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

July 1, 1998

THE DIRECTOR

CIRCULAR NO. A-11
Revised
Transmittal Memorandum No. 71

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Preparation and Submission of Budget Estimates

OMB Circular No. A-11 provides detailed instructions and guidance in Part 1 on the preparation and submission of agency budget requests and related materials for the FY 2000 Budget. Part 2 of the Circular contains guidance on the preparation and submission of strategic plans and annual performance plans, and Part 3 provides the annual update of guidance on planning, budgeting, and acquisition of capital assets.

The revised Circular supersedes all previous years' versions. Significant changes are highlighted in the analysis of changes.

Jacob J. Lew
Acting Director

Attachment

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OMB CIRCULAR NO. A–11

ANALYSIS OF CHANGES

Revised June 1998

Notes:

An electronic version of this circular is available on the internet from the OMB home page at: **"http://www.whitehouse.gov/WH/EOP/omb"**

A new address for the OMB home page will be available this summer: **"http://www/whitehouse.gov/omb"**

Vertical revision bars "|" are used in the margin to highlight new requirements and significant changes; the symbol "★ ★ ★" is used to indicate the deletion of significant portions of text.

Old Sec. No.	New Sec. No.	Change
10.3	10.3	Agencies' initial budget submissions are due September 14.
—	10.3	To the extent possible, agencies should refine their discretionary spendout rates in MAX by mid-December.
—	12.5(e)	Agencies are reminded of the OMB Circular No. A-25 requirement for a biennial review of user charges for agency programs.
—	12.5(x)	Agencies are required to budget for the costs of storing and servicing their temporary and inactive records and to reimburse the National Archives and Records Administration for these costs.
—	12.9(b)	Budget-related materials subject to OMB clearance include accountability reports and other financial management documents, when budget or policy issues are addressed.
—	14.2(i)	Refunds of receipts that result from overpayments are recorded as reductions of receipts; payments to taxpayers for tax credits are recorded as outlays.
14.3	14.3	The treatment of investments in U.S. and non-U.S. securities has been clarified.
14.3	14.3	The amortized portions of discounts and premiums are recorded as revenue or adjustments to revenue on the statement of operations.
15.4	—	The requirement for information on NPR targeted positions has been dropped.
15.5	15.4	Submissions on remediation plans are mandatory, when the agency head determines that financial systems do not comply with statutory requirements.
15.7	15.6	Agencies making rental payments to GSA or others in excess of $5 million annually are required to report on their space requirements and rental costs using a new format.
15.13	15.12	Requirements for reporting energy cost and efficiency data to OMB and the Department of Energy have been consolidated.
—	15.13	A requirement for information on relocation expenses has been added.
—	20.4	When requesting establishment of a new account, agencies are required to provide the BEA category and indicate whether any collections related to the account are user fees.
—	Ex 20A	A new exhibit describes the hardware and software required to support the MAX system.
—	Ex 20B	A new exhibit listing subfunction titles and codes is provided.

Old Sec. No.	New Sec. No.	Change
21.2	21.2	New BEA categories have been added for programs subject to highway and mass transit category spending caps (section 21.2).
—	21.2	Spending authority from voluntary offsetting collections from non-Federal sources and related outlays are classified as exempt from sequester.
—	21.3	The capability to generate discretionary outlays for certain programs separately from other programs within an account is described.
25.4	25.4	A new crosscutting R&D data requirement for the climate control technology initiative is identified and two others are dropped. Other definitions have been clarified.
—	Ex 25B	A new exhibit listing the entries used to report R&D data is provided.
31.5	31.5	Boilerplate appropriations language is provided for credit programs that reimburse the Federal Financing Bank.
		Guidance is provided on appropriation language requirements for programs that disburse over a period longer than five fiscal years.
32.2	—	The optional capability to assign codes to program activity lines in program and financing schedules for Government Performance and Results Act activities has been eliminated.
—	32.2	The standard line numbers and titles for program activity lines for credit program accounts are reprinted with program activity lines for noncredit accounts.
32.3	32.3	The requirement to identify separately uninvested amounts, invested balances at par, and unrealized discounts has been eliminated; agencies will continue to distinguish between balances of contract authority and other balances.
—	32.3	New MAX lines are provided for reporting non-expenditure transfers of spending authority from offsetting collections; offsetting collections that finance these transfers will be credited to the account that initially received the collection.
32.3–32.5	32.3–32.5	MAX lines related to orders on hand from Federal sources have been renamed to provide a better description of amounts to be reported; explanations of these entries have been clarified.
32.3, 32.7	32.3, 32.7	Rescissions and reductions pursuant to public laws enacted for the past year will be reported separately from the amount of budget authority initially appropriated.
—	32.3	Clarification is provided on budget presentation for cases where appropriations or spending authority from offsetting collections is used to liquidate obligations initially incurred against authority to borrow when the borrowing is not exercised.
—	32.10	A new section describes OMB and Treasury efforts to import data electronically into the past year column of program and financing schedules, effective for preparation of the FY 2001 Budget.
33.5	33.4	Credit definitions have been alphabetized and a definition of work-outs has been added.
33.5	33.4	The definition of modification clarifies that modifications include actions resulting from the exercise of agency administrative discretion if that action alters the estimated cost.
33.5, 33.6, 33.11	33.4, 33.5, 33.10	The accounting for negative subsidies has been changed, in most cases, from special fund receipt accounts to general fund receipt accounts.

Old Sec. No.	New Sec. No.	Change
33.10	33.9	The requirement to collect credit baseline data on agency debt held by FFB has been eliminated.
33.5, 33.11	33.4, 33.10	The accounting for pre-1992 loan modifications has been simplified by eliminating the indirect modification method and providing a simplified option for large volume modifications.
—	33.12	Credit agencies with over $100 million in loan assets are expected to sell assets more than one year delinquent.
35.4	35.4	All obligations in noncredit nonrevolving funds should be classified as reimbursable.
35.5	35.5	Terminology used in object class definitions to describe information technology has been updated.
35.5	35.5	The definition of purchases of goods and services from Government accounts clarifies that purchases from State and local governments are excluded.
36.3	36.3	Statements of operations and balance sheets (MAX schedules E and F) are no longer required for wholly-owned Government corporations. For noncredit public enterprise and intragovernmental revolving funds, these schedules are optional at the discretion of OMB.
36.6	36.6	Information on the past year start-of-year balance in the schedule on unavailable collections (MAX schedule N) will be automatically loaded and can only be changed by OMB.
—	Ex 36.6	An exhibit has been added to clarify reporting requirements for the schedule on budget year requests in thousands of dollars (MAX schedule T).
40.2	40.2	The Report on Resources for Financial Management Activities (exhibit 40) requires data to be reported in millions of dollars.
40.3	—	Agencies are no longer required to submit Exhibit 40B, Report on Financial Management Systems.
—	42	Agencies are required to report data on information technology in a new format. Initial reports will be submitted as paper copies; revised submissions reflecting final budget decisions will be entered into MAX using a special MAX application.
47.2	47.2	Data on violent crime control programs will be reported in millions of dollars.
61A	61A	Appropriations language for emergency requests, including those with a contingency, have been revised.
Appendix B	Appendix B	Guidance is provided on scoring operating leases, and on the treatment of property taxes, renewal options, and cancellation clauses.
Part 2	Part 2	Instructions cover preparation and submission of updated and revised strategic plans and requirements for revised and final annual performance plans. Specific guidance is provided on the format and content of the FY 2000 annual plan. (See the summary of changes in Part 2 for a more detailed listing of the changes.)
Ex 300B	—	The ''Capital Asset Plan and Justification'' exhibit has been revised to collect information on large financial systems, integrate more fully OMB criteria for information technology acquisitions, and emphasize acquisition strategy.

List of OMB Contacts

The following lists OMB organizational units with primary responsibility for government-wide instructions on certain sections of this Circular. General questions on the instructions and underlying concepts should be directed to these units. Agency-specific questions on the application of the instructions, as well as on sections not listed below, should be directed to the agency's OMB budget examiner.

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

Section No.	Description	OMB Contact	Telephone No.*
	PART 1		
15.4	Information on financial management	Management Integrity Branch, Office of Federal Financial Management	395–6911
15.6	Rental payments for space and land	Justice Branch, Transportation, Commerce, Justice, and Services Division	395–3442
15.7	Information on grants to State and local governments	Budget Analysis Branch, Budget Analysis and Systems Division	395–3945
15.8	Information on motor vehicles	Budget Concepts Branch, Budget Review and Concepts Division	395–3172
15.10	Information on Inspectors General for Designated Federal Entities	Management Integrity Branch, Office of Federal Financial Management	395–6911
15.11	Justification of unobligated balances in credit liquidating accounts	Budget Concepts Branch, Budget Review and Concepts Division	395–3172
15.12	Information on energy costs	Energy Branch, Energy and Science Division	395–3164
15.13	Information on relocation expenses	Budget Concepts Branch, Budget Review and Concepts Division	395–3172
40.2	Report on resources for financial management activities	Federal Financial Systems Branch, Office of Federal Financial Management	395–5048
42	Report on information technology	Information Policy and Technology Branch, Office of Information and Regulatory Affairs	395–7231
45	Information on drug control programs	Transportation, Commerce, Justice, and Services Division	395–4892
47	Information on violent crime control programs	Transportation, Commerce, Justice, and Services Division	395–4892
—	*MAX A–11 User's Guide*	Budget Review Branch, Budget Review and Concepts Division	395–6934
	PART 2		
200	Strategic plans, annual performance plans, annual program performance reports	Budget Concepts Branch, Budget Review and Concepts Division	395–6824
	PART 3		
300	Planning, budgeting, and acquisition of capital assets	Budget Analysis Branch, Budget Analysis and Systems Division	395–3945

*Area code is 202.

SUGGESTIONS FOR OMB CIRCULAR NO. A–11

TO: **Budget Review and Concepts Division**
Office of Management and Budget
Reference: Circular No. A–11
Room 6236
725 17th Street, N.W.
Washington, DC 20503
FAX: (202) 395–5177

FROM: **Name:**
Agency:
Daytime Telephone: **Date:**

Please use this page to forward suggestions for improvements to the structure and presentation of information in OMB Circular No. A–11. You may attach additional sheets, if necessary. Comments relating to clarifications and corrections would be most useful. Other comments relating to policy matters should be forwarded directly to your OMB representative.

CIRCULAR NO. A–11

PART 1

PREPARATION AND SUBMISSION OF BUDGET ESTIMATES

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

JULY 1998

SUMMARY OF MAX LINE CODE CHANGES

Note: The *MAX A–11 User's Guide* is a comprehensive reference document that describes OMB's computer system. It is available from the Budget Review and Concepts Division, OMB (Phone: 202–395–6934).

MAX Schedule, Line Code, and Title		Change
Analysis of Budget Authority and Outlays (S)		
9991	Budget authority for CCC for BY+1	Delete
9992	Outlays from budget authority for CCC for BY+1	Delete
Character Classification (C)		
1451–xx	Climate change technology initiative	Modify
1454–xx	High-performance computing and communications	Modify
1455–xx	Emerging infectious diseases	Delete
Program and Financing (P)		
2140	Unobligated balance, start of year	Modify
2141	Par value	Delete
2142	Unrealized discounts	Delete
2230	Unobligated balance expiring	Delete
2440	Unobligated balance, end of year	Modify
2441	Par value	Delete
2442	Unrealized discounts	Delete
2398	Unobligated balance expiring (*Note: was previously line number 2230*)	Add
4736	Unobligated balance rescinded (authority to borrow, current)	Inactive*
4936	Unobligated balance rescinded (contract authority, current)	Inactive *
5020	Reappropriations (special fund, definite)	Inactive *
5025	Reappropriations (special fund, indefinite)	Inactive *
5026	Reappropriations (trust fund, definite)	Inactive *
5027	Reappropriations (trust fund, indefinite)	Inactive *
5036	Unobligated balance rescinded (reappropriation)	Inactive *
6036	Unobligated balance rescinded (appropriations, permanent)	Inactive*
6053	Portion substituted for borrowing authority	Add
6520	Advance appropriation (special fund, definite)	Inactive *
6525	Advance appropriation (special fund, indefinite)	Inactive *
6527	Advance appropriation (trust fund, indefinite)	Inactive *
6536	Unobligated balance rescinded (advance appropriation)	Inactive *
6736	Unobligated balance rescinded (authority to borrow, permanent)	Inactive *
6853	Portion substituted for borrowing authority	Add
6861	Transferred to other accounts	Add
6862	Transferred from other accounts	Add
7240	Obligated balance, start of year	Modify
7241	Par value	Delete
7242	Unrealized discounts	Delete
7440	Obligated balance, end of year	Modify
7441	Par value	Delete
7442	Unrealized discounts	Delete
9201	U.S. securitites: Par value	Add
9202	U.S. securities: Par value	Add
Federal Credit Data (Y)		
33xx	Agency debt held by the FFB	Delete

OTHER CHANGES AFFECTING MAX

Analysis of Budget Authority and Outlays (A and S)

New BEA subcategories have been added for highways and mass transit.

Statements of operations (E) and Balance sheets (F)

MAX schedules E and F are no longer required for wholly-owned Government corporations. For noncredit public enterprise and intragovernmental revolving funds, these schedules are optional at the discretion of OMB.

Schedule on unavailable collections (N)

Information on the past year start-of-year balance in MAX schedule N will be automatically loaded and can only be changed by OMB.

Program and financing schedule (P)

There will no longer be the optional capability to assign codes to program activity lines for Government Performance and Results Act activities.

Rescissions and reductions pursuant to public laws enacted for the past year will be shown separately from the amount of budget authority initially appropriated.

MAX lines related to orders on hand from Federal sources (lines 6810, 6815, 7295, 7495, 8895, and 8896) have been renamed.

Entries for new obligations (line 1000, 2395, and 7310) have been renamed ''Total new obligations'' and ''Unobligated balance expiring'' entry has been moved to follow line 2395, ''Total obligations''.

*These lines are are designated as inactive (i.e., have not been used in recent years); after further study, they may be dropped from subsequent revisions of this Circular.

Overview of the Budget Process

Summary of Changes

—Agencies' initial budget submissions are due September 14th (section 10.3).
—To the extent possible, agencies should refine their discretionary spendout rates in MAX by mid-December (section 10.3(b)).

10.1. Executive budget formulation process.

During budget formulation, the President establishes general budget and fiscal policy guidelines. Policy guidance is given to agencies for the upcoming budget year and outyears to provide initial guidelines for preparation of agency budget requests.

The budget formulation process begins not later than the spring of each year, at least nine months before the budget is transmitted. Executive branch agencies prepare their budget requests based on the guidelines provided by the President through the Office of Management and Budget (OMB) and the detailed instructions on preparation of budget estimates provided in this Circular.

OMB works with agency staff to identify major issues for the upcoming budget; undertake the analysis necessary to provide the context for decision-making; identify major options for the fall budget review process; and develop and implement plans for analysis of issues that will need decisions in future years.

Through the spring and summer, the process focuses on review of program performance, as well as on ways to ensure efficient use of Government resources and successful implementation of programs and policies. Ideas are exchanged on potential reorganization of functions, consolidation of activities, and proposals to restructure programs. In addition, a wide range of management practices are explored to ensure high quality program performance, evaluation of near- and longer-term program results, and timely assessment of the need for policy redirection through administrative action or legislative changes.

Emphasis is also placed on planning, budgeting, acquisition, and management of capital assets (see Part 3 of this Circular and the *Capital Programming Guide)*.

Executive branch departments and agencies are required to submit initial budget materials to OMB beginning early in the fall, in accordance with the schedule in section 10.3. Other materials are submitted later in the fall and winter on a schedule supplied by OMB. Budget data are required for the past, current, and upcoming budget year, as well as for the nine years following the budget year.

In the fall, major issues and options are prepared for consideration by the President, organized around major Administration themes and crosscutting issues. OMB then reviews agency budget requests, based on Presidential priorities, program performance, and budget constraints. A complete set of budget proposals is presented to the President by early December for his approval.

After the review process is completed, decisions on budget requests are passed back to the agencies. Upon receipt of final decisions for the current and budget years, agencies revise their budget requests to bring them into accord with these decisions. These final estimates are transmitted to Congress in the President's budget. In accordance with current law, the budget must be transmitted to Congress not later than the first Monday in February.

The outyear estimates included in the President's budget then become the starting point in planning for the budget to be transmitted to Congress the following year.

Requirements of the Government Performance and Results Act (GPRA), Public Law 103–62, are also related to the budget formulation process in executive branch agencies. Instructions on development of agency strategic plans and annual performance plans are found in Part 2 of this Circular.

10.2. Executive and congressional budget processes.

The executive budget formulation process described above is prescribed by OMB, in accordance with the Budget and Accounting Act of 1921, as amended. The following timetable highlights significant dates culminating in transmittal of the President's budget and subsequent updates of the budget. It also reflects the congressional budget procedures established by the Congressional Budget Act of 1974 and certain requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as they both were amended by the Budget Enforcement

Act of 1990 (BEA) and the Balanced Budget Act of 1997. (See section 200 of part 2 of this Circular for a summary schedule of requirements under GPRA.)

ACTION TO BE COMPLETED

The Executive Budget Process	Timing	The Congressional Budget Process
Agencies subject to executive branch review submit initial budget request materials.	September 14	
Fiscal year begins.	October 1	Fiscal year begins.
Agencies not subject to executive branch review submit budget request materials.	October 15	
	10 days after end of session	Congressional Budget Office (CBO) issues its final sequester report.
OMB issues its final sequestration report;[1] President issues sequestration order, if necessary.	15 days after end of session	
	30 days later	Comptroller General issues compliance report.
Legislative and Judicial branches submit budget request materials.	November–December	
	5 days before President's budget transmittal	CBO issues its sequestration preview report.
President transmits the budget to Congress, including OMB sequestration preview report.	Not later than the first Monday in February	
	February 15	CBO reports to the Budget Committees on the President's budget.
	Within 6 weeks of President's budget transmittal	Committees submit views and estimates to Budget Committees.
	April 1	Senate Budget Committee reports concurrent resolution on the budget.
	April 15	Congress completes action on concurrent resolution.
	May 15	House may consider appropriations bills in the absence of a concurrent resolution on the budget.
	June 10	House Appropriations Committee reports last appropriations bill.
	June 15	Congress completes action on reconciliation legislation.
	June 30	House completes action on annual appropriations bills.
	After completion of action on discretionary, direct spending, or receipts legislation.	CBO provides estimate of the impact of legislation as soon as practicable.
OMB reports on the impact of enacted legislation and provides an explanation of any differences between OMB and CBO estimates.	Within 7 calendar days of enactment of legislation.	
President transmits the Mid-Session Review, updating the budget estimates.	July 15	
OMB and agencies discuss budget issues and options in preparation for fall budget review and decision making.	Late June–early August	
	August 15	CBO issues its sequestration update report.
OMB issues its sequestration update report.	August 20	

[1] A ''within-session'' sequestration is triggered within 15 days after enactment of appropriations that are enacted after the end of a session for the budget year and before July 1, if they breach the category spending limit for that fiscal year. A ''lookback'' reduction to a category limit is applied for appropriations enacted after June 30th for the fiscal year in progress that breach a category limit for that fiscal year and is applied to the next fiscal year.

10.3. Preparation and timing of budget submissions.

This Circular provides instructions on the preparation of agency submissions required for OMB and Presidential review of budget estimates and for formulation of the President's budget. Although the main focus of the Circular is on the preparation of the *Budget Appendix* and the related data base, the agency submissions also provide the basis for the rest of the budget, which is prepared centrally by OMB.

The required budget materials are submitted to OMB in four phases (see sections 10.3(a)–(d)). Specific deadlines for initial submission materials are indicated below. A general indication of the timing of submissions for computer, print, and additional materials is also provided; specific submission dates for these materials will be provided in a schedule supplied separately by OMB. A table in section 10.4 lists the materials required for each phase of the budget submission.

Agencies may also be required by their OMB representative to provide certain data already available in computer format (e.g., disk or computer tape) in that form.

(a) Initial submission.—This submission consists of budget justification and other materials, as described in section 10.4. OMB may also require that additional materials be included in this submission.

Department/Agency	Due Date
Cabinet and other agencies subject to executive branch review and the District of Columbia.	September 14.
Executive branch agencies not subject to executive branch review.	October 15.
Legislative and Judicial branches.	In accordance with the timetable to be supplied by OMB.

In addition, agencies may be required to provide information on their budget requests by account and by Budget Enforcement Act category (i.e., budget authority and outlays by BEA category) through the MAX budget system (MAX). Additional guidance on this requirement will be provided later.

(b) Computer materials.—These materials consist of data required for MAX, the computer system used to collect and process information needed to prepare the budget. Agencies with computer access to MAX are required to use this system to submit data. Other agencies are required to provide the necessary data by marking up computer reports provided by OMB. These data are generally submitted to OMB after passback of initial budget decisions. However, agencies should be prepared to provide baseline estimates in October or after enactment of appropriations bills or a continuing resolution. Agencies may also be required by their OMB representative to submit past year data for certain MAX schedules by November 15.

In addition, to the extent possible, agencies should refine their discretionary spendout rates in MAX by mid-December to reflect the latest information available on discretionary spending (see section 21.1). Further discussion of the MAX system is found in section 20, ''Introduction to computer materials.''

(c) Print materials.—These are materials from which the text and text tables printed in the *Budget Appendix* are prepared. In addition, the printing process provides for the electronic generation of MAX data from OMB to the Government Printing Office (GPO) to produce most of the budget schedules in the *Budget Appendix*. These materials are generally submitted after budget decisions are made. Information on the printing process is contained in section 30, ''Explanation of print materials.''

(d) Additional materials.—Some additional materials are required and are generally submitted after budget decisions are made.

(e) Conforming to budget decisions.—When an agency is informed of budget decisions or otherwise required by OMB, all print and computer materials will be revised immediately to reflect the action taken. *Specific approval must be obtained from OMB prior to submitting materials on a basis other than budget decisions.*

All changes that affect other appropriation or fund accounts (such as the amount of transfers) must be coordinated with those responsible for the budget submission for such accounts. (For requirements on transfers, see sections 11.7, 32.3, 32.4, and 32.8.)

(f) Relationship of submission materials to the budget document.—The following chart describes the relationship of budget submission materials to the budget documents transmitted to Congress.

CLICK HERE TO VIEW THE CHART ''**RELATIONSHIP OF SUBMISSION MATERIALS TO THE BUDGET DOCUMENT**''

10.4. Components of the budget submission.

The required budget materials for the initial and subsequent budget submissions are listed below. These materials will be submitted in accordance with the detailed instructions in the sections indicated and the arrangements made by OMB representatives. In addition, the listing indicates those requirements that apply only to certain agencies or under certain circumstances.

Budget submission requirements vary depending on the type of account involved. Section 11.4 includes a table describing requirements for general and special fund accounts, revolving funds, management funds, and trust non-revolving funds. Section 33.5(c) provides a summary of requirements for credit accounts.

SUBMISSION REQUIREMENTS

Section number	Exhibit number	Components of the budget submission	Applicability of reporting requirements (*Requirements apply to all agencies unless otherwise noted.*)
		INITIAL SUBMISSION	
		Materials are due to OMB according to the schedule specified in section 10.3(a), unless otherwise noted below.	
15.1	—	Summary and highlight statement	
15.2	15A	Budget justifications	

SUBMISSION REQUIREMENTS—Continued

Section number	Exhibit number	Components of the budget submission	Applicability of reporting requirements (*Requirements apply to all agencies unless otherwise noted.*)
15.4	—	Information on financial management (*Remediation plans are required.*) [1]	
15.5	—	Information technology management	
15.6	15B	Rental payments for space and land [1]	Agencies with rental payments in excess of $5 million, unless OMB indicates otherwise.
15.9	—	Information on receipts estimates	Agencies with receipt account data.
15.10	—	Information on Inspectors General for designated Federal entities	Agencies designated to establish an Office of Inspector General in the Inspector General Act Amendments of 1988.
15.11	—	Information on credit liquidating accounts	Agencies with credit liquidating accounts and unobligated balances that carry over into the current year.
15.12	—	Information on energy costs [1]	Agencies with obligations for energy costs of more than $500 thousand that are paid directly to utilities, not through SLUC charges.
40.2	40	Report on resources for financial management activities *October 16 submission required*	Agencies covered by the Chief Financial Officers Act.
42.3	42	Information technology [1]	
45.2	45	Information on drug control programs	Agencies with budget authority or outlays for drug control programs that exceed $500,000 in any year.
47.2	47	Information on violent crime control programs [1]	Agencies with budget authority and outlays for programs financed by the Violent crime control trust fund.
Part 2	—	Initial annual performance plan to OMB [1]	Agencies specified in section 200.3 of Part 2. (See Part 2 for the timing of other GPRA requirements.)
Part 3	300A	Impact of full funding of capital assets	Agencies with capital assets that are funded incrementally.
Part 3	300B	Capital asset plan and justification [1]	Agencies with major acquisitions.
		COMPUTER AND PRINT MATERIALS [2]	
21, 23	21A,B, 23A,B	Analysis of budget authority and outlays (MAX schedules A and S) Receipts estimates (MAX schedules K and R)	
25.3, 25.4	25A, B	Character classification (MAX schedule C), including R&D data (e.g., R&D crosscuts, technology transfers) [1]	
32, 35	32A–C 33A,C,F,I 35A,B	Program and financing and object class data (MAX schedules P and O)	
33.6– 33.12	33B,D,G J,K	Federal credit data (MAX schedules G, H, U, and Y) [1]	Agencies with credit programs.
36.4	—	Status of contract authority (MAX schedule I)	Agencies reporting contract authority in the past, current, or budget year
36.1	—	Personnel summary (MAX schedule Q)	
36.3	33E,H 36A,B	Statement of operations; balance sheet (MAX schedules E and F) [1]	Agencies with noncredit revolving funds that conduct business-type activities, as determined by OMB, all credit liquidating and financing accounts; and all Government-sponsored enterprise funds.

SUBMISSION REQUIREMENTS—Continued

Section number	Exhibit number	Components of the budget submission	Applicability of reporting requirements (*Requirements apply to all agencies unless otherwise noted.*)
36.5	—	Status of funds (MAX schedule J)	Agencies with major trust funds and certain other accounts as specified.
36.6	—	Data on unavailable collections (MAX schedule N) [1]	Agencies with unavailable special and trust fund receipts or offsetting collections.
36.7	—	Budget plan (MAX schedule D)	DOD-Military only.
36.8	—	Information on accounts required to submit budget execution (SF 133) reports (MAX schedule Z)	For all accounts for which agencies submit SF 133 reports.
36.9	—	Status of contingent emergency funding (MAX schedule V)	Agencies with accounts that have emergency appropriations.
36.10	36C	Appropriations requests in thousands (MAX schedule T)	Agencies with appropriations language requests for the budget year.
PRINT MATERIALS ONLY: [2]			
31	31A,B,C	Appropriations language [1]	
34	34	Narrative statements on program and performance [1]	
		ADDITIONAL INFORMATION	
15.7	—	Information on grants to State and local governments	Agencies with Federal grants to State and local governments.
15.8	—	Information on motor vehicles	Agencies, as defined in 5 U.S.C. 105, that operate at least 300 motor vehicles.
15.10	—	Information on relocation expenses [1]	
23.3	—	Impact on the baseline estimates of major regulations, management initiatives, administrative actions, etc. Bridge between current and budget year baseline estimates	
33.5	—	Development of risk categories	Agencies with credit programs.

[1] Previous requirements have changed or new requirements have been added.
[2] Government-sponsored enterprises (GSEs) should include data in MAX schedules A, E, F, G, H, O, P, and Y and provide applicable print materials. Baseline data (MAX schedules K,S, and Y) are not required. (For a listing of GSEs, see Appendix C.)

10.5. Requirements following budget transmittal.

After transmittal of the President's budget, OMB requires submission of additional materials in the following situations.

(a) Supplemental requests and budget amendments.—When circumstances warrant, supplemental requests or budget amendments may be proposed. Information on preparation of supplementals and amendments is found in section 61.

(b) Releases of contingent emergency funding.—Presidential releases of previously-appropriated contingent appropriations may be submitted to the Congress after the President's budget has been transmitted. Instructions on preparation of information on these releases are included in section 61.

(c) 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.

The Impoundment Control Act of 1974 (Public Law 93–344), as amended, also requires that *special messages* be transmitted to Congress when funds are withheld temporarily from obligation.

Supplementary messages are transmitted to Congress when information contained in a special message concerning a rescission proposal or deferral trans-

mitted previously is revised. Instructions on agency reporting procedures and required submissions to OMB are provided in Part III of OMB Circular No. A–34 (November 1997 revision).

(d) Mid-Session Review.—The President is required by law to send a report to Congress updating budget estimates on or before July 15. This report contains revised budget estimates resulting from changes in economic assumptions, Presidential initiatives, and completed congressional actions that have occurred since transmittal of the budget.

10.6. Additional materials required for Congress.

Agencies are reminded of the requirement to identify funding levels requested for education and training of the acquisition workforce in their budget justifications to the Congress, as prescribed by 41 U.S.C. 433(h).

Agencies are required to identify funds requested for energy conservation measures in agency budget justifications to the Congress, pursuant to Public Law 100–615.

Agencies are also reminded that all proposed budget justification materials prepared for Congress must be submitted to OMB for clearance prior to transmittal to Congress (see section 12.9).

General Requirements

11.1. Coverage.

The instructions in Part 1 of this Circular apply to all agencies of the Government and Government-sponsored enterprises, except as specified in section 11.2. Budget submissions must be prepared in accordance with these instructions, unless a specific exception is approved in writing by OMB. Requests for exceptions must be submitted to OMB in writing by *August 1,* as prescribed by section 11.6(a). *Exceptions approved by OMB are valid only for one year.*

Questions concerning the application of these instructions should be addressed to the agency's OMB representative.

Unless otherwise noted, for guidance on requirements related to the Government Performance and Results Act (GPRA) and capital assets, see Parts 2 and 3 of this Circular, respectively.

11.2. Exemptions.

Although budget submissions are required from agencies with budgets not subject to executive branch review, general policies, justification requirements, and instructions on additional data are not applicable. Agencies not subject to executive branch review include the:

—legislative branch;
—judicial branch;
—Milk Market Orders Assessment Fund of the Department of Agriculture;
—International Trade Commission; and
—Board of Governors of the Federal Reserve System.

The budgets of the following Government-sponsored enterprises are also not subject to review:

—Student Loan Marketing Association;
—Federal National Mortgage Association;
—Federal Home Loan Mortgage Corporation;
—Banks for cooperatives;
—Agricultural Credit Banks;
—Farm credit banks;
—Federal Agricultural Mortgage Corporation;
—Federal home loan banks;
—Financing Corporation; and
—Resolution Funding Corporation.

11.3. Definitions.

For the purposes of Part 1 of this Circular, ''agency'' designates departments and establishments of the Government and ''bureau'' designates the principal subordinate organizational units of an agency.

The following phrases and abbreviations are used in these instructions to identify specific fiscal years:

Fiscal Year	Description
Past year − 1 (PY − 1)	The fiscal year immediately preceding the past year.
Past year (PY)	The fiscal year immediately preceding the current year; the last completed fiscal year.
Current year (CY)	The fiscal year immediately preceding the budget year.
Budget year (BY)	The next fiscal year for which estimates are submitted.
Budget year+1 (BY+1)	The fiscal year following the budget year.
Budget year+2 (BY+2)	The second fiscal year following the budget year.
Budget year+3 (BY+3)	The third fiscal year following the budget year.
Budget year+4 (BY+4)	The fourth fiscal year following the budget year.
Budget year+5 (BY+5)	The fifth fiscal year following the budget year.
Budget year+6 (BY+6)	The sixth fiscal year following the budget year.
Budget year+7 (BY+7)	The seventh fiscal year following the budget year.
Budget year+8 (BY+8)	The eighth fiscal year following the budget year.
Budget year+9 (BY+9)	The ninth fiscal year following the budget year.

11.4. Materials required for appropriation or fund accounts.

Appropriation or fund accounts, as defined in section 11.5, are the basic building blocks of agency budget submissions to OMB and of the President's budget. More specifically, data are reported and presented at the account level in the budget and aggregated to provide the totals in the President's budget. In addition, appropriation or fund accounts are the basis for congressional action on the budget.

Budget schedules and related print materials are required for the various types of appropriation and fund accounts, as indicated below. Instructions on the preparation of these materials are included in sections 30–36. Computer materials are also required at the account level. Instructions on submission of computer materials are included in sections 20–25.

Type of print material	General and special fund accounts	Revolving funds (including trust revolving funds)	Management funds	Trust funds (excluding trust revolving funds)
Appropriations language (section 31)	Required (if there is language for the current year or budget year).	Required (if there is language for the current year or budget year).	Required (if there is language for the current year or budget year).	Required (if there is language for the current year or budget year).
Program and financing schedule (section 32)	Required.	Required for funds and for annual limitations.	Required.	Required for funds and for annual limitations.
Schedules on status of direct loans and guaranteed loans (section 33)	Generally not required.	Required for all accounts with direct loan or loan guarantee activities.	Not applicable.	Generally not applicable.
Summary of loan levels, subsidy budget authority, and outlays by program (section 33)	Required for all program accounts with direct loan or loan guarantee subsidies.	Not applicable.	Not applicable.	Not applicable.
Narrative statements on program and performance (section 34)	Required, except where there is no activity after the past year.	Required.	Required.	Required.
Schedule of object classification (section 35)	Required.	Required for funds and for annual limitations.	Required.	Required for funds and for annual limitations.
Personnel summary (section 36.1)	Required when personnel compensation is reported in object class 11.1 or 11.3, or when FTE are funded by allocations from other accounts.	Required when personnel compensation is reported in object class 11.1 or 11.3, or when FTE are funded by allocations from other accounts.	Required when personnel compensation is reported in object class 11.1 or 11.3, or when FTE are funded by allocations from other accounts.	Required when personnel compensation is reported in object class 11.1 or 11.3, or when FTE are funded by allocations from other accounts.
Summary of budget authority and outlays (section 36.2)	Required where applicable.	Required where applicable.	Required where applicable.	Required where applicable.
Statement of operations; balance sheet (section 36.3)	Not required.	Required for Government-sponsored enterprise funds, and for credit liquidating accounts. For credit financing accounts, only a balance sheet is required. For noncredit revolving funds, optional at the discretion of OMB.	Not applicable.	Not required.
Schedule on status of contract authority (section 36.4)	Required where applicable.	Required where applicable.	Not applicable.	Required where applicable.
Schedule on status of funds (section 36.5)	Required for certain accounts.	Required where applicable.	Not applicable.	Required where applicable.
Schedule on unavailable collections (section 36.6)	Required for special funds and, where applicable, for general funds.	Required where applicable.	Required where applicable.	Required.
Status of contingent emergency funding (section 36.9)	Required where applicable.	Required where applicable.	Required where applicable.	Required where applicable.

Receipt account data, which are included in the budget data base, are also used to derive budget totals. Instructions on submission of computer materials for receipt accounts are included in sections 20 and 21. These data are printed in the *Budget Appendix* and are reflected in printed budget summary tables.

A summary of requirements for credit program, financing, and liquidating accounts is found in section 33.5(c).

11.5. Basis for presentation of data in budget schedules.

General rules on presentation of data in budget schedules are discussed below. Specific instructions

on the format and style of presentation of required materials are found in section 30.4.

(a) Appropriation or fund accounts.—Congress provides budget authority by appropriating amounts to appropriation or fund accounts for a specific period of availability (i.e., annual, multi-year, or no year availability). An appropriation or fund account is established in the Treasury for each successive annual or multi-year appropriation, as well as for a no year appropriation, provided by Congress for a given purpose under the same or similar titles. However, for the reporting requirements in Part 1 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. In addition, two or more accounts may be merged or consolidated for budget presentation purposes into a single account under some circumstances (see sections 11.5(g), (h), and 20.4(b)). (Note: Budget execution data required by OMB Circular No. A–34 are generally reported for each separate appropriation or fund account established by Treasury (i.e., each account with different availability) rather than at the level of aggregation required for budget presentation.

(b) Alignment of budget accounts.—Agencies are encouraged to review their budget account structure and to propose changes that would align budget accounts providing resources for a program with program results. In particular, the link between resources and results should be kept in mind when:

—proposing budget account changes in response to current legislative and budgetary changes;
—considering changes to GPRA activity structure in annual performance plans (see section 220.9 of Part 2);
—developing budget requests for acquisition of capital assets (see section 300.8 and Appendix 300A of Part 3); and
—reviewing small accounts that provide partial financing for a program financed mostly by another account; to the extent possible, such accounts should be consolidated or merged with the primary account supporting the program (see sections 11.5(g), (h), and 34.3).

When goods and services financed by other budget accounts are used to achieve program results, consideration should be given to charging the program for such goods and services or permitting the program to purchase them competitively.

(c) Establishment of new accounts.—Proposals for new accounts should be approved in advance by OMB (see sections 11.6 and 20.4) and should be consistent with the guidelines described below.

(1) In general, appropriation accounts should provide the basis for effective control over agency programs and should facilitate the presentation of information for both the congressional and the executive branch budget processes. Toward this end, proposed programs that are closely related to existing appropriation accounts should be included in those accounts.
(2) Major new programs that are significantly different from others in substance or in type should be in separate budget accounts.

(d) Reimbursements.—Advances or reimbursements lawfully credited to appropriation or fund accounts and the corresponding obligations will be *included* in the budget schedules of these accounts.

Advances received under the authority of the Economy Act (31 U.S.C. 1535 and 1536) will be included as collections in the appropriation or fund account that actually provides the service or materials.

(e) Allocations.—These are 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. For the purposes of budget presentation, the budget schedules of the parent account will reflect these transactions as a part of that account's regular activities. Object class schedules and personnel summaries will identify allocations separately (see sections 35.4 and 36.1). (See section 13.3(c) for the treatment of allocations of FTE employment and 14.2(l) for the distinction between allocations and other types of transfers.)

(f) "Feeder" accounts for revolving funds.—These are appropriation accounts whose budgetary resources are available only for transfer to specified revolving fund accounts. Amounts included in feeder accounts are reflected without separate identification in the presentation of the revolving fund to which they relate.

(g) "Merged" accounts.—In some circumstances, amounts from several accounts are merged into a single account for budget presentation purposes.

(1) When two or more appropriation accounts have been replaced by a single appropriation, amounts in the old accounts will be merged into schedules for the single account (see section 32.8(g)).

(2) It may be desirable to propose merger of several appropriations into a single account and to request the budget year appropriation 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. While aggregation of accounts may be desirable, this objective should be balanced against other needs, including the need for public disclosure and review and control by the President and Congress.

(h) Consolidated schedules.—A single set of schedules for two or more accounts of a bureau (or of an agency when appropriations are not made by bureaus) will be submitted for:

—Federal fund accounts for which no budget authority is anticipated after the past year;

—permanent appropriations of the general fund and special funds 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.

Below threshold accounts (i.e., with amounts of $500,000 or less) will also be consolidated with larger accounts. For this purpose, below threshold trust fund accounts may be consolidated with general fund accounts. (See section 20.4 for a description of account identification codes for consolidated accounts and section 32.8(h) for budget presentation of these schedules.)

(i) Accounting adjustments.—Those accounting adjustments between appropriations authorized by 31 U.S.C. 1534 will be made without separate identification in the budget schedules.

11.6. Advance approval.

Advance approval by OMB is required for exceptions to requirements in Part 1 of this Circular, changes in the format of justification materials, and changes in budget or activity structure, data classifications assigned at the account level, and appropriations language, as described below.

(a) Exceptions to Part 1 requirements.—Requests for exceptions to specific requirements of Part 1 must be submitted to OMB, with full written justification, by August 1. Approved exceptions are valid only for the year in which they are granted, although they may apply to all years shown in the budget.

(b) Justification materials.—Specific information and format requirements are determined in consultation with OMB representatives. Advance approval must be obtained before modifications are made to the standard justification material requirements used to present program and financial information.

(c) Budget structure.—As a general rule, approval for changes in budget structure should be requested by *October 1,* unless OMB specifies an earlier due date. Changes dependent on pending decisions or resulting from late congressional action or from other circumstances beyond agency control should be submitted as soon as possible after October 1.

Changes in budget structure include establishment of new accounts (see section 20.4), changes in account titles, account mergers, changes in the sequence of existing acounts, and new methods of financing.

When prospective internal reorganizations are likely to necessitate budget structure changes, OMB approval of the revised budget structure should be obtained prior to the reorganization. A request for such approval, in the form of a letter or memorandum, must be submitted as early as possible.

Until requests are approved, budget materials should be based on the existing structure. If changes are approved, budget schedules and other materials will be revised accordingly.

(d) Activity structure.—Agency proposals to change the activity structure, including the use of subactivities, in the obligations by program activity section of the program and financing schedules should be submitted prior to the initial budget submission (see section 32.2).

(e) Functional, subfunctional, and receipt classifications.—Reorganizations, program reorientations, or revisions in appropriation structure sometimes require changes in functional, subfunctional, and receipt classifications. Requests for changes in these classifications for existing accounts should be made prior to the initial budget submission (see section 20.4).

11.7. Responsibilities in reporting data.

In preparing the budget submission, data will be reported as accurately as possible.

(a) 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 are responsible for ensuring that offsetting collections, appropriations, transfers, outlays, and balances for the past year agree with the corresponding amounts reported 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 (see section 32.9). Particular attention should be paid to resolving differences in past year outlays and receipts.

Agencies should also ensure that past year FTE data are consistent with data reported to OPM. Actual FTE usage reported in the past year column of the Budget should normally equal year-end FTE usage reported on the S.F. 113G to OPM (see section 13.3).

(b) Current year data.—The current year's transactions will be estimated as accurately as possible within the limits of funds presently available or expected to become available during the year.

(c) Certification of obligations.—Section 1108(c) of Title 31, United States Code, 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 section 1501(a) of that title. 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 19[BY] consist of valid obligations as defined in section 1501(a) of that title.''

This certification will be included in the summary and highlight statement (see section 15.1) or transmitted separately by the agency head at a later date. In any event, it must be received no later than *November 20*.

The primary responsibility for reviewing the status of its accounts rests with the agency managing the appropriation or fund. Agencies should recognize that the reports required by the Department of the Treasury form the basis for compilation and publication of data on *over-expended* or *over-obligated* appropriation 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. Agency heads should be aware that, in connection with those reports, they are certifying that obligations are valid and that the amount of obligations or expenditures incurred is proper.

(d) Consistency in reporting transfers.—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.

(1) *Where allocations are used.*—When reporting budgetary resources, the agency administering the parent account will compile and submit all necessary material (see section 11.5(e)). That agency will obtain whatever information it needs for this purpose from the receiving agencies. (See section 13.3(c) and 36.1 for treatment of allocations of FTE employment.)

(2) *Where payments are made to other appropriations, to revolving funds, to management funds, and to trust funds.*—The paying agency will include in its schedules obligations in the amount of the payment. The receiving agency will report such amounts as offsetting collections credited to the appropriation, fund, or receipt account, as appropriate (see section 14.2).

(3) *Adjustments of appropriations and balances.*—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 will be responsible for seeing that the amounts included are identical in the schedules of both the losing and gaining accounts (see sections 32.3, 32.4, and 32.8).

General Policies

Summary of Changes

—Agencies are reminded of the OMB Circular No. A–25 requirement for a biennial review of user charges for agency programs (section 12.5(e)).
—Agencies are required to budget for the costs of storing and servicing their temporary and inactive records and to reimburse the National Archives and Records Administration for these costs (section 12.5(x)).
—Budget-related materials subject to OMB clearance include accountability reports and other financial management documents, when budget or policy issues are addressed (section 12.9(b)).

12.1. Basis for agency proposals.

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

—the policies of the President;
—consideration of appropriate roles for Federal, State, and local governments, as well as the private sector, in conducting the activity covered;
—missions, goals, and objectives of the agency, as required by 31 U.S.C. 1105; and
—implementation of the President's policies on management improvement.

State and local officials should be involved in the development of policy and budget priorities and programs having significant State and local impact.

Budget estimates should reflect the judgment of the agency head regarding the scope, content, performance, and quality of programs and activities that are being proposed to meet the agency's goals and objectives and be consistent with agency strategic plans and annual performance plans.

Budget estimates should reflect adequate support for accomplishment of approved plans for management improvement in the areas of management integrity and controls, credit and cash management, financial systems, and financial reporting.

In addition, agencies should consider the effect that demographic, economic, or other changes may have on their program levels beyond the BY and 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.

12.2. Coverage of the estimates.

(a) Presidential policy estimates for CY and BY.— The ***regular annual estimates*** must reflect completely all requirements anticipated at the time of budget submission for:

—continuing activities, including those for which additional authorizing legislation is required for the budget year;
—authorized activities that are proposed for the budget year; and
—amounts necessary to meet specific financial liabilities imposed by law.

Estimates should also reflect decreases for activities proposed for termination.

No supplemental estimate of appropriations or upward amendment of the estimates will be considered later, unless it is due to circumstances that were unforeseen at the time the annual estimates were submitted or due to subsequent action by Congress (see section 61).

Legislative proposals.—If, in addition to the regular appropriations request, it appears probable that proposals for new legislation may require a further budget request or result in a change in revenues or outlays, a tentative forecast of the estimate will be set forth separately in the agency's budget submission. Such proposals must be consistent with items appearing in the agency's legislative program, as required by OMB Circular No. A–19.

Amounts for supplemental appropriations required in the current year to meet unforeseen contingencies in programmatic costs will be set forth separately in the agency's budget submission (see section 32.8).

Supplemental requests for the current year normally will be transmitted to Congress with the budget. However, each case will be decided separately after submission of agency budget estimates (see section 15.3). OMB representatives will inform agencies which supplementals will be transmitted with the budget, so agencies 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 23, provide a basis against which alternatives, including Presidential policy estimates, can be assessed.)

Outyear policy estimates will be consistent with the general policies and information required for the budget year and will 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. Estimates of budget authority, outlays, and receipts for BY+1 through BY+9 should take into consideration changes in spending trends, economic assumptions, and other actions or events. (See section 12.3(a) regarding economic assumptions.)

Growth in agency workload generally will be assumed to be offset by productivity increases so that related employment should not increase. Personnel currently funded will be utilized to the maximum extent in staffing new programs and expansions of existing programs. Reduced personnel levels should be planned where workload is stable.

Federal payroll cost estimates should assume pay rate increases at the agency and account level as specified in section 13.2(b)(1). In addition, the following three categories of budget accounts should 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; and

—general fund contributions to the federal employee retirement.

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

Benefit payment estimates should be as follows:

—*Unemployment insurance benefit* estimates should be consistent with the aggregate unemployment rate assumptions supplied by OMB.

—*Medicare and Medicaid* program estimates should be based 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.

—*Other benefit payment* program estimates (including old-age, survivors, and disability insurance (OASDI); railroad retirement; civilian and uniformed services retirement; supplemental security income; and veterans' compensation, pensions, and readjustment benefits) should be calculated by multiplying the expected number of beneficiaries in each future year by average benefit payments per beneficiary for each future year. The average payments should take into account 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.

12.3. Basis for estimates.

(a) Economic assumptions.—Estimates will be consistent with the economic assumptions provided by OMB. This policy applies to all budget materials including those for the outyear policy and baseline estimates (see sections 12.2(b) and 23). The specific guidance below applies to outyear policy estimates.

(1)*Effect of inflation.*—The policy of permitting *consideration* of price changes for goods and services as a factor in developing estimates does *not* necessarily mean that an allowance for the full rate of anticipated inflation should be included automatically in agency requests.

For mandatory programs, estimates must reflect the full inflation rate where such an allowance is required by law and a decision is not made to propose less than is required. For discretionary programs, estimates may include an allowance for less than the full rate of anticipated inflation or even no allowance for inflation. In many cases, there will be trade-offs between budgeting increases for inflation versus other increases for programmatic purposes. Unless OMB determines otherwise, it is expected that agency budget requests to OMB will be within the budget planning guidance levels provided to them, regardless of the effect of inflation.

If the economic assumptions are revised shortly before final budget decisions are made, these revisions will not usually result in changes to the previous budget guidance on agency totals.

Pay raises will be reflected in agency estimates of personal services costs, rather than in governmentwide allowances (see section 13.2(b)(1)).

(2) *Justification materials.*—Each agency is required to identify in its justification materials the anticipated price level changes reflected in the financial resources required to finance each program level.

(b) Unit cost information.—Estimates will be based upon the most economical and efficient manner of carrying on the work of each agency. For this purpose, unit (average) cost information should be developed to permit cost comparison and analysis to determine whether program costs are minimal. Where possible, costs should be separated 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, agencies will provide both unit cost and marginal cost information in the manner specified by OMB representatives.

(c) Federal credit programs.—Agencies will ensure that estimates for all direct and guaranteed lending programs are prepared in accordance with OMB requirements (see sections 31.5, 33, OMB Circular No. A–129, 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. Accordingly, proposed legislation to create a new, or renew an existing, credit program that does not require substantial risk sharing will provide for direct loans in lieu of loan guarantees.

(d) Government perquisites.—Agencies will ensure that estimates 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.

(e) Full-time equivalent (FTE) employment.—Estimates will be consistent all applicable laws and will represent an effective and efficient use of resources to meet program requirements. (See section 15.2(a)(5) for additional information).

(f) Advisory committees.—Agencies will ensure that estimates reflect the results of the committee reviews required by Executive Order No. 12838, dated February 10, 1993, which required 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, remains in effect; agency estimates should reflect the continued reduced number and cost of advisory committees in their budget planning. The costs of advisory committees established by statute that are being proposed for termination will be identified separately.

(g) Performance indicators, performance goals, and management improvement.—Agencies will ensure that estimates reflect full consideration of the Administration's commitment to improve program performance, management integrity and controls, program delivery, and financial management.

(1) *Performance indicators and performance goals.*—Agencies will ensure that their estimates 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 15.2 and Part 2 of this Circular).

(2) *Information systems.*—Agencies will ensure that estimates 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 of this Circular, where applicable).

(3) *Financial systems.*—Agencies will ensure that their estimates 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:

—core financial systems, as described in the JFMIP Core Financial System Requirements Document; and

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

Submission requirements for agency financial management systems are described in sections 15.4, 40, and 42.

(h) Customer service.—Agencies will ensure that estimates reflect fully the Administration's commitment to providing the highest quality service possible

to the American people. As indicated in Executive Order 12862, it is 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.

In developing estimates, full consideration should be given to enhancement of customer service both to Federal and non-Federal clients, based on information obtained from customer service surveys and other sources. Estimates should also reflect implementation of customer service plans, including training and information collection needed to achieve customer service standards.

(i) Equal opportunity.—Agencies will ensure that estimates reflect fully 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 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, and equal employment opportunity (including nondiscrimination by Federal agencies). They also include efforts to increase Federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

(j) Multi-year appropriations.—When developing estimates, agencies should 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, the period of availability should match the expected length of the acquisition cycle.

(k) Full funding.—Requests for acquisition of capital assets will provide full funding up front or propose advance appropriations to cover the full costs of the project. Specifically, requests for procurement programs will provide for full funding of the entire cost. In addition, requests for construction programs will provide for full funding of the complete cost of construction. Estimates should not be submitted 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. (See section 12.5(v) on leases of capital assets and lease-purchases.) Agencies are reminded that Administration policy and the Antideficiency Act require them to have sufficient budget authority or other budgetary resources to cover the full amount of unconditional obligations under any contract. (See Part 3 of this Circular for guidance on budget submissions for capital asset acquisitions. 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.)

(l) Taxes and tax expenditures.—Agencies will ensure that their requests for budgetary resources include full and explicit consideration of the resources being made available by the Federal Government through tax expenditures and other tax incentives.

(1) *Definition.*—Tax expenditures are defined as revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability (2 U.S.C. 622). They include subsidies provided through the income tax system.

(2) *Justification materials.*—After consultation with the Office of Tax Analysis, Department of the Treasury, proposals for new or modified taxes or tax expenditures will be submitted to OMB with the views of the Office of Tax Analysis and a justification of:

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

In addition, agencies may be required to justify the continuation or reenactment of existing taxes and tax expenditures in the program areas for which they have primary responsibility. Such justifications will reflect consultation with the Office of Tax Analysis and should contain the information described above.

In general, tax expenditures will be 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. Agencies are encouraged to 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, which affect (or are directed at the same goals as) their programs. Agencies 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. (For guidance on inclusion of tax expenditure data in annual performance plans, see Part 2 of this Circular.)

(m) Performance of commercial activities.—Agency estimates of savings will 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). For budget estimates for activities that assume additional FTE or dollar resources to provide a product or service, agencies shall submit a full justification, including a possible recompetition, waiver justification, or determination of workload increase, as appropriate. To the extent possible, additional resources for in-house performance of a commercial activity should be offset by savings from other efforts to reduce costs, including savings from conducting cost comparisons on other existing in-house activities, reinvention savings, or attrition.

Requests for in-house government resources to begin, expand, or enlarge, a government operated activity; to convert a contracted activity to in-house performance; or for one agency to provide new or expanded services to another agency on a reimbursable basis, must be justified in advance in accordance with the requirements of the Revised Supplemental Handbook.

Except as 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.

(n) Use of MAX electronic network.—For the purpose of cost distribution as specified in OMB Circular No. A–130, OMB is the user of MAX. Accordingly, agencies are not required to pay for use of the MAX electronic network required by this Circular.

12.4. Required consultations.

Certain proposals require coordination, as described below, before budget estimates are submitted to OMB.

(a) Tax expenditures.—Agencies are required to consult with the Office of Tax Analysis, Department of the Treasury, prior to submission of budget estimates to OMB and to reflect the views of that office in their justification materials (see section 12.3(l)(2)).

(b) Public works in the National Capital area.—Estimates for construction of public works in the National Capital area will be submitted only after the agency has consulted with the National Capital Planning Commission in the preparation of plans and programs.

(c) Public works in the District of Columbia.—Estimates for 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, will be submitted only after consultation with the Commission of Fine Arts.

(d) Construction of nuclear reactors.—Estimates for construction of nuclear research and test reactors will be submitted only after a letter setting forth the recommendations of the Department of Energy has been obtained.

(e) Communications-electronics systems.—Estimates for the development or procurement of major communication-electronics systems (including all systems employing space satellite techniques) will be submitted only after certification by the National Telecommunications and Information Administration, Department of Commerce, that the radio frequency required for such systems is available.

(f) Compliance and cost estimates for pollution control.—Pursuant to Executive Order 12088, ''Federal Compliance With Pollution Control Standards,'' agencies will submit, after consultation with the Environmental Protection Agency, an annual plan with cost estimates for the control of environmental pollution.

(g) Use of foreign currencies.—Where applicable, agencies should 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, guidance on excess and near excess foreign currencies is periodically issued by OMB. Agencies 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 their OMB representative on questions not addressed by these instructions.

12.5. Estimates relating to specific objects of expenditure.

(a) Hospital care.—In developing estimates for hospital costs, data based on the use of resources allocated by *diagnosis-related groups* are the most desirable. Such data should be compared with payment rates of other payers using similar groupings. Care should be taken to clearly indicate whether or not capital and depreciation costs are contained. The estimates should be accompanied by a description of the cost allocation method underlying the data.

The amount of reimbursement collected from third parties as well as other Federal agencies should be identified when an agency provides hospital care on a reimbursable basis. The estimates of reimbursements and other income from charges for such care shall be based 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.

(b) Motor vehicles.—Estimates for motor vehicles will be consistent with the policies and guidance cited below.

(1) ***Alternative-fueled vehicles.***—Estimates will reflect the Administration's commitment to comply with the requirements 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, agencies are reminded to incorporate plans for acquiring AFVs in their vehicle ordering plans for the current, budget, and future years. Agencies are required to report annually on compliance with sections 303 and 304 of the EP Act and provide AFV acquisition data for PY–BY with agency initial budget submissions. Further instructions on this requirement will be issued separately.

(2) ***Other requirements.***—Estimates for sedans and station wagons shall be based on the requirements of GSA's Federal Property Management Regulations and Federal Standard No. 122. Estimates will 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. Provisions for replacement of motor vehicles and related equipment will be made in accordance with GSA replacement standards and in accordance with Presidential memoranda, dated February 10, 1993.

(c) Real property.—Agency estimates for the acquisition of real property will be included in the agency's budget submission. Estimates for acquisition of real property under contract will be consistent with obligations reported in object class 32. These estimates will be consistent with the policies set forth by the Administrator of GSA, as provided by Executive Order No. 12512.

(d) Design and construction of Federal facilities.—Estimates for Federal facilities will be prepared, as described below.

(1) ***Pollution control standards compliance.***—Estimates of design and construction costs at Federal facilities will be in accord with Executive Order 12088, which requires compliance with pollution control standards.

(2) ***Safe workplaces.***—Estimates for the design and construction of Federal facilities and buildings, capital investment, and the purchase of equipment will include 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).

(3) ***Structural barriers in Federal buildings.***—Agencies will ensure that estimates for construction and renovation of Federal facilities and buildings reflect full consideration of the need to eliminate structural barriers impeding the mobility of individuals with disabilities, consistent with the Architectural Barriers Act of 1968.

(4) ***Scientific laboratory facilities.***—Submissions that propose additional or replacement *scientific laboratory facilities* should be accompanied by evidence that the agency has reviewed the GSA inventory of Federal laboratories. The agency request should reflect the precise reasons for acquiring new space instead of using existing laboratories having sufficient space available, as reported in the GSA inventory.

(e) User fees.—Agencies are reminded that section 8(e) of OMB Circular No. A–25 requires at least a biennial review of user charges for agency programs. Agencies should ensure that estimates are developed in accordance with the full cost recovery policy for user fees set forth in that circular. Under the 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.

In determining full cost recovery, user fee estimates should reflect retirement costs related to provision of the goods or services. For the Civil service retirement system, costs should be estimated at 17.2 percent of base pay; costs related to the Federal employees' retirement system should be estimated as specified in section 12.5(i).

(f) Construction in flood plains.—As required by Executive Order Nos. 11988 and 11990, 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, should be based upon land utilization plans that preclude the uneconomic, hazardous, or unnecessary use of flood plains or wetlands. Agencies will indicate in their requests 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.

(g) Major systems acquisitions.—Agencies should develop their 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). Estimates should 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, estimates for major information systems should reflect projects as narrow in scope and 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 of this Circular for reporting requirements related to FASA and the Clinger Cohen Act, where applicable.)

(h) Federal Employee Compensation Act.—For budget accounts subject to appropriations action, the budget year estimates will include the amount billed by the Employment Standards Administration of the Department of Labor for benefits paid on their behalf in the past year under the Federal Employee Compensation Act. (For accounts not subject to appropriations action, agencies pay the bill in the current year.)

(i) Federal employee retirement.—Agency budget estimates should reflect retirement costs for Federal employees under the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). Basic pay, as used below, is defined at 5 U.S.C. 8331(3).

For CSRS, the agency 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, the agency cost is comprised of the costs for the FERS basic benefit, social security, and the thrift savings plan (TSP). The agency cost for 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. To obtain the agency cost for these employees, agencies should refer to the *Federal Register* of April 18, 1997 and reduce the normal cost percentage provided in the *Federal Register* 1.3 percent. TSP estimates should be based on the agency's actual experience and should be between one and five percent of the FERS basic payroll.

(j) Unemployment compensation.—In general, agencies 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. These reimbursements will be absorbed by the liable agencies when they are required to be paid. For agencies that do not employ large numbers of temporary employees or other personnel expected to lead to significant unemployment compensation claims, the estimates for the current and budget year will contain no special provision for the costs of reimbursing the unemployment trust fund for such payments.

Agencies that employ large numbers of temporary employees to meet part-year workload may request approval from OMB to budget for unemployment

compensation costs of their temporary employees. OMB will consider such requests from agencies that demonstrate they have in operation a sound administrative control system for unemployment compensation claims.

(k) Space and related requirements.—Agency estimates will include payments required for space, structures and facilities, land, and building services provided by GSA and by others. In addition, supporting materials indicating the total amounts for these charges to be paid to GSA and the basis for distributing these amounts by appropriation will be provided to OMB, if agency rental payments exceed $5 million in PY, CY or BY (see section 15.6). Where agencies are experiencing employment reductions, corresponding reductions in space requirements and associated costs should be planned.

(l) Tort claims.—Estimates will not include amounts for payment of tort claims, except where there is a substantial volume of claims presented regularly.

(m) Travel.—Every effort should be made to minimize official travel. Use of established sources for official travel, such as the General Services Administration's Travel Management Centers, negotiated hotel rates, city-pair airline contracts, etc., are encouraged. Estimates for travel will reflect application of the allowances authorized under the Federal Travel Regulations issued by GSA or under comparable regulations issued by the Department of Defense for travel of military personnel and by the Department of State for foreign service personnel. Estimates will also take into account changes in prices for travel by commercial modes.

(n) Construction of federally-owned housing.—Agencies should ensure that estimates for construction of family housing for civilian and military personnel (either rental housing or public quarters) are consistent with the following guidelines. 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.)

(1) *General.*—Estimates should *not* include funding for construction of housing for civilian employees, except where necessary to maintain continuity and efficiency of service. In no case should estimates include funding for construction of family housing for civilian or military personnel if private capital can be found to do the financing.

Unless OMB determines otherwise, estimates for construction of housing must be justified under one or more of the following conditions:

—Where the construction is for *public quarters* (i.e., where the law authorizes the provision of housing without charge, such as for military public quarters);

—Where construction is necessary to meet *requirements for service or protection;* or

—Where there is *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, a request for an exception to these guidelines may be submitted to OMB.

(2) *Requirements of service or protection.*—Construction of housing may be justified in cases where 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, the agency must demonstrate that requirements for service or protection cannot be met if personnel are permitted to live away from the station.

(3) *Lack of available housing.*—Construction of housing may be justified at remote stations, at foreign service posts, or under other circumstances when the agency head determines that necessary service cannot otherwise be rendered. In such cases, the agency head's determination must be based 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, consideration must be given to any additional private housing that can reasonably be expected to be constructed or otherwise become available.

Available housing will usually include both housing for sale and for rent, except where rotatation of personnel between stations occurs at intervals of approximately three years. In those cases, only rental housing should be considered available.

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). Exceptions to this rule may be made by the agency for military necessity; for requirements of service or protection; or if justified on the basis that time and cost involved in commuting would create a hardship upon employees, that local commuting habits differ materially, or that public transportation is not readily available.

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:

—that housing cannot be located through realtors or advertisement;

—that the available housing is substandard by reasons of design, construction, or location;

—that, because of size, it is considerably more costly than employees can afford; or

—that employees subject to rotation cannot obtain leases permitting them to vacate on thirty days notice, at prevailing rental rates.

(o) Inpatient care facilities and medical care services.—Estimates for capital improvement of Federal inpatient care facilities and plans for provision of major new medical care services will reflect review by State and appropriate areawide agencies in accordance with Executive Order No. 12372.

(p) Interagency and advisory committees.

Interagency groups (including boards, councils, committees, and similar groups).—Financing interagency groups by contributions from member agencies' appropriations is prohibited by a government-wide general provision, unless such financing is specifically authorized by statute. Therefore, financing for such groups must be proposed in the budget in the form of:

—appropriations specifically for the interagency group; or

—specific language authorizing interagency funding.

Advisory committees.—Agencies will ensure that estimates reflect full consideration of the expenses of advisory committees. In this connection, each agency will be guided by 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 (see section 12.3(f)).

(q) United States mail.—Estimates for official use of the United States mail, package delivery, and/or private carrier service will include 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, and will take into consideration changes in program requirements. Estimates should assume maximum use of available postage discounts.

(r) Coastal Barrier Resources Act.—Estimates should not include any new Federal expenditures or financial assistance prohibited by the Coastal Barrier Resources Act (Public Law 97–348).

(s) Water and sewer payments to the government of the District of Columbia.—Estimates should include amounts for payment to the government of the District of Columbia for water and sewer services.

(t) Remedial environmental projects.—Estimates of the cost of the design, construction, management, operation, and maintenance of remedial environmental projects at Federal facilities should be consistent with policies set forth in Executive Order 12088.

(u) Contractor claims.—Estimates will 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.

(v) Leases of capital assets.—Agencies will ensure that leases of capital assets have been justified as 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, agencies must have sufficient budgetary resources upfront to cover the present value of the lease payments discounted using Treasury interest rates.

For lease-purchases in which the government assumes substantial risk, outlays will be reported 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, outlays will be reported 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.

Detailed instructions on scorekeeping are included in Appendix B.

(w) Federal Government aircraft.—Estimates will 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 12.3 (d) and (m)).

(x) Temporary and inactive records storage and accession service.—Agencies should budget for the costs of storing and servicing their temporary and inactive records. Agencies 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, as a result, avoid unnecessary retention of duplicate and inappropriate Federal records.

12.6. Estimates of collections and outlays.

(a) Collections.—Estimates of collections (see sections 14.1 and 14.2(d)) will be consistent with economic assumptions provided by OMB and will include amounts to be received under proposed legislation, separately identified, as well as under existing legislation.

Estimates of collections resulting from charges for government services and property should be based on policies set forth in OMB Circulars No. A–25, A–45, and A–130, as applicable.

For offsetting and governmental receipts, amounts reported will include all collections credited to the agency's receipt accounts and exclude collections credited to receipt accounts of other agencies (except amounts credited to certain Treasury Department accounts, as explained in section 15.10). Receipts will be reported on the basis of collections credited to receipt accounts during the year, plus or minus the adjustment of those collections. Amounts for the past year will agree with receipts reported to Treasury as shown on Treasury Financial Management Service Form 6655, Receipt Account Trial Balance. For indefinite appropriations of receipts, the amount of estimated collections generally will equal the related estimates of budget authority, except where amounts are precluded from obligation by provisions of law, such as a limitation on obligations or a benefit formula (see section 14.2(b)).

Amounts for investment receipt accounts will be reported in accordance with the instructions in section 14.3. Earned discounts, sales premiums, and purchase premiums will be reported to the interest receipt account (usually, suffix .20).

(b) Outlays.—Agencies have primary responsibility for accurate outlay estimation. In estimating outlays, full account should be taken of time lags between the incurring of obligations and the receipt of, and payment for, goods and services. Estimates should take into consideration the viability of obligations (i.e., the likelihood that unliquidated obligations will have to be paid).

Care should be taken to make realistic estimates of outlays. Outlays are directly involved in determining the size of the deficit and thus in determining overall budget policy. Further, outlay estimation has taken on increasing importance under the Budget Enforcement Act. Outlay estimates should not be used as ceilings, but should represent the best estimate for a given level of program activity.

Methods for estimating outlays will be consistent with policies contained in OMB Circular No. A–34. Instructions on reporting requirements for outlay plans are included in OMB Circular No. A–34.

(c) 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) and outlays resulting from balances of prior year budgetary resources for Presidential policy and baseline estimates generally should be consistent for each budget account. Outlays from prior year balances should be the same, except where policy proposals restrict or accelerate spending from balances.

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

12.7. Information on specific authorizing legislation.

Congress, congressional committees, the Congressional Budget Office (CBO), and the General Accounting Office (GAO) may request budgetary information related to authorizing legislation. Agencies should be prepared to furnish, upon request and to the extent practicable, information on authorizing

legislation by programs, budget functions and subfunctions, accounts, and organization and estimates (budget authority, obligations, and outlays) related to authorizations, enacted or currently before Congress, for the *current* and *prior fiscal years,* other than supplementals or rescissions for the current year, for each title and section of authorizing legislation. Information relating to prior and current years (other than supplementals or rescissions for the current year) may be supplied before the President's budget has been transmitted officially to Congress.

Agencies should also be prepared to furnish, upon request, information for all years included in the President's budget relating to amounts authorized (budget authority, obligations, and outlays) and related information for specific provisions of legislation that authorize or are proposed to authorize each program or activity in its submissions with respect to the budget, baseline estimates, estimates related to new legislative proposals, and financial assistance to State and local governments. Agencies should furnish this information to congressional committees, CBO or GAO only *after* the basic document or proposals that the information requests are intended to amplify, have been transmitted officially to Congress.

12.8. Significance of Presidential decisions.

When the President has considered the estimates for the executive branch and made his decisions, each affected agency will be notified. The nature and amounts of the President's decisions are confidential and will not be released until the budget is transmitted to Congress.

Presidential decisions with respect to current year and budget year estimates (other than forecasts of items that will be transmitted formally later) represent the amounts recommended to Congress. These decisions, 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 so justified by the respective agencies. Furthermore, agency justifications 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 section 12.9.

Agencies will be notified, at the time Presidential decisions on budget year estimates are made known, of the amount of any current year supplemental estimates to be requested in the budget. However, the forecasts of supplemental items for later transmittal included in the budget are not commitments as to the amounts to be recommended formally to Congress later. The need for each such item will be reviewed again when the estimate is submitted formally by the agency. The amount to be requested will be determined at that time.

Upon receipt of the President's decisions, the agency head will exercise judgment as to the best and most appropriate distribution of those amounts that have been left flexible for consideration. Budget submissions will be revised promptly to bring them into accord with the actions of the President.

12.9. Responsibilities for disclosure with respect to the budget.

(a) Agency testimony before and communications with Congress on budgetary matters.—The nature and amounts of the President's decisions are confidential and will not be released until the budget is transmitted formally to Congress. The executive branch communications that have led to the budget will not be disclosed either by the agencies or by those who have prepared the budget.

In furnishing information on appropriations and budgetary matters, representatives of agencies should be aware of the limitations on such communications, including the limitation that:

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

Furthermore, agency representatives should be aware of restrictions upon communications to influence legislation that are not conducted through proper official channels (18 U.S.C. 1913).

Following formal transmittal of the budget, an amendment, or a supplemental appropriation request, agency representatives will be guided by the following policies pertaining to budgetary matters when testifying before any congressional committee or communicating with Members of Congress:

(1) Witnesses will give frank and complete answers to all questions.

(2) Witnesses will avoid volunteering personal opinions that reflect positions inconsistent with the program or appropriation request the President has transmitted to Congress.

(3) If statutory provisions exist for the direct submission of agency budget estimates to Congress, OMB may provide agencies with additional materials supporting the President's budget request to be forwarded by the agency to Congress with agency testimony. Witnesses for such agencies will be prepared to explain the agency submission, the request in the President's budget, and any justification material.

(4) In responding to specific questions on program and appropriations requests, witnesses will refrain from providing the agency request to OMB as well as plans for the use of appropriations that exceed the President's request. Witnesses typically bear responsibility for the conduct of one or a few programs, whereas the President must weigh carefully all of the needs of the Federal Government, and compare them against each other and against the revenues available to meet such needs. Where appropriate, witnesses should call attention to this difference in scope of responsibility in explaining why it is not proper for them to support efforts to raise appropriations above the amounts requested by the President.

(5) Where there is a request for a written submission that will involve a statement of opinion relating to program and appropriations requests, witnesses will arrange for a reply to be provided through the head of the agency.

(6) Agency representatives should be careful that their communications are not perceived to be an ''appropriations estimate or request ... or an increase in that estimate or request. ...'' (31 U.S.C. 1108). Agency representatives are expected to support the President's budgetary decisions and seek adjustments to those decisions through established procedures for budget amendments or supplemental appropriations requests if the agency head determines such action to be necessary.

(b) Clearance of budget-related materials for Congress and the media.—Policy consistency is essential among the various sections of the President's budget, and the budget-related materials prepared by the agencies for Congress and the media. Agencies are responsible for ensuring that these budget-related materials are consistent with the President's budget and are submitted for clearance to OMB, unless a specific exemption from clearance is approved by OMB.

Agencies will submit all proposed budget justification materials to OMB for clearance prior to transmittal to congressional committees or individual Members of Congress or their staff. Agencies also will submit to OMB for clearance budget-related oversight materials.

Information subject to OMB clearance includes initial budget justifications; testimony before and letters to congressional committees; written responses to congressional inquiries or other materials for the record; materials responding to committee and subcommittee reporting requirements; capability statements; appeals letters; reprogramming requests; related cost information; financial management documents when budget and policy issues are addressed (e.g., some accountability reports or transmittal documents for audited financial statements); and budget-related materials provided to congressional committees in response to their oversight activities. These materials will be provided to OMB in such a manner as to allow OMB five working days to review the material. *OMB review of reprogramming requests* may take longer than five working days under certain circumstances (e.g., if these requests have not been coordinated in advance with the OMB representative or if supporting materials have not been provided concurrently). In exceptional circumstances where the response time to Congress is very short, agencies may request oral clearance of these materials or make other arrangements with their OMB representatives for expedited review.

Agencies will provide OMB representatives, immediately after the transmittal of the budget, with a schedule of anticipated congressional reviews of budget materials that require agency oral and written participation. These schedules will be revised whenever appropriate. Schedules will also be submitted to OMB for anticipated reviews of subsequent transmittals of budget requests.

Agencies will also submit to OMB for clearance their proposed press releases relating to the President's budget.

Any questions about coverage of this section, timing, or scope of review should be discussed with the OMB representatives who are normally consulted on budget-related matters.

(c) Clearance of changes in the President's budget.—The prohibition against submissions by agencies to Congress of estimates or requests for appropriations without the approval of the President or request of either House of Congress applies to changes in appropriations language including changes in

the limitations or amounts recommended in the budget. When an agency desires to propose such changes, written requests will be presented to OMB in accordance with section 61.

If significant changes are planned in the amount requested or the scope and conditions pertaining to a program of the agency without changing proposed appropriations language contained in the budget on which Congress has been requested to act, the agency will inform OMB. OMB will advise the agency as to whether or not a formal transmittal of the change will be made. This procedure applies to appropriations requests, as well as to other estimates, e.g., business-type statements required by the Government Corporation Control Act.

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 the agency will inform OMB promptly. Any decision by an agency head to request restoration of a reduction should be carefully considered, taking into account the reasons for the reduction, the circumstances under which it was made, its significance from the standpoint of the President's program, and other relevant factors.

(d) Information available to the public.—Although it is not possible to determine merely by the generic category of records whether an agency would be authorized to withhold records requested under the Freedom of Information Act (FOIA) in every instance, most budgetary documents of an agency that are subject to the FOIA should be exempt from mandatory release pursuant to the provisions of 5 U.S.C. 552(b)(5). Depending upon the nature of the record requested, other exemptions to the FOIA may apply, or the release of records may be inappropriate even after the end of the fiscal year to which the records pertain. In deciding whether to withhold a budget document under applicable exemption, an agency should follow the memoranda on FOIA issued by the President and the Attorney General on October 4, 1993. Whether a document concerns a future, current, or past fiscal year will be a significant factor in deciding whether it should be withheld under FOIA Exemption 5. The release of a document is more likely to harm the budget process if it concerns a future fiscal year (or the current fiscal year) than if it concerns a past fiscal year. Agency heads will be held responsible for determining the propriety of releases of records under the FOIA pertaining to budgetary matters.

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 will be held responsible for the propriety of determinations that would lead to the disclosure of this budgetary information.

Basis for Reporting on Employment and Personnel Compensation

13.1. Definitions relating to employment.

An ***employee,*** as defined in 5 U.S.C. 2105, is 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 is 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 to be ''hours worked'' for purposes of defining full-time equivalent employment that is reported in the personnel summary (see section 36.1). 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 1998 through 2002 is provided in section 13.3(c).

13.2. Basis for personnel estimates.

(a) Personnel.—Estimates relating to personnel will be consistent with the following:

(1) *Staffing requirements.*—Estimates for staffing requirements will assume 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, calculations converting workload to required personnel will use an estimate of available workhours per employee that excludes annual leave, sick leave, administrative leave, training, and other non-work time. Estimates of available time should be based on current data, should reflect steps taken to improve the ratio of available time to total time, and should recognize differences in available time by organization, location, or activity. Exclusion for annual and sick leave should be based 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.*—Generally, estimates of personnel resources will be based on the total number of regularly scheduled straight-time hours (worked or to be worked) and on a standard workyear containing 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, such entries for all years will be stated in terms of FTEs, as defined in section 13.1, unless another requirement is explicitly stated.

(b) Personnel compensation.—Estimates for personnel compensation and benefits should be consistent with FTE levels and be prepared on the following bases:

(1) *Pay scales.*—Estimates will be based 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 ECI-based national schedule adjustment and locality pay without assumption as to how the total increase will be distributed between the two. The pay scales used in preparing estimates should reflect the locality pay rates that went into effect in January 1998.

Estimates may need to be adjusted when final pay assumptions for the budget are released. Agencies

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. Any increases in average compensation for the budget year, other than those due to changes in pay scales, must be explicitly justified.

(2) *Hourly rates.*—Compensation for all employees (as defined in 5 U.S.C. 5504(b)) will be based 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. It is expected that 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) will be offset by savings due to greater productivity and efficiency.

(4) *Vacancies.*—Estimates related to vacancies expected to be filled in the budget year will be based on the entrance salary for the vacancies involved.

(5) *Savings in personnel compensation.*—Full consideration will be given 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. Terminal leave payments, including those for SES, will be identified as offsets against such savings.

(6) *Positions above grade GS/GM 15.*—These positions, including SES, will be reflected only to the extent that positions have been authorized in those grades by OPM or other authority or specifically authorized in substantive law.

(7) *Awards.*—Estimates should include amounts for all cash incentive awards. Upon request by OMB, agencies should be prepared to provide detailed information on their cash incentive awards program, including a narrative explanation of the basis on which the agency distributes awards and how that relates to its overall performance management program.

(8) *Executive selection and development programs.*—Estimates should include 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.*—Increases over amounts for the preceding year for premium pay must be fully justified. In preparing estimates for overtime, agencies 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 the 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.*—Estimates for severance pay will be for 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. Estimates will 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.*—Estimates should reflect 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.*—Estimates should reflect approved agency plans for paying recruitment and relocation bonuses and retention allowances. Agencies should be prepared to supply information on planned and actual expenditures upon request by OMB.

(14) *Retirement costs.*—Estimates should reflect 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 12.5(i) for retirement cost factors.)

13.3. FTE budgeted levels.

(a) Policy.—Consistent with the general policy of making the most effective use of Government resources, and in order that the executive branch complies with the FTE limitations established in

the Federal Workforce Restructuring Act of 1994 (FWRA), P.L. 103–226, each agency head will ensure close management of budgeted FTE levels for his or her agency. The FWRA requires that OMB make a quarterly determination of whether the executive branch is in compliance with the mandated FTE limitations. If it is determined that the executive branch is exceeding the limitation, a government-wide hiring freeze will be imposed.

(b) Reporting of actual FTE usage.—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.

(c) Estimates of FTEs.—All agencies will prepare budget estimates relating to personnel requirements in terms of FTE employment, as specified in this Circular.

Current year FTE estimates for each agency 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 1998 estimate in the FY 1999 Budget should be very close to the 1998 actual to be published in the FY 2000 Budget.

To determine FTE employment, the total number of regular hours (worked or to be worked) is divided 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 1998 through 2002 should be used to compute FTE employment.

COMPENSABLE DAYS FOR FISCAL YEARS 1998–2002

1998	261
1999	261
2000	261
2001	260
2002	261

(d) FTE estimates.—The FTE estimate for each agency is determined at the time of the annual budget review, for the fiscal year in progress and for the succeeding fiscal year.

FTE levels determined during the budget review process will meet the FWRA statutory limitations, and will be consistent with other 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.

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.

The FTE employment estimates will include 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 will 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. In addition, reporting requirements for FTE (workyear) data, reported on the SF 113G, are published by OPM. Agencies are required to report all FTE employment on the SF 113G to OPM.

Current year FTE estimates will be measured using information compiled from the SF 113G reports. To minimize reporting burden and response time, the SF 113G reports are on the basis of bi-weekly pay periods and the ''reporting year'' is 26 pay periods, or 260 days (2,080 hours). OPM will issue annual schedules of reporting periods for the SF 113A and 113G reports.

(e) FTE transfers between agencies.—Agencies entering into agreements to perform administrative-type work for other agencies on a reimbursable basis may enter into an agreement to transfer FTEs on a one-for-one basis, provided that the agencies involved notify OMB prior to making such a transfer. Unless OMB notifies the agencies involved within 15 days of any objection, the agencies may proceed with the transfer.

(f) Adjustment requests.—All requests for adjustments in employment levels, including agreements

to transfer FTEs between agencies, will be sent to the Director of the Office of Management and Budget.

Budget Terms and Concepts

Summary of Changes

—Guidance clarifies that the full amount of offsetting collections (cash) credited to an expenditure account in a year is deducted from the gross budget authority and outlays reported for the year, even if a portion of the collections is not available for obligation in that year (section 14.2 (b)).
—Refunds of receipts that result from overpayments are recorded as reductions of receipts; payments to taxpayers for tax credits are recorded as outlays (section 14.2 (i)).
—The treatment of investments in U.S. and non-U.S. securities has been clarified (section 14.3).
—The amortized portions of discounts and premiums are recorded as revenue or adjustments to revenue on the statement of operations (section 14.3).

14.1. Glossary of budget terms.

This section provides a glossary of key terms used in the budget process. It is not meant to be exhaustive. The terms listed in the table below are of particular significance in preparing the budget and are explained more fully in section 14.2. Section 14.3 describes how investments in U.S. securities are treated in the budget. A comprehensive discussion of terms used for credit programs is provided in section 33.5.

Key Terms Explained in Section 14.2	Subsection
Balances of budgetary resources	(a)
Budget authority	(b)
Cash-equivalent transactions	(c)
Collections	(d)
Direct spending	(e)
Discretionary spending	(e)
Obligations	(f)
Outlays	(g)
PAYGO	(e)
Reappropriations	(h)
Refunds	(i)
Reimbursable obligations	(j)
Rescissions	(k)
Transfers	(l)
Transfer in the estimates	(m)

Advance—See *transfers.*

Agency designates departments and establishments of the Government for the purposes of this circular.

Allowances are included in the budget totals to cover certain forms of budgetary transactions that are expected to increase or decrease budget authority or outlays but are not reflected in the program details. For example, allowances have been included for proposed legislation that would have a significant effect on the budget in total but relatively small effects on individual accounts across the Government. Budget authority and outlays included in the allowances are never appropriated as allowances.

Appropriations—See *budget authority* (section 14.2(b)).

BEA is an abbreviation that refers to the *Budget Enforcement Act of 1990,* which placed caps on discretionary spending and established ''pay-as-you-go'' requirements on legislation affecting direct spending or receipts. The BEA amended the Congressional Budget Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985 (also known as Gramm-Rudman-Hollings). For the purposes of this Circular, BEA is used to refer to requirements actually contained in those laws.

Balances of budget authority are amounts of budgetary resources provided in previous years that have not been outlayed. Obligated balances are amounts that have been obligated but not yet outlayed. Unobligated balances are amounts that have not been obligated and that remain available for obligation under law. (See section 14.2(a).)

Borrowing authority—See *budget authority* (section 14.2(b)).

Breach is the amount by which new discretionary budget authority or outlays for a fiscal year is above the BEA cap on new discretionary budget authority or outlays for that year. (See *BEA* and *cap.*)

Budget refers to 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.

Budget authority (BA) is the authority provided by Federal 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 14.2(b).)

Budgetary resources are those amounts available to enter into obligations in a given year. They include new budget authority, obligation limitations, direct spending authority, recoveries of unexpired budget authority through downward adjustments of

prior year obligations, and unobligated balances of such resources at the beginning of the year or transferred in during the year.

Budget totals are 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 are excluded from the on-budget totals by law. The on- and off-budget totals are combined to derive a total for Federal activity.

Bureau designates the principal subordinate organizational units of an agency.

Cap is the term commonly used to refer to legal limits for each fiscal year on the budget authority and outlays provided by discretionary appropriations. A sequester is required if an appropriation causes a breach in the cap.

Cash equivalent transactions are ones in which outlays or collections are not in the form of cash or the cash does not accurately measure the cost of the transaction. The equivalent cash value is estimated and included in the budget. (See section 14.2(c).)

Collections—See *receipts, governmental* and *offsetting collections.*

Contract authority—See *budget authority* (section 14.2(b)).

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; it excludes administrative costs and any incidental effects on governmental receipts or outlays. (See section 33.)

Credit program account is 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 33.)

Deficit is the amount by which outlays exceed receipts.

Deferral is 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 10.5).

Deposit funds are accounts 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). Deposit fund transactions are excluded from the budget totals because they are not Government funds. Since they reduce Treasury's need to borrow, they are a means of financing the deficit.

Direct loan is 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 includes the purchase of, or participation in, a loan made by a non-Federal lender. The term includes the sale of a Government asset on credit terms of more than 90 days duration, as well as financing arrangements for other transactions that defer payment for more than 90 days. It also includes loans financed by the Federal Financing Bank (FFB) pursuant to agency loan guarantee authority (see section 12.3(c)). The term does not include the acquisition of Federally guaranteed non-Federal loans in satisfaction of default or other guarantee claims or the price support loans of the Commodity Credit Corporation. (See section 33.) (cf., *loan guarantee.*)

Direct spending means budget authority provided by law other than appropriation acts, entitlement authority, and the food stamp program. (See section 14.2(e).) (cf., *discretionary appropriations.*)

Discretionary appropriations means budgetary resources (except those provided to fund direct-spending programs) provided in appropriations acts. (See section 14.2(e).) (cf., *direct spending.*)

Emergency appropriation is an appropriation that the President and the Congress have designated as an emergency requirement under the BEA. If it pertains to a discretionary program, such an appropriation results in an adjustment to the discretionary cap. Mandatory emergencies are not counted as pay-as-you-go costs.

Expenditure transfer—See *transfers.*

Federal funds are the moneys collected and spent by the Government other than those designated as trust funds. Federal funds include general, special, public enterprise, and intragovernmental funds. (cf., *trust funds.)*

Financing account 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 non-budgetary, are not included in the budget totals. (See section 33.) (cf., *liquidating account.*)

Fiscal year is the Government's accounting period. It begins on October 1st and ends on September 30th, and is designated by the calendar year in which it ends. See section 11.3 for the phrases and abbreviations used to identify specific fiscal years.

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 13.1.)

Functional classification arrays budget authority, outlays, and other budget data according to the major purpose served—e.g., agriculture.

General fund consists of accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys.

Liquidating account is 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 prior to October 1, 1991. (See section 33.) (cf., *financing account.*)

Loan guarantee is 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 33.) (cf., *direct loan.*)

Means of financing refers to borrowing, use of cash balances, and certain other transactions that are used to finance the deficit. By definition, the means of financing are not treated as receipts or outlays.

Intragovernmental funds are accounts for business-type or market-oriented activities conducted primarily within and between Government agencies and financed by offsetting collections that are credited directly to the fund.

Non-expenditure transfers—See *transfers.*

Obligations are binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally. (See section 14.2(f).)

Off-budget—See *budget totals.*

Offsetting collections are collections from the public that result from business-type or market-oriented activities and collections from other Government accounts. These 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. The authority to spend offsetting collections is a form of budget authority. (See sections 14.2(b) and (d).) (cf., *receipts, governmental.*)

On-budget—See *budget totals.*

Outlays are the measure of Government spending. They are payments to liquidate obligations (other than the repayment of debt). 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 they are also 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.

Outyear estimates refer to the estimates for each of the nine years beyond the budget year.

Pay-as-you-go (PAYGO) is a term that refers to requirements in the BEA that result in a sequester if the estimated combined result of legislation affecting direct spending or receipts is a net cost for a fiscal year. (See section 14.2(e).)

Public enterprise funds are accounts for business or market-oriented activities conducted primarily with the public. They are generally financed by offsetting collections that are credited directly to the fund.

Reappropriations occur if a law extends the availability of unobligated budget authority that has expired or would otherwise expire. Reappropriations are counted as new budget authority in the year in which the balance becomes newly available. (See section 14.2(h).)

Receipts, governmental are collections that result primarily from the Government's exercise of its sovereign power to tax or otherwise compel payment. They are compared to outlays in calculating a surplus or deficit. (See section 14.2(d).) (cf., *offsetting collections.*)

Receipts, offsetting—See *offsetting collections.*

Receipts, offsetting governmental—See section 14.2(d). (cf., *offsetting collections.)*

Refunds received are the return of excess payments to the Government. The refund of a payment in the same year in which the obligation for payment was recorded is netted from obligations for that year. A refund in a subsequent year is counted as an offsetting collection. Refunds paid by the Government are recorded as obligations and outlays. (See section 14.2(i).)

Reimbursable obligations are obligations financed by offsetting collections credited to an expenditure account in payment for goods and services provided by a government account. (See section 14.2(j)).

Rescission is 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 14.2(k).)

Scorekeeping refers to measuring the budget effects of legislation, generally in terms of budget authority, receipts, and outlays for purposes of the BEA.

Sequester is the cancellation of non-exempt budgetary resources provided by discretionary appropriations or direct spending legislation, following various procedures prescribed in the BEA. A sequester may occur in response to a discretionary appropriation that causes a breach or in response to net costs resulting from the combined result of legislation affecting direct spending or receipts (referred to as a ''pay-as-you-go'' sequester).

Special funds are Federal fund accounts for receipts earmarked for specific purposes and for the expenditure of these receipts. (cf., *trust funds.*)

Spending authority is defined in section 401(c)(2) of the Congressional Budget Act of 1974, as amended, as various types of authority to obligate the United States to make payments, the budget authority for which is not provided in advance in appropriations acts. The various types include authority to enter into contracts (i.e., contract authority); to incur indebtedness; to make payments (including loans and grants) to persons or governments who meet requirements established by law; to forgo the collection by the United States of proprietary offsetting receipts; and to make any other payments (including loans, grants, and payments from revolving funds).

Spending authority from offsetting collections—See *budget authority.*

Subsidy means the same as cost when it is used in connection with Federal credit programs. (See section 33.)

Surplus is the amount by which receipts exceed outlays.

Supplemental appropriation is one 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.

Transfers occur when all or part of the budgetary resources in one Government account are transferred to another Government account. Transfers must be authorized by law. Generally, the nature of the transfer determines whether it is recorded as an expenditure transfer (recorded as an obligation and outlay in the paying account and an offsetting collection in the performing account) or a nonexpenditure transfer (recorded as a shift in budgetary resources from one account to the other). The transfer is treated as an expenditure transfer when the purpose is to purchase goods or services or otherwise to benefit the paying account. The transfer is treated as a nonexpenditure transfer when budgetary resources are shifted from one purpose to another. By convention, all transfers between Federal and trust funds are treated as expenditure transfers except for amounts borrowed from the general fund and repayments of outstanding borrowing (principal). (See section 14.2(l).)

Transfer in the estimates refers to a proposed transfer of the financing of an activity from one account to another. Budgetary resources are not transferred between the accounts. Instead, the budget estimates reflect that funding for the activity ends after the current year in the losing account and begins in the budget year in the gaining account. (See section 14.2(m).)

Trust funds are accounts, designated by law as trust funds, for receipts earmarked for specific purposes and for the expenditure of these receipts. (cf., *Federal funds* and *special funds.*)

User fees are fees, charges, and assessments levied 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. The payers of the fee must be limited in the authorizing legislation to those benefiting from, or subject to regulation by, the program or activity, and may not include the general public or a broad segment of the public. The user fee must be authorized for use only to fund the specified programs or activities for which they are charged, including directly associated agency functions, not for unrelated programs or activities and not for broad purposes of the Government or an agency.

User fees *include:*
—collections from non-Federal sources for goods and services provided;
—*voluntary* payments to social insurance programs;
—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;
—*involuntary* payments to social insurance programs;
—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; and
—Federal Reserve System earnings.

14.2. Basic budget concepts.

This section elaborates on some of the terms introduced in the previous section and explains certain basic budget concepts.

(a) Balances of budgetary resources.—For a given year, balances of budgetary resources provided in previous years are shown as either unobligated balances or balances of unpaid obligations.

Unobligated balances are balances of budgetary resources that remain available for obligation, i.e., unobligated balances of budget authority (appropriations, authority to borrow, and contract authority) and unobligated balances of offsetting collections (unfilled interagency orders on hand that constitute valid obligations of the ordering accounts, advances received from the public, and other cash receipts lawfully credited to the appropriation or fund account being reported). Unobligated balances reported in program and financing schedules for a fiscal year will not reflect unobligated balances that expired in prior years or were canceled. They will also exclude offsetting collections that are not available for obligation (e.g., because of a limitation on obligations in appropriations acts) and special and trust fund amounts that are precluded from obligation in that fiscal year by a provision of law, such as a limitation on obligations or a benefit formula. The unavailable offsetting collections and receipts will be reported in a schedule of unavailable collections (see section 36.6).

Unpaid obligations are obligations that have been incurred but not liquidated (paid). ***Obligated balances*** are unpaid obligations net of accounts receivable from Federal sources for which payment has not been received and unpaid, unfilled orders from Federal sources. These accounts receivable and orders must represent a valid obligation against budgetary resources of the ordering Federal account. Orders for which subsequent cash collections will be credited to a receipt account rather than to the expenditure account will be excluded from the calculation of the obligated balance. In addition, receivables from the public, loans and other long-term receivables, amounts due at some future date under credit sales, and deferred charges will not be deducted from unpaid obligations in computing the obligated balances. *Unpaid obligations, obligated balances,* and *receivables and unpaid, unfilled orders from Federal sources* will be presented separately in the program and financing schedule. (See section 32.4. and exhibit 10E.)

Unobligated balances of appropriations, contract authority, and authority to borrow are appropriate only when such authority is provided for more than one year and in definite amounts or when the amount of indefinite authority is based on the appropriation of receipts from a specified source. Obligated balances, however, may pertain to both definite and indefinite forms of budget authority.

Balances at the start and end of the past year should be consistent with the amounts reported in the Treasury Department's Annual Report, except as indicated in section 14.2(c). (See exhibit 10E.)

(b) Budget authority.—Budget authority is the authority becoming available during the year to enter into obligations that result in immediate or future outlays of Government funds. The treatment described below is consistent with the definition of budget authority contained in section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Omnibus Budget and Reconciliation Act of 1990. Most budget authority is in the form of *appropriations;* other types are *contract authority, authority to borrow,* and *spending authority from offsetting collections.*

Appropriations, which may be provided in appropriations acts or other laws, permit obligations to be incurred and payments to be made. An appropriation may make funds available from the general fund, special funds, trust funds, or authorize the spending of offsetting collections credited to expenditure accounts, including revolving funds. Because of the special nature of spending authority from offsetting collections, it is treated as a separate form of budget authority, as described below. An *advance appropriation* is one made to become available one fiscal year or more beyond the fiscal year for which an appropriation act is passed.

Contract authority permits obligations to be incurred but requires a subsequent appropriation or offsetting collections to liquidate (pay) the obligations.

Authority to borrow permits obligations to be incurred but requires funds to be borrowed to liquidate the obligations. Usually, the funds are borrowed from the Treasury, but in a few cases agencies may borrow directly from the public.

Spending authority from offsetting collections permits offsetting collections to be credited to an expenditure account and obligations and payments to be made using the offsetting collections. Spending authority from such offsetting collections includes accounts receivable and unpaid, unfilled orders received from other *Federal* accounts. Any portion of spending authority that is not available for obligation is not recorded as budget authority. For accounts with limitations on the use of offsetting collections, budget authority will include 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 obligation. The offsetting collections (cash) collected in a year that are credited to an account, plus the increases (or minus the decreases) in accounts receivable and unpaid, unfilled orders from Federal sources, are then deducted from gross budget authority, and the result is reported as net budget authority for the account. It should be noted that the full amount of offsetting collections (cash) collected in a year is deducted from the gross budget authority and outlays for the year, even if a portion of the offsetting collections is not available for obligation in that year.

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

Amounts appropriated to liquidate contract authority or repay debt (authority to borrow) are not available to incur new obligations and are not budget authority.

The proceeds from the sale of financial assets (e.g., Federal loan assets) with recourse (i.e., the Federal government guarantees repayment of principal and interest in the event of default) are budget authority.

Budget authority may be classified further as follows:

Definite authority is stated as a specific amount or ''not to exceed'' a specific aggregate amount at the time the authority is granted, whether in an appropriations act or other law, and the full amount so provided is recorded as budget authority for that period.

Indefinite authority is not stated as a specific amount. Rather, the amount provided is determined by specified variable factors, such as the amount of the receipts from a specified source, the amount of the proceeds from the sale of financial assets with recourse, or the amount necessary to cover obligations associated with entitlements. In the case of receipts or proceeds from financial assets sold with recourse, the amount of budget authority to be shown in any year will equal the amount received or estimated to be received in that year.

Special and trust fund appropriations that are predicated on estimated receipts are limited to the lower of the actual receipts or the amount of the appropriation.

Budget authority that is available in amounts needed to cover specified payments will be shown in an amount equal to the amount of obligations incurred or estimated to be incurred. This applies to obligations covered by authority to borrow or contract authority even though they may be liquidated by offsetting collections rather than borrowings or appropriations to liquidate.

Some legislation limits the amount of debt that may be outstanding at any time. In such cases, the amount of budget authority is not limited except by considerations of the need to borrow to pay obligations that will become due as the limit on outstanding borrowing is approached.

Current authority requires congressional appropriations action on the request for new budget authority for the year involved.

Permanent authority becomes available pursuant to standing provisions of law without further appropriations action by Congress after transmittal of the budget for the year involved. When permanent budget authority is enacted, it is treated as permanent authority the first year it becomes available, as well as in succeeding years.

The budget authority effect of proposals that require congressional action in the year involved (e.g., supplementals, proposals to rescind current year budget authority, and legislative proposals for later transmittal) will be treated as current or permanent authority, depending on the nature of the authority that is affected by the proposal. Transfers of permanent authority directed in an appropriations act will be treated as current.

Limitations on permanent authority.—In some cases, amounts of what would otherwise be permanent budget authority (definite or indefinite) are precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations or a benefit formula). These amounts are not counted as budget authority in that year. However, the program and financing schedules will present the total amount of budget authority that would be available without the limitation or benefit formula, the amount that is unavailable because of the limitation or benefit formula, and the reduced amount of budget authority available for obligation. As a general rule, obligations will be applied first against new receipts; balances that were previously precluded from obligation (i.e., unavailable balances) will be used only to the extent that new receipts are not adequate to cover obligations.

Permanent budget authority that is subject to an obligation limitation set in an appropriations act will be scored as discretionary spending (see section 14.2(e)).

Period of availability.—One-year (annual) authority is budget authority available for obligation only during a specified fiscal year and expires at the end of that time. Multiple-year authority is budget authority available for obligation for a specified period of time in excess of one fiscal year. This authority generally takes the form of two-year, three-year, etc., availability, but may cover periods that do not coincide with the start or end of a fiscal year. No-year authority is budget authority that remains available for obligation for an indefinite period of time, usually until the objectives for which the authority was made available are achieved.

Annual and multi-year authority expire for the purpose of incurring new obligations. However, the authority is available for adjustments to obligations and for disbursements (i.e., expenditures) that were incurred or made during the period prior to expiration, but not recorded. Unless specifically authorized in law, the period that the expired authority is available for adjustments to obligations or for disbursements is five fiscal years (beginning with the first expired year). At the end of the fifth expired year, the authority is ''canceled''. Thereafter, the authority is not available for any purpose.

(c) Cash-equivalent transactions.—Outlays and collections usually are in the form of cash (currency, checks, and electronic fund transfers). Normally the amount of cash disbursed or collected is the appropriate measure of the value of the transaction, and the budget records outlays or collections equal to the cash that changes hands. In other cases, however, the cash disbursed or collected does not accurately measure the cost of the transactions. In these cases, the budget records the cash-equivalent value of the transactions. For example, outlays are reported for the gross amount of pay for Federal employees, even though the cash payments to employees are net of withholding for Federal income taxes and other payroll deductions. Income tax receipts are recorded for the amount of Federal income taxes withheld from Federal employees' pay, even though no cash is received. Outlays for the interest on the public issues of Treasury debt securities are recorded as the interest accrues, not when the cash is paid. For Federal credit programs, outlays are equal to the subsidy cost of direct loans and loan guarantees and are recorded as the underlying loans are disbursed.

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, outlays or collections are recorded 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 it may be able to 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, the budget records the same amount of outlays for both cases. 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 budget 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 budget records the same amount of collections in either case.

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. Outlays are reported 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 (see Appendix B).

The scorekeeping effect of cash-equivalent transactions is not limited to outlays and collections. The authority to incur obligations that will be liquidated through cash-equivalent payments is recorded 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, the issuance of a debenture is recorded as an increase in debt, and the Government's acceptance of a debenture as payment of fees is recorded as a reduction in debt. An increase in debt is also recorded as the means of financing the cash-equivalent outlays of lease-purchase arrangements in which the Government assumes substantial risk. The Government's subsequent cash lease payments are scored as the equivalent of interest outlays on that debt and principal repayments.

(d) Collections.—In general, amounts collected by the Government are classified in two major categories:

Governmental receipts, which are compared with outlays in calculating the surplus or deficit.

Offsetting collections, which are deducted from gross disbursements in calculating outlays.

Collections usually are in the form of cash; however, collections also are recorded when cash-equivalents are used to pay the Government (see section 14.2(g)). The proceeds of borrowing are not counted as collections, because borrowing and the repayment of borrowing are treated as a means of financing outlays. Certain other monies received by the Government (e.g., deposits to deposit funds, which are for moneys that are on deposit with the Government but that are not owned by the Government) are not counted as collections.

Governmental receipts.—These are collections from the public that arise from the Government's sovereign or governmental powers. They consist primarily of tax receipts, but also include compulsory user charges, customs duties, court fines, certain licenses, etc. Gifts and contributions are also counted as governmental receipts. As a general rule, governmental receipts are deposited into receipt accounts and reported in total (rather than as an offset to budget authority and outlays). However, some receipts that are governmental in nature are required by law or other reasons to be deposited to offsetting receipt accounts or to be credited as offsetting collections to appropriations or other expenditure accounts. These are classified as offsetting governmental receipts or offsetting governmental collections, respectively.

Offsetting collections.—These collections arise as a result of business-type transactions with the public (e.g., from the sale of services or goods) or as a result of a payment from one Government account to another. The proceeds from the sale of financial assets with recourse are treated as budget authority, not as offsetting collections (see section 14.2(b)). There are two major categories of offsetting collections: offsetting receipts and offsetting collections credited to appropriations or other expenditure accounts.

—*Offsetting receipts.* All collections credited to receipt accounts that are offset against budget authority and outlays rather than reflected as governmental receipts in computing budget totals are termed offsetting receipts. Most offsetting receipts are offset against both agency budget authority and outlay totals. Offsetting receipts are composed of:

(1) Proprietary receipts.—These are collections from the public that arise out of the business-type or market-oriented activities of the Government (e.g., sale of services and products, loan repayments, rents, and sale of property).

(2) Intragovernmental receipts.—These are payments from appropriations or fund accounts that are deposited into receipt accounts. These are further classified as follows:

–*Interfund* receipts are amounts derived from payments between Federal and trust funds.

–*Intrafund* receipts are amounts derived from payments within the same fund group (i.e., within the Federal fund group or within the trust fund group).

(3) Offsetting governmental receipts.—These receipts are governmental in nature but are required by law or other reasons to be treated as offsetting.

—*Offsetting collections credited to appropriation or fund accounts.* When specifically authorized by law, offsetting collections are credited to appropriation or fund accounts. Such collections are reported in program and financing schedules. The authority to incur obligations against offsetting collections credited to an account is a form of budget authority. Budget authority and outlays are reported gross and net of the total amount of offsetting collections credited to the account in a particular year (see sections 14.2(b) and 32.5). Collections credited to appropriation or fund accounts generally consist of reimbursements (including advances when authorized by law) and may also include proceeds from the sale of assets without recourse and other non-operating collections. The total spending authority from offsetting collections reported for an account will also include orders on hand from another account of a Federal agency for which payment has not been received, if an obligation in that amount has been recorded in the paying account.

(e) Discretionary spending and direct spending and pay-as-you-go (PAYGO).—The Budget Enforcement Act of 1990 (BEA) defines two main classifications of spending and specifies separate procedures for controlling such spending.

Discretionary spending. The BEA sets annual limits, commonly referred to as ''caps,'' on budget authority and outlays provided in annual appropriation acts. If either the budget authority or outlay cap for a year is breached, the budget authority of each non-exempt, discretionary account is sequestered.

Direct spending/PAYGO. The BEA requires all direct spending (commonly referred to as ''mandatory spending'') and receipts legislation to be on a pay-as-you-go (PAYGO) basis. That is, legislated increases in direct spending or reductions in receipts must be offset by other legislated reductions in direct spending or increases in receipts. If not, a sequester of non-exempt mandatory spending is imposed. Authorizing legislation that affects direct spending or receipts is PAYGO legislation (even if the net effect on spending and receipts is estimated to be zero). Changes in direct spending or receipts that are not the result of legislation (e.g., increases in entitlement programs resulting from inflation or growth in the beneficiary population) are not subject to PAYGO requirements. Changes in direct spending and receipts that are enacted in appropriations acts are treated as discretionary spending, not as PAYGO.

OMB calculates the net effect on direct spending and receipts of each piece of legislation, comparing it to the baseline published in the most recent President's budget. Following the end of a session of Congress, OMB determines the net effect of such legislation for the current year and the budget year. If the net effect is an increase, all non-exempt direct spending accounts must be sequestered to reduce spending by the amount of the increase.

The Statement of the Managers that accompanied the BEA listed all accounts under the Appropriations Committees' jurisdiction that are either discretionary or direct spending (mandatory). All references to entitlement authority include this list of mandatory appropriations. Accounts that are not listed are classified as direct spending if budgetary resources are provided by statutes other than appropriations acts. The classification of new accounts follows the same criteria used for existing accounts, but any new classifications are determined by OMB in consultation with Congress, as required by law.

Direct spending/discretionary classifications are used for measuring compliance with the BEA. However, these classifications have no bearing on whether a program provides legal entitlement to a payment or benefit.

Agencies should consult their OMB representative with questions concerning BEA classifications and legal entitlements.

Appropriations actions modifying mandatory accounts.—In general, Appropriations Committee actions are discretionary. Therefore, if a provision in an appropriations bill makes a substantive change to a mandatory account, the costs or savings of that change will be treated as discretionary for the purpose of scoring under the BEA discretionary limits. The amount of discretionary costs or savings to be scored will be the difference between the new level of spending (or receipts) and the baseline level.

Permanent budget authority that is subject to an obligation limitation set in an appropriations

act will be scored as discretionary spending for all affected accounts, except trust fund accounts in the Department of Transportation.

Enacted provisions. Discretionary changes to mandatory accounts will be scored to the appropriations bill at the time of enactment. However, budgets transmitted subsequent to enactment will return to showing the accounts as entirely mandatory in every year, and the mandatory estimates for those accounts will include any effect of the Appropriations Committee action. If appropriate, the discretionary spending limits will be adjusted to capture the effects (if any) of the appropriations committee action.

Proposed provisions. Budget proposals for appropriations language changes to mandatory accounts will be scored as discretionary.

(f) Obligations.—Obligations reflect the amounts of orders placed, contracts awarded, services received, and similar actions requiring payments. Obligations will be shown in the obligations by program activity section of program and financing schedules to reflect the level of program activity. The total of such obligations in any year is financed by budgetary resources. Obligations reflected in the budget will conform with applicable provisions of law and will be supported by the documentary evidence required by 31 U.S.C. 1501. Unliquidated obligations should be reviewed regularly and those not likely to require payment should be deobligated.

(g) Outlays.—Outlays are the measure of Government spending. They are payments to liquidate obligations (other than the repayment of debt), net of refunds and offsetting collections. They are recorded when obligations are paid, in the amount that is paid. Outlays usually are in the form of cash; however, outlays also are recorded when cash-equivalents are used to liquidate obligations (see section 14.2(c)). Outlays are stated both gross and net of offsetting collections for an account, but totals are only stated net. Outlays during a fiscal year may be for the payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and in part from budget authority provided for the year in which the money is spent.

Outlays are recorded for the subsidy cost of direct loans and loan guarantees as the underlying loans are disbursed (see section 33). Other cash flows associated with direct loans and loan guarantees are not counted as outlays or collections. Interest on public issues of the public debt is recorded as an outlay on an accrual rather than a cash basis. Borrowing is not recorded as a receipt because it is a means of financing outlays. Since borrowing is not a receipt, it follows that repayment of borrowing is not an outlay. Certain other payments (e.g., disbursements from deposit funds, which are moneys that are on deposit with the Government but that are not owned by the Government) are not counted as outlays.

Outlays for the past year must agree with amounts reported in the Department of the Treasury's Annual Report unless an exception is requested by the agency and approved by OMB.

(h) Reappropriations.—The budget will show the funds that are affected by a reappropriation as expiring in the year the amounts expired or would otherwise expire under their original availability. The amounts shown as expired will be excluded from the balances carried forward to the following year. New budget authority in the same amount will be shown in the first year of the extended availability, which is usually the fiscal year following the year in which the amounts would otherwise lapse.

(i) Refunds.—Refunds that are received by an expenditure account in the *same fiscal year* during which the obligation for the refund is recorded will be netted against obligations without further identification in the budget schedules, thereby reducing both obligations and outlays for that year.

The treatment of refunds that pertain to obligations recorded *in previous fiscal years* will depend on the availability of the appropriation from which the obligation was originally incurred.

- —If the appropriation from which the obligation was originally incurred is *still available for new obligations,* then the refund will be recorded as an offsetting collection credited to the account.
- —If the appropriation from which the obligation was originally incurred has *expired but is not yet canceled,* then the refund will be recorded as an adjustment to the expired account.
- —If the appropriation from which the obligation was originally incurred *has been canceled,* then the refund is to be credited to miscellaneous receipts.

Refunds paid by an expenditure account will be shown as an obligation and an outlay in the account making the payment. Refunds of receipts that result from overpayments (such as income taxes withheld in excess of tax liabilities) are recorded

as reductions of receipts, rather than as outlays. However, payments to taxpayers for the credits (such as earned income tax credits) that exceed the taxpayer's tax liability are recorded as outlays.

(j) Reimbursable obligations.—Reimbursable obligations are 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 jointly-funded projects to carry out grant programs or other projects of common interest that are supported by more than one Federal agency.

Reimbursable obligations *include:*

—revolving fund obligations; and

—obligations financed by:

(1) payments from non-Federal sources for goods and services; and

(2) expenditure transfers from Federal sources for goods and services.

Reimbursable obligations *do not 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:

(1) interest on Federal securities;

(2) interest on uninvested funds;

(3) offsetting governmental collections (i.e., compulsory collections from the public, such as tax receipts, compulsory user charges, customs duties, license fees)

(4) 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.

(k) Rescissions.— Enacted rescissions are reflected in the regular budget schedules. Proposed rescissions are displayed in separate budget schedules (see section 32.8(b)).

For special fund accounts, rescinded amounts may either revert to the special fund receipt account or be permanently withdrawn. As a general rule, when amounts are rescinded from an annually appropriated special fund account, the rescinded amounts are returned to the receipt account and can be made available for obligation through subsequent appropriations action. When amounts are rescinded from a permanently appropriated special fund account, the rescinded amounts are withdrawn and returned to the General Fund of the Treasury.

(l) Transfers.—Transfers of budgetary resources from one account to another must be authorized in law. The nature of the transfer—expenditure or nonexpenditure—determines how the transfer is recorded in the budget. Agencies will ensure that transfers are reported consistently by all parties to the transaction.

Expenditure transfers—Where the purpose of the transfer is to purchase goods or services or otherwise benefit the transferring account, the transfer will be recorded as an obligation and an outlay in the transferring account and an offsetting collection in the receiving account (see section 14.2(d)). If the receiving account is a general fund appropriation account or a revolving fund account, the offsetting collection will be credited to the appropriation or fund account. If the receiving account is a special fund or trust fund account, the offsetting collection usually will be credited to a receipt account of the fund. All transfers between Federal funds (general, special, and revolving funds) and trust funds are treated as expenditure transfers, except that amounts borrowed by trust funds from the general fund and repayments of outstanding principal by trust funds to the general fund are treated as nonexpenditure transfers. Trust fund borrowing includes repayable advances from the general fund to trust funds.

Reimbursement between two accounts for goods or services is an expenditure transfer, with an obligation and an outlay in the account making the payment and a collection credited to the performing account. Such collections will be shown in the schedules for the appropriation or fund account to which they apply and will represent amounts that have been, or will be, credited to that account when received.

Nonexpenditure transfers.—The law authorizing a nonexpenditure transfer should be carefully reviewed to determine whether the purpose is to shift budgetary resources, to reflect the transfer of an activity, or to establish an allocation. Where the purpose of the transfer is to shift budgetary resources from one purpose to another (e.g., to fund pay raises) or to reflect the transfer of an activity (e.g., reorganization transfers), the transfer will be recorded as an adjustment to budget authority or balances in both accounts, rather than an obligation and outlay

in the transferring account and a corresponding offsetting collection in the receiving account.

If a transfer of budget authority occurs in the same year in which the authority becomes available, the transfer will always be shown as an adjustment to budget authority in both accounts.

If the transfer involves balances of budget authority provided in a previous year, or other budgetary resources, but results from legislation which changes the purpose for which the resources are available, the transfer will also be shown as an adjustment to budget authority in both accounts. However, if a transfer of balances results from general transfer authority provided to an agency by Congress or reflects the transfer of an activity where the purpose has not changed, the transfer will be shown as an adjustment to balances in both accounts.

Nonexpenditure transfers also include allocations. Allocations are transfers of obligational authority from one agency or bureau to a transfer appropriation account that is established in another agency or bureau to carry out the purposes of the parent appropriation or fund. Such transfers are not adjustments to budget authority or balances of budget authority. Associated obligations and outlays are reflected in the budget schedules of the parent account (see section 11.5(e)). As a general rule, allocations should not be used where the nature of the transfer is a reimbursement, such as transactions under the Economy Act. In such cases, agencies should make expenditure transfers. Agencies should consult their OMB representative with questions concerning allocation accounts.

(m) Transfer in the estimates.—A transfer in the estimates indicates that an activity currently financed under one budget account is proposed to be financed under another account, beginning in the budget year. A transfer in the estimates is effected by reflecting the budget year estimate for the shifted activity in the appropriation account to which the transfer is proposed, and by eliminating that budget year estimate from the appropriation account from which the activity is being transferred. A proposal for a transfer in the estimates requires advance approval by OMB (see section 11.6).

Use of a transfer in the estimates may arise out of a need to consolidate appropriations, distribute the financing of activities between two or more accounts, or transfer the financing of an activity from one account to another in the budget year. A transfer in the estimates is to be distinguished from a transfer of funds by which money available under one appropriation title is moved to another.

A transfer in the estimates will be identified in a note following the program and financing schedules of the losing and gaining accounts (see section 32.8(c)).

14.3. Investments in securities and disinvestment.

The budget treatment for investments in securities and their disinvestment depends on whether the securities are U.S. or non-U.S. securities. U.S. securities include 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.

(a) Non-U.S. securities.—Budget authority must be available and outlays will be recorded when the Government invests in non-U.S. securities (equity or debt securities) in an amount equal to the purchase price. Interest is recorded as offsetting collections or receipts on a cash basis. When a security is sold, the budget records offsetting collections or receipts equal to the sales proceeds.

(b) U.S. securities.—Because U.S. securities are the equivalent of cash for budget purposes, investment and disinvestment of these securities are recorded as a change in the mix of assets held.

Principal.—When funds are invested in a U.S. security, the principal transaction is treated as an asset exchange, i.e., no obligation or outlay is recorded, and the total level of fund balances does not change as result of the principal transaction.

(1) ***Program and financing schedules.***—Entries for balances in the program and financing schedules (MAX schedule P) no longer distinguish between uninvested amounts and holdings in U.S. securities. As a result, while the mix of assets changes, the amount of fund balances reported in MAX schedule P will not change. Total unobligated and obligated balances reported in this schedule should represent the corresponding balances available for obligation, i.e., cash balances, plus investments at par, plus unrealized discounts, which are recorded as negative amounts, even though these amounts are not separately identified. New memorandum entries at the end of the program and financing schedules are used to report the start and end of year balances of total investments in U.S. securities at par value for PY through BY.

(2) ***Status of funds schedules.***—Status of funds schedules (MAX schedule J) continue to distinguish between uninvested amounts and holdings in U.S. securities. In MAX schedule J, cash balances are reduced by the purchase price, and holdings of U.S. securities are increased by the par (face or nominal) value of the security acquired, adjusted for any discount as described below. When a U.S. security is sold or redeemed, holdings in U.S. securities are decreased by the par value and cash balances are increased by the sales price or redemption value of the security. Balances of U.S. securities will be recorded at par value. Where the securities were purchased at a discount, the total amount of the balances will be reduced by reporting the amount of the unrealized discounts separately as a negative amount (See purchase discount below.)

Interest, discounts, and premiums.—Interest, discounts, and premiums determine the earnings on the principal invested in U.S. securities. This section will describe first the general treatment of these transactions and then the specific treatment of each type of transaction.

Interest, earned discounts, and premiums will be recorded as increases and decreases, as appropriate, in the receipts of special and trust funds or in offsetting collections credited to appropriation or fund account (usually revolving funds, including trust revolving funds).

For special and trust funds, these adjustments will affect the amount of receipts available for appropriation for those funds where the receipts are subject to annual appropriation, or the amount of budget authority becoming available in the year for those funds where the receipts are permanently appropriated. For offsetting collections credited to appropriation or fund accounts, these adjustments will affect the amount of offsetting collections reported for the year.

Interest, earned discounts, and premiums will be combined and recorded on a net basis as interest on investments. Purchase discounts, which are not realized until a security matures or is sold, require the special treatment described below. Interest will be reported separately in the program and financing schedule; however unrealized discounts will be reflected (on lines 2140, 2440, 7240, 7440) without separate identification. Both interest and unrealized discounts will be reported separately in the status of funds schedule (section 36.5)

Interest.—The nominal or stated amount of interest received or estimated for the year will be recorded as an increase in the receipt account for interest (usually suffix .20) for a special or trust fund or as an increase in offsetting collections for interest credited to appropriations or fund accounts (line 88.20 on the program and financing schedule).

Accrued interest purchase.—Payments from a fund to the former owner of a purchased security for the amount of interest that has accrued to the owner but that will be received by the fund will be recorded as a decrease in the receipt account for interest (usually suffix .20) for a special or trust fund or a decrease in offsetting collections for interest credited to appropriations or fund accounts (line 88.20 on the program and financing schedule).

Purchase discount.—When a security is purchased for an amount less than the par value, the status of funds schedule will show a decrease in uninvested balances equal to the purchase price; an increase in balances of U.S. securities equal to the par value; and the difference between the purchase price and the par value as unrealized discounts.

When the security matures, uninvested balances in the status of funds schedule will be increased by the amount of the par value of the maturing security (unless the proceeds are reinvested during the year), the balance entries for unrealized discounts will be reduced by the amount of the discount at purchase, and receipts or offsetting collections will be increased.

Purchase premium.—When a security is purchased for an amount greater than the par value, the difference will be recorded as a decrease in the receipt account for interest (usually suffix .20) for a special or trust fund or a decrease in offsetting collections for interest credited to appropriations or fund accounts (line 88.20 on the program and financing schedule).

Sales discount.—When a security is sold for an amount less than the par value, the difference between the purchase price and the sales price will be recorded as an increase if it is a gain and a decrease if it is a loss in the receipt account for interest (usually suffix .20) in a special or trust fund or in offsetting collections for interest credited to appropriations or fund accounts (line 88.20 on the program and financing schedule).

Sales premium.—When a security is sold for an amount greater than the par value, the difference between the purchase price and the sales price will be recorded as an increase if it is a gain and a decrease if it is a loss in the receipt account for interest (usually suffix .20) for a special or trust fund or in offsetting collections for interest credited to appropriations or fund accounts (line 88.20 on the program and financing schedule).

Alternative guidance will be specified by OMB for certain accounts where these rules may result in significant distortions of amounts presented in the budget.

Amortized discounts and premiums.—For purposes of financial reporting, purchase discounts and premiums are amortized over the life of the security. 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 are recorded as an adjustment to the par value of the security (see section 36.3).

(c) Differences between Treasury balances and balances in the budget.—Although the amounts related to investments must be consistent, certain differences in availability of receipts with current, definite appropriations must be recognized in reconciling the amounts.

The receipts of some special and trust funds, by law, are available to incur obligations for program purposes only to the extent provided in annual appropriations acts. However, if the law authorizes such funds to be invested, the Treasury Department records such receipts as appropriated in the year received and subsequently as unexpended balances of appropriations. Since such appropriations do not provide budget authority (authority to incur obligations), those amounts will not be reported in program and financing schedules. However, they will be included with the other amounts reported as unavailable collections in the special schedule required under section 36.6 but will not be identified separately.

Justifications and Other Reporting Requirements

Summary of Changes

—The requirement for information on NPR targeted positions has been dropped.
—Submissions on remediation plans are mandatory when the agency head determines that financial systems do not comply with statutory requirements (section 15.4).
—Agencies making rental payments to the General Services Administration (GSA) or others in excess of $5 million annually are required to report on their space requirements and costs using a new format (section 15.6).
—Requirements for reporting energy cost and efficiency data to OMB and the Department of Energy have been consolidated. Agencies will report on alternative fuel vehicles, in addition to energy information already required by OMB (section 15.12).
—A requirement for information on relocation expenses has been added (section 15.13).

15.1. Summary and highlight statement.

A summary and highlight statement (in the form of a transmittal letter from the head of the agency) will cover the budget submission of each agency. This narrative will summarize the highlights of the agency's budget and related major legislative proposals, identifying:

—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; and
—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.

Agencies must submit a listing of the amounts of budget authority and outlays and FTE requested through BY+5 (see section 15.2(b)(5)). This list will be itemized by account with proposed supplementals, pending supplementals, rescission proposals, and legislative proposals shown separately. Offsetting receipts will be deducted to arrive at the net amount of the agency request (see section 14.2(d)). In addition, initial budget submissions should include an analysis of outlay estimates reflected in agency budget requests, with the form and level of detail to be determined in consultation with the OMB representative.

Agencies are reminded that development of an agency's budget request and annual performance plan should be coordinated. (See section 220.9 of Part 2 of this Circular.)

Agencies are also required to comply with stated policies required under sections 11.7 (responsibilities in reporting data), 12.3 (basis for estimates), 12.4 (required consultations), and 12.5 (estimates relating to specific objects of expenditure).

15.2. Justification of programs and financing.

A written justification will be provided for each budget submission. Subsection (a) describes the materials that generally are required. Specific informational requirements and formats will be determined in consultation with OMB representatives. It is expected that each agency will have agreed with OMB representatives on the form and specific content of the budget submission in the spring and summer preceding the budget submission.

The agency request should be consistent with the funding levels included in policy guidance. If the request is not consistent with policy guidance, the agency must provide a summary display of what its 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, agencies may be asked by the OMB representatives responsible for review of the

agency's budget submission to identify and discuss the implications of other funding levels.

The justification should be prepared in concise, specific terms and cover all programs and activities of the agency. Tables, charts, and graphs may be used in lieu of or to supplement text. Materials should be prepared in a manner designed to provide all of the information that the agency and OMB have agreed is necessary for OMB to understand and evaluate the agency's request and make its determinations.

(a) Materials required.—The justification materials normally should include 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; and supporting information. The supporting information should take into account agency and outside (e.g., think tanks, universities, interest groups) program evaluations and related analytic studies, as well as IG, GAO, and other congressional entity analyses, whether or not they agree with the proposed policy.

Performance indicators and performance goals.—The primary means of providing performance information should be the annual performance plan (see section 220 of Part 2). Additionally, other performance information, including performance goals and indicators, may be included to explain major program issues and financial requirements. Performance indicators should be presented in terms of outputs or outcomes, and performance goals should be provided for short-term, as well as for long-term assessment of program performance. Justifications should emphasize outputs that reflect the products and services that are provided by the program and that are delivered or used outside the program, as opposed to process alone. Justifications should also emphasize outcomes that reflect the results of a program. For example, a justification tied only to increasing the numbers of individuals served is of little consequence without evidence of the cost and the outcome, consistent with program goals.

Information on performance indicators, goals, and objectives included in justification materials should be consistent with agency strategic plans and annual performance plans required by the Government Performance and Results Act (see Part 2 of this Circular.)

In addition, agencies that prepare annual financial statements 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.

(b) Other analyses.—Additional requirements for information on program evaluation; infrastructure and grant programs; streamlining plans; agency restructuring activities; an analysis of resources; and a table showing the relationship of programs to account structure are provided below. At the discretion of the agency's OMB representative, these requirements may be modified or alternative justification materials specified. Other materials also may be requested by OMB representatives.

(1) Information on program evaluation.—Program evaluation is an important aspect of program planning and monitoring, assessing program results, and determining future funding levels. In budget justification materials, agencies are required to provide information on their program evaluation activities and on their program evaluation agenda. The agenda should describe the major program evaluation activities currently underway or planned. Agencies should consult with their OMB representative in the development of their multi-year evaluation plans and agenda. (See section 210.11 on program evaluation in strategic plans.)

(2) Information on infrastructure investment and grant programs.—Justification materials for major infrastructure investment and grant programs should 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.

(3) Update of streamlining plans.—As part of their justification materials, agencies should submit narrative information that updates streamlining plans. These materials should indicate changes in plans resulting from the President's FY 1999 Budget, and congressional action, as well as streamlining actions to change the structure and operation of the agency, and the composition and skill mix of the workforce.

(4) Agency restructuring or work process redesign.—Agencies should identify restructuring or process reengineering activities resulting from proposed and current investments in information technology that yield budgetary savings. Justification materials should indicate how these activities allow agencies

to utilize existing resources better while improving program management and service delivery.

(5) Analysis of resources.—A tabular presentation should be used to identify the financial and personnel resources required at the program levels under consideration.

Resources required should be presented 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, these will be identified separately. A subsidiary breakdown of such items as personnel compensation, capital outlay, or other categories of special concern may also be useful.

Generally, financial data should be presented in terms of new budget authority and outlays. However, the agency's OMB representative may require additional measures, such as unobligated balances and offsetting collections.

Personnel requirements will be expressed in terms of full-time equivalents (see section 13.2). Agencies 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.

Changes to the FTE levels in any year must be fully justified in terms of program management requirements. If an increase is requested, an analysis of agency-wide FTE must fully document why FTE cannot be moved from another function to meet the identified need.

Budgetary resources and FTE requests must be described in the context of the agency's management plan for the programs and activities. The plan should make clear 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.

(6) Relationship of justification to account structure.—Where the major programs in the agency justification materials do not coincide with the budget account structure, a table will be prepared to show the relationship. This table should be arranged 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. For programs that are mainly grants, contracts or other transfers of funds to entities other than the agency, related S&E accounts and parts of accounts, including allocations of overhead amounts, should be reported. A format for the table is illustrated in exhibit 15A. Alternate formats may be used if agreed upon by the agencies and their OMB representative. Where it is helpful to explain the coverage of the table or the relationship among accounts, a short narrative should accompany the table. This requirement only applies to major programs and activities. Agencies should consult their OMB representatives to ensure that tables are only provided for appropriate activities and that unnecessary paperwork is avoided.

(7) Proposals for capital asset acquisitions.—Funding requests for major capital asset acquisitions should follow the guidance in Part 3 of this Circular. Additional guidance appears in the *Capital Programming Guide,* which is published separately.

(c) Derivation of amounts requested.—Agencies should be prepared to submit performance information and other analyses justifying the amounts requested. Performance information will be provided as a part of agency annual performance plans. (See Part 2 of this Circular.) However, additional information may be required in budget justifications on workload analyses; performance indicators; unit costs; productivity trends; the impact of capital investment proposals on productivity; changes in quality and timeliness of output; and demonstrated outcomes of past program activities.

Productivity measurement, unit costs, and organizational performance standards should be used to the maximum extent possible in justifying staffing and other requirements.

A specific element in productivity improvement for activities of Federal staff should be 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.

Agencies should also be prepared to provide information on the basis for distribution of 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.

15.3. Explanations relating to supplemental appropriation requests.

When the need for a program supplemental appropriation is forecast (see section 12.2), justification material should be prepared in accordance with section 15.2. Information should be provided 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. Requests for supplementals will be accompanied by proposals for offsets to be made elsewhere in the agency for both mandatory and discretionary resources, and must indicate related FTE savings or requirements and appropriate financing changes. If the estimate is approved for later transmittal (rather than in the budget), further justification of the supplemental estimate will be required when it is submitted to OMB (see section 61). The effect of requested supplementals should be shown in the appropriate portions of the justification material for the program elements affected.

15.4. Information on financial management.

Agencies will ensure that their budget justifications 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 the status and plans for financial management throughout the 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 40 and 42.) 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 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 that the agency 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 on the status of and plans for financial management systems required by the CFOs Act.

(a) Coverage and reporting.—All agencies are required to submit the materials prescribed by section 15.4(b) with their initial budget submissions. There are three exceptions to this rule: agencies not covered by the CFOs Act are not required to submit the (1) schematics, (2) inventory, or (3) discussion of audited financial statements described below.

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 format in which this information is presented may be determined by the agency, unless otherwise specified by OMB.

(b) Materials required.—Agencies are required to provide the following information related to financial management as an integral part of their budget justification materials:

—a vision statement;
—a discussion of goals and strategies for implementing financial management improvements;
—a discussion of the current financial management systems structure and plans for moving to the targeted systems structure (including a remediation plan, if necessary, to bring the agency's financial management systems into substantial compliance with the FFMIA); and
—a discussion of impediments to the submission of the required annual audited financial statements.

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

(2) *Goals and strategies.*—Agencies should briefly discuss how they 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 agencies determine to be priorities, and should include examples of ongoing and proposed initiatives.

Agencies should include sufficient information on the status of financial management activities and accomplishments to provide a context for their plans and resources request.

(3) *Financial systems structure.*—Agencies should discuss their current financial management systems structure and plans for moving to their 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) *A baseline of financial and mixed systems, including a brief narrative assessment of major problems with current systems (e.g., audit findings indicating substantial non-compliance with the FFMIA).*—CFOs Act agencies should include updated schematics and an updated financial systems inventory. (Instructions for updating the financial systems inventory data will be distributed to Deputy CFOs through a separate memorandum.)

(B) *The target structure for financial and mixed systems, including a brief discussion of the agency's financial management systems strategy.*—CFOs Act agencies should include updated schematics illustrating the systems that will exist after implementation of planned improvements.

(C) *Projects required to move from baseline to target.*—Agencies should provide a synopsis of critical projects that they are currently undertaking or planning to bring their systems from the current structure, as identified in the baseline, to the target structure. FFMIA requires that systems not in substantial compliance be brought into compliance within three years of the date of determination. Agencies' remediation plans must include resources, remedies, and interim target dates for systems not in substantial compliance.

Information provided pursuant to subsections (A), (B), and (C) above will fulfill 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 are submitted by the agency to OMB.

(4) *Audited financial statements.*—CFOs Act agencies should briefly discuss any impediments to the submission of the required annual audited financial statements, and steps to be taken to overcome the impediments.

15.5. Information technology (IT) management.

Agencies will ensure that their budget justifications provide results-oriented information on IT operations and improvement initiatives in the context of the agency's missions and operations. Budget justifications including the status and plans for information systems should be consistent with the agency submissions on financial management required by sections 15.4 and 40, data on information technology required by section 42, and applicable guidance in Part 3 of this Circular.

15.6. Rental payments for space and land.

Information on rental payments for space and land is required for OMB's use in evaluating agency budget requests for rent in the context of personnel and program changes (e.g., downsizing), for use by the General Services Administration (GSA) in refining its estimates of rental costs, and for other agencies' analyses of their space-related requirements and rental costs.

(a) Reporting threshold.—Each agency that 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 will provide the information described below.

For reporting purposes, obligations for rental payments to GSA *include* amounts for the services covered by the basic rental charge assessed by GSA, but *exclude* above standard services, such as security or cleaning provided to agencies. Agencies with delegated facilities should only report *net* rent obligations (i.e., GSA rent bill minus delegation) and net space occupied.

Obligations for rental payments to GSA (Part 1 of exhibit 15B) and obligations for other space services paid by agencies to non-GSA entities (Part 2) should be consistent with data reported as rental payments under the appropriate object classes (see section 15.6(d)).

(b) Materials required.—Each agency with annual obligations for rental payments that exceed the reporting threshold is required to submit an overall summary report, in the format of exhibit 15B, that provides a justification of the agency's budget

request for rent. *A separate report is required for each bureau or subordinate organization that makes rental payments.* Agencies with real property held and/or paid for centrally from one account will submit a single agency-wide summary report.

Information is required for PY–BY+2 on:

—rental payments to GSA that 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; and

—supporting detail on all changes from the GSA rent bill or GSA estimates of rental costs (see section 15.6(e)).

Each agency's submission must support its budget year request and list all applicable appropriations and/or other funding sources by account.

Summary and bureau-level reports on rental costs (exhibit 15B), as well as supporting detail, are required as a part of agency initial budget submissions to OMB (see section 10.3(a)). Copies of these reports should be provided to GSA at the same time they are submitted to OMB.

Agencies are required to complete exhibit 15B using an electronic spreadsheet (Excel or Lotus) available from GSA (phone: 202-501-2710). The spreadsheet format includes inflation factors to calculate outyear estimates automatically and it generates total obligations for rental costs and funding sources.

Space requirements will be reported to the nearest square foot; obligations will be stated in thousands of dollars and rounded to the nearest thousand. Where an amount falls exactly halfway in between, it will be rounded to the nearest even figure (for example, both $11,500 and $12,500 round to $12.) Amounts of less than $500 or less will not be identified.

Agencies should note that OMB will require them to provide preliminary information on some of the exhibit 15B data (e.g., actual and planned inventory changes for PY–BY) in advance of the initial budget submission. Instructions on these requirements will be issued separately.

(c) Definitions.—For reporting purposes, the following definitions will apply.

Agency designates departments and establishments of the Government, and ***bureau*** designates the principal subordinate organizational units of an agency.

The ***GSA bureau code*** designates the agency/bureau code(s) recorded on the GSA rent bills or GSA budget estimates for each bureau making rental payments. (This number is *not* the same as the 2-digit OMB bureau code described in section 20.3.)

A ***GSA budget estimate*** is 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. Agencies should use last year's GSA budget estimate to report the GSA budget estimate for the CY and this year's GSA budget estimate (available this summer) to report the GSA budget estimate for the BY.

An ***OMB-approved inflation factor*** designates the inflation factor used in the GSA budget estimate. Mid-Session Review inflation factors will be used for BY+1 (2.2%) and BY+2 (2.2%); the BY inflation factor will be provided later. The electronic spreadsheet format provided to agencies will use these factors to automatically inflate certain outyear estimates.

Chargeback denotes the process by which GSA's customers contest a GSA billing. Agencies claiming a chargeback are required to complete a Standard Form 238, ''SIBAC Adjustment Voucher For Chargeback'' and provide supporting chargeback data justifying the agency claim.

(d) Reporting instructions.—Explanations of the information required for exhibit 15B on rental payments to GSA (Part 1) and rental payments to others (Part 2) are provided below. Subtotals, totals, and certain other entries are automatically calculated (see exhibit 15B).

Entry*	Description
	Obligations will be stated in thousands of dollars, rounded to the nearest thousand (see section 15.6(b)). Space requirements will be reported to the nearest square foot. Estimates of rental costs and square feet should be reported net (i.e., net of an adjustments within the relevant category being reported).
PART 1. RENTAL PAYMENTS TO GSA	In Part 1, include information on rental payments to GSA *only*. Data on rental payments to others will be reported in Part 2.
GSA rent estimate	For the PY, report amount of the annual (i.e., full year) rental cost, using the 2nd quarter PY GSA rent bill to determine the annualized cost. Report the total square feet in the 2nd quarter PY GSA rent bill. (The rent bill reflects total square feet utilized for the year.) For CY, report the square feet and rent estimate reflected in the GSA budget estimate for the CY. 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. The electronic spreadsheet will calculate rent estimates for BY+1 and BY+2 automatically using OMB-approved inflation factors. Estimates of square feet will be generated by the spreadsheet for BY+1 and BY+2 at the BY level.
Chargebacks *Use for the PY only.*	Report the net amount of any chargeback (resolved or unresolved) for the PY that has not been reflected in the first or second quarter PY rent bill 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 2nd quarter 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 2nd quarter GSA rent bill 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.	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 GSA budget estimates for CY. 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: Vacated space New space Changes to existing space	For BY+1–BY+2, data (costs and square feet) will be automatically generated.
Other adjustments	This entry is 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. The legal reference (i.e., public law citation) must be footnoted. Supporting detail must be provided, as described in section 15.6(e). *Note.—Any adjustments that have occurred due specifically to planned inventory and/or requested programmatic changes will be reported 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 2nd quarter PY GSA rent bill to determine the annualized cost. Report the total square feet for joint use space in the 2nd quarter PY GSA rent bill. (The rent bill reflects total square feet for joint use space for the year.) For the CY, report the same space cost and square feet as for the PY. For the BY, use the joint use space cost and square feet identified in the GSA budget estimate for BY. For BY+1—BY+2, 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+2. 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 should 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 should be 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.

Entry*	Description
	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 GSA budget estimate for the CY. Costs reported in this row of the CY column should 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 should be 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+2) 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–BY+2, use the GSA rent estimate for those years (generated by the spreadsheet) as a basis for determining inventory changes. Supporting detail must be provided, as described in section 15.6(e).
Requested program changes *Use for the years CY–BY+2*	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+2 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. Costs reported in this row of the CY column should 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 should be 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+2) 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–BY+2, 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 15.6(e).
Total, net rental payments to GSA	Total obligations for a year should equal total estimated obligations for net rental payments to GSA (including any adjustments reported above) for that year (i.e., an agency's best estimate of what GSA will actually be paid). Totals for square feet should 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 **Subtotal, direct appropriation**	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 20.3). For PY–BY+2, 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.* The sum of amounts of direct appropriations reported 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 **Subtotal, other funding sources**	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+2, 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.* The sum of amounts reported 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, funding sources (object class 23.1)	The sum of amounts reported for all funding sources (direct appropriations plus other funding sources) for a year for accounts listed. Amounts reported should be consistent with obligations classified as ''Rental payments to GSA'' (object class 23.1).

Entry*	Description
Deduction for pass-through payments:	
Account title and ID code	List each account that receives payments from the bureau (or agency) reporting for the sole purpose of making rental payments to GSA (e.g., a working capital fund that receives rental payments from a bureau for its GSA space, and then ''passes through'' the payments to GSA). Report obligations for rental payments made by this account to GSA.
	Use a 9-digit ID code (described above).
	Report only for those accounts that act as a ''pass-through'' of rental payments to GSA if rent obligations in both the ''pass-through'' account and the account paying the ''pass-through'' account are classified in object class 23.1, ''Rental payments to GSA''.
	In such cases, both accounts report rental payments to GSA for the same space in object class 23.1, resulting in doublecounting of object class 23.1 obligations.
	If there are more than three accounts listed, change the electronic spreadsheet to add rows, as needed.
Subtotal, deductions for pass-through payments	The sum of amounts reported for a year for pass-through accounts listed. *If more than 3 accounts are listed, change the spreadsheet formula to calculate the amount of the deductions for pass-through payments.*
Total, net rental payments to GSA	The sum of entries for amounts funded by direct appropriations and by other sources minus total deductions for pass-through payments. Totals for each year should equal the corresponding ''Total, net rental payments to GSA'' reported above (see exhibit 15B).
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).
	Amounts reported should be 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, an agency or bureau may sublease its GSA-assigned space to another agency or bureau. In such cases, the agency assigned the space by GSA will report rental payments for this space in Part 1 as ''Rental payments to GSA''. The agency or bureau subleasing space from another agency or bureau will report payments for the sublease in Part 2 as ''Federal sources other than GSA''.
	Amounts reported should be 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	The sum of amounts reported as rental payments to non-Federal sources and to Federal sources other than GSA. Totals should be consistent with rental obligations classified in object classes 23.2 and 25.3.

*Subtotals and totals in boldface will be automatically generated.

Note.—All shaded entries in exhibit 15B are automatically calculated.

(e) Supporting information on actual, planned, and requested changes in the inventory. Agencies are required to provide detail supporting all changes reported on exhibit 15B (i.e., all changes to the 2nd quarter PY GSA rent bill and all changes from GSA budget estimates for CY and BY). For each change, agencies will include the GSA bureau code, the GSA building number (if known), city and State, effective date, square feet, and average rental rate. For any program changes requested, supporting information must also identify the program initiatives related to the requested changes. In addition, a list should be provided 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.

15.7. Information on grants to State and local governments.

Each agency having a Federal formula grants program to State or local governments will be required to provide information on the obligations and the percentage share of obligations allocated to each State, the District of Columbia, and Indian tribe set-asides, when applicable, for PY, CY and BY for each such program. This information will be submitted promptly after final budget decisions are made in accordance with separate instructions to be provided by OMB. The submissions will be used to develop the annual Budget Information for States report.

15.8. Information on motor vehicles.

Certain agencies are required by the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 (Public Law 99–272) to submit information on motor vehicles in their budget submissions to OMB. This information will be 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 are required to report data on acquisition, operation, maintenance, leasing, and disposal of motor vehicles. The Tennessee Valley Authority, the Postal Service, and the Postal Rate Commission are exempted from these requirements.

(b) Definitions.—For the purposes of reporting motor vehicle data under this subsection, the following definitions apply.

Motor vehicles are any vehicles that are self-propelled or drawn by mechanical power, except that 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 include vehicles and equipment used and designed for specialized functions. Vehicles and equipment exempted by this definition include, but are not limited to: trailers, semi-trailers, 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; and 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; and
—to commute between an employee's residence and a common carrier terminal or facility.

(c) Materials required.—Agencies are required to provide 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. These materials are required after final budget decisions are made (see section 10.3).

Amounts reported will cover costs of motor vehicle acquisition, operation, maintenance, leasing, and disposal, including Government-owned, leased, and privately-owned vehicles used for official business. Separate identification of the various categories (e.g., operation, maintenance, etc.) of motor vehicle activities is not required.

As a general rule, agencies are required to report agency totals only. However, supporting account level detail may be required upon request by OMB. Data will be reported in millions of dollars using the stub entries shown below.

Entry	Description
Data on motor vehicles: Obligations	Report total obligations for the agency for motor vehicle acquisition, operation, maintenance, leasing, and disposal for PY, CY, and BY.
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.

A narrative statement will be provided with each report. The statement will explain why existing and new motor vehicle acquisition, operation, maintenance, leasing, and disposal activities cannot be met through:

—the 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; or
—other existing motor vehicle management systems.

Both the report and narrative should be identified 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.

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15.9. Information on receipts estimates.

Agencies are required to provide narrative information on receipts estimates, as described below.

Explanations are required for major changes from one fiscal year to the next in the amounts 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.

Agencies will 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 it is expected 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.

Explanations of legislative proposals must be consistent with the agency's legislative program and outyear policy estimates (see section 12.2) and should cover the expected timing of enactment and the annual level of receipts anticipated.

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

Each agency designated to establish an Office of Inspector General in the Inspector General Act Amendments of 1988 will submit information on budget authority in thousands of dollars and FTE levels for PY through BY for its Office of Inspector General. In addition, a concise narrative justifying the funding levels should be provided. Information on Inspectors General for DFEs will be submitted with the initial budget submission.

15.11. Justification of unobligated balances in liquidating accounts.

Agencies must submit information justifying any unobligated balances expected to be carried forward into the current year with their initial budget submission (see section 33.5).

15.12. Information on energy costs.

Agencies are required to provide information on energy costs and improvements in energy efficiency with their initial budget submissions (see section 10.3(a)). This data collection consolidates similar requirements for information from OMB and the Department of Energy's Federal Energy Management Program (FEMP) and is designated to serve the needs of both agencies. Agencies are required to provide this information to the Department of Energy at the same time it is provided to OMB.

Each agency that leases, owns, or operates (i.e., pays energy bills for) a building or facility and obligates more than $500,000 in PY, CY, or BY is required to report data on energy costs and improvements in energy efficiency. Agencies with delegated authority from the General Services Administration (GSA) are subject to this reporting requirement. However, agencies that pay energy costs solely through rental payments to GSA are exempt.

Agencies are required to report for PY–BY:

—total obligations for energy costs for electricity, fuel oil, natural gas, LPG or propane, coal, steam, or other energy utilities;

—summary data on energy efficiency improvements, energy savings performance contracts, utility incentives, and energy management training;

—information on the lease or purchase of alternative fuel vehicles, including purchase of alternative transportation fuels; and

—a narrative describing the agency's energy efficiency accomplishments.

Reporting on energy consumption and cost data by energy type (e.g., electricity, natural gas) is optional.

Revised materials, reflecting PY actuals and final budget decisions, should be submitted promptly after such decisions are made.

More detailed instructions on the specific requirements and reporting format will be issued separately. The information required will be consistent with data reported to FEMP and OMB in the past.

15.13. Information on relocation expenses.

All Federal departments and agencies are required by law to report total obligations for the expenses of employee relocation for PY–BY in their budget submissions to OMB. This information is used by OMB to prepare a table on total agency relocation expenses that is provided to Congress as a part of the *Object Class Analysis* report.

(a) Definition of relocation expenses.—For reporting purposes, employee relocation expenses are 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; e.g., 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 (e.g., movement of household goods, except for storage costs in object class 22);

—civilian personnel benefits (e.g., various relocation allowances, expenses associated with sale of residence, breaking a lease in object class 12.1);

—military personnel benefits (object class 12.2); and,

—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).

(b) Materials required.—Agencies are required to report total obligations for relocation expenses for PY–BY for the agency as a whole no later than five days after the MAX database is locked. Agencies will need to ensure that data reported is consistent with that in MAX Schedule O. Data will be reported in millions of dollars. The name and phone number of the individual responsible for preparing the submission must be included.

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 20.3).

DEPARTMENT OF GOVERNMENT
RELATIONSHIP OF PROGRAMS TO ACCOUNT STRUCTURE

(in millions of dollars)

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

Budget request for the program.

These amounts represent the budget request for the account.

This overhead activity supports the program to construct mental hospitals.

PY-past year
CY-current year
BY-budget year
BY+1-budget year plus one
BY+2-budget year plus two

Space Budget Justification

Note: The PY GSA RENT estimate is based on the latest GSA Rent Bill. CY and BY rent estimates are taken from the GSA budget estimates for these years.

Agency_____
Bureau_____
GSA Bureau Code_____

Round dollars to the nearest thousand, as required by section 15.6(b). Report space requirements to the nearest square foot.

Shaded entries are automatically generated by the electronic spreadsheet.

Department of Government

(obligations in thousands of dollars)

	PY		CY		BY		BY+1		BY+2	
	Sq. Ft.	$	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	28,300,000	$457,484
Chargebacks: (FY 1998 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	-500,000	-$7,998
New space	1,000,000	$10,000	1,000,000	$15,000	1,000,000	$15,315	1,000,000	$15,652	1,000,000	$15,996
Changes to existing space	50,000	$700	50,000	$750	50,000	$766	50,000	$783	50,000	$800
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	100,000	$1,600
Planned changes to inventory:										
PY	200,000	$2,000	200,000	$3,000	200,000	$3,063	200,000	$3,130	200,000	$3,199
CY			100,000	$1,200	100,000	$1,500	100,000	$1,533	100,000	$1,567
BY					135,000	$1,750	135,000	$2,150	135,000	$2,197
BY+1							115,000	$1,000	115,000	$1,000
BY+2									-300,000	-$3,750
Requested program changes:										
CY			115,000	$1,000	115,000	$1,700	115,000	$1,737	115,000	$1,776
BY					100,000	$1,200	100,000	$1,500	100,000	$1,533
BY+1							.....	.....	.....	.....
BY+2									200,000	$2,500
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	29,615,000	$480,903
FUNDING SOURCES FOR RENTAL PAYMENTS										
Funded by direct appropriations:										
Account title and ID code:										
Acct. 1 Salaries and expenses 016-10-1166		$583,000		$587,000		$594,000		$603,000		$612,300
Acct. 2										
Acct. 3										
Subtotal, direct appropriations		$583,000		$587,000		$594,000		$603,000		$612,300
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		$78,603
Acct. 2										
Acct. 3										
Subtotal, other funding sources		$31,750		$54,950		$67,168		$73,860		$78,603
Total, funding sources (object class 23.1)		$614,750		$641,950		$661,168		$676,860		$690,903
Deduction for pass-through payments:										
Account title and ID code:										
Acct. 1 Working capital fund 016-45-4555		-$194,550		-$202,000		-$204,000		-$208,000		-$210,000
Acct. 2										
Acct. 3										
Subtotal, deductions for pass-through payments		-$194,550		-$202,000		-$204,000		-$208,000		-$210,000
Total, net payments to GSA		$420,200		$439,950		$457,168		$468,860		$480,903
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	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	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	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 15.6(e)).

Introduction To Computer Materials

Summary of Changes

—When requesting establishment of a new account, agencies are required to provide the BEA category and indicate whether any collections related to the account are user fees (section 20.4).
—A new exhibit describes the hardware and software required to support the MAX system (exhibit 20A).
—A new exhibit listing subfunction titles and codes is provided (exhibit 20B).

20.1. The MAX budget 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 contains budget data for both appropriations or fund accounts and for receipt accounts. (See exhibit 20A for a description of the hardware and software required to support the MAX system.)

Agencies are required to report data in millions of dollars, rounded to the nearest million in MAX. Amounts of $500,000 or less will not be identified (see section 30.4.).

Under MAX, data entry is controlled through appropriations and receipt account titles and classifications that are assigned at the account level. Changes to account titles or classifications (e.g., the addition of an account or change in a subfunction code) must be requested through the agency's OMB budget representative and will be made centrally by OMB.

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 OMB's computer system. It is available, upon request, from the Budget Review and Concepts Division, OMB (phone: (202) 395–6934). MAX training is available upon request, as described in the *MAX A–11 User's Guide.*

The following table lists the MAX schedules, the types of data included in those schedules, and their purpose:

MAX schedules		Reporting period[1]	Type of data	Purpose of schedule
Presidential policy data	Baseline data			
Appropriations account data:				Policy data are used for the ''Federal Programs by Agency and Account'' listing, and budget summary tables on budget authority and outlays. Baseline estimates are used for analyses and summary tables on these data and for scoring PAYGO legislation under the BEA.
A	S[1]	PY–BY+9	Analysis of budget authority and outlays.	
C[2]	—		Budget authority and outlays by character classification code, for the years and type of data noted below.	Used for analyses and tables on investment and non-investment data, Federal grants to State and local governments, and research and development.
		PY–BY+9	Grants to State and local governments.	
		PY–BY+4	Direct Federal programs.	
D	—	PY–BY	Budget plan *(DOD-Military only).*	Generates print schedules on budget plans.
E	—	PY – 1–BY	Statement of operations.	Generates print schedules on statements of operations.

MAX schedules		Reporting period [1]	Type of data	Purpose of schedule
Presidential policy data	Baseline data			
F	—	PY – 1–BY	Balance sheet.	Generates print schedules on balance sheets.
G, H	Y[1]	PY–BY+4	Status of direct and guaranteed loans.	Policy estimates are used to provide data for Federal credit program print schedules and analyses. Baseline estimates are used for analyses of these data.
I[3]	—	PY–BY	Status of contract authority.	Generates print schedules on status of contract authority.
U	—	PY–BY	Loan levels and subsidy data.	Provides data for Federal credit program analyses.
J	—	PY–BY	Status of funds.	Generates print schedules on status of funds.
N[4]	—	PY–BY	Data on unavailable collections.	Generates print schedules on unavailable collections.
O	—	PY–BY	Object classification data.	Generates object classification print schedules and budget summary data.
P	—	PY–BY	Program and financing data.	Generates program and financing print schedules and budget summary tables.
Q	—	PY–BY	Personnel summary data.	Generates personnel summary print schedules.
		Receipt account data:		Provides policy data on governmental and offsetting receipts for the ''Federal Programs by Agency and Account'' listing, ''General Fund Receipt Accounts'' tables, and for budget summary information.
R	K[1]	PY–BY+9	Receipts data.	Provides baseline governmental and offsetting receipts estimates for analyses, for budget summary information, and for PAYGO scoring under the BEA.
T	—	BY	Appropriations request in thousands of dollars.	Provides information on the net amount of budget year budgetary resources contained in the appropriations language request for each account.
V[5]	—	PY–BY	Status of contingent emergency funding.	Generates print schedules on status of contingent emergency funding.
Z[6]	—	not applicable	Information on accounts that submit budget execution (SF 133) reports.	Used to ensure that budget execution data are reported for applicable accounts and to establish a link between budget formulation and execution data.

[1] Baseline data are not reported for the PY.
[2] Outyear data will be automatically generated.
[3] Data will be automatically generated from MAX schedule P.
[4] This schedule is automatically generated based on data in MAX schedules P and R and information entered by OMB.
[5] This schedule is automatically generated based on data in MAX schedule P and information entered by OMB.
[6] Agencies are required to update information on account characteristics (e.g., period of availability); no dollar amounts are required.
Note.—A separate MAX application is used to collect data on financial management activities and on information technology. (See sections 40 and 42.)

Section 21.2 describes the classifications of data required in order to enter amounts into MAX schedules A, K, R and S. Section 20.5 references the sections of this Circular that provide detailed instructions on the MAX schedules.

20.2. Reporting data in MAX.

The required computer materials listed in section 10.4 will be submitted, in accordance with deadlines provided by OMB.

Agencies with computer access to MAX must use the system to submit these data. If data have previously been entered for a particular account and transmittal code, the data may be retrieved and changed. For a new account or transmittal code, a new account reporting format must be created in MAX before the data can be entered, following the instructions in the *MAX User's Guide*. Data for a new account cannot be entered until the account title and other control information have been established in MAX by OMB (see sections 20.1 and 20.4). If desired, agencies may order copies of MAX reports using their computer access.

For those agencies without computer access to MAX, the agency's OMB representative will provide copies of MAX reports containing schedules for the agency. These agencies will submit MAX data to OMB by writing the revised data on these reports. Data for accounts not yet created in MAX must be reported on paper in the same format as the computer reports. For this purpose, agencies may report new account data by writing the data on existing computer reports, along with the new account title and identification code.

20.3. Account identification codes.

Appropriations or fund account and receipt account identification codes are assigned by OMB, coordinating with the Department of Treasury on assignment of certain components of the codes. They are used to access data in MAX. A variation of the code (described below) is also printed on the budget schedules generated from the MAX budget system. The account identification code is required on computer reports or other similar documents when new account information is provided to OMB.

The 12-position account identification code is constructed as follows:

XXX–xx–xxxxxx–x (first 3 positions).	The **agency code** assigned by OMB. For new agencies proposed for the budget year, OMB will furnish the code to be used.
xxx–XX–xxxxxx–x (4th and 5th positions)	The **bureau code** assigned by OMB. For new bureaus, OMB will provide the code to be used.
xxx–xx–XXXXXX–x (6th through 11th positions).	The **basic account symbol** assigned by the Treasury Department for appropriations or fund accounts and receipt accounts. —**For appropriation or fund accounts,** the account symbol is the 6th through 9th positions of the code. *The 10th and 11th positions should be left blank.* Account symbols indicate fund type (see section 20.4(b)). —**For receipt accounts,** the account symbol is the 4-position account symbol and 2-position suffix. *For new appropriation or fund and receipt accounts proposed for the budget year, OMB will notify agencies of the account symbol to be used when the change is approved (see section 11.6).* *For supplementals or rescission proposals for existing accounts,* the basic account symbol assigned to the existing account is used. *For supplementals where there is no existing account,* a new account must be established (see section 20.4). *To establish new accounts, agencies are required to provide certain information (see section 20.4).*
xxx–xx–xxxxxx–X (12th position) [See crosswalk to footnote below.]	The **transmittal code** identifies the nature or timing of transmittal of estimates, 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 reauthorizations of ongoing programs.) 5—Rescission proposal

An alternate 9-position identification code is also used in MAX to access data and to generate certain tables and summaries in the budget. This code substitutes the 2-position agency code assigned by Treasury for the OMB agency/bureau code assigned by OMB. The remaining seven positions of both the 12-position and 9-position account code are identical. (See Appendix C for a listing of OMB agency/bureau and Treasury agency codes.)

In addition to the two account identification codes described above, MAX sometimes displays a combination of the OMB agency/bureau and Treasury codes (e.g., at the top of the MAX data entry facility screen after an account is opened). This code presents sequentially the 3-position OMB agency code, the 2-position OMB bureau code, the 2-position Treasury agency code, the Treasury basic account symbol, and the transmittal code (xxx–xx–xx–xxxx–x for appropriation or fund ac-

counts and xxx–xx–xx–xxxxxx–x for receipt accounts).

The account identification code printed in the budget includes the 2-digit Treasury agency code, 4-digit account symbol, 1-digit transmittal code, 1-digit fund type and 3-digit function/subfunction code. (For a listing of subfunction codes, see exhibit 20B.)

Certain footnotes used in the printed ''Federal Programs by Agency and Account'' listing in the budget are based on the transmittal code of the account identification code. A crosswalk between the alphabetical codes that will be used in the printed budget and transmittal codes is provided below:

Footnote	Transmittal code
A—Supplemental	1
B—Legislative proposal, subject to PAYGO	4
H—Rescission proposal	5
I—Appropriations language to be transmitted later	3
J—Legislative proposal, not subject to PAYGO	2

20.4. Establishment of new accounts.

(a) General.—To establish a new appropriation or fund account or receipt account in MAX, agencies must obtain advance approval from OMB (see section 11.6) and provide the following information:

—proposed account title;
—agency and bureau affected;
—statutory authority or description of legislative proposal;
—fund type (see section 20.4(b));
—the Budget Enforcement Act (BEA) category (see section 20.4(c));
—subfunctional classification (see section 20.4(d));
—whether any collections related to the account are user fees (see sec. 20.4(f)).
—whether the account is sequestrable or exempt;
—whether the account will finance payments to individuals;
—appropriations subcommittee jurisdiction;
—whether the account will have limitations on obligations; and
—for receipt accounts, the receipt type (see section 20.4(e)).

(b) Fund type.—Working with the Treasury Department, OMB will assign the 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). (See section 20.3.)

Treasury basic account symbol	Type of fund
0000–3899	General fund
5000–5999	Special fund
4000–4499	Public enterprise revolving fund
4500–4999	Intragovernmental revolving fund
3900–3999	Management fund
8000–8399 and 8500–8999	Trust nonrevolving fund
8400–8499	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 11.5), ''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 for that fund type within the agency.

For consolidated schedules, the 8th position of the 12-position account ID code will be assigned, as appropriate:

Code	Type of fund
1	General fund
2	Special fund
3	Public enterprise fund
4	Intragovernmental revolving or management fund
7	Trust nonrevolving fund
8	Trust revolving fund
9	*For use when account consolidations cross fund types (see section 11.5(h)).*

(c) BEA category.—For each appropriations or receipt account, OMB assigns a BEA category (e.g., discretionary, mandatory, crime) that designates how the budgetary resources of the account will be classified for BEA purposes (see section 21.2). In cases where the account will contain resources classified in more than one BEA category, the account should be identified as a ''split'' account.

(d) Functional and subfunctional classification.—Each new appropriation or receipt account (except governmental receipts) is normally assigned one subfunction code by OMB (see exhibit 20B). 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 (see section 21.2).

(e) User fee classification.—To establish a new appropriation or fund or receipt account, agencies must indicate whether any collections related to the account are user fees, as defined in section

14.1. Offsetting collections credited to an appropriation or fund account, or governmental or offsetting receipts may be classified as user fees (see section 21.2). MAX edit checks are used to 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 by OMB. 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.

If the receipts associated with a particular program have more than one classification, separate accounts are established for each classification (See section 20.3.).

Each receipt account is assigned one of the receipt types listed below. (See section 14.2 for definitions of receipts.) The table also specifies the level at which receipts are offset against budget totals.

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:	
Distributed	Offsets agency budget authority and outlays.
Undistributed	Offsets government-wide totals rather than agency budget authority and outlays.
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.
Intrafund:	
Federal funds	Offsets agency budget authority and outlay totals.
Trust funds	Offsets agency budget authority and outlay totals.

20.5. Summary of MAX line numbers.

The following table lists the range of line numbers and types of data that appear in the MAX computer reports and on the MAX computer screen.

MAX schedule and line no.	Description	A–11 sec. no.
A (Analysis of budget authority and outlays, presidential policy):		
(*Budgetary resources for discretionary programs are automatically generated for BY+5 through BY+9; outlays for discretionary programs are automatically generated for CY–BY+9 from data input by agencies.)*		
	Note.—Not required for credit financing accounts.	
For PY–BY+9:		
4300–5300	Current budget authority	21.3
6300–6890	Permanent budget authority	21.3
7xxx	Limitations (**memorandum entry**)	21.3
8890	Offsetting collections (cash)	21.3
8895	From Federal sources: Change in receivables and unpaid, unfilled orders	21.3
9950	Outlays from special funds (**memorandum entry**)	21.3
9960	Outlays from trust funds (**memorandum entry**)	21.3

MAX schedule and line no.	Description	A–11 sec. no.
	Notes:	
	Memorandum entries *are required for outlays from end of PY balances of discretionary budget authority (lines 9122, 9222, 9322, and 9822 through BY+9). CY and BY spendout rates are also required.*	
For PY–BY+1:		
91xx–92xx	Outlays (except outlays under limitations)	21.3
93xx	Outlays from offsetting collections	21.3
97xx–98xx	Outlays from limitations	21.3
For BY+2–BY+9:		
9400	Outlays	21.3
C (Character classification):		
	(*Outyear data for grants to State and local governments through BY+9 will be automatically generated in MAX. Outyear data for direct Federal programs will be automatically generated through BY+4.*)	
	Note.—Not required for credit financing accounts.	
For PY–BY:		
13xx–xx–15xx–xx	Investment data	25.4
20xx–xx	Non-investment data	25.4
D (Budget plan):		
For PY–BY:		
06xx–0893	Direct and reimbursable budget plan obligations *(DOD-Military only)*	36.7
(Financial statements):		
E (Statement of operations):		
	Note.—Not required for credit financing accounts.	
For PY–1–BY:		
01x1	Revenue	36.3
01x2	Expense	36.3
01x9	Net income or loss	36.3
F (Balance sheet):		
For PY− 1–BY:		
1101–1999	Assets	36.3
2101–2999	Liabilities	36.3
3100–3999	Net position	36.3
4999	Total liabilities and net position	36.3
G (Direct loan data, presidential policy):		
For PY–BY+4:		
11xx–12xx	Direct loan data (*liquidating and financing accounts*)	33.7
33xx	Agency debt held by the FFB	33.10
6300	Net financing disbursements (*financing accounts only*)	33.10
H (Guaranteed loan data, presidential policy):		
For PY–BY+4:		
21xx–23xx	Guaranteed loan data (*liquidating and financing accounts*)	33.8
6300	Net financing disbursements (*financing accounts only*)	33.10

MAX schedule and line no.	Description	A–11 sec. no.
I (Status of contract authority):		
	Note.—This schedule is generated automatically for PY–BY from data entered in MAX schedule P.	
For PY–BY:		
01xx	Balance, start of year	36.4
02xx	Contract authority	36.4
030x	Unfunded balance rescission proposal	36.4
0350	Unfunded balance expiring	36.4
0360	Adjustments in expired accounts	36.4
04xx	Appropriation to liquidate contract authority	36.4
0500	Offsetting collections applied to liquidate contract authority	36.4
0600	Balance of contract authority withdrawn	36.4
07xx	Balance, end of year	36.4
J (Status of funds):		
For PY–BY:		
01xx	Unexpended balance, start of year	36.5
02xx	Cash income during the year	36.5
05xx	Cash outgo during the year	36.5
06xx	Adjustments	36.5
07xx	Unexpended balance, end of year	36.5
08xx–0900	Commitments against unexpended balance (*Use only with prior OMB approval.*)	36.5
K (Receipts, baseline estimates):		
For CY–BY+9:		
0000–00	Governmental receipts	
13xx–03	Offsetting receipts from sales of commodities, property, or assets	21.4
1512–03	Offsetting receipts from education and training	21.4
2004–03	All other offsetting receipts	21.4
N (Data on unavailable collections):		
	Note.—This schedule is generated automatically for PY–BY from data entered in MAX schedules P and R and information entered by OMB.	
For PY–BY:		
0199	Balance, start of year	36.6
02xx	Receipts	36.6
03xx	Offsetting collections	36.6
0400	Total: Balances and collections	36.6
05xx	Appropriations	36.6
0610	Unobligated balance returned to receipts	36.6
0620	Reduction pursuant to Public Law xxx-xxx	36.6
0799	Balance, end of year	36.6
O (Object classification):		
	Note.—Not required for credit financing accounts.	
For PY–BY:		
x111–x130	Personal services and benefits	35.5
x210–x260	Contractual services and supplies	35.5
x310–x330	Acquisition of assets	35.5
x410–x440	Grants and fixed charges	35.5
9000–x999	Other	35.5
P (Program and financing):		
For PY–BY:		
00xx–1000	Obligations by program activity	32.2
2140–2499	Budgetary resources available for obligation	32.3
4000–7000	New budget authority (gross), detail	32.3
7240–7499	Change in unpaid obligations	32.4
8690–8700	Outlays (gross) detail	32.4
8800–8895	Offsets	32.5
8900–9000	Net budget authority and outlays	32.5
9110–9202	Memorandum entries	32.5

MAX schedule and line no.	Description	A–11 sec. no.
Q (Personnel summary data):		
For PY–BY:		
xxx1	Full-time equivalent employment	36.1
R (Receipts, presidential policy):		
For PY–BY+9		
0000–00	Governmental receipts	21.4
13xx–03	Offsetting receipts from sales of commodities, property, or assets	21.4
1512–03	Offsetting receipts from education and training	21.4
2004–03	All other offsetting receipts	21.4
S (Analysis of budget authority and outlays, baseline estimates):		
	(*Budgetary resources for discretionary programs are automatically generated for BY through BY+9, and outlays are generated for CY–BY+9, from data input by agencies.*)	
	Note.—Not required for credit financing accounts.	
For CY–BY+1:		
2199	Unobligated balances (defense only)	21.3
For CY–BY+9:		
4300–5300	Current budget authority	21.3
6300–6890	Permanent budget authority	21.3
70xx	Limitations (**memorandum entry**)	21.3
8890	Offsetting collections (cash)	21.3
8895	From Federal sources: Change in receivables and unpaid, unfilled orders	21.3
9993	Number of beneficiaries (**memorandum entry**) (Applicable to four accounts with social insurance administrative expenses.)	21.3
	Notes:	
	Memorandum entries *are required for outlays from end of PY balances (lines 9122, 9222, 9322, and 9822 through BY+9)*	
	CY and BY spendout rates are also required.	
For CY–BY+1:		
91xx–92xx	Outlays (except outlays under limitations)	21.3
93xx	Outlays from offsetting collections	21.3
97xx–98xx	Outlays from limitations	21.3
For BY+2–BY+9:		
9400	Outlays	21.3
T (Budget year appropriations requests in thousands of dollars):		
For BY:		
1000	Net amount of budget year budgetary resources	36.10
U (Loan levels and subsidy data, presidential policy):		
	Note.—Required for program accounts only.	
For PY–BY:		
11xx	Direct loan levels	33.9
13xx	Direct loan subsidy data	33.9
21xx	Guaranteed loan levels	33.9
23xx	Guaranteed loan subsidy data	33.9
35xx	Administrative expense data	33.9
V (Status of contingent emergency funding):		
	Note.—This schedule is generated automatically from data entered in MAX schedule P and information entered by OMB.	
For PY–BY:		
0199	Balance of contingent emergency appropriations, start of year	36.9
03xx	Portion of new emergency appropriations not available for obligation	36.9
04xx	Releases of contingent emergency appropriations	36.9
0599	Adjustments	36.9
0799	Balance of contingent emergency appropriations, end of year	36.9

MAX schedule and line no.	Description	A–11 sec. no.
Y (Federal credit data, baseline estimates):		
For CY–BY+4:		
6300	Net financing disbursement (*financing accounts only*)	33.10
Z (Information on accounts that submit budget execution reports):		
	Note.—Required for each Treasury account that is subject to SF 133 reporting requirements during FY 1999	
xxx0-01	Treasury agency symbol	36.8
xxx0-02	Period of availability	36.8
xxx0-05-08	GOALS user ID(s)	36.8

New MAX A–11 Systems Requirements for FY 2000 Budget

The following describes the minimum MAX A–11 system requirements for the upcoming budget season.

Windows 95	Windows NT 3.51	Windows NT 4.0
• 486 Processor (minimum) – Pentium Processor (recommended)	• Pentium Processor	• Pentium Processor
• 16MB RAM	• 16MB RAM	• 16MB Minimum-32 MB is recommended
• 12MB Free Hard Disk Space for Installation	• 12MB Free Hard Disk Space for Installation	• 12MB Free Hard Disk Space for Installation
• Winsock.dll that meets Version 1.1 Compliance	• Winsock.dll that meets Version 1.1 Compliance	• Winsock.dll that meets Version 1.1 Compliance
• 3.5'' 1.44MB Floppy Disk Drive	• 3.5'' 1.44MB Floppy Disk Drive	• 3.5'' 1.44MB Floppy Disk Drive
• 9600 baud (or better) Hayes compatible modem or an agency's Internet capability (Telnet to the Internet). Hayes compatible 28.8 modem is recommended	• 9600 baud (or better) Hayes compatible modem or an agency's Internet capability (Telnet to the Internet). Hayes compatible 28.8 modem is recommended	• 9600 baud (or better) Hayes compatible modem or an agency's Internet capability (Telnet to the Internet). Hayes compatible 28.8 modem is recommended

Notes:

- Windows 3.x and Windows For Workgroups 3.x will no longer be supported for use with MAX A–11 data entry.
- Novell's Client32 Winsock works with the MAX A –11 software's Internet configuration and is version 1.1 compliant. Other Novel Winsock releases may not provide MAX A–11 Internet connectivity. Firefox NOVIX Winsock.dll does NOT provide full ''Version 1.1 compliance'' and at this time does not work with the MAX A–11 software.

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 conservation
- 273 Emergency energy preparedness
- 276 Energy information, policy & regulations

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
- 503 Research & general education aids
- 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
- 604 Housing assistance
- 605 Food and nutrition assistance
- 609 Other income security

650 SOCIAL SECURITY
- 651 Social Security

700 VETERAN 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 General property & records management
- 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]

MAX Schedules on Budget Authority, Outlays, Limitations, and Receipts (MAX Schedules A, K, R, and S)

Summary of Changes

—New BEA categories have been added for programs subject to highway and mass transit spending caps (section 21.2).
—Spending authority from voluntary offsetting collections from non-Federal sources and related outlays are classified as exempt from sequester (section 21.2).
—The listing of BEA categories has been reordered to match the MAX pick list for these categories (section 21.2).
—The capability to generate discretionary outlays for certain programs separately from other similar programs in an account is described (section 21.3).

21.1. Analysis of budget authority and outlays.

(a) Presidential policy.—MAX schedule A is used to report budgetary resources and outlays for each account on a Presidential policy basis for the period PY through BY+9. In addition, memorandum entries are required for limitations and discretionary outlays from end of PY balances. (See section 21.3.) Schedule A data are not required for credit financing accounts.

Estimates for PY through BY are based on program and financing data. Estimates for BY+1 through BY+9 are based on the guidance on outyear estimates contained in section 12.2. (Sections 21.2 and 21.3 provide additional information on the appropriate line number entries.)

Automatic calculations of data in schedule A. Policy outlays for discretionary programs are automatically calculated in MAX, based on the levels of discretionary budgetary resources reported, spendout rates, and discretionary outlays from end of PY balances. Discretionary outlays from end of PY balances are used to generate discretionary outlays from balances on lines 9x21.

To support the automatic outlay generation feature in MAX, agencies are required to enter information developed using the method of calculation (e.g., the waterfall method) that is specified in this circular and the *MAX A–11 User's Guide* (see exhibit 21A).

MAX will also automatically calculate discretionary policy budget authority for BY+5 through BY+9.

To the extent possible, agencies should refine their discretionary spendout rates in MAX by mid-December to minimize unexpected changes in outlay estimates (and comparisons with the discretionary caps) close to the locking of the MAX database.

(b) Baseline estimates.—MAX schedule S is used to report baseline estimates of budgetary resources and outlays for each account through BY+9. Schedule S data are not required for credit financing accounts.

Automatic calculations of data in schedule S. Baseline estimates for discretionary budgetary resources (except spending authority from offsetting collections) are calculated automatically in MAX for BY through BY+9; discretionary baseline outlays are calculated for CY–BY+9. These calculations will be made based on CY budgetary resources, spendout rates, and outlays from end of PY balances entered into MAX by agencies.

Unlike other types of discretionary budgetary resources, *discretionary baseline spending authority from offsetting collections* is entered by agencies directly into schedule S for BY–BY+9. MAX then calculates discretionary baseline outlays based on spendout rates and outlays from end of PY balances input by agencies.

Estimates will be based on the instructions in section 23; the applicable line numbers are described in section 21.3.

(c) Data copied by MAX from one schedule to another.—In some cases, MAX automatically transfers data entered by agencies from MAX schedule S (baseline estimates) to MAX schedule A (policy estimates). Mandatory baseline budgetary resources (budget authority and limitations) and outlays reported in schedule S are automatically copied to MAX schedule A. In addition, data reported as discretionary outlays from end of PY balances (lines 9x22) in MAX schedule S are copied to the corresponding lines in MAX schedule A. As a result, to make changes to these lines for policy estimates, revisions must be made to baseline estimates.

MAX also automatically transfers baseline mandatory current law receipts (offsetting and governmental) reported in MAX schedule K to MAX schedule R.

Some data are also copied from MAX schedule A to MAX schedule P (program and financing

schedule). Specifically, gross outlay data entered in MAX schedule A (except for memorandum (non-add) entries) will be copied to lines 86xx in MAX schedule P. (See section 32.4 and exhibit 32C.) Therefore, in order to change amounts on lines 86xx in MAX schedule P, outlay data in MAX schedule A must be changed.

Because of the automatic copy feature, for CY and beyond, agencies may wish to enter or revise data in MAX by updating MAX schedules S and K before updating schedules A and R. Likewise, since some schedule A data are automatically copied to schedule P, schedule A must be updated before schedule P can be completed (see exhibit 21B).

21.2. Data classifications required.

In schedules A and S, data are reported by line number, subfunction, BEA subcategory, and by the other data elements specified below. Multiple entries are required when more than one classification is used to identify budgetary resources or outlays. When inserting or revising data, agencies choose the appropriate line number, BEA category, and other classifications from a list provided on the MAX screen.

Separate entries are required in schedule S for CY through BY+1 to identify baseline budgetary resources and outlay data as exempt or sequestrable and to report the pay/non-pay portions of budgetary resources. In some instances, additional GRH program subaccount detail is required on baseline estimates in schedule S (see section 23.3).

In schedules A and S, users have the ability to 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.)

In schedules K and R, receipts data also are reported through BY+9 by the data elements listed below.

The following table describes requirements for schedules A, K, R, and S, unless otherwise noted. Classifications used for other MAX schedules are also listed.

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 all schedules except C, K and R. (see section 20.5). For schedules C, K, and R, the line number is a 6-position code (xxxx–xx) indicating the character classification code (see section 25.4). For schedules K and R, governmental receipts will be reported on line ''0000–00''. For a description of applicable line numbers for budget authority, limitations, outlays, and receipts, see sections 21.3(a), (b), (c), (d), and 21.4, respectively.	All schedules. Appears on each line for which data are provided.
SUBFUNCTION	Indicates the subfunctional classification of the account used in the latest budget document, unless notified otherwise by OMB. For a listing of the subfunction titles and codes, see exhibit 20B. Applies to appropriation or fund accounts and offsetting receipt accounts. Governmental receipt accounts are not assigned a subfunction code. In multifunction accounts, the appropriate subfunction appears on each line for which data are reported. For accounts having a single subfunctional classification, data are entered without reporting the subfunction; for these accounts, the subfunction designation is already stored in MAX. Note.—Multifunction accounts are identified by the applicable code (e.g., ''999'', ''550'', etc.) in the printed budget (see section 20.4(d)); however, in MAX, data are reported by the appropriate subfunction (e.g., subfunction 301, 302, etc.).	Schedules A, C, K, R, and S.
GRH PROGRAM	Indicates subaccount data for baseline estimates (see section 23.3). For appropriation or fund accounts, indicates subaccount program data. For receipt accounts, the GRH program designation (for social security, other nondefense, or defense programs) is automatically stored in MAX.	Schedules K and S.

Classification	Description	Applicability
BUDGET ENFORCEMENT CATEGORY/SUB-CATEGORY/JURISDICTION	Indicates the BEA category (i.e., discretionary, mandatory, crime, net interest, or governmental receipts); subcategory (i.e., emergency, user fees, asset sales, third scorecard, modification to a mandatory account, highway, and mass transit); and jurisdiction (i.e., appropriations or authorizing committee). Applies to budget authority (including spending authority from offsetting collections), limitations, outlays, and governmental and offsetting receipts. It is also applicable to offsetting collections (cash) credited to accounts (line 8890), to the change in receivables and unpaid, unfilled orders from Federal sources (line 8895), to the adjustment to receivables and unpaid, unfilled orders from Federal sources (line 8896), and to unobligated balances (line 2199) for defense only. In most cases, spending authority from offsetting collections (line 6890), the offsetting collections from which they are derived (lines 8890, 8895, and 8896), and outlays from the offsetting collections (lines 93xx) will be classified as discretionary for accounts classified as discretionary under the BEA. Likewise, these lines will be classified as mandatory in accounts designated as mandatory under the BEA, except for administrative expenses, which are classified as discretionary. (Prior OMB approval is required for any cases where data reported on lines 6890, 8890, 8895, 8896, and 93xx are split between discretionary and mandatory BEA classifications.) In schedule C, applies to budget authority and outlays reported for grant character class data (see sections 25.3 and 25.4).	Schedules A, C, 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. Data should be reported 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 fees:** User fee coding is applicable to offsetting collections credited to appropriations or fund accounts (line 8890) in MAX schedules A and S and to governmental and offsetting receipts in MAX schedules R and K; it is not applicable to MAX schedule C. The user fee classification will be used for all user fees, not only proposed new user fees or changes to the levels of existing user fees.	
Discretionary	This is the generic category for discretionary. It includes spending authority that requires appropriation committee action and the associated outlays. Also includes receipts made available through action by appropriations committees in discretionary accounts. Excludes discretionary user fees, emergency funding, asset sales, and appropriations action modifying a mandatory account, which are classified in the categories described below. Excludes appropriations and outlays from the Violent crime reduction trust fund, which has its own unique BEA category, as specified below.	
Discretionary, user fees	User fees included in an appropriations committee discretionary account. This coding is applicable to offsetting collections credited to an appropriation or fund account (line 8890) in MAX schedules A and S and to offsetting receipts in schedules R and K.	
Discretionary, emergency	Emergency funding (i.e., funding designated as emergency by the President and the Congress in statute) that is included in an appropriations committee discretionary account. This is used only for new emergency funding proposed in the budget. *(Use only with OMB approval.)*	
Discretionary, asset sales	Asset sales that cannot be counted for BEA scoring (i.e., those not mandated by law prior to Sept. 18, 1987 or not consistent with operations in FY 1986) that are enacted in appropriations acts. Also includes asset sales proposed in an appropriations act, to finance spending that is contingent on a waiver of the BEA rule on asset sales. In such cases, the proceeds, as well as the budget authority and outlays financed by the proceeds, are identified in the appropriate BEA subcategory for asset sales.	
Discretionary, modification of a mandatory account	Appropriations action modifying spending authority or receipts in a 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). *Note.*—Amounts in excess of the highway category spending cap will be classified 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). *Note.*—Amounts in excess of the mass transit category spending cap will be classified in the general ''discretionary'' category, not as ''discretionary mass transmit.''	

Classification	Description	Applicability
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. It includes spending authority, outlays, and receipts that are classified as mandatory under the BEA and are under appropriations committee jurisdiction. Excludes amounts classified in other mandatory categories, violent crime, or net interest, and governmental receipts, which are classified in the categories described below.	
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. 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 is applicable to offsetting collections credited to an appropriation or fund account (line 8890) in MAX 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 is applicable to offsetting collections credited to an appropriation or fund account (line 8890) in MAX schedules A and S and to offsetting receipts in schedules R and K.	
Mandatory, emergency appropriations committee	Emergency funding (as defined above) included in a mandatory account under appropriations committee jurisdiction. *(Use only with OMB approval.)*	
Mandatory, emergency, authorizing committee	Emergency funding (as defined above) in a mandatory account under authorizing committee jurisdiction. *(Use only with OMB approval.)*	
Mandatory, asset sales, authorizing committee	Asset sales (as defined above) that are enacted in an authorization act.	
Mandatory, third scorecard, appropriations committee	Proposed legislative changes to mandatory budget authority, outlays, or receipts under appropriations commmittee 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 (as defined above) 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.	
Net interest, third scorecard	Proposed legislative changes to interest budget authority, outlays, or receipts (as defined above) 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 (See section 14.2(d)).	
Governmental receipts, third scorecard	Proposed legislative changes to governmental receipts (as defined above) 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.*	
Discretionary, modification of Governmental receipts	Appropriations action modifying Governmental receipts. Not applicable to baseline estimates. (*Use only with OMB approval.*)	
Governmental receipts, user fees	User fees that are included in governmental receipt accounts. This coding is applicable to governmental receipts in schedules R and K.	
Discretionary, modification of Governmental receipts, user fees	Appropriations action modifying Governmental receipts, user fees. Not applicable to baseline estimates. (*Use only with OMB approval.*)	

Classification	Description	Applicability
SEQUESTRABLE/EXEMPT	Indicates whether amounts are sequestrable or exempt. Applicable to baseline budget authority, unobligated balances (for defense only), limitations, and outlays and is used to compute BEA sequesters. Does not apply to receipt accounts. Sequestrable indicates 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 indicates that amounts are 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 for CY–BY+1 only.
CIVILIAN PAY/MILITARY PAY/ NONPAY	Indicates whether amounts are used to fund personnel compensation or other activities. Applicable to baseline budget authority (except spending authority from offsetting collections) and limitations. Does not apply to receipt accounts. Civilian pay indicates 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 indicates 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 current budget authority or limitations only. Nonpay is used to indicate the amount of new budgetary resources not used to fund personnel compensation. Applicable to permanent budget authority even if it funds personnel compensation.	Schedule S for CY–BY+1 only.
AMOUNTS	Report data for budget authority, limitations, outlays, and receipts at the lowest level of classification reflected in the preceding columns.	All schedules.

21.3. Line number coding for MAX schedules A and S.

(a) Budgetary resources.—Budget authority is reported by line number, indicating the applicable type of budget authority and whether the authority is current or permanent. Limitation data are reported by line numbers that distinguish between types of limitation (e.g., limitation on program level, direct loan limitation, etc). The line numbers used to report budgetary resources and applicability of those line numbers to schedules A and S are indicated below.

BUDGETARY RESOURCES

Line number	Description	Applicability*
	BUDGETARY RESOURCES *In multifunction accounts, separate entries are required when data are reported in more than one subfunction.*	
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.
4300–5300	Current budget authority. Report the appropriate current budget authority amounts from the program and financing schedule for each applicable type of authority that is provided in advance in annual appropriations acts. Use total lines (lines 43.00, 47.90, 49.90, or 53.00) when entering data on current budget authority in these schedules (see section 32.3).	Schedules A and S through BY+9.
6300–6890	Permanent budget authority. Report the appropriate permanent budget authority amounts from the program and financing schedule for each applicable type of authority that is not provided in advance in annual appropriations acts. Use total lines (lines 63.00, 64.90, 65.90, 66.90. 67.90, or 68.90) when entering data on permanent budget authority in these schedules.	
	Memorandum entries:	
7xxx	Limitations. 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 21.3(b) for the coding scheme for limitations.)	

BUDGETARY RESOURCES—Continued

Line number	Description	Applicability*
	Notes: *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 in the Department of Transportation.* *Baseline data are not required for loan limitations.*	
9993	Number of beneficiaries (in thousands). Report the annual average number of beneficiaries, rounded to the nearest thousand, that are served by Federal hospital insurance, Supplementary medical insurance, Unemployment insurance, and Rail industry pension fund programs. These data will be used to generate discretionary baseline budget authority for administrative expenses for these programs.	Schedule S through BY+9.
	Notes:	
	In MAX, mandatory baseline budgetary resources are entered in schedule S and are copied automatically to schedule A (see section 21.1).	Schedules A and S through BY+9.
	Baseline estimates for discretionary budgetary resources for BY–BY+9 (except spending authority from offsetting collections) are calculated automatically. (See sections 21.1 and 23.2.)	Schedule S for BY–BY+9.
	Policy estimates for discretionary budgetary resources for BY+5–BY+9 are calculated automatically.	Schedule A for BY+5–BY+9.
	Agencies may wish to report discretionary budget authority and associated outlays for certain programs within an account separately from other similar programs. If budget authority is reported using a line sequence number in the range, 40–79, separate outlay data are generated. (Line sequence numbers 80–99 are reserved for OMB use.) *Spending authority from offsetting collections credited to accounts should be reported on line 68.90. Discretionary spending authority from offsetting collections must be entered into schedule S through BY+9; mandatory amounts on this line are entered in schedule S and are automatically copied to schedule A.*	Schedules A and S through BY+9.
	Sequestrable and exempt amounts should be reported on separate lines.	Schedule S through BY+1.
	Pay and non-pay amounts should be reported on separate lines, except that the pay/non-pay split is not required for spending authority from offsetting collections.	
	See section 21.2 for sequestrable/exempt and pay/non-pay classifications required for baseline estimates of budgetary resources.	

*Baseline data (schedule S) are not reported for the PY.

(b) Limitations.—Data on limitations and associated outlays will be reported for selected accounts where limitations on administrative expenses are enacted or proposed or where de facto limitations are established as a result of sequestration under the BEA. Permanent budget authority that is subject to a discretionary limitation on obligations set in an appropriations act will be scored as discretionary budget authority rather than as a limitation for all affected accounts except trust fund accounts in the Department of Transportation. (Note: Credit limitations should be reported in the program account. Baseline data on credit limitations are not required because these limitations are not sequestrable.)

De facto limitations established resulting from sequestration of the BEA law will be reported only for past and current years, as applicable.

Limitations data will be identified by the following line number coding:

Line number	Description	Applicability*
	Memorandum entries:	
Xxxx	For the first digit, ''7'' is used to indicate the amount of the limitation and ''9'' to report the outlays associated with the limitation. (Outlay data are not required for limitations on loan guarantee commitments.)	Schedules A and S through BY+9.
xXxx	For the second digit, ''0'' is used to report the amount of the limitation and ''9'' to report BEA reductions in limitations (other than reductions in credit limitations and defacto limitations). Outlays from limitations will be shown on a post-sequester basis and will be coded as follows:	
	7—outlays from new limitations (i.e., from a limitation in the year the limitation is enacted or proposed).	Schedules A and S through BY+1.
	8—outlays from prior limitations (i.e., from limitations that were enacted in prior years).	
	Note: Beyond BY+1, outlays from limitations are not required to be separately identified; instead, total gross outlays for BY+2–BY+9 are reported on line 9400.	Schedules A and S for BY+2–BY+9.

Line number	Description	Applicability*
xxXx	The third digit denotes whether or not the limitation was established as a result of the BEA. Zero ''0'' indicates the limitation was not established as a result of the BEA. ''1'' identifies de facto limitations established as a result of the BEA. For outlays, zero ''0'' is used 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: 1 through 5—limitation on administrative and other expenses 6—limitation on program level (obligations)	Schedules A and S through BY+9.
	7—limitation on direct loan activity 8—limitation on loan guarantee commitments 9—*reserved for OMB use.*	Use xxx7 or xxx8 for schedule A only through BY+9.
	Notes: *OMB approval is required for reporting discretionary limitations on administration expenses and on program level (obligations).* *Any supplemental request involving limitations will be presented in a schedule under a separate transmittal code, even if a separate program and financing schedule is not required.*	Schedules A and S.

*Baseline data (schedule S) are not reported for the PY.

When more than one limitation is applicable, they will be displayed and identified separately. Generally, limitation amounts will be shown on a presequester basis, and the effects of any reductions pursuant to the BEA will be reported separately. Defacto limitations will be shown as if they were in place before the sequester.

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 33).

(c) Offsets.—Data on offsetting collections (i.e, cash credited to the account) and changes in receivables and unpaid, unfilled orders from Federal sources are required through BY+9 by subfunction and BEA subcategory for each account with spending authority from offsetting collections (line 6890) in schedules A and S.

OFFSETS

Line number	Description	Applicability*
	In multifunction accounts, separate entries are required when data are reported in more than one subfunction.	
	Offsets (*Applicable only to accounts with offsetting collections*).	Schedules A and S through BY+9.
8890	Total offsetting collections (cash). For accounts credited with offsetting collections, *report only the cash credited to the appropriation or fund account.* Excludes the change in receivables and unpaid, unfilled orders from Federal sources, which is reported on line 8895. Line 8890 should equal the total offsetting collections (lines 8800–8845) in the program and financing schedule for PY–BY.	
8895	From Federal sources: Change in receivables and unpaid, unfilled orders. Report the change (increases (+) or decreases (–)) in receivables and unpaid, unfilled orders from Federal sources from the start to the end of year. For PY–BY, equals line 88.95 from the program and financing schedule.	
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. This entry will only be used in the past year and will equal line 8896 from the program and financing schedule for PY–BY.	
	Discretionary and mandatory offsetting collections should be reported on separate lines. (For treatment of outlays from spending authority from offsetting collections, see discussion of lines 93xx in sec. 21.3(d)).	

*Baseline data (schedule S) are not reported for the PY.

(d) Outlays.—In addition to data on budget authority, limitations, and offsetting collections, schedules A and S are used to report gross outlays.

Gross outlays from new budget authority, from balances of budget authority made available in prior years, and from new and prior limitations, are reported separately through BY+1. In addition, outlay data from current and permanent authority are separately identified through BY+1. Within permanent authority, outlays from spending authority from offsetting collections should be reported separately from outlays from other types of permanent budget authority. Each outlay entry must be reported by BEA subcategory (see section 21.2).

For BY+2 through BY+9, total gross outlays from limitations and outlays from other budgetary resources

not controlled by limitations are reported on line 9400 in schedules A and S.

Separate memorandum (non-add) entries are required for gross outlays from special and trust funds through BY+9.

Discretionary outlays from end of PY balances will be reported as a memorandum (non-add) entry in schedule S through BY+9 and automatically copied to schedule A. This line entry will be used to calculate discretionary policy and baseline estimates (see section 21.1 and 23). Specifically, data entered for these memorandum entries (lines 9122, 9222, 9322, or 9822) will be used to calculate the corresponding outlays from balances (lines 9121, 9221, 9321, and 98xx).

In calculating outlays, agencies have the capability in MAX to enter separate budget authority lines for programs with different spendout rates and apply the appropriate spendout rates (see exhibit 23B).

Policy and baseline outlays from defense and non-defense balances will be reported on the same lines (lines 9x21).

In schedule A, the total gross outlays reported for PY through BY (i.e., the sum of lines 91xx–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+1 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.

Outlay data are classified as described below. The applicability of line numbers to schedules A and S is also provided. Requirements for PY–BY+1 are discussed in the first part of the table; BY+2–BY+9 requirements follow; requirements for memorandum (non-add) entries are also noted.

OUTLAYS

Line number	Description	Applicability*
	GROSS OUTLAYS FOR PY–BY+1	
	In multifunction accounts, separate entries are required when data are reported in more than one subfunction.	
	Note: *Data on lines 9122, 9222, 9822, and 9322 are reported through BY+9.*	
	Gross Outlays from Current Authority	
9111	Outlays from new current authority. Report the amount of outlays from new current budget authority for that year. These outlays may not exceed the sum of current budget authority entries in the program and financing schedule (lines 40.xx through 53.xx) for that year. Exclude outlays from new limitations reported on line 97xx.	Schedules A and S through BY+1.
9121	Outlays from current balances. Report the amount of outlays from balances (both obligated and unobligated) of current 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 21.xx and 72.xx of the program and financing schedule), plus or minus adjustments in those balances during the year (lines 22.21, 22.22, 73.31, 73.32, and 73.40 of the program and financing schedule). Exclude outlays from prior limitations reported on line 98xx. Baseline outlays from prior year balances of non-defense accounts are exempt from sequester. Baseline defense outlays from sequestrable unobligated balances should be reported on line 9994 in schedule S, as appropriate.	
9122	Outlays from end of PY balances of current authority **(memorandum entry).** Report the amount of outlays that will occur each year (CY–BY+9) from balances of discretionary current budget authority made available prior to the current year. Do not report outlays from new current budget authority provided in CY–BY+9. Exclude outlays from end of PY balances of prior limitations, which are reported on line 9822 **(memorandum entry)**. **Note.** *Data entered in schedule S for this memorandum entry will be copied automatically to schedule A.*	Schedules A and S through BY+9.
97xx	Outlays from new limitations. Report the amount of 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. (See section 21.3(b) for a description of limitation coding.)	Schedules A and S through BY+1.
98xx	Outlays from prior limitations. Report the amount of 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, outlays from prior limitations should be classified as exempt. **Note:** *For reporting purposes, outlays from limitations are considered to be outlays from current authority.*	
9822	Outlays from end of PY balances of prior limitations **(memorandum entry).** Report the amount of outlays that will occur each year (CY–BY+9) from balances of discretionary limitations that were enacted prior to the current year. Do not report outlays from limitations enacted or proposed for CY–BY+9. Excludes outlays from end of PY balances of current budget authority, which are reported on line 9122 **(memorandum entry)**.	Schedules A and S through BY+9.

OUTLAYS—Continued

Line number	Description	Applicability*
	Notes: *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, (see section 21.3 (b)).* *For reporting purposes, outlays from limitations are considered to be outlays from current authority.* *Data entered in schedule S for this memorandum entry will be copied automatically to schedule A.*	
	Gross Outlays from Permanent Authority (including outlays from offsetting collections)	
9211	Outlays from new permanent authority. Report the amount of outlays from permanent budget authority (except outlays from new spending authority from offsetting collections credited to an account) becoming available in that year. These outlays may not exceed the total amount of permanent authority reported on lines 60.xx through 67.90 of the program and financing schedule for that year.	Schedules A and S through BY+1.
9221	Outlays from permanent balances. Report the amount of outlays from balances (both obligated and unobligated) of permanent authority (excluding outlays from spending authority from offsetting collections credited to the account) brought forward from the previous year. The sum of entries on lines 9121 and 9221 may not exceed balances at the start of the year (lines 21.xx and 72.xx of the program and financing schedule), plus or minus adjustments in those balances during the year (lines 22.21, 22.22, 73.31, 73.32, and 73.40 of the program and financing schedule). Baseline outlays from prior year balances of non-defense amounts are exempt from sequester. Baseline defense outlays from sequestrable unobligated balances should be reported on line 9994 in schedule S, as appropriate.	
9222	Outlays from end of PY balances of permanent authority **(memorandum entry).** Report the amount of outlays that will occur each year (CY–BY+9) from balances of discretionary permanent budget authority (excluding outlays from spending authority from offsetting collections) made available prior to the current year. Do not report outlays from new permanent budget authority provided in CY–BY+9. **Note.** *Data entered in schedule S for this memorandum entry will be copied automatically to schedule A.*	Schedules A and S through BY+9.
9311	Outlays from new spending authority from offsetting collections. Report outlays from new spending authority from offsetting collections becoming available in that year. These outays can not exceed the total amount reported on line 68xx of the program and financing schedule for that year.	Schedules A and S through BY+1.uit
9321	Outlays from balances of spending authority from offsetting collections. Report outlays from balances (both obligated and unobligated) of spending authority brought forward from a previous year.	
9322	Outlays from end of PY balances of spending authority from offsetting collections **(memorandum entry).** Report the amount of outlays that will occur each year (CY–BY+9) from balances of discretionary spending authority from offsetting collections made available prior to the current year. Do not report outlays from new spending authority provided in CY–BY+9. **Note.** *Data entered in schedule S for this memorandum entry will be copied automatically to schedule A.*	Schedules A and S through BY+9.
	Notes: *Outlays from spending authority from offsetting collections that arise from current congressional action (i.e., current authority) and from permanent authority will be reported on lines 93xx.*	Schedules A and S through BY+1.
	Discretionary and mandatory outlays from offsetting collections should be reported on separate lines.	Schedules A and S through BY+9.
	Outlays from offsetting collections that are controlled through limitations should be reported under the appropriate limitation lines (lines 97xx, 98xx), rather than on line 93xx.	Schedules A and S through BY+1.
	Outlay data entered into schedule A (except memorandum (non-add) entries) will be copied to lines 86xx of schedule P.	Schedules A for PY–BY.
	To generate separate discretionary outlay data for certain programs within an account, report the corresponding budget authority and outlays from end of PY balance using a line sequence number in the range, 40–79. (Line sequence numbers 80–99 are reserved for OMB use.)	Schedules A and S through BY+9.
	For each year, the sum of amounts reported as gross outlays from current and permanent authority (except for memorandum (non-add) lines 9122, 9222, 9322, 9822, and 99xx) should equal total gross outlays reported on lines 7320 and 8700 from the program and financing schedule. Likewise, the sum of gross outlays minus offsetting collections should equal net outlays (line 9000 in the program and financing schedule).	Schedule A for PY–BY.
	In MAX, mandatory baseline outlays are entered in schedule S and are copied automatically to schedule A (section 21.1).	Schedules A and S through BY+9.

OUTLAYS—Continued

Line number	Description	Applicability*
	Outlays for discretionary baseline estimates in schedule S are calculated automatically based on agency input of CY budgetary resources, spendout rates, and outlays from end of PY balances. Outlays from end of PY balances will be used to calculate outlays from balances on lines 9121, 9221, 9321, and 98xx. (See sections 21.1, 23.2, and the description of data required for calculation of baseline outlays from offsetting collections below.) *To calculate discretionary baseline outlays from spending authority from offsetting collections, discretionary spending authority (line 6890) is entered through BY+9. MAX then calculates the corresponding discretionary baseline outlays (line 93xx) based on agency input of spendout rates and outlays from end of PY balances.*	Schedule S for CY–BY+9.
	Outlays from discretionary resources reported in schedule A (Presidential policy) are also calculated automatically based on agency input of BY–BY+9 budgetary resources and spendout rates. Outlays from end of PY balances in schedule S will be automatically copied to schedule A and used in calculating outlays from balances on lines 9121, 9221, 9321, and 98xx.	Schedule A for CY–BY+9.
	GROSS OUTLAYS FOR BY+2–BY+9	
	In multifunction accounts, separate entries are required when data are reported in more than one subfunction.	
9400	Outlays. Report outlays associated with budgetary resources, including outlays from limitations. **Note:** *For each year the sum of amounts reported on line 9400 should equal total gross outlays.*	Schedules A and S for BY+2–BY+9.
	MEMORANDUM ENTRIES (non-add)	
9122, 9222, 9322, 9822	Outlays from end of PY balances. Report the amount of outlays that will occur each year from balances of discretionary budget authority and limitations made available prior to the current year, as appropriate. See the definitions of these line numbers above.	Schedules A and S for PY–BY+9.
9950	Outlays from special funds. Report the amount of outlays from special funds (i.e., outlays from current and permanent special fund budget authority on lines 4020, 4025, 5020, 5025, 6020, 6025, 6520, and 6525).	
9960	Outlays from trust funds. Report the amount of outlays from trust funds (i.e., outlays from current and permanent trust fund budget authority on lines 4026, 4027, 5026, 5027, 6026, 6027, 6526, and 6527).	
9993	Number of beneficiaries. See the description in section 21.3(a).	Schedule S through BY+9.
9994	Outlays from sequestrable unobligated balances. Report only for accounts in function 050, national defense.	Schedule S for CY–BY+1.

*Baseline data (schedule S) are not reported for the PY.

21.4. Receipt account line number coding (MAX schedules K and R).

MAX schedule R is used to report Presidential policy receipt account data for PY through BY+9; schedule K is used to report baseline receipt account data for CY through BY+9. Data on all collections deposited in receipt accounts (i.e., governmental and offsetting receipts) are reported by line number, subfunction, BEA subcategory, jurisdiction, and user fee designation, as appropriate. (See section 21.2). *Mandatory current law baseline offsetting receipts and governmental receipts entered in MAX schedule K (transmittal code 0) will be automatically copied to MAX schedule R.* In order to change mandatory policy receipts included under transmittal code 0 in MAX schedule R, revisions must be made to MAX schedule K.

Receipts data are identified by the line numbers described below. Line numbers for offsetting receipts are the codes used to designate receipt character classification (see section 25.4). Only one character classification (line number) is valid for each receipt account.

Line number	Title	Description	Applicability*
0000–00	Governmental receipts	Report all receipts classified as governmental (see sections 14.2(d) and 20.4).	
	Offsetting receipts:	Report all offsetting receipts based on the character classification of the receipts (see sections 14.2, 20.4, and 25.4).	
1330–03	Proceeds from sale of commodities	Most offsetting receipts will be reported on line 2004–03.	Schedules K and R.
1340–03	Receipts from sales of property or assets		
1352–03	Receipts from other physical assets		
1512–03	Receipts from education and training		
2004–03	All other offsetting receipts		

*Baseline data (schedule K) are not reported for the PY.

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.

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 current authority—Discretionary	8	9	10	10	10	10	10	10	10	10	10	10
9121	751 Outlays from current 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 from current balances—Discretionary		14	6	12								

In CY, these two amounts will always be the same.

Outlays from balances equal outlays from end of PY balances in BY+1 plus third year spendout of CY balances plus second year spendout from BY balances. Outlays from balances in other years are calculated by MAX in a similar manner.

The shaded portion of this exhibit displays calculations needed to generate outlays from balances. While not visible on this MAX screen, the calculations can be reviewed by selecting "View," "Outlay Calculations" from the pull down menu. (Although displayed in a different format in MAX, the method of calculation is the same).

	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.

MAX copies data on line 9x22 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 23A and 23B).

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.

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 PY 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 in schedule S to generate discretionary baseline estimates.

—Outlays from end of PY balances of discretionary 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.

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 BY–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.

[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.

Baseline Estimates (MAX Schedules S, K, and Y)

23.1. General instructions.

(a) Purpose.—OMB is required to produce estimates by following the rules specified in section 257 of the Budget Enforcement Act of 1990 (BEA). These estimates are used for sequestration reporting purposes.

(b) Materials required.—Each agency, including the legislative branch and the judicial branch, will submit estimates, with related supporting materials, of the budgetary resources, outlays, and receipts that project the CY levels into BY through BY+9, except as noted below. The guidelines for deriving all baseline estimates are described in section 23.2. Baseline estimates are not required for Government-sponsored enterprises.

Baseline estimates, including receipts data, are required for all programs under current law. Data will be reported in the following MAX schedules:

—schedule S (CY through BY+9) for data on budgetary resources, outlays, limitations, and spendout rates (see sections 21.2, 21.3, and 23.3);

—schedule Y (CY through BY+4) for credit liquidating and financing accounts. For credit financing accounts, MAX schedule S is not required (see section 33.10); and

—schedule K (CY through BY+9) for receipts data (see section 21.4).

Baseline estimates for discretionary resources in schedule S will be calculated automatically for BY through BY+9, as described in section 23.2(b).

23.2. Development of baseline estimates.

The law provides explicit instructions about 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. Agencies should consult their OMB representative with questions concerning BEA classification.

(a) 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:

(1) *Legislative proposals.*—Legislative proposals are considered to be changes from current law, and their budgetary effects should not be reflected in the baseline estimates.

(2) *Supplementals.*—Generally, only supplementals associated with mandatory programs should be included in the baseline.

(3) *Regulations, management initiatives, and administrative actions.*—The effect of these, including planned regulations that are not final, should be included in the baseline estimates, as long as they can be implemented without further legislation.

(4) *Reductions pursuant to a sequester order.*—CY reductions resulting from sequestration will be reflected without separate identification in the baseline estimates.

(5) *Credit programs.*—The baseline estimates for credit programs will be based on enacted appropriations of subsidy budget authority for direct loans and guaranteed loan commitments (see section 33).

(b) Baseline estimates 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) (or if a part-year CR is in effect, 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–BY+9, when no appropriations have been enacted for those years.

(1) *Current year base.*—Estimates will be consistent with the enacted current year amounts reported in MAX schedule A for the account (see section 21.3). Proposed supplementals are excluded from the estimates. Consistent with the BEA scoring rules (see Appendix A), the effects of enacted rescissions and transfers will be included 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.

(2) *BY through BY+9 baseline estimates.*—In most cases, baseline estimates of budgetary resources will be equal to 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 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), estimates of the beneficiary population will be reported in MAX schedule S on line 9993 (see section 21.3). In developing estimates for expiring housing contracts, affected agencies should contact their OMB representative for guidance.

Estimates for accounts that have been provided advance appropriations and for offsetting collections credited to appropriations accounts should be consistent with the instructions in subsections 23.2(b)(3) and (5) below.

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.

Budgetary resources (except offsetting collections) and outlays (including outlays financed by offsetting collections) will be calculated automatically in MAX. The calculations will be based on the level of CY budgetary resources, outlays from end of PY balances, and CY and BY spendout rates entered into MAX by agencies, and pay-related and non-pay deflators entered into MAX by OMB. Outlays of PY balances will be reported as memorandum entries. Agencies will report spendout rates by using the separate MAX drop-down menu that is accessible for each budgetary resource, as described in the *MAX Users' Guide.* (see exhibits 23A and 23B)

(3) *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 be equal to 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 (2) 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.

(4) *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 33.10(c) for instructions on calculating baseline subsidy estimates, including programs with negative subsidies.) Baseline direct loan obligations and guarantee commitments will not be collected.

(5) *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. Where the level of collections is independent of the appropriated level, the estimates will reflect the level of activity anticipated under current law.

(6) *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.

(7) *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 by 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.

(c) 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:

(1) *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, the program is assumed to 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.

(2) *Veterans' compensation cost-of-living-adjustment (COLA).*—The baseline should 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.

(d) 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.

23.3. Submission of data.

(a) Revised computer listings.—For those agencies furnishing automated budget data to OMB, data will be entered in MAX schedules S, Y, and K. If necessary, agencies may order copies of the MAX computer listings by means of remote job entry. For those agencies without access to MAX, copies of the computer listings will be provided by the agency's OMB budget representative.

Baseline estimates will be prepared for each budget account that has a transmittal code of ''0'' and for supplemental requests with a transmittal code of ''1'' that are classified as *mandatory;* e.g., payments under entitlement programs (see section 14.2(e)).

—Baseline estimates for *mandatory supplemental* requests will reflect *current year* baseline estimates of budget authority and the related outlays. No budget authority will be shown in the BY through BY+9 baseline columns. However, the spendout of current year budget authority will be reflected, where appropriate, in the BY through BY+9 columns.

—Baseline estimates of *limitations* will also be provided for CY through BY+9 where limitations are established, including those established to report the effect of reductions pursuant to the G-R-H law, as amended (see section 21.3). Note: Baseline data on credit limitations are not required because these limitations are not sequestrable.

Baseline estimates are not required for accounts included in the budget under transmittal codes ''2'', ''3'', ''4'', or ''5'', unless specifically requested by OMB.

(b) GRH program information.—Additional subaccount data is required in MAX schedule S for the accounts and programs indicated 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. *The special code should be used 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 BA 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.

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
Automatic Spending Increase (ASI) Accounts:	
Amount subject to special rule sequester	22
Default value	01

*Internal OMB code.

(c) Supporting materials.—After final budget decisions are made, two copies of an agency summary table will be submitted to provide a bridge between the current year baseline estimates and the budget year baseline estimates. 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).

Agencies should also submit a table showing the impact on the baseline estimates of major regulations, 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.

Upon request, agencies should be prepared to furnish caseload estimates and other additional information.

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.

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				
Outyear data					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				
Outyear data					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

Character Classification (MAX Schedules C, K, and R)

Summary of Changes

—A new crosscutting R&D data requirement for the climate control technology initiative is identified and two others are dropped. Other definitions have been clarified (section 25.4).
—A new exhibit listing entries used to report R&D data is provided (exhibit 25B).

25.1. General.

Character classification is used to report investment activities separately from non-investment. Data are classified as investment when they finance activities yielding benefits largely in the future; investment character classes include those for physical assets, the conduct of research and development (R&D), and the conduct of education and training. The character classification is also used to report data on grants to State and local governments separately from direct Federal programs.

Requirements for additional research and development categories (e.g., conduct of R&D performed by universities, R&D crosscuts, technology transfer, etc.) are integrated into the character classification. R&D data are used in review of agency budget requests, Government-wide resource allocation, and R&D budget presentations.

Budget authority and outlays are reported by character class for all appropriation and fund accounts (except for credit financing accounts) in MAX schedule C; offsetting receipts, which are also identified by character class codes, are reported in MAX receipt data schedules (MAX schedules K and R) (see sections 25.4 and 21.4). Amounts are required to be reported for PY through BY; (See section 25.3(e) for an explanation of automatically-generated outyear projections.)

If the nature of the account changes and requires use of different character classes to report data, agencies may enter budget authority and outlays (lines xxxx-01, xxxx-02) in the appropriate character classes, without requesting changes to the BAT file. The classification of offsetting receipts (lines xxxx-03) in MAX schedules K and R is controlled through the BAT file; changes to the classification of offsetting receipts must be requested from OMB.

25.2. Definitions.

The following definitions will be used for the purposes of reporting character classification data.

State or local governments include:

—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:
(1) the legislation authorizing the payment includes such entities within the definition of eligible State or local units, or
(2) the tribal government acts as a nonprofit agency operating under State or local auspices; and
—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.

Grants to State and local governments.—For character classification purposes, budget authority and outlays are reported as grants to State and local governments if those resources of the Federal Government support State or local programs of government operations or provision of services to the public. Grant data should be reported for:

—direct cash grants to State or local governmental units, to other public bodies established under State or local law, or to their designee;
—payments for grants-in-kind, such as purchases of commodities distributed to State or local governmental institutions (e.g., school lunch programs);
—payments to nongovernmental entities when such payments result in cash or in-kind services or products that are passed on to State or local governments (e.g., 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;
—Federal 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; and
—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), or 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).

Excluded under this definition are:
—Federal administrative expenses associated with these programs;
—grants directly to profit-making institutions, individuals, and non-profit institutions not covered above (e.g., payments to Job Corps centers and trainees);
—payments for research and development not directly related to the provision of services to the general public (e.g., basic research awarded via competitive grants);
—payments for services rendered (e.g., 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); and
—Federal grants to cover administrative expenses for regional bodies and other funds not redistributed to the States or their subordinate jurisdictions (e.g., the administrative expenses of the Appalachian Regional Commission).

Direct Federal programs.—Programs not classified as grants to State and local governments are classified as ''direct Federal programs.''

(See section 25.4 for other definitions.)

25.3. Reporting the data and relationships with other data requirements.

(a) Reporting budget authority and outlay data.—Budget authority and outlay data are reported by subfunction and assigned character classification for PY–BY in MAX schedule C. Grant character class data are also reported by BEA subcategory (e.g., discretionary; mandatory, authorizing; etc.) (see section 21.2).

Data are reported net, except as specified below. For the treatment of grants, which are reported gross, see section 25.3(d). If an account is split between two or more subfunctional classifications, amounts for each subfunction will be reported separately. (Note: Character class data are not required for credit financing accounts.)

As a general rule, if a transaction fits into more than one classification, it should be recorded in the classification with the lowest numerical character classification code. For example, amounts for construction of research and development facilities should be recorded in the appropriate 13xx–xx grouping, not in the 14xx–xx grouping. (See section 25.3(b) and exhibit 25A for treatment of memorandum entries.)

Where accounts are split between two or more character classifications, a classification involving less than $1 million in each of the three fiscal years will be omitted and the amounts included in some larger classification for that account.

Offsetting collections credited to appropriation and fund accounts will be applied as offsets to the gross budget authority and the disbursements that the collections will be used to finance in the calculation of amounts reported in each character class. For example, collections resulting from the sale of commodities will be offset against gross budget authority and disbursements for the purchase of commodities in character classes 1330–01 and 1330–02, respectively; fees collected to cover operating expenses will be offset against gross budget authority and disbursements for operating expenses in character classes 2004–01 and 2004–02, respectively. In credit liquidating accounts, loan repayments will be offset against gross budget authority and disbursements for loan programs in character classes 2004–01 and 2004–02, respectively.

Grants to State and local governments in some cases allow the recipient jurisdiction the option of using funds for current or investment-type purposes, such

as in community development block grant programs. In such instances, all of the budget authority and outlays for grants are to be recorded in the category where the majority of the funds is anticipated to be used.

(b) Research and development data.—Memorandum entries are used to collect certain R&D information (e.g., conduct of R&D performed by universities, R&D crosscuts, technology transfer, etc.). These are non-add entries, i.e., data are in addition to, and a subset of, R&D data already required to be reported in MAX schedule C on lines 1311-xx through 1432-xx.

Crosscutting R&D data.—Agencies are required to report crosscutting R&D data for the specific areas identified by the National Science and Technology Council (NSTC) in MAX schedule C for PY through BY. (See the abbreviated definitions for R&D crosscutting areas (lines 145x-xx) in section 25.4.) Questions concerning crosscuts (e.g., definitions, etc.) should be addressed to the NSTC agency representatives or to the OMB contact. (See the ''List of OMB Contacts'' at the beginning of Circular No. A–11.)

Technology transfer data.—Data are required to be reported for PY through BY for technology transfer between the Federal labs and other non-Federal entities (e.g., companies, universities, etc.) in eight categories in MAX schedule C. (See lines 146x–xx in section 25.4.) These data are required for agencies that have Offices for Research and Technology Applications (ORTAs), as defined by 15 U.S.C. 3710(b) (the Stevenson-Wydler Act). For questions on this requirement, agencies should consult their OMB contact.

(c) Reporting receipt data.—Offsetting receipt data (i.e., offsetting collections deposited in receipt accounts) are reported in MAX schedules K and R by the line numbers indicated in section 25.4.

(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 P on lines 8900 and 9000 for PY–BY.

Grant budget authority and outlays should be reported gross (i.e., budget authority and outlays from grants should include grants financed by offsetting collections). Offsetting collections credited to an account that finance grants will offset budget authority and disbursements in character class 2004–01 and 2004–02, respectively. Actual outlays for the past year for grants and for shared revenue must also 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'' table.

(e) Outyear projections of character class data.—Based on in-year data entered by agencies, MAX will automatically generate outyear projections of character class data (except for memorandum entries). Outyear projections through BY+9 will be generated automatically for grants to State and local governments; outyear data on direct Federal programs 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, 18 percent of net budget authority will be estimated in character code 1511–01 for each outyear. The outyear projections will be displayed in MAX on-screen, so that agencies can view the estimates; if the projections do not accurately reflect outyear policy, agencies may override the calculated amounts by entering the revised amounts (not percentages) directly into MAX. For revolving-type funds (e.g., the Federal buildings fund and the General supply fund in GSA, 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 outyears must correspond to total net budget authority and outlays for those years.

25.4. Character classification.

Character class data reported 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.

The *four-digit number* identifies data as investment or non-investment and as grants or direct Federal programs. All investment activities are classified in the 1xxx series, while all non-investment activities are classified in the 2xxx series. In credit program accounts, the subsidies for direct loans and loan guarantees, and their administrative expenses, should be classified 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* is used to differentiate between budget authority, outlays, and offsetting receipts, as follows:

01—Budget authority
02—Outlays
03—Offsetting receipts

In addition, the suffix 09 is used for certain memorandum R&D entries to report other types of information.

The following table provides the codes used to identify character class data; exhibit 25A provides a summary of the coding structure.

Agencies should ensure that data are reported in the correct categories. For example, data on R&D activities should be reported using the appropriate R&D character class entries (see exhibit 25B and the listing of R&D memorandum entries below). Data on activities other than R&D should be reported 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 are applicable to budget authority and outlays. (See also section 21.4 on reporting requirements for receipt accounts).

Code		Definition
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.
	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. Included are new works and major additions, alterations, improvements to and replacements of existing works. Excluded are preliminary surveys, maintenance, repair, administration of such facilities and other Federal operating expenses.
	Research and development facilities:	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.
1311–xx	Grants to State and local governments	
1312–xx	Direct Federal programs	
	Other construction and rehabilitation:	Amounts for all other construction and rehabilitation.
1313–xx	Grants to State and local governments	
1314–xx	Direct Federal programs	
	Major equipment:	Amounts for identifiable items of major equipment, including information technology (see section 42), vehicles, ships, machine tools, aircraft, tanks, and nuclear weapons. Routine purchases of ordinary office equipment or furniture and fixtures are normally excluded. However, where there are major programs for acquisition of equipment, all equipment purchases should be included.
	Research and development equipment:	Amounts for major equipment for research and development. (See category 14xx for the definition of research and development.) Includes expendable or moveable equipment (e.g., spectrometers, microscopes) and office furniture and equipment.
1321–xx	Grants to State and local governments	
1322–xx	Direct Federal programs	
	Other major equipment:	Amounts for all other major equipment.
1323–xx	Grants to State and local governments	
1324–xx	Direct Federal programs	
	Commodity inventories:	
1330–xx*	Direct Federal programs	Amounts for federally-owned commodities held for resale or in stockpiles.
	Proceeds from the sale of commodities	Offsetting receipts collected from the sale of federally-owned commodities that were previously purchased by the government or from reduction in stockpiles.
	Purchases and sales of land and structures for Federal use:	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.
1340–xx*	Direct Federal programs	

Code		Definition
	Receipts from sales of property or assets	Offsetting receipts collected from sales of federally-owned property or assets used by the Federal Government. Includes office buildings and park and forest lands.
	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.
1351–xx	Grants to State and local governments	
1352–xx*	Direct Federal programs	
	Receipts from other physical assets	Offsetting receipts collected from the sale of physical assets not used by the Federal Government. Includes sales of assets obtained by the Federal Government as collateral on defaulted loans.
14xx	**Conduct of research and development:**	Amounts for research and development, including administrative expenses for R&D. Excludes R&D facilities and equipment investments, which are classified under 13xx. 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. Excluded are 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:	Amounts for basic research. 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.
1411–xx	Grants to State and local governments	
1412–xx	Direct Federal programs	
	Applied research:	Amounts for applied research. 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.
1421–xx	Grants to State and local governments	
1422–xx	Direct Federal programs	
	Development:	Amounts for development. 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.
1431–xx	Grants to State and local governments	
1432–xx	Direct Federal programs	
	Memorandum (non-add) R&D and technology transfer entries:	
	R&D performed by colleges and universities and merit-reviewed research:	
1441–xx	Conduct of R&D performed by colleges and universities	Amounts 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 in engineering and medicine); affiliated hospitals and associated institutes; and agricultural experiment stations (excludes federally-funded research and development centers).
1442–xx	Indirect costs related to R&D performed by colleges and universities	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.
1443–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) peers for merit. To meet the criterion of peer evaluation, the merit-reviewed activities must be reviewed by appropriately qualified scientists and engineers outside the decision-making or supervisory chain. To meet the criterion of competitive selection, applicants must not be prohibited from applying by unduly restrictive criteria. The pool of funds within which the competition takes place may be reasonably broadly defined. Sole source activities are excluded.

Code		Definition
	Conduct of National Science and Technology Council (NSTC) crosscuts:	
1451–xx	Climate change technology initiative	Research, development and deployment, and technologies related to energy efficiency, renewable energy, and carbon reduction, including more efficient technologies in buildings, industrial processes, vehicles, and power generation. Examples include energy-efficient technologies for commercial buildings and homes; 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, and 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. Both base program funding and initiatives first proposed in FY 1999 should be included.
1452–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; and 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, and energy storage systems.
1453–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; and identifying strategies for adaption and mitigation that will most benefit society and the environment. Collection of this program crosscut is required by P.L. 101–606.
1454-xx	High-performance computing and communications	*Large scale networking:* Research and technology development in high performance network components; technologies that enable wireless, optical, mobile, and wireline communications; large-scale network engineering, management, and services; and systems software and program development environments for network-centric computing. *High-end computing and computation:* Research and technology development in high-end computing hardware and software innovations, and in algorithms and software for modeling and simulation needed to address Grand Challenge-class applications, including associated infrastructure. *High confidence systems:* Research and development in information security, information survivability, and assurance technologies to achieve high levels of availability, reliability, and restorability of information systems. Collection of this program crosscut is required by P.L. 101–606.
	Conduct of technology transfer:	
1461–xx	Administrative support	Amounts for the Federal administrative support of technology transfer efforts, including salaries and travel expenses for ORTA and scientists/engineering staff; technology assessments to evaluate transfer potential; marketing and outreach; invention-related efforts; salaries and expenses for technical assistance and short-term consulting; patents applications, amendments, and maintenance fees; and legal support for technology transfer.
1462–xx	Transfer processes	Federal costs (other than administrative) for transferring technology to non-Federal entities, comprised of licensing, technical assistance, reimbursable work for non-Federal partners, and use of facilities.
1463–xx	Cooperative R&D instruments	Federal amounts for cooperative R&D agreements (CRADAs) as defined by 10 U.S.C. 2371 and 2358, Space Act Agreements, USDA agreements, and multi-agency agreements.
1464–xx	Other technology transfer partnerships	Amounts for other partnerships, collegial interchanges, and exchange programs that join the technical expertise of Federal agencies and non-Federal entities to achieve national or Federal technological goals. Agency definition can be used as appropriate.
1465–09	Non-Federal cash support in cooperative R&D instruments	Amounts for actual cash transferred to the Federal Government by non-Federal partners involved in cooperative R&D instruments.
1466–09	Non-Federal non-cash support in cooperative R&D instruments	Amounts that represent the value of the non-cash support transferred to the Federal Government by non-Federal partners involved in cooperative R&D instruments.
1467–09	Number of continuing active cooperative R&D instruments	Number of instruments that were begun in previous fiscal years and have not yet been terminated.
1468–09	Number of new cooperative R&D instruments	Number of instruments whose last signature was made during the current fiscal year (or estimated for a future fiscal year).
15xx	**Conduct of education and training:**	
1511–xx	Grants to State and local governments	Amounts for programs whose primary purpose is education, training, and vocational rehabilitation. Included are veterans' education and training; operating assistance for elementary, secondary, vocational, adult, and higher education; agricultural extension services; and income support activities directly contingent upon participating in such programs. Excluded are the training of military personnel or other persons in government service.
1512–xx *	Direct Federal programs	

Code		Definition
	Receipts from education and training	Offsetting receipts for loan repayments, negative subsidies, and downward reestimates of loan subsidies that are associated with the conduct of education and training.
2xxx	**NON-INVESTMENT ACTIVITIES**	Amounts that are not classified as investment activities.
	Grants to State and local governments:	Grant amounts that are not classified as investment activities.
2001–xx	Other than shared revenues	
2003–xx	Shared revenues	
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 and merit-reviewed research:
1441–xx	Conduct of research and development performed by colleges and universities
1442–xx	Indirect costs related to R&D performed by colleges and universities
1443–xx	Merit-reviewed scientific research with peer evaluation and competitive selection
	Crosscuts:
1451–xx	Climate change technology initiative
1452–xx	Partnership for a new generation of vehicles
1453–xx	U.S. global change research program
1454–xx	High-performance computing and communications
	Technology transfer:
1461–xx	Administrative support
1462–xx	Transfer processes
1463–xx	Cooperative R&D instruments
1464–xx	Other technology transfer partnerships
1465–09	Non-Federal cash support in cooperative R&D instruments
1466–09	Non-Federal non-cash support in cooperative R&D instruments
1467–09	Number of continuing active cooperative R&D instruments
1468–09	Number of new cooperative R&D instruments
	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. Some non-Federal items are also required.

The suffix "09" will be used for these R&D entries.

Research and Development of 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 conduct of R&D performed by universities, R&D crosscuts, and technology transfer activities (See Exhibit 25A 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 25A.

Explanation of Print Materials

30.1. Processing of print materials and related information.

(a) The detailed estimates for agency presentations in the budget.—The print materials described in this section are used to prepare the detailed account level budget estimates presented in the *Budget Appendix*. This portion of the budget contains the following information.

One part consists of chapters that reflect cabinet departments, larger nondepartmental agencies and chapters composed of multiple agencies, such as the Executive Office of the President and Other Independent Agencies. This part contains the regular account presentations (transmittal code 0) and legislative proposals and other later transmittals (transmittal codes 2, 3, and 4). The legislative proposals follow directly after the affected account and do not include appropriations language, unless OMB specifies otherwise.

Another part contains supplemental requests and rescission proposals. Supplemental requests include both the appropriations language and account schedules. Rescission schedules are shown in this part and present the effect of rescission proposals being made in conjunction with the budget. The language proposing the rescission is not included in the budget, but rather in the special message for the rescission proposals sent to Congress.

The *Budget Appendix* also includes a list of amendments and revisions to budget authority transmitted between the previous and current budgets; a list of accounts with advance appropriations, advance funding, and forward funding; and budget information on Government-sponsored enterprises (see Appendix C). These enterprises are sponsored by a Government agency but are privately owned and generally privately financed.

(b) General.—In the fall, agencies are provided with copies of galley proofs reprinted from the previous year's budget. Agencies revise the reprinted galleys, provide the additional materials required for the budget and update the data in MAX. OMB sends the reprinted galleys and the additional print materials to the Government Printing Office (GPO). The computer data is used to generate schedules that are merged with the revised print material. OMB and the agencies review the materials processed by GPO and make final changes. OMB then sends the budget materials to GPO for final printing.

(c) Definitions.—The following terms are used to describe the printing process.

Reprinted galleys are galley proofs modified to update the year headings; omit amounts in tables and schedules; and omit appropriations language from the previous year's budget. (CY appropriations language will be included, if enacted before the reprinted galleys are prepared.) Revised reprinted galleys, along with any inserts to the galleys, constitute the basic form of the agency submission of print materials.

New print materials include materials for new budget accounts (e.g., legislative proposals) not included in the reprinted galleys and new materials for existing accounts, including materials for supplemental requests and rescission proposals.

Generated schedules include data extracted from the MAX database formatted for printing.

The print material submission is a complete package of print materials (revised reprinted galleys, inserts to the galleys, and new print materials) for all accounts of an agency.

The following table lists the print materials that will be included in the detailed budget estimates by agency. These materials will be printed, as applicable, by account, in the sequence shown below.

Type of Material	Relationship to MAX data base	A–11 Section
Appropriations language	Not applicable	31
Schedule on unavailable collections	Generated from MAX schedule N	36.6
Program and financing schedule	Generated from MAX schedule P	32.1–32.7
Distribution of budget authority and outlays	Not applicable	32.6
Budget plan	Generated from MAX schedule D	36.7
Summary of budget authority and outlays	Generated from information in MAX schedule A	36.2
Status of contingent emergency funding	Generated from MAX schedule V	36.9
Status of contract authority	Generated from MAX schedule I	36.4
Status of direct loans	Generated from MAX schedule G	33.7
Status of guaranteed loans	Generated from MAX schedule H	33.8
Summary of loan levels, subsidy BA, and outlays by program	Generated from MAX schedule U	33.9
Narrative statement	Not applicable	34
Schedule on the status of funds	Generated from MAX schedule J	36.5

Type of Material	Relationship to MAX data base	A–11 Section
Statement of operations	Generated from MAX schedule E	36.3
Balance sheet	Generated from MAX schedule F	36.3
Object classification	Generated from MAX schedule O	35
Personnel summary	Generated from MAX schedule Q	36.1

(d) Processing.—OMB provides agencies with five copies of the reprinted galleys for the materials presented in the ''Detailed Budget Estimates'' of the previous year's budget. Along with the reprinted galleys, agencies are notified of the dates that the print material submissions are due to OMB (generally following receipt of budget decisions (see section 10.3)).

All revisions to reprinted galleys, except changes to generated schedules, will be marked either on the galleys or on inserts to the galleys. New print material will also be prepared as inserts to the galleys. The reprinted galleys will be revised following the guidelines in exhibit 30A. The reprinted galleys must be returned as a complete package and must not be reduced in size or cut apart. The information being revised and any GPO identifiers must not be obliterated.

Three sets of the print materials (including at least one original) will be submitted as a single package, sequenced by account in accordance with sections 30.1(c) above and 30.2. This submission will be printed in the form of revised galley proofs and returned to the agencies for review.

Revised galley proofs should be returned to OMB according to the schedule provided by OMB with corrections noted in black, following the guidelines in exhibit 30B.

Appropriations language will be included in the reprinted galleys if appropriations have been enacted before the reprinted galleys are prepared. Changes to the enacted language to reflect the budget year request will be made in accordance with section 31.3. If appropriations language is not included in the reprinted galleys, agencies will prepare appropriations language in accordance with section 31 and attach the materials as inserts to the appropriate reprinted galleys.

Generated schedules are provided in the reprinted galleys with blank amount fields, the year headings updated, and with the stub entries from the previous year's budget. In some cases, the stub entries for these schedules may already be modified in the galleys to reflect generic changes. *All changes to generated budget schedules should be entered directly into MAX. No changes to stub entries or amounts should be entered on the reprinted galleys for these schedules.*

Special schedules (other than generated schedules), footnotes, narrative statements and tabular materials pertaining to performance indicators, performance goals, number of beneficiaries and recipients, etc., will be updated by marking changes on the reprinted galleys. These materials are provided in reprinted galleys with blank amount fields and must be updated. Footnotes containing dollar amounts for certain activities or transfers, and references to other accounts involved in transfers, must be revised to reflect the current status of the account. Narratives must be revised in conformance with section 34, addressing in particular budget year activities along with supporting quantitative information. New tables, extensive revisions, and new narratives will be typed on additional sheets and attached as inserts to the reprinted galleys.

30.2. Sequence of materials.

The budget submissions will be arranged by bureaus or other subordinate organizations within the agency. The order of the agency presentation is determined by the bureau and account sequence in MAX.

As a general rule, within each bureau, accounts are sequenced in MAX as follows:

—general fund accounts with current budget authority, in the following order: accounts for which appropriations are requested for the budget year; accounts for which appropriations were made in the current year but not requested in the budget year; other unexpired accounts; expired accounts;

—permanent general fund appropriations;

—special fund accounts with current budget authority, in the following order: accounts for which appropriations are requested for the budget year; accounts for which appropriations were made in the current year but not requested in the budget year; other unexpired accounts; expired accounts;

—permanent special fund appropriations;

—public enterprise funds;

—intragovernmental revolving funds and management funds;

—credit reform accounts, in the following order: program account, financing account, and 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 appropriations will be shown at the end of the bureau (see section 32.8(g)).

30.3. Submitting new print materials.

When new print materials are required, the information should be submitted on letter-size paper and double-spaced. The submission should indicate the name of the department or agency, the bureau (if applicable), the title of the account, and the account identification code (see section 20.3). The sheet should also indicate where the new print material is to be inserted on the reprinted galleys. All inserts to reprinted galleys should be clearly marked as to the galley number (extension and frame number) on which they are to be inserted (see exhibit 30B).

As a general rule, agencies with computer terminal access to the MAX data system are not required to submit a complete set of budget schedules for *generated schedules* (see section 30.1(c)). However, agencies should indicate on the sheet of paper they submit each type of schedule that is being added for each account.

30.4. Style of presentation.

Account identification codes on print materials.—The identification code described in section 20.4 will be printed for each generated schedule.

Stub entries on generated schedules.—As a general rule, the titles for stub entries will conform to those provided in the relevant sections of A–11. Agencies should consult with their OMB representatives for exceptions to the standard titles. When non-standard stub titles are approved by OMB and cannot be input directly into MAX, they should be clearly marked on the galley proofs.

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 programs 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.

Presentation of numbers.—Leaders (...) will be used in the columns of figures in place of zeros (–0–). Dollar signs will be omitted on schedules.

As a general rule, 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 will be 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 explanations, amounts will also be rounded and followed by the word ''million'' (e.g., $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 31 and attached to the reprinted galleys.

~~[*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	19PY actual	19CY est.	19BY 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)			
70.00 Total new budget authority (gross)			
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 current authority			
86.93 Outlays from current 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 (see section 30.1), 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.

"Frame" number

"Extension" number

VerDate 22-Nov-94 09:50 Jan 15, 1994 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 34.

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 19PY 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 19BY. Additional training will accompany the increased project funding to provide for a more comprehensive review of future project plans and alternatives. In 19BY, amounts provided for training will increase 190.4 percent.

Water Pollution Program Activities
(dollars in millions)

	19PY	19CY	19BY
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 19BY 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	19PY act.	19CY est.	19BY 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	19PY act.	19CY est.	19BY est.
Total compensable workers:			
1001 Full-time equivalent employment			

"Frame" number

"Extension" number

VerDate 22-Nov-94 09:50 Jan 15, 1994 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 19BY

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 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

$100,000

[/]

not

fiscal

5

(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, 19CY.)

For appropriations language, new material should be underlined and proposed deletions bracketed in accordance with section 31.3.

VGOV01161166

S3643

Program and Financing (in millions of dollars)

Identification code 16-1166-0-1-755		19PY actual	19CY est.	19BY est.
	Obligations by program activity:			
	Direct program:			
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

For generated schedules, no changes in amounts should be entered on the galley proofs.

~~~~~~

B

S3623

1. *General administration.*—This activity includes the cost of policy development and coordinating functions necessary for the overall planning and direction of the Department. It covers the immediate secretarial offices as well as those of the assistant secretaries and the general counsel. It provides ~~services to all organizations financed from this appropriation.~~

liaison with the Executive Office of the President and members of Congress on all matters partaining to Agricultural policy.

For changes to narrative materials, strike out information to be deleted and insert corrections; *do not use brackets to indicate deletions or italics to indicate new materials.* Corrections involving more than two lines should be typed on proof (if space is available) and arrowed to proper insertion point or typed on a separate sheet of paper and keyed to proper insertion point. Inserts on separate sheets of paper should identify the appropriate galley extension and frame numbers.

VerDate 22-Nov-94 09:50 Jan 15, 1996 Jkt 170001 PO 00000 Frm 0001 Fmt 3619 Sbfmt 3643 E:\BUDGET\GOV.000 pfm01
~~~~~~

Appropriations Language

Summary of Changes

—Boilerplate appropriations language has been provided for credit programs to reimburse the Federal Financing Bank (section 31.5).
—Guidance is provided on appopriations language requirements for programs that disburse over a period longer than five fiscal years.

31.1. General.

Appropriations language prepared for the budget transmits the President's budget requests to the Congress. Agencies are required to provide apropriations language on a separate page for each account for which appropriations or limitation language has been enacted in the current year or is proposed for the budget year.

Appropriations language submissions contain:

—language as enacted for the current year, with the proposed changes for the budget year, if any; or
—proposed language if none was enacted for the current year and it is required for the budget year; and
—statutory references.

For accounts that cover direct loan or loan guarantee programs, appropriations language must be included for the subsidy costs, loan levels, and administrative expenses, unless specifically exempted by OMB (see section 31.5).

For programs funded by budget authority that will be disbursed over periods longer than five fiscal years after the authority expires, see section 31.5(b).

Proposed substantive changes in appropriations language should accompany the initial budget submission to provide adequate time for consideration of revisions.

31.2. Form of language submissions.

Language submissions will be in the format of exhibit 31A or 31B. The text printed in the appropriations acts for the current year constitutes the primary source of material for the language submissions. OMB will furnish each agency with reprinted galleys (see section 30.1) containing 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. (These copies are for the use of the agency in preparing language submissions required by OMB and for the agency's own use.) In this case, the print materials submission of each appropriation item will be prepared by gluing the language from the enrolled bill on a separate sheet of paper. Changes to the appropriation language will be made in accordance with section 31.3.

In preparing the language, all of the text in the appropriations act will be used, except the preamble and the title of the act. If the organizational unit is not identified as a heading in the text, it will be inserted 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), the text from the additional appropriations will be glued on the same sheet as the text from the annual act, and the account title from the additional appropriation will be omitted (exhibit 31B). The citation for the additional appropriations will follow the specific language and will be shown in parentheses and underscored. In cases where the entire amount available was provided in a supplemental or other appropriations act, the title and any immediately preceding organizational unit identification will appear in the same manner as items from an annual act.

If no current year appropriation has been enacted, the proposed appropriation language will be typewritten as new material and underscored. If an appropriation for the current year is provided in a continuing resolution, the proposed language will be prepared as follows:

—where the continuing resolution includes specific language by account, that language will be submitted 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,

the agency's OMB representative will provide guidance on preparation of the language submissions; or

—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), the proposed language for the budget year will be submitted as new material. An explanatory note will be provided by OMB for insertion following the language.

31.3. Changes in language and amounts.

Changes to appropriations language will be made as follows:

—When a change in the language, amount, or account title is proposed for enactment by Congress, any material to be omitted will be enclosed in brackets **[ ]**.

—New material will be typewritten (double-spaced, if practicable) and underscored in the right margin of the page.

—New material should always follow bracketed material, even though bracketed material may only include figures and new material includes additional language.

—Amounts will be stated in dollars rounded to the nearest thousand (e.g. $10,951,000; *not* $10,950,768).

—A caret (^) and line should indicate clearly the place where the new material will be inserted (i.e., following the bracketed material it is replacing).

—Brackets, carets, and insert lines are to be made using black lead pencil (not typed).

—Care should be taken not to obliterate pre-existing punctuation marks.

Budget year appropriations requests included in appropriations language must be consistent with BY appropriations requests reported in thousands in MAX schedule T (see section 36.10).

Changes to administrative and general provisions should be made in the same manner. If an entire numbered section is proposed for deletion, the material to be omitted should be enclosed in brackets. Subsequent section numbers should be bracketed and revised numbers inserted, following the bracketed material. Proposed new provisions should be inserted at the end of the current law provisions (see exhibit 31C).

31.4. Statutory references.

Following the appropriations language, supporting statutory references will be inserted in parentheses and underscored. Agencies will furnish and are responsible for the correctness of all statutory references.

These references will be shown 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. Citations should be in this order of preference:

—to the United States Code; or

—to the public law number; or

—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.

Citations to Government-wide, generally applicable laws (e.g., title 5 of the U.S. Code) should not be referenced.

Executive orders will be cited by number. Citations to the same title of the U.S. Code should be consolidated, and titles (and sections thereunder) should be listed in ascending numerical order. Avoid multiple citations to the same legislation. If a citation is included in statutory text, it should not be repeated in parentheses.

(2) *The appropriations act from which the text of the appropriations language has been taken.*—Generally, references will be to the short title of the entire act. If an appropriations act provides a citation for a specific title, that citation will be used. If the act or title thereof has no short title, the agency's OMB budget representative will specify the citation to be used. (When two or more appropriations act citations are required, e.g., a regular appropriations act and a supplemental appropriation act, each citation will follow the appropriations language to which it is applicable.) Where language in an appropriations bill was enacted by reference in a continuing resolution, the continuing resolution (not the referenced bill) will be cited.

31.5. 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, the following standard subsidy appropriation language should be used, 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, the following phrase should be substituted for the last sentence above:

> In addition, for administrative expenses to carry out the [direct] [and] [guaranteed] loan 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 31.5(b).

When agencies believe that the nature of a program requires a modification of the specified language, an exception may be requested in accordance with section 11.6.

(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, the following standard proviso, modified as appropriate, should be used 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 XXXX.

31.6. Explanations relating to appropriations language.

No explanations or justifications will be written on the language submissions, except notes required for printing as indicated above. The following material must be submitted 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; and

—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

Headings will be added to reflect the organizational unit, unless they already appear as separate lines at this point in the appropriations act.

The original will be returned to OMB.

OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

For expenses necessary for the Office of the Secretary, including not to exceed [$9,992,000] $9,944,000 for expenses of travel; purchase (not to exceed [one] three, of which two shall be for replacement only) and hire of passenger motor vehicles; [and] services as authorized by 5 U.S.C 3109; [$3,220,000: Provided, That not to exceed $20,000 of the amount appropriated under this head in the Department of Government Appropriation Act, 19PY, shall remain available during the current fiscal year]. and uniform or allowances therefore, 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, 19CY.)

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 31.4 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 therefore, 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, 19CY.)

[For an additional amount for "Salaries and Expenses," $200,000.]

(Supplemental Appropriations Act, 19CY.)

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 31.4 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

GALLEY PROOF

TITLE VII—GENERAL PROVISIONS

[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.
4. Inserts are shown by carets (^) and follow (not precede) bracketed matter.

Program and Financing Schedules (MAX Schedule P)

Summary of Changes

—There will no longer be an optional capability to assign codes to program activity lines in program and financing schedules for Government Performance and Results Act activities.
—A description of the relationship of program and financing schedules to expired accounts has been added (section 32.1).
—The standard line numbers and titles for program activity lines for credit program accounts found in the credit section is reprinted with program activity lines for noncredit accounts (section 32.2).
—The requirement to identify separately uninvested amounts, invested balances at par, and unrealized discounts has been eliminated; agencies will continue to distinguish between balances of contract authority and other balances (section 32.3).
—New MAX lines are provided for reporting nonexpenditure transfers of spending authority from offsetting collections; offsetting collections that finance these transfers will be credited to the account that initially received the collection (section 32.3).
—MAX lines related to orders on hand from Federal sources have been renamed to provide a better description of amounts to be reported; explanations of these entries have been clarified (sections 32.3–32.5).
—Rescissions and reductions pursuant to public laws enacted for the past year will be reported separately from the appropriate budget authority initially appropriated (sections 32.3, 32.7).
—Clarification is provided on budget presentation for cases where appropriations or spending authority from offsetting collections is used to liquidate obligations initally incurred against authority to borrow when the borrowing is not exercised (section 32.3).
—A new section describes OMB and Treasury efforts to import data electronically into the past year column of program and financing schedules, effective for preparation of the FY 2001 Budget (section 32.10).

32.1. General instructions on program and financing schedules.

The program and financing schedules provide the following information:

—obligations by program activity (see section 32.2);
—budgetary resources available for obligation (see section 32.3);
—detailed information on new budget authority (gross) (see section 32.3);
—change in unpaid obligations (see section 32.4);
—detailed information on outlays (see section 32.4);
—offsets to gross budget authority and outlays (see section 32.5); and
—net budget authority and outlays (see section 32.5).

The unobligated balances and new budgetary resources reported in the program and financing schedule reflect budgetary resources available to cover new obligations, and do not include expired amounts. However, the balances of unpaid obligations and outlays reported reflect adjustments to balances of unpaid obligations in expired (but not canceled) accounts and outlays resulting from liquidation of obligations in expired accounts, as well as transactions in unexpired accounts.

The ***obligations by program activity*** section shows obligations for specific activities or projects. In the regular budget schedules (i.e., transmittal code 0), amounts in this section are always positive. The activity structure is developed for each appropriation or fund account to provide a meaningful presentation of information for the program. This section distinguishes between direct and reimbursable programs. The last entry, ''total new obligations,'' indicates the amount of budgetary resources required to finance the activities of the account.

The ***budgetary resources available for obligation*** section shows the budgetary resources available or estimated to be available to finance the obligations. The resources available for obligation include the start-of-year unobligated balances of a prior year that have not expired, new budget authority, and adjusting entries, such as recoveries from prior year obligations. New obligations are subtracted from these resources, resulting in the end-of-year unobligated balances.

The ***new budget authority (gross), detail*** section provides detailed information on the total new budget authority available to finance the program. It includes information on the type of budget authority that is available, rescissions, reductions, and amounts precluded from obligation.

The ***change in unpaid obligations*** section shows the difference between obligations and outlays. New obligations are added to the obligations that were incurred in a previous year but not liquidated. Total disbursements (outlays, gross) are subtracted from these amounts. Adjusting entries, such as adjustments in expired accounts, are included, as appropriate, resulting in the end-of-year unpaid obligations. Where applicable, this section separately identifies total unpaid obligations, receivables and unpaid, unfilled orders from Federal sources, and obligated balances, which are the unpaid obligations less receivables and unpaid, unfilled orders from Federal sources.

The ***outlays (gross), detail*** section indicates whether the outlays pertain to current or permanent budget authority and to balances or new authority. *The information in this section will be automatically generated from the data reported in MAX schedule A* (see section 21.1).

The ***offsets and net budget authority and outlays*** sections indicate the amounts to be deducted from gross budget authority and outlays to arrive at the net budget authority and outlay amounts. Offsetting collections (cash) and the change in receivables and unpaid, unfilled orders from Federal sources are deducted from gross budget authority; only offsetting collections (cash) are deducted from gross outlays.

Information required for program and financing schedules will be submitted in the manner described in section 30.

In the MAX system, amounts are automatically generated for total and subtotal entries, start of year balances for the current and budget years, and selected other lines (e.g., lines 23.95, 73.10, and 73.45). In some cases, agencies will be able to override the generated amounts; in others, the amounts will be protected. Detailed information is provided in the *MAX A–11 User's Guide.*

32.2. Obligations by program activity.

(a) Presentation.—The first section of the schedule will set forth the activities conducted under the appropriation or fund account.

The activity categories must:

—provide a constructive basis for the analysis and evaluation of the estimates, indicating clearly the services to be performed or the programs to be conducted;

—be kept to a reasonable minimum without sacrificing clarity;

—have adequate accounting support; and

—be related to administrative control and operation of the agency.

Changes in activity structure must be cleared in advance with OMB (see section 11.6).

The activities should generally distinguish investment, developmental, grant and subsidy, and operating programs. Subactivities (such as projects, recipient or clientele groups, types of services, processes, institutions, or other appropriate breakdown) will not be used, unless the amounts are significant, and the breakdown is necessary to provide full understanding of the activity. Past year entries will be based on actual accounting data. Personnel compensation should normally be charged to activities on the basis of organizational units or on the basis of specific assignments; transactions for other items should be charged directly to activities wherever feasible. Where it is necessary to distribute amounts between two or more activities, the basis for the distribution must be firm, reasonable, and consistently applied from year to year. The distribution should be based on readily supportable factors and should not involve overly detailed procedures. Whenever feasible, amounts for administrative or overhead expenses should be distributed to activities. However, the amounts so distributed must be readily separable from other charges to each activity to permit identification and review of overhead expenses.

The amounts shown in this section will represent new obligations incurred or estimated to be incurred. Instructions on the display of new obligations by activity and category and the use of separate side headings for direct and reimbursable programs are provided below.

Reimbursable program.—Obligations that are financed from reimbursements (see section 14.2(j)) will be shown separately from direct obligations and coded uniquely, as described below. The amounts reported as direct and reimbursable in the program and financing schedule must be consistent with the direct and reimbursable obligations reported in the object classification schedules (see section 35.2). The side headings ''Direct program'' and ''Reimbursable program'' will be used (exhibit 32A). Activities will be listed under each side heading when the amounts are significant or add to the understanding of the program. Where the same activities are conducted on both a direct and reimbursable basis, the same entries may be shown in both sections. *All* noncredit revolving fund obligations,

including obligations financed by direct budget authority, will be reported as reimbursable.

Display of obligations by activity and category.—Where no activities are listed under a side heading, amounts may be shown opposite the side heading. When activities are listed, amounts will be shown opposite each activity and the entries ''Total direct program'' or ''Total reimbursable program'' will follow, as appropriate.

(b) Coding.—Activities or subactivities in the obligations by program activity section for which amounts are shown will be numbered using a four-digit line number. These codes are unique to each account and have no relationship to information shown in other schedules, except for credit program accounts and financing accounts, which are required to use a standard line number scheme for certain activities. If the coding requirements for reimbursable programs create difficulties in developing a particular account display, consult with OMB. Descriptive side headings for which amounts are not shown will not be numbered.

For ***noncredit program and financing schedules***, the following line coding scheme will be used.

Line number codes	Description
0x.xx	The first digit will always be zero (0) for both detail and subtotal entries. **Direct programs:**
0X.xx	The second digit will take on the values of 0 through 8 to identify the activity or subactivity group for both detail and subtotal entries.
0x.XX	The third and fourth digits will take on the values of 01 through 89 to identify activity or subactivity *detail* items. Any number sequence in this range is valid. The values 91 through 98 will be used for subtotals as follows: xx.91 — single activity or subactivity group subtotal xx.92 — subtotal of two activity or subactivity groups xx.93 — subtotal of three activity or subactivity groups The value 00 is reserved for running subtotals (i.e., previous subtotal plus additional activity or subactivity group). **Reimbursable programs:**
09.xx	The second digit will always be nine (9).
09.XX	The third digit will take on the values of 0 through 8, and the fourth digit will take on the values of 1 thorugh 8 to identify activity or subactivity detail items. For subtotals, the fourth digit will take on the value 9 as follows: 09.09—subtotal of activities reported on lines 0901 through 0908 09.19—subtotal of activities reported on lines 0910 through 0918 09.29—subtotal of activities reported on lines 0920 through 0928 09.39—subtotal of activities reported on lines 0930 through 0938 The value 0999 will be used for reporting total reimbursable obligations when both direct and multiple reimbursable activities are reported.

For ***credit program and financing schedules***, the following standard line coding scheme will be used for credit program accounts.

Line number codes	Description
	Credit program accounts:
00.01	Direct loan subsidy
00.02	Loan guarantee subsidy
00.03	Subsidy for modifications of direct loan terms
00.04	Subsidy for modifications of loan guarantees
00.05	Reestimates of direct loan subsidy
00.06	Interest on reestimates of direct loan subsidy
00.07	Reestimates of loan guarantees
00.08	Interest on reestimates of loan guarantee subsidy
00.09	Administrative expenses

(See sections 32.8(i), 33.5(e) and (f) for specific requirements for line entries for credit financing and liquidating accounts.)

The last entry in the obligations by program activity section of credit and noncredit program and financing schedules will be ''10.00 Total new obligations.'' It will be generated automatically from detail entered in this section. If appropriate, this may be the only entry. Exhibit 32C explains how the automatically generated entries are derived.

Entry*	Description
OBLIGATIONS BY PROGRAM ACTIVITY	
10.00 Total new obligations	Total new obligations as shown in the obligations by program activity section of the schedule; the final entry in that section. *Note.*—Adjustments to obligations in expired accounts are reported on line 73.45 (see section 32.4).

*Entries in boldface will be generated automatically.

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32.3. Data on the budgetary resources available for obligation and new budget authority.

The program and financing schedule sets forth the methods of financing the program and the disposition of unused amounts. Where unobligated balances from prior years and new budget authority are commingled in an account, it generally will be assumed that obligations are first a charge against unobligated balances brought forward and thereafter a charge against new budget authority. Similarly, it will be assumed that capital transfers, redemption of debt, and liquidation of contract authority will be charged against unobligated balances before adjustments are made to spending authority from offsetting collections. Where current and permanent authority

are commingled, it will be assumed that obligations are first a charge against the permanent authority.

The entries in the following table will be used in preparing the schedules. Prior approval from OMB is required for modification to standard stub entries. Certain lines listed below have been designated as inactive (i.e., have not been used in recent years); after further study, these lines may be dropped from subsequent revisions of this Circular.

Entry*	Description
BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION	
21.40 Unobligated balance available, start of year	Unobligated balance of appropriations or other budgetary resources brought forward from the preceding year and available for obligation without new action by Congress. Equal in any year to the preceding year's entry ''Unobligated balance available, end of year.'' This entry is the sum of start of year unobligated uninvested balances and unobligated invested balances in U.S. securities (par value), adjusted for unrealized discounts (a negative amount). Includes 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 21.49. This entry does not include expired unobligated balances. It also excludes 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 36.6).
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21.49 Unobligated balance available, start of year: Contract authority	Agencies are reminded that contract authority is unfunded. When an appropriation to liquidate the contract authority is provided, the balance is no longer reported as contract authority.
21.99 Total unobligated balance, start of year	This line equals the sum of lines 21.40 and 21.49 and will be used if there are multiple entries coded 21.40 and 21.49.
22.00 New budget authority (gross)	This entry will be used to report the total amount of gross budget authority and will equal the sum of the detailed budget authority entries on lines 40.00 through 68.85.
22.10 Resources available from recoveries of prior year obligations *Use only in the past year column, or current year column if recoveries have occurred prior to transmittal of the budget, unless specifically approved in advance by OMB.*	Amount made available for obligation in no-year and unexpired multiple-year accounts through downward adjustments of prior year obligations. *Note.*—Recoveries of current year obligations will be netted against new obligations for the year without further identification. Recoveries of prior year obligations in expired annual and multiple-year accounts will be reflected on line 73.40, Adjustments in expired accounts.
22.21 Unobligated balance transferred to other accounts (−)	Unobligated balances transferred to other accounts that represent an adjustment to the accounts involved and that do not involve an obligation or an outlay on either side of the transaction (section 14.2(l)). *This entry will only be used for interchange of amounts for which the purpose has not changed (e.g., transfers of activities under reorganization plans) or transfers of balances resulting from general transfer authority.* Transfers to other accounts that result from legislation where amounts are available for a different purpose will be shown as adjustments to budget authority on line 41.00. Generally, transfers to other accounts will not exceed the unobligated balance at the start of the year.
22.22 Unobligated balance transferred from other accounts	Unobligated balances transferred from other accounts that represent an adjustment to the accounts involved and that do not involve an obligation or an outlay on either side of the transaction (section 14.2(l)). *This entry will only be used for interchange of amounts for which the purpose has not changed (e.g., transfers of activities under reorganization plans) or transfers of balances resulting from general transfer authority.* Transfers from other accounts that result from legislation where amounts are available for a different purpose will be shown as adjustments to budget authority on lines 42.00. *Note.*—The accounts involved in these transfers (gaining and losing) will be separately identified using the 6-digit basic account symbol assigned by the Treasury Department (see section 20.3 and Appendix C). This code must be entered in MAX, as described in the *MAX A–11 User's Guide,* before transfer data can be reported in this schedule.
22.40 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.'' This entry does not include interest payments or capital transfers of offsetting collections received during the year (see line 68.27). For capital transfers of appropriations, contact OMB.
22.50 Deficiency	Amount of obligations (as of the end of the year) in excess of available budgetary resources, which are reportable as violations of the Antideficiency Act. This entry is used in the year in which the deficiency is incurred. The deficiency is also reported on line 91.90 until liquidated.
22.60 Portion applied to repay debt (−)	Amount of balances used for repayments of borrowing outstanding. Does not include appropriations or new offsetting collections used to retire outstanding debt (see lines 40.47 and 68.47).

Entry*	Description
22.70 Balance of authority to borrow withdrawn (−) 22.75 Balance of contract authority withdrawn (−)	These entries will be used 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 22.10 and 73.45. *Note.*—New appropriations or spending authority from offsetting collections that are used to liquidate obligations initially incurred against authority to borrow should be reported as ''Portion substituted for borrowing authority'' on lines 6053 or 6853, as appropriate.
23.80 Reduction pursuant to P.L. 99–177 in unobligated balances (discretionary) (−) 23.85 Reduction pursuant to P.L. 99–177 in unobligated balances (mandatory) (−) *Use these entries for the past and current years for accounts in the national defense function (050) only.*	These entries will be used to reflect the cancellation of unobligated balances of budgetary resources pursuant to G-R-H.
23.90 Total budgetary resources available for obligation	This line equals the sum of lines 21.xx or 21.99 through 23.85 and will be used if there are multiple entries coded 21xx through 23.85.
23.95 Total new obligations (−)	This entry will always equal line 10.00. It is required only if line 10.00 is used.
23.98 Unobligated balance expiring (−)	Amount available for obligation during the year that ceased to be available during or at the end of the fiscal year (*other than* amounts rescinded by law). This entry will include unobligated balances expiring for obligation, amounts written off or withdrawn by administrative action, unobligated balances returned to unappropriated receipts, etc. It will not reflect unobligated balances that expired in prior years. It also will *not* be used to show the withdrawal of indefinite contract authority or borrowing authority when balances previously obligated are liquidated by offsetting collections (see lines 68.49 and 68.53).
24.40 Unobligated balance available, end of year	Unobligated balance at end of year, carried forward automatically and available for obligation in the following year. Equals the sum of lines 23.90 through 23.98. This entry is the sum of end of year unobligated uninvested balances and unobligated invested balances in U.S. securities (par value), adjusted for unrealized discounts (a negative amount). Includes 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 24.49. This entry does not include expired unobligated balances. It also excludes 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 36.6).
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24.49 Unobligated balance available, end of year: Contract authority	Agencies are reminded that contract authority is unfunded. When an appropriation to liquidate the contract authority is provided, the balance is no longer reported as contract authority.
24.99 Total unobligated balance, end of year	This line equals the sum of lines 24.40 and 24.49 and will be used if there are multiple entries coded 24.40 and 24.49.

NEW BUDGET AUTHORITY (GROSS), DETAIL

Current authority: Appropriations:	
40.00 Appropriation (definite)	Amount appropriated or requested to be appropriated for general funds for the years indicated. Includes amounts appropriated for liquidation of contract authority, debt reduction, and deficiency appropriations, when applicable. Does not include emergency appropriations (see lines 40.15, 40.60, and 60.65).
40.05 Appropriation (indefinite)	Amounts appropriated or estimated to be appropriated for general fund accounts. The amount for the past year will be equal to the amount certified by appropriation warrants in the account for the year.
40.15 Appropriation (emergency)	Amount of emergency appropriations enacted or requested for the years indicated. Includes amounts that are contingent on the President submitting a budget request to Congress designating the amount as an emergency requirement.
40.20 Appropriation (special fund, definite)	Amounts appropriated or requested to be appropriated for the years indicated from special fund receipts.
40.25 Appropriation (special fund, indefinite)	Amounts appropriated or estimated to be appropriated for the years indicated from special fund receipts. The amount for the past year will be equal to the amount certified by appropriation warrants for the year.
40.26 Appropriation (trust fund, definite)	Amounts appropriated or requested to be appropriated for the years indicated from trust fund receipts.
40.27 Appropriation (trust fund, indefinite)	Amounts appropriated or estimated to be appropriated for the years indicated from trust fund receipts. The amount for the past year will be equal to the amount certified by appropriation warrants for the year.
Advance funding:	
40.28 Appropriation available from subsequent year	Portion of the succeeding year's appropriation made available as advance funding by Congress.
40.29 Appropriation available in prior year (−)	Portion of the appropriation made available as advance funding in the preceding year.

Entry*	Description
Rescissions:	
40.35 Appropriation rescinded (−) 40.36 Unobligated balance rescinded (−) *Use these entries for past and current years.*	These entries will be used to reflect enacted rescissions of current appropriations or of unobligated balances of prior year budgetary resources. They will also be used in a separate program and financing schedule with a transmittal code of ''5'' to present amounts for which rescissions of current year appropriations or unobligated balances of budgetary resources are proposed (see section 32.8(b)). Legislation that 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 will also be reflected as a rescission. A reappropriation will be shown on line 50.xx in the first year of the extended availability. Rescissions enacted for the past year will also be reported separately from the amount of budget authority initially appropriated. The net amount (i.e., minus the enacted rescission) will be reported on line 43.00.
Adjustments:	
40.47 Portion applied to repay debt (−)	Amount appropriated to repay debt. (Amounts appropriated for the purpose of repaying debt should be specified in the appropriations language.)
40.48 Portion applied to liquidate deficiencies (−)	Amount appropriated to eliminate a prior year deficiency.
40.49 Portion applied to liquidate contract authority (−)	Amount appropriated to liquidate contract authority. (Amounts appropriated for the purpose of liquidating contract authority should be specified in the appropriations language.)
40.50 Balance of appropriation to liquidate contract authority withdrawn (−) *Use 40.50 only in the past year or current year and only with prior approval of OMB.*	Amount withdrawn or lapsed from appropriations to liquidate contract authority.
40.60 Contingent emergency appropriation not available for obligation (−)	Portion of the emergency appropriation reported on line 40.15 that has not been released by the President and is not available for obligation as of the end of the year.
Reductions pursuant to appropriations acts or G-R-H reductions:	
40.75–40.79 Reduction pursuant to P.L. xxx–xxx (−)	Reductions in appropriations law mandating reductions (percentage or other) in current budget authority allocated to affected accounts. OMB will advise agencies which code will be used to identify the appropriation act mandating the reduction.
40.80 Reduction pursuant to P.L. 99–177 (discretionary) (−)	These entries will be used to reflect the cancellation of current appropriations for discretionary and mandatory programs pursuant to the G-R-H law. Reductions enacted for the past year will be reported separately from the amount of budget authority initially appropriated.
40.85 Reduction pursuant to P.L. 99–177 (mandatory) (−) *Use these entries for past and current years only.*	*Note.*—For special and trust fund accounts, these amounts are generally not permanently canceled and 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.
Transfers:	
41.00 Transferred to other accounts (−)	Amount of the appropriation transferred to another appropriation or fund account *in the same year* in which the authority becomes available that represents an adjustment to the accounts involved and does not involve an obligation or an outlay. These adjustments will usually be limited to interchange of budget authority where the purpose has changed, transfers under reorganization plans, and transfers authorized by Congress in lieu of supplemental appropriations. This entry will also be used to reflect *transfers of unobligated balances* that result from legislation which changes the purpose for which the balances are available. *Transfers of balances for which the purpose has not changed or transfers of balances resulting from general transfer authority will be reflected on line 22.21.*
42.00 Transferred from other accounts	Amount of the appropriation transferred from another appropriation or fund account *in the same year* in which the authority becomes available that represents an adjustment to the accounts involved and does not involve an obligation or an outlay. These adjustments will usually be limited to interchange of budget authority where the purpose has changed, transfers under reorganization plans, and transfers authorized by Congress in lieu of supplemental appropriations. This entry will also be used to reflect *transfers of unobligated balances* that result from legislation that changes the purpose for which the balances are available. *Transfers of balances for which the purpose has not changed or transfers resulting from general transfer authority will be reflected on line 22.22.* *Note.*—The accounts involved in these transfers (gaining and losing) will be separately identified using the 6-digit basic account symbol assigned by the Treasury Department (see section 20.3 and Appendix C). This code must be entered in MAX, as described in the *MAX A–11 User's Guide,* before transfer data can be reported in this schedule.
43.00 Appropriation (total)	This line equals the sum of lines 40.00 through 42.00 and will be used if there are multiple entries coded 40.00 through 42.00.

Entry*	Description
Current authority: Authority to borrow:	Amount authorized or requested to be authorized to be expended out of moneys derived from borrowing from the Treasury or from investors other than Treasury. To the extent that available indefinite budget authority is used or estimated to be used to cover obligations, *new* budget authority will be reported for all such obligations. Such new budget authority will be reported even though subsequent appropriations or collections credited to the account will be used for liquidation.
47.00 Authority to borrow (definite)	
47.05 Authority to borrow (indefinite)	
47.xx [See special instructions in section 32.7]	This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with current authority to borrow.
47.90 Authority to borrow (total)	This line equals the sum of lines 47.00 through 47.85 and will be used if there are multiple entries on lines coded 47.00 through 47.85.
Current authority: Contract authority:	Amount of new authority to incur obligations in advance of collections or an appropriation for liquidation.
49.00 Contract authority (definite)	
49.05 Contract authority (indefinite)	
49.xx [See special instructions in section 32.7]	This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with current contract authority.
49.90 Contract authority (total)	This line equals the sum of lines 49.00 through 49.85 and will be used if there are multiple entries on lines coded 49.00 through 49.85.
Current authority: Reappropriation:	Amounts of new budget authority resulting from congressional actions to continue the availability of funds that have expired or would otherwise expire. Any such extension of availability will be counted as new budget authority in the first year of the extended availability (see section 14.2(h)).
50.00 Reappropriation (definite)	
50.05 Reappropriation (indefinite)	
50.20 Reappropriation (special fund, definite)	
50.25 Reappropriation (special fund, indefinite)	Lines 50.20, 50.25, 50.26, and 50.27 are inactive.
50.26 Reappropriation (trust fund, definite)	
50.27 Reappropriation (trust fund, indefinite)	
50.xx [See special instructions in section 32.7]	This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with reappropriations.
53.00 Reappropriation (total)	This line equals the sum of lines 50.00 through 50.85 and will be used if there are multiple entries on lines coded 50.00 through 50.85.
Permanent authority: Appropriations:	Amount of authority becoming available during the period without new action by Congress. See definitions for types of authority in corresponding lines under current authority.
60.00 Appropriation (definite)	
60.05 Appropriation (indefinite)	
60.20 Appropriation (special fund, definite)	
60.25 Appropriation (special fund, indefinite)	
60.26 Appropriation (trust fund, definite)	
60.27 Appropriation (trust fund, indefinite)	
60.28 Appropriation (unavailable balances)	For permanently appropriated special and trust fund accounts with amounts precluded from obligation by provisions of law, 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.
60.35 Appropriation rescinded (−)	These entries will be used to reflect enacted rescissions of permanent appropriations or unobligated balances of prior year resources. They will also be used in a separate program and financing schedule with a transmittal code of ''5'' to present proposed rescissions of permanent appropriations or unobligated balances of prior year resources.
60.36 Unobligated balance rescinded (−)	
60.45 Portion precluded from obligation (−) *Use lines 60.28 and 60.45 only with prior approval of OMB.*	Amount of 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 will be treated as a balance of budgetary resources unavailable for obligation and will be included in a schedule on unavailable collections (see section 36.6).
60.47 Portion applied to repay debt (−)	
60.48 Portion applied to liquidate deficiencies (−)	Amount used to liquidate a prior year deficiency.
60.49 Portion applied to liquidate contract authority (−)	
60.53 Portion substituted for borrowing authority (−)	Amount of new budget authority that is used to liquidate obligations initially incurred against authority to borrow instead of exercising the borrowing.
60.65 Contingent emergency appropriation released	Amount of contingent emergency appropriations provided in a previous fiscal year that has been or will be released for the years indicated.
60.xx [See special instructions in section 32.7]	This entry will be used with the suffix codes in section 32.7 to G-R-H and other reductions associated with permanent appropriations.
61.00 Transferred to other accounts (−)	*Note.*—The accounts involved in these transfers (gaining and losing) will be separately identified using the 6-digit basic account symbol assigned by the Treasury Department (see section 20.3 and Appendix C). This code must be entered in MAX, as described in the *MAX A–11 User's Guide,* before transfer data can be reported in this schedule.
62.00 Transferred from other accounts	
63.00 Appropriation (total)	This line equals the sum of lines 60.00 through 62.00 and will be used if there are multiple entries on lines coded 60.00 through 62.00.
Permanent authority: Proceeds of loan asset sales with recourse:	
64.00 Proceeds of loan asset sales with recourse	Amount of new budget authority resulting from the sale of financial assets with recourse (see section 14.2).
64.47 Portion applied to debt redemption (−)	Amount of the proceeds of loan asset sales with recourse used to liquidate debt.

Entry*	Description
64.90 Proceeds of loan asset sales with recourse (total)	This line equals the sum of lines 64.00 and 64.47 and will be used if there are multiple entries on lines coded 64.00 and 64.47.
Permanent authority: Advance appropriation:	
65.00 Advance appropriation (definite)	Appropriations which become available one fiscal year or more beyond the fiscal year for which the appropriations act is passed.
65.05 Advance appropriation (indefinite)	
65.20 Advance appropriation (special fund, definite)	Lines 65.20, 65.25, and 65.27 are inactive.
65.25 Advance appropriation (special fund, indefinite)	
65.26 Advance appropriation (trust fund, definite)	
65.27 Advance appropriation (trust fund, indefinite)	
65.xx [See special instructions in section 32.7]	This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with advance appropriations.
65.90 Advance appropriation (total)	This line equals the sum of lines 65.00 through 65.85 and will be used if there are multiple entries on lines coded 65.00 through 65.85.
Permanent authority: Contract authority:	
66.10 Contract authority (definite)	
66.15 Contract authority (indefinite)	
66.xx [See special instructions in section 32.7]	This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with permanent contract authority.
66.90 Contract authority (total)	This line equals the sum of lines 66.10 through 66.85 and will be used if there are multiple entries coded 66.10 through 66.85.
Permanent authority: Authority to borrow:	
67.10 Authority to borrow (definite)	
67.15 Authority to borrow (indefinite)	
67.16 Authority to borrow (indefinite) (12 U.S.C. 2281–96)	Amount of authority to borrow for direct loan obligations by the Federal Financing Bank. *Use only for liquidating accounts.*
67.xx [See special instructions in section 32.7]	This entry will be used with the suffix codes in section 32.7 to report rescissions, reductions in appropriations acts, and G-R-H reductions associated with permanent authority to borrow.
67.90 Authority to borrow (total)	This line equals the sum of lines 67.10 through 67.85 and will be used if there are multiple entries on lines coded 67.10 through 67.85.
Permanent authority: Spending authority from offsetting collections:	
68.00 Offsetting collections (cash)	Amount equal to offsetting collections (cash) credited to the account. Will also include refunds that pertain to obligations recorded in prior fiscal years.
68.10 From Federal sources: Change in receivables and unpaid, unfilled orders	This entry is the difference between lines 72.95 and 74.95. Increases in accounts receivable and unpaid, unfilled orders from Federal sources from the start of year to the end of year will be reported as positive entries; decreases will be reported as negative entries.
68.15 From Federal sources: Adjustments to receivables and unpaid, unfilled orders *Use only for the past year, unless specifically approved by OMB.*	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.
68.26 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 reported in the schedule on unavailable collections (see section 36.6).
68.27 Capital transfer to general fund (−) *Use only for revolving funds.*	Amount of offsetting collections deposited to Treasury receipt accounts for ''Earnings of Government-owned enterprises,'' or ''Repayments of capital investment, Government-owned enterprises.'' Should not include interest payments.
68.33 Portion applied to liquidate deficiencies (−)	Amount of offsetting collections used to cover obligations incurred in a prior year in excess of available budgetary resources.
68.45 Portion not available for obligation (limitation on obligations) (−)	Portion of total offsetting collections credited to the account that is not available for obligation because of limitations on program level included in appropriations acts. (This amount will be treated as a balance of budgetary resources unavailable for obligation and will be included in a schedule on unavailable collections (see section 36.6).)
68.47 Portion applied to repay debt (−)	Amount of offsetting collections used for repayments of borrowing outstanding.
68.49 Portion applied to liquidate contract authority (−)	Amount of offsetting collections used to liquidate contract authority.
68.53 Portion substituted for borrowing authority(−)	Amount of new spending authority from offsetting collections that is used to liquidate obligations initially incurred against authority to borrow when the borrowing is not exercised.
68.61 Transferred to other accounts (−)	Amount of spending authority from offsetting collections transferred to another appropriation or fund account *in the same year* in which the authority becomes available that represents an adjustment to the accounts involved and does not involve an obligation or an outlay. Transfers of balances of spending authority from offsetting collections to other accounts should be reported on lines 22.21 or 73.31, as appropriate. Although the spending authority reported on line 6861 is transferred to another account, the offsetting collection that finances the transfer is credited to the account that initially received the collection on line 88xx.

Entry*	Description
68.62 Transferred from other accounts	Amount of spending authority from offsetting collections transferred from another appropriation or fund account *in the same year* in which the authority becomes available that represents an adjustment to the accounts involved and does not involve an obligation or an outlay. Transfers of balances of spending authority from offsetting collections from other accounts should be reported on lines 22.22 or 73.32, as appropriate. *Note.*—The accounts involved in these transfers (gaining and losing) will be separately identified using the 6-digit basic account symbol assigned by the Treasury Department (see section 20.3 and Appendix C). This code must be entered in MAX, as described in the *MAX A–11 User's Guide*, before transfer data can be reported in this schedule.
68.75–68.79 Reduction pursuant to P.L. xxx–xxx (–) *Use only in the current year*	Reductions in appropriations law mandating reductions (percentage or other) in spending authority from offsetting collections. Reductions enacted for the past year will be netted from the appropriate budget authority entry without separate identification.
68.80 Reduction pursuant to P.L. 99–177 (discretionary) (–)	These two entries will reflect the amount of offsetting collections that are not available in the account as a result of reductions in spending authority pursuant to G-R-H.
68.85 Reduction pursuant to P.L. 99–177 (mandatory) (–)	
68.90 Spending authority from offsetting collections (total)	This line equals the sum of lines 68.00 through 68.85 and will be used only if there are multiple entries on lines coded 68.00 through 68.85.
70.00 Total new budget authority (gross)	This entry will be used to summarize budget authority when more than one type is used. It will also be used whenever there are multiple entries for one type of budget authority.

*Entries in boldface will be generated automatically.

32.4. Data on the change in unpaid obligations and gross outlays.

The section on the ''change in unpaid obligations'' sets forth the items that bridge between start-of-year and end-of-year unpaid obligations. Obligated balances, which represent unpaid obligations net of receivables and unpaid, unfilled orders from Federal sources, are separately identified. The entries listed below, coded as indicated, should be used.

Entry*	Description
	CHANGE IN UNPAID OBLIGATIONS
Unpaid obligations, start of year:	
72.4x Obligated balance, start of year:	Net unpaid obligations brought forward from the preceding year (see section 14.2(a)). These entries will equal the corresponding entries at the end of the preceding year. Includes start of year balances that are uninvested, as well as amounts invested in U.S. securities (par value), adjusted for unrealized discounts (a negative amount).
72.40 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 72.49. Equals accounts payable plus undelivered orders minus both accounts receivable from Federal sources and unfilled orders from Federal sources.
72.49 Obligated balance, start of year: Contract authority	Accounts payable and undelivered orders obligated against contract authority. Agencies are reminded that contract authority is unfunded. When subsequent appropriations or offsetting collections are provided to liquidate contract authority, any unliquidated balance is reported on line 72.40.
72.95 From Federal sources: Receivables and unpaid, unfilled orders	Accounts receivable 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 14.2(a)). Excludes accounts receivable and orders from the public, unless specifically authorized by law.
72.99 Total unpaid obligations, start of year	Accounts payable plus undelivered orders at the start of the year. Equals the sum of lines 72.40 through 72.95 and will be used if there are multiple entries on lines coded 72.40 through 72.95.
73.10 Total new obligations.	This entry will always equal line 10.00 in the obligations by program activity section.
73.20 Total outlays (gross) (–)	Amount equal to the total disbursements made by the account. This entry should be consistent with the total gross outlays reported in MAX schedule A.
73.31 Obligated balance transferred to other accounts (–)	Amount of unpaid obligations transferred to other accounts.

Entry*	Description
73.32 Obligated balance transferred from other accounts	Amount of unpaid obligations transferred from other accounts. *Note.*—The accounts involved in these transfers (gaining and losing) will be separately identified using the 6-digit basic account symbol assigned by the Treasury Department (see section 20.3 and Appendix C). This code must be entered in MAX, as described in the *MAX A–11 User's Guide*, before transfer data can be reported in this schedule.
73.40 Adjustments in expired accounts *Use only in the past year columns, unless specifically approved by OMB.*	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. Will 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.
73.45 Adjustments in unexpired accounts (−)	Amounts made available for obligation in no-year and unexpired multiple year accounts through deobligation or downward adjustments of prior year obligations. *This entry will always equal amounts reported on line 22.10.*
Unpaid obligations, end of year:	
74.4x Obligated balance, end of year:	Net unpaid obligations carried forward to the succeeding year (see section 14.2(a)). Equals the sum of lines 72.xx or 72.99 through 73.45. Includes end of year balances that are uninvested, as well as amounts invested in U.S. securities (par value), adjusted for unrealized discounts (a negative amount).
74.40 Obligated balance, end of year:	Net unpaid obligations (appropriations, authority to borrow, fund balances), except for balances of contract authority, which are reported on line 74.49. Equals accounts payable plus undelivered orders minus both accounts receivable from Federal sources and unfilled orders from Federal sources.
74.49 Obligated balance, end of year: Contract authority	Accounts payable and undelivered orders obligated against contract authority. Agencies are reminded that contract authority is unfunded. When subsequent appropriations or offsetting collections are provided to liquidate contract authority, any unliquidated balance is reported on line 74.40.
74.95 From Federal sources: Receivables and unpaid, unfilled orders	Accounts receivable 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 14.2(a)). Excludes accounts receivable and orders from the public, unless specifically authorized by law.
74.99 Total unpaid obligations, end of year	Accounts payable plus undelivered orders at the end of the year. Equals the sum of lines 74.40 through 74.95 and will be used if there are multiple entries on lines coded 74.40 through 74.95.
OUTLAYS (GROSS), DETAIL	
86.90 Outlays from new current authority **86.93 Outlays from current balances** **86.97 Outlays from new permanent authority** **86.98 Outlays from permanent balances**	These entries will be generated from the gross outlays reported in MAX schedule A (on lines 9111 through 9322 and on lines 97xx and 98xx). Total outlays (gross) represents the total disbursements made by the account. Line 87.00 should equal line 73.20.
87.00 Total outlays (gross)	This entry is the sum of lines 86.90 through 86.98 and will be used if there are multiple entries coded 86.90 through 86.98.

*Entries in boldface will be generated automatically.

32.5. Data on offsets and net budget authority and outlays.

The program and financing schedule identifies the offsets to gross budget authority and outlays used to arrive at a net budget authority and outlay amount for the account for PY through BY. Outlays are reported as gross disbursements and disbursements net of offsetting collections (cash) credited to the account. Outlays are not offset by orders received from Federal sources that are not accompanied by cash. Budget authority is reported gross and net of offsetting collections (cash), and the change in receivables and unpaid, unfilled orders from Federal sources. An increase in receivables and unpaid, unfilled orders (+) increases the total amount of the offset against budget authority because the increase constitutes an increase in budget authority (gross). A decrease in receivables and unpaid, unfilled orders (−) reduces the total offset against budget authority (gross) because the decrease means that that much of the offsetting collections (cash) received has been applied to liquidate obligations for which an offset was previously counted.

Entry*	Description
OFFSETS	
Against gross budget authority and outlays:	
Offsetting collections (cash) from:	*Amount of cash credited to an appropriation or fund account.* (Includes refunds that pertain to obligations recorded in prior fiscal years.) The collections will be identified by the source of the payment (see the descriptions below). Subentries will be used when there are significant amounts of different types of income, such as insurance premiums, loan repayments, interest, fees, etc.
88.00 Federal sources	Amount of collections from other government accounts except interest received from investments in U.S. securities. *Do not include orders and contracts accepted that are valid obligations of ordering accounts that are not accompanied by advances.* Includes all general fund, special fund, trust fund, revolving fund, and management fund accounts. Also includes all collections from off-budget Federal entities.
88.20 Interest on U.S. securities	For general and revolving fund accounts, interest earned or estimated to be received on investments in marketable and nonmarketable Treasury securities.
88.25 Interest on uninvested funds	Interest paid by Treasury on balances not invested in public debt securities.
88.40 Non-Federal sources	Amount of collections 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. *Excludes collections that arise from the Government's sovereign or governmental powers. Such amounts will be reported on line 88.45.*
88.45 Offsetting governmental collections	Amount of collections 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 14.2(d)).
88.90 Total offsetting collections (cash)	This entry is the sum of lines 88.00 through 88.45 and will be used if there are multiple entries coded 88.00 through 88.45.
	Note.—Amounts entered on lines 88.00 through 88.90 in transmittal code 0 should be positive, even though they appear as negative amounts in the printed Appendix.
Against gross budget authority only:	
88.95 From Federal sources: Change in receivables and unpaid, unfilled orders	This entry is the difference between lines 72.95 and 74.95. Increases in accounts receivable and unpaid, unfilled orders from Federal sources from the start of year to the end of year will be reported as positive entries; decreases will be reported as negative entries. This entry will equal the amounts on line 68.10.
88.96 From Federal sources: Adjustment to receivables and unpaid, unfilled orders	This entry is the net amount of upward (−) or downward (+) adjustments to accounts receivables and unpaid, unfilled orders from Federal sources. This entry will equal the amounts on line 68.15.
NET BUDGET AUTHORITY AND OUTLAYS	
89.00 Budget authority (net)	This line equals total new budget authority (gross) minus the amounts on lines 88.00 through 88.45 and on lines 88.95 and 88.96. This entry will always be listed in the stub column even though the amount columns may be blank.
90.00 Outlays (net)	This entry equals line 73.20 minus the amounts on lines 88.00 through 88.45. This entry will always be listed in the stub column even though the amount columns may be blank.
MEMORANDUM (NON–ADD) ENTRIES	
91.10 Outlays prior to reduction pursuant to P.L. 99–177	The 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 91.80 and/or 91.85 are reported.
91.80 Sequestration pursuant to P.L. 99–177 (discretionary) (−)	The amount of the reduction in outlays *in the current year only* associated with a G-R-H sequester of budgetary resources for discretionary programs.
91.85 Sequestration pursuant to P.L. 99–177 (mandatory) (−) *Use only for the current year.*	The amount of the reduction in outlays *in the current year only* associated with a G-R-H sequester of outlays of budgetary resources for mandatory programs.
91.90 Unpaid obligations, end of year: Deficiency	This entry will be used to show the amount of obligations included in Unpaid obligations, end of year (line 74.xx or 74.99) that were in excess of the resources available when the obligations were incurred and that will require a deficiency appropriation or will be liquidated by future offsetting collections. For any year, the amount on this line will equal the amount reported on the line for the previous year, plus any amount on line 22.50 minus amounts on lines 40.48, 60.48, and 68.33 plus or minus any adjustments to the amount reported in the previous year. (These adjustments are not reflected on the program and financing schedule). *Note: See OMB Circular No. A–34 (December 1995), sections 22.1 through 22.10 for additional reporting requirements.*

Entry*	Description
Total investments, start of year:	
92.01 U.S. securities: Par value	Amount of start of year balances that have been invested in U.S. securities, brought forward from the preceding year. Equal in any year to the preceding year's entry, ''Total investments, end of year: U.S. securities: Par value''. The par value of U.S. securities will be reported; unrealized discounts should not be reflected in this entry. Includes total 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). Where an account has a status of funds schedule (MAX schedule J), amounts reported on line 92.01 should agree with the corresponding MAX schedule J start of year invested balance on line 0101. This entry should also be consistent with balances reported in the program and financing and unavailable collections schedules for the account.
Total investments, end of year:	
92.02 U.S. securities: Par value	Amount of end of year balances that have been invested in U.S. securities, carried forward automatically to the succeeding year. The par value of U.S. securities will be reported; unrealized discounts should not be reflected in this entry. Includes total balances invested at the end of the year, including those that are not available for obligation, i.e., those reported in the unavailable collections schedule (MAX schedule N). Where an account has a status of funds schedule (MAX schedule J), amounts reported on line 92.02 should agree with the corresponding MAX schedule J end of year invested balance on line 0701. This entry should also be consistent with balances reported in the program and financing and unavailable collections schedules for the account.

*Entries in boldface will be generated automatically.

32.6. Data on distribution of budget authority and outlays.

When accounts are consolidated or merged into a single schedule (see section 32.8(g)–(h)), a distribution of budget authority and outlays by account will be appended to the bottom of the program and financing schedule. Each merged or consolidated budget account will be listed by name, and data will be provided for PY through BY.

32.7. Reporting of rescissions and reductions of budget authority.

Budget authority entries for permanent appropriations, reappropriations, authority to borrow, and contract authority (codes 47.xx, 49.xx, 50.xx, 60.xx, 65.xx, 66.xx and 67.xx) may require additional coding to report the following information:

.35 [type of authority] rescinded. [*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.'']

.36 Unobligated balance rescinded [type of authority]. *[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.'']
Note.—Lines 47.36, 49.36, 50.36, 60.36, 65.36, and 67.36 are inactive.

.75–.79 Reduction pursuant to P.L. xxx–xxx. [Used for reduction in appropriations law mandating reductions (percentage or other) allocated to affected accounts.
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 cancelled and should be excluded from schedule N.

.80 Reduction pursuant to P.L. 99–177 (discretionary). [Used for G-R-H reductions.]

.85 Reduction pursuant to P.L. 99–177 (mandatory) [Used for G-R-H reductions.]

See the counterpart entries for current appropriations (line 40.xx) in the table in section 32.3 for examples. Rescissions and reductions pursuant to public laws enacted for the past year will be shown separately from the amount of budget authority initially appropriated.

32.8. Program and financing in special cases.

The instructions in sections 32.1–32.5 will be modified in certain cases, as described below.

(a) Supplementals and items for later transmittal.— Separate schedules will be required to display those transactions that are excluded from the regular budget schedules, i.e., pending supplementals, supplementals requested in the budget, and items proposed for later transmittal under either existing or proposed legislation. The schedules will reflect the effect of these transactions upon the information presented in the regular schedule for the account. The presentation for the regular account will also include a summary of budget authority and outlays in accordance with section 36.2.

Supplementals and items proposed for later transmittal are identified by the account identification code for the schedule as described in section 20.3. One of the following titles, as appropriate, will be shown at the top of the schedule:

Supplemental now requested
Legislative proposal, not subject to PAYGO
Legislative proposal, subject to PAYGO

When a supplemental proposal involves a transfer between accounts, the transaction will be omitted from the regular schedules, and displayed in separate schedules for each of the affected accounts.

(b) Rescission proposals.—The effect of rescission proposals will be omitted from the regular program and financing schedule for the affected account and presented in a separate schedule under transmittal code 5 (see section 14.2(k)).

The rescission schedule will 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, negative amounts for obligations and outlays (outlay savings) should be displayed 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, a positive entry for line 2398, ''Unobligated balance expiring,'' will be shown on the rescission proposal schedule. This same amount will also be entered as a rescission proposal on the appropriate budget authority line. The combination of the regular and rescission schedules should display the condition of the account as it would exist if Congress accepts the rescission proposal. The presentation for the regular account will also include a summary of budget authority and outlays in accordance with section 36.2.

Deferrals (see section 14.1) and enacted rescissions will be included in the regular 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, a rescission will be reflected in the regular budget schedules.

Section 38 of OMB Circular No. A–34 (November 1997) describes the materials that must be submitted for rescission proposals and deferrals.

(c) Transfer in the estimates.—Revision of estimates to reflect a proposed transfer of responsibility for certain activities may be required of both the gaining and the losing agencies (see section 14.2(m)). Where a transfer in the estimates for the budget year results in a significant increase to or decrease from the amount of budget authority for the past or current year, a footnote explaining the transfer will follow the program and financing schedule. For the account assuming the responsibility, the following footnote will be used:

Note.—Includes $—— million in budget authority in 19BY for activities previously financed from:

	19PY	19CY
	(In millions of dollars)	

[List the full title of each losing 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, e.g., obligations, the footnote will be modified accordingly.]

If the entire budget year estimate is for the transferred activity, the footnote may be worded ''19BY estimate is for activities previously financed from [List agency, bureau, and account title].''

For the account losing the activity, the following footnote will be used:

Note.—Excludes $—— million in budget authority in 19BY for activities transferred to:

[List the full 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, e.g., obligations, the footnote will be modified accordingly.]

Comparable amounts for 19PY ($—— million) and 19CY ($—— million) are included above.

A transfer in the estimates footnote is required only in the year the transfer proposal is made. If more than one footnote is used they should be displayed below a centered heading, ''NOTES.'' Wording of the footnotes will be modified as necessary to explain current year transfers.

(d) Transfer of resources.—Transfers between agencies resulting from Presidential reorganization plans or enacted reorganization legislation may involve unique problems. As a general rule, the transferred activities will be excluded from the schedules of the losing agency and shown in the gaining agency on a three year comparable basis. Footnotes will be used to identify the amounts involved. When the gaining agency assumes *all* of the activities previously financed under a single account in another agency, the losing agency will omit budget schedules and appropriation language for the affected account and the transferred activities and appropriation language will be reflected in the gaining agency. Agency staff *must* consult with OMB representatives in each instance.

(e) Annual limitations on use of trust or revolving funds.—The program totals on schedules for limitations on administrative expenses and other annual limitations on the use of trust or revolving funds will be stated on the basis of obligations or other measures, depending upon the basis on which the limitation operates. The wording of the total line will be adjusted accordingly. An entry reading ''Balance lapsing'' will be used to identify amounts no longer available. Limitations on direct loans

and loan guarantees are treated separately (see section 33).

Entries in these schedules will not be coded but should generally conform to the line entries described in sections 32.3, 32.4, and 32.5 as applicable. (Entries on the related object class schedule will be coded.) The last entry of the financing section will read ''Limitation.'' The last entry in the section on relation of obligations to outlays will read ''Outlays from limitation.'' Similarly, proposed supplemental increases in limitations will be displayed in the uncoded separate schedule for the limitation account; the effect of the increase upon the fund, if any, will be displayed in a coded separate schedule for the fund as a whole.

(f) Allocations.—Program and financing information for allocations will be combined with the parent account without separate identification (see section 11.5(e)). However, obligations incurred under allocations for accounts that have allocations to other agencies will be identified in a separate section of the object class schedule of the parent agency (see section 35.4).

A note will be shown in the receiving agency's submission (at the end of each bureau or equivalent grouping, as appropriate) under the heading ''Allocations received from other accounts,'' reading as follows:

> Note.—Obligations incurred under allocations from other accounts are included in the schedules of the parent appropriations as follows: [list agency, bureau, and account title for each parent appropriation].

References should not be included in cases where the only allocation transactions are outlays, since outlays from allocations are not separately identified.

(g) "Merged" accounts.—Where two or more appropriations have been or are proposed to be replaced by a single appropriation (see section 11.5(g)), a single set of schedules will be submitted for the new appropriation covering PY through BY. On such schedules, a distribution of budget authority and outlays by account will be shown at the end of each consolidated program and financing schedule (see section 32.6).

The following footnote will also be used:

> Note.—The activities previously financed under [agency title, bureau title, account title(s)] in 19PY and 19CY are presented in these schedules and are proposed to be financed in this account in 19BY. Budget authority and outlays are distributed by account above.

(h) Consolidated schedules.—When two or more accounts are consolidated in a single set of schedules (see section 11.5(h)), the title of each unexpired account will be listed as an activity. Subentries may be used to identify activities carried under the individual accounts when the amounts are significant. *A distribution of budget authority and outlays by account* will be shown at the end of the program and financing schedule (see section 32.6).

When the schedule includes accounts for which no new appropriations were made and against which no obligations were incurred, such accounts will be identified in a footnote reading:

> Note.—Includes unobligated balances for [titles of accounts].

(i) Credit financing accounts.—The wording of line entries associated with certain concepts will be modified for credit financing accounts, as follows (see section 33.5(e)):

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 86.90–86.98) are not required for credit financing accounts and will not be automatically generated.

Negative subsidies and downward reestimates paid to receipt accounts will be identified in the obligations by program activity section on lines 08.01 and 08.02, respectively, and adjusting payments to liquidating accounts will be identified on line 08.03 (see section 33.5(e)).

32.9. Agreement with the Treasury Annual Report.

Agencies should report past year data to Treasury in a way that is consistent with the way amounts will show in the past year of the program and financing schedules. To the extent that these amounts are reported to Treasury by organizations other than those preparing the budget schedules, action should be taken to ensure that the amounts reported are conceptually and numerically consistent.

If an agency does not agree with the net outlay amount reported in the Treasury Annual Report (TAR) and automatically loaded into MAX schedule P, an explanation of the difference should be submitted to the agency's OMB representative. Similarly, an explanation should be provided if the agency does not agree with the receipts estimates

that have been loaded into MAX schedule R from Treasury data (see section 21.4).

Each agency provides the Treasury Department with the necessary information, through various accounting reports, to prepare the Annual Report. *Before* Treasury distributes advance copies of the Annual Report, checks should be made against data reported on the ''Year-End Closing Statement'' (Treasury FMS Form 2108) and the ''Undisbursed Appropriation Account Ledger'' (Treasury FMS Form 6653).

In addition, 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):** 92.01—Total investments, start of year: U.S. securities: Par value *For accounts with schedule J:* **Schedule J (status of funds schedule):** 01.01—Unexpended balance, start 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 (see section 36.6)*

Reported to Treasury Department	MAX data
Invested balances, end of year	*For all accounts:* **Schedule P (program and financing schedule):** 92.02—Total investments, end of year: U.S. securities: Par value *For accounts with schedule J:* **Schedule J (status of funds schedule):** 07.01—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 (see section 36.6)*

Appendix E contains several crosswalks between budget and Treasury data. Exhibit 9E identifies relationships between the MAX A–11/TAR Comparision (in the MAX A–11 drop-down menu), MAX schedule P, and data in the published Treasury Annual Report. Exhibit 10E identifies selected relationships between MAX schedule P, the budget execution report (SF 133), FMS 224, FMS 2108, and the published Treasury Annual Report.

32.10 Importing past year data into the program and financing schedules for the FY 2001 Budget.—

Effective for preparation of the FY 2001 Budget, much of the initial data in the past year column of program and financing schedules will be imported electronically from a new system that the Treasury Financial Management Service (FMS) is building in conjunction with OMB. This effort is intended to eliminate duplicate reporting and improve the consistency of year-end data published in the President's Budget and the Treasury Annual Report—Appendix.

The new system, the Federal Agencies Centralized Trial-Balance System II (FACTS II), will collect year-end and periodic budget data, starting in the Fall of 1999. FACTS II will replace requirements for separate reporting for the FMS 2108, a primary source of data for the TAR—Appendix; the SF 133; and much of the past year column of program and financing schedules.

In instructions issued by Treasury, agencies are required to capture new kinds of data in their financial systems and to report these data using FACTS II, starting with FY 1999 year-end reporting. (See Transmittal Letter No. S2 98–01, a supplement to the Treasury Financial Manual (TFM), dated April 2, 1998.) In addition to defining the new data, the TFM provides a model showing how each budget account (e.g., account presented in the President's budget) corresponds to one or more Treasury accounts (e.g., accounts used to report budget execution data), and presents a crosswalk between data in the agency financial systems and the program and financing schedules, FMS 2108, and SF 133. (See the TFM at http://www.fms.treas.gov/ussgl.)

Program and Financing
General Fund (MAX Schedule P)

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

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

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Total new obligations should be broken out by significant activity, as appropriate. Obligations funded by reimbursements will be shown separately on lines coded 09xx.

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	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:			
	Current:			
40.00	Appropriation (definite)	90	89	95
	Permanent:			
	Spending authority from offsetting collections:			
68.00	Offsetting collections (cash)	43	43	45
68.10	From Federal sources: Change in receivables and unpaid, unfilled orders	–1	1	.....
68.90	Spending authority from offsetting collections (total)	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 current authority	83	82	87
86.93	Outlays from current balances	2	3	2
86.97	Outlays from new permanent 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 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) on line 6800.

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.

Obligated balances and receivables and unpaid, unfilled orders from Federal sources will be separately identified.

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.

Program and Financing
Revolving Fund (MAX Schedule P)

Each major activity is to be shown in this section. All noncredit revolving fund obligations should be reported as reimbursable on lines 09xx.

Program and Financing (in millions of dollars)

Identification code 16–4023–0–3–754		19PY actual	19CY est.	19BY est.
	Obligations by program activity:			
09.01	Power generation and sales	245	252	260
09.02	Recreation	3	4	4
09.03	Environmental restoration and research	7	8	8
09.04	Power generation and sales	331	650	350
09.05	Recreation	2	1	1
10.00	Total new obligations	588	915	623
	Budgetary resources available for obligation:			
21.40	Unobligated balance available, start of year	132	135	43
22.00	New budget authority (gross)	590	823	600
22.10	Resources available from recoveries of prior year obligations	1	.....	.....
23.90	Total budgetary resources available for obligation	723	958	643
23.95	Total new obligations	–588	–915	–623
24.40	Unobligated balance available, start of year	135	43	20
	New budget authority (gross), detail:			
	Current:			
47.00	Authority to borrow (definite)	333	554	324
	Permanent:			
	Spending authority from offsetting collections:			
68.00	Offsetting collections (cash)	344	354	376
68.10	From Federal sources: Change in receivables and unpaid, unfilled orders	–1	1	.....
68.47	Portion applied to debt reduction	–86	–86	–100
68.90	Spending authority from offsetting collections (total)	257	269	276
70.00	Total new budget authority (gross)	590	823	600
	Change in unpaid obligations:			
	Unpaid obligations, start of year:			
72.40	Obligated balance	361	444	758
72.95	From Federal sources: Receivables and unpaid, unfilled orders	5	4	5
72.99	Total unpaid obligations, start of year	366	448	763
73.10	Total new obligations	588	915	623
73.20	Total outlays (gross)	–506	–600	–840
73.40	Adjustments in expired accounts	1	.....	.....
73.45	Adjustment in unexpired accounts	–1	.....	.....
	Unpaid obligations, end of year:			
74.40	Obligated balance	444	758	541
74.95	From Federal sources: Receivables and unpaid, unfilled orders	4	5	5
74.99	Total unpaid obligations, end of year	448	763	546
	Outlays (gross), detail:			
86.90	Outlays from new current authority	244	301	319
86.93	Outlays from current balances	5	30	245
86.97	Outlays from new permanent authority	257	269	276
87.00	Total outlays (gross)	506	600	840
	Offsets:			
	Against gross budget authority and outlays:			
	Offsetting collections (cash) from:			
88.00	Federal sources	14	3	4
88.20	Interest on Treasury securities	6	6	7
88.40	Non-Federal sources	324	345	365
88.90	Total offsetting collections (cash)	344	354	376
	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	247	468	224
90.00	Outlays	162	246	464

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

Spending authority from offsetting collections consists of cash collections plus the change in receivables and unpaid, unfilled orders from Federal sources.

Obligated balances and receivables and unpaid, unfilled orders from Federal sources will be separately identified.

Cash collections and the change in 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 receivables and unpaid, unfilled orders from Federal sources for which offsetting collections (cash) will be credited to the account when received.

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) on line 6800.

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 accounts receivable and unpaid, unfilled orders from Federal sources.

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

Line 22.00 is calculated from budget authority entries on lines 40.00.-68.85

Program and financing schedules will always include lines 89.00, and 90.00

When a total is copied, an edit check will compare the total with the sum of detail lines.

Past year outlays are automatically loaded from data reported to Treasury.

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:			
Current:			
40.00 Appropriation (definite)			
Permanent:			
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			
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 current authority			
86.93 Outlays from current balances			
86.97 Outlays from new permanent authority			
86.98 Outlays from permanent 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 10.00.

For CY and BY, detail lines 21.40–21.49 are copied from corresponding end-of-year lines.

Calculated if multiple lines 21.40–21.49 are reported.

Calculated if multiple lines 21.40–23.85 are reported.

Copied from line 10.00, with opposite sign.

Calculated if multiple lines 24.40–24.49 are reported.

Total budget authority lines by type (e.g., 68.90) are calculated, if multiple detail lines (e.g., 68.00–68.85) are reported.

Calculated from budget authority entries on lines 40.00-68.85

For CY and BY, detail lines 72.40–72.95 are copied from corresponding end-of-year lines.

Calculated if multiple lines 72.40–72.95 are reported.

Copied from line 10.00.

Copied from line 22.10.

Calculated if multiple lines 74.40–74.95 are reported.

Lines 86xx are calculated from schedule A data.

Copied from line 7230 if multiple lines 86.90-86.98 are reported.

Calculated if multiple lines 88.00–88.45 are reported.

Copied from line 68.10.

Copied from line 68.15.

Calculated (line 70.00 minus (lines 88.00–88.45 and lines 88.95 and 88.96)).

Calculated for CY and BY (line 87.00 minus (lines 88.00–88.45)).

Federal Credit Data (MAX Schedules G, H, U, and Y)

Summary of Changes

—The background section has been rewritten and additional information has been provided(section 33.3).
—The definitions have been reorganized into alphabetical order and a definition of work-outs has been added (section 33.4).
—The definition of modification clarifies that modifications include actions resulting from the exercise of agency administrative discretion if that action alters the estimated cost (section 33.4(n)).
—The accounting for negative subsidies has been changed, in most cases, from special fund receipt accounts to general fund receipt accounts (section 33.4(p) and (q), 33.5(a) and (g), and 33.10(e)(1)).
—The requirement to collect credit baseline data on agency debt held by the FFB has been eliminated (section 33.8(a)).
—The accounting for pre-1992 loan modifications has been simplified by eliminating the indirect modification method and providing a simplified option for large volume modifications (section 33.4(n), 33.10(d), and 33.11(c)).
—Credit agencies with over $100 million in loan assets are expected to sell assets more than one year delinquent (section 33.12).

33.1. Coverage.

These instructions apply to all programs that provide direct loans or loan guarantees to non-Federal entities. Section 506 of the Federal Credit Reform Act (FCRA) exempts certain programs from credit reform budgeting. These programs are still required to report other credit data in MAX schedules G, H, and Y (see sections 33.6, 33.7, and 33.8).

33.2. Requirement for appropriations.

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 has been 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 requirement for mandatory programs will be specified by OMB pursuant to section 504(c) of the Federal Credit Reform Act.

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, agencies should 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 this period is expected to be longer than five fiscal years after the budget authority expires, a special provision should be included in the appropriations language (see section 31.5).

33.3. Background.

The Federal Credit Reform Act of 1990 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 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 (delin-

quencies, defaults, prepayments, and other factors). The rate used to discount the cash flows is the interest rate on a Treasury security of similar maturity to 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 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 the subsidy is paid from the program account to the financing account. The program account also receives appropriations for the cost 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 direct loan and guaranteed loan financing accounts. There is a separate financing account for each direct loan and loan guarantee program. 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 loan. It repays Treasury over time using principal and interest collected from the borrower. The guaranteed loan 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 loan.

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 increase 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 funds were obligated for the direct loans or loan guarantees. These reestimates must be made when the cohort is 90 percent disbursed. Technical/default 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 at the end of each year.

Modifications of a direct loan or loan guarantee can also change the subsidy cost. A modification is any Government action differnt 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 receive appropriations for the cost of a modification that increases the subsidy before the loans can be modified.

All cash flows resulting from direct loan obligations and loan guarantee commitments made prior to credit reform (in 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, liquidating accounts have 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 reform 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 reform 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 program decisions.

33.4. Definitions.

The following are key terms used in credit reform. 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 are the portion of the total salaries and expenses that are directly related to credit program operations. The Federal Credit Reform Act generally requires administrative expenses for both pre-1992 and post-1991 direct loans and loan guarantees to be included in the program account. Administrative expenses are included in the liquidating account only if 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 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 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 will 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 31.5), 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, the transfer will be recorded as an expenditure transfer. An obligation and outlay will be recorded in the program account, and an offsetting collection will be recorded in the salaries and expenses account. In the salaries and expenses account, obligations for administrative expenses will be recorded without necessarily identifying them as credit program expenses.

Administrative expenses are almost always discretionary spending. If these expenses are included in a program account that subsidizes a mandatory program, the administrative expenses will be requested as current, definite appropriations and reported as discretionary spending in MAX. The account, in this case, will be split between mandatory and discretionary spending.

(b) Claim payments are made to private lenders when a guaranteed loan defaults. They are reported in liquidating and guaranteed loan financing accounts as described below, except that no object class data are required for financing accounts. If a loan asset is acquired in exchange for the claim payment, the claim payment is reported as a loan receivable in the program and financing schedule and the object classification schedule (object class 33). If a loan asset is not acquired, the claim payment is reported in the program and financing schedule and object class schedule as a claim or insurance payment (object class 42) if nothing of value is received, or as the acquisition of physical assets (object class 32) if collateral is acquired. In both cases, the financing account records a financing disbursement, and the status of guaranteed loans schedule records terminations for default.

(c) A cohort consists of all direct loans or loan guarantees of a program for which a subsidy appropriation is provided for a given fiscal year, even if disbursements occur in subsequent years. 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.

Cohort accounting applies only to post-1991 direct loans and loan guarantees and to pre-1992 direct

loans and loan guarantees that have been modified. Post-1991 direct loans or loan guarantees will remain with their original cohort throughout the life of the loans, even if they are modified. Pre-1992 direct loans that are modified, and pre-1992 loan guarantees that are modified, shall each constitute a single cohort. For purposes of budget presentation, cohorts will be aggregated. However, accounting and other records will be maintained separately for each cohort.

(d) A direct loan is 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. It includes financing arrangements that defer payment for more than 90 days, including the sale of a government asset on credit terms. It also includes loans financed by the Federal Financing Bank (FFB) pursuant to agency loan guarantee authority (see also section 12.3(c)). The term does not include the acquisition of federally guaranteed non-Federal 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 will 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.

(e) A direct loan obligation is a binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower. Acquisitions of federally guaranteed non-Federal loans in satisfaction of default or other guarantee claims are not recorded as new direct loan obligations. They are recorded as a disbursement in addendum entries (line 2331) to the guaranteed loan schedule (see section 33.7).

(f) The direct loan subsidy cost is 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; and
—payments of interest 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, recoveries, 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 the OMB subsidy model and User's Guide for information about estimating the subsidy.)

(g) The discount rate is the interest rate that is used to calculate the present value of the cash flows. It is equal to the interest rate on marketable Treasury securities of comparable maturity to the loan. For cohorts that disburse in one year, the discount rate is the average annual interest rate for that year. For cohorts that disburse over more than one year, the discount rate is the average of the average annual interest rates over the years that loans are disbursed, weighted by the dollar amount of loan disbursements in each year. 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 will be the same as the discount rate used to calculate the cost of that cohort. A spreadsheet is available from OMB to calculate interest expense.

(h) A financing account is 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. Separate financing accounts are required for direct loans and loan guarantees. There is at least one financing account for each program account. If the program account receives subsidy appropriations

for both direct loans and loan guarantees, it has two financing accounts. Information schedules for financing accounts are printed in the budget *Appendix* together with the program account.

(i) A liquidating account is a budget account that records all cash flows to and from the Government resulting from pre-1992 direct loan obligations or loan guarantee commitments. Cash flows associated with modified direct loans and loan guarantees are treated differently (see sections 33.4(n) and 33.11). 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.

(j) A loan asset sale is 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) A loan guarantee is 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 (see also section 12.3(c)).

(l) A loan guarantee commitment is 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) The loan guarantee subsidy cost is 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 actions by the Government and the exercise by the guaranteed lender of an option included in the loan guarantee contract, or by the borrower of an option included in the guaranteed loan 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 the OMB subsidy model and users' guide for information about estimating the subsidy.)

(n) A modification is a Government action that (a) differs from actions assumed in the baseline estimate of cash flows and (b) 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; or 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 33.4(v)) of troubled loans or loans in imminent default, and the borrower's or the Government's exercise of an option that is permitted within the terms of an existing contract, such as prepaying the loan. The baseline subsidy estimate should include all anticipated actions by the Government and borrowers that are permissible under current law and that affect the cash flow. If an

action by the borrower or the Government differs from what is anticipated in the baseline subsidy estimate, then the difference in cost, if any, 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, if any, on the subsidy cost of direct loan obligations and loan guarantee commitments made after the date of the modification is not a modification. Instead, the effects are incorporated in the initial cost estimates for subsequent direct loan obligations and loan guarantee commitments.

(o) A modification cost 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 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. These calculations are explained in section 33.10(d); their budgetary treatment is explained in section 33.11(b). When pre-1992 direct loans or loan guarantees are modified, an additional transfer must be made between the liquidating account and financing account. This transfer is described in section 33.11(c).

(p) Negative subsidies are 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 accounts are 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 33.4(p) and (t)). In most cases, the receipt account is a general fund receipt account. Amounts credited to general fund receipt accounts 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). Unless the program is a mandatory program (see section 33.2), 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 from loan asset sales are 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) A program account is 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 are 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 33.10(e)). An upward reestimate indicates that insufficient funds had been paid to the financing account, so the increase (including interest) 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 Federal Credit Reform Act. A downward reestimate indicates that too much subsidy had been paid to the financing account. For discretionary programs, the excess (including interest) is disbursed to a negative subsidy receipt account. For mandatory programs, the excess may be credited directly to the program account as offsetting collections or to a negative subsidy receipt account. The surplus/deficit is decreased/increased by upward reestimates and is increased/decreased by downward reestimates. (See section 33.10(e).)

(u) Risk categories are 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 will be 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 are 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 workout and if the cost of the workout 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.

33.5. Materials and data required.

(a) General. The requirements concerning computer materials in general are described in section 20.1. The credit data entries are described in sections 33.6, 33.7, 33.8, and 33.9. A summary of credit reform requirements is provided below.

A two-digit group code will be used to group data by program. If additional groups are needed, agencies should contact their OMB representative. In the MAX system, amounts will be automatically generated for total and subtotal entries, and start of year balances for the CY through BY+4. In some cases, agencies will be able to override the generated amounts; in other cases, the amounts will be protected. Detailed information is provided in the *MAX A–11 User's Guide.*

Separate credit schedules will be required for supplemental requests and proposed legislation items. These schedules will show the effect of the supplemental request or proposed legislation on the information presented in the regular schedules for the program.

A narrative statement is required for all credit programs (as described in section 34.5).

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.

Each program making post-1991 direct loans or loan guarantees will have at least two and as many as five types of accounts:

—a program account;
—a financing account for direct loan obligations, if any;
—a financing account for loan guarantee commitments, if any;
—a negative subsidy account for negative subsidies and downward reestimates, if any; and
—a liquidating account for pre-1992 direct loans and loan guarantees, if any.

(b) Summary of MAX line numbers.—The following table lists the range of line numbers and types of data that appear in the MAX data base for credit data.

MAX schedule and line no.	Description	A–11 sec. no.
G (Federal credit data, direct loans, presidential policy, PY–BY+4:)		
11xx–12xx	Direct loan data *(liquidating and financing accounts)*	33.6
33xx	Agency debt held by the FFB	33.8
6300	Net financing disbursements *(financing accounts only)*	33.8
H (Federal credit data, guaranteed loans, presidential policy, PY–BY+4:)		
21xx–23xx	Guaranteed loan data *(liquidating and financing accounts)*	33.7
6300	Net financing disbursements *(financing accounts only)*	33.8
U (Program account loan levels and subsidy data, presidential policy, PY–BY):		
11xx	Direct loan levels	33.9
13xx	Direct loan subsidy data	33.9
21xx	Guaranteed loan levels	33.9
23xx	Guaranteed loan subsidy data	33.9
35xx	Administrative expense data	33.9
Y (Federal credit data, baseline estimates, CY–BY+4):		
6300	Net financing disbursements *(financing accounts only)*	33.8

(c) Summary of credit requirements.—The print materials and MAX schedules required for credit liquidating, program, financing, and negative subsidy accounts are listed below. References to applicable A–11 sections and exhibits are also provided.

SUMMARY OF CREDIT REFORM REQUIREMENTS

	A–11 Section Number	Exhibit Number
LIQUIDATING ACCOUNT		
Presidential policy, MAX schedule A	21	—
Character class data, MAX schedule C	25.4	—
Financial statements, MAX schedules E and F	36.3	—
Status of direct and/or guaranteed loans, MAX schedule G and/or H	33.6, 33.7, 33.8	33J, 33K
Object classification schedule, MAX schedule O	35.4	—
Program and financing schedule, MAX schedule P	32, 33.5	33I
Baseline estimates, MAX schedule S	23	—
Narrative statement	34.5	—
PROGRAM ACCOUNT		
Appropriations language	31.5	—
Presidential policy, MAX schedule A	21	—
Schedule on unavailable collections, MAX schedule N	33.10(e), 36.6	—
Object classification schedule, MAX schedule O	35.4	—
Program and financing schedule, MAX schedule P	32, 33.5(d)	33A
Summary of loan levels, subsidy budget authority, and outlays, MAX schedule U	33.8	33B
Narrative statement	34.5	—
FINANCING ACCOUNT		
Financial statements, MAX schedule F	36.3	33E,H
Status of direct and/or guaranteed loans, MAX schedule G and/or H	33.6, 33.7, 33.8	33D,G
Program and financing schedule, MAX schedule P	33.5(e)	33C,F
Schedule Y	33.8	—
Narrative statement	34.5	—
NEGATIVE SUBSIDY ACCOUNT		
Receipts, baseline estimates, MAX schedule K	21.4	—
Receipts, presidential policy, MAX schedule R	21.4	—

(d) 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.

The line number scheme shown below will be used in the ''obligations by program activity'' section of the program and financing schedule.

00.01	Direct loan subsidy
00.02	Loan guarantee subsidy
00.03	Subsidy for modifications of direct loans
00.04	Subsidy for modifications of loan guarantees
00.05	Reestimates of direct loan subsidy
00.06	Interest on reestimates of direct loan subsidy
00.07	Reestimates of loan guarantee subsidy
00.08	Interest on reestimates of loan guarantee subsidy
00.09	Administrative expenses

All direct expenses will be recorded in the appropriate object class. Administrative expenses transferred to a salaries and expenses account will be recorded in object class 25.3, ''Purchases of goods and services from Government accounts''. (See section 33.4(a) for additional detail about recording administrative expenses.) In the salaries and expenses account, reimbursable obligations for administrative expenses will be recorded in the appropriate object class. Reimbursable obligations are reported using a ''2'' as the first digit of the line number. (See section 35.4 for more information about the classification of reimbursable programs in the object class schedule.)

The following MAX data are required for the program account, even if the Administration is proposing to terminate a credit program. These requirements are summarized on the tables in sections 33.5(b) and (c).

—MAX schedule A (PY through BY+9);
—MAX schedule U (PY through BY);
—MAX schedule S (CY through BY+9); and
—MAX schedules C, P, O, and N (if necessary) (PY through BY).

(e) Financing accounts record the cash flows associated with post-1991 direct loan obligations or guaranteed loan 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 will be used for direct loan obligations and loan guarantee commitments. Direct loan financing accounts will be the financing mechanism for post-1991 direct loans and for modifications of pre-1992 and post-1991 direct loans. Guaranteed loan financing accounts will provide a reserve against defaults on post-1991 loan guarantees and modifications of all direct loans and loan guarantees.

The following MAX data are required for each financing account, even if the Administration is proposing to terminate a credit program. These requirements are summarized on the tables in sections 33.5(b) and (c).

—MAX schedule G (direct loans) and H (loan guarantees) (PY through BY+4);
—MAX schedule Y (CY through BY+4);
—MAX schedule F (PY through BY); and
—MAX schedule P (PY through BY).

The program and financing schedules typically will include the following transactions:

SELECTED P&F ENTRIES IN FINANCING ACCOUNTS

Entry	Description
Obligations by program activity:	
Stub entries should describe the transactions reported below.	
00.01-00.09	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.
08.01	Obligations for negative subsidies to be paid to the negative subsidy receipt account for the credit program.
08.02	Obligations for downward reestimates of the subsidy to be paid to the negative subsidy account for the credit program.
08.03	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 (see section 33.11(c)).
New financing authority(gross), detail:	
60.05 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 (see section 33.11(b)).
67.15 Authority to borrow (indefinite)	Financing authority (authority to borrow, permanent, 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.
68.00 Offsetting collections (cash)	Amount equal to offsetting collections (cash) credited to the account.
68.10 From Federal sources: Change in receivables and unpaid, unfilled orders	Change in receivables from program account for direct loan subsidy (difference between line 72.95 and line 74.95). Increases will be reported as positive entries; decreases will be reported as negative entries.
68.27 Capital transfer to general fund	Used for modification adjustment transfer to the general fund in the event that the modification cost estimate over-compensated the financing account (see section 33.11(b))
Change in unpaid obligations:	
72.40 Obligated balance, start of year	Portion of start of year unpaid obligations that represent undisbursed direct loan obligations.
72.95 Receivables from program account	Subsidies receivable from program account, start of year.
74.40 Obligated balance, end of year	Portion of end of year unpaid obligations that represent undisbursed direct loan obligations.
74.95 Receivables from program account	Subsidies receivable from program account, end of year.
Offsets:	
88.00 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 (see section 33.11(c)).

SELECTED P&F ENTRIES IN FINANCING ACCOUNTS—Continued

Entry	Description
88.25 Interest on uninvested funds	Collections of interest on uninvested funds. A spreadsheet is available from OMB to calculatue interest earned.
88.40 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.

An illustration of a typical direct loan financing account program and financing schedule can be found at Exhibit 33C. An illustration of a typical guaranteed loan financing account program and financing schedule can be found at Exhibit 33F.

(f) Liquidating accounts record the cash flows associated with pre-1992 direct loan obligations or loan guarantee commitments, except for modified direct loans or loan guarantees that have been transferred to a financing account.

Collections typically credited to a liquidating account are interest, loan repayments and prepayments, proceeds from the sales of loans, and fees related to pre-1992 obligations and commitments. These collections are available only for:

—interest payments and repayment of debt;
—disbursements of loans obligated prior to 1992;
—default and other guarantee claim payments;
—interest supplement payments;
—payments for the cost of foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales;
—payments to financing accounts when required for modifications;
—administrative expenses, if 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 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 available only for obligations that are incurred in that year, even if the outlay will occur in a subsequent year, and for repayment of debt. 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 15.11). Transfers will be accomplished by first repaying debt and then by a capital transfer to the general fund.

The Federal Credit Reform Act 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 should 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 will reflect 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.

Illustrations of typical liquidating account status of direct and guaranteed loans schedules can be found at Exhibits 33J and 33K. An illustration of a typical liquidating account program and financing schedule can be found at Exhibit 33I.

The following MAX data are required for each liquidating account. These requirements are summarized on the tables in sections 33.5(b) and (c):

—MAX schedule A (PY through BY+9) (note that liquidating accounts will be coded as mandatory spending);
—MAX schedules G (direct loans) and/or H (loan guarantess) (PY through BY+4);
—MAX schedules C, P, and O (PY through BY);
—MAX schedules E and F (PY 1 through BY); and
—MAX schedule S (CY through BY+9).

(g) Negative subsidy 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. Negative subsidies will be reported as discretionary, unless the credit program is ''mandatory'', and downward reestimates for all credit programs will be reported as ''mandatory, authorizing committee.''

No print materials are required for negative subsidy receipt accounts. The following MAX schedules are required for each negative subsidy account:

—MAX schedule R (PY through BY+9); and

—MAX schedule K (CY through BY+9).

33.6. Direct loan data (MAX Schedule G).

A schedule on the status of direct loans will be prepared for all liquidating accounts from which pre-1992 direct loans were obligated and for all direct loan financing accounts from which post-1991 direct loans are obligated. Applicable entries and line codes shown in the table below will be used.

The data will be submitted in MAX schedule G. Outyear estimates will be submitted for all entries. Entries in boldface will be generated automatically.

The 1100 data line series should be used only in direct loan financing accounts. These lines contain data on an agency's direct loan obligations as they relate to enacted or proposed limitations. Agencies should show separately the total amount of the limitations and the portion that is unobligated. Where the limitation is multi year, the amount of unused limitation will be carried forward and shown on a line 1113.

The 1200 data line series shows balances and changes in balances of direct loans outstanding and is 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.

Repayments, prepayments, and proceeds from loan asset sales credited to liquidating or financing accounts must agree with amounts included for these transactions on line 88.40 (offsetting collections from non-Federal sources) of the program and financing schedule for the account (see section 32.5).

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).

DATA REQUIREMENTS FOR MAX SCHEDULE G

Entry	Description
These data should be provided for PY through BY+4 in the direct loan financing account. No data on loan limitations or loan obligations should be provided in liquidating accounts.	
Position with respect to appropriations act limitation on obligations:	
1111 Limitation on direct loans	Amount of limitation enacted or proposed to be enacted in appropriations acts. For discretionary programs, this amount is equal to 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:	
1210 Outstanding, start of year	Amount of direct loan principal outstanding at the beginning of the year.

DATA REQUIREMENTS FOR MAX SCHEDULE G—Continued

Entry		Description
	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.
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:	
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 64.00 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; 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.
1290	**Outstanding, end of year**	Amount of direct loan principal outstanding at the end of the year. The sum of lines 1210 through 1264.

33.7. Guaranteed loan data (MAX Schedule H).

A schedule on the status of guaranteed loans will be prepared for all liquidating accounts from which pre-1992 loan guarantees were committed and for all guaranteed loan financing accounts from which post-1991 loan guarantees are committed. Applicable entries and line codes shown in the table below will be used. Amounts will be the full principal amounts of loans guaranteed, whether guaranteed in full or in part.

The data will be submitted in MAX schedule H. Outyear estimates will be submitted for all entries. Line numbers in boldface will be generated automatically.

The 2100 data line should be used only in guaranteed loan financing accounts. These lines collect data on an agency's guaranteed loan commitments as they relate to enacted or proposed limitations. Agencies should show separately the total amount of the limitation and the portion that is uncommitted. Where the limitation is multi-year, the amount of unused limitation will be carried forward and shown on a separate line. Agencies should not count agency guarantees of loans disbursed by the FFB as guaranteed loans; such loans should be treated as direct loans of the agency financed by the FFB.

The 2200 data line series shows changes in guaranteed loan balances outstanding and is applicable to both liquidating accounts and guaranteed loan financing accounts. It excludes all guarantees of FFB activity from cumulative balances of guaranteed loans; disaggregates into three categories the write-offs of guaranteed loans due to default; and incorporates other transactions in ''other adjustments''. Guaranteed loan balances show principal only, even if the guarantee covers both the principal and interest.

DATA REQUIREMENTS FOR MAX SCHEDULE H

Entry	Description
These data should be provided for PY through BY+4 in the guaranteed loan financing account. No data on loan limitations or guarantee commitments should be provided in liquidating accounts.	
Position with respect to appropriations act limitation on commitments:	
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 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 lapse 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.
These data should be provided for liquidating and guaranteed loan financing accounts.	
Cumulative balance of guaranteed loans outstanding:	
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.
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 result 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.

DATA REQUIREMENTS FOR MAX SCHEDULE H—Continued

Entry		Description
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. (This entry will only be used in liquidating accounts and guaranteed loan financing accounts.)
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. (This entry will only be used in liquidating accounts and guaranteed loan financing accounts.)
2361	Write-offs of loans receivable (−)	Amount of loans receivable written-off for default that were initiated as guaranteed loans but were subsequently acquired as loans receivable. (Refer to the definitions for write-offs provided in OMB Circular No. A–129.) (This entry will only be used in liquidating accounts and guaranteed loan financing accounts.)
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.

33.8. Non-print credit data.

Non-print data will be furnished in MAX schedules G and H for policy estimates and in MAX schedule Y for the baseline, as explained below.

(a) Agency debt held by the FFB.—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 Federal Credit Reform Act, such as the Tennessee Valley Authority and Resolution Trust Corporation. This series of lines includes start of year balances, new borrowing, repayments, and end of year balances.

Policy estimates (PY through BY+4) will be submitted for the 3300 data line series in MAX schedule G. No baseline estimates are required.

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.

(b) Net financing disbursements (for financing accounts only).—Agencies will report net financing disbursements for financing accounts. ''Net financing disbursements''correspond to ''net outlays'' reported on line 90.00 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–BY, these amounts should equal the amount reported on line 90.00 in MAX schedule P of the financing account. These data are needed to estimate Federal borrowing and interest on the public debt.

Policy estimates (PY through BY+4) will be submitted for the 6300 data line in MAX schedule G or H and baseline estimates will be submitted in MAX schedule Y.

NON-PRINT DATA REQUIREMENTS FOR MAX SCHEDULES G, H, AND Y

Entry		Description
These data should be provided for PY through BY+4 in MAX schedule G		
Agency debt held by the FFB:		
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 issues held by FFB at the end of the year. The sum of lines 3310, 3330, and 3350.

NON-PRINT DATA REQUIREMENTS FOR MAX SCHEDULES G, H, AND Y—Continued

Entry	Description
These data should be provided for PY through BY+4 in MAX schedules G, H, and Y	
FINANCING ACCOUNTS ONLY	
6300 Net financing disbursements	Analogous to net outlays in budgetary accounts reported on line 90.00 of the program and financing schedule.

33.9. Program account data (MAX Schedule U).

A summary schedule of loan levels, subsidy budget authority, subsidy rate, and subsidy outlay will be prepared for each program account. Applicable entries and line codes shown in the table below will be used.

These data will be displayed by program or by program and risk category. The titles of the stub entries can be tailored to identify the program to which the loan level, subsidy rate, budget authority, outlays, and major subsidy assumptions belong. The data on loan levels, subsidy budget authority, and subsidy rate for each fiscal year will refer to the cohort for that fiscal year. 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.

In addition, data on budget authority and outlays for administrative expenses will be provided for PY through BY as part of MAX schedule U. Although no outyear subsidy data will be centrally collected in the MAX database, agencies may be expected to provide outyear subsidy data upon request of their OMB representative. Line numbers in boldface normally will be generated automatically.

DATA REQUIREMENTS FOR MAX SCHEDULE U

Entry	Description
Direct loan levels supportable by subsidy budget authority:	
1150 Direct loan levels *Report by cohort.*	Equals the amount of direct loans that can be obligated with the amount of new subsidy budget authority requested or provided in that year. 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 (in percent):	
1320 Subsidy rate *Report by cohort.*	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 (see 33.10(e)). **In the CY column use the budget execution rate (see 33.10(b)).** 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 be entered 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 *Report by cohort.*	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 *Report by cohort.*	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:	
1340 Subsidy outlays *Report for all cohorts.*	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 88.00 (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.

DATA REQUIREMENTS FOR MAX SCHEDULE U—Continued

Entry	Description
1349 Total subsidy outlays	The sum of all lines 1340 above.
Guaranteed loan levels supportable by subsidy budget authority:	
2150 Loan guarantee levels *Report by cohort.*	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. 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 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 (in percent):	
2320 Subsidy rate *Report by cohort.*	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 (see 33.10(e)). **In the CY column use the budget execution rate (see 33.10(b)).** 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 *Report by cohort.*	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 *Report by cohort.*	The 2330 data line series presents data in dollars on the subsidy costs inherent in making a cohort of guaranteed 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 zero or negative.
2339 Total subsidy budget authority	The sum of all lines 2330 above.
Guaranteed loan subsidy outlays:	
2340 Subsidy outlays *Report for all cohorts.*	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 88.00 (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.
Administrative expense data:	
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.

33.10. Estimating the subsidy.

(a) General.—Subsidy estimates for both Presidential policy and the baseline are required 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.

The OMB credit subsidy model will be used to calculate all subsidy estimates based on agency-generated estimates of cash flows to and from the Government. The OMB credit subsidy model and User's Guide provide an explanation and example of how the subsidy is calculated. 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 33.4(f) and 33.4(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.

The discount rate used to calculate the present value is the average interest rate (yield) on marketable Treasury securities of similar maturity to the direct loans or guaranteed loans for which the subsidy cost is being estimated. ''Similar maturity'' means the contractual term of the loan to maturity, measured in years. The discount rate assumptions for the budget are specified by maturity intervals. All cash flows resulting from a loan disbursement in a cohort will be discounted using the same discount rate, regardless of whether the loan disbursement is made in the budget year or in subsequent years. This rate will also be used in estimating cash flows that are affected by the interest rate.

(b) Presidential policy subsidy estimates.—For all programs (discretionary and mandatory), separate subsidy estimates will be made for each year, CY through BY+4. 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:

(1) For each year, estimate the cash flows to and from the Government for the cohort of direct loans or loan guarantees obligated or committed in that year. Discount these cash flows to the point of loan disbursement using the discount rate described above. 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.

(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.

(3) 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.

(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:

(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 Presdient's budget that will be submitted for BY.

(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.

(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 Presdient's budget that will be submitted for BY.

(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.

(d) Modifications.—When a direct loan or loan guarantee is modified, directly or indirectly, the subsidy cost of the modification must be calculated. When a post-1991 direct loan or loan guarantee is modified, a modification adjustment transfer between the financing account and the general fund must also be calculated. The budgetary treatment of these two amounts is explained in section 33.11. 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.

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):

(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.

(2) Discount the cash flows estimated in step 1 to the time of the modification using the discount assumed in the economic assumptions for the most recent budget submitted to Congress. The discount rate should be the interest rate on marketable Treasury securities of similar maturity to the remaining years to maturity (not the original maturity) of the loan that is being modified (but prior to any modification of the term of the loan).

(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.

(4) Discount the cash flows estimated in step 3 to the time of the modification using the same discount rate that is used in step 2. If a loan asset is sold, the amount in this step equals the net proceeds from the sale.

(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 would indicate that the Government will incur an additional subsidy cost because of the modification. A negative estimate would indicate that the Government is achieving some savings. A zero estimate would indicate that the modification will not change the subsidy cost.

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. It is the difference between the present value of the estimated change in cash flows due to the modification, calculated using the discount rate 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 rate applicable when the direct loan or guaranteed loan was disbursed. Specifically, it is calculated in the following steps:

(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.

(7) Calculate the present value of this difference using the interest rate at which the cohort pays or earns interest.

(8) Subtract the step 5 amount from the step 7 amount. This difference is the modification adjustment transfer.

(e) Reestimates.—

(1) General.—Reestimates of subsidies 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 1998 would be reestimated during 1999 and would be recorded in the 1999 column of the FY 2000 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 will be 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 actual interest rate(s) for the year(s) of disbursement (see (2) below); and

—for changes in technical/default assumptions (see (3) below).

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 90 percent of the direct loans or guaranteed loans have been disbursed). The computation should be made at the beginning of the year after 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. Agencies may calculate interest rate reestimates more frequently than under this requirement, including a final interest rate reestimate when the cohort has fully disbursed. If agencies would like to do so, they should consult with the OMB representative with primary responsibility for the account.

Technical/default reestimates of the subsidy cost of a cohort of direct loans or loan guarantees must be made at the beginning of every 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.

(4) When a cohort is being closed out.

Annual reestimates that are both less than $1 million and five percent or less of the pre-reestimate subsidy value currently recorded for that cohort may be skipped and included with the reestimate for a subsequent period. The subsequent reestimate for that cohort would cover cumulatively the entire period since the previous published reestimate.

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.

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 (including 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 guaranteed loan 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 (including 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 (including 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, negative subsidies and 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 36.6). 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: current appropriations are required for discretionary subsidy costs, modifications, and administrative costs; permanent 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.

(2) An interest rate reestimate will be made to adjust the subsidy estimate for the difference between the interest rate estimated at the time of formulation (the same assumption is used at the time of obligation or commitment) and the actual weighted average annual interest rate(s) prevailing during the year(s) of disbursement. This reestimate is made when 90 percent of a cohort has disbursed. 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. Agencies may calculate interest rate reestimates more frequently than under this requirement, including a final interest rate reestimate when the cohort has fully disbursed. Agencies that would like to do so should consult with the OMB representative with primary responsibility for the account.

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 weighted average annual 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.

Procedure for calculating the interest rate reestimate. The following procedures should be used to calculate interest reestimates, unless an alternative method has been approved by OMB.

(a) Start with the original cash flows used to estimate the subsidy at obligation (on a risk category basis).

(b) 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.

(c) Calculate the percentage point difference between this revised subsidy rate and the subsidy rate estimated at the time of obligation.

(d) Multiply the dollar value of actual loan disbursements to date by the percentage point difference in the subsidy rates. The product is the interest rate reestimate.

The instructions accompanying the OMB subsidy reestimate worksheet provide additional instructions for estimating interest rate reestimates.

(3) Technical/default reestimates will be made for all changes in assumptions other than interest rates. This type of reestimate will compare 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/default 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).

Procedure for calculating the reestimate for changes in technical/default assumptions. The following procedures should be used to calculate technical/default reestimates, unless an alternative method has been approved by OMB.

(a) 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).

(b) 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.

(c) Multiply the dollar value of actual loan disbursements to date by the percentage point difference in subsidy rates that was calculated in (b). The product is the technical/default reestimate.

The amount calculated in (c) is the cumulative technical/default reestimate. Previous technical/default reestimates will be deducted to derive the additional subsidy reestimate for the current year (see (4) below).

The instructions accompanying the OMB subsidy reestimate worksheet provide additional instructions for estimating technical/default reestimates.

(4) The total reestimate is the sum of the interest rate reestimate, if any, and the additional technical/default reestimate for the current year.

Procedure for calculating the total reestimate:

(a) Add the cumulative interest rate reestimate and the cumulative technical/default reestimate calculated in (2) and (3) above.

(b) Subtract all reestimates (excluding interest on reestimates) that have been recorded in previous budgets and outlays which have been apportioned for credit modifications, as defined by Section 33.4(n). This remainder is the total reestimate for the current year.

(5) Interest on reestimates is the amount of interest that would have been earned by each cohort on the total reestimate, if it had been included as part of the original subsidy estimate. The interest rate to calculate the interest on reestimates is the same rate that is used to discount cash flows for the cohort. This estimate is calculated automatically by the OMB subsidy reestimate worksheet.

Procedure for calculating interest on reestimates:

(a) Calculate the percentage point difference between the technical/default reestimated subsidy rate and the original subsidy rate used at the time of obligation.

(b) For each year in which loans were disbursed, multiply the dollar value of actual loan disbursements by the percentage points difference calculated in step (a). These amounts are the total subsidy reestimates for each year.

(c) 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 interest payments or interest earnings for the cohort.

(d) Calculate interest earnings or payments (including interest on interest) for each of the annual amounts calculated in step (b), using the weighted average disbursement interest rate calculated in step (c). 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.

(e) 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 (see (1) above), except that they will be recorded as ''interest on reestimates of direct loan subsidy'' or as ''interest on reestimates of loan guarantee subsidy.''

(6) Closing reestimates. Agencies will make a closing technical/default 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 is to close the accounting books for the cohort. All the procedures are applied

that are described above for the technical/default 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.

33.11. Budgetary treatment of modifications.

Modifications are defined in section 33.4(n), and the calculations of the subsidy cost and modification adjustment transfers are explained in section 33.10(d). 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, 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).

(a) Modification cost increases/decreases.—The following requirements pertain to the modification of any direct loan or loan guarantee that results in an increase or decrease in 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 88.00).

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. This transfer is in addition to the transactions described above.

The purpose of the transfer is to resolve 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 rate used to calculate the cost of the modification is the interest rate 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 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 rate (i.e., the discount rate 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 rate (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 rate than at the original discount rate, 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 68.27, ''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 24.40). 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 24.40 is net of the capital transfer). Subsequent interest earnings on the addition to the balance is lower than it 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 68.47, 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 68.47 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 rate than at the original discount rate, 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 60.05, ''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 24.40). The modification adjustment transfer also increases the unobligated balance (line 24.40). 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 68.47, ''Portion applied to debt reduction''). The modification adjustment transfer is also used to reduce debt owed to Treasury (line 60.47, ''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.—These 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 discount rate will be the interest rate on marketable Treasury securities of similar maturity to the loan, as assumed in the most recent budget submitted to Congress. This amount is the result of the first two steps in estimating the subsidy cost of the modification, described in section 33.10(d).

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 08.02 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. The balances will constitute a cohort, earning interest at the same rate that is used to calculate the present value of cash flows under the modified contract.

(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 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 loans.—All modifications of pre-1992 loans for a given program will be accounted for in a single direct loan cohort or a single loan guarantee cohort.

33.12 Sale of delinquent loan assets.

(a) General.—Beginning in FY 1999, credit agencies with over $100 million in loan assets are expected to sell 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 loans, the sale would be a modification, whether the loans are held by financing accounts or liquidating accounts (see section 33.4 (n) and 33.11). Otherwise, the sale is part of the subsidy estimates for Presidential policy and the baseline, and differences between the estimated and actual sale proceeds would be a reestimate (see section 33.4(t)).

If the sale is a modification, the cost would equal the difference between the net sale proceeds (see section 33.4(r)) 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.

Loans 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.

(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:

(1) the expected date of sale;

(2) a description of the loans to be sold (including balances, business program under which the

loans were originated, and current payment status);
(3) the estimated hold value, with relevant supporting documents and analysis;
(4) the estimated net sale proceeds, with relevant supporting documents and analysis;
(5) the estimated modification cost, whether positive, negative, or zero; and
(6) 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.

Program and Financing Schedule
Program Account (MAX Schedule P)

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

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			
00.04	Subsidy for modifications of guaranteed loan terms			
00.05	Reestimates of direct loan subsidy	*These designated lines should be used where appropriate.*		
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:			
	Current:			
40.00	Appropriation	165	160	161
	Permanent:			
60.05	Appropriation (indefinite)	*To be used to finance reestimates of loan subsidies*		
	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 current 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)

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

Summary of Loan Levels, Subsidy Budget Authority, and Outlays by Program (in millions of dollars)

Identification code 83–0100–0–1–155	PY est.	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 est.	CY est.	BY est.
Obligations by program activity:			
Operating expenses:			
00.01 Direct loans	715	600	570
00.02 Interest paid to Treasury	.....	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:			
Permanent:			
67.10 Authority to borrow	675	634	639
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	23	28	30
68.10 From Federal sources: Change in receivables and unpaid, unfilled orders	20	–9	–3
68.47 Portion applied to debt reduction	–3	–7	–8
68.90 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	.....	357	380
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	357	380	356
74.95 Receivables from program account	20	11	8
74.99 Total unpaid obligations, end of year	377	391	364
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

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

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)

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

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	715	600	570
1150	Total direct loan obligations	715	600	570
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	.....	325	905
	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	325	905	1,495

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)

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

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 est.	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					
2103	Federal liabilities: Debt	189	320	873	1,435
2999	Total liabilities	189	320	873	1,435
NET POSITION					
3100	Appropriated capital	10	20	11	8
3300	Cumulative results of operations	.....	.....	.....	.....
3999	Total net position	10	20	11	8
4999	Total liabilities and net position	199	340	884	1,443

Equal to obligated but undisbursed subsidy from program account.

Shaded entries are automatically calculated by MAX.

Equal to obligated but undisbursed subsidy from program account.

Subsidy reestimates have been done in this account. Zero amounts on line 3300 indicate the fund is not showing a profit or a loss.

ASSUMPTIONS

Spendout rate:
50% 1st year
40% 2nd year
10% 3rd year

Program and Financing Schedule
Guaranteed Loan Financing Account (MAX Schedule P)

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

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	.....	63	170
22.00	New financing authority (gross)	63	116	139
23.90	Total budgetary resources available for obligation	63	179	309
23.95	Total new obligations	.....	–9	–10
24.40	Unobligated balance, end of year	63	170	299
	New financing authority (gross), detail:			
	Permanent:			
68.00	Offsetting collections, cash	63	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	.....	9	17
88.40	Non-Federal sources	10	10	10
88.90	Total, offsetting collections (cash)	63	116	139
	Net financing authority and financing disbursements:			
89.00	Financing authority	.....	.....	.....
90.00	Financing disbursements	–63	–107	–129

Shaded entries are automatically calculated by MAX.

Status of Guaranteed Loans
Guaranteed Loan Financing Account (MAX Schedule H)

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

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 guaranteed loans that have been modified).

Balance Sheet
Guaranteed Loan Financing Account (MAX Schedule F)

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

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: 83–4100–0–3–155		PY–1 act.	PY est.	CY est.	BY est.
ASSETS					
	Federal assets:				
1101	Fund balances with Treasury		63	170	299
	Non-federal assets:				
1501	Defaulted guaranteed loans receivable, gross			5	18
1502	Interest receivable			1	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	18
1999	Total assets		63	176	317
LIABILITIES					
2204	Non-federal liabilities: Liabilities for loan guarantees		63	167	300
2999	Total liabilities		63	167	300
NET POSITION					
3300	Cumulative results of operations			9	17
3999	Total net position		0	9	17
4999	Total liabilities and net position		63	176	317

Equals unobligated balances in guaranteed loan financing account.

Shaded entries are automatically calculated by MAX.

Equals net present value of cash flows for loan guarantees.

Positive amounts on line 3300 indicate the fund is making a profit. A downward subsidy reestimate is needed to bring line 3300 down to zero.

ASSUMPTIONS

Spendout rate:
50% 1st year
40% 2nd year
10% 3rd year

Program and Financing Schedule

Liquidating Account (MAX Schedule P)

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

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

There should be no unobligated balance at the end of the fiscal year.

Shaded entries are automatically generated by MAX.

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:			
	Permanent:			
60.05	Appropriation (indefinite)			367
	Spending authority from offsetting collections:			
68.00	Offsetting collections (cash)	2,299	2,234	1,808
68.27	Capital transfer to general fund	–159	–239	
68.47	Portion applied to repay debt	–1,199	–1,077	–958
68.90	**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 permanent authority**	**741**	**718**	**1,017**
86.98	**Outlays from permanent 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)

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

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	104	98
	Disbursements:			
1231	Direct loan disbursements	5	.....	.....
	Repayments:			
1251	Repayments and prepayments	–3	–6	–7
	Write-offs for default:			
1263	Direct loans	–10	.....	.....
1290	Outstanding, end of year	104	98	91

Shaded entries are automatically calculated by MAX.

In the liquidating account status of direct loans:

—there will be no direct loan obligations
—outstandings, repayments, prepayments, and write-offs for default will be shown only for pre-1992 direct loans.

Status of Guaranteed Loans
Guaranteed Loan Liquidating Account (MAX Schedule H)

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

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	4,254	3,949
	Disbursements:			
2231	Disbursements of new guaranteed loans	122		
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	4,254	3,949	3,561
	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.
—outstandings, repayments and prepayments will reflect only pre-1992 loan guarantees.

Narrative Statements on Program and Performance

34.1. Purpose and content of narrative statements.

Narrative statements describe the performance goals, objectives, outputs, and outcomes related to an account. The statements should discuss how the budget year request supports these performance goals, objectives, outputs, and outcomes and be consistent with agency strategic plans and annual performance plans. (See Part 2 of this Circular.) 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 should be addressed. Statements should be written in a concise manner that reflects the actual or estimated effects of the expenditure of resources in an account. (For instructions related to policy justifications, which are required in an agency's congressional justification and are subject to clearance by OMB, see section 12.9.)

Each account requires a narrative statement if there is ongoing activity in the current or budget year. Supplemental requests, rescission proposals, and items proposed for later transmittal also require separate narrative statements for each presentation.

Performance indicators and performance goals.—The statements should discuss both the short-range and the long-range performance goals of the program, and include data on significant performance indicators where appropriate. The statements can also include, as appropriate, performance indicators contained in the agency's annual financial statements or other appropriate indicators.

Generally, performance indicators which focus on outputs or outcomes should be used 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. Tables may be used 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, the discussions should address the nature of the reimbursable work performed. The discussions may 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, narrative statements are not required for (a) accounts in which there are only obligated balances for all years (e.g., consolidated schedules for expired accounts); or (b) 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.

34.2. Style and form of narrative statements.

Narrative statements for accounts presented in the previous year's budget will be forwarded on reprinted galleys to the agencies for editing. Narrative statements for accounts not included in the reprinted galleys (e.g., new accounts or supplemental requests) will be prepared as new print materials. More detailed instructions on reprinted galleys and new print materials are provided in section 30.

The narrative statements should be written in a concise, factual manner. The statements should be oriented toward the policies and objectives for the budget year. The history, authorizing statutes, and other legal references should not be discussed, 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. Quantitative tables that compare both significant program performance and dollar data should be included.

Narrative statements may use the separate activities or subactivities listed in the program and financing schedule as the basis for the discussion. The items will be identified in side headings by the title used in the obligations by program activity section of the program and financing schedule.

34.3. 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, the narrative statement of the account that finances the major portion of the program activity (i.e., the ''primary'' account) will include a table in the format of exhibit 34 that shows the total costs and all sources of funding for the program. The table will list the primary account and any other accounts (i.e., ''supplementing'' ac-

counts) 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.

The table will display the budget authority, outlays, and FTE for PY–BY for the primary account and for each of the supplementing accounts. Program totals will also be provided. Agencies should consult with their OMB representative on the designation of major programs and the form and content of the information presented in the narrative table.

34.4. Narrative statements for revolving funds.

The narrative statement for a revolving fund 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, these side headings will be used for each of the major topics to be covered.

Budget program.—This section will discuss the budget programs of each major activity shown in the program and financing schedule.

Financing.—Significant amounts relating to financing should be explained in this section, if necessary. Total authority to borrow, as well as amounts actually borrowed or repaid, should also be discussed here.

Operating results.—This section will discuss any significant information relating to revenue, expense, and net income or loss. It will explain the steps being taken to dispose of any deficits and the planned disposition of net earnings. The narrative will 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, a specific recommendation will be made on the application of the retained earnings or restoration of capital impairment at the end of the past year. The recommendation should indicate: (a) the amount of retained income to be returned to the Treasury and the use to be made of the remainder, if any; and (b) whether restoration of any capital impairment is required and whether this should be done by appropriations or other means.

34.5. Narrative statements for Federal credit programs.

Narrative statements will cover direct loan and loan guarantee activities, addressing any significant change in the program objectives of the credit activities. In addition, agencies should address significant factors in developing subsidy estimates, such as default rates and interest rates charged to borrowers. In addition, where relevant, agencies should provide information about how risk categories (see section 33.4(u)) are defined. The discussion for loan guarantee programs also will indicate whether the full amount of the loan is guaranteed or, in other cases, the percentage of the loan covered by the guarantee.

In addition, the following paragraphs should be used, 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.

34.6. Narrative statements in special cases.

The narrative statement should be tailored to explain any special circumstances affecting the method of financing the program.

Permanent budget authority.—The narrative statement will indicate the legal basis for the authority (since no appropriations language is presented for such items). In addition, for permanently appropriated special and trust fund accounts, the statement should 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, the narrative statement will 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.—The narrative statement 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 will state the amount of the limit and will discuss the position of the fund with respect to the limit during the budget year. The discussion will include an estimate of how close to the limit the fund will approach during the year.

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

Object Classification (MAX Schedule O)

Summary of Changes

—Obligations financed by direct budget authority that provides working capital for noncredit revolving funds will be classified as reimbursable (sec. 35.4).
—Obligations for insurance programs financed by spending authority from offsetting collections will be classified as reimbursable (sec. 35.4).
—Terminology used in object class definitions to describe information technology has been updated (sec. 35.5).
—The definition of purchases of goods and services from Government accounts clarifies that purchases from State and local governments are excluded (sec. 35.5).

35.1. Purpose.

Object classification is used to report obligations for PY–BY for each account according to the nature of the services or articles procured. Object class information is required for accounts with program and financing schedules, including schedules for supplemental requests, rescission proposals, and legislative proposals. This information is required for all accounts, except for credit financing accounts.

Obligations are classified by the initial purpose for which they are incurred, rather than for the end product or service provided. For example, if an agency pays directly for personal services or supplies used in the construction of a building, the amounts should be classified as obligations for personnel compensation or supplies rather than for land and structures. Conversely, if an agency contracts for the construction of a building, the amounts should be classified in the object class for lands and structures rather than in the object class used to report individual types of materials and services required to construct the building.

35.2. General rules.

The following general rules should be used to report data in object class schedules. These schedules must have adequate accounting support.

Reporting threshold.—Object class data will be reported in millions of dollars. If obligations in any object class for any year are more than $500 thousand, they will be rounded to the nearest million and reported in that object class. The sum of below threshold amounts that round to $1 million or more will be reported in object class 99.5. If obligations for this object class round to $500 thousand or less in any year, those amounts should not be reported (see section 35.5).

Reimbursable obligations, as defined in section 14.2(j), are reported by object class separately from obligations for the direct program. Reimbursements (including advances) paid from one account to another generally are reported by the paying account as a lump sum under the object class that represents the nature of the intragovernmental transaction. Obligations are reported in the receiving (performing) account as they are incurred, under the appropriate object class from the standpoint of the services or articles actually procured.

Allocations.—For accounts that have allocations to other organizational units, obligations incurred under the allocation are included in the object class schedule of the parent account but are identified separately (see section 35.4(b)).

Limitations on administrative and nonadministrative expenses.—For revolving or trust funds that have annual limitations on administrative or other expenses, separate object class schedules are required for total transactions of the fund and for each limitation for which there is a separate program and financing schedule.

Relationship to program and financing schedules.—Obligations reported in object class schedules (MAX schedule O) must agree with obligations reported in the program and financing (MAX schedule P) schedules. Specifically:

—Total new obligations in MAX schedule O on line 9999 must equal the total new obligations reported in MAX schedule P on line 10.00; and
—Subtotals for reimbursable obligations on line 2990 in MAX schedule O must equal the corresponding subtotals for reimbursable obligations reported in MAX schedule P.

Line numbers for direct and reimbursable obligations in the program and financing schedules have been standardized, as prescribed by section 32.2(b). MAX edit checks will be used to ensure that obligations reported in MAX schedules P and O are consistent. (See sections 35.4(a) and 35.5 for line numbers to be used to report object class data in MAX schedule O.)

Expenditure transfers between Federal accounts.—

Reimbursable obligations.—When transfers between Federal accounts finance the purchase of goods, services, or jointly-funded grants or projects (i.e., reimbursable activities), the paying account will usually report direct obligations in object class 25.3 and the receiving (performing) account will distribute the obligations incurred in performing the work as reimbursable obligations under the appropriate object class. The description of object class 25.3 indicates cases where reimbursable obligations are classified in other object classes (see section 35.5).

Transfers to shift resources with no benefit to the paying account.—These are intragovernmental expenditure transfers that merely move resources between accounts with no benefit to the paying account and are not otherwise classified. Such transfers result from appropriations action or general transfer authority (e.g., the financial interchange between social security and the Railroad Retirement Board). For these transfers, 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. (By contrast, transfers by the paying account to finance reimbursable activities should be reported as direct obligations on line 25.3.)

35.3. Personnel compensation.

For the purposes of reporting personnel compensation, the definitions described below apply.

Compensation for full-time permanent employment is regular pay paid directly to full-time permanent employees and other payments that become part of the employee's basic rate of pay. *Full-time permanent employees* are defined as those who are full-time, have permanent appointments as defined by the Office of Personnel Management, and are reportable to the Office of Personnel Management as Federal employees. The nature of the employee's appointment is controlling, not the nature of the position.

Full-time permanent employees include:

—full-time employees in the Competitive Service with career and career-conditional appointments;

—full-time permanent employees in the Excepted Service whose appointments carry no restriction or condition (including employees in the Excepted Service who are serving trial periods or whose tenure is equivalent to career-conditional tenure in the Competitive Service, and excluding those serving on indefinite appointments and appointments limited to a specific time); and

—full-time employees in the Senior Executive Service (SES) with career appointments as defined in 5 U.S.C. 3132(a)(4) and noncareer appointments as defined in 5 U.S.C. 3132(a)(7).

Compensation for part-time employment is regular pay for 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.

Compensation for temporary employment is regular pay for full-time employment for a limited period of time that is generally less than a year, for example, seasonal employment of employees without permanent appointments. It also includes regular pay for employees with term appointments and pay for employees whose tenure is without a specific time limitation, but not actually or potentially permanent, i.e., indefinite appointments.

Compensation for intermittent employment is regular pay for consultants and other employees with appointments that require work on an irregular or occasional basis, with hours or days of work not based on a prearranged schedule. Compensation is paid only for the time actually employed or services actually rendered.

Overtime is pay above the basic rate for services in excess of the established work period, usually a 40-hour week or an 8-hour day. It includes pay for overtime hours 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.

Supervisory differential 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 and is not a part of basic pay.

Holiday pay is pay above the basic rate for services of 8 hours or less on holidays or days treated as holidays. *Holiday hours* are defined in 5 U.S.C. 5546(b).

Sunday pay is pay above the basic rate for 8 hours or less of regularly scheduled work performed on Sundays.

Nightwork differential is pay above the basic rate for regularly scheduled nightwork.

Hazardous duty pay is pay above the basic rate because of assignments involving performance of duties that subject the employee to hazards or physical hardship.

35.4. Reporting requirements and format.

(a) Computer requirements for reporting object class amounts.—All object class amounts reported for the budget are entered into the MAX schedule O (see section 20.1). In most cases, agencies are responsible for entering the data directly into the MAX. In all other cases, agencies will provide marked-up computer runs (see section 20.2).

Data are reported by the types of categories listed below and by the object classes in which the data are classified (see section 35.5.).

Line Number	Category
1xxx	Direct
2xxx	Reimbursable
3xxx	Allocation account
6xxx	Limitation account—direct
7xxx	Limitation account—reimbursable
8xxx	Limitation account—allocation
9xxx	Total obligations

Direct and reimbursable obligations will be separately identified, as appropriate, in nonrevolving funds. Obligations in noncredit revolving funds, including obligations financed by direct appropriations or other direct budget authority, are classified as reimbursable. (Obligations in credit program or liquidating accounts are classified as direct obligations.)

(b) Printing requirements and format for object class schedules.—General requirements for processing of print materials for object class data are included in section 30.1. In most cases, a separate printed object class schedule is required (see exhibits 35A and 35B). However, when all transactions fall in a single object class and are reported on a single line number, a separate printed object class schedule is not required. The appropriate object class will be identified in parentheses at the end of the stub entry for line 10.00 of the program and financing schedule, e.g., ''(object class 41.0)''. (Note: Even though object class data are printed as a stub entry to the program and financing schedule, the data must be entered in MAX schedule O.)

Object class codes in printed schedules.—In the printed object class schedules, object classes will be identified by the last three digits of the four-digit line number. For example, line number 1111 will print as ''11.1 Full-time permanent'' under the ''Personnel compensation'' heading. Section 35.5 identifies the last three digits of the line number and provides definitions for the object classes.

Standard titles and the use of subcategories.—Standard titles, as listed in section 35.5, should be used to identify object class amounts.

If it is necessary to show a subcategory within any object class, subentries may be used. The subentries will appear in the schedule under a heading using the standard title for the object class to which they belong. Amounts for each subentry should be reported on the line number for the appropriate object class category (see section 35.4(a) above).

Reimbursable programs.—When production of goods and services are financed in an account from reimbursements, the object class data are entered into MAX using the line 2xxx, as stated in section 35.4(a) above. Reimbursable obligations also include jointly-funded projects to carry out grant programs or other projects of common interest supported by more than one Federal agency. (See section 14.2(j) for a definition of reimbursable obligations.)

The subtotal for all reimbursable object class entries will be automatically calculated on line 2990. A subtotal is required, even if reimbursable obligations are reported only in one object class. The detailed object class information is required for the data base and is printed in a separate report, *''Object Class Analysis—Detail.''* For non-revolving funds, this detail will *not* be printed in the *Budget Appendix*. A single entry for the subtotal will be printed, titled ''Reimbursable obligations.'' For revolving funds, reimbursable detail will always be printed.

Insurance programs financed by spending authority from offsetting collections credited to an expenditure account are classified as reimbursable.

Reimbursable obligations within a limitation account are reported on a different line number (see section 35.4(a)).

Allocation accounts.—In the case of accounts that have allocations, the object class schedule will be divided into two sections. The parent agency or bureau will be shown first; the allocation will be shown second. The parent agency or bureau will be identified in a center heading.

Where there is only one allocation, the center heading of that section will read ''Allocation to [Name of bureau (if in the same agency) or other agency]''. No distribution of total obligations by organizational unit is required.

Where there are two or more allocations, the allocation section will contain the combined obligations for all allocations (see exhibit 35B). The

center heading will read ''Allocation accounts''. The final entry will read ''Subtotal, obligations, allocation accounts''. A distribution of the total obligations by organizational unit (including the parent agency) will be appended to the end of the schedule under a side heading, ''Obligations are distributed as follows:'' This distribution is a text table; data must be marked on the galleys, since the information is not entered in MAX.

The parent organizational unit will be listed first, followed by entries for each bureau within the same agency and for other agencies receiving an allocation in budget order. (If allocations are made to two or more bureaus in another agency, the amounts will be consolidated in a single entry for that agency.) Complete object class information for each allocation account must be included in the justification submitted by the parent agency.

Accounts with both allocations and reimbursable obligations.—The object class schedule for accounts with both reimbursable obligations and allocations to other organizational units will be constructed with two major groupings. The first grouping will contain entries for both direct and reimbursable obligations of the parent agency. This grouping will be under a centered title naming the parent agency or bureau. The second grouping will contain entries for all allocation obligations, which are reported on line 3xxx.

Subtotals and totals.—In all cases where the schedule contains more than one section, the subtotals for the individual sections will be generated automatically on line x990 in MAX. ''Total new obligations'' will be automatically generated on line 9999.

(c) Advisory and assistance services object class data.—As required by law, obligations for advisory and assistance services, formerly called consulting services, are required to be reported separately from other contractual services (see object class 25.1 in section 35.5).

35.5. Object class definitions.

The entries used to report object class data and definitions of those object classes are provided below.

Code and Standard Title	Definition
PERSONAL SERVICES AND BENEFITS (Object classes 11.1 through 13.0)	
Personnel Compensation	Gross compensation for personal services rendered to the Government by Federal civilian employees, military personnel, and non-Federal personnel. (See object classes 11.1–11.9).
11.1 Full-time permanent	Regular salaries and wages paid directly to civilian full-time permanent employees, as defined in section 35.3, and other payments that become a part of the employee's basic pay rate (e.g., geographic differentials and critical position pay). Includes regular salaries and wages paid to employees while on annual, sick, compensatory or other paid leave, and lump sum payments for annual leave upon separation; excludes compensation above the basic rate, (e.g., for overtime or other premium pay, which should be recorded in object class 11.5). Includes regular pay of the commissioned officers of the Public Health Service and the National Oceanic and Atmospheric Administration. Where employees are paid from more than one appropriation, the applicable portion will be included under each appropriation. Include compensation for all workdays in the fiscal year.
11.3 Other than full-time permanent	Regular salaries and wages, including obligations for lump sum payments for annual leave upon separation, paid directly to Federal civilian employees for part-time, temporary, or intermittent employment, as defined in section 35.3. Includes pay for employees in the Competitive and Excepted Services with appointments that are not designated as full-time permanent under object class 11.1. Includes pay for employees in the Senior Executive Service who are serving under limited term appointments, as defined in 5 U.S.C. 3132(a)(5), and under limited emergency appointments, as defined in 5 U.S.C. 3132(a)(6). ***Note:*** When the Government contracts with an individual for personal services and that individual is reportable under Office of Personnel Management regulations as a Federal employee, the compensation for services normally will be classified under object class 11.3 or 11.5, as appropriate. On the other hand, payments to a contractor principally for the personal services of a group of the contractor's employees will be classified according to the type of contract involved (e.g., personal services contracts for operation and maintenance of facilities will be classified under object class 25.4).

Code and Standard Title	Definition
11.5 Other personnel compensation	All personnel compensation above basic rates paid directly to civilian employees. Excludes cash allowances for higher cost of living locations, which are classified under object class 12.1. Includes overtime, holiday pay, Sunday pay, night work differential, supervisory differential, and hazardous duty pay, as defined in section 35.3. Also includes: *Post differentials*—Payments authorized under 5 U.S.C. 5925 above the basic rate for service at hardship posts abroad that are based upon conditions of environment differing substantially from those in the contiguous 48 States and the District of Columbia. *Other payments above basic rates*—Payments above the basic rate for any 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. Excludes special pay which is classified under object class 12.1. *Cash incentive awards*—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.
11.7 Military personnel	Pay of military personnel including amounts above basic rates; for example, overtime, holiday pay, night work differential, hazardous duty pay, flight pay, and 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 are classified under object class 12.2). Also includes basic allowances for subsistence (BAS) and for quarters (BAQ). Excludes payments made to other agencies for services of military personnel on reimbursable detail, which are classified under object class 11.8.
11.8 Special personal services payments	Regular salaries and wages paid directly to persons whose workyears are not reportable to the Office of Personnel Management as Federal civilian employees and payments for personal services that do not represent salaries or wages paid directly to Federal employees. Includes: *Compensation of persons not reportable as Federal employees*—Payments for compensation to persons not included in regular employment reports to the Office of Personnel Management, such as: witnesses, casual workers, and patient and inmate help. Includes compensation in the nature of allowances to trainees and volunteers. Also includes payments for salary equalization authorized under 5 U.S.C. 3373 and 3584 for individuals on leave of absence for employment with international organizations or State and local governments. (During the period of leave of absence, such persons are not included in reports on Federal employment to the Office of Personnel Management if the Federal agency pays 50 percent or less of the person's salary.) *Payments for reimbursable details*—Payments made to other agencies for services of civilian employees and military personnel on reimbursable detail (both compensation and personnel benefits). Excludes other payments for reimbursable activities between Government accounts, which are classified in object class 25.3. *Agency reimbursement to the Civil service retirement and disability fund for reemployed annuitants*—Payments by an agency employing an annuitant to reimburse the Civil service retirement and disability fund for the annuity paid to that employee, as required by Public Law 94–397 (5 U.S.C. 8339, 8344).
11.9 Total personnel compensation	Total of the amounts shown for object classes 11.1 through 11.8.
Personnel Benefits	Benefits for currently employed Federal civilian, military, and certain non-Federal personnel. (Payments of benefits to certain former Federal civilian and military personnel are classified under object classes 13.0 and 42.0.) (See object classes 12.1 and 12.2.)
12.1 Civilian personnel benefits	Cash allowances paid directly to Federal civilian employees and payments to other funds for the benefit of these employees, and benefits authorized by statute to be paid, including those to certain non-Federal civilian employees. This object class consists of all such payments whether or not the personnel compensation of these employees is classified under object classes 11.1 through 11.8. Benefit payments for non-Federal civilian employees under this object class include persons not reportable to the Office of Personnel Management as Federal employees, e.g., Peace Corps and VISTA volunteers, Job Corps enrollees, and U.S. Department of Agriculture Extension Service agents. Excludes cash incentive awards classified under object class 11.5 and perquisites provided in kind (which are classified under the object class representing the nature of the item purchased), and payments to former employees resulting from their employment.

Code and Standard Title	Definition
	Includes: *Recruitment and retention incentives*—Payments above the basic rate for recruitment bonuses, relocation bonuses, and retention allowances authorized by 5 U.S.C. 5753 and 5754. *Reimbursement for professional liability insurance*—Payments to reimburse qualified Federal employees for one half the cost of professional liability insurance premiums, as authorized by P.L. 104–208. *Allowances*—Includes quarters allowances, uniform allowances (when paid in cash), special pay that is paid in a lump sum, reimbursements for notary public expenses, and allowances above basic rates of pay for service outside the contiguous 48 States and the District of Columbia to compensate for a substantially higher cost of living at the post of assignment than the cost of living in the District of Columbia (as authorized under 5 U.S.C. 5924 and 5941). Also includes allowances for separate maintenance, education for dependents, transfers for employees stationed abroad, and personal allowances based upon assignment or position. *Relocation and other expenses related to permanent change of station (PCS)*—Includes authorized allowances for expenses incurred in connection with the sale of a residence, or settlement of an unexpired lease, subsistence while occupying temporary quarters, and miscellaneous moving expenses, as authorized under 5 U.S.C. 5724a. Also includes reimbursement of amounts equal to income taxes incurred by transferred employees for moving or storage expenses under 5 U.S.C. 5724b and contractual charges for relocation services under 5 U.S.C. 5724c. Charges for other PCS expenses are classified under object class 12.2, 21.0, 22.0, or 25.7, as appropriate. *Payments to other funds*—Includes employer's share of employee retirement, life insurance and health insurance benefits, accident compensation (e.g., payments to the Office of Worker's Compensation), Federal Insurance Contribution Act taxes, and other such payments. Includes agency payments to finance fiduciary insurance costs of the Federal Retirement Thrift Investment Board. Also includes agency $80 payments to the Civil service retirement and disability fund (CSRDF) for PY and CY for currently-employed CSRS and FERS personnel, as required under the Federal Workforce Restructuring Act of 1994 (5 U.S.C. 2101). **Note.**—After 1998, agencies are no longer required to make the $80 payments to CSRDF. *Subsidies for commuting costs*—Includes payments to subsidize the costs of Federal civilian employees in commuting by public transportation.
12.2 Military personnel benefits	Cash allowances and payments to other funds for military personnel. Includes: *Allowances*—Includes uniform allowances (when paid in cash) and reenlistment bonuses. Also includes cost-of-living allowances paid to personnel on duty outside the contiguous 48 States and the District of Columbia, dislocation and family separation allowances, and personal allowances based upon assignment or rank. (Excludes hazardous duty pay, flight pay, extra pay based upon conditions of environment, and other such pay, which are classified under object class 11.7, and benefit payments to veterans resulting from their past service.) *Payments to other funds*—Includes the employer share of military retirement, Federal Insurance Contribution Act taxes, Servicemen's Group Life Insurance premiums, and education benefits. *Subsidies for commuting costs*—Includes payments to subsidize the costs of military personnel in commuting by public transportation.
13.0 Benefits for former personnel	Benefits due to former employees or their survivors on the basis of (at least in part) the length of service to the Government. Excludes benefits provided in-kind, such as hospital and medical care, which are classified under the object class representing the nature of the items purchased. Includes: *Retirement benefits*—Compensation 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 under object class 42.0. *Separation pay*—Severance payments to former employees involuntarily separated through no fault of their own and voluntary separation incentive (VSI) payments to employees who voluntarily separate from Federal service.

Code and Standard Title	Definition
	Other benefits—Payments to other funds for ex-Federal employees and ex-servicepersons (e.g., agency payments to the unemployment trust fund for ex-employees and one-time agency payments of 9 percent 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 includes Government payment to the Employees health benefits fund for annuitants.
	CONTRACTUAL SERVICES AND SUPPLIES (Object classes 21.0 through 26.0)
21.0 Travel and transportation of persons	Obligations for transportation of Government employees or others, their per diem allowances while in an authorized travel status, and other expenses incident to travel that are to be paid by the Government either directly or by reimbursing the traveler. This object class 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. In determining subclasses for administrative use, agencies may maintain such distinctions as they deem appropriate, including a separate subclass for rental of vehicles from interagency motor vehicle pools. Includes: *Transportation of persons*—Contractual obligations for services in connection with carrying persons from place to place, by land, air, or water and the furnishing of accommodations incident to actual travel. Includes 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.) Includes mileage allowances for use of privately owned vehicles and related charges that are specifically authorized (such as highway and ferry tolls). It includes rental or lease of passenger motor vehicles from Government motor pools. Also includes bus, subway, streetcar, and taxi fares (including tips), whether used for local transportation or for travel away from a designated post of duty. *Subsistence for travelers*—Payments to travelers of per diem allowances or reimbursement of actual expenses for subsistence. Other types of subsistence payments are classified in object class 25.8. *Transportation expenses incident to permanent change of station (PCS)*—Payments to employees for transportation expenses and per diem allowances or reimbursement of actual travel expenses associated with a permanent change of station (including travel expenses and per diem for the employee's immediate family), as authorized under 5 U.S.C. 5724a. Charges for other PCS expenses are classified under object class 12.1, 12.2, 22.0, or 25.7, as appropriate. *Incidental travel expenses*—Other expenses directly related to official travel, such as baggage transfer, and telephone and telegraph expenses, as authorized by travel regulations.
22.0 Transportation of things	Contractual obligations for the transportation of things (including animals), for the care of such things while in process of being transported, and for other services incident to the transportation of things. (Excludes transportation paid by a vendor, regardless of whether the cost is itemized on the bill for the commodities purchased by the Government.) Includes: *Freight and express*—Charges by common carrier and contract carrier, including freight and express, demurrage, switching, recrating, refrigerating, and other incidental expenses. *Trucking and other local transportation*—Charges for hauling, handling, and other services incident to local transportation, including contractual transfers of supplies and equipment. *Mail transportation*—Postage used in parcel post and charges for express package services (i.e., charges for transporting freight). (It excludes other postage and charges that are classified under object class 23.3.) *Transportation of household goods related to permanent change of station (PCS) travel*—Payments to Federal employees for transportation of household goods and effects or house trailers in lieu of payment of actual expenses when payment is for transfer of personnel from one official station to another. Charges for other PCS expenses are classified under object class 12.1, 12.2, 21.0, or 25.7, as appropriate.

Code and Standard Title	Definition
Rent, Communications, and Utilities	Charges for possession and use of land, structures, or equipment owned by others and charges for communication and utility services. Excludes charges for rental of transportation equipment, which are classified under object class 21.0 or 22.0. (See object classes 23.1 through 23.3.)
23.1 Rental payments to GSA	Direct obligations for rental of space and rent related services assessed by the General Services Administration (GSA) as rent, formerly known as standard level user charges (SLUC). Excludes charges for related services provided by GSA in addition to services provided under rental payments, e.g., extra protection or extra cleaning, which are classified under object class 25.2 or 25.3.
23.2 Rental payments to others	Obligations for possession and use of space, land, and structures leased from a non-Federal source. Rental payments to 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, will be classified under object class 25.3.
23.3 Communications, utilities, and miscellaneous charges	Includes: *Rental of information technology equipment*—Obligations for the rental of 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, such as mainframe, mid-tier, and workstation computers. Includes charges for rental or lease of hardware or software. Excludes contractual services involving the use of equipment in the possession of others, such as computer time-sharing or data center outsourcing, which are reported under object class 25.7. *Information technology services*—Obligations for data communication services (including data, voice, and wireless), such as long-distance telephone services from other Federal agencies or accounts. Excludes charges for maintenance of information technology and related training and technical assistance, when significant and readily identifiable in the contract or billing, which are classified under object class 25.7. *Postal services and rentals*—Obligations for postage (excluding parcel post and express mail service for freight); contractual mail (including express mail service for letters) or messenger service; and rental of post office boxes, postage meter machines, mailing machines, and teletype equipment. *Utility services*—Obligations for heat, light, power, water, gas, electricity, and other utility services. *Miscellaneous charges*—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.) Excludes payments under lease-purchase contracts for construction of buildings, which are classified under object class 32.0 or 43.0, and for lease-purchase contracts for information technology and telecommunications equipment, which are classified under object class 31.0.
24.0 Printing and reproduction	Obligations for contractual printing and reproduction (including photocomposition, photography,blueprinting, photostating, and microfilming), and 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. Includes all common processes of duplicating obtained on a contractual or reimbursable basis. Includes publication of notices, advertising, radio and television time, when done by contract. Also includes standard forms when specially printed or assembled to order and printed envelopes and letterheads. ***Note:*** This object class consists of traditional printing technologies, including typesetting and lithography, as well as the outputs of photostatic reproduction equipment. In determining subclasses for administrative use, agencies may appropriately maintain a distinction between traditional printing technologies and photostatic reproduction.
Other contractual services	Contractual services for advisory and assistance services, purchases of goods and services from Government accounts, operation and maintenance of facilities and equipment, payments for medical care, research and development (R&D) contracts, subsistence and support of persons and other services not otherwise classified. Supplies and materials furnished by the contractor in connection with advisory and assistance services or other services are included, based on the type of contractual services involved.

Code and Standard Title	Definition
25.1 Advisory and assistance services	Obligations for advisory and assistance services acquired by contract from non-governmental sources to support or improve organization policy development, decision-making, management, and administration; support program and/or project management and administration; provide management and support services for R&D activities; provide engineering and technical support services; or improve the effectiveness of management processes or procedures. Such services may take the form of information, advice, opinions, alternatives, analyses, evaluations, recommendations, training, and technical support. Also includes interagency agreements for advisory and assistance services. Excludes information technology consulting services, which have large scale systems acquisition and integration or large scale software development as their primary focus—both of which are be classified under object class 31.0. Also excludes personnel appointments and advisory committees, which are classified under object class 11.3. Also excludes obligations for contracts with the private sector for operation and maintenance of information technology and telecommunication services, which are classified under object class 25.7; architectural and engineering services as defined in the Federal Acquisition Regulations (FAR) 36.102 (40 U.S.C. 541); and research on theoretical mathematics and basic medical, biological, physical, social, psychological, or other phenomena. Other contractual services classified in object classes 25.2 through 25.8, and 26.0 are excluded. This object class consists of the following three categories: *Management and professional support services*—Obligations for contractual services that provide assistance, advice, or training for the efficient and effective management and operation of organizations, activities (including management and professional support services for information technology and R&D activities), or systems. These services are normally closely related to the basic responsibilities and mission of the agency contracting for the services. Includes efforts that support or contribute to improved organization of program management, logistics, management, project monitoring and reporting, data collection, budgeting, accounting, performance auditing, and administrative/technical support for conferences and training programs. Excludes auditing of financial statements, which is classified as other services in object class 25.2. *Studies, analyses, and evaluations*—Obligations for contractual services that provide organized, analytic assessments/evaluations in support of policy development, decision-making, management, or administration. Includes studies in support of information technology and R&D activities. Also includes obligations for 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)*—Obligations for contractual services used to 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)) to 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;* or to 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. Includes information technology consulting services, such as information technology architecture design and capital programming, and investment control support services. Includes 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	Obligations for contractual services with the private sector that are not otherwise classified will be reported under this object class. Excludes obligations for advisory and assistance services contracts, which are classified under object class 25.1. Also excludes obligations classified under other object classes for contractual services and supplies (object classes 21.0, 22.0, 23.1–23.3, 24.0, 25.1, 25.3–25.8, and 26.0). Obligations for services in connection with the initial installation of equipment, when performed by the vendor, which are classified under object class 31.0, are excluded. Also excludes expenditure transfers between Federal accounts, which are classified in object classes 25.3 and 92.0, as described below. Excludes repair, maintenance, and storage of vehicles and storage of household goods, which are classified under object class 25.7. Also excludes repairs and alterations to buildings, which are classified in object classes 25.4 or 32.0, respectively, and subsistence and support of persons, which is classified as object class 25.8. ***Note:*** Obligations for research and development are reported in object classes 25.1, 25.4, and 25.5, as appropriate. Includes:

Code and Standard Title	Definition
	Auditing—Includes obligations for auditing of financial statements when done by contract with the private sector. Excludes performance auditing, which is classified in object class 25.1. *Typing and stenographic service contracts with the private sector.* *Tuition*—Includes obligations for the general education of employees (e.g., for courses for credit leading to college or post graduate degrees). Excludes tuition for training closely-related to the basic responsibilities and mission of the agency, which are classified under object class 25.1. *Fees and other charges*—Fees for abstracting land titles, premiums on insurance (other than payments to the Office of Personnel Management), and surety bonds.
25.3 Purchases of goods and services from Government accounts	Obligations for purchases from other Federal agencies or accounts that are not otherwise classified. Includes rental payments to agencies other than GSA. Includes interagency agreements for contractual services (including the Economy Act) for the purchase of goods and services, except as described below. ***Note:*** Excludes obligations for purchases from State and local governments, the private sector, and Government sponsored enterprises. Also excludes obligations for data communication services (voice, data, and wireless) from other agencies or accounts, which should be classified in object class 23.3. Excludes agreements with other agencies to make repairs and alterations to buildings, which are classified in object classes 25.4 or 32.0, as appropriate; storage and maintenance of vehicles and household goods, which are classified in object class 25.7; and subsistence and support of persons, which is classified in object class 25.8. Excludes obligations for interagency contracts for development of software, or for software or hardware maintenance, which are classified in object classes 31.0 and 25.7, respectively. *Expenditure transfers between Federal accounts*—Includes obligations that finance the purchase of goods, services, or jointly-funded grants or projects (i.e., reimbursable activities) through transfers between Federal accounts (see also object class 92.0). Excludes interagency contracts for advisory and assistance services, which are classified in object class 25.1, and payments made to other agencies for services of civilian employees or military personnel on reimbursable detail, which are classified in object class 11.8. Also excludes obligations for contractual services classified under object classes 21.0, 22.0, 23.1–23.3, 24.0, 25.1, 25.2, 25.4–25.8, and 26.0.
25.4 Operation and maintenance of facilities	Includes obligations for the operation and maintenance of facilities when done by contract, including Government-owned contractor-operated facilities (GOCOs). Includes service contracts and routine repair of facilities and upkeep of land. Also includes obligations for operation of facilities engaged in research and development activities. Excludes alterations, modifications, or improvements to facilities and land, which are classified in object class 32.0.
25.5 Research and development contracts	Research and development contracts, except R&D reported as advisory and assistance services (object class 25.1) or as operation and maintenance of R&D facilities (object class 25.4). Includes contracts for the conduct of basic and applied research and development activities.
25.6 Medical care	Obligations for payments to contractors for medical care. Includes payments to Medicare contractors; payments to private hospitals, nursing homes, or group health organizations for medical care services provided to veterans; and payments to carriers by the Employees and retired employees health benefits fund and CHAMPUS. Excludes contracts with individuals who are reportable under Office of Personnel Management regulations as Federal employees (object class 11.3 or 11.5, as appropriate) and payments to compensate casual workers and patient help (object class 11.8).
25.7 Operation and maintenance of equipment	Obligations for operation, maintenance, repair, and storage of equipment, when done by contract. *Storage and maintenance*—Obligations for contractual services for storage and care of vehicles and storage of household goods, including those associated with a permanent change of station (PCS). Obligations for other PCS expenses are classified under object class 12.1, 12.2, 21.0, or 22.0.

Code and Standard Title	Definition
	Operation and maintenance of information technology systems—Obligations for contracts to maintain information technology systems, including maintenance that is part of a rental contract, when significant and readily identifiable in the contract or billing. Excludes charges for rental of information technology systems, services and other rentals, which are classified in object class 23.3. Also excludes contracts where the principal purpose is to develop or modernize software, which are classified in object class 31.0.
25.8 Subsistence and support of persons	Obligations incurred for contractual services with the public or another Federal Government account for board, lodging, and care of persons, including prisoners (except travel items, which are classified under object class 21.0, and hospital care, which is classified under object class 25.6).
26.0 Supplies and materials	Obligations for commodities whether acquired by formal contract or other forms of purchase that are: ordinarily consumed or expended within one year after they are put into use; converted in the process of construction or manufacture; or used to form a minor part of equipment or fixed property. Excludes charges for off-the-shelf software purchases which should be classified in object class 25.1, if the purchase is an integral part of a consulting services contract, or object class 31.0, if the purchase is considered equipment. (For purposes of this Circular, other property of little monetary value that does not meet any of the three criteria listed above may also be classified in this object class at the option of the agency.) Includes: *Office supplies*—Obligations for pencils, paper, calendar pads, stenographic notebooks, standard forms (except when specially printed or assembled to order), unprinted envelopes, other office supplies, and property of little monetary value, such as desk trays, pen sets, and calendar stands. *Publications*—Obligations for purchases of or subscriptions to 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. Excludes publications acquired for permanent collections, which are classified under object class 31.0. *Information technology supplies and materials*—Obligations for data storage media, such as CD-ROM, diskettes, digital tape, manuals, and other lesser-value information technology, such as toner cartridges for laser printers or fax machines. Excludes purchases of software, which should be classified in either object class 25.1 or object class 31.0. *Chemicals, surgical and medical supplies.* *Fuel*—Obligations for fuels used in cooking, heating, generating power, making artificial gas, and operating motor vehicles, trains, aircraft, and vessels. *Clothing and clothing supplies*—Obligations for articles of clothing, together with materials and sewing supplies used in manufacture of wearing apparel. *Provisions*—Obligations for food and beverages. *Cleaning and toilet supplies.* *Ammunition and explosives.* *Materials and parts*—Obligations for commodities (including building materials) used in the construction, repair, or production of supplies, equipment, machinery, buildings, and other structures.

ACQUISITION OF ASSETS
(Object classes 31.0 through 33.0)

Note: These object classes are comprised of capitalized (i.e., depreciated) assets and non-capitalized assets. In determining subclasses for administrative use, agencies may appropriately maintain that distinction.

31.0 Equipment	Obligations for the purchase of personal property of a durable nature—that is, property that normally may be expected to have a period of service of a year or more after being put into use without material impairment of its physical condition or functional capacity. Includes obligations for service in connection with the initial installation of equipment when performed under contract. Excludes supplies and materials classified under object class 26.0. Also excludes purchase of fixed equipment, which is classified under object class 32.0, and operation, maintenance and repair of equipment classified in object class 25.7. Includes: *Transportation equipment*—Obligations for vehicles, including passenger-carrying automobiles, motor trucks, and motorcycles; tractors; aircraft; trains; and steamships, barges, power launches, and other vessels.

Code and Standard Title	Definition
	Furniture and fixtures—Obligations for movable furniture, fittings, fixtures, and household equipment. Includes desks, tables, chairs, typewriters, word processing equipment, and calculators. *Publications for permanent collections.* *Tools and implements.* *Machinery*—Obligations for engines, generators, manufacturing machinery, transformers, ship equipment, pumps, and other production and construction machinery. *Instruments and apparatus*—Obligations for surgical instruments, x-ray apparatus, electronic equipment, scientific instruments and appliances, measuring and weighing instruments and accessories, photographic equipment, picture projection equipment and accessories, and mechanical drafting devices. *Software*—Includes obligations for the purchase of custom and commercial off-the-shelf software, regardless of cost. Excludes software that is an integral part of consulting services contracts, as defined in object class 25.1. Also excludes rental of information technology systems and services, which are classified under object class 23.3. *Information technology*—Obligations for the purchase of hardware or software, e.g., central processing units (CPUs), modems, signaling equipment, telephone and telegraph equipment, large scale system integration services, and custom software. *Armaments*—Obligations for tanks, armored carriers, tractors, missiles, machine guns, small arms, bayonets, anti-aircraft guns, artillery, searchlights, detectors, fire-control apparatus, submarine mine equipment, ammunition hoists, torpedo tubes, and other special and miscellaneous military equipment.
32.0 Land and structures	Obligations for purchase of land, buildings, and other structures, nonstructural improvements, fixed equipment when acquired under contract (whether an addition or a replacement), and payments from liquidating accounts for defaulted loan guarantees on loans that have been foreclosed, so that the Federal payment results in the acquisition of a physical asset rather than a loan asset. *Land*—Obligations for the purchase of land and interest in lands, including easements and rights of way. *Buildings and other structures*—Obligations for the acquisition or construction of buildings and structures, and additions thereto, when acquired under contract. Includes alterations, modifications, and improvements in land and structures when done by contract. Excludes routine maintenance and repair of facilities, which is classified under object class 25.4. Includes principal payments under lease-purchase contracts for construction of buildings. *Nonstructural improvements*—Obligations for improvements of land, such as landscaping, fences, sewers, wells, and reservoirs, when acquired under contract. Routine maintenance and repair are classified under object class 25.4. *Fixed equipment*—Obligations for fixtures and equipment that become permanently attached to or a part of buildings or structures, such as elevators, plumbing, power-plant boilers, fire-alarm systems, lighting or heating systems, and air-conditioning or refrigerating systems (whether an addition or a replacement), when acquired under contract. Includes amounts for services for the initial installation of fixed equipment when performed under contract.
33.0 Investments and loans	Obligations for the purchase of securities and expenditures in the nature of capital for other funds. In credit liquidating accounts, includes payments for defaulted loan guarantees in those cases where the default has not resulted in foreclosure, so that the Government acquires title to the note rather than title to physical assets. If payment occurs for which there is no asset (property or enforceable notes), so that the payment is a sunk cost, it should be included under object class 42.0. Includes: *Investments in securities*—Obligations for the purchase of stocks, bonds, debentures, and other securities (except the par value of U.S. Government securities or securities of wholly-owned Government enterprises) in which money is invested either temporarily or permanently. Includes the amounts paid for interest accrued at the time of purchase and premiums paid on all investments, including payments over par value for the purchase of Government securities and discounts under par value on sales of Government securities.

Code and Standard Title	Definition
GRANTS AND FIXED CHARGES (Object classes 41.0 through 44.0)	
41.0 Grants, subsidies, and contributions	Grants (including revenue sharing), subsidies (including credit program costs), gratuities, and other aid for which cash payments are made to States, other political subdivisions, corporations, associations, and individuals; contributions to international societies, commissions, proceedings, or projects, whether in lump sum or as quotas of expenses; contributions fixed by treaty; grants to foreign countries; taxes imposed by 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. Includes readjustment and other benefits for veterans, other than indemnities for death or disability. ***Note:*** Obligations under grant programs that involve the furnishing of services, supplies, materials, and the like, 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. Includes: *Social insurance and retirement*—Payments for individuals from trust funds for social security, medicare, unemployment insurance, railroad retirement, Federal civilian retirement, military retirement, and other social insurance and retirement programs. *Other claims or indemnities*—Payments to veterans and former civilian employees or their survivors for death or disability, whether service—connected or not. Payments 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. Includes payments to or for persons displaced as a result of Federal and federally assisted programs, as authorized under 42 U.S.C. 4622–4624. Includes losses made good on Government shipments, and payments made from liquidating accounts on guarantees where no asset is received and where forgiveness is not provided by law.
43.0 Interest and dividends	Payments to creditors for the use of moneys loaned, deposited, overpaid, or otherwise made available and the distribution of earnings to owners of trust or other funds. Includes interest payments under lease-purchase contracts for construction of buildings. If payment of claims under a contract has been delayed by the Government, the interest will be recorded under the same object class used for the original contract and not in this object class.
44.0 Refunds	Payments made from an appropriation or fund account to refund amounts previously received by the Government to correct errors in computations, erroneous billing and other factors (see section 14.2(i)). Also includes amounts refunded 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). 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 14.2(i)).
OTHER (Object classes 91.0 through 99.9)	
Other	The following object classes will be used, as appropriate, when preparing agency budget submissions under this Circular. They will also be used at other times when such information is requested.
91.0 Unvouchered	Charges that may be incurred lawfully for confidential purposes, not subject to detailed vouchering or reporting, will be recorded under this object class.

Code and Standard Title	Definition
92.0 Undistributed	Charges that cannot be distributed to the classes listed above. Includes intragovernmental expenditure transfers that merely move resources between accounts with no benefit to the paying account and are not otherwise classified. Includes transfers that result from appropriations action or general transfer authority, such as the financial interchange between social security and the Railroad Retirement Board. For these transfers, 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. Excludes transfers by the paying account to finance reimbursable activities, which should usually be reported as direct obligations in object class 25.3. The description of object class 25.3 indicates cases where reimbursable obligations are classified in other object classes. This object class will be used for reporting purposes *only with the prior approval of OMB.* Once approved, specify the type of transaction as a subentry under the title, ''Undistributed'', when reporting object class 92.0 data in MAX Schedule O (see section 35.3).
93.0 Limitation on expenses	This object class is used when there is an annual limitation on administrative or nonadministrative expenses for revolving and trust funds. In the object class schedule for the revolving or trust fund, total obligations applicable to the limitation are reported as a lump sum entry without any distribution under object class 93.0. A separate object classification schedule for the limitation will distribute the lump sum obligations reported in the parent schedule in object classes 11.1 through 44.0, as appropriate, with an offsetting negative entry on line 93.0 equal to the total obligations distributed. No amount will be shown on the subtotal line (99.0) or the total line (99.9) of the separate object classification schedule for the limitation.
99.0 Subtotal, obligations*	Subtotal of entries above for direct, reimbursable, or allocation account obligations when more than one of these categories are reported in a single account and whenever any reimbursable obligations are reported in non-revolving fund accounts. The subtotal stub entry for reimbursable obligations, ''Reimbursable obligations,'' should be used, even if all reimbursable obligations are classified in a single object class category.
99.5 Below reporting threshold	Report obligations in this object class whenever data for an object class entry are below the reporting threshold (i.e., amounts are $500 thousand or less) and the sum of the below threshold amounts rounds to $1 million or more. There will be only one adjustment line per object class schedule; it will follow the last subtotal (object class 99.0) for the schedule. *Use line 9995 to report these data* (see section 35.4(a)). *Reporting amounts of more than $4 million in this object class requires OMB approval.*
99.9 Total new obligations*	This entry will equal the sum of the total new obligations for all the object class entries. The amount must equal total new obligations as shown on line 10.00 of the program and financing schedule. Only the final total of all obligations should be reported on this line. *Use 9999 to report total new obligations.* Subtotals for schedules containing two or more sections will be coded 99.0 for the individual sections.

*Entries in boldface type are automatically generated by MAX.

Object Classification—Without Allocation Accounts

(MAX Schedule O)

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.

Object Classification (in millions of dollars)

Use to show payments that do not represent salaries or wages paid directly to Federal employees (section 35.5).

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 ofequipment	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

(MAX Section O)

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.

Special Schedules

Summary of Changes

—Statements of operations and balance sheets (MAX schedules E and F) are no longer required for wholly-owned Government corporations. For noncredit public enterprise and intragovernmental revolving funds, these schedules are optional at the discretion of OMB (section 36.3).
—Information on the past year start-of-year balance in the schedule on unavailable collections (MAX schedule N) will be automatically loaded and can only be changed by OMB (section 36.6)
—An exhibit has been added to clarify reporting requirements for the schedule on budget year requests in thousands of dollars (MAX schedule T) (exhibit 36C).

36.1. Personnel summary (MAX schedule Q).

A personnel summary is used to report the total full-time equivalent employment (FTE) of straight-time compensable workyears (i.e., not overtime) financed by an account for PY through BY. A personnel summary is required whenever 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 35.5). A personnel summary is also required for allocation accounts. In these cases, the parent agency will report the obligation, but the receiving agency will report the FTE employment.

Total compensable workyears reported in the personnel summary should be consistent with total FTE employment funded by an account. Appendix E, exhibits 1E and 2E describe diagnostic reports that compare FTE levels approved by OMB with personnel levels in MAX schedule Q and personnel obligations in MAX schedule O with employment reported in MAX schedule Q.

While the definition of object class 11.1 (see section 35.5) stipulates that compensation must be included for all workdays in the fiscal year, the past year FTE data in the personnel summary normally should equal the year-end FTE usage reported on the SF 113G to the Office of Personnel Management. See section 13.3 for policies related to FTE levels.

Personnel summary schedules will be reported in MAX schedule Q and will appear after the object class schedule. Data will be reported using the entries indicated below.

Entry	Description
Xxxx	The first digit distinguishes between direct, reimbursable, and other categories, consistent with the reporting of data in the object classification schedule (see section 35.4). The following codes are used for the first digit: 1—direct 2—reimbursable 3—allocation account 6—limitation account—direct 7—limitation account—reimbursable
xXxx	The second digit distinguishes between civilian and military personnel. The following codes are used for the second digit: 0—civilian personnel 1—military personnel
xxXx	The third digit indicates whether the FTE are subject to the ceilings set forth in the Federal Workforce Restructuring Act (FWRA). The following codes are used for the third digit: 0—subject to FWRA ceilings (*Use only with prior approval of OMB.*) 1—exempt from FWRA ceilings The following have FTE who are exempt from the FWRA: 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.
xxx1 Full-time equivalent employment	This entry, stated in workyears, will reflect the total straight-time hours funded (including hours for ceiling exempt employment and excluding estimates of terminal leave and overtime and holiday hours) for all personnel whose compensation is reported in object class 11.1 or 11.3, except for FTE allocations to another agency. The methodology for calculating the workyears is as described in section 13.3.

Agencies are also required to include personnel summaries in their budget justifications to Congress.

36.2. 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 data and appears immediately following the program and financing schedule and any associated footnotes for the regular (transmittal code 0) account.

The summary normally will contain the following entries, as applicable, in the sequence shown:

Wording of 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 20.3.)
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.

36.3. Financial statements (MAX schedules E and F).

(a) General instructions.—Financial statements will be submitted for:

—all credit liquidating and financing accounts; and

—all Government-sponsored enterprise funds.

In addition, OMB may require financial statements for revolving funds (including trust revolving funds) that conduct business-like activities with the public and for intragovernmental revolving funds. The data consist of:

—a statement of operations (see section 36.3(b)) for PY–1 through BY (MAX schedule E); and

—a balance sheet (see section 36.3(c)) for PY–1 through BY (MAX schedule F).

Separate schedules are required for supplemental requests and proposed legislation items. These schedules will show the effect of the supplemental request or proposed legislation on the information presented in the regular schedules for the account.

For budget presentation purposes, data in program and financing schedules (MAX schedule P) fulfill the legal requirement (31 U.S.C. 9103) for ''business-type budget'' information on wholly-owned Government corporations in the President's budget.

(b) Statement of operations (MAX schedule E).—Statements of operations provide information on the net income (or loss) of programs. Amounts reported will be based on *accrual accounting concepts. Statements of operations are not required for credit financing accounts.*

Statements of operations will be prepared in the format of exhibit 36A, 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, the revenue, expense, and net income or loss for each program should be reported separately. A two-digit group code can be used to group data by program, as described in the *MAX User's Guide.* The statements will also provide the total revenue, expense, and income or loss of the account as a whole.

Data will be reported using the entries indicated below. In the MAX system, amounts normally will be automatically generated for total and subtotal entries.

Line number code	Description
01xx	The first digit will always be ''0'' and the second digit will always be ''1''.
01Xx	The third digit will take on the value of 0 through 8 to identify different program activities. When two or more programs are presented, a subtotal is required and will take on the value of 9.
01xX	The fourth digit will indicate whether the data represent revenue, expense, or net income or loss: 1—Revenue 2—Expense (Note: Expenses will always be entered as a negative (−) amount.) 9—Net income or loss

(c) Balance sheet (schedule F).—Balance sheets provide information on program assets, liabilities, and net position and are used to assess the resources available for Federal programs.

Balance sheets will be prepared in the format of exhibit 36B, 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.

The entries listed below will be used 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'', which instructs agencies to prepare financial statements at the entity level. The terms, definitions, and instructions provided in that bulletin will be used to prepare the balance sheets at the account level. The following table bridges from Standard General Ledger (SGL) accounts to the MAX line entry.

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. The term ''Federal'' can be used interchangeably with the term ''intragovernmental'' in OMB Bulletin No. 97–01 ''Form and Content of Agency Financial Statements.''	
1010	1101 Fund balances with Treasury	The unobligated and obligated balances with Treasury for which the agency is authorized to make expenditures and pay liabilities, including clearing account balances and the dollar equivalent of foreign currency account balances. An 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:	The total of investments in Federal securities. These consist of securities issued by Federal agencies and include 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 should be recognized for the amount of interest income earned but not received for an accounting period. Receivables from Federal agencies should be reported 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. Interest receivable related to direct loans and acquired defaulted guaranteed loans should be reported separately below as a component of credit program receivables.

SGL Account	Entry*	Description
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 as 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 periodic expenses before those expenses are incurred. Advances and prepayments made to Federal agencies are intragovernmental and are accounted for and reported separately from those made to non-Federal entities.
	Non-Federal assets: These assets arise from transactions of the Federal Government with non-Federal entities. These entities include domestic and foreign persons and organizations outside the U.S. Government. The term ''non-Federal'' can be used interchangeably with the term ''governmental'' in OMB Bulletin 97–01 ''Form and Content of Agency Financial Statements.''	
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, market value should be used when there is: (1) an intent to sell the securities prior to maturity; and (2) 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. No interest should be recognized as revenue on accounts receivable or investments that are determined to be uncollectible unless the interest is actually collected. Interest receivable related to direct loans and acquired defaulted guaranteed loans should be reported 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 as advance payments for the costs of goods and services the agency receives. Prepayments are payments made by a Federal agency to cover certain periodic expenses before those expenses are incurred.
	Credit program receivables and related foreclosed property: These items represent the net value of assets related to pre-1992 and post-1991 direct loans receivable and acquired defaulted guaranteed loans receivable.	
	Net value of assets related to post-1991 direct loans receivable:	
1350	1401 Direct loans receivable, gross	The face value of all direct loans outstanding less 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	Foreclosed property associated with post-1991 direct and acquired defaulted guaranteed loans should be valued at the net present value of the projected cash flows associated with the property. To practicably accomplish this requirement, foreclosed property may be recorded 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, the allowance account is subtracted 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.)

SGL Account	Entry*	Description
	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.
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.
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.

SGL Account	Entry*	Description
	Other Federal assets:	
1100	1801 Cash and other monetary assets	The total of all cash resources and all other monetary assets. Cash consists of: (i) coins, paper currency, and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit; (ii) amounts on demand deposit with banks or other financial institutions; (iii) cash held in imprest funds; and (iv) 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: (i) held for sale; (ii) in the process of production for sale; or (iii) 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 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	
	Liabilities are to be recognized 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. The term ''Federal'' can be used interchangeably with the term ''intragovernmental'' in OMB Bulletin 97–01 ''Form and Content of Agency Financial Statements.''	
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 amounts of borrowings 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	This item represents other liabilities that are not recognized in specific categories or lines above. This includes 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.

SGL Account	Entry*	Description
	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. The term ''non-Federal'' can be used interchangeably with the term ''intragovernmental'' in OMB Bulletin 97–01 ''Form and Content of Agency Financial Statements.''	
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.
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: (1) ownership of the property is transferred to the lessee by the end of the lease term; (2) the lease contains a bargain purchase option; (3) the lease term is substantially (i.e., 75% or more) equal to the estimated useful life of the leased property; or (4) at the inception of the lease, 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: —accrued entitlement benefits; —advances and prepayments received from other non-Federal agencies or the public for goods to be delivered or services to be performed; —deposit fund amounts held in escrow, estimated losses for commitments, and contingencies if: (1) 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 (2) 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 the estimated losses would be reported on this line are: • Insurance—Insurance payments due for losses resulting from bank failures, crop failures, floods, expropriations, loss of life, and similar unplanned events. • Indemnity Agreements—Reimbursements due to licensees or contractors for losses incurred in support of Government activities. • Adjudicated Claims—Claims against the Government that are in the process of judicial proceedings. • Commitments to International Institutions—payments due to international financial institutions.

SGL Account	Entry*	Description
	2999 Total liabilities	The sum of lines 2101 through 2207.
	NET POSITION	
	The components of net position are classified as follows:	
3100	3100 Appropriated capital	The portion of the agency's appropriations represented by undelivered orders and unobligated and expired balances. Unobligated balances may include both available and unavailable amounts.
3200	3200 Invested capital	The net investment of the Government in the reporting agency. Includes the acquisition cost of capitalized fixed assets financed by appropriations; pre-credit reform loans financed by appropriations; the additional investment in a revolving fund to commence operations or begin a new activity; less the reduction in investment due to depreciation, amortization, bad debts related to the pre-credit reform loans, sales or exchanges, donations, other disposals; the return of initial investment to an investor; or the transfer to another agency or revolving fund.
3300	3300 Cumulative results of operations	The cumulative net difference between (1) expenses and losses and (2) financing sources, including appropriated capital used, revenues (including interest income, fees, etc.), and gains, since the inception of the activity.
	3400 Deficiency appropriation requirements (PY–1 and PY only)	Amount provided to eliminate a prior year deficiency.
3501	3500 Future funding requirements	Liabilities reported in the balance sheet which are not covered by available budgetary resources.
3400, 3500, 3600	3600 Other	Other components of net position not specifically identified above.
	3999 Total net position	The sum of lines 3100 through 3600.
	4999 Total liabilities and net position	The sum of lines 2999 and 3999.

*Entries in boldface will be generated automatically.

36.4. Schedule on the status of contract authority (MAX schedule I).

A schedule on the status of contract authority is required for each account reporting contract authority in PY, CY, or BY. The schedule will follow the program and financing schedule or, if applicable, the schedule on the status of contingent emergency funding. 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. *Agencies 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.

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 21.49 and 72.49 of the program and financing schedule.
0199 Total balance, start of year	Sum of the balance entries on lines 0100.
0200 Contract authority 0210 Contract authority, supplemental request 0220 Contract authority, legislative proposal 0230 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 49.xx and 66.xx 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.

Entry*	Description
0300 Unfunded balance rescission proposal (–)	Amount of contract authority proposed for rescission. Equal to the amount on line 49.35, 49.36, 66.35 or 66.36 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 22.21 and 22.22 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 22.30 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 beginning of the fiscal year. This entry will be consistent with amounts on line 73.40 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 40.49 and 60.49 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 68.49 of 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 22.75 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 24.49 and 74.49 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.

*Entries in boldface will be generated automatically.

36.5. Schedule on the status of funds (MAX schedule J).

A schedule on the status of funds is required to report balances, cash income, and cash outgo during PY through BY for major trust funds and certain other accounts, as specified in the following table. Additional accounts may be subject to these requirements, upon the request of OMB. Changes to the coverage or reporting requirements will be coordinated by the agency's OMB representative.

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
	Education benefits
EPA	Hazardous substance superfund
	Leaking underground storage tank trust fund
IAP	Overseas Private Investment Corporation
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

The schedule will appear after the narrative statement for the account. All data will be reported under transmittal code zero. The CY and BY columns of the table will include, on separate lines, the effect of supplemental requests, rescission proposals, and proposed legislation. Appendix E, exhibit 5E, describes a diagnostic report that compares data in MAX schedule J with data derived from MAX schedules A, N, P, and R. Exhibit 8E shows the relationships between data in MAX schedules N, P, and J.

The schedule will contain the following entries, as applicable.

Wording of entry*	Description
010x 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. The amount will be divided between balances that have been invested in U.S. securities and cash balances. U.S. securities will be reported as U.S. securities (par value) and unrealized discounts. Where amounts have been borrowed from Treasury, the total amount of outstanding principal will be reported on line 0105.
0199 Total balance, start of year	Sum of the preceding entries.
02xx 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:	Amounts generally will be reported on lines 0200–0279 for each receipt account (see section 20.1) and identified by the title of the receipt account. If appropriate, additional entries below the receipt account level may be used. For this purpose, data should not be aggregated across receipt accounts. Offsetting collections (cash) credited to expenditure accounts (see section 14.2(d)) will be reported on lines 0280–0289 and identified by the title of the fund account. (Amounts should be consistent with amounts reported on lines 8800–8845 in MAX schedule P.) Legislative proposals, supplemental requests, and rescission proposals will be separately identified under the title to which they apply, with the stub entry modified, as appropriate, to indicate the nature of the proposal. In all cases, the items will be grouped under the appropriate heading describing the receipt/offsetting collection category (e.g.,''Proprietary receipts:'') and reported under the appropriate line code range. Note.—The OMB account ID code plus transmittal code (see sec. 20.3) of the applicable account must be entered in MAX, as described in the *MAX User's Guide,* before data can be reported in this schedule.
0297 Income under present law **0298 Income under proposed legislation**	Subtotals will be used as necessary for the income entries above.
0299 Total cash income	Sum of the cash income entries on lines 0200–0289.
05xx Cash outgo during the year (–)	Amounts will be reported on line 0500–0589 for 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 will be used to report the respective accounts responsible for the outlays from the fund. Outlays whose levels are controlled through limitations (e.g., administrative expenses) will be reported as outlays under current law. Amounts for outlays under supplemental requests, proposed legislation, and rescission proposals require separate identification and amounts. Note.—The 12-digit account ID code of the applicable expenditure account must be entered in MAX, as described in the *MAX User's Guide,* before outlay data can be reported in this schedule.
0597 Outgo under present law (–) **0598 Outgo under proposed legislation (–)**	Subtotals will be used as necessary for the cash outgo entries above.
0599 Total cash outgo (–)	Sum of the cash outgo 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, do not report any amounts that are returned to the receipt account and are available for subsequent appropriation action.*
0645 Transfers, net	Net amount of unpaid obligations (obligated balances) and unobligated balances transferred from (+) or to (–) other accounts. *Should correspond to amounts reported in schedule P on lines 2221, 2222, 4100, 4200, 6100, 6200, 6861, 6862, 7331, and 7332.*
0650 Other adjustments	Use to report 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. *Do not report 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 adjustment entries on lines 0625–0650.
070x Unexpended balance, end of year: 0700 Uninvested balance 0701 U.S. securities: Par value 0702 Unrealized discounts (–) 0705 Outstanding debt to Treasury (–)	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. The amount will be divided between balances that have been invested in U.S. securities and cash balances. U.S. securities will be reported as U.S. securities (par value) and unrealized discounts. Where amounts have been borrowed from Treasury, the total amount of outstanding principal will be reported on line 0705.
0799 Total balance, end of year	Sum of the entries on lines 0700–0705.

Wording of entry*	Description
Commitments against unexpended balance; end of year:	
0801 Obligated balance (–)	*Use only at the direction of OMB.*
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).

*Entries in boldface will be generated automatically.

36.6. Schedule on unavailable collections (MAX schedule N).

(a) General.—A schedule on unavailable collections will be printed for:

—all special and non-revolving trust funds

—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 11.5), agencies will specify whether a new schedule on unavailable collections is required or if an existing schedule on unavailable collections will be used to report the transactions related to the new account.

The schedule is generated from MAX data and generally will appear immediately before the program and financing schedule for the affected account. A single schedule, under transmittal code zero will be used to reflect total amounts reported under separate transmittal codes. Appendix E, exhibit 8E, describes the relationships between entries in MAX schedules N, P, and J.

(b) Data elements.—Information on the PY start of year balance will be automatically loaded from data reported in the previous year's budget. If an agency does not agree with the amounts entered by OMB, an explanation of the difference should be provided to the agency's 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 the overnight production. *Agencies 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. Agencies 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 preceding year. This entry will include 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. It will also be 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, agencies should contact their 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 line 68.45 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 a single receipt account, 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.

Entry*	Description
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.

*Entries in boldface will be generated automatically.

36.7. Budget plan schedule (MAX schedule D).

A special schedule on obligations for PY–BY is submitted by the Department of Defense-Military only. The schedule will appear immediately following the program and financing schedule for affected accounts.

Data will be reported using the entries indicated below.

Entry*	Description
Direct program: 06xx, 07xx [List individual activities for which data are reported.]	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.) The third and fourth digit of the line number will take on the values of 01 through 89 to identify direct program activities in the budget plan.
xx91 Subtotal, direct	The value 91 will be used 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.

*Entries in boldface will be generated automatically.

36.8. 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 the Treasury's Financial Management Service Government On-line Accounting Link System (GOALS)/SF 133 system. In the GOALS 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, agencies are required to review and update information in MAX schedule Z on Treasury accounts for which SF 133 data are to be reported in GOALS during FY 1999. These data should be revised at the same time as other MAX schedules. Information on new accounts subject to SF 133 reporting requirements during FY 1999 (e.g., newly enacted appropriations and other new Treasury accounts) should be added, and canceled accounts should be deleted. *Proposed new accounts for the upcoming budget (e.g., accounts proposed for FY 2000) should* not *be added to MAX schedule Z because they will not be used to report budget execution data during FY 1999.*

The information in MAX schedule Z relates to account characteristics (e.g., period of availability); no dollar amounts are required. MAX schedule Z will be included under transmittal code zero of the corresponding budget account, which usually is an aggregation of Treasury accounts (see section 11.5(a)). MAX schedule Z will include information related to Treasury accounts that are merged or consolidated for budget presentation purposes.

The following account information should be provided for each Treasury account that is subject to SF 133 reporting requirements during FY 1999. To revise data, enter the appropriate code in the brackets of the stub entry, as specified below.

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). (See section 20.3.)
xxx0–02 Period of availability for obligation [xxxx]	Indicates the period of availability for obligation of the funds (e.g., ''98'' for a FY 1998 appropriation with annual authority; ''9899'' for a FY 1998 appropriation with two-year availability). Use ''X'' for accounts with no-year availability. Each current or expired Treasury account must be listed separately.
xxx0–03 GOALS user IDs [xxxxxx]	Indicates the identification code entered by the agency user to gain access to the Treasury GOALS system (e.g., YCL134).

36.9 Schedule on the status of contingent emergency funding (MAX schedule V).

A schedule on the status of contingent emergency funding for PY through BY will be printed for all accounts with balances of emergency appropriations that are contingent on the President submitting a budget request to Congress designating the amount as an emergency requirement, as defined by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. The schedule will reflect contingent emergency appropriations not available for obligation and releases of contingent emergency appropriations. A single schedule under transmittal code zero will be used to reflect total amounts reported under separate transmittal codes.

Agencies will not enter data in this schedule. Data on the PY start of year balance of contingent emergency funding and on adjustments will be entered directly by OMB. If an agency does not agree with the amounts entered by OMB, an explanation of the difference should be provided to the agency's OMB representative. Necessary changes will be made by OMB. The rest of the data will be automatically generated by MAX from data reported in the program and financing schedule (MAX schedule P), as part of the overnight production. *Agencies should note that changes to MAX schedule V resulting from changes to MAX schedule P will not appear on screen until the next day.*

The schedule appears following the summary of budget authority and outlays and will contain the following entries, as applicable:

Entry*	Description
0199 Balance of contingent emergency funding, start of year	The cumulative amount of emergency funding appropriated by Congress that is contingent on the President submitting a budget request to Congress designating the amount as an emergency requirement. *These data will be entered by OMB. For changes, agencies should contact their OMB representatives.*
0300–0389 New emergency funding not available for obligation	Portion of the new emergency appropriations reported on line 40.15 in MAX schedule P that is contingent on the President submitting a budget request to Congress designating the amount as an emergency requirement and that is not available for obligation until the contingency is met. *This entry will be copied automatically from line 40.60 in MAX schedule P.*
0399 Total new emergency funding	Sum of the entries on lines 0300-0389.
0400–0489 Releases of contingent emergency appropriations (−)	Amount of contingent emergency funding that has been designated by the President as an emergency requirement and made available for obligation. *This entry will be copied automatically from line 60.65 in MAX schedule P.*
0499 Total releases of contingent emergency appropriations (−)	Sum of the entries on lines 0400-0489.
0599 Adjustments	This entry will be used to report adjustments, such as expiring balances of contingent emergency appropriations and rescissions. *These data will be entered by OMB. For changes, agencies should contact their OMB representative.*
0799 Balance of contingent emergency funding, end of year	End of year balance of contingent emergency funding. The end of year balance will equal the balance at the start of the succeeding fiscal year.

*Entries in boldface will be generated automatically, as part of the overnight production.

36.10. Budget year appropriations requests in thousands of dollars (MAX schedule T).

MAX schedule T will be used 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 36C). The schedule is required 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 section 20.3). Limitations on direct loans and loan guarantees are not budgetary resources and should not be reported.

For the majority of budget accounts, only a single entry is required. For consolidated and merged accounts, separate line entries will be used to report the budget year appropriation request for each component account. All line entries will identify the account involved using the six-digit basic account symbol assigned by the Treasury Department (see section 20.3). This code must be entered, as described in the *MAX Users' Guide,* before data on the budget year appropriation request can be entered in MAX.

Amounts that will be applied to repay debt, liquidate contract authority, or liquidate deficiencies will be excluded from the amounts reported. For transfers specified in appropriations language, amounts will be reported on a pre-transfer basis with the exception of amounts transferred from the Violent Crime Reduction Trust Fund (VCRTF), which will be included in the amount reported by the receiving account. Advance appropriations that will become available in the budget year and advance appropriations requested in the budget year for a future fiscal year will *not* be included in the amounts reported. For indefinite appropriations, agencies should enter their best estimate. All amounts reported in MAX schedule T should be consistent with the amounts reported in the program and financing schedule (MAX schedule P).

Financial Statements

Statement of Operations (MAX Schedule E)

Complete sets of these numbered proofs must be returned to OMB, whether they print or not.

GALLEY PROOF

PY–1–year immediately preceding past year
PY–past year
CY–current year
BY–budget year

GOV APPENDIX Part 1 J. 000–000 GOV.000 F3623

THE BUDGET FOR FISCAL YEAR 19BY

DEPARTMENT OF GOVERNMENT

DEPARTMENT OF GOVERNMENT

BUREAU OF BUSINESS MANAGEMENT

Public enterprise funds:

COMMERCIAL REVOLVING FUND

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VGOV06164023
S3644

Statement of Operations (in millions of dollars)

Where a fund has more than one program, show each program separately.

Identification code 16–4023–0–3–754		19PY–1 actual	19PY actual	19CY est.	19BY est.
	Industrial Program:				
0111	Revenue	9	14	6	10
0112	Expense	–7	–8	–8	–8
0119	Net income of loss (–)	2	6	–2	2
	Sales program:				
0121	Revenue	25	27	18	15
0122	Expense	–15	–20	–11	–10
0129	Net income or loss (–)	10	7	7	5
	Power program:				
0131	Revenue	39	28	34	22
0132	Expense	–13	–18	–20	–14
0139	Net income of loss (–)	26	10	14	8
0191	Total revenues	73	69	58	47
0192	Total expenses	–35	–46	–39	–32
0199	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

GALLEY PROOF

GOV APPENDIX Part 1 J. 000–000 GOV.000
F3623

THE BUDGET FOR FISCAL YEAR 19BY

DEPARTMENT OF GOVERNMENT

DEPARTMENT OF GOVERNMENT

BUREAU OF BUSINESS MANAGEMENT

Public Enterprise Funds:

COMMERCIAL REVOLVING FUND

VGOV07164023
S3643

Balance Sheet (in millions of dollars)

Identification code 16–4023–0–3–754		19PY–1 actual	19PY actual	19CY estimate	19BY 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	Appropriated capital	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 36.3).

Budget Year Appropriations Request in Thousands of Dollars

(MAX Schedule T)

MAX Schedule T will be used to report, *in thousands of dollars*, the net amount of budget year budgetary resources contained in the appropriations language request.

OFFICE OF THE SECRETARY
Salaries and Expenses

For necessary expenses, including services authorized by 5 U.S.C. [$89,786,000] $100,788,000.

Amounts reported in MAX Schedule T should be consistent with amounts reported in MAX Schedule P.

–Amounts will be reported on a pre-transfer basis, except for transfers from the Violent Crime Reduction Trust Fund.

–Amounts applied to repay debt, liquidate contract authority, or liquidate deficiencies will be excluded.

–Advance appropriations will not be reported.

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:			
Current:			
4000 01 Appropriation	96	90	101
4200 01 Transferred from other accounts [75-1503]	1	...	5
4300 01 Appropriation (total)	97	90	106

For consolidated or merged accounts, separate line entries will be used to report the budget year appropriation request. Each line will include the six-digit basic account symbol assigned by Treasury. The Treasury code does not need to be entered when only a single account is involved.

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

Data on Financial Management Activities

Summary of Changes

—Agencies are no longer required to submit a separate report on financial management systems (formerly exhibit 40B). A new reporting format (exhibit 42) is required for both financial management systems and other information technology systems (see section 42).

—The report on resources for financial management activities (exhibit 40) requires data to be reported in millions of dollars (section 40.2).

40.1. General.

Section 205 of the Chief Financial Officers Act of 1990 makes the agency Chief Financial Officer (CFO) responsible for the preparation and revision of the agency's financial management plan, and for 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.

Information on funding levels for financial management activities is required for 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 15.4) and will be discussed with agencies.

For these purposes, agencies are required to provide information on resources for financial management activities (see section 40.2). The data will be entered directly into the MAX system through a special MAX application designed to collect this financial management information. This data collection will be separate from, and in advance of, data entered for other MAX schedules supporting the *Budget Appendix* (e.g., MAX schedules P, O, etc.).

For other reporting requirements on financial management systems, see sections 15.4 and 42.

40.2. Report on resources for financial management activities.

(a) Materials required.—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

—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.

Data on financial management activities (exhibit 40) will be submitted electronically via the MAX system no later than October 16th. The report should be reviewed by the agency CFO before submission to OMB. Agencies 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.

(b) Definitions of data to be reported.—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 42. 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.

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 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 40. 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 42.2.) Data reported should be consistent with information reported for the financial management mission area (on line 01–3xx3) in exhibit 42.
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.
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.
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

CY—current year
BY—budget year

DEPARTMENT OF GOVERNMENT
(in millions of dollars)

		CY	BY
	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 01–3xx3) in exhibit 42.

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

Report agency-component level audits only.

Do not include preparation costs on these lines.

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

Data on Information Technology

Summary of Changes

—Agencies are required to report data on information technology (IT) in a new format (exhibit 42). IT submissions for exhibit 40B (Report on Financial Management Systems) and for exhibit 43 (Agency-wide Summary on Obligations for Information Technology) are no longer required (section 42.3).
—Initial IT submissions will be submitted as paper copies; revised submissions reflecting final budget decisions will be submitted electronically through a special MAX application (section 42.3).

42.1 Purpose.

Data on information technology (IT) are collected for the oversight and review of IT and information resource management, as required by the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996. This information is also used to review requests for agency financial management systems and to assist OMB in preparation of the Government-wide five-year plan required by the Chief Financial Officers (CFOs) Act of 1990.

The new format for reporting IT (exhibit 42) was developed jointly by OMB and the Chief Information Officers' Council and is designed to provide the basic information needed by agencies to link their internal planning, budgeting, and management of IT resources.

42.2 Definitions.

For reporting purposes, agencies will use the following definitions.

Information technology, as defined by the Clinger-Cohen Act of 1996, is 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 the preceding sentence, equipment is used by an agency, if the equipment is used by the agency directly or is used by a contractor under a contract with the 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. It 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.

An ***information system*** is 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 consist of financial systems and the financial portions of mixed systems necessary to support financial management.

A ***financial system*** is an information system, comprised of one or 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; or
—supporting the preparation of financial statements.

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

A ***mixed system*** is an information system that supports both financial and nonfinancial functions of the Federal Government or components thereof.

A ***non-financial system*** is 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.

42.3 Materials required.

Agencies are required to submit a report on information technology for PY–BY, in the format of exhibit 42, as described below. This report covers:

—IT systems by mission area (Part 1);
—IT infrastructure and office automation (Part 2);
—IT architecture and planning (Part 3); and
—total agency IT costs (Part 4).

Each agency with IT budget authority that exceeds $50 million in PY, CY, or BY will report data for Parts 1–4 of exhibit 42. In addition, all agencies with budget authority for financial management systems of $1 million or more in PY, CY, or BY are required to report on these systems in Part 1 of this exhibit. Agencies with IT budget authority below the $50 million reporting threshold are not required to report on non-financial management systems in Part 1 or to complete the other parts of the exhibit. Budget authority will be reported in millions of dollars. Where obligations are a better measure of total costs for the PY, agencies may report obligation data for that year.

As a general rule, exhibit 42 submissions will cover IT for the agency as a whole. However, in some cases, OMB may require agencies to provide submissions at the bureau level.

An original and two paper copies of the report on IT (exhibit 42) will be required with the initial budget submission (see section 10.3(a)). *In addition, no later than 30 days after final budget decisions are made, agencies are required to enter exhibit 42 data directly into a special MAX application (i.e., not the MAX application that generates data for the Budget Appendix).* Data should be entered into MAX for *each* report included in agencies' initial budget submissions. These data should be updated to reflect any changes in IT data due to final budget decisions. *Agencies should note that electronic submission of exhibit 42 data will also be required next year as part of their initial budget requests for FY 2001.*

Information reported in exhibit 42 should be consistent with data reported in the object classes that include obligations for IT (i.e., object classes 11.1 through 12.2, 23.1, 23.2, 23.3, 25.2, 25.3, 25.7, 26.0, 31.0, and 41.0).

(a) Data on IT systems by mission area (Part 1). Part 1 provides information on IT investments that directly support an agency's designated mission areas. Mission areas should be consistent with the major functions and operations identified in the agency's strategic and annual performance plans. (See Part 2 of this Circular.) Data will be reported by mission area and IT system, project, program, or initiative. Information for each major IT system must be reported separately; for other IT systems, data should be aggregated and reported in the ''all other'' category. For reporting purposes, a major IT system is an IT system reported by an agency as part of its ''Capital Asset Plan and Justification'' (exhibit 300B). (See Part 3 of this Circular.)

For each system or program listed, separate entries are required to report budget authority for PY–BY for:

—development/modernization/enhancement of the system; and

—maintenance and operation of a system at its current capability (i.e., ''steady state'').

In addition, each funding source (e.g., direct appropriation or transfer from another account) for system or program will be listed and identify the amount of budget authority provided. Agencies should report on those accounts that provide the financing (e.g., direct appropriations or other amounts) for a particular investment. To avoid double counting, any accounts receiving intragovernmental payments (e.g., working capital funds) for purchase of IT investments or services should not be reported as funding sources.

Each agency is required to report on major financial management systems under the ''Financial Management'' mission area in Part 1. For example, an agency may report on one or more major financial systems (e.g, payroll system, core accounting system, benefits financing system, etc.) under this mission area. If an agency has small financial systems, they should be aggregated and reported in the ''all other'' category for the ''Financial Management'' mission area.

In some cases, an IT system may support several mission areas. When this occurs, agencies are required to determine the amount of budget authority supporting each mission area and report the appropriate amounts with the corresponding mission area. For example, for a mixed system (as defined in section 42.2), budget authority for the financial portion of the system should be reported under the ''Financial Management'' mission area and the non-financial system under the appropriate mission area(s).

(b) Data on infrastructure and office automation (Part 2). Part 2 includes information on IT investments that are common user systems, communications, and computing infrastructure, but are not directly related to singular program support. Each major IT infrastructure and office automation system, program, project or initiative will be reported separately. Major IT infrastructure systems are those included in this year's exhibit 300B submission. Other IT infrastructure and office automation should be aggregated in the ''all other'' category. Separate entries for development/modernization/enhancement, steady state, and funding sources are required for each system or program listed.

(c) Data on IT architecture and planning (Part 3). Part 3 provides information on IT investments that support strategic management of IT operations. Each major IT architecture and planning system, program, project or initiative will be reported separately. Major IT architecture systems are those included in this year's exhibit 300B submission. Other architecture and planning should be aggregated in the ''all other'' category. Separate entries for development/modernization/enhancement, steady state, and funding sources) are required for each system or program listed.

(d) IT resources summary (Part 4). Part 4 provides a summary of information reported on IT systems by mission area (Part 1), IT infrastructure and office automation (Part 2), and IT architecture and planning (Part 3). Separate entries are used to report total budget authority for development/modernization/enhancement, steady state, and total IT costs reported in Parts 1–3.

42.4 Reporting requirements.

(a) Coding.—Data will be reported on the applicable line entries, using the six-digit line number coding described below.

Line number codes	Description
XX-xxxx	The first two digits will take the following values: **For Part 1 of the exhibit:** 01—financial management mission area 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: —totals for ''Development/modernization/enhancement''; —totals for ''Steady state''; and —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: 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 3—subtotals for each specific mission area and totals for the individual Parts of the exhibit.
xx-xXXx	The fourth and fifth digit (00–99) identifies the specific IT system for which data are reported.
xx-xxxX	The sixth digit identifies the component of the system or funding source for which data are reported, as follows: 1—development, modernization, and enhancement costs of the system 2—steady state (i.e., operating) costs of the system 3—subtotals for the sum of development, modernization, and enhancement costs, and steady state costs 4—appropriation or other sources that fund the costs of the system 7—subtotals for the sum of appropriation or other funding sources reported for the system

(b) Data elements required.—Explanations of the information technology data required for exhibit 42 are provided below. Data reported for major IT systems in Parts 1–3 should be consistent with information reported on these systems in exhibit 300B.

Entry*	Description
	Budget authority in millions of dollars will be reported for PY–BY for the following entries, using the line number coding scheme described in section 42.4(a).
Part 1. Data on IT Systems by Mission Area	Report amounts for information technology investments that directly support an agency-designated mission area (e.g., command and control, human resource management, financial management). (For a definition of mission area, see section 42.3(a)). Include amounts for IT applications that cover more than one agency in the mission area with oversight over the project.
Mission Area *The first mission area reported should be ''Financial Management''*	Report each mission area in which IT systems, programs, projects, or initiatives are funded.
xx-xxxx Major IT System	Under each mission area, list each IT system supporting the mission area that is reported on the agency's ''Capital Asset Plan and Justification'', exhibit 300B (see Part 3 of this Circular). Exhibit 42 submissions should cover all major IT systems, including financial management systems, reported in exhibit 300B.

Entry*	Description
	Report amounts for major financial management systems under Mission Area 1 and identify this mission area as ''Financial Management''. If an agency has small financial management systems, they should be aggregated and reported in total under the ''all other'' entry for this mission area.
	When an IT system supports several mission areas, report the appropriate amounts under the corresponding 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 the Congress or agency leadership, personnel costs for project management, and direct support. For each major IT system, this entry equals the sum of amounts reported for planning and full acquisition of that system in exhibit 300B.
xx-xxx2 Steady state	Report the costs of maintenance and operations at current capability and performance level including costs for personnel, maintenance of existing information systems, corrective software maintenance, voice and data communications maintenance, and replacement of broken IT equipment. For each major IT system, this entry equals amounts reported for maintenance of that system in exhibit 300B.
xx-xxx3 Subtotal, IT costs	For each major IT system, report the the sum of amounts for development/ modernization/enhancement and for steady state for each year.
xx-xxx4 Appropriation/Funding Sources	For each funding source (e.g., appropriation account, transfer from another agency), identify the account and amounts provided.
	Report amounts for each account that provides financing for a particular investment. To avoid doublecounting, do not report accounts receiving intragovernmental payments for purchase of IT investments for services.
xx-xxx7 Subtotal, funding source	For each major IT system, report the sum of amounts reported as funding sources for each year. For each system, the subtotal for funding sources should equal the subtotal for IT costs for a year.
xx-xxxx All Other IT Systems	For each mission area, aggregate and report the costs for all other IT systems that support the mission but are not major IT systems, as defined above. Do not identify these IT systems separately.
xx-xxx1 Development/modernization/enhancement	For each ''All other IT systems'' category, report amounts for development, steady state costs, funding sources, and subtotals, consistent with the line entry descriptions provided above.
xx-xxx2 Steady state	
xx-xxx3 Subtotal, IT costs	
xx-xxx4 Appropriation/Funding Sources	
xx-xxx7 Subtotal, funding source	
xx-3xxx Totals for a mission area	For each mission area, report totals for development and steady state costs and totals for all costs reported for the mission area.
99-3xxx Totals for all mission areas	Report totals for development and steady state costs and totals for all mission areas reported in Part 1.
Part 2. Data on IT Infrastructure and Office Automation	Report amounts for IT investments that are common user systems, communications, and computing infrastructure, but are not directly related to singular program support (e.g., general LAN/WAN, desktops, data centers, telecommunications).
xx-xxxx Major IT infrastructure system	Report each major IT infrastructure system, program, project or initiative separately. Major IT infrastructure systems, projects, etc. are those reported on this year's exhibit 300B submission.
xx-xxx1 Development/modernization/enhancement	For each IT infrastructure entry, report amounts for development, steady state costs, funding sources, consistent with the line entry descriptions provided above.
xx-xxx2 Steady state	
xx-xxx3 Subtotal, IT costs	
xx-xxx4 Appropriation/Funding Sources	
xx-xxx7 Subtotal, funding source	
xx-xxxx All other infrastructure systems	For each ''All other infrastructure systems'' category, aggregate and report the costs for all other IT infrastructure systems. Do not identify these IT systems separately.
xx-xxx1 Development/modernization/enhancement	Report amounts for development, steady state costs, funding sources, and subtotals, consistent with the line entry descriptions provided above.
xx-xxx2 Steady state	
xx-xxx3 Subtotal, IT costs	
xx-xxx4 Appropriation/Funding Sources	
xx-xxx7 Subtotal, funding source	

Entry*	Description
99-3xxx Totals for IT infrastructure systems	Report totals for development and steady state costs and totals for all IT infrastructure and office automation costs reported in Part 3.
Part 3. Data on IT Architecture and Planning	Report amounts for IT investments that support strategic management of IT operations (e.g., BPR, architecture development, interoperability, planning, procurement management, and IT policy).
xx-xxxx Major IT architecture and planning system	Report each major IT architecture and planning system, program, project or initiative separately. Major IT architecture systems, projects, etc. are those reported on this year's exhibit 300B submission.
xx-xxx1 Development/modernization/enhancement	For each IT architecture entry, report amounts for development, steady state costs, funding sources, consistent with the line entry descriptions provided above.
xx-xxx2 Steady state	
xx-xxx3 Subtotal, IT costs	
xx-xxx4 Appropriation/Funding Sources	
xx-xxx7 Subtotal, funding source	
xx-xxxx All other architecture systems	For each ''All other architecture systems'' category, aggregate and report the costs for all other IT architecture systems. Do not identify these IT systems separately.
xx-xxx1 Development/modernization/enhancement	Report amounts for development, steady state costs, funding sources, and subtotals, consistent with the line entry descriptions provided above.
xx-xxx2 Steady state	
xx-xxx3 Subtotal, IT costs	
xx-xxx4 Appropriation/Funding Sources	
xx-xxx7 Subtotal, funding source	
99-3xxx Totals for IT architecture and planning	Report totals for develpment and steady state costs and totals for all IT architecture and planning system costs reported in Part 3.
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 4.

*Subtotals and totals in boldface will be automatically generated.

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	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	Transfer from Agency XYZ	5	5	5
01-1014 03	Appropriation B	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:			
01-2001	Development/modernization/enhancement ..	3	3	3
01-2002	Steady state	2	2	2
01-2003	Subtotal, IT costs	5	5	5
	Appropriation/Funding Sources			
01-2004 01	Source 1	4	4	4
02-2004 02	Source 2	1	1	1
01-2004 03	Source 3			
01-2007	Subtotal, funding sources	5	5	5
01-3000	Total: Mission Area 1			
01-3001	Development/modernization/enhancement ..	15	30	33
01-3002	Steady state	23	23	24
01-3003	Subtotal, Mission Area 1	38	53	57
11-0000	Mission Area 2: Human Resources			
11-1000	Major IT:			
11-1010	Personnel system			
11-1011	Development/modernization/enhancement ..	7,782	8,627	5,612
11-1012	Steady state	11,493	10,142	11,401
01-1013	Subtotal, IT costs	19,275	18,769	17,013

Report on Information Technology—Continued

	Appropriation/Funding Sources			
11-1014 01	Source 1	782	627	612
11-1014 02	Source 2	7,000	8,000	5,000
11-1014 03	Source 3	11,493	10,142	11,401
11-1017	Subtotal, funding sources	19,275	18,769	17,013
11-2000	All Other Human Resources:			
11-2001	Development/modernization/enhancement	6,589	8,854	9,377
11-2002	Steady state	12,888	11,500	10,989
11-2003	Subtotal, IT costs	19,477	20,354	20,366
11-2004 01	Appropriation/Funding Sources: Source	19,477	20,354	20,366
11-3000	Total: Mission Area 2			
11-3001	Development/modernization/enhancement	14,371	17,481	14,989
11-3002	Steady state	24,381	21,642	22,390
11-3003	Subtotal, Mission Area 2	38,752	39,123	37,379
99-3000	All Mission Areas			
99-3001	Development/modernization/enhancement	14,386	17,511	15,022
99-3002	Steady state	24,404	21,665	22,414
99-3003	Total, All Mission Areas	38,790	39,176	37,436
	Part 2. Data on IT Infrastructure and Office Automation			
	Major IT Infrastructure System: Corporate network system			
01-1011	Development/modernization/enhancement	3,542	3,344	8,765
01-1012	Steady state	3,434	7,654	5,578
01-1013	Subtotal, IT costs	6,976	10,998	14,343
	Appropriation/Funding Sources			
01-1014 01	Source 1	3,056	5,400	8,767
01-1014 02	Source 2	3,500	1,500	2,121
01-1014 03	Source 3	420	4,098	3,455
01-1017	Subtotal, funding sources	6,976	10,998	14,343
01-1020	Long-haul communications		,	
01-1021	Development/modernization/enhancement	3,443	7,456	5,758
01-1022	Steady state	3,555	4,344	5,465
01-1023	Subtotal, IT costs	6,998	11,800	11,223
	Appropriation/Funding Sources			
01-1024 01	Source 1	2,000	3,000	3,500
01-1024 02	Source 2	2,000	3,000	3,000
01-1024 03	Source 3	2,998	5,800	4,723
01-1027	Subtotal, funding sources	6,998	11,800	11,223
01-2000	Other Infrastructure System:			
01-2001	Development/modernization/enhancement	6,734	3,544	9,090
01-2002	Steady state	12,234	4,534	3,423
01-2003	Subtotal, IT costs	18,968	8,078	12,513
	Appropriation/Funding Sources			
01-2004 01	Source 1	6,667	4,343	3,222
01-2004 02	Source 2	4,567	3,567	7,879
01-2004 03	Source 3	7,734	168	1,412
01-2007	Subtotal, funding sources	18,968	8,078	12,513

Report on Information Technology—Continued

	All Infrastructure Systems:			
99-3001	Total Development/modernization/ enhancement	13,719	14,344	23,613
99-3002	Total Steady state	19,223	16,532	14,466
99-3003	Total, All Infrastructure Systems	32,942	30,876	38,079
	Part 3. Data on IT Architecture and Planning			
	Major IT Architecture and Planning:			
01-1010	IT modernization blueprint:			
01-1011	Development/modernization/enhancement	3,453	2,234	7,865
01-1012	Steady state	5,675	7,654	6,775
01-1013	Subtotal, IT costs	9,128	9,888	14,640
	Appropriation/Funding Sources			
01-1014 01	Source 1	3,000	4,500	11,000
01-1014 02	Source 2	3,500	1,500	2,121
01-1014 03	Source 3	2,628	3,888	1,519
01-1017	Subtotal, funding sources	9,128	9,888	14,640
01-2000	Other IT Architecture and Planning:			
01-2001	Development/modernization/enhancement	3,454	5,535	2,121
01-2002	Steady state	12,225	19,888	21,000
01-2003	Subtotal, IT costs	15,679	25,423	23,121
	Appropriation/Funding Sources			
01-2004 01	Source 1	567	786	988
01-2004 02	Source 2	4,567	3,567	7,879
01-2004 03	Source 3	10,545	21,070	14,254
01-2007	Subtotal, funding sources	15,679	25,423	23,121
	All IT Architecture and Planning			
99-3001	Total Development/modernization/ enhancement	6,907	7,769	9,986
99-3002	Total Steady state	17,900	27,542	27,775
99-3003	Total, All IT Architecture	24,807	35,311	37,761
	Part 4. IT Resources Summary			
	Mission Area, Infrastructure, and Architecture Totals:			
99-3001	Development/modernization/enhancement	35,012	39,624	48,621
99-3002	Steady state	61,527	65,739	64,655
99-3003	Total, All IT costs	96,539	105,363	113,276

Information on Drug Control Programs

45.1. General.

Information on drug control programs is required for oversight and review of agency requests 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;

—are aimed at discouraging the use of drugs; or

—treat individuals for substance abuse.

Agencies with budget authority or outlays for drug control programs that exceed $500,000 in any of the years from PY through BY+4 are required to submit the materials described in section 45.2.

45.2. Materials required.

An original and two copies of the following materials are required with the initial submission (see section 10.3):

—a schedule providing account-level data on drug control programs; and

—a narrative statement.

Budget authority will be reported in millions and tenths. Data reported *must* be consistent with agency submissions to the Office of National Drug Control Policy (required by Public Law 100–690, as amended). Revised materials, reflecting final budget decisions and other changes in the initial submission, should be submitted promptly after such decisions and changes have been made.

The required materials should 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 representatives.

(a) Drug control data by account.—Agencies will prepare a schedule in the format of exhibit 45 that provides budget authority associated with drug control activities by account and drug control function for PY through BY+4.

Drug control functions are defined as follows:

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. (Amounts allocated for drug interdiction, international, and domestic law enforcement should be separately identified.)
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 & development	Activities intended to improve the capacity, efficiency, or quality of drug control activities. (Amounts allocated for drug interdiction, international, treatment, prevention, and domestic law enforcement research should be separately identified.)

Function	Description
State & 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.

(b) Narrative statement on drug control programs.—A narrative statement that describes the agency's drug control programs for CY through BY+4 will accompany the schedule of drug control data by account (exhibit 45). The statement should 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, specific data should be included 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.

Agencies should be aware that cross-cutting comparisons of agency requests will be conducted by OMB. As a result, the narrative statement should include evidence of cooperative development of complementary requests among the major agencies involved.

If this information is discussed adequately in other justification material submitted to OMB, the narrative statement should reference the applicable material.

Schedule of Drug Control Data by Account

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 Program
(millions of dollars)

	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
R & D	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

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

Report data by the applicable drug control functions listed in section 45.2(a), as appropriate.

Information on Violent Crime Control Programs

Summary of Changes

—Agencies are required to report data on violent crime control programs in millions of dollars; previously data were collected in thousands (section 47.2).

47.1. General.

Information on funding for programs authorized by the Violent Crime Control and Law Enforcement Act of 1994 (P.L. 103–322) and financed by the Violent crime reduction trust fund (VCRTF) is required for 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.

Agencies with budget authority and outlays for programs financed by the VCRTF are required to submit the materials described in section 47.2. Materials will be submitted for each account that receives appropriations directly from the VCRTF. Agencies are responsible for reporting both the VCRTF monies that the account outlays directly to the public and those transferred to other government accounts and subsequently outlayed by those accounts to the public for VCRTF-funded programs.

Both expenditure and non-expenditure transfers of VCRTF funds to other Government accounts are required to be reported. For reporting purposes, outlays associated with transferring VCRTF monies from one government account to another should *not* be reported.

47.2. Materials required.

An original and two copies of the following materials are required with the initial submission (see section 10.3):

—a schedule of accounts financed by the VCRTF that displays budget authority and outlays for VCRTF-funded programs for PY–BY, in the format of exhibit 47; and

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

Agencies are required to 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. VCRTF amounts transferred to other government accounts (expenditure and non-expenditure transfers) will be identified separately. Each program should be listed separately, regardless of size. Outlays new and prior are required to be reported separately for CY and BY.

Budget authority and outlays will be shown in millions of dollars. Required materials should have, in the lower right hand corner, the date of preparation and the name and phone number of an individual responsible for answering questions on the data.

Revised materials, reflecting final budget decisions, should be submitted promptly after such decisions have been made.

Schedule of 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

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

(dollars in millions)

	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

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

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 new (NOL) and outlays prior (POL) must be separately identified.

DATE: August 30, 1995
NAME: Jane Smith
TEL: (202) 555-1212

Report account title and ID only for Part I.

Amending Requests After Transmittal of the Budget (Supplementals and Amendments) and Releasing Contingent Emergency Funding

Summary of Changes

—Appropriations language for emergency requests, including those with a contingency, have been revised (exhibit 61A).

61.1. General policies.

After the President's budget has been transmitted to Congress, appropriations requests may be transmitted separately to revise the original budget request for the current or budget year or to provide proposed appropriations language for legislative initiatives (e.g., items included in the budget as proposed for later transmittal). Presidential releases of previously appropriated contingent emergency funds may also be submitted to Congress after the President's budget has been transmitted.

All proposed revisions must conform to the policies of the President. The requests may be for additional amounts or in the form of proposed changes in appropriations language that do not affect amounts previously requested, such as corrections of a technical nature or a change in a limitation on the use of revolving or trust funds. These requests may be either supplementals or amendments depending upon when they are transmitted (see section 61.2).

Agencies should make every effort to postpone, until the following fiscal year, actions that would require supplemental appropriations. However, proposals that decrease or eliminate amounts will be submitted whenever such changes are warranted. Requests for supplementals and amendments that increase the amounts contained in the budget will be accompanied by proposals for reductions elsewhere in the agency (e.g., rescission proposals).

Requested supplementals and amendments, including proposed changes in administrative expense limitations or authorizations of government corporations and trust funds, will be considered only when:

—existing law requires payments within the fiscal year (e.g., pensions, entitlements);

—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);

—an emergency situation arises that requires unforeseen outlays for the preservation of life or property;

—increased workload is uncontrollable except by statutory change; or

—new legislation enacted after the submission of the annual budget will require additional funds within the fiscal year.

Consideration of agency proposals for supplementals or amendments that are not transmitted in the annual budget normally takes a minimum of three weeks in OMB and the White House; agencies should allow for this timing when making requests.

61.2. Definitions.

Supplementals are new appropriations requests that are transmitted after completion of action on an appropriations bill by the Appropriations Committees of both Houses, whether or not the appropriations have been enacted. 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;

—*Supplementals covering deficiencies,* requesting additional amounts necessary to cover an overobligation of funds; or

—*Language only supplementals,* requesting changes in appropriations language that do not affect amounts previously appropriated.

Amendments are proposed actions, including revisions to pending supplementals, 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 would include appropriations language for activities authorized since transmittal of the President's budget that were included as a legislative proposal.

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.

61.3. Materials required.

Unless otherwise directed by OMB, the materials listed below should be provided in both hardcopy and electronic versions. Data will be revised, as appropriate, to reflect Presidential decisions.

(a) Appropriations language.—*Supplemental requests,* including emergency requests as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, will be submitted in the format of exhibit 61A.

Budget amendments will be submitted in the format of exhibit 61B. For amendments, the language proposed for the budget year in the President's budget, not the current year appropriation, is to be used as the base, i.e., changes are to be made to the budget year proposed language.

Releases of contingent emergency appropriations will be submitted in the format of exhibit 61C.

(b) Justification.—A justification should be prepared in accordance with applicable requirements of section 15.2. 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 61.1 applies;

—an explanation of proposed language provisions, if necessary;

—pertinent data concerning the effect on Federal civilian employment; and

—for *supplemental requests* only:

—the date when requested funds are needed for obligation, and

—a statement of actual and estimated obligations for the year, prepared on a quarterly basis, and actual obligations by month, for the previous three months.

(c) Explanation of request.—A short explanation including, for non-emergency supplemental requests and budget amendments, the effect of the request on outlays, suitable for transmittal to Congress as part of the President's proposal, is required. If appropriate, the explanation may be a synopsis of the major points that appear in the justification.

For *releases of contingent emergency appropriations,* the explanation will provide the following:

—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; and

—a description of how the funds will be used.

(d) Budget schedules and receipts data.—The following materials will be prepared and submitted where the proposal affects the distribution of budget authority, obligations, or outlays, if requested by OMB:

—*program and financing schedule,* see section 32. 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, the rest of the program and financing schedule should be shown in full;

—*object classification schedule,* see section 35;

—*personnel summary,* see section 36.1, where appropriate;

—*receipts estimates,* see section 21, when a supplemental or amendment will affect payments to a receipt account; and

—*schedules on status of direct loans or status of guaranteed loans,* see section 33, when a supplemental or amendment affects the level of direct loan obligations or loan guarantee commitments.

Column headings for these materials will be modified as follows:

—*For supplementals.* The transmittal code will be entered as ''1''. Amount columns will be retitled as illustrated in exhibit 61D and used as indicated below:

(1) *Presently available* (column 1).—Enter the amount available under previous appropriations enacted for the current fiscal year.

(2) *Proposed supplemental* (column 2).—Enter the additional amount requested.

(3) *Revised estimate* (column 3).—Enter the revised estimate of the total amounts needed for the year (column 1 plus column 2).

—*For amendments.* The transmittal code will be entered as ''0''. Amount columns will be retitled as illustrated in exhibit 61D and used as indicated below:

(1) *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.

(2) *Proposed amendment* (column 2).—Enter the proposed change to the amount of the request currently pending before Congress, including amounts in the budget for items proposed for later transmittal.

(3) *Revised request* (column 3).—Enter the total amount to be considered by Congress (column 1 plus column 2).

(e) Letter from agency head.—The submission to OMB will be accompanied by a letter from the head of the agency that will include a statement concerning the validity of obligations, as required by 31 U.S.C. 1108 (see section 11.7).

61.4. Data to be furnished to Congress.

Unless otherwise directed by the respective Committees, 15 copies of the following information will be furnished to each Appropriations Committee and five copies will be furnished to the Congressional Budget Office as part of the agency's justification to Congress of budget amendments and supplemental requests approved by the President:

—*program and financing schedule;*

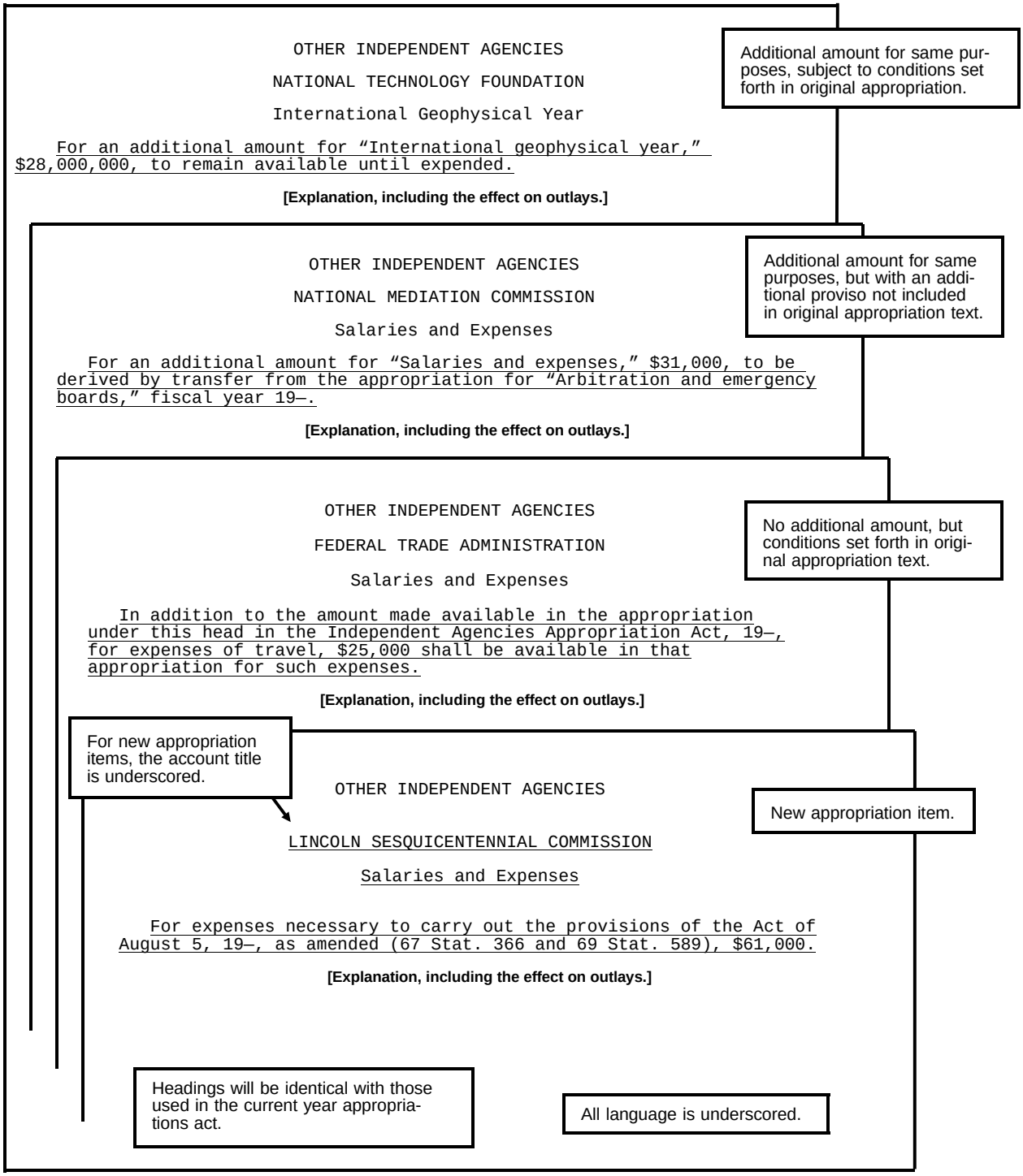
—*object classification; and*

—*personnel summary.*

Column headings will be modified as appropriate (see section 61.3).

When the agency request involves two or more items, the submission should be assembled, with appropriate tabs identifying each item.

Supplemental Requests
Appropriations Language



Supplemental Requests
Appropriations Language—Continued

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 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.

OTHER INDEPENDENT AGENCIES

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 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.]

Emergency request, including contingency.

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 19BY Budget
Appendix Page: 23 **[See Note 1]**
FY 19BY
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 19BY Budget
Appendix Page: 142 **[See Note 1]**
FY 19BY
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 1997".) **[See Note 5]**

[Explanation, including the effect on outlays]

Agency: DEPARTMENT OF GOVERNMENT
Bureau: OFFICE OF THE SECRETARY
Heading: Salaries and Expenses
FY 19BY Budget
Appendix Page: 708 **[See Note 1]**
FY 19BY
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 19BY Budget Appendix Page: 211 **[See Note 1]**
FY 19BY 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 19BY Budget Appendix Page: 187 **[See Note 1]**
FY 19BY 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.

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 61.3(c).]

Supplemental Requests and Budget Amendments

Program and Financing Schedule

Use transmittal code "0" for budget amendments and transmittal code "1" for supplementals (see section 20.3).

Column headings shown are used for supplemental estimates. For amendments, column headings will be the same as those shown in Exhibit 61B.

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:			
Current:			
40.00 Appropriation (definite)	89	3	92
Permanent:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	43		43
68.10 From Federal sources: Change in receivables and unpaid, unfilled orders	1		1
68.90 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 current authority	87	3	90
86.93 Outlays from current balances	4		4
86.97 Outlays from new permanent 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

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

Summary of Changes

—Guidance clarifies that for scoring budget authority and calculating minimum lease payments, the net present value of the total obligations will be calculated on the basis of Treasury rates for marketable debt instruments of similar maturity to the lease period.
—Guidance on scoring operating leases is provided.
—Property taxes will be included in the budget authority that is scored up-front but will be excluded for purposes of distinguishing operating leases from capital leases. (Other types of identifiable annual operating expenses, such as utilities and maintenance, will be excluded for both purposes.)
—It will be presumed that options to renew or purchase will be exercised for purposes of calculating the term of the lease and scoring budget authority.
—Minimum lease payments will be based on the full term of the lease, not the first year costs plus termination liability.
—Agencies should consult with OMB in situations where a service contract requires a private contractor to construct or acquire an asset solely or primarily to provide a service to the Federal government or where enhanced use leases are involved.

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 lease-purchase in which the private sector retains substantial risk will be spread across the lease period. The scorekeeping requirements are summarized below.

For operating leases, budget authority is required 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 subsequent years, 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 budget authority will 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 31.5.

When an agency *modifies* or amends an existing capital lease or lease-purchase contract, any remaining

budgetary resources should be used to offset the cost of the new contract and only the difference between 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, the full cost of the new contract should be scored.

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 legisation, it will be presumed that the option will be exercised for purposes of scoring budget authority.

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 period.
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 the lease period.	Scored over lease period 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 period.	Scored over lease period 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;* and

—*Imputed interest cost*

These concepts are defined in section 3 below. 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 equals the present value of the lease payments discounted from the date of the first payment (or the beginning of the lease period, whichever is earlier) using the appropriate Treasury interest rate (see section 3(e)) and excluding obligations for identifiable annual operating expenses that would be paid by the Government as owner, such as utilities, maintenance, and insurance. This is defined as the *asset cost.* For scoring budget authority under the BEA rule, *property taxes* will not be considered to be an operating cost and will be included in the calculation of the up-front budget authority. (See section 3 (c) below for the treatment of property taxes for purposes of distinguishing operating leases from capital leases.).

Additional budget authority in an amount calculated to be equivalent to Treasury's cost of financing (i.e., *the imputed interest cost*) plus any annual operating expenses is required and will be recorded on an annual basis over the lease period.

Type of authority.—As a general rule, when Congress enacts legislation that enables an agency to enter into a lease-purchase or capital lease arrangement for a specific project without further appropriations action, it will be assumed that Congress has provided the budget authority required for the transaction up front. Unless Congress provides the necessary appropriations for such lease-purchases or capital leases in the authorizing legislation, authority to borrow or contract authority will be recorded as follows:

—*Authority to borrow* is recorded up front when the transaction is a lease-purchase without sub-

stantial 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.

—*Contract authority* is recorded up front when 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.

When an agency enters into a capital lease or lease-purchase arrangement under general authorities available to the agency, it must do so within the limits of the budgetary resources otherwise available to it and the constraints of the scorekeeping requirements; no additional resources are provided.

Timing.—When legislation specifically authorizes a lease-purchase or capital lease, the up-front budget authority (authority to borrow or contract authority, as appropriate) will be recorded when the authority first becomes available for obligation. 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 (and agency borrowing) 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/manufacturing costs. If the asset already exists, the outlays will be recorded in the year in which the contract is signed.

Outlays equal to the imputed interest costs are reported on an annual basis over the lease period.

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 (*asset cost*) will come from obligated balances, and a portion (*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 25.4).

(d) Appropriations for annual lease payments.—The annual lease payments under a lease-purchase agreement or capital lease can be divided into two components: asset cost and imputed interest cost. Generally, lease-purchases and capital leases that are specifically authorized in legislation will require annual appropriations in an amount equal to the annual lease payment. Since budget authority equal to the asset cost was already scored up front, the full amount of the annual appropriations will not be scored as new budget authority. This is explained below.

Lease-purchases without private risk.—An amount equal to the asset cost component of the annual lease payment will be treated as redemption of debt. Line 40.47 on the program and financing schedule (portion applied to repay debt) will be used to back out that amount of budget authority and eliminate a double count. When offsetting collections are received in lieu of an appropriation and used to make the annual lease payment, line 68.47 (portion applied to repay debt) will be used.

Lease-purchases with private risk and capital leases.—An amount of annual appropriations equal to the asset cost component of the annual lease payment will be treated as liquidating cash. Line 40.49 on the program and financing schedule (portion applied to liquidate contract authority) will be used to back out that amount of budget authority and eliminate a double count. When offsetting collections are involved, line 68.49 (portion applied to liquidate contract authority) will be used.

(e) Agency debt.—Agency borrowing is scored to finance the outlays for the construction, manufacture, or purchase of an asset in the case of a lease-purchase without private risk. The amount of agency debt that accumulates over this period is equal to the asset cost; this debt is subsequently redeemed over the lease payment period by a portion of the annual lease payments. 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.

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 with such agency debt should include it in the narrative statement that follows the program and financing schedule (see section 34.6).

3. **Definitions and concepts.**

For the purposes of scoring lease-purchases and capital leases, the following definitions and concepts apply:

(a) Lease-purchase.—A type of lease in which ownership of the asset is transferred to the Government at or shortly after the end of the lease period. Such a lease may or may not contain a bargain-price purchase option.

(b) Capital lease.—Any lease other than a lease-purchase that does not meet the criteria of an operating lease.

(c) Operating lease.—An operating lease must meet 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.

—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 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 period.

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.

(d) 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 unique specification of the Government as lessee.

—There is a private-sector market for the asset.
—The project is not constructed on Government land.

(e) Imputed interest costs.—These are financing costs that Treasury would have incurred if it had issued debt equal to the total project cost. The difference between the total estimated legal obligations (excluding obligations for annual operating expenses) 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 period on the date the contract is signed. These costs will be considered mandatory under the BEA.

(f) Differential cost of financing.—The differential cost of financing equals the total annual interest payments on any debt issued less the interest payments that would occur at the Treasury rate, i.e., less the imputed interest costs.

(g) Asset cost.—The asset cost is the present value of the agency's lease payments discounted from the date of the first payment (or the beginning of the lease period, whichever is earlier) using the Treasury interest rate defined under the preceding definition of imputed interest costs and excluding obligations for identifiable annual operating expenses as described in section 2(b). This is the same as 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. The term selected for the Treasury rate should be comparable to the term of the lease or lease-purchase. The year to which the interest rate is attributed should be the year the obligation for the lease or lease-purchase is incurred.

Step 1 Calculate up-front BA:

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 period, 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 lease of a capital asset first becomes available for obligation.

Step 2 Calculate outlays over the period during which the contractor constructs, manufactures, or purchases the asset:

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 exceed the contractor's costs.)

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 BA for the lease payment period:

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 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 period in accordance with Step 5. The interest portion of each periodic payment is the imputed interest cost.

Step 4 Calculate outlays over the lease payment period:

Lease-purchase without substantial private risk: Annual outlays are equal to the annual BA (i.e., the imputed interest costs).

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 financed by authority to borrow):

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 20.3 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
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

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
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	*
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

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
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
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
National Indian Gaming Commission	010	92	14

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
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
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

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
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
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

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
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
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 Commission on Intergovernmental Relations	304	00	55
Advisory Council on Historic Preservation	306	00	95
Appalachian Regional Commission	309	00	46
Architectural and Transportation Barriers Compliance Board	310	00	95
Arms Control and Disarmament Agency	311	00	94
Barry Goldwater Scholarship and Excellence in Education Foundation	313	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 National and Community Service	331	00	95
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

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
District of Columbia:			
Courts	349	10	20
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
Emergency Requirements	509	00	11
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
Intelligence Community Staff	375	00	95
International Trade Commission	378	00	34
Interstate Commerce Commission	379	00	30
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
National Education Goals Panel	492	00	95
National Endowment for the Arts	417	00	59
National Endowment for the Humanities	418	00	59

Agency	OMB Codes		Treasury agency code
	Agency	Bureau	
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
Other Commissions and Boards	505	00	95
Ounce of Prevention Council	499	00	95
Panama Canal Commission	438	00	95
Postal Service	440	00	18
President's Commission on Catastrophic Nuclear Accidents	442	00	48
Presidio Trust	512	00	95
Railroad Retirement Board	446	00	60
Resolution Trust Corporation	448	00	22
River Basin Commissions	506	00	46
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. Information Agency	457	00	67
U.S. Institute of Peace	458	00	95
Washington Metropolitan Area Transit Authority	463	00	46
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. A separate section with informational edit checks that highlight exceptions to general rules has been added. The help messages included in the on-line MAX screens will reflect the latest edit checks and descriptions of these checks. The diagnostic reports and MAX crosswalks that were formerly included in Appendix D are now included in a new Appendix E of this Circular.

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.	21.2, 21.3
A	3500	Subfunction must match BAT file subfunction for this account.	20.4
A	3510	If BA is reported (lines 4300–6890), then outlays (lines 91xx–98xx) must also be reported (even if amounts are zero).	21.3
A	3520	Outlays from new current authority (line 9111) cannot exceed the total amount of current BA reported (lines 4300–5300).	21.3
A	3530	Outlays from new permanent authority (except from offsetting collections) (line 9211) cannot exceed the total amount of permanent BA reported (lines 6300–6790).	21.3
A	3540	If outlays from new permanent authority (except from offsetting collections) (line 9211) are reported, new permanent BA (lines 6300–6790) must be reported.	21.3
A	3550	Outlays from spending authority from offsetting collections (lines 9311, 9321) should be reported if offsetting collections (line 6890) are reported.	21.4
A	3570	If budget authority (lines 4300–6890) or limitations (lines 7001–7909) are reported in schedule A for BY+2–BY+9, outlays (line 9400) are required.	21.3
A	3580	If offsetting collections (line 8890) are reported in the inyears in schedule A, then they must be reported in the outyears.	21.3
A	3590	If spending authority from offsetting collections (line 6890) is reported in the inyears in schedule A, then it must be reported in the outyears.	21.3
A	3600	If outlays from new spending authority from offsetting collections (line 9311) are reported, new spending authority from offsetting collections (line 6890) must be reported.	21.3
A	3610	Limitation data are required on valid line codes listed in MAX. For changes to limitation requirements, consult OMB.	20.1
A	3620	For PY–BY+1, outlays from current BA (lines 4300–5300) and limitations (lines 7001–7909) must be reported on lines 9111–9121 and 97xx–98xx, respectively; outlays from permanent BA (lines 6300–6890) must be reported on lines 9211–9321.	21.3
A	3630	For PY–BY+1, outlays from spending authority from offsetting collections must be reported on lines 9311–9321.	21.3
A	3640	Outlays from new spending authority from offsetting collections (line 9311) cannot exceed total new spending authority from offsetting collections (line 6890).	21.3
A	3650	For supplementals, budget authority data (lines 4300–6890) are not generally reported beyond the current year.	32.8
A	3660	For rescission proposals, current year BA must be negative or zero.	32.8
A	3670	For rescission proposals, budget year BA must be negative or zero.	32.8
A	3680	For recission proposals, there can be no budget year estimates for outlays from new current authority (line 9111).	21.3, 32.8
A	3690	For rescission proposals, outlays must be negative or zero in the current and budget years.	32.8
A	3700	For liquidating accounts, all budget authority, limitations, and outlays must be coded mandatory, authorizing committee.	21.2, 33.6
A	3940	User fee data and coding are required for offsetting collections (line 8890) in this account.	21.2, 21.3
A, P	3720	Program and financing data are required when data are reported for PY–BY in schedule A.	20.6, 21.3
A, P	3730–3810	BA totals in schedule A (lines 4300–6890) must equal the sum of the corresponding amounts in the program and financing schedule for each type of authority.	21.3, 32.3
A, P	3820	Total spending authority from offsetting collections (line 6890) reported in schedule A must equal the sum of the corresponding entries in the program and financing schedule.	21.3, 32.3

MAX data section	Error code range	Description of edit check	Circ. No. A–11 reference
A, P	3830	Total offsetting collections (line 8890) reported in schedule A must equal the sum of the corresponding entries in the program and financing schedule.	21.3, 32.5
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 the program and financing schedule.	21.3, 32.5
A, P	3945	User fee amounts cannot exceed amounts shown on lines 8840 and 8845 in schedule P.	21.2
A, S	3710	Budget authority, outlays and limitation data (schedules A & S) are not required for direct and guaranteed loan financing accounts.	33.6, 20.5
A, S	3860	Baseline BA data (lines 4300–6890) are required if current year BA is reported in schedule A.	23.2
A, S	3870, 3910	Baseline outlay data (lines 9111–98xx) are required if current year outlays are reported in schedule A.	21.3, 32.3
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.	21.2
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%).	12.6
A, S	3900	The budget year Presidential policy spendout rate for permanent 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%).	12.6
A, S	3920	Current year budget authority entries reported in schedule A (lines 4300–6890) must equal the corresponding entries in schedule S.	23.2
A, S	3930	Current year outlays reported in schedule A (lines 91xx–98xx) must equal the corresponding entries in schedule S.	23.2
C	4410	Character class data are not required for direct and guaranteed loan financing accounts.	25.3
C	4430	Subfunction must match BAT file subfunction for this account.	20.5
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)	21.3, 25.4
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)	21.3, 25.4
C, A	4460	Budget authority data (lines 4300–6890) are required in schedule A if character classification budget authority data (schedule C lines xxxx–01) are reported.	20.6, 25.3
C, A	4470	Outlay data (lines 9111–98xx) are required in schedule A if character classification outlay data (schedule C lines xxxx–02) are reported.	20.6, 25.3
D	2230	Schedule D is not valid for this account.	36.7
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)	36.7
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)	36.7
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)	36.7
E	3090	Revenue (line 01x1), expense (line 01x2), and net income or loss (line 01x9) must be reported for each program.	36.3
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)	36.3
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)	36.3
E	3120	When information is provided for two or more programs, net income or loss (line 0199) will be reported for the account as a whole.	36.3
E	3140	Net income or loss for the account as a whole (line 0199) 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)	36.3
E	3150	Net income or loss (e.g., line 0109) 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.	36.3
E	3160	Statement of operations (schedule E) should not be reported for financing accounts.	36.3

MAX data section	Error code range	Description of edit check	Circ. No. A–11 reference
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)	36.3
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)	36.3
F	3200	Direct loans and interest receivable, net (line 1604) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	36.3
F	3210	The value of assets related to direct loans (line 1699) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	36.3
F	3220	Defaulted guaranteed loans and interest receivable, net (line 1704) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	36.3
F	3230	The value of assets related to loan guarantees (line 1799) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	36.3
F	3240	Total assets (line 1999) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	36.3
F	3250	Total liabilities (line 2999) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	36.3
F	3260	Total net position (line 3999) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	36.3
F	3270	Total net position (line 3999) must equal total assets minus total liabilities. (Rounding tolerance of $2M)	36.3
F	3280	Total liabilities and net position (line 4999) must equal the sum of the corresponding detail. (Rounding tolerance of $2M)	36.3
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)	33.7, 33.8
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)	36.3
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.	33.7
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)	33.7
G	2590	For direct loans, unobligated direct loan limitation line (1112) should only be reported in the past and current years.	33.7
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).	33.7
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).	33.7, 33.8
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)	33.7
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 the program and financing schedule.	33.7
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 the program and financing schedule.	33.7
G	2650	Data on direct loan limitations (lines 1111–1150) are not required for liquidating accounts.	33.7
G	2660	In direct loan financing accounts, data on direct loan limitations and obligations (lines 1111–1150) are required.	33.7
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)	33.1
G	2700	Direct loan repayments (line 1251–1253) in regular budget schedules (transmittal code 0) must be negative.	33.7
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.	33.7
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).	33.1
G	2750	In financing accounts, data on net financing disbursements are required (line 6300).	33.1

MAX data section	Error code range	Description of edit check	Circ. No. A–11 reference
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.	33.7, 36.3
G, Y	2780	Federal credit data, baseline estimates (schedule Y) is required if schedule G is present.	33.1
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).	33.8
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.	33.8
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)	33.8
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)	33.8
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).	33.8
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.	33.8
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).	33.8
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).	33.8
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)	33.8
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).	33.8
H	2900	For guaranteed loans, the uncommitted guaranteed loan limitation data (line 2112) should only be reported in the past and current years.	33.8
H	2910	Data on guaranteed loan limitations (lines 2111–2150) are not required for liquidating accounts.	33.7
H	2920	Guaranteed loan repayments (line 2251–2263) in regular budget schedules (transmittal code 0) must be negative.	33.8
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).	33.8
H	2980	In guaranteed loan financing accounts, data on guaranteed loan limitations and commitments (lines 2111–2150) are required.	33.8
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.	33.8
H	3010	In financing accounts, data on net financing disbursements are required (line 6300).	33.1
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.	33.8, 36.3
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.	33.8, 35.4
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.	33.8, 35.4
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.	33.8, 35.4
H, P	2890	Disbursements for defaulted guaranteed loan claims (line 2331) must be equal to or less than gross outlays (line 8700) in the program and financing schedule.	33.8
H, Y	3030	Federal credit data, baseline estimates (schedule Y) is required if schedule H is present.	33.1
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)	36.5

MAX data section	Error code range	Description of edit check	Circ. No. A–11 reference
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)	36.5
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)	36.5
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)	36.5
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)	36.5
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)	36.5
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)	36.5
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)	36.5
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)	36.5
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)	20.3, 36.5
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.	20.3, 36.5
J	4680	The 12-digit OMB account ID code of the applicable expenditure account must be entered for lines 05xx in schedule J.	20.3, 36.5
K	4770	Subfunction must match BAT file subfunction for this account.	20.5
K	4780	Character class must match BAT file character class for this account and subfunction.	25.4
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.	20.4, 23.3
K	4800	User fee coding is required for this account.	21.2, 21.3
O	3305	Detail lines that contain zeroes in all years are not required.	32.2, 32.5
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)	35.5
O	3330	Total limitation expenses on lines (x930) of the object class schedule for 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)	35.5
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.	35.5
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)	35.5
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)	35.5
O	3380	For non-revolving fund accounts, a subtotal for reimbursable obligations (2990) is required whenever reimbursable detail is reported.	35.5
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.	35.5
O, P	3480	When only a single object class is reported, it must equal total obligations (line 1000) in the program and financing schedule.	35.1

MAX data section	Error code range	Description of edit check	Circ. No. A–11 reference
O, P	3485	If reimbursable obligations are reported in the object class schedule (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)	35.5
P	0010	Detail lines that contain zeroes in all years are not required except for lines 8900 and 9000, which are listed for all accounts.	32.2, 32.5
P	0020	GRH reductions to unobligated balances (lines 2380 and 2385) can only occur in accounts in the national defense function.	21.2, 32.3
P	0030	Only one net outlays entry (line 9000) can be reported.	32.5
P	0040	Net outlays entry (line 9000) is required.	32.5
P	0050	Net budget authority entry (line 8900) is required.	32.5
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)	32.3
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–68xx) and the corresponding entry on line 2200. (+/− $1M)	32.3
P	0110	Past year amounts must equal zero for every transmittal code except zero.	20.3, 32.3
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)	32.4, 32.5
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)	32.5
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)	32.4
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.	32.5
P	0180	Total obligations (line 1000) must be positive.	32.3, 32.4
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.	32.4
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.	32.3, 32.4
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.	32.3
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)	32.3
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)	32.1
P	0245	For liquidating accounts, there should be no EOY unobligated balances after FY97; all balances should be transferred out on lines 6827 or 6847, as appropriate.	33.6
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)	32.1
P	0270–0340	If transfers are reported for an account (lines 2221, 2222, 4100, 4200, 6100, 6200, 6861, 6862, 7331, or 7332), then the associated gaining or losing account(s) must be identified using the appropriate 6-digit Treasury account symbol.	32, 20.3
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.	32.3
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)	32.3

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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).	32.3
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) (line 6800) and the amounts must be equal.	32.3, 32.5
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.	32.4
P	0530	Change in receivables and unpaid, unfilled orders from Federal sources (line 6810) 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.	32.3, 32.4
P	0540	The change in receivables and unpaid, unfilled orders from Federal sources entry (line 6810) 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).	32.3, 32.4
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)	32.4
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)	32.4
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.	32.3, 32.5
P	0630	If a G-R-H reduction is reported (lines 9180, 9185), then outlays prior to the reduction (line 9110) must be reported.	32.5
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).	32.5
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)	32.2
P	0660	Line 0100 (running subtotal) must equal the sum of lines 0001–0089. (Rounding tolerance of $2M)	32.2
P	0670	Line 0191 (single activity or subactivity subtotal) must equal the sum of lines 0101–0189. (Rounding tolerance of $2M)	32.2
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)	32.2
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)	32.2
P	0700	Line 0291 (subtotal) must equal the sum of lines 0201–0289. (Rounding tolerance of $2M)	32.2
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)	32.2
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)	32.2
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)	32.2
P	0740	P&F line 0391 must equal the sum of lines 0301–0389. (Rounding tolerance of $2M)	32.2
P	0750	P&F line 0392 must equal the sum of lines 0201–0389. (Rounding tolerance of $2M)	32.2
P	0760	P&F line 0393 must equal the sum of lines 0101–0389. (Rounding tolerance of $2M)	32.2
P	0770	P&F line 0394 must equal the sum of lines 0001–0389. (Rounding tolerance of $2M)	32.2
P	0780	P&F line 0400 (running subtotal) must equal the sum of detail lines 0001–0389. (Rounding tolerance of $2M)	32.2
P	0790	P&F line 0491 must equal the sum of lines 0401–0489. (Rounding tolerance of $2M)	32.2
P	0800	P&F line 0492 must equal the sum of lines 0301–0489. (Rounding tolerance of $2M)	32.2
P	0810	P&F line 0493 must equal the sum of lines 0201–0489. (Rounding tolerance of $2M)	32.2
P	0820	P&F line 0494 must equal the sum of lines 0101–0489. (Rounding tolerance of $2M)	32.2
P	0830	P&F line 0500 (running subtotal) must equal the sum of detail lines 0001–0489. (Rounding tolerance of $2M)	32.2

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P	0840	P&F line 0591 must equal the sum of lines 0501–0589. (Rounding tolerance of $2M)	32.2
P	0850	P&F line 0592 must equal the sum of lines 0401–0589. (Rounding tolerance of $2M)	32.2
P	0860	P&F line 0593 must equal the sum of lines 0301–0589. (Rounding tolerance of $2M)	32.2
P	0870	P&F line 0594 must equal the sum of lines 0201–0589. (Rounding tolerance of $2M)	32.2
P	0880	P&F line 0600 (running total) must equal the sum of detail lines 0001–0589. (Rounding tolerance of $2M)	32.2
P	0890	P&F line 0691 must equal the sum of lines 0601–0689. (Rounding tolerance of $2M)	32.2
P	0900	P&F line 0692 must equal the sum of lines 0501–0689. (Rounding tolerance of $2M)	32.2
P	0910	P&F line 0693 must equal the sum of lines 0401–0689. (Rounding tolerance of $2M)	32.2
P	0920	P&F line 0694 must equal the sum of lines 0301–0689. (Rounding tolerance of $2M)	32.2
P	0930	P&F line 0700 (running subtotal) must equal the sum of detail lines 0001–0689. (Rounding tolerance of $2M)	32.2
P	0940	P&F line 0791 must equal the sum of lines 0701–0789. (Rounding tolerance of $2M)	32.2
P	0950	P&F line 0792 must equal the sum of lines 0601–0789. (Rounding tolerance of $2M)	32.2
P	0960	P&F line 0793 must equal the sum of lines 0501–0789. (Rounding tolerance of $2M)	32.2
P	0970	P&F line 0794 must equal the sum of lines 0401–0789. (Rounding tolerance of $2M)	32.2
P	0980	P&F line 0800 (running total) must equal the sum of detail lines 0001–0789. (Rounding tolerance of $2M)	32.2
P	0990	P&F line 0891 must equal the sum of lines 0801–0889. (Rounding tolerance of $2M)	32.2
P	1000	P&F line 0892 must equal the sum of lines 0701–0889. (Rounding tolerance of $2M)	32.2
P	1010	P&F line 0893 must equal the sum of lines 0601–0889. (Rounding tolerance of $2M)	32.2
P	1020	P&F line 0894 must equal the sum of lines 0501–0889. (Rounding tolerance of $2M)	32.2
P	1030	P&F line 0999 must equal the sum of detail lines 0901–0988. (Rounding tolerance of $2M)	32.2
P	1040	P&F line 0909 must equal the sum of detail lines 0900–0908. (Rounding tolerance of $2M)	32.2
P	1045	P&F line 0919 must equal the sum of detail lines 0910–0918. (Rounding tolerance of $2M)	32.2
P	1050	P&F line 0929 must equal the sum of detail lines 0920–0928. (Rounding tolerance of $2M)	32.2
P	1055	P&F line 0939 must equal the sum of detail lines 0930–0938. (Rounding tolerance of $2M)	32.2
P	1060	P&F line 0949 must equal the sum of detail lines 0940–0948. (Rounding tolerance of $2M)	32.2
P	1065	P&F line 0959 must equal the sum of detail lines 0950–0958. (Rounding tolerance of $2M)	32.2
P	1070	P&F line 0969 must equal the sum of detail lines 0960–0968. (Rounding tolerance of $2M)	32.2
P	1072	P&F line 0979 must equal the sum of detail lines 0970–0978. (Rounding tolerance of $2M)	32.2
P	1076	P&F line 0989 must equal the sum of detail lines 0980–0988. (Rounding tolerance of $2M)	32.2
P	1080	The total obligations line (1000) must equal the sum of all the detail activity lines (0001–0988). (Rounding tolerance of $2M)	32.2
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).	32.3
P	1100, 1130	Transfers of balances from other accounts (line 2222 and 7332) must be positive.	32.3
P	1110, 1120	Transfers of balances to other accounts (line 2221 and 7331) must be negative.	32.3
P	1140, 1150	Transfers of BA to other accounts (lines 4100 and 6100) must be negative.	32.3
P	1160, 1170	Transfers of BA from other accounts (lines 4200 and 6200) must be positive.	32.3
P	1174	Transfers of offsetting collections to other accounts (line 6861) must be negative.	32.3
P	1175	Transfers of offsetting collections from other accounts (line 6862) must be positive.	32.3
P	1180–1270	A total BA entry (line 4300) is required only when multiple detail entries (lines 4000–4200) are reported. If required, lines 4300 must equal the sum of the detail entries. (Rounding tolerance of $2M)	32.3

MAX data section	Error code range	Description of edit check	Circ. No. A–11 reference
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)	32.5
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.	32.3
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.	32.3
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.	32.3
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.	32.3
P	2060	Outlays (gross) detail data (lines 8690–8698) are not required for direct and guaranteed loan financing accounts; gross outlays should be reported on line 8700.	32.3, 21.3
P, A	1840–1920	BA entries are required in schedule A for each type of authority reported in schedule P.	21.3, 32.3
P, A	1940	If offsetting collections (line 88xx) are reported in schedule P, then offsetting collections must be reported in schedule A (line 8890).	21.2, 32.5
P, A	1950–2040	Total lines (e.g., lines 4300, 6990) are used to report BA in schedule A. BA entries are required in schedule A for each type of authority reported in schedule P, and the total amounts must be equal for each type.	21.3, 32.3
P, A	2050	Total lines (e.g., line 8890) are used to report offsetting collections in schedule A; offsetting collections are reported by type in schedule P; the total amounts reported in each schedule must be equal. (+/− $2M)	21.3, 32.3
P, A	2070	Outlays from new current authority line (line 8690) in schedule P must equal outlays from new current authority in schedule A (line 9111, 97xx).	21.3, 32.3
P, A	2080	Outlays from current balances (line 8693) in schedule P must equal outlays from new current authority in schedule A (lines 9121 and 98xx).	21.3, 32.3
P, A	2090	Outlays from new permanent authority line (line 8697) in schedule P must equal outlays from new permanent authority in schedule A (line 9211, 9311).	21.3, 32.3
P, A	2100	Outlays from permanent balances (line 8698) in schedule P must equal outlays from permanent balances in schedule A (lines 9221 and 9321).	21.3, 32.3
P, A	2130	Outlays from balances in schedule A (lines 9121, 9221, & 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.	21.3, 32.3
P, A	2140	Outlay data (lines 9111–9809) are required in schedule A if program and financing gross outlay data (line 7320) are present.	21.3
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.	32.3, 21.3
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.	32.3, 21.3
P, A	2170	Outlays from new spending authority from offsetting collections (line 9311 of schedule A) should not exceed spending authority from offsetting collections (line 6890).	32.3, 21.3
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).	21.3
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).	21.3
P, G	2135	Unobligated balance expiring (line 2230) must be negative.	32.3

MAX data section	Error code range	Description of edit check	Circ. No. A–11 reference
P, G	2196	Net financing disbursements (line 9000) reported in the program and financing schedule (schedule P) must equal the net financing disbursements (line 6300) reported in the status of guaranteed loans schedule (schedule H).	33.10
P, H	2195	Net financing disbursements (line 9000) reported in the program and financing schedule (schedule P) must equal the net financing disbursements (line 6300) reported in the status of direct loans schedule (schedule G).	33.10
Q, O	4510–4520	If full-time equivalent employment for military personnel is reported in the personnel summary, then obligations (other than allocations) for military personnel compensation (line x117) must be reported in the object class schedule.	35.4, 36.1
Q, O	4530–4565	If obligations (other than allocations) for FTE employment (lines x111 or x113) are reported in the object class schedule, then full-time equivalent employment must be reported in schedule Q or vice versa.	35.4, 36.1
R	4730	Subfunction must match BAT file subfunction for this account.	20.5
R	4740	Character class must match BAT file character class for this account and subfunction.	25.4
R	4750	Current year receipts in baseline (schedule K) must equal the corresponding entries in policy (schedule R).	20.5
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.	23.2
R	4765	User fee coding is required for this account.	21.2, 21.3
S	3970	Budget authority, outlays and limitations (schedules A & S) data are not required for direct and guaranteed loan financing accounts.	23.2
S	3980	Unobligated balances (line 2199) are reported in schedule S only for national defense accounts (subfunction 05x).	21.3
S	3982	For accounts in the national defense function (subfunction 05x), line 2199 is required if the account has sequesterable unobligated defense balances.	21.3
S	3984	For accounts in the national defense function (subfunction 05x), outlays from sequesterable unobligated balances (line 9994) must be reported if sequesterable unobligated defense balances (line 2199) are reported.	21.3
S	3990	Number of beneficiaries (line 9993) should only be used if approved by OMB.	21.3
S	4000–4080	If budget authority is reported for BY, it should also be reported through BY+9.	23.2
S	4090	If spending authority from offsetting collections (line 6890) is reported for BY, it should also be reported in the outyears.	21.3
S	4100	If offsetting collections (lines 8890) are reported for the inyears, then they should also be reported for the outyears.	23.2
S	4120	Limitation data are required on valid line codes listed in MAX. For changes to limitation requirements, consult OMB.	20.1
S	4130	Data has been reported under an incorrect GRH program designation.	23.3
S	4140	If budget authority or limitations are reported for BY+2–BY+9, then outlays (line 9400) are required.	21.3
S	4150	Outlays from spending authority from offsetting collections (lines 9311–9321) are required if spending authority from offsetting collections is reported (line 6890) for CY–BY+1 and is not subject to limitation.	21.3
S	4160	Subfunction must match BAT file subfunction for this account.	20.5
S	4170–4190	Outlays from prior limitations (line 98xx), from defense obligated balances (line 9x31) and from non-defense obligated and unobligated balances (line 9x21) cannot be coded as sequestrable	21.2, 21.3
S	4220	For liquidating accounts, all budget authority, limitations, and outlays must be coded mandatory, authorizing committee.	21.2, 33.6
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.	20.4, 23.3
S	4250–4340	Current year baseline BA entries reported in schedule S (lines 4300–6890) must equal the corresponding entries in schedule A.	23.2
S	4350	Current year baseline offsetting collections (line 8890) reported in schedule S must equal the corresponding entries in schedule A.	23.2

MAX data section	Error code range	Description of edit check	Circ. No. A–11 reference
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.	23.2
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.	23.2
S	4380	Current year baseline outlays reported in schedule S (lines 91xx–98xx) must equal the corresponding entries in schedule A.	23.2
S	4385	Spending authority from offsetting collections (line 6890) should equal total offsetting collections (line 8890) unless adjustments have been reported in schedule P on lines 6810–6885.	21.3
S	4390	If offsetting collections (line 6890) are sequestrable, then offsetting collections from non-Federal sources (lines 8840–8845) must be reported and cannot be less than the amount reported on line 6890 in schedule S.	21.2
S	4395	User fee data and coding are required for offsetting collections (line 8890) in this account.	21.2, 21.3
S, C	3975	Baseline budget authority, outlays and limitations (schedule S) and character class (schedule C) data are not required for government-sponsored enterprises.	21.2, 21.3
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.	32, 20.3
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.	21.3
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)	33.9
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)	33.9
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)	33.9
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)	33.9
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)	33.9
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)	33.9
U	2380	A weighted average direct loan subsidy rate (line 1329) is required if multiple subsidy rates (lines 1320) are reported.	33.9
U	2390	A weighted average guaranteed loan subsidy rate (line 2329) is required if multiple subsidy rates (lines 2320) are reported.	33.9
U, A	2400	Total subsidy outlays for guaranteed loans (line 2349) cannot exceed policy outlays (lines 9111–9808) in Schedule A.	33.9
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).	33.9
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).	21.3, 33.9
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).	21.3, 33.9
Y	3040	Federal credit data, baseline estimates (schedule Y) is only required if schedule G or H is reported.	32
Y	3080	In direct and guaranteed loan financing accounts, data on net financing disbursements are required (line 6300).	33.1
Z	4700	Period of availability is invalid.	36.8
Z	4710	Schedule Z data is not required for transmits other than zero.	36.8
Z	4712	If total obligations are reported in schedule P for the CY (line 1000), then schedule Z is required.	36.8

MAX data section	Error code range	Information edit check	Circ. No. A–11 reference
P	0360	Unobligated balances (lines 24xx) should be used for capital transfers to the general fund (line 2240) before new offsetting collections (line 6827) are used.	32.3
P	0370	Unobligated balances should be used for redemption of debt (line 2260) before new offsetting collections (line 6847) are used.	32.3
P	1400	Direct loan subsidy expense should be reported for program accounts.	33.6
P	1402	Guaranteed loan subsidy expense should be reported for program accounts.	33.6
P	1405	Subsidy for modification of direct loan terms should be reported for program accounts.	33.6
P	1407	Subsidy expense for modifications of guaranteed loan terms should be reported for program accounts.	33.6
P	1409	Reestimates of direct loan subsidy should be reported for program accounts.	33.6
P	1411	Interest on reestimates of direct loan subsidy should be reported for program accounts.	33.6
P	1413	Reestimates of the guaranteed loan subsidy should be reported for program accounts.	33.6
P	1415	Interest on reestimates of the guaranteed loan subsidy should be reported for program accounts.	33.6
P	1417	Administrative expenses should be reported for program accounts.	33.6
S	4210	Outlays from end of PY balances is missing.	21.2, 21.3

APPENDIX E

Diagnostic Reports and MAX Crosswalks

In addition to the MAX edit checks listed in Appendix D, a number of reports are produced and used by OMB to ensure that data reported in the data base are consistent both within and between schedules and comply with standard budget concepts.

Exhibits are included for the major diagnostic reports listed below to provide information that can be used to understand and resolve the errors in the data base highlighted by these reports. Agencies can print the reports marked with an asterisk (*) themselves.

Crosswalks are also included that describe relationships between entries in various schedules in the MAX data base. These crosswalks can also be used to 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*	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*	Compares FTE estimates approved by OMB with personnel levels in MAX schedule Q.	2E
FTE Employment: Average Salaries*	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*	Identifies receipt accounts in MAX schedule R with apparent inconsistencies in the BY Budget data when compared with the previous two budgets.	4E
Status of Funds	Compares status of funds data in MAX schedule J with data derived from MAX schedules A, N, P, and R.	5E
Reconciliation of Program and Finance Schedule Transfers	Compares transfers of budget authority, unobligated balances, and obligated balances reported by gaining and losing accounts in MAX schedule P.	6E
Policy and Baseline Agency/Category Account Detail Report—Mandatory Estimates*	Compares mandatory baseline estimates in MAX schedule S with mandatory policy estimates in MAX schedule A.	7E
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.	8E
Crosswalk between MAX A–11/TAR Comparison, MAX Schedule P, and Published TAR Data	Identifies relationships between the MAX A–11/TAR comparision (in the MAX A–11 drop-down menu), MAX schedule P, and data in the published Treasury Annual Report (TAR).	9E
Crosswalk between MAX Schedule P, SF 133, and Selected Treasury Reports	Identifies selected relationships between MAX schedule P, the budget execution report (SF 133), FMS 224 and FMS 2108, and the published TAR.	10E

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.

8/5/96
15.14.45

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 **
** 9221-01	DISC		DE	–8				–47		**
** 9311-01	DISC		DE	476	531	599		531	599	**
** 9400-01	DISC		DE							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						**
** 9241-01	DISC		DE	36						**
** 9311-01	DISC		DE	1,303	919	725		919	725	**
** 9400-01	DISC		DE							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.

TOTAL FTE EMPLOYMENT: APPROVED ESTIMATES VS. MAX SCHEDULE Q
EXECUTIVE BRANCH AGENCY SUMMARY

	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.

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.

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), and dividing by the FTE.

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 data in the previous two budgets.

Errors in the proposed budget must be fixed in MAX. Where there is a justifiable reason for the apparent inconsistency, contact the OMB examiner.

Identifies suspected errors.

Indicates when receipt data in schedule R were last updated.

Accounts with $4 million or less in each year of the BY Budget and credit subsidy accounts are excluded from the report.

SUSPECTED RECEIPT ESTIMATING PROBLEMS

9/12/96
10.20.50

Department of the Treasury

(dollars in millions)

			PY–1	PY	CY	BY
Registration, filing, and transaction fees						
015–00–085000	PY BUDGET	2	0	0	0	0
	CY BUDGET		6	0	0	0
PY-12-20 NO POLICY UPDATE FOR BY BUDGET	BY BUDGET			6	0	0
There is at least a 25% difference between the PY actual and both the PY est in the CY Budget & the CY est in the BY Budget.						
Recoveries under military occupation						
015–00–112500	PY BUDGET	11	11	11	11	11
	CY BUDGET		7	6	6	6
CY–01–09 last updated	BY BUDGET			0	7	7
The PY actual is zero and the PY estimate in the CY Budget is not zero.						
Interest payments from States, Cash management improvem						
015–00–145000	PY BUDGET	0	0	143	157	162
	CY BUDGET		0	143	157	162
CY–01–09 last updated	BY BUDGET			0	67	87
The PY actual is zero and the PY estimate in the CY Budget is not zero.						
Recovery of mint manufacturing expense						
015–00–229200	PY BUDGET	51	55	56	58	61
	CY BUDGET		54	56	59	61
CY–01–09 last updated	BY BUDGET			55	0	0
The CY estimate is zero in the BY Budget and not zero in the CY Budget. From Federal sources: Receivables and unpaid, unfilled orders						
Receivables from canceled accounts, Treasury						
015–00–320000	PY BUDGET	14	0	0	0	0
	CY BUDGET		160	0	0	0
CY–01–09 last updated	BY BUDGET			317	0	0
There is at least a 25% difference between the PY actual and both the PY est in the CY Budget & the CY est in the BY Budget.						

Status of Funds

This report compares status of funds data in schedule J with data derived from other MAX schedules.

Data in schedule J (columns 1–3) should equal the corresponding entries in columns 4–6. To change data in columns 1–3, enter revisions in schedule J; to change data in columns 4–6, enter revisions in schedules A, N, P, or R, as appropriate.

STATUS OF FUNDS (in millions of dollars)

Ecological restoration fund

Identification code 010–08–14–5555 –0–2–999			Schedule J in the database PYl (1)	CY. (2)	BY. (3)	Schedule J generated PY (4)	CY (5)	BY. (6)
Unexpended balance, start of year:								
010X	01	Unavailable collections				841	977	1,133
0100	01	Treasury balance	25	15	30	356	330	338
0101	01	U.S. securities: Par value	1,186	1,315	1,453			
0102	01	Unrealized discounts	–14	–23	–12			
0199	01	Total balance, start of year	1,197	1,307	1,471	1,197	1,307	1,471
Cash income during the year:								
Governmental receipts:								
0200	01	010–00–555560–0 Ecological restoration fund, restoration fees	247	285	284	247	285	284
Proprietary receipts:								
0220	01	010–00–555570–0 Interest on late payment of Ecological restoration fees	8	1	1	8	1	1
Intragovernmental receipts:								
0240	01	010–00–555590–0 Earnings on investments, Ecological restoration fund	62	64	62	62	64	62
0297	01	Income under present law				317	350	347
0299	01	Total cash income	317	350	347	317	350	347
Cash outgo during the year:								
0500	01	010–08–5555–0 Ecological restoration fund	–207	–186	–256	–207	–186	–256
0597	01	Outgo under present law				–207	–186	–256
0599	01	Total cash outgo				–207	–186	–256
Unexpended balance, end of year:								
070X	01	Unavailable collections				977	1,133	1,213
0700	01	Treasury balance	15	30	30	330	338	349
0701	01	U.S. securities: Par value	1,315	1,453	1,546			
0702	01	Unrealized discounts	–23	–12	–14			
0799	01	Total balance, end of year	1,307	1,471	1,562	1,307	1,471	1,562

Derived from schedule N.

Derived from start of year unobligated and obligated balances (i.e., lines 2140 and 7240) in schedule P.

Derived from schedule R.

Derived from schedule A.

Derived from schedule N.

Derived from end of year unobligated and obligated balances (i.e., lines 2440 and 7440) in schedule P.

Derived from schedule J.

Adjustment lines (0625–0650) in the generated schedule J are derived from schedule P.

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.

RECONCILIATION OF PROGRAM AND FINANCE SCHEDULE TRANSFERS
(in millions of dollars)

9/10/96
15.23.18

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	1	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

The same type of line should be used to report a transfer to or from an account (i.e., current BA transfers are reported on lines 4100/4200, as appropriate; permanent BA transfers on lines 6100/6200; unobligated balance transfers on lines 2221/2222; offsetting collections transfers on lines 6861/6862; 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.

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
(Dollars in millions)

03/11/96
16.15.14

VERSN PB98PL01/PB98BL01

AGENCY Other Independent Agencies
CATEGORY Total Mandatory

Indicates BEA category of data reported.

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).

	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.

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 Portion not available for obligation		The offsetting collections entry in schedule N is automatically copied from line 6845 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 Current appropriation (special fund) 4026, 4027 Current appropriation (trust fund) 4900, 4905 Current contract authority 6020, 6025 Permanent appropriation (special fund) 6026, 6027 Permanent appropriation (trust fund) 6028 Permanent appropriation (unavailable balances) 6045 Portion precluded from obligation 6610, 6615 Permanent contract authority 6826 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 4x35-4x36 Rescissions of current authority 5035 Rescissions of reappropriations 6x35 Rescissions of permanent 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.) ***OMB should be advised 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: Since 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 current authority 5075-5085 Reductions of reappropriations 6x75-6x85 Reductions of permanent 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.) ***OMB should be advised 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: Since 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 Current budget authority transferred to and from other accounts 6100, 6200 Permanent budget authority transferred to and from other accounts 6861, 6862 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 Published TAR Data

Entry			Description
MAX A-11 TAR Comparison	MAX Schedule P	Published TAR Data	
Unobligated balance, start of year	21.40-21.49 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	72.40-72.49 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	92.01 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	90.00 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	23.98 Unobligated balance expiring		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	24.40-24.49 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	74.40-74.49 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	92.02 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 Published TAR Data—Continued

Entry			Description
MAX A-11 TAR Comparison	MAX Schedule P	Published TAR Data	
	72.95 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.
	72.99 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.
	74.95 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.
	74.99 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 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 amount reported on line 6800 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 9E.

CIRCULAR NO. A–11

PART 2

PREPARATION AND SUBMISSION OF STRATEGIC PLANS AND ANNUAL PERFORMANCE PLANS

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

JULY 1998

Summary of Changes in Part 2

Overview

—Definitions of general goal and general objective have been refined. A definition of performance measure has been added (section 200.2).

Preparation and Submission of Strategic Plans

—Section 210 now covers the preparation and submission of updated and revised strategic plans.
—Agencies should consider completing an updated and revised strategic plan six or more months earlier than September 2000 (section 210.2).
—Agencies participating in a crosscutting program should describe the interface between related programs, and how programs support each other (section 210.6).
—Means and strategies should address mission-critical management problems (section 210.8)
—Further specification is provided on how key external factors should be identified and described (section 210.10).
—The definition of program evaluations has been expanded to cover process evaluations (section 210.11).
—Agencies should describe the use of completed program evaluations in preparing an updated strategic plan (section 210.11).

Preparation and Submission of Annual Performance Plans

—Section 220 covers three iterations of the annual performance plan: the initial plan, the final plan, and the revised final plan. Previously only the initial plan was covered.
—Agencies may include information on key external factors and program evaluations in their annual plan, although this is not required (section 220.5).
—The FY 2000 plan should include target values for FYs 1999 and 2000 for any performance goals included in both plans (section 220.7).
—Agencies are encouraged to provide information on actual performance for FY 1998 in the FY 2000 annual plan (section 220.7).
—The FY 2000 data base will no longer include the optional capability to link budget and GPRA program activities.
—Agencies should consider merging the final annual plan with the agency Congressional justification (section 220.8).
—Agencies with credit programs should include a description of how changes in the subsidy cost for these programs may affect performance goal target values (section 220.9).
—Goals for mission-critical management problems may be included (section 220.9).
—Programs and activities being undertaken with other agencies in a crosscutting area should be identified (section 220.9).
—Performance goals for crosscutting programs should be consistent and synergistically supportive (section 220.9).
—The identification of the means used to verify and validate measured performance should include additional information on data sources and data systems (section 220.12).
—Authorization to have no performance goals for a program activity will be given for an entire program and financing schedule, not an individual program activity within a schedule (section 220.16).
—Clearance of a final plan and a revised final plan is required. Final plans are to be made publicly available (section 220.17).
—Criteria for preparation of a revised final plan are provided (section 220.18).
—Specific guidance is provided on the format and content of the FY 2000 annual plan (sections 221.2-221.3).
—Statutory requirements for the annual program performance report are summarized (section 221.4).

Overview of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports

Summary Schedule

Initial FY 2000 performance plan to OMB	September, 1998
Revised final FY 1999 performance plan completed	October 1998 (approximately)
Final FY 2000 performance plan sent to Congress	February-March 1999
Interim adjustments to 1997 strategic plan sent to Congress:	February-March 1999 (with annual performance plans for FY 2000).
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).
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.'

The future schedule for strategic plans, annual plans, and program performance reports is shown in the table above.

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.

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:	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. This goal is included in the annual performance plan. Performance goals can be 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 220.8 on program activity and section 32.2 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 and annual performance plans to OMB and Congress 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 military department, or for a component of an independent agency, such as a bureau or office, that annually spends $20 million or less.

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.

A strategic plan can be used to align agency organization and budget structure with 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. These plans are a tool for agencies 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 should be 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 a revised and updated strategic plan to Congress within three years of having submitted their initial strategic plan. For most agencies, the transmittal will not be later than September 30, 2000. 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.—Under GPRA, agencies were required 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 (the 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.) Revisions to the plan incorporate policy, programmatic, or other changes to any element of the agency's current plan. An updated strategic plan will often retain, unchanged, elements of the initial strategic plan, such as the mission statement.

(c) Submission date for updated and revised plans.—GPRA sets no specific calendar date for these submissions. Agencies submitting plans in September 1997 would be expected to submit an updated 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 updated plan during 1999 would have three years until the appropriate, cor-

responding month in 2002 before being required to transmit another updated plan.

Agencies should consider advancing the September 2000 transmittal date by six or more months. Moving this date forward would allow the performance plans for FY 2001 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, and phasing of other events during the year 2000 with the required outreach to interested parties and Congressional consultation.

(d) Interim adjustments.—Minor adjustments to a strategic plan can be made in advance of the 3-year revision cycle. These adjustments can 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 encompass widespread changes to a plan.

All the adjustments should be included with the annual performance plan as a separate, easily found section. Only the adjustments are presented. A final annual performance plan or a revised final annual plan may be used to identify these minor adjustments to Congress and the public (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 through a revision of the strategic plan, even if this accelerates the required three-year update/revision cycle. In these instances, consultation requirements will apply (see section 210.12). Interim adjustments do not alter the 3- year 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 is to span 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 current for only three years (see section 210.4 and Exhibit 210B).

210.4. Relationship to submission of annual performance plans.

Summary of requirements: When submitted, an annual performance plan must be covered by a current strategic plan.

Agencies should note the specific linkage between strategic plans and annual performance plans. A strategic plan's goals and objectives set the framework for developing annual performance plans. Consequently, GPRA states that an annual performance 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 performance plan must be covered by a current strategic plan, the strategic plan need not be current during the actual fiscal year for which the performance plan was prepared. A subsequent strategic plan (revised and updated) 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 annual performance 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 performance 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 together related elements 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 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 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 revised and updated plans, agencies 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. Often this is 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 in its plan any agreed-on goals and objectives for the program. Other agencies having principal responsibility for particular goals should be identified.

Strategic plans of agencies participating in a cross-cutting program should each describe 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. Where appropriate, an agency may include a classified appendix in a strategic plan.

(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 typically 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 very often will 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 which 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, with additional detail provided only when the achievement of the goal(s) is predicated on a significant change in resource or technological levels or capacities, or in the mode or functioning of the 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. For an agency, 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 achievement of 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. In some cases, general goals in strategic plans and annual goals in performance plans may be identical, 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 achievement of the general goals and objectives. If no key factors can 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 into the presumptions an agency used when defining its goals and objectives. Key factors may enhance or nullify these assumptions and the resulting 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.—In a strategic plan, each key external factor should be described, 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 no key factors can 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 adjustment (see subsection 210.2(c)) if an external factor begins affecting goal achievement. If dictated by the magnitude of the factor's effect, the agency may need to prepare an updated and revised plan.

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 no program evaluations are 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), 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 (section 210.13).

In developing a strategic plan, an agency must consult with Congress and 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 a revised and 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 220.6).

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 and Oversight 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 which 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.

Preparation and Submission of Annual Performance Plans

220.1. Introduction.

OMB is required by the Government Performance and Results Act (GPRA) to have agencies prepare annual performance plans, beginning with the performance plan for 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 performance plan sets out measurable goals that define what will be accomplished during a fiscal year. The goals should reflect 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 performance 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, 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 subsequently 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 submittal of the revised final plan to Congress or OMB.

Future OMB guidance will address the potential integration of the performance plan with the annual program performance report. The initial program performance report covers FY 1999 and is to be transmitted to the President and Congress not later than March 31, 2000. Prospectively, the guidance would give agencies several options:

—combining the annual performance report with the performance plan;

—combining the performance report with the annual accountability report (the accountability report is presently being piloted by some agencies under the Government Management Reform Act); or,

—preparing a separate annual performance report.

Agencies should anticipate a future requirement for including information on performance goals for fiscal years 1999–2001 in the FY 2001 performance plan. This would present performance baseline and trend information in a single document. This requirement would not prescribe that other statutory program performance report elements be included in the FY 2001 annual plan. (See also section 221.2 on including performance goals for several years in the FY 2000 annual performance plan, and section 221.4 on elements of the program performance report.)

Agencies should also anticipate using the program and activity structure in the annual performance plans to help identify and prioritize core business functions in the continuity of business plans being prepared for the Year 2000 problem. Guidance on continuity of business plans will be issued separately. Future subpart 220 guidance may be issued which addresses the relationship of the continuity of business plans to the agency final annual performance plans for FY 2000.

220.2. Timing of plan submissions and submitting official.

Summary of requirements: Initial plans are due to OMB with the agency budget request. Final plans are sent to Congress following transmittal of the President's budget.

(a) The initial plan.—The agency head (or his or her designee) submits, normally in September, the initial annual performance plan to OMB at the same time as the agency's initial budget submission. (See section 10.3 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 performance 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 and Oversight Committee. Copies may also be distributed to other members of Congress or committees.

The transmitting official for the final annual plan should be 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 funding level for the fiscal year. Prolonging completion of a revised final plan until the fiscal year is well underway limits its usefulness as a management document.

Both the initial and final performance plans for the next fiscal year should reflect the changes to current year performance goals, including target values for the goals, as incorporated in the revised final plan (see also section 221.2). Agencies should coordinate with the appropriate OMB representative on dates for providing this information. As information on current year performance goals will be included in the final performance plan for the next fiscal year, this can be a consideration when deciding on distribution of a revised final plan to Congress.

220.3. General rules governing development of annual performance plans.

In developing annual performance 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, within this framework, agencies have flexibility in determining the scope, level of detail, and format of the plan;
—agencies should begin including 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 requirements: The annual performance plan is a single plan covering the entire agency.

The annual performance 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 requirements: 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 being covered by an annual performance plan. (See section 210.4 on current strategic plans.)

(b) In general.—A close correspondence should exist between the strategic plan and the annual performance 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 performance 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 performance 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 be relying on these to achieve specific performance goals.

(e) External factors.—Key external factors (see section 210.10) are not a specified element in an annual performance plan. Agencies may choose to include information on external factors in their annual plan, when these may 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 information on program evaluations in their annual performance 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 performance 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. 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;

—requests for waivers of administrative requirements to provide managerial flexibility.

(c) Use of non-Federal parties.—GPRA states that the preparation of an annual performance plan is an inherently governmental function, and drafting of the plan is to be done 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 performance plan may be used to identify and describe minor adjustments being made to a strategic plan. The initial annual performance 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.

Summary of requirements: The annual plan will include performance goals for FY 1999 and 2000. General goals and objectives from the strategic plan should be aligned with their performance goal counterparts in the annual plan.

The preferred format for annual performance plans for FY 2000 is the following:

(a) Performance goals for fiscal years 1999 and 2000.—The performance plan for fiscal year 2000 should include target values for fiscal years 1999 and 2000 for any performance goals included in both plans. The target values for fiscal year 1999 should be those in either the agency's final or revised final plan for fiscal year 1999, whichever is the most current plan. (See section 221.2)

(b) Actual performance information for the past fiscal year.—Agencies are encouraged to include information on actual performance for fiscal year 1998 for any performance goals which have target values for fiscal years 1999 and 2000. (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.

(d) Agency mission statement.—To provide a ready reference for the reader, an agency should include the mission statement (or a summary) from its strategic plan.

(e) Identification of goals for cross-cutting programs.—To assist in review of the plans, agencies should indicate those goals and indicators that are being undertaken in support of programs or activities of an interagency, cross-cutting nature. (See subsection 220.9(f) on crosscutting programs.)

(f) Presentation.—Agencies should ensure that information is presented clearly and concisely. Plans should be informative, useful, and avoid minutiae.

220.8. Relationship with the budget.

Summary of requirements: 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 plan. (A performance goal or indicator may cover more than one program activity.)

(a) General principles.—The annual performance 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 performance 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 performance 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 11.6 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 section 11.5 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 fiscal year 2000 annual plans, agencies are expected to show significant progress in associating funding with specific performance goals or sets of goals.

Usually, this funding will be stated in terms of obligations. (See generally sections 32.1 and 32.2 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. Where attribution of costs is not yet feasible, a free-standing' program activity for overhead costs may be established. 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 11.5 and 11.6 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 requirements: 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 220.15–220.16);

—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. See also section 221.4 on program performance report elements.)

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 performance 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 performance 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 performance 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 a performance 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 performance 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 measure 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 performance plan should not include any goals for inputs (budget resources, number of FTEs, etc); agencies are required to provide information on inputs in the section of the annual plan section that describes 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) Crosscutting 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 1999 performance plans of other agencies participating with it in a crosscutting 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 performance 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 requirements: The annual 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 agency 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 221.2.)

(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 performance 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 performance 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 needed resources, processes, and technologies.

Summary of requirements: The annual 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 performance 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 being 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 are intended to be proposed or promulgated 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 performance 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 in helping 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 performance 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 performance 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 requirements: The annual 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 performance 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);
—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. (See also section 221.2 on actual performance data for fiscal years 1998, 1997, and 1996.)

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 performance 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. (Instructions on preparation

of a similar classified appendix for the annual program performance report will be provided later.)

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 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 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 prior to the initial iteration of its annual performance plan being 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 performance 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 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 plan may not be released outside the Executive branch. Final plans and revised final 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 sections 12.7 and 12.8 in Part 1 of 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 performance 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 subsection 12.9(b) of Part 1 regarding OMB clearance of such materials prior to their transmittal or release applies to these iterations of the annual performance plan.

(c) Public availability of the final plan.— As soon as practicable after it is sent to Congress, the final 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 strategic plans, GPRA has no requirement 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 annual plan, particularly its readability and informativeness.

220.18. Revised final plan.

Summary of requirements: 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. (More extensive changes may be made to any revised final plan for FY 1999.)

(a) In general.—GPRA allows, but does not require, an agency to prepare a revised final annual performance 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;
—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.

(b) Revised final plan for fiscal year 1999.— An exception to the general instruction on making only necessary changes will apply to the annual performance plans for fiscal year 1999. These annual plans are the first plans developed under the government-wide implementation of GPRA. Congressional review and use of these plans, ongoing OMB assessments, and comments and suggestions that may be provided by the public, are generating numerous suggested enhancements and improvements in the agency annual performance plans. Any agency preparing a revised final fiscal year 1999 performance plan should, where practicable, incorporate these enhancements and improvements in this iteration of its plan.

221.1. Annual performance plan for fiscal year 2000.

(a) Introduction.—Several new features are being introduced with the FY 2000 performance plan. These anticipate a future requirement for the FY 2001 plan to include at least three years of performance information, fiscal years 1999–2001 (see section 221.2).

(b) Incorporating changes to the FY 1999 annual plan.— Being the first set of agency plans required by GPRA, the fiscal year 1999 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 2000 plan. (See also subsection 220.18(b).)

(c) Fiscal year 1999 and 1998 budget information.— Plans including performance goals for fiscal years 1999 (estimated performance) and 1998 (actual performance) should include the corresponding budget amounts for these goals, or sets of goals.

221.2. Fiscal year coverage of the fiscal year 2000 annual plan.

Summary of requirement: The FY 2000 annual plan should include performance goals for both FY 1999 and 2000. Agencies are encouraged to include FY 1998 performance goals as well.

(a) Fiscal year 2000.— Performance goals and indicators for FY 2000 set out projected levels of performance. These performance goals are a statutorily-required element of the plan.

(b) Fiscal year 1999.— For performance goals and indicators included in both the FY 1999 and 2000 plans, the target levels of performance for fiscal year 1999 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 1999 represent estimated performance levels.

The FY 1999 target levels are those contained in either the final annual plan or the revised final plan for this fiscal year, whichever is most current. While FY 1999 target levels are included in an agency's final annual plan for FY 2000, this plan, transmitted to Congress beginning in February 1999, should not be used to revise further the target levels for performance goals in a fiscal year 1999 plan. Any such revision must first be made through a revised final plan for FY 1999.

Fiscal year 1999 performance goals or indicators that are not continued in the FY 2000 plan need not be included in this plan.

(c) Fiscal year 1998.— Agencies having actual performance data for FY 1998 for those performance goals and indicators included in both the FY 1999 and 2000 plans, are encouraged to include this information in the FY 2000 plan.

Actual performance information for FY 1998 often will not be available when the initial iteration of the annual plan is sent to OMB in September 1998. Data availability should increase by the time that the final annual plan is transmitted to Congress. Agencies including actual performance data in their FY 2000 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 1998 target levels for performance goals and indicators. (See also section 221.4 on statutory elements of a program performance report not required to be included at this time.)

(d) Fiscal years 1997 and 1996.—Agencies having actual performance data for 1997 and 1996 corresponding to the performance data for FY 1998 are encouraged to include this information. This data can be useful in showing trends or in establishing a baseline.

If FY 1998 performance data is unavailable, agencies may choose to include FY 1997 or 1996 data.

(e) Future fiscal years.—Agencies may include the projected level of performance in a future fiscal year (post fiscal year 2000). See subsection 220.10(c) on goals for performance occurring in a future fiscal year.

221.3 Display of performance goals in the fiscal year 2000 annual plan.

Performance information for fiscal years 1998, 1999, and 2000 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 2000 target levels should be defined as projected performance, FY 1999 target levels as estimated performance, and FY 1998 (or prior year) levels as actual performance.

Performance goals or indicators newly established for the FY 2000 plan may not have counterpart goals in the FY 1999 plan. The plan should indicate that these are new goals.

221.4 Elements of the annual program performance report.

GPRA requires that a program performance report include the following elements:

—A comparison of actual performance to the performance goals set out in the annual plan;

—an explanation, where a performance goal was not met, for why the goal was not met;

—a description of the plans and schedules to meet an unmet goal in the future, or alternatively, recommended actions with respect to any goal that is found to be impractical or infeasible to achieve;

—the summary findings of program evaluations completed during the fiscal year covered by the report; and,

—an evaluation of the performance plan for the current fiscal year relative to the actual performance achieved in the fiscal year covered by the report.

These and several other elements will be required for the first annual program performance report. This report, for FY 1999, is to be submitted to the President and Congress not later than March 31, 2000. GPRA imposes no requirements for a program performance report for FY 1998. Agencies including actual performance data for FY 1998 in the performance plan for FY 2000 need not include these report elements in this annual plan.

Guidance will be issued in the future on the preparation and transmittal of the annual program performance report.

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.

CIRCULAR NO. A–11

PART 3

PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

JULY 1998

Planning, Budgeting, and Acquisition of Capital Assets

Summary of Changes

Exhibit 300B, Capital Asset Plan and Justification, has been revised to:
—collect information on large financial management systems (previously reported on exhibit 40B);
—integrate more fully the OMB investment decision criteria for information technology (IT) acquisitions (known as ''Raines Rules'') to include mapping to the agency's IT architecture and technical infrastructure;
—clarify project and contract cost, schedule and performance baselines; and
—emphasize acquisition strategy.

300.1. Purpose.

Part 3 of this Circular provides guidance to agencies on planning, budgeting, and acquisition of capital assets, requires agencies to provide information on these assets in their budget submissions to OMB, and includes guidelines for planning. Agency submissions on plans for capital assets are required for OMB review of funding requests and evaluation of new and ongoing projects.

Part 3 also presents unified guidance designed to coordinate the collection of agency information for the OMB report to the Congress required by the Federal Acquisition Streamlining Act of 1994 (FASA) (Title V) and to ensure that acquisition plans support the mission statements, long-term goals and objectives, and annual performance plans developed pursuant to the Government Performance and Results Act of 1993 (GPRA). Agency submissions will allow OMB to carry out its reporting responsibilities under FASA without issuing additional central guidance.

In developing their capital plans, agencies should follow the *Principles of Budgeting for Capital Asset Acquisitions* and the additional guidance in Appendix 300B. The *Principles* were published in the *Analytical Perspectives* volume of the *FY 1999 Budget* and appear in Appendix 300A.

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.

For the last four years OMB has issued guidance on asset acquisition to the agencies, conducted crosscutting reviews, and addressed specific asset acquisition issues in agency review sessions during the fall budget process. At the same time, new statutory performance-based reporting and review requirements have been created in GPRA and FASA that complement the goals of OMB's asset acquisition review.

Part 3 encourages agencies to focus on the importance of capital assets, including information technology, in carrying out the mission of the agency within the context of the existing scoring rules and the limits on discretionary spending.

(b) Major legislation related to capital assets.—Under FASA (Title V), OMB is required to report on the cost, schedule, and performance goals for asset acquisitions and how well agencies are meeting the goals. GPRA requires agencies to develop mission statements, long range strategic goals and objectives, and annual performance plans. GPRA became effective government-wide in September 1997, when agencies 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 to the agencies 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). The purpose of the *Guide* is to provide professionals in the Federal Government 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.

300.3. General requirements.

Agencies are required to provide the following information related to acquisition of capital assets as a part of their initial budget submissions (see due date in Part 1, section 10.3 (a)). For Cabinet and other agencies subject to executive branch

review and the District of Columbia, the due date is September 14, 1998. The required materials are:

—information on the impact of full funding of capital assets now funded incrementally (exhibit 300A), using the coverage described in section 300.5 (d); and

—a capital asset plan and justification (exhibit 300B) for major acquisitions identified pursuant to section 300.6(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 300.6(b). This information includes a summary of spending for project stages; justification and other information; and cost, schedule, and performance goals.

300.4. Definitions.

For purposes of this Circular, the following definitions apply. 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 the following, but are not limited to:

—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, 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, stewardship land, and some software.

Capital assets do not include grants for acquiring capital assets made to State and local governments or other entities (such as National Science Foundation grants to universities 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 the agency to develop the design; assess the benefits, costs, and risks; and establish realistic baseline cost, schedule, and performance goals before proceeding to full acquisition of the useful asset (or canceling the acquisition). This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. If the project includes a prototype that is a capital asset, the prototype

may itself be one segment or may be divisible into more than one segment. 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 in this way. 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. 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. 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, is not permitted under OMB Circular No. A–11 principles.

(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. The baseline goals, and any changes to the baseline goals, must be approved by OMB.

(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. Cost goals are to be reviewed by the agency's Chief Financial Officer prior to inclusion 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, performance goals should be expressed in quantitative terms 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 Clinger Cohen 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 12.3(k). 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 Principles of Financing).

For the initial budget submissions, agencies 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.

Agencies will identify in the initial budget submission any additional budget authority required to implement full funding. Adjustments to agency planning guidance levels will be considered based on agency budget submissions.

The additional amount of budget authority to fully fund projects currently funded incrementally is to be displayed on exhibit 300A, which is discussed in (d) below.

(c) Coverage of full funding policy.—The full funding policy applies to all capital assets as defined in section 300.4(a).

(d) Coverage and explanation of "Impact of Full Funding of Capital Assets" (exhibit 300A).—Agencies are required to 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 the agency would recommend implementing the full funding policy. The agency 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 the agency 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. Agency recommendation for redistribution to useful segments (or modules) that are fully funded.	Report the agency 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 agency 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. Agency recommendation for redistribution to useful segments (or modules) that are fully funded.	Report the agency 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 the agency total.

300.6. Criteria and coverage of "Capital Asset Plan and Justification" (exhibit 300B).

(a) Criteria.—Exhibit 300B covers major acquisitions–those requiring special management attention because of their importance to the agency mission; high development, operating, or maintenance costs; high risk; high return; or their significant role in the administration of agency programs, finances, property, or other resources.

(b) Coverage for this year.—Agencies should report on all major acquisitions, including major acquisitions of financial management systems and other information technology. Agencies should consult with their OMB representative to decide which specific projects should be classified as major acquisitions, building on what was provided in response to Part 3 last year for the *FY 1999 Budget.* Any information technology system reported as a major system in exhibit 42 (Parts 1, 2, and 3) must also be reported on exhibit 300B.

(c) Future years.—Agencies should develop capital plans for all acquisitions, not just the major acquisitions covered by the criteria in (a).

300.7. Information required: explanation of "Capital Asset Plan and Justification" (exhibit 300B).

For each asset identified pursuant to section 300.6 (b), the agency is required to submit with its 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. Agencies may submit the information in a different format, if it is acceptable to their OMB representative.

Data on information technology, a subset of data reported in exhibit 300B, are also required in the format of a new exhibit. (See reporting requirements in section 42.) For information technology, the funding stages for ''Planning'' plus ''Full acquisition'' are the same as the ''Development/modernization/enhancement'' entry described in exhibit 42, and ''Maintenance'' is the same as ''Steady state'' in exhibit 42. Detail on information technology reported in exhibit 300B should be aggregated and used to prepare exhibit 42.

EXPLANATION OF EXHIBIT 300B: CAPITAL ASSET PLAN AND JUSTIFICATION

Entry	Description
Heading	Identify the 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 the agency budget request for BY or later, or whether it is an ongoing project funded in CY or earlier. Indicate whether it was approved by an agency Executive Review Committee. Indicate whether it is an information technology project, as defined in Section 300.4(e). For information technology projects only: 1) indicate whether it is a financial management system, as defined in section 42.2. If so, indicate what percentage of the system is financial, and 2) indicate whether the project was approved by an agency Investment Review Board.
PART I: SUMMARY OF SPENDING FOR PROJECT STAGES	
Summary of spending for project stages	Provide amounts of budget authority and outlay in millions of dollars for the table. The stages shown in the table—planning, full acquisition, and maintenance—are illustrative. After consulting with the agency, the OMB representative will advise the agency 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 42.
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 the agency meet the agency 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 by the requesting agency 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 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	Identify whether there is a program manager and contracting officer devoted to the project. Identify also whether an Integrated Project Team will be established to assist in the management of the project. (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.)

EXPLANATION OF EXHIBIT 300B: CAPITAL ASSET PLAN AND JUSTIFICATION—Continued

Entry	Description
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 the 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.
E. Adherence to architecture and infrastructure standards (IT projects only)	Describe how the project is compliant with the 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

Agency plans must have cost, schedule, and performance goals for all proposed and ongoing acquisitions. The establishment and analysis of cost, schedule, and performance goals should include a risk assessment that discusses the probability of achieving them. If the agency does not already have cost, schedule, and performance goals established in prior years that the OMB representative has approved, the agency must propose new cost, schedule, and performance goals this year. Once established, the 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.

The agency planning process is expected to produce acquisition plans that have a high probability of successfully achieving goals. Agencies 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 the agency is able to establish realistic cost, schedule, and performance goals. If the acquisition planning has not progressed to the point where the agency is ready to commit to achievement of specific goals for the completion of the acquisition, the agency should request funds for the planning and alternative exploration stages, as necessary, of the acquisition and not the entire acquisition. Funds for the production or installation stage should not be requested until firm goals can be set.

The following information, entries (A) through (F), should be completed for each contract which 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.
B. Original baseline	This is the baseline as first approved by the OMB representative. If a revised baseline is subsequently approved, the original baseline will be retained and displayed in this section.
1. Original cost and schedule goals	Identify here the original baseline cost and schedule goals.

EXPLANATION OF EXHIBIT 300B: CAPITAL ASSET PLAN AND JUSTIFICATION—Continued

Entry	Description
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. Agencies should compare the latest estimates with the current baseline and report on the variance. If goals are being established 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 more than 10 percent 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	Agencies may propose revisions to their original or current baseline goals, the latest estimates indicate they are not achievable. The proposed revisions must be justified, to include the probability of achieving the new goals. OMB must approve all changes to original and subsequent baselines.
2. Performance	
F. Corrective actions	Identify corrective actions that have been or will be taken if the current cost, schedule or performance estimates have a negative 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.

300.8. Additional information.

Agencies 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. Agencies 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. Agencies should give special attention to these spikes for justified, cost-beneficial acquisitions, although resources will continue to be constrained by the budget authority and outlay limits under the government-wide discretionary caps. 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. Agencies 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.—Agencies 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 12.3(j)).

(d) Other observations.—Agencies are invited to suggest other methods to improve planning, budgeting, and acquiring 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).

PY-past year
CY-current year
BY-budget year

Example assumes one new $50 million project started each year, funded at $10 million per year for five years.

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

Example assumes one new $50 million project fully funded each year.

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 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 42.2 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 42, and ''Maintenance'' is the same as ''Steady state'' in exhibit 42.

''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

PY-past year
CY-current year
BY-budget year

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 300.7. 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 a supplement to this Circular, *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 (e.g., 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 over-

runs, 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: Definitions.

Capital Project and Useful Segments of a Capital Project

See section 300.4: 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: 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 1997):

Part 1

Section 12.3 (k), 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 12.5 (g), 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 25, Character classification, requires information on different kinds of investment and grants to State and local governments.

Section 42 requires data on information technology.

Part 3: Planning, Budgeting, and Acquisition of Capital Assets

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 to be used by agencies in evaluating Federal activities including capital asset acquisition. It includes guidelines on the discount rate to use in evaluating 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 submitted 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 executive departments and agencies to follow in developing, operating, evaluating, and reporting on financial management systems.

OMB Circular No. A–130, *Management of Federal Information Resources* (revised February 8, 1996), provides principles for internal management and planning practices for 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 informally as ''Raines Rules.''

PUBLICATIONS

Office of Management and Budget, *Capital Programming Guide* (June 1997).

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).

U.S. General Accounting Office, *Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology,* GAO/AIMD–94–115 (May 1994).

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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Number	Title	Date of Latest Revision
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	March 27, 1996
A–94	Guidelines and discount rates for benefit-cost analysis of Federal Programs	October 29, 1992
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

EXECUTIVE ORDERS REFERENCED IN THIS CIRCULAR

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
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
12893	Principles for Federal Infrastructure Investments	January 26, 1994
13031	Federal Alternative-Fueled Vehicle Leadership	December 13, 1996