Overview of USAID Appropriations and Special Authorities

An Additional Help for ADS Chapter 621

Revision Date: 09/13/2005
Responsible Office: M/CFO/APC
File Name: 621sab_091305_cd41

Overview of USAID Appropriations and Special Authorities

The Main Appropriations

Typically, Congress enacts 12 main appropriations for USAID each fiscal year, as shown below. Congress distinguishes administrative appropriations from program appropriations. **Administrative appropriations** are used for operating expenses, such as direct-hire salaries, and core administrative support costs. Administrative appropriations may not be used for program costs and vice-versa.

Main Appropriations	Period of Availability*
Administrative	
Operating Expenses (OE)	Annual
Foreign Service Retirement and Disability	Annual
OE – Inspector General	2 Year
Capital Investment Fund	No-Year
Program	
Economic Support Fund	2 Year
Child Survival and Health Programs Fund	3 Year
Development Assistance Fund	2 Year
Assistance for the Independent States of the Former Soviet Union	2 Year
Assistance for Eastern Europe and the Baltic States	2 Year
International Disaster and Famine Assistance	No-Year
Transition Initiatives	No-Year
Development Credit Authority	4 Year

* The period of availability may vary from year to year.

The **Economic Support Fund** (**ESF**) promotes the economic and political foreign policy interest of the U.S. by providing assistance to allies and countries in transition to democracy, supporting the Middle East peace negotiations, and financing economic stabilization programs. The State Department strongly influences the allocation of this fund, although USAID implements most ESF-funded programs.

The **Child Survival and Health Programs** (**CSH**) Fund supports programs that expand basic health services and strengthen national health systems to significantly improve people's health, especially that of women, children, and other vulnerable populations.

The **Development Assistance Fund** (**DA**) supports the key factors for sustainable economic growth: trade and investment, agriculture, education, environment, health and democracy.

Assistance for the Independent States of the Former Soviet Union (**NIS**) and Assistance for Eastern Europe and the Baltic States (**AEEB**) can be used for any development purpose in those regions and both are subject to the direction of the State Department Coordinator for Europe/NIS. These appropriations were authorized "notwithstanding other provisions of the law", thus providing USAID more discretion in their use. They fund most assistance activities for the USG within those regions, although USAID is the primary implementer.

International Disaster and Famine Assistance (**IDFA**) funds humanitarian programs that provide relief, rehabilitation and reconstruction assistance to victims of natural and man-made disasters and funds famine prevention and relief activities.

The Transition Initiatives (**TI**) appropriations funds humanitarian programs that provide fast, flexible interventions in conflict-prone and post-conflict countries. These appropriations, allotted to USAID's Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA), also have "notwithstanding" authority. DCHA uses this authority to effect expedited procurements when necessary and appropriate.

The Development Credit Authority (**DCA**) is a transfer authority which allows USAID operating units to transfer funds from other appropriations into the DCA Account. These funds may then be used to finance the cost of credit projects that support development objectives.

Distinctive USAID Authorities

Congress has given USAID special authorities to facilitate its operations. USAID transfers funds to, as well as receives funds from, the Department of State and other Federal agencies.

- Generally, Section 511 of USAID's annual appropriations act extends the period of availability for funds obligated within their initial period of availability. In other words, if funds are obligated during their initial period of availability and later deobligated, those deobligations (referred to as "recoveries") remain available for obligation after that initial period. Section 511 applies to most, but not all, of USAID's appropriations. Appropriation acts prior to FY 2002 served to extend the period of availability indefinitely (the obligations and any associated recoveries effectively became "no-year" funds). FY 2002 and later appropriation acts have extended the period of availability for an additional four years only.

- Sec. 632 (a) & 632 (b) Authority for Transfers and Allocations:

    1. Sec. 632 (a) Authority provides that USAID may execute non-expenditure transfers of funds to other Federal agencies to implement activities authorized by the Foreign Assistance Act. USAID does not report on the obligations against transfers; the reporting is done by the receiving agency.

    2. Sec. 632 (a) Authority also provides that USAID may execute allocations, which are transfers of obligation authority, to other Federal agencies. USAID must ensure that these obligations are reported to Treasury. In practice, USAID often arranges to have the

receiving agency report directly to Treasury via Treasury's Federal Agencies' Centralized Trial-Balance System (**FACTS**) system.

3. Sec. 632 (b) Authority provides that USAID may obligate funds via an agreement to reimburse another Federal agency for development work it does in fulfillment of its 623 (b) Agreement with USAID. USAID accounts and reports on these agreements as it would on a contract.

Other Distinctive USAID Practices

USAID's overseas Missions can obligate funds via Strategic Objective Agreements (**SOAGs**) with the governments of their host countries. USAID can obligate hundreds of millions of dollars in a single SOAG. These agreements obligate funds because they are considered to have the force of a treaty. A SOAG constitutes a valid obligation even before it is sub-obligated by contracts for the purchase of goods and services by USAID from outside parties. When USAID Missions execute contracts and grants under the umbrella of the SOAG obligation, they record these as "commitments" in the Mission Accounting and Control System (MACS) system. This will change when the new accounting system (Phoenix) is implemented in each Mission.

USAID's SOAGs obligate funds before contracts are committed and expended. These unexpended obligated balances are called "pipeline" and in accordance with USAID policy and procedures, program pipelines should not contain more funds than will be expended within the 12 months subsequent to the end of the fiscal year in which the SOAG funds were obligated.

USAID's SOAGs are usually obligated in stages over a number of years. The planned but uncompleted funding portion of a SOAG is called "the mortgage." USAID has no central system for estimating its overall mortgage, but it is ***potentially*** several times the amount that Congress appropriates annually to USAID.

621sab_091305w092005_cd41