



**Functional Series [600](#)  
Budget and Finance**

**INTERIM UPDATE 08-15**

**SUBJECT:** FY 2009 Start-of-Year Operating Expense Budget

**NEW MATERIAL:** On October 9, 2008, the Acting Deputy Administrator approved the FY 2009 start-of-year (SOY) Operating Expense (OE) budget.

**EFFECTIVE DATE:** 10/16/2008

**ATTACHMENTS:** [1. Request to Reallocate Operating Expense Funded U.S. Direct Hire \(USDH\) Budget Savings](#)  
[2. FY 2009 OYB Increase Requests for Additional Resources](#)  
[3. Pending \(Operating Unit and request\) OE Request for FY 2009](#)

POLICY

USAID/General Notice  
M/MPBP  
10/16/2008

Subject: FY 2009 Start-of-Year Operating Expense Budget

On October 9, 2008, the Acting Deputy Administrator approved the FY 2009 start-of-year (SOY) Operating Expense (OE) budget. Total resources currently available and allocated in the FY 2009 SOY OE are \$934 million, which includes an OE appropriation of \$629.9 million, as authorized under the Continuing Resolution (CR); the bridge supplemental appropriation of \$93 million, all of which is restricted to specific activities and countries; and other funding sources of \$211.1 million, which includes trust funds, program funds for administrative purposes for specific countries and \$113 million in carry over funding for activities and countries identified in the FY 2008 supplemental.

FY 2009 SOY Budget

At a constrained resource level of \$934 million, the Agency will fund high-priority activities and maintain current operations by applying a 2.4% across-the board

reduction from adjusted FY 2008 operating unit allocations (final FY 2008 allocations less one-time costs). The 2.4% reduction will not apply to U.S. direct-hire (USDH) salaries and benefits (S&B) and earmarks under the supplemental and bridge supplemental appropriations.

Within the SOY OE budget allocations, operating units should fund only continuing operations. New or expanded operations, unless necessary to meet critical, immediate needs, should not be initiated during the CR period.

### Agency Priorities

The FY 2009 SOY budget will support the Agency priorities started or approved in FY 2008. The budget:

- Continues hiring an expanded and diverse workforce under the Development Leadership Initiative (DLI)
- Fully funds Iraq, Afghanistan, and Sudan operations
- Maintains overseas operations
- Funds the requirements and rollout of the Global Acquisition and Assistance System through the second quarter of FY 2009
- Launches the Agency's Evaluation Unit
- Sustains the growth of the Office of Development Partners (ODP) and Office of Chief Operating Officer (COO) corporate capabilities through increased hiring
- Sustains the restoration of the Office of Acquisition and Assistance (OAA) contracting workforce
- Allocation Authorities

Washington operating units, under Manage-To-Budget (MTB), have autonomy in managing their OE-funded USDH workforce under their S&B and OE allocations. Regional bureaus have the authority to adjust mission OE allocations as they deem appropriate. As in past years, regional bureaus can reallocate OE from the Washington allocation to overseas, but cannot reallocate OE from the overseas allocation to Washington (except for end-of-year reprogramming to avoid losing OE).

### --USDH Salaries and Benefits

The FY 2009 SOY OE budget provides allocations for both Washington and overseas and USDH S&B allocations for both Civil Service and Foreign Service employees to

Washington operating units. The FY 2009 SOY S&B allocations will fully fund actual FY 2008 end-of-year on-board levels. With the exception of OAA, ODP, COO, and the Evaluation Unit, Washington operating unit S&B allocations will be based on the on-board level as of the last pay period of FY 2008, NOT the FY 2008 budgeted level. If a vacancy was not filled before the final pay period of FY 2008, an operating unit can fill it only by transferring funds from other direct costs (ODC) to S&B.

#### --Civil Service Hiring

On October 8, 2008, each Bureau and Independent Office received a package from the Office of Human Resources, Civil Service Personnel Division (OHR/CSP), which contained a memorandum listing pending recruitment, staffing, and classification personnel actions. OHR will require written confirmation from each Bureau and Independent Office, along with MPBP, that the operating unit has sufficient S&B funds before offering an applicant a position, establishing entry-on-duty (EOD) dates, or establishing new positions. OHR is unable to finalize selections and hires until it receives confirmations. Confirmations must be returned to OHR by close of business October 24, 2008.

Bureaus and Independent Offices in Washington should follow the below procedure to request any increase in SOY budget levels, including any increased amount needed for S&Bs, to cover personnel not on-board as of Pay Period 18 and who had EOD dates provided by OHR. In the request, indicate the IP number, position title, grade, step, EOD, and name of employee.

#### --Process to Request OE Increases

Although the Agency expects operating units to manage within these budget levels by funding only high-priority activities, exceptional circumstances may make that impossible. In situations where operating within the SOY budget is impossible, operating units may request increases to their allocations to meet high-priority, urgent requirements that exceed normal operations.

#### --Format

Operating units must submit their increase requests in a spreadsheet template and written justification format through a decision memorandum to the AA/M. After reviewing the requests, the Bureau for Management (M) will propose adjusted OE levels to the Administrator.

The template justification must identify the activities/requirements for funding, whether the cost is one-time or recurring, and priority ranking of activities/requirements. The written justification must address the following factors to be considered in decision-making:

- a compelling justification for the increase that clearly describes the need and identifies whom it will affect and how and the benefit to the Agency
- the detriment to the Agency if the increase is denied
- the amounts and justifications for any previous OE increases received
- options for funding and a timeline

The attached "FY 2009 Request for OE Increase Template" Excel file contains the template format operating units must submit with their written justifications. Also attached is the decision memorandum format.

#### --Timeline

Operating units may submit requests for increases until August 15, 2009. Unless it is an extreme emergency, such as an evacuation from post, all OE increase requests will be consolidated into one package and submitted to the Administrator for approval on a periodic basis (at the end of December, March, June, and August).

#### Process to Request Transfer of USDH S&B Surplus to ODC Budget

As noted earlier, under MTB, Washington operating units may transfer funds from their USDH S&B budgets to their ODC budgets upon certification that the S&B funds are not needed.

#### --Format

Operating units must submit their S&B transfer requests through a decision memorandum to the Director, MPBP. The memorandum will certify that the operating unit has reviewed the Compensation Tracking System, determined the S&B funds will not be needed for S&B, and agrees that funding to increase S&B will not be available.

The operating unit also must attach a brief description of the proposed use of the transferred funds to the decision memorandum for information purposes. The description must identify the activities to be funded with the S&B surplus and whether they are one-time or recurring.

After confirming the availability of surplus S&B funds, the M Bureau will transfer the S&B surplus to the ODC budget. Note: The transfer of surplus S&B is not contingent on the proposed use of funds.

--Timeline

Operating units may submit requests for surplus S&B transfers until August 15, 2009.

--Process to Request DLI Funds

A Development Leadership Initiative Implementation Guide has been issued by the DLI Coordinator. The guide provides instructions on how to request funding, as well as Frequently Asked Questions (FAQs) for DLI related activities. The updated FAQs are now available at:

<http://inside.usaid.gov/M/HR/dli/>.

--Reminders

Please continue to send requests for advances (early release of funds rather than an increase to the SOY budget) through the OE OYB Allocation mailbox ([oeoyballocation@usaid.gov](mailto:oeoyballocation@usaid.gov)).

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Attachments:

- Action Memo to Request Increase in FY 2009 OE
- FY 2009 Request for OE Increase Template
- Action Memo to Request to Reallocate OE-Funded USDH Budget Savings

Notice 1052

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