agencies improve effectiveness and efficiency in delivering program services. For instance, competitive sourcing studies completed in FYs 2003–2005 are expected to save more than $3.1 billion government-wide over the next five years. In addition, all programs are developing efficiency measures as part of the Budget and Performance Integration Initiative. Becoming more effective and efficient will help the government make better use of taxpayers' dollars and in some cases also operate with fewer resources. Budget submissions to OMB and congressional justifications should highlight effectiveness and efficiency gains and how the agency has used or plans to use them.

The table below refers you to the specific guidance in this circular relating to PMA initiatives, as well as provides links for additional information on the initiatives.

Initiative	See A–11 section . . .	Additional links . . .
Strategic Management of Human Capital	85.1	http://www.results.gov/agenda/humancapital.html http://www.opm.gov/Strategic_Management_of_Human_Capital/index.asp
Competitive Sourcing	31.10	http://www.results.gov/agenda/competitivesourcing.html http://www.whitehouse.gov/omb/procurement/index.html
Improved Financial Performance	52, 230	http://www.results.gov/agenda/financialperformance.html http://www.whitehouse.gov/omb/financial/index.html
Expanded E-Government	53, 300	http://www.results.gov/agenda/egov.html http://www.whitehouse.gov/omb/inforeg/infopoltech.html http://www.whitehouse.gov/omb/egov.html
Budget and Performance Integration	51, 200, 210 220	http://www.results.gov/agenda/budgetperformance.html http://www.whitehouse.gov/omb/budintegration/index.html
Eliminating Improper Payments	31.9	http://www.whitehouse.gov/omb/financial/fia_improper.html

26.2 What do I need to know about the Budget and Performance Integration initiative and performance budgeting?

(a) *Information about the Budget and Performance Integration initiative.*

Although many of the elements and requirements of the President's Management Agenda are included in OMB Circular A–11, the elements of the Budget and Performance Integration initiative are more thoroughly included than those of other initiatives, because its goals are achieved in large part through an agency's performance budget. The Budget and Performance Integration (BPI) Initiative aims to ensure that Federal dollars produce the greatest results. To accomplish this, agencies and OMB identify which programs work, which are deficient, and what can be done to improve the performance of them all. The initiative also focuses on having:

- Managers use performance information to makes budget, regulatory, and management decisions;
- Strategic plans that have limited number of outcome-oriented goals;
- Agencies estimate the full and marginal cost of achieving performance goals; and
- Efficiency measures for all programs.

The list of overall goals (or Standards for Success) for the Budget and Performance Integration initiative are available at http://www.whitehouse.gov/results/agenda/standards.pdf.

Your agency's performance budget submission to OMB explains the planned activities for 2008, including those currently underway that justify your agency's budget request. The performance budget is aligned with the current, approved strategic and performance plan and should incorporate all improvement actions taken in response to completed program performance assessments.

The Program Assessment Rating Tool (PART) is used to assess individual program performance and identify actions to improve program performance. Agencies should use PART findings to inform and justify their budget requests. (Information on the PART can be found at http://www.omb.gov/PART.)

(b) *Performance budget submission and use of the Program Assessment Rating Tool (PART).*

Sections 51 and 220 contain information on how to prepare the performance budget submission. In addition, agencies will provide additional information to prepare for the release of PART information with the President's Budget.

Submitting funding information for PARTed programs. As in the past, funding information will be presented along with the PART information released with the President's Budget. This information is collected using PARTWeb. Agencies should ensure that all appropriate agency staff have access to PARTWeb well before the timeframes discussed below so that they may enter the data. A detailed schedule will be provided in late summer. Information about accessing PARTWeb is available at http://www.omb.gov/part/.

- *Treasury accounts*—All programs included in the PARTWeb systems should already include a list of the Treasury accounts from which the program is funded. Agencies should enter account information for new programs, verify that existing account information is correct, and make any needed corrections in PARTWeb by November 20.

- *Actual and proposed funding levels*—the prior, current, and budget years—for all programs that have been assessed by the PART, regardless of the year they were last assessed. The FY 2006 actual and FY 2007 enacted levels (if available) should be entered into PARTWeb by November 20. Enacted levels for remaining programs and FY 2008 budget levels for all programs will be

entered in PARTWeb after the passback. Deadlines for entering this information into PARTWeb will be after the MAX A–11 system database locks.

Current performance information. By November 20, use PARTWeb to provide the most recent performance information for performance measures included in PARTs. Specific instructions for completing this worksheet will be included on the PARTWeb help feature. In general, you will need to:

- Provide actual performance data for 2006 and earlier years that is now available for all measures included in PARTs.

- Provide more recent targets for annual measures in programs assessed in earlier years. In addition, programs may need to update targets to correspond with appropriated funding levels. For all PARTed programs, annual measures should include targets for FYs 2006–2008 and long-term measures should include recent targets, as appropriate. (It is understood that long term measures may not have targets for every year). These more recent targets must agree with what the agency reports in its performance budget, and any changes from the previous year must be explained.

PART Improvement Plans. The primary goal of the PART is to improve program performance. PART assessments help identify program strengths and weaknesses and help inform management actions, funding recommendations, and legislative proposals aimed at improving performance and achieving better results. Each program should have an improvement plan (set of follow-up actions) it is implementing. Following through on the PART follow-up actions is critical to improving performance. Reporting on these improvement plans occurs in the spring and fall. Specific guidance on these updates is issued separately.

Since PART summaries will be drafted in the summer this year, you will have begun working with your examiner to identify appropriate follow-up actions to your PARTs prior to submitting your budget to OMB. PART summaries drafts are due by September 15.

By November 20, agencies should complete the following in PARTWeb for each PART Improvement Plan:

- *Verify that the information reported is timely and accurate.* Agencies should ensure that the information they report on their improvement plans (e.g., the year the action was begun, the status of the action, etc.) is correct and current. This reporting should reflect activities completed to date.

- *Make certain that the information is consistent with the improvement plan included in the PART summary.* The detailed follow-up actions should be consistent with those included in the PART summary so you may need to make adjustments to your PART summary. There should be at least one follow-up action reported in the details for each follow-up action listed in the summary. In some cases, there may be a few detailed follow-up actions corresponding to one in the PART summary, such as when the detailed ones correspond to different steps in a process.

- *Ensure that the improvement plans are aggressive and work to improve program performance.* Agencies and OMB staff should give particular focus to ensuring that PART follow-up actions are directed toward improving performance and that they strive toward continuous improvement. As follow-up actions are completed, programs should propose additional ones so that the improvement plans remain living documents. Additional actions may be logical next steps to completed actions or new actions relating to PART findings that have not been addressed yet.

- *Ensure that individual follow-up actions are discrete and that completion can be objectively determined.* Individual follow-up actions should be discrete, actionable items. One should be able to objectively assess whether the action as been completed.

It may be helpful to break up follow-up actions into major steps so that programs are better able to show progress toward achieving their improvement plans. Keep in mind, however, that tracking completion of follow-up actions in PARTWeb is primarily intended for public accountability, not for internal agency management of implementation plans. Agencies may wish to maintain more detailed tracking of their follow-up actions.

As a general rule, follow-up actions should have a defined timeframe for completion, preferably one year. When the timeframe is not one year, the description of the follow-up action should include the timeframe for planned completion.

Information available to the public. Release of the performance budget and agency justification and underlying materials concerning presidential decisions must by done in accordance with the requirements of section 22. After the performance budget is submitted to the Congress, it should be made available to the public.

(c) *Tracking PART programs in budget execution reports.*

You may report obligations for PART programs in your SF 133 Reports on Budget Execution and Budgetary Resources. To do this, you may use program reporting categories, which are described in section 120.2.

26.3 What do I need to know about complying with the Government Performance and Results Act?

Performance-based management and budgeting begins with an overarching strategic plan. Such plans are required by the Government Performance and Results Act (GPRA). In addition to a strategic plan, GPRA requires agencies to prepare related annual performance plans and annual performance reports. The legal requirements for an annual performance plan are met by a performance budget. The annual performance report requirement will be fulfilled by both the performance budget and the performance and accountability report (PAR).

Sections 200–230 contain a comprehensive discussion of the requirements for these plans and reports. Agencies are asked not only to meet the basic requirements, but to describe the relationship between the results they expect to achieve and the resources they are requesting.

The PART is a vehicle for achieving the goals of the Government Performance and Results Act (GPRA). Section 2(b) of the Government Performance and Results Act of 1993 identified the following purposes of the Act:

1. Improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results;
2. Initiate program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress;
3. Improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction;
4. Help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality;
5. Improve Congressional decision-making by providing more objective information on achieving statutory objectives, and on the relative effectiveness and efficiency of Federal programs and spending; and

6. Improve internal management of the Federal Government.

The PART strengthens and reinforces performance measurement under GPRA by encouraging careful development of performance measures according to the outcome-oriented standards of the law and by requiring that agency goals be appropriately ambitious. Performance measures included in GPRA plans and reports and those developed or revised through the PART process must be consistent. When developing performance measures, agencies should consult with stakeholders, as appropriate.

Agency performance plans and reports vary in their level of detail and how they address the different programs the agency operates. When annual plans and reports include programs that have been assessed in the PART, the measures used for GPRA should be the same as those included in the PART. In all cases, performance measures included in GPRA plans and reports should meet the standards of the PART—they must be outcome oriented, relate to the overall purpose of the program, and have ambitious targets.

SECTION 31—COMPLIANCE WITH ADMINISTRATION POLICIES AND OTHER GENERAL REQUIREMENTS

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Summary of Changes

Incudes information on basic policies and assumptions previously included in section 30 (section 31.1).

31.1 Basic policies and assumptions

(a) *What should be the basis for my proposals?*

Your proposals should result from a comprehensive system that integrates analysis, planning, evaluation, and budgeting. They should reflect:

- The policies of the President, including full implementation of the President's Management Agenda.
- The President's priorities within responsible spending levels.
- Budget and performance integration management initiatives (including effectiveness ratings for those programs covered by the Program Assessment Rating Tool (PART).
- The agency recommendations regarding the scope, content, performance, and quality of programs and activities proposed to meet the agency's missions, goals, and objectives.

In developing the estimates, consider the effect that demographic, economic, or other changes can have on program levels beyond the budget year. Be prepared to discuss the impact that program levels and changes in methods of program delivery, including advances in technology, will have on program operations and administration. Also consider the appropriate roles for Federal, State, and local governments, as well as the private sector, in conducting the covered activities.

(b) *What is the scope of the policy estimates?*

(1) *Presidential policy estimates for CY and BY.*

(i) *Regular annual estimates*. Your regular annual estimates must reflect all requirements anticipated at the time of budget submission, and should cover:

- Continuing activities, including those that must be reauthorized for the budget year;
- Authorized activities that are proposed for the budget year;
- Amounts necessary to meet specific financial liabilities imposed by law; and
- Decreases for activities proposed for termination.

(ii) *Legislative proposals*. If you and your OMB representative determine that proposals for new legislation require a further budget request or result in a change in revenues or outlays, you must separately identify and provide a tentative forecast of the estimate in your submission. These proposals must be consistent with the items that appear in your legislative program, as required by OMB Circular No. A–19.

(iii) *Supplemental proposals.* You should make every effort to conduct your programs within the amounts appropriated for the current year and to postpone actions that require supplemental appropriations. OMB will only consider supplemental requests that meet the criteria provided in section 110. Supplemental requests that are known at the time the budget is prepared and approved are normally transmitted to Congress with the budget, rather than later as separate transmittals. However, each case will be decided separately after OMB receives the agency's initial submission (see section 51.10). OMB representatives will tell you which supplementals will be transmitted with the budget so you can submit the necessary information.

(2) *Presidential policy outyear estimates.*

Policy estimates for the nine years following the budget year (BY+1 through BY+9) enable an analysis of the long-term consequences of proposed program or tax policy initiatives. (Baseline estimates, described in section 80, provide a basis for assessing alternatives, including Presidential policy estimates.) OMB may centrally calculate outyear policy estimates for discretionary programs with some exceptions. In this case, you may be asked to identify and justify any deviations from these estimates, by program or activity, that you believe are warranted.

When you develop outyear policy estimates, they should be consistent with the general policies and information required for the budget year and indicate the degree to which specific policy decisions made for the budget year or any subsequent year affect budget authority, outlay, and receipt outyear levels. Take into consideration changes in spending trends, economic assumptions, and other actions or events when you prepare estimates of budget authority, outlays, and receipts for BY+1 through BY+9.

(c) *What economic assumptions should I use when I develop estimates?*

All budget materials, including those for the outyear policy and baseline estimates, must be consistent with the economic assumptions provided by OMB. The specific guidance below applies to outyear policy estimates.

OMB policy permits *consideration* of price changes for goods and services as a factor in developing estimates. However, this does not mean that you should automatically include an allowance for the full rate of anticipated inflation in your request.

For *mandatory programs,* reflect the full inflation rate where such an allowance is required by law and there has been no decision to propose less than required. For *discretionary programs,* you may include an allowance for less than the full rate of anticipated inflation or even no allowance for inflation. In many cases, you must make trade-offs between budgeting increases for inflation versus other increases for

programmatic purposes. Unless OMB determines otherwise, you must prepare your budget requests to OMB within the budget planning guidance levels provided to you, regardless of the effect of inflation.

Economic assumptions may be revised shortly before final budget decisions are made. These revisions will not usually result in changes to the previous budget guidance on your agency totals.

Reflect Federal pay raises in your estimates of personnel compensation and benefits (see section 85).

You must identify the anticipated price level changes reflected in the financial resources required to finance each program level in your justification materials (see section 51.3).

(d) *How do I develop unit cost information?*

Unit cost is used to make "apples to apples" comparisons between federal programs that have similar goals. Unit cost should reflect the average cost of the program producing a specific result. The unit cost should reflect the full cost of producing a result including overhead and other indirect costs. Where possible, you should separate costs into fixed and variable components so that marginal costs can be derived in addition to unit costs. Such information will also provide a credible base for projections of future costs and the need for budgetary resources. Upon request, you must provide both unit cost and marginal cost information to OMB.

31.2 Advance appropriations.

Do not request advance appropriations if the only purpose is to shift budget authority for a program that would normally be provided in the budget year. For example, if you would normally request budget authority in the budget year to cover a cohort of obligations for a grant program, even though some of the obligations will not be incurred until the following fiscal year, you may not request an advance appropriation to cover the obligations expected to be incurred in the following fiscal year.

31.3 Agency administrative actions.

OMB Memorandum No. M–05–13, Budget Discipline for Agency Administrative Actions, requires you to identify offsets when proposing administrative actions such as regulations, demonstrations, program notices, guidance to States or contractors, or other similar actions not required by law that would increase mandatory spending. In addition, you are required to include with your budget submission a list of all planned or anticipated administrative actions that would increase mandatory spending (see section 25.5.)

31.4 Environmental management.

The OMB/CEQ joint letter of April 1, 2002 applauds those agencies developing and implementing effective environmental management systems. Federal agencies should develop and implement environmental management systems in order to integrate environmental accountability into agency day-to-day decision-making and long-term planning processes across all agency missions, activities, and functions. These efforts must be funded within guidance totals. They should include, but not be limited to, the following components: initial self-assessments, development of performance measures, policy, and establishment of management systems.

31.5 Equal opportunity.

Your estimates should reflect the Administration's commitment to programs designed to ensure or promote equal opportunity regardless of race, color, religion, national origin, sex, disability, or age. These civil rights activities include the following: implementation of statutes or regulations requiring fair housing; nondiscrimination in federally assisted or conducted programs; equal credit opportunity; full

voting rights; civil and Constitutional rights; equal employment opportunity (including nondiscrimination by Federal agencies); and efforts to increase Federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

31.6 Full funding.

Requests for acquisition of capital assets must propose full funding to cover the full costs of the project or a useful segment of the project, consistent with the policy stated in section 300.6(b). Specifically, requests for procurement programs must provide for full funding of the entire cost. In addition, requests for construction programs must provide for full funding of the complete cost of construction. You should not submit estimates for construction funds for major construction projects unless planning will reach a point by the end of the current year that will ensure that a contract for construction could be awarded during the budget year. Remember that Administration policy and the Antideficiency Act require you to have sufficient budget authority or other budgetary resources to cover the full amount of unconditional obligations under any contract.

For policies related to leases of capital assets and lease-purchases, see section 33.1 and Appendix B. For guidance on budget submissions for capital asset acquisitions, see Part 7 (section 300) of this Circular. For guidance on principles and techniques of planning, budgeting, procurement, and management of capital assets, see the supplement to this Circular, the Capital Programming Guide.

31.7 Government perquisites.

Your estimates should reflect Administration policy to limit the use of Government vehicles, Government aircraft, first class air travel, executive dining facilities, and conferences, in accordance with Presidential memoranda, dated February 10, 1993.

31.8 MAX electronic network.

For the purpose of cost distribution specified in OMB Circular No. A–130, OMB is the user of MAX. Accordingly, you are not required to pay for use of the MAX electronic network required by this Circular.

31.9 Multi-year appropriations.

Consider whether it is appropriate to request appropriations with multi-year availability, particularly for buildings, equipment, and other types of fixed capital assets, including major ADP and telecommunications systems, with long acquisition cycles. Where multi-year appropriations requests are appropriate, you should match the period of availability to the expected length of the acquisition cycle.

31.10 Management improvement initiatives and policies.

Your estimates should reflect your efforts and planned action to strengthen management and improve program performance. Guidance on specific areas is provided below.

- *Capital planning and investment control.* Your estimates should reflect the Administration's commitment to information technology (IT) investments that directly support agency strategic missions; employ an integrated planning, budgeting, and procurement process; are citizen-centered; and are consistent with the Clinger Cohen Act of 1996, the Paperwork Reduction Act, the Federal Acquisition Streamlining Act, and OMB Circular A–130, Management of Federal Information Resources (see also section 53 and section 300, where applicable).

- *Electronic transactions and electronic recordkeeping.* Your estimates should prioritize and manage E-Government projects effectively through your agency's capital planning process and enterprise architecture. Initiatives should create a citizen-centered electronic presence (maximizing use of the Internet) and advance an E-Government strategy that includes specific outcomes to be achieved. Your estimates should reflect the requirements of the Government Paperwork Elimination Act, the E-Government Act, and OMB's guidance.

- *Security.* Your estimates should reflect a comprehensive understanding of OMB security policies and National Institute of Standards and Technology (NIST) guidance, including compliance with the Federal Information Security Management Act, and OMB Memorandum No. M–03–19, "Reporting Instructions for the Federal Information Security Management Act and Updated Guidance on Quarterly IT Security Reporting," by:

  - Reflecting the cost considerations used to calculate IT security costs as defined in section 53;

  - Demonstrating that the costs of security controls are understood and are explicitly incorporated in the life-cycle planning of the overall system, including the additional costs of employing standards and guidance more stringent than those issued by NIST;

  - Demonstrating how the agency ensures that risks are understood and continually assessed;

  - Demonstrating how the agency ensures that the security controls are commensurate with the risk and magnitude of harm;

  - Identifying additional security controls for systems that promote or permit public access, other externally accessible systems, and those that are interconnected with systems over which program officials have little or no control;

  - Demonstrating how the agency ensures the effective use of security controls and authentication tools to protect privacy for those systems that promote or permit public access; and

  - Demonstrating how the agency ensures that the handling of personal information is consistent with relevant Government-wide and agency policies.

- *Privacy.* Your estimates should reflect the Administration's commitment to privacy and should include a description of your privacy practices and steps taken to ensure compliance with all OMB privacy policies as set forth in OMB Memorandum No. M–03–22 and OMB Circular A–130, Appendix 1.

- *Improper Payments.* Your estimates should reflect anticipated reductions in improper payments as reported in the Performance and Accountability Report pursuant to the Improper Payments Information Act of 2002.

- *Financial systems.* Your estimates should reflect plans to achieve a single, agency-wide, integrated financial management system. The scope of agency financial systems activities will include the following:

  - Core financial systems, as described in the Financial Systems Integration Office Core Financial System Requirements Document.

- Financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control.

Sections 52 and 53 describe the materials that must be submitted for agency financial management systems.

31.11 Performance of commercial activities.

For public-private competitions conducted under OMB Circular A–76 and completed in FY 2003, FY 2004, FY 2005, and by June 30, 2006, identify how savings: (i) will be used in FY 2007 and (ii) are reflected in the agency's FY 2008 budget request (e.g., effect on base budget). Discussion should account for savings reported in your agency's annual competitive sourcing report under section 647(b) of Division F of the Consolidated Appropriations Act (P.L. 108–199). Agencies should also identify the estimated costs required to support the competitive sourcing initiative in FY 2007. For guidance on how to determine costs, see http://www.whitehouse.gov/omb/memoranda/fy2006/m06–01.pdf.

As noted in Section 85, the full-time equivalents (FTEs) that you report in your budget submission should be consistent with implementation of your agency's competitive sourcing plan.

31.12 User charges.

Under OMB Circular No. A–25, you must review user charges for your programs at least once every two years, and you must report the result of the review and any resultant proposals in the Chief Financial Officers Annual Report required by the Chief Financial Officers Act of 1990 (see section 8(e) of OMB Circular No. A–25). Develop your estimates in accordance with the full cost recovery policy for user charges set forth in that Circular. User charges normally should recover the full cost of providing goods or services to the public. The exception to this rule is when the Government provides goods or services under business-type conditions, including amounts collected for the use or sale of natural resources; in such cases, the user charge should be set at the market price.

There has been a growth in user charges, and some have been classified by law as offsetting collections or offsetting receipts when they more appropriately should have been classified as governmental receipts. Only user charges that arise from business-type transactions should be classified as offsetting collections or offsetting receipts. User charges are discussed further in section 20.7(e).

If you propose new user charges that require authorizing legislation, provide a clear explanation of the new user charge and the legislation that will be required to authorize it. Include a detailed discussion of plans for achieving enactment of the legislation and the administrative actions planned for collecting the charges if the legislation is enacted. Assess the proposal's chances of enactment and explain why the President should propose it in the Budget, taking into account the likely reaction to the proposal by the Congress and the users. Describe the basis for your assessment in detail.

SECTION 32—PERSONNEL COMPENSATION, BENEFITS, AND RELATED COSTS

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32.1 How should I estimate personnel compensation in my budget request?
32.2 How do I treat agency benefit payments under the Federal Employee Compensation Act?
32.3 How do I reflect the effects of pay raises on large retirement receipt accounts?
32.4 How do I budget for unemployment compensation?
32.5 How do I budget for uniformed services health care?
32.6 Are there other places in A–11 where I can find related guidance?

Summary of Changes

Provides guidance on estimating budget year pay raises (32.1).
Moves guidance on estimating and reporting full-time equivalents (FTE) to section 85.
Drops guidance, previously included in section 32.11 related to other personnel benefits.

32.1 How should I estimate personnel compensation in my budget request?

(a) *Personnel compensation*

(1) *Pay scales.* Unless instructed otherwise by OMB, agencies should use the growth rate in the Employment Cost Index (ECI) reduced by 0.5 percent, as released in the economic assumptions for the previous budget, when estimating their next budget year civilian pay raise. For example, the economic assumptions for the 2008 Budget, released in fall 2006, will contain an assumption for the 12-month growth rate in the ECI from September 2006 to September 2007. Use this growth rate to estimate the pay raise for January 2009. However, since this is new guidance for estimating future budget requests and since the ECI from September 2005 to September 2006 was not provided in the 2007 Budget economic assumptions, agencies should use 3.1 percent for estimating their January 2008 pay raise. However, agencies should anticipate making final pay raise adjustments once the President makes a pay raise decision in the fall. This assumed pay raise will apply to the statutory pay systems (General Schedule, Foreign Service, and Veterans Health Administration), the Executive Schedule, the Senior Executive Service (SES), and wage grade employees. The pay raises encompass both the national schedule adjustment and locality pay without assumption as to how the total increase will be distributed between the two. Use pay scales that reflect the most recent locality pay rates in preparing your estimates. You should be prepared to provide supporting detail on calculating pay costs, including separate identification of the pre-pay raise wage base reflected in the submission. You must explicitly justify any increases in average compensation for the budget year, other than those due to changes in pay scales.

(2) *Hourly rates*. For all employees (as defined in 5 U.S.C. 5504(b)), use hourly rates of compensation determined by dividing the annual rate of basic pay by 2,087, in accordance with section 15203(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272).

(3) *Within-grade increases*. Additional resources for within-grade increases are normally not allowed. Offset the net cost, if any, of within-grade salary increases (i.e., costs after turnover, downgrades, and other grade or step reducing events are taken into account) by savings due to greater productivity and efficiency.

(4) *Vacancies*. For vacancies expected to be filled in the budget year, use the entrance salary for the vacancies involved.

(5) *Savings in personnel compensation*. Give full consideration to savings in personnel compensation due to personnel reductions, delay in filling vacant positions, leave without pay, lag in recruitment for new positions, filling vacancies at lower rates of pay, part-time employment, and grade reduction actions. Identify terminal leave payments, including those for SES, as offsets against such savings.

(6) *Positions above grade GS/GM–15.* Reflect these positions, including SES, only to the extent that positions have been authorized in those grades by OPM or other authority, or are specifically authorized in substantive law.

(7) *Awards*. Estimates should include amounts for all cash incentive awards. Upon request by OMB, be prepared to provide detailed information on your cash incentive awards program, including a narrative explanation of the basis on which your agency distributes awards and how that relates to its overall performance management program. Instructions for annual reporting of Senior Executive awards and pay adjustments are issued separately but be prepared to explain budget estimates upon request.

(8) *Executive selection and development programs*. Include in your estimates provisions for reasonable amounts for such programs, as required under Title IV of the Civil Service Reform Act of 1978 and by implementing guidelines issued by the Office of Personnel Management.

(9) *Premium pay and overtime*. Fully justify increases over amounts for the preceding year for premium pay. In preparing estimates for overtime, you should analyze the use of overtime to ensure that it is used in a prudent and efficient manner; explore all reasonable alternatives to overtime (such as improved scheduling); and ensure that adequate approval, monitoring, and audit procedures are in place to avoid overtime abuses.

(10) *Special rates for experts and consultants*. Reflect these positions and rates only to the extent that they are authorized per 5 U.S.C. 3109.

(11) *Severance pay*. Estimate severance pay at the amount needed for the fiscal year. However, obligations will be incurred on a pay-period by pay-period basis, notwithstanding the fact that a liability arises at the time of an employee's separation. Your estimates must include changes in severance pay and personnel compensation that would occur upon any reduction in force.

(12) *Physicians comparability allowance*. Reflect in your estimates approved plans to pay physician comparability allowance under 5 U.S.C. 5948. Instructions for reporting on the physicians' comparability allowance program are issued separately.

(13) *Bonuses and allowances*. Reflect in your estimates approved agency plans for paying recruitment and relocation bonuses and retention allowances. You should be prepared to supply information on planned and actual expenditures upon request by OMB.

(14) *Retirement costs*. Reflect in your estimates the cost effects of changes in the distribution of employees between the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS).

(b) *Determining Full-Time Equivalent (FTE) usage*.

You must prepare budget estimates relating to personnel requirements in terms of FTE employment, as specified in this Circular, Section 85.

32.2 How do I treat agency benefit payments under the Federal Employees' Compensation Act?

For accounts subject to appropriations action, include in your budget year estimates the amount billed by the Employment Standards Administration of the Department of Labor for benefits paid on behalf of employees of your agency in the past year under the Federal Employees' Compensation Act.

For accounts not subject to appropriations action, you must pay the bill in the current year.

32.3 What are the effects of pay raises on the large retirement receipt accounts?

For the large retirement receipt accounts, including those managed by the Departments of Defense, State, Treasury, the Social Security Administration, and the Office of Personnel Management, reflect the effects of the increased agency contribution to employee retirement and of civilian and military pay raises using the pay raise assumptions specified for these accounts in the Mid-Session Review. You may need to adjust you estimates when final pay assumptions for the budget are released. This applies to:

- Governmental receipt accounts containing Federal employee contributions to Federal employee retirement.
- Offsetting receipt accounts (employer share, employee retirement) containing employing agency contributions to Federal employee retirement and Federal agency share of Social Security and Medicare payroll taxes.
- General fund contributions to Federal employee retirement.

32.4 How do I budget for unemployment compensation?

In general, you should not budget for the costs of unemployment compensation for former Federal civilian and military personnel. The congressional intent is that such unemployment compensation be paid from appropriations available to the employing agencies. The liable agencies must absorb these reimbursements when they are required to be paid.

If you do not employ large numbers of temporary employees or other personnel expected to lead to significant unemployment compensation claims, your estimates for the current and budget year will not contain any special provisions for the costs of reimbursing the unemployment trust fund for such payments.

If you employ large numbers of temporary employees to meet part-year workload, you may request approval from OMB to budget for unemployment compensation costs for your temporary employees. OMB will consider such requests if you can demonstrate that you have a sound administrative control system for unemployment compensation claims.

32.5 How do I budget for uniformed services health care?

- *For uniformed services post-retirement medical care*. Post retirement medical care for "Medicare-eligible" retirees and their dependents/survivors was funded on an accrual basis beginning in FY 2003. Budget estimates must assume inclusion of all Medicare-eligible retirees and families. Agencies must calculate the following estimates for their budget submission:
- Accrual contribution to the Uniformed Services Health Accrual Trust Fund (see below).

- Estimate of the health care dollars to be expended for all retirees.

- *Accrual contribution to the Uniformed Services Health Accrual Trust Fund.* To develop appropriate annual accrual contribution estimates, agencies must use the per-capita rates provided below. Agencies must multiply these rates by the estimated average number of current uniformed service personnel. The resulting calculation is the accrual contribution, which should be budgeted in the agency's personnel account.

  - Active duty per-capita rates……...$5,988
  - Reservist per-capita rates ……..$3,441

- *Estimate of the health care dollars to be expended for all retirees.* Agencies must estimate expenditures for retiree health care. (Separate estimates must be provided for Medicare-eligible retirees and non Medicare-eligible retirees). The Medicare-eligible estimates are needed to develop the Trust Fund outlays for uniformed service health care and the non-Medicare eligible estimates to be included in agency budgets. To prevent double counting Medicare-eligibles, each agency must ensure that their health care account request does not include any amount for Medicare-eligible retiree health care other than the accrual contribution amounts.

32.6 Are there other places in A–11 where I can find related guidance?

Yes. Please see the table below for additional guidance on Federal employment.

Other Federal employment guidance and A–11 links	Section
When do I record obligations for Federal employment?	20.5(b)
Should my budget submission reflect Federal pay raises in my estimates?	30.3
How is civilian and military pay coded in my baseline (schedule S)?	81.2
What object class codes are used for Federal employee compensation?	83.7
What object classes designate civilian and military pay in the baseline?	83.8
How are FTEs computed?	85.4
How do I complete the personnel summary (MAX schedule Q)?	85.5
What employment plans should my agency make prior to a funding hiatus?	124.2
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SECTION 33—ESTIMATES RELATED TO SPECIFIC TYPES OF PROGRAMS AND EXPENDITURES

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33.2 Hospital costs
33.3 Advisory committees and interagency groups
33.4 Radio spectrum-dependent communications-electronics systems
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33.6 Taxes and tax expenditures
33.7 Miscellaneous policies and requirements

Summary of Changes

Provides spectrum relocation guidance specific to the 1710–1755 and 1432–1435 MHz bands (section 33.5).

33.1 Construction, leases of capital assets, and acquisition of real property.

Agencies are required to submit certain types of leases and other unique, non-routine financing proposals to OMB for review of the scoring impact. See Appendix B for specific requirements.

(a) *Construction of Federal facilities.*

If you are proposing construction of Federal facilities, you must:

- Comply with Executive Order No. 12088 for pollution control standards;
- Include the amounts required to ensure that existing facilities provide safe and healthful workplaces for Federal employees consistent with the standards promulgated under section 19 of the Occupational Safety and Health Act of 1970, the provisions of Executive Order No. 12196, and the related Safety and Health Provisions for Federal Employees of the Secretary of Labor (29 CFR, Chapter XVII, Part 1960);
- Comply with requirements of the Architectural Barriers Act of 1968 to eliminate structural barriers impeding the mobility of individuals with disabilities;
- Have reviewed the GSA inventory of Federal laboratories and indicate the reasons you want to acquire new space instead of using existing laboratories that have sufficient space available, according to the GSA inventory; and
- Comply with Executive Order Nos. 11988 and 11990 if you are proposing to use sites located in floodplains or wetlands.

(b) *Construction of federally-owned housing.*

If you are proposing to construct federally-owned housing, make sure you:

- Do not include estimated funding for construction of housing for civilian employees, except where necessary to maintain continuity and efficiency of service and where private capital cannot be found; and

- Meet the requirements in OMB Circular No. A–45 for service or protection, or lack of available housing.

(c) *Construction in the District of Columbia.*

You must consult the Commission of Fine Arts regarding plans for the construction of buildings and other structures in the District of Columbia that may affect in any important way the appearance of the city, and other questions involving artistic considerations with which the Federal Government is concerned.

(d) *Acquisition of land in the National Capital Area.*

You must consult with the National Capital Planning Commission in advance regarding proposed developments and projects or commitments for the acquisition of land in the National Capital area, in accordance with 40 U.S.C. 8723(a) (see http://www.ncpc.gov).

(e) *Leasing capital assets.*

If you propose to lease capital assets rather than purchase them, you should check the requirements in OMB Circular No. A–94. For additional information, see Appendix B.

(f) *Real property acquisition.*

If you plan to acquire real property, you must:

- Include estimates consistent with the policies of Executive Order No. 13327 in your budget submission, and

- Make sure that estimates for acquisition of real property under contract are consistent with obligations reported in object class 32 (see section 83.7).

33.2 Hospital costs.

If you are developing estimates for hospital costs:

- Use data based on the use of resources allocated by diagnosis-related groups and compare these data with payment rates of other payers using similar groupings;

- Indicate whether or not capital and depreciation costs are contained, and describe the cost allocation method underlying the data; and

- Identify the amount of reimbursement collected from third parties and Federal agencies if you provide hospital care on a reimbursable basis.

If you provide estimates for inpatient care facilities and medical care services, make sure they are consistent with Executive Order No. 12372.

33.3 Advisory committees and interagency groups.

If you have advisory committees and interagency groups:

- Reflect the results of the committee reviews required by Executive Order No. 12838, which requires agencies to reduce the number and cost of non-statutory advisory committees;
- Use the ceilings established by OMB Circular No. A–135; and
- Separately identify the costs of advisory committees established by statute that you are proposing for termination.

You are prohibited from financing interagency groups (including boards (except Federal Executive Boards), commissions, councils, committees, and similar groups) by contributions from member agencies' appropriations by a Government-wide general provision unless such financing is specifically authorized by statute. Therefore, you must propose financing for such groups in the budget in one of the following forms:

- Appropriations specifically for the interagency group.
- Specific language authorizing interagency funding.

33.4 Radio spectrum-dependent communications-electronics systems.

Consistent with the Executive Memorandum issued by the President on November 30, 2004, agencies should consider the economic value of radio spectrum used in major telecommunication, broadcast, radar, and similar systems when developing economic and budget justifications for procurement of these systems, starting with the FY 2007 requests. The extent of economic and budget analysis required will depend upon the nature and value of the systems and spectrum involved, and agencies should work with their OMB contacts to ensure a proper level of analysis is conducted.

Spectrum should generally not be considered a free resource, but rather should be considered to have value and be included, to the extent practical, in economic analyses of alternative systems. In some cases greater investments in systems would reduce spectrum needs (e.g., purchase of radios that use less bandwidth than less expensive models); in other cases the desired service can be met with other forms of supply (e.g., private wireless services or use of land lines). In addition to considering cost minimizing strategies, agencies are encouraged to consider whether the investment would provide net benefits.

Spectrum valuations may be estimated based on recent prices of similar bands in spectrum auctions, or through other estimation methods.[1] The Commerce Department's National Telecommunications and Information Administration (NTIA), which is responsible for allocating spectrum across Federal users, may also review these analyses in making spectrum assignments.

Spectrum certification. You must obtain a certification by the NTIA, Department of Commerce that the radio frequency required can be made available before you submit estimates for the development or

[1] Sensitivity analysis—showing the costs of choosing an alternative that requires less (or more) spectrum—may also provide useful information. For example, a sensitivity analysis might indicate that one option costs $10 million more, but uses 5 MHz less bandwidth, nationwide, in the 900 MHz range. Even with "conservative" estimated values, the 5 MHz in spectrum savings would likely be worth an additional $10 million in investment, as it conserves spectrum.

procurement of major radio spectrum-dependent communication-electronics systems (including all systems employing space satellite techniques).

33.5 Spectrum Relocation Fund.

Relocation or modification of systems subject to Commercial Spectrum Enhancement Act. For agencies that are affected by the reallocation of certain frequencies from Federal to private sector use, the Commercial Spectrum Enhancement Act (CSEA, P.L. 108–494) streamlines the process for funding the relocation or modification of systems. Auction receipts from the sale of eligible frequencies (defined in P.L. 108–494 as: a) the 216–220 megahertz (MHz) band, the 1432–1435 MHz band, the 1710–1755 MHz band, and the 2385–2390 MHz band; and b) certain other frequencies reallocated from Federal use to non-Federal use after January 1, 2003) will be deposited into the Spectrum Relocation Fund, and these funds will be used to facilitate Federal agencies' relocation.

As pertains to the 1710–1755 and 1432–1435 MHz bands—which the Federal Communications Commission (FCC) has indicated will be auctioned as early as June 2006, and for which agencies' relocation cost estimates were submitted to the Congress in December 2005—the transfer of funds to agencies for relocation activities is subject to the successful conduct of the auction and final approval by OMB. OMB may require additional justification for transfers, including those in excess of the original cost estimate. Requests that are 110 percent or greater than the original estimate will require additional Congressional notification. Agencies that receive payment from the Spectrum Relocation Fund will report their expenditures to OMB and transfer any amounts in excess of actual relocation costs back to the Fund immediately after NTIA has notified the FCC that the agency's relocation is complete. OMB will issue separate instructions regarding these requirements.

As pertains to the remaining frequency bands to which the CSEA applies, the FCC will notify NTIA no later than 18 months prior to the auction of eligible frequencies. Upon such notification, CSEA relocation processes will commence consistent with the Act, as with prior implementation of the 1710–1755 and 1432–1435 MHz bands.

33.6 Taxes and tax expenditures.

Reflect full and explicit consideration of the resources made available by the Federal Government through tax expenditures and other tax incentives. ***Tax expenditures*** are attributable to provisions of the Federal income tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, rate of tax, or deferral of tax (2 U.S.C. 622). Tax expenditures include subsidies provided through the income tax system.

You must consult with the Office of Tax Analysis, Department of Treasury on all proposals for new taxes or modifications of existing taxes whether or not the modification results in a tax expenditure. After consulting with the Office of Tax Analysis submit a justification of the proposal to OMB. The justification should include the views of the Office of Tax Analysis and address the following items:

- The nature and extent of the problem addressed by the proposal.
- The reason a subsidy is needed.
- The non-tax alternatives.
- The reason a tax change is preferable to the non-tax alternatives.

In addition, you should be prepared to submit justifications for continuing or reenacting existing taxes and tax expenditures in the program areas for which you have primary responsibility. Such justifications will contain the information described above.

In general, tax expenditures are subject to the same degree of performance evaluation as spending and regulatory programs. Tax expenditures often complement or substitute for agencies' spending or regulatory programs, and the resources and incentives provided through tax expenditures can be substantial. Work with the Office of Tax Analysis, which has lead responsibility for tax policy and analysis of tax expenditures, to develop data and methods to evaluate the effects of tax expenditures that affect (or are directed at the same goals as) your programs. You should be prepared to furnish, upon request, problem analyses, estimates of economic effects, and other materials that will provide explicit quantitative information on the relationship of existing or proposed tax expenditures to proposed budget expenditures. See Part 6 for guidance on inclusion of tax expenditure data in annual performance plans.

33.7 Miscellaneous policies and requirements.

Develop your budget estimates consistent with the following laws, rules, and policies:

MISCELLANEOUS REQUIREMENTS

Type of program or expenditure	Policies and requirements
Activities covered by the Coastal Barrier Resources Act	Do not include any new Federal expenditures or financial assistance prohibited by the Coastal Barrier Resources Act (Public Law 97–348).
Foreign currencies	Refer to guidelines in the Treasury Financial Manual (chapters 3200 and 9000) and the Department of State Foreign Affairs Manual (Volume 4, chapter 360).
Remedial environmental projects at Federal facilities	Follow the policies in Executive Order No. 12088.
Mail	Include sufficient amounts for official use of United States mail, package delivery, and/or private carrier service, including postage due. Assume maximum use of available postage discounts.
Records storage	Include sufficient amounts for the costs of storing and servicing temporary and inactive records.
Space and related requirements	Include payments for space, structures and facilities, land, and building service provided by GSA and others.
Systems acquisitions	Follow the guidance in the Capital Programming Guide, Title V of the Federal Acquisition Streamlining Act of 1994, and the Clinger Cohen Act of 1996. Ensure that electronic and information technology acquisitions meet the requirements of section 508 of the Rehabilitation Act of 1973 and allow individuals with disabilities access to and use of data.
Travel	Minimize official travel. Reflect the allowances authorized under the Federal Travel Regulations issued by GSA or comparable regulations issued by the Department of Defense for travel of military personnel and by the Department of State for foreign service personnel.
Tort claims	Do not include amounts for payment of tort claims unless a substantial volume of claims is presented regularly.
Water and sewer payments to the District of Columbia	Include amounts for payment for water and sewer services.

Type of program or expenditure	Policies and requirements
Construction of nuclear reactors	Obtain a letter from the Department of Energy setting forth its recommendations before submitting estimates.
Contractor claims	Include amounts for reimbursement of the Claims and judgment fund for the full amount paid from the fund on behalf of the agency during the past year.

SECTION 51—BASIC JUSTIFICATION MATERIALS

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Summary of Changes

Reminds agencies to include the annual plan goals described in the White House Initiative on Historically Black Colleges and Universities (section 51.1).

51.1 General requirements.

Your 2008 budget request is due to your OMB representative by the second Monday in September (September 11th). Please provide the following information in the form of a summary statement from the head of your agency.

- The broad policies and strategies proposed and the total amounts of discretionary and mandatory budgetary resources requested.
- The relationship of the policies, strategies, and resources requested to the planning guidance (the 2008 level specified in the 2007 Budget for your agency) for budgetary resources provided by OMB.
- Significant proposed differences, if any, from current Administration policies.
- The most important program performance indicators and performance goals, including those that indicate positive and negative results that are the basis for the major proposed policies.
- Any significant proposals for changes in the current year budget, and the relationship of such changes to the budget year and outyear requests.
- Any significant proposals or changes in spending patterns for the five to ten year period beyond the budget year, and their relationship to outyear planning guidance and the policies proposed for the current and budget year.

- If you determine that your agency needs additional funding for individual programs in excess of the budget year guidance levels to meet the President's priorities, you are welcome to submit a separate submission that proposes and justifies the additional funding. This separate submission should also identify potential discretionary offsets in lower priority programs within your agency's budget.

- The relationship of the policies, strategies, and resources requested to the implementation of the President's Management Agenda.

- Significant changes in full-time equivalent (FTE) employment. Provide justification for changes in relationship to projected workload, strategic planning initiatives, and reengineering efforts (see section 51.4).

- As required by Executive Order 13256, which sets in place the White House Initiative on Historically Black Colleges and Universities (HBCUs), affected agencies and executive departments must produce an annual plan that establishes clear goals for how the agency or department intends to increase the capacity of HBCUs to effectively compete for grants and contracts and to encourage HBCUs to participate in Federal programs. Your submission is required to include the goal(s) identified in your annual plan.

Refer to sections 31 through 33 for general information and policies related to developing estimates and proposals and responsibilities in reporting data. Remember that development of your budget request and annual performance plan should be coordinated.

51.2 Requirements for program justification.

You must provide a written justification when you submit your budget. You should determine specific informational requirements and timing of submissions in consultation with your OMB representative.

Budget submissions to OMB should be in the form of a performance budget to the greatest extent possible. Section 220 provides detailed instruction on developing and submitting a performance budget.

In summary, a performance budget should include:

- An overview of what the agency plans to accomplish, organized by strategic goal;

- Background on what the agency has accomplished;

- Analyses of the strategies the agency uses to influence strategic outcomes and how they could be improved;

- Analyses of the programs that contribute to each goal and their relative roles and effectiveness, determined by program evaluations and using PART assessments when available;

- Performance targets for current and budget years for programs and strategic goals, how they relate to outcomes, and how you expect to achieve those targets; and

- What resources you are requesting to meet your targets, including the usual supporting documentation.

Where possible, you should include the full cost of a program, and you should align budget accounts and program activity lines with programs or the components of the programs that contribute to a single strategic goal or objective.

Your request should be consistent with the funding levels included in policy guidance. If the request is not consistent with policy guidance, you must provide a summary of what your budget request would be at the policy guidance levels and the reasons why a budget request consistent with the guidance is not appropriate. In addition, you may be asked by your OMB representative to identify and discuss the implications of other funding levels.

Prepare your justification in concise, specific terms and cover all programs and activities of your agency. Use tables, charts, and graphs in lieu of or to supplement text. Prepare materials in a manner designed to provide all of the information that you and OMB have agreed is necessary for OMB to understand and evaluate your agency's request and make its determinations.

You must identify the anticipated price level changes reflected in the financial resources required to finance each program level in your justification materials.

If you have funding requests for major capital asset acquisitions, follow the guidance in Part 7 (section 300) of this Circular. Additional guidance appears in the Capital Programming Guide, which is published separately.

You are required to provide the following with the justification materials:

- An analysis of resources.
- Where possible, the full cost of a program and budget accounts aligned with programs.
- Information on agency workforce planning and restructuring to make the agency more citizen-centered (see section 32).
- Information on grant programs and infrastructure investment (see section 51.7).
- Integrated information on performance indicators and performance goals as a performance budget (see section 51.8).
- Information on program performance identified through the Program Assessment Rating Tool (PART) (see sections 51.10 and 26).

At the discretion of OMB, you should include the following information for legislative proposals:

- Your estimates of the costs of implementing or administering proposed legislation.
- The assumptions underlying your estimates, including new work years, program outputs, and costs of inputs such as materials, contract costs or personnel costs. You should also include a discussion of alternative implementation strategies considered (e.g., contracting out versus in-house), and a discussion of any models used to develop your estimates.
- The budget classification (mandatory or discretionary) of the costs of implementing and administering the legislative proposal along with a written justification for your selection.

- Productivity savings and/or offsets for these costs. You should also provide a discussion of the methods and assumptions underlying your estimates for productivity savings and offsets.

You should also include the following:

- A comparison of total program benefits and total program costs, using quantitative, objective data to the maximum extent possible, as well as qualitative or judgmental material.

- A comparison of the marginal benefits and the marginal costs associated with the additional funds or reduced funding proposed.

- Supporting information that takes into consideration agency and outside (e.g., think tanks, GAO, CBO, universities, interest groups) program evaluations and related analytic studies, whether or not they agree with the proposed policy.

At the discretion of your OMB representative, these requirements may be modified or alternative justification materials specified. It should be emphasized that late decisions on proposed law provisions for the budget will require flexibility in this process. Other materials may be requested by your OMB representative.

51.3 Analysis of resources.

Use a tabular presentation to identify the financial and personnel resources required at the program levels under consideration. Include also a breakout of resources (financial, and if available, personnel) within each program level for all IT expenditures, and for all expenditures on major IT investments (those for which exhibit 300 is required). The tabular presentation should identify IT investments within the program and include the program name, IT investment title, unique project identifier (UPI) as used in Exhibit 53 and Exhibit 300, and IT budget (PY, CY, and BY). The IT budget should reflect the resources associated with the actual program dollars going to this IT investment. For the definitions of IT investment title and UPI refer to section 53.8.

All justifications should clearly show in text and tables the IT investment request within each account and program activity level. To the extent possible, you should attempt to align your budget accounts with programs, distinguishing among components that contribute to different strategic goals or objectives. This should relate PARTs (see section 220) and budget accounts or sub-accounts.

In addition, you should include the full cost of a program where possible.

- In some cases, you may want to consider requesting budgetary resources to cover all indirect costs in the budget account or program activity that funds the program, and paying for all central services as they are used.

- In other cases, you may want to request appropriations for some central accounts providing support services; in these cases, you should include a table showing the full cost of resources used by each program, whether paid from its budget account or not.

Present resources required for PY and CY, as well as the estimated requirements for each funding option for BY through BY+9, where applicable. If current year rescissions, deferrals, or supplementals are pending or proposed, identify these separately. A subsidiary breakdown of such items as personnel compensation, capital outlay, or other categories of special concern would be useful.

Generally, present financial data in terms of new budget authority and outlays. However, your OMB representative may require additional measures, such as unobligated balances and offsetting collections.

Describe budgetary resources requests in the context of your management plan for the programs and activities. Describe resources requested for IT investments in the context of your program requirements. For IT expenditures proposed, demonstrate that all opportunities for coordination with Administration goals and eliminating redundant activities, have been explored. Explain the analysis used to determine the resources needed to accomplish program and Administration goals, and demonstrate that all opportunities for making more efficient and effective use of resources have been explored.

51.4 Justification of changes in Federal employment levels.

Express personnel requirements in terms of full-time equivalents (see section 85.4). You must demonstrate that requested FTE levels:

- Are an effective and efficient use of resources to meet program requirements;
- Are consistent with Administration policy;
- Support the President's Management Agenda;
- Are consistent with proposed funding levels;
- Can be justified in conjunction with requests for other resources;
- Comply with applicable laws (e.g., buyout offset requirements);
- Are realistic in light of past and current FTE employment; and
- If increased, are calculated after demonstrating that realignments from other functions/programs are not possible.

Fully justify changes to the FTE levels in any year in terms of program requirements and efficiency or productivity improvements. If you request increases, provide an analysis of agency-wide FTE that documents why FTE cannot be moved from another function to meet the identified need.

51.5 Relationship of justification to account structure.

To the extent possible, you should attempt to align your budget accounts with programs, distinguishing among components that contribute to different strategic goals or objectives. Where the major programs in your justification materials do not coincide with the budget account structure, prepare a table to show the relationship. Arrange this table by program, with all relevant accounts and parts of accounts listed, showing budgetary resources (usually budget authority) in millions of dollars and FTE. Include breakouts of financial resources within each account activity line for total IT expenditures. Report programs that are mainly grants, contracts or other transfers of funds to entities other than your agency, related salaries and expenses accounts and parts of accounts, including allocations of overhead amounts. Where it is helpful to explain the coverage of the table or the relationship among accounts, prepare a short narrative to accompany the table. This requirement only applies to major programs and activities. You should consult your OMB representative to ensure that you provide tables for appropriate activities and that you avoid unnecessary paperwork.

51.6 Agency restructuring or work process redesign.

You should identify restructuring or process reengineering activities resulting from proposed and current investments in information technology and other areas that yield budgetary savings. Indicate how these activities allow your agency to utilize existing resources better while improving program management and service delivery.

51.7 Information on grant programs and infrastructure investment.

Include copies of systematic economic analyses of expected benefits and costs completed in accordance with Executive Order 12893. OMB Bulletin No. 94–16 provides additional guidance on this Executive Order, including a listing of the accounts covered by the Order.

51.8 Performance indicators and performance goals.

The performance budget submission for this year's budget will serve as the performance plan required by the Government Performance and Results Act. Therefore, you need not submit a separate performance plan to comply with GPRA. Your submission should cover all of your agency's programs. Performance measures and data included in the performance budget submission should be consistent with those used in PART assessments.

You should provide integrated budget and performance information for the listed outcomes and outputs in sufficient detail to allow OMB to pass back both budget and performance levels. In addition, you may include in your budget justification additional relevant performance information to explain major program issues or resource requirements.

Your submission should consider all statutory requirements of the "annual performance plan" required by GPRA. Section 220 contains more detailed information on performance plans.

Your submission should include descriptions of the means and strategies, including resources, processes, and technologies, to be used in achieving the performance goals. In many instances, these means and strategies are considered to be inputs. A well-conceived and thoughtful description of the means and strategies to be employed will help bolster confidence that there is an understanding of what is needed to achieve a certain performance level and good likelihood that the goal will be achieved.

The "means" include:

- Operational processes, such as changes in work methods or sequencing, workforce adjustments, and shifts in responsibility for particular tasks;
- Staff skills, and the development, introduction, and use of technologies; and
- Human resources, capital assets, information technology, and other resources.

The descriptions of these means should be brief, focusing on the resources, processes, and technologies reflected in the budget request, with more detailed elaboration provided when a significant change (increase or decrease) from the previous year's levels or operating modes is proposed.

The strategies an agency intends to apply in achieving particular performance goals should also be highlighted. These strategies include program, policy, management, regulatory, and legislative initiatives and approaches and should be consistent with your agency's PART improvement plans.

Agencies should note the increasing emphasis on the use of workforce planning and other specific strategies that align human resources with the fulfillment of an agency's mission and objectives, and the need to secure a diverse Federal workforce that is skilled, flexible, and performance-oriented with a customer focus.

The descriptions need not be confined to initiatives or changes that are newly funded in the fiscal year. Initiatives or investments started in prior years, but which become operational or will be completed during the fiscal year, can be included. Some changes can carryover and affect performance in future years as well.

For the budget year, confirm the continuing use of program performance indicators used in any previous years' financial statements, and identify any new indicators you plan to use in these statements. In addition, you should include in your budget submission to OMB and the Congress the prospective portions of the annual performance report that will not be included in the Performance and Accountability Report:

- Evaluations of the performance plan for the current year;
- Revised schedules for achieving performance goals; and
- If the performance goal is impractical or infeasible, why that is the case and what action is recommended.

51.9 Other analytical information.

Additional information may be required in budget justifications on the following:

- Workload analyses;
- Unit costs;
- Productivity trends; and
- Impact of capital investment proposals on productivity.

Use productivity measurement, unit costs, and organizational performance standards to the maximum extent possible in justifying staffing and other requirements.

Include as a specific element in productivity improvement for activities of Federal staff the gains planned or being realized from streamlining, including reduction of unnecessary overhead, creative use of technology, and elimination of low priority tasks and programs.

You should also be prepared to provide information on the basis for distributing funds (e.g., formulas or principles for allocation, matching, policies regarding the awarding of loans, grants or contracts, etc.) and data on resulting geographic distribution (e.g., by State, etc.), with identification of any issues.

51.10 Information on program evaluation.

- Program evaluation is an important aspect of program planning and monitoring, assessing program results, and determining future funding levels. It is essential in determining whether agencies have achieved long-range performance goals. For additional information on program evaluations, see Questions 2.6 and 4.5 in the PART guidance, at:

  http://www.whitehouse.gov/omb/part/fy2006/2006_guidance_final.pdf and
  http://www.whitehouse.gov/omb/part/2004_program_eval.pdf

51.11 Explanations relating to supplemental appropriations requests.

When you forecast the need for a program supplemental appropriation, you must prepare justification material in accordance with this section. Provide information indicating why the request was not included in the regular estimates for the period concerned and the reasons why it is considered essential that the additional appropriation be granted during the year. Submit proposals for offsets to be made elsewhere in your agency for both mandatory and discretionary resources along with your requests for supplementals, and indicate related FTE savings or requirements and appropriate financing changes. If the estimate is approved for later transmittal (rather than in the budget), you will be required to submit further justification of the supplemental estimate to OMB (see section 110.3). Show the effect of requested supplementals in the appropriate portions of the justification material for the program elements affected.

51.12 Major changes in receipts estimates.

Provide narrative explanations for major changes from one fiscal year to the next in the amounts of receipts reported for any account, trends in receipt estimates for the related programs, and any other unusual circumstances relating to the estimates.

Advise OMB of increases in amounts reported to the Treasury Department accounts 1435.00 (General fund proprietary interest receipts, not otherwise classified) and 3220.00 (All other general fund proprietary receipts) when you expect that the amounts collected from a single source will exceed $10 million in any year or when legislation is proposed that will affect any receipts reported to those accounts.

Make your explanations of legislative proposals consistent with your legislative program and outyear policy estimates. Cover the expected timing of enactment and the annual level of receipts anticipated.

51.13 Unobligated balances in liquidating accounts

You must submit information justifying any unobligated balances you expect to carry forward into the current year (see section 185.3(k)).

SECTION 52—INFORMATION ON FINANCIAL MANAGEMENT

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Ex–52 Report on Resources for Financial Management Activities

Summary of Changes

Eliminates requirements for information that duplicate requirements under OMB Circular A-136 (section 52.4).

Requires agencies to provide separate resource information on budget formulation and budget execution activities and systems, as part of the Exhibit 52 submission, due on January 12, 2007 (section 52.5).

52.1 What are the general reporting requirements?

Agencies are required to provide two reports on financial management and one on grants management:

- Financial management operations and initiatives, including agency financial management systems plans (to be submitted in each agency's annual Performance and Accountability Report (PAR)), described in section 52.4(a);
- Report on resources for financial management activities (exhibit 52); and
- Agency compliance with grants management policies and practices, described in section 52.4(b), now a part of the exhibit 52 submission.

52.2 What reporting requirements are addressed?

For the 24 agencies covered by the Chief Financial Officers Act of 1990 (CFO), the materials required in this section address the following requirements:

- OMB Circular A–127, Financial Management Systems: Requires each agency to prepare and maintain financial management system plans.
- The Federal Financial Management Improvement Act of 1996 (FFMIA): Requires each agency head to determine substantial compliance with the Act. When the agency head determines that the agency's financial management systems do not comply with FFMIA, the Act requires the agency to submit a remediation plan to bring the agency's financial management systems into substantial compliance with FFMIA. Guidance in this section outlines the information that must be provided regarding the remediation plan.

- CFO Act: Requires each agency CFO to prepare a financial management plan to implement the government-wide financial management five-year plan.

52.3 Who must report financial and grant management information?

CFO Act agencies. All CFO Act agencies must submit the materials prescribed in section 52.4(a) in their PARs. The CFO Act assigns to the CFO the responsibility for preparing and revising the agency's financial management plans and developing the agency's financial management budget. Additionally, the information is used in reviewing the budget submissions of agencies.

Non-CFO Act agencies. Non-CFO Act agencies must include in their budget submission a brief summary of their financial management plans to ensure sound financial management practices. An agency should include this information in its PAR if it publishes one.

52.4 What materials are required?

(a) *Financial management.*

The following information, synopsized from more specific plans held by the agency, should be described in each agency's annual PAR (PARs are discussed in OMB Circular A–136). A discussion of an agency's financial management strategy should unite into a coherent purposeful theme all aspects of financial and budget management, including material weaknesses, information systems, and performance measurement. (If any of the information requested in this section is also required by OMB Circular A–136, agencies may combine responses to avoid duplication of effort). This description should align with the agency's mission and programs, address the President's Management Agenda, and include, at a minimum:

Goals and strategies

- Briefly discuss the agency's financial management systems strategy and how it will achieve the goals of the President's Management Agenda for improving financial and budget management government-wide. Include information on the status of financial management activities and systems (see below) to provide a context for the agency's plans and resources request.

Financial management systems framework

- Present an overview of the agency's current and future financial management systems framework (including migration strategies for possible migration to a Financial Management Shared Service Center), emphasizing plans for achieving an integrated systems infrastructure; describe core financial management systems and financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control (see section 53.3).

- Include in the overview a synopsis of critical projects currently underway, or planned, to achieve the target framework. Identify FFMIA remediation activities planned and underway, describing target dates and offices responsible for bringing systems into substantial compliance with FFMIA.

- Compile an inventory of baseline financial management and mixed systems, including an assessment of major problems. (Inventory information will be submitted separately. Guidance and instructions for the systems inventory update will be available on the Internet; a separate memorandum will be distributed to Deputy CFOs advising them of the location and posting date.)

(b) *Grants management*.

The following information about grants should be provided with each agency's Exhibit 52 submission:

- The agency costs relating to its grants management function for FY 2005, FY 2006 and for the Budget Year (use the Grants section on exhibit 52). Include the salaries of agency Grants Management Officials, agency Grants Specialists, agency Grants Policy Officials, and other related costs, excluding grants systems expenditures, which are reported on exhibit 52, lines 4001, 4002, and 4102 and on exhibit 53.

52.5 What is the report on resources for financial management activities (exhibit 52)?

Each CFO Act agency is asked to report total budgetary resources and full-time equivalent (FTE) employment data for the Budget Year (2008) and actual obligations for FY 2005 and FY 2006. This information is used for Congressional reporting and agency oversight, as well as budget review. Additional information should be provided for budget formulation and budget execution activities and systems. This extra information will help in planning and managing the newly established Budget Formulation and Execution Line of Business.

Financial Information should be provided for each of the following categories of financial management activities:

- Financial management:
  - In-house activities
  - Budget formulation activities
  - Budget execution activities
  - Contractor Costs (in-house only)

- Audits of financial statements:
  - In-house activities
  - Contractor costs

- Financial management systems:
  - In-house activities
  - Budget formulation (include appropriate contractor costs)
  - Budget execution (include appropriate contractor costs)
  - Contractor costs (excluding budget formulation and execution costs)

In-house and contract data are required for resources regarding financial management activities, audits of financial statements, and financial management system costs. Additionally, agencies migrating to a Financial Management System of Excellence shall identify all relevant migration, procurement, and implementation costs in a footnote to the exhibit.

Agencies have the option of describing in footnotes the context and reasons for any budget request. Agencies must explain, however, in footnotes to the exhibit, any significant line item changes between the current year amount and the budget request. A significant change is defined as any increase that exceeds the percent increase determined by OMB guidance for the agency as a whole.

52.6 What are the line descriptions and coding for exhibit 52?

Report obligations for fiscal years FY 2005 and FY 2006, and budgetary resources for FY 2008, in millions of dollars and FTE employment data for the entries described below. Resource information should represent the agency's best estimate of salaries, contracts, or other major expenses to be reported. Allocation of overhead expenses is not required.

REPORT ON RESOURCES FOR FINANCIAL MANAGEMENT ACTIVITIES

Entry		Description
Line coding		
2001	FTEs for in-house FM activities	FTEs for the activities described in Codes 2002, 2004, and 2006.
2002	In-house financial management activities	Include in-house resources (including personnel) for processing, recording, and reporting of revenues, receipts, outlays, expenditures, assets, liabilities, and other financial transactions; reconciliation of asset and liability accounts, such as accounts or loans receivable, with subsidiary records and with external data, such as Treasury cash records; preparation of financial statements.
2004	Budget formulation	Include in-house and contractor resources (including personnel) for processing appropriations, apportionments, allotments, obligations, funds control; and all other activities associated with budget formulation. Include contractor support costs. *Budget Formulation* involves all activities undertaken to determine priorities for future spending and to develop an itemized forecast of future funding and expenditures during a targeted period of time. This includes the collection and use of performance information to assess the effectiveness of programs and develop budget priorities.
2006	Budget execution	Include in-house and contractor resources (including personnel) for processing appropriations, apportionments, allotments, obligations, funds control; and all other activities associated with budget execution. Include contractor support costs. *Budget Execution* involves the apportionment and allotment and sub-allotment distribution of budget authority to achieve results consistent with the formulation budget.
2102	Contractor financial management activities	Include resources (including personnel) for financial management activities (excluding budget formulation and execution) performed by contractors.
3001	FTEs for audits of financial statements	FTEs for activities described in Code 3002.
3002	Audits of financial statements	Include resources for performing audits of financial statements. Do not include resources for preparation of financial statements.
3102	Contractor audit activities	Include resources (including personnel) for contractor performed financial statement audits. Report information for all fiscal years indicated.
4001	FTEs for financial management systems	FTEs for the activities described in Codes 4002, 4004, and 4006.
4002	In-house financial management systems activities	Include resources for financial management systems, which consist of financial systems and financial portions of mixed systems necessary to support financial management. (See definitions of financial management

Entry		Description
		systems in section 53.3.) Include in this category grants management systems as either a financial or mixed system (see section 53.3). Data reported should be consistent with information reported as the estimated percentage of total system budgetary resources associated with financial components in exhibit 53. Exclude information about budget formulation and execution activities.
4004	Budget formulation systems	Include resources for budget formulation systems (include contractor support). Include resources (including personnel) for systems development, procurement, implementation, and maintenance.
4006	Budget execution systems	Include resources for budget execution systems (include contractor support). Include resources (including personnel) systems development, procurement, implementation, and maintenance.
4102	Contractor financial management systems activities	Include resources (including personnel) for contractor support of systems development, procurement, implementation, and maintenance. Report information for all fiscal years indicated. Exclude budget systems.
5000	Grants management activities	The agency costs relating to its grants management function for all fiscal years indicated. Include the salaries of agency Grants Management Officials, agency Grants Specialists, agency Grants Policy Officials, and other related costs.
9998	Agency contact	Include a point of contact for the above information.
9999	Telephone number	Include telephone number of agency contact.

52.7 How do I submit exhibit 52 and when is it due?

Exhibit 52 is due on January 12, 2007. It should be approved by the agency CFO before submission to OMB. Use the formatted spreadsheet provided at the Chief Financial Officer's website, http://www.cfoc.gov.

Send the completed exhibit 52 spreadsheet to exhibit52@omb.eop.gov. Before sending the completed spreadsheet, verify that the subject line has the three-digit OMB agency code (see Appendix C) and the full agency name. Update the data on exhibit 52, if necessary, to reflect final budget decisions. Call 202–395–5642 for addition information.

Report on Resources for Financial Management Activities—Dept of Govt

	Total Resources for Financial Management	PY-1 2005	PY 2006	BY 2008
	Financial Management Costs			
2002	In-house	50.00	50.00	50.00
2004	Budget formulation		25.00	
2006	Budget execution	10.00		
2102	Contractor costs - in-house support	33.00	33.00	33.00
	Total obligations/Budgetary resources	93.00	108.00	83.00
	Audit of Financial Statements - Costs			
3002	In-house	0.00	0.00	0.00
3102	Contractor costs	0.00	0.00	0.00
	Total obligations/Budgetary resources	0.00	0.00	0.00
	Financial Management Systems - Costs			
4002	In-house	24.80	34.30	34.40
4004	Budget formulation	10.00		
4006	Budget execution		12.00	
4102	Contractor costs- in-house support	50.00	60.00	70.00
	Total obligations/Budgetary resources	84.80	106.30	104.40
	Total Resources	177.80	214.30	187.40
	Financial Management FTEs			
2001	In-house	7.00	8.00	9.00
	Audits of Financial Statements - FTEs			
3001	In-house		5.00	
	Financial Management Systems - FTEs			
4001	In-house			6.00
	Total FTEs	7.00	13.00	15.00
5000	**Grants Management Resources**	50.00	55.00	60.00
9998	Agency contact	K.W. Stenfeld		
9999	Telephone number	(202) 697-5715		

Report obligations for PY-1 (05) and PY (06) and budgetary resources for BY (08).

Amounts reported for financial management systems on line 4002 must be consistent with the percentage of budgetary resources for financial management systems in exhibit 53.

SECTION 53—INFORMATION TECHNOLOGY AND E-GOVERNMENT

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Ex–53 Agency IT Investment Portfolio

Summary of Changes

Directs online submission of exhibit 53; emails and delivered copies are unacceptable (section 53.6).

Adds new primary Federal Enterprise Architecture Mapping columns to exhibit 53 (section 53.8).

Adds new Primary Budget Formulation and Execution columns to exhibit 53 (section 53.8).

Adds new Part 5, Special Use IT Investments to exhibit 53 (section 53.8).

Clarifies that agency FTE costs associated with IT should be included as part of exhibit 53 (section 53.8).

Reduces FY 2008 Unique Project Identifiers (UPI) to 17 digits (section 53.9).

Directs funding source line items to use MAX funding codes (section 53.9).

53.1 Why must I report on information technology (IT) investments?

The information required allows the agency and OMB to review and evaluate each agency's IT spending and to compare IT spending across the Federal Government. Specifically the information helps the agency and OMB to:

- Ensure initiatives create a citizen-centered electronic presence and advance an E-Government (E-Gov) strategy including specific outcomes to be achieved;
- Understand the amount being spent on development and modernization of IT versus the amount being spent on operating and maintaining the status quo for IT;
- Identify costs for providing IT security as part of agency investment life cycle as well as IT security costs for supporting crosscutting or infrastructure related investments under the Federal Information Security Management Act (FISMA);

- Provide a full and accurate accounting of IT investments for the agency as required by the Clinger-Cohen Act of 1996;

- Ensure spending on IT supports agency compliance with the requirements of Section 508 of the Rehabilitation Act Amendments of 1998 (Electronic and Information Technology Accessibility) and Section 504 of the Rehabilitation Act of 1973 (Reasonable Accommodation);

- Ensure compliance with E-Government Act of 2002 and Paperwork Reduction Act of 1995;

- Ensure privacy is considered and protected in electronic activities;

- Identify investments supporting Homeland Security goals and objectives; and

- Review requests for agency financial management systems.

You must provide this information using the Agency IT Investment Portfolio (exhibit 53) reporting format. This information should be consistent with information required in section 51.3. In addition, as an output of your agency's internal capital planning and investment control process, your budget justification for IT must provide results oriented information in the context of the agency's missions and operations. Your budget justification, including the status and plans for information systems, should be consistent with your agency's submissions on financial management activities required by section 52 and the applicable guidance in Part 7 (section 300) of this Circular.

The total investment's costs must cover the entire risk-adjusted life cycle of each system and include all budgetary resources (direct appropriation, working capital fund, revolving funds, etc.). Budgetary resources are defined in section 20 of this Circular. Life cycle costs should also be risk adjusted to include any risks addressed on the Capital Asset Plan and Business Case. These total investment costs must be formulated and reported in order for OMB to meet the Clinger-Cohen Act's requirement which states, at the same time the President submits the budget for a fiscal year to Congress under section 1105(a) of title 31, United States Code, the Director shall submit to Congress a report on the net program performance benefits achieved as a result of major capital investments made by executive agencies in information systems and how the benefits relate to the accomplishment of the goals of the executive agencies.

53.2 What background information must I know?

The Federal Government must effectively manage its portfolio of capital assets to ensure scarce public resources are wisely invested. Capital programming integrates the planning, acquisition and management of capital assets into the budget decision-making process. It is intended to assist agencies in improving asset management and in complying with the results-oriented requirements of:

- The Government Performance and Results Act of 1993 (GPRA), establishing the foundation for budget decision-making to achieve strategic goals in order to meet agency mission objectives. Instructions for preparing strategic plans, annual performance plans, and annual program performance reports are provided in Part 6 of this Circular (see section 220).

- The Program Assessment Rating Tool (PART), which assesses a program's performance and management, including the practices and procedures used to achieve results. Information on the PART process and schedule, guidance for completing a PART assessment, and other supporting materials can be found at http://www.whitehouse.gov/omb/part/.

- The Federal Managers Financial Integrity Act of 1982 (FMFIA), Chief Financial Officers Act of 1990 (CFO Act) and Federal Financial Management Improvement Act of 1996, which require accountability of financial and program managers for financial results of actions taken, control over the Federal Government's financial resources, and protection of Federal assets. OMB policies and standards for developing, operating, evaluating, and reporting on financial management systems are contained in Circular A–127, Financial Management Systems, and section 52 of this Circular.

- The Paperwork Reduction Act of 1995 (PRA), which requires agencies perform their information resources management activities in an efficient, effective, and economical manner.

- The Clinger-Cohen Act of 1996, which requires agencies to use a disciplined capital planning and investment control (CPIC) process to acquire, use, maintain and dispose of information technology. OMB policy for management of Federal information resources is contained in Circular A–130, "Management of Federal Information Resources."

- The Federal Information Security Management Act (FISMA), which requires agencies to integrate IT security into their capital planning and enterprise architecture (EA) processes, conduct annual IT security reviews of all programs and systems, and report the results of those reviews to OMB.

- The E-Government Act of 2002 (P.L. 107–347), which requires agencies to support government-wide E-Gov initiatives and to leverage cross-agency opportunities to further E-Gov. The Act also requires agencies to establish a process for determining which government information the agency intends to make available and accessible to the public on the Internet and by other means. In addition, the Act requires agencies to conduct, and submit to OMB, privacy impact assessments for all new IT investments administering information in identifiable form collected from or about members of the public.

- The Federal Records Act, which requires agencies to establish standards and procedures to assure efficient and effective records management. The National Archives and Records Administration (NARA) issues policies and guidance for agencies to meet their records management goals and requirements. NARA also provides policies and guidance for planning and evaluating investments in electronic records management.

53.3 How do I ensure IT investments improve program performance and support the President's Management Agenda?

All IT investments must clearly demonstrate the investment is needed to help meet the agency's strategic goals and mission. They should also support the President's Management Agenda (PMA). The President's Budget defines the guiding principles for the investments supporting the PMA. For more information on the PMA refer to http://www.results.gov.

The capital asset plans and business cases (exhibit 300) and "Agency IT Investment Portfolio" (exhibit 53) demonstrate the agency management of IT investments and how these governance processes are used when planning and implementing IT investments within the agency. Any attendant documentation should be maintained and readily available if requested by OMB.

The individual agency's exhibit 53 is used to create an overall "Federal IT Investment Portfolio" published as part of the President's Budget. OMB's portfolio review and budget process will ensure IT investments support the strategy identified in this section and ensure the Federal IT Investment Portfolio includes the most effective portfolio of investments to:

- Improve the management of programs to achieve better program outcomes;
- Ensure sound security of Federal information systems and appropriate protection of information held in those systems;
- Eliminate redundant or non productive IT investments;
- Support the Federal Enterprise Architecture (FEA);
- Support the Presidential initiatives and E-Gov strategy;
- Focus IT spending on high priority modernization initiatives;
- Manage major IT investments within 10% of cost, schedule, and performance objectives;
- Certify and accredit IT investments and systems; and
- Ensure privacy safeguards are implemented in electronic activities.

53.4 What special terms should I know?

Budget Execution represents activities related to apportioning and allocating funds to lower level organizations consistent with legal limitations and management objectives then reflected in the formulated budget, operating plans, status of funds reports, the reprogramming of funds, quarterly reporting to Treasury, outlay plans, and transfers.

Budget Formulation represents activities undertaken to determine priorities for future spending and to develop an itemized forecast of future funding and expenditures during a targeted period of time. This includes the collection and use of performance information to assess the effectiveness of programs and develop budget priorities.

Business Reference Model (BRM) is a function-driven framework used to describe the lines of business and sub-functions performed by the Federal Government independent of the agencies performing them. IT investments are mapped to the BRM to identify collaboration opportunities.

Capital Planning and Investment Control (CPIC) means the same as capital programming and is a decision-making process for ensuring IT investments integrate strategic planning, budgeting, procurement, and the management of IT in support of agency missions and business needs. The term comes from the Clinger-Cohen Act of 1996 and generally is used in relationship to IT management issues.

Certification and Accreditation (C&A) is a comprehensive assessment of the management, operational, and technical security controls in an information system, made in support of security accreditation, to determine the extent to which the controls are implemented correctly, operating as intended, and producing the desired outcome with respect to meeting the security requirements of the system.

Federal Enterprise Architecture (FEA) is a business-based framework for government-wide improvement. It describes the relationship between business functions and the technologies and information supporting them. The FEA is being constructed through a collection of interrelated "reference models" designed to facilitate cross-agency analysis and the identification of duplicative investments, gaps, and opportunities for collaboration within and across federal agencies. For FY 2008,

major IT investments should be aligned with each reference model within the FEA framework, except for the Data Reference Model. More information about the FEA reference models is available at http://www.egov.gov. The BRM and Service Component Reference Model (SRM) are briefly described in this section (53.4).

FEA Primary Mapping is the identification of the primary function or service this IT investment supports. For FY 2008, investments should identify a primary mapping to either the BRM (Line of Business and associated sub-function) ***or*** to the SRM (Service Type and associated Component). Only one primary FEA mapping should be provided for each investment. A BRM mapping should be used if the investment primarily supports a functional area. If the investment primarily provides a service cross-cutting multiple functional areas, the SRM mapping should be provided. Guidance on the codes for the BRM and SRM primary mappings can be found at http://www.egov.gov.

Financial Management Systems are financial systems and the financial portion of mixed systems (see definitions below) that support the interrelationships and interdependencies between budget, cost and management functions, and the information associated with business activities.

Financial Systems are comprised of one or more applications that are used for any of the following:

- Collecting, processing, maintaining, transmitting, and reporting data about financial events;
- Accumulating and reporting cost information; or
- Supporting the preparation of financial statements.

A financial system supports the processes necessary to record the financial consequences of events that occur as a result of business activities. Such events include information related to the receipt of appropriations or resources; acquisition of goods or services; payment or collections; recognition of guarantees, benefits to be provided, or other potential liabilities or other reportable activities.

Funding Source means the direct appropriation or other budgetary resources an agency receives. You need to identify the budget account and the budget authority provided. Report those budget accounts providing the financing for a particular investment. *To avoid double counting, do not report any accounts receiving intra-governmental payments to purchase IT investments or services as funding sources.*

Government Information means information created, collected, processed, disseminated, or disposed of by or for the Federal government.

High Risk Investments require special attention from oversight authorities and the highest levels of agency management because: 1) the agency has not consistently demonstrated the ability to manage complex projects; 2) of the exceptionally high development, operating, or maintenance costs, either in absolute terms or as a percentage of the agency's total IT portfolio; 3) it is being undertaken to correct recognized deficiencies in the adequate performance of an essential mission program or function of the agency, a component of the agency, or another organization, or 4) delay or failure would introduce for the first time inadequate performance or failure of an essential mission program or function of the agency, a component of the agency, or another organization.

Information Resource Management (IRM) Strategic Plan is strategic in nature and addresses all information resources management of the agency. Agencies must develop and maintain the agency's IRM strategic plan as required by 44 U.S.C. 3506(b)(2). IRM strategic plans should support the agency's strategic plan required in OMB Circular A–11, provide a description of how information resources management activities help accomplish agency missions, and ensure IRM decisions are integrated with organizational planning, budget, procurement, financial management, human resources management, and program decisions.

Information System means a discrete set of information technology, data, and related resources, such as personnel, hardware, software, and associated information technology services organized for the collection, processing, maintenance, use, sharing, dissemination or disposition of information.

Information Technology, as defined by the Clinger-Cohen Act of 1996, sections 5002, 5141, and 5142, means any equipment or interconnected system or subsystem of equipment used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For purposes of this definition, equipment is "used" by an agency whether the agency uses the equipment directly or it is used by a contractor under a contract with the agency that (1) requires the use of such equipment or (2) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. Information technology includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources. It does not include any equipment acquired by a Federal contractor incidental to a Federal contract.

IT migration Investment means the partner agency's migration costs associated with moving an existing investment, system, process or capability to a Government-wide common solution.

Major IT Acquisition/Project means a system or investment requiring special management attention because it: has significant importance to the mission or function of the agency, a component of the agency or another organization; is for financial management and obligates more than $500,000 annually; has significant program or policy implications; has high executive visibility; has high development, operating, or maintenance costs; or is defined as major by the agency's capital planning and investment control process. OMB may work with the agency to declare other investments as major investments. If you are unsure about what investments to consider as "major," consult your agency budget officer or OMB representative. Investments not considered "major" are "non-major."

Managing Partner represents the agency designated as the lead agency responsible for the implementation of the E-Gov or LoB initiative. The managing partner is also responsible for coordinating and submitting the exhibit 300 for the initiative and the exhibit 300 will be represented as part of the managing partner's budget portfolio.

New IT Project means an IT investment newly proposed by the agency that has not been previously funded by OMB. This does not include investments existing within the agency that have not previously been reported to OMB.

Non-Major IT Project means any initiative or investment not meeting the definition of major defined above but is part of the agency's IT Portfolio. All non-major investments must be reported individually on the exhibit 53.

On-going IT Investment means an investment that has been through a complete budget cycle with OMB and represents budget decisions consistent with the President's Budget for the current year (BY–1).

Partner Agency represents the agency for an E-Gov or LoB initiative designated as an agency that should provide resources (e.g., funding, FTEs, in-kind) to the management, development, deployment, or maintenance of a common solution. The partner agency is also responsible for including the appropriate line items in its Exhibit 53 reflecting the amount of the contribution for each of the E-Gov or LoB initiatives to which it is providing resources.

Partner Agency IT "fee-for-service" represents the financial fees paid for by a partner agency for IT services provided.

Privacy Impact Assessment (PIA) is a process for examining the risks and ramifications of using information technology to collect, maintain and disseminate information in identifiable form from or about members of the public, and for identifying and evaluating protections and alternative processes to

mitigate the impact to privacy of collecting such information. Consistent with September 26th, 2003 OMB guidance (M–03–22) implementing the privacy provisions of the E-Government Act, agencies must conduct, and submit to OMB, any publicly available PIAs for all new or significantly altered information technology investments administering information in identifiable form collected from or about members of the public. Agencies choosing to conduct PIAs for IT investments administering information in identifiable form collected from or about agency employees need not submit them to OMB.

Records includes all books, papers, maps, photographs, machine readable materials, or other documentary materials, regardless of physical form or characteristics, made or received by an agency of the United States Government under Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data in them. Library and museum material made or acquired and preserved solely for reference or exhibition purposes, extra copies of documents preserved only for convenience of reference and stocks of publications and of processed documents are not included.

Service Component Reference Model (SRM) is a common framework and vocabulary used for characterizing the IT and business components collectively comprising an IT investment. The SRM helps agencies rapidly assemble IT solutions through the sharing and re-use of business and IT components. A component is a self-contained process, service, or IT capability with pre-determined functionality that may be exposed through a business or technology interface.

System Of Records Notice (SORN) means a statement providing to the public notice of the existence and character of a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual. The Privacy Act of 1974 requires this notice to be published in the Federal Register upon establishment or substantive revision of the system, and establishes what information about the system must be included.

53.5 How do I determine whether I must report?

Submit an agency IT investment portfolio (exhibit 53) to OMB if either of the following are true:

- You are a government agency subject to Executive Branch review.
- Your financial management system budgetary resources are above $500,000 in any given year.

53.6 How do I submit exhibit 53 and when is it due?

Section 53 requires the submission of exhibit 53 and PIAs. Additional attendant documents should be maintained and made available upon OMB request.

Initial draft of exhibit 53. In order for OMB and the agency to agree on what major investments and non-major projects will be reported for the 2008 budget process, OMB will be working with agencies to create initial draft exhibit 53s during the summer of 2006. Draft exhibit 53 should, at a minimum, include the unique IDs, investment title, and investment description. OMB will be providing additional information about these initial draft exhibit 53s.

You must submit an exhibit 53 in an electronic format, using a valid spreadsheet version, via the IT budget submission system or manually enter the information.

Your exhibit 53 and PIAs are due to OMB with the budget submission in a manner fully integrated with your agency's overall budget submission (see section 25.4). In addition, you must update each exhibit 53 and the accompanying Capital Asset Plans and Business Cases (exhibit 300) to reflect any changes due to final budget decisions.

If agencies are request supplemental funds, which include changes to the agency's portfolio, as part of their supplemental request, agencies should submit an updated exhibit 53.

53.7 If I submitted exhibit 53 last year, how do I revise it this year?

If your agency submitted an exhibit 53 for the 2007 Budget, the appropriate information can be used to create the new worksheet using the provided FY 2008 template (submissions not compliant with the provided template will be rejected). It is important the file is updated to reflect PY for FY 2006, CY for FY 2007, and BY for FY 2008. In the FY 2008 exhibit 53, the FEA "Mode of Delivery" columns have been changed to capture the "Primary FEA Mapping" columns. The FY 2008 exhibit 53 uses FY 2008 UPIs without the FEA Mappings (FY 2007 UPIs should be consistent with submissions used in the 2007 Budget submissions). The FY 2008 exhibit 53 also requires MAX funding codes for all "Funding Sources" line items. Consistent with FY 2007 Budget submissions, "Investment Descriptions" will be limited to 255 characters.

53.8 How is exhibit 53 organized?

(a) *Overview.*

As a general rule, exhibit 53 covers IT investments for your agency as a whole. Provide investment amounts in millions (provide up to six decimal points, at least one decimal point is required) for PY through BY. Information reported here must be consistent with data you report in MAX schedule O, object classification (specifically, object classes 11.1 through 12.2, 23.1, 23.2, 25.2, 25.3, 25.7, 26.0, 31.0, and 41.0). Include all major IT investments, including financial management systems, reported in exhibit 300 as well as all migration, partner agency funding contribution, and non-major IT investments.

Exhibit 53 has five major parts:

- Part 1. IT investments for Mission Area Support.
- Part 2. IT investments for Infrastructure, Office Automation, and Telecommunications.
- Part 3. IT investments for Enterprise Architecture and Planning.
- Part 4. IT investments for Grants Management Systems.
- Part 5. Special Use IT Investments - (Grants to State and Local, National Security Systems).

All parts use the following common data elements:

- ***2007 Unique Project Identifier (UPI)*** means the unique project identifier used to report the investment in the 2007 Budget. As agencies capital planning processes mature and investments are aligned to the FEA, the unique project identifiers should be changed to match the appropriate FEA Mappings. Indicating the UPI used for the 2007 Budget process allows cross-walk and historical analysis crossing fiscal years for tracking purposes.

- ***2008 UPI*** means the identifier depicting agency code, bureau code, mission area (where appropriate), part of the exhibit where investment will be reported, type of investment, agency four-digit identifier, and two-digit investment category code. Details are provided in section 53.8.

- ***Investment Title*** means a definitive title explaining the investment. If the investment title has changed, include the previous name in parentheses. For "funding source" information, provide the 10 digit max account code (OMB Circular A-11, Section 79.2). Additional information can be found in Part III of this circular.

- ***Investment Description*** means a short public description (limited to 255 characters) for each investment (major, migration, partner contribution, and non-major). This description should explain the entry item, its components, and what program(s) it supports. This description should be understandable to someone who is not an expert of the agency. If the investment is part of a multi-agency initiative or part of another business case, please provide description of where that business case is located in the appropriate agency budget submission (i.e. managing partner UPI). For example, if the investment represents your agency's participation in one of the Presidential initiatives, the description should state that this investment represents your agency's participation in one of the Presidential initiatives and should refer to the UPI of the managing partner's business case (i.e. managing partner UPI). For "funding source descriptions" please consult your OMB representative for specifics about what information should be included in this field

- ***Primary FEA Mapping - Line of Business or Service Type*** means the 3-digit code for either the primary Line of Business from the FEA BRM OR the primary cross-cutting Service Type from the FEA SRM. This applies for all each major or non-major IT investment. BRM Line of Business and SRM Type codes can be found at http://www.egov.gov.

- ***Primary FEA Mapping - Sub-Function or Service Component*** means the 3-digit code for either the primary Sub-function under the BRM Line of Business OR the primary cross-cutting Service Component under the SRM Service Type identified in the BRM Line of Business or SRM Service Type. BRM Sub-functions and SRM components codes can be found at http://www.egov.gov.

- ***Percentage Budget Formulation (BF)*** means an estimated percentage of the total IT investment budget authority associated with Budget Formulation (see section 52).

- ***Percentage Budget Execution (BE)*** means an estimated percentage of the total IT investment budget authority associated with Budget Execution (see section 52).

- ***Percentage Financial*** means an estimated percentage of the total IT investment budget authority associated with the financial components. See the financial system definition (section 53.4) for a description of financial functions. Exclude information about budget formulation and execution activities when determining this.

- ***Percentage IT Security*** means an estimated percentage of the total investment for budget year associated with IT security for a specific investment. Federal agencies must consider the following criteria to determine security costs for a specific IT investment:

  The products, procedures, and personnel (Federal employees and contractors) that are primarily dedicated to or used for provision of IT security for the specific IT investment. Do not include activities performed or funded by the agency's Inspector General. When determining the percentage IT security include the costs of:

  - Risk assessment;
  - Security planning and policy;
  - Certification and accreditation;
  - Specific management, operational, and technical security controls (to include access control systems as well as telecommunications and network security);
  - Authentication or cryptographic applications;
  - Education, awareness, and training;
  - System reviews/evaluations (including security control testing and evaluation);

- Oversight or compliance inspections;
- Development and maintenance of agency reports to OMB and corrective action plans as they pertain to the specific investment;
- Contingency planning and testing;
- Physical and environmental controls for hardware and software;
- Auditing and monitoring;
- Computer security investigations and forensics; and
- Reviews, inspections, audits and other evaluations performed on contractor facilities and operations.

Other than those costs included above, security costs may also include the products, procedures, and personnel (Federal employees and contractors) that have as an incidental or integral component, a quantifiable benefit to IT security for the specific IT investment. This includes system configuration/change management control, personnel security, physical security, operations security, privacy training, program/system evaluations whose primary purpose is other than security, systems administrator functions, and, for example, system upgrades within which new features obviate the need for other standalone security controls.

Many agencies operate networks, which provide some or all necessary security controls for the associated applications. In such cases, the agency must nevertheless account for security costs for each of the application investments. To avoid double counting agencies should appropriately allocate the costs of the network for each of the applications for which security is provided.
In identifying security costs, some agencies find it helpful to ask the following simple question, "If there was no threat, vulnerability, risk, or need to provide for continuity of operations, what activities would not be necessary and what costs would be avoided?" Investments that fail to report security costs will not be funded. Therefore, if the agency encounters difficulties with the above criteria they must contact OMB prior to submission of the budget materials.

- ***Supports Homeland Security*** means an IT investment supporting the homeland security mission areas of 1) Intelligence and warning, 2) Border and transportation security, 3) Defending against catastrophic threats, 4) Protecting critical infrastructure and key assets, 5) Emergency preparedness and response, 6) Other. If the investment supports one of these mission areas, indicate which one(s) by listing the corresponding number(s) listed above. If the investment does not support homeland security, please leave blank.

- ***Development/Modernization/Enhancement (DME)*** means the program cost for new investments, changes or modifications to existing systems to improve capability or performance, changes mandated by the Congress or agency leadership, personnel costs for project (investment) management, and direct support. For major IT investments, this amount should equal the sum of amounts reported for planning and acquisition plus the associated FTE costs reported in the exhibit 300.

- ***Steady State (SS)*** means maintenance and operation costs at current capability and performance level including costs for personnel, maintenance of existing information systems, corrective software maintenance, voice and data communications maintenance, and replacement of broken IT equipment. For major IT investments, this amount should equal the amount reported for maintenance plus the associated FTE costs reported in the exhibit 300.

- ***Investment C&A status*** means the current security Certification and Accreditation (C&A) status of the investment's system(s):
  (00)—Systems within this investment have not been through the C&A process because the investment is not yet operational.

(02)—None of the systems have gone through the C&A process or have been granted full authority to operate (for operational investments).
(22)—Some or all of the systems within this investment have been through a C&A process, but no systems have been granted full authority to operate.
(25)—Some or all of the systems within this investment have been through a C&A process, some systems have been granted full authority to operate.
(55)—All of the systems within this investment have been through a C&A process and have been granted full authority to operate.

- ***Project Management Qualification Status*** means the qualification status of the investment's project manager (PM), as issued in CIO Council Guidance and referenced by OMB PM Guidance (M–04–19). The following options are available:
  (1)—The project manager assigned for this investment has been validated as qualified in accordance with OMB PM Guidance. (Validated PMs include "Validated with Exception".)
  (2)—The project manager assigned for this investment is in the process of being validated as qualified in accordance with OMB PM Guidance.
  (3)—The project manager assigned for this investment is not validated as qualified in accordance with OMB PM Guidance.
  (4)—The qualifications for the project manager named have not been evaluated.
  (5)—No project manager is currently assigned for this investment.
  (6)—N/A—This is not an IT project.

- ***Funding Source*** means any budgetary resource used for funding the IT investment. Budgetary resource is defined in section 20. For each funding source, identify the budgetary resources including the MAX funding codes used for a project. Add as many funding source line items as are appropriate for the project. To avoid double counting or under counting, the totals of the funding amounts for a project must match the main investment line item, represented with the investment category of "00" or "24". Do not report funds received as part of intra-governmental payments to purchase IT investments or services, partner agencies should provide this as a part of the partner agency's IT portfolio.

- ***Funding Source Subtotal*** represents the total of all funding source line items used for funding a particular IT investment.

(b) *Part 1. IT investments for Mission Area Support.*

Consistent with your agency's strategic and annual performance plan, report amounts for IT investments directly supporting an agency-designated mission area (e.g., human resource management, financial management, command and control). Report each mission area in which IT investments are funded, itemizing the "major" and "non-major" IT investments within each mission area.

You must have a mission area titled "Financial Management", and it must be reported as the first mission area. Some IT investments support financial functions in addition to other functions. If an IT investment supports financial functions, you must include an estimated percentage of the total IT investment obligations associated with the financial components. See the financial system, budget formulation, and budget execution definitions provided in this section for a description of financial functions. Systems predominately supporting financial functions should be included in the first mission area, "Financial Management". If the IT investment reported is 100 percent financial, indicate "100" percent in the column. For mixed systems or investments, indicate the appropriate percentage that is financial.

(c) *Part 2. IT investments for Infrastructure, Office Automation, and Telecommunications.*

Report all IT investments supporting common user systems, communications, and computing infrastructure. These investments usually involve multiple mission areas and might include general

LAN/WAN, desktops, data centers, cross-cutting issues such as shared IT security initiatives, and telecommunications. Report your IT security initiatives and investments not directly tied to a major investment on a separate line identified as "non-major."

(d) *Part 3. IT investments for Enterprise Architecture and Planning.*

Report amounts for IT investments supporting strategic management of IT operations (e.g., business process redesign efforts not part of an individual investment or initiative, enterprise architecture development, capital planning and investment control processes, procurement management, and IT policy development and implementation).

(e) *Part 4. IT investments for Grants Management Systems.*

Report amounts for IT investments representing planning, developing, enhancing or implementing a grants management system or portion thereof. Include any grants systems initiatives.

(f) *Part 5. Special Use IT investments.*

Report amounts for special use IT investments representing planning, development, enhancements or implementations. Agencies should use this part to report "Grants to State and Local". DoD should use this part to report National Security Systems. Before using Part 5 for anything other than the previously identified, please check with your OMB representative.

53.9 How is exhibit 53 coded?

Use the following 17 digit line number coding system to update or complete your exhibit 53 (Each investment identified in the agency's portfolio must have a unique UPI):

Entry	Description
XXX–xx–xx–xx–xx–xxxx–xx	The first three digits are your agency code (see Appendix C).
xxx–XX–xx–xx–xx–xxxx–xx	The next two digits are your bureau code (see Appendix C). If this is a department only reporting or represents agency-wide activities, use 00 as your bureau code.
xxx–xx–XX–xx–xx–xxxx–xx	These two digits indicate the five parts of the exhibit 53: 01 = Part 1. IT investments for Mission Area Support 02 = Part 2. IT investments for Infrastructure, Office Automation, and Telecommunications 03 = Part 3. IT Investments for Enterprise Architecture and Planning 04 = Part 4. IT Investments for Grants Management Systems 05 = Part 5. Special Use IT Investments
xxx–xx–xx–XX–xx–xxxx–xx	These two digits indicate the mission area. Assign a unique code for each mission area reported.

Entry	Description
xxx–xx–xx–xx–XX–xxxx–xx	These two digits indicate your agency's type of investment. Select one of the following two digit codes according to the type of investment you are reporting: 01 = Major IT investments (see definition in section 53.3) 02 = Non-major IT investments (see definition in section 53.3) 03 = IT migration investment portion of a larger asset and for which there is an existing business case for the overall asset. Description of the IT investment should indicate the UPI of the major asset investment of the managing partner. 04 = Partner agency funding contribution represents resources provided by partner agency for a joint effort for more than one agency. Use the 04 indicator to identify projects where the business case for the major IT investment is reported in another agency's exhibit 53. Description of the IT investment should indicate the UPI of the major asset investment of the managing partner.
xxx–xx–xx–xx–xx–XXXX–xx	This is a four-digit identification number to identify a specific IT investment. If a new investment is added to exhibit 53, locate the area of exhibit 53 where you are going to report the IT investment and use the next sequential number as your four digit identification number. To avoid duplicative UPIs, review agency's portfolio before finalizing this identification number for new or updated investments.
xxx–xx–xx–xx–xx–xxxx–XX	These two digits identify the investment category of the investment you are reporting. Select one of the following two digit codes according to what you report on the title line: 00 = Total investment title line, or the first time the agency is reporting this particular investment. If this is one of the PMC E-Gov initiatives or an individual agency's participation in one of the PMC E-Gov initiatives, this two-digit code should be "24". 04 = Funding source or appropriation 09 = Any subtotal

Use the following 10 digit number coding system to update or complete your MAX Account ID code information:

Entry	Description
XXX–xx–xxxx–x	The first three digits are your agency code (see Appendix C).
xxx–XX–xxxx–x	The next two digits are your bureau code (see Appendix C).
xxx–xx–XXXX-x	This is a four-digit Account Symbol for the appropriate MAX Account. (see section 79.2)
xxx–xx–xxxx-X	This is a single digit Transmittal Code. (see section 79.2)

53.10 What are the steps to complete exhibit 53?

The following provides step-by-step instructions to complete each part of exhibit 53. See section 53.4 and 53.8 for definitions.

AGENCY IT INVESTMENT PORTFOLIO

Entry	Description
Part 1. IT investments for Mission Area Support	Report amounts (DME & SS) for IT investments that directly support an agency-designated mission area. Report each mission area in which IT investments are funded. This information should map directly to your agency's strategic and annual performance plan. For IT investments that cover more than one agency, report in the mission area with oversight of the IT investment. Mission area 01 is reserved for your "financial management" IT investments. Step 1: For each mission area, list each major IT investment and the corresponding investment costs. For BY only, if financial or mixed, identify what percentage is financial. For BY only, if IT security costs are included, identify what percentage of the total investment is IT security. If this IT investment supports Homeland Security (HS) goals and objectives (see section 53.8) provide the number for the HS mission area. Step 2: For each mission area, list each non-major investment. If either of these has financial, mixed, or IT security, identify the appropriate percentages. If this system or investment supports Homeland Security goals and objectives (see section 53.8), answer yes.
Part 2. IT investments for Infrastructure, Office Automation, and Telecommunications	Each agency should have one business case (exhibit 300) encompassing all office automation, infrastructure, and telecommunications for the agency. This section of the exhibit 53 should have one line item indicating the major investment Unique ID for this departmental/agency-wide investment. If you are unsure what investments should be included in this area contact your OMB representative for clarification. Additional information about the relationship between this consolidated business case and the Infrastructure LoB can be found at http://www.egov.gov
Part 3. IT Investments for Enterprise Architecture and Planning	Each agency should list all enterprise architecture efforts. For FY 2008, enterprise architecture investments are not categorized as major investments, and an exhibit 300 is not required for them. Any capital planning and investment control process investments may be reported separately in this section. However, agencies should ensure the investments' UPI codes have the correct BRM primary mapping in order to clearly distinguish the EA investments from other planning investments (e.g., EA investments should be mapped to the "Enterprise Architecture" sub-function in the BRM).
Part 4. IT Investments for Grants Management Systems	Report amounts (DME & SS) for IT investments that support grants management operations. See classification instructions in section 53.8 under Grants Management.
Part 5. Special Use IT Investments - (Grants to State and Local, National Security Systems, etc.)	Report amounts (DME & SS) for IT investments for special use.

These columns are required for the 2008 exhibit 53, Agency IT Investment Portfolio:

Column 1: 2007 UPI (23–digits required)
Column 2: 2008 UPI (17–digits required for all)
Column 3: Investment Title
Column 4: Investment Description (limited to 255 characters)
Column 5: Primary FEA Mapping - Line of Business or Service Type (3 digit code)
Column 6: Primary FEA Mapping - Sub-Function or Service Component (3 digit code)
Column 7: BF Percentage (%)
Column 8: BE Percentage (%)
Column 9: Financial Percentage (%)
Column 10: IT Security (%)
Column 11: Homeland Security Priority Identifier (select all that apply)
Column 12: Development, Modernization, Enhancement (DME) (PY/2006) ($M)
Column 13: Development, Modernization, Enhancement (DME) (CY/2007) ($M)
Column 14: Development, Modernization, Enhancement (DME) (BY/2008) ($M)
Column 15: Steady State (SS) (PY/2006) ($M)
Column 16: Steady State (SS) (CY/2007) ($M)
Column 17: Steady State (SS) (BY/2008) ($M)
Column 18: Investment C&A Status (00,02,22,25,55)
Column 19: Project Management Qualification Status (1, 2, 3, 4, 5, 6)

Agency IT Investment Portfolio

FY 2008 Budget Exhibit 53 - Agency

2007 UPI	2008 UPI (17-digits required for all)	Investment Title	Investment Description (limited to 255 characters)	Primary FEA Mapping (BRM or SRM)		Percentage (%)				Homeland Security	DME ($M)			Steady State ($M)			Investment C&A	Project Management
				Line of Business or Service Type (3 digit code)	Sub-Function or Svc Component (3 digit code)	BF	BE	Financial	IT Security	Priority Identifier (Select all that apply)	PY	CY	BY	PY	CY	BY	Status (00,02,22,25,55)	Qualification Status (1, 2, 3, 4, 5, 6)
	123-45-00-00-00-0000-00	**Agency Total IT Investment Portfolio**									17.27	19.25	207.861	13.10	15.7	119.111		
	123-45-01-00-00-0000-00	**Part 1. IT Systems by Mission Area**									13.92	13.9	101.511	6.7	8.3	11.711		
	123-45-01-01-00-0000-00	01 - Title of mission area (financial first)									12.77	12.75	100.361	5.6	7.2	10.611		
123-45-01-01-01-1010-00-407-187	123-45-01-01-01-1010-00	Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	2	2	2	2	2	2	55	1
	123-45-01-01-01-1010-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source 1													0		
	123-45-01-01-01-1010-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source 2													0		
	123-45-01-01-01-1010-09	Funding Source Subtotal														0		
123-45-01-01-01-1020-00-104-008	123-45-01-01-01-1020-00	Major IT investment title 2	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	5.21	5.2	49	1.6	2.4	4.111	55	1
	123-45-01-01-01-1020-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source 1													0		
	123-45-01-01-01-1020-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source 2													0		
	123-45-01-01-01-1020-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source 3													0		
	123-45-01-01-01-1020-09	Funding Source Subtotal														0		
123-45-01-01-01-1020-00-104-008	123-45-01-01-01-1025-00	Major IT investment title 2	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	5.21	5.2	49	1.6	2.4	4.1	55	1
	123-45-01-01-01-1025-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source 1													0		
	123-45-01-01-01-1025-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source 2													0		
	123-45-01-01-01-1025-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source 3													0		
	123-45-01-01-01-1025-09	Funding Source Subtotal														0		
123-45-01-01-02-1030-00-305-109	123-45-01-01-02-1030-00	Non-Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0.15	0.15	0.15	0.1	0.1	0.1	55	1
123-45-01-01-03-1040-00-101-001	123-45-01-01-03-1040-00	Migration investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0.1	0.1	0.111	0.15	0.15	0.15		2
	123-45-01-01-04-1040-00	Partner agency funding contribution	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0.1	0.1	0.1	0.15	0.15	0.15		6
	123-45-01-02-00-0000-00	02 - Title of mission area									1.15	1.15	1.15	1.1	1.1	1.1		
123-45-01-02-01-1010-00-111-033	123-45-01-02-01-1012-00	Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	1	1	1	1	1	1	55	1
	123-45-01-02-01-1012-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source Name(s)													0		
	123-45-01-02-01-1012-09	Funding Source Subtotal														0		
123-45-01-02-02-1020-00-305-109	123-45-01-02-02-1022-00	Non-Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0.15	0.15	0.15	0.1	0.1	0.1	25	1
	123-45-02-00-00-0000-00	**Part 2. IT Infrastructure and Office**									1.1	1.1	100.1	1.15	1.15	100.15		
	123-45-02-00-01-1015-00	Major IT consolidated infrastructure investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0	0	100	0	0	100	55	1
	123-45-02-00-01-1015-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source Name(s)													0		
	123-45-02-00-01-1015-09	Funding Source Subtotal														0		
123-45-02-00-01-1010-00-404-139	123-45-02-00-01-1017-00	Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	1	1	0	1	1	0	55	1
	123-45-02-00-01-1017-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source Name(s)													0		
	123-45-02-00-01-1017-09	Funding Source Subtotal														0		
123-45-02-00-02-1020-00-404-136	123-45-02-00-02-1027-00	Non-Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0.1	0.1	0.1	0.15	0.15	0.15	55	3
	123-45-03-00-00-0000-00	**Part 3. Enterprise Architecture & Planning**									2.25	4.25	6.25	1	2	3		
123-45-03-00-01-1010-00-304-102	123-45-03-00-01-1018-00	Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	2	4	6	1	2	3	55	1
	123-45-03-00-01-1018-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source Name(s)													0		
	123-45-03-00-01-1018-09	Funding Source Subtotal														0		
123-45-03-00-02-1020-00-304-103	123-45-03-00-02-1028-00	Non-Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0.25	0.25	0.25	0	0	0	55	4
	123-45-04-00-00-0000-00	**Part 4. Grants Management**									0	0	0	2.25	2.25	2.25		
123-45-04-00-01-1010-00-106-015	123-45-04-00-01-1019-00	Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0	0	0	2	2	2	55	1
	123-45-04-00-01-1019-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source Name(s)													0		
	123-45-04-00-01-1019-09	Funding Source Subtotal														0		
123-45-04-00-02-1020-00-106-017	123-45-04-00-02-1029-00	Non-Major IT investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0	0	0	0.25	0.25	0.25	55	5
	123-45-05-00-00-0000-00	**Part 5. IT Grants to State and Locals (optional)**									0	0	0	2	2	2		
123-45-05-00-01-1010-00-106-016	123-45-05-00-01-1111-00	IT Grant investment title	Description for investment	xxx	xxx	x	x	x	x	1,2,3,4,5,6	0	0	0	2	2	2	55	1
	123-45-05-00-01-1111-04	(MAX Account ID Code : xxx-xx-xxxx-x)	Funding Source Name(s)													0		6
	123-45-05-00-01-1111-09	Funding Source Subtotal														0		6

SECTION 54—RENTAL PAYMENTS FOR SPACE AND LAND

Table of Contents

54.1 Do I need to report on rental payments?
54.2 What materials must I provide?
54.3 What terms do I need to know?
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54.5 What supporting information must I provide?
Ex–54 Space Budget Justification

54.1 Do I need to report on rental payments?

If your agency obligates more than $5 million annually for rental payments to the General Services Administration (GSA) or to others (e.g., other Federal agencies or commercial landlords) for rental of space, structures and facilities, and land and building services, you must submit a space budget justification in the format of exhibit 54. OMB uses this information to evaluate your budget request for rent in the context of personnel and program changes (e.g., downsizing). GSA uses this information to refine its estimates of rental costs. You should use this information to analyze your space requirements and rental costs.

For reporting purposes, *include* amounts for the services covered by the basic rental charge assessed by GSA as obligations for rental payments to GSA, but *exclude* amounts above standard services, such as overtime utility services. From GSA's monthly bill, use line D, "Total Annual Rental" plus, in some cases, line 14a "Billing Adjustments and Corrections, Current Year" to compare to the amount on the line "GSA rent estimate" of exhibit 54. These amounts are already *net* of obligations for the cost of operations in buildings where GSA has delegated authority for building operations. The cost of building operations in buildings whose operational authority is delegated should be budgeted in the appropriate object classes, such as 25.4, operations and maintenance of facilities. These costs should appear on exhibit 54.

Make your obligations for rental payments to GSA (Part 1 of exhibit 54) and your obligations for other space services paid to non-GSA entities (Part 2) consistent with data reported as rental payments under the appropriate object classes (see section 54.4).

54.2 What materials must I provide?

You must submit an overall summary report in the format of exhibit 54 for the agency as a whole. This report provides a justification of your agency's budget request for rent. In addition, you must submit a separate report for each bureau or subordinate organization that makes rental payments. Submit a single agency-wide summary report if these costs are paid for centrally from one account.

You must complete exhibit 54 using an electronic spreadsheet (Excel or Lotus) available from GSA (phone: 202–219–0370 or http://hydra.gsa.gov/exhibit54*)*. The spreadsheet format includes inflation factors to calculate outyear estimates automatically and it generates total obligations for rental costs and funding sources.

The report contains information for PY through BY+1 on:

- Rental payments to GSA, which reconciles the GSA rent estimate with actual, planned, and requested changes in inventory.

- Funding sources for these rental payments to GSA.
- Rental payments to others, both non-Federal and Federal sources.
- Supporting detail on all changes from the GSA rent bill or GSA estimates of rental costs (see section 54.5).

Your submission must support your budget year request and list all applicable appropriations and/or other funding sources by account.

Report space requirements to the nearest square foot; state obligations in thousands of dollars and round to the nearest thousand. Where an amount falls exactly halfway in between, round to the nearest even figure (for example, both $11,500 and $12,500 round to $12). Do not identify amounts of $500 or less.

In addition to the materials provided with your budget submission, submit electronic versions of these materials both to GSA and OMB by sending e-mails to the following addresses:

OMBExhibit54@gsa.gov and exhibit54@omb.eop.gov

Exhibit 54 is due with the budget submission. Before sending the completed spreadsheet, verify that the subject line has the three-digit OMB agency code (see Appendix C) and the full agency name.

54.3 What terms do I need to know?

Agency means departments and establishments of the Government, and ***bureau*** means the principal subordinate organizational units of an agency.

GSA bureau code means the agency/bureau code(s) recorded on the GSA rent bills or GSA budget estimates for each bureau making rental payments. (This number is *not* the same as the 2–digit OMB bureau code described in section 79.2 and Appendix C.)

GSA rent estimate means a document developed by GSA and sent to customer agencies once a year. This document provides budget year data on estimated assigned space and the associated costs of that space. It is used by GSA's customers for planning and budgeting purposes. You should use this year's GSA budget estimate (available this summer) to report the GSA rent estimate for the CY and BY.

OMB-approved inflation factor means the inflation factor used in the GSA budget estimate. Mid-Session Review inflation factors will be used for CY through BY+1. The electronic spreadsheet format provided to you will use these factors to automatically inflate certain outyear estimates.

Chargeback *(or adjustments to the bill)* means the process by which GSA's customers contest a GSA billing. If you claim a chargeback, you are required to complete a Standard Form 238, "SIBAC Adjustment Voucher For Chargeback" and provide supporting chargeback data justifying your claim.

54.4 How do I prepare the space budget justification?

The following table explains the information needed to prepare the space budget justification (see exhibit 54). Exhibit 54 illustrates the summary page of the submission. There are five worksheets that contain the detail for the chargebacks, planned changes to inventory and the requested program changes. One worksheet is for the chargebacks, and there is one for each year in which to detail planned changes to inventory and the requested program changes (i.e., PY, CY, BY and BY+1). The summary justification consists of two parts:

- Rental payments to GSA (Part 1). (With the exception of the lines "Other adjustments," "Statutorily-imposed rent caps," and "Funding sources for Rental Payments to GSA," data in this part is derived by formula from five back-up worksheets); and

- Rental payments to others (Part 2).

Subtotals, totals, and certain other entries indicated in **boldface** will be automatically calculated (see exhibit 54).

INFORMATION REQUIRED FOR THE SPACE BUDGET JUSTIFICATION

Entry	Description
	Report in dollars and to the nearest square foot on the individual worksheets. The totals will be automatically calculated for the summary page, with obligations rounded to the nearest thousand. Report net estimates of rental costs and square feet (i.e., net of any adjustments within the relevant category being reported).
PART 1. RENTAL PAYMENTS TO GSA	In Part 1, include information on rental payments to GSA only. Report data on rental payments to others in Part 2.
GSA rent estimate	For the chargeback and PY worksheets, report amount of the annual (i.e., full year) rental cost. To calculate the annual rental cost, use the monthly GSA bill with the same date as the date on the GSA rent estimate and multiply the rent estimate for the current month by the number of months remaining in the fiscal year and add this amount to the year-to-date rent estimate on the monthly bill. Report the total square feet in the monthly GSA rent bill with the same date as the date on the GSA rent estimate for the BY. (The monthly GSA bill reflects total square feet billed for the month.) For the CY worksheet, report the square feet and rent estimate reflected in the CY column of GSA rent estimate for the BY. For the BY worksheet, report the square feet and rent estimate reflected in the GSA rent estimate for the BY. Note: GSA will provide agencies with the supporting documentation for the BY rent estimate, as required. The electronic spreadsheet will calculate rent estimates for BY+1 automatically, using OMB-approved inflation factors. Estimates of square feet will be generated by the spreadsheet for BY+1 at the BY level.
Actual adjustments to the bill Enter PY only	Report the net amount of any chargeback (resolved or unresolved) and actual changes in the inventory for the PY that has not been reflected in the monthly rent bill used above and the associated net square feet. This may include disputes over rates, space classifications, and current space requirements.
PY worksheet planned changes in inventory	For the PY worksheet, report the net amount of approved and planned changes in the inventory and adjustments from the base month (as reflected in the GSA rent estimate) to the end of the fiscal year. Adjustments may be an increase or decrease from the monthly rent bill used above for PY.
Enter the inventory changes for the remainder of the year	Enter the square feet and the estimated annual rent under the "Agency Information" columns. Enter the effective date of the project. The annual change and the part-year change for rent are automatically calculated.

Entry	Description
CY, BY, and BY+1 worksheets	For the CY, BY, and BY+1 worksheets, include the approved and planned changes in inventory and associated adjustments that are not reflected in GSA rent estimates, including projects in the pipeline. Enter the changes in the worksheet for the year in which the change will first occur. The worksheet will automatically generate outyear estimates.
Requested program changes in inventory	For CY, BY, and BY+1 worksheets, report inventory changes that will result from changes in programs that have been enacted by law, are reflected in the President's budget, and/or are included in your BY request to OMB. Enter the CY, BY, and BY+1 requested program changes in each corresponding worksheet. The worksheet will automatically generate outyear estimates.
Space budget justification—the summary worksheet	
Other adjustments	Use this space to enter any other adjustments that are not included in the individual worksheets. Include an explanation of these items.
Statutorily-imposed rent caps	Report only on those rental payments to GSA that you consider constrained for legal reasons. Include as a footnote the legal reference (i.e., public law citation). Supporting detail must be provided, as described in section 54.5.
Total, net rental payments to GSA	The Space Budget Justification worksheet will automatically generate these totals.
FUNDING SOURCES FOR RENTAL PAYMENTS TO GSA	
Funded by direct appropriations:	List each direct appropriation that funds rental payments to GSA, by account title and identification (ID) code. Use a 9–digit ID code, which includes the OMB agency/bureau code followed by the 4–digit basic account symbol assigned by Treasury (xxx–xx–xxxx) (see section 79.2). For PY–BY+1, include the amount of obligations for rental payments to GSA that are funded from annual appropriations and permanent appropriations to general, special, and trust funds.
Account title and ID code	If there are more than three accounts listed, change the electronic spreadsheet to add rows, as needed.
Subtotal, direct appropriations	Report the sum of amounts of direct appropriations for a year for accounts listed. If more than three accounts are listed, change the spreadsheet formula to calculate the amount funded by direct appropriations.
Funded by other sources:	List all other sources of funding for rental payments to GSA (i.e., other than direct appropriations) by account title and ID code (described above).
Account title and ID code	Include additional information on the line stub to identify the source of funding, as necessary. For PY–BY+1, include the amount of obligations for rental payments to GSA that are funded from reimbursements, other offsetting collections, and allocations. If there are more than three accounts listed, change the electronic spreadsheet to add rows, as needed.

Entry	Description
Subtotal, other funding sources	Report the sum of amounts for other funding sources for a year for accounts listed. If more than three accounts are listed, change the spreadsheet formula to calculate the amount funded by other sources.
Total, net rental payments to GSA (object class 23.1)	Report the sum of amounts paid to the GSA Federal building fund for all funding sources (direct appropriations plus other funding sources) for a year for accounts listed. Report amounts that are consistent with obligations classified as "Rental payments to GSA" (object class 23.1). Make the totals for each year equal to the corresponding "Total, net rental payments to GSA" reported above (see exhibit 54).
PART 2. RENTAL PAYMENTS TO OTHERS	In Part 2, report information on rental payments to Federal agencies other than GSA and to entities outside the Federal Government. Exclude data on rental payments to GSA, which are reported in Part 1.
Non-Federal sources (object class 23.2)	Include obligations for possession and use of space, land, and structures leased from non-Federal sources (i.e., commercial landlords). Report amounts consistent with obligations classified as "Rental payments to others" (object class 23.2).
Federal sources other than GSA (object class 25.3)	Include obligations for payments to Federal agencies other than GSA for space, land, and structures that are subleased or occupied by permits, regardless of whether the space is owned or leased. *Note:* Typically, with the approval of the Administrator of GSA, you may sublease your GSA-assigned space to another agency or bureau. In such cases, if you are the agency assigned the space by GSA, report rental payments for this space in Part 1 as "Rental payments to GSA." If you are the agency or bureau subleasing space from another agency or bureau, report payments for the sublease in Part 2 as "Federal sources other than GSA." Report amounts consistent with obligations for rental payments to Federal sources reported as "Purchases of goods and services from Government accounts" (object class 25.3).
Total, rental payments to others	Report the sum of amounts as rental payments to non-Federal sources and to Federal sources other than GSA. Make the totals consistent with rental obligations classified in object classes 23.2 and 25.3.

54.5 What supporting information must I provide?

Complete and submit all six worksheets of exhibit 54 that support the Space Budget Justification summary page. For each change, include the GSA bureau code; the GSA building number (if known); city and State; type of action; effective date; square feet; and rent, on the appropriate worksheet. For any program changes requested, provide supporting information that identifies the program initiatives related to the requested changes. In addition, provide a list that identifies major acquisitions, renovations, or consolidations required to implement agency planned space changes, as well as the timing, amount of work space, and cost of each action.

Space Budget Justification

Agency_____
Bureau _____
GSA Bureau Code_____

Shaded entries are automatically generated by the electronic spreadsheet.

Note: The PY GSA rent estimate is based on the monthly rent bill with "date of inventory" that matches the GSA budget estimate for BY. CY and BY rent estimates are taken from the GSA budget estimates for the BY.

Round dollars to the nearest thousand, as required by section 54.2. Report space requirements to the nearest square foot.

Department of Government
(obligations in thousands of dollars)

	PY		CY		BY		BY + 1	
	Sq. Ft.	$	Sq. Ft.	$	Sq. Ft.	$	Sq. Ft.	$
PART 1: RENTAL PAYMENTS TO GSA								
GSA rent estimate……	26,500,000	$400,000	28,300,000	$425,000	28,300,000	$438,000	28,300,000	$447,636
Actual adjustments to the bill:								
Chargebacks (PY only)……	-500,000	-$4,000	-500,000	-$7,500	-500,000	-$7,658	-500,000	-$7,826
Other adjustments……								
Statutorily imposed rent caps……								
Planned changes to inventory:								
PY……	200,000	$2,000	200,000	$3,000	200,000	$3,063	200,000	$3,130
CY……			100,000	$1,200	100,000	$1,500	100,000	$1,533
BY……					135,000	$1,750	135,000	$2,150
BY + 1……							115,000	$1,000
BY + 2……								
Requested program changes:								
CY……			115,000	$1,000	115,000	$1,700	115,000	$1,737
BY……					100,000	$1,200	100,000	$1,500
BY + 1……							……	……
BY + 2……								
Total, net rental payment to GSA……	26,200,000	$398,000	28,215,000	$422,700	28,450,000	$439,555	28,565,000	$450,860
FUNDING SOURCES FOR RENTAL PAYMENTS								
Funded by direct appropriations:								
Account title and ID code:								
Acct. 1 Salaries and expenses 016-10-1166		$366,250		$367,750		$372,387		$377,000
Acct. 2……								
Acct. 3……								
Subtotal, direct appropriations……		$366,250		$367,750		$372,387		$377,000
Funded by other sources:								
Account title and ID code:								
Acct. 1 Water resources control 016-12-2650		$31,750		$54,950		$67,168		$73,860
Acct. 2……								
Acct. 3……								
Subtotal, other funding sources……		$31,750		$54,950		$67,168		$73,860
Total, net payments to GSA (object class 23.1)……		$398,000		$422,700		$439,555		$450,860
PART 2: RENTAL PAYMENTS TO OTHERS								
Non-Federal sources (object class 23.2)……	24,000,000	$290,000	25,000,000	$300,000	22,900,000	$275,000	22,900,000	$275,000
Federal sources (object class 25.3)……	150,000	$1,800	150,000	$1,800	150,000	$2,000	150,000	$2,000
Total, rental payments to others……	24,150,000	$291,800	25,150,000	$301,800	23,050,000	$277,000	23,050,000	$277,000

Dollar amounts for "Total, net rental payments to GSA" above should equal the corresponding entries at the end of Part 1. Supporting detail is required on each actual, planned, and requested change in inventory (see section 54.5).

Pursuant to section 83.12, only payments made directly to the GSA Federal buildings fund should be classified as object class 23.1. All other rental payments should be classified as object class 23.2 or object class 25.3.

SECTION 79—THE BUDGET DATA SYSTEM

Table of Contents

79.1 What is the MAX system and how do I report data in MAX?
79.2 What should I know about account identification codes?
79.3 How do I request new accounts, changes to existing accounts, or changes to the information contained in the BAT file?
79.4 What are the MAX schedules?
79.5 What MAX changes were made this year?

Ex–79A Functional Classification
Ex–79B Source Category Codes for Receipt Accounts

Summary of Changes

Adds exhibit 79B to display source category codes for receipt accounts.

79.1 What is the MAX system and how do I report data in MAX?

The MAX budget system (MAX) is a computer system used to collect and process most of the information required for preparing the budget. MAX collects the budget data using a series of schedules, or sets of data, within the MAX database. Each schedule describes a view of the President's Budget. An overview of all the schedules is provided in section 79.4.

You report data at the budget account level in MAX (see section 20.12(a)). This information is aggregated to provide the totals presented in many of the tables in the President's Budget. Most amounts are reported in millions of dollars, and the preferred method of rounding numbers is to the nearest even million (for example, both $11,500,000 and $12,500,000 would round to 12).

The Budget Account Title (BAT) file contains information on budget account titles and classifications and controls MAX data entry. Among other things, the BAT contains information on:

- The account title, as it will be printed in the budget;
- The Treasury and OMB identification codes;
- Subfunction classification;
- Budget Enforcement Act (BEA) category;
- Congressional subcommittee assignment;
- Type of account (e.g., expenditure, receipt, trust, special, revolving);
- Whether more than half of the collections are user charges;
- Whether the account will finance payments to individuals;
- Whether the account is sequestrable or exempt;
- Whether the account has obligation limitations;
- For receipt accounts, the receipt type; and for offsetting receipts, character classification; and
- Where the account will be printed in the budget (see section 95.3).

Section 79.3 provides information on requesting new accounts and changes to existing accounts and the information contained in the BAT file.

The MAX A–11 User's Guide is a comprehensive reference document that provides information on how to use MAX. It is available online, on the MAX A–11 website:

https://max.omb.gov/maxportal

If you have computer access to MAX, you must use the system to submit your budget data. If data has already been entered for a particular account and transmittal code, you can retrieve and change the data using MAX. For a new account or transmittal code, you must create new MAX schedules shells before you can enter data. The User's Guide provides detailed instructions on how to create and edit MAX schedules. You can also use MAX to generate several diagnostic computer reports.

If you do not have computer access to MAX, your agency's OMB representative will provide you with copies of MAX reports containing the budget schedules. Write the revised data directly on these reports and provide them to your OMB representative.

MAX contains numerous crosschecks or error messages ("edit checks") to help ensure the consistency of the data. Appendix D, which will be issued in the fall, describes the MAX edit checks.

79.2 What should I know about account identification codes?

OMB, in consultation with the Department of Treasury, assigns account identification codes. These codes are used to store and access data in MAX, run computer reports, and identify accounts in OMB and Treasury documents and MAX computer reports. While you can access your accounts in MAX without knowing the account number, you are required to perform several steps that can be eliminated if you do know it. Each account can be identified in several ways. For example, you can access your accounts in MAX by entering either the OMB account number or the Treasury account number. This is in contrast to finding your account in the Treasury Combined Statement Appendix, where the only the Treasury account number or the name of the account within the agency listing may be used. Regardless of which number you use, familiarity with the following coding options is helpful.

- OMB agency code—Each department or independent agency has a unique three digit number assigned by OMB (see Appendix C for list).

- OMB bureau code—Each bureau within each department or major agency has an agency-unique two-digit number assigned by OMB. Agencies that do not have distinct bureaus have a bureau code of "00" (see Appendix C for list). Most receipt accounts do not have a distinct bureau and have a bureau code of "00".

- Treasury agency code—Each agency also has a two-digit number assigned by Treasury (see Appendix C for list).

- Account symbol—Each account has an agency-unique number assigned by Treasury or, in the case of merged or consolidated accounts, by OMB, that corresponds to the fund type (e.g., general, special). For expenditure accounts, this number is four digits and, for receipt accounts, this number is six digits.

- Transmittal code—Each account in MAX has a one-digit code that identifies the nature or timing of the associated schedules as described below.

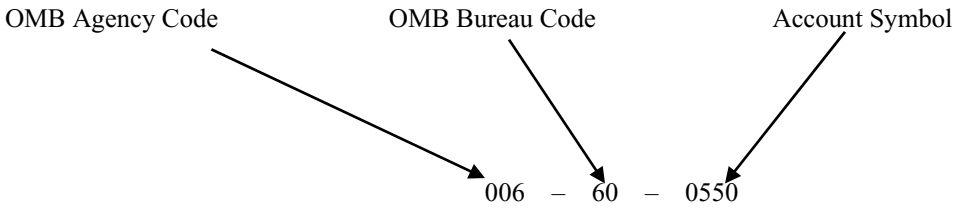
Transmittal Code	Title and description	Footnotes used in "Federal Programs by Agency and Account" listing in the budget.
0	Regular budget schedules.	n/a
1	Supplemental proposal. Use only for requesting supplemental CY amounts.	A
2	Legislative proposal, not subject to PAYGO. Use for legislative proposals requiring authorizing legislation that are not subject to PAYGO. Do not use for routine reauthorization of agency programs.	J
3	Appropriations language to be transmitted later. Use only with prior approval of OMB when language for a significant policy proposal cannot be transmitted in the budget.	I
4	Legislative proposal, subject to PAYGO. Use for legislative proposals requiring authorizing legislation that have a PAYGO effect. Do not use for routine reauthorization of ongoing programs.	B
5	Rescission proposal. Use only for requesting rescission of CY amounts.	H
9	Reserved for OMB use.	n/a

- Fund code—Section 20.12 explains fund codes and the account symbols associated with each fund type.

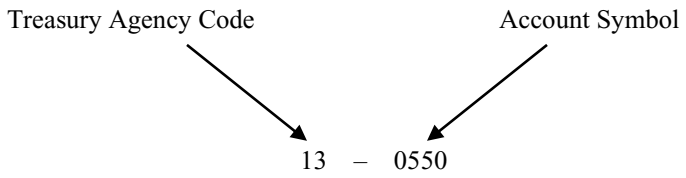
- Subfunction code—OMB assigns each account a three-digit code that corresponds to the account's subfunctional classification (e.g., national defense, income security, agriculture). (See section 79.3(d) for further explanation of subfunctions and exhibit 79A for a list of functional classifications.)

The following example illustrates the various account code combinations for the Salaries and expenses account of the National Telecommunications and Information Administration of the Department of Commerce:

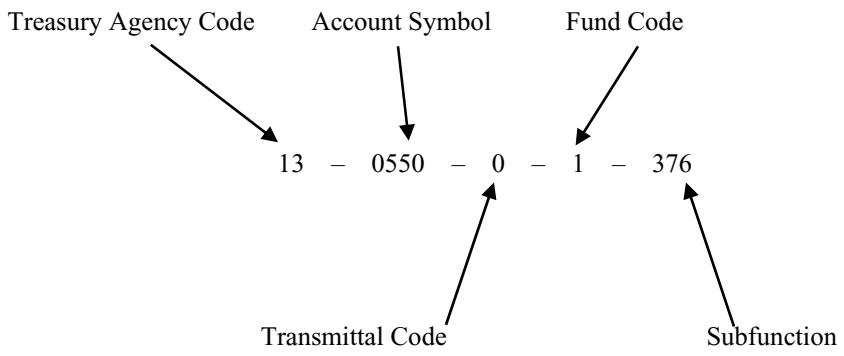
- OMB account number



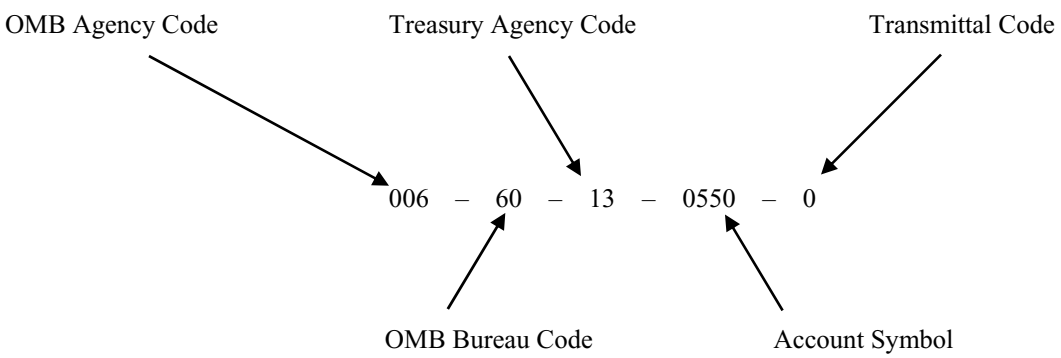
- Treasury account number



- Account identification code as shown in Budget Appendix



- Account identification code as shown at top of MAX data entry screen



79.3 How do I request new accounts, changes to existing accounts, or changes to information contained in the BAT file?

(a) *General.*

If you need to request a new account or make changes to an existing account or the information contained in the BAT file, please advise your agency's OMB budget representative. If requesting a new account, you will need to provide information on:

- Fund type
- BEA category

- Function
- User charges
- Receipt type
- Receipt source

These classifications are discussed further below. OMB will coordinate with Treasury, as required, make the necessary changes to the BAT file, and notify you when the change is complete.

If you want to propose new financing methods, reorganizations, account mergers or consolidations, or changes to the program activity structure in the program and financing schedule, OMB approval is required. You should submit requests for such changes by October 1, unless OMB specifies another date. If a change is dependent on pending decisions or results from late congressional action or other circumstances beyond your control, submit the request as soon as possible after October 1. If prospective internal reorganizations are likely to require budget structure changes, obtain OMB approval prior to implementing the reorganization.

Until requests are approved, base budget materials on the existing structure. If changes are approved, you must revise budget schedules and other materials accordingly.

(b) *Fund type and code*.

OMB and Treasury will assign identification codes based on the type of fund involved and other characteristics of the proposed new account. The account symbol is based on the fund type. See section 20.12 for a detailed discussion of fund types.

FUND TYPES AND CODES

Account symbol	Type of fund	Fund Code
0000–3899	General fund	1
5000–5999	Special fund	2
4000–4499	Public enterprise revolving fund	3
4500–4999	Intragovernmental revolving fund	4
3900–3999	Management fund	4
8000–8399 and 8500–8999	Trust non-revolving fund	7
8400–8499	Trust revolving fund	8
6000–6999	Deposit funds	N/A
F3800–F3899	Clearing accounts	N/A
90xx	Assigned by OMB to designate allowances	
991x–998x	Assigned by OMB to designate consolidated accounts	

In cases where two or more accounts with different account symbols are included in a consolidated schedule, "99" is used for the first and second positions, the third position designates the fund type, and the fourth position uniquely identifies the consolidated schedules.

(c) *BEA category*.

For each expenditure or receipt account, OMB assigns a BEA category (e.g., discretionary, mandatory) that designates how the budgetary resources of the account will be classified for BEA purposes (see

section 81.2 for a summary of BEA data classifications). In cases where the account will contain resources classified in more than one BEA category, OMB will identify the account as a "split" account.

(d) *Functional and subfunctional classification*.

OMB normally assigns each expenditure and offsetting receipt account a single subfunction code (see exhibit 79A for a list of functional classifications). In rare cases, an appropriation account may be split between two or more subfunctions. If the subfunctions are in the same function, the code of the function is used (e.g., 500, 550, etc.). If two or more functions are involved, the code "999" is used. Annually, OMB consults with CBO and other relevant budget and appropriation committee staff members regarding functional and subfunctional classification. This process, which is required by statute, typically occurs from October through December (see section 25.3).

(e) *User charge classification*.

OMB designates whether any collections related to the account are user charges, as defined in section 20.7(g). Receipts, offsetting receipts, and offsetting collections may be classified as user charges.

(f) *Receipt type*.

Receipt accounts are classified either as governmental receipts or offsetting receipts. If the receipts associated with a particular program have more than one classification, separate receipt accounts must be established (see section 20.7 for a full discussion of receipts).

(g) *Source category code*.

Each receipt type has a number of unique source category codes that enable MAX to produce tables needed for the Budget. OMB assigns the codes when a new receipt account is established by determining the receipt type for the account and selecting an appropriate program category within that receipt type (see exhibit 79B for a list of source category codes).

(h) *Account mergers and consolidations*.

Two or more Treasury accounts may be merged or consolidated for budget presentation purposes into a single budget account. Mergers and consolidations are similar. In a merger, the underlying accounts are replaced and accounted for by a single account. In a consolidation, the underlying accounts are included under a single account for display purposes only and continue to be accounted for separately.
Account mergers are used:

- When two or more appropriation accounts are replaced by a single appropriations. Sometimes the amounts in the old accounts are merged by law into the successor account.

- When the budget proposes to merge several appropriations into a single account and request budget year appropriations on that basis. The objective of such proposed mergers to is to permit greater flexibility in achieving program goals by managing and budgeting at a higher level of aggregation. This objective must be balanced against other needs, including the need for public disclosure and review and control by the President and the Congress.

- For revolving fund feeder accounts, which are appropriation accounts whose budgetary resources are available only for transfer to specified revolving fund accounts. They should be merged into the revolving funds to which they relate, and the amounts included in the feeder accounts should not be separately identified.

Account consolidations are used to combine into a single set of budget schedules:

- Federal fund accounts for which no budget authority is anticipated after the past year;
- Permanent general and special fund appropriations that are used for similar purposes or where accounts contain small sums that have no direct bearing on programs financed by current appropriations;
- Small trust fund accounts; and
- Below threshold accounts (that is, accounts with amounts of $500,000 or less) with larger accounts. For this purpose, below threshold trust fund accounts may be consolidated with general fund accounts.

79.4 What are the MAX schedules?

The following table lists the MAX schedules that appear in the MAX computer reports and on the MAX computer screen:

MAX schedule	Description	A–11 section number
SCHEDULE A	POLICY ESTIMATES OF BUDGET AUTHORITY AND OUTLAYS	81
SCHEDULE C	CHARACTER CLASSIFICATION	84
SCHEDULE F	BALANCE SHEET	86.1
SCHEDULE G	STATUS OF DIRECT LOANS, PRESIDENTIAL POLICY	185.11(b)
SCHEDULE H	STATUS OF GUARANTEED LOANS, PRESIDENTIAL POLICY	185.11(c)
SCHEDULE J	STATUS OF FUNDS	86.3
SCHEDULE K	RECEIPTS, BASELINE ESTIMATES	81
SCHEDULE N	SPECIAL AND TRUST FUND RECEIPTS	86.4
SCHEDULE O	OBJECT CLASSIFICATION	83
SCHEDULE P	PROGRAM AND FINANCING	82
SCHEDULE Q	PERSONNEL SUMMARY	85
SCHEDULE R	RECEIPTS, PRESIDENTIAL POLICY	81
SCHEDULE S	BASELINE ESTIMATES OF BUDGET AUTHORITY AND OUTLAYS	81
SCHEDULE T	BUDGET YEAR APPROPRIATIONS REQUESTS IN THOUSANDS OF DOLLARS	86.2
SCHEDULE U	LOAN LEVELS AND SUBSIDY DATA, PRESIDENTIAL POLICY	185.10(c)
SCHEDULE X	COMBINED SCHEDULE	EX-81A
SCHEDULE Y	FEDERAL CREDIT DATA, BASELINE ESTIMATES	185.11(d)

79.5 What MAX changes were made this year?

The following table lists the MAX changes that will affect the FY 2008 Budget:

MAX schedule, line code, and title		Change
Character classification (C)		
1441	R&D performed by colleges and universities	Delete
Status of funds (J)		
4575–4589	*Memorandum entry:* Current law subaccount detail	Delete
4590–4595	Adjustments	Delete
5540–5545	Adjustments	Add
5575–5589	*Memorandum entry:* Proposed legislation subaccount detail	Delete
9900	Uncommitted balance, end of year	Delete
	MAX provides near real-time updates to schedule J	
Special and trust fund receipts (N)		
0400	Total: Balances and receipts	Modify
	Schedule N in ALT version	
Program and Financing (P)		
2441	Special and trust fund receipts returned to schedule N (+)	Modify
4045	Portion precluded from obligation (-)	Add
5800	Offsetting collections (cash)	Add
5810	Change in uncollected customer payments from Federal sources (unexpired)	Add
5826	Offsetting collections (previously unavailable)	Add
5827	Capital transfer to general fund (-)	Add
5833	Portion applied to liquidate deficiencies (-)	Add
5835	Offsetting collections permanently reduced (-)	Add
5837	Offsetting collections temporarily reduced (-)	Add
5838	Unobligated balance temporarily reduced (-)	Add
5845	Portion precluded from obligation (limitation on obligation (-))	Add
5847	Portion applied to repay debt (-)	Add
5849	Portion applied to liquidate contract authority (-)	Add
5853	Portion substituted for borrowing authority (-)	Add
5861	Transferred to other accounts (-) [xx-xxx]	Add
5862	Transferred from other accounts (+) [xx-xxx]	Add
5890	Spending authority from offsetting collections (total)	Add
6636	Unobligated balance permanently reduced (-)	Add
6800–6890	Spending authority from offsetting collections (discretionary)	Delete

FUNCTIONAL CLASSIFICATION

050 NATIONAL DEFENSE
- 051 Department of Defense-Military
- 053 Atomic energy defense activities
- 054 Defense-related activities

150 INTERNATIONAL AFFAIRS
- 151 International development and humanitarian assistance
- 152 International security assistance
- 153 Conduct of foreign affairs
- 154 Foreign information and exchange activities
- 155 International financial programs

250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY
- 251 General science and basic research
- 252 Space flight, research, and supporting activities

270 ENERGY
- 271 Energy supply
- 272 Energy conservation
- 274 Emergency energy preparedness
- 276 Energy information, policy, and regulation

300 NATURAL RESOURCES AND ENVIRONMENT
- 301 Water resources
- 302 Conservation and land management
- 303 Recreational resources
- 304 Pollution control and abatement
- 306 Other natural resources

350 AGRICULTURE
- 351 Farm income stabilization
- 352 Agricultural research and services

370 COMMERCE AND HOUSING CREDIT
- 371 Mortgage credit
- 372 Postal Service
- 373 Deposit insurance
- 376 Other advancement of commerce

400 TRANSPORTATION
- 401 Ground transportation
- 402 Air transportation
- 403 Water transportation
- 407 Other transportation

450 COMMUNITY AND REGIONAL DEVELOPMENT
- 451 Community development
- 452 Area and regional development
- 453 Disaster relief and insurance

500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES
- 501 Elementary, secondary, and vocational education
- 502 Higher education
- 503 Research and general education aids
- 504 Training and employment
- 505 Other labor services
- 506 Social services

550 HEALTH
- 551 Health care services
- 552 Health research and training
- 554 Consumer and occupational health and safety

570 MEDICARE
- 571 Medicare

600 INCOME SECURITY
- 601 General retirement and disability insurance (excluding social security)
- 602 Federal employee retirement and disability
- 603 Unemployment compensation
- 604 Housing assistance
- 605 Food and nutrition assistance
- 609 Other income security

650 SOCIAL SECURITY
- 651 Social security

700 VETERANS BENEFITS AND SERVICES
- 701 Income security for veterans
- 702 Veterans education, training, and rehabilitation
- 703 Hospital and medical care for veterans
- 704 Veterans housing
- 705 Other veterans benefits and services

750 ADMINISTRATION OF JUSTICE
- 751 Federal law enforcement activities
- 752 Federal litigative and judicial activities
- 753 Federal correctional activities
- 754 Criminal justice assistance

800 GENERAL GOVERNMENT
- 801 Legislative functions
- 802 Executive direction and management
- 803 Central fiscal operations
- 804 General property and records management
- 805 Central personnel management
- 806 General purpose fiscal assistance
- 808 Other general government
- 809 Deductions for offsetting receipts

900 NET INTEREST
- 901 Interest on Treasury debt securities (gross)
- 902 Interest received by on-budget trust funds
- 903 Interest received by off-budget trust funds
- 908 Other interest
- 909 Other investment income

920 ALLOWANCES
- 921–929 Allowances [Assigned by OMB]

950 UNDISTRIBUTED OFFSETTING RECEIPTS
- 951 Employer share, employee retirement (on-budget)
- 952 Employer share, employee retirement (off-budget)
- 953 Rents and royalties on the Outer Continental Shelf
- 954 Sale of major assets
- 959 Other undistributed offsetting receipts

MULTIPLE FUNCTIONS
- 999 Multifunction account [used for accounts that involve two or more major functions]

SOURCE CATEGORY CODES FOR RECEIPT ACCOUNTS

GOVERNMENTAL RECEIPTS

[RECEIPT TYPE "G"]

Individual income taxes:
Federal Funds 0121
Corporation income taxes:
Federal funds 0130
Trust funds (Hazardous substance superfund) 0135
Social insurance taxes and contributions (trust funds):
Employment taxes and contributions:
Old-age and survivors insurance (Off-budget) 0211
Disability insurance (Off-budget) 0213
Hospital insurance 0215
Railroad retirement:
Social Security equivalent account 0219
Rail pension and supplemental annuity funds 0217
Unemployment insurance:
State taxes deposited in Treasury 0221
Federal unemployment tax receipts 0222
Railroad unemployment tax receipts 0223
Railroad debt repayment 0224
Other retirement contributions:
Federal employees' retirement-employee contributions 0232
Contributions for non-Federal employees 0233
Excise taxes:
Federal funds:
Miscellaneous excise taxes 0320
Tobacco excise taxes 0311
Ozone depletion excise tax 0315
Alcohol excise tax 0312
Telephone excise tax 0314
Transportation fuels tax 0316
Other Federal fund excise taxes 0310
Trust funds:
Highway trust fund 0322
National recreational trails trust fund 0323
Airport and airway trust fund 0325
Aquatic resources trust fund 0330
Black lung disability insurance trust fund 0333
Inland waterway trust fund 0336
Hazardous substance superfund 0339
Oil spill liability trust fund 0341
Post-closure liability trust fund 0342
Vaccine injury compensation trust fund 0345
National endowment for the environment 0346
Leaking under ground storage tank trust fund 0348
Other trust fund excise taxes 0349
Estate and gift taxes 0350
Custom duties and fees 0400
Miscellaneous Receipts:
Miscellaneous taxes 0459
Net tobacco settlement 0462
United Mine Workers of America: Combined benefit fund 0470
Employees health benefits fund 0473
Deposit of earnings, Federal Reserve System 0651
Defense Cooperation 0653
Alternative fuels production 0655
Fees for permits and regulatory and judicial services
Immigration, passport, and consular fees 0830
Patent and copyright fees 0840
Registration and filing fees 0850
Coal mining reclamation fees 0885
Miscellaneous fees for permits, licenses, etc 0869
Miscellaneous fees for regulatory and judicial services 0890
Fees for legal and judicial service 0860
Fines, penalties, and forfeitures 1050
Restitutions, reparations, and recoveries under military occupation 1100
Gifts and contributions 1200
Refunds and recoveries 1250
Proposed Legislative Plug 1300

OFFSETTING RECEIPTS

INTRAGOVERNMANTAL TRANSACTIONS

[RECEIPT TYPE "IF"]

Federal intrafund transactions:
Distributed by agency:
Interest from the Federal Financing Bank 1405
Interest on Government capital in enterprises 1400
Interest received by retirement and health benefits funds 1410
General fund payments to retirement and health benefits funds:
Employees health benefits fund 1432
DoD retiree health care fund 1430
Miscellaneous Federal retirement funds 1438
Subsidy balance transfers 1440
Other 1471

[RECEIPT TYPE "UF"]

Federal intrafund transactions:
Undistributed by agency:
Employing agency contributions:
Employees health benefits fund 1482
DoD retiree health care fund 1480
Miscellaneous Federal retirement funds 1488

[RECEIPT TYPE "IT"]

Trust intrafund transactions:
On-Budget:
Payment to railroad retirement (from off-budget) 1691
Interest payments, to hospital insurance (from off-budget) 1692
Other 1521
Off-Budget:
Interest on intertrust borrowing 1693

[RECEIPT TYPE "ID"]

Inter-fund transactions:
Distributed by Agency:
On Budget:
Federal fund payments to trust funds:
Contributions to insurance programs:
Military retirement fund 1612
Supplementary medical insurance 1613
Hospital insurance 1614
Railroad social security equivalent fund 1615
Rail industry pension fund 1620
Civilian supplementary retirement contributions 1616
Unemployment insurance 1617
Other contributions 1618
State and local government fiscal assistance 1623

Miscellaneous payments 1622
Trust fund payments to Federal funds:
Repayment of loans or advances to trust funds 1644
Quinquennial adjustment of military service credits.....1695
Other 1643
Off-Budget:
Old-age, survivors and disability, insurance 1681

[RECEIPT TYPE "UI"]

Undistributed by agency:
On-Budget:
Employer share, employee retirement (on-budget):
Civil service retirement and disability insurance 1661
CSRDI from Postal Service.....1697
Hospital insurance (contribution as employer) 1662
Employer contributions to FHI from Postal Service 1696
Military retirement fund.....1664
Other Federal employees retirement 1669
Interest received by on-budget trust funds 1670
Off-Budget:
Employer share, employee retirement (off-budget).....1682
Interest received by off-budget trust fund 1683

PROPRIETARY RECEIPTS FOR THE PUBLIC

[RECEIPT TYPE "P"]

Distributed by agency:
Interest:
Interest on foreign loans and deferred foreign collections.....1715
Interest on deposits in tax and loan accounts 1716
Other interest (domestic-civil) 1717
Dividends and other earnings.....1750
Royalties and rents 2050
Sale of products:
Sale of timber and other natural land products.....2220
Sale of minerals and mineral products.....2230
Sale of power and other utilities 2240
Other.....2299
Fees and other charges for services and special benefits:
Medicare premiums and other charges 2460
Employees health benefits premiums 2462
Nuclear waste disposal revenues 2464
Veterans life insurance (trust funds).....2465
Tolls and other revenues, Panama Canal 2466
Other.....2467
Sale of Government property:
Military assistance program sales (trust funds).....2637
Sale of land and other real property.....2515
Sale from the stockpile of strategic and other materials 2636
Other.....2799
Realization upon loans and investments:
Dollar repayments of loans, Agency for International Development 2961
Foreign military credit sales 2962
Negative subsidies and downward re-estimates....2965
Repayment of loans to foreign nations 2997
Other.....2998
Recoveries and refunds 3100
Miscellaneous receipt accounts.....3102

[RECEIPT TYPE"UP"]

Undistributed by agency:*
Outer Continental Shelf escrow account (Function 908).....3220
Outer Continental Shelf rents and bonuses (953) 3230
Outer Continental Shelf royalties (953).....3240
Arctic National Wildlife Refuge (959).....3245
Sale of major assets (954) 3250
Other undistributed offsetting receipts (959).....3252

OFFSETTING GOVERNMENTAL RECEIPTS

[RECEIPT TYPE "OG"]

Distributed by Agency:
Defense cooperation.....4001
Regulatory fees 4025
Other 4050

[RECEIPT TYPE "UG"]

Undistributed by agency:
Spectrum auction proceeds.....5000

NOTE: Functions may not be mixed within a "UP" source category.

SECTION 80—DEVELOPMENT OF BASELINE ESTIMATES

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80.1 What are the basic requirements?
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80.1 What are the basic requirements?

OMB produces baseline estimates following the rules in section 257 of the Budget Enforcement Act of 1990 (BEA). Each agency, including the legislative and judicial branches, must submit estimates of budgetary resources, outlays, and receipts that project the CY levels into BY through BY+9, except:

- For credit financing accounts, baseline data is required only for net financing disbursements; and
- Government-sponsored enterprises do not have to submit baseline estimates.

Section 81 provides detailed information on entering baseline data into MAX.

The law provides explicit instructions on how to develop the baseline estimates. Some apply to all baseline estimates. However, most rules are specific to two categories of collections and spending:

- Those that are controlled through annual appropriations acts (discretionary spending); and
- Those that are controlled through authorizing legislation (mandatory spending and receipts).

The classification of collections and spending as discretionary or mandatory spending follows the criteria specified in the BEA. Consult your OMB representative if you have questions concerning BEA classification.

80.2 What general rules do I need to know?

The baseline is a projection of the current year (CY) levels of budgetary resources, outlays, and receipts into the outyears based on laws already enacted. The following rules apply to all baseline estimates:

- *Legislative proposals*. Legislative proposals are considered to be changes from current law. Do not reflect their budgetary effects in the baseline estimates.

- *Supplementals*. Include only supplementals associated with mandatory programs in the baseline.

- *Regulations, management initiatives, and administrative actions*. Include the effects of these, including planned regulations that are not final, in the baseline estimates, as long as they can be implemented without further legislation.

- *Credit programs*. Base the estimates for credit programs on enacted appropriations of subsidy budget authority for direct loans and guaranteed loan commitments. In addition, see section

185.11(D) for baseline requirements for net financing disbursements in liquidating and financing accounts (schedule Y).

80.3 What rules apply to discretionary spending and collections?

The BEA requires the baseline estimates for discretionary spending and collections to be based on the levels provided in the most recent appropriations act or full-year continuing resolution (CR). If a part-year CR is in effect, base the estimates on the annualized level of the CR. Except for advance appropriations, the most recent appropriations act or full-year CR is normally for the current year. The BEA provides special rules for estimating the baseline for BY through BY+9, when no appropriations have been enacted.

(a) *Current year base*.

Estimates will equal the enacted current year amounts reported in MAX under transmittal code 0. You must separate discretionary budgetary resources, except those related to spending authority from offsetting collections, into pay-related and non-pay portions. See section 81.2 for pay and non-pay definitions.

(b) *BY through BY+9 baseline estimates*.

In most cases, baseline estimates of budgetary resources are calculated by MAX to be equal to the most recent full year appropriation (generally the CY level) adjusted for anticipated inflation using factors supplied by OMB.

For the four BEA-specified accounts with social insurance administrative expenses (the Federal hospital insurance trust fund, the supplementary medical insurance trust fund, the unemployment trust fund, and the rail industry pension fund), you must report estimates of the beneficiary population (see explanation of line 9993 in section 81.3).

Outlays from budgetary resources provided prior to the budget year should be the same in the baseline and in the Presidential policy estimates, unless policy proposals restrict or accelerate spending from such balances. New budgetary resources generally should outlay at a rate that is consistent with Presidential policy spendout rates. Section 81.3 describes outlays more fully.

(c) *Advance appropriations*.

If an account is completely funded through advance appropriations, the baseline estimate of new budgetary resources should equal the advance appropriation, not the CY inflated level. The last year of the advance appropriation becomes the base for calculating the baseline estimate for the remaining years.

If an account is funded with both current and advance appropriations, inflate the current appropriation as described in (b) above; for the advance appropriation, follow the guidance in the paragraph above.

(d) *Discretionary credit accounts*.

The OMB subsidy model inflates CY subsidy budget authority using the annual adjustment factor for non-pay costs from the economic assumptions for the budget. The model derives subsidy outlays from the subsidy budget authority. The estimated subsidy rate for the BY should be a separate and distinct calculation from that done for the CY. The OMB subsidy model computes the subsidy rate using the economic assumptions for the budget. (See section 185.5 for instructions on calculating baseline subsidy estimates, including programs with negative subsidies.) We do not collect baseline information on direct loan obligations and guarantee commitments.

(e) *Discretionary offsetting collections and receipts*.

The baseline estimates should be consistent with the levels of budgetary resources assumed for the account conducting the activity that generates the collections. When the level of collections is independent of the appropriated level, reflect the level of activity anticipated under current law.

(f) *Multi-account appropriations*.

If an appropriation covers more than one account and does not specify the amount provided for each account, such as the limitation on administrative expenses for the Social Security Act, the distribution of the budget authority by account in the CY is the base for subsequent years. Inflate the CY amount by account to derive the budget authority for BY through BY+9.

(g) *Accounts with negative budget authority in the CY.*

- If the account has negative budget authority as a result of a rescission, reduction, or transfer of balances, estimate the budget authority for BY through BY+9 as zero.

- If the account has negative budget authority because the offsetting collections credited to the account exceed the spending authority from those offsetting collections (e.g., as a result of limitations on administrative expenses or repayments of debt), provide your best estimate of the *offsetting collections* under current law, and

  - If the *spending authority is controlled by appropriations*, project the authority using the guidance in section 80.3(b).

  - If the *spending authority from offsetting collections is indefinite*, reflect the level of activity anticipated under current law.

80.4 What rules apply to mandatory spending and collections?

The BEA requires the estimates for budgetary resources provided in authorizing law and for appropriated entitlements to reflect the level of activity anticipated under current law, using the same economic and technical assumptions that are used for the Presidential policy estimates. Include the effect of changes to programs and activities directed by previously enacted legislation (such as a change in a benefit formula that becomes effective in BY+2) in the year that the changes become effective. The following special rules apply:

- *Expiring authorizations*. Assume that programs that would expire under current law will expire, with one exception. If CY outlays are greater than $50 million, assume the program will continue at current levels. However, assume an expiring provision of law (in contrast to the entire program) will expire if that assumption does not have the effect of terminating the basic program.

- *Veterans' compensation cost-of-living-adjustment (COLA)*. Assume enactment of a COLA for veterans' compensation that is equal to the COLA required by law for veterans' pensions.

  Affected agencies should contact their OMB representative for guidance.

Base estimates of mandatory receipts, offsetting receipts, and offsetting collections on current law. Also base collections affected by Federal pay rates on rates used for Presidential policy, not on the levels of compensation assumed in the baseline for the pay portion of discretionary accounts. The estimates should assume that expiring provisions of law will expire, except that provisions providing for excise taxes dedicated to a trust fund will be assumed to continue at current levels.

The BEA requires that substantive changes to or restrictions on entitlement law or other mandatory spending law in appropriations laws (including changes in offsetting receipts or collections) be treated as changes in discretionary spending for the purposes of scoring those appropriations laws (see Appendix A). However, in the subsequent budget, OMB can decide to reclassify such changes, especially in accounts that are generally mandatory. If advised by OMB to reclassify the change, the mandatory spending entries for the account should reflect the change made in appropriations law.

80.5 What rules apply to mandatory supplemental requests?

Baseline estimates for mandatory supplemental requests will reflect *current year* baseline estimates of budget authority and the related outlays. Budget authority estimates for BY through BY+9 will be zero. However, you should reflect the spendout of current year budget authority, as appropriate, over the period BY through BY+9.

80.6 What materials must I provide in support of baseline estimates?

After final budget decisions, you must submit a table showing the impact on the baseline of estimates of:

- Major regulations;
- Expiring provisions of law;
- Caseloads for major mandatory programs;
- Management initiatives;
- Administrative actions; and
- Other major program assumptions included in the baseline.

Show the budgetary impact of each major assumption separately. For example, a change in outlays due to a regulatory change should be shown separately from a change due to the expiration of a provision of law. Consult with your OMB representative on the format and content of this table.

80.7 How does OMB construct the alternative baseline?

Estimates required for the baseline follow the definitions included in the Budget Enforcement Act. OMB will centrally make adjustments to the estimates to produce an alternative baseline to be used in the budget documents. The alternative will: (1) assume emergencies are one-time only; (2) assume provisions of the 2001 and 2003 Tax Acts will be extended upon expiration (estimates for these provisions are due in the same time frame as entry of other baseline estimates); (3) use a different pay inflator, which removes the overcompensation included under the BEA definitions; and (4) only apply the general pay inflator to the administrative expenses of four entitlement programs that, under the BEA baseline definition, also receive a special adjustment for the change in the number of beneficiaries. This alternative baseline will be available to agencies after it is completed.

SECTION 81—POLICY AND BASELINE ESTIMATES OF BUDGET AUTHORITY, OUTLAYS, AND RECEIPTS (SCHEDULES A, S, R, AND K)

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81.1 What are the basic requirements?
81.2 What data classifications do I use?
81.3 What information do I need to report?
(a) Budgetary resources and limitations
(b) Offsets
(c) Outlays
(d) Receipts

Ex–81A Updating MAX Combined Schedule X
Ex–81B Schedule X Line Number Crosswalk to Schedules P, A, and S
Ex–81C Setting Up Outlay Calculations
Ex–81D Automatic Generation of Discretionary Outlays

Summary of Changes

Removes the requirement to track overseas combating terrorism activities (section 81.2)

Adds a BEA subcategory for supplemental avian flu funding (section 81.2)

Adds an exhibit that crosswalks lines in schedule X to lines in schedules P, A, and S (exhibit 81B).

81.1 What are the basic requirements?

MAX contains detailed information on budgetary resources, outlays, and receipts for *presidential policy* (schedules A and R) and *baseline* (schedules S and K).

- Presidential policy data covers the period PY through BY+9.
- Baseline data covers the period CY through BY+9.
- Schedules A and S include information on budget authority and outlays.
- Schedules R and K include information on receipts.

You must submit policy data for all accounts except credit financing accounts and Government-sponsored enterprises. You must submit baseline data for the regular budget schedule (transmittal code "0") of all accounts except for credit financing accounts and Government-sponsored enterprises. You must also submit baseline data for supplemental requests (transmittal code "1") that are classified as *mandatory* (such as payments under entitlement programs). Do not provide baseline estimates for other transmittals (codes "2", "3", "4", "5") unless specifically requested by OMB.

Use the guidance in sections 31–33 to develop the policy estimates. Use the guidance in section 80 to develop the baseline estimates.

81.2 What data classifications do I use?

Report data using the data classifications specified below. Multiple entries are required when more than one classification applies to a budgetary resource, limitation, offset, or outlay. When inserting or revising data, choose the appropriate line number, BEA category, and other classifications from a list provided on the MAX screen.

MAX tracks spending on homeland security activities. For selected budget enforcement subcategories, MAX will prompt you to indicate whether the amounts should be further classified as:

- ***Homeland security.*** Activities focused on combating and protecting against terrorism. These activities may occur within the United States and its territories, or outside of the United States and its territories in support of domestically based systems or activities (e.g. visa processing). Such activities include efforts to detect, deter, protect against, and, if needed, respond to terrorist attacks. A complete definition can be found in the National Strategy for Homeland Security;

- ***Regular.*** Those programs, projects, and other activities that are not classified as homeland security.

DATA CLASSIFICATIONS FOR SCHEDULES A, S, R, AND K

Classification	Description
SCHEDULE	Alpha character designation of the type of schedule in the MAX budget system that appears at the beginning of each schedule.
LINE NUMBER	For schedule X, 4–digit code that indicates the data being reported (see section 81.3). For schedules K and R, a 6–digit code (xxxx–xx) that indicates the character classification (see sections 81.3 and 84.4). A line number appears on each line for which data are provided.
SUBFUNCTION	For accounts with a single subfunctional classification (see section 79.2), you can enter data without specifying the subfunction; MAX automatically provides the subfunction designation. For multifunction accounts, you must enter data under each of the appropriate subfunctions.
CIVILIAN PAY/ MILITARY PAY/ NON-PAY	Indicates whether amounts are used to fund personnel compensation and benefits or other activities. Applies to baseline budget authority (other than spending authority from offsetting collections) and limitations. ***Civilian pay*** means the amount of new budgetary resources used to fund personnel compensation and benefits for civilian personnel, consistent with the definitions for object classes 11.1 through 11.5 and 12.1. ***Military pay*** means the amount of new budgetary resources used to fund personnel compensation and benefits for military personnel, consistent with object classes 11.7 and 12.2. Amounts designated as ***pay*** should reflect personnel compensation financed from discretionary budget authority or limitations only. ***Non-pay*** means the amount of new budgetary resources not used to fund personnel compensation. Applies to mandatory budget authority even if it funds personnel compensation.

Classification	Description
BUDGET ENFORCEMENT CATEGORY/ SUBCATEGORY/ JURISDICTION/	Indicates: • BEA category (i.e., discretionary, mandatory, net interest, governmental receipt); • Subcategory (i.e., emergency, third scorecard, modification to a mandatory account highway, mass transit, war on terror, hurricane relief); • Jurisdiction (appropriations or authorizing committee); and • Whether the amount is for homeland security. Report data by the categories listed in the next table, "Summary of BEA Data Classifications." Use multiple entries if more than one classification applies to the budgetary resources and outlays in an account. Applies to all line entries *except* the number of beneficiaries (line 9993). In most cases, if an account is classified as discretionary under the BEA, you classify any spending authority from offsetting collections (line 6890), the offsetting collections from which they are derived (lines 8800–8896), and the outlays from the offsetting collections (line 93xx) as *discretionary*. Likewise, you classify these amounts as *mandatory* in accounts designated as mandatory under the BEA, except for administrative expenses, which are classified as discretionary. All discretionary resources are under the jurisdiction of appropriations committees. The classification for mandatory resources differentiates between appropriations and authorizing committee jurisdiction.

SUMMARY OF BEA DATA CLASSIFICATIONS

If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
Discretionary	Appropriations committee	None of the conditions described below applies.	DISCRETIONARY This category includes spending authority that requires appropriations committee action and the associated outlays, as well as receipts made available through action by appropriations committees in discretionary accounts. Do not use this category if amounts can be classified in any of the other discretionary categories described below.
		The amounts include ***proposed emergency funding*** (i.e., funding that is proposed to be designated as emergency by the President and the Congress in statute)**.**	DISCRETIONARY, EMERGENCY Only applies to new emergency funding proposed in the budget. Use only with OMB approval.

If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
		The amounts are under the ***discretionary highway category*** of the BEA, as amended by TEA-21 and SAFETEA-LU (P.L. 105–178, P.L. 109-59).	DISCRETIONARY, HIGHWAY Classify amounts in excess of the highway category spending cap as "discretionary" not as "discretionary, highway."
		The amounts are under the ***discretionary mass transit category*** of the BEA, as amended by TEA-21 and SAFETEA-LU (P.L. 105–178, P.L. 109-59).	DISCRETIONARY, MASS TRANSIT Classify amounts in excess of the mass transit category spending cap as "discretionary" not as "discretionary, mass transit."
		Use for additional amounts requested or provided in FY 2007 for continuing operations in Iraq and the war on terror.	WAR ON TERROR FUNDING Use only with OMB approval.
		Use for additional amounts requested or provided in FY 2007 for hurricane relief efforts.	HURRICANE RELIEF FUNDING Use only with OMB approval.
		Use for additional amounts requested or provided in FY 2007 for efforts to combat avian flu	AVIAN FLU FUNDING Use only with OMB approval.
		Appropriations action modifies the spending authority or receipts in an otherwise mandatory account.	DISCRETIONARY, MODIFICATION OF A MANDATORY ACCOUNT Does not apply to baseline estimates. Use only with OMB approval.
Mandatory	Appropriations committee	None of the conditions described below applies.	MANDATORY, APPROPRIATIONS COMMITTEE Do not use this category if amounts can be classified in any of the other mandatory categories described below.
		The amounts include ***emergency funding*** (i.e., funding that is proposed to be designated as emergency by the President and the Congress in statute).	MANDATORY, EMERGENCY, APPROPRIATIONS COMMITTEE Use only with OMB approval.
		The amounts result from proposed legislative changes to mandatory budget authority, outlays or receipts that are not scored as PAYGO or subject to discretionary limits under the BEA. Includes changes that are "level of effort" changes, or	MANDATORY, THIRD SCORECARD, APPROPRIATIONS COMMITTEE Does not apply to baseline estimates.

If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
		when the level of receipts is dependent upon the amount of annual appropriations.	
	Authorizing committee	None of the conditions described below applies.	MANDATORY, AUTHORIZING COMMITTEE Do not use this category if amounts can be classified in any of the other mandatory categories described below.
		The amounts include ***emergency funding*** (i.e., funding that is proposed to be designated as emergency by the President and the Congress in statute.)	MANDATORY, EMERGENCY, AUTHORIZING COMMITTEE Use only with OMB approval.
		The amounts result from proposed legislative changes to mandatory budget authority, outlays, or receipts that are not scored as PAYGO or subject to discretionary limits under the BEA.	MANDATORY, THIRD SCORECARD, AUTHORIZING COMMITTEE Does not apply to baseline estimates.
Net Interest		None of the conditions described below applies.	NET INTEREST Applies to budget authority, outlays, and offsetting receipts included in the net interest functions (function 900).
		The amounts result from proposed legislative changes to interest budget authority, outlays, or receipts under authorizing committee jurisdiction that are not scored as PAYGO or subject to discretionary limits under the BEA.	NET INTEREST, THIRD SCORECARD Does not apply to baseline estimates.
Governmental receipts	Authorizing committee	None of conditions described below applies.	GOVERNMENTAL RECEIPTS Applies to governmental receipts in schedules K and R.
		The amounts result from proposed legislative changes to Governmental receipts under authorizing committee jurisdiction that are not scored as PAYGO or subject to discretionary limits under the BEA.	GOVERNMENTAL RECEIPTS, THIRD SCORECARD Applies to governmental receipts in schedule R; does not apply to schedule K.

If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
	Appropriations committee	The amounts result from appropriations action modifying Governmental receipts.	DISCRETIONARY MODIFICATION OF GOVERNMENTAL RECEIPTS Applies to governmental receipts in schedule R; does not apply to schedule K. Use only with OMB approval.

81.3 What information do I need to report?

(a) *Budgetary resources and limitations*.

As a general rule, MAX automatically calculates *discretionary policy budget authority and spending authority from offsetting collections entries* through BY+9 for the years that are subject to across-the-board rules. MAX also automatically calculates *discretionary baseline budget authority and offsetting collections entries* for BY through BY+9 based on the CY budgetary resources entered by the agency and inflation factors entered by OMB. For discretionary offsetting collections entries (lines 6890), you may overwrite these amounts, if necessary.

The following line codes indicate the type of budgetary resource and whether it is discretionary or mandatory. **You will enter these data in schedule X, and MAX will automatically copy the data to schedules A and S**.

BUDGETARY RESOURCES

Entry	Description
4300–5590	***Discretionary budget authority.*** Total lines (lines 4300, 4790, 4990, 5300, 5590) report amounts for each type of authority (see section 82.3 for line definitions). Policy estimates of advance appropriations (line 5590) for BY+2 and beyond will be set equal to BY+1, unless OMB approves as exception.
6250–6790	***Mandatory budget authority.*** Total lines (lines 6250, 6390, 6590, 6690, or 6790) report amounts for each type of authority (see section 82.3 for line definitions).
6890	***Discretionary spending authority from offsetting collections*** (see section 82.3 for line definitions).
6990	***Mandatory spending authority from offsetting collections*** (see section 82.3 for line definitions).
700x Memorandum entry	***Limitations.*** Amount of the limitation where "x" indicates the specific limitation involved. Includes enacted or proposed limitations on obligations or administrative expenses. MAX includes data on limitations for selected accounts where limitations on program level or administrative expenses are enacted or proposed. Limitation lines are also used, with OMB approval, for special purposes, such as to report information on mandatory administrative expenses for the social security and medicare trust funds. The limitation(s) applicable to an account must be specified on the BAT file (see section 79.1) before you can report limitation data in MAX. When more than one limitation is applicable, report each one separately. Supplemental requests and legislative proposals that involve limitations should be reported under the appropriate transmittal code. Mandatory budget authority that is subject to a discretionary limitation on obligations established in an appropriations act is scored as discretionary budget authority rather than as a

Entry	Description
	limitation for all affected accounts except trust fund accounts in the Department of Transportation.
9993 Memorandum entry	***Number of beneficiaries (in thousands).*** The annual average number of beneficiaries that are served by Federal hospital insurance, supplementary medical insurance, unemployment insurance, and rail industry pension fund programs. MAX uses these data to generate discretionary baseline budget authority for administrative expenses for these programs.

(b) *Offsets*.

As a general rule, MAX automatically calculates *discretionary policy offsetting collections entries* (lines 8800–8845) through BY+9 for the years that are subject to across-the-board rules. MAX also automatically calculates *discretionary baseline offsetting collections entries* for BY through BY+9 based on the CY amounts entered by the agency and inflation factors entered by OMB. You may overwrite these amounts, if necessary.

The following line codes provide data on offsetting collections (i.e., cash credited to the account) and changes in receivables and unpaid, unfilled orders from Federal sources for all accounts with spending authority from offsetting collections. **You will enter these data in schedule X, and MAX will automatically copy the data to schedules A and S.**

OFFSETS

Entry	Description
Offsetting collections (cash) from: (see section 82.6 for line definitions)	
8800	Federal sources
8820	Interest on Federal securities
8825	Interest on uninvested funds
8840	Non-Federal sources
8845	Offsetting governmental collections (from non-Federal sources)
8895	Change in uncollected customer payments from Federal sources (unexpired)
8896	Portion of cash collections credited to expired accounts (–)

(c) *Outlays*.

MAX automatically calculates *discretionary outlays (policy and baseline)* for CY through BY+9 based on the information reported in schedule X for:

- The levels of budgetary resources reported;
- Outlay rates; and
- Outlays from PY balances.

You report outlay rates using the separate MAX drop down menu that is accessible for each budgetary resource, as described in the MAX A–11 User's Guide (see exhibit 81C). If necessary, you can report multiple outlay rates for the budgetary resources within an account, along with the corresponding outlays from PY balances. To support the automatic outlay generation feature in MAX, you must enter

information developed using the method of calculation (i.e., the waterfall method) that is specified in this Circular and the MAX A–11 User's Guide (see exhibit 81D). As a general rule, you cannot override automatically generated discretionary outlay amounts.

You can also use MAX's automatic outlay generation feature to calculate *mandatory outlays*. If you enter outlay rates for mandatory resources, MAX will automatically generate the outlays. Remember to include information on outlays from PY balances if you use the automatic feature.

Outlays must be distributed between those from new authority and those from balances of prior authority. The distribution of prior authority should be available from accounting records. For CY through BY+9, estimate the distribution based on experience in the timing of outlays for the respective obligations.

The following line numbers indicate the type of outlays and whether they are discretionary or mandatory. **You will enter these data in schedule X, and MAX will automatically copy them to schedules A and S.**

OUTLAYS

Entry	Description
9111	***Outlays from new authority.*** The outlays from new budget authority for that year. These outlays may not exceed the sum of new budget authority entries (lines 40xx through 67xx) for that year. Exclude outlays from new limitations reported on line 97xx and outlays from new spending authority from offsetting collections reported on line 93xx.
9121	***Outlays from balances.*** The outlays from balances (both obligated and unobligated) of budget authority brought forward from the previous year. The sum of outlays on lines 9121 and 9321 may not exceed balances at the start of the year (lines 2140 and 7240), plus or minus adjustments in those balances during the year (lines 2221, 2222, 7331, 7332, and 7340). Exclude outlays from prior limitations reported on line 98xx and outlays from balances of spending authority from offsetting collections reported on line 9321.
9122 Memorandum entry	***Outlays from end of PY balances.*** The outlays that will occur each year (CY–BY+9) from balances of budget authority made available prior to the current year. Do not report outlays from new budget authority provided in CY–BY+9. Include outlay impact (+ or –) of balance transfers (lines 2221, 2222, 7331, 7332) and adjustments in expired accounts (line 7340). Exclude outlays from end of PY balances of prior limitations reported on line 982x and outlays from end of PY balances of prior spending authority from offsetting collections reported on line 9322. MAX uses these data to calculate discretionary outlays from balances on line 9121. MAX copies this line from the data entered on budget authority lines with the suffix –63 with line numbers ranging from 4300 through 6790 in schedule X. The sum of all years of the outlays from end of PY balances lines (XXXX–63) should not exceed the total end of PY balances, which is calculated as PY unobligated balances, end of year (X2440), plus PY unpaid obligations, end of year (X9502), plus or minus CY and BY adjustments (X2221, X2222, X7331, X7332, and X7340).
9311	***Outlays from new spending authority from offsetting collections.*** The outlays from new spending authority from offsetting collections becoming available in that year. These outlays cannot exceed the total amount reported on lines 68xx and 69xx.

Entry	Description
9321	***Outlays from balances of spending authority from offsetting collections.*** The outlays from balances (both obligated and unobligated) of spending authority brought forward from a previous year.
9322 Memorandum entry	***Outlays from end of PY balances of spending authority from offsetting collections.*** The outlays that will occur each year (CY–BY+9) from balances of spending authority from offsetting collections made available prior to the current year. Do not report outlays from new spending authority provided in CY through BY+9. Include outlay impact (+ or –) of balance transfers (lines 2221, 2222, 7331, 7332) and adjustments in expired accounts (line 7340). Exclude outlays from end of PY balances of budget authority reported on line 9122 and outlays from end of PY balances of prior limitations reported on line 9822. MAX uses these data to calculate discretionary outlays from balances on line 9321. MAX copies this line from the data entered on line 6890–63 and 6990–63 in schedule X. The sum of all years of the outlays from end of PY balances lines (XXXX–63) should not exceed the total end of PY balances, which is calculated as PY unobligated balances, end of year (X2440), plus PY unpaid obligations, end of year (X9502), plus or minus CY and BY adjustments (X2221, X2222, X7331, X7332, and X7340).
970X	***Outlays from new limitations.*** The outlays from new limitations (i.e., outlays from limitations in the year the limitations were enacted or proposed), where "X" indicates the specific limitation involved. Include outlays from spending authority from offsetting collections that are controlled through new limitations.
980X	***Outlays from prior limitations.*** The outlays from prior limitations (i.e., outlays from limitations that were enacted in prior years), where "X" indicates the specific limitation involved. Include outlays from spending authority that are controlled through prior limitations.
982X Memorandum entry	***Outlays from end of PY balances of prior limitations.*** The outlays that will occur each year (CY–BY+9) from balances of limitations that were enacted prior to the current year, where "X" indicates the specific limitation involved. Do not report outlays from limitations enacted or proposed for CY through BY+9. Exclude outlays from end of PY balances of budget authority reported on line 9122 and outlays from end of PY balances of spending authority from offsetting collections reported on line 9322. MAX uses these data to calculate discretionary outlays from prior limitations balances on line 98xx. MAX copies this line from the data entered on line 700x–63 in schedule X. The sum of all years of the outlays from end of PY balances lines (XXXX–63) should not exceed the total end of PY balances, which is calculated as PY unobligated balances, end of year (X2440), plus PY unpaid obligations, end of year (X9502), plus or minus CY and BY adjustments (X2221, X2222, X7331, X7332, and X7340).

(d) *Receipts*.

Report data on all collections deposited in receipt accounts (i.e., receipts and offsetting receipts) in schedules R and K. The line numbers for offsetting receipts are also used to designate receipt character classification (see section 84.4). Only one character classification (line number) is valid for each receipt account, and that information must be specified on the BAT file (see section 79.1) before you can report the character classification data for the applicable account.

The following rules apply to receipts:

- Past year data will be loaded into schedule R from Treasury data. These amounts cannot be overridden (see section 82.15(b)).
- MAX automatically calculates *discretionary policy receipts* in schedule R through BY+9 for the years that are subject to across-the-board rules. You may overwrite these amounts, if necessary.
- MAX also automatically calculates *discretionary baseline receipts* in schedule K for BY through BY+9 based on the CY budgetary resources entered by the agency and inflation factors entered by OMB. You may overwrite these amounts, if necessary.
- MAX copies the mandatory baseline receipts data you enter in schedule K to schedule R. To change the policy estimates, you must revise the baseline estimates.

The following table indicates the line numbers used to report receipts in schedules K and R:

RECEIPTS

Entry	Title	Description
0000–00	Receipts	Report all collections classified as governmental receipts (see section 20.7).
	Offsetting receipts:	Report all offsetting receipts based on the character classification of the receipts (see section 84.4). *Most offsetting receipts will be reported on line 2004–03.*
1330–03	Proceeds from sale of commodities	
1340–03	Receipts from sales of property or assets	
1352–03	Receipts from other physical assets	
1512–03	Receipts for education and training	
2004–03	All other offsetting receipts	

Updating MAX Combined Schedule X

Schedule X is where MAX users enter all data that populates schedules P, A, and S. With the exception of the outlays from end of PY balances lines, all line numbers in X are the same as in P, A, and S. As entries are made in X, MAX automatically updates these other three schedules. Schedule X looks identical to schedule P until the "New Budget Authority" line. This exhibit illustrates how to insert data and new lines, unique features of schedule X, and where data entered in schedule X crosswalks to schedules A and S. See sections 80-82 for an overview and detailed line descriptions for schedules S, A, and P, respectively.

Click the expand + button to reveal detail lines or the collapse – button to hide them. To expand or collapse all lines, click View/ Expand All Lines or View/Collapse All Lines.

"Control Totals" provide an on-screen check against totals reported in other databases. For PY, these amounts are derived from FACTS II. OMB will not load CY and BY for many accounts, in which case the line will be blank. Informational edit checks may apply if the control amounts are not zero.

"Computed Totals" are the sum of detailed budget authority lines from below and helps you monitor how closely your detail lines are to matching your various BA totals.

MaxDE - [Account: TR2006 011-03 15-0129 -0]

File Edit Options View OMB Host Errors Window Help

(TR2006-MASTER) Salaries and expenses (General Administration)

Combined Schedule (X)			2004 Actual	2005 CY	2006 BY	2007 BY	2008 BY	
		New budget authority (gross), detail						
		Appropriations						
		Discretionary						
4000	01	Appropriation	107	124	161			
4035	01	Appropriation permanently reduced	-1	-2	.....			
4200	01	Transferred from other accounts [95-0401]	44	39	17			
4300		Appropriation (total discretionary)	150	161	178			
		Appropriation - Control Totals	150	.....	.....			
		Appropriation - Computed Totals	150	161	178			
		Discretionary, regular						
4300-40	01	054-Appropriation [Activity A] **OL Rates**	44	39	17	17	17	17
4300-50		Non-Pay		34				
4300-50		Civilian Pay		5				
		Policy Outlays						
4300-61		New Authority	39	35	15	15	15	15
4300-62		Balances (excl of EOY PY Bal)	4	.....	4	2	2	
4300-63		End of PY Balances		2	1	.....	.....	
		Subtotal, outlays	43	37	20	17	17	
4300-40	01	751-Appropriation [Activity B] **OL Rates**	92	97	126	123	123	
		Discretionary, homeland security						
4300-40	01	751-Appropriation [Text] **OL Rates**	14	25	35	37	39	

Update non-pay, civilian pay, and military pay here. For mandatory amounts, report all years. These detail lines copy to schedule S, and the total copies to schedule A. This example also illustrates how your schedule looks if your account has multiple subfunctions (e.g. 054, 751).

OL Rates means this line has outlay rates already entered. To view, change, or insert rates, click 4300-40, then click Edit/Setup Outlay Calculations. For discretionary amounts, you must enter outlay rates. For mandatory amounts, this feature is optional. These rates copy to schedules A and S.

To insert additional detailed discretionary budget authority lines, click the 4300 line, then click Edit/Insert/4300-30 Budget Enforcement Act Category. This will prompt you through the required decisions and automatically insert blank outlay lines. Next, click 4300-40, then Edit/Insert/4300-50 Baseline Pay/Non-Pay. Use this approach for all types of new budget authority, discretionary and mandatory. Note that the line numbers for offsetting collections (see next example) are slightly different but that the approach is the same.

Updating outlays: For PY, distribute outlays between "New" (4300-61) and "Balances" (4300-62). Next, enter estimates of how amounts from unobligated and obligated balances, with adjustments, will outlay in CY and future years on "End of PY Balances" (4300-63). All the remaining outlay entries will be automatically calculated for you if you entered outlay rates. If you are not using outlay rates, then estimate the distribution between "New" and "Balances." Amounts on "End of PY Balances" line copies to S and A lines 9122; "New" to A line 9111; and "Balances" to A 9121 where it is combined with 9122. They are also automatically totaled and entered on lines 8690 thru 8698 in schedules X and P.

To insert additional detailed discretionary spending authority from offsetting collections lines, click the 6890 line, then click Edit/Insert/6890-30 Budget Enforcement Act Category. This will prompt you through the required decisions and automatically insert blank baseline (6890-71) and outlay lines (6890-61, 6890-62, and 6890-63). The approach is the same for mandatory amounts.

Updating spending authority from offsetting collections and the associated offset lines: Even though these amounts might be identical for your account, many other accounts require various separate break-outs. To provide maximum flexibility, data entry for these lines is more complex than for other types of budgetary resources.

For discretionary amounts, update CY budget authority and offsets on "Baseline Program" lines (6890-71, 88x0-71); MAX will automatically calculate all the remaining years for baseline, but you can override these amounts (shown in blue). Update BY on "Policy Program" lines (6890-41, 88x0-41); MAX will automatically calculate all the remaining years for policy, but you can override these amounts (shown in blue).

For mandatory amounts, also update BY and future years on "Baseline Program" lines.

Updating outlays from discretionary spending authority from offsetting collections: Update all outlays on "Policy Outlays" lines. Amounts on "End of PY Balances" (6890-63) copies to S and A lines 9322; "New" (6890-61) to 9311; and "Balances" (6890-62) to 9321 where it is combined with 9322. They are also automatically totaled and entered on lines 8690 thru 8698. The approach is the same for mandatory amounts.

Schedule X Line Coding

New Budget Authority (except offsetting collections):

xxxx-40 Budget Authority (policy)
xxxx-50 Non-Pay, Civilian Pay, Military Pay (BA, baseline)
Policy Outlays:

Offsetting Collections/ Spending Authority from Offsetting Collections:

xxxx-41 Policy Program (BA)
xxxx-71 Baseline Program (BA)

Outlays (policy):

xxxx-61 Outlays from New Authority
xxxx-62 Outlays from Balances (excl of EOY PY Bal)
xxxx-63 Outlays from End of PY Balances
xxxx-64 Outlay Subtotals

Other:

xxxx-10 Control Totals
xxxx-20 Computed Totals
xxxx-30 Pick List Placeholders

Schedule X Line Number Crosswalk to Schedules P, A, and S

xxxx **Schedule P:** MAX copies lines with no hyphenated suffix to the corresponding lines in schedule P.

xxxx-10 **Control totals:** Control Totals provide an on-screen check against totals reported in other databases. For PY, these amounts are derived from FACTS II. OMB will not load CY and BY for many accounts, in which case the lines will be blank.

xxxx-20 **Computed totals:** Computed Totals are the sum of the detail lines below.

xxxx-30 **Pick list placeholders:** MAX displays these lines only in the pick lists for collapsible lines in schedule X. Choose this line number when you want to enter a line with a new BEA category, BEA subcategory and Spending Committee (e.g., authorizing committee) code combination.

xxxx-40 **Policy BA:** MAX copies amounts on these lines to the corresponding policy budget authority lines in schedule A.

xxxx-41 **Policy offsetting collections and spending authority from offsetting collections:** MAX copies amounts on these lines to the corresponding policy offsetting collection and spending authority from offsetting collection lines in schedule A.

xxxx-50 **Baseline BA:** MAX copies amounts on these lines to the corresponding baseline pay/non-pay lines in schedule S.

xxxx-61 **Outlays from new authority:** MAX copies amounts on these lines to the lines for policy outlays from new authority in schedule A: lines 9111, 9311 and 980x.

xxxx-62 **Outlays from balances:** MAX copies amounts on these lines to the lines for policy outlays from balances in schedule A: lines 9121, 9321 and 970x.

xxxx-63 **Outlays from end of PY balances:** MAX copies amounts on these lines to the lines for policy outlays from end of PY balances in schedule A: lines 9122, 9322 and 982x.

xxxx-64 O**utlay subtotals:** MAX does not copy these outlay subtotal amounts to any other lines.

xxxx-71 **Baseline offsetting collections and spending authority from offsetting collections:** MAX copies amounts on these lines to the corresponding lines for baseline offsetting collections or baseline spending authority from offsetting collections in schedule S.

Setting Up Outlay Calculations

You can enter multiple outlay rates for an account and show different programs on separate BA lines even if the rates are the same. To do this, use multiple line sequence numbers (01, 02, 03, etc.). MAX will generate separate outlay data that corresponds to each BA line. In schedule X, MAX displays BA and corresponding outlays together. In schedules A and S, MAX displays them according to schedule line number (i.e., BA is grouped at the top, by type and outlays are at the bottom, by type).

	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5
4300 Appropriations (total)								
Discretionary, Regular								
01 Program A **OL Rates		8,098	8,341	8,600	8,866	9,141	9,424	9,820

Estimates for BY+6 through BY+9 can be viewed by scrolling across the MAX screen.

Outlay rates entered for line 4300 01. Outlay rates are entered from the EDIT SETUP OUTLAY CALCULATION menu.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Rates:[1]	10.00	10.00	10.00	10.00	10.00	10.00
BY Rates:[1]	10.00	10.00	10.00	10.00	10.00	10.00

	Year 7	Year 8	Year 9	Year 10	Year 11	Total[2]
CY Rates:	10.00	10.00	10.00	10.00	---	100.00
BY Rates:	10.00	10.00	10.00	10.00	---	100.00

	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5
4300 Appropriations (total)								
Discretionary, Regular								
02 Program B **OL Rates**		23,296	24,438	25,464	26,533	27,648	28,809	30,019

Estimates for BY+6 through BY+9 can be viewed by scrolling across the MAX screen.

Outlay rates entered for line 4300 02. Outlay rates are entered from the EDIT SETUP OUTLAY CALCULATION menu.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Rates:	85.00	15.00	---	---	---	---
BY Rates:	85.00	15.00	---	---	---	---

	Year 7	Year 8	Year 9	Year 10	Year 11	Total[2]
CY Rates:	---	---	---	---	---	100.00
BY Rates:	---	---	---	---	---	100.00

[1] Enter the outlay rates for the budgetary resources provided in the current and budget years. For CY rates, Year 1 represents CY, Year 2 represents BY, etc. For BY rates, Year 1 represents BY, Year 2 represents BY+1, etc.

[2] Outlay rates should total 100 percent unless the budget authority does not spend out within 11 years. MAX generates an error message if the total exceeds 100 percent.

Automatic Generation of Discretionary Outlays

To generate outlays automatically, enter discretionary budgetary resources, outlay rates and outlays from end of PY balances.

On line 9111, MAX calculates outlays using the first year outlay rate for new discretionary budget authority (line 4300) reported for the year.

BA, Limitation and Outlays---Policy A	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5	BY+6	BY+7	BY+8	BY+9
4300 01 751 Appropriation Discretionary **OL Rates**.....	40	45	50	50	50	50	50	50	50	50	50	50
9111 751 Outlays from new authority discretionary.....	8	9	10	10	10	10	10	10	10	10	10	10
9121 751 Outlays from balances discretionary.....	14	14	22	34	39	33	40	40	40	40	40	40
Line 9121 is comprised of:												
Outlays from end of PY balances	n/a	14.0	6.0	12.0								
Spendout of CY balances.....			15.8	6.8	13.5							
Spendout of BY balances.....				15.0	10.0	7.5	7.5					
Spendout of BY+1 balances.....					15.0	10.0	7.5	7.5				
Spendout of BY+2 balances.....						15.0	10.0	7.5	7.5			
Spendout of BY+3 balances.....							15.0	10.0	7.5	7.5		
Spendout of BY+4 balances.....								15.0	10.0	7.5	7.5	
Spendout of BY+5 balances.....									15.0	10.0	7.5	7.5
Spendout of BY+6 balances....										15.0	10.0	7.5
Spendout of BY+7 balances.....											15.0	10.0
Spendout of BY+8 balances.....												15.0
9122 751 Outlays from end of PY balances discretionary.....		14	6	12								

Outlays from balances equal outlays from end of PY balances in BY+1 plus third year spendout of CY balances plus second year spendout from BY balances. Outlays from balances in other years are calculated by MAX in a similar manner.

The shaded portion of this exhibit displays calculations needed to generate outlays from balances. While not visible on this MAX screen, the calculations can be reviewed by selecting "View," "Outlay Calculations" from the pull down menu. (Although displayed in a different format in MAX, the method of calculation is the same.)

In CY, these two amounts will always be the same.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Assumption:						
CY outlay rates..	20.00	35.00	15.00	30.00		100
BY outlay rates..	20.00	30.00	20.00	15.00	15	100

Note.--MAX applies the BY outlay rates to budget authority for BY and beyond.

To enter CY and BY outlay rates, select "Edit," "Setup Outlay Calculations" from the pull down menu (see exhibits 81A).

SECTION 82—PROGRAM AND FINANCING (SCHEDULE P)

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Summary of Changes

Clarifies the treatment of transfers of mandatory BA pursuant to appropriations law (section 82.3).

Clarifies that across-the-board reductions will be calculated based on the level of appropriations *prior* to the application of downward adjustments for rescissions of unobligated balances (section 82.8).

Requires additional lines to tie to amounts reported in FACTS II (section 82.15).

82.1 What is the purpose of the program and financing schedule and how is it organized?

This Appendix schedule presents information on agency programs, the allocation of budgetary resources by activity, the status of those resources, and spending patterns. It is used to:

- Analyze and evaluate the estimates;
- Compare enacted funding levels to the President's request;
- Relate budget formulation to budget execution (estimates to actuals); and
- Identify programmatic and historical trends.

The schedule covers PY through BY, except Defense agencies must also report on BY+1 in the years they are required to submit a biennial budget request. MAX generates schedule P from data that you enter into schedule X and into Treasury systems for preparation of the Treasury Combined Statement.

The MAX system automatically generates totals and subtotals, start of year balances, and selected other entries, including net outlays for the past year. In most cases, you will not be able override the generated amounts. Section 79 describes the MAX budget system, and the MAX A–11 User's Guide provides detailed information on the system.

Schedule P consists of the following parts:

- Obligations by program activity (section 82.2).
- Budgetary resources available for obligation (section 82.3).
- New budget authority (gross), detail (section 82.3).
- Change in obligated balances (section 82.4).
- Outlays (gross), detail (section 82.5).
- Offsets to gross budget authority and outlays (section 82.6).
- Net budget authority and outlays (section 82.6).
- Memorandum (non-add) entries (section 82.7).

82.2 How do I report obligations by program activity?

Schedule P shows the activities or projects financed by the account and the amount of budgetary resources required to finance these activities and projects. It presents the new obligations estimated to be incurred for each activity (see section 20.5 for instructions on when to record obligations). In some cases, schedule P also contains non-add performance activities within a program activity. See paragraph (e) below for additional information on performance activities.

(a) *Selecting program activities.*

Use activities that provide a constructive basis for analyzing and evaluating the estimates. Keep the number of activities to a reasonable minimum without sacrificing clarity. Do not use subactivities (such as projects or recipient institutions), unless the amounts are significant and the breakdown necessary to provide full understanding. The activities should:

- Clearly indicate the services to be performed or the programs to be conducted;
- Finance no more than one strategic goal or objective;
- Distinguish investment, developmental, grant and subsidy, and operating programs; and,
- Relate to administrative control and operation of the agency.

Unless otherwise noted, you must:

- Distinguish direct obligations from reimbursable programs; and,
- Have adequate accounting support for obligations shown in the actual column.

Having adequate accounting support means that your agency's financial system records obligations in a way that allows you to create a straight-forward cross-walk between the projects or limitations in the financial system and schedule P program activities. Typically, you will have many projects or limitations in your financial systems that correspond to one schedule P activity.

When a PART program corresponds to a schedule P program activity, you should indicate in the narrative statement that the schedule P activity has been evaluated with the PART.

In those cases when a PART program fits within a budget account, but is not currently a schedule P program activity, you are encouraged to modify the program activity section so that the PART program becomes a discrete schedule P activity.

Obtain approval for any changes in activity structure from OMB prior to your budget submission.

(b) *Allocating expenses to activities.*

Charge personnel compensation to activities on the basis of organizational units or on the basis of specific assignments. When feasible, distribute other administrative and overhead expenses among activities. However, you must be able to readily separate these overhead expenses from other charges. If you need to distribute amounts between two or more activities, base the distribution on readily supportable factors. Be consistent from year to year, and do not rely on overly detailed procedures.

Do not report adjustments to obligations in expired accounts in this part of schedule P. Report them under changes in obligated balances, on line 7340 (see section 82.4). For the regular budget schedules (transmittal code 0), you must report all obligations as positive amounts.

(c) *Reimbursable programs.*

If your account includes reimbursable obligations (see section 20.5), show the obligations financed by reimbursements separately from direct obligations. Use the side headings "Direct program" and "Reimbursable program" to distinguish between the two types of obligations. List activities under each side heading if the amounts are significant or add to the understanding of the program. If the same activities are conducted on both a direct and reimbursable basis, you may list the same entries in both sections.

Report all the obligations in non-credit revolving fund accounts as reimbursable; report all the obligations in credit program and liquidating accounts as direct. The amounts you report for direct and reimbursable programs in schedules P and O must tie.

(d) *Program activity codes.*

Program activity codes are unique to each account and have no relationship to the codes shown in other schedules, except for credit programs (as described below). Use the four-digit line numbering scheme described in the following table to code the activities and subactivities listed in schedule P.

(e) *Performance activities.*

When you know the level of funding within a program activity that finances a specific performance metric (e.g., outcomes or outputs), you should show the metric and its obligations on a performance activity line. The obligations for performance activities are non-add entries.

OBLIGATIONS BY PROGRAM ACTIVITY

Entry	Description
All accounts:	
0xxx	The first digit will always be zero (0).
Non-credit programs:	The line codes are unique to each account and have no relationship to information shown in other schedules.
Direct programs:	
0Xxx	For the second digit, use the values 0 through 8 to identify the activity or subactivity group.
0xXX	For the third and fourth digits, use the values 01 through 89 to identify activity or subactivity detail items. Any number sequence in this range is valid. For subtotals, use the values 91 through 98 as follows: • Xx91—Single activity or subactivity group subtotal • Xx92—Subtotal of two activity or subactivity groups • Xx93—Subtotal of three activity or subactivity groups Use the value 00 for running subtotals (i.e., previous subtotal plus additional activity or subactivity group).
Reimbursable programs:	If coding requirements for reimbursable programs create difficulties in developing the account display, consult with OMB. The second digit will always be 9.
09Xx	For the third digit, use the values 0 through 8; for the fourth digit, use the values 1 through 8 to identify activity or subactivity detail items.
09xX	For subtotals, use the value 9 for the fourth digit as follows: • 0909—Subtotal of activities on lines 0901 through 0908 • 0919—Subtotal of activities on lines 0910 through 0918 • 0929—Subtotal of activities on lines 0920 through 0928 • 0939—Subtotal of activities on lines 0930 through 0938 • 0959—Subtotal of activities on lines 0940 through 0958 Use the value 0999 for reporting total reimbursable obligations when both direct and multiple reimbursable activities are reported.
Credit programs:	Use the following standard line coding scheme for credit programs. See sections 185.11 and 185.12 for more information on requirements related to credit financing and liquidating accounts.
Credit program accounts:	
0001	Direct loan subsidy
0002	Loan guarantee subsidy
0003	Subsidy for modifications of direct loan terms

Entry	Description
0004	Subsidy for modifications of loan guarantees
0005	Reestimates of direct loan subsidy
0006	Interest on reestimates of direct loan subsidy
0007	Reestimates of loan guarantees
0008	Interest on reestimates of loan guarantee subsidy
0009	Administrative expenses
Credit financing accounts:	
0001	Direct obligations or default claim payments
0002	Payment of interest to Treasury
0003–0009	Other obligations
0801	Negative subsidies obligated
0802	Downward reestimates paid to receipt accounts
0803	Adjusting payments to liquidating accounts
0804	Interest on downward reestimates
All accounts:	
1000	Total new obligations. MAX will generate this line from the detail you enter. Equals line 2395, with the opposite sign.
Accounts with performance activities:	Show performance activities using the same line number as the program activity, but include a line serial number for each performance activity.
xxxx.XX	

82.3 How do I report the budgetary resources available for obligation?

Schedule P identifies all the budgetary resources available for obligation in the account and provides detailed information on the new budget authority in the account.

(a) *Budgetary resources available for obligation.*

Schedule P tracks the status of budgetary resources available for obligation from the start of the fiscal year to the end of the fiscal year. The resources include unobligated balances carried over from prior years, new budget authority, and adjustments to those amounts (such as transfers of balances to and from other budget accounts and recoveries resulting from downward adjustments of prior year obligations). You deduct new obligations and expiring or withdrawn amounts to arrive at the end-of-year unobligated balances. Do not include expired amounts or amounts unavailable for obligation.

Use the entries in the following table to prepare this section of schedule P. Consult with OMB if you want to modify the standard line titles. MAX will automatically generate the line entries indicated in **boldface**.

BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION

Entry		Description
2140	**Unobligated balance carried forward, start of year**	Unobligated balance of appropriations or other budgetary resources carried forward from the preceding year and available for obligation without new action by Congress. MAX copies CY and BY from the end of year amounts reported on line 2440 for the previous year. Includes uninvested balances and balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount). Includes all unobligated balances (appropriations, borrowing authority, contract authority, fund balances) at the start of the year. Does not include any deficiencies reported in the prior year's budget on line 2397 that have been liquidated by an appropriation or spending authority from offsetting collections; expired unobligated balances; or special and trust fund amounts and offsetting collections that are not available for obligation because of provisions of law, such as benefit formulas or limitations on obligations (see section 20.4(f)).
2200	**New budget authority (gross)**	The total amount of gross budget authority. Automatically generated from the sum of the detailed budget authority entries on lines 4000 through 6962. It also equals line 7000.
2210	Resources available from recoveries of prior year obligations	Amount made available for obligation in no-year and *unexpired* multiple-year accounts through recoveries (i.e., deobligation or downward adjustments) of obligations incurred in prior years. Equals line 7345, but with opposite sign.
Use line 2210 only for PY or CY if recoveries have already occurred prior to transmittal of the budget—unless specifically approved in advance by OMB.		Note: Net recoveries of current year obligations against new obligations for the same year without further identification. Report recoveries of prior year obligations in expired annual and multiple-year accounts on line 7340.
2221	Unobligated balance transferred to other accounts (–) [xx–xxxx]	Amount of unexpired unobligated balance transferred to other accounts that represents an adjustment to the accounts involved and does not involve an obligation or an outlay (see section 20.4(j)). Use only for transfers of balances of prior year resources when the purpose of the funding has not changed (e.g., transfers of activities under reorganization plans) or transfers of balances resulting from general transfer authority. Show transfers of balances of prior year resources that result from legislation that changes the purpose for which the amounts are available as adjustments to budget authority on line 4100. Generally, transfers to other accounts cannot exceed the unobligated balance at the start of the year.
2222	Unobligated balance transferred from other accounts (+) [xx–xxxx]	Amount of unexpired available unobligated balances transferred from other accounts that represents an adjustment to the accounts involved and does not involve an obligation or an outlay (section 20.4(j)). Use only for transfers of balances of prior year resources when the purpose of the funding has not changed (e.g., transfers of activities under reorganization plans) or transfers of balances resulting from general transfer authority. Show transfers of balances of prior year resources that result from legislation that changes the purpose for which the amounts are available as adjustments to budget authority on line 4200. Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6–digit Treasury basic account symbol (see section 79.2 and Appendix C).

	Entry	Description
2230	Expired unobligated balance transfer to unexpired account (+)	Amount of expired unobligated balances transferred into this account as the result of authority to extend the period of availability of expired balances. Do not use for expired balance transfers that are considered to be reappropriations and must be reported as new budget authority (see sections 20.4(h) and 121.10). Also, amount of any expired expenditure transfers receivable transferred from an expired account to an unexpired account. *See lines 5000/6300 for expired balance transfers that are classified as reappropriations.*
2235	Unexpired unobligated balance transfer to expired account (–)	Amount of unexpired unobligated balances transferred out of this account pursuant specific statutory authority (e.g., foreign currency valuations in expired accounts). This line is only to be used by the Department of Defense.
2240	Capital transfer to general fund (–)	Amount of balances deposited to Treasury capital transfer receipt accounts, such as "Earnings of Government-owned enterprises," or "Repayments of capital investment, Government-owned enterprises." Don't include interest payments or capital transfers of offsetting collections received during the year (see lines 5827 and 6927).
2260	Portion applied to repay debt (–)	Amount of balances used for repayment of debt. Do not include appropriations or new offsetting collections used to retire outstanding debt (see lines 4047, 6047, 5847, and 6947).
2270	Balance of borrowing authority withdrawn (–)	Use these entries to report withdrawn unobligated balances of indefinite borrowing or contract authority realized in no-year or multiple year accounts through deobligation or downward adjustments of prior year obligations reported on lines 2210 and 7345. Note: When new appropriations or spending authority from offsetting collections are used to liquidate obligations initially incurred against borrowing authority, report the amounts on lines 6053, 5853, or 6953, as appropriate.
2275	Balance of contract authority withdrawn (–)	
2333	Adjustment for change in allocation	Includes adjustments related to changes in initial allocations of budget authority under limitations in the Social Security Administration and the Department of Health and Human Service. If the initial allocation is increased, enter a positive amount on this line and vice versa.
2380	Reduction pursuant to P.L. 99–177 in unobligated balances (discretionary) (–)	Amount of cancellation of unobligated balances of prior year budgetary resources pursuant to Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H). *Use only for PY and CY and only in accounts in the national defense function (050).*
2385	Reduction pursuant to P.L. 99–177 in unobligated balances (mandatory) (–)	
2390	**Total budgetary resources available for obligation**	Automatically generated from the sum of lines 2140 through 2385, when there are multiple entries on lines 2140 through 2385.
2395	**Total new obligations (–)**	Automatically copied from line 1000, with opposite sign.
2397	Deficiency	Includes only amount of obligations (as of the end of the year) that exceeds the budgetary resources available for obligation or amount of obligations that exceed deferred or withheld pending rescission and requires an appropriation or future offsetting collections to liquidate. Does not include obligations in excess of

Entry		Description
		apportionments, allotments, or other agency subdivisions of funds even though such amounts are reportable as a violation of the Antideficiency Act. Use this entry in the year in which the deficiency is incurred. Also report the deficiency on line 9190 until liquidated. Note: See section 145 for additional reporting requirements on deficiencies.
2398	Unobligated balance expiring or withdrawn (–)	Amount available for obligation during the year that ceased to be available for obligation during the fiscal year (other than amounts rescinded by law). Include expiring unobligated balances (even if they have been reappropriated) and unobligated balances returned to unappropriated receipts. Include unobligated balances of unexpired amounts written off or withdrawn by administrative action. Also, include recoveries of prior year obligations and cash refunds of previously appropriated receipts that are available for a subsequent appropriation and are returned to unappropriated receipts. Do not include cancellation of unobligated balances that expired in prior years. Do not include withdrawals of indefinite contract authority or borrowing authority when obligated balances are liquidated by offsetting collections (see lines 5849, 6949, 5853, and 6953).
2440	**Unobligated balance carried forward, end of year**	Unobligated balance carried forward and available for obligation in the following year. Include uninvested balances and balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount). Include all unobligated balances available for obligation (appropriations, borrowing authority, contract authority, fund balances) at the end of the year. Do not include expired unobligated balances. Do not include special and trust fund amounts and offsetting collections that are not available for obligation *because* of provisions of law, such as benefit formulas or limitations on obligations (see section 20.4(f)). Automatically generated from the sum of the detailed entries on liens 2140 through 2398.
Memorandum entry:		
2441	Special and trust fund receipts returned to schedule N (+)	Include amount of expired (e.g. after the last expired year) special and trust fund unobligated balances that become available for subsequent appropriation action. Also, include cash refunds of previously appropriated receipts that are available for a subsequent appropriation and are returned to unappropriated receipts. Exclude amounts permanently cancelled or withdrawn in special or trust funds that are returned to the general fund of the Treasury. Also, include any special and trust fund unobligated balances reported on line 2398. *Enter as a positive amount.* *This line is copied into schedule N.*

(b) *New budget authority (gross) detail.*

The entries indicate the type of budget authority (such as appropriations, contract authority, spending authority from offsetting collections) and whether the authority:

- Is discretionary or mandatory; and
- Pertains to a special or trust fund account.

Use separate entries to identify adjustments resulting from transfers, temporary and permanent reductions, capital transfers, repayments of outstanding borrowing, etc.

Discretionary budget authority means budget authority under the jurisdiction of appropriations committees and controlled by annual appropriations acts. It includes spending authority provided in appropriations acts except where such authority funds direct-spending programs, such as appropriated entitlements. Use the appropriate discretionary entries to report budget authority that is classified as *discretionary* under the BEA (see sections 20.4(e) and 81.3).

Mandatory budget authority means budget authority resulting from permanent laws and includes programs the BEA defines as "appropriated entitlements and mandatories." Use the appropriate mandatory entries to report all budget authority that is classified as *mandatory* under the BEA, as well as budget authority that is classified as *net interest*. Also use the appropriate mandatory entries to report budget authority associated with credit financing accounts.

Use the entries in the following table to prepare this section of schedule P. The table is arranged by type of budget authority and shows the applicable discretionary and mandatory entries for each. Consult with OMB if you want to modify the standard line titles. MAX will automatically generate the line entries indicated in **boldface**.

NEW BUDGET AUTHORITY (GROSS), DETAIL

Entry	Discre-tionary	Man-datory	Description
APPROPRIATIONS			
Appropriation	4000	6000	Amount appropriated, estimated, or requested to be appropriated from the General Fund of the U.S. Treasury to general or special funds. Include amounts for liquidation of contract authority, debt reduction, and liquidation of deficiencies, when applicable. For indefinite amounts, the past year amount equals the amount certified by appropriation warrants after being reduced by any excess resources returned to the Treasury. Report the amount of emergency appropriations enacted or requested as discretionary appropriations, including amounts that are contingent on the President submitting a budget request to Congress designating the amount as an emergency.
Appropriation (special fund)	4020	6020	Amount appropriated or requested to be appropriated from special fund receipts. *This line is copied into schedule N.*
Appropriation (trust fund)	4026	6026	Amount appropriated or requested to be appropriated from trust fund receipts. *This line is copied into schedule N.*
Appropriation (previously unavailable)	n/a	6028	For special and trust funds with mandatory appropriations that are precluded from obligation by provisions of law (see the description of line 6045), the amount of budget authority that becomes available for obligation from balances of receipts previously unavailable and included in the amounts reported in schedule N (see section 86.4). *Use only with OMB approval.*

Entry	Discre-tionary	Man-datory	Description
			This line is copied into schedule N.
Advance funding:			Advance funding is generally used to finance higher than anticipated costs in benefit programs. *Use only in PY and CY and only with OMB approval.*
Appropriation available from subsequent year	4028	n/a	Portion of the succeeding year's appropriation made available for obligation as advance funding. *This line is copied into schedule N.*
Appropriation available in prior year (–)	4029	n/a	Portion of the appropriation made available for obligation as advance funding in the preceding year.
Reductions:			
Appropriation permanently reduced (–)	4035	6035	Amount of (1) account-specific rescissions and cancellations of appropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). (See section 82.9 for rescission proposals.) *Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation.*
Unobligated balance permanently reduced (–)	4036	6036	Amount of unobligated balances of prior year budgetary resources that are permanently rescinded or canceled. Do not include rescissions and cancellations of contract authority reported on line 4936. When legislation defers existing budget authority (or unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation, report the deferred amount as a rescission and show reappropriations in the first year of the extended availability. *Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation.*
Appropriation temporarily reduced (–)	4037	6037	Amount of (1) account-specific rescissions and cancellations of appropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177).

Entry	Discre-tionary	Man-datory	Description
			(See section 82.9 for rescission proposals.) *This line is copied into schedule N.* *Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Includes amounts returned to unavailable receipt accounts.*
Use line 4037/6037 only for special and non-revolving trust funds in PY and CY.			
Unobligated balance temporarily reduced (–)	4038	6038	Amount of rescissions and cancellations of unobligated balances of prior year budgetary resources excluding offsetting collections. *This line is copied into schedule N.* *Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Includes amounts returned to unavailable receipt accounts. Use only for special and non-revolving trust funds in PY and CY.*
Portion precluded from obligation (–)	4045	6045	For special and trust funds with mandatory appropriations, amount precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations or a benefit formula). This amount is treated as a balance of budgetary resources (see the description of line 6028). *Use only with OMB approval.* For special funds that receive discretionary general fund appropriations, use to report amounts precluded from obligation in a fiscal year by a provision of law (such as limitations on obligations). *Use only with OMB approval.* *This line is copied into schedule N.*
Adjustments:			Use the following lines only if the appropriations language specifies that the appropriations are for these purposes:
Portion applied to repay debt (–)	4047	6047	Amount of appropriations used to repay debt.
Portion applied to liquidate deficiencies (–)	4048	6048	Amount of appropriations used to eliminate a deficiency incurred in a previous year.
Portion applied to liquidate contract authority (–)	4049	6049	Amount of appropriations used to liquidate contract authority.
Portion of appropriation to liquidate contract authority withdrawn (–)	4050	n/a	Amount of excess appropriations to liquidate contract authority withdrawn. *Use only in PY or CY and only with OMB approval.*
Portion substituted for borrowing authority (–)	4053	6053	Amount of appropriations used to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised.
Transfers:			
Transferred to other accounts (–) [xx–xxxx]	4100	6100	Amount transferred to another account in the same year the authority becomes available for obligation when the transfer does not involve an obligation or an outlay. Use this line to show adjustments in budget authority resulting from:

Entry	Discre-tionary	Man-datory	Description
			• Transfers under reorganization plans; • Transfers authorized by Congress in lieu of appropriations; or • Transfers where the purpose of the funding has changed. Also use for transfers of unobligated balances that result from legislation that changes the purpose for which the balances are available. (Show transfers of balances for which the purpose has not changed or resulting from general transfer authority on line 2221.) For PY and CY, show amounts transferred from mandatory accounts to discretionary accounts pursuant to appropriations law on line 4100 in the losing account and line 4200 in the receiving account. For BY, consult your OMB representative.
Transferred from other accounts (+) [xx–xxxx]	4200	6200	Amount transferred from other accounts in the same year the authority becomes available for obligation when the transfer does not involve an obligation or an outlay. Use this line to show adjustments in budget authority resulting from: • Transfers under reorganization plans; • Transfers authorized by Congress in lieu of appropriations; or • Transfers where the purpose of the funding has changed. Also use for transfers of unobligated balances that result from legislation that changes the purpose for which the balances are available. (Show transfers of balances for which the purpose has not changed or transfers of balances resulting from general transfer authority on line 2222.) For PY and CY, show amounts transferred to discretionary accounts from mandatory accounts, pursuant to appropriations law, on line 4200 in the receiving account and on line 4100 in the losing account. For BY, consult your OMB representative; if the losing account is an entitlement program, the transfer should be reported as an increase in discretionary budget authority in BY, with no corresponding discretionary offset. Identify each account involved in each transfer (gaining and losing) in MAX using the 6–digit Treasury basic account symbol (see section 79.2 and Appendix C).
Appropriation (total)	**4300**	**6250**	Automatically generated from the sum of lines 4000 through 4200, when there are multiple entries on these lines.

Entry	Discre-tionary	Man-datory	Description
			Automatically generated from the sum of lines 6000 through 6200, when there are multiple entries on these lines.
BORROWING AUTHORITY			
Borrowing authority	4700	6710	Amount of new authority authorized or requested to be authorized to be expended from moneys derived from borrowing from the Treasury or from investors other than Treasury. To the extent that indefinite borrowing authority is used to cover obligations, report borrowing authority for all such obligations even though subsequent appropriations or offsetting collections will ultimately be used to liquidate the obligations. For indefinite borrowing authority, record the amount that you obligated in the past year or estimate you will obligate in CY and BY.
Borrowing authority (12 U.S.C. 2281–96)	n/a	6716	Amount of borrowing authority for direct loan obligations from the Federal Financing Bank. *Use only for liquidating accounts*.
Borrowing authority permanently reduced (–)	4735	6735	Amount of (1) account-specific rescissions and cancellations of borrowing authority and (2) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). Report permanent rescissions and cancellations of unobligated balances of borrowing authority on line 4036 (discretionary) or line 6036 (mandatory). *Amounts are not available for subsequent appropriation. Use only in PY and CY.*
Borrowing authority (total)	**4790**	**6790**	Automatically generated from the sum of lines 4700 through 4735, when there are multiple entries on these lines. Automatically generated from the sum of lines 6710 through 6735, when there are multiple entries on these lines.
CONTRACT AUTHORITY			
Contract authority	4900	6610	Amount of new authority to incur obligations in advance of collections or an appropriation to liquidate contract authority. For indefinite contract authority, record the amount that you obligated in the past year or estimate you will obligate in CY and BY.
Contract authority permanently reduced (–)	4935	6635	Amount of (1) account-specific rescissions and cancellations of contract authority; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to
Unobligated balance permanently reduced (–)	4936	6636	

Entry	Discre-tionary	Man-datory	Description
			the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). *Amounts are not available for subsequent appropriation. Use only in PY and CY.*
Portion precluded from obligation (limitation on obligations) (–)	4945	n/a	Amount of contract authority precluded from obligation in a fiscal year by a limitation on obligations. *Use only with OMB approval.*
Transferred to other accounts (–) [xx–xxxx]	n/a	6661	Amount of contract authority transferred to other accounts.
Transferred from other accounts (+) [xx–xxxx]	n/a	6662	Amount of contract authority transferred from other accounts. Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6–digit Treasury basic account symbol (see section 79.2 and Appendix C).
Contract authority (total)	**4990**	**6690**	Automatically generated from the sum of lines 4900 through 4945, when there are multiple entries on these lines. Automatically generated from the sum of lines 6610 through 6662, when there are multiple entries on these lines.
REAPPROPRIATIONS			
Reappropriation	5000	6300	Amount of new budget authority resulting from legislation enacted after the law that provided the budget authority and that extends the period of availability of funds that have expired or would otherwise expire. Such extensions of availability are counted as new budget authority in the first year of the extended availability (see sections 20.4(h) and 121.10). *Use line 2230 for expired unobligated balance transfers that are not reported as new budget authority.*
Reappropriation permanently reduced (–)	5035	6335	Amount of (1) account-specific rescissions and cancellations of reappropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). Report permanent rescissions and cancellations of unobligated balances on line 4036 (discretionary) or line 6036 (mandatory). *Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.*

Entry	Discre-tionary	Man-datory	Description
Reappropriation (total)	**5300**	**6390**	Automatically generated from the sum of lines 5000 through 5035, when there are multiple entries on these lines. Automatically generated from the sum of lines 6300 through 6335, when there are multiple entries on these lines.
ADVANCE APPROPRIATIONS			
Advance appropriation	5500	6500	Amounts provided in appropriation acts that become available for obligation one fiscal year or more beyond the fiscal year for which the legislation is enacted. Report amount in the year in which it first becomes available for obligation. Use line 6500 for advance appropriations of mandatory budget authority in appropriations acts. *Lines 5520, 5526 and 6526 are copied into schedule N.*
Advance appropriation (special fund)	5520	n/a	
Advance appropriation (trust fund)	5526	6526	
Advance appropriation permanently reduced (–)	5535	6535	Amount of (1) account-specific rescissions and cancellations of advance appropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). Report permanent rescissions and cancellations of unobligated balances on line 4036 (discretionary) or line 6036 (mandatory). *Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.*
Advance appropriation temporarily reduced (–)	5537	6537	Amount of (1) account-specific rescissions and cancellations of advance appropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). Report temporary rescissions and cancellations of unobligated balances on line 4038 (discretionary) or line 6038 (mandatory). *This line is copied into schedule N.* *Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Includes amounts returned to unavailable receipt accounts.*

Entry	Discre-tionary	Man-datory	Description
Use line 5537/6537 only for special and non-revolving trust funds in PY and CY.			
Advance appropriation (total)	**5590**	**6590**	Automatically generated from the sum of lines 5500 through 5537, when there are multiple entries on these lines. Automatically generated from the sum of lines 6500 through 6537, when there are multiple entries on these lines.
SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS			As a general rule, you classify spending authority from offsetting collections as discretionary for accounts classified as discretionary by the BEA and as mandatory for accounts classified as mandatory under the BEA.
Offsetting collections (cash)	5800	6900	*For unexpired accounts only:* Amount of offsetting collections (cash) credited to the account and refunds that pertain to obligations recorded in prior fiscal years.
Change in uncollected customer payments from Federal sources (unexpired)	5810	6910	*For unexpired accounts only:* Amount of increase (+) or decrease (–) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year. The amounts reported on these lines are added and automatically copied to line 7400, but with the opposite sign, and line 8895.
Offsetting collections (previously unavailable)	5826	6926	For accounts with limitations on the use of offsetting collections, unappropriated or temporarily reduced, the amount of budget authority that becomes available for obligation from unavailable balances of offsetting collections.
Adjustments:			
Capital transfer to general fund (–)	5827	6927	Amount of offsetting collections deposited to Treasury receipt accounts for "Earnings of Government-owned enterprises," or "Repayments of capital investment, Government-owned enterprises." Do not include interest payments. *Primarily used by revolving funds; however, may be used by other accounts with OMB approval.*
Portion applied to liquidate deficiencies (–)	5833	6933	Amount of offsetting collections used to eliminate a deficiency incurred in a previous year.
Offsetting collections permanently reduced (–)	5835		Amount of (1) account-specific offsetting collections rescinded or cancelled; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177).

Entry	Discre-tionary	Man-datory	Description
			Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.
Offsetting collections temporarily reduced (–)	5837	6937	Amount of (1) account-specific offsetting collections rescinded or cancelled; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). *Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Use only in PY and CY.*
Unobligated balance temporarily reduced (–)	5838	6938	Amount of rescissions and cancellations of unobligated balances of prior year offsetting collections. *Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Use only in PY and CY.*
Portion precluded from obligation (limitation on obligations) (–)	5845	6945	Amount of offsetting collections credited to the account that is not available for obligation because of limitations on program level in appropriations acts or is not yet appropriated.
Portion applied to repay debt (–)	5847	6947	Amount of offsetting collections used for repayments of debt outstanding.
Portion applied to liquidate contract authority (–)	5849	6949	Amount of offsetting collections used to liquidate contract authority. Include portion of spending authority from offsetting collections used to replace the contact authority initially obligated against.
Portion substituted for borrowing authority (–)	5853	6953	Amount of offsetting collections used to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised.
Transfers:			
Transferred to other accounts (–) [xx–xxxx]	5861	6961	Amount transferred to another account in the same year the authority becomes available for obligation when the transfer is treated as an adjustment in budget authority to the accounts and does not involve an obligation or outlay (see the description of line 4100 for more information). Transfers of balances should be reported on lines 2221 or 7331, as appropriate. Although the spending authority is transferred to another account, the offsetting collection will be credited to the account that initially received the collection on line 88xx.
Transferred from other accounts (+) [xx–xxxx]	5862	6962	Amount transferred from other accounts in the same year the authority becomes available for obligation when the transfer is treated as an adjustment in budget authority to the accounts and does not involve an obligation or outlay

Entry	Discre-tionary	Man-datory	Description
			(see the description of line 4200 for more information). Transfers of balances should be reported on lines 2222 or 7332, as appropriate. Although the spending authority is transferred from another account, the offsetting collection will be credited to the account that initially received the collection on line 88xx. Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6–digit Treasury basic account symbol (see section 79.2 and Appendix C).
Spending authority from offsetting collections (total)	**5890**	**6990**	Automatically generated from the sum of lines 5800 through 5862, when there are multiple entries on these lines. Automatically generated from the sum of lines 6900 through 6962, when there are multiple entries on these lines.
Total new budget authority (gross)	**7000**	**7000**	Automatically generated from the sum of combined total of mandatory and discretionary budget authority (lines 4000 through 6990) when more than one type is used. It also equals line 2200.

(c) *Financing obligations and adjustments*.

As a general rule, if unobligated balances from prior years and new budget authority are commingled in an account, charge new obligations against unobligated balances brought forward before charging against new budget authority. Similarly, charge capital transfers, redemption of debt, and liquidating of contract authority against unobligated balances before new budget authority.

82.4 How do I report obligated balances?

Schedule P bridges between start and end of year obligated balances. New obligations are added to the start of year balance, and gross outlays are deducted. Adjustments, such as transfers of obligated balances and the change in uncollected customer payments from Federal sources (both unexpired and expired), are added or subtracted, as appropriate, to determine the obligated balance at the end of the year. In addition to reporting transactions in unexpired accounts, reflect outlays from and adjustments in expired (but not canceled) accounts.

Unpaid obligations and uncollected customer payments from Federal sources are included in the obligated balance and are not separately identified.

Use the entries in the following table to prepare this section of schedule P. Consult with OMB if you want to modify the standard line titles. MAX will automatically generate the line entries indicated in **boldface**.

CHANGE IN OBLIGATED BALANCES

Entry		Description
7240	**Obligated balance, start of year**	Unpaid obligations (i.e., accounts payable plus undelivered orders) minus uncollected customer payments from other Federal Government accounts (i.e., accounts receivable and unpaid, unfilled orders) carried forward from the preceding year. MAX copies CY and BY from the end of year amounts reported on line 7440 for the previous year. Include uninvested balances; balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount); and amounts obligated against contract authority.
7310	**Total new obligations**	Automatically copied from line 1000.
7320	**Total outlays (gross) (–)**	Total disbursements made by the account. Automatically generated from the sum of the amounts on lines 8690 through 8698, with opposite sign.
7331	Obligated balance transferred to other accounts (–) [xx–xxxx]	Amount of unpaid obligations net of uncollected customer payments transferred to other accounts.
7332	Obligated balance transferred from other accounts (+) [xx–xxxx]	Amount of unpaid obligations net of uncollected customer payments transferred from other accounts. Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6–digit Treasury basic account symbol (see section 79.2 and Appendix C).
7340	Adjustments in expired accounts (net)	Net amount of upward (+) or downward adjustments (–) in obligations in accounts that *expired* prior to the beginning of the fiscal year. Use only for PY, unless specifically approved by OMB.
7345	**Recoveries of prior year obligations (–)**	Amount made available for obligation in no-year and *unexpired* multiple-year accounts through recoveries (i.e., deobligation or downward adjustments) of obligations incurred in prior years. Automatically copied from line 2210, but with the opposite sign.
7400	**Change in uncollected customer payments from Federal sources (unexpired)**	*For unexpired accounts only:* Amount of increase (–) or decrease (+) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year. Automatically generated from the sum of the amounts on lines 5810 and 6910, but with the opposite sign.
7410	Change in uncollected customer payments from Federal sources (expired)	*For expired accounts only:* Amount of increase (–) or decrease (+) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year.
7440	**Obligated balance, end of year**	Unpaid obligations (i.e., accounts payable plus undelivered orders) minus uncollected customer payments from other Federal Government accounts (i.e., accounts receivable and unpaid, unfilled orders) carried forward in the following year. Include uninvested balances; balances invested in Federal securities (par value), adjusted for unrealized discounts (a

Entry	Description
	negative amount); and amounts obligated against contract authority. Automatically generated from the sum of the detailed entries on lines 7240 through 7410.

82.5 How do I report outlays?

Schedule P shows the account's gross outlays distributed on the basis of the type of budget authority that financed the outlay. This part presents separately outlays from discretionary and mandatory budget authority and outlays from new authority and carryover balances.

OUTLAYS (GROSS), DETAIL

Entry		Description
8690	**Outlays from new discretionary authority**	MAX calculates these entries based on the outlays reported in schedule X on lines 9111 through 9322.
8693	**Outlays from discretionary balances**	You should not use these lines for credit financing accounts.
8697	**Outlays from new mandatory authority**	
8698	**Outlays from mandatory balances**	
8700	**Total outlays (gross)**	Automatically generated from the sum of the amounts on lines 8690 through 8698, when multiple lines 8690–8698 are reported.

82.6 How do I show net budget authority and outlays?

Schedule P shows the offsets used to arrive at net budget authority and outlays for the account. Gross outlays are reduced by cash collections (both unexpired and expired). Gross budget authority is reduced by cash collections (unexpired only) *and* orders from Federal sources that are not accompanied by cash.

The *offsets* part of schedule P indicates the source of the offsetting collections (e.g., Federal sources, interest on Federal securities, non-Federal sources).
The change in uncollected customer payments from Federal sources from the start to the end of the year is deducted from gross budget authority only. Increases in uncollected customer payments from the start to the end of the year increase the amount of the offset because the increase constitutes an increase in gross budget authority; decreases reduce the amount of the offset because a decrease means that a portion of the offsetting collections (cash) received has been applied to liquidate obligations for which an offset was already counted. Only unexpired offsetting collections (cash) are offset from gross budget authority because gross budget authority includes only unexpired amounts.

Use the entries in the following table to prepare this section of schedule P. MAX will automatically generate the line entries indicated in **boldface**. Consult with OMB if you want to modify the standard line titles. See special line title requirements below for lines 8840 and 8845.

OFFSETS

Entry		Description
Against gross budget authority and outlays:		
Offsetting collections (cash) from:		Amount of cash credited to the account. (Includes refunds that pertain to obligations recorded in prior fiscal years, as long as the account has not been canceled.) Identify the source of the payment (see the descriptions below). Use subentries when there are significant amounts of different types of income, such as insurance premiums, loan repayments, interest, fees, etc. Note: Amounts for lines 8800 through 8890 under transmittal code 0 should be reported as positive amounts in MAX, but will appear in the Budget Appendix with the opposite sign.
8800	Federal sources	Amount from other Federal Government accounts except interest received from investments in Federal securities and interest on uninvested funds. Do not include orders and contracts that are valid obligations of ordering accounts that are not accompanied by advances. Include collections from general, special, trust, revolving, and management fund accounts. Also include collections from off-budget Federal entities.
8820	Interest on Federal securities	Amount of interest on investments in marketable and nonmarketable Federal securities. Use for general and revolving fund accounts only.
8825	Interest on uninvested funds	Amount of interest from Federal securities on balances not invested in marketable and nonmarketable Treasury securities.
8840	Non-Federal sources	Amount received from non-Federal sources as a result of business-type transactions (e.g., repayments of loan principal, interest on outstanding loans, user charges) and amount of orders received from non-Federal sources that are accompanied by advances. Report collections that arise from the Government's sovereign or governmental powers on line 8845. Use line titles to identify separately the primary sources of collections. Small amounts may be aggregated. See exhibits 185C, 185F and 185I.
8845	Offsetting governmental collections (from non-Federal sources)	Amount received from non-Federal sources that are governmental in nature (e.g., tax receipts, regulatory fees, compulsory user charges, custom duties, license fees) but required by law to be credited to the account (see section 20.7(d)). Use line titles to identify separately the primary sources of collections.
8890	**Total offsetting collections (cash)**	Automatically generated from the sum of lines 8800 through 8845, when there are multiple entries on these lines.
Against gross budget authority only:		
8895	**Change in uncollected customer payments from Federal sources (unexpired)**	Amount of increase (+) or decrease (–) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year. Automatically generated from the sum of amounts on lines 5810 and 6910.

Entry		Description
		Amount will appear in the Budget Appendix with the opposite sign compared to what you enter in MAX.
8896	**Portion of offsetting collections (cash) credited to expired accounts**	Amount of offsetting collections (cash) and refunds that pertain to an account that has expired but is not yet canceled (see section 20.10). Automatically generated from the sum of amounts on lines 5800 and 6900 minus the amount on lines 8800 through 8845. Amount will appear in the Budget Appendix with the opposite sign compared to what you enter in MAX.

NET BUDGET AUTHORITY AND OUTLAYS

Entry		Description
8900	**Budget authority (net)**	Automatically generated from the total new budget authority (gross) on line 2200 minus the amounts on lines 8800 through 8845 and on lines 8895 and 8896. This line will always be used, even if the amount is zero.
9000	**Outlays (net)**	Automatically generated from the total outlays (gross) on lines 8690 through 8698 minus the amounts on lines 8800 through 8845. This line will always be used, even if the amount is zero.

82.7 What additional information must I report on schedule P?

Schedule P displays supplementary information related to G-R-H sequesters; obligations in excess of available budgetary resources; investments in Federal securities; and balances of contract authority. The amounts are not added or deducted from the budget authority or outlay amounts reported above. Use the entries in the following table to prepare this section of schedule P. MAX will automatically generate the line entries indicated in **boldface**. Consult with OMB if you want to modify the standard line titles.

MEMORANDUM (NON-ADD) ENTRIES

Entry		Description
9110	Outlays prior to reduction pursuant to P.L. 99–177	Amount of outlays that would have occurred *in the current year only* if resources had not been sequestered under G-R-H. Use only if line 9180 or 9185 is used.
9180	Sequestration pursuant to P.L. 99–177 (discretionary) (–)	Amount of reduction in outlays *in the current year only* associated with a G-R-H sequester of budgetary resources for discretionary programs.
9185	Sequestration pursuant to P.L. 99–177 (mandatory) (–)	Amount of reduction in outlays *in the current year only* associated with a G-R-H sequester of budgetary resources for mandatory programs.
9190	Unpaid obligations, end of year: Deficiency	Amount of obligations included in unpaid obligations, end of year that exceeded the resources available when the obligations were incurred and will require an appropriation or offsetting collections to liquidate the deficiency. For any year, the amount will equal the amount reported on this line in the previous year, plus any amount on line 2397, minus amounts on lines 4048, 6048, 5833, and 6933 plus or minus any revisions to the amount

Entry		Description
		reported in the previous year. (These revisions are not reflected on schedule P.) *Note: See section 145 for additional reporting requirements on deficiencies.*
Investments in Federal securities:		Report the par value of Federal securities; do not reflect unrealized discounts. Include all the balances invested at the start of the year, including those that are not available for obligation, i.e., those reported in the schedule on special and trust fund receipts (MAX schedule N). If a special or trust fund has multiple expenditure accounts, report the invested portion of the unavailable collections in schedule P of the account that receives the largest appropriation from the fund.
9201	**Total investments, start of year: Federal securities: Par value**	Amount of start of year balances that have been invested in Federal securities, brought forward from the end of the preceding year. For CY and BY, equals the corresponding entry at the end of the preceding year.
9202	Total investments, end of year: Federal securities: Par value	Amount of end of year balances that have been invested in Federal securities.
Investments in non-Federal securities:		Report the market value of non-Federal securities. Include all the balances invested at the start of the year, including those that are not available for obligation, i.e., those reported in the schedule on special and trust fund receipts (MAX schedule N). Include changes in the value of the account's portfolio due to purchases, sales, and market conditions.
9203	**Total investments, start of year: non-Federal securities: Market value**	Amount of start of year balances that have been invested in non-Federal securities, brought forward from the end of the preceding year. For CY and BY, equals the corresponding entry at the end of the preceding year.
9204	Total investments, end of year: non-Federal securities: Market value	Amount of end of year balances that have been invested in non-Federal securities.
Contract authority:		*Contract authority is unfunded. When appropriation or offsetting collections are provided to liquidate contract authority, the amounts are no longer considered to be contract authority, and the balance should no longer be included as contract authority.*
9301	**Unobligated balance, start of year: Contract authority**	Unobligated balance of unfunded contract authority at the beginning of the year. Excludes contract authority for which spending authority from offsetting collections or appropriations to liquidate are not provided or requested. Cannot exceed the amount on line 2140 of the program and financing schedule. . For CY and BY, equals the corresponding entry at the end of the preceding year.
9302	Unobligated balance, end of year: Contract authority	Unobligated balance of unfunded contract authority at the end of the year. Cannot exceed the amount on line 2440 of the program and financing schedule.
9303	**Obligated balance, start of year: Contract authority**	Obligated balance of unfunded contract authority at the beginning of the year. Excludes contract authority for which spending authority from offsetting collections or appropriations to liquidate are not provided or requested. Cannot exceed the amount on line 7240 of the program and financing schedule.

Entry		Description
		For CY and BY, equals the corresponding entry at the end of the preceding year.
9304	Obligated balance, end of year: Contract authority	Obligated balance of unfunded contract authority at the end of the year. Cannot exceed the amount on line 7440 of the program and financing schedule.
Unavailable offsetting collections:		*The amount of offsetting collections that was previously precluded from obligation, unappropriated, or temporarily reduced but has not yet become budget authority available for obligation. Does not apply to special and non-revolving trust funds.*
9401	**Unavailable balance, start of year: Offsetting collections**	Unavailable balance of offsetting collections at the beginning of the year. For CY and BY, equals the corresponding entry at the end of the preceding year.
9402	Unavailable balance, end of year: Offsetting collections	Unavailable balance of offsetting collections at the end of the year.
9502	Unpaid obligations, end of year	Unpaid obligations (i.e., accounts payable plus undelivered orders) carried forward in the following year. This line represents the unpaid obligations included in line 7440 and is based on amounts reported in FACTS II by agencies. *Only used in PY.* Note: This line will be included in MAX, but will not be printed in the Budget Appendix.

82.8 How do I present enacted reductions of budget authority?

Include enacted reductions including account-specific rescissions, across-the-board reductions mandated in appropriations acts, and G-R-H reductions in the regular (transmittal code 0) budget schedules. If enacted legislation defers existing budget authority from a year in which it was available for obligation to a year in which it was not available for obligation, then reflect this deferred amount as a reduction in the regular budget schedules and show a reappropriation in the first year of the extended availability (see section 20.4(h)). Show reductions separate from the budget authority initially appropriated for all years covered by schedule P.

Reductions can impact all types of budget authority (e.g., appropriations, borrowing authority, contract authority, advance appropriations, offsetting collections) and can be temporary or permanent. Normally, temporary reductions only apply to special funds, non-revolving trust funds and spending authority from offsetting collections. The budget distinguishes between temporary and permanent reductions. Reductions of new budget authority will be reported by type. However, reductions of unobligated balances of budgetary resources other than contract authority will be reported on either lines 4036, 4038, 6036 or 6038 regardless of the type of budget authority involved. Reductions of balances of contract authority will be reported on line 4936. The two-digit suffixes listed below are used to denote the temporary or permanent nature of the reductions of budget authority. (See the corresponding entries under appropriations (lines 40xx and 60xx) in section 82.3 for more information on how the suffixes are used.) If necessary to fulfill reporting requirements, OMB may tell you to use a different two-digit suffix to identify the appropriate appropriation acts.

Entry		Description
xx35	[type of authority] permanently reduced (–)	Amount of (1) account-specific rescissions and cancellations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). When calculating across-the-board reductions, they will be based on the level of appropriations *prior* to the application of downward adjustments for rescissions of unobligated balances. This means that the rescissions of unobligated balances are applied *aft*er the across-the-board reduction amounts are applied. *Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY except for line 4035.* Note: Show rescission proposals in a separate program and financing schedule with transmittal code "5," and modify the stub title to read "Rescission proposal."
xx36	unobligated balance permanently reduced (–)	Amount of unobligated balances of prior year budgetary resources that are permanently rescinded or cancelled. When legislation defers existing budget authority (or unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation, report the deferred amount as a rescission and show reappropriations in the first year of the extended availability. *Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY except for line 4036.*
xx37	[type of authority] temporarily reduced (–)	Amount of (1) account-specific rescissions and cancellations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177). When calculating across-the-board reductions, they will be based on the level of appropriations *prior* to the application of downward adjustments for rescissions of unobligated balances. This means that the rescissions of unobligated balances are applied *aft*er the across-the-board reduction amounts are applied. *This line is copied into schedule N.* *Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Includes amounts returned to unavailable receipt accounts. Use only in PY and CY.*

Entry		Description
xx38	unobligated balance temporarily reduced (–)	Amount of rescissions and cancellations of unobligated balances of prior year budgetary resources. *This line is copied into schedule N.* *Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Includes amounts returned to unavailable receipt accounts. Use only in PY and CY.*

82.9 How do I present rescission proposals?

Reflect the effect of rescission proposals that already have been transmitted or will be transmitted to the Congress concurrently with the budget in a separate schedule under transmittal code 5 (see section 79.2), not in the regular schedule P for the affected account. The combination of the regular and rescission schedules should display the condition of the account if the Congress accepts the rescission proposal. Please note that the Impoundment Control Act of 1974 requires the President to transmit a special message whenever a proposed rescission is withheld through the apportionment process (see section 112).

The rescission schedule under transmittal code 5 should reflect the changes to amounts in the regular schedule that would result from the rescission proposal. For example, if the budget authority would otherwise be obligated in the event that the rescission is not accepted, display negative amounts for obligations and outlays (outlay savings) in the rescission schedule. In cases where the amounts proposed for rescission could not otherwise be obligated and are shown as expiring in the regular schedule, show a positive entry on line 2398 "Unobligated balance expiring or withdrawn," on the rescission proposal schedule. Enter this same amount as a rescission proposal on the appropriate budget authority line.

82.10 How do I present supplemental appropriations requests and items proposed for later transmittal?

The account identification code includes a transmittal code that identifies the nature of the request (e.g., supplementals and items proposed for later transmittal (see section 79.2)). Most requests that are transmitted to the Congress in the President's Budget are for appropriations for the upcoming fiscal year. These requests are normally reported under transmittal code 0. Separate schedules using non-zero transmittal codes are required to identify proposed supplementals, supplementals requested in the budget, and items proposed for later transmittal under either existing or proposed authorizing legislation and their effect on the information presented in the regular schedule for the account. The combination of the regular schedule and the non-zero transmittal code schedule should display the condition of the account as it would exist if the Congress enacts the proposals.

One of the following titles will be shown, as appropriate, at the top of schedule P to identify proposed supplementals and items proposed for later transmittal:

- Supplemental now requested (transmittal code 1)
- Legislative proposal, not subject to PAYGO (transmittal code 2)
- Appropriations language to be submitted later (transmittal code 3)
- Legislative proposal, subject to PAYGO (transmittal code 4)

When a supplemental proposal or legislative proposal involves a transfer between accounts, omit the transaction from the regular (transmittal code 0) schedules and display it in separate schedules for each of the affected accounts.

82.11 How do I present transfers of resources?

Transfers between agencies resulting from Presidential reorganization plans or enacted reorganization legislation may involve unique problems. Agency staff must consult with OMB representatives in each instance. As a general rule, exclude the transferred activities from the schedules of the losing agency and show them in the gaining agency on a three-year comparable basis. Use footnotes to identify the amounts involved. (See section 82.13 for an example of how the footnote should be worded and section 95 for guidance on submitting the footnotes for printing.) When the gaining agency assumes *all* of the activities previously financed under a single account in another agency, the losing agency should omit budget schedules and appropriation language for the affected account and the gaining agency should show the transferred activities and appropriation language with its schedules.

82.12 How do I present transfers in the estimates?

When a transfer in the estimates (see section 20.4(k)) for the budget year results in a significant increase to or decrease from the amount of budget authority for the past or current year, include footnotes explaining the transfer after the program and financing schedule. (See section 95 for guidance on submitting the footnotes for printing.)

For the account assuming the responsibility, use the following footnote:

Note—Includes $–million in budget authority in BY for activities previously financed from:
PY CY
[List the full title of each losing account, including agency and bureau, and the budget authority amount applicable to each. Where it is appropriate to show the amount on some other basis, such as obligations, you may modify the footnote accordingly.]

If the entire BY estimate is for the transferred activity, the footnote may be worded, "BY estimate is for activities previously financed from [List agency, bureau, and account title]."

For the account losing the activity, use the following footnote:

Note—Excludes $Bmillion in budget authority in BY for activities transferred to:

[List the title of each gaining account, including agency and bureau, and the budget authority amount applicable to each. Where it is more appropriate to show the amount on some other basis, such as obligations, modify the footnote accordingly.]
Comparable amounts for PY ($Bmillion) and CY ($Bmillion) are included above.

You only need to provide a transfer in the estimates footnote in the year the transfer proposal is made. If you use more than one footnote, include them under a centered heading, "NOTES." Modify the wording of footnotes as necessary to explain current year transfers.

At the discretion of OMB, transfers in the estimates may be shown on a three-year comparable basis. If they are, the footnotes should be modified accordingly.

82.13 How do I present merged accounts and consolidated schedules?

(a) *Merged accounts.*

Where two or more appropriations have been or are proposed to be replaced by a single appropriation (see section 79.3 (h).), submit a single set of schedules for the new appropriation covering PY through BY. Show a distribution of budget authority and outlays by account at the end of each merged program and financing schedule. Also use the following footnote:

Note.—The activities previously financed under [agency title, bureau title, account title in PY and CY are presented in these schedules and are proposed to be financed in this account in BY. Budget authority and outlays are distributed by account above.

(See section 95 for guidance on submitting the footnotes for printing.)

(b) *Consolidated schedules.*

When two or more accounts are consolidated in a single set of schedules (see section 79.3 (h)), list the title of each unexpired account as an activity. You may use subentries to identify activities carried under the individual accounts when the amounts are significant. Show a distribution of budget authority and outlays by account at the end of the program and financing schedule.

(c) *Distribution of budget authority and outlays.*

When you consolidate or merge accounts, append a distribution of budget authority and outlays by account to the bottom of the program and financing schedule. List each merged or consolidated budget account by name and provide data for PY through BY. (See section 95 for guidance on submitting the distribution of budget authority and outlays for printing.)

82.14 How should I treat allocation accounts?

Combine schedule P information for allocation accounts with the parent account without separate identification (see section 20.4(l)). However, you must identify the obligations incurred by allocation accounts in a separate section of the object class schedule of the parent account (see section 83.18).

Receiving agencies should include the following note at the end of each bureau that receives funding through allocations:

Note.—Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriations as follows: [list agency, bureau, and account title for each parent appropriation].

(See section 95 for guidance on submitting the note for printing.)

82.15 Do the actuals I report in schedule P need to tie to the actuals I reported to Treasury?

Actuals reported in the budget must be consistent with amounts reported to Treasury and must be based on actual accounting data. Review any differences from last year's actuals reported to Treasury at http://www.omb.gov/reports/ to prevent these differences from reoccurring. The website also includes reports that show FY 2006 quarterly FACTS II submissions and how they would crosswalk into schedule P.

Typically, one group within your agency (for example, the accounting office) reports amounts to Treasury (see section 130.2) while another group (for example, the budget office) prepares budget schedules. Before your accounting office submits its actuals to Treasury in FACTS II (described below), you must ensure that the amounts are conceptually and numerically consistent with the amounts that you are going to report in MAX A–11. FACTS II facilitates, and to a large extent eliminates the need for, this reconciliation

See exhibit 130J, exhibit 130K and exhibit 130M for relationships among actuals reported in the following reports: SF 133/Statement of Budgetary Resources, schedule P, and Treasury Combined Statement.

Invested balances reported in MAX should equal invested balances reported to the Treasury Department, as follows:

Reported to Treasury Department	MAX data
Invested balances, start of year	***For all accounts:***
	Schedule P (program and financing schedule):
	9201CTotal investments, start of year: Federal securities: Par value
Invested balances, end of year	***For all accounts:***
	Schedule P (program and financing schedule):
	9202CTotal investments, end of year: Federal securities: Par value
	For accounts with schedule J:
	Schedule J (status of funds schedule):
	8701C Invested balance, end of year
	Note: Amounts reported in these MAX schedules represent total invested balances, including those that are not available for obligation.

(a) *What actuals in the schedule P are imported from the actuals I reported to Treasury?*

In order to reduce duplicate reporting while improving the consistency of year-end data, your agency accounting office reports U.S. Standard General Ledger (USSGL) accounting information at the Treasury account-level into a Treasury-operated system named Federal Agencies Centralized Trial-Balance System II (FACTS II), which was developed by agencies, Treasury, and OMB. The FACTS II information is then translated/crosswalked and copied into the following reports:

- SF 133 Report on Budget Execution and Budgetary Resources (used to monitor SF 132 Apportionments and used as the basis of the audited Statement of Budgetary Resources),
- FMS 2108 Year-end Closing Statement (used as a primary source of the Treasury Combined Statement), and
- Much of the PY column of schedule P.
- For more information about FACTS II and the USSGL and crosswalks from the USSGL to schedule P, see Treasury Transmittal Letter No. S2–01–02, a supplement to the Treasury Financial Manual (TFM) and http://www.fms.treas.gov/factsii/index.html.

When year-end FACTS II information is submitted, the information must not only pass a number of FACTS II edit-checks, but a person separate from the "preparer" (i.e. data entry person) named a "certifier" must certify that the information is correct. In addition, GAO requires your auditors to determine whether controls exist to ensure that the amounts in your systems and the amounts submitted via FACTS II agree. See GAO–02–126G "Guide for Auditing the Statement of Budgetary Resources".

Each month, Treasury provides your agency with the SF 6653 "Undisbursed Appropriation Account Ledger" on the seventh workday of each month. The SF 6653 reflects all activity reported to Treasury. You are required to reconcile the SF 6653 with your accounting system each month. At year-end, this reconciliation should be accomplished before submitting your FACTS II data.

In the future, MAX A–11 will ensure that all amounts in the PY column of schedule P will tie to amounts reported via FACTS II. For the preparation of the 2008 Budget, outlays will continue to be locked and eleven lines will be controlled by edit-checks.

(b) *What do I do if I do not agree with the PY amount on line P 9000 "Outlays (net) or my receipt data?"*

If you do not agree with the amount on line P 9000 "Outlays (net)", after the FACTS II database is locked (mid-November), and the outlay is reported in FACTS II and imported into MAX A–11, then you must submit a written explanation of the difference to your OMB representative. The explanation must be signed by your budget officer and accounting officer and explain why the error happened. Include affected accounts and amounts. Include a revised SF 224 and a statement that the amounts will be revised in FACTS II when FACTS II opens for revisions to fourth quarter actuals if appropriate. If the explanation is accepted, then line P 9000 will be changed centrally. Ensure that the actuals are revised in FACTS II as described in the previous section. You should get PY-related matters like this taken care of as soon as the budget database opens so that you can concentrate on the BY column later.

Similarly, submit a written explanation if your agency does not agree with the receipt actuals that have been imported into MAX schedule R from Treasury SF 224 data. (See section 81.1). Receipt account information is not collected via FACTS II.

(c) *What do I do if MAX does not agree with FACTS II?*

For the 2008 Budget, the following lines have MAX A–11 edit-checks that will require you to tie to FACTS II:

1000 Total new obligations
2140 Unobligated balance carried forward, start of year
2210 Resources available from recoveries of prior year obligations
2398 Unobligated balance expiring or withdrawn
2440 Unobligated balance carried forward, end of year
4000 Discretionary appropriation
4020 Discretionary appropriation (special fund)
4035 Discretionary reduction – Appropriation permanently reduced
5500 Discretionary advance appropriation
5800 Discretionary spending authority from offsetting collections (cash)
5810 Discretionary change in uncollected customer payments from Federal sources
6000 Mandatory appropriation
6900 Mandatory spending authority from offsetting collections (cash)
6910 Mandatory change in uncollected customer payments from Federal sources
7240 Obligated balance, start of year
7340 Adjustments in expired accounts
7440 Obligated balance, end of year
8800 Offsetting collections from Federal sources
8820 Offsetting collections from interest on Federal securities
8825 Offsetting collections from interest on uninvested funds
8840 Offsetting collections from non-Federal sources
8845 Offsetting collections from offsetting governmental collections (from non-Federal sources)
8896 Portion of offsetting collections (cash) credited to expired accounts

The following table summarizes the actions you need to take if MAX does not agree with FACTS II:

If an error is found…	And if…	Then…
Before MAX A–11 agency lock-out	Financial audit was complete	• Consult with your accounting office. • Correct the amount in MAX A–11. • Ensure that your accounting office revises the amount in FACTS II. Your accounting office *must* revise both material and non-material amounts in FACTS II. The FACTS II revision window is open from November 15–Dec 1. • Work with your accounting office to determine the source of the problem and develop a plan to make sure the problem does not recur in the future. Your accounting office will also need to talk with the financial statement auditors to determine whether your financial statements for the next reporting cycle should be restated or a footnote to the financial statements is required for the changes made in FACTS II.
After MAX A–11 agency lock-out	Financial audit was complete	• Consult with OMB representative. OMB will review on a case-by-case basis.

This year, the FACTS II revision window will be open to agency accounting offices at the same time agency budget offices are working on the actual column (PY) data in the budget database. As a result, OMB will not suppress any MAX A–11 edit-checks related to FACTS II data before the FACTS II revision window closes.

After the FACTS II revision window closes, OMB will use the revised FACTS II data in its edit checks. If your agency accounting office has made all the appropriate revisions in FACTS II, then your agency should have no edit-checks problems related to FACTS II.

(d) *What do I do if I do not agree with other PY amounts imported from Treasury?*

You may over-write amounts imported from FACTS II. However, before over-writing an amount in the PY column of schedule P in MAX A–11, you should talk with the person who entered the data into FACTS II to see why they entered that amount. If you both find that an amount reported via FACTS II was incorrect, then over-write the amount and let the person who entered the information in FACTS II know, so that they can revise it.

(e) *Why do I need to revise FACTS II if I do not agree with PY amounts imported from Treasury?*

Before the MAX A–11 agency lock-out, the FACTS II database opens for revisions. You must revise the incorrect information in FACTS II because the revised FACTS II database is used as a basis for revised SF 133s, audited Statements of Budgetary Resources (if material), and central analysis. Information is

copied from FACTS II to MAX A–11 once per year before MAX A–11 opens to agency budget offices. However, information is not ever copied from MAX A–11 to FACTS II.

Revisions are intended to help you correct errors (not to give you extra time to verify your data) and should be used sparingly. The primary purpose of this revision period is to make FACTS II consistent with the amounts in the prior-year column of the Budget. Consult with the financial statement auditors to determine whether your financial statements for the next reporting cycle should be restated or a footnote to the financial statements is required for the changes made in FACTS II that result in differences between the Statement of Budgetary Resources and the Budget. For FACTS II reporting periods, see http://www.fms.treas.gov/factsii/index.html.

(f) *What actions do I need to take if I changed amounts imported from FACTS II in MAX A–11 for the Budget but did not change them in the FACTS II revision window?*

If the changes *affect ending balances* (e.g., changes to amounts of budget authority, obligations incurred, gross outlays, beginning balances), you will need to make changes in FACTS II in the next fiscal year FACTS II reporting window. You should consult with the person who entered the data into FACTS II. If you both agree that the amount should have been revised in FACTS II, then the person who entered the information in FACTS II should adjust the appropriate beginning balances (whether material or non-material) in the next fiscal year FACTS II reporting window. For example, if you increased the amount of obligations incurred (but not disbursed) by 100, then the ending unobligated balance would decrease by 100, and the obligated balance would increase by 100. Therefore, the beginning unobligated balance reported in the preceding fiscal year FACTS II reporting window should be decreased by 100, and the beginning obligated balance reported in the preceding fiscal year FACTS II reporting window should be increased by 100.

Until changes are made in both FACTS II and MAX A–11, there will be an ongoing difference in the balances reported in FACTS II and the Budget.

If the changes *do not affect ending balances* (e.g., changes to discretionary versus mandatory coding), you do not need to make changes in FACTS II in the next fiscal year FACTS II reporting window. For example, if you changed an appropriation from mandatory to discretionary, this change does not impact the ending balances. Therefore, no change is required in FACTS II after the revision window has closed.

(g) *Where is guidance related to adding a footnote to financial statements?*

Conceptually, the actuals in the Budget, Statement of Budgetary Resources, and SF 133 should tie. However, if they do not, just explain the differences in a footnote in your financial statements. Your accounting office will find the guidance related to this footnote in OMB Circular No. A-136 "Financial Reporting Requirements" section 9.33.

(h) *How can I prepare?*

Consult with your accounting office for any differences that you are aware of and review your obligations and balances reported on your quarterly SF 133 throughout the year. Also, review any differences from last year at http://www.omb.gov/reports/ to prevent these differences from reoccurring.

SECTION 83—OBJECT CLASSIFICATION (MAX SCHEDULE O)

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83.1 What are object classes?

Object classes are categories in a classification system that presents ***obligations by the items or services purchased*** by the Federal Government. These are the major object classes:

- 10 Personnel compensation and benefits.
- 20 Contractual services and supplies.
- 30 Acquisition of assets.
- 40 Grants and fixed charges.
- 90 Other.

We divide these major classes into smaller classes and present them in the Budget Appendix in object class schedules.

The object classes present obligations according to their initial purpose, *not the end product or service*. For example, if you pay a Federal employee who constructs a building, classify the obligations for the employee's wages under *Personnel compensation and benefits*, rather than *Acquisition of assets*. If you purchase a building, classify the contractual obligations under *Acquisition of assets*.

You record *obligations* when the Federal Government places an order for an item or a service, awards a contract, receives a service, or enters into similar transactions that will require payments in the same or a future period (see section 20.5). You also record obligations when you make an *expenditure* transfer between Federal Government accounts (see section 20.4(j)).

83.2 Why must I report object class information?

You must report object class information because the law (31 U.S.C. 1104(b)) requires the President's Budget to present obligations by object class for each account.

83.3 How do object classes compare to functional and character classes and program activity?

The following table shows how the object classification system differs from the other classification systems used in the President's Budget.

Classification System	What is classified?	What does it tell me?
Object class	Obligations	Goods or services or items purchased, for example, supplies, rent, or equipment
Program activity (see section 82.2)	Obligations	Activity, project, or other programmatic distinction
Functional class (see section 79.3(d))	Budget authority, outlays, and offsetting receipts	Major purpose served, for example, national defense, health, income security
Character class (see section 84.4)	Budget authority, outlays, and offsetting receipts	Whether the amount pays for an *investment* or noninvestment and whether the amount is a *grant* to a State and local government or a *direct* Federal program; If investment, then, what type: physical asset, conduct of R&D, or conduct of education and training

83.4 How does the object class schedule relate to the program and financing schedule?

You report object class information whenever you report obligations on a program and financing (P&F) schedule (except you do not report object class information for credit financing accounts). This means you report obligations by object class separately for the regular budget requests, supplemental budget requests, rescission proposals, and legislative proposals.

In addition, object class schedules separately identify the following types of obligations:

- Direct and reimbursable obligations (see section 83.5).
- Obligations covered by statutory limitations (see section 83.6 and 837).
- Obligations for allocations between agencies (see section 83.15).

83.5 How can I determine whether an obligation should be classified as direct or reimbursable?

In general, reimbursable obligations are those financed by offsetting collections received in return for goods and services provided, while all other obligations are direct. However, there are exceptions. Classify *obligations* as "direct" or "reimbursable" in accordance with the following criteria:

If the obligations are . . .	And if . . .	The classification is . . .
NOT financed from offsetting collections	The account is NOT a REVOLVING FUND	Direct
Financed from any type of budgetary resources, including offsetting collections	The account is a CREDIT program or liquidating account	Direct
Financed from offsetting collections from: • Asset sales (including GSA recycling funds); • Interest on Federal securities; • Interest on uninvested funds; • Compulsory collections from the public, such as taxes, compulsory user charges, customs duties, license fees; or • Intragovernmental expenditure transfers with no benefit (e.g., goods and services) to the paying account		Direct
Financed from offsetting collections received in return for goods or services provided, including: • Reimbursements under the IPA (see section 83.16); and • Voluntary insurance premiums	The offsetting collections are NOT from any of the sources identified in the previous case, that is, asset sales, interest, etc.	Reimbursable
Financed from any type of budgetary resources, including offsetting collections	The account is a REVOLVING FUND but is NOT a credit liquidating account	Reimbursable
Financed from offsetting collections from other Federal government account(s)	The collections are for a jointly funded grant or project	Reimbursable

The amounts you classify as reimbursable obligations in both MAX schedule O and MAX schedule P for a budget account should be identical with the following exceptions:

- Line 9995, *Below reporting threshold*, in MAX schedule O may contain a mixture of direct and reimbursable obligations. These amounts are not material because they are normally $4 million or less;

- Credit financing accounts do not have any MAX schedule O; and

MAX schedule O. Use the 4–digit object class line numbers in exhibit 83A when you enter obligations by object class in MAX schedule O. Be sure to use the right prefix to distinguish reimbursable from direct obligations. For reimbursable obligations, if the obligations are for the parent account use 2xxx, if the obligations are in an allocation account use 4xxx, and if the obligations are in a limitation schedule use 7xxx.

MAX schedule P. Use the 4–digit program activity codes described in section 82.2 when you report obligations. For reimbursable obligations, use x9xx.

83.6 How should I report obligations that are covered by statutory limitations?

When a law limits administrative or other expenses for a revolving or trust fund, you must separately identify the object classes that are covered by the limitation from those that are not covered. See exhibit 83A for the prefix and codes used to identify obligations under limitations and section 83.17 for the relationship between MAX schedule O and the *Budget Appendix*.

83.7 What object class codes and definitions should I use?

Earlier, we said that we divided the major object classes into smaller ones. The following table provides the codes, standard titles, and definitions used to identify detailed object class data. Exhibit 83A summarizes the codes and standard titles used in MAX schedule O.

Entry		Description
10	**PERSONNEL COMPENSATION AND BENEFITS**	This major object class consists of object classes 11, 12, and 13.
11	Personnel compensation	Compensation directly related to duties performed for the Government by Federal civilian employees, military personnel, and non-Federal personnel. Object class 11 covers object classes 11.1 through 11.8.
11.1	Full-time permanent	For full-time civilian employees with permanent appointments. Full-time permanent employees are those who are full-time civilian employees with *permanent appointments as defined by the Office of Personnel Management* (OPM). The nature of the employee's appointment is controlling, not the nature of the position. For this object class, include full-time permanent employees in the: • Competitive Service with career and career-conditional appointments. • Excepted Service whose appointments carry no restriction or condition. Include those serving trial periods or whose tenure is equivalent to career-conditional tenure in the Competitive Service.

Entry		Description
		Exclude those serving on indefinite appointments and appointments limited to a specific time. • Senior Executive Service (SES) with career appointments as defined in 5 U.S.C. 3132(a)(4) and non career appointments as defined in 5 U.S.C. 3132(a)(7). Refer to your agency's human resources office for assistance on the types of appointments for staff in your agency. Include: • Regular salaries and wages paid to the employees (some of which may be withheld from the employee's check to pay taxes, to pay a bill in a credit union, or to pay the employee's share of life and health insurance). • Other payments that become part of their basic pay (for example, geographic differentials, and critical position pay). • Regular salaries and wages paid while the employees are on paid leave, such as annual, sick, or compensatory leave. • Lump sum payments for annual leave upon separation (also known as terminal leave payments). Exclude: • Compensation above the basic rate, for example, overtime or other premium pay, which will be classified in object class 11.5, *Other personnel compensation.* • Full-time *temporary* employees who are full-time civilian employees with *temporary appointments as defined by OPM* who will be classified in object class 11.3, *Other than full-time permanent*.
11.3	Other than full-time permanent	Regular salaries and wages paid to civilian employees for part-time, temporary, or intermittent employment (see note below). Include: • Part-time permanent employees, that is, employees with appointments that require work on a prearranged schedule of fewer hours or days of work than prescribed for full-time employees in the same group or class. • Temporary employees, that is, employees with appointments for a limited period of time that is generally less than a year. For example: (a) full-time temporary employees, (b) seasonal employees without permanent appointments, (c) employees with term appointments, and (d) employees with indefinite appointments. • Personnel appointments and advisory committees.

Entry		Description
		• Intermittent employees, that is, employees with appointments that require work on an irregular or occasional basis and who are paid only for the time actually employed or services actually rendered. • *Note:* For personal services contracts with individuals, who are classified by OPM as Federal employees, classify the basic pay in this object class and classify compensation above the basic pay in object class 11.5, *Other personnel compensation*. On the other hand, classify the payments to a contractor principally for the personal services of a group of the contractor's employees according to the type of contract involved (for example, classify personal services contracts for operation and maintenance of facilities under object class 25.4).
11.5	Other personnel compensation	Compensation *above the basic rates* paid directly to civilian employees. Include: • Overtime, which is pay for services in excess of the established work period as defined in 5 U.S.C. 5542, standby duty and administratively uncontrollable overtime as defined in 5 U.S.C. 5545, and unscheduled availability duty hours for criminal investigations as defined in 5 U.S.C. 5545(a). • Holiday pay as defined in 5 U.S.C. 5546(b). • Night work differential, which is pay above the basic rate for regularly scheduled night work. • Post differentials, which are authorized under 5 U.S.C. 5925 above the basic rate for service at hardship posts abroad that are based upon conditions of environment substantially different from those in the continental United States and warrant additional pay as a recruitment and retention incentive. • Hazardous duty pay, which is pay above the basic rate because of assignments involving performance of duties that subject the employee to hazards or physical hardships. *Note*: Post differentials and hazardous duty pay result from the job or services performed. For example, a job performed at a hardship post abroad or under hazardous duty is different from what might appear to be the same job performed elsewhere and under non-hazardous conditions. Hence, both are classified with other pay in object class 11 and not as benefits in object class 12. By contrast, compensation in the form of cost of living allowances are classified as benefits in object class 12 because they do not result from the job or services performed. The cost for a job in one locale is different from the same job in another locale simply because the cost of living is higher in one locale. • Supervisory differential, which is pay above the basic rate to adjust the compensation of a supervisor to a level greater than the highest paid subordinate. The differential applies to a General Schedule employee who supervises one or more employees not covered by the General Schedule. • Cash incentive awards, which are payments for cash awards that do not become part of the Federal civilian employee's basic rate

Entry		Description
		of pay, such as those authorized under 5 U.S.C. 4503, 4504, 4505(a), 4507, and 5384. • Other payments above basic rates, which are payments for other premium pay, such as stand-by pay and premium pay in lieu of overtime and special pay that is paid periodically during the year in the same manner and at the same time as regular salaries and wages are paid. Exclude other payments which are classified in object class 12.1, *Civilian personnel benefits*. • Royalties to Federal scientists and inventors which may last up to 17 years and may be paid after the employee has left Federal service or to the employee's beneficiary.
11.7	Military personnel	The regular salaries and wages paid to personnel of the uniformed service, including the commissioned corps of the Public Health Service and the National Oceanic and Atmospheric Administration (some of which may be withheld from the employee's check to pay taxes, to pay a bill in a credit union, or to pay the employee's share of life and health insurance) as well as amounts above the basic pay rates. For "amounts above the basic pay rates", apply the same definitions as for civilian employees in object class 11.5. Include: • Flight pay. • Basic allowance for subsistence (BAS) and for housing (BAH). • Extra pay based upon conditions of environment (except cost of living allowances for locations outside the contiguous 48 States and the District of Columbia which will be classified in object class 12.2, Military personnel benefits).
11.8	Special personal services payments	Payments for personal services that do not represent salaries or wages paid directly to Federal employees and military personnel. Include: • Reimbursable details, that is, payments to other accounts for services of civilian employees and military personnel on reimbursable detail (both compensation and personnel benefits). • Reemployed annuitants, that is, payments by an agency employing an annuitant to reimburse the Civil service retirement and disability fund for the annuity paid to that employee under 5 U.S.C. 8339 through 8344. • Non-Federal civilians, such as witnesses; casual workers, patient and inmate help, and allowances for trainees and volunteers. • Salary equalization (authorized under 5 U.S.C. 3372 and 3584) to individuals on leave of absence while employed by international organizations or State and local governments, when the equalization payment is 50 percent or less of the person's salary. • Staff of former Presidents paid by GSA under 3 U.S.C. 102(b).

Entry		Description
11.9	Total personnel compensation	This line is automatically generated when there are multiple direct compensation lines.
12	Personnel benefits	Benefits for ***currently*** employed Federal civilian, military and certain non-Federal personnel. Covers object classes 12.1 and 12.2. *Note:* Show benefits to certain ***former*** civilian and military personnel in object classes 13.0 and 42.0.
12.1	Civilian personnel benefits	Cash payments (from the agency, not funds withheld from employee compensation) to other funds for the benefit of Federal civilian employees or direct payments to these employees. Include payments to or for certain non-Federal employees as required by law. Non-Federal civilian employees are employees who are not reportable to the Office of Personnel Management as Federal employees, such as witnesses, casual workers, trainees, volunteers. For example, Peace Corps and VISTA volunteers, Job Corps enrollees, and U.S. Department of Agriculture Extension Service agents. Include: • Insurance and annuities, which are the employer's share of payments for life insurance, health insurance, employee retirement (including payments to finance fiduciary insurance costs of the Federal Retirement Thrift Investment Board), work injury disabilities or death and professional liability insurance (which are payments to reimburse qualified Federal employees for up to one half the cost of professional liability insurance premiums, as authorized by P.L. 104–208 and amended by P.L. 106–58). • Recruitment, retention, and other incentives, such as: ▸ Payments above the basic rate for recruitment bonuses, relocation bonuses, and retention allowances authorized by 5 U.S.C. 5753 and 5754. ▸ Payment to the loan holder (e.g., the bank) to repay an employee's student loan as a recruitment incentive. ▸ Extended assignment incentives. ▸ Relocation and other expenses related to permanent change of station (PCS), except expenses for travel and transportation and the storage and care of vehicles and household goods (see section 83.9). ▸ Cash allowances for separate maintenance, education for dependents, transfers for employees stationed abroad, and personal allowances based upon assignment or position, and overseas differentials. ▸ Cost-of-living allowances (COLAs) as authorized under 5 U.S.C. 5924 and 5941 and other laws. *Note*: COLAs are classified as benefits in object class 12 (and not as compensation in object class 11) because they are not related to the job or service performed. ▸ Student loan repayments authorized by 5 U.S.C. 5379.

Entry		Description
		• Other allowances and payments such as allowances for uniforms and quarters, special pay that is paid in a lump sum (such as compensatory damages or employee settlements), reimbursements for notary public expenses, and subsidies for commuting costs, that is, payments to subsidize the costs of Federal civilian employees in commuting by public transportation.
12.2	Military personnel benefits	Cash allowances and payments of employer share to other funds for military personnel. Include: • Cash allowances such as ▸ Uniform allowances. ▸ Extended assignment incentives. ▸ Reenlistment bonuses. ▸ Cost-of-living allowances. ▸ Dislocation and family separation allowances. ▸ Personal allowances based upon assignment or rank. • Payments to other funds, such as the employer's share of military retirement, Medicare-Eligible Retiree Health Care, Federal Insurance Contribution Act taxes, Servicemen's Group Life Insurance premiums, and education benefits. • Subsidies for commuting costs, which are payments to subsidize the costs of military personnel in commuting by public transportation. Exclude: • Hazardous duty pay, flight pay, extra pay based upon conditions of work environment, and other such pay, which are classified as military personnel compensation in object class 11.7, and benefit payments to veterans resulting from their past service, which are classified as benefits to former personnel in object class 13.0.
13.0	Benefits for former personnel	Benefits for former officers and employees or their survivors that are based (at least in part) on the length of service to the Federal Government. Include: • Retirement benefits in the form of pensions, annuities, or other retirement benefits paid to former military and certain civilian Government personnel or to their survivors. Exclude payments from retirement trust funds, which are classified as insurance claims and indemnities under object class 42.0. • Separation pay, which are severance payments to former employees who were involuntarily separated through no fault of their own and voluntary separation incentive (VSI) payments,

Entry		Description
		also known as "buy-outs" to employees who voluntarily separate from Federal service. • Payments to other funds for ex-Federal employees and ex-service personnel (e.g., agency payments to the unemployment trust fund for ex-employees and one-time agency payments of final basic pay to the civil service retirement fund for employees who took the early-out under buy-out authority) and other benefits paid directly to the beneficiary. Also, Government payment to the Employees health benefits and life insurance funds for annuitants. Exclude: • In-kind benefits, such as hospital and medical care, which are classified under the object class representing the nature of the items purchase.
20	**CONTRACTUAL SERVICES AND SUPPLIES**	This major object class covers purchases of contractual services and supplies in object classes 21.0 through 26.0.
21.0	Travel and transportation of persons	Travel and transportation costs of Government employees and other persons, while in an authorized travel status, that are to be paid by the Government either directly or by reimbursing the traveler. Consists of both travel away from official stations, subject to regulations governing civilian and military travel, and local travel and transportation of persons in and around the official station of an employee. Include: • Contracts to transport people from place to place, by land, air, or water, such as commercial transportation charges; rental or lease of passenger cars; charter of trains, buses, vessels, or airplanes; ambulance service or hearse service; and expenses incident to the operation of rented or chartered conveyances. (Rental or lease of all passenger-carrying vehicles is to be charged to this object class, even though such vehicles may be used incidentally for transportation of things.) • Incidental travel expenses which are other expenses directly related to official travel, such as baggage transfer, and telephone and telegraph expenses, as authorized by travel regulations.
22.0	Transportation of things	Transportation of things (including animals), the care of such things while in process of being transported, and other services incident to the transportation of things. Include: • Freight and express charges by common carrier and contract carrier, including freight and express, switching, crating, refrigerating, and other incidental expenses. • Trucking and other local transportation charges for hauling, handling, and other services incident to local transportation, including contractual transfers of supplies and equipment. • Mail transportation charges for express package services (i.e., charges for transporting freight) and postage used in parcel post.

Entry		Description
		Exclude other postage and charges that are classified under object class 23.3. • Transportation of household goods related to permanent change of station (PCS). Exclude: • Transportation paid by a vendor, regardless of whether the cost is itemized on the bill for the commodities purchased by the Government.
23	Rent, Communications, and Utilities	Payments for the use of land, structures, or equipment owned by others and charges for communication and utility services. Object class 23 covers object classes 23.1 through 23.3.
23.1	Rental payments to GSA	Payments to the General Services Administration (GSA) for rental of space and rent related services. Exclude: • Payments to a non-Federal source, which will be reported in object class 23.2, *Rental payments to others*. • Payments to agencies other than GSA for space, land, and structures that are subleased or occupied by permits, which will be classified in object class 25.3, *Other Purchases of goods and services from Government accounts*, regardless of whether the space is owned or leased by the agency other than GSA. • Payments for related services provided by GSA in addition to services provided under rental payments, e.g., extra protection or extra cleaning, which will be classified in object class 25.3, *Other Purchases of goods and services from Government accounts*. • Payments for rental of transportation equipment, which are classified under object class 21.0, *Travel and transportation of person*, or object class 22.0, *Transportation of things*.
23.2	Rental payments to others	Payments to a non-Federal source for rental of space, land, and structures.
23.3	Communications, utilities, and miscellaneous charges	Payment for information technology, utilities and miscellaneous charges. Include: Rental or lease of information technology equipment, include any hardware or software, or equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information, such as mainframe, mid-tier, and workstation computers. Exclude contractual services involving the use of equipment in the possession of others, such as computer time-sharing or data center outsourcing, which will be classified in object class 25.7, *Operation and maintenance of equipment*. • Information technology services, include data, voice, and wireless communication services, such as long-distance telephone services from other Federal agencies or accounts.

Entry		Description
		Exclude charges for maintenance of information technology and related training and technical assistance, when significant and readily identifiable in the contract or billing, which will be classified in object class 25.7, *Operation and maintenance of equipment*. • Postal services and rentals, include postage (exclude parcel post and express mail service for freight); contractual mail (include express mail service for letters) or messenger service; and rental of post office boxes, postage meter machines, mailing machines, and teletype equipment. • Data communication services (voice, data, and wireless) from other Government agencies or accounts. • Utility services include heat, light, power, water, gas, electricity, and other utility services. • Miscellaneous charges, for example, periodic charges under purchase rental agreements for equipment. (Payments subsequent to the acquisition of title to the equipment should be classified under object class 31.0, *Equipment*.) Exclude payments under lease-purchase contracts for construction of buildings, which will be classified in object class 32.0, *Land and structures*, or object class 43.0, *Interest and dividends*, and for lease-purchase contracts for information technology and telecommunications equipment which will be classified in object class 31.0, *Equipment*.
24.0	Printing and reproduction	Printing and reproduction obtained from the private sector or from other Federal entities. Include: • Typesetting and lithography. • Duplicating. • Standard forms when specially printed or assembled to order and printed envelopes and letterheads. • Publication of notices, advertising, radio and television time. • Photo composition, photography, blueprinting, photostating, and microfilming. • The related composition and binding operations performed by the Government Printing Office, other agencies, or other units of the same agency on a reimbursable basis, and commercial printers or photographers. *Note*: In determining subclasses for administrative use, agencies may appropriately maintain a distinction between traditional printing technologies and photostatic reproduction.
25	Other contractual Services	Object class 25 covers object classes 25.1 through 25.8.
25.1	Advisory and assistance services	Services acquired by contract from non-Federal sources (that is, the private sector, foreign governments, State and local governments, tribes),

Entry	Description
	as well as, from other units within the Federal Government. This object class consists of three types of services: • Management and professional support services. • Studies, analyses, and evaluations. • Engineering and technical services. Each is described in further detail below. Management and professional support services. Include: • Services that assist, advise, or train staff to achieve efficient and effective management and operation of organizations, activities, or systems (including management and professional support services for information technology and R&D activities). • Services that are normally closely related to the basic responsibilities and mission of the agency contracting for the services. • Services that support or contribute to improved organization of program management, logistics, management, project monitoring and reporting, data collection, budgeting, accounting, performance auditing, and administrative/technical support for conferences and training programs. Exclude auditing of financial statements, which will be classified in object class 25.2, *Other services*. Studies, analyses, and evaluations provide organized analytic assessments or evaluations in support of policy development, decision-making, management, or administration. Include: • Studies in support of information technology and R&D activities. • Models, methodologies, and related software supporting studies, analyses, or evaluations. Engineering and technical services (excluding routine engineering services and operation and maintenance of information technology and data communications services). Include: • Services that support the program office during the acquisition cycle by providing such services as information technology architecture development, systems engineering, and technical direction (FAR 9.505–1(b)). • Services that ensure the effective acquisition, operation, and maintenance of a major acquisition, weapon system or major system, as defined in OMB Circular No. A–109 and in this Circular's supplement, Capital Programming Guide.

Entry		Description
		• Provide direct support of a major acquisition or weapons system that is essential to planning, R&D, production, or maintenance of the acquisition or system. Include information technology consulting services, such as information technology architecture design and capital programming, and investment control support services. • Include software services such as implementing a web-based, commercial off-the-shelf software product that is an integral part of a consulting services contract. Exclude: • Information technology consulting services, which have large scale systems acquisition and integration or large scale software development as their primary focus. Classify these in object class 31.0, *Equipment*. • Personnel appointments and advisory committees. Classify these in object class 11.3, *Other than full-time permanent*. • Contracts with the private sector for operation and maintenance of information technology and telecommunication services. Classify these in object class 25.7, *Operation and maintenance of equipment*. • Architectural and engineering services as defined in the Federal Acquisition Regulations (FAR) 36.102 (40 U.S.C. 541). • Research on theoretical mathematics and basic medical, biological, physical, social, psychological, or other phenomena which will be classified in object class 25.5, *Research and development contracts*. • Other contractual services classified in object classes 25.2, *Other services*, through 25.8, *Subsistence and support of persons*, and 26.0, *Supplies and materials*.
25.2	Other services	Report contractual services with non Federal sources that are *not otherwise classified* under this object class. Include: • Auditing of financial statements when done by contract with the private sector. Exclude performance auditing by contract with the private sector, which will be classified in object class 25.1, *Advisory and assistance services* and auditing of financial statements when done by contract with another Federal Government entity, which will be classified in object class 25.3, *Other Purchases of goods and services from Government accounts*. • Typing and stenographic service contracts with the private sector. • Purchases from State and local governments, the private sector, and Government sponsored enterprises that are not otherwise classified.

Entry		Description
		• Tuition for the general education of employees (e.g., for courses for credit leading to college or post graduate degrees). Exclude tuition for training closely-related to the basic responsibilities and mission of the agency, which are classified under object class 25.1, *Advisory and assistance services.* • Fees and other charges for abstracting land titles, premiums on insurance (other than payments to the Office of Personnel Management), and surety bonds. Exclude: • Advisory and assistance services contracts, which are classified under object class 25.1, *Advisory and assistance services*. • Contractual services reported in other object classes 21.0, 22.0, 23.1–23.3, 24.0, 25.1, 25.3–25.8, and 26.0. • Services in connection with the initial installation of equipment, when performed by the vendor, which will be classified in object class 31.0, *Equipment*. • Expenditure transfers between Federal accounts, which are classified in object classes 25.3, *Purchases of goods and services from Government accounts*, and 92.0, *Undistributed*, as described below. • Repair, maintenance, and storage of vehicles and storage of household goods, which are reported in object class 25.7, *Operation and maintenance of equipment*. • Repairs and alterations to buildings, which are classified in object classes 25.4, *Operation and maintenance of facilities*, or 32.0, *Land and structures*, as appropriate. • Subsistence and support of persons, which is classified as object class 25.8, *Subsistence and support of persons*. • Research and development contracts which will be classified in object classes, *Advisory and assistance services*, 25.4, *Operation and maintenance of facilities*, and 25.5, *Research and development contracts*, as appropriate.
25.3	Other purchases of goods and services from Government accounts	Purchases from other Federal Government agencies or accounts *that are not otherwise classified*. **Do not use this object class if a more specific object class applies. See section 83.15.** Include: • Rental payments to Federal Government accounts other than the GSA Federal Buildings Fund. • Interagency agreements for contractual services (including the Economy Act) for the purchase of goods and services, except as described below.

Entry		Description
		• Expenditure transfers between Federal Government accounts for jointly-funded grants or projects. Exclude: • Purchases from State and local governments, the private sector, and Government sponsored enterprises that are not otherwise classified. Classify these in object class 25.2, *Other services*. • Data communication services (voice, data, and wireless) from other agencies or accounts. Classify these in object class 23.3, *Communications, utilities, and miscellaneous charges*. • Agreements with other agencies to make repairs and alterations to buildings. Classify these in object classes 25.4, *Operation and maintenance of facilities*, or 32.0, *Land and structures*, as appropriate. • Storage and maintenance of vehicles and household goods. Classify these in object class 25.7, *Operation and maintenance of equipment*. • Subsistence and support of persons. Classify these in object class 25.8, *Subsistence and support of persons*. • Development of software, or maintenance of software or hardware. Classify these in object classes 31.0, *Equipment*, and 25.7, *Operation and maintenance of equipment*, respectively. • Advisory and assistance services. Classify these in object class 25.1, *Advisory and assistance services*. • Payments made to other agencies for services of civilian employees or military personnel on reimbursable detail. Classify these in object class 11.8, *Special personal services payments*. • Contractual services classified under object classes 21.0, 22.0, 23.1–23.3, 24.0, 25.2, 25.4–25.8, and 26.0.
25.4	Operation and maintenance of facilities	Operation and maintenance of facilities when done by contract with the private sector or another Federal Government account. Include: • Government-owned contractor-operated facilities (GOCOs). • Service contracts and routine repair of facilities and upkeep of land. • Operation of facilities engaged in research and development activities. Exclude: • Alterations, modifications, or improvements to facilities and land, which will be reported in object class 32.0, *Land and structures.*

Entry		Description
25.5	Research and development contracts	Contracts for the conduct of basic and applied research and development. Exclude: • Advisory and assistance services for research and development (object class 25.1, *Advisory and assistance services*). • Operation and maintenance of R&D facilities (object class 25.4, *Operation and maintenance of facilities*).
25.6	Medical care	Payments to contractors for medical care. Include: • Payments to Medicare contractors. • Payments to private hospitals. • Payments to nursing homes. • Payments to group health organizations for medical care services provided to veterans. • Payments to carriers by the Employees and retired employees' health benefits fund and CHAMPUS. Exclude: • Contracts with individuals who are reportable under Office of Personnel Management regulations as Federal employees (object class 11.3, *Other than full-time permanent*, or 11.5, *Other personnel compensation*, as appropriate). • Payments to compensate casual workers and patient help (object class 11.8, *Special personal services payments*).
25.7	Operation and maintenance of equipment	Operation, maintenance, repair, and storage of equipment, when done by contract with the private sector or another Federal Government account. Include: • Storage and care of vehicles and storage of household goods, including those associated with a permanent change of station (PCS). • Operation and maintenance of information technology systems, including maintenance that is part of a rental contract, when significant and readily identifiable in the contract or billing. • Contractual services involving the use of equipment in the possession of others, such as computer time-sharing or data center outsourcing. Exclude: • Rental of information technology systems, services and other rentals, which are classified in object class 23.3, *Communications, utilities, and miscellaneous charges.*

Entry		Description
		• Contracts where the principal purpose is to develop or modernize software, which are classified in object class 31.0, *Equipment*.
25.8	Subsistence and support of persons	• Contractual services with the public or another Federal Government account for the board, lodging, and care of persons, including prisoners Exclude travel items, which are classified under object class 21.0, *Travel and transportation of persons*, and hospital care, which is classified under object class 25.6, *Medical care*.
26.0	Supplies and materials	Commodities that are: • Ordinarily consumed or expended within one year after they are put into use. • Converted in the process of construction or manufacture. • Used to form a minor part of equipment or fixed property. • Other property of little monetary value that does not meet any of the three criteria listed above, at the option of the agency. Include: • Office supplies, such as pencils, paper, calendar pads, notebooks, standard forms (except when specially printed or assembled to order), unprinted envelopes, other office supplies, and property of little monetary value, such as desk trays, pen sets, and calendar stands. • Publications, such as pamphlets, documents, books, newspapers, periodicals, records, cassettes, or other publications whether printed, microfilmed, photocopied, or otherwise recorded for auditory or visual use that are off-the-shelf rather than specially ordered by or at the request of the agency. Exclude publications acquired for permanent collections, which are classified under object class 31.0, *Equipment*. • Information technology supplies and materials, such as manuals, data storage media (CD-ROM, diskettes, digital tape), and toner cartridges for laser printers or fax machines. Exclude charges for off-the-shelf software purchases which should be classified in object class 25.1, *Advisory and assistance services*, if the purchase is an integral part of a consulting services contract, or object class 31.0, *Equipment*, if the purchase is considered equipment. • Chemicals, surgical and medical supplies. • Fuel used in cooking, heating, generating power, making artificial gas, and operating motor vehicles, trains, aircraft, and vessels. • Clothing and clothing supplies, such as materials and sewing supplies used in manufacture of wearing apparel.

Entry		Description
		• Provisions such as food and beverages. • Cleaning and toilet supplies. • Ammunition and explosives. • Materials and parts used in the construction, repair, or production of supplies, equipment, machinery, buildings, and other structures.
30	**ACQUISITION OF ASSETS**	This major object class covers object classes 31.0 through 33.0. Include capitalized (depreciated) assets and non-capitalized assets.
31.0	Equipment	Purchases of: • Personal property of a durable nature, that is, property that normally may be expected to have a period of service of a year or more after being put into use without material impairment of its physical condition or functional capacity. • The initial installation of equipment when performed under contract. Include: • Transportation equipment. • Furniture and fixtures. • Publications for permanent collections. • Tools and implements. • Machinery including construction machinery. • Instruments and apparatus. • Information technology hardware or software, custom and commercial off-the-shelf software, regardless of cost, such as central processing units (CPUs), modems, signaling equipment, telephone and telegraph equipment, and large scale system integration services. Exclude software that is an integral part of consulting services contracts, as defined in object class 25.1, *Advisory and assistance services*. Also exclude rental of information technology systems and services, which are classified under object class 23.3, *Communications, utilities, and miscellaneous charges*. • Armaments including special and miscellaneous military equipment. • Payments for lease-purchase contracts for information technology and telecommunications equipment. Exclude: • Supplies and materials classified under object class 26.0, *Supplies and materials*; purchase of fixed equipment, which is classified

Entry		Description
		under object class 32.0, *Land and structures*; and operation, maintenance and repair of equipment classified in object class 25.7, *Operation and maintenance of equipment.*
32.0	Land and structures	Purchase and improvement (additions, alterations, and modifications) of land and structures. Include: • Land and interest in lands, including easements and rights of way. • Buildings and other structures, including principal payments under lease-purchase contracts for construction of buildings. • Nonstructural improvements of land, such as landscaping, fences, sewers, wells, and reservoirs. • Fixed equipment when acquired under contract (whether an addition or a replacement). These are fixtures and equipment that become *permanently* attached to or a part of buildings or structures. Examples include elevators, plumbing, power-plant boilers, fire-alarm systems, lighting or heating systems, and air-conditioning or refrigerating systems. Include the cost of the initial installation when performed under contract. Exclude: • Routine maintenance and repair, which will be classified in object class 25.4, *Operation and maintenance of facilities*.
33.0	Investments and loans	Purchase of investments and loans. Include: • Stocks, bonds, debentures, and other securities that are neither U.S. Government securities nor securities of wholly-owned Federal Government enterprises. • Temporary or permanent investments. • Interest accrued at the time of purchase and premiums paid on all investments. *Note:* For credit "program" accounts and "liquidating" accounts, see section 185 for object classification related to defaults. There should be no object classification for credit "financing" accounts.
40	**GRANTS AND FIXED CHARGES**	This major object class covers object classes 41.0 through 44.0.
41.0	Grants, subsidies, and contributions	Cash payments to States, other political subdivisions, corporations, associations, and individuals. Include: • Grants (including shared revenues). • Subsidies (including credit program costs).

Entry		Description
		• Gratuities and other aid (including readjustment and other benefits for veterans, other than indemnities for death or disability). • Contributions to foreign countries, international societies, commissions, proceedings, or projects that are: 1. Lump sum or quota of expenses. 2. Fixed by treaty. 3. Discretionary grants. • Taxes imposed by State and local taxing authorities where the Federal Government has consented to taxation (excluding the employer's share of Federal Insurance Contribution Act taxes) and payments in lieu of taxes. *Note:* Obligations under grant programs that involve the furnishing of services, supplies, materials, and the like by the Federal Government, rather than cash, are not charged to this object class, but to the object class representing the nature of the services, articles, or other items that are purchased.
42.0	Insurance claims and indemnities	Benefit payments from the social insurance and Federal retirement trust funds and payments for losses and claims including those under the Equal Access to Justice Act. Include: Social insurance and retirement payments for individuals from **trust funds** for: • Social security • Medicare • Unemployment insurance • Railroad retirement • Federal civilian retirement • Military retirement • Other social insurance and retirement programs Insurance payments from Federal insurance revolving funds, such as the Bank Insurance Fund, for: • Liquidation and insurance. • Litigation settlements due receivers and trustees. • Working capital outlays. • Net case resolution losses. • Other unpaid resolution obligations, not otherwise classified.

Entry		Description
		• Other claim or indemnity payments: • To veterans and former civilian employees or their survivors for death or disability, whether service-connected or not. • Of claims and judgments arising from court decisions or abrogation of contracts; indemnities for the destruction of livestock, crops, and the like; damage to or loss of property; and personal injury or death. • To or for persons displaced as a result of Federal and federally assisted programs, as authorized under 42 U.S.C. 4622–4624. • For losses made good on Government shipments. • From liquidating accounts on guarantees where no asset is received and where forgiveness is not provided by law. *Note:* Classify other payments by Federal insurance revolving funds to the object classes to which they apply, for example classify premiums on investments in object class 33.0, Investments and loans, and interest expenses in object class 43.0, Interest and dividends).
43.0	Interest and dividends	Include: • Payments to creditors for the use of moneys loaned, deposited, overpaid, or otherwise made available. • Distribution of earnings to owners of trust or other funds. • Interest payments under lease-purchase contracts for construction of buildings. Exclude the interest portion of the payment of claims when a contract has been delayed by the Government. Classify these costs under the same object class used for the original contract.
44.0	Refunds	Payments of amounts previously collected by the Government. Include: • Payments to correct errors in computations, erroneous billing, and other factors (see section 20.10). • Payments to former employees or their beneficiaries for employee contributions to retirement and disability funds (e.g., payments made when employees die before retirement or before their annuities equal the amount withheld). *Note*: In the account receiving the refund, previously recorded obligations will be reduced in the appropriate object class(es) by the amount of the refund, if the refund is received in the same year as the obligations are reported (see section 20.10).
90	**OTHER**	This major object class covers object classes 91.0 through 99.5.
91.0	Unvouchered	Charges that may be incurred lawfully for confidential purposes and are not subject to detailed vouchering or reporting.
92.0	Undistributed	Charges that cannot be distributed to the object classes listed above.

Entry		Description
		Use this object class only with the prior approval of OMB.
93.0	Limitation on expenses	This object class is used when there is an annual limitation on administrative or other expenses for revolving and trust funds. (See section 83.6).
94.0	Financial transfers	This object class is used for obligations that represent financial interchanges between Federal government accounts that are not in exchange for goods and services.
99.0	Subtotal, obligations	This entry is automatically generated by MAX: • For *direct or allocation* account obligations, the subtotal stub entry should appear when more than one object class category is reported in a single account. For *reimbursable* obligations, the subtotal stub entry, "Reimbursable obligations," should appear, even if all reimbursable obligations are classified in a single object class category.
99.5	Below reporting threshold	Use this object class adjustment line when: • The sum for an object class entry is $500 thousand or less, that is, it is below the reporting threshold, *and* • The sum of *all* the below threshold amounts rounds to $1 million or more. There will be *only one* adjustment line per object class schedule. It will: • Follow the last subtotal (object class 99.0) for the schedule. • Be coded 9995 in MAX. Do not report amounts of more than $4 million in this object class, unless approved by OMB.
99.9	Total new obligations	This entry is automatically generated by MAX.

83.8 What object classes do I associate with civilian and military pay in the baseline?

Civilian pay means the budgetary resources used to fund civilian compensation and benefits consistent with object classes 11.1 through 11.5 and 12.1.

Military pay means the budgetary resources used to fund military personnel compensation and benefits consistent with object classes 11.7 and 12.2.

83.9 How do I classify relocation expenses related to a permanent change of station (PCS)?

When an employee accepts a Federal position at a different location, such as at a different State, this is called a permanent change of station. An agency, at its discretion, may reimburse the employee for a variety of expenses related to the relocation. Follow the instructions in the table to classify these expenses among the object classes.

If the obligations are for ...	Then classify in object class ...
Transportation, per diem while in travel status, or reimbursement of actual travel expenses for the employee or the employee's immediate family	21.0 Travel and transportation of persons
Transportation of household goods, house trailers, and effects	22.0 Transportation of things
Storage and care of vehicles and household goods	25.7 Operation and maintenance of equipment
All other relocation expenses for *civilian* employees, such as: • Allowances for expenses incurred in connection with a sale of a residence or settlement of an unexpired lease. • Subsistence when occupying temporary quarters (in contrast to per diem while in travel status, above). • Reimbursements of amounts equal to income taxes incurred by transferred employees for moving or storage expenses under 5 U.S.C. 5724(b). • Contractual charges for relocation services under 5 U.S.C. 5724(c). • Miscellaneous moving expenses under 5 U.S.C. 5724(a).	12.1 Civilian personnel benefits
All other relocation expenses for *military* personnel	12.2 Military personnel benefits

83.10 How do I classify purchases related to information technology (IT)?

For some reason, we have had many questions on how to classify IT obligations among the various object classes. The general rule is to focus on the nature of the services, articles or other items for which obligations are first incurred. The following table shows the application of this rule.

If the obligations are for ...	Then classify in object class ...
IT services or the rental of IT equipment	23.3 Communications, utilities, and miscellaneous charges
Operation and maintenance of IT systems by the private sector	25.7 Operation and maintenance of equipment
Operation and maintenance of IT systems by another Federal Government account	25.3 Purchases of goods and services from Government accounts
IT hardware and software	31.0 Equipment
IT supplies and materials, such as manuals, diskettes, toner cartridge	26.0 Supplies and materials

If the obligations are for ...	Then classify in object class ...
IT consulting services in the form of: • Management and professional support services. • Studies, analyses, and evaluations. • Engineering and technical services.	25.1 Advisory and assistance services

83.11 How do I classify obligations for education and training?

We have also had many questions on how to classify education and training obligations among the various object classes. The general rule is to focus on the nature of the services, articles or other items for which obligations are first incurred. The following table shows the application of this rule.

If the obligations are for ...	Then classify in object class ...
Payments of tuition to universities or colleges leading to a degree, or for attendance at conferences	25.2 Other services
All other payments to a private sector company for training courses	25.1 Advisory and assistance services
Payments to other Federal government agencies for training courses	25.3 Purchases of goods and services from Government accounts
Cash allowances for the education of dependents that are provided as recruitment and retention incentives for civilian employees	12.1 Civilian personnel benefits
Payment to the loan holder (e.g., the bank) to repay an employee's student loan as a recruitment incentive	12.1 Civilian personnel benefits
Cash allowances for the education of dependents that are provided as recruitment and retention incentives for military personnel	12.2 Military personnel benefits

83.12 How do I classify obligations for real property (space, land, and structures)?

Classify obligations for the *purchase, including lease purchase, or improvement* (that is, alteration or modification) of real property in object class 32, *Land and structures.*

Classify the *rental or lease* of real property, as follows:

If the obligation are for ...	And if ...	Then classify in object class ...
Payment to another Federal government account	The other account is GSA's Federal Buildings Fund*	23.1 Rental payments to GSA

If the obligation are for ...	And if ...	Then classify in object class ...
Payment to another Federal government account	The other account is NOT GSA's Federal Buildings Fund	Purchases of goods and services from Government accounts *Note:* The paying account must use this object class code but may change the title to "Rental payments to GSA."
Payment to the private sector		23.2 Rental payments to others

* Classify amounts for the *standard* services, such as cleaning and security, covered by the *basic rental charge* assessed by GSA in object class 23.1, *Rental payments to GSA*. However, if the payment is for rent "related" services provided by GSA in addition to services provided under rental payments, for example, extra protection or extra cleaning, report the amounts under object class 25.3, *Purchases of goods and services from Government accounts*.

GSA operating delegations. When GSA *delegates* the operation of a facility back to an agency ("operating delegations"), the agency is in charge of operating the facility.

GSA bills for basic rental charges differ depending on whether the building is owned or leased by GSA.

For GSA-leased buildings, the GSA bills the total (gross) amount of the basic rental charge which includes a charge for operating the building. In these cases, the following transactions occur:

- GSA bills the agency for the *gross* amount of the basic rental charge.
- Agency records obligations in object class 23.1, *Rental payments to GSA*, and pays GSA's Federal Buildings Fund the *gross* amount.
- GSA *rebates* the amount for operating the facility back to the agency.
- Agency records the amount rebated as offsetting collections.
- If the agency, in turn, contracts with the private sector to clean the facilities, the obligations are classified in object class 25.4, *Operation and maintenance of facilities.*
- If the agency, in turn, contracts with another agency (for example, to guard the building), the obligations are classified in object class 25.3, Purchases of goods and services from Government accounts.

The above treatment will continue for rental of ***GSA-leased buildings***.

83.13 How do I classify obligations for Federal civilian retirement under CSRS?

Use the following:

If the obligations are for ...	Then classify in object class ...
The accrual for the future retirement cost of current civilian personnel covered by CSRS that is charged to the	12.1 Civilian personnel benefits

If the obligations are for ...	Then classify in object class ...
accounts that pay direct compensation to those personnel. *Note:* The corresponding receipts credited to the civil service retirement and disability trust fund are treated as undistributed offsetting receipts (Employer share, employee retirement on the inter fund transaction line).	
The Government's share of retirement costs that amortize increases in the static unfunded liability created since October 20, 1969 by any statute which authorizes new or liberalized benefits, an extension of retirement coverage, or pay increases *Note:* This applies to OPM's "Payment to the Civil Service Retirement and Disability Fund" account only.	12.1 Civilian personnel benefits
Interest on the static unfunded liability and annuity disbursements attributable to military service and the payment to provide annuities to former spouses of annuitants who died between September 1978 and May 1986 and who did not elect survivor coverage *Note:* This applies to OPM's "Payment to the Civil Service Retirement and Disability Fund" account only.	13.0 Benefits for former personnel
Payments to CSRS retirees *Note:* This applies to OPM's "Civil Service Retirement and Disability Fund" account only.	42.0 Insurance, claims, and indemnities

83.14 How do I classify obligations for military retirement?

Since 1985, when the financing of military retirement changed to an accrual basis, the payments should be classified as follows:

If the obligations are ...	Then classify in object class ...
The accrual for the future retirement cost of current military personnel that is charged to the accounts that pay direct compensation to those personnel *Note:* The corresponding receipts credited to the military retirement trust fund are treated as undistributed offsetting receipts (Employer share, employee retirement on the inter fund transaction line).	12.2 Military personnel benefits
From general revenues to the military retirement fund to finance retirement costs for service prior to 1985 *Note:* This applies to the "Payment to Military Retirement Fund" account only.	13.0 Benefits for former personnel
Made to military retirees *Note:* This applies to the "Military Retirement Fund" account only.	42.0 Insurance, claims, and indemnities

See also section 83.17 for the classification of Tricare benefits earned by all uniformed service members.

83.15 How do I classify intragovernmental transactions?

For payments between two Federal government accounts for:

- Relocation expenses, see section 83.9;
- Information technology, see section 83.10;
- Education and training, see section 83.11;
- Real property, see section 83.12;
- Federal civilian retirement under CSRS, see section 83.13; and
- Military retirement, see section 83.14.

For other payments between two Federal government accounts, classify the obligations as follows:

If the obligations are ...	Then classify in object class ...
Transfers by the paying account to reimburse the receiving account for an asset or a service *with a specific object class*	The paying account should classify the *direct* obligations in the object class that best describes the purchase, such as: 21.0 Travel and transportation of persons 22.0 Transportation of things 23.1 Rental payments to GSA 23.2 Rental payments to others 23.3 Communications, utilities, and miscellaneous charges 24.0 Printing and reproduction 25.1 Advisory and assistance services 25.4 Operation and maintenance of facilities 25.5 Research and development contracts 25.6 Medical care 25.7 Operation and maintenance of equipment 25.8 Subsistence and support of persons 26.0 Supplies and materials 31.0 Equipment 32.0 Land and structures 33.0 Investment and loans 43.0 Interest and dividends 44.0 *Refunds*
Transfers by the paying account to reimburse the receiving account for an asset or a service *without a specific object class*	25.3 *Purchases of goods and services from Government accounts.* Do not use this object class if a more specific object class applies.
Transfers where the transfer merely moves resources between Federal and trust fund accounts. Normally these transfers result from appropriations action or	94.0 Financial transfers *Note:* The paying account should report direct obligations in object class 94.0 and the receiving

If the obligations are ...	Then classify in object class ...
`general transfer authority where the obligations are simply accounting transfers.	account should distribute the obligations as direct obligations in the appropriate object classes.

83.16 How do I classify obligations under the Intergovernmental Personnel Act (IPA)?

Under the IPA, a Federal employee, with his or her consent, may be assigned temporarily to a non-Federal organization.

- *Detailed Federal employees*. A detailed Federal employee continues to receive pay, allowances, and benefits from the Federal agency. In some cases, these costs are reimbursed by the non-Federal organization.

- *Federal employees on LWOP*. A Federal employee on LWOP is paid by the non-Federal organization to which he or she is assigned. The salary paid by the non-Federal organization may be more or less than the employee's current Federal salary. If the rate of pay of the non-Federal organization is less, then the Federal agency may pay a supplemental salary to the employee.

Also under the IPA, an employee of a non-Federal organization may be assigned temporarily to a Federal agency either (1) with a temporary Federal appointment or (2) on detail.

- *Non-Federal employees with temporary Federal appointments*. A non-Federal employee with a temporary Federal appointment is paid by the Federal agency to which he or she is assigned. However, he or she is eligible to enroll in the Federal Employees Health Benefits program only if the Federal appointment results in the loss of coverage under the non-Federal health benefits system. He or she is not covered by any retirement system for Federal employees or by the Federal Employees Group Life Insurance Program.

- *Non-Federal employees detailed to a Federal Position*. A non-Federal employee who is detailed to a Federal agency continues to receive pay, allowances, and benefits from the non-Federal organization to which he or she is employed. In some cases these costs may be reimbursed by the Federal agency. In addition, if the non-Federal salary of the employee on detail is less than the minimum rate of pay for the Federal position, the Federal agency may supplement the salary to make up the difference.

Cost-sharing arrangements for IPA assignments are negotiated between the participating organizations. The Federal agency may agree to pay all, some, or none of the costs associated with an assignment. These include basic pay, supplemental pay, fringe benefits, and travel and relocation expenses. A Federal agency may not reimburse a non-Federal organization for indirect or administrative costs associated with the assignment.

Because of these cost-sharing arrangements you should use the following table to classify these obligations.

If the obligations are ...	And if the employees is ...	Then classify in object class ...	
Regular salaries and wages	Federal full-time and on detail to a non-Federal organization	11.1	Full-time permanent
	Federal but not full-time and on detail to a non-Federal organization	11.3	Other than full-time permanent

If the obligations are ...	And if the employees is ...	Then classify in object class ...	
	Non-Federal with a temporary Federal appointment.		
	Non-Federal on detail to a Federal agency to provide consulting services	25.1	Advisory and assistance services
	Non-Federal on detail to a Federal agency to provide services other than consulting	11.8	Special personal services payments
Supplemental pay	Federal on LWOP Non-Federal on detail	11.8	Special personal services payments
Cash incentive awards	Federal Non-Federal with a temporary Federal appointment (*Note:* you cannot give this type of award to a non-Federal employee who is detailed to a Federal position.)	11.5	Other personnel compensation
Travel or relocation expenses		See sections 83.5 and 83.9	
Other expenses		See section 83.5	

83.17 How do I classify obligations for Tricare benefits for uniformed service members?

The National Defense Authorization Act replaces annual appropriations to the military personnel accounts of the Department of Defense (DoD) with permanent, indefinite appropriations from the General Fund of the Treasury. The Tricare accrual payments are made at the beginning of each year, instead of at the end of each month, and will be based on planned troop levels within the enacted DoD budget, instead of on the actual number of military personnel at the end of each month. The funding is shown in separate accounts for the Army, the Navy, the Marine Corps, the Air Force, the Army reserve, the Navy reserve, the Marine Corps reserve, the Air Force reserve, the Army National Guard and the Air Force National Guard. These accounts will, in turn, pay the accruals to the DoD Medicare-Eligible Retiree Health Care Fund.

Tricare benefits are earned by all current uniformed service members not just those in the DoD. This means that accounts for the Commissioned Corps in the Public Health Service in the Department of Health and Human Services, the United States Coast Guard in the Department of Homeland Security, and the Commissioned Corps in the National Oceanic and Atmospheric Administration in the Department of Commerce will also pay the accruals to the DoD Medicare-Eligible Retiree Health Care Fund.

In turn, the DoD Medicare-Eligible Retiree Health Care Fund pays the health benefits for retired members of the uniformed service.

If the obligations are ...	Then classify in object class ...
The employing agency contributions by the Department of Defense (DoD), the Department of Health and Human Services, the Department of Homeland Security, and the Department of Commerce	12.2 Military personnel benefits

If the obligations are ...	Then classify in object class ...
to the special DoD Medicare-Eligible Retiree Health Care Fund to pay for *future* benefits earned by *current* uniformed service members. *Note:* The corresponding receipts deposited in the special fund receipt account are permanently appropriated to the DoD Medicare-Eligible Retiree Heath Care Fund expenditure account.	
The annual payment from the general treasury to finance the accrued unfunded liability of *retired* uniformed service members. This is paid to the Department of Defense Medicare-Eligible Retiree Heath Care Fund. *Note:* This applies to the "Payment to the Department of Defense Medicare-Eligible Retiree Health Care Fund".	13.0 Benefits for former personnel
Direct payments for uniformed service retirees. *Note:* This applies to the "DoD Medicare-Eligible Retiree Health Care Fund" account only.	42.0 Insurance, claims, and indemnities

83.18 How is object class information presented in MAX schedule O and the Appendix?

You must first enter all object class information in MAX schedule O in order to populate the Appendix with object class data. The *Appendix* presents object class information in tables called object class schedules, which display the object class codes, the object class titles, and the amounts of obligations in the past, current, and budget year.

MAX schedule O. Object class data are displayed in MAX on the basis of a 4–digit line number. This line number is made up of a *prefix* and a *3–digit object class code*. See the box on exhibit 83A for the type of obligations indicated by each prefix. Also, see exhibit 83A for a list of the 3–digit object class codes.

Note: The 3–digit object class code in MAX schedule O is the same 3–digit object class code in the *Appendix*, except that in the *Appendix* there is a decimal before the last digit. See section 83.7 for the definitions of the object classes.

Appendix schedules. The object class schedules in the *Appendix* present the 3–digit object class codes and the object class titles.

Normally, the *Appendix* will include a separate object class schedule for each P&F schedule that reports obligations (see exhibits 83B and 83C). However, when all obligations in a P&F schedule are classified in a *single object class,* there will be no object class schedule in the *Appendix*. Instead, the code for the appropriate object class will be identified in the P&F schedule in parentheses () at the end of the line for total new obligations. For example, if all obligations in a P&F are for grants, then "(object class 41.0)" will be at the end of the stub entry on line 10.00 of the P&F. Although there will be no object class schedule in the *Appendix*, you must enter the data in MAX schedule O.

Normally, the *Appendix* includes only one object class line for each object class code and uses the standard titles listed in section 83.7. However, you may insert additional object class lines in MAX and edit the standard titles. For example, to present employee travel separately from grantee travel in object class 21.0, *Travel and transportation of persons*, you may insert another line in MAX schedule O, edit the standard titles, and distribute the obligations between the two lines.

When there is a *statutory limitation* on obligations for administrative or other expenses for a revolving or trust fund, you must separately identify the obligations that are covered by the limitation from those that are not. Enter the appropriate prefix (see the box on exhibit 83A) in MAX schedule O. The *Appendix* will present two object class schedules:

- The regular object class schedule will present the *total* obligations for the account. The portion of the obligations that are covered by the statutory limitation is not distributed among the object classes. Instead, the obligations covered by the statutory limitation are presented as a lump-sum on object class line 93, *Limitation on expenses*.

- A separate object class schedule will distribute the obligations covered by the statutory limitation among the various object classes. Since the regular schedule presents total obligations, on line 99.9, to prevent double counting obligations, this schedule presents the sum of the obligations on object class line 93 as a negative (–) amount and the total obligations, on line 99.9, as zero.

Allocations between agencies. In some cases, funds appropriated to the President or to an agency are allocated to one or more agencies that help to carry out the program. Obligations incurred under such allocations are included in the data for the account to which the appropriation was made in the allocating agency, that is, the parent account. You must enter the data in MAX schedule O. Use the appropriate prefix in the box on exhibit 83A as the first digit in the 4–digit line number. See exhibit 83C for an illustration of an *Appendix* galley of an object class schedule for a parent account with allocations.

83.19 When I report data in MAX schedule O will it generate subtotals or totals?

Yes. MAX will generate subtotals for different types of obligations from the amounts that you entered, as follows:

- For "reimbursable" obligations (lines 2XXX and 7XXX), MAX will automatically generate subtotal lines (2990 and 7990) when you enter "at least one" amount on lines 2XXX or 7XXX.

- For all other obligations (lines 1XXX, 3XXX, 6XXX, and 8XXX), MAX will automatically generate subtotal lines (1990, 3990, 6990, and 8990) when you enter "more than one" amount on lines 1XXX, 3XXX, 6XXX, or 8XXX.

MAX will generate "Total new obligations" on line 9999, when you enter more than one amount above this line.

Summary of Object Class Codes and Standard Titles (MAX Schedule O)

3-digit object class code	Standard Titles
	Personnel compensation and benefits
	Personnel compensation
X111	Full-time permanent
X113	Other than full-time permanent
X115	Other personnel compensation
X117	Military personnel
X118	Special personal services payments
X119	**Total personnel compensation***
X121	Civilian personnel benefits
X122	Military personnel benefits
X130	Benefits for former personnel
	Contractual services and supplies
X210	Travel and transportation of persons
X220	Transportation of things
	Rent, communications, and utilities
X231	Rental payments to GSA
X232	Rental payments to others
X233	Communications, utilities, and miscellaneous charges
X240	Printing and reproduction
	Other contractual services
X251	Advisory and assistance services
X252	Other services
X253	Other purchases of goods and services from Government accounts
X254	Operation and maintenance of facilities
X255	Research and development contracts
X256	Medical care
X257	Operation and maintenance of equipment
X258	Subsistence and support of persons
X260	Supplies and materials
	Acquisition of assets
X310	Equipment
X320	Land and structures
X330	Investments and loans
	Grants and fixed charges
X410	Grants, subsidies, and contributions
X420	Insurance claims and indemnities
X430	Interest and dividends
X440	Refunds
	Other
X910	Unvouchered
X920	Undistributed
X930	Limitation on expenses
X940	Financial transfers
X990	**Subtotal, obligations ***
9995	Below reporting threshold
9999	**Total new obligations ***

* Automatically calculated by MAX

4-digit object class line number in MAX schedule O.

Prefix	Type of obligation
1xxx	Parent account—direct
2xxx	Parent account—reimbursable
3xxx	Allocation account—direct
4xxx	Allocation account—reimbursable
6xxx	Limitation schedule—direct
7xxx	Limitation schedule—reimbursable
8xxx	Limitation schedule—allocation
9xxx	Total new obligation

Object Classification—Without Allocation Accounts

Report data rounded to the nearest million. If the total of amounts that fall below the threshold rounds to $1 million or more, report the total in object class 99.5. To determine the amount on line 99.5, add the below threshold amounts in thousands, and round the total to the nearest million.

DEPARTMENT OF GOVERNMENT
OFFICE OF THE SECRETARY
Salaries and Expenses

Use to show payments that do not represent salaries or wages paid directly to Federal employees (section 83.5).

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S3643

Object Classification (in millions of dollars)

Identification code 09-2650-0-1-301		PY act.	CY est.	BY est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	113	112	115
11.3	Other than full-time permanent	3	3	3
11.5	Other personnel compenstation	3	3	3
11.8	Special personal services payments	1	1	1
11.9	Total personnel compensation	120	119	122
12.1	Civilian personnel benefits	24	24	25
23.1	Rental payments to GSA	23	23	24
25.4	Operation and maintenance of facilities	5	5	5
25.7	Operation and maintenance of equipment	1	1	1
99.2	Undistributed	.....	4	4
99.0	Direct obligations	211	208	209
99.0	Reimbursable obligations	26	27	28
99.5	Below reporting threshold	1	2	2
99.9	Total new obligations	238	237	239

The reimbursable subtotal line will always appear whenever more than one category (e.g., direct, reimbursable, allocation, etc.) is reported and whenever any reimbursable obligations are reported in nonrevolving fund accounts.

Total new obligations and subtotals for direct and reimbursable obligations will agree with the corresponding amounts on the program and financing schedule.

Object Classification—With Allocation Accounts

DEPARTMENT OF GOVERNMENT
BUREAU OF PUBLIC WORKS
Construction

VGOV08161166
S3643

Object Classification (in millions of dollars)

Identification code 16-3044-0-1-452		PY act.	CY est.	BY est.
	BUREAU OF PUBLIC WORKS			
	Personnel compensation:			
11.1	Full-time permanent	47	54	56
11.3	Other than full-time permanent	2	3	3
11.5	Other personnel compenstation	1	1	1
11.9	Total personnel compensation	50	57	60
12.1	Civilian personnel benefits	9	12	12
21.1	Travel and transportation of persons	4	2	2
99.0	Subtotal, obligations, Bureau of Public Works	971	711	561
	ALLOCATION ACCOUNTS			
	Personnel compensation:			
11.1	Full-time permanent	23	27	28
11.3	Other than full-time permanent	1	2	2
11.5	Other personnel compensation	1	1	1
11.9	Total personnel compensation	25	30	31
12.1	Civilian personnel benefits	5	6	6
99.0	Subtotal, obligations, allocation accounts	60	55	50
99.9	Total new obligations	1,031	766	611
	Obligations are distributed as follows:			
	Bureau of Public Works	971	711	561
	Bureau of Inspection	30	35	30
	Department of the Interior	10	5	5
	General Services Administration	20	20	25

Where there is only one allocation, the center heading and the subtotal line will contain the name of the organizational unit involved and the distribution below will be omitted.

This entry will agree with the total new obligations on the program and financing schedule.

In the distribution of total obligations, the parent organizational unit will be listed first, followed, as applicable, by (a) other bureaus within the same agency, and (b) other agencies in budget order.

SECTION 84—CHARACTER CLASSIFICATION (SCHEDULE C)

Table of Contents

84.1 What is the purpose of the character classification system?
84.2 What terms do I need to know?
84.3 What do I need to know about reporting the data and relationships with other data requirements?
84.4 How do I report character classification in MAX?

Ex–84 Summary of Character Classification Codes (Schedule C)

Summary of Changes

Drops the requirement to report on R&D performed by colleges and universities (formerly memorandum R&D entry 1441–01).

Clarifies the definitions for R&D and networking and information technology R&D (section 84.4).

84.1 What is the purpose of the character classification system?

We use character classification to distinguish between investment and non-investment activities. Investments finance activities that yield benefits largely in the future. We also use character classification to report data on grants to State and local governments separately from direct Federal programs. Character class line numbers include the following:

- Investment activities:
  - Lines 13xx, physical assets.
  - Lines 14xx, research and development (R&D).
  - Lines 15xx, education and training.

- Non-investment activities:
  - Lines 2xxx.

The classification system also allows for compilation of additional information on R&D funding that is used by OMB and others in the review of agency budget requests, Government-wide resource allocation, and R&D budget presentations.

See exhibit 84 for a summary of character classification line numbers. See section 84.4 for detailed descriptions of all of the line numbers that you must use to report character classification.

84.2 What terms do I need to know?

(a) *State or local governments*.

For preparing character classification data, State or local governments include the following:

- The 50 States and the District of Columbia.

- Cities, counties, townships, school districts, special districts, and other local governmental units, as defined by the Bureau of the Census.
- Puerto Rico, the Virgin Islands, and other U.S. territories.
- The Federated States of Micronesia, Marshall Islands, and Palau, if the payments are a relatively small part of the accounts that have grants to State or local governments.
- Indian Tribal governments when:
  - The legislation authorizing the payment includes such entities within the definition of eligible State or local units.
  - The Tribal government acts as a nonprofit agency operating under State or local auspices.
- Quasi-public nonprofit entities, such as community action agencies, when the boards of such entities must either be elected in State or local elections, or must include significant representation of State or locally-elected officials.

(b) *Grants to State and local governments*.

Report budget authority and outlays as grants to State and local governments if the Federal government's resources support State or local programs of government operations or provision of services to the public. For reporting character classification data for grants, include the following:

- Direct cash grants to State or local governmental units, to other public bodies established under State or local law, or to their designee.
- Payments for grants-in-kind, such as purchases of commodities distributed to State or local governmental institutions (e.g., school lunch programs).
- Payments to nongovernmental entities when such payments result in cash or in-kind services or products that are passed on to State or local governments, for example, payments to the Corporation for Public Broadcasting, or to the American Printing House for the Blind.
- Payments to regional commissions and organizations that are redistributed at the State or local level to provide public services.
- Payments to State and local governments for research and development that is an integral part of the State and local governments' provision of services to the general public (e.g., research on crime control financed from law enforcement assistance grants, or on mental health associated with the provision of mental rehabilitation services; see discussion below for exclusions related to research and development and payments for services rendered).
- Direct loan or loan guarantee subsidies to State or local governments.
- Shared revenues. These payments to State or local governments are computed as a percentage of the proceeds from the sale of certain Federal property, products, or services (e.g., payments from receipts of Oregon and California grant lands). Also included are tax or other collections by the Federal Government that are passed on to State or local governments (e.g., internal revenue collections for Puerto Rico).

Exclude the following:

- Federal administrative expenses associated with grant programs.
- Grants directly to profit-making institutions, individuals, and non-profit institutions not covered above, for example, payments to Job Corps centers and trainees.
- Payments for research and development not directly related to the provision of services to the general public, for example, basic research awarded via competitive grants.
- Payments for services rendered, for example, utility services, training programs and expenses for Federal employees, research and development for Federal purposes conducted under contracts, grants, or agreements by such agencies as the National Institutes of Health (NIH), the National Science Foundation (NSF), the Department of Energy (DOE), the National Aeronautics and Space Administration (NASA), and the Department of Defense (DOD).
- Federal grants to cover administrative expenses for regional bodies and other funds not redistributed to the States or their subordinate jurisdictions, for example, the administrative expenses of the Appalachian Regional Commission.

(c) *Direct Federal programs*.

Federal programs that are not classified as grants to State and local governments will be classified as direct Federal programs.

84.3 What do I need to know about reporting the data and relationships with other data requirements?

(a) *General requirements.*

- If an account has only one character class code, MAX will automatically generate the amounts for schedule C.
- Report credit program accounts related to investments (i.e., for physical assets, the conduct of research and development, or the conduct of education and training) net of offsetting collections.
- Report budget authority and outlays by subfunction.
- Do not report character class for credit financing accounts.
- OMB does not control centrally the addition or deletion of character classification codes of expenditure accounts. If the nature of an account changes or otherwise requires the use of different classes, you may add (or delete) the appropriate code and enter budget authority and outlays in MAX in that code without advance approval from OMB.
- If a transaction fits into more than one classification, report it in the classification category with the lowest numerical character classification code. For example, record amounts for construction of research and development facilities in the appropriate 13xx grouping, not in the 14xx grouping.

- If accounts are split between two or more character classifications, omit a classification involving less than $1 million in each of the three fiscal years, and include the amounts in some larger classification for that particular account.

- *Grants:* Report grants by BEA subcategory (e.g. discretionary or mandatory). In some cases, grants to State and local governments allow the recipient jurisdiction the option of using funds for current or investment-type purposes, such as in community development block programs. In such instances, record all of the budget authority and outlays for grants in the category where the majority of the funds is anticipated to be used.

- *Research and development:* Schedule C contains memorandum entries on lines 1463–01 through 1465–01 that supplement, and are a subset of, R&D information reported on lines 1311–xx through 1432–xx. Use the entries on lines 1463–01 through 1465–01 to report information on crosscutting R&D data for specific areas identified by the National Science and Technology Council (NSTC) and required by law.

(b) *Reporting offsetting collections (expenditure accounts).*

Offsetting collections are reflected in schedule C. The sum of budget authority and outlay entries in schedule C (excluding memorandum entries) will equal budget authority and outlays net of offsetting collections. In almost all cases, offsetting collections will be included in character class code 2004 (direct Federal, noninvestment) and netted from the other budget authority and outlays for that code as described below. An exception would be offsetting collections from the sale of physical assets (e.g. land, structures, equipment, or commodities), which will be reported as negative amounts in the corresponding physical asset character classes.

Identify first the budget authority and outlays for investments and grants (if any) and classify this spending in the appropriate character class code (i.e., character class codes 1xxxx, 2001, or 2003). For the remaining spending and offsetting collections, use character class code 2004 as a residual balancing entry to ensure that the sum of entries in schedule C add to total net budget authority and outlays. This means that in some cases, character class code 2004 amounts can be negative.

As an example, consider an account with net outlays of zero that receives $50 million in offsetting collections from the public and spends all of it. If half of the outlays are for direct Federal construction (non-R&D) (character class code 1314) and half for direct Federal noninvestment (character class code 2004), then character class code 1314 would show $25 million in outlays for construction, and character class code 2004 would show a net $–25 million. The $–25 million can be thought of two ways: as a residual balancing entry to ensure that total net outlays are zero, or as the sum of $25 million for direct Federal noninvestment, and $–50 million for collections from the public. The sum of all character class codes would add to net outlays and, in this example, would be zero.

(c) *Classifying activities financed by offsetting collections from Federal sources.*

If grants to State or local governments or investments are financed by payments from one Federal account to a second Federal account (i.e., offsetting collections from Federal sources), you must ensure that the amounts are recorded as grants or investments only once (i.e., ensure that they are not double-counted). As a general rule, the amounts should be recorded as follows:

- For all grants to State or local governments, record the grants in the second account, i.e., the account that actually makes the payment to the State or local government.

- For direct Federal investment (which includes all investments except grants to State or local governments), record the investment in the account that is primarily responsible for funding the

investment. (Note that grants to research institutions are classified as direct Federal investment, not as grants to State or local governments.) This is usually the initial account. For example, if the Environmental Protection Agency provides funds to the National Science Foundation for research, record the R&D in the EPA account that funds the research, not in NSF. However, in certain cases, primary responsibility might occur in the second account. For example, regarding rental payments to the GSA Federal Buildings Fund, some of the rental receipts may ultimately be used for construction by GSA. In these situations, the investment should be recorded in the second account because primary responsibility for the investment would be in that account.

(d) *Reporting offsetting receipts (receipt accounts).*

You must also report offsetting receipts for PY through BY by character class in schedules K and R. OMB controls the character classification of offsetting receipts centrally, and you must ask your OMB representative to change the classification in the Budget Account Title (BAT) file before you can enter data under a different code. (See section 79.1 for proposing changes to the BAT file.)

Report character class information for collections deposited in offsetting receipt accounts in schedules K (baseline) and R (policy) using the instructions in section 81.3(d). You must use line 2004–xx for offsetting receipt accounts, with the following two exceptions:

- Report the proceeds from the sale of physical assets (e.g., land, structures, equipment, or commodities) in the corresponding physical asset character classes; and

- Report credit reform offsetting receipt accounts for downward reestimates and negative subsidies for investment-related programs (i.e., for physical assets or for the conduct of education and training) on the appropriate investment line number (i.e., 13xx or 1512).

(e) *Relationships with other data requirements.*

You should be able to reconcile information reported in this schedule related to the conduct of research and development with information reported in the National Science Foundation Annual Survey of Federal Funds for Research and Development (see description of line 14xx).

Actual outlays for past year grants and shared revenue must be consistent with the respective amounts reported to the Department of Commerce, Bureau of the Census, pursuant to the instructions regarding its "Federal Aid to States" publication.

(f) *Outyear projections.*

A–11 data will be reported for PY through BY. MAX will automatically generate outyear projections of grant outlays through BY+9 based on in-year data. Other entries will be shown through BY only.

For the projection of grant outlays, using an algorithm, MAX will assume that the percentage of grant outlays estimated for the outyears is the same as that reported in the BY. For example, if 18 percent of outlays in the account are on line 1511–02 (grant outlays for education and training) in BY, then 18 percent of net outlays will be estimated on line 1511–02 for each outyear. Agencies may view these outyear projections on-screen. If projections do not accurately reflect outyear policy, you may override the projections by entering the correct amounts (not percentages) directly into MAX.

84.4 How do I report character classification in MAX?

Character class data in schedules C, K, and R are identified by a line number that consists of a four-digit number and a two-digit suffix (xxxx–xx). The line number identifies data as investment or noninvestment, and as grants or direct Federal programs.

Classify all investment activities in the 1xxx series and all noninvestment activities in the 2xxx series. For credit program accounts, classify subsidies for direct loans and loan guarantees and their administrative expenses according to the purpose of the program. For example, credit subsidies for construction should be in the character class for construction and rehabilitation, and credit subsidies for the conduct of education should be in the character class for the conduct of education and training.
The two-digit suffix differentiates among budget authority, outlays, and offsetting receipts, as follows:

- 01—Budget authority.
- 02—Outlays.
- 03—Offsetting receipts.

Ensure that data are reported in the correct categories. For example, report data on R&D activities using the appropriate R&D character class entries. Report data on activities other than R&D in non-R&D character classes. Only some of the following codes apply to offsetting receipts; they are specifically noted below with an asterisk (*). All of the line numbers apply to budget authority and outlays.

The following table indicates the line numbers you use to report character classification. See exhibit 84 for a summary of the coding structure.

Entry	Description
1xxx INVESTMENT ACTIVITIES	Budget authority, outlays, or offsetting receipts for programs that yield benefits largely in the future.
13xx Physical assets:	Amounts for the purchase, construction, manufacture, rehabilitation, or major improvement of physical assets regardless of whether the assets are owned or operated by the Federal Government, States, municipalities, or private individuals. Physical assets are land, structures, equipment, and intellectual property (e.g., software) that have an estimated useful life of two years or more; and commodity inventories. The cost of the asset includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its use.
131x Construction and rehabilitation:	Amounts for construction and rehabilitation, including both grants and direct Federal programs. Construction and rehabilitation means the design and production of fixed works and structures or substantial alterations to such structures or land. Includes new works and major additions, alterations, improvements to and replacements of existing works. Excludes preliminary surveys, maintenance, repair, administration of such facilities and other Federal operating expenses.
Research and development facilities: 1311–xx Grants to State and local governments 1312–xx Direct Federal programs	Amounts for the construction and rehabilitation of research and development facilities (see category 14xx for the definition of research and development). Includes the acquisition, design, and construction of, or major repairs or alterations to, all physical facilities for use in R&D activities. Facilities include land, buildings, and fixed capital equipment, regardless of whether the facilities are to be used by the Government or by a private organization, and regardless of where title to the property may rest. Includes the international

Entry	Description
	space station and such fixed facilities as reactors, wind tunnels, and particle accelerators. Include: • Construction of R&D facilities only. Exclude: • Other facility funding (show on line 1313–xx or 1314–xx). • Movable R&D equipment (show on line 132x–xx).
Other construction and rehabilitation: 1313–xx Grants to State and local governments 1314–xx Direct Federal programs	Amounts for all other construction and rehabilitation.
132x Major equipment:	Amounts for identifiable items of major equipment, including information technology (see section 53), vehicles, ships, machine tools, aircraft, tanks, satellites and other physical assets in space, and nuclear weapons. Excludes routine purchases of ordinary office equipment or furniture and fixtures. However, where there are major programs for acquisition of equipment, includes all equipment purchases.
Research and development equipment: 1321–xx Grants to State and local governments 1322–xx Direct Federal programs	Amounts for major equipment for research and development. (See category 14xx for the definition of research and development.) Includes acquisition or design and production of movable equipment, such as spectrometers, research satellites, detectors, and other instruments. At a minimum, this line should include programs devoted to the purchase or construction of R&D equipment.
Other major equipment: 1323–xx Grants to State and local governments 1324–xx Direct Federal programs	Amounts for all other major equipment.
Commodity inventories: 1330–xx* Direct Federal programs	Amounts for federally-owned commodities held for resale or in stockpiles.
Proceeds from the sale of commodities	Offsetting receipts collected from the sale of federally-owned commodities that were previously purchased by the government or from reduction in stockpiles.
Purchases and sales of land and structures for Federal use: 1340–xx* Direct Federal programs	Amounts for purchase, including lease-purchases, of land and structures for use by the Federal Government and sales of such land and structures. Includes office buildings and park and forest lands. Does not include land or structures acquired as temporary inventory, such as collateral on defaulted loans.
Receipts from sales of property or assets	Offsetting receipts collected from sales of federally-owned property or assets used by the Federal Government. Includes office buildings and park and forest lands.

Entry	Description
Other physical assets: 1351–xx Grants to State and local governments 1352–xx* Direct Federal programs	Amounts for all other physical assets, such as conservation, reforestation and range improvements; grants to State or local governments for the purchase of land or structures; and amounts for certain privately-held assets, including improvements to private farms, land and structures acquired as collateral on defaulted loans, and sales of such land and structures. Does not include operation and maintenance of land and structures.
Receipts from sales of other physical assets	Offsetting receipts collected from the sale of physical assets not used by the Federal Government. Includes sales of assets obtained by the Federal Government as collateral on defaulted loans.
14xx Conduct of research and development (R&D):	Research and development (R&D) activities comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications. Include: • Administrative expenses for R&D. Exclude: • Physical assets for R&D such as R&D equipment and facilities (show on lines 13xx). • Routine product testing, quality control, mapping, collection of general-purpose statistics, experimental production, routine monitoring and evaluation of an operational program, and the training of scientific and technical personnel. Definitions of basic and applied research and development are provided below. You should be able to reconcile information reported in this schedule with information subsequently reported in the National Science Foundation Annual Survey of Federal Funds for Research and Development.
Basic research: 1411–xx Grants to State and local governments 1412–xx Direct Federal programs	Basic research is defined as systematic study directed toward fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. Basic research, however, may include activities with broad applications in mind.
Applied research: 1421–xx Grants to State and local governments 1422–xx Direct Federal programs	Applied research is defined as systematic study to gain knowledge or understanding necessary to determine the means by which a recognized and specific need may be met.
Development: 1431–xx Grants to State and local governments 1432–xx Direct Federal programs	Development is defined as systematic application of knowledge or understanding, directed toward the production of useful materials, devices, and systems or methods, including design, development, and

Entry		Description
		improvement of prototypes and new processes to meet specific requirements.
Memorandum (non-add) R&D entries:		Report only budget authority for lines 1463–01 through 1465–01. Do not report outlays.
Conduct of National Science and Technology Council (NSTC) crosscuts:		
1463–01	Climate Change Science Programs, which incorporate the U.S. Global Change Research Program and the Climate Change Research Initiative	Research focused on: • Observing and documenting global environmental changes and identifying their causes. • Predicting the responses of the Earth system. • Determining the ecological, human health, and socioeconomic consequences of these changes. • Identifying strategies for adaptation and mitigation that will most benefit society and the environment. Additionally, near-term, results-oriented research focused on: • Emerging science areas that offer prospect of significant improvement where additional resources would accelerate progress. • Observations, monitoring and data management. • Decision support tools for national, regional, and local discussions. P.L. 101–606 requires this program crosscut.
1464–01	Networking and information technology R&D	Research and development focused on: • *High-end computing infrastructure and applications* to extend the state of the art in high-end computing systems, applications, and infrastructure. • *High-end computing R&D* to optimize the performance of today's high-end computing systems and develop future generations of high-end computing systems. • *Cyber security and information assurance* to protect computer-based systems from actions that compromise or threaten to compromise the authentication, availability, integrity, or confidentiality of these systems and/or the information they contain. • *Human computer interaction and information management* to—by focusing on information

Entry		Description
		interaction, integration, and management research—develop and measure the performance of new technologies, agents, cognitive systems, and information systems that support the hierarchy and refinement of data from discovery to decision and action by both humans and computers working together and separately. • *Large scale networking* to develop leading-edge networking technologies, services, and enhanced performance, including programs in new networking architectures, optical network testbeds, infrastructure, middleware, end-to-end performance measurement, and advanced components; grid and collaboration networking tools and services; engineering, management, and use of large-scale networks for scientific and applications R&D; and network security applied to R&D networks, applications and infrastructure. • *Software design and productivity* to advance concepts, methods, techniques, and tools that improve software design, development, and maintenance to produce more usable, dependable and cost-effective software-based systems. • *High confidence software and systems* to enable the routine production of reliable, safe, and certifiably dependable systems by developing robust scientific foundations and technology for innovative systems design, systems and embedded application software, and assurance and verification. • *Social, economic, and workforce implications of IT and IT workforce development* to study the co-evolution of IT and social and economic systems; develop the IT workforce; and develop innovative IT applications in education and training. P.L. 102–194 requires this program crosscut.
1465–01	National nanotechnology initiative	Research and technology development at the atomic, molecular, or macromolecular levels, in the length scale of approximately 1–100 nanometer range, to provide a fundamental understanding of phenomena and materials properties at the nanoscale and to model, create, characterize, manipulate, and use structures, devices, and systems that have novel properties and functions because of their small or intermediate size. The novel and differentiating properties and functions are developed at a critical length scale of matter typically under 100 nanometers. Nanotechnology research and development includes integration of nanoscale structures into larger material components,

Entry	Description
	systems, and architectures. Within these larger scale assemblies, the control and construction of their structures and components devices remains at the nanometer scale. OMB will work with the agencies to collect data on program component areas of nanotechnology R&D as required by P.L. 108-153.
15xx Conduct of education and training: 1511–xx Grants to State and local governments 1512–xx* Direct Federal programs	Amounts for programs whose primary purpose is education, training, and vocational rehabilitation. Includes veterans' education and training; operating assistance for elementary, secondary, vocational, adult, and higher education; agricultural extension services; and income support activities directly contingent upon participating in such programs. Excludes training of military personnel or other persons in government service. Also excludes amounts for physical assets, which are classified in 13xx, and amounts for the conduct of research and development, which are classified in 14xx.
Receipts from education and training	Offsetting receipts for negative subsidies, and downward reestimates of loan subsidies that are associated with the conduct of education and training.
2xxx NON–INVESTMENT ACTIVITIES	Amounts that are not classified as investment activities.
Grants to State and local governments: 2001–xx Other than shared revenues 2003–xx Shared revenues	Grant amounts that are not classified as investment activities.
2004–xx* Direct Federal programs	Amounts for all other non-investment activities, including offsetting collections (see 84.3 (b) for exceptions). This is a residual balancing entry to ensure that the sum of all items in schedule C equals total budget authority and outlays net of offsetting collections. Includes transactions related to credit liquidating accounts.
All other offsetting receipts	Offsetting receipts collected and deposited in receipt accounts that are not otherwise classified.

Summary of Character Classification Codes (Schedule C)

Schedule C's 6 digit line numbers are comprised of a 4 digit prefix and a 2 digit suffix.

2 digit suffix
xxxx-01 Budget authority
xxxx-02 Outlays
xxxx-03 Offsetting receipts

Totals for budget authority and outlays reported in schedule C must equal those reported in schedule A net of offsetting collections.

The ten shaded categories should add to the agency's R&D total.

Memorandum (non-add) entries for R&D pertain only to budget authority. These lines are a subset of data reported on lines 1311-xx through 1432-xx.

4 digit prefix	Standard titles
	INVESTMENT ACTIVITIES
	Physical assets:
	Construction and rehabilitation:
1311-xx[1]	Research and development facilities: Grants
1312-xx	Research and development facilities: Direct Federal programs
1313-xx[1]	Other construction and rehabilitation: Grants
1314-xx	Other construction and rehabilitation: Direct Federal program
	Major equipment:
1321-xx[1]	Research and development equipment: Grants
1322-xx	Research and development equipment: Direct Federal programs
1323-xx[1]	Other major equipment: Grants
1324-xx	Other major equipment: Direct Federal programs
1330-xx	Commodity inventories: Direct Federal programs
1340-xx	Purchases and sales of land and structures for Federal use: Direct Federal programs
1351-xx[1]	Other physical assets: Grants
1352-xx	Other physical assets: Direct Federal programs
	Conduct of research and development:
1411-xx[1]	Basic research: Grants
1412-xx	Basic research: Direct Federal programs
1421-xx[1]	Applied research: Grants
1422-xx	Applied research: Direct Federal programs
1431-xx[1]	Development: Grants
1432-xx	Development: Direct Federal programs
	Memorandum (non-add) R&D entries:
	National Science and Technology Council (NSTC) crosscuts:
1463-01	Climate change science programs
1464-01	Networking and information technology R&D
1465-01	National nanotechnology initiative
	Conduct of education and training:
1511-xx[1]	Grants
1512-xx	Direct Federal programs
	NON-INVESTMENT ACTIVITIES
2001-xx[1]	Grants-other than shared revenues
2003-xx[1]	Grants-shared revenues
2004-xx	Direct Federal programs (residual)

[1] You must report budget authority and outlays for grants by BEA subcategory (e.g. discretionary or mandatory).

SECTION 85—ESTIMATING EMPLOYMENT LEVELS AND THE PERSONNEL SUMMARY (SCHEDULE Q)

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Reporting Employment Levels

85.1 How should my agency's budget address workforce planning and restructuring?
85.2 What terms do I need to know?
85.3 What should be the basis for my personnel estimates?
85.4 What do I need to know about FTE budgeted levels?
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85.9 Are there other places in A–11 where I can find related guidance?

Summary of Changes

This new section includes information related to FTE and schedule Q previously included in sections 32 and 86.

Advises agencies that the prior-year lock will apply to schedule Q (section 85.7).

85.1 How should my agency's budget address workforce planning and restructuring?

Your budget submission must identify the human capital management and development objectives, key activities, and associated resources that are needed to support agency accomplishment of programmatic goals.

Furthermore, your budget submission should describe the specific activities and/or actions planned to meet the standards for success under the Human Capital initiative of the President's Management Agenda, the associated resources, the expected outcomes, and how performance will be measured. For example, you should:

Identify the organizational changes you are proposing to:

- Reduce the number of managers, reduce organizational layers, and reduce the time it takes to make decisions.

- Increase the span of control and redirect positions within the agency to ensure that the largest number of employees possible are in direct service delivery positions and retrain and/or redeploy employees as part of restructuring efforts to make the organization more citizen centered.

Identify the training, development, leadership development, and staffing actions you propose to take to:

- Ensure continuity of leadership.
- Ensure that leaders and managers effectively manage people.
- Sustain a learning environment that drives continuous improvement in performance.
- Prepare for and respond to changes driven by e-Government and competitive sourcing.

Present agency competency and skill needs (or gaps) you identify as part of your workforce planning effort and how you plan to address those needs through recruitment, development, and related strategies.

85.2 What terms do I need to know?

Employee, as defined in 5 U.S.C. 2105, means an officer or individual who is appointed under a delegated authority, is engaged in the performance of a Federal function, and is subject to the supervision of an officer or employee of the Federal Government.

Full-time equivalent (FTE) employment means the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off and other approved leave categories are considered "hours worked" for purposes of defining full-time equivalent employment that is reported in the personnel summary (see section 85.5). This definition is consistent with guidance provided by the Office of Personnel Management (OPM) in connection with reporting FTE data as part of the SF 113G reporting system. A list of compensable days (with associated hours) is provided in section 85.4(b).

85.3 What should be the basis for my personnel estimates?

(1) *Staffing requirements*. Base estimates for staffing requirements on the assumption that improvements in skills, organization, procedures, and supervision will produce a steady increase in productivity. Personnel should be reassigned, to the maximum extent, to meet new program requirements. Use personnel currently funded to the maximum extent in staffing new programs and expansions of existing programs. These actions should be part of your agency's overall human capital strategy, aligned with the President's Management Agenda, and reflected in the integrated performance plan (see section 220). Reductions generally should be planned where the workload is stable. Where information technology systems are installed or enhanced, gains in productivity should result in lower personnel requirements after the first year. You should be prepared to explain the assumptions underlying staffing requirement adjustment upon request.

Where appropriate, use calculations converting workload to required personnel that include an estimate of available workhours per employee. You should exclude annual leave, sick leave, administrative leave, training, and other non-work time from these calculations. Base estimates of available time on current data, reflect steps taken to improve the ratio of available time to total time, and recognize differences in available time by organization, location, or activity. Base exclusions for annual and sick leave on current experience of actual leave taken rather than leave earned. Employment levels should reflect budget proposals and assumptions with regard to workload, efficiency, proposed legislation, interagency reimbursable arrangements, and other special staffing methods. Employment intended for proposed legislation, or for carrying out proposed supplemental appropriations, cannot begin until the additional funds become available by congressional action. Employment proposed for activation of new facilities or start-up of new programs cannot begin until the new activity begins. Employment under estimated reimbursable arrangements also cannot begin until such arrangements have been negotiated and justified.

(2) *Personnel resources.* Base estimates of personnel resources on the total number of regularly scheduled straight-time hours (worked or to be worked) in the fiscal year (see section 85.4(b)). Note that, although budgetary resources must be sufficient to cover any extra compensable days in a fiscal year, some of the corresponding outlays may not occur until the following year.

(3) *Requirement for FTE data*. Wherever entries in schedules or materials required by this Circular pertain to personnel requirements or total employment levels, state such entries for all years in terms of FTEs, as defined in section 85.2, unless another measure is explicitly required. For military employment, see section 85.8.

85.4 What do I need to know about FTE budgeted levels?

(a) *Policy.*

Consistent with the general policy of making the most effective use of Government resources, each agency head will ensure close management of budgeted FTE levels for his or her agency. Agencies should not convert the work of their employees to contractors unless they first undertake cost comparisons that demonstrate that such a conversion is of financial advantage to the Government (see OMB Circular A–76).

(b) *Determining FTE usage.*

You must prepare budget estimates relating to personnel requirements in terms of FTE employment as specified in this Circular.

To determine current year and budget year FTE employment estimates, divide the estimated total number of regular hours by the number of compensable hours in each fiscal year. The table below shows the number of compensable hours for several fiscal years. However, in order to take advantage of existing payroll data, agencies may compute prior year FTE actuals using the regular hours obtained from their pay systems (normally based on 26 bi-weekly pay periods) and divide by a constant 2,080 hours (also see OPM Operating Manual, The Standard Form 113 Summary Data Reporting System).

COMPENSABLE DAYS AND HOURS FOR CURRENT AND FUTURE FISCAL YEARS

Year	Days	Hours
2006.....	260	2,080
2007.....	260	2,080
2008.....	262	2,096
2009.....	261	2,088
2010.....	261	2,088

FTE employment levels apply to straight time hours only. Include foreign national *direct* hire employees in your FTE employment totals. FTEs funded by allocations from other agencies will be included with the performing agency where the employees work and are paid (see section 85.6).

Be sure to include in FTE employment estimates for all Federal employees, including persons appointed under the Worker Trainee Opportunity Program, Presidential Management Fellows, Federal Cooperative Education Program, summer aids, Stay-in-School Program, and the Federal Junior Fellowship Program.

(c) *Justification and estimates of FTE usage.*

The FTE estimates for each agency are determined at the time of the annual budget review, for the fiscal year in progress and for the succeeding fiscal year. In addition, you must ensure that the FTE estimates are consistent with all applicable laws. In particular, some statutes providing agencies with authority to use voluntary separation incentive proposals (or "buy-outs") stipulate that agency-wide FTE levels must be reduced one-for-one for each buy-out. Further, FTE estimates must represent an effective and efficient use of resources to meet program requirements.

Actual FTE usage reported in the PY column of the budget must equal the year-end FTE usage reported on the SF 113G to OPM (see section 85.7).

Current year FTE estimates should be consistent with PY actuals, should be fully funded, and should be very close to the actual usage reported at the end of the fiscal year. For example, the 2005 estimate in the FY 2006 Budget should be very close to the 2005 actuals published in the 2007 Budget.

(d) *FTE transfers between agencies.*

Prior to entering into new or expanded agreements to perform work for other agencies on a reimbursable basis, you must prepare a cost justification in accordance with OMB Circular No. A–76. As part of this agreement, you may transfer FTEs on a one-for-one basis, provided that you notify OMB prior to making such a transfer. You may proceed with the FTE transfer fifteen days after notification to OMB, unless OMB objects.

(e) *Adjustment requests.*

Send all requests for adjustments in employment levels, including agreements to transfer FTEs between agencies, to your OMB representative.

85.5 What do I need to know about the personnel summary (schedule Q)?

This schedule shows the total full-time equivalent (FTE) employment of straight-time compensable workyears (i.e., not overtime) financed by an account for PY through BY. FTE employment excludes estimates for terminal leave and overtime hours. The method for calculating FTE employment is described in section 85.4. You must provide a personnel summary when an account contains an entry for either direct or reimbursable personnel compensation in the object class schedule (i.e., object class entry 11.1 or 11.3 (see section 83.7)). You must also provide a personnel summary when employees are compensated via an allocation account. For reimbursable and allocation FTE arrangements, see the discussion on their budget schedule treatment in section 85.6.

The definition of object class 11.1 stipulates that compensation must be included for all workdays in the fiscal year. You must ensure that FTE levels in the personnel summary and funding for FTEs in the object class schedule are reported consistently.

You must also ensure that agency-wide FTE totals agree with the negotiated levels in the current and budget years. Prior year FTEs in the personnel summary must equal the year-end FTE usage that your agency reported on the SF 113–G to the Office of Personnel Management (OPM).

When entering FTE data in schedule Q, use the four-digit line numbering scheme described in the following table:

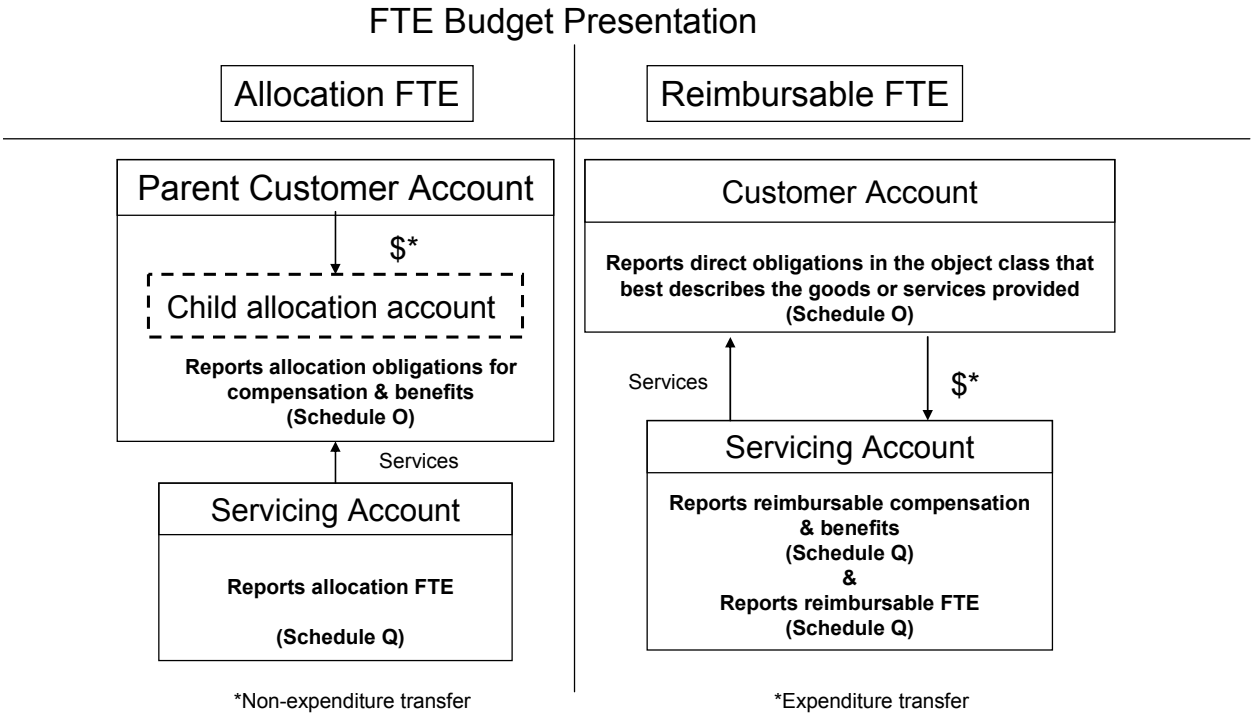
PERSONNEL SUMMARY (SCHEDULE Q)

Entry	Description
Xxxx	The first digit of the line number distinguishes between direct, reimbursable, and other categories, consistent with the reporting of data in the object classification schedule (see section 83.5). Use the following codes: 1—direct 2—reimbursable 3—allocation account 6—limitation account-direct 7—limitation account-reimbursable
xXxx	The second digit of the line number distinguishes between civilian and military personnel. Use the following codes: 0—civilian personnel 1—military personnel
xx0x	The third digit is 0.
xxx1	The fourth digit is 1.

85.6 Are allocation and reimbursable FTE presented differently in the budget?

Yes, FTE financed by allocation and reimbursements are presented differently as depicted in the diagrams below. In an allocation arrangement, one account acts as the parent account. The parent account is the account that receives the budget authority. In addition, a child allocation account is tied to the parent account for budget execution purposes. The child allocation account receives funding from the parent account in the form of a non-expenditure transfer. The compensation and benefit obligations are reported as allocation account lines in the parent account's schedule O. The servicing account is the account that provides the services performed by the allocation FTE. The servicing account may be within the same agency as the parent account or within a separate agency. The servicing account reports the FTE as allocation lines in schedule Q, but does not report obligations in schedule O. Therefore, the FTE are not reported in the parent account, but rather in the servicing account. For example, if legislation mandates that OMB allocate funds to an account for printing and reproduction workload, then OMB will report allocation obligations in schedule O and the Government Printing Office will report allocation FTE in schedule Q.

In a reimbursable arrangement, the customer account receives the services and reports direct obligations in the object class that best describes the services received (e.g., printing and reproduction). The transfer of funds to the servicing account is accomplished in the form of an expenditure transfer. The servicing accounts reports reimbursable compensation and benefit obligations in schedule O. Likewise, the reimbursable FTE are reported in schedule Q of the servicing account.



85.7 How does OMB validate prior year civilian FTE totals (actuals)?

Agencies use the Office of Personnel Management (OPM) SF–113G reporting system to submit their actual civilian FTE data to OPM each month. OPM transfers these data to OMB on a monthly basis, and provides OMB with total FTEs by agency for the fiscal year that ends 30 September. During budget season, OMB compares the OPM totals to the prior year FTE data that agencies enter in their MAX A–11 personnel summaries (schedule Q). For the FY 2008 Budget, OMB will provide a diagnostic report on our website showing the status of FTE data in MAX. For agency MAX users, the prior-year lock will apply to schedule Q in accordance with the schedule included in section 25.

The OMB and OPM employment totals must match at the agency level. If you believe the OPM total is not correct, please work with OPM to change the total in OPM's SF–113G system. Once OPM revises the total, OMB will revise its control total. In the vast majority of cases, the original total reported to OPM is correct, and the agency must adjust the PY column in one or more accounts (schedule Q) so that the FTEs in MAX agree with the FTEs reported to OPM. Lastly, OPM does not collect military employment data. For military employment, see section 85.8.

85.8 How do I account for active duty military personnel?

Your budget submission should also account for all active duty personnel in the seven Uniformed Services. These Services include the Army, Air Force, Navy, Marines, Coast Guard, plus the NOAA and PHS Commissioned Corps. Since active duty personnel are always full-time employees, attempting to compute full-time equivalents is not appropriate. Therefore, for active duty personnel, "average strength" data is used in place of FTEs for the prior fiscal year. Estimate average strengths for current and budget years as well. For the non-DoD Uniformed Services, record military average strengths in the MAX A–11 personnel summaries using the line designated for military (see section 85.5 regarding schedule Q line numbers). The Department of Defense will continue to provide military employment data directly to their OMB representative.

85.9 Are there other places in A–11 where I can find related guidance?

Yes, please see the table below for additional guidance on Federal employment.

Other Federal employment guidance and A–11 links	Section
How do I report Federal employees at overseas embassies, consulates, etc?	25.5
How should my budget address competitive sourcing of the workforce?	31.11
What FTE-related information should I provide in my justification materials?	51.4
What FTE data is required in reporting financial management resources?	52.5
What FTE line coding is used for Exhibit 52 (financial management activities)?	52.6
How do I present FTE costs for IT and E-Gov initiatives (Exhibit 53)?	53
Will OMB request FTE plans to support apportionment requests?	120.26
Where can I find an example of an apportionment FTE plan?	Exhibit 120
How should I address workforce adjustments in my strategic plan?	210.1
How do I present FTE costs for my capital asset plan (Exhibit 300)?	300

SECTION 86—SPECIAL SCHEDULES

Table of Contents

Special schedules requiring user input

86.1 What do I need to know about balance sheets (schedule F)?
86.2 What do I need to know about reporting budget year appropriations requests in thousands of dollars (schedule T)?

Special schedules automatically generated by MAX

86.3 What do I need to know about the schedule on the status of funds (schedule J)?
86.4 What do I need to know about the special and trust fund receipts schedule (schedule N)?
86.5 What do I need to know about the summary of budget authority and outlays?

Ex–86A Balance Sheet (MAX Schedule F)
Ex–86B Budget Year Appropriations Request in Thousands of Dollars (MAX Schedule T)

Summary of Changes

Moves guidance on the personnel summary (schedule Q) to section 85.

Drops budget plans (schedule D).

Updates status of funds (schedule J) automatically when feeder accounts are uploaded (section 86.3).

86.1 What do I need to know about balance sheets (schedule F)?

(a) *General instructions*.

The balance sheet provides information on program assets, liabilities, and net position and is used to assess the resources available for Federal programs for PY–1 through PY.

You must submit balance sheets for:

- All Government-sponsored enterprise funds;
- All credit liquidating and financing accounts;
- Financing vehicles; and
- Revolving funds, when specifically required by OMB.

For budget presentation purposes, data in program and financing schedules (MAX schedule P) fulfill the legal requirement in 31 U.S.C. 9103 for "business-type budget" information on wholly-owned Government corporations in the President's budget.

Amounts in schedule F for PY–1 should be consistent with your agency's audited financial statements.

You must submit a separate balance sheet for supplemental requests and proposed legislation items that shows the effect of the supplemental request or proposed legislation on the information presented in the regular schedule for the account.

Prepare balance sheets in the format of exhibit 86A with audited actual amounts as of the close of PY–1 and actual amounts as of the close of PY.

(b) *Balance sheet entries.*

Use the entries listed below to prepare the balance sheets. These entries correspond to entries used in OMB Bulletin No. 01–09, Form and Content of Agency Financial Statements, as amended, which instructs agencies to prepare financial statements at the entity level. Use the terms, definitions, and instructions provided in that bulletin to prepare the balance sheets at the account level. MAX will automatically generate the line entries indicated in **boldface**.

If your agency is a Government-sponsored enterprise (GSE), you will need to modify line entries to reflect the non-Federal status of GSEs. Consult your OMB representative for additional guidance.

BALANCE SHEET

Entry		Description
ASSETS		
Federal assets:		
These assets arise from transactions among Federal agencies. Federal agency assets are claims of a Federal agency against other Federal agencies which, when collected, can be used in the agency's operations.		
1101	Fund balances with Treasury	The unobligated and obligated balances with Treasury from which you are authorized to make expenditures and pay liabilities, including clearing account balances and the dollar equivalent of foreign currency account balances. Your agency's fund balance with Treasury also includes the unobligated balances in guaranteed loan financing accounts, the obligated balances in direct loan financing accounts, and the unobligated and obligated balances in liquidating accounts.
Investments in Federal securities:		Total investments in Federal securities. These consist of securities issued by Federal agencies including non-marketable par value Treasury securities, market-based Treasury securities, marketable Treasury securities, and securities issued by other Federal agencies.
1102	Treasury securities, net	Net value of Treasury securities acquired—the par (face or nominal) value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.
1104	Agency securities, net	Net value of agency securities acquired—the par (face or nominal) value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.
1106	Receivables, net	Accounts receivable and interest receivable, net of uncollectible amounts. Interest receivable is the amount of interest income earned but not received for an accounting period. Report receivables from Federal agencies separately from receivables from non-Federal entities (on line 1206). Report interest receivable related to direct loans and acquired defaulted guaranteed loans separately below as a component of credit program receivables.

Entry		Description
1107	Advances and prepayments	Advances are cash outlays made by a Federal agency to cover a part or all of the recipients' anticipated expenses or advance payments for the costs of goods and services the agency is to receive. Prepayments are payments made by a Federal agency to cover certain period expenses before those expenses are incurred. Advances and prepayments made to Federal agencies are intragovernmental and are accounted for and reported separately from those made to non-Federal entities.
Non-Federal assets:		
These assets arise from transactions of the Federal Government with non-Federal entities. These entities include domestic and foreign persons and organizations outside the U.S. Government.		
1201	Investments in non-Federal securities, net	Securities issued by State and local governments, private corporations, and government-sponsored enterprises, net of premiums, discounts and allowances for losses. Securities are normally reported at acquisition cost or amortized acquisition cost. However, you should use market value when there is: • An intent to sell the securities prior to maturity; and • A reduction in the value of the securities that is more than temporary.
1206	Receivables, net	Accounts and interest receivable due from non-Federal entities, net of an allowance for estimated uncollectible amounts. Do not recognize interest as revenue on accounts receivable or investments that are determined to be uncollectible unless the interest is actually collected. Report interest receivable related to direct loans and acquired defaulted guaranteed loans as a component of credit program receivables.
1207	Advances and prepayments	Advances are cash outlays made by a Federal agency to its employees, contractors, grantees or others to cover a part or all of the recipients' anticipated expenses or advance payments for the costs of goods and services the agency receives. Prepayments are payments made by a Federal agency to cover certain periodic expenses before those expenses are incurred.
Credit program receivables and related foreclosed property:		
These items represent the net value of assets related to pre–1992 and post–1991 direct loans receivable and acquired defaulted guaranteed loans receivable.		
Net value of assets related to post–1991 direct loans receivable:		
1401	Direct loans receivable, gross	The face value of all direct loans outstanding excluding amounts repaid or written off.
1402	Interest receivable	Amount of interest receivable.
1403	Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
1404	Foreclosed property	Value of foreclosed property associated with post–1991 direct and acquired defaulted guaranteed loans at the net present value of the projected cash flows associated with the property. To practicably accomplish this requirement, you may record foreclosed property at the estimated net realizable value at the time of foreclosure. A portion of the related allowance for

Entry		Description
		subsidy account will apply to the foreclosed property, but that amount need not be separately determined. Rather, subtract the allowance account from the sum of the credit program assets to determine the net present value of the assets.
1405	Allowance for subsidy cost (–)	The unamortized amount of subsidy expenses for the direct loan disbursements that the direct loan financing account has made in that year and all previous years, for all direct loans outstanding. (The allowance for subsidy costs of a direct loan is the present value of estimated cash outflows over the life of the loan minus the present value of estimated cash inflows. It is due to defaults, delinquencies, lending at interest rates below the Treasury borrowing rate, etc., with an offset for fees, penalties, and recoveries.)
1499	**Net present value of assets related to direct loans**	The sum of lines 1401 through 1405.
Net value of assets related to post–1991 acquired defaulted guaranteed loans receivable:		
1501	Defaulted guaranteed loans receivable, gross	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable that is still outstanding.
1502	Interest receivable on defaulted guaranteed loans	Amount of interest receivable related to defaulted guaranteed loans.
1504	Foreclosed property related to defaulted guaranteed loans	The estimated net realizable value of related foreclosed property.
1505	Allowance for subsidy cost on defaulted guaranteed loans (–)	The unamortized amount of subsidy for those defaulted guaranteed loans that the guaranteed loan financing account has acquired in that year and all previous years, for all such loans outstanding that are still held by the financing account. (The subsidy of a defaulted guaranteed loan is the present value of estimated cash outflows over the life of the loan minus the present value of estimated cash inflows. It is due to defaults, delinquencies, interest subsidies, etc., with an offset for fees, penalties, and recoveries.)
1599	**Net present value of assets related to defaulted guaranteed loans**	The sum of lines 1501 through 1505.
Net value of assets related to pre–1992 direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross	For each pre–1992 direct loan program, report loans gross.
1602	Interest receivable	Amount of interest receivable.
1603	Allowance for estimated uncollectible loans and interest (–)	Estimated amount of loans and interest that will not be collected.
1604	**Direct loans and interest receivable, net**	The sum of lines 1601 through 1603.
1605	Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.

Entry		Description
1606	Foreclosed property	The estimated net realizable value of related foreclosed property.
1699	**Value of assets related to direct loans**	The sum of lines 1604 through 1606.
1701	Defaulted guaranteed loans, gross	For each pre–1992 loan guarantee program, report receivables as defaulted guaranteed loans acquired by the Government.
1702	Interest receivable	Amount of interest receivable related to defaulted guaranteed loans.
1703	Allowance for estimated uncollectible loans and interest (–)	Estimated amount of defaults on loans, interest, and accounts receivable.
1704	**Defaulted guaranteed loans and interest receivable, net**	The gross amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable and interest receivable net of an allowance for uncollectible amounts. The sum of lines 1701 through 1703.
1705	Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
1706	Foreclosed property	The estimated net realizable value of related foreclosed property.
1799	**Value of assets related to loan guarantees**	The sum of lines 1704 through 1706.
Other Federal assets:		
1801	Cash and other monetary assets	The total of all cash resources and all other monetary assets. Cash consists of: • Coins, paper currency, and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit; • Amounts on demand deposit with banks or other financial institutions; • Cash held in imprest funds; and • Foreign currencies, which, for accounting purposes, should be translated into U.S. dollars at the exchange rate on the financial statement date. Other monetary assets include gold, special drawing rights, and U.S. Reserves in the International Monetary Fund. This category is principally for use by the Treasury.
1802	Inventories and related properties	Inventory is tangible personal property that is: • Held for sale; • In the process of production for sale; or

Entry		Description
		• To be consumed in the production of goods for sale or in the provision of services for a fee. It includes inventory (i.e., items held for sale), operating materials and supplies, stockpile materials, seized and forfeited property, and goods held under price support and stabilization programs.
1803	Property, plant and equipment, net	The amount of real and personal property (i.e., land, structures and facilities, construction in progress, purchased and self-developed software, equipment and related improvements) that has been capitalized, net of accumulated depreciation if any. Also includes assets acquired by capital leases and leasehold improvements; and property owned by the agency in the hands of the agency or contractors.
1901	Other assets	Other assets not included on the lines above.
1999	**Total assets**	The sum of lines 1101 through 1207, 1499, 1599, 1699, 1799, 1801 through 1901.
LIABILITIES		
Recognize liabilities when they are incurred regardless of whether they are covered by available budgetary resources. This includes liabilities related to canceled appropriations.		
Federal liabilities:		
These liabilities arise from transactions among Federal agencies. Federal liabilities are claims against the agency by other Federal agencies.		
2101	Accounts payable	The amounts owed by a Federal agency for goods and services received from, progress in contract performance made by, and rents due to other Federal agencies.
2102	Interest payable	The amount of interest expense incurred but unpaid on debts to other Federal agencies.
2103	Debt	The cumulative amounts of borrowing (less repayments) from the Treasury, the Federal Financing Bank, or other Federal agencies.
2104	Resources payable to Treasury	Amounts of collections or receivables that must be transferred to Treasury.
2105	Other	Use this item for other liabilities that are not recognized in specific categories or lines above. Include advances and prepayments received from other Federal agencies for goods to be delivered or services to be performed and deposit fund amounts held in escrow.
Non-Federal liabilities:		
These liabilities arise from transactions of an agency of the Federal Government with non-Federal entities. Non-Federal liabilities are claims against the agency by non-Federal entities.		
2201	Accounts payable	The amounts owed by a Federal agency for goods and services received from, progress in contract performance made by, and rents due to non-Federal entities.
2202	Interest payable	The amount of interest expense incurred but unpaid on debt owed to non-Federal entities.

Entry		Description
2203	Debt	Debt issued to non-Federal entities under general or special financing authority (e.g., Treasury bills, notes, bonds and FHA debentures).
2204	Liabilities for loan guarantees	For guaranteed loan financing accounts, report the net present value of the estimated cash flows to be paid as a result of loan guarantees. For liquidating accounts, report the amount of known and estimated losses. (The net present value of estimated cash flows is the present value of estimated cash outflows over the life of the loan guarantee minus the present value of estimated cash inflows. It is due to defaults, interest subsidies, etc., with an offset for fees, penalties, and recoveries.)
2205	Lease liabilities, net	The present value of the liability for capital leases. A capital lease is one that transfers substantially all the benefits and risks inherent in the ownership of property. This transfer occurs if, at the inception of the lease, one or more of the following criteria exist: • Ownership of the property is transferred to the lessee by the end of the lease term; • The lease contains a bargain purchase option; • The lease term is substantially (i.e., 75% or more) equal to the estimated useful life of the leased property; or • At the beginning of the lease term, the present value of the minimum lease payments, with certain adjustments, is 90% or more of the fair value of the property. The lessee accounts for such a lease as the acquisition of an asset and the incurrence of a liability.
2206	Pension and other actuarial liabilities	For agency-administered pension, health insurance and similar plans requiring actuarial determinations. Report the actuarial accrued liability for pension, health insurance, and similar plans requiring actuarial determination using the aggregate entry age normal method.
2207	Other	Other liabilities that are not recognized in specific categories. Include in this line the total amount due non-Federal entities for other liabilities that are not included on other lines above. This includes: • Entitlement benefits due and payable at the end of the year; • Advances and prepayments received from other non-Federal agencies or the public for goods to be delivered or services to be performed; • Deposit fund amounts held in escrow, estimated losses for commitments, and contingencies if: ▸ Information available before the statements are issued indicates an asset probably has been impaired or a liability incurred as of the date of the statements; and ▸ The amount can be reasonably estimated as a specific

Entry		Description
		amount or range of amounts (e.g., the amount of employee accrued annual leave (i.e., earned but not used) that would be funded and paid from future years' appropriations). Examples of commitments and contingencies for which you should report the estimated losses on this line are: • Insurance—insurance payments due for losses resulting from bank failures, crop failures, floods, expropriations, loss of life, and similar unplanned events. • Indemnity agreements—reimbursements due to licensees or contractors for losses incurred in support of Government activities. • Adjudicated claims—claims against the Government that are in the process of judicial proceedings. • Commitments to international institutions—payments due to international financial institutions.
2999	**Total liabilities**	The sum of lines 2101 through 2207.
NET POSITION		
The components of net position are classified as follows:		
3100	Unexpended appropriations	The portion of the agency's appropriations represented by undelivered orders and unobligated balances.
3300	Cumulative results of operations	The net results of operations since inception plus the cumulative amount of prior period adjustments, including the cumulative amount of donations and transfers of assets in and out without reimbursement.
3999	**Total net position**	The sum of lines 3100 through 3300.
4999	**Total liabilities and net position**	The sum of lines 2999 and 3999.

86.2 What do I need to know about reporting budget year appropriations requests in thousands of dollars (schedule T)?

Use MAX schedule T to report, in thousands of dollars, the net amount of budget year budgetary resources contained in the appropriations language request for your account (see exhibit 86B). If your account has appropriations language requesting new budget authority for the budget year, you are required to complete schedule T for amounts reported under transmittal code 0 (see section 79.2 for information about transmittal codes). For accounts with transfers specified in appropriations language, report amounts on a pre-transfer basis.

Include:

- Discretionary appropriations;
- Discretionary limitations on expenses;
- Appropriated entitlements; and
- Best estimates for indefinite appropriations.

Exclude:

- Spending authority from offsetting collections;
- Advance appropriations for any year;
- Amounts applied to repay debt; and
- Amounts applied to liquidate contract authority or deficiencies.

For the majority of budget accounts, only a single line is required. For consolidated accounts, use separate lines for each component account and identify all lines using the six-digit basic account symbol assigned by Treasury. Ensure that all amounts reported in MAX schedule T are consistent with the amounts in the program and financing schedule (MAX schedule P).

86.3 What do I need to know about the schedule on the status of funds (schedule J)?

This Appendix schedule presents cash flow data for certain special, trust, and other funds. The MAX database generates the data for the status of funds schedule from other data and stores it in the database as schedule J.

The accounts listed in the following table require a schedule J.

FUNDS REQUIRED TO SUBMIT STATUS OF FUNDS DATA

Agency	Account
HHS	Federal hospital insurance trust fund
	Federal supplementary medical insurance trust fund
Interior	Abandoned mine reclamation fund
Labor	Unemployment trust fund
	Black lung disability trust fund
State	Foreign service retirement and disability fund
Transportation	Highway trust fund
	Airport and airways trust fund
	Oil spill liability trust fund
Veterans Affairs	National service life insurance fund
	United States Government life insurance fund
DOD-Civil	Military retirement fund
	Education benefits fund
	Uniformed services retiree health care fund
EPA	Hazardous substance superfund
	Leaking underground storage tank trust fund
IAP	Overseas Private Investment Corporation (noncredit)
OPM	Civil service retirement and disability fund
	Employees health benefits fund

Agency	Account
SSA	Federal old-age and survivors insurance trust fund
	Federal disability insurance trust fund
RRB	National railroad retirement investment trust
	Rail industry pension fund
	Railroad social security equivalent benefit fund

MAX generates schedule J from:

- Data you enter in other MAX schedules for the receipt and expenditure accounts that make up the fund; and
- For selected accounts, commitments against unexpended balances that you enter directly into schedule J.

The budget includes only *one* schedule J for each of the specified funds. The schedule covers all the collections in the receipt accounts and all the cash outlays from the various expenditure accounts that receive appropriations from the funds. It aggregates all the data reported under different transmittal codes to a single schedule presented under transmittal code 0. The CY and BY columns of schedule J include any effects of supplemental requests (transmittal code 1), rescission proposals (transmittal code 5), proposed legislation (transmittal codes 2 and 4), and appropriations language to be transmitted at a later date (transmittal code 3).

When you upload changes to other MAX schedules that affect the fund (for example, you change receipt estimates in schedule R), you will see the effect on MAX schedule J the next time you download the account. When accounts from other agencies feed one of your schedule J lines, you will see the effect of changes in those accounts the next time you download schedule J, as long as the information has been uploaded.

Schedule J includes several sets of adjustment lines. These include adjustments for start of year balances, cash income, and cash outgo. These lines will only be used by OMB if there is a compelling need to make an adjustment. The reason for the adjustment will be included in the stub description for each line.

The following table identifies the source for each line in MAX schedule J.

SCHEDULE ON THE STATUS OF FUNDS

Entry	Description and Source
Unexpended balance, start of year:	Start of year balances of budgetary resources and investments in Federal securities, net of amounts borrowed from the Treasury.
0100 Balance, start of year	MAX derives the PY amount from the PY amount reported on line 8799 in the previous year's *Budget Appendix.* If you believe the PY amount is incorrect, provide your OMB representative with a detailed written explanation of the difference. Any differences will be shown on adjustment lines 0190–0195. MAX copies CY and BY amounts from the end of year amounts reported on line 8799 for the previous year.
0190–0195 Adjustments	These lines allow OMB to adjust the initial balance.

Entry	Description and Source
0199 Total balance, start of year	MAX calculates this amount as the sum of lines 0100–0195.
Cash income during the year:	Collections deposited in special and trust fund receipt accounts and offsetting collections (cash) credited to expenditure accounts. MAX presents current law amounts (transmittal codes 0 and 3) separately from proposed legislation amounts (transmittal codes 1, 2, 4, and 5).
Current law:	
1200–1219 Receipts	MAX copies the detail lines from receipts with transmittal codes 0 and 3 reported in schedule N on lines 0200–0279. MAX lists each receipt account separately by title.
1220–1239 Offsetting receipts (proprietary)	
1240–1259 Offsetting receipts (intragovernmental)	
1260–1279 Offsetting governmental receipts:	
1280–1289 Offsetting collections	MAX copies these amounts from schedule P, lines 8800–8845 under transmittal codes 0 and 3.
1290–1295 Adjustments	These lines allow OMB to adjust receipts and offsetting receipts under current law and are copied from schedule N lines 0290–0295, transmit 0.
1299 Income under current law	Subtotal for income under present law. MAX calculates this amount as the sum of lines J 1200–1295.
Proposed legislation:	MAX uses line serial numbers in the range 01–05 to identify different transmittal codes, as described in the MAX User's Guide.
2200–2219 Receipts	MAX copies the detail lines from receipts with transmittal codes 1, 2, 4, and 5 reported in schedule N on lines 0200–0279. MAX lists each receipt account separately by title.
2220–2239 Offsetting receipts (proprietary)	
2240–2259 Offsetting receipts (intragovernmental)	
2260–2279 Offsetting governmental	
2280–2289 Offsetting collections	MAX copies these amounts from schedule P, lines 8800–8845 under transmittal codes 1, 2, 4, and 5.
2290–2295 Adjustments	These lines allow OMB to adjust receipts and offsetting receipts under proposed legislation and are copied from schedule N lines 0290–0295, transmits 2 and 4.
2299 Income under proposed legislation	Subtotal for income under proposed legislation. MAX calculates this amount as the sum of lines 2200–2295.
3299 Total cash income	MAX calculates this amount as the sum of lines 1299 and 2299.
Cash outgo during the year (–):	These entries present gross outlays from the fund. MAX presents current law amounts (transmittal codes 0 and 3) separately from proposed legislation amounts (transmittal codes 1, 2, 4, and 5).
4500–4525 Current law (–)	MAX automatically generates the detail lines from amounts in schedule P on line 7320 for transmittal codes 0 and 3.
4540–4545 Adjustments	These lines allow OMB to adjust cash outgo under current law.
4599 Outgo under current law (–)	Subtotal for outgo under current law. MAX calculates this amount as the sum of lines 4500–4545.

Entry	Description and Source
5500–5525 Proposed legislation	MAX automatically generates the detail lines from amounts in schedule P on line 7320 for transmittal codes 1, 2, 4, and 5. MAX uses line serial numbers in the range 01–05 to identify different transmittal codes, as described in the MAX User's Guide.
5540–5545 Adjustments	These lines allow OMB to adjust cash outgo under proposed legislation.
5599 Outgo under proposed legislation (–)	Subtotal for outgo under proposed legislation. MAX calculates this amount as the sum of lines 5500–5545.
6599 Total cash outgo (–)	MAX calculates this amount as the sum of lines 4599 and 5599.
Adjustments:	
7625 Permanently canceled balances (–)	Amount that is transferred from the expenditure account to the general fund of the Treasury as a result of a specific provision of law. MAX generates this amount from the "permanent" reductions of new budget authority in schedule P on lines 4035, 4036, 6035, and 6036.
7645 Transfers, net	Net amount of transfers of budget authority and balances (obligated and unobligated). MAX generates this amount from the transfers in schedule P on lines 2221, 2222, 4100, 4200, 6100, 6200, 5861, 5862, 6961, 6962, 7331, 7332.
7650 Other adjustments, net	Other adjustments that affect the fund balances, such as capital transfers to the general fund of the Treasury and repayment of debt. MAX generates this amount from the amounts in schedule P on lines 2240, 2260, 4047, 4050, 6047, 5827, 5847, 6927, and 6947.
7690–7695 Miscellaneous adjustments	These lines allow OMB to make additional miscellaneous adjustments.
7699 Total adjustments	MAX calculates this amount as the sum of amounts on lines 7625–7695.
Unexpended balance, end of year:	End of year balances of budgetary resources and investments in Federal securities.
8700 Uninvested balance (net), end of year	MAX calculates this as the difference of lines 8799–8701. This uninvested balance is net of unrealized discounts.
8701 Invested balance, end of year	MAX copies the invested balance from P–9202.
8799 Total balance, end of year	MAX calculates this amount as the sum of the start of year total balance, the cash income, the cash outflow, and the total adjustments.
Obligations and balances:	This section serves as a check against the total balance entered on line 8799 (except for the Airport and airway trust fund and the Highway trust fund). 8799 is calculated by beginning with the start of year balance, adding income, subtracting outflow, and adding adjustments. The total in this section equals the sum of obligated balances, unobligated balances, and special or trust fund receipt balances that are available for new budget authority (e.g., new appropriations or contract authority).
8801 Obligated balances (Memorandum entry)	MAX calculates this amount as the sum of lines P 7440 from all the accounts that receive budget authority from the special or trust fund.

Entry		Description and Source
8802	Unobligated balances (Memorandum entry)	MAX calculates this amount as the sum of lines P 2440 from all the accounts that receive budget authority from the special or trust fund.
8803	Special or trust fund receipt balances (Memorandum entry)	MAX copies this amount from line 0799 in schedule N.
8890–8895	Adjustments	These lines allow OMB to adjust obligations and balances.
8899	Total balance, end of year (Memorandum entry)	MAX calculates this amount as the sum of lines 8801–8895. Except for the Airport and airway trust fund and the Highway trust fund, the amount on this line should equal the amount on line 8799. If it does not, you will receive an error message.
Commitments against unexpended balance, end of year:		Use these lines only at the direction of OMB. The memorandum entry "Commitments against unexpended balances, end of year" is provided to show how much of the cash is still available for new budget authority, e.g., new appropriations or new contract authority. In order to calculate the cash available for new budget authority, also called the "uncommitted balance, end of year", subtract the unexpended balances that were provided as budget authority (i.e., the unobligated and obligated balances on J 9801 and J 9802) from the total cash balance at the end of the year (line J 8799).
9801	Obligated balance (–)	Amounts on this line require user input. The obligated balance of the budget authority on line P 7440 of the account that received budget authority from the special or trust fund. If more than one account receives budget authority from the special or trust fund, then J 9801 is equal to the sum of all the obligated balances, that is, the portion of line P 7440 in each account that was originally derived from the special or trust fund.
9802	Unobligated balance (–)	Amounts on this line require user input. The unobligated balance of the budget authority on line P 2440 of the account that received budget authority from the special or trust fund. If more than one account receives budget authority from the special or trust fund, then J 9802 is equal to the sum of all the obligated balances, that is, the portion of line P 2440 in each account that was originally derived from the special or trust fund.
9899	Total commitments (–)	MAX calculates this line as the sum of lines 9801 and 9802. Another term for total commitments is unexpended balances.

86.4 What do I need to know about the special and trust fund receipts schedule (schedule N)?

Schedule N provides information on receipts, balances, and appropriations for special and non-revolving trust funds. The MAX database generates schedule N data from other data and stores it in the database as schedule N.

The following types of accounts require schedule N:

- Special funds; and
- Non-revolving trust funds.

MAX generates schedule N from:

- Data reported in the previous year's *Budget Appendix*;
- Data in schedule R; and
- Data in schedule P.

The budget includes only *one* schedule N for each fund. The schedule covers all the receipts and offsetting receipts that pertain to a particular special or trust fund account. It aggregates all the data reported under different transmittal codes to a single schedule presented under transmittal code 0. The CY and BY columns of schedule N will include the effect of supplemental requests (transmittal code 1), rescission proposals (transmittal code 5), proposed legislation (transmittal codes 2 and 4), and appropriations language to be transmitted at a later date (transmittal code 3).

When requesting the establishment of new special or trust fund accounts (see section 79.3), please specify whether the MAX database should include a *new* special and trust fund receipts schedule or use an *existing* special and trust fund receipts schedule to report the transactions related to the new account.

When you upload changes to other MAX schedules that affect the fund (for example, you change receipt estimates in schedule R), you will see the effect on MAX schedule N the next time you download the account. When accounts from other agencies feed one of your schedule N lines, you will see the effect of changes in those accounts the next time you download schedule N as long as the information has been uploaded. You can use the view feature in MAX A–11 to see which lines from which accounts feed each of the detailed lines in schedule N.

Schedule N includes several sets of adjustment lines. These include adjustments for start of year balances, cash income, and cash outgo. These lines will only be used by OMB if there is a compelling need to make an adjustment. The reason for the adjustment will be included in the stub description for each line.

The following table identifies the source for each line in MAX schedule N. Even though the data are automatically generated and you cannot change any amounts, you can change the line titles of the detail lines (lines 02xx, 05xx) through A–11 data entry.

SPECIAL AND TRUST FUND RECEIPTS SCHEDULE

Entry		Description
0100	Balance, start of year	MAX derives the PY amount from the PY amount reported on line 0799 in the previous year's *Budget Appendix.* If you believe the PY amount is incorrect, provide your OMB representative with a detailed written explanation of the difference. Any differences will be shown on an adjustment line (0190–0195). MAX copies CY and BY amounts from the end of year amounts reported on line 0799 for the previous year.
0190–0195	Adjustments	These lines allow OMB to adjust the initial balance.
0199	Balance, start of year, total	MAX calculates this line as the sum of lines 0100 and 0195.
Receipts and offsetting receipts:		MAX uses line serial numbers in the range 10–15 to identify different transmittal codes, as described in the MAX User's Guide.
0200–0219	Receipts	Amount of new collections deposited in special and trust fund receipt accounts. Each receipt account will be listed separately by title and transmittal code. MAX copies these amounts from schedule R. These lines are copied into schedule J.
0220–0239	Offsetting receipts (proprietary)	
0240–0259	Offsetting receipts (intragovernmental)	
0260–0279	Offsetting governmental receipts	
0290–0295	Adjustments	These lines allow OMB to adjust receipts and offsetting receipts.
0299	Total receipts	MAX calculates this amount as the sum of lines 0200 through 0295.
0400	Total: Balances and receipts	MAX calculates this amount as the sum of lines 0199 and 0299.
0500–0589	Appropriations, net (–)	MAX calculates this amount from schedule P. It consists of: • the appropriations (reported on lines 4020, 4026, 4028, 5520, 5526, 6020, 6026, and 6526); and • the amounts that become available for obligation from balances of receipts that were previously unavailable (reported on line 6028). • Minus: • the amounts precluded from obligation in a fiscal year because of provisions of law such as benefit formulas or limitations on obligations (reported on line 6045); and • the temporary reductions reported on lines 4037, 4038, 5537, 6037, 6038 and 6537. If more than one appropriation is made from the fund, each will be listed separately by title and transmittal code. MAX uses line serial numbers in the range 10–15 to identify different transmittal codes, as described in the MAX User's Guide.
0590–0595	Adjustments	These lines allow OMB to adjust appropriations.
0599	Total appropriations (–)	MAX calculates this amount as the sum of lines 0500–0595.

Entry		Description
0610	Special and trust fund receipts returned	Include amount of special and trust fund unobligated balances that are cancelled or rescinded (see section 20.4(i)) and become available for subsequent appropriation action. Also, include cash refunds of previously appropriated receipts that are available for a subsequent appropriation and are returned to unappropriated receipts. Exclude amounts permanently cancelled and rescinded or withdrawn in special or trust funds that are returned to the general fund of the Treasury. MAX calculates this amount from amounts in schedule P on line 2441.
0700	Balance, end of year	MAX calculates this amount as the sum of lines 0199, 0299, 0599 and 0610.
0795	Rounding adjustment	This line allows OMB to adjust for rounding. The amount will not exceed +\- $2 million.
0799	Balance, end of year	MAX calculates this amount as the sum of lines 0700 and 0795. This line is copied as a memorandum entry into schedule J.

86.5 What do I need to know about the summary of budget authority and outlays?

If you have a regular account that has separate program and financing schedules for supplemental requests, legislative proposals, or rescission proposals, a summary will be printed in the Budget Appendix to report the totals for budget authority and outlays for PY through BY. MAX automatically generates the summary from data in schedule A. However, it is not a separate MAX schedule and cannot be viewed in the database. The summary normally will contain the following entries, as applicable, in the sequence shown:

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

Entry	Description
Enacted/requested: Budget authority Outlays	Total amount of budget authority and outlays for all years shown in the regular program and financing schedule under transmittal code 0. Entries reflect, without separate identification, reductions pursuant to the BEA.
Proposed for later transmittal: Budget authority Outlays	Total amount of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal codes 2, 3, or 4.
Supplemental: Budget authority Outlays	Total budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 1.
Rescission proposal: Budget authority Outlays	Total amount of reduction of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 5.
Total: Budget authority Outlays	Sum of all preceding entries.

Financial Statements
Balance Sheet (Schedule F)

Balance Sheet (in millions of dollars)

Identification code 16-4023-0-3-754		PY-1 act	PY act.
	ASSETS		
	Federal assets:		
	Investments in Federal securities:		
1102	Treasury securities, net……	4	4
1104	Agency securities, net……	1	2
1106	Receivables, net……	1	1
	Non-Federal assets:		
1201	Investments in non-Federal securities, net……	1	2
1999	Total assets……	7	9
		====	====
	LIABILITIES		
	Federal liabilities:		
2101	Accounts Payable……	1	1
2103	Debt……	1	1
	Non-Federal liabilities:		
2203	Debt……...	3	3
2999	Total liabilities……	5	5
		====	====
	NET POSITION		
3100	Unexpended appropriations……	3	3
3999	Total net position……	3	3
4999	Total liabilities and net position……	8	8

Note: Additional information is required for direct and guaranteed loan financing accounts under the Federal Credit Reform Act (see section 86.1).

Budget Year Appropriations Requests in Thousands of Dollars (Schedule T)

OFFICE OF THE SECRETARY
Salaries and Expenses

For necessary expenses, including services authorized by 5 U.S.C. [$89,786,000] $100,788,000.

Use schedule T to report *in thousands of dollars* the net budgetary resources contained in the appropriations language request.

Account: 007-55-76-0030

Appropriations Requests in Thousanes of Dollars (T):	PY	CY	BY
1001 01 Budget year budgetary resources [Treasury Acct]……			100,788

Account: 007-55-76-0030

Program and Financing (P)	PY actual	CY	BY
New budget authority (gross), detail:			
Discretionary:			
4000 01 Appropriation……	96	90	101
4200 01 Transferred from other accounts [75-1503]……	1	…..	5
4300 01 Appropriation (total)……	97	90	106

Amounts in schedule T must be consistent with amounts in schedule P.

Report amounts on a pre-transfer basis.

Exclude amounts applied to repay debt, liquidate contract authority, or liquidate deficiencies.

Do not report advance appropriations or spending authority from offsetting collections.

Account: 007-54-72-9915

Appropriations Requests in Thousands of Dollars (T)	PY	CY	BY
1000 01 Budget year budgetary resources [76-0819]……			97,843
1000 02 Budget year budgetary resources [76-0820]……			54,287
1000 03 Budget year budgetary resources [76-0824]……			21,000
1000 04 Budget year budgetary resources [76-0825]……			6,500

For consolidated or merged accounts, use separate line entries to report the budget year appropriation request. Include in each line the six-digit basic account symbol assigned by Treasury. You do not need to enter the Treasury code when only a single account is involved.

SECTION 95—BUDGET APPENDIX AND PRINT MATERIALS

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95.1 What is the budget *Appendix*?

The *Appendix—Budget of the United States* is one of several volumes that constitute the President's Budget. Like the other volumes, the President transmits the *Appendix* to the Congress, and it is published through the Government Printing Office (GPO). The Appropriations Committees, in particular, use the *Appendix* because it contains the appropriation language proposed by the President for each account that requires such language. The *Appendix* contains other detailed information about each account—such as program and financing information, expenditures by object class, narrative statements and data about the work performed, and employment data. The information printed in the *Appendix* is often referred to as *print materials*.

95.2 How is the *Appendix* organized?

The *Appendix* consists of these parts:

- Detailed Budget Estimates by Agency—This part, the main part of the *Appendix,* contains general provisions of law that apply to all Government activities and print materials for accounts organized by agency. Section 95.3 describes the organization of this part in more detail.

- Other Materials—This part may contain:

  - A summary of proposed changes to current year estimates through supplemental appropriations and rescissions;

  - Detailed print materials for proposed supplemental appropriations and rescissions;

- A list of amendments and revisions to budget authority requested between transmittal of the previous and current budgets; and
- A list of advance appropriations, advance funding, and forward funding proposed in the budget.

- Financing Vehicles and the Board of Governors of the Federal Reserve—This part contains descriptions of and data on certain entities that are excluded from the main part of the *Appendix.*
- Government-Sponsored Enterprises—This part contains descriptions of and data on Government-sponsored enterprises (private corporations chartered by Federal law), such as Fannie Mae.

95.3 How is the "Detailed Budget Estimates" section organized?

This part of the *Appendix* presents print materials in the following general order (see the Table of Contents of the most recent *Appendix* for the exact order):

- Legislative Branch;
- Judicial Branch;
- Cabinet agencies in alphabetical order;
- Large or prominent nondepartmental agencies (for example, the Environmental Protection Agency and the Executive Office of the President) and accounts grouped under the heading, "Other Defense–Civil Programs;" and
- The remaining agencies, under the heading "Other Independent Agencies," in alphabetical order.

We use the term *chapter* to refer to the presentation of print materials for a separate agency or group of agencies. Within the chapter for a department or large agency, the print materials are organized by bureaus or other major subordinate organizations within the agency (for example, the Farm Service Agency in USDA) or by major program areas (for example, Community Planning and Development in HUD). When we establish a new account in the MAX database, we assign a bureau and account sequence code, which determines the order in which bureaus and accounts appear in the *Appendix* (see section 79). For the sake of convenience in these instructions, we refer to all equivalent subdivisions of a chapter as bureaus.

The *Appendix* presents accounts in a uniform, logical order in all bureaus, unless there is a compelling reason for an exception. Accounts normally appear as follows:

- General fund accounts, in the following order:
  - Accounts for which appropriations are requested for the BY.
  - Accounts for which appropriations were made in the CY but not requested for the BY.
  - Other unexpired accounts.
  - Expired accounts.
- Special fund accounts, in the following order:
  - Accounts for which appropriations are requested for the BY.

  - Accounts for which appropriations were made in the CY but not requested for the BY.
  - Other unexpired accounts.
  - Expired accounts.

- Public enterprise funds.

- Intragovernmental revolving funds and management funds.

- Credit reform accounts, with related accounts grouped together in the following order:

  - Program account.
  - Financing account.
  - Liquidating account.

- Trust funds.

- Trust revolving funds.

- General fund receipt accounts.

A heading and a note for allocations from other accounts is shown at the end of the bureau (see section 82.14).

Certain materials are required for each account. The following table shows the print requirements and print sequence for all materials that could be required for an account. Because not all materials apply to a given account, the second column describes the circumstances in which they apply. The fourth column tells you which materials are generated from MAX and which ones you must submit as revised galleys.

BUDGET APPENDIX PRINT MATERIALS

Type of material	Applicability	See A–11 section...	MAX generated or revised galley?
Appropriations language	Required for each account with appropriations enacted for the CY or proposed for the BY. Language is usually not submitted for legislative or rescission proposals—transmittal codes 2, 4, or 5.	95.5	Revised galley
Special and trust fund receipts schedule	Required for all special and non-revolving trust fund accounts.	86.4	Generated from schedule N
Program and financing schedule	Required for all accounts.	82	Generated from schedule P
Distribution of budget authority and outlays by account	Required for merged and consolidated accounts.	82.13	Revised galley

Type of material	Applicability	See A–11 section...	MAX generated or revised galley?
Summary of budget authority and outlays	Required for each regular account that also has a supplemental request, legislative proposal, or rescission proposal.	86.5	Generated from schedule A for accounts reporting data under multiple transmittal codes
Status of direct loans	Required for all credit liquidating and financing accounts with direct loan activity, including Government-sponsored enterprises.	185.11	Generated from schedule G
Status of guaranteed loans	Required for all credit liquidating and financing accounts with guaranteed loan activity, including Government-sponsored enterprises.	185.11	Generated from schedule H
Summary of loan levels, subsidy budget authority, and outlays by program	Required for all credit program accounts with direct loan or loan guarantee subsidies.	185.10	Generated from schedule U
Narrative statement	Required for all accounts.	95.9	Revised galley
Schedule on the status of funds	Required for major trust funds and certain other accounts specified in section 86.5.	86.3	Generated from schedule J
Balance sheet	Required for Government-sponsored enterprises and credit liquidating accounts. For noncredit revolving funds, optional at the discretion of OMB.	86.1	Generated from schedule F
Object classification	Required for all accounts and annual limitations.	83	Generated from schedule O
Personnel summary	Required for each account that reports personnel compensation in object class 11.1 or 11.3. Also required when FTE are funded by allocations from other accounts.	85.5	Generated from schedule Q

95.4 What is the process for getting print materials published in the *Appendix*?

Each year, usually in early December, OMB will provide you with detailed instructions that reflect the requirements for that year. In general, however, the process for getting print materials published involves these steps:

1. In December, OMB will provide a PDF file of the galley proofs reprinted from last year's *Appendix*, reflecting the following changes:

   - Headings have been updated;
   - Generic changes to stub entries in generated schedules;
   - Amounts in generated schedules and narrative tables have been removed; and
   - Enacted appropriations language for the current year, as well as any new accounts has been inserted.

This round of the printed matter appears in an expanded one-column format. OMB refers to this set of galley proofs as *revised galleys.*

2. You output the PDF file and manually update the revised galley proofs (using the instructions in this section and exhibits 95A and 95B) and return a complete original set to OMB by the date specified in the instructions. The original should include corrections, new information, updated budget figures, and materials for legislative proposals and rescissions.

3. OMB sends the revised galleys and any additional print materials to GPO for processing.

   - Data from MAX schedules are extracted and merged with the revised galley file to produce new galley proofs and a corresponding PDF file, with which you will be provided.

   - OMB and you review the new galley proofs and make final changes to a master set of the revised galley proofs.

4. OMB sends the revised galley proofs to GPO for updating and output in two-column format. The resulting output will be in the form of a PDF file.

This round of the printed matter appears in a two-column format. OMB refers to this set of proofs as *page proofs.*

5. OMB outputs and reviews the page proofs on an extremely short deadline, makes essential corrections of errors, and sends corrected page proofs to GPO for final printing.

95.5 What do I need to know about revising appropriations language?

Appropriations language constitutes the President's request to the Congress for budget authority or other legislative authority (such as general provisions) to be provided through the annual appropriations process. The *Appendix* includes appropriations language for each account for which appropriations or limitation language was enacted in the CY or is proposed for the BY.

In most cases, you will submit proposed BY appropriations language by marking up language enacted as part of a regular CY appropriations act provided by OMB on revised galleys. However, if regular appropriations have not been enacted, OMB will provide you with special instructions. Exhibits 95A and 95B provide specific instructions for revising appropriations language.

If you propose new provisions or changes to enacted language (other than changes in amounts) for individual accounts or administrative and general provisions, include an explanation and justification. If you propose language that relates to employment of personnel without regard to civil service or classification laws, include a copy of the letter from the Office of Personnel Management approving the new provision(s). Submit this information on a separate page from the language submissions; do not write any explanations on the galley. Whenever possible, try to include proposed substantive changes in appropriations language with the budget submission to provide adequate time for review by OMB.

95.6 What supporting statutory references must I provide?

Provide the supporting statutory references described below, inserting them following the appropriations language (in parentheses and underscored), in the following sequence: basic authorizing legislation (including currently effective amendments), treaties, or executive orders that continue in effect during the budget year. These references are informational only. Follow these guidelines in referring to basic authorizing legislation:

- Cite the legislation in one of the following forms, in this order of preference:
  - United States Code;
  - Public law number;
  - Popular title of the law (if there is one); or
  - Date of the Act, followed by the applicable volume and page of the Statutes at Large.
- Do not include references to Government-wide, generally applicable laws (such as Title 5 of the U.S. Code).
- Cite executive orders by number.
- Consolidate citations to the same title of the U.S. Code, and list titles (and sections thereunder) in ascending numerical order.
- Avoid multiple citations to the same statute.
- If a citation is included in statutory text, do not repeat it in parentheses.

95.7 What are the special appropriations language requirements for credit programs?

The Federal Credit Reform Act imposes special appropriations language requirements for credit programs. (See section 185 for general guidance on credit programs.) Each program account for a direct loan or loan guarantee program must contain:

- A request for an appropriation for the subsidy costs on a net present value basis;
- A specification of the loan level supportable by the subsidy cost appropriation; and
- A request for an appropriation for the administrative expenses for operating the credit program.

Use the following standard subsidy appropriation language, using the bracketed elements as appropriate. If you need to transfer the amount for administrative expenses to a salaries and expenses account, modify the language as described below. Where loans are disbursed beyond the five year period after obligation, you need to add the proviso discussed in section 95.8.

> [For the cost of direct loans, $___,] [and] [for the cost of guaranteed loans, $___,] as authorized by [authorizing statute]: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize [gross obligations for the principal amount of direct loans not to exceed $___] [,and] [total loan principal, any part of which is to be guaranteed, not to exceed $___.] In addition, for administrative expenses to carry out the [direct] [and] [guaranteed] loan program[s], $___.

Where you propose to transfer administrative expenses to a salaries and expenses account, substitute the following for the last sentence above:

> In addition, for administrative expenses to carry out the [direct] [and] loan [guarantee] program[s], $___, which shall be [transferred to and merged with the appropriation for [name of account]] [or, to the extent necessary,] [used to reimburse the Federal Financing Bank as authorized in section 505(c) of the Congressional Budget Act of 1974].

If you believe that the nature of a program requires a modification of the specified language, you may request an exception (see section 25.2).

95.8 What are the special language requirements for programs that disburse over a period longer than five fiscal years?

Unless otherwise specified by law, budget authority is available for liquidating obligations (that is, outlays) for only five fiscal years after the authority expires. This could be problematic for programs funded by annual or multi-year budget authority where disbursements are expected to occur more than five fiscal years after the authority expires. Where loans or other costs (such as termination costs for some contracts and annual lease payments under operating leases, capital leases, or lease-purchase agreements) will be disbursed beyond the five-year period, use the following standard proviso, modified as appropriate, to ensure that the budget authority will remain available for disbursement over the full term of the contract:

> *:Provided,* That such sums are to remain available through 20XX for the disbursement of [loans] [lease payments] [termination costs] obligated in fiscal year 20XX.

95.9 How do I prepare narrative statements?

(a) *Active accounts.*

You must prepare a narrative statement (revising last year's statement, if there was one) for every active account, including supplemental requests, rescission proposals, and legislative proposals. An account is active if the program and financing schedule shows obligations in the CY or BY, or you estimate that the account will incur obligations in the outyears. Follow these guidelines and exhibit 95A when writing the narrative for an active account:

- Write the narrative statements in a concise and factual manner, avoiding hyperbole.
- Orient them toward the policies and objectives for the budget year.
- Include quantitative tables that match program performance and dollar data.
- Discuss performance goals and indicators and how the budget request supports them.
- Discuss efforts to improve program performance and efficiency
- Discuss pertinent legislation enacted since the previous budget and legislative initiatives proposed in the budget.
- Do not discuss the history, authorizing statutes, and other legal references except in special cases, as explained below.

The separate activities (and any subactivities) listed in the obligations by program activity section of the program and financing schedule should present a meaningful breakdown of the total program (see section 82.2). Therefore, it usually makes sense to address them separately in the narrative statements. You should identify the activities in side headings by the title used in the program and financing schedule and present them in the same order.

(b) *Inactive accounts.*

An account is inactive if it shows no obligations in the CY or BY and you estimate that no obligations will be incurred in the outyears. The narrative for inactive accounts should explain why the account is inactive. For example, it may be that the account funded a temporary study commission that is no longer authorized, received no appropriation after the PY, and simply spends out obligated balances. If an inactive account shows any budgetary resources (budget authority or unobligated balances) in the CY, BY, or outyears, the narrative should explain the expected disposition of the budgetary resources.

95.10 How should performance information be incorporated into the narrative statements?

The statements should support the performance budget by explaining what outcomes the agency expects to achieve with the requested funding and how the agency is working to improve performance and efficiency. Statements should also highlight how PART assessments were used to inform funding allocations and what follow-up the agency is taking to improve program performance. Additionally, statements should describe how implementation of the President's Management Agenda is helping the agency improve its operations and make better use of taxpayer dollars.

95.11 Are there any special requirements for narrative statements?

In addition to the information required for active accounts, the narrative should include certain specific information, described in the following paragraphs, if the account involves any of the following:

(a) *Narrative statements for revolving funds.*

For revolving funds, the narrative statement should include the information required for active accounts in general (see section 95.9) using the side heading *Budget program.* In addition, the narrative statement should address the following topics, with the side headings shown:

- *Financing*. Provide significant information on the fund's means of financing, such as sources of income and authority to borrow (including limits on such authority, amounts actually borrowed and repaid during the year). For funds with a statutory limit on the amount of borrowing or on the amount of debt that can be outstanding at any one time, indicate the amount of the limit and discuss the position of the fund with respect to the limit during the budget year. Include in the statement a discussion of how close to the limit the fund will approach during the year.

- *Operating results*. Provide significant information relating to levels of revenue, expense, and net income or loss. Explain the steps being taken to dispose of any deficits and the planned disposition of net earnings. Include an analysis of retained income on a cumulative basis, disclosing any budget authority amounts used to offset deficits for non-revenue producing outlays since the inception of the fund.

For each fund covered by section 102 of the Government Corporation Control Act, include a specific recommendation on the application of the retained earnings or restoration of capital impairment at the end of the past year. The recommendation should indicate:

- The amount of retained income to be returned to the Treasury and the use to be made of the remainder, if any; and

- Whether restoration of any capital impairment is required and whether this should be done by appropriations or other means.

(b) *Narrative statements for Federal credit programs.*

Narrative statements for Federal credit programs should address these items:

- Significant factors in developing subsidy estimates, such as default rates and interest rates charged to borrowers.
- Where relevant, information about how risk categories are defined (see section 185.3).
- For loan guarantee programs, the percentage of the loan covered by the guarantee.

Use the following paragraphs, modified as necessary, to describe each account for a credit program.

For liquidating accounts:

> As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from [direct loans obligated] [and] [loan guarantees committed] prior to 1992. All new activity in this program (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year) is recorded in corresponding program accounts and financing accounts.

For program accounts:

> As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the [direct loans obligated] [and] [loan guarantees committed] in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

For direct loan financing accounts:

> As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

For guaranteed loan financing accounts:

> As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals.

(c) *Narrative statements in special cases.*

The narrative statement should explain any special circumstances affecting the means of financing the program. Cover the following cases in particular:

- *Mandatory spending*. Indicate the legal basis for the budget authority (since no appropriations language is presented for such items).
- *Offsetting collections and receipts.* When offsetting collections or receipts earmarked in a special or trust fund finance a significant portion of the obligations of the account, discuss the source of the collections or receipts and the purposes of and restrictions on their use. For example, discuss

user charges to the public, reimbursable work performed for other organizations, and asset sales. The narrative should also discuss receipts generated by the program but deposited into the general fund of the Treasury, when pertinent to the operations of the program.

- *Agency debt issued and investments in agency debt*. Unless the information is provided in a balance sheet for the account, the narrative statement should include the following information, as applicable, for PY–1 through BY. For accounts that issue debt instruments to other Federal accounts (excluding debt issued to Treasury or to the Federal Financing Bank) or to non-Federal entities, indicate the par value of outstanding debt securities issued by the account to other Federal accounts (in total) and non-Federal entities (in total). For accounts that own securities issued by other Federal accounts (excluding securities issued by the Treasury or the Federal Financing Bank) or by non-Federal entities, indicate the par value of the securities owned that were issued by Federal accounts (in total) and non-Federal entities (in total).

- *Limitations on borrowing or debt.* For accounts with a statutory limit on the amount of borrowing or on the amount of debt that can be outstanding at any one time, indicate the amount of the limit and discuss the position of the fund with respect to the limit during the budget year. Include in the statement a discussion of how close to the limit the fund will approach during the year.

95.12 What do I need to know about footnotes and tables?

Other sections of this Circular require footnotes and tables in certain circumstances (see below). In some cases, these footnotes and tables appear to be part of a MAX schedule or resemble a MAX schedule. However, you must treat these footnotes and tables as part of the narrative statements because they are not in the MAX A–11 database and are not automatically generated. Due to the limited column width of the page layout, narrative tables should be concise and only contain essential data.

- *Transfer in the estimates.* For an account with a transfer in the estimates, as defined in section 20.4(k), prepare a footnote in the format described in section 82.12 and insert it following the program and financing schedule.

- *Transfer of resources.* For an account with a transfer of resources as defined in section 20.4(j), prepare a footnote in the format described in section 82.11 and insert it at the end of the program and financing schedule.

- *Allocation accounts*. For each bureau (or agency if the agency has no bureaus) that receives an allocation as defined in 20.4(l), prepare a footnote in the format described in section 82.14 and insert it at the end of the print materials for the bureau that receives allocations.

Consolidated schedules and merged accounts. For a program and financing schedule that contains data for accounts that have been consolidated or merged (see sections 79.3(h)), prepare a table distributing budget authority and outlays by account in the format described in section 82.13 and Insert it following the program and financing schedule.

Revising Appropriations Language and Narrative Statements

GALLEY PROOF

Dept of Government Appendix Part 1G.189-685 DOG.010

"Extension" number

Return a complete set of revised galley proofs to OMB. Do not reduce the size of the galleys.

DEPARTMENT OF GOVERNMENT
OFFICE OF THE SECRETARY
Federal funds

General and special funds:

SALARIES AND EXPENSES

For expenses necessary for the Office of the Secretary, including not to exceed $90,000 for expenses of travel; purchase (not to exceed [one] three, of which two shall be for replacement only) and hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109; [$3,220,000]; *Provided,* That not to exceed $3,500,000 $20,000 of the amount appropriated under this heading in the Department of Government Appropriation Act, 2004, shall remain available during the current fiscal year. *(Department of Government Appropriations Act, 2005.)*

[For an additional amount for "Salaries and Expenses," $200,000.] (*Supplemental Appropriations Act, 2005.)*

Key points for appropriations language:
1. Enclose deletions with brackets [ ].
2. Show new material in the right margin or include as an attachment. Use a caret (^) and line to clearly show where to insert the new material. New material follows bracketed [ ] material and must be underscored.
3. Round requested dollars to the nearest thousand (e.g., $10,951,000; not $10,950,768).
4. Use pencil and do not obliterate any text or punctuation marks.

Program and Financing (in millions of dollars)

Identification code 09-2650-0-1-301		PY actual	CY est.	BY est.
Obligations by program activity:				
00.01	Assistance and training	.....	.....	.....
00.02	Enforcement programs	.....	.....	.....
00.03	Standards setting program	.....	.....	.....
00.04	Research and analysis	.....	.....	.....
10.00	Total new obligations	.....	.....	.....
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year	.....	.....	.....
22.00	New budget authority (gross)	.....	.....	.....
22.10	Resources available from recoveries of prior year obligations	.....	.....	.....
22.90	Total budgetary resources available for obligation	.....	.....	.....
23.95	New obligations	.....	.....	.....
23.98	Unobligated balance expiring	.....	.....	.....
24.40	New budget authority (gross)	.....	.....	.....
New budget authority (gross), detail:				
40.00	Appropriation	.....	.....	.....
41.00	Transferred to other accounts	.....	.....	.....
43.00	Appropriation (total, discretionary)	.....	.....	.....
Change in unpaid obligations:				
72.40	Obligated balance, start of year	.....	.....	.....
73.10	New obligations	.....	.....	.....
73.20	Total outlays (gross)	.....	.....	.....
73.40	Adjustments in expired accounts	.....	.....	.....
73.45	Recoveries of prior year obligations	.....	.....	.....
74.40	Obligated balance, end of year	.....	.....	.....
Outlays (gross), detail:				
86.90	Outlays from new discretionary authority	.....	.....	.....
86.93	Outlays from discretionary balances	.....	.....	.....
87.00	Total outlays (gross)	.....	.....	.....
Net budget authority and outlays:				
89.00	Budget authority	.....	.....	.....
90.00	Outlays		.....	.....

For generated schedules, MAX data will be printed automatically; do not enter amounts on the revised galleys.

"Frame" number

VerDate 22-Nov-XX 09:50 Jan 15, XXXX Jkt 162001 PO 00000 Frm 0001 Fmt 3619 Sbfmt 3643 E:\BUDGET\GOV.xxx pfm01

Revising Appropriations Language and Narrative Statements (continued)

INSERT A to extension GOV.000, frame 0002

1. Assistance and training. The PY amendments to the Environmental Control Act increased the Federal portion of funds provided for water pollution control projects to 75 percent of the project estimates in BY. Additional training will accompany the increased project funding to provide for a more comprehensive review of future project plans and alternatives. In BY, amounts provided for training will increase 190.4 percent.

Water Pollution Program Activities
(in millions of dollars)

	PY	CY	BY
Total project costs	37	53	46
Federal share	25	31	34
Projects completed	21	33	31
Training program costs	1	1	2
Number of persons trained	7,732	8,496	10,340

For supplemental and rescission proposals, include new material at the end of your galleys, even though they will print in a different part of the Appendix.

Title I of the Environmental Control Act of 1968 (88 U.S.C. 2102 et seq.) authorized water resource control programs through the promulgation of standards enforcement of controls and assistance to States governments for pollution control programs.

and Water

and regulations

,

1. *Assistance and training.* Funds are provided for assisting States in financing up to 60% of the cost of pollution control projects, in accordance with plans submitted and approved by the Secretary. The projects are required to meet the criteria developed by the Water Resources Control Board, including the preparation of development plans for water-related recreational facilities. Training is provided for the review of water pollution control programs and studies.

INSERT A

2. *Enforcement programs.* The enforcement program is directed toward achieving compliance with standards.

For new accounts and legislative proposals, follow the account and print material sequence described in section 95.3. Clearly mark where new material should be inserted and update the generated schedules through MAX.

KEY POINTS for narrative statements:
1. Show deletions by strikeout; *do not use brackets* (as you do for appropriation language).
2. Mark short inserts in pencil directly on galley proof. Submit longer inserts on separate sheets of paper, identify the appropriate galley extension and frame number, and attach to the galley proof. For all inserts, draw an arrow to the proper insertion point. Do not underline new material (as you do for new appropriations language).
3. Follow the capitalization rules of the Government Printing Office Style Manual except capitalize only the first word of account titles and titles of programs and activities (unless the title also contains proper nouns that would otherwise be capitalized).
4. Use leader dots in columns of figures rather than zeros.
5. Omit dollar signs from amounts in tables.
6. Do not use minus signs in line stubs of tables.
7. Use minus signs to show negative amounts; do not use parenthesis to show an amount being subtracted in a table.
8. Round dollars to the nearest million. In tables, show amounts of $500,000 or less as zero (...). In narrative statements, follow the same rounding rule but include the word "million."

"Frame" number

VerDate 22-Nov-XX 09:50 Jan 15, XXXX Jkt 162001 PO 00000 Frm 0002 Fmt 3619 Sbfmt 3643 E:\BUDGET\GOV.000 pfm01

Revising General Provisions

GALLEY PROOF

TITLE VII—GENERAL PROVISIONS

[SEC. 701. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department of Government for the fiscal year 1996 under this Act shall be available for purchase, in addition to those specifically provided for, of not to exceed 665 passenger motor vehicles, of which 664 shall be for replacement only, and for the hire of such vehicles.]

SEC. [702] Funds in this Act available to the Department of Government shall be available for uniforms or allowances therefore as authorized by law (5 U.S.C. 5901-5902). 701

[SEC. 703. Not less than $1,500,000 for the appropriations of the Department of Government in this Act for research and service work authorized by the Acts of August 14, 1946 and July 28, 1954 (7. U.S.C. 427, 1621-1629), and chapter 63 of title 31, United States Code, shall be available for contracting in accordance with the said Acts and chapters.]

SEC. [704] The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed [$2,000,000] ; *Provided* , That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator. 702

SEC. [705] No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein. 703

SEC. 704. From funds made available to the Department of Government in this Act, the Secretary may transfer amounts to "Department Administration," to be merged with such account and available for the same purpose.

KEY POINTS for general provisions:

1. Show deletions of entire sections by using brackets [ ] around the entire section.

2. When entire sections are proposed for deletion, renumber the remaining sections, placing the new numbers in the margin, underscored.

3. Include any proposed new sections at the end of the current law provisions as underscored.

OMB CIRCULAR NO. A-11

PART 3

SELECTED ACTIONS FOLLOWING TRANSMITTAL OF THE BUDGET

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2006

SECTION 110—SUPPLEMENTALS AND AMENDMENTS

Table of Contents

110.1	How does the President propose changes in the budget in between his annual transmittals of the budget?
110.2	What are supplementals and amendments?
110.3	What do I need to send to OMB?
Ex–110A	Supplemental requests—appropriations language
Ex–110B	Budget amendments—appropriations language

110.1 How does the President propose changes in the budget in between his annual transmittals of the budget?

After the President's Budget has been transmitted to the Congress, the President proposes changes in the budget by transmitting appropriations requests to revise the original budget request for the current year (supplemental) or budget year (amendment), including proposed appropriations language for legislative initiatives (e.g., items included in the budget as legislative proposals).

All proposed revisions must conform to the policies of the President. The requests may be for additional amounts or proposed changes in appropriations language that do not affect amounts previously requested, such as technical corrections or changes in a limitation on the use of trust funds. These requests may be either supplementals or amendments, depending upon when they are transmitted (see section 110.2).

You should make every effort to postpone actions that require supplemental appropriations. However, submit proposals that decrease or eliminate amounts whenever such changes are warranted. When requesting supplementals and amendments that increase the amounts contained in the budget, provide proposals for reductions elsewhere in the agency (see section 20.4(i)).

OMB will only consider requests for supplementals and amendments when:

- Existing law requires payments within the fiscal year (e.g., pensions and entitlements);
- An unforeseen emergency situation occurs (e.g., natural disaster requiring expenditures for the preservation of life or property);
- New legislation enacted after the submission of the annual budget requires additional funds within the fiscal year;
- Increased workload is uncontrollable except by statutory change; or
- Liability accrues under the law and it is in the Government's interest to liquidate the liability as soon as possible (e.g., claims on which interest is payable).

It generally takes a minimum of three weeks for OMB and the White House to consider agency proposals for supplementals or amendments that are not transmitted in the annual budget. Allow for this timing when making requests.

See section 82.10 for instructions on supplementals and amendments that will be transmitted with the budget. If the Congress has not completed action on your appropriations bill for the current year before the President transmits his request for the budget year, OMB will issue guidance on the presentation of any amendments to the President's current year request.

110.2 What are supplementals and amendments?

Supplementals are appropriation requests that are transmitted after completion of action on an annual appropriations bill by the Appropriations Committees of both Houses. They may be transmitted prior to, with, or subsequent to transmittal of the succeeding annual budget document. Supplemental requests that are known at the time the budget is prepared are normally transmitted to the Congress with the budget, rather than later as separate transmittals. However, each case will be decided separately. OMB representatives will inform you which supplementals will be transmitted with the budget so you can submit the necessary information. These supplementals may be:

- requesting additional amounts not previously anticipated; or
- requesting changes in appropriations language that do not affect amounts previously appropriated.

Amendments are proposed actions that revise the President's Budget request and are transmitted prior to completion of action on the budget request by the Appropriations Committees of both Houses of Congress. This includes appropriations language for activities authorized since transmittal of the President's Budget that were included in the budget as a legislative proposal.

110.3 What do I need to send to OMB?

You need to submit the following materials in both hard copy and electronic versions. Also, you should be prepared to revise the material, as appropriate, to reflect Presidential decisions.

(a) *Appropriations language*. (See section 95 for a more detailed explanation of appropriations language requirements.) With the expiration of section 251 of the Budget Enforcement Act, there is no longer a statutory procedure for "emergency" declarations. Nonetheless, OMB will continue to address supplemental and amendment requests for unforeseen and urgent requirements.

(1) *Supplementals*. Utilize exhibit 110A to develop language for supplemental requests.

(2) *Amendments*. Prepare language for budget amendments in the format of exhibit 110B. Use the language proposed for the budget year in the President's Budget, not the current year appropriation as the base (i.e., make changes to the budget year proposed language).

(3) *Contingent funding previously appropriated*. For releases of previously appropriated funding made contingent on the President taking additional action, agencies should contact their OMB representative.

(b) *Justification*. Prepare a justification in accordance with applicable requirements of section 51. It should also include:

- The reason why additional funds are required in the fiscal year requested, identifying specifically which of the circumstances described in section 110.1 applies;
- An explanation of proposed language provisions, if necessary; and

- Pertinent data concerning the effect on Federal civilian employment.
- For *supplemental requests* only, include the following:
- The date when requested funds are needed for obligation;
- A statement of actual and estimated obligations for the year, prepared on a quarterly basis; and
- A statement of actual obligations by month, for the previous three months.

(c) *Explanation of request*. Provide a short explanation, including the effect of the request on outlays. This explanation should be suitable for transmittal to the Congress as part of the President's proposal. If appropriate, the explanation may be a synopsis of the major points that appear in the justification.

(d) *Letter from agency head*. Provide a letter from the head of the agency that includes a statement concerning the validity of obligations, as required by 31 U.S.C. 1108.

Supplemental Requests
Appropriations Language

DEPARTMENT OF GOVERNMENT
NATIONAL TECHNOLOGY FOUNDATION
International Geophysical Year

Headings will be identical with those used in the current year appropriations act.

For an additional amount for "International Geophysical Year," $28,000,000, to remain available until expended.

Additional amount for same purpose, subject to conditions set forth in original appropriation.

[Explanation, including the effect on outlays.]

NATIONAL MEDIATION COMMISSION
Salaries and Expenses

Additional amount for same purpose, but with an additional proviso not included in original appropriation text.

For an additional amount for "Salaries and Expenses," $3,000,000, to be derived by transfer from "Arbitration and emergency boards," fiscal year 20xx.

[Explanation, including the effect on outlays.]

FEDERAL TRADE ADMINISTRATION
Salaries and Expenses

No additional amount, but conditions set forth in original appropriation text are altered.

In addition to the amount made available under this heading in the Independent Agencies Appropriations Act, 20xx, for expenses of travel, $2,000,000 shall be available in that appropriation for such expenses.

[Explanation, including the effect on outlays.]

New appropriation item.

For new appropriation items, the account title is underscored.

LINCOLN SESQUICENTENNIAL COMMISSION
Salaries and Expenses

For expenses necessary to carry out the Act of August 5, 20xx, as amended (97 Stat. 366 and 69 Stat. 589), $759,000.

[Explanation, including the effect on outlays.]

All language is underscored.

Budget Amendments
Appropriations Language

Agency:	DEPARTMENT OF GOVERNMENT		
Bureau:	AGRICULTURE UTILIZATION SERVICE		
Heading:	Salaries and Expenses		
FY BY Budget Appendix Page:	23	**[See Note 1]**	Only total request amended.
FY BY Pending Request:	$42,915,000	**[See Note 2]**	
Proposed Amendment:	$7,057,000	**[See Note 3]**	
Revised Request:	$49,972,000	**[See Note 4]**	

[Explanation, including the effect on outlays]

Agency:	DEPARTMENT OF GOVERNMENT		
Bureau:	FARM SERVICE		
Heading:	Salaries and Expenses		
FY BY Budget Appendix Page:	142	**[See Note 1]**	Change to total amount requested and other conditions.
FY BY Pending Request:	$795,098,000	**[See Note 2]**	
Proposed Amendment:	$91,292,000	**[See Note 3]**	
Revised Request:	$886,390,000	**[See Note 4]**	

(In the appropriations language under the above heading, delete "$796,752,000" and substitute $888,044,000; delete "$795,098,000" and substitute $886,390,000; and delete the entire second proviso beginning with ": Provided further, That beginning the fiscal year 20xx".)
[See Note 5]

[Explanation, including the effect on outlays]

Agency:	DEPARTMENT OF GOVERNMENT		
Bureau:	OFFICE OF THE SECRETARY		
Heading:	Salaries and Expenses		
FY BY Budget Appendix Page:	708	**[See Note 1]**	Appropriations language change only; no change to amount requested.
FY BY Pending Request:	$25,600,000	**[See Note 2]**	
Proposed Amendment:	Language		
Revised Request:	$25,600,000	**[See Note 4]**	

(In the appropriations language under the above heading, insert and Hawaii immediately following "forty-eight contiguous States".)
[See Note 5]

[Explanation, including the effect on outlays]

Budget Amendments
Appropriations Language--Continued

Headings will be identical with the titles proposed in the President's Budget .

Agency:	DEPARTMENT OF GOVERNMENT	
Bureau:	RURAL HOUSING ADMINISTRATION	
Heading:	Community Grants	
FY BY Budget Appendix Page:	211	**[See Note 1]**
FY BY Pending Request:	---	
Proposed Amendment:	$10,000,000	
Revised Request:	$10,000,000	**[See Note 4]**

New appropriation item. (If the account appears in the BY Budget *Appendix* but includes no language request, the heading will not be underscored.)

(Insert the above heading and the appropriations language that follows immediately after the material under the heading "Rural Housing Grant":)

For grants for essential community facilities in rural areas pursuant to section 763 of the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127), $10,000,000.

[Explanation, including the effect on outlays]

Agency:	DEPARTMENT OF GOVERNMENT	
Bureau:	NATURAL RESOURCES CONSERVATION AGENCY	
Heading:	River Basin Salinity Control Program	
FY BY Budget Appendix Page:	187	**[See Note 1]**
FY BY Pending Request:	$2,681,000	**[See Note 2]**
Proposed Amendment:	-$2,681,000	
Revised Request:	---	

Deletion of entire appropriations request.

(Delete the appropriations language under the above heading.)

[Explanation, including the effect on outlays]

Note 1: For revisions to transmitted amendments, this line will be entitled "House Doc. 10x-xx Page" or "Senate Doc. 10x-xx Page" as applicable.
Note 2: Amounts in this line should represent the estimates now pending congressional action. Do not include amounts that were included in the President's Budget as legislative proposals.
Note 3: Reductions in the estimates should be identified by a minus sign.
Note 4: Amounts in all lines should be shown in exact dollars.
Note 5: Language in the President's Budget proposed for the budget year will be the basis for the appropriations language, not the current year appropriation.

SECTION 112—DEFEERRALS AND PRESIDENTIAL PROPOSALS TO RESCIND OR CANCEL FUNDS

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Before the President transmits a special message

112.1 What do I need to know about rescission proposals and deferrals (impoundments)?
112.2 What is the difference between an impoundment and a cancellation proposed by the President?
112.3 When are funds deferred or proposed by the President for rescission withheld from obligation?
112.4 What materials are sent to the Congress?
112.5 When do I need to submit material to OMB?
112.6 What materials do I submit for inclusion in a special message for a rescission proposal?
112.7 What materials do I submit for inclusion in a special message for a deferral?
112.8 What narrative information do I need to include with rescission or deferral reports?
112.9 What am I required to do when a previously reported deferral or rescission proposal changes?
112.10 What information is required for the supplementary report?
112.11 What are the responsibilities of OMB in preparing special messages?

After the President transmits a special message

112.12 What should I do to help OMB prepare cumulative reports?
112.13 What are my responsibilities after a deferral is reported to the Congress?
112.14 What apportionment action is required when a rescission is enacted?
112.15 What apportionment action is required when a rescission is not enacted?
112.16 What apportionment action is required when a deferral is disapproved?

Limitations on trust and special funds

112.17 How do I treat proposals to lower limitations on trust or revolving funds?

Preparing a rescission, deferral, or a supplementary report

112.18 What do I include on the different lines of the rescission, deferral, and supplementary reports?
112.19 How do I reflect the deferral or the proposed rescission on the SF 132?

Exhibits

Ex–112A Rescission Report–Sample Rescission Proposal
Ex–112B Apportionment or Reapportionment Request for Rescission Proposal Reported in Exhibit 112A
Ex–112C Deferral Report
Ex–112D Apportionment or Reapportionment Request for Congressionally-Initiated Deferral for account illustrated in Exhibit 112C

Summary of Changes

Clarifies the difference between proposed cancellations and rescissions and that funds proposed by the President for cancellation cannot be withheld from obligation (section 112.2).

112.1 What do I need to know about rescission proposals and deferrals (impoundments)?

Title X of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, requires the President to transmit a *special message* to the Congress whenever a permanent rescission of budgetary resources is proposed. It also requires that special messages be transmitted to the Congress when funds are withheld temporarily from obligation (i.e., deferred).

The President transmits *supplementary messages* to the Congress when information contained in a special message transmitted previously is revised. This section provides instructions on agency reporting procedures and required submissions to OMB. Section 82.9 explains how rescission proposals that are transmitted before or at the time the budget is transmitted are presented in the budget. Section 82.9 only addresses rescission proposals that will be considered permanent once enacted.

112.2 What is the difference between an impoundment and a cancellation proposed by the President?

Impoundment means any Executive action or inaction that withholds or precludes the obligation or expenditure of budget authority. There are two types of impoundments:

- *Rescission* means enacted legislation that reduces budget authority previously provided by law, prior to the time when the authority would otherwise expire. See section 112.18 for detailed instructions on rescission proposals by the President.

- *Deferral* means any Executive action or inaction that temporarily withholds or effectively precludes the obligation or expenditure of budgetary resources with the intent of using the funds before they expire. Deferrals are generally effected through the apportionment process. "Agency deferrals" are those initiated and effected by the agency itself and not reflected in the apportionments. See section 112.4 for instructions on reports to the Congress.

Rescission proposals and *deferrals* are subject to the requirements of Title X of the Congressional Budget and Impoundment Control Act, which require the President to transmit a *special message* to the Congress (see section and 20.4(i)).

In contrast, *cancellation proposals* are proposals by the President to reduce budgetary resources that are not subject to the requirements of Title X of the Congressional Budget and Impoundment Control Act. Amounts proposed for cancellation are not to be withheld from obligation. Such amounts are subject to the normal apportionment instructions (see sections 120 and 121).

The instructions provided in the remainder of this section apply only to rescission proposals and deferrals.

112.3 When are funds deferred or proposed by the President for rescission withheld from obligation?

Rescissions. Generally, amounts proposed for rescission will be withheld during the time proposals are being considered by the Congress. This may be accomplished through apportionment action or through agency withholding action.

For amounts withheld through the apportionment process, see section 112.19 for instructions on completing the SF 132 and SF 133 reports for enacted and proposed rescissions. (For timing of apportionment actions, see sections 120.29, 120.35, 112.15, and 112.16.)

Deferrals. OMB may approve apportionments that reflect available budgetary resources temporarily withheld from obligation through the apportionment process. OMB may take such deferral action on its own initiative or at the request of an agency. Do not defer funds without prior approval of OMB.

112.4 What materials are sent to the Congress?

Title X of the Congressional Budget and Impoundment Control Act requires the President to transmit the following materials to the Congress:

- Special messages;
- Supplementary messages, whenever any information contained in a previous special message is revised; and
- Cumulative reports listing the status, as of the first day of the month, of all deferrals and rescission proposals previously included in special messages. The cumulative reports are to be transmitted to the Congress by the 10th day of each month.

Instructions on reporting procedures are provided in section 112.18.

112.5 When do I need to submit material to OMB?

For deferrals and proposed rescissions withheld through the apportionment process:

- Submit the required materials when the corresponding apportionment or reapportionment requests are made to OMB, or
- If OMB suggests changes in or initiates rescission proposals or deferrals, furnish requested materials expeditiously on a time schedule determined by OMB.

For agency deferrals, submit the required materials immediately after OMB approves a proposal to withhold funds.

Submit a supplementary report to OMB, including a revised rescission proposal report and proposed rescission language, or deferral report, as appropriate, whenever you submit a reapportionment request changing the amount of the rescission proposal or increasing the amount of the deferral, or making any substantial changes to information contained in a previous report.

OMB will report reductions in amounts deferred in cumulative reports based on approved apportionments. Contact OMB no later than the first day of the following month to report the release of all or portions of agency deferrals.

112.6 What materials do I submit for inclusion in a special message for a rescission proposal?

Submit the following materials to OMB for each rescission proposal:

- A proposed rescission report (see exhibit 112A);
- Proposed rescission language (see exhibit 112A); and

- An apportionment request (SF 132) that reflects the amount withheld pending rescission on line 9 of the SF 132 (see exhibit 112B).

For proposed rescissions that are transmitted on the same day (or shortly thereafter) as the budget, verify that amounts on the rescission report agree with the amounts printed in the budget *Appendix*. If accounts with amounts proposed for rescission are combined (or merged) with other accounts in the *Appendix*, the budgetary resources on the rescission report will agree with the combined (or merged) account in the *Appendix*, even if some of the combined accounts have no proposed rescission. Express all amounts in dollars (per the latest SF 132s).

112.7 What materials do I submit for inclusion in a special message for a deferral?

Submit the following materials to OMB for each deferral:

- A deferral report (see exhibit 112C); and

- An apportionment request (SF 132) that reflects the amount deferred on line 10 of the SF 132.

For deferrals that are transmitted on the same day (or shortly thereafter) as the budget, verify that amounts on the deferral report agree with the amounts printed in the *Appendix*. If accounts with amounts deferred are combined (or merged) with other accounts in the *Appendix*, the budgetary resources on the deferral report will agree with the combined (or merged) account in the *Appendix*, even if some of the combined accounts have no deferral. Express all amounts in dollars (per the latest SF 132s).

(For information on materials required for supplementary messages, see section 112.10.)

112.8 What narrative information do I need to include with rescission or deferral reports?

Include information in the rescission or deferral reports specifying:

- The amount proposed for rescission or deferral;

- The affected account and specific project or governmental functions involved;

- The reasons why the amount should be rescinded or deferred;

- The estimated fiscal, economic, and budgetary effects of the rescission proposal or deferral;

- The effect of the rescission proposal or deferral on the objects, purposes, and programs for which the amount was provided, to the maximum extent practicable; and

- Any other relevant facts, circumstances, and considerations.

Also specify in the deferral report the period of time the budget authority is to be deferred and any legal authority invoked to justify the deferral in addition to Title X of the Congressional Budget and Impoundment Control Act (2 U.S.C. 684).

The information you provide and that is incorporated into special messages constitutes formal notification to the Congress of rescission proposals and deferrals. As such, rescission and deferral reports that you prepare should set forth a brief description of the program; a justification that presents the reasons for the rescission proposal or deferral in a logical, clear, and concise fashion; a persuasive argument in support of each rescission proposal or deferral; and any other relevant information. Specifically address the estimated program and outlay effects.

For instructions on preparation of rescission and deferral reports, see section 112.18.

112.9 What am I required to do when a previously reported deferral or rescission proposal changes?

You are required to prepare a *supplementary report* whenever the purpose of the rescission proposal or deferral has not changed, but

- The amount of the proposed rescission changes;
- The amount of the deferral increases; or
- Other substantial changes made to the previous report.

Do not prepare a supplementary report when the amount of a deferral decreases. OMB reports reductions in deferrals to the Congress in monthly cumulative reports based on approved apportionments. When all or portions of agency deferrals (deferrals not withheld through the apportionment process) are released, contact your OMB representative no later than the first day of the following month so that OMB can report these deferrals in the cumulative reports.

When the *purpose of a deferral changes*, OMB may determine that a *new deferral report* is required instead of a supplementary report.

112.10 What information is required for the supplementary report?

The supplementary report should specify:

- The amount of the initial proposed rescission or deferral reported in a special message or, when revised reports have been made previously, the amount of the latest revision;
- The amount currently being deferred or proposed for rescission;
- The amount of the increase in the deferral or change in proposed rescission; and
- The reason for the change.

Whenever you revise information on a rescission proposal or deferral previously included in a special message, submit:

- A supplementary report explaining the change;
- The corresponding revised rescission or deferral report;
- In the case of rescissions, revised proposed rescission language; and

- In some cases, a reapportionment request.

(NOTE: Insert an asterisk (*) before revisions to information (e.g., amounts withheld or explanations) contained in rescission or deferral reports. Footnote the report "* Revised from previous report.")
The supplementary report, the revised rescission or deferral report, and revised rescission language will be included in a special message from the President to the Congress.

112.11 What are the responsibilities of OMB in preparing special messages?

OMB will compile and transmit the special and supplementary messages to the Congress and to the Comptroller General. After the special and supplementary messages are transmitted to the Congress and GAO, they are printed as House and Senate documents and in the Federal Register.

112.12 What should I do to help OMB prepare cumulative reports?

Notify OMB on the first day of each month when all or portions of agency deferrals (deferrals not withheld through the apportionment process) are released. After the cumulative reports are transmitted to the Congress and GAO, they are printed as House and Senate documents and in the Federal Register.

112.13 What are my responsibilities after a deferral is reported to the Congress?

Review all deferrals periodically so that amounts deferred for only part of the year may be released in time to be used prudently before the year ends.

112.14 What apportionment action is required when a rescission is enacted?

If the Congress completes action on a Presidential rescission proposal within the 45–day period prescribed by law and rescinds the exact amount proposed by the President (and the amount is being withheld on line 9 of the SF 132), reapportionment action is not required to reflect the reduction in budget authority. Adjust the SF 132 to reflect the enacted rescission on line 6B (and remove it from line 9) only if reapportionment action is requested for other reasons.

In all other circumstances involving congressional rescission of amounts initially proposed for rescission by the President, submit reapportionment requests to OMB promptly upon completion of congressional action. (This includes instances when the Congress rescinds an amount different from that proposed by the President within the prescribed 45 days or rescinds all or any portion of the amount proposed by the President subsequent to the expiration of the prescribed 45 days of continuous session.) In all cases, follow congressional action on proposed rescissions affecting your programs or activities to ensure accurate and timely reapportionment action.

Congressionally-initiated rescissions may occur as the result of the reconciliation process established by the Congressional Budget Act (2 U.S.C. 641) or due to changing priorities or economic conditions during the year. Submit reapportionment requests after enactment of the statute in such cases and ensure that obligations do not exceed reduced appropriations.

112.15 What apportionment action is required when a rescission is not enacted?

According to law, funds withheld pending rescission must be released following expiration of the prescribed 45 days of continuous session without completion of action on the proposed rescission by both Houses of Congress.

When funds must be released because of congressional inaction on proposed rescissions, submit reapportionment requests reflecting the release of the affected amounts to OMB before the end of the prescribed 45 days, as determined by OMB. If the Congress is in session, the 45–day period begins the first day after the Congress receives a special message. If the Congress is not in session at the time of the transmittal of a special message, the 45–day period begins the first day the Congress convenes. If the second session of a Congress adjourns *sine die* before the expiration of the 45 days, the special message is considered retransmitted on the first day of the succeeding Congress and the 45–day period begins the following day. If either House recesses during a session for more than three days to a day certain, the number of days in recess is excluded from the counting period. OMB, in consultation with the Government Accountability Office, will determine the day for the release of each proposed rescission and will notify agencies when funds should be released.

112.16 What apportionment action is required when a deferral is disapproved?

When legislation is enacted to disapprove an Executive deferral, you must take prompt action to ensure the release of the affected amounts. If funds have been deferred through the apportionment process, submit a reapportionment request to OMB, reflecting release of amounts previously deferred not later than the day following enactment of the legislation.

112.17 How do I treat proposals to lower limitations on trust or revolving funds?

Statutory limitations on the availability of trust or revolving funds are a mechanism to control funds that would otherwise be available for obligation under broad authority. The limitations are generally not the source of authority to incur obligations; rather, they place a ceiling on the use of a portion of the obligational authority by limiting the amount that can be obligated or committed for a specific purpose or time. Generally, amounts in trust or revolving funds do not expire.

A proposal to lower a statutory limitation on funds that do not expire, by itself, will not result in a rescission. Even when the Congress enacts the lower limitation, the funds may continue to be available for other purposes in the same account.

Only careful programmatic and legal analyses of the account, the limitation, and the basic legislation authorizing the program will permit you to determine whether appropriations language to reduce the limitation is also required.

112.18 What do I include on the different lines of the rescission, deferral, and supplementary reports?

Prepare rescission, deferral, and supplementary reports in accordance with the following instructions: (Examples of these reports are illustrated in exhibits 112A and C.)

Entry	Description
Rescission proposal no. ……...	A number (RCY–XX) is used to identify each proposed rescission. Enter "R" to designate a proposed rescission and the last two digits of the fiscal year for which the rescission is proposed. OMB will assign a serial number to distinguish between individual reports. You may obtain the serial number from your OMB representative after the special message is transmitted to the Congress. If a revised rescission report is prepared, add an "A" to the OMB-assigned serial number (XX) of the initial rescission proposal to indicate the first revision, a "B" to indicate the second revision, etc.

Entry	Description
Deferral no. …….	A number (DCY–XX) is used to identify each deferral. Enter a "D" to designate a deferral and the last two digits of the fiscal year for which the deferral action is taken. OMB will assign a serial number to distinguish between individual deferrals. You may obtain the serial number from your OMB representative after the special message is transmitted to the Congress. If a revised deferral report is prepared, add an "A" to the OMB-assigned serial number (XX) of the initial deferral to indicate the first revision, a "B" to indicate the second revision, etc.
Agency ……..	Enter the name of the department or agency for which the rescission is proposed or the deferral action is taken.
Bureau ……..	Enter the name of the subordinate organization as shown in the most recent Budget.
Account ……	Enter the title of the appropriation or fund account from which the funds are being proposed for rescission or are being deferred. Also include the Treasury account symbol(s) to indicate the coverage of the report. Enter the account symbols: • For the accounts affected by the rescission proposal or deferral; or • For all accounts that are included under the appropriation title ▸ not just those subject to the proposed rescission or deferral ▸ if the account affected by the proposed rescission or deferral is merged in the Budget. Footnote this line as follows: "Includes all accounts included under this appropriation title."
New budget authority …….	Enter the amount of new budget authority specified in appropriation or substantive acts that is available in the current year for the accounts covered by the rescission or deferral report. This amount should equal the sum of new budget authority shown on lines 1A, 1B, 1C, and 1D of the latest SF 132 in exact dollars. For deferrals and proposed rescissions that are transmitted on the same day (or shortly thereafter) as the Budget, amounts should agree with the amounts printed in the *Appendix*. Thus, if accounts with amounts deferred or proposed for rescission are combined (or merged) with other accounts in the *Appendix*, the budgetary resources on the deferral or rescission report will agree with the combined (or merged) account in the *Appendix*, even if some of the combined accounts have no deferral or proposed rescission. Express amounts in dollars (per the latest SF 132s).
Other budgetary resources ……	Enter the amount of other budgetary resources. This amount is equal to the sum of lines 2–6 on the latest SF 132.
Total budgetary resources ……	Enter the total amount of budgetary resources. This should equal the amount on line 7 of the latest SF 132.
Amount proposed for rescission ……..	On rescission reports, enter the amount of budgetary resources proposed for rescission.
Proposed appropriations language ……	Include proposed appropriations language (double-spaced and underlined) for rescission proposals.

Entry	Description
Amount to be deferred …… **Part of year …….** **Entire year ……..**	On deferral reports, enter the amount of budgetary resources to be deferred, as follows: • Report the amount to be deferred for part of the current year. Because you may not defer funds past the time that the funds would expire, you must report a part-year deferral when amounts to be deferred would expire at the end of the year (annual accounts and the last year of multiple-year accounts). • Report the amount to be deferred for the entire current year. Use only when the funds remain available beyond the end of the fiscal year.
Justification …….	Provide a justification that briefly describes: • The activities funded by the account. • The rationale for the deferral or the proposed rescission and the consequences of not expending the funds. • The authority for withholding the funds in addition to the Impoundment Control Act. • Any legal authority in addition to sections 1012 and 1013 of the Impoundment Control Act (2 U.S.C. 683–684) for a rescission proposal or deferral.
	• Whether a rescission proposal or a deferral action is taken pursuant to the Antideficiency Act. Since these reports are transmitted by the President to the Congress, they should be written in a clear, concise, and logical manner so that those who are not familiar with the program will be able to understand the proposal.
Estimated programmatic effect …….	When there is no estimated program effect, enter "None." This will normally be the case for rescissions proposed and deferrals made pursuant to the Antideficiency Act. When there is an estimated program effect, include a brief, clear statement of the expected effect.
Effect on outlays ……..	Show outlay savings for proposed rescissions for CY through BY+4 and the total for the five years, as appropriate. Do not show outlay savings for deferrals reported pursuant to the Antideficiency Act.
Footnotes ……..	For the account(s) covered by a deferral or rescission report, cite any past or current year rescission proposals or deferrals affecting the same account. For a revised rescission or deferral report, indicate all sections containing changes from the initial report with an asterisk (*) and provide the footnote "*Revised from previous report." Subsequent revisions to a report will also indicate changes from the previous report with the specified footnotes.

Entry	Description
	When more than one Treasury account is affected by a proposed rescission or deferral, OMB may require that detail on budgetary resources and changes thereto be supplied at the Treasury account level.

112.19 How do I reflect the deferral or the proposed rescission on the SF 132?

The following instructions will apply with respect to rescissions and deferrals (see Appendix F for a description of all entries on the SF 132):

**EXPLANATION OF LINE ENTRIES ON STANDARD FORM 132
FOR RESCISSIONS AND DEFERRALS**

BUDGETARY RESOURCES

Line Entry	Description
Line 6. Permanently not available: B. Enacted reductions (–) …….	Enter the amount of enacted rescissions, including rescissions of new appropriations, borrowing authority, contract authority, and prior year balances. *This line applies to only permanent reductions for budgetary resources returned to the general fund of the Treasury and not available for subsequent appropriation.* *Identify the public law containing the restriction in a footnote.*

APPLICATION OF BUDGETARY RESOURCES

Line Entry	Description
Line 9. Withheld pending rescission …	Enter the amount of budgetary resources to be withheld from availability pending congressional action on a presidential rescission proposal. Such amounts are subject to the Impoundment Control Act (2 U.S.C. 683). Include amounts proposed for rescission "to achieve savings made possible by or through changes in requirements or greater efficiency of operations," in accordance with 31 U.S.C. 1512. Also include amounts proposed for rescission for other reasons, as well as any unapportioned balances of revolving funds that are being proposed for rescission (amounts being proposed for rescission that could be effectively, efficiently, and legally obligated for the purposes appropriated).
Line 10. Deferred……..	Enter the amount of budgetary resources being set aside for possible use at a later date, before the funds expire. Such amounts are subject to the Impoundment Control Act (2 U.S.C. 684). Include amounts deferred to meet future contingencies under authority of 31 U.S.C. 1512 and 2 U.S.C. 684. These entries will also include unapportioned balances of revolving funds that are temporarily withheld restrictively and funds withheld when the agency could effectively, efficiently, and legally obligate the funds for the purposes appropriated. Include amounts in annual accounts deferred for apportionment later in the year, as well as amounts in multiple- and no-year accounts.

Line Entry	Description
Line 11. Unapportioned balance of revolving fund ……...	Use for public enterprise and intragovernmental revolving funds, as well as trust funds that are subject to apportionment. Enter the amount of budgetary resources that is neither apportioned nor being withheld restrictively as a proposed rescission or deferral, but is credited to the current fiscal year.

Rescission Report—Sample Rescission Proposal

Rescission proposal no. RCY–XX

PROPOSED RESCISSION OF BUDGET AUTHORITY

Report Pursuant to Section 1012 of P.L. 93–344

Agency: DEPARTMENT OF GOVERNMENT
Bureau: Bureau of Statistics
Account: Salaries and expenses (80Y0200)

New budget authority:	$744,605,000
Other budgetary resources:	42,000,000
Total budgetary resources:	786,605,000
Amount proposed for rescission:	$223,000

Proposed appropriations language:

Of the funds made available under this heading in Public Law XXX–XXX, $223,000 are rescinded.

Justification: The proposal would rescind $223 thousand, thereby reducing the amount generally available in the Bureau of Statistics. The Bureau conducts research to provide the means for a safer, more economical supply of office supply products for the Nation and to provide producers with technologies to supply these products competitively. The proposed rescission is possible because applications for research efforts have fallen drastically from expected levels. This action is taken pursuant to the Antideficiency Act (31 U.S.C. 1512).

Estimated programmatic effect: As a result of the proposed rescission, Federal outlays will decrease, as specified below. This will have a commensurate effect on the Federal budget deficit and, to that extent, will have a beneficial effect on the economy. These reductions can be absorbed within the available resources and would have a negligible impact on the program.

Effect on Outlays (in thousands of dollars)

FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Total
–178	–45	----	----	----	–223

Apportionment or Reapportionment Request for Rescission Proposal Reported in Exhibit 112A

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
0200 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.37 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Line No	Line Split	AGENCY: Department of Government BUREAU: Bureau of Statistics	APPROPRIATION OR FUND TITLE AND SYMBOL 80Y0200 Salaries and expenses		
		DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
		BUDGETARY RESOURCES			
		Budget authority :			
3A1		Appropriation (Public Law 106-530)……	744,605,000	744,605,000	
		Spending authority from offsetting collections (gross)			
		Earned:			
3D1a		Collected.....….....		5,000,000	
3D3		Anticipated for rest of year, without advance ……	42,000,000	37,000,000	
7		**Total budgetary resources…….....……**	786,605,000	786,605,000	
		APPLICATION OF BUDGETARY RESOURCES			
		Memorandum:			
		Apportioned: *Obligations incurred*			
		Category A:			
8A1		First quarter…… 198,601,325	200,000,000	200,000,000	
8A2		Second quarter…..……	200,000,000	200,000,000	
8A3		Third quarter..……	200,000,000	200,000,000	
8A4		Fourth quarter…..……	186,605,000	186,382,000	
9		**Withheld pending rescission…..……**		223,000	
12		**Total budgetary resources……....……**	786,605,000	786,605,000	

SUBMITTED Authorized officer 1/30/CY
(Authorized officer) (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.
Actual data as of 11/30/CY

Deferral Report

Deferral No. DCY–XX

DEFERRAL OF BUDGET AUTHORITY

Report Pursuant to Section 1013 of P.L. 93–344

Agency: DEPARTMENT OF GOVERNMENT
Bureau: Bureau of Statistics
Account: Foreign Assistance [1] (80Y0300)

New budget authority:	$2,419,600,000
Other budgetary resources:	486,647,204
Total budgetary resources:	2,906,247,204
Amount deferred for entire year:	$2,330,097,776 [2]

Justification: The deferral withholds all funds for which there are no approved country-by-country plans. The President is authorized by the Foreign Assistance Act of 1961, as amended, to furnish assistance to countries and organizations, on such terms and conditions as he may determine, in order to promote economic or political stability. Section 531(b) of the Act makes the Secretary of Government, in cooperation with the Administrator of the Bureau of Statistics, responsible for policy decisions and justifications for economic support programs, including whether to provide an economic support program for a country and the amount of the program for each country.

These funds have been deferred pending the development of country-specific plans that assure that aid is provided in an efficient manner and are reserved for unanticipated program needs. This action is taken pursuant to the Antideficiency Act (31 U.S.C. 1512).

Estimated programmatic effect: None.

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[1] This account was the subject of a similar deferral in FY 20PY (DPY–XX).

[2] Subsequent releases have reduced the amount deferred to $1,249,778,456.

Apportionment or Reapportionment Request for Congressionally-Initiated Deferral for Account Illustrated in Exhibit 112C

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
1309 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.37 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Bureau of Central Services
APPROPRIATION OR FUND TITLE AND SYMBOL
80X1309 Research and Development

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
		BUDGETARY RESOURCES			
		Unobligated balance:			
1A		Brought forward, October 1 (+ or -)……	1,610,000	1,610,000	
		Recoveries of prior year unpaid obligations:			
2A		Actual……	27,000	123,823	
2B		Anticipated……	123,000	126,177	
3A1		Budget authority:			
		Appropriation (Public Law 105-456).....	25,000,000	25,000,000	
		Spending authority from offsetting collections (gross):			
		Earned:			
3D1a		Collected.....….....	86,000	205,973	
		Change in unfilled customer orders (+ or -):			
3D2a		Advance received…...……	9,000	6,123	
3D3		Anticipated for rest of year, without advance……	305,000	87,904	
5		Temporarily not available pursuant to P.L. 106-99 (-)…….		-10,000,000	
6		Permanently not available:			
6B		Enacted reductions (-)……..……	-200,000	-200,000	
7		**Total budgetary resources….....……**	26,960,000	16,960,000	
		APPLICATION OF BUDGETARY RESOURCES			
		Memorandum:			
		Apportioned: *Obligations incurred*			
		Category A:			
8A1		First quarter…… 99,049	120,000	120,000	
8A2		Second quarter…..…… 101,014	120,000	120,000	
8A3		Third quarter...…… 110,941	120,000	120,000	
8A4		Fourth quarter……	120,000	90,000	
		Category B:			
8B1		Research…… 10,397,461	16,880,000	11,510,000	
8B2		Dev. of products …… 2,017,601	9,600,000	5,000,000	
11		**Unapportioned balance of revolving fund...…...……**			
12		**Total budgetary resources……...……**	26,960,000	16,960,000	

Line 5 may be used when:
- a general provision specifies that a certain percentage of the amount appropriated for a particular object (for example, travel or consultants) will not be available for obligation;
- congressionally-initiated deferral of an amount that has been appropriated is enacted, including enactment of a deferral in excess of that amount deferred by the Executive (enter the amount not available due to congressional action on this line); or
- a substantive law specifies that all or a portion of the amount appropriated is not available for obligation unless specifically authorized (enter the amount not available on this line and the total amount appropriated on line 1).

SUBMITTED Authorized officer 8/20/CY
(Authorized officer) (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.
Actual amounts are as of 5/31/CY
This apportionment reflects congressional-initiated deferral as contained in P.L. 106-99 on July 28, CY.

SECTION 113—INVESTMENT TRANSACTIONS

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Summary of Changes

Requires that investments by Federal agencies in Federal securities purchased in the secondary market be treated as Federal securities (section 113.1).

Requires that investments by Federal agencies in mutual funds be treated as non-Federal securities (section 113.1).

Identifies Treasury guidance related to accounting for and reporting on cash and investments held outside of the U.S. Treasury (section 113.1).

113.1 How do I record investment in securities, disinvestment, and earnings?

(a) *Overview.*

You may only invest funds in securities if you are authorized to do so by law. Authorizing laws usually specify investment in Federal securities; they rarely authorize investment in non-Federal securities (see the definitions below). The budget treatment of investment in non-Federal securities, described in subsection (c), differs from that of Federal securities, described in subsection (d).

The guidance in this section regarding purchase premiums and discounts doesn't apply to the Treasury Department's purchases of marketable Treasury securities from the public prior to their maturity (often referred to as "debt buybacks"). The budget records buyback premiums and discounts as means of financing a surplus or deficit, rather than as outlays or offsetting collections or receipts. The buyback premium or discount is the difference between the purchase price of a security and its book value. The book value can be expected to differ from the par value (face value) of the security. (See Chapter 24, "Budget System and Concepts and Glossary," pages 457–458, of the *Analytical Perspectives* volume of the 2001 budget for an explanation of the reason for this treatment.)

(b) *Special terms for investment defined.*

(1) *Accrued interest purchase* means payments to the seller of a security, when a security is purchased, for interest that has accrued to the seller but that will be paid to the purchaser.

(2) *Amortization* means to record a portion of any purchase discount or purchase premium in each reporting period over the life of a security, or it means the amount so recorded.

(3) *Book value* means the *par value* of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.

(4) *Earnings* refer collectively to some or all of these components: interest, accrued interest purchases, the amortization of purchase premiums and discounts, and sales gains and losses.

(5) *Federal securities* consist of securities issued by Federal agencies, including nonmarketable par value Treasury securities, market-based Treasury securities, marketable Treasury securities, and securities issued by other Federal agencies. This includes investments in Federal securities through the secondary market by Federal agencies. (Compare this to *non-Federal securities*.)

(6) *Interest* means the nominal interest or stated amount of interest received on a security.

(7) *Marketable Treasury securities*, including Treasury bills, notes, and bonds, are types of securities that Treasury initially issues by sale to the marketplace and that can be bought and sold on securities exchange markets.

(8) *Market-based Treasury securities* are special series debt securities that the U.S. Treasury issues to Federal entities without statutorily determined interest rates. These securities are not offered to the market place and cannot be bought and sold on exchange markets, but Treasury sets their terms (prices and interest rates) to mirror the terms of marketable Treasury securities. Because they mirror market terms, the purchase price may reflect a premium or discount.

(9) *Net value*, for the purpose of budget schedules, means the par value of a security reduced by the amount of any purchase discount on a cash basis. This definition differs from the definition of "Treasury securities, net" as reported in balance sheets under section 86.2 (see *Differences between amounts recorded in budget schedules and financial statements* in subsection (d)).

(10) *Nonmarketable par value Treasury securities* are special series debt securities that the U.S. Treasury issues to federal entities at par value. These securities are not offered to the market place and cannot be bought and sold on exchange markets. As required by the authorizing laws, Treasury sets the interest rate on such securities taking into consideration current market yields on outstanding marketable Treasury securities of specified maturity. Because these securities are sold at par value, there is no purchase premium or discount.

(11) *Non-Federal securities* consist of securities issued by a non-Federal entity, including State and local governments, private corporations, and Government-sponsored enterprises, regardless of whether the securities are federally guaranteed. This includes investments by Federal agencies in money market as well as mutual funds, even if the money market or mutual fund's assets consist entirely of Federal securities.

(12) *Par value* is the amount of principal a security pays at maturity. It is the amount printed on the face of a Treasury security, which is why it is sometimes referred to as the face value, or the equivalent book-entry amount.

(13) *Purchase discount* means the excess of a security's par value over its purchase price.

(14) *Purchase premium* means the excess of a security's purchase price over its par value.

(15) *Sales gain* means the excess of the sales price over the purchase price of the security.

(16) *Sales loss* means the excess of the purchase price over the sales price at the time of the sale.

(c) *Non-Federal securities*

The budget treats an investment in a non-Federal security (equity or debt security) as a purchase of an asset, recording an obligation and an outlay in an amount equal to the purchase price in the year of the purchase. You cannot incur such an obligation unless budget authority (or unobligated balances of budget authority) is available for the purpose. If a law clearly requires such investment without requiring further action by Congress, we will generally construe that law as providing budget authority for the purpose.

Investment in non-Federal securities consumes budgetary resources, unlike investment in Federal securities. The purchase of non-Federal securities using unobligated balances reduces the balances. The balance doesn't include the value of non-Federal securities because the funds have been spent for the purchase of the assets.

When such securities are sold or redeemed at maturity, the budget records the proceeds as offsetting collections or receipts, which adds to the balances of the account.

You record interest and other earnings on such investments as described for earnings on Federal securities in the next subsection, except that you must account for such earnings separately from earnings on investments in Federal securities. You record earnings credited to a general fund appropriation account or revolving fund account as offsetting collections on line 8840, Non-Federal sources, of the program and financing statement. You record earnings credited to a special or trust fund account as proprietary receipts in a separate receipt account for this purpose.

The Department of the Treasury issued a Treasury Financial Manual (TFM) chapter that provides guidance for accounting and reporting on cash and investments held outside of the U.S. Treasury. This chapter provides Federal departments and agencies with accounting and reporting policies and procedures on cash not deposited in a Treasury General Account and investments in non-Federal securities. It specifically provides guidance on cash and investments held outside of the U.S. Treasury as they relate to budgetary funds and non-budgetary funds under the Federal Government's custodial responsibility. An electronic version of the TFM chapter can be found at:

http://www.fms.treas.gov/tfm/vol1/v1p2c340.pdf.

In addition to the Treasury guidance, please contact your OMB representative to establish the appropriate receipt accounts, where necessary, to properly report the non-Federal investment activity. Receipt accounts may include, but are not limited to the following:

- Interest and dividends on non-Federal securities;
- Realized gains on non-Federal securities; and
- Proceeds from non-Federal securities not immediately reinvested.

(d) *Federal securities.*

Because Federal securities are the equivalent of cash for budget purposes, we treat investment in them as a change in the mix of assets held, rather than as a purchase of assets. The following bullets describe the treatment in general terms, and the following table explains how to record specific transactions in the budget. The purchase, sale, or redemption of an asset, or the earnings in a year, may combine several transactions.

- Principal. The investment reduces the cash balances by the purchase price and increases balances of Federal securities. How you report balances of Federal securities depends on which budget schedule you are working with.

  - *Special and trust fund receipts schedule (schedule N).* This schedule doesn't divide the unavailable balances into cash and Federal securities. It presents the balances as a single amount (unless the balances are divided for other reasons). The amount equals the uninvested cash balance, plus the *net value* (as defined in subsection (b)) of Federal securities held. MAX generates schedule N automatically. (See section 86.4.)

  - *Program and financing schedule (schedule P).* This schedule doesn't divide balances (unobligated or obligated balances) into cash and Federal securities. It presents the balances as a single amount (unless the balances are divided for other reasons). The amount equals the uninvested cash balance, plus the *net value* (as defined in subsection (b)) of Federal securities held. Enter the end of year unobligated and obligated balances in MAX as you would normally. In addition, you must enter memorandum entries for total investments at *par value* at the start and end of each year. (See section 82.3.)

  - *Status of funds schedule (schedule J).* We require this schedule for certain accounts listed by agency in section 86.5. For unexpended balances at the start of the year and at the end of the year, the schedule presents separate amounts for the cash balance, the balance of Federal securities at *par value,* and unrealized purchase discounts. The MAX database generates schedule J automatically, except that it does not divide balances into amounts for cash, Federal securities at par value, or unrealized purchase discounts. You must enter these amounts. (See section 86.3.)

- Earnings. You record all earnings as net interest. Some components may be positive (such as interest and realized purchase discounts) and others negative (such as an accrued interest purchases and purchase premiums). Record each component as an increase or decrease in the net interest for the year in which the transaction occurs. For investments from a general fund appropriation account or revolving fund account (including a trust revolving fund account), record interest as an offsetting collection credited to the account (line 8820 Interest on Federal securities) of the P&F schedule. For investments from a special or trust fund account (non-revolving), record interest in a receipt account for interest (usually one ending with the suffix .20). The Status of Funds schedule, if one is required for the account, records earnings on lines that correspond to the entries for offsetting collections in the P&F schedule or the receipts credited to receipt accounts, as appropriate.

We may specify an alternative treatment for certain accounts where these rules may result in significant distortions of amounts presented in the budget.

The following table lists the transactions associated with investments in Federal securities in the first column and explains how to record them in the budget schedules in columns 2 through 4. Please note these features of the table:

- The second column contains instructions for recording transactions in the P&F schedule. The instructions for recording principal transactions apply to all accounts investing or disinvesting in securities. The instructions for recording earnings apply only to investments from general fund appropriation accounts or revolving fund accounts (including trust revolving funds).

- The third column contains instructions for recording earnings in special and trust fund (except trust revolving fund) receipt accounts for interest.

- The fourth column contains instructions for recording transactions—both principal transactions and earnings transactions—in the Status of Funds schedule required for certain accounts listed in section 86.3.

- Although the instructions on balances specify end of year balances, they apply equally to start of year balances, because end of year balances are carried forward and become the start of year balances for the next year. MAX automatically generates the start of year balances in the Unavailable Collections schedule (MAX schedule N), the P&F schedule (MAX schedule P), and the Status of Funds schedule (MAX schedule J), except that you must break out the amounts for cash, Federal securities at par value, and unrealized purchase discounts in the Status of Funds schedule.

- A negative sign "(–)" at the end of a stub label means that you normally report negative amounts on this line. A direction to increase the amount reported means you should report a larger negative amount, and a direction to decrease the amount means you should report a smaller negative amount. The absence of a sign means you normally report positive amounts on this line. It is possible for negative earnings (such as a sales loss) for an account for a year to produce a positive amount for offsetting collections, or a negative amount for receipts, if the amounts reported for other transactions during the year are not sufficient to offset the negative earnings. (No signs appear in the stub labels printed in the budget.)

If the transaction is...	In the P&F schedule...	Or, in the special or trust fund receipt account for interest (usually suffix .20) ...	And, in the Status of Funds schedule...
(1) Principal, upon investment.	Increase the amount reported on line 9202, "Total investments, end of year; Federal securities: Par value," by the par value in the purchase year.	Not applicable.	Decrease the amount reported on line 8700, "Uninvested balance (net), end of year," by the purchase price in the purchase year. Increase the amount reported on line 8701, "Invested balance, end of year," by the par value in the purchase year.
(2) Purchase discount—the excess of a security's par value over the purchase price.	Not applicable.	Not applicable.	In the year of the purchase, increase the amount reported on line 8700, " Uninvested balance (net), end of year," by the discount amount. When the security matures: (1) Decrease the amount reported on line 8700, "Uninvested balance (net), end of year," by the amount of the purchase discount; and (2) increase the amount reported on the line corresponding to the offsetting collection or

If the transaction is...	In the P&F schedule...	Or, in the special or trust fund receipt account for interest (usually suffix .20) ...	And, in the Status of Funds schedule...
			receipt, as appropriate, by the amount of the purchase discount.
(3) Purchase premium—the excess of a security's purchase price over its par value.	Decrease the amount reported on line 8820, "Interest on Federal securities (–)," by the premium amount in the year of the purchase.	Decrease the amount reported as interest by the premium amount in the year of the purchase.	Decrease the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of the purchase premium in the year of the purchase.
(4) Accrued interest purchase—a payment to the seller of a security, when a security is purchased, for interest that has accrued to the seller but that will be paid to the purchaser.	Decrease the amount reported on line 8820, "Interest on Federal securities (–)," by the amount of the accrued interest purchase in the year of purchase.	Decrease the amount reported as interest by the amount of the accrued interest Purchase in the year of the purchase.	Decrease the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of the accrued interest purchase in the year of purchase.
(5) Interest—the nominal or stated amount of interest received.	Increase the amount reported on line 8820 "Interest on Federal securities (–)," by the amount of interest received each year.	Increase the amount reported for interest by the amount of interest received each year.	Increase the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of interest received each year.
(6) Principal, upon redemption at maturity.	Decrease the amount reported on line 9202, "Total investments, end of year; Federal securities: Par value," by the par value in the year of redemption.	Not applicable.	Increase the amount reported on line 8700, "Uninvested balance (net), end of year," by the par value in the year of redemption. Decrease the amount reported on line 8701, "Invested balance, end of year" by the par value in the year of redemption.
(7) Principal, upon sale before maturity.	Decrease the amount reported on line 9202, "Total investments, end of year; Federal securities: Par value," by the par value in the year of sale.	Not applicable.	In the year of the sale: Increase the amount reported on line 8700, "Uninvested balance (net), end of year" by the sales price. Decrease the amount reported on line 8701, "Invested balance, end of year" by the par value. Decrease the amount reported on line 8700,

If the transaction is...	In the P&F schedule...	Or, in the special or trust fund receipt account for interest (usually suffix .20) ...	And, in the Status of Funds schedule...
			"Uninvested balance (net), end of year," if the security was purchased at a discount.
(8) Sales gain—the excess of the sales price over the purchase price.	Increase the amount reported on line 8820, "Interest on Federal securities (–)," by the amount of the gain in the year of the sale.	Increase the amount reported for interest by the amount of the gain in the year of the sale.	Increase the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of the gain in the year of the sale.
(9) Sales loss—the excess of the purchase price over the sales price.	Decrease the amount reported on line 8820 "Interest on Federal securities (–)," by the amount of the loss in the year of the sale.	Decrease the amount reported for interest by the amount of the loss in the year of the sale.	Decrease the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of the loss in the year of the sale.

Differences between amounts recorded in budget schedules and financial statements.

- Purchase discounts. Budget schedules record them when the security matures. In most cases, financial statements amortize them over the term of the security.

- Purchase premiums. Budget schedules record them at purchase. In most cases, financial statements amortize them over the term of the security.

- Net value. For budget schedules, the term means the par value of a security minus the amount of any purchase discount on a cash basis. Don't confuse it with the term Treasury securities, net used in financial statements, which means the par value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.

- Signs. Earnings reported as offsetting collections in the program and financing schedule carry the opposite sign from income reported in financial statements. In the program and financing statement, increases in income are reported as negative amounts and decreases are reported as positive amounts.

Differences between amounts recorded by Treasury and the budget. You will encounter differences between Treasury records and the budget if a law authorizes you to invest special or trust funds in Federal securities but requires appropriations acts to determine the amount of receipts available to incur obligations. Treasury treats the authority to invest the receipts as an appropriation, recording the receipts as appropriated in the year received and subsequently as unexpended balances of appropriations (combined unobligated and obligated balances). Since such appropriations do not provide budget authority, do not record budget authority in the program and financing schedule. The MAX database will report these amounts, along with the other amounts reported as unavailable collections, in the special schedule required under section 86.4 (without separate identification for the invested portion of the balances).

113.2 How do I treat an investment in a Federal security on an SF 133?

If you purchase a Federal security *at a discount*, the total balances on the SF 133 should not change. See exhibit 113A for all accounts. See section 130 for a discussion of the SF 133 Report on Budget Execution and Budgetary Resources.

If you purchase a Federal security *at a premium*:

- For a general fund appropriation account or a revolving fund (including a trust revolving fund), you reduce the collections on line 3.A by the premium, i.e., the amount greater than par. See exhibit 113B.

- For a special or trust fund account (excluding a trust revolving fund), normally there will be no change on the SF 133 because the reduction will be in the special or trust fund receipt account.

113.3 How do I treat the redemption of a Federal security on an SF 133?

If the purchase was at a *discount* and if the redemption is at *par*:

- For a general fund appropriation account or a revolving fund (including a trust revolving fund), you show the discount realized on line 3A. See exhibit 113C.

- For a special or trust fund account, you will show the discount realized when the amount is appropriated out of the special or trust fund receipt account. See exhibit 113D.

113.4 How do I treat investments in securities issued by non-Federal entities on an SF 133?

Treat investment in non-Federal securities (equity or debt securities) as the purchase of an asset. You must record an obligation and an outlay for the purchase in an amount equal to the purchase price.

Investment in Federal Securities at a Discount
All Accounts

Illustration: An account with a cash balance of $1,500 invests in a $1,000 (par value) Federal security at a 10% discount.

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Bureau of Central Services	80X1309 Research and development
BUDGETARY RESOURCES	
1. Unobligated balance:	
A. Brought forward, October 1 (+ or -).....	1,500
7. Total budgetary resources….....	1,500
STATUS OF BUDGETARY RESOURCES	
8. Obligations incurred:	
9. Unobligated balance:	
A. Apportioned:	
1. Balance, currently available….....	1,500
11. Total status of budgetary resources….....	1,500
CHANGE IN OBLIGATED BALANCES	
NET OUTLAYS	
19. Net outlays:	
A. Gross outlays (+) …..……	
B. Offsetting collections (-)……	

The beginning balance is made up of $1,500 in cash.

No obligation is recorded because the principal transaction is treated as a change in the mix of assets.

As a result of the investment:

o Cash……..	$600
o Federal securities (at par)……..	$1,000
o Unrealized discounts....	- $100
Net balances	$1,500

No gross outlays are recorded because the principal transaction is treated as a change in the mix of assets.

_____ _____
(Authorized Officer) (Date)

(Preparer: Name) _____
(Address) _____
(Phone number) _____

Investment in Federal Securities at a Premium
General Fund Appropriation or Revolving Fund Accounts

Illustration: An account with a $1,500 balance in cash invests and pays a $100 premium for a Federal security with par value of $1,000.

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government BUREAU: Bureau of Central Services	APPROPRIATION OR FUND TITLE AND SYMBOL 80X1309 Research and development
BUDGETARY RESOURCES	
1. Unobligated balance:	
A. Brought forward, October 1 (+ or -).....	1,500
3. Budget Authority:	
A. Appropriation:	
1. Actual……	
D. Spending authority from offsetting collections (gross):	
1. Earned:	
a. Collected……	-100
7. Total budgetary resources….....	1,400
STATUS OF BUDGETARY RESOURCES	
9. Unobligated balance:	
A. Apportioned:	
1. Balance, currently available….....	1,400
11. Total status of budgetary resources….....	1,400
CHANGE IN OBLIGATED BALANCES	
NET OUTLAYS	
19. Net outlays:	
A. Gross outlays (+) …..……	
B. Offsetting collections (-)……	100

Beginning balance consists of:
- Cash…….. $1,500

Identify in a footnote, the law(s) providing budget authority.

Record the amount greater than par as a negative amount on line 3D1a.

The ending balance consists of $1,000 for the U.S. securities at par, and $400 in cash (the $1,500 on line 2A minus the $1,100 paid to purchase the security).

Record the amount as an offset to outlays.

NOTE: Line 3A1, P.L. 1XX-123

_____ _____
(Authorized Officer) (Date)

(Preparer: Name) _____
(Address) _____
(Phone number) _____

Federal Security Purchased at a Discount and Sold or Redeemed at Par
General Fund Appropriation or Revolving Fund Accounts

Illustration: This account redeems the security at par value and receives cash.
This means that the discount realized is authorized to be credited and used without further appropriation action.

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government BUREAU: Bureau of Central Services	APPROPRIATION OR FUND TITLE AND SYMBOL 80X1309 Research and development
BUDGETARY RESOURCES	
1. Unobligated balance: A. Brought forward, October 1 (+ or -).....	1,500
3. Budget Authority: D. Spending authority from offsetting collections (gross): 1. Earned: a. Collected……	100
7. Total budgetary resources….....	1,600
STATUS OF BUDGETARY RESOURCES	
9. Unobligated balance: A. Apportioned: 1. Balance, currently available….....	1,600
11. Total status of budgetary resources….....	1,600
CHANGE IN OBLIGATED BALANCE	
NET OUTLAYS	
19. Outlays: A. Gross outlays (+)…… B. Offsetting collections (-)……	-100

When the cash for the discount is collected, record it on this line.

Record the amount as an offset to outlays.

(Authorized Officer) (Date)

(Preparer: Name) _____
(Address) _____
(Phone number) _____

Federal Security Purchased at a Discount and Sold or Redeemed at Par
Special or Trust Fund Accounts (excluding Trust Revolving Funds)

Illustration: This is identical to the circumstances in Exhibit 113C, except the account is a special or trust fund and the realized discount is automatically appropriated.

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government BUREAU: Bureau of Central Services	APPROPRIATION OR FUND TITLE AND SYMBOL 80X8309 Central Trust Fund
BUDGETARY RESOURCES	
1. Unobligated balance: A. Brought forward, October 1 (+ or -).....	1,500
3. Budget Authority A. Appropriation: 1. Actual……	100
7. Total budgetary resources……	1,500
STATUS OF BUDGETARY RESOURCES	
9. Unobligated balance: A. Apportioned: 1. Balance, currently available……	1,600
11. Total status of budgetary resources……	1,600
CHANGE IN OBLIGATED BALANCES	
NET OUTLAYS	

Start of year balance:
- o Cash…… $600
- o Federal securities (at par) …… $1,000
- o Unrealized discounts…… - $100

Net balances…… $1,500

Identify in a footnote, the law(s) providing budget authority.

When appropriated (together with other receipts), count the discount realized as budget authority on line 3A1 and reflect it In the balances on line 9A below.

The end of year balance is made up of $1,600 cash.

NOTE: Line 3A1, P.L. 1XX-123

_____ _____
(Authorized Officer) (Date)

(Preparer: Name) _____
(Address) _____
(Phone number) _____

OMB CIRCULAR NO. A-11

PART 4

INSTRUCTIONS ON BUDGET EXECUTION

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2006

SECTION 120—APPORTIONMENT/REAPPORTIONMENT PROCESS

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Ex–120 Sample FTE Plan

Summary of Changes

Provides agencies with an automatic apportionment of newly enacted BA while OMB is reviewing the agency's first written apportionment request for the newly enacted BA (section 120.31).

120.1 What is an apportionment?

An apportionment is a plan, approved by OMB, to spend resources provided by law. The law providing the resources may be a permanent law (mandatory appropriations), one of the 13 annual appropriations acts, a supplemental appropriations act, or a continuing resolution. The apportionment also identifies meaningful program reporting categories that agencies will report obligations against in their SF 133 Reports on Budget Execution and Budgetary Resources (see section 130) (over obligation of these program reporting categories are not a violation of the Antideficiency Act).

Reapportionments are made when you need to make changes to the previously approved apportionment. For example, you should request a reapportionment when approved apportionments are no longer appropriate or applicable because the amounts available for obligation have changed or unforeseen events have occurred.

Pursuant to the Impoundment Control Act, apportionments may also set aside all or a portion of the amounts available for obligation. Amounts *deferred* through the apportionment process are those portions of the total amounts available for obligation that are specifically set aside as temporarily not available until released by OMB. Amounts withheld pending *rescission* are those portions that are set aside pending the enactment of legislation canceling the authority to obligate such funds. For further information on deferrals and rescissions, see section 112.

120.2 What are the purposes of the apportionment process?

The primary purpose of the apportionment process is to centralize the Administration approval of agency spending plans to:

- Prevent agencies from obligating funds in a manner that would require deficiency or supplemental appropriations. In certain specified instances (see section 120.41), OMB may approve apportionments and reapportionments that indicate the necessity for a deficiency or supplemental appropriation. However, these instances must be reported to Congress.

- Achieve the most effective and economical use of amounts made available.

Apportionments also may reflect any legal limitations imposed by Congress.

The secondary purpose of the apportionment process is to identify meaningful program reporting categories that agencies will report their obligations against in their SF 133 Reports on Budget Execution and Budgetary Resources (see section 130). For example, rather than reporting a single number for its obligations, a Department of the Interior account may separately show obligations for: maintaining land resources; protecting endangered species; and, managing recreational sites. Other kinds of accounts would use program reporting categories suited to their needs.

OMB and agencies work together to determine what program categories agencies will report upon. Program categories should be based on elements that agencies track in their financial systems. In some cases, you may choose to report upon programs that are or will be evaluated using the Program Assessment Rating Tool. In other cases, you may choose to report upon the same programs that appear in the Program and Financing Schedule of the President's Budget. Though you are encouraged to use program reporting categories, there are some cases where OMB and agencies will choose not to use any reporting categories.

The program reporting categories are not used to apportion funds, are not subject to the Antideficiency Act (Appendix G), and are not shown on the actual SF 132 apportionment forms, but are included as attachments to these forms.

OMB and agencies are encouraged to identify reporting categories well in advance of the beginning of a fiscal year, and in advance of the time that the first apportionment requests are produced by the agencies. The reason is that agencies need time to place entries in their financial systems to allow them to track these program categories throughout the year. Agencies may need considerable time (many months) to add new categories to their financial systems. One reason is that large numbers of staff including timekeepers, procurement staff, administrative officers, and others need to document the new program categories, and train program office staff on how to use the new categories. In addition, agencies may need time to update their computer programs to extract the data.

Section 121.2 describes how to use program reporting categories in the apportionment process.

120.3 Are apportionments made at the Treasury appropriation fund symbol (TAFS) level, and what is a TAFS?

Apportionments are made at the TAFS level.

OMB makes apportionments and reapportionments at the TAFS level maintained by the Treasury Department's Financial Management Service. This level includes the Treasury agency or department, the period of availability to incur new obligations, and the Treasury account symbol.

In cases of allocation transfers (see section 120.20), the agency administering the parent appropriation will submit a consolidated apportionment request that encompasses the parent TAFS and all allocations. Receiving agencies will not prepare an apportionment request for allocation accounts unless required by OMB.

120.4 What types of resources are apportioned by OMB?

OMB apportions budgetary resources (such as budget authority), non-budgetary resources (such as foreign currency, as described in section 120.42), and non-financial resources (such as personnel and motor vehicles).

120.5 Are all apportionments based on authority to incur obligations?

No. OMB, at its option, may apportion TAFSs on whatever basis will provide effective controls. OMB usually apportions the budgetary resources of a TAFS based on the authority to incur new obligations. However, OMB may apportion budgetary resources on a pre-obligation basis, such as "administrative commitments," which are made before obligations are incurred. If OMB apportions on a basis other than obligations, you should continue to include obligations in the FACTS II system. In addition, include in a footnote the amount of "administrative commitments" against the amount shown on the apportionment.

120.6 What TAFSs are apportioned?

All TAFSs will be apportioned unless OMB determines otherwise and informs you (or has informed you) in writing, except those listed in section 120.7. The following types of funds will be apportioned:

- All credit program, financing, and liquidating TAFSs;
- Trust funds;
- Intra-governmental revolving funds;
- Receipts made available by law for industrial and power operations; and
- Grants to the States under titles I, IV, X, XIV, XVI, XIX, or XX of the Social Security Act or under any other public assistance title in such Act.

120.7 What TAFSs are *not* apportioned?

The following types of TAFSs are exempt from apportionment and from using program reporting categories:

- TAFSs specifically exempted from apportionment by 31 U.S.C. 1511(b) or other laws.
- TAFSs for which budgetary resources:
  - Are available only for transfer to other TAFSs (unless OMB requests),
  - Have expired for obligational purposes, or
  - Have been fully obligated before the beginning of the fiscal year.
- TAFSs that the Director of OMB has exempted from apportionment pursuant to 31 U.S.C. 1516, unless the agency is notified that particular TAFSs will be apportioned:

- Management funds (Treasury TAFSs with the symbols 3900–3999);
- Payment of claims, judgments, refunds, and drawbacks;
- Payment under private relief acts and other laws that require payment to a designated payee in the total amount provided in such acts;
- Foreign currency (FT) fund TAFSs (unless OMB requests, section 120.42
- Interest on, or retirement of, the public debt; and
- Items the President has determined to be of a confidential nature for apportionment and budget execution purposes.

120.8 What categories does OMB use to apportion funds?

OMB usually uses one of three categories to distribute budgetary resources in a TAFS.

Category A apportionments distribute budgetary resources by fiscal quarters.

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories. One TAFS can potentially have dozens of Category B apportionments, each pertaining to specific activities, projects, and so on. There are also cases when it makes programmatic sense for OMB to use a single, Category B apportionment for a given TAFS.

Category C apportionments may be used in multi-year and no-year TAFSs to apportion funds into future fiscal years. See section 120.9 for additional information.

Apportionments may include a combination of categories.

120.9 Will OMB apportion funds for periods longer than one fiscal year?

Yes. OMB will sometimes apportion funds for periods longer than one fiscal year.

Multi-year and no-year funds are provided with the expectation that the funds will be obligated over more than one fiscal year. OMB will apportion no-year TAFSs and available multi-year TAFSs beyond the current fiscal year where financial requirements are known in advance, provided that an apportionment is made at the beginning of each fiscal year in accordance with section 120.14.

When you plan to obligate amounts appropriated in a no-year or multi-year TAFS over more than one fiscal year, you may propose to apportion funds planned for obligation after the current fiscal year into a subsequent fiscal year. Include on line 3A1 of the apportionment request the full amount appropriated and available for obligation in the current fiscal year, including amounts planned for obligation in subsequent fiscal years. Include planned obligations for the current year in line 8 of the apportionment request under either Category A (by quarter) or Category B (by project). Include the amount planned for obligation after the current fiscal year on line 8C, Apportioned for future fiscal years.

OMB will *not* apportion annual TAFSs and the last year of multi-year TAFSs for periods longer than one fiscal year, as this would be an impoundment (i.e., a deferral during the year, and a de-facto rescission after the funds expire).

120.10 How do I display funds that are *not* currently needed?

Funds that are not currently needed may be displayed on the apportionment form as deferred, withheld pending rescission, or as an unapportioned balance of a revolving fund (see section 112 for further information on amounts not apportioned).

If your apportionment or reapportionment request contains a proposed rescission or deferral, you must submit a rescission or deferral report that outlines the reasons for and the effects of the proposed action. (See section 112 for instructions on how to prepare these reports.)

120.11 How do I request changes in the time periods of an apportionment?

You may request changes in the time periods covered by apportionments. OMB will consider apportioning funds for time periods other than calendar quarters whenever such periods are more representative of program activities or will facilitate their execution.

Submit your proposed changes in a letter to OMB before you submit the initial apportionment schedule for the year. Exceptions may be made if special situations arise during the year.

120.12 Can OMB reapportion a past period?

No. Apportionments previously established are not subject to change after the period for which the apportionment is made.

120.13 Do unobligated resources apportioned in earlier time periods of the same fiscal year remain available?

Yes. Whenever budgetary resources are apportioned for time periods of less than a fiscal year (for example, fiscal quarters), any apportioned, but unobligated balances at the end of any period will remain available for obligation through the remainder of the current fiscal year without reapportionment, unless otherwise specified on the apportionment form.

120.14 Must I request that funds apportioned in one fiscal year be apportioned in the next fiscal year if the funds were *not* obligated and remain available?

Yes. When budgetary resources remain available beyond the end of a fiscal year, you must request a new apportionment action for the upcoming fiscal year for all TAFSs subject to apportionment, unless OMB determines otherwise. Budgetary resources apportioned for the upcoming fiscal year will include only estimated or actual unobligated balances brought forward. (That is, unrealized indefinite budget authority, transfers, reimbursements, and recoveries that were anticipated on the most recently approved apportionment form for the current year, as shown on the final SF 133 for the previous year, will not be apportioned.)

120.15 What is the status of previously approved apportionments when a new apportionment is approved, either in the same or a subsequent fiscal year?

New apportionment action for a fiscal year is independent of all apportionment actions of the previous year (including the apportionment of amounts under Category C in the previous fiscal year). Subsequent reapportionment action, including that necessitated by the enactment of legislation providing additional budget authority, will supersede previous apportionment action taken during the year and will cover all transactions from the beginning of the fiscal year. The last approved apportionment for a fiscal year will cover all transactions for that fiscal year.

120.16 What is the status of an apportionment that has been approved before the beginning of a fiscal year for a program covered by a continuing resolution?

When balances are apportioned prior to the beginning of a fiscal year but are supplemented by funds provided under a continuing resolution, the automatic apportionment approved by OMB, via an OMB Bulletin, will cover only the new amounts provided by the continuing resolution. The earlier apportionment will cover amounts not provided by the continuing resolution or available before the congressional action on the continuing resolution.

120.17 What transactions will be covered by apportionments approved after a continuing resolution has been replaced by an enacted appropriation?

A reapportionment approved after the enactment of a TAFS's regular source of budget authority will cover all transactions from the beginning of the year, including those obligations incurred under the continuing resolution. Similarly, when OMB exempts balances from apportionment pending enactment of a TAFS's regular source of budget authority, initial apportionment action for the new fiscal year will cover all transactions from the beginning of the year (for example, obligations incurred under any available unobligated balances as well as under authority provided by a continuing resolution).

120.18 Can I use an apportionment to resolve legal issues about the availability of funds?

No. The apportionment of funds should not be used as a means of resolving any question dealing with the legality of using funds for the purpose for which they are apportioned. Any question as to the legality of using funds for a particular purpose must be resolved through legal channels.

120.19 How does OMB indicate its approval or disapproval of comments on the apportionment?

Apportionment action by OMB implies approval of, or concurrence with, any comments inserted on the form by the agency. OMB specifically will note its disapproval of any such comments on the approved apportionment.

120.20 Who is responsible for preparing the apportionment request for allocation (transfer appropriation) TAFSs?

The agency administering the parent appropriation will submit a consolidated apportionment request that encompasses the parent TAFS and all allocations. (Receiving agencies will not prepare an SF 132 for allocation TAFSs unless required by OMB.) Agencies administering the parent appropriation must ensure that the agencies administering the allocation accounts are provided the approved apportionment request on a timely basis. Unless determined otherwise by OMB, allocation transfers are apportioned at the same category level as the parent account (e.g., category A or category B). The agency administering the parent TAFS will indicate to the receiving agency what portion of the consolidated apportionment is transferred to the allocation TAFS. Obligations incurred for the program as a whole are limited by the approved apportionments. In addition, the agency administering the parent TAFS may sub-allot the amount, by time periods (akin to Category A apportionments) or by activities or projects (akin to Category B apportionments) to the receiving agency. Receiving agencies will be responsible for keeping obligations within the amount so specified; for example, the amount transferred to the allocation TAFS or the sub-allotment, as appropriate.

120.21 Must I include a footnote regarding the one percent apportionment requirement to cover obligations in the canceled phase?

Yes. Unless otherwise informed by OMB, footnote each apportionment containing appropriations realized, as follows: "Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations

for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations."

120.22 Why must I base my apportionment/reapportionment requests on financial plans?

You must base your apportionment/reapportionment requests on financial plans so that the distribution on apportionments is part of your agency's overall financial plan for the year. You should insure that the apportionment and its supporting financial plan are based on a careful forecast of obligations to be incurred under the work programs or operations planned during the year. In many cases, experience in past years will be a useful guide.

120.23 Will I show the same level of detail in my financial plan from year-to-year?

Normally, yes. However, OMB may require that you change the nature or level of detail of your financial plans from year to year due to changing circumstances. You should consult with OMB about the level of detail required in financial plans well in advance of your submission of apportionment requests.

120.24 Do I need to explain how I developed my financial plan?

Yes. Submit a suitable explanation as part of your request in a footnote or on a separate sheet when funds are apportioned for calendar quarters or other time periods of less than a year. Make appropriate provision for any seasonal or similar variations in fiscal requirements when such factors make it necessary to request apportionments in varying amounts.

120.25 What supporting data should I include with the apportionment request?

Include sufficient supporting data with your apportionment and reapportionment requests to justify the financial requirements set forth therein. We encourage you to discuss the availability of supporting data with OMB. These data include performance goals and performance indicators such as output and outcome measures when possible. You should prepare the information before you submit initial apportionments so that you can provide specific supporting data that OMB may require.

120.26 Will OMB request FTE plans to support the apportionment request?

Yes. OMB may request that you provide supporting data on full time equivalent employment (FTE) as part of your apportionment requests. For example, OMB may request that you provide plans on expected and/or actual FTE usage for your agency as a whole, or for components within your agencies, e.g., bureaus or accounts. OMB may request FTE data backing up the apportionment on a monthly, quarterly, or other basis depending on the program and situation. Exhibit 120 provides a sample report.

120.27 What format is used for the apportionment request?

Agencies will use OMB's web-based system to submit their FY 2007 apportionment requests to OMB. The system allows agencies to create two basic formats for SF 132 apportionment requests. The condensed format shows only those lines that have non-zero amounts. The expanded format shows all lines, even though some lines will have zeroes in the amount columns. Agencies must work with their OMB representatives to determine which format is acceptable.

Agencies that are unable to use the web-based system for some of their requests may submit their requests using the apportionment formats of the Excel spreadsheets described in Section 121.5.

120.28 Can I combine TAFSs on the apportionment?

Almost without exception, no. However, agencies may request permission to combine TAFSs on the apportionment. Agency requests must be submitted via email to your normal OMB representative and to OMB's Budget Concepts Branch (BCB). The email address for the BCB contact is Chris_Fairhall@omb.eop.gov.

In addition, OMB may require agencies to combine TAFS on the apportionment. These requirements must be sent via email to the agency and to OMB's Budget Concepts Branch.

120.29 Will comments and attachments become part of the apportionment?

Yes. Unless otherwise specified on the apportionment, the apportionment signed by a responsible OMB official and all attachments transmitted to the agency become part of the apportionment. Any cover letter is *not* part of the apportionment. (Attachment on program reporting categories is not subject to the Antideficiency Act.)

The signature of OMB's approving official on the apportionment implies approval of, or concurrence with, any comments you inserted on the form. If OMB specifically disagrees with any such comments, it will be noted on the approved apportionment form.

120.30 When are initial apportionments due at OMB?

If ...	Then, submit your initial apportionment request by ...
Any part of the budgetary resources for a TAFS is not determined by current action of the Congress (such as permanent appropriations, public enterprise and other revolving funds subject to apportionment, reimbursements and other income, and balances of prior year budget authority)	August 21, as required by 31 U.S.C. 1513(b)
All or any part of the budgetary resources for a TAFS are determined by current action of the Congress	August 21, or within 10 calendar days after the approval of the appropriation or substantive acts providing new budget authority, whichever is later

We encourage you to begin preparation of apportionments and related materials as soon as the House and Senate have reached agreement on funding levels. In this way, you can make a timely submission of your request to OMB, and OMB can have adequate time for its review.

120.31 While OMB is reviewing my first written apportionment request for newly enacted appropriations, am I under an automatic apportionment?

Yes. For newly enacted appropriations you are automatically apportioned the lowest of:

- The pro-rata share (1/365th for each day) of last year's enacted appropriations level;
- The pro-rata share (1/365th for each day) of the current year's enacted appropriation level; or
- The historical seasonal level of obligations.

Under this automatic apportionment, all of the footnotes and conditions placed on prior year apportionments remain in effect. Once a written apportionment is approved by OMB, the automatic apportionment ceases to remain in effect.

120.32 Who can sign the apportionment request?

Agencies must use appropriate internal controls in preparing apportionment requests, and specifically ensure that the agency official with authority to approve the request has done so. The approving official at the agency is not required to sign the request that is sent to OMB, but may optionally do so if required by the agency's internal controls or if required by the OMB examining division.

120.33 How do I submit apportionment requests to OMB

Agencies will typically use OMB's web-based system to submit their FY 2007 apportionment requests to OMB. In those circumstances when you are unable to use the web-based system, you will submit apportionment requests in electronic format using Excel spreadsheets (see section 121.5). You will almost always be required to send OMB an electronic copy of the apportionment request. In some cases, the OMB examining division may request you to provide a hard copy of the signed request.

120.34 Should I assemble apportionment requests for multiple TAFSs in a single package?

Yes. To the extent practical, submit apportionment requests for each independent agency, departmental bureau, or similar subdivision together in accordance with the instructions in section 121.5.

120.35 How can I expedite OMB approval of my apportionment request?

Your apportionment requests will always receive quicker review and approval if you have discussed your requirements and proposed changes with your OMB representative before the actual apportionment is prepared. You may also want to submit your apportionment in draft to work out any disagreements before Congress takes final action on your appropriation. You are encouraged to submit apportionment requests early for programs accruing interest liabilities pursuant to the Cash Management Improvement Act. You may submit these initial apportionment requests and supporting materials to OMB on or soon after the day Congress completes action on the appropriations bill. This action will expedite OMB approval of the apportionment request and help reduce potential interest liabilities.

Discuss alternative ways to expedite approval of apportionments with OMB. For example, apportionments may be submitted and approved by telephone or fax for emergency funding needs. As soon thereafter as it is practical, submit apportionment schedules reflecting such action.

120.36 How will OMB indicate its approval of an apportionment?

OMB will enter its approval on lines 1 through 12 in the third column, "Action by OMB," of the apportionment request and will validate its action with a signature on the "Apportioned" line. An agency may request an apportionment or OMB may initiate the apportionment.

OMB will notify you of the action taken on the initial requests by *September 10*, as required by law. For TAFSs that have budgetary resources solely as a result of current action by the Congress, OMB will notify you of the action taken on apportionment or reapportionment requests by *September 10* or within *30 calendar days* after the approval of the act providing new budget authority, whichever is later.

After approval, OMB will forward the original apportionment request to you. Since you are forwarding the apportionment request to OMB electronically, the original will be the copy printed out at OMB and signed by the OMB approving official. OMB will also provide you with an electronic copy of the approved apportionment.

120.37 What program changes will require that I submit a reapportionment request to OMB?

Submit a reapportionment request to OMB as soon as a change in an apportionment previously made becomes necessary due to changes in amounts available (e.g., actual reimbursements differ significantly from estimates), program requirements, or cost factors, except as specified in section 120.38. Submit such requests well in advance of the time revised amounts are needed for obligation to allow time for action by OMB. Remember that an apportionment for a specific time period may not be changed after the end of the period.

When emergencies, such as those involving the safety of human life or the protection of property, require immediate action, you may request, and OMB may approve, a reapportionment by telephone. As soon thereafter as it is practical, submit apportionment schedules reflecting such action.

For credit program and financing TAFSs, submit a reapportionment request for subsidy re-estimates at the beginning of each fiscal year (starting with the fiscal year following the year in which a disbursement is made) as long as the loans are outstanding (see sections 185.17 and 185.18). Also submit a reapportionment request for subsidy modifications when the modification is approved by OMB (see section 185.21).

Submit a reapportionment request within *10 calendar days* after approval of an appropriation or substantive act providing budget authority, where such authority is enacted after the initial apportionment for the year has been made (except as specified in section 120.38). We encourage you to begin preparation of apportionments and related materials as soon as the House and Senate have reached agreement on funding levels.

In some cases, you will need to submit initial apportionment schedules before the unobligated balance brought forward has been precisely determined. If the unobligated balance brought forward, as shown on the latest approved apportionment schedule, differs from the unobligated balance at the end of the preceding year, as reported on the final SF 133 for that year, and the difference is larger than the amount specified in section 120.38, OMB must approve the reapportionment request *before* you can obligate the additional funds.

Include a footnote for line 1A of the apportionment request that explains the difference if the unobligated balances on the reapportionment schedule do not agree with those:

- Reported on the final SF 133 of the preceding year;
- Reported to the Treasury for inclusion in the U.S. Government Treasury Annual Report Appendix; or
- Presented in the Budget Appendix as a past-year actual amount.

120.38 What adjustments can I make without submitting a reapportionment request?

Unless OMB determines otherwise, you may adjust amounts apportioned without the submission of a reapportionment request by adding or subtracting:

- Adjustments in the amount of unobligated balances brought forward (line 1A) up to $400,000 or two percent of the amount of total budgetary resources, whichever is lower, from the amount apportioned for the period in progress when the adjustment is made.

- Amounts of budget authority transfers (line 4A) or balances transferred (line 4C), up to $400,000 or two percent of the amount of total budgetary resources, whichever is lower, from the amount apportioned for the time period in progress when the adjustment is made.

- Amounts of indefinite budget authority (line 3A2), reimbursements (line 3D), or recoveries (line 2A) that are realized above or below anticipated amounts, up to $400,000 or two percent of the amount of total budgetary resources, whichever is lower, from the amount apportioned for the last time period.

In credit financing TAFSs, additional amounts for the payment of interest to Treasury are automatically apportioned.

120.39 What other types of adjustments can I request OMB to allow me to make without submitting a reapportionment request?

You may make other specific types of adjustments to apportionments without submitting a reapportionment request if specified on the most recently approved apportionment form or otherwise approved in writing by OMB. For example, OMB may include on an approved apportionment a statement that, to the extent provided in law, actual earned reimbursements are available without further OMB action. These adjustments may also include amounts of supplemental appropriations or other authority enacted in the last period, adjustments of amounts apportioned on a basis other than time periods, and adjustments of time period apportionments other than those mentioned above.

Your apportionment submission must indicate that you have previously received, or are requesting, OMB approval to use this authority. Section 121.7 and section 121.8 describe how to supply this information on the apportionment request.

120.40 How do I treat automatic adjustments on subsequent reapportionment requests?

Unless OMB determines otherwise, when amounts are automatically apportioned (as specified in section 120.38, section 120.39 or section 185.19) and there is a subsequent need for reapportionment, reflect adjustments previously made as automatic apportionments in the previously approved column. Include a footnote where changes have been previously made as automatic apportionments.

120.41 When do I submit requests anticipating the need for supplemental authority?

Submit requests anticipating the need for supplemental authority only under exceptional circumstances as authorized by law. The Antideficiency Act (31 U.S.C. 1515) permits apportionments to be made that indicate the need for supplemental budget authority only when:

- Laws have been enacted, subsequent to the transmittal to the Congress of the budget request, that require expenditures beyond administrative control.

- Emergencies arise involving (1) the safety of human life, (2) the protection of property, or (3) the immediate welfare of individuals in cases where an appropriation that would allow the United States to pay, or contribute to, amounts required to be paid to individuals in specific amounts fixed by law or under formulas prescribed by law, is insufficient.

- Supplemental appropriations are required to permit payment of such pay increases as may be granted pursuant to law to civilian officers and employees (including prevailing rate employees whose compensation is fixed and adjusted from time to time in accordance with prevailing wage rates) and to retired and active military personnel.

In addition, other laws may be enacted that authorize apportionments that anticipate the need for supplemental estimates of appropriations (for example, a continuing resolution that authorizes deficiency apportionments necessitated by civilian and military pay increases).

When you submit a requested apportionment that indicates a necessity for a supplemental or deficiency estimate of appropriations, include the following notation on the apportionment request (SF 132):

"This apportionment request indicates a necessity for a supplemental appropriation now estimated at $_____."

Submit the apportionment request to OMB along with three copies of your agency head's determination of the reasons for a deficiency apportionment, as required by law (31 U.S.C. 1515). The statement of necessity will read as follows:

"I hereby determine that it is necessary to request apportionment (or reapportionment) of the appropriation '(appropriation title)' on a basis that indicates the necessity for a supplemental estimate of appropriations, because .... [cite one of the allowable reasons mentioned above]."

Usually, you will reflect the need for a supplemental in quarterly apportionments by making the request for the fourth quarter less than the amount that will be required. For apportionments by activities, verify that the amount requested for each activity provides for continuing that activity until the supplemental appropriation is expected to become available. OMB approval of requests for a deficiency apportionment does *not* authorize you to exceed available resources within a TAFS.

Fully justify the amount of any anticipated supplemental appropriation. Action on the apportionment request does not commit OMB to the amount of the supplemental that will be recommended subsequently to the President or transmitted to the Congress.

120.42 How do I apportion foreign currency fund (FT) TAFSs?

OMB may request that you apportion your FT TAFS. If so, type "Authority to spend foreign currency receipts" in the stub column for line 3A on the apportionment request. Include the most recent Treasury exchange rates on each apportionment request and SF 133. Include amounts transferred from Treasury and credited to the agency foreign currency TAFSs on line 3A. Include amounts anticipated to be transferred during the year on line 3A2. Limit balances brought forward (on line 1A) to balances in your FT TAFSs.

Verify that foreign currency units reported in dollars agree with the "Foreign Currency Statement and Account Current" (Foreign Service Form 488) prepared by disbursing officers.

OMB may require that you prepare an SF 133 report in dollars for each currency in each FT TAFS.

120.43 How are funds appropriated to the President distributed to agencies?

Appropriations or other budget authority made to the President may be distributed to agencies that have responsibilities for the purposes to be served by such appropriations or authority. Such agencies will present requests for funds, supported by a justification, to the designated coordinating agency. The coordinating agency will notify the requesting agency of amounts to be transferred.

When action by the President is necessary to make a distribution, the coordinating agency will prepare the necessary documents for the President's signature. The coordinating agency will provide OMB a copy of the distribution request, as approved by the President.

For appropriations, the coordinating agency will prepare Standard Form 1151 and process it through the Treasury Department to effect the distribution. For authority to borrow, the receiving agency will arrange with the Treasury Department for the drawdown of money as needed.

SAMPLE FTE PLAN

Date: _____

DEPARTMENT OF GOVERNMENT FTE USAGE PLAN (FY XXXX)

(Cumulative FTEs to Date)

	Reporting period [1]	Actual/Plan FTE Usage [2]
October	(10/7–10/20)	
November	(10/21–11/17)	
December	(11/18–12/29)	
January	(12/30–1/26)	
February	(1/27–2/23)	
March	(2/24–3/23)	
April	(3/24–4/20)	
May	(4/21–5/18)	
June	(5/19–6/29)	
July	(6/30–7/27)	
August	(7/28–8/24)	
September	(8/25–9/21)	

[1] The reporting periods in this column are described in the Office of Personnel Management (OPM) SF 113G reporting system. Unless otherwise determined by OMB, the periods on the report will correspond to the SF 113G reporting periods published by OPM.

[2] Provide actual FTE data if it is available. Actual data should correspond with the SF 113G report provided to OPM.

Each plan will include:

- actual cumulative FTE usage from straight-time hours by month, as reported to OPM on the SF 113G report through the most recent actual period;
- planned cumulative FTE usage levels by month for remaining periods; and
- an explanation, if applicable, of why agency plans are not consistent with FTE estimates.

Report additional detail when appropriate or when requested by OMB.

Plans will be revised if:

- FTE estimates are revised or plans change significantly;
- subsequent actual data for the agency exceeds the most recent plan; or
- requested by OMB.

SECTION 121—SF 132, APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

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Summary of Changes

Modifies reporting requirements to reflect implementation of OMB's secure web-based apportionment application (section 121.5).

121.1 How is the apportionment (SF 132) organized?

The apportionment (SF 132) contains two general sections: **Budgetary Resources** and **Application of Budgetary Resources**. Under Budgetary Resources, you display the sources of actual and anticipated resources as well as actual and anticipated reductions to those resources. Under the Application of Budgetary Resources, you display how you intend to use those resources, whether by fiscal quarter, activity, project, object, or a combination thereof.

The apportionment is divided into four columns:

- Amount on Latest Apportionment
  - *Initial apportionment requests*. Leave the column blank. See exhibits 121A, 121B, and 121D for examples of an annual appropriation, a no-year appropriation, and appropriations provided by a continuing resolution.
  - *Reapportionment requests*. Include the amounts in the "Action by OMB" column of the previously approved apportionment. Unless OMB determines otherwise, when amounts are automatically apportioned (as specified in section 123.5, section 120.36 or section 120.37) and there is a subsequent need for reapportionment, reflect adjustments previously made as automatic apportionments in the "Amount on Latest SF 132" column. Footnote the changes made as automatic apportionments. See exhibits 121C, 121E, 121F, 121G, 121H, and 121I for examples of *reapportionments*.
- Agency Request—Include amounts in the column for each applicable line. Report the detailed information on each line of the form as explained below.
- Action by OMB—Leave the column blank.
- Memo obligations (YYYY-MM-DD). Include memorandum obligations in this column. Also include the date of the obligations using the YYYY-MM-DD format.

Apportionment (SF 132) line numbers are shown on exhibit 121M. Appendix F includes descriptions of the items that you must include on each line (e.g., line 8C, apportioned for future fiscal years).

Usually, lines for reporting actual amounts will apply only to reapportionment requests. Unless more recent figures are available, verify that all amounts agree with the most recent SF 133. Include a footnote on the SF 132) to indicate the period covered by the actual amounts reported on the form.

121.2 How do program reporting categories fit into the apportionment process?

Agencies and OMB use the apportionment process to identify those program reporting categories that agencies will report obligations against in their SF 133 reports. (As noted in section 120.3, not every TAFS uses program reporting categories.) The program reporting categories are included as an attachment to the apportionment. The total obligations identified in program reporting categories may or

may not add to the total amount apportioned even though the format used to identify program reporting categories should include all apportioned amounts, both those that have reporting categories and those that do not (section 121.9). The program reporting categories are not used to apportion funds, are not subject to the Antideficiency Act, and are not presented on the actual apportionment form itself.

Here is how program reporting categories relate to Category A and Category B apportioned lines.

You will sometimes use two or more reporting categories for a single, specific Category B project. You must always use at least two reporting categories in these cases, one for each significant program reporting category, and one as an "All Other" component where you will report other obligations related to the Category B project.

You will sometimes use two or more reporting categories for Category A apportionments. As noted earlier, if you use more than one reporting category, one of them must be "All Other."

See Exhibit 121O for a sample format of program reporting categories. This exhibit is consistent with the apportionment information in Exhibits 121C and 121N.

121.3 Why does OMB send the names of program reporting categories and Category B projects to Treasury for use in FACTS II?

OMB sends program reporting categories from approved apportionment attachments to the Department of the Treasury's Financial Management Service (FMS), which operates the FACTS II system that agencies use to report their SF 133 budget execution information. When reporting their obligations, FACTS II provides agencies with the list of program reporting categories to report upon; these are the same categories that OMB provides from the apportionment attachments.

For those TAFSs that use Category B projects but do not use program reporting categories, OMB sends FMS the list of Category B projects for use in FACTS II reporting.

OMB sends this information to FMS so OMB can use automated tools to align program reporting categories and Category B projects on the apportionments to the budget execution reports. Prior to this change, OMB was unable to create automated reports that show apportioned amounts (from the SF 132) and obligations (from the SF 133) by program reporting category or Category B project. The reason is that the SF 132s and SF 133s used slightly different names for the Category B projects, so it was impossible to use a computer program to line up the projects by name.

121.4 Can agencies add new program reporting categories or Category B projects when reporting their FACTS II data?

Yes, but only when it makes sense to do so. Here are some examples.

First, you must report all obligations that took place during the reporting period. If FACTS II does not provide you with a comprehensive list of program reporting categories or Category B projects to report all your obligations, you must add more categories or projects to report your obligations against.

Second, if you are aware that OMB has apportioned funds using Category B projects that are not presented in FACTS II, then you must add the missing Category B projects names, and report your obligations for those projects.

Third, if you are aware that OMB has used program reporting categories that are not presented in FACTS II, then you should add the missing program reporting category names, and report our obligations for those categories.

121.5 What apportionment formats are available, and what information must I include in these formats?

Unless OMB approves otherwise, all agencies must prepare apportionment requests using OMB's secure web-based apportionment application system. The system allows you to easily create apportionment requests using either an expanded (SF 132) or condensed (letter) format. The following exhibits show what these formats look like:

- Exhibit 121P shows the Expanded (SF 132) format.
- Exhibit 121N shows the Condensed (letter) format.

In cases when agencies may not be able to use the web-based system, they can instead use Excel files that are virtually identical to the SF 132 and letter formats used in FY 2006. Here are links to these files:

Template for SF 132 apportionment

Template for letter apportionment

All formats ask you to provide a variety of information. Some, but not all, of the information required is shown below:

The fiscal year being apportioned.

The Treasury Appropriation Fund Symbol (TAFS) being apportioned, and the titles for the TAFS, bureau, and agency.

The SF 132 line number; see Appendix F.

The SF 132 line number split. You can use the line split to distinguish between two or more amounts that are reported on a single line. For example, you may use line number split to distinguish between two or more sources of collections. You may not use line number splits for apportioned amount lines.

The SF 132 line stub is used for all lines on the SF 132 apportionment. For letter apportionments, you must use the line stub on apportioned lines.

All applicable amounts, e.g., the amount on the latest SF 132, the agency request, and the action by OMB.

In those cases where you cannot use the web-based system, you must prepare your apportionment request in accordance with the instructions on the OMB web page (http://www.whitehouse.gov/omb/circulars/a11/current_year/apportionment_instructions.pdf) under Part 4, Apportionment and Reapportionment Instructions.

For either format, all amounts must be in whole dollars; do not use cents. Do not round to thousands. Do not use dollar signs.

121.6 Will all apportioned amounts be shown on these two formats?

No. At times, OMB will approve apportionments when the amounts are not known at the time the apportionment is prepared. Common examples are:

- *When OMB issues an OMB Bulletin automatically apportioning amounts made available by a continuing resolution* (see section 123.6). Because amounts apportioned under continuing resolutions are for relatively short periods and are derived by formula, the formats described in section 121.5 are not used. If you or OMB determines that your program or account should be apportioned separately during a continuing resolution because you need an amount different than the automatic apportionment, you should use one of the formats described in section 121.5.

- *Adjustments permitted by section 120.38.* Adjustments of specified apportioned amounts are permitted without the submission of a reapportionment request.

- *Adjustments permitted in writing by OMB* (section 120.39). OMB may include in an apportionment a statement that, to the extent provided in law, allows actual unobligated balances, actual recoveries, or actual earned reimbursements to be available without further OMB action. This is an expansion of the type of adjustment permitted by section 120.38.

Reapportionment requests submitted through the year should include the amounts automatically apportioned in the columns entitled "Amount on Latest SF 132" and "Agency Request."

121.7 What format do I use to show program reporting categories?

The program reporting categories worksheet should include all apportioned amounts, both those that have reporting categories and those that do not. There are two reasons for this requirement. First, the worksheet should provide a complete picture of all apportioned amounts for the TAFS. Having the apportioned amounts that do not use reporting categories on one worksheet, and then showing those apportioned amounts that use reporting categories on a second worksheet, would make it difficult to see the complete picture of what the TAFS would submit on its budget execution reports. Second, having a complete set of Category B stubs and program reporting stubs in one place helps ensure that OMB can send the correct Category B and program reporting stubs to the Financial Management Service (FMS) for use in FACTS II reporting.

The program reporting categories worksheet includes a column named reporting category number. Those rows that have a reporting category number from 1–100 will be sent to FMS for use in FACTS II reporting. You may also include rows that do not have a reporting category number. For example, you may find it helpful to keep a row that has a Category B project and apportioned amount as a control total that corresponds to two or more program reporting categories.

When completing the program reporting categories worksheet for Category A apportionments, you should include one row for each reporting category, rather than one row for each quarter. For example, if you have two reporting categories for Category A obligations, one for salaries, the second for all other, then the program reporting categories worksheet would only include two rows; the worksheet should not include separate rows that correspond to each quarter.

If the agency and OMB decide to use program reporting categories, you must include a second worksheet, named Pgm_Cat, to show the program reporting categories. **The name of the worksheet must be Pgm_Cat, and cannot be changed.** You can use the Pgm_Cat worksheet with either the SF 132 or the letter apportionment. You do not need to include a Pgm_Cat worksheet if you are not using program reporting categories.

The expanded (SF 132) and condensed (letter) apportionment templates available from OMB's web page include the Pgm_Cat worksheet. Instructions on how to prepare this worksheet can be found on the OMB's web page.

121.8 Why do I need to report information on transfer appropriation (allocation) accounts in my apportionment request?

Since FY 2004, OMB has sent Category B project and program reporting category stubs from approved apportionments to FACTS II, and since FY 2005 OMB has sent BEA category information from the apportionments to FACTS II. Sending this information to FACTS II makes it easier for agency staff to respond to the FACTS II reporting requirements.

For allocation transfers, A–11 instructs agencies administering the parent appropriation to submit a single, consolidated apportionment request that encompasses the parent TAFS and all allocation accounts. (In a limited number of cases, OMB also apportions the allocations.) When submitting consolidated apportionment requests, you must provide a list of the allocations. This information will enable OMB to send stubs and BEA information to FACTS II for the allocation accounts, rather than just the parent accounts.

If you have an apportionment that includes allocations, you must include a worksheet, named Allocations, to show the required information. **The name of the worksheet must be Allocations, and cannot be changed.** You can use the Allocations worksheet with either the expanded SF 132 or the condensed SF 132 (letter) apportionment. You do not need to include an Allocations worksheet if you are not using allocations.

121.9 Why do I need to report Budget Enforcement Act classifications in my apportionment request?

To make it easier for FACTS II users to do their jobs and to improve the quality of the FACTS II BEA classifications, agencies are now required to indicate on their apportionment requests whether each TAFS is discretionary, mandatory, or split (receiving both discretionary and mandatory funding). OMB will provide this BEA information to Treasury so that it will be available as a FACTS II edit check.

121.10 How do I treat extensions of the availability of unobligated balances?

Extensions of the availability of unobligated balances of budget authority are treated as new budget authority (e.g., reappropriations) or balance transfers depending on:

- The underlying authority to extend the availability; and
- Whether availability is extended before or after the balances have expired.

Not all extensions of the availability of unobligated balances are considered to be reappropriations. The term "reappropriation" applies only to those extensions of availability resulting from laws enacted after the law that provided the budget authority. Reappropriations can be enacted before or after the balances have expired. The definition *excludes* extensions resulting from provisions included in the same law that appropriated the funds or from standing provisions of law enacted before the budget authority was provided. Extensions of availability of unobligated balances that also involve transfers between accounts will be handled on a case by case basis in consultation with OMB. A graphic display of the treatment of extensions of availability of unobligated balances is included at the end of this section.

(a) *Extensions that are treated as new budget authority.*

Reappropriations of amounts that have expired are recorded as new budget authority in the year in which the reappropriated amounts become newly available for obligation. In addition, reappropriations of amounts that would expire before the legislation takes affect (e.g., a reappropriation of funds that would expire at the end of FY 2004 included in an FY 2005 appropriations act enacted in August, 2004) would be treated as new budget authority (reappropriations).

An example of this type of extension is found in section 137 (Division F) of the Consolidated Appropriations Act, 2003, which states:

> "….the funds provided in Labor, Health and Human Services, Education and Related Agencies Appropriations Act of 2002, Public Law 107–116, for the National Museum of African American History and Culture Plan for Action Presidential Commission shall remain available until expended."

In this example the FY 2002 appropriated funds were annual and therefore expired at the end of September 30, 2002. The language in the FY 2003 appropriation reappropriated the expired funds to unexpired no-year funds.

(b) *Extensions that are treated as balance transfers.*

Reappropriations of amounts that would not otherwise expire until a future fiscal year (e.g., a FY 2006 reappropriation of amounts that would otherwise expire at the end of FY 2007) are treated as **balance transfers.** In addition, extensions of the availability of unobligated balances that result from standing provisions of law or provisions included in the same law that appropriated the funds are treated as balance transfers. An example of an extension included in the same law that appropriated the funds is section 511 of the Treasury and General Government Appropriations Act, 2003, which allows agencies to extend the period of availability (expired to unexpired) of unobligated balances of appropriations (annual or multi-year) provided in the same act. The Act states:

> "... not to exceed 50 percent of unobligated balances remaining available at the end of fiscal year 2002 from appropriations made available for salaries and expenses for fiscal year 2002 in this Act, shall remain available through September 30, 2003, ..."

(c) *Apportionment.*

Reappropriations described in paragraph (a) are reflected on line 3A1: "Budget authority: Appropriation." Initial apportionments for FY 2007 should reflect an estimate of the amount to be reappropriated from the estimated expiring FY 2006 balances. A reapportionment may be required after the actual amount of the expiring balances is known. You may wish to reflect these amounts on line 5 "Temporarily not available pursuant to Public Law xxx–xxx" until an appropriate time after the required reprogramming notice has been transmitted to Congress.

Balance transfer amounts from expired to unexpired funds, described in paragraph (b) are reflected on line 4C: Actual Transfers, unobligated Balance (+ or –).

(d) *SF 133 Report on Budget Execution and Budgetary Resources*.

For the SF 133 for September 30, all expiring balances, including amounts subject to reappropriation or balance transfer in the following fiscal year, should be reflected on either line 9A1 "Unobligated balance apportioned: Balance currently available" or line 10C "Unobligated balance not available: Other," as appropriate.

SF 133s prepared for later years should treat reappropriations and balance transfers in the same manner as the apportionment in the available columns. The amounts moved from the expired columns to the available columns should show as negative amounts on line 6B (see exhibit 130G).
(Treasury Financial Manual U.S. Government Standard General Ledger Supplement, which contains crosswalks from the U.S. Standard General Ledger to the SF 133, FMS 2108, and Program and Financing Schedule is available at http://www.fms.treas.gov/ussgl).

(e) *FY 2008 Budget*.

When the MAX A–11 database opens, all amounts expiring on September 30, 2006 should be reflected on schedule P line 2398 "Unobligated balance expiring or withdrawn" in the 2006 actual column.

Amounts reappropriated (such as the example in paragraph (a)) should be reflected on line 5000 "Reappropriation" in the 2007 column. If there is no approved use for the funds, you may reflect them on line 2398 of the 2006 column as "Unobligated balance expiring or withdrawn."

Amounts treated as balance transfers between expired to unexpired funds (such as the example in paragraph (b)) should be reflected on line 2230 "Expired unobligated balance transfer to unexpired account (+)" in the 2007 column.

Extensions of the Availability of Unobligated Balances

If the authority is provided by...	Then the extension is treated as...
A standing provision of law *enacted before* the budget authority was provided.	**For unexpired funds:** *BA transfer* if the transfer occurs in the same year the resource became available for obligation; *balance transfer* for transfers of prior year resources. **For expired funds:** *Balance transfer* for transfers of prior year resources.
A provision *enacted in the same law* that provides the budget authority.	**For unexpired funds:** *BA transfer* if the transfer occurs in the same year the resource became available for obligation; *balance transfer* for transfers of prior year resources. **For expired funds:** *Balance transfer* for transfers of prior year resources.
Legislation *enacted after* the budget authority was provided.	**For unexpired funds:** *BA transfer* if the transfer occurs in the same year the resource became available for obligation; *balance transfer* for transfers of prior year resources. **For expired funds:** *Reappropriation* if the transfer occurs in the year for which the legislation is enacted; *balance transfer* for transfers in subsequent years.

121.11 What amounts should I allot?

The agency system of administrative control of funds (section 150) should be designed to keep obligations and expenditures from exceeding apportionments and allotments or from exceeding budgetary resources available for obligation, whichever is smaller. No obligations should be incurred against any

anticipated budgetary resources, even if the funds are apportioned and allotted (section 145.6). Therefore agencies should not allot anticipated (and apportioned) amounts unless there is reasonable assurance that such items will be collected and deposited to the credit of the appropriation or fund account that incurred the obligation (Appendix H).

One-Year Appropriation—Initial Apportionment

To save space, several exhibits in this section do not display lines that do not contain amounts. Exhibit 121M contains all lines.

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
0137 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

The account title must be the same as the enacted appropriation.

AGENCY: Department of Government
BUREAU: Office of the Secretary
APPROPRIATION OR FUND TITLE AND SYMBOL
80Y0137 Salaries and expenses

The TAFS must be assigned by the Treasury

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
		BUDGETARY RESOURCES			
		Unobligated balance:			
1A		Brought forward, October 1 (+ or -)……			
		Recoveries of prior year unpaid obligations:			
2B		Anticipated……			
		Budget authority:			
		Appropriation:		7,400,000	
3A1		Actual……			
		Spending authority from offsetting collections (gross):			
3D3		Anticipated for rest of year, without advance……		403,000	
		Nonexpenditure transfers, net:			
4D		Anticipated transfers, unobligated balances (+ or -)……			
5		Temporarily not available pursuant to Public Law ___ (-)……		-1,000	
7		**Total budgetary resources……**		7,802,000	
		APPLICATION OF BUDGETARY RESOURCES			
		Apportioned:			
		Category A:			
8A1		First quarter……		1,952,000	
8A2		Second quarter……		1,950,000	
8A3		Third quarter……		1,950,000	
8A4		Fourth quarter……		1,950,000	
12		**Total budgetary resources……**		7,802,000	

Line 1A should be blank unless the account is a no-year or a multiple year account.

Include an estimate of all amounts you anticipate will become available, under existing law in the fiscal year for which the schedule is submitted. Do not include anticipated, unenacted supplemental appropriations and rescission proposals.

Identify in a footnote, the law(s), if any, providing the budget authority.

On initial apportionment forms, this line entry represents the amount of appropriations becoming available on or after October 1 of the fiscal year for which the schedule is submitted.

This inclusion of estimates in determining the amounts available for apportionment does not authorize you to obligate amounts anticipated for the rest of the year (see section 145.6).

This entry includes any funds not available for obligation pursuant to a specific provision in law. Identify the public law containing the restriction in the stub column. 31 U.S.C 1512 and the Impoundment Control Act are not valid authorizing citations.

The total amount on line 7 must equal the total amount on line 12.

Leave this column "Amount on Latest SF 132" blank on initial apportionments.

SUBMITTED Authorized officer 8/21/CY APPORTIONED_____ _____
(Authorized officer) (Date) (Date)

NOTE: Line 3A1, P.L. 1XX-123.

NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations.

NOTE: Exhibit 130A illustrates the SF 133 for this account.

Apportionment requests are required by *August 21* or within 10 days after the approval of the act providing budget authority, whichever is later, Except where authority is provided without current action by the Congress. In such cases, submit initial apportionment requests by *August 21* .

No-Year Appropriation—Initial Apportionment

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
1309 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Bureau of Central Services

APPROPRIATION OR FUND TITLE AND SYMBOL
80X1309 Research and development

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
		BUDGETARY RESOURCES			
		Unobligated balance:			
1A		Brought forward, October 1 (+ or -)……		1,180,000	
		Recoveries of prior year unpaid obligations:			
2B		Anticipated……		150,000	
		Budget authority:			
		Appropriation:			
3A1		Actual……		25,000,000	
		Spending authority from offsetting collections (gross):			
3D3		Anticipated for rest of year, without advance ……			
3D3	1	Department of Government		300,000	
3D3	2	All Other Sources		100,000	
7		**Total budgetary resources……**		26,730,000	
		APPLICATION OF BUDGETARY RESOURCES			
		Apportioned:			
		Category A: Administrative Expenses			
8A1		First quarter……		120,000	
8A2		Second quarter……		120,000	
8A3		Third quarter……		120,000	
8A4		Fourth quarter……		120,000	
		Category B:			
8B1		Research		12,800,000	
8B2		Dev. of products		9,450,000	
		Category C: Apportioned for future fiscal years			
8C		FY(s): 2008		4,000,000	
12		**Total budgetary resources……**		26,730,000	

Use this line to report expected cancellations or downward adjustments of obligations reported in prior years for unexpired accounts.

If the account must be apportioned before the actual unobligated balance is known, enter an estimated amount on this line. Type "est." in the stub. If adjustments are subsequently required, submit a reapportionment form, except as provided in section 120.38.

Identify in a footnote, the law(s), if any, providing the budget authority.

Include only amounts expected to be received and to become available without further congressional action.

No-year and multi-year accounts can have apportioned amounts in future fiscal years.

When using Line 8C, provide the future fiscal years.

Leave this column blank on initial apportionments.

SUBMITTED Authorized officer 8/21/CY APPORTIONED _____ _____
(Authorized officer) (Date) (Date)

NOTE: Line 3A1, P.L. 1XX-123.

Normally, initial apportionment requests are required by August 21 when all or part of funds are available without current action by the Congress.

No-Year Appropriation—Reapportionment

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
1309 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

You must request a reapportionment whenever the actual balance brought forward differs from the estimate on the latest SF 132 by $400,000 or two percent of total budgetary resources, whichever is lower. Change the stub entry from "estimate" to "actual" whenever you reapportion after the final determination of unobligated balance.

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Bureau of Central Services
APPROPRIATION OR FUND TITLE AND SYMBOL
80X1309 Research and development

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-11-30
		BUDGETARY RESOURCES				
		Unobligated balance:				
1A		Brought forward, October 1 (+ or -)……	1,298,000	1,610,000		
		Recoveries of prior year unpaid obligations:				
2A		Actual……		27,000		
2B		Anticipated……	150,000	123,000		
		Budget authority:				
		Appropriation:				
3A1		Actual……	25,000,000	25,000,000		
		Spending authority from offsetting collections (gross):				
		Earned:				
3D1a		Collected ……		86,000		
3D2a		Advance received……		9,000		
3D3		Anticipated for rest of year, without advance……				
3D3	1	Department of Government	300,000	205,000		
3D3	2	All Other Sources	100,000	100,000		
		Permanently not available:				
6B	A	Enacted reductions (-) (Public Law 1XX-123)……		-150,000		
6B	X	Enacted reductions (-) (Public Law 1XX-123)……		-50,000		
7		**Total budgetary resources…….....**	26,848,000	26,960,000		
		APPLICATION OF BUDGETARY RESOURCES				
		Apportioned:				
		Category A: Administrative expenses				
8A1		First quarter……	120,000	120,000		36,000
8A2		Second quarter……	120,000	120,000		
8A3		Third quarter……	120,000	120,000		
8A4		Fourth quarter……	120,000	120,000		
		Category B:				
8B1		Research	16,800,000	12,880,000		2,354,700
8B2		Dev. of products	9,568,000	9,600,000		1,348,250
		Category C: Apportioned for future fiscal years				
8C		FY(s): 2007		4,000,000		
12		**Total budgetary resources……...……**	26,848,000	26,960,000		

Use the most recent data available. Indicate the period covered here (YYYY-MM-DD).

Identify in a footnote, the law(s), if any, providing the budget authority.

On reapportionment forms, this entry will include enacted appropriations, amounts certified by Treasury warrant of indefinite appropriations, any enacted supplemental appropriation, and any appropriated receipts in special and trust funds.

NOTE: Exhibit 130C illustrates the SF 133 for this account.

SUBMITTED Authorized officer 12/29/CY APPORTIONED_____ _____
(Authorized officer) (Date) (Date)

Line 1A includes $118,000 in unobligated balances that were automatically apportioned.
NOTE: Line 3A1, P.L. 1XX-123.

Unless OMB determines otherwise, when amounts are automatically apportioned (see section 120.38), and there is a subsequent need for reapportionment, reflect adjustments previously made as automatic apportionments in the "Amount on Latest SF 132" column. In such cases, footnote what changes were automatically apportioned.

One-Year Appropriations Under Continuing Resolution

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
1200 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

Normally, OMB will issue a bulletin to automatically apportion funds made available by a continuing resolution without requiring you to submit an SF 132 (see section 123.2). However, you may submit, or OMB may require you to submit an SF132.

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Program Administration
APPROPRIATION OR FUND TITLE AND SYMBOL
80Y1200 Salaries and expenses

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-10-31
		BUDGETARY RESOURCES				
		Budget authority:				
		Appropriation:				
3A1		Actual		24,000,000		
		Spending authority from offsetting collections (gross):				
		Earned:				
3D1a		Collected		1,500		
3D3		Anticipated for rest of year, without advance		1,348,260		
5		Temporarily not available pursuant to Public Law 1XX-123 (-)		-22,030,000		
7		**Total budgetary resources**		3,319,760		
		APPLICATION OF BUDGETARY RESOURCES				
		Apportioned:				
		Category A:				
8A1		First quarter		3,019,760		2,065,718
8A2		Second quarter		0		
8A3		Third quarter		0		
8A4		Fourth quarter		0		
		Category B:				
8B		State grants		300,000		40,014
12		**Total budgetary resources**		3,319,760		

Include reference to law(s) that provide budget authority in a footnote. If a continuing resolution (CR) is **amended** multiple times, always reference the first CR (not the subsequent amendments). However, if another CR is passed, cite the new CR as well as the first CR.

Show the actual amount or the **annual** rate of operations included in the continuing resolution (CR) on line 3A1. Even if the CR is for part of a fiscal year, you still show the annual amount of the CR on line 3A1 (not the proportional share provided during the time period of the CR).

Reflect the amount shown on the latest SF133 on lines 3D if more recent figures are not available.

If the continuing resolution is for a part of the year, show the amount of BA that is currently not provided under the given time period of the CR as a negative on line 5 and cite the CR public law number. (See section 123.2 for guidance.)

Note that funds made available by the continuing resolution ($24,000,000 - $22,030,000) are all apportioned in the first quarter because in this example the continuing resolution expires during the first quarter at the end of 30 days. You may request apportionment of funds made available by other laws (for example, collections from the public or from trust funds) for time periods during which they are available, including the period after the expiration of the continuing resolution.

SUBMITTED Authorized officer 11/07/CY
(Authorized officer) (Date)

APPORTIONED _____ _____
(Date)

NOTE: Line 3A1, P.L. 1XX-123.

NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations.

Appropriations and Unobligated Balances Under Continuing Resolution

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
1200 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

Normally, OMB will issue a bulletin to automatically apportion funds made available by a continuing resolution without requiring you to submit an SF 132 (see section 123.2). However, you may submit, or OMB may require you to submit an SF132. Note also that the OMB bulletin will provide guidance on whether or not you must reapportion your unobligated balances (but only if they are different from the intial apportionment estimates).

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Program Administration
APPROPRIATION OR FUND TITLE AND SYMBOL
80X1200 Salaries and expenses

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-11-30
		BUDGETARY RESOURCES				
		Unobligated balance:				
1A		Brought forward, October 1 (+ or -)……	50,689,324	47,604,238		
		Budget authority:				
		Appropriation:				
3A1		Actual……		24,000,000		
		Spending authority from offsetting collections (gross):				
		Earned:				
3D1a		Collected ……		1,500		
		Anticipated for rest of year, without advance……				
3D3	1	Source……	1,000,760	1,000,260		
3D3	2	Source……	349,000	348,000		
5		Temporarily not available pursuant to Public Law 1XX-123 (-)……		-22,030,000		
7		**Total budgetary resources……**	52,039,084	50,923,998		
		APPLICATION OF BUDGETARY RESOURCES				
		Apportioned:				
		Category A:				
8A1		First quarter……	2,425,021	2,425,021		1,965,425
8A2		Second quarter……	33,513,794	14,986,773		
8A3		Third quarter……	8,390,574	14,986,773		
8A4		Fourth quarter……	4,171,037	14,986,773		
		Category B:				
8B1		State grants	1,665,251	1,665,251		1,425,555
8B2		Academy construction	1,873,407	1,873,407		
12		**Total budgetary resources……**	52,039,084	50,923,998		

Amounts in first column are from the initial apportionment.

Change the stub entry from "estimate" to "actual" when the final determination of unobligated balances is reported. If the amount on this line does not agree with the amounts: (a) reported on the final SF 133 of the preceding year; (b) reported to the Treasury for inclusion in the *Treasury Combined Statement Appendix*; or (c) presented in the *Budget Appendix* as a past year actual amount, footnote line 1A to explain the difference.

Include reference to law(s) that provide budget authority in a footnote (see Exhibit 121D for guidance on providing the appropriate public law number).

Show the actual amount or the **annual** rate of operations included in the continuing resolution (CR) on line 3A1. Even if the CR is for part of a fiscal year, you still show the annual amount of the CR on line 3A1 (not the proportional share as provided during the time period of the CR).

If the continuing resolution is for a part of the year, show the amount of BA that is currently not provided under the given time period of the CR as a negative on line 5 and cite the CR public law number. (See section 123.2 for guidance.)

Lines 3D, as well as the memorandum entry on obligations, should reflect the amount shown on the latest SF133 if more recent figures are notavailable. The period covered by such amounts should be indicated in a footnote and the "Memo Obligations" column.

Justify category A aportionments in varying amounts and changes from the previous apportionment on an attachment.

SUBMITTED Authorized officer 12/15/CY APPORTIONED_____ _____
(Authorized officer) (Date) (Date)

You must submit a reapportionment request showing the final determination of unobligated balances to OMB as soon as it becomes known unless the amount is automatically apportioned by section 120.38.

Actual amounts are as of 11/30/CY.

NOTE: Line 3A1, P.L. 1XX-123.

NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations.

Reapportionment Following a Continuing Resolution

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
1200 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Program Administration
APPROPRIATION OR FUND TITLE AND SYMBOL
80X1200 Salaries and expenses

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-11-30
		BUDGETARY RESOURCES				
		Unobligated balance:				
1A		Brought forward, October 1 (+ or -)……	47,604,238	47,604,238		
		Budget authority:				
		Appropriation:				
3A1		Actual……	24,000,000	25,000,000		
		Spending authority from offsetting collections (gross):				
		Earned:				
3D1a		Collected ……	1,500	2,000		
		Anticipated for rest of year, without advance……				
3D3	1	Source [1]……	1,000,260	1,000,260		
3D3	2	Source [2]……	348,000	178,000		
		Temporarily not available pursuant to Public				
5		Law 1XX-123(-)……	-22,030,000			
7		**Total budgetary resources….....**	50,923,998	73,784,498		
		APPLICATION OF BUDGETARY RESOURCES				
		Apportioned:				
		Category A:				
8A1		First quarter……	45,590,340	5,261,342		4,671,870
8A2		Second quarter……	0	19,594,832		
8A3		Third quarter……	55,000	19,594,832		
8A4		Fourth quarter……	0	19,594,832		
		Category B:				
8B1		State grants	3,405,251	7,865,253		60,014
8B2		Academy construction	1,873,407	1,873,407		
12		**Total budgetary resources……...……**	50,923,998	73,784,498		

Include reference to law(s) that provide budget authority in a footnote. Note: You can choose to either footnote the continuing resolution public law number or provide both the appropriation and CR laws on line 3A1.

Note the use of line split to distinguish the sources of collections

Note: Since the appropriation act provided funds for the full year all of these funds that were previously "Temporarily not available pursuant to PL" were as a result of the CR, these funds are now available and therefore not deducted from line 5.

In this example, the CR covered a period of 30 days. The amounts provided (e.g., BA of $1.97 million) during the period of the CR (first quarter) should not be adjusted downward post enactment of the appropriation. (This is to ensure that if there are any upward adjustments of the obligations that were validly incurred during the time period of the CR that a reapportionment of a lesser amount does not result in the appearance of a violation of the Antideficiency Act.) However, the other budgetary resources (e.g., carryover, collections) may be redistributed so as not to result in an Antideficiency Act violation. Consult your OMB representative accordingly.

SUBMITTED Authorized officer 1/5/CY APPORTIONED_____ _____
(Authorized officer) (Date) (Date)

Actual amounts as of 11/30/CY.

NOTE: Line 3A1, P.L. 1XX-123.
NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations.

Public Enterprise (Revolving) or Intragovernmental (Revolving) Fund—Reapportionment

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
4321 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Government Enterprise Corporation
APPROPRIATION OR FUND TITLE AND SYMBOL
80X4321 Government Enterprise Corp. Fund

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-12-31
		BUDGETARY RESOURCES				
		Unobligated balance:				
1A		Brought forward, October 1 (+ or -)……	83,584,884	83,583,738		
		Budget authority:				
		Appropriation:				
3A1		Actual……	4,100,000	4,100,000		
3B		Borrowing authority……				
		Spending authority from offsetting collections (gross):				
		Earned:				
		Collected ……				
3D1a	1	User charges……		8,000,000		
3D1a	2	Insurance premiums……		8,189,500		
3D3		Anticipated for rest of year, without advance……	69,806,300	54,616,800		
		Permanently not available:				
6C		Capital transfer and redemption of debt (-)……	-20,756,800	-20,756,800		
7		**Total budgetary resources**……	136,734,384	137,733,238		
		APPLICATION OF BUDGETARY RESOURCES				
		Apportioned:				
		Category A:				
8A1		First quarter……	550,000	550,000		543,280
8A2		Second quarter……	650,000	650,000		
8A3		Third quarter……	625,000	625,000		
8A4		Fourth quarter……	609,600	609,600		
		Category B:				
8B1		Management services	23,202,000	23,202,000		6,190,625
8B2		Sales program	11,834,000	11,834,000		2,012,790
8B3		Power program	20,980,600	20,980,600		5,125,630
11		**Unapportioned balance of revolving fund**……	78,283,184	79,282,038		
12		**Total budgetary resources**……	136,734,384	137,733,238		

Note: If you don't know the amount of the unobligated balance brought forward at the time you must submit an apportionment request for an account, show an estimated amount on this line, and submit a reapportionment form if adjustments are required, except as specified in section 120.36.

Include reference to law(s) that provide budget authority in a footnote.

These entries represent new budget authority becoming available during the year.

For revolving funds with indefinite borrowing authority :

- Line 3B includes only the amount of new borrowing authority anticipated to be used during the year, that is, the total amount of indefinite authority anticipated to be used to cover obligations during the year.
- Line 3D3 includes any credits or payments anticipated to be received.
- Line 6C includes estimates for the year of repayments of principal.

SUBMITTED Authorized officer 1/5/CY APPORTIONED_____ _____
(Authorized officer) (Date) (Date)

Note: Exhibit 130E illustrates the SF 133 for this account.

Actual amounts are through 12/31/CY.
NOTE: Line 3A1, P.L. 1XX-123.
NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations.

Trust Fund Limitation

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
8004 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Administrative Division
APPROPRIATION OR FUND TITLE AND SYMBOL
80Y8004 Limitation on administrative expenses

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-12-31
		BUDGETARY RESOURCES				
		Budget authority:				
		Spending authority from offsetting collections (gross):				
		Expenditure transfers from trust funds:				
3D5a		Collected……	9,000,000	9,000,000		
7		**Total budgetary resources…….……**	9,000,000	9,000,000		
		APPLICATION OF BUDGETARY RESOURCES				
		Apportioned:				
		Category B:				
8B1		Management services	1,500,000	1,500,000		500,000
8B2		Other administrative expenses	7,500,000	7,500,000		2,003,456
12		**Total budgetary resources……..……**	9,000,000	9,000,000		

Include reference to law(s) that establish the limitation authority in a footnote.

SUBMITTED Authorized officer 1/31/CY APPORTIONED _____ _____
(Authorized officer) (Date) (Date)

Actual amounts are through 12/31/CY.

NOTE: Line 3D5a, P.L. 1XX-123.

NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations.

Negative Amount Due to Reduced Unobligated Balance

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
1309 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Bureau of Central Services
APPROPRIATION OR FUND TITLE AND SYMBOL
80X1309 Research and Development

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-11-30
		BUDGETARY RESOURCES				
		Unobligated balance:				
1A		Brought forward, October 1 (+ or -)……	1,180,000	610,000		
		Recoveries of prior year unpaid obligations:				
2A		Actual……		27,000		
2B		Anticipated……	150,000	123,000		
		Budget authority:				
		Appropriation:				
3A1		Actual……		25,000,000		
		Spending authority from offsetting collections (gross):				
		Earned:				
3D1a		Collected ……...……..……		86,000		
		Change in unfilled customer orders (+ or -):				
3D2b		Without advance from Federal sources…….....		9,000		
3D3		Anticipated for rest of year, without advance……	400,000	145,000		
7		**Total budgetary resources….....……**	1,730,000	26,000,000		
		APPLICATION OF BUDGETARY RESOURCES				
		Apportioned:				
		Category A:				
8A1		First quarter……	1,730,000	120,000		80,000
8A2		Second quarter……..……..……..		-10,000		
8A3		Third quarter……..		54,000		
8A4		Fourth quarter……..		54,000		
		Category B:				
8B1		Research		16,062,000		2,354,700
8B2		Dev. of Products		9,720,000		1,348,250
12		**Total budgetary resources……...……**	1,730,000	26,000,000		

Include reference to law(s) that provide budget authority in a footnote.

Apportionments previously established are not subject to change after the close of the period for which the apportionment is made (section 120.12).

When you need to reduce the cumulative amount apportioned through the current period, revise the amount apportioned for the current period to a negative amount.

Assuming that 1st quarter obligations were $80,000 in this example, then the 2nd quarter apportioned amount would be $30,000 (120,000 apportioned less 80,000 obligated plus -10,000 apportioned).

SUBMITTED Authorized officer 1/30/CY APPORTIONED_____ _____
(Authorized officer) (Date) (Date)

Actual amounts are as of 11/30/CY.

NOTE: Line 3A1, P.L. 1XX-123.

NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations.

Multiple-Year Account—Apportionment in Two Fiscal Years

89 [= Treasury agency code]
2007 [= first year of availability, or blank for annual and no-year]
2008 [= last year of availability, or "X" for no-year]
0010 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

Note that this Exhibit displays SF 132 for two different years on the same page to facilitate the presentation. See section 120.9.

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

YEAR 1

Line No	Line Split	AGENCY: Department of Government / BUREAU: Bureau of Central Services	APPROP 897/80010
		DESCRIPTION	2007
		BUDGETARY RESOURCES	
		Unobligated balance:	
1A		Brought forward, October 1 (+ or -).....(est.).....	
		Budget authority:	
		Appropriation:	
3A1		Actual.....	100,000
7		**Total budgetary resources.....**	100,000
		APPLICATION OF BUDGETARY RESOURCES	
		Apportioned:	
		Category A	
8A1		First quarter.....	12,500
8A2		Second quarter.....	12,500
8A3		Third quarter.....	12,500
8A4		Fourth quarter.....	12,500
		Category C	
8C		Future FY(s) 2008	50,000
12		**12. Total budgetary resources.....**	100,000

Include reference to law(s) that provide budget authority in a footnote.

Includes the full amount appropriated.

The planned use of appropriations in year 1.

The planned use of appropriations in year 2.

YEAR 2

AGENCY: Department of Government / BUREAU: Bureau of Central Services	APPROPRIATION OR FUND 8967/80010
DESCRIPTION	2008
BUDGETARY RESOURCES	
Unobligated balance:	
Brought forward, October 1 (+ or -).....(est.).....	52,000
Total budgetary resources.....	52,000
APPLICATION OF BUDGETARY RESOURCES	
Apportioned:	
Category A	
First quarter.....	13,000
Second quarter.....	13,000
Third quarter.....	13,000
Fourth quarter.....	13,000
Total budgetary resources.....	52,000

Includes the $50 thousand planned to be obligated in year 2 plus $2, thousand not used in year 1.

NOTE: Line 3A1, P.L. 1XX-123.

Trust Fund with Contract Authority, Appropriation to Liquidate Contract Authority, and Obligation Limitation

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
8200 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Program administration
APPROPRIATION OR FUND TITLE AND SYMBOL
80X8200 Program administration trust fund

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
		Unobligated balance:			
1A		Brought forward, October 1 (+ or -)			
		Recoveries of prior year unpaid obligations:			
2A		Actual			
2B		Anticipated			
		Budget authority:			
		Appropriation:			
3A1		Actual		90,000	
3B		Borrowing authority			
3C		Contract authority	100,000	100,000	
		Spending authority from offsetting collections (gross):			
		Earned:			
3D1a		Collected			
3D1b		Change in receivables from Federal sources			
		Change in unfilled customer orders (+ or -):			
3D2a		Advance received			
3D2b		Without advance from Federal sources			
3D3		Anticipated for rest of year, without advance			
3D4		Previously unavailable			
		Expenditure transfers from trust funds:			
3D5a		Collected			
3D5b		Change in receivables from trust funds			
3Dc		Anticipated			
		Nonexpenditure transfers, net:			
4A		Actual transfers, budget authority (+ or -)			
4B		Anticipated transfers, budget authority (+ or -)			
4C		Actual transfers, unobligated balances (+ or -)			
4D		Anticipated transfers, unobligated balances (+ or -)			
5		Temporarily not available pursuant to Public Law ___ (-)		-10,000	
		Permanently not available:			
6A		Cancellations of expired or no-year accounts (-)			
6B		Enacted reductions (-)			
6C		Capital transfer and redemption of debt (-)			
6D		Other authority withdrawn (-)			
6E		Pursuant to Public Law ___ (-)		-90,000	
6F		Anticipated for rest of year (-)			
7		**Total budgetary resources**	100,000	90,000	
		APPLICATION OF BUDGETARY RESOURCES			
		Apportioned:			
		Category A:			
8A1		First quarter	25,000	25,000	
8A2		Second quarter	25,000	20,000	
8A3		Third quarter	25,000	25,000	
8A4		Fourth quarter	25,000	20,000	
		Category B:			
9		Withheld pending rescission			
10		Deferred			
11		Unapportioned balance of revolving fund			
12		**Total budgetary resources**	100,000	90,000	

Include reference to law(s) that provide budget authority in a footnote.

This example assumes that the authorizing legislation provides $100 thousand in contact authority that was apportioned in the initial apportionment for the year.

Subsequently, the appropriation act provided $90 thousand in an appropriation to liquidate contract authority and limited obligations from the contract authority to $90 thousand.

The appropriation to liquidate contract authority is included on line 3A1 and is subtracted on line 6E because it cannot be used to make new obligations.

This example assumes that the contract authority that cannot be obligated is available to be obligated in the succeeding fiscal year. This is an obligation limitation.

(If the contract authority that is being limited is only available for a single year, the amount not being used would be included on line 6D).

SUBMITTED Authorized officer 11/29/CY (Date) APPORTIONED_____ _____ (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligationsrelated to canceled appropriations.

NOTE: Line 3A1, P.L. 1XX-123.

Trust Fund (or Special Fund) with Collections Precluded from Obligation

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
8000 [= Treasury account code]
YYYY [= fiscal year]
No [= program report categories included (Yes or No)]
Disc [= BEA Category (Disc, Mand, Split)]
No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government
BUREAU: Program benefits
APPROPRIATION OR FUND TITLE AND SYMBOL
80X8000 Payment of benefits

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
		Unobligated balance:			
1A		Brought forward, October 1 (+ or -)			
		Recoveries of prior year unpaid obligations:			
2A		Actual			
2B		Anticipated			
		Budget authority:			
		Appropriation:		30,000	
3A1		Actual			
3A2		Anticipated		160,000	
		Spending authority from offsetting collections (gross):			
		Earned:			
3D1a		Collected			
3D1b		Change in receivables from Federal sources			
		Change in unfilled customer orders (+ or -):			
3D2a		Advance received			
3D2b		Without advance from Federal sources			
3D3		Anticipated for rest of year, without advance			
3D4		Previously unavailable			
		Expenditure transfers from trust funds:			
3D5a		Collected			
3D5b		Change in receivables from trust funds			
3D5c		Anticipated			
		Nonexpenditure transfers, net:			
4A		Actual transfers, budget authority (+ or -)			
4B		Anticipated transfers, budget authority (+ or -)			
4C		Actual transfers, unobligated balances (+ or -)			
4D		Anticipated transfers, unobligated balances (+ or -)			
5		Temporarily not available pursuant to Public Law ___ (-)		-70,000	
		Permanently not available:			
6A		Cancellations of expired or no-year accounts (-)			
6B		Enacted reductions (-)			
6C		Capital transfer and redemption of debt (-)			
6D		Other authority withdrawn (-)			
6E		Pursuant to Public Law ___ (-)			
6F		Anticipated for rest of year (-)			
7		**Total budgetary resources**		120,000	
		Apportioned:			
		Category A:			
8A1		First quarter			
8A2		Second quarter			
8A3		Third quarter			
8A4		Fourth quarter			
		Category B:			
8B1		Payment of benefits		120,000	
9		Withheld pending rescission			
10		Deferred			
11		Unapportioned balance of revolving fund			
12		**Total budgetary resources**		120,000	

Include reference to law(s) that provide budget authority in a footnote.

This example assumes that the authorizing legislation makes all receipts available until expended. However, the same law permits obligations only for benefits. The estimate of benefits to be paid is less than the current receipts.

In this case, include all estimated current receipts on line 1E (include actual collections on line 1A). Include, as a negative, the amount not needed to cover current obligations on line 5. Do not include prior year collections that are not needed to incur current obligations on the SF 132 or the SF 133.

In this example, the amount on line 3A1 equals one-quarter of the estimated annual obligations. This amount is derived from prior year collections and is used to fund obligations and outlays until current year collections are received.

The amount on line 5 equals the excess of current year receipts over the anticipated obligations ($40 thousand) plus the amount on line 3A1 ($30 thousand).

See exhibit 130L for a display of the treatment of this account on the SF 133 during the year and on September 30

SUBMITTED Authorized officer 8/21/CY (Date) APPORTIONED_____ _____ (Date)

NOTE: Line 3A1, P.L. 1XX-123.

NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

[= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
[= last year of availability, or "X" for no-year]
[= Treasury account code]
2007 [= fiscal year]
No [= program report categories included (Yes or No)]
[= BEA Category (Disc, Mand, Split)]
[= A-11 120.39 Authority to make adjustments; (Yes or No)]
[= Allocation agency; use only to apportion allocations]
[= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY:
BUREAU
APPROPRIATION OR FUND TITLE AND SYMBOL

Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-MM-DD
		PROGRAM LEVEL				
		Guaranteed loan levels:				
G1A		Current year				
G1B		Unused from prior years				
		APPLICATION				
		Apportioned:				
		Category A:				
GA1		First quarter				
GA2		Second quarter				
GA3		Third quarter				
GA4		Fourth quarter				
		Category B:				
GB1		Loan guarantee risk category 1				
GB2		Loan guarantee risk category 2				
GB3		Loan guarantee risk category 3				
		BUDGETARY RESOURCES				
		Unobligated balance:				
1A		Brought forward, October 1 (+ or -)				
		Recoveries of prior year unpaid obligations:				
2A		Actual				
2B		Anticipated				
		Budget authority:				
		Appropriation:				
3A1		Actual				
3A2		Anticipated				
3B		Borrowing authority				
3C		Contract authority				
		Spending authority from offsetting collections (gross):				
		Earned:				
3D1a	1	Collected [Source 1]				
3D1a	2	Collected [Source 2]				
3D1b		Change in receivables from Federal sources				
		Change in unfilled customer orders (+ or -):				
3D2a		Advance received				
3D2b		Without advance from Federal sources				
3D3		Anticipated for rest of year, without advance				
3D4		Previously unavailable				
		Expenditure transfers from trust funds:				
3D5a		Collected				
3D5b		Change in receivables from trust funds				
3D5c		Anticipated				
		Nonexpenditure transfers, net:				
4A		Actual transfers, budget authority (+ or -)				
4B		Anticipated transfers, budget authority (+ or -)				
4C		Actual transfers, unobligated balances (+ or -)				
4D		Anticipated transfers, unobligated balances (+ or -)				
5		Temporarily not available pursuant to Public Law ___ (-)				
		Permanently not available:				
6A		Cancellations of expired or no-year accounts (-)				
6B		Enacted reductions (-)				
6C		Capital transfer and redemption of debt (-)				
6D		Other authority withdrawn (-)				
6E		Pursuant to Public Law ___ (-)				
6F		Anticipated for rest of year (-)				
7		**Total budgetary resources**				
		APPLICATION OF BUDGETARY RESOURCES				
		Apportioned:				
		Category A:				
8A1		First quarter				
8A2		Second quarter				
8A3		Third quarter				
8A4		Fourth quarter				
		Category B:				
8B1		Program 1				
8B2		Recipient Type 4				
8B3		Recipient Type 5				
		Category C:				
8C		FY 20##				
9		**Withheld pending rescission**				
10		**Deferred**				
11		**Unapportioned balance of revolving fund**				
12		**Total budgetary resources**				

Identify in a footnote, the law(s) providing the budget authority.

When using Line 8C, provide the future fiscal year(s)

SUBMITTED Authorized officer 8/21/CY (Date)

APPORTIONED_____ _____ (Date)

NOTE. 3A1 Public Law 1XX-123.
NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

FY 2007 Apportionment
Funds Provided by Public Law 1XX-123

Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total amount appropriated is apportioned for the purpose of paying legitimate obligations related to canceled appropriations. Any of these funds that are not needed for this purpose may be used for current year obligations without further action.

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
		Office of the Secretary						
		Account: Salaries and expenses						
		TAFS: 80-0137 /YYYY				Compare with Exhibit 121A. Note that all information is presented.		
BEA	DISC							
RptCat	NO							
AdjAuth	NO							
3A1				7,400,000				
3D3				403,000				
5				-1,000				
7				**7,802,000**				
8A1		All programs		1,952,000				1,848,000
8A2				1,950,000				
8A3				1,950,000				
8A4				1,950,000				
12				**7,802,000**				
		Bureau of Central Services						
		Account: Research and development						
		TAFS: 80-1309 /X						
BEA	DISC							
RptCat	NO							
AdjAuth	NO							
1A			1,298,000	1,610,000		Compare with Exhibit 121C. Note that all information is presented.		
2A				27,000				
2B			150,000	123,000				
3A1			25,000,000	25,000,000				
3D1a				86,000				
3D2a				9,000				
3D3	1	Department of Government	300,000	205,000				
3D3	2	All Other Sources	100,000	100,000				
6B	A			-150,000				
6B	X			-50,000				
7			**26,848,000**	**26,960,000**				
8A1		Administrative expenses	120,000	120,000				36,000
8A2			120,000	120,000				
8A3			120,000	120,000				
8A4			120,000	120,000				
8B1		Research	16,800,000	12,880,000				2,354,700
8B2		Dev. of products	9,568,000	9,600,000				1,348,250
8C		2008		4,000,000				
12			**26,848,000**	**26,960,000**				

Approved _____ Date _____

PROGRAM REPORTING CATEGORIES FORMAT

Program Reporting Categories

Treasury Agency	FY 1	FY 2	Treasury Account	SF 132 Line	Report Cat No	Program Reporting Category	Projected, Annual Obligations
80		X	1309	8A	1	Salaries	400,000
80		X	1309	8A	2	All Other	80,000
80		X	1309	8A		Cat A, Sub-total	480,000
80		X	1309	8B1	3	Research -- Air	8,880,000
80		X	1309	8B1	4	Research -- Water	4,000,000
80		X	1309	8B1	5	Research -- All Other	N/A
80		X	1309	8B1		Research, Sub-total	12,880,000
80		X	1309	8B2	6	Development -- Air	5,600,000
80		X	1309	8B2	7	Development -- Water	4,000,000
80		X	1309	8B2	8	Development -- All Other	N/A
80		X	1309	8B2		Development, Sub-total	9,600,000

Note: Program reporting categories are not used to apportion funds, and are not subject to 31 USC 1517.

When the Report Cat No has a number between 1 - 100, the stub will be sent to the FACTS II system for use in budget execution reporting.

You may also include additional rows where the Report Cat No is blank. In this example, these rows serve as sub-totals.

Note how the program reporting categories relate to apportioned amounts in Exhibit 121N's Bureau of Central Services.

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

FY 2007 Apportionment
Funds Provided by Public Law 1XX-123

Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total amount appropriated is apportioned for the purpose of paying legitimate obligations related to canceled appropriations. Any of these funds that are not needed for this purpose may be used for current year obligations without further action.

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Agency Request	Agency Footnot	OMB Action	OMB Footnote	Memo Obligations
		Office of the Secretary						
		Salaries and expenses						
		TAFS: 80-0137 /YYYY						
BEA	DISC	BEA Category						
RptCat	NO	Reporting Categories						
AdjAuth	NO	Adjustment Authority provided						
		BUDGETARY RESOURCES						
		Unobligated balance:						
1A		Unob Bal: Brought forward, October 1 (+ or -)						
		Recoveries of prior year unpaid obligations:						
2A		Recoveries of prior year unpaid obligations, Actual						
2B		Recoveries of prior year unpaid obligations, Anticipated						
		Budget authority \ Appropriation:						
3A1		BA: Appropriation, Actual		7,400,000				
3A2		BA: Appropriation, Anticipated						
3B		BA: Borrowing authority						
3C		BA: Contract authority						
		Budget authority \ Spending authority from offsetting collections (gross):						
		Earned:						
3D1A		BA: Offsetting Collections - Earned, Collected						
3D1B		BA: Offsetting Collections - Earned, Change in receivables from Fed sources						
		Change in unfilled customer orders (+ or -):						
3D2A		BA: Change in unfilled customer orders - Advance received						
3D2B		BA: Change in unfilled customer orders - Without advance from Fed sources						
3D3		BA: Change in unfilled customer orders - Anticipated for rest of year, without advance		403,000				
3D4		BA: Offsetting Collections - Previously unavailable						
		Expenditure transfers from trust funds:						
3D5A		BA: Expenditure transfers from trust funds - Collected						
3D5B		BA: Expenditure transfers from trust funds - Change in receivables						
3D5C		BA: Expenditure transfers from trust funds - Anticipated						
		Nonexpenditure transfers, net:						
4A		Nonexpenditure transfers, net: Actual transfers, BA						
4B		Nonexpenditure transfers, net: Anticipated transfers, BA						
4C		Nonexpenditure transfers, net: Actual transfers, unob balances						
4D		Nonexpenditure transfers, net: Anticipated transfers, unob balances						
5		Temporarily not available pursuant to Public Law ___ (-)		-1,000				
		Permanently not available:						
6A		Permanently not available: Cancellations of expired or no-year accounts (-)						
6B		Permanently not available: Enacted reductions (-)						
6C		Permanently not available: Capital transfer and redemption of debt (-)						
6D		Permanently not available: Other authority withdrawn (-)						
6E		Permanently not available: Pursuant to Public Law ___ (-)						
6F		Permanently not available: Anticipated for rest of year (-)						
7		**Total budgetary resources**		**7,802,000**				
		APPLICATION OF BUDGETARY RESOURCES						
		Apportioned:						
8A1		First quarter		1,952,000				1,848,000
8A2		Second quarter		1,950,000				
8A3		Third quarter		1,950,000				
8A4		Fourth quarter		1,950,000				
8B1		Midewin National Tallgrass Prairie Restoration Fund						
8C		Apportioned for future fiscal years						
9		Budgetary Resources: Withheld pending rescission						
10		Budgetary Resources: Deferred						
11		Budgetary Resources: Unapportioned balance of revolving fund						
12		**Total budgetary resources**		**7,802,000**				

Approved _____ Date _____

SECTION 123—APPORTIONMENTS UNDER CONTINUING RESOLUTIONS

Table of Contents

123.1 What is a continuing resolution?
123.2 How do I determine the amount available for obligation under a continuing resolution?
123.3 Do the amounts made available for obligation remain available after a continuing resolution expires?
123.4 Does the continuing resolution limit the purposes for which funds may be obligated?
123.5 Am I required to submit an apportionment request while I am funded by a continuing resolution?
123.6 How do I determine the historical seasonal rate of obligations?
123.7 Are my credit programs funded under a continuing resolution?
123.8 Do I have to request a warrant from Treasury while operating under a continuing resolution?
123.9 Do I need to request a reapportionment after my regular appropriation is enacted?
123.10 Will my regular appropriations cover obligations made during the continuing resolution?

Summary of Changes

Provides guidance on determining the historical seasonal rate of obligations (section 123.6).

123.1 What is a continuing resolution?

Continuing resolutions (also known as "CRs") are joint resolutions that provide continuing appropriations for a fiscal year. CRs are enacted when Congress has not yet passed new appropriations bills and a program's appropriations are about to or have expired, or when the President has vetoed congressionally passed appropriations bills. Because of the nature of CRs, you should operate at a minimal level until after your regular appropriation is enacted.

123.2 How do I determine the amount available for obligation under a continuing resolution?

Usually, CRs don't appropriate specific sums of money. Rather, they provide "formulas" for calculating the amounts available for continuing programs at minimal levels. In addition, CRs provide funds for projects and activities. The phrase *projects and activities* has two meanings:

- The phrase *usually* refers to the total appropriation (the amount calculated by the formula) rather than to specific activities (when determining which government programs are covered by the CR and the rate for operations limit).

- The phrase *sometimes* refers to the specific activity (when determining whether an activity was authorized or carried out in the preceding year).

You should carefully review each CR to determine the formula provided. Keep in mind that the amount available under a CR is the product of negotiations among the various factions in the Congress and the Administration. As a result, the formula provided in each CR will likely differ from the formula in previous CRs. For example, the formulas provided by the CRs for the past eight years have been different. Click here for the formula provided by those CRs:

- FY 2006 CR (OMB Bulletin 05-03)
- FY 2005 CR (OMB Bulletin 04–05)

- FY 2004 CR (OMB Bulletin 03–05)
- FY 2003 CR (OMB Bulletin 02–06)
- FY 2002 CR (OMB Bulletin 01–10)
- FY 2001 CR (OMB Bulletin 01–01)
- FY 2000 CR (OMB Bulletin 99–07)
- FY 1999 CR (OMB Bulletin 98–10)
- FY 1998 CR (OMB Bulletin 98–01)

123.3 Do the amounts made available for obligation remain available after a continuing resolution expires?

No. CRs make amounts available for obligation only until a time specified by the CR or until the enactment of regular fiscal year appropriations, whichever is sooner. A CR normally provides temporary funding. A CR can last any period of time, as specified by the CR (one day, a few days, a few weeks, or a month). It is generally understood that the normal appropriations process will eventually produce appropriation acts to replace or terminate the CR. In exceptional cases, CRs have been in effect through the end of the fiscal year. In such cases, regular appropriations language replaces the formula in the CR. In FY 2003, for example, 11 of the 13 regular annual appropriations bills were not enacted. Instead, all the appropriations normally provided in those bills were provided in one joint resolution making consolidated appropriations. Consolidated appropriations are also referred to as omnibus appropriations act.

123.4 Does the continuing resolution limit the purposes for which funds may be obligated?

Normally, yes. A CR makes amounts available subject to the same terms and conditions specified in the enacted appropriations acts from the prior fiscal year. The CR may also establish additional terms and conditions. Normally, you are not permitted to start new projects or activities.

123.5 Am I required to submit an apportionment request while I am funded by a continuing resolution?

Normally, no. OMB will issue a bulletin to automatically apportion amounts made available by CRs that expire before the end of the fiscal year. The OMB bulletins that apportioned the CRs during the last nine fiscal years are linked to section 123.2. Usually the bulletin requires you to request a written apportionment when the rate of obligation is affected by seasonality and the normal pattern of obligation exceeds the pro rated level calculated under the automatic apportionment. Also, you may request written apportionments if you believe that amounts automatically apportioned are insufficient or if either you or OMB believes that a written apportionment is necessary.

123.6 How do I determine the historical seasonal rate of obligations?

Sometimes one of the levels of funding automatically apportioned under the CR is the seasonal rate of obligations. The historical seasonal rate of obligations is determined on a case-by-case basis. Consult with your OMB examiner.

123.7 Are my credit programs funded under a continuing resolution?

Yes. CRs generally make budgetary resources available to support the costs (appropriations for subsidy cost amounts) associated with direct and guaranteed loan activities that were conducted in the prior fiscal year. Normally, the CR allows you to make new direct loans and new commitments to guarantee loans

within the limitations on credit activity levels and subject to the terms and conditions specified in the prior fiscal year appropriations act(s).

123.8 Do I have to request a warrant from Treasury while operating under a continuing resolution?

Generally, no. Excluding a full-year CR, Treasury will not issue a warrant under a CR unless an agency explicitly requests one (see Treasury Financial Manual I TFM2–2000, section 2025.20). Exceptions may be made on a case by case basis if the CR extends beyond the second quarter of the fiscal year. Further FMS Treasury guidance may be found on the USSGL website (http://www.fms.treas.gov/USSGL/index.html).

123.9 Do I need to request a reapportionment after my regular appropriation is enacted?

Yes. You must request a reapportionment within ten days of the enactment of your regular appropriations act, even if the period covered by the CR has not expired. In the column called "Amount on Latest SF 132", include the amounts apportioned under the CR. The total amount subject to reapportionment will equal the total amount made available for the fiscal year in the regular appropriation. Click here for further information on the following:

- Instructions on the apportionment process (see section 120)
- Instructions on the format of the apportionment schedule (SF 132) (see section 121)
- Detailed instructions on each line on the apportionment (SF 132) (see Appendix F)

123.10 Will my regular appropriations cover obligations made during the continuing resolution?

Yes. Normally your regular appropriations cover all obligations made during the CR. However, there could be exceptions. For example, consider the following situation:

(1) There was no indication that the Congress would enact a regular annual appropriation less than the amount available under the CR; and

(2) The amount obligated was available under the CR; and

(3) The total regular annual appropriation enacted was subsequently less than the obligations incurred under the CR; and

(4) And the agency reduced obligations to the maximum extent possible – returning purchases received for a refund, canceling purchases of goods and services ordered but not yet received, and canceling grants.

In this case, the agency complied with the legislative intent of the lower appropriation under the CR, but the reduced obligations were still greater than the regular annual appropriation, it was determined that the portion needed to cover the difference was covered by the CR.

SECTION 124—AGENCY OPERATIONS IN THE ABSENCE OF APPROPRIATIONS

Table of Contents

124.1 What types of actions may my agency conduct during a funding hiatus?
124.2 What plans should my agency make in anticipation of a funding hiatus?
124.3 When should my agency's shutdown plans be implemented?

124.1 What types of actions may my agency conduct during a funding hiatus?

(a) *Background*.

The Attorney General issued two opinions in the early 1980s that the language and legislative history of the Antideficiency Act unambiguously prohibit agency officials from incurring obligations in the absence of appropriations ("Applicability of the Antideficiency Act Upon a Lapse in an Agency's Appropriations" (1980) and "Authority for the Continuance of Government Functions During a Temporary Lapse in Appropriations" (1981)). The Office of Legal Counsel of the Department of Justice issued an opinion dated August 16, 1995, that reaffirms and updates the 1981 opinion.

(b) *Policies*.

This section provides policy guidance and instructions for actions to be taken by Executive Branch agencies when Congress fails to enact either regular appropriations, a continuing resolution, or needed supplementals, resulting in an interruption of fund availability.

This section does not apply to specific appropriations action by the Congress to deny program funding.

When the Congress fails to act on program supplementals and the result is partial funding interruptions, special procedures beyond those outlined in this section may be warranted. In such cases, you should consult your OMB representative.

In the absence of appropriations:

- Federal officers may not incur any obligations that cannot lawfully be funded from prior appropriations unless such obligations are otherwise authorized by law.

- Federal officers may incur obligations as necessary for orderly termination of an agency's functions, but funds may not be disbursed.

124.2 What plans should my agency make in anticipation of a funding hiatus?

Agency heads must develop and maintain plans for an orderly shutdown in the event of the absence of appropriations. Submit your plans to OMB when they are either first prepared or revised. Include the following information in the plan:

- Estimate the time (to the nearest half-day) to complete the shutdown.
- Number of employees expected to be on-board before implementation of the plan.
- Total number of employees to be retained under the plan because:

  - They are engaged in military, law enforcement, or direct provision of health care activities, or

- Their compensation is financed by a resource other than annual appropriations.

- Number of employees, not otherwise exempt, to be retained to protect life and property.

As you monitor the progress of your appropriations through the Congress, you will need to be sensitive to the possibility of delays, and, in particular, delays caused by issues that have little to do with your agency's programs. You should avoid initiating new activities included in the proposed budget by using available money in the prior year.

Within the guidance established by the opinions issued by the Department of Justice and this Circular, agency heads must decide what activities are essential to operate their agencies during an appropriations hiatus. Address questions that you cannot answer to OMB. Address questions about the interpretation of the Antideficiency Act jointly to OMB and the Office of Legal Counsel of the Department of Justice.

Submit policy statements and legal opinions supporting those estimates to OMB if you estimate:

- That more than one-half day would be needed to complete a shutdown, or

- That the number of employees to be retained to protect life and property would exceed five percent of the number of employees on-board at the beginning of a hiatus less those exempt.

124.3 When should my agency's shutdown plans be implemented?

OMB will monitor the status of congressional actions on appropriations bills and will notify agencies if shutdown plans are to be implemented. Whenever it appears that a hiatus in appropriations might occur, you should review your shutdown plans, and, if revisions are required, promptly submit the revised plan to OMB.

After OMB has identified a hiatus in appropriations and all available funds (including realloted/reallocated funds), are exhausted, you must begin orderly shutdown activities. Each agency head must determine the specific actions that will be taken; however, all your actions must contribute to an orderly shutdown of the agency and give primary consideration to protecting life and safeguarding Government property and records. Agency heads will notify OMB immediately when shutdown activities are being initiated.

During an absence of appropriations, agency heads must limit obligations to those needed to maintain the minimum level of essential activities necessary to protect life and property.

Take necessary personnel actions to release employees in accordance with applicable law and regulations of the Office of Personnel Management. You must prepare employee notices of furlough and process personnel and pay records in connection with shutdown furlough actions. You should plan for these functions to be performed by employees who are retained for orderly termination of agency activities as long as those employees are available.

OMB will notify you when the hiatus of appropriations has ended.

SECTION 130—SF 133, REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

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130.1 What is the purpose of the SF 133 and how is it organized?

The SF 133 Report on Budget Execution and Budgetary Resources:

- Fulfills the requirement in 31 U.S.C. 1511–1514 that the President review Federal expenditures at least four times a year.
- Allows the monitoring of the status of funds that were apportioned on the SF 132 Apportionment and Reapportionment Schedule and funds that were not apportioned.
- Provides a consistent presentation of information across programs within each agency, and across agencies, which helps program, budget, and accounting staffs to communicate.
- Provides historical reference that can be used to help prepare the President's Budget, program operating plans, and spend-out rate estimates.
- Provides a basis to determine obligation patterns when programs are required to operate under a continuing resolution.
- Ties an agency's financial statements to their budget execution. The compilation of an agency's SF 133s should generally agree with an agency's Statement of Budgetary Resources. The few differences are explained in section 130.19(e).

The SF 133 consists of the following sections:

Section...	shows whether....	and is described in:
Budgetary Resources	budgetary resources are available for obligation or not	Appendix F, Budgetary Resources
Status of Budgetary Resources	budgetary resources have been obligated or not	Appendix F, Status of Budgetary Resources
Change in Obligated Balances	Obligated balances changed	Appendix F, Change in Obligated Balances
Net Outlays	obligated amounts have been outlayed or not	Appendix F, Net Outlays

130.2 What are the general requirements for submitting SF 133s?

(a) *What accounts should I report*?

Unless otherwise specified by OMB, all Executive Branch agencies must electronically submit SF 133 information each quarter for each open Treasury appropriation fund symbol (TAFS).

Do submit SF 133 reports for:

- Unexpired (i.e. current) TAFSs;

- Expired TAFSs (including TAFSs about to be closed and annual TAFSs that are older than five years that have legally authorized extended disbursing authority);
- Both apportioned TAFSs and those that have not been apportioned; and
- Credit program, financing, and liquidating TAFSs (see section 185 for detailed information).

Do not submit SF 133 reports for:

- Deposit fund accounts;
- Receipt accounts (including clearing accounts and suspense accounts); and
- Closed TAFSs (i.e. TAFSs with canceled balances) unless required by OMB.

(b) *What level of detail should I report?*

Submit SF 133s for each expired and unexpired TAFS. Report amounts as cumulative from the beginning of the fiscal year to the end of the period.

Because one of the main purposes of the SF 133 is to monitor the use of the funds planned on the SF 132 Apportionment, in general, your SF 133 should contain the same level of detail as your SF 132 Apportionment.

(c) *How do I submit an SF 133?*

You must submit SF 133 budget execution information electronically through the Treasury's Federal Agencies' Centralized Trial-balance System II (FACTS II). This facilitates analysis and ensures consistent presentation of budget execution information so that Government-wide totals are meaningful. Electronic submission of the information also allows the SF 133 to be presented on the internet at http://www.whitehouse.gov/omb.gov/reports/ to facilitate communication among accounting, budget, and audit staff.

You can find out more about FACTS II at http://www.fms.treas.gov/factsii/index.html or by calling the Budget Reports Division at (202) 874–9880. FACTS II does not replace the SF 133, but rather replaces previous systems used to collect SF 133 information.

(d) *Who can approve an SF 133 submission?*

SF 133 information submitted for each independent agency, departmental bureau, or similar subdivision will be certified by an officer duly authorized by the head of the agency to be responsible for the integrity of the submission.
Typically, one group within your agency (for example, the accounting office) reports amounts to Treasury while another group (for example, the budget office) prepares budget schedules (see section 82.15). Before the accounting office submits its actuals to Treasury in FACTS II, you must ensure that the amounts you are going to report are conceptually and numerically consistent with the amounts that your budget office is going to report in MAX A–11. In addition, GAO requires your auditors to determine whether controls exist to ensure that the amounts in your systems and the amounts submitted via FACTS II agree. See GAO–02–126G "Guide for Auditing the Statement of Budgetary Resources" (see section 82.15).

(e) *When do I submit an SF 133?*

You must submit SF 133 budget execution information at the end of each quarter. You can find out the reporting deadlines at http://www.fms.treas.gov/factsii/index.html or by calling the Budget Reports

Division at (202) 874–9880. The FACTS II window opens approximately two weeks after the close of each quarter. You must revise any material errors in previously reported information through FACTS II at this time as well. You also must be able to produce a monthly SF 133 when required by OMB.

(f) *What other budget execution reporting requirements must I meet?*

You must submit a paper copy of the SF 133 for each quarter directly to the Committee on Appropriations, House of Representatives. To the extent practicable, you should submit all the reports for each independent agency, departmental bureau, or similar subdivision together and numbered consecutively. You may use printouts of SF 133s from FACTS II. You may also encourage or make arrangements with the Committee on Appropriations, House of Representatives to electronically retrieve the information on the internet at http://www.omb.gov/reports/.

You should periodically compare the estimates of anticipated amounts (contained on SF 132 lines 2B, 3A2, 3D3, 3D5C, 4B, 4D, 6F, and SF 133 line 9A3) to actual results to improve future estimates.

130.3 How do I report budgetary resources?

To use the entries in this section of the SF 133, see Appendix F, budgetary resources. The Appendix F includes specific instructions for unexpired TAFSs, expired TAFSs, and expired TAFSs being closed. "Expired TAFSs being closed" refers to the final September 30 SF 133 that is submitted for a TAFS (e.g., the September 30 report for an annual TAFS that has been expired for five years).

130.4 How do I report the status of budgetary resources?

To use the entries in this section of the SF 133, see Appendix F, status of budgetary resources.

130.5 How do I report obligations, and how are obligations shown on SF 133 reports?

Agencies will provide descriptive stubs for both Category A and Category B obligations. For Category B obligations that do not use program reporting categories, agencies will continue to provide a stub that describes the Category B project. For both Category A and Category B obligations that use program reporting categories, agencies will provide a stub that describes the reporting category.

OMB sends a list of program reporting category stubs, as well as Category B project stubs, from approved apportionments to the Department of the Treasury's Financial Management Service (FMS) for use in FACTS II budget execution reporting. See sections 121.2, 121.3, and 121.4 for additional information. When reporting your obligations, FACTS II will present you with a list of program reporting categories and Category B projects to report upon; these Category B projects and reporting categories are taken from OMB's automated apportionment system.

OMB sends this information to FMS so OMB can use automated tools to align program report categories and Category B projects on the approved apportionments to the SF 133 reports. Prior to this change, OMB was unable to create automated reports that compare apportioned amounts (from the SF 132) and obligations (from the SF 133) by Category B project. The reason is that the SF 132s and SF 133s used different names for the Category B projects, so it was impossible to use a computer program to line up the projects by name.

When reporting your obligations to FACTS II, you may add new Category B project and\or Categories A or B program report category stubs. Here are some reasons why you may need to add new Category B projects and\or Categories A or B program reporting categories:

First, you must report all obligations that took place during the reporting period. You must add Category B projects and\or Categories A or B program reporting categories if FACTS II does not

provide you with a comprehensive list of Category A or B program reporting categories and\or Category B projects to report all your obligations.

Second, if you are aware that OMB has apportioned funds using Category B projects that are not presented in FACTS II, then you should add the missing Category B projects names, and report your obligations for those projects.

Third, if you are aware that OMB has used Category A or B program reporting categories that are not presented in FACTS II, then you should add the missing program reporting category names, and report our obligations for those categories.

The obligations submitted to FACTS II are presented in two ways on the SF 133 reports produced by FACTS II and OMB.

First, obligations are summarized into the following categories: (1) Direct, Category A; (2) Direct, All Category B projects; (3) Direct, exempt from apportionment; (4) Reimbursable, Category A; (5) Reimbursable, All Category B projects; and (6) Reimbursable, exempt from apportionment.

Second, the SF 133s show obligations by Apportionment Category (A or B), and then by Category B project (for Category B, only) or program reporting category (Category A and Category B).

Third, the SF 133s show funds apportioned for future fiscal years on SF 133 line 9A2.

Exhibit 130C shows how the obligations are reported for one TAFS.

130.6 How do I report the change in obligated balances?

To use the entries in this section of the SF 133, see Appendix F, change in obligated balances. Lines 12 through 18 are required for all quarters.

130.7 How do I report net outlays?

To use the entries in this section of the SF 133, see Appendix F, net outlays. Line 19 is required for all quarters.

130.8 What do I need to know about accounting adjustments under 31 U.S.C. 1534?

When an appropriation is available to an agency to pay a cost that benefits another appropriation that is also available to pay the cost, 31 U.S.C. 1534 permits the first appropriation to be charged initially, as long as the charge is moved to the appropriation benefited before the end of the fiscal year. Do not report the initial charge and succeeding adjustment.

130.9 How is reimbursable work with Federal agencies under the Economy Act shown on SF 133 reports?

When you anticipate but have not yet received an order, whether or not you received an advance, enter the amount on line 3D3 of the SF 133, "Anticipated for rest of year, without advance."

When you receive the order, move the amount of the order from line 3D3 to line 3D2b, "Change in unfilled customer orders: Without advance from Federal sources." If the order is accompanied or preceded by an advance payment, move the advance payment (up to the amount of the order) to line 3D2a, "Change in unfilled customers' orders: Advance received."

If you do not record valid obligations to cover all or part of an order before the period of availability to make obligations of the ordering account expires, then you may not fill that part of the order. You must send back any cash advances not covered by obligations back to the ordering account. If you are the ordering agency, deobligate funds not covered by obligations by the performing account and record the corresponding adjustments. Use line 2A of the SF 133, "Recoveries of prior year unpaid obligations, actual," for obligations incurred in prior fiscal years. For obligations incurred in the current fiscal year, net the amount against the appropriate line 8, "Obligations incurred." If a cash advance accompanied the order, use line 3D1a when you collect the refund. These will be start of year unobligated balances available for adjustments but not new obligations in the expired years.

When you fill the order, move the amounts earned and collected to line 3D1a, "Earned: Collected." Move the amounts earned but *not* collected to line 3D1b, "Earned: Change in receivables from Federal sources."

If you receive payment for a filled order *after* the period of obligational authority of the performing appropriation has *expired,* credit the payment to the expired appropriation, unless the law expressly prescribes other procedures.

If you receive payment *after* your performing account has been *canceled*, you must send the amounts to miscellaneous receipts in the Treasury.

If the period of disbursement for your account is canceled before you reimburse the appropriation that performed the work, you can only make the repayment from an unexpired appropriation that is available for the same purpose as the closed account.

When the performing and ordering agency accounts have different periods of availability, the performing account may need to establish new TAFS, as described in the following table:

ECONOMY ACT ACTIVITIES BETWEEN FEDERAL ENTITIES

If the ordering agency account has…	And the performing agency account…	Then the performing agency account must…	Should the performing agency account TAFS show unobligated balances on the September 30th SF 133?
Annual TAFS	Has annual TAFS	Use existing annual TAFS	No.
	Does not have annual account but has multi-year and no-year TAFS	Ask Treasury to establish annual TAFS	No.
Multi-year TAFS	Multi-year TAFS	Use existing multi-year TAFS	It depends. **Yes**, for any year prior to the last year of the multi-year TAFS unless otherwise specified in the unfilled customer order. The amount will become part of SF 133 line 1A in the next fiscal year. **No**, for the last year of the multi-year TAFS.
	Does not have multi-year account but has annual and no-year TAFS	Use existing annual TAFS	**No**, however, for the amount of unfilled customer order not obligated, agency would show new anticipated spending authority from offsetting collections on

If the ordering agency account has…	And the performing agency account…	Then the performing agency account must…	Should the performing agency account TAFS show unobligated balances on the September 30th SF 133?
			SF 133 line 3D3 in its annual year TAFS established for the next fiscal year.
	Does not have multi-year account and annual but has no-year TAFS	Ask Treasury to establish annual TAFS	**No**, however, for the amount of unfilled customer order not obligated, agency would show new anticipated spending authority from offsetting collections on SF 133 line 3D3 in its annual year TAFS established for the next fiscal year.
No-year TAFS	Has no-year TAFS	Use existing no-year TAFS	**Yes**, unless otherwise specified in the unfilled customer order. The amount will become part of SF 133 line 1A in the next fiscal year.
	Does not have no-year account but has annual and multi-year TAFS	Use existing annual or multi-year TAFS	It depends. **No**, for an annual or the last year of a multi-year TAFS. However, for the amount of unfilled customer order not obligated, agency would show new anticipated spending authority from offsetting collections on SF 133 line 3D3 in its annual year TAFS established for the next fiscal year unless otherwise specified in the unfilled customer order. **Yes**, for any year prior to the last year of the multi-year TAFS unless otherwise specified in the unfilled customer order. The amount will become part of SF 133 line 1A in the next fiscal year.

130.10 What should I report during the expired phase?

Budget execution reporting procedures. Obligated and unobligated balances must be reported on the SF 133 for each expired TAFS that has not been canceled.

September 30 SF 133 reports for annual TAFSs and the last year of multi-year TAFSs that expire at midnight on September 30 should report these TAFSs as unexpired.

Expired unobligated balances.

At the beginning of the first expired year, place the expired unobligated balance on line 1A, "Unobligated balance: Brought forward October 1 (+ or –)." This amount should equal the sum of the lines in the unobligated balances available section of the final report of budget execution for the unexpired phase, i.e., the sum of lines 9A, 9B and 9C, "Unobligated balance available." These unobligated balances are now expired budgetary resources. They are available for obligation only for valid upward adjustments of obligations that were properly incurred against the TAFS during the unexpired phase.

Since the expired resources are no longer available for new obligations, place the amounts not used for valid adjustments on line 10C, "Unobligated balance not available, other." In each succeeding expired year, the amount on line 1A, "Unobligated balance brought forward October 1 (+ or –)," should be the same as the amount on line 10C, "Unobligated balance not available, other," of the final report of budget execution for the prior year.

130.11 How do I report adjustments to expired TAFSs?

Downward adjustments. Place downward adjustments of unpaid obligations previously incurred on line 2A, "Recoveries of prior year unpaid obligations, actual." The amount should be included as a positive number because it increases the expired resources available only for future adjustments. Downward adjustments do not include previously paid obligations which require a refund. These refunds will be recorded on line 3D1, "Spending authority from offsetting collections, earned," when received.

Upward adjustments. Place upward adjustments of obligations previously incurred on line 8, "Obligations incurred." Upward adjustments of obligations reduce unobligated balances. Subtract upward adjustments from the expired unobligated balances on line 10C, "Unobligated balance not available, other."

The amount should represent the upward adjustments made during the fiscal year for which the report is submitted. Upward adjustments made during previous fiscal years should not be included because the amounts on line 10C, "Unobligated balance not available, other," have already been adjusted downward.

Upward adjustments are limited in at least two ways:

- Upward adjustments are limited by the amount available for adjustments on line 10C, "Unobligated balance not available, other," of the expired TAFS.

- No new obligations may be shown in the expired TAFS columns. Only upward adjustments of obligations that were incurred in the year in which the amount was available for obligation are valid, i.e., recording obligations that were incurred previously but reported in a different amount or erroneously not reported.

Obligation adjustments for contract changes. Upward adjustments to obligations in expired TAFSs, caused by "contract changes" that exceed certain cumulative thresholds, are subject to additional reporting and approval requirements as shown in the following table. A "contract change" means an order relating to an existing contract under which a contractor is required to perform additional work. A contract change does not include adjustments related to an escalation clause.

For the Department of Defense, obligational increases for contract changes are cumulative at the program, project, and activity level. For civilian agencies, such increases are cumulative at the appropriation level.

If the contract change will cause cumulative obligational increases to an appropriation to exceed...	Then the agency head...
$4 million during a fiscal year	(or a designated officer in his immediate office) must approve the contract change.

If the contract change will cause cumulative obligational increases to an appropriation to exceed...	Then the agency head...
$25 million during a fiscal year	must report the contract change in writing to the appropriate authorizing committees in Congress and to the House and Senate Committees on Appropriations *before* the obligation is made. Include a description of the legal basis and policy reasons for the proposed obligation. Do *not* make or record the obligation in your accounting records until 30 days after submitting the report.

130.12 What must I do when I have extended disbursement authority?

The length of the expired phase of TAFSs may only be changed by law. You must prepare budget execution reports in accordance with Appendix F. Also, you must report such authority to Treasury's Financial Management Service to prevent premature, automatic cancellation of the TAFS. For further guidance, you should consult the Treasury Financial Manual.

Normally, payment of canceled balances will not be eligible for funding from Treasury's general claims fund.

130.13 How do I report expired TAFSs that are being closed?

Expired obligated and unobligated balances must be reported as canceled on the final, September 30 SF 133 before you close the TAFS. Once an amount is reported as canceled, it should not be reported again. Note: Technically, TAFSs are "closed," while appropriations and balances are "canceled."

Cancellations of unobligated balances.

On the final, September 30 SF 133 before a TAFS will be closed, you must present all unobligated balances as canceled, i.e., as a negative (–) on line 6A, "Permanently not available, cancellations of expired and no-year TAFSs."
On all SF 133s, other than the final September 30 SF 133 before a TAFS will be closed, you should show recoveries of prior year unpaid obligations on line 2A, "Recoveries of prior year unpaid obligations, actual," as an expired resource. You should add any part of a recovery that is not used to adjust obligations to the expired unobligated balance shown on line 10C, "Unobligated balance not available, other."

Cancellations of obligated balances.

When a TAFS is required to be canceled, you must present any remaining obligated balance as canceled by doing the following:

- Include it as a cancellation (a positive number) on line 2A, "Recoveries of prior year unpaid obligations, actual;"
- Include it as a writeoff (a negative number) on line 6A, "Permanently not available, cancellations of expired and no-year accounts;" and
- Reduce the obligated balance, line 18A, "Obligated balance, net, end of year period, uncollected customer payments from Federal sources (–)" to zero.

130.14 What disbursements can I make during the canceled phase?

Legitimately incurred obligations that have not been disbursed (i.e., paid) at the time a TAFS is canceled cannot be disbursed from the canceled obligated or unobligated balances of the canceled TAFS.

After a TAFS is canceled, any obligations or adjustments to obligations that would have been properly chargeable to that TAFS may be disbursed from an unexpired TAFS that is available for obligation for the same purpose as the closed TAFS, provided that:

- The obligation or adjustment is not already chargeable to another unexpired TAFS.

- Payment of obligations against canceled TAFSs from unexpired TAFSs are limited to one percent of the appropriation in the unexpired TAFS. No more than one percent of an unexpired TAFS may be used to pay any combination of canceled obligations. This is a single, cumulative limit. It applies to one percent of the annual appropriation (not total budgetary resources) for annual TAFSs and to unexpired appropriations for multi-year TAFSs.

  For example, assume there is a multi-year TAFS with an appropriation of $10 million that covers fiscal years 1997 through 1999 that was enacted in fiscal year 1997. In fiscal year 1997, the one-percent limitation is equal to $100,000. At the end of fiscal year 1997, $90,000 was used. In fiscal year 1998, the unused, unexpired portion ($10,000) of the limitation is available for upward adjustment and disbursement of an obligation from a canceled predecessor TAFS. See section 120.21.

- Antideficiency Act provisions continue to apply to canceled TAFSs. The authority to pay obligations against closed TAFSs from one percent of unexpired TAFSs cannot be used to exceed the original appropriation.

- When you cancel obligations under the provisions of Public Law 101–510 (31 U.S.C. 1551–1557), a tracking process should be maintained. You must maintain proper U.S. Standard General Ledger (USSGL) controls for obligations pertaining to canceled appropriations to prevent overpayment. The Treasury's Financial Management Service provides USSGL accounting instructions. See http://www.fms.treas.gov/ussgl for further information.

130.15 How do I submit non-standard reports?

You must submit additional *monthly* budget execution reports when required by OMB. Submit these directly to your OMB representative. Use the SF 133 format and lines described in Appendix F. Provide a separate column of information for each unexpired and expired TAFS. The columns should be formatted in the following order: unexpired, expired, and total. Report amounts in whole dollars. The submission of a monthly report does not relieve you of providing an electronic submission through FACTS II each quarter.

OMB's policy is to use existing agency internal reports to the greatest extent feasible to support required reports. When existing agency internal reports do not include the information necessary to provide complete information on the progress and status of programs, projects, or activities, supporting information may be required by OMB.

See section 20 on definitions, concepts, and terminology for additional guidance related to preparation of the SF 133.

130.16 How do I report lower levels of detail?

You can report lower levels of detail on the SF 133 in a variety of ways as follows:

Method	Description
Category B	If your SF 132 apportions funds on line 8B "Category B" at a certain level, then you must provide the same level of detail on the SF 133.
Treasury Sub-account	You may need to report certain SF 133s by Treasury sub-account. OMB and you may decide that a Treasury sub-account be established to identify a certain level of detail not only on the SF 133 but also on other reports submitted to the Treasury. The establishment of a Treasury sub-account for an account may affect Treasury reporting requirements (such as the SF 224 Statement of Transactions).
Footnotes	For information that is integral to understanding the content of the SF 133 but cannot be reported in one of the more standardized methods described above, you may footnote any amount reported on the SF 133. If your OMB representative requires a footnote, then it must be provided.

Consult with your OMB representative to determine the best method for your situation.

130.17 How do I submit an SF 133 for allocation accounts?

The parent agency must ensure that a separate SF 133 is submitted for each allocation transfer account through FACTS II. When allocation transfers are made from a parent account to allocation accounts, then an SF 133 will be submitted for each allocation account to report its activities. The parent agency will determine who will submit the information through FACTS II and how. Regardless of who submits the information through FACTS II, the activity of both the parent account and the allocation accounts will be reported on the parent agency's Statement of Budgetary Resources.

The parent agency may choose to: (a) gather information from all of the agencies that have allocation accounts and enter the information into FACTS II, or (b) require each agency with an allocation account to enter information into FACTS II and provide a copy to the parent agency.

Agencies reporting these allocation accounts will furnish information to the other agency or agencies involved in the allocation in a timely manner. Receiving agencies with allocation accounts must submit the information required to the parent agency no later than 12 calendar days following the end of the reporting period or a date required by the parent to meet its reporting and auditing deadlines, whichever comes first.

130.18 How do I submit an SF 133 for credit TAFSs?

You should submit SF 133s for credit TAFSs at the TAFS level during quarters one through three, but at the cohort level in the fourth quarter. To determine the SF 133 aggregation of credit TAFS reporting that is required for your agency, consult your OMB representative. For additional instructions for preparing the SF 133 for credit programs, see section 185.

130.19 How do I ensure that my actuals are consistent?

Amounts reported on the fourth quarter SF 133 must be consistent with information reported to Treasury as part of year-end closing procedures and must be based on actual accounting information pursuant to 31 U.S.C. 3512. Actuals submitted to OMB for inclusion in the President's annual budget, which is submitted to the Congress, should agree with those submitted to Treasury and those submitted on the

fourth quarter SF 133. If one group within your agency (for example, accounting) reports amounts to Treasury while another group (for example, the budget office) prepares budget schedules, then you must take action to ensure that the amounts reported are conceptually and numerically consistent. It may be advisable to allow the budget office to review your SF 133 information before it is submitted.

(a) *What reports of actuals should generally be the same?*

- September 30 SF 133 Report on Budget Execution and Budgetary Resources.
- Statement of Budgetary Resources (SBR) (if required).
- Budget Program and Financing Schedule (actuals column).
- Treasury Combined Statement.
- FMS 2108 Year-end Closing Statement (used to generate Treasury Combined Statement).
- SF 224 Statement of Transactions (used to generate Treasury Combined Statement).
- Your agency's accounting system.

(b) What guidance is available to help me ensure that my actuals are reported consistently?

- Exhibit 130K Crosswalk from SF 133 to the Budget Program and Financing schedule.
- Exhibit 130M Relationship between Selected SF 133 and Budget Program and Financing Schedule lines.
- section 82.15
- Treasury Financial Manual U.S. Government Standard General Ledger Supplement, which contains crosswalks from the USSGL to the SF 133/SBR, FMS 2108, and Program and Financing Schedule. It is available at http://www.fms.treas.gov/ussgl.

(c) *What differences should I expect between the September 30 SF 133 and the Budget Appendix?*

- The SF 133 is displayed at the TAFS level, while the *Appendix* presents consolidated information covering all TAFSs (annual, multiple-year, and no-year) with the same account title. Also, an account in the *Appendix* may contain multiple TAFSs with different titles.
- OMB Circular No. A–11 requires that allocation transfer accounts be consolidated and reported by the parent account for budget formulation purposes. OMB Circular No. A–11 requires that allocation accounts be reported separately for budget execution purposes (see section 130.17). The sum of the information on all the SF 133s with the same account title should be the same as the information required for the *Appendix*.
- As the crosswalk from SF 133 to the Program and Financing schedule (Exhibit 130K) indicates, not all of the expired budgetary resources shown on the SF 133 are shown in the Budget Program and Financing schedule.
- The SF 133 is reported in dollars, while the Program and Financing schedule is in millions of dollars.

(d) *What differences should I expect among the September 30 SF 133, the Budget Appendix, and Treasury Combined Statement?*

- For trust or special funds where budget authority is limited by law, unobligated balances at the end of the fiscal year reported in the Treasury Combined Statement (column 6) may not agree with the unobligated balances reported on the SF 133 (lines 9/10) and the actual column of the Budget Program and Financing Schedule. The difference in the two amounts will represent the total end of year balance on the *Appendix*'s schedule on special and trust fund receipts (Schedule N).

(e) *What differences should I expect between the September 30 SF 133 and the Statement of Budgetary Resources?*

- The SF 133 is displayed at the TAFS level, while the Statement of Budgetary Resources is displayed at the agency level. The Statement of Budgetary Resources is displayed as a principal statement for the agency as a whole, and must be displayed as required supplementary information for major TAFSs.

- The SF 133 displays lines with zero dollars associated with them, while the Statement of Budgetary Resources does not display lines with zero dollars associated with them.

- The Statement of Budgetary Resources includes a separate column for credit financing TAFSs because they are non-budgetary.

- The Statement of Budgetary Resources includes separate lines for offsetting receipts and net outlays in order to derive the net outlays for the agency.

Annual Account--September 30 Report

To save space, several exhibits in this section do not display lines that do not contain amounts. Exhibit 130H contains all lines.

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government
BUREAU: Office of the Secretary

APPROPRIATION OR FUND TITLE AND SYMBOL
80Y0137 Salaries and expenses

	FY 2006 Unexpired Account	FY 2005 Expired Account	FY 2004 Expired Account	FY 2003 Expired Account	FY 2002 Expired Account	FY 2001 Expired Account	Total
BUDGETARY RESOURCES							
1. Unobligated balance:							
A. Brought forward, October 1 (+ or -)		110,000	205,000	75,000	87,000	10,000	487,000
2. Recoveries of prior year unpaid obligations:							
A. Actual						3,500	3,500
3. Budget authority:							
A. Appropriation:							
1. Actual	7,400,000						7,400,000
D. Spending authority from offsetting collections (gross):							
1. Earned:							
a. Collected	403,000						403,000
2. Change in unfilled customer orders (+ or -):							
a. Advance received							
5. Temporarily not available pursuant to Pubic Law 1XX-123 (-):	-1,000						-1,000
6. Permanently not available (-):							
A. Cancellations of expired and no-year accounts (-)						-11,000	-11,000
7. Total budgetary resources	7,802,000	110,000	205,000	75,000	87,000	2,500	8,281,500
STATUS OF BUDGETARY RESOURCES							
8. Obligations incurred:							
A. Direct:							
1. Category A	7,601,315	50,000	85,000	45,000	27,000	2,500	7,810,815
2. Category B [program 1]							
3. Exempt from apportionment							
9. Unobligated balance:							
A. Apportioned:							
1. Balance, currently available	200,685						200,685
10. Unobligated balance not available:							
A. Deferred							
B. Withheld pending recission							
C. Other		60,000	120,000	30,000	60,000		270,000
11. Total status of budgetary resources	7,802,000	110,000	205,000	75,000	87,000	2,500	8,281,500
CHANGE IN OBLIGATED BALANCES							
12. Obligated balance, net:							
A. Unpaid obligations, brought forward, October 1 (+)		100,000	365,000	40,000	7,000	5,000	517,000
13. Obligations incurred (+)	7,601,315	50,000	85,000	45,000	27,000	2,500	7,810,815
14. Gross outlays (-)	-7,476,850	-100,000	-170,000	-65,000	-32,000	-4,000	-7,847,850
16. Recoveries of prior year unpaid obligations, actual (-)						-3,500	-3,500
18. Obligated balance, net, end of period:							
A. Unpaid obligations (+)	124,465	50,000	280,000	20,000	2,000		476,465
NET OUTLAYS							
19. Net outlays:							
A. Gross outlays (+)	7,476,850	100,000	170,000	65,000	32,000	4,000	7,847,850
B. Offsetting collections (-)	-403,000						-403,000

The final September 30 SF 133 before an account will be closed will include these lines to indicate the amount to be canceled.

Amounts for lines 10A-C should be consistent with amounts on the latest SF 132.

NOTE: Line 3A1, P.L. 1XX-123.

NOTE: Line 6A, Withdrawn pursuant to 31 U.S.C. 1552.

Identify in a footnote, the law(s) providing budget authority.

(Authorized Officer) (Date)

(Preparer: Name)
(Address)
(Phone number)

Note: Exhibit 121A illustrates the apportionment of this account.

Annual Account with Reimbursements--September 30 Report

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government
BUREAU: Government Bureau

APPROPRIATION OR FUND TITLE AND SYMBOL
80Y0123 Salaries and expenses

	Year 1 Unexpired Account	Year 2 Expired Account
BUDGETARY RESOURCES		
1. Unobligated balance:		
A. Brought forward, October 1 (+ or -)		200,000
3. Budget authority:		
A. Appropriation:		
1. Actual	10,000,000	
D. Spending authority from offsetting collections (gross):		
1. Earned:		
a. Collected	980,000	130,000
b. Change in receivables from Federal sources	100,000	-100,000
2. Change in unfilled customer orders (+ or -):		
a. Advance received	20,000	
b. Without advance from Federal sources	30,000	-30,000
7. Total budgetary resources	11,130,000	200,000
STATUS OF BUDGETARY RESOURCES		
8. Obligations incurred:		
A. Direct:		
1. Category A	9,800,000	50,000
2. Category B [program 1]		
3. Exempt from apportionment		
B. Reimbursable:		
1. Category A	1,130,000	
2. Category B [program 1]		
a. Research		
b. Development of products		
3. Exempt from apportionment		
9. Unobligated balance:		
A. Apportioned:		
1. Balance, currently available	200,000	
10. Unobligated balance:		
C. Other		150,000
11. Total status of budgetary resources	11,130,000	200,000
CHANGE IN OBLIGATED BALANCES		
12. Obligated balance, net:		
A. Unpaid obligations, brought forward, October 1 (+)		350,000
B. Uncollected customer payments from Federal sources, brought forward, October 1 (-)		-130,000
13. Obligations incurred (+)	10,930,000	50,000
14. Gross outlays (-)	-10,580,000	-55,000
17. Change in uncollected customer payments from Federal sources	-130,000	130,000
18. Obligated balance, net, end of period:		
A. Unpaid obligations (+)	350,000	345,000
B. Uncollected customer payments from Federal sources (-)	-130,000	
NET OUTLAYS		
19. Net outlays:		
A. Gross outlays (+)	10,580,000	55,000
B. Offsetting collections (-)	-1,000,000	-130,000

NOTE: Line 3A1, P.L. 1XX-123.

(Authorized Officer) (Date)

(Preparer: Name)_____
(Address) _____
(Phone number) _____

Identify in a footnote, the law(s) providing budget authority.

Collections of receivables from the prior year from Federal sources are entered as a positive amount on line 3D1a and as a negative adjustment on line 3D1b.

Normally, amounts should reflect *obligated amounts only* on the September 30 report except for amounts in expired accounts that are offset by a reimbursable receivable or collection of an outstanding reimbursable receivable from the prior year.

Available only for upward adjustment of valid obligations incurred during the unexpired period.

To save space, several exhibits in this section do not display lines that do not contain amounts. Exhibit 130H contains all lines.

No-Year Account--Quarterly Report

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 6/30/CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Bureau of Central Services	80X1309 Research and development

	X Unexpired Account
BUDGETARY RESOURCES	
1. Unobligated balance:	
A. Brought forward, October 1 (+ or -)	1,610,000
2. Recoveries of prior year unpaid obligations:	
A. Actual	76,000
B. Anticipated	74,000
3. Budget authority:	
A. Appropriation:	
1. Actual	25,000,000
D. Spending authority from offsetting collections (gross):	
1. Earned:	
a. Collected	197,000
2. Change in unfilled customer orders (+ or -):	
a. Advance received	12,000
3. Anticipated for rest of year, without advance	191,000
6. Permanently not available:	
B. Enacted reductions (-)	-200,000
7. Total budgetary resources	26,960,000
STATUS OF BUDGETARY RESOURCES	
8. Obligations incurred:	
A. Direct:	
1. Category A: Salaries	294,320
1. Category A: All Other	59,680
2. Category B: Research -- Air	5,497,700
2. Category B: Research -- Water	5,743,350
2. Category B: Research -- All Other	788,750
2. Category B: Development of products-- Air	3,890,250
2. Category B: Development of products-- Water	3,093,750
B. Reimbursable:	
1. Category A: Salaries	5,000
2. Category B: Development of products-- Air	98,000
2. Category B: Development of products-- Water	95,750
2. Category B: Development of products-- All Other	89,450
9. Unobligated balance:	
A. Apportioned:	
1. Balance, currently available	3,304,000
2. Apportioned for subsequent periods	4,000,000
11. Total status of budgetary resources	26,960,000
CHANGE IN OBLIGATED BALANCES	
12. Obligated balance, net:	
A. Unpaid obligations, brought forward, October 1 (+)	407,500
13. Obligations incurred (+)	19,656,000
14. Gross outlays (-)	-19,605,100
16. Recoveries of prior year unpaid obligations, actual (-)	-76,000
18. Obligated balance, net, end of period:	
A. Unpaid obligations (+)	382,400
NET OUTLAYS	
19. Net outlays:	
A. Gross disbursements (+)	19,605,100
B. Offsetting collections (-)	-209,000

NOTE: Line 3A1, P.L. 1XX-123.

For unexpired accounts, these entries reflect estimated and anticipated downward adjustments of obligations reported in prior years.

Identify in a footnote, the law(s) providing budget authority.

Line 7 should equal line 11.

Note that the program reporting categories used in Exhibit 121O are re-printed on this portion of the SF 133.

This entry is the difference between apportionments through the end of the current quarter and the obligations incurred under those apportionments through the end of the reporting period.

Amounts for lines 10A through 10C should be consistent with amounts on the latest SF 132.

This amount must agree with the amount reported on line 18A of the final SF 133 for the preceding year.

_____ _____
(Authorized Officer) (Date)

Note: Exhibit 121C illustrates the apportionment of this account.

(Preparer: Name)_____
(Address) _____
(Phone number) _____

Multi-Year Account Apportioned for Two Fiscal Years

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 6/30/CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Bureau of Central Services	89-6/7-0100 Salaries and Expenses

	89-6/7-0100 Unexpired Account
BUDGETARY RESOURCES	
1. Unobligated balance:	
A. Brought forward, October 1 (+ or -)	
3. Budget authority:	
A. Appropriation:	
1. Actual	100,000
2. Anticipated	
5. Temporarily not available pursuant to Public Law____ (-)	
6. Permanently not available:	
A. Cancellations of expired and no-year accounts (-)	
7. Total budgetary resources	100,000
STATUS OF BUDGETARY RESOURCES	
8. Obligations incurred:	
A. Direct:	
1. Category A	48,000
2. Category B [program 1]	
3. Exempt from apportionment	
9. Unobligated balance:	
A. Apportioned:	
1. Balance, currently available	2,000
2. Apportioned for subsequent periods	50,000
B. Exempt from apportionment	
C. Other available	
10. Unobligated balance not available:	
A. Deferred	
B. Withheld pending rescission	
C. Other	
11. Total status of budgetary resources	100,000
CHANGE IN OBLIGATED BALANCES	
12. Obligated balance, net:	
A. Unpaid obligations, brought forward, October 1 (+)	
B. Uncollected customer payments from Federal sources, brought forward, October 1 (-)	
13. Obligations incurred (+)	48,000
14. Gross outlays (-)	-20,000
18. Obligated balance, net, end of period:	
A. Unpaid obligations (+)	28,000
B. Uncollected customer payments from Federal sources (-)	
NET OUTLAYS	
19. Net outlays:	
A. Gross outlays (+)	20,000
B. Offsetting collections (-)	

To save space, several exhibits in this section do not display lines that do not contain amounts. Exhibit 130H contains all lines.

NOTE: Line 3A1, P.L. 1XX-123.

_____ _____
(Authorized Officer) (Date)

(Preparer: Name)_____
(Address) _____
(Phone number) _____

Public Enterprise (Revolving) or Intragovernmental (Revolving) Fund--Quarterly Report

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 3/31/CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Government Enterprise Corp.	80X4321 Government Enterprise Corp. fund.

	X Unexpired Account
BUDGETARY RESOURCES	
1. Unobligated balance:	
A. Brought forward, October 1 (+ or -)	83,583,738
3. Budget authority:	
A. Appropriation:	
1. Actual	4,100,000
B. Spending authority from offsetting collections (gross):	
1. Earned:	
a. Collected	33,250,500
b. Change in receivables from Federal sources	700,000
3. Anticipated for rest of year, without advance	36,855,800
6. Permanently not available:	
C. Capital transfers and redemption of debt (-)	-20,756,800
7. Total budgetary resources	137,733,238
STATUS OF BUDGETARY RESOURCES	
8. Obligations incurred:	
B. Reimbursable:	
1. Category A	1,200,000
2. Category B: Management services	12,000,000
2. Category B: Sales program	5,000,000
2. Category B: Power program	10,000,000
3. Exempt from apportionment	
9. Unobligated balance:	
A. Apportioned:	
1. Balance, currently available	29,016,600
2. Apportioned for subsequent periods	1,234,600
B. Exempt from apportionment	
10. Unobligated balance not available:	
C. Other	79,282,038
11. Total status of budgetary resources	137,733,238
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS	
12. Obligated balance, net:	
A. Unpaid obligations, brought forward, October 1 (+)	5,621,800
B. Collected customer payments from Federal sources, brought forward, October 1 (-)	
13. Obligations incurred (+)	28,200,000
14. Gross outlays (-)	-27,384,596
17. Change in uncollected customer payments from Federal sources	-700,000
18. Obligated balance, net, end of period:	
A. Unpaid obligations (+)	6,437,204
B. Collected customer payments from Federal sources (-)	-700,000
NET OUTLAYS	
19. Net outlays:	
A. Gross outlays (+)	27,384,596
B. Offsetting collections (-)	-33,250,500

NOTE: Line 3A1, P.L. 1XX-123.

Identify in a footnote, the law(s) providing budget authority.

All revolving fund obligations, financed from any resource, are reimbursable. See section 83.5.

Lines 8A2 and 8B2 must be consistent with the Apportionment Category B detail amounts.

For revolving funds, this amount will agree with the amount reported on lines 9, 10, and 11 of the latest approved SF 132 plus upward adjustments in income until a reapportionment request is approved.

_____ _____
(Authorized Officer) (Date)

Note: Exhibit 121G illustrates the apportionment of this account.

(Preparer: Name)_____
(Address) _____
(Phone number) _____

Annual Account--Advance Appropriation

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 6/30/06

AGENCY: Department of Government BUREAU: Bureau of Central Services	APPROPRIATION OR FUND TITLE AND SYMBOL 80-6-1309 Research and development
	FY 2006 Unexpired Account
BUDGETARY RESOURCES	
3. Budget Authority:	
A. Appropriation:	
1. Actual	7,400,000
2. Anticipated	
B. Borrowing authority	
C. Contract authority	
5. Temporarily not available pursuant to Public Law ___ (-)	
6. Permanently not available:	
A. Cancellations of expired and no-year accounts (-)	
B. Enacted reductions (-)	
C. Capital transfers and redemption of debt (-)	
D. Other authority withdrawn (-)	
E. Pursuant to Public Law ____ (-)	
F. Anticipated rest of year (+ or -)	
7. Total budgetary resources	7,400,000
STATUS OF BUDGETARY RESOURCES	
8. Obligations incurred:	
A. Direct:	
1. Category A	7,000,000
2. Category B [program 1]	
3. Exempt from apportionment	
9. Unobligated balance:	
A. Apportioned:	
1. Balance, currently available	400,000
2. Apportioned for subsequent periods	
3. Anticipated (+ or -)	
10. Unobligated balance not available:	
A. Deferred	
B. Withheld pending rescission	
C. Other	
11. Total status of budgetary resources	7,400,000
CHANGE IN OBLIGATED BALANCES	
12. Obligated balance, net:	
A. Unpaid obligations, brought forward, October 1 (+)	
B. Uncollected customer payments from Federal sources, brought forward, October 1 (-)	
13. Obligations incurred (+)	7,000,000
14. Gross outlays (-)	-5,000,000
18. Obligated balance, net, end of period:	
A. Unpaid obligations (+)	2,000,000
B. Uncollected customer payments from Federal sources (-)	
NET OUTLAYS	
19. Net outlays:	
A. Gross outlays (+)	5,000,000
B. Offsetting collections (-)	

NOTE: Line 3A1, P.L. 1XX-123.

(Authorized Officer) (Date)

(Preparer: Name)_____
(Address) _____
(Phone number) _____

Report advance appropriations in the period in which the funds become available for obligation and not before. For example, an advance appropriation of 7,400,000 in fiscal year 2005 appropriations act that will become available for obligations in fiscal year 2006 should be included on line 1A in the fiscal year 2006 SF 133.

To save space, several exhibits in this section do not display lines that do not contain amounts. Exhibit 130H contains all lines.

Annual Account--Reappropriation

When a law extends the period of availability of an amount, that in the absence of the law would have expired, the amount is reappropriated.

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Bureau of Central Services	80-5-1309 Research and development

	FY 2005 Unexpired
BUDGETARY RESOURCES	
1. Unobligated balance	
A. Brought forward, October 1 (+ or -).....	
3. Budget authority:	
A. Appropriation:	
1. Actual.....	200
2. Anticipated.....	
6. Permanently not available:	
B. Enacted reductions (-).....	
7. Total budgetary resources.....	200
STATUS OF BUDGETARY RESOURCES	
8. Obligations incurred:	
A. Direct:	
1. Category A.....	
9. Unobligated balance:	
A. Apportioned:	
1. Balance, currently available.....	200
11. Total status of budgetary resources.....	200

NOTE: Line 1A, P.L. 1XX-123.

The amount that had been part of an unobligated balance (line 9) in a previous period . . .

_____ _____
(Authorized Officer) (Date)

(Preparer: Name)_____
(Address) _____
(Phone number) _____

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 12/31/CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Bureau of Central Services	80Y1309 Research and development

	FY 2006 Unexpired	FY 2005 Expired
BUDGETARY RESOURCES		
1. Unobligated balance		
A. Brought forward, October 1 (+ or -).....		100
3. Budget authority		
A. Appropriation:		
1. Actual.....	100	
2. Anticipated.....		
6. Permanently not available:		
B. Enacted reductions (-).....		-100
7. Total budgetary resources.....	100	-
STATUS OF BUDGETARY RESOURCES		
8. Obligations incurred:		
A. Direct:		
1. Category A.....	100	
9. Unobligated balance:		
A. Apportioned:		
1. Balance, currently available.....		
11. Total status of budgetary resources.....	100	-

NOTE: Line 3A1, P.L. 1XX-123.

. . . .should be reported as a new appropriation (line 3A1) in the period in which it becomes available.

Report the reduction on line 6B.

_____ _____
(Authorized Officer) (Date)

(Preparer: Name)_____
(Address) _____
(Phone number) _____

Chart of SF 133 General Requirements

This line…	is generally used only with… An Unexpired Account	An Expired Account	No entry in 4th Quarter	A Negative Amount
BUDGETARY RESOURCES				
1. Unobligated balance:				
A. Brought forward, October 1 (+ or -)	■	■		
2. Recoveries of prior year unpaid obligations:				
A. Actual	■	■		
B. Anticipated	■		■	
3. Budget authority:				
A. Appropriation:				
1. Actual	■			
2. Anticipated	■		■	
B. Borrowing authority	■			
C. Contract authority	■			
D. Spending authority from offsetting collections (gross):				
1. Earned:				
a. Collected	■	■		
b. Change in receivables from Federal sources	■	■		
2. Change in unfilled customer orders (+ or -):				
a. Advance received	■	■		
b. Without advance from Federal sources	■	■		
3. Anticipated for rest of year, without advance	■		■	
4. Previously unavailable	■			
5. Expenditure transfers from trust funds:				
a. Collected	■			
b. Change in receivables from trust funds	■	■		
c. Anticipated	■		■	
4. Nonexpenditure transfers, net:				
A. Actual transfers, budget authority (+ or -)	■			
B. Anticipated transfers, budget authority (+ or -)	■		■	
C. Actual transfers, unobligated balances (+ or -)	■	■		
D. Anticipated transfers, unobligated balances (+ or -)	■		■	
5. Temporarily not available pursuant to Public Law ___ (-)	■			■
6. Permanently not available (-):				
A. Cancellations of expired and no-year accounts (-)	■	■		■
B. Enacted reductions (-)	■			■
C. Capital transfers and redemption of debt (-)	■			■
D. Other authority withdrawn (-)	■			■
E. Pursuant to Public Law ____ (-)	■	■		■
F. Anticipated for rest of year (-)	■		■	■
7. Total budgetary resources	■	■		
STATUS OF BUDGETARY RESOURCES				
8. Obligations incurred:				
A. Direct:				
1. Category A (sometimes includes program categories)	■	■		
2. Category B [program 1]	■	■		
Category B [program 2 \ program category 1]	■	■		
Category B [program 3 \ program category 2]	■	■		
3. Exempt from apportionment	■	■		
B. Reimbursable:				
1. Category A (sometimes includes program categories)	■	■		
2. Category B [program 1]	■	■		
Category B [program 2 \ program category 1]	■	■		
Category B [program 3 \ program category 2]	■	■		
3. Exempt from apportionment	■	■		
9. Unobligated balance:				
A. Apportioned:				
1. Balance, currently available	■			
2. Apportioned for subsequent periods	■			
3. Anticipated (+ or -)	■		■	
B. Exempt from apportionment:				
1. Balance, currently available	■			
2. Anticipated (+ or -)	■		■	
10. Unobligated balance not available:				
A. Deferred	■			
B. Withheld pending rescission	■			
C. Other	■	■		
11. Total status of budgetary resources	■	■		
CHANGE IN OBLIGATED BALANCES				
12. Obligated balance, net:				
A. Unpaid obligations, brought forward, October 1 (+)	■	■		
B. Uncollected customer payments from Federal sources, brought forward, October 1 (-)	■	■		■
13. Obligations incurred (+)	■	■		
14. Gross outlays (-)	■	■		■
15. Obligated balance transfers, net:	■	■		
A. Actual transfers, unpaid obligations (+ or -)	■	■		
B. Actual transfers, uncollected customer payments from Federal sources (+ or -)	■	■		
16. Recoveries of prior year unpaid obligations, actual (-)	■	■		■
17. Change in uncollected customer payments from Federal sources	■	■		
18. Obligated balance, net, end of period:				
A. Unpaid obligations (+)	■	■		
B. Uncollected customer payments from Federal sources (-)	■	■		■
NET OUTLAYS				
19. Net outlays:				
A. Gross outlays (+)	■	■		
B. Offsetting collections (-)	■	■		■

Equals line 8

Equals line 19A with opposite sign

Equals line 2A with opposite sign

Equals the sum of lines 3D1b, 3D2b, and 3D5b with opposite sign

SF 133 Outlay Formula

The following is the outlay formula to be used to check the internal consistency of the SF 133.

Outlays = Lines 8 - (3D1+3D2+3D5a+3D5b+2A) + 12 ± 15 - (18A-18B)

Step 1: Take the total amount on line 8--Obligations Incurred		19,656,000
Step 2: Subtract the sum of the following lines:		
Spending authority from offsetting collections (gross)		
Line 3D1a--Collected	197,000	
Line 3D1b--Change in receivables from Federal sources	0	
Line 3D2a--Advance Received	12,000	
Line 3D2b--Without advance from Federal sources	0	
Line 3D5a--Collected	0	
Line 3D5b--Change in receivables from trust funds	0	
Recoveries of prior year unpaid obligations		
Line 2A--Actual	76,000	
Sum	285,000	-285,000
Step 3: Add the sum of the following lines:		
Obligated balance, net		
Line 12A--Unpaid obligations, brought forward, October 1 (+)	407,500	
Line 12B--Uncollected customer payments from Federal sources, brought forward, October 1 (-)	0	
Sum	407,500	407,500
Step 4: Add (if positive) or subtract (if negative) the sum of the following lines:		
Obligated balance transfers, net		
Line 15A--Actual transfers, Unpaid obligations, brought forward, October 1 (+ or -)	0	
Line 15B--Actual transfers, Uncollected customer payments from Federal sources(+ or -)	0	
Sum	0	0
Step 5: Subtract the sum of the following lines:		
Obligated balance, net, end of period		
Line 18A--Unpaid obligations (+)	382,400	
Line 18B--Uncollected customer payments from Federal sources(-)	0	
Sum	382,400	-382,400
Outlays:		
Line 19A--Disbursements (+)	19,605,100	
Line 19B--Collections (-)	-209,000	
	19,396,100	
Result: This should be the sum of lines 19A + 19B		19,396,100

Note: These amounts come from Exhibit 130C

Crosswalk from the SF 133 to the Treasury Combined Statement

SF 133 Report on Budget Execution and Budgetary Resources	Treasury Combined Statement
Line 1A - Unobligated balance: Brought forward, October 1 (+ or -)	Column 1[a/]: Balances beginning of fiscal year, unobligated balance (unexpired) and unobligated balance (expired)
Line 12 - Obligated balance, net	Column 1: Balances beginning of fiscal year, obligated balance: The sum of accounts payable and undelivered orders minus the sum of accounts receivable and unfilled customer orders
Line 3A1- Budget authority	Column 2: Appropriations and other obligational authority: Total
Line 4A - Actual transfers, budget authority (+ or -)	Net effect shown, with a footnote in column 2 for transfers between annual accounts in the same fund group. All other transfers shown in Column 3
Line 6B - Enacted reductions (-)	Column 2: Appropriations and other obligational authority: Total Column 5: Balances withdrawn and other transactions: The sum of the entries for undisbursed funds, unfunded contract authority, authority to borrow from Treasury, and authority to borrow from the public (plus increases in unobligated balances footnoted in columns 1 and 6 as unavailable for obligation)
Not applicable	Column 3: Transfers, borrowings, and investments (net)
Line 4C - Actual transfers, unobligated balance (+ or -)	Not applicable
Line 15 - Obligated balance transferred, net	Not applicable
Line 19 - Net outlays includes line 19A - Gross outlays and line 19B - Offsetting collections	Column 4: Outlays (net): Total
Line 3 - Spending auth. from offsetting collections (gross)	Not applicable
Line 2 - Recoveries of prior year unpaid obligations	Not applicable
Line 5 - Temporarily not available pursuant to Public Law	Not applicable
Not applicable	Column 5: Balances withdrawn and other transactions: The sum of the entries for undisbursed funds, unfunded contract authority, authority to borrow from Treasury, and authority to borrow from the public (plus increases in unobligated balances footnoted in columns 1 and 6 as unavailable for obligation)
Line 9[b/] - Unobligated balance Line 10[b/] - Unobligated balance not available	Column 6: Balances end of fiscal year, unobligated balance
Line 18 - Obligated balance, net, end of period	Column 6: Balances end of fiscal year, obligated balance: The sum of accounts payable and undelivered orders minus the sum of accounts receivable and unfilled customer orders

[a/] Column 1 of the Treasury Combined Statement (previously known as the Treasury Annual Report) means the first column after the Account Symbol columns.

[b/] Some valid exceptions do exist, such as amounts temporarily precluded from obligation and temporary reductions.

Crosswalk from the SF 133 to the Program and Financing Schedule

This crosswalk only applies to the September 30 SF 133 and the "actual" column of the President's Budget and does not include memorandum lines. You can find the definitions of Program and Financing Schedule lines in section 82. See section 130.15 for additional guidance on ensuring consistent actuals.

SF 133	Unexpired Accounts	Expired Accounts	PROGRAM AND FINANCING SCHEDULE
BUDGETARY RESOURCES			
1. Unobligated balance:			
A. Brought forward, October 1 (+ or -)			2140 Unobligated balance carried forward, start of year
			SF 133 line 1A is a positive unless you have a deficiency that has not been liquidated in a prior year. When SF 133 line 1A is negative and a resource is realized to liquidate a deficiency, then the P&F will show the appropriation to liquidate the deficiency on the following lines: *Discretionary authority: Appropriations* 4048 Portion applied to liquidate deficiencies (-) *Mandatory authority: Appropriations* 6048 Portion applied to liquidate deficiencies (-) *Discretionary authority: Spending authority from offsetting collections* 5833 Portion applied to liquidate deficiencies (-) *Mandatory authority: Spending authority from offsetting collections* 6933 Portion applied to liquidate deficiencies (-)
2. Recoveries of prior year unpaid obligations:			
A. Actual			2210 Resources available from recoveries of prior year obligations
B. Anticipated	Null Set		
			7345 Recoveries of prior year obligations (-) Equals the amount on line 2210, but with the opposite sign.
			7340 Adjustments in expired accounts (net) (-) These are recoveries of prior year obligations. Also see SF 133 line 8. These SF 133 and P&F lines will be equal with opposite signs.
3. Budget Authority:			
A. Appropriation:			
1. Actual			*Discretionary authority:* 4000 Appropriation 4020 Appropriation (special fund) 4026 Appropriation (trust fund) 4028 Appropriation available from subsequent year 4029 Appropriation available in prior year (-) 5000 Reappropriation 5500 Advance appropriation 5520 Advance appropriation (special fund) 5526 Advance appropriation (trust fund) *Mandatory authority:* 6000 Appropriation 6020 Appropriation (special fund) 6026 Appropriation (trust fund) 6028 Appropriation (unavailable balances) 6300 Reappropriation 6500 Advance appropriation 6526 Advance appropriation (trust fund)
2. Anticipated	Null Set		
B. Borrowing authority			*Discretionary authority:* 4700 Authority to borrow *Mandatory authority:* 6710 Authority to borrow 6716 Authority to borrow (12 U.S.C. 2281-96) These P&F lines also include the amount withdrawn (SF 133 line 6D) from the indefinite borrowing authority (SF 133 line 3B) that is not needed to incur obligations.
C. Contract authority			*Discretionary authority:* 4900 Contract authority *Mandatory authority:* 6610 Contract authority These P&F lines also include the amount withdrawn (SF 133 line 6D) from the indefinite contract authority (SF 133 line 3C) that is not needed to incur obligations.

Crosswalk from the SF 133 to the Program and Financing Schedule--Continued

SF 133	Unexpired Accounts	Expired Accounts	PROGRAM AND FINANCING SCHEDULE
D. Spending authority from offsetting collections (gross):			*Discretionary authority: Spending authority from offsetting collections* 5800 Offsetting collections (cash) *Mandatory authority: Spending authority from offsetting collections* 6900 Offsetting collections (cash)
1. Earned:			
a. Collected			
b. Change in receivables from Federal sources			
2. Change in unfilled customer orders (+ or -):			*Discretionary authority: Spending authority from offsetting collections* 5810 Change in uncollected customer payments from Federal sources (unexpired) *Mandatory authority: Spending authority from offsetting collections* 6910 Change in uncollected customer payments from Federal sources (unexpired)
a. Advance received			
b. Without advance from Federal sources			
3. Anticipated for rest of year, without advance	Null Set		
4. Previously unavailable			7400 Change in uncollected customer payments from Federal sources (unexpired) Equals the amounts on lines 6810 and 6910, but with the opposite sign.
5. Expenditure transfers from trust funds:			
a. Collected			
b. Change in receivables from trust funds			
c. Anticipated	Null Set		8895 Change in uncollected customer payments from Federal sources (unexpired) Equals the amounts on lines 6810 and 6910.
			Discretionary authority: 5826 Offsetting collections (Previously unavailable) *Mandatory authority:* 6926 Offsetting collections (Previously unavailable)
4. Nonexpenditure transfers, net:			
A. Actual transfers, budget authority (+ or -)			*Discretionary authority:* 4100 Transferred to other accounts (appropriations) (-) 4200 Transferred from other accounts (appropriations) (+) 5861 Transferred to other accounts (spending auth. from offset. coll.) (-) 5862 Transferred from other accounts (spending auth. from offset. coll.)(+) *Mandatory authority:* 6100 Transferred to other accounts (appropriations) (-) 6200 Transferred from other accounts (appropriations) (+) 6661 Transferred to other accounts (contract authority) (-) 6662 Transferred from other accounts (contract authority) (+) 6961 Transferred to other accounts (spending auth. from offset. coll.) (-) 6962 Transferred from other accounts (spending auth. from offset. coll.) (+)
B. Anticipated transfers, budget authority (+ or -)	Null Set		
C. Actual transfers, unobligated balances (+ or -)			2221 Unobligated balance transferred to other accounts (-) 2222 Unobligated balance transferred from other accounts (+) 2230 Expired unobligated balance transfer to unexpired accounts (+) 2235 Unexpired unobligated balance transfer to expired accounts (-) 2333 Adjustment for change in allocation
D. Anticipated transfers, unobligated balances (+ or -)	Null Set		
5. Temporarily not available pursuant to Public Law ___ (-)			2398 Unobligated balance expiring or withdrawn (-) *Discretionary authority:* 4037 Appropriation temporarily reduced (-) Includes amounts returned to unavailable receipt accounts associated with special and non-revolving trust funds. 4038 Unobligated balance temporarily reduced (appropriations) (-) 4945 Portion precluded from obligation (limitation on obligations)(contract authority)(-) 5537 Advance appropriation temporarily reduced (-) 5837 Portion temporarily reduced (spend. auth. from offset. coll.)(-) 5845 Portion precluded from obligation (limitation on obligations) (spend. auth. from offset. coll.)(-) *Mandatory authority:* 6037 Appropriation temorarily reduced (-) Includes amounts returned to unavailable receipt accounts associated with special and non-revolving trust funds. 6038 Unobligated balance temporarily reduced (appropriations) (-) 6045 Portion precluded from obligation (appropriations) (-) 6537 Advance appropriation temporarily reduced (-) 6937 Portion temporarily reduced (spend. auth. from offset. coll.)(-) 6945 Portion precluded from obligation (limitation on obligations)(spend. auth. from offset. coll) (-)

Crosswalk from the SF 133 to the Program and Financing Schedule--Continued

SF 133	Unexpired Accounts	Expired Accounts	PROGRAM AND FINANCING SCHEDULE
6. Permanently not available:			
A. Cancellations of expired and no-year accounts (-).....			2398 Unobligated balance expiring or withdrawn (-)
B. Enacted reductions (-).....			These apply only to accounts in the national defense function 050: 2380 Reduction pursuant to PL 99-177 in unoblig balances (disc.) (-) 2385 Reduction pursuant to PL 99-177 in unoblig balances (mand.) (-) *Discretionary authority:* 4035 Appropriation permanently reduced (-) Includes amounts returned to the general fund of the U.S. Treasury. Excludes amounts returned to unavailable receipt accounts associated with special and non-revolving trust funds. 4036 Unobligated balance permanently reduced (appropriations) (-) 4735 Authority to borrow permanently reduced (-) 4935 Contract authority permanently reduced (-) 4936 Unobligated balance permanently reduced (contract authority) (-) 5035 Reappropriation permanently reduced (-) 5535 Advance appropriation permanently reduced (-) 5835 Offsetting colletions permanently reduced (-) *Mandatory authority:* 6035 Appropriation permanently reduced (-) Includes amounts returned to the general fund of the U.S. Treasury. Excludes amounts returned to unavailable receipt accounts associated with special and non-revolving trust funds. 6036 Unobligated balance permanently reduced (appropriations) (-) 6335 Reappropriation permanently reduced (-) 6535 Advance appropriation permanently reduced (-) 6635 Contract authority permannently reduced (-) 6636 Unobligated balance permanently reduced (contract authority) (-) 6735 Authority to borrow permanently reduced (-)
C. Capital transfers and redemption of debt (-).....			2240 Capital transfer to general fund (unobligated balances) (-) 2260 Portion applied to repay debt (unobligated balances) (-) 4047 Portion applied to repay debt (appropriations) (-) 6047 Portion applied to repay debt (appropriations) (-) 5827 Capital transfer to general fund (spending authority from offsetting collections) (-) 5847 Portion applied to repay debt (spending authority from offsetting collections) (-) 6927 Capital transfer to general fund (spending authority from offsetting collections) (-) 6947 Portion applied to repay debt (spending authority from offsetting collections) (-)
D. Other authority withdrawn (-).....			2270 Balance of authority to borrow withdrawn (-) 2275 Balance of contract authority withdrawn (-) *Discretionary authority: Appropriations* 4050 Portion of approps. to liquidate contract authority withdrawn (-) 4053 Portion substituted for borrowing authority (-) *Mandatory authority: Appropriations* 6053 Portion substituted for borrowing authority (-) *Discretionary authority: Spending authority from offsetting collections* 5849 Portion applied to liquidate contract authority (-) 5853 Portion substituted for borrowing authority (-) *Mandatory authority: Spending authority from offsetting collections* 6949 Portion applied to liquidate contract authority (-) 6953 Portion substituted for borrowing authority (-) These P&F lines exclude the amounts withdrawn (SF 133 line 6D) from the indefinite borrowing authority (SF 133 line 1B) and contract authority (SF 133 line 1C) that are not needed to incur obligations.
E. Pursuant to Public Law ___ (-).....			*Discretionary authority: Appropriations* 4049 Portion applied to liquidate contract authority (-) 6049 Portion applied to liquidate contract authority (-)
F. Anticipated rest of year (-).....	Null Set		
7. Total budgetary resources…….. .....……			2390 Total budgetary resources available for obligation

Crosswalk from the SF 133 to the Program and Financing Schedule--Continued

SF 133	Unexpired Accounts	Expired Accounts	PROGRAM AND FINANCING SCHEDULE
STATUS OF BUDGETARY RESOURCES			
8. Obligations incurred:			
A. Direct:			1000 Total new obligations
1. Category A.....			
2. Total, Category B.....			2395 Total new obligations (-). Equals the amount on line 1000, but with the opposite sign.
3. Exempt from apportionment.....			
B. Reimbursable:			7310 Total new obligations. Equals the amount on line 1000.
1. Category A.....			
2. Total, Category B.....			7340 Adjustments in expired accounts (net) (+) These are upward adjustments of obligations. Also see SF 133 line 4.
3. Exempt from apportionment.....			
9. Unobligated balance:			2397 Deficiency (-) (SF 133 and P&F will be equal with opposite signs)
A. Apportioned:			2398 Unobligated balance expiring or withdrawn (-) (SF 133/P&F equal with opposite signs)
1. Balance, currently available.....			2440 Unobligated balance carried forward, end of year
2. Apportioned for subsequent periods.....			
3. Anticipated (+ or -).....	Null Set		
B. Exempt from apportionment.....			
C. Other available.....			
10. Unobligated balance not available:			
A. Deferred.....			
B. Withheld pending rescission.....			
C. Other.....			
11. Total status of budgetary resources.....			2390 Total budgetary resources available for obligation
CHANGE IN OBLIGATED BALANCES			
12. Obligated balance, net as of October 1.....			
A. Unpaid obligations (+).....			7240 Obligated balance, start of year
B. Uncollected customer payments from Federal sources (-).....			
13. Obligations incurred (+).....			7310 Total new obligations
14. Gross outlays (-).....			7320 Total outlays (gross)
15. Obligated balance transfers, net:			
A. Actual transfers, unpaid obligations (+ or -).....			7331 Obligated balance transferred to other accounts (-)
B. Actual transfers, uncollected customer payments from Federal sources (+ or -).....			7332 Obligated balance transferred from other accounts (+)
16. Recoveries of prior year unpaid obligations, actual (-).....			7345 Recoveries of prior year obligations (-)
17. Change in uncollected customer payments from Federal sources.			7400 Change in uncollected customer payments from Federal sources (unexpired)
			7410 Change in uncollected customer payments from Federal sources (expired)
18. Obligated balance, net, end of period:			
A. Unpaid obligations (+).....			7440 Obligated balance, end of year
B. Uncollected customer payments from Federal sources (-).....			
NET OUTLAYS			8690 Outlays from new discretionary authority
19. Net outlays:			8693 Outlays from discretionary balances
A. Gross outlays (+).....			8697 Outlays from new mandatory authority
			8698 Outlays from mandatory balances
			Also equals the amount on line 7320 Total outlays (gross)
B. Offsetting collections (-).....			*Offsetting collections (cash) from:*
			8800 Federal sources
			8820 Interest on Federal securities
			8825 Interest on uninvested funds
			8840 Non-Federal sources
			8845 Offsetting governmental collections (from non-Federal sources)
			These SF 133 and P&F lines will be equal with opposite signs.
			8896 Portion of offsetting collections (cash) credited to expired accounts

Trust Fund (or Special Fund) with Collections Precluded from Obligation

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
BUREAU: Program benefits trust fund	80X8000 Payment of benefits		
DESCRIPTION	Dec. 31 SF 133	Jun. 30 SF 133	Sept. 30 SF 133
BUDGETARY RESOURCES			
1. Unobligated balance:			
A. Brought forward, October 1 (+ or -)….			
2. Recoveries of prior year unpaid obligations:			
A. Actual….			
B. Anticipated….			
3. Budget authority:			
A. Appropriation:			
1. Actual……	70,000	150,000	160,000
2. Anticipated……	120,000	40,000	
B. Borrowing authority……			
C. Contract authority……			
D. Spending authority from offsetting collections (gross):			
1. Earned:			
a. Collected….			
b. Change in receivables from Federal sources….			
2. Change in unfilled customer orders (+ or -):			
a. Advance received….			
b. Without advance from Federal sources……			
3. Anticipated for rest of year, without advance……			
4. Previously unavailable….			
5. Expenditure transfers from trust funds:			
a. Collected….			
b. Change in receivables from trust funds……			
c. Anticipated….			
4. Nonexpenditure transfers, net:			
A. Actual transfers, budget authority (+ or -)……			
B. Anticipated transfers, budget authority (+ or -)……			
C. Actual transfers, unobligated balances (+ or -)……			
D. Anticipated transfers, unobligated balances (+ or -)……			
5. Temporarily not available pursuant to Public Law 108-123 (-)….			-40,000
6. Permanently not available:			
A. Cancellations of expired and no-year accounts (-)……			
B. Enacted reductions (-)……			
C. Capital transfers and redemption of debt (-)……			
D. Other authority withdrawn (-)……			
E. Pursuant to Public Law_____ (-)……			
F. Anticipated rest of year (+ or -)……			
7. Total budgetary resources……	190,000	190,000	120,000

Includes $30 thousand apportioned (see exhibit 121L) of prior year collections plus $40 thousand collected in December).

Includes $40 thousand to be collected in March, June, and September.

Includes only new collections. Prior year collections are not needed to incur obligations and therefore are not shown as an appropriation.

No anticipated amounts are shown on line 3A2.

Include amounts of budgetary resources in excess of apportioned amounts on line 10C. If the account is exempt from apportionment, include amounts in excess of obligation on line 9B1.

Excess of new collections over obligations.

Total budgetary resources equal obligations on line 8 on the September 30 SF 133.

To save space, this exhibit does not display lines below line 7.

General Principles:

Under scoring rules established under the Budget Enforcement Act (BEA), collections made available pursuant to law are shown as appropriations (line 1A of the SF 132 and the SF 133). Amounts not needed to cover obligations are subtracted on line 5.

For the September 30 SF 133, prior year collections are not shown unless current year collections are less than amounts needed to incur obligations. This will assure that the actual column in the Budget, derived from the same data as the SF 133, will reflect the scoring required by the BEA.

Assumptions for this example:

Total annual benefit payments are $120 thousand ($10 thousand each month).

Total annual revenue is $160 thousand. $40 thousand is received in December, March, June, and September.

Pursuant to law, obligations may be made only for payment of benefits.

Accumulated, unused collections from prior years equal $750 thousand on October 1st of the fiscal year.

Relationship between Selected SF 133 and Program and Financing Schedule Lines (in millions of dollars)

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government
BUREAU: Government Bureau

APPROPRIATION OR FUND TITLE AND SYMBOL
80Y0123 Salaries and expenses

	FY 2006 Unexpired Account	FY 2005 Expired Account	Total
BUDGETARY RESOURCES			
3. Budget authority			
A. Appropriation:			
1. Actual	717		717
2. Anticipated			
B. Spending authority from offsetting collections (gross):			
1. Earned:			
a. Collected	92	6	98
b. Change in receivables from Federal sources	3	-3	
2. Change in unfilled customer orders (+ or -):			
a. Advance received	5	2	7
b. Without advance from Federal sources	7	-4	3
7. Total budgetary resources	824	1	825
STATUS OF BUDGETARY RESOURCES			
8. Obligations incurred:			
A. Direct:			
1. Category A	21		21
2. Category B: Research	79		79
2. Category B: Development of products	607		607
3. Exempt from apportionment			
B. Reimbursable:			
1. Category A	107		107
2. Category B [program 1]			
3. Exempt from apportionment			
9. Unobligated balance:			
A. Apportioned:			
1. Balance, currently available	10		10
10. Unobligated balance:			
C. Other		1	1
11. Total status of budgetary resources	824	1	825
CHANGE IN OBLIGATED BALANCES			
12. Obligated balance, net:		45	45
A. Unpaid obligations, brought forward, October 1 (+)			
B. Uncollected customer payments from Federal sources, brought forward, October 1 (-)			
13. Obligations incurred (+)	814	0	814
14. Gross outlays (-)	-740	-33	-773
17. Change in uncollected customer payments from Federal sources	-10	7	-3
18. Obligated balance, net, end of period:			
A. Unpaid obligations (+)	-6	-1	-7
B. Uncollected customer payments from Federal sources (-)	-4	-6	-10
C. Undelivered orders (+)	54	22	76
D. Accounts payable (+)	20	4	24
NET OUTLAYS			
19. Net outlays:			
A. Gross outlays (+)	740	33	773
B. Offsetting collections (-)	-97	-8	-105

NOTE: Line 3A1, P.L. 1XX-123.

(Authorized Officer) (Date)

(Preparer: Name)
(Address)
(Phone number)

To calculate P&F schedule line 6800 Spending authority from offsetting collections (cash), take SF 133 line add SF 133 line 3B1a plus SF 133 line 3B2a. [92 + 5 = 97]

To calculate P&F schedule line 6810 Change in uncollected customer payments from Federal sources (unexpired), add SF 133 line 3B1b plus SF 133 line 3B2b. [3 + 7 = 10]

To calculate P&F schedule line 8895 Change in uncollected customer payments from Federal sources (unexpired) as it appears in the Budget Appendix, take line P6810 and change the sign. [-10]

To calculate P&F schedule line 7400 Change in uncollected customer payments from Federal sources (unexpired), take SF 133 line 17 (unexpired only) [-10]

To calculate P&F schedule line 7410 Change in uncollected customer payments from Federal sources (expired), take SF 133 line 17 (expired only) [7]

To calculate P&F schedule lines 8800 through P8845 Offsetting collections (cash) as it appears in the Budget Appendix, take SF 133 line 19B (unexpired and expired). [-97 + -8 = -105]

To calculate P&F schedule line 8896 Offsetting collections (cash) credited to expired accounts as it appears in the Budget Appendix, take SF 133 line 19B (expired only) and change the sign. [8]

Relationship between Selected SF 133 and Program and Financing Schedule Lines -- Continued (in millions of dollars)

Budget Program and Financing Schedule

	Identification code: 80-0123-0-1-350	Budget Appendix PY actual	MAX Schedule P PY actual
	Obligations by program activity:		
	Direct program:		
0001	Research	100	
0002	Development of products	607	
0901	Reimbursable program	107	
1000	Total new obligations	814	
	Budgetary resources available for obligation:		
2200	New budget authority (gross)	824	
2390	Total budgetary resources available for obligation	824	
2395	Total new obligations	-814	
2398	Unobligated balance expiring or withdrawn (-)	-10	
	New budget authority (gross), detail:		
	Appropriation		
	Discretionary:		
4000	Appropriation	717	
	Spending authority from offsetting collections:		
6800	Offsetting collections (cash)	97	
6810	Change in uncollected customer payments from Federal sources [*unexpired*]	10	
6890	Spending authority from offsetting collections (total)	107	
7000	Total new budget authority (gross)	824	
	Change in obligated balances:		
7240	Obligated balance, start of year [*unexpired and expired*]	45	
7310	Total new obligations (unexpired)	814	
7320	Total outlays (gross) (-) (unexpired and expired)	-773	
7400	Change in uncollected customer payments from Federal sources (unexpired)	-10	
7410	Change in uncollected customer payments from Federal sources (expired)	7	
7440	Obligated balance, end of year [*unexpired and expired*]	83	
	Outlays (gross), detail (unexpired and expired):		
8690	Outlays from new discretionary authority	740	
8693	Outlays from discretionary balances	33	
8700	Total outlays (gross)	773	
	Offsets:		
	Against gross authority and outlays:		
	Offsetting collections (cash) from:		
8800	Federal sources [*unexpired and expired*]	-105	105
	Against gross budget authority only:		
8895	Change in uncollected customer payments from Federal sources (unexpired)	-10	10
8896	Portion of offsetting collections (cash) credited to expired accounts	8	-8
	Net budget authority and outlays:		
8900	Budget authority (net)	717	
9000	Outlays (net)	668	

Unexpired

Unexpired and Expired

Relationship between Selected SF 133 and Program and Financing Schedule Lines -- Continued (in millions of dollars)

Budget Program and Financing Schedule

Identification code: 80-0123-0-1-350		Budget Appendix PY actual	MAX Schedule P PY actual
	Obligations by program activity:		
	Direct program:		
0001	Research	100	
0002	Development of products	607	
0901	Reimbursable program	107	
1000	Total new obligations	814	
	Budgetary resources available for obligation:		
2200	New budget authority (gross)	824	
2390	Total budgetary resources available for obligation	824	
2395	Total new obligations	-814	
2398	Unobligated balance expiring or withdrawn (-)	-10	
	New budget authority (gross), detail:		
	Appropriation		
	Discretionary:		
4000	Appropriation	717	
	Spending authority from offsetting collections:		
6800	Offsetting collections (cash)	97	
6810	Change in uncollected customer payments from Federal sources [*unexpired*]	10	
6890	Spending authority from offsetting collections (total)	107	
7000	Total new budget authority (gross)	824	
	Change in obligated balances:		
7240	Obligated balance, start of year [*unexpired and expired*]	45	
7310	Total new obligations (unexpired)	814	
7320	Total outlays (gross) (-) (unexpired and expired)	-773	
7400	Change in uncollected customer payments from Federal sources (unexpired)	-10	
7410	Change in uncollected customer payments from Federal sources (expired)	7	
7440	Obligated balance, end of year [*unexpired and expired*]	83	
	Outlays (gross), detail (unexpired and expired):		
8690	Outlays from new discretionary authority	740	
8693	Outlays from discretionary balances	33	
8700	Total outlays (gross)	773	
	Offsets:		
	Against gross authority and outlays:		
	Offsetting collections (cash) from:		
8800	Federal sources [*unexpired and expired*]	-105	105
	Against gross budget authority only:		
8895	Change in uncollected customer payments from Federal sources (unexpired)	-10	10
8896	Portion of offsetting collections (cash) credited to expired accounts	8	-8
	Net budget authority and outlays:		
8900	Budget authority (net)	717	
9000	Outlays (net)	668	

Separately identify new obligations by significant activity, as appropriate. Report obligations funded by reimbursements separately on lines coded 09XX. Report all obligations in noncredit revolving funds as reimbursable on lines 09XX.

Direct and reimbursable obligations in unexpired account. This line equals P&F schedule lines 0001 through 0999.

Equals SF 133 line 19B for the unexpired only and change the sign.

Equals SF 133 lines 3B1b plus 3B2b unexpired only.

Spending authority from offsetting collections (total) in unexpired account. This line is calculated by adding P&F schedule lines 6800 through 6885.

Expired and unexpired obligated balance, net.

Equals to the sum of the amounts on Lines 6810 and 6910, but with the opposite sign.
OR
Equals SF 133 line17 unexpired only.

Equals SF 133 line 17 expired only.

This is the amount of accounts payable plus undelivered orders minus the amount of accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources.

Separately identify cash collections and the change in uncollected customer payments from Federal sources.

Same as P&F schedule lines 6810 and 6910 with the opposite sign.

Same as P&F schedule lines 6810 and 6910.

Net BA is the amount available for new obligation net of the offsetting collections attributable to unexpired offsets. This is equal to Gross BA minus collections from Federal sources plus change in uncollected customer payments (unexpired).

To calculate, take SF 133 line 19B for the expired only.

Net Outlays is equal to Gross Outlays minus collections from Federal sources.

To calculate, take SF 133 line 19B for the expired only with the opposite sign.

Appropriation Reduced by Offsetting Collections and Receipts

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 9/30/CY

AGENCY: Department of Government
BUREAU: Government Bureau

APPROPRIATION OR FUND TITLE AND SYMBOL
80Y0123 Salaries and expenses

	Dec. 31 SF 133 Unexpired Account	Jun. 30 SF 133 Unexpired	Sept. 30 SF 133 Unexpired
BUDGETARY RESOURCES			
1. Unobligated balance:			
A. Brought forward, October 1 (+ or -)			
3. Budget authority:			
A. Appropriation:			
1. Actual	65,000,000	19,250,000	4,000,000
D. Spending authority from offsetting collections (gross):			
1. Earned:			
a. Collected		45,750,000	61,000,000
b. Change in receivables from Federal sources			
2. Change in unfilled customer orders (+ or -):			
a. Advance received			
b. Without advance from Federal sources			
3. Anticipated for rest of year, without advance	65,000,000	19,250,000	
5. Temporarily not available pursuant to Public Law 1XX-123 (-)	-65,000,000	-19,250,000	
7. Total budgetary resources	65,000,000	65,000,000	65,000,000
STATUS OF BUDGETARY RESOURCES			
8. Obligations incurred:			
A. Direct:			
1. Category A	16,350,000	49,050,000	64,688,000
2. Category B [program 1]			
B. Reimbursable:			
1. Category A			
2. Category B [program 1]			
a. Research			
b. Development of products			
9. Unobligated balance:			
A. Apportioned:			
1. Balance, currently available	48,650,000	15,950,000	312,000
10. Unobligated balance:			
C. Other			
11. Total status of budgetary resources	65,000,000	65,000,000	65,000,000
CHANGE IN OBLIGATED BALANCES			
12. Obligated balance, net:			
A. Unpaid obligations, brought forward, October 1 (+)			
B. Uncollected customer payments from Federal sources, brought forward, October 1 (-)			
13. Obligations incurred (+)	16,350,000	49,050,000	64,688,000
14. Gross outlays (-)	-16,210,000	-49,010,000	-64,675,000
18. Obligated balance, net, end of period:			
A. Unpaid obligations (+)	140,000	40,000	13,000
B. Uncollected customer payments from Federal sources (-)			
NET OUTLAYS			
19. Net outlays:			
A. Gross outlays (+)	16,210,000	49,010,000	64,675,000
B. Offsetting collections (-)	#VALUE!	-45,750,000	-61,000,000

NOTE: Line 3A1, P.L. 1XX-123.

For the first three quarters, use line 5 to reduce the total budgetary resources by the aniticipated amount of collections whether credited to the expenditure account or deposited to a receipt account.

Since the amount appropriated 65,000,000 is initially derived from the General Fund of the U.S. Treasury, this mechanism is necessary in order to avoid double counting the total budgetary resources.

The amount appropriated 65,000,000 is reduced by the amount of actual offsetting collections 61,000,000 received during the fiscal year so as to result in a final fiscal year appropriation of 4,000,000. The amount derived from the General Fund of the U.S. Treasury 65,000,000 should be reduced by the amount of actual offsetting collections 61,000,000 received during the fiscal year on the September 30 SF 133.

The amount appropriated is reduced by an amount of collections whether credited to an expenditure account or deposited to a receipt account.

To save space, several exhibits in this section do not display lines that do not contain amounts. Exhibit 130H contains all lines.

_____ _____
(Authorized Officer) (Date)

(Preparer: Name)_____
(Address) _____
(Phone number) _____

SECTION 135—PROCEDURES FOR MONITORING FEDERAL OUTLAYS

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135.1 What is the purpose for these procedures?

Cabinet departments and certain agencies submit reports on Federal outlays to assist in the monitoring of spending and to improve Treasury Department forecasts of the Government's daily cash operating balances, borrowing requirements, and debt subject to legal limits, including trust and special fund investment activity. Realistic estimates, particularly for the immediate six-month period, enable Treasury to borrow only amounts needed to finance Government activities, thus reducing interest costs and overall cash balances maintained in the Treasury.

OMB needs reports on Federal outlays to monitor the deficit/surplus and to assess the reliability of each agency's financial management system. Reports are also used by Treasury for its monthly review of "Statement of Transactions" (FMS 224 and FMS 1220) reporting, prior to publication of the *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government (MTS)*, and for periodic evaluations of the accuracy of the reports. These plans must be as accurate as possible—an inability to forecast spending with reasonable accuracy can be a weakness in program and financial management. Problems of this nature need the attention of OMB and the agencies alike.

135.2 Who is required to submit a plan?

If your department or agency is listed in exhibit 135A, prepare a monthly outlay plan for each new fiscal year and submit periodic reports on and revisions to that plan. Coverage of the reports should be identical to the coverage in the annual budget documents and should include outlay information for all appropriations and funds administered by your department or agency. OMB and/or Treasury may require a forecast of deposit fund activity for specific agencies and will notify you of this requirement.

135.3 What are the general reporting requirements?

Base estimates on your best current judgment of the amount to be spent by month in the period(s) covered by the report. Use the President's most recent annual budget or Mid-Session Review estimates as a base, but update those estimates to reflect subsequent actions of the Congress, including both completed actions and those that are almost certain to be completed. Also reflect recent trends and expected events on a realistic basis.

Budget and Mid-Session Review estimates serve as reference points only, not as targeted fiscal year totals. Do not force estimated monthly totals to conform to the Budget or Mid-Session totals, but reflect your best information at the time the forecast is prepared. The format for agency reports (Exhibits 135B, 135C, 135D, and 135E) includes columns for "OMB estimates" and "Differences" that will highlight changes from the most recent official estimates.

Between submission dates, you should provide updated plans to OMB and Treasury whenever there are significant changes in outlay totals, large transactions, or patterns (such as those that may be associated with an unanticipated increase in claims for an entitlement program or a change in the timing or amount of upward or downward re-estimates between on-budget subsidy and non-budgetary financing accounts). You should also cooperate with OMB and Treasury by providing additional details as requested.

You must submit with each outlay report a brief summary explaining the assumptions used in developing the outlay plan and any unusual or special circumstances affecting the plan. The summary is instrumental in Treasury's assessment of the reliability of the estimates and must be included with all outlay report submittals. The summary will, for example, enumerate expected Congressional actions that will raise or lower estimates, discuss any other events that have caused or are expected to cause significant fluctuations in the normal outlay pattern, and specify whether they have been included or excluded from the plan. A footnote can be used in place of the summary in cases where the estimates are exclusively based on historical patterns and not on economic/legislative assumptions.

135.4 What are the reporting requirements for large transactions?

You must identify large ($50 million or more) *cash* and *non-cash* payment and deposit transactions. "Large transaction" refers to a single payment or deposit or a *group* of payments or deposits of a similar nature that occur, *typically*, on one day. Large transactions may be recurring, i.e., monthly, quarterly, semi-annual, or annual. Cash transactions result in a decrease or increase in Treasury's operating cash balance. Non-cash transactions are typically transfers between general fund and trust fund, deposit fund, or financing accounts.

List large transactions under the memorandum section of the agency report or footnote the transaction in the investment account or financing account report. Exhibit 135B provides examples of how the following information should be presented:

- Description of payment or deposit;
- Appropriation account symbol;
- MTS line code;
- Dollar amount(s);
- Assumed date of transaction;
- Agency contact;
- Telephone number; and
- E-mail address.

The point of contact for a large transaction should be the individual who is responsible for ensuring that Treasury is informed *between submission dates* of revisions to dollar amount, transaction date, or any special circumstances related to the transaction. This individual is typically in your program and/or finance office.

In order to improve Treasury's ability to manage the Government's daily cash position and to make more informed financing decisions, all agency financial officers are required to provide advance notice of all large cash deposits and withdrawals. (See Financial Management Service's *Treasury Financial Manual* (TFM), Volume 1, Part 6, Chapter 8500, available at http://www.fms.treas.gov/.) The amount of advance notice varies from two to five business days prior to the transaction date, depending on the size of the transaction. For further information regarding TFM Chapter 8500, contact the Cash Forecasting Division, Financial Management Service, Department of the Treasury, (202) 874–9790. Additionally, Treasury's Office of the Fiscal Assistant Secretary (OFAS) must be notified of all large transactions that have a high probability of occurrence, even if not yet finalized. Association with other Treasury units does not replace the requirement of separate notification to OFAS by the agencies (outlays@do.treas.gov or 202–622–1815).

Selected examples of large transactions:

- Agency for International Development:
  - Economic support fund payments
  - Economic assistance loans, repayments

- Agriculture:
  - Federal Crop Insurance Corporation Fund—Premium collections
  - Forest Service—Payments to States
  - Commodity Credit Corporation—Export Guarantee Program

- Defense—Military:
  - International restoration payments and receipts

- Defense Security Cooperation Agency:
  - Foreign military financing program

- Interior:
  - Bureau of Land Management—
    Oregon and California Grant Lands payments
    Payments in lieu of taxes

- Treasury:
  - Presidential Election Campaign Fund disbursements
  - Comptroller of the Currency—Assessment collections
  - Office of Thrift Supervision—Assessment collections

135.5 What are the requirements for investment account reporting?

Departments that administer major investment accounts are required to submit reports of investment account income and outgo in the format of Exhibit 135C. Reports are required for the following investment accounts:

- Health and Human Services:
  - Federal hospital insurance trust fund
  - Federal supplementary medical insurance trust fund

- Housing and Urban Development:
  - Mutual mortgage and cooperative housing insurance fund liquidating account

- Labor:
  - Unemployment trust fund
  - Pension Benefit Guaranty Corporation fund

- State:
  - Foreign Service retirement and disability fund

- Transportation:
  - Highway trust fund
  - Airport and airway trust fund

- Environmental Protection Agency:
  - Hazardous substance superfund

- Other Defense Civil Programs:
  - Military retirement fund
  - Uniformed services retiree health care fund

- Office of Personnel Management:
  - Civil Service retirement and disability fund
  - Federal employees health insurance fund
  - Federal employees life insurance fund

- Social Security Administration:
  - Federal old-age and survivors insurance trust fund
  - Federal disability insurance trust fund

- Railroad Retirement Board:
  - Railroad retirement accounts—
    - Rail industry pension fund
    - National railroad retirement investment trust
    - Supplemental annuity pension fund
    - Railroad Social Security equivalent benefit account

135.6 What are the requirements for credit financing account reporting?

All departments and agencies that administer financing accounts are required to report estimated and actual monthly net disbursements for all accounts as addendum items in the format of exhibit 135B.

The following agencies also are required to submit detailed financing account reports in the format of exhibit 135D for the specified accounts:

- Education:
  - Direct student loans
  - Federal family education loans
- Export-Import Bank:
  - Direct loan financing account
  - Guaranteed loan financing account

- Federal Communications Commission:
  - Spectrum auction direct loan financing account

- Housing and Urban Development:
  - FHA – General and special risk guaranteed loan financing account
  - FHA – Mutual mortgage insurance guaranteed loan financing account

- Small Business Administration:
  - Business guaranteed loan financing account
  - Business direct loan financing account
  - Disaster direct loan financing account

- Veterans Affairs:
  - Direct loan financing account
  - Guaranteed loan financing account

Include significant activities as shown in the Budget *Appendix* Program and financing schedules in your detailed financing account reports.

Estimate monthly totals for non-Federal transactions such as:

- Cash loan disbursements
- Cash collections for loan repayments
- Net cash proceeds of asset sales

Forecast all non-cash transactions between:

- Credit financing accounts
- Credit liquidating, subsidy, governmental receipt, and Treasury interest accounts

Specify whether the timing for such transactions is monthly, quarterly, semiannual, or annual. Include the best available estimate of the dollar amount in the month or months during which you expect the transaction to be processed.

Actual data for credit financing accounts.—As discussed in section 135.9 below, the *Monthly Treasury Statement* (*MTS*) is the source of actual data for outlay plans. However, the *MTS* and the FMS 224 reports may not provide the activity detail necessary for detailed financing account forecasting. Agency budget and accounting areas are expected to develop internal agency procedures that will produce the detail required for the plans.

Sales of loans.—In general, cash proceeds from sales of loans are now being credited to non-budgetary financing accounts instead of to on-budget liquidating accounts. Exhibit 135D reflects the financing

account presentation for loan sale proceeds. Detailed reporting for individual asset sales is required by Treasury offices under asset sale reporting (section 135.7) below.

Reporting format.—Show both financing accounts and corresponding liquidating and/or subsidy (program) accounts on the report.

You must show activities as shown in the Budget *Appendix* (see section 185.10 for a description of the requirements for program accounts and section 185.11 for a description of the requirements for financing accounts) in order to:

- Improve Treasury's cash forecasting by identifying non-cash transactions and ensuring consistent treatment on "both sides" of the transaction, i.e., the same amount and timing for both budgetary and non-budgetary credit account entries.

- Ensure the integrity of the *MTS*, the Federal Government's monthly budget report. Treasury will use financing account reports to review and monitor the agency Statement of Transactions (FMS 224) reports, prior to publication of the *MTS*.

Forecasting methodology.—For financing account reports:

- Non-cash transactions between financing and (1) liquidating or subsidy accounts, or (2) Treasury interest accounts must reflect the best available dollar amount estimate, and timing must be based on actual due dates or past experience with the timing of the payments.

- If actual experience supports the method, you may estimate monthly amounts for some categories, such as loan disbursements and repayments, by pro-rating the estimated fiscal year total, based on recent monthly patterns.

135.7 What are the requirements for asset sale reporting?

Departments and agencies that conduct sales of assets are required to submit forecast reports in the format of exhibit 135E. A report must be submitted for each sale included in the agency report on outlays (exhibit 135B) or financing account report (exhibit 135D). Asset sale reporting is also required by TFM Volume I, Part 6, Chapter 8500. Asset sales are typically large dollar transactions ($50 million or more), for which advance notification must be provided to Treasury. The same reporting form, exhibit 135E, is to be used for both outlay plans and large dollar reporting to Treasury.

Between submissions, the original report for each individual sale is to be updated by the agency and provided to Treasury offices as soon as new estimated and/or actual information is available, until the sale has been completed. Agency and OMB estimates provided for Treasury's budget, cash, and debt forecasting purposes are considered highly confidential and for internal Treasury use only. If unusual circumstances call for disclosure of additional detail, the estimates are characterized as Treasury Department estimates and not attributed to OMB or the agency.

Departments and agencies that currently must submit detailed asset sale reports are listed below:

- Federal Communications Commission
- Federal Housing Administration (HUD)
- Minerals Management Service (Interior)
- Small Business Administration
- Veterans Affairs

Other departments or agencies should be prepared to provide asset sale reports and timely, on-going updates if asset sale transactions are assumed in their official OMB estimates.

135.8 What are the responsibilities of OMB and the Treasury Department?

Both OMB and Treasury will review the agency outlay plans for reasonableness in the light of experience, consistency with the President's policies and objectives, enacted appropriations and other legislation, and other factors. When circumstances warrant, OMB and/or Treasury may require you to make revisions in the outlay plans.

135.9 When do I submit reports?

Submit the initial report to OMB and simultaneously to the Treasury (Office of the Fiscal Assistant Secretary) as specified by OMB, based on the timing of the transmittal of the Budget in the format of exhibits 135B, 135C, and 135D, as applicable. The report provides monthly outlay estimates for the budget year. Updated reports are due throughout the current year, with coverage expanded to include estimates for the subsequent budget year as shown below.

Use the *MTS* (available at http://www.fms.treas.gov/), as the source of actual data reported. However, it should be noted that the published *MTS* is subject to prior-month revisions for back-dated transactions. Such revisions will affect both a prior month (or months) and the published "Current Fiscal Year to Date" amounts shown in *MTS* Table 5. **Agency budget and FMS 224 and FMS 1220 reporting offices should work with Treasury's Budget Reports Division (202–874–9877) to develop procedures for ensuring that actual monthly data submitted in outlay reports includes any revisions that may have occurred after the publication of the *MTS*. It is imperative that actual data reflect amounts reported by the agency and recorded in the *MTS*.** The actual data should be followed by updated monthly outlay estimates for the balance of the period(s). Reports are due to OMB and to Treasury (as an Excel e-mail attachment) as follows:

Reports due by	Monthly outlay actual required for the period	Monthly outlays estimates required for the period
October 1st (current year). (Explain differences from latest public estimate.) *	—	October through September (current year).
Early-to mid January, to be specified by Treasury and OMB. (Explain differences from the current year amounts contained in the budget or MSR.)	October through December (current year).	January through September (current year). October through September (budget year).
Early-to mid-April, to be specified by Treasury and OMB. (Explain differences from the current year amounts contained in the budget.)	October through March (current year).	April through September (current year). October through September (budget year).
As specified by Treasury and OMB, based on the timing of the Mid-Session Review of the budget update (current year). (Explain differences from current year amounts contained in the Mid-Session Review.)	October through May (current year).	June through September (current year). October through September (budget year).

* Normally, the latest public estimate will be that in the most recent Mid-Session Review of the President's Budget. Reconcile significant differences between previously reported estimated outlays and revised estimates or actual outlays and explain these changes in the accompanying statements. Additional updated reports may be requested at other times to better accommodate and support Treasury's quarterly borrowing announcements.

Reports on Outlays—Agency and Program Coverage

Department of Agriculture: [1]
- Farm Service Agency:
  - Commodity credit accounts
  - Agriculture credit insurance accounts
  - Conservation reserve program
  - All other
- Food and Nutrition Service:
  - Food stamp program
  - Other domestic feeding programs
- Forest Service
- All other
- Deductions for offsetting receipts (-)
  - Total, Department of Agriculture

Department of Commerce

Department of Defense, Military:
- Military personnel
- Operation and maintenance
- Procurement
- Research, development, test, and evaluation
- Military construction
- Family housing
- Revolving and management funds
- All other
  - Total, Department of Defense

Department of Education:
- Elementary and secondary education
- Postsecondary education
- Student financial assistance
- All other
  - Total, Department of Education

Department of Energy:
- National Nuclear Security Administration
- Environmental and other defense activities
- Energy programs
- All other
  - Total, Department of Energy

Department of Health and Human Services:
- Public Health Service
- Grants to States for Medicaid
- Payment to health care trust funds
- Federal hospital insurance trust fund
- Children=s health insurance program
- Federal supplementary medical insurance trust fund
- Health care fraud and abuse control
- Temporary Assistance for Needy Families and child support enforcement
- Low income home energy assistance
- Social services block grant
- All other
- Deductions for offsetting receipts (-)
  - Total, Department of Health and Human Services

Department of Homeland Security: [1]
- Departmental Management and operations
- Citizenship and Immigration Services
- United States Secret Service

- Security, enforcement, and investigations
  - Transportation Security Administration
  - Immigration and customs
  - Customs and border protection
  - Other

    Total Security, enforcement, and investigations

- United States Coast Guard
- Preparedness
- Federal Emergency Management Administration
  - Disaster relief
  - National flood insurance fund
  - Other

    Total Federal Emergency Management Administration

- Science and Technology
- Other
- Proprietary receipts from the public
- Offsetting governmental receipts
  - Total, Department of Homeland Security

Department of Housing and Urban Development: [1]
- Housing certificate fund
- Other public and Indian housing programs
- Community development block grants
- Federal Housing Administration credit accounts
- Government National Mortgage Association
- Offsetting receipts, FHA credit accounts (-)
- All other
  - Total, Department of Housing and Urban Development

Department of the Interior: [3]
- Bureau of Land Management
- Minerals Management Service
- Bureau of Reclamation
- Bureau of Indian Affairs
- Office of Insular Affairs
- All other
- Deductions for offsetting receipts (-)
  - Total, Department of the Interior

Department of Justice:
- Federal Bureau of Investigation
- Federal Prison System
- Office of Justice Programs:
  - State and local law enforcement assistance
  - Community oriented policing services
- All other
  - Total, Department of Justice

Department of Labor:
- Pension Benefit Guaranty Corporation
- Training and employment services
- Advances to the unemployment trust fund and other funds
- Unemployment trust fund
- Special benefits
- Black lung disability trust fund
- All other
- Deductions for interfund transactions (-)
  - Total, Department of Labor

Department of State and Other International Programs:
- Department of State
- International security assistance:
  - Foreign military loan program
  - Foreign military financing program
  - Economic support fund
- Multilateral assistance:
  - International financial institutions
  - International organizations and programs
- Agency for International Development:
  - Economic assistance loans
  - All other
- Military sales programs:
  - Foreign military sales trust fundCoutlays
- Foreign military sales trust fundCproprietary receipts

Reports on Outlays—Agency and Program Coverage—Continued

Department of Transportation:
- Federal Aviation Administration
- Federal Highway Administration
- Federal Railroad Administration
- Federal Transit Administration
- All other
  - Total, Department of Transportation

Department of the Treasury:
- Earned income tax credit (outlay portion)
- Interest on the Public Debt
- All other
- Deductions for offsetting receipts (-)
  - Total, Department of the Treasury

Department of Veterans Affairs: [1]
- Compensation, pension, readjustment, and burial benefits
- Medical care
- Insurance trust funds (both revolving and nonrevolving)
- All other
- Deductions for offsetting receipts (-)
  - Total, Department of Veterans Affairs

Corps of Engineers

Other Defense Civil Programs:
- Military Retirement
- Uniformed services retiree health

Environmental Protection Agency

Executive Office of the President
- Iraq relief and reconstruction fund

General Services Administration:
- Real property activities
- Personal property activities
- All other
- Deductions for offsetting receipts (-)
  - Total, General Services Administration

National Aeronautics and Space Administration

National Science Foundation

Office of Personnel Management:
- Civil Service retirement and disability fund
- Other trust funds
- All other
  - Total, Office of Personnel Management

Small Business Administration [1]

Social Security Administration:
- Payment to social security trust funds
- Special benefits for disabled coal miners
- Supplemental security income
- Federal old-age and survivors insurance trust fund
- Federal disability insurance trust fund
- All other
- Deductions for offsetting receipts (-)
  - Total, Social Security Administration

District of Columbia

Export-Import Bank [1]

Federal Deposit Insurance Corporation:
- Bank Insurance Fund
- Savings Association Insurance Fund
- FSLIC Resolution Fund (including RTC)
- Other
  - Total, FDIC

Legislative Branch
- Library of Congress
  - Collections of fees, and Payments to copyright owners

Postal Service

Railroad Retirement Board

Securities and Exchange Commission

Tennessee Valley Authority

Rents and royalties on Outer Continental Shelf (Interior)

Spectrum auction receipts (Federal Communications Commission)

[1] Provide as a separate entry monthly outlay amounts for sales of loans to the open market. Net cash proceeds of the sale should be reported.

[2] Military retirement also reports receipts collected by them for employer share, employee retirement.

[3] Interior also reports the outlays for rents and royalties on Outer Continental Shelf

Reports on Outlays--Initial Report

Categories shown are illustrative only. Use categories currently displayed on your outlay report unless OMB or Treasury requests revisions or new programs are enacted.

Footnote the OMB ESTIMATES column to indicate Budget or Mid-Session Review estimates and month of release.

REPORT CODE: XXXXXXXXXX
TO: OCDMA34@ocdm.Treas.gov
DATE PREPARED: 10/01/20CY
CONTACT: Salmon P. Chase
TELEPHONE: 202-622-1875
E-MAIL: Salmon.P.Chase@DO.Treas.gov

DEPARTMENT OF XXXXXXXXXXXXXX

(In millions of dollars)

NOT FOR PUBLIC RELEASE
OMB CIRCULAR NO. A-11
PART 3, SECTION 135
EXHIBIT 135B

REPORT LINE CODE	MTS LINE CODE	APPROP ACCOUNT SYMBOL	ACCOUNT	2006 OCT EST	2006 NOV EST	2006 DEC EST	2007 JAN EST	2007 FEB EST	2007 MAR EST	2007 APR EST	2007 MAY EST	2007 JUN EST	2007 JUL EST	2007 AUG EST	2007 SEP EST	FISCAL YEAR TOTAL (1)	OMB ESTI-MATES[1] (2)	DIFFER-ENCES[2] (1-2)
	XXXX	XX XXXX	Program payments 1	550	525	650	675	550	900	750	625	850	1000	575	450	**8,100**	**7500**	**600**
	XXXX	XX XXXX	Administrative expenses	50	75	50	50	75	50	50	75	50	50	75	50	**700**	**850**	**-150**
	XXXX	XX XXXX	Interest payments to Treas	125	0	0	0	0	0	150	0	0	0	0	0	**275**	**175**	**100**
		XX XXXX	Program (subsidy) account	0	100	0	0	100	0	0	100	0	0	100	0	**400**	**400**	**0**
			Other:															
		XX XXXX	Construction 4	65	50	60	135	45	60	55	65	45	65	45	60	**750**	**750**	**0**
		XX XXXX	Claims payments 5	0	100	0	0	75	0	0	0	250	0	0	0	**425**	**425**	**0**
			Total Other	65	150	60	135	120	60	55	65	295	65	45	60	**1,175**	**1,175**	**0**
	XXXX		Offsetting receipts	-5	-1	-1	-4	-9	-5	-6	-6	-5	-5	-7	-6	**-60**	**-60**	**0**
10000	XXXX		**TOTAL, DEPT. OF XXXXXX**	**785**	**849**	**759**	**856**	**836**	**1,005**	**999**	**859**	**1,190**	**1,110**	**788**	**554**	**10,590**	**10,040**	**550**
			ADDENDUM:															
			NON-BUDGETARY ACCOUNTS:															
			Financing Accounts (Net Disbursements):															
	XXXX	XX XXXX	Account (title)	50	-50	25	125	-50	50	75	-50	25	50	-125	75	**200**	**200**	**0**
	XXXX	XX XXXX	Account (title)	25	35	60	45	15	40	95	75	40	25	50	145	**650**	**650**	**0**
	XXXX	XX XXXX	Account (title)	65	65	160	65	65	200	65	65	175	65	65	250	**1,305**	**1305**	**0**
20000			**TOTAL FINANCING ACCOUNTS**	**140**	**50**	**245**	**235**	**30**	**290**	**235**	**90**	**240**	**140**	**-10**	**470**	**2,155**	**2,155**	**0**
			Deposit Funds:															
			Account (title):															
			Payments (+)	0	0	0	0	50	150	185	225	175	50	20	15	**870**	**0**	**870**
			Deposits (-)	0	0	0	-50	-150	-185	-225	-175	-50	-20	-15	0	**-870**	**0**	**-870**
	XXXX	XX XXXX	**Net**	**0**	**0**	**0**	**-50**	**-100**	**-35**	**-40**	**50**	**125**	**30**	**5**	**15**	**0**	**0**	**0**
			MEMORANDUM: (Non-add, Included above)															
			Proposed legislation 3	0	0	0	50	65	85	100	125	160	190	200	225	**1,200**	**1,200**	**0**
			Large Transactions:															
			One-time payment 4				80											
	XXXX	XX XXXX	Claims payments 5		113006		011507	022007				060707						

ACT=Actual; EST= Estimate

1 Footnote should state "Budget" or "Mid-Session Review" and month released.

2 Footnote differences and provide brief explanation.

3 Contact name and telephone number.

4 Contact name and telephone number.

5 Contact name and telephone number.

NOTE: The appropriation account symbol should be the primary one associated with the outlay category or MTS line.

NOTE: You must show individual fiscal years or portions thereof, on separate reports.

NOTE: Round estimates to the nearest whole million. Where an amount falls exactly halfway between, round it to the nearest even number (e.g., $11, 500,000 and $12, 500,000 both will be rounded to $12 million). Adjust components to add to the correctly rounded totals. **All totals will be net of offsetting collections unless otherwise stated.**

Investment Account Reporting Format

Categories shown here are illustrative only. Categories on your report should mirror the *Budget Appendix* Status of Funds schedule.

Footnote the OMB ESTIMATES column to indicate Budget or Mid-Session Review estimates and month of release.

REPORT CODE: XXXXXXXXXX
TO: OCDMA34@ocdm.Treas.gov
DATE PREPARED: 10/01/20CY
CONTACT: Salmon P. Chase
TELEPHONE: 202-622-1875
E-MAIL: Salmon.P.Chase@DO.Treas.gov

DEPARTMENT OF XXXXXXXXXXXX
(Investment Account title)
INCOME AND OUTGO REPORT

(In millions of dollars)

NOT FOR PUBLIC RELEASE
OMB CIRCULAR NO. A-11
PART 3, SECTION 135.5
EXHIBIT 135C

TIMING OF TRANS	MTS LINE CODE	APPROP ACCOUNT SYMBOL	CATEGORY	2006 OCT EST	2006 NOV EST	2006 DEC EST	2007 JAN EST	2007 FEB EST	2007 MAR EST	2007 APR EST	2007 MAY EST	2007 JUN EST	2007 JUL EST	2007 AUG EST	2007 SEP EST	FISCAL YEAR TOTAL (1)	OMB EST. 1 (2)	DIFFERENCE 2 (1-2)
			INCOME:															
			Governmental:															
FIRST DAY	XXXX	XX XXXX.XX	Taxes……														**5225**	
			Intergovernmental:															
BIWEEKLY 3	XXXX	XX XXXX.XX	Employer contributions	375	375	375	375	375	375	376	375	375	400	400	410	**4586**	**5000**	**-414**
1215	XXXX	XX XXXX.XX	Transfer from XXXX 4	0	0	650	0	0	0	0	0	0	0	0	0	**650**	**650**	**0**
1231; 0630	XXXX	XX XXXX.XX	Interest on investments	10	15	575	20	15	30	10	15	625	75	100	50	**1540**	**1540**	**0**
			Proprietary:															
DAILY	XXXX	XX XXXX.XX	Receipts from XXXXXXX	25	30	65	25	30	65	25	30	65	25	30	65	**480**	**480**	**0**
			TOTAL INCOME…														**12895**	
			OUTGO:															
DAILY	XXXX	XX XXXX.XX	Benefit payments 5….	675	675	675	650	675	675	650	625	625	625	625	625	**7800**	**7800**	**0**
15TH OF MO	XXXX	XX XXXX.XX	Administrative expenses	35	30	35	35	25	35	35	35	35	35	35	30	**400**	**400**	**0**
LAST DAY	XXXX	XX XXXX.XX	Transfers to XXXX 6	125	0	0	150	0	0	175	0	0	200	0	0	**650**	**650**	**0**
			TOTAL OUTGO……	**835**	**705**	**710**	**835**	**700**	**710**	**860**	**660**	**660**	**860**	**660**	**655**	**8850**	**8850**	**0**
			NET INC (+) OR OUTGO														**4045**	
			MEMORANDUM: (Non-add; included above)															
			Proposed legislation 5	0	0	0	0	0	0	-25	-50	-50	-50	-50	-50	-275	-275	0

ACT=Actual; EST= Estimate

1 Footnote should state "Budget" or "Mid-Session Review" and month/year of release.

2 Footnote differences and provide brief explanation.

3 Footnote descriptions that are larger than column. Provide speciific tiiming and amount information.

4 Date contingent on passage of annual authorizing legislation. Footnote (contact name and telephone number).

5 Footnote (contact name and telephone number).

6 Footnote (contact name and telephone number).

Timing of Transactions column shows illustrative examples of frequency of timing and transaction dates.

NOTE: You are **not** required to provide ***MONTHLY*** estimates for **Governmental receipts**. Monthly estimates are prepared by the Office of Tax Analysis, Department of the Treasury.

Financing Account Reporting Format

Categories will reflect activities shown in the Program and Financing Schedules of the Budget Appendix. Include both Financing and related Liquidating and Subsidy accounts in order to ensure consistency of estimated transactions between budgetary and non-budgetary accounts.

Footnote the OMB ESTIMATES column to indicate Budget or Mid-Session Review estimates and month of release.

REPORT CODE: XXXXXXXXXX
TO: OCDMA34@ocdm.Treas.gov
DATE PREPARED: 10/01/20CY
CONTACT: Salmon P. Chase
TELEPHONE: 202-622-1875
E-MAIL: Salmon.P.Chase@DO.Treas.gov

DEPARTMENT OF XXXXXXXXXXXXX
(Financing Account title)
(In millions of dollars)

NOT FOR PUBLIC RELEASE
OMB CIRCULAR NO. A-11
PART 3, SECTION 135.6
EXHIBIT 135D

TIMING OF TRANS	MTS LINE CODE	APPROP ACCOUNT SYMBOL	OBJECT CLASS CODE	ACCOUNT	2006 OCT EST	2006 NOV EST	2006 DEC EST	2007 JAN EST	2007 FEB EST	2007 MAR EST	2007 APR EST	2007 MAY EST	2007 JUN EST	2007 JUL EST	2007 AUG EST	2007 SEP EST	FISCAL YEAR TOTAL (1)	OMB ESTI-MATES1 (2)	DIFFER-ENCE 2 (1-2)
				FINANCING ACCOUNT:															
DAILY			??.??	Loan disbursements	250	365	450	1000	1265	750	370	300	450	600	950	1275	**8025**	**8575**	**-550**
0930			00.02	Interest paid to Treasury	0	0	0	0	0	0	0	0	0	0	0	150	**150**	**150**	**0**
ANNUAL			08.02	Downward reestimate of subsidy	0	0	0	0	0	0	0	0	0	0	0	531	**531**	**531**	**0**
ANNUAL			08.04	Interest on downward reestimate	0	0	0	0	0	0	0	0	0	0	0	147	**147**	**147**	**0**
				Collections:															
DAILY			??.??	Loan repayments **(P+1)**	-100	-125	-225	-100	-100	-100	-100	-125	-225	-100	-100	-100	**-1500**	**-1500**	**0**
3RD THURS			??.??	Sales of loans (net) 3	0	0	0	0	-400	0	0	0	-350	0	0	0	**-750**	**-750**	**0**
ANNUAL			88.00	Upward reest from program account	0	0	0	0	0	0	0	0	0	0	0	-1,085	**-1085**	**-1,085**	**0**
ANNUAL			88.00	Interest on upward reestimate	0	0	0	0	0	0	0	0	0	0	0	-74	**-74**	**-74**	**0**
FIRST DAY			??.??	Collected from liquidating acct.	0	0	-25	0	0	-25	0	0	-50	0	0	-25	**-125**	**-125**	**0**
FIRST DAY			??.??	Collected from subsidy account	0	0	-260	0	0	-545	0	-300	0	0	-830	0	**-1935**	**-1,935**	**0**
0930			88.25	Interest on uninvested funds	0	0	0	0	0	0	0	0	0	0	0	-495	**-495**	**-495**	**0**
DAILY				**All other**	0	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**	**0**
	XXXX	XX XXXX	**87.00**	**FINANCING DISB (NET)**	**150**	**240**	**-60**	**900**	**765**	**80**	**270**	**-125**	**-175**	**500**	**20**	**324**	**2889**	**3439**	**-550**
				BUDGET ACCOUNTS:															
				SUBSIDY (Program) ACCOUNT:															
ANNUAL			??.??	Prior Subsidy	0	0	0	10	50	560	0	200	0	0	0	0	**820**	**820**	**0**
ANNUAL			??.??	Current Subsidy	0	0	260	0	0	545	0	300	0	0	830	0	**1935**	**1935**	**0**
ANNUAL			00.05	Upward reestimate of subsidy	0	0	0	0	0	0	0	0	0	0	0	1085	**1085**	**1,085**	**0**
ANNUAL			00.06	Interest on upward reestimate	0	0	0	0	0	0	0	0	0	0	0	74	**74**	**74**	**0**
LAST DAY			00.09	Administrative expenses	15	20	10	25	10	15	20	5	25	10	15	10	**180**	**180**	**0**
				Collections:															
ANNUAL			69.00	Downward reestimate of subsidy	0	0	0	0	0	0	0	0	0	0	0	-531	**-531**	**-531**	**0**
ANNUAL			69.00	Interest on downward reestimate	0	0	0	0	0	0	0	0	0	0	0	-147	**-147**	**-147**	**0**
	XXXX	XX XXXX	**90.00**	**TOTAL OUTLAYS (Net)**	**15**	**20**	**270**	**35**	**60**	**1,120**	**20**	**505**	**25**	**10**	**845**	**491**	**4094**	**4,094**	**0**
				LIQUIDATING ACCOUNT:															
			??.??	Payments to financing account	0	0	0	0	0	0	0	0	0	0	0	225	**225**	**125**	**100**
			??.??	Other	5	5	5	5	5	5	5	5	5	5	5	5	**60**	**60**	**0**
	XXXX	XX XXXX		**TOTAL LIQUIDATING**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**5**	**230**	**285**	**185**	**100**
				OFFSETTING RECEIPT ACCOUNTS:															
	XXXX	XX XXXX		Disaster loans, downward reest	0	0	0	0	0	0	0	0	0	0	0	-678	**-678**	**-722**	**44**
	XXXX	XX XXXX		Disaster loans, downward reest													**0**	**0**	**0**
				TOTAL OFFSETTING. RECEIPTS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-678**	**-678**	**-722**	**44**
				MEMORANDUM:															
0930	4188	XX 1499		INTEREST TO TREASURY	0	0	0	0	0	0	0	0	0	0	0	-150	**-150**	**-150**	**0**
				TOTAL IMPACT, ALL ACCOUNTS	**170**	**265**	**215**	**940**	**830**	**1,205**	**295**	**385**	**-145**	**515**	**870**	**217**	**5,762**	**7,568**	**-1,806**

FOOTNOTES:
ACT=Actual; EST= Estimate
1 Footnote should state "Budget" or "Mid-Session Review" and month released.
2 Footnote differences and provide brief explanation.
3 Deposit date 022107 062007 091907

Asset Sales Reporting Format

The agency will adapt this format to its sale process.

Treasury will work with each agency to identify key events.

DATE OF REPORT:
TO: OUTLAYS@OCDM.Treas.gov
TO: FUNDS.CONTROL@FMS.Treas.gov
NOTE: E-MAIL AS AN ATTACHMENT (Excel97 or lower)

REPORT CODE:
AGENCY LOC CODE:
CONTACT:
TELEPHONE:
E-MAIL:
ALTERNATE:
TELEPHONE:
E-MAIL:

ASSET SALES REPORT
FOR CASH AND DEBT FORECASTING
DEPARTMENT OF XXXXXXXXXXXXX
(Amounts in Millions of Dollars)

NOT FOR PUBLIC RELEASE
OMB CIRCULAR NO. A-11
PART 3, SECTION 135.7
EXHIBIT 135E

Check Whichever is Applicable:

☐ TWELVE-MONTH FORECAST: MONTHLY UPDATE (For Fiscal Projections Use Only)

☐ LARGE DOLLAR REPORT FOR INDIVIDUAL ASSET SALE

SALE NUMBER AND/OR DESCRIPTION	FOR SMALL BUSINESS ADMIN USE ONLY				FOR USE BY ALL AGENCIES		
		BID DEPOSITS	REFUNDS OF DEPOSITS 1		TOTAL CASH	SETTLEMENT(S) OR CLOSING(S)	
	DATE	TO TREASURY	DATE	AMOUNT	PROCEEDS	DATE(S)	BALANCE DUE
TREASURY CASHTRACK CODE:	XXXXX		XXXXX			XXXXX	

1 If applicable to agency's process, estimate amounts and timing or provide actuals.

REFERENCE: OMB Circular No. A-11, Part 3, Section 135, Exhibit 135E; TREASURY FINANCIAL MANUAL, Volume I, Part 6--Chapter 8500.

SECTION 140—REPORTS ON UNVOUCHERED EXPENDITURES

Table of Contents

140.1 What are unvouchered expenditures?
140.2 Are there any exemptions?
140.3 What is the basis for coverage?
140.4 What are the requirements for submission?
140.5 What are OMB's responsibilities?

Ex–140 List of Accounts Containing Unvouchered Expenditures

140.1 What are unvouchered expenditures?

An *unvouchered expenditure* means any expenditure accounted for solely on the approval, authorization, or certificate of the President or an official of an executive agency.

Executive Branch agencies are required to submit information to OMB on unvouchered expenditures annually. OMB uses the information to prepare the annual report required by law (31 U.S.C. 3524) on accounts containing unvouchered expenditures that are potentially subject to audit by the Comptroller General.

140.2 Are there any exemptions?

The law provides for exemptions for individual financial transactions or for a class or category of financial transactions if they relate to:

- Sensitive foreign intelligence or counterintelligence activities, or
- Sensitive law enforcement investigations in which an audit proceeding would expose the identifying details of an active investigation or endanger the safety of investigative or domestic intelligence sources involved in such law enforcement investigations.

The law gives the President the authority to exempt these financial transactions from audit. You should make any requests for exemptions through the White House Counsel's office.

140.3 What is the basis for coverage?

Subject to 31 U.S.C. 3524(c) and (d), these instructions apply to the accounts of all executive agencies authorized to contain unvouchered expenditures. Funds used under Section 8(b) of the CIA Act of 1949 are exempt from this GAO audit and are not covered in the annual report to Congress on unvouchered expenditures.

140.4 What are the requirements for submission?

In the fall, OMB will issue a data request for this information. Each executive department and agency will submit to OMB a list of all of the agency's accounts that contain unvouchered expenditures with an explanation of any additions to or deletions from the accounts listed in the previous year's report (exhibit 140).

In addition, if you are required to submit information on unvouchered expenditures, you must maintain records of these transactions in a manner similar to those maintained for regular financial transactions and accounts in order to insure proper accountability.

140.5 What are OMB's responsibilities?

The Director of OMB will prepare and submit the report to certain congressional committees and to the GAO before December 1 of each year, as required by law.

List of Accounts Containing Unvouchered Expenditures

List of CY Accounts Containing Unvouchered Expenditures that are Potentially Subject to Audit by GAO

Enter the date of submission, the name of the department or agency, and the name and phone number of a contact

Date: _____

Agency: Department of Government

Information Contact: John Brown

Telephone: 958–4237

Enter the titles of accounts in which unvouchered expenditures are permitted in the current fiscal year.

When the current year regular appropriations have not been enacted, provide information based on the enacted past year appropriations.

Account Titles:
- Operation and Maintenance
- Salaries and Expenses
- Contingencies

Explanation of changes: The Salaries and expenses account is authorized to contain unvouchered expenditures for the first time in CY pursuant to P.L. XXX–XX. Also as a result of this law, the Research and related activities account is no longer authorized to contain unvouchered expenditures and therefore is not included in this year's report.

Provide an explanation of any additions or deletions to the previous year's report.

SECTION 145—REQUIREMENTS FOR REPORTING ANTIDEFICIENCY ACT VIOLATIONS

Table of Contents

145.1 What is the Antideficiency Act?
145.2 What violations must I report?
145.3 How do the requirements for reporting violations differ for credit programs?
145.4 Do the requirements for reporting violations differ for revolving funds?
145.5 Do the requirements for reporting violations differ for closed and expired accounts?
145.6 How do I treat anticipated budgetary resources?
145.7 How do I report a violation?
145.8 What if the GAO reports a violation?
145.9 What if OMB suspects a violation?

Ex–145A Antideficiency Act Violation Sample Letter to the Director
Ex–145B Antideficiency Act Violation Sample Letter to the President

Summary of Changes

Advises agencies that if they sign a contract that has an open-ended indemnification clause, it is a reportable violation of the Antideficiency Act (section 145.2).

145.1 What is the Antideficiency Act?

The Antideficiency Act consists of provisions of law that were passed by Congress (beginning in the nineteenth century and later codified in Title 31 of the United States Code) to prevent departments and agencies from spending their entire appropriations during the first few months of the year. The Act *prohibits* you and any other Federal employee from:

- Entering into contracts that *exceed* the enacted appropriations for the year.
- Purchasing services and merchandise *before* appropriations are enacted.

The Act:

- Requires that OMB *apportion* the appropriations, that is, approve a plan that spreads out spending over the fiscal period for which the funds were made available.

- Requires, subject to the approval of OMB, the head of each executive agency to prescribe by regulation a system of administrative control of funds (31 U.S.C. 1514 (a)).

- Restricts *deficiency apportionments* to amounts approved by the agency heads only for "extraordinary emergency or unusual circumstances."

- Establishes *penalties* for Antideficiency Act violations. Violations are obligations or expenditures in excess of the lower of the amount in the affected account, the amount apportioned, or the amount allotted.

- Requires the agency head to report any Antideficiency Act violations to the President, through the OMB Director; Congress; and the Comptroller General.

Under the Act, if you obligate or expend more than the amount in the TAFS or the amount apportioned or any other subdivision of funds, you will be subject to appropriate administrative discipline, including—when circumstances warrant—a written reprimand, suspension from duty without pay, or removal from office.

In addition, if you are convicted of willfully and knowingly overobligating or overexpending the amount, then you shall be fined not more than $5,000, imprisoned for not more than 2 years, or both.

In 1982, Congress reworded and reorganized the language of the Antideficiency Act along with the rest of Title 31 of the United States Code. The intent of Congress was to modernize the language of the Act, without changing its meaning. You will find a crosswalk between the provisions of law that made up the Antideficiency Act before it was modernized and the current language in Appendix G.

145.2 What violations must I report?

If you . . .	The amount obligated is . . .	Then, you must report a violation of . . .
Authorize or make an obligation exceeding	In an appropriation or fund. This may include obligations for purchases of goods or items that are prohibited by statute.	31 U.S.C. 1341(a)
	In an apportionment or reapportionment (a type of administrative subdivision of funds), such as a category B apportionment.	31 U.S.C. 1517(a)(1)
	In an allotment or a suballotment (a type of administrative subdivision of funds).	31 U.S.C. 1517(a)(2)
	In any other administrative subdivision of funds, if the overobligation results in the overobligation of one of the previous amounts.	31 U.S.C. 1517(a)
Authorize or make a disbursement exceeding	In an appropriation or fund.	31 U.S.C. 1341(a)
	In an apportionment or reapportionment (a type of administrative subdivision of funds). Includes the overobligation of a category B apportionment.	31 U.S.C. 1517(a)(1)
	An allotment or a suballotment (a type of administrative subdivision of funds).	31 U.S.C. 1517(a)(2)
	In any other administrative subdivision of funds if the overexpenditure results in the overexpenditure of one of the previous amounts.	31 U.S.C. 1517(a)
Obligate or expend	Funds required to be sequestered.	31 U.S.C. 1341(a)
Involve the Government in a contract or obligation	Before you receive the appropriation, unless such contract or obligation is authorized by law.	31 U.S.C. 1341(a)

If you . . .	The amount obligated is . . .	Then, you must report a violation of . . .
Sign a contract that obligates the Government to indemnify parties against losses ("open-ended indemnification" clause)	Indeterminate.	31 U.S.C. 1341(a)
Accept voluntary service	In excess of that authorized by law.	31 U.S.C. 1342

145.3 How do the requirements for reporting violations differ for credit programs?

In addition to the violations specified in section 145.2, report overobligation or overexpenditure of:

- The subsidy—where an officer or employee of the United States has made or authorized a direct loan obligation or loan guarantee commitment that requires a subsidy cost obligation or expenditure in excess of amounts appropriated and/or apportioned for such purposes. Modifications of direct loans or loan guarantees (or of direct loan obligations or loan guarantee commitments), as defined in section 185, that result in obligations or expenditure in excess of apportioned unobligated balances of subsidy amounts are violations (31 U.S.C. 1341(a), 31 U.S.C. 1517(a)).

- The credit level supportable by the enacted subsidy—where an officer or employee of the United States has made or authorized a direct loan obligation or loan guarantee commitment, that is in excess of the level specified by law. This includes, for example, obligations or expenditures that exceed a limitation on direct loan obligations or guaranteed loan commitments (31 U.S.C. 1341(a)).

- The amount appropriated for administrative expenses—where an officer or employee of the United States has made or authorized an expenditure or created or authorized an obligation that is in excess of the amount appropriated for administrative expenses (31 U.S.C. 1341(a)).

- The expired unobligated balance of the subsidy—where an officer or employee of the United States has made or authorized an expenditure or created or authorized an obligation, including a commitment, against unobligated subsidy balances after the period of obligational authority has expired. Correction of mathematical or data input errors up to the amount of the expired unobligated balance of the subsidy are not violations. Corrections of these errors in excess of the amount of the expired unobligated balance of the subsidy are violations (31 U.S.C. 1341(a)).

- The apportioned borrowing authority in a financing account. Section 505(c) of the Federal Credit Reform Act subjects financing accounts to apportionment: "All of the transactions provided in this subsection shall be subject to the provisions of subchapter II of chapter 15 of title 31, United States Code."

145.4 Do the requirements for reporting violations differ for revolving funds?

No. The incurring of obligations in excess of apportioned budgetary resources in a revolving fund is a violation of the Antideficiency Act, whether or not a fund has unapportioned budgetary resources or non-budgetary assets greater than the amount apportioned.

145.5 Do the requirements for reporting violations differ for closed and expired accounts?

No. You are required to report violations when obligations and expenditures or adjustments to obligations and expenditures exceed the original appropriations in expired accounts as well as closed accounts. This also includes obligations and expenditures or adjustments to obligations and expenditures that exceed the amount apportioned or allotted before the account had expired.

145.6 How do I treat anticipated budgetary resources?

You may not obligate against anticipated budgetary resources before they are realized even though the anticipated budgetary resources have been apportioned (see section 121.11). If you incur an obligation against an anticipated budgetary resource, such as anticipated spending authority from offsetting collections (i.e., line 3C of the SF 132), then you will have a violation of the Antideficiency Act. If you incur obligations against unobligated balances that are not available for the purpose (31 U.S.C. 1301(a)) or amount so obligated in the account, then you will have a violation.

145.7 How do I report a violation?

Transmittal letter to the Director of OMB. You will transmit the letter from your agency head to the President through the Director of OMB. A sample transmittal letter is provided in exhibit 145A that shows the format that must be followed. Agencies now must state whether or not their agency received a clean audit opinion during the fiscal year(s) in which the violation occurred.

Letter to the President. You will report a violation of the Antideficiency Act in the form of a letter (original and three copies) from your agency head to the President. A sample letter is provided in exhibit 145B that shows the format that must be followed.

The letter will set forth all of the following information:

- The title and Treasury symbol (including the fiscal year) of the appropriation or fund account, the amount involved for each violation, and the date on which the violation occurred.

- The name and position of the officer(s) or employee(s) responsible for the violation.

- All facts pertaining to the violation, including the type of violation (for example, overobligation of an appropriation, overobligation of an apportionment, overobligation of an allotment or suballotment), the primary reason or cause, any statement from the responsible officer(s) or employee(s) with respect to any circumstances believed to be extenuating, and any germane report by the agency's Inspector General and/or the agency's counsel.

- A statement of the administrative discipline imposed and any further action(s) taken with respect to the officer(s) or employee(s) involved in the violation.

- In the case where an officer or employee is suspected of willfully and knowingly violating the Antideficiency Act, confirm that all information has been submitted to the Department of Justice for determination of whether further action is needed.

- A statement regarding the adequacy of the system of administrative control prescribed by the head of the agency and approved by OMB, if such approval has been given. If the head of the agency determines a need for changes in the regulations, or your system of administrative controls have never been approved by OMB, such proposals will be submitted as provided in section 150.7.

- A statement of any additional action taken by, or at the direction of, the head of the agency, including any new safeguards provided to prevent recurrence of the same type of violation.

- If another agency is involved, a statement concerning the steps taken to coordinate the report with the other agency.

- Identical reports will be submitted to the presiding officer of each House of Congress and the Comptroller General. If identical to the report to the President, so state.

Letters to Congress. You will report identical letters to the Speaker of the House of Representatives and the President of the Senate.

Letters to the Comptroller General. You will report to the Comptroller General of the Government Accountability Office. Agencies may electronically send PDF (portable document format) copies of these reports to AntideficiencyActReports@gao.gov (for further information see OMB Memorandum M–05–09 dated March 11, 2005).

If the letters to Congress and the Comptroller General are identical to the letter to the President, include a statement to this effect in the letter to the President. If the letters to Congress and the Comptroller General are not identical to the letter to the President, you will submit a copy of the letter to Congress and the Comptroller General with your letter to the President. Additionally, agencies are required to ensure that the entire violation package maintains consistency with regard to the type of Antideficiency Act violation that has occurred. If there is an inconsistency in the package, agencies are required to submit an explanation for the record (emails are acceptable).

145.8 What if the GAO reports a violation?

You should report to the President, Congress, and the Comptroller General on violations reported by the Government Accountability Office in connection with audits and investigations.

In these cases, the report to the President will indicate whether the agency agrees that a violation has occurred, and if so, it will contain an explanation as to why the violation was not discovered and previously reported by the agency. If the agency does not agree that a violation has occurred, the report to the President, Congress, and the Comptroller General will explain the agency's position.

145.9 What if OMB suspects a violation?

Whenever OMB determines that a violation of the Antideficiency Act may have occurred, OMB may request that an investigation or audit be undertaken or conducted by the agency. In such cases, a report describing the results of the investigation or audit will be submitted to OMB through the head of the agency. If the report indicates that no violation of the Antideficiency Act has occurred, the agency head will so inform OMB and forward a copy of the report to OMB. If the report indicates that a violation of the Antideficiency Act has occurred, the agency head will report to the President, Congress, and the Comptroller General in accordance with section 145.7 as soon as possible. If the agency head does not agree that a violation has occurred, the report to the President, Congress, and Comptroller General will explain the agency's position.

Antideficiency Act Violation
Sample Letter to the Director

Note: If a violation occurred in section 1341 of Title 31, United States Code (U.S.C.), then it is required to be reported under section 1351 of Title 31, U.S.C.

If a violation occurred in section 1517 of Title 31, U.S.C., then it is required to be reported under section 1517(b) of Title 31, U.S.C.

Honorable Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Director:

Enclosed is a letter transmitting a violation of section [1341 or 1517] of Title 31, United States Code to the President.

The Antideficiency Act violation totaled $XXXX.XX. This violation report is required by section [1351 or 1517(b)] of Title 31, United States Code, to be submitted to the President; it is being submitted through the Director of the Office of Management and Budget. The agency [did] [did not] receive a clean audit opinion during the fiscal year(s) in which the violation occurred.

To comply with the aforementioned provisions, copies of the report are also being submitted to the President of the Senate and the Speaker of the House of Representatives as well as the Comptroller General.

Sincerely,
Agency Head

Enclosure

Antideficiency Act Violation
Sample Letter to the President

Note: If a violation occurred in section 1341 of Title 31, United States Code (U.S.C.), then it is required to be reported under section 1351 of Title 31, U.S.C.

If a violation occurred in section 1517 of Title 31, U.S.C., then it is required to be reported under section 1517(b) of Title 31, U.S.C.

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

This letter is to report a violation of the Antideficiency Act, as required by section [1351 or 1517(b)] of Title 31, United States Code.

A violation of section [1341 or 1517] occurred in account [Treasury symbol and title] in the total amount of $X,XXX. The violation occurred on [date] in connection with [identify the affected program or activity] for FY XXXX. Mr./Ms. _____ (rank/grade/title) was [were] the officer(s) responsible for the violation(s).

[Describe the nature of the violation (see section 145.2). Then state the primary reason or cause. Include any statement from the responsible officer(s) or employee(s) as to any circumstances believed to be extenuating. Include any germane report by the agency's Inspector General.]

[State which administrative discipline was imposed as well as any further action(s) taken with respect to the officer(s) or employee(s) involved. (see section 145.1)]

[In the case where an officer or employee is suspected of willfully and knowingly violating the Antideficiency Act, confirm that all information has been submitted to the Department of Justice.]

[State whether the adequacy of the system of administrative control has been approved by OMB. (see section 150.7)]

[State whether any additional action need be taken to prevent recurrence of the same type of violation.]

[If another agency is involved, state what steps are being taken to coordinate the report with the other agency.]

[Identical reports will be submitted to the presiding officer of each House of Congress as well as the Comptroller General. If identical to the report to the President, so state. (see section 145.7)]

Respectfully,
Agency Head

SECTION 150—ADMINISTRATIVE CONTROL OF FUNDS

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150.1 Why must my agency have a fund control system?

The Antideficiency Act requires that your agency head prescribe, by regulation, a system of *administrative control of funds*. The system is also called *the fund control system* and the regulations are called *fund control regulations*.

150.2 What is the purpose of my agency's fund control system?

The purpose of your agency's fund control system is to:

- Restrict *both* obligations and expenditures (also known as outlays or disbursements) from each appropriation or fund account to *the lower of* the amount apportioned by OMB or the amount available for obligation or expenditure in the appropriation or fund account.

- Enable the head of your agency to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reapportionment, the allotment or sub-allotments made by your agency, any statutory limitations, and any other administrative subdivision of funds made by your agency.

150.3 What is the relationship between my agency's internal controls and its fund controls?

Your agency's *internal controls* are the organization, policies, and procedures that your agency uses to reasonably ensure that:

- Programs achieve their intended results.
- Resources used are consistent with agency mission.
- Programs and resources are protected from waste, fraud, and mismanagement.
- Laws and regulations are followed.
- Reliable and timely information is obtained, maintained, reported and used for decision making.

For further guidance on your agency's internal controls, see OMB Circular No. A–123, *Management's Responsibility for Internal Control*.

Internal control requirements are one of the overarching requirements. This means that they apply to all financial management systems, including your agency's *fund control* system.

150.4 What is the relationship between my agency's financial management system and its fund control system?

Your agency's *financial management system* must support the preparation and execution of your agency's budget, among other things. Your agency's fund control system is part of your agency's budget execution process. Therefore, your agency's financial management system must support your agency's fund control system.

The policies and standards your agency must follow in developing, operating, evaluating, and reporting on financial management systems are in OMB Circular No. A–127, *Policies and Standards for Financial Management Systems*. For policies related to information technology that pertain to financial management systems, see OMB Circular No. A–130, *Management of Federal Information Resources*.

150.5 What is the U.S. Standard General Ledger (USSGL) and how does it relate to my agency's financial management system?

The USSGL includes a chart of accounts and technical guidance established to support the consistent recording of financial events as well as the preparation of standard external reports that are required by the central agencies, such as OMB and Treasury. The Treasury Financial Manual (TFM) USSGL Supplement provides:

- A list of the accounts (i.e., the chart of accounts).
- Descriptions of each account.
- A listing of transactions processed by Federal agencies.
- The posting models, including debit and credit pairs, for each type of transaction.
- The USSGL attributes that are an integral part of the USSGL.
- Crosswalks from the USSGL to various external reports, such as the SF 133 and the actual year column of the Program and Financing Schedule in the President's budget.

An electronic version of the TFM USSGL Supplement is available at:

http://www.fms.treas.gov/ussgl/index.html.

The OMB policies regarding the USSGL are in OMB Circular No. A–127, *Policies and Standards for Financial Management Systems.* Specifically, the A–127 requires that agencies record financial events throughout the financial management system using the USSGL at the transaction level. This is a legal requirement.

150.6 What are Federal Financial Management Systems requirements and how are they related to my agency's fund control system?

The *Federal Financial Management Systems Requirements* (FFMSR) are issued by the Financial Systems Integration Office (FSIO) to define the minimum functionality required for your agency's fund control system. The FFMSR are inOFFM-NO-0106, issued in January, 2006. An electronic version can be found at:

http://www.whitehouse.gov/omb/financial/ffs/012306_Core_Requirements.pdf.

150.7 When and how should I get OMB approval of my agency's fund control regulations?

Use the checklist in Appendix H to prepare draft fund control regulations. Send your proposed update to OMB for approval.

For newly established agencies, submit an original and three copies of the proposed fund control regulations to the Director of OMB within 90 days after the agency is established. The Director of OMB will respond within 90 days after receiving the draft regulations. Agency fund control regulations are in effect only to the extent approved by OMB.

To revise regulations previously approved by OMB, submit an original and three copies of the draft revised regulations to the Director of OMB.

You should review your fund control regulations periodically to determine whether improvements should be made. At a minimum, review the system whenever:

- OMB issues revised guidance on budget execution.
- Your agency is reorganized.
- Staff from your agency has violated the Antideficiency Act.

OMB CIRCULAR NO. A-11

PART 5

FEDERAL CREDIT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2006

SECTION 185—FEDERAL CREDIT

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Summary of Changes

Requires mandatory programs to disburse downward reestimates and negative subsidies to a general fund receipt account, consistent with discretionary programs (sections 185.3(v), 185.3(y), 185.6(f), 185.18, and 185.30).

Changes the amounts of loan levels and subsidy budget authority reported in program account schedule U (section 185.10(c)).

Clarifies that financing account transactions should be coded as mandatory (section 185.11(a)).

Clarifies amounts of guaranteed loans reported in financing account schedule H (sections 185.11(b) and 185.11(c)).

Moves presentation of policy net financing disbursements from financing account schedules G and H to schedule Y (section 185.11(d)).

Clarifies that guaranteed loan levels in mandatory programs should be apportioned (section 185.16 and Exhibit 185Q).

185.1 Does this section apply to me?

These instructions apply to all programs that provide direct loans or loan guarantees (see sections 185.3(d) and (m) for definitions of these terms) to non-Federal entities and are subject to the Federal Credit Reform Act of 1990, as amended (FCRA). Even though Section 506 of the FCRA exempts certain programs from credit reform budgeting, these programs are still required to report data in MAX schedules G and H (see section 185.11) and follow other instructions contained in this Circular.

This section answers frequently asked questions, defines credit terms and concepts, and illustrates how budget formulation, apportionment, and budget execution forms should be prepared. This section supplements the instructions provided in other parts of this Circular and should be used in conjunction with other credit program guidance in Circular A–129, Policies for Federal Credit Programs and Non-Tax Receivables (www.whitehouse.gov/omb/circulars).

Section 504(b) of the FCRA provides that new direct loan obligations and new loan guarantee commitments may be made only to the extent that:

- New budget authority to cover their costs is provided in advance in an appropriations act;
- A limitation on the use of funds otherwise available for the cost of a direct loan or loan guarantee program is provided in advance in an appropriations act; or
- Authority is otherwise provided in an appropriations act.

These requirements also apply to modifications of direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) that increase their cost, including modifications of pre–1992 direct loans and loan guarantees. OMB will specify exemptions from these requirements for mandatory programs pursuant to section 504(c) of the FCRA.

Unless otherwise specified by law, budget authority is available for liquidating obligations (i.e., outlays) for only five fiscal years after the authority expires. For credit subsidies financed by annual or multi-year budget authority, you must ensure that the budget authority for the subsidy cost will remain available for disbursement over the full period in which loans will be disbursed. If you expect the disbursement period will be longer than five fiscal years after the budget authority expires, you must include a special provision in the appropriations language (see section 95).

185.2 What background information must I know?

The FCRA changed the budgetary measurement of cost for direct loans and loan guarantees from the amount of cash flowing into or out of the Treasury to the estimated long-term cost to the Government. Only the unreimbursed costs of making or guaranteeing new loans (the subsidy cost, on a present value basis, and administrative expenses, on a cash basis) are included in the budget. Agencies must receive

appropriations for the subsidy cost before they can enter into direct loan obligations or loan guarantee commitments. The actual cash flows are recorded as a means of financing (see section 20.7(h)) and are not included in the budget totals.

The subsidy cost is the estimated present value of the cash flows from the Government (excluding administrative expenses) less the estimated present value of the cash flows to the Government resulting from a direct loan or loan guarantee, discounted to the time when the loan is disbursed. The cash flows are the contractual cash flows adjusted for expected deviations from the contract terms (delinquencies, defaults, prepayments, and other factors). Present values must be calculated using the OMB Credit Subsidy Calculator. The OMB Credit Subsidy Calculator discounts the cash flow that is estimated for each year (or other time period) using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement as that cash flow. A positive net present value means that the Government is extending a subsidy to borrowers; a negative present value means that the credit program generates a "profit" (excluding administrative costs) to the Government.

Appropriations for the subsidy cost are made to the program account established for the credit program and are recorded as budget authority. Obligations for the subsidy cost are recorded when the Government enters into a loan obligation or guarantee commitment. Outlays are recorded when the direct loan or guaranteed loan is disbursed to the public and simultaneously the subsidy is paid from the program account to the financing account. The program account also receives appropriations for the direct costs of administering the credit program.

The actual cash flows (e.g., loan disbursements, collections of principal and interest payments, and payment of guarantee claims) are recorded in separate financing accounts. There is at least one financing account associated with each program account. Separate financing accounts are required for direct loan cash flows and for loan guarantee cash flows if the program account provides subsidy costs for both forms of credit. The transactions of the financing accounts are displayed in the budget *Appendix* for informational and analytical purposes, together with the related program accounts, but are excluded from the budget totals because the net cash flows do not represent a cost to the Government. The direct loan financing account combines the subsidy payment from the program account with borrowing from Treasury to finance the direct loans. It repays Treasury over time using principal and interest collected from the borrower. The loan guarantee financing account holds the subsidy payment from the program account as a reserve against default claims. The reserve, together with interest earnings on this reserve from Treasury, is used to pay default claims over the life of the loans.

All cash flows resulting from direct loan obligations and loan guarantee commitments made prior to the effective date of the FCRA (in FY 1991 or previous years) are recorded in liquidating accounts. These accounts are recorded on a cash basis and are included in the budget totals. Liquidating account collections are available to pay obligations of the account, but they are not available to finance new direct loans or loan guarantees. If the collections are insufficient, the FCRA provides liquidating accounts with permanent indefinite authority to pay for losses and to repay any debt owed to Treasury or to other sources.

By focusing on the long-term costs of the program, credit budgeting meets the most fundamental goal of budgetary cost measurement: it provides decision makers with the information and the incentive to allocate resources efficiently. Unlike most budgetary transactions, the cash disbursements for a credit program are a poor measure of cost. Counting outlays for loan disbursements without taking into account probable repayments overstates the cost of a direct loan. Loan guarantees appear costless initially because payments of guarantee claims generally occur several years after the decision to extend credit has been made. Credit budgeting places the cost of credit programs on a budgetary basis equivalent to other federal spending, allowing for better comparison of cost between direct loan and loan guarantee programs and between credit and other programs. This improves the incentive to make good budgetary decisions.

Agencies are required to reestimate the subsidy cost throughout the life of each cohort of direct loans or loan guarantees to account for differences between the original assumptions of cash flow and actual cash

flow or revised assumptions about future cash flow. These reestimates represent additional costs or savings to the Government and are recorded in the budget. Reestimates that indicate an increase in the subsidy cost are financed by permanent indefinite authority. There are two types of reestimates. Interest rate reestimates adjust for the effect on the subsidy of differences between actual interest rates and the discount rates assumed when estimates were made for budget formulation and obligation (the same discount rate assumptions must be used at formulation and obligation). These reestimates must be made when the cohort is at least 90 percent disbursed. Technical reestimates adjust for revised assumptions about loan performance, such as differences between assumed and actual default rates or new projections of prepayments. These reestimates must be made after the close of each fiscal year, unless an alternative plan has been approved by OMB.

Modifications of a direct loan or loan guarantee can also change the subsidy cost. A modification is any Government action different from the baseline assumptions that affects the subsidy cost, such as a change in the terms of the loan contract or legislation that provides new collection tools. The cost of a modification is the difference between the present value of the cash flows before and after the modification. Agencies must have budget authority available to cover the cost of a modification that increases the subsidy before the loans can be modified.

185.3 What special terms must I know?

The following are key terms used in credit budgeting. In these definitions, the term "post–1991" means direct loan obligations or loan guarantee commitments made on or after October 1, 1991, and the resulting direct loans or loan guarantees. The term "pre–1992" means direct loan obligations or loan guarantee commitments made prior to October 1, 1991, and the resulting direct loans or loan guarantees.

(a) ***Administrative expenses*** mean all costs that are directly related to credit program operations, including payments to contractors. The FCRA generally requires that administrative expenses for both pre–1992 and post–1991 direct loans and loan guarantees be included in program accounts. Administrative expenses are included in the liquidating accounts only if the amounts would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991, and if no direct loan obligation or loan guarantee commitment has been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991.

Administrative expenses that are tangentially related to the credit program should not be included in the program account. As an illustration, the cost of auditing credit programs that is financed in the accounts for Inspectors General should not be included. Administrative expenses include:

- The appropriate proportion of administrative expenses that are shared with non-credit programs;
- The cost of operating separate offices or units that make policy decisions for credit programs;
- The cost of loan systems development and maintenance, including computer costs (under no circumstances should computer costs be paid out of financing accounts);
- The cost of monitoring credit programs and private lenders for compliance with laws and regulations;
- The cost of all activities related to credit extension, loan servicing, write-off, and close out; and
- The cost of collecting delinquent loans, except for the costs of foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales.

The capitalized costs of foreclosing, managing, and selling collateral are those that add or maintain value to property prior to sale. These costs are part of the cash flows that must be taken into account in

calculating the subsidy cost. They are financed by the subsidy cost payment from the program account to the financing account and paid out of the financing account. The cost of managing these functions must be paid from administrative expense appropriations in the program account.

Administrative expenses may be expended directly from the program account or, if authorized by appropriation language (see section 95), used to reimburse a salaries and expenses account or the Federal Financing Bank (FFB). If they are transferred to a salaries and expenses account or the FFB, record the transfer as an expenditure transfer. Record an obligation and outlay in the program account and an offsetting collection in the salaries and expenses account. In the salaries and expenses account, obligations for administrative expenses may be recorded without necessarily identifying them as credit program expenses.

Administrative expenses are almost always provided by annual appropriations acts and, therefore, are discretionary spending. If such expenses are included in a program account that subsidizes a mandatory program, the account will be split between mandatory and discretionary spending.

(b) ***Claim payment*** means a payment made to private lenders when a guaranteed loan defaults.

(c) ***Cohort*** means all direct loans or loan guarantees of a program for which a subsidy appropriation is provided for a given fiscal year (except as provided below for pre–1992 direct loans and loan guarantees that are modified). For direct loans and loan guarantees for which a subsidy appropriation is provided for one fiscal year, the cohort will be defined by that fiscal year. For direct loans and loan guarantees for which multi-year or no-year appropriations are provided, the cohort is defined by the year of obligation. Direct loans and loan guarantees that are made from supplemental appropriations will be recorded in the same cohort as those that are funded in annual appropriations acts. These rules apply even if the direct loans or guaranteed loans are disbursed in subsequent years.

Cohort accounting applies to post–1991 direct loans and loan guarantees and pre–1992 direct loans and loan guarantees that have been modified. Post–1991 direct loans or loan guarantees remain with their original cohort throughout the life of the loans, even if they are modified. Pre–1992 direct and guaranteed loans are assigned to a single cohort by program and credit instrument regardless of the fiscal year of the subsidy appropriation. For purposes of budget presentation, cohorts will be aggregated. However, accounting and other records must be maintained separately for each cohort.

(d) ***Direct loan*** means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires repayment of such funds with or without interest. The term includes:

- The purchase of, or participation in, a loan made by another lender;
- Financing arrangements that defer payment for more than 90 days, including the sale of a Government asset on credit terms; and
- Loans financed by the Federal Financing Bank (FFB) pursuant to agency loan guarantee authority.

The term does not include the acquisition of federally guaranteed loans in satisfaction of default or other guarantee claims or the price support loans of the Commodity Credit Corporation.

Pre–1992 loans made by the FFB on behalf of any agency continue to be recorded as direct loans of the agency. Agency guarantees of post–1991 loans that are financed by the FFB are treated as direct loans in the budget, but the intrabudgetary cash flows reflect elements of direct loans and loan guarantees. The direct loan financing account for these loans will collect and hold the subsidy payment from the program account. This balance, together with interest earnings, will be available to pay the FFB in the event of default by the non-Federal borrower. Agencies with programs financed by the FFB should consult with

the OMB representative with primary responsibility for the program to ensure correct treatment of these loans.

(e) ***Direct loan obligation*** means a binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower.

(f) ***Direct loan subsidy cost*** means the estimated long-term cost to the Government of a direct loan, calculated on a net present value basis, excluding administrative costs. Specifically, the cost of a direct loan is the net present value, at the time when the direct loan is disbursed from the financing account, of the following estimated cash flows:

- Loan disbursements;
- Repayments of principal;
- Payments of interest;
- Recoveries or proceeds of asset sales; and
- Other payments by or to the Government over the life of the loan.

These estimated cash flows include the effects of estimated defaults, prepayments, fees, penalties, and expected actions by the Government and the borrower within the terms of the loan contract, such as the exercise by the borrower of an option included in the loan contract.

Obligations for the subsidy cost will be recorded against budget authority in the program account when the direct loan obligation is incurred. Accounts payable (to the direct loan financing account) will be recorded in the amount of the estimated obligation. The subsidy will be paid to the financing account when the loan is disbursed. (See section 185.5 and the OMB Credit Subsidy Calculator and accompanying documentation for information about estimating the subsidy.)

(g) ***Discount rates*** mean the collection of interest rates that are used to calculate the present value of the cash flows that are estimated over a period of years. The discount rates are based on the Treasury rates in the economic assumptions for the budget year. For loans made, guaranteed, or modified in FY 2001 and thereafter, the cash flow estimated for each year (or other time period) is discounted using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement as that cash flow. The discount rate assumptions for the budget will be provided by OMB in a file for use with the OMB Credit Subsidy Calculator. The rate at which interest will be paid on the amounts borrowed or held as an uninvested balance by a financing account for a particular cohort is a disbursement-weighted average discount rate (for cohorts before 2001) or single effective rate (for cohorts 2001 and after) derived from this collection of interest rates. Tools are available from OMB to calculate interest income or expense for financing accounts.

(h) ***Economic assumptions*** include the interest rates used for discounting cash flows, the rate of inflation, and may include other assumptions as applicable to a particular program. They also include the interest rate charged to the borrower on the loan, if the rate is tied to a variable benchmark, such as the rate on specified Treasury securities.

(i) ***Financing account*** means a non-budgetary account (i.e., its transactions are excluded from the budget totals) that records all of the cash flows resulting from post–1991 direct loans or loan guarantees. It disburses loans, collects repayments and fees, makes claim payments, holds balances, borrows from Treasury, earns or pays interest, and receives the subsidy cost payment from the credit program account. There is at least one financing account associated with each program account. Separate financing accounts are required for direct loan cash flows and for loan guarantee cash flows if the program account receives an appropriation for the subsidy costs of both forms of credit. Financing account schedules are printed in the budget *Appendix* together with the program account.

(j) ***Forecast assumptions*** are factors that affect the expected cash flows of the loan or guarantee. They are factors which are estimated, but not actually observable, at the time of loan origination or modification. They include: default rates, timing of defaults, delinquency rates, late fees, proceeds from the sale of collateral or acquired defaulted loans, income from (and costs of managing) foreclosed collateral and acquired defaulted guaranteed loans, reschedulings, prepayments, loan asset sales proceeds and costs, and disbursement rates.

(k) ***Liquidating account*** means a budget account that records all cash flows to and from the Government resulting from pre–1992 direct loan obligations or loan guarantee commitments (unless they have been modified and transferred to a financing account). Liquidating account collections in any year are available only for obligations incurred during that year or to repay debt. In general, all liquidating account transactions are classified as mandatory. Collections credited to a liquidating account include:

- Interest;
- Loan repayments and prepayments;
- Payments from financing accounts when required for modifications;
- Proceeds from the sales of loans; and
- Fees.

These collections are available only for:

- Interest payments and repayment of debt;
- Disbursements of loans;
- Default and other guarantee claim payments;
- Interest supplement payments;
- Cost of foreclosing, managing, and selling collateral that is capitalized or routinely deducted from the proceeds of sales;
- Payments to financing accounts when required for modifications;
- Administrative expenses, but only if (1) amounts credited to the liquidating accounts would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991, and (2) no direct loan obligations or loan guarantee commitments have been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991; and
- Other payments that are necessary for the liquidation of pre–1992 direct loan obligations and loan guarantee commitments.

Amounts credited to liquidating accounts in any year are only available for obligations that are incurred in that year (the outlay may occur in a subsequent year) and for repayment of debt. Any remaining unobligated balances at the end of the fiscal year are unavailable for obligation in subsequent fiscal years and must be transferred to the general fund at the end of the fiscal year unless an extension has been approved by OMB (see section 51.13).

The FCRA provides permanent indefinite authority to cover obligations and commitments in the event that funds in liquidating accounts are otherwise insufficient. If the liquidating account's obligations will

exceed its collections during the year, the agency must request an apportionment and warrant of permanent indefinite authority estimated to be needed for the fiscal year, before the beginning of the fiscal year.

The liquidating account status of direct and/or guaranteed loans schedule reflects disbursements and repayments of pre–1992 loans. Therefore, in the liquidating account status of direct and/or guaranteed loans:

- There will be no post–1991 direct loan obligations or loan guarantee commitments;
- Direct and guaranteed loan disbursements will be shown only for pre–1992 direct loans or loan guarantees; and
- Repayments and prepayments will reflect only pre–1992 direct loan obligations and loan guarantee commitments.

(l) ***Loan asset sale*** means a sale of one or more loans to a non-Federal buyer, individually, pooled, packaged, securitized, or as a joint venture, at a single point in time, subject to parties fulfilling the terms and conditions of the Government's offer. Loan assets consist of direct loans and loan receivables resulting from defaulted guaranteed loans.

(m) ***Loan guarantee*** means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, except for the insurance of deposits, shares, or other withdrawable accounts in financial institutions. Loans that are financed by the FFB pursuant to agency loan guarantee authority are treated as direct loans rather than loan guarantees.

(n) ***Loan guarantee commitment*** means a binding agreement by a Federal agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

(o) ***Loan guarantee subsidy cost*** means the estimated long-term cost to the Government of a loan guarantee, calculated on a net present value basis, excluding administrative costs. Specifically, the cost of a loan guarantee is the net present value, at the time when the guaranteed loan is disbursed by the lender, of the following estimated cash flows:

- Payments by the Government to cover defaults and delinquencies, interest subsidies, and other requirements; and
- Payments to the Government, including origination and other fees, penalties, and recoveries.

These estimated cash flows include the effects of expected Government actions and the exercise by the guaranteed lender or the borrower of an option included in the loan guarantee contract.

Obligations for the subsidy cost are recorded against budget authority in the program account when the loan guarantee commitment is made. The subsidy is paid to the guaranteed loan financing account when the loan is disbursed by the private lender. (See section 185.5 and the OMB Credit Subsidy Calculator and accompanying documentation for information about estimating the subsidy.)

(p) ***Loan terms*** are those terms made explicit in the contract between the U.S. Government and the borrower or in the Federally guaranteed contract between a private lender and the borrower. These assumptions are forecast in the formulation subsidy cost estimate but are known at the time of loan origination. They may include: the interest rate charged on loans, the extent of a guarantee, fees, repayment terms, collateral held, and other factors such as grace periods.

(q) ***Methodological assumptions*** are the technical practices used to develop subsidy cost estimates and loan modification cost estimates. These assumptions include methods and models or cash flow estimation, discounting methodology, and mathematical equations used in subsidy cost estimation. Agencies are required to use the same version of the OMB Credit Subsidy Calculator within risk categories and cohorts.

(r) ***Modification*** means a Government action that (1) differs from actions assumed in the baseline estimate of cash flows and (2) changes the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment). The modification may be for a single loan or loan guarantee as well as a group; it may be any size; and it may affect pre–1992 direct loans and loan guarantees or post–1991 direct loans or loan guarantees. New legislation that alters the baseline cash flow estimate for a loan or group of loans always results in a modification.

A Government action may change the cost directly by altering the terms of existing contracts, selling loan assets (with or without recourse) or converting guaranteed loans to direct loans by purchasing them from a private lender. It also may change the cost indirectly by legislatively changing the way in which a portfolio of direct loans or guaranteed loans is administered. Examples of changes in the terms of existing loan contracts are forgiveness, forbearance, interest rate reductions, extensions of maturity, and prepayments without penalty. Examples of changes in loan administration are new methods of debt collection, such as using tax refunds to repay loans and restrictions on debt collections. If the baseline cost estimate does not assume an action, and the cost would be increased or decreased as a result of that action, the action is a modification.

Modifications do not include a Government action that is assumed in the baseline cost estimate, as long as the assumption is documented and has been approved by OMB. For example, modifications would not include routine administrative workouts (see section 185.3(ab)) of troubled loans or loans in imminent default. They also would not include a borrower's or the Government's exercise of an option that is permitted within the terms of an existing contract, such as a borrower prepaying the loan. The baseline subsidy estimate must include all anticipated actions by the Government, lenders, and borrowers that are permissible under current law and that affect the cash flow. Subsequently, if the cost estimate of an action by the borrower, lender, or the Government differs from what is anticipated in the documented baseline subsidy estimate, then the difference in cost is included in a reestimate. Assumptions underlying the subsidy estimates must be documented to assist in determining whether an action is a modification or a reestimate.

Modifications do not include additional disbursements to borrowers that increase the amount of an outstanding direct loan or an outstanding loan guarantee. These are treated as new direct loans or loan guarantees in the amount of the additional disbursement.

There are situations where it is not clear whether a Government action constitutes a modification or a reestimate. These situations should be judged on a case-by-case basis by OMB in consultation with the agency. They could include actions by the Government that are not addressed in existing contracts, management changes that are within an agency's existing specific authority for the loan program, and broad changes in agency policy (e.g., loan sale policy). In general, if the possibility of the action was explicitly included in the cash flows for the baseline subsidy estimate, and this can be documented, it would most likely be a reestimate. If not, it would most likely be a modification.

Modifications produce a one-time change in the subsidy cost of *outstanding* direct loans and loan guarantees. The effect of the Government action on the subsidy cost of direct loan obligations and loan guarantee commitments made after the date of the modification, if there is any effect, is not a modification. Instead, the effects are incorporated in the initial cost estimates for subsequent direct loan obligations and loan guarantee commitments.

(s) ***Modification cost*** means the difference between the estimate of the net present value of the remaining cash flows assumed for the direct loan or loan guarantee contract before and after the modification. The

estimate of the remaining cash flows before the modification must be the same as assumed in the baseline for the most recent President's budget. The estimate of the remaining cash flows after the modification must be the pre-modification cash flows adjusted solely to reflect the effects of the modification.

An outstanding direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) can not be modified in a manner that increases its cost, unless budget authority for the additional cost has been provided in advance in an appropriations act. If the modification is mandated in legislation, the legislation itself provides the budget authority to incur a subsidy cost obligation (whether explicitly stated or not).

Budget authority, an obligation, and an outlay will be recorded in the year in which the legislation is enacted or the administrative discretion is exercised, or in the case of appropriations acts enacted before the fiscal year to which they apply, the year for which appropriations are provided.

(t) ***Modification adjustment transfer*** means an adjusting entry to correct for differences between current discount rates and cohort discount rates**.** When a post–1991 direct loan or loan guarantee is modified, a modification adjustment transfer must be made between the financing account and the general fund. The modification adjustment transfer adjusts for the disconnect between the discount rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest. These calculations and the budgetary treatment are explained in section 185.7.

(u) ***Negative subsidies*** mean subsidy costs that are less than zero. They occur if the present value of cash inflows to the Government exceeds the present value of cash outflows. In such cases, appropriations bills must still provide specific authority before direct loans or loan guarantees can be made, generally in the form of a loan limitation.

When a direct loan obligation or a loan guarantee commitment is made that has a negative subsidy, an amount equal to the negative subsidy will be obligated in the financing account. When the loan is disbursed, the financing account will pay the negative subsidy to the negative subsidy receipt account. The collections are recorded as offsetting receipts, and they offset the agency's budget authority and outlays. The accounting for negative subsidies is discussed in (v) below.

(v) ***Negative subsidy receipt accounts*** mean budget accounts for the receipt of amounts paid from the financing account when there is a negative subsidy for the original estimate (see section 185.3(u)). The receipt account is a general fund receipt account and amounts are not earmarked for the credit program. They are available for appropriation only in the sense that all general fund receipts are available for appropriation. Separate downward reestimate receipt accounts are used to record amounts paid from the financing account for downward reestimates (see section 185.3(y)).

At the discretion of the OMB representative with primary responsibility for the program, a special fund receipt account may instead be established for the purpose of earmarking the receipts for appropriation to the program (in which case a special fund expenditure account also will be established and merged with the program account). If the program is a discretionary program, these receipts are available for obligation only to the extent provided in annual appropriations acts. For mandatory programs, the receipts are permanently appropriated for subsidy costs but usually are available for administrative expenses only to the extent provided in annual appropriations acts.

Obligations may not be incurred against appropriations of the receipts until they have been credited to the receipt account. Because negative subsidy receipts are not credited to the receipt account until the underlying direct loan or guaranteed loan is disbursed, they might not become available in time to fund expenditures in a timely manner. Such situations might require an appropriation from the general fund to permit obligations to be made until receipts are available for obligation.

(w) ***Net proceeds***, when used in the context of loan asset sales, mean the amounts paid by the purchasers less all seller transaction costs (such as underwriting, rating agency, legal, financial advisory, and due

diligence fees) that are paid out of the gross sales proceeds rather than paid as direct obligations by the agency. The net proceeds from the sale of an equity partnership are the same as defined above plus an estimate of the net present value of future cash inflows to the Government from the sale.

(x) ***Program account*** means a budget account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy cost to the financing account. Program accounts usually receive a separate appropriation for administrative expenses.

(y) ***Reestimates*** mean revisions of the subsidy cost estimate of a cohort (or risk category) based on information about the actual performance and/or estimated changes in future cash flows of the cohort. Reestimates must be made immediately after the end of each fiscal year, as long as any loans in the cohort are outstanding, unless a different plan is approved by OMB (see section 185.6). An upward reestimate indicates that insufficient funds had been paid to the financing account, so the increase (plus interest on reestimates) is paid from the program account to the financing account to make it whole. Permanent indefinite budget authority is available for this purpose pursuant to section 504(f) of the FCRA. A downward reestimate indicates that too much subsidy had been paid to the financing account. The excess (plus interest) is disbursed to a downward reestimate receipt account.

(z) ***Risk categories*** mean subdivisions of a cohort of direct loans or loan guarantees into groups that are relatively homogeneous in cost, given the facts known at the time of obligation or commitment. They are developed by agencies in consultation with the OMB representative with primary budget responsibility for the credit account. The number will depend on the size of the difference in subsidy cost between categories and the ability to predict it statistically based on facts known at origination.

Risk categories will group all direct loans or loan guarantees within a cohort that share characteristics predictive of defaults and other costs. They may be defined by characteristics or combinations of characteristics of the loan, the project financed, and/or the borrower. Examples of characteristics or indicators that may predict cost include:

- The loan-to-value ratio;
- The relationship between the loan interest rate and relevant market rates;
- Type of school attended for education loans;
- Country risk categories for international loans; and
- Various asset or income ratios.

Statistical evidence must be presented, based on historical analysis of program data or comparable credit data, concerning the likely costs of defaults, other deviations from contract, or other costs that are expected to be associated with the loans in that category.

(aa) ***Subsidy estimates*** mean estimates of budget authority and outlays for direct loan and loan guarantee subsidy costs for a cohort or risk category of direct loans or loan guarantees. Like budget estimates for non-credit programs, the budget includes both Presidential policy subsidy estimates and baseline subsidy estimates. Baseline subsidy estimates project the current year (CY) levels of subsidy costs into the outyears based on laws already enacted. Presidential policy subsidy estimates reflect the effect on subsidy costs of policies included in the budget, including any proposed legislation that would affect subsidy costs. See section 185.5 for guidance on calculating subsidy estimates.

(ab) ***Work-outs*** mean plans that offer options short of default or foreclosure for resolving troubled loans or loans in imminent default, such as deferring or forgiving principal or interest, reducing the borrower's interest rate, extending the loan maturity, or postponing collection action. Work-outs are expected to minimize the cost to the Government of resolving troubled loans or loans in imminent default. They should only be utilized if it is likely that the borrower will be able to repay under the terms of the work-out and if the cost of the work-out is less than the cost of default or foreclosure. For post–1991 direct

loans and loan guarantees, the expected effects of work-outs on cash flow are included in the original estimate of the subsidy cost. Therefore, to the extent that the effects of work-outs on cash flow are the same as originally estimated, they do not alter the subsidy cost. If the effects on cash flow are more or less than the original estimate, the differences are included in reestimates of the subsidy and are not a modification.

185.4 Are there special requirements for reporting Antideficiency Act violations?

Yes. The special requirements for credit programs are provided in section 145.3.

185.5 How do I calculate the subsidy estimate?

(a) *General.*

You must provide subsidy estimates for both Presidential policy and the baseline for all budget accounts that have post–1991 direct loan obligations or loan guarantee commitments or that have modifications of pre–1992 direct loan or loan guarantee contracts. You must make subsidy estimates for each risk category. Under section 503(a) of the FCRA, OMB has the final responsibility for determining subsidy estimates, in consultation with the agencies.

Use the OMB Credit Subsidy Calculator to discount all agency-generated estimates of cash flows to and from the Government. The OMB Credit Subsidy Calculator and documentation provide an explanation and example of the discounting method and how the subsidy rate is calculated. All agencies must use the OMB Credit Subsidy Calculator and discount rates to ensure government-wide comparability and uniformity of discounting. These can be obtained from the OMB representative with primary budget responsibility for the credit account.

Direct loan and loan guarantee subsidy costs are defined in sections 185.3(f) and (o). The subsidy cost is the estimated long-term cost to the Government of direct loans or loan guarantees calculated on a net present value basis, excluding administrative costs. For budget formulation (and execution), subsidy estimates are to be based on the economic and technical assumptions underlying the President's budget that is submitted for the fiscal year in which the funds will be obligated. For CY, this means using the economic and technical assumptions underlying the BY subsidy estimates contained in the President's budget for the previous year (adjusted for changes in terms of the contract or legislation enacted since the budget was transmitted; see section 185.24). For BY through BY+4, this means using the economic and technical assumptions in the President's budget that will be submitted for BY.

For loans made, guaranteed, or modified in FY 2001 and thereafter, the cash flow that is estimated for each year (or other time period) is discounted using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement as that cash flow; for example, a cash flow expected to occur one year after the date of disbursement will be discounted at the one-year zero-coupon Treasury rate. The discount rate assumptions for the budget will be provided by OMB in a file for use with the OMB Credit Subsidy Calculator.

For purposes of calculating loan guarantee subsidy estimates, the loan guarantee commitment is the full principal amount of the loan that is guaranteed, not just the portion guaranteed by the Government.

(b) *Presidential policy subsidy estimates.*

Make separate subsidy estimates for all programs (discretionary and mandatory) for CY and BY. The steps for calculating the presidential policy estimates of subsidy budget authority and outlays (including negative subsidies) for a cohort (or risk category) of direct loans and loan guarantees are as follows:

- *Step 1.* Estimate the cash flows to and from the Government for the cohort of direct loans or loan guarantees obligated or committed in that year, for that year and each subsequent year for the life of the direct or guaranteed loan. If you have not finalized the requested amount of obligations or commitments, you may use any amount to calculate the subsidy estimate as long as the cash flows you have developed are based on that same amount. Discount these cash flows to the point of loan disbursement using the OMB Credit Subsidy Calculator. The difference between the present value of the cash outflows and inflows is the total subsidy (i.e., the subsidy cost) for the obligations or commitments made in that year.

- *Step 2.* (Performed automatically by the OMB Credit Subsidy Calculator.) Calculate the subsidy rate for the cohort by dividing the subsidy cost by the direct loan obligations or loan guarantee commitments made in that year.

- *Step 3.* When the requested amount of direct loan obligations or loan guarantee commitments has been finalized, multiply the subsidy rate by the direct loan obligations or loan guarantee commitments to calculate budget authority (or offsetting receipts, in the case of negative subsidies) for the subsidy cost.

- *Step 4.* Subsidy outlays for each fiscal year are equal to the subsidy cost for all loans disbursed in that year, whether the loans or guarantees were obligated or committed in that year or in prior years.

(c) *Baseline subsidy estimates.*

The steps for calculating the baseline estimates of subsidy budget authority and outlays (including negative subsidies) for a cohort (or risk category) of direct loans and loan guarantees are as follows:

- *Step 1.* For discretionary programs, inflate the subsidy budget authority enacted for CY (the base year) to calculate the subsidy budget authority for BY through BY+4. The inflator is the annual adjustment factor for non-pay costs (the gross domestic product chain-type price index) provided in the economic assumptions for the President's budget that will be submitted for BY.

- *Step 2.* For mandatory programs, first calculate the subsidy rate as described above under "presidential policy estimates," excluding the effects of any legislative proposals. Then multiply the subsidy rate by the baseline estimate of demand for loans to calculate the subsidy BA.

- *Step 3.* For any programs with negative subsidies, first calculate the subsidy rate as described above under "presidential policy estimates," excluding the effects of any legislative proposals. Then multiply the subsidy rate by the baseline estimate of demand for loans, constrained by the estimated limitation, to calculate the amount of offsetting receipts. The limitation should be estimated by inflating the CY enacted limitation using the annual adjustment factor for non-pay costs (the gross domestic product chain-type price index) provided in the economic assumptions for the President's budget that will be submitted for BY.

- *Step 4.* Subsidy outlays for each fiscal year are equal to the subsidy cost for all loans disbursed in that year, whether the loans or guarantees were obligated or committed in that year or in prior

years. For CY only, the total also includes outlays for reestimates and interest on reestimates. First calculate outlays expected from disbursements of loans obligated or committed in prior fiscal years; for example, the subsidy cost of a direct loan obligated in CY that disburses equally over 2 years will outlay 50 percent in the first year (CY) and 50 percent in the second year (BY). Then add outlays from disbursements of loans obligated or committed in that year. For CY only, you should also add outlays for reestimates and (although it is not part of the subsidy as such) add outlays for interest on reestimates.

185.6 How do I calculate reestimates?

(a) *General.*

Subsidy reestimates are made on direct loans and loan guarantees that have been disbursed. They are recorded in the current year column of the budget. (For example, the subsidy for direct or guaranteed loans disbursed during 1999 would be reestimated during 2000 and would be recorded in the 2000 column of the FY 2001 Budget.) A closing reestimate should be made once all the loans in the cohort have been repaid or written off.

Two different types of reestimates are made:

- Interest rate reestimates, for differences between discount rate assumptions at the time of formulation (the same assumption is used at the time of obligation or commitment) and the actual interest rate(s) for the year(s) of disbursement; and

- Technical reestimates, for changes in technical assumptions.

Interest rate reestimates of the subsidy cost of a cohort of direct loans or loan guarantees must be made when a cohort has substantially disbursed (i.e., when at least 90 percent of the direct loans or guaranteed loans have been disbursed). The computation should be made after the close of the fiscal year in which this criterion is met, unless a later time within the same fiscal year is approved by the OMB representative with primary budget responsibility for the credit account. You may calculate interest rate reestimates more frequently than under this requirement, including a final interest rate reestimate when the cohort has fully disbursed. If you decide to do so, consult with the OMB representative with primary responsibility for the account.

An interest rate reestimate will be made to adjust the subsidy estimate for the difference between the discount rates estimated at the time of formulation (the same assumptions are used at the time of obligation or commitment) and the actual interest rate(s) prevailing during the year(s) of disbursement. To calculate the size of this effect, all other assumptions (disbursement rates, default rates, etc.) must be identical to those used to calculate the original subsidy estimate. For those programs with variable interest rate supplements to the lender or with variable interest rates charged to the borrower, the original cash flow projections are adjusted to incorporate the actual interest rate(s) prevailing during the year(s) of disbursement and are subsequently adjusted after the end of each year so long as the loans are outstanding. Those programs that benchmark to Treasury rates for borrower's interest rates or interest subsidies to lenders will also update cashflow assumptions for the actual Treasury interest rates.

Technical reestimates of the subsidy cost of a cohort of direct loans or loan guarantees must be made after the close of each fiscal year as long as the loans are outstanding, unless a different plan is approved by the OMB representative with primary budget responsibility for the credit account. The different plan might be with regard to the time when reestimates are made within the year or the frequency of reestimates. If the plan allows reestimates to be made less frequently than every year, it should require reestimates to be made for any year when any one of the following four conditions is met:

(1) When required based on periodic schedules established in coordination with OMB, consistent with the unique attributes of each program (e.g., initially every two years after the cohort has been substantially disbursed, then every five years);

(2) When a major change in actual versus projected activity is detected (e.g., a loan that is large relative to the size of the portfolio goes into default or prepays substantially earlier than expected);

(3) When a material difference is detected through monitoring triggers developed in coordination with OMB. The triggers would focus on major data elements (e.g., total projected versus total actual cohort collections) rather than in-depth individual cohort analysis. Agencies should focus on a few major loan elements recognizing there are different key elements applicable to each program and different reporting problems; and

(4) When a cohort is being closed out.

Technical reestimates are made for all changes in assumptions other than interest rates. This type of reestimate compares the subsidy estimate that already includes any reestimate for actual interest rates with a reestimated subsidy using updated technical information (for defaults, fees, recoveries, etc.) as well as actual interest rates.

The purpose of technical reestimates is to adjust the subsidy estimate for differences between the original projection of cash flows (as estimated at obligation) and the amount and timing of cash flows that are expected based on actual experience, new forecasts about future economic conditions, and other events and improvements in the methods used to estimate future cash flows. Because actual cash flows are experienced every year and the ability to forecast future years also changes, this reestimate must be done after the end of every fiscal year as long as any loans are outstanding (except as provided above).

Reestimates must be made separately for each cohort. If a cohort is divided into risk categories, each risk category within a cohort must be reestimated separately. The reestimate will then be compared with the previous estimate. For this purpose, all details of the previous subsidy estimates by risk category should be retained in program records.

The requirements for recording reestimates in the budget and the financial statements are not identical. For both interest rate and technical reestimates, you should record reestimates in the budget whenever they have been made for the financial statements even if they are not otherwise required for the budget under the criteria of this chapter (e.g., if interest rate reestimates are made before the cohort is substantially disbursed, or if technical reestimates are made more often than under a plan OMB has approved). You should also be sure to record reestimates in the budget whenever they are required for the budget under the criteria of this section, even if they are not required for the financial statements (e.g., if reestimates are not material for the financial statements). Whenever reestimates are made less frequently than every year, the reestimate should cover cumulatively the entire period since the last reestimate.

(b) *Calculating interest rate reestimates.*

Use the following procedures to calculate interest rate reestimates, unless an alternative method has been approved by OMB. For further details, see the instructions accompanying the OMB reestimate worksheets and the OMB Credit Subsidy Calculator. Tools to assist with these calculations are available from the OMB representative with primary budget responsibility for the credit account.

- *Step 1*. Start with the original cash flows used to estimate the subsidy at obligation (on a risk category basis).

- *Step 2*. Reestimate the subsidy rate using the OMB Credit Subsidy Calculator. The Calculator will use the actual average annual interest rates for the year in which the loans were disbursed.

For programs that disburse over more than one year, the calculator will determine a disbursement-weighted average discount rate (for cohorts before 2001) or single effective rate (for cohorts 2001 and after) based on actual average annual interest rates for each year in which loans have disbursed and the original disbursement assumptions. The Calculator will calculate a revised subsidy rate for the entire cohort.

- *Step 3*. Calculate the percentage point difference between this revised subsidy rate and the subsidy rate estimated at the time of obligation. For example, if the subsidy rate estimated at the time of obligation is 7 percent and the revised subsidy rate is 9 percent, then this difference is 2 percentage points.

- *Step 4*. Multiply the dollar value of actual loan disbursements to date by the percentage point difference in the subsidy rates. For example, using the case in step 3, if $100 million in loans have been disbursed, then this amount would be $2 million ($100 million multiplied by 2 percentage points). The product is the cumulative interest rate reestimate.

- *Step 5*. To derive the additional interest rate subsidy reestimate for the current year, deduct previous interest rate reestimates (if any) (see (d) below).

(c) *Calculating technical reestimates.*

There are two methods for calculating technical reestimates: the traditional approach and the balances approach. Under the traditional approach, reestimates are performed by revising the original subsidy estimate cash flows to incorporate any available actual data and to update future year projected data for any changes in assumptions. Under the balances approach, reestimates are performed by comparing the net present value of projected future cash flows to the balance in the financing account. Agencies must receive approval from OMB before implementing the balances approach. Starting with the 2008 cohort, agencies will be required to perform both traditional and balances approach reestimates.

(1) *Traditional approach.*

Tools are available from the OMB representative with primary budget responsibility for the credit account to assist with these calculations. For further details, see the instructions accompanying these OMB tools.

- *Step 1*. Reestimate the subsidy percentage for each risk category using actual cash flows to the date of reestimate and updated expectations of delinquencies, defaults, fees, recoveries, and other technical conditions, using the disbursement-weighted average discount rate (for cohorts before 2001) or single effective rate (for cohorts 2001 and after) calculated in the first technical reestimate after the cohort is 90% disbursed. If the cohort is not 90% disbursed, the discount rate will be the disbursement-weighted average discount rate or single effective rate calculated at budget formulation. Use the OMB Credit Subsidy Calculator to generate the revised subsidy rate.

- *Step 2*. Calculate the percentage point difference between this revised subsidy rate and the subsidy rate used at the time of obligation, or, if applicable, the revised subsidy rate calculated in the most recent interest rate reestimate. For example, if the subsidy rate used at the time of obligation is 7 percent and the revised subsidy rate is 5 percent, then the difference is –2 percentage points.

- *Step 3*. Multiply the dollar value of actual loan disbursements to date by the percentage point difference in subsidy rates that was calculated in step 2. For example, using the case in step 2, if $100 million in loans have been disbursed, then this amount would be –$2 million ($100 million multiplied by –2 percentage points). The product is the technical reestimate.

The amount calculated in step 3 is the cumulative technical reestimate. Deduct previous technical reestimates to derive the additional technical subsidy reestimate for the current year (see (d) below).

(2) *Balances approach.* For details on calculating technical reestimates under the balances approach, contact the OMB representative with primary responsibility for the program. Tools to assist in these calculations are available from the OMB representative with primary budget responsibility for the credit account.

(3) *Combined traditional and balances approach.* For details on calculating combined traditional and balances approach reestimates, contact the OMB representative with primary responsibility for the program.

(d) *Calculating the total reestimate.*

The total reestimate is the sum of the interest rate reestimate, if any, and the technical reestimate for the current year. To calculate the total reestimate:

- *Step 1*. Add the cumulative interest rate reestimate (not including interest on reestimates) and the cumulative technical reestimate calculated in (b) and (c) above.

- *Step 2*. Subtract all reestimates (not including interest on reestimates) that have been recorded in previous budgets and outlays which have been apportioned for credit modifications, as defined by section 185.3(r). This remainder is the total reestimate for the current year.

(e) *Calculating interest on reestimates.*

Interest on reestimates is the amount of interest that would have been earned or paid by each cohort on the total reestimate, if that reestimate had been included as part of the original subsidy estimate. It is paid on the amount of the reestimate by the program account (for upward reestimates) or the financing account (for downward reestimates). The purpose is to put the financing account in the same position as if the subsidy cost had been estimated in the first place using the information that is incorporated in the reestimate. The interest rate to calculate the interest on reestimates is the same rate that is used to discount cash flows for the cohort.

Interest on reestimates is calculated automatically by the OMB subsidy reestimate tools. To calculate the interest on the reestimate:

- *Step 1*. Calculate the percentage point difference between the reestimated subsidy rate and the original subsidy rate used at the time of obligation.

- *Step 2*. For each year in which loans were disbursed, multiply the dollar value of actual loan disbursements by the percentage point difference calculated in step 1. These amounts are the total subsidy reestimates for each year.

- *Step 3*. Calculate interest on reestimates for each of the annual amounts calculated in step 2, using the disbursement-weighted average discount rate or single effective rate calculated in the first technical reestimate after the cohort is 90% disbursed. If the cohort is not 90% disbursed, the discount rate will be the disbursement-weighted average discount rate (for cohorts before 2001) or single effective rate (for cohorts 2001 and after) calculated at budget formulation.. The interest is compounded from the year of initial disbursement to the year for which the reestimate is made. This calculation produces the interest on reestimates for each year of disbursements.

- *Step 4.* Add the interest on reestimates for each year of disbursement. This is the interest on reestimates. These amounts will be recorded in the same way as the total subsidy reestimates except that they will be recorded as "interest on reestimates of direct loan subsidy" or as "interest on reestimates of loan guarantee subsidy."

(f) *Reestimate increases/decreases.*

All increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other; that is, risk categories which require increased subsidies may first draw on the excess from any risk categories within the cohort where the reestimate shows a subsidy decrease. No such netting may occur between cohorts.

If the reestimate indicates a net increase in the subsidy cost of the cohort as a whole since the last estimate or reestimate, an obligation in the amount of the net increase (plus interest) must be recorded against permanent indefinite budget authority available to the program account for this purpose. The obligation must be recorded separately in the program and financing schedule as "reestimates of direct loan subsidy" or as "reestimates of loan guarantee subsidy" (and as "interest on reestimates of direct loan subsidy" or as "interest on reestimates of loan guarantee subsidy"), so that it can be distinguished from obligations for the subsidy cost of new loans and loan guarantees. An equal amount of outlays from the program account to the financing account will be recorded when the reestimate is made. The interest rate to calculate the interest on upward reestimates is the same rate that is used to discount cash flows for the cohort.

When outlays for reestimates are recorded in the credit program account, an equal amount of offsetting collections will be recorded in the appropriate risk categories in the financing account. In the case of direct loans, the offsetting collections from the program account, together with repayments from borrowers, will be used to pay interest and repay principal on borrowing from Treasury and for other expenses. In the case of loan guarantees, the offsetting collections will be retained as unobligated balances, together with the unobligated balances of the original subsidy payment, fees, and interest, until needed to pay default claims and other expenses. Any unused balances of collections due to the reestimate will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.

If the reestimate indicates a net decrease in the subsidy cost of the cohort as a whole since the last estimate or reestimate, there is a downward reestimate. To keep the correct amount of balances in the financing account, an obligation and a financing disbursement in the amount of the net decrease (plus interest on the reestimate) must be recorded in the financing account. In the case of direct loans, the obligation will be financed with authority to borrow from the Treasury. In the case of loan guarantees, the obligation will be financed with unobligated balances. The obligation will be recorded in the program and financing schedule as "payment of downward reestimates" (and as "interest on downward reestimates"). The interest rate to calculate the interest on downward reestimates is the same rate that is used to discount cash flows for the cohort.

As a general rule, the financing disbursement for a downward reestimate (plus interest on the reestimate) will be made from the financing account to a general fund downward reestimate receipt account established for each credit program. The receipts will be recorded as offsetting receipts, which will offset the total budget authority and outlays of the agency and the budget subfunction of the program. However, at the discretion of the OMB representative with primary responsibility for the program, a special fund receipt account may instead be established.

If a special fund receipt account is used for the credit program and already exists, the downward reestimates and interest on reestimates will be recorded in a subaccount rather than a new special fund receipt account. Schedule N is required for these special funds (see section 86.4). When a special fund receipt account is used, the receipts from downward reestimates and interest on reestimates, like those from negative subsidies, are only available for obligation to the extent provided in advance in

appropriations acts (except for mandatory programs, where they are immediately available for obligation). The normal provisions still apply: discretionary appropriations are required for discretionary subsidy costs, modifications, and administrative costs; mandatory appropriations are available for upward reestimates and mandatory programs.

(g) *Closing reestimates.*

Agencies will make a closing technical reestimate once all of the loans in a cohort have been either repaid or written off. This reestimate will be based on actual accounting systems data and will be used in closing the accounting books for the cohort. All the procedures are applied that are described above for the technical reestimate and interest on reestimates. Closing entries will be made in the accounting records.

The increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other; that is, risk categories which require increased subsidies may first draw on the excess from any risk categories within the cohort where the reestimate shows a subsidy decrease. No such netting may occur between cohorts.

185.7 How do I calculate and record modifications?

When a direct loan or loan guarantee is modified, the subsidy cost of the modification must be calculated. The subsidy cost calculation will indicate whether the Government action changes the subsidy cost. If there is no change in cost, there will be no budgetary effect, and nothing needs to be recorded in the budget. If the modification will increase or decrease the cost, the budgetary effect must be recorded as described under modification cost increases/decreases below. Additional transfers to or from the financing account will be required, with the type of transfer depending on whether the modification affects pre–1992 or post–1991 direct loans and loan guarantees. These additional transfers are described in a separate subsection below.

The subsidy cost of the modification is the difference between the estimate of the net present value of the remaining cash flows for the direct loan or loan guarantee before and after the modification. The estimate of remaining cash flows before modification must be the same as assumed in the baseline for the most recent President's budget. The estimate of remaining cash flows after modification must be the pre-modification cash flows adjusted solely to reflect the effects of the modification.

(a) Estimating the modification subsidy cost.

The modification subsidy cost is calculated using the steps below (where cash flows to the Government have positive signs and cash flows from the Government have negative signs. Note: If you are using cashflows prepared for the Credit Subsidy Calculator, you may need to adjust the signs for the following modification calculation.). <u>These steps must be followed for each cohort affected by the modifying action.</u>

- ***Step 1*. Calculate the net present value of remaining pre-modification cash flows**. Use the reestimated cash flows from the most recent President's budget. If applicable, exclude prior year cash flow data; calculations should be made using only the estimated flows for the current and future years. Discount these cash flows using the discount rates assumed in formulating the subsidy estimates in the President's Budget for the year in which the modification takes place. For example, if the modification will occur in 2005, then the discount rates used to discount the cash flows will be the interest rates used to formulate the 2005 President's Budget.

- ***Step 2*. Calculate the net present value of remaining post-modification cash flows**. Use the same cash flows used in step 1 above, modified only to reflect the effect of the modification. Do not alter the cash flows to reflect any other changes that may have occurred between the most

recent President's Budget and the time of the modification. Use the same discount rates as in step 1 above to discount these post-modification cash flows. If a loan asset is sold, in most cases the post-modification cash flows will be the net proceeds expected from the sale (see section 185.8) and no discounting is necessary. Contact your OMB representative with questions on calculations for loan asset sales.

- ***Step 3*. Compute the cost of the modification.** This is equal to step 1 minus step 2. The results of this calculation will be positive, negative, or zero. A positive estimate indicates that the Government will incur an additional subsidy cost because of the modification. A negative estimate indicates that the Government is achieving savings.

(1) *Cost increases*. Modifications may be made only to the extent that budget authority for the additional cost has been provided in advance in an appropriations act and is available in the program account. At the time that a modification is made, record an obligation in the amount of the estimated increase in subsidy cost against budget authority in the program account. At the same time, record an outlay in the amount of the increase in the subsidy cost from the program account to the appropriate direct loan or guaranteed loan financing account. Simultaneously, record an equal amount of offsetting collections in the financing account.

In the case of *direct loans*, the offsetting collections in the financing account will be credited to the cohort and risk category of the modified loan and will be used to pay interest and to repay debt owed to Treasury and for other expenses. In the case of *loan guarantees*, the offsetting collections will be credited to the cohort and risk category of the modified loan guarantee and will be retained as unobligated balances until needed to pay default claims and other expenses. The additional balances due to the modification will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.

(2) *Cost decreases.* At the time that a modification is made, record an obligation in the amount of the estimated decrease in subsidy cost in the financing account. In the case of a direct loan modification, record the obligation against authority to borrow from the Treasury. In the case of a loan guarantee, record the obligation against unobligated balances for the cohort, or if unobligated balances are insufficient, against authority to borrow. At the same time, record in the financing account an equal disbursement to the negative subsidy receipt account established for each credit program.

See sections 185.10, 185.11, and 185.30 for additional information on recording these transactions for budget formulation and execution.

(b) Estimating the modification adjustment transfer.

The above calculation is the cost of the modification. However, for post–1991 direct loans or loan guarantees, an additional calculation must be accomplished to account for the disconnect between the discount rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest. If the only transfer made between the financing account and the general fund was for the change in the subsidy cost, the resources of the financing account would be out of balance. This imbalance is corrected by a modification adjustment transfer between the financing account and the general fund. The transfer is not an outlay or an offsetting collection because it does not represent a cost to the Government of the loan or the guarantee. Instead, it is a facilitating adjustment that makes the present value of the assets and liabilities held by the financing account come out even.

To compute the modification adjustment transfer, one needs to follow the following steps:

- ***Step 4*. Calculate the net present value of remaining pre-modification cash flows using cohort interest rates**. Take the pre-modification cash flows from step 1 and compute the net present value of these cash flows using the applicable cohort interest rate (as opposed to the President's Budget formulation discount rates used in step 1).

- ***Step 5*. Calculate the net present value of remaining post-modification cash flows using cohort interest rates.** Take the post-modification cash flows from step 2 and compute the net present value of these cash flows using the applicable cohort interest rate (as opposed to the President's Budget formulation discount rates used in step 2).

- ***Step 6.* Compute the difference between step 4 and step 5.** This is equal to step 4 minus step 5.

- ***Step 7.* Compute the modification adjustment transfer (MAT).** This is equal to step 6 minus step 3. If the MAT is negative, then the MAT should be transferred from the financing account to the general fund. If the MAT is positive, then the MAT should be transferred from the general fund to the financing account.

If the financing account makes a modification adjustment transfer to the general fund, this transfer is recorded on line 6927, "Capital transfer to general fund." The transfer and the modification subsidy cost together produce the following transactions with Treasury:

- If a loan guarantee is modified, the financing account's offsetting collection for the modification cost increases the unobligated balance (line 2440). The capital transfer to the general fund reduces the amount by which the unobligated balance is increased. (The amount of the increase shown on line 2440 is net of the capital transfer.) Subsequent interest earnings on the addition to the balance are lower than they would have been without the capital transfer.

- If a direct loan is modified, the financing account's offsetting collection for the modification cost is used to reduce debt owed to Treasury (line 6947, "Portion applied to debt reduction"). The capital transfer reduces the amount by which the debt is reduced. (The amount of the increase shown on line 6947 is net of the capital transfer.) Subsequent interest paid to Treasury is higher than it would have been without the capital transfer.

- The general fund will collect the modification adjustment transfer in a non-budgetary capital transfer receipt account. There will be one receipt account to collect the modification adjustment transfers from all financing accounts.

If the financing account receives a modification adjustment transfer from the general fund, this is recorded in the financing account as a permanent appropriation (line 6000, "Appropriation"). The transfer and the modification subsidy cost together produce the following transactions with Treasury:

- If a loan guarantee is modified, the financing account's offsetting collection for the modification cost increases the unobligated balance (line 2440). The modification adjustment transfer also increases the unobligated balance (line 2440). Subsequent interest on uninvested funds is higher than it would have been without the modification adjustment transfer.

- If a direct loan is modified, the offsetting collection for the modification cost is used to reduce debt owed to Treasury (line 6947, "Portion applied to debt reduction"). The modification adjustment transfer is also used to reduce debt owed to Treasury (line 6047, "Portion applied to debt reduction"). Subsequent interest paid to Treasury is lower than it would have been without the modification adjustment transfer.

(c) Additional financing account transfers for modifications of pre–1992 direct loans and loan guarantees.

When modifications are made to pre–1992 direct loans and loan guarantees, the immediately following approach (#1) should be used, unless the OMB representative for the credit program approves using the alternative approach (described in #2 below).

1) *Transfer of asset or liability to financing account*. Pre–1992 direct loans and loan guarantees are held in liquidating accounts until they are modified. When they are modified, they are "purchased" from the liquidating account by the financing account. The direct loan asset or loan guarantee liability will be transferred from the liquidating account to the financing account, and a one-time adjusting payment will be made between the two accounts. The adjusting payment will equal the estimated net present value of the pre-modification cash flows. At the same time, the cost (or savings) of the modification will flow to or from the financing account. When the transaction is complete, the newly modified loan or guarantee will reside in the financing account. This process is accomplished by the following steps:

- ***Step 1*. Calculate the net present value of remaining pre-modification cash flows**. Calculations should be made using only the baseline estimated net cash flows in the liquidating account from the most recent President's Budget for the current and future years. Discount these cash flows using the discount rates assumed in formulating the subsidy estimates in the President's Budget for the year in which the modification takes place. For example, if the modification will occur in 2004, then the discount rates used to discount the cash flows will be those used to formulate the 2004 President's Budget.

- ***Step 2*. Calculate the net present value of remaining post-modification cash flows**. Use the same cash flows as in step 1 above, modified only to reflect the effect of the modification. Do not alter the cash flows to reflect any other changes that may have occurred between the most recent President's Budget and the time of the modification. Use the same discount rates as in step 1 above to discount these post-modification cash flows. If a loan asset is sold, in most cases the post-modification cash flows will be the net proceeds expected from the sale (see section 185.8) and no discounting is necessary. Contact your OMB representative with questions on calculations for loan asset sales.

- ***Step 3*. Compute the adjusting payment.** If the net present value computed in step 1 above is positive (representing future collections to the government), then the adjusting payment for the purchase of the loan or guarantee will flow from the financing account to the liquidating account to compensate the liquidating account for this loss of expected inflow. An obligation and a disbursement will be recorded in the financing account in the amount of the adjusting payment. The liquidating account will record offsetting collections equal to the adjusting payment, which it will use to repay debt owed to Treasury or to transfer to the general fund as a capital transfer.

- If the net present value computed in step 1 above is negative (representing future claims on the government), then the adjusting payment will flow from the liquidating account to the financing account to compensate the financing account for its new burden of expected outflows. Unobligated balances and permanent indefinite appropriations to the liquidating account will be used to make the payment. Outlays will be recorded in the liquidating account in the amount of the payment when it is made. The financing account will record an equal amount of offsetting collections.

- ***Step 4.* Compute the cost of modification**. This is equal to step 1 minus step 2. The results of this calculation will be positive, negative or zero. If the cost is positive, this amount should be outlayed from the program account to the financing account. If the cost is negative (a savings),

then this amount should be paid from the financing account to the negative receipt account. For information on recording these transactions, see 185.7 (a) (1 and 2).

The adjusting payment computed in step 3 and the modification cost/savings computed in step 4 are moved simultaneously on the same governing apportionment. Either an adjusting payment or a modification savings (or both) may require the financing account to borrow funds from Treasury in order to accomplish the outflowing payment. If this occurs, collections from the assets purchased by the financing account will be used to pay interest and repay debt owed to Treasury.

2) *Assets retained by liquidating account.* Subject to the approval of the OMB representative for the credit program, some loans or guarantees may remain in the liquidating account after modification. This method might be used if a modification affects a large number of direct loans or loan guarantees and it would be less complicated for the liquidating account to retain the assets or liabilities. In these cases, the modification process is accomplished by the following steps:

- ***Step 1***. See step 1 in (c)(1) above.

- ***Step 2***. See step 2 in (c)(1) above.

- ***Step 3.*** **Compute the cost of modification**. This is equal to step 1 minus step 2. The results of this calculation will be positive, negative or zero. If the cost is positive, this amount should be outlayed from the program account to the financing account. The financing account will then obligate and disburse the same amount to the liquidating account to compensate it for the reduced asset or increased liability. The liquidating account will record offsetting collections, which it will use to pay current obligations or to repay debt. If the cost is negative (a savings), the liquidating account will use permanent indefinite authority to make a payment to the financing account equal to the modification savings. The financing account will consequently record offsetting collections, which it will pay to the negative subsidy receipt account for the credit program. Because both modification costs and savings result in equalizing flows among the program, financing, liquidating, and negative subsidy receipt accounts (as applicable), neither a modification cost nor savings directly causes a net change in the surplus or deficit. However, interest, repayments, default claims, and other loan cashflows may change both in that year and in future years.

See section 185.31 for specific guidance on reporting these transactions for budget execution.

(d) *Single cohort for modifications of pre–1992 direct loans or loan guarantees.*

All modifications of pre–1992 direct loans and loan guarantees for a given program will be accounted for in a single direct loan cohort or a single loan guarantee cohort.

185.8 What must I know about the sale of loan assets?

(a) *General.*

Under the Debt Collection Improvement Act of 1996, credit agencies with over $100 million in loan assets are expected to sell delinquent loan assets that meet the criteria described in (b). This applies to loan assets held by both liquidating and financing accounts. The cash flows used to calculate the baseline subsidy rates for existing cohorts should be adjusted to reflect this policy, as should the cash flows used to estimate the subsidy rates for future cohorts. Modifications of this policy that increase the cost will have to be covered by appropriations of subsidy budget authority. Differences between the estimated and actual sale proceeds due to market conditions will be treated as reestimates.

Agencies are also encouraged to explore selling performing loan assets to the extent such sales would benefit the Government. In such cases, the procedures, analysis, and methods for selling performing assets are the same for selling delinquent loan assets.

(b) *Loan asset sale criteria.*

Loan assets that are more than one year delinquent should be sold, except for the following categories of loans:

- Loans to foreign countries or entities.
- Loans in structured forbearance, when conversion to repayment status is expected within 12 months or after statutory requirements are met.
- Loans that are written off as unenforceable due to death, disability, or bankruptcy.
- Loans that have been submitted to Treasury for offset and are expected to be extinguished within three years.
- Loans in adjudication or foreclosure.

Performing loan assets may be sold as well, either alone or in conjunction with delinquent loan assets, to the extent that such sales provide benefits to either the program or the Government as a whole.

Agencies should consult the OMB representative with primary responsibility for the account to determine which loan assets meet these criteria.

(c) *Justification for non-compliance.*

If an agency can demonstrate that the present value of cash flows associated with continued Government ownership of the loan assets would exceed the expected sale proceeds, the agency may not be required to sell the loan assets. Also, if there is a serious conflict between selling loan assets and Administration policy for the program, and the agency can justify to the satisfaction of their OMB representative that the sale policy cannot be reconciled with the program policy, the agency may not be required to sell the loan assets. Agencies should consult with the OMB representative with primary responsibility for the program if they believe either of these tests would be met.

(d) *Cost of loan asset sales.*

If the cash flows for existing loans do not incorporate an explicit assumption about the sale of loan assets, the sale is a modification, whether the loan assets are held by financing accounts or liquidating accounts. Otherwise, the sale is part of the subsidy estimates for Presidential policy and the baseline, and differences between the estimated and actual sale proceeds are a reestimate.

If the sale is a modification, the cost would equal the difference between the net sale proceeds and the estimated value to the Government, on a present value basis, of continuing to own the loan asset (the "hold value"). The method for calculating the hold value is the same as for calculating the net present value of cash flows before modification, as outlined in section 185.7(a).

The modification cost of multiple sales with closing dates in the same fiscal year is the sum of the cost or saving calculated for each sale of loans within the same cohort or risk category. The closing date of a sale is the date on which the seller and the buyer(s) close the transaction and title of the assets legally transfer to the buyer(s). Therefore, for loans within the same cohort or risk category, a modification cost for one sale can be offset by a modification saving for a different sale within the same fiscal year. For sales that

include loans from more than one cohort or risk category, a single modification cost or savings is first calculated for all of the loans sold, and the cost or savings is subdivided among each of the cohorts or risk categories.

Loan assets that are sold with recourse are treated as a combination of a sale without recourse and a new loan guarantee. The cost of the provision for recourse is estimated separately from the cost of the loan asset sale, and the subsidy for its cost, as well as the cost of the implicit loan sale without recourse, must be appropriated in advance of the sale. Sales with recourse are not permitted except where they are specifically authorized by statute.

If the Government takes an equity stake (or participation) in the cash flow of the sold assets, such as a joint venture or equity-held sale, the net sale proceeds equal the actual cash proceeds plus an estimate of the present value of the proceeds from the Government's equity position, net of any transaction costs.

You may pay certain direct costs of loan asset sales from the gross proceeds of those sales. In general, the guidelines for whether an expense should be paid from the administrative expense appropriation or from asset sale proceeds are similar to those for determining whether an expense should be paid from the administrative expense appropriation to the program account or from the financing account (see section 185.3(a)). Generally, costs that may be paid from proceeds include:

- Underwriting;
- Rating agency;
- Due diligence;
- Legal; and
- Transaction financial advisory fees.

These costs are part of the cash flows used to calculate net sale proceeds to determine the modification cost of the sale (if the sale constitutes a modification) or to reestimate the subsidy cost on a cohort in which loan assets have been sold (if the sale is not a modification).

The costs of Government personnel, travel, computer systems, etc., associated with the development and execution of a loan asset sales program, as well as the cost of any contracts for asset sale program financial advisory services, should be paid from the agency=s administrative expense appropriation. Questions about whether a specific cost should be paid from the administrative expense appropriation or sale proceeds should be directed to OMB.

(e) *OMB review of sales.*

No sale may occur without the approval of the OMB examiner. After identifying loans that meet the criteria described in (b), agencies must develop a plan for selling these loans in consultation with their OMB examiner. In addition, at least 30 calendar days prior to the scheduled final bid day (the last date on which a buyer may submit a bid to the seller), the agency must submit for approval to the OMB representative with primary responsibility for the program the following information:

- The expected date of sale;
- A description of the loans to be sold (including balances, business program under which the loans were originated, and current payment status);
- The estimated hold value, with relevant supporting documents and analysis;
- The estimated net sale proceeds, with relevant supporting documents and analysis;

- The estimated modification cost, whether positive, negative, or zero; and

- An evaluation of relevant previous asset sales, including the hold values, net sale proceeds, and positive/negative subsidy generated from each, if applicable.

Three weeks after the sale, an agency must advise the OMB examiner of the actual amount of the proceeds realized from the sale and the actual amount of the transaction costs that were paid from the proceeds.

185.9 What are the budget formulation reporting requirements for credit accounts?

Each program making or having outstanding post–1991 direct loans or loan guarantees will have at least two and as many as six types of accounts, even if the Administration is proposing to terminate the program or the program has been previously terminated:

- A program account.
- A financing account for direct loan obligations, if any.
- A financing account for loan guarantee commitments, if any.
- A negative subsidy receipt account for negative subsidies, if any.
- A downward reestimate receipt account for downward reestimates, if any.
- A liquidating account for pre–1992 direct loans and loan guarantees, if any.

Generally, the print materials and MAX schedules required for credit program, financing, liquidating, and negative subsidy receipt accounts are listed below. References to applicable A–11 sections are also provided.

SUMMARY OF REQUIREMENTS

Requirement	Program	Financing	Liquidating	Receipt
Appropriations language (section 95)	✓			
Narrative statement (section 95)	✓	✓	✓	
Schedule P (PY-BY) (section 82)	✓	✓	✓	
Schedule O (PY-BY) (section 83)	✓		✓	
Schedule N (PY-BY) (section 86)	✓			
Schedule U (PY-BY) (section 185)	✓			
Schedule A (PY-BY+9) (section 81)	✓		✓	
Schedule S (CY-BY+9) (section 81)	✓		✓	
Schedule C (PY-BY) (section 84)	✓		✓	
Schedule H (PY-BY+9) (section 185)		✓	✓	
Schedule G (PY-BY+9) (section 185)		✓	✓	
Schedule R (PY-BY+9) (section 81)				✓
Schedule K (PY-BY+9) (section 81)				✓

Requirement	Program	Financing	Liquidating	Receipt
Schedule Y (CY-BY+9) (section 185)		✓	✓	
Schedule F (PY-1-PY) (section 86)		✓	✓	

Separate schedules are required for supplemental requests and proposed legislation items. These schedules show the effect of the supplemental request or proposed legislation on the information presented in the regular schedules for the program.

A written justification is required for all new credit programs or credit programs requiring reauthorization. The justification must address the Federal credit policies and guidelines contained in OMB Circular No. A–129.

185.10 What do I report for program accounts?

Program accounts are required for post–1991 direct loan obligations or loan guarantee commitments and for modifications of pre–1992 direct loans and loan guarantees. They record budget authority, obligations, and outlays for subsidy costs and the administrative expenses of a credit program (including administrative expenses for pre–1992 direct loans and loan guarantees). In most cases, current, definite budget authority is provided in appropriation acts for subsidy payments (except for entitlements, which have permanent indefinite budget authority) and administrative expenses. Permanent indefinite authority is available for reestimates and interest on reestimates.

(a) *Program and financing schedule (schedule P).*

Use the following line number scheme in the "obligations by program activity" section of the program and financing schedule (see exhibit 185A):

SELECTED P&F ENTRIES IN PROGRAM ACCOUNTS

Line number	Description
	OBLIGATIONS BY PROGRAM ACTIVITY:
0001	Direct loan subsidy
0002	Loan guarantee subsidy
0003	Subsidy for modifications of direct loans
0004	Subsidy for modifications of loan guarantees
0005	Reestimates of direct loan subsidy
0006	Interest on reestimates of direct loan subsidy
0007	Reestimates of loan guarantee subsidy
0008	Interest on reestimates of loan guarantee subsidy
0009	Administrative expenses

(b) *Object classification (schedule O).*

Record all direct expenses in the appropriate object class. To record subsidy obligations, use object class 41, “Grants, subsidies, and contributions.” For administrative expenses transferred to a salaries and expenses account, use object class 25.3, "Other purchases of goods and services from Government

accounts." In the salaries and expenses account receiving the transfer, record reimbursable obligations for administrative expenses using a "2" as the first digit of the line number. (See section 83 for more information about the classification of reimbursable programs in the object class schedule.)

(c) *Loan levels and subsidy (schedule U).*

Prepare a schedule of loan levels (see exhibit 185B), subsidy budget authority, subsidy rate, subsidy outlays, and reestimates for each program account. These data are displayed by program or by program and risk category. The titles of the stub entries should be tailored to identify the program to which each entry belongs. Note that some entries are reported by cohort while others (reestimates) are reported for combined cohorts. Although no outyear data are collected in schedule U, you may be required to provide outyear data by your OMB representative. Schedule U data is identified by a four-digit line number and a two-digit suffix. The four-digit number identifies data by category (e.g., direct loan subsidy budget authority). The two-digit suffix differentiates between the various risk categories reported in the schedule unless the line is a total line. **MAX will automatically generate the line entries indicated in** boldface.

DATA REQUIREMENTS FOR SCHEDULE U

Entry	Description
Direct loan levels supportable by subsidy budget authority**:**	
1150xx Direct loan levels	Equals the amount of direct loans that can be obligated with the subsidy budget authority available in that year. Include loan volume reestimates, if any, in PY. The loan volume reestimate should match schedule G in the financing account. For PY, enter the actual level of loans obligated, which may include limitation from carry forward or may be less than the full limitation appropriated. For CY, enter the expected level of loans to be obligated, including the unused portion of multi-year loan limitations that are carried forward. In the CY and PY, loan levels do not have to equal enacted loan limitations, as Congress may enact limitations that are not achievable with the subsidy budget authority provided. However, in the BY, loan levels supportable by the subsidy requested must equal the direct loan limitation. These data are required even if the subsidy rate is zero or negative.
115901 Total direct loan levels	The sum of all lines 1150.
Direct loan subsidy (in percent):	
1320xx Subsidy rate (+ or –)	The 1320 data line series presents data in percentages on the subsidy costs inherent in making a cohort of direct loans. In the PY column, the rate should be the actual execution rate. In the CY column use the budget execution rate. Note that the subsidy rate (in percent) must be rounded to the nearest hundredth of one percent and entered into MAX with decimal points. For example, enter 50.503 as 50.50; 5.05 percent as 5.05; and 0.5 percent as 0.5. Amounts should be shown, even if zero or negative.
132901 Weighted average subsidy rate	The disbursement weighted average sum of all lines 1320 above is automatically calculated by multiplying each subsidy rate detail line (lines 1320) by a weighting factor. The weighting factor is calculated by dividing the corresponding direct loan level (lines 1150) by the total direct loan level (line 1159). A weighted average subsidy rate should not be zero when a positive subsidy program is included in the calculation. For non-zero transmittal codes, this is the change to the subsidy rates reported under transmittal code zero, not the new rates.

Entry	Description
Direct loan subsidy budget authority:	
1330xx Subsidy budget authority (+ or –)	The 1330 data line series presents data in dollars on the subsidy costs inherent in making direct loans. In the PY column, the amount is equal to subsidy obligated. In the CY column, the amount will equal the amount appropriated for subsidies plus unobligated balances eligible to be carried forward. The BY column will show the requested subsidy amount and must agree with amounts in appropriations language. Report even if the subsidy is negative.
133901 Total subsidy budget authority	The sum of all lines 1330 above.
Direct loan subsidy outlays:	
1340xx Subsidy outlays (+)	The 1340 data line series presents data on the amount of positive subsidy disbursed in a given year for new direct loans. An outlay is recorded in the program account at the time of disbursement of the loan to the borrower. Report outlays from both new budget authority and from balances on this line.
134901 Total subsidy outlays	The sum of all lines 1340 above.
Direct loan upward reestimate:	
1350xx Upward reestimate	The 1350 data line series presents data on the amount of upward reestimate paid to the financing account in any given year. Report upward reestimates for all outstanding fiscal year cohorts for which upward reestimates are paid to the financing account. Report amounts in PY and CY only. Where possible, report amounts by risk category to correspond to the risk categories reported on lines 1150, 1320, 1330, and/or 1340.
135901 Total upward reestimate	The sum of all lines 1350 above.
Direct loan downward reestimate:	
1370xx Downward reestimate (–)	The 1370 data line series presents data on the amount of downward reestimate paid out of the financing account in any given year. Report downward reestimates for all outstanding fiscal year cohorts for which downward reestimates will be paid out of the financing account. Report amounts in PY and CY only. Where possible, report amounts by risk category to correspond to the risk categories reported on lines 1150, 1320, 1330, and/or 1340.
137901 Total downward reestimate	The sum of all lines 1370 above.
Guaranteed loan levels supportable by subsidy budget authority:	
2150xx Loan guarantee levels	Equals the full principal amount, not just the portion guaranteed by the Government, of guaranteed loans that can be supported by the amount of new subsidy budget authority requested or available in that year. Include loan volume reestimates, if any, in PY. The loan volume reestimate should match schedule H in the financing account. For PY and CY, the level of guaranteed loan commitments may include limitation from carryforward or may be less than the full limitation appropriated. In the BY, do not report the unused portion of multi-year loan guarantee limitations that are carried forward. In the PY and CY, loan levels do not have to equal enacted loan guarantee limitations, as Congress may enact limitations that are not achievable with the subsidy budget

Entry	Description
	authority provided. However, in the BY, loan levels supportable by the subsidy must equal the guaranteed loan limitation. These data are required even if the subsidy rate is zero or negative.
215901 Total loan guarantee levels	The sum of all lines 2150.
Guaranteed loan subsidy (in percent):	
2320xx Subsidy rate (+ or –)	The 2320 data line series presents data on the subsidy costs inherent in making a cohort of loan guarantees. In the PY, the rate should be the actual execution rate. In the CY column use the budget execution rate. Note that the subsidy rate (in percent) must be rounded to the nearest hundredth of one percent and entered into MAX with decimal points. For example, 50.503 percent will be entered as 50.50; 5.05 percent as 5.05; and 0.5 percent as 0.5. Amounts should be shown, even if zero or negative.
232901 Weighted average subsidy rate	The disbursement weighted average of all lines 2320 above is automatically calculated by multiplying each subsidy rate detail line (lines 2320) by a weighting factor. The weighting factor is calculated by dividing the corresponding guaranteed loan level (lines 2150) by the total guaranteed loan level (line 2159). For non-zero transmittal codes, this is the change to the subsidy rates reported under transmittal code zero, not the new rates.
Guaranteed loan subsidy budget authority:	
2330xx Subsidy budget authority (+ or –)	The 2330 data line series presents data in dollars on the subsidy costs inherent in making a cohort of guaranteed loans. It does not include unobligated balances eligible to be carried forward for BY and CY. For PY only, budget authority should reflect both new and carry forward used. In the CY column, the amount will equal the amount appropriated for subsidies plus unobligated balances eligible to be carried forward. The BY column will show the requested subsidy amount and must agree with amounts in appropriations language. Report even if the subsidy is zero or negative.
233901 Total subsidy budget authority	The sum of all lines 2330 above.
Guaranteed loan subsidy outlays:	
2340xx Subsidy outlays (+ or –)	The 2340 data line series presents data on the amount of subsidy disbursed in a given year for new loan guarantees. An outlay is recorded in the program account at the time the lender disburses the loan to the borrower. Report outlays from both new budget authority and from balances on this line. Report even if the subsidy is negative.
234901 Total subsidy outlays	The sum of all lines 2340 above.
Guaranteed loan upward reestimate:	
2350xx Upward reestimate	The 2350 data line series presents data on the amount of upward reestimate paid to the financing account in any given year. Report upward reestimates for all outstanding fiscal year cohorts for which upward reestimates are paid to the financing account. Report amounts in PY and CY only. Where possible, report amounts by risk category to correspond to the risk categories reported on lines 2150, 2320, 2330, and/or 2340.

Entry	Description
235901 Total upward reestimate	The sum of all lines 2350 above.
Guaranteed loan downward reestimate:	
2370xx Downward reestimate (–)	The 2370 data line series presents data on the amount of downward reestimate paid out of the financing account in any given year. Report downward reestimates for all outstanding fiscal year cohorts for which downward reestimates will be paid out of the financing account. Report amounts in PY and CY only. Where possible, report amounts by risk category to correspond to the risk categories reported on lines 2150, 2320, 2330, and/or 2340.
237901 Total downward reestimate	The sum of all lines 2370 above.
Administrative expense data:	Report lines 3510–3590 for all program accounts.
351001 Budget authority	Budget authority provided or requested for administrative expenses for both direct and guaranteed loan programs.
358001 Outlays from balances	Outlays for administrative expenses from prior year obligated balances.
359001 Outlays from new authority	Outlays for administrative expenses from new budget authority.

185.11 What do I report for financing accounts?

Financing accounts record the cash flows associated with post–1991 direct loan obligations or loan guarantee commitments and for modifications of all direct loans and loan guarantees. These cash flows include loan disbursements, payments for guarantee claims, principal repayments, interest received from borrowers, interest paid on borrowing, interest earned on uninvested funds, interest supplements, fees and premiums received, and recoveries on defaults. Separate financing accounts are used for direct loan obligations and loan guarantee commitments.

(a) *Program and financing schedules (schedule P)*

Use the following line number scheme in the "obligations by program activity" section of the program and financing schedule for financing accounts (see exhibits 185C and 185F):

SELECTED P&F ENTRIES IN FINANCING ACCOUNTS

Entry	Description
Obligations by program activity:	
Stub entries should describe the transactions reported below.	
0001 Direct loan obligations -- or --	Obligations for post–1991 direct loan disbursements (equal to face value). Equal to the total direct loan obligations on line 1159 in schedule U of the program account.
0001 Default claim payments	Default claims on post–1991 loan guarantees.
0002 Payment of interest to Treasury	Interest on debt owed to Treasury (calculated at the same rate as the discount rate for the cohort). Tools are available from OMB to calculate interest income and interest expense.
0003–0009	Other entries for obligations, such as interest supplements to lenders or other expenses.

Entry	Description
0801 Negative subsidies obligated	Obligations for negative subsidies to be paid to the negative subsidy receipt account for the credit program. Equal to the sum of negative subsidy obligations on lines 1330 or 2330 in schedule U of the program account.
0802 Downward reestimates paid to receipt accounts	Obligations for downward reestimates of the subsidy to be paid to the negative subsidy receipt account for the credit program.
0803 Adjusting payments to liquidating accounts	Obligations for payments to purchase liquidating account loan assets or to reimburse the liquidating account for modification cost increases for pre–1992 direct loans and loan guarantees.
0804 Interest on downward reestimates	Obligations for interest on the downward reestimate to be paid to the negative subsidy receipt account for the credit program.
New financing authority (gross), detail:	
6000 Appropriation	Amount of authority becoming available as a result of a modification adjustment transfer from the general fund in the event that the modification cost estimate under-compensated the financing account.
6710 Authority to borrow	Financing authority (authority to borrow from Treasury) for the part of direct loans not financed by subsidy and fees, and for any default claims that cannot be paid by unobligated balances.
6900 Offsetting collections (cash)	Amount of offsetting collections (cash) credited to the account and refunds that pertain to obligations recorded in prior years.
6910 Change in uncollected customer payments from program account	Change in unpaid, unfilled orders from program account for subsidy cost. Report increases as positive entries (for expected future subsidy cost collections in future fiscal years); report decreases as negative entries (for received subsidy cost collections in prior fiscal years).
6927 Capital transfer to general fund (–)	Used for modification adjustment transfer to the general fund in the event that the modification cost estimate over compensated the financing account. See 185.7(b).
6947 Portion applied to repay debt (–)	Amount of offsetting collections used for repayments of outstanding borrowing.
Change in obligated balance:	
7240 Obligated balance, start of year	Includes unpaid obligations that represent undisbursed direct loan obligations.
7440 Obligated balance, end of year	Includes unpaid obligations that represent undisbursed direct loan obligations.
Offsets:	
8800 Federal sources	Collections of subsidy payments and upward reestimates from program accounts, and adjusting payments from liquidating accounts for pre–1992 direct loans and loan guarantees.
8825 Interest on uninvested funds	Collections of interest on uninvested funds. Tools are available from OMB to calculate interest earned.
8840 Non-Federal sources	Collections of principal repayments and interest payments on direct loans by borrowers, collections on defaulted direct loans or guaranteed loans, fees or premiums paid by non-Federal lenders or borrowers, prepayments of direct loans, and proceeds from the sale of direct loans or collateral.

Note: MAX automatically modifies financing account line stubs from budget authority and outlays to financing authority and financing disbursements, respectively. Financing accounts do not use lines 8690 through 8698. For example, Schedule P line 8896, Portion of cash collections credited to expired accounts, is not valid in financing accounts. All cash collections are used to repay Treasury debt, pay obligations of the financing account, or execute downward reestimates.

Do not use lines 6800–6899. Financing authority from offsetting collections in financing accounts must be recorded as mandatory, regardless of whether the authority for subsidy in the program account is mandatory or discretionary.

(b) *Direct loan data (schedule G).*

Prepare a Status of direct loans schedule (Schedule G) (PY-BY+4, except line 6300) for all liquidating accounts and all direct loan financing accounts (see exhibits 185D and 185J). Each line entry is described in the table below. MAX will automatically generate the line entries indicated in **boldface**.

DATA REQUIREMENTS FOR SCHEDULE G

Entry	Description
Position with respect to appropriations act limitation on obligations:	Provide lines 1111–1150 for direct loan financing accounts only.
1111 Limitation on direct loans	Amount of limitation enacted or proposed to be enacted in appropriations acts. For discretionary programs, the BY amount should be consistent with line 1159 in schedule U. So long as any entry appears on lines 1111 through 1131, this line should remain in MAX and will be listed in the stub column even if no amounts are shown.
1121 Limitation available from carry-forward	Amount of limitation available from a multi-year limitation enacted in a previous year that was not obligated and is available for use. This amount should correspond to the previous year=s amount of unobligated limitation carried forward (line 1143). For programs that do not have a fixed loan limitation, this amount should be equal to the direct loan level supportable with the budget authority that is carried forward.
1131 Direct loan obligations exempt from limitation	Amount of obligations for direct loans to the public not subject to a specific limitation in appropriations acts. Use this line for mandatory programs.
1142 Unobligated direct loan limitation (–)	Amount of limitation enacted in appropriations acts that is not obligated in the year it is enacted. Include only amounts that expire. Do not include multi-year limitation amounts that can be carried forward in a future fiscal year (see line 1143). Report amounts in PY and CY only unless specifically approved by OMB.
1143 Unobligated limitation carried forward (P.L. xx) (–)	Amount of multi-year limitation enacted in an appropriations act that was not obligated and is carried forward for use in a subsequent year.
1150 Total direct loan levels	The sum of lines 1111 through 1143. This is the direct loan portion of the credit budget. This amount should be consistent with direct loan obligations recorded on line 0001 in the program and financing schedule of the financing account and line 1159 in the program account.
Cumulative balance of direct loans outstanding:	Provide lines 1210–1290 for liquidating and direct loan financing accounts. Do not report amounts reflecting defaulted guaranteed loans. Defaulted guaranteed loans are presented in Schedule H 2310-2390.

Entry	Description
1210 Outstanding, start of year	Amount of direct loan principal outstanding at the beginning of the year. Amounts for PY are automatically generated from data reported in the previous year's *Budget Appendix*. If the number needs to be revised, use line 1264 "other adjustment" with explanatory footnote.
Disbursements:	
1231 Direct loan disbursements	Amounts of disbursements of principal for direct loans and 100 percent guarantees financed by the Federal Financing Bank. This does not include amounts shown separately on line 1232.
1232 Purchase of loan assets from the public	Amount of loans purchased or repurchased by the account from non-Federal lenders.
1233 Purchase of loan assets from a liquidating account	Amount of direct loan assets transferred from liquidating account to a financing account as a result of a loan modification.
Repayments:	These entries must agree with amounts included for these transactions on line 8840 (offsetting collections from non-Federal sources) of the program and financing schedule for the account. The proceeds from discounted prepayment programs that were part of a loan asset sales program should be recorded together with the proceeds from loan asset sales to the public (line 1253). The discount (i.e., the difference between the face value of the loan and the proceeds received from discounted prepayments) should be recorded together with the discount on loan asset sales to the public (line 1262).
1251 Repayments and prepayments (–)	Amount of principal repayments or prepayments. In the liquidating account, this entry will include repayments on loans disbursed by the FFB.
1252 Proceeds from loan asset sales to the public or discounted prepayments without recourse (–)	Amount of gross proceeds received from the non-recourse sale of loans to non-Federal buyers or the discounted loan prepayments that were part of a loan asset sales program.
1253 Proceeds from loan asset sales to the public with recourse (–)	Amount of gross proceeds received from the sale of loans to non-Federal buyers when loans are sold with recourse to the Federal Government. The full principal of the loans is scored as a new guaranteed loan commitment (line 2132).
Adjustments:	
1261 Capitalized interest	Amount of interest due at the end of the year that is capitalized as part of the existing loan principal.
1262 Discount on loan asset sales to the public or discounted prepayments (–)	Difference between the face value of the loan and the proceeds received by the account from the sales of loans to non-Federal buyers or discounted loan prepayments that were part of a loan asset sales program.
Write-offs for default:	
1263 Direct loans (–)	Amount of direct loan principal reduced by write-offs for defaults. This line should only be used to indicate write-offs of loans that were initiated as direct loans. (Refer to the processes for write-offs in OMB Circular No. A–129.)
1264 Other adjustments, net (+ or –)	Proceeds from the sale of collateral acquired from the foreclosure of direct loans; amount of principal repayments waived as provided by statute, in the event of certain specified contingencies;

Entry	Description
	outstanding balances of loans transferred to or received from other accounts amount of principal reduced or increased for other reasons. When this line is used, the adjustment must be explained in a footnote.
1290 Outstanding, end of year	Amount of direct loan principal outstanding at the end of the year. The sum of lines 1210 through 1264.

(c) *Guaranteed loan data (schedule H)*.

Prepare a Status of Guaranteed Loans (schedule H) (PY-BY+4, except line 6300) for all liquidating and guaranteed loan financing accounts (see exhibits 185G and 185K). Report the full principal amounts of loans guaranteed, whether guaranteed in full or in part. Report principal only, even if the guarantee covers both the principal and interest. Do not count agency guarantees of loans disbursed by the FFB as guaranteed loans; treat such loans as direct loans of your agency financed by the FFB.

Each line entry is described in the table below. MAX will automatically generate the line entries indicated in **boldface**.

DATA REQUIREMENTS FOR SCHEDULE H

Entry	Description
Position with respect to appropriations act limitation on commitments:	Provide lines 2111–2199 for guaranteed loan financing accounts only.
2111 Limitation on guaranteed loans made by private lenders	Amount of limitation enacted or proposed to be enacted in appropriations acts on full principal of commitments to guarantee loans by private lenders. For discretionary programs, the BY amount is equal to line 2159 in schedule U. So long as any entry appears on lines 2111 through 2132, this line should remain in MAX and will be listed in the stub column even if no amounts are shown.
2121 Limitation available from carry-forward	Amount of limitation on full principal of commitments to guarantee loans by private lenders that is available from a multi-year limitation enacted in a previous year that was not obligated and is available for use. This amount should correspond to the previous year's amount of unobligated limitation carried forward (line 2143). For programs that do not have a fixed loan limitation, this amount should be equal to the guaranteed loan level supportable with the budget authority that is carried forward.
2131 Guaranteed loan commitments exempt from limitation	Amount of full principal of commitments to guarantee loans by private lenders that is not subject to limitation. Use this line for mandatory programs and discretionary programs that do not have a loan limitation.
2132 Guaranteed loan commitments for loan asset sales to the public with recourse	Amount of full principal of guaranteed loan commitments made as a result of selling direct loans to non-Federal buyers with recourse to the Federal Government.
2142 Uncommitted loan guarantee limitation (–)	Amount of limitation enacted in appropriations acts on full principal of commitments to guarantee loans by private lenders that is not committed in the year it is enacted. Includes only amounts that expire. Do not include multi-year limitation amounts that can be carried

Entry	Description
	forward in a future fiscal year (see line 2143). Report amounts for PY and CY only.
2143 Uncommitted limitation carried forward (P.L. xx) (–)	Amount of multi-year limitation enacted in an appropriations act that was not committed and is carried forward for use in a subsequent year.
2150 Total guaranteed loan levels	The sum of lines 2111 through 2143. This is the guaranteed loan portion of the credit budget. This amount should be consistent with line 2159 in the program account.
Memorandum:	Amount of maximum potential Federal liability for the guaranteed loan principal associated with line 2150. To the extent the guarantee covers both principal and interest, this amount must exclude interest. This entry is required even though the amount may be the same as in line 2150.
2199 Guaranteed amount of guaranteed loan commitments	
Cumulative balance of guaranteed loans outstanding:	Provide lines 2210–2390 for liquidating and guaranteed loan financing accounts.
2210 Outstanding, start of year	Full face value of guaranteed loan principal outstanding at the beginning of the year. This includes the unguaranteed portion of the loan principal outstanding. Amounts for PY are automatically generated from data reported in the previous year's *Budget Appendix*. If the PY amount needs to be revised, use line 2264 and include an explanatory footnote.
Disbursements:	
2231 Disbursements of new guaranteed loans	Amount of guaranteed loan principal disbursed. This includes the unguaranteed portion of the loan principal disbursed.
2232 Guarantees of loans sold to the public with recourse	Face value amount of guaranteed loan principal of loans sold to non-Federal buyers with recourse to the Federal government. This includes the unguaranteed portion of the loan principal disbursed.
Repayments:	
2251 Repayments and prepayments (–)	Amount of principal repayments and prepayments.
Adjustments:	
2261 Terminations for default that result in loans receivable (–)	Amount of loan principal reduced by terminations for default that subsequently become a loans receivable in which the formerly guaranteed borrower owes the agency for the amount of claims paid as a result of the borrower's default. (See lines 2310–2390.)
2262 Terminations for default that result in acquisition of property (–)	Amount of loan principal reduced by terminations for default that lead to the acquisition of physical property by the agency.
2263 Terminations for default that result in claim payments (–)	Amount of loan principal reduced by terminations for default that lead to claim payments by the agency that result in neither a loan receivable nor the acquisition of property.
2264 Other adjustments, net (+ or –)	Amount of loan principal reduced or increased for reasons other than those covered by the lines listed above; outstanding principal balances of guaranteed loans transferred to or received from other accounts. When this line is used, the adjustment must be explained in a footnote.
2290 Outstanding, end of year	Amount of guaranteed loan principal outstanding at the end of the year. The sum of lines 2210 through 2264.

Entry	Description
Memorandum: 2299 Guaranteed amount of guaranteed loans outstanding, end of year	Amount of maximum potential Federal liability for the guaranteed loan principal associated with line 2290. To the extent the guarantee covers both principal and interest, this amount must exclude interest. This entry is required even though the amount may be the same as in line 2290.

Entry	Description
Addendum: Cumulative balance of defaulted guaranteed loans that results in loans receivable:	
2310 Outstanding, start of year	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable outstanding at the beginning of the year.
2331 Disbursements for guaranteed loan claims	Amount of disbursements for acquisition of defaulted loans that were previously guaranteed and result in loans receivable, where the borrower owes the account for the disbursement. These disbursements include past due interest amounts that were paid under the terms of the loan guarantee, if such amounts were capitalized as part of the loan principal.
2351 Repayments of loans receivable (–)	Proceeds received by the account from the settlement of claims on defaulted guaranteed loans that resulted in loans receivable to be applied to the reduction of the loans receivable outstanding. Exclude any premium realized.
2361 Write-offs of loans receivable (–)	Amount of loans receivable written-off for default that were initiated as guaranteed loans but were subsequently acquired as loans receivable. (Refer to the definitions for write-offs provided in OMB Circular No. A–129.)
2364 Other adjustments, net (+ or –)	Amount of loans receivable reduced or increased for reasons other than those covered by the lines listed above. When this line is used, the adjustment must be explained in a footnote.
2390 Outstanding, end of year	Amount of defaulted guaranteed loans that resulted in loans receivable outstanding at the end of the year. The sum of lines 2310 through 2364.

(d) *Agency debt held by the FFB and net financing disbursements (schedules Y, G, and H).*

Baseline data on ***debt owed to the FFB*** must be reported by all financing and liquidating accounts and by programs that are not covered by the FCRA, such as the Tennessee Valley Authority and Federal Deposit Insurance Corporation (which assumed the responsibilities of the Resolution Trust Corporation). All FFB transactions are treated as means of financing to the agencies. In order to track old and new transactions, the lines should be coded with a two-digit suffix as follows, to identify the transactions:

- .01 FFB loan originations.
- .02 Sale of loan assets to the FFB.
- .03 Sale of debt securities to the FFB.

Report this data on the 3300 data line series in schedule Y (PY through BY+4). No policy estimates are required.

Baseline and policy data on ***net financing disbursements*** must be reported for all financing accounts. "Net financing disbursements" are analogous to "net outlays" reported on line 9000 in schedule P of the program account and consist of total financing disbursements (gross) less total offsetting collections in the financing account. Net financing disbursements are calculated by subtracting total cash inflows to the financing account from total cash outflows from the financing account. Cash inflows include subsidy and reestimate collections from the program account, borrower principal and interest payments, recoveries, fees, interest received from Treasury, and other inflows. Cash outflows include loan disbursements, default claim payments, negative subsidy and downward reestimate payments to the receipt account, interest paid to Treasury, and other outflows. In PY through BY, these amounts should equal the amount reported on line 9000 in schedule P of the financing account. These data are needed to estimate Federal borrowing and interest on the public debt.

Report this data in schedule Y for both baseline and policy estimates.

DATA REQUIREMENTS FOR SCHEDULE Y

Entry	Description
Agency debt held by the FFB	Provide lines 3310–3390 for liquidating and direct and guaranteed loan financing accounts.
3310 Outstanding agency debt, start of year	Amount of agency debt issues held by FFB at the beginning of the year.
3330 New agency borrowing	Amount of new borrowing from FFB.
3350 Repayments and prepayments (–)	Amount of repayments made to FFB.
3390 Outstanding agency debt, end of year	Amount of agency debt issued held by FFB at the end of the year. The sum of lines 3310 through 3350.
Net financing disbursements:	Provide line 6300 for direct and guaranteed loan financing accounts only. Report CY-BY+9.
6200 Net financing disbursement—policy	Net financing disbursements based on presidential policy. Policy net financing disbursements should equal line 9000 in schedule P of the financing account.
6300 Net financing disbursements—baseline	Analogous to net outlays in budgetary accounts reported on schedule P line 9000.

Note: Lines 3310–3390 do not print in the Appendix but are used by OMB for reporting and analytical purposes.

185.12 What do I report for liquidating accounts?

Reporting requirements for liquidating accounts are discussed in sections 185.9, 185.11(b), 185.11(c), and 185.11(d). Illustrations of typical liquidating account status of direct and guaranteed loans schedules can be found at exhibits 185J and 185K. An illustration of a typical liquidating account program and financing schedule can be found at exhibit 185I.

185.13 What do I report for receipt accounts?

Negative subsidy and downward reestimate receipt accounts record receipts of amounts paid from the financing account when there is a negative subsidy or downward reestimate. Usually, they are general fund receipt accounts, but with the permission of the OMB representative for the account, they can be special fund receipt accounts. If the program is discretionary, report negative subsidies as "discretionary." If the program is mandatory, report negative subsidies as "mandatory." Report

downward reestimates for all credit programs as "mandatory, authorizing committee" in schedules R and K (see section 81.3).

185.14 Must credit accounts be apportioned?

Yes. The Antideficiency Act requires that all appropriation and fund accounts, including credit program accounts, financing accounts, and liquidating accounts, be apportioned unless exempted by OMB or a specific statute. OMB may grant exemptions from apportionment in the form of a letter to the head of the department or establishment.

185.15 When do I submit an apportionment request (SF 132)?

If budgetary resources...	For example ...	Then ...
Result from current action by Congress	The annual appropriation in the program account for the: • direct loan subsidy cost, • loan guarantee subsidy cost, • administrative expenses, or • modifications.	Submit the initial apportionment request by August 21 or within 10 calendar days after the approval of the act providing the new budgetary resource, whichever is later. Submit reapportionment requests whenever circumstances change. For example, if the subsidy cost appropriation was apportioned solely to make new loans, then you must submit a reapportionment request for both the program and financing accounts before you make a modification that will increase the cost.
Do not result from current action by Congress	The unobligated balances in the financing accounts.	Submit the initial apportionment request by August 21 before the beginning of the fiscal year.
	Permanent indefinite appropriation in the program account to cover an upward reestimate.	Submit the request for anticipated reestimates with the initial apportionment. When the exact amount is calculated, submit a reapportionment to cover any increase over your initial approved amount.
	Permanent indefinite appropriation in the liquidating account.	Submit the initial apportionment request by August 21 before the beginning of the fiscal year. Submit reapportionments as needed.

185.16 How do I fill out the SF 132?

Sections 120 and 121 of this circular provide general apportionment guidance, including terminology, line descriptions, timing, and apportionment categories. As with other programs, you will need to locate and review the enacted appropriations language for your credit program. In some cases, you may also need to locate and review other authority in authorizing or substantive acts. An example of standard appropriations language for credit programs is illustrated in Exhibit 185M, and it consists of the following parts:

- Appropriation for the subsidy cost of the direct loan or guarantee program;
- Limitation on the loan program; and
- Appropriation for administrative expenses.

You need the appropriations language to verify that:

- Subsidy cost amounts and administrative expenses are shown correctly on your program account SF 132 (Exhibit 185N);
- Amounts apportioned to reimburse your salaries and expenses account, if any, are correct; and
- Program level portion for the guaranteed loan financing account SF 132 (Exhibit 185P) agrees with the limitation set in the appropriations language. (For mandatory programs, this amount will equal the amount of loan guarantees anticipated to be committed.)

Exhibit 185Q provides side-by-side, line-by-line instructions for completing the SF 132 for the program account, direct loan financing account, and guaranteed loan financing account. Exhibits 185M through 185BB are a simplified presentation highlighting the budget execution dynamics for interrelated credit accounts. The scenario begins with the program account receiving an appropriation for both direct loans and loan guarantees and concludes with preparing the last quarterly budget execution report for each account. Exhibits for modifications and reestimates are also provided. For this example, assume that this is a new credit program; 25 percent of the amounts appropriated for subsidy cost are obligated each quarter but only 80 percent is disbursed each quarter (with the remainder in the next quarter); 25 percent of the amount appropriated for administrative expenses is obligated and outlayed each quarter; no borrower fees are charged; and simplified interest and repayments calculations are used.

185.17 Do amounts for an upward reestimate (and the interest on the reestimate) need to be apportioned?

Yes. An upward reestimate indicates that insufficient funds were paid to the financing account. The reestimate amount (plus interest on the reestimates) must be obligated and outlayed from the program account to the financing account to make sure it has sufficient assets to cover its liabilities. Before recording this obligation, ensure you have adequate resources apportioned. Section 504(f) of the FCRA provides permanent indefinite budget authority for this purpose. If you were unable to include the reestimate in your program account's initial apportionment or you requested too little, submit a reapportionment request for the additional permanent indefinite appropriation the program account needs to pay to the financing account. See Exhibit 185S for a sample reapportionment for an upward reestimate of a program account.

You must make a reestimate immediately after the end of each fiscal year as long as any loans are outstanding, unless a different plan is approved by OMB. After you complete your reestimate, prepare and submit an SF 132 as needed.

185.18 Do amounts for a downward reestimate (and the interest on the reestimate) need to be apportioned?

Yes. A downward reestimate indicates that the subsidy cost payment to the financing account by the program account was too large so that its assets exceed its liabilities. The reestimate amount (plus interest on the reestimate) must be obligated and disbursed from the financing account. Before recording the obligation, ensure you have adequate resources apportioned. For direct loans only, if the downward reestimate is due to increased actual collections, use these amounts to cover the obligation. To the extent the reestimate is due to projected increased collections, request borrowing authority to cover the obligation. For loan guarantees only, to the extent the reestimate is due to lower default payments than initially estimated, either actual or projected, use your uninvested balance with Treasury to cover the obligation.

For both discretionary and mandatory programs, disburse the excess (plus interest on reestimates) to a downward reestimate receipt account (Exhibit 185T).

185.19 Do amounts for interest payments to Treasury need to be apportioned?

Yes. For financing accounts, additional amounts (i.e., amounts exceeding your estimate on the most recent approved apportionment) are automatically apportioned. For liquidating accounts, you will need to submit a reapportionment for any additional amounts.

185.20 Do amounts for debt repayments to Treasury need to be apportioned?

No. Capital transfers and redemption of debt are not obligations and therefore do not need to be apportioned on line 8. However, you do need to plan for repayments and show your estimated debt repayments as a negative amount on line 6C or 6F (if anticipated) when you submit your SF 132.

185.21 How do I handle modifications?

Before you modify a direct loan or loan guarantee, you should take the following steps:

- Step 1. Estimate the cost of the modification (see section 185.7);
- Step 2. Request an apportionment, if necessary;
- Step 3. Receive an approved apportionment from OMB, if necessary;
- Step 4. Modify the direct loan or loan guarantee; and
- Step 5. Record the obligation (see sections 185.30 and 185.31).

To determine whether you need a reapportionment:

If ...	Then ...
The current apportionment allows the apportioned resources to be used for modifications and the cost of the modification is equal to or lower than the amount apportioned less any amounts already obligated.	No reapportionment is required.
The current apportionment does not allow the apportioned resources to be used for modifications.	Yes. See Exhibit 185R for a sample reapportionment for a modification.
If the cost of the modification is higher than the amount apportioned less amounts already obligated.	Yes. See Exhibit 185R for a sample reapportionment for a modification.

185.22 Am I required to submit budget execution reports (SF 133)?

Yes. Submit SF 133s on a quarterly basis for all accounts, including those that OMB has exempted from apportionment. The OMB program examiner with primary budget responsibility for the credit account may require budget execution reports more frequently, such as monthly. For credit financing accounts, submit the final SF 133 on a cohort basis unless OMB has approved reporting on a combined basis.

185.23 How do I fill out the SF 133?

Section 130 and Appendix A of this circular provide general budget execution reporting guidance, including terminology, line descriptions, and timing. You prepare the SF 133 to show the extent that resources controlled by the SF 132 and other resources have been consumed. The relationship between program and financing accounts is dynamic, affecting different entries of the SF 132 and SF 133 at different stages of the process as transactions occur throughout the year. These complex relationships are illustrated in Exhibit 185X which provides side-by-side, line-by-line instructions for completing the first quarter SF 133 for the hypothetical credit program. Exhibits 185U through 185W illustrate the individual SF 133s for the program, direct loan financing, and guaranteed loan financing accounts, respectively, for the first quarter. Exhibit 185BB continues the presentation of Exhibit 185X by describing the entries for the SF 133 for the fourth quarter. Exhibits 185Y through 185AA illustrate the individual SF 133s for the program, direct loan financing, and guaranteed loan financing accounts, respectively, for the fourth quarter.

Because program accounts typically receive one-year budget authority, the SF 133 will have an unexpired account column as well as five expired account columns. Financing and liquidating accounts, however, have no-year authority so their SF 133s will have only an unexpired column (see section 20.4(c) for a discussion of period of availability).

185.24 How do I calculate the initial subsidy cost estimate for execution?

You are required to use the OMB Credit Subsidy Calculator to calculate subsidy cost estimates. The Credit Subsidy Calculator and accompanying documentation are available from the OMB representative with primary responsibility for the credit account.

In most cases, you will use the same subsidy rate for execution as you calculated earlier for the Presidential policy rate. However, if the loan contract terms have changed for any reason, then you must update the subsidy rate to reflect the actual terms at the time the loan contract is signed. The risk rating is a forecast assumption and should match the President's Budget.

Do not change the forecast technical assumptions or the methodological assumptions.

For mandatory programs only, also update the economic assumptions to reflect those in the Mid-Session Review if it has been released by the time you are making the calculations.

185.25 What transactions do I report when the Government incurs direct loan obligations or makes loan guarantee commitments?

For the program account (Exhibit 185U):

- Include the estimated subsidy cost obligations on line 8A, Obligations incurred, Direct. If resources for the subsidy cost were apportioned in Category A, include the amount on line 8A1. If the resources were apportioned in Category B, include the amount on line 8A2 in the appropriate category; and

- Include the amount on line 14C, Obligated balance, Undelivered orders, since the amount is not yet outlayed to the financing account.

For the direct loan financing account (Exhibit 185V):

- Include the subsidy cost payment obligated in the program account but not yet paid on line 3B2, Spending authority from offsetting collections, Change in unfilled customer orders, Without advance from Federal sources; and

- Include the amount on line 14B, Obligated balance, Unfilled customer orders, Federal sources without advance, since the amounts have not been received from the program account.

- To show the borrowing component:

- Before signing the contract, verify that OMB has apportioned enough borrowing authority on line 1B to cover the part of the direct loan obligation not covered by the subsidy cost payment and upfront fees;

- After you sign the contract, include the obligation on line 8, Obligations incurred. If the direct loan was apportioned in Category A, include the amount on line 8A1. If the direct loan was apportioned in Category B, include it on line 8A2 in the appropriate category; and

- Include the amount on line 14C, Obligated balance, Undelivered orders.

For the loan guarantee financing account (Exhibit 185W):

- Include the subsidy payment obligated in the program account but not yet paid on line 3B2, Spending authority from offsetting collections, Change in unfilled customer orders, Without advance from Federal sources; and

- Include the amount on line 10D, Unobligated balance not available, Other, when the amounts are not apportioned and held as a reserve for future defaults. When the amounts are apportioned, include the amounts on line 9A, Unobligated balance.

The transactions are similar for a negative subsidy program except that the financing account will make a transaction with the negative subsidy receipt account rather than the program account (see 185.3(u)).

185.26 What transactions do I report when the Government disburses a direct loan or a private lender disburses a guaranteed loan?

For the program account (Exhibit 185U), just before a loan is disbursed from the financing account:

- Pay the financing account and include the subsidy cost payment on line 15A, Disbursements; and

- Reduce line 14C, Obligated balance, Undelivered orders by the same amount.

For the financing account:

- When the subsidy cost payment is received from the program account, reduce line 3B2, Without advance from Federal sources, and increase line 3A1, Collected;

- For direct loan programs (Exhibit 185V), once the loan is actually disbursed, include the loan disbursement on line 15A, Disbursements and reduce the amount of loans payable from line 14C, Obligated balance, Undelivered orders;

- For loan guarantee programs (Exhibit 185W), do not report any loan disbursement because the private lender disbursed the loan, not the Federal Government. The subsidy cost payment collected by the financing account is held as an uninvested balance that earns interest from Treasury until it is used, for example, to pay default claims; interest supplements; the capitalized costs of foreclosing, managing, and selling collateral assets acquired as a result of defaults; and the costs routinely deducted from the proceeds of sales. Until these resources are needed for such obligations and they are apportioned, include them on line 10D, Unobligated balance not available, Other.

185.27 How do I handle non-subsidy cost collections?

Report all collections of direct loan principal, interest on direct loans, fees, proceeds from the liquidation of collateral assets, as well as any other collections, to the appropriate cohort and risk category in the financing or liquidating account, as appropriate. Place the amount you anticipate collecting on line 3C, Spending authority from offsetting collections, Anticipated for rest of year, without advance. As collections are actually received throughout the year, report them on line 3A1, Earned, Collected, with a corresponding reduction on line 3C and a negative amount on line 15B, Collections. Because these amounts in financing accounts earn interest, include them in the interest income calculations (see section 185.34).

In financing accounts, non-subsidy cost collections may be used only for the cohort that generated the collection. Except for fees collected, these amounts are not available to make new loans. These amounts are available to:

- Fund a portion of the direct loan, if the collection is a fee paid by the borrower;

- Pay the capitalized costs of foreclosing, managing, and selling collateral assets acquired as the result of defaults on direct or guaranteed loans and costs that are routinely deducted from the proceeds of sales (see section 185.8 for items that qualify);

- Make annual payments of interest to Treasury; and

- Make repayments of principal on amounts borrowed from Treasury using any remaining amounts.

Non-subsidy cost collections in guaranteed loan financing accounts are available to:

- Pay the capitalized costs of foreclosing, managing, and selling collateral assets acquired as the result of defaults on direct or guaranteed loans and costs that are routinely deducted from the proceeds of sales;

- Maintain an unobligated balance to pay such capitalized costs or routinely deducted costs, if any;

- Pay default claims and interest supplements on guaranteed loans;

- Make annual payments of interest to Treasury;

- Make repayments of principal on amounts borrowed from Treasury; and

- Add to the unobligated balance.

To the extent that there are insufficient collections to make timely payment of interest or principal on Treasury borrowings, the financing account must borrow to make such payments. If the cohort's expected future cash flows will not be sufficient to fully repay this additional borrowing plus the cohort's other expected obligations, you must calculate a reestimate and use the subsidy cost collections from this reestimate to repay the additional borrowing, with interest.

In liquidating accounts, these amounts may be used for similar expenses (see section 185.3(k)) without regard to cohort.

185.28 What transactions do I report when a guaranteed loan defaults?

Loan guarantee default claims are recorded in financing and liquidating accounts. When you receive a loan guarantee default claim:

- Verify that the amount of the default claim is apportioned;

- Include the obligation to pay the claim on line 8, Obligations incurred. If defaults were apportioned in Category A, place the amount on line 8A1. If defaults were apportioned in Category B, place it on line 8A2 in the appropriate category; and

- Include the amount as payable to the private lender on line 14D, Obligated balance, Accounts payable.

When you disburse a payment for a loan guarantee default claim:

- Include the payment on line 15A, Outlays, Disbursements; and
- Reduce the amounts payable on line 14D by the amount reported on line 15A.

185.29 What should I do with unobligated balances in the liquidating account?

You must transfer any unobligated balance remaining at the end of the fiscal year to the general fund unless OMB has approved an extension. Include this transfer on line 6C, Permanently not available, Capital transfers, and redemption of debt. Amounts credited to liquidating accounts in any year are available only for obligations that are incurred in that year and repaying debt owed to the Treasury (including the FFB).

185.30 How do I report modifications of post–1991 direct loans and loan guarantees?

A modification results in a subsidy cost increase or decrease which must be recorded on the SF 133 as follows:

If Modification...	Then...
Increases cost	In the program account, include: • The increase on line 8, *Obligations incurred.* If the resources for subsidy cost were apportioned in category A, include the amount on line 8A1. If the resources were apportioned in category B, include the amount on line 8A2 in the appropriate category; and: • The payment to the financing account on line 15A, *Outlays, Disbursements*. Note: You cannot incur subsidy cost obligations for modifications unless budgetary resources are available in the program account and have been apportioned for modifications. In the financing account, include: • The collection from the program account on line 3A1, *Spending authority from offsetting collections, Earned, Collected*. Credit this amount to the cohort and risk category of the modified loan. Decrease the estimated collection on line 3C, if appropriate; • For a direct loan modification, use these amounts to pay interest and other expenses and to repay debt owed to Treasury; and • For a loan guarantee modification, use these amounts as needed to pay default claims and other expenses. Remaining balances will be held as uninvested balances with Treasury and will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.
Decreases cost	In the financing account include: • The estimated decrease on line 8, *Obligations incurred*. If the resources for the subsidy cost were apportioned in category A, include the amount on line 8A1. If the resources were apportioned in category B, include the amount on line 8A2 in the appropriate category); and • The payment of the amount transferred to the appropriate account on line 15A, *Outlays, Disbursements*. Include the collection in a negative subsidy receipt account.

For additional transactions, see section 185.7(b).

185.31 How do I report modifications of pre–1992 direct loans and loan guarantees?

You estimate and account for the increase or decrease in cost in the same way as modifications of post-1991 loans. In addition to the steps enumerated in section 185.30, normally you must transfer the modified direct loan assets or loan guarantee liabilities from the liquidating account to the financing account. As part of the transfer, you must make a payment from the financing account to the liquidating account, in the case of direct loans, or from the liquidating account to the financing account, in the case of loan guarantees. In exceptional cases, subject to the approval of the OMB representative with responsibility for the credit program, the modified loans may be retained in the liquidating account. In each case, fill out the budget execution report as follows:

If Asset or Liability will be	Then...
Transferred to the financing account	For direct loans, report an obligation in the financing account that is equal to the payment amount on line 8B, *Obligations incurred, Category B, Modifications* and a disbursement in the same amount on line 15A, *Outlays, Disbursements*. Include the receipt of the payment in the liquidating account on line 3A1, *Spending authority from offsetting collections, Earned, Collected.* For loan guarantees, include the obligation and outlay in the liquidating account and the offsetting collection in the financing account.
Retained by the liquidating account	Where the modification increases the cost: • For the program account, report an obligation for the appropriate subsidy cost amount on line 8B, *Obligations incurred, Category B, Modifications* and an outlay in the same amount on line 15A, *Outlays, Disbursements*. • For the financing account, include the corresponding transaction on line 3A1, *Spending authority from offsetting collections, Earned, Collected,* an obligation on line 8, and a disbursement on line 15A. • For the liquidating account, include the payment on line 3A1, *Spending authority from offsetting collections, Earned, Collected*. This payment compensates this account for the reduction in its assets (direct loan) or its increased liability (loan guarantee). Where the modification decreases the cost: • For the liquidating account, include permanent indefinite authority to make the payment to the financing account on line 1A, *Budget authority, Appropriation.* • For the financing account, include this receipt on line 3A1, *Spending authority from offsetting collections, Earned, Collected* and include the subsequent payment to the negative subsidy receipt account on line 15A, *Outlays, Disbursements*.

See section 185.7 for additional discussion about modification transactions.

185.32 Why do financing accounts borrow from Treasury?

The FCRA provides indefinite borrowing authority to financing accounts to fund the unsubsidized portion of direct loans and to satisfy obligations in the event the financing account's resources are insufficient.

For direct loan financing accounts, each loan disbursement is financed by the subsidy cost payment from the program account, fees where applicable, and borrowing from Treasury. The financing account makes a single borrowing from Treasury at the beginning of each fiscal year for each cohort based on the estimated net loan disbursements for the cohort in that fiscal year.

For loan guarantees, the financing account may borrow from Treasury when balances in the financing account are insufficient to pay claims. These borrowings generally occur on an as-needed basis.

If a direct loan or loan guarantee program or risk category generates negative subsidy cost, the financing account must borrow from Treasury to cover the payment to the negative subsidy receipt account.

All borrowing is dated October 1 regardless of whether it is the original amount borrowed at the beginning of the year or a supplementary amount borrowed later in the year. As a result of treating the entire amount as a single borrowing, interest expense is not affected by whether all borrowed funds were disbursed or whether the original borrowing had to be supplemented later in the year.

185.33 Why do financing accounts earn interest?

The basic purpose of a guaranteed loan financing account is to accumulate funds to finance future default costs. Subsidy cost payments to the account, fees collected, and other collections are retained in the financing account as an uninvested balance and earn interest at the same rate as the discount rate used to calculate the subsidy cost. The subsidy cost payments, fees, other collections, and interest earnings will be sufficient to finance the net default costs if the initial estimate of subsidy cost is correct.

In direct loan financing accounts, undisbursed Treasury borrowings earn interest at the same rate as the financing account pays on its debt owed to Treasury so that borrowing from Treasury for subsequent disbursements during the year does not have any effect on the results of operations or net financial position of the financing account.

185.34 Who calculates interest expense and income?

You do, using the guidance and interest calculator provided by OMB. Staff at the Department of Treasury's Bureau of Public Debt or Financial Management Service may also perform the calculations to ensure agreement between Treasury and your agency.

185.35 When do I calculate interest expense and income?

You must make the calculations to provide an estimate for the initial SF 132. You also will make these calculations again at the end of the year based on year-end actuals to determine the payment amount. For loan guarantee programs, when the lender does not provide timely information for year-end calculations, you also need to recalculate the actual expense as lender data is made available.

185.36 What interest rate do I use to calculate interest expense and income?

The FCRA requires that the rates for discounting cashflows, financing account borrowing, and financing account interest earnings be identical and based on the Treasury rates in effect during the period of loan disbursement. The correct discount rates are provided for you in the OMB Credit Subsidy Calculator, available from the OMB representative with the primary responsibility for the account. For cohorts before 2001, the Credit Subsidy Calculator will generate a disbursement-weighted average discount rate. For cohorts 2001 and after, the Credit Subsidy Calculator will generate a single effective rate.

Program Account
Program and Financing Schedule (Schedule P)

Program and Financing (in millions of dollars)

Identification code 73-1154-0-1-376		PY actual	CY est.	BY est.
	Obligations by program activity:			
00.01	Direct loan subsidy	2	2	2
00.02	Guaranteed loan subsidy	136	179	.....
00.05	Reestimate of direct loan subsidy	.....	1	.....
00.07	Reestimate of loan guarantee subsidy	3	31	.....
00.08	Interest on reestimates of loan guarantee subsidy	2	3	.....
00.09	Administrative expenses	129	129	129
10.00	Total new obligations	272	345	131
	Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	76	111	94
22.00	New budget authority (gross)	264	328	131
22.10	Resources available from recoveries of prior year obligations	41	.....	.....
22.22	Unobligated balance transferred from other accounts	2	.....	.....
23.90	Total budgetary resources available for obligation	383	439	225
23.95	Total new obligations	-272	-345	-131
24.40	Unobligated balance carried forward, end of year	111	94	94
	New budget authority (gross), detail:			
	Discretionary			
40.00	Appropriation	267	294	131
40.35	Appropriation rescinded	-13	-1	.....
42.00	Transferred from other accounts	5	.....	.....
43.00	Appropriation (total discretionary)	259	293	131
	Mandatory			
60.00	Appropriation	5	35	.....
70.00	Total new budget authority (gross)	264	328	131
	Change in obligated balances:			
72.40	Obligated balance, start of year	109	33	33
73.10	Total new obligations	272	345	131
73.20	Total outlays (gross)	-283	-345	-192
73.40	Adjustments in expired accounts (net)	-24	.....	.....
73.45	Recoveries of prior year obligations	-41	.....	.....
74.40	Obligated balance, end of year	33	33	-28
	Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	190	185	83
86.93	Outlays from discretionary balances	88	125	109
86.97	Outlays from new mandatory authority	5	35	.....
87.00	Total outlays (gross)	283	345	192
	Net budget authority and outlays:			
89.00	Budget authority	264	328	131
90.00	Outlays	283	345	192

You must use special line coding for lines 0001 - 0009. See section 185.10 (a) for a complete list.

Shaded entries are automatically calculated by MAX.

The FCRA provides permanent authority to finance reestimates (line 6000). Show reestimates in PY and CY only.

Program Account
Summary of Loan Levels and Subsidy Data (Schedule U)

Summary of Loan Levels and Subsidy Data (in millions of dollars)

Identification code 73-1154-0-1-376		PY actual	CY est.	BY est.
	Direct loan levels supportable by subsidy budget authority:			
115001	Risk category A	27	34	21
115900	Total direct loan levels	27	34	21
	Direct loan subsidy (in percent):			
132001	Risk category A	8.54	8.95	6.78
132900	Weighted average subsidy rate	8.54	8.95	6.78
	Direct loan subsidy budget authority:			
133001	Risk category A	2	2	2
133900	Total subsidy budget authority	2	2	2
	Direct loan subsidy outlays:			
134001	Risk category A	2	2	1
134900	Total subsidy outlays	2	2	1
	Direct loan upward reestimate:			
135001	Risk category A	-----	1	-----
135900	Total upward reestimate	-----	1	-----
	Guaranteed loan levels supportable by subsidy budget authority:			
215001	Risk category B	9,697	9,826	10,722
215002	Risk category C	2,194	4,252	4,353
215003	Risk category D	1,261	2,109	2,500
215900	Total loan guarantee levels	13,152	16,187	17,575
	Guaranteed loan subsidy (in percent):			
232001	Risk category B	1.16	1.17	-1.07
232002	Risk category C	-----	-----	-----
232003	Risk category D	1.80	2.26	-1.87
232900	Weighted average subsidy rate	1.03	1	-0.92
	Guaranteed loan subsidy budget authority:			
233001	Risk category B	113	115	-115
233002	Risk category C	-----	-----	-----
233003	Risk category D	23	48	-47
233900	Total subsidy budget authority	136	163	-162
	Guaranteed loan subsidy outlays:			
234001	Risk category B	116	110	-100
234002	Risk category C	-----	-----	-----
234003	Risk category D	31	34	-30
234900	Total subsidy outlays	147	144	-130
	Guaranteed loan upward reestimate:			
235002	Risk category C	5	34	-----
235900	Total upward reestimate:	5	34	-----
	Guaranteed loan downward reestimate:			
237001	Risk category B	-284	-117	-----
237002	Risk category C	-----	-271	-----
237003	Risk category D	-----	-334	-----
237900	Total downward reestimate	-284	-722	-----
	Administrative expense data:			
351000	Budget authority	129	129	129
359000	Outlays from new authority	129	129	129

Shaded entries are automatically calculated by MAX.

To insert reestimate budget authority lines (1350xx and 1370xx for direct loans, 2350xx and 2370xx for loan guarantees), select the line number from the edit/insert menu that corresponds to the risk category listed on lines 1150xx and 2150xx. For example, to insert line 2350xx for risk category E, select line number 235004.

For negative subsidy risk categories, report lines 2320xx through 2340xx as negative amounts.

Direct Loan Financing Account
Program and Financing Schedule (Schedule P)

Program and Financing (in millions of dollars)

Identification code 73-4148-0-3-376		PY actual	CY est.	BY est.
	Obligations by program activity:			
00.01	Direct loans	27	60	21
00.02	Interest on Treasury borrowing	24	29	28
	Other expenses:	.....	.....	.....
00.03	Other expenses	17	.....	5
10.00	Total new obligations	68	89	54
	Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	47	92	-12
22.00	New financing authority (gross)	131	75	83
22.60	Portion applied to repay debt	-18	-90	-45
23.90	Total budgetary resources available for obligation	160	77	26
23.95	Total new obligations	-68	-89	-54
24.40	Unobligated balance carried forward, end of year	92	-12	-28
	New financing authority (gross), detail:			
	Mandatory:			
67.10	Authority to borrow	27	24	19
	Spending authority from offsetting collections:			
69.00	Offsetting collections (cash)	82	50	64
69.10	Change in uncollected customer payments from program account (unexpire	22	1	.....
69.90	Spending authority from offsetting collections (total mandatory)	104	51	64
70.00	Total new financing authority (gross)	131	75	83
	Change in obligated balances:			
72.40	Obligated balance, start of year	25	86	94
73.10	Total new obligations	68	89	54
73.20	Total financing disbursements (gross)	15	-80	-60
74.00	Change in uncollected customer payments from program account (unexpi	-22	-1	.....
74.40	Obligated balance, end of year	86	94	88
87.00	Total financing disbursements (gross)	-15	80	60
	Offsets:			
	Against gross financing authority and financing disbursements:			
	Offsetting collections (cash) from:			
88.00	Federal sources: Payments from program account	2	3	1
	Non-Federal sources:			
88.40	Repayments of principal, net	16	8	10
88.40	Interest received on loans	22	22	28
88.40	Other income	42	17	25
88.90	Total, offsetting collections (cash)	82	50	64
	Against gross financing authority only:			
88.95	Change in uncollected customer payments from program account	22	1	.....
	Net financing authority and financing disbursements:			
89.00	Financing authority	27	24	19
90.00	Financing disbursements	-97	30	-4

Shaded entries are automatically calculated by MAX.

You must use special line coding for lines 0001 - 0804. See section 185.11(a) for a complete list.

Line 7400 is automatically copied from line 6910 but with the opposite sign. Update the line stub to be consistent with 6910.

Enter lines 8800-8845 as positive amounts. These amounts will appear in the Budget Appendix with the opposite sign.

Line 8895 is automatically copied from line 6910 but will appear in the Budget Appendix with the opposite sign.

Direct Loan Financing Account
Status of Direct Loans (Schedule G)

Status of Direct Loans (in millions of dollars)

Identification code 73-4148-0-3-376		PY actual	CY est.	BY est.
	Position with respect to appropriations act limitation on obligation:			
1111	Limitation on direct loans	30	60	25
1142	Unbligated direct loan limitations (-)	-3		
1150	Total direct loan obligations	27	60	25
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	93	60	93
	Disbursements:			
1231	Direct loan disbursements	15	48	18
1232	Purchase of loan assets from the public	-30	……..	……..
1251	Repayments: Repayments and prepayments	-16	-8	-10
1263	Write-offs for default: Direct loans	-2	-7	-5
1290	Outstanding, end of year	60	93	96

Shaded entries are automatically calculated by MAX.

Include line 1111 even if the value is zero.

Direct Loan Financing Account
Balance Sheet (Schedule F)

Balance Sheet (in millions of dollars)

Identification code 73-4148-0-3-376		PY-1 actual	PY actual
	ASSETS:		
	Federal assets:		
1101	Fund balances with Treasury	72	198
1106	Receivables, net	0	0
1206	Non-Federal assets: Receivables, net	……	29
	Net value of assets related to post-1991 direct loans receivable:		
1401	Direct loans receivable, gross	83	60
1402	Interest receivable	3	2
1405	Allowance for subsidy cost (-)	-7	-5
1499	Net present value of assets related to direct loans	79	57
1404	Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable: Foreclosed property	9	……
1999	Total assets	160	284
	LIABILITIES		
	Federal liabilities:		
2103	Debt payable to Treasury	160	284
2999	Total liabilities	160	284
	NET POSITION		
3300	Cumulative results of operations	……	……
3999	Total net position	……	……
4999	Total liabilities and net position	160	284

Shaded entries are automatically calculated by MAX.

Line 1101 equals obligated and unobligated balances.

See Section 86.2 for detailed information about balance sheets.

Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed subsidy from the program account even if it has been obligated.

Include undisbursed downward reestimates and interest on such reestimates on line 2101.

Guaranteed Loan Financing Account
Program and Financing Schedule (Schedule P)

Program and Financing (in millions of dollars)

Identification code 73-4149-0-3-376		PY actual	CY est.	BY est.
	Obligations by program activity:			
00.01	Default claims	681	720	762
00.05	Other expenses	293	283	159
08.01	Negative subsidy	……	……	162
08.02	Payment of downward reestimate to receipt account	238	558	……
08.03	Payment to liquidating account to purchase loan assets	39	24	24
08.04	Payment of interest on downward reestimate to receipt account	46	164	……
10.00	Total new obligations	1,297	1,749	1,107
	Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	1,027	849	118
22.00	New financing authority (gross)	1,119	1,018	1,126
23.90	Total budgetary resources available for obligation	2,146	1,867	1,244
23.95	Total new obligations	-1,297	-1,749	-1,107
24.40	Unobligated balance carried forward, end of year	849	118	137
	New financing authority (gross), detail:			
	Spending authority from offsetting collections:			
	Mandatory:			
69.00	Offsetting collections (cash)	1,121	1,079	1,126
69.10	Change in uncollected customer payments from program account (unexpired)	-2	-61	……
69.90	Spending authority from offsetting collections (total mandatory)	1,119	1,018	1,126
	Change in obligated balances:			
72.40	Obligated balance, start of year	75	337	972
73.10	Total new obligations	1,297	1,749	1,107
73.20	Total financing disbursements (gross)	-1,037	-1,175	-1,472
74.00	Change in uncollected customer payments from program account (unexpired)	2	61	……
74.40	Obligated balance, end of year	337	972	607
87.00	Total financing disbursements (gross)	1,037	1,175	1,472
	Offsets:			
	Against gross financing authority and financing disbursements:			
	Offsetting collections (cash) from:			
	Federal sources:			
88.00	Payments from program account	147	140	……
88.00	Upward reestimate	3	31	……
88.00	Interest on reestimate	2	3	……
88.25	Interest on uninvested funds	22	45	46
	Non-Federal sources:			
88.40	Fees	435	588	800
88.40	Proceeds from loan asset sales	60	80	124
88.40	Other	448	154	156
88.90	Total, offsetting collections (cash)	1,117	1,041	1,126
	Against gross financing authority only:			
88.95	Change in uncollected customer payments from program account	-2	-61	……
	Net financing authority and financing disbursements:			
89.00	Financing authority			
90.00	Financing disbursements	-80	134	346

Shaded entries are automatically calculated by MAX.

Line 7400 is automatically copied from line 6910 but with the opposite sign. Update the line stub to be consistent with 6910.

Enter lines 8800-8845 as positive amounts. The amounts will appear in the Budget Appendix with the opposite sign.

Line 8895 is automatically copied from line 6910 but will appear in the Budget Appendix with the opposite sign.

Guaranteed Loan Financing Account
Status of Guaranteed Loans (Schedule H)

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4149-0-3-376		PY actual	CY est.	BY est.
	Position with respect to appropriations act limitation on commitments:			
2111	Limitation on guaranteed loans made by private lenders	14,874	16,187	17,575
2131	Guaranteed loan commitments exempt from limitation	1,284	……	……
2142	Uncommitted loan guarantee limitation	-3,006	……	……
2150	Total guaranteed loan commitments	13,152	16,187	17,575
	Memorandum:			
2199	Guaranteed amount of guaranteed loan commitments	10,522	12,950	14,060
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	36,767	31,739	27,572
2231	Disbursements of new guaranteed loans	12,149	10,488	9,111
2251	Repayments and prepayments	-16,463	-13,965	-5,338
	Adjustments			
2261	Terminations for default that result in loans receivable	-681	-656	-670
2264	Other adjustments, net	-33	-34	-35
2290	Outstanding, end of year	31,739	27,572	30,640
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	23,280	20,679	22,459
	Addendum:			
	Cumulative balance of defaulted guaranteed loans that result in loans receivable			
2310	Outstanding, start of year	753	817	1,011
2331	Disbursements for guaranteed loan claims	681	656	670
2351	Repayments of loans receivable	-204	-210	-214
2361	Write-offs of loans receivable	-236	-118	-61
2364	Other adjustments, net	-177	-134	-137
2390	Outstanding, end of year	817	1,011	1,269

Shaded entries are automatically calculated by MAX.

Include line 2111 even if the value is zero.

Line 2199 is required even if the value is the same as line 2150.

Guaranteed Loan Financing Account
Balance Sheet (Schedule F)

Balance Sheet (in millions of dollars)

Identification code 73-4149-0-3-376		PY-1 actual	PY actual
	ASSETS:		
	Federal assets:		
1101	Fund balances with Treasury	1,102	1,186
1106	Receivables, net	5	34
1207	Non-Federal assets:Advances and pre-payments..	……..	449
	Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:		
1501	Defaulted guaranteed loans receivable	834	817
1502	Interest receivable	38	37
1505	Allowance for subsidy cost (-)	-215	-78
1599	Net present value of assets related to defaulted guaranteed loans	657	776
1901	Other Federal assets: Other assets	128	197
1999	Total assets	1,892	2,642
	LIABILITIES		
2101	Accounts payable	284	722
2204	Non-Federal liabilities: Liabilities for loan guarantees	1,608	1,920
2999	Total liabilities	1,892	2,642
	NET POSITION		
3300	Cumulative results of operations	……..	……..
3999	Total net position	……..	……..
4999	Total liabilities and net position	1,892	2,642

Shaded entries are automatically calculated by MAX.

Line 1101 equals obligated and unobligated balances.

Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed subsidy from the program account even if it has been obligated.

Include undisbursed downward reestimates and interest on such estimates on line 2101.

See Section 86.2 for detailed information about balance sheets.

The financing account is designed to break even and thus have a zero results of operation.

Liquidating Account
Program and Financing Schedule (Schedule P)

Program and Financing (in millions of dollars)

Identification code 73-4154-0-3-376		2003 actual	2004 est.	2005 est.
	Obligations by program activity:			
00.01	Interest expense to Treasury	31	25	20
00.03	Miscellaneous program expenses	130	120	150
00.05	Guaranteed loan default claims	26	100	65
10.00	Total new obligations	187	245	235
	Budgetary resources available for obligation:			
21.40	Unobligated balance carried forward, start of year	32	.....	.....
22.00	New budget authority (gross)	187	245	235
22.40	Capital transfer to general fund	-2	.....	.....
22.60	Portion applied to repay debt	-30	.....	.....
23.90	Total budgetary resources available for obligations	187	245	235
23.95	Total new obligations	-187	-245	-235
24.40	Unobligated balance carried forward, end of year	.....	.....	.....
	New budget authority (gross), detail:			
	Mandatory:			
69.00	Offsetting collections (cash)	270	617	327
69.27	Capital transfer to general fund (-)	-3	-22	.....
69.47	Portion applied to repay debt (-)	-80	-350	-92
69.90	Spending authority from offsetting collections	187	245	235
	Change in obligated balances:			
72.40	Obligated balance, start of year	27	55	20
73.10	Total new obligations	187	245	235
73.20	Total outlays (gross)	-159	-280	-231
74.40	Obligated balance, end of year	55	20	24
	Outlays (gross) detail:			
86.97	Outlays from new mandatory authority	150	265	222
86.98	Outlays from mandatory balances	9	15	9
87.00	Total outlays (gross)	159	280	231
	Offsets:			
	Against gross budget authority and outlays:			
	Offsetting collections (cash) from:			
	Loan repayments:			
	Non-Federal sources:			
88.40	Principal	99	100	80
88.40	Interest Income	20	27	21
88.40	Net changes in receivables from the public	1	7	2
88.40	Sale of acquired collateral	150	433	199
88.90	Total of offsetting collections (cash)	270	617	327
	Net budget authority and outlays:			
89.00	Budget authority	-83	-372	-92
90.00	Outlays	-111	-337	-96

Shaded entries are automatically calculated by MAX.

There should be no unobligated balance at the end of any fiscal year (line 2440) unless an extension has been approved by OMB. Excess amounts should be used to repay debt or transferred to the general fund.

Enter lines 8800-8845 as positive amounts. These amounts will appear in the Budget Appendix with the opposite sign.

Liquidating Account
Status of Direct Loans (Schedule G)

Status of Direct Loans (in millions of dollars)

Identification code 73-4154-0-3-376		PY actual	CY est.	BY est.
	Loan fund A, Direct Loans			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	555	326	149
1232	Disbursements: Purchase of loans assets from the Public	20	22	18
	Repayments:			
1251	Repayments and prepayments	-126	-119	-39
1252	Proceeds from loan asset sales to the public or discounted prepayments without recourse	-39	-24	-24
1262	Adjustments: Discount on loan asset sales to the public or discounted prepayments	-36	-15	……
1263	Write-offs for default: Direct loans	-48	-41	-13
1290	Outstanding, end of year	326	149	91
	Loan fund B and C, Direct Loans			
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	193	159	137
	Repayments:			
1251	Repayments and prepayments	-20	-13	-15
1252	Proceeds from loan asset sales to the public or discounted	-14	-9	-5
1290	Outstanding, end of year	159	137	117

Shaded entries are automatically calculated by MAX.

For liquidating accounts, do not use lines 1111-1150 or 6300. Most liquidating accounts should not use line 1231.

Liquidating Account
Status of Guaranteed Loans (Schedule H)

Status of Guaranteed Loans (in millions of dollars)

Identification code 73-4154-0-3-376		PY actual	CY est.	BY est.
	Loan Fund D, Loan Guarantees			
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	2,652	2,010	1,578
2251	Repayments and prepayments	-613	-398	-313
	Adjustments:			
2261	Terminations for default that result in loans receivable	-26	-28	-22
2264	Other adjustments, net	-3	-6	-5
2290	Outstanding, end of year	2,010	1,578	1,238
	Memorandum:			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	1,766	1,442	1,127
	Addendum:			
	Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	1,378	1,320	1,242
2331	Disbursements for guaranteed loan claims	26	28	22
2361	Write-offs of loans receivable	-9	-6	……..
2364	Other adjustments, net	-75	-100	……..
2390	Outstanding, end of year	1,320	1,242	1,264

Shaded entries are automatically calculated by MAX.

For liquidating accounts, do not use lines 2111-2150 or 6300. Most liquidating accounts should not use line 2231.

Liquidating Account
Balance Sheet (Schedule F)

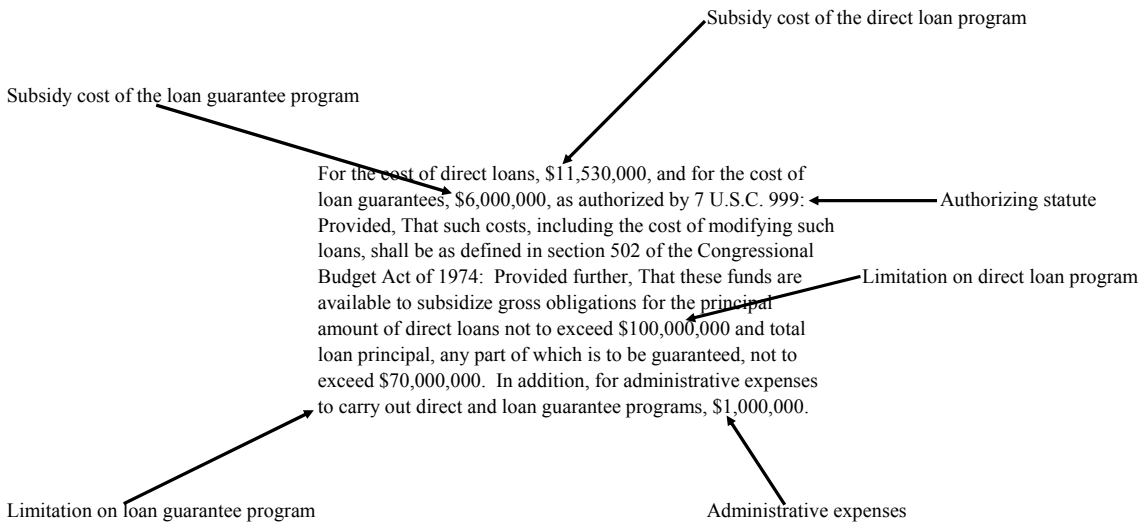
Balance Sheet (in millions of dollars)

Identification code 73-4154-0-3-376		PY-1 actual	PY actual
	ASSETS:		
	Federal assets:		
1101	Fund balances with Treasury	779	920
	Investments in US securities:		
1102	Treasury securities, net	244	218
1107	Advances and prepayments	6	3
	Non-Federal Assets		
1206	Receivables, net	214	280
1207	Advances and prepayments	8	8
	Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:		
1601	Direct loans, gross	748	484
1603	Allowance for estimated uncollectible loans and interest (-)	-303	-73
1699	Value of assets related to direct loans	445	411
1901	Other Federal assets: Other assets	21	115
1999	Total assets	1,717	1,955
	LIABILITIES		
	Federal liabilities:		
2101	Accounts payable	1,123	48
2102	Interest payable	57	96
2103	Debt to the FFB	193	159
2105	Other Liabilities	……..	1,046
	Non-Federal liabilities		
2201	Accounts payable	13	108
2204	Liabilities for loan guarantees	18	13
2207	Other Liabilities	313	485
2999	Total liabilities	1,717	1,955
	NET POSITION		
3300	Cumulative results of operations	……..	……..
3999	Total net position	……..	……..
4999	Total liabilities and net position	1,717	1,955

Shaded entries are automatically calculated by MAX.

See Section 86.2 for detailed information about balance sheets.

Standard Appropriations Language



Initial Apportionment
Program Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
0138 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government BUREAU: Office of the Secretary	APPROPRIATION OR FUND TITLE AND SYMBOL Credit Program Account 80Y0138		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
	Appropriation:			
3A1	Actual……		18,530,000	Subsidy ($11,530,000 + $6,000,000) + administrative expenses
7	**Total budgetary resources….....**		18,530,000	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			These two entries should be equal.
	Category B:			
8B1	Direct loan subsidy……		11,530,000	
8B2	Guaranteed loan subsidy……		6,000,000	
8B3	Administrative expenses……		1,000,000	
12	**Total budgetary resources…….....……**		18,530,000	

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED Authorized officer (Date) APPORTIONED_____ (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Initial Apportionment
Direct Loan Financing Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
4147 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU: Office of the Secretary	Direct Loan Financing Account 80X4147		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
3B	Borrowing authority		88,470,000	
	Spending authority from offsetting collections (gross):			
3D3	Anticipated for rest of year, without advance		21,773,000	
	Permanently not available:			
6F	Anticipated rest of year (-)		-8,562,750	
7	**Total budgetary resources**		101,680,250	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			
	Category A:			
8A1	First quarter		25,000,000	
8A2	Second quarter		25,000,000	
8A3	Third quarter		25,000,000	
8A4	Fourth quarter		25,000,000	
	Category B:			
8B1	Interest paid to Treasury		1,680,250	
12	**Total budgetary resources**		101,680,250	

Direct loan limitation ($100,000,000) minus subsidy ($11,530,000).

Subsidy from the program account ($11,530,000) + repayments from borrower ($10,243,000). 100% of the subsidy is recorded because the spending plan assumes that all loans will be obligated in the first year.

Anticipated principal repayments to Treasury.

These two entries should be equal.

SUBMITTED Authorized officer (Date) APPORTIONED (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Initial Apportionment
Guaranteed Loan Financing Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
4148 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU: Office of the Secretary	Guaranteed Loan Financing Account 80X4148		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	PROGRAM LEVEL			
	Guaranteed loan levels:			
G1A	Current year……		70,000,000	Limitation on loan guarantees.
G1B	Unused from prior years……			
	APPLICATION			
	Apportioned:			
	Category A:			
G8A1	First quarter			
G8A2	Second quarter			
G8A3	Third quarter			
G8A4	Fourth quarter			
	Category B:			
G8B1	Guaranteed loan program		70,000,000	
	BUDGETARY RESOURCES			
	Budget authority:			
	Spending authority from offsetting collections (gross):			
3D3	Anticipated for rest of year, without advance……		6,360,000	Subsidy from the program account ($6,000,000) + interest from Treasury ($360,000)
7	**Total budgetary resources……**		6,360,000	
	APPLICATION OF BUDGETARY RESOURCES			
11	**Unapportioned balance of revolving fund……**		6,360,000	
12	**Total budgetary resources……**		6,360,000	

These top lines are only used on the SF 132 for guaranteed loan financing accounts.

These two entries should be equal.

SUBMITTED Authorized officer (Date)

APPORTIONED_____ (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

INITIAL APPORTIONMENT SIDE-BY-SIDE-ACCOUNT COMPARISON

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
		Program Level	
Guaranteed loan levels G1A. Current year			Record the loan guarantee limitation, in this case $70,000,000. For mandatory programs, record the amount of guaranteed loans anticipated to be committed.
		Application	
Apportioned: Category B G1B. Guaranteed loan program			Should equal the amount on line 1 immediately above.
		Budgetary Resources	
Budget authority Appropriations 3A1. Actual	The total amount specified in the appropriations language and becoming available on or after October 1 of the fiscal year. It is composed of amounts to cover direct and guaranteed loan subsidy costs and administrative expenses ($11,530,000 +$6,000,000 + $1,000,000).		
3B. Borrowing authority		The amount of borrowing authority anticipated to be used to cover obligations during the year that are not covered by subsidy cost payments or fees. Usually, assume direct loan obligations equal to the direct loan limitation and subtract corresponding estimates of subsidy cost payments and any fees paid by the borrower ($100,000,000–$11,530,000). (This example assumes borrowers are not charged any fees.)	
Spending authority from offsetting collections		The expected collections of credit subsidy cost	The expected collections of credit subsidy cost

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
(Gross) 3D3. Anticipated for rest of year, without advance		payments from the program account, plus expected repayments from borrowers ($11,530,000 + $10,243,000).	payments from the program account plus interest earned from Treasury ($6,000,000 + $360,000).
Permanently not available 6F. Anticipated rest of year		Repayments of Treasury debt are shown as a reduction in resources rather than as obligations and disbursements. Does not include interest payments made on debt owed to Treasury, which are treated as an obligation and an outlay. To calculate principal repayments to Treasury, contact your OMB representative.	
7. Total Budgetary Resources	The sum of lines 1–6 and always equal to line 12.	The sum of lines 1–6 and always equal to line 12.	The sum of lines 1–6 and always equal to line 12.
Application of Budgetary Resources			
Apportioned Category A: 8A1. First quarter 8A2. Second quarter 8A3. Third quarter 8A4. Fourth quarter		The amount for each quarter to incur direct loan obligations and to disburse loans. Assuming that 100% of the direct loans will be obligated evenly throughout the first year, entries for each quarter are calculated by dividing the direct loan limitation level equally into four quarters ($100,000,000 * .25).	
Category B: 8B1. Direct loan subsidy cost 8B2. Guaranteed loan subsidy cost 8B3. Administrative expenses 8B4. Interest paid to Treasury	Includes separate amounts for direct loan and loan guarantee subsidy cost and administrative expenses. Because this program expects to obligate the full amounts in the first fiscal year, the total amount of subsidy cost and administrative expenses appropriated to the account should be apportioned.	In this example, $1,680,250 is requested for interest payments to Treasury.	
11. Unapportioned balance of revolving fund			Records the amount of subsidy cost payments and interest which will be held to finance future defaults

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
			($6,000,000 + $360,000).
12. Total Budgetary Resources	The sum of lines 8–11 and always equal to line 7.	The sum of lines 8–11 and always equal to line 7.	The sum of lines 8–11 and always equal to line 7.

Reapportionment for Modification
Program Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
0138 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU: Office of the Secretary	Credit Program Account 80Y0138		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
	Appropriation:			
3A1	Actual……	18,530,000	19,530,000	
7	**Total budgetary resources….....……**	18,530,000	19,530,000	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			
	Category B:			
8B1	Direct loan subsidy……	11,530,000	11,530,000	
8B2	Guaranteed loan subsidy……	6,000,000	6,000,000	
8B3	Administrative expenses……	1,000,000	1,000,000	
8B4	Direct loan modification……		1,000,000	
12	**Total budgetary resources……...……**	18,530,000	19,530,000	

Subsidy ($11,530,000 + $6,000,000) + modification ($1,000,000) + administrative expenses ($1,000,000).

If your current apportionment does not provide budgetary resources to cover the modification cost, you must submit a reapportionment.

Budgetary resources for modifications must be apportioned in advance.

These two entries should be equal.

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED Authorized officer (Date) APPORTIONED_____ (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Reapportionment for Upward Reestimate
Program Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
YYYY [= last year of availability, or "X" for no-year]
0138 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU: Office of the Secretary	Credit Program Account 80Y0138		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
	Appropriation:			
3A1	Actual……	18,530,000	18,530,000	
3A2	Anticipated…… FCRA……..……		1,000,000	
7	**Total budgetary resources…….....……**	18,530,000	19,530,000	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			
	Category B:			
8B1	Direct loan subsidy……..……	11,530,000	11,530,000	
8B2	Guaranteed loan subsidy……	6,000,000	6,000,000	
8B3	Administrative expenses……	1,000,000	1,000,000	
8B4	Reestimate……		1,000,000	
12	**Total budgetary resources……....……**	18,530,000	19,530,000	

Until indefinite appropriations are warranted, include them on line 3A2. On subsequent apportionments, include the warranted amounts on line 3A1 (see line description of indefinite appropriation).

If your current apportionment does not provide budgetary resources to cover the upward reestimate, you must submit a reapportionment requesting permanent indefinite authority to cover upward reestimate of $1,000,000.

These two entries should be equal.

Budgetary resources for upward reestimate.

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED Authorized officer APPORTIONED_____

(Date) (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Reapportionment for Downward Reestimate
Direct Loan Financing Account

80 [= Treasury agency code]
[= first year of availability, or blank for annual and no-year]
X [= last year of availability, or "X" for no-year]
4148 [= Treasury account code]
YYYY [= fiscal year]
01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

	AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU: Office of the Secretary	Direct Loan Financing Account 80X4148		
	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
	BUDGETARY RESOURCES			
	Budget authority:			
3B	Borrowing authority	88,470,000	88,470,000	Direct loan limitation ($100,000,000) minus subsidy ($11,530,000).
	Spending authority from offsetting collections (gross):			
	Earned:			
3D1a	Collected	21,773,000	22,773,000	$1,000,000 more was collected from borrowers than estimated.
	Permanently not available:			
6C	Capital transfers and redemption of debt (-)	-8,562,750	-8,562,750	Use 6C (actual) and 6F (anticipated) to show principal repayments to Treasury.
7	**Total budgetary resources**	101,680,250	102,680,250	
	APPLICATION OF BUDGETARY RESOURCES			
	Apportioned:			
	Category A:			
8A1	First quarter	25,000,000	25,000,000	
8A2	Second quarter	25,000,000	25,000,000	
8A3	Third quarter	25,000,000	25,000,000	These two entries should be equal.
8A4	Fourth quarter	25,000,000	25,000,000	
	Category B:			
8B1	Interest paid to Treasury	1,680,250	1,680,250	
8B2	To receipt account		1,000,000	
12	**Total budgetary resources**	101,680,250	102,680,250	

If your current apportionment does not address the downward reestimate, you must submit a reapportionment.

Downward reestimates are obligated and disbursed to the receipt account.

SUBMITTED Authorized officer (Date) APPORTIONED (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

End of First Quarter: Program Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ended 12/31/CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Office of the Secretary	Credit Program Account

	Unexpired	
BUDGETARY RESOURCES		
3. Budget authority:		
A. Appropriation:		
1. Actual……	18,530,000	The appropriations becoming available on or after October 1 of the fiscal year. In this case, it is composed of direct loan subsidy ($11,530,000) + guaranteed loan subsidy ($6,000,000) + administrative expenses ($1,000,000).
7. Total budgetary resources...……..…….	18,530,000	
STATUS OF BUDGETARY RESOURCES		
8. Obligations incurred:		
A. Direct		
2. Category B:		
1. Direct loan subsidy…….....	2,882,500	25% of the total direct and guaranteed loan subsidy has been obligated.
2. Guaranteed loan subsidy…...……	1,500,000	
3. Administrative expenses……	250,000	25% of the total administrative expenses has been obligated.
9. Unobligated balance:		
A. Apportioned:		
1. Balance, currently available….....……	13,897,500	Amount apportioned under Category B of the latest SF 132 ($18,530,000) minus the total obligations incurred on line 8.B. above ($4,632,500).
11. Total status of budgetary resources…...….....……	18,530,000	
CHANGE IN OBLIGATED BALANCES		
12. Obligated balance, net:		
A. Unpaid obligations, brought forward, October 1 (+)..….....		
13. Obligations incurred (+)……	4,632,500	
14. Gross outlays (-)……	-3,756,000	
18. Obligated balance, net, end of period:		
A. Unpaid obligations (+)..….....	876,500	Loan subsidy obligated but not yet disbursed.
B. Uncollected customer payments from Federal sources (-)….....		
NET OUTLAYS		
19. Net outlays:		
A. Gross outlays (+)……...…….....	3,756,000	Loan subsidy and administrative cost obligated and disbursed.
B. Offsetting collections (-)……		

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED _____ _____
(Authorized Officer) (Date)

(Preparer: Name) _____
(Address) _____
(Phone number) _____

End of First Quarter: Direct Loan Financing Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Fiscal Year CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Office of the Secretary	Direct Loan Financing Account
	Unexpired
BUDGETARY RESOURCES	
3. Budget authority:	
B. Borrowing authority……	88,470,000
D. Spending authority from offsetting collections (gross):	
1. Earned:	
a. Collected……	2,306,000
2. Change in unfilled customer orders (+ or -):	
b. Without advance from Federal sources……	576,500
3. Anticipated for rest of year, without advance……	18,890,500
6. Permanently not available (-):	
C. Capital transfers and redemption of debt (-)……	-8,562,750
7. Total budgetary resources……	101,680,250
STATUS OF BUDGETARY RESOURCES	
8. Obligations incurred:	
A. Direct……	
1. Category A……	25,000,000
2. Category B:	
1. Interest payment to Treasury……	1,680,250
10. Unobligated balance not available:	
A. Apportioned for subsequent periods……	75,000,000
11. Total status of budgetary resources……	101,680,250
CHANGE IN OBLIGATED BALANCES	
12. Obligated balance, net:	
A. Unpaid obligations, brought forward, October 1 (+)……	
13. Obligations incurred (+)……	26,680,250
14. Gross outlays (-)……	-20,000,000
17. Change in uncollected customer payments from Federal sources ……	-576,500
18. Obligated balance, net, end of period:	
A. Unpaid obligations (+)……	6,680,250
B. Uncollected customer payments from Federal sources (-)……	-576,500
NET OUTLAYS	
19. Net outlays:	
A. Gross outlays (+)……	20,000,000
B. Offsetting collections (-)……	-2,306,000

Amount apportioned on latest SF 132.

As direct loans are obligated and disbursed, the loan subsidy is collected from the program account.

Direct loan subsidy obligated but not yet received from the program account.

The remainder of the loan subsidy expected from the program account for the unobligated portion of the direct loans plus the expected repayments from borrowers that will not be received until the end of the fiscal year.

Use 6C (actual) and 6F (anticipated) to show principal repayments to Treasury.

Obligations incurred against the amount apportioned for this period under Catergory A of the latest SF 132.

Interest is obligated through the year but not yet disbursed.

Amount apportioned on latest SF 132 by time periods (under Category A &B) that will not become available until after the reporting period.

Direct loans obligated but not yet disbursed + interest payment to Treasury obligated but not yet disbursed.

Subsidy receivable from the program account for the portion of the direct loans that were obligated but not disbursed.

Loans disbursed from the account, as of this reporting period.

Direct loan subsidy collected from program account.

SUBMITTED _____ _____
(Authorized Officer) (Date)

(Preparer: Name) _____
Address) _____
(Phone number) _____

End of First Quarter: Guaranteed Loan Financing Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Fiscal Year CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Office of the Secretary	Guaranteed Loan Financing Account

	Unexpired
BUDGETARY RESOURCES	
3. Budget authority:	
B. Borrowing authority……	
D. Spending authority from offsetting collections (gross):	
1. Earned:	
a. Collected...….....….....……	1,200,000
2. Change in unfilled customer orders (+ or -):	
b. Without advance from Federal sources…….....	300,000
3. Anticipated for rest of year, without advance……	4,860,000
7. Total budgetary resources….....……	6,360,000
STATUS OF BUDGETARY RESOURCES	
10. Unobligated balance not available:	
C. Other.…….....……	6,360,000
11. Total status of budgetary resources…….....….	6,360,000
CHANGE IN OBLIGATED BALANCES	
12. Obligated balance, net:	
A. Unpaid obligations, brought forward, October 1 (+)..…....	
13. Obligations incurred (+)……	
14. Gross outlays (-)……	
17. Change in uncollected customer payments from Federal sources….....	-300,000
18. Obligated balance, net, end of period:	
A. Unpaid obligations (+)..…....	
B. Uncollected customer payments from Federal sources (-)….....	-300,000
NET OUTLAYS	
19. Net outlays:	
A. Gross outlays (+)……...…….....	
B. Offsetting collections (-)……	-1,200,000

When loan guarantees have been committed and the loans disbursed, the subsidy is received from the program account.

Subsidy obligated but not yet received from program account.

The remainder of loan guarantee subsidy expected from the program account.

Guaranteed loan financing accounts hold a reserve for future defaults.

Subsidy collected from program account.

SUBMITTED _____ _____
(Authorized Officer) (Date)

(Preparer: Name) _____
(Address) _____
(Phone number) _____

BUDGET EXECUTION REPORTING—END OF FIRST QUARTER
SIDE-BY-SIDE ACCOUNT COMPARISON

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
	Budgetary Resources		
3. Budget Authority A. Appropriations 1. Actual	The total amount becoming available on or after October 1 of the fiscal year. It is composed of amounts for direct loan and loan guarantee subsidy costs and administrative expenses ($11,530,000 + $6,000,000 + $1,000,000). The entry for this line should equal the entry on line 1A of the latest SF 132 for this account.		
B. Borrowing authority		The amount of borrowing authority anticipated to be used to cover obligations during the year that are not covered by subsidy cost payments or fees. Usually, assume direct loan obligations equal to the direct loan limitation and subtract corresponding estimates of subsidy cost payments and any fees paid by the borrower ($100,000,000–$11,530,000). The entry for this line should equal the entry on line 1B of the latest SF 132 for this account.	
D. Spending authority from offsetting collections (Gross) 1. Earned a. Collected		When a direct loan is disbursed, the financing account collects the subsidy cost payment from the program account. So far, only 80% of the loans obligated this quarter have been disbursed so only 80% of the subsidy cost should be collected ($2,882,500 * .8). Later, as borrowers make repayments, such	When a guaranteed loan is disbursed by a private lender, the financing account collects the subsidy cost payment from the program account. These collections are held to finance future defaults. So far, private lenders have disbursed only 80% of the loans guaranteed this quarter ($1,500,000 * .8).

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
		amounts will also be recorded on this line.	
2. Change in unfilled customer orders: b. Without advance from Federal sources		The portion of the subsidy cost for loans obligated but not yet disbursed in the first quarter ($2,882,500 * .2). When the remaining 20% of the loans is disbursed, the program account will pay the remaining subsidy cost to the financing account, and the amount on this line will be moved to line 3A1.	The portion of the subsidy cost for guarantees committed but not yet disbursed in the first quarter ($1,500,000 * .2). When the remaining 20% of the loans is disbursed, the program account will pay the remaining subsidy cost to the financing account, and the amount on this line will be moved to line 3A1.
3. Anticipated for rest of year without advance		The anticipated subsidy cost payments from the program account for loans planned to be obligated in the remaining quarters of this year and expected borrower repayments of principal and interest for this year [($2,882,500 * 3) + $10,243,000]. As direct loans are obligated and disbursed, reflect these actions by moving the corresponding amounts to lines 3A2 and 3A1, as appropriate.	The anticipated subsidy cost payments from the program account for guarantees planned to be committed in the remaining quarters of this year and interest earned from Treasury [($1,500,000 * 3) + $360,000]. As guarantees are committed and guaranteed loans are disbursed, reflect these actions by moving the corresponding amounts to lines 3A2 and 3A1, as appropriate.
6. Permanently not available F. Anticipated rest of year		Repayments of Treasury debt are shown as a reduction in resources rather than as an obligation of resources. This entry does not include interest payments made on borrowing from Treasury, which are treated as an obligation and an outlay.	
7. Total Budgetary Resources	Represents all the budgetary resources available for new obligations. This line should always equal line 11. However, because this is an example of a new program, the entry should also equal line 1A.	The sum of lines 1–6 and should equal line 11.	The sum of lines 1–6 and should equal line 11.

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
		Status of Budgetary Resources	
8. Obligations incurred A. Direct 1. Category A		A quarter of the borrowing authority and subsidy cost has been obligated ($100,000,000 * .25).	
2. Category B: 1. Direct loan subsidy cost 2. Guaranteed loan subsidy cost 3. Admin. expenses 4. Interest payment to Treasury	A quarter of the direct loan and loan guarantee subsidy cost and administrative expenses has been obligated, so a quarter of each [.25 * ($11,530,000 + $6,000,000 + $1,000,000)] is recorded.	The interest payment to Treasury ($1,680,250) is recorded.	
9. Unobligated balance: A. Apportioned: 1. Balance currently available	Based on the latest SF 132, a total of $18,530,000 is apportioned for this account, but only $4,632,500 ($2,882,500 + $1,500,000 +$250,000) has been obligated. Therefore, the remaining $13,897,500 is recorded.		
10. Unobligated balance not available: A. Apportioned for subsequent periods		Because this account is apportioned by time periods, the amount apportioned on the latest SF 132 (line 8, *Category A*) that will not become available until after this reporting period is recorded here. This is calculated by taking the total Category A apportionment on the latest SF 132 minus the obligations incurred on line 8A of this SF 133 ($100,000,000–$25,000,000).	
C. Other			Guaranteed loan financing accounts hold an interest-earning reserve for future defaults. Record the amount of subsidy cost payments and interest received and anticipated ($4,860,000 + $1,200,000 + $300,000) for the year.

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
11. Total Status of Budgetary Resources	The sum of lines 8–10 and should equal line 7.	The sum of lines 8–10 and should equal line 7.	The sum of lines 8–10 and should equal line 7.
		Change in Obligated Balances	
18. Obligated balance, net, end of period: A. Unpaid obligations	The amount of obligated but not disbursed budgetary resources. In this example, 20% of the subsidy cost obligated in the first quarter will not be disbursed until a later quarter [($2,882,500 + $1,500,000) * .2].	The amount payable to Treasury for interest expense and the amount of direct loans obligated but not yet disbursed by the financing account [$1,680,250 + ($25,000,000 * .2)].	
B. Uncollected customer payments, from Federal sources		The amount of direct loan subsidy cost payment receivable from the program account for the portion of the direct loan subsidy cost that was obligated but remains undisbursed ($2,882,500 * .2).	
		Net Outlays	
19. Net outlays A. Gross Outlays	The amount of obligations that are liquidated by disbursements. In this example, only 80% of the subsidy cost obligated this quarter [($2,882,500 + $1,500,000) * .8] (see line 3A1 of the financing account) and 25% of the administrative expenses have been disbursed. The sum of these two disbursements ($3,506,000 + $250,000) is recorded.	The loan amount outlayed. Only 80% of the $25,000,000 obligated is disbursed as of this reporting period ($25,000,000 * .8).	
B. Offsetting collections		Repayments from the borrowers are not expected until the end of the year, so this entry should reflect only the amount of the direct loan subsidy cost payments that have been disbursed from the program account (see line D1A), recorded as a negative amount.	Records the amount of the loan guarantee subsidy cost payments that have been disbursed from the program account (see line D1A), recorded as a negative amount.

End of Fiscal Year: Program Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Period ending 9/30 CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Office of the Secretary	Credit Program Account

	Unexpired			
BUDGETARY RESOURCES				
3. Budget authority:				
A. Appropriation:				
1. Actual……	18,530,000			
7. Total budgetary resources…….....……	18,530,000			
STATUS OF BUDGETARY RESOURCES				
8. Obligations incurred:				
A. Direct				
2. Category B:				
1. Direct loan subsidy…….....	11,530,000			
2. Guaranteed loan subsidy…...……	6,000,000			
3. Administrative expenses……	1,000,000			
11. Total status of budgetary resources…….....……	18,530,000			
CHANGE IN OBLIGATED BALANCES				
12. Obligated balance, net:				
A. Unpaid obligations, brought forward, October 1 (+)..….....				
13. Obligations incurred (+)……	18,530,000			
14. Gross outlays (-)……	-15,024,000			
18. Obligated balance, net, end of period:				
A. Unpaid obligations (+)..….....	3,506,000			
B. Uncollected customer payments from Federal sources (-)….....				
NET OUTLAYS				
19. Net outlays:				
A. Gross outlays (+)……...…….....	15,024,000			
B. Offsetting collections (-)……				

100% of direct and guaranteed loan subsidy and administrative expenses have been obligated.

Loan subsidy obligated but not yet disbursed.

Loan subsidy and administrative cost obligated and disbursed.

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED _____ _____
(Authorized Officer) (Date)

(Preparer: Name) _____
(Address) _____
(Phone number) _____

End of Fiscal Year: Direct Loan Financing Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Fiscal Year CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL
BUREAU: Office of the Secretary	Direct Loan Financing Account

	Unexpired
BUDGETARY RESOURCES	
3. Budget authority:	
B. Borrowing authority……	88,470,000
D. Spending authority from offsetting collections (gross):	
1. Earned:	
a. Collected..…….....….....……	19,467,000
2. Change in unfilled customer orders (+ or -):	
b. Without advance from Federal sources…….....	2,306,000
6. Permanently not available (-):	
C. Capital transfers and redemption of debt (-)..….....	-8,562,750
7. Total budgetary resources.....…….....……	101,680,250
CHANGE IN OBLIGATED BALANCES	
8. Obligations incurred:	
A. Direct	
1. Category A……	100,000,000
2. Category B:	
1. Interest payment to Treasury……..….....……	1,680,250
11. Total status of budgetary resources.....…….....……	101,680,250
CHANGE IN OBLIGATED BALANCES	
12. Obligated balance, net:	
A. Unpaid obligations, brought forward, October 1 (+)..….....	
13. Obligations incurred (+)……	101,680,250
14. Gross outlays (-)……	-81,680,250
17. Change in uncollected customer payments from Federal sources ….....	-2,306,000
18. Obligated balance, net, end of period:	
A. Unpaid obligations (+)..….....	20,000,000
B. Uncollected customer payments from Federal sources (-)….....	-2,306,000
NET OUTLAYS	
19. Net outlays:	
A. Gross outlays (+)……...…….....	81,680,250
B. Offsetting collections (-)……	-19,467,000

Amount apportioned on latest SF 132.

Direct loan subsidy collected from the program account ($11,530,000 * 80%) + repayments from borrower ($10,243,000).

Portion of the direct loan subsidy obligated but not yet disbursed from the program account ($11,530,000* 20%).

Actual principal repayments to Treasury.

Amount of direct loans obligated but not yet disbursed ($100,000,000 * 20%).

Direct loan subsidy still receivable from program account.

Portion of the loan that has been disbursed ($100,000,000 * 80%) + interest paid to Treasury ($1,680,250).

Direct loan subsidy collected from the program account ($11,530,000 * 80%) + repayments from borrower ($10,243,000).

SUBMITTED _____ _____
(Authorized Officer) (Date)

er: Name) _____
ss) _____
number) _____

End of Fiscal Year: Guaranteed Loan Financing Account
Report on Budget Execution

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

Fiscal Year CY

AGENCY: Department of Government	APPROPRIATION OR FUND TITLE AND SYMBOL			
BUREAU: Office of the Secretary	Guaranteed Loan Financing Account			
	Unexpired			
BUDGETARY RESOURCES				
3. Budget authority:				
B. Borrowing authority……				
D. Spending authority from offsetting collections (gross):				
1. Earned:				
a. Collected……	5,160,000	Subsidy collected from the program account plus interest.		
2. Change in unfilled customer orders (+ or -):				
b. Without advance from Federal sources……	1,200,000	The portion of subsidy obligated but not received from the program account.		
7. Total budgetary resources……	6,360,000			
STATUS OF BUDGETARY RESOURCES				
10. Unobligated balance not available:				
C. Other……	6,360,000	Guaranteed loan financing accounts hold a reserve for future defaults.		
11. Total status of budgetary resources……	6,360,000			
CHANGE IN OBLIGATED BALANCES				
12. Obligated balance, net:				
A. Unpaid obligations, brought forward, October 1 (+)……				
13. Obligations incurred (+)……				
14. Gross outlays (-)……				
17. Change in uncollected customer payments from Federal sources……	-1,200,000			
18. Obligated balance, net, end of period:				
A. Unpaid obligations (+)……				
B. Uncollected customer payments from Federal sources (-)……	-1,200,000			
NET OUTLAYS				
19. Net outlays:				
A. Gross outlays (+)……				
B. Offsetting collections (-)……	-5,160,000	Amount of subsidy and interest collected.		

SUBMITTED _____ _____
(Authorized Officer) (Date)

(Preparer: Name) _____
(Address) _____
(Phone number) _____

BUDGET EXECUTION REPORTING—END OF FISCAL YEAR
SIDE-BY-SIDE ACCOUNT COMPARISON

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
	Budgetary Resources		
3. Budget Authority: A. Appropriations 1. Actual	In this example, this entry should be the same as the End of First Quarter.		
B. Borrowing authority		In this example, this entry should be the same as the End of First Quarter.	
D. Spending authority from offsetting collections (Gross) 1. Earned a. Collected		This entry should be updated to reflect that payments totaling 80% of the subsidy cost ($11,530,000 * .8) have been collected from the program account and $10,243,000 was collected from borrower repayments.	This entry should be updated to reflect that payments totaling 80% of the subsidy cost ($6,000,000 * .8) have been collected from the program account and $360,000 was received from Treasury for interest.
2. Change in unfilled customer orders: b. Without advance from Federal sources		The remaining 20% of the subsidy cost payments receivable from the program account is recorded ($11,530,000 * .2).	The remaining 20% of the subsidy cost payments receivable from the program account is recorded ($6,000,000 *.2).
6. Permanently not available C. Capital transfers and redemption of debt		After debt is actually repaid, use this line.	
7. Total Budgetary Resources	The sum of lines 1–6 and should always equal line 11.	The sum of lines 1–6 and should always equal line 11.	The sum of lines 1–6 and should always equal line 11.
	Status of Budgetary Resources		
8. Obligations incurred A. Direct 1. Category A		Update this line to reflect that the full $100,000,000 has been obligated.	
2. Category B: (a) Direct loan subsidy cost (b) Guaranteed loan subsidy cost (c) Admin. Expenses	The full amount of direct and guaranteed loan subsidy cost ($11,530,000 + $6,000,000) and administrative expenses ($1,000,000) has been obligated.	Record the interest payment to Treasury.	

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
(d) Interest payment to Treasury			
10. Unobligated balance not available: C. Other			The amount of subsidy cost payments and interest received and anticipated ($5,160,000 + $1,200,000) for the year.
11. Total Status of Budgetary Resources	The sum of lines 8–10 and should equal line 7.	The sum of lines 8–10 and should equal line 7.	The sum of lines 8–10 and should equal line 7.
Change in Obligated Balances			
18. Obligated balance, net, end of period: A. Unpaid obligations	Records the amount of direct loan and loan guarantee subsidy cost and administrative expenses obligated but undisbursed. Reflects the amount of budgetary resources for subsidy cost that remains in the program account [($11,530,000 + $6,000,000) * .2]. All of the administrative expenses have been disbursed.	This is the amount of loans obligated but not yet disbursed ($100,000,000 * .2).	
B. Uncollected customer payments, from Federal sources		Records the remaining 20% of the loan subsidy cost obligated but not yet disbursed ($11,530,000 * .2).	
Net Outlays			
19. Net outlays A. Gross Outlays	When a direct loan is disbursed from the financing account, the subsidy cost payment moves from line 14D to line 15A. In this example, because 80% of the loans and 100% of the administrative expenses have been disbursed, the entry is 80% of the subsidy cost plus the full amount of administrative expenses [($17,530,000 * .8) + $1,000,000].	Record the loans disbursed plus the amount of interest paid to Treasury [($100,000,000 * .8) + $1,680,250].	
B. Offsetting collections		The amount of loan subsidy cost payments	Update this entry to reflect the subsidy cost

Line Entry	Program Account	Financing Account: Direct	Financing Account: Guaranteed
		collected from the program account and the amount of repayments collected from borrowers is recorded as a negative value [($11,530,000 * .8) + $10,243,000].	payments and interest received.

OMB CIRCULAR NO. A-11

PART 6

PREPARATION AND SUBMISSION OF STRATEGIC PLANS, ANNUAL PERFORMANCE PLANS, AND ANNUAL PROGRAM PERFORMANCE REPORTS

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2006

SECTION 200—OVERVIEW OF STRATEGIC PLANS, PERFORMANCE BUDGETS, AND PERFORMANCE AND ACCOUNTABILITY REPORTS

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200.1 Overview
200.2 Definitions
200.3 Applicability

Summary Schedule

Updated and revised strategic plan sent to Congress and OMB…….	within three years of the date of transmittal of the previous updated and revised strategic plan to Congress
FY 2008 performance budget to OMB……	Fall
FY 2008 performance budget completed ……...	October-December 2006 (after final appropriations action and budget appeals)
FY 2006 performance and accountability reports to President and Congress…….	by November 15, 2006
FY 2008 congressional justification (incorporating performance budget) sent to Congress……..	February 2007
Interim adjustments to strategic plans sent to Congress.…….	February 2007 (with performance budget for FY 2008)

Agencies should note that OMB Circular No. A–19 on legislative coordination and clearance applies to plans and reports sent to Congress.

200.1 Overview.

Strategic plans, annual performance plans, and annual program performance reports comprise the main elements of the Government Performance and Results Act (GPRA, or the Results Act). Together, these elements create a recurring cycle of reporting, planning and execution. Performance measures included in these plans should be consistent with those used in PART assessments.

Agencies should prepare performance budgets in lieu of the annual performance plans that satisfy all statutory requirements for the annual performance plan. Please see sections 51 and 220 for further information on performance budgets. Sections 26 and 230 cover the preparation and submission of annual performance reports, which are included in the performance and accountability report (PAR).

200.2 Definitions.

Strategic Goal or Strategic Objective. A statement of aim or purpose included in a strategic plan (required under GPRA). In a performance budget/performance plan, strategic goals should be used to group multiple program outcome goals. Each program outcome goal should relate to and in the aggregate be sufficient to influence the strategic goals or objectives and their performance measures.

Performance Goal. A target level of performance over time expressed as a tangible, measurable objective, against which actual achievement can be compared. A performance goal is comprised of a performance measure with targets and timeframes.

Performance Measures. Indicators, statistics or metrics used to gauge program performance.

Target. Quantifiable or otherwise measurable characteristic that tells how well or at what level a program aspires to perform.

Outcome Measures. Outcomes describe the intended result of carrying out a program or activity. They define an event or condition that is external to the program or activity and that is of direct importance to the intended beneficiaries and/or the public. For a tornado warning system, outcomes could be the number of lives saved and property damage averted. While performance measures must distinguish between outcomes and outputs, there must be a reasonable connection between them, with outputs supporting (i.e., leading to) outcomes in a logical fashion.

Output Measures. Outputs describe the level of activity that will be provided over a period of time, including a description of the characteristics (e.g., timeliness) established as standards for the activity. Outputs refer to the internal activities of a program (i.e., the products and services delivered). For example, an output could be the percentage of warnings that occur more than 20 minutes before a tornado forms.

Efficiency Measures. While outcome measures provide valuable insight into program achievement, more of an outcome can be achieved with the same resources if an effective program increases its efficiency. The President's Management Agenda (PMA) encourages agencies to develop efficiency measures. Sound efficiency measures capture skillfulness in executing programs, implementing activities, and achieving results, while avoiding wasted resources, effort, time, and/or money. Simply put, efficiency is the ratio of the outcome or output to the input of any program.

Program Assessment. A determination, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives.

Performance Budget. A budget presentation that clearly links performance goals with costs for achieving a target level of performance. In general, a performance budget links strategic goals with related long-term and annual performance goals (outcomes) as well as with the costs of specific activities to influence these outcomes about which budget decisions are made.

For additional information on developing performance measures and definitions, please see www.whitehouse.gov/omb/part/ for Instructions for Completing the PART, Examples of Performance Measures, and Performance Measurement Challenges and Strategies.

200.3 Applicability.

For the purposes of sections 220 and 230 of this Circular, "agency" means cabinet departments and other establishments of the Federal Government, including independent agencies and Government corporations.

A Government corporation is a corporation owned or controlled by the Federal Government. The Legislative Branch and the Judiciary are not subject to GPRA requirements.

Except as noted below, agencies are required to submit strategic plans, annual performance budgets, and annual performance and accountability reports to the President, Congress, and OMB in accordance with these instructions. The Central Intelligence Agency and the Postal Rate Commission are not subject under this statute to the requirements for strategic plans, annual performance plans, or program performance reports. These instructions also do not apply to the Postal Service; preparation and submission of the Postal Service's strategic plan and performance plan are covered by section 7 of GPRA.

OMB may exempt independent agencies with $20 million or less in annual outlays from the requirements for a strategic plan, annual performance plan (performance budget), and annual program performance report. GPRA does not authorize any exemption of a component of a department or independent agency, such as a bureau or office that annually spends $20 million or less.

SECTION 210—PREPARING AND SUBMITTING A STRATEGIC PLAN

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210.1 Preparing a strategic plan: The main elements.
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210.1 Preparing a strategic plan: The main elements

The basic requirements for strategic plans are set forth in Section 3 of the Government Performance and Results Act (GPRA). A strategic plan contains the following elements:

- **Agency mission statement.** A mission statement is brief, defines the basic purpose of the agency, and corresponds directly with the agency's core programs and activities. An agency's program goals should flow from the mission statement.

- **One or more strategic goals.** Also termed "general goal," a strategic goals is a statement of aim or purpose that defines how an agency will carry out a major segment of its mission over a period of time. The goal is expressed in a manner which allows a future assessment to be made of whether the goal was or is being achieved. Most strategic goals will be outcomes, and are long-term in nature. In a performance plan (performance budget), strategic goals should be used to group multiple program outcome goals; the program outcome goals should relate to and in the aggregate be sufficient to influence the strategic goals or objectives and their performance measures.

- **A description of the means and strategies that will be used to achieve the goals.** The agency strategic plan must describe the processes, skills, technologies, and various resources that will be used to achieve the strategic goals. (These are often called "means and strategies.") These may include:

  - Operational processes, such as changes in work methods or sequencing, workforce adjustments, and shifts in responsibility for particular tasks;

  - Staff skills, and the development, introduction, and use of technologies; and

  - Human resources, capital assets, information technology, and other resources.

  Descriptions should be brief. More detailed data should be provided if a significant change in a particular means or strategy will be essential for goal achievement.

- **A description of the relationship between annual program performance goals to the agency's strategic goal framework.** An updated and revised strategic plan should briefly outline:

  - The type, nature, and scope of the performance goals being included in annual performance budgets, and

  - How these annual performance goals relate to the strategic goals, and their use in helping determine the achievement of the strategic goals. The Program Assessment Rating Tool

(PART) process serves to ensure that annual performance goals have ambitious targets and are measurable. Also, the PART process clarifies the relationship among strategic, long term and annual performance goals.

- **Identification of key factors that could affect achievement of the strategic goals**. If key factors (external to the agency) cannot be identified, a statement of such should be included in the plan. Achievement of strategic goals can be affected by certain previously prospective conditions or circumstances occurring during the time period covered by the plan. These conditions are identified in the plan as key factors, and provide insight on the assumptions an agency used when defining its goals. Key factors may enhance or nullify these assumptions and the likelihood of goal achievement. Goal achievement may also be predicated on certain conditions (events) not happening. Key factors are often called external factors, as they are introduced by external forces or parties, and are not of the agency's own making. The factors may be economic, demographic, social, or environmental, and they may remain stable, change within predicted rates, or vary to an unexpected degree. Achievement of goals can also depend on the action of the Congress, other Federal agencies, States, local governments, or other non-Federal entities.

- **A description of program evaluations used in preparing the strategic plan, and a schedule for future evaluations.** A description of completed program evaluations that were used in developing the strategic plan, and a schedule for future program evaluations. For additional information on program evaluations, see Questions 2.6 and 4.5 in the PART guidance, at http://www.whitehouse.gov/omb/part/fy2006/2006_guidance_final.pdf and http://www.whitehouse.gov/omb/part/2004_program_eval.pdf.

An agency's strategic plan keys on those programs and activities that carry out the agency's mission. Strategic plans will provide the overarching framework for an agency's performance budget. Revisions of a strategic plan will focus on developing a performance budget, updating performance measures and targets, and implementing PART improvement plans (also known as follow-up actions).

Strategic plans should guide the formulation and execution of the budget. A strategic plan is a tool to be used in setting priorities and allocating resources consistent with these priorities. A strategic plan is not a budget request; the projected levels of goal achievement must be commensurate with anticipated resource levels.

See section 200.2 for further definitions of "strategic goal," "performance goal," "performance measures," "targets," and "performance budget."

210.2 Preparing a strategic plan: Format and other features

No specific format is prescribed for your strategic plan. An updated strategic plan is a complete plan, containing all required plan elements.

Your plan should outline the process for communicating goals and strategies throughout the agency, and for assigning accountability to managers and staff for goal achievement. The nature and dimension of your management-related initiatives and reforms may merit the inclusion of a management section in your strategic plan. An agency may describe significant risks that threaten achievement of the strategic goals. These risks are associated with internal agency operations and functions, and are separate and distinct from external factors.

If appropriate, include a classified appendix. A classified appendix covers any material specifically authorized under criteria established by an Executive Order, to be kept secret in the interest of national defense or foreign policy.

A strategic plan must cover the major functions and operations of your agency. You have discretion to omit support-type activities and operations. Strategic plans prepared primarily for your agency's internal use (such as those prepared at a program or component-unique level) may cover a greater range of functions and operations.

You should develop a single agency-wide plan. The strategic planning process is sufficiently mature in all agencies to support preparation of a single agency-wide plan. However, GPRA does allow an agency with widely disparate functions to prepare several strategic plans for its major components or programs. In these instances, an overview that brings together the component plans is prepared. Please consult with the appropriate OMB office and secure its approval if your agency will be unable to prepare a single agency-wide plan.

A strategic plan spans a minimum six-year period: the fiscal year it is submitted and at least five years forward of that fiscal year. (For example, a plan submitted in FY 2007 would cover FY 2007 through FY 2012.) A plan may be for a period longer than six years; for example, containing a project completion goal ten years in the future. A strategic plan, while covering a minimum six year period, is only current for three years.

210.3 Submission of strategic plans

(a) *Timing of strategic plan submissions.*

An agency submits an updated and revised strategic plan to the Congress and OMB within three years of submitting its previous strategic plan. An updated plan will often retain, unchanged, the elements of a previous strategic plan, such as the mission statement.

Consistent with current policy and practice regarding interagency clearance of certain material being sent to the Congress, agencies should provide OMB with an advance copy of an updated strategic plan at least 45 days prior to the date for transmitting the plan to the Congress and making it available to the public.

(b) *Consultation and outreach*

When preparing a strategic plan, agencies must consult with the Congress and solicit and consider the views of interested and potentially affected parties. Consultation could include hosting public meetings on the draft plan and posting the draft plan on the internet and inviting comment. This consultation and outreach may result in contrary views being expressed.

(c) *Transmittal of plans to the Congress and OMB.*

The plan is transmitted to the Congress and OMB by the agency head. Transmittal letters are addressed to the Speaker of the House of Representatives, the President and the President pro tempore of the Senate, and the Director of OMB. Distribution is also made to relevant committees of the Congress. The letter transmitting the agency strategic plan to the Congress includes a summary of the consultation and outreach processes, and any contrary views that resulted.

GPRA states that the preparation of a strategic plan is an inherently governmental function, and the plan is to be drafted only by Federal employees. However, when preparing a plan, agencies may be assisted by non-Federal parties, such as consultants or contractors. The transmittal should include an acknowledgment and brief description of the contribution by a non-Federal entity in preparing the plan.

Strategic plans are a matter of public record, so the public should be afforded the opportunity to access the completed plan. Your agency should place the strategic plan on its website, or make it available through other electronic media, generally, a strategic plan should become publicly available when the plan is transmitted to the Congress.

210.4 Interim adjustments to strategic plans

(a) *Scope of interim adjustments.*

You may make minor adjustments to a strategic plan in advance of the three-year revision cycle. Adjustments can include changes to the strategic goals, the means and strategies used to achieve the goals, the key external factors, or the program evaluation schedule. Modifications may reflect altered circumstances or evaluations of program performance. Interim adjustments are selective and do not produce widespread changes in a plan. You need not consult with the Congress, or conduct outreach to potentially interested or affected parties when preparing interim adjustments.

Significant changes to your strategic plan are made using the more extensive update process, even if this accelerates the three-year revision cycle. Consultation requirements apply in these instances. Interim adjustments, on the other hand, do not alter the three-year revision cycle for strategic plans.

(b) *Transmittal of interim adjustments.*

Interim adjustments do not require a formal transmittal. Append an interim adjustment to your budget submission as a separate, easily found section, and present only the adjustments, not the entire strategic plan. The interim adjustments should be included both in the performance budget sent to OMB in September, and in the performance budget (congressional justification) sent to the Congress in February. You should distribute, or otherwise make publicly available, the interim adjustments so readers can reference or review the most current strategic plan content.

SECTION 220—PREPARING AND SUBMITTING PERFORMANCE BUDGETS

(a) *In general.*

Agencies will prepare a performance budget, which fully integrates the annual performance plan required by the Government Performance and Results Act (GPRA) with other elements of the agency budget request, for submission to OMB in September and then to the Congress in February as part of the congressional justification. *Your agency should consult with relevant congressional appropriations committees* to ensure their support for modifications to the format, including the use of PART findings and other performance information to justify your budget.

(b) *What is in a performance budget?*

A performance budget is a presentation that clearly explains the relationship between performance goals and the costs for achieving targeted levels of performance. In general, a performance budget links strategic goals with related long-term and annual performance goals and with the costs of specific activities that contribute to the achievement of those goals.

A performance budget starts from an overview of what the agency intends to accomplish in the budget year. For each strategic goal, the overview would provide background on what has been accomplished, analyses of the strategies the agency uses to influence outcomes and how they could be improved, and analyses of the programs that contribute to that goal, including their relative roles and effectiveness, using information from Program Assessment Rating Tool (PART) assessments when available. The overview should include expected outcomes for each strategic goal, and performance targets for the supporting programs. It should summarize how the agency expects to manage the "portfolio" of programs for each strategic goal together to maximize the larger strategic outcome.

Because the plan will be incorporated into the performance budget, a separate annual performance plan is not needed to satisfy GPRA requirements. (See section 200 for further definitions of performance terms.)

The remainder of the budget may be presented by bureau or other organization, but each entity should start by analyzing its contributions to strategic goals, followed by a detailed analysis of supporting programs, based on PART and other performance information whenever possible. Your budget request should be justified on the basis of resources needed to make planned progress toward the strategic goals.

The resources requested for each program should be the amount needed to achieve the target levels for the performance goals for the program. At a minimum, resources are aligned at the program level within this framework, and agencies are encouraged to align resources at the performance goal level. Resources should be fully costed, with centrally funded administrative services and support costs allocated to the each program.

The performance budget also includes other information needed to justify the agency budget request. Section 51 specifies the basic justification requirements for the performance budget sent to OMB. Your agency's congressional committees may require additional information for the justification of the performance budget submitted to the Congress.

Best practice shows that good performance budgets are often shorter than the sum of the previous plan and budget volumes. They are more analytical and add value by explaining the relationships between past and future performance and budget cost. They explain what results the agency aspires to achieve with requested resources.

(c) *What performance data should be included in the performance budget?*

The performance budget includes performance goals (performance measures with targets and time frames) that meet the standards of the PART – goals should be outcome-oriented and targets should be ambitious, that is, they must be set at a level that promotes continuous improvement. When the performance budget discusses programs that have been assessed with the PART, the performance goals included for those programs should be the same ones included in the PART. Due to varying levels of detail, every performance measure documented in an agency's PARTs does not need to be included in the agency's performance budget. See PART guidance for information on selecting performance measures at http://www.whitehouse.gov/omb/part/fy2006/2006_guidance_final.pdf.

The performance budget displays up to six years of data for every performance goal, including for the budget year, current year, past year, and three additional past years of data. Only three years of resource data are required. Agencies need not include historical performance data for newly established goals.

As noted in section 51, the means and strategies the agency intends to use to help achieve the performance goals should also be included.

The performance information (measures and actual data) included in the PARTs, PART summaries and congressional justifications will need to be updated to reflect 1) the most recent performance information available (most likely FY 2006 actuals), 2) any necessary adjustments to FY 2007 performance targets to make them consistent with FY 2006 appropriations, and 3) the budgetary resources and associated performance targets corresponding to the President's Budget.

It is also helpful for the performance budget to include an addendum that lists and explains changes in performance measures as compared to the prior year's performance budget.

(d) *How does the performance budget relate to the strategic plan and the annual performance and accountability report?*

The performance budget is organized as a hierarchy of goals structure like the agency's strategic plan. At the top of the pyramid are strategic goals, which are statements of aim or purpose that are set out in the agency strategic plan. Several agency programs may contribute to achievement of a strategic goal. If programs in different agency components contribute to the same strategic goal, the performance budget should describe how a portfolio of inter-agency programs will help attain the broadly stated aims of a strategic goal.

For each strategic goal, there are usually several outcome goals, and for each outcome goal, there typically are several output goals. The outcome and output goals for programs are the performance measures and targets validated through the PART process and included in the performance budget.

The annual performance report presents information on how well the agency achieved the target levels for its goals in the past year. Some of this past year information is included in the performance budget with the data for program performance measures and targets. All agencies will prepare an annual performance and accountability report (PAR) that satisfies all of the past-year requirements for the annual performance report. (See sections 26 and 230 for more information on the performance and accountability report.) Therefore, the strategic plan, performance budget and performance and accountability report together satisfy the GPRA requirements for a strategic plan, annual performance plan and annual performance report.

(e) *Ensuring that the performance budget is publicly available.*

Release of the performance budget and agency justification and underlying materials concerning presidential decisions must by done in accordance with the requirements of section 22. After the performance budget is submitted to the Congress, it should be made available to the public on an agency's website.

SECTION 230—PREPARING AND SUBMITTING THE PERFORMANCE PORTION OF THE PERFORMANCE AND ACCOUNTABILITY REPORT

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230.1 Preparing the performance and accountability report
230.2 What does the annual program performance report contain?
230.3 Sending the annual program performance report to the President and Congress

230.1 Preparing the performance and accountability report.

(a) *In general*.

The annual performance report required by GPRA provides information on your agency's actual performance and progress in achieving the goals in your strategic plan and performance budget.

Agencies prepare one annual performance report for a fiscal year. This report is the performance portion of your agency's Performance and Accountability report (PAR). If program performance data for the fiscal year is incomplete or estimated in that year's report, updated information may be included in the performance budget and a subsequent year's annual report as it becomes available.

(b) *Format*.

There is no prescribed format for the annual report. Agencies are encouraged to include, from the strategic plan, a summary of the mission statement and general goals and objectives.

(c) Combining the annual performance report and the annual accountability report.

Together, the Chief Financial Officers Act and the Accountability of Tax Dollars Act require all agencies to prepare an audited financial statement. OMB Circular A–136 Financial Reporting Requirements requires agencies to combine the program performance report with the financial statement and accountability report. Information on preparing the program performance portion of the report is included below. See http://www.whitehouse.gov/omb/circulars/a136/a136.html for further information on the accountability report component of the PAR.

The combined PAR that covers FY 2006 is to be transmitted to the President, Congress, and OMB not later than November 15, 2006. Agencies should provide the draft PAR to OMB for review and clearance at least 10 days before the due date. Program performance information is not subject to new or additional audit requirements as a consequence of its being combined with the accountability report or the financial statement.

230.2 What does the annual program performance report contain?

(a) *Required elements*.

Your annual report must include the following elements:

- A comparison of actual performance with the projected (target) levels of performance as set out in the performance goals in your annual performance budget (or your annual performance plan for fiscal years prior to FY 2006);

- An explanation, where a performance goal was not achieved, for why the goal was not met;

- A description of the plans and schedules to meet an unmet goal in the future, or alternatively, recommended action regarding an unmet goal where you have concluded it is impractical or infeasible to achieve that goal;

- An evaluation of your performance budget for the current fiscal year, taking into account the actual performance achieved;

- An assessment of the reliability and completeness of the performance data included in the report; and

- Actual performance information for at least four fiscal years.

(b) *Comparing actual performance to performance goal target levels.*

The annual report must state the actual performance for every performance goal in your annual performance budget (or, as applicable, your performance plans for FY 2004 and 2005), even if the goal was discontinued after that fiscal year. Actual performance is reported as it occurred during the fiscal year covered by the report. For some programs, this performance may have resulted from spending prior year monies during the fiscal year.

The annual report matches actual performance to the corresponding performance criteria set the previous year. If an alternative form (i.e., a non-quantified measure) was used to define a performance goal, the description of actual performance must allow an accurate, independent determination to be made of whether such performance met the criteria specified, or how it otherwise compared to the goal as stated.

At the time a PAR is sent to the President and the Congress, actual performance information may not be available, or the available information may be incomplete or preliminary. The annual report should identify those performance goals where actual performance information is missing, incomplete, preliminary, or estimated. For such goals, the annual report should indicate the approximate date when actual performance information, sufficient to make an accurate comparison with performance goal target levels, will be available. Once available, the actual performance information and the comparison between actual and target performance is included in the performance budget and subsequent annual PAR.

(c) *Providing an explanation for non-achievement of a performance goal.*

If a performance goal was not achieved, your annual report must explain why it was not met. There are two types of explanation: specific and generic.

A specific explanation is included if goal non-achievement is significant and material. A specific explanation should show an understanding of why a performance shortfall occurred, and the consequences. The specific explanation should also support actions you are taking to eliminate or reduce future shortfalls for this goal.

Agencies may apply the following criteria when determining if a specific explanation is required. A specific explanation should always be provided if:

- The manager(s) of the program, activity, or component experiencing a performance shortfall alerts or informs senior agency officials about actual performance levels, and the implications of these levels on overall program accomplishment; or

- The manager(s) took or is taking substantive action to address the shortfall in performance; or

- Performance levels for future years are being adjusted downward to reflect actual performance levels; or

- Outside parties will likely conclude that the non-achievement was significant and material.

A generic explanation is provided if the difference between the goal target level and actual performance is slight. An agency may use the following language for its generic explanation: "The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance."

If actual performance data shows that a goal was not met, but the explanation for why the goal was not met or a description of steps being taken to meet the unmet goal in the future cannot be completed by the time of transmittal; then the data are included in the report and marked as preliminary. The following year's annual report will include the data and the deferred explanation and next steps.

(d) *Agency plans and schedules for improving program performance.*

All programs should work to become more effective and efficient and the annual program performance report should describe the agency's efforts to improve its performance.

The Program Assessment Rating Tool (PART) helps agencies identify their strengths and weaknesses so that they can focus their efforts to improving program performance. In response to a PART assessment, the agency commits to follow-up actions it will take to improve the program. The annual program performance report should describe the status of these actions and their impact on improving program performance. To streamline reporting, follow-up actions to PART assessments may be grouped together by subject for general discussion in lieu of providing a detailed accounting of each follow-up action. For instance, several programs may be working to measure and improve their efficiency.

Additionally, in cases where a program failed to meet a performance target, the annual program performance report should provide a specific explanation, as well as describe the actions the agency is taking to achieve the goal in the future along with associated timelines. The description of future actions should be limited to those which can be achieved with existing resources. If future actions are dependent on funding or policy changes to be proposed in the President's Budget, they should be discussed in the performance budget, not in the PAR.

An agency may conclude, based on actual performance, that a performance goal cannot be achieved in the future. For such goals, the annual should explain the basis for this conclusion and identify what course of action the agency will take. For instance, an agency may adjust its performance targets consistent with recent actual performance or delete a goal that is no longer appropriate or relevant.

(e) Assessing the completeness and reliability of performance data.

The Reports Consolidation Act of 2000 specifies that the transmittal letter for annual performance reports contain an assessment of the completeness and reliability of the performance data included in it. The assessment describes any material inadequacies in the completeness and reliability of the data, and any actions the agency can take and is taking to resolve the inadequacies.

The performance data in a performance and accountability report is considered complete if:

- Actual performance is reported for every performance goal and indicator in the performance budget (performance plan), including preliminary data if that is the only data available when the PAR is sent to the President and the Congress; and

- The agency identifies in the PAR any performance goals and indicators for which actual performance data are not available or only preliminary data or estimates are available at the time the report is transmitted, and notes that the performance data will be included in a subsequent annual report. (Agencies are encouraged to pre-announce expected lags in the reporting of performance data in their performance budgets.)

Performance data need not be perfect to be reliable, particularly if the cost and effort to secure the best performance data possible will exceed the value of any data so obtained. Agencies must discuss in their assessments of the completeness and reliability of the performance data any limitations on the reliability of the data. Additionally, agencies should discuss in their PARs efforts underway to improve the completeness and reliability of future performance information as well as any audits, studies, or evaluations that attest to the quality of current data or data collection efforts.

Material inadequacies are those that significantly impede the use of program performance data by agency managers and government decision-makers. The PAR should indicate whether any challenges identified by the IG office are material inadequacies. The annual report should also identify any performance goals for which the available performance data are materially inadequate, along with a brief reason for why the data are inadequate. The annual report should briefly cite any actions being taken by the agency to remedy a material inadequacy.

The Reports Consolidation Act also requires that the PAR include a summary of the agency's most serious management and performance challenges, as identified by the Inspector General (IG) office, and the agency's progress in addressing those challenges.

(f) *Coverage of programs assessed using the Program Assessment Rating Tool (PART).*

OMB is assessing the effectiveness of Federal programs using the PART. The performance and accountability report includes information on program assessments completed and made public at the time the PAR is released.

The PART information in the performance and accountability report should be updated to reflect actual performance for the fiscal year, including any actions taken on PART recommendations. The PART information may also cover actions taken to affect the program and its performance in the succeeding fiscal year. Please note that the succeeding fiscal year is the current year (CY) column in the upcoming budget, not the budget year (BY); so the FY 2006 report will include actual performance for FY 2005 and actions taken to affect performance in FY 2007 as submitted in the 2007 Budget. (Any discussions that would contain information about the President's decisions for the 2008 Budget should only be included in the performance budget, not the performance and accountability report; see item (d).)

(g) *Evaluating performance goal levels in the performance budget relative to actual performance.*

As you prepare your annual report, the performance information you collect may be used to make further adjustments to the upcoming budget. You may do so if actual performance information is available near the end of the fiscal year covered by the annual report. These adjustments are made at the time a congressional justification incorporating the performance budget is prepared. The performance budget and following year's annual report should identify every change to performance goals that were made in the performance budget that primarily stemmed from this assessment of actual performance.

(h) *Fiscal year coverage.*

Your annual reports for fiscal year 2006 and future years should include actual performance information for the fiscal year covered by the report, and as well as prior fiscal years. Actual performance information for more than three prior fiscal years may be included if it will be useful in reviewing performance trends. You may cease reporting actual performance information for prior years for any goal that is discontinued prior to the fiscal year covered by the report.

Comparisons between actual performance and performance goal target levels are not included for prior fiscal years, unless the comparison was deferred because the performance data in a prior year's annual report was unavailable or the analysis was incomplete.

(i) *Including performance information from the PAR in the performance budget.*

The November 15 transmittal date for the PAR precedes the transmittal of the President's Budget. Potentially, this may require the agency to omit certain information from the PAR, as it would be considered to be privileged and cannot be publicly released prior to transmittal of the President's Budget.

(j) *Other elements and features of an annual report.*

These elements and features may selectively apply to your agency. Omit any that do not apply from your annual report.

Program evaluations. Your report includes a summary of the findings and recommendations of the program evaluations completed during the fiscal year. If no evaluations were completed, the report should note such. For more information on program evaluations, see question 2.6 of the PART guidance at http://www.whitehouse.gov/omb/part/fy2006/2006_guidance_final.pdf.

Information on use of non parties. GPRA states that preparation of an annual report is an inherently government function. Your report should include an acknowledgment of the role and a brief description of any significant contribution made by a non-Federal entity in preparing the report.

Classified appendices not available to the public. An agency with a classified appendix for its annual performance budget may also prepare a similar classified appendix for its annual report. Agencies should not need to prepare a non-public appendix for certain law enforcement or revenue collection activities in their annual report. Retrospective reporting of actual performance for these activities should not interfere with achieving current or future goals for the same activities. However, if an agency believes that reporting of actual performance will impede current or future goal achievement, a non-public appendix may be prepared. The agency should contact its OMB representative for approval prior to preparing such an appendix.

Budget information. In your annual report, you should include relevant budget information, consistent with the obligation amounts shown in the *Budget Appendix*, for the fiscal year covered by the report. The annual report does not present comparisons between the amounts originally requested for a fiscal year and the amounts actually obligated.

230.3 Sending the annual program performance report to the President and Congress.

Performance and accountability reports are sent to the President and Congress and the Director of OMB. The report must be transmitted by the head of the agency. An agency may add other signatories, such as the Chief Financial Officer, to the transmittal of a PAR, thus recognizing a shared responsibility within the agency for the performance reported and any future performance commitments. The due date for the FY 2006 PAR is November 15, 2006.

Transmittal letters to Congress are addressed to the Speaker of the House of Representatives and the President and President pro tempore of the Senate. Copies of the congressional transmittal are sent to the chairmen and ranking minority members of the budget committees, relevant authorization and oversight committees, appropriation subcommittees, and the chairman and ranking minority member of the Senate Committee on Homeland Security and Governmental Affairs and the House Government Reform Committee. Agencies should print only limited copies of the full PAR for official distribution. Agencies are encouraged to develop a brief highlights version of the annual PAR, which presents key findings and relevant financial and performance data, including summary PART results. Agencies should prepare the highlights document in a manner and writing style appropriate for the general public. Agencies may find it useful to prepare a PAR highlights with a CD of the entire PAR document included as an alternative to distributing numerous printed copies of the entire PAR document.

The information included in the PAR should be retrospective only; prospective discussions including information about the President's decisions for the upcoming budget should only be included in the performance budget, not the PAR. Since only retrospective components are included in the PAR, the PAR may be made available to the public upon transmittal to the President and the Congress, in accordance with section 22.

CIRCULAR NO. A–11

PART 7

PLANNING, BUDGETING, ACQUISITION, AND MANAGEMENT OF CAPITAL ASSETS

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2006

SECTION 300—PLANNING, BUDGETING, ACQUISITION, AND MANAGEMENT OF CAPITAL ASSETS

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Ex–300 Capital Asset Plan and Business Case

Summary of Changes

Requires agencies to post updated exhibit 300s reflecting final Presidential decisions on the internet (section 300.7)

Changes the security and privacy status reporting to system level, consistent with FISMA (section 300.7).

Directs that of the four major parts in exhibit 300, agencies must complete the two appropriate parts applicable to each capital asset.

Clarifies that agency FTE costs associated with capital assets should be included in the Summary of Spending (Exhibit 300 Part I – Section B).

300.1 What is the purpose of this section?

Part 7 (section 300) of this Circular establishes policy for planning, budgeting, acquisition and management of Federal capital assets, and instructs you on budget justification and reporting requirements for major information technology (IT) investments. OMB provides procedural and analytic guidelines for implementing specific aspects of these policies as appendices and supplements to this Circular and in other OMB circulars. For IT, this is a companion section to section 53.

For non IT capital assets contact your Resource Management Offices (RMOs) at OMB to determine any additional budget justification and reporting requirements.

300.2 Does this section apply to me?

The policy and budget justification and reporting requirements in this section apply to all agencies of the Executive Branch of the Government subject to Executive Branch review (see section 25). An exhibit 300 must be submitted for all major investments in accordance with this section. Major IT investments also must be reported on your agency's exhibit 53 (see section 53) and be consistent with what is reported in section 51.3.

300.3 What background information must I know?

The Federal Government must effectively manage its portfolio of capital assets to ensure scarce public resources are wisely invested. Capital programming integrates the planning, acquisition and management of capital assets into the budget decision-making process, and is intended to assist agencies in improving asset management and in complying with the results-oriented requirements of:

- The Energy Policy Act of 2005, Section 109, which requires that sustainable design principles are applied to the siting, design and construction of all new and replacement buildings and that new federal buildings be designed to achieve energy consumption levels that are at least 30 percent below the levels established in the 2004 International Energy Conservation Code for residential buildings or the ASHRAE Standard 90.1-2004 for non-residential buildings, if life-cycle cost-effective.

- The Federal Acquisition Streamlining Act of 1994, Title V (FASA V), which requires agencies to establish cost, schedule and measurable performance goals for all major acquisition programs, and achieve on average 90 percent of those goals.

Additional background information for Information Technology can be found in section 53.2.

300.4 What special terms should I know?

Capital assets means land, structures, equipment, intellectual property (e.g., software), and information technology (including IT service contracts) used by the Federal Government and having an estimated useful life of two years or more. See Appendix One of the *Capital Programming Guide* for a more complete definition of capital assets.

Capital programming means an integrated process within an agency for planning, budgeting, procurement and management of the agency's portfolio of capital assets to achieve agency strategic goals and objectives with the lowest life-cycle cost and least risk.

Capital project (investment) means the acquisition of a capital asset and the management of that asset through its life-cycle after the initial acquisition. Capital projects (investments) may consist of several useful segments.

Contracting officer certification means the highest current level of certification in contracting obtained by the contracting officer (CO) assigned to the acquisition. For defense agencies, indicate the CO's highest level of Defense Acquisition Workforce Improvement Act (DAWIA) certification in contracting. For civilian agencies, indicate the CO's highest level of Federal Acquisition Certification in Contracting (FAC-C), in accordance with OMB memorandum, The Federal Acquisition Certification in Contracting Program, dated January 20, 2006. Available levels are 1, 2, or 3. The FAC-C is a new program that civilian agencies are in the process of implementing. To address the transition period, if the CO has not obtained a FAC-C, the agency must determine that the CO assigned to the effort has the competencies and skills necessary to support the acquisition.

Cost saving represents the reduction in actual expenditures below the projected level of costs to achieve a specific objective (as defined in OMB Circular A-131).

Cost avoidance represents results from an action taken in the immediate time frame that will decrease costs in the future (as defined in OMB Circular A-131).

Earned value management (EVM) is a project (investment) management tool effectively integrating the investment scope of work with schedule and cost elements for optimum investment planning and control.

The qualities and operating characteristics of earned value management systems (EVMS) are described in American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) Standard –748–1998, *Earned Value Management Systems*, approved May 19, 1998. It was reaffirmed on August 28, 2002. Additional information on EVMS is available at www.acq.osd.mil/pm.

Energy savings performance contract (ESPC) means a contract providing for the performance of services for the design, acquisition, financing, installation, testing, operation, and, where appropriate, maintenance and repair of an identified energy or water conservation measure or series of measures at one or more locations. Future energy savings are guaranteed by the contractor and the contractor is paid by the government over time from the savings resulting from reduced energy bill payments.

Enhanced Use Leasing (EUL): Departments with specific statutory authority can require rent in the form of a reduction in the cost or free use of facilities or services for programs, monetary payments, or other in-kind consideration which enhances mission activity. This authority allows an agency to out-lease property and receive payment in cash or in kind (goods or services that result in direct cost savings to the government) from the lessee in exchange for the out-lease.

Full funding means appropriations are enacted sufficient in total to complete a useful segment of a capital project (investment) before any obligations may be incurred for the segment. When capital projects (investments) or useful segments are incrementally funded, without certainty if or when future funding will be available, it can result in poor planning, acquisition of assets not fully justified, higher acquisition costs, project (investment) delays, cancellation of major projects (investments), the loss of sunk costs, or inadequate funding to maintain and operate the assets. Budget requests for full acquisition of capital assets must propose full funding (see section 31.5).

Interagency acquisition means the use of the Federal Supply Schedules, a multi-agency contract (i.e., a task order or delivery order contract established by one agency for use by government agencies to obtain supplies and services, consistent with the Economy Act, 31 U.S.C. 1535), or a government-wide acquisition contract (i.e., a task-order or delivery-order contract for information technology established by one agency for government-wide use operated by an executive agent designated by OMB pursuant to section 11302(3) of the Clinger Cohen Act of 1996).

Life-cycle costs (see Supplement to Part 7—Capital Programming Guide).

Major acquisition/investment means a system or project requiring special management attention because of its importance to the mission or function of the agency, a component of the agency or another organization; is for financial management and obligates more than $500,000 annually; has significant program or policy implications; has high executive visibility; has high development, operating, or maintenance costs; or is defined as major by the agency's capital planning and investment control process. OMB may work with the agency to declare other investments as major investments. You should consult with your OMB representative about what investments to consider as "major," consult your agency budget officer or OMB representative. Systems not considered "major" are "non-major."

Mixed life-cycle investment means an investment having both development/modernization/enhancement (DME) and steady state components. For example, a mixed life-cycle investment could include a prototype or module of a system that is operational with the remainder of the system in DME stages; or, a service contract for steady state on the current system with a DME requirement for system upgrade or replacement.

Operational (steady state) means an asset or a part of an asset with a delivered component performing the mission.

Partner Agency funding contributions (contributions) represents the direct contribution (Cash Funding) in terms of agency funding contributions in support of the initiative or "In-Kind" contributions: represents the dollar equivalent of contribution of services made by the partner agency on behalf of the initiative

(non-cash Funding) in support of the initiative activities. Partner agency support in equipment, facilities, software, license fees, and dollar equivalent of FTEs can also be included in this. Partner agency migration costs can also be included in this, where the activities are appropriately coordinated with the managing partner and not covered by another capital asset.

Partner Agency "fee-for-service" contributions represents the direct contribution (Cash Funding) in terms of a "fee-for-service" relationship for a transactional service received by the initiative or capital assets under the oversight of the initiative.

Performance-based acquisition management means a documented, systematic process for program management, which includes integration of program scope, schedule and cost objectives, establishment of a baseline plan for accomplishment of program objectives, and use of earned value techniques for performance measurement during execution of the program. EVMS is required for those parts of the investment where developmental effort is required. This includes prototypes and tests to select the most cost effective alternative during the Planning Phase, the work during the Acquisition Phase, and any developmental, modification or upgrade work done during the Operational/Steady State Phase. EVMS is to be applied to both Government and contractor efforts and regardless of contract type. For operational/steady state systems, an operational analysis as discussed in Phase IV of the Capital Programming Guide is required. A performance-based service contract/agreement with a defined quality assurance plan should be the basis for monitoring contractor or in-house performance of this phase. Information on this requirement can be found in OMB Memorandum 05-23, *Improving Information Technology (IT) Project Planning and Execution*.

Plan of Action and Milestone As defined in OMB Memorandum 02-01, a plan of action and milestones (POA&M), also referred to as a corrective action plan, is a tool that identifies tasks that need to be accomplished. It details resources required to accomplish the elements of the plan, any milestones in meeting the task, and scheduled completion dates for the milestones. The purpose of the POA&M is to assist agencies in identifying, assessing, prioritizing, and monitoring the progress of corrective efforts for security weaknesses found in programs and systems.

Planning means preparing, developing or acquiring the information you will use to: design the investment; assess the benefits, risks, and risk-adjusted life-cycle costs of alternative solutions; and establish realistic cost, schedule, and performance goals, for the selected alternative, before either proceeding to full acquisition of the capital project (investment) or useful segment or terminating the investment. Planning must progress to the point where you are ready to commit to achieving specific goals for the completion of the acquisition before preceding to the acquisition phase. Information gathering activities may include market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. Planning is a useful segment of a capital project (investment). Depending on the nature of the investment, one or more planning segments may be necessary.

Risk adjusted life-cycle costs means the overall estimated cost for a particular investment alternative over the time period corresponding to the life of the investment, including direct and indirect initial costs plus any periodic or continuing costs of operation and maintenance that has been adjusted to accommodate any risk identified in the risk management plans. If project funding is to be requested for specific phases, segments or modules of the project, each of these parts will be risk adjusted for their individual life-cycle.

Total Value of Contract/Task Order means the current total value of the Contract or Task Order to acquire and operate the capital asset. For contracts/task orders shared by multiple capital assets, please provide only the current total value associated to the identified capital asset.

Useful segment/module means an economically and programmatically separate component of a capital investment that provides a measurable performance outcome for which the benefits exceed the costs, even if no further funding is appropriated.

Utility Energy Efficiency Service Contract (UESC) means a local utility providing up-front project-financing of energy efficiency and related measures, and then having Federal agencies pay for the services over time, either on their utility bill, or through a separate demand-side management agreement. See FAR Part 41 for more information.

Additional budget terms and definitions are included in the Glossary in Appendix J, "Principles of Budgeting for Capital Asset Acquisitions" and in section 53 (for IT).

300.5 How will agencies manage capital assets?

The *Capital Programming Guide,* which supplements this part, provides guidance on the principles and techniques for effective capital programming. Appendix J of this part explains the principles of financing capital asset acquisitions. Section 8b of OMB Circular A–130 establishes additional requirements for EAs, planning and control of information systems and technology investments and performance management. Agencies must develop, implement, and use a capital programming process to develop their capital asset portfolio, and must:

- Evaluate and select capital asset investments that will support core mission functions performed by the Federal Government, and demonstrate projected returns on investment that are clearly equal to or better than alternative uses of available public resources;

- Initiate improvements to existing assets or acquisitions of new assets only when no alternative private sector or governmental source can more efficiently meet the need;

- Simplify or otherwise redesign work processes to reduce costs, improve effectiveness, and make maximum use of commercial services and off-the-shelf technology;

- Reduce project risk by avoiding or isolating custom designed components, using components that can be fully tested or prototyped prior to full implementation or production, and ensuring involvement and support of users in the design and testing of the asset;

- Structure major acquisitions into useful segments with a narrow scope and brief duration, make adequate use of competition and appropriately allocate risk between Government and contractor. The Agency Head must approve or define the cost, schedule, and performance goals for major acquisitions, and the agency's Chief Financial Officer must evaluate the proposed cost goals;

- Ensure consistency with Federal, agency, and bureau EAs, demonstrating such consistency through compliance with agency business requirements and standards, as well as identification of milestones, as defined in the EA transition strategy;

- Institute performance measures and management processes monitoring and comparing actual performance to planned results. Agencies must use a performance-based acquisition management or earned value management system, based on the ANSI/EIA Standard 748, to obtain timely information regarding the progress of capital investments. The system must also measure progress towards milestones in an independently verifiable basis, in terms of cost, capability of the investment to meet specified requirements, timeliness, and quality. Agencies are expected to achieve, on average, 90 percent of the cost, schedule and performance goals for major acquisitions. Agency Heads must review major acquisitions not achieving 90 percent of the goals to determine whether there is a continuing need and what corrective action, including termination, should be taken;

- Ensure IT systems conform to the requirements of OMB Circular No. A–130, "Management of Federal Information Resources;"

- Ensure financial management systems conform to the requirements of OMB Circular No. A–127, "Financial Management Systems;"

- Conduct post-implementation or post-occupancy reviews of capital programming and acquisition processes, and projects to validate estimated benefits and costs, and document effective management practices, i.e., lessons learned, for broader use; and

- Establish oversight mechanisms requiring periodic review of operational capital assets to determine how mission requirements might have changed, and whether the asset continues to fulfill ongoing and anticipated mission requirements, deliver intended benefits to the agency and customers, and meet user requirements.

300.6 What other requirements does exhibit 300 fulfill?

The Exhibit 300 is designed to coordinate OMB's collection of agency information for its reports to the Congress required by the Federal Acquisition Streamlining Act of 1994 (FASA Title V) and the Clinger-Cohen Act of 1996; to ensure the business case for investments are made and tied to the mission statements, long-term goals and objectives, and annual performance plans developed pursuant to the GPRA. For IT, exhibit 300s are designed to be used as one-stop documents for many of IT management issues such as business cases for investments, IT security reporting, Clinger Cohen Act implementation, E-Gov Act implementation, Government Paperwork Elimination Act implementation, agency's modernization efforts, and overall project (investment) management.

300.7 What must I report on exhibit 300 and when?

It is important to understand, all information necessary to complete an exhibit 300 already exists as part of the agency's overall Information Resources Management activities and within project specific documentation. The materials used to populate the exhibit 300 should be readily available to OMB upon request.

The exhibit 300 must be submitted with your agency's budget submission (see section 25.4). The exhibit 300 should be fully integrated with your agency's overall budget submission. For the FY 2008 Budget, all reporting on IT must be submitted via OMB's IT Budget Submissions System. Agencies can either manually enter their exhibit 300 data into this system or submit files in XML format. Additional information regarding the submission process will be posted on www.egov.gov. For capital projects (investments) other than IT, agencies are encouraged to submit the exhibit 300 electronically, following the same instructions provided above.

Following budget season, agencies should update their agency's exhibit 300s submitted during budget submission to reflect final Presidential decisions. In addition, this update should ensure that only publicly-releasable information is contained in the updated exhibit 300. While it is important to maintain this publicly-releasable exhibit 300, agencies should continuously maintain updated information about the projects contained in the exhibit 300. OMB may request this information at any time.

Agencies are required to post on their agency website, within 2 weeks of the release of the President's budget, these updated exhibits reflecting final Presidential decisions (see section 22.6). If you have any questions about what should be included in the version posted to your website, please contact your agency budget and FOIA offices. You may also contact your OMB representative. As a reminder, these products should be included in your Information Dissemination Product Inventories, Priorities, and Schedules.

(More information about this can be found in OMB M-05-04, Policies for Federal Agency Public Websites).

If agencies request supplemental funds, which include changes to the agency's portfolio, as part of their supplemental request, agencies should submit new or revised exhibit 300s and exhibit 53 (see section 53).

The information you must report will depend on whether you are reporting a new investment or an ongoing investment (see the heading in Part I).

New Investments

If you are reporting a new investment (i.e., proposed for BY or later) you must complete Parts I and II. Investments in initial concept or planning phase will have less detail and specificity than investments moving into the acquisition or operational phase. However, these investments should identify in life-cycle documentation the dates these issues will be addressed as the investment matures. Where prototypes are acquired as part of the planning process, the prototypes must be reported as full acquisitions. All of the areas on the exhibit 300 must be part of an agency's planning, and the exhibit 300 should be updated as soon as the information is known.

Ongoing Investments

If reporting an ongoing investment other than IT, only update sections as appropriate. If any of the cost, schedule or performance variances are not within 10 percent of the current baseline, provide a complete analysis of the reasons for the variances, the corrective actions to be taken, and the most likely estimate at completion (EAC). Use the EVM system to identify the specific work packages where problems are occurring. Discuss why the problems occurred and corrective actions necessary to return the program as close as feasible to the current baseline goals.

Security for Planned as well as Operational Systems

Questions contained in Part I-Section E, “Security and Privacy” should be answered at the individual system level. Multiple contractor or agency systems may support or be part of the overall investment. Planned systems listed in Table 3, as well as operational systems listed in Table 4, should be included in the privacy table (Part I-Section E-Table 8). Security and privacy planning must proceed in parallel with the development of the system(s) to ensure IT security and privacy requirements and costs are identified and incorporated into the overall lifecycle of the system(s).

E-Gov and Line of Business Oversight Investments

The managing partner (lead agency) will take the lead for completing the multi-agency oversight exhibit 300, managing it through the lead agency's capital programming and budget process and submitting the exhibit 300 to OMB. The managing partner is also responsible for ensuring this exhibit 300 includes all necessary information from the partner agencies and has been approved by all necessary partner agencies through the appropriate governance process. The multi-agency oversight exhibit 300 should include partner agency funding, related capital assets (e.g. migration investments, Centers of Excellence, Shared Service Centers, Supporting components), and milestones in Part IV of the exhibit 300. The managing partner Executive/Investment Committee should review and approve the multi-agency oversight exhibit 300.

Partner agencies should report their participation in their exhibit 53 submissions as appropriate (see section 53). Partner agencies should reference the name of the multi-agency oversight exhibit 300 in the "Investment Description" field of each exhibit 53 line item related to the multi-agency exhibit 300. Partner agencies should also ensure their activities and participation are included in the appropriate sections of the multi-agency oversight exhibit 300. The managing partner will include only the managing

partner specific funds in their exhibit 53 submission(s), while the entire Summary of Spending Total for the investment, including funds provided by partner agency, should be included in the exhibit 300.

OMB may require additional information from partner agencies related to the multi-agency oversight exhibit 300. When necessary, OMB will work with the managing partners to coordinate the request for this information.

E-Gov and Line of Business supporting components capital assets

Partner agency's supporting capital assets (e.g., Service Providers, Centers of Excellence, Shared Service Centers, Supporting components) should be submitted as a regular agency capital assets. Agencies proposing capital assets to support E-Gov and LoB initiatives should share their proposals with the managing partner for review. Proposals recommended as part of the Managing Partner's solution should be included in the Managing Partner's exhibit 300 (Part IV-Section A, Question #2). The agency proposing the capital asset should submit an exhibit 300 as a regular agency capital asset. Partner agencies with or proposing supporting capital assets should not use Part IV of the exhibit 300; in addition to Part I, the partner agency should complete the either Part II or Part III of the exhibit 300, as appropriate.

For Cost and Schedule Performance baseline changes

All proposed changes to baselines should be submitted to OMB prior to your FY08 budget request; proposed changes should not be assumed approved. If your agency has any questions, please contact your OMB representative. All current approved baselines should be reflected in the exhibit 300.

300.8 How will OMB use the exhibit 300s?

The exhibit 300 is one component of your agency's total performance budget justification (see section 51.2). OMB uses the exhibit 300 to make both quantitative decisions about budgetary resources consistent with the Administration's program priorities, and qualitative assessments about whether the agency's programming processes are consistent with OMB policy and guidance. OMB will be evaluating all elements of the business cases and will communicate the results of these evaluations in the course of the budget process. If additional supporting information is necessary, OMB will request from agencies the supporting evidence used to produce the exhibit 300. All information necessary to complete an exhibit 300 should already exist as part of the agency's overall Information Resources Management activities and within project specific documentation. The materials used to produce the exhibit 300 should be readily available to OMB upon request.

Exhibit 300: Capital Asset Plan and Business Case Summary
Part I: Summary Information And Justification (All Capital Assets)

Section A: Overview (All Capital Assets)

1. Date of Submission:

2. Agency:

3. Bureau:

4. Name of this Capital Asset:

5. Unique Project (Investment) Identifier:
(For IT investment only, see section *53*. For all other, use agency ID system.)

6. What kind of investment will this be in FY2008?
(Please NOTE: Investments moving to O&M ONLY in FY2008, with Planning/Acquisition activities prior to FY2008 should not select O&M. These investments should indicate their current status.)

Planning ___
Full Acquisition ___
Operations and Maintenance ___
Mixed Life Cycle ___
E-Gov/LoB Oversight ___

7. What was the first budget year this investment was submitted to OMB? _____

8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap: _____

9. Did the Agency's Executive/Investment Committee approve this request? Yes___ No___
a. If "yes," what was the date of this approval? _____

10. Did the Project Manager review this Exhibit? Yes___ No___

11. Contact information of Project Manager?

Name _____
Phone Number _____
E-mail _____

12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project. Yes___ No___
a. Will this investment include electronic assets (including computers)? Yes___ No___

b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only) Yes___ No___

1. If "yes," is an ESPC or UESC being used to help fund this investment? Yes___ No___
2. If "yes," will this investment meet sustainable design principles? Yes___ No___
3. If "yes," is it designed to be 30% more energy efficient than relevant code? Yes___ No___

13. Does this investment directly support one of the PMA initiatives? If "yes," check all that apply:

Human Capital	___
Budget Performance Integration	___
Financial Performance	___
Expanded E-Government	___
Competitive Sourcing	___
Faith Based and Community	___
Real Property Asset Management	___
Eliminating Improper Payments	___
Privatization of Military Housing	___
Research & Development Investment Criteria	___
Housing & Urban Development Management & Performance	___
Broadening Health Insurance Coverage through State Initiatives	___
"Right Sized" Overseas Presence	___
Coordination of VA & DoD Programs and Systems	___

a. Briefly describe how this asset directly supports the identified initiative(s)? _____

14. Does this investment support a program assessed using the Program Assessment Rating Tool (PART)? (For more information about the PART, visit www.whitehouse.gov/omb/part.) Yes___ No___

a. If "yes," does this investment address a weakness found during a PART review? Yes___ No___

b. If "yes," what is the name of the PARTed program? _____

c. If "yes," what rating did the PART receive? _____

15. Is this investment for information technology? Yes___ No___

If the answer to Question 15 is "Yes," complete questions 16-23 below. If the answer is "No," do not answer questions 16-23.

For information technology investments only:

16. What is the level of the IT Project? (per CIO Council PM Guidance)

Level 1	___
Level 2	___
Level 3	___

17. What project management qualifications does the Project Manager have? (per CIO Council PM Guidance)

(1) Project manager has been validated as qualified for this investment ___
(2) Project manager qualification is under review for this investment ___
(3) Project manager assigned to investment, but does not meet requirements ___
(4) Project manager assigned but qualification status review has not yet started ___
(5) No Project manager has yet been assigned to this investment ___

18. Is this investment identified as "high risk" on the Q4 - FY 2006 agency high risk report (per OMB's 'high risk" memo)? Yes___ No___

19. Is this a financial management system? Yes___ No___

a. If "yes," does this investment address a FFMIA compliance area? Yes___ No___

1. If "yes," which compliance area: _____
2. If "no," what does it address? _____

b. If "yes," please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A–11 section 52 _____

20. What is the percentage breakout for the total FY2008 funding request for the following?

(This should total 100%)

Hardware _____
Software _____
Services _____
Other _____

21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?

Yes ___
No ___
N/A ___

22. Contact information of individual responsible for privacy related questions:

Name _____
Phone Number _____
Title _____
E-mail _____

23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval? Yes___ No___

Section B: Summary of Spending (All Capital Assets)

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated "Government FTE Cost," and should be excluded from the amounts shown for "Planning," "Full Acquisition," and "Operation/Maintenance." The "TOTAL" estimated annual cost of the investment is the sum of costs for "Planning," "Full Acquisition," and "Operation/Maintenance." For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

Table 1: SUMMARY OF SPENDING FOR PROJECT PHASES (REPORTED IN MILLIONS) (Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)									
	PY–1 and earlier	**PY 2006**	**CY 2007**	**BY 2008**	**BY+1 2009**	**BY+2 2010**	**BY+3 2011**	**BY+4 and beyond**	**Total**
Planning:									
Acquisition :									
Subtotal Planning & Acquisition:									
Operations & Maintenance:									
TOTAL:									
Government FTE Costs should not be included in the amounts provided above.									
Government FTE Costs									
Number of FTE represented by Costs:									

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies). Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's? Yes___ No___

a. If "yes," How many and in what year? _____

3. If the summary of spending has changed from the FY2007 President's budget request, briefly explain those changes: _____

Section C: Acquisition/Contract Strategy (All Capital Assets)

1. Complete the table for all (including all non-Federal) contracts and/or task orders currently in place or planned for this investment. Total Value should include all option years for each contract. Contracts and/or task orders completed do not need to be included.

Contracts/Task Orders Table:																
Contract or Task Order Number	**Type of Contract/Task Order**	**Has the contract been awarded (Y/N)**	**If so what is the date of the award? If not, what is the planned award date?**	**Start date of Contract/Task Order**	**End date of Contract/Task Order**	**Total Value of Contract/ Task Order ($M)**	**Is this an Interagency Acquisition? (Y/N)**	**Is it performance based? (Y/N)**	**Competitively awarded? (Y/N)**	**What, if any, alternative financing option is being used? (ESPC, UESC, EUL, N/A)**	**Is EVM in the contract? (Y/N)**	**Does the contract include the required security & privacy clauses? (Y/N)**	**Name of CO**	**CO Contact information (phone/email)**	**Contracting Officer Certification Level (Level 1, 2, 3, N/A)**	**If N/A, has the agency determined the CO assigned has the competencies and skills necessary to support this acquisition? (Y/N)**

2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why: _____

3. Do the contracts ensure Section 508 compliance?

Yes ___
No ___
N/A ___

a. Explain why: _____

4. Is there an acquisition plan which has been approved in accordance with agency requirements? Yes___ No___

a. If "yes," what is the date? _____

b. If "no," will an acquisition plan be developed? _____

1. If "no," briefly explain why: _____

Section D: Performance Information (All Capital Assets)

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Performance Information Table 1:					
Fiscal Year	**Strategic Goal(s) Supported**	**Performance Measure**	**Actual/baseline (from Previous Year)**	**Planned performance Metric (Target)**	**Performance Metric Results (Actual)**
2007					
2007					
2008					
2008					

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the Federal Enterprise Architecture (FEA) Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov.

Performance Information Table 2:						
Fiscal Year	**Measurement Area**	**Measurement Grouping**	**Measurement Indicator**	**Baseline**	**Planned Improvement to the Baseline**	**Actual Results**
2006	Mission & Business Results					
2006	Customer Results					
2006	Processes & Activities					
2006	Technology					

Performance Information Table 2:						
Fiscal Year	**Measurement Area**	**Measurement Grouping**	**Measurement Indicator**	**Baseline**	**Planned Improvement to the Baseline**	**Actual Results**
2007	Mission & Business Results					
2007	Customer Results					
2007	Processes & Activities					
2007	Technology					
2008	Mission & Business Results					
2008	Customer Results					
2008	Processes & Activities					
2008	Technology					
Etc.	Etc.					

Section E: Security and Privacy (IT Capital Assets only)

In order to successfully address this area of the business case, each question below must be answered at the system/application level, not at a program or agency level. Systems supporting this investment on the planning and operational systems security tables should match the systems on the privacy table below. Systems on the Operational Security Table must be included on your agency FISMA system inventory and should be easily referenced in the inventory (i.e., should use the same name or identifier).

All systems supporting and/or part of this investment should be included in the tables below, inclusive of both agency owned systems and contractor systems. For IT investments under development, security and privacy planning must proceed in parallel with the development of the system(s) to ensure IT security and privacy requirements and costs are identified and incorporated into the overall lifecycle of the system(s).

Please respond to the questions below and verify the system owner took the following actions:

1. Have the IT security costs for the system(s) been identified and integrated into the overall costs of the investment: Yes___ No___
   a. If "yes," provide the "Percentage IT Security" for the budget year: _____

2. Is identifying and assessing security and privacy risks a part of the overall risk management effort for each system supporting or part of this investment. Yes___ No___

3. Systems in Planning – Security Table:			
Name of System	**Agency/ or Contractor Operated System?**	**Planned Operational Date**	**Planned or Actual C&A Completion Date**

4. Operational Systems – Security Table:							
Name of System	**Agency/ or Contractor Operated System?**	**NIST FIPS 199 Risk Impact level (High, Moderate, Low)**	**Has C&A been Completed, using NIST 800-37? (Y/N)**	**Date C&A Complete**	**What standards were used for the Security Controls tests?" (FIPS 200/NIST 800-53, NIST 800-26, Other, N/A)**	**Date Complete(d): Security Control Testing**	**Date the contingency plan tested**

4. Operational Systems – Security Table:							
Name of System	**Agency/ or Contractor Operated System?**	**NIST FIPS 199 Risk Impact level (High, Moderate, Low)**	**Has C&A been Completed, using NIST 800-37? (Y/N)**	**Date C&A Complete**	**What standards were used for the Security Controls tests?" (FIPS 200/NIST 800-53, NIST 800-26, Other, N/A)**	**Date Complete(d): Security Control Testing**	**Date the contingency plan tested**

5. Have any weaknesses, not yet remediated, related to any of the systems part of or supporting this investment been identified by the agency or IG? Yes___ No___

a. If "yes," have those weaknesses been incorporated into the agency's plan of action and milestone process? Yes___ No___

6. Indicate whether an increase in IT security funding is requested to remediate IT security weaknesses? Yes___ No___

a. If "yes," specify the amount, provide a general description of the weakness, and explain how the funding request will remediate the weakness.

_____

7. How are contractor security procedures monitored, verified, and validated by the agency for the contractor systems above?

_____

8. Planning & Operational Systems – Privacy Table:					
(a) Name of System	**(b) Is this a new system? (Y/N)**	**(c) Is there a Privacy Impact Assessment (PIA) that covers this system? (1,2,3,4)**	**(d) Is the PIA available to the public? (1,2,3)**	**(e) Is a System of Records Notice (SORN) required for this system? (Y/N)**	**(f) Was a new or amended SORN published in FY 06? (1,2,3,4,5)**

Answer options:

c) Is there a Privacy Impact Assessment (PIA) that covers this system?

1. Yes.
2. No.
3. No, because the system does not contain, process, or transmit personal identifying information.
4. No, because even though it has personal identifying information, the system contains information solely about federal employees and agency contractors.

d) Is the PIA available to the public?

1. Yes.
2. No, because a PIA is not yet required to be completed at this time.
3. No, because the PIA has not been prepared.

f) Was a new or amended SORN published in FY2006?

1. Yes, because this is a newly established Privacy Act system of records.
2. Yes, because the existing Privacy Act system of records was substantially revised in FY 06.
3. No, because the existing Privacy Act system of records was not substantially revised in FY 06.
4. No; because the system is operational, but the SORN has not yet been published.
5. No, because the system is not a Privacy Act system of records.

Section F: Enterprise Architecture (EA) (IT Capital Assets only)

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture? Yes___ No___
   a. If "no," please explain why? _____

2. Is this investment included in the agency's EA Transition Strategy? Yes___ No___
   a. If "yes," provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment. _____
   b. If "no," please explain why? _____

3. Service Component Reference Model (SRM) Table :

Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to http://www.egov.gov.

Agency Component Name	Agency Component Description	FEA SRM Service Type	FEA SRM Component (a)	FEA Service Component Reused (b)		Internal or External Reuse? (c)	BY Funding Percentage (d)
				Component Name	UPI		

a. Use existing SRM Components or identify as "NEW". A "NEW" component is one not already identified as a service component in the FEA SRM.
b. A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.
c. 'Internal' reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. 'External' reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.
d. Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

4. Technical Reference Model (TRM) Table:

To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component (a)	FEA TRM Service Area	FEA TRM Service Category	FEA TRM Service Standard	Service Specification (b) (i.e., vendor and product name)

a. Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications

b. In the Service Specification field, agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)? Yes___ No___

a. If "yes," please describe.

_____

6. Does this investment provide the public with access to a government automated information system? Yes___ No___

a. If "yes," does customer access require specific software (e.g., a specific web browser version)? Yes___ No___

1. If "yes," provide the specific product name(s) and version number(s) of the required software and the date when the public will be able to access this investment by any software (i.e. to ensure equitable and timely access of government information and services).

_____

Part II: Planning, Acquisition And Performance Information

Part II should be completed only for investments identified as "Planning" or "Full Acquisition," or "Mixed Life-Cycle" investments in response to Question 6 in Part I, Section A above.

Section A: Alternatives Analysis (All Capital Assets)

In selecting the best capital asset, you should identify and consider at least three viable alternatives, in addition to the current baseline, i.e., the status quo. Use OMB Circular A-94 for all investments and the Clinger Cohen Act of 1996 for IT investments to determine the criteria you should use in your Benefit/Cost Analysis.

1. Did you conduct an alternatives analysis for this project? Yes___ No___
   a. If "yes," provide the date the analysis was completed? _____
   b. If "no," what is the anticipated date this analysis will be completed? _____
   c. If no analysis is planned, please briefly explain why: _____

2. Alternatives Analysis Results:

Use the results of your alternatives analysis to complete the following table:

Alternative Analyzed	Description of Alternative	Risk Adjusted Lifecycle Costs estimate	Risk Adjusted Lifecycle Benefits estimate
Baseline	Status quo		
1 -			
2 -			
3 -			

3. Which alternative was selected by the Agency's Executive/Investment Committee and why was it chosen? _____
4. What specific qualitative benefits will be realized? _____

Section B: Risk Management (All Capital Assets)

You should have performed a risk assessment during the early planning and initial concept phase of this investment's life-cycle, developed a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

1. Does the investment have a Risk Management Plan? Yes___ No___
   a. If "yes," what is the date of the plan? _____
   b. Has the Risk Management Plan been significantly changed since last year's submission to OMB? Yes___ No___
   c. If "yes," describe any significant changes: _____

2. If there currently is no plan, will a plan be developed? Yes___ No___
   a. If "yes," what is the planned completion date? _____
   b. If "no," what is the strategy for managing the risks? _____

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: _____

Section C: Cost and Schedule Performance (All Capital Assets)

EVM is required only on DME portions of investments. For mixed lifecycle investments, O&M milestones should still be included in the table (Comparison of Initial Baseline and Current Approved Baseline). This table should accurately reflect the milestones in the initial baseline, as well as milestones in the current baseline.

1. Does the earned value management system meet the criteria in ANSI/EIA Standard – 748? Yes___ No___

2. Answer the following questions about current cumulative cost and schedule performance. The numbers reported below should reflect current actual information. (Per OMB requirements Cost/Schedule Performance information should include both Government and Contractor Costs):
   a. What is the Planned Value (PV)? _____
   b. What is the Earned Value (EV)? _____
   c. What is the actual cost of work performed (AC)? _____
   d. What costs are included in the reported Cost/Schedule Performance information (Government Only/Contractor Only/Both)? _____
   e. "As of" date: _____

3. What is the calculated Schedule Performance Index (SPI= EV/PV)? _____

4. What is the schedule variance (SV = EV-PV)? _____

5. What is the calculated Cost Performance Index (CPI = EV/AC)? _____

6. What is the cost variance (CV = EV–AC)? _____

7. Is the CV% or SV% greater than ± 10%?
(CV%= CV/EV x 100; SV%= SV/PV x 100) Yes___ No___
   a. If "yes," was it the?
      CV ___
      SV ___
      Both ___
   b. If "yes," explain the variance: _____
   c. If "yes," what corrective actions are being taken? _____
   d. What is most current "Estimate at Completion"? _____

8. Have any significant changes been made to the baseline during the past fiscal year? Yes___ No___
   a. If "yes," when was it approved by OMB? _____

9. Comparison of Initial Baseline and Current Approved Baseline:

Complete the following table to compare actual performance against the current performance baseline and to the initial performance baseline. In the Current Baseline section, for all milestones listed, you should provide both the baseline and actual completion dates (e.g., "03/23/2003"/ "04/28/2004") and the baseline and actual total costs (in $ Millions). In the event that a milestone is not found in both the initial and current baseline, leave the associated cells blank. Note that the 'Description of Milestone' and 'Percent Complete' fields are required. Indicate '0' for any milestone no longer active.

	Initial Baseline		Current Baseline				Current Baseline Variance		
Description of Milestone	**Planned Completion Date** (mm/dd/yyyy)	**Total Cost ($M) Estimated**	**Completion Date** (mm/dd/yyyy) Planned/Actual		**Total Cost ($M)** Planned/Actual		**Schedule/Cost (# days/$M)**		**Percent Complete**

Part III: For "Operation and Maintenance" investments ONLY (Steady State)

Part III should be completed only for investments identified as "Operation and Maintenance" (Steady State) in response to Question 6 in Part I, Section A above.

Section A: Risk Management (All Capital Assets)

You should have performed a risk assessment during the early planning and initial concept phase of this investment's life-cycle, developed a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

1. Does the investment have a Risk Management Plan? Yes___ No___
   a. If "yes," what is the date of the plan? _____
   b. Has the Risk Management Plan been significantly changed since last year's submission to OMB? Yes___ No___
   c. If "yes," describe any significant changes: _____

2. If there currently is no plan, will a plan be developed? Yes___ No___
   a. If "yes," what is the planned completion date? _____
   b. If "no," what is the strategy for managing the risks? _____

Section B: Cost and Schedule Performance (All Capital Assets)

1. Was operational analysis conducted? Yes___ No___
   a. If "yes," provide the date the analysis was completed. _____
   b. If "yes," what were the results? _____
   c. If "no," please explain why it was not conducted and if there are any plans to conduct operational analysis in the future: _____

2. Complete the following table to compare actual cost performance against the planned cost performance baseline. Milestones reported may include specific individual scheduled preventative and predictable corrective maintenance activities, or may be the total of planned annual operation and maintenance efforts).
   a. What costs are included in the reported Cost/Schedule Performance information (Government Only/Contractor Only/Both)? _____

2. b Comparison of Plan vs. Actual Performance Table:						
Description of Milestone	Planned		Actual		Variance	
	Completion Date (mm/dd/yyyy)	Total Cost ($M)	Completion Date (mm/dd/yyyy)	Total Cost ($M)	Schedule/Cost (# days/$M)	

Part IV: Planning For "E-Gov and Lines of Business Oversight" ONLY

Part IV should be completed only for investments identified as an E-Gov initiative or a Line of Business(LOB), i.e., selected the "E-Gov and LOB Oversight" choice in response to Question 6 in Part I, Section A above. Investments identified as "E-Gov and LOB Oversight" will complete only Parts I and IV of the exhibit 300.

Section A: E-Gov and Lines of Business Oversight (All Capital Assets)

Multi-agency initiatives, such as E-Gov and LOB initiatives, should develop a joint exhibit 300.

1. Stakeholder Table:

As a joint exhibit 300, please identify all the agency stakeholders. Provide the partner agency and partner agency approval date for this joint exhibit 300.

Partner Agency	Joint exhibit approval date

2. Partner Capital Assets within this Investment:

Provide the partnering strategies you are implementing with the participating agencies and organizations. Identify all partner agency capital assets supporting the common solution; Managing Partner capital assets should also be included in this joint exhibit 300. These capital assets should be included in the Summary of Spending table of Part I, Section B. (Partner Agency Asset UPIs should also appear on the Partner Agency's exhibit 53)

Partner Agency	Partner Agency Asset Title	Partner Agency Exhibit 53 UPI (BY2008)

3. Partner Funding Strategies ($millions):

For jointly funded initiative activities, provide in the "Partner Funding Strategies Table": the name(s) of partner agencies; the UPI of the partner agency investments; and the partner agency contributions for CY and BY. Please indicate partner contribution amounts (in-kind contributions should also be included in this amount) and fee-for-service amounts. (Partner Agency Asset UPIs should also appear on the Partner Agency's exhibit 53. For non-IT fee-for-service amounts the Partner exhibit 53 UPI can be left blank)

Partner Agency	Partner exhibit 53 UPI (BY2008)	CY Contribution	CY Fee-for-Service	BY Contribution	BY Fee-for-Service

An Alternatives Analysis for E-Gov and LOB initiatives should also be obtained. At least three viable alternatives, in addition to the current baseline (i.e., the status quo), should be included in the joint exhibit 300. Use OMB Circular A-94 for all investments, and the Clinger Cohen Act of 1996 for IT investments, to determine the criteria you should use in your Benefit/Cost Analysis.

4. Did you conduct an alternatives analysis for this project? Yes___ No___
   a. If "yes," what is the date of the analysis? _____
   b. If "no," what is the anticipated date this analysis will be completed? _____
   c. If no analysis is planned, please briefly explain why: _____

5. Alternatives Analysis Results:

Use the results of your alternatives analysis to complete the following table:

Alternative Analyzed	Description of Alternative	Risk Adjusted Lifecycle Costs estimate	Risk Adjusted Lifecycle Benefits estimate
Baseline	Status quo		
1 -			
2 -			
3 -			

6. Which alternative was selected by the Initiative Governance process and why was it chosen? _____
7. What specific qualitative benefits will be realized? _____

8. Federal Quantitative Benefits ($millions):

What specific quantitative benefits will be realized (using current dollars)
Use the results of your alternatives analysis to complete the following table:

	Budgeted Cost Savings	Cost Avoidance	Justification for Budgeted Cost Savings	Justification for Budgeted Cost Avoidance
PY-1 & prior				
PY				
CY				
BY				
BY+1				
BY+2				
BY+3				
BY+4 & Beyond				
Total LCC Benefit				

Section B: Risk Management (All Capital Assets)

You should have performed a risk assessment during the early planning and initial concept phase of this investment's life-cycle, developed a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.

1. Does the investment have a Risk Management Plan? Yes___ No___
   a. If "yes," what is the date of the plan? _____
   b. Has the Risk Management Plan been significantly changed since last year's submission to OMB? Yes___ No___
   c. If "yes," describe any significant changes: _____

2. If there currently is no plan, will a plan be developed? Yes___ No___
   a. If "yes," what is the planned completion date? _____
   b. If "no," what is the strategy for managing the risks? _____

Section C: Cost and Schedule Performance (All Capital Assets)

You should also periodically be measuring the performance of operational assets against the baseline established during the planning or full acquisition phase (i.e., operational analysis), and be properly operating and maintaining the asset to maximize its useful life. Operational analysis may identify the need to redesign or modify an asset by identifying previously undetected faults in design, construction, or installation/integration, highlighting whether actual operation and maintenance costs vary significantly from budgeted costs, or documenting that the asset is failing to meet program requirements.

EVM is required only on DME portions of investments. For mixed lifecycle investments, O&M milestones should still be included in the table (Comparison of Initial Baseline and Current Approved Baseline). This table should accurately reflect the milestones in the initial baseline, as well as milestones in the current baseline.

Answer the following questions about the status of this investment. Include information on all appropriate capital assets supporting this investment except for assets in which the performance information is reported in a separate exhibit 300.

1. Are you using EVM to manage this investment?
   Yes ___
   No ___
   N/A (investment with ONLY O&M)
   a. If "yes," does the earned value management system meet the criteria in ANSI/EIA Standard – 748? Yes___ No___
   b. If "no," explain plans to implement EVM: _____
   c. If "N/A," please provide date operational analysis was conducted and a brief summary of the results: _____

Questions #2 - 7 are NOT applicable for capital assets with ONLY O&M

2. Answer the following questions about current cumulative cost and schedule performance. The numbers reported below should reflect current actual information. (Per OMB requirements Cost/Schedule Performance information should include both Government and Contractor Costs):
   a. What is the Planned Value (PV)? _____
   b. What is the Earned Value (EV)? _____
   c. What is the actual cost of work performed (AC)? _____

   d. What costs are included in the reported Cost/Schedule Performance information (Government Only/Contractor Only/Both)? _____
   e. "As of" date: _____

3. What is the calculated Schedule Performance Index (SPI= EV/PV)? _____

4. What is the schedule variance (SV = EV-PV)? _____

5. What is the calculated Cost Performance Index (CPI = EV/AC)? _____

6. What is the cost variance (CV = EV–AC)? _____

7. Is the CV% or SV% greater than ± 10%? Yes___ No___
(CV%= CV/EV x 100; SV%= SV/PV x 100)

a. If "yes," was it the?

CV ___
SV ___
Both ___

b. If "yes," explain the variance: _____

c. If "yes," what corrective actions are being taken? _____

d. What is most current "Estimate at Completion"? _____

Questions #8-9 are applicable to ALL capital assets

8. Have any significant changes been made to the baseline during the past fiscal year? Yes___ No___

a. If "yes," when was it approved by OMB? _____

9. Comparison of Initial Baseline and Current Approved Baseline:

Complete the following table to compare actual performance against the current performance baseline and to the initial performance baseline. In the Current Baseline section, for all milestones listed, you should provide both the baseline and actual completion dates (e.g., "03/23/2003"/ "04/28/2004") and the baseline and actual total costs (in $ Millions). In the event that a milestone is not found in both the initial and current baseline, leave the associated cells blank. Note that the 'Description of Milestone' and 'Percent Complete' fields are required. Indicate '0' for any milestone no longer active.

	Initial Baseline		Current Baseline				Current Baseline Variance		Percent Complete	Agency Responsible for Activity
Description of Milestone	**Planned Completion Date** (mm/dd/yyyy)	**Total Cost ($M) Estimated**	**Completion Date** (mm/dd/yyyy) Planned/Actual		**Total Cost ($M)** Planned/ Actual		**Schedule/ Cost (# days/$M)**			

CAPITAL PROGRAMMING GUIDE

V 2.0

SUPPLEMENT TO

OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A–11, PART 7:

PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

JUNE 2006

LIST OF ABBREVIATIONS

ACP	Agency Capital Plan
CI	Commercial Items
COTS	Commercial-off-the-shelf
ESPC	Energy Savings Performance Contract
EVM	Earned Value Management
FAR	Federal Acquisition Regulation
FARA	Federal Acquisition Reform Act (Clinger-Cohen Act) of 1996[1] (Division D of Pub. L. No. 104–106)
FASA	Federal Acquisition Streamlining Act of 1994 (Pub. L. No. 103–355)
FRPC	Federal Real Property Council
GAO	Government Accountability Office
GPRA	Government Performance and Results Act of 1993 (Pub. L. No. 103–62)
IPT	Integrated Project Team
ITMRA	Information Technology Management Reform Act (Clinger-Cohen Act) of 1996 Division E of Pub. L. No. 104–106)
NDI	Non-Developmental Item
O&M	Operations and Maintenance
OMB	Office of Management and Budget
OFPP	Office of Federal Procurement Policy, Office of Management and Budget
PART	Performance Assessment Rating Tool
PIR	Post-implementation Review
RMO	Resource Management Office, Office of Management and Budget
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standards
SIS	Share-in Savings
SSA	Source Selection Authority
SST	Source Selection Team
UESC	Utility Energy Savings Contract

[1] Together, the Information Technology Management Reform Act of 1996 (Division E of Pub. L. No. 104–106), with FARA (Division D of Pub. L. No. 104–106) are known as the Clinger-Cohen Act of 1996.

KEY INTERNET ADDRESSES

The Capital Programming Guide and OMB Circular A–11, Part 7
http://www.whitehouse.gov/omb/circulars/a11/cpgtoc.html

The Federal Acquisition Reform Act and the FAR Implementation of the Federal Acquisition Streamlining Act can be found at the reference library for Acquisition Reform (ARNET) at: http://www.arnet.gov.

The Information Technology Management Reform Act (now known as the Clinger-Cohen Act), can be found on the Chief Information Council Working Group web site at:
http://www.cio.gov/Documents/it_management_reform_act_Feb_1996.html

Office of Information and Regulatory Affairs—Evaluating Information Technology Investments, (November 1995) can be found at: http://www.whitehouse.gov/omb/inforeg/infopoltech.html

GAO—Assessing Risk and Returns: A Guide for Evaluating Federal Agencies IT Investment Decision Making, February 1997 can be found at: http://www.gao.gov/archive/1998/ai98110.pdf

GSA—Performance Based Management—Eight Steps to Develop and Use Information Technology Performance Measures Effectively, (December 1996) can be found at:
http://www.itpolicy.gsa.gov/mkm/pathways/pathways.htm

OMB Circulars, can be found on the OMB Homepage at:
http://www.whitehouse.gov/OMB/circulars/index.html

Chief Financial Officers Council guidance documents can be found at: http://www.cfoc.gov/

Federal Real Property Council guidance documents can be found on the OMB Asset Management website at: http://www.whitehouse.gov/omb/financial/fia_asset.html

The Government Accountability Office's (GAO) Information Technology Investment Management (ITIM) Stages of Maturity, as described in GAO's May 2000 Version 1 of the ITIM can be found at http://www.gao.gov/.

Chief Information Officers Council Value Measuring Methodology: How-to-Guide
Issued By: CIO Council, Best Practices Committee—Posted: 04.15.2003
http://www.cio.gov/index.cfm?function=specdoc&id=416.

Value Measuring Methodology: Highlights
Issued By: CIO Council, Best Practices Committee—Posted: 04.15.2003
http://www.cio.gov/index.cfm?function=specdoc&id=415.

Framework for Developing EVMS Policy
Issued By: Best Practices Committee—Posted: 12.05.2005

http://www.cio.gov/index.cfm?function=specdoc&id=664.

Clinger-Cohen Act, February 10, 1996
Issued By: Congress—Posted: 02.10.1996
http://www.cio.gov/index.cfm?function=specdoc&id=319.

Responsibilities and Information and Technology Governance at Leading Private Sector Companies
Issued By: GAO—Posted: 09.09.2005
http://www.cio.gov/index.cfm?function=specdoc&id=647.

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INTRODUCTION

The Guide's Purpose

The Capital Programming Guide was originally released in 1997 and this release, Version 2.0, is part of a continuing effort to more routinely update the Guide to remain consistent with new requirements and leading practices. This version reflects developments in capital planning since the publication of the original guide and provides updated base practices and lessons learned regarding more efficient project and acquisition management of capital assets. This guide does not establish new or alter existing policies articulated elsewhere (e.g. in OMB Circular A–11, *Preparation, Submission and Execution of the Budget,* or other OMB circulars). It does, however, expand the explanation of the concepts in the original guide that were not fully developed. An inter-Agency Capital Programming Guide Working Group, consisting of various agency representatives, was convened to author updates and identify examples for the revision. Their invaluable additions, editing and hard work is commended.

Agencies must have a disciplined capital programming process that addresses project prioritization between new assets and maintenance of existing assets, risk management and cost estimating to improve the accuracy of cost, schedule and performance provided to management, and the other difficult challenges proposed by asset management and acquisition. The purpose of the Capital Programming Guide, herein referred to as the Guide, is to provide professionals in the Federal Government guidance for a disciplined capital programming process, as well as techniques for planning and budgeting, acquisition, and management and disposition of capital assets. At the same time, agencies are provided flexibility in how they implement the key principles and concepts discussed. We expect the Guide to be revised as agencies continue to gain experience and develop improved best practices.

The Guide is intended to assist Federal Departments, Agencies and Administrations (herein collectively referred to as agencies) effectively plan, procure and use these assets to achieve the maximum return on investment. The guidance integrates the various Administration and statutory asset management initiatives (including Government Performance and Results Act (Pub. L. No. 103–62), the Clinger-Cohen Act (Divisions D and E of Pub. L. No. 104–106, the Federal Acquisition Reform Act and the Information Technology Management Reform Act of 1996, as amended; popularly known as the Clinger-Cohen Act), Federal Acquisition Streamlining Act of 1994 (Pub. L. No. 103–355), and others) into a single, integrated capital programming process to ensure that capital assets successfully contribute to the achievement of agency strategic goals and objectives.

Agencies should use this Guide to help establish a capital programming process within each component and across the organization. Effective capital programming uses long range planning and a disciplined, integrated budget process as the basis for managing a portfolio of capital assets to achieve performance goals with the lowest life-cycle costs and least risk. This process should provide agency management with accurate information on acquisition and life-cycle costs, schedules, and performance of current and proposed capital assets. The Federal Acquisition Streamlining Act of 1994 (Pub. L. No. 103–355) (FASA) requires that Agency Heads manage the agency portfolio of major acquisitions within 90 percent of the individual investment's cost,

schedule and performance goals. Project managers when developing the cost, schedule and performance goals on developmental projects with significant risk must, therefore, provide the agency Executive Review Committee with risk adjusted, most likely cost, schedule and performance goals. Without the knowledge of the risks involved managers at all levels—Agency, Office of Management and Budget (OMB) and Congress—cannot make the best decisions for the allocation of resources among the competing investments.

Managing the stock of Federal capital assets and planning, budgeting and acquiring assets is hard work, but it takes time and adequately trained personnel to do it successfully. Large sums of taxpayer funds are involved and the performance of the assets determines, to a large extent, how well the agencies are able to achieve their missions and provide service to the public.

Agencies have flexibility in how they implement the key principles and concepts of the Guide. They are expected to comply with existing statutes and guidance (cited in the text where appropriate) for planning and funding new assets, achieving cost, schedule and performance goals, and managing the operation of assets to achieve the asset's performance and life-cycle cost goals. However the key principles and importance of thorough planning, risk management, full funding, portfolio analysis, performance-based acquisition management, accountability for achieving the established goals and cost-effective lifecycle management will not change. In general, OMB will only consider recommending for funding the President's budget priority capital asset investments that comply with good capital programming principles. This Guide does not discuss the entire strategic planning process, only that portion that pertains to the contribution of capital assets.

At each stage in the preparation of the Agency Capital Plan, the agency is encouraged to work with OMB's Resource Management Offices (RMOs). Early inclusion of RMO staff with the Integrated Project Teams, to be discussed further in section I.2.1, will facilitate a continuing review and dialogue regarding the agency's plan in order to avoid unexpected events. This is key in integrating the Planning and Budgeting Phases. The process of submission should be consistent with the annual guidance contained in the OMB Circular A–11, as well as with other current OMB guidance.

Definition of Capital Asset

Capital assets are land, (including parklands), structures, equipment (including motor and aircraft fleets), and intellectual property (including software) which are used by the Federal Government and have an estimated useful life of two years or more. Capital assets exclude items acquired for resale in the ordinary course of operations or held for the purpose of physical consumption, such as operating materials and supplies. The cost of a capital asset is its full life-cycle cost, including all direct and indirect costs for planning, procurement (purchase price and all other costs incurred to bring it to a form and location suitable for its intended use), operations and maintenance (including service contracts), and disposal. Capital assets may or may not be capitalized (i.e., recorded on an entity's balance sheet) under Federal accounting standards. Appendix 1 defines capital assets more fully.

Threshold for Capital Programming

As defined in Circular A–11, Part 7, major acquisitions are capital assets that require special management attention because of their importance to the agency mission; high development, operating, or maintenance costs; high risk; high return; or their significant role in the administration of agency programs, finances, property, or other resources. Major acquisitions should be separately identified in the agency's budget. For small dollar investments relative to the agency's budget, the agency may wish to develop a less detailed programming process based on the basic tenets presented in this Guide. A stratified capital programming process involving more or less detail and review based on the size or strategic importance of proposed investments may be appropriate, particularly in large agencies. Agencies should have well documented thresholds clearly disseminated and implemented across the organization.

Capital Asset Management Infrastructure

A formal capital asset management infrastructure is a best practice used throughout industry and by many government agencies to establish clear lines of authority, responsibility, and accountability for the management of capital assets. An Executive Review Committee (ERC), acting for or with the Agency Head, should be responsible for reviewing the agency's entire capital asset portfolio on a periodic basis and making decisions on the proper composition of agency assets needed to achieve strategic goals and objectives within the budget limits. This committee should be composed of the senior operations executives and the chief information, financial, budget and procurement officers.

In addition to review by the ERC, each project requires an Integrated Project Team(s) (IPT) composed of a qualified program manager and necessary personnel from the user community, budget, accounting, procurement, value management, and other functions to be formed, as appropriate, to:

(1) establish a baseline inventory of existing capital assets;

(2) analyze and recommend alternative solutions;

(3) manage the acquisition if approved; and

(4) manage the asset once in use.

A sound financial management system is another key ingredient for sound decision making.

Agencies may choose to plan for capital assets agency-wide or by bureau or functional area. Many agencies have started to redesign their planning approach for information technology (IT) capital assets by establishing an IT capital asset infrastructure in accordance with the requirements of the Clinger/Cohen Act, Sec. 5122, Capital Planning and Investment Control.

In addition, Executive Order 13327 of February 4, 2004, *Federal Real Property Asset Management*, establishes the Federal Real Property Management Council (FRPC) that tasks Federal Real Property Officers with improving real property asset management within their agencies.

When one asset contributes to multiple programs, the linkage to each program should be described. In turn, the annual performance plan should include the performance goals for the procurement of the asset, as well as the program's performance, once the asset is operational. Separate documents are not required.

Organization of the Guide

This Guide is organized to reflect the three phases of the capital programming process:

- Planning and Budgeting, Acquisition, and Management-In-Use. Each phase is composed of a number of Steps.

- Integration with guidance or source materials relevant to a particular phase and step, as well as a description of reporting requirements or formats, is also described.

- A Glossary and a list of Selected Capital Programming References are also included.

I. PLANNING AND BUDGETING PHASE

Introduction

The Government Performance and Results Act (GPRA) initiated program performance reform for greater service delivery and program effectiveness by encouraging greater accountability throughout the Federal Government. It encourages collaboration between OMB and the Agencies to develop outcome oriented, program specific performance measures. Administrators must now ask: *Were program goals achieved within budgeted costs and established schedules? Does the program have baselines and ambitious targets for its annual measures?*

This Guide stresses the importance of all phases in the capital asset life-cycle. By linking planning and budgeting to procurement to the management of capital assets, the resulting all-encompassing roadmap encourages agencies to develop an Agency Capital Plan that provides for the long-range planning of the capital asset portfolio in order to meet the goals and objectives in the strategic and annual plan.

> In its 2004 report GAO-04-138, *Agency Implementation of Capital Planning is Mixed*, a report in which it evaluated the implementation of the Capital Planning Guide in several agencies across the government. It recognized that the planning phase drives the remaining phases in the capital asset's life-cycle. It found that agencies generally link their capital planning to mission driven goals. It recommends that agencies complete a long-term capital plan to further guide them towards comprehensive investment goals.

The Annual Performance Plans, which describe an agency's incremental progress toward achieving its strategic goals and objectives, should also clearly demonstrate how capital assets will contribute to this progress. The program or project acquisition life-cycle starts with concept analysis, progressing through technology definition, requirements planning, acquisition and finally through operations and maintenance. Although terminology may differ, government and industry use similar processes. These processes typically include decision points in which executive boards review and approve a program's entry to the next phase or stage, based on satisfactory completion of exit criteria from the prior phase or stage.

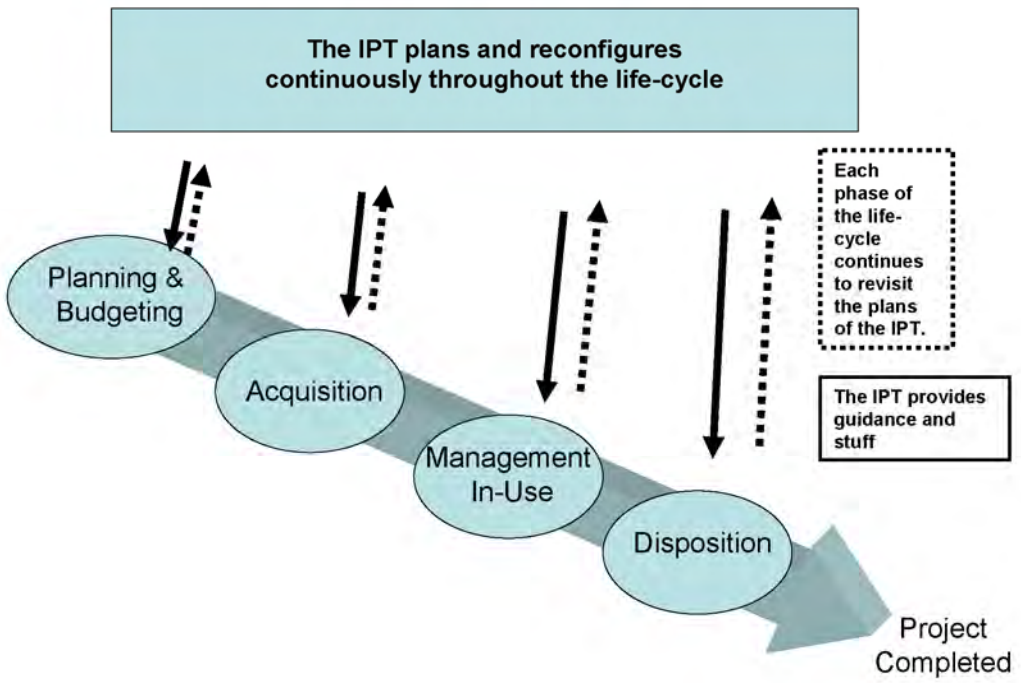


Figure 1. The Capital Planning Lifecycle

I.1) STRATEGIC AND PROGRAM PERFORMANCE LINKAGE

I.1.1) Strategic Planning

Capital programming, as guided by GPRA, is an integral part of an agency's strategic planning process. The agency strategic plan includes:

- A comprehensive mission statement;
- Long-term goals, covering a six year period for the agency, and an explanation of how they will be achieved with justification for new acquisition funding;
- Schedule and resource implications of goal achievement;
- Description of the relationship between annual performance goals in the annual performance plan and the long-term goals in the strategic plan;
- Identification of the agency's performance gap and the resources needed to close it, and linking proposed investments to long-term planning goals; and
- Identification of external factors that could effect the achievement of long-term goals.

An effective strategic plan should anticipate changes in the agency's requirement for technological capabilities, identify major assets that are critical to implement the plan, and define the outcomes these assets will help realize. The plan should also be consistent with the level of future budgetary resources that will be available. See OMB Circular A–11, Part 6, Preparation and Submission of Strategic Plans, for detailed guidance on the requirements for strategic plans.

I.1.2) Program Performance and Budgeting

One current tool to evaluate program efficiency is the Program Assessment Rating Tool (PART). Using this tool, programs are rated from Effective to Ineffective, and the ratings and specific findings produced are used to make decisions regarding budgets and policy. The tool assumes that a program that cannot demonstrate positive results is no more entitled to funding, let alone an increase, than a program that is clearly failing. PART is an important next step in changing the way federal managers think about capital planning. It places the burden of proving effectiveness squarely on the shoulders of the managers. With further improvement and use, the tool provides incentives for federal managers to make their programs more effective and takes the assessment results into consideration when planning for agency capital assets in support of mission needs.

For more information including yearly guidance and a further in-depth history see the PART website (http://www.whitehouse.gov/omb/part).

I.2) Agency Enterprise Architecture (EA) is Key to Effective Planning and Budgeting for Capital Assets of All Types

Agencies are formally developing an Enterprise Architecture, as defined in the Clinger-Cohen Act (see § 5125(d) of Pub. L. No. 104–106, Division E, Information Technology Management Reform Act of 1996, as amended) and in accordance with the guidance developed by OMB, One of the fundamental aspects of an Enterprise Architecture is the identification of current systems—their perfomance and their continued value with respect to agency missions, goals, and business functions.

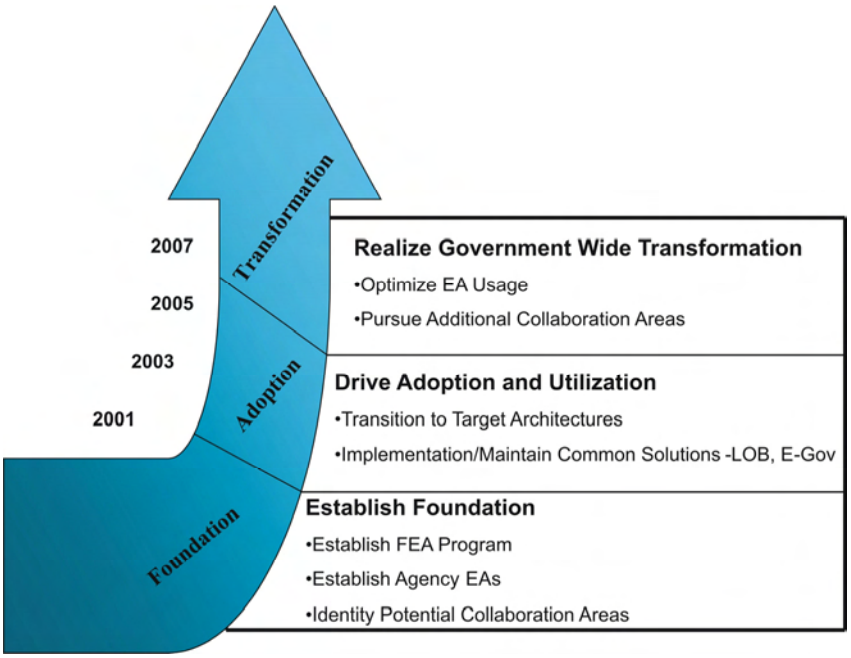


Figure 2. Planned Maturation of Agency Enterprise Architecture

Across the federal government, agencies have established EA programs, identified and associated assets to lines of business and are beginning to realize benefits as they transition to the target architectures. Key objectives now and in the coming years include expanding the types of assets currently managed by the EA and expanding the range and scope of decisions driven by information extracted from the EA.

A complete Enterprise Architecture consists of a set of interrelated "reference models" designed to facilitate cross-agency analysis and identification of duplicate investments, gaps, and opportunities for collaboration within and across agencies. Collectively, the reference models comprise a framework for describing important elements of an EA in a common and consistent way. Through the use of this common framework and vocabulary, agencies have improved the way they manage IT portfolios and capitalized on opportunities to leverage assets across government. Over the coming years we anticipate these same practices to grow in the non-IT arena.

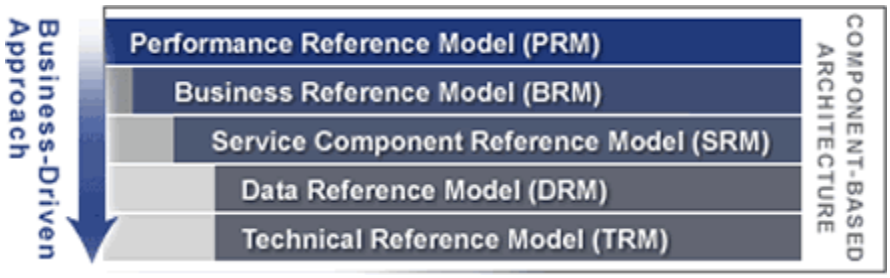


Figure 3. Component-Based Architecture

As agencies continue to utilize EA to model performance, business processes and services, decision makers must create clear line-of-sight relationships between investments in capital assets and specific components in the EA. For example, the business case for a capital asset must document the specific performance measures that are effected by the investment and how those measures are effected. The same clarity should exist for business processes, services delivered and data managed by a capital asset.

I.2.1) Integrated Project Team

Several acquisition disciplines are essential to planning and managing an acquisition through its life-cycle. The Integrated Project Team (IPT) is established to analyze the performance and capability of the portfolio of assets used by the program. The IPT will vary in size and acquisition disciplines depending on the phase of the program, but must always contain a qualified program manager and contracting officer. At initiation of a major acquisition, the team should consist of the individuals with skills in the following areas: Project Management (PM), Contract Oversight (CO), Cost Estimating, Risk Management, Sustainability, Scheduling, Users, Budget, Technical Experts, Information Resource Management, Value Management, and Earned-Value Management (EVM). Staff with other appropriate skill sets should also participate in the IPT. Agencies should strongly consider co-locating the IPT, especially the PM and CO who must work closely throughout the project to ensure that the requirements are clearly articulated into a statement of work and that adequate oversight of the contracted work is accomplished. The members of the IPT are the key functional team leaders under the leadership provided by a program manager. The key to success is organization, planning, estimating and budgeting resources and executing the plan. The IPT must also develop sound cost estimates based on the "Principles of Government Cost Estimating" in Appendix Nine and the GAO Cost-Estimating Guide.

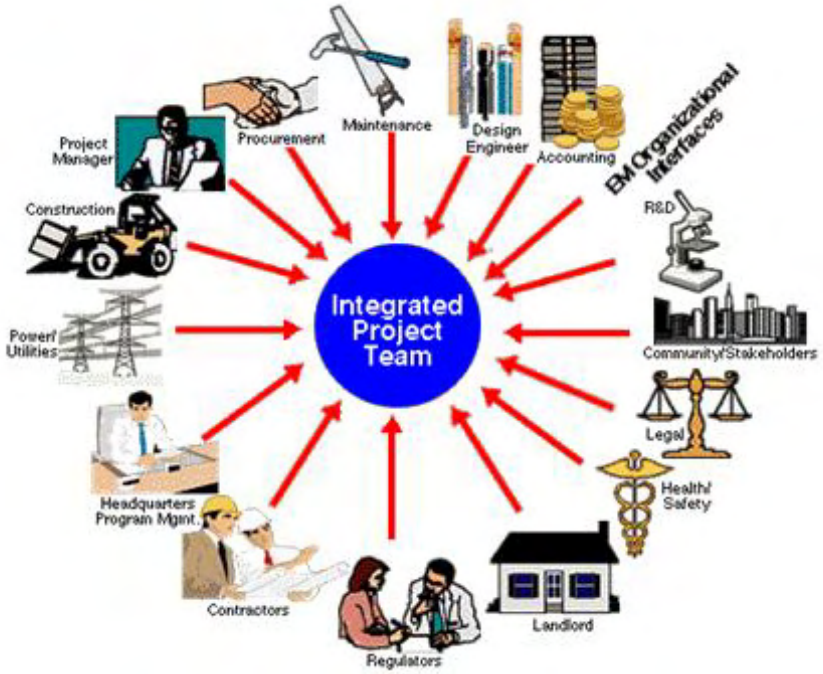


Figure 4. Integrated Project Team

The program manager should be given a charter, whether the work is to be performed by contract or by in-house resources, defining the scope of authority, responsibility and accountability for providing quality analysis to support senior management decision-making during all phases of capital programming. Such leadership by program offices is intended to ensure that capital assets will be designed and operated to improve the performance of the program staff who use them—a seemingly self-evident goal, but one many businesses and government agencies have failed to reach. For example, information systems often are developed by technology or finance specialists alone, without the benefit of an agency-wide review of the system's requirements and capabilities. Appendix 2 discusses IPTs in more detail.

Earned Value Management (EVM) and risk management are management tools used successfully in both the public and private sectors to mitigate risks in developing capital assets. Agencies must develop a level of expertise with both tools that is appropriate to the size and nature of their capital asset portfolio. This expertise may take the form of a full scale EVM and risk program management office, a center of excellence, or a capability held by one or two focal points within the agency.

IPTs must devote the planning time needed to create an adequate Work Breakdown Structure (WBS) at program initiation and keep it current throughout the program execution. Program management use of EVM depends on a well-developed WBS to ensure that a program is completely defined. Program experts, in collaboration with experts in the areas of Cost-Estimating, Procurement, Risk Management, Scheduling, and EVM, need to develop a WBS as a common framework within a given program, but also among related programs and across an organization's portfolio.

Even if the preferred solution has not yet been determined, planning for a program WBS must begin promptly upon program initiation during the earliest stage of the Planning Phase. Organizations that manage similar programs often use a standard WBS template to assist in program definition. The WBS when complete is an integrated family tree that defines all the products and services comprising the program. While some WBS elements are unique to each program, many are common, such as training, data and program management. The program WBS established during concept definition will provide the framework for estimating the program's cost and risk during the pre-systems acquisition planning and for developing the program schedule. The cost estimate and program WBS provide the basis for suppliers to extend the Contract WBS to achieve integrated cost, schedule and technical performance management using EVM during systems acquisitions.

I.3) FUNCTIONAL REQUIREMENTS

If current assets cannot bridge the gap between planned and actual performance, the IPT should define the gap in terms of performance requirements to be achieved. Depending on the depth of the analysis of program requirements during the first round of strategic planning, the IPT may wish to define more detailed requirements against which they can evaluate options for reducing the performance gap.

Functional requirements should not be defined in equipment or software terms, but in terms of the mission, purpose, capability, agency components involved, schedule and cost objectives, and operating constraints. Mission needs are independent of a particular capital asset or technological solution. A needs-based approach allows the agency the flexibility to evaluate a variety of solutions with an open mind. The key is not to limit potential solutions by too narrowly defining requirements.

When developing functional requirements, the capabilities of other assets or processes with which the function must interact are a major consideration. Functional requirements should include the following elements:

- The performance criteria of the function being acquired, developed, built, etc;
- A definition of the common usages of the function;
- The ranking of each requirement in order of importance; and
- A decomposition of functional requirements into self-contained features (e.g., climate control for housing prisoners might have unique requirements that should be identified).

Internal agency users and external customers (e.g., airlines for air traffic control systems, veterans for new benefits processing systems) should participate in the requirements definition process. It is important to balance the internal user and operator needs with the requirements of the external customers. Other agencies that may have acquired assets to accomplish similar goals or objectives should be identified. Where feasible, large, complex acquisitions that are very difficult to manage should not be pursued on an individual agency basis. Instead, management should look for cross-agency or government-wide economies to avoid duplication of effort. As part of the requirements definition process, agencies must look at government-wide programs and systems to see if they will meet most or all agency requirements. To the degree a program or system does not meet agency requirements, agencies should consult with the program management office of the program or system involved to see if and how any unmet needs can be met. Agencies should also consult with any government-wide Lines of Business initiatives that may apply to their area of effort to coordinate planning with the Line of Business involved.

One acute danger during this phase is "specification creep," where requirements grow uncontrolled to meet future potential needs or to incorporate emerging technology that would be "nice" to have. Emphasis should be placed on core requirements needed to meet the mission needs. Once a solution meets the core requirements, additional functionality can be added in a later stage of the project, if cost-beneficial. These functional requirements should be documented in the strategic plan. Modular or spiral development acquisition should be pursued where possible to prevent "specification creep." Projects that are purchased in modules, where the scope is limited to what the market can provide quickly, rather than requiring significant new development efforts with uncertain cost, or delivery goals, can freeze the scope to provide an initial capability that improves the function, with subsequent modules providing for increased capability when the market is ready and scope, cost and schedule can be more clearly defined.

I.4) ALTERNATIVES TO CAPITAL ASSETS

I.4.1) Answering the Three Critical Questions

With detailed requirements defined, management should answer the Three Critical Questions before planning to acquire capital assets. These questions are applicable to all major capital investments.

1. *Does the investment in a major capital asset support core/priority mission functions that need to be performed by the Federal Government?*

- If not, end consideration of the investment and eliminate or privatize the function;

- If so, is there a clear explanation of how the investment supports core/priority mission functions? Are performance measures provided that are included in the agency Strategic Plan, including baseline data and the expected improvement? Is there an explanation of how the investment will contribute towards meeting a goal? Information on program effectiveness can be found at: http://www.whitehouse.gov/omb/part/

- Is it clear that those functions are inherently governmental functions? IPTs can consult attachment A of OMB Circular A–76, *Performance of Commercial Activities* (May 29, 2003, as amended) to assist in deciding if a government activity is an inherently governmental function.

2. *Does the investment need to be undertaken by the requesting agency because no alternative private sector or governmental source can better support the function?*

- If not, consider devolving the function to state or local governments, sharing resources within the agency; with another Federal agency, a university, not-for-profit organization, or outsourcing to the private sector. For example, medical care can be provided through payments for care in non-profit or private hospitals, rather than directly by Federal agency hospitals.

- OMB Circular A–76 helps agencies decide through the use of public-private competition, whether taxpayers are better served though the continued in-house performance of highly commercial activities (such as software development) or alternatively, by the best qualified contractor. (See Appendix Six for further discussion of A–76).

3. *Does the investment support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology?*

- If not, management should reengineer business processes first, then search for alternatives, or the agency may issue a very broad statement of the requirements in a solicitation to the private sector and allow the private sector to do the reengineering in proposed solutions.

- Management should also improve internal processes by cutting red tape, empowering employees, revising or pooling existing assets within the agency or with other agencies, redeploying resources or offering training opportunities.

- GAO's April 1997, Version 3, Business Process Reengineering Assessment Guide outlines the Issues and attributes on which agencies should focus when assessing and reengineering their current processes.

Analyzing Agency Programs and Investments

Consider the kind of capital assets needed and how they will be acquired.

Ask Yourself…	If the answer is "No" then…
Is the function of the program central to the Agency's Mission?	• Send to other Federal Agency • Direct to the private sector • Send to State or Local government • Terminate function
Can this Agency accomplish this function better than the private sector or other Federal Agency?	• Partner with State or Local governments • Cross-service with other Federal Agencies • Contract out to private sector
Have work processes been re-engineered to reduce costs to improve effectiveness?	• Introduce competition • Find efficiencies • Empower employees and put customers first

Figure 5. Decision Tree for Analyzing Agency Programs and Investments

If the answer to all Three Critical Questions is yes, management should still consider options other than new acquisitions to reduce the performance gap, such as:

- Meeting objectives through regulation or user fees;
- Using human capital rather than capital assets; and
- Applying grants or other means beyond direct service provision supported by capital assets.

I.4.2) Frequent Use of Benefit-Cost or Cost Effectiveness Analysis

At many key decision points in the capital programming process, a benefit-cost or cost-effectiveness analysis could be used by senior management to help decide whether the best way to reduce the performance gap is through acquiring a new capital asset, undertaking a major modification on an existing asset, or by some other method. This analysis should follow the guidance of OMB Circular A–94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs.*(October 29, 1992). Guidelines for pursuing alternatives other than a capital asset are not contained in the remainder of this Guide. However, if the alternative chosen is a service contract, many of the analytical techniques and processes suggested in the Guide would be appropriate (see Appendix 9 on Cost-estimating).

I.5) CHOOSING THE BEST CAPITAL ASSET

Once the decision to acquire a capital asset is made, comparison of the various available asset options is needed to ensure the acquisition of the best product for the job.

Agencies should not undertake planning before a project is funded merely for the sake of compliance. They should plan because it results in better use of scarce resources and improves implementation.

I.5.1) Evaluate Asset Options

With the decision to evaluate the feasibility of acquiring a capital asset, management should provide the IPT with an estimate of the range of budget resources that may be available for an asset. The IPT should conduct market research to determine the feasibility of various capital asset alternatives that are available in the market to satisfy the requirements. Emphasis should be placed on generating innovation and competition from private industry and on the use of commercial items and non-developmental items to meet the mission needs. The IPT should determine:

- **Availability**. Can the market provide capital assets that partially or fully meet program requirements? How much of the need can be fulfilled without the need for developing new technologies or incurring other significant risk?

- **Affordability**. Are the assets affordable within budget limits? If the full requirement is not affordable, can it be divided into separate modules that are affordable? New technology should be subject to Technical Readiness Level (TRL) and Degree of Difficulty (R&D3) reviews to help determine the risk and potential necessary reserves.

- **Costs & Benefits.** For those alternatives that are affordable within budget limits, which are the most cost-beneficial, and should be among the portfolio of proposed assets that the agency head, the President, and Congress consider for funding? (Value management methodology can provide the "best value" alternatives to meet the functional requirements.)

- **Sustainable Design Principles.** How much have the sustainable design principles been incorporated into the requirements identified for the asset? Has sustainability been considered in all aspects of the asset's life-cycle?

- **Risk**. In addition to applying risk management to the development of a Risk-Adjusted Program Budget and Risk-Adjusted schedule, the agency must assess overall risk of an investment as it chooses the best capital assets to meet the agency's mission and strategic objectives. High risk should be accepted only if it can be justified by high expected returns, and only if a program failure can be absorbed by the agency without loss of service capability or significant effect on budget. Decision thresholds should be set for cost, schedule and performance expectations of development projects beyond which the return on investment becomes so low that the project should be canceled. Agencies can apply a variety of risk mitigation techniques, including limiting scope, contract type selected, and aggressive program management.

The process of choosing the best capital asset starts with the development of a strategy to review the market and ends with the development of an acquisition plan that outlines the best approach to acquire the recommended asset. Plans for asset evaluation, operation and maintenance, and disposal should also be developed, with the execution costs included in the Feasibility Analysis. If funding for the proposed asset is approved at the end of the Budgeting Phase, these plans will be executed in the Acquisition and Management-In-Use Phases.

The establishment and use of a structured vehicle allocation methodology (VAM) by Federal agencies ensures that the agency vehicle fleets are not over-costly and both correctly sized in terms of numbers and appropriate for accomplishing agency missions. A VAM provides managers with a standard way to document the objective criteria of a vehicle fleet for a specific entity within an agency and make informed decisions in fleet acquisition, management and disposition.

I.5.1.1) Asset Availability

A program manager supported by thorough market analysis is an educated consumer, and is more likely to complete a program successfully. Availability is assessed by *market surveillance* and *market research*, ultimately producing a list of investment alternatives, accompanied with data necessary to assess affordability, benefits, and costs.

Market surveillance is an on-going process, one that is not driven by a specific planned acquisition. The IPT technical staff should keep abreast of the latest capabilities and performance through trade journals, advertisements, sales brochures, etc. Market research is undertaken with respect to a specific planned acquisition; it is the proactive part of market analysis. In market research, the IPT seeks information through research of published information, talking to other agencies that have conducted similar market research, and/or going directly to the market for information.

I.5.1.2) Market Research Strategy

Agencies should encourage contractors to provide any solution they believe will meet the agency's needs. The key is to not restrict potential offers by specifying requirements too narrowly.

Once a clear agency need has been identified, the IPT should begin with a plan to conduct both market surveillance and market research to ensure that as many alternative solutions as possible are identified for consideration. The plan should define the use of broad area announcements, requests for information, or requests for proposals to solicit information on alternative concepts from a broad base of qualified firms. When these documents are issued, contractors should be provided with mission performance criteria, life-cycle cost, and any other factors that the agency will use in the evaluation and selection of the solutions. Emphasis should be placed on solutions that are currently available (i.e., do not require significant development) with little risk in cost, schedule, performance, and technical obsolescence. This means commercial items (CI) or non-developmental items (NDI) where little or no development effort is required are preferred. However, contractors should be encouraged to provide any solution they believe will meet the agency's needs, including providing the capability contemplated through a service contract or lease. The key is to not restrict potential offers by specifying requirements too narrowly.

Agencies can, through market analysis, seek preliminary information on alternatives available in the commercial sector. If the information does not provide a clear indication that acceptable solutions are available, it may be necessary to award contracts to explore alternative design concepts. These contracts should be of relatively short duration and within defined dollar levels. When market capability is not sufficient to fulfill the agency's entire performance gap, the IPT should carefully weigh the extent of increased capability that can be obtained quickly within budget limits against the delay in capability improvement, risk of failure, and costs of a development effort to achieve the desired capability. In many cases, evolutionary changes in capability over time are the most cost-effective approach. Timely technical reviews should be made of the alternatives to ensure the orderly elimination of those that are least attractive.

There may be instances in which several alternatives offer essentially the same benefits and costs. In those instances, it may be necessary to conduct comparative demonstrations, where the different alternatives are actually tested in the operational environment for a period of time, to determine the best product.

The IPT should engage potential suppliers in an advisory process in which the government provides a general description of the scope or purpose of the acquisition (such as a Request for Information, which could include a Statement of Objectives) and invites potential offerors to submit information that allows the Government to advise the offerors about their potential to be viable competitors. By doing this, the government enables potential vendors to more wisely use their internal resources, such as bid and proposal money or independent research and development funds, to come up with the best solutions for the government's needs. This process also enables the government to refine its acquisition strategy by identifying in advance the extent of competition that can be expected for the acquisition.

I.5.2) Develop a Program Baseline

The program's (investment's) risk-adjusted budget establishes the baseline for reporting to OMB on program performance. The Program Risk-Adjusted Budget (PRB) is formed after determining the Program Budget (PB) and the Performance Measurement Baseline (PMB). The appropriate agency official must ensure the PRB is justified based on risk, and that the agency will fund the program at that level.

The foundation of the Program Budget is the Work Breakdown Structure (WBS). Once the technical scope of work has been described through a WBS, the appropriate experts along with cost and schedule estimators can use this information to develop cost and schedule estimates. Budgets are assigned to each WBS element, and when time-phased, form the Performance Measurement Baseline. The Performance Measurement Baseline is the total Budget-at-Completion (BAC) assigned to summary planning accounts, control accounts and the undistributed budget.

Significant investments require a clearly understood process for ensuring that the program budget, expected outcomes and cost/schedule performance measurements are integrated with risk management. Risk management begins with evaluating the WBS for cost, schedule and technical risk. Risks in each of these areas for each WBS element should be identified, analyzed, and quantified in terms of potential cost to the program. Risk identification involves analyzing program areas and critical technical elements to identify and document the associated risk. Assumptions and constraints also need to be identified and analyzed for cost impact. Risk analysis involves examining each risk issue to determine the probability of the risk occurring and the cost, schedule and technical consequences if the risk occurs. The cost of the risk occurrence is added to the BAC and the result of this analysis is a risk adjusted budget.

The program's milestone schedule should also be adjusted for risk. Measurable WBS elements significant to a project milestone should be analyzed for most optimistic, most pessimistic and most likely durations. A risk adjusted schedule will have finish dates that reflect the likelihood of a risk event occurring and its associated schedule impact. If schedule delays will effect cost, this information should be reflected in a risk adjusted cost estimate.

I.5.3) Select the Best Alternative: Benefit-Cost Analysis

Once the IPT determines that it has sufficient market information on alternative solutions, it should compare the initial acquisition cost and the other life-cycle cost elements of the various alternatives. It is critical that the cost estimates are realistic estimates of the final costs and are adjusted to consider risk. When seeking funds during the budget process, the credibility of the costs will be examined, and OMB and Congress will hold agencies accountable for meeting the schedule and performance goals within the cost estimates. Alternative solutions that are not affordable within potential budget availability should be dropped from consideration, but documented for comparison purposes. The information needed to determine whether a proposed acquisition is affordable is based on a juxtaposition of three factors: availability of potential funding; agency mission objectives the investment will help achieve; and the impact that purchasing the new asset will have on funds available for other agency mission objectives.

The selection of the best alternative to compare with other agency projects should be based on a systematic analysis of expected benefits and costs. The fundamental method for formal economic analysis is benefit-cost analysis. OMB guidance on benefit-cost analysis can be found in OMB Circular A–94. Benefit-cost analysis includes the following steps:

1. **Identify Assumptions and Constraints**. Assumptions are explicit statements used to specify precisely the environment to which the benefit-cost analysis applies. Assumptions reduce complex situations to manageable proportions. Constraints are requirements or other factors that cannot be traded off to achieve a more cost-beneficial approach. Cost estimates involve many assumptions and these assumptions carry risk. Risk should be quantified so that the budget accurately reflects the cost of risk.

2. **Identify and Quantify Benefits and Costs.** Benefits and costs should be quantified in monetary terms wherever possible. All types of benefits and costs should be included, and should be discussed in a narrative. The level of detail should be commensurate with the size and criticality of the investment. The benefits should be linked to the program goals and needs identified in the previous Planning Sections. Benefits and costs should be estimated over the full life-cycle of each alternative considered. Life-cycle costs include all initial costs, plus the periodic or continuing costs of operation and maintenance (including staffing costs), and any costs of decommissioning or disposal. Estimates of costs and benefits should show explicitly the performance and budget changes that result from undertaking the project.

3. **Evaluate Alternatives Using Net Present Value.** Investment alternatives should be evaluated using the net present value criterion. Potential projects should be ranked according to the discounted value of their expected benefits, less the discounted value of expected costs. (Appropriate discounting techniques are described in OMB Circular A–94). Qualitative evaluation considerations—such as explicit regulatory requirements, considerations of business strategy, or unquantifiable social benefits or costs—may override quantitative criteria in deciding on the final ranking of projects. The analysis may be supplemented by including other summary measures, like the internal rates of return on the alternative projects or return on assets. Effects on income distribution should be identified for projects that have such effects. Even when the monetary value of benefits or costs cannot be measured, physical quantification may be feasible and should be pursued. When the benefits of alternative investments are the same, cost-effectiveness analysis may be used to rank alternatives. An investment is most cost effective when it has the lowest discounted present value of life-cycle costs for a given stream of annual benefits. When benefits are different, the most cost-effective investment is the one that has the highest discounted net (of cost) benefit.

4. **Perform Risk and Sensitivity Analysis.** Benefit and cost estimates involve a degree of uncertainty. Estimates are based on assumptions, and those assumptions carry risk. Risk analysis can be used to identify where uncertainties exist and subsequently quantified so that their cost can be factored into overall cost estimates. Benefits may not be realized as planned, and the risk of this occurring should be factored into cost-benefit analyses. Sensitivity analysis can identify the response of program costs and benefits to changes in one or more uncertain elements of the analysis. Sensitivity analysis should be used to test the response of the investment's net present value to changes in key assumptions.

I.5.4) Develop an Acquisition Strategy

The IPT should begin to tailor an acquisition strategy for the program as soon as the best alternative is selected. The acquisition strategy and analysis risks should be part of the information provided to the Executive Review Committee when seeking approval of the project.

I.5.5) Risk Management

Planning for risk management for the life-cycle is a critical component of program/investment management and begins at project conception. Risk analysis is an integral part of the planning process. An approach for managing risk on the investment should be established early in the Planning Phase. An effective Risk Management Plan addresses the following risk areas: schedule risk; cost risk; technical feasibility; risk of technical obsolescence; dependencies between a new project and other projects or systems; procurement and contract risk, and resources risks.

Risk Management is continual throughout the life cycle of an investment. Planning for risk and incorporating risk analysis into planning decisions is included in this section of the Guide. Managing risk in the Acquisition Phase and the Management-in-Use Phase is discussed in those sections of this Guide.

I.5.5.1) Earned Value Management

A critical component of risk management on major investments is the use of EVM. A related process used to mitigate risk is the Integrated Baseline Review (IBR) process. The IBR process provides program managers with a thorough understanding of the project plan and any risks associated with the Performance Measurement Baseline (PMB). Initial risks identified and their impact on program cost and schedule should be updated based on IBR findings. Risks identified in the IBR are documented, analyzed, and risk-handling plans are developed and are included in an overall program risk register. These risks are then monitored and acted upon as appropriate. By paying close attention to higher risk WBS elements, program managers are capable of prioritizing areas for management attention. Initial risks identified along with their impacts on program cost and schedule should be updated based on IBR findings and subsequently managed until they are retired. A close watch for new risk should also be maintained and these should be entered into the risk management process.

Use of an EVM system will assist in identifying and mitigating project risk. Additionally, projects with broad scope typically involve more risk than those that limit what they are trying to accomplish.

I.5.5.2) Planning for Contract Type

The agency should strive to use fixed price or fixed price incentive contracts to the maximum extent possible. The ability to use fixed price contracts results from the fact that the capability the agency is seeking is available in the market. The need to use cost type contracts usually

means that the capability is not readily available in the market, requiring a risky development effort to be undertaken.

For long-duration contracts that include significant development, it may be impossible to estimate the cost of performing the entire contract with sufficient accuracy to use a fixed price or structured incentive contract from day one. As the contract progresses and the ability to estimate the cost of performance increases, the use of such contracts becomes more practical. Therefore, it may be desirable to initiate the work with a small, short-duration time and material or cost plus fixed fee contract for studies or early design, evolve to a cost plus award fee or cost plus incentive fee contract for later design and initial development, and then to a cost plus incentive fee, fixed price incentive, or fixed price contract for the initial and production units once all development work is complete. For such contracts, it also may be desirable to negotiate an estimated cost or price in increments. The initial estimated cost or price would be for the studies or early design. As work progresses, the estimated cost or price should be renegotiated upward at appropriate points in the contract, as those costs become more predictable.

Agencies should make good use of contract type by matching the type of contract to how much is known about the requirement, and the likely accuracy of the agency's and the contractor's cost estimates. There are two basic sets of considerations:

1. How much is known about what it will actually take to do the contractor's part of the project?

A. Fixed Price: Does the agency know (and can a contractor reasonably be expected to discover) enough about what it will take for a contractor to do their part of the current phase(s) of the project so that the contractor could reasonably set a series of fixed (not hourly, but by task) prices to perform their part? If so, agencies should use fixed price contracting for the requirement. If the only element keeping an agency from being able to do this is moderately significant variations in the price of a key commodity used to make the item, then agencies can adjust for that using Fixed Price with Economic Price Adjustment. Agencies would then be able to adjust the price paid for an item in accordance with market fluctuations in the price of the key commodity. If agencies don't know enough about the requirement to reasonably expect a contractor to be able to price it this way, then they should explore Cost Reimbursement.

B. Cost Reimbursement (for example, Cost Plus Award Fee): Is the agency at the point where contractors can reasonably give the agency Rough Order of Magnitude (ROM) estimates to do what the agency asks? Is it likely that actual performance of the requirement will be within plus or minus approximately 50 percent of the ROM estimates? If the answer to both questions is yes, the agency should use cost reimbursement contracting to have the contractor meet the requirement. Agencies should use Integrated Baseline Reviews (preferably before contract award) to identify deficiencies in contractor proposals that would impede them from reasonably performing the proposed effort for the proposed price. The contractor would then include in their proposal the cost of correcting these deficiencies, and thus reflect the true "probable cost" of performing the contract. The ultimate goal of the cost reimbursement/IBR process is to yield enough information about what it will actually take to perform the project so that the government could reasonably use a Fixed Price contract to fill the requirement.

C. Time and Materials or Labor Hour: If agencies are still some distance from being able to do either A or B above for a given project, then agencies should consider a small, short duration (less than one year) Time and Materials or Labor Hour type of contract for that project. This type of contract should only be used in the Planning Phase, and only when there is insufficient knowledge about the requirement to be able to use a cost reimbursement contract to fill the requirement. Agencies should remember that Integrated Baseline Reviews can and should be used in concert with cost reimbursement contracting to control project costs to a greater degree than is usually the case in Time and Materials or Labor Hour contracts. A "Term" Cost Reimbursement contract versus a "Completion" type is similar to this and does not require the contractor to complete the tasks. The discussion on the time to use Time and Materials versus Cost Reimbursement needs to make a distinction between Completion and Term CR contracts. See Federal Acquisition Regulation (FAR) 16.306.

2. *How should agencies decide how much goods and services to require in a given contract, task or delivery order?*

An agency should only require in the contract, task order or delivery order sufficient goods and services to result in the agency receiving complete, useful assets. (A useful asset is defined in the Glossary of this Guide.) Therefore, if funding was eliminated for the project, the agency would still be able to walk away with, for example, a completed building rather than just a foundation, or software that is complete enough to be useable in and of itself, without having to add software modules to make it useable.

Agencies should separately evaluate each piece of contracting support needed for their project in light of the above yardsticks to see what type of contract makes sense. Agencies are often able to combine parts of the contractor support effort that would require the same type of contract for that support. For example, in some initial parts of the requirements definition phase, so little is known about what it will take to do the contractor portions of the requirement itself that any ROM estimate is far enough outside the plus or minus 50 percent that it is closer to a guesstimate than a reliable estimate. For these parts, Time and Materials may be the best contract type to use. Once requirements are defined and as agencies are working on putting together Performance Work Statements, models, prototypes, etc., more is known about what it will take to meet government requirements. Then estimates tend to become more reliable. With more reliable estimates, agencies are likely in the plus or minus 50 percent range for estimates, at which point a Cost Plus Award Fee may be the way to go. Once agencies get into production, deployment, and/or maintenance, even more is known about what it will take to meet Government requirements—enough to make it worthwhile to ask a contractor for fixed pricing. The government then expects contractors and contracting personnel alike to be working in a fixed price contract environment. It is also possible to mix into any of these contract types the ability to place later orders, depending on how much is known about when, where, and in what quantities services are to be performed or goods are to be delivered.

I.5.5.3) Planning for Competition

The acquisition strategy should include how to make the most effective use of competition in all phases of the process. In most cases, competition will yield better value at lower prices. In looking for ways to make the most effective use of competition, agencies should pay special

attention to using: (1) performance-based contracting, where innovative solutions are sought to meet functional requirements rather than the more traditional method of detailed government specifications; (2) competitive demonstrations, where the government allows several competing vendors to demonstrate their products or prototypes in an operational environment; and (3) solicitation of assets which permit interoperability with others by featuring open architectures.

I.5.5.4) Planning for Acquisition Management

The risk associated with the asset selected for consideration will determine the type of performance-based management system that should be used to monitor contractor performance in achieving the cost, schedule, and performance goals during the contract period. All major acquisitions with development effort will include the requirement for the contractor to use an Earned Value Management System (EVMS) that meets the guidelines in ANSI/EIA Standard—748 to monitor contract performance. (See the NDIA Intent Guide for a list of the guidelines, reason for the guideline and methods to evaluate whether a contractor's EVMS meets the guidelines in the Standard). EVMS is normally used on Fixed-Price Incentive contracts and Cost Reimbursement contracts for major acquisitions. EVM shall also be used on Firm-Fixed Price and any other type of contract or task order that meets the major acquisition threshold if that contract or task order contains a significant amount of development effort.

LET COMPETITION IMPROVE RESULTS through:

- Using commercially available and non-developmental items
- Publicizing opportunities widely
- Applying functional/ performance specifications/targets
- Limiting burdensome information requirements
- Using open architectures to enhance interoperability

I.5.5.5) Integrating Earned Value into Acquisition Strategy

The acquisition strategy should make sure any contracts resulting from the acquisition that meet the Major Acquisition Threshold contain requirements for the use of EVM.

All contracts with EVM are required to have an Integrated Baseline Review (IBR) pre- or post-award to finalize the agreement on the baseline and ensure all risks are indetified and understood. An IBR, a part of the overall risk management process, must be accomplished whenever there are major changes to the baseline. Depending on the risk to establishing an achievable performance measurement baseline at time of contract award, the use of an IBR before or after award must be determined. Agencies are expected to achieve at the completion of the contract at least 90 percent of the cost, schedule and performance goals established at time of contract award. For more information see Section II.2.4 establishing an Earned Value Management System.

I.5.6) Allow for Adequate Time to Evaluate Alternatives

Selecting the most promising capital asset should not be rushed, especially for mission-critical assets. Selecting an alternative without adequate analysis has resulted too often in large dollar acquisitions that have significantly overrun both cost and schedule, while falling short of expected performance. Agencies should not request funds for the production or installation stage of an acquisition until they establish firm goals that have a high probability of successful achievement.

I.5.7) Plans for Proposed Capital Assets Once in Use

Plans should also be developed for management of the capital asset once in use, including plans for operational analysis, operations and maintenance, and disposal. Both assets that are on-hand and those being considered for acquisition will have to be disposed of at some point. These costs may be very large. For example, a building may require demolition, or the production of waste may require large cleanup costs. The costs associated with the operating and disposal of assets should be included in the life-cycle and benefit-cost analysis (see Management-In-Use Phase).

Agencies should identify a measurement system for once the asset is in use that provides the cost and performance data needed to monitor and evaluate investments individually and strategically. For example, if an agency makes an advanced technology investment to achieve certain cost savings and quality improvements, the management system should permit the agency to measure whether these improvements occurred and whether operations and maintenance costs are within projections. The measurement system implemented should provide feedback on adherence to strategic initiatives and plans. The system should also allow for review of unexpected costs or benefits that result from the investment decision. This tracking system is a critical element of capital programming, for it follows through the operational life-cycle of the asset. One purpose of the measurement system is to help guide future investment decisions (see Management-In-Use Phase).

I.5.8) Prioritize Projects within a Portfolio

Agencies should choose a portfolio of capital investments that maximizes return to the taxpayer and the Government—at an acceptable level of risk.

Capital assets should be compared against one another to create a prioritized portfolio of all major capital assets. Just as an individual invests in a diverse portfolio of securities, agencies invest in a diverse portfolio of capital assets. For the individual investor, returns are measured in dividends or capital gains. While the benefits and costs of capital asset portfolios should be quantified in monetary terms when feasible, agencies also measure return on the basis of outputs and outcomes.

For the individual investor, some investments are more risky than others. Similarly, an agency's capital asset investments have various levels of risk. Sound planning for procurement and operational management can mitigate risk. But *all* assets, especially those that require extensive development work before they can be put into operation, are inherently risky and should be

justified by high return. Agencies should choose a portfolio of capital investments that maximize return to the taxpayer and the Government—at an acceptable level of risk.

One approach to devising a ranked listing of projects is to use a scoring mechanism that provides a range of values associated with project strengths and weaknesses. Appendix 12 shows examples of how some key risk and return criteria might be scored. These examples are drawn from multiple best practices organizations. Higher scores are given to projects that meet or exceed positive aspects of the decision criteria. Additionally, in this example, weights have been attached to criteria to reflect their relative importance in the decision process. To ensure consistency, each of the decision criteria should have operational definitions based on quantitative or qualitative measures. A scoring and ranking process, such as the one depicted in Appendix 12 may be used more than once, and in more than just this step to limit the number of projects that will be considered by an executive decision-making body.

An outcome of such a ranking process might produce three groups of projects:

Likely Winners: One group, typically small, is a set of projects with high returns and low risk that are likely "winners."

Likely Drop-outs: At the opposite end of the spectrum, a group of high-risk, low-return projects that would have little chance of making the final cut.

Projects That Warrant a Closer Look: In the middle is usually the largest group. These projects have either a high-return/high-risk or a low-return/low-risk profile. Analytical and decision-making energy should be focused on prioritizing these projects where decisions will be more difficult. At the end of this step, senior managers should have a prioritized list of capital investments and proposals with supporting documentation and analysis. An example of criteria and scoring process to rank capital assets is in Appendix 12.

I.6) THE AGENCY CAPITAL PLAN

As part of its strategic plan, each agency is encouraged to have an Agency Capital Plan (ACP) that defines the long-term agency capital asset decisions. The ACP is the ultimate product of the Planning and Budgeting Phase and should be the result of an executive review process that reviews the work done in this Phase. The ACP should include an analysis of the portfolio of assets already owned by the agency and in procurement, the performance gap and capability necessary to bridge it, and justification for new acquisitions proposed for funding.

I.6.1) Executive Review Process

Each agency should establish a formal process for senior management to review and approve the capital assets that make up the ACP before the plan is presented to the agency chief executive for approval.

As described in OMB's Evaluating Information Technology Investments, A Practical Guide, the number of times a capital asset is reviewed by senior management should be based on the associated level of risk involved in the acquisition. The cost of an asset and its importance to

achieving the agency mission should also be taken into consideration when defining criteria for executive review. One private sector best practice company requires more documentation and greater analytical rigor if a proposed asset would replace or change an operational system vital to keeping the company running, or if it matched a company-wide strategic goal. Lower-impact proposals that would affect only a particular office or had a non-strategic objective would not be analyzed by senior management in such detail. Senior management should also review acquisitions not achieving 90 percent of established goals, as required by FASA Title V (see Acquisition Phase).

I.6.2) Purpose of the Agency Capital Plan

The Agency Capital Plan is the principal output of the Planning Phase. It is a dynamic plan that changes to reflect decisions about adding new assets and deleting old or even in-process asset acquisitions that are not meeting goals (i.e., the return on investment does not justify continued funding of the project). It should be the central document, or group of documents, that the agency uses for its capital asset planning. Agencies are encouraged to use a summary of the Agency Capital Plan for budget justifications to OMB, congressional authorizations of projects, and justifications for appropriations to Congress. (See OMB Circular A–11, Part 2 for budget submission guidance.)

Agencies are encouraged to have on hand capital planning documents at various levels of detail, applying each for different purposes. For example, a summary level might be sufficient for the authorization process in Congress or justifications for the appropriations committees. The same or a different summary might be made available to OMB to support agency budget proposals to, or if requested by, OMB. The most detailed level might remain in the agency for use in developing the summary materials for OMB and Congress. In this regard, the Agency Capital Plan can be an excellent means of explaining the background for capital asset purchases, as well as their justification, and can be used as a means of answering inquiries related to an agency's budget submission. Last, the Agency Capital Plan can support an agency's related salaries and expenses associated with the staffing, operation, and maintenance of its capital asset portfolio.

I.6.3) Key Elements of the Agency Capital Plan

Agencies are encouraged to include the elements described below in their Agency Capital Plans. This outline and description should not be viewed as a required format. Agencies that choose to use a summary of their capital plans to justify funding requests for capital assets are encouraged to work with Congress, OMB, and other stakeholders to determine what should be included and in what format.

The Agency Capital Plan may contain the following elements:

1. Statement of agency mission, strategic goals and objectives, and annual performance plans;
2. Description of the Planning Phase;
3. Baseline assessment and identifying the performance gap;
4. Justification of spending for proposed new capital assets;
5. Cost-Schedule and performance goals and changes thereto;

6. Risk-Management Plan
7. Staff requirements
8. Timing issues, if involved in a multi-agency acquisition;
9. Plans for proposed capital assets once in use; and
10. Summary of risk management plan.

Each of the elements is discussed in detail with a table demonstrating the relationships between strategic plan, annual plan and capital plan in Appendix 13.

I.7) AGENCY SUBMISSION FOR FUNDING IN THE BUDGET YEAR

The Budgeting step of the capital programming process occurs when the Office of Management and Budget (OMB) works with the agencies to devise a funding plan to allocate resources among various priorities.

This process begins when the agency starts to incorporate budget concerns into its strategic and annual performance planning, including consultation with OMB staff and perhaps Congressional staff. Budgeting is of greater urgency when the agency formally requests budget authority for the asset in its budget submission to OMB using the Exhibit 300 (OMB Circular A–11, Part 7, Section 300) for the coming year. Although budgeting should be incorporated to account for all phases of an asset's life-cycle, the formal budget process really begins during this step of the Planning Phase once the agency requests OMB to include the funding for a program or project in the President's Budget. The Budgeting Step and the Planning and Budgeting Phase ends when Congress appropriates funds for the acquisition and OMB apportions the funds to the agency.

Agencies are encouraged to work with OMB through the entire Planning and Budgeting Phase to greater increase its likelihood of funding. This is where a long-term capital asset investment and utilization plan is useful. It greatly assists the decision makers at OMB see where this asset, among others, fits into the long-term goals of the agency. The plan, as described above, which includes condition analysis, annual performance and asset inventory, would be familiar with the OMB RMO staff and clearly list out where the asset in question fits into the long term plan.

This step differs from the other planning steps in part because the sole decision making authority does not rest within the agency. They are made in part by OMB (whether to include the request in the Administration's budget proposal to Congress), and by the Congress (whether to enact budget authority for the acquisition).

This section could also be called the "Justification" or "Approval" section. The agency justifies its proposal to OMB and the Administration, and if approved, the agency and the Administration justify the proposal to Congress.

Return on Investment (ROI) includes consideration of integrity, confidentiality and authenticity, availability and reliability. If an asset does not have all these characteristics, then the chances of realizing the ROI are reduced. Agencies must demonstrate the use of a repeatable framework for considering these aspects in the selection of capital asset investments. The Federal Information

Security Management Act (FISMA) is such a framework for Information Technology assets. Two key aspects of this framework are:

- Implementation of security configurations. FISMA requires each agency to determine minimally acceptable system configuration requirements and ensure compliance with them. In addition, agencies must explain the degree to which they implement and enforce security configuration.

- Plan of Action and Milestones. FISMA requires agencies to develop a process for planning, implementing, evaluating, and documenting remedial action to address any deficiencies in the information security policies, procedures, and practices of the agency

Agencies must report annually the status of both implementation of security considerations and the Plan of Action and milestones. OMB uses this information to determine the degree to which agencies use the framework and to establish an understanding of the overall level of risk in the Federal IT portfolio.

I.7.1) Agency Submission to OMB

The agency submission should be consistent with the Principles of Budgeting for Capital Asset Acquisitions, which can be found in Appendix 6 to this Guide and is published annually within OMB Circular A–11 as Appendix J. Once submitted, the agency may be called upon to defend the proposal formally in OMB's agency hearings, or informally in many other ways. The proposal will undergo further scrutiny within OMB, and OMB may request more information from the agency, before the OMB Director makes the budget recommendation to the President.

In most cases, the formal submission to OMB will not be the first time OMB or Congress learns of the proposal, because OMB, and perhaps Congress, may have been involved in developing the Agency Capital Plan and in approving funding for the Planning Phase. It is also not the first time that the agency has been involved in budgeting and justification. Within the agency, budgeting and justification take place among the various programs and bureaus. Projects that cover more than one appropriation account within the agency or are multi-agency projects should have undergone careful planning to determine how the total cost should be allocated among the various accounts. By the time it is proposed to OMB for funding, the project has survived the competition for resources within the agency and is ready, in the view of the agency head, to compete in a larger and more demanding arena for budgetary resources.

I.7.2) Criteria for Justification of Spending for Proposed New Capital Assets

Although the details will vary depending on the acquisition, there are certain key criteria that OMB will look for in the justification. OMB Circular A–11, Part 7, defines the budget submission requirements for both new and in-process acquisitions. A discussion of the key elements of an Agency Capital Plan can be found in Section I.6.3 of this Guide, with further detail in Appendix 9 and Appendix 13. The principles incorporate the requirements of the Clinger-Cohen Act of 1996 for justifying budgets for capital assets. The three parts of the justification discussed here are:

1. Basis for selection of the capital asset;
2. Principles of financing; and
3. Strategies for strengthening accountability for achieving goals.

I.7.2.1) Basis for Selection of the Capital Asset

The basis for selection of the capital asset is taken from the Justification of Spending for Proposed Capital Assets in Appendix 13. Illustrations of questions OMB Resource Management Offices (RMO) may ask when reviewing agency submissions are shown below.

Illustrative Agency Statement of Program Objectives and Related Information: The program is expected to process 50,000 documents next year and will have to process a projected 60,000 documents five years later. Legislation making the documents more complicated is likely to be enacted. Current projections indicate that the number of Federal employees (FTE) must decline by 15 percent between now and then.

Illustrative Questions from OMB and Others Regarding Program Objectives: Are the documents important to the agency mission? What is the basis for the projected increase in the number of documents? What are the assumptions regarding the complexity of the documents and the amount of time needed to process each document? What is the basis for assuming that the number of Federal employees will decline?

I.7.2.2) Principles of Financing

The following principles of financing should be followed for the acquisition of capital assets. These are from Principles of Budgeting for Capital Asset Acquisitions (see Appendix 6).

- **Principle 1. Full Funding.** Agencies should request budget authority sufficient to complete a useful segment of a project (or the entire project, if it is not divisible into useful segments). Full funding must be appropriated before any obligations for the useful segment (or project) may be incurred.

- **Principle 2. Regular Appropriations and Authority for Multi-Year Contract Authority.** Regular appropriations for the full funding of a capital project or a useful segment (or investment) of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, *see Principle 4 below.*

- **Principle 3. Separate Funding of Planning Segments.** As a general rule, planning segments (e.g., initial planning, competitive prototypes) should be financed separately from the procurement of a useful asset.

- **Principle 4. Accommodation of Lumpiness or "Spikes" and Separate Capital Acquisition Accounts.** To accommodate lumpiness or "spikes" in funding justified acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency's total budget request.

Illustrative Requests from OMB and Others Regarding the Cost, Schedule, and Performance Goals:

- *Provide baseline cost and schedule goals for the acquisition.*
- *Explain the agency system for developing the baseline goals and evaluating whether the goals will be met.*
- *Explain the performance goals for the asset.*
- *Explain the risk that the cost, schedule, and performance goals will not be met and how that risk will be monitored and controlled.*

I.7.2.3) Strategies for Strengthening Accountability for Achieving Goals

Failure to achieve the project cost, schedule and performance goals can have serious consequences on the ability of the agency to meet its strategic goals and objectives and can seriously effect the agency budget for many years. In addition to providing the cost, schedule and performance goals, agencies should describe: how much development work is involved; the procurement strategy that will be used (including use of competition and financial incentives); how the acquisition will be managed (use of IPT and the performance-based management system that will be used to provide visibility into program status); the risks associated with the acquisition; the probability of achieving the goals and the thresholds for termination of the project. This material can be taken from the ACP, Appendix 13.

I.7.3) Using the PART When Budgeting

Earlier discussion in the Guide mentioned the Performance Assessment Rating Tool (PART) and its use to assess the performance of Federal programs and to drive improvements in program performance. Once completed, PART reviews help inform budget decisions and identify actions to improve results. Agencies are held accountable for implementing PART follow-up actions, also known as improvement plans, for each of their programs.

There are specific Capital Assets program questions in the PART (2.CA1, 3.CA1, 4.CA1) that are additional in order to correctly reflect the program and its score. Budgeting for all new capital assets should be designed with performance as a main theme of the program design and the PART questions should be reviewed while setting up programs and their budgets.

For more information please visit the PART website at:
http://www.whitehouse.gov/omb/part/

NOTE: The budget process is described in full detail in Section 10 of OMB Circular A–11.
http://www.whitehouse.gov/omb/circulars/a11/current_year/s10.pdf

II. ACQUISITION PHASE

Introduction

Acquisition Planning started with the steps in the previous phase and resulted in the capital plan that justified the funding to acquire the asset. The Acquisition Phase, for purposes of this Guide, begins after the agency has received funding from Congress for a segment, module or the entire asset and ends when the asset is delivered and fully operational. Although this section of the Guide addresses issues that arise when the agency intends to satisfy its requirements using outside contractors, most of the principles are equally germane when the work will be performed in-house. The in-house work must be managed with the same rigor as contractor work. In-house operations are expected to achieve the cost, schedule and performance goals to ensure success of the project, just as with contractors. While a project charter replaces the contract for in-house work, the other requirements for good project management, including the use of EVM in accordance with the ANSI 748 standard are applicable for development efforts or multiple projects in a program. Where there are both government development efforts and contractor development efforts in the same program, the data from the two EVM systems must be consolidated at the reporting level for total program management and visibility. If specific EVM and other project management best practices are not deemed necessary for in-house management, the business case for major acquisitions will need to explain why the agency determined the specific management practice was not germane to the in-house operation.

Depending on the results of the research into the capabilities of the market to provide the asset, the agency will begin the process to procure the asset. In most cases, the procurement should be for a commercial item involving limited or no development work. When the risk inherent in development is offset by the high expected return, the procurement may begin with a development contract.

All projects involve risk, even those that seem ordinary and do not involve high technology. Nevertheless, agencies are expected to award contracts which have a high probability of achieving at least 90 percent of the cost, schedule and performance goals established in the Planning Phase. The requirements to establish realistic goals and manage the acquisition to meet those goals applies to all contracts, including both development and production contracts. The IPT must ensure that the proposals and in-house estimates clearly recognize the amount and impact of risk on cost, schedule and technical effort. The contract should provide for a reasonable profit if the contractor meets the risk adjusted, cost, schedule and performance goals. It should also provide incentives to the contractor only for cost and schedule reductions while maintaining the expected performance, or for performance improvement while maintaining cost and schedule goals, if performance improvement is actually needed to meet agency strategic goals and objectives.

Not every project will achieve the cost-benefit expectations of the Planning and Budgeting Phase. If the EVMS and other management tools indicate that the planning expectations are not realized during the Acquisition Phase, agencies should undertake benefit-cost analysis to evaluate whether the benefits of completing the project are worth the additional costs, schedule delays, or performance reductions that would be incurred. Assuming the re-baselined project has

an acceptable cost/benefit ratio, the agency must then compare that ratio with other projects within the agency's portfolio to determine if the re-baselined project merits continued funding. If not, agencies should concede the sunk-costs and terminate the project.

Sound acquisition management requires holding managers accountable. By making the decision makers responsible for their decisions, there will be a greater emphasis in the long run on setting realistic goals and on seeing that they are met. Agencies should establish for the IPT, and others as appropriate, a system of incentives to encourage achievement of the project's baseline goals. These incentives should include rewards (including bonuses), recognition, and consideration in both personnel evaluations and promotion decisions, when performance of IPT personnel contribute to achieving or exceeding the cost, schedule and performance goals of the acquisition. Incentives are not appropriate if the acquisition does not achieve its baseline goals.

II.1) VALIDATE PLANNING DECISION

The Acquisition phase implements the planning discussed earlier in this Guide by using the funding provided via the budget process. The specifics of each acquisition are governed by the Acquisition Plan (AP) which documents the planning decisions. Formal written plans that include all of the information described in Phase I and FAR 7.105 are required for all major acquisitions. The FAR and the agency implementation regulations guide the program through the acquisition process from requirement need through close out of the final contract.

At the beginning of the Acquisition Phase, the IPT should re-examine the mission need. The IPT should also re-examine the sustainable design principles and determine if new sustainability initiatives are available. Furthermore, it should re-assess the market capabilities to verify the conclusions reached in the Planning Phase as to whether a commercially available asset can be acquired or limited (or full-scale) development work is needed. The amount of development and complexity of integration are usually the greatest risk factor. Therefore, this validation will have a significant impact on what types of risk treatment and mitigation will be necessary. The IPT should review any prior decisions that development work would be necessary, because technical advances that have occurred since the Planning Phase (or even pre-existing capabilities that were overlooked) could render development work unnecessary. Large, complex implementations of COTS solutions should be broken down into manageable components of useful functionality to reduce risk.

Alternatively, the IPT may determine that a decision in the Planning Phase for direct procurement is no longer valid and development is necessary. When such a determination is made, the analysis and recommendations to change direction should be considered and approved through the portfolio planning process, before the IPT proceeds with the acquisition.

The IPT should also re-examine how it can make the most effective use of competition and financial incentives. For instance, if full-scale development was originally planned, but now only limited development will be necessary, more commercial firms may be willing to compete. Also, it is generally appropriate to use firm fixed-price or fixed-price incentive contracts if the development is limited or nonexistent. Of course, the re-examination of the contracting method will also lead the IPT to re-examine what type of acquisition management system is necessary to ensure adequate progress and accountability. If the scope of work requires development type

work, EVM must be the major management system used. For major acquisitions, the use of interagency contracts and Indefinite Delivery/Indefinite Quality contracts should be limited. Major acquisitions are large dollar acquisitions and the maximum amount of competition should be solicited.

The IPT must review the WBS to ensure that it completely defines the program scope of work and will provide the basis to extend the Contract WBS to achieve integrated cost, schedule and technical performance management. The cost estimates and risk assumptions must be reviewed by the systems engineers and cost estimators to ensure the government has a sound basis for negotiating the contract.

II.2) MANAGE THE ACQUISITION RISK

The most important aspect of the Acquisition Phase is managing the risk. The Program/Project Manager must provide for continual risk management throughout the life of the program/project. Risk management should be built into an agency's Acquisition processes as a variety of risks may arise in each stage of the Acquisition process. Agencies should also carefully monitor the terms and conditions, including pricing, on which risk allocations are determined, to ensure that they reflect value for money. To ensure that all the risk is identified by the government and contractors, integrated baseline reviews are required either prior to award or as soon as possible after award, as appropriate, and whenever there is a major modification to the program or a baseline change is requested. The purpose of this function during the Acquisition Phase is to:

1) Track, manage and report risks associated with the Acquisition Phase;
2) Develop the risk management requirements for the RFP; and
3) Based upon the winning proposal, identify new risks associated with the Development and Implementation Phases of the project, and develop necessary mitigation/contingency strategies.

An appreciation of business risk management at all levels in the organization will help to ensure that the impact on a project is fully understood and monitored throughout its life. It is important that a risk management strategy is established early in a project and that risk is continually addressed throughout the project life cycle.

Risk management includes several related actions involving risk: planning, assessment (identification and analysis), handling, and monitoring:

The extent of risk management required by an agency will vary from following routine Acquisition processes, to a significant undertaking involving a high level of planning, analysis and documentation. Risk management increases the number of projects that will meet the established goals. Management of risk is an ongoing process throughout the life of the project, as risk will be constantly changing. Before starting any Acquisition, the IPT should update the acquisition plan to ensure that the risk management strategies considered in the Planning Phase remain appropriate. Agencies should address considerations of safety, security, and risk management in acquisition strategy meetings, source selections, award fee structures, and project surveillance.

Appendix Five further describes the risk management process.

II.2.1) Limiting Development

The greatest risk factor to successful contract performance is the amount of development that is planned for the Acquisition. Projects requiring full scale development have the greatest potential to experience cost overruns, schedule delays and not meeting performance goals. Therefore, agencies should procure, to the maximum extent practicable, commercial and non-developmental items to satisfy needs.

When commercial or non-developmental items are not available, agencies should consider pursuing limited development work. Although limited development still poses more risk to successful contract completion than needing no development, it does not endanger the success as much as full-scale development. Full-scale development should normally only be considered when it promises exceptionally high returns for achievement of strategic goals if it is successful. Full-scale development should not be used if it will cause the agency to reduce service or increase costs if it is not successful.

There are several ways of mitigating risk, especially the risk that limited or full development presents. One method is to make use of the Nation's integrated industrial base (i.e., companies with facilities, design and manufacturing processes, and technologies capable of servicing both commercial and government needs). When limited development is necessary, agencies should make maximum use of commercial assembly lines, technology, components, and processes.

Even when full scale development is required, the commercial marketplace has established processes for development work (e.g., design, quality control, and technologies) that the agency can use in its development effort. Furthermore, there are significant advantages if the contractor establishes a market for the product of the development effort beyond the current need. This approach creates the need for the contractor to plan for future maintenance. In many large, full scale development efforts, cost precludes selecting anyone other than the original developer to maintain the custom solution. Planning for custom solutions must address the risk of having to pay excessive amounts for future maintenance.

II.2.2 Using Competition and Financial Incentives

The effective use of competition and financial incentives is another means to reduce the risk to successful contract completion. In the earliest stages of the acquisition process, the agency should still be looking for innovative solutions to meet its needs. Advance Acquisition Planning (AAP) should be used so that the contracting officer has time to perform any necessary market surveys, prepare a clear solicitation, and effectively identify and use available resources. Given the opportunity, industry can be helpful in proposing innovative solutions. This is more likely to be effective if sufficient time is given for a thorough review of the requirement. Requirements in solicitations should be written not as detailed design specifications, but rather as clear performance standards for asset function and performance, including long term O&M costs, that allow sources to propose various alternative solutions for meeting the agency's needs. Additionally, making effective use of competition and financial incentives will help the agency obtain better cost, schedule, and performance goals at contract inception.

A major barrier to taking advantage of the Nation's integrated industrial base can be the burdens and risks imposed by the government's demands, in order to ensure price reasonableness, for offerors to submit certified cost data and/or to comply with the government's cost accounting standards. Agencies can avoid this problem by using acquisition strategies that rely on competition and fixed-price contracts to ensure that reasonable value is received for the price paid.

The Pentagon Renovation Program was conducted in stages relating to "wedges" in the building. The first phase of the renovation did not use a performance-based contract (PBC) and the design plans included 2,600 pages of detailed design specifications. The renovation of wedges 2 through 5 used a PBC and needed just 16 pages to communicate performance-based requirements. For this second part of the project potential offerors were encouraged to attend the Government's requirements definitions meetings help identify performance requirements, not detailed specifications. For example, one of the sustainability requirements for restrooms was that wall surfaces should have a 50 year life. This resulted in Corian being proposed in place of the traditional tile because Corian was significantly less costly on a life-cycle basis.

Creating a monopoly can create problems far beyond an increased procurement price in the current acquisition. Whenever the government lacks viable alternative sources of supply the agency may lack a realistic means of enforcing contract cost, schedule, and performance goals. Additionally, the lack of viable alternative sources of supply increases the agency's risk of being unable to obtain spare parts and operation and maintenance services at reasonable prices.

Agency acquisition plans should attempt to avoid monopolies through mitigation techniques such as multi-sourcing and using commercial standards (e.g., interfaces and footprints that allow for the use of alternative components). Sometimes (e.g., in an extremely large development effort) the nature of an acquisition effectively precludes competition for the foreseeable future. In such circumstances, an agency must take precautions to mitigate the negative effects of the monopoly (e.g., long term pricing arrangements for system upgrades and maintenance with source code or technical data in escrow in case of a violation). The use of ID/IQ contracts awarded to one contractor for a long term project means that the task orders for future work when defined are negotiated in a sole source environment, even though the FAR classifies the contract as competitive.

Rationale for Providing Stipends

1. **Proposal Development is very costly;**
2. **Signals the intent that owners are serious about carrying the project forward;**
3. **Improves the quality of firms which are submitting; and**
4. **Encourages proposers to give full effort.**

Providing stipends to contractors to cover some or all of proposal costs can provide an effective financial incentive to increase competition.

The use of a multi-step source selection process is necessary to effectively use stipends. Stipends to non-successful offerors help defray, but rarely come close to fully covering the costs that offerors expend in responding to RFP's. However, providing a stipend strongly encourages the very best companies to put forth their very best proposals. The government may decide to require permission to use design plans as a precondition to receiving a stipend. Experience in construction contracts has shown that where an optional

stipend is given to a non-successful offeror in exchange for the right to use the design plans, the stipend is generally readily accepted. The availability of a stipend and the terms governing its use must be identified in the RFP.

Financial incentives may reduce risk by motivating contractors to meet cost, schedule, and performance goals. Financial incentives can take the form of additional profit for reducing cost, faster delivery or improved performance. Incentives must be used properly. One way to motivate cost reduction without jeopardizing contract performance is to motivate based on the "probable cost" resulting from the IBR. The incentive must be large enough to be meaningful to the contractor.

Significantly faster delivery than required –Agencies need to be mindful of three things when working with delivery or performance incentives:

- That such incentives are only paid for delivery that is faster than not only what is called for in the contract, but also what is normally done in the marketplace.

- For cost reimbursement contracts that the effort to deliver early to earn the delivery incentive does not drive up the cost of contract performance.

- The incentive for delivery will not result in delivery before the Government is ready to use the items.

Delivery of goods/services that significantly exceeds government performance requirements—This is when the contractor delivers a good or service that exceeds the performance requirements (other than delivery time) stated in the contract. Agencies need to be mindful of three things here:

- Agencies should only motivate performance that is significantly above and beyond contract requirements.

- For cost reimbursement contracts, agencies should also be careful that the effort to exceed government requirements to earn the incentive does not drive up the cost of contract performance.

- The incentive should not encourage the provision of performance that exceeds the Government's needs to meet the agency strategic goals and objectives. This would be a waste of resources that could be used elsewhere in the agency where strategic goals and objectives are not being met.

The standards for the payment of incentives must be clearly defined in the contract and incentive payments must not be made if the standards are not met. Paying incentives without clear justification, even for award fee incentives, has been identified in GAO reviews as a major problem area in contract administrations.

For award fee contracts the award standards must be as clear as possible, but the incentive provisions can be for patterns of behavior, rather than specific measures. If performance evaluation requirements are written too narrowly, the agency may not reward sought after behavior.

While the element of subjectivity must be recognized in evaluating award fees, suggested criteria for award fees may include:

- Quality of work
- Problem solving
- Safety
- Communications
- Minority business opportunities

Agencies need to be cautious and ensure that the incentive awards the appropriate behavior. An agency provided an award fee incentive if a call center picked up telephone calls within two rings and established a system to monitor the requirement. The contractor met the requirement by hiring more low-paid employees to answer calls, but the overall objective of achieving quality was lacking.

II.2.3 Using Performance-Based Specifications

When developing the statement of work for major contracts, the more design and specification detail included by the government on "how to" meet the contract requirements, the more the government warrants that the specified "how" will meet the performance requirements of the contract; therefore, the more risk the government assumes for the success of the project. Performance Work Statement (PWS) may reduce the amount of changes and limit the litigation risk.

Using PWS encourages competition by allowing offerors to compete based on providing unique and innovative solutions to performance needs, rather than just price. In this way, the government benefits from a marketplace of potential solutions and may choose the solutions that best meet the agency's goals within available budget.

The PWS must include the outcome goals of the acquisition. The outcome goals are normally discussed in the Justification Section (I.) of the business case, and the performance goals section of the business case.

The use of PBS's is a mandatory requirement for all major acquisitions. Failure to use a PBS, unless justified, will result in a poor evaluation of the acquisition strategy in Section I.G. of the business case when the business cases are being reviewed by management for funding.

II.2.4 Establishing an Earned Value Management System

The third key principle of risk management in the Acquisition Phase is using Earned Value Management in accordance with the guidelines in ANSI/EIA Standard 748.

The solicitation for the contract, or in-house charter, must contain the FAR EVM provisions for pre-award or post award IBRs, as appropriate, and the EVM clause. The process and schedule for contractor and in-house EVM system validation as meeting the ANSI/EIA 748 through an

EVMS Compliance Recognition documents or a Compliance Evaluation Review where a compliance document does not exist, and periodic systems surveillance must be also be defined in the solicitation.

When considering whether to conduct a pre-award or post-award IBR, the IPT should consider that the baseline established with the initial contract award becomes the original baseline for meeting the requirement to achieve 90 percent of the cost, schedule and performance goals. Any request for a baseline change after initial award that exceeds the 90 percent threshold will require agency head review and OMB approval, before the new baseline may be included in the contract.

The Agency EVM process should be consistent with the guidelines and processes in the National Defense Industrial Association (NDIA) EVMS related Guides. These guides can be found on the Defense Acquisition University EVMS web site at http://acc.dau.mil/evm. or the NDIA web-site at http://www.ndia.org, click on Government Advocacy Division and Program Management Systems Committee. For more information see Appendix 3 Example of Earned Value Concept and Schedule Variance for Capital Assets.

II.3) CONSIDER TOOLS

Various tools permit agencies to manage risk in the Acquisition Phase. Three such tools are modular contracting, advisory multi-step acquisitions, and competitive demonstrations/prototyping. All of these tools can be used in combination with each other.

MODULAR CONTRACTING

Reduces Risk by:

- Increasing competition among firms
- Facilitating fixed-price contracting
- Accommodating changing technology and agency priorities

II.3.1) Modular Contracting

Agencies should, to the maximum extent possible, consider breaking large acquisitions into smaller, more manageable segments or modules. Each module must be an economically and programmatically viable (i.e., useful) segment, as defined in the Glossary. A module should include whatever design, development, prototyping, testing, and production are necessary to obtain the identified functionality. However, a module may be a Phase such as Planning, or a part of a phase, such as Development and Selection of Prototypes. Each module should be fully funded (see Section I.7.2). As technology advances and agency priorities change, the design of subsequent modules may incorporate these improvements. Modular contracting, therefore, is appropriate even in commercial or non-developmental item Acquisitions. Although modular contracting is generally thought of in terms of contracts for information technology, (the Clinger-Cohen Act of 1996 requires that IT contracts be completed within 18 months of the issuance of the solicitation, which almost demands modular contracting for IT) this concept is a best practice for other types of capital assets. This concept is also known as spiral development.

In addition, in limited or full-scale development efforts, if program progress falls short of expectations, it usually is easier and less expensive to make adjustments using modular contracting. A modular approach allows the agency to attack risk incrementally, thereby making it easier to manage. Projects may include successive modules, where each module depends upon

already completed modules. Projects may also be composed of several parallel modules, provided that, if one fails, the others will still provide a cost-beneficial service.

The parameters of a module will vary depending upon the type of asset being acquired or the nature of the asset being developed. The following factors, however, should be considered:

- ***Separability***. A module should be an economically and programmatically separable segment. The module should be fully funded, have substantial programmatic use that is not dependent on any subsequent module, and be capable of performing its principal functions even if no subsequent modules are acquired.

- ***Interoperability***. Each module should comply with a common architecture or commercially acceptable technology standards. Increments should be compatible and capable of being integrated with other modules. By using common or commercially acceptable standards, agencies make competition for subsequent modules a more viable option. For IT acquisitions, modules should also conform to the agency's master information technology architecture regarding interoperability.

- ***Performance requirements.*** The performance requirement of each module should be consistent with the performance requirements of the completed, overall system and should address interface requirements with other increments.

In acquiring the first module, the agency should plan for the acquisition of subsequent modules. Contracts should be structured to ensure that the government is not required to procure additional modules. The following list provides examples of contracting techniques that may be used to acquire subsequent modules:

- **Include Modules in Initial Contract**. This technique is most appropriate when product integration may be a problem, subsequent modules can be clearly defined at contract inception, and options can be exercised shortly after contract award. If there is going to be other than a minimal amount of delay in awarding the subsequent modules, it may not be prudent to include subsequent modules in the initial contract, because agencies would want the flexibility of taking advantage of technology improvements or changes in agency priorities.

- ***New Solicitation.*** An agency can issue a new solicitation and award a new contract for subsequent modules. This approach is most appropriate when integration will be relatively easy and there is a pool of contractors that could perform the work without a large capital investment.

- ***Task and Delivery Order Contracts***. Some agencies have awarded ID/IQ contracts with task orders issued for each module. These contracts normally are issued because the agency has not defined the work except in broad terms. These contracts contain a high degree of risk as the subsequent task order statements of work can be highly influenced by the contractor and the negotiation for scope of work and cost, and schedule goals is

done on a sole source basis. Where possible, agencies should enter into multiple award contracts to maintain effective competition throughout the acquisition.

In order to reduce the high risk in ID/IQ contracts for major acquisitions agencies should use competitive prototyping or define the first task order in the solicitation and conduct a full IBR on the two most qualified offeror's proposals before awarding the contract and first task order. Either of these methods will maintain competition through a detailed review of the proposed solution and provide a clear set of risk adjusted cost, schedule, and performance goals and a PMB that both the Government and Contractor believe can be achieved without major changes. The award of this competitive task order will provide the government with realistic cost information that can be used as a basis to negotiate the follow-on sole source task orders.

- ***Sole Source.*** When the original contract does not provide for follow-on modules and it is determined that follow-on modules should be awarded to the original source (see FAR 6.302–1(a) (2) (ii)), an agency may issue a sole source award for subsequent modules to the supplier of a previous module. This approach is appropriate when the benefits of having the incumbent contractor continue the work outweigh the benefits of competition (e.g., contractor continuity is necessary to ensure good system integration). Pre-award IBRs should be conducted before the award of any sole source contract to ensure the cost, schedule and performance goals have been thoroughly reviewed and agreed to by both parties.

With modular contracting, agencies are better able to manage developmental risk. Accordingly, agencies are more likely to be able to use a firm fixed-price or fixed-price incentive contract for the acquisition of each module. As discussed more thoroughly in Section II.4., using a firm fixed-price contract is the preferred contracting method. Modules can often be acquired on a firm fixed-price basis when a large developmental program could not, because modules reduce the risk to cost, schedule, and performance goals that a large developmental program would otherwise have. Modules also can limit the Government's exposure when contracting on a cost reimbursement basis because the task is smaller and more likely to be accomplished within goals by the contractor. In addition, the Government may terminate the acquisition with smaller sunk costs if it becomes apparent that the threshold goals will not be met.

Modular contracting, especially when using an open architecture, can also increase the effective use of competition. The contract base for large development efforts tends to be limited to those large companies that have the government as their major, if not only, buyer. By breaking the acquisition into smaller pieces, the agency is able to make better use of the Nation's integrated industrial base by making the competition more attractive to smaller firms as well as firms that do predominantly commercial work. This increases both the quantity and quality of the competition.

II.3.2.) Advisory Multi-Step Acquisition

Like modular contracting, a multi-step approach has advantages regardless of the amount of development necessary. In a multi-step approach, the agency asks for limited information in the first phase. The requested information typically consists of information about past performance

and experience, a conceptual outline of the proposed technical approach (versus a particular technical solution), and a rough order of magnitude pricing. Detailed technical and cost proposals are not received in the first phase. After requesting and evaluating the limited information submitted by potential offerors in the first phase, agencies can then advise each potential offeror whether or not it is a realistic contender for award. In general, when the agency does issue the actual solicitation, in the second phase, all responsible sources, even those sources that participated in the first phase but were advised that they were unlikely to be realistic contenders, as well as sources who did not participate at all in the first phase, are allowed to submit proposals and have those proposals fully considered. A third step may be added to allow for a down select to two offerors where a pre-award IBR will be conducted on each proposal to finalize the cost, schedule and performance baselines, complete the risk management plan, and select the best offeror for award of the contract.

The type and amount of information the IPT requests in the first phase step depends on the type of acquisition. In commercial and non-developmental item acquisitions with limited or no development, the information requested in the first step can focus on past performance references and commercial catalogs. Such information would give the IPT a good sense of which offerors have demonstrated their success in applying their capabilities on similar projects.

Advising prospective offerors, in the first step of their competitive viability should limit the number of full technical and cost proposals the IPT receives. Limiting the number of full proposals received should save valuable resources for both the agency and prospective contractors. Prospective offerors' up-front expenditures will be reduced, and they need not expend more resources until after they have been advised of their likelihood of being competitive for the award. A multi-step process may, therefore, encourage more participation by firms that have successfully performed in the private sector, but because of the high cost, have not previously chosen to compete for government contracts.

Regardless of whether or not development is required, a multi-step approach allows the acquisition to benefit substantially from the efficient and effective communication between sources and agency personnel. These communications will foster the development of requirements and evaluation criteria that allow the best fit between agency needs and marketplace capabilities. Sources that are advised, based on the first step review, that they are strong competitors should be encouraged to participate in such a due diligence effort. As a general matter, however, because the interchange occurs before issuance of the solicitation for proposals in the second step, all interested sources will have the opportunity to participate. Agencies that are not bound by the requirement in the Office of Federal Procurement Policy Act and the Small Business Act that all responsible sources be allowed to submit offers, can restrict participation in the due diligence effort to those offerors selected in the first phase, making it even more beneficial. [2]

[2] This is consistent with the definition of budget authority contained in Section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Omnibus Budget and Reconciliation Act of 1990.

Multi-Step acquisition provides incentives to bidders to invest more of their own resources to perform due diligence to learn about agency needs and develop innovative high value solutions. The multi-step approach provides an incentive for offerors to invest resources in performing due diligence. Once an offeror has been told that, based on the first step review, it is a leading contender to receive the award and it knows that only a limited number of other offerors are in that position, the offeror has a strong incentive to work with the IPT, end-users, and others to obtain good information about the agency's needs. Offerors will be able to assess well the gaps between the functionality and performance available using existing assets and the functionality and performance desired. There is also a strong incentive to understand what is expected by those who will have to use, maintain, and rely on the new system. This information and understanding can enhance substantially offerors' ability to submit high value proposals and avoid contract disputes.

It is not necessary in the multi-step process outlined above to include firm requirements or evaluation criteria for the second step solicitation in the initial notice or before due diligence is complete. As a result, the dialogue between prospective offerors and agency personnel can contribute substantially to the development of requirements and evaluation criteria that yield very effective competition. The benefits of competition depend not only on the number of offers received, but also on how likely the offerors are to submit proposals that will meet the agency's needs and provide good value. It is better to receive three robust offers than ten mediocre ones. By accommodating and targeting marketplace capabilities that are suitable for meeting agency needs, the refined solicitation (that is produced by a multi-step approach) puts offerors in a good position to propose what the agency actually needs and wants and increases the probability of awarding a contract that represents the best value available in, or capable of being developed by, the marketplace.

Of course, if the Government believes it is appropriate (e.g., the development work will be substantial) to offer further incentives, the Government may award competing prototype contracts with limits on the total costs to be reimbursed by the Government (see II.3.3, Competitive Prototyping). This type of contracting can be used if the agency decides a pre-award IBR is necessary to establish a firm baseline with a high probability of achieving the cost, schedule and performance goals for the contract or module before award, to prevent the potential need to ask for a baseline change if the IBR is done after award.

> The term prototype normally means a physical deliverable that can demonstrate actual performance characteristics. For long-duration contracts that include significant development, it may be impractical to proceed all the way through completion of a prototype. In lieu of a prototype, the government may require an initial detailed design activity that is sufficient to demonstrate the adequacy of the proposed technical approach and enable the accurate estimation of the cost of development.

There is no generally preferred contract pricing mechanism for a multi-step acquisition. The pricing mechanism will depend on the type of acquisition. If the acquisition is for a commercial or non-developmental item or for a limited development effort, it should be a fixed-price effort; if, however, the acquisition is for a full-scale developmental system, a cost reimbursement contract may be necessary if the risk is too great for a fixed-price contract. For development efforts, however, thresholds should be established beyond which the project would not be cost-beneficial and should be considered for termination.

II.3.3. Competitive Prototyping

To mitigate the risk of full-scale or limited development, agencies may use competitive prototyping. In competitive prototyping, contractors offering alternative system design concepts are selected to develop prototypes of their products. In acquisitions with limited development, the development work can be completed as part of the prototyping effort. When limited development is done as part of the prototyping effort, the contractor would be ready to move to full-scale production after satisfactorily completing the prototype.

Whether full-scale or limited development is contemplated, both contractors and the agency can use the competitive prototyping phase to exchange information. This opportunity gives the contractor a better idea of what the end-users need. Similarly, it allows the agency to learn what the marketplace can provide. As is the case with multi-step acquisitions generally, continuing needs definition and market research in a due diligence effort—conducted with those sources selected to develop prototypes—allows for an effective and efficient information exchange. This exchange will foster achieving the best fit between agency needs and market capabilities. Prototyping also allows the government to obtain enough information about the design and production to be able to determine the product's subsequent affordability. A goal of any prototyping and development effort is to get the project developed to the point that the agency can use firm fixed-price contract for production and/or implementation.

If full-scale development is contemplated, competitive prototyping can be used to verify that the chosen concepts are sound, to perform in an operational environment, and to provide a basis of selection of the system design concept to be continued into full-scale development, before the agency commits to large scale funding. Prototypes may range from a principal end item or critical subsystem, to a limited and less than complete development model. It is anticipated that the winning concept and contractor of the competitive prototyping evaluation will then move into full-scale development and initial production. In awarding the prototype contracts, agencies may provide different funding amounts to each contractor depending on several circumstances (e.g., particular design, the amount sought, and the concept's potential).

When using competitive prototyping in advance of full-scale development, the competitive prototyping contracts should provide for contractors to develop and submit proposals for full-scale development and initial production by the conclusion of the prototyping effort. When the agency is doing development after the prototyping effort, agencies can use fixed-price contracts in which the performance standards may vary to contain the development effort.

If only limited development is necessary, a commercial style approach can be used in which the development can be accomplished as part of a fixed-price prototype contract. This approach contains the development risk and is most appropriate in cases where the development is an extension of a commercial item or otherwise existing technology (e.g., for products that can be produced on a flexible manufacturing line).

Awarding at least two combined prototyping and development contracts provide a strong incentive for contractors to devise the highest value performance—cost tradeoff. In some cases, the contractor may choose to invest some of its own resources in development, particularly if the item has commercial as well as government use. As when prototyping is done in advance of

development, agencies may provide different amounts of funding to each contractor. As an alternative to the award of multiple combined prototype and development contracts (i.e., when at least two awards are not feasible) an agency can consider whether an upgrade of the current system (presumably requiring no more than limited development) is a realistic option that would provide competitive pressure.

A major benefit of the commercial style approach that combines development with prototyping under competitively awarded fixed price contracts is that it can avoid any need for the submission of certified cost data or compliance with government cost accounting standards for the purposes of determining the initial price or supporting contract payments. Firms doing business in the commercial market view government demands for the submission of certified cost data, compliance with government accounting standards and the associated burdens and risks to be among the most significant barriers to their participation in government contracting. The commercial style approach, by avoiding the need for such data and accounting, provides increased access to the Nation's integrated industrial base and the commercial assembly lines, technology, components, and procedures that can serve as the basis for achieving an agency's functional and performance objectives with only limited development.

II.4) SELECT CONTRACT TYPE AND PRICING MECHANISM

It is incumbent upon the agency IPT to clearly define the performance requirements and estimated costs for major acquisitions before RFPs are issued. This process starts with the development of the WBS to identify the requirements and the use of cost estimator's and systems engineers to develop the government cost estimate to be used in the contract negotiations. The Government cannot issue broad based statements of objectives without the basic performance standards and allow the contractors to set the scope of work and costs because the Government has not done sufficient market research and requirements definition to establish initial baselines upon which to evaluate offerors' proposals. This up-front planning work allows the Government to assess the amount of risk to the contractors and select the appropriate contract type to protect both the government and contractors from a high probability of program failure to achieve cost, schedule and performance goals. The objective is to negotiate a contract type and price (or estimated cost and fee) that will result in a reasonable contractor risk and provide the contractor with the greatest incentive for efficient and economical performance. Agencies should make good use of contract type by matching the type of contract to how much risk there is to meeting the requirement. The amount of developmental risk determines how accurate the government and the contractor's cost estimates are likely to be.

The Government's preferred contract type is Firm-Fixed Price (FFP), because this contract type is used when the risk involved is minimal or can be predicted with a reasonable degree of certainty. When used for acquisitions with minimal risk this type of contract has the greatest probability of successful achievement of its cost, schedule and performance goals. The use of an EVM system on FFP contracts is based on the nature of the work. If this type of contract is used when the acquisition has a significant amount of development work, the Government is required to include the FAR EVM requirements in the contract

Fixed-Price Incentive contracts and all cost type contracts should be used as appropriate for the type of risk as discussed in FAR Part 16. These contracts should be performance-based and

completion type contracts. Earned Value is required on all of these contracts because of their inherent risk. The business case for major acquisitions that use these types of contracts must clearly explain and list the risk that cannot be mitigated and why the risk cannot be mitigated through another approach. The risk should be quantified in the cost, schedule and performance goals.

Time and Materials and Labor Hour Contracts are not appropriate for major acquisitions that have passed the planning stage. They are to be used only when it is not possible at the time of placing the contract to estimate accurately the extent or duration of the work or to anticipate cost with any reasonable degree of confidence. These types of contracts may be imbedded in the prime contract for short duration unquantifiable work, but never used as the primary vehicle for the delivery of products or services. Earned Value is required on these types of contracts if they are used for development work.

For long-duration contracts (that cannot be broken into modules) that include significant development, it may be impossible to estimate the cost of performing the entire contract with sufficient accuracy to use a fixed price or structured incentive contract from day one. As the contract progresses and the ability to estimate the cost of performance increases, the use of such contracts becomes more practical. Therefore, it may be desirable to initiate the work with a small, short duration time and material or cost plus fixed fee contract for studies of early design, evolve to a cost plus award fee or cost plus incentive fee contract for later design and initial development, and then to a cost plus incentive fee, fixed price incentive, or fixed price contract for initial and full scale production once all development work is complete. For such contracts, it also may be desirable to negotiate the cost or price in increments. The initial estimated cost or price would be for the studies or early design. As work progresses, the estimated cost or price should be renegotiated upward at appropriate points in the contract, as those costs become more predictable.

II.5) ISSUE THE SOLICITATION

Solicitations should make the most effective use of competition. Generally, increased public exposure to agency functional and performance objectives will increase not only the quantity of solicitation, but also the quality of the procurement. Solicitation exposure is important, especially when trying to expand the supplier base for major asset acquisitions beyond those few firms that regularly sell only to the government (sometimes so dependent on government business that a monopoly exists) to include firms with significant commercial sales.

In addition to notices in the in Federal Business Opportunities (FedBizOpps, at http://www.fedbizopps.gov) and alternative electronic means when available, the IPT should make sure that upcoming or recently released solicitations get announced in trade journals and at related conferences.

The solicitation should explain the mission need in terms of functional and performance objectives (i.e., capability targets versus equipment needs), schedule, and operating constraints. To verify that the performance standards are measurable, the IPT should develop a preliminary quality assurance surveillance plan that defines the process for measuring the standard. Performance standards that cannot be measured need to be deleted and another measurable

standard developed. Offerors should be free to propose their own technical approach, main design features, sub-systems, and alternatives to schedule, cost, and functional and performance capability goals.

In developing the evaluation factors to be considered for award, agencies should make allowances for trade-offs among technical features and between technical features and cost. Market analysis, as discussed in the Planning and Budgeting Phase, can help an agency better understand the general capabilities and the state-of-the-art available in the marketplace.

> If an agency wanted to buy a specific fleet asset, it might try to discover every capability available in the market place and then, before issuing the solicitation, establish which capabilities it wants. A better way is to solicit for that particular asset, including any particular target performance capabilities the agency wants, and wait for the various bid offers to come in before making trade-offs.

However, the IPT should not limit competition unduly by making trade-offs between price and technical factors too early in the solicitation and evaluation process. Targets should be considered for inclusion in solicitations in place of mandatory minimum requirements.

Market research continues until contract award. It need not be completed prior to issuing the solicitation; in fact, it may be counterproductive to do so if it results in the adoption of minimum requirements in the solicitation that severely limit the range of possible best value tradeoffs. Market research includes the information that members of the Source Selection Team and IPT gain after receipt of offers, but prior to award, as a result of reviewing offers and communications with offerors.

In issuing the solicitation, agencies should consider as an evaluation factor the manner in which the offeror proposes to deal with the various risk considerations. For example, the evaluation strategy in the solicitation should prefer proposals that offer limited or no development over those that offer full-scale development.

The solicitation must require the contractor to operate and maintain an earned value management system to manage the acquisition during its performance period. The system must provide, as a minimum, monthly status reports to the agency IPT on the achievement of, or deviation from, the cost, schedule, and performance goals established for the acquisition. The solicitation for all major acquisitions must contain the appropriate FAR EVM provision for either a pre-award IBR or a post-award IBR, and the FAR EVM clause (see FAR Part 34). In addition, the agency must include the reporting requirements for the agency's oversight needs. Additional reporting may be necessary to manage programs that are not meeting goals. Non-major acquisitions should use EVM to the extent necessary to ensure the program meets its cost, schedule and performance goals. The solicitation must also provide for the accomplishment of EVM system acceptance reviews using the National Defense Industrial Association (NDIA) Systems Acceptance Guide process for verifying a previous system acceptance or conducting an acceptance review, as needed. The schedule for system surveillance reviews should also be included

IPTs should conduct orientation briefings for industry and allow industry to comment on the acquisition strategy and a draft solicitation. The objectives are to clarify the solicitation requirements and remove inhibitors to innovative solutions.

II.6) PROPOSAL EVALUATION AND NEGOTIATION

A Source Selection Team (SST) (whose members come from the IPT) should evaluate proposals based on the evaluation criteria in the solicitation. The SST should determine to what extent each proposal meets the criteria included in the solicitation and compare the proposals to each other based on those determinations. If appropriate, the SST should conduct negotiations with offerors to clarify and improve proposed technical solutions and costs. The team should prepare analyses and recommendations for presentation to senior management. If a pre-award IBR is required, it must be included in the proposal evaluation process during the best value tradeoff analysis. If a pre-award IBR was not contemplated at the time of the solicitation, but the SST determines that the proposals received do not clearly demonstrate that the cost, schedule and performance goals have a high probability of being met, an IBR can be conducted before the award is made.

In selecting from competing alternatives, the reviewers, consistent with the solicitation, should consider:

- Functional and performance capabilities of the proposed solutions in relation to the mission needs and program objectives, including resources required and benefits to be derived by trade-offs, where feasible, among technical performance, acquisition costs, sustainable design principles, ownership costs, and time to develop and field; and

- The competitors' relative accomplishment record (past performance).

- Offeror's documentation from a Cognizant Contracting Officer or a Cognizant Federal Agency that has conducted a systems acceptance review using the NDIA EVM Systems Acceptance Guide, that the EVM system proposed for use meets the guidelines in ANSI Standard 748. The SST should ensure that the documented system is compatible with the contemplated contract and that the contractor will actually use it to manage the project.

- If the offeror proposes to use a system that has not been determined to be in compliance with the ANSI Standard, the offeror's comprehensive plan for compliance must be reviewed to ensure the system will likely be validated in a reasonable time to provide adequate reporting on contract status. The SST must schedule the systems acceptance review within the time established in the contract.

The contracting agency should ensure that the documented system is compatible with the contemplated contract and that the contractor will actually use it to manage the project. The Contract must set a specific time for the system to be acceptable.

For long-duration contracts that include significant development, the effects of competition will drive competing suppliers to make overly optimistic estimates of the cost of performing the contract. If a contract is awarded at an estimated cost or price that is substantially less than the probable cost of performing the contract, the likelihood that the government will receive the product or service on time and within the cost estimates is unlikely. If the contract requirements were appropriately written to reflect the true needs of the agency to meet its strategic goals and

objectives, a low probable cost of performing the contract will result in the project's failure to meet essential goals. The evaluation process must require competitors to demonstrate the realism of their proposals to actually achieve the cost, schedule and performance goals. Agencies are graded on their ability to achieve major acquisition goals, because failure to meet those goals causes budgeting and performance problems for the agency and reflects badly on the agency's and the project manager's ability to provide for the commitment to the public to be good stewards of public funds. One method to reduce the probability of acquisitions not meeting original goals is to conduct an IBR prior to the award of any contract. An IBR may be conducted on the selected offeror or on the best two offerors. If the IBR is to be conducted on the best two offerors, provision for payment to both for the conduct of the IBRs should be made. The savings from keeping competition in the process until the end of the IBRs will more than cover the cost of conducting the IBRs. Deficiencies identified by the government evaluation team during the IBR must be conveyed to the competitor, and corrected by proposal revisions. The estimated cost or price of any resulting contract must include the cost of correcting those deficiencies.

II.7) CONTRACT AWARD

The Source Selection Authority (SSA) selects the successful contractor. If a trade-off process (see FAR Part 15.101–1) is used, the award decision should ensure that any higher price paid is worth the perceived benefits, and is within the planned funding level for the project. However, if cost, schedule or performance parameters proposed by the contractor offering the best value to the government do not achieve program objectives within funding limitations, the SSA should discuss the funding shortfall with the Executive Review Committee. The Executive Review Committee will then decide if the project's revised cost-benefit ratio, in comparison with other potential projects, remains large enough, given the new information, to warrant award of the contract. If not, the SSA should terminate the Acquisition and evaluate how and why the process failed.

II.8) CONTRACT MANAGEMENT

The success or failure of capital asset acquisitions to achieve cost, schedule, and performance goals can significantly effect the agency's ability to maintain budget discipline and achieve its strategic plan. Program managers need visibility early on into a contract's progress to identify any problems. This allows time for contractors and the government to implement corrective actions before significant deviation from goals results. Agency financial management and control systems should have activity based costing capability to accumulate the actual costs of the project and integrate them with performance indicators to give program managers a clear understanding of how resources are connected to results.

If corrective actions cannot be implemented to maintain the expected return on investment, the contract can be terminated with limited loss, and planning for another solution may begin promptly. Information from the contractor's management system should be incorporated in the agency's financial management and control system. The agency's system should accumulate the actual costs of the project (including both contract costs and agency program management costs) and integrate them with performance indicators to give program managers a clear understanding of how resources are connected to results. Appendix Three provides an example of the earned

value management system concept. If a pre-award IBR was not conducted, it is essential that a post-award IBR be performed as soon as practical after contract award. This IBR must be completed no later than six months after contract award. If the post-award IBR results in a change to the cost schedule and performance goals, the new baseline must be approved by the ERC and OMB before being implemented.

Using EVM, the contractor plans its work using a contractually specified work breakdown structure as the baseline. The objectives, tasks, services, or deliverables that must be produced by the organization are described in the work breakdown structure. The IPT ensures that the contractor plans, budgets, and schedules the work effort in time-phased "planned value" increments constituting a performance measurement baseline (time-phased budget).

The contractor assigns the planned work for cost accumulation and individual responsibility to control accounts and subsidiary work packages under the cost-control accounts. The sum of the budgets for all the work packages scheduled to be accomplished is the "planned value" of the effort. This is called the Budgeted Cost for Work Scheduled.

By integrating the responsible organization and the specific deliverables at the control account or work package level, the project manager can see the relationship between the work and the responsible resources. The program manager can pinpoint both where problems occur and the responsible party. Work that does not earn its planned value can be identified so that corrective actions can be taken and new estimates of budget needs made.

As work is completed in the work packages, it is "earned" on the same budget dollar basis as it was planned. The sum of the budgets for completed work packages and completed portions of open work packages is the earned value. This is called the Budgeted Cost for Work Performed. The costs actually incurred and recorded in accomplishing the work performed within a given time period is called the Actual Cost of Work Performed.

Measuring the amount of work accomplished against the original planned baseline and against actual costs provides critical management visibility on the achievement of, or deviation from, goals. Management systems that only track actual expenditures against planned expenditures fail to provide the key piece of management information—amount of work actually accomplished—needed to make appropriate decisions about the status of the contract. Milestones must be defined in terms of products or functions that are measurable through demonstration or observation such that the percentage of completion can be determined in terms of dollars expended for milestones at certain points in time.

Contractor accounting systems should accumulate actual costs of accomplished work, which is compared with earned value, providing a cost variance for the accomplished work and indicating whether the work is over-, or under-running its plan. Planned value, earned value, and actual cost data provide an objective measure of performance, enabling trend analysis and evaluation of cost estimated at completion at all levels of the acquisition.

The EVMS will provide useful information for all levels of the management team. The contractor's EVMS will provide the following information for analysis:

- Change control
- Cost variance
- Understanding of whether technical objectives are being achieved
- Variance analysis
- Performance variance
- Schedule variance
- Identification of problem areas at both the organization and work breakdown structure levels.
- Variance at completion analysis

II.9) ACQUISITION ANALYSIS

II.9.1) Contract Performance Evaluation

The IPT should receive monthly, or more often if necessary, status reports from the contractor on the acquisition. Direct access to the contractor's EVM system, if negotiated into the contract, can substitute for or supplement formal reporting. If the acquisition is not achieving cost, schedule or performance goals, the IPT should determine the reasons for the deviations and the corrective actions planned by the contractor. The corrective actions should be evaluated as to whether they are likely to be effective. If the corrective action cannot return the contract within goals before contract completion, it must at least ensure that the deviations will not continue to expand and that the current estimates to complete the contract are realistic.

Agencies should establish thresholds for deviation from goals that require Executive Review Committee notification when exceeded. FASA Title V requires agency head review if major acquisitions are projected not to achieve at least 90 percent of cost, schedule, and performance goals. Agencies may establish tighter thresholds. If the threshold goals will not be achieved at contract completion, the IPT should prepare an analysis of the estimated changes in cost, schedule, and performance goals and whether the acquisition would remain cost-beneficial and should continue to receive priority in comparison to other projects at the new funding levels. It is important to note that a recommendation to reduce the performance requirements also effects the amount of cost and schedule overruns. Not only has the ability to meet strategic goals and objectives been effected but the costs and schedules are for a lesser amount of work so the deviations must be adjusted upward to reflect the lesser scope of work.

The IPT's analysis and recommendations should be evaluated by the Executive Review Committee for a determination to:

1. Continue the acquisition (by reallocating or seeking additional funds through OMB);

2. Restructure the acquisition with lower goals (and not seek additional funding); or

3. Terminate the acquisition.

Periodic status reports should be provided by the IPT to the Executive Review Committee on all major acquisitions, even if they are within goals. Because of changing technology, mandates, and mission, a project within goals may no longer provide the agency with the highest return on the use of the funds.

II.9.2.) OMB RMO Review

OMB's RMO staff will review status information for all major acquisitions at least once a year, or as necessary, for critical acquisitions and those other major acquisitions that are not projected to achieve 90 percent of goals. RMOs shall request a sample or all of an agency's Major Acquisition Business Case (Exhibit 300) with the annual budget submission to OMB. OMB reviews the reasons for deviation from goals, the reasonableness of the corrective actions proposed, and the validity of increased cost estimates. OMB considers approving a re-baseline proposal only when the agency has provided justification, based on an IBR, demonstrating the new goals have a high probability of success and that the acquisition will still have a benefit-cost result that justifies continued funding after comparison with the other projects in the portfolio and budget limitations. Acquisitions not meeting objectives that have no acceptable plan for fixing the problems may be recommended for termination and the agency instructed to return to the Planning Phase for consideration of alternative solutions.

If OMB agrees to the new baseline and Congress funds it, the project may measure deviations from the new baseline, but all reporting on the project/program must also show the deviations from the original baseline.

II.9.3) OFPP Assessment

OFPP is responsible, under FASA Title V, for submitting an annual assessment to Congress on progress made by civilian agencies in achieving 90 percent of acquisition goals. The Secretary of Defense has the same requirement for Defense acquisitions. Civilian agencies must submit with their annual budget a list of all major acquisitions with the original cost, schedule and performance goals and all deviations over 10 percent to the original baseline from the start of the acquisition to the date of the budget submission.

II.10) ACCEPTANCE

Acceptance is the final step in the Acquisition Phase. Upon acceptance of the asset, the asset moves to the Management-in-Use Phase. The IPT should ensure the asset meets the requirements of the contract. Often this will be accomplished through an acceptance test plan. Acceptance testing can be performed during and/or at the end of contract performance.

Effective testing will determine whether the agency received the benefits it anticipated and whether the system is acceptable for use in accomplishing the agency's mission. Agencies should invest adequate resources to ensure that there is a thorough test plan. A thorough plan is one that will accurately determine if the contractor's product meets all of the requirements of the contract. The plan should also determine whether the asset is capable of meeting the program needs and providing the projected benefits which supported the project. If a commercial or non-

developmental item is procured, the IPT should consider using commercial quality standards or the contractor's quality system to ensure acceptability. Where appropriate, independent validation, verification, quality assurance processes, and regression testing should be required as part of testing for acceptance.

Having established a thorough test plan, managers should ensure it is followed, the tests are performed rigorously, and acceptance does not occur unless each item of the test plan is fully met. Properly conducted demonstrations evidencing the product's ability to meet the test plan and program needs and to provide the anticipated benefits are very important. Time should be planned in the contract schedule for such demonstrations.

Agencies should also ensure that unacceptable ratings with respect to contract requirements are effective disincentives to contractor's poor performance. When appropriate, agencies should withhold payment or fee depending on the contract's payment mechanisms. Agencies should also make it a policy to use accurate performance ratings in subsequent contract award decisions.

If the agency accepts the asset with deviations from the contract requirement, these deviations should be documented, including any consideration (e.g., reduction in price) received from the contractor as required by the contract. Formal contractor performance evaluations are required to be completed by the IPT at least annually and at completion of the contract. These evaluations are entered into the past performance database used by the agency.

The evaluations must reflect an accurate summary of the contractor's performance in meeting the cost, schedule and performance goals from the beginning to the end of the contract. When entered in the past performance data base they provide a contract performance record that can be used by government source selection teams when evaluating the contractor's potential for other contract awards.

III. MANAGEMENT IN-USE

Introduction

The Management-In-Use Phase begins after completion of the Acquisition Phase. Effective Management-In-Use requires the continuous monitoring of an Agency's inventory of capital assets to ensure they are maintained at the right size, cost and condition to support the Agency mission and objectives. Management-In-Use is generally the longest phase of the investment or asset life-cycle. Ownership costs, such as operations, maintenance (including service contracts), energy use and disposition, can often consume more than 80 percent of the total life-cycle costs. Agencies must review, properly plan for, and actively manage their investment during this phase and employ effective measures of an asset's financial and physical condition, and its operational support for the agency mission. This portion of the Guide describes tools that can be used to ensure the continued viability of each capital asset to support the agency mission. Unlike other sections of this guide, the actions in the Management-In-Use Phase can occur simultaneously and some activities necessarily occur iteratively.

III.1) OBJECTIVES DURING MANAGEMENT-IN-USE

Key objectives during the Management-in-Use Phase are 1) to demonstrate that the existing investment is meeting the needs of the Agency, delivering expected value or that the investment is being modernized and replaced consistent with the Agency's enterprise architecture; and 2) to identify smarter and more cost effective methods for delivering performance and value. Thus, an operational analysis seeks to examine specific areas such as: Customer Results, Strategic and Business Results, and Financial Performance.

The following questions help reveal useful information about each area:

- Are annual operating and maintenance costs comparable to the estimates developed during the Selection, Planning and Budgeting Phases? (Financial Performance)
- Are operational costs to the customer as low as they could be for the results delivered? (Customer Results)
- Is the asset meeting performance goals established during the Selection and Planning Phases? (Customer Results)
- Is the asset performing in accordance with the sustainable design? (Strategic and Business Result)
- Is the asset continuing to meet stakeholder needs? (Customer Results)

- Does the asset continue to meet business needs and contribute to the achievement of the organization's current and future strategic goals? (Strategic and Business Results)

- Are there smarter or more cost effective ways of deliver the functionality? (Financial Performance)

To ensure sound investment decisions throughout the life of the asset, managers at all levels must use the information derived from these types of questions.

For IT assets, the Exhibit 300 is the authoritative source for reporting operational indicators in steady-state. The following data is pulled from the initiatives' existing Exhibit 300 and/or quarterly Control Review data submissions:

1. Regarding Performance Goals: The Exhibit 300 captures metric information on customer results, mission/business results, processes and activities and technology performance. The performance goals must have a clear relationship to both the investment's business need and the Department's strategic direction.
2. Initiative submission updates: Cost, schedule and performance variances from investments are collected and evaluated regularly.
3. Initiative baseline in the cost and schedule performance section.

III.2) OPERATIONAL ANALYSIS IS A KEY TOOL IN MANAGEMENT-IN-USE

Operational analysis is a method of examining the ongoing performance of an operating asset investment and measuring that performance against an established set of cost, schedule, and performance goals. An operational analysis is, by nature, less structured than performance reporting methods applied to developmental projects and should trigger considerations of how the investment's objectives could be better met, how costs could be reduced, and whether the organization should continue performing a particular function.

While great emphasis is often placed on meeting the budget, scope, schedule and goals during the Acquisition Phase, developmental costs are only a fraction of the asset's total life-cycle costs. Operations is a critical area where improved effectiveness and productivity can have the greatest net measurable benefit in cost, performance, and mission accomplishment. A periodic, structured assessment of the cost, performance, and risk trends over time is essential to minimizing costs in the operational life of the asset.

Beyond the typical developmental performance measures of cost and schedule performance, an operational analysis should seek to answer more subjective questions in the specific areas of:

- Customer Satisfaction;
- Strategic and Business Results;
- Financial Performance; and
- Innovation

Additional Operational IT analysis information can be found at the Chief Information Officer's website http://www.cio.gov.

In addressing Customer Satisfaction, the analysis should focus on whether the investment supports customer processes as designed. The focus is on how well the investment is delivering the goods or services it was designed to deliver.

Strategic and Business Results measure the effect the investment has on the performing organization itself, and should provide a measure of how well the investment contributes to the achieving the organization's strategic goals.

In measuring the Financial Performance of an operating asset, the operational analysis should compare current performance with a pre-established cost baseline. While financial performance is typically expressed as a quantitative measure, the investment should also be subjected to a periodic—preferably annual—review for reasonableness and cost efficiency.

Addressing innovation in the operational analysis is an opportunity to conduct a qualitative analysis of the investment's performance in terms of the three previously mentioned areas. It also demonstrates that the agency has revisited alternative methods or achieving the same mission needs and strategic goals.

Operational analysis is also an opportunity to conduct a qualitative analysis of the investment's performance in a holistic fashion. The analysis should address issues such as greater utilization of technology or consolidation of investments to better meet organizational goals and also include an ongoing review of the status of the risks identified in the investment's Planning and Acquisition Phases.

Operational analysis may indicate a need to redesign or modify an asset if previously undetected faults in the design, construction, or installation are discovered during the course of operations; if operational or maintenance costs are higher than anticipated; or if the asset fails to meet program requirements. Operational analysis may show a need to apply an improvement methodology, such as value management, to identify better ways for the asset to meet its life-cycle cost and performance goals. Such analysis may also help to identify where faulty operations are eroding the asset's ability to perform its function. Operational analysis will lose much of its benefit to the capital programming process if early warning indicators do not serve as a trigger mechanism within the agency to take corrective actions.

III.3) OPERATIONAL ANALYSIS PROCESS AND OUTCOME

The operational analysis process consists primarily of tracking and identifying the operational cost and performance of assets in the Management-In-Use Phase of their life cycle. If any of the cost, schedule or performance variances are 10 percent or more, agencies are to provide a complete analysis of the reasons for the cost overrun or performance gap with planned actions to correct the variance and share techniques that generated the savings. Agency discussions should address lessons learned, why the problems occurred, or how the savings were realized. If the asset cost or schedule variance is +/– 10 percent and/or if the performance goals are not being met, then the project requires a more in-depth operational review in which relevant indicators will be applied for analysis purposes. The outcome of the analysis may include recommendations to redesign or modify an asset before it becomes a problem, identify areas where cost of ownership can be reduced, or potentially serve as input to the Select Review.

Circular A-123, Management's Responsibility for Internal Control emphasizes effectiveness and efficiency of operations as one of its three core objectives. Agencies should ensure that the appropriate controls are in place to make sure that the asset is being managed effectively. For capital investments, the greatest level of operational efficiency occurs at the asset or project level. To improve the accuracy and efficiency of operational data collection, whenever possible, an agency should employ an efficient way of collecting and analyzing operating cost and performance data.

Regardless of performance of operational indicators, a formal operational analysis is warranted for every steady-state project. Recommendations and evaluations will be consolidated into the project's operational analysis plan. This plan will continuously be reviewed and updated as future operational analyses will be conducted yearly or an as-needed basis.

Agencies must submit information about their data collection methods and evidence that the methods used lead to the collection and use of valid and accurate performance data. Only current, complete, accurate and relevant data can help the agency to make informed decisions regarding the allocation of resources, compare actual vs. planned results and provide meaningful feedback to improve the planning process. The collection and verification of accurate asset or investment data should be a priority in establishing the baseline and collecting actual operational data.

III.3.1.) Continuous Monitoring

Whether an asset is newly acquired or already operational, focus should be placed on analyzing each asset's ability to support the organizational mission. Continuous monitoring of both supply (the assets currently available in the inventory) and demand (the Agency's changing mission requirements) is essential. The resulting gap analysis should be documented in the Enterprise Architecture (EA), Real Property Asset Management Plan, or other strategic planning tool.

These tools document the Agency's strategy for integrating capital programming and agency mission requirements. The agency should analyze their portfolio of capital assets, set goals and priorities for the optimization of the inventory, explain their use of performance indicators and analysis in decision-making, and develop a strategic timeline outlining improvement initiatives.

Executive Order 13327 and the corresponding guidance issued by the Federal Real Property Council (FRPC) in December 2004, define the basic descriptive elements each Agency should know about every asset in their real property inventory. All data is required to be collected at the individual, constructed asset level. In addition to the inventory data elements, the guidance also identifies four performance measures for real property. They are:

1. Operating Costs—Costs attributed to recurring maintenance and repair, utilities, janitorial and roads/grounds expenses.
2. Facility Utilization Index (FUI)—A measure of the percent of space occupied versus the designed amount.
3. Facility Condition Index (FCI)—A measure of a facility's condition at a particular point in time. The FCI rating is a ratio of the cost of repair needs of the asset divided by the current replacement value of the asset.
4. Mission Dependency—An asset evaluation process that describes the value of an asset in relation to the mission of the organization.

Analyzed separately and in combination with each other, these and other performance indicators can help the agency determine reinvestment priorities. For example, an asset with a high mission-related value, but a poor condition index requires immediate attention. Such an asset should receive funding priority over a non mission-critical asset with the same poor condition index. Conversely, an asset with low mission value and a poor condition index could be a viable candidate for disposition. These and other agency identified performance indicators are powerful tools that allow agencies to segment their entire asset portfolio in a quantitative, objective manner for analysis. This is discussed further in section III.4, *Asset Disposition.*

III.3.2.) Operations and Maintenance

Poorly performing assets detract from mission effectiveness by utilizing resources that could be used more effectively to support other mission priorities. If not properly managed, a capital asset's useful life can be shortened dramatically or prolonged beyond the planned termination date at high cost and risk, thereby reducing the return on the taxpayers' investment. Each asset should have an Operations and Maintenance (O&M) plan that outlines the procedures and responsibilities for scheduled preventive and regular or routine corrective maintenance.

The elements of an Operations and Maintenance Plan include:

A 100,000 square foot (sf) office building just outside of Washington, DC is separately metered for all utilities. The owner began comparing the facility's utility costs to properly adjusted private sector benchmarks and discovered that the asset's electricity costs were $1.20/sf over market averages. The asset manager alerts field personnel who are able to study and correct the problem, saving over $120,000 per year in wasted electricity charges. If the building were part of a larger facility or complex of buildings where one electricity meter monitored the entire complex, for accounting purposes the electricity costs would be allocated by square foot across the entire complex of assets (a common occurrence.) The $120,000 in wasted electricity costs is no longer easily recognizable, and never raises the red flag for management attention. Cost and energy savings such as these are one reason the Energy Policy Act of 2005, sec. 103, requires the installation of meters and advanced meters of all federal buildings (where appropriate) by the year 2012.

- For scheduled preventative maintenance:
    - Sign-offs to instill personal responsibility;
    - Training of use staff; and,
    - Tracking of labor and material costs.

- For predictable corrective maintenance:
    - Budget expenditure for minor maintenance and repair; and
    - Maintenance contracts.

To ensure efficient operations, relevant and appropriate public and private sector benchmarks should be implemented whenever possible. For example, real property managers should benchmark an asset's janitorial costs against those of their private sector counterparts. As a reminder, benchmarks should be adjusted to reflect differences in accounting practices (i.e. capitalization thresholds or indirect costs), if necessary. Combined with strategic targets, benchmarks contribute significantly to improved performance management and informed decision-making.

Some Agencies have implemented computerized maintenance management systems (CMMS) to manage their preventive maintenance and service call workload. These systems automatically generate and track:

- Instructions and schedules for preventive maintenance
- Equipment warranty information and automatically filing claims when appropriate
- New work orders
- Service call response time and customer satisfaction
- Service call history to alert management to potential problem areas

The use of these systems allows management to measure operating performance against established goals such as system downtime, preventive maintenance hours or backlog. Service call history along with other diagnostic tools can help managers proactively identify and correct deficiencies in advance of breakdown, reducing unexpected downtime and repair costs.

III.3.3) Post Implementation Review and Post-Occupancy Evaluation

Whereas operational analysis is a control mechanism during the operational life cycle of an asset, the Post Implementation Review (PIR) for IT projects and a similar Post Occupancy Evaluation (POE) for construction projects are diagnostic tools to evaluate the overall effectiveness of the agency's capital planning and acquisition process.

The primary objectives of a PIR/POE are:

- To identify how accurately a capital investment project meets the objectives, expected benefits and the strategic goals of the Agency;
- To ensure continual improvement of an agency's capital programming process based on lessons learned; and,

- to minimize the risk of repeating past mistakes by providing quality services to business partners and customers.

Both a PIR and a POE evaluate an investment's efficiency and effectiveness to determine how well the investment achieved the planned functionality and anticipated benefits. The POE also determines if the investment supports the mission efforts and strategic plan as originally identified. It is an essential and valuable component in soliciting customer feedback and incorporating that feedback into improvements to the performance and delivery of the capital investment process.

The PIR and POE have a dual focus:

- They provide assessments of implemented investments, including an evaluation of the development process; and
- They indicate the extent to which the Agency's decision-making processes are sustaining or improving the success rate of capital investments.

Team membership: The PIR and POE teams should be comprised of individuals not directly involved in the acquisition of the asset. Members can include owners and users of the asset, other personnel, and consultants.

Factors to be considered include:

Customer/User Satisfaction

- Partnership/involvement
- Business process support
- Investment performance
- Usage

Strategic Impact and Effectiveness

- System impact and effectiveness
- Alignment with mission goals
- Portfolio analysis and management
- Cost savings

Internal Business

- Project performance
- Infrastructure availability
- Standards and compliance
- Maintenance
- Evaluations (accuracy, timeliness, Program quality, adequacy of information)
- Employee satisfaction/retention

Innovation

- Workforce competency
- Advanced technology use
- Methodology expertise

To ensure that each asset is evaluated consistently, the organization should have a documented methodology for conducting these reviews. The methodology chosen must be in alignment with the organization's planning process and must build on the organization's memory. The organization should determine whether there may be better cost, benefit, and risk measures that could be established that would improve the monitoring of future projects. A mechanism should also be in place that takes the lessons learned through the PIR or POE and uses the lessons to update the Planning and Budgeting Phase decision criteria as well as the Acquisition and Management-in-Use processes.

III.3.3.1) Post Occupancy Evaluation (POE)

A Post Occupancy Evaluation (POE) is usually conducted twelve months after the construction project has been beneficially occupied. The 12-month review timeframe allows sufficient time for the customer to evaluate systems performance and relevant aspects of project delivery. Agencies, however, may perform the POE at different times to meet their unique requirements. The POE team reviews the provided information and assesses process successes, as well as failures. Areas for improvement are analyzed and improvements to the process are evaluated.

Some common POE activities include:

- Commissioning
- Completing the POE questionnaire
- Analyzing the completed questionnaire
- Interviewing with key stakeholders
- Measuring performance
- Providing recommendations for process improvements

III.3.3.2) Post-Implementation Review (PIR)

The Post Implementation Review (PIR) usually occurs either after a system has been in operation for about six months or immediately following investment termination. The review should provide a baseline to decide whether to continue the system without adjustment, to modify the system to improve performance or, if necessary, to consider alternatives to the implemented system. Some common elements reviewed during the PIR include:

- Mission alignment
- IT architecture including security and internal controls
- Performance measures
- Project management
- Customer acceptance
- Business process support
- Financial performance
- Return on investment
- Risk management
- Select and control phase performance ensuring initiative success
- Gaps or deficiencies in the process used to develop and implement the initiative
- Best practices that can be applied to other IT initiatives or the CPIC process

As a minimum, a PIR team should evaluate stakeholder and customer/user satisfaction with the end product, mission/program impact, and technical capability, as well as provide decision-makers with lessons learned so they can improve investment decision-making processes.

Even with the best system development process, it is quite possible that a new system will have problems or even major flaws that must be rectified to obtain full investment benefits. The PIR should provide decision-makers with useful information on how best to modify a system, or to work around the flaws in a system, to improve performance and bring the system further in alignment with the identified business needs.

To minimize inadequate returns on low value or high cost IT investments, the agency will conduct periodic reviews of operational systems to determine whether they should be retained, modified, replaced or retired. With the emergence of new business and process requirements, and new and updated technology, systems should be assessed to determine the extent to which they continue to support the agency's mission and business objectives.

III.4) ASSET DISPOSITION

Asset disposition is the culmination of previous planning, budgeting and acquisition efforts. But the determination to dispose of a capital asset should not be an afterthought once obsolesce is reached. Agencies have established best practices in the disposition of capital assets, focusing primarily on real property and information technology assets. The methodologies presented are general and may be applicable to the disposition of other types of capital assets, e.g. motor vehicle, ship and aircraft fleets. The laws and statutes that govern the disposition of the wide array of Federal assets vary among agencies. It is important that agencies comply with the applicable laws and statutes.

III.4.1) The Decision Process

Disposition of an asset is the culmination of the processes discussed earlier in this Guide. Projected costs of asset disposal are critical elements in the planning and budgeting for asset acquisition. The decision to dispose of an asset may be triggered by any number of events; most will be part of a systematic plan formulated in advance that integrates the asset into the agency's broader Capital Asset Plan. Beginning with mission analysis and planning for the purpose of matching capabilities to mission requirements, and continuing with ongoing analysis, criteria are established and monitored to determine the condition of the asset and how well it is performing. If an asset becomes uneconomical to keep in service or fails to meet performance criteria, the agency should critically assess the asset to determine whether it should be retired, replaced, enhanced or refurbished.

The following questions are a starting point to assist agencies in determining whether or not any type of capital asset is a candidate for disposition. It is important that all appropriate stakeholders are involved in the decision process.

- Does the capital asset still support the mission?
- Is the asset wholly or partly unneeded?
- Is the asset being put to optimum use?
- Is the asset functionally obsolete or has it deteriorated beyond economical repair?
- Will program changes alter asset requirements?

- Is the asset used only irregularly for program use? Would a portion of the asset satisfy program needs?
- Is continued Federal ownership and operation of the property justified in light of its current use?
- Are operating and maintenance costs excessive?
- Can the asset be made available for use by others, within or outside the Federal community?
- Are there security or other considerations that outweigh disposition of the asset?

III.4.2) Real Property Assets and Information Technology Considerations

The two major categories of capital assets are Real Property Assets and Information Technology Systems. Both of these capital asset types have similar life-cycles within the Federal government. However, both types of assets also have their own unique characteristics and considerations which are explained in turn below.

III.4.2.1) Real Property Assets

Recognizing long-standing concerns of the Federal government in the disposition of excess and unneeded property, GAO labeled Federal real property as high-risk in GAO Report Number GAO–03–122. In the report, GAO highlighted that the Federal Government's capital asset portfolio no longer effectively aligns with, or is responsive to, agencies' changing missions. Executive Order 13327, *Federal Real Property Asset Management*, issued on February 6, 2004 and which establishes the Federal Real Property Council (FRPC) addresses many of the opportunities and challenges of asset disposition within the Federal government. Agencies are expected to dispose of unneeded assets, in accordance with applicable statutes, to ensure that the agency real property inventory of assets is maintained at the right size, cost, and condition. Inventories should contain mission critical and mission dependent assets that are maintained in the appropriate condition and operated at the right cost.

Additional Real Property Considerations

In addition to the considerations highlighted above in section III.4.1, the following should also be considered when evaluating real property assets for disposition:

- Is the asset uneconomical to retain?
    - If so, could it be sold or exchanged for a more suitable asset with lower maintenance and operating costs, at a price roughly equivalent to the value of the present asset?
- Considering the cost of acquisition or lease, moving costs, preparation of the new space, operation and maintenance costs, and the increase in efficiency of operations, can net savings to the U.S. Government be realized by relocation?
- What effect does the availability of alternative facilities, if required, have on the foregoing?

III.4.2.2) Information Technology

Growing demands for performance require increased and sharpened focus on management in use and disposition of information technology assets. Overall IT investments in steady state assets have increased in each year since 2003. During this same period, investments in development, modernization and enhancements have trended downward. Agency Capital Planning and Investment Control processes should lead to overall reductions or stabilization in costs during the Management-In-Use of all Capital Assets.

Additional IT Considerations

In addition to the considerations highlighted above in section III.4.2, the following should also be considered when evaluating IT assets for disposition:

- Does the effect on program performance measures justify the cost to operate and maintain the asset?
- Is the asset compliant with current security, architectural and technological standards?

III.4.3) Decision Models

Agencies are encouraged to use decision models to determine if an asset should exit the agency inventory of capital assets. Decision models define and document the decision process, ensuring a consistent application of identified criteria in deciding a course of action. As discussed earlier in this guide, the FRPC developed four performance measures (operating and maintenance costs, utilization index, condition index, and mission-dependency) to facilitate the continuous monitoring of real property assets. Agencies should apply the four performance measures to segment their portfolio and identifying assets that are candidates for disposition. A decision tree is just one of many diagnostic tools available to supplement agency portfolio analysis and provide additional information for decision-making. Specific example of real property and IT assessment models can be found in Appendix 10.

III.4.4) Executing the Asset Disposal Plan

The procedure for disposition of an asset will depend upon the type of asset, as well as existing agency guidelines and any laws and regulations governing the disposal of that particular asset (e.g., E.O. 12999, of April 17, 1996, authorizing federal agencies to donate excess computers and related peripheral tools directly to schools). Upon determination that an asset is a candidate for disposition, agencies must consider a broad range of regulatory requirements to ensure that all proper procedures are followed and all alternatives are considered before an asset is disposed. For example, a specialized contractor following environmental laws monitored by EPA would most likely perform hazardous material disposal, while GSA, following real property regulations, would dispose of an office building. In all cases, relevant subject matter experts, guided by internal policy and applicable laws and regulations, should work closely with agency executives to ensure cost-effective and timely asset disposal.

Once the decision to dispose is made, a number of issues must be considered, including how to remove the asset from service, planning for transition to a replacement if required, redeployment

elsewhere in the agency where it may continue to provide a benefit greater than the cost, or final removal of the asset from the agency's inventory. Depending on the type of asset, disposal may be as simple as transferring the item to another agency, turning it over to GSA as excess, or demolishing it and selling it as scrap. Additional methodologies can be found in Appendix 11.

The disposition of an asset leads to the phase-out of an obsolete asset, transition to a new asset or significant enhancement to an existing asset. Due to increased risk to agency programs during the transition and the required planning and coordination the status of the asset necessarily moves from steady state to mixed life cycle. It is important that agency carefully plan the timing of an asset transition to minimize disruption to programmatic function. For IT systems, transition planning begins immediately upon deployment. After the new system has been acquired, developed, and tested, deployment takes place according to the plan developed early in the Acquisition Phase. The elements of a transition may include:

- Converting data from the old asset to the new;
- Operating both the old and new assets concurrently;
- Validating that the new system has converted old data properly;
- Ensuring users are trained on the new asset;
- Keeping the customers informed of transition progress; and
- Outlining these actions and agreements in a memorandum of understanding signed by representatives from all parties effected by the conversion.

Once an asset has exited the inventory, agencies should ensure that updates are made to budgeting, accounting and inventory systems, as appropriate.

APPENDICES

APPENDIX 1

DEFINITION OF CAPITAL ASSETS

Capital assets are land (including park lands), structures, equipment (including motor and aircraft fleets), and intellectual property (including software), which are used by the Federal Government and that have an estimated useful life of two years or more. Capital assets exclude items acquired for resale in the ordinary course of operations or held for the purpose of physical consumption such as operating materials and supplies. The cost of a capital asset is its full life-cycle costs, including all direct and indirect costs for planning, procurement (purchase price and all other costs incurred to bring it to a form and location suitable for its intended use), operations and maintenance (including service contracts), and disposal.

Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through a lease-purchase or other capital lease, regardless of whether title has passed to the Federal Government; through an operating lease for an asset with an estimated useful life of two years or more; or through exchange. Capital assets include the environmental remediation of land to make it useful, leasehold improvements and land rights; assets owned by the Federal Government but located in a foreign country or held by others (such as federal contractors, state and local governments, or colleges and universities); and assets whose ownership is shared by the Federal Government with other entities. Capital assets include not only the assets as initially acquired but also additions, improvements, modifications, replacements, rearrangements and reinstallations, and major improvements (but not ordinary repairs and maintenance). Examples of capital assets include the following, but are not limited to them:

- Office buildings, hospitals, laboratories, schools, and prisons;
- Dams, power plants, and water resources projects;
- Motor vehicles, airplanes, and ships;
- Satellites and space exploration equipment;
- Information technology hardware, software and modifications;
- Department of Defense (DOD) weapons systems; and
- Environmental restoration (decontamination and decommissioning efforts).

Capital assets may or may not be capitalized (i.e., recorded on an entity's balance sheet) under Federal accounting standards. Examples of capital assets not capitalized are DOD weapons systems, heritage assets, stewardship land, certain assets acquired for environmental cleanup efforts, and some software.

Capital assets do not include grants for acquiring capital assets made to state and local governments or other entities (such as National Science Foundation grants to universities). Capital assets also do not include intangible assets such as the knowledge resulting from research and development (R&D) or the human capital resulting from education and training, although capital assets do include land, structures, equipment (including fleet), and intellectual property

(including software) that the Federal Government uses in R&D and education and training. Agencies are encouraged to use the capital programming process or elements thereof, in planning for expenditures not covered by this definition, to the extent that they find it useful.

APPENDIX 2

INTEGRATED PROJECT/PROGRAM TEAMS (IPTs)

Agencies should apply an integrated project and process development (IPPD) approach to manage capital assets, using Integrated Project Teams (IPTs) assigned, as appropriate, to manage the various capital programming phases or major acquisition programs within the agency. The approach of having specific teams, accountable for managing all or specific parts of the capital programming process for large projects, enjoys a successful track record in industry and government.

A program manager with the appropriate level of knowledge, skills, and experience shall normally lead the IPT. The program manager should understand user needs and constraints, and demonstrate the ability to manage large projects to achieve cost, schedule and performance goals. This manager should have sufficient tenure and interest in the project to provide continuity and to ensure personal accountability for her or his actions. Continuity reinforces accountability. Program managers and other senior IPT staff (e.g., contracting officer who should be assigned to the IPT from its inception and remain at least through the Acquisition Phase) should commit to remain with the project for four years or the completion of the Acquisition Phase whichever is earlier, or at least until (a) the phase that is underway is completed, or (b) a milestone during the phase is completed where accountability for success or failure to achieve goals may be assessed. When possible, senior members of the IPT should be encouraged to remain with the project from the Baseline Assessment Step of the Planning Phase into the Management-In-Use Phase.

The program manager should be provided with a written charter defining the team's responsibilities, budget constraints, and the extent of authority and accountability for accomplishing project objectives. The charter should be updated as necessary, but at least at the start of each phase, and should be based on decisions of the Executive Review Committee. Program managers should be given sufficient funding to establish an IPT to meet the charter. To keep the project moving on a tight schedule, management layers between the program manager and senior management should be limited to ensure accountability for the program manager and timely decisions from above.

The members of the IPT should be dedicated to the project and responsible to the program manager for the duration of their assignment to the IPT. Where services of team members are not needed on a full-time basis, support to the IPT should take priority over other duties. This is necessary to maintain the continuity for good management and team accountability.

The team should be cross-functional, as necessary, to accomplish the various tasks of the project. The members should reflect the user community, the project's stakeholders and should have a core knowledge of: project management, value management, budget, finance, sustainable design and procurement.

APPENDIX 3

EXAMPLE OF EARNED VALUE CONCEPT AND COST AND SCHEDULE VARIANCES FOR CAPITAL ASSETS

Earned value is a management technique that relates resource planning to schedules and to technical, cost, and schedule requirements. All work is planned, budgeted, and scheduled in time-phased "planned value" increments constituting a cost and schedule measurement baseline. There are two major objectives of an earned value system:

- To encourage contractors to use effective internal cost and schedule management control systems; and
- To permit the government to be able to rely on timely data produced by those systems for determining product-oriented contract status.

The example shown here illustrates how the earned value concept works. The analysis begins with a baseline schedule showing how much work is planned for each time period. The subsequent sections show how to calculate the deviation from the planned schedule (schedule variance) and the deviation from the planned cost (cost variance).

Baseline. For this hypothetical example, the baseline plan (planned value increments) in Table 1 shows that 6 work units (A–F) would be completed at a cost of $100 for the period covered by this report.

Table 1. Baseline Plan

Work Units	A	B	C	D	E	F	Total
Planned Value ($)	10	15	10	25	20	20	100

Schedule Variance. As work is performed, it is "earned" on the same basis as it was planned, in dollars or other quantifiable units such as labor hours. Planned value compared with earned value measures the dollar volume of work planned vs. the equivalent dollar volume of work accomplished. Any difference is called a schedule variance. In contrast to what was planned, Table 2 shows that work unit D was not completed and work unit F was never started, or $35 of the planned work was not accomplished. As a result, the schedule variance shows that 35 percent of the work planned for this period was not done.

Table 2. Schedule Variance

Work Units	A	B	C	D	E	F	Total
Planned Value ($)	10	15	10	25	20	20	100
Earned Value ($)	10	15	10	10	20	0	65
Scheduled Variance	0	0	0	–15	0	–20	–35 = –35%

Cost Variance. Earned value compared with the actual cost incurred (from contractor and agency accounting systems, not through estimation techniques) for the work performed provides an objective measure of planned and actual cost. Any difference is called a cost variance. In this example, a negative variance means more money was spent for the work accomplished than was planned. Table 3 shows the calculation of cost variance. The work performed was planned to cost $65 and actually cost $91. The cost variance is a negative 40 percent.

Table 3. Cost Variance

Work Units	A	B	C	D	E	F	Total
Earned Value ($)	10	15	10	10	20	0	65
Actual Cost ($)	9	22	8	30	22	0	91
Cost Variance	1	–7	2	–20	–2	0	$ –26 = –40%

Spend Comparison. The typical spend comparison approach, whereby contractors report actual expenditures against planned expenditures, is not related to the work that was accomplished and is not a valid measure of program status. Table 4 shows a simple comparison of planned and actual spending which indicates the program is under running by 9 percent. When compared to the schedule and cost variance examples under an earned value system, the management information provided below gives a false indication of true program performance.

Table 4. Spend Comparison Approach

Work Units	A	B	C	D	E	F	Total
Planned Value ($)	10	15	10	25	20	20	100
Actual Cost ($)	9	22	8	30	22	0	91
Variance	1	–7	2	–5	–2	20	$9 = 9%

References:

National Defense Industrial Association (NDIA)
Program Management Systems Committee (PMSC)
ANSI/EIA 748
Earned Value Management
System Acceptance Guide
http://www.ndia.org/

National Defense Industrial Association (NDIA)
Program Management Systems Committee (PMSC)
ANSI/EIA–748–A Standard for
Earned Value Management Systems
Application Guide
http://www.ndia.org/

APPENDIX 4

ACCOUNTING FOR CAPITAL ASSETS

The Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment (PP&E), revised by SFFAS No. 23, Eliminating the Category of National Defense Property, Plant and Equipment, and SFFAS 29 Heritage Assets and Stewardship Land establishes standards for capital assets. These standards were issued by the Federal Accounting Standards Advisory Board, in which OMB subsequently published guidance in its OMB Circular A–136 Financial Reporting Requirements (August 23, 2005).

One significant objective of financial accounting standards is to support assessment of operating performance. Financial reporting should provide information to determine: (1) the cost of providing specific programs and activities, including the composition of these costs and changes over time; (2) financial inputs in relation to a program's outputs; and (3) the efficiency and effectiveness of the Government's management of its assets. To facilitate meeting these information needs, PP&E has been divided into two categories: general PP&E and Stewardship PP&E, consisting of heritage assets and stewardship land.

For general PP&E (i.e., PP&E used to produce general Government goods and services), SSFAS 6 supports these information needs by allocating costs—including cleanup costs—of general PP&E to the periods in which the assets are used through historical cost depreciation methods. The cost is allocated to the period when it is incurred. Managerial cost accounting standards, established by SFFAS 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, will result in these period costs being tied to outputs. In addition, deferred maintenance reporting will provide financial statement users with information on the condition and management of assets.

The Stewardship PP&E category consists of assets whose physical properties resemble those of general PP&E that are traditionally capitalized in financial statements. However, due to the nature of these assets, (1) valuation would be difficult and (2) matching costs with specific periods would not be meaningful. The standards provide for a different type of reporting. SFFAS No.8, Supplementary Stewardship Reporting, superseded by SFFAS 29, requires that information on Stewardship PP&E be reported in a manner that highlights their long-term-benefit nature and demonstrates accountability over them. SFFAS 29 reclassified all heritage assets and stewardship land information as basic except for condition and deferred maintenance information, which is classified as required supplementary information (RSI). SFFAS 29 requires that entities reference a note on the balance sheet that discloses information about heritage assets and stewardship land, but no asset dollar amount should be shown.

Each agency's financial system needs to have the capability to accumulate, recognize, and distribute the cost of an agency's activities such as the costs of major acquisitions and other major programs within the agency that need to provide visibility to senior management on their total costs.

APPENDIX 5

RISK MANAGEMENT

The aim of risk management is to ensure that risks are identified at project inception and their potential impacts allowed for and accepted, where possible, so that the risks or their impacts are minimized. Risk management is an integral part of project management on the project. Risk management processes are utilized from project initiation through development, maintenance and operations, and end only when the project/system is shutdown or retired.

A risk is an uncertain event or condition that, if it occurs, has a positive or negative effect on a project objective. Risk is one of those words that immediately conjure up an image of something bad, but it is important to remember that risk can provide positive benefits as well as negative ones.

Risk management is the systematic process of identifying, analyzing and responding to project risk. The need to manage risk increases with the complexity of the investment. It is an ongoing process that requires continuous risk identification, assessment, planning, and monitoring, and response. It is the responsibility of everyone on the IPT. It implies control of possible future events and is proactive rather than reactive.

Risk planning

This is the process of developing and documenting an organized, comprehensive, and interactive strategy, the methods for identifying and tracking the risk issues, developing risk handling plans, performing continuous risk assessments to determine how risks have changed and assigning adequate resources. Projects should develop a Risk Management Plan that:

- Establishes the purpose, objective, and goals of the project;
- Assigns responsibility for specific areas;
- Describes how risks will be assessed;
- Defines the risk rating approach;
- Establishes monitoring metrics;
- Defines how risk will be monitored throughout the project life-cycle; and
- Assesses risk.

This process involves identifying and analyzing program areas and critical technical process risks to increase the likelihood of meeting cost, performance and schedule objectives.

Risk identification is the process of examining the program areas and each critical technical process to identify and document the associated risk.

The following common areas of risk are consistent with OMB Circular A–11 risk requirements.

- Technology—Lack of expertise, software and hardware maturity or immaturity, installation requirements, customization, O&M requirements, component delivery schedule/availability, uncertain and changing requirements, design errors and/or omissions, technical obsolescence.

- Project Schedule and Resources—Scope creep, requirement changes, insufficient or unavailable resources, overly optimistic task durations, and unnecessary activities within the schedule, critical deliverables or reviews not planned into the schedule.

- Business—Poorly written contracts, market or industry changes, new competitive products become available, creating a monopoly for future procurements.

- Organizational and Change Management—Business process reengineering acceptance by users and management, time and commitment managers will need to spend overseeing the change, lack of participation by business owners in the reengineering process, necessary change in manuals and handbooks, personnel management issues, labor unions, and ability of the organization to change.

- Strategic—Project does not tie to the Department's mission or strategic goals, project is not part of the Department's IT Capital Planning and Investment Control (CPIC) process.

- Security—Project does not conform to the requirements of OMB Circular A–130 *Management of Federal Information Resources* (November 28, 2000).

- Privacy—Project does not conform to the requirements of OMB Circular A–130.

- Data—Data standards are not defined, data acquisition and/or conversion costs are unknown.

- Integration Risks

- Project Team Risks

- Requirements Risks

- Cost Risks

- Project Management Risks

Risk analysis is the process of examining each identified risk issue or process to refine the description of the risk, isolate the cause, and determine the effects. The cost of a risk event occurring can be quantified by determining its expected value (probability X impact). These costs must be included in cost estimates. A risk register should be developed and maintained.

The table below provides a means by which risk identification can be easily captured, documented and analyzed.

Risk Priority	Risk Category	Date Identified	Risk Description	Risk Rating	Risk Response Strategy	Status

Risk handling is the process that identifies, evaluates, selects, and implements options in order to set risk at acceptable levels given program constraints and objectives. This includes the specifics on what should be done, when it should be accomplished, who is responsible, and associated cost and schedule. Risk handling options include assumption, avoidance, control (also known as mitigation), and transfer. The most desirable handling option is chosen, and then a specific approach is developed for this option.

Risk monitoring is the process that systematically tracks and evaluates the performance risk handling actions against established metrics throughout the acquisition process and provides inputs to updating risk handling strategies, as appropriate. After encountering problems on a program, the IPT should document any warning signs that, with hindsight, preceded the problem, what approach was taken, and what the outcome was. This will not only help future programs, but could help identify recurring problems in existing programs.

Risk Management References

A Guide to the Project Management Body of Knowledge, Third Edition, Project Management Institute

Project Management: A Systems Approach to Planning, Scheduling and Controlling, 9th Edition, Harole Kerzner

Risk Management: Concepts and Guidance, Second Edition, Carl L. Pritchard

APPENDIX 6

PRINCIPLES OF BUDGETING FOR CAPITAL ASSET ACQUISITIONS

Introduction and Summary

The Administration plans to use the following principles in budgeting for capital asset acquisitions. These principles address planning, costs and benefits, financing, and risk management requirements that should be satisfied before a proposal for the acquisition of capital assets can be included in the Administration's budget. The principles are organized in the following four sections:

A. *Planning.* This section focuses on the need to ensure that capital assets support core/priority missions of the agency; the assets have demonstrated a projected return on investment that is clearly equal to or better than alternative uses of available public resources; the risk associated with the assets is understood and managed at all stages; and the acquisition is implemented in phased, successive segments, unless it can be demonstrated there are significant economies of scale at acceptable risk from funding more than one segment or that there are multiple units that need to be acquired at the same time.

B. *Costs and Benefits.* This section emphasizes that the asset should be justified primarily by benefit-cost analysis, including life-cycle costs; that all costs are understood in advance; and that cost, schedule, and performance goals are identified that can be measured using an earned value management system.

C. *Principles of Financing.* This section stresses that useful segments are to be fully funded with appropriations; that as a general rule, planning segments should be financed separately from procurement of the asset; and that agencies are encouraged to aggregate assets in capital acquisition accounts and take other steps to accommodate lumpiness or "spikes" in funding for justified acquisitions.

D. *Risk Management.* This section is to help ensure that risk is analyzed and managed carefully in the acquisition of the asset. Strategies can include separate accounts for capital asset acquisitions, the use of apportionment to encourage sound management, and the selection of efficient types of contracts and pricing mechanisms in order to allocate risk appropriately between the contractor and the Government.

In addition, cost, schedule, and performance goals are to be controlled and monitored by using an earned value management system, and if progress toward these goals is not met, there is a formal review process to evaluate whether the acquisition should continue or be terminated.

As defined here, capital assets are generally land, structures, equipment (including fleet), and intellectual property (including software), and weapon systems that are used by the Federal Government. Not included are grants to States or others for their acquisition of capital assets. A complete definition is provided in section 300.4.

A. Planning

Investments in major capital assets proposed for funding in the Administration's budget should:

1. Support core/priority mission functions that need to be performed by the Federal Government;

2. Be undertaken by the requesting agency because no alternative private sector or governmental source can support the function more efficiently;

3. Support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology;

4. Demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with measures developed pursuant to the Government Performance and Results Act, reduced cost, increased quality, speed, or flexibility, and increased customer and employee satisfaction. Return should be adjusted for such risk factors as the investment's technical complexity, the agency's management capacity, the likelihood of cost overruns, and the consequences of under- or non-performance;

5. For information technology investments, be consistent with Federal and agency enterprise architectures which: integrate agency work processes and information flows with technology to achieve the agency's strategic goals, reflect the agency's technology vision, specify standards that enable information exchange and resource sharing while retaining flexibility in the choice of suppliers and in the design of local work processes, and ensure that security is built into and funded as part of the enterprise architecture in accordance with OMB Memorandum M–00–07: "Incorporating and Funding Security in Information Systems Investments (February 28, 2000);"

6. Reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall investment; using fully tested pilots, simulations, or prototype implementations when necessary before going to production; establishing clear measures and accountability for investment progress; and securing substantial involvement and buy-in throughout the investment from the program officials who will use the system;

7. Be implemented in phased, successive segments as narrow in scope and brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future segments, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time; and

8. Employ an acquisition strategy that appropriately allocates risk between the Government and the contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology. Prototypes require the same justification as other capital assets.

As a general presumption, OMB will recommend new or continued funding only for those capital asset investments that satisfy these criteria. Funding for those investments will be recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.

OMB recognizes that many agencies are in the middle of ongoing investments, and they may not be able immediately to satisfy the criteria. For those investments that do not satisfy the criteria, OMB will consider requests to use funds to finance additional planning, as necessary, to support the establishment of realistic cost, schedule, and performance goals for the completion of the investment. This planning could include: the redesign of work processes, the evaluation of alternative solutions, the development of information system architectures, and if necessary, the purchase and evaluation of prototypes. Realistic goals are necessary for agency portfolio analysis to determine the viability of the investment, to provide the basis for fully funding the investment to completion, and setting the baseline for management accountability to deliver the investment within goals.

Because OMB considers this information essential to agencies' long-term success, OMB will use this information both in preparing the Administration's budget and, in conjunction with cost, schedule, and performance data, as apportionments are made. Agencies are encouraged to work with their OMB representative to arrive at a mutually satisfactory process, format, and timetable for providing the requested information.

B. Costs and Benefits

The justification of the investment should evaluate and discuss the extent to which the investment meets the above criteria and should also include:

An analysis of the investment's total life-cycle costs and benefits, including the total budget authority required for the asset, consistent with policies described in OMB Circular A–94 (October 1992);

- An analysis of the risk of the investment (including how risks will be isolated, minimized, monitored, and controlled), and for major programs, an evaluation and estimate by the Chief Financial Officer of the probability of achieving the proposed cost goals;

- If after the Planning Phase, the procurement is proposed for funding in segments, an analysis showing that the proposed segment is economically and programmatically justified, that it is programmatically useful if no further investments are funded, and that in this application its benefits exceed its costs; and

- Cost, schedule, and performance goals for the investment (or the planning segment or useful asset being proposed) that can be measured throughout the acquisition process using a performance based management system, e.g., earned value management.

C. Principles of Financing

Principle 1: Full Funding

Budget authority sufficient to complete a useful segment of a capital project (investment) (or the entire capital project, if it is not divisible into useful segments) must be appropriated before any obligations for the useful segment (or project or investment) may be incurred.

Explanation: Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account at the

time decisions are made to provide resources. Full funding with regular appropriations in the budget year also leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. Full funding increases the opportunity to use performance-based fixed price contracts, allows for more efficient work planning and management of the capital project (or investment), and increases the accountability for the achievement of the baseline goals.

When full funding is not followed and capital projects (or investments) or useful segments are funded in increments, without certainty if or when future funding will be available, the result is sometimes poor planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major investments, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

Principle 2: Regular and advance Appropriations

Regular appropriations for the full funding of a capital project or a useful segment (or investment) of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, *see Principle 4 below.*

Explanation: Principle 1 (Full Funding) is met as long as appropriations provide budget authority sufficient to complete the capital project or useful segment or investment. Full funding in the budget year with regular appropriations alone is preferred because it leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. In contrast, full funding for a capital project (investment) over several years with regular appropriations for the first year and advance appropriations for subsequent years may bias tradeoffs in the budget year in favor of the proposed asset because with advance appropriations the full cost of the asset is not included in the budget year. Advance appropriations, because they are scored in the year they become available for obligation, may constrain the budget authority and outlays available for regular appropriations of that year

Principle 3: Separate Funding of Planning Segments

As a general rule, planning segments of a capital project (investment) should be financed separately from the procurement of a useful asset.

Explanation: The agency must have information that allows it to plan the capital project (investment), develop the design, and assess the benefits, costs, and risks before proceeding to procurement of the useful asset. This is especially important for high risk acquisitions. This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The construction of a prototype that is a capital asset, because of its cost and risk, should be justified and planned as carefully as the investment itself. The process of gathering information for a capital project (investment) may consist of one or more planning segments, depending on the nature of the asset. Funding these segments separately will help ensure that the necessary information is available to establish cost, schedule, and performance goals before proceeding to procurement. If budget authority for planning segments and procurement of the useful asset are enacted together, OMB may wish to apportion budget authority for one or several planning segments separately from procurement of the useful asset.

Principle 4: Accommodation of Lumpiness or "Spikes" and Separate Capital Acquisition Accounts

To accommodate lumpiness or "spikes" in funding justified capital acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency's total budget request.

Explanation: Large, temporary, year-to-year increases in budget authority, sometimes called lumps or spikes, may create a bias against the acquisition of justified capital assets. Agencies, working with OMB, should seek ways to avoid this bias and accommodate such spikes for justified acquisitions. Aggregation of capital acquisitions in separate accounts may:

- Reduce spikes within an agency or bureau by providing roughly the same level of spending for acquisitions each year;
- Help to identify the source of spikes and to explain them. Capital acquisitions are more lumpy than operating expenses and with a capital acquisition account, it can be seen that an increase in operating expenses is not being hidden and attributed to one-time asset purchases;
- Reduce the pressure for capital spikes to crowd out operating expenses; and
- Improve justification and make proposals easier to evaluate, since capital acquisitions are generally analyzed in a different manner than operating expenses (e.g., capital acquisitions have a longer time horizon of benefits and life-cycle costs).

D. Risk Management

Risk management should be central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may contribute to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. For each major capital project (investment), a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems.

The investment cost, schedule and performance goals established through the Planning Phase of the investment are the basis for approval to procure the asset and the basis for assessing risk. During the Procurement Phase, performance-based management systems (earned value management system) must be used to provide contractor and Government management visibility on the achievement of, or deviation from, goals until the asset is accepted and operational. If goals are not being met, performance-based management systems allow for early identification of problems, potential corrective actions, and changes to the original goals needed to complete the investment and necessary for agency portfolio analysis decisions. These systems also allow for Administration decisions to recommend meaningful modifications for increased funding to the Congress, or termination of the investment, based on its revised expected return on investment in comparison to alternative uses of the funds. Agencies must ensure that the necessary acquisition strategies are implemented to reduce the risk of cost escalation and the risk of failure to achieve schedule and performance goals. These strategies may include:

- Having budgetary resources appropriated in separate capital asset acquisition accounts;

- Apportioning budget authority for a useful segment;

- Establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which if not met may result in cancellation of the acquisition;

- Selecting types of contracts and pricing mechanisms that are efficient and that provide incentives to contractors in order to allocate risk appropriately between the contractor and the Government;

- Monitoring cost, schedule, and performance goals for the investment (or the planning segment or useful asset being proposed) using a performance-based management system, e.g., earned value management system.

- If progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds, instituting senior management review of the investment through portfolio analysis to determine the continued viability of the investment with modifications, or the termination of the investment, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives.

APPENDIX 7

COMPETITIVE SOURCING AND OMB CIRCULAR A–76

Office of Management and Budget (OMB) Circular No. A–76, Performance of Commercial Activities, (May 29, 2003 as amended on August 15, 2003), establishes Federal policy for the use of public-private competition to determine the best and most cost-effective public or private sector provider of commercial activities that are needed to support agency missions. The Circular provides guidance and procedures for determining whether recurring commercial activities should be provided through contracts with commercial sources, through in-house resources using Government facilities, equipment, and personnel, or through fee-for-service agreements with other Federal agencies.

The reasoned and responsible use of public-private competition can bring cost control and better performance to the daily commercial tasks that support government operations. Competition serves as a catalyst for the consolidation, restructuring, or reengineering of commercial activities, the leveraging of new technologies, workforce realignments, the adoption of clearer performance standards and quality assurance surveillance plans (QASPs), and the restructuring of contract support. On average, agencies achieve cost savings, or cost avoidances, of between 20–50 percent from public-private competition, irrespective of whether the selected provider is a federal source or a private sector contractor.

Under the President's Management Agenda, agencies have been asked to develop competition plans that lay out a reasoned approach for the consideration of competition as a management tool, shaped around an agency's mission and workforce mix. Agencies may consider a number of factors to identify which activities are the best candidates for competition, including: private sector capability and availability of the function in the marketplace; the efficiency of current operations; customer satisfaction with current operations; long-term demand for the function; and a variety of human capital considerations (e.g., the extent to which the activity faces a high rate of attrition or skill imbalances).

When an agency determines that it needs a new asset (e.g., desk top computers, aircraft), the Circular can help the agency determine whether it is more cost-effective to acquire the asset with associated maintenance or, instead, satisfy the need through the acquisition of a service (e.g., seat management, flight services). Where a decision is made to buy an asset, the Circular can also help an agency decide if maintenance should be provided by in-house personnel or instead by a private sector contractor.

Consistent with the general principles discussed in this Guide, most public-private competitions will entail: (1) the development of a performance-based statement of work to give potential providers sufficient latitude to offer the best and most innovative solutions to meet the agency's needs; (2) the performance of a management study to identify the government's most efficient organization; (3) issuance of a solicitation to both public and private sector providers that provides for the consideration of alternative solutions in a reasoned and structured manner; (4) identification of the full cost of performance to the government (which, for public providers is

determined in accordance with standard costing principles established in the Circular); and (5) impartial evaluation of offers.

Irrespective of the source selected through public-private competition, Circular A–76 requires that the agency hold the provider accountable for achieving results. Accordingly, if the customer agency selects a private sector contractor, the customer must administer the contract in accordance with the Federal Acquisition Regulation. In particular, the customer must have a QASP and a team in place to implement the plan and evaluate the contractor's performance on an ongoing basis. Similarly, if the customer agency selects a federal service provider, the customer and service provider must enter into an inter-agency agreement that identifies the workload, performance levels, method of quality surveillance, and the cost for performance.

Additional information regarding the use of competitive sourcing as a management tool and Circular A–76 may be found at:

http://www.whitehouse.gov/omb/procurement/index_comp_sourcing.html;

http://sharea76.fedworx.org/inst/sharea76.nsf/CONTDEFLOOK/HOME-INDEX/;

http://www.caoc.gov/; and

http://results.gov

APPENDIX 8

VALUE MANAGEMENT

The value management methodology (also known as value analysis, value engineering, value planning, etc.) should be considered for use in the Planning and Budgeting, Acquisition, and Management-In-Use Phases of capital programming. The value methodology uses a systematic job plan to identify essential functions necessary to accomplish an activity, analyze those functions, and generate alternatives to secure them at their greatest worth on a life-cycle benefit-to-cost basis. By following the process defined in the job plan, the use of the value methodology will facilitate the selection, through evaluation and analysis of the "best value" alternative for those functions. The process provides plans and actions to acquire and implement the selected alternatives. The IPT may employ the use of the value management methodology in several ways; including a professional value management specialist as a member of the team, using team leaders trained in the value management methodology, or using value specialists (either agency employees or industry consultants) to perform studies.

Planning Phase

This process has seven elements which define capital asset needs in terms of the performance and functional requirements necessary to meet an agency's strategic goals. The seven elements are:

1. Selection of the Function/Process to be studied.

2. Determination of why the function is performed. The need for the function itself may be questioned by asking: "What does it do?"

3. Information gathering. This is the collection and assembly of all necessary information concerning the selected study item. This provides an understanding of what is to be accomplished through the performance of the function and provides answers to the questions: "What does it cost?" and "What is the function worth?"

4. Development of alternatives. This is the single most important element of the process. The use of free imagination, tempered with experience, will develop the best ideas. In initial brainstorming sessions, all ideas, even the wildest, should be duly recorded and encouraged. Many times, the most progressive, breakthrough ideas, with the greatest payoff, will come from near or beyond the edge of the current function paradigms in the area being studied. This element provides answers to the question, "What are the different ways this function can be performed?"

5. Analysis of alternatives. The purpose of this analysis process is to eliminate those ideas that are technically or financially unfeasible in order to permit the selection of alternatives for further feasibility testing based on the resulting cost estimates. This element will answer the question, "What is the cost of the selected alternative?"

6. Feasibility testing and function verification. This determines that the selected alternative can perform the required function and is technically feasible. A viable alternative must provide the essential function performance and be capable of being implemented. This element answers three questions for each selected alternative: "Is the alternative feasible?"; "Does the alternative provide the essential function?" and "Does the alternative meet the definition of function worth?"

7. Implementation and follow-up. This is the selection of the final alternative, documentation of the decision, and preparation of the necessary implementation plans. Integrating schedules and funding requirements documents into the agency capital plan is part of this element.

Procurement Phase

The agency should include the FAR Part 48, Value Engineering, requirements in its contracts and actively encourage the contractor(s) to identify potential cost savings, along with schedule and performance enhancements.

Management-In-Use Phase

The use of statistical process control, Pareto analysis and the value management function analysis methodology can be used to analyze performance data to determine whether the asset is meeting cost and performance goals and can help identify if there are better ways for the asset to meet its life-cycle cost and performance goals.

The IPT may perform the value management function by including a professional value management specialist as a member of the team, using team leaders trained in the value management methodology, or using value process facilitators (either agency employees or commercial consultants) to perform the value management studies.

APPENDIX 9

COST ESTIMATING

Introduction

Credible cost estimates are vital for sound management decision making and for any program/capital project to succeed. Early emphasis on cost-estimating during the planning phase is critical to successful life cycle management of a program/project. As requirements and approaches vary based on the Agency's mission, agencies have to develop a cost estimating capability—collecting, managing and sharing cost data that best meets their mission needs.

This Appendix is based on the Government Accountability Office's (GAO) guide to their auditors on how to evaluate an Agency's cost estimating process, and the reliability and validity of the data used to develop the cost estimates. Following these guidelines will help agencies to meet most cost estimating requirements. Individual cost estimating guides are also available from, or are in use by, several government agencies including several DOD Service branches, NASA, and the Department of Energy.

Cost Estimating and its Role in Managing Capital Assets

A disciplined Cost Estimating process provides greater information management support, more accurate and timely cost estimates, and improved risk assessments that will help to increase the credibility of capital programming cost estimates. Cost Estimation, touches on various disciplines such as accounting, economics, management science, engineering, statistics, probability, etc. Combining these disciplines and using them effectively produces sound cost estimates which can be used in preparing annual budgets, in developing net present value or other return on investment estimates, in improving life cycle management of various capital assets with more reliable performance baselines and earned value management), evaluation of alternatives through cost-benefit analysis, risk assessment and so forth.

Types of Government Cost Estimates

Capital cost estimating attempts to predict future capital expenditures even though not all factors and conditions of the investment are fully defined. There are many different types of cost estimates that Agencies develop for various purposes and at different phases of the life cycle. For each type of estimate, bases (ground rules) and assumptions are spelled out. Some key challenges in performing the estimates are: that insufficient data is available; the program scope is not fully defined; the availability of resources is not definitive; and that risks are not fully determined.

The following are types of cost estimates used in the program life-cycle:

- **Conceptual Cost Estimate:** This is used early in the Planning Phase of the acquisition life cycle and is often based on a one-to-one comparison with an existing system similar to the system being proposed .
- **Preliminary Cost Estimates:** This is used as more details are available and for preparing budgets.
- **Detailed or Engineering Cost Estimates:** This is a bottoms-up estimate using the detailed WBS structure to price out discrete components, such as material, design hours, labor, off the shelf software, etc.;
- **Definitive Cost Estimate:** This is used late in the acquisition life cycle during the Project Control Phase, based on actual cost data, available from the same system at an earlier time. The Earned Value Management concept is used to arrive at the Estimate at Completion (EAC).
- **Life Cycle Cost (LCC) Estimate**: This estimate provides the total cost to the Government of acquisition and ownership of the system over its full life time. It includes the cost of development, acquisition, support, and (where applicable) disposal.
- **Independent Cost Estimate (ICE):** This estimate is based on the same scope as the LCC, except that it is prepared by an independent review team using independent data sources and cost estimating approaches.
- **Independent Government Cost Estimate (IGCE):** This estimate is prepared for evaluating and validating contractor proposals presented during the Acquisition Phase. This is prepared from the offeror's point of view and is based on the scope of work outlined in the solicitation.

Techniques of Cost Estimating

Many techniques can be used for cost estimating, from simple arithmetical calculations, to complex mathematical models with numerous variables. Some of the techniques (as defined by DOD –DAU) are:

- **Analogy:** Used early in the acquisition life cycle based on a one-to-one comparison with an existing system similar to the system you are designing;
- **Parametric:** Uses statistical analysis from a number of similar systems and their relationship to your system.
- **Engineering:** A bottoms-up estimate using the detailed WBS structure to price out discrete components, such as material, design hours, labor, etc.;
- **Extrapolation-from-actual-costs:** Method used late in the acquisition life cycle after actual cost data are available from the same system at an earlier time.

Cost Estimating Methodology

To keep the estimate current, accurate and valid, the cost estimating process is continuously updated, based on the latest information available. As the project matures the availability of valid data increases. The major steps in the cost estimating process are as follows:

- Based on preliminary project scope, prepare a high level Work Breakdown Structure (WBS)—generally three levels deep.
- Define the Ground Rules and Assumptions including technical, economic, schedule, business and other factors. These assumptions need to be realistic, and continuously reviewed and updated, as the scope of the project becomes better defined with the passage of time.
- Develop Data: Collect, identify and analyze data for the cost estimate. Data (accurate, relevant, and correct confidence level) is the most important piece of the cost estimate, is time consuming to prepare properly, and includes cost drivers for the cost estimate and risk. Agencies need to develop the capability to collect, identify, and analyze data from various sources such as previous in-house projects, outside parties (professional organizations, vendors and others engaged in the industry), various procurement/contract data, project management data, accounting/financial management systems and other sources. Most data is in raw form and must be normalized using learning curves and other methods, so that they are comparable and consistent. The normalized data is then adjusted to make them useable for the specific project. All data, including any adjustments made, should be thoroughly documented so an audit trail is established for verification purposes.
- Select/Construct Cost Model: Select the most appropriate tool/model or create a model to estimate the cost. Document factors that influence the selection process such as data and resource availability, schedule and cost.
- Develop the Estimate: Based on the Ground Rules and Assumptions, and using the normalized/adjusted data, develop the cost estimate and the level of confidence using the various risk factors,
- Perform the sensitivity analysis: Once the estimate is developed, decision makers want and need to know how sensitive the total cost estimate is to changes in the data input. Therefore, a sensitivity analyses is performed to identify the major cost drivers for the estimate. Sensitivity analyses determine how the different ranges of estimates effect the estimates. Cost drivers are those variables that when changed in value, create the greatest changes in cost. Generally many initial assumptions made in the early phases of a project's definition will, in later phases, be found to be inaccurate.
- Develop Contingency Reserve: Based on the confidence level, a contingency allowance is used to cover the items of cost which are not known exactly at the time of the estimate. A Preliminary Estimate generally has a confidence level of 70 percent while a Definitive Estimate will have a confidence level of 90 percent. Contingency allowances of 30 percent and 10 percent respectively, would be added to the preliminary estimate and definitive estimate respectively.
- Document Cost Estimate: Explain the cost estimating process used, and document how the cost estimates were prepared so that the quality of the estimate could be determined. Perform a peer review. Proper documentation will increase the credibility and facilitate information sharing, and make these estimates usable in the future.
- Update Cost Estimate: On a regular basis keep the cost estimates current. . Such quality data is needed for decision making using "what if" models and to project the impact of alternative decisions.

Application of Cost Estimating

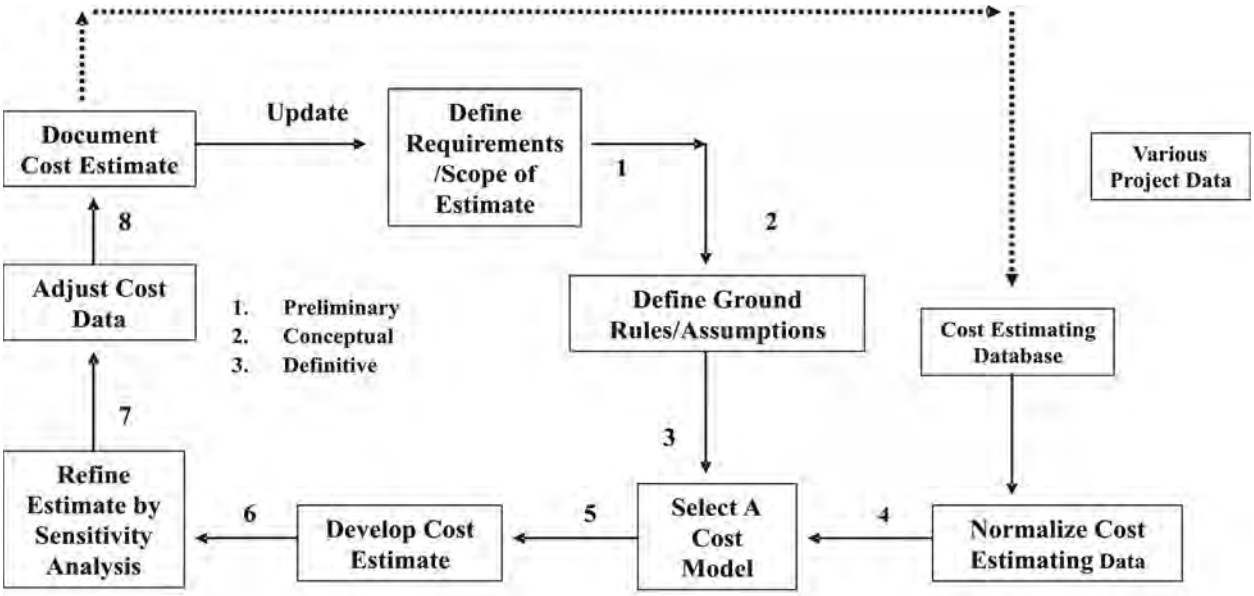
- Capital budget estimates: Using these estimating techniques and processes, Agencies can develop more reliable, and accurate capital budget estimates for funding acquisition programs with realistic schedules. This may be submitted to OMB through Exhibit 300 during the Agency budget submittal cycle.
- Cost and benefit studies: Through cost and benefit studies, Agencies can determine the best investments meeting the Agency mission, goals and objectives.
- Life Cycle Cost: The project's Life Cycle Cost helps management to make the right decision.
- Project Management: Determines the project's PMB and identify risks which is managed through the EVM technique and through pre-award/or post-award IBRs.
- Risk Analysis: Cost estimates at various stages of the program identify the nature of the risk and its impact on the program. As the program matures, the uncertainties are reduced as the design and development processes are known. Therefore through the use of EVM, risks are managed. Management reserves are defined for the use by the Program Manager

Conclusion:

Understanding the type of estimating technique is important for providing a useful estimate to the decision makers. Cost estimates are key elements of a project plan, so project personnel expend considerable effort preparing them. They provide the basis for assessing the total requirement and the recommended phasing of budgets. Obtaining accurate cost estimates can be difficult for complex projects which involve new technologies and require extensive time to complete. While managers sometimes feel pressured to provide optimistic estimates in order to obtain project go-ahead approval, a poor cost estimate can create an un-executable plan. A project with an inaccurate cost estimate undermines the process for developing an optimal portfolio of capital projects and when the funding shortage becomes apparent, may lead to significant de-scoping or termination of the project.

References:

GAO Cost Estimating Guide for Government Auditors (Draft—2005)
DOD/DAU—Integrated Defense Acquisition, Technology and Logistics Life Cycle Management Framework



Flow Chart Cost Estimating Model

APPENDIX 10

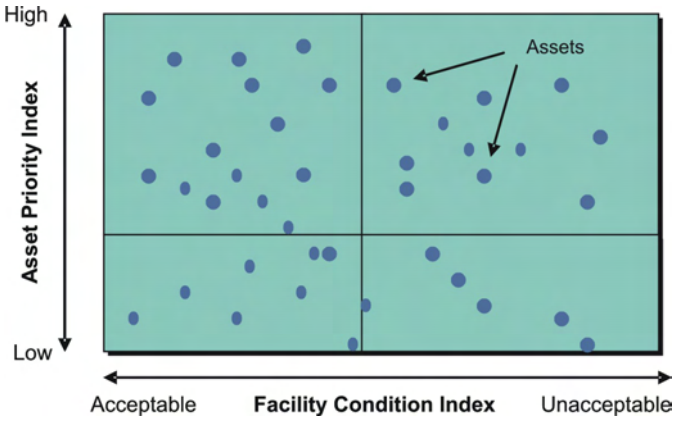
Disposition Decision Models

Real Property Assessment Models

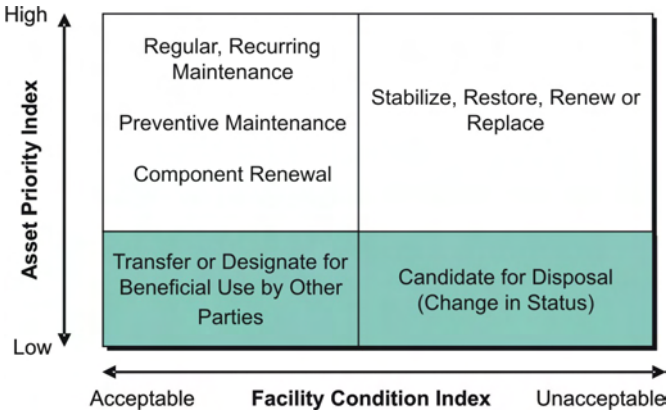
Disposition of an asset results in a change in its status that is accomplished through either employing a disposal option (such as sale, demolition, deconstruction or transfer) or a retention option (such as alteration for another use, doing nothing/hazard prevention or interim leasing). Initiating a disposition program for the asset portfolio ensures that managers are able to properly identify assets that may no longer support the mission and are potential candidates for disposal, thereby freeing up resources for other uses. This applies to all assets, whether owned, leased, or acquired through another means.

Asset Prioritization

Prioritizing assets based on their importance to mission is one of the most significant criteria used in both focusing reinvestment funds and finding candidates for disposition. The adjacent diagram shows an example of a distribution of assets graphed by their importance to mission and their condition. Graphical representations such as this scatter diagram can be a useful tool in segmenting and presenting asset portfolios. Other performance indicators such as cost or utilization can also be used for portfolio analyses such as finding opportunities for consolidation.



The use of the tools such as this Asset Priority Index (API), help managers identify the most important assets, and therefore, provides a logical continuum for which to direct limited funding. In addition, the use of the API is not only important in developing deferred maintenance and component renewal projects, it is equally important when planning for operations, recurring maintenance, and preventive maintenance and changes in asset status (e.g., expansion, consolidation, and disposal).



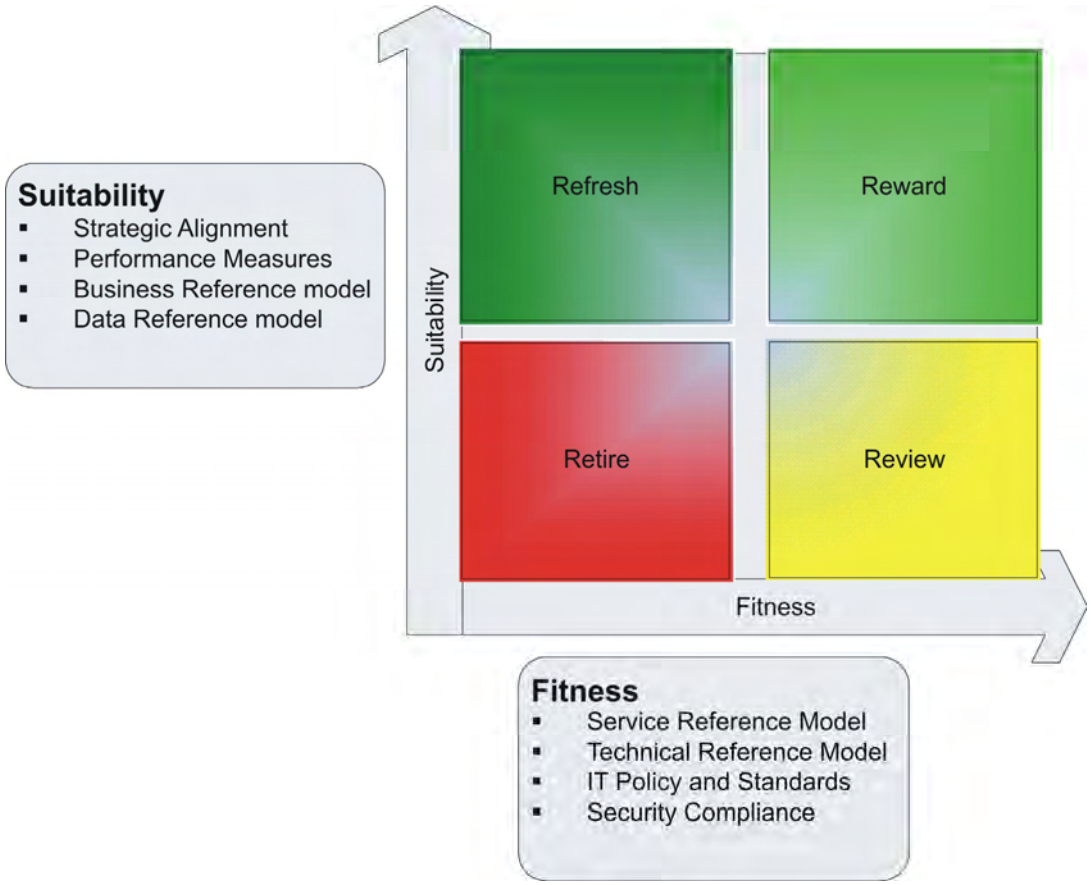
The area highlighted in the adjacent chart shows where an asset no longer supports the mission of the site or bureau or that has reached the end of its useful life. It is at this point in an asset's life-cycle that a manager should consider asset disposition. In this part, the disposition of an asset is considered which can result in:

1. The disposal of an asset and removal from the inventory; or
2. Retention of the asset with a change in its status within the inventory.

Traditionally, many Agencies' disposal programs consist of waiting for field offices to alert management of a vacant facility. Under the concept of continuous monitoring, the disposition of an asset should be a pro-active process that occurs at the portfolio level.

IT Assessment Models

A similar approach can be utilized for continuous monitoring of IT assets. The results can be used to identify candidates for disposition.



The business case for disposal is clear: resources are limited. Inefficient and underutilized assets waste those limited resources, detracting from an Agency's ability to fund capital improvements and deferred maintenance for those assets critical to supporting the agency mission.

APPENDIX 11

Federal Sustainability

The Federal Government has many Executive Order and statutory goals designed to protect the environment, conserve energy, minimize waste and promote federal leadership as good stewards of our natural resources. Sustainability has become the overarching theme for incorporating these concepts in a cost-effective and sensible manner. In November 2004 and January 2006, memoranda of understanding (MOUs) were signed by a majority of federal agencies to consider sustainability in two major areas: electronics and buildings. The main objective of these MOUs is that the federal government should plan, acquire, site, design, build, operate, maintain and ultimately dispose (or plan for reuse) of both its electronics and facilities in a manner that achieves our agencies' functional missions, uses sound financial practices, and provides a healthy and safe workplace, all while protecting and sustaining the environment. As emphasized in the introduction to the Capital Programming Guide, agencies need to consider all phases in the capital assets' lifecycle, including deconstruction or reuse. Some sustainability considerations are highlighted below.

Buildings & Facilities:

- Integrate these concepts into the design process and establish performance goals
- Use Commissioning to ensure that they perform as intended
- Optimize energy performance; improve energy efficiency
- Protect and conserve water with indoor and outdoor water use strategies
- Enhance indoor environmental quality such as thermal comfort, day lighting, and use of low-emitting materials (during construction and occupancy)
- Reduce the environmental impact of materials by specifying recycled, bio-based, and energy efficient products; eliminate the use of ozone depleting compounds and recycle and salvage construction waste.

Electronics:

- Acquire computer products that are EPEAT-registered
- Ensure that energy star features are enabled on computer monitors
- Develop policies and programs to extend the life of all electronic equipment
- Plan upfront for recycling, reuse, donation or take-back at end-of-life phase

Other:

- Land use and regional planning including watersheds and airsheds
- Physical and energy security
- Sustainable materials designed for cradle to cradle with full life cycle analysis
- Flexible assemblies, design for longevity, adaptive reuse, deconstruction

Resources:
MOU on Sustainable Green Buildings, 1/24/06
Energy Policy Act of 2005 (Publ. L. No. 109-58), §§ 104 and 109
Electronic Product Environmental Assessment Tool (EPEAT) (http://www.epeat.net)
USGBC Leadership in Energy and Environmental Design "LEED" (http://www.usgbc.org)

APPENDIX 12

Scoring Process to Rank Proposed Capital Assets

A Example of Criteria and Scoring Process to Rank Proposed Capital Assets

	Capital Asset (l thru n)	Weight
DECISION CRITERIA	SCORING	%
Overall Risk Factors		Weights for Risks Σ=100%
Investment Size—How large is the proposed investment, especially in comparison to the overall budget?	1_____5_____10 Large Small	40
Project Longevity—Do projects adopt a modular approach that combines controlled systems development with rapid prototyping techniques? Are projects as narrow in scope and brief in duration as possible to reduce risk by identifying problems early and focusing on projected versus realized results?	1_____5_____10 Non-modular Modular	30
Technical Risk—How will proposed assets be integrated into existing ones? Will proposed investment take advantage of Commercially Available and Non-Developmental Items? How will the complexity of the asset's design effect the development of the project?	1_____5_____10 Experimental Established Custom Industry Standard	30
Sum of Overall Risk Factors		
Overall Return Factors		Weights for Returns Σ=100%
Business Impact or Mission Effectiveness—How will the asset contribute toward improvement in organizational performance in specific outcome-oriented terms?	1_____5_____10 Low High	25
Customer Needs—How well does the asset address identified internal and/or external customer needs and demands for increased service quality and timeliness or reductions in costs?	1_____5_____10 Low High	15
Quantitative Analysis—Is the benefit-cost analysis reliable and technically sound?	1_____5_____10 Risky Known estimates benefits	20
Organizational Impact—How broadly will the asset effect the organization (e.g., the number of offices, users, work processes, and other systems)?	1_____5_____10 Low High	25
Expected Improvement—Is the asset to be used to support, maintain, or enhance operational systems and processes (tactical) or designed to improve future capability (strategic)? Are any projects required by law, court ruling, Presidential directive, etc.? Is the project required to maintain critical operations—beneficiary checks, human safety, etc.—at a minimal operating level? What is the expected magnitude of the performance improvement expected from the asset?	1_____5_____10 Tactical: Strategic: Low High	15
Sum of Overall Return Factors		
Total Risk Adjusted Score = Weighted Sum of Overall Risk Factors + Weighted Sum of Overall Return Factors		

APPENDIX 13

JUSTIFICATION OF SPENDING FOR NEW CAPITAL ASSETS

Statement of Agency Mission, Strategic Goals and Objectives, and Annual Performance Plans

The Agency Capital Plan should begin with a summary of the agency mission, strategic goals and objectives, and Annual Performance Plan. This is a summary of the analysis done in Step I.

Description of the Planning Phase

The Agency Capital Plan should describe its planning process and the phase's key decision points. It should include: a description of the Executive Review Process discussed in Section I.6.1. of the Guide; the role of the IPT; and decision points in the process to determine whether assets should be acquired and whether the acquisition should be terminated if cost, schedule, and performance goals are not met.

Baseline Assessment and Identifying the Performance Gap

This section of the Agency Capital Plan should be a summary of the work done in Section 2. It should help lay the groundwork for justifying the need for new acquisitions.

- Examining the existing portfolio. An examination of the existing portfolio of assets is encouraged in order to identify capital assets currently in use and in procurement that can help meet program objectives. This analysis will be the basis for assessing where there are gaps and whether funding for new assets should be proposed. The analysis should ensure that the assets are linked to mission needs. The analysis should be across programs and bureaus to identify cross-servicing, and should be over a multi-year horizon to ensure a dynamic analysis that anticipates future changes.

- Identifying the performance gap. This section should identify the performance gap. The gap identifies the agency objectives that cannot be met with existing assets and other resources. Asset inventory and current condition information should be made available here.

Justification of Spending for Proposed New Capital Assets

Agencies are encouraged to include in their Agency Capital Plan a section that justifies proposed spending on new capital assets, using the criteria described in this Step and expanded upon in Appendix Six, *Principles of Budgeting for Capital Asset Acquisitions*. The main elements of these principles are incorporated in the suggested sections of the justification discussed below. Agencies should feel free to use other justification criteria as well.

As a general presumption, OMB will recommend new or continued funding only for those capital asset investments that satisfy these criteria. Funding for those projects will be

recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or that there are multiple units that need to be acquired at the same time. (For more information, see OMB Circular A–11, Part 7, Planning, Budgeting and Acquisition of Capital Assets).

Basis for Selection of the Capital Asset

This section should justify the selection of the proposed asset.

- Statement of program objectives and functional requirements. This statement should be a summary of the analysis done in Sections I. through 1.3 as it relates to the proposed asset. The statement should identify program objectives from the annual performance plan, the performance gap, and the functional requirements for the asset. These requirements should be defined in terms of the mission, purpose, capability, agency components involved, schedule and cost objectives, and operating constraints. The requirements should not be defined in terms of equipment or software.

- Explanation of alternative ways of meeting the program objectives. This should be a summary of the analysis in Section I. 4, Alternatives to Capital Assets. It should review alternatives to meeting the program objective by means other than acquisition of the asset and explain why these alternatives were rejected.

- Explanation of why the acquisition of the proposed asset is the best alternative. This section should justify why the proposed asset is the best alternative for meeting the program objectives. It should summarize the analysis that appears largely in Section I.5, Choosing the Best Capital Asset. The explanation should be based on a benefit-cost analysis, including an analysis of life-cycle costs, and an analysis of how best to identify, monitor, manage, and control risk. The explanation should also include the baseline cost, schedule, and performance goals that will be the basis for the budget request and tracking of achievement of goals and demonstrate that the Comptroller or Chief Financial Officer has evaluated the cost goals to meet the FASA Title V requirements.

- Budget projections and financial forecasts. This section should draw from the elements above to give a year-by-year forecast of total projected budget authority and outlays for the asset to ensure that all relevant costs are understood in advance. The request should provide for full funding. (See Section I.7.2.2, *Principles of Financing*). This section should also discuss performance measures relevant to the asset, tied to agency mission and performance goals and objectives, and address cost-effectiveness.

Strategies for Strengthening Accountability for Achieving Goals

Once the acquisition is funded, the IPT is accountable for achieving the project cost, schedule and performance goals that are the basis used to obtain approval to acquire the asset. This section should discuss the strategies that will be used to manage the project during the Procurement Phase. These strategies should include:

- Having budget authority apportioned for a useful segment, if appropriate;

- Selecting types of contracts and pricing mechanisms that are efficient and provide incentives to contractors in order to allocate risk appropriately between the contractor and the agency;

- Monitoring cost, schedule, and performance goals for the project—or the useful segment being proposed—using an earned value management system. (Earned value is described in Appendix Three);

- Establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which, if not met, may result in termination of the acquisition; and

- Management actions, if progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds. (Senior management review of the project should be instituted to determine the continued viability of the project with modifications, or the termination of the project, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives.); and

- Proactive risk management approach and a process for identifying, analyzing and monitoring risks throughout the life-cycle of the investment

Staff Requirements

This section should discuss the management staff, both in-house and contracted, needed by the agency to manage the Acquisition Phase and the operations and maintenance staff projections, both in-house and contractor, for the Management-In-Use Phase.

Timing Issues, if Involved in a Multi-Agency Acquisition

Agencies are encouraged to explore multi-agency acquisitions where feasible. This section should discuss the timing of the support to be provided to the acquisition by the various agencies involved in the acquisition. These include the timing of fund transfers to the lead agency and the timing of use of the asset by the various agencies.

Plans for Proposed Capital Assets Once in Use

The Agency Capital Plan should discuss the costs associated with the asset's procurement, management-in-use, and ultimate disposal, and how these costs will be tracked by program managers.

Summary of Risk Management Plan

Planning, budgeting, and procurement of capital assets are not always a smooth process. In spite of careful planning, there are normally disruptions to the process, and the analysis of alternative ways of meeting program objectives should respond to disruptions quickly. The risk management plan developed in Section I.5.5 should be summarized in the Agency Capital Plan.

(This example is hypothetical, and does not represent the program or activity of any Federal agency)

AGENCY STRATEGIC PLAN (ASP)	Year 1 Budget Year (BY)	Year 2 BY +1	Year 3 BY +2	Year 4 * BY +3
Mission: ... prevent loss of life ...	ASP Submitted			
Outcome Goal: By year 4, hurricanes will cause 50 percent fewer fatalities than in Year 0 (100).	ASP Submitted			Goal measured**
Outcome Objectives: By year 4, the Neptune satellite will be operational. Predictive accuracy at 24 hours pre-landfall will increase from current 100 mile landfall range to 15 miles; and estimated barometric pressure (hurricane strength) at landfall will be within 3 millibars compared to current 25 millibar standard.	ASP Submitted			Objectives measured**
Description of resources, technologies, assets needed to achieve goals and objectives.	1 Neptune satellite	1 Booster rocket to launch Neptune satellite		1 Neptune II satellite
ANNUAL PERFORMANCE PLAN (APP)				
Outcome Goals and objectives measured.				Goals Referenced in ASP Program performance measured**
Output Goals defined and measured.		Satellite: - Issue RFPs for components - Evaluation - Award contracts	Satellite: - Assembly - Test - Acceptance Booster Rocket: - Issue RFP - Evaluation - Award contract	Satellite - Launch - Made fully operational Booster rocket: - Test - Acceptance - Launch satellite
Description of resources, technology, assets needed to achieve goals			1 Neptune satellite	1 Booster rocket
AGENCY CAPITAL PLAN				
Outcome Goal				Goal Referenced in ASP & APP
Output Goals				Goals Referenced in ASP & APP
Asset Procurement Goals	Neptune Satellite: - Capital Plan submitted - Funds included in budget - Congress appropriates	Satellite: - Issue RFPs for components - Evaluation - Award contracts Booster Rocket: - Capital plan submitted - Funds included in budget - Congress appropriates	Satellite: - Assembly - Test - Acceptance Booster Rocket: - Issue RFP - Evaluation - Award contract	Neptune II Satellite: - (Steps before including budget request for Neptune II satellite in Capital Plan.) Booster rocket: - Test - Acceptance - Launch satellite

* A revised/updated Strategic Plan would be required by year 4. Replacement satellite required, as Neptune I class satellite has 3 year operational life.
** Achievement of outcome goals and objectives in Strategic Plan is determined by including those goals and objectives in an Annual Performance Plan for the appropriate year, and using the Program Performance Report (or Accountability Report) to record and report on actual performance compared to the goals.

GLOSSARY

Appropriations. An appropriation provides budget authority that permits Government officials to incur obligations that result in immediate or future outlays of Government funds.

Regular annual appropriations. These appropriations are:

- *enacted* normally in the current year;
- *scored* entirely in the budget year; and
- *available for obligation* in the budget year and subsequent years if specified in the language. (See "Availability," below.)

Availability. Appropriations made in appropriations acts are available for obligation only in the budget year unless the language specifies that an appropriation is available for a longer period. If the language specifies that the funds are to remain available until the end of a certain year beyond the budget year, the availability is said to be "multi-year." If the language specifies that the funds are to remain available until expended, the availability is said to be "no-year." Appropriations for major procurements and construction projects are typically made available for multiple years or until expended.

Assets. Tangible or intangible items owned by the Federal Government which would have probable economic benefits that can be obtained or controlled by a Federal entity (adapted from *SFFAS No. 6*, *Elements of Financial Statements,* and *Kohler's Dictionary for Accounting*).

Baseline Goals. Baseline cost, schedule, and performance goals will be the standard against which actual work is measured. They will be the basis for the annual report to the Congress required by FASA Title V on variances of 10 percent or more from cost and schedule goals and any deviation from performance goals. The goals, and any changes to the goals, must be approved by OMB.

- ***Cost and schedule goals***. The baseline cost and schedule goals should be realistic projections of total cost, total time to complete the project, and interim cost and schedule goals. The interim cost and schedule goals should be based on the value of work performed or a comparable concept. Appendix Three illustrates the earned value concept for establishing cost and schedule goals, one of several concepts that could be used.

- ***Performance goals***. Sets a target level of performance over time expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value or rate. A performance goal is comprised of a performance measure with targets and timeframes

- ***Illustrative major milestones in establishing goals***. Illustrative major milestones in establishing or proposing revised baseline goals could be:

  - agency mission analysis, process design, and requirements development;

- agency submission and justification to OMB;
- approval for inclusion in the Administration's budget proposal to Congress;
- enactment of appropriations;
- before and after the contract or contracts are signed; and
- other times after the contracts are signed, depending on circumstances.

Budget Authority. Budget authority (BA) is the authority provided by Federal law to incur financial obligations that will result in outlays.[3] Most budget authority for acquisitions is in the form of appropriations; other types are contract authority, authority to borrow, and spending authority from offsetting collections.[4]

Capital Assets. See Appendix 1.

Capital Programming. See OMB Circular A–11, Part 7 definition on page 2.

Capital Project and Useful Segments of a Capital Project. The total capital project, or acquisition of a capital asset, includes useful segments that are either planning segments or useful assets.

- **Planning segments**. A planning segment of a capital project provides information that allows the agency to develop the design; assess the benefits, costs, and risks; and establish realistic baseline cost, schedule, and performance goals before proceeding to full acquisition of the useful asset (or canceling the acquisition). This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. If the project includes a prototype that is a capital asset, the prototype may itself be one segment or may be divisible into more than one segment.

- **Useful asset**. A useful asset is an economically and programmatically separate segment of the asset or whole asset that may be procured to provide a useful asset for which the benefits exceed the costs, even if no further funding is appropriated. The total capital asset procurement may include one or more useful assets, although it may not be possible to divide all procurements in this way. Illustrations follow:

[3] This is consistent with the definition of budget authority contained in Section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Omnibus Budget and Reconciliation Act of 1990.

[4] OMB Circular A-11 explains budget authority in more detail.

Illustration 1. If the construction of a building meets the justification criteria and has benefits greater than its costs without further investment, then the construction of that building is a "useful segment." Excavation is not a useful segment because no useful asset results from the excavation alone if no further funding becomes available. For a campus of several buildings, a useful segment is one complete building if that building has programmatic benefits that exceed its costs regardless of whether the other buildings are constructed, even though that building may not be at its maximum use.

Illustration 2. If the full acquisition is for several items (e.g., aircraft), the useful segment would be the number of complete aircraft required to achieve benefits that exceed costs, even if no further funding is available. In contrast, some portion of several aircraft (e.g., engines for five aircraft) would not be a useful segment if no further funding is available, nor would one aircraft be a useful segment if two or more are required for benefits to exceed costs.

Illustration 3. For information technology, a module (the information technology equivalent of "useful segment") is separable if it is useful in itself without subsequent modules. The module should be designed so that it can be enhanced or integrated with subsequent modules if future funding becomes available.

Commercially Available Off-The-Shelf (COTS) Item. Any item, other than real property, that is of a type customarily used by the general public for nongovernmental purposes, and that has been sold, leased, or licensed to the general public; is sold, leased, or licensed in substantial quantities in the commercial marketplace; and is offered to the Government, without modification, in the same form in which it is sold, leased, or licensed in the commercial marketplace.

Cost. Defined in SFFAC No. 1, *Objectives of Federal Financial Reporting*, as the monetary value of resources used. Defined more specifically in SFFAS No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*, as the monetary value of resources used or sacrificed or liabilities incurred to achieve an objective, such as to acquire or produce a good or to perform an activity or service. Depending on the nature of the transaction, cost may be charged to operations immediately (i.e., recognized as an expense of the period) or to an asset account for recognition as an expense of subsequent periods. In most contexts within SFFAS No. 7*, Accounting for Revenue and Other Financing Sources*, "cost" is used synonymously with expense. See also, "Full Cost."

Efficiency measures. While outcome measures provide valuable insight into program achievement, more of an outcome can be achieved with the same resources if an effective program increases its efficiency. Agencies are encouraged to develop efficiency measures. Sound efficiency measures capture skillfulness in executing programs, implementing activities, and achieving results, while avoiding wasted resources, effort, time, and/or money. Simply put, efficiency is the ratio of the outcome or output to the input of any program.

Full Cost. All direct and indirect costs to any part of the Federal Government of providing goods, resources, and services (OMB Circular A–25: *User Charges* (July 8, 1993)). . The total amount of resources used to produce the output. More specifically, the full cost of an output

produced by a responsibility segment is the sum of: (1) the costs of resources consumed by the responsibility segment that directly or indirectly contribute to the output; and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity and by other reporting entities (SFFAS No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*).

Funding. There are two types of funding for projects: (1) Full funding means that appropriations are enacted that are sufficient in total to complete a useful segment of a capital project (investment) before any obligations may be incurred for that segment. When capital projects (investments) or useful segments are incrementally funded, without certainty if or when future funding will be available, it can result in poor planning, acquisition of assets not fully justified, higher acquisition costs, projects (investments) delays, cancellation of major projects (investments), the loss of sunk costs, or inadequate funding to maintain and operate the assets. Budget requests for full acquisition propose for full funding. (2) Incremental (annual) funding means that appropriations are enacted that only fund an annual or other part of a useful segment of a capital project (investment). OMB or Congress may change the agency's request for full finding to incremental funding in order to accommodate more projects in a year than would be allowed with full funding.

Information Technology. Section 5002 (3) of the Clinger-Cohen Act defines information technology as follows:

> "(3) INFORMATION TECHNOLOGY.
>
> (A) The term "information technology", with respect to an executive agency means any equipment or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the executive agency. For purposes of the preceding sentence, equipment is used by an executive agency if the equipment is used by an executive agency directly or is used by a contractor under a contract with the executive agency which (i) requires the use of such equipment, or (ii) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product.
>
> (B) The term "information technology" includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources.
>
> (C) Notwithstanding subparagraphs (A) and (B), the term "information technology" does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract."

Information Technology Systems for National Security. Section 5142 of ITMRA defines a national security system as follows:

> "(a) DEFINITION. In this subtitle, the term "national security system" means any telecommunications or information system operated by the United States Government, the function, operation, or use of which:

1. involves intelligence activities;
2. involves cryptologic activities related to national security;
3. involves command and control of military forces;
4. involves equipment that is an integral part of a weapon or weapons system; or
5. subject to subsection (b), is critical to the direct fulfillment of military or intelligence missions.

(b) LIMITATION. Subsection (a)(5) does not include a system that is to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications)."

Integrated Project Team (IPT). Integrated Project Team means a multi-disciplinary team led by a project manager responsible and accountable for planning, budgeting, procurement and life-cycle management of the investment to achieve its cost, schedule, and performance goals. Team skills include: budgetary, financial, capital planning, procurement, user, program, architecture, earned value management, security, and other staff as appropriate.

Life-cycle Costs. Life-cycle costs of an asset are all direct and indirect initial costs, including planning and other costs or procurement; all periodic or continuing costs of operation and maintenance; and costs of decommissioning and disposal.

Nation's Integrated Industrial Base. The nation's integrated industrial base includes those companies with facilities, design and manufacturing processes, and technologies capable of servicing both commercial and government needs.

Non-developmental Item (NDI). Any previously developed item of supply used exclusively for governmental purposes by a Federal agency, a state, or local government that requires only minor modifications or modifications of a type customarily available in the commercial marketplace.

Outcome Measure. Outcomes describe the intended result of carrying out a program or activity. They define an event or condition that is external to the program or activity and that is of direct importance to the intended beneficiaries and/or the public. For a tornado warning system, outcomes could be the number of lives saved and property damage averted. While performance measures must distinguish between outcomes and outputs, there must be a reasonable connection between them, with outputs supporting (i.e., leading to) outcomes in a logical fashion.

Outlay. The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate a federal obligation. Outlays also occur when interest on the Treasury debt held by the public accrues and when the Government issues bonds, notes, debentures, monetary credits, or other cash-equivalent instruments in order to liquidate obligations. Also, under credit reform, the credit subsidy cost is recorded as an outlay when a direct or guaranteed loan is disbursed.

Output Measure. Outputs describe the level of activity that will be provided over a period of time, including a description of the characteristics (e.g., timeliness) established as standards for the activity. Outputs refer to the internal activities of a program (i.e., the products and services

delivered). For example, an output could be the percentage of warnings that occur more than 20 minutes before a tornado forms.

Performance budget. A budget presentation that clearly links performance goals with costs for achieving a target level of performance. In general, a performance budget links strategic goals with related long-term and annual performance goals (outcomes) with the costs of specific activities to influence these outcomes about which budget decisions are made.

Performance Measurement. A means of evaluating efficiency, effectiveness, and results. Performance measurement should include program accomplishments in terms of outputs (quantity of products or services provided) and outcomes (results of providing outputs in terms of effectively meeting intended agency mission objectives). Indicators, statistics or metrics used to gauge program performance.

Program Risk-Adjusted Budget (PRB)—The total budget that represents the amount of resources and schedule expected to be needed to cover the risk of cost and schedule overruns to meet a 90 percent probability of project/program success. It is an amount held at a level above the program level to be released to the program when needed to cover risk that was not identifiable through an IBR, but that history indicates will cause cost and schedule overruns from the Performance Measurement Baseline through no fault of the program management process.

Project—ANSI/PMI 04–D1 Defines a project as a temporary (generally several years) endeavor undertaken to create a unique product or service, and a program as a group of projects managed in a coordinated way to obtain benefits not obtained from managing them individually. As the management principals are the same to achieve success that two terms are used interchangeably.

Strategic Goal or Strategic Objective. A statement of aim or purpose included in a strategic plan (required under GPRA). In a performance budget/performance plan, strategic goals should be used to group multiple program outcome goals. Each program outcome goal should relate to and in the aggregate be sufficient to influence the strategic goals or objectives and their performance measures.

Support Costs. Costs of activities not directly associated with production. Typical examples are the costs of automation support, communications, postage, process engineering, and purchasing.

Target. Quantifiable or otherwise measurable characteristic that tells how well a program must accomplish a performance measure.

OMB CIRCULAR NO. A-11

PART 8

APPENDICES

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JUNE 2006

APPENDIX A—SCOREKEEPING GUIDELINES

These budget scorekeeping guidelines are used by the House and Senate Budget Committees, the Congressional Budget Office, and the Office of Management and Budget (the "scorekeepers") in measuring compliance with the Congressional Budget Act of 1974 (CBA), as amended, and GRH, as amended. The purpose of the guidelines is to ensure that the scorekeepers measure the effects of legislation on the deficit consistent with established scorekeeping conventions and with the specific requirements in those Acts regarding discretionary spending, direct spending, and receipts. These rules are reviewed annually by the scorekeepers and revised as necessary to adhere to the purpose. They cannot be changed unless all of the scorekeepers agree. New accounts or activities are classified only after consultation among the scorekeepers. Accounts and activities cannot be reclassified unless all of the scorekeepers agree. Even though the Budget Enforcement Act expired at the end of 2002, the scorekeepers continue to apply these scorekeeping principles.

1. Classification of appropriations

A list of appropriations that are normally enacted in appropriations acts is included in the conference report of the Balanced Budget Act of 1997, House Report 105–217, pp. 1014–1053. The list identifies appropriated entitlements and other mandatory spending in appropriations acts, and it identifies discretionary appropriations by category.

2. Outlays prior

Outlays from prior-year appropriations will be classified consistent with the discretionary/mandatory classification of the account from which the outlays occur.

3. Direct spending programs

Entitlements and other mandatory programs (including offsetting receipts) will be scored at current law levels, as defined in section 257 of GRH, unless congressional action modifies the authorizing legislation. Substantive changes to or restrictions on entitlement law or other mandatory spending law in appropriations laws will be scored against the Appropriations Committee's section 302(b) allocations in the House and the Senate. For the purpose of CBA scoring, direct spending savings that are included in both an appropriations bill and a reconciliation bill will be scored to the reconciliation bill and not to the appropriations bill. For scoring under sections 251 or 252 of GRH, such provisions will be scored to the first bill enacted.

4. Transfer of budget authority from a mandatory account to a discretionary account

The transfer of budget authority to a discretionary account will be scored as an increase in discretionary budget authority and outlays in the gaining account. The losing account will not show an offsetting reduction if the account is an entitlement or mandatory program.

5. Permissive transfer authority

Permissive transfers will be assumed to occur (in full or in part) unless sufficient evidence exists to the contrary. Outlays from such transfers will be estimated based on the best information available, primarily historical experience and, where applicable, indications of Executive or congressional intent.

This guideline will apply both to specific transfers (transfers where the gaining and losing accounts and the amounts subject to transfer can be ascertained) and general transfer authority.

6. Reappropriations

Reappropriations of expiring balances of budget authority will be scored as new budget authority in the fiscal year in which the balances become newly available.

7. Advance appropriations

Advance appropriations of budget authority will be scored as new budget authority in the fiscal year in which the funds become newly available for obligation, not when the appropriations are enacted.

8. Rescissions and transfers of unobligated balances

Rescissions of unobligated balances will be scored as reductions in current budget authority and outlays in the year the money is rescinded.

Transfers of unobligated balances will be scored as reductions in current budget authority and outlays in the account from which the funds are being transferred, and as increases in budget authority and outlays in the account to which these funds are being transferred.

In certain instances, these transactions will result in a net negative budget authority amount in the source accounts. For purposes of section 257 of GRH, such amounts of budget authority will be projected at zero. Outlay estimates for both the transferring and receiving accounts will be based on the spending patterns appropriate to the respective accounts.

9. Delay of obligations

Appropriations acts specify a date when funds will become available for obligation. It is this date that determines the year for which new budget authority is scored. In the absence of such a date, the act is assumed to be effective upon enactment.

If a new appropriation provides that a portion of the budget authority shall not be available for obligation until a future fiscal year, that portion shall be treated as an advance appropriation of budget authority. If a law defers existing budget authority (or unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation, that law shall be scored as a rescission in the current year and a reappropriation in the year in which obligational authority is extended.

10. Contingent legislation

If the authority to obligate is contingent upon the enactment of a subsequent appropriation, new budget authority and outlays will be scored with the subsequent appropriation. If a discretionary appropriation is contingent on the enactment of a subsequent authorization, new budget authority and outlays will be scored with the appropriation. If a discretionary appropriation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority will be scored with the appropriation, and outlays will be estimated based on the best information about when (or if) the contingency will be met. If direct spending legislation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority and outlays will be scored based on the best information about when (or if) the contingency will be met. Non-lawmaking contingencies within the control of the Congress are not scoreable events.

11. Scoring purchases

When a law provides the authority for an agency to enter into a contract for the purchase, lease-purchase, capital lease, or operating lease of an asset, budget authority and outlays will be scored as follows:

For lease-purchases and capital leases, budget authority will be scored against the legislation in the year in which the budget authority is first made available in the amount of the estimated net present value of the Government's total estimated legal obligations over the life of the contract, except for imputed interest costs calculated at Treasury rates for marketable debt instruments of similar maturity to the lease period and identifiable annual operating expenses that would be paid by the Government as owner (such as utilities, maintenance, and insurance). Property taxes will not be considered to be an operating cost. Imputed interest costs will be classified as mandatory and will not be scored against the legislation or for current level but will count for other purposes.

For operating leases, budget authority will be scored against the legislation in the year in which the budget authority is first made available in the amount necessary to cover the Government's legal obligations. The amount scored will include the estimated total payments expected to arise under the full term of a lease contract or, if the contract will include a cancellation clause, an amount sufficient to cover the lease payments for the first fiscal year during which the contract is in effect, plus an amount sufficient to cover the costs associated with cancellation of the contract. For funds that are self-insuring under existing authority, only budget authority to cover the annual lease payment is required to be scored.

Outlays for a lease-purchase in which the Federal government assumes substantial risk (for example, through an explicit Government guarantee of third party financing) will be spread across the period during which the contractor constructs, manufactures, or purchases the asset. Outlays for an operating lease, a capital lease, or a lease-purchase in which the private sector retains substantial risk will be spread across the lease period. In all cases, the total amount of outlays scored over time against legislation will equal the amount of budget authority scored against that legislation.

No special rules apply to scoring purchases of assets (whether the asset is existing or is to be manufactured or constructed). Budget authority is scored in the year in which the authority to purchase is first made available in the amount of the Government's estimated legal obligations. Outlays scored will equal the estimated disbursements by the Government based on the particular purchase arrangement, and over time will equal the amount of budget authority scored against that legislation.

Existing contracts will not be rescored.

To distinguish lease purchases and capital leases from operating leases, the following criteria will be used for defining an operating lease:

- Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease period.
- The lease does not contain a bargain-price purchase option.
- The lease term does not exceed 75 percent of the estimated economic lifetime of the asset.
- The present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the inception of the lease.
- The asset is a general purpose asset rather than being for a special purpose of the Government and is not built to unique specification for the Government as lessee.

- There is a private-sector market for the asset.

Risks of ownership of the asset should remain with the lessor.

Risk is defined in terms of how governmental in nature the project is. If a project is less governmental in nature, the private-sector risk is considered to be higher. To evaluate the level of private-sector risk associated with a lease-purchase, legislation and lease-purchase contracts will be considered against the following type of illustrative criteria, which indicate ways in which the project is less governmental:

- There should be no provision of Government financing and no explicit Government guarantee of third party financing.

- Risks of ownership of the asset should remain with the lessor unless the Government was at fault for such losses.

- The asset should be a general purpose asset rather than for a special purpose of the Government and should not be built to unique specification for the Government as lessee.

- There should be a private-sector market for the asset.

- The project should not be constructed on Government land.

Language that attempts to waive the Anti-Deficiency Act, or to limit the amount or timing of obligations recorded, does not change the Government's obligations or obligational authority, and so will not affect the scoring of budget authority or outlays.

Unless language that authorizes a project clearly states that no obligations are allowed unless budget authority is provided specifically for that project in an appropriations bill in advance of the obligation, the legislation will be interpreted as providing obligation authority, in an amount to be estimated by the scorekeepers.

12. Write-offs of uncashed checks, unredeemed food stamps, and similar instruments

Exceptional write-offs of uncashed checks, unredeemed food stamps, and similar instruments (i.e., write-offs of cumulative balances that have built up over several years or have been on the books for several years) shall be scored as an adjustment to the means of financing the deficit rather than as an offset. An estimate of write-offs or similar adjustments that are part of a continuing routine process shall be netted against outlays in the year in which the write-off will occur. Such write-offs shall be recorded in the account in which the outlay was originally recorded.

13. Reclassification after an agreement

Except to the extent assumed in a budget agreement, a law that has the effect of altering the classification or scoring of spending and revenues (e.g., from discretionary to mandatory, special fund to revolving fund, on-budget to off-budget, revenue to offsetting receipt), will not be scored as reclassified for the purpose of enforcing a budget agreement.

14. Scoring of receipt increases or direct spending reductions for additional administrative or program management expenses

No increase in receipts or decrease in direct spending will be scored as a result of provisions of a law that provides direct spending for administrative or program management activities.

15. Asset sales

If the net financial cost to the Government of an asset sale is zero or negative (a savings), the amount scored shall be the estimated change in receipts and mandatory outlays in each fiscal year on a cash basis. If the cost to the Government is positive (a loss), the proceeds from the sale shall not be scored for purposes of the CBA or GRH.

The net financial cost to the Federal government of an asset sale shall be the net present value of the cash flows from:

(1) Estimated proceeds from the asset sale;

(2) The net effect on Federal revenues, if any, based on special tax treatments specified in the legislation;

(3) The loss of future offsetting receipts that would otherwise be collected under continued Government ownership (using baseline levels for the projection period and estimated levels thereafter); and

(4) Changes in future spending, both discretionary and mandatory, from levels that would otherwise occur under continued Government ownership (using baseline levels for the projection period and at levels estimated to be necessary to operate and maintain the asset thereafter).

The discount rate used to estimate the net present value shall be the average interest rate on marketable Treasury securities of similar maturity to the expected remaining useful life of the asset for which the estimate is being made, plus 2 percentage points to reflect the economic effects of continued ownership by the Government.

16. Indefinite borrowing authority and limits on outstanding debt

If legislation imposes or changes a limit on outstanding debt for an account financed by indefinite budget authority in the form of borrowing authority, the legislation will be scored as changing budget authority only if and to the extent the imposition of a limit or the change in the existing limit alters the estimated amount of obligations that will be incurred.

APPENDIX B—BUDGETARY TREATMENT OF LEASE-PURCHASES AND LEASES OF CAPITAL ASSETS

This Appendix provides instructions on the budgetary treatment of lease-purchases and leases of capital assets consistent with the scorekeeping rule developed by the executive and legislative branches in connection with the Budget Enforcement Act of 1990 (BEA), as revised pursuant to the Balanced Budget Act of 1997 (see Appendix A). The scorekeeping rule focuses on leases and lease-purchases specifically authorized by law. However, these requirements apply to all lease-purchase arrangements and capital leases, including those arrangements that agencies may enter into under existing general legal authorities and arrangements that are financed through the Federal Financing Bank. The only exception is that leases between Federal agencies generally will not be treated this way if the lessor recorded the full cost of the asset when it was acquired.

Agencies are required to submit to their OMB representatives the following types of leasing and other non-routine financing proposals for review of the scoring impact:

- Any proposed lease of a capital asset where total Government payments over the full term of the lease would exceed $50 million. It should be assumed that options to renew will be exercised.

- All financing proposals that are non-routine in nature and involve unique or unusual concepts or characteristics such as those listed below:

  - Outlease-leaseback mechanisms;

  - Establishment of public-private partnerships or limited liability corporations;

  - Issuance of debt by a third party that includes an explicit "full faith and credit" guarantee of debt repayment by the Government or an implicit guarantee of repayment from Federal funds that removes a substantial amount of the investor's risk.

  - Special purpose assets for which there is no real private sector market;

  - Enhanced-use leases with leasebacks with annual payments above the following threshold levels:

    - 2006—$2,410,000
    - 2007—$2,600,000
    - 2008—$2,700,000

  - Projects constructed or located on Government land;

  - Service contracts that require the contractor to acquire or construct assets valued over $50 million;

  - Share in savings proposals that result in the acquisition of real property;

  - Proposals that raise issues about the governmental/non-governmental status of the asset or the entity that holds the title to the asset;

  - Any financing proposal for which a statute requires OMB approval of the scoring (or of the proposal) or compliance with Circular No. A–11. Where compliance with Circular No. A–11 or other specified scoring rules is required by statute, the agency submission must be

accompanied by a memorandum from the agency General Counsel explaining how the statutory criteria are satisfied;

- Arrangements that convey special tax status to the project by virtue of the Government's participation;

- Leasing arrangements that involve options that can be conveyed to a third party in exchange for future considerations.

Agencies should submit these proposals to OMB during the conceptual, developmental stage. Subsequent changes that could substantially change the scope of the proposal or affect the scoring impact (e.g., change from an operating lease to a lease-purchase) must be resubmitted to OMB.

1. Basic requirements

(a) *General.*

When an agency is authorized to enter into a *lease-purchase* or *capital lease* contract, budget authority will be scored in the year in which the authority is first made available in the amount of the net present value of the Government's total estimated legal obligations over the life of the contract, as described in section 2 (b) below. Outlays for lease-purchases in which the Federal Government assumes substantial risk will be spread across the period during which the contractor constructs, manufactures, or purchases the asset. Outlays for a capital lease or a lease-purchase in which the private sector retains substantial risk will be spread across the lease term. The scorekeeping requirements are summarized below.

For *operating leases*, budget authority is required for the first year of the contract in the amount necessary to cover the Government's legal obligations, consistent with the requirements of the Antideficiency Act. This will include the estimated total payments expected to arise under the full term of the contract or, if the contract includes a cancellation clause, an amount sufficient to cover the lease payments for the first year plus an amount sufficient to cover the costs associated with cancellation of the contract. (For each subsequent year, sufficient budget authority is required to cover the annual lease payment plus any additional cancellation costs.) In a limited number of instances, where funds are self-insuring under existing authority, only the amount of budget authority needed to cover the annual lease payment is required to be scored. OMB will advise agencies if funds may be considered self-insuring for this purpose.

(b) *Making annual lease payments after the BA expires.*

Unless otherwise specified by law, budget authority is available for liquidating obligations (i.e., outlays) for only five fiscal years after the authority expires. For leases financed by annual or multi-year budget authority, agencies should ensure that the appropriations language allows the budget authority to remain available for lease payments over the full term of the lease. If this period is expected to be longer than five fiscal years after the authority expires, the appropriations language should include the provision described in section 95.8.

(c) *Changes to existing contracts.*

When an agency modifies or amends an existing capital lease or lease-purchase contract, any remaining budgetary resources prior to modification should be used to offset the cost of the new contract. The amount scored will be the difference in the net present value of the Government's total estimated legal obligations between the new contract and the remaining term of the original contract. (Both net present values should be calculated using the Treasury borrowing rates published in the annual update to Appendix C of OMB Circular No. A–94 at the time the contract is amended (see section 4)). There would be no remaining budgetary resources if funds equal to the lease payments or the present value of

the lease payments were not scored up front at the time the lease was signed. In this case, the full cost of the new contract should be scored, consistent with the rules for scoring lease-purchases and capital leases. Similarly, when an agency modifies or amends an existing operating lease contract, the impact of the changes needs to be evaluated. If the lease no longer meets the criteria for an operating lease, the modified lease should be rescored.

(d) *Options to renew or purchase.*

When the lease agreement contains an option to renew that can be exercised without additional legislation, it will be presumed that the option will be exercised for purposes of calculating the term of the lease and scoring budget authority. When the lease agreement contains an option to purchase at less than fair market value (at the time the option is to be exercised), and the option can be exercised without additional legislation, it will be presumed that the option will be exercised for purposes of classifying the type of lease and scoring budget authority.

SUMMARY OF BUDGET REQUIREMENTS

Transaction	Budget Authority	Outlays
Lease-purchase without substantial private risk	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease period.	Amount equal to asset cost scored over the construction period in proportion to the distribution of the contractor's costs; amount equal to imputed interest costs recorded on an annual basis over lease term.
Lease-purchase with substantial private risk	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease term.	Scored over lease term in an amount equal to the annual lease payments.
Capital lease	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease term.	Scored over lease term in an amount equal to the annual lease payments.
Operating lease	Amount equal to total payments under the full term of the lease or amount sufficient to cover first year lease payments plus cancellation costs recorded up front	Scored over lease term in an amount equal to the annual lease payments.

2. Budget presentation

(a) *General.*

For the purposes of scorekeeping transactions that involve lease-purchases and capital leases, the costs are separated into the following components:

- Asset cost (which equals the present value of the lease payments).
- Imputed interest cost (which equals the financing cost Treasury would have incurred if it had financed the project by borrowing).

These concepts are defined more fully in section 3. The amounts can be determined from the amortization tables developed in accordance with the instructions in section 4. Budget authority and outlays attributable to asset costs will be classified as investment-type activities (physical assets), and budget authority and outlays attributable to imputed interest costs will be classified as non-investment activities (see section 84.4).

(b) *Budget authority.*

- *Amounts.* The up-front budget authority required for both lease-purchases and capital leases is called the asset cost. This equals the present value of the minimum lease payments excluding payments for identifiable annual operating expenses that would be paid by the Government as owner, such as utilities, maintenance, and insurance. Property taxes will not be considered to be an operating expense and will be included in the calculation of the up-front budget authority. (See section 3 for the treatment of property taxes for purposes of distinguishing operating leases from capital leases.) The present value of the lease payments is discounted as of the date of the first payment (or the beginning of the lease term, whichever is earlier) using the appropriate interest rate (see section 4 for a more detailed explanation and the treatment of multiple deliveries).

  Additional budget authority equal to Treasury's cost of financing (i.e., the imputed interest cost) plus any annual operating expenses will be recorded on an annual basis over the lease term.

- *Type of authority*. When an agency enters into a capital lease or lease-purchase under general authorities available to the agency, it must do so within the limits of the budgetary resources available to it and the constraints of the scorekeeping requirements.

  If Congress enacts legislation that enables an agency to enter into a lease-purchase or capital lease for a specific project without further congressional action (e.g., appropriations action), it will be assumed that Congress has provided the budget authority required for the transaction. If Congress does not provide the budget authority in the form of an appropriation, then authority to borrow or contract authority will be recorded as follows:

  - *Authority to borrow* will be recorded if the transaction is a lease-purchase without substantial private risk, in which case outlays need to be scored up-front B in advance of appropriations for the annual lease payment (or offsetting collections). A portion of the amount subsequently appropriated (or collected, if the agency receives offsetting collections) will be applied to retire outstanding agency debt attributable to the lease-purchase. (See sections 2(c) and 2(d) for more information on how that portion is determined and presented in the Budget.)

  - *Contract authority* will be recorded if the transaction is a lease-purchase with substantial private risk or a capital lease, in which case outlays will be scored over the lease term and financed by appropriations for the annual lease payment (or offsetting collections). A portion of the amount appropriated (or collected, if the agency receives offsetting collections) will be applied to liquidate contract authority. (See sections 2(c) and 2(d) for more information on how that portion is determined and presented in the Budget.)

- *Timing.* When Congress enacts legislation that specifically enables an agency to enter into a lease-purchase or capital lease, the budget authority required for the transaction will be recorded when the authority first becomes available for obligation. Obligations will be recorded when the lease agreement is signed. When the authority stems from general authority available to the agency, obligations are recorded, and sufficient budgetary resources must be available, when the lease agreement is signed.

(c) *Outlays.*

- *Lease-purchases without substantial private risk.* Outlays are not equal to the annual lease payments.

  - Outlays are scored over the period during which the contractor constructs, manufactures, or purchases the asset, in an amount equal to the asset cost. This amount will equal the up-front budget authority. Amounts of the asset cost in excess of the contractor's actual construction or manufacturing costs should be distributed in proportion to the distribution of the construction or manufacturing costs. If the asset already exists, the outlays will be recorded in the year in which the lease-purchase contract is signed.

  - Outlays equal to the imputed interest costs are reported on an annual basis over the lease term.

- *Lease-purchases with substantial private risk and capital leases*. Outlays are scored annually equal to the annual lease payments.

  - Over the life of the lease agreement, a portion of the outlays (equivalent to the asset cost) will come from the balances obligated when the lease agreement was signed, and a portion (equivalent to the imputed interest cost) will come from new budget authority. The appropriate amounts can be determined from amortization tables developed in accordance with the instructions in section 4.

(d) *Annual appropriations for lease financed by contract authority or borrowing authority.*

Lease-purchases and capital leases that are financed by contract authority or borrowing authority will generally require annual appropriations in an amount equal to the annual lease payment. Since budget authority equal to the asset cost is scored up front, the portion of the annual appropriation that corresponds to the amortization of the asset cost is not scored as new budget authority. If it were, total budget authority would be overstated over the life of the lease. The budget authority that is recorded on an annual basis will equal the imputed interest cost. The required adjustments are explained below.

- *For lease-purchases without substantial private risk that are financed by borrowing authority.* An amount equal to the amortization of the asset cost component of the annual lease payment will be treated as redemption of debt and deducted from the new budget authority totals. On the program and financing schedule, this amount will be reported as a negative entry on line 4047 or 6047 (see section 82.3). If offsetting collections are used to make the annual lease payment in lieu of an appropriation, the amount will be reported as a negative entry on line 6847 or 6947.

- *For capital leases and lease-purchases with substantial private risk that are financed by contract authority*. An amount equal to the amortization of the asset cost component of the annual lease payment will be treated as liquidating cash and deducted from the new budget authority totals. On the program and financing schedule, this amount will be reported as a negative entry on line 4049 or 6049 (see section 82.3). (If offsetting collections are used to make the annual lease payment in lieu of an appropriation, the amount will be reported as a negative entry on line 6849 or 6949.)

(e) *Agency debt.*

For lease-purchases without substantial private risk, agency borrowing must be recorded to finance the outlays scored for the construction, manufacture, or purchase of the asset. The agency debt that accumulates over this period is equal to the asset cost; this debt is subsequently redeemed over the lease payment period in an amount equal to a portion of the annual lease payment. The appropriate amounts of debt and debt redemption can be determined from the amortization tables developed in accordance with

the instructions in section 4, Step 5. Interest on agency debt can be determined in accordance with Steps 3, 4, and 5.

If the account has a balance sheet, the amount of such agency debt should be included as a separate item (and separate from other agency debt) under liabilities and identified as having been incurred to finance lease-purchases. All other accounts should include the amount of agency debt in the narrative statement for the account that is published in the *Budget Appendix*.

3. Definitions and concepts

For the purposes of scoring lease-purchases and capital leases, the following definitions and concepts apply. Agencies should consult with OMB in cases where enhanced use leases and public-private partnerships are involved. Public-private partnerships should not be used solely or primarily as a vehicle for obtaining private financing of Federal construction or renovation projects. Such transactions should be used only when they are the least expensive method, in present value terms, to finance construction or repair.

Lease-purchase means a type of lease in which ownership of the asset is transferred to the Government at or shortly after the end of the lease term. Such a lease may or may not contain a bargain-price purchase option.

Capital lease means any lease other than a lease-purchase that does not meet the criteria of an operating lease.

Operating lease means a lease that meets all the criteria listed below. If the criteria are not met, the lease will be considered to be a capital lease or a lease-purchase, as appropriate. Multi-year service contracts (e.g., grounds maintenance) and multi-year purchase contracts for expendable commodities (e.g., aspirin) will be considered to be operating leases. Agencies should consult with OMB in cases where a service contract requires a private contractor to construct or acquire a capital asset solely or primarily to provide the service to the government.

- Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease term.
- The lease does not contain a bargain-price purchase option.
- The lease term does not exceed 75 percent of the estimated economic life of the asset.
- The present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the beginning of the lease term.
- The asset is a general purpose asset rather than being for a special purpose of the Government and is not built to the unique specification of the Government as lessee.
- There is a private sector market for the asset.

The following guidelines will be used in distinguishing between operating leases, capital leases, and lease purchases. They should be used in calculating the *term of the lease* and the value of the *minimum lease payments*:

- *Estimate of fair market value.* In the case of real property, the fair market value should be based on current market appraisals. If no asset exists, the fair market value of the proposed asset should be calculated based on the Government's estimate of the cost to construct a facility equal in size and other characteristics to the amount of space to be leased. The estimate should include consideration of the total direct and indirect costs of the facility, including land, design, site improvements, and management costs. Fair market value should not include the value of features or enhancements that were built or added for the Government's unique needs or special purposes.

- *Special features or enhancements.* Assets that have special features or enhancements that were built or added for the Government's unique needs or special purposes need to be evaluated on a case-by-case basis to ascertain whether they can be considered to be general purpose assets. If the asset is considered to be a general purpose asset, then, as a general rule, such special features or enhancements should be financed up-front, separate from the lease.

- *Projects on Government land*. If the project is constructed or located on Government land, it will be presumed to be for a special purpose of the Government.

- *Renewal and purchase options*. If the lease agreement contains an option to renew that can be exercised without additional legislation, it will be presumed that the option will be exercised. If the lease agreement contains an option to purchase at less than fair market value (at the time the option is to be exercised), and the option can be exercised without additional legislation, it will be presumed that the option will be exercised.

- *Cancellation clauses*. It will be presumed that the lease will run for the full term of the contract, and the minimum lease payments will be calculated on the basis of the lease payments that will be made over the full term of the lease (including options to renew).

- *Lease-backs from public/private partnerships.* If an agency leases from a public/private partnership that has substantial private participation, the lease will be treated as a capital lease. The term "public/private partnership" includes special purpose entities for which the Government is a beneficiary. Substantial private participation means (1) the non-Federal partner has a majority ownership share of the partnership and its revenues; (2) the non-Federal partner has contributed at least 20 percent of the total value of the assets owned by the partnership; and (3) the Government has not provided indirect guarantees of the project, such as a rental guarantee or a requirement to pay higher rent if it reduces its use of space. Total value includes the value of assets contributed by the Government (but not the value of land) and all improvements made to the asset. Contributions by the non-Federal partner of cash, real assets, and loans for which the non-Federal partner is responsible for repayment will count towards meeting the 20 percent threshold. Direct loans from the Government or guarantees by the Government of loans made to the non-Federal partner or to the partnership will not count towards the 20 percent threshold.

  If a public/private partnership fails to meet the test of substantial private participation, the partnership will be considered governmental for purposes of the budget, and the lease-back will be scored against the agency that enters into the partnership.

  If the Government ground-leases property to a non-Federal party and subsequently leases back the improvements, the lease will not be considered a lease-back from a public/private partnership, as long as the lessor is a totally non-Federal entity. Such lease-backs may be treated as operating leases if they meet the criteria for an operating lease.

- *Bargain-price purchase option*. A bargain-price purchase option is a provision allowing the Government to purchase the leased property for a price that is lower than the expected fair market value of the property at the date the option can be exercised. The purchase price includes the value of any rebates or income to the agency or Government resulting from its purchase of the asset.

- *Property taxes*. Property taxes, along with other operating expenses, will be excluded from the lease payments for purposes of comparing the present value of the minimum lease payments with the fair market value of the asset. (Note: Property taxes will be included in the calculation of the net present value of the lease payments for purposes of scoring budget authority under the BEA. See section 2 (b) above.)

- *Interest rates*. The present value of the minimum lease payments will be calculated on the basis of Treasury rates for marketable debt instruments of similar maturity to the lease term (see section 4).

Risk means the level of private-sector risk. Lease-purchase agreements are scored as with or without substantial private risk depending on the level of private-sector risk. Substantial private risk means the absence of substantial government risk. Risk is defined in terms of how governmental in nature the project is. That is, if the project is less governmental in nature, the private sector risk is considered to be higher.

The following types of illustrative criteria indicate ways in which the project is *less governmental*:

- There is no provision of Government financing and no explicit Government guarantee of third-party financing.

- Risks incident to ownership of the asset (e.g., financial responsibility for destruction or loss of the asset) remain with the lessor unless the Government was at fault for such losses.

- The asset is a general purpose asset rather than being for a special purpose of the Government and is not built to the unique specification of the Government as lessee.

- There is a private-sector market for the asset.

- The project is not constructed on Government land.

Imputed interest cost means the financing costs that Treasury would have incurred if it had sold debt to the public equal to the total project cost. The difference between the total estimated legal obligations (excluding obligations for annual operating expenses as described in section 2(b)) and their estimated net present value represents imputed interest costs. Imputed interest costs will be calculated at Treasury rates for marketable debt instruments of similar maturity to the lease term on the date the contract is signed. These costs will be considered mandatory under the BEA and will be shown in the same function as interest on agency debt, that is, in the function that provided the obligational authority to enter into the contract.

Differential cost of financing means the total annual interest payments on any debt sold to the public less the interest payments that would have been made on the same amount of debt at the Treasury rate (i.e., less the imputed interest costs). Simply stated, this corresponds to any interest above Treasury's interest rate.

Asset cost means the present value of the agency's minimum lease payments discounted from the date of the first payment (or the beginning of the lease term, whichever is earlier) using the Treasury interest rate for marketable debt instruments of similar maturity to the lease term on the date the contract is signed and excluding obligations for identifiable annual operating expenses as described in section 2(b). Asset cost corresponds to the total construction or acquisition costs, plus property taxes and any interest above Treasury's cost of financing (i.e., the differential cost of financing). See section 4 for more detailed explanation and the treatment of multiple deliveries.

4. Guidance on calculations

A schedule of lease payments or an amortization schedule is required to calculate budget authority, outlays, and debt. The correct Treasury rate to use for discounting to present value and for calculating imputed interest costs will be based on the economic assumptions in the most recent budget, which, for the current year, are published in the annual update to Appendix C of OMB Circular No. A–94. Revised forecasts of these Treasury interest rates are released whenever economic assumptions for the budget are updated. Use Treasury rates for marketable debt instruments of similar maturity to the lease term on the date the contract is signed. Discount from the date of the first payment (or the beginning of the lease term, whichever is earlier). The term selected for the Treasury rate should be comparable to the term of the capital lease or lease-purchase.

All assumptions required to perform the lease analysis are subject to OMB approval.

Step 1—Calculate up-front BA.

For lease-purchase without substantial private risk; lease-purchase with substantial private risk; and capital lease (including lease-back from public/private partnership with substantial private sector participation): To determine up-front BA (i.e., asset cost), calculate the present value of the lease payments, discounting from the date of the first payment or the beginning of the lease term, whichever is earlier, using the appropriate Treasury interest rate as the discount factor and excluding obligations for identifiable annual operating expenses as described in section 2(b). This BA is scored when the authority to enter into a contract for the lease-purchase or capital lease first becomes available for obligation.

However, if the lease contract provides for multiple deliveries of assets, the up-front BA is sum of the present values of the lease payments for each asset discounted back to the date that the asset is delivered. For example, if the lease contract provides for the delivery of one machine in each of the next five years, the lease payments for the machine acquired in the first year would be discounted back to the first year, while the lease payments for the machine acquired in the fifth year would be discounted back to the fifth year, and the total BA recorded up front would be the sum of the present values calculated for each of the five deliveries.

Step 2—Calculate outlays over the period during which the contractor constructs, manufactures, or purchases the asset.

For lease-purchase without substantial private risk: Score outlays in proportion to the distribution of the contractor's costs. For example, assume a contractor's costs on a $50 million project are estimated to be $7.5 million the first year, $27.5 million the second year, and $15 million the third year. The analyst should apply spendout rates of 15 percent, 55 percent, and 30 percent to the BA calculated in Step 1 for the first, second, and third years, respectively. Total outlays at the end of the construction, manufacture, or purchase period should equal the BA calculated in Step 1. (Note that total outlays will ordinarily exceed the contractor's costs.)

For lease-purchase with substantial private risk and capital lease (including lease-back from public/private partnership with substantial private sector participation): Outlays are not scored during this period. Refer to Step 4 for outlay scoring.

Step 3—Calculate annual BA for the lease payment period.

For lease-purchase without substantial private risk; lease-purchase with substantial private risk; and capital lease: Annual BA will equal the imputed interest costs calculated using the same Treasury interest rate used to discount the lease payments in Step 1. The interest portion of each periodic payment is the imputed interest cost. In the case of a lease-purchase without substantial private risk, the interest rate should be applied to debt that is initially equal to the up-front BA calculated in Step 1 and that is then amortized over the lease term in accordance with Step 5.

Step 4—Calculate outlays over the lease payment period.

For lease-purchase without substantial private risk: Annual outlays are equal to the annual BA (i.e., the imputed interest costs).

For lease-purchase with substantial private risk and capital lease (including lease-back from public/private partnership with substantial private sector participation): Annual outlays are equal to the lease payments.

Step 5—Calculate agency debt (applies only to lease-purchases without substantial private risk).

Agency debt accumulates during the period of construction, manufacture, or purchase of the asset. The increase in debt each year equals the amount of outlays calculated in Step 2. Agency debt is subsequently redeemed over the lease payment period according to an amortization schedule. The amount of debt redemption each year is equal to the lease payment less the imputed interest cost as defined in Step 3. (Debt redemption is not scored as BA or outlays.) Imputed interest costs are scored as BA and outlays and are also scored as interest on agency debt.

5. Reporting to OMB and Treasury

Budget execution reports and apportionment requests will reflect budget amounts in accordance with these requirements. Amounts (e.g., budget authority and outlays) will be reported to Treasury on the same basis.

APPENDIX C—LISTING OF OMB AGENCY/BUREAU AND TREASURY CODES

Under the MAX system, OMB assigns agency and bureau codes that are used to identify and access data in the budget database. The following table lists these codes in budget order. It also provides the corresponding agency codes assigned by Treasury. In certain instances, a different Treasury agency code may be used for some accounts in an agency; a complete listing can be found in the Budget Accounts Title (BAT) file. (See Section 79.2 for additional information on account identification codes.)

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Legislative Branch			
Senate	001	05	00
House of Representatives	001	10	00
Joint Items	001	11	00
Capitol Police	001	13	02
Office of Compliance	001	12	09
Congressional Budget Office	001	14	08
Architect of the Capitol	001	15	01
Botanic Garden	001	18	09
Library of Congress	001	25	03
Government Printing Office	001	30	04
Government Accountability Office	001	35	05
United States Tax Court	001	40	23
Legislative Branch Boards and Commissions	001	45	09
Legislative Branch Boards and Commissions	001	45	48
Judicial Branch			
Supreme Court of the United States	002	05	10
United States Court of Appeals for the Federal Circuit	002	07	10
United States Court of International Trade	002	15	10
Courts of Appeals, District Courts, and other Judicial Services	002	25	10

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Administrative Office of the United States Courts	002	26	10
Federal Judicial Center	002	30	10
Judicial Retirement Funds	002	35	10
United States Sentencing Commission	002	39	10
Department of Agriculture			
Office of the Secretary	005	03	12
Executive Operations	005	04	12
Office of Civil Rights	005	07	12
Departmental Administration	005	05	12
Office of Communications	005	06	12
Office of the Inspector General	005	08	12
Office of the General Counsel	005	10	12
Economic Research Service	005	13	12
National Agricultural Statistics Service	005	15	12
Agricultural Research Service	005	18	12
Cooperative State Research, Education, and Extension Service	005	20	12
Animal and Plant Health Inspection Service	005	32	12
Food Safety and Inspection Service	005	35	12
Grain Inspection, Packers and Stockyards Administration	005	37	12
Agricultural Marketing Service	005	45	12
Risk Management Agency	005	47	12
Farm Service Agency	005	49	12
Natural Resources Conservation Service	005	53	12
Rural Development	005	55	12
Rural Housing Service	005	63	12
Rural Business - Cooperative Service	005	65	12

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Rural Utilities Service	005	60	12
Foreign Agricultural Service	005	68	12
Food and Nutrition Service	005	84	12
Forest Service	005	96	12
Department of Commerce			
Departmental Management	006	05	13
Economic Development Administration	006	06	13
Bureau of the Census	006	07	13
Economic and Statistical Analysis	006	08	13
International Trade Administration	006	25	13
Bureau of Industry and Security	006	30	13
Minority Business Development Agency	006	40	13
National Oceanic and Atmospheric Administration	006	48	13
U.S. Patent and Trademark Office	006	51	13
Technology Administration	006	53	13
National Technical Information Service	006	54	13
National Institute of Standards and Technology	006	55	13
National Telecommunications and Information Administration	006	60	13
Department of Defense--Military			
Military Personnel	007	05	*
Operation and Maintenance	007	10	*
International Reconstruction and Other Assistance	007	12	*
Procurement	007	15	*
Research, Development, Test, and Evaluation	007	20	*
Military Construction	007	25	*
Family Housing	007	30	*

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Revolving and Management Funds	007	40	*
Allowances	007	45	*
Trust Funds	007	55	*
Department of Education			
Office of Elementary and Secondary Education	018	10	91
Office of Innovation and Improvement	018	12	91
Office of Safe and Drug-Free Schools	018	14	91
Office of English Language Acquisition	018	15	91
Office of Special Education and Rehabilitative Services	018	20	91
Office of Vocational and Adult Education	018	30	91
Office of Postsecondary Education	018	40	91
Office of Federal Student Aid	018	45	91
Institute of Education Sciences	018	50	91
Departmental Management	018	80	91
Hurricane Education Recovery	018	85	91
Department of Energy			
National Nuclear Security Administration	019	05	89
Environmental and Other Defense Activities	019	10	89
Energy Programs	019	20	89
Power Marketing Administration	019	50	89
Departmental Administration	019	60	89
Department of Health and Human Services			
Food and Drug Administration	009	10	75
Health Resources and Services Administration	009	15	75
Indian Health Services	009	17	75
Centers for Disease Control and Prevention	009	20	75

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
National Institutes of Health	009	25	75
Substance Abuse and Mental Health Services Administration	009	30	75
Agency for Healthcare Research and Quality	009	33	75
Centers for Medicare and Medicaid Services	009	38	75
Administration for Children and Families	009	70	75
Administration on Aging	009	75	75
Departmental Management	009	90	75
Program Support Center	009	91	75
Office of the Inspector General	009	92	75
Allowances	009	95	75
Department of Homeland Security			
Departmental Management and Operations	024	10	70
Office of the Inspector General	024	20	70
Citizenship and Immigration Services	024	30	70
United States Secret Service	024	40	70
Security, Enforcement, and Investigations	024	50	70
United States Coast Guard	024	60	20
United States Coast Guard	024	60	70
Preparedness	024	65	70
Federal Emergency Management Agency	024	70	70
Science and Technology	024	80	70
Domestic Nuclear Detection Office	024	85	70
Information Analysis and Infrastructure Protection	024	90	70
Department of Housing and Urban Development			
Public and Indian Housing Programs	025	03	86
Community Planning and Development	025	06	86

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Housing Programs	025	09	86
Government National Mortgage Association	025	12	86
Policy Development and Research	025	28	86
Fair Housing and Equal Opportunity	025	29	86
Office of Lead Hazard Control and Healthy Homes	025	32	86
Management and Administration	025	35	86
Department of the Interior			
Bureau of Land Management	010	04	14
Minerals Management Service	010	06	14
Office of Surface Mining Reclamation and Enforcement	010	08	14
Bureau of Reclamation	010	10	14
Central Utah Project	010	11	14
United States Geological Survey	010	12	14
Bureau of Mines	010	14	14
United States Fish and Wildlife Service	010	18	14
National Park Service	010	24	14
Bureau of Indian Affairs	010	76	14
Departmental Management	010	84	14
Insular Affairs	010	85	14
Office of the Solicitor	010	86	14
Office of Inspector General	010	88	14
Natural Resources Damage Assessment and Restoration	010	91	14
Office of the Special Trustee for American Indians	010	90	14
National Indian Gaming Commission	010	92	14
Department of Justice			
General Administration	011	03	15

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
United States Parole Commission	011	04	15
Legal Activities and U.S. Marshals	011	05	15
National Security Division	011	08	15
Radiation Exposure Compensation	011	06	15
Interagency Law Enforcement	011	07	15
Federal Bureau of Investigation	011	10	15
Drug Enforcement Administration	011	12	15
Bureau of Alcohol, Tobacco, Firearms, and Explosives	011	14	15
Federal Prison System	011	20	15
Office of Justice Programs	011	21	15
Violent Crime Reduction Trust Fund	011	30	15
Department of Labor			
Employment and Training Administration	012	05	16
Employee Benefits Security Administration	012	11	16
Pension Benefit Guaranty Corporation	012	12	16
Employment Standards Administration	012	15	16
Occupational Safety and Health Administration	012	18	16
Mine Safety and Health Administration	012	19	16
Bureau of Labor Statistics	012	20	16
Departmental Management	012	25	16
Department of State and Other International Programs			
Administration of Foreign Affairs	014	05	19
International Organizations and Conferences	014	10	19
International Commissions	014	15	19
Other	014	25	11,19,95
Millennium Challenge Corporation	184	03	95

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
International Security Assistance	184	05	11
International Security Assistance	184	05	72
Multilateral Assistance	184	10	11
Multilateral Assistance	184	10	72
Agency for International Development	184	15	72
Overseas Private Investment Corporation	184	20	71
Trade and Development Agency	184	25	11
Peace Corps	184	35	11
Inter-American Foundation	184	40	11
African Development Foundation	184	50	11
International Monetary Programs	184	60	11
Military Sales Program	184	70	11
Special Assistance Initiatives	184	75	72
Department of Transportation			
Office of the Secretary	021	04	69
Federal Aviation Administration	021	12	69
Federal Highway Administration	021	15	69
Federal Motor Carrier Safety Administration	021	17	69
National Highway Traffic Safety Administration	021	18	69
Federal Railroad Administration	021	27	69
Federal Transit Administration	021	36	69
Saint Lawrence Seaway Development Corporation	021	40	69
Pipeline and Hazardous Materials Safety Administration	021	50	69
Research and Innovative Technology Administration	021	53	69
Office of Inspector General	021	56	69
Surface Transportation Board	021	61	69

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Maritime Administration	021	70	69
Department of the Treasury			
Departmental Offices	015	05	20
Financial Crimes Enforcement Network	015	04	20
Interagency Law Enforcement	015	09	20
Financial Management Service	015	10	20
Federal Financing Bank	015	11	20
Alcohol and Tobacco Tax and Trade Bureau	015	13	20
Bureau of Engraving and Printing	015	20	20
United States Mint	015	25	20
Bureau of the Public Debt	015	35	20
Internal Revenue Service	015	45	20
Comptroller of the Currency	015	57	20
Office of Thrift Supervision	015	58	20
Interest on the Public Debt	015	60	20
Department of Veterans Affairs			
Veterans Health Administration	029	15	36
Benefits Programs	029	25	36
Construction	029	30	36
Departmental Administration	029	40	36
Major Independent Agencies			
Corps of Engineers-Civil Works	202	00	96
Environmental Protection Agency	020	00	68
Executive Office of the President	100	00	11
General Services Administration			
Real Property Activities	023	05	47

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Supply and Technology Activities	023	10	47
General Activities	023	30	47
General Activities	023	30	95
National Aeronautics and Space Administration	026	00	80
National Science Foundation	422	00	49
Office of Personnel Management	027	00	24
Small Business Administration	028	00	73
Social Security Administration	016	00	28
Other Defense Civil Programs			
Military Retirement	200	05	97
Retiree Health Care	200	07	97
Educational Benefits	200	10	97
American Battle Monuments Commission	200	15	74
Armed Forces Retirement Home	200	20	84
Cemeterial Expenses	200	25	21
Forest and Wildlife Conservation, Military Reservations	200	30	97
Selective Service System	200	45	90
Other Independent Agencies			
Advisory Council on Historic Preservation	306	00	95
Affordable Housing Program	530	00	95
Appalachian Regional Commission	309	00	46
Architectural and Transportation Barriers Compliance Board	310	00	95
Barry Goldwater Scholarship and Excellence in Education Foundation	313	00	95
Broadcasting Board of Governors	514	00	95
Central Intelligence Agency	316	00	56

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Chemical Safety and Hazard Investigation Board	510	00	95
Christopher Columbus Fellowship Foundation	465	00	76
Commission of Fine Arts	323	00	95
Commission on Civil Rights	326	00	95
Commission on Ocean Policy	515	00	48
Committee for Purchase from People who are Blind or Severely Disabled, activities	338	00	95
Commodity Futures Trading Commission	339	00	95
Consumer Product Safety Commission	343	00	61
Corporation for National and Community Service	485	00	95
Corporation for Public Broadcasting	344	00	20
Court Services and Offender Supervision Agency for the District of Columbia	511	00	95
Defense Nuclear Facilities Safety Board	347	00	95
Delta Regional Authority	517	00	95
Denali Commission	513	00	95
District of Columbia			
District of Columbia Courts	349	10	95
District of Columbia General and Special Payments	349	30	20
Election Assistance Commission	525	00	95
Electric Reliability Organization	531	00	95
Equal Employment Opportunity Commission	350	00	45
Export-Import Bank of the United States	351	00	83
Farm Credit Administration	352	00	78
Farm Credit System Financial Assistance Corporation	354	00	78
Farm Credit System Insurance Corporation	355	00	78

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Federal Communications Commission	356	00	27
Federal Deposit Insurance Corporation			
Bank Insurance	357	10	51
Savings Association Insurance	357	20	51
Deposit Insurance	357	25	51
FSLIC Resolution	357	30	51
FDIC-Office of Inspector General	357	40	51
Federal Drug Control Programs	154	00	11
Federal Election Commission	360	00	95
Federal Financial Institutions Examination Council Appraisal Subcommittee	362	00	95
Federal Housing Enterprise Regulator	532	00	95
Federal Housing Finance Board	364	00	95
Federal Labor Relations Authority	365	00	54
Federal Maritime Commission	366	00	65
Federal Mediation and Conciliation Service	367	00	93
Federal Mine Safety and Health Review Commission	368	00	95
Federal Retirement Thrift Investment Board	369	00	26
Federal Trade Commission	370	00	29
Harry S. Truman Scholarship Foundation	372	00	95
Institute of American Indian and Alaska Native Culture and Arts Development	373	00	95
Intelligence Community Management Account	467	00	95
International Trade Commission	378	00	34
James Madison Memorial Fellowship Foundation	381	00	95

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Japan-United States Friendship Commission	382	00	95
Legal Services Corporation	385	00	20
Marine Mammal Commission	387	00	95
Merit Systems Protection Board	389	00	41
Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	487	00	95
National Archives and Records Administration	393	00	88
National Capital Planning Commission	394	00	95
National Commission on Libraries and Information Science	400	00	95
National Council on Disability	413	00	95
National Credit Union Administration	415	00	25
National Endowment for the Arts	417	00	59
National Endowment for the Humanities	418	00	59
Institute of Museum and Library Services	474	00	59
National Labor Relations Board	420	00	63
National Mediation Board	421	00	95
National Transportation Safety Board	424	00	95
National Veterans Business Development Corporation	518	00	95
Neighborhood Reinvestment Corporation	428	00	82
Nuclear Regulatory Commission	429	00	31
Nuclear Waste Technical Review Board	431	00	48
Occupational Safety and Health Review Commission	432	00	95
Office of Government Ethics	434	00	95
Office of Navajo and Hopi Indian Relocation	435	00	48
Office of Special Counsel	436	00	62
Other Commissions and Boards	505	00	95

Agency	OMB Codes		Treasury Agency Code
	Agency	Bureau	
Postal Service	440	00	18
Presidio Trust	512	00	95
Railroad Retirement Board	446	00	60
Securities and Exchange Commission	449	00	50
Public Company Accounting Oversight Board	526	00	95
Standard Setting Body	527	00	95
Smithsonian Institution	452	00	33
State Justice Institute	453	00	48
Telecommunications Development Fund	528	00	95
Tennessee Valley Authority	455	00	64
United Mine Workers of America Benefit Funds	476	00	95
United States Court of Appeals for Veterans Claims	345	00	95
United States Holocaust Memorial Museum	456	00	95
United States Institute of Peace	458	00	95
United States Interagency Council on Homelessness	376	00	48
United States-Canada Alaska Rail Commission	521	00	48
Vietnam Education Foundation	519	00	95
Government Sponsored Enterprises			
Federal National Mortgage Association	915	00	99
Federal Home Loan Mortgage Corporation	914	00	99
Federal Home Loan Bank System	913	00	99
Farm Credit System	912	00	99
Financing Vehicles and the Board of Governors of the Federal Reserve	920	00	99

* Under Department of Defense-Military, Treasury agency codes are assigned as follows:

Agency	Code
Navy, Marine Corps	17
Army	21
Air Force	57
Defense-wide	97

APPENDIX D—EXPLANATION OF MAX EDIT CHECKS

TO BE ISSUED AT A LATER DATE

Development of the MAX edit checks is an ongoing process. The help messages included in the on-line MAX screens will reflect the latest edit checks and descriptions of these checks.

APPENDIX F—FORMAT OF SF 132 AND SF 133

A. *Budgetary Resources—Format of SF 132 and SF 133*

Use the entries in the following table to prepare the "Budgetary Resources" section of the SF 132, Apportionment and Reapportionment Schedule (for unexpired accounts only), and the SF 133, Report on Budget Execution and Budgetary Resources (for unexpired accounts and expired accounts, including accounts about to be closed and annual fund symbols that are older than five years that have legally authorized extended disbursing authority).

BUDGETARY RESOURCES

Entry	Description
Line 1. Unobligated balance:	
A. Brought forward, October 1 (+ or –)	*For unexpired accounts:* Amount of unobligated balance brought forward from prior fiscal years as of October 1 of the current fiscal year that is *available for obligation* as defined in section 20.4(f). Applies only to no-year and unexpired multiple-year accounts, therefore do *not* include amounts not available for obligation. Include reductions of these prior year balances enacted in the current year on lines 5 or 6B. If balances brought forward from prior years must be apportioned before the actual balance is known, include an estimated amount on this line and indicate with "est." added to the stub description. Include the actual balance in the next reapportionment request. The amount on this line should be the same as the *end of year amounts* of the previous fiscal year: • On lines 9 and 10 of the September 30 SF 133; • In the Treasury Combined Statement Appendix; and • In the past year column of the Program and Financing Schedule of the Budget Appendix. If the amount on this line is not correct, make the correction. If the amount on this line is correct but not the same as the end-of-year amounts described above, include a footnote for line 1A explaining the difference. If the account is apportioned by time periods and the difference between the estimate and the actual is within the range of adjustment permitted by section 120.38, adjust the apportionments accordingly. If the difference is greater, OMB must approve a request for reapportionment before the funds that are greater than the automatic apportionment can be obligated. *For expired accounts:* Amount of expired unobligated balances available for upward adjustments of obligations. Normally, this is a positive amount. A negative amount indicates a deficiency in the prior fiscal year.

Entry	Description
	In the first expired year, the amount should be the same as the amount of unobligated balances on line 9 and 10C of the previous fiscal year's September 30 SF 133. In the second expired year and thereafter, the amount should be the same as the amount on line 10C of the previous fiscal year's September 30 SF 133. These balances are available only for valid upward adjustments of obligations that were properly incurred against the account during the unexpired phase. *Appropriated receipts*.—Do not include the balances of unavailable collections that are precluded from obligation due to a provision of law, such as a benefit formula or limitation. See lines 3A1 and 5.
Line 2. Recoveries of prior year unpaid obligations:	
A. Actual	*For unexpired and expired accounts:* Amount of any cancellations or downward adjustments of obligations incurred in *prior fiscal years* that were *not outlayed.* Include the adjustments since October 1 of the current year. Show the actual recoveries, as shown on the SF 133, on reapportionment requests. Include recovered amounts obligated against indefinite borrowing authority that was borrowed. Then subtract the same amount on line 6C. Include recovered amounts obligated against *indefinite* borrowing authority that was *not* borrowed or *unfunded* contract authority. Then subtract the same amount on line 6D. Exclude recovered amounts obligated against indefinite contract authority that was funded. Do not subtract the same amount on line 6D. Exclude any cancellations or downward adjustments of obligations incurred and outlayed in prior fiscal years since they must be accompanied by cash refunds. Cash refunds collected (i.e., recoveries of prior year obligations incurred and outlayed in prior fiscal years) are to be included on line 3D1a. For upward adjustments, see line 8. Exclude recoveries of current year obligations, which will be netted against obligations on line 8. If a recovery is significant, you may want to explain in a footnote. For the final September 30 report before an account will be closed, all remaining unobligated and obligated balances must be canceled. To present these obligated balances as canceled, include the amount to be canceled, as a positive. Then, subtract the same amount on line 6A, *Cancellations of expired and no-year accounts*.
B. Anticipated	*For unexpired accounts:* Amount of the current estimate of additional recoveries of prior fiscal year obligations anticipated in unexpired accounts for the remainder of the fiscal year. For no-year and multi-year accounts, there may be amounts on this line after the first fiscal year. No amount should be on this line on the September 30 report. For unexpired annual accounts, leave lines 2A and 2B blank.

Entry	Description
Line 3. Budget authority:	*Use budget authority lines (3A through 3D) for unexpired accounts.*
A. Appropriation	
1. Actual	Amount of appropriations specified in appropriations acts or in substantive laws that become available for obligation on or after October 1 of the fiscal year. The following paragraphs describe the application of the above principles to specific circumstances: *Regular appropriations.*—Amounts made available in any of the 13 regular appropriations acts. In cases where the amount appropriated is reduced by an amount of offsetting collections or revenues during the fiscal year so as to result in a final fiscal year appropriation estimated at not more than XXX, the amount derived from the General Fund of the U.S. Treasury shown on this line should be reduced by the amount of offsetting collections or revenues received during the fiscal year on the September 30 SF 133. See exhibit 130N. *Supplemental appropriations*.—Amounts made available in supplemental appropriations acts. *Reappropriations*. — Amount of new budget authority resulting from legislation enacted after the law that provided the budget authority and that extends the period of availability of funds that have expired or would otherwise expire. Such extensions of availability are counted as new budget authority in the first year of the extended availability (see sections 20.4(h) and 121.10). Amounts in the gaining account in the year in which they become newly available for obligation. The losing account has expired; therefore, no reapportionment action is needed for the losing account. For the SF 133, the losing account will include a negative amount on line 6B of the previous year. *Appropriation provided under a continuing resolution*.—The annualized level of the appropriation. If the continuing resolution is for less than the full year, subtract the portion not available on line 5. See exhibits 121D and 121E. When the regular appropriations act is passed, replace the amount on this line with the amount specified in the regular appropriations act. See exhibit 121F. *Advance appropriation*.—Include in the first fiscal year in which the amounts become available for obligation. For example, if you received advance appropriations for fiscal year 2002 in the regular annual appropriations act for fiscal year 2001, then include the advance appropriation on this line for the fiscal year 2002. *Forward funding*.—Include the amount appropriated on this line even though the funds may not become available until July 1st. *Advance funding*.—Include the portion that will be obligated in the current year on this line. Exclude the amount obligated last year. *Appropriated receipts*.—Collections deposited in special and trust fund receipt accounts that are earmarked for special and trust fund expenditure accounts. Of these amounts: • Some receipts are *appropriated* and are available for obligation. Include the amounts *collected in the current fiscal year* on this line.

Entry	Description
	• Some receipts are *appropriated, but a portion is precluded from obligation* by a provision of law, such as a benefit formula or limitation. Include the amounts *collected in the current fiscal year* on this line. Subtract the amounts that are that are not expected to be available as a negative amount on line 5 and show this amount on the September 30 report. See exhibits 121L and 130L. • Some receipts were collected and appropriated in a previous year but precluded from obligation in a previous fiscal year. Include the amounts on this line in the fiscal year in which the amount is needed. • Some receipts are *not appropriated*. Exclude these amounts from this line. NOTE: In exceptional cases, there is authority in law to invest collections. In such cases, the current year collections shown on line 5 and prior year collections that were precluded from obligation (not shown on the SF 132) will not be available for obligation (and will not be included on the SF 132 and SF 133 until needed to incur obligations) but will be available for investment. Unlike OMB, Treasury classifies these funds as "available." Some laws that make appropriated receipts available for obligation specify the amount appropriated. These are *definite appropriations*. Other laws that make appropriated receipts available for obligation do not specify the amount appropriated. These appropriated receipts are *indefinite appropriations*. For indefinite appropriations of appropriated receipts, follow the instructions for appropriated receipts. *Indefinite appropriations other than from appropriated receipts*.—Amount certified by appropriation warrants for the year, after being reduced by negative warrants issued by the Treasury or end-of-year statements. *Appropriations contingent upon authorizing legislation or upon designation as an emergency*.—When an appropriations act specifies that all or a portion of the amount appropriated is not available for obligation until specifically authorized by another law, or are not available for obligation until the President submits a budget request to the Congress designating the amount as an emergency: • Include the *full amount* of the appropriation on line 3A1, and • Subtract the amount *not* authorized by law or *not designated* as emergency requirements by the President on line 5 except on the September 30 SF 133. • At the beginning of the next fiscal year, any unobligated balance that is still contingent and would still be available for new obligations if the contingency is met will be included on line 1A and subtracted on line 5 as unavailable until either the authorizing legislation is enacted or the amount is designated by the President. This paragraph does not apply to contingent emergency appropriations enacted in FY 1999 or earlier. • With the expiration of section 251 of the Budget Enforcement Act, there is no longer a statutory procedure for “emergency” declarations. For releases of previously appropriated funding

Entry	Description
	made contingent on the President taking additional action, agencies should contact their OMB representative.
	Contingent emergency appropriations from FY 1999 and prior years.—If the President designates a contingent emergency appropriation *from FY 1999 or a prior year* as emergency requirements, include the amount on this line in the year of the Presidential designation.
	Appropriations to liquidate debt.—Appropriations that are available to repay amounts borrowed from the Treasury but are not available to incur obligations. Include the appropriation to liquidate debt on this line and the repayment to Treasury on line 6C, as a negative. Include any excess on line 6D, as a negative.
	Appropriations to liquidate deficiencies.—Appropriations that are available to liquidate obligations in excess of budgetary resources but are not available to incur obligations. Include the appropriation to liquidate deficiencies on this line. This should cover the deficiency (reflected as a negative unobligated balance carried forward on line 1A). This applies to unexpired and expired accounts. Normally, there are no excess amounts because these appropriations are requested after the deficiency is known, whereas, the agencies normally budget for appropriations to liquidate debt and appropriations to liquidate contract authority.
	Appropriations to liquidate contract authority.—Typically, these are separate appropriations of liquidating cash in appropriations acts and an amount equal to the appropriation to liquidate is shown as a negative on line 6E. Thus, the total budgetary resources on line 7 equal zero. See exhibit 121K.
	Occasionally, these appropriations include the authority to liquidate obligations where anticipated offsetting collections have not been realized. The amounts are available to liquidate contract authority but are not available for obligation. Include such appropriations to liquidate contract authority on this line. Include any excess amounts on line 6D as a negative.
	Appropriations substituted for borrowing authority.—Occasionally, portions of appropriations are available to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised. The amounts are available to liquidate obligations but are not available for obligation. Include such portion substituted for borrowing authority on this line. Include an amount equal to the portion of appropriation substituted for borrowing authority on line 6D as a negative. Thus, the budgetary resources on line 7 equal zero.
	Appropriations of Specific Amounts of which "Not to Exceed" a Portion Remains Available Beyond the Remainder of the Appropriation. See details following the description of line 7.
	Interest on the public debt. See details following the description of line 7.
2. Anticipated	Include: • Amount of indefinite appropriations anticipated to become available under existing law for the remainder of the fiscal year. On the SF 133, this amount may differ from the amount on the latest SF 132 to the extent it is a more current estimate. • Anticipated collection of available receipts.

Entry	Description
	Do not include: • Indefinite appropriations included on line 3A1. • Anticipated, un-enacted supplemental appropriations. Use this line for reporting other transactions *only with prior approval of the OMB representative with budget responsibility for the account.* *Identify the law(s) providing the appropriations included on lines 3A1 and 3A2 in a footnote.*
B. Borrowing authority	Amount of new borrowing authority, primarily from the Treasury, to finance obligations and outlays. Include the amount becoming available for obligation on or after October 1 of the fiscal year. *Definite borrowing authority.*—Include the amount specified in law. *Indefinite borrowing authority.*—Include an estimate of the amount to be obligated during the fiscal year. On the September 30 report, include the portion that is not needed on line 6D, as a negative. *Repayment of principal and interest*.—Include the repayment of principal, as a negative, on line 6C after including estimated interest obligations on line 8. *Appropriation to liquidate debt*.—Do not include these appropriations on this line. Include this authority on line 3A1. It is provided when proceeds to the account are insufficient to repay borrowing. If a portion of the appropriation to liquidate debt is not needed, include the amount (as a negative) on line 6D. *Direct loan financing accounts*.—Include the amount of new borrowing authority needed to finance the part of direct loan obligations not financed by subsidy payments from the program account and fees from borrowers. *Guaranteed loan financing accounts*.—Include the amount of new borrowing authority needed to cover any default claims and other cash outflows that cannot be financed by unobligated balances.
C. Contract authority	Amount of new contract authority to incur obligations that typically will require a separate appropriation of liquidating cash before payments can be made. Occasionally, contract authority is provided in anticipation of receiving offsetting collections. Include the amount becoming available on or after October 1 of the fiscal year. *Definite contract authority*.—Include the amount specified in law. *Indefinite contract authority.*—Include an estimate of the amount to be obligated during the year. On the September 30 report, include the portion that is not needed on line 6D, as a negative. *Appropriation to liquidate contract authority*.—Do not include on this line. Include on line 3A1. If a portion of the appropriation to liquidate contract authority is not needed, then include the amount (as a negative) on line 6D.
D. Spending authority from offsetting collections (gross):	For initial apportionments, include anticipated collections on lines 3D3 or 3D5c, as appropriate. If the account is reapportioned during the year, include actual amounts on lines 3D1, 3D2, 3D5a, and 3D5b and anticipated amounts on lines 3D3 or 3D5c.

Entry	Description
	Special and trust fund accounts.—Include offsetting collections for reimbursable work and payments from Federal funds when specifically authorized by law. Exclude *appropriated receipts* which should be included on line 3A1.
1. Earned:	
a. Collected	*For unexpired accounts:* Amount of *reimbursements or other income earned and collected* to date during the current fiscal year, including those for revolving funds. Include *collections of receivables* in either the net unpaid obligations or the unobligated balances brought forward, if any. Include *refunds collected* from prior year obligations that have been outlayed to the appropriation of fund account charged with the original obligation. This represents one type of recoveries of prior year obligations. For recoveries of prior year unpaid obligations, see line 2. Include spending authority from offsetting collections *earned and collected* to liquidate the contract authority. Include the collections to liquidate the contract authority on line 6D, as a negative. Include portion of spending authority from offsetting collections *earned* and *collected* that is substituted for borrowing authority to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised. Include the collections to liquidate the borrowing authority on line 6D, as a negative. Exclude cash refunds of amounts obligated and outlayed during the current year. For SF 133, these should be netted against the appropriate line 8 and line 19A. For credit financing accounts, include the subsidy collected from the program account when loans are disbursed. *For expired accounts:* Amount of collections of receivables included in either the net unpaid obligations or the unobligated balances brought forward, if any.
b. Change in receivables from Federal sources	*For unexpired accounts:* Amount of reimbursements from another Federal Government account that is *earned, but not collected*, to date during the current fiscal year, including those for revolving funds. If during the fiscal year, the amount is collected, move the amount to line 3D1a, above. For *collections of receivables* included in either the net unpaid obligations or the unobligated balances brought forward, include, as a negative: • The decrease in reimbursable receivables, and • Receivables written off. *For expired accounts:* For *collections of receivables* included in either the net unpaid obligations or the unobligated balances brought forward, include, as a negative, the decrease in reimbursable receivables. Also, include, as a negative, receivables written off.

Entry	Description
2. Change in unfilled customer orders (+ or –):	
a. Advance received	*For unexpired accounts:* Amount of increase (+) or decrease (–) from October 1 in *unfilled orders* on hand *accompanied by an advance.* During the fiscal year, as orders are filled, move the amounts earned to line 3D1a, above. For annual accounts and the last year of multi-year accounts, amounts on this line should reflect *obligated amounts* only on the September 30 report. For no-year accounts, amounts on this line may remain unobligated on the September 30 report. See section 130.9 for further details on Economy Act transactions involving different periods of availability. *For expired accounts:* Amount of decrease (–) from October 1 in *unfilled customer orders* on hand *accompanied by an advance.* During the fiscal year, as orders are filled, move the amounts earned to line 3D1a, above.
b. Without advance from Federal sources	*For unexpired accounts:* Amount of increase (+) or decrease (–) from October 1, in unfilled orders on hand from other Federal Government accounts, that are valid obligations of the ordering account and are *not* accompanied by an advance. During the fiscal year, as orders are filled, move the amounts earned to line 3D1b, above. For annual accounts and the last year of multi-year accounts, amounts on this line should reflect *obligated amounts* only on the September 30 report. For no-year accounts, amounts on this line may remain unobligated on the September 30 report. See section 130.9 for further details on Economy Act transactions involving different periods of availability. *For expired accounts:* Amount of decrease (–) from October 1, in unfilled customer orders on hand from other Federal Government accounts that are valid obligations of the ordering account and are *not* accompanied by an advance. During the fiscal year, as orders are filled, move the amounts earned to line 3D1b, above.
3. Anticipated for rest of year, without advance	*For unexpired accounts:* Amount of the current estimate of anticipated collections (for example, anticipated orders from Federal sources or anticipated refunds) expected for the remainder of the year. No amount should be on this line on the September 30 report. For direct loan financing accounts, include a current estimate for the rest of the year of the loan subsidy anticipated from the program account. Deposit advances (as defined in section 20.11) without orders from Federal customers in budget clearing account F3885 "Undistributed intergovernmental payments" until an order is received. Deposit advances without orders from non-Federal customers in deposit fund X6500 "Advances without orders from non-Federal sources." OMB must approve all exceptions.

Entry	Description
4. Previously unavailable:	*For unexpired accounts:* *Previously precluded or unappropriated*.—Amount of offsetting collections collected in the previous year but precluded from obligation or was unappropriated in a previous fiscal year. Include the amounts on this line in the fiscal year in which the amount is needed. *Previously temporarily reduced*.—Amount of (1) account-specific offsetting collections rescinded or cancelled; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law taken from more than one account, and the agency head or other Executive Branch official was authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99–177) in the previous year. Include the amounts on this line in the fiscal year in which the amount is needed.
5. Expenditure transfers from trust funds:	
a. Collected	*For unexpired accounts:* Amount of expenditure transfers from a trust fund account to a Federal fund account, pursuant to appropriations or other laws, to fund the activities of an agency that are (or would be) normally funded in a Federal fund account. In exceptional cases, this includes expenditure transfers from a Federal fund account to a trust fund account. For example, one exception to this rule is Social Security Administration's Limitation on Administrative Expenses where the expenditure transfers are from general or trust fund accounts to a trust fund account. Another exception to this rule is for credit reform where the expenditure transfers are from (1) the program account to a financing account or (2) financing account to a liquidating account where the source of the funding for either situation is derived from trust fund receipts. Include collections of receivables or anticipated transfers included in either the net unpaid obligations or the unobligated balances brought forward, if any. Exclude collections from trust fund accounts for reimbursable work. Include such reimbursable amounts on lines 3D1, 3D2, or 3D3, as appropriate.
b. Change in receivables from trust funds	*For unexpired accounts:* Amount of expenditure transfers from a trust fund account to a Federal fund account is *earned, but not collected*, to date during the current fiscal year. If during the fiscal year, the amount is collected, move the amount to line 3D5a, above. For *collections of receivables* included in either the net unpaid obligations or the unobligated balances brought forward, include, as a negative: • The decrease in reimbursable receivables, and • Receivables written off. *For expired accounts:* For *collections of receivables* included in either the net unpaid

Entry	Description
	obligations or the unobligated balances brought forward, include, as a negative, the decrease in reimbursable receivables. Also, include, as a negative, receivables written off. *For unexpired accounts and expired accounts:* Amounts reported as an accounts receivable from a trust fund must be accompanied by a valid accounts payable from that trust fund account. These receivables should be included in either the net unpaid obligations or the unobligated balances at the end of the fiscal year.
c. Anticipated	*For unexpired accounts:* Amount of expenditure transfers anticipated for the remainder of the year. No amount should be on this line on the September 30 report.
Line 4. Nonexpenditure transfers, net:	
A. Actual transfers, budget authority (+) or (–)	Net amount of budget authority enacted for the fiscal year that is *actually* transferred to (+) or from (–) the account under existing legislation. Normally, the entries on this line are transfers of *new budget authority*. There is an exception. The transfers of *unobligated balances* that result from legislation that changes the *purpose* for which the balances are available are included on this line. Transfers of all other *balances* are included on line 4C. The entries on this line are non-expenditure nonexpenditure transfers between two Federal Government accounts. (The treatment of non-expenditure nonexpenditure transfers is explained in section 20.4(j) (4).) NOTE: All transfers between Federal funds (accounts that are not trust funds; i.e., general, special, management, and revolving funds) and trust funds are treated as expenditure transfers. See section 20.4(j) (4) for additional information. In the footnotes, list the individual accounts from which and to which the *transfers have been made*. Specify the amount actually transferred to (+) and from (–) each account.
B. Anticipated transfers, budget authority (+) or (–)	Include the current estimate of any new budget authority anticipated to be transferred to (+) or from (–) the account under existing legislation. In the footnotes, list the individual accounts from which and to which the transfers will be made. Specify the amount to be transferred to (+) and from (–) each account. Include the following note: "Amounts to be transferred under existing legislation." Do not include: • Transfers that have been made and included on line 4A. • Anticipated transfers that require legislation. Use this line for reporting other transactions *only with prior approval of the OMB representative with budget responsibility for the account.* *Identify the law(s) providing the appropriations included on lines 4A and 4B in a footnote.*
C. Actual transfers, unobligated balances (+) or (–)	*For unexpired accounts:* Net amount of any unobligated balance *actually transferred* to (+) or from (–) the account.

Entry	Description
	For expired to unexpired accounts: Net amount of any expired unobligated balance *actually transferred* from (–) an expired account to (+) an unexpired account resulting from legislation other than newly enacted authority that extends the period of availability of general funds. Also, amount of any expired expenditure transfers receivable *transferred* from (–) an expired account to (+) an unexpired account. *For expired to expired accounts:* Net amount of any unobligated balance *actually transferred* to (+) or from (–) the account. Include allocation transfers for expired accounts. No amount should be on this line without prior approval of OMB. *For unexpired accounts, expired to unexpired accounts, and expired to expired accounts:* Do not include transfers required or permitted by law from trust funds to Federal funds. (These transfers will be reported on line 3D5.) The transactions included on this line are transfers of balances other than balances of new budget authority. Do not include transfers of balances that result from legislation that changes the *purpose* for which the balances are available. Transfers of such balances should be included on line 4A. The transactions included on this line are nonexpenditure transfers. NOTE: The treatment of expenditure transfers is explained in section 20.4(j) (4). In the footnotes, list the individual accounts from which and to which the *transfers have been made*. Specify the amount actually transferred to (+) and from (–) each account.
D. Anticipated transfers, unobligated balances (+) or (–)	*For unexpired accounts:* Amount of the current estimate of any balances, other than balances of new budget authority, *to be transferred* to (+) or from (–) the account under *existing* legislation. In the footnotes, list the individual accounts from which and to which the transfers will be made. Specify the amount to be transferred to (+) and from (–) each account. Include the following note: "Amounts to be transferred under existing legislation." Do not include: • Anticipated transfers to fund activities of a Federal agency that require legislation. • Transfers required or permitted by law from trust funds to Federal funds; these are reported on line 3D5.
Line 5. Temporarily not available pursuant to Public Law ____ (–)	*For unexpired accounts:* Amount of budgetary resources temporarily not available for obligation pursuant to a specific provision in law. This is a negative amount.

Entry	Description
	The following paragraphs describe the application of the above principles to specific circumstances: • *Appropriations provided by a part-year continuing resolution.*—When an account is operating under a part-year continuing resolution, include, as a negative amount, the portion of the annualized level included on line 3A1 that is not available for obligation under the terms of the continuing resolution. • *Enacted account-specific rescissions and cancellations*.—Temporary rescissions and cancellations of new appropriations and prior year balances. *This applies to only temporary reductions for appropriations from appropriated receipts in special and trust funds, spending authority from offsetting collections and unobligated balances of prior year budgetary resources not returned to the general fund of the Treasury but available for subsequent appropriation. Include amounts returned to unavailable receipt accounts.* • *Across-the-board reductions*.—Amount in budget authority (percentage or other) mandated in appropriations law to be reduced from more than one account and authorizes the agency head or other Executive Branch official to distribute the reduction to affected accounts. *This applies to only temporary reductions for appropriations from appropriated receipts in special and trust funds and spending authority from offsetting collections not returned to the general fund of the Treasury but available for subsequent appropriation. Include amounts returned to unavailable receipt accounts.* • *Deferral.*—When a congressionally-initiated deferral of an amount that has been appropriated is enacted, include the amount not available for obligation, as a negative amount, on this line. • *Appropriations contingent upon authorizing legislation.*—Include amount not available for obligation until specifically authorized by another law, as a negative amount. Cite the appropriations act in the stub. The full amount of the appropriation is on line 3A1. • *Emergency, contingent appropriations.*—Include amount representing the funds the President has not yet designated as emergency requirements, as a negative amount. The full amount of the appropriation is on line 3A1. Do not include this amount on the September 30 SF 133. In addition, other amounts appropriated for emergencies may also be included if an emergency must exist to make the funds available for obligation, even if a Presidential declaration is not required. • *Appropriated receipts*.—For the September 30 SF 133, include the portion of receipts collected in the current fiscal year in special or trust funds that is precluded from obligation due to a provision of law. The total amount of new receipts is included on line 3A1. • *Limitation on revolving fund*.—Include amount not available for obligation because of a provision of law, such as a limitation on administrative expenses or construction.

Entry	Description
	• *Obligation limitations*.—Include amount by which an obligation limitation reduces the budget resources temporarily (the budget resources remain available after the expiration of the obligation limitation). In addition, include recoveries of prior year obligations and cash refunds of previously appropriated receipts that are available for a subsequent appropriation and are returned to unappropriated receipts. • *Sequester*.—When the President has ordered a sequester pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H law, P.L. 99–177) and amounts are not permanently canceled, include the amount of budgetary resources temporarily withheld from obligation in special and trust fund accounts. Include amounts that are permanently canceled on line 6B. (If there are questions as to whether amounts are temporarily withheld, consult your OMB representative. Most amounts are permanently canceled and are shown on line 6B.) Identify the public law containing the restriction in a footnote. The Impoundment Control Act (2 U.S.C. 683–684) and the Antideficiency Act (31 U.S.C. 1512) are not valid authorizing citations for this line.
Line 6. Permanently not available:	
A. Cancellations of expired and no-year accounts (–)	*For unexpired accounts:* Amount of any budgetary resources canceled in no-year accounts pursuant to 31 U.S.C. 1555 or withdrawn. *For expired accounts:* For the final September 30 report before an account will be closed, all remaining unobligated and obligated balances must be canceled. To present these unobligated balances as canceled, remove the amounts from lines 9 or 10 and include them here, as a negative. To report obligated balances as canceled, include the amount on line 2A, as a positive, and on this line as a negative.
B. Enacted reductions (–)	*For unexpired accounts:* Amount of enacted account-specific rescissions and cancellations including rescissions and cancellations of new appropriations, borrowing authority, contract authority, and prior year balances. Amount of across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be reduced from more than one account and authorizes the agency head or other Executive Branch official to distribute the reduction to affected accounts. Amount of budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H law, P.L. 99–177). *This line applies to only permanent reductions for budgetary resources returned to the general fund of the Treasury and not available for subsequent appropriation.* *For expired accounts:* Amount of balances that have been canceled due to reappropriation.

Entry	Description
	Adjustments may be made to reflect enacted reductions that should have been but were not made against an account when it was unexpired. Newly enacted reductions may not be made against an expired account. *Identify the public law containing the restriction in a footnote.*
C. Capital transfers and redemption of debt (–)	*For unexpired accounts:* *Capital transfers and Redemption of debt (also known as "liquidation of debt")*. Amount transferred to the general fund of the Treasury; that is, deposited to Treasury receipt accounts for "Earnings of Government-owned enterprises" or "Repayments of capital investment, Government-owned enterprises." These are non-expenditure nonexpenditure transfers. Include interest obligations on line 8. For principal repayments to Treasury for debt outstanding, use collections on line 3D and other budgetary resources first to cover interest obligations on line 8. Include the balance to repay principal as a negative on this line. If the recovered amount on line 2 above was obligated against indefinite borrowing authority that was borrowed, then include the repayment to Treasury of the principal amount borrowed, as a negative, on this line. Enter the obligation and payment of interest to Treasury on lines 8 and 19A respectively.
D. Other authority withdrawn (–)	*For unexpired accounts:* *Excess appropriations to liquidate debt and contract authority.*—Include amounts withdrawn. *Spending authority from offsetting collections to liquidate contract authority*.—Include cash amounts that are not available for new obligations. *Indefinite authority*.—On the September 30 report, include on this line the amounts of indefinite appropriations, borrowing authority and contract authority included on lines 3A, 3B and 3C that are *not* needed to cover obligations. *Borrowing authority*.—Do not include repayments of amounts borrowed from Treasury or other entities. Include repayments of principal on line 6C. Include obligations to pay interest on line 8. *Portion substituted for borrowing authority*.—Include the portion of appropriations or spending authority from offsetting collections used to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised. *Portion substituted for contract authority*.—Include the portion of spending authority from offsetting collections used to replace the contract authority initially obligated against. The spending authority from offsetting collections may include cash, receivables from Federal sources, and unfilled customer orders. If the recovered amount on line 2A above was obligated against indefinite borrowing authority that was *not* borrowed or *unfunded* contract authority, then include the actual amount recovered, as a negative, on this line.
E. Pursuant to Public Law ___ (–)	Identify the public law containing the restriction in a footnote.

Entry	Description
	For unexpired accounts: Include amounts appropriated that are not available for new obligations pursuant to the appropriations act. For example, appropriations to liquidate contract authority.
F. Anticipated rest of year (–)	*For unexpired accounts:* Estimates of amounts anticipated to be canceled or withdrawn during the remainder of the year for reasons specified for lines 6A, 6C and 6D under existing laws. Do not include pending rescissions. Use this line for reporting other transactions *only with prior approval of the OMB representative with budget responsibility for the account.* No amount should be on this line on the September 30 report.
Line 7. Total budgetary resources	Sum of amounts shown on lines 1 through 6. For SF 132, this amount represents the total amount of budgetary resources available for apportionment in the fiscal year for which the schedule is being submitted. *For unexpired accounts:* This amount will differ from the amount on line 7 on the latest SF 132 to the extent that individual amounts have changed that do not require the submission of a reapportionment request (see section 120.37). *For expired accounts:* This amount is not available for new obligations. See sections 130.10–130.13 for additional instructions.

In a limited number of cases, the following guidance applies to specific Treasury Appropriation Fund Symbols. Affected amounts are included on line 3A1:

- *Appropriations of Specific Amounts of which "Not to Exceed" a Portion Remains Available Beyond the Remainder of the Appropriation.* In a limited number of cases, the basic amount of the appropriation is available for one year (or for a fixed amount of time) and the law permits "not to exceed" or "up to" a specific amount to be available for a longer period of time or until expended.

  Initial apportionment requests for these accounts should display the maximum possible amount in the Treasury account with the extended availability and the balance in the Treasury account with the lesser time availability (on this line).

  Note.—Treasury will warrant the full amount in the one-year account. You should move the funds to the account with the extended fund availability using the SF 1151. This movement of funds is not a transfer because the original appropriation is for the extended availability, even though the SF 1151 is titled "Nonexpenditure Transfer of Funds."

  If you subsequently determine that the maximum amount is not needed in the account with the extended availability, you should submit a reapportionment request proposing to transfer the funds to the account of lesser time availability. Show this transfer on line 4A "Actual transfers, budget authority," 4B "Anticipated transfers, budget authority," 4C "Actual transfers, unobligated balances" or 4D "Anticipated transfers, unobligated balances," as appropriate.

  After OMB has approved the transfer, use the SF 1151 to transfer the funds to the account of lesser time availability. Such transfers are irreversible. That is, once the availability of funds is reduced, subsequent apportionments and SF 1151 may not extend the availability of these funds.

The SF 133 should reflect the treatment of these amounts as shown on the latest apportionment approved by OMB.

- *Interest on the public debt.* For the Interest on the Public Debt account, "interest" includes both the interest paid and the change in interest payable for public issues of Treasury debt securities and for certain special issues (i.e., Government account series) of Treasury debt securities—zero coupon bonds and DoD's Education Benefits Fund, Military Retirement Fund, Defense Cooperation Fund, and Medicare-Eligible Retiree Health Care Fund. The change in interest payable will be warranted when paid.

B. *Application of Budgetary Resources—Format of SF 132*

Use the entries in the following table to prepare the "Application of Budgetary Resources" section of the SF 132, Apportionment and Reapportionment Schedule (for unexpired accounts only).

APPLICATION OF BUDGETARY RESOURCES

Entry	Description
Line 8. Apportioned:	When both Category A and Category B are used, insert a descriptive label on the Category A line to distinguish the amounts apportioned by quarter from the remaining amounts. All apportioned amounts by activity, project or object (category B) should be positive. Amounts apportioned by time period (category A) may be negative in order to reduce the cumulative amounts available. (See exhibit 121I).
Category A	Amount requested to be apportioned for each calendar quarter in the fiscal year. Apportionments previously approved are not subject to change after the close of the period for which the apportionment is made. Where the cumulative amount apportioned through the current period is to be decreased below the cumulative amount previously apportioned through the end of the preceding period, revise the amount apportioned for the current period to a negative amount (see exhibit 121I). When (1) a continuing resolution provides funds retroactively for a funding hiatus, (2) apportionment of an account's usual source of budget authority is made after the first quarter, and (3) other resources are insufficient to cover operations for the first quarter, include a single amount for the period beginning with the first fiscal quarter and ending with the quarter in which the apportionment action is taken. Put a brace in the stub connecting the appropriate number of quarters. Refer to exhibit 121F. Note that space is provided in the stub column under the title: "Memorandum: Obligations incurred" for you to include the amount of obligations incurred during each time period whenever funds are apportioned by time period. The actuals should be as of the date of the latest SF 133 if more recent amounts are not available. Identify the actual period covered by such amounts in a footnote.
Category B	Amounts requested to be apportioned on a basis other than calendar quarters, such as time periods other than quarters, activities, projects, objects, or a combination thereof (See section 120.8).

Entry	Description
	Include in the stub column a line number (8B1 through 8Bn) and a description of the activity, project, or object for which funds are requested. Coordinate the line number assigned to each number with the preparer of the SF 133 so that the same line numbers are used. Once a number is assigned, it should be reserved for that activity, project, or object only. Also, include the amount of obligations incurred for each Category B item as of the latest SF 133, if more recent amounts are not available. The periods covered by such amounts should be the same as the period for Category A, and identified in the footnote. Where the SF 132 has insufficient space to list the categories by which apportionments are to be made or where apportionments are to be made both by activities (or projects or objects) and by time periods within the fiscal year, add lines to the SF 132. Other than adding lines to Category B, *changes should not be made to the SF 132 without prior approval by OMB*).
Category C	When you plan to obligate amounts appropriated in a no-year or multi-year TAFS over more than one fiscal year, you may propose to apportion funds planned for obligation after the current fiscal year into a subsequent fiscal year. Include the amount planned for obligation after the current fiscal year on line 8C, Apportioned for future fiscal years. OMB will *not* apportion annual TAFSs and the last year of multi-year TAFSs for periods longer than one fiscal year, as this would be an impoundment (i.e., a deferral during the year, and a de-facto rescission after the funds expire).
Line 9. Withheld pending rescission	For instructions on the use of this line, see section 112.3.
Line 10. Deferred	For instructions on the use of this line, see section 112.3.
Line 11. Unapportioned balance of revolving fund	This line will be used primarily for public enterprise funds, intragovernmental revolving funds, and trust funds that are subject to apportionment. For these types of funds, include the amount of budgetary resources that is not apportioned (made available for obligation) in order to preserve a portion of the fund's capital so it can continue to revolve and be available for its authorized purposes (see section 20.13(a)). Typically, in a guaranteed loan financing account, include the uninvested funds that serve as a reserve against loan guarantee defaults on this line. Do not include amounts deferred or proposed for rescission on this line. The amount on this line should equal the amount shown on line 7, less the amounts apportioned on line 8, less any amounts withheld pending rescission on line 9 or deferred on line 10.
Line 12. Total status of budgetary resources	Sum of the amounts on lines 8, 9, 10, and 11. This amount equals the amount reported on line 7.

C. *Status of Budgetary Resources—Format of SF 133*

Use the entries in the following table to prepare the "Status of Budgetary Resources" section of the SF 133, Report on Budget Execution and Budgetary Resources (for unexpired accounts and expired accounts, including accounts about to be closed and annual fund symbols that are older than five years that have legally authorized extended disbursing authority).

STATUS OF BUDGETARY RESOURCES

Entry	Description
Line 8. Obligations incurred:	You are required to report direct and reimbursable obligations. See section 83.5 for instructions on classifying obligations as direct versus reimbursable. In general, "direct obligations" means obligations not financed from reimbursements. In general, "reimbursable obligations" means obligations financed by offsetting collections that are payment to the performing account for goods and services provided to the ordering entity. *For unexpired accounts:* Amount of obligations incurred from the beginning of the current fiscal year to the end of the reporting period, net of refunds received that pertain to obligations incurred in the current year. Include upward adjustments of prior obligations. Do not include cancellations or downward adjustments of obligations due to recoveries of prior year obligations reported on line 4. (See section 20.5 for a discussion of the concept of obligations.) *For expired accounts:* Amount of upward adjustments of obligations previously incurred. Upward adjustments are limited by the amount available for adjustments. No new obligations may be incurred against expired or canceled accounts. (See sections 130.10–130.14 on expired and canceled appropriations.) For downward adjustments, see line 4.
A. Direct:	
1. Category A	Amount of direct obligations incurred against amounts apportioned under category A on the latest SF 132. Category A may sometimes includes program categories.
2. Category B [program 1] Category B [program 2 / program category 1] Category B [program 3 / program category 2]	Amount of direct obligations incurred against amounts apportioned under category B on the latest SF 132. Use a separate line for each administrative subdivision identified on the latest SF 132. Category B detail information describes the type of activity, project, etc. apportioned on line 8 of the latest SF 132. Four alphanumeric characters are used to identify subcategories.
3. Exempt from apportionment	Amount of direct obligations incurred for accounts that are exempt from apportionment.
B. Reimbursable:	
1. Category A	Amount of reimbursable obligations incurred against amounts apportioned under category A on the latest SF 132. Category A may sometimes includes program categories.
2. Category B [program 1] Category B [program 2 / program category 1] Category B [program 3 / program category 2]	Amount of reimbursable obligations incurred against amounts apportioned under category B on the latest SF 132. Use a separate line for each administrative subdivision identified on the latest SF 132. Category B detail information describes the type of activity, project, etc. apportioned on line 8 of the latest SF 132. Four alphanumeric characters are used to identify subcategories.
3. Exempt from apportionment	Amount of reimbursable obligations incurred for accounts that are exempt from apportionment.

Entry	Description
Line 9. Unobligated balance	
A. Apportioned:	*For unexpired accounts:*
1. Balance, currently available	Include the balances of amounts apportioned under category A and category B, as well as amounts apportioned by letter from OMB or by OMB bulletin. Do not include amounts apportioned but still anticipated. For amounts apportioned under category A, include the difference between the amount apportioned through the current period and the obligations incurred under those apportionments through the end of the reporting period. Where category B apportionments are based upon time periods within the year, include the difference between the cumulative amount apportioned through the current period and the obligations incurred under those apportionments through the end of the reporting period. Where funds are apportioned for the year as a whole, this entry will equal the total amount thus apportioned less the obligations incurred under those apportionments through the end of the reporting period. When required by OMB, show the portion of the unobligated balance that represents commitments outstanding in a footnote.
2. Apportioned for subsequent periods	*For unexpired accounts:* Amount apportioned by time periods (in both categories A and B) and for future fiscal years (category C) that are available for obligation in that reporting period, as approved on the latest SF 132. This includes both actual and anticipated amounts available in the subsequent periods.
3. Anticipated (+ or –)	*For unexpired accounts:* Amount anticipated and apportioned year-to-date on the latest SF 132 less amounts no longer anticipated. The amount on this line should equal the sum of the apportioned amounts on lines 2B, 3A2, 3D3, 3D5c, 4B, 4D, and 6F that are still anticipated for the current period. The amounts not apportioned on these lines should be on line 10C. Although this amount is not immediately available for obligation, it will become available for obligation upon realization (e.g. upon actual receipt of the anticipated collection).
B. Exempt from apportionment	
1. Balance, currently available	*For unexpired accounts:* Amount of the total unobligated balance available for obligation (including commitments) in accounts exempt from apportionment.
2. Anticipated (+ or –)	*For unexpired accounts:* Amount anticipated in accounts exempt from apportionment.
Line 10. Unobligated balance not available:	
A. Deferred	*For unexpired accounts:* Amount deferred as shown on line 10 on the latest SF 132. This is the amount of budgetary resources being set aside for possible use at a later

Entry	Description
	date (pursuant to a special message transmitted, or to be transmitted, by the President), before the funds expire.
B. Withheld pending rescission	*For unexpired accounts:* Amount withheld pending rescission as shown on line 9 on the latest SF 132 (pursuant to a special message transmitted, or to be transmitted, by the President).
C. Other	*For unexpired accounts:* For other balances not available for obligation, include the unobligated balances of amounts that are not included on lines 8, 9, or 10 on the latest SF 132. Include amounts on lines 2 and 3D that exceed apportioned amounts. This entry will include any excess of budgetary resources realized over amounts estimated to become available for obligation on the latest SF 132, when such amounts exceed the parameters set forth in section 120.37. (Do not use this line for accounts and funds that are not subject to apportionment. Unobligated balances of such accounts will be reported on line 9B.) This balance will be reported as a negative amount if budgetary resources (including estimates through the end of the year) are less than reported on the latest SF 132. If, on the September 30 report, a negative amount is reported on this line, the amount must be offset by remaining balances. For accounts that are apportioned, the offset must be against apportioned funds reported on line 9A1 or an apparent violation of the Antideficiency Act (31 U.S.C. 1341, 1342, or 1517) will have occurred. For accounts exempt from apportionment, the offset must be against line 9B or an apparent violation of the Antideficiency will have occurred. Unrealized budgetary resources will, in effect, be considered an offset against amounts apportioned (line 9A) or exempt from apportionment (line 9B) rather than an unobligated balance not available for obligation (line 10). This line will be used for the un-apportioned balance of public enterprise and intragovernmental revolving funds, as well as trust funds that are subject to apportionment. For these types of funds, include the amount shown on line 11 on the latest SF 132 (un-apportioned balance) plus the amount of upward adjustments in income until a reapportionment request is approved. *Appropriated receipts*. For the September 30 report, exclude from this line the portion of receipts collected in the current year in special or trust funds that is *precluded from obligation* due to a provision of law. The full amount appropriated is on line 3A1. The portion precluded from obligation is subtracted on line 5. *For expired accounts:* Amount of expired unobligated balances that have not been used for valid adjustments. (These amounts are no longer available for new obligations.) The amount on line 10C should be the difference between line 7 and line 8. For the final September 30 report before an account will be closed, the amount on this line should be zero.

Entry	Description
Line 11. Total status of budgetary resources	*For unexpired and expired accounts:* Sum of the amounts on lines 8 through 10. This amount equals the amount on line 7.

D. *Change in Obligated Balances—Format of SF 133*

Use the entries in the following table to prepare the "Change in Obligated Balances" section of the SF 133, Report on Budget Execution and Budgetary Resources for unexpired accounts and expired accounts, including accounts about to be closed and annual fund symbols that are older than five years that have legally authorized extended disbursing authority). Lines 12 through 18 are required for all quarters.

CHANGE IN OBLIGATED BALANCES

Entry	Description
Line 12. Obligated balance, net:	
A. Unpaid obligations, brought forward, October 1 (+)	*For unexpired and expired accounts:* Unpaid obligations as of October 1of the current fiscal year. This amount will equal the sum of the beginning balance of (a) accounts payable and (b) undelivered orders. This line should equal line 18A of the final SF 133 for the preceding year.
B. Uncollected customer payments from Federal sources, brought forward, October 1 (–)	*For unexpired and expired accounts:* Uncollected customer payments from other Federal Government accounts as of October 1of the current fiscal year. This amount will equal the sum of the beginning balance of (a) accounts receivable from other Federal Government accounts and the non- Federal (but only if specifically authorized by law to obligate against orders from the non-Federal) and (b) unfilled customers' orders from other Federal Government accounts not accompanied by an advance, unless specifically authorized by law to obligate against orders from the non-Federal. This line should equal line 18B of the final SF 133 for the preceding year.
Line 13. Obligations incurred (+)	Amount of obligations incurred from the beginning of the current fiscal year to the end of the reporting period, net of refunds received that pertain to obligations incurred in the current year. Include upward adjustments of prior obligations. Do not include cancellations or downward adjustments of obligations due to recoveries of prior year obligations reported on line 4. (See section 20.5 for a discussion of the concept of obligations.) *For expired accounts:* Amount of upward adjustments of obligations previously incurred. Upward adjustments are limited by the amount available for adjustments. No new obligations may be incurred against expired or canceled accounts. (See sections 130.10–130.14 on expired and canceled appropriations.) For downward adjustments, see line 4.

Entry	Description
	Includes both direct and reimbursement obligations. Equals amount on line 8.
Line 14. Gross outlays (–)	*For unexpired and expired accounts:* Amount of obligations paid. Includes payments in the form of cash (currency, checks, or electronic fund transfers) and in the form of debt instruments (bonds, debentures, notes, or monetary credits) when they are used to pay obligations. Include refunds of payments made in the current year. For the Interest on the Public Debt account, "interest" includes both the interest paid and the change in interest payable for public issues of Treasury debt securities and for certain special issues (i.e., Government account series) of Treasury debt securities (see section 20.6). This is also known as "Disbursements." Equals amount on line 19A, with opposite sign.
Line 15. Obligated balance transfers, net:	
A. Actual transfers, unpaid obligations (+ or –)	*For unexpired and expired accounts:* Unpaid obligations from other Federal Government accounts actually transferred to (+) or from (–) the account during the current fiscal year. In the footnotes, list the individual accounts from which and to which the transfers have been made. Specify the amount to be transferred to (+) and from (–) each account.
B. Actual transfers, uncollected customer payments from Federal sources (+ or –)	*For unexpired and expired accounts:* Uncollected customer payments from other Federal Government accounts actually transferred to (+) or from (–) the account during the current fiscal year. In the footnotes, list the individual accounts from which and to which the transfers have been made. Specify the amount to be transferred to (+) and from (–) each account.
Line 16. Recoveries of prior year unpaid obligations, actual (–)	*For unexpired and expired accounts:* Amount of any cancellations or downward adjustments of obligations incurred in *prior fiscal years* that were *not outlayed.* Include the adjustments since October 1 of the current year. Show the actual recoveries, as shown on the SF 133, on reapportionment requests. Include recovered amounts obligated against indefinite borrowing authority that was borrowed. Then subtract the same amount on line 6C. Include recovered amounts obligated against *indefinite* borrowing authority that was *not* borrowed or *unfunded* contract authority. Then subtract the same amount on line 6D. Exclude recovered amounts obligated against indefinite contract authority that was funded. Do not subtract the same amount on line 6D. Exclude any cancellations or downward adjustments of obligations incurred and outlayed in prior fiscal years since they must be accompanied by cash refunds. Cash refunds collected (i.e., recoveries of prior year obligations incurred and outlayed in prior fiscal years) are to be included on line 3D1a. For upward adjustments, see line 8. Exclude recoveries of current year obligations, which will be netted against obligations on line 8.

Entry	Description
	If a recovery is significant, you may want to explain in a footnote. For the final September 30 report before an account will be closed, all remaining unobligated and obligated balances must be canceled. To present these obligated balances as canceled, include the amount to be canceled, as a positive. Then, subtract the same amount on line 6A, *Cancellations of expired and no-year accounts*. Equals amount on line 2A, with opposite sign.
Line 17. Change in uncollected customer payments from Federal sources	*For unexpired accounts:* Amount of reimbursements from another Federal Government account that is *earned, but not collected*, to date during the current fiscal year, including those for revolving funds. If during the fiscal year, the amount is collected, move the amount to line 3D1a, above. Amount of expenditure transfers from a trust fund account to a Federal fund account is *earned, but not collected*, to date during the current fiscal year. If during the fiscal year, the amount is collected, move the amount to line 3D5a, above. For *collections of receivables* included in either the net unpaid obligations or the unobligated balances brought forward, include, as a negative: • The decrease in reimbursable receivables, and • Receivables written off. Amount of increase (+) or decrease (–) from October 1, in unfilled orders on hand from other Federal Government accounts, that are valid obligations of the ordering account and are *not* accompanied by an advance. During the fiscal year, as orders are filled, move the amounts earned to line 3D1b, above. For annual accounts and the last year of multi-year accounts, amounts on this line should reflect *obligated amounts* only on the September 30 report. For no-year accounts, amounts on this line may remain unobligated on the September 30 report. See section 130.9 for further details on Economy Act transactions involving different periods of availability. *For expired accounts:* For *collections of receivables* included in either the net unpaid obligations or the unobligated balances brought forward, include, as a negative, the decrease in reimbursable receivables. Also, include, as a negative, receivables written off. Amount of decrease (–) from October 1, in unfilled customer orders on hand from other Federal Government accounts that are valid obligations of the ordering account and are *not* accompanied by an advance. During the fiscal year, as orders are filled, move the amounts earned to line 3D1b, above. Equals the sum of amounts on lines 3D1b, 3D2b, and 3D5b, with opposite sign.

Entry	Description
Line 18. Obligated balance, net, end of period:	
A. Unpaid obligations (+)	*For unexpired and expired accounts:*
	Amount of undelivered orders that have not been prepaid and amount owed by the account on the basis of invoices or other evidence of receipts of goods and services being carried forward to the subsequent period.
	For the final September 30 report before an expired account will be closed, the amounts on these lines should be zero.
B. Uncollected customer payments from Federal sources (–)	*For unexpired and expired accounts:*
	Amount of accounts receivable from other Federal Government accounts and the non-Federal (but only if specifically authorized by law to obligate against orders from the non-Federal) and amount of unfilled customer orders from other Federal Government accounts not accompanied by an advance being carried forward to the subsequent period.
	Do not include refunds receivable.
	Do not include unfilled customer orders from other Federal Government accounts accompanied by an advance or from non-Federal sources with an advance. See line 3C.
	For the final September 30 report before an expired account will be closed, the amounts on these lines should be zero.

E. *Net Outlays—Format of SF 133*

Use the entries in the following table to prepare the "Net Outlays" section of the SF 133, Report on Budget Execution and Budgetary Resources for unexpired accounts and expired accounts, including accounts about to be closed and annual fund symbols that are older than five years that have legally authorized extended disbursing authority). Lines 19A and 19B are required for all quarters.

NET OUTLAYS

Entry	Description
Line 19. Net Outlays:	
A. Gross Outlays (+)	*For unexpired and expired accounts:*
	Amount of obligations paid. Includes payments in the form of cash (currency, checks, or electronic fund transfers) and in the form of debt instruments (bonds, debentures, notes, or monetary credits) when they are used to pay obligations. Include refunds of payments made in the current year.
	For the Interest on the Public Debt account, "interest" includes both the interest paid and the change in interest payable for public issues of
	Treasury debt securities and for certain special issues (i.e., Government account series) of Treasury debt securities (see section 20.6).

Entry	Description
	This is also known as "Disbursements." This is a positive amount.
B. Offsetting collections (–)	Amount of reimbursements from other Federal Government accounts and other collections credited to the account from the beginning of the year to the end of the reporting period. Include refunds of payments originally made in **prior** fiscal years that are received in the **current fiscal year**. Note: Refunds of payments made in the current fiscal year are netted against line 8. This is also known as "Offsetting collections (cash)." This is a negative amount.

While the above entries include tables to prepare the SF 133, Report on Budget Execution and Budgetary Resources (for unexpired accounts and expired accounts, including accounts about to be closed and annual fund symbols that are older than five years that have legally authorized extended disbursing authority), the Statement of Budgetary Resources is a financial statement that mimics the SF 133 format and includes the following additional lines:

Entry	Description
Line 3E. Subtotal	Sum of lines 3D1a + 3D1b + 3D2a + 3D2b + 3D3 + 3D4 + 3D5a + 3D5b + 3D5c.
Line 8C. Subtotal	Sum of lines 8A1 + 8A2 + 8A3 + 8B1 +8B2 + 8B3.
Line 9C. Subtotal	Sum of lines 9A1 + 9A2 + 9A3 + 9B1 +9B2.
Line12C. Total unpaid obligated balance, net	Sum of lines 12A + 12B.
Line15C. Total unpaid obligated balance transfers, net	Sum of lines 15A + 15B.
Line18C. Total unpaid obligated balance, net, end of period	Sum of lines 18A + 18B.
Line 19C. Less: Distributed Offsetting receipts	Amounts credited to general, special or trust fund receipt accounts and distributed by agency and function from gross budget authority and outlays to produce net budget authority and outlays. The amounts are not offset at the TAFS-level but at the agency-level. Includes cash proprietary receipts from the public, receipts from intragovernmental transactions, and offsetting governmental receipts. The amount of offsetting receipts that are distributed to agencies and reported in this statement shall agree with the deductions for offsetting receipts as reported in the Budget. Beginning September 30, 2006, the Financial Management Service will publish a new listing to be used by agencies to determine the appropriate distributed offsetting receipt accounts to be used on the Statement of Budgetary Resources (see OMB Circular No A-136 "Financial Reporting Requirements" section 6.7 for further details).
Line 19D. Net Outlays	Sum of lines 19A–19C.

APPENDIX G—CROSSWALK BETWEEN ANTIDEFICIENCY ACT AND TITLE 31 OF THE U.S. CODE

In 1982, Congress reworded and reorganized the language of the Antideficiency Act along with the rest of Title 31 of the United States Code. The intent of Congress was to modernize the language of the Act, without changing its meaning. This appendix presents a crosswalk between the provisions of law that made up the Antideficiency Act before it was modernized and the current language.

THE ANTIDEFICIENCY ACT	TITLE 31—MONEY AND FINANCE
The following contains the provisions of the Antideficiency Act, formerly section 3679 of the Revised Statutes, and section 210 of the General Government Matters Appropriation Act, 1958. (Formerly 31 U.S.C. 665, 665a, and 669.)	The following provides the section in Title 31 that was enacted without substantive change. Revisions to the 1982 law are italicized.
665 Appropriation **(a) Expenditures or contract obligations in excess of funds prohibited** No officer or employee of the United States shall make or authorize any expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein: nor shall any such officer or employee involve the Government in any contract or other obligation, or the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law.	**Section 1341:** (a)(1) An officer or employee of the United States Government or the District of Columbia government may not— (A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation; (B) involve either government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law; (C) make or authorize an expenditure or obligation of funds required to be sequestered under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985; or *(D) involve either government in a contract or obligation for the payment of money required to be sequestered under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.*
(b) Voluntary service forbidden No officer or employee of the United States shall accept voluntary service for the United States or employ personal service in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property.	**Section 1342:** An officer or employee of the United States Government or of the District of Columbia government may not accept voluntary services for either government or employ personal services exceeding that authorized by law except for emergencies involving the safety of human life or the protection of property. This section does not apply to a corporation getting amounts to make loans (except paid in capital amounts) without legal liability of the United States Government. As used in this section, the term

THE ANTIDEFICIENCY ACT	TITLE 31—MONEY AND FINANCE
	"emergencies involving the safety of human life or the protection of property" does not include ongoing, regular functions of government the suspension of which would not imminently threaten the safety of human life or the protection of property.
(c) Apportionment of appropriations; reserves; distribution; review (1) Except as otherwise provided in this section, all appropriations or funds available for obligation for a definite period of time shall be so apportioned as to prevent obligation or expenditure thereof in a manner which would indicate a necessity for deficiency or supplemental appropriations for such period; and all appropriations or funds not limited to a definite period of time, and all authorizations to create obligations by contract in advance of appropriations, shall be so apportioned as to achieve the most effective and economical use thereof.	**Section 1512:** (a) Except as provided in this subchapter, an appropriation available for obligation for a definite period shall be apportioned to prevent obligation or expenditure at a rate that would indicate a necessity for a deficiency or supplemental appropriation for the period. An appropriation for an indefinite period and authority to make obligations by contract before appropriations shall be apportioned to achieve the most effective and economical use. An apportionment may be reapportioned under this section.
As used hereafter in this section, the term "appropriation" means appropriations, funds and authorizations to create obligations by contract in advance of appropriations.	**Section 1511:** (a) In this subchapter, "appropriations" means— (1) appropriated amounts; (2) funds; and (3) authority to make obligations by contract before obligations.
(2) In apportioning any appropriation, reserves may be established solely to provide for contingencies or to effect savings whenever savings are made possible by or through changes in requirements or greater efficiency of operations.	**Section 1512(c):** (1) In apportioning or reapportioning an appropriation, a reserve may be established only— (A) to provide for contingencies; (B) to achieve savings made possible by or through changes in requirements or greater efficiency of operations; or (C) as specifically provided by law.
Whenever it is determined by an officer designated in subsection (d) of this section to make apportionments and reapportionments that any amount so reserved will not be required to carry out the full objectives and scope of the appropriation concerned, he shall recommend the rescission of such amount in the manner provided in the Budget and Accounting Act, 1921 (31 U.S.C. 1 *et seq.*), for estimates of appropriations. Except as specifically provided by particular appropriations acts or other laws, no	**Section 1512(c):** (2) A reserve established under this subsection may be changed as necessary to carry out the scope and objectives of the appropriation concerned. When an official designated in section 1513 of this title to make apportionments decides that an amount reserved will not be required to carry out the objectives and scope of the appropriation concerned, the official shall recommend the rescission of the amount in the way

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reserves shall be established other than as authorized by this subsection. Reserves established pursuant to this subsection shall be reported to the Congress in accordance with the Impoundment Control Act of 1974 (31 U.S.C. 1400 *et seq.*).	provided in chapter 11 of this title for appropriation requests. Reserves established under this section shall be reported to Congress as provided in the Impoundment Control Act of 1974 (2 U.S.C. 681 *et seq.*).
(3) Any appropriation subject to apportionment shall be distributed by months, calendar quarters, operating seasons, or other time periods, or by activities, functions, projects, or objects, or by a combination thereof, as may be deemed appropriate by the officers designated in subsection (d) of this section to make apportionments and reapportionments. Except as otherwise specified by the officer making the apportionment, amounts so apportioned shall remain available for obligation, in accordance with the terms of the appropriation, on a cumulative basis unless reapportioned.	**Section 1512(b):** (1) An appropriation subject to apportionment is apportioned by— (A) months, calendar quarters, operating seasons, or other time periods; (B) activities, functions, projects, or objects; or (C) a combination of the ways referred to in clauses (A) and (B) of this paragraph. (2) The official designated in section 1513 of this title to make apportionments shall apportion an appropriation under paragraph (1) of this subsection as the official considers appropriate. Except as specified by the official, an amount apportioned is available for obligation under the terms of the appropriation on a cumulative basis unless reapportioned.
(4) Apportionments shall be reviewed at least four times each year by the officers designated in subsection (d) of this section to make apportionments and reapportionments, and such reapportionments made or such reserves established, modified, or released as may be necessary to further the effective use of the appropriation concerned, in accordance with the purposes stated in paragraph (1) of this subsection.	**Section 1512:** (d) An apportionment or a reapportionment shall be reviewed at least 4 times a year by the official designated in section 1513 of this title to make apportionments. **Section 1512(a) the last sentence:** . . . An apportionment may be reapportioned under this section.
(d) Officers controlling apportionment or reapportionment (1) Any appropriation available to the legislative branch, the judiciary, the United States International Trade Commission, or the District of Columbia, which is required to be apportioned under subsection (c) of this section, shall be apportioned or reapportioned in writing by the officer having administrative control of such appropriation. Each such appropriation shall be apportioned not later than thirty days before the beginning of the fiscal year for which the appropriation is available, or not more than thirty days after approval of the Act by which the appropriation is made available, whichever is later.	**Section 1513:** (a) The official having administrative control of an appropriation available to the legislative branch, the judicial branch, the United States International Trade Commission, or the District of Columbia government that is required to be apportioned under section 1512 of this title shall apportion the appropriation in writing. An appropriation shall be apportioned not later than the later of the following: (1) 30 days before the beginning of the fiscal year for which the appropriation is available; or (2) 30 days after the date of enactment of the law by which the appropriation is made available.

THE ANTIDEFICIENCY ACT	TITLE 31—MONEY AND FINANCE
(2) Any appropriation available to an agency, which is required to be apportioned under subsection (c) of this section, shall be apportioned or reapportioned in writing by the Director of the Office of Management and Budget. The head of each agency to which any such appropriation is available shall submit to the Office of Management and Budget information, in such form and manner and at such time or times as the Director may prescribe, as may be required for the apportionment of such appropriation. Such information shall be submitted not later than forty days before the beginning of any fiscal year for which the appropriation is available, or not more than fifteen days after approval of the Act by which such appropriation is made available, whichever is later. The Director of the Office of Management and Budget shall apportion each such appropriation and shall notify the agency concerned of his action not later than twenty days before the beginning of the fiscal year for which the appropriation is available or not more than thirty days after approval of the Act by which such appropriation is made available, whichever is later.	**Section 1513(b):** (1) The President shall apportion in writing an appropriation available to an executive agency (except the Commission) that is required to be apportioned under section 1512 of this title. The head of each executive agency to which the appropriation is available shall submit to the President information required for the apportionment in the form and the way and at the time specified by the President. The information should be submitted not later than the later of the following: (A) 40 days before the beginning of the fiscal year for which the appropriation is available; or (B) 15 days after the date of enactment of the law by which the appropriation is made available. (2) The President shall notify the head of the executive agency of the action taken in apportioning the appropriation under paragraph (1) of this subsection not later than the later of the following: (A) 20 days before the beginning of the fiscal year for which the appropriation is available; or (B) 30 days after the date of enactment of the law by which the appropriation is made available.
When used in this section, the term "agency" means any executive department, agency, commission, authority, administration, board, or other independent establishment in the executive branch of the Government, including any corporation wholly or partly owned by the United States which is an instrumentality of the United States.	**Section 101:** In this title, "agency" means a department, agency, or instrumentality of the United States Government. **Also, section 102:** In this title, "executive agency" means department, agency, or instrumentality in the executive branch of the United States Government.
Nothing in this subsection shall be so construed as to interfere with the initiation, operation, and administration of agricultural price support programs and no funds (other than funds for administrative expenses) available for price support, surplus removal, and available under section 612c of title 7, with respect to agricultural commodities shall be subject to apportionment pursuant to this section.	**Section 1513:** (e) This section does not affect the initiation and operation of agriculture price support programs. **Also, section 1511:** (b) This subchapter does not apply to— (1) amounts (except amounts for administrative expenses) available— (A) for price support and surplus removal of agricultural commodities; and (B) under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c);

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The provisions of this section shall not apply to any corporation which obtains funds for making loans, other than paid in capital funds, without legal liability on the part of the United States.	**Section 1341(a):** (2) This subsection does not apply to a corporation getting amounts to make loans (except paid in capital amounts) without legal liability of the United States Government. **Also, section 1342 (in part):** ... This section does not apply to a corporation getting amounts to make loans (except paid in capital amounts) without legal liability of the United States Government. **Also, section 1511:** (b) this subchapter does not apply to— (2) a corporation getting amounts to make loans (except paid in capital amounts) without legal liability on the part of the United States Government; and
(e) Apportionment necessitating deficiency or supplemental estimates (1) No apportionment or reapportionment, or request therefore by the head of an agency, which, in the judgment of the officer making or the agency head requesting such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate shall be made except upon a determination by such officer or agency head, as the case may be, that such action is required because of (A) any laws enacted subsequent to the transmission to the Congress of the estimates for an appropriation which require expenditures beyond administrative control; or (B) emergencies involving the safety of human life, the protection of property, or the immediate welfare of individuals in cases where an appropriation has been made to enable the United States to make payment of, or contributions toward, sums which are required to be paid to individuals either in specific amounts fixed by law or in accordance with formulae prescribed by law.	**Section 1515(b):** (1) Except as provided in subsection (a) of this section, an official may make, and the head of an agency may request, an apportionment under section 1512 of this title that would indicate a necessity for a deficiency or supplemental appropriation only when the official or agency head decides that the action is required because of— (A) a law enacted after submission to Congress of the estimates for an appropriation that requires an expenditure beyond administrative control; or (B) an emergency involving the safety of human life, the protection of property, or the immediate welfare of individuals when an appropriation that would allow the United States Government to pay, or contribute to, amounts required to be paid to individuals in specific amounts fixed by law or under formulas prescribed by law, is insufficient.
(2) In each case of an appropriation or a reapportionment which, in the judgment of the officer making such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate, such officer shall immediately submit a detailed report of the facts of the case to the Congress. In transmitting any deficiency or supplemental estimates required on account of any such apportionment or reapportionment, reference shall be made to such report.	**Section 1515(b):** (2) If an official making an apportionment decides that an apportionment would indicate a necessity for a deficiency or supplemental appropriation, the official shall submit immediately a detailed report of the facts to Congress. The report shall be referred to in submitting a proposed deficiency or supplemental appropriation.

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(f) Exemption of trust funds and working funds expenditures from apportionment (1) The officers designated in subsection (d) of this section to make apportionments and reapportionments may exempt from apportionments trust funds and working funds expenditures from which have no significant effect on the financial operations of the Government, working capital and revolving funds established for intragovernmental operations, receipts from industrial and power operations available under law and any appropriation made specifically for— (1) interest on, or retirement of, the public debt; (2) payment of claims, judgments, refunds, and draw-backs; (3) any item determined by the President to be of a confidential nature; (4) payment under private relief acts or other laws requiring payments to designated payees in the total amount of such appropriation; (5) grants to the States under title I, IV, or X of the Social Security Act (42 U.S.C. 301 *et seq.*, 1201 *et seq.*), or under any other public assistance title in such Act.	**Section 1516:** An official designated in section 1513 of this title to make apportionments may exempt from apportionment – (1) a trust fund or working fund if an expenditure from the fund has no significant effect on the financial operations of the United States Government; (2) a working capital fund or a revolving fund established for intragovernmental operations; (3) receipts from industrial and power operations available under law; and (4) appropriations made specifically for— (A) interest on, or retirement of, the public debt; (B) payment of claims, judgments, refunds, and drawbacks; (C) items the President decides are of a confidential nature; (D) payment under a law requiring payment of the total amount of the appropriation to a designated payee; and (E) grants to the States under the Social Security Act (41 U.S.C. 301 *et seq.*).
(2) The provisions of subsection (c) of this section shall not apply to appropriations to the Senate or House of Representatives or to any Member, committee, Office (including the office of the Architect of the Capitol), officer, or employee thereof.	**Section 1511:** (b) This subchapter does not apply to— (3) the Senate, the House of Representatives, a committee of Congress, a member, officer, employee, or office of either House of Congress, or the office of the Architect of the Capitol or an officer or employee of that Office.
(g) Administrative division of apportionment; simplification of system for subdividing funds Any appropriation which is apportioned or reapportioned pursuant to this section may be divided and subdivided administratively within the limits of such apportionments or reapportionments. The officer having administrative control of any such appropriation available to the legislative branch, the judiciary, the United States International Trade Commission, or the District of Columbia, and the head of each agency, subject to the approval of the Director of the Office of Management and Budget, shall prescribe, by regulation, a system of administrative	**Section 1513:** (d) An appropriation apportioned under this subchapter may be divided and subdivided administratively within the limits of the apportionment. **Section 1514:** (a) The official having administrative control of an appropriation available to the legislative branch, the judicial branch, the United States International Trade Commission, or the District of Columbia government, and, subject to the approval of the President, the head

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control (not inconsistent with any accounting procedures prescribed by or pursuant to law) which shall be designed to (A) restrict obligations or expenditures against each appropriation to the amount of apportionments or reapportionments made for each such appropriation, and (B) enable such officer or agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment.	of each executive agency (except the Commission) shall prescribe by regulation a system of administrative control not inconsistent with accounting procedures prescribed under law. The system shall be designed— (1) to restrict obligations or expenditures from each appropriation to the amount of apportionments or reapportionments of the appropriation; and (2) to enable the official or the head of the executive agency to fix responsibility for an obligation or expenditure exceeding an apportionment or reapportionment.
In order to have a simplified system for the administrative subdivision of appropriations or funds, each agency shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit.	(b) To have a simplified system for administratively dividing appropriations, the head of each executive agency (except the Commission) shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative division for each appropriation affecting the unit.
(h) Expenditures in excess of apportionment; penalties No officer or employee of the United States shall authorize or create any obligation or make any expenditure (A) in excess of an apportionment or reapportionment, or (B) in excess of the amount permitted by regulations prescribed pursuant to subsection (g) of this section.	**Section 1517:** (a) An officer or employee of the United States Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding— (1) an apportionment; or (2) the amount permitted by regulations prescribed under section 1514(a) of this title.
(i) Administrative discipline; reports on violation (1) In addition to any penalty of liability under other law, any officer or employee of the United States who shall violate subsections (a), (b), or (h) of this section shall be subjected to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office;	**Section 1349:** (a) An officer or employee of the United States Government or of the District of Columbia government violating section 1341(a) or 1342 of this title shall be subject to appropriate administrative discipline including, when circumstances warrant, suspension from duty without pay or removal from office. **Also, section 1518:** An officer or employee of the United States Government or of the District of Columbia government violating section 1517(a) of this title shall be subject to appropriate administrative discipline including, when circumstances warrant, suspension from duty without pay or removal from office.

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And any officer or employee or the United States who shall knowingly and willfully violate subsections (a), (b), or (h) of this section shall, upon conviction, be fined not more than $5,000 or imprisoned for not more than two years, or both.	**Section 1350:** An officer or employee of the United States Government or of the District of Columbia government knowingly and willfully violating section 1341(a) or 1342 of this title shall be fined not more than $5,000, imprisoned for not more than two years, or both. **Also, section 1519:** An officer or employee of the United States Government or of the District of Columbia government knowingly and willfully violating section 1517(a) of this title shall be fined not more than $5,000, imprisoned for not more than 2 years, or both.
(2) In the case of a violation of subsections (a), (b), or (h) of this section by an officer or employee of an agency, or of the District of Columbia, the head of the agency concerned or the Mayor of the District of Columbia, shall immediately report to the President, through the Director of the Office of Management and Budget, and to the Congress all pertinent facts together with a statement of the action thereon.	**Section 1351:** If an officer or employee of an executive agency or an officer or employee of the District of Columbia government violates section 1341(a) or 1342 of this title, the head of the agency or the Mayor of the District of Columbia, as the case may be, shall report immediately to the President and Congress all relevant facts and a statement of actions taken. A copy of each report shall be transmitted to the Comptroller General on the same date the report is transmitted to the President and Congress. **Also, section 1517:** (b) If an officer or employee of an executive agency or of the District of Columbia government violates subsection (a) of this section, the head of the executive agency or the Mayor of the District of Columbia, as the case may be, shall report immediately to the President and Congress all relevant facts and a statement of actions taken. A copy of each report shall be transmitted to the Comptroller General on the same date the report is transmitted to the President and Congress.
31 U.S.C. 665a. Basis of apportionment; need for funds for increased compensation for wage-board employees On and after June 5, 1957, any appropriation required to be apportioned pursuant to section 665 of this title, may be apportioned on a basis indicating the need for a supplemental or deficiency estimate of appropriation to the extent necessary to permit payment of such pay increases as may be granted those employees (commonly known as wage-board employees) whose compensation is fixed and adjusted	**Section 1515:** (a) An appropriation required to be apportioned under section 1512 of this title may be apportioned on a basis that indicates the need for a deficiency or supplemental appropriation to the extent necessary to permit payment of *such pay increases as may be granted pursuant to law to civilian officers and employees (including prevailing rate employees whose pay is fixed and adjusted under subchapter IV of chapter 53 of title 5) and to retired and active military personnel*

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from time to time in accordance with prevailing rates (5 U.S.C. 5102(c)(7), 5341 *et seq.*).	
31 U.S.C. 669. Apportionment of contingent funds of departments to offices and bureaus (the following passage occurs in section 669 before the semicolon) In addition to the apportionment required by section 665 of this title, the head of each executive department shall, on or before the beginning of each fiscal year, apportion to each office or bureau of his department the maximum amount to be expended therefor during the fiscal year out of the contingent fund or funds appropriated for the entire year for the department, and the amounts so apportioned shall not be increased or diminished during the year for which made except upon the written direction of the head of the department, in which there shall be fully expressed his reasons therefore.	**Section 1513:** (c) By the first day of each fiscal year, the head of each executive department of the United States Government shall apportion among the major organizational units of the department the maximum amount to be expended by each unit during the fiscal year out of each contingent fund appropriated for the entire year for the department. Each amount may be changed during the fiscal year only by written direction of the head of the department. The direction shall state the reasons for the change.
31 U.S.C. 669. Apportionment of use of contingent funds by DC (the following passage occurs in section 669 after the semicolon) and there shall not be purchased out of any other fund any article for use in any office or bureau of any executive department, in Washington, District of Columbia, which could be purchased out of appropriations made for the regular contingent funds of such department or of its offices and bureaus.	**Section 1341:** (b) An article to be used by an executive department in the District of Columbia that could be bought out or an appropriation made to a regular contingent fund of the department may not be bought out of another amount available for obligation.

APPENDIX H—CHECKLIST FOR FUND CONTROL REGULATIONS

You must include the following items in the fund control regulations you submit to OMB for approval.

1. Statement of purpose. At a minimum, your regulations should state broadly that their purpose is to prescribe procedures to follow in budget execution and specify basic fund control principles and concepts.

Your regulations should state that they:

- Establish policy with regard to the administrative control of funds.
- Prescribe a system for positive administrative control of funds designed to restrict obligations and expenditures (disbursements) to the amount available in each appropriation or fund account.
- Restrict *both* obligations and expenditures from each appropriation or fund account to *the lower of* the amount of apportionments made by OMB or the amount available for obligation and/or expenditure in the appropriation or fund account.
- Enable the head of your agency to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reapportionment, the allotment or suballotments made by the agency, any statutory limitations, and any other administrative subdivision of funds made by the agency.
- Provide procedures for dealing with violations of the Antideficiency Act as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act, per se.

2. Authority. At a minimum, you should list the following authorities in the regulations:

- Money and Finance. Title 31, United States Code:
  - Sections 1341–1342, 1349–1351, 1511–1519 (part of the Antideficiency Act, as amended).
  - Sections 1101, 1104–1108, 3324 (part of the Budget and Accounting Act, 1921, as amended).
  - Sections 1501–1502 (part of section 1311 of the Supplemental Appropriations Act of 1950).
  - Sections 1112, 1531, 3511–3512, 3524 (part of the Budget and Accounting Procedures Act of 1950).
- Title X of P. L. 93–344, found at 2 U.S.C. 681–688.
- Part 4 of OMB Circular No. A–11, "Instructions on Budget Execution," and related OMB guidelines.
- Other pertinent laws governing your agency's funds and appropriate agency internal regulations, if any.

3. Scope. The regulations should state that all organizations, appropriations, and funds are subject to the provisions contained in them. If you want to make any exemptions, OMB must first approve them. Clearly identify all approved exemptions in the regulations.

4. Definitions, terminology, and concepts. Your regulations should have a section that specifies that the definitions, terminology, and concepts in OMB Circular No. A–11 applies. You may restrict this to terms that are peculiar to, or have special meaning within your agency, except that you should include the identical definition of the following terms found in OMB Circular No. A–11: apportionment, allotment, suballotment, administrative division or subdivision of funds, and agency limitations.

To the extent that OMB Circular No. A–11 or Treasury regulations do not provide a definition for a technical term; this section should include a definition for the term that your agency is proposing to use in the regulations.

5. Responsibility and functions of individuals. Your agency regulations should describe those individuals within the agency charged with fund control responsibilities by title or position. At a minimum, they should:

- List the positions and describe the fund control responsibilities of each.

- Explain each position's responsibilities with regard to investigating, reporting, and following up on Antideficiency Act violations, as well as violations of agency limitations that are not violations of the Antideficiency Act.

6. Actions prohibited. At a minimum, include the following:

- *Violations of the Antideficiency Act*. List all the basic actions prohibited by sections 1341, 1342, and 1517(a) of Title 31, U.S. Code (part of the Antideficiency Act), as they are interpreted and applied within your agency.

- *Violations of limitations that do not per se violate the Antideficiency Act*. List and briefly describe all your agency's imposed restrictions, including a statement describing the conditions under which violations of these restrictions also violate the Antideficiency Act.

7. Penalties.

A. *Administrative penalties*. The law provides that any officer or employee of the United States who violates the prohibitions of 31 U.S.C. 1341(a), 1342, or 1517(a) will be subject to appropriate administrative discipline. Administrative discipline may consist of:

- Letter of reprimand or censure for the official personnel record of the officer or employee.
- Unsatisfactory performance rating.
- Transfer to another position.
- Suspension from duty without pay.
- Removal from office.

B. *Criminal penalties*. In addition, the law provides that any officer or employee of the United States who knowingly and willfully violates the prohibitions shall be fined not more than $5,000, imprisoned for not more than two years, or both.

Describe all criminal penalties for violations of the Antideficiency Act, as well as any additional disciplinary measures your agency imposes. In addition, describe penalties for violations of agency limitations and requirements that your agency does not consider subject to provisions of the Antideficiency Act.

8. Reporting violations. At a minimum, your regulations should prescribe procedures for reporting apparent violations to responsible agency officials, the President, the Congress, and the Government Accountability Office (GAO). All violations must be reported immediately upon discovery. Antideficiency Act violations must be reported by letter to the President, through OMB, signed by the head of the agency, and by letter to the Congress and GAO.

Any individual who knows of a possible Antideficiency Act violation must report it. Specify who should be notified in your regulations.

Even though you take subsequent actions to correct the cause of a violation, it does not eliminate that violation, and you must still report it.

9. Accounting support for fund control systems. Your regulations must specify that the agency accounting system must fully support agency fund control systems. The accounting systems should provide for:

- Recording all financial transactions affecting: apportionments; reapportionments; allotments; agency restrictions; financial plans; program operating plans; obligations and expenditures; as well as anticipated, earned, and collected reimbursements.

- Preparing and reconciling financial reports that display cumulative obligations, and the remaining unobligated balance by appropriation and allotment, and cumulative obligations by budget activity and object class.

10. Apportionment procedures. Normally, you describe agency procedures for requesting apportionment of funds in other directives or manuals. However, you should include the following as part of the fund control regulations:

- Briefly describe your agency's procedures for requesting the apportionment of funds. List position(s) and organizations responsible for making the request.

- Cite the basic internal agency directives covering the apportionment of funds. At your option, you may include general guidance covering apportionment action in connection with the following:

  - Supplementals.
  - Reprogramming.
  - Transfer between accounts.

- Discuss agency administrative control of funds policies that apply specifically to revolving funds, management funds, and trust funds, including those that are not apportioned. If any of these funds are not subject to the basic provisions of this regulations (see above), describe the procedures used to control them in a separate section.

11. Policy on allotments and suballotments. Include the general policy that allotments and suballotments will be established at the highest practical level, and each operating unit will be financed from no more than one subdivision for each appropriation or fund (the Antideficiency Act establishes these objectives). Specify the criteria for changing the allotment structure, and identify who has authority to approve such changes. Emphasize that allotments and suballotments are subject to the provisions of the Antideficiency Act.

Include the following in the section on allotments and suballotments:

- Function and purpose of allotments and suballotments.
- Restrictions:
  - The sum of allotment amounts issued will not exceed the apportionment.
  - The sum of suballotment amounts issued will not exceed the allotment amount.
  - The amounts of allotments or other administrative subdivisions will be fixed and will be changed only when authorized by the authority who initially issued the subdivision.
  - Congressional restrictions contained in appropriation acts will be enforced.
  - Other restrictions which your agency may want with respect to administrative subdivisions. Use this Circular as a guide. However, you may establish more stringent requirements for the allotment of anticipated budgetary resources.
- Allotment procedures:
  - Make allotments and suballotments using formal documents.
  - Identify the officers authorized to issue allotments and suballotments as well as the officers and employees authorized to reduce them.
  - At a minimum, document the following:

    A. Amount available.

    B. Funding source (for example, appropriations, reimbursements).

    C. Time period of availability.

    D. The position title of the official responsible and other agency limitations.

    E. Justification for changes in allotments. (In some cases, changes in allotments will create the need for a reapportionment, which requires OMB approval.)

12. Treatment of anticipated budgetary resources already enacted into law. Your agency's fund control regulations should state that apportionments may include estimated amounts of "anticipated" budgetary resources that are the result of *laws already enacted*. This is done to reduce routine reapportionments of such amounts as they actually become available. These are presented on the SF 132 and SF 133 on the following lines:

- Line 4B, anticipated increases (+) in budget authority (including anticipated transfers of new budget authority) into the account and anticipated decreases (–) from the account;
- Line 4D, anticipated transfers of balances of budget authority into the account (+) and out of the account (–);

- Line 3D3, anticipated orders without an advance and anticipated refunds (+);
- Line 3D5c, anticipated transfers from trust funds into the account (+);
- Line 2B, anticipated recoveries of prior year obligations (+); and
- Line 6F, anticipated permanent reductions (–).

You may choose not to allot amounts *anticipated to increase* (+) the total budgetary resources, even though the amount has been apportioned, until the increase actually occurs.

Alternatively, you may choose to allot amounts *anticipated to increase* the total budgetary resources before the increase actually occurs. If you choose this alternative, then the fund control regulations must require that all officials or employees who receive allotments of anticipated increases in budgetary resources should maintain constant and careful oversight to insure that these amounts materialize before they incur obligations or expenditures against this type of allotment. The regulations must also require that if actual amounts are less than anticipated, the agency will make appropriate funding adjustments and take other appropriate actions including requesting a reapportionment.

The *anticipated decreases* (–) under current law do not become a part of the amount of total budgetary resources available to be apportioned. Since the OMB apportionment will not include these amounts, these amounts must not be allotted.

13. Deficiency apportionments. At a minimum, the regulations should state:

- Apportionments that anticipate the need for a deficiency appropriation or a supplemental under 31 U.S.C. 1515 will be specifically identified on the apportionment request (SF 132).
- To qualify as a deficiency apportionment, the request must be required by:
  - Laws enacted subsequent to the transmittal of the annual budget for the year to Congress;
  - Emergencies involving human life, the protection of property, or the immediate welfare of individuals; or
  - Specific authorization by law.
- When OMB approves a deficiency apportionment and transmits it to Congress, OMB is merely notifying the Congress that funds appropriated to date are being obligated at a more rapid rate than previously anticipated. This notification does not guarantee that the Congress will approve any part of any associated supplemental requests and does not authorize the use of any amounts not yet provided.

APPENDIX J—PRINCIPLES OF BUDGETING FOR CAPITAL ASSET ACQUISITIONS

Introduction and Summary

The Administration plans to use the following principles in budgeting for capital asset acquisitions. These principles address planning, costs and benefits, financing, and risk management requirements that should be satisfied before a proposal for the acquisition of capital assets can be included in the Administration's budget. A Glossary describes key terms. OMB has also published the *Capital Programming Guide* (June 2006), a supplement to this Circular. The *Guide* is a basic reference on principles and techniques for planning, budgeting, acquisition, and management of capital assets. Agencies should consult the *Guide* when preparing their capital plans and developing their budget requests from their capital plans.

The principles are organized in the following four sections:

A. *Planning.* This section focuses on the need to ensure that capital assets support core/priority missions of the agency; the assets have demonstrated a projected return on investment that is clearly equal to or better than alternative uses of available public resources; the risk associated with the assets is understood and managed at all stages; and the acquisition is implemented in phased, successive segments, unless it can be demonstrated there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.

B. *Costs and Benefits.* This section emphasizes that the asset should be justified primarily by benefit-cost analysis, including life-cycle costs; that all costs are understood in advance; and that cost, schedule, and performance goals are identified that can be measured using an earned value management system.

C. *Principles of Financing.* This section stresses that useful segments are to be fully funded with regular appropriations; that as a general rule, planning segments should be financed separately from procurement of the asset; and that agencies are encouraged to aggregate assets in capital acquisition accounts and take other steps to accommodate lumpiness or "spikes" in funding for justified acquisitions.

D. *Risk Management.* This section is to help ensure that risk is analyzed and managed carefully in the acquisition of the asset. Strategies can include separate accounts for capital asset acquisitions, the use of apportionment to encourage sound management, and the selection of efficient types of contracts and pricing mechanisms in order to allocate risk appropriately between the contractor and the Government. In addition, cost, schedule, and performance goals are to be controlled and monitored by using an earned value management system; and if progress toward these goals is not met, there is a formal review process to evaluate whether the acquisition should continue or be terminated.

As defined here, capital assets are generally land, structures, equipment, and intellectual property (including software) that are used by the Federal Government, including weapon systems. Not included are grants to States or others for their acquisition of capital assets. A complete definition is provided in section 300.4.

A. Planning

Investments in major capital assets proposed for funding in the Administration's budget should:

1. Support core/priority mission functions that need to be performed by the Federal Government;

2. Be undertaken by the requesting agency because no alternative private sector or governmental source can support the function more efficiently;

3. Support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology;

4. Demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with measures developed pursuant to the Government Performance and Results Act; reduced cost; increased quality, speed, or flexibility; and increased customer and employee satisfaction. Return should be adjusted for such risk factors as the investment's technical complexity, the agency's management capacity, the likelihood of cost overruns, and the consequences of under- or non-performance;

5. Information technology investments ensure that security is incorporated and funded in the life-cycle planning of the system. OMB Memorandum M–00–07: "Incorporating and Funding Security in Information Systems Investments (February 28, 2000) provides additional detail.

6. Reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall investment; using fully tested pilots, simulations, or prototype implementations when necessary before going to production; establishing clear measures and accountability for investment progress; and securing substantial involvement and buy-in throughout the investment from the program officials who will use the system;

7. Be implemented in phased, successive segments as narrow in scope and brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future segments, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time; and

8. Employ an acquisition strategy that appropriately allocates risk between the Government and the contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology.

Prototypes require the same justification as other capital assets.

As a general presumption, OMB will recommend new or continued funding only for those capital asset investments that satisfy these criteria. Funding for those investments will be recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.

OMB recognizes that many agencies are in the middle of ongoing investments, and they may not be able immediately to satisfy the criteria. For those investments that do not satisfy the criteria, OMB will consider requests to use current year and budget year funds to finance additional planning, as necessary, to support the establishment of realistic cost, schedule, and performance goals for the completion of the investment. This planning could include: the redesign of work processes, the evaluation of alternative solutions, the development of information system architectures, and if necessary, the purchase and evaluation of prototypes. Realistic goals are necessary for agency portfolio analysis to determine the viability of the investment, to provide the basis for fully funding the investment to completion, and setting the baseline for management accountability to deliver the investment within goals.

Because OMB considers this information essential to agencies' long-term success, OMB will use this information both in preparing the Administration's budget and, in conjunction with cost, schedule, and performance data, as apportionments are made. Agencies are encouraged to work with their OMB

representative to arrive at a mutually satisfactory process, format, and timetable for providing the requested information.

B. Costs and Benefits

The justification of the investment should evaluate and discuss the extent to which the investment meets the above criteria and should also include:

- An analysis of the investment's total life-cycle costs and benefits, including the total budget authority required for the asset, consistent with policies described in OMB Circular A–94: *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs* (October 1992);

- An analysis of the risk of the investment including how risks will be isolated, minimized, monitored, and controlled, and for major programs, an evaluation and estimate by the Chief Financial Officer of the probability of achieving the proposed cost goals;

- If after the planning phase, the procurement is proposed for funding in segments, an analysis showing that the proposed segment is economically and programmatically justified, that it is programmatically useful if no further investments are funded, and in this application its benefits exceed its costs; and

- Cost, schedule, and performance goals for the investment (or the planning segment or useful asset being proposed) that can be measured throughout the acquisition process using a performance-based management system, e.g., earned value management.

C. Principles of Financing

Principle 1: Full Funding

Budget authority sufficient to complete a useful segment of a capital project (investment) (or the entire capital project, if it is not divisible into useful segments) must be appropriated before any obligations for the useful segment (or project or investment) may be incurred.

Explanation: Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account at the time decisions are made to provide resources. Full funding with regular appropriations in the budget year also leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. Full funding increases the opportunity to use performance-based fixed price contracts, allows for more efficient work planning and management of the capital project (or investment), and increases the accountability for the achievement of the baseline goals.

When full funding is not followed and capital projects (or investments) or useful segments are funded in increments, without certainty if or when future funding will be available, the result is sometimes poor planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major investments, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

Principle 2: Regular Appropriations

Regular appropriations for the full funding of a capital project or a useful segment (or investment) of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, see Principle 4 below.

Explanation: Principle 1 (Full Funding) is met as long as appropriations provide budget authority sufficient to complete the capital project or useful segment or investment. Full funding in the budget year with regular appropriations alone is preferred because it leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. In contrast, full funding for a capital project (investment) over several years with regular appropriations for the first year and advance appropriations for subsequent years may bias tradeoffs in the budget year in favor of the proposed asset because with advance appropriations the full cost of the asset is not included in the budget year. Advance appropriations, because they are scored in the year they become available for obligation, may constrain the budget authority and outlays available for regular appropriations of that year.

Principle 3: Separate Funding of Planning Segments

As a general rule, planning segments of a capital project (investment) should be financed separately from the procurement of a useful asset.

Explanation: The agency must have information that allows it to plan the capital project (investment), develop the design, and assess the benefits, costs, and risks before proceeding to procurement of the useful asset. This is especially important for high risk acquisitions. This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The construction of a prototype that is a capital asset, because of its cost and risk, should be justified and planned as carefully as the investment itself. The process of gathering information for a capital project (investment) may consist of one or more planning segments, depending on the nature of the asset. Funding these segments separately will help ensure that the necessary information is available to establish cost, schedule, and performance goals before proceeding to procurement.

If budget authority for planning segments and procurement of the useful asset are enacted together, OMB may wish to apportion budget authority for one or several planning segments separately from procurement of the useful asset.

Principle 4: Accommodation of Lumpiness or "Spikes" and Separate Capital Acquisition Accounts

To accommodate lumpiness or "spikes" in funding justified capital acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency's total budget request.

Explanation: Large, temporary, year-to-year increases in budget authority, sometimes called lumps or spikes, may create a bias against the acquisition of justified capital assets. Agencies, working with OMB, should seek ways to avoid this bias and accommodate such spikes for justified acquisitions. Aggregation of capital acquisitions in separate accounts may:

- Reduce spikes within an agency or bureau by providing roughly the same level of spending for acquisitions each year;

- Help to identify the source of spikes and to explain them. Capital acquisitions are more lumpy than operating expenses; and with a capital acquisition account, it can be seen that an increase in operating expenses is not being hidden and attributed to one-time asset purchases;

- Reduce the pressure for capital spikes to crowd out operating expenses; and

- Improve justification and make proposals easier to evaluate, since capital acquisitions are generally analyzed in a different manner than operating expenses (e.g., capital acquisitions have a longer time horizon of benefits and life-cycle costs).

D. Risk Management

Risk management should be central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may contribute to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. For each major capital project (investment), a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems.

The investment cost, schedule and performance goals established through the planning phase of the investment are the basis for approval to procure the asset and the basis for assessing risk. During the procurement phase, performance-based management systems (earned value or similar system) must be used to provide contractor and Government management visibility on the achievement of, or deviation from, goals until the asset is accepted and operational. If goals are not being met, performance-based management systems allow for early identification of problems, potential corrective actions, and changes to the original goals needed to complete the investment and necessary for agency portfolio analysis decisions. These systems also allow for Administration decisions to recommend meaningful modifications for increased funding to the Congress, or termination of the investment, based on its revised expected return on investment in comparison to alternative uses of the funds. Agencies must ensure that the necessary acquisition strategies are implemented to reduce the risk of cost escalation and the risk of failure to achieve schedule and performance goals. These strategies may include:

- Having budgetary resources appropriated in separate capital asset acquisition accounts;

- Apportioning budget authority for a useful segment;

- Establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which if not met may result in cancellation of the acquisition;

- Selecting types of contracts and pricing mechanisms that are efficient and that provide incentives to contractors in order to allocate risk appropriately between the contractor and the Government;

- Monitoring cost, schedule, and performance goals for the investment (or the planning segment or useful asset being proposed) using a performance-based management system, e.g., earned value management system.

- If progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds, instituting senior management review of the investment through portfolio analysis to determine the continued viability of the investment with modifications, or the termination of the investment, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives.

E. Glossary

Appropriations, regular annual or advance, provide budget authority that permits Government officials to incur obligations that result in immediate or future outlays of Government funds.

Regular annual appropriations are:

- Enacted normally in the current year;
- Scored entirely in the budget year; and
- Available for obligation in the budget year and subsequent years if specified in the language (see "*Availability,*" below).

Advance appropriations may be accompanied by regular annual appropriations to provide funds available for obligation in the budget year as well as subsequent years. Advance appropriations are:

- Enacted normally in the current year;
- Scored after the budget year (e.g., in each of one, two, or more later years, depending on the language); and
- Available for obligation in the year scored and subsequent years if specified in the language (see "*Availability,*" below).

Availability refers to the period during which appropriations may be legally obligated. Appropriations made in appropriations acts are available for obligation only in the budget year, unless the language specifies that an appropriation is available for a longer period. If the language specifies that the funds are to remain available until the end of a certain year beyond the budget year, the availability is said to be "multi-year." If the language specifies that the funds are to remain available until expended, the availability is said to be "no-year." Appropriations for major procurements and construction projects are typically made available for multiple years or until expended.

APPENDIX K—SELECTED OMB GUIDANCE AND OTHER REFERENCES REGARDING CAPITAL ASSETS

EXECUTIVE ORDERS

Executive Order No. 12893, "Principles for Federal Infrastructure Investments," provides principles for the systematic economic analysis of infrastructure investments and their management. OMB Bulletin No. 94–16, Guidance on Executive Order No. 12893, "Principles for Federal Infrastructure Investments" (March 7, 1994), provides guidance for implementing this Order and appends the Order itself.

OMB CIRCULARS AND MEMORANDA

OMB Circular No. A–11,* Preparing and Submitting Budget Estimates *(July 2006):

Part 2: Preparation and Submission of Budget Estimates

- Section 31.5, Full funding, requires that the agency request include full funding for procurement and construction. See section 300.6 for more discussion of this policy.
- Section 33.7, Systems acquisitions, states that agencies should develop their estimates of major systems acquisitions, including information technology systems, consistent with guidance in the *Capital Programming Guide*, the requirements of Title V of the Federal Acquisition Streamlining Act of 1994 (FASA), and the Clinger-Cohen Act of 1996.
- Section 52, Information on financial management, requires agencies to submit data on financial management plans, systems and resources.
- Section 53, Information technology and e-government, requires agencies to submit data on information technology investments.
- Section 84, Character classification, requires information on different kinds of investment and grants to state and local governments.

Part 7: Planning, Budgeting, Acquisition, and Management of Capital Assets

Capital Programming Guide (June 2006). The *Guide* is a policy Supplement to this Circular.

OMB Circular No. A–94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs* (October 1992), publishes periodic revisions of the discount rate that are used to produce benefit-cost, cost-effectiveness, and lease-purchase analyses in evaluating Federal activities including capital asset acquisition. The circular includes guidelines on how to use the discount rate in calculating present value of future benefits and costs; measuring benefits and costs; and treating uncertainty and other issues. This guidance must be followed in all analyses you submit to OMB in support of legislative and budget programs.

OMB Circular No. A–127, *Financial Management Systems* (revised July 23, 1993), prescribes policies and standards for you to follow in developing, operating, evaluating, and reporting on financial management systems. Revised further in Transmittal Memorandum No. 2 (June 10, 1999).

OMB Circular No. A–130, *Management of Federal Information Resources* (revised November 20, 2000), provides principles for internal management and planning practices of information systems and technology.

OMB Memorandum M–00–10, *OMB Procedures and Guidance on Implementing the Government Paperwork Elimination Ac*t (April 25, 2000). This memorandum provides guidance implementing on the Government Paperwork Elimination Act (GPEA), which requires agencies, by October 21, 2003, to provide for the (1) option of electronic maintenance, submission, or disclosure of information, when practicable as a substitute for paper; and (2) use and acceptance of electronic signatures, when practicable.

OMB Memorandum M–00–13, *Privacy Policies and Data Collection on Federal Websites* (June 22, 2000). This memorandum reminds agencies that they are required by law and policy to establish clear privacy policies for its web activities and to comply with those policies.

OMB Memorandum M–05–07, *2005 Discount Rates for OMB Circular No. A–94* (January 31, 2005). This memorandum provides the annual update of discount rates in Appendix C of OMB Circular A–94. These rates will be in effect February 2005 through the end of January 2006.

PUBLICATIONS

American National Standard Institute, *Earned Value Management Systems*, ANSI/EIA–748–1998, (approved May 19, 1998). Electronic Industries Alliance. Arlington, VA 22201.

Best Practices Committee, Federal Chief Information Officers Council, three separate documents:
1) *Smart Practices in Capital Planning* (October 2000); 2) *First Practices in Portfolio Management* (February 2002); and 3) *ROI and the Value Puzzle* (April 1999) (see *www.cio.gov*).

U.S. General Accounting Office, Assessing Risks and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decision-Making, *GAO/AIMD–10.1.13* (February 1997).

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