

4 FAH-3 H-100 BUDGETING

4 FAH-3 H-110 BUDGETING

(CT:FMP-29; 02-17-2005)
(Office of Origin: RM/FPRA/FPMC)

4 FAH-3 H-111 DEFINITIONS

(CT:FMP-29; 02-17-2005)

- a. **Appropriation Act.** A public law *passed* by Congress and signed by the President *that provides* funds *for committing* obligations and *making* payments (expenditures) out of the Treasury *for specified purposes*. *For the Department, an appropriation act must include waiver of statutory requirements for separate authorizing legislation whenever such authorizing legislation has not been enacted first.*
- b. **Authorization Act.** A *public law passed by* Congress *and* signed by the President that establishes *or continues the operation of a federal program or agency either indefinitely or for a specific time period, or that controls obligations or expenditures within a program. Authorization legislation usually is a prerequisite for appropriations acts. An authorization act for the Department* usually sets *limits* on the *amounts* that can be appropriated, *by account*; the authorization *act* does not, however, provide the actual dollars for a program nor does it enable an agency or department to make commitments to spend funds in the future.
- c. **Budget.** The identification of resources, both personnel and funding, required to accomplish the organization's goals and objectives and programs for a specific period of time. A budget is a tool for planning, managing, and controlling the use of resources. *The Department of State emphasizes the interdependence of these functions by publishing an integrated performance budget.*
- d. **Budget authority.** Becomes available during the fiscal year to enter into obligations that result in immediate or future outlays of Government

Financial Management Procedures Handbook

funds. Most budget authority is in the form of appropriations; other *forms* are borrowing authority, contract authority, *and the authority to obligate and expend offsetting receipts and collections*. Appropriations fall into two categories:

- (1) Direct *appropriations* to the Department *of State*; and
 - (2) *Appropriations* to other departments or agencies *that* are subsequently transferred, allocated, or reimbursed in whole or in part to the Department *of State*.
- e. ***Budgetary resources.*** *Comprise new budget authority, which is that amount requested from and approved by the Congress for the Department each fiscal year, and other obligation authority, which includes unobligated balances carried forward, transfers, recoveries, and offsetting collections, including reimbursements. Total obligation authority is the sum of all budgetary resources for a particular account that the Department is authorized to obligate.*

4 FAH-3 H-112 APPROPRIATIONS

4 FAH-3 H-112.1 Appropriation Use, Limitation, and Types

(CT:FMP-29; 02-17-2005)

- a. *An appropriation is the most common form of budgetary resource.* Appropriations are provided for periods of time, depending upon the nature of the programs being funded. The obligation and subsequent expenditure of appropriations must be within the purposes for which the funds were appropriated by the Congress, unless funds are reprogrammed or transferred pursuant to statutory *authority and* procedures.
- b. Obligations may not be incurred nor expenditures be made in advance of or in excess of an appropriation. To do so is in violation of the Anti-Deficiency Act and the responsible officer is subject to removal from office and may be punished by fine or imprisonment.
- c. *Three main types of appropriation acts are regular, supplemental, and continuing. A regular appropriation is enacted each fiscal year for that fiscal year. A supplemental appropriation is enacted when needed. A continuing appropriation is enacted when action on one or more regular appropriations bills is not completed before the beginning of the fiscal*

Financial Management Procedures Handbook

year. Each type of appropriation act may include specific provisions governing the availability (by program, purpose, or time), obligation, and expenditure of the appropriation. Supplemental appropriations often have starting and especially ending dates that do not coincide to those for regular appropriations. Following are types of regular and/or supplemental appropriations.

4 FAH-3 H-112.1-1 Annual Appropriations

(CT:FMP-29; 02-17-2005)

- a. Annual appropriations are provided for recurring obligations associated with operations essentially unchanged in nature from year to year but which *may* vary in level; *they* are available from October 1 to September 30 in the fiscal year for which *they are* appropriated. Annual appropriations *typically include such costs as* the payment of salaries, travel, utilities, and equipment maintenance. *Diplomatic and Consular Programs*, Representation, and the Office of Inspector General are examples of annual appropriations within the Department *of State*.
- b. An annual appropriation is available for making obligations during the fiscal year in which it is available. *An annual appropriation expires at the end of the period of its availability, which means that it is not available for new obligations.*
- c. An annual appropriation is *subject to* adjustments and will be maintained by fiscal year identity for five years *after it expires*.
- d. After the five-year adjustment period, *the appropriation is closed*. Any unliquidated obligations and unobligated balances must be withdrawn and *anceled*. Any claims for valid obligations must be obligated and disbursed from the current year appropriation available *for the same purpose* at the time a valid claim is submitted to the Department. *However, the cumulative total of old obligations payable from current appropriations may not exceed one percent of the current appropriation. In addition, any such payment may not exceed the unexpended balance of the closed (original) appropriation from which the old obligation was made.*

4 FAH-3 H-112.1-2 No-Year Appropriations

(CT:FMP-29; 02-17-2005)

- a. No-year appropriations are generally provided for complex programs of a continuing nature characterized by multiple phases *that* preclude a

Financial Management Procedures Handbook

definite completion date. Such appropriations are usually appropriated each year, but each year's obligational authority is available until fully *expended*. For example, the *Embassy Security, Construction and Maintenance account* is a no-year appropriation *that* provides for new U.S. Government facilities overseas, including planning, design, site acquisition, construction, finishing and furnishing.

- b. A no-year appropriation is open for obligation for an indefinite period of time and unobligated balances are carried forward from fiscal year to fiscal year. *However, unobligated balances from the previous fiscal year must be reappropriated and reallocated before funds can be obligated in the new fiscal year (see 4 FAH-3 H-120). Authority for closing a no-year appropriation is provided under 31 U.S.C. 1555.*

4 FAH-3 H-112.1-3 Multi-year Appropriations

(CT:FMP-29; 02-17-2005)

Multi-year appropriations are provided to remain available for a specified number of fiscal years for program initiatives which are expected to extend over more than one year but which should have a finite life span. *As with no-year appropriations, unobligated balances of multi-year appropriations from the previous fiscal year must be reappropriated and reallocated before funds can be obligated in the new fiscal year. As with annual appropriations, multi-year appropriations are subject to adjustments and will be maintained by fiscal year identity for five years after they expire. Authority to pay claims from canceled obligations is the same as for annual appropriations.*

4 FAH-3 H-112.2 Appropriation Structure

(CT:FMP-29; 02-17-2005)

The Department regularly receives over *50* appropriations, which are a mixture of the annual, no-year, *and multi-year types*. The Department must manage the balances of no-year and multi-year appropriations *that* carry over from year to year even though no new appropriations are received. The specific nature of an appropriation can be determined by the third character in the appropriation number, which specifies the year(s) of fund availability.

- (1) An annual appropriation will have a single digit as the third character, representing the current fiscal year.
- (2) A no-year appropriation will have an "X" as the third character, which represents indefinite fund availability.

Financial Management Procedures Handbook

- (3) A multi-year appropriation will have two digits separated by a slash (/) as the third character, which indicates the starting and ending years of fund availability.

4 FAH-3 H-112.3 Department Appropriations

(TL:FMP-1; 09-30-1994)

The appropriations received by the Department are provided in 4 FAH-1 H-200.

4 FAH-3 H-113 OTHER BUDGETARY RESOURCES

(CT:FMP-29; 02-17-2005)

The most common form of authority given to an agency allowing it to incur obligations is a direct appropriation. Other forms of budgetary resources commonly available to the Department include borrowing authority, transfers, unobligated balances brought forward (also called carryforward or carryover), spending authority from offsetting collections (also called reimbursements), and recoveries of prior year obligations.

4 FAH-3 H-113.1 Borrowing Authority

(CT:FMP-29; 02-17-2005)

Borrowing authority permits the Department to incur obligations and make payments to liquidate the obligations out of funds borrowed from the Treasury. The Repatriation Loan Financing Account (19X4107) borrows funds from the Treasury to cover that portion of each repatriation loan the Department expects the borrower to repay. The account is managed in conformance with the Credit Reform Act of 1990, Title V of Public Law 101-508.

4 FAH-3 H-113.2 Transfers

(CT:FMP-29; 02-17-2005)

- a. A **transfer** shifts budgetary authority from one appropriation or fund account to another, as specifically authorized by law. The nature of the transfer determines whether the transaction is considered an expenditure

Financial Management Procedures Handbook

or nonexpenditure transfer, and how the funds are handled as budgetary resources and accounted for.

- (1) *An **expenditure transfer** represents payment, repayment, or receipt for goods or services furnished or to be furnished. Shifts of budgetary resources between Federal funds and trust funds, regardless of the purpose, also are expenditure transfers. An expenditure transfer is a type of offsetting collection (reimbursement or advance payment). The most commonly used legal authority for expenditure transfers is the Economy Act (31 U.S.C. 1535).*
 - (2) *A **nonexpenditure transfer** does not represent payment for goods and services received or to be received but rather serves to adjust amounts available in the accounts for making payments. Nonexpenditure transfers include allocations. An allocation is the amount of budgetary authority from one agency, bureau, or account (called the parent appropriation or fund) that is set aside in a transfer appropriation account to carry out the purposes of the parent appropriation or fund.*
- b. Appropriated funds can be transferred between accounts to concentrate a program's funds in one location, or to convey funds to a different organization better able to manage them. The Department historically has been authorized to make nonexpenditure transfers between its accounts within the annual Commerce-Justice-State-Judiciary-Related Agencies (CJS) appropriation act. The General Provisions section of the act traditionally restricts transfer authority by the total dollar amount, the accounts among which funds can be conveyed, and/or the percent by which a recipient account can be increased. Generally, funds transferred from another appropriation act into a CJS account retain the original duration for which they were appropriated (i.e., single year, multi-year or no-year), and retain their original governing provisions.*
- c. Each nonexpenditure transfer must be reflected in an apportionment approved by the Office of Management and Budget (OMB) for both parent and recipient accounts (allocation transfers have special rules), and in a nonexpenditure transfer authorization approved by the Treasury.*

4 FAH-3 H-113.3 Unobligated Balances Brought Forward

(CT:FMP-29; 02-17-2005)

*An unobligated balance brought forward (also called **carryforward** or*

Financial Management Procedures Handbook

carryover) is the cumulative amount of budgetary authority that was not obligated in an account in the current fiscal year but remains available for obligation under law in one or more future budget years. Unobligated balances brought forward are additional budgetary resources in the fiscal year into which they are carried forward.

4 FAH-3 H-113.4 Offsetting Collections

(CT:FMP-29; 02-17-2005)

The Department earns and collects budgetary resources to supplement Congressional appropriations. Offsetting collections result from business-type or market-oriented activities with the public, such as fees, and intra-governmental transactions with other Government accounts. When credited to accounts for spending, offsetting collections are a form of budgetary authority that permits obligations and outlays using the collections. Legal authority is required to retain offsetting collections. The authority to collect and spend offsetting collections usually is provided in specific authorizing laws, which usually allow the collections to be spent for the purposes of the account without further action from Congress, though appropriations acts may limit obligations in some cases. Offsetting collections can be from Federal or non-Federal sources and can be received by advance payment or reimbursement.

4 FAH-3 H-113.4-1 Availability of Offsetting Collections

(CT:FMP-29; 02-17-2005)

The amount of offsetting collections must be estimated by account and subjected to the Office of Management and Budget (OMB) review and approval within the apportionment process (see 4 FAH-3 H-121.3). Offsetting collections are allotted to earning bureaus in the same manner as appropriated funds, but there is an important difference concerning when the collections can be allotted.

- (1) **Private Sector Fees**—Government entities often charge user fees directly to recipients of certain services they provide. Most Department fee income derives from providing consular services, including issuing passports and visas. The Department receives limited additional private sector fee income through licenses, by making space available at Blair House or the Diplomatic Reception rooms, and may obtain other earnings from FSI course tuition or foreign language translation service. Although private sector fees must be estimated to be apportioned, they are not allotted until

Financial Management Procedures Handbook

they have been received and recorded in the Department's accounting system. The RM's Office of State Programs, Operations and Budget (RM/BP) coordinates the estimation and apportionment of these resources and allots them to the appropriate operating bureaus only after ascertaining that corresponding collections already have been made.

- (2) **Governmental Transactions**—Federal government agencies frequently provide goods and services to other agencies on a reimbursable basis. The servicing agreements preclude the need for multiple organizations to maintain duplicative infrastructure and are authorized under the Economy Act (31 U.S.C. 1535) or other legislation. Department bureaus provide a variety of goods and services to other agencies or Department bureaus both overseas and domestically. Governmental transactions can be funded through advance payments or reimbursements, but in either case the collections must be estimated and apportioned within the account's overall budgetary resource total. However, unlike private sector fees, budgetary authority from governmental transactions can be allotted before actual receipt in anticipation that other federal agencies or Departmental bureaus will fully meet their obligations. However, the allottee must ensure that reimbursable agreements are effected and payments are submitted for collection so that disbursements do not put the allotment into a negative position (see 4 FAM 082.2-1). RM/BP coordinates the estimation, apportionment and proper allotment of these resources to the appropriate operating bureaus. Governmental transactions fall into two general cost categories:
- (a) **Direct service costs** are those costs of goods or services that can be identified as being incurred directly and wholly for the benefit of a specific agency or Department bureau. Examples are language training for an employee of another agency, purchase of dedicated office equipment, and providing translation services to another governmental entity.
 - (b) **Common or central support costs** cannot readily be identified as attributable to a specific agency or Department bureau. Therefore, the costs are distributed among all benefiting agencies or Department bureaus according to published pricing schedules or cost sharing tenets, generally using a revolving fund.
- (3) **Proceeds of Sale**—Periodic replacement cycles for property result in the Department having property for which it has no apparent

Financial Management Procedures Handbook

need and whose retention otherwise would generate additional storage costs. The items frequently are sold at overseas posts for fair market value and generate income called proceeds of sale. The income is received by the overseas posts and reported to Washington through the financial management system. The aggregate value of "proceeds" is reported periodically by gaining bureaus to RM/BP, which must obtain equivalent budgetary authority by reapportioning accounts where the proceeds were recorded. RM/BP allots back to gaining bureaus the approved authority, which can be reallocated back to the originating organizational unit. These budgetary resources can be used to purchase similar items during the current fiscal year and one subsequent year, except that proceeds generated by property funded from no-year accounts are available until expended.

The distribution of proceeds from the sale or exchange of real property, and of income from properties under lease or license are governed by the provisions of 6 FAM 754.

- (4) **Trust Funds**—A trust fund is a type of account designated as such by law for specific purposes and for which specific accounting rules apply. The timing of trust fund allotments depends on whether the funds are from private sector or governmental sources. The Department's trust funds are listed in 4 FAH-1 H-260; two types are described below:
- (a) The **conditional gift fund** and **unconditional gift fund** are funded from private sector sources. The accounts operate under statutory authority available for the Department to accept gifts made for the benefit of the Department or for carrying out its functions. A full description of the gift funds and their operating tenets is set forth in 2 FAM 960; and
 - (b) The **Foreign Service National Separation Liability Trust Fund (FSNSLTF)** is funded from governmental sources. It funds separation payments for eligible Foreign Service National (FSN) employees of the Department of State, including the International Cooperative Administrative Support Services (ICASS). The fund covers accrued separation liabilities to employees who would be eligible for payments due to voluntarily resignation, retirement, or loss of employment due to a reduction in force. Participation is available only in those countries that, due to local law, require a lump-sum voluntary separation payment based on years of service. In some countries individuals can periodically obtain

advances on accrued liability balances prior to separation.

4 FAH-3 H-113.4-2 Revolving Funds

(CT:FMP-29; 02-17-2005)

Revolving funds are used to conduct continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without the requirement for annual appropriations. One type of revolving fund is the intra-governmental revolving fund, which is used for conducting business-like operations mainly within and between Government agencies. The revolving funds are used for the delivery of central goods and services at established rates. Such funds are budgeted to recover the cost of delivering the goods or services, plus the overhead costs of that organization. The Department's Working Capital Fund is an *intra-governmental* revolving fund.

4 FAH-3 H-113.4-3 Working Capital Fund

(CT:FMP-29; 02-17-2005)

- a. A working capital fund is a revolving fund *that* is authorized by specific provisions of law to finance a continuing cycle of operations in which expenditures generate receipts and the receipts are available for expenditure without further action by Congress. The *Department's* Working Capital Fund *was* established to provide a more effective means for controlling the costs of goods and services produced by commercial activities; to provide a more effective and flexible means of financing, budgeting, and accounting for these activities; to foster cost consciousness and efficiency for both the users and suppliers of services; and to promote a buyer-seller relationship between the producing activity and the customer.
- b. The fund operates by providing revolving, working capital for the activities funded. This requires the user to obligate *budgetary* resources for work orders for Working Capital Fund activities. The charges for working capital fund services must be sufficient to cover all operating and overhead expenses, including the replacement of capital assets, required to sustain activity operations. Working Capital Fund charges are reviewed annually and a pricing schedule is published and distributed to all potential users.
- c. The following activities operate under a working capital fund in the Department, *pursuant to section 13 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2684):*

Financial Management Procedures Handbook

- (1) **Publishing and Distribution Services**—Provides *information through print, graphics and other digital media. Also provides centralized editorial, graphic, reproduction, offset printing, and CD-ROM replication;*
 - (2) **Freight Forwarding and Warehousing Services**—Prepares paper work, booking export ocean and air freight shipments of personal property and official supplies from points within the U.S. to posts abroad. Also, *prepares* paperwork for receiving, clearing through Customs, and forwarding ocean and air freight shipments of personal property and official supplies to locations in the U.S.;
 - (3) **Domestic Fleet Management**—Provides motor vehicle services to Department *offices in the continental U.S.;*
 - (4) **Telephone, Wireless and Data Services**—Provides centralized management control over equipment and services for unclassified voice/data telecommunications;
 - (5) **Special Support Services**—Provides general services including delivery of shipments at the Main State Building, laborers for office moves, *plus the* installation of security devices *and other services;*
 - (6) **Washington Distribution Branch**—Provides for receipt and shipment of nonstock items for posts, receipt, stocking, storage, shipment, and/or delivery of expendable and nonexpendable items for both domestic and overseas use;
 - (7) **Library Services**—Procures all periodicals, *books and newspapers for* the Department;
 - (8) **Regional Procurement and Support Offices Services**—Provides assistance to posts with the procurement of local supplies and materials;
 - (9) **Foreign Missions Program Operations**—Facilitates the securing and efficient operations of foreign missions and public international organizations in the United States; and
 - (10) **Commissary and Recreation**—*Provides oversight of operations and financial management to employee associations (commissaries, recreational facilities, etc.) at overseas posts.*
- d. The following activity operates under a separate working capital fund in the Department, pursuant to section 23 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2695).*

Financial Management Procedures Handbook

International Cooperative Administrative Support Services (ICASS)— Provides support for the interagency administrative platform abroad and provides administrative services supporting overseas missions. Common or central overseas administrative support services rendered by the Department to its own programs also are offered to other agencies through this working capital fund. Services include personnel support, budget and fiscal services, medical support, mail and pouch service, and the full range of general services, including building support, procurement services and motor vehicle service. Because common or central support costs cannot readily be identified as attributable to a specific agency, they are distributed among all benefiting agencies according to cost sharing tenets of the ICASS program. A full description of ICASS, its historical evolution, philosophy, and operating tenets is set forth in 6 FAH-5.

4 FAH-3 H-113.5 Recoveries

(CT:FMP-29; 02-17-2005)

A recovery is the amount of any cancellation or downward adjustment of an obligation recorded in a prior budget fiscal year. It excludes a downward adjustment of an obligation established in the current budget fiscal year. Recoveries are additional budgetary resources in the fiscal year in which they are made. They apply only to no-year or unexpired multi-year funds.

4 FAH-3 H-114 BUDGET PROCESS

4 FAH-3 H-114.1 Budget Formulation and Congress

4 FAH-3 H-114.1-1 Budget Formulation

(CT:FMP-29; 02-17-2005)

- a. The budget process is the means by which the Department identifies and justifies the resource requirements associated with the performance of its programs, alternatives within each activity to achieve the desired *result*, and trade-offs between *competing priorities*.
- b. In determining funding changes among allocations, budget formulation considers field and bureau submissions, statements by the Secretary and other principals, instructions from the Under Secretary for Management, and policy and program priorities expressed through the *Department's strategic* planning process. Funding decisions are *informed by performance data and* guided by the policy objectives and program

requirements established by these statements and planning documents.

- c. The Department's budget review includes the development of the overall request to the Office of Management and Budget (OMB) for Function 150 (International Affairs). *This request* includes not only *most of* the Department's budget request but also *requirements for* the U.S. Agency for International Development (USAID) *and the* Export-Import Bank of the United States *and others*. *It also includes funding requests for international programs of* the Departments of Defense, Treasury, and Agriculture.

Function 150 funds are provided to finance the foreign affairs establishment, including embassies and other diplomatic missions abroad; technical assistance activities in the less developed countries; international security assistance and foreign military sales; economic support funding; U.S. contributions to international financial institutions; refugee programs; and export-import activities. The Secretary of State not only determines the resource and program request of the Department but *also*, as ombudsman for the Function 150 account, must make trade-offs and set priorities for the larger foreign affairs community.

4 FAH-3 H-114.1-2 Congressional Budget

(CT:FMP-29; 02-17-2005)

OMB Circular A-11 directs the entire formulation process by providing detailed instructions and guidance on the preparation and submission of annual budget requests and associated materials. A-11 includes an overview of the budget process, general requirements, general policies, *and* guidance on reporting employment levels and personnel compensation. *It also* defines budget concepts, defines object classes, and details other justifications and reporting requirements.

4 FAH-3 H-114.2 Internal Department Process

4 FAH-3 H-114.2-1 Timeline

(CT:FMP-29; 02-17-2005)

Executive branch departments and agencies are required to submit initial budget materials to the Office of Management and Budget (OMB) beginning early in the fall. Other materials are submitted during the fall and early winter on a schedule supplied by OMB. Budget data are required for the past, current, and upcoming budget years. OMB reviews all agency budget

Financial Management Procedures Handbook

requests, based on Presidential priorities and budget constraints, then passes its decisions back to agencies. Agencies revise their budget requests on the basis of these, or on the basis of the settled funding levels if appeals are made.

4 FAH-3 H-114.2-2 Mission and Bureau Submissions

(CT:FMP-29; 02-17-2005)

Each overseas post (mission) and each bureau participates in the formulation of the Department's budget through the Mission Performance Plan (MPP)/Bureau Performance Plan (BPP) process. Bureaus present and defend resource requests for the upcoming budget cycle in formal reviews conducted by senior management.

For the internal budget review, each bureau submits its budget request *through its BPP and associated budget submission for review* and inclusion in the Department's budget request to OMB. The *RM* staff ensures that the budget requests are properly *estimated*, executable, and *reflective of* the priority programs and initiatives of the Secretary of State. Budget requests must also be within resource constraints and marketable.

4 FAH-3 H-114.3 Budget Formulation System

(CT:FMP-29; 02-17-2005)

The *Budget Support System (BSS) and web site* maintained by *RM/BP* provide the Department an automated system to generate and maintain the exhibits required for the budget submission. This system:

- (1) Standardizes all data entry and data collection using the *appropriation, organization, and* program activities *structures* by which the Department presents its resource needs and requirements to OMB and the Congress; and
- (2) Captures resource requirements on a programmatic basis for all Department program activities and the individual line items *that* comprise these activities.

4 FAH-3 H-115 CONGRESS AND OFFICE OF MANAGEMENT AND BUDGET

4 FAH-3 H-115.1 Role of Office of Management and Budget (OMB)

(CT:FMP-29; 02-17-2005)

Financial Management Procedures Handbook

- a. OMB, acting as the agent for the President, reviews agency budget requests and proposes a cohesive budget embodying an economic program and spending priorities, with the ultimate product being the budget document that is presented to Congress in *February*.
- b. OMB review consists of the submission of the Department budget request in September, hearings with OMB examiners on the Department's programs, pass back (OMB *initial decisions* on the *Department's request*), and an appeal process for those decisions *that* are not acceptable to the Department. *From this review, OMB sets the funding levels, personnel levels and specific program directions that will appear in the President's budget request. The Department matches the details of its request to these parameters.*

4 FAH-3 H-115.2 Budget Submission to Congress

(CT:FMP-29; 02-17-2005)

The President submits the budget request for the Executive Branch to the Congress for authorization and appropriation. This submission, *not later than the first Monday in February*, incorporates the recommendations of the Office of Management and Budget (OMB). *It is a multi-volume document, which the Department supplements with more detailed documents. It includes legislative texts for proposed appropriation bills.*

4 FAH-3 H-115.3 Congressional Mark-up

(CT:FMP-29; 02-17-2005)

The Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985 and the Budget Enforcement Act of 1990 *govern the budget process in the Congress.*

- (1) The Congressional Budget Act of 1974 created the Budget Committees of the Senate and House of Representatives as well as the Congressional Budget Office. It also created the need for concurrent resolutions *that* set overall levels of spending by defining federal revenues and outlays.
- (2) The Balanced Budget and Emergency Deficit Control Act of 1985, mandated reduction of the federal deficit through automatic spending reductions through either the appropriation process or through sequestration.
- (3) The Budget Enforcement Act of 1990, amended the Balanced

Financial Management Procedures Handbook

Budget and Emergency Deficit Control Act of 1985, and established limits on discretionary spending for defense, international, and domestic programs on a pay-as-you-go system for controlling direct spending. Funds will be sequestered if spending levels exceed established limits.

4 FAH-3 H-115.4 Congressional Committees

(CT:FMP-29; 02-17-2005)

The Congressional budget review process involves both houses of the U.S. Congress—the Senate and the House of Representatives. Several types of committees review the Department’s authorization and appropriation requests. Each committee *or subcommittee includes* members of both political parties *who are served by* professional support staffs.

4 FAH-3 H-115.4-1 Budget Committees

(TL:FMP-1; 09-30-1994)

The Senate and House Budget Committees establish the overall levels of spending, revenues, and the deficit. These committees also monitor congressional spending levels and are supported by the Congressional Budget Office.

4 FAH-3 H-115.4-2 Authorization Committees

(TL:FMP-1; 09-30-1994)

- a. Authorization committees are responsible for legislation authorizing the appropriation of funds to the Department and providing substantive authorities to manage the Department and the conduct of the Department’s programs.
- b. The authorization subcommittees for the Department of State are the Terrorism, Narcotics, and International Operations Subcommittee of the Senate Foreign Relations Committee and the International Operations Subcommittee of the House Foreign Affairs Committee.

4 FAH-3 H-115.4-3 Appropriation Committees

(CT:FMP-29; 02-17-2005)

Appropriation committees are responsible for legislation appropriating funds

Financial Management Procedures Handbook

for all functions and for those items *that* require new obligational authority. The appropriation requests for the *State* Department *accounts* are acted on in the first instance by the Commerce-Justice-State Subcommittees of the Senate and House Appropriations Committees. *Appropriations requests for Foreign Operations accounts, including those managed by the Department, are acted on in the first instance by the Foreign Operations Subcommittees of the Senate and House Appropriations Committees.*

4 FAH-3 H-116 THROUGH H-119 UNASSIGNED