EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

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CIRCULAR NO. A-11
Revised
Transmittal Memorandum No. 72

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Preparing and Submitting Budget Estimates

OMB Circular No. A-11 tells you how to prepare your FY 2001 budget submission. The Circular has three parts:

- Part 1 covers your budget request and related materials.
- Part 2 covers your strategic plan, annual performance plan, and performance reports.
- Part 3 covers acquiring capital assets.

This Circular supersedes all previous versions. This year, we reorganized the Circular and rewrote many of the sections using plain language. We plan to rewrite the rest of the Circular next year. The summary of changes highlights the substantive changes made since last year. A table is provided that crosswalks the old structure to the new structure.

This year, as you develop the FY 2001 budget and performance plans, we look forward to agency progress in the use of planning, performance measurement, and budgeting. The immediate attachment lists the kinds of questions we will be asking.

As always, we expect you to focus attention in your FY 2001 submissions on the extent to which current programs are achieving the results intended, and new program initiatives are structured to provide for clear definition of results and mechanisms for accountability for achieving them. In addition, we believe it is possible for some agencies to make the relationship between budget structure and performance goals and objectives more direct by restructuring the budget presentation to OMB and to the Congress. Such changes should be proposed in the FY 2001 submission and, after consultation with OMB, explored with the appropriations committees' majority and minority staff.

Jacob J. Lew
Director

Attachment

LINKING PLANNING, PERFORMANCE MEASUREMENT, AND BUDGETING

- **S** Is there clear evidence that agency resource level proposals are aligned with specific agency strategic and performance goals, and reflect evidence of past performance, including research and evaluation results?

- **S** Are changes in the structure of agency's plans and/or budget accounts needed to bring them into closer alignment with each other? If budget structure changes are envisioned, and the agency has already received OMB approval, has the agency discussed the issue with its appropriations clerks, majority and minority, and if so, what are their views?

- **S** Does the budget submission and performance plan clearly identify the agency official (below the Secretary's office) being held accountable for achievement of each goal and objective?

  By "agency official being held accountable," OMB means the official who has the responsibility to determine resource allocations to activities in support of the goal/objective, monitor results, and make changes (short of legislative changes) in program management in response to performance. OMB anticipates that in budget hearings and related discussions, the agency will be represented primarily by these responsible individuals.

- **S** If the agency's annual performance plan and budget justification are not meaningfully integrated into one coherent document, what is the reason for the agency's taking an alternative approach?

- **S** Do accountable agency officials have appropriate, timely, integrated financial and performance information with which to manage? Are there systems for tracking the budgetary resources, costs, inputs, performance, outputs, outcomes, and other relevant factors affecting the achievement of specific program goals?

  Good information systems are necessary to provide integrated feedback for improving program management at all levels, from the Secretary to the lowest operating level (including, where appropriate, grantees/contractors, or individuals).

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GUIDE TO OMB CIRCULAR NO. A-11

What is the purpose of this Circular?

Part 1: Covers the 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 2001 Budget. A significant portion of this part focuses on the preparation of the *Budget Appendix* and the related data base.

Part 2: Describes the requirements of the Government Performance and Results Act and tells you how to prepare and submit strategic plans, annual performance plans, and annual program performance reports.

Part 3: Discusses the planning, budgeting and acquisition of capital assets, and tells you how to prepare and submit information on new and past acquisitions.

Does this Circular apply to me?

This Circular applies to all executive departments and establishments, including Government-sponsored enterprises. In addition, agencies of the legislative and judicial branches must comply with some of the requirements of Part 1. Each part of the Circular indicates specifically who is subject to the policies and reporting requirements contained in that part.

When are the materials required by this Circular due?

Different materials are due on different dates. The initial submission of budget justification and other materials is due ***September 13*** for Cabinet agencies as well as other agencies subject to executive branch review. Section 27 provides additional information on due dates.

Has the format and organization of the Circular changed?

Yes. This year's version of the Circular looks very different from previous years' versions. We revised it for style as well as substance. We rewrote many of the sections using plain language to make them easier to read and follow, but did not change the substance of those sections. However, we extensively revised the sections that provide general information on the budget (sections 10, 15, 20, 25, and 27) and the section on object classification (section 83). Changes include informative section headings that ask questions and "if-then" tables. In future revisions, we intend to apply these kinds of changes to the remaining sections.

We reorganized Part 1 to place related sections together and present requirements chronologically. General information about the budget and general policies related to developing the estimates and proposals is provided at the beginning of Part 1. Subsequent sections provide information on developing the initial submission, followed by materials required after passback and actions following transmittal of the budget. The sections on materials required after passback cover budget data structure and collection, then publishing the Budget Appendix, then additional material required after passback, and, finally, updates to initial submission materials. We included a table (immediately following the Guide) that crosswalks the old structure to the new structure.

Parts 1 and 2 are divided into chapters. In some cases, the chapters are further divided into subchapters. The information in each chapter is organized into a series of sections that consist of consecutively numbered subsections. Sometimes, related sections are grouped together under unnumbered center headings to help navigate through the Circular.

Section numbers are not repeated between parts. Part 1 includes sections numbered 10 through 112 and appendices A through E; Part 2 includes sections numbered 200 through 233; and Part 3 includes sections numbered 300 and appendices 300A through 300C. We reserved certain section numbers for future use, so there are some gaps in the numbering scheme.

How do I find information in the Circular?

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. At the end of the Circular, there is an index covering the three parts. Following the index, there is a list of OMB Circulars and Executive Orders referenced in A-11. OMB circulars are available for viewing or downloading at the following Internet address:

www.whitehouse.gov/WH/EOP/OMB/html/circular.html

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

www.pub.whitehouse.gov/search/executive-orders.html

What common conventions does this Circular use?

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. The data in many of these schedules is printed in the Budget Appendix, in which case the data in a schedule for a budget account defines a printed table in the Appendix. Schedules are described in section 79.

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.

Fiscal Year	Description
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.

Who can answer questions about the Circular?

The following table lists OMB organizational units with primary responsibility for certain sections of the Circular. 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.

LIST OF OMB CONTACTS FOR INFORMATION ON OMB CIRCULAR NO. A-11

Section No.	Description	OMB Contact	Telephone No.*
PART 1			
52.2	Financial management budget justification	Financial Standards Reporting and Management Integrity Branch, Office of Federal Financial Management	395-3070
52.3	Report on resources for financial management activities	Federal Financial Systems Branch, Office of Federal Financial Management	395-5048
53	Information on technology management	Information Policy and Technology Branch, Office of Information and Regulatory Affairs	395-4638
54	Rental payments for space and land	Justice Branch, Transportation, Commerce, Justice, and Services Division	395-3442
55	Information on energy use, costs, and efficiency	Energy Branch, Energy and Science Division	395-3164
56	Information on drug control programs	Transportation, Commerce, Justice, and Services Division	395-4892
57	Information on violent crime control programs	Transportation, Commerce, Justice, and Services Division	395-4892
58.2	Information on Inspectors General for Designated Federal Entities	Financial Standards Reporting and Management Integrity Branch, Office of Federal Financial Management	395-1040

Section No.	Description	OMB Contact	Telephone No.*
58.3	Justification of unobligated balances in credit liquidating accounts	Budget Concepts Branch, Budget Review and Concepts Division	395-3172
84	Additional data on research and development	Science and Space Programs Branch, Energy and Science Division	395-3534
100.1	Information on grants to State and local governments	Budget Analysis Branch, Budget Analysis and Systems Division	395-3945
100.2	Information on motor vehicles	Budget Concepts Branch, Budget Review and Concepts Division	395-3172
100.3	Information on relocation expenses	Budget Concepts Branch, Budget Review and Concepts Division	395-3172
PART 2	Strategic plans, annual performance plans, annual program performance reports	Budget Concepts Branch, Budget Review and Concepts Division	395-3172
PART 3	Planning, budgeting, and acquisition of capital assets	Budget Analysis Branch, Budget Analysis and Systems Division	395-3945
—	MAX A-11 User's Guide	Budget Systems Branch, Budget Analysis and Systems Division	395-6934

*Area code is 202

CROSSWALK TO THE NEW STRUCTURE OF THE 1999 REVISION

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10 Overview of the budget process:	10 Overview of the budget process 27 Submitting materials to OMB 50 Overview of requirements for the initial submission 70 Overview of requirements after passback 95 Explanation of print materials 112 Other actions and requirements following budget transmittal
10.1 Executive budget formulation process	(10.5)
10.2 Executive and congressional budget processes	(10.5)
10.3 Preparation and timing of budget submissions	(27.1, 50.1-50.2, 70.1, 95.1)
10.4 Components of the budget submission	(27.2-27.3, 50.1, 70.1)
10.5 Requirements following budget transmittal . .	(112.1-112.2)
10.6 Additional materials required for Congress . .	(112.3)
11 General requirements:	Guide to OMB Circular No. A-11 10 Overview of the budget process 25 Applicability, exceptions, and advance approval 70 Overview of requirements after passback 71 Reporting information by budget account 72 Responsibilities in reporting data 95 Explanation of print materials
11.1 Coverage	(10.4, 25.1)
11.2 Exemptions	(10.4, 25.1)
11.3 Definitions	(Guide)
11.4 Materials required for appropriation or fund accounts	(70.2, 95.3)
11.5 Basis for presentation of data in budget schedules	(71.1-71.8)
11.6 Advance approval	(25.2-25.3, 71.3)
11.7 Responsibilities in reporting data	(51.1, 72.1-72.4)
12 General policies:	30 Basic policies and assumptions 31 Compliance with Administration policies and general requirements 32 Estimating employment levels, compensation, benefits and related costs

Former section	New section
	33 Estimates related to specific types of programs and expenditures 34 Proposals requiring coordination with other agencies 35 Estimating collections and outlays 36 Communications with Congress and the public and clearance requirements 51 Basic justification materials
12.1 Basis for agency proposals	(30.1)
12.2 Coverage of the estimates	(30.2, 30.4, 32.6, 33.11)
12.3 Basis for estimates	(30.3, 30.5, 31.1-31.8, 32.3, 33.10, 33.14, 33.21, 51.2)
12.4 Required consultations	(33.15, 34.1-34.5)
12.5 Estimates relating to specific objects of expenditure	(31.9, 32.4-32.5, 32.7, 33.1-33.10, 33.12-33.13, 33.16-33.20, 33.22-33.24)
12.6 Estimates of collections and outlays	(35.1-35.3)
12.7 Information on specific authorizing legislation	not applicable
12.8 Significance of Presidential decisions	
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13 Basis for reporting on employment and personnel compensation	32 Estimating employment levels, compensation, benefits, and related costs
14 Budget terms and concepts	20 Terms and concepts
15 Justifications and other reporting requirements	51 Basic justification materials 52 Information on financial management 53 Information technology 54 Rental payments for space and land 55 Information on energy use, costs, and efficiency 58 Additional information due with the initial submission 100 Additional information required after passback
15.1 Summary and highlight statement	(51.1)
15.2 Justification of programs and financing	(51.2-51.9)
15.3 Explanations relating to supplemental appropriation requests	(51.10)
15.4 Information on financial management	(52.1-52.2)
15.5 Information technology management	(53.1)
15.6 Rental payments for space and land	(54.1-54.5)
15.7 Information on grants to State and local governments	(100.1)
15.8 Information on motor vehicles	(100.2)

Former section	New section
15.9 Information on receipts estimates	(58.1)
15.10 Information on Inspectors General for Designated Federal Entities	(58.2)
15.11 Justification of unobligated balances in liquidating accounts	(58.3)
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20 Introduction to computer materials	79 The budget data system
21 MAX schedules on budget authority, outlays, limitations, and receipts (MAX schedules A, K, R, and S)	81 Policy and baseline estimates of budget authority, outlays, and receipts (MAX schedules A, S, R, and K)
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23.1 General instructions	(81.1)
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25 Character classification (MAX schedules C, K, and R)	84 Character classification (MAX schedule C)
30 Explanation of print materials	95 Explanation of print materials
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32 Program and financing schedules (MAX schedule P)	82 Program and financing (MAX schedule P)
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35 Object classification (MAX schedule O)	83 Object classification (MAX schedule O)
36 Special schedules	86 Other MAX data
40 Data on financial management activities	52 Information on financial management
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45 Information on drug control programs	56 Drug control programs
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61 Amending requests after transmittal of the Budget (supplementals and amendments) and releasing contingent emergency funding:	110 Supplemental and amendments 111 Releases of contingent emergency funding
61.1 General policies	(110.1, 111.1)

Former section	New section
61.2 Definitions	(110.2, 111.1)
61.3 Materials required	(110.3. 111.2)
61.4 Data to be furnished to Congress	(110.4)
Appendix A: Scorekeeping guidelines	Appendix A: Scorekeeping guidelines
Appendix B: Scoring lease-purchases and leases of capital assets	Appendix B: Scoring lease-purchases and leases of capital assets
Appendix C: Listing of OMB agency/bureau and Treasury codes	Appendix C: Listing of OMB agency/bureau and Treasury codes
Appendix D: Explanation of MAX edit checks	Appendix D: Explanation of MAX edit checks
Appendix E: Diagnostic reports and MAX crosswalks	Appendix E: Diagnostic reports and MAX crosswalks
Part 2 – Preparation and Submission of Strategic Plans and Annual Performance Plans	Part 2 – Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports
Part 3 – Planning, Budgeting, and Acquisition of Capital Assets	Part 3 – Planning, Budgeting, and Acquisition of Capital Assets

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
27.1	Sets September 13th as the due date for agencies' initial budget submissions.
31.8	Reminds agencies to offset resource requirements with savings generated from privatization of commercial activities and to justify commercial support services provided to State and local governments.
33.25	Adds a requirements for information on high priority national security issues consistent with detailed reporting instructions OMB issued separately.
51.7	Requires agencies to identify the major linkages between the annual performance plan, the budget request, and the capital plan.
–	Drops the requirement to update workforce streamlining plans (old section 15.2).
52.3	Provides an electronic version of exhibit 52, "Report on Resources for Financial Management Activities" on the internet and permits agencies to submit the information electronically, using e-mail.
53.3	Changes the due date for the report on information technology to before the MAX database locks. Provides an electronic version of exhibit 53, "Report on Information Technology" (formerly exhibit 42) on the internet and permits agencies to submit the information electronically, using e-mail.
53.4	Separates the "all other" reporting category into the following subcategories: • Significant, non-major systems. • Non-significant systems.
54.4	Drops the requirement to report information on rental payments for space and land for BY+2.
54.4, 83.11	Clarifies that only accounts that make rental payments directly to GSA's Federal Buildings Fund will report under object class 23.1.
55.1 - 55.2	Advises agencies that OMB will issue separate guidance with detailed reporting instructions for: • The annual agency energy report to the President required by Executive Order No. 13123; • Alternative-fueled vehicles requirements of the Energy Policy Act of 1992; and • Other information on energy costs and improvements in energy efficiency required by OMB and the Federal Energy Management Program (Department of Energy).

58.4	Advises agencies that OMB will issue separate guidance requiring financial information related to the 2002 Winter Olympics in Salt Lake City.
81.2	Allows agencies to use MAX's automatic outlay generation feature to calculate mandatory outlays.
81.3	Requires GRH program information; sequestrable/exempt splits; and pay/non-pay splits for baseline estimates for budget authority and outlays (MAX schedule S) through BY+9.
81.4	Requires out-year budget authority and outlays to be reported at the same level of detail as in-year budget authority and outlays but no longer requires outlays to be classified according to whether they are current or permanent.
82.4	Classifies budget authority according to whether it is discretionary or mandatory, rather than current or permanent.
82.19	Advises agencies that much of the initial prior year data that will appear in the program and financing schedule (MAX schedule P) will be imported electronically from Treasury's Federal Agencies Centralized Trial-Balance System II (FACTS II).
84.4	Requires agencies to report budget authority for direct and indirect costs related to research and development performed by colleges and universities. Requires agencies to report the allocation of research funds by: • Scientific research performed at congressional direction; • Scientific research performed at agency discretion; and • Merit-reviewed scientific research with peer evaluation and competitive selection.
–	Drops the requirement to report on technology transfer efforts (old section 25.4).
85.3	For loans made, guaranteed, or modified in FY 2001 and thereafter and reestimates, 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.
85.7	Clarifies the distinction between expenses that may be deducted from the proceeds of asset sales and expenses that are administrative expenses.
86.2	Revises the statement of operations (MAX schedule E) to permit agencies and Government-sponsored enterprises to report comprehensive income. Updates net position entries on the balance sheet (MAX schedule F), consistent with OMB Bulletin 97-01, Form and Content of Agency Financial Statements.
86.5	Reflects use of the FACTS II system in reporting on budget execution information (MAX schedule Z).
86.6	Provides for the automatic generation of the status of funds schedule (MAX schedule J) but allows agencies to enter additional detail on cash income and outgo.
–	Drops the schedule on the status of contingent emergency funding (old section 36.9).

100.4	Adds a requirement to report on official international travel during the past year.
220.18	Requires agencies to indicate the changes between their final annual performance plan and their revised final annual performance plan. Requires agencies to prepare, and have available for reference at the agency, a copy of their revised final annual performance plan.
221.2	Requires agencies to include at least three years of performance information in their annual performance plan: • Actual performance for FY 1999; • Estimated performance of FY 2000; and • Projected performance for FY 2001. Encourages agencies to include actual performance information for fiscal years 1998, 1997, and 1996 in their annual performance plans.
230	Requires agencies to prepare an annual program performance report.
231	Specifies when the annual program performance report must be prepared and who receives the report.
232	Specifies the contents of the annual program performance report.
233	Allows agencies to combine a program performance report with an annual performance plan or with an annual accountability report.

CIRCULAR NO. A–11
PART 1

PREPARATION AND SUBMISSION OF BUDGET ESTIMATES

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

JULY 1999

SECTION 10 – OVERVIEW OF THE BUDGET PROCESS

Table of Contents

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

10.1 What is the budget?

In this Circular, the term *budget* means the President's budget – *The Budget of the United States Government*. It 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 Data*, provide different 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. Some refer collectively to the budget resolution and revenue and spending bills that Congress passes, which we describe below, as the "congressional budget." Ultimately, Congress and the President enact many laws that control the Government's revenue and spending, which we sometimes refer to collectively as the budget, as in "executing 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, "Budget System and Concepts and Glossary," which is also available as a separate pamphlet. You can order budget documents, including the pamphlet, from the Government Printing Office, or you can view or download them at the following Internet address:

www.access.gpo.gov/usbudget

10.2 Why prepare a budget?

A law requires the President to submit a budget (see section 15.2). The President formally transmits his financial proposals to Congress through the budget. Congress considers the recommendations and uses the information included in the budget as it drafts and passes laws that affect spending and revenue. 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 Congress needs to make appropriations. However, it includes data on and may propose changes for the current year. It also covers at least the four years following the budget year (outyears) in order to reflect the effect of budget decisions over

the longer term and includes data on the most recently completed fiscal year to permit comparisons of budget estimates to actual accounting data.

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

- The amount that each agency may obligate the Government to pay (budget authority) and to actually pay (outlays) by account and for the agency in total.

- The amount of receipts each agency collects from various sources.

- Budget authority, outlays, and receipts by major function of Government (such as national defense). (This is why we assign each budget account a functional classification code or codes.)

- Total budget authority, outlays, and receipts for the Government.

- The amount of a surplus (when receipts exceed outlays) or a 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 from the budget totals by laws.

The budget arrays data in many different ways. For example, a part of the budget discusses current operating expenditures versus capital investment. 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 for the Board of Governors of the Federal Reserve System, but doesn't 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 doesn't include them in the budget totals because they are privately owned. (Section 25 discusses the applicability of Part 1 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 Congress. OMB normally starts the process officially by

sending planning guidance to Executive Branch agencies sometime in the Spring. The President completes this phase by sending the budget to Congress, normally on the first Monday in February, as specified in law, although occasionally Presidents have sent it later for various reasons.

C *Congressional*. This phase starts in late January or February, about the time the Congress receives the President's budget. Congress doesn't vote on the President's budget itself, and it doesn't enact a budget of its own, as such. It considers the President's budget proposals, passes an overall revenue and spending plan called a "budget resolution," and enacts appropriations acts and other laws that control spending and receipts.

C *Execution.* This phase lasts for a fiscal year. It pertains to funds appropriated for that fiscal year, to balances of appropriations made in prior years that remain available for obligation, and to outlays from obligated balances carried over from the previous year. 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. See OMB Circular No. A-34, "Instructions on Budget Execution," for more information on this phase of the budget process. Circular No. A-34 is available at the following web site:

www.whitehouse.gov/OMB/circulars/a034/toc97.html

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 this. For example, Congress frequently does not enact all appropriations acts by the start of the fiscal year, and on several occasions a President has submitted the budget later than specified for various reasons, including late enacted appropriations for the previous fiscal year. Note that budget cycles overlap, so 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: C Identify major issues for the upcoming budget; C Develop and analyze options for the upcoming fall review; and C Plan for the analysis of issues that will need decisions in the future.	Spring and Summer

What happens?	When?
OMB issues Circular No. A-11 to all Federal agencies. This Circular provides detailed instructions to the agencies for submitting budget data and materials.	Late June
Executive Branch agencies (except those not subject to Executive Branch review) make initial budget submissions. See section 25.1 and 27.1.	September 13
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. The OMB staff analyzes agency budget proposals in the 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 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. See section 27.1.	Late November to early January[1]
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 [1]
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 2001 budget to Congress.	First Monday in February

[1]OMB provides specific deadlines for this activity.

MAJOR STEPS IN THE CONGRESSIONAL PHASE

What happens?	When?
Congressional Budget Office reports to Budget Committees on the economic and budget outlook. Among other things, CBO reestimates the President's budget based on its own economic and technical assumptions.	February 15
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
Congress completes action on the concurrent resolution on the budget. Congress commits itself to broad spending and revenue levels by passing a budget resolution	April 15

What happens?	When?
Congress needs to complete action on appropriations bill for the upcoming fiscal year. Congress completes action on regular appropriations bills 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 budget process. Agencies submit apportionment requests to OMB for each budget account, and OMB approves or modifies the apportionment, which specifies 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.	Throughout the fiscal year
Fiscal year ends.	September 30

SECTION 15 -- BASIC BUDGET LAWS

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15.1 What laws regulate the budget process?
15.2 Why is the Budget and Accounting Act important?
15.3 What does the Budget Enforcement Act of 1990 enforce?
15.4 What does the Government Performance and Results Act of 1993 require?
15.5 What do I need to know about the Federal Credit Reform Act of 1990?
15.6 What other laws should I know about?

15.1 What laws regulate the budget process?

This Circular's requirements stem mainly from these four laws, which we summarize in separate subsections below:

- Budget and Accounting Act,
- Budget Enforcement Act,
- Government Performance and Results Act, and
- Federal Credit Reform Act.

In addition, section 15.6 describes other laws that play an important part in the budget process.

15.2 Why is the Budget and Accounting Act important?

Before this law, Government agencies usually sent budget requests independently to congressional committees with no coordination of the various requests. The Budget and Accounting Act required the President to coordinate the budget requests for all Government agencies and to send a comprehensive budget to Congress. It created the Bureau of the Budget, now the Office of Management and Budget, to help the President implement these requirements. It also required the President to include certain information in the budget. Congress has amended the requirements many times since 1921 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."

C "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 What does the Budget Enforcement Act of 1990 enforce?

First enacted in 1990, Congress and the President designed the Budget Enforcement Act (BEA) to enforce the budget levels they agreed to for the fiscal years 1991 through 1995. The Act was extended in 1993 and 1997 to reflect budget agreements in those years. The current version of the Act applies to any law enacted through 2002 that would increase spending or decrease receipts. It applies to appropriations acts and other laws, so it affects almost every aspect of budgeting.

The BEA significantly amended existing laws pertaining to the budget process, including the Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985, and Chapter 11, Title 31, U.S. Code. Most of the BEA's enforcement provisions are included in the Balanced Budget and Emergency Deficit Control Act of 1985 (described in section 15.6).

The BEA divides spending into two types:

- *Discretionary spending*, which means the budget authority controlled by annual appropriations acts and the outlays that result from the budget authority, and

- *Mandatory spending*, which means budget authority and outlays resulting from permanent laws.

The BEA applies one set of rules to discretionary spending and another to mandatory spending and receipts. It includes receipts under the same rules that apply to mandatory spending, because receipts are generally controlled by permanent laws. Section 20.9 explains these rules and BEA reporting requirements in detail.

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

This law emphasizes managing for results – emphasizing 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 2 of this Circular addresses the requirements of this law.

15.5 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 85 of this Circular addresses the requirements of this law, which was enacted as an amendment of Title V of the Congressional Budget Act of 1974.

15.6 What other laws should I know about?

Although they don't directly affect the requirements of this Circular, these basic laws regulate the budget process in important ways:

- *U.S. Constitution.* Two provisions of the U.S. Constitution provide the underpinning for the budget process. Article 1, section 8, clause 1 empowers the Congress to collect taxes. Article 1, section 9, clause 7 requires appropriations in law before money may be spent from the Treasury. The term appropriation applies broadly to any law that permits a Government employee to spend money, not just the regular annual appropriations bills.

- *Congressional Budget Act of 1974 (Public Law 93-344), as amended.* This law governs the congressional budget process. It defines some key budget terms, such as budget authority, that are used in all phases of the budget process. It established the House and Senate Budget Committees and the Congressional Budget Office (CBO).

- *Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), as amended.* This law prescribes rules and procedures (including "sequestration") designed to constrain spending and receipts legislation. When originally enacted, the Act was commonly known as the Gramm-Rudman-Hollings Act. The Budget Enforcement Act (BEA) (described above) significantly amended this act, and many people refer to its requirements as the BEA requirements.

- *Chapters 13 and 15, Title 31, United States Code.* These chapters prescribe rules and procedures for budget execution. Many of the specific provisions were previously enacted as section 3679 of the Revised Statutes, also known as the " Antideficiency Act." OMB Circular No. A-34, "Instructions on Budget Execution," addresses the requirements of this law.

- *Impoundment Control Act of 1974 (Public Law 93-344), as amended.* Contained in the same act as the Congressional Budget Act, this law prescribes rules and procedures under which the President may withhold appropriated amounts from obligation. Circular No. A-34 addresses the requirements of this law. Circular No. A-11's requirements related to rescissions (cancellations) and deferrals of budget authority stem from this law.

SECTION 20 -- TERMS AND CONCEPTS

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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?

- Go to the next section (section 20.3) if you just need a brief definition of a term commonly used in the budget process. That section lists the terms in alphabetical order.

- Go to sections 20.4 - 20.11 if you need a fuller explanation of the terms and concepts listed in the section titles of the Table of Contents above.

- Go to section 20.12 if you need to know about investing fund balances in Treasury securities or other securities.

- Go to section 85, Federal Credit, if you need to know more about the credit terms defined in section 20.3.

20.3 What special terms must I know?

Agency means a department or establishment of the Government for the purposes of this Circular. (cf., 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.

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).

BEA means the Budget Enforcement Act of 1990, as amended. (See section 15.3.)

Borrowing authority refers to a type of budget authority. (See section 20.4.)

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 account means a receipt account or an expenditure account established in the MAX database. Budget expenditure accounts are based on appropriations and fund accounts established by the Treasury Department to account for the budget authority provided by Congress for a particular purpose or under a particular appropriation title. Where Congress provides budget authority for different periods of availability – annual, multi-year, or no-year (see section 20.4(c)) – for the same purpose or under the same appropriation title, Treasury establishes separate accounts for each given period of availability (except for amounts with no-year availability). The accounts have common account titles and identification codes, except for a code to indicate the period of availability. For example, if appropriations acts for fiscal years 1998, 1999, and 2000 each provided budget authority with annual availability under the same title, Treasury would establish three separate accounts; and if the appropriations acts also each provided budget authority with two-year availability under the same title, Treasury would establish three more separate accounts. Budget expenditure accounts (also commonly referred to as appropriations and fund accounts) aggregate the data in the separate Treasury accounts for period of availability without distinction. Also, in some cases, the budget further consolidates Treasury accounts for different purposes or appropriation titles into a single budget account for presentation. (See sections 71.1, 71.7, and 71.8.)

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.)

Budgetary resource means an amount available to enter into obligations in a given year. The term comprises new budget authority for that year and unobligated balances of budget authority provided in previous years.

Budget totals means the totals included in the budget for budget authority, outlays, and receipts. 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.

Bureau means the principal subordinate organizational units of an agency.

Cap means the legal limits for each fiscal year on the budget authority or outlays for a category of discretionary spending. (See section 20.9.)

Cash equivalent transaction means a transaction in which the Government makes outlays or receives collections in a form other than cash or the cash does not accurately measure the cost of the transaction. (See section 20.8.)

Collection means money collected by the Government that the budget records as either a governmental receipt or an offsetting collection. (See section 20.7.)

Contract authority refers to a type of budget authority (see section 20.4.)

Cost means the cash value of the resources allocated to a particular program. 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 85.)

Credit program account means an account into which an appropriation for the cost of a direct loan or loan guarantee program is made and from which such cost is disbursed to a financing account for the program. (See section 85.)

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 withholds, delays, or effectively precludes the obligation or expenditure of budgetary resources. The President proposes deferrals to Congress by special message. They are not identified separately in the budget. (See section 112.1.)

Deposit fund means an account established to record amounts held temporarily by the Government until ownership is determined (e.g., earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (e.g., State and local income taxes withheld from Federal employees' salaries and not yet paid to the State or local government). Deposit fund transactions are excluded from the budget totals because the funds are not owned by the Government. Since increases in deposit fund balances reduce Treasury's need to borrow, they are a means of financing a deficit or a surplus.

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 other kinds of transactions that extend credit. (See section 85.) (cf., *loan guarantee.*)

Direct spending – See *mandatory spending.*

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

Emergency appropriation means an appropriation that the President and the Congress have designated as an emergency requirement under the BEA. (See section 20.9.)

Entitlement authority means the authority to make payments (including loans and grants), the budget authority for which is not provided in advance by appropriations acts, to any person or government if, under the provisions of the law containing that authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by that law. Examples of entitlement authority include benefit payments for Social Security, medicare, and unemployment insurance. For the purposes of the congressional budget process, the Congressional Budget Act expressly includes the food stamp program under the definition of entitlement authority, even though the budget authority for this program is provided in advance by appropriations acts. The Budget Enforcement Act includes entitlement authority in its definition of *mandatory spending* (see below and section 20.9). The BEA also defines certain programs as entitlement authority, even though the budget authority for those programs is provided by appropriations acts. The BEA refers to these as *mandatory appropriations* or *appropriated entitlements* and defines them by referring to a list in the conference report on the Balanced Budget Act of 1997, which included the most recent amendments to the BEA. For example, veterans compensation is listed as an appropriated entitlement.

Expenditure transfer – See *transfers.*

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 include general, special, public enterprise, and intragovernmental funds. (See section 20.11.) (cf., *trust funds*.)

Financing account means the account that collects the cost payments from a credit program account and includes other cash flows to and from the Government 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. For programs with direct and guaranteed loans, there are separate financing accounts for direct loans and guaranteed loans. The transactions of the financing accounts, which are a *means of financing,* are not included in the budget totals. (See section 85.) (cf., *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.

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 32.1.)

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.

Governmental receipt – See *receipt, governmental*.

Liquidating account means an account for a credit program that includes 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 85.) (cf., *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 85.) (cf., *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.) (cf., *discretionary spending*.)

Means of financing means borrowing, use of cash balances, and certain other transactions that are used to finance a deficit or a surplus. By definition, the means of financing are not treated as receipts or outlays. (See section 20.7.)

Intragovernmental fund – See *revolving fund*.

Non-expenditure transfer — See *transfer*.

Obligated balance means the cumulative amount of budget authority that has been obligated but not yet outlayed. (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.)

Off-budget — See *budget totals*.

Offsetting collection means a collection from the public that results from a business-type or market-oriented activity or a collection from another Government account. Offsetting collections are deducted from gross budget authority and gross outlays in calculating budget authority and outlays, rather than counted in governmental receipt totals. Some are credited directly to appropriation or fund accounts; others, called offsetting receipts, are credited to receipt accounts. Some laws require governmental receipts to be treated as offsetting collections, and we label them offsetting governmental collections or offsetting governmental receipts. The authority to spend offsetting collections is a form of budget authority. (See sections 20.4(b) and 20.7.) (cf., *receipts, governmental.*)

On-budget — See *budget totals.*

Outlay means a payment to liquidate an obligation (other than the repayment of debt). Outlays are the measure of Government spending. Except where outlay figures are labeled as gross, they are stated net of any related refunds and offsetting collections. Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of the public debt. (See section 20.6.)

Outyear estimates means estimates for each of the nine years beyond the budget year of budget authority, outlays, receipts and other items (such as debt). In many cases, the budget displays only four years beyond the budget year, although nine are included in the database.

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

Public enterprise fund – See *revolving fund.*

Reappropriation means an extension in law of the availability of unobligated balances of budget authority that have expired or would otherwise expire. A reappropriation counts as budget authority in the year in which the balance becomes newly available for obligation. (See section 20.4(h).)

Receipt, governmental means a collection that result from the Government's exercise of its sovereign power to tax or otherwise compel payment and gifts of money to the Government. Governmental receipts are compared to outlays in calculating a surplus or deficit. (See section 20.7.) (cf., *offsetting collection.*)

Receipt, offsetting — See *offsetting collection.*

Receipt, offsetting governmental — See *offsetting collection.*

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 20.5.)

Rescission means a legislative action that cancels new budget authority or the availability of unobligated balances of budget authority prior to the time the authority would otherwise have expired. (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 two types of revolving funds: Public enterprise funds, which conduct business-like operations mainly with the public, and intragovernmental revolving funds, which conduct business-like operations mainly within and between Government agencies. (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 direct spending legislation, following procedures prescribed in the BEA. A sequestration may occur in response to an 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 for the expenditure of these receipts. (See section 20.11.)

Spending authority from offsetting collections refers to a type of budget authority (see section 20.4.)

Subsidy means the same as cost when it is used in connection with Federal credit programs. (See section 85.)

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.

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 one that involves an outlay, or as a nonexpenditure transfer, which means one that doesn't involve an outlay. (See section 20.4(j).)

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

Trust fund refers to a type of account, designated by law as a trust fund, for receipts earmarked for specific purposes and for the expenditure of these receipts. Some revolving funds are designated as trust funds, and these are called *trust revolving funds.* (See section 20.11.) (cf., *special funds and revolving funds*)

Trust funds group refers to the moneys collected and spent by the Government through trust fund accounts. (See section 20.11.) (cf., *Federal funds group*.)

Unobligated balance means the cumulative amount of budget authority that is not obligated and that remains available for obligation under law.

User fee means a fee, charge, or assessment levied on those directly benefiting from, or subject to regulation by, a government program or activity, to be utilized solely to support the program or activity. (See section 20.7.)

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.

(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, authority to borrow, 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. • Includes the authority to use the sale of loan assets with recourse. • 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 and requires a separate appropriation of liquidating cash in appropriations acts. • Occasionally authorizes obligations in advance of receiving offsetting collections.
Authority to borrow	• Authorizes obligations and 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.

Form of budget authority	Summary of Characteristics
Spending authority from offsetting collections.	• Authorizes obligations and outlays using offsetting collections credited to an expenditure account (especially revolving funds). • Typically provided in authorizing laws. • Appropriations acts limit obligations in some cases. • Obligations may be incurred against accounts receivable and unpaid, unfilled orders from other Federal accounts, but not from the public.

(1) *Appropriations,* as a type of budget authority, permit you to incur obligations and make outlays (payments). Congress enacts appropriations in annual appropriations acts and other laws, as well. An appropriation may make funds available from the general fund, special funds, or trust funds, or it may authorize the spending of offsetting collections credited to expenditure accounts (including revolving funds). Because of the special nature of spending authority from offsetting collections, we discuss it below as a separate form of budget authority.

We treat the authority to use the proceeds from the sale of financial assets *with recourse* as an appropriation. For example, the authority to use the proceeds from the sale of a direct loan, where the Federal government guarantees repayment of principal and interest in the event of default, is an appropriation. (The proceeds are not offsetting collections.)

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 don't provide budget authority, because they don't provide authority to incur 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...."

(2) *Contract authority* permits you to incur obligations in advance of an appropriation of the cash to make outlays to liquidate the obligations. Typically, Congress provides contract authority in an authorizing law, and requires you to seek a subsequent appropriation of the liquidating cash. In a few cases, a law provides contract authority in order to allow you to incur obligations in anticipation of offsetting collections. When you receive the collections, you use them to liquidate the obligations. Congress provides contract authority as a matter of custom for some programs, such as highway programs and airports and airways programs, but seldom uses this form of budget authority otherwise.

(3) *Authority to borrow* 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* permits you to credit offsetting collections to an expenditure account, to incur obligations, and to make outlays using the offsetting collections.

In the simplest case, you record gross budget authority (spending authority from offsetting collections) equal to the cash collections for the year and record the cash collections for the year as an offset to the budget authority. 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 82.4 (entries 6810 - 6885 and 6910 - 6985). We discuss two of them – adjustments for accounts receivable and unpaid, unfilled customer orders from other Federal accounts; and amounts precluded from obligation – in more detail below, because questions about them come up so often.

Changes in accounts receivable and unpaid, unfilled customer orders from other Federal accounts. You need to adjust the spending authority from cash collections if the account is authorized to perform reimbursable work for another Federal account, and if you incur obligations against accounts receivable and unpaid, unfilled orders – 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. 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 in calculating net budget authority (see section 82.7). (Note: You can't incur obligations against collections you haven't actually received from non-Federal sources, unless a law specifically allows it.)

Amounts precluded from obligation. If a law precludes you from using some of the collections to incur obligations, you need to reduce the spending authority from cash collections by the precluded amount to determine the amount of budget authority that is available. For example, in some cases Congress enacts obligation limitations in appropriations acts that limit the authority to spend offsetting collections provided in authorizing laws. In other cases, the law authorizing the collection may itself limit the amount of obligations you may incur, such as through a benefit formula. The budget presents the unavailable amounts in an unavailable collections schedule (see section 86.7). You record budget authority in the year when the collections become available for obligation under the law. As a general rule, you must record obligations first against budget authority from collections in that year and against budget authority from previously unavailable balances only to the extent that budget authority from collections in that year are not adequate to cover obligations. You always deduct the full amount of offsetting collections (cash) 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.

The following illustrates the effect of offsetting collections on budget authority, gross and net, for an account:

Appropriation.....	75
Spending authority from offsetting collections:	
Offsetting collections (cash).....	27
From Federal sources: Change in receivables and unpaid, unfilled orders.....	2
Portion not available for obligation (limitation on obligations).....	-4
Spending authority from offsetting collections (total).....	25
Total new budget authority (gross).....	100
Offsetting collections (cash) credited to the account in that year.....	-27
From Federal sources: Change in receivables and unpaid, unfilled orders.....	-2
Budget authority (net).....	71

The effect of offsetting collections on outlays is simpler. Only cash collections are subtracted from gross outlays to yield net outlays.

The Congressional Budget Act defines offsetting collections (offsetting receipts and offsetting collections credited to expenditure accounts) as negative budget authority. In the Congressional budget process, this subjects proposed provisions of law that affect offsetting collections to the rules that pertain to budget authority.

As explained earlier, we treat the authority to use the proceeds from the sale of financial assets (e.g., Federal loan assets) with recourse as a form of appropriation, but we don't count the proceeds as offsetting collections (see section 20.4(b)(1)).

(c) *Determining the period of availability of budget authority.*

When a law appropriates budget authority, it sets the period during which you can use it to incur obligations. We call this the period of availability.

- *One-year budget authority.* This term refers to budget authority that is available for obligation during only one fiscal year. 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 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 a 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 appropriation act for 2000, it would provide two-year budget authority: "For research and development, $1,500,000, to remain available until September 30, 2001."

- *No-year budget authority*. The language for a specific appropriation of budget authority 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 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.

Under a general law, annual and multi-year budget authority *expires* at the end of its period of availability. That means you may not incur new obligations against it. However, you may make adjustments to obligations that were made 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. You may use expired authority to make adjustments to obligations or disbursements only during a five-year period, beginning with the first expired year. At the end of the fifth expired year, the authority is *canceled*, which means that you may not use it for *any* purpose. If you have a program with a legitimate need to disburse funds for more than five years after the authority expires – for example, to make disbursements over many years under direct loan contracts, to pay termination costs under some contracts, or to make payments under a lease – and your OMB representative approves, you may include specific waivers of these requirements in the pertinent appropriation language (see section 96.5). OMB Circular No. A-34, sections 43.2-43.6, provides a fuller explanation of expired and canceled budget authority.

Usually an appropriation 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 those accounts included in the budget under the heading, "Advance Appropriations, Advance Funding, and Forward Funding."

- *Advance appropriation* means appropriations of 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 2000, it would provide an advance appropriation for fiscal year 2002: "For operating expenses, $1,500,000, to become available on October 1, 2001." In this example, you would record the budget authority in 2002.

- *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 for obligation in the last quarter of the fiscal year for the financing of ongoing grant programs during the next fiscal year. The budget records the budget authority in the fiscal year in which is it appropriated. The following language, if it appeared in an appropriation act for 2000, would provide forward funding, which would be recorded in fiscal year 2000: "... of which $2,000,000,000 shall become available on July 1, 2000 and shall remain available through September 30, 2001 for academic year 2000-2001."

(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 provided 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. Record budget authority for the authority to use the proceeds from the sale of financial assets with recourse the same way, even though the proceeds aren't recorded as collections.

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 into the fund in the past year and equal to amounts you estimate you will collect in other years.

Some laws that provide authority to borrow limit the amount of debt that you may have 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. Ignore the limit for purposes of determining the amount of budget authority.

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

(e) *Discretionary or mandatory 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.

(f) *Unobligated balance of budget authority.*

An unobligated balance consists of the cumulative amounts of budget authority that are not obligated and that remain available for obligation under law. Unobligated balances must meet *all* of the following conditions:

- They are balances of budget authority that has never been obligated or has obligated and deobligated).

- They are balances of budget authority that has not expired.

- You can quantify the amount by subtracting the obligations to date from the amount of budget authority provided. 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 cannot quantify "such sums as may be necessary."

You shouldn't count unavailable offsetting receipts or collections as budget authority and, therefore, you shouldn't have any unobligated balances as a result of them. Report them in a schedule of unavailable collections (see section 86.7).

In budget schedules, such as the program and financing schedule, the unobligated balance at the end of a year includes available, unobligated balances of budget authority provided in that and previous years. The unobligated balance at the start of a year is equal to the unobligated balance at the end of the previous year.

The balances you report for the start and end of the past year must be consistent with the amounts reported in the Treasury Department's Annual Report. (See section 82.18.)

(g) *Balance of unpaid obligations and obligated balance.*

A balance of unpaid obligations consists of amounts of budget authority that have been obligated but not liquidated (paid). An obligated balance is a subset of unpaid obligations that equals unpaid obligations minus –

- Accounts receivable from Federal sources for which payment has not been received, and
- Unpaid, unfilled orders from Federal sources.

Accounts receivable and orders must represent a valid obligation against budgetary resources of the ordering Federal account (see section 20.7). Exclude orders for which subsequent cash collections will be credited to a receipt account rather than to the expenditure account. Also, in computing the obligated balances don't deduct receivables from the public, loans and other long-term receivables, amounts due at some future date under credit sales, and deferred charges from unpaid obligations. You must present unpaid obligations, obligated balances, and receivables and unpaid, unfilled orders from Federal sources separately in the program and financing schedule (see section 82).

Unlike unobligated balances, obligated balances may consist of both definite and indefinite forms of budget authority.

The balances you report for the start and end of the past year must be consistent with the amounts reported in the Treasury Department's Annual Report (see section 82.18).

(h) *Reappropriation.*

Reappropriation means an extension in law of the availability of budgetary resources (budget authority or unobligated balances) that have expired or otherwise would expire except for the extension. A reappropriation counts as budget authority in the year in which the reappropriated amount becomes newly available. The law may reappropriate a specific amount or all of the unobligated balance of a previous appropriation. For example, if an appropriation act for fiscal year 1999 provided budget authority with only one-year availability, the following language in a fiscal year 2000 appropriation act would result in a reappropriation: "Of the unobligated balances remaining available from appropriations made under this heading for fiscal year 1999, $10,000,000 shall remain available for fiscal year 2000 for the same purposes as other sums provided under this heading." In this case, you would record all of the unobligated fiscal year 1999 amounts as expiring, including the $10,000,000, and record $10,000,000 as a reappropriation in fiscal year 2000. This would count as $10,000,000 in new budget authority in 2000.

(i) *Rescission.*

Rescission means a cancellation in law of budgetary resources (budget authority or unobligated balances). You record a rescission as negative budget authority in the year it takes effect, regardless of whether it cancels budget authority or unobligated balances. A law that precludes the obligation of budgetary resources in one year and authorizes their obligation in a subsequent year in which they were not available for obligation, makes a rescission and a reappropriation. In such cases, you record a rescission in the first year and a reappropriation in the second. Include enacted rescissions in the regular program and financing and other regular schedules. Proposed rescissions require separate budget schedules (see section 82.10).

Amounts rescinded from special fund accounts revert either to unavailable collections of the special fund or to the general fund of the Treasury, depending on the circumstances and the specific requirements of the law making the rescission. As a general rule, amounts rescinded from an annually appropriated special fund account revert to unavailable collections, which may be appropriated subsequently. However, the rescinded amounts revert to the general fund and are not available for subsequent appropriation, if the rescinding law indicates that the amounts rescinded are permanently canceled. A rescission of permanently appropriated

special fund receipts reverts to the general fund of the Treasury, and the receipts are no longer available for appropriation as special fund receipts.

(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.

- *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.

- *Expenditure transfer or nonexpenditure transfer.* You record a transfer as an *expenditure* transfer, one that involves an outlay, or as a *nonexpenditure* transfer, one that doesn't involve an outlay. Which you record usually depends on the purpose of the transfer, as explained in the following table.

If the transfer...	Record as...
(1) purchases goods or services for the transferring account (for example, a rental payment to GSA's Federal Buildings Fund) or otherwise benefits the transferring account...	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 nonexpenditure transfer.
(4) corresponds to a transfer of an activity from one account to another (such as in a reorganization)...	a nonexpenditure transfer.

- *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 in the receiving account (see section 20.7). If the receiving account is a general fund appropriation account or a revolving fund account, credit the offsetting collection to the appropriation or fund account. If the receiving account is a special fund or trust fund account, credit the offsetting collection to a receipt account of the fund.

  - *Nonexpenditure transfers.* Don't record an obligation or an outlay or an offsetting collection. Record nonexpenditure transfers as either a reduction in budget authority or unobligated balances in the transferring account and as either an increase 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...
(1) unobligated balances	results from a transfer specified in law that changes the purpose for which the funds will be used	a reduction of budget authority in the transferring account and an increase in budget authority in the gaining account.
(2) unobligated balances	• results from general transfer authority, or • corresponds to a transfer of an activity such that the purpose does not change	a reduction of unobligated balances in the transferring account and an increase in unobligated balances in the gaining account.
(3) budget authority in the year it becomes available	is for any purpose	a reduction of 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 doesn't 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 82.13).

(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. Where the receiving account is simply providing goods or services on a reimbursable basis, such as transactions under the Economy Act, record an expenditure transfer (see section 20.4(j)). See OMB Circular No. A-34 for a further explanation of allocations.

20.5 What do I need to know about obligations?

Obligation means a legally binding agreement that will result in outlays, immediately or in the future. When you place an order, award a contract, 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 obligations. The budget presents the obligations you incurred in the past year and expect to incur in other years in the program activity section of the program and financing schedule and the object classification schedule for the account. Obligations reflect the level of program activity. Of course, the account must have budgetary resources sufficient to cover the total of such obligations. The obligations you include in the budget must conform with 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. For some purposes, agencies need to track commitments at a pre-obligations stage. Don't record such commitments as obligations. Transfers within the same account do not constitute obligations of the account. See OMB Circular No. A-34 for more information on this aspect of obligations.

Reimbursable obligations mean those financed by spending authority from offsetting collections credited to an expenditure account in payment for goods and services provided by the account. Reimbursable obligations also include those for jointly-funded projects to carry out grant programs or other projects of common interest that are supported by more than one Federal agency.

More specifically, reimbursable obligations include:

- Obligations financed by offsetting collections from Federal or non-Federal sources for goods and services;
- All revolving fund obligations, regardless of how they are financed.

They don't include:

- Obligations of credit program and liquidating accounts;
- Obligations financed by budget authority from sources other than offsetting collections;
- Obligations financed by spending authority from loan principal repayments or proceeds of asset sales;
- Obligations financed by certain offsetting collections including:
  - < Interest on Federal securities;

< Interest on uninvested funds;

< Offsetting governmental collections (see section 20.7)

< Expenditure transfers from Federal accounts that are not payments for goods and services, such as legislated transfers of budget authority between Federal and trust fund accounts.

20.6 What do I need to know about outlays?

Outlay means a payment to liquidate an obligation (other than the repayment of debt), in the amount that is paid. Outlays are the measure of Government spending. In the budget, we present outlays both gross and net of offsetting collections at the account level, but we present function, agency, and Government-wide outlay totals only net in most presentations. Total outlays for the Federal Government include both on-budget and off-budget outlays.

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 cost 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, because we treat borrowing and the repayment of debt as a means of financing.

- Disbursements to the public by Federal credit programs, 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 (see section 85).

- 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 reductions of receipts, rather than as 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. Most Treasury debt securities held by Government accounts are in the Government account series, however. 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.) Two trust funds in the Department of Defense, the Military retirement trust fund and the Education benefits trust 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.

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 Department of the Treasury's Annual Report unless OMB approves an exception.

20.7 What do I need to know about collections (receipts and other collections)?

(a) *Overview.*

The collections that we record in the budget fall into two major categories, and they are recorded differently in the budget:

- *Governmental receipts* are recorded as receipts and compared in total to outlays (net of offsetting collections) in calculating the surplus or deficit (see section (b)).

- *Offsetting collections* are recorded as deductions from gross outlays to produce net outlays. They are divided between two categories: offsetting collections credited to expenditure accounts and offsetting receipts, which are recorded in receipt accounts (see section (c)).

The Government normally receives collections in the form of cash, and you normally record governmental receipts or offsetting collections equal to the amount received at the time of the collection. Normally the amount of cash collected appropriately measures the value of the transaction. In other cases, however, the cash collected does not accurately measure the cost of the transactions. In these cases, you record the cash-equivalent value of the transactions (see section 20.8).

The table below summarizes the distinction between governmental receipts and offsetting collections. We discuss them in more depth in the following sections.

For budget accounting purposes, user fees are not a separate category. They can be either governmental receipts or offsetting collections. However, they are often discussed in the budget as a separate category. We discuss them below in section (d).

We don’t record some monies received by the Government in the budget totals at all, because they are not income. For example, the proceeds of borrowing are not income. We refer to the proceeds of borrowing and certain other transactions as *means of financing,* because they are a means of financing outlays, when there is a deficit. We discuss means of financing in section (e).

SUMMARY EXPLANATION OF COLLECTIONS

Type of collection	What kind of transactions produce these collections?	How do these collections affect the surplus or deficit?	What are some examples?
Governmental receipts	• The exercise of the Government's sovereign or governmental powers. • Gifts from the public.	The difference between receipts and outlays (net of offsetting collections) determines the surplus or deficit.	• Individual income taxes. • Corporation income taxes. • Social insurance and retirement receipts (on-budget and of-budget). • Excise taxes. • Estate and gift taxes. • Customs duties. • Fines and penalties.
Offsetting collections (see following table for categories of offsetting collections)	• Business-like or market oriented activities with the public. • Intragovernmental transactions.	Offsetting collections are deducted from gross outlays to produce net outlays. The difference between net outlays and receipts determines the surplus or deficit.	• Proceeds from the sale of postage stamps. • Fees charged for admittance to recreation areas. • Proceeds from the sale of Government owned land. • Rent collected by GSA from other agencies for office space.

(b) *Governmental receipts.*

These are collections from the public that result primarily from the Government's exercise of its sovereign or governmental powers to compel payment. They consist mostly of individual and corporation income taxes and social insurance taxes, but also include excise taxes, compulsory user charges, customs duties, court fines, certain license fees, and deposits of earnings by the Federal Reserve System. They also include gifts and donations. Total receipts for the Federal Government include both on-budget and off-budget receipts.

A general law requires you to credit receipts to the general fund of the Treasury. However, other laws override this requirement for specified receipts, requiring separate accounting for them and designating them to be used for a specified purpose. We call this "earmarking" and establish a special fund or, if the law requires, a trust fund for that purpose. Earmarking receipts doesn't affect their classification as governmental or offsetting. Also, the authority to earmark receipts, by itself, does not provide budget authority. As a separate matter, the authorizing language will indicate whether the receipts are available for obligation and expenditure without further appropriation or are available only to the extent provided in annual appropriations acts.

Certain provisions of law require us to treat some receipts that are governmental in nature as offsetting collections (see below). We designate these as offsetting governmental receipts.

(c) *Offsetting collections.*

The following table summarizes the various categories of offsetting collections and their treatment in the budget. The text following the table discusses the categories in more depth.

CATEGORIES OF OFFSETTING COLLECTIONS

Type of collection	What kind of transactions produce these collections?	How are these collections recorded in the budget?	What are some examples?
Offsetting collections credited to expenditure accounts.	• Business-like or market oriented activities with the public. • Intragovernmental transactions. • Governmental activities where a law requires the receipts to be treated as offsetting collections.	They are recorded as offsetting collections in the program and financing schedule for the expenditure account and thereby offset gross budget authority and outlays to yield net budget authority and outlays for the expenditure account.	• Proceeds from the sale of postage stamps. • Rent collected by GSA from other agencies for office space.
Offsetting receipts:			
• Proprietary receipts from the public	Business-like or market oriented activities with the public.	They are recorded in receipt accounts, which are normally deducted from gross budget authority and outlays at the subfunction and agency levels.[1]	Fees charged for admittance to recreation areas.
• Intragovernmental transactions.	Collections of payments from one Government account to another.	They are recorded in receipt accounts, which are normally deducted from gross budget authority and outlays at the subfunction and agency levels.[1]	See examples under "Interfund receipts" and "Intrafund receipts."
< Interfund receipts	Collections of payments by Federal funds to trust funds and vice versa.	In addition to offsetting budget authority and outlays at the subfunction and agency level, interfund receipts credited to Federal funds offset the Federal funds	• Federal agency contributions to employee insurance and retirement trust funds.

Type of collection	What kind of transactions produce these collections?	How are these collections recorded in the budget?	What are some examples?
		totals for budget authority and outlays, and interfund receipts credited to trust funds offset the trust funds totals for budget authority and outlays.	• Trust fund earnings on investments in Treasury securities.
< Intrafund receipts	Collections of payments by Federal funds to other Federal funds and by trust funds to other trust funds.	In addition to offsetting budget authority and outlays at the subfunction and agency level, intra-fund receipts credited to Federal funds offset the Federal funds totals for budget authority and outlays, and intrafund receipts credited to trust funds offset the trust funds totals for budget authority and outlays.	• Special and revolving fund earnings on investments in Treasury securities. • Railroad retirement trust fund collections of Social Security equivalent payments from Social Security trust funds.
• Offsetting governmental receipts	Collections that are governmental in nature but required by law to be treated as offsetting receipts.	They are recorded in receipt accounts, which are deducted from gross budget authority and outlays at the subfunction and agency levels.	Regulatory fees required by law to be treated as offsetting receipts.

[1]OMB designates most offsetting receipts as "distributed," meaning they offset budget authority and outlays at the subfunction and agency level (and, in turn, the Government-wide budget authority and outlay totals), but designates offsetting receipts from certain sources as "undistributed," meaning they offset the Government-wide budget authority and outlay totals only.

Offsetting collections result from two kinds of transactions:

- *Business-like or market-oriented activities with non-Federal entities.* If you sell a product or service to a non-Federal entity, you record the proceeds as offsetting collections. For example, the U.S. Postal Service records the proceeds from the sale of postage stamps as offsetting collections. You should treat the proceeds from the sale of assets *without* recourse (that is, the Federal government doesn't guarantee repayment of principal and interest in the event of default) as offsetting collections. In the budget, we deduct such collections from gross budget authority and outlays, rather than add them to governmental receipts. We do this so that the budget totals for receipts, budget authority, and outlays will represent only governmental, rather than market activity.

- *Intragovernmental transactions.* You also record collections you receive from another Government account as offsetting collections. For example, the General Services Administration records payments it receives from other Government agencies for the rent of office space as offsetting collections in the Federal Buildings Fund. You may treat orders on hand from another Federal account as offsetting

collections, even though you haven't received the cash payment, if the paying account has recorded an obligation in that amount. (This does not apply to orders from non-Federal entities.) In the budget, we deduct intragovernmental offsetting collections from gross budget authority and outlays so that the budget totals measure the transactions of the Government with the public.

You credit some offsetting collections to expenditure accounts and some to receipt accounts, depending on what the law requires. The following sections explain the differences in accounting for such collections.

(1) *Offsetting Collections Credited to Expenditure Accounts.* Some laws authorize agencies to credit collections directly to the account from which they will be spent and, usually, to be spent for the purpose of the account without further action by Congress. Most revolving funds operate with such authority. For example, a permanent law authorizes the Postal Service to use collections from the sale of stamps to finance its operations without a requirement for annual appropriations. The Postal Service records these collections in the Postal Service fund (a revolving fund) and records budget authority in an amount equal to the collections. As another example, GSA records the intragovernmental collections of the Federal Buildings Fund in the same manner as the Postal Service fund. In some cases, laws authorize agencies to charge fees and use them to defray a portion of costs mostly financed by appropriations from the general fund. In such cases, the agency records the offsetting collections and resulting budget authority in the general fund expenditure account. The authority to incur obligations against offsetting collections credited to an account is a form of budget authority (see section 20.4).

While most offsetting collections credited to expenditure accounts result from business-like activity or are collected from other Government accounts, some are governmental in nature but are required by law to be treated as offsetting. The budget labels these "offsetting governmental collections."

(2) *Offsetting Receipts.* If the law doesn't authorize you to credit offsetting collections to an expenditure account, you must record them in a receipt account. Absent authority to earmark them, you credit them to the general fund receipt account designated by Treasury and OMB. If the law requires earmarking, you credit them to the special fund or trust fund receipt account established by Treasury and OMB. In the budget, we deduct offsetting receipts from budget authority and outlays in arriving at total budget authority and outlays. Unlike offsetting collections credited to expenditure accounts, offsetting receipts don't offset budget authority and outlays at the account level. The budget normally records the offset at the subfunction and agency levels. In a few cases we record the offset at the government-wide level to avoid distorting the budget authority and outlays totals for an agency or function.

We further subdivide offsetting receipts for purposes of budget accounting. When OMB, working with Treasury, establishes an account for the receipts from a particular source, we will designate each receipt account as one of these receipt types (see section 79.3):

- *Proprietary receipts from the public.* These offsetting receipts result from the business-type or market-oriented activities of the Government with the public. In the budget, we deduct most proprietary receipts from the budget authority and outlay totals of the agency that conducts the activity generating the receipt and of the subfunction to which we have assigned the activity. For example, we deduct fees for using National Parks from the totals for the Department of the Interior and the recreational resources subfunction. In a few cases, we

don't offset proprietary receipts against any specific agency or function. We classify them as undistributed offsetting receipts and deduct them from Government-wide totals for budget authority and outlays. For example, the collections of rents and royalties from outer continental shelf lands are undistributed because the amounts are large and for the most part are not related to the spending of the agency that administers the transactions and the subfunction that records the administrative expenses.

- *Intragovernmental transactions.* These are collections of payments from expenditure accounts that are deposited into receipt accounts. In the budget, we deduct most intragovernmental transactions from the budget authority and outlays of the agency that conducts the activity generating the receipts and of the subfunction to which we have assigned the activity. In two cases, however, we present intragovernmental transactions in the budget as deductions in computing total budget authority and outlays for the Government as a whole rather than as offsets at the agency level – agencies' payments as employers into employee retirement trust funds and interest received by trust funds. The special treatment for these receipts is necessary because the amounts are large and would distort the agency totals, as measures of the agency's activities, if they were attributed to the agency. We further divide intragovernmental transactions into two subcategories:

  < Interfund receipts that are derived from payments between Federal and trust funds.

  < Intrafund receipts that are derived from payments within the same fund group (that is, within the Federal fund group or within the trust fund group).

- *Offsetting governmental receipts.* These are collections that are governmental in nature but that laws require us to treat as offsetting receipts.

(d) *User fees.*

User fee means a fee, charge, or assessment the Government levies on a class directly benefiting from, or subject to regulation by, a Government program or activity, to be utilized solely to support the program or activity. User fees are not a separate category for budget accounting for collections. We record user fees as governmental receipts or offsetting collections (offsetting receipts or offsetting collections credited to an expenditure account), depending on whether the fee results primarily from the exercise of governmental powers or from business-like activity. The authorizing law must limit the payers of the fee to those benefiting from, or subject to regulation by, the program or activity. The payers may not include the general public or a broad segment of the public. The law must limit the charging agency's use of the fee to funding the specified programs or activities for which the agency may charge the fee, including directly associated agency functions. The fee may not be used for unrelated programs or activities or for the broad purposes of the agency or the Government as a whole.

User fees include:

C Collections from non-Federal sources for goods and services provided;
C Voluntary payments to social insurance programs;
C Miscellaneous customs fees (e.g., United States Customs Service merchandise processing fees);

- Many fees for permits, and regulatory and judicial services; and
- Specific taxes and duties on an exception basis.

User fees do not include:

- Collections from other Federal accounts;
- Collections deposited in general fund receipt accounts;
- Collections associated with credit programs;
- 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;
- Proceeds from asset sales (property, plant, and equipment);
- Outer Continental Shelf receipts;
- Spectrum auction proceeds; or
- Federal Reserve System deposits of earnings.

(e) *Means of financing.*

These are monies received or paid by the Government that are not counted in the budget totals as either income (governmental receipts or offsetting collections) 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) exceed receipts. When there is a surplus – that is, when receipts exceed outlays (net of offsetting collections) – they may be used, together with the surplus receipts, to retire debt. Under some circumstances, one means of financing will require financing by the others. For example, if the disbursements from credit financing accounts exceed their collections, the difference must be financed by receipts or 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, deposit fund balances, and checks outstanding.

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 cost 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 receipts 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 use 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. 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 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 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. 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. So, we require you to 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 cash lease payments as repayments of principal and interest. (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 reduction 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. We record the Government's subsequent cash lease payments as the equivalent of interest outlays on that debt and principal repayments.

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

(a) *Overview.*

The Budget Enforcement Act of 1990 (BEA) (see section 15.3) divides spending into two types:

- *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.

- *Mandatory spending* means budget authority and outlays resulting from 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, the BEA defines several programs as "appropriated entitlements and mandatories" and classifies their spending as mandatory spending. In these cases, appropriations acts nominally provide the budget authority but don't actually control it, because the authorizing law creates an entitlement. 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 (Public Law 105-33), which most recently amended the BEA, listed all accounts under the Appropriations Committees' jurisdiction at the time. It classified accounts as discretionary by category or as appropriated entitlements and mandatories. The "scorekeepers" (House and Senate Budget Committees, CBO, and OMB) consult on the classification of new accounts and may reclassify an existing account. OMB indicates the BEA classification for an account when it is established in the MAX database (see section 81.3). While mandatory and discretionary classifications are used for measuring compliance with the BEA, they do not determine whether a program provides legal entitlement to a payment or benefit. You should address questions about BEA classifications and legal entitlements to your OMB representative.

The BEA applies one set of rules to discretionary spending and another to mandatory spending and receipts. The BEA applies the same rules to receipts as apply to mandatory spending, because receipts are generally controlled by permanent laws. The BEA refers to the rules that apply to mandatory receipts and spending as "pay-as-you-go" (PAYGO) requirements. The BEA itself sets the basic rules, but the Explanatory Statement referred to in the previous paragraph provided scorekeeping guidelines that the scorekeepers must use in interpreting the rules. The BEA authorizes the scorekeepers to revise the guidelines if all agree on the revision. Appendix A contains the current guidelines.

(b) *Discretionary spending caps.*

The BEA defines categories of discretionary spending and limits ("caps") spending in each category by specifying dollar amounts for both budget authority and outlays for each fiscal year through 2002. The categories change from year to year. For 1999, they were defense, non-defense, violent crime reduction, highways, and mass transit. After 1999, the separate categories for defense and non-defense are replaced by a "discretionary spending" category, which includes defense spending and non-defense spending other than that included in the violent crime reduction, highway, and mass transit categories. After 2000, the violent crime reduction category expires, leaving the discretionary, highways, and mass transit categories. The BEA requires OMB to adjust the caps for certain reasons, such as to reflect conceptual changes or the enactment of emergency appropriations.

If the amount of budget authority provided in appropriations acts for the year exceeds the cap on budget authority for a category, or if OMB estimates of the amount of outlays for the year resulting from all discretionary budget authority exceed the cap on outlays for a category, the BEA specifies a procedure, called sequestration, for reducing the spending in that category. The BEA requires the President to issue a sequestration order reducing most programs in the category by a uniform percentage. Special rules apply in reducing some programs, and the BEA exempts some programs from sequestration.

The BEA's sequestration rules cover supplemental appropriations enacted during the fiscal year. From the end of a session of Congress through the following June 30th, discretionary sequestrations take place whenever an appropriations act for the current fiscal year breaches a cap. Because a sequestration in the last quarter of a fiscal year might disproportionally disrupt Government operations, the BEA requires OMB to reduce the applicable cap for the next fiscal year, in lieu of a sequestration in the fourth quarter.

In general, Appropriations Committee actions are discretionary. Therefore, if a provision in an appropriations bill makes a substantive change to a mandatory account, we score the costs or savings of that change as discretionary under the BEA discretionary limits. The amount scored is the difference between the new level of budget authority and outlays or receipts and the baseline level. We score budget proposals for appropriations language changes to mandatory accounts as discretionary. While we score the change in the bill as discretionary, budgets transmitted after the bill's enactment show the affected account as entirely mandatory in every year, including the effects of the Appropriations Committee action. If appropriate, OMB adjusts the discretionary spending limits to capture any effects of the Appropriations Committee action. For example, if an appropriations act increased mandatory spending, the budget would show an increase in mandatory spending and an equal decrease in the discretionary caps.

Where obligation limitations set in appropriations acts limit permanent budget authority, except trust fund accounts in the Department of Transportation, we redefine the budget authority for the account as discretionary in an amount equal to the limit. For Transportation trust funds, the budget authority remains mandatory, although the funds' outlays are discretionary.

If both the Congress and the President designate an appropriation as an emergency requirement, we score the appropriations act for that spending, and we increase the discretionary caps by the amount of the spending in the next sequestration report.

(c) *PAYGO requirements.*

The BEA doesn't cap mandatory spending. Instead, it requires all laws enacted through 2002 that affect mandatory spending or receipts to be enacted on a "pay-as-you-go" basis. That means that if a provision of law increases the deficit or decreases the surplus in the budget year or any of the four following years, another provision of law (in the same or another law) must offset the increase with a reduction in spending or increase in receipts in each affected year. A provision that increases benefit payments, for example, would have to be offset by a provision reducing other mandatory spending or increasing receipts. Otherwise, the BEA requires the President to issue a sequestration order at the end of the session of Congress in the fiscal year in which the deficit is increased.

The BEA sequestration procedures require a uniform reduction of mandatory spending programs that are neither exempt nor subject to special rules. The BEA exempts Social Security, interest on the public debt, Federal employee retirement, Medicaid, most means-tested entitlements, deposit insurance, other prior legal

obligations, and most unemployment benefits. A special rule limits the sequester of Medicare spending to no more than 4 percent, and special rules for some other programs limit the size of a sequestration for those programs. As a result of exemptions and special rules, only about 3 percent of all mandatory spending is subject to sequestration, including the maximum amounts allowed under the special rules.

The PAYGO rules don't apply to increases in mandatory spending or decreases in receipts that don'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. Likewise, tax receipts decrease when the profits of private businesses decline as the result of economic conditions.

If both the Congress and the President designate a provision of mandatory spending or receipts legislation as an emergency requirement, we don't score the effect of the provision on the surplus or deficit.

(d) *OMB and CBO estimates.*

The BEA requires OMB, using the methods prescribed by the BEA, to make the estimates and calculations that determine whether there is to be a sequestration and report them to the President and Congress. The President's sequestration order may not change any of the particulars of the OMB report. The BEA requires the Congressional Budget Office (CBO) to make the same estimates and calculations, and requires OMB to explain any differences between the OMB and CBO estimates. Congress uses the CBO estimates for enforcing constraints during the congressional budget process.

(e) *Reporting requirements.*

The BEA requires OMB to issue five different kinds of reports to the President and the Congress, which the following table describes. The BEA requires CBO to issue like reports, with its estimates, 5 days earlier than the OMB reports.

BEA REPORTS

What OMB reports...	When...
Preview report. This report discusses the status of discretionary and PAYGO sequestration based on current law. It also explains OMB adjustments to the discretionary caps, under the BEA's adjustment provisions, and publishes the revised caps. By custom, OMB publishes its report as a chapter of the *Analytical Perspectives* volume of the budget.	With the President's budget.
7-day after reports. As part of enforcing the discretionary spending caps, OMB must issue a report for each appropriation act (including a supplemental appropriations act) estimating the amount of new budget authority and outlays provided by the act for the current year and budget year. As part of enforcing the PAYGO rules, OMB must also issue a report for each authorizing act that changes receipts or outlays.	7 days after enactment of a bill.
Update report. This report revises the preview report estimates to reflect the effects of newly enacted discretionary and PAYGO legislation.	August 20

What OMB reports...	When...
Final report. This report also revises the preview report estimates, this time to reflect the effects of legislation enacted through the end of the session of Congress. The estimates in this report determine whether the President must issue a sequestration order.	15 days after the end of a session of Congress (usually in the fall of each year)
Within-session report. The BEA requires OMB to report if an appropriation for a fiscal year in progress is enacted before July 1 that breaches a cap. The report triggers a sequestration order. (If an appropriation is enacted after July 1 that breaches a cap, the BEA requires OMB to reduce the cap for the following year.)	Between the end of a session of Congress and July 1

20.10 What do I need to know about refunds?

You might think that you should record refunds received as collections and refunds paid as outlays, but that isn't always the case. The following table explains how to record refunds *received.* (We cover refunds paid after the table.)

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 in a previous year	remains available for new obligations	record the refund as an offsetting collection credited to the account.
(3) receive a refund of funds that were obligated in a previous year	has expired but is not yet canceled	record the refund as an adjustment to the expired account.
(4) receive a refund of funds that were obligated in a previous year	has been canceled	credit the refund to 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 fund types and associated accounts?

(a) *Overview.*

Agency activities are financed through general funds, special funds, and revolving funds, which constitute the Federal funds group, and trust funds and trust revolving funds, which constitute the trust funds group. In a few cases, 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	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	Record unearmarked receipts.	No.	Yes.
General fund expenditure accounts	Record budget authority, obligations, and outlays of general fund receipts and borrowing.	No, general fund appropriations draw from general fund receipts collectively.	Yes.
Special fund receipt accounts	Record receipts earmarked by law for a specific purpose (other than a business-like activity).	Yes.	Yes.
Special fund expenditure accounts	Record budget authority, obligations, and outlays of special fund receipts.	Yes.	Yes.
Public enterprise funds	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]

Fund Type/Account	What is the purpose of the account?	Are receipt accounts and expenditure accounts linked?	Are these funds included in the budget?
Intragovernmental funds	Record offsetting collections earmarked by law for a specific purpose and associated budget authority, obligations, and outlays for a business-like activity conducted within the Government.	Not applicable. Collections credited to the expenditure account.	Yes.
Trust funds:			
Trust fund receipt accounts	Record receipts earmarked by law for a specific purpose (other than a business-like activity).	Yes.	Yes.[1]
Trust fund expenditure accounts	Record budget authority, obligations, and outlays of trust fund receipts.	Yes.	Yes.[1]
Trust revolving funds	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.
Deposit funds	Record deposits and disbursements of monies not owned by the Government.	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 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).

(b) *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 there are multiple receipt accounts. 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, 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. There are two classes of revolving funds. *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.

(c) *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, are established by law as revolving funds. Other than their designation as trust funds, these funds operate the same 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 a trust fund and a special fund or between a trust revolving fund and a public enterprise revolving fund. 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. The Government does act as a true trustee for some funds. 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 next section).

(d) *Deposit funds.*

You use deposit funds to account for 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 though they were 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 in that year. 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.

You may not use deposit funds to hold monies if you know they belong to the Government but have not determined the specific receipt account to credit them to. The Treasury Department provides *clearing accounts* to be used for that purpose.

20.12 How do I record investment in securities and disinvestment?

(a) *Overview.*

You can only invest funds if a law authorizes it. Laws that authorize investment usually limit investments to U.S. securities and rarely authorize investment in non-U.S. securities. The U.S. securities includes public debt securities issued by the Treasury Department and securities issued by other Federal agencies. They exclude securities issued by non-Federal entities (including Government-sponsored enterprises), regardless of whether the securities are federally guaranteed. We require a different budget treatment for investment in non-U.S. securities than in U.S. securities. We explain the budget treatment for both below.

(b) *Non-U.S. securities.*

We treat an investment in non-U.S. securities (equity or debt securities) as a purchase of an asset. You must record an obligation and an outlay for the purchase in an amount equal to the purchase price. You cannot incur such an obligation unless a law has provided budget authority for the purpose. If a law requires such investment without requiring further action by Congress, we will generally construe that law as providing budget authority for this purpose.

You record interest received on such investments as a collection when you receive it and in the amount that you receive. For investments from an appropriation or revolving fund account (including a trust revolving fund account), you record interest as an offsetting collection credited to the account (line 88.40 Non-Federal sources). For investments from a special or trust fund account, you record interest in a receipt account for interest from non-Federal sources. You record the proceeds from the sale or redemption of a non-U.S. security as a collection when received and in the amount received. As with interest, you record the proceeds as a offsetting collection credited to the account or as a receipt, depending on the type of the fund from which the investment is made. These investments may involve other transactions, such as premiums or discounts. Consult your OMB representative on the treatment of such transactions.

(c) *U.S. securities.*

Because U.S. securities are the equivalent of cash for budget purposes, we treat investment in these securities as a change in the mix of assets held, rather than as a purchase of assets. The following paragraphs describe the treatment in general terms, and the following table explains how to record specific transactions in the budget. The purchase or redemption (or sale) of an asset, or the earnings in a year, may combine several transactions together.

- *Principal.* When you invest funds in U.S. securities, you don't record an obligation or an outlay, as you would for the purchase of non-U.S. securities, and the transaction requires no budget authority. Instead, you reduce cash balances by the purchase price and increase holdings of U.S. securities by the par (face or nominal) value. If you purchase the security at a discount (the purchase price is less than the par value), you must record an adjusting entry, "unrealized discounts," as an offset, so that the value of the holdings in U.S. securities isn't overstated. Therefore, the balances shown in the unavailable collections schedule (MAX schedule N) and the program and financing schedule (MAX schedule P) for an account with investments in U.S. securities equal the uninvested amount, plus holdings of securities at par, minus unrealized discounts (both schedules show a single figure for the total balances only). The program and financing schedule also shows total investments (at par value) at the start and end of each year, as a memorandum entry (see section 82.8). The status of funds schedule (MAX schedule J), which we require for certain accounts, shows separate entries for uninvested funds, U.S. securities at par value, and unrealized discounts (see section 86.6).

- *Earnings* may consist of some or all of these components: interest, accrued interest purchases, purchase premiums or discounts, and sales premiums or discounts. Some components may be positive, and others negative. You record each component as an increase or decrease in the net amount of interest in the year it occurs, except for purchase discounts, which are recorded as an increase in interest when the security matures. For investments from an appropriation or revolving fund account (including a trust revolving fund account), you record interest as an offsetting collection credited to the account (line 88.20 Interest on U.S. securities). For investments from a special or trust fund

account, you 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 or receipts, 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.

For purposes of financial reporting, purchase discounts and premiums are amortized over the life of the security, which differs from the treatment described here. On the statement of operations, the amortized portions of discounts and premiums are recorded as revenue or adjustments to revenue. On the balance sheet, the balance of unamortized discounts or premiums is recorded as an adjustment to the par value of the security (see section 86.2).

The following table lists the transactions associated with investments in U.S. securities and explains how to record them in the budget.

If the transaction is...	**Record in the P&F schedule...**	**Or, record in the special or trust fund receipt account for interest (usually suffix .20)...**	**And, MAX will automatically show in the Status of Funds schedule...**
(1) *Principal, upon investment*	Under the memorandum heading "Total investments, end of year:" an increase in the amount reported on line 92.02 "U.S. securities: Par value" equal to the par value.	Not applicable.	Under the heading "Unexpended balance, end of year:" C a decrease in the amount reported on line 0700 "Uninvested balance" equal to the purchase price, and C an increase in the amount reported on line 0701 "U.S. securities: Par value" equal to the par value.
(2) *Purchase discount* – the difference between purchase price and par, when a security is purchased for less than par.	Not applicable.	Not applicable.	Under the heading "Unexpended balance, end of year:" an increase in the amount reported on line 0702 "Unrealized discounts" equal to the discount amount. When the security matures, reduce the balance entries for unrealized discounts by the amount of the discount at purchase; and by an equal amount, increase interest reported on the line

If the transaction is...	Record in the P&F schedule...	Or, record in the special or trust fund receipt account for interest (usually suffix .20)...	And, MAX will automatically show in the Status of Funds schedule...
			corresponding to the offsetting collection or receipts, as appropriate.
(3) *Purchase premium* – the difference between purchase price and par, when a security is purchased for more than par.	If earnings are credited to an appropriation or revolving fund account, under the heading "Offsetting collections (cash) from:" a decrease in the amount reported on line 88.20 "Interest on U.S. securities" equal to the premium.	If earnings are credited to a special or trust fund receipt account, a decrease in the amount reported for interest equal to the premium.	Under the heading "Cash income during the year:" a decrease in the amount of interest reported on the line corresponding to the offsetting collection or receipt, as appropriate.
(4) *Accrued interest purchase* – 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.	If earnings are credited to an appropriation or revolving fund account, under the heading "Offsetting collections (cash) from:" a decrease in the amount reported on line 88.20 "Interest on U.S. securities."	If earnings are credited to a special or trust fund receipt account, a decrease in the amount reported for interest.	Under the heading "Cash income during the year:" a decrease in the amount of interest reported on the line corresponding to the offsetting collection or receipt, as appropriate.
(5) *Interest* – the nominal or stated amount of interest received in the past year or estimated for other years.	If earnings are credited to an appropriation or revolving fund account, under the heading "Offsetting collections (cash) from:" an increase in the amount reported on line 88.20 "Interest on U.S. securities."	If earnings are credited to a special or trust fund receipt account, an increase in the amount reported for interest.	Under the heading "Cash income during the year:" an increase in the amount of interst reported on the line corresponding to the offsetting collection or receipt, as appropriate.
(6) *Principal, upon redemption or sale*	Under the memorandum heading "Total investments, end of year:" a decrease in the amount reported on line 92.02 "U.S. securities: Par value" equal to the par value.	Not applicable.	Under the heading "Unexpended balance, end of year:" C an increase in the amount reported on line 0700 "Uninvested balance" equal to the purchase price, and

If the transaction is...	Record in the P&F schedule...	Or, record in the special or trust fund receipt account for interest (usually suffix .20)...	And, MAX will automatically show in the Status of Funds schedule...
			C a decrease in the amount reported on line 0701 "U.S. securities: Par value" equal to the par value.
(7) *Sales discount* – the difference between the purchase price and the sales price, when a security is sold for an amount less than the par value.	If earnings are credited to an appropriation or revolving fund account, under the heading "Offsetting collections (cash) from:" an increase if the difference is a gain and a decrease if it is a loss in the amount reported on line 88.20 "Interest on U.S. securities."	If earnings are credited to a special or trust fund receipt account, an increase if the difference is a gain and a decrease if it is a loss in the amount reported for interest.	Under the heading "Cash income during the year:" an increase if the difference is a gain and a decrease if it is a loss in the amount of interest reported on the line corresponding to the offsetting collection or receipt, as appropriate.
(8) *Sales premium* – the difference between the purchase price and the sales price, when a security is sold for more than the par value.	If earnings are credited to an appropriation or revolving fund account, under the heading "Offsetting collections (cash) from:" an increase if the difference is a gain and a decrease if it is a loss in the amount reported on line 88.20 "Interest on U.S. securities."	If earnings are credited to a special or trust fund receipt account, an increase if the difference is a gain and a decrease if it is a loss in the amount reported for interest.	Under the heading "Cash income during the year:" an increase if the difference is a gain and a decrease if it is a loss in the amount of interest reported on the line corresponding to the offsetting collection or receipt, as appropriate.

(d) 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 U.S. 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 86.7 (without separate identification for the invested portion of the balances).

SECTION 25 -- APPLICABILITY, EXCEPTIONS, AND ADVANCE APPROVAL

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25.1 Does this part apply to me?
25.2 How do I get an exception from the requirements in Part 1?
25.3 For what do I need advance approval?

25.1 Does this part 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 1 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 (see below). In addition, Government-sponsored enterprises submit some of the information required of Government agencies on a comparable basis, and OMB includes it in the budget for information purposes (see section 27).

If your agency appears in the following list, it isn't subject to executive branch review by law or custom. That means that the requirements for justification materials (see section 27.2) don't apply to you. However, you do need to submit the information required for inclusion in the budget database and documents (see section 27.3), which OMB includes in the budget without revision.

- Legislative Branch agencies.

- Judicial Branch agencies.

- Executive Branch agencies, as follows:

  - Milk Market Assessment Fund, USDA.
  - International Trade Commission.
  - Board of Governors of the Federal Reserve System.

- Government-sponsored enterprises, 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 from the requirements in Part 1?

For the sake of comparability among the budget data and presentations, OMB doesn't 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 one budget.

25.3 For what do I need advance approval?

You must get advance approval from your OMB representative for the items shown in the table below. See the cited section for specific guidance.

	Item	See section...	Timing
II	Form and content of justification materials.	51.2	Prior to initial submission on September 13.
II	Program activity structure in the program and financing schedule.	82.3	Prior to initial submission on September 13.
II	Changes in functional classifications.	71.3, 79.1, 79.3	By October 1.
II	Changes in receipt account classification.	71.3, 79.1, 79.3	By October 1.
II	Changes in budget account structure (new accounts, merged accounts, changes in account titles, etc.)	71.3, 79.1, 79.3	Prior to October 1, or as soon as possible thereafter for changes dependent on congressional action or other circumstances beyond agency control.

SECTION 27 – SUBMITTING MATERIALS TO OMB

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27.1 What do I send to OMB and when (overview)?
27.2 What do I include in the initial submission?
27.3 What do I submit after passback?

27.1 What do I send to OMB and when (overview)?

You submit information generally in two stages, although your OMB representative will work with you to determine specific timing requirements:

(1) *As part of your initial budget submission,* submitted by September 13, 1999. This stage includes information and materials supporting your budget request.

(2) *After passback,* by deadlines provided by your OMB representative. 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 initial submission to reflect the effects of final decisions.

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

Agencies that are not subject to Executive Branch review (see section 25.1) don't make initial submissions. They do need to submit information to be included in the budget documents and the budget database. Your OMB representative will work with you to determine the timing of your submissions.

27.2 What do I include in the initial submission?

Include the budget justification and other materials described below in Table 1. This applies to all agencies (except as noted). If the criterion listed in the first column of Table 2 applies to you, include the information described in the second column. The right-hand column of both tables tells you where in this Circular to find more detailed guidance on the requirement. In addition to the information specified in the tables, your OMB representative may require you to include other materials in your initial submission (for example, information about your budget request by account and by Budget Enforcement Act category).

TABLE 1: CONTENTS OF INITIAL SUBMISSION – ALL AGENCIES[1]

Include these items...	See section...
Summary and highlight statement	51.1
Justification materials	51.2-51.10

[1]Excluding agencies not subject to Executive Branch review (see section 25.1).

TABLE 2: CONTENTS OF INITIAL SUBMISSION – CERTAIN AGENCIES[1]

If your agency...	Then include this...	See section...
is covered by the Chief Financial Officers Act	• financial management budget justification and • report on resources for financial management activities *(due October 16)*[2]	52
has budget authority of $50 million or more for information technology	report on information technology.[2]	53
has rental payments greater than $5 million	information on rental payments for space and land.	54
obligates more than $500,000 for energy costs and/or improvements directly (not through rent)	information on energy use, costs, and efficiency[2]	55
operates a fleet of at least 50 alternative fuel vehicles and operates at least 20 of them in any one metropolitan statistical area	information on acquisitions of alternative fueled vehicles.[2]	55
has budget authority or outlays for drug programs greater than $500,000 in any year	information on drug control programs[2]	56
has budget authority and outlays for programs financed by the Violent crime control trust fund	information on violent crime control programs[2]	57
has receipts	information on receipts estimates	58.1
has an Office of Inspector General under the Inspector General Act Amendments of 1988	information on Inspectors General for designated Federal entities	58.2
has credit liquidating accounts with unobligated balances that carry over into the current year	justification of unobligated balances in liquidating accounts	58.3, 85.3
has obligations related to the Winter Olympics	financial information related to the Winter Olympics	58.4
is subject to GPRA requirements	initial annual performance plan	Part 2

TABLE 2: CONTENTS OF INITIAL SUBMISSION – CERTAIN AGENCIES[1]

If your agency...	Then include this...	See section...
has incrementally funded capital assets	impact of fully funding capital assets	Part 3
has major capital acquisitions	capital asset plan and justification	Part 3

[1]Excluding 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 (see section 100.6)

27.3 What do I submit after passback?

(a) *Overview.*

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 sections 95-97).
- *Additional information,* which OMB uses for special purposes (see section 100).

This Circular doesn't 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. Don't wait until you've 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, don't 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 in the Table 1 for each applicable budget account. In addition, if the criterion listed in the first column of Table 2 applies to you, submit the data described in the second column for each applicable budget account. In both tables, we indicate the MAX data section or sections involved and tell you where in Part 1 to find guidance on the requirement.

TABLE 1: MAX COMPUTER DATA – ALL AGENCIES [1]

Submit for each applicable account...	MAX data schedule...	See section...
estimates of budget authority and outlays	A, S	81
program and financing schedules	P	82
object classification schedules	O	83
personnel summary	Q	86.1
character classification data, including R&D data (such as, crosscuts, technology transfers)	C	84

[1] Including agencies not subject to Executive Branch review. Federal Reserve Board submits data for sections A, P, and O only. Nothing in this table applies to GSEs.

TABLE 2: MAX COMPUTER DATA – CERTAIN AGENCIES [1,2]

If your agency has...	Then submit this for each applicable budget account...	Which is MAX data schedule...	See section...
receipts accounts	receipts estimates	K and R	81
credit programs	Federal credit data	G, H, U, and Y	85
credit liquidating or financing accounts; or non-credit revolving funds that conduct business-type activities (as determined by OMB), including GSE's.	statement of operation and balance sheet	E and F	86.2
appropriations language requests for the budget year	budget year appropriations requests in thousands	T	86.4
accounts for which it submits SF 133 reports	information on accounts that submit budget execution reports	Z	86.5
major trust funds and certain other accounts (as determined by OMB)	status of funds	J	86.6
unavailable special or trust fund receipts or offsetting collections	data on unavailable collections	N	86.7
contract authority	status of contract authority	I	86.8

[1] Including agencies not subject to Executive Branch review. GSEs submit data for sections E, F, G, H only. Nothing in this table applies to the Federal Reserve Board.
[2] DOD-Military submits budget plan (MAX schedule D), see section 86.3.

(d) *Print materials.*

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

- *Appropriation language.* You must submit language for each account for which appropriations or limitation language was enacted in the CY or is proposed in the BY. You must also submit any general provisions that pertain to you. (See section 96)

- *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 aren't generated by MAX under certain circumstances. (See section 97.)

(e) *Additional materials.*

If the criterion listed in the first column of the following table applies to you, submit the additional materials described in the second column. The right-hand column tells you where in Part 1 to find guidance on the requirement.

ADDITIONAL MATERIALS – CERTAIN AGENCIES

If your agency...	Then submit this...	See section...
has credit programs	development of risk categories	85.3
has a Federal formula grants program to State or local governments	information on grants to State and local governments	100.1
operates at least 300 motor vehicles	information on motor vehicles	100.2
has obligations for relocation expenses for PY through BY	information on relocation expenses	100.3
had expenditures for official international travel in the PY	information on international travel	100.4
has budget authority or outlays differences of $50 million or more between current year and budget year baseline estimates	materials in support of baseline estimates	100.5

SECTION 30 -- BASIC POLICIES AND ASSUMPTIONS

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30.1 Basis for agency proposals
30.2 Scope of the estimates
30.3 Economic assumptions
30.4 Growth in agency workload
30.5 Unit cost information

30.1 Basis for agency proposals.

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

- The policies of the President;

- The judgment of the agency head regarding the scope, content, performance, and quality of programs and activities proposed to meet the agency's missions, goals, and objectives; and

- Adequate support for accomplishing approved plans for management improvement in the areas of management integrity and controls, credit and cash management, financial systems, and financial reporting.

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. Involve State and local officials in the development of policy and budget priorities and programs with significant State and local impact. Make sure your estimates are consistent with strategic and annual performance plans.

30.2 Scope of the estimates.

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

(1) *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.

(2) *Legislative proposals*. If you 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.

(3) *Supplemental proposals.* Separately identify amounts for supplemental appropriations required in the current year to meet unforeseen contingencies in programmatic costs in your agency's budget submission. Supplemental requests for the current year are normally transmitted to Congress with the budget. However, each case will be decided separately after OMB receives the agency's initial submission (see section 51.10). OMB representatives will inform you which supplementals will be transmitted with the budget so you can submit the necessary information.

(b) *Presidential policy outyear estimates.*

Policy estimates for the nine years following the budget year (BY+1 through BY+9) enable the President to evaluate the long-term consequences of proposed program or tax policy initiatives and to make decisions in that context. (Baseline estimates, described in section 80, provide a basis for assessing alternatives, including Presidential policy estimates.)

Your outyear policy estimates 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.

30.3 Economic assumptions.

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 pay raises in your estimates of personal services costs. Pay raises will not be included in government-wide allowances (see section 32.2(b)(1)).

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).

30.4 Growth in agency workload.

Assume that growth in agency workload will be offset by productivity increases so that related employment does not increase. Use personnel currently funded to the maximum extent in staffing new programs and expansions of existing programs. Plan to reduce personnel levels where workload is stable.

30.5 Unit cost information.

Base your estimates on the most economical and efficient manner of carrying on the work of your agency. For this purpose, develop unit (average) cost information to permit cost comparison and analysis to determine whether program costs are minimal. Where possible, 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.

SECTION 31 -- COMPLIANCE WITH ADMINISTRATION POLICIES AND OTHER GENERAL REQUIREMENTS

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31.1 Customer service
31.2 Equal opportunity
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31.6 Multi-year appropriations
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31.8 Performance of commercial activities
31.9 User fees

Summary of Changes

Reminds agencies to offset resource requirements with savings generated from privatization of commercial activities (section 31.8).

Agencies must justify commercial support services provided to State and local governments (section 31.8).

31.1 Customer service.

Your estimates should reflect the Administration's commitment to providing the highest quality service possible to the American people. Executive Order 12862 established the Administration's goal to make all aspects of the Executive Branch's management practices and operations equal to or better than the best service in the private sector.

Consider ways to enhance customer service both to Federal and non-Federal clients, based on information obtained from customer service surveys and other sources. Your estimates should also reflect implementation of customer service plans, including training and information collection needed to achieve customer service standards.

31.2 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).
- Efforts to increase Federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

31.3 Full funding.

Requests for acquisition of capital assets must propose full funding up front or advance appropriations to cover the full costs of the project. 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 33.4. For guidance on budget submissions for capital asset acquisitions, see Part 3 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*, which is published separately.

31.4 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.

31.5 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.

31.6 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.

31.7 Performance indicators, performance goals, and management improvement.

Your estimates should reflect the Administration's commitment to improve program performance, management integrity and controls, program delivery, and financial management.

- *Performance indicators and performance goals.* Your estimates should reflect the use of program performance indicators and performance goals in the manner specified by OMB representatives and consistent with agency strategic plans and annual performance plans (see section 51.7 and Part 2).

- *Information systems.* Your estimates should reflect the Administration's commitment to information technology planning that directly supports agency strategic missions by forming strong linkages between planning and budget formulation and execution, consistent with the Clinger Cohen Act of 1996 (see also Part 3, where applicable).

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

  - Core financial systems, as described in the JFMIP 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.

31.8 Performance of commercial activities.

Your estimates should reflect the probable results generated by cost comparisons or other performance conversions authorized by OMB Circular No. A-76 and its Revised Supplemental Handbook (March 1996), including potential savings that may result from actions taken as a result of the annual review of the Commercial Activities inventory required by the Federal Activities Inventory Reform Act (P.L. 105-270). For activities that assume additional FTE or dollar resources to provide a product or service, submit a full justification, including a possible recompetition, waiver justification, or determination of workload increase, as appropriate. To the extent possible, offset additional resource requirements to meet mission or administrative requirements for in-house performance through savings from these and other efforts to reduce costs, including savings from conducting cost comparisons on other existing in-house activities, reinvention savings, privatization, or attrition.

Under the requirements of the Revised Supplemental Handbook, you must justify the following types of requests for in-house government resources:

- To begin, expand, or enlarge, a government operated activity.
- To convert a contracted activity to in-house performance.
- To provide new or expanded services to another agency on a reimbursable basis.

Except where specifically exempted, all commercial activities are subject to the cost comparison requirements of the Circular No. A-76 and its Supplemental Handbook. This includes the purchase and use of government aircraft and motor vehicle fleets.

In accordance with the requirements of OMB Circular No. A-97, you must justify in advance and obtain the required certification before providing commercial support services to State and local governments.

31.9 User fees.

Remember, under OMB Circular No. A-25, you must review user charges for your programs at least once every two years (see section 8(e) of OMB Circular No. A-25). Develop your estimates in accordance with the full cost recovery policy for user fees set forth in that Circular. User fees 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; in such cases, the user fee should be set at the market price.

When you determine full cost recovery, reflect the retirement costs associated with providing the goods or services. For the Civil Service Retirement System (CSRS), estimate costs at 17.2 percent of base pay. For the Federal Employees' Retirement System (FERS), estimate costs as specified in section 32.5.

SECTION 32 -- ESTIMATING EMPLOYMENT LEVELS, COMPENSATION, BENEFITS, AND RELATED COSTS

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Reporting Employment Levels
32.1 Definitions relating to employment
32.2 Basis for personnel estimates
32.3 FTE budgeted levels

Reporting Personnel Compensation and Related Costs
32.4 Agency benefit payments under the Federal Employee Compensation Act
32.5 Federal employee retirement
32.6 Federal payroll costs
32.7 Unemployment compensation

32.1 Definitions relating to employment.

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 86.1). 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) for fiscal years 1999 through 2002 is provided in section 32.3(b).

32.2 Basis for personnel estimates.

(a) *Personnel.*

(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 will be reassigned, to the maximum extent, to meet new program requirements. 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.

Where appropriate, use calculations converting workload to required personnel that include an estimate of available workhours per employee that excludes annual leave, sick leave, administrative leave, training, and other non-work time. 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.* Just as estimates of employment are based on workyears/person hours, you should base estimates of personnel resources on the total number of regularly scheduled straight-time hours (worked or to be worked) in a standard workyear. There are 52 workweeks of 40 hours each, i.e., 260 compensable days or 2,080 hours, plus the extra compensable days, if any, occurring in a given fiscal year. 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 data in terms of FTEs.* 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 32.1, unless another requirement is explicitly stated.

(b) *Personnel compensation.*

(1) *Pay scales.* Unless instructed otherwise by OMB, base estimates on compensation scales in effect at the time of submission of the estimates, adjusted for pay raises contained in the Mid-Session Review economic assumptions.

The Mid-Session Review pay raise assumptions 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 Employment Cost Index (ECI)-based 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 may need to adjust your estimates when final pay assumptions for the budget are released. 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.* Base compensation for all employees (as defined in 5 U.S.C. 5504(b)) on 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 will normally not be 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.* Base estimates related to vacancies expected to be filled in the budget year on 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, you should 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.

(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.* Authority to pay special rates for experts and consultants may be requested only when your agency demonstrates that the type and caliber of services required cannot be obtained at the maximum daily rate payable for grade GS-15 under the Classification Act. When such authority is justified and specifically authorized, special rates may not exceed the maximum rate for senior level positions under 5 U.S.C. 5376.

(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 the application of instructions covered in OMB Circular No. A-76.

(12) *Physicians comparability allowance.* Reflect in your estimates approved plans to pay bonuses to physicians in accordance with the Federal Physicians Comparability Allowance Amendments of 1987 (Public Law 100-140). 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). (See section 32.5 for retirement cost factors.)

32.3 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. Although the Federal Workforce Restructuring Act (FWRA), which expires on September 30, 1999, placed ceilings on executive branch civilian employment, agencies should not convert the work of their employees to contractors unless they first undertake cost comparisons which demonstrate that such a conversion is of financial advantage to the Government. In addition, agencies should ensure that reductions in accordance with the FWRA are not disproportionately made in the areas of students or employees with disabilities and their aides.

(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 FTE employment, divide the total number of regular hours (worked or to be worked) by the number of compensable hours applicable to each fiscal year. For a year of 260 compensable days, the divisor is 2,080; and for 261 days, 2,088. This calculation standardizes the FTE work year for purposes of setting total FTE estimates, so that the resulting FTE figure will be consistently measured by the SF 113G reporting mechanism using 2,080 hours each year. The following list of compensable days for fiscal years 1999 through 2002 should be used to compute FTE employment.

COMPENSABLE DAYS FOR FISCAL YEARS 1999-2002

1999.....	261
2000.....	261
2001.....	260
2002.....	261

FTE employment levels apply to straight time hours only. Department of Defense indirect hire employees are not included in FTE employment totals. FTEs funded by allocations from other agencies will be included with the performing agency where the employees work and are payrolled.

Include in FTE employment estimates persons appointed under the Worker Trainee Opportunity Program, Federal Cooperative Education Program, summer aids, Stay-in-School Program, and the Federal Junior Fellowship Program, as well as certain other programs that in the past were referred to as "ceiling-exempt". In OMB Memorandum No. 94-17, dated April 7, 1994, agencies were encouraged to continue to participate fully in the student employment and other special employment programs and to ensure that these programs are not disproportionately reduced when agency-wide reductions are required.

The FTE estimates must take into account both seasonal variations in personnel requirements and employment trends (increasing or decreasing personnel levels) for each agency. Therefore, these levels will be related to, but not identical with, end-of-year data in the Monthly Report of Federal Civilian Employment, which is reported to OPM on the SF 113A and reflects a headcount of employees. Measure current year FTE estimates using information compiled from the SF 113G reports submitted to OPM.

(c) *Justification 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. 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 (see section 51.3).

Actual FTE usage reported in the PY column of the budget normally should equal the year-end FTE usage reported on the SF 113G to OPM.

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 1999 estimate in the FY 2000 Budget should be very close to the 1999 actual to be published in the 2001 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 the Director of the Office of Management and Budget.

32.4 Agency benefit payments under the Federal Employee 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 Employee Compensation Act. For accounts not subject to appropriations action, you must pay the bill in the current year.

32.5 Federal employee retirement.

Your estimates should reflect the retirement costs for Federal employees under CSRS and FERS. Basic pay, as used below, is defined at 5 U.S.C. 8331(3).

- *For CSRS*, your agency's cost is 8.51 percent of basic pay through 2002, except for law enforcement officers, firefighters, certain judges, congressional staff, and Members of Congress, as noted in 5 U.S.C. 8334(a).

- *For FERS*, your agency's cost is comprised of the costs for the FERS basic benefit, social security, and the thrift savings plan (TSP). The FERS basic benefit is 10.7 percent of basic pay, except for law enforcement officers, firefighters, air traffic controllers, certain CIA employees, congressional employees, and Members of Congress. For these employees, use the normal cost percentage provided in the *Federal Register* of April 18, 1997, and reduce it by the employee contribution of 1.3 percent. Base your TSP estimates on your agency's actual experience, which should fall between one and five percent of the FERS basic payroll.

32.6 Federal payroll costs.

For the following three types of budget accounts, reflect the effects of civilian and military pay raises using the pay raise assumptions specified for these accounts in the Mid-Session Review:

- 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.

- General fund contributions to Federal employee retirement.

Major agencies with accounts in these categories include DOD, State, Treasury, and OPM.

32.7 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 contain no special provision 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.

SECTION 33 -- ESTIMATES RELATED TO SPECIFIC TYPES OF PROGRAMS AND EXPENDITURES

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Acquisition of Real Property, Construction, and Leases of Capital Assets

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33.25 National security crosscut

Summary of Changes

Requires information on high priority national security issues for the interagency national security crosscut review process (section 33.25).

33.1 Construction and design of Federal facilities.

(a) *Pollution control standards compliance.*

Prepare your estimates in accordance with Executive Order 12088, which requires compliance with pollution control standards.

(b) *Safe workplaces.*

In your estimates for the design and construction of Federal facilities, capital investment, and the purchase of equipment, 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).

(c) *Structural barriers in Federal buildings.*

In your estimates for construction and renovation of Federal facilities, consider the need to eliminate structural barriers impeding the mobility of individuals with disabilities, consistent with the Architectural Barriers Act of 1968.

(d) *Scientific laboratory facilities.*

If your submission proposes additional or replacement scientific laboratory facilities, you must include evidence that your agency has 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.

33.2 Construction in flood plains.

Under Executive Order Nos. 11988 and 11990, you must develop estimates for the construction of buildings, structures, roads, or other facilities -- whether financed directly by Federal funds or through grant, loan, or mortgage insurance programs -- that are based on land utilization plans that preclude the uneconomic, hazardous, or unnecessary use of flood plains or wetlands. Indicate whether the proposed activities will be located in a flood plain or wetland and, if so, whether the activities are in accordance with the Executive Orders.

33.3 Construction of federally-owned housing.

(a) *General.*

Make sure that your estimates for construction of family housing for civilian and military personnel (either rental housing or public quarters) are consistent with the guidelines provided below. These guidelines apply to construction of family housing (including conversions of structures for dwelling purposes), both within the continental United States and overseas, except for construction of military barracks. (OMB Circular No. A-45,

"Policy Governing Charges for Rental Quarters and Related Facilities," provides additional guidance on standards applicable to construction of federally-owned housing.)

Do not include estimated funding for construction of housing for civilian employees, except where necessary to maintain continuity and efficiency of service. You should not include funding estimates for construction of family housing for civilian or military personnel if private capital can be found to do the financing. Unless OMB determines otherwise, you must justify your estimates for construction of housing under one or more of the following conditions:

- The construction is for *public quarters* (that is, where the law authorizes the provision of housing without charge, such as for military public quarters).

- The construction is necessary to meet *requirements for service or protection.*

- There is a *lack of available housing.*

Where seasonal demands of the agency's program or remoteness of the station would make housing and transportation costs together unreasonably high, and where such conditions jeopardize the agency's ability to maintain a qualified staff, you may submit a request for an exception to these guidelines.

(b) *Requirements of service or protection.*

You may justify construction of housing when the agency head determines that necessary service cannot be rendered, or United States property cannot be adequately protected, unless certain employees are required to live in government quarters at the station. In such cases, you must demonstrate that requirements for service or protection cannot be met if personnel are permitted to live away from the station.

(c) *Lack of available housing.*

You may justify construction of housing at remote stations, at foreign service posts, or under other circumstances when the agency head determines that necessary service cannot otherwise be rendered. You must base this determination on a supportable finding that the available supply -- present and prospective -- of government and private housing within reasonable commuting distance will not meet the necessary housing requirements. In determining the adequacy of the available supply, consider any additional private housing that can reasonably be expected to be constructed or otherwise become available.

(1) *Available housing* usually includes both housing for sale and for rent, except where rotation of personnel between stations occurs at intervals of approximately three years. In those cases, only rental housing should be considered available.

(2) *Reasonable commuting distance* is, as a general rule, a distance requiring travel time of not more than two hours per round trip by automobile or public transportation, or resulting in expenses per person of not more than $5.00 per round trip by public transportation (except in metropolitan areas). You may make exceptions to this rule under the following conditions:

- For military necessity.

- For requirements of service or protection.
- If the time and cost involved in commuting would create a hardship on employees.
- If local commuting habits differ materially.
- If public transportation is not readily available.

(3) *Insufficiency or inadequacy of the housing supply* can be demonstrated by showing that one or more of the following conditions exist and are likely to be of extended duration:

- Housing cannot be located through realtors or advertisement.

- Available housing is substandard by reasons of design, construction, or location.

- Because of size, it is considerably more costly than employees can afford.

- Employees subject to rotation cannot obtain leases permitting them to vacate on thirty days notice, at prevailing rental rates.

33.4 Leases of capital assets.

You must justify that leases of capital assets are preferable to direct government purchase and ownership in accordance with the policies contained in OMB Circular No. A-94.

Lease-purchases and capital leases will be scored consistent with the scorekeeping rules developed under the Budget Enforcement Act of 1990, as revised pursuant to the Balanced Budget Act of 1997 (see Appendix A). For all lease-purchases and leases of capital assets, you must have sufficient budgetary resources up-front to cover the present value of the lease payments discounted using Treasury interest rates.

For lease-purchases in which the government assumes substantial risk, report outlays over the period during which the contractor constructs, manufactures, or purchases the asset. For capital leases or lease-purchases in which the private sector retains substantial risk, report outlays over the lease period, equal to the annual payments under the lease. The explicit or implicit obligation of the Federal Government to make payments is the most important financial characteristic OMB will review to determine the level of risk involved. OMB will also consider other characteristics in evaluating the level of private sector risk in a project.

You will find detailed instructions on scoring lease-purchases and leases of capital assets in Appendix B.

33.5 Real property.

If you plan to acquire real property, you must include estimates for these acquisitions in your budget submission. The estimates should be consistent with the policies set forth by the Administrator of GSA, as provided by Executive Order No. 12512. Estimates for acquisition of real property under contract must be consistent with obligations reported in object class 32.

33.6 Hospital care.

When you develop estimates for hospital costs, use data based on the use of resources allocated by diagnosis-related groups. Compare these data with payment rates of other payers using similar groupings. Clearly indicate whether or not capital and depreciation costs are contained. Your estimates should be accompanied by a description of the cost allocation method underlying the data.

Identify the amount of reimbursement collected from third parties as well as other Federal agencies when you provide hospital care on a reimbursable basis. Base your estimates of reimbursements and other income from charges for such care on such per diem rates as may be established by the agencies specifically authorized to establish such rates for the particular class of patient and type of care involved, unless different rates or charges are established by or pursuant to a specific requirement of law.

33.7 Inpatient care facilities and medical care services.

In your estimates for capital improvement of Federal inpatient care facilities and plans for provision of major new care services, reflect review by State and appropriate area wide agencies in accordance with Executive Order No. 12372.

33.8 Aircraft.

Reflect the policies on agency aircraft programs and the results of periodic reviews of these programs in accordance with OMB Circulars No. A-126 and A-76 (see sections 31.4 and 31.8).

33.9 Motor vehicles.

(a) *Alternative-fueled vehicles.*

Your estimates must reflect the Administration's commitment to comply with the requirements of sections 303 and 304 of the Energy Policy Act of 1992 (EP Act), which mandates that, subject to some conditions and exemptions, 75 percent of vehicles acquired by Federal agencies in FY 1999 and subsequent years should be alternative-fueled vehicles (AFVs). As specified in Executive Order No. 13031 and OMB Memorandum M-97-04, incorporate plans for acquiring AFVs in your vehicle ordering plans for the current, budget, and future years. You must report annually on compliance with sections 303 and 304 of the EP Act (see section 55).

(b) *Other requirements.*

Base your estimates for sedans and station wagons on the requirements of GSA's Federal Property Management Regulations and Federal Standard No. 122. Do not exceed price limitations in effect for the current year plus the estimated cost of additional systems and equipment justified to GSA, unless otherwise provided by law. Make provisions for replacement of motor vehicles and related equipment in accordance with GSA replacement standards and with presidential memoranda, dated February 10, 1993.

33.10 Advisory committees and interagency groups.

Your estimates should reflect the results of the committee reviews required by Executive Order No. 12838, dated February 10, 1993, which requires agencies to reduce the number and cost of non-statutory advisory committees. The reduction required by the Executive Order and the agency advisory committee ceilings established by OMB Circular No. A-135 remain in effect. You should consider the continued reduced number and cost of advisory committees in your budget planning. 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, 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.

Consider the expenses of advisory committees in your estimates using the policies and provisions contained in GSA's Interim Rule on Federal Advisory Committee Management (Federal Register, Vol. 48, No. 83, April 28, 1983, p. 19326) and any related instructions.

33.11 Benefit payments.

(a) *Unemployment insurance benefits.*

Calculate unemployment insurance benefits estimates consistent with the aggregate unemployment rate assumptions supplied by OMB.

(b) *Medicare and Medicaid.*

Base Medicare and Medicaid estimates on the Department of Health and Human Services forecasts and the latest actual information available. Assumptions on medical care prices related to the consumer price index, utilization rates, number of beneficiaries, and other factors affecting the estimates will be developed jointly by the agency and OMB.

(c) *Other benefit payments.*

Calculate other benefit payment program estimates (including old-age, survivors, and disability insurance; railroad retirement; civilian and uniformed services retirement; supplemental security income; and veterans' compensation, pensions, and readjustment benefits) by multiplying the expected number of beneficiaries in each future year by average benefit payments per beneficiary for each future year. Determine the average benefit payments by identifying changes in the earnings base, as applicable, on which the benefit is computed, unless existing law or Administration-supported legislation provides otherwise. When existing or proposed legislation provides for automatic cost-of-living adjustments, the result should be further multiplied by a cost-of-living or other adjustment factor to be supplied by OMB.

33.12 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).

33.13 Contractor claims.

Include amounts for reimbursement of the Claims and judgment fund for the full amount paid from the fund on behalf of an agency for contractor claims during the past year under the Competition in Contracting Act.

33.14 Credit programs.

Ensure that estimates for all direct and guaranteed lending programs are prepared in accordance with OMB requirements (see section 85, OMB Circular No. A-129 "Managing Federal Credit Programs," and the OMB credit subsidy model and user's guide).

As specified in OMB Circular No. A-129, the Federal Financing Bank (FFB) generally finances guarantees of timely payment of 100 percent of loan principal and interest against all risk. Such loan guarantees create the equivalent of Federal direct loans that are financed by borrowing from the Treasury under the authority of the Federal Credit Reform Act of 1990 (FCRA). These guarantees are treated as direct loans for budget purposes. Therefore, if you propose legislation to create a new, or renew an existing, credit program that does not require substantial risk sharing, provide for direct loans rather than loan guarantees.

33.15 Foreign currencies.

Where applicable, refer to Department of Treasury and Department of State guidelines on the use of foreign currencies. Detailed instructions are set forth in the Treasury Financial Manual (chapters 3200 and 9000) and the Foreign Affairs Manual (Volume 4, Chapter 360). In addition, OMB periodically issues guidance on excess and near excess foreign currencies. You should consult with the Department of Treasury, International Trade Office, the Department of State's Office of Financial Operations, Banking and Foreign Currency staff, or your OMB representative on questions not addressed by these instructions.

33.16 Mail.

Include in your estimates for official use of the United States mail, package delivery, and/or private carrier service a sufficient amount to pay postage due, in accordance with the Postal Service regulations, vendor requirements, and GSA government-wide mail management instructions in effect at the time estimates are prepared. Take into consideration changes in program requirements. Assume maximum use of available postage discounts.

33.17 Records storage.

You must budget for the costs of storing and servicing your temporary and inactive records. You will reimburse the National Archives and Records Administration for these costs through individually-executed

interagency memoranda of agreements. The intent of this requirement is for agencies to become better and more responsible Federal records managers and avoid retention of duplicate and inappropriate Federal records.

33.18 Remedial environmental projects.

Prepare estimates of the cost of the design, construction, management, operation, and maintenance of remedial environmental projects at Federal facilities consistent with policies set forth in Executive Order 12088.

33.19 Space and related requirements.

Include payments required for space, structures and facilities, land, and building services provided by GSA and by others. In addition, provide supporting materials indicating the total amounts for these charges to be paid to GSA and the basis for distributing these amounts by appropriation to OMB if agency rental payments exceed $5 million in PY, CY or BY (see section 54). Where you are experiencing employment reductions, plan corresponding reductions in space requirements and associated costs.

33.20 Systems acquisitions.

You should develop your estimates for acquisition of major systems, 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 (ITMRA). Reflect the Administration's commitment to thorough capital planning to define requirements and establish realistic cost, schedule, and performance goals for new acquisitions. Where appropriate, and in accordance with Federal Acquisition Regulations, make your estimates for major information systems projects as narrow in scope and as brief in duration as practical in order to reduce risk, promote flexibility and interoperability, increase accountability, and better match mission need with current technology and market conditions. See Part 3 for reporting requirements related to FASA and the Clinger Cohen Act.

33.21 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*** means revenue losses attributable to provisions of the Federal tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, a preferential rate of tax, or a deferral of tax liability (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 or modified taxes or tax expenditures (see section 34.5). 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 2 for guidance on inclusion of tax expenditure data in annual performance plans.

33.22 Tort claims.

Do not include amounts for payment of tort claims in your estimates, except where a substantial volume of claims is presented regularly.

33.23 Travel.

Make every effort to minimize official travel. Use established sources for official travel, such as the General Services Administration's Travel Management Centers, negotiated hotel rates, city-pair airline contracts, etc. 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. Take into account changes in prices for travel by commercial modes.

33.24 Water and sewer payments to the government of the District of Columbia.

Include amounts for payment to the government of the District of Columbia for water and sewer services.

33.25 National security crosscut.

OMB requires information about programs to counter unconventional threats such as combating terrorism, weapons of mass destruction preparedness, critical infrastructure protection, and continuity of operations to conduct an interagency review process that coordinates government-wide funding and implementation of these programs. Detailed instructions about this requirement and the associated electronic reporting format have been issued and are available from your OMB representative. This information is not collected in MAX. Data on enacted funding levels are due in July; on requested levels in October; and on final levels included in the Budget in January.

SECTION 34 -- PROPOSALS REQUIRING COORDINATION WITH OTHER AGENCIES

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34.1Communications-electronics systems
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34.4Public works in the District of Columbia and National Capital area
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34.1 Communications-electronics systems.

You must obtain a certification by the National Telecommunications and Information Administration, Department of Commerce that the radio frequency required is available before you submit estimates for the development or procurement of major communication-electronics systems (including all systems employing space satellite techniques).

34.2 Nuclear reactors.

You must obtain a letter setting forth the recommendations of the Department of Energy before you submit estimates for construction of nuclear research and test reactors.

34.3 Pollution control.

You must submit an annual plan with cost estimates for the control of environmental pollution, after consulting with the Environmental Protection Agency, as required by Executive Order 12088, " Federal Compliance With Pollution Control Standards."

34.4 Public works in the District of Columbia and National Capital area.

(a) *District of Columbia.*

You must consult the Commission of Fine Arts regarding plans and 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.

(b) *National Capital area.*

You must consult the National Capital Planning Commission regarding construction of public works in the National Capital area.

34.5 Tax expenditures.

You must consult with the Office of Tax Analysis, Department of Treasury on all proposals for new or modified taxes or tax expenditures (see section 33.21).

SECTION 35 -- ESTIMATING COLLECTIONS AND OUTLAYS

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35.1Collections
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35.1 Collections.

Make your estimates of collections consistent with economic assumptions provided by OMB. Include amounts to be received under proposed legislation, separately identified, as well as under existing legislation. Base your estimates of collections resulting from charges for government services and property on the policies included in OMB Circulars No. A-25, A-45, and A-130, as applicable.

For *offsetting and governmental receipts*, report amounts that include all collections credited to your receipt accounts and exclude collections credited to receipt accounts of other agencies (except amounts credited to certain Treasury Department accounts, as explained in section 58.1). Report receipts on the basis of collections credited to receipt accounts during the year, plus or minus adjustments. For indefinite appropriations of receipts, be sure that the budget authority estimate equals the amount of estimated collections, except where amounts are precluded from obligation by provisions of law, such as a limitation on obligations or a benefit formula.

Report amounts for investment receipt accounts in accordance with the instructions in section 20.12. Report earned discounts, sales premiums, and purchase premiums to the interest receipt account (usually, suffix .20).

35.2 Outlays.

You have primary responsibility for accurate outlay estimation. Take full account of time lags between the incurring of obligations and the receipt of, and payment for, goods and services. Take into consideration the viability of obligations (that is, the likelihood that unliquidated obligations will have to be paid) and make realistic estimates of outlays. Outlays are directly involved in determining the size of the surplus or deficit and thus in determining overall budget policy. Further, outlay estimation has taken on increasing importance under the Budget Enforcement Act. Outlay estimates should represent the best estimate for a given level of program activity.

Your methods for estimating outlays should be consistent with the policies and guidance contained in OMB Circular No. A-34.

35.3 Consistency in spendout rates and outlays from prior year balances.

Spendout rates (i.e., the amount of outlays from new budgetary resources made available in that year compared to the amount of such new budgetary resources, expressed as a percentage) for presidential policy and baseline estimates should be generally consistent for each budget account. Outlays from prior year balances for

presidential policy and baseline estimates should be the same, except where policy proposals restrict or accelerate spending from balances.

If spendout rates differ between presidential policy and baseline estimates (e.g., due to a shift in programs within an account), be prepared to explain the differences.

SECTION 36 – COMMUNICATIONS WITH CONGRESS AND THE PUBLIC AND CLEARANCE REQUIREMENTS

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36.1 Confidentiality of budget deliberations
36.2 Congressional testimony and communications
36.3 Clearance of materials for Congress and the media
36.4 Clearance of changes to the President's budget
36.5 Information available to the public

36.1 Confidentiality of budget deliberations.

The nature and amounts of the President's decisions and the underlying materials are confidential. Do not release them outside of your agency until the budget is transmitted to Congress. 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.

36.2 Congressional testimony and communications.

The Executive Branch communications that led to the President's budget 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)

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 Congress, OMB may provide you additional materials supporting the President's budget request that you will forward to 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.

36.3 Clearance of materials for Congress and the media.

Policy consistency between the President's budget and the budget-related materials prepared for 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 or individual Members of Congress or their staff. 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 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. 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 who you normally consult on budget-related matters.

36.4 Clearance of changes to the President's budget.

If you want to propose changes to the President's budget (e.g., appropriations language, limitations, business-type statements 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. 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.

36.5 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)(5). 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 memoranda issued by the President and the Attorney General on October 4, 1993, which establish a presumption in favor of disclosure. Whether a document concerns a future, current, or past fiscal year is a significant factor in deciding whether it should be withheld under FOIA Exemption 5; the release of budget or current year information is more likely to harm the budget process than release of previous fiscal year information. 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 Government in the Sunshine 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.

SECTION 50 -- OVERVIEW OF REQUIREMENTS FOR THE INITIAL SUBMISSION

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50.1 Components of the initial submission
50.2 Timing

50.1 Components of the initial submission.

The term *initial submission* refers to the budget justification and other materials you submit to OMB at the beginning of the decision-making process. Sections 51 through 58 describe the information you must provide as part of the initial submission, as well as other materials that are not technically part of the initial submission but are due before passback.

The initial submission consists of the following:

- Basic justification materials (section 51).
- Information on financial management (section 52).
- Information on technology management (section 53).
- Information on rental payments for space and land (section 54).
- Information on energy use, costs, and efficiency (section 55).
- Information on drug control programs (section 56).
- Information on violent crime control programs (section 57).
- Information on receipts estimates (section 58.1).
- Information on Inspectors General (section 58.2).
- Justifications of unobligated balances in liquidating accounts (section 58.3).
- Financial information related to the Winter Olympics (section 58.4).

Section 27.3 summarizes these requirements and indicates who must provide them.

50.2 Timing.

Executive branch agencies not subject to executive branch review (section 25.1) and the District of Columbia must provide their budget justifications and other initial submission materials to OMB by September 13th. Agencies not subject to executive branch review don't make initial submissions.

SECTION 51 -- BASIC JUSTIFICATION MATERIALS

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51.1 Summary and highlight statement
51.2 General requirements for justifying programs and financing
51.3 Analysis of resources
51.4 Relationship of justification to account structure
51.5 Agency restructuring or work process redesign
51.6 Information on grant programs and infrastructure investment
51.7 Performance indicators and performance goals
51.8 Other analytical information
51.9 Information on program evaluation
51.10 Explanations relating to supplemental appropriations requests

Ex-51 Relationship of Programs to Account Structure

Summary of Changes

Requires a report identifying the major linkages between the annual performance plan, the budget request, and the capital plan (section 51.7).

No longer requires you to update workforce streamlining plans.

51.1 Summary and highlight statement.

(a) *Required information.*

You must prepare a summary and highlight statement (in the form of a transmittal letter from the head of the agency) that covers the budget submission of your agency. This narrative will summarize the highlights of your agency's budget and related major legislative proposals, identifying the following:

- The broad policies and strategies proposed and the total amounts of discretionary and mandatory budgetary resources and FTE requested.

- The relationship of the policies, strategies, and resources requested to the planning guidance for budgetary resources and for FTE provided by OMB.

- Significant proposed differences, if any, from current Administration policies.

- The most important program performance indicators and performance goals, including those that are positive and negative with respect to performance and that are the basis for the major proposed policies.

- The major management initiatives that will be used to monitor and evaluate program efficiency and effectiveness.

- 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.

You must also include a listing of the budget authority and outlays and FTE requested through BY+5. Itemize this list by account with proposed supplementals, pending supplementals, rescission proposals, and legislative proposals shown separately. Deduct offsetting receipts to arrive at the net amount of the agency request. In addition, include an analysis of outlay estimates reflected in your agency budget request, with the form and level of detail to be determined in consultation with the OMB representative.

Refer to sections 30 through 35 for general information and policies related to developing estimates and proposals and to section 72 for responsibilities in reporting data. Remember that development of your budget request and annual performance plan should be coordinated. (See section 220.9 of Part 2 of this Circular.)

(b) *Certification of obligations.*

31 U.S.C. 1108(c) requires the head of each Federal agency, in connection with submission of all requests for proposed appropriations to OMB, to certify that any statement of obligations furnished consists of valid obligations, as defined in 31 U.S.C. 1501(a). The certification may be in the form of the following paragraph:

> "As required by section 1108(c) of Title 31, United States Code, I am reporting that all statements of obligations furnished to the Office of Management and Budget in connection with the [name of agency] requests for proposed appropriations for the fiscal year 20[BY] consist of valid obligations as defined in section 1501(a) of that title."

You must furnish this certification no later than November 20th. You may include it in the summary and highlight statement or transmit it separately at a later date.

51.2 General requirements for justifying programs and financing.

You must provide a written justification for each budget submission. You should determine specific informational requirements and formats in consultation with your OMB representative. You should reach agreement with your OMB representative on the form and specific content of the budget submission in the spring and summer preceding the budget submission.

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 display 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 the 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 3 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 (see section 51.3).
- Information on the relationship of the justification material to account structure (see section 51.4).
- Information on agency restructuring activities (see section 51.5).
- Information on grant programs and infrastructure investment (see section 51.6).
- Information on performance indicators and performance goals (see section 51.7).
- Information on program evaluation (see section 51.9).

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 account 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. Other materials also 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.

Present resources required for PY and CY, as well as the estimated requirements for each funding option for BY through BY+5. 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.

Express personnel requirements in terms of full-time equivalents (see section 32.1). You must demonstrate that requests for FTE levels:

- Are an effective and efficient use of resources to meet program requirements;
- Are consistent with Administration policy;
- 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); and
- Are realistic in light of past, actual FTE usage.

Fully justify changes to the FTE levels in any year in terms of program management requirements. If you request an increase, prepare an analysis of agency-wide FTE that fully documents why FTE cannot be moved from another function to meet the identified need.

Describe budgetary resources and FTE requests in the context of the your management plan for the programs and activities. Make clear in the plan that the analysis used to determine that the resources are needed in order to accomplish program and Administration goals, and that all opportunities for making more efficient and effective use of resources have been explored.

51.4 Relationship of justification to account structure.

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 and outlays) in millions of dollars and FTE. 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. Use the format illustrated in exhibit 51 unless an alternate format is agreed upon by you and your OMB representative. 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.

51.5 Agency restructuring or work process redesign.

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

51.6 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.

51.7 Performance indicators and performance goals.

You are required by law to provide performance information in your annual performance plan (see section 220 of Part 2). In addition, you should include in your budget justification relevant performance information, including performance goals and indicators, to explain major program issues and financial requirements. Present performance indicators in terms of outputs or outcomes, and performance goals for short-term, as well as for long-term assessment of program performance. Emphasize outputs that reflect the products and services provided by the program and delivered or used outside the program, as opposed to process alone. Emphasize outcomes that reflect the results of a program. For example, if your justification is tied only to increasing the numbers of individuals served, it is of little consequence without evidence of the cost and the outcome, consistent with program goals.

Make information on performance indicators, goals, and objectives that you include in justification materials consistent with your agency strategic plans required by the Government Performance and Results Act (see Part 2 of this Circular.)

Identify the linkages among the major components of the annual performance plan, the budget request, and the capital plan as part of your annual performance plan. Consider using a longer range planning and budgetary perspective for selected programs. The format for this statement will be developed later.

In addition, if you prepare annual financial statements, you should confirm, for the budget year, continuing use of the program performance indicators used in previous years or identify alternative indicators they plan to use in these statements.

51.8 Other analytical information.

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

- Workload analyses.
- Performance indicators.
- Unit costs.
- Productivity trends.
- Impact of capital investment proposals on productivity.
- Changes in quality and timeliness of output.
- Outcomes of past program activities.

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.

51.9 Information on program evaluation.

Program evaluation is an important aspect of program planning and monitoring, assessing program results, and determining future funding levels. In your budget justification materials, you are required to provide information on your program evaluation activities and on your program evaluation agenda. Describe in the agenda the major program evaluation activities currently underway or planned. You should consult with your OMB representative as you develop your multi-year evaluation plans and agenda. (See section 210.11 on program evaluation in strategic plans.)

51.10 Explanations relating to supplemental appropriations requests.

When you forecast the need for a program supplemental appropriation (see section 30.2), 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). Show the effect of requested supplementals in the appropriate portions of the justification material for the program elements affected.

Relationship of Programs to Account Structure

For the account ID, use the 2-digit Treasury agency code and 4-digit basic account symbol, transmittal code, fund type and subfunction code (see section 80).

DEPARTMENT OF GOVERNMENT
RELATIONSHIP OF PROGRAMS TO ACCOUNT STRUCTURE

(in millions of dollars)

Budget request for the program.

Program by Bureau and Account	BY Estimate BA	BY Estimate Outlays
BUREAU OF HOSPITAL CARE		
Mental health (16-2361-0-1-551):		
Grants to community health centers	160	158
Construction of mental hospitals	120	105
Total, Mental health	280	263
BUREAU OF WATER QUALITY		
Water resources control (16-2650-0-1-301):		
Water enforcement	14	14
Water quality standards setting, planning, assistance, and training	44	47
Water research and analysis	24	23
Total, Water resources control	82	84
OFFICE OF THE SECRETARY		
Salaries and expenses (16-1166-0-1-755):		
Budgetary and financial administration and service	1	1
General management of hospital construction	2	2
Total, Salaries and expenses	3	3

These amounts represent the budget request for the account and the estimated outlays.

This overhead activity supports the program to construct mental hospitals.

SECTION 52 -- INFORMATION ON FINANCIAL MANAGEMENT

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52.1 General
52.2 Financial management budget justification
52.3 Report on resources for financial management activities

Ex-52 Report on Resources for Financial Management Activities

Summary of Changes

An electronic reporting format for exhibit 52 is available on the internet and may be submitted by e-mail (section 52.3).

52.1 General.

You are required to provide two reports on financial management:

- Financial management budget justification materials; and
- Report on resources for financial management activities.

The reporting requirements for each submission are described in the sections below.

52.2 Financial management budget justification.

Your budget justifications should provide results-oriented information on financial management operations and improvement initiatives in the context of the agency's mission and programs. This discussion should include plans for financial management throughout your agency and should represent an integrated discussion of financial management planning and associated resources. (Selected information on financial management resources for agencies covered by the Chief Financial Officers (CFOs) Act of 1990 is required by sections 52.3 and 53.) The content should be consistent with the Government-wide strategies and initiatives discussed in the most recent Federal Financial Management Status Report and 5-Year Plan issued jointly by OMB and the CFO Council. Consistent with the CFO Council's proposal to streamline reporting, agencies may wish to discuss with their OMB representatives how to integrate financial management planning and performance information into their budget justifications.

The Federal Financial Management Improvement Act of 1996 (FFMIA) mandates that agencies implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the Standard General Ledger at the transaction level. When the agency head determines that an agency's financial systems do not comply, FFMIA requires the agency to submit to OMB a remediation plan to bring the agency's financial management systems into substantial compliance. OMB will include information on remediation plans in the annual report to the Congress regarding the status of and plans for financial management systems required by the CFOs Act.

(a) *Coverage.*

All CFO agencies must submit the materials prescribed by section 52.2(b) with their initial budget submissions. Non-CFO agencies should include a brief summary of their financial management plan in their initial budget submission to ensure adequate control of their resources.

For the 24 agencies covered by the CFOs Act, the materials required by this section will fulfill the Act's requirement that each agency CFO prepare a plan to implement the Government-wide financial management 5-year plan. The agency may determine the format in which this information is presented, unless otherwise specified by OMB.

(b) *Materials required.*

Provide the following information related to financial management as an integral part of your budget justification materials:

(1) *Vision statement.* Describe concisely the CFO's (or equivalent) vision for financial management, using the CFO Council Financial Management Vision Statement as a basis.

(2) *Goals and strategies.* Briefly discuss how you will achieve the goals and strategies for implementing Government-wide financial management improvements that are associated with the Financial Management Vision Statement and achieving substantial compliance with the FFMIA. This discussion should focus on those goals and strategies that you determine to be priorities, and should include examples of ongoing and proposed initiatives. You should include sufficient, not detailed, information on the status of financial management activities and accomplishments to provide a context for your plans and resources request. Detailed status should be included in agency accountability reports and/or performance plans.

(3) *Audited financial statements.* CFO Act agencies should briefly discuss any impediments to the submission of unqualified and timely annual audited financial statements and steps to be taken to overcome the impediments.

(4) *Financial systems structure.* Present an overview of your current financial management systems structure and plans for moving to your targeted systems structure. The scope of the financial systems discussion should cover, at a minimum:

- Core financial management systems, as described in the JFMIP Core Financial Management Systems Requirements Document; and

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

The financial systems discussion should include the following information:

- A brief description of baseline financial and mixed systems, including a narrative assessment of major problems with current systems (e.g., audit findings indicating substantial non-compliance with the FFMIA). Agencies also should prepare an updated financial systems inventory of the

systems described above. (Instructions for updating the financial systems inventory data will be distributed to Deputy CFOs through a separate memorandum.)

- A brief description of the target structure for financial and mixed systems, including a discussion of the agency's financial management systems strategy.

- A synopsis of critical projects that you are currently undertaking or planning to accomplish the target structure described above, including remediation plans if you are not in substantial compliance with FFMIA. Initiatives comprising your FFMIA remediation plan must be identified and include resources, remedies, and interim target dates that bring the systems into substantial compliance within three years of the date of determination that the system is not in substantial compliance.

Information provided above will fulfill both the requirement in OMB Circular No. A-127 that agencies prepare an annual plan for financial systems and the FFMIA requirement for a remediation plan. This information should be consistent with the information resource management plans required by OMB Circular No. A-130 that you submit to OMB.

52.3 Report on resources for financial management activities.

Section 205 of the Chief Financial Officers Act of 1990 assigns responsibility to the agency Chief Financial Officer (CFO) for the preparation and revision of the agency's financial management plan and development of the agency's financial management budget. Building on this statutory requirement, OMB issued guidance (OMB memorandum M-96-24) that requires agency CFOs to approve agency plans, budget formulation, and legislation affecting financial management resources at both the agency and agency-component levels.

You are required to provide information on funding levels for financial management activities. The information is needed for the oversight and review of agency resources devoted to these activities and to assist OMB in preparing the Government-wide five-year financial management plan required by the CFOs Act. This information, which represents inputs to the financial management function, will be reviewed in connection with other information submitted by agencies describing their performance in the financial management function (see section 52.2) and will be discussed with agencies.

For these purposes, you must provide information on resources for financial management activities in the format of exhibit 52. Enter the data directly into the MAX system using the special MAX application designed to collect this information or e-mail a spreadsheet version of exhibit 52. If you elect to e-mail the information, follow the processes described in section 52.3(a). This data collection is separate from, and in advance of, data entered for other MAX schedules supporting the Budget Appendix (e.g., MAX schedules P, O, etc.).

(a) *Coverage.*

Each agency covered by the CFOs Act is required to report budget authority and full-time equivalent (FTE) employment data for CY and BY for each of the following categories of financial management activities:

- Asset management;
- Accounting and reporting;
- Audits of financial statements; and

C Financial management systems.

In addition, in-house and contract data are required on audits of financial statements. Resources for both the CFO organization and other agency components involved in financial management activities should be included, without separate identification.

Submit your report on financial management activities (exhibit 52) electronically via the MAX system or e-mail no later than October 15th. You are required to update the data, as necessary, to reflect final budget decisions after those decisions are made. Revised submissions are due no later than January 29th. The report should be reviewed by your agency CFO before submission to OMB. If you choose to e-mail this information rather than use the MAX application, use the spreadsheet provided at www.cio.gov. This spreadsheet is formatted to meet all the reporting requirements of the MAX application exhibit 52. Send the completed spreadsheet to exhibit 52@omb.eop.gov. The subject line must have the three digit OMB agency code (see appendix C) and the full agency name. In addition, verify that your data meets the following error and consistency checks:

- Amounts reported for financial management systems on line 4002 must be consistent with totals for the financial management mission area (on line 01-3003) in exhibit 53.
- If any adjustments are reported on lines 6001-6002, a list describing them should be prepared in hard copy and be available to OMB upon request.
- Report agency-component level audits only on lines 8102, 8201, and 8202.
- Do not include preparation costs on lines 8102-9402.
- Lines 9401 and 9402 should equal the corresponding entries reported for lines 3001 and 3002.

(b) *Materials required.*

Budget authority in millions of dollars and FTE employment data will be reported for the entries described below. Resource estimates for financial management systems should be consistent with information technology data submitted in exhibit 53. Resource information not based on other requirements of this Circular or on other easily-identifiable 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
		The first three digits of the line number will identify the financial management activities to be reported; the fourth digit distinguishes FTE (line xxx1) from budget authority (line xxx2) data.
100x	Asset management	Include resources for administrative expenses for credit programs consistent with the levels reported for credit program accounts under

Entry		Description
		credit reform (i.e., amounts requested as a separate appropriation for administrative expenses in credit program accounts); resources devoted to debt collection for non-credit receivables; resources devoted to cash management; and resources devoted to property and inventory management and control.
200x	Accounting and reporting	Include resources for processing, recording, and reporting of revenues, receipts, appropriations, apportionments, allotments, obligations, 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; funds control; and preparation of financial statements.
300x	Audits of financial statements	Include resources for performing audits of financial statements, with separate identification for contract and in-house costs, as detailed in exhibit 52. Do not include resources for preparation of financial statements.
400x	Financial management systems	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 systems in section 53.2.) Data reported should be consistent with information reported for the financial management mission area (on line 01-3xx3) in exhibit 53.
500x	Subtotal	Include the sum of corresponding amounts reported on lines 100x through 400x.
600x	Adjustments (-)	Include adjustments to eliminate doublecounting (a minus entry). For example, costs for a loan system reported under the "asset management " category may also be reported under the "financial management systems" category. A list of the adjustments should be prepared, reviewed by the agency CFO, and provided as hard copy to OMB when requested.
700x	Total, net	Equals the total of corresponding amounts on lines 500x and 600x.
8102	Audits of financial statements, contract costs	Include resources for contracts to perform audits of agency-component financial statements. *Report budget authority only.*
820x	Audits of financial statements, in-house costs	Include resources to perform audits of agency-component financial statements in-house.
9102	Organization-wide financial statements, contract costs	Include resources for contracts to perform organization-wide audits of financial statements. *Report budget authority only.*
920x	Organization-wide financial statements, in-house costs	Include resources for performing organization-wide audits of financial statements in-house.

Entry		Description
940x	Total, all reporting entities	For total FTE (line 9401), report the sum of lines 8201 and 9201. This total must be equal to line 3001. For total budget authority (line 9402), report the sum of lines 8102, 8202, 9102, and 9202. This total must equal line 3002.
9998	Agency contact	Include the name of the individual responsible for answering questions about the information provided.
9999	Telephone number	Include telephone number of agency contact.

Report on Resources for Financial Management Activities

DEPARTMENT OF GOVERNMENT
(in millions of dollars)

CY—current year
BY—budget year

	Report on Resources for Financial Management Activities		
	Asset Management		
1001	No. of FTE	40	40
1002	Budget Authority	2,480	2,600
	Accounting and Reporting		
2001	No. of FTE	250	250
2002	Budget Authority	15,500	16,120
	Audits of Financial Statements		
3001	No. of FTE	35	35
3002	Budget Authority	2,250	2,290
	Financial Management Systems		
4001	No. of FTE	728	731
4002	Budget Authority	87,016	96,456
	Subtotal		
5001	No. of FTE	1,053	1,056
5002	Budget Authority	107,246	117,466
	Adjustments		
6001	No. of FTE	–20	–30
6002	Budget Authority	–1,000	–1,800
	Total, net		
7001	No. of FTE	1,033	1,026
7002	Budget Authority	106,246	115,666
	Audits of Financial Statements		
	Contract		
8102	Budget Authority	—	—
	In-house costs		
8201	No. of FTE	20	20
8202	Budget Authority	1,000	1,040
	Org-wide Financial Statements		
	Contract		
9102	Budget Authority	500	500
	In-house costs		
9201	No. of FTE	15	15
9202	Budget Authority	750	750
	Total, all reporting entities		
9401	No. of FTE	35	35
9402	Budget Authority	2,250	2,290
9998	Agency Contact	R. W. Rogers	
9999	Telephone Number	(202) 696–4712	

Amounts reported for financial management systems on line 4002 must be consistent with totals for the financial management mission area (on line 01–3003) in exhibit 53.

If any adjustments are reported on lines 6001–6002, a list describing them should be prepared in hard copy.

Report agency-component level audits only.

Do not include preparation costs on lines 8102-9402.

Total, all reporting entities, should equal the corresponding entries for audits of financial statements reported on lines 3001–3002.

SECTION 53 -- INFORMATION TECHNOLOGY

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53.1 Purpose
53.2 Definitions
53.3 Materials required
53.4 Reporting requirements

Ex-53 Report on Information Technology

Summary of Changes

The report on information technology is due before the MAX data base locks (section 53.3).

For the 1999 revision of A-11, exhibit 42 has been renumbered exhibit 53; an electronic version of exhibit 53 is available on the internet and may be submitted by e-mail (section 53.3).

The “all other” category has been revised to include two subcategories, “significant, non-major” and “non-significant” systems (section 53.4)

53.1 Purpose.

You must provide certain data on information technology (IT). This data helps OMB:

- Identify large IT investments for possible review during the budget process;
- Ensure that spending on IT supports an agency’s mission;
- Identify investments in agency local area networks and desktop computers;
- Identify investments that support agency IT architecture development, business process re-engineering (BPR), IT policy development, and acquisition management;
- Understand the amounts being spent on development and modernization of IT versus the amount being spent on operating and maintaining the status quo for IT;
- Identify the funding sources for agency IT investments;
- Provide a full and accurate accounting of IT expenditures as required by the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996;
- Review requests for agency financial management systems; and

- Prepare the Government-wide five-year plan required by the Chief Financial Officers (CFOs) Act of 1990.

Provide these data using the Report on Information Technology (exhibit 53) reporting format. This report was developed jointly by OMB and the Chief Information Officers' Council and provides basic information your agency needs to link its internal planning, budgeting, acquisition, and management of IT resources (i.e., the capital programming process). As an output of your agency's internal capital programming process, your budget justification must provide results oriented information on IT operations and improvement initiatives 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 3 of this Circular.

53.2 Definitions.

The following terms apply to this section:

Information technology, as defined by the Clinger-Cohen Act of 1996, 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. 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 which (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 that is acquired by a Federal contractor incidental to a Federal contract.

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.

Financial management systems means financial systems and the financial portions of mixed systems necessary to support financial management.

Financial system means an information system, comprised of one of more applications, that is used for any of the following:

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

A financial system supports the financial functions required to track financial events and provides financial information significant to the financial management of the agency and/or required for the preparation of financial statements.

Mixed system means an information system that supports both financial and non-financial functions of the Federal Government or components thereof.

Non-financial system means an information system that supports non-financial functions of the Federal Government or components thereof and any financial data included in the system are insignificant to agency financial management and/or are not required for the preparation of financial statements.

53.3 Materials required.

Submit a report on information technology (exhibit 53) to OMB in accordance with the following criteria:

If your agency's information technology BA in PY, CY, or BY is...	And if your financial management system BA is...	Then...
below $50 million	below $1 million	no exhibit 53
below $50 million	above $1 million	do Part 1 only
above $50 million	n/a	do all exhibit 53

For the FY 2001 Budget, exhibit 53 must be submitted in an electronic format either by using the special MAX application that was available last year or by e-mailing a spreadsheet version of exhibit 53. If you elect to use MAX, your exhibit 53 is due September 20th. If you elect to submit your exhibit 53 using either I-TIPS or the spreadsheet version, your submission is due September 27th and must be formatted and error checked according to the requirements in section 53.4(c). In addition, prior to agency MAX lock out (mid January), you must update each exhibit 53 you submitted in September to reflect any changes due to final budget decisions.

As a general rule, exhibit 53 covers IT for your entire agency. However, in some cases, OMB might require you to prepare the exhibit at the bureau level. Provide budget authority amounts in millions PY through BY; where obligations are a better measure of total costs for the prior year, you may report obligations, rather than budget authority, for PY only. Information reported here must be consistent with data you report in schedule O, object classification (specifically, 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 systems, including financial management systems, reported in exhibit 300B.

(a) *Overview of exhibit 53.*

Exhibit 53 has four major parts:

- Part 1 IT Systems by Mission Area
- Part 2 IT Infrastructure and Office Automation
- Part 3 IT Architecture and Planning
- Part 4 IT Resource Summary

Parts 1 through 3 request the following common data elements:

- ***Major IT system*** means a system that requires special management attention because of its importance to an agency mission; its high development, operating, or maintenance costs; or its significant role in the administration of agency programs, finances, property, or other resources. Large infrastructure investments (e.g., major purchases of personal computers or local area network improvements) should also be evaluated against these criteria. In addition, a "major" IT system is one reported on your "Capital Asset Plan and Justification," exhibit 300B (see Part 3 of this Circular). For the financial management mission area, "major" is any system that rounds to $1 million (i.e., costing more than $500,000). If you are unsure about what systems to consider as "major," consult your agency budget officer or OMB representative. Systems not considered "major" are either "significant, non-major" or "non-significant" (see section 53.3(b)).

- ***Development/modernization/enhancement*** means the program cost for new systems, changes or modifications to existing systems that improve capability or performance, changes mandated by Congress or agency leadership, personnel costs for project management, and direct support. This amount equals the sum of amounts reported for planning and full acquisition of that system in exhibit 300B and is required for "major" systems only.

- ***Steady state*** 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. This amount equals amounts reported for maintenance of that system in exhibit 300B and is required for "major" systems only.

- ***Funding source*** means the direct appropriation or other specific budget authority an agency receives to pay for a particular project or service. You need to identify the account (or operating division) and the budget authority provided. Report those accounts (or operating divisions) that provide the financing for a particular investment. *To avoid double counting, do not report any accounts receiving intragovernmental payments (e.g., working capital funds) to purchase IT investments or services as funding sources.* For example:

  - You may receive specific budget authority for the acquisition of long-distance telecommunications. If you obtain those long-distance telecommunication services through the GSA FTS 2001 contract, you should report the amount rather than GSA who is the contracting agency.

  - The Department of Army receives budget authority to obtain messaging service from DISA. In this case Army would report the IT investment, but DISA would not record a receipt.

(b) *IT systems by mission area (Part 1).*

Consistent with your agency's strategic and annual performance plan, report amounts for IT investments that directly support an agency-designated mission area (e.g., command and control, human resource management, financial management). Report each mission area in which IT systems, programs, projects, or initiatives are funded. For each mission area, itemize each "major" and each "significant, non-major" IT system by name and the total cost of all "non-significant" systems. To determine how many systems should be listed as either

"major" or "significant, non-major" in each mission area, use the rule that at least 50 percent of your IT expenditures should be identified within the combined listing of the two categories. Include IT applications that cover more than one agency in the mission area with oversight over the project. You must have a mission area titled "Financial Management," and it must be reported as the first mission area. When a system supports several mission areas, report the appropriate amounts under each mission area.

(c) *IT infrastructure and office automation (Part 2).*

Report amounts for IT investments that are common user systems, communications, and computing infrastructure. These investments usually support multiple mission areas and might include general LAN/WAN, desktops, data centers, and telecommunications. Report each "major" and each "significant, non-major" IT infrastructure system, program, project, or initiative separately.

(d) *IT architecture and planning (Part 3).*

Report amounts for IT investments that support strategic management of IT operations (e.g., Business Process Redesign, IT architecture development, IT investment planning, procurement management, and IT policy development and implementation).

(e) *IT resource summary (Part 4).*

Report totals for development and steady state costs and totals for all IT costs reported in Parts 1 through 3.

53.4 Reporting requirements.

(a) *Coding.*

Use the following six digit line number coding system to complete exhibit 53:

Entry:	Description:
XX-xxxx	The first two digits will take the following values: **For Part 1 of the exhibit these digits identify a mission area:** 01 financial management mission area 02-10 reserved system values–do not use 11-89 other mission areas **For Parts 1-4:** 99 totals for all costs reported in the individual Parts of the exhibit (i.e., Parts 1, 2, 3, or 4), as follows: C totals for "development/modernization/enhancement;" C totals for "steady state;" and C totals for IT costs (i.e., the sum of "development" and "steady state" entries) in each individual Part. **For Parts 2-4,** the first two digits will always be "01," except total lines will be coded as "99," as described above.
xx-Xxxx	The third digit distinguishes between data reported in the "major system," "all other systems" or "subtotal" categories listed below:

Entry:	Description:
	1 major system (i.e., major IT system (in Part 1), major IT infrastructure system (in Part 2), or major IT architecture and planning system (Part 3); 2 all other systems; and 3 subtotals for each specific mission area and totals for the individual Parts of the exhibit. *Note: Lines ending in 2993 + 3001 + 3002 = 3003 for all mission areas. For Part 1 only, 99-3003 equals the sum of all lines 3003. This addition is necessary since "development" and "steady state" entries are not required for the "All Other" category.*
xx-xXXx	The fourth and fifth digit (00-79) identifies the specific IT system for which data are reported. To report "significant, non-major" systems under the "All Other" category use numbers 01-78. Use 79 for the sum of costs of "non-significant" systems.
xx-xxxX	The sixth digit identifies whether the line title represents the title of the investment, the component of the system, or funding source for which data are reported, as follows: 0 title of mission area or investment class (i.e., "major" or "all other"); 1 development, modernization, and enhancement costs of the system; 2 steady state (i.e., operating) costs of the system; 3 for "major" systems, subtotals for the sum of development, modernization, and enhancement costs, and steady state costs; for "all other" systems, subtotal of all "significant, non-major" and "non-significant" systems; 4 appropriation or other sources that fund the costs of the system (where multiple funding sources are reported, use line sequence numbers as shown in the example at exhibit 53); 5 cost for each "significant, non-major" system and the sum of the costs of "non-significant" systems; and 7 subtotals for the sum of appropriation or other funding sources reported for the system

(b) *Data elements required.*

The following provides a line-by-line description of each entry required in exhibit 53. MAX will automatically generate the line entries indicated in **boldface.**

REPORT ON INFORMATION TECHNOLOGY

Entry	Description
	Part 1. IT Systems by Mission Area
	Report amounts for IT investments that directly support an agency-designated mission area (e.g., command and control, human resource management, financial management), consistent with your agency's strategic and annual performance plan. Include IT applications that cover more than one agency in the mission area with oversight over the project.

Entry	Description
Mission area *Your first mission area should be "Financial Management."*	Report each mission area in which IT systems, programs, projects, or initiatives are funded.
xx-xxxx Major IT system	For each mission area, list each major IT system. Section 53.3(a) defines "major" IT systems. When a system supports several mission areas, report the appropriate amounts under each mission area.
xx-xxx1 Development/ modernization/ enhancement	Report program costs for new systems, changes or modifications to existing systems that improve capability or performance, changes mandated by Congress or agency leadership, personnel costs for project management, and direct support. This amount equals the sum of amounts reported for planning and full acquisition of that system in exhibit 300B. Report for "major" systems only.
xx-xxx2 Steady state	Report 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. This amount equals amounts reported for maintenance of that system in exhibit 300B. Report for "major" systems only.
xx-xxx3 Subtotal, IT costs	For each major IT system, report the sum of lines xxx1 and xxx2.
xx-xxx4 Funding source	For each funding source, identify the direct appropriation or other specific budget authority for a project or service. Identify the budget account or operating division and the budget authority provided. To avoid double counting, do not report any accounts receiving intragovernmental payments to purchase IT investments or services.
xx-xxx7 Subtotal, funding source	For each major IT system, report the sum of lines xxx4 for each year. For each system, the annual funding total should equal the subtotal for IT costs for a year.
xx-2000 All other IT systems	
xx-2xx5 Significant, non-major systems	Report the total costs associated with each significant, non-major system. The 4th and 5th digits (01-79) of the line number should increment by 1 beginning with 01 (e.g., the first system will be xx-2015, the second xx-2025, etc.).
xx-2886 Subtotal, significant, non-major systems	Report the sum of costs for significant, non-major systems.
xx-2895 Non-significant systems	Report the sum of costs for non-significant systems.
xx-2993 Subtotal, all other	Sum of all significant, non-major and non-significant systems within the all other category.
xx-3xxx Total, mission area	For each mission area, report totals for development and steady state costs and totals for all costs reported for the mission area.

Entry	Description
99-3xxx Total, all mission areas	Total for all mission areas reported in Part 1. Add lines ending in 2993 directly to the sums in lines ending in 3003. This direct addition is necessary because development and steady state are not reported for the all other category.
Part 2. IT Infrastructure and Office Automation	
	Report amounts for IT investments that are common user systems, communications, and computing infrastructure. Investments listed will usually support multiple mission areas (e.g., general LAN/WAN, desktops, data centers, telecommunications). Report each major IT infrastructure system, program, project, or initiative and each significant, non-major system separately. Sum the costs of non-significant systems.
01-xxxx Major IT infrastructure system	Report each major IT infrastructure system, program, project, or initiative separately. Section 53.3(a) defines major system.
01-xxx1 Development/ modernization/ enhancement	For each IT infrastructure entry, report amounts for development, steady state, funding sources, and totals consistent with the line entry instructions provided above in Part 1.
01-xxx2 Steady state	
01-xxx3 Subtotal, IT costs	
01-xxx4 Funding source	
01-xxx7 Subtotal, funding source	
01-2xxx All other infrastructure systems	
01-2xx5 Significant, non-major systems	Report the total costs associated with each significant, non-major system. The 4th and 5th digits (01-79) of the line number should increment by 1 beginning with 01 (e.g., the first system will be xx-2015, the second xx-2025, etc.).
01-2886 Subtotal, significant, non-major programs	Report the sum of costs for significant, non-major systems
01-2895 Non-significant systems	Report the sum of costs of non-significant systems.
01-2993 Subtotal, all other	Sum of significant, non-major and non-significant systems.
99-3xxx Total infrastructure	Total for all IT infrastructure and office automation costs reported in Part 2. Lines 2993 + 3001 + 3002 =3003 for all mission areas.

Entry	Description
	Part 3. IT Architecture and Planning
	Report amounts for IT investments that support strategic management of IT operations (e.g., business process redesign, IT architecture development, IT investment planning, procurement management, and IT policy development and implementation).
01-xxxx Major IT architecture and planning system	Report each major IT system, program, project, or initiative separately.
01-xxx1 Development/ modernization/ enhancement	For each entry, report amounts for development, steady state, funding, and subtotals consistent with the line entry instructions provided above in Part 1.
01-xxx2 Steady state	
01-xxx3 Subtotal, IT costs	
01-xxx4 Funding sources	
01-xxx7 Subtotal, funding source	
01-2000 All other architecture systems	
01-2xx5 Significant, non-major systems	Report the total costs associated with each significant, non-major system. The 4th and 5th digits (01-79) of the line number should increment by 1 beginning with 01 (e.g., the first system will be xx-2015, the second xx-2025, etc.).
01-2886 Subtotal, significant, non-major systems	Report the sum of costs for significant, non-major systems.
01-2895 Non-significant systems	Report the sum of non-significant systems costs.
01-2993 Subtotal, all other	Sum of all significant, non-major and non-significant systems.
99-3xxx Totals for IT architecture and planning	Total for all IT architecture and planning costs reported in Part 3. Lines 2993 + 3001 + 3002 = 3003 for all mission areas.
	Part 4. IT Resource Summary
99-3xxx Totals for mission areas, infrastructure, and architecture	Report totals for development and steady state costs and totals for all IT costs reported in Parts 1 through 3.

(c) *E-mail spreadsheet.*

If you choose to e-mail this information rather than use the MAX application, use the spreadsheet provided at www.cio.gov. This spreadsheet is formatted to meet all the reporting requirements of the MAX application exhibit 53. Send the completed spreadsheet to exhibit 53@omb.eop.gov. The subject line must have the three digit OMB agency code (see appendix C) and the full agency name. In addition, verify that your data meets the following error and consistency checks:

- Every line of the spreadsheet must have a column that lists the agency code, bureau code (if applicable), part number, line number, and a descriptive title;
- If you submit an exhibit 53, then you must have a Part 1 in your spreadsheet;
- If you have a Part 1 then the spreadsheet must have a "Mission Area 1: Financial Management" which either lists "major" investments or contains the "All Other" category;
- All mission areas must have a line number XX-3003 which has values for PY, CY, and BY;
- If the mission area has "major" investments then the spreadsheet must have a line number XX-3001 and XX-3002 in addition to the XX-3003;
- If you have a listing of "major" investments, then for each such investment the subtotal of development, modernization and enhancement with steady state must be within $3 million of the subtotal of all funding sources; and
- Part 4 lines 99-3001 and 99-3002 must equal the sum of each of the other parts (1 through 3) lines 99-3001 and 99-3002. Part 4 line 99-3003 must equal the sum of all Parts lines 99-3003.

Report on Information Technology

Department of Government
(in millions of dollars)

Line number code		Entry	PY BA	CY BA	BY BA
		Part 1. Data on IT Systems By Mission Area			
01-0000	01	Mission Area 1: Financial Management			
01-1000		Major IT:			
01-1010		Inventory system			
01-1011		Development/modernization/enhancement .	1	18	23
01-1012		Steady state	16	16	17
01-1013		Subtotal, IT costs	17	34	40
		Appropriation/Funding Sources			
01-1014	01	Appropriation A	2	19	20
01-1014	02	Appropriation B	5	5	5
01-1014	03	Appropriation C	10	10	15
01-1017		Subtotal, funding sources	17	34	40
01-1020		Core Accounting system			
01-1021		Development/modernization/enhancement .	11	9	7
01-1022		Steady state	5	5	5
01-1023		Subtotal, IT costs	16	14	12
		Appropriation/Funding Sources			
01-1024	01	Source 1	4	5	6
01-1024	02	Source 2	12	9	6
01-1027		Subtotal, funding sources	16	14	12
01-2000		All Other Financial management:			
01-2886		Roll-up of "significant, non-major financial systems	0	0	0
01-2895		Roll-up of "non-significant" financial systems	1	2	1
01-2993		Subtotal, for All Other	1	2	1
01-3000		Total Mission Area 1			
01-3001		Development/modernization/enhancement	12	27	30
01-3002		Steady state	21	21	22
01-3003		Total, Mission Area 1	34	50	53
11-0000		Mission Area 2: Human Resources			
11-1000		Major IT:			
11-1010		Personnel system			
11-1011		Development/moderni-zation/enhancement	7	8	5
11-1012		Steady state	11	10	11
01-1013		Subtotal, IT costs	18	18	16
		Appropriation/Funding Sources			
11-1014	01	Source 1	1	1	1
11-1014	02	Source 2	7	8	5

2993 + 3001 + 3002 = 3003

11-1014	03	Source 3	11	10	11
11-1017		Subtotal, funding sources	19	19	17
11-2000		All other for Mission Area 2:			
11-2015		First "significant, non-major" System	2	3	2
11-2025		Second "significant, non-major" System	1	2	2
11-2035		Third "significant, non-major" System	3	3	4
11-2886		Roll-up of "significant, non-major" Systems	6	8	8
11-2895		Roll-up of "non-significant" Systems	1	2	1
11-2993		Subtotal for All Other	7	10	9
11-3000		Mission Area 2			
11-3001		Development/modernization/enhancement	7	8	5
11-3002		Steady state	11	10	11
11-3003		Total, Mission Area 2	25	28	25
99-3000		All Mission Areas			
99-3001		Development/modernization/ enhancement	19	35	35
99-3002		Steady state	32	31	33
99-3003		Total, All Mission Areas	59	78	78

2993 + 3001 + 3002 = 3003

For Part 1 only, 99-3003 equals the sum of all lines 3003.

Part 2. Data on IT Infrastructure and Office Administration

		Major IT Infrastructure System:			
01-1010		Corporate network system			
01-1011		Development/modernization/enhancement	4	3	9
01-1012		Steady state	3	8	6
01-1013		Subtotal, IT costs	7	11	15
		Appropriation/Funding Sources			
01-1014	01	Source 1	3	5	9
01-1014	02	Source 2	4	2	2
01-1014	03	Source 3	0	4	3
01-1017		Subtotal, funding sources	7	11	14
01-1020		Long-haul communications			
01-1021		Development/modernization/enhancement	3	7	6
01-1022		Steady state	4	4	5
01-1023		Subtotal, IT costs	7	12	11
		Appropriation/Funding Sources			
01-1024	01	Source 1	2	3	4
01-1024	02	Source 2	2	3	3

01-1024	03	Source 3	3	6	5
01-1027		Subtotal, funding sources	7	12	12
01-2000		All Other Infrastructure System:			
01-2015		First "significant, non-major" System	2	3	2
01-2025		Second "significant, non-major" System	1	2	2
01-2035		Third "significant, non-major" System	3	3	4
01-2886		Roll-up of "significant, non-major" Systems	6	8	8
01-2895		Roll-up of "non-significant" Systems	1	2	1
01-2993		Subtotal for All Other	7	10	9
		All Infrastructure Systems:			
01-3001		Development/modernization/infrastructure	7	10	15
01-3002		Steady state	7	12	11
01-3003		Total, All Infrastructure Systems	21	32	35
		Part 3. Data on IT Architecture and Planning			
01-1000		Major IT Architecture and Planning:			
01-1010		IT modernization blueprint:			
01-1011		Development/modernization/ enhancement	3	2	8
01-1012		Steady state	6	8	7
01-1013		Subtotal, IT costs	9	10	15
		Appropriation/Funding sources			
01-1014	01	Source 1	3	5	11
01-1014	02	Source 2	4	2	2
01-1014	03	Source 3	3	4	2
01-1017		Subtotal, funding sources	10	11	15
01-2000		All Other Infrastructure and Planning			
01-2015		First "significant, non-major" System	2	3	2
01-2025		Second "significant, non-major" System	1	2	2
01-2035		Third "significant, non-major" System	3	3	4
01-2886		Roll-up of "significant, non-major" Systems	6	8	8
01-2895		Roll-up of "non-significant" Systems	1	2	1
01-2993		Subtotal funding sources	7	10	9
		All IT Architecture and Planning			
99-3001		Development/modernization/enhancement	3	2	8
99-3002		Steady state	6	8	7
99-3003		Total, All IT Architecture	16	20	24
		Part 4. IT Resources Summary			
		Mission Area, Infrastructure, and Architecture			
		Totals:			
99-3001		Development/modernization/enhancement	29	47	58
99-3002		Steady state	45	51	51
99-3003		Total, All IT costs	95	128	136

2993 + 3001 + 3002 = 3003

2993 + 3001 + 3002 = 3003

SECTION 54 -- RENTAL PAYMENTS FOR SPACE AND LAND

Table of Contents

54.1 General
54.2 Materials required
54.3 Definitions
54.4 Reporting instructions
54.5 Supporting information on actual, planned, and requested changes in the inventory

Ex-54 Space Budget Justification

Summary of Changes

Only accounts that make rent payments to the GSA Federal buildings fund will use object class 23.1. Classify all other payments for rent under object classes 23.2 and 25.3. Do not report pass-through payments; if an account makes a payment to another account that then pays GSA, the first account will classify the payment under object class 25.3 (section 54.4).

No longer requires information for BY+2.

54.1 General.

If your agency obligates more than $5 million annually for rental payments to 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). The General Services Administration (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* above standard services, such as security or cleaning provided to agencies. Use line D, "Total Annual Rental" plus line 14a "Billing Adjustments and Corrections, Current Year" to calculate the amount on the line "GSA rent estimate" of exhibit 54. These amounts are already *net* of obligations for operations delegations (see line 8 on the monthly GSA bill and on the GSA budget estimate). Therefore, if you have facilities delegated from GSA, you do not need to reduce bill amounts or budget estimates 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 Materials required.

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: 202-501-4159 or www.gsa.gov/15B)*. 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.

Provide copies of these materials to GSA (attention: PBS, Director of Revenue Division (PHR), 18th and F Streets, NW, Washington, D.C. 20405) at the same time you submit them to OMB.

54.3 Definitions.

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 3-digit OMB bureau code described in section 79.2 and Appendix C.)

GSA budget estimate means a document developed by GSA and sent to customer agencies once a year. Each 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 BY+1 (2.1 percent); the BY inflation factor will be provided later. The electronic spreadsheet format provided to you will use these factors to automatically inflate certain outyear estimates.

Chargeback 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 Reporting instructions.

The following table explains the information needed to prepare the space budget justification (see exhibit 54). The justification consists of two parts:

- Rental payments to GSA (Part 1); 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
	State obligations in thousands of dollars, rounded to the nearest thousand. Report space requirements to the nearest square foot. 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 PY, report amount of the annual (i.e., full year) rental cost using the monthly GSA bill with the same date as the date on the GSA budget estimate for the BY to determine the annualized cost. Report the total square feet in the monthly GSA rent bill with the same date as the date on the GSA budget estimate for the BY. (The monthly GSA bill reflects total square feet billed for the month.) For CY, report the square feet and rent estimate reflected in the CY column of GSA budget estimate for the BY. For BY, report the square feet and rent estimate reflected in the GSA budget estimate for the BY. *Note: GSA will provide agencies with the supporting documentation for the BY budget estimate, as required.*

Entry	Description
	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.
Chargebacks *Use for PY only.*	Report the net amount of any chargeback (resolved or unresolved) for the PY that has not been reflected in the monthly rent bill used above and the associated net square feet.
Actual changes in inventory *Use for actual changes in space inventory that have already occurred and are not reflected in the monthly PY rent bill.*	For the PY, report the net amount of actual changes in the inventory and adjustments in associated net square feet, by category (e.g., vacated space, new space, etc.). Adjustments may be an increase or decrease from the monthly rent bill used above for PY and may include disputes over rates, space classifications, and current space requirements.
Use for actual changes in space inventory that have already occurred and are not reflected in GSA budget estimates for CY and BY.	For the CY, include, by category, the net amount of actual changes in inventory and associated adjustments in net square feet that are not reflected in the CY column of the BY budget estimate.
	For the BY, include by category, the net amount of actual changes in inventory and associated adjustments in net square feet that are not reflected in GSA budget estimates for the BY.
Use the following categories to report adjustments:	For BY+1, data (costs and square feet) will be automatically generated.
Vacated space New space Changes to existing space	
Other adjustments	Use this entry for other adjustments not related to anticipated inventory adjustments or programmatic changes (e.g., space type or square feet adjustments).
Statutorily-imposed rent caps	Report only on those rental payments to GSA that agencies 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. *NOTE. -- Report any adjustments that have occurred due specifically to planned inventory and/or requested programmatic changes under those categories, as described below.*
Joint use space	For the PY, report amount of the annual (i.e., full year) joint use space cost, using the same monthly rent bill used above to determine the annualized cost.

Entry	Description
	Report the total square feet for joint use space in the monthly rent bill. (The rent bill reflects total square feet for joint use space for the year.) For the CY, report the space cost and square feet shown in the CY column of the GSA budget estimate for BY. For the BY, use the joint use space cost and square feet identified in the GSA budget estimate for BY. For BY+1, costs will be automatically inflated and square feet will be straightlined at the BY level.
Planned changes to inventory *Use for inventory changes in the planning stage.*	Report adjustments for approved and funded inventory changes that are currently in the planning stage (i.e., space is not yet occupied). Note that the spreadsheet includes a matrix with columns and rows for the years PY-BY+1. Use the PY row to report planned changes beginning in the PY; the CY row for planned changes beginning in the CY, etc., as described below. In the PY row of the PY column, include the net effect (cost and square feet) of all planned inventory changes for the PY that are not included in the PY GSA rent bill. Costs reported in this row of the PY column represent the part-year costs from the date of the inventory change through the end of the PY. Costs reported in the CY column of the PY row are the full-year costs for all part-year assignment included in the PY column and row. The remaining data (cost and square feet) for this row will be automatically generated. For the CY row of the CY column, include the net effect (cost and square feet) of all planned inventory changes beginning in the CY that are not included in the CY column of the GSA budget estimate for the BY. Costs reported in this row of the CY column represent the part-year costs from the date of the inventory change through the end of the CY. Costs reported in the BY column of the CY row are the full-year costs for all part-year assignment included in the CY column and row. The remaining data (cost and square feet) for this row will be automatically generated. Complete the remaining rows (for BY-BY+1) in the matrix in the same manner. For the BY, use the GSA budget estimate for the BY as the basis for determining net inventory changes. For BY+1, use the GSA rent estimate for those years (generated by the spreadsheet) as a basis for determining inventory changes.

Entry	Description
	Supporting detail must be provided, as described in section 54.5.
Requested program changes *Use for CY through BY+1.*	Report inventory changes that will result from changes in programs that are reflected in the President's CY Budget (for the CY row) and that are requested in the agency's BY budget submission to OMB (for the BY-BY+1 rows) For the CY row of the CY column, include the net effect (cost and square feet) of all inventory changes due to program changes beginning in the CY that are not included in the GSA budget estimate for the CY. Report costs in this row of the CY column that represent the part-year costs from the date of the inventory change through the end of the CY. Report costs in the BY column of the CY row that are the full-year costs for all part-year assignment included in the CY column and row. The remaining data (cost and square feet) for this row will be automatically generated. Complete the remaining rows (for BY-BY+1) in the matrix in the same manner. For the BY, use the GSA budget estimate for the BY as the basis for determining net inventory changes. For the BY+1, use the GSA rent estimate (generated by the spreadsheet) as the basis for determining program changes. Supporting detail must be provided, as described in section 54.5.
Total, net rental payments to GSA	Make total obligations for a year equal to total estimated obligations for net rental payments to GSA (including any adjustments reported above) for that year (i.e., your best estimate of what GSA will actually be paid). Make totals for square feet represent the net space for which GSA will actually be paid.
FUNDING SOURCES FOR RENTAL PAYMENTS TO GSA	
Funded by direct appropriations: Account title and ID code	List each direct appropriation that funds rental payments to GSA, by account title and identification (ID) code. Use a 9-digit ID code, that 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. *If there are more than three accounts listed, change the electronic spreadsheet to add rows, as needed.*

Entry	Description
Subtotal, direct appropriation	Report the sum of amounts of direct appropriations for a year for accounts listed. *If more than 3 accounts are listed, change the spreadsheet formula to calculate the amount funded by direct appropriations.*
Funded by other sources: Account title and ID code	List all other sources of funding for rental payments to GSA (i.e., other than direct appropriation) by account title and ID code (described above). 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.*
Subtotal, other funding sources	Report the sum of amounts for other funding sources for a year for accounts listed. *If more than 3 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 reported 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".

Entry	Description
	Report amounts reported 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 Supporting information on actual, planned, and requested changes in the inventory.

In addition to the space budget justification, you must provide detail supporting all changes to the PY GSA monthly rent bill used to prepare exhibit 54 and all changes from GSA budget estimates for CY and BY. 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. 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.

PY-past year BY-budget year
CY-current year BY+1-budget year plus one

Space Budget Justification

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.

Agency_____
Bureau_____
GSA Bureau Code_____

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
Chargebacks: (FY 1999 only)	833,000	$10,000						
Actual changes in inventory:								
Vacated space	-500,000	-$4,000	-500,000	-$7,500	-500,000	-$7,658	-500,000	-$7,826
New space	1,000,000	$10,000	1,000,000	$15,000	1,000,000	$15,315	1,000,000	$15,652
Changes to existing space	50,000	$700	50,000	$750	50,000	$766	50,000	$783
Other adjustments								
Statutorily imposed rent caps								
Joint use space	100,000	$1,500	100,000	$1,500	100,000	$1,532	100,000	$1,565
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 payments to GSA	28,183,000	$420,200	29,365,000	$439,950	29,600,000	$457,168	29,715,000	$468,860
FUNDING SOURCES FOR RENTAL PAYMENTS								
Funded by direct appropriations:								
Account title and ID code:								
Acct. 1 Salaries and expenses 016-10-1166		$388,450		$385,000		$390,000		$395,000
Acct. 2								
Acct. 3								
Subtotal, direct appropriations		$388,450		$385,000		$390,000		$395,000
Funded by other sources:								
Account title and ID code:								
Acct. 1 Water resouces 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)		$420,200		$439,950		$457,168		$468,860
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 83.11, 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 55 -- INFORMATION ON ENERGY USE, COSTS, AND EFFICIENCY

Table of Contents

55.1 General
55.2 Materials required

Summary of Changes

Executive Order 13123 requires annual agency energy reports to the President. OMB will issue separately detailed reporting guidance for the annual energy report to the President as well as guidance for reporting on the alternative-fueled vehicles requirements of the Energy Policy Act of 1992 and other information on energy costs and improvements in energy efficiency required by OMB and the Federal Energy Management Program (Department of Energy).

55.1 General.

You must provide information on energy costs and improvements in energy efficiency if your agency leases, owns, or operates (i.e., pays energy bills for) a building or facility and obligates more than $500,000 for energy costs and/or improvements in PY, CY, or BY. If you have delegated authority from the General Services Administration (GSA), you are subject to this reporting requirement. However, if you pay energy costs solely through rental payments to GSA, you are exempt.

You must also report on acquisitions of alternative-fueled vehicles (AFVs) and the purchase of alternative fuels if your agency operates a fleet of at least 50 vehicles and operates at least 20 of them in any one metropolitan statistical area (MSA) or consolidated MSA.

This data collection consolidates similar requirements for information from OMB and the Department of Energy's Federal Energy Management Program (FEMP), as well as the requirement for annual agency energy reports to the President under section 303 of Executive Order 13123, and the AFV requirements of the Energy Policy Act of 1992 (EP Act). The annual agency energy reports to the President under Executive Order No. 13123 will also serve as agencies' reports to the Federal Energy Management Program.

Estimates for CY and BY are due with your initial submission. PY actual data is due January 1. You should provide this information to the Department of Energy at the same time you provide it to OMB.

55.2 Materials required.

Detailed reporting guidance and forms for both the budget submission and the annual agency energy report to the President will be issued separately. The following is a summary of the information required for PY through BY:

- Total obligations for energy costs for electricity, fuel oil, natural gas, LPG or propane, coal, steam, or other energy utilities.

- Energy consumption data by energy type (e.g., electricity, natural gas).

- Summary data on energy efficiency improvements, energy savings performance contracts, utility incentives, and energy management training, including the budgets for such improvements and compliance with Executive Order 13123. In particular, agencies should identify funding (by account) for the following sections of Executive Order 13123:

  < Sections 204 and 404 (renewable energy).
  < Sections 402 and 403 (energy audits and other recommended efficiency actions).
  < Section 405 (ships and planes).
  < Section 406(d) (training).
  < Part 5 (technical assistance to other agencies).

  Note: The funding reported for energy efficiency and compliance with Executive Order 13123 is not expected to constitute a new or separate line-tem; it is simply intended as a cross-cut view.

- The total amount of your agency's contingent liability under all active energy savings performance contracts.

- A listing, with justifications, of the facilities your agency claims as exempt from energy efficiency requirements.

- A narrative describing your agency's energy efficiency accomplishments (due January 1).

- The total number of vehicles leased or purchased by the agency, the number of alternative-fueled vehicles leased or purchased by the agency, and the purchase of alternative transportation fuels.

Submit revised materials, reflecting PY actuals and final budget decisions, promptly after such decisions are made.

SECTION 56 -- DRUG CONTROL PROGRAMS

Table of Contents

56.1 General
56.2 Materials required

Ex-56 Drug Control Data by Function

56.1 General.

If your budget authority or outlays for drug control programs exceeds $500,000 in any of the years PY through BY+4, you must submit information on drug control programs. This information is used for oversight and review of your request and for Government-wide resource allocation. Drug control programs involve activities directed toward reducing the demand for and supply of drugs. They include programs that:

- Enforce drug control laws, and prosecute and incarcerate individuals involved in the illegal distribution of drugs;
- Discourage the use of drugs; or
- Treat individuals for substance abuse.

56.2 Materials required.

(a) *General requirements.*

Submit an original and two copies of the following materials:

- A schedule providing account-level data on drug control programs.
- A narrative statement.

Report budget authority in millions of dollars and tenths. The data should be consistent with your submissions to the Office of National Drug Control Policy (required by Public Law 100-690, as amended).

You must submit revised materials, reflecting final budget decisions and other changes, promptly after such decisions and changes have been made. (See section 100.6).

Include the date of preparation and the name and telephone number of an individual responsible for answering questions on the information provided. Additional information may also be required by OMB.

(b) *Drug control data by account.*

Prepare a schedule in the format of exhibit 56 to show budget authority associated with drug control activities by account and drug control function for PY through BY+4.

DRUG CONTROL FUNCTIONS

Function	Description
Corrections	Activities associated with the incarceration and/or monitoring of drug offenders.
Intelligence	Activities or programs with a primary focus to provide guarded information for use by national policy makers, strategic planners, and operational/tactical elements, primarily in the areas of national security and law enforcement. Activities include collecting, processing, analyzing, and disseminating information related to drug production and trafficking organizations and their activities, (including production, transportation, distribution, and finance/money laundering) and the willingness and ability of foreign governments to carry out effective drug control programs. (Separately identify amounts allocated for drug interdiction, international, and domestic law enforcement.)
Interdiction	Activities designed to interrupt the trafficking of illicit drugs into the United States by targeting the transportation link. Specifically, interdiction encompasses intercepting and ultimately disrupting shipments of illegal drugs and their precursors.
International	Activities primarily focused on or conducted in foreign countries, including a wide range of drug control programs to eradicate crops, seize drugs (except air and riverine interdiction seizures), arrest and prosecute major traffickers, destroy processing capabilities, develop and promote alternative crops to replace drug crops, reduce the demand for drugs, investigate money laundering and financial crime activities, and promote the involvement of other nations in efforts to control the supply of and demand for drugs.
Investigations	Federal domestic law enforcement activities engaged in preparing drug cases for the arrest and prosecution of leaders and traffickers of illegal drug organizations, seizing drugs and assets, and ensuring that Federal laws and regulations governing the legitimate handling, manufacturing, distribution, etc. of controlled substances are properly followed.
Prevention	Activities focused on discouraging the first-time use of controlled substances and outreach efforts to encourage those who have begun to use illicit drugs to cease their use.
Prosecution	Federal activities related to the conduct of criminal proceedings against drug trafficking and money laundering organizations, with the aim of bringing a judgment against their members, forfeiting their assets, divesting leaders of their power, and, as appropriate, extraditing, deporting, and excluding their members.
Research and development	Activities intended to improve the capacity, efficiency, or quality of drug control activities. (Separately identify amounts allocated for drug interdiction, international, treatment, prevention, and domestic law enforcement research.)
State and local assistance	Federal drug control assistance to help State and local law enforcement entities to reduce drug-related violent crime and the availability of illegal drugs.
Treatment	Activities focused on assisting regular users of controlled substances to become drug-free through such means as counseling services, in-patient and out-patient care, research into effective treatment modalities, etc.

(c) *Narrative statement on drug control programs.*

Prepare a narrative statement that describes the agency's drug control programs for CY through BY+4. Explain increases and decreases in funding levels and major program, policy, or strategy changes proposed in the budget year.

The purpose of the statement is to explain the policy justification and analytical basis for the levels requested, including applicable data and research findings. In support of this justification, include specific data that relates to the performance of agency drug control programs, and effectiveness measures used to assist in the evaluation of overall program effectiveness and in determining the requested levels. Reference the applicable material in your narrative statement if this information is discussed adequately in other justification material submitted to OMB.

OMB will conduct cross-cutting comparisons of agency requests. Therefore, the narrative statement should include evidence of cooperative development of complementary requests among the major agencies involved.

Drug Control Data by Function

PY—past year
CY—current year
BY—budget year
BY+1—first year following budget year
BY+2—second year following budget year
BY+3—third year following budget year
BY+4—fourth year following budget year

DEPARTMENT OF GOVERNMENT
Drug Control Data by Function
(millions of dollars)

Account/Function	PY BA	CY est. BA	BY est. BA
SALARIES AND EXPENSES			
Investigations	134.6	124.5	104.9
Treatment	0.0	0.0	1.0
Prevention	0.1	0.1	0.1
LEGAL ACTIVITIES			
Investigations	1.2	1.9	2.1
Prosecution	35.2	44.2	50.3
Research and development	0.2	0.2	0.2
GRANTS AND LOANS			
Treatment	12.0	21.04	22.9
Prevention	2.5	6.8	6.9
Research and development	0.4	0.4	0.4
TOTAL	186.2	199.1	188.8

	BY+1 est. BA	BY+2 est. BA	BY+3 est. BA	BY+4 est. BA
SALARIES AND EXPENSES				
Investigations	103.3	114.6	119.4	121.9
Treatment	2.0	0.0	0.0	0.0
Prevention	0.1	0.1	0.2	0.3
LEGAL ACTIVITIES				
Investigations	2.2	4.0	4.4	4.4
Prosecutions	57.4	61.6	63.5	69.0
Research and development	0.3	0.3	0.3	0.3
GRANTS AND LOANS				
Treatment	23.7	18.1	19.2	19.6
Prevention	6.8	6.9	7.03	7.0
Research and development	0.4	0.4	0.4	0.4
TOTAL	196.2	206.0	214.4	222.9

Report data by the applicable drug control functions listed in section 56.2(b), as appropriate.

DATE: August 20, 19CY
NAME: A. Smith
TEL: (202) 229-2022

SECTION 57 -- VIOLENT CRIME CONTROL PROGRAMS

Table of Contents

57.1 General
57.2 Materials required

Ex-57 Accounts Financed by the VCRTF

57.1 General.

You must submit information on funding for programs authorized by the Violent Crime Control and Law Enforcement Act of 1994 (P.L. 103-322) if you have budget authority and outlays for programs financed by the Violent crime reduction trust fund (VCRTF). This information is used to determine Government-wide allocation of these monies, consistent with the crime funding caps. Resources supporting these programs may not exceed the separate budget authority and outlay caps on VCRTF monies established by law. This information is also used for the VCRTF budget presentation required by law.

Submit the materials described in section 57.2 for each account that receives appropriations directly from the VCRTF.

57.2. Materials required.

Submit an original and two copies of the following:

- A schedule of accounts financed by the VCRTF that displays budget authority and outlays for VCRTF-funded programs for PY through BY in the format of exhibit 57.

- A brief narrative explanation of each CY and BY amount, including the purpose for amounts transferred to other Government accounts.

You must report data by account and by program (i.e., programs specifically authorized by P.L. 103-322) for accounts receiving funds directly from the VCRTF. List each program separately, regardless of size. Identify separately VCRTF amounts transferred to other government accounts (expenditure and non-expenditure transfers).

Report budget authority and outlays in millions of dollars. Report separately outlays from new authority and outlays from balances for CY and BY. Include in the lower right hand corner of your response the date of preparation and the name and phone number of an individual responsible for answering questions on the data.

Submit revised materials, reflecting final budget decisions, promptly after such decisions have been made.

Accounts Financed by the VCRTF

This schedule is required for each account receiving appropriations ***directly*** from the VCRTF. Only outlays to the public or State and local governments should be reported.

PY—past year
CY—current year
BY—budget year

DEPARTMENT OF GOVERNMENT

Accounts Financed by the Violent Crime Reduction Trust Fund (VCRTF)

(dollars in millions)

Report data for any program authorized by P.L. 103–322 and funded by VCRTF appropriations.

	PY		CY est.			BY est.		
	BA	OL	BA	NOL	POL	BA	NOL	POL
Part I. Funded Directly from VCRTF								
Account Title: Community oriented policing services								
Account ID: 15–8594								
Community policing	1,300	286	1,882	520	388	2,000	400	1,200
Police Corps			10	2	—	15	3	
Police Scholarship Program			10	2	—	15	3	3
Police Recruitment					—	1	3	3
Part II. Transfers:								
Community policing	200	44	1	1	74	—	—	75
	1,500	330	1,903	525	462	2,031	409	1,281

In Part I, report BA and outlays, net of rescissions and transfers. To avoid double-counting, expenditure transfers will be reported in Part II.

In Part II, report data on all transfers (expenditure and non-expenditure) from accounts listed above to other Government accounts.

For transfers, report outlays ***to*** the public for VCRTF programs ***from*** the account to which funds are transferred.

For CY and BY, outlays from new authority (NOL) and outlays from balances (POL) must be separately

DATE: August 30, 19CY
NAME: Jane Smith
TEL: (202) 555-1212

Report account title and ID only for Part I.

SECTION 58 -- ADDITIONAL INFORMATION DUE WITH THE INITIAL SUBMISSION

Table of Contents

58.1 Information on receipts estimates
58.2 Information on Inspectors General for Designated Federal Entities
58.3 Justification of unobligated balances in liquidating accounts
58.4 Financial information related to the Winter Olympics

Summary of Changes

OMB will issue separate instructions requiring you to provide financial information related to the Winter Olympics as part of the initial submission (section 58.4).

58.1 Information on 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 that differ from outlay trends for the related programs, and any other unusual circumstances relating to the estimates.

You must report to OMB 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 (see section 30.2) and cover the expected timing of enactment and the annual level of receipts anticipated.

58.2 Information on Inspectors General for Designated Federal Entities (DFEs).

If the Inspector General Act Amendments of 1988 designated your agency to establish an Office of Inspector General, you must submit the following information for your Office of Inspector General:

- Budget authority in thousands of dollars.
- FTE levels for PY through BY.
- A concise narrative justifying the funding levels.

58.3 Justification of unobligated balances in liquidating accounts.

You must submit information justifying any unobligated balances you expect to carry forward into the current year (see section 85.3).

58.4 Financial information related to the Winter Olympics.

You will be asked to provide financial information related to the 2002 Winter Olympics in Salt Lake City with the initial submission. Further instructions on this requirement will be issued separately.

SECTION 70 -- OVERVIEW OF REQUIREMENTS AFTER PASSBACK

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70.1 General requirements
70.2 Basis for reporting MAX data, proposed appropriations language, and narratives
70.3 Basis for reporting other information required after passback

70.1 General requirements.

After the President has considered the estimates and made his decisions, you will be notified. You must ensure that the materials submitted after passback reflect these decisions. You need specific approval from OMB before you may submit materials on a different basis. If the decisions affect other budget accounts (such as the amount of transfers), 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. After passback, you must provide the following:

- Computer materials updating the MAX budget system (see sections 79 - 86).
- Proposed appropriations language (see section 96).
- Narrative descriptions of programs (see section 97).

OMB will use this information to prepare the *Budget Appendix* and other budget documents (see sections 10 and 95).

You must also submit the following additional information, as well as updates to materials provided with the initial submission, which OMB will use for analytical and other special purposes:

- Information on grants to State and local governments (see section 100.1).
- Information on motor vehicles (see section 100.2).
- Information on relocation expenses (see section 100.3).
- Information on international travel (see section 100.4).
- Materials in support of baseline estimates (see section 100.5).
- Updates to information provided in the initial submission (see section 100.6).

Section 27.6 summarizes the materials required after passback and indicates who must provide them. Your OMB representative will specify when this information is due. You will have an opportunity to update the information if the outcome of an appeal changes passback decisions.

70.2 Basis for reporting MAX data, proposed appropriations language, and narratives.

Appropriation or fund accounts are the basic building blocks of the President's budget. Data are reported at the account level in the MAX budget system. Budget information is presented at the account level in the *Budget Appendix* and aggregated to provide the totals in the President's budget. In addition, accounts are the

basis for congressional action on the budget. Section 79 contains more information about account structure and types of accounts. Receipt accounts are also included in the budget database and used to derive budget totals. Receipt data are printed in the *Budget Appendix* and reflected in printed budget summary tables.

You must update all the data in the MAX budget system and provide print materials for each budget account (see section 20.3). Section 79.5 lists and describes the various MAX budget schedules, and section 95.3 lists the materials that will be printed in the detailed budget estimates by agency portion of the *Budget Appendix*.

70.3 Basis for reporting other information required after passback.

As a general rule, most of the other information required after passback (such as information on motor vehicles, information on international travel, materials in support of the baseline estimates) will be reported for the agency as a whole.

SECTION 71 -- REPORTING INFORMATION BY BUDGET ACCOUNT

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71.1 Relationship to Treasury appropriation or fund accounts
71.2 Aligning budget accounts with programs
71.3 Changing account and budget structure
71.4 Reimbursements
71.5 Allocations
71.6 Merged accounts
71.7 Consolidated accounts
71.8 Certain accounting adjustments

71.1 Relationship to Treasury appropriation or fund accounts.

Treasury sets up appropriations and fund accounts based on the availability of the resources in the account. When Congress provides budget authority for a particular purpose or under a particular title, it also provides a specific period for which the budget authority is available for obligation. This availability may be annual, multi-year, or no-year. Treasury establishes separate accounts for each annual, multi-year, or no-year amount appropriated.

For the reporting requirements of this Circular and presentation of data in the budget, appropriations and other types of budget authority provided to an account with the same or similar titles for the years covered by the budget are considered to be a single account under a single title (see the definition of budget account in section 20.3). In addition, two or more accounts may be merged or consolidated for budget presentation purposes into a single account (see sections 71.6 and 71.7). Note that this differs from budget execution requirements, where you must report data for each separate appropriation or fund account established by Treasury.

71.2 Aligning budget accounts with programs.

Budget accounts should provide the basis for effective control over agency programs and should facilitate the presentation of information for the congressional and the executive branch budget processes. You should include proposed programs that are closely related to existing appropriation accounts in those accounts. You should include major new programs that are significantly different from others in substance or in type in separate budget accounts.

Review your budget account structure and propose changes that would align budget accounts providing resources for a program with program results. In particular, keep in mind the link between resources and results when:

- Proposing budget account changes in response to legislative and conceptual changes;

- Considering changes to GPRA activity structure in annual performance plans (see section 220.9 in Part 2);

- Developing budget requests for acquiring capital assets (see Part 3);

- Reviewing small accounts that provide partial financing for a program financed mostly by another account; to the extent possible, consolidate or merge such accounts with the primary account supporting the program.

When goods and services financed by one budget account are used to achieve performance results for a program in another budget account, consider charging the program for those goods and services through a reimbursable agreement or permitting the program to purchase them competitively.

71.3 Changing account and budget structure.

You must obtain approval from OMB if you want to propose changes in account or organizational structure. These changes include the following:

- Establishment of new accounts.
- Changes in account titles.
- Account mergers.
- Changes in the presentation sequence of existing accounts.
- New methods of financing programs.
- Changes in the activity structure used for the program and financing schedule.
- Changes in functional, subfunctional, and receipt classifications.
- Reorganizations.

Until requests are approved, base budget materials on the existing structure. If changes are approved, you must revise budget schedules and other materials accordingly.

You should request approval for changes in budget structure by October 1, unless OMB specifies an earlier due 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.

71.4 Reimbursements.

Include advances or reimbursements lawfully credited to expenditure accounts (including advances received under the authority of the Economy Act (31 U.S.C. 1535 and 1536)) as spending authority from offsetting collections in the budget schedules of the receiving account. If the payments are from other government accounts, the paying account will include obligations in the amount of the payment in its schedules.

71.5 Allocations.

Allocations are the amounts of budget authority and other resources transferred to other agencies or bureaus to carry out the purposes of the parent account that are placed in separate Treasury transfer appropriation accounts (see section 20.4(l)). For the purposes of budget presentation, the budget schedules of the parent

account will reflect these transactions as part of that account's regular activities. However, FTEs funded by allocations will be reported in the receiving account, not the parent account. Object class schedules and personnel summaries will identify allocations separately (see sections 83.15 and 86.1).

71.6 Merged accounts.

Sometimes, amounts from several accounts may be merged into a single account for budget presentation purposes:

- When two or more appropriation accounts are replaced by a single appropriation, amounts in the old accounts will be merged into the schedules for the single account.

- When it is desirable to merge several appropriations into a single account and to request budget year appropriations on that basis. The objective of account mergers is to permit flexibility in achieving program goals by managing and budgeting at a higher level of aggregation. However, this objective must be balanced against other needs, including the need for public disclosure and review and control by the President and Congress.

- Revolving fund feeder accounts, which are appropriation accounts whose budgetary resources are available only for transfer to specified revolving fund accounts, will be merged into the revolving funds to which they relate. Do not separately identify the amounts included in the feeder accounts.

You must obtain approval from OMB for account mergers and ensure that the mergers are reflected correctly on the Budget Account Title file (see section 79.1).

71.7 Consolidated accounts.

Submit a single set of schedules for two or more accounts of a bureau (or an agency, when appropriations are not made by bureaus) for:

- 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; and

- Small trust fund accounts.

You should also consolidate 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.

You must obtain approval from OMB for account consolidations and ensure that the consolidations are reflected correctly on the Budget Account Title file (see section 79.1).

71.8 Certain accounting adjustments.

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 benefitted before the end of the fiscal year. Do not report the initial charge and succeeding adjustment.

SECTION 72 -- RESPONSIBILITIES IN REPORTING DATA

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72.1 Data responsibility
72.2 Past year data
72.3 Current year data
72.4 Reporting transfers between accounts

72.1 Data responsibility.

The primary responsibility for reviewing the status of accounts rests with the agency managing the appropriation or fund account. The reports required by the Department of the Treasury form the basis for compiling and publishing data on *over-expended* or *over-obligated* appropriations or fund accounts resulting from agency operations that may be in violation of the Antideficiency Act (31 U.S.C. 1341). Disposition of over-expended or over-obligated amounts is the sole responsibility of the agency managing the appropriation or fund.

72.2 Past year data.

Obligations for the past year must have firm accounting support and be consistent with laws, regulations, and any reports made to Congress. Agency budget officers must ensure that offsetting collections, appropriations, transfers, outlays, and balances agree with the corresponding amounts report in the final Report on Budget Execution (Standard Form 133) and to the Department of the Treasury on the FMS 2108 year-end closing statement. Agency budget and accounting offices should review and reconcile differences in data, to the extent possible, prior to reporting year-end data to the Department of the Treasury and to OMB and should pay particular attention to resolving differences in past year outlays and receipts. (Section 82.18 contains requirements related to reporting past year amounts in program and financing schedules.)

Past year FTE data must be consistent with data reported to the Office of Personnel Management (OPM). Actual FTE usage reported in the past year column of the budget should equal year-end FTE usage reported on the S.F. 113G to OPM (see section 32.3).

72.3 Current year data.

You should estimate the current year's transactions as accurately as possible within the limits of funds presently available or expected to become available during the year.

72.4 Reporting transfers between accounts.

Section 20.4 describes the various types of transfers between accounts. Responsibilities of the paying or administering agency and the receiving agencies or accounts for estimating and reporting charges and credits between accounts are discussed below.

(a) *Where allocations are used.*

The agency administering the parent account will compile and submit all necessary material, obtaining whatever information it needs for this purpose from the receiving agencies except FTEs funded by allocations will be reported in the receiving account (see sections 71.5, 82.16, 83.15, and 86.1).

(b) *Where payments are made to other appropriations, to revolving funds, to management funds, and to trust funds (expenditure transfers).*

The paying agency will include obligations in the amount of the payment in its schedules. The receiving agency will report such amounts as spending authority from offsetting collections.

(c) *Adjustments of appropriations and balances (non-expenditure transfers).*

Where there are authorized transfers between accounts that represent adjustments in the amounts appropriated or in balances previously appropriated, both the paying and receiving agencies are responsible for ensuring that the amounts are identical in the schedules of both the losing and gaining accounts.

SECTION 79 – THE BUDGET DATA SYSTEM

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79.1 Overview of the MAX system
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79.4 Reporting data in MAX
79.5 Summary of MAX schedules and line numbers

Ex-79A New MAX A-11 Technical Requirements for FY 2001 Budget
Ex-79B Functional Classification

79.1 Overview of the MAX system.

The MAX budget system (MAX) is a computer system used to collect and process most of the information required for preparing the budget. MAX consists of a series of schedules that are sets of data within the MAX data base. Each schedule is complete in itself and describes a view or slice of the President's budget. (See exhibit 79A for a description of the hardware and software required to support the MAX system.)

Data entry is controlled through expenditure and receipt account titles and classifications that are assigned at the account level (see section 71). The accounts for which data may be entered into MAX are controlled by the Budget Account Title (BAT) file. 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., trust, special revolving);
- Whether the account collects user fees;
- 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 placed in the budget (see section 95.2).

If you need to establish a new account or make changes to an existing account, coordinate with your agency's OMB budget representative. OMB will make all changes or additions centrally. Use the information in section 79.3 to ensure the information in the BAT file is complete and accurate.

Enter your budget data into the MAX schedules by account. An overview of all the schedules and their respective line numbers, with references to additional sections, is provided at section 79.5. With the exception of MAX schedule T, enter data in MAX in millions of dollars, rounded to the nearest million (see section 95.6). Amounts of $500,000 or less will not be identified.

MAX contains numerous crosschecks or error messages ("edit checks") to help ensure consistency of the data. An explanation of the basic principles underlying MAX edit checks is provided in Appendix D to this Circular. In addition, Appendix E to this Circular describes a number of diagnostic reports produced by OMB to ensure the data reported in the data base are consistent both within and between schedules and comply with standard budget concepts. Appendix E also includes several crosswalks that describe the relationships between entries in various MAX schedules.

The MAX A-11 User's Guide is a comprehensive reference document that provides information on how to use MAX. It is available, upon request, from the Budget Analysis and Systems Division, OMB (phone: 202- 395-6934) or electronically from the MAX web site (see exhibit 79A). MAX training is also available upon request and is described in the User's Guide.

79.2 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 know the account number. 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," but when you want to find your account in the Treasury Annual Report Appendix, you must use the "Treasury account number" or the name of the account within the agency listing. 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);

- 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 unless subaccount information is being reported (requires prior OMB approval); for receipt accounts this number is six digits. Section 79.3(b) lists the types of funds and coding;

- Transmittal code - Each account in MAX has a one digit code that identifies the nature or timing of the associated schedules as described below;

  < 0—Regular budget schedules.
  < 1—Supplemental.

< 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.
< 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.
< 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.
< 5—Rescission proposal.

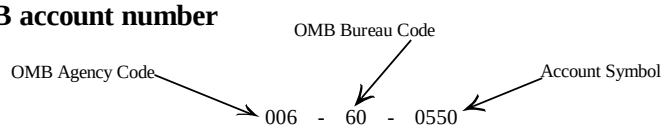
Also, certain footnotes used in the printed "Federal Programs by Agency and Account" listing in the budget are based on the transmittal code (i.e., 1 = A, 2 = J, 3 = I, 4 = B, 5 = H).

- Fund code – Section 79.3(b) explains fund codes; and

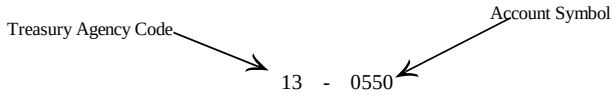
- Subfunction code – OMB assigns each account a three digit code that corresponds to the account's functional classification (e.g., national defense, income security, agriculture). (See exhibit 79B for listing).

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:

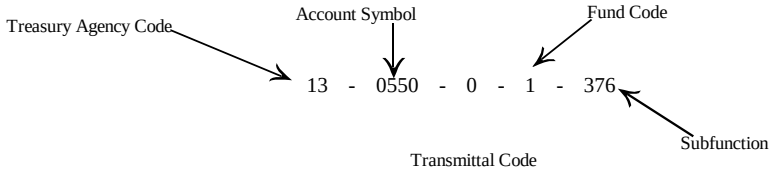
< **OMB account number**



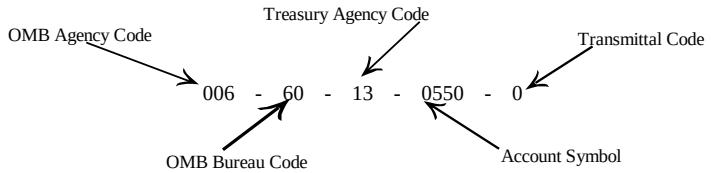
< **Treasury account number**



< **Account identification code as shown in Budget Appendix**



< **Account identification code as shown at top of MAX data entry screen**



79.3 Establishment of new accounts.

(a) *General.*

To request the establishment of a new account, provide your OMB representative with the information requested in section 79.1. For new expenditure and receipt accounts proposed for the budget year, OMB will notify you of the account symbol to be used when the change is approved. For supplementals or rescission proposals for existing accounts, use the basic account symbol assigned to the existing account. For supplementals where there is no existing account, a new account must be established.

(b) *Fund type and code.*

OMB and the Department of Treasury assign account identification codes based on the type of fund involved and other characteristics of the proposed new account. The Treasury basic account symbol is assigned, based on the fund type, according to the following coding scheme for the 6th through 9th positions of the 12-position account ID code (xxx-xx-XXXXxx-x) explained in section 79.2.

FUND TYPES AND CODES

Treasury basic 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	4
3900-3999	fund	4
8000-8399 and 8500-8999	Management fund	7
8400-8499	Trust non-revolving fund	8
	Trust revolving fund	

In MAX data entry, the Treasury basic account symbol can be used to identify fund type. In cases where two or more accounts with different Treasury basic account symbols are included in a consolidated schedule (see section 71.7), "99" is used for the 6th and 7th positions, the 8th position designates the fund type, and the 9th position uniquely identifies the consolidated schedules. OMB will assign ID codes for 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 81.3). 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 new expenditure and receipt account (except governmental receipt accounts) a single subfunction code (see exhibit 79B). 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.

(e) *User fee classification.*

You must indicate whether any collections related to the account are user fees, as defined in section 20.7. Offsetting collections credited to an appropriation or fund account or governmental or offsetting receipts may be classified as user fees (see section 81.3). MAX edit checks ensure that accounts classified as having user fees identify those amounts as user fees. The user fee classification applies to all user fees, not only proposed new user fees or changes to levels of existing user fees.

(f) *Receipt type.*

Receipt data are classified either as governmental receipts or offsetting receipts. The classification takes into account:

- The source of the receipt;
- The authority for the collection and the nature of the transaction; and
- Whether the receipt offsets agency or government-wide totals.

Each receipt account is assigned one of the receipt types listed below (see section 20.7 for definitions of receipts.) If the receipts associated with a particular program have more than one classification, separate receipt accounts must be established for each classification.

RECEIPT TYPES

Receipt classification	Budget treatment
Governmental receipts	Compared with outlays in calculating surplus or deficit.
Offsetting receipts:	Consists of offsetting governmental, proprietary, and intragovernmental receipts, which offset budget authority and outlays totals, as indicated below.
• Offsetting governmental:	Offsets agency budget authority and outlays.
< Distributed	Offsets government-wide totals rather than agency budget authority and outlays.
< Undistributed	
• Proprietary:	
< Distributed	Offsets agency budget authority and outlay totals.
< Undistributed	Offsets government-wide totals rather than agency budget authority and outlays.
• Intragovernmental:	
< Interfund:	
< Distributed	Offsets agency budget authority and outlay totals.
< Undistributed	Offsets government-wide totals rather than agency budget authority and outlays.

Receipt classification	Budget treatment
< Intrafund:	
< Federal funds	Offsets agency budget authority and outlay totals.
< Trust funds	Offsets agency budget authority and outlay totals.

79.4 Reporting data in MAX.

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 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 (see Appendix E).

If you do not have computer access to MAX, your agency's OMB representative will provide you copies of MAX reports containing the budget schedules. Write the revised data directly on these reports. If an account is new and it has not yet been created in MAX, you can report the new account data on paper in the same format as the computer reports for existing accounts. Be sure to include the new account title and identification code.

79.5 Summary of MAX schedules and line numbers.

(a) *MAX schedules and line numbers.*

The following table lists the range of MAX schedules and line numbers that appear in the MAX computer reports and on the MAX computer screen:

MAX SCHEDULES AND LINE NUMBERS

MAX schedule and line number	Description	A-11 section number
SCHEDULE A	POLICY ESTIMATES OF BUDGET AUTHORITY AND OUTLAYS	81
For PY-BY+9:		
4300-5590	Discretionary budget authority	
6250-6790	Mandatory budget authority	
6890-6990	Spending authority from offsetting collections	
7xxx	Limitations (memorandum entry)	
8890	Offsetting collections (cash)	
8895	From Federal sources: Change in receivables and unpaid, unfilled orders	
8896	Adjustments to receivables and unpaid, unfilled orders from Federal	
9950	sources	
9960	Outlays from special funds (memorandum entry)	
For PY-BY+9:	Outlays from trust funds (memorandum entry)	
91xx	Outlays (except outlays under limitations)	
93xx	Outlays from offsetting collections	

MAX schedule and line number	Description	A-11 section number
97xx-98xx	Outlays from limitations	
9950	Outlays from special funds	
9960	Outlays from trust funds	

Notes:
- *MAX generates budgetary resources for discretionary programs for BY+5 through BY+9; MAX generates outlays for discretionary programs for CY-BY+9 from data input by agencies.*
- *Not required for credit financing accounts.*
- *Provide memorandum entries for outlays from end of PY balances of discretionary budget authority (lines 9122, 9322, and 9822).*

SCHEDULE C	CHARACTER CLASSIFICATION	84
For PY-BY:		
13xx-xx through 15xx-xx	Investment data	
20xx-xx	Non-investment data	

Notes:
- *MAX generates outyear data for grants to State and local governments through BY+9.*
- *MAX generates outyear data for direct Federal programs through BY+4.*
- *Not required for credit financing accounts.*

SCHEDULE D	BUDGET PLAN	86.3
For PY-BY:		
06xx-0893	Direct and reimbursable budget plan obligations	

Note: Only applies to DOD-Military.

SCHEDULE E	STATEMENT OF OPERATIONS	86.2
For PY-1-BY:		
01x1	Revenue	
01x2	Expense	
01x5	Net income or loss	
01x8	Other comprehensive income	
01x9	Total comprehensive income	

Notes: Not required for credit financing accounts.

SCHEDULE F	BALANCE SHEET	86.2
For PY-1-BY:		
1101-1999	Assets	
2101-2999	Liabilities	
3100-3999	Net position	
4999	Total liabilities and net position	

MAX schedule and line number	Description	A-11 section number
SCHEDULE G	DIRECT LOAN DATA, PRESIDENTIAL POLICY	85.10
For PY-BY+4:		
11xx-12xx	Direct loan data (liquidating and financing accounts)	
33xx	Agency debt held by the FFB	
6300	Net financing disbursements (financing accounts only)	
SCHEDULE H	GUARANTEED LOAN DATA, PRESIDENTIAL POLICY	85.10
For PY-BY+4:		
21xx-23xx	Guaranteed loan data (liquidating and financing accounts)	
6300	Net financing disbursements (financing accounts only)	
SCHEDULE I	STATUS OF CONTRACT AUTHORITY	86.8
For PY-BY:		
01xx	Balance, start of year	
02xx	Contract authority	
030x	Unfunded balance rescission proposal	
0350	Unfunded balance expiring	
0360	Adjustments in expired accounts	
04xx	Appropriation to liquidate contract authority	
0500	Offsetting collections applied to liquidate contract authority	
0600	Balance of contract authority withdrawn	
07xx	Balance, end of year	
Note: MAX generates this schedule automatically from data entered in MAX schedule P.		
SCHEDULE J	STATUS OF FUNDS	86.6
For PY-BY:		
01xx	Unexpended balance, start of year	
02xx	Cash income during the year	
05xx	Cash outgo during the year	
06xx	Adjustments	
07xx	Unexpended balance, end of year	
08xx-0900	Commitments against unexpended balance	
Note: MAX generates schedule J from data entered in MAX schedules A, N, P, and R.		
SCHEDULE K	RECEIPTS, BASELINE ESTIMATES	81
For CY-BY+9:		
0000-00	Governmental receipts:	
13xx-03	Offsetting receipts from sales of commodities, property, or assets	
1512-03	Offsetting receipts from education and training	
2004-03	All other offsetting receipts	

MAX schedule and line number	Description	A-11 section number
SCHEDULE N	DATA ON UNAVAILABLE COLLECTIONS	86.7
For PY-BY:		
0199	Balance, start of year	
02xx	Receipts	
03xx	Offsetting collections	
0400	Total: Balances and collections	
05xx	Appropriations	
0610	Unobligated balance returned to receipts	
0620	Reduction pursuant to Public Law xxx-xxx	
0799	Balance, end of year	
Note: MAX generates this schedule from data entered in MAX schedules P and R and information entered by OMB.		
SCHEDULE O	OBJECT CLASSIFICATION	83
For PY-BY:		
x111-x130	Personal services and benefits	
x210-x260	Contractual services and supplies	
x310-x330	Acquisition of assets	
x410-x440	Grants and fixed charges	
9000-x999	Other	
Note: Not required for credit financing accounts.		
SCHEDULE P	PROGRAM AND FINANCING	82
For PY-BY:		
00xx-1000	Obligations by program activity	
2140-2499	Budgetary resources available for obligation	
4000-7000	New budget authority (gross), detail	
7240-7499	Change in unpaid obligations	
8690-8700	Outlays (gross) detail	
8800-8895	Offsets	
8900-9000	Net budget authority and outlays	
9110-9202	Memorandum entries	
SCHEDULE Q	PERSONNEL SUMMARY	86.1
For PY-BY:		
xxx1	Full-time equivalent employment	
SCHEDULE R	RECEIPTS, PRESIDENTIAL POLICY	81
For PY-BY+9:		
0000-00	Governmental receipts	
13xx-03	Offsetting receipts from sales of commodities, property, or assets	
1512-03	Offsetting receipts from education and training	
2004-03	All other offsetting receipts	

MAX schedule and line number	Description	A-11 section number
SCHEDULE S	BASELINE ESTIMATES OF BUDGET AUTHORITY AND OUTLAYS	81
For CY-BY+1:		
2199	Unobligated balances (defense only)	
9994	Outlays from sequestrable unobligated balances	
For CY-BY+9:		
4300-5590	Discretionary budget authority	
6250-6790	Mandatory budget authority	
6890-6990	Spending authority from offsetting collections	
7xxx	Limitations (memorandum entry)	
8890	Offsetting collections (cash)	
8895	From Federal sources: Change in receivables and unpaid, unfilled orders	
8896	Adjustment to receivables and unpaid, unfilled orders from Federal sources	
9993	Number of beneficiaries (memorandum entry) (Applicable to four accounts with social insurance administrative expenses.)	
91xx	Outlays (except outlays under limitations)	
93xx	Outlays from offsetting collections	
97xx-98xx	Outlays from limitations	
9950	Outlays from special funds	
9960	Outlays from trust funds	
Notes:		
•	*MAX generates budgetary resources for discretionary programs automatically for BY through BY+9 and outlays for CY-BY+9 from data input by agencies.*	
•	*Not required for credit financing accounts.*	
•	*Provide memorandum entries on outlays from end of PY balances (lines 9122, 9322, and 9822).*	
•	*CY and BY spendout rates are also required.*	
SCHEDULE T	BUDGET YEAR REQUESTS IN THOUSANDS OF DOLLARS	86.4
For BY:		
1000	Net amount of budget year budgetary resources	
SCHEDULE U	LOAN LEVELS AND SUBSIDY DATA, PRESIDENTIAL POLICY	85.9
For PY-BY:		
11xx	Direct loan levels	
13xx	Direct loan subsidy data	
21xx	Guaranteed loan levels	
23xx	Guaranteed loan subsidy data	
35xx	Administrative expense data	
Note: Required for program accounts only.		
SCHEDULE Y	FEDERAL CREDIT DATA, BASELINE ESTIMATES	85.10
For CY-BY+4:		
6300	Net financing disbursement (financing accounts only)	

MAX schedule and line number	Description	A-11 section number
SCHEDULE Z	INFORMATION ON ACCOUNTS THAT SUBMIT BUDGET EXECUTION REPORTS	86.5
xxx0-01	Treasury agency symbol	
xxx0-02	Period of availability	
xxx0-03	FACTSII user ID	

Notes:

< *Required for each Treasury account that is subject to SF 133 reporting requirements during the current fiscal year.*

< *No dollar amounts are required.*

(b) *Summary of MAX line code and other changes.*

MAX LINE CODE CHANGES

MAX schedule, line code, and title		Change
Analysis of Budget Authority and Outlays (A and S)		
9111	Outlays from new authority	Modify
9121	Outlays from balances	Modify
9122	Outlays from end of PY balances	Modify
9211	Outlays from new permanent authority	Delete
9221	Outlays from permanent balances	Delete
9222	Outlays from end of PY balances of permanent authority	Delete
9400	Outlays	Delete
Character Classification (C)		
1441-01	R&D performed by colleges and universities: Direct costs	Modify
1442-02	R&D performed by colleges and universities: Indirect costs	Add
1451-xx	Scientific research performed at congressional direction	Modify
1452-xx	Scientific research at agency discretion	Modify
1453-xx	Merit-review scientific research with peer evaluation and competitive selection	Modify
1454-xx	High performance computing and communications	Delete
1461-xx	Climate change technology initiative	Modify
1462-xx	Partnership for a new generation of vehicles	Modify
1463-xx	U. S. global change research program	Modify
1464-xx	High-performance computing and communications and information technology	Modify
1465-09	Non-Federal cash support in cooperative R&D instruments	Delete
1466-09	Non-Federal non-cash support in cooperative R&D instruments	Delete
1467-09	Number of continuing active cooperative R&D instruments	Delete
1468-09	Number of new cooperative R&D instruments	Delete

MAX schedule, line code, and title		Change
Program and Financing (P)		
2250	Deficiency	Delete
2397	Deficiency	Add
4036	Rescission of unobligated balance	Modify
4065	Contingent emergency appropriation released	Add
4736	Rescission of unobligated balance (borrowing authority)	Delete
5036	Rescission of unobligated balance (reappopriation)	Delete
55xx	Discretionary advance appropriations	Add
6036	Rescission of unobligated balance	Modify
6065	Contingent emergency appropriation released	Delete
6250	Appropriation (total mandatory)	Add
6300	Mandatory reappropriations	Modify
63xx	Mandatory reappropriations	Add
6536	Rescission of unobligated balance (advance apppropriation)	Delete
6636	Rescission of unobligated balance (contract authority)	Delete
6736	Rescission of unobligated balance (authority to borrow)	Delete
69xx	Mandatory spending authority from offsetting collections	Add
4x80-6x80	Reduction pursuant to P.L. 99-177 (discretionary)	Delete
xx85	Reduction pursuant to P.L. 99-177	Modify
Statement of Operations (E)		
01x5	Net income or loss	Add
01x8	Other comprehensive income	Add
01x9	Total comprehensive income	Modify
Balance Sheet (F)		
3200	Invested capital	Delete
3400	Deficiency appropriation requirements	Delete
3500	Future funding requirements	Delete
3600	Other	Delete

OTHER CHANGES AFFECTING MAX

Policy and baseline estimates of budget authority and outlays (schedules A and S):

- You will report out-year budget authority and outlays (through BY+9) at the same level of detail as in-year budget authority and outlays.
- Agencies have the option of using MAX to automatically calculate mandatory outlays.
- You will report GRH program information; sequestrable/exempt splits; and pay/non-pay splits through BY+9 in schedule S.

Program and financing (schedule P):

- Budget authority is classified according to whether it is discretionary or mandatory, rather than current or permanent.

Status of funds (schedule J):

- MAX will automatically generate schedule J but agencies may provide additional detail on cash income and outgo.

Status of Contingent Emergency Funding (schedule V):

- Schedule V was dropped.

NEW MAX A-11 TECHNICAL REQUIREMENTS FOR FY 2001 Budget (Fall 1999)

The following recommendations represent the minimum requirements for the upcoming Budget Season:

Windows 95 or 98	Windows NT 4.0 or Better
C Year 2000 Tested 486 Processor (minimum) – Pentium Processor (recommended) C 16MB RAM C 12MB Free Hard Disk Space for New Installation C 3.5" 1.44MB Floppy Disk or CD-ROM Drive C 9600 baud (or better) Hayes compatible modem or an agency's Internet capability (***Telnet*** to the Internet). Hayes compatible 28.8 modem or better is recommended	C Year 2000 Tested Pentium Processor C 16MB RAM minimum - 32MB is Recommended C 12MB Free Hard Disk Space for New Installation C 3.5" 1.44MB Floppy Disk or CD-ROM Drive C 9600 baud (or better) Hayes compatible modem or an agency's Internet capability (***Telnet*** to the Internet). Hayes compatible 28.8 modem or better is recommended

WHAT'S NEW

About Y2K

MAX A-11 is Y2K compliant. It is in the best interest of the user to use a Y2K compliant machine. If you have question regarding the compliance of your hardware/software, contact your in-house Technical support Staff.

About Getting the Software

The MAX A-11 Software for FY 2001 will be available in October 1999 for download and installation from the MAX A-11 Web Site at:

http://www.whitehouse.gov/WH/EOP/OMB/MAX

The web site also contains general information on the status of the MAX System, MAX A-11 User's Guide, hours of operations, who to call for help, schedules, and other MAX documents. If you do not have access to the Internet you can request a copy of the software on either CD or diskette.

About Your Password

If you have not logged-on the MAX system for the Mid-Session Review, your password has been changed. You will need to contact the EOP Help Desk at 202/ 395-7370 for assistance.

About Faxing Reports via MAX A-11

The option to fax a MAX A-11 ordered report to your desktop is no longer available as of this date. You can still email the report to yourself or others and print it to a printer.

FUNCTIONAL CLASSIFICATION

The following lists the subfunction titles and codes used to classify data by subfunction in MAX schedules A, C, K, R, and S.

050 NATIONAL DEFENSE
- 051 Department of Defense-Military
- 052 Military assistance
- 053 Atomic energy defense activities
- 054 Defense-related activities

150 INTERNATIONAL AFFAIRS
- 151 International development & humanitarian assistance
- 152 International security assistance
- 153 Conduct of foreign affairs
- 154 Foreign information & exchange
- 155 International financial programs

250 GENERAL SCIENCE, SPACE AND TECHNOLOGY
- 251 General science and basic research
- 252 Space flight, research & supporting activities

270 ENERGY
- 271 Energy supply
- 272 Energy
- 273 Emergency energy preparedness
- 276 Energy information, policy & 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 service

370 COMMERCE AND HOUSING CREDIT
- 371 Mortgage credit
- 372 Postal Service
- 373 Deposit insurance
- 376 Other advancement & regulation 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 & regional development
- 453 Disaster relief & insurance

500 EDUCATIONAL, TRAINING, EMPLOYMENT, & SOCIAL SERVICES
- 501 Elementary, secondary, & vocational education
- 502 Higher education
- 504 Training & employment
- 505 Other labor services
- 506 Social services
- 509 Youth initiative

550 HEALTH
- 551 Health care services
- 552 Health research & training
- 554 Consumer & occupational health & safety

570 MEDICARE
- 571 Medicare

600 INCOME SECURITY
- 601 General retirement & disability Insurance (non social security)
- 602 Federal employee retirement & disability
- 603 Unemployment compensation

650 SOCIAL SECURITY
- 651 Social Security

700 VETERANS BENEFITS & SERVICES
- 701 Income security for veterans
- 702 Veterans education, training, & Rehabilitation
- 703 Hospital & medical care for veterans
- 704 Veterans housing
- 705 Other veterans benefits & services

750 ADMINISTRATION OF JUSTICE
- 751 Federal law enforcement
- 752 Federal litigative and judicial
- 753 Federal correctional activities
- 754 Criminal justice assistance

800 GENERAL GOVERNMENT
- 801 Legislative functions
- 802 Executive direction & management
- 803 Central fiscal operations
- 804 Central fiscal operations
- 805 Central personnel management
- 806 General purpose fiscal assistance
- 807 Social Security integrity and debt reduction
- 808 Other general government
- 809 Deductions for offsetting receipts

900 NET INTEREST
- 901 Interest on the public debt
- 902 Interest received by on-budget trust funds
- 903 Interest received by off-budget Trust funds
- 908 Other interest

920 ALLOWANCES
- 921-929 Allowances [Assigned by OMB]

SECTION 80 -- DEVELOPMENT OF BASELINE ESTIMATES

Table of Contents

80.1 Overview of requirements
80.2 General rules
80.3 Rules for discretionary spending and collections
80.4 Rules for direct spending programs
80.5 Rules for mandatory collections
80.6 Mandatory supplemental requests
80.7 Discretionary limitations on obligations

80.1 Overview of requirements.

OMB must produce baseline estimates by following the rules in section 257 of the Budget Enforcement Act of 1990 (BEA). These estimates are used for sequestration reporting purposes. 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 as noted below. Government-sponsored enterprises are not required to submit baseline estimates.

Sections 80.2 through 80.7 describe the guidelines for the development of baselines estimates. Baseline estimates are required for all programs conducted under current law. Report baseline data in the following MAX schedules:

- Schedule S (CY through BY+9) for data on budgetary resources and outlays (see section 81).
- Schedule Y (CY through BY+4) for credit liquidating and financing accounts (see section 85.10).
- Schedule K (CY through BY+9) for receipts data (see section 81).

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 (direct spending and receipts).

The classification of collections and spending follow the criteria specified in the BEA. Consult your OMB representative if you have questions concerning BEA classification.

80.2 General rules.

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.* Generally, include only supplementals associated with mandatory programs in the baseline.

- *Regulations, management initiatives, and administrative actions.* Include the effect of these, including planned regulations that are not final, in the baseline estimates, as long as they can be implemented without further legislation.

- *Reductions pursuant to a sequester order.* Reflect CY reductions resulting from sequestration in the baseline estimates without separate identification.

- *Credit programs*. Base the baseline estimates for credit programs on enacted appropriations of subsidy budget authority for direct loans and guaranteed loan commitments (see section 85).

80.3 Rules for 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, the estimates will be based 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. Special rules are provided for estimating the baseline for BY through BY+9, when no appropriations have been enacted for those years.

(a) *Current year base.*

Estimates will equal the enacted current year amounts reported in MAX schedules A and R for accounts under transmittal code 0. Exclude proposed supplementals from the estimates. Consistent with the BEA scoring rules (see Appendix A), include the effects of enacted rescissions and transfers in the current year estimates. The rescission or transfer of unobligated balances to another account will be scored as a reduction in current year budget authority. Transfers of unobligated balances into an account are scored as increases in budget authority in the receiving account. Budgetary resources must be separated into sequestrable and exempt (from sequester) components. Each of these components, except those related to spending authority from offsetting collections, must be separated into pay-related and non-pay portions.

(b) *BY through BY+9 baseline estimates.*

In most cases, baseline estimates of budgetary resources will equal the most recent full year appropriation (generally the CY level), adjusted for anticipated inflation using factors supplied by OMB.

Special adjustments are required for assumptions about expiring housing contracts and social insurance administrative expenses. 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), report estimates of the beneficiary population in MAX schedule S on line 9993. Affected agencies should contact their OMB representative for guidance in developing estimates for expiring housing contracts.

Use the instructions in subsections (c) and (e) below for accounts with advance appropriations and for offsetting collections credited to appropriations accounts.

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.

MAX will automatically calculate the baseline estimates, discretionary budgetary resources (except offsetting collections), and outlays (including outlays financed by offsetting collections) in MAX schedule S based on:

- The level of CY budgetary resources entered into MAX by agencies;
- Outlays from end of PY balances entered into MAX by agencies;
- CY and BY spendout rates entered into MAX by agencies; and
- Pay-related and non-pay deflators entered into MAX by OMB.

Section 81.2 and exhibits 81B and 81C explain how to enter information on outlays from end of PY balances and spendout rates into MAX.

(c) *Advance appropriations.*

If an advance appropriation has been provided, and the budgetary resources provided were clearly intended to fund all of the account's activities or if the advance appropriation exceeds the current year appropriations level, then 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 estimates for the remaining years, using the rules described in (b) above.

If an advance appropriation is clearly intended to fund only a portion of the account's activities, it should be ignored, and the baseline should be estimated using the CY level as the base.

Affected agencies should consult with their OMB representative for guidance.

(d) *Discretionary credit accounts.*

The OMB subsidy model will inflate CY subsidy budget authority using the annual adjustment factor for non-pay costs from the economic assumptions for the budget. Subsidy outlays will be derived 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 will compute the subsidy rate using the economic assumptions for the budget. (See section 85.4 for instructions on calculating baseline subsidy estimates, including programs with negative subsidies.) Baseline direct loan obligations and guarantee commitments will not be collected.

(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, the estimates will 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. The CY amount should be inflated by account to derive the budget authority for BY through BY+9.

(g) *Accounts with negative budget authority in the CY.*

If the budget authority for an account is negative in the CY, the budget authority for BY through BY+9 will be estimated as zero. If the account has negative budget authority in the CY because it is credited with discretionary offsetting collections and the collections exceed the discretionary appropriation provided to the account, the net budget authority of zero for BY through BY+9 will be assumed to be composed of the "best guess" of offsetting collections under current law and an equal amount of new discretionary budget authority. Net outlays will equal the outlays estimated to result from the total spending authority for the account offset by any anticipated collections.

80.4 Rules for direct spending programs.

The BEA requires the estimates for permanent budgetary resources and for appropriated entitlements to reflect the level of activity anticipated under current law, using the economic and technical assumptions that are used for the Presidential policy estimates. The effect of changes to programs and activities directed by already enacted legislation (such as a change in a benefit formula that becomes effective in BY+2) should be included in the year that the changes become effective. The following special rules apply:

- *Expiring authorizations*. Programs that would expire under current law must be assumed to expire, with one exception. If CY outlays are greater than $50 million, assume the program will continue at current levels. However, an expiring provision of law (in contrast to the entire program) is assumed to expire if that assumption would 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.

Agencies affected by these exemptions should contact their OMB representative for guidance.

80.5 Rules for mandatory collections.

Estimates of governmental receipts, offsetting receipts, and offsetting collections credited to an appropriation account that is not classified as discretionary should be based on current law. Note that collections affected by Federal pay rates should also be based on current law (i.e., FEPCA pay rates), not on the levels of compensation assumed in the baseline for the pay portion of discretionary accounts. The estimates should also assume that expiring provisions of law providing collections will expire, except that provisions providing for excise taxes dedicated to a trust fund will be assumed to continue at current levels.

80.6 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, the spendout of current year budget authority should be reflected, as appropriate, over the period BY through BY+9.

80.7 Discretionary limitations on obligations.

Where limitations are established, including those established to report the effect of reductions pursuant to the G-R-H law, as amended (see section 81.4) provide baseline estimates of limitations for CY through BY+9. Baseline estimates are not required for credit limitations because these limitations are not sequestrable.

SECTION 81 -- POLICY AND BASELINE ESTIMATES OF BUDGET AUTHORITY, OUTLAYS, AND RECEIPTS (MAX SCHEDULES A, S, R, AND K)

Table of Contents

81.1 Overview
81.2 Automatic calculations and relationships with other schedules
81.3 Data classifications used to report data
81.4 Line number coding for schedules A, S, R, and K

Ex-81A Relationships Between MAX Schedules A, K, P, R, and S
Ex-81B Setting Up Outlay Calculations
Ex-81C Setting Up Outlay Calculations – Resource with Multiple Spendout Rates
Ex-81D Automatic Generation of Discretionary Outlays in MAX Schedule A

Summary of Changes

Allows agencies to use MAX's automatic outlay generation feature to calculate mandatory outlays (section 81.2).

Requires GRH program information; sequestrable/exempt splits; and pay/non-pay splits in schedule S through BY+9 (section 81.3).

Requires out-year budget authority and outlays to be reported at the same level of detail as in-year budget authority and outlays (section 81.4).

No longer requires agencies to classify outlays according to whether they are current or permanent (section 81.4).

81.1 Overview.

MAX contains detailed information on budgetary resources, outlays, and receipts for presidential policy (MAX schedules A and R) and baseline (MAX schedules S and K). Presidential policy data covers the period PY through BY+9; baseline data covers the period CY through BY+9. MAX schedules A and S are used to report on budget authority and outlays; MAX schedules R and K are used to report on receipts. OMB uses this information to prepare the budget documents. The baseline estimates are also used for scoring PAYGO legislation under the Budget Enforcement Act (BEA).

In addition to information on budgetary resources and outlays, schedules A and S contain spend-out rates and other data needed to automatically generate outlays for selected programs.

Policy estimates for PY through BY must be consistent with program and financing data in MAX schedule P (see section 82). Use the guidance in section 30.2 and 35 to develop the policy estimates. Use the guidance in section 80 to develop the baseline estimates.

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") included in the budget unless specifically requested by OMB.

Sections 81.3 through 81.4 explain how you report data in MAX schedules A, S, R and K.

81.2 Automatic calculations and relationships with other schedules.

Exhibit 81A summarizes the relationships between MAX schedules A, K, P, R, and S and the data that are automatically generated.

(a) *Automatic calculations in MAX schedules A, S, R, and K and data loaded from Treasury.*

(1) *Outlays.* MAX automatically calculates *discretionary outlays (policy and baseline)* in schedules A and S for CY through BY+9 based on:

- The levels of budgetary resources reported.
- Spendout rates.
- Outlays from end of PY balances.

You input outlays from end of PY balances as memorandum entries in MAX schedule S, and report spendout rates in MAX schedules A and S 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 exhibits 81B and 81C). MAX uses this information to automatically generate the outlays from balances that are reported on line 9x21 of MAX schedules A and S. 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, automatically generated discretionary outlay amounts cannot be overridden.

For the FY 2000 budget, you will also have the option of using MAX’s automatic outlay generation feature to calculate *mandatory outlays.* If you enter spendout rates in MAX schedule S for mandatory resources, MAX will automatically generate the outlays in schedule S (baseline) and copy them to schedule A (policy). Remember to include information on outlays from end of PY balances if you use the automatic feature. The automatically generated mandatory outlay amounts can be overridden in schedule S.

If you want to generate separate discretionary outlays for certain programs within an account, report the budget authority and corresponding outlays from end of PY balances using a line sequence number in the range, 40-79, as explained in the MAX A-11 User’s Guide.

(2) *Budget authority.* MAX automatically calculates *discretionary policy budget authority* in schedule A for BY+5 through BY+9 based on information input into MAX by OMB. MAX also automatically calculates *discretionary baseline budget authority* (except spending authority from offsetting collections) in schedule S for BY through BY+9 based on the CY budgetary resources entered by the agency and inflation factors entered into MAX by OMB. Unlike other types of discretionary budgetary resources, for

spending authority from offsetting collections, you must enter discretionary baseline estimates directly into schedule S for CY through BY+9. MAX will calculate discretionary baseline outlays based on the spendout rates and outlays from end of PY balances you input into MAX.

(3) *Receipts.* Past year data will be loaded into schedule R from Treasury data. These amounts cannot be overridden.

(b) *Data copied by MAX from one schedule to another.*

(1) *From schedule S to schedule A.* MAX automatically copies the following data from schedule S (baseline) to schedule A (policy):

- Mandatory budgetary resources (budget authority and limitations) for CY through BY+9.
- Mandatory outlays for CY through BY+9.
- Memorandum information on outlays from end of PY balances (lines 9x22)

To change the policy estimates for these entries, you must revise the baseline estimates. Because of the automatic copy feature, you may wish to enter or revise data in MAX by updating schedule S before updating schedule A.

(2) *From schedule K to schedule R.* MAX automatically copies the mandatory baseline receipts data (offsetting and governmental) you enter in schedule K to schedule R. To change the policy estimates, you must revise the baseline estimates. Because of the automatic copy feature, you should update schedule K before schedule R.

(3) *From schedule A to schedule P.* MAX aggregates gross outlay data from schedule A and copies it to lines 86xx in the program and financing schedule (see section 82.6 and exhibit 82B**)**. To change amounts on lines 86xx in schedule P, you must change the outlay data in schedule A. Because of the automatic copy feature, schedule A must be updated before you can complete schedule P.

81.3 Data classifications used to report data.

In schedules A, S, R, and K, you report data through BY+9 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, you choose the appropriate line number, BEA category, and other classifications from a list provided on the MAX screen. In schedules A and S, you may make non-print notations on stub entries to document information reported (e.g., to clarify the nature of data entered when multiple lines of the same type are used). (See the MAX A-11 User's Guide for details.)

You must provide additional GRH program information in schedule S for CY through BY+9 for the accounts and programs indicated in the table below. This information is needed to calculate the sequestrable budget authority and outlays for accounts that are subject to special sequestration rules under the BEA. The rules specify the maximum sequester that can be applied to these accounts and the method for calculating the maximum sequester. Use the special code only for the portion of the account that is subject to the special rule.

For example, the maximum sequester for the mandatory portion of Medicare is 4%. The budget authority and outlays that are subject to this limit should be entered on lines coded 52, divided between the sequestrable 4% amount and the 96% that is exempt because of the special rule.

DATA CLASSIFICATIONS FOR MAX SCHEDULES A, S, R, AND K

Classification	Description	Applicability
SCHEDULE	Alpha character designation of the type of schedule in the MAX budget system.	All schedules. Appears at the beginning of each schedule.
LINE NUMBER	Represents the 4-position line number of the data reported for schedules A and S (as specified in section 81.4). For schedules K and R, the line number is a 6-position code (xxxx-xx) indicating the character classification code (see sections 81.4 and 84.4). Governmental receipts are reported on line "0000-00".	All schedules. Appears on each line for which data are provided.
SUBFUNCTION	For accounts having a single subfunctional classification, data can be entered without specifying the subfunction; for these accounts, the subfunction designation is automatically provided by MAX. For multifunction accounts, you must enter data under each of the appropriate subfunctions.	Schedules A, K, R, and S.
GRH PROGRAM INFORMATION	For expenditure accounts, you must enter the GRH program code; for receipt accounts, MAX automatically provides the GRH program code. **Agency** **Line Code*** *Department of Education:* Federal family education loan program account (91-0231).....31 *Department of Health and Human Services:* Foster care and adoption assistance (75-1545).....41 Medicare, amount subject to 4% sequester limit.....52 Other health programs, amount subject to 2% sequester limit.....62 *Department of Veterans Affairs:* Medical care (36-0160), amount subject to 2% sequester limit.....62	Schedules K and S

Classification	Description	Applicability
	Automatic Spending Increase (ASI) Accounts: Amount subject to special rule sequester.....22 *Default value*.....01 *Internal OMB code	
BUDGET ENFORCEMENT CATEGORY/ SUBCATEGORY/ JURISDICTION/ USER FEE INDICATOR	Indicates: • BEA category (i.e., discretionary, mandatory, net interest, governmental receipt); C Subcategory (i.e., emergency, user fees, asset sales, third scorecard, modification to a mandatory account, violent crime, highway, mass transit); • Jurisdiction (appropriations or authorizing committee); and • Whether the amount is a user fee. Applies to all line entries except the following memorandum entries: • Number of beneficiaries (line 9993). • Outlays from special funds (line 9950). • Outlays from trust funds (line 9960). In most cases, if an account is classified as discretionary under the BEA, you classify any spending authority from offsetting collections, the offsetting collections from which they are derived (lines 8890, 8895, and 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. Obtain prior OMB approval if you want to split the data reported on these lines between discretionary and mandatory classifications.	Schedules A, K, R and S
Applicable categories:	All discretionary resources are under the jurisdiction of appropriations committees. The classification for mandatory resources differentiates between appropriations and authorizing committee jurisdiction. Report data by the categories listed below. Multiple entries are required when budgetary resources and the resulting outlays are classified in more than one BEA category/ subcategory/ jurisdiction/ user fee indicator.	
Discretionary	This is the generic category for discretionary and includes: • Spending authority that requires appropriations committee action and the associated outlays; and	

Classification	Description	Applicability
	• Receipts made available through action by appropriations committees in discretionary accounts. It excludes other discretionary categories described below.	
Discretionary, user fees	Portion of discretionary amounts that include user fees. This coding applies to: • Offsetting collections credited to an appropriation or fund account (line 8890) in MAX schedules A and S. • Offsetting receipts in schedules R and K.	
Discretionary, emergency	Emergency funding (i.e., funding that is proposed to be designated as emergency by the President and the Congress in statute) that is included in appropriations committee discretionary amounts. Use this only for new emergency funding proposed in the budget. *Use only with OMB approval.*	
Discretionary, asset sales	Asset sales that are enacted in an appropriation act that cannot be counted for BEA scoring , i.e., those where the net financial cost to the Government is a loss (see Appendix A, rule 15). *Use only with OMB approval.*	
Discretionary, modification of a mandatory account	Appropriations action modifying spending authority or receipts in an otherwise mandatory account. Not applicable to baseline estimates. *Use only with OMB approval.*	
Discretionary, highway	Programs under the discretionary highway category of the BEA, as amended by the Transportation Equity Act for the 21st Century (P.L. 105-178). Classify amounts in excess of the highway category spending cap in the general "discretionary" category, not as "discretionary, highway."	
Discretionary, mass transit	Programs under the discretionary mass transit category of the BEA, as amended by the Transportation Equity Act for the 21st Century (P.L. 105-178). Classify amounts in excess of the mass transit category spending cap in the general "discretionary" category, not as "discretionary mass transit."	
Discretionary, violent crime reduction fund	Programs funded from the Violent crime reduction trust fund, established by Title XXXI of the Violent Crime Control and Law Enforcement Act of 1994.	
Mandatory, appropriations committee	This is the generic category for mandatory under appropriations committee jurisdiction. Includes spending authority, outlays, and receipts that are classified as mandatory under the BEA and are under appropriations committee jurisdiction. Excludes amounts classified in discretionary categories, other mandatory categories, net interest, and governmental receipts.	

Classification	Description	Applicability
Mandatory, authorizing committee	This is the generic category for mandatory under authorizing committee jurisdiction. It includes spending authority, outlays and receipts that are classified as mandatory under the BEA and are under authorizing committee jurisdiction. It excludes amounts classified in the other categories listed. Most mandatory receipts are classified as mandatory, authorizing committee.	
Mandatory, user fees, appropriations committee	User fees included in a mandatory account under appropriations committee jurisdiction. This coding applies to offsetting collections credited to an appropriation or fund account (line 8890) in schedules A and S, and to offsetting receipts in schedules R and K.	
Mandatory, user fees, authorizing committee	User fees included in a mandatory account under authorizing committee jurisdiction. This coding applies to offsetting collections credited to an appropriation or fund account (line 8890) in schedules A and S and to offsetting receipts in schedules R and K.	
Mandatory, emergency appropriations committee	Emergency funding (i.e., funding that is proposed to be designated as emergency by the President and the Congress in statute) included in a mandatory account under appropriations committee jurisdiction. *Use only with OMB approval.*	
Mandatory, emergency, authorizing committee	Emergency funding (i.e., funding that is proposed to be designated as emergency by the President and the Congress in statute) in a mandatory account under authorizing committee jurisdiction. *Use only with OMB approval.*	
Mandatory, asset sales, authorizing committee	Asset sales that are enacted in an authorization act that cannot be counted for BEA scoring (i.e., those where the net financial cost to the Government is a loss (see Appendix A, rule 15). *Use only with OMB approval.*	
Mandatory, third scorecard, appropriations committee	Proposed legislative changes to mandatory budget authority, outlays, or receipts under appropriations committee jurisdiction that are not scored as PAYGO or subject to discretionary limits under the BEA. Includes changes that are "level of effort" changes, or when the level of receipts is dependent upon the amount of annual appropriations. *Does not apply to schedules K or S.*	
Mandatory, third scorecard, authorizing committee	Proposed legislative changes to mandatory budget authority, outlays, or receipts under authorizing committee jurisdiction that are not scored as PAYGO or subject to discretionary limits under the BEA. *Does not apply to schedules K or S.*	
Net interest	Interest included in the net interest function. Applies to budget authority, outlays, and offsetting receipts in function 900.	

Classification	Description	Applicability
Net interest, third scorecard	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. *Does not apply to schedules K or S.*	
Governmental receipts	Receipts classified as governmental in schedules K and R. It excludes other receipt categories described below.	
Governmental receipts, third scorecard	Proposed legislative changes to governmental receipts under authorizing committee jurisdiction that are not scored as PAYGO or subject to discretionary limits under the BEA. *Does not apply to schedule K.*	
Discretionary, modification of Governmental receipts	Appropriations action modifying governmental receipts. Does not apply to schedule K. *Use only with OMB approval.*	
Governmental receipts, user fees	User fees that are included in governmental receipt accounts. Applies to governmental receipts in schedules R and K.	
Discretionary, modification of Governmental receipts, user fees	Appropriations action modifying Governmental receipts, user fees. *Does not apply to schedule K. Use only with OMB approval.*	
SEQUESTRABLE/ EXEMPT	Used to compute BEA sequesters. Indicates whether amounts are sequestrable or exempt. Applies to: C Budget authority; • Unobligated balances (for defense only); • Limitations; and • Outlays. ***Sequestrable*** means amounts not exempted by any provision of the BEA and therefore, subject to a uniform percentage reduction, elimination of an automatic spending increase, or reduction under special rules. Applies to spending authority from non-voluntary offsetting collections from non-Federal sources. ***Exempt*** means amounts not subject to any reduction because the program, account, or resource type is specifically exempted by the BEA or other laws. The exempt category includes: • Spending authority from offsetting collections from Federal sources; • Spending authority from voluntary offsetting collections from non-Federal sources for goods and services; and • Outlays from prior balances or from prior limitations for non-defense accounts.	Schedule S

Classification	Description	Applicability
CIVILIAN PAY/ MILITARY PAY/ NON-PAY	Indicates whether amounts are used to fund personnel compensation or other activities. Applies to baseline budget authority (except spending authority from offsetting collections) and limitations. ***Civilian pay*** means the amount of new budgetary resources used to fund civilian personnel compensation, 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 pay 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.	Schedule S

81.4 Line number coding for schedules A, S, R, and K.

(a) *Budgetary resources.*

The line numbers indicate the type of budgetary resource and whether it is discretionary or mandatory. The following table indicates the line numbers used to report budgetary resources.

BUDGETARY RESOURCES

Entry	Description	Applicability*
2199	***Sequestrable unobligated balances (defense only)***. Report the sequestrable unobligated balances of budgetary resources that became available in previous years. Use only for accounts in function 050, national defense. Amounts reported on line 2199 should be consistent with the sum of entries on lines 21xx of the program and financing schedule.	Schedule S for CY-BY+1 only.
4300-5590	***Discretionary budget authority.*** Use total lines (lines 4300, 4790, 4990, 5300, 5590) to report the appropriate amounts from the program and financing schedule for each applicable type of authority (see section 82.4).	Schedules A and S
6250-6790	***Mandatory budget authority.*** Use total lines (lines 6250, 6390, 6490, 6590, 6690, or 6790) to report the appropriate amounts from the program	Schedules A and S

Entry	Description	Applicability*
	and financing schedule for each applicable type of authority (see section 82.4).	
6890	***Discretionary spending authority from offsetting collections.*** Use line 6890 to report the appropriate amounts from the program and financing schedule (see section 82.4).	Schedules A and S
6990	***Mandatory spending authority from offsetting collections.*** Use line 6990 to report the appropriate amounts from the program and financing schedule (see section 82.4).	Schedules A and S
7xxx	***Limitations* -- memorandum entry.** Includes enacted or proposed limitations on administrative expenses and de facto limitations established as a result of sequestration under the BEA. Also includes limitations on obligations enacted in authorizing legislation for certain transportation programs in the absence of limitations enacted in appropriations acts. See section 81.4(b) for the coding scheme for limitations. Mandatory budget authority that is subject to a discretionary limitation on obligations set in an appropriations act is scored as discretionary budget authority rather than as a limitation for all affected accounts except trust fund accounts in the Department of Transportation. Baseline data are not required for loan limitations.	Schedules A and S
9993	***Number of beneficiaries (in thousands)* -- memorandum entry.** Report 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 generate discretionary baseline budget authority for administrative expenses for these programs.	Schedule S
	General notes on budgetary resources: • *MAX automatically copies mandatory baseline budgetary resources entered in schedule S for CY through BY+9 to schedule A.* • *MAX automatically calculates baseline estimates for discretionary budgetary resources for BY-BY+9 (except spending authority from offsetting collections).* • *MAX automatically calculates policy estimates for discretionary budgetary resources for BY+5-BY+9.* • *You may report discretionary budget authority and associated outlays for certain programs within an account separately from other similar programs. If you report budget authority using a line sequence number (see MAX A-11 User's Guide) in the range, 40-79, separate outlay data will be generated.*	

* Do not report baseline data (schedule S) for the PY.

(b) *Limitations*.

MAX includes data on limitations:

- For selected accounts where limitations on administrative expenses are enacted or proposed; and
- Where de facto limitations are established as a result of sequestration under the BEA.

The line numbers distinguish between types of limitations (e.g., limitation on program level, direct loan) and indicate the amount of the limitation and the associated outlays.

Budget year limitation amounts should correspond to the limitation language presented in the budget for the budget year. Current year presequester limitation amounts should correspond to the enacted limitation language printed in the budget. For accounts with limitations on direct loan obligations and loan guarantee commitments, the limitation amounts should tie to the amounts reported in MAX schedules G and H through BY+4 (see section 85.10).

When more than one limitation is applicable, report each one separately. Generally, limitation amounts are shown on a presequester basis, and the effects of any reductions pursuant to the BEA are reported separately. Show defacto limitations as if they were in place before the sequester. De facto limitations resulting from sequestration of the BEA law will be reported only for PY and CY, as applicable.

Credit limitations should be reported in the program account. Baseline data on credit limitations are not required because these limitations are not sequestrable.

Permanent budget authority that is subject to a discretionary limitation on obligations set in an appropriations act is scored as discretionary budget authority rather than as a limitation for all affected accounts, except trust fund accounts within the Department of Transportation.

The following table indicates the line numbers used to report limitations.

LIMITATIONS

Entry	Description	Applicability*
Xxxx	For the first digit, use: • "7" to indicate the amount of the limitation; or • "9" to report the outlays associated with the limitation. *Note: Outlays are not required for limitations on loan guarantee commitments.*	Schedules A and S

Entry	Description	Applicability*
xXxx	For the second digit, use: C "0" to report the amount of the limitation; • "9" to report BEA reductions in limitations (other than reductions in credit limitations and defacto limitations); • “7" to report *outlays* from new limitations (i.e., from a limitation in the year the limitation is enacted or proposed); or • “8" to report *outlays* from prior limitations (i.e., from limitation that were enacted in prior years. *Note: Show outlays from limitations on a post-sequester basis.*	Schedules A and S
xxXx	The third digit denotes whether or not the limitation was established as a result of the BEA. For the third digit, use: • "0" to indicate the limitation was not established as a result of the BEA; or • “1" to indicate de facto limitations established as a result of the BEA. *Note: For outlays, use “0" in all cases.*	Schedules A and S
xxxX	The fourth digit identifies the specific limitation pertaining to the account and will be assigned by OMB as follows: C 1 through 5 -- limitation on administrative and other expenses. • 6 -- limitation on program level (obligations). • 7 -- limitation on direct loan activity. • 8 -- limitation on loan guarantee commitments. • 9 -- reserved for OMB use.	Schedules A and S except for xxx7 and xxx8, which are only applicable to schedule A.
	General notes on limitations: • *OMB approval is required for reporting discretionary limitations on administration expenses and on program level (obligations).* • *Present any supplemental request involving limitations in a schedule under a separate transmittal code, even if a separate program and financing schedule is not required.*	

*Do not report baseline data (schedule S) for the PY.

(c) *Offsets.*

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 (lines 6890 or 6990). The following table indicates the line numbers used to report offsets.

OFFSETS

Entry	Description	Applicability*
8890	***Total offsetting collections (cash)***. The amount of cash credited to the appropriation or fund account. Exclude the change in receivables and unpaid, unfilled orders from Federal sources, which is reported on line 8895. For PY through BY this equals the total offsetting collections (lines 8800 through 8845) in the program and financing schedule.	Schedules A and S
8895	***From Federal sources: Change in receivables and unpaid, unfilled orders***. The change (increase (+) or decrease (-)) in receivables and unpaid, unfilled orders from Federal sources from the start to the end of year. For PY through BY, this equals line 8895 in the program and financing schedule.	Schedules A and S
8896	***Adjustment to receivables and unpaid, unfilled orders from Federal sources.*** Report the net adjustments (upward (-) or downward (+)) to receivables and unpaid, unfilled orders from Federal sources. Use only for the PY. This line equals line 8896 in the program and financing schedule.	

* Do not report baseline data (schedule S) for the PY.

(d) *Outlays.*

The line numbers indicate the source of the outlays as follows:

- New budget authority or balances of budget authority made available in prior years;
- New limitations or balances of limitations from prior years; or
- Spending authority from offsetting collections.

For discretionary programs, you must report outlays from end of PY balances as memorandum (non-add) entries in schedule S through BY+9. MAX will automatically copy this information to schedule A and use it (along with the spendout rates you provide) to calculate discretionary policy and baseline outlay estimates. Specifically, data entered for these memorandum entries (lines 9122, 9322, or 9822) will be used to calculate

the corresponding outlays from balances (lines 9121, 9321, and 98xx). If you enter these data for mandatory programs, along with spendout rates, outlays will also be automatically calculated. However, you may override and change the automatically calculated mandatory outlays.

In schedule A, the total gross outlays reported for PY through BY (i.e., the sum of lines 91xx through 98xx, excluding memorandum entries) must be consistent with those reported in MAX schedule P on line 7320. The distribution of PY outlays between those from new budget authority and those from balances of prior authority should be available from accounting records. The distribution of CY through BY+9 outlays between those from new budget authority and those from balances will be estimated based on experience in the timing of outlays for the respective obligations.

For special and trust funds, you must report total gross outlays through BY+9 on memorandum (non-add) lines in schedules A and S.

The following table indicates the line numbers used to report outlays.

OUTLAYS

Entry	Description	Applicability*
9111	***Outlays from new authority.*** The outlays from new budget authority for that year. These outlays may not exceed the sum of budget authority entries in the program and financing schedule (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.	Schedules A and S
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 9221 may not exceed balances at the start of the year (lines 21xx and 72xx of schedule P), plus or minus adjustments in those balances during the year (lines 2221, 2222, 7331, 7332, and 7340 of schedule P). Exclude outlays from prior limitations reported on line 98xx and outlays from balances of spending authority from offsetting collections reported on line 9321. In schedule S, all outlays from prior year balances of non-defense accounts are classified as exempt from	Schedules A and S

Entry	Description	Applicability*
	sequester. For defense accounts, report outlays from sequestrable unobligated balances on line 9994 in schedule S, as appropriate.	
9122	***Outlays from end of PY balances* -- memorandum entry**. 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. Exclude outlays from end of PY balances of prior limitations, which are reported on line 9822, and outlays from end of PY balances of prior spending authority from offsetting collections, which are reported on line 9322. MAX will automatically copy the data entered in schedule S to schedule A and use it to calculate discretionary outlays from balances on line 9121.	Schedules A and S
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 of the program and financing schedule for that year.	Schedules A and S
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.	Schedules A and S
9322	***Outlays from end of PY balances of spending authority from offsetting collections* -- memorandum entry**. 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. 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 will automatically copy the data entered in schedule S to schedule A and use it to calculate discretionary outlays from balances on line 9321.	Schedules A and S

Entry	Description	Applicability*
97xx	***Outlays from new limitations.*** The outlays from new limitations (i.e., outlays from limitations in the year the limitations were enacted or proposed). Include outlays from spending authority from offsetting collections that are controlled through new limitations.	Schedules A and S
98xx	***Outlays from prior limitations.*** The outlays from prior limitations (i.e., outlays from limitations that were enacted in prior years). Include outlays from spending authority that are controlled through prior limitations. In schedule S, classify outlays from prior limitations as exempt from sequester.	Schedules A and S
9822	***Outlays from end of PY balances of prior limitations* – memorandum entry.** The outlays that will occur each year (CY-BY+9) from balances of limitations that were enacted prior to the current year. Do not report outlays from limitations enacted or proposed for CY through BY+9. Exclude outlays from end of PY balances of budget authority, which are reported on line 9122 and outlays from end of PY balances of spending authority from offsetting collections which are reported on line 9322. MAX will automatically copy the data entered in schedule S to schedule A and use it to calculate discretionary outlays from prior limitations balances on line 98xx.	Schedules A and S
9950	***Outlays from special funds*–memorandum entry.** The total gross outlays from special fund budget authority.	Schedules A and S
9960	***Outlays from trust funds*–memorandum entry.** The total gross outlays from trust fund budget authority.	Schedules A and S
9994	***Outlays from sequestrable unobligated balances* -- memorandum entry.** Report only for accounts in function 050, national defense.	Schedule S for CY-BY+1 only.
	General notes on outlays: • *Report outlays from offsetting collections that are controlled through limitations under the appropriate limitation lines (lines 97xx, 98xx), rather than on line 93xx.* • *Gross outlays in schedule A will be aggregated and copied to the appropriate lines (86xx) schedule P.*	

Entry	Description	Applicability*
	• *Outlays for limitations will be identified by entering in the stub title the 4-digit code "970X" (outlays from new limitations) or "980X" (outlays from prior limitations), where X indicates the specific limitation involved.* • *MAX automatically copies mandatory outlays entered in schedule S to schedule A.* • *MAX automatically calculates discretionary outlays in schedules A and S based on the levels of budgetary resources reported, spendout rates, and outlays from end of PY balances.*	

*Do not report baseline data (schedule S) for the PY.

(e) *Receipts data*

You must report data on all collections deposited in receipt accounts (i.e., governmental 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. The following table indicates the line numbers used to report receipts:

RECEIPTS

Entry	Title	Description	Applicability*
0000-00	*Governmental receipts*	Report all receipts classified as governmental (see section 20.7)	Schedules K and R
	Offsetting receipts	Report all offsetting receipts based on the character classification of the receipts (see section 85.4). *Most offsetting receipts will be reported on line 2004-03.*	Schedules K and R
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		

*Baseline data (schedule K) are not reported for the PY.

Relationships Between MAX Schedules A, K, P, R, and S

Relationships between some MAX schedules have implications for the way in which users revise data in the MAX data base. This explanation provides some basic tips for updating MAX, based on the way data are automatically copied by MAX from one schedule to another. Although there are many ways to revise the data base, the following approach takes advantage of the automatic copy features in MAX.

In updating the data base, agencies usually complete the PY column before entering data for CY and beyond. As a general rule, users should update PY data in schedule P and, since some schedule A data are automatically copied to schedule P, revise the PY column of schedule A before updating other data. For CY through BY+9, users should revise schedule S before updating schedule A, since some schedule A data are automatically copied from schedule S. Likewise, since some schedule K data are copied to schedule R, schedule K should be updated before schedule R.

MAX schedule P (Program and financing schedule)

For PY:

—PY outlays are automatically loaded into the net outlays line (line 9000) from the *Treasury Annual Report Appendix*.[1]

—Other PY data (e.g., start and end of year unobligated and obligated balances, etc.) should be consistent with the corresponding data reported to Treasury.

—The PY end of year balances are copied to the CY column and provide a good starting point for beginning to revise the detail in this column. Note that gross outlay data for schedule P (lines 86xx) are imported from schedule A; they cannot be entered directly in schedule P.

Before updating CY and BY, agencies may wish to revise schedules S and A, as follows.

MAX schedule S (Baseline budget authority and outlays)

For CY–BY+9:

—Mandatory baseline budget authority, limitations, and outlays reported under transmittal code 0 must be entered in schedule S and are automatically copied to schedule A.

—MAX calculates discretionary baseline budget authority and outlays through BY+9. Agencies must enter CY discretionary budgetary resources, CY and BY spendout rates, and outlays from end of PY balances of discretionary budgetary resources to generate discretionary baseline estimates.

—Outlays from end of PY balances of budgetary resources (lines 9x22) are automatically copied to schedule A. MAX uses these data to calculate amounts for discretionary outlays from balances (lines 9x21) in both schedules A and S.

—Agencies have the option of using MAX to calculate mandatory baseline outlays through BY+9. Agencies must enter the mandatory budgetary resources for CY through BY+9, CY and BY spendout rates, and outlays from end of PY balances of mandatory resources (9x22) to generate mandatory baseline outlays.

MAX schedule A (Policy budget authority and outlays)

For PY:

—Data for mandatory and discretionary policy estimates will be entered directly into schedule A.

For CY–BY+9:

—Mandatory policy estimates in schedule A are automatically copied from schedule S; to revise amounts in schedule A, the amounts must be changed in schedule S.[2]

—MAX calculates discretionary policy budget authority for BY+5 through BY+9.

—MAX calculates discretionary policy outlays through BY+9. Agencies must enter discretionary budgetary resources for CY–BY+4, and CY and BY spendout rates. Outlays from end of PY balances of discretionary resources (lines 9x22) must be entered in schedule S, are automatically copied to schedule A, and are used to calculate discretionary policy outlays from balances (lines 9x21).

For PY–BY:

—Outlay data reported in schedule A will be automatically copied to lines 86xx in schedule P.

MAX schedule K (Baseline receipts)

For CY–BY+9:

—Mandatory current law baseline receipts (offsetting and governmental) must be entered in schedule K under transmittal code 0 and are automatically copied to schedule R.

—Other baseline receipts entered in schedule K are not copied to schedule R.

MAX schedule R (Policy receipts)

For PY:

—PY receipt data are automatically loaded in receipt accounts from Treasury data.[1]

For CY–BY+9:

—Mandatory current law policy receipts (offsetting and governmental) in schedule R are automatically copied from schedule K; to revise amounts in schedule R, the amounts must be changed in schedule K.[2]

—Other policy receipts can be entered directly in schedule R.

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[1] PY data on these lines cannot be revised by agencies. If an agency does not agree with the net outlay or receipt amounts loaded into MAX, an explanation of the difference should be submitted to the agency's OMB representative.

[2] Applies to transmittal code 0 only. Data for other transmittal codes are entered directly in schedules A or R, as appropriate.

Setting Up Outlay Calculations

S-4300 01 Appropriation
(total)
Discretionary

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Spendout Rates [1]	5.155	44.43	20.16	13.87	10.88	2.85
BY Spendout Rates [2]	10.12	54.13	20.10	10.83	1.50	1.32

	Year 7	Year 8	Year 9	Year 10	Year 11	Total [3]
CY Spendout Rates [1]	1.15	.75	.50	.25	.005	100.0
BY Spendout Rates [2]	1.05	.90	.05	...	...	100.0

S-6890 01 Spending authority
from offsetting collections
(total)
Discretionary

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Spendout Rates [1]	100.0	...	...	...	...	...
BY Spendout Rates [2]	95.0	5.00	...	...	...	...

	Year 7	Year 8	Year 9	Year 10	Year 11	Total [3]
CY Spendout Rates [1]	...	...	...	...	...	100.0
BY Spendout Rates [2]	...	...	...	...	...	100.0

[1] Enter the spendout rates for the discretionary resources provided in the current year. For this purpose, Year 1 represents CY, Year 2 represents BY, etc. Spendout rates must be provided for each discretionary budgetary resource. *Amounts will be reported as percentages, with the option to include up to six decimal places.*

[2] Enter the spendout rates for the discretionary resources provided in the budget year. For this purpose, Year 1 represents BY, Year 2 represents BY+1, etc. Spendout rates must be provided for each discretionary resource. *Amounts will be reported as percentages, with the option to include up to six decimal places.*

[3] Spendout rates should total 100 percent unless the budget authority does not spend out within eleven years; the total should never exceed 100 percent.

Note: Agencies have the option of using MAX to automatically calculate mandatory outlays.

Setting Up Outlay Calculations—Resource with Multiple Spendout Rates

	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5
BA, Limitations, and Outlays—Baseline (S)								
4300 01 Appropriations (total)								
Discretionary **OL Rates**								
Sequestrable								
Non-Pay		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.

Spendout rates (entered for line 4300 01) for non-pay. Spendout rates are entered from the EDIT SETUP OUTLAYS CALCULATION menu.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Spendout Rates :	10.00	10.00	10.00	10.00	10.00	10.00
BY Spendout Rates:	10.00	10.00	10.00	10.00	10.00	10.00

	Year 7	Year 8	Year 9	Year 10	Year 11	Total
CY Spendout Rates :	10.00	10.00	10.00	10.00	.....	100.00
BY Spendout 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 02 Appropriations (total)								
Discretionary **OL Rates**								
Sequestrable								
Civilian-Pay		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.

Different spendout rates (entered for line 4300 02) for civilian pay. Spendout rates are entered from the EDIT SETUP OUTLAYS CALCULATION menu.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Spendout Rates :	85.00	15.00	.....	.....	.....	.....
BY Spendout Rates :	85.00	15.00	.....	.....	.....	.....

	Year 7	Year 8	Year 9	Year 10	Year 11	Total
CY Spendout Rates :	.....	.....	.....	.....	.....	100.00
BY Spendout Rates :	.....	.....	.....	.....	.....	100.00

Automatic Generation of Discretionary Outlays in MAX Schedule A

To generate outlays automatically, enter discretionary budgetary resources and spendout rates in schedule A and enter outlays from end of PY balances in schedule S, which MAX then copies to schedule A.

Budget authority reported under line sequence numbers 01–39 are rolled up into a single outlay entry with a line sequence number of 01 for each BEA category. To generate separate discretionary outlay data for programs within an account, report the corresponding budget authority using a line sequence number in the range 40–79.

On line 9111, MAX calculates outlays using the first year spendout rate for new discretionary budget authority (line 4300) reported for the year.

AUTOMATIC GENERATION OF DISCRETIONARY OUTLAYS IN SCHEDULE A

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 **Outlay 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.

In CY, these two amounts will always be the same.

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).

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Assumptions:						
CY spendout rates..	20.00	35.00	15.00	30.00		100
BY spendout rates..	20.00	30.00	20.00	15.00	15.00	100

Note.— MAX applies the BY spendout rates to budget authority for BY and beyond.

Agencies enter this information in MAX schedule S. MAX copies the data from schedule S into schedule A. These data are necessary for MAX to generate correct amounts on lines 9x21.

To enter CY and BY spendout rates, select "Edit," "Setup Outlay Calculations" from the pull down menu (see exhibits 81B and 81C).

SECTION 82 -- PROGRAM AND FINANCING (MAX SCHEDULE P)

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Overview

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Ex-82A Program and Financing (MAX Schedule P)
Ex-82B Automatic Generation of MAX Schedule P Data

Summary of Changes

Classifies budget authority according to whether it is discretionary or mandatory rather than current or permanent (section 82.4).

Much of the initial prior year data in the program and financing schedule will be imported electronically from Treasury's Federal Agencies Centralized Trial-Balance System II (FACTS II) (section 82.19).

82.1 Purpose and structure.

The program and financing schedule (P&F) provides 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 P&F consists of the following sections:

- Obligations by program activity (see section 82.3).
- Budgetary resources available for obligation (see section 82.4).
- Detailed information on new budget authority (gross) (see section 82.4).
- Change in unpaid obligations (see section 82.5).
- Detailed information on outlays (gross) (see section 82.6).
- Offsets to gross budget authority and outlays (see section 82.7).
- Net budget authority and outlays (see section 82.7).
- Memorandum (non-add) entries (see section 82.8).

Obligations by program activity shows the activities or projects conducted under the account and the amount of budgetary resources required to finance these activities and projects. It presents the new obligations incurred or estimated to be incurred for each activity.

Budgetary resources available for obligation shows the budgetary resources available to finance obligations. These resources include unobligated balances carried over from prior years, new budget authority, and adjustments, such as recoveries resulting from downward adjustments of prior year obligations. New obligations are subtracted from these amounts to arrive at the end-of-year unobligated balances.

New budget authority (gross), detail provides detailed information on the new budget authority available for the account. It indicates the type of authority that is available (for example, discretionary, definite appropriations; mandatory, indefinite contract authority; discretionary offsetting collections); reductions or rescissions to that authority; and amounts precluded from obligation.

Change in unpaid obligations provides a bridge between start and end of year unpaid obligations. New obligations are added to obligations incurred in previous years that have not been liquidated. Disbursements (outlays, gross) are subtracted from these amounts. Adjustments (such as downward adjustments in obligations in expired accounts) are included, as appropriate, resulting in the end-of-year balance of unpaid obligations. If the account has receivables or unpaid, unfilled orders from Federal sources these amounts are shown separately from the obligated balances (which are the unpaid obligations less receivables and unpaid, unfilled orders from Federal sources).

Outlays (gross), detail shows the account's outlays distributed on the basis of the type of budget authority that financed the outlay. The section presents separately, outlays from discretionary and mandatory budget authority and outlays from new authority and carryover balances.

Offsets to gross budget authority and outlays shows the amounts (that is, offsetting collections (cash) and the change in receivables and unpaid, unfilled orders from Federal sources) that will be deducted from gross budget authority and outlays to arrive at net budget authority and outlay amounts.

- Both offsetting collections (cash) and the change in receivables and unpaid, unfilled orders from Federal sources (from the start to the end of the year) are deducted from gross budget authority. (Increases in receivables and unpaid, unfilled orders from Federal sources increase the amount of the offset against budget authority; decreases reduce the amount of the offset.)

- Only offsetting collections (cash) are deducted from gross outlays.

Net budget authority and outlays shows the net budget authority and outlay totals for the account. Budget authority is net of both offsetting collections (cash) and the change in receivables and unpaid, unfilled orders from Federal sources from the start to the end of the year. Outlays are only net of offsetting collections (cash).

Memorandum (non-add) entries display supplementary information related to G-R-H sequesters; obligations in excess of available budgetary resources; and investments in U.S. securities.

82.2 General requirements.

Use MAX schedule P to submit P&F data for PY through BY. Defense agencies must also report information for BY+1 in the years they are required to submit a biennial budget request. The MAX system automatically generates totals and subtotals, start of year balances, and selected other entries, including net outlays for the past year (see exhibit 82B). In some cases, you can override the generated amounts; in others, the amounts are protected. Section 79 describes the MAX budget system, and the *MAX A-11 User's Guide* provides detailed information on the system. Sections 82.3 through 82.8 provide detailed instructions for preparing the P&F.

82.3 Obligations by program activity.

(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;
- Distinguish investment, developmental, grant and subsidy, and operating programs;
- Distinguish direct obligations from reimbursable programs;
- Have adequate accounting support; and
- Relate to administrative control and operation of the agency.

You must clear any changes in activity structure with OMB prior to initial 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 section of the P&F. Report them on line 7340 of the P&F (see section 82.5).

You must report all amounts in this section of the P&F as positive in the regular budget schedules (transmittal code 0).

(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" (illustrated in exhibit 82A) to distinguish between the different 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. You must report direct and reimbursable obligations in the P&F and in the object classification schedule on a consistent basis, and the amounts must tie (see section 83).

(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 the P&F. Code descriptive side headings only if no activities are listed under the side heading and amounts are reported opposite the side heading.

OBLIGATIONS BY PROGRAM ACTIVITY

Entry	Description
All accounts:	
0xxx	The first digit will always be zero (0).
Noncredit programs:	The line codes are unique to each account 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.

Entry	Description
	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.
09xx	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. 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 Use the value 0999 for reporting total reimbursable obligations when both direct and multiple reimbursable activities are reported.
Credit programs:	Credit schedules will use the following standard line coding scheme. See sections 85.10 and 85.11 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
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:	
0001-0009	Obligations for post-1991 direct loan disbursements, default claims, interest supplements to lenders, interest on debt owed to Treasury
0801	Negative subsidies paid to receipt accounts
0802	Downward reestimates paid to receipt accounts

Entry	Description
0803	Adjusting payments to liquidating accounts
All accounts:	
1000	Total new obligations shown in the obligations by program activity section of the P&F. This is the final entry in this section of the P&F. It is required whenever new obligations are reported. MAX will automatically generate this line from the detail you enter in this section. However, if this is the only entry you will use for this section, you must enter the appropriate amounts for this line into MAX.

82.4 Budgetary resources available for obligation and new budget authority (gross) detail.

(a) *Budgetary resources available for obligation.*

This section of the P&F tracks the status of budgetary resources available for obligation from the start of the fiscal year to the end of the fiscal year. You report total budgetary resources in terms of 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, transfers to capital transfer receipt accounts, repayments of outstanding borrowing, and G-R-H reductions.) New obligations are deducted from those amounts. You then report on the disposition of the resulting balances in terms of expiring amounts and the unobligated balances available at the end of the year that will be carried forward to the next year.

Do not include expired amounts or amounts unavailable for obligation in the unobligated balances and new budgetary resources.

Use the entries in the following table to prepare this section of the P&F. MAX will automatically generate the line entries indicated in **boldface**. Consult with OMB if you want to modify the standard line titles.

BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION

Entry		Description
2140	**Unobligated balance available, start of year**	Amount of unobligated balance of appropriations or other budgetary resources brought forward from the preceding year and available for obligation without new action by Congress. Equal to the preceding year's entry "Unobligated balance available, end of year." This entry includes uninvested balances and balances invested in U.S. securities (par value), adjusted for unrealized discounts (a negative amount). Include all unobligated balances available for obligation (appropriations, authority to borrow, fund balances) at the start of the year, except for unobligated balances of contract authority, which are reported on line 2149. Do not include expired unobligated balances. Also do not include special and trust fund amounts and offsetting collections that are not available for obligation because provisions of law, such as benefit formulas or limitations on obligations (see section 20.4).

	Entry	Description
2149	**Unobligated balance available, start of year: Contract authority**	Contract authority is unfunded. After an appropriation to liquidate the contract authority is provided, you do not report the balance as contract authority any longer.
2199	**Total unobligated balance, start of year**	Sum of lines 2140 and 2149. Use only if there are entries on both 2140 and 2149.
2200	**New budget authority (gross)**	The total amount of gross budget authority. Equals the sum of the detailed budget authority entries on lines 4000 through 6990.
2210	Resources available from recoveries of prior year obligations	Amount made available for obligation in no-year and unexpired multiple-year accounts through downward adjustments of prior year obligations. This entry will always equal the amounts on line 7345, but with the opposite sign.
Use 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 available unobligated balances transferred to other accounts that represent an adjustment to the accounts involved and that do not involve an obligation or an outlay (see section 20.4). 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 should not exceed the unobligated balance at the start of the year.
2222	Unobligated balance transferred from other accounts [xx-xxxx]	Amount of available unobligated balances transferred from other accounts that represents an adjustment to the accounts involved and do not involve an obligation or an outlay (section 20.4). 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
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 6827 and 6927). For capital transfers of appropriations, contact OMB.
2260	Portion applied to repay debt (-)	Amount of balances used for repayments of borrowing outstanding. Do not include appropriations or new offsetting collections used to retire outstanding debt (see lines 4047 and 6847 and 6947).
2270	Balance of authority to borrow withdrawn (-)	Use these entries to withdraw unobligated balances of indefinite budget authority realized in no-year or multiple year accounts through downward adjustments of prior year obligations reported on lines 2210 and 7345.
2275	Balance of contract authority withdrawn (-)	*Note: When new appropriations or spending authority from offsetting collections are used to liquidate obligations initially incurred against authority to borrow report the amounts on lines 6053,6853, or 6953, as appropriate.*
2380	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary) (-)	Amount of cancellation of unobligated balances of budgetary resources pursuant to 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**	Sum of lines 21xx or 2199 through 2385. Use only if there are multiple entries on lines 21xx through 2385.
2395	**Total new obligations (-)**	Equals line 1000. Use only if line 1000 is used.
2397	Deficiency	Amount of obligations (as of the end of the year) that exceed the budgetary resources available for obligation, which are reportable as violations 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.
2398	Unobligated balance expiring or withdrawn (-)	Amount available for obligation during the year that ceased to be available for obligation during or at the end of the fiscal year (other than amounts rescinded by law). Include unobligated balances expiring for obligation (even if they have been reappropriated) and unobligated balances returned to unappropriated receipts, etc. Include unobligated balances of unexpired amounts written off or withdrawn by administrative action. Do not include unobligated balances that expired in prior years. Also, do not use for the withdrawal of indefinite contract

Entry		Description
		authority or borrowing authority when balances previously obligated are liquidated by offsetting collections (see lines 6849, 6949, 6853, and 6953).
2440	Unobligated balance available, end of year	Amount of available unobligated balance at end of year, carried forward and available for obligation in the following year. Equals the sum of lines 2390 through 2398. This entry includes uninvested balances and balances invested in U.S. securities (par value), adjusted for unrealized discounts (a negative amount). Include all unobligated balances available for obligation (appropriations, authority to borrow, fund balances) at the end of the year, except for unobligated balances of contract authority, which are reported on line 2449. Do not include expired unobligated balances. Also do not include special and trust fund amounts and offsetting collections that are not available for obligation because provisions of law, such as benefit formulas or limitations on obligations (see section 20.4).
2449	Unobligated balance available, end of year: Contract authority	Contract authority is unfunded. After an appropriation to liquidate the contract authority is provided, you do not report the balance as contract authority any longer.
2499	**Total unobligated balance, end of year**	Sum of lines 2440 and 2449. Use only if there are entries on both 2440 and 2449.

(b) *New budget authority (gross) detail.*

This section of the P&F contains very specific information on the new budget authority reported in the account. In addition to indicating the basic type of authority (such as appropriations, contract authority, spending authority from offsetting collections), you must specify whether the authority:

- Is discretionary or mandatory (see section 20.4);
- Pertains to a special or trust fund account; and
- Is definite or indefinite (see section 20.4).

You must also separately identify the adjustments to new budget authority resulting from transfers to or from other accounts, rescissions, G-R-H reductions, capital transfers, repayments of outstanding borrowing, etc.

Use the entries in the following table to prepare this section of the P&F. MAX will automatically generate the line entries indicated in **boldface**. Consult with OMB if you want to modify the standard line titles.

NEW BUDGET AUTHORITY (GROSS) DETAIL

Entry		Description
Discretionary		Discretionary budget authority means budget authority under the jurisdiction of appropriations committees. It includes spending authority provided in appropriations acts except where such authority funds direct-spending programs such as appropriated entitlements. Use entries coded 4000 through 5590 to report budget authority that is controlled by annual appropriations acts and considered to be discretionary under the BEA (see sections 20.4 and 81.3). Except for spending authority from offsetting collections, use these entries for all budget authority that is classified as *discretionary* (such as discretionary; discretionary, mass transit; discretionary, user fees, discretionary, violent crime reduction fund). Report discretionary spending authority from offsetting collections on line 68xx.
Discretionary appropriations:		
4000	Appropriation (definite)	Amount appropriated or requested to be appropriated from general funds. Include amounts for liquidation of contract authority, debt reduction, and deficiency appropriations, when applicable. Do not include emergency appropriations.
4005	Appropriation (indefinite)	Amount appropriated or estimated to be appropriated for general fund accounts. The past year amount will equal the amount certified by appropriation warrants for the year after being reduced by any excess resources returned to the Treasury.
4015	Appropriation (emergency)	Amount of emergency appropriations enacted or requested. Include amounts that are contingent on the President submitting a budget request to Congress designating the amount as an emergency requirement.
4020	Appropriation (special fund, definite)	Amount appropriated or requested to be appropriated from special fund receipts.
4025	Appropriation (special fund, indefinite)	Amount appropriated or estimated to be appropriated from special fund receipts. The past year amount will equal the amount certified by appropriation warrants for the year after being reduced by any excess resources returned to the Treasury.

	Entry	Description
4026	Appropriation (trust fund, definite)	Amount appropriated or requested to be appropriated from trust fund receipts.
4027	Appropriation (trust fund, indefinite)	Amount appropriated or estimated to be appropriated from trust fund receipts. The past year amount will equal the amount certified by appropriation warrants for the year after being reduced by any excess resources returned to the Treasury.
Advance funding:		
4028	Appropriation available from subsequent year	Portion of the succeeding year's appropriation made available for obligation as advance funding by Congress.
4029	Appropriation available in prior year (-)	Portion of the appropriation made available for obligation as advance funding in the preceding year.
Rescissions:		
4035 4036	Appropriation rescinded (-) Unobligated balance rescinded (-)	Amount of discretionary rescissions of PY and CY appropriations or unobligated balances of prior year budgetary resources. Use line 4036 for all discretionary rescissions of balances except for rescissions of balances of contract authority, which will be reported on line 4936. Also use these lines in P&F schedules under transmittal code 5 that propose rescissions (see section 82.10). *Normally these entries are only applicable to PY and CY.* 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, show the deferred amount as a rescission. Show a reappropriation (on line 5000 or 5005) in the first year of the extended availability.
Adjustments:		
4047	Portion applied to repay debt (-)	Amount appropriated to repay debt. (Amounts appropriated for the purpose of repaying debt should be specified in appropriations language.)
4048	Portion applied to liquidate deficiencies (-)	Amount appropriated to eliminate a prior year deficiency.
4049	Portion applied to liquidate contract authority (-)	Amount appropriated to liquidate contract authority. (Amounts appropriated for the purpose of liquidating

Entry		Description
		contract authority should be specified in appropriations language.)
4050	Balance of appropriation to liquidate contract authority withdrawn (-)	Amount withdrawn or lapsed from appropriations to liquidate contract authority. *Use only in PY or CY and only with OMB approval.*
4060	Contingent emergency appropriation not available for obligation (-)	Portion of emergency appropriation reported on line 4015 that has not been released by the President and is not available for obligation as of the end of the year.
4065	Contingent emergency appropriation released	Amount of contingent emergency appropriations provided in a previous fiscal year that has been or will be released.
Reductions pursuant to appropriations acts or G-R-H reductions:		
4075-4079	Reduction pursuant to P.L. xxx-xxx (-)	Use these entries for reductions in budget authority mandated in appropriations law (percentage or other) and allocated to affected accounts. OMB will tell you which code to use to identify the appropriation act mandating the reduction. *Use only in PY and CY.*
4085	Reduction pursuant to P.L. 99-177 (-)	Amount of cancellation of appropriations pursuant to the G-R-H law. *Use only in PY and CY.* *Note: For special and trust fund accounts, budget authority is not generally permanently canceled and is available for subsequent appropriation. Therefore, MAX will automatically report these amounts in schedule N as an adjustment. Advise OMB if these amounts are permanently canceled and should be excluded from schedule N.*
Transfers:		
4100	Transferred to other accounts (-) [xx-xxxx]	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: • Transfers under reorganization plans; • Transfers authorized by Congress in lieu of appropriations; and • Transfers where the purpose of the funding has changed.

Entry		Description
		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.)
4200	Transferred from other accounts [xx-xxxx]	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; and • 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.) *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).*
4300	**Appropriation (total discretionary)**	Sum of lines 4000 through 4200. Use only if there are multiple entries on lines 4000 through 4200.
Discretionary authority to borrow:		
4700 4705	Authority to borrow (definite) Authority to borrow (indefinite)	Amount 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 authority to borrow for all such obligations even though subsequent appropriations or offsetting collections will ultimately be used to liquidate the obligations.
47xx	[See section 82.9]	Amount of rescissions, reductions in appropriations acts and G-R-H reductions.
4790	**Authority to borrow (total discretionary)**	Sum of lines 4700 through 4785. Use only if there are multiple entries on lines 4700 through 4785.

Entry		Description
Discretionary contract authority:		
4900 4905	Contract authority (definite) Contract authority (indefinite)	Amount of new authority to incur obligations in advance of collections or an appropriation for liquidation.
4935 4936	Contract authority rescinded Unobligated balance rescinded (-)	Amount of discretionary rescissions of PY and CY contract authority. Also use these lines in P&F schedules under transmittal code 5 that propose rescissions.
49xx	[See section 82.9]	Amount of rescissions, reductions in appropriations acts, and G-R-H reductions.
4990	**Contract authority (total discretionary)**	Sum of lines 4900 through 4985. Use only if there are multiple entries on lines 4900 through 4985.
Discretionary reappropriations:		
5000 5005	Reappropriation (definite) Reappropriation (indefinite)	Amount of new budget authority resulting from congressional actions to continue the 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 section 20.4).
50xx	[See section 82.9]	Amount of rescissions, reductions in appropriations acts and G-R-H reductions.
5300	**Reappropriation (total discretionary)**	Sum of lines 5000 through 5085. Use only if there are multiple entries on lines 5000 through 5085.
Discretionary advance appropriations:		
5500 5505 5526	Advance appropriation (definite) Advance appropriation (indefinite) Advance appropriation (trust fund, definite)	Amount of appropriation that becomes 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.
55xx	[See section 82.9]	Amount of rescissions, reductions in appropriations acts and G-R-H reductions.
5590	**Advance appropriation (total discretionary)**	Sum of lines 5500 through 5585. Use only if there are multiple entries on lines 5500 through 5585.

Entry		Description
Mandatory		Mandatory budget authority means budget authority resulting from permanent laws and includes programs the BEA defines as "appropriated entitlements and mandatories." Use entries coded 6000 through 6790 to report budget authority that results from permanent law and is classified as mandatory under the BEA (see sections 20.4 and 81.3). Except for mandatory spending authority from offsetting collections, use these entries for all budget authority that is classified as *mandatory* (such as mandatory, appropriations committee; mandatory user fees) as well for budget authority that is classified as *net interest.* Report mandatory spending authority from offsetting collections on line 69xx.
Mandatory appropriations:		
6000	Appropriation (definite)	Use these entries to report mandatory budget authority. See the definitions for the various types of authority in the corresponding lines under discretionary appropriations.
6005	Appropriation (indefinite)	
6020	Appropriation (special fund, definite)	
6025	Appropriation (special fund, indefinite)	
6026	Appropriation (trust fund, definite)	
6027	Appropriation (trust fund, indefinite)	
6028	Appropriation (unavailable balances)	For permanently appropriated special and trust fund accounts with amounts precluded from obligation by provisions of law, the amount of budget authority that becomes available for obligation from balances of receipts previously unavailable and included in the amounts reported in a schedule on unavailable collections (see section 86.7). *Use only with OMB approval.*
Rescissions:		
6035	Appropriation rescinded (-)	Use these entries to report mandatory rescissions of appropriations or unobligated balances of prior year resources. Use line 6036 for all mandatory rescissions of balances. 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 amount as a rescission. Report a reappropriation (on line 6300 or 6305) in the first year of the extended availability.
6036	Unobligated balance rescinded (-)	

	Entry	Description
6045	Portion precluded from obligation (-)	Amount of mandatory budget authority in a special or trust fund 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. MAX will automatically report this amount in schedule N (see section 86.7). *Use only with OMB approval.*
Adjustments:		
6047	Portion applied to repay debt (-)	Amount used to repay debt.
6048	Portion applied to liquidate deficiencies (-)	Amount used to eliminate a prior year deficiency.
6049	Portion applied to liquidate contract authority (-)	Amount used to liquidate contract authority.
6053	Portion substituted for borrowing authority (-)	Amount of used to liquidate obligations initially incurred against authority to borrow.
60xx	[See section 82.9]	Amount of G-R-H reductions.
Transfers:		
6100 6200	Transferred to other accounts (-) [xx-xxxx] Transferred from other accounts [xx-xxxx]	Use these entries to report mandatory transfers of mandatory budget authority. See the definitions in the corresponding lines under discretionary appropriations. *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).*
6250	**Appropriation (total mandatory)**	Sum of lines 6000 through 6200. Use only if there are multiple entries on lines 6000 through 6200.
Mandatory reappropriations:		
6300 6305	Reappropriation (definite) Reappropriation (indefinite)	Use these entries to report the amount of new budget authority resulting from congressional actions to continue the 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 section 20.4).
63xx	[See section 82.9]	Amount of rescissions and G-R-H reductions.

	Entry	Description
6390	**Reappropriation (total mandatory)**	Sum of lines 6300 through 6390. Use only if there are multiple entries on lines 6300 through 6385.
Mandatory proceeds of loan asset sales with recourse:		
6400	Proceeds of loan asset sales with recourse	Amount of new budget authority resulting from the sale of financial assets with recourse (see section 20.4).
6447	Portion applied to debt redemption (-)	Amount used to liquidate debt.
6490	**Proceeds of loan asset sales with recourse (total mandatory)**	Sum of lines 6400 and 6447. Use only if there are entries on both 6400 and 6447.
Mandatory advance appropriations:		
6500 6505 6526	Advance appropriation (definite) Advance appropriation (indefinite) Advance appropriation (trust fund, definite)	Amount of appropriation that becomes 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.
65xx	[See section 82.9]	Amount of rescissions and G-R-H reductions.
6590	**Advance appropriation (total mandatory)**	Sum of lines 6500 through 6585. Use only if there are multiple entries on lines 6500 through 6585.
Mandatory contract authority:		
6610 6615	Contract authority (definite) Contract authority (indefinite)	
66xx	[See section 82.9]	Amount of rescissions and G-R-H reductions.
6690	**Contract authority (total mandatory)**	Sum of lines 6610 through 6685. Use only if there are multiple entries on lines 6610 through 6685.
Mandatory authority to borrow:		
6710 6715	Authority to borrow (definite) Authority to borrow (indefinite)	See the definitions for the corresponding lines under discretionary appropriations (4700 and 4705).
6716	Authority to borrow (indefinite) (12 U.S.C. 2281-96)	Amount of authority to borrow for direct loan obligations from the Federal Financing Bank. *Use only for liquidating accounts.*
67xx	[See section 82.9]	Amount of rescissions and G-R-H reductions.

Entry		Description
6790	**Authority to borrow (total mandatory)**	Sum of lines 6710 through 6785. Use only if there are multiple entries on lines 6710 through 6785.
Spending authority from offsetting collections		Use entries coded 6800 through 6990 to report spending authority from offsetting collections. Report discretionary amounts on lines coded 68xx and mandatory amounts on lines coded 69xx.
Discretionary spending authority from offsetting collections:		*Note: As a general rule, you classify spending authority from offsetting collections as discretionary for accounts classified as discretionary by the BEA.*
6800	From offsetting collections (cash)	Amount of offsetting collections (cash) credited to the account and refunds that pertain to obligations recorded in prior fiscal years.
6810	From Federal sources: Change in receivables and unpaid, unfilled orders	Difference between lines 7295 and 7495. Report increases from the start of year to the end of year as positive entries; report decreases as negative entries.
6815	From Federal sources: Adjustments to receivables and unpaid, unfilled orders	Net amount of upward adjustments (-) or downward adjustments (+) to accounts receivable and unpaid, unfilled orders from Federal sources resulting from adjustments to prior year obligations. *Use for PY only, unless specifically approved by OMB.*
6826	From offsetting collections (unavailable balances)	For accounts with limitations on the use of offsetting collections, the amount of budget authority that becomes available for obligation from unavailable balances of offsetting collections reflected in the schedule on unavailable collections (see section 86.7).
Adjustments:		
6827	Capital transfer to general fund (-)	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. *Use only for revolving funds.*
6833	Portion applied to liquidate deficiencies (-)	Amount of offsetting collections used to cover deficiencies incurred in a prior year
6845	Portion not available for obligation (limitation on obligations) (-)	Amount of offsetting collections credited to the account that are not available for obligation because of limitations on program level in appropriations acts. This will be reflected in the schedule on unavailable collections (see section 86.7).

	Entry	Description
6847	Portion applied to repay debt (-)	Amount of offsetting collections used for repayments of outstanding borrowing.
6849	Portion applied to liquidate contract authority (-)	Amount of offsetting collections used to liquidate contract authority.
6853	Portion substituted for borrowing authority (-)	Amount of offsetting collections used to liquidate obligations initially incurred against authority to borrow when the borrowing is not exercised.
Transfers:		
6861	Transferred to other accounts (-) [xx-xxxx]	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.
6862	Transferred from other accounts [xx-xxxx]	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 (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).*
Reductions:		
6875-6879	Reduction pursuant to P.L. xxx-xxx (-)	Use these lines for reductions mandated in appropriations law (percentage or other) allocated to affected accounts. OMB will tell you which code to use to identify the appropriation act mandating the reduction.

	Entry	Description
6885	Reduction pursuant to P.L. 99-177 (-)	Amount of cancellation of spending authority from offsetting collections pursuant to the G-R-H law.
6890	**Spending authority from offsetting collections (total discretionary)**	Sum of lines 6800 through 6885. Use only if there are multiple entries on lines 6800 through 6885.
Mandatory spending authority from offsetting collections:		*Note: As a general rule, you classify spending authority from offsetting collections as mandatory for accounts classified as mandatory under the BEA.*
6900	From offsetting collections (cash)	Amount of offsetting collections (cash) credited to the account and refunds that pertain to obligations recorded in prior fiscal years.
6910	From Federal sources: Change in receivables and unpaid, unfilled orders	Difference between lines 7295 and 7495. Report increases from the start of year to the end of year as positive entries; report decreases as negative entries.
6915	From Federal sources: Adjustments to receivables and unpaid, unfilled orders	Net amount of upward adjustments (-) or downward adjustments (+) to accounts receivable and unpaid, unfilled orders from Federal sources resulting from adjustments to prior year obligations. *Use for PY only, unless specifically approved by OMB.*
6926	From offsetting collections (unavailable balances)	For accounts with limitations on the use of offsetting collections, the amount of budget authority that becomes available for obligation from unavailable balances of offsetting collections reflected in the schedule on unavailable collections (see section 86.7).
Adjustments:		
6927	Capital transfer to general fund (-)	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. *Use only for revolving funds.*
6933	Portion applied to liquidate deficiencies (-)	Amount of offsetting collections used to cover deficiencies incurred in a prior year.
6945	Portion not available for obligation (limitation on obligations) (-)	Amount of offsetting collections credited to the account that are not available for obligation because of limitations on program level included in appropriations acts. MAX will automatically report this amount in schedule N (see section 86.7).

	Entry	Description
6947	Portion applied to repay debt (-)	Amount of offsetting collections used for repayments of outstanding borrowing.
6949	Portion applied to liquidate contract authority (-)	Amount of offsetting collections used to liquidate contract authority.
6953	Portion substituted for borrowing authority (-)	Amount of offsetting collections used to liquidate obligations initially incurred against authority to borrow when the borrowing is not exercised.
Transfers:		
6961	Transferred to other accounts (-) [xx-xxxx]	Amount of offsetting collections 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.
6962	Transferred from other accounts [xx-xxxx]	Amount of offsetting collections 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 (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).*
Reductions:		
6975-6979	Reduction pursuant to P.L. xxx-xxx (-)	Use these entries for reductions mandated in appropriations law (percentage or other) allocated to affected accounts. OMB will tell you which code to use to identify the appropriation act mandating the reduction.

	Entry	Description
6985	Reduction pursuant to P.L. 99-177 (-)	Amount of cancellation of spending authority from offsetting collections pursuant to the G-R-H law.
6990	**Spending authority from offsetting collections (total mandatory)**	Sum of lines 6900 through 6985. Use only if there are multiple entries on lines 6900 through 6985.
7000	**Total new budget authority (gross)**	Use to summarize budget authority when more than one type is used.

(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 budget authority. Similarly, charge capital transfers, redemption of debt, and liquidating of contract authority against unobligated balances before adjusting new budget authority.

82.5 Change in unpaid obligations.

This section of the P&F tracks the status of unpaid obligations from the start of the fiscal year to the end of the fiscal year. You report total unpaid obligations in terms of obligated balances and receivables and unpaid, unfilled orders from Federal sources. New obligations are added to the start of year balances, and gross outlays are deducted. Adjustments, such as transfers of obligated balances, are added or subtracted, as appropriate, to determine the unpaid obligations at the end of the year. In addition to reporting transactions in unexpired accounts, reflect adjustments in expired (but not canceled) accounts in the balances of unpaid obligations and outlays you report and include the outlays that result from liquidating obligations in expired accounts.

Use the entries in the following table to prepare this section of the P&F. MAX will automatically generate the line entries indicated in **boldface**. Consult with OMB if you want to modify the standard line titles.

CHANGE IN UNPAID OBLIGATIONS

	Entry	Description
Unpaid obligations, start of year:		
7240	**Obligated balance, start of year**	Net unpaid obligations (appropriations, authority to borrow, fund balances), except for balances of contract authority, which are reported on line 7249. Equals accounts payable plus undelivered orders minus both accounts receivable from Federal sources and unfilled orders from Federal sources. Includes uninvested balances, as well as balances invested in U.S. securities (par value), adjusted for unrealized discounts (a negative amount). Equals the corresponding entry at the end of the preceding year

	Entry	Description
7249	**Obligated balance, start of year: Contract authority**	Accounts payable and undelivered orders obligated against contract authority. Contract authority is unfunded. When appropriations or offsetting collections are provided to liquidate contract authority, report any unliquidated balance on line 7240. Equals the corresponding entry at the end of the preceding year.
7295	**From Federal sources: Receivables and unpaid, unfilled orders**	Amount of receivables from Federal sources (i.e., earned reimbursements) and valid unfilled orders from Federal sources (i.e., unfilled customers orders) at the start of the year that have been recorded as budgetary resources for which payment has not been received and for which offsetting collections will be credited to the account when payment is received (see section 20.4). Exclude accounts receivable and orders from the public, unless specifically authorized by law.
7299	**Total unpaid obligations, start of year**	Amount of accounts payable plus undelivered orders at the start of the year. Sum of lines 7240 through 7295. Use only if there are multiple entries on lines coded 7240 through 7295.
7310	**Total new obligations**	Equals line 1000.
7320	Total outlays (gross) (-)	Total disbursements made by the account. This entry should be consistent with the total gross outlays reported in MAX schedule A.
7331	Obligated balance transferred to other accounts (-) [xx-xxxx]	Amount of unpaid obligations transferred to other accounts.
7332	Obligated balance transferred from other accounts [xx-xxxx]	Amount of unpaid obligations 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 adjustments (+) or downward adjustments (-) in obligations that were made in accounts that expired prior to the beginning of the fiscal year. Do not include unobligated balances that are canceled. Upon cancellation, unpaid obligations are a negative entry and receivables that are transferred to the general fund receipt account are a positive entry. *Use only for PY, unless specifically approved by OMB.*
7345	**Adjustments in unexpired accounts (-)**	Amount made available for obligation in no-year and unexpired multiple year accounts through deobligation or downward adjustments of prior year obligations. Equals line 2210, but with the opposite sign.

Entry		Description
Unpaid obligations, end of year:		
7440	Obligated balance, end of year:	Sum of lines 72xx or 7299 through 7345. Net unpaid obligations (appropriations, authority to borrow, fund balances) carried forward to the succeeding year, except for balances of contract authority, which are reported on line 7449. Equals accounts payable plus undelivered orders minus accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources. Includes uninvested balances as well as balances invested in U.S. securities (par value), adjusted for unrealized discounts (a negative amount).
7449	Obligated balance, end of year: Contract authority	Accounts payable and undelivered orders obligated against contract authority. Contract authority is unfunded. When appropriations or offsetting collections are provided to liquidate contract authority, report any unliquidated balance on line 7440.
7495	From Federal sources: Receivables and unpaid, unfilled orders	Amount of receivables from Federal sources (i.e., earned reimbursements) and valid unfilled orders from Federal sources (i.e., unfilled customers orders) at the end of the year that have been recorded as budgetary resources for which payment has not been received and for which offsetting collections will be credited to the account when payment is received (see section 20.4). Exclude accounts receivable and orders from the public, unless specifically authorized by law.
7499	**Total unpaid obligations, end of year**	Accounts payable plus undelivered orders at the end of the year. Equals the sum of lines 7440 through 7495. Use only if there are multiple entries on lines 7440 through 7495.

82.6 Outlays (gross), detail.

Gross outlays represent the total disbursements made by the account. This section of the P&F provides detailed information on gross outlays. It indicates the amounts attributable to discretionary authority and mandatory authority and to new authority and balances. MAX will automatically generate all of the line entries that appear in this section from the data reported in MAX schedule A.

OUTLAYS (GROSS), DETAIL

Entry		Description
8690	**Outlays from new discretionary authority**	MAX will calculate these entries based on the outlays reported in MAX schedule A on lines 9111 through 9322.
8693	**Outlays from discretionary balances**	
8697	**Outlays from new mandatory authority**	
8698	**Outlays from mandatory balances**	

Entry	Description
8700 Total outlays (gross)	Use this line if there are multiple entries coded 8690 through 8698. MAX copies the amount reported on line 7320, with the opposite sign. The amount on line 7320 must equal the sum of the amounts on lines 8690 through 8698.

82.7 Offsets and net budget authority and outlays.

This section of the P&F identifies the offsets to gross budget authority and outlays used to arrive at net budget authority and outlays for the account. Gross outlays are offset by cash collections. Gross budget authority is offset by cash collections and orders from Federal sources that are not accompanied by cash.

Offsetting collections (cash) are deducted from gross budget authority and gross outlays. This section indicates the source of the offsetting collections (e.g., Federal sources, interest on U.S. securities, non-Federal sources).

The change in receivables and unpaid, unfilled orders from Federal sources from the start to the end of the year is deducted from gross budget authority only. An increase in receivables and unpaid, unfilled orders from the start to the end of the year increases the total amount of the offset against budget authority because the increase constitutes an increase in gross budget authority; a decrease reduces the total offset against gross budget authority 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.

Use the entries in the following table to prepare this section of the P&F. MAX will automatically generate the line entries indicated in **boldface**. Consult with OMB if you want to modify the standard line titles.

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.) 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.
8800 Federal sources	Amount from other government accounts except interest received from investments in U.S. securities. 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.

	Entry	Description
8820	Interest on U.S. securities	Amount of interest earned or estimated to be received on investments in marketable and nonmarketable Treasury securities. Use for general and revolving fund accounts only.
8825	Interest on uninvested funds	Amount of interest paid by Treasury on balances not invested in public debt securities.
8840	Non-Federal sources	Amount received from outside the Government 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 outside the Government that are accompanied by advances. Exclude collections that arise from the Government's sovereign or governmental powers. Report such amounts on line 8845.
8845	Offsetting governmental collections	Amount received from non-Federal sources that are governmental in nature (e.g., tax receipts, compulsory user charges, custom duties, license fees) but required by law to be credited to the account (see section 20.7).
8890	**Total offsetting collections (cash)**	Sum of lines 8800 through 8845. Use only if there are multiple entries on lines 8800 through 8845. *Note: Amounts for lines 8800 through 8890 under transmittal code 0 should be reported as positive amounts in MAX but will appear with the opposite sign in the printed Budget Appendix.*
Against gross budget authority only:		
8895	**From Federal sources: Change in receivables and unpaid, unfilled orders**	Difference between lines 7295 and 7495. Equals the sum of amounts on lines 6810 and 6910. Report increases in accounts receivable and unpaid, unfilled orders from Federal sources from the start of year to the end of year as positive amounts; report decreases as negative amounts. Amounts will appear in the Budget Appendix with the opposite sign.
8896	**From Federal sources: Adjustment to receivables and unpaid, unfilled orders**	Net amount of upward (-) or downward (+) adjustments to accounts receivables and unpaid, unfilled orders from Federal sources. Equals the sum of amounts on lines 6815 and 6915. Amounts will appear in the Budget Appendix with the opposite sign.

NET BUDGET AUTHORITY AND OUTLAYS

Entry		Description
8900	**Budget authority (net)**	Equals total new budget authority (gross) minus the amounts on lines 8800 through 8845 and on lines 8895 and 8896. This line entry will always be included in the P&F even if the amounts are zero.
9000	**Outlays (net)**	Equals total gross outlays minus the amounts on lines 8800 through 8845. This line entry will always be included in the P&F even if the amounts are zero.

82.8 Memorandum (non-add) entries.

This section of the P&F displays supplementary information related to G-R-H sequesters, obligations in excess of available budgetary resources, and investments in U.S. securities. 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 the P&F. 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 a deficiency appropriation or will be liquidated by future offsetting collections. 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, 6833, and 6933 plus or minus any adjustments to the amount reported in the previous year. (These adjustments are not reflected on the P&F schedule.) *Note: See OMB Circular No. A-34 for additional reporting requirements on deficiencies.*

Entry		Description
Investments in U.S. securities:		Report the par value of U.S. 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 unavailable collections schedule (MAX schedule N). If a special or trust fund has multiple expenditure accounts, report the invested portion of the unavailable collections in the P&F of the account that receives the largest appropriation from the fund. If an account has a status of funds schedule (MAX schedule J), these amounts must agree with the corresponding entries on MAX schedule J (i.e., lines 0101 and 0701). These entries should also be consistent with balances reported in the P&F and unavailable collections schedules for the account.
9201	**Total investments, start of year: U.S. securities: Par value**	Amount of start of year balances that have been invested in U.S. securities, brought forward from the end of the preceding year. Equals the corresponding entry at the end of the preceding year.
9202	Total investments, end of year: U.S. securities: Par value	Amount of end of year balances that have been invested in U. S. securities.

82.9 Enacted rescissions and reductions of budget authority.

Include enacted rescissions, reductions mandated in appropriations acts, and G-R-H reductions in the regular (transmittal code zero) 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 rescission in the regular budget schedules. Show a reappropriation in the first year of the extended availability (see section 20.4). Show rescissions and reductions separate from the budget authority initially appropriated for all years covered by the P&F schedule.

Rescission and reductions can impact all types of budget authority (e.g., appropriations, borrowing authority, contract authority, advance appropriations, offsetting collections). However, rescissions of unobligated balances of budgetary resources other than contract authority will be reported on either line 4036 (discretionary) or line 6036 (mandatory), 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 rescissions and reductions of budget authority. (See the corresponding entries under appropriations (lines 40xx and 60xx) in section 82.4 for more information on how the suffixes are used.)

Entry		Description
xx35	[type of authority] rescinded (-)	Amount rescinded. *Note: Rescission proposals will be shown in a separate program and financing schedule with transmittal code "5," and the stub title will be modified to read "Rescission proposal."*

Entry		Description
xx75-79	Reduction pursuant to P.L. xxx-xxx. (-)	Reductions in appropriations law mandating reductions (percentage or other) allocated to affected accounts. OMB will tell you which code to use to identify the appropriation act. *Note: For special and trust fund accounts, these amounts generally are available for subsequent appropriation. They will be automatically reported in MAX schedule N as an adjustment on line 0620; agencies should advise OMB if these amounts are permanently canceled and should be excluded from schedule N.*
xx85	Reduction pursuant to P.L. 99-177 (-)	Amount of G-R-H reduction.

82.10 Rescission proposals.

Omit the effect of rescission proposals from the regular P&F schedule for the affected account and present it in a separate schedule under transmittal code 5 (see section 79.2). The combination of the regular and rescission schedules should display the condition of the account if Congress accepts the rescission proposal.

The rescission schedule under transmittal code 5 should reflect the changes to amounts in the regular schedule that would result from the rescission. 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.

OMB Circular No. A-34 describes the materials that must be submitted for rescission proposals and deferrals.

82.11 Proposed supplemental appropriations 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 zero. Separate schedules using non-zero transmittal codes are required to identify proposed rescissions, pending 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 Congress enacts the proposals.

One of the following titles will be shown, as appropriate, at the top of the P&F schedule 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)

- Legislative proposal, subject to PAYGO (transmittal code 4)

When a supplemental proposal involves a transfer between accounts, omit the transaction from the regular schedules and display it in separate schedules for each of the affected accounts.

82.12 Transfers of resources.

Transfers between agencies resulting from Presidential reorganization plans or enacted reorganization legislation may involve unique problems. 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 97.6 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 in its schedules. Agency staff must consult with OMB representatives in each instance.

82.13 Transfers in the estimates.

Where a transfer in the estimates (see section 20.3) 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 97.6 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, 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 $–million in budget authority in BY for activities transferred to:
>
> [List the title of each gaining account, including agency and bureau, and the budget authority amount applicable to each. Where it is more appropriate to show the amount on some other basis, such as obligations, modify the footnote accordingly.]
>
> Comparable amounts for PY ($–million) and CY ($–million) 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.

82.14 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 71.7), 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 97.6 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 71.8), 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 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 97.6 for guidance on submitting the distribution table for printing.)

82.15 Annual limitations on trust or revolving funds.

Prepare a schedule that mirrors the format of the P&F to present annual limitations on administrative expenses and other annual limitations on the use of trust or revolving funds. These schedules are not included in the MAX database but the line entries should generally conform to the line entries described in sections 82.3 through 82.7, as applicable.

State the program totals in terms of obligations or other measures, depending upon the basis on which the limitation operates. Use an entry reading "Balance lapsing" to identify amounts no longer available for obligation. References to budget authority should be changed to "Limitation" and references to outlays should be changed to "Outlays from limitation." Adjust the wording of total lines accordingly.

Include the impact of legislative proposals and supplemental increases in the same P&F schedule used for the regular annual limitation. However, you must separately reflect the effect of supplementals and legislative proposals on the account as a whole in MAX schedule P, under the appropriate transmittal codes.

Limitations on direct loans and loan guarantees are treated separately (see sections 85.9 and 85.10).

Entries on the related object class schedule will be coded and entered into MAX (see section 83).

82.16 Allocation accounts.

Combine P&F information for allocation accounts with the parent account without separate identification (see section 71.5). 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 83.15).

Receiving agencies should include the following note at the end of each bureau that receives funding through allocations:

> Note.–Obligations to 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 97.6 for guidance on submitting the note for printing.)

82.17 Credit financing accounts.

Modify line entries associated with certain concepts for credit financing accounts, as follows:

Standard program and financing schedule stub entry	Credit financing account program and financing account stub entry
Budget authority	Financing authority
Outlays	Financing disbursements
From Federal sources: Receivables and unpaid, unfilled orders	Receivables from program accounts

Detailed information on gross outlays (lines 8690 through 8698) are not required for credit financing accounts and will not be generated by MAX. Identify negative subsidies and downward reestimates paid to receipt accounts and adjusting payments to liquidating accounts in the obligations by program activity section of the P&F as indicated in section 82.3. See section 85 for requirements associated with credit accounts.

82.18 Consistency with past year amounts (actuals) reported to Treasury.

PY amounts reported for the budget must be consistent with amounts reported to Treasury and must be based on actual accounting data. 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.

Each agency provides Treasury the "Year-End Closing Statement" (Treasury FMS Form 2108) and the "Undisbursed Appropriation Account Ledger" (Treasury FMS Form 6653) that Treasury uses to create the Treasury Annual Report (TAR). Each agency also provides OMB, via a Treasury computer system, with the fourth quarter "Report on Budget Execution" (SF 133). These financial reports must be consistent. Check the amounts before Treasury distributes advance copies of the Treasury Annual Report.

If your agency does not agree with the net outlay amount reported in the Treasury Annual Report (TAR) and automatically loaded into the P&F (on line 9000), submit a written explanation of the difference to your OMB representative with a revised FMS 2108 and/or FMS 6653. Similarly, submit a written explanation if your agency does not agree with the receipts estimates that have been loaded into MAX schedule R from Treasury data (see section 81.1). Submit revisions to SF 133s the next time the SF 133 database is open for revisions (opens quarterly).

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):** 9201—Total investments, start of year: U.S. securities: Par value ***For accounts with schedule J:*** **Schedule J (status of funds schedule):** 0101—Unexpended balance, start of year, U.S. Securities Par value
Invested balances, end of year	***For all accounts:*** **Schedule P (program and financing schedule):** 9202—Total investments, end of year: U.S. securities: Par value ***For accounts with schedule J:*** **Schedule J (status of funds schedule):** 0701—Unexpended balance, end of year, U.S. Securities Par value *Note: Amounts reported in these MAX schedules represent total invested balances, including those that are not available for obligation.*

Appendix E contains several crosswalks between budget and Treasury data. Exhibit 8E identifies relationships between the MAX A-11/TAR Comparison (in the MAX A-11 drop-down menu), MAX schedule P, and the Treasury Annual Report (TAR). Exhibit 9E identifies selected relationships between MAX schedule P, SF 133, FMS 224, FMS 2108, and the published Treasury Annual Report. In addition, OMB Circular No. A-34 contains a crosswalk between the P&F schedule and the SF 133.

82.19 Importing past year amounts (actuals) into the program and financing schedule.

In order to reduce duplicate reporting while improving the consistency of year-end data published in the President's Budget and the Treasury Annual Report, starting with the preparation of the FY 2001 Budget, much of the initial data in the past year column of P&F schedules will be imported electronically from Treasury's Federal Agencies Centralized Trial-Balance System II (FACTS II). FACTS II will collect year-end and periodic budget data, starting in the Fall of 1999, and replace requirements for separate reporting for the FMS 2108 and the SF 133.

In instructions issued by Treasury, agencies are required to capture certain kinds of data in their financial systems and to report them using FACTS II. See Treasury Transmittal Letter No. S2 99-01, (dated June 3, 1999), a supplement to the Treasury Financial Manual (TFM). It is available from the internet at:

http://www.fms.treas.gov/ussgl

The TFM shows how each budget account (i.e., account presented in the President's budget) relates to one or more Treasury accounts (i.e., accounts used to report budget execution data) and presents a crosswalk between data in the agency financial systems (i.e. Standard General Ledger accounts and attributes) and the P&F schedules, FMS 2108, and SF 133.

Program and Financing
(MAX Schedule P)

Total new obligations should be broken out by significant activity, as appropriate. Obligations funded by reimbursements will be shown separately on lines coded 09xx. Note: All obligations in noncredit revolving funds should be reported as reimbursable on lines 09XX.

PY—past year
CY—current year
BY—budget year

Program and Financing (in millions of dollars)

	Identification code 16–1182-0-1-755	PY actual	CY est.	BY est.
	Obligations by program activity:			
	Direct program:			
00.01	Default claims	38	39	42
00.02	Advances on behalf of borrowers	39	38	38
00.03	Interest on Treasury borrowings	11	12	15
09.01	Reimbursable program	42	44	45
10.00	Total new obligations	130	133	140
	Budgetary resources available for obligation:			
22.00	New budget authority (gross)	132	133	140
23.95	Total new obligations	–130	–133	–140
23.98	Unobligated balance expiring	–2	.....	.....
	New budget authority (gross), detail:			
	Discretionary:			
40.00	Appropriation (definite)	90	89	95
	Mandatory: Spending authority from offsetting collections:			
69.00	Offsetting collections (cash)	43	43	45
69.10	From Federal sources: Change in receivables and unpaid, unfilled orders	–1	1	.....
69.90	Spending authority from offsetting collections (total mandatory)	42	44	45
70.00	Total new budget authority (gross)	132	133	140
	Change in unpaid obligations:			
	Unpaid obligations, start of year:			
72.40	Obligated balance	3	6	9
72.95	From Federal sources: Receivables and unpaid, unfilled orders	1	.....	1
72.99	Total unpaid obligations, start of year	4	6	10
73.10	Total new obligations	130	133	140
73.20	Total outlays (gross)	–127	–129	–134
73.40	Adjustments in expired accounts	–1	.....	.....
	Unpaid obligations, end of year:			
74.40	Obligated balance	6	9	15
74.95	From Federal sources: Receivables and unpaid, unfilled orders	.....	1	1
74.99	Total unpaid obligations, end of year	6	10	16
	Outlays (gross), detail:			
86.90	Outlays from new discretionary authority	83	82	87
86.93	Outlays from discretionary balances	2	3	2
86.97	Outlays from new mandatory authority	42	44	45
87.00	Total outlays (gross)	127	129	134
	Offsets:			
	Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources	43	43	45
	Against gross budget authority only:			
88.95	From Federal sources: Change in receivables and unpaid, unfilled orders	–1	1	.....
	Net budget authority and outlays:			
89.00	Budget authority	90	89	95
90.00	Outlays	84	86	89

Obligated balances and receivables and unpaid, unfilled orders from Federal sources will be separately identified.

Obligated balance represents the net unpaid obligations brought forward from the preceding year. It corresponds to the unpaid obligations (undelivered orders and contracts and accounts payable and other liabilities) minus the accounts receivable and unpaid, unfilled orders from Federal sources that will be credited to the account when collected.

Receivables and unpaid, unfilled orders from Federal sources represent accounts receivable and unfilled orders for which payment has not been received that have been reported as budgetary resources of the account. When payment is received, it will be reported as offsetting collections (cash).

Total unpaid obligations corresponds to the account's total undelivered orders and accounts payable. It is equal to the sum of the obligated balance and the accounts receivable and unpaid, unfilled orders from Federal sources.

Spending authority from offsetting collections consists of cash collections plus the change in receivables and unpaid, unfilled orders from Federal sources.

Cash collections and the change in receivables and unpaid, unfilled orders from Federal sources will be separately identified.

Automatic Generation of MAX Schedule P Data

The program and financing schedule shown below indicates the lines automatically generated by MAX. Some lines are copied from other entries in MAX; others are automatically calculated from detail entries.

PY—past year
CY—current year
BY—budget year

Also see MAX drop down menu "Help/Formula" for specific lines.

Program and Financing (in millions of dollars)

Identification code 16–1186–0–1–755	PY actual	CY est.	BY est.
Obligations by program activity:			
Direct program:			
00.01 Policy and program development			
00.02 Departmental management and administration			
00.03 Facilities operations, maintenance, and repair			
00.91 Total direct program			
09.01 Reimbursable program			
10.00 Total new obligations			
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year			
21.49 Unobligated balance, start of year: Contract authority			
21.99 Total unobligated balance, start of year			
22.00 New budget authority (gross)			
22.10 Resources available from recoveries of prior year obligations			
23.90 Total budgetary resources available for obligation			
23.95 Total new obligations			
23.98 Unobligated balance expiring			
24.40 Unobligated balance available, end of year			
24.49 Unobligated balance, end of year: Contract authority			
24.99 Total unobligated balance, end of year			
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation (definite)			
Discretionary: Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)			
68.10 From Federal sources: Change in receivables and unpaid, unfilled orders			
68.90 Spending authority from offsetting collections, (total, discretionary)			
70.00 Total new budget authority (gross)			
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Obligated balance			
72.95 From Federal sources: Receivables and unpaid, unfilled orders			
72.99 Total unpaid obligations, start of year			
73.10 Total new obligations			
73.20 Total outlays (gross)			
73.40 Adjustments in expired accounts			
73.45 Adjustments in unexpired accounts			
Unpaid obligations, end of year:			
74.40 Obligated balance			
74.95 From Federal sources: Receivables and unpaid, unfilled orders			
74.99 Total unpaid obligations, end of year			
Outlay (gross), detail:			
86.90 Outlays from new discretionary authority			
86.93 Outlays from discretionary balances			
86.97 Outlays from new mandatory authority			
86.98 Outlays from mandatory balances			
87.00 Total outlays (gross)			
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources			
88.40 Non-Federal sources			
88.90 Total offsetting collections (cash)			
Against gross budget authority only:			
88.95 From Federal sources: Change in receivables and unpaid, unfilled orders			
88.96 From Federal sources: Adjustments to receivables and unpaid, unfilled orders			
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

Calculated from direct program detail.

Calculated from direct and reimbursable program detail above line 1000.

For CY and BY, detail lines 2140–2149 are copied from corresponding end-of-year lines.

Line 2200 is calculated from budget authority entries on lines 4000.-6885.

Calculated if multiple lines 2140–2149 are reported.

Calculated if multiple lines 2140–2385 are reported.

Copied from line 1000, with opposite sign.

Program and financing schedules will always include lines 8900, and 9000.

Calculated if multiple lines 2440–2449 are reported.

Total budget authority lines by type (e.g., 6890) are calculated, if multiple detail lines (e.g., 6800–6885) are reported.

Calculated from budget authority entries on lines 4000-6985

For CY and BY, detail lines 7240–7295 are copied from corresponding end-of-year lines.

Calculated if multiple lines 7240–7295 are reported.

Copied from line 1000.

Copied from line 2210.

Calculated if multiple lines 7440–7495 are reported.

When a total is copied, an edit check will compare the total with the sum of detail lines.

Lines 86xx are calculated from schedule A data.

Copied from line 7230 if multiple lines 8690-8698 are reported.

Calculated if multiple lines 8800–8845 are reported.

Calculated from sum of lines 6810 and 6910.

Calculated from sum of lines 6815 and 6915.

Past year outlays are automatically loaded from data reported to Treasury.

Calculated (line 7000 minus (lines 8800–8845 and lines 8895 and 8896)).

Calculated for CY and BY (line 8700 minus (lines 8800–8845)).

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 a 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 82.3)	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	C Whether the amount pays for an *investment* or an operating cost. C If investment, then, what type: physical asset, conduct of R&D, or education and training. C Whether the amount is a *grant* to a State and local government or a *direct* Federal program.

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 don't 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).
- 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 within the account* 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: C Asset sales, C Interest on Federal securities, C Interest on uninvested funds, C Compulsory collections from the public, such as taxes, compulsory user fees, customs duties, license fees; or C 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 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

See exhibit 83A for the prefix codes used to identify reimbursable obligations.

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 83 A for the prefix and codes used to identify obligations under limitations and section 83.15 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 provides a summary of 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, report: C 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). C Other payments that become part of their basic pay (for example, geographic differentials, and critical position pay). C Regular salaries and wages paid while the employees are on paid leave, such as annual, sick, or compensatory leave. C 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 permanent employees are those who are full-time Federal 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. Include *full-time permanent employees* in the: C *Competitive Service* with career and career-conditional appointments. C *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. Exclude those serving on indefinite appointments and appointments limited to a specific time.

Entry		Description
11.1	Full-time permanent -- continued	C *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). C Public Health Service and the National Oceanic and Atmospheric Administration appointed as *commissioned officers.* Note: Refer to your agency's human resources office for assistance on the types of appointments for staff in your agency. Exclude full-time *temporary* employees who are full-time Federal 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. Other than full-time permanent employees include: C *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. C *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. C *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: C *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.5545a. C *Holiday pay* as defined in 5 U.S.C. 5546(b).

Entry		Description
11.5	Other personnel compensation -- continued	C *Night work differential*, which is pay above the basic rate for regularly scheduled night work. C *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. C *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. C *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. C *Cash incentive awards*, which are payments for cash awards that do not become part of the Federal employee's basic rate of pay, such as those authorized under 5 U.S.C. 4503, 4504, 4505a, 4507, and 5384. C *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*. C *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 military personnel (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 plus: C *Flight pay*. C *Basic allowance for subsistence* (BAS) *and for quarters* (BAQ).

Entry		Description
11.7	Military personnel -- continued	C *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 don't represent salaries or wages paid directly to Federal employees and military personnel. Include payments for: C *Reimbursable details*, that is, payments to other accounts for services of civilian employees and military personnel on reimbursable detail (both compensation and personnel benefits). C *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; C *Non-Federal civilians, such as witnesses;* casual workers, patient and inmate help, and allowances for trainees and volunteers. C *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. C *Staff of former Presidents* paid by GSA under 3 U.S.C. 102(b).
11.9	Total personnel compensation	Use this line when there is more than one entry on object classes 11.1 through 11.8.
12 Personnel Benefits		Benefits for *currently employed* Federal civilian, military, and certain non-Federal personnel. Exclude benefits to certain *former* civilian and military personnel that are classified in object classes 13.0 and 42.0. Covers object classes 12.1 and 12.2.
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. Also, 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. Civilian personnel benefits include: C *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

Entry		Description
12.1	Civilian personnel benefits -- continued	payments to reimburse qualified Federal employees for one half the cost of professional liability insurance premiums, as authorized by PL. 104-208). C 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. -- 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 subsection 83.8). -- 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. C *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: C *Cash allowances* such as: -- Uniform allowances. -- Reenlistment bonuses. -- Cost-of-living allowances. -- Dislocation and family separation allowances. -- Personal allowances based upon assignment or rank. 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. C *Payments to other funds*, such as the employer's share of military retirement, Federal Insurance Contribution Act taxes, Servicemen's Group Life Insurance premiums, and education benefits.

Entry		Description
12.2	Military personnel benefits -- continued	C *Subsidies for commuting costs*, which are payments to subsidize the costs of military personnel in commuting by public transportation.
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: C *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, exclusive of payments from retirement trust funds, which are classified as insurance claims and indemnities under object class 42.0. C *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, also known as "early-outs" to employees who voluntarily separate from Federal service. C *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 fund for annuitants. Exclude benefits provided *in-kind*, such as hospital and medical care, which are classified under the object class representing the nature of the items purchased
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: C *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.) C 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.

Entry		Description
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. (Exclude transportation paid by a vendor, regardless of whether the cost is itemized on the bill for the commodities purchased by the Government.) Include: C *Freight and express* charges by common carrier and contract carrier, including freight and express, switching, crating, refrigerating, and other incidental expenses. C *Trucking and other local transportation* charges for hauling, handling, and other services incident to local transportation, including contractual transfers of supplies and equipment. C *Mail transportation* charges for express package services (i.e., charges for transporting freight) and postage used in parcel post. (Exclude other postage and charges that are classified under object class 23.3.) C *Transportation of household goods related to permanent change of station (PCS)*.
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. Exclude 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*.
23.1	Rental payments to GSA	Payments to the General Services Administration (GSA) for rental of space and rent related services. Exclude payments: C To a non-Federal source, which will be reported in object class 23.2, *Rental payments to others*. C 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, *Purchases of goods and services from Government accounts*, regardless of whether the space is owned or leased by the agency other than GSA. C 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, *Purchases of goods and services from Government accounts*.
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	Include: C *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

Entry		Description
23.3	Comunications, utilities, and miscellaneous charges -- continued	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*. C *Information technology services*, include data, voice, and wireless communication services, such as long-distance telephone services from other Federal agencies or accounts. 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.* C *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. C *Utility services*, include heat, light, power, water, gas, electricity, and other utility services. C *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, *Equipmen*t.
24.0	Printing and reproduction	Printing and reproduction obtained from the private sector or from other Federal entities: C Typesetting and lithography. C Duplicating. C Standard forms when specially printed or assembled to order and printed envelopes and letterheads. C Publication of notices, advertising, radio and television time. C Photo composition, photography, blueprinting, photostating, and microfilming. C 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.

Entry		Description
24.0	Printing and reproduction -- continued	*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) as well as from other units within the Federal Government . This object class consists of three types of services: C Management and professional support services. C Studies, analyses, and evaluations. C Engineering and technical services. Each is described in further detail below. Exclude: C Information technology consulting services, which have large scale systems acquisition and integration or large scale software development as their primary focus, will be classified in object class 31.0, *Equipment.* C Personnel appointments and advisory committees, which will be classified in object class 11.3, *Other than full-time permanent.* C Contracts with the private sector for operation and maintenance of information technology and telecommunication services, which will be classified in object class 25.7, *Operation and maintenance of equipment.* C Architectural and engineering services as defined in the Federal Acquisition Regulations (FAR) 36.102 (40 U.S.C. 541). C 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.* C 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.* *Management and professional support services,* that: C 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). C Are normally closely related to the basic responsibilities and mission of the agency contracting for the services, and C 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.

Entry		Description
25.1	Advisory and assistance services -- continued	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: C Studies in support of information technology and R&D activities. C 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) that: C 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)); C 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. C 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. C Include information technology consulting services, such as information technology architecture design and capital programming, and investment control support services. C 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.
25.2	Other services	Report contractual services with non Federal sources that are *not otherwise classified* under this object class. For example: C 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, *Purchases of goods and services from Government accounts.* C Typing and stenographic service contracts with the private sector. C 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.*

Entry		Description
25.2	Other services -- continued	C Fees and other charges for abstracting land titles, premiums on insurance (other than payments to the Office of Personnel Management), and surety bonds. Exclude: C Advisory and assistance services contracts, which are classified under object class 25.1 , *Advisory and assistance services*. C 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. C Services in connection with the initial installation of equipment, when performed by the vendor, which will be classified in object class 31.0, *Equipment* . C 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. C Repair, maintenance, and storage of vehicles and storage of household goods, which are reported in object class 25.7, *Operation and maintenance of equipment*.. C 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. C Subsistence and support of persons, which is classified as object class 25.8, *Subsistence and support of persons*. C 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	Purchases of goods and services from Government accounts	Purchases from other Federal Government agencies or accounts *that are not otherwise classified*. Include: C Rental payments to Federal Government accounts other than the GSA Federal Buildings Fund. C Interagency agreements for contractual services (including the Economy Act) for the purchase of goods and services, except as described below. C Expenditure transfers between Federal Government accounts for jointly-funded grants or projects. Exclude: C Purchases from State and local governments, the private sector, and Government sponsored enterprises which will be classified in 25.2, *Other services*. C Data communication services (voice, data, and wireless) from other agencies or accounts, which will be classified in object class 23.3, *Communications, utilities, and miscellaneous charges*.

Entry		Description
25.3	Purchases of goods and services from Government accounts -- continued	C Agreements with other agencies to make 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. C Storage and maintenance of vehicles and household goods, which are classified in object class 25.7, *Operation and maintenance of equipment.* C Subsistence and support of persons, which is classified in object class 25.8, *Subsistence and support of persons*. C Development of software, or for software or hardware maintenance, which are classified in object classes 31.0, *Equipment*, and 25.7, *Operation and maintenance of equipment*, respectively. C Advisory and assistance services, which are classified in object class 25.1 , *Advisory and assistance services*. C Payments made to other agencies for services of civilian employees or military personnel on reimbursable detail, which are classified in object class 11.8, *Special personal services payments*. C 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: C Government-owned contractor-operated facilities (GOCOs). C Service contracts and routine repair of facilities and upkeep of land. C 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.*
25.5	Research and development contracts	Contracts for the conduct of basic and applied research and development. Exclude: C Advisory and assistance services for research and development (object class , *Advisory and assistance services*). C 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 C Medicare contractors. C Private hospitals. C Nursing homes. C Group health organizations for medical care services provided to veterans. C Carriers by the *Employees and retired employees health benefits fund* and CHAMPUS.

Entry		Description
25.6	Medical care -- continued	Exclude: C 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). C 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: C Storage and care of vehicles and storage of household goods, including those associated with a permanent change of station (PCS). C 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. Exclude: C Rental of information technology systems, services and other rentals, which are classified in object class 23.3, *Communications, utilities, and miscellaneous charges.* C 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 (except 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: C Ordinarily consumed or expended within one year after they are put into use. C Converted in the process of construction or manufacture. C Used to form a minor part of equipment or fixed property. C Other property of little monetary value that does not meet any of the three criteria listed above, at the option of the agency. Include: C *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. C 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.

Entry		Description
26.0	Supplies and materials -- continued	Exclude publications acquired for permanent collections, which are classified under object class 31.0, *Equipment.* Include: C *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 purchases of software, which should be classified in either object class 25.1, *Advisory and assistance services*, or object class 31.0, *Equipment.* C *Chemicals, surgical and medical supplies.* C *Fuel* used in cooking, heating, generating power, making artificial gas, and operating motor vehicles, trains, aircraft, and vessels. C *Clothing and clothing supplies*, such as materials and sewing supplies used in manufacture of wearing apparel. C *Provisions* such as food and beverages. C *Cleaning and toilet supplies.* C *Ammunition and explosives.* C *Materials and parts* used in the construction, repair, or production of supplies, equipment, machinery, buildings, and other structures. 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.
30	**ACQUISITION OF ASSETS**	This major object class covers object classes 31.0 through 33.0. Include capitalized (that is, depreciated) assets and non-capitalized assets.
31.0	Equipment	Purchases of: C 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. C The initial installation of equipment when performed under contract. Include: C *Transportation equipment.* C *Furniture and fixtures.* C *Publications for permanent collections.* C *Tools and implements.* C *Machinery* including construction machinery. C *Instruments and apparatus* C *Information technology hardware or software, custom and commercial off-the-shelf software, regardless of cost, such as central*

Entry		Description
31.0	Equipment -- continued	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.* C *Armaments* including special and miscellaneous military equipment. Exclude supplies and materials classified under object class 26.0, *Supplies and materials*; purchase of fixed equipment, which is classified 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: C *Land* and interest in lands, including easements and rights of way. C *Buildings and other structures*, including principal payments under lease-purchase contracts for construction of buildings. C *Nonstructural improvements* of land, such as landscaping, fences, sewers, wells, and reservoirs. C *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: C Stocks, bonds, debentures, and other securities that are neither U.S. Government securities nor securities of wholly-owned Federal Government enterprises. C Temporary or permanent investments. C Interest accrued at the time of purchase and premiums paid on all investments. For credit programs, see section 85 for object classification related to defaults.
40	**GRANTS AND FIXED CHARGES**	This major object class covers object classes 41.0 through 44.0.

Entry		Description
41.0	Grants, subsidies, and contributions	Cash payments to States, other political subdivisions, corporations, associations, and individuals for: C Grants (including revenue sharing). C Subsidies (including credit program costs). C 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: C Lump sum or quota of expenses. C Fixed by treaty. C 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: C Social security. C Medicare. C Unemployment insurance. C Railroad retirement. C Federal civilian retirement. C Military retirement. C Other social insurance and retirement programs. *Other claim or indemnity* payments: C To veterans and former civilian employees or their survivors for death or disability, whether service-connected or not. C 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. C To or for persons displaced as a result of Federal and federally assisted programs, as authorized under 42 U.S.C. 4622-4624. C For losses made good on Government shipments. C From liquidating accounts on guarantees where no asset is received and where forgiveness is not provided by law.

Entry		Description
43.0	Interest and dividends	Include: C Payments to creditors for the use of moneys loaned, deposited, overpaid, or otherwise made available. C Distribution of earnings to owners of trust or other funds. C 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: C Payments to correct errors in computations, erroneous billing and other factors (see section 20.10). C 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. Use this object class only with the prior approval of OMB. Once approved, specify the type of transaction as a subcategory under the title, "Undistributed" (see section 83.15).
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 sections 83.6 and 83.15.
99.0	**Subtotal, obligations**	This entry is automatically generated by MAX: C 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. C For *reimbursable* obligations, the subtotal stub entry, "Reimbursable obligations," should appear, even if all reimbursable obligations are classified in a single object class category.

Entry		Description
99.5	Below reporting threshold	Use this object class adjustment line when: C The sum for an object class entry is $500 thousand or less, that is, it is below the reporting threshold, *and* C 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: C Follow the last subtotal (object class 99.0) for the schedule. C Be coded 9995 in MAX. Do not report amounts of more than $4 million in this object class, unless approved by OMB.

83.8 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 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: C Allowances for expenses incurred in connection with a sale of a residence or settlement of an unexpired lease. C Subsistence when occupying temporary quarters (in contrast to per diem while in travel status, above). C Reimbursements of amounts equal to income taxes incurred by transferred employees for moving or storage expenses under 5 U.S.C. 5724b. C Contractual charges for relocation services under 5 U.S.C. 5724c. C Miscellaneous moving expenses under 5 U.S.C. 5724a.	12.1 *Civilian personnel benefits*
All other relocation expenses for *military* personnel	12.2 *Military personnel benefits*

83.9 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*
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*

83.10 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*
Cash allowances for the education of dependents that are provided as recruitment and retention incentives for military personnel	12.2 *Military personnel benefits*

83.11 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*
Payment to another Federal government account	The other account is NOT GSA's Federal Buildings Fund	25.3 *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 transactions follow:

- 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***.

Beginning in FY 1999, for GSA-owned buildings only, GSA began billing agencies with operating delegations for the *net* amount. Amounts for *standard* services that have been delegated back to the agencies are no longer included in object class 23.1.

83.12 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 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).	12.1 *Civilian personnel benefits*
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*

83.13 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*

83.14 How do I classify intragovernmental transactions?

For payments between two Federal government accounts for:

- Relocation expenses, see section 83.8;
- Information technology, see section 83.9;
- Education and training, see section 83.10;
- Real property, see section 83.11;
- Federal civilian retirement under CSRS, see section 83.12; and
- Military retirement, see section 13.13.

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*

If the obligations are ...	Then classify in object class ...
	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.
Transfers that result from appropriations action or general transfer authority (such as the financial interchange between social security and the Railroad Retirement Board) where the transfer merely moves resources between accounts with no benefit to the paying account).	92.0 *Undistributed* Note: The paying account should report direct obligations in object class 92.0 and the receiving account should distribute the obligations as direct obligations in the appropriate object classes

83.15 How is object class information presented in MAX schedule O and the Appendix?

You must enter all object class information in MAX schedule O. Then the *Appendix* will present object class information in tables that are called object class schedules. These tables will present 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 are <u>not distributed</u> 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 appropriated 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.

83.16 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.

Amounts that are generated for you by MAX will appear as the color “blue” on the screen of most personal computers. You may override these amounts by entering a different amount in MAX. Amounts that you override will appear as the color “green”. However , you will receive error messages when the amounts are not within rounding tolerances (see Appendix D).

Releasing Contingent Emergency Funding

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	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
X420	Insurance claims and indemnities
X430	Interest and dividends
X440	Refunds
	Other
X910	Unvouchered
X920	Undistributed
X930	Limitation on expenses
X990	**Subtotal, obligations ***
X995	Below reporting threshold
X999	**Total new obligations ***

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
6xxx	Limitation schedule--direct
7xxx	Limitation schedule--reimbursable
8xxx	Limitation schedule--allocation
9xxx	Total new obligation

* Automatically calculated by MAX .

Object Classification—Without Allocation Accounts

PY—past year
CY—current year
BY—budget year

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DEPARTMENT OF GOVERNMENT

OFFICE OF THE SECRETARY
SALARIES AND EXPENSES
VGOV08161166
S3643

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.

Use to show payments that do not represent salaries or wages paid directly to Federal employees (section 83.5).

Object Classification (in millions of dollars)

Identification code 16-1166-0-1-755		PY actual	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 compensation	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
92.0	Undistributed	.....	4	4
99.0	Subtotal, 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

Use this entry to report transfers between Federal and trust funds resulting from appropriation action or general transfer authority.

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

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

PY—past year
CY—current year
BY—budget year

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DEPARTMENT OF GOVERNMENT

BUREAU OF PUBLIC WORKS

CONSTRUCTION

VGOV08161166
S3643

Object Classification (in millions of dollars)

Identification code 16-3044-0-1-452	PY actual	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 compensation	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 (MAX SCHEDULE C)

Table of Contents

84.1 General
84.2 Definitions
84.3 Reporting the data and relationships with other data requirements
84.4 Character classification in MAX

Ex-84A Summary of Character Classification Codes (MAX Schedule C)
Ex-84B Research and Development Character Classification Codes (MAX Schedule C)

Summary of Changes

Requires agencies to report direct and indirect costs (budget authority only) related to research and development performed by colleges and universities (section 84.4).

Requires agencies to report on how research funds are allocated (section 84.4).

Updates definitions of the National Science and Technology Council crosscuts (section 84.4).

Drops the technology transfer reporting requirement.

84.1 General.

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 categories 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 includes additional information on R&D (e.g., R&D performed by colleges and universities, the allocation of R&D funds, R&D crosscuts) 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 84A for a summary of character classification codes.

Section 84.4 provides detailed information on all of the categories used for character classification. As a general rule, you must report budget authority and outlays by character class for PY through BY for all appropriation and fund accounts, except credit financing accounts, in MAX schedule C. However, you only need to report budget authority for research and development performed by colleges and universities. You must also report offsetting receipts for PY through BY by character class in MAX schedules K and R (see section 81.4). MAX will automatically generate outyear projections (see section 84.3).

OMB controls the character classification of offsetting receipts centrally, and you must ask OMB to change the classification (see section 79.1) before you can enter data under a different code. OMB does not control the character classification of expenditure accounts. If the nature of an account changes and requires the use of different classes, you may enter budget authority and outlays in MAX under the appropriate character class without advance approval from OMB.

Character class categories are identified by a 4-digit number that identifies data as investment or non-investment and as grants or direct Federal programs. In addition, a 2-digit suffix is used to differentiate between BA, outlays, and offsetting receipts (see section 84.4).

84.2 Definitions.

(a) *State or local governments*:

For preparing character classification data, State or local governments includes 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, 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, for example, 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, the National Science Foundation, the Department of Energy, the National Aeronautics and Space Administration, and the Department of Defense.

- 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 Reporting the data and relationships with other data requirements.

(a) *Budget authority and outlays.*

When you report on character class for appropriation and fund accounts:

- Report budget authority and outlay data by subfunction for PY-BY in MAX schedule C. (MAX will generate outyear projections, which you may override.)

- Report grant character class data by BEA subcategory (see section 81.3).

- Report non-grant data on a net basis; report grants on a gross basis. (See the instructions below for the treatment of offsetting collections.)

- Do not report character class for credit financing accounts.

As a general rule, 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. (For treatment of memorandum entries, see section 84.3(c) and exhibit 84A.)

Where 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.

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.

Apply offsetting collections credited to appropriation and fund accounts as offsets to the gross budget authority and outlays that the collections finance. For example:

- Offset collections resulting from the sale of commodities against gross budget authority and outlays for the purchase of commodities in character classes 1330-01 and 1330-02, respectively.

- Offset fees collected to cover operating expenses against gross budget authority and outlays for operating expenses in character classes 2004-01 and 2004-02, respectively.

- In credit liquidation accounts, offset loan repayments against gross budget authority and outlays for loan programs in character classes 2004-01 and 2004-02, respectively.

Budget authority and outlays from grants should include grants financed by offsetting collections. Offsetting collections credited to an account that finance grants will be reported as negative budget authority and outlays in character class 2004-01 and 2004-02, respectively. 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 on the "Federal Aid to States" publication.

(b) *Receipts.*

Report character class information for offsetting collections deposited in receipt accounts in MAX schedules K (baseline) and R (policy) using the instructions in section 81.4 (e).

(c) *Additional data on research and development.*

Schedule C contains memorandum entries on lines 1441-01 through 1464-xx that supplement, and are a subset of, R&D data reported on lines 1311-xx through 1432-xx. These entries are used to collect the following R&D information:

- Direct and indirect costs associated with R&D performed by colleges and universities.

- Allocation of research funds (congressional direction, agency discretion, merit-reviewed with peer evaluation and competitive selection).

- Crosscutting R&D data for specific areas identified by the National Science and Technology Council (NSTC).

(d) *Relationships with other data requirements.*

For each account, the totals for character class data in MAX schedule C (excluding the memorandum (non-add) entries) must correspond to the total net budget authority and outlays reported in MAX schedule A for PY through BY+4.

(e) *Outyear projections of character class data.*

MAX will automatically generate outyear projections of character class data (except memorandum entries) based on in-year data. For grants to State and local governments, outyear projections will be generated through BY+9; and, for direct Federal programs, outyear projections will be generated through BY+4.

Using an algorithm, MAX will assume that the percentage of net budget authority and outlays estimated for a character class for outyears is the same as that reported in the BY. For example, if 18 percent of net budget authority in the account is in character code 1511-01 (grants for education and training) in BY, then 18 percent of net budget authority will be estimated in character code 1511-01 for each outyear. Agencies may view these outyear projections on-screen. If projections do not accurately reflect outyear policy, you may override the calculated amounts by entering the correct amounts (not percentages) directly into MAX.

For revolving-type funds (e.g., the Federal buildings fund and the General supply fund in GSA, the Postal Service, TVA, Bonneville, and mass transit formula grants) where the net totals are often close to zero or are negative, the automatic projection will generate unrealistic estimates and will need to be overridden.

Character class totals for the outyears must correspond to total net budget authority and outlays for those years.

84.4 Character classification in MAX.

Character class data in MAX 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 four-digit 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 between 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 (see exhibit 84B and the listing of R&D memorandum entries below). 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 codes except 1441 and 1442 apply to budget authority and outlays. The following table provides the codes used to identify character class data; exhibit 84A provides a summary of the coding structure.

CHARACTER CLASSIFICATION CODES

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, or rehabilitation of physical assets regardless of whether the assets are owned or operated by the Federal Government, States, municipalities, or private individuals. These include (but are not limited to) those kinds of assets that would normally be shown in the balance sheet of a private business enterprise.
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 such fixed facilities as reactors, wind tunnels, and particle accelerators. Excludes movable R&D equipment, which is classified as 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, 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.

Entry	Description
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 expendable or movable equipment, for example, spectrometers and microscopes and office furniture and equipment.
Other major equipment: 1323-xx Grants to State and local governments 1324-xx Direct Federal programs	Amounts for all other major equipment.
133x Commodity inventories: 1330-xx* Direct Federal programs Proceeds from the sale of commodities	Amounts for federally-owned commodities held for resale or in stockpiles. 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 Receipts from sales of property or assets	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. Offsetting receipts collected from sales of federally-owned property or assets used by the Federal Government. Includes office buildings and park and forest lands.
Other physical assets: 1351-xx Grants to State and local governments 1352-xx* Direct Federal programs Receipts from sales of other physical assets	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 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. 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):	Amounts for research and development, including administrative expenses for R&D. Excludes R&D facilities and equipment investments, which are classified under 13xx.

Entry	Description
	Definitions of basic and applied research, and development are provided below. This definition of research and development is the same as that used for the National Science Foundation Annual Survey of Federal Funds for Research, Development, and Other Scientific Activities. Information reported under this section should be reconcilable with the more detailed information subsequently reported in the annual survey. Excludes 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.
Basic research: 1411-xx Grants to State and local governments 1412-xx Direct Federal programs	Basic research is defined as systematic study directed toward greater knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products 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 toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.
Memorandum R&D entries	
R&D performed by colleges and universities:	Budget authority for R&D performed by institutions engaged primarily in providing instruction for at least a 2-year program above the secondary school level. Includes colleges of liberal arts; schools of arts and sciences; professional schools (such as engineering and medicine); affiliated hospitals and associated institutes; and agricultural experimental stations. Does not include federally-funded R&D centers administered by universities.
1441-01 Direct costs	Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Entry	Description
1442-01 Indirect costs	Indirect costs are classified as "administration" or "facilities" costs that are incurred for common or joint objectives, and therefore, cannot be identified with a particular sponsored project. Facilities costs are defined as depreciation and use allowances, interest on debt associated with a certain building, equipment and capital improvements, and operations and maintenance. Administration costs are defined as general administration. See OMB Circular No. A-21 "Cost Principles for Educational Institutions" for further definition and guidance on indirect costs.
Allocation of research funds:	The total allocation of research funds reported on lines 1451-xx through 1453-xx must equal the total amount reported for the conduct of basic and applied research on lines 1411-xx through 1422-xx. Excludes amounts spent on development. Use these definitions for allocating research funds to the categories listed below: • *Peer evaluation* means merit-reviewed by appropriately qualified scientists, engineers, or other technically-qualified individuals who are apart from the people or groups making the award decisions. • *Competitive selection* means applicants not prohibited from applying by highly restrictive criteria (e.g., by geography, by title, by affiliation with particular institutions, by past associations, by capabilities in unrelated or programmatically non-essential aspects other than long-standing statute or regulation).
1451-xx Scientific research performed at congressional direction	Intramural and extramural research programs where funded activities are awarded to a single performer or collection of performers without competitive selection, but which may be merit-reviewed, based on direction from Congress in law, in report language, or by other direction.
1452-xx Scientific research at agency discretion	Intramural and extramural research programs proposed by the agency based on discretion, long-standing statute, or regulation, which may be peer-evaluated or competitively selected, but not both. Examples of such programs include, but are not limited to, sole source awards and highly-restrictive competitive programs.

Entry	Description
1453-xx Merit-reviewed scientific research with peer evaluation and competitive selection	Intramural and extramural research programs where funded activities are chosen from a pool of qualified applicants following review by a set of scientific or technical peers for merit.
Conduct of National Science and Technology Council (NSTC) crosscuts	
1461-xx Climate change technology initiative	Research, development and deployment, and technologies related to energy efficiency, renewable energy, and carbon reduction/sequestration, including more efficient technologies in buildings, industrial processes, vehicles, and power generation. Examples include energy-efficient technologies for commercial buildings and homes, including the Partnership for Advancing Technology in Housing (PATH); stronger labeling and efficiency requirements for appliances and office equipment; the deployment of new technologies in the industrial sector to capture waste heat and convert it into electricity; advanced automobile and truck technologies; research and incentives for renewable energy sources, such as wind, biomass, photovoltaics, and fuel cells. Also includes direct support of fundamental research, and R&D on physical or biological sequestration of CO2.
1462-xx Partnership for a new generation of vehicles	Research designed to: • Develop advanced manufacturing techniques that make it easier to get new automobiles and auto components into the marketplace quickly. • Use new technologies for near-term improvements in auto efficiency, safety, and emissions. • Lead to production prototypes of vehicles three times more fuel efficient than today's cars, with no sacrifice in comfort, performance, or price, including exploration in such advanced technologies as fuel cells, advanced clean diesel engine, hybrid drivetrains, and energy storage systems.
1463-xx U.S. global change research program	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.

Entry	Description
	• Identifying strategies for adaption and mitigation that will most benefit society and the environment. P.L. 101-606 requires this program crosscut.
1464-xx High-performance computing and communications and information technology	*Large scale networking:* • Research and technology development in high performance network components. • Technologies that enable wireless, optical, mobile, and wireline communications. • Large-scale network services, engineering, and management. • Deeply networked systems. • Simulation and modeling. • Systems software and program development environments for network-centric computing. • Next Generation Internet initiative activities. *High-end computing:* • Research and technology development to improve the usability and effectiveness of teraflops-scale systems. • Leading-edge research for future generations of computing, such as petascale computers and exabyte storage systems including current and advanced device technologies and subsystem components and innovative advanced architectures. • Prototype demonstration systems. *High-end computation and infrastructure:* • Development of applications requiring large scale computation-intensive and/or information-intensive operations. • Development of mathematical algorithms and programming environments, and tools for collaboration, visualization, and data management. • Research facilities built on large scale test systems and on large scale, high performance computational grids and networks. *High confidence systems:* • Research and development to achieve security, survivability, availability, reliability, and safety of systems that rely on information technology. • Assurance of information-centric systems through research in theoretical foundations, development of tools and techniques (with linkages to domain-

Entry	Description
	specific languages), engineering and experimentation, and demonstrations and pilots. *Human computer interface and information management:* • Research and technology development in human sensory-motor systems, perception, attention, pattern recognition, and decision-making to improve the interaction of people and machines. • Management, exploitation, and visualization of information and knowledge, including large knowledge repositories. • Multilingual document translation and understanding. • Collaboratories. • Digital libraries. *Software design and productivity:* • Research and technology development in software design and implementation. • End-user programming, including intelligent templates and domain-specific languages. • Component-based software. • Active software. • Autonomous software. *Social, economic, and workforce implications of IT and IT workforce development:* • Research in social, economic, and workforce effects of information technology. • Development of model curricula and course materials to promote IT literacy. • Graduate and postdoctoral programs to increase the number of IT professionals.
15xx Conduct of education and training: 1511-xx Grants to State and local governments 1512-xx Direct Federal programs Receipts from education and training	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; and agricultural extension services; income support activities directly contingent upon participating in such programs. Excludes training of military personnel or other persons in government service. Offsetting receipts for loan repayments, negative subsidies, and downward reestimates of loan subsidies that are associated with the conduct of education and training.

Entry	Description
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.
All other offsetting receipts	Offsetting receipts collected and deposited in receipt accounts that are not otherwise classified.

Summary of Character Classification Codes (MAX Schedule C)

Code	Description
	INVESTMENT ACTIVITIES
	Physical assets:
	Construction and rehabilitation:
1311–xx	Research and development facilities: Grants
1312–xx	Research and development facilities: Direct Federal programs
1313–xx	Other construction and rehabilitation: Grants
1314–xx	Other construction and rehabilitation: Direct Federal programs
	Major equipment:
1321–xx	Research and development equipment: Grants
1322–xx	Research and development equipment: Direct Federal programs
1323–xx	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	Other physical assets: Grants
1352–xx	Other physical assets: Direct Federal programs
	Conduct of research and development:
1411–xx	Basic research: Grants
1412–xx	Basic research: Direct Federal programs
1421–xx	Applied research: Grants
1422–xx	Applied research: Direct Federal programs
1431–xx	Development: Grants
1432–xx	Development: Direct Federal programs
	Memorandum (non-add) R&D entries
	R&D performed by colleges and universities
1441–01	Direct costs
1442–01	Indirect costs
	Allocation of R&D funds:
1451–xx	Scientific research performed at congressional direction
1452–xx	Scientific research at agency discretion
1453–xx	Merit-reviewed scientific research with peer evaluation and competitive selection
	Crosscuts:
1461–xx	Climate change technology initiative
1462–xx	Partnership for a new generation of vehicles
1463–xx	U.S. global change research program
1464–xx	High-performance computing and communications and information technology
	Conduct of education and training:
1511–xx	Grants
1512–xx	Direct Federal programs
	NON INVESTMENT ACTIVITIES
2001–xx	Grants-other than shared revenues
2003–xx	Grants-shared revenues
2004–xx	Direct Federal programs

Totals for budget authority and outlays reported on lines 1311–xx through 1432–xx, and 1511–xx through 2004–xx must correspond to net budget authority and outlay totals reported in schedule A (e.g., schedule C total outlays must equal schedule A gross outlays minus offsetting collections (cash)).

R&D requirements are included in the character classification.

Memorandum (non-add) entries for Federal programs are a subset of data reported on lines 1311–xx through 1432–xx.

Research and Development Character Classification Codes (MAX Schedule C)

The character classification includes the following ten categories that are used to report research and development activities. In addition, memorandum (non-add) entries are used to report on R&D performed by universities, the allocation of R&D funds, and R&D crosscuts, (See exhibit 84A for a listing of these entries.)

Code	Description
	Physical assets:
	Construction and rehabilitation:
1311–xx	Research and development facilities: Grants
1312–xx	Research and development facilities: Direct Federal programs
	Major equipment:
1321–xx	Research and development equipment: Grants
1322–xx	Research and development equipment: Direct Federal programs
	Conduct of research and development:
1411–xx	Basic research: Grants
1412–xx	Basic research: Direct Federal programs
1421–xx	Applied research: Grants
1422–xx	Applied research: Direct Federal programs
1431–xx	Development: Grants
1432–xx	Development: Direct Federal programs

Character class categories for activities other than R&D are listed in Exhibit 84A.

SECTION 85 -- FEDERAL CREDIT

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Summary of Changes

For loans made, guaranteed, or modified in FY 2001 and thereafter and reestimates, 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 (section 85.3).

Clarifies the distinction between expenses that may be deducted from the proceeds of asset sales and expenses that are administrative expenses (section 85.7).

Balance sheet (MAX schedule F) exhibits have been revised.

85.1 Coverage.

These instructions apply to all programs that provide direct loans or loan guarantees 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 85.10).

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. Exemptions from these requirements for mandatory programs will be specified by OMB 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 96.5).

85.2 Background.

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) 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, regardless of the maturity of the loan. 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 all 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 interest rates assumed when estimates were made for budget formulation and obligation (the same interest 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.

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 been provided budget authority to cover the cost of a modification that increases the subsidy before the loans can be modified.

85.3 Definitions and concepts.

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. 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.

Administrative expenses may be expended directly from the program account or, if authorized by appropriation language (see section 96.5), 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. Report default claim obligations and disbursements in the program and financing schedule (MAX schedule P) in liquidating and guaranteed loan financing accounts. As described below, report the claim payments in the status of guaranteed loans schedule (MAX schedule H) and, for liquidating accounts only, the object class schedule (MAX schedule O). If a loan asset is acquired in exchange for the claim payment, report the claim payment as a termination for default that results in a loan receivable on line 2261 of MAX schedule H, and, for liquidating accounts, as investment and loan obligations on object class line 33 in MAX schedule O. If a physical asset is acquired in exchange for the claim payment, report the claim payment as a termination for default that results in acquisition of property on line 2262 of MAX schedule H, and, for liquidating accounts, the object class that best represents the asset in MAX schedule O. For example, if the asset is a building, then classify the obligations on line 32, land and structures. (See section 82.7 for object classification). If nothing of value is received in exchange for the claim payment, report the claim payment as termination for defaults that result in claim payments on line 2263 in MAX schedule H, and, for liquidating accounts, as insurance claims and indemnities on object class line 42 in MAX schedule O.

(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. It applies to pre-1992 direct loans and loan guarantees that have been modified but not to unmodified pre-1992 direct loans and loan guarantees. Post-1991 direct loans or loan guarantees remain with their original cohort throughout the life of the loans, even if they are modified. All of the modified pre-1992 direct loans of a program will be assigned to a single cohort and all of the modified pre-1992 loan guarantees for a program will be assigned to a single cohort, even if the subsidy appropriation is provided in different fiscal years. For purposes of budget presentation, cohorts will be aggregated. However, accounting and other records will 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 a non-Federal 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 (see also section 33.14).

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 85.4 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. 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 weighted average discount rate derived from this collection of interest rates. An electronic spreadsheet is available from OMB to calculate budget estimates of the interest income or expense for financing accounts.

(h) ***Financing account*** means a non-budgetary account (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 provides subsidy costs for both forms of credit. Financing account schedules are printed in the budget *Appendix* together with the program account.

(i) ***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. All liquidating accounts 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 58.3).

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.

(j) ***Loan asset sale*** means a sale of one or more loans to a non-Federal buyer, either 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.

(k) ***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.

(l) ***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.

(m) ***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 will be recorded against budget authority in the program account when the loan guarantee commitment is made. The subsidy will be paid to the guaranteed loan financing account when the loan is disbursed by the private lender. (See section 85.4 and the OMB Credit Subsidy Calculator and accompanying documentation for information about estimating the subsidy.)

(n) ***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; 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 85.3(v)) 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. If later 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.

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.

(o) ***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.

When post-1991 direct loans or loan guarantees are modified, a modification adjustment transfer between the financing account and the general fund must also be calculated. When pre-1992 direct loans or loan guarantees are modified, a transfer must be made between the liquidating account and financing account. These calculations and the budgetary treatment are explained in section 85.6.

(p) ***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.

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. The financing account will pay the negative subsidy to the negative subsidy receipt account (or to the program account in the case of a mandatory program) when the loan is disbursed. The collections are recorded as offsetting receipts or offsetting collections, and they offset the agency's budget authority and outlays. The accounting for negative subsidies is discussed in (q) below.

(q) ***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 or a downward reestimate (see section 85.3(p) and (t)). In most cases, 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.

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. For mandatory programs, negative subsidies and downward reestimates may be credited directly to the program account as offsetting collections from non-Federal sources.

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.

(r) ***Net proceeds*** 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.

(s) ***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.

(t) ***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 85.5). An upward reestimate indicates that insufficient funds had been paid to the financing account, so the increase (plus interest on reestimates, as described in section 85.5(b)) 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. For discretionary programs, the excess (plus interest, as above) is disbursed to a negative subsidy receipt account. For mandatory programs, the excess (plus interest, as above) may be credited directly to the program account as offsetting collections or to a negative subsidy receipt account.

(u) ***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.

(v) ***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.

85.4 Calculating the subsidy estimate.

(a) *General.*

You are required to 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. The subsidy estimates must be made 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 85.3(f) and (m). 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 Circular No. A-34). 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, regardless of the maturity of the loan; for example, a cash flow expected to occur one year from 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.

(b) *Presidential policy subsidy estimates.*

For all programs (discretionary and mandatory), separate subsidy estimates must be made 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.* 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. For this purpose, the loan guarantee commitment is the full principal amount, not just the portion guaranteed by the Government.

- *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.

85.5 Calculating 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:

- For differences between interest 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

- 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 interest 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.

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) 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 large loan 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.

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). Whenever reestimates are made less frequently than every year, the reestimate should cover cumulatively the entire period since the last reestimate.

(b) *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 worksheet. 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 the weighted average disbursement interest rate for the cohort. For each year in which loans were disbursed, multiply the dollar value of actual loan disbursements by the annual interest rate for that year. Add the results. Divide this amount by total loan disbursements to date. The resulting rate is used to calculate the interest on reestimates for the cohort.

- *Step 4*. Calculate interest on reestimates for each of the annual amounts calculated in step 2, using the weighted average disbursement interest rate calculated in step 3. The interest is compounded from the year of disbursement to the year for which the reestimate is made. In general, assume that the subsidy reestimates would have been disbursed in equal amounts throughout the year, so calculate interest on only half the reestimate in the year it would have been disbursed. This calculation produces the interest on reestimates for each year of disbursements.

- *Step 5*. 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.”

(c) *Calculating interest rate reestimates.*

Use the following procedures to calculate interest rate reestimates, unless an alternative method has been approved by OMB.

- *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. For programs that disburse fully in one year, use the actual average annual interest rate for the year in which the loans were disbursed. For programs that disburse over more than one year, calculate a weighted average discount rate based on actual annual interest rates for each year in which loans have disbursed and the original disbursement assumptions. Use this discount rate to 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.

- *Step 4*. Multiply the dollar value of actual loan disbursements to date by the percentage point difference in the subsidy rates. The product is the cumulative interest rate reestimate. Deduct previous interest rate reestimates (if any) to derive the additional interest subsidy reestimate for the current year (see (e) below).

The instructions accompanying the OMB subsidy reestimate worksheet provide additional instructions for calculating interest rate reestimates.

(d) *Calculating technical reestimates.*

Use the following procedures to calculate technical reestimates, unless an alternative method has been approved by OMB.

- *Step 1*. Reestimate the subsidy percentage for each risk category based on actual cash flows to the date of reestimate and updated expectations of delinquencies, defaults, fees, recoveries, and other technical conditions (using the same interest rates used for the latest interest rate reestimate, if applicable).

- *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.

- *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. The product is the technical reestimate.

The amount calculated in step 3 is the cumulative technical reestimate. Deduct previous reestimates to derive the additional subsidy reestimate for the current year (see (e) below).

The instructions accompanying the OMB subsidy reestimate worksheet provide additional instructions for estimating technical reestimates.

(e) *Calculating the total reestimate.*

The total reestimate is the sum of the interest rate reestimate, if any, and the additional technical reestimate for the current year. To calculate the total reestimate:

- *Step 1*. Add the cumulative interest rate reestimate and the cumulative technical reestimate calculated in (c) and (d) 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 85.3(n). This remainder is the total reestimate for the current year.

(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 receipt account (a negative subsidy 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.

At the discretion of the OMB representative with primary responsibility for the program, a special fund receipt account may instead be established. For mandatory programs, downward reestimates (and interest on reestimates) may be credited directly to the program account as offsetting collections.

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. MAX schedule N is required for these special funds (see section 86). 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.

If the disbursement of reestimates and interest on reestimates is made directly from the financing account to the program account in a mandatory program, it is immediately available for obligation.

(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.

85.6 Calculating and recording modifications.

When a direct loan or loan guarantee is modified, directly or indirectly, 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 separate subsections below. These requirements apply to all modifications, both to pre-1992 and to post-1991 direct loans (or direct loan obligations) and loan guarantees (or loan guarantee commitments). The calculations are explained below.

The subsidy cost of the modification is 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 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 subsidy cost is calculated as follows (where cash flows to the Government have negative signs and cash flows from the Government have positive signs):

- *Step 1*. Estimate the remaining cash flows expected just before the modification under the loan contract terms assumed in the baseline of the most recent budget submitted to Congress. These estimates must assume the same deviations (defaults, delinquencies, etc.) from contract terms as assumed for the risk category in which the loan is classified.

- *Step 2*. Discount the cash flows estimated in step 1 to the time of the modification using the discount rates assumed in the economic assumptions for the most recent President's budget when the loan is modified. The remaining cash flow for each year (or other time period) of the loan that is being modified should be discounted using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of modification (not from the date of the original maturity) as that cash flow.

- *Step 3*. Estimate the cash flows expected under the modified contract terms. For cash flows unaffected by the modified contract terms, these estimates must assume the same deviations (defaults, delinquencies, etc.) from contract terms as assumed for the risk category in which the loan is classified.

- *Step 4*. Discount the cash flows estimated in step 3 to the time of the modification using the same discount rates that are used in step 2. If a loan asset is sold, the amount in this step (minus appropriate administrative costs) equals the net proceeds from the sale.

- *Step 5*. Subtract the amount calculated in step 2 from the amount calculated in step 4 to produce the estimated subsidy cost resulting from the modification.

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 some savings. A zero estimate indicates that the modification will not change the subsidy cost.

(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, an obligation in the amount of the estimated increase in subsidy cost will be recorded against budget authority in the program account. At the same time, an outlay in the amount of the increase in the subsidy cost will be made from the program account to the appropriate direct loan or guaranteed loan financing account. Simultaneously, an equal amount of offsetting collections will be recorded in the financing account (line 8800).

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, an obligation in the amount of the estimated decrease in subsidy cost will be recorded in the financing account. In the case of a direct loan modification, the obligation will be recorded against authority to borrow from the Treasury. In the case of a loan guarantee, the obligation will be recorded against unobligated balances for the cohort, or if unobligated balances are insufficient, against authority to borrow. At the same time, the financing account will record an equal disbursement to the negative subsidy receipt account established for each credit program.

(b) *Additional financing account transfers for modifications of post-1991 direct loans and loan guarantees.*

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 interest rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest. The discount rates used to calculate the cost of the modification are the interest rates in the economic assumptions for the most recent President's budget when the direct loan or loan guarantee is modified. In contrast, the cohort borrows or earns interest at the rate applicable when the direct loan or guaranteed loan was disbursed. Therefore, 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. Either it would have too much or too little resources to pay its claims to the public or repay its debt to the Treasury.

This imbalance is eliminated 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.

The modification adjustment transfer is the difference between the present value of the estimated change in cash flows due to the modification, calculated using the discount rates applicable when the direct loan or loan guarantee is modified, and the present value of the estimated change in cash flows due to the modification, calculated using the discount rates applicable when the direct loan or guaranteed loan was disbursed. This transfer is in addition to the transactions described above. Specifically, it is calculated in the following further steps:

- *Step 6*. Take the difference in cash flows due to the modification. This is the amount calculated in step 1 above minus the amount calculated in step 3 above.

- *Step 7*. Calculate the present value of this difference using the interest rate at which the cohort pays or earns interest.

- *Step 8*. Subtract the step 5 amount from the step 7 amount. This difference is the modification adjustment transfer.

The effects of the modification adjustment transfer on the program and financing schedule of a financing account are summarized below. They distinguish between a loan guarantee and a direct loan and between which present value of the modified cash flow is higher: the estimate using the current discount rates (i.e., the discount rates in the economic assumptions for the most recent President's budget when the direct loan or loan guarantee is modified) or using the original discount rates (i.e., the discount rate when the direct or guaranteed loan was disbursed). Depending on which present value is higher, the transfer is made from the general fund to the financing account or from the financing account to the general fund.

If the cost of the modification is more when calculated at the current discount rates than at the original discount rates, the financing account would be over compensated by the subsidy payment for the modification. Therefore, the financing account makes a modification adjustment transfer to the general fund. This transfer is recorded on line 6827, "Capital transfer to general fund." The transfer produces the accompanying 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 6847, "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 6847 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 cost of the modification is less when calculated at the current discount rates than at the original discount rates, the financing account would be under compensated by the subsidy payment for the modification. Therefore, the financing account receives a modification adjustment transfer from the general fund, which is recorded in the financing account as a permanent indefinite appropriation (line 6005, "Appropriation (indefinite)"). This transfer produces the accompanying 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 6847, "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.*

Pre-1992 direct loans and loan guarantees are held in liquidating accounts unless they are modified. When they are modified, the cost of the modification is estimated and accounted for in the same way as modifications of post-1991 loans. In addition, there are transactions between the liquidating account and the financing account that must be recorded. The transactions differ depending on whether the direct loan asset or the loan guarantee liability is transferred from the liquidating account to the financing account or continues to be held by the liquidating account.

(1) *Transfer of asset or liability to financing account.* This approach should be used, unless the OMB representative for the credit program approves using the alternative approach (described in (2) below).

At the time of the modification, 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 Government's remaining cash flows expected just before the modification under the terms assumed in the baseline of the most recent budget submitted to Congress. The remaining cash flow for each year (or other time period) should be 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, regardless of the maturity of the loan. This amount is the result of the first two steps in estimating the subsidy cost of the modification.

In the case of a direct loan modification, the adjusting payment will be made from the financing account to the liquidating account. The financing account, in effect, buys the loan from the liquidating account. An obligation and a disbursement will be recorded in the financing account in the amount of the payment when it is made. The obligation will be recorded on line 0802 in the financing account program and financing schedule. The financing account will use its collection of the subsidy payment from the program account plus borrowing from Treasury to make the adjusting payment. The interest rate on the amount borrowed from Treasury will be the same as the rate used to calculate the present value of cash flows under the modified contract. Collections from the direct loan assets over their remaining life will be credited to the financing account and used to pay interest and repay debt owed to Treasury. The liquidating account will record offsetting collections equal to the adjusting payment, which it will use to repay debt owed to Treasury or transfer to the general fund as a capital transfer.

In the case of a loan guarantee modification, the adjusting payment will be made from the liquidating account to the financing account. The liquidating account, in effect, pays the financing account to assume the loan guarantee liability. 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. These collections will be combined with the collection of the subsidy payment from the program account and retained in the financing account as a reserve to pay default claims and other expenses.

(2) *Asset retained by liquidating account.* Subject to the approval of the OMB representative for the credit program, this method can 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 the case of a modification that increases subsidy cost, the liquidating account will collect less from the public over time if a direct loan has been modified and will pay more to the public if a loan guarantee has been modified. The financing account will collect a subsidy payment from the program account equal to the present value of the change in cash flows to the Government. The financing account will 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. Any excess at the end of the year will be transferred to the general fund. Since the program account's outlays for the subsidy payment will exactly equal the liquidating account's collections from the financing account, there will be no net change in the surplus or deficit for that year.

In the case of modifications that decrease subsidy cost, the liquidating account will collect more from the public over time if a direct loan has been modified or pay less to the public if a loan guarantee has been modified. The liquidating account will use permanent indefinite authority to make a payment to the financing account equal to the present value of the change in cash flows in the liquidating account. The financing account will record offsetting collections, which it will pay to the negative subsidy receipt account for the credit program. Since the payment by the liquidating account and the negative subsidy receipts will be equal, there will be no net change in the surplus or deficit for that year.

(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.

85.7 Sale of delinquent loan assets.

(a) *General.*

Beginning in FY 1999, 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.

(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; and
- Loans in adjudication or foreclosure.

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 delinquent 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 delinquent 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 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 85.3(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 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.

85.8 Summary of materials and MAX data.

Each program making post-1991 direct loans or loan guarantees will have at least two and as many as five types of accounts, even if the Administration is proposing to terminate the program:

- 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 and downward reestimates, if any; and
- 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	U			
Narrative statement (section 97)	U	U	U	
Schedule P (PY-BY) (section 82)	U	U	U	
Schedule O (PY-BY) (section 83)	U		U	
Schedule N (PY-BY) (section 86)	U			
Schedule U (PY-BY) (section 85)	U			
Schedule A (PY-BY+9) (section 81)	U		U	
Schedule S (CY-BY+9) (section 81)	U		U	
Schedule C (PY-BY) (section 84)	U		U	
Schedule H (PY-BY+4) (section 85)		U		
Schedule G (PY-BY+4) (section 85)		U		
Schedule R (PY-BY+9) (section 81)				U
Schedule K (PY-BY+9) (section 81)				U
Schedule Y (CY-BY+4) (section 85)		U		
Schedule F (PY-BY) (section 86)		U	U	
Schedule E (PY-BY) (section 86)			U	

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.

85.9 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 (MAX schedule P).*

Use the following line number scheme in the "obligations by program activity" section of the program and financing schedule (see exhibit 85A):

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 (MAX schedule O).*

Record all direct expenses in the appropriate object class. For administrative expenses transferred to a salaries and expenses account, use object class 25.3, "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 (MAX schedule U).*

Prepare a schedule of loan levels (see exhibit 85B), subsidy budget authority, subsidy rate, and subsidy outlays for each program account. These data are displayed by program or by program and risk category. The titles of the stub entries can be tailored to identify the program to which each entry belongs. Note that some entries are reported by cohort while others are reported for combined cohorts. The data on outlays for each fiscal year will refer to the subsidy outlays for the entire program or risk category in that fiscal year, whether the loans were obligated or committed in that year or prior years, and reestimates. Consequently, data on subsidy outlays will not equal the amount of subsidy outlays that could be calculated using the data on loan levels and subsidy rates. Although no outyear data are collected in schedule U, you may be required to provide outyear data by your OMB representative.

Use the entries in the following table to prepare schedule U. MAX will automatically generate the line entries indicated in **boldface**.

DATA REQUIREMENTS FOR MAX SCHEDULE U

Entry	Description
DIRECT LOAN LEVELS SUPPORTABLE BY SUBSIDY BUDGET AUTHORITY**:**	Report lines 1150-1339 by cohort.
1150 Direct loan levels	Equals the amount of direct loans that can be obligated with the amount of new subsidy budget authority requested or provided in that year. Include loan volume reestimates, if any, in PY. Do not include proceeds from asset sales. Do not report 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. For discretionary programs, direct loan limitations are also reported in MAX schedule A in program accounts on line 7007 and in MAX schedule G in direct loan financing accounts on line 1111. For mandatory programs, only line 1131 in MAX schedule G in the financing account is required. These data are required even if the subsidy rate is zero or negative.
1159 Total direct loan levels	The sum of all lines 1150.
DIRECT LOAN SUBSIDY (PERCENT):	
1320 Subsidy rate	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 reestimated subsidy. In the CY

Entry	Description
	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 without decimal points. For example, enter 50.503 as 5050, 5.05 percent as 505 and 0.5 percent as 50. Amounts should be shown, even if zero or negative.
1329 Weighted average subsidy rate	The disbursement weighted average sum of all lines 1320 above. For non-zero transmittal codes, this is the change to the subsidy rates reported under transmittal code zero, not the new rates.
DIRECT LOAN SUBSIDY:	
1330 Subsidy budget authority	The 1330 data line series presents data in dollars on the subsidy costs inherent in making direct loans. In the PY column, the amount will include last year's reestimates of the subsidy. In the CY column, the amount will equal the amount appropriated for subsidies. It will not include 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.
1339 Total subsidy budget authority	The sum of all lines 1330 above.
DIRECT LOAN SUBSIDY OUTLAYS:	Report line 1340 for all cohorts.
1340 Subsidy outlays	The 1340 data line series presents data on the amount of subsidy disbursed in a given year. An outlay will be recorded in the program account at the time of disbursement of the loan to the borrower. Both outlays from new budget authority and outlays from balances are reported on this line. These amounts should equal line 8800 (offsetting collections (cash) from Federal sources) in MAX schedule P of the financing account. Include reestimates in the PY. Report even if the subsidy is negative.
1349 Total subsidy outlays	The sum of all lines 1340 above.
GUARANTEED LOAN LEVELS SUPPORTABLE BY SUBSIDY BUDGET AUTHORITY:	Report lines 2150-2330 by cohort.
2150 Loan guarantee levels	Equals the full principal amount, not just the portion guaranteed by the Government, of guaranteed loans that can be committed with the amount of new subsidy budget authority requested or provided in that year. Include loan volume reestimates, if any, in PY. Do not include proceeds from asset sales. 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 authority provided. However, in the BY, loan levels supportable by the

Entry	Description
	subsidy must equal the guaranteed loan limitation. For discretionary programs, guaranteed loan limitations are also reported in MAX schedule A in program accounts on line 7008, and in MAX schedule H in guaranteed loan financing accounts on line 2111. For mandatory programs, only line 2131 in MAX schedule H in the financing account is required. These data are required even if the subsidy rate is zero or negative.
2159 Total loan guarantee levels	The sum of all lines 2150.
GUARANTEED LOAN SUBSIDY (PERCENT)	
2320 Subsidy rate	The 2320 data line series presents data on the subsidy costs inherent in making a cohort of guaranteed loans. In the PY, the rate should be the reestimated subsidy. 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 without decimal points. For example, 50.503 percent will be entered as 5050, 5.05 percent as 505, and 0.5 percent as 50. Amounts should be shown, even if zero or negative.
2329 Weighted average subsidy rate	The disbursement weighted average sum of all lines 2320 above. 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:	
2330 Subsidy budget authority	The 2330 data line series presents data in dollars on the subsidy costs inherent in making a cohort of guaranteed loans. It will not include unobligated balances eligible to be carried forward. In the PY column, the amount will include last year's reestimates of the subsidy. In the CY column, the amount will equal the amount appropriated for subsidies. 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.
2339 Total subsidy budget authority	The sum of all lines 2330 above.
GUARANTEED LOAN SUBSIDY OUTLAYS:	Report line 2340 for all cohorts.
2340 Subsidy outlays	The 2340 data line series presents data on the amount of subsidy disbursed in a given year. An outlay will be recorded in the program account at the time the lender disburses the loan to the borrower. Both outlays from new budget authority and outlays from balances are reported on this line. These amounts should equal line 8800 (offsetting collections (cash) from Federal sources) in MAX schedule P of the financing account. Include reestimates in the PY. Report even if the subsidy is negative.
2349 Total subsidy outlays	The sum of all lines 2340 above.

Entry	Description
Administrative expense data:	Report lines 3510-3590 for all program accounts.
3510 Budget authority	Budget authority provided or requested for administrative expenses for both direct and guaranteed loan programs.
3580 Outlays from balances	Outlays for administrative expenses from prior year obligated balances.
3590 Outlays from new authority	Outlays for administrative expenses from new budget authority.

85.10 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, and fees and premiums received. Separate financing accounts are used for direct loan obligations and loan guarantee commitments.

(a) *Agency debt held by the FFB (MAX schedule G).*

Policy data on debt owed to the FFB must be reported in the 3300 data line series by all 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). Prior to enactment of the Gramm-Rudman-Hollings Act, when the FFB was off-budget, it had three types of transactions. With the enactment of the Gramm-Rudman-Hollings law, the distinctions disappeared for budgetary purposes. Now, 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; and
- .03 Sale of debt securities to the FFB.

Report this data on the 3300 data line series in MAX schedule G (PY through BY+4). No baseline estimates are required.

(b) *Net financing disbursements (MAX schedules G, H, and Y).*

You must report net financing disbursements. "Net financing disbursements" correspond to "net outlays" reported on line 9000 in MAX schedule P of the program account. Rather than total outlays (gross) less total offsetting collections, net financing disbursements consist of total financing disbursements (gross) less total offsetting collections in the financing account. In PY through BY, these amounts should equal the amount reported on line 9000 in MAX schedule P of the financing account. These data are needed to estimate Federal borrowing and interest on the public debt.

Report this data on line 6300 of MAX schedule G or H (PY through BY+4) for policy estimates and schedule Y for baseline estimates. Schedule Y only collects baseline net financing disbursement data for financing accounts.

(c) *Program and financing schedules (MAX schedule P)*

The following lines are typically used in MAX schedule P for financing accounts (see exhibits 85C and 85F):

SELECTED P&F ENTRIES IN FINANCING ACCOUNTS

Entry	Description
OBLIGATIONS BY PROGRAM ACTIVITY: Stub entries should describe the transactions reported below. 0001-0009	Obligations for post-1991 direct loan disbursements (equal to face value), default claims on post-1991 loan guarantees, interest supplements to lenders, interest on debt owed to Treasury (calculated at the same rate as the discount rate for the cohort). A spreadsheet is available from OMB to calculate interest expense.
0801	Obligations for negative subsidies to be paid to the negative subsidy receipt account for the credit program.
0802	Obligations for downward reestimates of the subsidy to be paid to the negative subsidy receipt account for the credit program.
0803	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	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: 6005 Appropriation (indefinite)	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.
6715 Authority to borrow (indefinite)	Financing authority (authority to borrow, indefinite) 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 From Federal sources: Change in receivables and unpaid, unfilled orders	Change in receivables from program account for direct loan subsidy (difference between line 7295 and line 7495). Report increases as positive entries; report decreases as negative entries.

Entry	Description
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.
Change in unpaid obligations:	
7240 Obligated balance, start of year	Portion of start of year unpaid obligations that represent undisbursed direct loan obligations.
7295 Receivables from program account, start of year	Subsidies receivable from program account, start of year.
7440 Obligated balance, end of year	Portion of end of year unpaid obligations that represent undisbursed direct loan obligations.
7495 Receivables from program account, end of year	Subsidies receivable from program account, end of year.
Offsets:	
8800 Federal sources	Collections of subsidy payments and upward reestimates from program accounts, certain modification adjustment transfers from the general fund, 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. A spreadsheet is 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.

(d) *Direct loan data (MAX Schedule G).*

Prepare a Status of direct loans schedule (MAX Schedule G) for all liquidating accounts and all direct loan financing accounts (see exhibits 85D and 85J). Each line entry is described in the table below. MAX will automatically generate the line entries indicated in **boldface**.

Lines 1111-1150 show data on an agency's direct loan obligations as they relate to enacted or proposed limitations. Lines 1210-1264 show balances and changes in balances of direct loans outstanding and are applicable to both liquidating and direct loan financing accounts. These lines record the cumulative balance of direct loans disbursed, less various kinds of repayments plus or minus other adjustments.

DATA REQUIREMENTS FOR MAX 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, this amount should be consistent with line 1159 in MAX 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.
1112 Unobligated direct loan limitation (-)	Amount of limitation enacted in appropriations acts that is not obligated in the year it is enacted. Include both amounts that lapse and multi-year limitation amounts that can be carried forward in a future fiscal year (see line 1113). Use in past and current years only, unless specifically approved by OMB.
1113 Unobligated limitation carried forward (P.L. xx)	Amount of multi-year limitation enacted in a prior year appropriations act that was not obligated and is carried forward and used in a subsequent year.
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.
1150 Total direct loan obligations	The sum of lines 1111 through 1131. This is the direct loan portion of the credit budget. This amount should be consistent with direct loan obligations recorded in the program and financing schedule of the financing account.
These data should be provided for liquidating and direct loan financing accounts.	
CUMULATIVE BALANCE OF DIRECT LOANS OUTSTANDING:	Provide lines 1210-1290 for liquidating and direct loan financing accounts.
1210 Outstanding, start of year	Amount of direct loan principal outstanding at the beginning of the year.
Disbursements:	
1231 Direct loan disbursements	Amounts of disbursements of principal for direct loans. This does not include amounts shown separately in line 1232. In the liquidating account, this entry will include loans disbursed by the FFB.
1232 Purchase of loan assets from the public	Amount of loans purchased or repurchased by the account from non-Federal lenders.

Entry	Description
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). The amount of new budget authority resulting from the sale should equal the amount on line 6400 of the program and financing schedule.
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 definitions 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; outstanding balances of loans transferred to or received from other accounts;

Entry	Description
	amount of principal reduced or increased for other reasons. When this line is used, the nature of the adjustment must be explained in a footnote.
AGENCY DEBT HELD BY THE FFB	Provide lines 3310-3390 for liquidating and direct 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 loan financing accounts only.
6300 Net financing disbursements	Analogous to net outlays in budgetary accounts reported on line 9000 of the program and financing schedule.

Note: Lines 3310-6300 do not print in the Appendix but are used by OMB for analytical and reporting purposes.

(e) *Guaranteed loan data (MAX Schedule H).*

Prepare a Status of Guaranteed Loans (MAX Schedule H) for all liquidating and guaranteed loan financing accounts (see exhibits 85G and 85K). 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 MAX 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, this line is equal to line 2159 in MAX schedule U. So long as any entry appears

Entry	Description
	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.
2112 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 both amounts that expire and multi-year limitation amounts that can be carried forward in a future fiscal year (see line 2113). Use in past and current years only, unless specifically approved by OMB.
2113 Uncommitted limitation carried forward (P.L. xx)	Amount of multi-year limitation enacted in a prior year appropriations act that was not committed and is carried forward and used in a subsequent year.
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.
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.
2150 Total guaranteed loan commitments	The sum of lines 2111 through 2132. This is the guaranteed loan portion of the credit budget.
Memorandum: 2199 Guaranteed amount of guaranteed loan commitments	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.
CUMULATIVE BALANCE OF GUARANTEED LOANS OUTSTANDING:	Provide lines 2210-2390 for liquidating and guaranteed loan financing accounts.
2210 Outstanding, start of year	Amount of guaranteed loan principal outstanding at the beginning of the year.
Disbursements:	
2231 Disbursements of new guaranteed loans	Amount of guaranteed 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.
2251 Repayments and prepayments (-)	Amount of principal repayments and prepayments.

Entry	Description
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.
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 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 nature of 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.
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.
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

Entry	Description
	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 nature of 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.
AGENCY DEBT HELD BY THE FFB	Provide lines 3310-3390 for liquidating 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 guaranteed loan financing accounts only.
6300 Net financing disbursements	Analogous to net outlays in budgetary accounts reported on line 9000 of the program and financing schedule.

Note: Lines 3310-6300 do not print in the Appendix but are used by OMB for reporting and analytical purposes.

85.11 Liquidating accounts.

Reporting requirements for liquidating accounts are discussed in sections 85.10(b), 85.10(d), and 85.10(e). Illustrations of typical liquidating account status of direct and guaranteed loans schedules can be found at Exhibits 85J and 85K. An illustration of a typical liquidating account program and financing schedule can be found at Exhibit 85I.

85.12 Receipt accounts.

Negative subsidy 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 MAX schedules R and K (see section 81.3).

Program and Financing Schedule
Program Account (MAX Schedule P)

PY—past year
CY—current year
BY—budget year

Program and Financing (in millions of dollars)

Identification code: 83–0100–0–1–155	PY act.	CY est.	BY est.
Obligations by program activity:			
00.01 Direct loan subsidy	39	32	29
00.02 Guaranteed loan subsidy	107	110	115
00.03 Subsidy for modifications of direct loan terms	*Use these designated lines where appropriate.*		
00.04 Subsidy for modifications of guaranteed loan terms			
00.05 Reestimates of direct loan subsidy			
00.06 Interest on reestimates of direct loan subsidy			
00.07 Reestimates of guaranteed loan subsidy			
00.08 Interest on reestimates of guaranteed loan subsidy			
00.09 Administrative expenses	19	18	17
10.00 Total new obligations	165	160	161
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	165	160	161
23.95 Total new obligations	–165	–160	–161
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation	165	160	161
Mandatory:	*Use these lines to finance reestimates of direct loan and loan guarantee subsidies.*		
60.05 Appropriation (indefinite)			
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Obligated balance	.....	74	98
73.10 Total new obligations	165	160	161
73.20 Total outlays (gross)	–91	–136	–150
Unpaid obligations, end of year:			
74.40 Obligated balance	74	98	109
Outlay (gross), detail:			
86.90 Outlays from new discretionary authority	91	136	150
87.00 Total outlays (gross)	91	136	150
Net budget authority and outlays:			
89.00 Budget authority	165	160	161
90.00 Outlays	91	136	150

Shaded entries are automatically calculated by MAX.

Summary of Loan Levels and Subsidy Data (MAX Schedule U)

PY—past year
CY—current year
BY—budget year

Summary of Loan Levels, Subsidy Budget Authority, and Outlays by Program (in millions of dollars)

Identification code 83–0100–0–1–155	PY act.	CY est.	BY est.
Direct loan levels supportable by subsidy budget authority:			
1150 Economic opportunity loans	301	250	225
1150 Handicapped loans	199	150	150
1150 Minority enterprise loans	215	200	195
1159 Total direct loan levels	715	600	570
Direct loan subsidy rates (in percent):			
1320 Economic opportunity loans	8.00	8.00	8.00
1320 Handicapped loans	3.01	2.66	2.66
1320 Minority enterprise loans	4.20	4.00	3.59
1329 Weighted average subsidy rate	5.45	5.39	5.19
Direct loan subsidy budget authority:			
1330 Economic opportunity loans	24	20	18
1330 Handicapped loans	6	4	4
1330 Minority enterprise loans	9	8	7
1339 Total, subsidy budget authority	39	32	29
Direct loan subsidy outlays:			
1340 Economic opportunity loans	12	10	9
1340 Handicapped loans	3	4	4
1340 Minority enterprise loans	4	7	8
1349 Total, subsidy outlays	19	21	21
Guaranteed loan levels supportable by subsidy budget authority:			
2150 General business loans	1,120	1,200	1,215
2150 Minority enterprise loans	8,790	9,000	9,250
2159 Total guaranteed loan levels	10,000	10,200	10,465
Guaranteed loan subsidy rates (in percent):			
2320 General business loans	2.41	2.42	2.47
2320 Minority enterprise loans	0.91	0.90	0.92
2329 Weighted average subsidy rate	1.07	1.08	1.10
Guaranteed loan subsidy budget authority:			
2330 General business loans	27	29	30
2330 Minority enterprise loans	80	81	85
2339 Total subsidy budget authority	107	110	115
Guaranteed loan subsidy outlays:			
2340 General business loans	13	25	29
2340 Minority enterprise loans	40	72	83
2349 Total subsidy outlays	53	97	112
Administrative expense data:			
3510 Budget authority	19	18	17
3590 Outlays from new authority	19	18	17

Agencies should tailor their submissions to provide data at the program level of detail, as illustrated in this exhibit.

Shaded entries are automatically calculated by MAX.

For non-zero transmittal codes, amounts should represent the change to the subsidy rates reported under transmittal code zero, not the new rates.

Subsidy rate should be shown, even if zero or negative.

Program and Financing Schedule
Direct Loan Financing Account (MAX Schedule P)

Program and Financing (in millions of dollars)

Identification code: 83–4200–0–3–155	PY act.	CY est.	BY est.
Obligations by program activity:			
Operating expenses:			
00.01 Direct loans	650	600	570
00.02 Interest paid to Treasury	65	46	88
10.00 Total new obligations	715	646	658
Budgetary resources available for obligation:			
22.00 New financing authority (gross)	715	646	658
23.95 Total new obligations	–715	–646	–658
New financing authority (gross), detail:			
Mandatory:			
67.10 Authority to borrow	675	634	639
Spending authority from offsetting collections:			
Mandatory:			
69.00 Offsetting collections (cash)	23	28	30
69.10 From Federal sources: Change in receivables and unpaid, unfilled orders	20	–9	–3
69.47 Portion applied to debt reduction	–3	–7	–8
69.90 Spending authority from offsetting collections (total)	40	12	19
70.00 Total new financing authority (gross)	715	646	658
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Obligated balance	.....	377	391
72.95 Receivables from program account	.....	20	11
72.99 Total unpaid obligations, start of year	.....	377	391
73.10 Total new obligations	715	646	658
73.20 Total financing disbursements (gross)	–338	–632	–685
Unpaid obligations, end of year:			
74.40 Obligated balance	377	391	364
74.95 Receivables from program account	20	11	8
74.99 Total unpaid obligations, end of year	397	402	372
87.00 Total financing disbursements (gross)	338	632	685
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources: payments from program account	19	21	21
Non-Federal sources:			
88.40 Repayments of principal	3	6	7
88.40 Interest received on loans	1	1	2
88.90 Total, offsetting collections (cash)	23	28	30
Against gross financing authority only:			
88.95 From Federal sources: Change in receivables and unpaid, unfilled orders	20	–9	–3
Net financing authority and financing disbursements:			
89.00 Financing authority	672	627	631
90.00 Financing disbursements	315	604	655

PY—Past Year
CY—Current Year
BY—Budget Year

Shaded entries are automatically calculated by MAX.

Spending authority from offsetting collections consists of cash collections plus the change in receivables from program accounts.

Separately identify the portion of the obligated balances that represents undisbursed direct loan obligations and the portion that represents subsidy receivables from the program account.

Cash collections and the change in receivables from program accounts will be identified separately.

Status of Direct Loans
Direct Loan Financing Account (MAX Schedule G)

PY—Past Year
CY—Current Year
BY—Budget Year

Status of Direct Loans (in millions of dollars)

Identification code: 83–4200–0–3–155		PY act.	CY est.	BY est.
Position with respect to appropriations act limitation on obligation:				
1111	Limitation on direct loans	650	600	570
1150	Total direct loan obligations	650	600	570
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	200	525	1,105
	Disbursements:			
1231	Direct loan disbursements	338	586	597
	Repayments:			
1251	Repayments and prepayments	–3	–6	–7
	Write-offs for default:			
1263	Direct loans	–10	.....	.....
1290	Outstanding, end of year	525	1,105	1,695

Shaded entries are automatically calculated by MAX.

In the financing account status of direct loans:

—direct loan obligations and disbursements will be shown only for post-1991 direct loans.

—outstandings, repayments, prepayments, and write-offs for default will reflect only post-1991 direct loans (and pre-1992 direct loans that have been modified).

Balance Sheet
Direct Loan Financing Account (MAX Schedule F)

Equals obligated but undisbursed subsidy from program account plus undisbursed upward reestimates and interest on reestimates.

PY–1—Year immediately preceding the past year
PY—Past Year
CY—Current Year
BY—Budget Year

Balance Sheet (in millions of dollars)

Identification code: 83–4200–0–3–155		PY–1 act.	PY act.	CY est	BY est
ASSETS					
1106	Federal assets: Receivables, net	10	20	11	8
	Non-federal assets:				
1401	Direct loans receivable, gross	200	335	915	1,505
1402	Interest receivable	1	1	2	2
1403	Accounts receivable from foreclosed property	1	1	2	3
1404	Foreclosed property	2	3	6	9
1405	Allowance for subsidy cost	–15	–20	–52	-84
1499	Net present value of assets related to direct loans	189	320	873	1,435
1999	Total assets	199	340	884	1,443
LIABILITIES					
2101	Accounts payable	2	.....	.....	.....
2103	Federal liabilities: Debt	189	320	884	1,443
2105	Other liabilities	10	17	11	8
2999	Total liabilities	201	337	884	1,443
NET POSITION					
3300	Cumulative results of operations	.....	.....	.....	.....
3999	Total net position	.....	.....	.....	.....
4999	Total liabilities and net position	201	337	884	1,443

Shaded entries are automatically calculated by MAX.

Equal to obligated but undisbursed subsidy from program account.

The financing account is designed to break even and thus have a zero results of operation.

Undisbursed downward reestimates and interest on reestimates.

Program and Financing Schedule
Guaranteed Loan Financing Account (MAX Schedule P)

PY—Past Year
CY—Current Year
BY—Budget Year

Program and Financing (in millions of dollars)

Identification code: 83–4100–0–3–155		PY act.	CY est.	BY est.
	Obligations by program activity:			
	Operating expenses:			
00.01	Default claims	.....	9	10
10.00	Total new obligations	.....	9	10
	Budgetary resources available for obligation:			
21.40	Unobligated balance available, start of year	.....	66	173
22.00	New financing authority (gross)	66	116	139
23.90	Total budgetary resources available for obligation	66	182	312
23.95	Total new obligations	.....	–9	–10
24.40	Unobligated balance, end of year	66	173	302
	New financing authority (gross), detail:			
	Spending authority from offsetting collections:			
	Mandatory:			
69.00	Offsetting collections, cash	66	116	139
	Change in unpaid obligations:			
73.10	Total new obligations	.....	9	10
73.20	Total financing disbursements (gross)	.....	–9	–10
87.00	Total financing disbursements (gross)	.....	9	10
	Offsets:			
	Against gross financing authority and financing disbursement:			
	Offsetting collections (cash) from:			
88.00	Federal sources	53	97	112
88.25	Interest on uninvested funds	3	9	17
88.40	Non-Federal sources	10	10	10
88.90	Total, offsetting collections (cash)	66	116	139
	Net financing authority and financing disbursements:			
89.00	Financing authority	.....	.....	.....
90.00	Financing disbursements	–66	–107	–129

Shaded entries are automatically calculated by MAX.

Status of Guaranteed Loans
Guaranteed Loan Financing Account (MAX Schedule H)

PY—Past Year
CY—Current Year
BY—Budget Year

Status of Guaranteed Loans (in millions of dollars)

Identification code: 83–4100–0–3–155		PY act.	CY est.	BY est.
	Position with respect to appropriations act limitations on commitments:			
2111	Limitations on guaranteed loans made by private lenders	10,000	10,200	10,465
2150	Total guaranteed loan commitments	10,000	10,200	10,465
	Memorandum:			
2199	Guaranteed amount of guaranteed loan commitments	7,500	7,650	7,849
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	.....	5,000	13,895
	Disbursements:			
2231	Disbursements of new guaranteed loans	5,000	9,100	10,312
2251	Repayments and prepayments	.....	–200	–375
	Adjustments:			
2261	Terminations for default that result in a loan receivable	.....	–5	–13
2290	Outstanding, end of year	5,000	13,895	23,820
	Memorandum			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	3,750	10,421	17,865
	Addendum			
	Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	.....	.....	5
2331	Disbursements for guaranteed loan claims	.....	5	13
2351	Repayments of loans receivable	.....	.....	–3
2361	Write-offs of loans receivable	.....	.....	–2
2390	Outstanding, end of year	.....	5	13

Shaded entries are automatically calculated by MAX.

In the financing account status of guaranteed loans:

— disbursements of guaranteed loan claims will be shown only for post-1991 loan guarantees.

— outstandings, repayments, prepayments, and write-offs will reflect only post-1991 loan guarantees (and pre-1992 loan guarantees that have been modified).

Balance Sheet
Guaranteed Loan Financing Account (MAX Schedule F)

PY–1—Year immediately preceding the past year
PY—Past Year
CY—Current Year
BY—Budget Year

Equals obligated but undisbursed subsidy from program account plus undisbursed upward reestimates and interest on reestimates.

Balance Sheet (in millions of dollars)

Identification code: 83–4100–0–3–155		PY–1 act.	PY act.	CY est.	BY est.
ASSETS					
Federal assets:					
1101	Fund balances with Treasury	.....	63	170	299
1106	Receivables, net		10	12	11
Non-federal assets:					
1501	Defaulted guaranteed loans receivable, gross	.....	.....	5	18
1502	Interest receivable	.....	.....	1	1
1503	Accounts receivable from foreclosed property	.....	.....	.....	1
1504	Foreclosed property	.....	.....	1	2
1505	Allowance for subsidy cost	.....	.....	–1	–3
1599	Net present value of assets related to defaulted guaranteed loans	.....	.....	6	19
1999	Total assets	.....	73	188	329
LIABILITIES					
2101	Accounts payable	.....	1	.....	.....
2105	Other liabilities	.....	10	12	11
2204	Non-federal liabilities: Liabilities for loan guarantees	.....	63	167	300
2999	Total liabilities	.....	74	179	311
NET POSITION					
3300	Cumulative results of operations	.....	.....	.....	.....
3999	Total net position	.....	.....	.....	.....
4999	Total liabilities and net position	.....	74	179	311

Equals unobligated balances.

Shaded entries are automatically calculated by MAX.

Undisbursed downward reestimates and interest on reestimates.

Equal to obligated but un-disbursed subsidy from program account.

The financing account is designed to break even and thus have a zero results of operations.

Equals net present value of cash flows for loan guarantees.

Program and Financing Schedule
Liquidating Account (MAX Schedule P)

PY—past year
CY—current year
BY—budget year

Shaded entries are automatically generated by MAX.

There should be no unobligated balance at the end of the fiscal year.

Unobligated budgetary resources at the end of the fiscal year are unavailable for obligation or outlay 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.

Program and Financing (in millions of dollars)

	Identification code 16–1186–0–3–755	PY actual	CY est.	BY est.
	Obligations by program activity:			
	Direct program:			
00.01	Default claims	629	536	789
00.02	Advances on behalf of borrowers	27	103	98
00.03	Interest on Treasury borrowings	285	279	330
10.00	**Total new obligations**	**941**	**918**	**1,217**
	Budgetary resources available for obligation:			
22.00	New budget authority (gross)	941	918	1,217
23.95	**Total new obligations**	**–941**	**–918**	**–1,217**
	New budget authority (gross), detail:			
	Mandatory:			
60.05	Appropriation (indefinite)	.....	.....	367
	Spending authority from offsetting collections:			
	Mandatory:			
69.00	Offsetting collections (cash)	2,299	2,234	1,808
69.27	Capital transfer to general fund	–159	–239	.....
69.47	Portion applied to repay debt	–1,199	–1,077	–958
69.90	**Total spending authority from offsetting collections**	**941**	**918**	**850**
70.00	**Total new budget authority (gross)**	**941**	918	**1,217**
	Change in unpaid obligations:			
72.40	Unpaid obligations, start of year	1,704	1,294	694
73.10	Total new obligations	**941**	**918**	**1,217**
73.20	Total outlays (gross)	–1,351	–1,518	–1,517
74.40	Unpaid obligations, end of year	1,294	694	394
	Outlays (gross), detail:			
86.97	**Outlays from new mandatory authority**	**741**	**718**	**1,017**
86.98	**Outlays from mandatory balances**	**610**	**800**	**500**
87.00	Total outlays (gross)	**1,351**	**1,518**	**1,517**
	Offsets:			
	Against gross budget authority and outlays:			
	Offsetting collections (cash) from:			
	Non-federal sources:			
88.40	Repayments of principal	1,477	1,857	1,300
88.40	Interest received on loans	786	349	486
88.40	Fees	36	28	22
88.90	Total offsetting collections (cash)	2,299	2,234	1,808
	Net budget authority and outlays:			
89.00	Budget authority	–1,358	–1,316	–591
90.00	Outlays	–948	–716	–291

Status of Direct Loans
Liquidating Account (MAX Schedule G)

PY—Past Year
CY—Current Year
BY—Budget Year

Status of Direct Loans (in millions of dollars)

Identification code: 83–4200–0–3–155		PY act.	CY est.	BY est.
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	112	99	93
	Disbursements:			
1231	Direct loan disbursements	.....	.....	.....
	Repayments:			
1251	Repayments and prepayments	–3	–6	–7
	Write-offs for default:			
1263	Direct loans	–10	.....	.....
1290	Outstanding, end of year	99	93	86

Shaded entries are automatically calculated by MAX.

In the liquidating account status of direct loans:

—there will be no direct loan obligations
—most accounts should have no direct loan disbursements.
—outstandings, repayments, prepayments, and write-offs for default will be shown

Status of Guaranteed Loans

Guaranteed Loan Liquidating Account (MAX Schedule H)

PY—Past Year
CY—Current Year
BY—Budget Year

Status of Guaranteed Loans (in millions of dollars)

Identification code: 83–4100–0–3–155		PY act.	CY est.	BY est.
	Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	4,413	4,132	3,827
	Disbursements:			
2231	Disbursements of new guaranteed loans	.....	.....	.....
2251	Repayments and prepayments	–281	–300	–375
	Adjustments:			
2261	Terminations for default that result in a loan receivable	.....	–5	–13
2290	Outstanding, end of year	4,132	3,827	3,439
	Memorandum			
2299	Guaranteed amount of guaranteed loans outstanding, end of year	3,400	3,150	2,840
	Addendum			
	Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310	Outstanding, start of year	.....	.....	5
2331	Disbursements for guaranteed loan claims	.....	5	13
2351	Repayments of loans receivable	.....	.....	–3
2361	Write-offs of loans receivable	.....	.....	–2
2390	Outstanding, end of year	.....	5	13

Shaded entries are automatically calculated by MAX.

In the liquidating account status of guaranteed loans:

—disbursements for guaranteed loan claims will be shown only for pre-1992 loan guarantees.
—most accounts should have no disbursements for new guaranteed loans.
—outstandings, repayments and prepayments will reflect only pre-1992 loan guarantees.

SECTION 86 -- OTHER MAX DATA

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Ex-86A Financial Statements--Statement of Operations (MAX Schedule E)
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Summary of Changes

Statement of operations (MAX schedule E) allows agencies and GSEs to report comprehensive income (section 86.2).

Net position entries on the balance sheet (MAX schedule F) are consistent with OMB Bulletin 97-01, Form and Content of Agency Financial Statements, as amended (section 86.2).

Instructions on budget execution information (MAX schedule Z) reflect use of the new Treasury FACTS II system for reporting (section 86.5).

MAX automatically generates the status of funds schedule (MAX schedule J), but agencies can enter additional detail on cash income and outgo (section 86.6).

The schedule on the status of contingent emergency funding (MAX schedule V) has been dropped.

86.1 Personnel summary (MAX schedule Q).

The personnel summary 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 includes straight-time hours for ceiling exempt employees and excludes estimates for terminal leave, overtime and holiday hours. The method for calculating workyears is described in section 32.3. You must provide a personnel summary

when an account contains an entry for 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 for allocation accounts. For allocation accounts, the parent agency will report the obligation, but the receiving agency will report the FTEs.

When an agency hires another agency to perform some work, the hiring agency reports no FTEs and shows the obligations in a non-employment object class. The performing agency hired to do the work reports both the FTEs and funding on a reimbursable basis.

You must ensure that FTE levels in the personnel summary and funding for FTEs in the object class schedule are reported consistently. See Appendix E, exhibit 3E, for a diagnostic report that compares FTE levels and funding for FTEs.

You must also ensure that agency-wide FTE totals agree with the "approved" levels in the current and budget years. Prior year FTEs in the personnel summary should equal the year-end FTE usage that agencies report on the SF 113-G to the Office of Personnel Management (OPM). See Appendix E, exhibit 2E for a diagnostic report that compares agency-wide "approved" FTE levels with FTE levels in the personnel summary.

While the definition of object class 11.1 (see section 83.7) stipulates that compensation must be included for all workdays in the fiscal year, the past year FTE data in the personnel summary should equal the year-end FTE usage that agencies report on the SF 113-G to OPM. See section 32.3 for policies related to FTE levels.

Use the four-digit line numbering scheme described in the following table to code entries in MAX schedule Q.

PERSONNEL SUMMARY

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 83.4). 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

Entry	Description
xxXx	The third digit of the line number indicates whether the FTEs are subject to the ceilings set forth in the Federal Workforce Restructuring Act (FWRA). Use the following codes: 0—subject to FWRA ceilings 1—exempt from FWRA ceilings *Note: The following agencies have FTEs that are exempt from the FWRA in the PY: the Legislative Branch, the Judicial Branch, U.S. Postal Service, Federal Reserve Board, Department of Agriculture, Department of Veterans Affairs, Department of Health and Human Services, and Agency for International Development. All FTEs are exempt from FWRA in the current and budget years.*
xxx1	The fourth digit is always 1.

86.2 Financial statements (MAX schedules E and F).

(a) *General instructions.*

Financial statements consist of the following information:

- Statement of operations (MAX schedule E), which covers PY-1 through BY.
- Balance sheet (MAX schedule F), which covers PY-1 through BY.

You must submit financial statements for:

- All Government-sponsored enterprise funds;

- Credit liquidating and financing accounts, except statements of operation are not required for credit financing accounts; and

- When specifically required by OMB, revolving funds (including trust revolving funds) that conduct business-like activities with the public and intragovernmental revolving funds.

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.

You must submit separate schedules for supplemental requests and proposed legislation items that show the effect of the supplemental request or proposed legislation on the information presented in the regular schedules for the account.

(b) *Statement of operations (MAX schedule E).*

Statements of operations provide information on the net income (or loss) of programs and on the total revenue, expense, and income or loss for the account as a whole. Statements of operations are not required for credit financing accounts. Report amounts based on accrual accounting standards.

Statements of operation are also used to report comprehensive income. Generally this applies only to Government-sponsored enterprises. *Comprehensive income* is the change in equity (assets less liabilities) during a period except that amount which results from investments by owners and distributions to owners. It is the sum of net income and other comprehensive income. *Other comprehensive income* consists of revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income. It should be divided among major components, if material.

Prepare statements of operations in the format of exhibit 86A, with audited actual amounts for PY-1, actual amounts for PY, and estimates for CY and BY. When an enterprise is engaged in two or more significant programs, report the revenue, expense, and net income or loss for each program separately. Use a two-digit group code to group data by program, as described in the MAX User's Guide.

Use the four-digit line numbering scheme described in the following table to code the entries in MAX schedule Q. MAX will automatically generate the total and subtotal entries.

STATEMENT OF OPERATIONS

Entry	Description
01xx	The first digit will always be "0" and the second digit will always be "1".
01Xx	Use the third digit with values of 0 through 8 to identify different programs. When you are presenting two or more programs, a subtotal is required and will take on the value of 9.
01xX	Use the fourth digit to indicate whether the data represent revenue, expense, or net income or loss: 1—Revenue 2—Expense (*Note: Enter expense as a negative (-) amount*) 5—Net income or loss *Use the following only if you have comprehensive income to report:* 8—Other comprehensive income 9—Total comprehensive income

(c) *Balance sheet (MAX schedule F).*

Balance sheets provide information on program assets, liabilities, and net position and are used to assess the resources available for Federal programs.

Prepare balance sheets in the format of exhibit 86B, with audited actual amounts as of the close of PY-1, actual amounts as of the close of PY, and estimates as of the close of CY and BY.

Use the entries listed below to prepare the balance sheets. These entries correspond to entries used in OMB Bulletin No. 97-01 entitled, 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. The following table bridges from Standard General Ledger (SGL) accounts to the MAX line entry. MAX will automatically generate the line entries indicated in **boldface**.

BALANCE SHEET

SGL Account	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.	
1010	1101 Fund balances with Treasury	The unobligated and obligated balances with Treasury for 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 US securities:	Total investments in Federal securities. These consist of securities issued by Federal agencies including non-marketable net value Treasury securities, market-based Treasury securities, marketable Treasury securities, and securities issued by other Federal agencies.
1610	1102 Treasury securities, net	Net value of Treasury securities acquired (i.e., the face or nominal value, net of premiums, discounts, and allowances for losses).
1610	1104 Agency securities, net	Net value of agency securities acquired (i.e., the face or nominal value, net of premiums, discounts, and allowance for losses).
1310	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). In direct loan financing accounts, receivables are the obligated but undisbursed subsidy in the program account. Report interest receivable related to direct loans

SGL Account	Entry	Description
		and acquired defaulted guaranteed loans separately below as a component of credit program receivables.
1410	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. Advance 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.	
1690	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: C An intent to sell the securities prior to maturity; and C A reduction in the value of the securities that is more than temporary.
1310	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.
1410	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.	

SGL Account	Entry	Description
	Net value of assets related to post-1991 direct loans receivable:	
1350	1401 Direct loans receivable, gross	The face value of all direct loans outstanding excluding amounts repaid or written off.
1340	1402 Interest receivable	Amount of interest receivable.
1310	1403 Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
1550	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 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. For guidance in recording transactions related to foreclosures, see Treasury's case 5B "Accounting for Collateral and Escrow Transactions for a Loan Guarantee Program Under the Credit Reform Act of 1990 (Present Value Reporting Approach)," dated August 24, 1993.
1399	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:	
1350	1501 Defaulted guaranteed loans receivable, gross	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable that is still outstanding.

SGL Account	Entry	Description
1340	1502 Interest receivable on defaulted guaranteed loans	Amount of interest receivable related to defaulted guaranteed loans.
1550	1504 Foreclosed property related to defaulted guaranteed loans	The estimated net realizable value of related foreclosed property.
1399	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:	
1350	1601 Direct loans, gross	For each pre-1992 direct loan program, report loans gross.
1340	1602 Interest receivable	Amount of interest receivable.
1319, 1359	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.
1310	1605 Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
1550	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.
1350	1701 Defaulted guaranteed loans, gross	For each pre-1992 loan guarantee program, report receivables as defaulted guaranteed loans acquired by the Government.

SGL Account	Entry		Description
1340	1702	Interest receivable	Amount of interest receivable related to defaulted guaranteed loans.
1319, 1359	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.
1310	1705	Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
1550	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:		
1100	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.
1500	1802	Inventories and related properties	Inventory is tangible personal property that is: • Held for sale; • In the process of production for sale; or • 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.
1700	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

SGL Account	Entry	Description
		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.
1900	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 appropriations canceled under "M" account legislation.	
	Federal liabilities: These liabilities arise from transactions among Federal agencies. Federal liabilities are claims against the agency by other Federal agencies.	
2110	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.
2140	2102 Interest payable	The amount of interest expense incurred but unpaid on debts to other Federal agencies.
2500	2103 Debt	The cumulative amounts of borrowing (less repayments) from the Treasury, the Federal Financing Bank, or other Federal agencies.
2590	2104 Resources payable to Treasury	Amounts of collections or receivables that must be transferred to Treasury.
2900	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.	
2110	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.
2140	2202 Interest payable	The amount of interest expense incurred but unpaid on debt owed to non-Federal entities.

SGL Account	Entry	Description
2500	2203 Debt	Debt issued to non-Federal entities under general or special financing authority (e.g., Treasury bills, notes, bonds and FHA debentures).
2180	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.)
2940	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.
2600	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.
2210, 2310, 2400, 2920, 2990	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: C Entitlement benefits due and payable at the end of the year; C Advances and prepayments received from other non-Federal agencies or the public for goods to be delivered or services to be performed;

SGL Account	Entry	Description
		C 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 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: C Insurance —Insurance payments due for losses resulting from bank failures, crop failures, floods, expropriations, loss of life, and similar unplanned events. C Indemnity Agreements —Reimbursements due to licensees or contractors for losses incurred in support of Government activities. C Adjudicated Claims —Claims against the Government that are in the process of judicial proceedings. C 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	3100 Unexpended appropriations	The portion of the agency's appropriations represented by undelivered orders and unobligated balances.
3300	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.

86.3 Budget plan schedule (MAX schedule D).

Only DoD-Military submits a special schedule on obligations for PY through BY.

Use the entries in the following table to prepare MAX schedule D. MAX will automatically generate the line entries indicated in **boldface**.

BUDGET PLAN

Entry	Description
Direct program: 06xx, 07xx [List individual activities for which data are reported.] **xx91 Subtotal, direct**	Amount of obligations incurred or estimated to be incurred from an appropriation, regardless of the timing of the obligations, for direct program activities. (In other words, for a multi-year appropriation, report total obligations to be incurred during the entire period of availability in the year in which the appropriation is enacted.) For the third and fourth digits, use the values of 01 through 89 to identify direct program activities in the budget plan. Use the value 91 for subtotals of direct program activities, as follows: 0691—subtotal for activities coded 0601 through 0689. 0791—subtotal for activities coded 0701 through 0789. Subtotals are required only if there are multiple entries within the subgroupings listed above.
0801 Reimbursable program	Amount of obligations incurred or estimated to be incurred from an appropriation, as defined above, for reimbursable activities. Report data on reimbursable programs as a single entry.
0893 Total budget plan	Total obligations reported in the budget plan.

86.4 Budget year appropriations requests in thousands of dollars (MAX 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 each account (see exhibit 86C). You must provide this information for all accounts with appropriations language requesting new spending authority for the budget year (e.g., accounts that report discretionary appropriations, discretionary limitations on expenses, and appropriated entitlements). This requirement pertains only to amounts reported in regular budget schedules under transmittal code 0 (see section79.2). Don't report limitations on direct loans and loan guarantees; they are not budgetary resources.

For the majority of budget accounts, only a single entry is required. For consolidated and merged accounts, use separate line entries to report the budget year appropriation request for each component account. Identify all line entries with the account involved using the six-digit basic account symbol assigned by the Treasury Department (see exhibit 86C). This code is required in order to enter data on the budget year request.

Exclude amounts that will be applied to repay debt, liquidate contract authority, or liquidate deficiencies from the amounts reported. For transfers specified in appropriations language, report amounts on a pre-transfer basis with the exception of amounts transferred from the Violent Crime Reduction Trust Fund (VCRTF), which you must include in the amount reported by the receiving account. Do not include advance appropriations that will become available in the budget year and advance appropriations requested in the budget year for a future fiscal year in the amounts reported. For indefinite appropriations, enter your best estimate. Ensure that all amounts reported in MAX schedule T are consistent with the amounts reported in the program and financing schedule (MAX schedule P).

86.5 Information on accounts required to submit budget execution (SF 133) reports (MAX schedule Z).

Since 1990, OMB Circular No. A-34 has required agencies to submit SF 133 budget execution reports electronically using a Treasury Department, Financial Management Service data collection system. SF 133 data are reported quarterly at the Treasury account level (i.e., each current or expired annual, multiyear, and no-year account is reported separately).

To ensure that budget execution data are reported for all applicable accounts and to establish a definitive link between budget formulation and execution data, you must review and update information in MAX schedule Z on Treasury accounts for which SF 133 data are to be reported in FACTS II during FY 2000. (Consult your budget execution office to obtain the requested information.) You should revise these data at the same time as other MAX schedules. Add information on new accounts subject to SF 133 reporting requirements during FY 2000 (e.g., newly enacted appropriations and other new Treasury accounts), and delete canceled accounts. You should not add proposed new accounts for the upcoming budget (e.g., accounts proposed for FY 2001) to MAX schedule Z because they will not be used to report budget execution data during FY 2000.

The information in MAX schedule Z relates to account characteristics (e.g., period of availability); no dollar amounts are required. Include MAX schedule Z under the transmittal code zero of the corresponding budget account, which usually is an aggregation of Treasury accounts (see section 71.1). Include in MAX schedule Z information related to Treasury accounts that are merged or consolidated for budget presentation purposes.

Provide the following account information for each Treasury account that is subject to SF 133 reporting requirements during FY 2000. To revise data, enter the appropriate code in the brackets of the stub entry, as specified below. You should assign line numbers between 100 and 399 in the first column.

MAX SCHEDULE Z

Entry		Description
xxx0-01	Treasury agency/symbol [xx-xxxx]	Indicates the 2-digit agency code and 4-digit basic account symbol assigned by Treasury (e.g., 14-2100).
xxx0-02	Period of availability for obligation [xxxx]	Indicates the period of availability for obligation of the funds (e.g., "99" for a FY 1999 appropriation with annual authority; "9900" for a FY 1999 appropriation with two-year availability). Use "X" for accounts with no-year availability. Each current or expired Treasury account must be listed separately.

Entry		Description
xxx0-03	FACTS II user ID [xxxxxx]	Indicates the identification code entered by the agency user to gain access to the Treasury FACTS II system.

86.6 Schedule on the status of funds (MAX schedule J).

The schedule on the status of funds provides information on balances, cash income, and cash outgo during PY through BY for major trust and special funds and the Overseas Private Investment Corporation, as specified in the following table. Additional funds may be subject to these requirements, upon the request of OMB.

FUNDS REQUIRED TO SUBMIT STATUS OF FUNDS DATA

Agency	Account
Energy	Nuclear waste disposal fund
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
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
SSA	Federal old-age and survivors insurance trust fund Federal disability insurance trust fund
RRB	Rail industry pension fund Supplemental annuity pension fund Railroad social security equivalent benefit fund

All data is reported under transmittal code zero. The CY and BY columns of the table include the effect of supplemental requests, rescission proposals, and proposed legislation on separate lines. Exhibit 7E shows the relationships between data in MAX schedules N, P, and J.

MAX schedule J uses the following line entries. MAX will automatically generate this schedule (with the exception of commitments against unexpended balances) based on information in MAX schedules A, N, P, and R. You may enter subaccount program detail for cash income and cash outgo through the normal MAX data entry system.

SCHEDULE ON THE STATUS OF FUNDS

Entry	Description
Unexpended balance, start of year: 0100 Cash balance 0101 U.S. Securities: Par value 0102 Unrealized discounts (-) 0105 Outstanding debt to Treasury (-)	Amount of unexpended balances brought forward from the previous year. Includes unobligated and obligated balances (lines 2140 and 7240 from the program and financing schedule) and balances of unavailable collections, including amounts that are precluded from obligation because of provisions of law such as benefit formulas or limitations on obligations. Divides the amount between balances that have been invested in U.S. securities and cash balances. Shows U.S. securities as U.S. securities (par value) and unrealized discounts. Where amounts have been borrowed from Treasury, shows the total amount of outstanding principal on line 0105.
0199 Total balance, start of year	Sum of the entries on lines 0100-0105.
Cash income during the year: 0200-0219 Governmental receipts: 0220-0239 Proprietary receipts: 0240-0259 Intragovernmental transactions: 0260-0279 Offsetting governmental receipts: 0280-0289 Offsetting collections:	Reports amounts on lines 0200-0279 for each receipt account in the fund and identifies each receipt account by title. Reports offsetting collections (cash) credited to expenditure accounts on lines 0280-0289 and identifies amounts by the title of the fund account. (Amounts are consistent with amounts reported on lines 8800-8845 in MAX schedule P.) Identifies legislative proposals, supplemental requests, and rescission proposals separately under the title to which they apply, with the stub entry modified, as appropriate, to indicate the nature of the proposal.
0297 Income under present law **0298 Income under proposed legislation**	Subtotals for the income entries above.
0299 Total cash income	Sum of the entries on lines 0200-0289.
05xx Cash outgo during the year (-)	Amounts on lines 0500-0589 report the cash outgo from the fund, identified by the nature of the transaction, the activity for which the money was outlayed, or, as appropriate, the recipient. If more than one account conducts a program from the income, subheadings are used to report the respective accounts responsible for the outlays from the fund. Outlays whose levels are controlled through limitations (e.g., administrative expenses)

Entry		Description
		are reported as outlays under current law. Provides separate identification and amounts for outlays under supplemental requests, proposed legislation, and rescission proposals.
0597	**Outgo under present law (-)**	Subtotals for the cash outgo entries above.
0598	**Outgo under proposed legislation (-)**	
0599	**Total cash outgo (-)**	Sum of the entries on lines 0500-0589.
Adjustments:		
0625	Expired or permanently canceled balances (-)	Amount available during the year that ceased to be available during or at the end of the fiscal year and was transferred to the general fund of the Treasury. Amounts reported on this line include expiring unobligated balances, rescissions, and reductions mandated in appropriations law to the extent that the amounts are permanently canceled and are no longer available for the account. *For special and trust funds, amounts that are returned to the receipt account and available for subsequent appropriation action are not reported.*
0645	Transfers, net	Net amount of unpaid obligations (obligated balances) and unobligated balances transferred from (+) or to (-) other accounts. *Corresponds to amounts reported in schedule P on lines 2221, 2222, 4100, 4200, 6100, 6200, 6861, 6862, 6961 ,6962, 7331, and 7332.*
0650	Other adjustments	Other adjustments that affect the unexpended balances in the account. Includes the net amount of adjustments in obligations that were made in expired accounts. Also includes amounts reported in schedule P on lines 2240 and 2260. Not reported are upward adjustments financed from amounts included in the unexpended balance reported for the account and downward adjustments where amounts are available for subsequent appropriation action and are included in the unexpended balance reported for the account.
0699	**Total adjustments**	Sum of the entries on lines 0625-0650.
Unexpended balance, end of year:		Amount of unexpended balances carried forward to the next year. Includes unobligated balances, obligated balances, and balances of unavailable collections, including amounts that are precluded from obligation. Where amounts have been borrowed from Treasury, the total amount of outstanding principal is shown on line 0705.
0700	Uninvested balance	
0701	U.S. securities: Par value	
0702	Unrealized discounts (-)	
0705	Outstanding debt to Treasury (-)	
0799	**Total balance, end of year**	Sum of the entries on lines 0700-0705.

Entry		Description
Commitments against unexpended balance, end of year:		*Not automatically generated. Use these lines only at the direction of OMB.*
0801	Obligated balance (-)	
0802	Unobligated balance (-)	
0899	**Total commitments (-)**	Sum of lines 0801 and 0802.
0900	**Uncommitted balance, end of year**	Sum of lines 0799 and line 0899 (a minus entry).

86.7 Schedule on unavailable collections (MAX schedule N)

(a) *General.*

A schedule on unavailable collections is required for:

- All special and non-revolving trust funds; and
- Accounts that have offsetting collections that are unavailable for obligation because of limitations on obligations in PY, CY, or BY.

To ensure that data are presented correctly, when requesting the establishment of a new special or trust fund account (see section 71.2), specify whether a new schedule on unavailable collections is required or if an existing schedule on unavailable collections should be used to report the transactions related to the new account.

The schedule is automatically generated from MAX data. A single schedule, under transmittal code zero will be used to reflect total amounts reported under separate transmittal codes. (Appendix E, exhibit 7E, describes the relationships between entries in MAX schedules N, P, and J.)

(b) *Data elements.*

OMB will automatically load information on the PY start of year balance from data reported in the previous year's budget. If you do not agree with the amounts entered by OMB, provide an explanation of the difference to your OMB representative.

The rest of the information required to produce the schedule on unavailable collections will be derived from data in MAX schedules P and R, as part of overnight production. *You should note that changes to MAX schedule N resulting from changes to MAX schedules P and R will not appear on screen until the next day.*

The automatically generated schedule will contain the following entries, as applicable, in the sequence shown. You may modify stub entries, as appropriate through MAX.

Entry		Description
0199	**Balance, start of year**	Total amount of unavailable receipts or offsetting collections at the beginning of the year. Equal to the balance brought forward from the

Entry		Description
		preceding year. Includes unappropriated special and trust fund receipts or receipts that are precluded from obligation because of a provision of law, such as a benefit formula or limitation on obligations in PY, CY, or BY. Also used for accounts that have offsetting collections that are unavailable for obligation because of limitations on obligations in PY, CY, or BY. Should be consistent with the amount reported on the Department of Treasury's "Unappropriated Receipts Trial Balance," Treasury Fiscal Service Form 6655. Entry will not differentiate between invested and uninvested amounts. For special and trust funds with no unappropriated or unavailable balances, the balance will be zero. For changes, you should contact your OMB representative.
02xx	**Receipts**	Amounts of new receipts deposited in receipt accounts during the year, as reported in MAX schedule R. If receipts from more than one source are available for appropriation for the same purpose, separate subentries will identify the amount collected from each source.
03xx	**Offsetting collections**	Amount of new offsetting collections credited to appropriation or fund accounts that are unavailable for obligation because of limitations. Equal to amounts on lines 6845 and 6945 of the program and financing schedule.
0400	**Total: Balances and collections**	Sum of start of year balance, receipts, and offsetting collections.
05xx	**Appropriations (-)**	Amount appropriated or estimated to be appropriated. Will exclude amounts precluded from obligation in a fiscal year because of provisions of law such as benefit formulas or limitations on obligations. Will include the amount that becomes available for obligation from balances of receipts that were previously unavailable. If more than one appropriation is made from the fund, separate subentries will identify each appropriation involved. For accounts with limitations on the use of offsetting collections, will equal the amount of spending authority from balances of offsetting collections previously credited to the account but unavailable for obligation, to the extent that the amounts become available. For accounts with contract authority that will be liquidated by trust fund receipts, contract authority will be deducted from the balances rather than the amounts appropriated to liquidate such contract authority.
0610	**Unobligated balance returned to receipts**	Unobligated balances of appropriations that are returned to the receipt account and are available for subsequent appropriation action.
0620	**Reduction pursuant to Public Law xxx-xxx**	Reductions in budget authority that are returned to the receipt account pursuant to the BEA or other law.
0799	**Balance, end of year**	Total amount of unavailable receipts or offsetting collections carried forward at the end of the year.

86.8 Schedule on the status of contract authority (MAX schedule I).

A schedule on the status of contract authority is required and automatically generated for each account reporting contract authority in PY, CY, or BY. A single schedule under transmittal code zero will be used to reflect total amounts reported under separate transmittal codes.

The information required to produce the schedule on the status of contract authority will be derived from data in MAX schedule P, as part of the overnight production. *You should note that changes to MAX schedule I resulting from changes to MAX schedule P will not appear on screen until the next day.* The automatically generated schedule will contain the following entries, as applicable, in the sequence shown.

SCHEDULE ON UNFUNDED CONTRACT AUTHORITY

Entry		Description
0100	**Balance, start of year**	Amount of contract authority for which appropriations to liquidate are not provided or requested at the beginning of the year. Equal to the sum of lines 2149 and 7249 of the program and financing schedule.
0199	**Total balance, start of year**	Sum of the balance entries on lines 0100.
0200 **0210** **0220** **0230**	**Contract authority** **Contract authority, supplemental request** **Contract authority, legislative proposal** **Reduction in contract authority pursuant to Public Law 99-177**	Amount of contract authority provided for the period (generally in substantive law). This entry will be consistent with the entries on lines 49xx and 66xx of the program and financing schedule. Separate entries will be used, as appropriate, to report reductions pursuant to the BEA (Public Law 99-177, as amended), supplemental requests, and legislative proposals.
0299	**Total contract authority**	Sum of the contract authority entries on lines 0200-0230.
0300	**Unfunded balance rescission proposal (-)**	Amount of contract authority proposed for rescission. Derived from amounts on lines 4935, 4936, and 6635 of the program and financing schedule for the rescission proposal (transmittal code "5").
0309	**Total unfunded balance rescission proposals**	Sum of the balance rescission proposal entries on lines 0300.
0340	**Unobligated balance transferred**	Amount of unobligated balances of contract authority transferred to or from other accounts. This entry will be consistent with amounts on line 2221 and 2222 of the program and financing schedule.
0350	**Unfunded balance expiring (-)**	Amount of definite contract authority, expiring or withdrawn, for which liquidating cash will not be required. This entry will be consistent with amounts on line 2230 of the program and financing schedule.
0360	**Adjustments in expired accounts**	Amount of upward or downward adjustments in obligations that were made in accounts that expired prior to the

Entry		Description
		beginning of the fiscal year. This entry will be consistent with amounts on line 7340 of the program and financing schedule.
0400	**Appropriation to liquidate contract authority (-)**	The appropriation provided or requested to liquidate contract authority, equal to the sum of lines 4049 and 6049 of the program and financing schedule.
0499	**Total appropriations to liquidate contract authority**	Sum of the appropriations to liquidate contract authority entries on lines 0400.
0500	**Offsetting collections applied to liquidate contract authority (-)**	Amount of offsetting collections used to liquidate contract authority equal to line 6849 and 6949 of the program and financing schedule.
0600	**Balance of contract authority withdrawn (-)**	The withdrawal of balances of indefinite contract authority realized through downward adjustments of prior year obligations that have been withdrawn. Equal to the amounts on line 2275 of the program and financing schedule.
0700	**Balance, end of year**	Amount of contract authority for which appropriations to liquidate are not provided or requested at the end of year. Equal to the sum of lines 2449 and 7449 of the program and financing schedule. The end of year balance will equal the balance at the start of the succeeding fiscal year.
0799	**Total balance, end of year**	Sum of the balance entries on lines 0700.

86.9 Summary of budget authority and outlays.

A summary will be printed for each regular account that has separate program and financing schedules for supplemental requests, legislative proposals, or rescission proposals to report the totals for budget authority and outlays for PY through BY. The summary is generated automatically from MAX 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. These 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. (For a description of transmittal codes, see section 79.2.)

Entry	Description
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

Statement of Operations (MAX Schedule E)

PY–1–year preceding past year
PY—past year
CY—current year
BY—budget year

Where a fund has more than one program, show each program separately.

Statement of Operations (in millions of dollars)

Identification code 16–4023–0–3–754	PY–1 actual	PY actual	CY est.	BY est.
Industrial Program:				
0111 Revenue	9	14	6	10
0112 Expense	–7	–8	–8	–8
0115 Net income or loss (–)	2	6	–2	2
Sales program:				
0121 Revenue	25	27	18	15
0122 Expense	–15	–20	–11	–10
0125 Net income or loss (–)	10	7	7	5
Power program:				
0131 Revenue	39	28	34	22
0132 Expense	–13	–18	–20	–14
0135 Net income or loss (–)	26	10	14	8
0191 Total revenues	73	69	58	47
0192 Total expenses	–35	–46	–39	–32
0195 Total income or loss (–)	38	23	19	15

Financial Statements

Balance Sheet (MAX Schedule F)

PY–1–year preceding past year
PY—past year
CY—current year
BY—budget year

Balance Sheet (in millions of dollars)

	Identification code 16–4023–0–3–754	PY–1 actual	PY actual	CY estimate	BY estimate
	Assets:				
	Federal assets:				
	Investments in US securities:				
1102	Treasury securities, net	4	4	4	4
1104	Agency securities, net	1	2	2	2
1106	Receivables, net	1	1	1	1
	Non-Federal assets:				
1201	Investments in non-Federal securities, net	1	2	2	2
1999	**Total assets**	**7**	**9**	**9**	**9**
	Liabilities:				
	Federal liabilities:				
2103	Debt	2	2	2	2
	Non-Federal liabilities:				
2203	Debt	3	3	3	3
2999	**Total liabilities**	**6**	**6**	**6**	**6**
	Net Position:				
3100	Unexpended appropriations	3	3	3	3
3999	**Total net position**	**2**	**3**	**3**	**3**
4999	**Total liabilities and net position**	**7**	**9**	**9**	**9**

Note: Additional information is required for direct and guaranteed loan financing accounts under the Federal Credit Reform Act (see section 86.2).

Budget Year Appropriations Request in Thousands of Dollars (MAX 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 MAX schedule T to report, *in thousands of dollars*, the net amount of budget year budgetary resources contained in the appropriations language request.

Account:007-55-76-0030

Appropriations Requests in Thousands of Dollars (T):	PY	CY	BY
1000 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, except for transfers from the Violent Crime Reduction Trust Fund.

Exclude amounts applied to repay debt, liquidate contract authority, or liquidate deficiencies.

Do not report advance appropriations.

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 -- EXPLANATION OF PRINT MATERIALS

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95.1 General information about the Budget Appendix and print materials.

The Budget Appendix contains detailed information on the various appropriations and funds that constitute the budget. It is designed for use by the Appropriations Committee and contains more detailed financial information on the individual programs and appropriation accounts than any of the other budget documents.

The term *print materials* refers to the information that is included in the detailed account level budget estimates presented in the main part of the Budget Appendix, as well as materials for supplemental requests and rescission proposals, and information on Government-sponsored enterprises. Print materials include the following:

- The appropriations language proposed for enactment by Congress on each item for which congressional action in an appropriations bill is required.

- Budget schedules generated from information in the MAX database and formatted for printing. These are called *generated schedules*.

- Narrative statements and tabular materials (not generated from MAX) that explain the work to be performed and the funds needed.

95.2 Organization of the Budget Appendix and sequence of accounts.

(a) The main part of the Budget Appendix contains detailed budget estimates by agency. It consists of chapters that reflect cabinet departments and larger non-departmental agencies and chapters composed of multiple agencies, such as the Executive Office of the President and Other Independent Agencies. This part includes the regular account presentations (transmittal code 0), as well as legislative proposals and other later

transmittals (transmittal codes 2, 3, and 4). The legislative proposals and other later transmittals follow directly after the regular account presentation for the affected account. Legislative proposals include budget schedules and narrative statements but normally do not include appropriations language.

Within the main part of the Budget Appendix, the chapter for a large agency is organized by major subordinate organizations within the agency (usually bureaus) or by major program area. The bureau and account sequence in the Budget Account Title (BAT) file determines the order in which bureaus and accounts will appear in the Budget Appendix (see section 79.1). The following is the normal sequence of accounts within a bureau. Keep this sequence in mind when requesting the establishment of new accounts or changes in the sequence of existing accounts.

- General fund accounts, which should be listed 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, which should be listed 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.

Limitation schedules generally follow the schedules for the related revolving or trust fund. A heading and a note for allocations from other accounts is shown at the end of the bureau (see section 82.16).

(b) Another part of the Budget Appendix contains supplemental requests and rescission proposals (transmittal codes 1 and 5). Supplemental requests include appropriations language, budget schedules, and narrative statements. Rescission proposals include budget schedules showing the effect of any rescission proposals

being made in conjunction with the budget and narrative statements. The language proposing the rescission is not included in the Budget Appendix, but rather in a special message on rescissions and deferrals sent to Congress.

(c) The Budget Appendix also contains:

- A list of amendments and revisions to budget authority transmitted since the previous budget;
- A list of accounts with advance appropriations, advance funding, and forward funding;
- Budget information on Government-sponsored enterprises; and
- General provisions in appropriations acts.

95.3 Materials required for the Budget Appendix and relationship to the MAX database.

The following table lists the materials that are included in the detailed budget estimates by agency portion of the Budget Appendix and indicates which materials are generated from information in the MAX database. These materials will be printed, as applicable, by account, in the sequence shown below:

BUDGET APPENDIX MATERIALS

Type of material	Applicability	A-11 section	Relationship to MAX database
Appropriations language	Required for each account with language for the current or budget year. (*Not applicable to legislative or rescission proposals -- transmittal codes 2, 4, or 5.)*	96	Not applicable
Schedule on unavailable collections	Required for all special and non-revolving trust fund accounts and for other types of accounts when amounts are precluded from obligation. *(Only applicable to regular budget schedules-transmittal code 0 .)*	86.7	Generated from MAX schedule N
Program and financing schedule	Required for all accounts and for annual limitations on certain revolving or trust funds	82	Generated from MAX schedule P, except for limitation schedules
Distribution of budget authority and outlays	Required for merged and consolidated accounts	82.14	Not applicable
Budget plan	Required for selected accounts in the Department of Defense	86.3	Generated from MAX schedule D
Summary of budget authority and outlays	Required for each regular account that also has a supplemental request, legislative proposal, or rescission proposal. (*Only applicable to regular budget schedules -- transmittal code 0.)*	86.9	Generated from information in MAX schedule A

Type of material	Applicability	A-11 section	Relationship to MAX database
Status of contract authority	Required for each account that has contract authority in the PY, CY, or BY. (*Only applicable to regular budget schedules -- transmittal code 0.)*	86.8	Generated from MAX schedule I
Status of direct loans	Required for all credit liquidating and financing accounts with direct loan activity, including Government-sponsored enterprises.	85.10	Generated from MAX schedule G
Status of guaranteed loans	Required for all credit liquidating and financing accounts with guaranteed loan activity, including Government-sponsored enterprises.	85.10	Generated from MAX 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.	85.9	Generated from MAX schedule U
Narrative statement	Required for all accounts.	97	Not applicable
Schedule on the status of funds	Required for major trust funds and certain other accounts specified in section 36.5. *(Only applicable to regular budget schedules -- transmittal code 0.)*	86.6	Generated from MAX schedule J
Statement of operations	Required for Government-sponsored enterprises and credit liquidating accounts. For noncredit revolving funds, optional at the discretion of OMB.	86.2	Generated from MAX schedule E
Balance sheet	Required for Government-sponsored enterprises and credit liquidating accounts. For noncredit revolving funds, optional at the discretion of OMB.	86.2	Generated from MAX schedule F
Object classification	Required for all accounts and annual limitations.	83	Generated from MAX 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	86.1	Generated from MAX schedule Q

95.4 Overview of the printing process.

In December, OMB will provide you with copies of galley proofs reprinted from the detailed budget estimates included in last year's *Budget Appendix*. These are known as *reprinted galleys*. You must revise the reprinted galleys and return three copies to OMB, along with any additional print materials required for the budget. You must also update the data in MAX. (Please note that when MAX is opened for changes, it will contain a mix of data from the last budget and the last Mid-Session Review). OMB will send the revised galleys and the

additional print materials to the Government Printing Office (GPO) for processing. GPO will use data from MAX to generate budget schedules and merge them with the revised galleys. OMB and the agencies will review the new galley proofs produced by GPO and make final changes. OMB will then send the budget materials to GPO for final printing.

95.5 Revising reprinted galleys and submitting new print materials.

(a) *Reprinted galleys.*

The reprinted galleys provided by OMB in the fall will include:

- Updated year headings;
- Generic changes to stub entries in generated schedules;
- No amounts in the generated schedules and narrative tables; and
- The appropriations language enacted for the current year, if appropriations are enacted before the reprinted galleys are prepared.

The reprinted galleys are the basis for submitting print materials. You will use them to submit revised appropriations language and narrative statements for inclusion in the Budget Appendix. You should provide new print materials in the form of inserts to the reprinted galleys.

Mark all revisions, except changes to generated schedules, directly on the reprinted galleys or on inserts to the galleys, using the guidelines in exhibit 95A. Enter all changes to generated budget schedules directly into MAX; as a general rule, changes to the stub entries or amounts marked on the reprinted galleys will not be picked up in the printing process. Consult with your OMB representative for exceptions to standard stub titles.

OMB will notify you when the revised reprinted galleys are due. Return three sets (including at least one original), along with all the inserts as a single package for the agency, taking care to keep the galley proofs in order. Do not reduce the size of the reprinted galleys, cut them apart, or obliterate any GPO identifiers.

(b) *Changes to appropriations language.*

Make changes to the enacted language to reflect the budget year request following the instructions in section 96. If appropriations language is not included in the reprinted galleys, follow the instructions in section 96 and attach the material as inserts to the reprinted galleys.

(c) *Changes to narrative statements, footnotes, and tabular materials.*

Update these materials by marking changes on the reprinted galleys following the instructions in section 97. Be sure to revise footnotes containing dollar amounts or references to other accounts involved in transfers to reflect the current status of the account. Update narratives to address budget year activities. Type new narratives and tables, as well as extensive revisions to existing narratives on additional sheets and attach the materials as inserts to the reprinted galleys.

(d) *Preparing inserts to the reprinted galleys.*

Use inserts to the reprinted galleys to provide new print materials for accounts or transmittal codes not included in the reprinted galleys (such as legislative proposals, supplemental requests, and rescission proposals), as well as for extensive revisions to existing accounts. Type the information on letter-size paper. The insert should indicate the name of the department or agency, the bureau (if applicable), the title of the account, and the account identification code. The insert should also indicate where the new print material is to be inserted on the reprinted galleys by identifying the appropriate galley extension and frame number (see exhibit 95B).

When you prepare print materials for new accounts or transmittal codes, be sure to follow the account sequence in MAX and the sequence of materials specified in section 95.3. If you have computer terminal access to MAX, you do not need to submit detailed information for any of the generated schedules. However, you must indicate on the insert each type of generated schedule that is being added.

95.6 Style considerations.

(a) *Titles for stub entries in generated schedules.*

As a general rule, the titles for all stub entries will conform to those provided in the relevant sections of A-11. Consult with your OMB representative if you want to use a non-standard title.

(b) *Capitalization.*

As a general rule, the guidelines of the *Government Printing Office Style Manual* will be used for standard capitalization in budget materials. However, references to budget accounts and program and activities conducted by an account will use initial capitalization of only the first word of the title, unless the title also contains proper nouns that would otherwise be capitalized.

(c) *Numbers and amounts.*

Leaders (...) will be used in columns of figures in place of zeros (0). Dollar signs will be omitted from schedules. Generally, minus signs will not be shown in the stub entry of schedules submitted to OMB for printing. Minus signs (-) will precede figures in amount columns when the entry is a deduction or the amount is negative. Except where otherwise specified, amounts shown on schedules and tabular statements will be stated in millions of dollars and rounded to the nearest million. Where an amount falls exactly halfway between, it will be rounded to the nearest *even* figure. (For example, both $11,500,000 and $12,500,000 would be rounded to $12). Amounts of $500,000 or less will not be identified. In footnotes and narrative statements, amounts will also be rounded and followed by the word "million" (for example, $314 million).

Reprinted Galley—Print Material Submission

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

GALLEY PROOF

GOV APPENDIX Part 1 J. 000-000 GOV .000
F3623

DEPARTMENT OF GOVERNMENT

BUREAU OF WATER QUALITY

Federal Funds

General and special funds:

WATER RESOURCES CONTROL

Appropriations language will be prepared in accordance with section 96. When possible, OMB will try to include the enacted CY appropriations language on the reprinted galley.

~~**[*A separate language sheet will be prepared for this account (if there is language for the current year or budget year) in accordance with section 31 of the Office of Management and Budget Circular No. A–11 and attached to this reprinted galley.*]**~~

Delete any material or line entries no longer applicable by striking out with a single black line.

VGOV01092650
S3643

All amounts will be stated in millions of dollars.

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 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			
23.90	Total budgetary resources available for obligation			
23.95	New obligations			
23.98	Unobligated balance expiring			
24.40	Unobligated balance available, end of year			
	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	Unpaid obligations, start of year: Obligated balance			
73.10	New obligations			
73.20	Total outlays (gross)			
73.40	Adjustments in expired accounts			
73.45	Adjustments in unexpired accounts			
74.40	Unpaid obligations, end of year: Obligated balance			
	Outlay (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			

Note: None of the print materials furnished to OMB will be reduced in size from the original.

For generated schedules, MAX data will be printed automatically; no amounts should be entered on the reprinted galleys. For non-generated tables, amounts must be marked on the galleys (see section 95.5).

"Frame" number

"Extension" number

VerDate 22-Nov-XX 09:50 Jan 15, XXXX Jkt 162001 PO 00000 Frm 0001 Fmt 3619 Sbfmt 3643 E:\BUDGET\GOV.000 pfm01

Reprinted Galley—Print Material Submission

Narrative statements on program and performance will be reviewed and revised in accordance with section 97.

Corrections involving more than two lines should be marked on the reprinted galley (if space is available) and arrowed to proper insertion point or typed on a separate sheet of paper and keyed to the proper insertion point. Inserts on separate sheets should identify the appropriate galley extension and frame numbers.

INSERT A to extension GOV.000, frame 0005

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

2. Enforcement programs. An 11 percent funding increase for BY will provide for additional monitoring of industrial pollutants in the Great Lakes Region. Ongoing programs

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 State governments for pollution control programs.

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 criterial 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.

2. *Enforcement programs.* The enforcement program is directed toward achieving compliance with standards.

INSERT A

Object Classification (in millions of dollars)

Identification code 09–2650–0–1–301	PY act.	CY est.	BY est.
Personnel compensation:			
11.1 Full-time permanent			
11.3 Other than full-time permanent			
11.5 Other personnel compensation			
11.9 Total personnel compensation			
12.1 Civilian personnel benefits			
13.0 Benefits for former personnel			
21.0 Travel and transportation of persons			
22.0 Transportation of things			
23.1 Rental payments to GSA			
23.3 Communications, utilities, and miscellaneous charges			
24.0 Printing and reproduction			
25.2 Other services			
26.0 Supplies and materials			
31.0 Equipment			
41.0 Grants, subsidies, and contributions			
42.0 Insurance claims and indemnities			
99.9 Total obligations			

Personnel Summary

Identification code 09–2650–0–1–301	PY act.	CY est.	BY est.
Total compensable workers:			
1001 Full-time equivalent employment			

"Frame" number

"Extension" number

VerDate 22-Nov-XX 09:50 Jan 15, XXXX Jkt 162001 PO 00000 Frm 0005 Fmt 3619 Sbfmt 3643 E:\BUDGET\GOV.000 pfm01

Proof Corrections

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

GALLEY PROOF

GOV APPENDIX Part 1 J. 162-001 GOV.000
F3623

THE BUDGET FOR FISCAL YEAR BY

DEPARTMENT OF GOVERNMENT

Indicate or attach all changes to proofs in margin closest to insertion point.

DEPARTMENT OF GOVERNMENT

OFFICE OF THE SECRETARY

Federal Funds

General and special funds:

SALARIES AND EXPENSES

Point of insertion of new material, corrections, or deletions should be indicated by a caret (^) or crossout.

For appropriations language, new material should be underlined and proposed deletions bracketed in accordance with section 96.3.

For expenses necessary for the Office of the Secretary, including not to exceed [$110,000], ~~$90,000~~ for expenses of travel; purchase (not to exceed [one] ~~four~~ *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 to exceed $20,000 of the amount appropriated under this head in the Department of Government Appropriation Act, 19PY, shall remain available during the current year.] *and uniforms or allowances therefor, as authorized by 5 U.S.C. 1901–5902; $3,225,000.*

three

fiscal

5

$100,000

[/]

not

(10 U.S.C. 3624; 31 U.S.C. 9602; P.L. 92–926; The Act of June 21, 1970, 82 Stat. 898; Department of Government Appropriations Act, CY.)

VGOV01161166
S3643

For generated schedules, no changes in amounts should be entered on the galley proofs.

Program and Financing (in millions of dollars)

Identification code 16-1166-0-1-755		PY actual	CY est.	BY est.
	Obligations by program activity:			
00.01	General administration	1	1	1
00.02	Personnel administration	2	2	2
10.00	Total obligations	3	3	3
	Budgetary resources available for obligation:			
22.00	New budget authority (gross)	3	3	3

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SECTION 96 -- APPROPRIATIONS LANGUAGE

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96.1 General
96.2 Format of language submissions
96.3 Changes in language and amounts
96.4 Statutory references
96.5 Special appropriations language requirements
96.6 Explanations related to appropriations language

Ex-96A Appropriations language–without current year supplemental appropriation
Ex-96B Appropriations language–with current year supplemental appropriation
Ex-96C General provisions–print material submission

96.1 General.

Appropriations language transmits the President's budget requests to Congress and is used to request budget authority or other legislative authority (e.g., general provisions) to be provided through the annual appropriations process. The budget includes appropriations language for each account for which appropriations or limitation language was enacted in the CY or is proposed for the BY.

Appropriations language submissions consist of:

- Language enacted for the current year (including enacted supplemental appropriations, and rescissions), with the proposed changes for the budget year, if any;
- Proposed language if none was enacted for the current year and is required to carry out the President's proposals for the budget year; and
- Statutory references.

For accounts that cover direct loan or loan guarantee programs, you must include appropriations language for the subsidy costs, loan levels, and administrative expenses, unless specifically exempted by OMB (see section 96.5(a)).

For programs funded by budget authority that will be disbursed over periods longer than five fiscal years after the authority expires, see section 96.5(b).

Whenever possible, try to include proposed substantive changes in appropriations language with the initial budget submission to provide adequate time for review by OMB.

96.2 Format of language submissions.

Provide language submissions in the format of exhibits 96A (if there is no CY supplemental appropriation) or 96B (if there is a CY supplemental appropriation). You must submit a separate page of appropriations language for each account for which appropriations or limitation language has been enacted in the CY or is proposed for the BY. The text printed in the appropriations acts for the current year constitutes the primary source of material for the language submissions. Normally, the reprinted galleys provided by OMB (see section 95.5) will contain enacted current year appropriations language.

If this is not possible, OMB will provide copies of the enrolled bills showing appropriation items as they appear in the annual appropriations act, continuing resolution, or in supplemental, rescission, or other appropriations acts for the current year. Use these copies to prepare language submissions for OMB and your own use. For each appropriation item, glue the language from the enrolled bill onto a separate sheet of paper. Make changes to the language in accordance with section 96.3.

When you prepare the language, use all of the text in the appropriations act, except the preamble and the title of the act. If the organizational unit is not identified as a heading in the text, insert the title of the organizational unit at the top of the sheet. Where amounts have been appropriated in addition to the regular appropriations for the current year (e.g., supplemental or rescission action), include the text from the additional appropriations to the same sheet as the text from the annual act and omit the account title from the additional appropriations (see exhibit 96B). Display the citation for the additional appropriations after the specific language in parentheses and underscored. In cases where the entire amount available was provided in a supplemental or other appropriations act, provide the title and any immediately preceding organizational unit identification in the same manner as items from an annual act.

If no current year appropriation has been enacted, type the proposed appropriation language as new material and underscore it. If an appropriation for the current year is provided in a continuing resolution, prepare the proposed language as follows:

- Where the continuing resolution includes specific language by account, submit that language in the same manner as language that was provided in a regular appropriations act.

- Where the continuing resolution enacts specific language by reference to an appropriations bill, your OMB representative will provide guidance on preparation of the language submissions.

- Where the continuing resolution refers only to a level or rate (e.g., to the lower of the House or Senate level, Senate level, or current rate), submit the proposed language for the budget year as new material. OMB will provide an explanatory note for insertion following the language.

96.3 Changes in language and amounts.

Make changes to appropriations language as follows:

- To change language, amounts, or account titles enacted for the CY to reflect the BY request to Congress:

    < Enclose the material to be omitted in brackets [ ]; and

< Type (double-spaced) and underscore all new material. If possible, insert the new material in the right margin of the page.

- Use a caret (^) and line to indicate clearly the place where the new material is to be inserted.
- New material should always follow bracketed material, even though bracketed material may only include figures and new material includes additional language.
- State amounts in dollars rounded to the nearest thousand (e.g. $10,951,000; not $10,950,768).
- Use black lead pencil to make brackets, carets, and insert lines.
- Do not obliterate pre-existing punctuation marks.
- When the proposed language for the BY is all new language (e.g., there were no CY appropriations) or where changes to existing language are extensive, type the new materials, double-spaced and underscored.

Make changes to administrative and general provisions in the same manner. If an entire numbered section is proposed for deletion, enclose the material to be omitted in brackets. Bracket section numbers and insert revised numbers following the bracketed material. Insert proposed new provisions at the end of the current law provisions (see exhibit 96C).

96.4 Statutory references.

Insert supporting statutory references in parentheses and underscore following the appropriations language. Agencies are responsible for providing all statutory references and attesting to their correctness.

Present the references in the following sequence:

(1) *Basic authorizing legislation (including currently effective amendments), treaty, or executive order that continues in effect during the budget year.* Such citations will usually be by reference to the United States Code. List citations in this order of preference:

- To the United States Code;
- To the public law number;
- To the popular title of the law (if there is one); or
- To the date of the Act, followed by the applicable volume and page of the Statutes at Large.

Do not include citations to Government-wide, generally applicable laws (e.g., 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.

(2) *The appropriations act from which the text of the appropriations language has been taken.* Generally, reference the short title of the applicable appropriations act. If an appropriations act provides a citation for a specific title (i.e., portion of the act), use that citation. If the act or title thereof has no short title, your OMB representative will specify the citation to use. (When two or more appropriations act citations are required, e.g., a regular appropriations act and a supplemental appropriations act, each citation will follow the appropriations language to which it is applies.) Where language in an appropriations bill (that is being considered in the House or the Senate) was enacted by reference in a continuing resolution, cite the continuing resolution (not the referenced bill).

96.5 Special appropriations language requirements.

(a) *Credit programs.*

Each program account associated with a direct loan or loan guarantee program must contain a request for an appropriation for the subsidy costs on a net present value basis; the loan level supportable by that subsidy; and administrative expenses for operating the credit program.

Where loans are disbursed within five years of obligation, use the following standard subsidy appropriation language, as appropriate:

> [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 administrative expenses are proposed to be transferred to a salaries and expenses account, substitute the following phrase 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].

Where loans are disbursed beyond the five year period after obligation, see section 96.5(b).

If you believe that the nature of a program requires a modification of the specified language, you may request an exception (see section 25).

(b) *Programs that disburse over a period longer than five fiscal years.*

Unless otherwise specified by law, budget authority is available for liquidating obligations (i.e., 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.

96.6 Explanations related to appropriations language.

Do not write explanations or justifications on the language submissions, except notes required for printing as indicated above. Submit the following material separately to support the language submissions:

- An explanation and justification of all new provisions, deletions and proposed changes in the language of the appropriation, other than changes in amounts, including changes to general and administrative provisions.

- A list of new provisions in the proposed language and explanation of the purpose of each.

- A copy of a letter from the Office of Personnel Management approving any new provisions that relate to employment of personnel without regard to civil service or classification laws.

Appropriations Language
Without Current Year Supplemental Appropriation

PY—past year
CY—current year
BY—budget year

DEPARTMENT OF GOVERNMENT

The original will be returned to OMB.

Headings will be added to reflect the organizational unit, unless they already appear as separate lines at this point in the appropriations act.

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

For expenses necessary for the Office of the Secretary, including not to exceed [$9,992,000] for expenses of travel; purchase (not to exceed [one] 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 $20,000 of the amount appropriated under this head in the Department of Government Appropriation Act, PY, shall remain available during the current fiscal year] .

$9,944,000

three, of which two shall be

and uniform or allowances therefor, as authorized by 5 U.S.C. 5901-5902; $3,225,000

(10 U.S.C. 3624; P.L. 92-926; Act of June 21, 1970, 82 Stat. 898; Department of Government Appropriations Act, CY.)

Underlined reference in parentheses will be made to basic authorizing legislation (unless cited in the body of the language) and to the act or acts containing the appropriations text reproduced on the language sheet. See section 96.4 for the preferred method of making citations. Do not provide parallel citations or citations to Government-wide, generally applicable laws (e.g., title 5 of the U.S. Code).

KEY POINTS:

1. Deletions are shown by brackets **[ ]**.
2. Inserts are shown by carets ^ and follow (not precede) bracketed matter.
3. Language to be inserted is shown in the space at the right underscored.
4. All brackets, carets, and insert lines are to be made in *black lead pencil* (not typed) so as not to obliterate punctuation marks.

Appropriations Language
With Current Year Supplemental Appropriation

Headings will be added to reflect the organizational unit, unless they already appear as separate lines at this point in the appropriations act.

PY—past year
CY—current year
BY—budget year

DEPARTMENT OF GOVERNMENT

BUREAU OF EDUCATION

The original will be returned to OMB.

SALARIES AND EXPENSES

For necessary expenses, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902, and services authorized by 5 U.S.C. 3109, **[**$20,416,000**]** . ^ $20,355,000

(5 U.S.C. 9206; 15 U.S.C. 206; Department of Government Appropriations Act, CY.)

[For an additional amount for "Salaries and Expenses," $200,000.]

(Supplemental Appropriations Act, CY.)

Include text from current year supplemental appropriations acts, where applicable, even though the supplemental only provides an additional amount.

Underlined reference in parentheses will be made to basic authorizing legislation (unless cited in the body of the language) and the act or acts containing the appropriation text reproduced on the language sheet. See section 96.4 for the preferred method of making citations.

KEY POINTS:

1. Deletions are shown by brackets **[ ]**.
2. Inserts are shown by carets ^ and follow (not precede) bracketed matter.
3. Language to be inserted is shown in the space at the right underscored.
4. All brackets, carets, and insert lines are to be made in *black lead pencil* (not typed) so as not to obliterate punctuation marks.

General Provisions—Print Material Submission

TITLE VII—GENERAL PROVISIONS

GALLEY PROOF

[SEC. 701. Within the unit of 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 of 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 said Acts and chapter.]

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 $2,015,000

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:

1. Deletions of entire sections are shown by use of brackets.
2. Section numbers, after those sections proposed for deletion, are bracketed and revised numbers are shown in the margin and underscored.
3. Any proposed new sections are included at the end of the current law provisions and underscored.

SECTION 97 -- NARRATIVE STATEMENTS, FOOTNOTES, AND TABLES

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97.1 Purpose and content
97.2 Style and form
97.3 Narrative statements for major programs financed by multiple budget accounts
97.4 Narrative statements for revolving funds
97.5 Narrative statements for Federal credit programs
97.6 Narrative statements in special cases

Ex-97 Analysis of Programs Financed by Multiple Budget Accounts

97.1 Purpose and content.

Prepare narrative statements that describe an account's performance goals, objectives, outputs, and outcomes and explain how the budget year request supports them. Make the statements consistent with agency strategic plans and annual performance plans (see Part 2 of this Circular). Address significant increases or decreases in performance or financing from the current to the budget year, including the termination of a program in the budget year. Prepare concise statements that reflect the actual or estimated effects of the expenditure of resources in an account.

You must provide a narrative statement for each account where there is ongoing activity in the current or budget year. Also, include separate narrative statements for supplemental requests, rescission proposals, and items proposed for later transmittal.

Performance indicators and performance goals. Use the statements to discuss both the short-range and the long-range performance goals of the program, and include data on significant performance indicators where appropriate. Also include, as appropriate, performance indicators contained in the agency's annual financial statements or other appropriate indicators.

You should use performance indicators which focus on outputs or outcomes instead of workload and other process measures. Outputs should reflect the products and services that are provided by the account and delivered or used outside of the account. Outcomes should reflect the results related to the account. You may use tables to illustrate and compare these indicators for the past, current, and anticipated budget year levels.

Collections and fees. When collections and fees credited to the account finance a sizeable proportion or dollar level of the obligations, discuss the nature of the reimbursable work performed. Also provide information on other amounts collected by the program and deposited into the general fund of the Treasury, when pertinent to the operations of the program.

Exemptions. Unless otherwise requested by OMB, you are not required to submit narrative statements for:

- Accounts in which there are only obligated balances for all years (e.g., consolidated schedules for expired accounts); or

- Accounts in which there are no unobligated balances in any year, no obligations or outlays are estimated in the current and budget years, and no further appropriations will be requested. However, a brief narrative may be desirable to explain the discontinuation of an account.

97.2 Style and form.

The reprinted galleys OMB provides you with will include the narrative statements for accounts presented in the previous year's budget. You should edit these galleys. For accounts not included in the reprinted galleys, prepare the narrative statements as new print materials. More detailed instructions on reprinted galleys and new print materials are provided in section 95.

Write the narrative statements in a concise, factual manner. Orient the statements toward the policies and objectives for the budget year. Do not discuss the history, authorizing statutes, and other legal references except as indicated below. However, it is appropriate to discuss significant legislation enacted since the previous budget, as well as legislative initiatives proposed in the budget. Include quantitative tables that compare both significant program performance and dollar data.

You may use the separate activities or subactivities listed in the program and financing schedule as the basis for the discussion in the narrative statements. Identify the activities in side headings by the title used in the obligations by program activity section of the program and financing schedule and follow the order of activities in the program and financing schedule.

97.3 Narrative statements for major programs financed by multiple budget accounts.

Where the total financing needed to conduct a major program is not contained within a single budget account, include in the narrative statement of the account that finances the major portion of the program activity (i.e., the "primary" account) a table, in the format of exhibit 97, that shows the total costs and all sources of funding for the program. List the primary account and any other accounts (i.e., "supplementing" accounts) that support the activity performed by the primary account.

For these purposes, major programs are those that obtain goods and services of $100 million or more, in budget authority or outlays for the budget year, on a non-reimbursable basis from supplementing accounts.

Support provided by supplementing accounts includes the non-reimbursed cost of central support services that are directly attributable to implementation of the program, but not charged against the primary account. For example, in the case of a grant program, the budget account funding the grant would be the primary account, while a separate salaries and expenses account used for compensation of agency personnel responsible for implementing the program (e.g., disbursing and monitoring the grants) would be the supplementing account.

Display in the table the budget authority, outlays, and FTE for PY through BY for the primary account and for each of the supplementing accounts. Also provide program totals. Consult with your OMB representative on the designation of major programs and the form and content of the information presented in the narrative table.

97.4 Narrative statements for revolving funds.

Narrative statements for revolving funds will describe the enterprise's present and proposed program. The narrative will begin with a brief introduction that includes the present authorized purposes and any major changes made during the past year, in the current year, or proposed for the budget year. Following this brief introduction, use these side headings for each of the major topics to be covered:

- *Budget program*. Discuss the budget programs of each major activity shown in the program and financing schedule.

- *Financing.* Explain significant amounts relating to financing, if necessary. Also discuss total authority to borrow, as well as amounts actually borrowed or repaid.

- *Operating results*. Provide any significant information relating to 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.

97.5 Narrative statements for Federal credit programs.

Narrative statements for Federal credit programs will cover direct loan and loan guarantee activities, addressing any significant change in the program objectives of the credit activities. Address significant factors in developing subsidy estimates, such as default rates and interest rates charged to borrowers. In addition, where relevant, provide information about how risk categories (see section 85.3) are defined. For loan guarantee programs indicate whether the full amount of the loan is guaranteed or, in other cases, the percentage of the loan covered by the guarantee.

Use the following paragraphs, modified as necessary, to describe each 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.

97.6 Narrative statements in special cases.

You may tailor the narrative statement to explain any special circumstances affecting the method of financing the program.

Permanent budget authority. Indicate the legal basis for the authority (since no appropriations language is presented for such items). For permanently appropriated special and trust fund accounts, indicate the source of money and the purposes of and restrictions on its use.

Agency debt and investments in agency debt. For accounts that issue debt instruments (other than to Treasury or to the Federal Financing Bank) or invest in agency debt securities, indicate the par value of outstanding debt securities issued by the account to the public, Treasury, Federal Financing Bank, and other agencies and the par value of securities owned that were issued by Federal agencies (other than Treasury) for PY-1 through BY, unless the information is provided in a balance sheet.

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.

Transfer in the estimates (see section 20.4(k)). When an activity that was previously funded under one account will be funded under another account, prepare a footnote in the format described in section 82.13 to reflect the proposed transfer of responsibility. These footnotes will be printed at the end of the program and

financing schedule but are considered to be narrative materials (i.e., they are not in the MAX A-11 database and do not migrate).

Transfer of resources (see section 20.4(j)). Use footnotes to reflect transfers associated with reorganization plans as described in section 82.12**.** These footnotes will be printed at the end of the program and financing schedules but are considered to be narrative materials.

Consolidated schedules and merged accounts (see sections 71.7 and 71.8). Prepare a table distributing budget authority and outlays by account in the format described in section 82.14 when accounts are consolidated or merged into a single schedule. These tables will be printed at the end of the program and financing schedules but are considered to be narrative materials.

Allocation accounts (see section 20.4(l)). Agencies that receive allocation must include a footnote in the format described in section 82.16. The footnote should be inserted at the end of each bureau that receives allocations.

Annual limitations on trust or revolving funds (see section 82.15). Prepare a table in the format of a program and financing schedule to present annual limitations on administrative expenses and other annual limitations on the use of trust or revolving funds. These tables are considered to be narrative materials. They are not entered into MAX but should generally conform to the line entries described in sections 82.3 through 82.7.

Analysis of Programs Financed by Multiple Budget Accounts

PY—past year
CY—current year
BY—budget year

Multiple Budget Account
Program Financing Table

Bureau of Standardization

Mechanical Standards Grants

Analysis of Programs Financed by Multiple Budget Accounts
(dollar amounts in millions)

	PY	CY	BY
PRIMARY ACCOUNT			
Mechanical standards grants:			
35-3492-0-1-809			
Budget authority	2,409	1,988	1,735
Outlays	2,215	1,843	1,639
Full-time equivalent employment (FTE)	.....	.....	.....
SUPPLEMENTING ACCOUNTS			
Salaries and expenses (DOG):			
35-0100-0-1-809			
Budget authority	125	120	115
Outlays	128	123	118
Full-time equivalent employment (FTE)	2,500	2,400	2,300
Metallurgy research:			
83-1000-0-1-807			
Budget authority	50	50	50
Outlays	40	45	50
Full-time equivalent employment (FTE)	500	500	500
TOTAL RESOURCES:			
Budget authority	2,584	2,158	1,900
Outlays	2,383	2,011	1,807
Full-time equivalent employment (FTE)	3,000	2,900	2,800

SECTION 100 -- ADDITIONAL INFORMATION REQUIRED AFTER PASSBACK

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100.1 Information on grants to State and local governments
100.2 Information on motor vehicles
100.3 Information on relocation expenses
100.4 Information on international travel
100.5 Materials in support of baseline estimates
100.6 Updates to information provided in the initial submission

Summary of Changes

Requires agencies to report on official international travel during the PY (section 100.4).

100.1 Information on grants to State and local governments.

If your agency has a Federal formula grants program to State or local governments, you must provide information on the obligations for PY through BY and the percentage share for BY allocated to:

- Each State;
- The District of Columbia;
- Territories; and
- Indian tribe set-asides, when applicable.

Submit this information promptly after final budget decisions. OMB will provide separate instructions at a later date. The submissions are used to develop the annual Budget Information for States report.

100.2 Information on motor vehicles.

The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 (Public Law 99-272) requires certain agencies to submit information on motor vehicles in their budget submissions to OMB. This information is used to prepare a report that the President is required by law to transmit to the Congress.

(a) *Reporting threshold.*

Agencies, as defined in 5 U.S.C. 105, that operate at least 300 motor vehicles must report data on acquisition, operation, maintenance, leasing, and disposal of motor vehicles. The following agencies are exempt from these requirements:

- Tennessee Valley Authority.
- Postal Service.
- Postal Rate Commission.

(b) *Definitions.*

Motor vehicles means any vehicles that are self-propelled or drawn by mechanical power. The term does not include any vehicle designed or used for military field training, combat, or tactical purposes, or any other special purpose vehicle exempted by the Administrator of GSA.

Special purpose vehicles and equipment means vehicles and equipment used and designed for specialized functions. This definition includes, but is not limited to, the following types of vehicles and equipment:

- Trailers.
- Semi-trailers and other types of trailing equipment.
- Trucks with permanently-mounted equipment (such as aerial ladders).
- Construction and other types of equipment included in Federal Supply Class (FSC) 38.
- Material handling equipment in FSC 39.
- Fire-fighting equipment in FSC 42.

Cost of privately-owned vehicles (POVs) while on official business means the mileage cost reimbursed by the Government to the owner or operator of such a vehicle, except when a POV is used:

- In a permanent change of station move;
- In lieu of a common carrier; or
- To commute between an employee's residence and a common carrier terminal or facility.

(c) *Materials required.*

After final budget decisions are made, submit a report on total obligations and outlays for motor vehicle activities for PY through BY and a narrative statement on the use of the GSA's Interagency Fleet Management System and other fleet management systems. Amounts will include costs of motor vehicle acquisition, operation, maintenance, leasing, and disposal, including Government-owned, leased, and privately-owned vehicles used for official business. You do not need to separately identify the various categories (e.g. operation and maintenance) of motor vehicle activities.

As a general rule, report agency totals only. However, supporting account level detail may be required by OMB. Report data in millions of dollars using the stub entries shown below.

Entry	Description
Obligations	Report total obligations for the agency for motor vehicle acquisition, operation, maintenance, leasing, and disposal for PY, CY, and BY.

Entry	Description
Outlays	Report total outlays (net) for the agency for motor vehicle acquisition, operation, maintenance, leasing, and disposal for PY, CY, and BY. Report outlay totals as separate entries even if total obligations and outlays for motor vehicle activities are identical.

Provide a narrative statement with each report on obligations and outlays. This statement will explain why existing and new motor vehicle acquisition, operation, maintenance, leasing, and disposal activities cannot be met through one of the following means:

- Use of a qualified private fleet management firm or other private contractor.
- Increased reliance on the Interagency Fleet Management System operated by the General Services Administration.
- Other existing motor vehicle management systems.

Identify both the report and narrative as "Submission on Motor Vehicles" and include, in the lower right-hand corner, the date of preparation, and the name and telephone number of an individual responsible for answering questions concerning the submission.

100.3 Information on relocation expenses.

All Federal departments and agencies must report to OMB on total obligations for the agency's expenses of employee relocation for PY through BY. OMB uses this information to prepare a table on total agency relocation expenses that is provided to Congress as a part of the Object Class Analysis report.

Employee relocation expenses means obligations incurred for payments to Federal employees for costs related to a permanent change in workstation, i.e., when the Federal Government pays a person to move to a new residence because he or she is assigned to work in a different place; for example, city, State, or country. These expenses are normally reported as part of the following object classes:

- Travel and transportation of persons (object class 21).
- Transportation of things (for example, movement of household goods, except for storage costs in object class 22).
- Civilian personnel benefits (for example, various relocation allowances, expenses associated with sale of residence, breaking a lease in object class 12.1).
- Military personnel benefits (object class 12.2).

- Operation and maintenance of equipment (e.g., contractual services for storage and care of vehicles and storage of household goods; but only those associated with relocation in object class 25.7).

You must provide this information, for the agency as a whole, no later than five days after the MAX database is locked. Ensure that the data are consistent with MAX Schedule O. Report data in millions of dollars. Include the name and phone number of the individual responsible for preparing the submission.

100.4 Information on international travel.

All Federal departments and agencies who had expenditures for official international travel during the previous fiscal year (i.e., the PY) must report, for the agency as a whole:

- Total obligations in PY for official international travel (in thousands of dollars); and
- Total number of individuals engaged in such international travel in PY.

Use the following definitions to prepare this report:

- ***International travel*** means all travel between the United States and other nations, and travel between or within other nations. United States refers to the continental United States, Alaska, Hawaii, and all territories.

- ***Expenditures*** means the total obligations incurred and reported in object class 21, travel and transportation of persons, for international travel in PY. This includes all instances when an agency pays directly or reimburses the traveler. This does not include payments by contractors or grantees. In addition, this does not include expenses related to the relocation of Federal employees (for example, permanent change of station).

- ***Individuals*** means the total number of people (not full-time equivalents) who engaged in international travel in PY. This specifically refers to the number of individuals, as opposed to the number of trips individuals take (for example, a person who takes two international trips is one individual).

Submit this information to your OMB representative no later than five days after the data base locks. Include the name and phone number of the individual responsible for preparing the submission.

OMB will use this information to prepare a report for Congress that describes total Federal expenditures for official international travel and the total number of individuals in each agency who engaged in such travel.

100.5 Materials in support of baseline estimates.

After final budget decisions are made, submit two copies of an agency summary table that provides a bridge between the current year baseline estimates and the budget year baseline estimates (see sections 80 and 81). This table should identify, as separate stub entries, major budget authority or outlay differences ($50 million or more) between the current year and budget year baseline estimates. These differences should be explained in terms of:

- Effects of enacted appropriations and other legislation;

- Inflation and pay-related costs;
- Prior year contracts and obligations; and
- Anticipated changes in relatively uncontrollable programs or receipts (including offsetting receipts).

You must also submit a table showing the impact on the baseline estimates of:

- Major regulations;
- Expiring provisions;
- Caseloads for major mandatory programs;
- Management initiatives;
- Administrative actions; and
- Other major program assumptions included in the baseline.

The budgetary impact of each major assumption should be shown separately. For example, the change in outlays as a result of a regulation should be shown separately from the impact of an assumption about the expiration of a provision. Affected agencies should consult with their OMB representative for the format and content of this table.

You should also be prepared to furnish, upon request, caseload estimates and other additional information.

100.6 Updates to information provided in the initial submission.

If final budget decisions result in changes to the materials you provided with the initial submission, submit revised materials promptly after such decisions are made for:

- Information on violent crime control programs (see section 57).
- Information on drug control programs (see section 56).
- Information on energy costs and alternative-fueled vehicle acquisitions (see section 55).
- Report on resources for financial management activities (see section 52.3).
- Information on information technology (IT) reporting (see section 53).

In addition, your OMB representative may require you to update other materials after final decisions are made.

SECTION 110 -- SUPPLEMENTALS AND AMENDMENTS

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110.1 General policies
110.2 Definitions
110.3 Materials required
110.4 Data to be furnished to Congress

Ex-110A Supplemental requests–appropriations language
Ex-110B Budget amendments–appropriations language
Ex-110C Supplemental requests and budget amendments–program and financing schedule

110.1 General policies.

After the President's budget has been transmitted to Congress, appropriations requests may be transmitted 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 proposed for later transmittal).

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 a change 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 until the following fiscal year. 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 (e.g., rescission proposals).

OMB will only consider requests for supplementals and amendments, including proposed changes in administrative expense limitations or authorizations of government corporations and trust funds, 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 in 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.

110.2 Definitions.

Supplementals are appropriations 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 or subsequent to transmittal of the succeeding annual budget document. These supplementals may be:

- *New supplementals*, requesting additional amounts not previously anticipated.

- *Language only supplementals*, 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 Materials required.

Submit the following materials in both hard copy and electronic versions. Revise the data, as appropriate, to reflect Presidential decisions.

(a) *Appropriations language*.

(1) *Supplementals.* Prepare language for supplemental requests, including emergency requests as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, in the format of exhibit 110A.

(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).

(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.
- 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 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) *Budget schedules and receipts data.*

Prepare and submit the following information, where the proposal affects the distribution of budget authority, obligations, or outlays. This information will not be entered into MAX, but should be prepared consistent with the instructions for the corresponding MAX schedules.

- Program and financing schedule (see section 82). If only a few items in a lengthy obligations by program activity section are affected, the activity items not changed may be grouped in a single line. However, show the rest of the program and financing schedule in full;

- Object classification schedule (see section 83);

- Personnel summary (see section 86);

- Receipts estimates (see section 81), when a supplemental or amendment will affect payments to a receipt account.

- Schedules on status of direct loans or status of guaranteed loans (see section 85), when a supplemental or amendment affects the level of direct loan obligations or loan guarantee commitments.

Column headings on the schedules will be modified as follows:

For supplementals, use transmittal code “1” in the account identification code. Retitle amount columns as illustrated in exhibit 110C and indicated below:

- *Presently available* (column 1). Enter the amount available under previous appropriations enacted for the current fiscal year.

- *Proposed supplemental* (column 2). Enter the additional amount requested.

- *Revised estimate* (column 3). Enter the revised estimate of the total amount requested for the year (column 1 plus column 2).

For amendments, use transmittal code “0" in the account identification code. Retitle amount columns as illustrated in exhibit 110C and indicated below:

- *Pending request* (column 1). Enter the amount of the estimate currently pending before Congress. Amounts included in the budget as items proposed for later transmittal should not be included.

- *Proposed amendment* (column 2). Enter the proposed change to the amount of the request currently pending before Congress.

- *Revised request* (column 3). Enter the total amount to be considered by Congress (column 1 plus column 2).

(e) *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 (see section 51.1 (b)).

110.4 Data to be furnished to Congress.

Unless otherwise directed by the respective Committees, furnish 15 copies of the following information to each Appropriations Committee and five copies to the Congressional Budget Office as part of the agency's justification to Congress of budget amendments and supplemental requests transmitted to Congress by the President:

- Program and financing schedule.
- Object classification schedule.
- Personnel summary.

Column headings will be modified as described in section 110.3.

Supplemental Requests
Appropriations Language

DEPARTMENT OF GOVERNMENT

NATIONAL TECHNOLOGY FOUNDATION

International Geophysical Year

For an additional amount for "International Geophysical Year," $28,000,000, to remain available until expended.

[Explanation, including the effect on outlays.]

Additional amount for same purposes, subject to conditions set forth in original appropriation.

NATIONAL MEDIATION COMMISSION

Salaries and Expenses

For an additional amount for "Salaries and Expenses," $3,000,000 to be derived by transfer from "Arbitration and emergency boards,'' fiscal year 19—.

[Explanation, including the effect on outlays.]

Additional amount for same purposes, but with an additional proviso not included in original appropriation text.

FEDERAL TRADE ADMINISTRATION

Salaries and Expenses

In addition to the amount made available under this head in the Independent Agencies Appropriation Act, 19—, for expenses of travel, $2,000,000 shall be available in that appropriation for such expenses.

[Explanation, including the effect on outlays.]

No additional amount, but conditions set forth in original appropriation text.

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, 19—, as amended (67 Stat. 366 and 69 Stat. 589), $759,000.

[Explanation, including the effect on outlays.]

New appropriation item.

Headings will be identical with those used in the current year appropriations act.

All language is underscored.

Supplemental Requests
Appropriations Language—Continued

Emergency request.

DEPARTMENT OF GOVERNMENT

OCEANIC AND ATMOSPHERIC BUREAU

Construction

For an additional amount for ''Construction'' for emergency expenses resulting from flooding in the Pacific Northwest and other natural disasters, $10,000,000, to remain available until expended: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

[Explanation. The last paragraph of the explanation should read as follows:

The entire amount requested has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.]

Emergency request, including contingency.

DEPARTMENT OF GOVERNMENT

FEDERAL FOREST ADMINISTRATION

Construction

For an additional amount for ''Construction'' for emergency expenses resulting from flooding in the Pacific Northwest and other natural disasters, $60,000,000, to remain available until expended: Provided, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That of such amount,$20,000,000 shall be available only to the extent an official budget request for a specific dollar amount that includes designation of the entire amount of the request as an emergency requirement as defined in such Act is transmitted by the President to Congress.

[Explanation. The last paragraph of the explanation should read as follows:

Of the request, $40,000,000 has been designated by the President as an emergency requirement pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.]

Headings will be identical with those used in the current year appropriations act.

All language is underscored.

Budget Amendments
Appropriations Language

Agency: DEPARTMENT OF GOVERNMENT
Bureau: AGRICULTURAL UTILIZATION SERVICE
Heading: Salaries and Expenses
FY BY Budget
Appendix Page: 23 **[See Note 1]**
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]**

Only total request amended.

[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]**
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]**

Change to total amount requested and other conditions.

(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 in 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]**
FY BY
Pending Request: $25,600,000 **[See Note 2]**
Proposed Amendment: Language
Revised Request: $25,600,000 **[See Note 4]**

Appropriations language change only, no change to amount requested.

(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

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 included 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 Grants":)

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 pending supplemental estimates or 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 will 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.

Supplemental Requests and Budget Amendments
Program and Financing Schedule

Use transmittal code "0" for budget amendments and transmittal code "1" for supplementals (see section 100.3).

Column headings shown are used for supplemental estimates. For amendments, column headings will be the same as those shown in Exhibit 110B.

DEPARTMENT OF GOVERNMENT
OFFICE OF THE SECRETARY
Salaries and Expenses

Program and Financing (in millions of dollars)

Identification code 16–1186–1–1–755	Presently Available	Proposed Supplemental	Revised Estimate
Obligations by program activity:			
Direct program:			
00.01 Policy and program development	39	.....	39
00.02 Departmental management and administration	38	.....	38
00.03 Facilities operations, maintenance, and repair	12	3	15
Total direct program	89	3	92
09.09 Reimbursable program	44	.....	44
10.00 Total new obligations	133	3	136
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	133	3	136
23.95 Total new obligations	–133	–3	–136
New budget authority (gross), detail:			
Discretionary:			
40.00 Appropriation (definite)	89	3	92
Mandatory spending authority from offsetting collections:			
69.00 Offsetting collections (cash)	43	.....	43
69.10 From Federal sources: Change in receivables and unpaid, unfilled orders	1	.....	1
69.90 Total spending authority from offsetting collections	44	.....	44
70.00 Total new budget authority (gross)	133	3	136
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.90 Obligated balance	5	.....	5
72.95 From Federal sources: Receivables and unpaid, unfilled orders	.....	.....	.....
72.99 Total unpaid obligations, start of year	5	.....	5
73.10 Total new obligations	133	3	136
73.20 Total outlays (gross)	–135	–3	–138
Unpaid obligations, end of year:			
74.90 Obligated balance	2	.....	2
74.95 From Federal sources: Receivables and unpaid, unfilled orders	1	.....	1
74.99 Total unpaid obligations, end of year	3	.....	3
Outlay (gross), detail:			
86.90 Outlays from new discretionary authority	87	3	90
86.93 Outlays from discretionary balances	4	.....	4
86.97 Outlays from new mandatory authority	44	.....	44
87.00 Total outlays (gross)	135	3	138
Offsets:			
Against gross budget authority and outlays:			
88.00 Offsetting collections (cash) from: Federal sources	43	.....	43
Against gross budget authority only:			
88.95 From Federal sources: Change in receivables and unpaid, unfilled orders	1	.....	1
Net budget authority and outlays:			
89.00 Budget authority	89	3	92
90.00 Outlays	92	3	95

SECTION 111 -- RELEASES OF CONTINGENT EMERGENCY FUNDING

Table of Contents

111.1 General policies
111.2 Materials required

Ex-111 Releasing contingent emergency funding

111.1 General policies.

Releases of contingent emergency funding are actions by the President that make available for obligation previously appropriated emergency funds. These releases are made pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended and may occur when an appropriations act provides funds that are contingent on the President submitting a budget request to Congress that designates the amount requested as an emergency requirement.

111.2 Materials required.

To request the release of contingent emergency funding, submit the following materials in both hard copy and electronic versions. Revise the data, as appropriate, to reflect Presidential decisions.

- An explanation of the request in the format of exhibit 111 that includes:
  - < A statutory reference to the source of the emergency funding;
  - < Information on the total amount of emergency funding provided by Congress for the account, the amounts that have already been released, and the remaining amount that has not been released;
  - < The specific circumstances that necessitate the release of the emergency funds; and
  - < A description of how the funds will be used.
- A letter from the agency head.
- When requested by OMB, budget schedules (e.g., program and financing, object classification), prepared in accordance with the instructions for the corresponding MAX schedules.

Releasing Contingent Emergency Funding

EMERGENCY APPROPRIATIONS: AMOUNTS PREVIOUSLY APPROPRIATED MADE AVAILABLE BY THE PRESIDENT

Show the amount of contingent emergency funding that is being made available by this transmittal.

DEPARTMENT OF GOVERNMENT
BUREAU OF LANDS
Construction..... $22,000,000

Amounts will be reported in actual dollars.

[Explanation, including the information specified in section 111.2.]

SECTION 112 -- OTHER ACTIONS AND REQUIREMENTS FOLLOWING BUDGET TRANSMITTAL

Table of Contents

112.1 Rescission proposals and deferrals
112.2 Mid-Session Review
112.3 Additional materials required for congressional budget justifications

112.1 Rescission proposals and deferrals.

The Impoundment Control Act of 1974 (Public Law 93-344), as amended, requires the President to transmit a *special message* to Congress whenever a rescission of budgetary resources is proposed. It also requires that special messages be transmitted to Congress when funds are withheld temporarily from obligation (i.e., deferred).

The President transmits *supplementary messages* to Congress when information contained in a special message transmitted previously is revised. Part III of OMB Circular No. A-34 provides instructions on agency reporting procedures and required submissions to OMB. Section 82.10 explains how rescission proposals that are pending at the time the budget is transmitted are presented in the budget.

112.2 Mid-Session Review.

The President is required by law to send a report to 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.

112.3 Additional materials required for congressional budget justifications.

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

Public Law 100-615 requires you to identify funds requested for energy conservation measures in your budget justifications to the Congress.

You must submit all budget justification materials to OMB for clearance before transmitting them to Congress (see section 36.3).

APPENDIX A -- SCOREKEEPING GUIDELINES

These budget scorekeeping guidelines are to be 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 shall be reviewed annually by the scorekeepers and revised as necessary to adhere to the purpose. These rules shall not be changed unless all of the scorekeepers agree. New accounts or activities shall be classified only after consultation among the scorekeepers. Accounts and activities shall not be reclassified unless all of the scorekeepers agree.

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, lease-purchases, capital leases, and operating leases.

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.

APPENDIX B -- SCORING LEASE-PURCHASES AND LEASES OF CAPITAL ASSETS

This Appendix provides instructions on scoring 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, the scorekeeping 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.

1. Scorekeeping rule.

When an agency is authorized to enter into a lease-purchase contract or capital lease, 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 should be considered self-insuring for this purpose.

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 96.5.

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 and the amount scored will be the difference between the new contract and the net present value of the remaining term of the original contract and the new contract will be scored. (Both net present values should be calculated using the Treasury cost of financing at the time the contract is amended.) This principle only applies when funds equal to the lease payments or the present value of the lease payments were scored at the time the lease was signed. If funds were not scored up front in this manner, there would be no remaining budgetary resources. In this case, the full cost of the new contract should be scored, consistent with the rules for scoring lease-purchases and capital leases.

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 SCOREKEEPING 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.
- Imputed interest cost.

These concepts are defined in section 3. Guidance on calculating the appropriate amounts is provided in section 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 3).

  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. A portion of the amount appropriated (or collected, if the agency receives offsetting collections) for the annual lease payment will be applied to retire outstanding agency debt attributable to the lease-purchase.

  < *Contract authority* will be recorded if the transaction is a lease-purchase with substantial private risk or a capital lease. A portion of the amount appropriated (or collected, if the agency receives offsetting collections) for the annual lease payment will be applied to liquidate contract authority.

- *Timing*. When Congress enacts legislation that specifically authorizes 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 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 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.

  < Outlays attributable to asset costs will be classified as investment-type activities (physical assets), and outlays attributable to imputed interest costs will be classified as non-investment activities (see section 84.4).

(d) Annual appropriations for lease financed by contract authority or borrowing authority.

The annual lease payments under a lease-purchase or capital lease can be divided into two components:

- Asset cost.
- Imputed interest cost.

These amounts can be determined from the amortization tables developed in accordance with the instructions in section 4.

Lease-purchases and capital leases that are financed by contract authority or borrowing authority (see section 2(b)) 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 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 (see section 82), this amount will be reported as a negative entry on line 4047. (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 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 (see

section 82), this amount will be reported as a negative entry on line 4049. (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 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 (see section 97.6).

3. Definitions and concepts.

For the purposes of scoring lease-purchases and capital leases, the following definitions and concepts apply:

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 and in cases where enhanced use leases are involved.

- 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 relate to calculating the *term of the lease* and the value of the *minimum lease payments* and will be used to distinguish between capital and operating leases:

- *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).

- *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.

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. 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.

Differential cost of financing means the total annual interest payments on any debt sold to the public less the interest payments that would occur at the Treasury rate, i.e., less the imputed interest costs.

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).

4. Guidance on calculations.

A schedule of lease payments or an amortization schedule is required to calculate budget authority, outlays, and debt. Illustrative amortization schedules and PC spreadsheets for the amortization schedules (in Lotus 1-2-3 format), are available from OMB's Budget Review and Concepts Division (telephone (202) 395-6149). 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 budget. Revised Treasury interest rates will be 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.

Step 1 -- Calculate up-front BA.

For lease-purchase without substantial private risk; lease-purchase with substantial private risk; and capital lease: 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.

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: 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 payments 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: 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 has assigned 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
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
General Accounting Office	001	35	05
U.S. Tax Court	001	40	23
Legislative Branch Boards and Commissions	001	45	09
JUDICIAL BRANCH			
Supreme Court of the U.S.	002	05	10
U.S. Court of Appeals for the Federal Circuit	002	07	10
U.S. Court of International Trade	002	15	10
Court of Appeals, District Courts, and other Judicial Services	002	25	10
Administrative Office of the U.S. Courts	002	26	10
Federal Judicial Center	002	30	10
Judicial Retirement Funds	002	35	10
U.S. Sentencing Commission	002	39	10
Violent Crime Reduction Programs	002	42	10
DEPARTMENT OF AGRICULTURE			
Office of the Secretary	005	03	12
Executive Operations	005	04	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

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
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
Department of Agriculture Service Centers	005	38	12
Risk Management Agency (Federal Crop Insurance Corporation)	005	47	12
Farm Service Agency	005	49	12
Natural Resources Conservation Service	005	53	12
Rural Development	005	55	12
Rural Utilities Service	005	60	12
Rural Housing Service	005	63	12
Rural Business-Cooperative Service	005	65	12
Foreign Agricultural Service	005	68	12
Food and Nutrition Service	005	84	12
Forest Service	005	96	12
DEPARTMENT OF COMMERCE			
General Administration	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
Export Administration	006	30	13
Minority Business Development Agency	006	40	13
U.S. Travel and Tourism Administration	006	44	13
National Oceanic and Atmospheric Administration	006	48	13
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	*
Procurement	007	15	*
Research, Development, Test, and Evaluation	007	20	*
Military Construction	007	25	*
Family Housing	007	30	*
Special Foreign Currency Program	007	37	*
Revolving and Management Funds	007	40	*
Allowances	007	45	*
Trust Funds	007	55	*

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
DEPARTMENT OF EDUCATION			
Office of Elementary and Secondary Education	018	10	91
Office of Bilingual Education and Minority Languages Affairs	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 Educational Research and Improvement	018	50	91
Departmental Management	018	80	91
DEPARTMENT OF ENERGY			
Atomic Energy 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
National Institutes of Health	009	25	75
Substance Abuse and Mental Health Services Administration	009	30	75
Agency for Health Care Policy and Research	009	33	75
Health Care Financing Administration	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
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Public and Indian Housing Programs	025	03	86
Community Planning and Development	025	06	86
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	025	32	86
Management and Administration	025	35	86

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
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
U.S. Geological Survey	010	12	14
Bureau of Mines	010	14	14
U.S. Fish and Wildlife Service	010	18	14
National Biological Service	010	20	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
Office of Special Trustee for American Indians	010	90	14
Natural Resources Damage Assessment and Restoration	010	91	14
National Indian Gaming Commission	010	92	14
DEPARTMENT OF JUSTICE			
General Administration	011	03	15
U.S. Parole Commission	011	04	15
Legal Activities and U.S. Marshals	011	05	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
Immigration and Naturalization Service	011	15	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
Office of the American Workplace	012	10	16
Pension and Welfare Benefit 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

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
DEPARTMENT OF STATE			
Administration of Foreign Affairs	014	05	19
International Organizations and Conferences	014	10	19
International Commissions	014	15	19
Other	014	25	19
DEPARTMENT OF TRANSPORTATION			
Office of the Secretary	021	04	69
Coast Guard	021	08	69
Federal Aviation Administration	021	12	69
Federal Highway Administration	021	15	69
National Highway Traffic Safety Administration	021	18	69
Federal Railroad Administration	021	27	69
Federal Transit Administration	021	36	69
St. Lawrence Seaway Development Corporation	021	40	69
Research and Special Programs Administration	021	50	69
Office of the Inspector General	021	56	69
Surface Transportation Board	021	61	69
Maritime Administration	021	70	69
DEPARTMENT OF THE TREASURY			
Departmental Offices	015	05	20
Office of Revenue Sharing	015	07	20
Federal Law Enforcement Training Center	015	08	20
Interagency Law Enforcement	015	09	20
Financial Management Service	015	10	20
Federal Financing Bank	015	11	20
Bureau of Alcohol, Tobacco, and Firearms	015	13	20
U.S. Customs Service	015	15	20
Bureau of Engraving and Printing	015	20	20
U.S. Mint	015	25	20
Bureau of the Public Debt	015	35	20
Internal Revenue Service	015	45	20
U.S. Secret Service	015	55	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
Veterans Benefits Administration	029	25	36
Construction	029	30	36
Departmental Administration	029	40	36

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
CORPS OF ENGINEERS			
Corps of Engineers	202	00	96
OTHER DEFENSE-CIVIL PROGRAMS			
Military Retirement	200	05	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 Commission	200	45	90
ENVIRONMENTAL PROTECTION AGENCY			
Environmental Protection Agency	020	00	68
EXECUTIVE OFFICE OF THE PRESIDENT			
Compensation of the President and the White House Office	100	05	11
Executive Residence at the White House	100	10	11
Special Assistance to the President and the Official Residence of the Vice President	100	15	11
Council of Economic Advisers	100	20	11
Council on Environmental Quality and Office of Environmental Quality	100	25	11
Office of Policy Development	100	30	11
National Security Council	100	35	11
Office of Administration	100	50	11
Armstrong Resolution	100	51	11
Office of Management and Budget	100	55	11
Office of National Drug Control Policy	100	60	11
Office of Science and Technology Policy	100	65	11
Office of the U.S. Trade Representative	100	70	11
Unanticipated Needs	100	95	11
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Federal Emergency Management Agency	361	00	68
GENERAL SERVICES ADMINISTRATION			
Real Property Activities	023	05	47
Supply and Technology Activities	023	10	47
General Activities	023	30	47

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
INTERNATIONAL ASSISTANCE PROGRAMS			
International Security Assistance	184	05	11
Multilateral Assistance	184	10	11
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 Programs	184	70	11
Special Assistance for Central America	184	75	72
NASA, NSF, OPM, SBA, AND SSA			
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 INDEPENDENT AGENCIES			
Administrative Conference of the United States	302	00	95
Advisory Council on Historic Preservation	306	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
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	338	00	95
Commodity Futures Trading Commission	339	00	95
Community Empowerment Board	507	00	48
Consumer Product Safety Commission	343	00	61
Corporation for National and Community Service	485	00	95
Corporation for Public Broadcasting	344	00	20
Court of Veterans Appeals	345	00	95
Chemical Safety and Hazard Investigation Board	510	00	95
Defense Nuclear Facilities Safety Board	347	00	95
Denali Commission	513	00	95
District of Columbia:			
Courts	349	10	20

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
Corrections	349	20	20
General and Special Payments	349	30	20
Financing	349	40	20
Offender Supervision Defender and Courts Services Agency	511	00	95
Equal Employment Opportunity Commission	350	00	45
Export-Import Bank of the U.S.	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
Federal Communications Commission	356	00	27
Federal Deposit Insurance Corporation:			
Bank Insurance	357	10	51
Savings Association Insurance	357	20	51
Federal Savings and Loan Insurance Corporation Resolution	357	30	51
Office of Inspector General	357	40	51
Affordable Housing and Bank Enterprise	357	50	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 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
Institute of Museum Services and Library Services	474	00	59
Intelligence Community Management Account	467	00	95
International Trade Commission	375	00	95
James Madison Memorial Fellowship Foundation	381	00	95
Japan-United States Friendship Commission	382	00	95
JFK Assassination Records Review Board	491	00	48
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 Bankruptcy Review Commission	500	00	48
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

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
National Education Goals Panel	492	00	95
National Endowment for the Arts	417	00	59
National Endowment for the Humanities	418	00	59
National Labor Relations Board	420	00	63
National Mediation Board	421	00	95
National Transportation Safety Board	424	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
Oklahoma City National Memorial Trust	516	00	95
Other Commissions and Boards	505	00	95
Panama Canal Commission	438	00	95
Postal Service	440	00	18
Presidio Trust	512	00	95
Railroad Retirement Board	446	00	60
Resolution Trust Corporation	448	00	22
Securities and Exchange Commission	449	00	50
Smithsonian Institution	452	00	33
State Justice Institute	453	00	48
Tennessee Valley Authority	455	00	64
United Mine Workers of America Benefit Funds	476	00	95
U.S. Enrichment Corporation Fund	486	00	95
U.S. Holocaust Memorial Council	456	00	95
U.S. Institute of Peace	458	00	95
GOVERNMENT-SPONSORED ENTERPRISES			
Student Loan Marketing Association	918	00	99
College Construction Loan Insurance Association	911	00	99
Federal National Mortgage Association Corporation Accounts	915	00	99
Federal National Mortgage Association Mortgage-Backed Securities	916	00	99
Federal Home Loan Mortgage Corporation	914	00	99
Farm Credit System	912	00	99
Federal Home Loan Bank System	913	00	99
Federal Reserve Board	917	00	99

Under Department of Defense-Military, Treasury agency codes are assigned as follows:

Agency	Code
Navy	17
Army	21
Air Force	57
Defense-wide	97

APPENDIX D -- EXPLANATION OF MAX EDIT CHECKS

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. In addition to the MAX edit checks, OMB has developed diagnostic reports to help you eliminate errors. Some of these diagnostic reports are described in Appendix E.

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
A	3490	Past year amounts cannot be coded as emergency funding.	81.4
A	3500	Subfunction must match BAT file subfunction for this account.	81.4
A	3510	If BA is reported (lines 4300-6990), then outlays (lines 91xx-98xx) must also be reported (even if amounts are zero).	81.4
A	3520	Outlays from new authority (except from offsetting collections) (line 9111) cannot exceed the total amount of discretionary BA reported (lines 4300-5590, 6250-6790).	81.4
A	3550	Outlays from spending authority from offsetting collections (lines 9311, 9321) should be reported if offsetting collections (lines 6890, 6990) are reported.	81.4
A	3580	If offsetting collections (line 8890) are reported in the inyears in schedule A, then they must be reported in the outyears.	81.4
A	3590	If spending authority from offsetting collections (lines 6890, 6990) is reported in the in years in schedule A, then it must be reported in the outyears.	81.4
A	3600	If outlays from new spending authority from offsetting collections (line 9311) are reported, new spending authority from offsetting collections (lines 6890, 6990) must be reported.	81.4
A	3610	Limitation data are required on valid line codes listed in MAX. For changes to limitation requirements, consult OMB.	81.4
A	3620	For PY-BY+9, outlays from BA (lines 4300-5590, 6250-6790) and limitations (lines 7001-7909) must be reported on lines 9111-9121 and 97xx-98xx.	81.4
A	3630	For PY-BY+9, outlays from spending authority from offsetting collections (lines 6890 and 6990) must be reported on lines 9311-9321.	81.4
A	3640	Outlays from new spending authority from offsetting collections (line 9311) cannot exceed total new spending authority from offsetting collections (lines 6890, 6990).	81.4

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
A	3650	For supplementals, budget authority data (lines 4300-6990) are not generally reported beyond the current year.	81.4
A	3660	For rescission proposals, current year BA must be negative or zero.	81.4
A	3670	For rescission proposals, budget year BA must be negative or zero.	81.4
A	3680	For recission proposals, there can be no budget year estimates for outlays from new discretionary authority (line 9111).	81.4
A	3690	For rescission proposals, outlays must be negative or zero in the current and budget years.	81.4
A	3700	For liquidating accounts, all budget authority, limitations, and outlays must be coded mandatory, authorizing committee.	81.4
A	3940	User fee data and coding are required for offsetting collections (line 8890) in this account.	81.4
A, P	3720	Schedule P is required when data are reported for PY-BY in schedule A.	81.4, 82
A, P	3730-3810	BA totals in schedule A (lines 4300-6990) must equal the sum of the corresponding amounts in schedule P for each type of authority.	81.4, 82
A, P	3820	Total spending authority from offsetting collections (lines 6890, 6990) reported in schedule A must equal the sum of the corresponding entries in schedule P.	81.4, 82
A, P	3830	Total offsetting collections (line 8890) reported in schedule A must equal the sum of the corresponding entries in schedule P.	81.4, 82
A, P	3840	Change in orders on hand from Federal sources and adjustments (line 8895 and 8896) reported in schedule A must equal the corresponding entries in schedule P.	81.4, 82
A, P	3945	User fee amounts cannot exceed amounts shown on lines 8840 and 8845 in schedule P.	81.4, 82
A, S	3710	Budget authority, outlays and limitation data (schedules A & S) are not required for direct and guaranteed loan financing accounts.	81.4
A, S	3860	Budget authority is required in schedule S (lines 4300-6990) if current year budget authority is reported in schedule A.	81.4
A, S	3870, 3910	Outlays are required in schedule S (lines 9111-98xx) if current year outlays are reported in schedule A.	81.4
A, S	3880	If a line entry in schedule A is coded mandatory, then the same entry must be reported in schedule S, with the same category code and amount.	81.4

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
A, S	3890	The budget year Presidential policy spendout rate for current BA (i.e., the percent of outlays from new budgetary resources) should be the same as the baseline spendout rate for that year (within 1%).	81.4
A, S	3900	The budget year Presidential policy spendout rate for mandatory BA (i.e., the percent of outlays from new budgetary resources) should be the same as the baseline spendout rate for that year (within 1%).	81.4
A, S	3920	Current year budget authority entries reported in schedule A (lines 4300-6990) must equal the corresponding entries in schedule S.	81.4
A, S	3930	Current year outlays reported in schedule A (lines 91xx-98xx) must equal the corresponding entries in schedule S.	81.4
C	4410	Schedule C is not required for direct and guaranteed loan financing accounts.	84
C	4430	Subfunction must match BAT file subfunction for this account.	84
C, A	4440	The sum of outlays in schedule C must equal the outlays minus offsetting collections (line 8890) reported in schedule A. (Rounding tolerance of $2M)	84, 81.4
C, A	4450	The sum of budget authority in schedule C must equal the budget authority minus offsetting collections, orders from Federal sources, and adjustments (lines 8890-8896) reported in schedule A. (Rounding tolerance of $2M)	84, 81.4
C, A	4460	Budget authority (lines 4300-6990) is required in schedule A if budget authority (lines xxxx-01) is reported in schedule C.	84, 81.4
C, A	4470	Outlays (lines 9111-98xx) are required in schedule A if outlays (lines xxxx-02) are reported in schedule C.	84, 81.4
D	2230	Schedule D is not valid for this account.	86.3
D	2240	A subtotal (line 0791) is required if multiple detail lines (0701-0789) are used and a reimbursable line exists (line 0801) and must equal the sum of detail lines (0701-0789). (Rounding tolerance of $2M)	86.3
D	2250	A total line (line 0893) is required if multiple lines (0601-0801) are present and must equal the sum of detail lines (lines 0601-0801) reported in schedule D. (Rounding tolerance of $2M)	86.3
D	2260	A subtotal (line 0691) is required if multiple detail lines (0601-0689) are used and a reimbursable line exists (line 0801) and must equal the sum of detail lines (0601-0689). (Rounding tolerance of $2M)	86.3
E	3090	Revenue (line 01x1), expense (line 01x2), and net income or loss (line 01x5) must be reported for each program.	86.2

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
E	3100	Revenue for the account as a whole (line 0191) must equal the sum of the revenue reported for each program (lines 0101-0181). (Rounding tolerance of $2M)	86.2
E	3110	Expense for the account as a whole (line 0192) must equal the sum of the expense reported for each program (lines 0102-0182). (Rounding tolerance of $2M)	86.2
E	3120	When information is provided for two or more programs, net income or loss (line 0195) will be reported for the account as a whole.	86.2
E	3140	Net income or loss for the account as a whole (line 0195) must equal the sum of the revenue (lines 0101-0181) and expense (lines 0102-0182) (minus entries) reported for each program. (Rounding tolerance of $2M)	86.2
E	3150	Net income or loss (e.g., line 0105) for each program must equal the sum of the revenue (e.g., line 0101) and expense (e.g., line 0102) (a minus entry) reported for that program.	86.2
E	3160	Statement of operations (schedule E) should not be reported for financing accounts.	86.2
F	3180	The net present value of assets related to direct loans (line 1499) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F	3190	The net present value of assets related to defaulted guaranteed loans (line 1599) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F	3200	Direct loans and interest receivable, net (line 1604) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F	3210	The value of assets related to direct loans (line 1699) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F	3220	Defaulted guaranteed loans and interest receivable, net (line 1704) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F	3230	The value of assets related to loan guarantees (line 1799) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F	3240	Total assets (line 1999) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F	3250	Total liabilities (line 2999) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
F	3260	Total net position (line 3999) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F	3270	Total net position (line 3999) must equal total assets minus total liabilities. (Rounding tolerance of $2M)	86.2
F	3280	Total liabilities and net position (line 4999) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	86.2
F, G	3290	Direct loans, gross reported on line 1601 of schedule F must equal the outstanding balances of direct loans reported on line 1290 in schedule G. (Rounding tolerance of $2M)	86.2, 85.10(d)
F, H	3300	Defaulted guaranteed loans, gross reported on line 1501 of schedule F must equal defaulted guaranteed loans receivable reported on line 2390 in schedule H. (Rounding tolerance of $2M)	86.2, 85.10(e)
G	2570	For direct loans, if total direct loan obligations (line 1150) are reported, then a line for appropriations act limitation on direct loans (line 1111) is required, even if no amounts are shown.	85.10(d)
G	2580	The end of year balance of direct loans outstanding (line 1290) must equal the sum of the direct loan outstanding entries (lines 1210-1264). (Rounding tolerance of $2M)	85.10(d)
G	2590	For direct loans, unobligated direct loan limitation line (1112) should only be reported in the past and current years.	85.10(d)
G	2600	For direct loans, the start of year outstanding balance, (line 1210) must equal the preceding year's end of year balance (line 1290).	85.10(d)
G	2610	If there are proceeds from loan asset sales to the public with recourse (line 1253), then the absolute value of that amount must be greater than or equal to the guarantees of loans sold to the public with recourse (line 2232).	85.10(d)
G	2620	Total direct loan obligations (line 1150) must equal the sum of the appropriations act limitation on direct loan obligations plus adjustments (lines 1111-1131). (Rounding tolerance of $2M)	85.10(d)
G	2630	Direct loan repayments or prepayments (line 1251) plus proceeds from loan asset sales (line 1252) in schedule G must be equal to or less than offsetting collections from non-Federal sources (line 8840) in schedule P.	85.10(d)
G	2640	Direct loan disbursements (line 1231) plus purchase of loan assets (line 1232) must be equal to or less than gross outlays (line 8700) in schedule P.	85.10(d)

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
G	2650	Data on direct loan limitations (lines 1111-1150) are not required for liquidating accounts.	85.10(d)
G	2660	Data on direct loan limitations and obligations (lines 1111-1150) are required for direct loan financing accounts.	85.10(d)
G	2670-2690	Outstanding agency debt, end of year (line 3390) must equal the sum of outstanding agency debt, start of year plus adjustments (lines 3310-3350). (Rounding tolerance of $2M)	85.10(d)
G	2700	Direct loan repayments (line 1251-1253) in regular budget schedules (transmittal code 0) must be negative.	85.10(d)
G	2710	For direct loans, data on the unobligated limitation carried forward (line 1113) should not exceed the unobligated loan limitation in the previous year (line 1112) but with the opposite sign.	85.10(d)
G	2740	Start of year outstanding balances for agency debt held by the FFB (line 3310) must equal the outstanding balances for the end of the preceding year (line 3390).	85.10(d)
G	2750	Data on net financing disbursements are required (line 6300) for financing accounts.	85.10(d)
G, F	2770	The outstanding balances of direct loans (line 1290) in schedule G cannot be less than the balance of loans disbursed (line 1401) in schedule F.	85.10(d), 86.2
G, Y	2780	Federal credit data, baseline estimates (schedule Y) is required if schedule G is present.	85.10(d), 85
H	2790	For guaranteed loans, the start of year outstanding balance, (line 2210) must equal the preceding year's end of year balance (line 2290).	85.10(e)
H	2800	For guaranteed loans, if total guaranteed loan commitments (line 2150) are reported, then a line for appropriations act limitation on guaranteed loans made by private lenders (line 2111) is required, even if no amounts are shown.	85.10(e)
H	2810	The end of year outstanding balance of defaulted guaranteed loans that result in loans receivable (line 2390) must equal the sum of the detail entries (lines 2310-2364). (Rounding tolerance of $2M)	85.10(e)
H	2820	The end of year balance of guaranteed loans outstanding (line 2290) must equal the sum of the guaranteed loan outstanding entries (lines 2210-2264). (Rounding tolerance of $2M)	85.10(e)

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
H	2830	For defaulted guaranteed loans that result in loans receivable, the outstanding balance start of year (line 2310) must equal the outstanding balance from the end of the preceding year (line 2390).	85.10(e)
H	2840	If an outstanding balance of guaranteed loans, end of year is reported (line 2290), then an entry for the guaranteed amount of guaranteed loans outstanding, end of year (line 2299) is required.	85.10(e)
H	2850	For guaranteed loans, the guaranteed amount of the outstanding loans (line 2299) cannot exceed the amount of the outstanding guaranteed loans, end of year (line 2290).	85.10(e)
H	2860	Disbursements for guaranteed loan claims (line 2331) must be equal to or greater than the absolute value of the amount reported as terminations for default that result in loans receivable (line 2261).	85.10(e)
H	2870	Total guaranteed loan commitments (line 2150) must equal the sum of appropriations act limitations on guaranteed loans plus adjustments (lines 2111-2132). (Rounding tolerance of $2M)	85.10(e)
H	2880	For guaranteed loans, the guaranteed amount of the guaranteed loan commitments (line 2199) cannot exceed the amount of the total guaranteed loan commitment (line 2150).	85.10(e)
H	2900	For guaranteed loans, the uncommitted guaranteed loan limitation data (line 2112) should only be reported in the past and current years.	85.10(e)
H	2910	Data on guaranteed loan limitations (lines 2111-2150) are not required for liquidating accounts.	85.10(e)
H	2920	Guaranteed loan repayments (line 2251-2263) in regular budget schedules (transmittal code 0) must be negative.	85.10(e)
H	2940	For liquidating accounts, if terminations for default that result in loans receivable (line 2261) are reported, disbursement for guaranteed loan claims must be reported (line 2331).	85.10(e)
H	2980	Data on guaranteed loan limitations and commitments (lines 2111-2150) are required for guaranteed loan financing accounts.	85.10(e)
H	2990	For guaranteed loans, data on the uncommitted limitation carried forward (line 2113) should not exceed the uncommitted loan limitation in the previous year (line 2112) but with the opposite sign.	85.10(e)
H	3010	Data on net financing disbursements are required (line 6300) for financing accounts.	85.10(e)

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
H, F	3020	The outstanding balances of defaulted guaranteed loans (line 2390) in schedule H cannot be less than the balance of defaulted guaranteed loans (line 1501) in schedule F.	85.10(e), 86.2
H, O	2930	For liquidating accounts, terminations for default that result in loans receivable (line 2261) must be equal to or less than the sum of object class entries for loans and investments (lines x330) in schedule O.	85.10(e), 83
H, O	2950	For liquidating accounts, terminations for default that result in acquisition of property (line 2262) must be equal to or less than the sum of object class entries for lands and structures (lines x320) in schedule O.	85.10(e), 83
H, O	2960	For liquidating accounts, terminations for default that result in claim payments (line 2263) must be equal to or less than the sum of object class entries for insurance claims and indemnities (lines x420) in schedule O.	85.10(e), 83
H, P	2890	Disbursements for defaulted guaranteed loan claims (line 2331) must be equal to or less than gross outlays (line 8700) in schedule P.	85.10(e), 82
H, Y	3030	Federal credit data, baseline estimates (schedule Y) is required if schedule H is present.	85.10(e), 85
J	4570	The subtotal for income under present law (line 0297) is required if lines 0200-0289 report income under present law and income under proposed legislation and must equal the sum of detail transmit code 0 lines in schedule J. (+/- $2M)	86.6
J	4580	The subtotal for income under proposed legislation (line 0298) is required if lines 0200-0289 report income under present law and income under proposed legislation and must equal the sum of transmit codes 1 through 5 lines. (+/- $2M)	86.6
J	4590	The subtotal for outgo under present law (line 0597) is required if lines 0500-0589 report outgo under present law and outgo under proposed legislation and must equal the sum of transmit code 0 lines in schedule J. (+/- $2M)	86.6
J	4600	The subtotal for outgo under proposed law (line 0598) is required if lines 0500-0589 report outgo under present law and outgo under proposed legislation and must equal the sum of transmit codes 1 through 5 lines. (+/- $2M)	86.6
J	4610	Total balance, start of year (line 0199) is required if multiple detail lines (0100-0105) exist and must equal the sum of all the individual entries of unexpended balances, start of year. (Rounding tolerance of $2M)	86.6

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
J	4620	The total cash income (line 0299) is required if multiple detail lines (lines 0200-0289) are reported and must equal the sum of all the detail lines. (Rounding tolerance of $2M)	86.6
J	4630	The total cash outgo (line 0599) is required if multiple detail lines (lines 0500-0589) are reported and must equal the sum of all the individual entries of cash outgo during the year. (Rounding tolerance of $2M)	86.6
J	4640	The total balance, end of year (line 0799) is required if multiple detail lines (0700-0705) exist and must equal the sum of all the individual entries of unexpended balances, end of year. (Rounding tolerance of $2M)	86.6
J	4650	The total adjustments (line 0699) is required if multiple individual adjustment entries (lines 0625-0650) exists and must equal the sum of all the detail lines. (Rounding tolerance of $2M)	86.6
J	4660	Unexpended balances, end of year (lines 0700-0705) must equal the start of year balances plus cash income, less cash outgo, plus or minus any adjustments. (Rounding tolerance of $2M)	86.6
J	4670, 4690	The 12-digit OMB account ID code of the applicable account (receipt or expenditure) must be entered for lines 02xx in schedule J.	86.6
J	4680	The 12-digit OMB account ID code of the applicable expenditure account must be entered for lines 05xx in schedule J.	86.6
K	4770	Subfunction must match BAT file subfunction for this account.	81.4
K	4780	Character class must match BAT file character class for this account and subfunction.	81.4
K	4790	Baseline data are not required for legislative proposals, later transmittals, or rescission proposals (transmittal codes 2, 3, 4, or 5) or for discretionary supplementals.	81.4
K	4800	User fee coding is required for this account.	81.4
O	3305	Detail lines that contain zeroes in all years are not required.	83
O	3310	Total obligations (line 9999) is required when more than one object class is reported and must be equal to the sum of the detail reported on lines 1111-3930 plus the residual line (9995). (Rounding tolerance of $1M)	83
O	3330	The total limitation expenses on lines (x930) of schedule O for the account as a whole and limitation account must sum to zero. This avoids a double count because these obligations are also reported by individual object class (+/- 4M)	83

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
O	3350	Amounts reported in object class 9995 must be positive; use of this object class to report amounts of more than $4 million requires OMB approval.	83
O	3360	Total personnel compensation (x119) is required when multiple personnel compensation detail lines are used and must equal the sum of the detail lines (x111-x118) for all categories . (Rounding tolerance of $2M)	83
O	3370-3375	The obligations subtotal line (x990) must equal the sum of personnel compensation lines (x111-x118) plus other detail lines (x121-x930) for each object class category (e.g., direct, reimbursable). (Rounding tolerance of $2M)	83
O	3380	For non-revolving fund accounts, a subtotal for reimbursable obligations (2990) is required whenever reimbursable detail is reported.	83
O	3390-3440	A subtotal (line x990) is required for a category when (1) obligations are reported for more than one of the following categories: direct, reimbursable, or allocation and (2) two or more detail lines are reported within that category.	83
O, P	3480	When only a single object class is reported, it must equal total obligations (line 1000) in schedule P.	83, 82
O, P	3485	If reimbursable obligations are reported in the schedule O (lines 2xxx), then reimbursable obligations must also be reported in schedule P on lines (09xx) or vice versa and the amounts must be equal. (+/- $2M)	83, 82
P	0010	Detail lines that contain zeroes in all years are not required except for lines 8900 and 9000, which are required for all accounts.	82
P	0020	GRH reductions to unobligated balances (lines 2380 and 2385) can only occur in accounts in the national defense function.	82
P	0030	Only one net outlays entry (line 9000) can be reported.	82
P	0040	Net outlays entry (line 9000) is required for all accounts.	82
P	0050	Net budget authority entry (line 8900) is required for all accounts.	82
P	0090	New budget authority (gross) (line 2200) is required only when there is new gross budget authority. If required, line 2200 must equal the sum of the detail budget authority entries (lines 4000-4200, 4700-4785, 4900-4985, etc.) (+/- $1M)	82

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
P	0100	Total new budget authority gross (line 7000) is required only when there is new gross budget authority. If required, line 7000 must equal the detail entries for BA (lines 40xx-69xx) and the corresponding entry on line 2200. (+/- $1M)	82
P	0110	Past year amounts must equal zero for every transmittal code except zero.	82
P	0120	Net outlays (line 9000) must equal the sum of total outlays, gross (lines 8690-8698 or 8700) minus offsetting collections (lines 8800-8845). (Rounding tolerance of $2M)	82.6, 82.7
P	0130	Net BA (line 8900) must equal the total new BA (gross) (line 2200) minus offsetting collections (lines 88xx-8845), the change in orders on hand from Federal sources (line 8895) and adjustments to these orders (line 8896). (+/- $2M)	82
P	0150	A gross outlay entry (line 8700) is required only when multiple detail lines are reported (lines 8690-8698). If required, line 8700 must equal the sum of the detail outlay entries. (Rounding tolerance of $2M)	82.6
P	0160	New obligations entry (line 7310) is required only when total obligations are reported on line 1000. If required, the amounts on lines 1000 and 7310 must be equal.	82.3, 82.5
P	0180	Total obligations (line 1000) must be positive.	82.3
P	0190	Total outlays, gross (line 7320) must equal the sum of the detail outlay entries (lines 8690-8698 or 8700), but with the opposite sign.	82.5, 82.6
P	0200	Adjustments in unexpired accounts reported on line 7345 must equal recoveries of prior year obligations reported on line 2210, but with the opposite sign.	82.4, 82.5
P	0210	A total new obligations entry (e.g., line 2395) is required only when total obligations are reported on line 1000. If required, the amount on line 2395 must equal the amount reported on line 1000, but with the opposite sign.	82.3, 82.4
P	0220	A total budgetary resources available for obligation entry (line 2390) is required only when multiple detail lines are reported (lines 2140-2385). If required, line 2390 must equal the sum of the detail entries. (+/- $2M)	82.4
P	0240	The unobligated balance, end of year (lines 2440-2449) must equal the start of year balance (lines 2140-2149) plus new BA, adjustments, new obligations (a minus entry), and expiring balances (a minus entry). (+/- $2M)	82.4

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
P	0245	For liquidating accounts, there should be no EOY unobligated balances after FY 1997; all balances should be transferred out on lines 6827, 6847, 6927, or 6947, as appropriate.	82.4
P	0260	The unpaid balance, end of year (lines 7440-7495) must equal the start of year balance (lines 7240-7295) plus new obligations (line 7310), adjustments (lines 7340-7345) and gross outlays (normally a minus entry) on line 7320. (+/- $2M)	82.5
P	0270-0340	If transfers are reported for an account (lines 2221, 2222, 4100, 4200, 6100, 6200, 6861, 6862, 6961, 6962, 7331, or 7332), then the associated gaining or losing account(s) must be identified using the appropriate 6-digit Treasury account symbol.	82.4, 82.5
P	0350	Unobligated balance entries start of year (line 21xx) must equal the corresponding unobligated balance entries end of year (line 24xx) for the preceding year.	82.4
P	0380	A total unobligated balance, start of year entry (line 2199) is required only when multiple detail lines (lines 2140-2149) are reported. If required, line 2199 must equal the sum of the detail entries. (Rounding tolerance of $2M)	82.4
P	0410	A total unobligated balance, end of year entry (e.g., line 2499) is required only when multiple detail lines (lines 2440-2449) are reported. If required, line 2499 must equal the sum of the detail entries. (Rounding tolerance of $2M).	82.4
P	0440	If offsetting collections (cash) are reported by source (line 88xx), then there must be an entry for spending authority from offsetting collections (cash) (lines 6800, 6900) and the amounts must be equal.	82.4, 82.7
P	0450	Unpaid obligations entries start of year (line 72xx) must equal the corresponding unpaid obligations entries end of year (line 74xx) for the preceding year.	82.5
P	0530	Change in receivables and unpaid, unfilled orders from Federal sources (lines 6810, 6910) is required if receivables and unpaid, unfilled orders from Federal sources are reported (lines 7295 and 7495) and there is a difference between the starting and ending balances.	82.4, 82.5
P	0540	The change in receivables and unpaid, unfilled orders from Federal sources entry (lines 6810, 6910) must equal the receivables and unpaid, unfilled orders from Federal sources, end of year (line 7495) minus the receivables and unpaid, unfilled orders from Federal sources, start of year (line 7295).	82.5

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
P	0550	A total unpaid obligations, start of year entry (line 7299) is required only when multiple detail lines (lines 7240-7295) are reported. If required, line 7299 must equal the sum of the detail entries. (Rounding tolerance of $2M)	82.5
P	0580	A total unpaid obligations, end of year entry (line 7499) is required only when multiple detail lines (lines 7440-7495) are reported. If required, line 7499 must equal the sum of the detail entries. (Rounding tolerance of $2M)	82.5
P	0610	Change in receivables and unpaid, unfilled orders from Federal sources (line 8895) must equal change in receivables and unpaid, unfilled orders from Federal sources reported on line 6810 and 6910.	82.4, 82.7
P	0630	If a G-R-H reduction is reported (lines 9180, 9185), then outlays prior to the reduction (line 9110) must be reported.	82.8
P	0640	Outlays prior to G-R-H reductions (line 9110) must equal the sum of net outlays (line 9000) plus G-R-H reductions (absolute value of amounts on lines 9180, 9185).	82.8
P	0650	Line 0091 (single activity or subactivity group subtotal) must equal the sum of the activity or subactivity lines 0001-0089. (Rounding tolerance of $2M)	82.3
P	0670	Line 0191 (single activity or subactivity subtotal) must equal the sum of lines 0101-0189. (Rounding tolerance of $2M)	82.3
P	0660	Line 0100 (running subtotal) must equal the sum of lines 0001-0089. (Rounding tolerance of $2M)	82.3
P	0680	Line 0192 (subtotal of two activity or subactivity groups) must equal the sum of the activity or subactivity lines: 0001-0089 plus 0101-0189. (Rounding tolerance of $2M)	82.3
P	0690	Line 0200 (running subtotal) must equal the sum of the activity or subactivity lines: 0001-0089 plus 0101-0189. (Rounding tolerance of $2M)	82.3
P	0700	Line 0291 (subtotal) must equal the sum of lines 0201-0289. (Rounding tolerance of $2M)	82.3
P	0710	Line 0292 (subtotal of two activity or subactivity groups) must equal the sum of the activity or subactivity lines: 0101-0189 plus 0201-0289. (Rounding tolerance of $2M)	82.3
P	0720	Line 0293 (subtotal of three activity or subactivity groups) must equal the sum of lines: 0001-0089 plus 0101-0189 plus 0201-0289. (Rounding tolerance of $2M)	82.3

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
P	0730	Line 0300 (running subtotal) must equal the sum of the lines: 0001-0089 plus 0101-0189 plus 0201-0289. (Rounding tolerance of $2M)	82.3
P	0740	Line 0391 must equal the sum of lines 0301-0389. (Rounding tolerance of $2M)	82.3
P	0750	Line 0392 must equal the sum of lines 0201-0389. (Rounding tolerance of $2M)	82.3
P	0760	Line 0393 must equal the sum of lines 0101-0389. (Rounding tolerance of $2M)	82.3
P	0770	Line 0394 must equal the sum of lines 0001-0389. (Rounding tolerance of $2M)	82.3
P	0780	Line 0400 (running subtotal) must equal the sum of detail lines 0001-0389. (Rounding tolerance of $2M)	82.3
P	0790	Line 0491 must equal the sum of lines 0401-0489. (Rounding tolerance of $2M)	82.3
P	0800	Line 0492 must equal the sum of lines 0301-0489. (Rounding tolerance of $2M)	82.3
P	0810	Line 0493 must equal the sum of lines 0201-0489. (Rounding tolerance of $2M)	82.3
P	0820	Line 0494 must equal the sum of lines 0101-0489. (Rounding tolerance of $2M)	82.3
P	0830	Line 0500 (running subtotal) must equal the sum of detail lines 0001-0489. (Rounding tolerance of $2M)	82.3
P	0840	Line 0591 must equal the sum of lines 0501-0589. (Rounding tolerance of $2M)	82.3
P	0850	Line 0592 must equal the sum of lines 0401-0589. (Rounding tolerance of $2M)	82.3
P	0900	Line 0692 must equal the sum of lines 0501-0689. (Rounding tolerance of $2M)	82.3
P	0910	Line 0693 must equal the sum of lines 0401-0689. (Rounding tolerance of $2M)	82.3
P	0920	Line 0694 must equal the sum of lines 0301-0689. (Rounding tolerance of $2M)	82.3
P	0930	Line 0700 (running subtotal) must equal the sum of detail lines 0001-0689. (Rounding tolerance of $2M)	82.3

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
P	0940	Line 0791 must equal the sum of lines 0701-0789. (Rounding tolerance of $2M)	82.3
P	0950	Line 0792 must equal the sum of lines 0601-0789. (Rounding tolerance of $2M)	82.3
P	0960	Line 0793 must equal the sum of lines 0501-0789. (Rounding tolerance of $2M)	82.3
P	0970	Line 0794 must equal the sum of lines 0401-0789. (Rounding tolerance of $2M)	82.3
P	0980	Line 0800 (running total) must equal the sum of detail lines 0001-0789. (Rounding tolerance of $2M)	82.3
P	0990	Line 0891 must equal the sum of lines 0801-0889. (Rounding tolerance of $2M)	82.3
P	1000	Line 0892 must equal the sum of lines 0701-0889. (Rounding tolerance of $2M)	82.3
P	1010	Line 0893 must equal the sum of lines 0601-0889. (Rounding tolerance of $2M)	82.3
P	1020	Line 0894 must equal the sum of lines 0501-0889. (Rounding tolerance of $2M)	82.3
P	1030	Line 0999 must equal the sum of detail lines 0901-0988. (Rounding tolerance of $2M)	82.3
P	1040	Line 0909 must equal the sum of detail lines 0900-0908. (Rounding tolerance of $2M)	82.3
P	1045	Line 0919 must equal the sum of detail lines 0910-0918. (Rounding tolerance of $2M)	82.3
P	1050	Line 0929 must equal the sum of detail lines 0920-0928. (Rounding tolerance of $2M)	82.3
P	1055	Line 0939 must equal the sum of detail lines 0930-0938. (Rounding tolerance of $2M)	82.3
P	1060	Line 0949 must equal the sum of detail lines 0940-0948. (Rounding tolerance of $2M)	82.3
P	1065	Line 0959 must equal the sum of detail lines 0950-0958. (Rounding tolerance of $2M)	82.3
P	1070	Line 0969 must equal the sum of detail lines 0960-0968. (Rounding tolerance of $2M)	82.3

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
P	1072	Line 0979 must equal the sum of detail lines 0970-0978. (Rounding tolerance of $2M)	82.3
P	1076	Line 0989 must equal the sum of detail lines 0980-0988. (Rounding tolerance of $2M)	82.3
P	1080	The total obligations line (1000) must equal the sum of all the detail activity lines (0001-0988). (Rounding tolerance of $2M)	82.3
P	1090	Trust fund budget authority (e.g., line 4026) should not be reported in the same account with general or special fund budget authority (e.g., lines 4000 or 4020).	82
P	1100, 1130	Transfers of balances from other accounts (lines 2222 and 7332) must be positive.	82.4, 82.5
P	1110, 1120	Transfers of balances to other accounts (lines 2221 and 7331) must be negative.	82.4, 82.5
P	1140, 1150	Transfers of BA to other accounts (lines 4100 and 6100) must be negative.	82.4
P	1160, 1170	Transfers of BA from other accounts (lines 4200 and 6200) must be positive.	82.4
P	1174	Transfers of offsetting collections to other accounts (lines 6861 and 6961) must be negative.	82.4
P	1175	Transfers of offsetting collections from other accounts (lines 6862 and 6962) must be positive.	82.4
P	1180-1270	A total BA entry (e.g. line 4300) is required only when multiple detail entries (e.g. lines 4000-4200) are reported. If required, lines 4300 must equal the sum of the detail entries. (Rounding tolerance of $2M)	82.4
P	1280	A total entry (e.g., line 8890) is required only when multiple detail entries (e.g., lines 8800-8845) are reported. If required, line 8890 must equal the sum of the detail entries. (Round tolerance of $2M)	82.6
P	1510-1550, 1560-1710, 1720-1790	A BA line (e.g., 4000, 4005) and a total line (e.g., 4300) are required when adjustments (e.g., line 4035) are reported.	82.4
P	1555	If an entry for contingent emergency appropriation not available for obligation (line 4060) is reported, then an entry for emergency appropriations (line 4015) is required.	82.4

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
P	1558	The amount reported as a contingent emergency appropriation not available for obligation (line 4060) cannot exceed the amount (with the opposite sign) reported as an emergency appropriation on line 4015.	82.4
P	1711-1718	A BA line (e.g., 6610, 6615) and a total line (e.g., 6690) are required when adjustments (e.g., line 6635) are reported.	82.4
P	2060	Outlays (gross) detail (lines 8690-8698) is not required for direct and guaranteed loan financing accounts; gross outlays should be reported on line 8700.	82.6
P, A	1840-1920	BA entries are required in schedule A for each type of authority reported in schedule P.	82, 81.4
P, A	1940	If offsetting collections (line 88xx) are reported in schedule P, then offsetting collections must be reported in schedule A (line 8890).	82, 81.4
P, A	1950-2040	The total of BA in schedule A (e.g., lines 4300, 6990) and schedule P must be equal for each type of BA. BA entries are required in schedule A for each type of authority reported in schedule P.	82, 81.4
P, A	2050	The total of offsetting collections in schedule A (e.g., line 8890) and schedule P must be equal (+/- $2M). Offsetting collections are reported by type in schedule P.	82.4, 81.4
P, A	2070	Outlays from new discretionary authority line (line 8690) in schedule P must equal discretionary outlays from new authority in schedule A (line 9111, 9311, and 97xx).	82.6, 81.4
P, A	2080	Outlays from discretionary balances (line 8693) in schedule P must equal discretionary outlays from balances in schedule A (lines 9121, 9321, and 98xx).	82.6, 81.4
P, A	2090	Outlays from new mandatory authority line (line 8697) in schedule P must equal mandatory outlays from new authority in schedule A (line 9111, 9311).	82.6, 81.4
P, A	2100	Outlays from mandatory balances (line 8698) in schedule P must equal outlays mandatory from balances in schedule A (lines 9121 and 9321).	82.6, 81.4
P, A	2130	Outlays from balances in schedule A (lines 9121 and 9321) cannot exceed the start of year unobligated balances and unpaid obligations (lines 21xx and 72xx) plus adjustments (lines 2210-2221 and 7331-7345) in schedule P.	82.4, 82.5, 81.4
P, A	2140	Outlay data (lines 9111-9809) are required in schedule A if gross outlays (line 7320) are present in schedule P.	82.5, 81.4

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
P, A	2150	If special fund budget authority is reported (e.g., line 4020), there must be a memorandum entry for outlays from special funds (line 9950) in schedule A.	82.4, 81.4
P, A	2160	If trust fund budget authority is reported (e.g., line 4026), there must be a memorandum entry for outlays from trust funds (line 9960) in schedule A.	82.4, 81.4
P, A	2170	Outlays from new spending authority from offsetting collections (line 9311 of schedule A) should not exceed spending authority from offsetting collections (lines 6890, 6990).	82.4, 81.4
P, A	2180	Change in receivables and unpaid, unfilled orders from Federal sources entry (line 8895) is required in schedule A if change in receivables and unpaid, unfilled orders from Federal sources is reported in schedule P (line 6810 or 6910).	82.7, 81.4
P, A	2190	Adjustment to receivables and unpaid, unfilled orders from Federal sources entry (line 8896) is required in schedule A if adjustments to receivables and unpaid, unfilled orders from Federal sources is reported in schedule P (line 6815 or 6915).	82.7, 81.4
P, G	2135	Unobligated balance expiring or withdrawn (line 2398) must be negative.	82.4, 85.10(d)
P, G	2195	Net financing disbursements (line 9000) reported in schedule P must equal the net financing disbursements (line 6300) reported in schedule G.	82.7, 85.10(d)
P, H	2196	Net financing disbursements (line 9000) reported in schedule P must equal the net financing disbursements (line 6300) reported in schedule H.	82.7, 85.10(e)
Q, O	4510-4520	If full-time equivalent employment for military personnel is reported in schedule Q, then obligations (other than allocations) for military personnel compensation (line x117) must be reported in schedule O.	36.1, 83
Q, O	4530-4565	If obligations (other than allocations) for FTE employment (lines x111 or x113) are reported in schedule O, then full-time equivalent employment must be reported in schedule Q or vice versa.	36.1, 83
R	4730	Subfunction must match BAT file subfunction for this account.	81.4
R	4740	Character class must match BAT file character class for this account and subfunction.	81.4
R	4750	Current year receipts in baseline (schedule K) must equal the corresponding entries in policy (schedule R).	81.4

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
R	4760	If a line entry in policy (schedule R) is coded mandatory, then the same entry must be reported in baseline (schedule K), with the same category code and amount.	81.4
R	4765	User fee coding is required for this account.	81.4
S	3970	Budget authority, outlays and limitations (schedules A and S) data are not required for direct and guaranteed loan financing accounts.	81.4
S	3980	Unobligated balances (line 2199) are reported in schedule S only for national defense accounts (subfunction 05x).	81.4
S	3982	For accounts in the national defense function (subfunction 05x), line 2199 is required if the account has sequestrable unobligated defense balances.	81.4
S	3984	For accounts in the national defense function (subfunction 05x), outlays from sequestrable unobligated balances (line 9994) must be reported if sequestrable unobligated defense balances (line 2199) are reported.	81.4
S	3990	Number of beneficiaries (line 9993) should only be used if approved by OMB.	81.4
S	4000-4080	If budget authority is reported for BY, it should also be reported through BY+9.	81.4
S	4090	If spending authority from offsetting collections (lines 6890, 6990) is reported for BY, it should also be reported in the outyears.	81.4
S	4100	If offsetting collections (lines 8890) are reported for the inyears, then they should also be reported for the outyears.	81.4
S	4120	Limitation data are required on valid line codes listed in MAX. For changes to limitation requirements, consult OMB.	81.4
S	4130	Data has been reported under an incorrect GRH program designation.	81.4
S	4150	Outlays from spending authority from offsetting collections (lines 9311-9321) are required if spending authority from offsetting collections is reported (lines 6890, 6990) for CY-BY+1 and is not subject to limitation.	81.4
S	4160	Subfunction must match BAT file subfunction for this account.	81.4
S	4220	For liquidating accounts, all budget authority, limitations, and outlays must be coded mandatory, authorizing committee.	81.4

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
S	4240	Baseline data are not required for legislative proposals, later transmittals, or rescission proposals (transmittal codes 2, 3, 4, or 5) or for discretionary supplementals.	81.4
S	4250-4340	Current year baseline BA entries reported in schedule S (lines 4300-6990) must equal the corresponding entries in schedule A.	81.4
S	4350	Current year baseline offsetting collections (line 8890) reported in schedule S must equal the corresponding entries in schedule A.	81.4
S	4360	Current year changes in receivables and unpaid, unfilled orders from Federal sources (line 8895) reported in schedule S must equal the corresponding entry in schedule A.	81.4
S	4370	Current year adjustment to receivables and unpaid, unfilled orders from Federal sources (line 8896) reported in schedule S must equal the corresponding entry in schedule A.	81.4
S	4380	Current year baseline outlays reported in schedule S (lines 91xx-98xx) must equal the corresponding entries in schedule A.	81.4
S	4385	Spending authority from offsetting collections (lines 6890, 6990) should equal total offsetting collections (line 8890) unless adjustments have been reported in schedule P on lines 6810-6885 or 6910-6995.	81.4
S	4390	If offsetting collections (line 6890 or 6990) are sequestrable, then offsetting collections from non-Federal sources (lines 8840-8845) must be reported and cannot be less than the amount reported on lines 6890, 6990 in schedule S.	81.4
S	4395	User fee data and coding are required for offsetting collections (line 8890) in this account.	81.4
S, C	3975	Schedule S and schedule C are not required for government-sponsored enterprises.	81.4, 84
T	4900	For consolidated and merged accounts, separate line entries are used to report the budget year request for each component account, and each line entry must include the 6 digit Treasury account symbol for the account involved.	86.4
T, P, A	4905	Amounts in schedule T should be consistent with the BY appropriations language request and amounts reported in P and A. Transfers will be reported on a pre-transfer basis except for transfers from the violent crime reduction trust fund.	86.4, 82, 81.4
U	2320	For direct loan levels supported by subsidy BA, the sum of multiple direct loan level entries (lines 1150) must equal the total direct loan levels (line 1159). (Rounding tolerance of $2M)	85.9

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
U	2330	For direct loan subsidies, the sum of multiple subsidy BA entries (lines 1330) must equal the total subsidy BA (line 1339). (Rounding tolerance of $2M)	85.9
U	2340	For direct loan subsidies, the sum of multiple subsidy outlay entries (lines 1340) must equal the total subsidy outlay (line 1349). (Rounding tolerance of $2M)	85.9
U	2350	For guaranteed loan levels supported by subsidy BA, the sum of multiple guaranteed loan level entries (lines 2150) must equal total loan guarantee levels (line 2159). (Rounding tolerance of $2M)	85.9
U	2360	For guaranteed loan subsidies, the sum of multiple subsidy BA entries (lines 2330) must equal the total subsidy BA (line 2339). (Rounding tolerance of $2M)	85.9
U	2370	For guaranteed loan subsidies, the sum of multiple subsidy outlay entries (lines 2340) must equal the total subsidy outlays (line 2349). (Rounding tolerance of $2M)	85.9
U	2380	A weighted average direct loan subsidy rate (line 1329) is required if multiple subsidy rates (lines 1320) are reported.	85.9
U	2390	A weighted average guaranteed loan subsidy rate (line 2329) is required if multiple subsidy rates (lines 2320) are reported.	85.9
U, A	2400	Total subsidy outlays for guaranteed loans (line 2349) cannot exceed policy outlays (lines 9111-9808) in Schedule A.	85.9, 81.4
U, A	2410	The sum of total subsidy outlays for direct loans (line 1349) and guaranteed loans (line 2349) plus outlays for administrative expenses (line 3590) in schedule U cannot exceed policy outlays in schedule A (lines 9xxx).	85.9, 81.4
U, A	2420	Total direct loan levels supportable by subsidy BA (line 1159) reported in schedule U must not exceed the corresponding limitations on direct loan activity reported in schedule A (line 7007).	85.9, 81.4
U, A	2430	Total guaranteed loan levels supportable by BA (line 2159) in schedule U must not exceed the corresponding limitations on loan guarantee commitments reported in schedule A (line 7008).	85.9, 81.4
Y	3040	Schedule Y is only required if schedule G or H is reported.	85
Y	3080	Data on net financing disbursements are required (line 6300) for direct and guaranteed loan financing accounts.	85
Z	4700	Period of availability is invalid.	86.5
Z	4710	Schedule Z is not required for transmits other than zero.	86.5

MAX data section	Error code range	Description of edit check	Circ. No. A-11 reference
Z , P	4712	If total obligations are reported in schedule P for the CY (line 1000), then schedule Z is required.	86.5, 82
		Informational Edit Checks	
P	0360	Unobligated balances (lines 24xx) should be used for capital transfers to the general fund (line 2240) before new offsetting collections (lines 6827 and 6927) are used.	82.4
P	0370	Unobligated balances should be used for redemption of debt (line 2260) before new offsetting collections (lines 6847 and 6947) are used.	82.4
P	1400	Direct loan subsidy expense (line 0001) should be reported for program accounts.	82.3, 85.9
P	1402	Loan guarantee subsidy expense (line 0002) should be reported for program accounts.	82.3, 85.9
P	1405	Subsidy for modification of direct loan terms (line 0003) should be reported for program accounts.	82.3, 85.9
P	1407	Subsidy for modifications of loan guarantees (line 0004) should be reported for program accounts.	82.3, 85.9
P	1409	Reestimates of direct loan subsidy (line 0005) should be reported for program accounts.	82.3, 85.9
P	1411	Interest on reestimates of direct loan subsidy (line 0006) should be reported for program accounts.	82.3, 85.9
P	1413	Reestimates of the loan guarantees (line 0007) should be reported for program accounts.	82.3, 85.9
P	1415	Interest on reestimates of loan guarantee subsidy (line 0008) should be reported for program accounts.	82.3, 85.9
P	1417	Administrative expenses (line 0009) should be reported for program accounts.	82.3, 85.9
S	4210	Outlays from end of PY balances (line 9122) is missing.	81.4

APPENDIX E -- DIAGNOSTIC REPORTS AND MAX CROSSWALKS

In addition to the MAX edit checks listed in Appendix D, OMB produces a number of reports to ensure that data reported in the data base are consistent both within and between schedules and that they comply with standard budget concepts.

This Appendix includes exhibits of the major diagnostic reports listed below to provide information that can be used to understand and resolve any errors in the data base highlighted by these reports. Agencies can print the reports marked with an asterisk (*) themselves using MAX.

This Appendix also includes crosswalks that describe relationships between entries in various schedules in the MAX data base. These crosswalks may help you understand and resolve errors identified by MAX edit checks and the diagnostic reports.

In addition, the Treasury Financial Manual (TFM) provides a crosswalk between data in the agency financial systems, the program and financing schedules, FMS 2108, and SF 133. This crosswalk is available on the internet (http://www.fms.treas.gov/ussgl).

Title	Description	Exhibit No.
Diagnostic Reports:		
BEA Questions and Problems Report (BEACK01)*	Identifies possible errors in BEA classification in MAX schedules A and R (policy) and S and K (baseline).	1E
Total FTE Employment: Approved Estimates vs. MAX Schedule Q (CKFTE)*	Compares FTE estimates approved by OMB with personnel levels in MAX schedule Q.	2E
FTE Employment: Average Salaries (CKFTEOBS)*	Identifies potential errors by comparing personnel obligations in MAX schedule O with FTE employment in MAX schedule Q and computing average salaries for both direct and reimbursable FTEs.	3E
Suspected Receipt Estimating Problems (CKRCPTS)*	Identifies receipt accounts in MAX schedule R with apparent inconsistencies in the BY Budget data when compared with the previous budget and actual data.	4E
Reconciliation of Program and Finance Schedule Transfers (TRANSFER)	Compares transfers of budget authority, unobligated balances, and obligated balances reported by gaining and losing accounts in MAX schedule P.	5E
Policy and Baseline Agency/Category Account Detail Report--Mandatory Estimates (BEACAT)*	Compares mandatory baseline estimates in MAX schedule S with mandatory policy estimates in MAX schedule A.	6E

Title	Description	Exhibit No.
Crosswalks:		
Relationships between MAX Schedules N, P, and J	Identifies relationships between entries in the unavailable collections, program and financing, and status of funds schedules.	7E
Crosswalk between MAX A-11/TAR Comparison, MAX Schedule P, and Treasury Annual Report (TAR)	Identifies relationships between the MAX A-11/TAR comparison (in the MAX A-11 drop-down menu), MAX schedule P, and the Treasury Annual Report.	8E
Crosswalk between MAX Schedule P, SF 133, and Selected Treasury Reports	Identifies selected relationships between MAX schedule P, the report on budget execution (SF 133), FMS 224 and FMS 2108, and the published TAR.	9E

BEA Questions and Problems Report

This report only displays exceptions to the rules. In most cases, the BEA classification will need to be corrected in MAX. Where the classification is valid, contact the OMB examiner.

This report displays policy and baseline data from MAX schedules A and R (policy) and S and K (baseline).

This report is designed to identify new account/line number combinations where the BEA classification does not conform to the following rules:

—amounts categorized as under authorizing committee jurisdiction should be classified mandatory;

—current authority should be classified as discretionary or crime;

—credit program accounts should be classified as discretionary;

—credit liquidating accounts should be classified as mandatory, authorizing committee jurisdiction;

—advance appropriations should be classified as discretionary;

—obligation limitations should be classified as discretionary, except for limitations on credit financing accounts, which should be classified mandatory, under authorizing committee jurisdiction;

—offsetting collections and spending authority and outlays from offsetting collections should be classified as discretionary for accounts classified as discretionary under the BEA;

—receipts should be classified as mandatory under authorizing committee jurisdiction; and

—GSEs should be classified as mandatory under authorizing committee jurisdiction.

11/15/XX
10.00.00
(MAX-BEACK01)

OFFICE OF MANAGEMENT AND BUDGET
BEA QUESTIONS AND PROBLEMS REPORT

Indicates the apparent problem with the data (e.g., an account historically classified as mandatory has reported all resources as discretionary).

Agency: Department of Government
Bureau: Revolving and Management Funds

Classification 3: Accounts that Historically Use a Single BEA Category
Action Required: Validate Coding for BEA Cat not Previously Used for Account

Line #	BEA Cat	BEA Sub	Com	Policy				Baseline		
(1)	(2)	(3)	(4)	PY	CY	BY	BY2	CY	BY	BY2
Account: Management Fund										
007-40-17-3980 -0-4-051										
HISTORICAL CATEGORY: MAND										
** 6890-01	DISC		DE	475	578	599		1	1	**
** 8890-01	DISC		DE	–476	–531	–599		578	599	599 **
** 8895-01	DISC		DE	2	–47			–531	–599	–599 **
** 9121-01	DISC		DE	–8				–47		**
** 9311-01	DISC		DE	476	531	599		531	599	**
Account: Working capital fund										
007-40-21-4528 -0-4-051										
HISTORICAL CATEGORY: MAND										
** 6890-01	DISC		DE	946	919	725		919	725	725
** 8890-01	DISC		DE	–1,303	–919	–725		–919	–725	–725**
** 8895-01	DISC		DE	357						**
** 9121-01	DISC		DE	36						**
** 9311-01	DISC		DE	1,303	919	725		919	725	**

"BEA Cat" and "BEA Sub" (columns 2 and 3) indicate the BEA classification of data on the specified lines of the data base.

"Com" (column 4) designates committee jurisdiction. The code refers to the applicable appropriations subcommittee (e.g., "DE" is for defense). For resources under authorizing committee jurisdiction, the code "AU" is used.

Total FTE Employment: Approved Estimates vs. MAX Schedule Q

This report is used to compare agency FTE estimates approved by OMB during the fall budget process with data reflected in MAX. Account level detail reported in MAX schedule Q follows summary data in this report.

FTE estimates approved by OMB during Fall budget review process.

OFFICE OF MANAGEMENT AND BUDGET
TOTAL FTE EMPLOYMENT: APPROVED ESTIMATES VS. MAX SCHEDULE Q
EXECUTIVE BRANCH AGENCY SUMMARY

11/5/XX
10.00.00
(MAX-CKFTE)

	PY			CY			BY		
	Actual	MAX	Diff		MAX	Diff		MAX	Diff
Department of Agriculture									
005	103,848	103,848		105,452	105,452		104,568	104,568	
Department of Commerce									
006	35,347	35,347		35,211	35,211		35,500	35,500	
Department of Defense—Military									
007	821,739	821,739		800,008	800,008		767,417	767,417	
Department of Education									
018	4,816	4,816		4,750	4,750		4,613	4,613	
Department of Energy									
019	19,657	19,657		19,749	19,749		18,492	18,492	
Department of Health and Human Services, non-exempt FTEs									
009	59,011	59,011		58,511	58,511		58,924	58,924	
Department of Health and Human Services, exempt FTEs									
009	327	327		327	327		327	327	
Department of Housing and Urban Development									
025	12,110	12,110		11,870	11,870		11,369	11,369	
Department of the Interior									
010	72,012	72,012		70,491	70,491		72,155	72,155	
Department of Justice									
011	97,869	97,869		106,317	106,317		112,520	112,520	
Department of Labor									
012	16,815	16,815		16,633	16,633		17,074	17,074	
Department of State									
014	23,863	23,863		23,651	23,651		23,476	23,476	
Department of Transportation									
021	63,171	63,171		63,935	63,935		63,859	63,859	
Department of the Treasury									
015	157,481	157,481		153,309	153,309		156,765	156,765	
Department of Veterans Affairs									
029	223,112	223,112		218,242	218,242		217,327	217,327	

Actuals and approved estimates and MAX totals should equal. Where differences occur, MAX schedule Q data should be adjusted to agree with approved estimates.

Actuals reported to OPM on SF 113G.

The sum of account-level detail (line xxx1) in schedule Q for a year for an agency.

FTE Employment: Average Salaries

This report computes average salaries by comparing obligations for personnel and FTE employment reported in MAX. Comparisons are made for both direct and reimbursable FTEs.

This is an exception report; it displays data only for accounts where the average salary does not fall in the normal range (i.e., average salary of less than $12,800 or more than $100,000).

Both a high and low estimate of average salaries are computed to take into account the potential effects of rounding.

11/15/XX
10.00.00
(MAX-CKFTE0BS)

OFFICE OF MANAGEMENT AND BUDGET
FTE employment: average salaries

Department of Government	PY	CY	BY
General Administration			
Salaries and expenses			
Direct obligations, object classes 11.1+11.3 ($M)	47	165	45
Direct FTE employment	1,160	1,207	1,207
Average salary, low estimate (dollars)	40,086	136,289	36,868
Average salary, high estimate (dollars)	40,947	137,117	37,695
Reimbursable obligations, object classes 11.1+11.3 ($M)	3	3	3
Reimbursable FTE employment	33	24	23
Average salary, low estimate (dollars)	75,757	104,166	108,695
Average salary, high estimate (dollars)	106,030	145,791	152,130
022-04-11-9972- Miscellaneous trust fund			
Direct obligations, object classes 11.1+11.3 ($M)	0	0	0
Direct FTE employment	3	3	3
Average salary, low estimate (dollars)	-166,666	-166,666	-166,666
Average salary, high estimate (dollars)	166,333	166,333	166,333

Equals the sum of direct obligations for object classes 11.1 (full-time permanent) and 11.3 (other than full-time permanent) in MAX schedule O.

Equals direct FTE employment (lines 1xxx and 6xxx) in MAX schedule Q.

For BY, the average salary (low estimate) is computed by taking the obligations reported, determining the smallest number that rounds up to $45 million ($44,501,000),

For BY, the average salary (high estimate) is computed by taking the obligations reported, determining the largest number that rounds down to $45 million ($45,500,000), and dividing by the FTE.

PY and CY average salaries are computed in a similar manner.

In this case, the average salary appears to be too high. Either the obligations are overstated or FTE is understated.

These data show that no dollars are reported in schedule O for reimbursable personnel, even though reimbursable FTE are reported. Either reimbursable obligations should be reported or reimbursable FTE should not be reported.

The average low salary may be a negative number when there are a small number (e.g., less than 10) of FTEs, and personnel compensation does not round to $1 million.

Suspected Receipt Estimating Problems

This report identifies receipt accounts in schedule R with apparent inconsistencies in the data when compared with estimates in the previous budget and actual data.

Accounts with $4 million or less in each year of the BY Budget and credit subsidy accounts are excluded from the report.

OFFICE OF MANAGEMENT AND BUDGET
SUSPECTED RECEIPT ESTIMATING PROBLEMS
(in millions of dollars)

1/2/XX
10.00.00
(MAX-CKRCPTS)

Indicates when receipt data in schedule R were last updated.

Identifies suspected errors.

Department of Government		PY–4	PY–3	PY-2	PY-1	PY	CY	BY
Land and water conservation fund, royalty receipts								
010-00-500580	CY BUDGET					0	0	139
Last update: CY-01-09	ACTUALS/BY BUDGET	503	633	356	-8	0	122	349

ERROR? The CY estimate is zero in the CY Budget and not zero in the BY Budget.
EXPLANATION: (CY Budget) Depends on OCS transfer estimate; Can budget get actual transfer amount?

Natural resources damages from legal actions								
010–00–519810								
	CY BUDGET					76	34	24
Last update: CY-01-09	ACTUALS/BY BUDGET	17	50	35	72	48	102	79

ERROR? There is at least a 25% difference between the 98 actual and both the 98 est in the 99 Budget and the 99 est in the 00 Budget.
EXPLANATION:

Court award, OCS rent and bonuses, environmental improvement								
010–00–542510								
	CY BUDGET					221	-221	0
Last update: CY-01-09	ACTUALS/BY BUDGET	0	0	0	0	0	221	-221

ERROR? The PY actual is zero and the PY estimate in the CY Budget is not zero.
EXPLANATION:

Errors in the proposed budget must be fixed in MAX. Where there is a justifiable reason for the apparent inconsistency, contact the OMB examiner.

Reconciliation of Program and Finance Schedule Transfers

This report compares transfers of budget authority and obligated and unobligated balances reported by gaining and losing accounts in schedule P. It indicates where transfers to and from accounts do not equal. Errors must be fixed in MAX before the data base locks.

The same type of line should be used to report a transfer to or from an account (i.e., discretionary BA transfers are reported on lines 4100/4200, as appropriate; mandatory BA transfers on lines 6100/6200; unobligated balance transfers on lines 2221/2222; offsetting collections transfers on lines 6861/6862 or 6961/6962; and obligated balance transfers on lines 7331/7332). The line numbers indicate whether a transfer to an account (e.g., line 4100) or from an account (e.g., line 4200) is being reported.

OFFICE OF MANAGEMENT AND BUDGET
RECONCILIATION OF PROGRAM AND FINANCE SCHEDULE TRANSFERS
(in millions of dollars)

11/15/XX
10.00.00
(MAX-TRANSFER)

Legislative Branch
Net current authority transferred (4100/4200)

					PY	CY	BY
Senate							
001–05–00–0110–0	Salaries, officers and employees						
001–05–00–0110–0	Salaries, officers and employees	(001–05–00–0126)	4100	02	–7	0	0
001–05–00–0126–0	Secretary of the Senate	(001–05–00–0110)	4100	01	7	0	0
Total:	transfer in balance				0	0	0
001–05–00–0128–0	Inquiries and investigations						
001–05–00–0128–0	Inquiries and investigations	(001–05–00–0123)	4100	01	–2	0	0
001–05–00–0123–0	Miscellaneous items	(001–05–00–0128)	4200	01	2	0	0
Total:	transfer in balance				0	0	0
001–05–00–0132–0	Official mail costs						
001–05–00–0182–0	Official mail costs	(001–05–00–0130)	4100	01	–1	0	0
001–05–00–0130–0	Senators' official personnel and office expense account	(001–05–00–0132)	4200	01	1	0	0
Total:	transfer in balance				0	0	0
House of Representatives							
001–10–00–0400–0	Salaries and expenses						
001–12–09–1200–0	Salaries and expenses	(001–10–00–0400)	4200	02	0	1	0
Total:	TRANSFER NOT IN BALANCE				0	0	0
001–10–09–XXXX–0	Account transferred to or from not identified						
001–10–00–0400–0	Salaries and expenses	(MISSING)	4100	01	2	0	0
Total:	TRANSFER NOT IN BALANCE				0	–1	0
					0	–1	0

Indicates the account to which the transfer is made.

Indicates the transfer lines in schedule P and amount transferred.

Indicates the account from which the amount is transferred

For each transfer reported in an account, agencies must enter the 6-digit basic account symbol assigned by Treasury for the other account(s) involved in the transfer. This account ID is reported in the stub entry of the transfer line in schedule P.

In this case, the ID of the gaining account was not reported on line 4100 by the account from which the amount is transferred (001–10–00–0400). However, the gaining account (001–12–09–1200) identified the source of the transfer. To correct the error, include the account ID in the stub entry for line 4100.

Policy and Baseline Agency/Category Account Detail Report--Mandatory Estimates

This report compares, by BEA category and transmittal code, baseline estimates in schedule S with policy estimates in schedule A.

Policy changes are reported as PAYGO (transmittal code 4) when changes proposed are classified as mandatory and are scorable under the Budget Enforcement Act.

OFFICE OF MANAGEMENT AND BUDGET
POLICY AND BASELINE
AGENCY/CATEGORY ACCOUNT DETAIL REPORT
(in millions of dollars)

11/15/XX
10.00.00
(MAX-BEACAT)

VERSN PB98PL01/PB98BL01

AGENCY Other Independent Agencies
CATEGORY Total Mandatory

Indicates BEA category of data reported.

	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5	BY+6	BY+7	BY+8	BY+9
440–00–1004 –372– 4	Payment to the Postal Service fund for nonfunded liabilities											
Baseline												
BA	0	0	0	0	0	0	0	0	0	0	0	0
OL	0	0	0	0	0	0	0	0	0	0	0	0
Policy												
BA	0	0	–36	–34	–32	–31	–29	–28	–26	–24	–22	–20
OL	0	0	–36	–34	–32	–31	–29	–28	–26	–24	–22	–20
Difference												
BA		0	–36	–34	–32	–31	–29	–28	–26	–24	–22	–20
OL		0	–36	–34	–32	–31	–29	–28	–26	–24	–22	–20
440–00–4020 –372– 0	Postal Service fund											
Baseline												
BA	0	4,917	3,151	3,049	1,924	267	2,266	1,391	1,696	1.569	91	238
OL	0	-348	2,596	26	–1,454	–534	–1,808	1,823	–1,703	–1,758	–1,602	–1,482
Policy												
BA	2,554	4,917	3,151	3,049	1,924	267	2,266	1,391	1,696	1.569	91	238
OL	–1,969	–348	2,596	26	–1,454	–534	–1,808	1,823	–1,703	–1,758	–1,602	–1,482
Difference												
BA		0	0	0	0	0	0	0	0	0	0	0
OL		0	0	0	0	0	0	0	0	0	0	0
440–00–4020 –372– 2	Postal Service fund											
Baseline												
BA	0	0	0	0	0	0	0	0	0	0	0	0
OL	0	0	0	0	0	0	0	0	0	0	0	0
Policy												
BA	0	37	36	9	0	0	0	0	0	0	0	0
OL	0	37	36	9	0	0	0	0	0	0	0	0
Difference												
BA		37	36	9	0	0	0	0	0	0	0	0
OL		37	36	9	0	0	0	0	0	0	0	0

[1] Discretionary estimates are reported in another section of this report.

This section of the report presents data on mandatory estimates in MAX. As a general rule, there should be differences between baseline and policy estimates for mandatory programs only if proposed policy changes have been approved by OMB. Errors must be fixed in schedules A and S before the data base locks.

Current law baseline estimates for mandatory programs are reported under transmittal code 0. Baseline and policy estimates for mandatory programs in transmittal code 0 should equal, except where third scorecard changes are proposed.

Policy changes for mandatory programs are reported as non-PAYGO (transmittal code 2) when the proposal affects off-budget transactions (e.g., social security, postal service) or are otherwise not subject to PAYGO rules (intergovernmental transactions).

Indicates the transmittal code of the MAX schedules for which data are reported. For mandatory programs, policy changes are usually reported as PAYGO (transmittal code 4), or non-PAYGO (transmittal code 2). No data should be reported for PY in transmittal codes 2 or 4.

No baseline data should be reported for legislative proposals (transmittal codes 2 or 4).

Proposed changes that are not scored as PAYGO or non-PAYGO (i.e., level of effort and other indirect effects of appropriations language) are classified as third scorecard, appropriations committee or third scorecard, authorizing committee and are reported in transmittal code 0 in schedule A.

Relationships Between MAX Schedules N, P, and J

Entry			
Schedule N Unavailable Collection	**Schedule P Program and Financing**	**Schedule J Status of Funds**	**Description**
0199 Balance, start of year	2140 Unobligated balance available, start of year 7240 Obligated balance, start of year	0199 Total balance, start of year	The PY start of year balance in schedule N is automatically generated based on the previous year's budget. The CY and BY balances are automatically calculated. The balance reported in schedule J should equal the sum of the balances reported in schedule N plus the unobligated and obligated balances reported in schedule P. *Note: Schedule J presents data on a cash basis and should not include balances of borrowing authority, contract authority, or receivables and unpaid, unfilled orders from Federal sources.*
0299 Total receipts		0200-0279 Cash income during the year: receipts	The receipts entries in schedule N are automatically generated from data reported in MAX schedule R. The cash income from receipts, not offsetting collections, reported in schedule J should equal the receipts in schedule N.
	8800-8845 Offsetting collections (cash)	0280-0289 Offsetting collections	The offsetting collections (cash) reported in schedule P should equal offsetting collections reported in schedule J.
03xx Offsetting collections	6845 Discretionary portion not available for obligation 6945 Mandatory portion not available for obligation		The offsetting collections entry in schedule N is automatically copied from line 6845 and 6945 in schedule P.
	7320 Total outlays (gross)	0599 Total cash outgo	Total cash outgo reported in schedule J should equal the gross outlays reported in schedule P for all affected expenditure accounts.
05xx Appropriations	4020, 4025 Discretionary appropriation (special fund) 4026, 4027 Discretionary appropriation (trust fund) 4900, 4905 Discretionary contract authority 6020, 6025 Mandatory appropriation (special fund) 6026, 6027 Mandatory appropriation (trust fund) 6028 Mandatory appropriation (unavailable balances) 6045 Portion precluded from obligation 6610, 6615 Mandatory contract authority 6826 Discretionary offsetting collections (unavailable balances) 6926 Mandatory offsetting collections (unavailable balances)		Appropriations entries in schedule N are automatically copied from data reported in schedule P for all affected expenditure accounts. (Normally, the amounts represent special and non-revolving trust fund budget authority.)

Relationships Between MAX Schedules N, P, and J—Continued

Entry			
Schedule N Unavailable Collection	**Schedule P Program and Financing**	**Schedule J Status of Funds**	**Description**
0610 Unobligated balance returned to receipts	2398 Unobligated balance expiring or withdrawn 4x35-4x36 Rescissions of discretionary authority 5x35 Rescissions of reappropriations and advance appropriations 6x35-6x36 Rescissions of mandatory authority	0625 Expired or permanently canceled balances	The unobligated balances returned to receipts entry in schedule N is automatically derived from expiring balance and rescission entries in schedule P for the affected expenditure accounts. (Adjustments to this line may be necessary as noted below.) ***Advise OMB if rescinded amounts are permanently canceled and not available for subsequent appropriation in order to eliminate the amounts from schedule N.*** The amounts reported in schedule J should only include the amounts that have been *permanently canceled*. ***Note: Because amounts on line 0610 in schedule N are not permanently canceled, they should not be reported on line 0625 in schedule J.***
0620 Reduction pursuant to Public Law xxx-xxx	4x75-4x85 Reductions of discretionary authority 5x75-5x85 Reductions of reappropriations and advance appropriations 6x75-6x85 Reductions of mandatory authority	0625 Expired or permanently canceled balances	The reduction entries in schedule N are automatically derived from reduction entries in schedule P for affected expenditure accounts. (Adjustments to this line may be necessary as noted below.) ***Advise OMB if the reduced amounts are permanently canceled and not available for subsequent appropriation in order to eliminate the amounts from schedule N.*** The amounts reported in schedule J should only include the amounts that have been permanently canceled. ***Note: Because amounts on line 0620 in schedule N are not permanently canceled, they should not be reported on line 0625 in schedule J.***
	2221, 2222 Unobligated balance transferred to and from other accounts 4100, 4200 Discretionary budget authority transferred to and from other accounts 6100, 6200 Mandatory budget authority transferred to and from other accounts 6861, 6862, 6961, 6962 Spending authority from offsetting collections transferred to and from other accounts. 7331, 7332 Obligated balances transferred to and from other accounts	0645 Transfers, net	The transfers reported in schedule P should equal the transfers reported in schedule J.
	2240 Capital transfer to general fund 2260 Portion applied to repay debt 7340 Adjustments in expired accounts	0650 Other adjustments	The other adjustments entry in schedule J should equal the amounts reported on lines 2240, 2260, and 7340 on schedule P.

Relationships Between MAX Schedules N, P, and J—Continued

Entry			
Schedule N Unavailable Collection	**Schedule P Program and Financing**	**Schedule J Status of Funds**	**Description**
0799 Balance, end of year	2440 Unobligated balance available, end of year: 7440 Obligated balance, end of ear	0799 Total balance, end of year	The balance entries are automatically generated in schedule N. The balance reported in schedule J should equal the sum of the balances reported in schedule N plus the unobligated and obligated balances reported in schedule P. *Note: Schedule J presents data on a cash basis and should not include balances of borrowing authority, contract authority, or receivables and unpaid, unfilled orders from Federal sources.*

Crosswalk Between MAX A-11/TAR Comparison, MAX Schedule P and Treasury Annual Report (TAR)

Entry			Description
MAX A-11 TAR Comparison	MAX Schedule P	Treasury Annual Report	
Unobligated balance, start of year	2140-2149 Unobligated balance available, start of year	Column 1: Balances, beginning of fiscal year: Unobligated balances (unexpired)	The start of year unobligated balance reported in schedule P should equal the start of year unexpired unobligated TAR balance for affected accounts, except for accounts with unavailable start of year collections reported in schedule N.
Obligated balance, start of year	7240-7249 Obligated balance, start of year	Column 1: Balances, beginning of fiscal year: The sum of the absolute value of start of year accounts payable, undelivered orders, minus accounts receivable and unfilled customers orders	The start of year obligated balance in schedule P should equal the sum of the start of year obligated balance detail identified in the TAR for affected accounts.
Invested balance, start of year, par value	9201 Total investments, start of year: U.S. securities, Par value	Column 1: Balances, beginning of fiscal year: Investments in public debt securities Investments in agency securities	The start of year total investments (par value) entry in schedule P should equal the TAR start of year invested balance detail. *Note: The start of year invested balance in schedule P is a memorandum (non-add) entry that should reflect total invested balances (par value), including those not available for obligation and reflected in schedule N.* *For accounts with schedule J, start of year invested balances in that schedule should equal start of year invested balances in TAR.*
Net outlays	9000 Outlays (net)	Column 4: Outlays (net)	Net outlays in schedule P should equal net outlays in the TAR for affected accounts. PY outlay data are automatically loaded into MAX schedule P.
Unobligated balance expiring	2398 Unobligated balance expiring or withdrawn		The unobligated balance expiring is the amount available for obligation that ceases to be available for obligation at the end of the fiscal year (other than amounts rescinded by law). It is part of the end of year unobligated balance (expired) reported in the TAR, but is not separately identified in the published TAR.
Unobligated balance, end of year	2440-2449 Unobligated balance available, end of year	Column 6: Balances, end of fiscal year: Unobligated balances (unexpired)	The end of year unobligated balance reported in schedule P should equal the end of year unexpired unobligated TAR balance for affected accounts, except for accounts with unavailable end of year collections reported in schedule N.
Obligated balance, end of year	7440-7449 Obligated balance, end of year	Column 6: Balances, end of fiscal year: The sum of the absolute value of end of year accounts payable, and undelivered orders minus accounts receivable and unfilled customers orders	The end of year obligated balance in schedule P should equal the sum of the end of year obligated balance detail identified in the TAR for affected accounts.
Invested balance, end of year, par value	9202 Total investments, end of year: U.S. securities, Par value	Column 6: Balances, end of fiscal year: Investments in public debt securities Investments in agency securities	The end of year total investments (par value) entry in schedule P should equal the TAR end of year invested balance detail. *Note: The end of year invested balance in schedule P is a memorandum (non-add) entry that should reflect total invested balances (par value), including those not available for obligation and reflected in schedule N.* *For accounts with schedule J, end of year invested balances in that schedule should equal end of year invested balances in TAR.*

Crosswalk Between MAX A-11/TAR Comparison, MAX Schedule P and Treasury Annual Report (TAR)—Continued

Entry			Description
MAX A-11 TAR Comparison	MAX Schedule P	Treasury Annual Report	
	7295 From Federal sources: Receivables and unpaid, unfilled orders, start of year	Column 1: Balances, beginning of fiscal year: Accounts receivable Unfilled customers orders	Start of year receivables and unpaid, unfilled orders from Federal sources in schedule P should equal the sum of amounts identified as start of year accounts receivable and unfilled customers orders in the TAR for affected accounts.
	7299 Total unpaid obligations, start of year	Column 1: Balances, beginning of fiscal year: Accounts payable Undelivered orders	Start of year total unpaid obligations in schedule P should equal the sum of amounts identified as start of year accounts payable and undelivered orders in the TAR for affected accounts.
	7495 From Federal sources: Receivables and unpaid, unfilled orders, end of year	Column 6: Balances, end of fiscal year: Accounts receivable Unfilled customers orders	End of year receivables and unpaid, unfilled orders from Federal sources in schedule P should equal the sum of amounts identified as end of year accounts receivable and unfilled customers orders in the TAR for affected accounts.
	7499 Total unpaid obligations, end of year	Column 6: Balances, end of fiscal year: Accounts payable Undelivered orders	End of year total unpaid obligations in schedule P should equal the sum of amounts identified as end of year accounts payable and undelivered orders in the TAR for affected accounts.

Crosswalk Between MAX Schedule P, S.F. 133, and Selected Treasury Reports

MAX Schedule P	Report on Budget Execution, S.F. 133	Treasury Reports	Description
6800 Discretionary offsetting collections (cash) 6900Mandatory offsetting collections (cash)	Line 15B. Collections (–)	*Total cash collections received for deposit* (receipts and revolving fund repayments) reported on FMS 224.	The offsetting collections (cash) reported in schedule P are the cash collections received and *credited to the (expenditure)* account. This line does not include orders from Federal sources not accompanied by cash. The PY amount reported in schedule P should correspond to the amounts reported on the year-end S.F. 133 but with the opposite sign.
7240–7249 Obligated balance, start of year	Line 12. Obligated balance, net as of October 1	*Unpaid obligations* (undelivered orders and contracts and accounts payable and other liabilities) reported in columns (9) and (10) of FMS 2108 minus *receivables* (reimbursements earned and refunds and unfilled customer orders) reported in columns (7) and (8) of FMS 2108.	The obligated balance, start of year reported in schedule P is the net unpaid obligations brought forward from the preceding year. The PY amount reported in schedule P should correspond to the amounts on the year-end S.F. 133 for the year and on the FMS 2108 at the end of the previous year.
7295 From Federal sources: Receivables and unpaid, unfilled orders, start of year	Line 14A. Accounts receivable (–) *plus* line 14B.1. Unfilled customer orders: Federal sources without advance (–)	*Receivables* (reimbursements earned and refunds and unfilled customer orders) reported in columns (7) and (8) of FMS 2108.	Receivables and unpaid, unfilled orders from Federal sources reported in schedule P include filled and unfilled orders for which payments have not been received that have been reported as budgetary resources of the expenditure account. When payment is received, it will be reported as offsetting collections (cash) on line 6800. The PY amount reported in schedule P should correspond to the amounts on the year-end S.F. 133 of the previous year but with the opposite sign. The PY amount in schedule P also corresponds to amounts on the FMS 2108 at the end of the previous year.
7299 Total unpaid obligations, start of year	Line 14C. Undelivered orders *plus* Line 14D. Accounts Payable	Unpaid obligations (undelivered orders and contracts and accounts payable and other liabilities) reported in columns (9) and (10) of FMS 2108.	Total unpaid obligations reported in schedule P are the sum of the obligated balance plus the receivables and unpaid, unfilled orders from Federal sources. The PY amount reported in schedule P should correspond to the amounts on the year-end S.F. 133 of the previous year and on the FMS 2108 at the end of the previous year.
7320 Outlays (gross)	Line 15A. Disbursements	*Total disbursements* (payment transactions) reported on FMS 224.	The outlays (gross) reported in schedule P are the total amount of obligations paid. The PY amount should correspond to the amount on the year-end S.F. 133.
7440–7449 Obligated balance, end of year	Line 14A. Accounts receivable (–) *plus* Line 14B.1. Unfilled customer orders: Federal sources without advance (–) *plus* Line 14C. Undelivered orders *plus* Line 14D. Accounts payable	*Unpaid obligations* (undelivered orders and contracts and accounts payable and other liabilities) reported in columns (9) and (10) of FMS 2108 minus *receivables* (reimbursements earned and refunds and unfilled customer orders) reported in columns (7) and (8) of FMS 2108.	The obligated balance, end of year reported in schedule P is the net unpaid obligations carried forward to the succeeding year. The PY amount reported in schedule P should correspond to the amounts on the year-end S.F. 133 and the FMS 2108 for the year.

Crosswalk Between MAX Schedule P, S.F. 133, and Selected Treasury Reports—Continued

MAX Schedule P	Report on Budget Execution, S.F. 133	Treasury Reports	Description
7495 From Federal sources: Receivables and unpaid, unfilled orders, end of year	Line 14A. Accounts receivable (–) *plus* Line 14B.1. Unfilled customer orders: Federal sources without advance (–)	*Receivables* (reimbursements earned and refunds and unfilled customer orders) reported in columns (7) and (8) of FMS 2108.	Receivables and unpaid, unfilled orders from Federal sources reported in schedule P include filled and unfilled orders for which payments have not been received that have been reported as budgetary resources of the expenditure account. When payment is received, it will be reported as offsetting collections (cash) on line 6800. The PY amount reported in schedule P should correspond to the amounts on the year-end S.F. 133 but with the opposite sign. The PY amount in schedule P also corresponds to amounts on the FMS 2108 at the end of the year.
7499 Total unpaid obligations, end of year	Line 14C. Undelivered orders *plus* Line 14D. Accounts payable	*Unpaid obligations* (undelivered orders and contracts and accounts payable and other liabilities) reported in columns (9) and (10) of FMS 2108.	Total unpaid obligations reported in schedule P are the sum of the obligated balance plus the receivables and unpaid, unfilled orders from Federal sources. The PY amount reported in schedule P should correspond to the amounts on the year-end S.F. 133 and on the FMS 2108 at the end of the year.
8800–8845 Offsetting collections (cash)	Line 15B. Collections (–)	*Total cash collections received for deposit* (receipts and revolving fund repayments) reported on FMS 224.	The offsetting collections (cash) reported in schedule P are the cash collections received and *credited to the (expenditure) account,* distributed by source. This line does not include orders from Federal sources not accompanied by cash. *Note: the sum of the entries on these lines will equal the total amount reported on lines 6800 and 6900 in schedule P.* The PY amount reported in schedule P should correspond to the amounts reported on the year-end S.F. 133 for the year but with the opposite sign.
9000 Outlays (net)	Line 15A. Disbursements *plus* Line 15B. Collections (–)	Outlays (net) reported for the account in the Treasury Annual Report, Appendix.[1]	The PY amounts reported in schedule P should correspond to the sum of the amounts reported on the year-end S.F. 133.

[1] For more information on relationships between MAX schedule P and the TAR, see exhibit 8E.

CIRCULAR NO. A–11

PART 2

PREPARATION AND SUBMISSION OF STRATEGIC PLANS, ANNUAL PERFORMANCE PLANS, AND ANNUAL PROGRAM PERFORMANCE REPORTS

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

JULY 1999

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SECTION 200 -- OVERVIEW OF STRATEGIC PLANS, ANNUAL PERFORMANCE PLANS, AND ANNUAL PROGRAM PERFORMANCE REPORTS

Summary Schedule

Initial FY 2001 performance plan to OMB	September, 1999
Revised final FY 2000 performance plan completed	October 1999 (after final appropriations action)
Final FY 2001 performance plan sent to Congress	February-March 2000
Interim adjustments to strategic plans sent to Congress in 1997	February-March 2000 (with annual performance plans for FY 2001).
FY 1999 program performance report to President and Congress	by March 31, 2000
Updated and revised strategic plan sent to Congress and OMB	by September 2000 (within three years of the date of transmittal of initial strategic plan to Congress).
Initial FY 2002 performance plan to OMB	September 2000
FY 2000 program performance report to President and Congress	by March 31, 2001

200.1 Overview.

The agency strategic plans, required by the Government Performance and Results Act (GPRA), provide the framework for implementing all other parts of this Act and are a key part of the effort to improve performance of government programs and operations.

Complementing the strategic plans are annual performance plans that set annual goals with measurable target levels of performance, and annual program performance reports that compare actual performance to the annual goals. Together, these are the basis for the Federal Government to 'manage for results.'

GPRA requires that a government-wide performance plan be prepared annually by OMB as a part of the President's budget. The government-wide plan is based on the agency performance plans. The third government-wide plan will be issued with the FY 2001 Budget.

Agencies may receive waivers of certain, non-statutory administrative-type requirements established by other agencies. These waivers are intended to provide greater managerial flexibility in exchange for greater accountability for achieving performance goals. Requests for waivers are received and reviewed in conjunction with the annual performance plan.

200.2 Definitions.

General goal: Included in a strategic plan, this goal defines how an agency will carry out 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. The goal may be of a programmatic, policy, or managemental nature. General goals are predominately outcome-type goals.

General objective: Included in a strategic plan, the objective(s) are paired with a general goal and can be used to help assess whether a general goal was or is being achieved. An objective usually describes a more specific level of achievement than a general goal.

Outcome goal: A description of the intended result, effect, or consequence that will occur from carrying out a program or activity.

Output goal: A description of the level of activity or effort that will be produced or provided over a period of time or by a specified date, including a description of the characteristics and attributes (e.g., timeliness) established as standards in the course of conducting the activity or effort.

Performance goal: Included in the annual performance plan. A target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. Performance goals can be either outcome or output goals.

Performance indicator: A particular value or characteristic used to measure output or outcome. Performance indicators are associated with performance goals in the annual performance plan.

Performance measure: A performance goal or performance indicator.

Program activity: A specific activity or project as listed in the program and financing schedules of the annual budget of the United States Government. (See also section 220.9 on program activity and section 82.3 on the program and financing schedule.)

Program evaluation: An assessment, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives.

200.3 Applicability.

For the purposes of Part 2 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 these GPRA requirements.

Except as noted below, agencies are required to submit strategic plans, annual performance plans, and annual program performance reports to the President, Congress, and OMB in accordance with these instructions. The Central Intelligence Agency, the Panama Canal Commission, 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, 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 --PREPARATION AND SUBMISSION OF STRATEGIC PLANS

210.1 Introduction.

This section provides instructions for preparing strategic plans and outlines the relationship between strategic plans and annual performance plans.

An agency uses the strategic plan to align its organization and budget structure with its missions and objectives. In matching programs and activities to the agency mission and objectives, the strategic plan can also be a means for re-aligning and re-engineering functions and operations. Preparation of a plan also provides an opportunity to consider programs and activities that can be terminated, reduced in scope, or transferred elsewhere.

Strategic plans should guide the formulation and execution of the budget. For agencies, these plans are a tool used in setting priorities and allocating resources consistent with these priorities. Although a strategic plan is not a budget request, the projected levels of goal achievement is commensurate with anticipated resource levels.

The basic requirements for strategic plans are set forth in Section 3 of GPRA (see Exhibit 210A).

210.2 Timing of plan submissions.

Summary of Requirements: Agencies are to transmit an updated and revised strategic plan to Congress within three years of submitting their initial strategic plan. The transmittal will not be later than September 30, 2000 for most agencies. Agencies are to provide OMB with an advance copy of the plan at least 45 days before transmitting the plan to Congress.

(a) Submission of an initial strategic plan.

GPRA required agencies to submit their initial strategic plan to OMB and Congress not later than September 30, 1997. In the future, newly established agencies or agencies previously exempted from GPRA requirements should use the provisions of this subpart when preparing and submitting their initial strategic plan. The date for submitting an initial plan is coordinated in advance with OMB.

(b) Requirement for submission of updated and revised plans.

An updated and revised strategic plan (an updated plan) is required at least once every three years. This three-year cycle has the effect of updating an existing plan for its remaining years, as well as chronologically extending it by three or more years. (See section 210.3 on the period covered by a strategic plan.) The revision incorporates policy, programmatic, or other changes to any element of the agency's current plan. An updated strategic plan will often retain, unchanged, the elements of an initial strategic plan, such as the mission statement.

(c) Submission date for updated and revised plans.

GPRA does not set a specific calendar date for these submissions. Agencies submitting plans in September 1997 would be expected to submit an updated and revised plan not later than September 2000. The several agencies transmitting an initial plan after September 1997 would have three years from their submittal date.

The three year cycle begins anew with the submittal of an updated strategic plan to Congress. Thus, agencies submitting an undated plan during 1999 would have three years until the appropriate, corresponding month in 2002 before being required to transmit another updated plan.

In 1998, agencies were encouraged to consider advancing the September 2000 transmittal date by six or more months. This advice continues; the late Spring and Summer of 2000 will likely be an inopportune time to conduct comprehensive and in-depth consultation with Congress. Moving the transmittal forward would also allow the FY 2001 performance plans to be reviewed with a contemporaneous strategic plan. Other circumstances that may influence the timing of a submission include the extent and nature of comments received on the agency’s initial strategic plan.

(d) Interim adjustments.

Minor adjustments to a strategic plan can be made in advance of the 3-year revision cycle. Adjustments may include changes to the general goals or objectives, the means and strategies used to achieve the goals, the key external factors, or the program evaluations schedule. Modifications may reflect altered circumstances or evaluations of program performance. Interim adjustments are selective and do not produce widespread changes in a plan.

All interim adjustments should be included with the annual performance plan (the annual plan) as a separate, easily found section. Through this annual plan section, the minor adjustments are identified and described to Congress and the public. Only the adjustments are presented, not the entire strategic plan. Either a final annual plan or a revised final annual plan may be used.(see subsection 220.6(d)).

Consultation with Congress, or potentially interested or affected parties, is not required for interim adjustments. Adjustments do not require a formal transmittal (see section 210.13). Agencies should distribute, or otherwise make publicly available, the interim adjustments so readers can reference or review the most current strategic plan content.

Significant changes to a strategic plan should be made using the more extensive update process, even if this accelerates the required three-year update/revision cycle. Consultation requirements apply in these instances.(see section 210.12). Interim adjustments do not alter the 3-year update/revision cycle for strategic plans.

(e) Advance copies of submissions.

Consistent with current policy and practice regarding interagency clearance of certain material being sent to Congress, agencies are to provide OMB with an advance copy of an updated strategic plan at least 45 days prior to the date for transmitting the plan to Congress and making it available to the public. (See section 210.12 on recurring consultation with OMB during plan development.)

210.3 Time period covered by strategic plans.

Summary of Requirement: A strategic plan must cover a minimum of six years.

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 2000 would cover FY 2000 through FY 2005). A plan may be for a period longer than six years, containing, for example, 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 (see section 210.4 and Exhibit 210B).

210.4 Relationship to submission of annual performance plans.

Summary of requirements: An annual performance plan, when submitted, must be covered by a current strategic plan.

Agencies should note the specific linkage between strategic plans and annual plans. A strategic plan's goals and objectives set the framework for developing annual plans. Consequently, GPRA states that an annual plan may not be submitted for a fiscal year not covered by a current strategic plan. (See also section 210.9 on relationship between general goals in a strategic plan and performance goals in an annual performance plan.)

Although an annual plan must be covered by a current strategic plan, the strategic plan need not be current during the actual fiscal year for which the annual plan was prepared. A subsequent strategic plan (updated and revised) could be current during the actual fiscal year. The submission of an updated strategic plan supersedes the fiscal year coverage of the previous strategic plan.

Strategic plans submitted in September 1997 will be current for the annual plans for fiscal years 1999 through 2001. An updated strategic plan submitted in March 2000 would supersede coverage for the fiscal year 2001 annual plan, and also be current for annual plans for fiscal years 2002 through 2004. Exhibit 210B illustrates the fiscal year annual plan coverage of strategic plans.

210.5 Strategic plan requirements.

Summary of requirements: A strategic plan must cover the major functions and operations of the agency.

(a) Format of strategic plans.

No specific format is prescribed for strategic plans. An updated and revised strategic plan is a complete plan, containing all required plan elements.

A plan that brings related elements together often aids plan review. For example, such a plan would tie the relevant means and strategies, external factors, etc., to the appropriate general goal(s) or objective(s). This contrasts to a format where each plan element has its own separate section, thus compelling readers to jump back and forth between the sections.

An agency should consider the prospective readership of its strategic plan when determining length, style, and understandability. However, brevity and conciseness will likely characterize plans that are useful and widely read. Agencies should endeavor to make their strategic plans available on the WorldWideWeb or through other electronic media.

(b) The single strategic plan.

Agencies are strongly encouraged to submit a single agency-wide plan. However, an agency with widely disparate functions may prepare several strategic plans for its major components or programs. The number of separate plans for major components or programs shall be kept to a minimum. Separate plans should center on the major functions for an agency and group related programs or components within any plan. The several plans should collectively cover all major functions and operations of the agency.

An agency-wide strategic overview is prepared when more than one plan is submitted by an agency. The overview links separate strategic plans by giving an overall statement of the agency's mission and goals. The overview should accompany the submission of the separate strategic plans. When submission dates for an agency’s separate strategic plans vary significantly, the overview is modified, as appropriate, to reflect the content of the plan being submitted at a particular time. An overview is subject to consultation requirements if appropriate consultation did not occur during development of the several strategic plans.

If an agency prepares numerous site- or organization-specific strategic plans for component units or sub-programs, these should not be merely packaged together and submitted as a single strategic plan. The ensuing size and detail of such a compilation will reduce the plan's usefulness. Instead, the information from

individual strategic plans should be integrated into a single agency-wide strategic plan, or into the several, separate strategic plans that the agency chooses to submit for its major programs or components.

(c) Major functions and operations.

An agency has the discretion to submit strategic plans covering only its major functions or operations; support-type activities and operations can be omitted. Strategic plans prepared primarily for agency internal use (such as those prepared at a program or component-unique level) may cover a greater range of functions and operations.

(d) Integration.

Because of their scope and importance, strategic plans can be used in developing a comprehensive and integrated approach to performance management. When preparing an updated strategic plan, an agency should incorporate and apply the products and processes resulting from other ongoing performance-related efforts.

These initiatives include customer service standards, performance partnerships, activities introducing a more precise cumulation and allocation of cost, performance-based contracting, analyses of tax expenditures, and previous strategic plans. Other processes and products related to the National Partnership for Reinventing Government, regulatory reform, and agency restructuring and re-engineering should, as appropriate, be reflected in a strategic plan.

(e) Cross-cutting programs.

Cross-cutting programs and activities are undertaken by several agencies to achieve a common purpose or objective. This is often a mutual effort by the agencies. In preparing an updated strategic plan, agencies should review the strategic plans of other agencies that participate with the agency in a cross-cutting program. This will complement the inter-agency coordination that should occur during plan preparation (see also section 210.12).

An agency formally assigned lead responsibility for a cross-cutting program should include any agreed-on goals and objectives for the program in its plan Other agencies having principal responsibility for particular goals should be identified.

Agencies participating in a cross-cutting program should each describe, in their strategic plan, the interface between their related programs and outline how individual agency efforts synergistically support common endeavors.

(f) 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. An agency may include a classified appendix in a strategic plan where appropriate.

(g) Elements of strategic plans.

As defined by section 3 of GPRA, a strategic plan should contain the following elements:

- A comprehensive mission statement;
- A description of general goals and objectives;
- A description of the means and strategies that will be used to achieve the goals and objectives;
- A description of the relationship between performance goals in the annual performance plan and general goals and objectives in the strategic plan;
- Identification of key factors that could affect achievement of the general goals and objectives; and
- A description of program evaluations used, and a schedule for future evaluations.

More detailed guidance on strategic plan elements is provided in sections 210.6-210.11. Requirements for the letter transmitting plans are included in Section 210.13.

210.6 Comprehensive mission statement.

Summary of requirement: An agency strategic plan must include a mission statement.

The mission statement should be brief, defining the basic purpose of the agency, with particular focus on its core programs and activities. In addition, an agency may supplement the mission statement with a concise discussion of enabling or authorizing statutes, as well as identification of issues that Congress specifically charged the agency to address. An agency may include a summary list of those laws and directives relevant to the conduct of its core programs and activities as a plan appendix.

Vision statements, which often enunciate agency values or principles, may be included in a strategic plan. A vision statement is not required.

210.7 General goals and objectives.

Summary of requirements: An agency strategic plan must include one or more general goals (or objectives). The goal(s) must be defined in a manner that allows a future assessment to be made on whether the goal was or is being achieved.

(a) Purpose of the goals.

Strategic plans set out the long-term programmatic, policy, and management goals of the agency, outlining planned accomplishments and the schedule for their implementation. The general goals and objectives should elaborate on how the agency is carrying out its mission and will very often be outcome-type goals. (See section 210.9 for a discussion of the relationship between general goals in strategic plans and performance goals in annual performance plans.)

The general goals and objectives should be sufficiently precise to direct and guide agency staff toward actions that fulfill the mission of the agency. An agency may rely on the actions of others in achieving a general goal or objective (see section 210.10).

General goals and objectives should not go beyond an agency's span of influence. An agency's span of influence may extend beyond its span of control. For example, an agency may directly provide services. The actual delivery of these services is within its span of control. The same agency may fund others to provide similar services. The delivery of these services are within an agency's span of influence (and, depending on the specifications for service delivery, might be within its span of control as well). However, delivery of these services by all parties has a very small economic impact. An assertion that delivery of these services significantly affected national economic growth would go beyond the agency's influence on the overall economy.

(b) Defining the goals and objectives.

General goals and objectives should be stated in a manner that allows a future assessment to be made on whether the goals were or are being achieved. A general goal that is defined quantitatively facilitates such a determination. However, a measurable goal need not be quantitative (e.g., it can be centered on the achievement of a single event, such as landing astronauts on the moon).

When general goals and objectives are defined in a way that precludes a direct future determination of achievement, the performance goals and indicators in the annual performance plan should be used to provide the basis for the assessment. In defining general goals and objectives, agencies should avoid platitudes or rhetoric that is inherently unmeasurable, either directly or through the use of performance goals and indicators.

210.8 Description of how the general goals and objectives will be achieved.

Summary of requirements: The agency strategic plan must describe the processes, skills, technologies, and various resources that will be used to achieve the general goals and objectives. (These are often called the means and strategies.)

This element describes the means and strategies the agency will use to achieve the general goals and objectives. These can include:

- Operational processes;
- Skills and technologies; and
- Human, capital, information, and other resources.

Descriptions of the processes, technologies, and resources should be brief. An agency should provide additional detail only when goal achievement is predicated on a significant change in either the resource levels, the technological or other capacities, or the mode or functioning of the operating processes.

Schedules for initiating or completing significant actions, and any underlying assumptions or projections, should be included. Agencies should use reasonable projections of the funding and staff that will be available over the time period covered by the plan.

As appropriate, achievement of goals and objectives may rely on tax expenditures, user fees, other types of collections, regulation, or activities and products of other Federal agencies, States, local governments, or non-governmental entities. Reliance on other governments or parties should be addressed in key external factors (see section 210.10).

Agencies should include a brief description of steps being taken to resolve mission-critical management problems. A mission-critical problem poses a realistic and prospective impediment to carrying out the agency's mission or achieving the general goals and objectives during the strategic plan timeframe (see also subsection 220.11(e).

The means and strategies section of the plan should outline the process for communicating goals and objectives throughout the agency, and for assigning accountability to managers and staff for achievement of objectives.

210.9 Relationship between goals in the annual performance plan and a strategic plan.

Summary of requirement: A strategic plan must describe the relationship between the general goals and objectives in the strategic plan and the performance goals (and indicators) in the annual performance plan.

Performance goals and performance indicators in an annual performance plan should be based on the general goals and objectives in a strategic plan.

The updated strategic plan should briefly outline:

- The type, nature, and scope of the performance goals being included in annual performance plans,

- The relation between the performance goals and the general goals and objectives, and

- The relevance and use of performance goals in helping determine the achievement of general goals and objectives.

To a great extent, the performance goals indicate the progress in a fiscal year toward achieving the strategic plan's general goals and objectives. As such, performance goals that represent milestones in achieving the general goals and objectives of a strategic plan may be appropriate. General goals in strategic plans and performance goals in annual plans may be identical in some cases, especially when outcome goals are to be achieved in a particular year.

210.10 Key factors affecting achievement of general goals and objectives.

Summary of requirement: A strategic plan should identify those key factors, external to the agency, that could significantly affect the achievement of general goals and objectives. If key factors cannot be identified, a statement of such should be included in the plan.

(a) In general.

Achievement of general goals and objectives can be affected by certain previously prospective conditions or circumstances actually occurring during the time period covered by the plan. These conditions or circumstances are identified in the plan as key factors, and provide insight on the presumptions an agency used when defining its goals and objectives. Key factors may enhance or nullify these assumptions and the likelihood of goal achievement.

These 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. Goal achievement may also be predicated on certain conditions (events) not happening. Achievement of goals can also depend on the action of Congress, other Federal agencies, States, local governments, or other non-Federal entities.

(b) Identifying key factors in the strategic plan.

Each key external factor should be described in a strategic plan,, indicating its link with a particular goal(s) and describing how achievement of the goal could be directly and significantly affected by the factor.

Factors that are unlikely to occur, or have only tangential influence on the general goals and objectives, should be omitted from a strategic plan. Factors that simply restate basic presumptions -- for example, ‘goal achievement depends on future agency budgets being at requested levels’ -- usually have little informational value and should also be omitted. If key factors cannot be identified, the agency should include a statement to this effect in the strategic plan.

(c) Mitigating actions.

In its strategic plan, an agency should not detail mitigating actions, contingent steps, or alternative courses to be taken in the event a key factor actually begins affecting goal achievement. To do so will likely complicate the plan with speculative scenarios, arrays of what-to-do-ifs, or demonstrations of how little real effect any

agency attempt at intervention might have. For example, the appearance of global climate phenomena, such as El Nino, can affect environmental quality, agricultural production, the location, severity, and cost of natural disasters, and economic growth. As agencies are incapable of ameliorating such phenomena, a strategic plan that included mitigating actions might consequentially be replete with goals for strong El Nino years, 'normal' years, and strong La Nina years.

Rather than including lists of potential mitigating actions in a strategic plan, an agency should modify the plan through an interim revision (see subsection 210.2(c)) if an external factor begins affecting goal achievement. The agency may need to prepare an updated and revised plan if dictated by the magnitude of the factor's effect,

210.11 Program evaluations and strategic plans.

Summary of requirements: A strategic plan should contain a schedule for future program evaluations, including the methodology to be used. The plan should also describe the use of completed evaluations in preparing the plan. If program evaluations are not scheduled during the timeperiod covered by the plan, a statement of such should be included.

(*a) Program evaluations.*

Program evaluations cover assessments, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended objectives.

Under GPRA, program evaluations also encompass assessments of program implementation processes and operating policies and practices when the primary concern is about implementation rather than program outcomes. This form of program evaluation is often called a 'process' evaluation.

(b) Future program evaluations.

A schedule for future program evaluations is included in the strategic plan. The schedule should outline the general methodology to be used (e.g., a longitudinal study), the timetable, and the general scope of the evaluation, as well as particular issues to be addressed. At a minimum, schedules for future evaluations should cover the fiscal years prior to the next update of the strategic plan.

The need for, and appropriateness of, doing a program evaluation may depend on the nature of an agency's programs and how the general goals and objectives in the strategic plan are defined. If an agency will not be conducting program evaluations during the time period covered by the plan, a statement to this effect should be included in the plan. (See also subsection 220.5(f) on including information on analyses and studies, other than program evaluations, in the annual performance plan.)

(c) Completed program evaluations.

The program evaluations that were used in preparing the updated strategic plan should be briefly described. The effect of program evaluations on the definition of goals and objectives in the plan should be highlighted.

210.12 Consultation.

Summary of requirements: When preparing a strategic plan, agencies must consult with Congress and solicit and consider the views of interested and potentially affected parties. This consultation and outreach may result in contrary views being expressed (see section 210.13).

In developing a strategic plan, an agency must consult with Congress, and also solicit and consider the views and suggestions of entities--such as customers and other stakeholders--potentially affected by or interested in the plan.

Agencies have discretion in how this consultation is conducted. An agency's existing consultation processes may be used. The development of strategic plans is not subject to the Administrative Procedures Act.

Some general goals and objectives will relate to cross-agency functions, programs, or activities. In such instances, agencies may have a shared responsibility for defining and achieving general goals or objectives in these cross-cutting areas. Agencies should ensure that appropriate and timely consultation occurs with other agencies during development of strategic plans with cross-cutting goals and objectives.

To help ensure that an updated strategic plan conforms with statutory requirements and is consistent with national policy, continuing interaction should occur between OMB and agency staff over the full course of plan preparation.

210.13 Transmittal of plans to Congress and OMB.

Summary of requirements: The plan is transmitted to Congress by the agency head. Transmittal letters are addressed to the Speaker of the House of Representatives, 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 Congress includes a summary of the consultation and outreach processes, and any contrary views. Strategic plans are made available to the public.

(a) The transmittal letter.

Agencies are to prepare a letter from the agency head transmitting each strategic plan. A transmittal letter is also prepared for a strategic overview containing only a summary presentation of overall mission and goals (see section 210.5). A transmittal letter will include:

- A summary of the general scope and nature of the consultation, and the types of entities consulted (see section 210.12);
- A summary of contrary views received; and
- A description of any significant contribution to the preparation of strategic plans made by non-Federal entities (see also section 220.7).

Transmittal letters are addressed to the Speaker of the House of Representatives, the President pro tempore of the Senate, and the Director of OMB. Copies will be provided to the chairmen and ranking minority members of the relevant authorization, oversight, or budget committees and appropriation subcommittees, and the chairman and ranking minority members of the Senate Committee on Governmental Affairs and the House Government Reform Committee. Copies may also be distributed to other members of Congress or committees.

(*b) Contrary views.*

A strategic plan will often reflect hard choices, with a plan's usefulness often corresponding to the difficult policy and programmatic decisions that were made during its development. In many instances, there may be disagreement about particular goals and objectives, or the means by which the goals will be achieved. The transmittal letter should summarize those views received from entities outside the Executive Branch of the Government that disagree, in a substantive and germane way, with the programmatic, policy, or management courses-of-action presented in the plan. The summary should generalize the degree of disagreement and the source(s). Contrary views should not be individually attributed or listed.

An agency may wish to concentrate principally on summarizing those contrary views offered as the proposals in the plan became more specific, and less on those generated during its initial, more formative stage.

(c) Public availability of plans.

Strategic plans are a matter of public record; the public should be afforded the opportunity to obtain copies of the completed plan. Generally, a strategic plan should become publicly available when the plan is transmitted to Congress. (See also subsection 210.5(a) on electronic availability of strategic plans.)

Section 3 of the Government Performance and Results Act

SEC.3. STRATEGIC PLANNING

Chapter 3 of title 5, United States Code, is amended by adding after section 305 the following new section;

"§ 306. Strategic plans

"(a) No later than September 30, 1997, the head of each agency shall submit to the Director of the Office of Management and Budget and to the Congress a strategic plan for program activities. Such plan shall contain—

"(1) a comprehensive mission statement covering the major functions and operations of the agency;

"(2) general goals and objectives, including outcome-related goals and objectives, for the major functions and operations of the agency;

"(3) a description of how the goals and objectives are to be achieved, including a description of the operational processes, skills and technology, and the human, capital, information, and other resources required to meet those goals and objectives;

"(4) a description of how the performance goals included in the plan required by section 1115(a) of title 31 shall be related to the general goals and objectives in the strategic plan;

"(5) an identification of those key factors external to the agency and beyond its control that could significantly affect the achievement of the general goals and objectives; and

"(6) a description of the program evaluations used in establishing or revising general goals and objectives, with a schedule for future program evaluations.

"(b) The strategic plan shall cover a period of not less than five years forward from the fiscal year in which it is submitted, and shall be updated and revised at least every three years.

"(c) The performance plan required by section 1115 of title 31 shall be consistent with the agency's strategic plan. A performance plan may not be submitted for a fiscal year not covered by a current strategic plan under this section.

"(d) When developing a strategic plan, the agency shall consult with the Congress, and shall solicit and consider the views and suggestions of those entities potentially affected by or interested in such a plan.

"(e) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of strategic plans under this section shall be performed only by Federal employees.

"(f) For purposes of this section, the term "agency" means an Executive agency defined under section 105, but does not include the Central Intelligence Agency, the General Accounting Office, the Panama Canal Commission, the United States Postal Service, and the Postal Rate Commission.".

Various Submission Dates for Strategic Plans and Years Covered

Strategic Plan Submission Date	Minimum Years Covered in Strategic Plan	Strategic Plan is current for annual performance plans for:	Next Update/Revision Submission Date by:
September 30, 1997	FY 1997–2002	FY 1999–2002 [1]	September 29, 2000
August 1, 1998 *	FY 1998–2003	FY 1999–2002	July 31, 2001
September 30, 1999 *	FY 1999–2004	FY 1999–2004 [2]	September 29, 2002
March 31, 2000 *	FY 2000–2005	FY 2000–2004 [3]	March 30, 2003
September 29, 2000 *	FY 2000–2005	FY 2000–2005 [4]	September 28, 2003

* Transmittal dates for an updated and revised strategic plan.

[1] For the FY 2002 annual plan, would cover only the submission of the initial iteration.

[2] For the FY 2004 annual plan, would cover only the submission of the initial iteration.

[3] For the FY 2004 annual plan, would cover the submission of the initial and final iterations.

[4] For the FY 2005 annual plan, would cover only the submission of the initial iteration.

SECTION 220 -- PREPARATION AND SUBMISSION OF ANNUAL PERFORMANCE PLANS

220.1 Introduction.

The Government Performance and Results Act (GPRA) requires that OMB have agencies prepare annual performance plans (the annual plan). The first annual plans covered FY 1999. (See sections 200.1-200.3 for an overview of GPRA requirements, related definitions, and applicability of these requirements to agencies.)

The annual plan sets out measurable goals that define what will be accomplished during a fiscal year. The goals should represent a level of accomplishment commensurate with the resources requested and subsequently funded.

For a fiscal year, at least two iterations of an agency's annual plan are prepared:

- An initial plan, consistent with the agency's budget request to OMB; and
- A final plan that reflects budget, policy, and programmatic decisions on the budget request, and is consistent with the President's budget.

An agency may also prepare a third iteration, which is called a revised final plan. A revised final plan reflects Congressional action on the agency’s budget request. (The revised final plan is often referred to as an operating plan.) Preparation of a revised final plan is voluntary.

Initial plans are submitted only to OMB, and are used during OMB's review of the agency budget request. Final plans are sent to Congress soon after transmittal of the President's budget, and made available to the public. There is no mandated submission of a revised final plan to Congress or OMB.

The FY 2001 performance plan includes performance information for fiscal years 1999, 2000, and 2001. This multi-year display will present baseline and trend information in a single document. The requirement to include FY 1999 actual performance information does not mean that other statutory elements of the annual program performance report (the annual report) are included in the annual plan, unless the annual plan and annual report are combined. (See section 230 on the preparation of the annual report.)

An agency may choose to combine its annual plan with its annual report (see section 233.1). The final plan iteration is used for this purpose. Agencies should note that combining the annual plan and the annual report may affect who in the agency transmits this combined document, its distribution, and the transmittal date (see section 231).

220.2 Timing of plan submissions and submitting official.

***Summary of requirements*:** Initial annual performance plans are due to OMB with the agency budget request. Final annual performance plans are sent to Congress following transmittal of the President's budget.

(a) The initial plan.

The agency head (or his or her designee) sends the initial annual plan to OMB at the same time as the agency's initial budget submission. (See section 27.1 of Part 1 of this Circular for information on the timing of budget submissions.)

(b) The final plan.

There is no set date for sending the final annual plan to Congress. Submission will follow, not precede, transmittal to Congress of the President's Budget. Sending the plan to Congress simultaneously with the agency Congressional justification (justification of estimates) is appropriate and useful. Timely submission will aid various Congressional committees in reviewing the plans and in deciding budget, authorization, and appropriation levels for the fiscal year. Agencies should note Congressional timelines in this regard.

A copy of the final annual plan should be provided to the chairmen and ranking minority members of the budget committees, relevant authorization and oversight committees, appropriations subcommittees, and the chairman and ranking minority member of the Senate Committee on Governmental Affairs and the House Government Reform Committee. Copies may also be distributed to other members of Congress or committees.

The transmitting official for the final annual plan is either the agency head or the official who sends the agency Congressional justification to Congress.

(c) The revised final plan.

There is no required distribution of a revised final plan. Agencies should coordinate any distribution of this plan iteration with the appropriate Congressional committees, including the timing of any distribution.

If a revised final plan is prepared, it should be completed as soon as practicable following completion of Congressional action on the agency's budget request. Generally, revised final plans should be completed within 30 days of the start of the fiscal year covered by the annual plan. If Congressional action has not concluded by November 1, a revised final plan should be based on the agency's best judgment of its fiscal year funding level. Prolonging completion of a revised final plan until the fiscal year is well underway limits its usefulness as a management document. (See section 220.18 on having a copy of the revised final plan available for reference if it is not sent to Congress or OMB.)

220.3 General rules governing development of annual performance plans.

In developing annual plans, agencies should be guided by the following general rules:

- A single plan covering an entire agency should be prepared, rather than a number of plans covering different agency component or program areas;
- A current strategic plan should be in effect for the fiscal year covered by the annual plan;
- The specific linkage with the strategic plan should be reflected in the annual plan (e.g., performance goals and indicators in an annual plan should be based on the general goals and objectives in the agency's strategic plan);
- While the basic elements of the plan are prescribed by these instructions, agencies have flexibility in determining the scope, level of detail, and format of the plan within this framework;
- Agencies should include performance information covering several fiscal years; and
- The initial plan is considered privileged material and can not be released outside the Executive branch.

More detailed guidance on these aspects of annual plans is provided in sections 220.4-220.7, 220.17, and 221.2. (See Exhibit 220 for the GPRA language on annual performance plans.)

220.4 Single annual performance plan.

Summary of requirement: The annual performance plan is a single plan covering the entire agency.

The annual plan should present a comprehensive picture of performance across the agency. A single plan, covering the agency as a whole, allows an agency's performance goals to be reviewed in their totality.

Within the single plan, an agency has flexibility in organizing the plan's content. For example, a plan could be organized into parts, which conform to the structure of its budget request (e.g., by major functions, organizations, or program), or match with the different jurisdictional responsibilities of various congressional committees. A single plan is formed by joining the various parts together.

220.5 Relationship to strategic plans.

***Summary of requirement*:** An annual performance plan must be covered by a current strategic plan.

(a) Required coverage.

GPRA requires that a current strategic plan (meeting GPRA requirements) be in effect for the fiscal year covered by an annual plan. (See section 210.4 on current strategic plans.)

(b) In general.

A close correspondence should exist between the strategic plan and the annual plan. This correspondence allows the more general and long-term focus of the strategic plan to be linked with the more detailed and year-specific content of the annual plan. Several elements of the strategic plan parallel those in the annual plan and underscore this linkage.

(c) General goals and objectives.

The strategic plan sets forth the general goals and objectives of the agency, and describes the relationship between these goals and objectives and the performance goals and indicators in the annual plan. Often, the performance goals and indicators will define the progress being made during a fiscal year toward achieving the general goals and objectives in a strategic plan. This progress is incremental if a general goal or objective is not fully achieved until a future year. (See subsections 220.7(c) and (d) on including mission and general goal information from the strategic plan in the annual plan.)

(d) Means and strategies.

The strategic plan describes the means and strategies to be used in achieving the general goals and objectives. A similar element in the annual plan describes in greater detail the specific processes, technologies, and types of resources that are needed to achieve the performance goals. The annual plan description should also cover other means, such as regulation and tax expenditures, when an agency will rely on these to achieve specific performance goals.

(*e) External factors.*

The identification of key external factors (see section 210.10) is not a specified element in an annual plan. Agencies may choose to include information on external factors in their annual plan when these bear directly on goal achievement for the fiscal year covered by the plan. This information should be consistent with the identification of external factors in the strategic plan.

(f) Program evaluations and other analyses.

The process for making interim adjustments to a strategic plan should be used to change the number and schedule for program evaluations during the fiscal year covered by the annual plan. (See subsection 210.2(c) on interim adjustments, and section 210.11 on program evaluations.) Although agencies may choose to replicate relevant strategic plan information on program evaluations in their annual plan, this is not a specified element in the annual plan. Such information could include the schedules for, and summarize the types of, program evaluations to be done during the year.

For informational purposes in an annual plan, agencies may reference other analyses or studies that will be undertaken during the fiscal year, and which directly relate to performance goals and indicators in the plan. These studies and analyses can include policy, program, or management analyses, compliance reviews, cost-benefit studies, research to provide baseline data, or demonstration research. This reference is not a specified element in the annual plan.

220.6 Elements of the annual performance plan.

(a) Required elements.

As defined by GPRA, an annual plan features three elements:

- The performance goals and indicators for the fiscal year;
- A description of the operational processes, skills, and technology, and the human, capital, information, or other resources that will be needed to meet the performance goals; and
- A description of the means that will be used to verify and validate measured values.

The performance goals and indicators are the primary element of the annual plan. The two other elements provide information related to achievement of the performance goals. More detailed guidance on these elements is provided in sections 220.9, 220.11, and 220.12.

(b) Other elements.

An annual plan includes several other elements, as appropriate. These are:

- Information on whether the agency was aided by non-Federal parties in preparing its plan;
- A description of any minor adjustments to the agency's strategic plan; and
- Requests for waivers of administrative requirements to provide managerial flexibility.

(c) Use of non-Federal parties.

GPRA states that the preparation of an annual plan is an inherently governmental function, and the plan is to be drafted only by Federal employees. When preparing a plan, agencies may be assisted by non-Federal parties (e.g., consultants, contractors, or States) whose role may include collecting information; conducting studies, analyses, or evaluations; or providing opinions or ideas. Such assistance should supplement, not supplant, the agency's in-house plan preparation effort. The plan should acknowledge and indicate any significant contribution by non-Federal parties in its preparation.

(d) Identifying minor adjustments to a strategic plan.

An annual plan may be used to identify and describe minor adjustments being made to a strategic plan. The initial annual plan sent to OMB should include these minor adjustments. The final annual plan is used to transmit these adjustments to the Congress. If a revised final plan is prepared and distributed to Congress, it may also be used to transmit these adjustments. (See section 210.2(c) on making minor adjustments to a strategic plan.)

(e) Waivers of administrative requirements.

Instructions on requests for waivers of administrative requirements will be issued in the future. These waivers are intended to provide managers with more flexibility in managing, in the expectation this added discretion and authority will lead to improvements in program or organizational performance.

220.7 Format and additional content.

Summary of requirements: The annual performance plan will include performance goals for FY 1999, 2000, and 2001. General goals and objectives from the strategic plan should be aligned with their performance goal counterparts in the annual plan.

No specific format is prescribed for an annual plan. Agencies should ensure that information is presented clearly and concisely. Plans should be informative, useful, and avoid minutiae.

The FY 2001annual plan should include the following content, which may affect how information is presented in the plan.

(a) Performance goals for fiscal years 2000 and 2001.

The FY 2001 annual plan should include target values for fiscal year 2000 for any performance goal included in both plans. (See also section 221.2)

(b) Actual performance information for fiscal year 1999.

Agencies should include information on actual performance for any fiscal year 1999 performance goal which is also a performance goal in the FY 2001annual plan. (See also section 221.2)

(c) Inclusion of general goals and objectives.

To show the linkage between the general goals and objectives in the strategic plan and the annual performance goals, the general goals (or a summary) should be displayed and aligned with the associated annual goals. As agencies will prepare an updated and revised strategic plan by September, 2000, the final annual plan should indicate whether the general goals and objectives are from the 1997 strategic plan or the updated strategic plan. (See also section 220.18 on how a revised final plan for FY 2001 may include general goals and objectives from an updated strategic plan completed after the final FY 2001 plan was sent to Congress.)

(d) Agency mission statement.

To provide a ready reference for the reader, an agency should include the mission statement (or a summary) from its current strategic plan.

(e) Identification of goals for cross-cutting programs.

To assist in plan review, agencies should indicate those goals and indicators being undertaken in support of programs or activities of an interagency, cross-cutting nature. (See subsection 220.9(f) on cross-cutting programs.)

220.8 Relationship with the budget.

***Summary of requirement*:** Each program activity in an agency's Program and Financing Schedules in the Budget Appendix must be covered by a performance goal or indicator in the annual performance plan. (A performance goal or indicator may cover more than one program activity.)

(a) General principles.

The annual plan should be directly linked to the agency's budget. The performance goals, particularly the performance target levels, are set based on the funding expected to be available to achieve the goals. Funding levels reflected in the initial annual plan must be consistent with the agency's budget request to OMB for the program or activity. In a final plan, funding totals are modified, as necessary, to conform with the President's Budget. The changes in funding levels may dictate corresponding changes to performance goals and indicators in the final plan. In a revised final plan, the performance goals are modified, as necessary, to reflect Congressional action on the agency's budget request.

The linkage between the annual plan and the budget is based on the program activities in the program and financing (P&F) schedules in the President's Budget. Most agencies have more than one P&F schedule, and

many of these schedules list specific program activities financed by that budget account. The program activity structure is the foundation for defining and presenting performance goals and indicators.

(b) Link between program activities in the Budget and in the annual plan.

An agency has discretion on how program activities are arrayed in the annual plan, provided that:

- Each program activity in its P&F schedule(s) in the Budget for that fiscal year is covered; and
- Every major program, function, or operation of the agency is reflected in the plan.

If the program activities in the annual plan are identical to those in the P&F schedules, the array will be based on these P&F program activities. However, an agency may choose to substitute a GPRA program activities structure if this would enhance the plan's informative value through a cohesive and thematic display of the performance goals. A GPRA program activity structure is developed by consolidating, aggregating, or disaggregating the program activities included in the P&F schedules.

Specifically, an agency may:

- Aggregate program activities within a single P&F schedule by applying the same performance goals and indicators to several or all of the program activities;

- Consolidate program activities by applying a single set of performance goals and indicators to program activities in two or more P&F schedules; or

- Disaggregate individual program activities in a P&F schedule into component parts and apply performance goals and indicators to these parts.

It is through aggregation or consolidation that an annual plan can cover every program activity in the P&F schedules, while allowing an agency to omit goals for its non-major program activities.

An agency may neither exclude nor minimize the significance of any major program, function, or operation of the agency when creating a set of GPRA program activities. Any aggregation, disaggregation, or consolidation does not automatically produce a corresponding change in an agency's budget account structure, or to the projects and activities presented in a P&F schedule. Any such changes must be made separately in accordance with the provisions of section 25.3 of Part 1.

(c) Changes in the budget account structure.

Agencies are encouraged to consider changes to their budget account structure that would lead to more thematic or functional presentations of both budget and performance information, thereby enhancing the understanding of programs and measures of performance. (See sections 25.3, 71.2, and 71.3 of Part 1 on alignment of budget accounts and establishment of new accounts.) Current differences between the program activities structure in

the Budget and the GPRA program activity array in the performance plan should eventually diminish, as agencies modify either their present set of budget program activities or accounts, or the GPRA program activity structure.

(d) Associating budgetary resources with goals in the annual plan.

In time, the annual performance plan will be integral with the agency's budget request. In moving toward such integration, the annual plan should display, generally by GPRA program activity, the amount of funding being applied to achieve the performance goals and indicators for that activity. This should be straightforward if the annual plan does not alter the program activity structure in the P&F schedules. However, if a GPRA program activity structure has been developed through consolidation, aggregation, or disaggregation of program activities in P&F schedules, identifying and aligning funding amounts with the GPRA structure may be more difficult. In their FY 2001 annual plans, agencies are expected to show significant further progress in associating funding with specific performance goals or sets of goals.

Usually, this funding will be stated in terms of obligations. (See generally section 82.3 in Part 1 for further information on reporting obligations in P&F schedules.) Each agency should consult with its OMB representative on the level of detail to be provided (e.g., whether funding levels should be provided for each program activity or groupings of activities). If an agency wishes to use other budget measures (e.g., budget authority or outlays), it should consult in advance with its OMB representative. For the initial plan, OMB may also request additional information separately, such as a crosswalk between performance goals and the specific budget account(s) funding those goals.

A performance goal may be funded from several budget accounts. When determining funding for a performance goal, salary and expense accounts may present a particularly difficult linkage. Agencies should make a best effort to distribute costs to the relevant goals by attributing overhead and direct salary and expense monies, as well as other resources (e.g., funding grants, contracts, or other activities), to the appropriate GPRA program activities. A free-standing' program activity for overhead costs may be established where attribution of costs is not yet feasible. Agencies should coordinate closely with their program division at OMB when developing these estimates.

(e) Merging the final annual plan with the agency Congressional justification.

The final plan may be a separate document from the agency budget justification or an integral part of the justification. Agencies are encouraged to coordinate with the appropriate Congressional committees on the format for such a document; coordination with the appropriation subcommittees could be particularly important.

An agency merging the final plan with its Congressional justification should indicate which parts of the merged document constitute the annual performance plan. Merging the annual plan with the Congressional justification can produce a document of significant length. As an agency’s Congressional justification typically includes additional and more detailed information than required for the annual plan, review of the plan as well as its public availability will be aided by such a demarcation.

If an agency is proposing changes to its budget account structure (see sections 25.3, 71.2, and 71.3 of Part 1 of this Circular, and subsection (c) above), agencies should anticipate the potential need for a transitional crosswalk showing performance information related to both the existing structure and the new structure.

220.9 General guidelines on developing performance goals and indicators.

***Summary of requirement*:** An annual performance plan must include performance goals. Performance goals shall be defined either in an objective and quantifiable manner, or as sufficiently precise descriptive statements that allow an accurate, independent determination to be made of actual performance (for the latter, see section 220.15).

(a) Principles.

When choosing the performance goals and indicators to be included in an annual plan, agencies should be guided by the following principles. The goals and indicators should:

- Be expressed in an objective and quantifiable manner unless OMB approves otherwise (see sections 220.15-200.16);
- Inform the President, Congress, and other interested parties of the expected level of achievement for the program or activity;
- Be mainly those used by managers as they direct and oversee how a program is carried out. (Measures that inadequately inform managers about program performance will not help managers respond when problems arise);
- Be centered on a program or activity's core purpose, and its key attributes and characteristics; and
- Cover the 12 month period of the Federal Government's fiscal year (October 1-September 30). (In those cases where an agency operates on a different fiscal year, the annual plan should correspond to the agency's fiscal year.)

Performance goals and indicators usually have a numerical target level or other measurable value. This facilitates the future assessment of whether the goals and indicators were actually achieved. When defining goals, agencies should anticipate their future ability to measure and report actual performance against them. (The comparison between projected and actual performance is the primary feature of the annual program performance report that agencies are required to prepare under GPRA.)

Annual plans should strike a balance between too few and too many measures. Agencies should include enough measures to show, in a substantive way, how well the agency is doing in carrying out its programs. Plans should neither capture the complete array of measures likely to be used in managing programs, nor skimp on what is measured, resulting in a narrowly-drawn or fragmented picture of performance.

(b) Types of program performance goals.

As a general rule, outcome goals should be included in an annual plan whenever possible.

In a strategic plan, general goals and objectives are commonly outcome-type goals. However, outcome goals may only be achieved at certain points during the timespan of a strategic plan. An annual plan should include outcome goals when their achievement is scheduled for the fiscal year covered by the plan.

When outcome goals are defined as achieving a broad standard, rate, or level, such as a national incidence rate, the plan should indicate the agency's role in goal achievement. This can be done either in the goal description or by identifying the means the agency will use to accomplish the goal. Without an association being shown between such outcomes and what an agency is doing to achieve them, agency funding can be difficult to justify.

Most plans will supplement outcome goals with measures of output. Measures of output can be the predominant goals and indicators in an annual plan for several reasons:

- Outcome goals, other than those being accomplished at a continuing, sustained level, may not be scheduled for achievement in the fiscal year covered by the annual plan;

- An agency is likely to have more output goals than outcome goals; and

- As the frequency and nature of performance data for outputs allows for periodic assessment and intervention, managers often manage to outputs.

GPRA also allows an agency to define a performance goal in a way that is not self-measuring, i.e., one could not determine whether the goal was achieved by simply and objectively comparing actual performance to the performance goal as it was defined. If an annual plan includes a performance goal that is not self-measuring, the agency must include in its plan one or more performance indicators for that goal. The performance indicators shall set out specific, measurable values or characteristics related to the performance goal, and which will aid in determining goal achievement. An example of a goal that is not self-measuring would be ‘to improve maternal and child health on tribal reservations’. Performance indicators for such a goal could include morbidity and mortality rates, median infant birth weights, percentage of children immunized, frequency of pediatric checkups, etc.

While there are no requirements to include a specific category or type of measures in every plan, agencies are strongly encouraged to include, as appropriate, measures of customer service and program efficiency. Agencies should strive to include goals or indicators for unit cost, even if only approximate costs can be estimated. In time, as operational cost accounting systems become prevalent, agencies will be expected to include selected unit cost measures.

Agencies may use a single or several measures of performance for a program activity, but should be careful in their selection of measures not to depict programs as one-dimensional, or mask program distinctiveness by using the same performance parameter(s) across all programs.

(c) Goals related to credit programs.

Agencies having performance goals specific to their credit programs should include a brief description of how changes in the subsidy cost for these programs may affect the target values for these goals.

(d) Goals for internal agency functions and operations.

In addition to performance goals and indicators related to programs or specific organizational units, annual plans may include agency-wide goals (including those for internal functions) and means-type goals.

Agency-wide goals and indicators typically involve the agency workforce or the workplace environment. Examples include employee skills and training, workforce diversity, retention, downsizing, and streamlining. Administrative or program support components, such as procurement, personnel, and information management, may also be included as agency-wide goals. Where procurement is significant to the accomplishment of the mission, the annual plan should include measures of procurement performance.

Means-type goals and indicators describe the means or strategies that an agency will use to achieve its performance goals and indicators. Means or strategies typically cover processes, technologies, or certain types of resources that will be applied to help achieve a program or operational goal. Policy, programmatic, managemental, regulatory, or legislative initiatives can also be a means-type goal. Replacement of an agency's major computer systems, and redistribution or devolution of agency workload, are examples of means-type goals.

When included, means-type goals should be few in number, key to program accomplishment, and not a substitute for goals and indicators covering core programs and activities. Where possible, means-type goals should be presented with the relevant program or activity. Agencies should note that a significant investment in systems, equipment, or facilities may warrant categorizing the goal as a program goal. (See also subsection 220.11(d) on capital investments.)

Agencies have discretion regarding placement of agency-wide and means-type goals and indicators within the annual plan. An annual plan should not include any goals for inputs (budget resources, number of FTEs, etc); agencies are required to provide information on inputs in that section of the annual plan describing required resources (see section 220.11).

(e) Goals for management problems.

Performance goals for management problems should be included in the annual plan, particularly for problems whose resolution is mission-critical, or which could potentially impede achievement of program goals (see also subsection 220.11(e)). Often, such performance goals will be expressed as milestone events for specific remedial steps.

(f) Cross-cutting programs.

At a minimum, the annual plan should indicate those programs or activities that are being undertaken with other agencies to achieve a common purpose or objective; i.e., interagency and cross-cutting programs (see

section 220.7). This identification need cover only programs and activities which represent a significant agency effort. An index displaying agencies and the relevant programs or activities may be a useful format.

An agency should also review the fiscal year 2000 performance plans of other agencies participating with it in a cross-cutting program or activity. This review should focus on assuring that related performance goals and indicators for a crosscutting program are consistent and harmonious. As appropriate, agencies should modify performance goals to bring about greater synergy and inter-agency support in achieving mutual goals. These reviews may also identify goals-in-common that agencies may each choose to include in their annual plan.

As the annual plan is based on the program activity listings in the Appendix volume of the Budget, these listings -- which typically cover but do not individually identify numerous sub-programs, projects, and sub-activities -- may not be sufficiently detailed to identify every cross-cutting program or activity in an agency. For some agencies, identifying all their cross-cutting programs and activities could substantially expand the size of the annual plan, and introduce a very finite and disproportionate level of detail for these programs (see section 220.13).

220.10 Reflecting performance occurring in future years or funded by prior year monies.

***Summary of requirement*:** The annual performance plan should cover all performance related to the resources available or expended during the fiscal year. This includes fiscal year performance funded by prior year monies, and future year performance that would be funded by the agency's budget request for the fiscal year.

(a) Coverage.

Performance goals and indicators in an annual plan should present a complete picture of the performance related to the resources available for the fiscal year covered by the annual plan. Goals and indicators should cover all resources available for implementing the annual plan, specifically:

- Performance occurring in the fiscal year that is funded by spending prior year monies (i.e., spending from balances of budgetary resources provided in previous years);

- Performance occurring in the fiscal year that is funded by new resources becoming available in that year; and

- Performance occurring in a future fiscal year that is to be funded by new resources requested in the fiscal year covered by the annual plan.

An agency should also include performance goals and indicators in its plan even though actual performance against these goals is not fully and contemporaneously measured during the fiscal year covered by the annual plan.

Agencies should not confuse performance occurring in a future fiscal year with situations in which measured performance data will not be available at the time the program performance report is prepared. There often can be a significant lag in obtaining actual performance data for a particular period. The lag could be several years or more. GPRA makes allowance for this situation by requiring that the annual program performance report include results only when data becomes available. (See also section 232.4.)

(b) Performance goals that reflect prior year funding.

The annual plan should present the full level of performance for goals and indicators. In some instances, this performance level will reflect the spending of prior year monies during the fiscal year covered by the plan. The plan should specifically denote which goals or indicators are funded by a significant amount of prior year monies. A performance level need not be stratified to show how much performance is funded by any particular year. (Information on total funding by fiscal year associated with performance goals may be requested separately by OMB.)

(*c) Goals for performance occurring in a future fiscal year.*

When program performance in a fiscal year is funded by prior year monies, this circumstance often parallels a fiscal year budget which contains requests for funds that will not be spent until a future fiscal year(s). This is common practice in some grant programs and major procurements and is a statement of long-range investment priorities.

Goals and indicators covering future-year performance should be included in the annual plan. The plan should include a description of the projected level of performance to be achieved; a brief summary is sufficient. The plan should also identify the fiscal year(s) when performance will occur.

The prospective effect on projected performance goals and indicators for future years, from agency rulemaking or a tax expenditure initiative being undertaken in the fiscal year covered by the annual plan, should also be described.

Agencies may revise these projected levels of performance in a subsequent annual plan (i.e., the plan for the fiscal year in which the performance will actually occur). (See subsection (b) above on establishing goals reflecting prior year funding.) When one or more years intervene before the fiscal year of actual performance, goals and indicators covering the interim period are not required.

220.11 Description of means and strategies, and identifying required resources, processes, and technologies.

***Summary of requirements*:** The annual performance plan must describe how an agency expects to achieve its goals, and identify the various resources, skills, technologies, and processes that will be needed.

(a) In general.

The annual plan includes a description of the resources, processes, and technologies required to achieve the performance goals and indicators. These are the means (in many instances, inputs) the agency will employ, and can span operational processes, skills and technology, and human, capital, information, funding or other resources. The descriptions of these needs 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. This description is separate from, and in addition to, any description of means-type performance goals or indicators that an agency may establish (see section 220.9(d)).

The particular strategies an agency intends to apply in achieving its performance goals should be highlighted. These strategies include program, policy, managemental, regulatory, and legislative initiatives and approaches.

An agency should consider using its Congressional justification to provide information on sub-programs and activities not included in the annual plan. (An agency's Congressional justification often presents program and project information at a more detailed level than appears in the program activity listings in the Appendix volume of the Budget.) The level of detail in the Congressional justification may also allow an agency to present information on the complementing, supportive, or synergistic nature of related programs or activities, either within the agency or between agencies. (See subsection 220.8(e) on merging the annual plan with the Congressional justification.)

The description 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.

(b) Regulation and tax expenditures.

Descriptions should be provided for specific regulations and for use of tax expenditures when achievement of program or policy goals is dependant upon these governmental actions. For economically significant rules -- as defined in Section 3(f)(1) of Executive Order 12866, "Regulatory Planning and Review" (September 30, 1993) -- that the agency intends to propose or promulgate during the fiscal year, the annual plan should include a quantified estimate of the regulation's cost to Federal, State, local, and tribal governments, and the private sector, and an estimate of the regulation's anticipated benefits.

Estimates should be developed consistent with the timing and other criteria in E.O. 12866 and related guidance. Estimates may not be available when the initial version of a performance plan is prepared. If quantified estimates do not yet exist or cannot be developed, the costs and benefits should be described qualitatively.

(c) Proposed legislation.

If achievement of a performance goal is contingent on enactment of legislation during the fiscal year covered by the annual plan, a brief description of this legislation, as proposed in the agency's legislative program,

should be included. (Section 6 of OMB Circular No. A-19 provides additional information on an agency legislative program.)

(d) Capital assets/capital programming.

Part 3 of this Circular requires agencies to prepare a capital asset plan and justification for certain major acquisitions. These include acquisitions of importance to an agency's mission, or having a significant role in the administration of agency programs. The annual plan should reference the capital asset plan, and include a brief description of any major acquisition contained in the capital asset plan that will bear significantly on the achievement of a performance goal.

The capital asset plan should also satisfy requirements in the Information Technology Management Reform Act of 1996 (ITMRA) for performance and results-based management. This may include goals for improving agency operations through the use of information technology; benchmarking of agency processes; descriptions of how information technology will be used to help achieve program goals; and assessments of the staffing, skill, and training needs of agency employees in the information resources management area. ITMRA requirements can be met by including these goals in the annual plan.

The performance goal in the annual plan and the performance goal(s) for any major acquisition should be consistent. (See also explanatory table for Exhibit 300B in Part 3.) Further guidance on including and referencing capital asset information in the annual performance plan is provided in the Capital Programming Guide.

(e) Management problems.

Agencies may choose to describe actions being taken to address and resolve significant management problems. Including this description is particularly important for those problems of a mission-critical nature, or which prospectively and realistically threaten achievement of major program goals. Agencies may establish performance goals covering priority actions on key problems (see subsection 220.9(e).

The annual plan is principally a plan covering programs and program accomplishment. Agencies should avoid distorting this focus and not clutter the annual plan with an extensive inventory of virtually every management or administrative problem facing the agency.

220.12 Verification and validation.

***Summary of Requirement*:** The annual performance plan must include an identification of the means the agency will use to verify and validate the measured performance values.

(a) In general.

The annual plan should include a description of how an agency intends to verify and validate the measured values of actual performance. The means used should be sufficiently credible and specific to support the

general accuracy and reliability of the performance information that is recorded, collected, and reported. Agencies have discretion in determining the method of verification and validation to be used. Although GPRA does not prescribe use of any particular method, technique, or organizational entity, agencies may continue to rely on established procedures, such as an audit, for certain goals or indicators.

Agencies are not required to develop an independent capacity for verifying or validating performance data received from, or based on, sources outside the agency. Data sources outside the agency should be identified in the plan. Available information from an outside source regarding the accuracy and reliability of its data should be collected, but need not be included in the plan.

(b) Information on data sources.

In the description, an agency should, as appropriate, indicate:

- The current existence of relevant baseline data, including the time-span covered by trend data;
- The expected use of existing agency systems in the collection and reporting of data;
- The source of the measured data;
- Any expected reliance on an external source(s) for data, and identification of the source(s); and
- Any changes or improvements being made to existing data collection and reporting systems or processes to modify, improve, or expand their capability.

Agencies may also choose to identify, in advance, any performance goal for which actual performance data will likely be unavailable at the time the program performance report is prepared for the fiscal year covered by the plan. GPRA specifies that an agency program performance report note the incomplete status of the performance data, and requires agencies to include the actual performance information in a subsequent program performance report.

220.13 Availability of detailed performance information.

For many agencies, the annual plan will describe performance on a large or macro scale. The annual plan will synthesize and summarize from more detailed plans specific to a program or component, or from performance information prepared and used at different levels of the agency.

In these instances, agencies will have available, and be responsive to, any appropriate inquiries for the underlying detail that exists in their lower-level plans. To ensure this capability, the more detailed plans should use consistent and mutually supportive performance measures that provide the ability to access or "drill down" to more refined levels of performance information.

220.14 Classified or other appendices not available to the public.

An agency may attach a classified appendix to its annual plan. The appendix includes any material authorized under criteria established by Executive order to be kept secret in the interest of national defense or foreign policy. The material should be properly classified in accordance with the Executive order. Only the minimum amount of information necessary for the classified appendix should be included.

With OMB approval, agencies may prepare a non-public appendix covering certain law enforcement or revenue collection activities. Agencies should consult with, and receive the approval of, their OMB representative before preparing this type of appendix.

Performance goals or indicators included in a non-public appendix should be sufficiently specific in scope or focus that revealing the goal publicly would likely impede achievement of the goal. While certain performance goals and indicators for these activities may not be in a public portion of the plan, the program performance report will usually publicly record actual performance--in a post-facto manner--against such goals and indicators, and compare this to the target or performance levels in the non-public annex.

To avoid classifying the entire plan, a classified or non-public appendix to a plan should be detachable from the other parts of the plan.

220.15 Agency requests for use of alternative form(s) of measurement.

Summary of requirements: An agency's use of an alternative form of measurement in defining performance goals in the annual performance plan is subject to OMB approval. The performance goal must be defined in a manner that allows an accurate, independent determination to be made of how actual performance compares to the goal as stated.

Agencies not able to define performance goals for a particular program or activity in an objective, quantifiable form may propose an alternative form of measurement. The alternative form may be either:

- Separate, descriptive statements of a minimally effective program and a successful program, expressed with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the actual performance meets the criteria of the description; or,

- Some other alternative that allows an accurate, independent determination to be made of how actual performance compares to the goal as stated.

Agency requests for use of an alternative form should be submitted to the appropriate OMB representative when the initial annual plan is sent to OMB. The request should contain the exact proposed language of the goal(s) as these would be expressed in the alternative form, and a brief statement of why it is not feasible to use an objective, quantifiable form of goal-setting and measurement for the particular program activity. The request may be for more than one fiscal year.

After reviewing the request, OMB will inform the agency whether the alternative form is approved, and if approved, may specify the fiscal year(s) that the alternative form can be used. The appearance of an alternative form in the final annual plan, shall be deemed to be authorized by OMB and the plan need not document the authorization process.

220.16 Agency requests to waive the requirement for performance goals.

***Summary of requirements*:** An agency's omission of any performance goal for a program activity in its annual performance plan is subject to OMB approval. As a performance goal can cover, through consolidation and aggregation, more than one program activity, any approval will usually be for an entire Program and Financing Schedule. An agency receiving a waiver must reference the waiver in its annual plan, and include an explanation of why it is infeasible or impractical to establish any performance goal for the program activity.

An agency may propose that no performance goal(s) be established for a particular program activity. Requests should be for a program or activity that would otherwise be included in a performance plan (i.e., agencies need not request authorization to omit coverage of program activities stemming from a consolidation or aggregation). As with requests for an alternative form of measurement, requests to waive the requirement for performance goals must be approved by OMB.

Requests should be submitted to the appropriate OMB representative in advance of the submittal of its annual performance plan. The agency request must explain why it is infeasible or impractical to have any goal(s) for the program activity, and whether the infeasibility or impracticability is short-term or remediable with time. The request may be for more than one fiscal year.

After reviewing the request, OMB will inform the agency whether having no goals established for the program activity is authorized, and the fiscal year(s) covered by the authorization. Authorizations will usually be given for an entire program and financing schedule, rather than for a particular program activity in a schedule. The scope of an authorization stems from agencies being allowed to have a performance goal cover several or more program activities; a span that can obviate the need for an authorization covering only a single program activity among several in a program and financing schedule. (See also subsection 220.9(b) on aggregation and consolidation.)

The agency's annual performance plan shall include a reference to any authorization received for this purpose, and the explanation of why it is infeasible or impractical to establish a performance goal(s) for the particular program activity.

220.17 Clearance and public availability of the annual performance plan.

***Summary of requirements*:** The initial annual plan may not be released outside the Executive branch. Final annual plans and revised final annual plans must be cleared through OMB prior to transmittal or release to the public.

(a) Privileged nature of the initial plan.

In an annual plan, specific target levels of performance and measures are proposed for the performance goals and indicators. In contrast to a description of what will be measured (for example, an error rate), the target levels define what the proposed performance level will be (for example, an error rate of 1.3 percent). As the proposed target levels for many performance goals in the initial plan reflect specific funding levels in an agency's budget request, the initial plan is considered to be pre-decisional. As privileged material, the initial plan may not be released outside the Executive branch. (See also section 36.1 in Part 1 of OMB Circular No. A-11 on the prohibition on releasing certain budget information prior to its official transmittal to Congress.)

For any new program or activity proposed to be initiated and funded as part of the President's budget, both the descriptions of the performance goals, as well as target levels for these goals are pre-decisional and privileged.

Descriptions of performance goals or indicators appearing in a transmitted strategic plan (see section 210.8) or in a previous year's annual plan, are already public and are not privileged. In addition, for programs involving a partnership or similar arrangement between an agency and States or local governments, the specific program target levels are not privileged if they have been negotiated and are public knowledge prior to transmittal of the initial plan to OMB.

(b) Clearance of the final plan and revised final plan.

The final plan as well as any revised final plan are considered budget-related materials. The provisions of section 36.3 of Part 1 regarding OMB clearance of such materials prior to their transmittal or release applies to these iterations of the annual plan.

(c) Public availability of the final plan.

As soon as practicable after it is sent to Congress, the revised annual plan should be made available to the public. Agencies should consider using electronic means, such as the WorldWideWeb, to make the plan available. The ease of retrieving and reading the plan from an electronic site should be factored in the design and format of the plan.

A final plan should be written in a concise informative manner. Readability should be paramount. As a public document, its content -- in style, length, and structure -- should be such that it promotes a reader’s interest in and understanding of the agency and its programs.

When a revised final annual plan is provided to Congress, it also should be made publicly available.

(*d) Receiving comments on the final plan.*

Unlike for strategic plans, GPRA does not require that an agency consult with Congress on its annual plan prior to transmittal, or provide an opportunity for potentially interested or affected parties to give their views. (See sections 210.12-13 on strategic plan consultation and contrary views.) Congressional views on the final plan are obtained in the course of the legislative session, and Congressional action can be based on the performance information contained in the plans. Both a revised final plan and future fiscal year plans can reflect these Congressional views and actions. Agencies are encouraged to ask the public for their views on the final plan, particularly its readability and informativeness.

220.18 Revised final annual plan.

***Summary of requirement*:** Changes made to a final plan through a revised final plan are limited to those resulting from Congressional action or the occurrence of unanticipated exigencies.

(a) In general.

GPRA allows, but does not require, an agency to prepare a revised final plan. If an agency chooses to prepare a revised final plan, this plan primarily reflects Congressional action on the agency's budget request. In a revised final plan, an agency may:

- Change target levels for performance goals or indicators, where the target levels are materially affected by Congressional action;
- Introduce new goals or indicators, or modify existing goal descriptions, in response to Congress; or
- Modify goals or indicators because unanticipated exigencies have occurred since submission of the final annual plan to Congress.

Only necessary changes should be made in a revised final plan. Performance goals and indicators unaffected by the above circumstances should not be altered. The President's budget and Congressional review of the agency budget requests are based on the projected levels of performance in the final annual plan. These levels reflect the agency's commitment to achieve these goals with the funds requested. A refinement of goals or indicators in the revised final plan resulting from additional data and analysis, further agency consideration or evolving judgments, could undercut the relevance of earlier iterations of the annual plan in supporting the agency's budget request.

While performance goals and indicators are the annual plan element most likely to be altered, changes may be made to means and strategies or other elements of the annual plan.

(b) Displaying changes from the final plan.

A revised final plan should clearly indicate the changes in performance goals and indicators, means and strategies, or other elements being made to the final plan. The revised final plan should not simply substitute the modified values or descriptions. Showing only the changes would force readers to search separate documents before they could understand the extent of the changes.

(c) Reference copy of a revised final plan.

A revised final plan is a source document for the annual report. An agency not sending a revised final plan to Congress or OMB must prepare and have available for reference at the agency, a copy of the revised final plan.

As a document, a revised final plan may be limited in size and scope to cover only the changes to the final plan. However, many agencies may prefer to use a complete annual plan for management and operating purposes. This revised final plan would meld the modified performance goals and other elements with the content of the final plan.

(d) Revised final plan for fiscal year 2000.

An exception to the general instruction on making only necessary changes will apply to the annual performance plans for fiscal year 2000. As fiscal year 2000 begins, agencies will be collecting and reporting program performance information for fiscal year 1999. This actual information may show a need to modify FY 2000 performance goals. An agency may include such modified goals in a revised final plan for FY 2000. The goals modified may be in addition to those changed because of Congressional action or unanticipated exigencies. The revised final plan must be completed in the Fall. Agencies should not modify FY 2000 goals based on actual FY 1999 performance data that becomes newly available in the second quarter of FY 2000 or later.

Section 4(b) of the Government Performance and Results Act

(This excerpt from Section 4(b) covers 31 U.S.C. 1115 (a)–(e) on annual performance plans.)

SEC.4.(b) PERFORMANCE PLANS AND REPORTS.—Chapter 11 of title 31, United States Code, is amended by adding after section 1114 the following new sections:

"§1115. Performance plans

(a) In carrying out the provisions of section 1105(a)(29), the Director of the Office of Management and Budget shall require each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency. Such plan shall—

"(1) establish performance goals to define the level of performance to be achieved by a program activity;

"(2) express such goals in an objective, quantifiable, and measurable form, unless authorized to be in an alternative form under subsection (b);

"(3) briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals;

"(4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;

"(5) provide a basis for comparing actual program results with the established performance goals; and

"(6) describe the means to be used to verify and validate measured values.

"(b) If an agency, in consultation with the Director of the Office of Management and Budget, determines that it is not feasible to express the performance goals for a particular program activity in an objective, quantifiable, and measurable form, the Director of the Office of Management and Budget may authorize an alternative form. Such alternative form shall—

"(1) include separate descriptive statements of—

"(A)(i) a minimally effective program, and

"(ii) a successful program, or

"(B) such alternative as authorized by the Director of the Office of Management and Budget,

with sufficient precision and in such terms that would allow for an accurate, independent determination of whether the program activity's performance meets the criteria of the description; or

"(2) state why it is infeasible or impractical to express a performance goal in any form for the program activity.

"(c) For the purpose of complying with this section, an agency may aggregate, disaggregate, or consolidate program activities, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

"(d) An agency may submit with its annual performance plan an appendix covering any portion of the plan that—

"(1) is specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign policy; and

"(2) is properly classified pursuant to such Executive order.

"(e) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of performance plans under this section shall be performed only by Federal employees.

SECTION 221 -- THE FY 2001 ANNUAL PERFORMANCE PLAN

221.1 Annual performance plan for fiscal year 2001.

(a) Introduction.

The FY 2001 annual plan will expand the amount of performance information included in the FY 1999 and 2000 annual plans. The FY 2001 annual plan adds a third year of performance information. Additionally, agencies are encouraged to include performance information for fiscal years 1998, 1997, and 1996 to help show performance trends. (See section 221.2)

(b) Incorporating improvements arising from reviews of the FY 1999 and 2000 annual plans.

Being the first sets of annual plans required by GPRA, the FY 1999 and 2000 performance plans were reviewed extensively by OMB, Congress, and other parties. These reviews have produced numerous suggested improvements to individual agency plans. Agencies are expected to reflect and incorporate appropriate suggestions and comments for improving their annual plans in the fiscal year 2001 plan. (See also subsection 220.18(b).)

(c) Fiscal year 1999 and 2000 budget information.

Plans including performance goals for fiscal years 2000 (estimated performance) and 1999 (actual performance) should include the corresponding budget amounts for these goals, or sets of goals.

221.2 Fiscal year coverage of the FY 2001 annual plan.

***Summary of requirement*:** The FY 2001 annual plan should include performance goals for both FY 2000 and 2001, and actual performance information for FY 1999. Agencies are encouraged to include actual performance information for FY 1998, 1997, and 1996 if it is available.

(a) Fiscal year 2001.

Performance goals and indicators for fiscal year 2001 set out projected levels of performance. These performance goals are a statutorily-required element of the plan.

(b) Fiscal year 2000.

For performance goals and indicators included in both the FY 2000 and 2001 plans, the target levels of performance for fiscal year 2000 should be displayed. While target values for a performance goal can differ

by fiscal year, the goal description should be similar. The target values for FY 2000 represent estimated performance levels.

The FY 2000 target levels are those contained in either the final plan or the revised final plan for this fiscal year, whichever is most current. Although FY 2000 target levels are included in an agency's final FY 2001 plan (sent to Congress in February or March 2000), the FY 2001 plan is not used to further revise target levels for performance goals in the FY 2000 plan. Any such revision must first be made through a revised final plan for FY 2000.

Fiscal year 2000 performance goals or indicators that are not continued in the FY 2001 plan need not be included in this plan.

(c) Fiscal year 1999.

Agencies should include actual performance data for FY 1999 for those performance goals and indicators included in both the FY 1999 and 2001 plans.

Actual performance information for FY 1999 often will not be available when the initial FY 2001 plan is sent to OMB in September 1999. Data availability should increase by the time that the final plan is sent to Congress. Agencies including actual performance data in their FY 2001 plan but lacking information for specific goals or indicators should note that the information is not available. Data may also be characterized as preliminary.

An agency need not compare actual performance with fiscal year 1999 target levels for performance goals and indicators. (See also section 232.1 on other elements of a program performance report which an agency need not include in its annual plan.)

(d) Fiscal years 1998, 1997, and 1996.

Agencies having actual performance data for 1998, 1997, and 1996, which corresponds to the performance data for FY 1999, are encouraged to include this information. This data can be useful in showing trends or in establishing a baseline.

(e) Future fiscal years.

Agencies may include the projected level of performance in a future fiscal year (post fiscal year 2001). See subsection 220.11(c) on goals for performance occurring in a future fiscal year.

221.3 Display of performance goals in the FY 2001 annual plan.

Performance information for fiscal years 1999, 2000, and 2001 for a program activity should be grouped as a single array. Agencies should avoid dividing the annual plan into separate sections by fiscal year.

Agencies have flexibility in designing the array, e.g., whether to present the information as a multi-column table or vertically. The design may be influenced by how the performance goals are expressed, e.g., as quantitative values or descriptive statements. Fiscal year 2001 target levels should be defined as projected performance, FY 2000 target levels as estimated performance, and FY 1999 (or prior year) levels as actual performance.

Performance goals or indicators newly established for the FY 2001 plan may not have counterpart goals in the FY 2000 plan. The plan should indicate that these are new goals.

SECTION 230 -- PREPARATION AND SUBMISSION OF THE ANNUAL PROGRAM PERFORMANCE REPORT

230.1 The purpose of the annual program performance report.

As an agency, you submit an annual program performance report (the annual report) to the President and Congress. Your report is submitted within six months of the end of a fiscal year. The report covers your program and operational activities during that year.

The Government Performance and Results Act (GPRA or the Results Act) specifies the content of your annual report. The annual report provides information on your actual performance and your progress in achieving the goals and objectives in your strategic plan and annual performance plan (the annual plan). Actual performance is compared to the projected performance levels in your annual plan. Where target levels were not achieved, you explain why and describe the steps you are taking to accomplish such goals in the future.

These annual reports introduce a greater emphasis on organizational and managerial accountability for program execution and results throughout the Executive branch. The GPRA provisions related to the program performance report are set out in Exhibit 230 .

You prepare only one annual report for a fiscal year. Missing or incomplete performance data is included, as it becomes available, in a subsequent year's annual report.

230.2 Relationships between the annual program performance report, the annual performance plan, and the accountability report.

(a) The general relationship between the strategic plan, the annual plan and the annual report.

You base your annual report on the performance goals and indicators in your annual plan. Your annual report must cover all performance goals in your annual plan. In certain instances, the annual report need not cover performance indicators in the annual plan. (See subsection 232.4(b) on omitting reporting on certain performance indicators. See section 200.2 for definitions of performance goals and performance indicators.)

Your agency's annual report can also record achievement of the general goals and objectives in your strategic plan. This is done as follows: when an annual plan for a particular fiscal year states a general goal or objective as a performance goal, the annual report for that year will cover achievement of that general goal or objective.

Coverage of other annual plan elements in your annual report is not mandated. However, an agency may describe aspects of data collection and reporting that are specific to the fiscal year covered by the annual report (see subsection 232.2(d)). An agency may also briefly narrate how the means and strategies described in the annual plan related to performance goal achievement.

(b) Including actual performance information in the annual plan.

Beginning with the FY 2001 annual plan, you include at least three years of performance information in your annual plan (see sections 220.7 and 221.2). This includes actual performance information for the fiscal year covered by the annual report. Information on actual performance, as it appears in the annual plan, should substantively mirror what is presented in the annual report. An annual plan omits comparisons between projected and actual performance levels and provides no explanation for why performance goal target levels were not met.

Actual performance information is primarily presented in the final annual plan, which is generally sent to Congress in February. The initial annual plan is sent to OMB in September. This date is before the end of the fiscal year for which actual performance is reported. Thus, the initial plan will likely contain little actual performance information when sent. Agencies may add actual performance information to the initial plan during the Fall.

Agencies may also add actual performance information to a revised final plan. (Only actual performance information that became available after the final annual plan was sent to Congress can be added.) Revised final plans are prepared around October. Information is added only for those goals that are being revised. An agency does not add actual performance information for unrevised goals. Rather, this latter information is included in next year's final plan. For example, an agency does not obtain actual FY 1999 performance information for a program until May 2000. The performance goals for this program are not changed in the revised final plan for FY 2001. The agency would include this actual performance information in its FY 2002 final plan (this plan would include performance information for FY 1999). (See section 220.2 on the three iterations of an annual plan.).

The appearance of actual performance information in the annual plan does not relieve an agency of its responsibility to include the same information in an annual report. If newly obtained performance information appears in a revised final plan, this information must also be included in the subsequent year's annual report. This will ensure that actual performance information is presented along with other required elements of an annual report.

(c) Combining the annual report with the annual plan or the annual accountability report.

Your agency may choose to merge your annual performance report with your final annual plan. Agencies may not merge the annual report with the revised final plan, as this plan is not usually formally sent to Congress and the President.

Some agencies also prepare an annual accountability report. Accountability reports are prepared consistent with requirements set out in the Government Management and Reform Act of 1994. Although accountability reports primarily contain financial and other related information, agencies may also include performance information. An agency may elect to combine the annual program performance report with its accountability report. (Exhibit 233 summarizes the major features of an accountability report.) (See section 233.1 on combining an annual report with the annual plan or the accountability report.)

Section 4(b) of the Government Performance and Results Act

(This excerpt from Section 4(b) covers 31 U.S.C. 1116 (a)-(f) on annual program performance reports.)

"§1116. Program performance reports

" (a) No later than March 31, 2000, and no later than March 31 of each year thereafter, the head of each agency shall prepare and submit to the President and the Congress, a report on program performance for the previous fiscal year.

"(b)(1) Each program performance report shall set forth the performance indicators established in the agency performance plan under section 1115, along with the actual program performance achieved compared with the performance goals expressed in the plan for that fiscal year.

"(2) If performance goals are specified in an alternative form under section 1115(b), the results of such program shall be described in relation to such specifications, including whether the performance failed to meet the criteria of a minimally effective or successful program.

"(c) The report for fiscal year 2000 shall include actual results for the preceding fiscal year, the report for fiscal year 2001 shall include actual results for the two preceding fiscal years, and the report for fiscal year 2002 and all subsequent reports shall include actual results for the three preceding fiscal years.

"(d) Each report shall--

"(1) review the success of achieving the performance goals of the fiscal year;

"(2) evaluate the performance plan for the current fiscal year relative to the performance achieved toward the performance goals in the fiscal year covered by the report;

"(3) explain and describe, where a performance goal has not been met (including when a program activity's performance is determined not to have met the criteria of a successful program activity under section 1115(b)(1)(A)(ii) or a corresponding level of achievement if another alternative form is used)--

"(A) why the goal was not met;

"(B) those plans and schedules for achieving the established performance goal; and

"(C) if the performance goal is impractical or infeasible, why that is the case and what action is recommended;

"(4) describe the use and assess the effectiveness in achieving performance goals of any waiver under section 9703 of this title; and

"(5) include the summary findings of those program evaluations completed during the fiscal year covered by the report.

"(e) An agency head may include all program performance information required annually under this section in an annual financial statement required under section 515 if any such statement is submitted to the Congress no later than March 31 of the applicable fiscal year.

"(f) The functions and activities of this section shall be considered to be inherently Governmental functions. The drafting of program performance reports under this section shall be performed only by Federal employees.

SECTION 231 -- SENDING THE ANNUAL PROGRAM PERFORMANCE REPORT TO THE PRESIDENT AND CONGRESS.

231 Sending the annual program performance report to the President and Congress.

Summary of Requirement: The agency head must send the annual report to the President and Congress not later than six months after the end of the fiscal year covered by the report.

Every agency submitting an annual plan to Congress must prepare and transmit an annual report for the fiscal year covered by the plan. An annual report need not be prepared if an agency ceases operations prior to the transmittal date.

Your annual report must be transmitted not later than six months following the end of the fiscal year covered by the report. For the annual report for fiscal year 1999, this date will be March 31, 2000. Reports may be transmitted earlier. If you combine the annual report with either the accountability report or the annual plan, the combined document must be transmitted by the March 31 date.

Your annual report is sent to the President and Congress. GPRA requires that the report be transmitted by the head of your agency.

A copy of your annual report to the President is sent to the Director of OMB; this should be noted in your transmittal letter to the President. An advance copy of the report is sent to the appropriate Resource Management Office in OMB at least ten days before its transmittal.

Please note that in preparing the President's budget for FY 2001, OMB will use actual performance information for FY 1999 as it appears in your annual plan. The data on actual FY 1999 performance must be consistent between the annual report and annual plan, and both annual plan and report data must be consistent with the President's budget.

Your transmittal letters to Congress are addressed to the Speaker of the House of Representatives and the 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 Governmental Affairs and the House Government Reform Committee. At a minimum, you should provide a copy of the annual report to all those in Congress receiving a copy of your agency's annual plan.

An agency combining the annual report with its accountability report must send the combined report to the President and Congress as specified above. This will expand the customary distribution of the accountability report.

If you choose to combine your annual report with your annual plan, changes to your customary distribution for this plan may be needed. A combined plan and report must be sent to the Speaker of the House and the President pro tempore of the Senate. (Annual plans need not be sent to these officials.) The transmitting

official for the combined plan and report must be the agency head. (Annual plans may be sent to Congress by an official other than the agency head; see section 220.2.) Agencies should coordinate with the appropriate OMB Resource Management Office on a schedule for providing an advance copy of the combined annual plan and report.

Following its transmittal to the President and Congress, your agency's annual report should be made available to the public. You are encouraged to use electronic means to make the report readily accessible; for example, by posting it on the WorldWideWeb.

SECTION 232 -- WHAT DOES THE ANNUAL PROGRAM PERFORMANCE REPORT CONTAIN?

232.1 The required elements of an annual program performance report.

Summary of Requirement: An annual report must compare actual performance with the projected levels of performance set out in an annual performance plan. When a projected performance level is not met, the report includes an explanation for not achieving a goal(s), and describes steps for meeting the goal(s) in the future. The report also assesses the effect of past year performance on current year performance levels. Annual reports for fiscal year 2000 and subsequent years will progressively cover additional years until the annual report contains at least four years of actual performance information.

Your annual report must include the following elements:

- A comparison of your actual performance with the projected levels of performance as set out in the performance goals in your annual performance plan (see section 232.4);
- An explanation, where a performance goal was not achieved, for why the goal was not met (see section 232.6);
- A description of the plans and schedules to meet an unmet goal in the future, or alternatively, your recommended action regarding an unmet goal where you have concluded it is impractical or infeasible to achieve that goal (see section 232.7);
- An evaluation of your performance plan for the current fiscal year, taking into account the actual performance achieved in the fiscal year covered by your report (see section 232.8); and
- Eventually, actual performance information for at least four fiscal years (see section 232.9)

232.2 Other features of the annual program performance report .

Summary of Requirements: When applicable, the annual report summarizes the findings of any program evaluations completed during the fiscal year and describes the contribution of non-Federal parties in the preparation of the report.

The following elements and features of an annual report may selectively apply to your agency. Any that do not apply are omitted from your annual report.

(a) Program evaluations.

Include 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.

At a minimum, an annual report covers two types of program evaluation: assessments of the manner and extent to which programs achieve intended objectives, and assessments of program implementation policies, practices, and processes. An agency's strategic plan sets out its schedule for doing program evaluations. Changes to this schedule are shown in the interim adjustment to the strategic plan. An interim adjustment may be prepared annually and is a separate part of the annual plan. (See section 210.11 on program evaluations generally, and also see subsection 210.2(d) regarding interim adjustments to a strategic plan.)

An annual report may also summarize findings and recommendations from other analyses or studies completed during the fiscal year. These studies and analyses can include policy, program, or management analyses, comprehensive reviews, cost-benefit studies, research to provide baseline data, or demonstration research. These studies and analyses supplement program evaluations and are described in the annual plan. (See also subsection 220.5(f).)

The annual report should note the availability of a complete copy of a program evaluation and how this might be obtained by an interested party.

(b) Information on use of non-Federal parties.

GPRA states that preparation of an annual report is an inherently government function. Your agency's employees are solely responsible for the transmitted copy of an annual report. However, when preparing your report, your employees may be aided by non-Federal parties, such as consultants, grantees, contractors, States, and local governments. Assistance by non-Federal parties can include the collection and reporting of performance data. Your annual report must acknowledge and indicate any significant contribution by any non-Federal parties in its preparation. (See also section 220.6)

(c) Classified appendices not available to the public.

An agency with a classified appendix for its annual plan may also prepare a similar classified appendix for its annual report. (See section 220.14 for a description of material that may be included in a classified appendix.)

With OMB approval, an agency may also prepare a non-public appendix for its annual plan. In the annual plan, a non-public appendix contains certain goals for law enforcement or revenue collection activities, where revealing these goals publicly would likely impede their achievement. Generally, agencies should not need to prepare a similar non-public appendix to their annual report. Retrospective reporting of actual performance for these particular goals should not interfere with achieving current or future goals for these 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.

(d) Quality of the reported performance information.

The annual plan is the principal document for describing how an agency intends to verify and validate the performance data it collects and reports. In its annual report, an agency may describe particular characteristics, issues, or problems related to collection and reporting of actual performance information for the fiscal year covered by that report. The annual report description may cover data sources. (See section 220.12 on verification and validation.) A brief commentary on the general quality of the actual performance information contained in the annual report may be useful in portraying the accuracy or validity of this data.

An agency may selectively include comments on the quality of the actual performance data included in the annual report, where such comments would help in understanding the accuracy or validity of the data.

(e) Analysis of tax expenditures.

Tax expenditures represent revenues foregone -- such as through deductions or credits -- and are specified in the tax code. An annual report must include the results of any tax expenditure analysis the agency completed during the fiscal year. These analyses assess the effect of specific tax expenditures in achieving performance goals. Nearly every agency preparing an annual report for FY 1999 is unaffected by this reporting requirement, as current responsibility for preparing these analyses is very limited.

(f) Waivers of administrative requirements.

Section 5 of the Results Act allows agencies to receive waivers from administrative requirements and controls. These waivers are intended to provide managers and organizations with greater flexibility, discretion, and authority, in the expectation this will lead to improved performance. An agency receiving such a waiver must describe, in its annual report, the use of this waiver and assess its effectiveness in achieving performance goals. No waivers were authorized for FY 1999, and no agency annual report for FY 1999 will include this description and assessment.

232.3 Format

There is no prescribed format for the annual report. Your agency is encouraged to include, from your strategic plan, a summary of your mission statement and your general goals and objectives.

The annual report is your opportunity to communicate the results of your programs and activities to the American public, legislators, and Executive branch officials. Your agency should produce a report that is easily read and understood, and direct and concise in the information it conveys. While an annual report is not a matter of style substituting for substance, the mode of presentation can be critical to an informative report. Agencies are encouraged to write their report using plain language; see http://www.plainlanguage.gov for information.

In your annual report, you may also include relevant budget information, consistent with the obligation amounts shown in the Budget Appendix for the fiscal year covered by the report. As resource amounts are generally covered in the means and strategies part of the annual plan, the annual report does not present comparisons between the amounts originally requested for a fiscal year and the amounts actually obligated.

232.4 Comparing actual performance to the performance goal target levels.

Summary of Requirement: The annual program performance report states the actual level of performance for every performance goal, and compares it to the target performance levels for these goals in the annual performance plan.

(a) In general.

Your agency's annual report compares the target level of performance for each goal as set out in your annual plan with the actual level of performance. The target levels are those shown in either the final plan or the revised final plan; whichever is the most current.

Your agency's annual report must state the actual performance for every performance goal in your annual performance plan. (See section 232.5 if actual performance information is not available when the annual report is submitted.)

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. (See also section 220.10 on performance goals funded by prior year monies.) If the annual plan contains a goal(s) set on a calendar year basis, actual performance is also reported on a calendar year basis.

The annual report includes actual performance for any goals that were discontinued after the fiscal year covered by the report. Discontinued goals should be so noted.

For some performance goals, the target levels will differ between the final plan and the revised final plan. An agency may choose to compare its actual performance to both target levels, but this is not encouraged. Such a presentation may complicate the presentation of information in the annual report and likely necessitate an explanation for why at least one of the two target levels was not met.

(b) Omitting reporting on certain performance indicators.

An agency need not include actual performance information for a performance indicator if the performance goal(s) associated with the indicator(s) is directly measurable. If performance indicators are critical to determining whether a performance goal was achieved, the actual performance for these indicators must be presented. (See also subsection 220.9(b) for a further description on the use of performance indicators.) Reporting may be omitted only if, a performance indicator was so identified in the annual plan. If an agency

collectively categorized its performance goals and indicators as performance measures, or did not separately list performance goals and performance indicators, then such entries are treated as performance goals and must be covered in the annual report.

(c) Reporting on performance goals that were defined using the alternative form.

If the alternative form (i.e., a non-quantified measure) is used to define a performance goal in the annual plan, the annual report matches actual performance to the corresponding performance criteria set out in the form. The description of actual performance must allow an accurate, independent determination to be made of whether such performance met the criteria specified in the form, or how it otherwise compared to the goal as stated. (See section 220.15 on the alternative form of measurement.)

For some performance goals expressed in the alternative form, agencies are encouraged to include illustrative examples of achievements occurring during the fiscal year. Examples can highlight, in a tangible way, what results were produced. Examples may be particularly appropriate for research and development goals, where criteria may be generalized and results cannot be predicted beforehand. For these and other programs, the examples can also indicate the nature of the results considered by evaluators when gauging whether the criteria for a certain level of performance were met. Examples can reflect major accomplishments or a representative set of achievements.

232.5 Unavailability of actual performance information

Summary of Requirement: When performance data is unavailable at the time an annual report is prepared, the performance information, the comparison to performance goal target levels, and any appropriate explanation, is included in a subsequent year's annual report.

At the time a performance report is sent to the President and 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, or preliminary. 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.

If actual performance information for the fiscal year is unavailable for a performance goal, agencies are encouraged to include, for reference purposes, performance information for a preceding fiscal year. This information can be helpful in defining baselines or showing trends. For the annual report for FY 1999, relevant performance information for fiscal years 1998, 1997, or 1996 may be included. (See also section 221.2 on including actual performance information for these fiscal years in the annual plan.)

Future year annual reports will include performance goals for a fiscal year where the comparison between actual performance and target levels was deferred because of missing or limited performance data. For these performance goals, the presentation in the future year annual report must meet all applicable requirements,

including an explanation for why a goal was not met. The future year annual report should set out, as a separate section, all the performance goals for which reporting of actual performance was deferred, and identify the fiscal year covered by any specific performance goal.

232.6 Providing an explanation for non-achievement of a performance goal

Summary of Requirement: The annual program performance report must include an explanation for why a performance goal was not met

(a) In general.

If a performance goal or indicator was not achieved, your annual report must explain why the target level was not met. The extent of your explanation may vary, depending on how non-achievement affected the program or activity.

You need not explain why the target level for a performance goal was exceeded. However, you are encouraged to include an explanation in your annual report if the target level was exceeded by a significant extent. This information can be useful in understanding a program or your management of that program.

(b) The specific explanation.

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. A specific explanation should not cover more than one unmet goal.

No hard and fast rule or threshold exists for when non-achievement of a goal warrants a specific explanation. The need for a specific explanation may depend on how precisely the performance target was set, the variance from previous year performance trends, and the relative effect of any shortfall. For example, a one percent deviation between actual and planned performance might be trivial or critical depending on the program.

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.

(c) The generic explanation.

You must provide an explanation even if the difference between the goal target level and actual performance is slight. This explanation may be generic and used for several or more unmet goals. A generic explanation may not be used if an agency is changing the target levels for an underachieved goal, or is taking additional or modified steps to assure future goal achievement.

In most instances, minimal differences result from goals being set months in advance and to an approximate level of precision. 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.

(d) Deferring an explanation.

An agency may defer providing an explanation where the performance data is preliminary, and, based on the experience of previous years, subject to significant correction. The deferral should be noted in the annual report. An explanation, if still needed, is provided in a future year performance report that includes the performance goal for which only preliminary data was initially available.

232.7 Agency plans and schedules for achieving an unmet goal in the future

Summary of Requirement: The annual program performance report describes the actions an agency will take to meet an unmet goal in the future, and a schedule for these actions. An agency may recommend that an unmet goal be modified or discontinued.

For every performance goal whose target level was not achieved, an agency includes a description of the actions it is taking to achieve the goal in the future. A schedule for these actions is also included. The actions and schedule may span both the current fiscal year and future fiscal years.

The actions and schedule should also be included in the means and strategies section of the agency's annual plan (see section 220.11). If an annual report is completed after the final plan, agencies may find it appropriate to use the means and strategies section of a revised final plan for this purpose. The description of these actions is not required for any unmet performance goal for which the agency provided a generic explanation (see subsection 232.6(c)).

A description of the actions being taken, and the accompanying schedule, may be omitted for an unachieved goal where external factors (such as a natural disaster) or entities (such as another country) were the sole cause for non-achievement, and the agency lacks the capacity or authority to affect these factors or entities. The effect of these external factors or entities on non-achievement should be noted in the annual report.

An agency may conclude, based on actual performance, that a performance goal cannot be achieved in the future. For such goals, the annual report explains why a particular goal is no longer practical or feasible, and recommends a course of action for the goal. These actions may include discontinuing or adjusting the goal. Changes to a performance goal may also need to be reflected in the agency's strategic plan (see section 210.9).

232.8 Evaluating performance goal levels in the current year performance plan relative to actual performance during the past fiscal year

Summary of Requirement: An assessment of the effect of actual performance on expected performance levels in the current fiscal year is included in the annual program performance report.

Your annual report includes an assessment of the effect of actual performance levels in the fiscal year covered by the report on the estimated levels of performance in the current fiscal year. A simple conclusive statement may suffice for this assessment.

Generally, a completed annual report is not used to make further adjustments to performance goals in your annual plan for the current fiscal year. However, if actual performance information is available prior to completing the annual report, an agency may use this information to modify performance goals or the means and strategies element in a revised final plan. A revised final plan is usually prepared several months in advance of a completed annual report.

The annual report may be used as a basis for revising the performance goals, the means and strategies, or verification and validation elements in either the final plan or the revised final plan for the budget year. (While the annual report appears midway through the current fiscal year, this date may be close to the completion of a final plan, and is about six months prior to when a revised final plan for the budget year is prepared.)

232.9 Including trend data in the annual program performance report

Summary of Requirement: Over time, agencies are required to include additional years of actual performance information until the annual report covers a minimum of four fiscal years. One year of actual performance information is required for the FY1999 report, two years will be included for the FY 2000 report, three years will be included in the report for FY 2001, and four years of information will be included in the reports for FY 2002 and future years.

Your annual report will eventually include actual performance information for at least four fiscal years. Beginning with the annual report for fiscal year 2000, more than one year of actual performance information will be presented until four years of information – the fiscal year covered by the report plus the three preceding

fiscal years -- are included. The fiscal year 2000 report will include actual performance information for fiscal years 1999 and 2000; the fiscal year 2001 report will include actual performance information for fiscal years 1999, 2000, and 2001; and the fiscal year 2002 report will include actual performance information for fiscal years 1999, 2000, 2001, and 2002. (The fiscal year 2002 annual report is due in March 2003.)

Agencies may cease reporting actual performance information for prior years for any goal that is discontinued. However, at least one annual report must contain actual performance information for a discontinued goal (see subsection 232.4(a)).

Comparisons between actual performance and performance goal target levels are not included for prior fiscal years, unless the comparison was deferred because of the unavailability or inadequacy of the performance data in a prior year's annual report.

Agencies having actual performance information for fiscal years 1998, 1997, or 1996 are encouraged to include this information in their annual report for fiscal year 1999. (See also section 232.5 on unavailability of actual performance information and section 221.2 on including prior year actual performance information in the FY 2001 annual plan.)

SECTION 233 -- MAY AN ANNUAL PROGRAM PERFORMANCE REPORT BE COMBINED WITH OTHER DOCUMENTS?

233.1 Merging the annual program performance report with the annual performance plan or the annual accountability report.

An agency may choose to prepare its annual report as a stand-alone document, or combine it with other plans or reports. The principal options available to an agency for combining documents are:

- Merging the annual plan with the annual report; or
- Merging the annual program performance report with the annual accountability report.

Additionally, an agency may combine its annual performance plan, program performance report, and Congressional justification into a single document. While at least one agency has successfully done so, other agencies should carefully consider the practicality of producing such a document. Coordination beforehand with appropriate Congressional committees and OMB is essential before attempting to combine the Congressional justification, annual plan, and annual report.

The annual report may not be split among several documents, such as including several elements in the annual plan and placing others in an accountability report. All required elements of the annual report must exist in a single document, even when combined with other another plan or report. In a merged document, agencies may adjust the placement of the required report elements to enhance their presentation.

An agency wishing to combine its annual report with another statutory report should discuss this proposed combination with its OMB Resource Management Office before proceeding. The timing, transmittal, and distribution requirements of section 231 apply to any combined report.

233.2 Including program performance information in the accountability report.

Exhibit 233 summarizes the content of an accountability report. Accountability reports are currently prepared on a pilot basis by most Cabinet departments and major independent agencies. These agencies typically include program performance information in their accountability reports. Prior to the accountability report, these and other agencies included program performance information as part of their audited financial statement.

Agencies not combining their annual program performance report with their accountability report may continue to include program performance information in the accountability report. Agencies not preparing an accountability report may continue to include program performance information in their annual audited financial statements.

The program performance information included in an accountability report, or as part of an audited financial statement, may either be taken from the annual program performance report, be supplemental performance information existing within the agency, or a combination of the two. Agencies should ensure that all program performance information appearing in different documents is consistent.

Program performance information derived from the annual program performance report is not subject to new or additional audit requirements as a consequence of its being included in the accountability report or the financial statement.

Principal Contents of the Annual Accountability Report

An Annual Accountability Report generally includes:

- A concise overview or executive summary of the reporting entity, sometimes called a management discussion and analysis, or MD&A, that summarizes the contents of the report and briefly addresses critical program and financial performance.

- Program performance information for the fiscal year covered by the accountability report. Agencies may also include prior year program performance information. (A combined accountability report and annual program performance report would automatically include this information.)

- The Federal Managers' Financial Integrity Act (FMFIA) signed assurance statements; information on management controls; and management's audit follow-up report as required by the Inspector General Act.

- Principal financial statements and accompanying footnotes; the auditor's report(s) thereon; and, if applicable, required supplementary stewardship information, required supplementary information, and other accompanying financial information.

CIRCULAR NO. A–11
PART 3

PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

JULY 1999

SECTION 300 -- PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

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300.1 Purpose.

Part 3 of this Circular provides guidance on planning, budgeting, and acquisition of capital assets, requires you to provide information on these assets in your budget submissions to OMB, and includes guidelines for planning. OMB uses these submissions to review funding requests and evaluate new and ongoing projects.

Part 3 also presents unified guidance designed to coordinate OMB's collection of agency information for its report to the Congress required by the Federal Acquisition Streamlining Act of 1994 (FASA) (Title V) and to ensure that your acquisition plans support the mission statements, long-term goals and objectives, and annual performance plans that you developed pursuant to the Government Performance and Results Act of 1993 (GPRA). Your submissions allow OMB to carry out its reporting responsibilities under FASA without issuing additional central guidance.

In developing your capital plans, you should follow the "Principles of Budgeting for Capital Asset Acquisitions" in Appendix 300A and the additional guidance in Appendix 300B. (The Principles were published in the *Analytical Perspectives* volume of the *FY 2000 Budget.)* You should also follow the guidance in the *Capital Programming Guide* (July 1997), which OMB published as a Supplement to this Circular.

300.2 Background.

(a) *General.*

The Federal Government needs to manage better the planning, budgeting, and acquisition of capital assets, including information technology. The National Performance Review in 1993 and recent legislation suggest widespread concern in the agencies and in Congress that the Government must improve its performance in this area.

In recent years, OMB has issued guidance on asset acquisition, conducted crosscutting reviews, and addressed specific asset acquisition issues in agency review sessions during the fall budget process. At the same time GPRA and FASA have created statutory performance-based reporting and review requirements that complement the goals of OMB's asset acquisition review.

Part 3 encourages you to focus on the importance of capital assets, including information technology, in carrying out the mission of your agency within the context of the existing scoring rules and the limits on discretionary spending.

(b) *Major legislation related to capital assets.*

FASA (Title V) requires OMB to report on the cost, schedule, and performance goals for asset acquisitions and how well you are meeting the goals. GPRA requires you to develop mission statements, long range strategic goals and objectives, and annual performance plans. GPRA became effective government-wide in September 1997, when you transmitted strategic plans to Congress and OMB and submitted the annual performance plan for fiscal year 1999 to OMB. Part 2 of this Circular provides guidance on the preparation and submission of strategic plans and annual performance plans.

(c) *Capital Programming Guide*.

To supplement guidance on planning, budgeting, acquiring, and managing capital assets, OMB published the *Capital Programming Guide* (June 1997) as a Supplement to this Circular. The purpose of the *Guide* is to provide professionals in the Federal Government a basic reference to principles and techniques for planning, budgeting, acquisition, and management of capital assets. You should consult the *Guide* when preparing your capital plans and developing your budget requests from those plans.

300.3 General requirements.

Provide the following information related to acquisition of capital assets as a part of your initial budget submissions (see due date in Part 1, section 50.1). For Cabinet and other agencies subject to executive branch review and the District of Columbia, the due date is September 13, 1999. You are required to submit:

- Information on the impact of full funding of capital assets now funded incrementally (exhibit 300A), using the coverage described in section 300.5; and

- A capital asset plan and justification (exhibit 300B) for major acquisitions identified pursuant to section 300.7(b).

Exhibit 300A requires information for accounts with projects funded incrementally. This will allow for an identification of budget authority needed to fully fund accounts with these projects.

Exhibit 300B requires information on plans and justifications for major acquisitions as identified in section 300.7(b). This information includes a summary of spending for project stages; justification and other information; and cost, schedule, and performance goals.

300.4 Definitions.

The following definitions apply for purposes of this Circular. Additional definitions appear as a Glossary to Appendix A.

(a) *Capital assets.*

Capital assets are land, structures, equipment, and intellectual property (e.g., software) that 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 includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its intended use.

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 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; replacements; rearrangements and reinstallations; and major repairs, but not ordinary repairs and maintenance.

Examples of capital assets include, but are not limited to, the following:

- Office buildings, hospitals, laboratories, schools, and prisons;
- Dams, power plants, and water resources projects;
- Furniture, elevators, and printing presses;
- Motor vehicles, airplanes, and ships;
- Satellites and space exploration equipment;
- Information technology capital assets (hardware, software, and applications), including those that are a national security system (as defined in section 5142 of the ITMRA; see section 300.4 (f) below) to the extent practicable;
- Department of Defense weapons systems; and
- Environmental restoration (decontamination and decomissioning efforts).

Capital assets may or may not be capitalized (i.e., recorded in an entity's balance sheet) under Federal accounting standards. Examples of capital assets that are not capitalized are Department of Defense weapons systems, heritage assets, and stewardship land.

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 or Department of Transportation grants to AMTRAK). Capital assets also do not include intangible assets, such as the knowledge resulting from research and development or the human capital resulting from education and training. However, capital assets do include land, structures, equipment, and intellectual property (e.g., software) that the Federal Government uses in research and development and education and training.

(b) *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.

(1) Planning segments. A planning segment of a capital project provides information that allows you 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. Because of uncertainty regarding the identification of separate planning segments for research and development activities, the application of full funding concepts to research and development planning will need more study.

(2) Useful asset. A useful asset is an economically and programmatically separate segment of the asset procurement stage of the capital project that provides an 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 among useful segments. Illustrations follow:

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. Such a building is a useful asset, 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 becomes 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 and its benefits exceed its costs without subsequent modules. The module should be designed so that it can be enhanced or integrated with subsequent modules, if future funding becomes available. An example of a separable module would be a database engine development project where the front-end and back-end data feeds were left unmodified.

(c) *Funding (full funding and incremental (partial) funding).*

Full funding means that appropriations -- regular annual appropriations or advance appropriations -- are enacted that are sufficient in total to complete a useful segment of a capital project before any obligations may be incurred for that segment (or the complete project as a whole, if it is not divisible into useful segments). Full funding for an entire capital project is required, if the project cannot be divided into more than one useful segment. If the asset can be divided into more than one useful segment, full funding for a project may be desirable, but is not required to constitute full funding.

Incremental (partial) funding means that appropriations -- regular appropriations or advance appropriations -- are enacted for just part of a useful segment of a capital project, if the project has useful segments, or for part of the capital project as a whole, if it is not divisible into useful segments. OMB Circular A-11 does not permit incremental funding for a capital asset, in which funds could be obligated to start the segment (or project), despite the fact that they are insufficient to complete a useful segment or project.

(d) *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, schedule and performance goals. OMB must approve the baseline goals and any changes to the goals.

(1) Cost and schedule goals. The baseline cost and schedule goals should be realistic projections, developed through the capital planning process, of the total cost and total time to complete the project and include interim cost and schedule goals. Cost goals must include the estimated cost of the contract(s) and the Government's management costs. Your Chief Financial Officer must review the cost goals prior to including them in the budget submission to OMB.

(2) Performance goals. The performance goals should clearly define the mission-related performance measures or other results that the acquisition is expected to accomplish. When possible, express performance goals in quantitative terms that are used in contractual statements of work.

(3) Illustrative major milestones in establishing goals. Establishment of the final baseline goals for management of the acquisition and reporting to Congress may undergo changes during the budget process and as the contracts are awarded. Illustrative major milestones in establishing or proposing revised baseline goals could be:

- Submission to OMB with initial justification for a new acquisition program;

- Approval for inclusion in the Administration's budget proposal to Congress;
- Enactment of appropriations; and
- Contract awards.

(e) *Information technology*.

Section 5002 (3) of the Clinger-Cohen Act of 1996 defines information technology as:

"(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."

(f) *Information technology systems for national security*.

Section 5142 of the Clinger-Cohen Act defines a national security system as:

"(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;

"(5) subject to subsection (b), is critical to the direct fulfillment of military 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)."

300.5 Full funding policy for capital assets.

(a) *Background.*

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 when decisions are made about providing resources. For most spending on acquisitions, this rule is followed throughout the Government. When capital assets are funded in increments, without certainty if or when future funding will be available, it can and occasionally does result in poor planning, acquisition of assets not fully justified, higher acquisition costs, project delays, cancellation of major projects, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

(b) *Full funding policy.*

Part 3 reaffirms the policy stated in Part 1, section 31.3. The full funding policy requires that each useful segment (or module) of a capital project be fully funded in advance with regular annual appropriations or advance appropriations. For definitions of these terms, see section 300.4 or the Glossary to Appendix 300A. Appendix 300A elaborates on the full funding concept (see the Principles of Financing section).

For the initial budget submissions, you are required to request full budget authority for all ongoing and new proposals for capital assets covered in (c) below, or at least for each useful segment of a capital project.

Identify in the initial budget submission any additional budget authority required to implement full funding. Adjustments to your planning guidance levels will be considered based on your budget submissions.

Display on exhibit 300A the additional amount of budget authority to fully fund projects currently funded incrementally. Exhibit 300A is discussed in section 300.6 below.

(c) *Coverage of full funding policy.*

The full funding policy applies to all capital assets as defined in section 300.4(a).

300.6 Information required: explanation of exhibit 300A: "Impact of Full Funding of Capital Assets."

Identify the amount of budget authority in the format of exhibit 300A: "Impact of Full Funding of Capital Assets" for capital assets, as defined in section 300.4(a), for projects funded incrementally. The purpose of this exhibit is to identify by account, not by individual project, the amount of budget authority needed to fully fund projects now funded incrementally, and to indicate how you would recommend implementing the full funding policy. You should reassess whether the remaining amount of budget authority needed to complete the project affects justification for the project.

EXPLANATION OF EXHIBIT 300A: IMPACT OF FULL FUNDING OF CAPITAL ASSETS

Entry	Description
General	For the years shown, report budget authority in millions of dollars for accounts with projects funded incrementally. In the column "BY+5 and beyond", show the amounts needed to complete projects begun in BY+4 or earlier. In the "total" column show the sum of budget authority for unfunded projects for the years BY+1 and beyond. Report only the total amount for the incrementally-funded projects in the account. Do not show the amounts for each project. PY is past year, CY is current year, and BY is budget year.
PART I: NEW PROJECTS FUNDED BEGINNING IN BY THROUGH BY+4	
A. Annual incremental amounts of budget authority requested for new projects	Report the amounts of budget authority in your request, for each account, for new proposed projects funded incrementally beginning in BY through BY+4. Report the total for each account separately and the agency total.
B. Your recommendation for redistribution to useful segments (or modules) that are fully funded.	Report your recommendation for redistribution of budget authority to useful segments (or modules) that are fully funded with either regular or advance appropriations. Report the total for each account separately and the agency total.
PART II: PAST PROJECTS FUNDED IN CY OR EARLIER	
A. Annual incremental amounts of budget authority requested for past projects	Report the amounts of budget authority in the your request, for each account, for projects funded incrementally in past years (i.e., with budget authority beginning in CY or earlier). Report the total for each account separately and the agency total.
B. Your recommendation for redistribution to useful segments (or modules) that are fully funded.	Report your recommendation for redistribution of the budget authority to useful segments (or modules) that are fully funded with either regular or advance appropriations. Report the total for each account separately and for your agency total.

300.7 Criteria and coverage of exhibit 300B: "Capital Asset Plan and Justification."

(a) *Criteria.*

Exhibit 300B covers major acquisitions, which are those requiring special management attention because of their (1) importance to your agency's mission; (2) high development, operating, or maintenance costs; (3) high risk; (4) high return; or (5) their significant role in the administration of your programs, finances, property, or other resources.

(b) *Coverage for this year.*

Report on all major acquisitions, including major acquisitions of financial management systems and other information technology. Consult with your OMB representative to decide which specific projects should be classified as major acquisitions, building on what you provided in response to Part 3 last year for the *FY 2000 Budget.* Any information technology system reported as a major system in exhibit 53 (Parts 1, 2, and 3) must also be reported on exhibit 300B.

(c) *Future years.*

You should develop capital plans for all acquisitions, not just the major acquisitions covered by the criteria in (a).

300.8 Information required: explanation of exhibit 300B: "Capital Asset Plan and Justification."

For each asset identified pursuant to section 300.7 (b), you are required to include with your initial budget submission the information on capital assets shown in exhibit 300B: "Capital Asset Plan and Justification." Submissions for information technology capital projects should have the concurrence of the Chief Information Officer. Exhibit 300B is an illustrative format, not a required format. You may submit the information in a different format, if it is acceptable to your OMB representative.

Data on information technology, a subset of data reported in exhibit 300B, are also required. (See reporting requirements in section 53.) For information technology, the funding stages for "Planning" plus "Full acquisition" are the same as the "Development/modernization/enhancement" entry described in exhibit 53 , and "Maintenance" is the same as "Steady state" in exhibit 53. Detail on information technology reported in exhibit 300B should be aggregated and used to prepare exhibit 53.

EXPLANATION OF EXHIBIT 300B: CAPITAL ASSET PLAN AND JUSTIFICATION

Entry	Description
Heading	Identify your agency, bureau, account title and identification code (using the OMB agency/bureau code and basic Treasury account symbol), the program activity from the most recent budget Appendix, and the name of the project. Indicate whether it is a new project proposed in your budget request for BY or later, or whether it is an ongoing project funded in CY or earlier. Indicate whether it was approved by your Executive Review Committee. Indicate whether it is an information technology project, as defined in Section 300.4(e).

Entry	Description
	For information technology projects only: 1) indicate whether it is a financial management system, as defined in Part 1, section 53. If so, indicate what percentage of the system is financial, and 2) indicate whether the project was approved by your Investment Review Board.
PART I: SUMMARY OF SPENDING FOR PROJECT STAGES	
Summary of spending for project stages	Provide amounts of budget authority and outlays in millions of dollars for the table. The stages shown in the table -- planning, full acquisition, and maintenance -- are illustrative. After consulting with you, the OMB representative will advise you of the stages for reporting. For information technology, funding stages "Planning" plus "Full acquisition," and "Maintenance" are the same as "Development/ modernization/enhancement" and "Steady state" entries, respectively, in exhibit 53.
PART II: JUSTIFICATION AND OTHER INFORMATION	
A. Justification	Provide a full justification for the asset and the cost of the asset. This should include, but not be limited to, a clear statement of how the asset will help you meet your agency's mission, accomplish its long term strategic goals and objectives, and adhere to the annual performance plan required by GPRA. The justification should answer the three pesky questions from the *Capital Programming Guide*: (1) Does the investment support core/priority mission functions that need to be performed by the Federal Government? (2) Does the investment need to be undertaken because no alternative private sector or governmental source can better support the function? (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? The justification should also include other information requested by the OMB representative or important to you, based on the "Principles of Budgeting for Capital Asset Acquisitions" in Appendix 300A. Additional information requested by the OMB representative may include asset-specific information. For buildings, for example, this could include cost per square foot estimates for comparable Federal and private sector facilities.
B. Program management	Identify whether there is a program manager and contracting officer devoted to the project. Identify also whether you will establish an Integrated Project to assist in the management of the project.

Entry	Description
	(An Integrated Project Team is a multidisciplinary team led by the program manager to manage the acquisition process. Team members may change somewhat for different phases of the project, but members must represent those who have a major interest in the project. Members should be full time or dedicated to the program when needed. Members should include qualified people able to advise the program manager about technical, business, project, schedule, procurement, finance, and other issues, and identify users' concerns about the acquisition.)
C. Acquisition strategy	In developing the acquisition strategy, consider ways to manage the procurement risk. Three key principles for managing risk when procuring capital assets are: (1) avoid or limit the amount of development work required; (2) make effective use of competition and financial incentives; and (3) use a performance-based management system to ensure that cost, schedule, and performance goals are met. Specify whether the acquisition will be accomplished via a single contract strategy or several contracts. If several contracts will be used, explain the role of each toward achieving the overall acquisition cost, schedule, and performance goals. Will each contract result in an economically and programmatically useful segment of the acquisition? Summarize the acquisition strategy. Describe the use of competition to make "best value" source selections. How will competition be sustained throughout the acquisition lifecycle? Describe the use of modular contract or other procurement tools. Identify the type of contract selected (e.g., firm fixed-price, fixed-price incentive fee, cost-plus fixed fee) for each acquisition segment, and explain why it was chosen. If the contract includes incentive or award fee provisions, describe the incentive arrangement and explain how it will motivate contractor performance. Specify whether the contract statement of work is performance-based.
D. Financial basis for selecting the project	Summarize the analysis of full life-cycle costs/total costs of ownership; results of cost/benefit analyses, including return on investment; and any tangible returns that benefit your agency but are difficult to quantify. For information technology, address replaced system savings and savings recovery schedule. Describe analysis of alternative options and identify any underlying assumptions. Provide the estimate of risks, such as Y2K, i.e., rationale for "most likely" versus "most optimistic" acquisition goals.

Entry	Description
E. Adherence to architecture and infrastructure standards (IT projects only)	Describe how the project is compliant with your agency's information technology architecture and technical infrastucture. Identify standards for information exchange and resource sharing. Demonstrate adherence to Government-wide standards, where applicable (such as Y2K). Identify use of commercial-off-the-shelf software (COTS) versus custom; justify custom components.

PART III: COST, SCHEDULE, AND PERFORMANCE GOALS

Your agency's plans must have cost, schedule, and performance goals for all proposed and ongoing acquisitions. The establishment and analysis of these goals should include a risk assessment that discusses the probability of achieving them. If you do not already have such goals established in prior years that the OMB representative has approved, you must propose new cost, schedule, and performance goals this year. Once established, current baseline will be used to determine whether the acquisition is meeting Congressional policy to achieve at least 90 percent of cost, schedule, and performance goals.

Your planning process is expected to produce acquisition plans that have a high probability of successfully achieving goals. You should establish appropriate controls to ensure that capital asset acquisitions that are underway are within baseline cost, on schedule, and expected to meet the baseline performance levels.

Request funding for only the stages where you are able to establish realistic cost, schedule, and performance goals. If the acquisition planning has not progressed to the point where you are ready to commit to achievement of specific goals for the completion of the acquisition, you should request funds for the planning and alternative exploration stages, as necessary, of the acquisition and not the entire acquisition. Do not request funds for the production or installation stage until you can establish firm goals.

Complete the following information, entries (A) through (F), for each contract that comprises the acquisition.

A. Description of performance-based system	Identify and discuss the performance-based management system(s) used to monitor the achievement of, or deviation from, baseline goals during the life-cycle of the acquisition and the use of the asset. Explain whether it is an "earned value" management system (see Appendix 300C) or other type of management information system. Explain how the system: (1) identifies the amount of planned work actually accomplished; (2) compares actual work accomplished against planned work and actual costs incurred by the contractor against planned costs; and (3) establishes the deviation percentage from goals.

Entry	Description
B. Original baseline	This is the baseline as first approved by the OMB representative. If OMB approves a revised baseline, display the original baseline in this section.
1. Original cost and schedule goals	Identify here the original baseline cost and schedule goals.
2. Original performance goals	Identify here the original baseline performance goals.
C. Current baseline	Identify cost, schedule, and performance goals currently in effect.
1. Cost and schedule goals	The cost and schedule goals should include total costs for the project, important components of the project, and important interim cost projections. It should also show how many months it will take to complete the project and important milestones within that schedule. The example shows a $250 million project and an annual schedule of planned completed work from BY through project completion. It shows that $5 million of the work is expected to be completed by the end of BY, $55 million by the end of BY+1, and so forth.
2. Performance goals	Summarize the performance goals for the acquisition, as described in the statement of work.
D. Variance from current baseline	Monitoring actual work performed against baseline goals is a year-round activity. You should compare the latest estimates with the current baseline and report on the variance. If you are establishing goals for the first time this year, leave this section blank.
1. Variance in cost	Report on whether current estimates of cost are 10 percent or more above the baseline. If so, discuss and give the reasons for the variance.
2. Variance in schedule	Report on whether the schedule is 10 percent or more behind the baseline. If so, discuss and give the reasons for the variance.
3. Variance in performance	Report on whether actual performance is 10 percent or more below baseline. If so, discuss and give the reasons for the variance.
E. Latest revised estimate	Based on work performed to date, identify proposed revisions to cost, schedule or performance.
1. Cost and schedule 2. Performance	You may propose revisions to your original or current baseline goals if the latest estimates indicate they are not achievable. Justify the proposed revisions and include the probability of achieving the new goals. OMB must approve all changes to original and subsequent baselines.
F. Corrective actions	Identify corrective actions that have been or will be taken if the current cost, schedule or performance estimates have a negative

Entry	Description
	variance of 10 percent or more. Identify the effect the actions will have on cost, schedule, and performance. Explain how the project will be brought back within baseline goals or, if not, how and why the goals should be revised and whether the project is still cost beneficial and justified.

300.9 Additional information.

You are encouraged, but not required, to provide additional information on the following or other topics related to improving planning, budgeting, and acquisition of capital assets. These topics may be included in the OMB budget review process on capital assets, which may affect policy decisions on asset acquisition. You are encouraged to raise any issues considered relevant.

(a) *Lumpiness or spikes.*

Lumpiness or spikes (i.e., large, one-time increases in year-to-year appropriations) may create bias against acquiring assets. Give special attention to these spikes for justified, cost-beneficial acquisitions, keeping in mind that the budget authority and outlay limits under the government-wide discretionary caps will continue to constrain resources. This issue is addressed in Appendix 300A, "C. Principles of Financing."

(b) *Account structure.*

Certain types of accounts may be preferred to help ensure there is no bias against the acquisition of capital assets. You are encouraged to review the account structure to ensure that the most appropriate accounts are being used for the acquisition of capital assets. This issue also is addressed in Appendix 300A, "C. Principles of Financing."

(1) Mixed accounts. Mixed accounts have spending for both operating and capital asset acquisition in the same account, allowing for competition between the two. Demands for one may "crowd out" the other.

(2) Asset acquisition accounts. These accounts are devoted exclusively to the acquisition of capital assets. This type of account may be one way of avoiding lumpiness, if there is a roughly similar level of fully-funded budget authority for asset acquisition each year.

(3) Revolving funds. These accounts can also avoid lumpiness, depending on how they are structured. They purchase assets that are "rented" to other accounts, so that the accounts and programs using the assets have a roughly steady year-to-year payment.

(c) *Multi-year availability of appropriations.*

You should ensure that the availability of the requested appropriation allows enough time to complete the acquisition process. If the acquisition process requires more than one year, the appropriations should be made available for the number of years necessary (see Part 1, section 31.6).

(d) *Other observations.*

You are invited to suggest other methods to improve planning, budgeting, and acquisition of capital assets.

Impact of Full Funding of Capital Assets

Report all incrementally-funded capital assets covered by the definition in section 300.4(a).

Example assumes one new $50 million project started each year, funded at $10 million per year for five years.

PY-past year
CY-current year
BY-budget year

DEPARTMENT OF GOVERNMENT

(budget authority in millions)

	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5 and beyond	Total, unfunded amounts (Sum: BY+1 and beyond)
PART I: NEW PROJECTS FUNDED BEGINNING IN BY THROUGH BY+4:									
A. Annual incremental amounts of budget authority requested for new projects:									
Capital asset account No. 1	na	na	10	20	30	40	50	100	240
Capital asset account No. 2	na	na							
Etc.	na	na							
Agency total	na	na							
B. Agency recommendation for redistribution to segments (or modules) that are economically and programmatically separable and fully funded:									
Capital asset account No. 1	na	na	50	50	50	50	50	na	na
Capital asset account No. 2	na	na						na	na
Etc.	na	na						na	na
Agency total	na	na						na	na
PART II: PAST PROJECTS FUNDED IN CY OR EARLIER:									
A. Annual incremental amounts of budget authority requested for past projects:									
Capital asset account No. 1	50	50	40	30	20	10	0	0	60
Capital asset account No. 2									
Etc.									
Agency total									
B. Agency recommendation for redistribution to segments (or modules) that are economically and programmatically separable and fully funded:									
Capital asset account No. 1	na	na	95					na	na
Capital asset account No. 2	na	na						na	na
Etc.	na	na						na	na
Agency total	na	na						na	na

Example assumes one new $50 million project fully funded each year.

Example assumes incrementally funded $50 million projects at $10 million per year.

Example assumes all BA funded in BY, and $5 million savings resulting from full funding.

Identify in Part I.A. or in Part II.A. the annual incremental budget authority in the agency submission for capital assets. In Part I.B. or II.B. identify the agency plan for fully funding these projects with regular or advance appropriations.

''na'' indicates not applicable.

Capital Asset Plan and Justification

Agency: Department of Government
Bureau: Bureau of Capital Assets
Account title: Asset acquisition
Account identification code: xxx-xx-xxxx
Program activity:
Name of project:
Check one: New project _____ Ongoing project _____
Was the project approved by an Executive Review Committee? Yes ___ No ___
Is this project information technology (see Section 300.4(e) for a definition)? Yes ___ No ___
For information technology projects only:
Is this project a financial management system (see section 53.2 for a definition)? Yes ___ No ___
If so, what percentage of the system is financial? _____%
Was this project approved by an agency Investment Review Board? Yes ___ No ___

PY-past year
CY-current year
BY-budget year

Note: Exhibit 300B is an illustrative format. The information requested may be submitted in a different format, if it is acceptable to the OMB representative.

PART I: SUMMARY OF SPENDING FOR PROJECT STAGES

(In millions)

	PY-1 and earlier years	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5 and beyond	Total
Planning:										
Budget authority				10						10
Outlays				7	3					10
Full acquisition: [1, 2]										
Budget authority						250	0	0	0	250
Outlays						25	75	125	25	250
Total, sum of stages (excludes maintenance):										
Budget authority				10	0	250	0	0	0	260
Outlays				7	3	25	75	125	25	260
Maintenance: [2]										
Budget authority								5	na	na
Outlays								5	na	na

[1] Identify whether the data are for all segments of this stage or for an economically and programmatically useful segment of the entire stage.

[2] For information technology, the funding stages for ''Planning'' plus ''Full acquisition'' are the same as the ''Development/modernization/enhancement'' entry described in exhibit 53, and ''Maintenance'' is the same as ''Steady state'' in exhibit 53.

''na'' indicates not applicable.

PART II: JUSTIFICATION AND OTHER INFORMATION

A. Justification

A full justification for the asset and the cost of the asset is required. This should include, but not be limited to, a clear statement of how the asset will help the agency meet the agency mission, its long term strategic goals and objectives, and the annual performance plan required by GPRA; and other information requested by the OMB representative or important to the agency, based on the *Principles of Budgeting for Capital Asset Acquisitions* in Appendix 300A.

Additional information requested by the OMB representative may include asset-specific information. For buildings, for example, this could include cost per square foot estimates for comparable Federal and private sector facilities.

B. Program management

1. Is there a program manager and contracting officer devoted to the project?
2. Will an Integrated Project Team be established to assist with the management of the project?

Capital Asset Plan and Justification—Continued

PY-past year
CY-current year
BY-budget year

C. Acquisition strategy

1. In developing the acquisition strategy, consider ways to manage the procurement risk. Three key principles for managing risk when procuring capital assets are: 1) avoid or limit the amount of development work required; (2) make effective use of competition and financial incentives; and (3) use a performance-based management system to ensure that cost, schedule, and performance goals are met.

2. Specify whether the acquisition will be accomplished via a single contract or several contracts. If several contracts will be used, explain the role of each toward achieving the overall acquisition cost, schedule, and performance goals. Will each contract result in an economically and programmatically useful segment of the acquisition?

3. Summarize the acquisition strategy. Describe the use of competition to make ''best value'' source selections. How will competition be sustained throughout the acquisition lifecycle? Describe the use of modular contract or other procurement tools.

4. Identify the type of contract selected, e.g., firm fixed-price, fixed-price incentive fee, cost-plus fixed fee, for each acquisition segment, and explain why it was chosen. If the contract includes incentive or award fee provisions, describe the incentive arrangement and explain how it will motivate contractor performance. Specify whether the contract statement of work is performance-based.

D. Financial basis for selecting the project

1. Summarize the analysis of full life-cycle costs/total costs of ownership; results of cost/benefit analyses, including return on investment; and any tangible returns that benefit the agency but are difficult to quantify. For information technology, address replaced system savings and savings recovery schedule.

2.Describe analysis of alternative options and identify any underlying assumptions. Provide the estimate of risks, such as Y2K, i.e., rationale for ''most likely'' versus ''most optimistic'' acquisition goals.

E. Adherence to architecture and infrastructure standards (IT projects only)

1. Describe how the project is compliant with the agency's information technology architecture and technical infrastructure.

2. Identify standards for information exchange and resource sharing.

3. Demonstrate adherence to government-wide standards, where applicable (such as Y2K).

4. Identify use of commercial-off-the-shelf software (COTS) versus custom; justify custom components.

PART III: COST, SCHEDULE, AND PERFORMANCE GOALS

A. Description of performance-based system:

[Describe the performance-based system used to monitor the achievement or deviation from goals during the life cycle of the project. Identify whether this is an ''earned value'' system as discussed in Appendix 300C.]

(In millions)

	PY-1 and earlier years	PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5 and beyond	Total
B. Original baseline:										
1. Original cost and schedule goals [Identify the originally-approved baseline cost and schedule goals.]										
2. Original performance goals [Identify the originally-approved baseline performance goals.]										
C. Current baseline:										
1. Cost and schedule goals				5	50	100	50	40	5	250

[Using the performance-based management system discussed in A. above, show the dollar amount of the project that will be completed each year. Identify and discuss how many months it will take to complete the acquisition, important components, and important milestones within that time. The example shows a $250 million project and an annual schedule of planned completed work from BY through project completion. It shows, for example, that $5 million of the work is expected to be completed by the end of BY, $55 million by the end of BY+1, and so forth.]

2. Performance goals:

[Summarize the performance goals of the acquisition as described in the statement of work.]

Capital Asset Plan and Justification—Continued

D. Variance from current baseline:
1. Variance in cost:

[Identify whether the current cost estimate is 10 percent or more above the baseline goals. Discuss and give reasons for the variance.]

2. Variance in schedule:

[Identify whether the current schedule estimate is 10 percent or more behind the baseline schedule. Discuss and give reasons for the variance.]

3. Variance in performance:

[Identify whether performance goals deviate more than 10 percent from the current baseline. Discuss and give reasons for the variance.]

E. Latest revised estimate:
1. Cost and schedule goals [Identify latest estimates of cost and schedule goals, if different from original or current baseline.]

2. Performance goals [Identify latest estimates of performance goals, if different from original or current baseline.]

F. Corrective actions:
[Discuss corrective actions needed or that have been taken to complete the project and the effect on final total cost, schedule, and performance goals.]

For additional explanation, see section 300.8. If goals are being established for the first time this year and are the same as current baseline, leave sections D, E, and F blank.

APPENDIX 300A -- 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 1997), which 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 or similar system.

C. *Principles of Financing.* This section stresses that useful segments are to be fully funded with regular or advance appropriations or both; 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 or a similar 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 project'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, agency, and bureau information architectures which: integrate agency work processes and information flows with technology to achieve the agency's strategic goals; reflect the agency's technology vision and year 2000 compliance plan; and 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;

6. Reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall project; using fully tested pilots, simulations, or prototype implementations when necessary before going to production; establishing clear measures and accountability for project progress; and, securing substantial involvement and buy-in throughout the project 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 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 there are multiple units that need to be acquired at the same time. (For more information, see section 300.4(b).)

OMB recognizes that many agencies are in the middle of ongoing projects, and they may not be able immediately to satisfy the criteria. For those projects that do not satisfy the criteria, OMB will consider requests to use FY 1999 and FY 2000 funds to finance additional planning, as necessary, to support the establishment of realistic cost, schedule, and performance goals for the completion of the project. 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 project, to provide the basis for fully funding the project to completion, and setting the baseline for management accountability to deliver the project 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 project should evaluate and discuss the extent to which the project meets the above criteria and should also include:

1. An analysis of the project'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);

2. An analysis of the risk of the project 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 goals;

3. 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 is, it is programmatically useful if no further investments are funded, and in this application its benefits exceed its costs; and

4. Cost, schedule, and performance goals for the project (or the useful segment being proposed) that can be measured throughout the acquisition process using an earned value management system or similar system. Earned value is described in Appendix 300C.

C. Principles of Financing

Principle 1: Full Funding

Budget authority sufficient to complete a useful segment of a capital project (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) 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, and increases the accountability for the achievement of the baseline goals.

When full funding is not followed and capital projects 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 projects, 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 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, a combination of regular and advance appropriations that together provide full funding for a capital project or a useful segment should be proposed in the budget.

Explanation: Principle 1 (Full Funding) is met as long as a combination of regular and advance appropriations provide budget authority sufficient to complete the capital project or useful segment. 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 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.

If, however, the lumpiness caused by regular appropriations cannot be accommodated within an agency or Appropriations Subcommittee, advance appropriations can ameliorate that problem while still providing that all of the budget authority is enacted in advance for the capital project or useful segment. The latter helps ensure that agencies develop appropriate plans and budgets and that all costs and benefits are identified prior to providing resources. In addition, amounts of advance appropriations can be matched to funding requirements for completing natural components of the useful segment. Advance appropriations have the same benefits as regular appropriations for improved planning, management, and accountability of the project.

Principle 3: Separate Funding of Planning Segments

As a general rule, planning segments of a capital project 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, 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 project itself. The process of gathering information for a capital project 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, a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems.

The project cost, schedule and performance goals established through the planning phase of the project 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 project 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 project, 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:

1. Having budget authority appropriated in separate capital asset acquisition accounts;

2. Apportioning budget authority for a useful segment;

3. 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;

4. 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;

5. Monitoring cost, schedule, and performance goals for the project (or the useful segment being proposed) using an earned value management system or similar system. Earned value is described in Appendix 300C; and

6. 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 project through portfolio analysis 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.

E. 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.)

Advance appropriations: 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: 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.

Capital Assets

See section 300.4(a): Definitions.

Capital Project and Useful Segments of a Capital Project

See section 300.4 (b): Definitions.

Earned Value

Earned value refers to a performance-based management system for establishing baseline cost, schedule, and performance goals for a capital project and measuring progress against the goals. Earned value is described in Appendix 300C.

Funding (full funding and incremental (partial) funding)

See section 300.4(c): Definitions.

Risk Management

Risk management is an organized method of identifying and measuring risk and developing, selecting, and managing options for handling these risks. Before beginning any procurement, managers should review and revise as needed the acquisition plan to ensure that risk management techniques considered in the planning phase are still appropriate.

There are three key principles for managing risk when procuring capital assets: (1) avoiding or limiting the amount of development work (i.e., use off-the-shelf technology, if feasible); (2) making effective use of competition and financial incentives; and (3) establishing a performance-based acquisition management system that provides for accountability for program successes and failures, such as an earned value system or similar system.

There are several types of risk an agency should consider as part of risk management. The types of risk include:

- Schedule risk;
- Cost risk;
- Technical feasibility;
- Risk of technical obsolescence;
- Dependencies between a new project and other projects or systems (e.g., closed architectures); and
- Risk of creating a monopoly for future procurement.

APPENDIX 300B – SELECTED OMB GUIDANCE AND OTHER REFERENCES REGARDING CAPITAL ASSETS

EXECUTIVE ORDER

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 MEMORANDUM

OMB Circular No. A-11, *Preparation and Submission of Budget Estimates* (June 1999):

Part 1

- Section 31.3, Full funding, requires that the agency request include full funding for procurement and construction. See section 300.5 for more discussion of this policy.

- Section 33.20 , Major systems acquisitions, states that agencies should develop their estimates of major systems acquisitions, including information technology systems, consistent with the requirements of FASA Title V.

- Section 84, Character classification, requires information on different kinds of investment and grants to State and local governments.

- Section 53, Information on technology management, requires data on information technology.

Part 3: Planning, Budgeting, and Acquisition of Capital Assets

Capital Programming Guide (June 1997). This *Guide* is a Supplement to the Circular.

OMB Circular No. A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs* (October 1992, with periodic revisions of the discount rate), provides guidance on benefit-cost, cost-effectiveness, and lease-purchase analysis for you to use in evaluating Federal activities including capital asset acquisition. It includes guidelines on the discount rate to use in calculating the present value of future benefits and costs, the measurement of benefits and costs, the treatment of 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-109, *Major System Acquisitions* (April 1976), establishes policies for planning major systems that are generally applicable to capital asset acquisitions.

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. See future revisions as well as this one.

OMB Circular No. A-130, *Management of Federal Information Resources* (revised February 20, 1996), provides principles for internal management and planning practices of your information systems and technology. The revision was published in the *Federal Register* February 20, 1996.

OMB Memorandum M-97-02, *Funding Information Systems Investments* (October 25, 1996). This memorandum is also known as "Raines Rules."

PUBLICATIONS

Office of Management and Budget, Office of Information and Regulatory Affairs, *Evaluating Information Technology Investments: A Practical Guide* (Version 1.0) (November 1995).

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).

_____, *Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology*, GAO/AIMD-94-115 (May 1994).

_____, *Executive Guide: Leading Practices in Capital Decision-Making*, GAO/AIMD-99-32 (December 1998).

U.S. General Services Administration, Office of Policy, Planning, and Evaluation, *An Analytical Framework for Capital Planning and Investment Control for Information Technology* (May 1996).

APPENDIX 300C -- ILLUSTRATIVE EXPLANATION OF EARNED VALUE CONCEPT AND COST AND SCHEDULE VARIANCES FOR CAPITAL ASSETS

Introduction. 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.

Baseline. The baseline plan 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	---	$65
Schedule variance	---	---	---	-15	---	-20	-$35=-35%

Cost variance. Earned value compared with the actual cost incurred (from contractor accounting systems) for the work performed provides an objective measure of planned and actual cost. Any difference is called a cost variance. 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 40 percent.

Table 3. Cost Variance

	Work Units						
	A	B	C	D	E	F	Total
Earned value ($)	10	15	10	10	20	---	$65
Actual cost ($)	9	22	8	30	22	---	$91
Cost variance	1	-7	2	-20	-2	---	-$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. Table 4 shows a simple comparison of planned and actual spending, which is unrelated to work performed and therefore not a useful comparison. The fact that the total amount spent was $9 less than planned for this period is not useful without the comparisons with work accomplished.

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	---	$91
Variance.....	-1	+7	-2	+5	+2	-20	-$9=-9%

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A-19	Legislative coordination and clearance	September 20, 1979
A-25	User charges	July 8, 1993
A-34	Instructions on budget execution	November 7, 1997
A-45	Policy governing charges for rental quarters and related facilities	October 20, 1993
A-76	Performance of commercial activities	February 19, 1998
A-94	Guidelines and discount rates for benefit-cost analysis of Federal Programs	October 29, 1992
A-97	Rules and regulations permitting Federal agencies to provide specialized or technical services to State and local units of government under Title III of the Intergovernmental Cooperation Act of 1968	March 27, 1981
A-106	Reporting requirements in connection with the prevention, control, and abatement of environmental pollution at existing Federal facilities	December 31, 1974
A-109	Major system acquisitions	April 5, 1976
A-123	Management accountability and control	June 21, 1995
A-126	Improving the management and use of government aircraft	May 22, 1992
A-127	Financial management systems	July 23, 1993
A-129	Policies for Federal credit programs and non-tax receivables	January 11, 1993
A-130	Management of Federal information resources	February 8, 1996
A-135	Management of Federal Advisory Committees	October 5, 1994

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Exec. Order No.	Subject	Date
11988	Floodplain management, as amended	May 24, 1977
11990	Protection of wetlands, as amended	May 24, 1977
12088	Federal compliance with pollution control standards, as amended	October 13, 1978
12196	Occupational safety and health programs for Federal employees, as amended	February 26, 1980
12372	Intergovernmental review of Federal programs, as amended	July 14, 1982

Exec. Order No.	Subject	Date
12512	Federal real property management	April 29, 1985
12838	Termination and limitation of Federal advisory committees	February 10, 1993
12862	Setting customer service standards	September 11, 1993
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