

CIRCULAR NO. A-11

PART 2

PREPARATION AND SUBMISSION OF BUDGET ESTIMATE



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET**

JULY 2003

SECTION 25—SUMMARY OF REQUIREMENTS

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Summary of Changes

Consolidates requirements previously included in several separate sections (old sections 51, 55, 58, 84, and 100) and provides electronic links to instructions (section 25.5).

Requires agencies to submit activity-level homeland security and overseas combating terrorism information with their initial submission (section 25.5).

Requires agencies to submit overseas staffing information with their initial submission (previously section 58). This information is requested as part of the President's Management Agenda on rightsizing overseas presence and will be published as part of the budget documents (section 25.5).

25.1 Does Part 2 apply to me?

By law ([31 U.S.C. 1104](#)), the President's budget must include information on all agencies of all three branches of the Federal government. Therefore, the instructions in Part 2 generally apply to all government agencies. In addition, these instructions apply to the District of Columbia, which must submit information in support of Federal payments to the District. OMB includes the information submitted by certain agencies in the budget without change (see below). In addition, Government-sponsored enterprises (GSEs) submit some of the information required of Government agencies on a comparable basis, and OMB includes it in the budget for information purposes (see section 25.6).

If your agency appears in the following list, it is not subject to Executive Branch review by law or custom. That means that the requirements for the initial submission (see section 25.5) do not apply to you. However, you do need to submit the information required for inclusion in the budget database and documents (see section 25.6), which OMB incorporates without revision.

- Legislative Branch agencies.
- Judicial Branch agencies.
- Executive Branch agencies, as follows:
 - ▶ Milk, Fruit, and Vegetable Marketing Orders, USDA.
 - ▶ International Trade Commission.
 - ▶ Postal Service.
 - ▶ Board of Governors of the Federal Reserve System.

- GSEs, as follows:
 - ▶ Student Loan Marketing Association.
 - ▶ Federal National Mortgage Association.
 - ▶ Federal Home Loan Mortgage Corporation.
 - ▶ Banks for cooperatives.
 - ▶ Agriculture credit banks.
 - ▶ Farm credit banks.
 - ▶ Federal Agricultural Mortgage Corporation.
 - ▶ Federal home loan banks.
 - ▶ Financing Corporation.
 - ▶ Resolution Funding Corporation.

Contact your OMB representative if you have questions about the applicability of these instructions.

25.2 How do I get an exception from the requirements in Part 2?

For the sake of comparability among the budget data and presentations, OMB does not grant many exceptions to the specific requirements in this Part. However, if you believe special circumstances warrant an exception in your case, submit a written request detailing the circumstances and the specific exception needed to your OMB representative by August 1. If OMB approves the exception, it is valid only for one budget.

25.3 For what items do I need advance approval?

You must get advance approval from your OMB representative for the items shown in the table below.

Item	See section...	Timing
(1) Form and content of justification materials.	51.2	Prior to initial submission.
(2) Program activity structure in the program and financing schedule.	82.2	By October 1.
(3) Changes in functional and receipt classifications.	71.3, 79.3	By October 1.
(4) Changes in budget account structure (new accounts, merged accounts, changes in account titles, etc.)	71.3, 79.3	Prior to October 1 or as soon as possible thereafter for changes dependent on congressional action or other circumstances beyond agency control.

25.4 When do I submit information to OMB?

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

(1) *As part of your initial budget submission.* This stage includes the information and materials supporting your budget request. Executive branch agencies subject to Executive Branch review (see section 25.1) and the District of Columbia must provide their budget justifications and other initial submission materials to OMB by September 8th. Agencies that are not subject to Executive Branch review (see section 25.1) do not make initial submissions.

(2) *After passback.* Usually beginning in late November, this stage includes MAX computer data, print materials, and additional information used to prepare the budget documents and supporting

database. Also, you may need to revise and resubmit some materials included in the initial submission to reflect the effects of final decisions. Your OMB representative will provide deadlines for the materials required after passback. Agencies that are not subject to Executive Branch review need to submit information for inclusion in the budget documents and the budget database.

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

25.5 What do I include in the initial submission?

You should include the budget justification and other materials described below in Table 1. In addition, if the criterion listed in the first column of Table 2 applies to you, include the information described in the second column. In addition to the information specified in the tables, your OMB representative may require you to include other materials in your initial submission (for example, information about your budget request by account and by Budget Enforcement Act category).

TABLE 1: CONTENTS OF INITIAL SUBMISSION—ALL AGENCIES¹

Include these items...	See section...
Summary and highlight statement	51.1
Justification materials	51.2–51.11

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

TABLE 2: CONTENTS OF INITIAL SUBMISSION—CERTAIN AGENCIES¹
 Access web links at http://www.whitehouse.gov/omb/circulars/a11/current_year/s25.pdf

If your agency...	Then include this...	See section or link...
Is covered by the Chief Financial Officers Act	<ul style="list-style-type: none"> Financial management budget justification; and Report on resources for financial management activities ² 	52
Is not covered by the Chief Financial Officers Act	<ul style="list-style-type: none"> Brief summary of your financial management plan 	
Has motor vehicles	Motor vehicle fleet report	Instructions Spreadsheet
Is requesting IT funding via a Capital Asset Plan or has budget authority of \$500,000 or more for financial management systems	Agency Information Technology Investment Portfolio ²	53
Has credit liquidating accounts with unobligated balances that carry over into the current year	Justification of unobligated balances in liquidating accounts	51.12, 185.3

TABLE 2: CONTENTS OF INITIAL SUBMISSION—CERTAIN AGENCIES¹
 Access web links at http://www.whitehouse.gov/omb/circulars/a11/current_year/s25.pdf

If your agency...	Then include this...	See section or link...
Has geospatial data investments greater than \$500,000	Information on geospatial data acquisitions ²	Instructions Spreadsheet
Controls its federally-owned building space or directly pays the utilities on its leased space or operates a Federal fleet of 20 or more light duty motor vehicles	Information on funds for energy efficiency management	Instructions Spreadsheet
Has overseas employees at embassies or consulates	Information on overseas staffing ³	Instructions Spreadsheet
Implements homeland security and overseas combating terrorism related initiatives	Homeland security and overseas combating terrorism data collection ²	Instructions
Has competitive sourcing initiatives	Competitive sourcing program costs	31.9
Has technology transfers	Information on technology transfers	Instructions Spreadsheet
Is subject to GPRA requirements	Merge annual performance plan into performance budget	51
Has major capital acquisitions	Capital asset plan and business case ²	300

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

² If final decisions require changes to this information, revised materials must be submitted.

³ This information is requested as part of the President's Management Agenda on rightsizing. It will be utilized to build comprehensive, accurate information on trends in overseas staffing and to help rationalize decisions on staffing. Agencies must submit complete data on overseas staffing and cost at the same time as their initial submission to OMB on September 8, 2003. In addition, as part of the initial submission, agencies must include a statement as to whether the overseas staffing information has been submitted. Data, or summaries of the data, will be published as part of the budget documents. Any agency that has questions about the requirement or does not believe it will be able to provide this information on time should contact James Kulikowski (202-395-6124) by August 15, 2003.

25.6 What do I submit after passback?

(a) Overview.

After the President has considered the estimates and made his decisions, you will be notified. You submit three types of information after passback, as explained in more detail in the following sections:

- *MAX computer data*, submitted through the MAX budget data system (see sections 79–86).
- *Print materials*, which OMB uses to prepare parts of the budget *Appendix* (see [section 95](#)).

If the decisions affect other budget accounts (such as the amount of transfers), you need to coordinate these changes with whomever is responsible for the budget submission of those other accounts.

When you are informed of the President’s decisions, your agency head will determine the best and most appropriate distribution of amounts that have been left flexible. This Circular does not address the process by which you appeal passback decisions. We issue separate guidance on the appeals process at the time of passback.

(b) *Timing.*

Passback usually occurs around the end of November. At that time, your OMB representative will give you deadlines for providing the information described below. These deadlines are based on the very tight schedule that OMB must maintain in order to transmit the budget on time. In order to meet the deadlines, you must begin providing the required information based on passback decisions. Do not wait until you have resolved appeals. Appeals generally affect very little of the information you submit, and you will have an opportunity to change the information as necessary to reflect the appeal resolution. Unless your OMB representative agrees, do not submit information that assumes an appeal resolution different from passback. When an appeal results in changes to passback decisions, the changes often differ from the agency proposal.

(c) *MAX computer data.*

You must submit the MAX computer data described below in the Table 3 for each applicable budget account. In addition, if the criterion listed in the first column of Table 4 applies to you, submit the data described in the second column for each applicable budget account. In both tables, we indicate the MAX data section or sections involved and tell you where to find guidance on the requirement.

TABLE 3: MAX COMPUTER DATA—ALL AGENCIES *

Submit for each applicable account...	MAX data schedule..	See section..
Estimates of budget authority and outlays	A, S	81
Program and financing schedules	P	82
Object classification schedules	O	83
Personnel summary	Q	86.1
Performance metrics	V	85
Character classification	C	84

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

TABLE 4: MAX COMPUTER DATA—CERTAIN AGENCIES ^{1,2}

If your agency has...	Then submit this for each applicable budget account...	MAX data schedule...	See section...
Receipt accounts	Receipt estimates	K and R	81

TABLE 4: MAX COMPUTER DATA—CERTAIN AGENCIES ^{1,2}

If your agency has...	Then submit this for each applicable budget account...	MAX data schedule...	See section...
Credit liquidating or financing accounts; or non-credit revolving funds that conduct business-type activities (as determined by OMB), including GSEs.	Balance sheet	F	86.2
Appropriations language requests	Budget year appropriations requests in thousands	T	86.4
Major trust funds and certain other accounts (as determined by OMB)	Status of funds	J	86.5
Unavailable special or trust fund receipts	Data on unavailable receipts	N	86.6
Credit programs	Federal credit data	G, H, U, and Y	185

¹ Including agencies not subject to Executive Branch review. GSEs submit data for schedules F, G, and H only. Nothing in this table applies to the Federal Reserve Board.

² DOD-Military submits budget plan (MAX schedule D), see section [86.3](#).

(d) *Print materials.*

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

- *Appropriations language.* You must submit language for each account for which appropriations or limitation language was enacted in the CY or is proposed in the CY or BY, including supplemental appropriations requests. You must also submit any general provisions that pertain to you (see section 95).
- *Narrative statements, footnotes, and tables.* You must provide a narrative statement for each account with activity in the current or budget year and separate statements for supplemental requests, rescission proposals, and items proposed for later transmittal. You may be required to provide tables and footnotes that are not generated by MAX under certain circumstances (see section 95).

(e) *Additional materials.*

In addition, if the criterion listed in the first column of Table 5 applies to you, submit the data described in the second column.

TABLE 5: ADDITIONAL MATERIALS —CERTAIN AGENCIESAccess web links at http://www.whitehouse.gov/omb/circulars/a11/current_year/s25.pdf

If your agency...	Then include this...	See section or link...
Has research funding	Allocation of research funds	Instructions Spreadsheet
Funds R&D that is performed by colleges and universities	R&D performed by colleges and universities	Instructions Spreadsheet
Has major formula grants to state and local governments	Provide budget data by program	Instructions

SECTION 26—SUMMARY OF PERFORMANCE INFORMATION REQUIREMENTS

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- 26.1 What do I need to know about preparing a strategic plan?
 26.2 Where can I find information about the President's Management Agenda?
 26.3 What do I need to know about Performance Budgeting and the Budget and Performance Integration initiative?

Summary of Changes

This section compiles and links to guidance about the integration and use of performance information, including the statutory requirements of the Government Performance and Results Act (GPRA), the President's Management Agenda, and the use of the Program Assessment Rating Tool (PART).

26.1 What do I need to know about preparing a strategic plan?

Performance-based management and budgeting must begin with an overarching strategic plan. Such plans are already required by the Government Performance and Results Act (GPRA). Strategic plans require the agencies to define long-term strategic goals to carry out their mission, identify strategies for achieving them, and demonstrate sustained, coordinated efforts on reaching key goals.

You can find information on developing and revising strategic plans in [section 210](#).

26.2 Where can I find information about the President's Management Agenda?

The President's Management Agenda [http://www.whitehouse.gov/omb/budintegration/pma_index.html], published in August, 2001, consists of 5 cross-cutting initiatives and 9 agency-specific initiatives. The 5 cross-cutting initiatives are:

- Strategic Management of Human Capital;
- Competitive Sourcing;
- Improved Financial Performance;
- Expanded E-government; and
- Budget and Performance Integration.

For each of these initiatives, OMB prepares a quarterly scorecard consisting of red, yellow and green ratings, reflecting agency status and progress in meeting the standards for success for a given initiative.

You may access the current standards for success for each of the initiatives by clicking on the links in the table below.

Additional information for the initiatives can be found in:

Initiative	See A-11 section . . .	Additional links . . .
Strategic Management of Human Capital	31.11	http://www.results.gov/agenda/humancapital5-03.html http://www.results.gov/agenda/standards.pdf

Initiative	See A-11 section . . .	Additional links . . .
Competitive Sourcing	31.9	http://www.results.gov/agenda/competitivesourcing5-03.html http://www.results.gov/agenda/standards.pdf
Improved Financial Performance	52	http://www.results.gov/agenda/financialperformance5-03.html http://www.results.gov/agenda/standards.pdf
Expanded E-government	53, 300	http://www.results.gov/agenda/egov5-03.html http://www.results.gov/agenda/standards.pdf
Budget and Performance Integration	51, 85, 200, 210, 220, 230	http://www.results.gov/agenda/budgetperformance5-03.html http://www.results.gov/agenda/standards.pdf

26.3 What do I need to know about Performance Budgeting and the Budget and Performance Integration initiative?

- (a) *Integration of the annual performance plan and report into the performance budget and the Performance and Accountability Report*

The annual performance plan, aligned with the recently approved strategic plan and incorporating all actions identified in completed PARTS, should explain the planned activities for 2005, including those currently underway, that justify the agency's budget request. The agency's plan should be integrated into and form the basis of the agency's "performance budget" submission to OMB in September. You should modify the performance budget to reflect Administration decisions in your Congressional Justification to Congress in February. Because the legal requirements for an annual performance plan would be met by the performance budget, you should not submit a separate performance plan to comply with GPRA. See Sections 51 and 220 for details on how to prepare the performance budget justifications.

GPRA also requires an annual performance report, which for Cabinet Departments and nine independent agencies¹ will be fulfilled by the Performance and Accountability Report (PAR). The PAR also includes agency financial statements. All other agencies will submit an annual performance report. Additional guidance for the annual performance report is in Section 230.

- (b) *Use of the Performance Assessment Rating Tool (PART)*

For the FY 2004 Budget, OMB and the agencies began the process of systematic assessment of program performance using the Program Assessment Rating Tool (PART). This process is a permanent part of the budget development process in OMB and in the agencies. The PART consists of four sections:

- Program purpose and design;
- Strategic planning;
- Program management; and
- Program results/ accountability.

In FY 2005, OMB is expanding PART ratings to 40 percent of programs in order to assess their effectiveness and improve their performance. The PART process will be expanded each year until all programs have been assessed, with the PART eventually becoming the comprehensive vehicle to measure and assess program performance. The performance measures, effectiveness ratings, and planned actions to address weaknesses identified in the PART assessments should be included in your FY 2005

"performance budget" submissions to OMB and to the Congress. You may have additional and more detailed performance measures that are relevant for program managers or for other internal purposes. These additional detailed measures, while important for internal management, need not be reported in budget documents. If they are, they should be considered "supplemental," and must be consistent with the goals validated in the PART.

Instructions for preparing the PART can be found at www.whitehouse.gov/omb/part/bpm861.pdf

Budget information in PART summaries. For FY 2005, the PART worksheet includes spaces to enter the program funding level and to identify the composition of the funding; e.g. budget authority, spending authority from offsetting collections, obligation limitations, recoveries of prior year obligations, etc. To ensure a standard interpretation of "program funding level", the level and composition of funding entered should be defined as budgetary resources (see section 20).

Planning for PART assessments in future years. As part of your budget submission to OMB in September, please include a complete list of suggested programs to evaluate using the PART. You must use this [Excel template](#) to complete this list. Here are some general instructions:

- For FY 2004 and 2005, show the programs you have already evaluated. If programs were redefined, please note that and identify any overlap in funding.
- For FY 2006 through 2008, show the programs you propose be evaluated in each of these fiscal years.
- This program list should be comprehensive, covering the total funding for your agency.
- You should identify the accounts that finance the program.
- To the extent possible, you should identify the strategic goal and performance objective(s) to which each PART contributes.

(c) *Performance budget submission*

Your budget submission to OMB in September should be in the form of a "performance budget" to the greatest extent possible. A "performance budget" should include:

- A description of what you plan to accomplish, organized by strategic goal;
- Background on what you have accomplished;
- Performance targets for current and budget years and how you expect to achieve those targets; and
- What resources you are allocating in the current year and requesting in the budget year to achieve the targets.

For your agency's programs that have been evaluated by the PART for FY 2004 and FY 2005 budgets, the performance budget submission should include the performance measures and targets that were included in the PARTs. For other agency programs that have not been reviewed using the PART, the performance budget should include measures and targets consistent with the strategic plan goals and that meet the standard of the PART. These measures may be modified as those programs are assessed by the PART in the coming years.

You should identify programs or activities that are being undertaken with other agencies to achieve a common purpose or objective (i.e. interagency and cross-cutting programs). Some of these programs may be included in those areas where OMB is working to develop common measures. Where applicable, you should include common measures in your performance budget and in the PARTs.

Where possible, include the full cost of a program. In some cases, you may want to consider requesting budgetary resources to cover all indirect costs in the budget account or program activity that funds the program, and paying for all central services as they are used. In other cases, you may want to request appropriations for some central accounts providing support services; in these cases, you should include a table showing the full cost of resources used by each program, whether paid from its budget account or not.

Where possible, align budget accounts and program activity lines with programs or the components of the program that contribute to a single strategic goal or objective. Last year, agencies began to forge a much greater alignment between resources and performance. Where possible, you should attempt to align your budget accounts with the programs, distinguishing among components that contribute to different strategic goals. This should relate PARTs with budget accounts or sub-accounts. This process usually requires close consultation with appropriations committee staffs. Agencies should engage these staffs early and be prepared with strong justifications for planned changes.

In addition, when practical you should align program activities in the program and financing (P&F) schedule to correspond to the programs that will be evaluated by the PART.

Compliance with the Government Performance and Results Act. Your performance budget submitted in your congressional justifications will serve as your annual performance plan required by the Government Performance and Results Act (GPRA). You should consult with your congressional committees to ensure that they are aware of your plans to revise the format of your budget documents.

(d) *Performance and Accountability Report (PAR)*

The annual performance report required by GPRA included information on your actual performance and your progress in achieving the goals and objectives in your strategic plan. [OMB Bulletin 01-09](#) (September 25, 2001) on "Form and Content of Agency Financial Statements" requires 15 Cabinet departments and nine independent agencies¹ to combine the program performance report with the accountability report and to transmit a combined Performance and Accountability Report to the President, Congress, and OMB. The FY 2003 report should be transmitted not later than January 30, 2004.

For the FY 2004 budget, PART-approved program performance measures were included in the PART summaries (published in the *Performance and Management Assessments* volume). Over time, these tables will provide an overview of whether or not the program was successful in achieving its performance goals—the first requirement for the annual performance report—and should be included in the PAR. In addition, an explanation of why a performance goal was not met—the other past-year focused section of the performance report—should also be included in the PAR. Goals and explanations consistent with the strategic plan and previous performance reports should also be included in the PAR for programs not yet assessed by the PART.

Your performance budget submission (see (c) above) will include performance information for past years, and will thus fulfill some of the requirements of GPRA. More forward looking information and discussions required in the report (i.e., evaluating the performance plan for the current fiscal year; schedules for achieving the established performance goal; and, if the performance goal is impractical or infeasible, why that is the case and what action is recommended) are often sensitive components of the

President's Budget and should be included in the performance budget for the subsequent year and not included in the PAR.

(e) *Performance information in the Appendix*

In the past two years, some agencies used informational tables to show performance metrics for some of their accounts in the *Appendix*. As an upgrade to the informational tables used in the past, the FY 2005 Budget will include a schedule that shows performance metrics, particularly short-term outcomes that relate to long-term outcomes in the agency strategic plan, outputs, and output characteristics. The program and financing (P&F) schedule has also been changed for the FY 2005 Budget so you can relate performance metrics to obligations in the P&F. See [section 85](#) for further information.

(f) *Tracking PART programs in budget execution reports*

OMB has changed instructions for budget execution reporting to more readily allow agencies to report obligations for PART programs without using separate Category B projects to apportion these programs. Starting in FY 2004, you may report obligations for PART programs in your SF 133 Reports on Budget Execution and Budgetary Resources (see sections 120, 121, and 130).

¹Agency for International Development, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Social Security Administration

SECTION 30—BASIC POLICIES AND ASSUMPTIONS

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30.1 What should be the basis for my proposals?

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

- The policies of the President, including full implementation of the President's Management Agenda;
- Guidance provided by OMB, including that contained in spring guidance memoranda sent to the heads of agencies in April 2003, which include guidance on:
 - ▶ The National Strategy for Homeland Security;
 - ▶ Budget and performance integration management initiatives (including effectiveness ratings for those programs covered by the Program Assessment Rating Tool (PART));
 - ▶ Funding guidance (within the amount that was included in the FY 2004 Budget for your agency)
- The judgment of the agency head regarding the scope, content, performance, and quality of programs and activities proposed to meet the agency's missions, goals, and objectives.

In developing the estimates, consider the effect that demographic, economic, or other changes can have on program levels beyond the budget year. Be prepared to discuss the impact that program levels and changes in methods of program delivery, including advances in technology, will have on program operations and administration. Also consider the appropriate roles for Federal, State, and local governments, as well as the private sector, in conducting the covered activities. Involve State and local officials in the development of policy and budget priorities and programs with significant State and local impact. Make sure your estimates are consistent with strategic and annual performance plans.

30.2 What is the scope of the policy estimates?

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

(1) *Regular annual estimates.* Your regular annual estimates must reflect all requirements anticipated at the time of budget submission, and should cover:

- Continuing activities, including those that must be reauthorized for the budget year;
- Authorized activities that are proposed for the budget year;

- Amounts necessary to meet specific financial liabilities imposed by law; and
- Decreases for activities proposed for termination.

(2) *Legislative proposals.* If you and your OMB representative determine that proposals for new legislation require a further budget request or result in a change in revenues or outlays, you must separately identify and provide a tentative forecast of the estimate in your submission. These proposals must be consistent with the items that appear in your legislative program, as required by [OMB Circular No. A-19](#).

(3) *Supplemental proposals.* You should make every effort to conduct your programs within the amounts appropriated for the current year and to postpone actions that require supplemental appropriations. OMB will only consider supplemental requests that meet the criteria provided in [section 110](#). Supplemental requests that are known at the time the budget is prepared and approved are normally transmitted to Congress with the budget, rather than later as separate transmittals. However, each case will be decided separately after OMB receives the agency's initial submission (see [section 51.10](#)). OMB representatives will tell you which supplementals will be transmitted with the budget so you can submit the necessary information.

(b) *Presidential policy outyear estimates.*

Policy estimates for the nine years following the budget year (BY+1 through BY+9) enable the President to present the long-term consequences of proposed program or tax policy initiatives. (Baseline estimates, described in [section 80](#), provide a basis for assessing alternatives, including Presidential policy estimates.) OMB may centrally calculate outyear policy estimates for discretionary programs with some exceptions. In this case, you may be asked to identify and justify any deviations from these estimates, by program or activity, that you believe are warranted.

When you develop outyear policy estimates, they should be consistent with the general policies and information required for the budget year and indicate the degree to which specific policy decisions made for the budget year or any subsequent year affect budget authority, outlay, and receipt outyear levels. Take into consideration changes in spending trends, economic assumptions, and other actions or events when you prepare estimates of budget authority, outlays, and receipts for BY+1 through BY+9.

30.3 What economic assumptions should I use when I develop estimates?

All budget materials, including those for the outyear policy and baseline estimates, must be consistent with the economic assumptions provided by OMB. The specific guidance below applies to outyear policy estimates.

OMB policy permits *consideration* of price changes for goods and services as a factor in developing estimates. However, this does not mean that you should automatically include an allowance for the full rate of anticipated inflation in your request.

For *mandatory programs*, reflect the full inflation rate where such an allowance is required by law and there has been no decision to propose less than required. For *discretionary programs*, you may include an allowance for less than the full rate of anticipated inflation or even no allowance for inflation. In many cases, you must make trade-offs between budgeting increases for inflation versus other increases for programmatic purposes. Unless OMB determines otherwise, you must prepare your budget requests to OMB within the budget planning guidance levels provided to you, regardless of the effect of inflation.

Economic assumptions may be revised shortly before final budget decisions are made. These revisions will not usually result in changes to the previous budget guidance on your agency totals.

Reflect Federal pay raises in your estimates of personnel compensation and benefits (see [section 32.2\(b\)\(1\)](#)).

You must identify the anticipated price level changes reflected in the financial resources required to finance each program level in your justification materials (see [section 51.3](#)).

30.4 What assumptions should I make about growth in agency workload?

Assume that growth in your agency workload will be offset by productivity. Use personnel currently funded to the maximum extent in staffing new programs and expansions of existing programs. These actions should be part of your agency's overall human capital strategy, aligned with the President's Management Agenda, and reflected in the integrated performance plan ([sections 31.11, 32.2\(a\)\(1\)](#), and [220](#)).

30.5 How do I develop unit cost information?

Unit cost is used to make "apples to apples" comparisons between federal programs that have similar goals. Unit cost should reflect the average cost of the program producing a specific result. The unit cost should reflect the full cost of producing a result including overhead and other indirect costs. Where possible, you should separate costs into fixed and variable components so that marginal costs can be derived in addition to unit costs. Such information will also provide a credible base for projections of future costs and the need for budgetary resources. Upon request, you must provide both unit cost and marginal cost information to OMB.

**SECTION 31—COMPLIANCE WITH ADMINISTRATION POLICIES AND OTHER
GENERAL REQUIREMENTS**

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Summary of Changes

Requires information on the cost of managing competitive sourcing initiatives (section 31.9).

Provides additional guidance on human capital management (section 31.11).

31.1 Advance appropriations.

Do not request advance appropriations if the only purpose is to shift budget authority for a program that would normally be provided in the budget year. For example, if you would normally request budget authority in the budget year to cover a cohort of obligations for a grant program, even though some of the obligations will not be incurred until the following fiscal year, you may not request an advance appropriation of budget authority to cover the obligations expected to be incurred in the following fiscal year.

31.2 Environmental management.

The OMB/CEQ joint letter of April 1, 2002 applauds those agencies developing and implementing effective environmental management systems (EMS). Federal agencies should develop and implement environmental management systems in order to integrate environmental accountability into agency day-to-day decision-making and long-term planning processes, across all agency missions, activities, and functions. These efforts must be funded within guidance totals. They should include, but not be limited to, the following components: initial self-assessments, development of performance measures, policy, and establishment of management systems.

31.3 Equal opportunity.

Your estimates should reflect the Administration's commitment to programs designed to ensure or promote equal opportunity regardless of race, color, religion, national origin, sex, disability, or age. These civil rights activities include the following:

**SECTION 31—COMPLIANCE WITH ADMINISTRATION POLICIES
AND OTHER GENERAL REQUIREMENTS**

- Implementation of statutes or regulations requiring fair housing.
- Nondiscrimination in federally assisted or conducted programs.
- Equal credit opportunity.
- Full voting rights.
- Civil and Constitutional rights.
- Equal employment opportunity (including nondiscrimination by Federal agencies).
- Efforts to increase Federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

31.4 Full funding.

Requests for acquisition of capital assets must propose full funding to cover the full costs of the project or a useful segment of the project, consistent with the policy stated in section [300.6\(b\)](#). Specifically, requests for procurement programs must provide for full funding of the entire cost. In addition, requests for construction programs must provide for full funding of the complete cost of construction. You should not submit estimates for construction funds for major construction projects unless planning will reach a point by the end of the current year that will ensure that a contract for construction could be awarded during the budget year. Remember that Administration policy and the Antideficiency Act require you to have sufficient budget authority or other budgetary resources to cover the full amount of unconditional obligations under any contract.

For policies related to leases of capital assets and lease-purchases, see section [33.1](#) and [Appendix B](#). For guidance on budget submissions for capital asset acquisitions, see Part 7 of this Circular. For guidance on principles and techniques of planning, budgeting, procurement, and management of capital assets, see the supplement to this Circular, the *Capital Programming Guide*, which is published separately and available on the OMB website with this Circular at:

<http://www.whitehouse.gov/omb/circulars/a11/cpgtoc.html>

31.5 Government perquisites.

Your estimates should reflect Administration policy to limit the use of government vehicles, government aircraft, first class air travel, executive dining facilities, and conferences, in accordance with Presidential memoranda, dated February 10, 1993.

31.6 MAX electronic network.

For the purpose of cost distribution specified in [OMB Circular No. A-130](#), OMB is the user of MAX. Accordingly, you are not required to pay for use of the MAX electronic network required by this Circular.

31.7 Multi-year appropriations.

Consider whether it is appropriate to request appropriations with multi-year availability, particularly for buildings, equipment, and other types of fixed capital assets, including major ADP and telecommunications systems, with long acquisition cycles. Where multi-year appropriations requests are appropriate, you should match the period of availability to the expected length of the acquisition cycle.

31.8 Management improvement initiatives and policies.

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

- *Capital planning and investment control.* Your estimates should reflect the Administration's commitment to IT investments that directly support agency strategic missions, employ an integrated planning, budgeting, procurement process, are citizen-centered, and are consistent with the Clinger Cohen Act of 1996, the Paperwork Reduction Act, the Federal Acquisition Streamlining Act, and OMB Circular A-130, Management of Federal Information Resources (see also section [53](#) and [section 300](#), where applicable).
- *Electronic transactions and electronic recordkeeping.* Your estimates should prioritize and manage e-Government projects effectively through your agency's capital planning process and enterprise architecture. Initiatives should create a citizen-centered electronic presence (maximizing use of the Internet) and advance an e-Government strategy that includes specific outcomes to be achieved. Your estimates should reflect the requirements of the Government Paperwork Elimination Act (GPEA) and OMB's guidance. Under GPEA, all transactions should have an electronic option and associated electronic recordkeeping by October 2003 if practicable. The National Archives and Records Administration has issued records management guidance for agencies implementing electronic signature technologies. The guidance can be found at the following Internet address:

http://www.archives.gov/records_management/

- *Security.* Your estimates should reflect a comprehensive understanding of OMB security policies and NIST guidance, including compliance with the Government Information Security Reform Act, and OMB Memorandum No. M-01-08, "Guidance on Implementing the Government Information Security Reform Act," by:
 - ▶ Demonstrating that the costs of security controls are understood and are explicitly incorporated in the life-cycle planning of the overall system, including the additional costs of employing standards and guidance more stringent than those issued by NIST;
 - ▶ Demonstrating how the agency ensures that risks are understood and continually assessed;
 - ▶ Demonstrating how the agency ensures that the security controls are commensurate with the risk and magnitude of harm;
 - ▶ Identifying additional security controls for systems that promote or permit public access, other externally accessible systems, and those that are interconnected with systems over which program officials have little or no control;

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- ▶ Demonstrating how the agency ensures the effective use of security controls and authentication tools to protect privacy for those systems that promote or permit public access; and
- ▶ Demonstrating how the agency ensures that the handling of personal information is consistent with relevant government-wide and agency policies.
- *Privacy.* Your estimates should reflect the Administration's commitment to privacy and should include a description of your privacy practices and steps taken to ensure compliance with all OMB privacy policies.
- *Financial systems.* Your estimates should reflect plans to achieve a single, agency-wide, integrated financial management system and CFO plan initiatives. The scope of agency financial systems activities will include the following:
 - ▶ Core financial systems, as described in the JFMIP Core Financial System Requirements Document.
 - ▶ Financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control.

[Sections 52](#) and [53](#) describe the materials that must be submitted for agency financial management systems.

31.9 Performance of commercial activities.

Your estimates should reflect (1) the probable results generated by competitions under [OMB Circular No. A-76](#), and (2) the estimated A-76 personnel and other costs to provide resources to support the competitive sourcing initiative of the President's Management Agenda (PMA) within the agency. Provide a separate breakout of savings results and A-76 review personnel and other study costs through FY 2008 in each bureau's budget submission materials that are consistent with the agency's competition plan.

31.10 User charges.

Under OMB Circular No. A-25, you must review user charges for your programs at least once every two years, and you must report the result of the review and any resultant proposals in the Chief Financial Officers Annual Report required by the Chief Financial Officers Act of 1990 (see section 8(e) of OMB Circular No. A-25). Develop your estimates in accordance with the full cost recovery policy for user charges set forth in that Circular. User charges 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, including amounts collected for the use or sale of natural resources; in such cases, the user charge should be set at the market price.

There has been a growth in user charges, and some have been classified by law as offsetting collections or offsetting receipts when they more appropriately should have been classified as governmental receipts. Only user charges that arise from business-type transactions should be classified as offsetting collections or offsetting receipts. User charges are discussed further in [section 20.7\(e\)](#).

If you propose new user charges that require authorizing legislation, provide a clear explanation of the new user charge and the legislation that will be required to authorize it. Include a detailed discussion of plans for achieving enactment of the legislation and the administrative actions planned for collecting the

charges if the legislation is enacted. Assess the proposal's chances of enactment, taking into account the likely reaction to the proposal by Congress and the users. Describe the basis for your assessment in detail. If you believe that the proposal will lack support, explain why you believe the President should propose it in the budget anyway.

31.11 Workforce planning and restructuring

Your budget submission and performance plan must identify the specific human capital management and development objectives, key activities, and associated resources that are needed to support agency accomplishment of programmatic goals.

Furthermore, your budget submission and performance plan should describe the specific activities and/or actions planned to meet the standards for success under the Human Capital initiative of the President's Management Agenda, the associated resources, the expected outcomes, and how performance will be measured. For example, you should:

Identify the specific organizational changes you are proposing to:

- ▶ Reduce the number of managers, reduce organizational layers, and reduce the time it takes to make decisions.
- ▶ Increase the span of control, and redirect positions within the agency to ensure that the largest number of employees possible are in direct service delivery positions and retrain and/or redeploy employees as part of restructuring efforts to make the organization more citizen centered.

Identify the training, development, leadership development, and staffing actions you propose to take to:

- ▶ Ensure continuity of leadership.
- ▶ Ensure that leaders and managers effectively manage people.
- ▶ Sustain a learning environment that drives continuous improvement in performance.
- ▶ Prepare for and respond to changes driven by e-Government and competitive sourcing.

Identify the competency and skill needs (or gaps) you have identified as part of your workforce planning effort and how you plan to address those needs through recruitment, development, and related strategies.

SECTION 32—ESTIMATING EMPLOYMENT LEVELS, COMPENSATION, BENEFITS, AND
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Reporting Employment Levels

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Reporting Personnel Compensation and Related Costs

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Summary of Changes

Provides information on how prior year FTE figures are obtained (section 32.4).

Provides additional guidance on FTE accounting for military personnel (section 32.5).

Includes guidance on personnel benefits, previously in section 33.11 (32.9).

Updates guidance on budgeting for uniformed services health care (32.10).

Drops the requirement to report on the impact of fully accruing employee pensions and annuitant health benefits.

32.1 What terms do I need to know?

Employee, as defined in [5 U.S.C. 2105](#), means an officer or individual who is appointed under a delegated authority, is engaged in the performance of a Federal function, and is subject to the supervision of an officer or employee of the Federal Government.

Full-time equivalent (FTE) employment means the total number of regular straight-time hours (i.e., not including overtime or holiday hours) worked by employees divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off and other approved leave categories are considered "hours worked" for purposes of defining full-time equivalent employment that is reported in the personnel summary (see section [86.1](#)). This definition is consistent with guidance provided by the Office of Personnel Management (OPM) in connection with reporting FTE data as part of the SF 113G reporting system. A list of compensable days (with associated hours) for fiscal years 2003 through 2008 is provided in section [32.3\(b\)](#).

32.2 What should be the basis for my personnel estimates?

(a) *Personnel.*

(1) *Staffing requirements.* Base estimates for staffing requirements on the assumption that improvements in skills, organization, procedures, and supervision will produce a steady increase in productivity. Personnel should be reassigned, to the maximum extent, to meet new program requirements. Reductions generally should be planned where the workload is stable. Where information technology systems are installed or enhanced, gains in productivity should result in lower personnel requirements after the first year.

Where appropriate, use calculations converting workload to required personnel that include an estimate of available workhours per employee. Exclude annual leave, sick leave, administrative leave, training, and other non-work time from these calculations. Base estimates of available time on current data, reflect steps taken to improve the ratio of available time to total time, and recognize differences in available time by organization, location, or activity. Base exclusions for annual and sick leave on current experience of actual leave taken rather than leave earned. Employment levels should reflect budget proposals and assumptions with regard to workload, efficiency, proposed legislation, interagency reimbursable arrangements, and other special staffing methods. Employment intended for proposed legislation, or for carrying out proposed supplemental appropriations, cannot begin until the additional funds become available by congressional action. Employment proposed for activation of new facilities or start-up of new programs cannot begin until the new activity begins. Employment under estimated reimbursable arrangements also cannot begin until such arrangements have been negotiated and justified.

(2) *Personnel resources.* You should base estimates of personnel resources on the total number of regularly scheduled straight-time hours (worked or to be worked) in the fiscal year (see section [32.3\(b\)](#)). 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 FTE data.* Wherever entries in schedules or materials required by this Circular pertain to personnel requirements or total employment levels, state such entries for all years in terms of FTEs, as defined in section [32.1](#), unless another measure is explicitly required. For military employment, see section [32.5](#).

(b) *Personnel compensation.*

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

The Mid-Session Review pay raise assumptions will apply to the statutory pay systems (General Schedule, Foreign Service, and Veterans Health Administration), the Executive Schedule, the Senior Executive Service (SES), and wage grade employees. The pay raises encompass both the Employment Cost Index (ECI)-based national schedule adjustment and locality pay without assumption as to how the total increase will be distributed between the two. Use pay scales that reflect the most recent locality pay rates in preparing your estimates.

You may need to adjust your estimates when final pay assumptions for the budget are released. You should be prepared to provide supporting detail on calculating pay costs, including separate identification of the pre-pay raise wage base reflected in the submission. You must explicitly justify any increases in average compensation for the budget year, other than those due to changes in pay scales.

- (2) *Hourly rates.* Base compensation for all employees (as defined in [5 U.S.C. 5504\(b\)](#)) on hourly rates of compensation determined by dividing the annual rate of basic pay by 2,087, in accordance with section 15203(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272).
- (3) *Within-grade increases.* Additional resources for within-grade increases are normally not allowed. Offset the net cost, if any, of within-grade salary increases (i.e., costs after turnover, downgrades, and other grade or step reducing events are taken into account) by savings due to greater productivity and efficiency.
- (4) *Vacancies.* Base estimates related to vacancies expected to be filled in the budget year on the entrance salary for the vacancies involved.
- (5) *Savings in personnel compensation.* Give full consideration to savings in personnel compensation due to personnel reductions, delay in filling vacant positions, leave without pay, lag in recruitment for new positions, filling vacancies at lower rates of pay, part-time employment, and grade reduction actions. Identify terminal leave payments, including those for SES, as offsets against such savings.
- (6) *Positions above grade GS/GM–15.* Reflect these positions, including SES, only to the extent that positions have been authorized in those grades by OPM or other authority, or are specifically authorized in substantive law.
- (7) *Awards.* Estimates should include amounts for all cash incentive awards. Upon request by OMB, be prepared to provide detailed information on your cash incentive awards program, including a narrative explanation of the basis on which your agency distributes awards and how that relates to its overall performance management program.
- (8) *Executive selection and development programs.* Include in your estimates provisions for reasonable amounts for such programs, as required under Title IV of the Civil Service Reform Act of 1978 and by implementing guidelines issued by the Office of Personnel Management.
- (9) *Premium pay and overtime.* Fully justify increases over amounts for the preceding year for premium pay. In preparing estimates for overtime, you should analyze the use of overtime to ensure that it is used in a prudent and efficient manner; explore all reasonable alternatives to overtime (such as improved scheduling); and ensure that adequate approval, monitoring, and audit procedures are in place to avoid overtime abuses.
- (10) *Special rates for experts and consultants.* Authority to pay special rates for experts and consultants may be requested only when your agency demonstrates that the type and caliber of services required cannot be obtained at the maximum daily rate payable for grade GS–15 under the Classification Act. When such authority is justified and specifically authorized, special rates may not exceed the maximum rate for senior level positions under [5 U.S.C. 5376](#).
- (11) *Severance pay.* Estimate severance pay at the amount needed for the fiscal year. However, obligations will be incurred on a pay-period by pay-period basis, notwithstanding the fact that a liability arises at the time of an employee's separation. Your estimates must include changes in severance pay and personnel compensation that would occur upon the application of instructions covered in [OMB Circular No. A–76](#).
- (12) *Physicians comparability allowance.* Reflect in your estimates approved plans to pay bonuses to physicians in accordance with the Federal Physicians Comparability Allowance Amendments of 1987

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(Public Law 100–140) and the Federal Employees Health Care Protection Act of 1998 (Public Law 105–266). Instructions for reporting on the physicians comparability allowance program are issued separately.

(13) *Bonuses and allowances.* Reflect in your estimates approved agency plans for paying recruitment and relocation bonuses and retention allowances. You should be prepared to supply information on planned and actual expenditures upon request by OMB.

(14) *Retirement costs.* Reflect in your estimates the cost effects of changes in the distribution of employees between the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS).

32.3 What do I need to know about FTE budgeted levels?

(a) *Policy.*

Consistent with the general policy of making the most effective use of Government resources, each agency head will ensure close management of budgeted FTE levels for his or her agency. Agencies should not convert the work of their employees to contractors unless they first undertake cost comparisons that demonstrate that such a conversion is of financial advantage to the Government.

(b) *Determining FTE usage.*

You must prepare budget estimates relating to personnel requirements in terms of FTE employment, as specified in this Circular.

To determine FTE employment, divide the total number of regular hours (worked or to be worked) by the number of compensable hours in each fiscal year. The table below shows the number of compensable hours for FY 2003 through 2008.

COMPENSABLE DAYS AND HOURS FOR FISCAL YEARS 2003–2008

Year	Days	Hours
2003.....	261	2,088
2004.....	262	2,096
2005.....	261	2,088
2006.....	260	2,080
2007.....	260	2,080
2008.....	262	2,096

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.

Be sure to include in FTE employment estimates all Federal employees, including persons appointed under the Worker Trainee Opportunity Program, Presidential Management Interns, Federal Cooperative Education Program, summer aids, Stay-in-School Program, and the Federal Junior Fellowship Program.

(c) *Justification of FTE usage.*

The FTE estimates for each agency are determined at the time of the annual budget review, for the fiscal year in progress and for the succeeding fiscal year. You must ensure that the FTE estimates are consistent with all applicable laws. In particular, some statutes providing agencies with authority to use voluntary separation incentive proposals or buy-outs stipulate that agency-wide FTE levels must be reduced one-for-one for each buy-out. Further, FTE estimates must represent an effective and efficient use of resources to meet program requirements.

Actual FTE usage reported in the PY column of the budget must equal the year-end FTE usage reported on the SF 113G to OPM (see section [32.4](#)).

Current year FTE estimates should be consistent with PY actuals, should be fully funded, and should be very close to the actual usage reported at the end of the fiscal year. For example, the 2003 estimate in the FY 2004 Budget should be very close to the 2003 actuals to be published in the 2005 Budget.

(d) *FTE transfers between agencies.*

Prior to entering into new or expanded agreements to perform work for other agencies on a reimbursable basis, you must prepare a cost justification in accordance with OMB Circular No. A-76. As part of this agreement, you may transfer FTEs on a one-for-one basis, provided that you notify OMB prior to making such a transfer. You may proceed with the FTE transfer fifteen days after notification to OMB unless OMB objects.

(e) *Adjustment requests.*

Send all requests for adjustments in employment levels, including agreements to transfer FTEs between agencies, to your OMB representative.

32.4 How does OMB validate prior year civilian FTE totals (actuals)?

Agencies use the Office of Personnel Management (OPM) SF-113G reporting system to submit their actual, civilian FTE data to OPM each month. OPM transfers these data to OMB on a monthly basis, and in November provides OMB with total FTEs by agency for the fiscal year that ended September 30. During budget season, OMB compares the OPM totals to the prior year FTE data that agencies enter in their MAX A-11 personnel summaries (Schedule Qs).

The OMB and OPM employment totals must match at the agency level. If you believe the OPM total is not correct, you must work with OPM to change the total in OPM's SF-113G system. Once OPM revises the total, OMB will revise the OPM total it keeps in the MAX database. In the vast majority of cases, the OPM number is correct, and the agency must adjust the PY column in one or more accounts in Schedule Q so that the OMB FTEs agree with the OPM FTEs at the agency level.

OPM does not collect or report military data to OMB. For military employment, see section [32.5](#).

32.5 How do I account for active duty military personnel?

Your budget submission should also account for all active duty personnel in the seven Uniformed Services. These Services include the Army, Air Force, Navy, Marines, Coast Guard, NOAA and PHS Commissioned Corps. Since active duty personnel are always full-time employees, attempting to compute full-time equivalents is not appropriate. Therefore, for active duty personnel, "average strength"

is used in place of FTEs for the prior fiscal year. Estimate average strengths for current and budget years as well. For the non-DoD Uniformed Services, record military average strengths in the MAX A-11 personnel summaries using the line designated for military (see [section 86.1](#) regarding Schedule Q line numbers). The Department of Defense will continue to provide military employment data directly to their OMB representative.

32.6 How do I treat agency benefit payments under the Federal Employee Compensation Act?

For accounts subject to appropriations action, include in your budget year estimates the amount billed by the Employment Standards Administration of the Department of Labor for benefits paid on behalf of employees of your agency in the past year under the Federal Employee Compensation Act.

For accounts not subject to appropriations action, you must pay the bill in the current year.

32.7 How do I reflect the effects of pay raises?

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

- Governmental receipt accounts containing Federal employee contributions to Federal employee retirement.
- Offsetting receipt accounts (employer share, employee retirement) containing employing agency contributions to Federal employee retirement.
- General fund contributions to Federal employee retirement.

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

32.8 How do I budget for unemployment compensation?

In general, you should not budget for the costs of unemployment compensation for former Federal civilian and military personnel. The congressional intent is that such unemployment compensation be paid from appropriations available to the employing agencies. The liable agencies must absorb these reimbursements when they are required to be paid.

If you do not employ large numbers of temporary employees or other personnel expected to lead to significant unemployment compensation claims, your estimates for the current and budget year will not contain any special provisions for the costs of reimbursing the unemployment trust fund for such payments.

If you employ large numbers of temporary employees to meet part-year workload, you may request approval from OMB to budget for unemployment compensation costs for your temporary employees. OMB will consider such requests if you can demonstrate that you have a sound administrative control system for unemployment compensation claims.

32.9 How do I budget for personnel benefits?

- (a) *Medicare and Medicaid.*

If you provide benefit payments for Medicare and Medicaid, you should work with OMB to develop assumptions on medical care prices related to the consumer price index, utilization rates, number of beneficiaries, and other factors.

(b) *Other benefit payments.*

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

32.10 How do I budget for uniformed services health care?

- *For uniformed services post-retirement medical care.* Post retirement medical care for "Medicare-eligible" retirees and their dependents/survivors was funded on an accrual basis beginning in FY 2003. Budget estimates in the FY 2005 budget submission must assume inclusion of all Medicare-eligible retirees and families. Agencies must calculate the following estimates for their budget submission:
 - Accrual contribution to the Uniformed Services Health Accrual Trust Fund (see below).
 - Estimate of the health care dollars to be expended in FY 2005 for all retirees.
- *Accrual contribution to the Uniformed Services Health Accrual Trust Fund.* To develop appropriate annual accrual contribution estimates, agencies must use the per-capita rates provided below. Agencies must multiply these rates by the estimated average number of current uniformed service personnel for FY 2005. The resulting calculation is the accrual contribution, which should be budgeted in the agency's personnel account.
 - Active duty per-capita rates\$ 5,364
 - Reservist per-capita rates\$ 3,132
- *Estimate of the health care dollars to be expended in FY 2005 for all retirees.* Agencies must estimate the FY 2005 expenditures for retiree health care. (Separate estimates must be provided for Medicare-eligible retirees and non Medicare-eligible retirees). The Medicare-eligible estimates are needed to develop the Trust Fund outlays for uniformed service health care during FY 2005 and the non-Medicare eligible estimates to be included in agency budgets. To prevent double counting Medicare-eligibles, each agency must ensure that their health care account request does not include any amount for Medicare-eligible retiree health care other than the accrual contribution amounts.

**SECTION 33—ESTIMATES RELATED TO SPECIFIC TYPES OF PROGRAMS AND
EXPENDITURES**

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- 33.2 Hospital costs
- 33.3 Advisory committees and interagency groups
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- 33.5 Taxes and tax expenditures
- 33.6 Miscellaneous policies and requirements

Summary of Changes

Moves data requirement for motor vehicles to section 25.

Drops requirement for information on the National security crosscut.

33.1 Construction, leases of capital assets, and acquisition of real property

(a) *Construction of Federal facilities.*

If you are proposing construction of Federal facilities, you must:

- Comply with Executive Order No. 12088 for pollution control standards,
- Include the amounts required to ensure that existing facilities provide safe and healthful workplaces for Federal employees consistent with the standards promulgated under section 19 of the Occupational Safety and Health Act of 1970, the provisions of Executive Order No. 12196, and the related Safety and Health Provisions for Federal Employees of the Secretary of Labor (29 CFR, Chapter XVII, Part 1960),
- Comply with requirements of the Architectural Barriers Act of 1968 to eliminate structural barriers impeding the mobility of individuals with disabilities,
- Have reviewed the GSA inventory of Federal laboratories and indicate the reasons you want to acquire new space instead of using existing laboratories that have sufficient space available, according to the GSA inventory,
- Comply with Executive Order Nos. 11988 and 11990 if you are proposing to use sites located in floodplains or wetlands.

(b) *Construction of federally-owned housing.*

If you are proposing to construct federally-owned housing, make sure you:

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- Do not include estimated funding for construction of housing for civilian employees, except where necessary to maintain continuity and efficiency of service and where private capital cannot be found,
- Meet the requirements for *public quarters, service or protection*, and lack of available housing.

(c) *Construction in the District of Columbia*

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

(d) *Acquisition of land in the National Capital Area.*

You must consult with the National Capital Planning Commission in advance regarding proposed developments and projects or commitments for the acquisition of land in the National Capital area, in accordance with 40 U.S.C. 8723(a) (see <http://www.ncpc.gov>).

(e) *Leasing capital assets.*

If you propose to lease capital assets rather than purchase them, you should check the requirements in [OMB Circular No. A-94](#). For additional information, see [Appendix B](#).

(f) *Real property acquisition.*

If you plan to acquire real property, you must:

- Include estimates consistent with the policies of [Executive Order No. 12512](#) in your budget submission,
- Make sure that estimates for acquisition of real property under contract are consistent with obligations reported in object class 32 (see [section 83.7](#)).

33.2 Hospital costs

If you are developing estimates for hospital costs:

- Use data based on the use of resources allocated by diagnosis-related groups and compare these data with payment rates of other payers using similar groupings,
- Indicate whether or not capital and depreciation costs are contained, and describe the cost allocation method underlying the data,
- Identify the amount of reimbursement collected from third parties and Federal agencies if you provide hospital care on a reimbursable basis.

If you provide estimates for inpatient care facilities and medical care services, make sure they are consistent with Executive Order No. 12372.

33.3 Advisory committees and interagency groups

If you have advisory committees and interagency groups:

- Reflect the results of the committee reviews required by Executive Order No. 12838, which requires agencies to reduce the number and cost of non-statutory advisory committees,
- Use the ceilings established by [OMB Circular No. A-135](#),
- Separately identify the costs of advisory committees established by statute that you are proposing for termination.

You are prohibited from financing *interagency groups* (including boards [except Federal Executive Boards], commissions, councils, committees, and similar groups) by contributions from member agencies' appropriations by a government-wide general provision unless such financing is specifically authorized by statute. Therefore, you must propose financing for such groups in the budget in one of the following forms:

- Appropriations specifically for the interagency group.
- Specific language authorizing interagency funding.

33.4 Radio spectrum-dependent communications-electronics systems

The National Defense Authorization Act of 1999 (P.L. 105–261) requires the private sector to reimburse Federal agencies for costs associated with relocating or modifying systems to make spectrum available to new commercial licensees. The Act requires you to submit cost estimates to OMB for such relocations or modifications of radio spectrum-dependent communications-electronics systems anticipated under section 113 of the National Telecommunications Information Administration Organization Act ([47 U.S.C. 923](#)). These estimates will form the basis for estimates that must be provided to the Commerce Department's National Telecommunications and Information Administration in advance of an auction of the spectrum that has been reallocated for commercial use. OMB will issue separate instructions regarding this requirement. In addition, you must obtain a certification by the National Telecommunications and Information Administration, Department of Commerce that the radio frequency required can be made available before you submit estimates for the development or procurement of major radio spectrum-dependent communication-electronics systems (including all systems employing space satellite techniques).

33.5 Taxes and tax expenditures

Reflect full and explicit consideration of the resources made available by the Federal Government through tax expenditures and other tax incentives. *Tax expenditures* are attributable to provisions of the Federal income tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, rate of tax, or deferral of tax ([2 U.S.C. 622](#)). Tax expenditures include subsidies provided through the income tax system.

You must consult with the Office of Tax Analysis, Department of Treasury on all proposals for new or modifications of existing taxes whether or not the modification results in a tax expenditure. After consulting with the Office of Tax Analysis submit a justification of the proposal to OMB. The justification should include the views of the Office of Tax Analysis and address the following items:

- The nature and extent of the problem addressed by the proposal.

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

- The reason a subsidy is needed.
- The non-tax alternatives.
- The reason a tax change is preferable to the non-tax alternatives.

In addition, you should be prepared to submit justifications for continuing or reenacting existing taxes and tax expenditures in the program areas for which you have primary responsibility. Such justifications will contain the information described above.

In general, tax expenditures are subject to the same degree of performance evaluation as spending and regulatory programs. Tax expenditures often complement or substitute for agencies' spending or regulatory programs, and the resources and incentives provided through tax expenditures can be substantial. Work with the Office of Tax Analysis, which has lead responsibility for tax policy and analysis of tax expenditures, to develop data and methods to evaluate the effects of tax expenditures that affect (or are directed at the same goals as) your programs. You should be prepared to furnish, upon request, problem analyses, estimates of economic effects, and other materials that will provide explicit quantitative information on the relationship of existing or proposed tax expenditures to proposed budget expenditures. See [Part 6](#) for guidance on inclusion of tax expenditure data in annual performance plans.

33.6 Miscellaneous policies and requirements

Develop your budget estimates consistent with the following laws, rules, and policies:

MISCELLANEOUS REQUIREMENTS

Type of program or expenditure	Policies and requirements
Activities covered by the Coastal Barrier Resources Act	Do not include any new Federal expenditures or financial assistance prohibited by the Coast Barrier Resources Act (Public Law 97-348).
Foreign currencies	Refer to guidelines in the Treasury Financial Manual (chapters 3200 and 9000) and the Department of State Foreign Affairs Manual (Volume 4, chapter 360).
Remedial environmental projects at Federal facilities	Follow the policies in Executive Order No. 12088.
Mail	Include sufficient amounts for official use of United States mail, package delivery, and/or private carrier service, including postage due. Assume maximum use of available postage discounts.
Records storage	Include sufficient amounts for the costs of storing and servicing temporary and inactive records.
Space and related requirements	Include payments for space, structures and facilities, land, and building service provided by GSA and others.
Systems acquisitions	Follow the guidance in the Capital Programming Guide, Title V of the Federal Acquisition Streamlining Act of 1994 , and the Clinger Cohen Act of 1996 . Ensure that electronic and information technology acquisitions meet the requirements of section 508 of the Rehabilitation Act of 1973 and allow individuals with disabilities access to and use of data.

**SECTION 33—ESTIMATES RELATED TO SPECIFIC TYPES OF
PROGRAMS AND EXPENDITURES**

Type of program or expenditure	Policies and requirements
Travel	Minimize official travel. Reflect the allowances authorized under the Federal Travel Regulations issued by GSA or comparable regulations issued by the Department of Defense for travel of military personnel and by the Department of State for foreign service personnel.
Tort claims	Do not include amounts for payment of tort claims unless a substantial volume of claims is presented regularly.
Water and sewer payments to the District of Columbia	Include amounts for payment for water and sewer services
Construction of nuclear reactors	Obtain a letter from the Department of Energy setting forth its recommendations before submitting estimates.
Contractor claims	Include amounts for reimbursement of the Claims and judgment fund for the full amount paid from the fund on behalf of the agency during the past year.

SECTION 51—BASIC JUSTIFICATION MATERIALS

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Summary of Changes

The changes in this section support the creation of a "performance budget" justification for 2005. A performance budget starts from an overview of what the agency intends to accomplish in the budget year. The overview, structured like the recently revised strategic plan, would show past and expected outcomes for each strategic goal, how supporting programs would work together toward them, and how past shortcomings would be remedied. Summary tables would show the "pyramid" of how PART and program outcomes and targets support the outcomes for the strategic goals and objectives. Tables would also show the full cost paid by the agency toward each strategic goal and for each program.

The remainder of the budget may be presented by bureau or other organization, but each entity should analyze its contributions to strategic goals, followed by detailed analysis of supporting programs—based on the PART wherever available. Your budget request should be justified on the basis of resources needed to make planned progress toward the strategic goals, and achieve the annual targets set for the program outcomes. Because the plan would be integrated into the performance budget, a separate annual performance plan would not be needed to satisfy GPRA requirements.

Requires a breakout of resources for IT expenditures (section 51.3).

Updates guidance on program evaluation (section 51.9).

51.1 Summary and highlight statement.*(a) Required information.*

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

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

- The relationship of the policies, strategies, and resources requested to the implementation of the President's Management Agenda.
- 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.
- Any significant proposals for changes in the current year budget, and the relationship of such changes to the budget year and outyear requests.
- Any significant proposals or changes in spending patterns for the five to ten year period beyond the budget year, and their relationship to outyear planning guidance and the policies proposed for the current and budget year.

You must also include a listing of the budget authority and outlays and FTE requested through BY+9, where applicable. Itemize this list by account showing proposed supplementals, pending supplementals, rescission proposals, and legislative proposals separately. Deduct offsetting receipts to arrive at the net amount of the agency request. In addition, include an analysis of outlay estimates reflected in your agency budget request, with the form and level of detail to be determined in consultation with the OMB representative.

Refer to sections 30 through 35 for general information and policies related to developing estimates and proposals and responsibilities in reporting data. Remember that development of your budget request and annual performance plan should be coordinated.

(b) *Certification of obligations.*

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

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

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

51.2 General requirements for justifying programs and financing.

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

Your budget submission to OMB in September should be in the form of a "performance budget" to the greatest extent possible. The "Summary of Changes" in the box at the head of this section shows how such a budget could be structured, with an overview by strategic goal followed by bureau presentations showing the contributions to strategic goals of each bureau and program. A "performance budget" should include:

- A overview of what you plan to accomplish, organized by strategic goal;
- Background on what you have accomplished;
- Analyses of the strategies the agency uses to influence strategic outcomes and how they could be improved;
- Analyses of the programs that contribute to each goal and their relative roles and effectiveness, using PART assessments when available;
- Performance targets for current and budget years for programs and strategic goals, how they relate in a "pyramid" of outcomes, and how you expect to achieve those targets; and
- What resources you are requesting to do so, including the usual supporting documentation.

Where possible, you should include the full cost of a program, and you should align budget accounts and program activity lines with programs or the components of the programs that contribute to a single strategic goal or objective.

Your request should be consistent with the funding levels included in policy guidance. If the request is not consistent with policy guidance, you must provide a summary display of what your budget request would be at the policy guidance levels and the reasons why a budget request consistent with the guidance is not appropriate. In addition, you may be asked by your OMB representative to identify and discuss the implications of other funding levels.

Prepare your justification in concise, specific terms and cover all programs and activities of your agency. Use tables, charts, and graphs in lieu of or to supplement text. Prepare materials in a manner designed to provide all of the information that you and OMB have agreed is necessary for OMB to understand and evaluate your agency's request and make its determinations.

You must identify the anticipated price level changes reflected in the financial resources required to finance each program level in your justification materials.

If you have funding requests for major capital asset acquisitions, follow the guidance in [Part 7](#) of this Circular. Additional guidance appears in the [Capital Programming Guide](#), which is published separately.

You are required to provide the following with the justification materials:

- An analysis of resources.
- Where possible, the full cost of a program and budget accounts aligned with programs.
- Information on agency workforce planning and restructuring to make the agency more citizen-centered (see sections [30.4](#) and [31.11](#)).
- Information on grant programs and infrastructure investment (see section [51.6](#)).

- Integrated information on performance indicators and performance goals as a "performance budget" (see section [51.7](#)).
- Information on program assessment through the Program Assessment Rating Tool (PART) (see section [51.9](#)).

At the discretion of OMB, you should include the following information for legislative proposals:

- Your estimates of the costs of implementing or administering proposed legislation.
- The assumptions underlying your estimates, including new work years, program outputs, and costs of inputs such as materials, contract costs or personnel costs. You should also include a discussion of alternative implementation strategies considered (e.g., contracting out versus in-house), and a discussion of any models used to develop your estimates.
- The budget category for the cost of implementation and administration of the legislative proposal along with a written justification for your selection.
- Productivity savings and/or offsets for these costs. You should also provide a discussion of the methods and assumptions underlying your estimates for productivity savings and offsets.

You should also include the following:

- A comparison of total program benefits and total program costs, using quantitative, objective data to the maximum extent possible, as well as qualitative or judgmental material.
- A comparison of the marginal benefits and the marginal costs associated with the additional funds or reduced funding proposed.
- Supporting information that takes into consideration agency and outside (e.g., think tanks, GAO, CBO, universities, interest groups) program evaluations and related analytic studies, whether or not they agree with the proposed policy.

At the discretion of your OMB representative, these requirements may be modified or alternative justification materials specified. It should be emphasized that late decisions on proposed law provisions for the budget will require flexibility in this process. Other materials may be requested by your OMB representative.

51.3 Analysis of resources.

Use a tabular presentation to identify the financial and personnel resources required at the program levels under consideration. Include also a breakout of resources (financial, and if available, personnel) within each program level for all IT expenditures, and for all expenditures on major IT investments (those for which exhibit 300 is required). All justifications should clearly show in text and tables the IT investment request within each account and program activity level. To the extent possible, you should attempt to align your budget accounts with programs, distinguishing among components that contribute to different strategic goals or objectives. This should relate PARTs (see [section 220](#)) and budget accounts or sub-accounts.

In addition, you should include the full cost of a program where possible.

- In some cases, you may want to consider requesting budgetary resources to cover all indirect costs in the budget account or program activity that funds the program, and paying for all central services as they are used.
- In other cases, you may want to request appropriations for some central accounts providing support services; in these cases, you should include a table showing the full cost of resources used by each program, whether paid from its budget account or not.

Present resources required for PY and CY, as well as the estimated requirements for each funding option for BY through BY+9, where applicable. If current year rescissions, deferrals, or supplementals are pending or proposed, identify these separately. A subsidiary breakdown of such items as personnel compensation, capital outlay, or other categories of special concern would be useful.

Generally, present financial data in terms of new budget authority and outlays. However, your OMB representative may require additional measures, such as unobligated balances and offsetting collections.

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

- Are an effective and efficient use of resources to meet program requirements;
- Are consistent with Administration policy;
- Are consistent with proposed funding levels;
- Can be justified in conjunction with requests for other resources;
- Comply with applicable laws (e.g., buyout offset requirements); and
- Are realistic in light of past, actual FTE usage. In those instances in which budgeted positions greatly exceed actual or projected FTEs, the FY 2005 request for budgeted positions (if applicable) should be realigned/reduced to reflect the reality of agency's FTE levels.

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

Describe budgetary resources and FTE requests in the context of your management plan for the programs and activities. Describe resources requested for IT investments in the context of your program requirements. For IT expenditures proposed, demonstrate that all opportunities for coordination with the Administration's goals, and eliminating redundant activities, have been explored. Explain the analysis used to determine the resources needed to accomplish program and Administration goals, and demonstrate that all opportunities for making more efficient and effective use of resources have been explored.

51.4 Relationship of justification to account structure.

To the extent possible, you should attempt to align your budget accounts with programs, distinguishing among components that contribute to different strategic goals or objectives (see above). Where the major programs in your justification materials do not coincide with the budget account structure, prepare a table to show the relationship. Arrange this table by program, with all relevant accounts and parts of accounts listed, showing budgetary resources (usually budget authority) in millions of dollars and FTE. Include

breakouts of financial resources within each account activity line for total IT expenditures. Report programs that are mainly grants, contracts or other transfers of funds to entities other than your agency, related salaries and expenses accounts and parts of accounts, including allocations of overhead amounts. Where it is helpful to explain the coverage of the table or the relationship among accounts, prepare a short narrative to accompany the table. This requirement only applies to major programs and activities. You should consult your OMB representative to ensure that you provide tables for appropriate activities and that you avoid unnecessary paperwork.

51.5 Agency restructuring or work process redesign.

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

51.6 Information on grant programs and infrastructure investment.

Include copies of systematic economic analyses of expected benefits and costs completed in accordance with [Executive Order 12893](#). OMB Bulletin No. 94-16 provides additional guidance on this Executive Order, including a listing of the accounts covered by the Order.

51.7 Performance indicators and performance goals.

For FY 2005, the "performance budget" submission will replace the performance plan required by the Government Performance and Results Act. You should not submit a separate performance plan to comply with GPRA. Your submission should cover all of your agency's programs. For programs that have been assessed using PART, include the measures and targets that were included in the PART. For other programs that have not yet been rated, the measures and targets included in the performance budget should be consistent with the strategic goals and meet the standards of the PART.

You should provide integrated budget and performance information for the listed outcomes and outputs in sufficient detail to allow OMB to pass back both budget and performance levels. In addition, you may include in your budget justification additional relevant performance information to explain major program issues or resource requirements. Any additional performance information that you include in your justification materials must be consistent with the performance information in the PARTs for programs that have been rated.

Your submission should include up to six years of performance data (PY-3 thru BY) and three years of budget resource data (PY, CY, and BY) and update performance target estimates to reflect Congressional action. In addition, you need to consider other statutory requirements of the "annual performance plan" required by GPRA:

- Descriptions of means and strategies, and
- Verification and validation of reported performance data.

Your submission should include descriptions of the means and strategies, including resources, processes, and technologies, to be used in achieving the performance goals. In many instances, these means and strategies are considered to be inputs. A well-conceived and thoughtful description of the means and strategies to be employed will help bolster confidence that there an understanding of what is needed to achieve a certain performance level, and the likelihood the goal will be achieved.

The "means" include:

- Operational processes, such as changes in work methods or sequencing, workforce adjustments, and shifts in responsibility for particular tasks;
- Staff skills, and the development, introduction, and use of technologies; and
- Human, capital, information, and other resources.

The descriptions of these means 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.

The "strategies" an agency intends to apply in achieving particular performance goals should also be highlighted. These strategies include program, policy, managerial, regulatory, and legislative initiatives and approaches.

Agencies should note the increasing emphasis on the use of workforce planning and other specific strategies that align human resources with the fulfillment of an agency's mission and objectives, and the need to secure a diverse Federal workforce that is skilled, flexible, and performance-oriented with a customer focus.

The description need not be confined to initiatives or changes that are newly funded in the fiscal year. Initiatives or investments started in prior years, but which become operational or will be completed during the fiscal year, can be included. Some changes can carryover and affect performance in future years as well.

If you prepare annual financial statements, you should confirm, for the budget year, continuing use of the program performance indicators used in previous years' statements, and identify any new indicators you plan to use in these statements. In addition, you should include in your budget submission to OMB and the Congress the portions of the annual performance report that will not be included in the Performance and Accountability Report:

- Evaluations of the performance plan for the current year;
- Revised schedules for achieving performance goals; and
- If the performance goal is impractical or infeasible, why that is the case and what action is recommended.

51.8 Other analytical information.

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

- Workload analyses.
- Unit costs.
- Productivity trends.
- Impact of capital investment proposals on productivity.

Use productivity measurement, unit costs, and organizational performance standards to the maximum extent possible in justifying staffing and other requirements.

Include as a specific element in productivity improvement for activities of Federal staff the gains planned or being realized from streamlining, including reduction of unnecessary overhead, creative use of technology, and elimination of low priority tasks and programs.

You should also be prepared to provide information on the basis for distributing funds (e.g., formulas or principles for allocation, matching, policies regarding the awarding of loans, grants or contracts, etc.) and data on resulting geographic distribution (e.g., by State, etc.), with identification of any issues.

51.9 Information on program evaluation.

Program evaluation is an important aspect of program planning and monitoring, assessing program results, and determining future funding levels. Program evaluation is an essential tool in determining whether agencies have achieved long-range performance goals. The Program Assessment Rating Tool (PART) provides guidelines on program evaluations, see question 2.6 in the PART guidance for the FY 2005 Budget in OMB Budget Procedures Memorandum No. 861 (see www.omb.gov/PART).

If you have made an interim adjustment to your strategic plan, you should include it with your budget submission.

51.10 Explanations relating to supplemental appropriations requests.

When you forecast the need for a program supplemental appropriation, you must prepare justification material in accordance with this section. Provide information indicating why the request was not included in the regular estimates for the period concerned and the reasons why it is considered essential that the additional appropriation be granted during the year. Submit proposals for offsets to be made elsewhere in your agency for both mandatory and discretionary resources along with your requests for supplementals, and indicate related FTE savings or requirements and appropriate financing changes. If the estimate is approved for later transmittal (rather than in the budget), you will be required to submit further justification of the supplemental estimate to OMB (see section [110.3](#)). Show the effect of requested supplementals in the appropriate portions of the justification material for the program elements affected.

51.11 Major changes in receipts estimates

Provide narrative explanations for major changes from one fiscal year to the next in the amounts of receipts reported for any account, trends in receipt estimates for the related programs, and any other unusual circumstances relating to the estimates.

Advise OMB of increases in amounts reported to the Treasury Department accounts 1435.00 (General fund proprietary interest receipts, not otherwise classified) and 3220.00 (All other general fund proprietary receipts) when you expect that the amounts collected from a single source will exceed \$10 million in any year or when legislation is proposed that will affect any receipts reported to those accounts.

Make your explanations of legislative proposals consistent with your legislative program and outyear policy estimates. Cover the expected timing of enactment and the annual level of receipts anticipated.

51.12 Unobligated balances in liquidating accounts

You must submit information justifying any unobligated balances you expect to carry forward into the current year (see section [185.3\(k\)](#)).

SECTION 52—INFORMATION ON FINANCIAL MANAGEMENT

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Ex-52 Report on Resources for Financial Management Activities

Summary of Changes

Drops the requirement to report on material weaknesses and nonconformances.

52.1 What are the general reporting requirements?

Agencies are required to provide two reports on financial management:

- Financial management budget justification materials (including agency financial management plans); and
- Report on resources for financial management activities (exhibit 52).

52.2 What other reporting requirements does this fulfill?

For the 24 agencies covered by the Chief Financial Officers Act of 1990 (CFO), the materials required in this section fulfill the following requirements:

- CFO Act: Requires each agency CFO to prepare a financial management plan to implement the Government-wide financial management five-year plan.
- The Federal Financial Management Improvement Act of 1996 (FFMIA): Requires each agency head to determine **substantial** compliance with the Act. When the agency head determines that the agency's financial management systems do not comply with FFMIA, the Act requires the agency to submit a remediation plan to bring the agency's financial management systems into substantial compliance with FFMIA and with the agency's budget justifications materials. Guidance in this section outlines the information that must be provided on remediation activities to fulfill FFMIA requirements.
- OMB Circular A-127, Financial Management Systems: Requires each agency to develop, prepare, and maintain financial management systems plans.

52.3 Who must report financial management information?

CFO Act agencies. All CFO Act agencies must submit the materials prescribed by section 52.4 with their initial budget submission. The CFO Act assigns to the CFO responsibility for preparing and revising the agency's financial management plan and developing the agency's financial management budget.

Non-CFO Act agencies. Non-CFO Act agencies must include in their initial budget submission a brief summary of their financial management plans to ensure sound financial management practices.

52.4 What materials are required in the budget justification?

The budget justification should describe financial management operations and improvement initiatives, including desired results and performance measures. It should include plans for financial management throughout the agency and financial management performance measures. The justification should align with the agency's mission and programs and address the President's Management Agenda.

The financial management plan should include:

- *Goals and strategies.* Briefly discuss how the agency will achieve the goals and strategies for implementing government-wide financial management improvements that are associated with the President's Management Agenda. Include information on the status of financial management activities to provide a context for the agency's plans and resources request.
- *Financial performance.* Briefly discuss impediments to improving the agency's financial performance, especially those identified in your agency's most recent Executive Branch Management Scorecard. Describe plans to overcome the impediments, such as efforts to reduce erroneous payments, eliminate material weaknesses identified by previous audits, and material weaknesses and nonconformances identified under the FMFIA process, obtain and sustain clean audit opinions on financial statements, ensure timely and useful financial reporting including financial performance measurement, and meet accelerated year-end reporting.
- *Financial management systems structure.* Present an overview of current and targeted financial management systems structure and plans for achieving targeted systems structure, covering core financial management systems and financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control (see section [53.3](#)). Include an inventory and brief description of baseline financial and mixed systems, including an assessment of major problems. (Guidance and instructions for the systems inventory update will be available on the Internet; a separate memorandum will be distributed to Deputy CFOs advising them of the location and posting date.) Include a synopsis of critical projects currently underway or planned to accomplish the target structure. Identify FMFIA remediation activities planned and underway and describe (either in this synopsis or by referencing other documents or budget exhibits) the resources, remedies, interim target dates, and officials responsible for bringing systems into substantial compliance with FMFIA.
- *Grants management.* Describe grants management policies and practices, including:
 - ▶ How the agency ensures policy consistency across grant programs.
 - ▶ How program-specific requirements (e.g., application forms, financial reports, and award conditions) are reviewed to ensure consistent treatment of grantees.

- ▶ Agency efforts to coordinate policies and practices with other agencies.
- ▶ Recommendations for changes in law to improve the effectiveness, performance, coordination, and accountability of grant programs, including program-specific statutes.
- ▶ Efforts to ensure quality of audits performed by non-Federal auditors in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A–133. Information should be included for the prior, current, and budget years, addressing the number of audit quality control reviews, FTE for audit quality efforts, results of the audit quality efforts, actions taken or planned to improve quality of non-Federal audits, and other relevant information to assess your agency's reliance on audits under Circular A–133 in grant management.
- ▶ Participation and efforts in the Grants.gov (formerly known as the E-Grants) initiative, including systems efforts to interface with the government-wide Grants.gov system for simplified grant application and management processes. Include a discussion of how your agency participates in implementing Public Law 106-107, the Federal Financial Assistance Management Improvement Act of 1999 (grant-making agencies only).

52.5 What is the report on resources for financial management activities (exhibit 52)?

Each CFO Act agency is asked to report total budgetary resources and full-time equivalent (FTE) employment data for CY and BY and obligations for PY for each of the following categories of financial management activities:

- Accounting and reporting;
- Audits of financial statements; and
- Financial management systems.

In addition, in-house and contract data are required on resources for accounting and reporting and the audits of financial statements.

52.6 What are the line descriptions and coding for exhibit 52?

Report obligations (PY) and budgetary resources (CY and BY) in millions of dollars and FTE employment data for the entries described below. Use the fourth digit of the line number to identify data as obligations or budgetary resources (xxx2) or as FTE data (xxx1). Resource information should represent the agency's best estimate of salaries, contracts, or other major expenses to be reported. Allocation of overhead expenses is not required.

REPORT ON RESOURCES FOR FINANCIAL MANAGEMENT ACTIVITIES

Entry	Description
Line coding	Use the first three digits of the line number to identify the financial management activities to be reported (e.g., accounting and reporting) and the fourth digit to distinguish FTE (e.g., 2001) from obligation and budgetary resources (e.g., 2002) data.
200x In-house accounting and reporting	Include in-house resources for processing, recording, and reporting of revenues, receipts, appropriations, apportionments, allotments, obligations, outlays, expenditures, assets, liabilities, and other financial

SECTION 52—INFORMATION ON FINANCIAL MANAGEMENT

Entry	Description
	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.
2102 Contractor Accounting and Reporting	Include resources for contracts to perform accounting and reporting activities. Report PY obligations and budgetary resources only.
300x Audits of financial statements	Include resources for performing audits of financial statements, with separate identification for contract and in-house costs, as detailed in exhibit 52. Do not include resources for preparation of financial statements.
400x Financial management systems	Include resources for financial management systems, which consist of financial systems and financial portions of mixed systems necessary to support financial management. (See definitions of financial management systems in section 53.3.) Include in this category grants management systems as either a financial or mixed system (see section 53.3). Data reported should be consistent with information reported as the estimated percentage of total system budgetary resources associated with financial components in exhibit 53.
500x Subtotal	The sum of corresponding amounts reported on lines 200x through 400x.
600x Adjustments (–)	Include adjustments to eliminate double counting (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. If any adjustments are reported on lines 6001-6002, a hard copy list should describe the adjustments and be available to OMB upon request.
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 financial statements. Do not include preparation costs on lines 8102 through 9402.
820x Audits of financial statements, in-house costs	Include resources to perform audits of financial statements in-house.
9102 Organization-wide financial statements, contract costs	Include resources for contracts to perform organization-wide audits of financial statements.
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 resources (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 the above questions.
9999 Telephone number	Include telephone number of agency contact.

52.7 How do I submit exhibit 52 and when is it due?

[Exhibit 52](#) is due with the initial budget submission. It should be approved by the agency CFO before submission to OMB. E-mail the exhibit using the formatted spreadsheet provided at <http://www.cio.gov>. Send the completed exhibit 52 spreadsheet to exhibit52@omb.eop.gov. Before sending the completed spreadsheet, verify that the subject line has the three-digit OMB agency code (see [Appendix C](#)) and the full agency name. Update the data on exhibit 52 to reflect final budget decisions.

Report on Resources for Financial Management Activities

Department of Government (in millions of dollars)		PY	CY	BY	Report obligations for PY and budgetary resources for CY and BY.
Accounting and Reporting					
2001	No. of FTE.....		250	250	
2002	Budgetary Resources.....		15,500	16,120	
Contractor Accounting and Reporting					
2102	Obligations/Budgetary Resources.....	2,000			
Audits of Financial Statements					
3001	No. of FTE.....		35	35	Amounts reported for financial management systems on line 4002 must be consistent with the percentage of budgetary resources for financial management systems in exhibit 53.
3002	Obligations/Budgetary Resources.....	2,250	2,250	2,290	
Financial Management Systems					
4001	No. of FTE.....		728	731	
4002	Obligations/Budgetary Resources.....	86,500	87,016	96,456	
Subtotal					
5001	No. of FTE.....		1,013	1,016	
5002	Obligations/Budgetary Resources.....	90,750	104,766	114,866	
Adjustments					
6001	No. of FTE.....		-20	-30	If any adjustments are reported on lines 6001-6002, a list describing them should be prepared in hard copy.
6002	Obligations/Budgetary Resources.....	-900	-1,000	-1,800	
Total, Net					
7001	No. of FTE.....		993	986	
7002	Obligations/Budgetary Resources.....	89,850	103,766	113,066	
Audits of Financial Statements					
Component Contract Audits					
8102	Obligations/Budgetary Resources.....	1,100	1,250	1,250	
Component In-House Audit Costs					
8201	No. of FTE.....		35	35	Do not include preparation costs on lines 8102- 8202.
8202	Obligations/Budgetary Resources.....	1,000	1,000	1,040	
Organization-wide (department) financial statements					
Contract Audit Costs					
9102	Obligations/Budgetary Resources.....	4,000			
In-House Audit Costs					
9201	No. of FTE.....				
9202	Budgetary Resources.....				
Total, all reporting entities					
9401	No. of FTE.....		35	35	Total, all reporting entities, should equal the corresponding entries for audits of financial statements reported on lines 3001-3002.
9402	Obligations/Budgetary Resources.....	6,100	2,250	2,290	
9998	Agency Contact.....		R.W. Rogers		
9999	Telephone Number.....		(202) 696-4712		

SECTION 53—INFORMATION TECHNOLOGY AND E-GOVERNMENT

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Ex-53 Agency Information Technology (IT) Investment Portfolio

Summary of Changes

Changes all terminology for IT management to Investments. The term IT investments includes projects, systems, IT workforce, and initiatives.

Adds information on the Federal Enterprise Architecture, its use during the agency budget formulation process, and the overall FY 2005 budget process (section 53.2).

Adds the submission of agency's initial draft of exhibit 53 (section 53.4).

Adds information on attendant documents and their requirements (section 53.5).

Reflects the enactment of the Federal Information Security Management Act (FISMA) and the E-government Act of 2002 (P.L. 107-347) (section 53.3).

Modifies definition and provides criteria for identifying systems as "Major IT Investment" or "Non-Major IT Investment" (section 53.7).

53.1 Why must I report on information technology Investments?

The information required allows the agency and OMB to review and evaluate each agency's IT spending and to compare IT spending across the federal government. Specifically the information helps the agency and OMB to:

- Ensure that initiatives create a citizen-centered electronic presence and advance an E-government strategy that includes specific outcomes to be achieved;
- Understand the amount being spent on development and modernization of IT versus the amount being spent on operating and maintaining the status quo for IT;
- Identify the funding sources for agency IT investments;

- Identify investments for IT security as part of agency life-cycle costs for specific investments and IT security that is crosscutting or infrastructure related under the Federal Information Security Management Act (FISMA);
- Provide a full and accurate accounting of IT investments for the agency as required by the Paperwork Reduction Act of 1995 and the Clinger-Cohen Act of 1996;
- Ensure that spending on IT supports agency compliance with the requirements of Section 508 of the Rehabilitation Act Amendments of 1998 (Electronic and Information Technology Accessibility) and Section 504 of the Rehabilitation Act of 1973 (Reasonable Accommodation);
- Identify spending and priorities consistent with agency Government Paperwork Elimination Act (GPEA) plans;
- Ensure compliance with E-government Act of 2002 and that privacy is considered and protected in electronic activities;
- Identify investments that support Homeland Security goals and objectives;
- Review requests for agency financial management systems; and
- Prepare the government-wide five-year plan required by the Chief Financial Officers (CFOs) Act of 1990.

You must provide this information using the Agency IT Investment Portfolio (exhibit 53) reporting format. This format was developed jointly by OMB and the Chief Information Officers' Council and provides basic information your agency needs to link its internal planning, budgeting, acquisition, and management of IT resources (i.e., the capital planning and investment control process). In addition, as an output of your agency's internal capital planning process, your budget justification for IT must provide results oriented information on IT operations and improvement initiatives in the context of the agency's missions and operations. Your budget justification, including the status and plans for information systems, should be consistent with your agency's submissions on financial management activities required by section [52](#) and the applicable guidance in [Part 7](#) of this Circular.

Total investments costs must cover the life of each system and include all budgetary resources (direct appropriation, working capital fund, revolving funds, etc.). Budgetary resources are defined in section [20](#) of this circular. Life cycle costs should also be risk adjusted to include any risks addressed on the Capital Asset Plan and Business Case that have not been mitigated. Examples of areas that may cause the adjustment of life-cycle costs would be strategic risks, technological risks, human capital issues, acquisition strategy, IT security and privacy risks, enterprise architecture, and any other issues identified on the capital asset plan. These total investment costs must be formulated and reported in order for OMB to meet the Clinger-Cohen Act's requirement that "at the same time that the President submits the budget for a fiscal year to Congress under section [1105\(a\) of title 31, United States Code](#), the Director shall submit to Congress a report on the net program performance benefits achieved as a result of major capital investments made by executive agencies in information systems and how the benefits relate to the accomplishment of the goals of the executive agencies."

53.2 How do I ensure that IT investments are linked to and support the President's Management Agenda?

All IT Investments must support the President's Management Agenda and must clearly demonstrate that the investment is needed in order to close a specific performance gap in the agency's ability to meet strategic goals and missions. The President's Management Agenda scorecard items are:

- Human capital;
- Competitive sourcing;
- Financial performance;
- E-government; and
- Budget and performance integration.

The President's Budget also defines guiding principles for the investments supporting the President's Management Agenda. The principles OMB will use to implement the PMA and the supporting IT investments are to ensure that investments:

- Create a citizen centered, results oriented, and market based government;
- Support homeland security, war on terrorism, and revitalizing the economy;
- Identify and manage corporate measures of success;
- Simplify and unify redundant activities, both within and across agencies;
- Where appropriate, investments are aligned with the President's E-Gov initiatives, identified at <http://www.whitehouse.gov/omb/>;
- Represent sound business cases that address overall solutions (human capital, competitive sourcing, financial performance, e-government, and budget and performance integration) as applicable; and
- Include strategic partnerships to perform business with State, local, other Federal agencies, non-profit organizations, and private industry as appropriate.

OMB will give priority consideration to IT investments that leverage technology purchases across multiple entities, ensure operational objectives are met, utilize technology that improves decision making, employ knowledge management tools, support the Federal Enterprise Architecture, and ensure that systems and information are secure.

Agencies are creating departmental/agency-wide programs for office automation, infrastructure, and telecommunications investments. These investments will be reported on a single integrated business case from the agency and meet the requirements of supporting the President's Management Agenda by simplifying and unifying redundant activities, both within and across the agencies. In effect, this approach will lead agencies to more effectively manage technology infrastructures across their enterprise and help OMB and the government connect these investments to the infrastructure layer of the Federal Enterprise Architecture.

The PMA and the E-government Act of 2002 require agencies to improve government performance through business-focused collaboration and shared use of effective technologies. The Federal Enterprise

Architecture (FEA) provides agencies and OMB with a set of tools to help meet those requirements. Agencies, OMB, and the Presidents Management Council (PMC) will also use the FEA to identify opportunities to improve performance and reduce costs.

OMB has used and will continue to use the existing budget process to prioritize investments that are consistent with this approach. During the FY 2004 budget formulation process agencies and the Administration used the FEA Business Reference Model (BRM) to identify six business lines where improvement was needed and/or redundancy existed. These six business lines are: Financial Management, Data and Statistics, Human Resources, Monetary Benefits, Criminal Investigations, and Public Health Monitoring. Consistent with this there is a governance process to identify these opportunities and Line of Business Owners where needed. A similar but more rigorous approach will be used during the FY 2005 budget formulation to identify further improvement opportunities. This will be largely driven through the characterization of major IT initiatives against selected reference models as collected by OMB through exhibit 300s.

This more rigorous approach requires a common way for OMB and agencies to characterize IT investments by not only the business line they support, but also the performance they seek to achieve and the components and supporting technology that comprise them. During the FY 2005 budget formulation process, an FEA Performance Reference Model, Service Component Reference Model, and Technical Reference Model are available for agencies to characterize their major IT investments in this manner. Once this characterization is complete, OMB, the CIO Council, and agencies can work together through the budget process to identify additional improvement and collaboration opportunities.

Major IT investments must align with the Federal Enterprise Architecture. Agencies must align each major IT initiative with the FEA Business Reference Model. This alignment will be identified through the numbering scheme included within the Unique Project ID, which is described in more detail in section [53.8](#) of this guidance. This will identify the FEA Business Area, Line of Business, and Sub-function to which the initiative aligns. The purpose of this alignment is to begin to organize major IT investments so that potential opportunities for collaboration can be identified. Once explored further, these collaboration opportunities may be to leverage common business processes, application and technology components, and/or eventually, data.

For FY 2005, agencies are required to use the FEA Performance Reference Model (PRM) to identify performance measurements for each major new development/modernization/enhancement (DME) IT investment. The PRM Version 1.0, available at <http://www.feapmo.gov>, includes detailed guidance about how to incorporate PRM Indicators into the performance goals and measures into the exhibit 300. Agencies should use the PRM to identify specific measurements in the following Measurement Areas: (1) Mission and Business Results; (2) Customer Results; (3) Processes and Activities; and (4) Technology. Each of these Measurement Areas includes Measurement Categories and specific Indicators that agencies can "operationalize" or tailor for their environment. Agencies should document their alignment with the PRM through the Performance and Goals table in section [I.C of exhibit 300](#). This structure will begin to provide performance information that aligns IT initiative to specific process outputs and ultimately to customer and business outcomes. Agencies should think carefully about the cause/effect relationship of the IT initiative, the processes it is designed to improve, the outcomes and the process influences.

OMB will present investments for the President's E-government initiatives, as well as new e-government investments identified through the Federal Enterprise Architecture, using an integrated budget process that compliments each agency's investment portfolio. OMB will work with agencies to build from the IT and E-government strategy outlined in this section and section [300](#) in identifying these cross-agency investments. Accordingly, where one agency's activities should be aligned with those of another agency in order to serve citizens, businesses, governments, and internal Federal operations, OMB will give priority to agencies that have worked collectively to present and support activities in an integrated

fashion. The FY 2005 Budget will appropriately reflect such interagency collaboration, and agencies will be expected to use exhibit 300 to demonstrate these efforts. For the FY 2005 budget formulation process, these reference models will be a key method by which agencies, OMB, and the President's Management Council can identify improvement opportunities. More detailed information can be found at www.feapmo.gov.

Each of the line items for major investments on [exhibit 53](#) are a roll-up of particular line items and elements from exhibit 300 detailed in section 300. Exhibit 300 is where the agency makes the business cases, and serves as the primary means of justifying IT investment proposals as well as managing IT investments once they are funded.

As detailed in section [300](#), business cases (exhibit 300s) for IT investments, must:

- Demonstrate the overall strategy outlined in this section;
- Follow the guiding principles of this section;
- Support the agency's strategic plans and annual performance plans;
- Link to and support the agency's Information Resources Management (IRM) Strategic Plans;
- Be a visible part of the modernization strategy of the agency (enterprise architecture);
- Address solutions (people, processes, and technology) rather than hardware and software alone;
- Demonstrate strong acquisition strategies that identify, control, and mitigate the risk to the Federal government;
- Demonstrate strong project (investment) management;
- Demonstrate how the investment is specifically addressing a performance gap or business need of the agency and how it supports the agency's strategic and performance goals;
- Demonstrate the use of earned value management system information to manage and control the investment;
- Ensure information and systems are secure and that security is part of the management of the process from initial concept and throughout the entire life cycle of the investment;
- Protect privacy in a manner consistent with relevant laws and OMB policies, including privacy impact assessments where appropriate;
- Demonstrate that the investment is achieving at least 90 percent of planned costs, schedule, and performance goals; and
- Ensure life cycle costs as formulated are risk adjusted as necessary and are as inclusive as the business case would require.

The governance processes required as attendant documents to this section (Agency IRM Strategic Plan, Documented CPIC process, and Agency Enterprise Architecture) are used in connection with the business cases (exhibit 300) and this "Agency IT Investment Portfolio" (exhibit 53) to demonstrate the agency

management of IT investments and how these governance processes are used to make decisions about IT investments within the agency.

The individual agency's exhibit 53 is used to create an overall "Federal IT Investment Portfolio" that is published as part of the President's budget. OMB's portfolio review and budget process will ensure that IT investments support the strategy identified in this section and ensure that the Federal IT Investment Portfolio includes the most effective portfolio of investments that:

- Simplify and integrate processes across redundant or duplicative programs to make it easier for citizens to get service;
- Directly improve the management of programs to achieve better program outcomes;
- Ensure sound security of government information systems and appropriate protection of information held in those systems;
- Eliminate redundant or non productive IT investments;
- Bring successful e-business practices to government administrative operations, such as effective procurement and human capital management strategies, including maximizing web-based architectures;
- Make appropriate use of technology components identified through the component based architecture work of OMB and CIO Council;
- Support the Federal Enterprise Architecture;
- Support the President's E-government Initiatives and Strategy;
- Focus IT spending on high priority modernization initiatives;
- Have major IT investments that are within 10% of cost, schedule, and performance objectives;
- Have major IT investments that are certified, accredited, or otherwise authorized as being properly secured;
- Reflect the negotiated enterprise-wide Enterprise Software licenses; and
- Reduce redundant IT spending in the six overlapping lines of business identified in the FY 2004 budget by defining government-wide solutions.

Annually, Chapter 22 of the Analytical Perspectives of the President's budget provides the results of OMB reviews of the agency's capital planning processes, enterprise architectures, business cases, efforts on expanding e-government, IT performance management, and overall health and well being of the management of the agency IT Investments. A companion document entitled "Performance Information for Major IT Investments" uses information from the exhibit 300s and this section to provide a snapshot of IT investments, their planned investments, support of the agency's strategic goals, and the performance goals and measures identified for the investments.

Supporting the President's Management Agenda by Expanding E-Government:

What it means to be green

- ✓ The agency has a Modernization Blueprint that focuses IT investments on important agency functions and defines how those functions will be measurably improved.
- ✓ All major systems investments have an acceptable business case (security and privacy, measures of success linked to the Modernization Blueprint, program management, risk management, and cost, schedule, and performance goals).
- ✓ For all major IT investments, cost and schedule overruns average less than 10% and performance shortfalls average less than 10%.
- ✓ Inspector General verifies that there is a Department-wide IT Security Plan of Action and Milestone (POA&M) remediation process.
- ✓ 90% of operational IT systems are properly secured (e.g., certified and accredited), including mission critical systems.
- ✓ Agency demonstrates consistent progress in remediating IT security weaknesses through their POA&Ms.
- ✓ Agency contributes to, and participates in, 3 of the 4 categories of E-Gov initiatives rather than creating redundant, or agency unique, IT investments.

What it means to be yellow

- ✓ More than 50% of major systems investments have an acceptable business case.
- ✓ Security Reports to OMB document consistent security improvement and either:
 - ✓ 80% of operational IT systems are properly secured **OR**
 - ✓ Inspector General verifies that there is a Department-wide IT Security Plan of Action and Milestone remediation process.
- ✓ For all major IT investments, cost and schedule overruns average less than 30% and performance shortfalls average less than 30%.
- ✓ Agency contributes to, and participates in, 2 of the 4 categories of E-Gov initiatives rather than creating redundant, or agency unique, IT investments.

53.3 What special terms must I know?

Capital planning and investment control (CPIC) is the same as capital programming and is a decision-making process for ensuring that information technology (IT) investments integrate strategic planning, budgeting, procurement, and the management of IT in support of agency missions and business needs. The term comes from the Clinger-Cohen Act of 1996 and generally is used in relationship to IT management issues.

E-business (Electronic Business) means doing business online. E-business is often used as an umbrella term for having an interactive presence on the Web. A government e-business initiative or investment

includes web-services type technologies, component based architectures, and open systems architectures designed around the needs of the customer (citizens, business, governments, and internal Federal operations).

E-government is the use by the government of web-based Internet applications and other information technologies, combined with processes that implement these technologies.

Earned value management (EVM) is a project (investment) management tool that effectively integrates the investment scope of work with schedule and cost elements for optimum investment planning and control. The qualities and operating characteristics of earned value management systems are described in American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) Standard –748–1998, *Earned Value Management Systems*, approved May 19, 1998. It was reaffirmed on August 28, 2002. A copy of Standard 748 is available from Global Engineering Documents (1-800-854-7179). Information on earned value management systems is available at <http://www.acq.osd.mil/pm>.

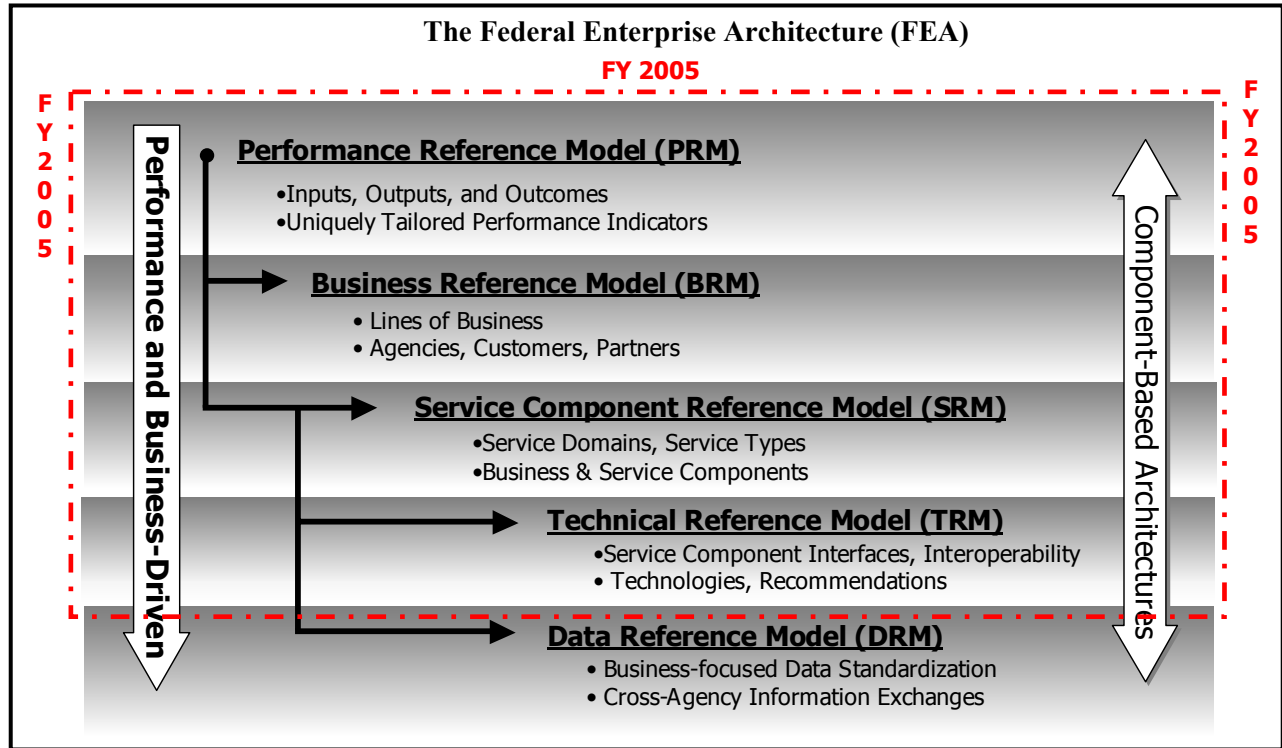
Federal Enterprise Architecture (FEA) is a framework for describing the relationship between business functions and the technologies and information that support them. Major IT investments will be aligned against each reference model within the FEA framework. The reference models required to be used during the FY 2005 budget formulation process are briefly described below. (The FEA will also ultimately include a Data Reference Model.)

Business Reference Model (BRM) is a function-driven framework to describe the Lines of Business and Internal Functions performed by the Federal government independent of the agencies that perform them. Major IT investments are mapped to the BRM to identify collaboration opportunities.

Performance Reference Model (PRM) is a standardized performance measurement framework to characterize performance in a common manner where necessary. The PRM will help agencies produce enhanced performance information; improve the alignment and better articulate the contribution of inputs, such as technology, to outputs and outcomes; and identify improvement opportunities that span traditional organizational boundaries.

Service Component Reference Model (SRM) provides a common framework and vocabulary for characterizing the IT and business components that collectively comprise an IT investment. The SRM will help agencies rapidly assemble IT solutions through the sharing and re-use of business and IT components. A component is a self-contained process, service, or IT capability with pre-determined functionality that may be exposed through a business or technology interface.

Technical Reference Model (TRM) provides a foundation to describe the standards, specifications, and technologies supporting the delivery, exchange, and construction of business (or Service) components and e-Gov solutions. The TRM unifies existing agency TRMs and electronic Government (e-Gov) guidance by providing a foundation to advance the re-use of technology and component services from a government-wide perspective.



Financial management systems are financial systems and the financial portion of mixed systems (see definitions below) that support the interrelationships and interdependencies between budget, cost and management functions, and the information associated with business activities.

Financial systems are comprised of one or more applications that are 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 processes necessary to record the financial consequences of events that occur as a result of business activities. Such events include information related to the receipt of appropriations or resources; acquisition of goods or services; payment or collections; recognition of guarantees, benefits to be provided, or other potential liabilities or other reportable activities.

Funding source means the direct appropriation or other budgetary resources an agency receives. You need to identify the account and the budget authority provided. Report those accounts that provide the financing for a particular investment. *To avoid double counting, do not report any accounts receiving intra-governmental payments to purchase IT investments or services as funding sources.*

IRM Strategic Plan is strategic in nature and addresses all information resources management of the agency. Agencies must develop and maintain the agency's Information Resource Management Strategic Plan (IRM) as required by [44 U.S.C. 3506\(b\)](#) (2). IRM Strategic Plans should support the agency's Strategic Plan required in OMB Circular A-11, provide a description of how information resources management activities help accomplish agency missions, and ensure that IRM decisions are integrated

with organizational planning, budget, procurement, financial management, human resources management, and program decisions.

Information system means a discrete set of information technology, data, and related resources, such as personnel, hardware, software, and associated information technology services organized for the collection, processing, maintenance, use, sharing, dissemination or disposition of information.

Information technology, as defined by the Clinger-Cohen Act of 1996, sections 5002, 5141, and 5142, means any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. For purposes of this definition, equipment is "used" by an agency whether the agency uses the equipment directly or it is used by a contractor under a contract with the agency that (1) requires the use of such equipment or (2) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. Information technology includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources. It does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract.

Integrated Project Team (IPT) means a multi-disciplinary team lead by a program manager responsible and accountable for planning, budgeting, procurement and life-cycle management of the investment to achieve its cost, schedule and performance goals. Team skills include: budgetary, financial, capital planning, procurement, user, program, value management, earned value management, and other staff as appropriate.

Life-cycle costs means the overall estimated cost, both government and contractor, for a particular program alternative over the time period corresponding to the life of the program, including direct and indirect initial costs plus any periodic or continuing costs of operation and maintenance.

Major IT Investment means a system or investment that requires special management attention because of its importance to an agency's mission; investment was a major investment in the FY 2004 submission and is continuing; investment is for financial management and spends more than \$500,000; investment is directly tied to the top two layers of the Federal Enterprise Architecture (Services to Citizens and Mode of Delivery); investment is an integral part of the agency's modernization blueprint (EA); investment has significant program or policy implications; investment has high executive visibility; investment is defined as major by the agency's capital planning and investment control process. OMB may work with the agency to declare other investments as major investments. All major investments must be reported on exhibit 53. All major investments must submit a "Capital Asset Plan and Business Case," exhibit 300. Investments that are e-government in nature or use e-business technologies must be identified as major investments regardless of the costs. If you are unsure about what investments to consider as "major," consult your agency budget officer or OMB representative. Systems not considered "major" are "non-major."

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

New IT Investment means an IT investment that is newly proposed by the agency and has not been previously funded by OMB. This does not include investments that have existed within the agency but have not previously been reported to OMB.

Non-financial system means a system that supports management functions of the Federal Government or components thereof and does not record financial events or report financial information.

Non-major IT Investment means any initiative or investment not meeting the definition of major defined above but that is part of the agency's IT investments. All non-major investments must be reported individually on the exhibit 53.

On-Going IT Investment means an investment that has been through a complete budget cycle with OMB and represents budget decisions consistent with the President's budget for the current year (BY-1).

Operational (steady state) means an asset or part of an asset that has been delivered and is performing the mission.

Planning means preparing, developing or acquiring the information you will use to design the investment; assess the benefits, risks, and risk-adjusted life-cycle costs of alternative solutions; and establish realistic cost, schedule, and performance goals, for the selected alternative, before either proceeding to full acquisition of the capital project (investment) or useful segment or terminating the investment. Planning must progress to the point where you are ready to commit to achieving specific goals for the completion of the acquisition before proceeding to the acquisition phase. Information gathering activities may include market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. Planning is a useful segment of a capital project (investment). Depending on the nature of the investment, one or more planning segments may be necessary.

Privacy Impact Assessment (PIA) means a process for examining the risks and ramifications of collecting, maintaining and disseminating information in identifiable form in an electronic information system. It is a process for identifying and evaluating protections and alternative processes in order to mitigate the impact on privacy when collecting information in identifiable form. Consistent with forthcoming OMB guidance implementing the privacy provisions of the E-government Act, agencies must conduct privacy impact assessments for all new or significantly altered information technology investments administering information in identifiable form collected from or about members of the public. Agencies may choose whether to conduct privacy impact assessments for IT investments administering information in identifiable form collected from or about agency employees.

Useful segment means an economically and programmatically separate component of a capital project (investment) that provides a measurable performance outcome for which the benefits exceed the costs, even if no further funding is appropriated.

53.4 How do I determine whether I must report?

Submit an agency IT investment portfolio (exhibit 53) to OMB if either of the following are true:

- Your agency is requesting funding for IT investments via a Capital Asset Plan and Business Case (see section [300](#)). If you are unsure whether your agency will submit exhibit 300, consult your OMB representative.
- Your financial management system budgetary resources are above \$500,000 in any given year.

53.5 How do I submit exhibit 53 and when is it due?

Section 53 requires the submission of the exhibit 53 and several attendant documents. OMB Circular A-130, "Management of Federal Information Resources", requires that the agency's initial budget submissions include:

- Agency IRM Strategic Plan;
- Documented Capital Planning and Investment Control (CPIC) process; and
- Agency Enterprise Architecture.

The agency's Capital Planning and Investment Control Process is scored against the CIO Self Assessment Criteria located at www.cio.gov and the agency's Enterprise Architecture (Modernization Blueprint) is scored against the CIO Council's Practical Guide for Enterprise Architecture (EA) and assessed for alignment with the Federal Enterprise Architecture. For additional information on what should be included in these attendant documents and their requirements, please refer to section 8B of Circular A-130. OMB Circular A-130 is available on the OMB Website at <http://www.whitehouse.gov/omb/circulars/a130/a130trans4.html>.

Initial draft of exhibit 53. In order for OMB and the agency to agree on what major investments and non-major investments will be reported for the FY 2005 process, OMB will be working with agencies to create initial draft exhibit 53s during the Summer of 2003. These initial drafts will include several of the columns from the exhibit 53 format but not all of them. OMB will work with the individual agencies to determine when the initial draft exhibit 53 is due to OMB. Draft exhibit 53 will include the unique ID, investment title, and investment description. This draft exhibit 53 will be used to determine what should be reported as major investments thereby providing business cases in the 2005 Budget.

You must submit [exhibit 53](#) in an electronic format either by e-mailing a spreadsheet version of exhibit 53 provided at www.cio.gov to exhibit53@omb.eop.gov or if your agency uses an automated capital planning tool, by submitting it directly from that tool to the same e-mail address. The subject line of the e-mail must have the three digit OMB agency code (see [Appendix C](#)) and the full agency name. The PIA's must be submitted separately to PIA@omb.eop.gov and identified using the investment's unique project identifier. The attendant documents must all be submitted electronically in whatever format the agency used to create the documents. All of these items will be assessed as part of the budget process and information provided to the agency via passback.

Your exhibit 53 and the attendant documents (including the PIA) are due to OMB by September 8th in a manner that is fully integrated with your agency's overall budget submission. In addition, you must update each exhibit 53 and the accompanying Capital Asset Plans and Business Cases (exhibit 300) you submitted in September to reflect any changes due to final budget decisions.

53.6 If I submitted exhibit 53 last year, how do I revise it this year?

If your agency provided an exhibit 53 for the FY 2004 Budget, the file should be updated to reflect any new column headings in the FY 2005 reporting requirements. It is important that you ensure that the file is updated to reflect PY for FY 2003, CY for FY 2004, and BY for FY 2005. The exhibit 53 will also need to be updated to add the financial percentage, IT security percentage of spending, and answer the Homeland Security question for the entry.

53.7 How is exhibit 53 organized?

(a) Overview.

As a general rule, exhibit 53 covers IT investments for your agency as a whole. Provide investment amounts in millions (to one decimal point) for PY through BY. Information reported here must be consistent with data you report in MAX schedule O, object classification (specifically, object classes 11.1 through 12.2, 23.1, 23.2, 25.2, 25.3, 25.7, 26.0, 31.0, and 41.0). Include all major IT investments, including financial management systems, reported in exhibit 300.

Exhibit 53 has four major parts:

- Part 1. IT investments by mission area.
- Part 2. IT infrastructure and office automation.
- Part 3. Enterprise architecture and planning.
- Part 4. Grants management.

All parts use the following common data elements:

- **Unique Project Identifier (UPI)** means an identifier that depicts agency code, bureau code, mission area (where appropriate), part of the exhibit where investment will be reported, type of investment, agency four-digit identifier, year the investment entered the budget, and mapping to the Federal Enterprise Architecture. Details are provided in section [53.8](#).
- **UPI used for 2004 Budget** means the Unique Project Identifier used to report the investment during the 2004 Budget. As agencies mature their capital planning processes and investments are aligned to the FEA, there will be required changes in the Unique Project Identifiers. Indicating the UPI used for the 2004 Budget process allows cross-walk and historical analysis crossing fiscal years for tracking purposes.
- **Investment title** means a definitive title that explains what the investment is entitled.
- **Investment description** means a short description for each investment (major and non-major) of one-hundred words or less. This description should explain the entry item, its components, and what program(s) it supports. This description should be understandable to someone who is not an expert in the agency. If the investment is part of a multi-agency initiative or part of another business case, please provide description of where that business case is located in the appropriate agency budget submission. For example, if the investment represents your agency's participation in one of the Presidential E-Gov Initiatives, the description should state that this investment represents your agency's participation in one of the E-Gov initiatives and should refer to the managing partner's budget for the business case.
- **Development/modernization/enhancement (DME)** means the program cost for new investments, changes or modifications to existing systems that improve capability or performance, changes mandated by Congress or agency leadership, personnel costs for project (investment) management, and direct support. This amount equals the sum of amounts reported for planning and full acquisition of that system in exhibit 300.
- **Steady state** means maintenance and operation costs at current capability and performance level including costs for personnel, maintenance of existing information systems, corrective software maintenance, voice and data communications maintenance, and replacement of broken IT equipment. This amount equals amounts reported for maintenance of that system in exhibit 300.
- **Percentage financial** means an estimated percentage of the total IT investment budget authority associated with the financial components. See the financial system definition for a description of financial functions.
- **Supports Homeland Security** means an IT investment that supports the homeland security mission areas of 1) Intelligence and Warning, 2) Border and Transportation Security, 3) Defending Against Catastrophic Threats, 4) Protecting Critical Infrastructure and Key Assets, 5) Emergency Preparedness and Response, 6) Other. If the investment supports one of these mission areas,

indicate which one(s) by listing the corresponding number(s) listed above. If the investment does not support homeland security, please leave blank.

- **Percentage IT security** means an estimated percentage of the total investment for budget year associated with IT security for a specific investment. Federal agencies must consider the following criteria to determine security costs for a specific IT investment:
 1. The products, procedures, and personnel (Federal employees and contractors) that are primarily dedicated to or used for provision of IT security for the specific IT investment. Do not include activities performed or funded by the agency's Inspector General. This includes the costs of:
 - risk assessment;
 - security planning and policy;
 - certification and accreditation;
 - specific management, operational, and technical security controls (to include access control systems as well as telecommunications and network security);
 - authentication or cryptographic applications;
 - education, awareness, and training;
 - system reviews/evaluations (including security control testing and evaluation);
 - oversight or compliance inspections;
 - development and maintenance of agency reports to OMB and corrective action plans as they pertain to the specific investment;
 - contingency planning and testing;
 - physical and environmental controls for hardware and software;
 - auditing and monitoring;
 - computer security investigations and forensics; and
 - reviews, inspections, audits and other evaluations performed on contractor facilities and operations.
 2. Other than those costs included above, security costs may also include the products, procedures, and personnel (Federal employees and contractors) that have as an incidental or integral component, a quantifiable benefit to IT security for the specific IT investment. This includes system configuration/change management control, personnel security, physical security, operations security, privacy training, program/system evaluations whose primary purpose is other than security, systems administrator functions, and, for example, system upgrades within which new features obviate the need for other standalone security controls.

3. Many agencies operate networks, which provide some or all necessary security controls for the associated applications. In such cases, the agency must nevertheless account for security costs for each of the application investments. To avoid "double-counting" agencies should appropriately allocate the costs of the network for each of the applications for which security is provided.

In identifying security costs, some agencies find it helpful to ask the following simple question, "If there was no threat, vulnerability, risk, or need to provide for continuity of operations, what activities would not be necessary and what costs would be avoided?" Investments that fail to report security costs will not be funded. Therefore, if the agency encounters difficulties with the above criteria they must contact OMB prior to submission of the budget materials.

- **Funding source** means any budgetary resource used for funding the IT Investment. Budgetary resource is defined in section 20. For each funding source, identify the budgetary resources (direct appropriation or other specific budgetary resources such as working capital funds, revolving funds, user fees, etc) for a project or investment. Identify the budget account and organization or operating division. Add as many funding source line items as are appropriate for the investment or project. To avoid double counting, do not report any accounts receiving intra-governmental payments to purchase IT investments or services.
- **Funding source subtotal** means the totals of all funding sources used for funding the IT Investment.

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

Consistent with your agency's strategic and annual performance plan, report amounts for IT investments that directly support an agency-designated mission area (e.g., human resource management, financial management, command and control). Report each mission area in which IT investments are funded. For each mission area, itemize each "major" and "non-major" IT investment. Major investments should account for at least 60 percent of the IT investment portfolio for FY 2005 reporting. This is the performance goal to focus on achieving and increasing as agencies use capital planning and investment control processes to better manage information technology.

You must have a mission area titled "Financial Management", and it must be reported as the first mission area. Some IT investments support financial functions in addition to other functions. If an IT investment supports financial functions, you must include an estimated percentage of the total IT investment obligations associated with the financial components. See the financial system definition for a description of financial functions. Systems that predominately support financial functions should be included in the first mission area, "Financial Management". If the IT investment reported is 100 percent financial, indicate 100 percent in the column. For mixed systems or investments, indicate the appropriate percentage that is financial. For those investments that are fully non-financial, enter zero.

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

Report all IT investments that support common user systems, communications, and computing infrastructure. These investments usually involve multiple mission areas and might include general LAN/WAN, desktops, data centers, cross-cutting issues such as shared IT security initiatives, and telecommunications. Report your IT security initiatives and investments that are not directly tied to a major investment on a separate line identified as "non-major."

(d) Part 3. Enterprise architecture and planning.

Report amounts for IT investments that support strategic management of IT operations (e.g., business process redesign efforts that are not part of an individual investment or initiative, enterprise architecture development, capital planning and investment control processes, procurement management, and IT policy development and implementation).

(e) Part 4. Grants management.

Report amounts for IT investments that represent planning, developing, enhancing or implementing a grants management system or portion thereof. Highlight any grants systems initiatives as defined by this section. To highlight a system, which is not defined as major/critical, agencies should identify the grants system as non-major.

53.8 How is exhibit 53 coded?

Use the following 23 digit line number coding system to update or complete your exhibit 53:

Entry	Description
XXX-xx-xx-xx-xx-xxxx-xx- xxx-xxx	The first three digits are your agency code (see Appendix C).
xxx-XX-xx-xx-xx-xxxx-xx- xxx-xxx	The next two digits are your bureau code (see Appendix C). If this is a department only reporting, use 00 as your bureau code.
xxx-xx-XX-xx-xx-xxxx-xx- xxx-xxx	These two digits indicate the four parts of exhibit 53: 01 = Part 1. IT Investments by Mission Area 02 = Part 2. IT Investments for Infrastructure, Office Automation, and Telecommunications 03 = Part 3. IT Investments for Enterprise Architecture and Planning 04 = Part 4. IT Investments for Grants Management Systems
xxx-xx-xx-XX-xx-xxxx-xx- xxx-xxx	These two digits indicate the mission area. Assign a unique code for each mission area reported.
xxx-xx-xx-xx-XX-xxxx-xx- xxx-xxx	These two digits indicate your agency's type of investment. Select one of the following two digit codes according to the type of investment you are reporting: 01 = Major IT investments (see definition in section 53.3) 02 = Non-major IT investments (see definition in section 53.3) 03= IT investment portion of a larger asset and for which there is an existing business case for the overall asset. Description of the IT investment should indicate where the 300 for the major asset can be found. With demonstration of the 300 for the overall asset, these line items are counted as major IT investments within the overall IT portfolio. 04 = Major IT investment that represents a joint effort for more than one agency. Use the 04 indicator to identify projects where the business case for the major IT investment is reported in another agency's exhibit 53. Description of the IT investment should indicate where the business case can be found.

Entry	Description
xxx-xx-xx-xx-xx-XXXX-xx- xxx-xxx	This is a four digit identification number that identifies a specific IT investment. If a new investment is added to exhibit 53, locate the area of exhibit 53 where you are going to report the IT investment and use the next sequential number as your four digit identification number.
xxx-xx-xx-xx-xx-xxxx-XX- xxx-xxx	<p>These two digits identify which part of the investment you are reporting. Select one of the following two digit codes according to what you report on the title line:</p> <p>00 = Total investment title line, or the first time the agency is reporting this particular investment. If this is one of the PMC E-Gov initiatives or an individual agency's participation in one of the PMC E-Gov initiatives, this two-digit code should be "24".</p> <p>04 = Funding source or appropriation</p> <p>09 = Any subtotal</p>
xxx-xx-xx-xx-xx-xxx-xx- XXX-xxx	<p>These three digits identify the <i>primary</i> Business Area and Line of Business from the Federal Enterprise Architecture Business Reference Model that this major or non-major IT investment supports (major systems must identify all BRM mappings -- primary and non-primary -- in Section 300 part II). If you cannot identify a primary Line of Business (this is not common), you may identify the appropriate number (1 through 4) for the Business Area followed by two zeros.</p> <p>1XX: Primary mapping to the Services for Citizen layer</p> <p>2XX: Primary mapping to the Mode of Delivery layer</p> <p>3XX: Primary mapping to the Support Delivery of Services layer</p> <p>4XX: Primary mapping to the Management of Government Resources layer</p> <p>Two digit codes for each of the Lines of Business, as well as guidance on how to determine your <i>primary</i> mapping can be found at http://www.feapmo.gov.</p>
xxx-xx-xx-xx-xx-xxx-xx-xxx- XXX	<p>The final three digits identify the <i>primary</i> Sub-Function within the Line of Business of the FEA BRM that this IT investment supports (major systems must identify <i>all</i> BRM mappings -- primary and non-primary -- in Section 300 part II). Non-major investments are expected to identify the primary Sub-Function where possible. Questions about the appropriate sub-function may be discussed with the agency's OMB Budget Examiner and IPT analyst. For those limited circumstances where a primary mapping cannot be identified, please enter 999 as this entry. The code 999 indicates that a further review of the Sub-Functions must be performed.</p>

53.9 What are the steps to complete exhibit 53?

The following provides step-by-step instructions to complete each part of exhibit 53. See section [53.3](#) and [53.7](#) for definitions.

AGENCY IT INVESTMENT PORTFOLIO

Entry	Description
Part 1. IT Investments by Mission Area	<p>Report amounts for IT investments that directly support an agency-designated mission area. Report each mission area in which IT investments are funded. This information should map directly to your agency's strategic and annual performance plan. For IT investments that cover more than one agency, report in the mission area with oversight of the IT investment. Mission area 01 is reserved for your "financial management" IT investments.</p> <p>Step 1: For each mission area, list each major IT investment and the corresponding investment costs. For BY only, if financial or mixed, identify what percentage is financial. For BY only, if IT security costs are included, identify what percentage of the total investment is IT security. If this IT investment supports Homeland Security (HS) goals and objectives (see section 53.7) provide the number for the HS mission area. Provide the development/modernization/enhancement and steady state costs.</p> <p>Step 2: For each mission area, list each non-major investment. If either of these has financial, mixed, or IT security, identify the appropriate percentages. If this system or investment supports Homeland Security goals and objectives (see section 53.7), answer yes.</p>
Part 2. IT Infrastructure and Office Automation	Each agency should have one business case (exhibit 300) that covers all office automation, infrastructure, and telecommunications for the agency. This section of the exhibit 53 should have one line item indicating the major investment Unique ID for this departmental/agency-wide investment. If you are unsure what investments should be included in this area contact your OMB representative for clarification.
Part 3. Enterprise Architecture and Planning	<p>Each agency should have one business case (exhibit 300) for the enterprise architecture (modernization blueprints) efforts. Any capital planning and investment control process investments may be reported separately in this section.</p> <p>Follow the step-by-step instructions outlined in Part 1.</p>
Part 4. Grants Management	<p>Report amounts for IT investments that support grants management operations.</p> <p>See classification instructions in section 53.7 under Grants Management.</p>

These columns are required for the 2005 exhibit 53, Agency IT Investment Portfolio:

- Column 1: UPI
- Column 2: UPI used during the 2004 budget process if different than the 2005 UPI.
- Column 3: Investment Title
- Column 4: Investment Description
- Column 5: Prior Year Total Investment (2003)
- Column 6: Current Year Total Investment (2004)
- Column 7: Budget Year Total Investment (2005)
- Column 8: Financial Percentage
- Column 9: IT Security
- Column 10: Homeland Security Priority Identifier (select all that apply)
- Column 11: Development, Modernization, Enhancement (DME) (2003)
- Column 12: Development, Modernization, Enhancement (DME) (2004)
- Column 13: Development, Modernization, Enhancement (DME) (2005)
- Column 14: Steady State (SS) (2003)
- Column 15: Steady State (SS) (2004)
- Column 16: Steady State (SS) (2005)

Sample Exhibit 53

Note: Add a column to reflect the UPI from the 2004 Process.

UPI	Investment Title	Investment Description	Total Investment			Percentage		Homeland Security	DME			Steady State		
			PY	CY	BY	Financial	IT Security	Priority Identifier (select all that apply)	PY	CY	BY	PY	CY	BY
123-45-00-00-0000-00	Agency, Total IT Investment Portfolio (sum of all parts 1, 2, 3, 4)		X	X	X				X	X	X	X	X	X
123-45-01-00-0000-00	Part 1. IT Investments by Mission Area (subtotal for all mission areas under part 1)		X	X	X				X	X	X	X	X	X
123-45-01-01-0100-00	Title of mission area and subtotal for all major and non-major IT investments under the mission area		X	X	X				X	X	X	X	X	X
123-45-01-01-0110-00	Major IT investment title and total investment		X	X	X	X	X	X	X	X	X	X	X	X
123-45-01-01-0110-04	Funding Source		X	X	X				X	X	X	X	X	X
123-45-01-01-0110-09	Funding Source subtotal		X	X	X				X	X	X	X	X	X
123-45-01-01-020000-00	Non-major IT investment and total investment		X	X	X	X	X	X						
123-45-02-00-000000-00	Part 2. IT Infrastructure and Office Automation (subtotal for all investments under part 2)		X	X	X				X	X	X	X	X	X
123-45-02-01-011010-00	Major IT Investment title and total investment		X	X	X	X	X	X	X	X	X	X	X	X
123-45-01-01-011010-04	Funding Source subtotal		X	X	X				X	X	X	X	X	X
123-45-01-01-011010-09	Part 3. Enterprise Architecture and Planning (subtotal for all investments under part 3)		X	X	X				X	X	X	X	X	X
123-45-03-00-000000-00	Major IT investment title and total investment		X	X	X				X	X	X	X	X	X
123-45-03-01-011010-00	Non-major IT Investment and total investment		X	X	X	X	X	X	X	X	X	X	X	X
123-45-03-01-020000-00	Funding Source		X	X	X	X	X	X						
123-45-01-01-011010-04	Funding Source subtotal		X	X	X				X	X	X	X	X	X
123-45-01-01-011010-09	Part 4. Grants Management (subtotal for all investments under part 4)		X	X	X				X	X	X	X	X	X

123-45-04-00-0000-00	Major IT investment title and total investment		X	X	X			X	X	X	X	X	X
123-45-04-00-02-1010-00	Non-major IT investment and total investment		X	X	X	X	X	X	X	X	X	X	X
123-45-04-00-02-0000-00	Funding Source		X	X	X	X	X						
123-45-01-01-01-1010-04	Funding Source subtotal		X	X	X			X	X	X	X	X	X
123-45-01-01-01-1010-09			X	X	X			X	X	X	X	X	X

X in any position above indicates it is required for that type of investment.

SECTION 54—RENTAL PAYMENTS FOR SPACE AND LAND

Table of Contents

- 54.1 Do I need to report on rental payments?
- 54.2 What materials must I provide?
- 54.3 What terms do I need to know?
- 54.4 How do I prepare the space budget justification?
- 54.5 What supporting information must I provide?

Ex-54 Space Budget Justification

54.1 Do I need to report on rental payments?

If your agency obligates more than \$5 million annually for rental payments to GSA or to others (e.g., other Federal agencies or commercial landlords) for rental of space, structures and facilities, and land and building services, you must submit a space budget justification in the format of exhibit 54. OMB uses this information to evaluate your budget request for rent in the context of personnel and program changes (e.g., downsizing). The General Services Administration (GSA) uses this information to refine its estimates of rental costs. You should use this information to analyze your space requirements and rental costs.

For reporting purposes, *include* amounts for the services covered by the basic rental charge assessed by GSA as obligations for rental payments to GSA, but *exclude* amounts above standard services, such as overtime utility services. From GSA's monthly bill, use line D, "Total Annual Rental" plus, in some cases, line 14a "Billing Adjustments and Corrections, Current Year" to compare to the amount on the line "GSA rent estimate" of exhibit 54. These amounts are already *net* of obligations for the cost of operations in buildings where GSA has delegated authority for building operations. The cost of building operations in buildings whose operational authority is delegated should be budgeted in the appropriate object classes, such as 25.4, operations and maintenance of facilities. These costs should appear on exhibit 54.

Make your obligations for rental payments to GSA (Part 1 of exhibit 54) and your obligations for other space services paid to non-GSA entities (Part 2) consistent with data reported as rental payments under the appropriate object classes (see section [54.4](#)).

54.2 What materials must I provide?

You must submit an overall summary report in the format of exhibit 54 for the agency as a whole. This report provides a justification of your agency's budget request for rent. In addition, you must submit a separate report for each bureau or subordinate organization that makes rental payments. Submit a single agency-wide summary report if these costs are paid for centrally from one account.

You must complete exhibit 54 using an electronic spreadsheet (Excel or Lotus) available from GSA (phone: 202-219-0370 or <http://hydra.gsa.gov/exhibit54>). The spreadsheet format includes inflation factors to calculate outyear estimates automatically and it generates total obligations for rental costs and funding sources.

The report contains information for PY through BY+1 on:

- Rental payments to GSA, which reconciles the GSA rent estimate with actual, planned, and requested changes in inventory.

- Funding sources for these rental payments to GSA.
- Rental payments to others, both non-Federal and Federal sources.
- Supporting detail on all changes from the GSA rent bill or GSA estimates of rental costs (see section [54.5](#)).

Your submission must support your budget year request and list all applicable appropriations and/or other funding sources by account.

Report space requirements to the nearest square foot; state obligations in thousands of dollars and round to the nearest thousand. Where an amount falls exactly halfway in between, round to the nearest even figure (for example, both \$11,500 and \$12,500 round to \$12.) Do not identify amounts of \$500 or less.

Provide copies of these materials (electronic versions) to GSA (attention: OMBExhibit54@gsa.gov) at the same time you submit them to OMB.

54.3 What terms do I need to know?

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

GSA bureau code means the agency/bureau code(s) recorded on the GSA rent bills or GSA budget estimates for each bureau making rental payments. (This number is *not* the same as the 2-digit OMB bureau code described in section 79.2 and Appendix C.)

GSA rent estimate means a document developed by GSA and sent to customer agencies once a year. This document provides budget year data on estimated assigned space and the associated costs of that space. It is used by GSA's customers for planning and budgeting purposes. You should use this year's GSA budget estimate (available this summer) to report the GSA rent estimate for the CY and BY.

OMB-approved inflation factor means the inflation factor used in the GSA budget estimate. Mid-Session Review inflation factors will be used for CY through BY+1. The electronic spreadsheet format provided to you will use these factors to automatically inflate certain outyear estimates.

Chargeback (or adjustments to the bill) means the process by which GSA's customers contest a GSA billing. If you claim a chargeback, you are required to complete a Standard Form 238, "SIBAC Adjustment Voucher For Chargeback" and provide supporting chargeback data justifying your claim.

54.4 How do I prepare the space budget justification?

The following table explains the information needed to prepare the space budget justification (see exhibit [54](#)). Exhibit 54 illustrates the summary page of the submission. There are five worksheets that contain the detail for the chargebacks, planned changes to inventory and the requested program changes. One worksheet is for the chargebacks, and there is one for each year in which to detail planned changes to inventory and the requested program changes (i.e., PY, CY, BY and BY+1). The summary justification consists of two parts:

- Rental payments to GSA (Part 1). (With the exception of the lines "Other adjustments," "Statutorily-imposed rent caps," and "Funding sources for Rental Payments to GSA," data in this part is derived by formula from five back-up worksheets); and

- Rental payments to others (Part 2).

Subtotals, totals, and certain other entries indicated in **boldface** will be automatically calculated (see exhibit [54](#)).

INFORMATION REQUIRED FOR THE SPACE BUDGET JUSTIFICATION

Entry	Description
	Report in dollars and to the nearest square foot on the individual worksheets. The totals will be automatically calculated for the summary page, with obligations rounded to the nearest thousand.
	Report net estimates of rental costs and square feet (i.e., net of any adjustments within the relevant category being reported).
PART 1. RENTAL PAYMENTS TO GSA	In Part 1, include information on rental payments to GSA only. Report data on rental payments to others in Part 2.
GSA rent estimate	<p>For the chargeback and PY worksheets, report amount of the annual (i.e., full year) rental cost. To calculate the annual rental cost, use the monthly GSA bill with the same date as the date on the GSA rent estimate and multiply the rent estimate for the current month by the number of months remaining in the fiscal year and add this amount to the year-to-date rent estimate on the monthly bill.</p> <p>Report the total square feet in the monthly GSA rent bill with the same date as the date on the GSA rent estimate for the BY. (The monthly GSA bill reflects total square feet billed for the month.)</p> <p>For the CY worksheet, report the square feet and rent estimate reflected in the CY column of GSA rent estimate for the BY.</p> <p>For the BY worksheet, report the square feet and rent estimate reflected in the GSA rent estimate for the BY.</p> <p>Note: GSA will provide agencies with the supporting documentation for the BY rent estimate, as required.</p> <p>The electronic spreadsheet will calculate rent estimates for BY+1 automatically, using OMB-approved inflation factors. Estimates of square feet will be generated by the spreadsheet for BY+1 at the BY level.</p>
Actual adjustments to the bill Enter PY only	Report the net amount of any chargeback (resolved or unresolved) and actual changes in the inventory for the PY that has not been reflected in the monthly rent bill used above and the associated net square feet. This may include disputes over rates, space classifications, and current space requirements.
PY Worksheet planned changes in inventory	For the PY worksheet, report the net amount of approved and planned changes in the inventory and adjustments from the base month (as reflected in the GSA rent estimate) to the end of the fiscal year. Adjustments may be an increase or decrease from the monthly rent bill used above for PY.
Enter the inventory changes for the remainder of the year	Enter the square feet and the estimated annual rent under the "Agency Information" columns. Enter the effective date of the project. The annual change and the part-year change for rent are automatically calculated.

SECTION 54—RENTAL PAYMENTS FOR SPACE AND LAND

Entry	Description
CY, BY and BY+1 worksheets	<p>For the CY, BY, and BY+1 worksheets, include the approved and planned changes in inventory and associated adjustments that are not reflected in GSA rent estimates, including projects in the pipeline.</p> <p>Enter the changes in the worksheet for the year in which the change will first occur. The worksheet will automatically generate outyear estimates.</p>
Requested program changes in inventory	<p>For CY, BY, and BY+1 worksheets, report inventory changes that will result from changes in programs that have been enacted by law, are reflected in the President's budget, and/or are included in your BY request to OMB.</p> <p>Enter the CY, BY, and BY+1 requested program changes in each corresponding worksheet. The worksheet will automatically generate outyear estimates.</p>
Space budget justification—the summary worksheet	
Other adjustments	Use this space to enter any other adjustments that are not included in the individual worksheets. Include an explanation of these items.
Statutorily-imposed rent caps	<p>Report only on those rental payments to GSA that you consider constrained for legal reasons. Include as a footnote the legal reference (i.e., public law citation).</p> <p>Supporting detail must be provided, as described in section 54.5.</p>
Total, net rental payments to GSA	The Space Budget Justification worksheet will automatically generate these totals.
FUNDING SOURCES FOR RENTAL PAYMENTS TO GSA	
Funded by direct appropriations:	List each direct appropriation that funds rental payments to GSA, by account title and identification (ID) code. Use a 9-digit ID code, that includes the OMB agency/bureau code, followed by the 4-digit basic account symbol assigned by Treasury (xxx-xx-xxxx) (see section 79.2).
Account title and ID code	<p>For PY-BY+1, include the amount of obligations for rental payments to GSA that are funded from annual appropriations and permanent appropriations to general, special, and trust funds.</p> <p>If there are more than three accounts listed, change the electronic spreadsheet to add rows, as needed.</p>
Subtotal, direct appropriation	Report the sum of amounts of direct appropriations for a year for accounts listed. If more than 3 accounts are listed, change the spreadsheet formula to calculate the amount funded by direct appropriations.
Funded by other sources:	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).
Account title and ID code	<p>Include additional information on the line stub to identify the source of funding, as necessary.</p> <p>For PY-BY+1, include the amount of obligations for rental payments to GSA that are funded from reimbursements, other offsetting collections, and allocations.</p> <p>If there are more than three accounts listed, change the electronic spreadsheet to add rows, as needed.</p>

Entry	Description
Subtotal, other funding sources	Report the sum of amounts for other funding sources for a year for accounts listed. If more than 3 accounts are listed, change the spreadsheet formula to calculate the amount funded by other sources.
Total, net rental payments to GSA (object class 23.1)	Report the sum of amounts paid to the GSA Federal building fund for all funding sources (direct appropriations plus other funding sources) for a year for accounts listed. Report amounts that are consistent with obligations classified as "Rental payments to GSA" (object class 23.1). Make the totals for each year equal to the corresponding "Total, net rental payments to GSA" reported above (see exhibit 54).
PART 2. RENTAL PAYMENTS TO OTHERS	In Part 2, report information on rental payments to Federal agencies other than GSA and to entities outside the Federal Government. Exclude data on rental payments to GSA, which are reported in Part 1.
Non-Federal sources (object class 23.2)	<p>Include obligations for possession and use of space, land, and structures leased from non-Federal sources (i.e., commercial landlords).</p> <p>Report amounts consistent with obligations classified as "Rental payments to others" (object class 23.2).</p>
Federal sources other than GSA (object class 25.3)	<p>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.</p> <p><i>Note:</i> Typically, with the approval of the Administrator of GSA, you may sublease your GSA-assigned space to another agency or bureau. In such cases, if you are the agency assigned the space by GSA, report rental payments for this space in Part 1 as "Rental payments to GSA". If you are the agency or bureau subleasing space from another agency or bureau, report payments for the sublease in Part 2 as "Federal sources other than GSA."</p> <p>Report amounts consistent with obligations for rental payments to Federal sources reported as "Purchases of goods and services from Government accounts" (object class 25.3).</p>
Total, rental payments to others	Report the sum of amounts as rental payments to non-Federal sources and to Federal sources other than GSA. Make the totals consistent with rental obligations classified in object classes 23.2 and 25.3.

54.5 What supporting information must I provide?

Complete and submit all six worksheets of exhibit 54 that support the Space Budget summary page. For each change, include the GSA bureau code, the GSA building number (if known), city and State, type of action, effective date, square feet, and rent on the appropriate worksheet. For any program changes requested, provide supporting information that identifies the program initiatives related to the requested changes. In addition, provide a list that identifies major acquisitions, renovations, or consolidations required to implement agency planned space changes, as well as the timing, amount of work space, and cost of each action.

Space Budget Justification

Agency _____
 Bureau _____
 GSA Bureau Code _____

Shaded entries are automatically generated by the electronic spreadsheet.

Note: The PY GSA RENT estimate is based on the monthly rent bill with "date of inventory" that matches the GSA budget estimate for BY. CY and BY rent estimates are taken from the GSA budget estimates for the BY.

Round dollars to the nearest thousand, as required by section 54.2. Report space requirements to the nearest square foot.

Department of Government
 (obligations in thousands of dollars)

	PY		CY		BY		BY + 1	
	Sq. Ft.	\$	Sq. Ft.	\$	Sq. Ft.	\$	Sq. Ft.	\$

PART 1: RENTAL PAYMENTS TO GSA

GSA rent estimate.....	26,500,000	\$400,000	28,300,000	\$425,000	28,300,000	\$438,000	28,300,000	\$447,636
Actual adjustments to the bill:								
Chargebacks (PY only).....	-500,000	-\$4,000	-500,000	-\$7,500	-500,000	-\$7,658	-500,000	-\$7,826
Other adjustments.....								
Statutorily imposed rent caps.....								
Planned changes to inventory:								
PY.....	200,000	\$2,000	200,000	\$3,000	200,000	\$3,063	200,000	\$3,130
CY.....			100,000	\$1,200	100,000	\$1,500	100,000	\$1,533
BY.....					135,000	\$1,750	135,000	\$2,150
BY + 1.....							115,000	\$1,000
BY + 2.....								
Requested program changes:								
CY.....			115,000	\$1,000	115,000	\$1,700	115,000	\$1,737
BY.....					100,000	\$1,200	100,000	\$1,500
BY + 1.....								
BY + 2.....								
Total, net rental payment to GSA.....	26,200,000	\$398,000	28,215,000	\$422,700	28,450,000	\$439,555	28,565,000	\$450,860

FUNDING SOURCES FOR RENTAL PAYMENTS

Funded by direct appropriations:								
Account title and ID code:								
Acct. 1 Salaries and expenses 016-10-1166.....		\$366,250		\$367,750		\$372,387		\$377,000
Acct. 2.....								
Acct. 3.....								
Subtotal, direct appropriations.....		\$366,250		\$367,750		\$372,387		\$377,000

Funded by other sources:								
Account title and ID code:								
Acct. 1 Water resources control 016-12-2650.....		\$31,750		\$54,950		\$67,168		\$73,860
Acct. 2.....								
Acct. 3.....								
Subtotal, other funding sources.....		\$31,750		\$54,950		\$67,168		\$73,860

Total, net payments to GSA (object class 23.1).....		\$398,000		\$422,700		\$439,555		\$450,860
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PART 2: RENTAL PAYMENTS TO OTHERS

Non-Federal sources (object class 23.2).....	24,000,000	\$290,000	25,000,000	\$300,000	22,900,000	\$275,000	22,900,000	\$275,000
Federal sources (object class 25.3).....	150,000	\$1,800	150,000	\$1,800	150,000	\$2,000	150,000	\$2,000
Total, rental payments to others.....	24,150,000	\$291,800	\$25,150,000	\$301,800	\$23,050,000	\$277,000	\$23,050,000	\$277,000

Dollar amounts for "Total, net rental payments to GSA" above should equal the corresponding entries at the end of Part 1. Supporting detail is required on each actual, planned, and requested change in inventory (see section 54.5).

Pursuant to section 83.12, only payments made directly to the GSA Federal buildings fund should be classified as object class 23.1. All other rental payments should be classified as object class 23.2 or object class 25.3.

SECTION 71—REPORTING BY BUDGET ACCOUNT

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- 71.1 At what level of detail do I report MAX data, proposed appropriations language, and narratives?
- 71.2 How do budget accounts relate to Treasury accounts?
- 71.3 What do I need to know about changing account and budget structure?
- 71.4 How do I account for reimbursements?
- 71.5 How do I account for allocations?
- 71.6 When should I merge accounts?
- 71.7 When should I consolidate accounts?
- 71.8 What do I need to know about accounting adjustments under 31 U.S.C. 1534?

Summary of Changes

Guidance concerning alignment of budget accounts and programs is now covered in sections 51 and 82.

71.1 At what level of detail do I report MAX data, proposed appropriations language, and narratives?

Budget accounts are the basic building block of the President's Budget. You report data at the budget account level in the MAX A-11 system. Budget information is presented at the budget account level in the *Budget Appendix* and is aggregated to provide the totals in many tables in all volumes of the President's budget. In addition, budget accounts are the basis for congressional action on the budget. Section [79](#) contains more information about account structure and types of accounts. Receipt accounts are also included in the budget database and used to derive budget totals. Receipt data are printed in the *Budget Appendix* and reflected in printed budget summary tables.

You must update all the data in the MAX budget system and provide print materials for each budget account. Section [79.5](#) lists and describes the various MAX budget schedules, and section [95.4](#) lists the materials that will be printed in the detailed budget estimates by agency portion of the *Budget Appendix*.

71.2 How do budget accounts relate to Treasury accounts?

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

For presentation of information 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 Treasury accounts may be merged or consolidated for budget presentation purposes into a single budget account (see sections [71.7](#) and [71.8](#)). Note that this differs from budget execution requirements, where you must report data for each separate appropriation or fund account established by Treasury (see sections [79.2](#) and [130](#)).

71.3 What do I need to know about changing account and budget structure?

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

- Establishment of new accounts (see section [79.3](#));
- Changes in account titles;
- Account mergers (see section [71.7](#));
- Account consolidations (see section [71.8](#));
- Changes in the presentation sequence of existing accounts (see section [95.3](#));
- New methods of financing programs;
- Changes in the activity structure used for the program and financing schedule (see section [82.2](#));
- Changes in functional, subfunctional, and receipt classifications (see section [79.3](#)); and
- Reorganizations.

Until requests are approved, base budget materials on the existing structure. If changes are approved, you must revise budget schedules and other materials accordingly. After requests for account mergers or consolidations are approved, you must ensure that they are reflected correctly on the Budget Account Title (BAT) file (see section [79.1](#)).

You should request approval for changes in budget structure by October 1, unless OMB specifies an earlier due date. If a change is dependent on pending decisions or results from late congressional action or other circumstances beyond your control, submit the request as soon as possible after October 1. If prospective internal reorganizations are likely to require budget structure changes, obtain OMB approval prior to implementing the reorganization.

71.4 How do I account for reimbursements?

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

71.5 How do I account for allocations?

Allocations are the amounts of budget authority and other resources transferred to other agencies or bureaus to carry out the purposes of the parent account that are placed in separate Treasury transfer appropriation accounts (see section [20.4\(1\)](#)). For the purposes of budget presentation, the budget schedules of the parent account will reflect these transactions as part of that account's regular activities. However, FTEs funded by allocations will be reported in the receiving account, not the parent account. Object class schedules and personnel summaries will identify allocations separately (see section [86.1](#) and exhibit [83A](#)).

71.6 When should I merge accounts?

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

- When two or more appropriation accounts are replaced by a single appropriation, amounts in the old accounts will be merged into the schedules for the single account.
- When it is desirable to merge several appropriations into a single account and to request budget year appropriations on that basis. The objective of account mergers is to permit flexibility in achieving program goals by managing and budgeting at a higher level of aggregation. However, this objective must be balanced against other needs, including the need for public disclosure and review and control by the President and Congress.
- Revolving fund feeder accounts, which are appropriation accounts whose budgetary resources are available only for transfer to specified revolving fund accounts, will be merged into the revolving funds to which they relate. Do not separately identify the amounts included in the feeder accounts.

71.7 When should I consolidate accounts?

You should consider consolidating accounts and submitting a single set of schedules for two or more accounts of a bureau (or an agency, when appropriations are not made by bureaus) for:

- Federal fund accounts for which no budget authority is anticipated after the past year;
- Permanent general and special fund appropriations that are used for similar purposes or where accounts contain small sums that have no direct bearing on programs financed by current appropriations; and
- Small trust fund accounts.

You should also consolidate below threshold accounts (that is, accounts with amounts of \$500,000 or less) with larger accounts. For this purpose, below threshold trust fund accounts may be consolidated with general fund accounts.

71.8 What do I need to know about accounting adjustments under 31 U.S.C. 1534?

When an appropriation is available to an agency to pay a cost that benefits another appropriation that is also available to pay the cost, [31 U.S.C. 1534](#) permits the first appropriation to be charged initially, as long as the charge is moved to the appropriation benefited before the end of the fiscal year. Do not report the initial charge and succeeding adjustment.

SECTION 79—THE BUDGET DATA SYSTEM

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79.1	What is the MAX system?
79.2	What should I know about account identification codes?
79.3	How do I establish new accounts?
79.4	How do I report data in MAX?
79.5	What are MAX schedules?
Ex-79A	MAX A-11 Technical Requirements for FY 2005 Budget
Ex-79B	Functional Classification

79.1 What is the MAX system?

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

The system controls data entry through expenditure and receipt account titles and classifications that are assigned at the account level (see [section 71](#)). The Budget Account Title (BAT) file controls accounts for which data may be entered into MAX. Among other things, the BAT contains information on:

- The account title, as it will be printed in the budget;
- The Treasury and OMB identification codes;
- Subfunction classification;
- Budget Enforcement Act (BEA) category;
- Congressional subcommittee assignment;
- Type of account (e.g., trust, special, revolving);
- Whether more than half of the collections are user charges;
- Whether the account will finance payments to individuals;
- Whether the account is sequestrable or exempt;
- Whether the account has obligation limitations;
- For receipt accounts, the receipt type; and for offsetting receipts, character classification; and
- Where the account will be placed in the budget (see [section 95.3](#)).

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

Enter your budget data into the MAX schedules by account. An overview of all the schedules, with references to additional sections, is provided at [section 79.5](#).

MAX contains numerous crosschecks or error messages ("edit checks") to help ensure consistency of the data. [Appendix D](#) provides an explanation of the basic principles underlying MAX edit checks. In addition, [Appendix E](#) describes a number of diagnostic reports produced by OMB to ensure that the data

reported in the data base are consistent both within and between schedules and comply with standard budget concepts.

The MAX A-11 User's Guide is a comprehensive reference document that provides information on how to use MAX. It is available, upon request, from the Budget Analysis and Systems Division, OMB (phone: 202-395-6934 or 395-7517) or electronically from the MAX web site (see [exhibit 79A](#)). MAX training is also available upon request.

You will find up-to-date information on the MAX home page at:

<http://www.whitehouse.gov/omb/max/>

This page is accessible to MAX users and requires both a user name and password as follows:

username: ombmax
password: omb2000

This web site will include instructions for revising reprinted galley (see [section 95](#)). Another web site located at <http://www.whitehouse.gov/omb/reports/> includes a listing of accounts with past year data loaded from the FACTS II reporting system (see [section 82.15](#)).

79.2 What should I know about account identification codes?

OMB, in consultation with the Department of Treasury, assigns account identification codes. These codes are used to store and access data in MAX, run computer reports, and identify accounts in OMB and Treasury documents and MAX computer reports. While you can access your accounts in MAX without knowing the account number, you are required to perform several steps that can be eliminated if you know the account number. Each account can be identified in several ways. For example, you can access your accounts in MAX by entering either the "OMB account number" or the "Treasury account number," but when you want to find your account in the [Treasury Combined Statement](#) Appendix, you must use the "Treasury account number" or the name of the account within the agency listing. Regardless of which number you use, familiarity with the following coding options is helpful.

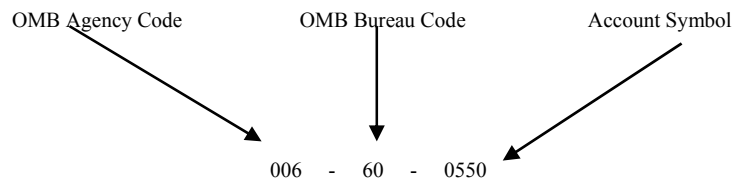
- OMB agency code—Each department or independent agency has a unique three digit number assigned by OMB (see [Appendix C](#) for list).
- OMB bureau code—Each bureau within each department or major agency has an agency-unique two digit number assigned by OMB. Agencies that do not have distinct bureaus have a bureau code of "00" (see [Appendix C](#) for list). Most receipt accounts do not have a distinct bureau and have a bureau code of "00".
- Treasury agency code—Each agency also has a two digit number assigned by Treasury (see [Appendix C](#) for list).
- Account symbol—Each account has an agency-unique number assigned by Treasury or, in the case of merged or consolidated accounts, by OMB that corresponds to the fund type (e.g., general, special). For expenditure accounts this number is four digits, unless subaccount information is being reported (requires prior OMB approval); for receipt accounts this number is six digits. [Section 79.3\(b\)](#) lists the types of funds and coding.
- Transmittal code—Each account in MAX has a one digit code that identifies the nature or timing of the associated schedules as described below.

Transmittal Code	Title and description	Footnotes used in "Federal Programs by Agency and Account" listing in the budget.
0	Regular budget schedules.	
1	Supplemental proposal. Use only for requesting supplemental CY amounts.	A
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.	J
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.	I
4	Legislative proposal, subject to PAYGO. Use for legislative proposals requiring authorizing legislation that have a PAYGO effect. Do not use for routine reauthorization of ongoing programs.	B
5	Rescission proposal. Use only for requesting rescission of CY amounts.	H
9	Reserved for OMB use.	

- Fund code—[Section 79.3\(b\)](#) explains fund codes.
- Subfunction code—OMB assigns each account a three digit code that corresponds to the account's subfunctional classification (e.g., national defense, income security, agriculture). (See [section 79.3\(d\)](#) and [exhibit 79B](#) for listing.)

The following example illustrates the various account code combinations for the Salaries and expenses account of the National Telecommunications and Information Administration of the Department of Commerce:

► **OMB account number**



FUND TYPES AND CODES

Account symbol	Type of fund	Fund Code
0000–3899	General fund	1
5000–5999	Special fund	2
4000–4499	Public enterprise revolving fund	3
4500–4999	Intragovernmental revolving fund	4
3900–3999	Management fund	4
8000–8399 and 8500–8999	Trust non-revolving fund	7
8400–8499	Trust revolving fund	8
6000–6999	Deposit funds	N/A
F3800-F3899	Clearing accounts	N/A
90xx	<i>Assigned by OMB to designate allowances</i>	
991x–998x	<i>Assigned by OMB to designate consolidated accounts</i>	

In MAX data entry, the account symbol can be used to identify fund type. For allowances, "90" is used for the 1st and 2nd positions. In cases where two or more accounts with different account symbols are included in a consolidated schedule (see [section 71.8](#)), "99" is used for the 1st and 2nd positions, the 3rd position designates the fund type, and the 4th position uniquely identifies the consolidated schedules. OMB will assign the account symbols for allowances and consolidated accounts.

(c) *BEA category.*

For each expenditure or receipt account, OMB assigns a BEA category (e.g., discretionary, mandatory) that designates how the budgetary resources of the account will be classified for BEA purposes (see [section 81.3](#)). In cases where the account will contain resources classified in more than one BEA category, OMB will identify the account as a "split" account.

(d) *Functional and subfunctional classification.*

OMB normally assigns each new expenditure and offsetting receipt account a single subfunction code (see [exhibit 79B](#)). In rare cases, an appropriation account may be split between two or more subfunctions. If the subfunctions are in the same function, the code of the function is used (e.g., 500, 550, etc.). If two or more functions are involved, the code "999" is used. Annually, OMB consults with CBO and other relevant budget and appropriation committee staff members regarding functional and subfunctional classification. This process, which is required by statute, typically occurs from October through December (see [section 25.3](#)).

(e) *User charge classification.*

OMB designates whether any collections related to the account are user charges, as defined in [section 20.7](#). Receipts, offsetting receipts, and offsetting collections may be classified as user charges (see [section 81.3](#)).

(f) *Receipt type.*

Receipt accounts are classified either as governmental receipts or offsetting receipts (see [section 20.7](#)). The classification takes into account:

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

Each receipt account is assigned a receipt type (see [section 20.7](#) for definitions and classifications of receipts). If the receipts associated with a particular program have more than one classification, separate receipt accounts must be established for each classification.

(g) *Source category code.*

Each receipt type has a number of unique source category codes that enable MAX to produce tables needed for the Budget. OMB assigns the codes when a new receipt account is established by determining the receipt type for the account and selecting an appropriate program category within that receipt type.

79.4 How do I report data in MAX?

If you have computer access to MAX, you must use the system to submit your budget data. If data has already been entered for a particular account and transmittal code, you can retrieve and change the data using MAX. For a new account or transmittal code, you must create new MAX schedules before you can enter data. The User's Guide provides detailed instructions on how to create and edit MAX schedules. You can also use MAX to generate several diagnostic computer reports (see [Appendix E](#)).

If you do not have computer access to MAX, your agency's OMB representative will provide you copies of MAX reports containing the budget schedules. Write the revised data directly on these reports and provide them to your OMB representative.

79.5 What are MAX schedules?(a) *MAX schedules.*

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

MAX SCHEDULES

MAX schedule	Description	A-11 section number
SCHEDULE A	POLICY ESTIMATES OF BUDGET AUTHORITY AND OUTLAYS	81
SCHEDULE C	CHARACTER CLASSIFICATION	84
SCHEDULE D	BUDGET PLAN	86.3
SCHEDULE F	BALANCE SHEET	86.2

MAX schedule	Description	A-11 section number
SCHEDULE G	STATUS OF DIRECT LOANS, PRESIDENTIAL POLICY	185.11
SCHEDULE H	STATUS OF GUARANTEED LOANS, PRESIDENTIAL POLICY	185.11
SCHEDULE J	STATUS OF FUNDS	86.5
SCHEDULE K	RECEIPTS, BASELINE ESTIMATES	81
SCHEDULE N	DATA ON UNAVAILABLE RECEIPTS	86.6
SCHEDULE O	OBJECT CLASSIFICATION	83
SCHEDULE P	PROGRAM AND FINANCING	82
SCHEDULE Q	PERSONNEL SUMMARY	86.1
SCHEDULE R	RECEIPTS, PRESIDENTIAL POLICY	81
SCHEDULE S	BASELINE ESTIMATES OF BUDGET AUTHORITY AND OUTLAYS	81
SCHEDULE T	BUDGET YEAR APPROPRIATIONS REQUESTS IN THOUSANDS OF DOLLARS	86.4
SCHEDULE U	LOAN LEVELS AND SUBSIDY DATA, PRESIDENTIAL POLICY	185.10
SCHEDULE V	PERFORMANCE METRICS	85
SCHEDULE W	GENERAL FUND CREDIT RECEIPT ACCOUNTS	185.13
SCHEDULE Y	FEDERAL CREDIT DATA, BASELINE ESTIMATES	185.11

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

The following table list changes that will affect the FY 2005 Budget:

MAX LINE CODE CHANGES

MAX schedule, line code, and title	Change
<i>Policy Estimates of Budget Authority and Outlays (A)</i>	
Sequester/exempt and user charge classifications are no longer required.	
<i>Character Classification (C)</i>	
1441-01 Direct costs to colleges and universities	Delete
1442-01 Indirect costs to colleges and universities	Delete
1451-xx Research performed at congressional direction	Delete
1452-xx Inherently unique research	Delete
1453-xx Merit-reviewed research with limited competitive selection	Delete
1454-xx Merit-reviewed research with competitive selection and internal (program) evaluation	Delete

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MAX schedule, line code, and title		Change
1455-xx	Merit-reviewed research with competitive selection and external (peer) evaluation	Delete
1463-xx	Climate change science programs	Modify
<p>Related information will be collected on the allocation of research costs (old lines 1441-1455). See section 25.6.</p>		
<i>Statement of Operations (E)</i>		
Schedule E is no longer required.		
<i>Status of Contract Authority (I)</i>		
Schedule I is no longer required.		
<i>Program and Financing (P)</i>		
xxxx.XX	Accounts with performance activities	Add
xx35	[Budget authority] permanently reduced (-)	Modify
xx36	Unobligated balance permanently reduced (-)	Modify
xx37	[Budget authority] temporarily reduced (-)	Add
xx38	Unobligated balance temporarily reduced (-)	Add
xx74-xx79	Reduction pursuant to P.L. xxx-xxx (-)	Delete
xx85	Reduction pursuant to P.L. 99-177 (-)	Delete
2230	Expired unobligated balance transfer to unexpired account (+)	Add
2441	Unobligated balance returned to receipts	Add
4053	Portion substituted for borrowing authority (-)	Add
9900	Budget authority [accruals]	Delete
9901	Outlays [accruals]	Delete
9301	Unobligated balance, start of year: Contract authority	Add
9302	Unobligated balance, end of year: Contract authority	Add
9303	Obligated balance, start of year: Contract authority	Add
9304	Obligated balance, end of year: Contract authority	Add
<i>Personnel Summary (Q)</i>		
xxx9	Memorandum entries [commercial versus inherently governmental activities]	Delete
<i>Baseline Estimates of Budget Authority and Outlays (S)</i>		
2140	Sequesterable unobligated balances (defense only)	Delete
9994	Outlays from sequesterable unobligated balances	Delete
Sequester/exempt and user charge classifications are no longer required.		

MAX schedule, line code, and title		Change
<i>Loan Levels and Subsidy Data, Presidential Policy (U)</i>		
1360	Upward reestimate subsidy outlays	Delete
1380	Downward reestimate subsidy outlays	Delete
2360	Upward reestimate subsidy outlays	Delete
2380	Downward reestimate subsidy outlays	Delete

MAX A-11 TECHNICAL REQUIREMENTS FOR FY 2005 BUDGET (Fall 2003)**Software Requirements:**

MAX A-11 Data Entry Application is supported on the following Operating System:

- Windows NT4.0 (with SP 6a)
- Windows 2000
- Windows XP

To access the EOP for MAX A-11 Data Entry, the following are required:

- A port must be open for secure web communication (https protocol);
- 128-bit (or better) encryption level for your web browser; and
- Up-to-date Trusted Root Certificate Authority.

Getting the Software:

The MAX A-11 Software for FY 2005 will be available for download and installation from the MAX A-11 Web Site:

<http://www.whitehouse.gov/omb/max/>

*Note that the site address is case sensitive. Please enter it exactly as shown into your Web browser.

The web site also contains general information regarding the status of the MAX system, an on-line MAX A-11 User's Guide, the hours of operation, who to call for help, schedules of classes, and scheduled deadlines as well as other pertinent MAX information and documents. If you do not have access to the Internet, you will be able to request a copy of the software on CD or diskette. More information regarding how to get the software will be forthcoming. Watch for details!

About Your Password:

For the FY 2005 President Budget, you will receive a temporary MAX password via E-mail from OMB. When you log on for FY 2005 Budget, you will use the temporary password to establish your permanent password. You may not repeat a previously used password. If you forget your permanent password, you can call the EOP Computer Support office at (202) 395-7370 for assistance.

About Who to Call:

Please keep the EOP Computer Support number handy! Those individuals serve as our front line support team and will refer your problem or question to the appropriate person. If you have questions specifically regarding the Technical Requirements for the upcoming Budget Season, please call EOP Computer Support, report your question and give a valid phone number where you or your Technical Support Staff can be reached.

(202) 395-7370

FUNCTIONAL CLASSIFICATION

050 NATIONAL DEFENSE

- 051 Department of Defense-Military
- 053 Atomic energy defense activities
- 054 Defense-related activities

150 INTERNATIONAL AFFAIRS

- 151 International development and humanitarian assistance
- 152 International security assistance
- 153 Conduct of foreign affairs
- 154 Foreign information and exchange activities
- 155 International financial programs

250 GENERAL SCIENCE, SPACE AND TECHNOLOGY

- 251 General science and basic research
- 252 Space flight, research and supporting activities

270 ENERGY

- 271 Energy supply
- 272 Energy conservation
- 274 Emergency energy preparedness
- 276 Energy information, policy and regulation

300 NATURAL RESOURCES AND ENVIRONMENT

- 301 Water resources
- 302 Conservation and land management
- 303 Recreational resources
- 304 Pollution control and abatement
- 306 Other natural resources

350 AGRICULTURE

- 351 Farm income stabilization
- 352 Agricultural research and services

370 COMMERCE AND HOUSING CREDIT

- 371 Mortgage credit
- 372 Postal Service
- 373 Deposit insurance
- 376 Other advancement 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 and regional development
- 453 Disaster relief and insurance

500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

- 501 Elementary, secondary, and vocational education
- 502 Higher education
- 503 Research and general education aids
- 504 Training and employment
- 505 Other labor services
- 506 Social services

550 HEALTH

- 551 Health care services
- 552 Health research and training
- 554 Consumer and occupational health and safety

570 MEDICARE

- 571 Medicare

600 INCOME SECURITY

- 601 General retirement and disability insurance (excluding social security)
- 602 Federal employee retirement and disability
- 603 Unemployment compensation
- 604 Housing assistance
- 605 Food and nutrition assistance
- 609 Other income security

650 SOCIAL SECURITY

- 651 Social security

700 VETERANS BENEFITS AND SERVICES

- 701 Income security for veterans
- 702 Veterans education, training, and rehabilitation
- 703 Hospital and medical care for veterans
- 704 Veterans housing
- 705 Other veterans benefits and services

750 ADMINISTRATION OF JUSTICE

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

800 GENERAL GOVERNMENT

- 801 Legislative functions
- 802 Executive direction and management
- 803 Central fiscal operations
- 804 General property and records management
- 805 Central personnel management
- 806 General purpose fiscal assistance
- 808 Other general government
- 809 Deductions for offsetting receipts

900 NET INTEREST

- 901 Interest on Treasury debt securities (gross)
- 902 Interest received by on-budget trust funds
- 903 Interest received by off-budget trust funds
- 908 Other interest
- 909 Other investment income

920 ALLOWANCES

- 921-929 Allowances [Assigned by OMB]

950 UNDISTRIBUTED OFFSETTING RECEIPTS

- 951 Employer share, employee retirement (on-budget)
- 952 Employer share, employee retirement (off-budget)
- 953 Rents and royalties on the Outer Continental Shelf
- 954 Sale of major assets
- 959 Other undistributed offsetting receipts

999 MULTIFUNCTION ACCOUNT [used for accounts that involve two or more major functions]

SECTION 80—DEVELOPMENT OF BASELINE ESTIMATES

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- 80.1 What are the basic requirements?
- 80.2 What general rules do I need to know?
- 80.3 What rules apply to discretionary spending and collections?
- 80.4 What rules apply to direct spending programs?
- 80.5 What rules apply to mandatory collections?
- 80.6 What rules apply to mandatory supplemental requests?
- 80.7 What rules apply to discretionary limitations on obligations?
- 80.8 What materials must I provide in support of baseline estimates?

Summary of Changes

Incorporates requirement for information in support of baseline estimates previously included in section 100.2 (section 80.8).

80.1 What are the basic requirements?

OMB produces baseline estimates following the rules in section 257 of the Budget Enforcement Act of 1990 (BEA). These estimates are used for sequestration reporting purposes. Each agency, including the legislative and judicial branches, must submit estimates of budgetary resources, outlays, and receipts that project the CY levels into BY through BY+9, except as noted below. Government-sponsored enterprises do not have to submit baseline estimates.

Sections 80.2 through 80.7 describe the guidelines for developing baseline estimates. Report baseline data for all programs conducted under current law in the following MAX schedules:

- Schedule S for data on budgetary resources and outlays (CY through BY+9). See [section 81](#).
- Schedule Y for credit liquidating and financing accounts (CY through BY+4). See [section 185.11](#).
- Schedule K for receipts data (CY through BY+9). See [section 81.4\(e\)](#).

The law provides explicit instructions on how to develop the baseline estimates. Some apply to all baseline estimates. However, most rules are specific to two categories of collections and spending:

- Those that are controlled through annual appropriations acts (discretionary spending); and
- Those that are controlled through authorizing legislation (direct spending and receipts).

The classification of collections and spending (as discretionary or direct spending) follow the criteria specified in the BEA. Consult your OMB representative if you have questions concerning BEA classification.

80.2 What general rules do I need to know?

The baseline is a projection of the current year (CY) levels of budgetary resources, outlays, and receipts into the outyears based on laws already enacted. The following rules apply to all baseline estimates:

- *Legislative proposals.* Legislative proposals are considered to be changes from current law. Do not reflect their budgetary effects in the baseline estimates.
- *Supplementals.* Include only supplementals associated with mandatory programs in the baseline.
- *Regulations, management initiatives, and administrative actions.* Include the effect of these, including planned regulations that are not final, in the baseline estimates, as long as they can be implemented without further legislation.
- *Reductions pursuant to a sequester order.* Reflect CY reductions resulting from sequestration in the baseline estimates without separate identification.
- *Credit programs.* Base the estimates for credit programs on enacted appropriations of subsidy budget authority for direct loans and guaranteed loan commitments.

80.3 What rules apply to discretionary spending and collections?

The BEA requires the baseline estimates for discretionary spending and collections to be based on the levels provided in the most recent appropriations act or full-year continuing resolution (CR). If a part-year CR is in effect, base the estimates 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. The BEA provides special rules for estimating the baseline for BY through BY+9, when no appropriations have been enacted.

(a) Current year base.

Estimates will equal the enacted current year amounts reported in MAX schedules A and R for accounts under transmittal code 0. Exclude proposed supplementals from the estimates. Consistent with the BEA scoring rules, include the effects of enacted rescissions and transfers in the current year estimates. Score the rescission or transfer of unobligated balances to another account as a reduction in current year budget authority. Score transfers of unobligated balances into an account as increases in budget authority in the receiving account.

You must separate discretionary budgetary resources, except those related to spending authority from offsetting collections, into pay-related and non-pay portions. If you want to use MAX to calculate *mandatory outlays*, you must also separate mandatory budgetary resources into pay and non-pay portions. (See [section 81.3](#) for pay and non-pay definitions.)

(b) BY through BY+9 baseline estimates.

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

You must make special adjustments for assumptions about expiring housing contracts and social insurance administrative expenses. For the four BEA-specified accounts with social insurance administrative expenses (the Federal hospital insurance trust fund, the supplementary medical insurance trust fund, the unemployment trust fund, and the rail industry pension fund), report estimates of the beneficiary population in MAX schedule S on line 9993. Affected agencies should contact their OMB representative for guidance in developing estimates for expiring housing contracts.

In developing your discretionary baseline estimates, use the additional instructions provided in the following subsections, as appropriate:

- For advance appropriations, see subsection (c);
- For credit accounts, see subsection (d);
- For offsetting collections and receipts, see subsection (e);
- For multi-account appropriations, see subsection (f); and
- For accounts with negative budget authority, see subsection (g).

Outlays from budgetary resources provided prior to the budget year should be the same in the baseline and in the Presidential policy estimates, unless policy proposals restrict or accelerate spending from such balances. New budgetary resources generally should outlay at a rate that is consistent with Presidential policy spendout rates.

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

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

[Section 81.2](#) explains how to enter information on outlays from end of PY balances and spendout rates into MAX.

(c) Advance appropriations.

If an account is completely funded through advance appropriations, the baseline estimate of new budgetary resources should equal the advance appropriation, not the CY inflated level. The last year of the advance appropriation becomes the base for calculating the baseline estimate for the remaining years, using the rules described in (b) above.

If an account is funded with both current and advance appropriations, inflate the current appropriation as described in (b) above; for the advance appropriation, follow the guidance in the paragraph above.

(d) Discretionary credit accounts.

The OMB subsidy model inflates CY subsidy budget authority using the annual adjustment factor for non-pay costs from the economic assumptions for the budget. The model derives subsidy outlays 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 computes the subsidy rate using the economic assumptions for the budget. (See [section 185.5](#) for instructions on calculating baseline subsidy estimates, including programs with negative subsidies.) We do not collect baseline direct loan obligations and guarantee commitments.

(e) Discretionary offsetting collections and receipts.

The baseline estimates should be consistent with the levels of budgetary resources assumed for the account conducting the activity that generates the collections. When the level of collections is independent of the appropriated level, reflect the level of activity anticipated under current law.

(f) Multi-account appropriations.

If an appropriation covers more than one account and does not specify the amount provided for each account, such as the limitation on administrative expenses for the Social Security Act, the distribution of

the budget authority by account in the CY is the base for subsequent years. Inflate the CY amount by account to derive the budget authority for BY through BY+9.

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

- If the account has negative budget authority as a result of a rescission, reduction, or transfer of balances, estimate the budget authority for BY through BY+9 as zero.
- If the account has negative budget authority because the offsetting collections credited to the account exceed the spending authority from those offsetting collections (e.g., as a result of limitations on administrative expenses or repayments of debt), provide your best estimate of the *offsetting collections* under current law, and
 - ▶ If the *spending authority is controlled by appropriations*, project the authority using the guidance in section 80.3(b).
 - ▶ If the *spending authority from offsetting collections is indefinite*, reflect the level of activity anticipated under current law.

80.4 What rules apply to direct spending programs?

The BEA requires the estimates for budgetary resources provided in authorizing law and for appropriated entitlements to reflect the level of activity anticipated under current law, using the same economic and technical assumptions that are used for the Presidential policy estimates. Include 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) in the year that the changes become effective. The following special rules apply:

- *Expiring authorizations.* Assume that programs that would expire under current law will expire, with one exception. If CY outlays are greater than \$50 million, assume the program will continue at current levels. However, assume an expiring provision of law (in contrast to the entire program) will expire if that assumption does not have the effect of terminating the basic program.
- *Veterans' compensation cost-of-living-adjustment (COLA).* Assume enactment of a COLA for veterans' compensation that is equal to the COLA required by law for veterans' pensions.

Affected agencies should contact their OMB representative for guidance.

The BEA requires that substantive changes to or restrictions on entitlement law or other mandatory spending law in appropriations laws (including changes in offsetting receipts or collections) be treated as changes in discretionary spending for the purposes of scoring those appropriations laws (see [Appendix A](#)). However, in the subsequent budget, OMB may decide to reclassify such changes, especially in accounts that are generally mandatory. If advised by OMB to reclassify the change, the mandatory spending entries for the account should reflect the change made in appropriations law. OMB will make a compensating adjustment to the discretionary caps.

80.5 What rules apply to mandatory collections?

Base estimates of mandatory receipts, offsetting receipts, and offsetting collections on current law. Also base collections affected by Federal pay rates on rates used for Presidential policy, not on the levels of compensation assumed in the baseline for the pay portion of discretionary accounts. The estimates should

assume that expiring provisions of law will expire, except that provisions providing for excise taxes dedicated to a trust fund will be assumed to continue at current levels.

80.6 What rules apply to mandatory supplemental requests?

Baseline estimates for mandatory supplemental requests will reflect *current year* baseline estimates of budget authority and the related outlays. Budget authority estimates for BY through BY+9 will be zero. However, you should reflect the spendout of current year budget authority, as appropriate, over the period BY through BY+9.

80.7 What rules apply to discretionary limitations on obligations?

Where limitations are established, including those established to report the effect of reductions pursuant to the G-R-H law, as amended (see [section 81.4](#)), provide baseline estimates of limitations for CY through BY+9

80.8 What materials must I provide in support of baseline estimates?

After final budget decisions, you must submit a table showing the impact on the baseline of estimates of:

- Major regulations;
- Expiring provisions of law;
- Caseloads for major mandatory programs;
- Management initiatives;
- Administrative actions; and
- Other major program assumptions included in the baseline.

Show the budgetary impact of each major assumption separately. For example, a change in outlays resulting from a regulatory change should be shown separately from a change resulting from the expiration of a provision of law. Consult with your OMB representative on the format and content of this table.

**SECTION 81—POLICY AND BASELINE ESTIMATES OF BUDGET AUTHORITY,
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- 81.1 What are the basic requirements?
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 - (a) Budgetary resources
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Ex-81A Relationships between Schedules A, K, P, R, and S

Ex-81B Setting Up Outlay Calculations

Ex-81C Setting Up Outlay Calculations—Resource with Multiple Outlay Rates

Ex-81D Automatic Generation of Discretionary Outlays in Schedule A

Summary of Changes

Drops sequestrable/exempt and user charge classifications from MAX (section 81.3).

Drops memorandum entries for the cost of fully accruing retirement costs (section 81.4).

Drops the requirement report limitations for direct and guaranteed loans (section 81.4).

81.1 What are the basic requirements?

MAX contains detailed information on budgetary resources, outlays, and receipts for *presidential policy* (schedules A and R) and *baseline* (schedules S and K).

- Presidential policy data covers the period PY through BY+9.
- Baseline data covers the period CY through BY+9.
- Schedules A and S are used to report on budget authority and outlays.
- Schedules R and K are used to report on receipts.

OMB uses this information to prepare the budget documents. The baseline estimates are also used for scoring PAYGO legislation under the Budget Enforcement Act (BEA).

You must submit policy data for all accounts except credit financing accounts and Government-sponsored enterprises. You must submit baseline data for the regular budget schedule (transmittal code "0") of all accounts except for credit financing accounts and Government-sponsored enterprises. You must also submit baseline data for supplemental requests (transmittal code "1") that are classified as *mandatory* (such as payments under entitlement programs). Do not provide baseline estimates for other transmittals (codes "2", "3", "4", "5"), unless specifically requested by OMB.

Use the guidance in sections 30-33 to develop the policy estimates. Use the guidance in [section 80](#) to develop the baseline estimates.

81.2 What information is automatically calculated?

[Exhibit 81A](#) describes the relationships between schedules A, K, P, R, and S and indicates which data MAX automatically generates.

(a) *Automatic calculations and data loaded from Treasury.*

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

- The levels of budgetary resources reported;
- Outlay rates; and
- Outlays from end of PY balances.

You input outlays from end of PY balances as memorandum entries in schedule S and report outlay rates in schedules A and S using the separate MAX drop-down menu that is accessible for each budgetary resource, as described in the MAX A-11 User's Guide (see [exhibits 81B](#) and [81C](#)). MAX uses this information to automatically generate the outlays from balances that are reported on line 9x21 of MAX schedules A and S. To support the automatic outlay generation feature in MAX, you must enter information developed using the method of calculation (i.e., the waterfall method) that is specified in this Circular and the MAX A-11 User's Guide (see [exhibit 81D](#)). As a general rule, you cannot override automatically generated discretionary outlay amounts. If you need to reflect separate outlay rates (e.g., for enacted rescissions and reductions of unobligated balances, pay/non-pay) within an account, report the budget authority and corresponding outlays from end of PY balances using a line sequence number in the range 01-39.

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

You can also use MAX's automatic outlay generation feature to calculate *mandatory outlays*. If you enter outlay rates in schedule S for mandatory resources, MAX will automatically generate the outlays in schedule S (baseline) and copy them to schedule A (policy). Remember to include information on outlays from end of PY balances if you use the automatic feature. You can override the automatically generated mandatory outlay amounts in schedule S.

(2) *Budget authority and offsetting collections.*

- As a general rule, MAX automatically calculates *discretionary policy budget authority and offsetting collections entries* in schedule A through BY+9 for the years that are subject to across-the-board rules.
- MAX also automatically calculates *discretionary baseline budget authority and offsetting collections entries* in schedule S for BY through BY+9 based on the CY budgetary resources entered by the agency and inflation factors entered by OMB.
- For discretionary offsetting collections entries (lines 6890, 8800-8845), you may overwrite these amounts, if necessary, in schedules A and S.

(3) *Receipts.*

- Past year data will be loaded into schedule R from Treasury data. These amounts cannot be overridden.
- MAX automatically calculates *discretionary policy receipts* in schedule R through BY+9 for the years that are subject to across-the-board rules. You may overwrite these amounts, if necessary.
- MAX also automatically calculates *discretionary baseline receipts* in schedule K for BY through BY+9 based on the CY budgetary resources entered by the agency and inflation factors entered by OMB. You may overwrite these amounts, if necessary.

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

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

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

To change the policy estimates for these entries, you must revise the baseline estimates. Because of the automatic copy feature, you may wish to enter or revise data in MAX by updating schedule S before updating schedule A.

(2) *From schedule K to schedule R.* MAX automatically copies the mandatory baseline receipts data (offsetting and governmental) you enter in schedule K to schedule R. To change the policy estimates, you must revise the baseline estimates. Because of the automatic copy feature, you should update schedule K before schedule R.

(3) *From schedule A to schedule P.* MAX aggregates gross outlay data from schedule A and copies it to lines 86xx in the program and financing schedule (see [section 82.5](#) and [exhibit 82](#)). To change amounts on lines 86xx in schedule P, you must change the outlay data in schedule A. Because of the automatic copy feature, schedule A must be updated before you can complete schedule P.

81.3 What data classifications do I use to report the data?

In schedules A, S, R, and K, you report data through BY+9 using the data classifications specified below. Multiple entries are required when more than one classification applies to a budgetary resource, limitation, offset, or outlay. When inserting or revising data, you choose the appropriate line number, BEA category, and other classifications from a list provided on the MAX screen. In schedules A and S, you may make non-print notations on stub entries to document information reported (e.g., to clarify the nature of data entered when multiple lines of the same type are used). See the MAX A-11 User's Guide for details.

MAX schedules A and S will be used to track spending on homeland security and overseas combating terrorism activities. For selected budget enforcement subcategories, MAX will prompt you to indicate whether the amounts should be further classified as:

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- Homeland security;
- Overseas combating terrorism; or
- Regular.

Homeland security activities are focused on combating and protecting against terrorism. These activities may occur within the United States and its territories, or outside of the United States and its territories in support of domestically based systems or activities (e.g. visa processing). Such activities include efforts to detect, deter, protect against, and, if needed, respond to terrorist attacks. A complete definition can be found in the National Strategy for Homeland Security.

Overseas combating terrorism activities are focused on combating and protecting against terrorism and occur outside the United States and its territories. Such activities include efforts to detect, deter, protect against, and if needed respond to terrorist attacks.

Regular means those programs, projects, and other activities that are not classified as either homeland security or overseas combating terrorism.

DATA CLASSIFICATIONS FOR SCHEDULES A, S, R, AND K

Classification	Description
SCHEDULE	Alpha character designation of the type of schedule in the MAX budget system that appears at the beginning of each schedule.
LINE NUMBER	For schedules A and S, a 4-digit code that indicates the data being reported (see section 81.4). For schedules K and R, a 6-digit code (xxxx–xx) that indicates the character classification (see sections 81.4 and 84.4). A line number appears on each line for which data are provided.
SUBFUNCTION	For accounts with a single subfunctional classification (see section 79.3), you can enter data without specifying the subfunction; MAX automatically provides the subfunction designation. For multifunction accounts, you must enter data under each of the appropriate subfunctions.
CIVILIAN PAY/ MILITARY PAY/ NON-PAY <i>Only applies to schedule S.</i>	<p>Indicates whether amounts are used to fund personnel compensation and benefits or other activities.</p> <p>Applies to baseline budget authority (other than spending authority from offsetting collections) and limitations.</p> <p>Civilian pay means the amount of new budgetary resources used to fund personnel compensation and benefits for civilian personnel, consistent with the definitions for object classes 11.1 through 11.5 and 12.1.</p> <p>Military pay means the amount of new budgetary resources used to fund personnel compensation and benefits for military personnel, consistent with object classes 11.7 and 12.2.</p> <p>Amounts designated as pay should reflect personnel compensation financed from discretionary budget authority or limitations only.</p> <p>Non-pay means the amount of new budgetary resources not used to fund personnel compensation. Applies to mandatory budget authority even if it funds personnel compensation.</p>
BUDGET	Indicates:

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Classification	Description
ENFORCEMENT CATEGORY/ SUBCATEGORY/ JURISDICTION/	<ul style="list-style-type: none"> • BEA category (i.e., discretionary, mandatory, net interest, governmental receipt); • Subcategory (i.e., emergency, asset sales, third scorecard, modification to a mandatory account, conservation spending, highway, mass transit); • Jurisdiction (appropriations or authorizing committee); and • Whether the amount is for homeland security or overseas combating terrorism. <p>Report data by the categories listed in the next table, "Summary of BEA Data Classifications." Use multiple entries if more than one classification applies to the budgetary resources and outlays in an account.</p> <p>Applies to all line entries <i>except</i> the number of beneficiaries (line 9993).</p> <p>In most cases, if an account is classified as discretionary under the BEA, you classify any spending authority from offsetting collections (line 6890), the offsetting collections from which they are derived (lines 8800–8896), and the outlays from the offsetting collections (line 93xx) as <i>discretionary</i>. Likewise, you classify these amounts as <i>mandatory</i> in accounts designated as mandatory under the BEA, except for administrative expenses, which are classified as discretionary.</p> <p>All discretionary resources are under the jurisdiction of appropriations committees. The classification for mandatory resources differentiates between appropriations and authorizing committee jurisdiction.</p>

SUMMARY OF BEA DATA CLASSIFICATIONS

If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
Discretionary	Appropriations committee	None of the conditions described below applies.	<p>DISCRETIONARY</p> <p><i>This category includes spending authority that requires appropriations committee action and the associated outlays, as well as receipts made available through action by appropriations committees in discretionary accounts.</i></p> <p><i>Do not use this category if amounts can be classified in any of the other discretionary categories described below.</i></p>
		The amounts include proposed emergency funding (i.e., funding that is proposed to be designated as emergency by the President and Congress in statute).	DISCRETIONARY, EMERGENCY
		Use for amounts from the Emergency Response Fund	DISCRETIONARY, TERRORIST RESPONSE
			<i>Only applies to new emergency funding proposed in the budget. Use only with OMB approval.</i>

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If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
		established pursuant to P.L. 107-38 and other emergency funding provided in FY 2002 supplemental appropriations acts for response and recovery activities related to the September 11, 2001 terrorist attacks.	<i>Use only with OMB approval.</i>
		The amounts include <i>asset sales</i> enacted in an appropriations act that cannot be counted for BEA scoring (i.e., those where the net financial cost to the Government is a loss (see Appendix A, rule 15)).	DISCRETIONARY, ASSET SALES <i>Use only with OMB approval.</i>
		The amounts are under the <i>discretionary highway category</i> of the BEA, as amended by the Transportation Equity Act for the 21 st Century (P.L. 105-178).	DISCRETIONARY, HIGHWAY <i>Classify amounts in excess of the highway category spending cap as "discretionary" not as "discretionary, highway."</i>
		The amounts are under the <i>discretionary mass transit category</i> of the BEA, as amended by the Transportation Equity Act for the 21 st Century (P.L. 105-178).	DISCRETIONARY, MASS TRANSIT <i>Classify amounts in excess of the mass transit category spending cap as "discretionary" not as "discretionary, mass transit."</i>
		The amounts are under the <i>Federal and State land and water conservation fund sub-category</i> of the BEA, as amended by the Department of the Interior and Related Agencies Appropriations Act, 2001 (P.L. 106-291).	DISCRETIONARY, CONSERVATION SPENDING, FEDERAL AND STATE LAND AND WATER CONSERVATION FUND
		The amounts are under the <i>State and other conservation sub-category</i> of the BEA, as amended by the Department of the Interior and Related Agencies Appropriations Act, 2001 (P.L. 106-291).	DISCRETIONARY, CONSERVATION SPENDING, STATE AND OTHER CONSERVATION
		The amounts are under the <i>urban and historic preservation sub-category</i> of the BEA, as amended by the	DISCRETIONARY, CONSERVATION SPENDING, URBAN AND HISTORIC PRESERVATION

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If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
		<p>Department of the Interior and Related Agencies Appropriations Act, 2001 (P.L. 106–291).</p> <p>The amounts are under the <i>payments in lieu of taxes sub-category</i> of the BEA, as amended by the Department of the Interior and Related Agencies Appropriations Act, 2001 (P.L. 106–291).</p>	DISCRETIONARY, CONSERVATION SPENDING, PAYMENTS IN LIEU OF TAXES
		<p>The amounts are under the <i>Federal deferred maintenance sub-category</i> of the BEA, as amended by the Department of the Interior and Related Agencies Appropriations Act, 2001 (P.L. 106–291).</p>	DISCRETIONARY, CONSERVATION SPENDING, FEDERAL DEFERRED MAINTENANCE
		<p>The amounts are under the <i>coastal assistance sub-category</i> of the BEA, as amended by the Department of the Interior and Related Agencies Appropriations Act, 2001 (P.L. 106–291).</p>	DISCRETIONARY, CONSERVATION SPENDING, COASTAL ASSISTANCE
		<p>Appropriations action modifies the spending authority or receipts in an otherwise mandatory account.</p>	DISCRETIONARY, MODIFICATION OF A MANDATORY ACCOUNT <i>Does not apply to baseline estimates. Use only with OMB approval.</i>
Mandatory	Appropriations committee	None of the conditions described below applies.	MANDATORY, APPROPRIATIONS COMMITTEE <i>Do not use this category if amounts can be classified in any of the other mandatory categories described below.</i>
		<p>The amounts include <i>emergency funding</i> (i.e., funding that is proposed to be designated as emergency by the President and Congress in statute).</p>	MANDATORY, EMERGENCY, APPROPRIATIONS COMMITTEE <i>Use only with OMB approval.</i>
		<p>The amounts result from proposed legislative changes to mandatory budget authority, outlays or receipts that are not scored as PAYGO or subject to discretionary limits under the BEA. Includes changes that</p>	MANDATORY, THIRD SCORECARD, APPROPRIATIONS COMMITTEE <i>Does not apply to schedules K or S.</i>

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If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
		are "level of effort" changes, or when the level of receipts is dependent upon the amount of annual appropriations.	
	Authorizing committee	None of the conditions described below applies.	MANDATORY, AUTHORIZING COMMITTEE <i>Do not use this category if amounts can be classified in any of the other mandatory categories described below.</i>
		The amounts include emergency funding (i.e., funding that is proposed to be designated as emergency by the President and Congress in statute.)	MANDATORY, EMERGENCY, AUTHORIZING COMMITTEE <i>Use only with OMB approval.</i>
		The amounts include asset sales that are enacted in an authorization act that cannot be counted for BEA scoring (i.e., those where the net financial cost to the Government is a loss (see Appendix A, rule 15)).	MANDATORY, ASSET SALES, AUTHORIZING COMMITTEE <i>Use only with OMB approval.</i>
		The amounts result from proposed legislative changes to mandatory budget authority, outlays, or receipts that are not scored as PAYGO or subject to discretionary limits under the BEA.	MANDATORY, THIRD SCORECARD, AUTHORIZING COMMITTEE <i>Does not apply to schedules K or S.</i>
Net interest		None of the conditions described below applies.	NET INTEREST <i>Applies to budget authority, outlays, and offsetting receipts included in the net interest functions (function 900).</i>
		The amounts result from proposed legislative changes to interest budget authority, outlays, or receipts under authorizing committee jurisdiction that are not scored as PAYGO or subject to discretionary limits under the BEA.	NET INTEREST, THIRD SCORECARD <i>Does not apply to schedules K or S.</i>
Governmental receipts	Authorizing committee	None of conditions described below applies.	GOVERNMENTAL RECEIPTS <i>Applies to governmental receipts in</i>

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If the resource is classified by the BEA as ...	And is controlled by the ...	And the following conditions apply ...	Then the data classification is ...
			<i>schedules K and R.</i>
		The amounts result from proposed legislative changes to Governmental receipts under authorizing committee jurisdiction that are not scored as PAYGO or subject to discretionary limits under the BEA.	GOVERNMENTAL RECEIPTS, THIRD SCORECARD <i>Applies to governmental receipts in schedule R; does not apply to schedule K.</i>
	Appropriations committee	The amounts result from appropriations action modifying Governmental receipts.	DISCRETIONARY MODIFICATION OF GOVERNMENTAL RECEIPTS <i>Applies to governmental receipts in schedule R; does not apply to schedule K. Use only with OMB approval.</i>

81.4 What line codes do I use for A, S, R, and K?

(a) *Budgetary resources.*

The line numbers indicate the type of budgetary resource and whether it is discretionary or mandatory. The following table indicates the line numbers used to report budgetary resources. The lines apply to schedules A and S unless otherwise specified.

BUDGETARY RESOURCES*

Entry	Description
4300–5590	Discretionary budget authority. Use total lines (lines 4300, 4790, 4990, 5300, 5590) to report the appropriate amounts from the program and financing schedule for each applicable type of authority (see section 82.3). Use separate lines to report rescissions and reductions of unobligated balances if a different outlay rate is needed.
6250–6790	Mandatory budget authority. Use total lines (lines 6250, 6390, 6590, 6690, or 6790) to report the appropriate amounts from the program and financing schedule for each applicable type of authority (see section 82.3).
6890	Discretionary spending authority from offsetting collections. Use line 6890 to report the appropriate amounts from the program and financing schedule (see section 82.3).
6990	Mandatory spending authority from offsetting collections. Use line 6990 to report the appropriate amounts from the program and financing schedule (see section 82.3).
700x <i>Memorandum entry</i>	Limitations. Amount of the limitation where “x” indicates the specific limitation involved. Includes enacted or proposed limitations on obligations or administrative expenses. See section 81.4(b) for the coding scheme for limitations.

Mandatory budget authority that is subject to a discretionary limitation on obligations

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Entry	Description
	established 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.
9993 <i>Memorandum entry</i> <i>Only applies to schedule S</i>	Number of beneficiaries (in thousands). Report the annual average number of beneficiaries that are served by Federal hospital insurance, supplementary medical insurance, unemployment insurance, and rail industry pension fund programs. MAX uses these data to generate discretionary baseline budget authority for administrative expenses for these programs.

*Do not report baseline data (schedule S) for the PY.

(b) *Limitations.*

MAX includes data on limitations for selected accounts where limitations on program level or administrative expenses are enacted or proposed. Limitation lines are also used, with OMB approval, for special purposes, such as to report information on mandatory administrative expenses for the social security and medicare trust funds.

The limitation(s) applicable to an account must be specified on the BAT file (see [section 79.1](#)) before you can report limitation data in MAX. When more than one limitation is applicable, report each one separately. Present any supplemental requests involving limitations in a schedule under a separate transmittal code, even if a separate program and financing schedule is not required. Limitation lines apply to schedules A and S.

(c) *Offsets.*

Provide data on offsetting collections (i.e., cash credited to the account) and changes in receivables and unpaid, unfilled orders from Federal sources for all accounts with spending authority from offsetting collections (lines 6890 or 6990). The following table indicates the line numbers used to report offsets. The lines apply to schedules A and S.

OFFSETS*

Entry	Description
	Offsetting collections (cash) from: (see section 82.6 for line definitions)
8800	Federal sources
8820	Interest on Federal securities
8825	Interest on uninvested funds
8840	Non-Federal sources
8845	Offsetting governmental collections (from non-Federal sources)

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

Entry	Description
8895	Change in uncollected customer payments from Federal sources (unexpired
8896	Portion of cash collections credited to expired accounts (-)

* Do not report baseline data (schedule S) for the PY.

(d) *Outlays.*

For discretionary programs, you must report outlays from end of PY balances as memorandum (non-add) entries in schedule S through BY+9. MAX will automatically copy this information to schedule A and use it (along with the outlay rates you provide) to calculate discretionary policy and baseline outlay estimates. Specifically, MAX will use the data entered for these memorandum entries (lines 9122, 9322, or 9822) to calculate the corresponding outlays from balances (lines 9121, 9321, and 98xx). If you enter these data for mandatory programs, along with outlay rates, MAX will calculate the corresponding outlays. However, you may override and change the automatically calculated mandatory outlays.

The total gross outlays reported for PY through BY in schedule A (i.e., the sum of lines 91xx through 98xx, excluding memorandum entries) must be consistent with those reported in MAX schedule P on line 7320. The distribution of PY outlays between those from new budget authority and those from balances of prior authority should be available from accounting records. Estimate the distribution of outlays for CY through BY+9 between those from new budget authority and those from balances based on experience in the timing of outlays for the respective obligations.

The following table indicates the line numbers used to report outlays. The lines apply to schedules A and S unless otherwise specified.

OUTLAYS*

Entry	Description
9111	<p><i>Outlays from new authority.</i> The outlays from new budget authority for that year. These outlays may not exceed the sum of budget authority entries in the program and financing schedule (lines 40xx through 67xx) for that year.</p> <p>Exclude outlays from new limitations reported on line 97xx and outlays from new spending authority from offsetting collections reported on line 93xx.</p>
9121	<p><i>Outlays from balances.</i> The outlays from balances (both obligated and unobligated) of budget authority brought forward from the previous year. The sum of outlays on lines 9121 and 9221 may not exceed balances at the start of the year (lines 2140 and 7240 of schedule P), plus or minus adjustments in those balances during the year (lines 2221, 2222, 7331, 7332, and 7340 of schedule P).</p> <p>Exclude outlays from prior limitations reported on line 98xx and outlays from balances of spending authority from offsetting collections reported on line 9321.</p>

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

Entry	Description
9122 <i>Memorandum entry</i>	<p><i>Outlays from end of PY balances.</i> The outlays that will occur each year (CY-BY+9) from balances of budget authority made available prior to the current year. Do not report outlays from new budget authority provided in CY-BY+9.</p> <p>Include outlay impact (+ or –) of balance transfers (lines 2221, 2222, 7331, 7332 in schedule P) and adjustments in expired accounts (line 7340 in schedule P).</p> <p>Exclude outlays from end of PY balances of prior limitations reported on line 9822 and outlays from end of PY balances of prior spending authority from offsetting collections reported on line 9322.</p> <p>MAX will copy the data entered in schedule S to schedule A and use it to calculate discretionary outlays from balances on line 9121.</p>
9311	<p><i>Outlays from new spending authority from offsetting collections.</i> The outlays from new spending authority from offsetting collections becoming available in that year. These outlays cannot exceed the total amount reported on lines 68xx and 69xx of the program and financing schedule for that year.</p>
9321	<p><i>Outlays from balances of spending authority from offsetting collections.</i> The outlays from balances (both obligated and unobligated) of spending authority brought forward from a previous year.</p>
9322 <i>Memorandum entry</i>	<p><i>Outlays from end of PY balances of spending authority from offsetting collections.</i> The outlays that will occur each year (CY-BY+9) from balances of spending authority from offsetting collections made available prior to the current year. Do not report outlays from new spending authority provided in CY through BY+9.</p> <p>Include outlay impact (+ or –) of balance transfers (lines 2221, 2222, 7331, 7332 in schedule P) and adjustments in expired accounts (line 7340 in schedule P).</p> <p>Exclude outlays from end of PY balances of budget authority reported on line 9122 and outlays from end of PY balances of prior limitations reported on line 9822.</p> <p>MAX will copy the data entered in schedule S to schedule A and use it to calculate discretionary outlays from balances on line 9321.</p>
970X	<p><i>Outlays from new limitations.</i> The outlays from new limitations (i.e., outlays from limitations in the year the limitations were enacted or proposed), where "X" indicates the specific limitation involved. Include outlays from spending authority from offsetting collections that are controlled through new limitations.</p>
980X	<p><i>Outlays from prior limitations.</i> The outlays from prior limitations (i.e., outlays from limitations that were enacted in prior years), where "X" indicates the specific limitation involved. Include outlays from spending authority that are controlled through prior limitations.</p>
9822 <i>Memorandum entry</i>	<p><i>Outlays from end of PY balances of prior limitations.</i> The outlays that will occur each year (CY-BY+9) from balances of limitations that were enacted prior to the current year. Do not report outlays from limitations enacted or proposed for CY through BY+9.</p> <p>Exclude outlays from end of PY balances of budget authority reported on line 9122 and outlays from end of PY balances of spending authority from offsetting collections reported on line 9322.</p> <p>MAX will copy the data entered in schedule S to schedule A and use it to calculate discretionary outlays from prior limitations balances on line 98xx.</p>

*Do not report baseline data (schedule S) for the PY.

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

(e) Receipts data

You must report data on all collections deposited in receipt accounts (i.e., receipts and offsetting receipts) in schedules R and K. The line numbers for offsetting receipts are also used to designate receipt character classification (see [section 84.4](#)). Only one character classification (line number) is valid for each receipt account and that information must be specified on the BAT file (see section 79.1) before you can report the character classification data for the applicable account. The following table indicates the line numbers used to report receipts in schedules K and R:

RECEIPTS*

Entry	Title	Description
0000-00	<i>Receipts</i>	Report all collections classified as governmental receipts (see section 20.7).
	<i>Offsetting receipts:</i>	Report all offsetting receipts based on the character classification of the receipts (see section 84.4). <i>Most offsetting receipts will be reported on line 2004-03.</i>
1330-03	Proceeds from sale of commodities	
1340-03	Receipts from sales of property or assets	
1352-03	Receipts from other physical assets	
1512-03	Receipts for education and training	
2004-03	All other offsetting receipts	

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

Relationships Between Schedules A, K, P, R, and S

This exhibit provides some basic tips for updating MAX. Although there are many ways to revise the database, the following approach takes advantage of the automatic copy features in MAX.

In updating the database, 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 MAX copies some schedule A data to schedule P, revise the PY column of schedule A before updating other data. For CY through BY+9, users should revise schedule S before updating schedule A, since MAX copies some schedule A data from schedule S. Likewise, since MAX copies some schedule K data to schedule R, update schedule K before schedule R.

SCHEDULE P (PROGRAM AND FINANCING SCHEDULE)

For PY:

- Obligations, balances, and outlays are automatically loaded into the obligations line (1000), balance lines (2140, 2440, 7240, and 7440), and net outlays line (9000) from the *FACTS II*.¹
- Other data (e.g., appropriations, reductions, etc.) should be consistent with the corresponding data reported to Treasury via *FACTS II*.
- 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.

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 copied to schedule A.
- You may use MAX to calculate mandatory baseline outlays through BY+9. Enter the mandatory budgetary resources for CY through BY+9, CY and BY outlay rates, and outlays from end of PY balances of mandatory resources (9x22) to generate mandatory baseline outlays.
- MAX calculates discretionary baseline budget authority, offsetting collections, and outlays through BY+9. Enter CY discretionary budgetary resources, CY and BY outlay rates, and outlays from end of PY balances of discretionary budgetary resources to generate discretionary baseline estimates. Users may overwrite the amounts for offsetting collections (lines 6890 and 8800-8845).
- Outlays from end of PY balances of budgetary resources (lines 9x22) are copied to schedule A. MAX uses these data to calculate discretionary outlays from balances (lines 9x21) in schedules A and S.

SCHEDULE A (POLICY BUDGET AUTHORITY AND OUTLAYS)

For PY:

- Enter data for mandatory and discretionary policy estimates directly into schedule A.

For CY-BY+9:

- Mandatory policy estimates in schedule A are copied from schedule S; to revise amounts in schedule A, change the amounts in schedule S².
- MAX calculates discretionary policy budget authority as well as offsetting collections entries for BY+1 through BY+9. Users may overwrite the amounts for offsetting collections (lines 6890 and 8800-8845).
- MAX calculates discretionary policy outlays through BY+9. Enter discretionary budgetary resources through BY and CY and BY outlay rates. Outlays from end of PY balances of discretionary resources (lines 9x22) must be entered in schedule S, are copied to schedule A, and are used to calculate discretionary policy outlays from balances (lines 9x21).

For PY-BY:

- Outlay data in schedule A will be copied to lines 86xx in schedule P.

SCHEDULE K (BASELINE RECEIPTS)

For CY-BY+9:

- Mandatory current law baseline receipts must be entered in schedule K under transmittal code 0 and are copied to schedule R.
- Other baseline receipts entered in schedule K are not copied to schedule R.

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 in schedule R are copied from schedule K; to revise amounts in schedule R, change the amounts in schedule K.²
- MAX calculates discretionary policy offsetting receipts for BY+1 through By+9 (based on policy growth rates). Users may overwrite these amounts.
- Other policy receipts can be entered directly to schedule R.

¹PY data on these lines cannot be revised by agencies. If an agency does not agree with the obligations, balances, net outlay or receipt amounts loaded into MAX, an explanation of the differences should be submitted to the agency's OMB representative (see [section 82.15](#)).

²Applies to transmittal code 0 only. Data for other transmittal codes are entered directly in schedule A or R, as appropriate.

Setting Up Outlay Calculations

S-4300 01 Appropriation (total) Discretionary						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Rates ¹	5.155	44.43	20.16	13.87	10.88	2.85
BY 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 Rates ¹	1.15	.75	.50	.25	.005	100.0
BY 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 Rates ¹	100.0	---	---	---	---	---
BY Rates ²	95.0	5.00	---	---	---	---
	Year 7	Year 8	Year 9	Year 10	Year 11	Total ³
CY Rates ¹	---	---	---	---	---	100.0
BY Rates ²	---	---	---	---	---	100.0

¹ Enter the outlay rates for the budgetary resources provided in the current year. For this purpose, Year 1 represents CY, Year 2 represents BY, etc. Outlay rates must be provided for each type of budgetary resource. *Amounts will be reported as percentages, with the option to include up to six decimal places.*

² Enter the outlay rates for the budgetary resources provided in the budget year. For this purpose, Year 1 represents BY, Year 2 represents BY+1, etc. Outlay rates must be provided for each type of resource. *Amounts will be reported as percentages, with the option to include up to six decimal places.*

³ Outlay rates should total 100 percent unless the budget authority does not spend out within eleven years; the total should never exceed 100 percent.

Note: Agencies have the option of using MAX to automatically calculate mandatory outlays.

Setting Up Outlay Calculations -- Resource with Multiple Outlay Rates

Use multiple line sequence numbers when you have multiple outlay rates (e.g., reductions or rescissions of unobligated balances) or want to generate separate outlay data (see Exhibit 81D).

BA, Limitations, and Outlays--Baseline (S)
 4300 01 Appropriations (total)
 Discretionary **OL Rates**
 Non-Pay

PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5
	8,098	8,341	8,600	8,866	9,141	9,424	9,820

Estimates for BY+6 through BY+9 can be viewed by scrolling across the MAX screen.

Outlay rates (entered for line 4300 01) for non-pay. Outlay rates are entered from the EDIT SETUP OUTLAY CALCULATION menu.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Rates:	10.00	10.00	10.00	10.00	10.00	10.00
BY 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 Rates:	10.00	10.00	10.00	10.00	---	100.00
BY Rates:	10.00	10.00	10.00	10.00	---	100.00

4300 02 Appropriations (total)
 Discretionary **OL Rates**
 Civilian-Pay

PY	CY	BY	BY+1	BY+2	BY+3	BY+4	BY+5
	23,296	24,438	25,464	26,533	27,648	28,809	30,019

Estimates for BY+6 through BY+9 can be viewed by scrolling across the MAX screen.

Outlay rates (entered for line 4300 02) for civilian pay. Outlay rates are entered from the EDIT SETUP OUTLAY CALCULATION menu.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
CY Rates:	85.00	15.00	---	---	---	---
BY Rates:	85.00	15.00	---	---	---	---
	Year 7	Year 8	Year 9	Year 10	Year 11	Total
CY Rates:	---	---	---	---	---	100.00
BY Rates:	---	---	---	---	---	100.00

Automatic Generation of Discretionary Outlays in Schedule A

To generate outlays automatically, enter discretionary budgetary resources and outlay rates in schedule A and enter outlays from end of PY balances in schedule S, which MAX then copies to schedule A

Budget authority reported under line sequence numbers 01-39 are rolled up into a single outlay entry with a line sequence number of 01 for each BEA category. To generate separate discretionary outlay data for programs within an account, report the corresponding budget authority using a line sequence number in the range 40-79.

On line 9111, MAX calculates outlays using the first year outlay rate for new discretionary budget authority (line 4300) reported for the year.

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 **OL Rates**	40	45	50	50	50	50	50	50	50	50	50	50
9111 751 Outlays from new authority discretionary	8	9	10	10	10	10	10	10	10	10	10	10
9121 751 Outlays from balances discretionary	14	14	22	34	39	33	40	40	40	40	40	40
Line 9121 is comprised of:												
Outlays from end of PY balances	n/a	14.0	6.0	12.0								
Spendout of CY balances			15.8	6.8	13.5							
Spendout of BY balances				15.0	10.0							
Spendout of BY+1 balances					15.0	10.0	7.5					
Spendout of BY+2 balances						15.0	10.0	7.5	7.5			
Spendout of BY+3 balances							15.0	10.0	7.5	7.5		
Spendout of BY+4 balances								15.0	10.0	7.5	7.5	
Spendout of BY+5 balances									15.0	10.0	7.5	7.5
Spendout of BY+6 balances										15.0	10.0	7.5
Spendout of BY+7 balances											15.0	10.0
Spendout of BY+8 balances												15.0
9122 751 Outlays from end of PY balances discretionary		14	6	12								

Agencies enter line 9x22 information in schedule S. MAX copies the data from schedule S into schedule A. These data are necessary to generate correct amounts on lines 9x21.

Assumption:	Year 1	Year 2	Year 3	Year 4	Year 5	Total
CY outlay rates..	20.00	35.00	15.00	30.00		100
BY outlay rates..	20.00	30.00	20.00	15.00	15	100

Note.--MAX applies the BY outlay rates to budget authority for BY and beyond.

To enter CY and BY outlay rates, select "Edit," "Setup Outlay Calculations" from the pull down menu (see exhibits 81B and 81C).

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.)

SECTION 82—PROGRAM AND FINANCING (SCHEDULE P) ([CLICK HERE TO GET UPDATED FILE](#))**Table of Contents***Overview*

82.1 What is the purpose of the program and financing schedule and how is it organized?

Detailed Guidance on the Program and Financing Schedules

82.2 How do I report obligations?

82.3 How do I report the budgetary resources available for obligation?

82.4 How do I report obligated balances?

82.5 How do I report outlays?

82.6 How do I show net budget authority and outlays?

82.7 What additional information must I report on schedule P?

Special Requirements

82.8 How do I present enacted reductions of budget authority?

82.9 How do I present rescission proposals?

82.10 How do I present supplemental appropriations requests and items proposed for later transmittal?

82.11 How do I present transfers of resources?

82.12 How do I present transfers in the estimates?

82.13 How do I present merged accounts and consolidated schedules?

82.14 How should I treat allocation accounts?

82.15 Do the actuals I report in schedule P need to be tie to the actuals I reported to Treasury?

Ex-82 Automatic Generation of MAX Schedule P Data

Summary of Changes

Removes ability to override generated subtotals and totals (section 82.1).

Clarifies the reporting of obligations for program activities and provides non-add performance activity lines for use when the level of funding within a program that finances a specific performance metric is known (section 82.2).

Adds a line to schedule P for reporting extensions in the availability of expired funds that are not reported as reappropriations (section 82.3).

Identifies schedule P lines that are copied into schedule N (section 82.3).

Instructs agencies to report transfers from mandatory to discretionary accounts on corresponding lines (section 82.3).

Clarifies description of reappropriations (section 82.3).

Simplifies the presentation of rescissions and reductions of budget authority and distinguishes between temporary and permanent reductions (sections 82.3 and 82.8).

Drops memorandum entries for fully accruing retirement costs (section 82.7).

Adds four memorandum lines for unobligated and obligated balances of contract authority (section 82.7).

Requires additional lines in schedule P to tie to amounts reported in FACTS II (section 82.15).

82.1 What is the purpose of the program and financing schedule and how is it organized?

This Appendix schedule presents information on agency programs, the allocation of budgetary resources by activity, the status of those resources, and spending patterns. It is used to:

- Analyze and evaluate the estimates;
- Compare enacted funding levels to the President's request;
- Relate budget formulation to budget execution (estimates to actuals); and
- Identify programmatic and historical trends.

The schedule covers PY through BY, except Defense agencies must also report on BY+1 in the years they are required to submit a biennial budget request. MAX generates schedule P from data that you enter:

- Directly into schedule P;
- Into schedule A; and
- Into Treasury systems for preparation of the Treasury Combined Statement.

The MAX system automatically generates totals and subtotals, start of year balances, and selected other entries, including net outlays for the past year (see [exhibit 82](#)). In most cases, you will not be able to override the generated amounts. [Section 79](#) describes the MAX budget system, and the MAX A-11 User's Guide provides detailed information on the system.

Schedule P consists of the following parts:

- Obligations by program activity ([section 82.2](#)).
- Budgetary resources available for obligation ([section 82.3](#)).
- New budget authority (gross), detail ([section 82.3](#)).
- Change in obligated balances ([section 82.4](#)).
- Outlays (gross), detail ([section 82.5](#)).
- Offsets to gross budget authority and outlays ([section 82.6](#)).
- Net budget authority and outlays ([section 82.6](#)).
- Memorandum (non-add) entries ([section 82.7](#)).

82.2 How do I report obligations?

Schedule P shows the activities or projects financed by the account and the amount of budgetary resources required to finance these activities and projects. It presents the new obligations estimated to be incurred for each activity (see [section 20.5](#) for instructions on when to record obligations). In some cases, schedule P also contains non-add performance activities within a program activity. See paragraph (e) below for additional information on performance activities.

(a) *Selecting program activities.*

Use activities that provide a constructive basis for analyzing and evaluating the estimates. Keep the number of activities to a reasonable minimum without sacrificing clarity. Do not use subactivities (such as projects or recipient institutions), unless the amounts are significant and the breakdown necessary to provide full understanding. The activities should:

- Clearly indicate the services to be performed or the programs to be conducted;
- Finance no more than one strategic goal or objective;
- Distinguish investment, developmental, grant and subsidy, and operating programs; and,
- Relate to administrative control and operation of the agency.

Unless otherwise noted, you must

- Distinguish direct obligations from reimbursable programs; and,
- Have adequate accounting support for obligations shown in the actual column.

Having adequate accounting support means that your agency's financial system records obligations in a way that allows you to create a straight-forward cross-walk between the projects or limitations in the financial system and schedule P program activities. Typically, you will have many projects or limitations in your financial systems that correspond to one schedule P activity.

Prior to publication of the FY 2005 Budget, about 40 percent of executive branch programs will have been evaluated using the Program Assessment Rating Tool (PART). When a PART program corresponds to a schedule P program activity, you should indicate in the narrative statement that the schedule P activity has been evaluated with the PART.

In those cases when a PART program fits within a budget account, but is not currently a schedule P program activity, you are encouraged to modify the program activity section so that the PART program becomes a discrete schedule P activity.

Obtain approval for any changes in activity structure from OMB prior to your initial submission.

(b) *Allocating expenses to activities.*

Charge personnel compensation to activities on the basis of organizational units or on the basis of specific assignments. When feasible, distribute other administrative and overhead expenses among activities. However, you must be able to readily separate these overhead expenses from other charges. If you need to distribute amounts between two or more activities, base the distribution on readily supportable factors. Be consistent from year to year, and do not rely on overly detailed procedures.

Do not report adjustments to obligations in expired accounts in this part of schedule P. Report them under changes in obligated balances, on line 7340 of (see [section 82.4](#)). For the regular budget schedules (transmittal code 0), you must report all obligations as positive amounts.

(c) *Reimbursable programs.*

If your account includes reimbursable obligations (see [section 20.5](#)), show the obligations financed by reimbursements separately from direct obligations. Use the side headings "Direct program" and "Reimbursable program" (illustrated in [exhibit 130](#)) to distinguish between the different types of obligations. List activities under each side heading if the amounts are significant or add to the

SECTION 82—PROGRAM AND FINANCING (SCHEDULE P)

understanding of the program. If the same activities are conducted on both a direct and reimbursable basis, you may list the same entries in both sections.

Report all the obligations in non-credit revolving fund accounts as reimbursable; report all the obligations in credit program and liquidating accounts as direct. You must report direct and reimbursable obligations in schedule P and in the object classification schedule on a consistent basis and the amounts must tie.

(d) *Program activity codes.*

Program activity codes are unique to each account and have no relationship to the codes shown in other schedules, except for credit programs (as described below). Use the four-digit line numbering scheme described in the following table to code the activities and subactivities listed in schedule P. Code descriptive side headings only if no activities are listed under the side heading and amounts are reported opposite the side heading.

(e) *Performance activities.*

When you know the level of funding within a program activity that finances a specific performance metric (e.g., outcomes or outputs), you should show the metric and its obligations on a performance activity line. The obligations for performance activities are non-add entries.

OBLIGATIONS BY PROGRAM ACTIVITY

Entry	Description
All accounts:	
0xxx	The first digit will always be zero (0).
Non-credit programs:	
	The line codes are unique to each account and have no relationship to information shown in other schedules.
Direct programs:	
0Xxx	For the second digit, use the values 0 through 8 to identify the activity or subactivity group.
0xXX	For the third and fourth digits, use the values 01 through 89 to identify activity or subactivity detail items. Any number sequence in this range is valid. For subtotals, use the values 91 through 98 as follows: <ul style="list-style-type: none"> • Xx91—Single activity or subactivity group subtotal • Xx92—Subtotal of two activity or subactivity groups • Xx93—Subtotal of three activity or subactivity groups Use the value 00 for running subtotals (i.e., previous subtotal plus additional activity or subactivity group).
Reimbursable programs:	
	The second digit will always be 9.
09Xx	For the third digit, use the values 0 through 8; for the fourth digit, use the values 1 through 8 to identify activity or subactivity detail items.

Entry	Description
09xX	<p>For subtotals, use the value 9 for the fourth digit as follows:</p> <ul style="list-style-type: none"> • 0909—Subtotal of activities on lines 0901 through 0908 • 0919—Subtotal of activities on lines 0910 through 0918 • 0929—Subtotal of activities on lines 0920 through 0928 • 0939—Subtotal of activities on lines 0930 through 0938 <p>Use the value 0999 for reporting total reimbursable obligations when both direct and multiple reimbursable activities are reported.</p>
<i>Credit programs:</i>	Use the following standard line coding scheme for credit programs. See sections 185.10 and 185.11 for more information on requirements related to credit financing and liquidating accounts.
Credit program accounts:	
0001	Direct loan subsidy
0002	Loan guarantee subsidy
0003	Subsidy for modifications of direct loan terms
0004	Subsidy for modifications of loan guarantees
0005	Reestimates of direct loan subsidy
0006	Interest on reestimates of direct loan subsidy
0007	Reestimates of loan guarantees
0008	Interest on reestimates of loan guarantee subsidy
0009	Administrative expenses
Credit financing accounts:	
0001–0009	Obligations for post–1991 direct loan disbursements, default claims, interest supplements to lenders, interest on debt owed to Treasury
0801	Negative subsidies paid to receipt accounts
0802	Downward reestimates paid to receipt accounts
0803	Adjusting payments to liquidating accounts
All accounts:	
1000	Total new obligations. This is the final entry in this part of schedule P. MAX requires this line whenever new obligations are reported and will generate this line from the detail you enter. Equals line 2395, with the opposite sign.
<i>Accounts with performance activities:</i>	Show performance activities using the same line number as the program activity, but include a line serial number for each performance activity.
xxxx.XX	Note that each performance activity line in schedule P must have a corresponding line in the performance metrics schedule (see section 85).

82.3 How do I report the budgetary resources available for obligation?

Schedule P identifies all the budgetary resources available for obligation in the account and provides detailed information on the new budget authority in the account.

(a) Budgetary resources available for obligation.

Schedule P tracks the status of budgetary resources available for obligation from the start of the fiscal year to the end of the fiscal year. The resources include unobligated balances carried over from prior years, new budget authority, and adjustments to those amounts (such as transfers of balances to and from other budget accounts and recoveries resulting from downward adjustments of prior year obligations). You deduct new obligations and expiring or withdrawn amounts to arrive at the end-of-year unobligated balances. Do not include expired amounts or amounts unavailable for obligation.

Use the entries in the following table to prepare this section of schedule P. Consult with OMB if you want to modify the standard line titles. MAX will automatically generate the line entries indicated in **boldface**.

BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION

Entry	Description
2140 Unobligated balance carried forward, start of year	Unobligated balance of appropriations or other budgetary resources carried forward from the preceding year and available for obligation without new action by Congress. MAX copies CY and BY from the end of year amounts reported on line 2440 for the previous year. Includes uninvested balances and balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount). Includes all unobligated balances (appropriations, authority to borrow, contract authority, fund balances) at the start of the year. Does not include any deficiencies reported in the prior year's budget on line 2397 that have been liquidated by an appropriation or spending authority from offsetting collections; expired unobligated balances; or special and trust fund amounts and offsetting collections that are not available for obligation because provisions of law, such as benefit formulas or limitations on obligations (see section 20).
2200 New budget authority (gross)	The total amount of gross budget authority. Automatically generated from the sum of the detailed budget authority entries on lines 4000 through 6962. It also equals line 7000.
2210 Resources available from recoveries of prior year obligations	Amount made available for obligation in no-year and <i>unexpired</i> multiple-year accounts through recoveries (i.e., deobligation or downward adjustments) of obligations incurred in prior years. Equals line 7345, but with opposite sign.
Use line 2210 only for PY or CY if recoveries have already occurred prior to transmittal of the budget—unless specifically approved in advance by OMB.	Note: Net recoveries of current year obligations against new obligations for the same year without further identification. Report recoveries of prior year obligations in expired annual and multiple-year accounts on line 7340.
2221 Unobligated balance transferred to other accounts (-) [xx-xxxx]	Amount of unexpired unobligated balance transferred to other accounts that represents an adjustment to the accounts involved and does not involve an obligation or an outlay (see section 20).

Entry	Description
2222 Unobligated balance transferred from other accounts (+) [xx-xxxx]	<p>Use only for transfers of balances of prior year resources when the purpose of the funding has not changed (e.g., transfers of activities under reorganization plans) or transfers of balances resulting from general transfer authority. Show transfers of balances of prior year resources that result from legislation that changes the purpose for which the amounts are available as adjustments to budget authority on line 4100. Generally, transfers to other accounts cannot exceed the unobligated balance at the start of the year.</p> <p>Amount of unexpired available unobligated balances transferred from other accounts that represents an adjustment to the accounts involved and does not involve an obligation or an outlay (section 20). Use only for transfers of balances of prior year resources when the purpose of the funding has not changed (e.g., transfers of activities under reorganization plans) or transfers of balances resulting from general transfer authority. Show transfers of balances of prior year resources that result from legislation that changes the purpose for which the amounts are available as adjustments to budget authority on line 4200.</p> <p>Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).</p>
2230 Expired unobligated balance transfer to unexpired account (+)	<p>Amount of expired unobligated balances transferred into this account as the result of authority to extend the period of availability of expired balances. Do not use for expired balance transfers that are considered to be reappropriations and must be reported as new budget authority (see sections 20.4(h) and 121.10). Also, amount of any expired expenditure transfers receivable transferred from an expired account to an unexpired account.</p> <p><i>See lines 5000/6300 for expired balance transfers that are classified as reappropriations.</i></p>
2240 Capital transfer to general fund (-)	<p>Amount of balances deposited to Treasury capital transfer receipt accounts, such as "Earnings of Government-owned enterprises," or "Repayments of capital investment, Government-owned enterprises." Don't include interest payments or capital transfers of offsetting collections received during the year (see lines 6827 and 6927).</p>
2260 Portion applied to repay debt (-)	<p>Amount of balances used for repayment of debt. Do not include appropriations or new offsetting collections used to retire outstanding debt (see lines 4047, 6047, 6847, and 6947).</p>
2270 Balance of authority to borrow withdrawn (-)	<p>Use these entries to report withdrawn unobligated balances of indefinite borrowing or contract authority realized in no-year or multiple year accounts through deobligation or downward adjustments of prior year obligations reported on lines 2210 and 7345.</p>
2275 Balance of contract authority withdrawn (-)	<p>Note: When new appropriations or spending authority from offsetting collections are used to liquidate obligations initially incurred against authority to borrow, report the amounts on lines 6053, 6853, or 6953, as appropriate.</p>

SECTION 82—PROGRAM AND FINANCING (SCHEDULE P)

Entry	Description
2380	Reduction pursuant to P.L. 99-177 in unobligated balances (discretionary) (-)
2385	Reduction pursuant to P.L. 99-177 in unobligated balances (mandatory) (-)
2390	Total budgetary resources available for obligation
2395	Total new obligations (-)
2397	Deficiency (-)
2398	Unobligated balance expiring or withdrawn (-)
2440	Unobligated balance carried forward, end of year
<i>Memorandum entry:</i>	
2441	Unobligated balance returned to receipts

Amount of cancellation of unobligated balances of prior year budgetary resources pursuant to Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H). *Use only for PY and CY and only in accounts in the national defense function (050).*

Automatically generated from the sum of lines 2140 through 2385, when there are multiple entries on lines 2140 through 2385.

Automatically copied from line 1000, with opposite sign.

Amount of obligations (as of the end of the year) that exceeds the budgetary resources available for obligation and requires an appropriation or future offsetting collections to liquidate. This amount is reportable as a violation of the Antideficiency Act. Use this entry in the year in which the deficiency is incurred. Also report the deficiency on line 9190 until liquidated.

Note: See [section 145](#) for additional reporting requirements on deficiencies.

Amount available for obligation during the year that ceased to be available for obligation during the fiscal year (other than amounts rescinded by law). Include expiring unobligated balances (even if they have been reappropriated) and unobligated balances returned to unappropriated receipts. Include unobligated balances of unexpired amounts written off or withdrawn by administrative action. Also, include recoveries of prior year obligations and cash refunds of previously appropriated receipts that are available for a subsequent appropriation and are returned to unappropriated receipts. Do not include cancellation of unobligated balances that expired in prior years. Do not include withdrawals of indefinite contract authority or borrowing authority when obligated balances are liquidated by offsetting collections (see lines 6849, 6949, 6853, and 6953).

Unobligated balance carried forward and available for obligation in the following year. Include uninvested balances and balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount). Include all unobligated balances available for obligation (appropriations, authority to borrow, contract authority, fund balances) at the end of the year. Do not include expired unobligated balances. Do not include special and trust fund amounts and offsetting collections that are not available for obligation *because* of provisions of law, such as benefit formulas or limitations on obligations (see [section 20.4](#)). Equals the sum of detail lines 2140 through 2398.

Portion of unobligated balance of special and trust fund appropriations expiring (reported on lines 2398 and 7340) that are returned to the receipt account and are available for subsequent appropriation action.

This line is copied into schedule N.

(b) *New budget authority (gross) detail.*

The entries indicate the type of budget authority (such as appropriations, contract authority, spending authority from offsetting collections) and whether the authority:

- Is discretionary or mandatory; and
- Pertains to a special or trust fund account.

Use separate entries to identify adjustments resulting from transfers, temporary and permanent reductions, capital transfers, repayments of outstanding borrowing, etc.

Discretionary budget authority means budget authority under the jurisdiction of appropriations committees and controlled by annual appropriations acts. It includes spending authority provided in appropriations acts except where such authority funds direct-spending programs, such as appropriated entitlements. Use the appropriate discretionary entries to report budget authority that is classified as *discretionary* under the BEA (see [sections 20.4](#) and [81.3](#)).

Mandatory budget authority means budget authority resulting from permanent laws and includes programs the BEA defines as "appropriated entitlements and mandatories." Use the appropriate mandatory entries to report all budget authority that is classified as *mandatory* under the BEA, as well as budget authority that is classified as *net interest*. Also use the appropriate mandatory entries to report budget authority associated with credit financing accounts.

Use the entries in the following table to prepare this section of schedule P. The table is arranged by type of budget authority and shows the applicable discretionary and mandatory entries for each. Consult with OMB if you want to modify the standard line titles. MAX will automatically generate the line entries indicated in **boldface**.

NEW BUDGET AUTHORITY (GROSS), DETAIL

Entry	Discre- tionary	Man- datory	Description
<i>APPROPRIATIONS</i>			
Appropriation	4000	6000	Amount appropriated, estimated or requested to be appropriated from general funds. Include amounts for liquidation of contract authority, debt reduction, and liquidation of deficiencies, when applicable. For indefinite amounts, the past year amount will equal the amount certified by appropriation warrants after being reduced by any excess resources returned to the Treasury. Report the amount of emergency appropriations enacted or requested as discretionary appropriations, including amounts that are contingent on the President submitting a budget request to Congress designating the amount as an emergency requirement.
Appropriation (special fund)	4020	6020	Amount appropriated or requested to be appropriated from special fund receipts. <i>This line is copied into schedule N.</i>

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Entry	Discretionary	Mandatory	Description
Appropriation (trust fund)	4026	6026	Amount appropriated or requested to be appropriated from trust fund receipts. <i>This line is copied into schedule N.</i>
Appropriation (unavailable balances)	n/a	6028	For special and trust funds with mandatory appropriations that are precluded from obligation by provisions of law (see the description of line 6045), the amount of budget authority that becomes available for obligation from balances of receipts previously unavailable and included in the amounts reported in schedule N (see section 86.6). <i>Use only with OMB approval.</i> <i>This line is copied into schedule N.</i>
Advance funding:			Advance funding is generally used to finance higher than anticipated costs in benefit programs. <i>Use only in PY and CY and only with OMB approval.</i>
Appropriation available from subsequent year	4028	n/a	Portion of the succeeding year's appropriation made available for obligation as advance funding. <i>This line is copied into schedule N.</i>
Appropriation available in prior year (–)	4029	n/a	Portion of the appropriation made available for obligation as advance funding in the preceding year.
<i>Reductions:</i>			
Appropriation permanently reduced (–)	4035	6035	Amount of (1) account-specific rescissions of appropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177). (See section 82.9 for rescission proposals.) <i>Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.</i>
Unobligated balance permanently reduced (–)	4036	6036	Amount of unobligated balances of prior year budgetary resources that are permanently rescinded. Do not include rescissions of contract authority on line 4936. When legislation defers existing budget authority (or unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation, report the deferred amount as a rescission and show reappropriations in the first year of the extended availability. <i>Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.</i>

Entry	Discretionary	Mandatory	Description
Appropriation temporarily reduced (–)	4037	6037	<p>Amount of (1) account-specific rescissions of appropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177).</p> <p>(See section 82.9 for rescission proposals.)</p> <p><i>This line is copied into schedule N.</i></p> <p><i>Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Use only for special and non-revolving trust funds in PY and CY.</i></p>
Unobligated balance temporarily reduced (–)	4038	6038	<p>Amount of rescission of unobligated balances of prior year budgetary resources.</p> <p><i>This line is copied into schedule N.</i></p> <p><i>Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Use only for special and non-revolving trust funds in PY and CY.</i></p>
Portion precluded from obligation (–)	n/a	6045	<p>For special and trust funds with mandatory appropriations, amount precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations or a benefit formula). This amount is treated as a balance of budgetary resources (see the description of line 6028). <i>Use only with OMB approval.</i></p> <p><i>This line is copied into schedule N.</i></p>
<i>Adjustments:</i>			Use the following lines only if the appropriations language specifies that the appropriations are for these purposes:
Portion applied to repay debt (–)	4047	6047	Amount of appropriations used to repay debt.
Portion applied to liquidate deficiencies (–)	4048	6048	Amount of appropriations used to eliminate a deficiency incurred in a previous year.
Portion applied to liquidate contract authority (–)	4049	6049	Amount of appropriations used to liquidate contract authority.
Portion of appropriation to liquidate contract authority withdrawn (–)	4050	n/a	Amount of appropriations used to liquidate contract authority. <i>Use only in PY or CY and only with OMB approval.</i>
Portion substituted for borrowing authority (–)	4053	6053	Amount of appropriations used to liquidate obligations initially incurred against authority to borrow when the borrowing is not exercised.

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Entry	Discretionary	Mandatory	Description
<i>Transfers:</i>			
Transferred to other accounts (-) [xx-xxxx]	4100	6100	<p>Amount transferred to another account in the same year the authority becomes available for obligation when the transfer does not involve an obligation or an outlay. Use this line to show adjustments in budget authority resulting from:</p> <ul style="list-style-type: none"> • Transfers under reorganization plans; • Transfers authorized by Congress in lieu of appropriations; or • Transfers where the purpose of the funding has changed. <p>Also use for transfers of unobligated balances that result from legislation that changes the purpose for which the balances are available. (Show transfers of balances for which the purpose has not changed or resulting from general transfer authority on line 2221.)</p> <p>For PY and CY, show amounts transferred from mandatory accounts to discretionary accounts pursuant to appropriations law on line 4100 in the losing account and line 4200 in the receiving account. For BY, consult your OMB representative.</p>
Transferred from other accounts (+) [xx-xxxx]	4200	6200	<p>Amount transferred from other accounts in the same year the authority becomes available for obligation when the transfer does not involve an obligation or an outlay. Use this line to show adjustments in budget authority resulting from:</p> <ul style="list-style-type: none"> • Transfers under reorganization plans; • Transfers authorized by Congress in lieu of appropriations; or • Transfers where the purpose of the funding has changed. <p>Also use for transfers of unobligated balances that result from legislation that changes the purpose for which the balances are available. (Show transfers of balances for which the purpose has not changed or transfers of balances resulting from general transfer authority on line 2222.)</p> <p>For PY and CY, show amounts transferred to discretionary accounts from mandatory accounts, pursuant to appropriations law, on line 4200 in the receiving account and on line 4100 in the losing account. For BY, consult your OMB representative.</p> <p>Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).</p>

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Entry	Discretionary	Mandatory	Description
Appropriation (total)	4300	6250	Automatically generated from the sum of lines 4000 through 4200 is the discretionary total., when there are multiple entries on these lines. Automatically generated from the sum of lines 6000 through 6200 is the mandatory total., when there are multiple entries on these lines.
<i>AUTHORITY TO BORROW</i>			
Authority to borrow	4700	6710	Amount of new authority authorized or requested to be authorized to be expended from moneys derived from borrowing from the Treasury or from investors other than Treasury. To the extent that indefinite borrowing authority is used to cover obligations, report authority to borrow for all such obligations even though subsequent appropriations or offsetting collections will ultimately be used to liquidate the obligations. For indefinite authority to borrow, record the amount that you obligated in the past year or estimate you will obligate in CY and BY.
Authority to borrow (12 U.S.C. 2281–96)	n/a	6716	Amount of authority to borrow for direct loan obligations from the Federal Financing Bank. <i>Use only for liquidating accounts.</i>
Authority to borrow permanently reduced (–)	4735	6735	Amount of (1) account-specific rescissions of authority to borrow and (2) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177). Report permanent rescissions of unobligated balances of authority to borrow on line 4036 (discretionary) or line 6036 (mandatory). <i>Amounts are not available for subsequent appropriation. Use only in PY and CY.</i>
Authority to borrow (total)	4790	6790	Automatically generated from the sum of lines 4700 through 4735 is the discretionary total, when there are multiple entries on these lines. Automatically generated from the sum of lines 6710 through 6735 is the mandatory total, when there are multiple entries on these lines.
<i>CONTRACT AUTHORITY</i>			
Contract authority	4900	6610	Amount of new authority to incur obligations in advance of collections or an appropriation to liquidate contract authority. For indefinite contract authority, record the amount that you obligated in the past year or estimate you will obligate in CY and BY.
Contract authority permanently reduced (–)	4935	6635	Amount of (1) account-specific rescissions of contract authority; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations

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Entry	Discretionary	Mandatory	Description
Unobligated balance permanently reduced (–)	4936	n/a	law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177). <i>Amounts are not available for subsequent appropriation. Use only in PY and CY.</i>
Portion precluded from obligation (limitation on obligations) (–)	4945	n/a	Amount of contract authority precluded from obligation in a fiscal year by a limitation on obligations. <i>Use only with OMB approval.</i>
Transferred to other accounts (–) [xx-xxxx]	n/a	6661	Amount of contract authority transferred to other accounts.
Transferred from other accounts (+) [xx-xxxx]	n/a	6662	Amount of contract authority transferred from other accounts. Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
Contract authority (total)	4990	6690	Automatically generated from the sum of lines 4900 through 4945 is the discretionary total, when there are multiple entries on these lines. Automatically generated from the sum of lines 6610 through 6662 is the mandatory total, when there are multiple entries on these lines.
<i>REAPPROPRIATIONS</i>			
Reappropriation	5000	6300	Amount of new budget authority resulting from legislation enacted after the law that provided the budget authority and that extends the period of availability of funds that have expired or would otherwise expire. Such extensions of availability are counted as new budget authority in the first year of the extended availability (see sections 20.4(h) and 121.10). <i>Use line 2230 for expired unobligated balance transfers that are not reported as new budget authority.</i>
Reappropriation permanently reduced (–)	5035	6335	Amount of (1) account-specific rescissions of reappropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177).

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Entry	Discretionary	Mandatory	Description
			Report permanent rescissions of unobligated balances on line 4036 (discretionary) or line 6036 (mandatory). <i>Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.</i>
Reappropriation (total)	5300	6390	Automatically generated from the sum of lines 5000 through 5035, when there are multiple entries on these lines. Automatically generated from the sum of lines 6300 through 6335, when there are multiple entries on these lines.
<i>ADVANCE APPROPRIATIONS</i>			
Advance appropriation	5500	6500	Appropriation that becomes available for obligation one fiscal year or more beyond the fiscal year for which the legislation is enacted. Report amount in the year in which it first becomes available for obligation.
Advance appropriation (special fund)	5520	n/a	
Advance appropriation (trust fund)	5526	6526	<i>Lines 5520, 5526 and 6526 are copied into schedule N.</i>
Advance appropriation permanently reduced (–)	5535	6535	Amount of (1) account-specific rescissions of advance appropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177). Report permanent rescissions of unobligated balances on line 4036 (discretionary) or line 6036 (mandatory). <i>Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.</i>
Advance appropriation temporarily reduced (–)	5537	6537	Amount of (1) account-specific rescissions of advance appropriations; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177). Report temporary rescissions of unobligated balances on line 4038 (discretionary) or line 6038 (mandatory). <i>This line is copied into schedule N.</i>

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Entry	Discretionary	Mandatory	Description
<i>Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Use only for special and non-revolving trust funds in PY and CY.</i>			
Advance appropriation (total)	5590	6590	Automatically generated from the sum of lines 5500 through 5537, when there are multiple entries on these lines. Automatically generated from the sum of lines 6500 through 6537, when there are multiple entries on these lines.
<i>SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS</i>			As a general rule, you classify spending authority from offsetting collections as discretionary for accounts classified as discretionary by the BEA and as mandatory for accounts classified as mandatory under the BEA.
Offsetting collections (cash)	6800	6900	For unexpired accounts only: Amount of offsetting collections (cash) credited to the account and refunds that pertain to obligations recorded in prior fiscal years.
Change in uncollected customer payments from Federal sources (unexpired)	6810	6910	For unexpired accounts only: Amount of increase (+) or decrease (–) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year. The amounts reported on these lines are added and automatically copied to line 7400, but with the opposite sign.
From offsetting collections (unavailable balances)	6826	6926	For accounts with limitations on the use of offsetting collections, the amount of budget authority that becomes available for obligation from unavailable balances of offsetting collections reflected in the schedule on unavailable collections (see section 86.6).
<i>Adjustments:</i>			
Capital transfer to general fund (–)	6827	6927	Amount of offsetting collections deposited to Treasury receipt accounts for "Earnings of Government-owned enterprises," or "Repayments of capital investment, Government-owned enterprises." Do not include interest payments. <i>Primarily used by revolving funds; however, may be used by other accounts with OMB approval.</i>
Portion applied to liquidate deficiencies (–)	6833	6933	Amount of offsetting collections used to eliminate a deficiency incurred in a previous year.
Portion temporarily reduced (–)	6837	6937	Amount of (1) account-specific offsetting collections rescinded; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by

Entry	Discretionary	Mandatory	Description
			sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177). <i>Use only in PY and CY.</i>
Portion precluded from obligation (limitation on obligations) (–)	6845	6945	Amount of offsetting collections credited to the account that are not available for obligation because of limitations on program level in appropriations acts.
Portion applied to repay debt (–)	6847	6947	Amount of offsetting collections used for repayments of outstanding .
Portion applied to liquidate contract authority (–)	6849	6949	Amount of offsetting collections used to liquidate contract authority.
Portion substituted for borrowing authority (–)	6853	6953	Amount of offsetting collections used to liquidate obligations initially incurred against authority to borrow when the borrowing is not exercised.
<i>Transfers:</i>			
Transferred to other accounts (–) [xx–xxxx]	6861	6961	Amount transferred to another account in the same year the authority becomes available for obligation when the transfer is treated as an adjustment in budget authority to the accounts and does not involve an obligation or outlay (see the description of line 4100 for more information). Transfers of balances should be reported on lines 2221 or 7331, as appropriate. Although the spending authority is transferred to another account, the offsetting collection will be credited to the account that initially received the collection on line 88xx.
Transferred from other accounts (+) [xx–xxxx]	6862	6962	Amount transferred from other accounts in the same year the authority becomes available for obligation when the transfer is treated as an adjustment in budget authority to the accounts and does not involve an obligation or outlay (see the description of line 4200 for more information). Transfers of balances should be reported on lines 2222 or 7332, as appropriate. Although the spending authority is transferred from another account, the offsetting collection will be credited to the account that initially received the collection on line 88xx.
			Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6–digit Treasury basic account symbol (see section 79.2 and Appendix C).
Spending authority from offsetting collections (total)	6890	6990	Automatically generated from the sum of lines 6800 through 6862, when there are multiple entries on these lines. Automatically generated from the sum of lines 6900 through 6962, when there are multiple entries on these lines.

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Entry	Discretionary	Mandatory	Description
Total new budget authority (gross)	7000	7000	Automatically generated from the sum of combined total of mandatory and discretionary budget authority (lines 4000 through 6990) when more than one type is used. It also equals line 2200.

(c) *Financing obligations and adjustments.*

As a general rule, if unobligated balances from prior years and new budget authority are commingled in an account, charge new obligations against unobligated balances brought forward before charging against new budget authority. Similarly, charge capital transfers, redemption of debt, and liquidating of contract authority against unobligated balances before new budget authority.

82.4 How do I report obligated balances?

The schedule P includes a section that bridges between start and end of year obligated balances. Report the start of year obligated balance. New obligations are added to the start of year balance, and gross outlays are deducted. Adjustments, such as transfers of obligated balances and the change in uncollected customer payments from Federal sources (both unexpired and expired), are added or subtracted, as appropriate, to determine the obligated balance at the end of the year. In addition to reporting transactions in unexpired accounts, reflect outlays from and adjustments in expired (but not canceled) accounts.

Unpaid obligations and uncollected customer payments from Federal sources are included in the obligated balance and are not separately identified.

Use the entries in the following table to prepare this section of schedule P. Consult with OMB if you want to modify the standard line titles. MAX will automatically generate the line entries indicated in **boldface**.

CHANGE IN OBLIGATED BALANCES

Entry	Description
7240 Obligated balance, start of year	<p>Sum of amounts:</p> <ul style="list-style-type: none"> Accounts payable plus undelivered orders (also known as unpaid obligations.) <p>Minus</p> <ul style="list-style-type: none"> Accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources (also known as uncollected customer payments.) <p>Include:</p> <ul style="list-style-type: none"> Uninvested balances; Balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount); and

Entry	Description
	<ul style="list-style-type: none"> • Amounts obligated against contract authority.
7310 Total new obligations	Automatically copied from line 1000.
7320 Total outlays (gross) (–)	Total disbursements made by the account. Automatically generated from the sum of the amounts on lines 8690 through 8698, with opposite sign.
7331 Obligated balance transferred to other accounts (–) [xx–xxxx]	Amount of unpaid obligations transferred to other accounts.
7332 Obligated balance transferred from other accounts (+) [xx–xxxx]	Amount of unpaid obligations transferred from other accounts. Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6–digit Treasury basic account symbol (see section 79.2 and Appendix C).
7340 Adjustments in expired accounts (net)	Net amount of upward (+) or downward adjustments (–) in obligations in accounts that <i>expired</i> prior to the beginning of the fiscal year. Use only for PY, unless specifically approved by OMB.
7345 Recoveries of prior year obligations (–)	Amount made available for obligation in no-year and <i>unexpired</i> multiple-year accounts through recoveries (i.e., deobligation or downward adjustments) of obligations incurred in prior years. Automatically copied from line 2210, but with the opposite sign.
7400 Change in uncollected customer payments from Federal sources (unexpired)	<i>For unexpired accounts only:</i> Amount of increase (–) or decrease (+) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year. Automatically generated from the sum of the amounts on lines 6810 and 6910, but with the opposite sign.
7410 Change in uncollected customer payments from Federal sources (expired)	<i>For expired accounts only:</i> Amount of increase (–) or decrease (+) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year.
7440 Obligated balance, end of year	Sum of amounts: <ul style="list-style-type: none"> • Accounts payable plus undelivered orders (also known as unpaid obligations.) Minus <ul style="list-style-type: none"> • Accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources (also known as uncollected customer payments.) Include: <ul style="list-style-type: none"> • Uninvested balances; • Balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount); and

Entry	Description
	<ul style="list-style-type: none"> • Amounts obligated against contract authority. <p>Equals the sum of lines 7240 through 7410.</p>

82.5 How do I report outlays?

The schedule P shows the account's gross outlays distributed on the basis of the type of budget authority that financed the outlay. This part presents separately, outlays from discretionary and mandatory budget authority and outlays from new authority and carryover balances.

OUTLAYS (GROSS), DETAIL

Entry	Description
8690 Outlays from new discretionary authority	MAX calculates these entries based on the outlays reported in schedule A on lines 9111 through 9322.
8693 Outlays from discretionary balances	
8697 Outlays from new mandatory authority	You should not use these lines for credit financing accounts.
8698 Outlays from mandatory balances	
8700 Total outlays (gross)	Automatically generated from the sum of the amounts on lines 8690 through 8698, when multiple lines 8690-8698 are reported.

82.6 How do I show net budget authority and outlays?

The schedule P shows the offsets used to arrive at net budget authority and outlays for the account. Gross outlays are reduced by cash collections (both unexpired and expired). Gross budget authority is reduced by cash collections (unexpired only) *and* orders from Federal sources that are not accompanied by cash.

The *offsets* part of schedule P indicates the source of the offsetting collections (e.g., Federal sources, interest on Federal securities, non-Federal sources).

The change in uncollected customer payments from Federal sources from the start to the end of the year is deducted from gross budget authority only. Increases in uncollected customer payments from the start to the end of the year increase the amount of the offset because the increase constitutes an increase in gross budget authority; decreases reduce the amount of the offset because a decrease means that a portion of the offsetting collections (cash) received has been applied to liquidate obligations for which an offset was already counted. Only unexpired offsetting collections (cash) are offset from gross budget authority because gross budget authority includes only unexpired amounts.

Use the entries in the following table to prepare this section of schedule P. MAX will automatically generate the line entries indicated in **boldface**. Consult with OMB if you want to modify the standard line titles. See special line title requirements below for lines 8840 and 8845.

OFFSETS

Entry	Description
<i>Against gross budget authority and outlays:</i>	
Offsetting collections (cash) from:	Amount of cash credited to the account. (Includes refunds that pertain to obligations recorded in prior fiscal years, as long as the account has not been canceled.) Identify the source of the payment (see the descriptions below). Use subentries when there are significant amounts of different types of income, such as insurance premiums, loan repayments, interest, fees, etc.
	Note: Amounts for lines 8800 through 8890 under transmittal code 0 should be reported as positive amounts in MAX, but will appear in the Budget Appendix with the opposite sign.
8800 Federal sources	Amount from other Federal Government accounts except interest received from investments in Federal securities and interest on uninvested funds. Do not include orders and contracts that are valid obligations of ordering accounts that are not accompanied by advances. Include collections from general, special, trust, revolving, and management fund accounts. Also include collections from off-budget Federal entities.
8820 Interest on Federal securities	Amount of interest on investments in marketable and nonmarketable Federal securities. Use for general and revolving fund accounts only.
8825 Interest on uninvested funds	Amount of interest from Federal on balances not invested in marketable and nonmarketable Treasury securities.
8840 Non-Federal sources	Amount received from non-Federal sources 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 non-Federal sources that are accompanied by advances. Exclude collections that arise from the Government's sovereign or governmental powers. Report such amounts on line 8845. Use line titles to identify separately the primary sources of collections. Small amounts may be aggregated. See exhibits 185C, 185F and 185I .
8845 Offsetting governmental collections (from non-Federal sources)	Amount received from non-Federal sources that are governmental in nature (e.g., tax receipts, regulatory fees, compulsory user charges, custom duties, license fees) but required by law to be credited to the account (see section 20.7). Use line titles to identify separately the primary sources of collections.
8890 Total offsetting collections (cash)	Automatically generated from the sum of lines 8800 through 8845, when there are multiple entries on these lines.
<i>Against gross budget authority only:</i>	
8895 Change in uncollected customer payments from Federal sources (unexpired)	Amount of increase (+) or decrease (–) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year. Automatically generated from the sum of amounts on lines 6810 and 6910.

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Entry	Description
	Amount will appear in the Budget Appendix with the opposite sign compared to what you enter in MAX.
8896 Portion of offsetting collections (cash) credited to expired accounts	Amount of offsetting collections (cash) and refunds that pertain to an account that has expired but is not yet canceled (see section 20.10). Automatically generated from the sum of amounts on lines 6800 and 6900 minus the amount on lines 8800 through 8845. Amount will appear in the Budget Appendix with the opposite sign compared to what you enter in MAX.

NET BUDGET AUTHORITY AND OUTLAYS

Entry	Description
8900 Budget authority (net)	Automatically generated from the total new budget authority (gross) on line 2200 minus the amounts on lines 8800 through 8845 and on lines 8895 and 8896. This line will always be used, even if the amount is zero.
9000 Outlays (net)	Automatically generated from the total outlays (gross) on lines 8690 through 8698 minus the amounts on lines 8800 through 8845. This line will always be used, even if the amount is zero.

82.7 What additional information must I report on schedule P?

Schedule P displays supplementary information related to G-R-H sequesters; obligations in excess of available budgetary resources; investments in Federal securities; and balances of contract authority. The amounts are not added or deducted from the budget authority or outlay amounts reported above. Use the entries in the following table to prepare this section of schedule P. MAX will automatically generate the line entries indicated in **boldface**. Consult with OMB if you want to modify the standard line titles.

MEMORANDUM (NON-ADD) ENTRIES

Entry	Description
9110 Outlays prior to reduction pursuant to P.L. 99–177	Amount of outlays that would have occurred <i>in the current year only</i> if resources had not been sequestered under G-R-H. Use only if line 9180 or 9185 is used.
9180 Sequestration pursuant to P.L. 99–177 (discretionary) (–)	Amount of reduction in outlays <i>in the current year only</i> associated with a G-R-H sequester of budgetary resources for discretionary programs.
9185 Sequestration pursuant to P.L. 99–177 (mandatory) (–)	Amount of reduction in outlays <i>in the current year only</i> associated with a G-R-H sequester of budgetary resources for mandatory programs.
9190 Unpaid obligations, end of year: Deficiency	Amount of obligations included in unpaid obligations, end of year that exceeded the resources available when the obligations were incurred and will require an appropriation or offsetting collections to liquidate the deficiency. For any year, the amount will equal the amount reported on this line in the previous year,

Entry	Description
	plus any amount on line 2397, minus amounts on lines 4048, 6048, 6833, and 6933 plus or minus any revisions to the amount reported in the previous year. (These revisions are not reflected on schedule P..)
	<i>Note: See section 145 for additional reporting requirements on deficiencies.</i>
<i>Investments in Federal securities:</i>	Report the par value of Federal securities; do not reflect unrealized discounts. Include all the balances invested at the start of the year, including those that are not available for obligation, i.e., those reported in the unavailable collections schedule (MAX schedule N). If a special or trust fund has multiple expenditure accounts, report the invested portion of the unavailable collections in schedule P of the account that receives the largest appropriation from the fund.
9201 Total investments, start of year: Federal securities: Par value	Amount of start of year balances that have been invested in Federal securities, brought forward from the end of the preceding year. For CY and BY, equals the corresponding entry at the end of the preceding year.
9202 Total investments, end of year: Federal securities: Par value	Amount of end of year balances that have been invested in Federal securities.
<i>Contract authority:</i>	<i>Contract authority is unfunded. When appropriation or offsetting collections are provided to liquidate contract authority, the amounts are no longer considered to be contract authority, and the balance should no longer be included as contract authority.</i>
9301 Unobligated balance, start of year: Contract authority	Unobligated balance of unfunded contract authority at the beginning of the year. Excludes contract authority for which spending authority from offsetting collections or appropriations to liquidate are not provided or requested. Cannot exceed the amount on line 2140 of the program and financing schedule. . For CY and BY, equals the corresponding entry at the end of the preceding year.
9302 Unobligated balance, end of year: Contract authority	Unobligated balance of unfunded contract authority at the end of the year. Cannot exceed the amount on line 2440 of the program and financing schedule.
9303 Obligated balance, start of year: Contract authority	Obligated balance of unfunded contract authority at the beginning of the year. Excludes contract authority for which spending authority from offsetting collections or appropriations to liquidate are not provided or requested. Cannot exceed the amount on line 7240 of the program and financing schedule. . For CY and BY, equals the corresponding entry at the end of the preceding year.
9304 Obligated balance, end of year: Contract authority	Obligated balance of unfunded contract authority at the end of the year. Cannot exceed the amount on line 7440 of the program and financing schedule.

82.8 How do I present enacted reductions of budget authority?

Include enacted reductions including account-specific rescissions, across-the-board reductions mandated in appropriations acts, and G-R-H reductions in the regular (transmittal code 0) budget schedules. If enacted legislation defers existing budget authority from a year in which it was available for obligation to a year in which it was not available for obligation, then reflect this deferred amount as a reduction in the regular budget schedules and show a reappropriation in the first year of the extended availability (see [section 20.4](#)). Show reductions separate from the budget authority initially appropriated for all years covered by schedule P.

Reductions can impact all types of budget authority (e.g., appropriations, borrowing authority, contract authority, advance appropriations, offsetting collections) and can be temporary or permanent. Normally, temporary reductions only apply to special funds, non-revolving trust funds and spending authority from offsetting collections. Beginning this year, the budget will distinguish between temporary and permanent reductions. Reductions of new budget authority will be reported by type. However, reductions of unobligated balances of budgetary resources other than contract authority will be reported on either lines 4036, 4038, 6036 or 6038 regardless of the type of budget authority involved. Reductions of balances of contract authority will be reported on line 4936. The two-digit suffixes listed below are used to denote the temporary or permanent nature of the reductions of budget authority. (See the corresponding entries under appropriations (lines 40xx and 60xx) in [section 82.3](#) for more information on how the suffixes are used.) If necessary to fulfill reporting requirements, OMB may tell you to use a different two-digit suffix to identify the appropriate appropriation acts.

Entry	Description
xx35 [type of authority] permanently reduced (-)	<p>Amount of (1) account-specific rescissions; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources permanently canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177).</p> <p><i>Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.</i></p> <p>Note: Show rescission proposals in a separate program and financing schedule with transmittal code "5," and modify the stub title to read "Rescission proposal."</p>
xx36 unobligated balance permanently reduced (-)	<p>Amount of unobligated balances of prior year budgetary resources that are permanently rescinded. Do not include rescissions of contract authority on line 4936.</p> <p>When legislation defers existing budget authority (or unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation, report the deferred amount as a rescission and show reappropriations in the first year of the extended availability.</p> <p><i>Amounts are returned to the general fund of the Treasury and are not available for subsequent appropriation. Use only in PY and CY.</i></p>

Entry	Description
xx37 [type of authority] temporarily reduced (-)	Amount of (1) account-specific rescissions; (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law to be taken from more than one account, and the agency head or other Executive Branch official is authorized to distribute the reduction to affected accounts; and (3) budgetary resources temporarily canceled by sequester ordered by the President pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (G-R-H, P.L. 99-177). <i>This line is copied into schedule N.</i> <i>Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Use only for special and non-revolving trust funds in PY and CY.</i>
xx38 unobligated balance temporarily reduced (-)	Amount of rescission of unobligated balances of prior year budgetary resources. <i>This line is copied into schedule N.</i> <i>Amounts are not returned to the general fund of the Treasury but are available for subsequent appropriation. Use only for special and non-revolving trust funds in PY and CY.</i>

82.9 How do I present rescission proposals?

Reflect the effect of rescission proposals that already have been transmitted or will be transmitted to Congress concurrently with the budget in a separate schedule under transmittal code 5 (see [section 79.2](#)), not in the regular schedule P for the affected account. The combination of the regular and rescission schedules should display the condition of the account if Congress accepts the rescission proposal. Please note that the Impoundment Control Act of 1974 requires the President to transmit a special message whenever a rescission is proposed (see [section 112](#)).

Show enacted rescissions on lines 4035 (appropriation rescinded) and 4036 (unobligated balance rescinded) in schedule P under transmittal code 0 (see [section 82.3](#)).

The rescission schedule under transmittal code 5 should reflect the changes to amounts in the regular schedule that would result from the rescission proposal. For example, if the budget authority would otherwise be obligated in the event that the rescission is not accepted, display negative amounts for obligations and outlays (outlay savings) in the rescission schedule. In cases where the amounts proposed for rescission could not otherwise be obligated and are shown as expiring in the regular schedule, show a positive entry on line 2398 "Unobligated balance expiring or withdrawn," on the rescission proposal schedule. Enter this same amount as a rescission proposal on the appropriate budget authority line.

82.10 How do I present supplemental appropriations requests and items proposed for later transmittal?

The account identification code includes a transmittal code that identifies the nature of the request (e.g., supplementals and items proposed for later transmittal (see [section 79.2](#))). Most requests that are transmitted to the Congress in the President's Budget are for appropriations for the upcoming fiscal year. These requests are normally reported under transmittal code 0. Separate schedules using non-zero transmittal codes are required to identify proposed supplementals, supplementals requested in the budget, and items proposed for later transmittal under either existing or proposed authorizing legislation and their

effect on the information presented in the regular schedule for the account. The combination of the regular schedule and the non-zero transmittal code schedule should display the condition of the account as it would exist if Congress enacts the proposals.

One of the following titles will be shown, as appropriate, at the top of schedule P to identify proposed supplementals and items proposed for later transmittal:

- Supplemental now requested (transmittal code 1)
- Legislative proposal, not subject to PAYGO (transmittal code 2)
- Appropriations language to be submitted later (transmittal code 3)
- Legislative proposal, subject to PAYGO (transmittal code 4)

When a supplemental proposal or legislative proposal involves a transfer between accounts, omit the transaction from the regular (transmittal code 0) schedules and display it in separate schedules for each of the affected accounts.

82.11 How do I present transfers of resources?

Transfers between agencies resulting from Presidential reorganization plans or enacted reorganization legislation may involve unique problems. Agency staff must consult with OMB representatives in each instance. As a general rule, exclude the transferred activities from the schedules of the losing agency and show them in the gaining agency on a three-year comparable basis. Use footnotes to identify the amounts involved. (See [section 82.13](#) for an example of how the footnote should be worded and [section 95](#) for guidance on submitting the footnotes for printing.) When the gaining agency assumes *all* of the activities previously financed under a single account in another agency, the losing agency should omit budget schedules and appropriation language for the affected account and the gaining agency should show the transferred activities and appropriation language with its schedules.

82.12 How do I present transfers in the estimates?

When a transfer in the estimates (see [section 20.3](#)) for the budget year results in a significant increase to or decrease from the amount of budget authority for the past or current year, include footnotes explaining the transfer after the program and financing schedule. (See [section 95](#) for guidance on submitting the footnotes for printing.)

For the account assuming the responsibility, use the following footnote:

Note—Includes \$—million in budget authority in BY for activities previously financed from:

	PY	CY
--	----	----

[List the full title of each losing account, including agency and bureau, and the budget authority amount applicable to each. Where it is appropriate to show the amount on some other basis, such as obligations, you may modify the footnote accordingly.]

If the entire BY estimate is for the transferred activity, the footnote may be worded, "BY estimate is for activities previously financed from [List agency, bureau, and account title]."

For the account losing the activity, use the following footnote:

Note.—Excludes \$—million in budget authority in BY for activities transferred to:

[List the title of each gaining account, including agency and bureau, and the budget authority amount applicable to each. Where it is more appropriate to show the amount on some other basis, such as obligations, modify the footnote accordingly.]

Comparable amounts for PY (\$-million) and CY (\$-million) are included above.

You only need to provide a transfer in the estimates footnote in the year the transfer proposal is made. If you use more than one footnote, include them under a centered heading, "NOTES." Modify the wording of footnotes as necessary to explain current year transfers.

At the discretion of OMB, transfers in the estimates may be shown on a three-year comparable basis. If they are, the footnotes should be modified accordingly.

82.13 How do I present merged accounts and consolidated schedules?

(a) *Merged accounts.*

Where two or more appropriations have been or are proposed to be replaced by a single appropriation (see [section 71.7](#)), submit a single set of schedules for the new appropriation covering PY through BY. Show a distribution of budget authority and outlays by account at the end of each merged program and financing schedule. Also use the following footnote:

Note.—The activities previously financed under [agency title, bureau title, account title in PY and CY are presented in these schedules and are proposed to be financed in this account in BY. Budget authority and outlays are distributed by account above.

(See [section 95](#) for guidance on submitting the footnotes for printing.)

(b) *Consolidated schedules.*

When two or more accounts are consolidated in a single set of schedules (see [section 71.8](#)), list the title of each unexpired account as an activity. You may use subentries to identify activities carried under the individual accounts when the amounts are significant. Show a distribution of budget authority and outlays by account at the end of the program and financing schedule.

(c) *Distribution of budget authority and outlays.*

When you consolidate or merge accounts, append a distribution of budget authority and outlays by account to the bottom of the program and financing schedule. List each merged or consolidated budget account by name and provide data for PY through BY. (See [section 95](#) for guidance on submitting the distribution of budget authority and outlays for printing.)

82.14 How should I treat allocation accounts?

Combine schedule P information for allocation accounts with the parent account without separate identification (see [section 71.6](#)). However, you must identify the obligations incurred by allocation accounts in a separate section of the object class schedule of the parent account (see [section 83.17](#)).

Receiving agencies should include the following note at the end of each bureau that receives funding through allocations:

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].

(See [section 95](#) for guidance on submitting the note for printing.)

82.15 Do the actuals I report in schedule P need to tie to the actuals I reported to Treasury?

Actuals reported in the budget must be consistent with amounts reported to Treasury and must be based on actual accounting data.

Typically, one group within your agency (for example, the accounting office) reports amounts to Treasury (see [section 130.2](#)) while another group (for example, the budget office) prepares budget schedules. Before your accounting office submits its actuals to Treasury in FACTS II (described below), you must ensure that the amounts are conceptually and numerically consistent with the amounts that you are going to report in MAX A-11. FACTS II facilitates, and to a large extent eliminates the need for, this reconciliation. If you find an error, then please see [sections 82.15](#).

See [exhibit 130J](#), [exhibit 130K](#) and [exhibit 130M](#) for relationships among actuals reported in the following reports: SF 133/Statement of Budgetary Resources, schedule P, and Treasury Combined Statement.

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	<p><i>For all accounts:</i></p> <p>Schedule P (program and financing schedule): 9201—Total investments, start of year: Federal securities: Par value</p> <p><i>For accounts with schedule J:</i></p> <p>Schedule J (status of funds schedule): 0101—Unexpended balance, start of year, Federal Securities Par value</p>
Invested balances, end of year	<p><i>For all accounts:</i></p> <p>Schedule P (program and financing schedule): 9202—Total investments, end of year: Federal securities: Par value</p> <p><i>For accounts with schedule J:</i></p> <p>Schedule J (status of funds schedule): 0701—Unexpended balance, end of year, Federal Securities Par value</p> <p><i>Note: Amounts reported in these MAX schedules represent total invested balances, including those that are not available for obligation.</i></p>

(a) What actuals in the schedule P are imported from the actuals I reported to Treasury?

In order to reduce duplicate reporting while improving the consistency of year-end data, your agency accounting office reports U.S. Standard General Ledger (USSGL) accounting information at the Treasury account-level into a Treasury-operated system named Federal Agencies Centralized Trial-Balance System II (FACTS II), which was developed by agencies, Treasury and OMB. The FACTS II information is then translated/crosswalked and copied into the following reports:

- SF 133 Report on Budget Execution and Budgetary Resources (used to monitor SF 132 Apportionments and used as the basis of the audited Statement of Budgetary Resources),
- FMS 2108 Year-end Closing Statement (used as a primary source of the Treasury Combined Statement), and
- Much of the PY column of schedule P.
- For more information about FACTS II and the USSGL and crosswalks from the USSGL to schedule P, see Treasury Transmittal Letter No. S2-01-02, a supplement to the Treasury Financial Manual (TFM) and <http://www.fms.treas.gov/factsii/index.html>.

When year-end FACTS II information is submitted, the information must not only pass a number of FACTS II edit-checks, but a person separate from the "preparer" (i.e. data entry person) named a "certifier" must certify that the information is correct. In addition, GAO requires your auditors to determine whether controls exist to ensure that the amounts in your systems and the amounts submitted via FACTS II agree. See GAO-02-126G "Guide for Auditing the Statement of Budgetary Resources".

Each month, Treasury provides your agency with the SF 6653 "Undisbursed Appropriation Account Ledger" on the fifteenth workday of each month. The SF 6653 reflects all activity reported to Treasury. You are required to reconcile the SF 6653 with your accounting system each month. At year-end, this reconciliation should be accomplished before submitting your FACTS II data.

In the future, MAX A-11 will ensure that all amounts in the PY column of schedule P will tie to amounts reported via FACTS II. For the preparation of the 2005 Budget, outlays will continue to be locked and eleven lines will be controlled by edit-checks. (See [section 82.15](#)).

(b) *What do I do if I do not agree with the PY amount on line P 9000 "Outlays (net)?"*

If you do not agree with the amount on line P 9000 "Outlays (net)", after the FACTS II database is locked (mid-November), and the outlay is reported in FACTS II and imported into MAX A-11, then you must submit a written explanation of the difference to your OMB representative. The explanation must be signed by your budget officer and accounting officer and explain why the error happened. Include affected accounts and amounts. Include a revised SF 224 and a statement that the amounts will be revised in FACTS II when FACTS II opens for revisions to fourth quarter actuals if appropriate. If the explanation is accepted, then line P 9000 will be changed centrally. Ensure that the actuals are revised in FACTS II as described in the previous section. You should get PY-related matters like this taken care of as soon as the budget database opens so that you can concentrate on the BY column later.

Similarly, submit a written explanation if your agency does not agree with the receipt actuals that have been imported into MAX schedule R from Treasury SF 224 data. (See [section 81.1](#)). Receipt account information is not collected via FACTS II.

(c) *What do I do if I do not agree with the PY amount on lines that have MAX A-11 edit-checks and require me to tie to FACTS II?*

For the 2005 Budget, the following lines have MAX A-11 edit-checks that will require you to tie to FACTS II:

1000	Total new obligations
2140	Unobligated balance carried forward, start of year
2210	Resources available from recoveries of prior year obligations

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- 2398 Unobligated balance expiring or withdrawn
- 2440 Unobligated balance carried forward, end of year
- 4000 Discretionary appropriation
- 6800 Discretionary spending authority from offsetting collections (cash)
- 7240 Obligated balance, start of year
- 7340 Adjustments in expired accounts
- 7440 Obligated balance, end of year
- 8800 Offsetting collections from Federal sources

If you feel that you need to revise what your agency reported and certified as correct in FACTS II for these five lines, then the following table provides an overview of actions you should take:

If an error is found...	And if...	Then...
<u>Before</u> MAX A-11 agency lock-out	Financial audit was NOT complete	<ul style="list-style-type: none"> • Consult with your accounting office. • Submit request to suppress MAX A-11 edit-check. • Correct the amount in MAX A-11. • Ensure that your accounting office revises the amount in FACTS II. • Add a footnote to financial statements.
<u>Before</u> MAX A-11 agency lock-out	Financial audit was complete	<ul style="list-style-type: none"> • Consult with your accounting office. • Submit request to suppress MAX A-11 edit-check. • Correct the amount in MAX A-11. • Ensure that your accounting office revises the amount in FACTS II.
<u>After</u> MAX A-11 agency lock-out	Financial audit was NOT complete	<ul style="list-style-type: none"> • Consult with your accounting office. • Ensure that your accounting office revises the amount in FACTS II. • Add a footnote to financial statements.
<u>After</u> MAX A-11 agency lock-out	Financial audit was complete	<ul style="list-style-type: none"> • Consult with your accounting office. • Ensure that your accounting office revises the amount in FACTS II.

The request to suppress the MAX A-11 edit-check that you submit to your OMB representative must contain the following information:

- Affected accounts and amounts;
- An explanation of what happened and why;
- A statement that the amounts will be revised in FACTS II; and

- Contact information for the responsible FACTS II "certifier" and budget office staff (e.g. e-mail and phone number).

After the request is received and approved, the edit check will be suppressed centrally in MAX A-11 and you will be notified. You should get PY-related matters like this taken care of as soon as the budget database opens so that you can concentrate on the BY column later.

(d) *What do I do if I do not agree with other PY amount imported from Treasury?*

You may over-write amounts imported from FACTS II. However, before over-writing an amount in the PY column of schedule P in MAX A-11, you should talk with the person who entered the data into FACTS II to see why they entered that amount. If you both find that an amount reported via FACTS II was incorrect, then over-write the amount and let the person who entered the information in FACTS II know, so that they can revise it. If you over-write amounts imported from FACTS II for lines P 1000, P 2140, P 2210, P 2398, P 2440, P 4000, P 6800, P 7240P 7340, P 7440, P 8800, and P 9000, an error message is generated.

(e) *Why do I need to revise FACTS II if I do not agree with PY amounts imported from Treasury?*

After the MAX A-11 agency lock-out, the FACTS II database opens for revisions. You must revise the incorrect information in FACTS II, because the revised FACTS II database is used as a basis for revised SF 133s, audited Statements of Budgetary Resources, and central analysis. Information is copied from FACTS II to MAX A-11 once per year before MAX A-11 opens to agency budget offices. However, information is not ever copied from MAX A-11 to FACTS II.

Revisions are intended to help you correct errors (not to give you extra time to verify your data) and should be used sparingly. For FACTS II reporting periods, see <http://www.fms.treas.gov/factsii/index.html>.

(f) *Where is guidance related to adding a footnote to financial statements?*

Conceptually, the actuals in the Budget, Statement of Budgetary Resources, and SF 133 should tie. However, if they do not, just explain the differences in a footnote in your financial statements. Your accounting office will find the guidance related to this footnote in [OMB Bulletin 01-09 "Form and Content of Agency Financial Statements" section 9.33](#).

(g) *How can I prepare?*

Consult with your accounting office for any differences that you are aware of and review your obligations and balances reported on your quarterly SF 133 throughout the year. Also, review any differences from last year at <http://www.whitehouse.gov/omb/reports/> to prevent these differences from reoccurring.

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. For subtotals and totals, you cannot override the generated amounts.

Program and Financing (in millions of dollars)			PY actual	CY est.	BY est.
Identification code 16-1186-0-1-755					
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	Subtotal, direct program.....				Calculated from direct program detail.
09.01	Reimbursable program.....				
10.00	Total new obligations.....				Calculated from direct and reimbursable program detail.
Budgetary resources available for obligation:					
21.40	Unobligated balance carried forward, start of year.....				For PY, imported from FACTS II. For CY and BY, copied from corresponding end-of-year lines.
22.00	New budget authority (gross).....				
22.10	Resources available from recoveries of prior year obligations.....				Calculated from budget authority entries on lines 4000-6962.
23.90	Total budgetary resources available for obligation.....				Calculated if multiple lines 2140-2385 are reported.
23.95	Total new obligations.....				Copied from line 1000, with opposite sign.
23.98	Unobligated balance expiring or withdrawn.....				
24.40	Unobligated balance carried forward, end of year.....				For PY, imported from FACTS II. For CY and BY, calculated as the sum of detail lines 2140 through 2398.
New budget authority (gross), detail:					
Discretionary:					
40.00	Appropriation.....				
Discretionary spending authority from offsetting collections:					
68.00	Offsetting collections (cash).....				
68.10	Change in uncollected customer payments from Federal sources (unexpired).....				
68.90	Spending authority from offsetting collections (total discretionary).....				Total budget authority lines by type (e.g., 6890) are calculated, if multiple detail lines (e.g., 6800-6885) are reported.
70.00	Total new budget authority (gross).....				Calculated from budget authority entries on lines 4000-6985.
Change in obligated balances:					
72.40	Obligated balance, start of year.....				For PY, imported from FACTS II. For CY and BY, copied from corresponding end-of-year lines.
73.10	Total new obligations.....				Copied from line 1000.
73.20	Total outlays (gross).....				
73.40	Adjustments in expired accounts (net).....				Calculated as the sum of lines 8690-8698, with opposite sign.
73.45	Recoveries of prior year obligations.....				Copied from line 2210.
74.00	Change in uncollected customer payments from Federal sources (unexpired).....				Calculated as sum of lines 6810 and 6910, with opposite sign.
74.40	Obligated balance, end of year.....				For PY, imported from FACTS II.
Outlays (gross), detail:					
86.90	Outlays from new discretionary authority.....				
86.93	Outlays from discretionary balances.....				Lines 86xx are calculated from schedule A data.
86.97	Outlays from new mandatory authority.....				
86.98	Outlays from mandatory balances.....				
87.00	Total outlays (gross).....				Calculated as the sum of lines 8690-8698, if multiple lines 8690-8698 are reported.
Offsets:					
Against gross authority and outlays:					
Offsetting collections (cash) from:					
88.00	Federal sources.....				
88.40	Non-Federal sources.....				
88.90	Total offsetting collections (cash).....				Calculated if multiple lines 8800-8845 are reported.
Against gross budget authority only:					
88.95	Change in uncollected customer payments from Federal sources (unexpired).....				Calculated as sum of lines 6810 and 6910.
88.96	Portion of offsetting collections (cash) credited to expired accounts.....				Calculated as sum of lines 6800 and 6900 minus lines 8800 through 8845.
Net budget authority and outlays:					
89.00	Budget authority (net).....				Calculated (line 2200 minus (lines 8800-8845) and lines 8895 and 8896).
90.00	Outlays (net).....				Calculated for CY and BY (line 8700 minus (lines 8800-8845)).

SECTION 83—OBJECT CLASSIFICATION (MAX SCHEDULE O)

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83.1 What are object classes?

Object classes are categories in a classification system that presents *obligations by the items or services purchased* by the Federal Government. These are the major object classes:

- 10 Personal compensation and benefits.
- 20 Contractual services and supplies.
- 30 Acquisition of assets.
- 40 Grants and fixed charges.
- 90 Other.

We divide these major classes into smaller classes and present them in the Budget Appendix in object class schedules.

The object classes present obligations according to their initial purpose, *not the end product or service*. For example, if you pay a Federal employee who constructs a building, classify the obligations for the

employee’s wages under *Personal compensation and benefits*, rather than *Acquisition of assets*. If you purchase a building, classify the contractual obligations under *Acquisition of assets*.

You record *obligations* when the Federal Government places an order for an item or a service, awards a contract, receives a service, or enters into similar transactions that will require payments in the same or a future period (see section [20.5](#)). You also record obligations when you make an *expenditure* transfer between Federal Government accounts (see section [20.4\(j\)](#)).

83.2 Why must I report object class information?

You must report object class information because the law ([31 U.S.C. 1104\(b\)](#)) requires the President’s budget to present obligations by object class for each account.

83.3 How do object classes compare to functional and character classes and program activity?

The following table shows how the object classification system differs from the other classification systems used in the President’s budget.

Classification System	What is classified?	What does it tell me?
Object class	Obligations	Goods or services or items purchased, for example, supplies, rent, or equipment
Program activity (see section 82.2)	Obligations	Activity, project, or other programmatic distinction
Functional class (see section 79.3(d))	Budget authority, outlays, and offsetting receipts	Major purpose served, for example, national defense, health, income security
Character class (see section 84.4)	Budget authority, outlays, and offsetting receipts	Whether the amount pays for an <i>investment</i> or an operating cost; If investment, then, what type: physical asset, conduct of R&D, or education and training; or Whether the amount is a <i>grant</i> to a State and local government or a <i>direct</i> Federal program.

83.4 How does the object class schedule relate to the program and financing schedule?

You report object class information whenever you report obligations on a program and financing (P&F) schedule (except you do not report object class information for credit financing accounts). This means you report obligations by object class separately for the regular budget requests, supplemental budget requests, rescission proposals, and legislative proposals.

In addition, object class schedules separately identify the following types of obligations:

- Direct and reimbursable obligations (see section [83.5](#)).
- Obligations covered by statutory limitations (see section [83.6](#)).
- Obligations for allocations between agencies (see section [83.17](#)).

83.5 How can I determine whether an obligation should be classified as direct or reimbursable?

In general, reimbursable obligations are those financed by offsetting collections received in return for goods and services provided, while all other obligations are direct. However, there are exceptions. Classify *obligations within the account* as "direct" or "reimbursable" in accordance with the following criteria:

If the obligations are . . .	And if . . .	The classification is . . .
NOT financed from offsetting collections	The account is NOT a REVOLVING FUND	Direct
Financed from any type of budgetary resources, including offsetting collections	The account is a CREDIT program or liquidating account	Direct
Financed from offsetting collections from: <ul style="list-style-type: none"> • Asset sales; • Interest on Federal securities; • Interest on uninvested funds; • Compulsory collections from the public, such as taxes, compulsory user charges, customs duties, license fees; or • Intragovernmental expenditure transfers with no benefit (e.g., goods and services) to the paying account 	Direct	
Financed from offsetting collections received in return for goods or services provided, including: <ul style="list-style-type: none"> • Reimbursements under the IPA (see section 83.16); and • Voluntary insurance premiums <p>Note: Compulsory collections (as opposed to voluntary collections) are coded 8845 in schedule P (see section 82.7).</p>	The offsetting collections are NOT from any of the sources identified in the previous case, that is, asset sales, interest, etc.	Reimbursable
Financed from any type of budgetary resources, including offsetting collections	The account is a REVOLVING FUND but is NOT a credit liquidating account	Reimbursable
Financed from offsetting collections from other Federal government account(s)	The collections are for a jointly funded grant or project	Reimbursable

The amounts you classify as reimbursable obligations in both MAX schedule O and MAX schedule P for a budget account should be identical. There are three exceptions:

- Line 9995, *Below reporting threshold*, in MAX schedule O may contain a mixture of direct and reimbursable obligations. These amounts are not material because they are normally \$4 million or less;
- Credit financing accounts do not have any MAX schedule O; and
- All the obligations may be rolled up on line 1000 in MAX schedule P and there may be a mixture of direct and reimbursable obligations on that line.

MAX schedule O. Use the 4-digit object class line numbers in exhibit 83A when you enter obligations by object class in MAX schedule O. Be sure to use the right prefix to distinguish reimbursable from direct obligations. For reimbursable obligations, if the obligations are for the parent account use 2xxx and if the obligations are in a limitation schedule use 7xxx.

MAX schedule P. Use the 4-digit program activity codes in section [82.2](#) when you enter obligations in MAX schedule P. For reimbursable obligations, use x9xx.

83.6 How should I report obligations that are covered by statutory limitations?

When a law limits administrative or other expenses for a revolving or trust fund, you must separately identify the object classes that are covered by the limitation from those that are not covered. See exhibit [83A](#) for the prefix and codes used to identify obligations under limitations and section [83.17](#) for the relationship between MAX schedule O and the *Budget Appendix*.

83.7 What object class codes and definitions should I use?

Earlier, we said that we divided the major object classes into smaller ones. The following table provides the codes, standard titles, and definitions used to identify detailed object class data. Exhibit [83A](#) provides a summary of the codes and standard titles used in MAX schedule O.

	Entry	Description
10	PERSONAL COMPENSATION AND BENEFITS	This major object class consists of object classes 11, 12, and 13.
11	Personnel Compensation	Compensation directly related to duties performed for the Government by Federal civilian employees, military personnel, and non-Federal personnel. Object class 11 covers object classes 11.1 through 11.8.
11.1	Full-time permanent	For full-time civilian employees with permanent appointments, report: <ul style="list-style-type: none"> • Regular salaries and wages paid to the employees (some of which may be withheld from the employee’s check to pay taxes, to pay a bill in a credit union, or to pay the employee’s share of life and health insurance). • Other payments that become part of their basic pay (for example, geographic differentials, and critical position pay).

Entry	Description
11.3 Other than full-time permanent	<ul style="list-style-type: none"> • Regular salaries and wages paid while the employees are on paid leave, such as annual, sick, or compensatory leave. • Lump sum payments for annual leave upon separation (also known as terminal leave payments). <p>Exclude <i>compensation above the basic rate</i>, for example, overtime or other premium pay, which will be classified in object class 11.5, <i>Other personnel compensation</i>.</p> <p>Full-time permanent employees are those who are full-time civilian employees with <i>permanent appointments as defined by the Office of Personnel Management (OPM)</i>. The nature of the employee's appointment is controlling, not the nature of the position. Include <i>full-time permanent employees</i> in the:</p> <ul style="list-style-type: none"> • <i>Competitive Service</i> with career and career-conditional appointments. • <i>Excepted Service</i> whose appointments carry no restriction or condition. Include those serving trial periods or whose tenure is equivalent to career-conditional tenure in the Competitive Service. Exclude those serving on indefinite appointments and appointments limited to a specific time. • <i>Senior Executive Service (SES)</i> with career appointments as defined in 5 U.S.C. 3132(a)(4) and non career appointments as defined in 5 U.S.C. 3132(a)(7). <p><i>Note:</i> Refer to your agency's human resources office for assistance on the types of appointments for staff in your agency.</p> <p>Exclude full-time <i>temporary</i> employees who are full-time civilian employees with <i>temporary appointments as defined by OPM</i> who will be classified in object class 11.3, <i>Other than full-time permanent</i>.</p> <p>Regular salaries and wages paid to civilian employees for part-time, temporary, or intermittent employment.</p> <p>Other than full-time permanent employees include:</p> <ul style="list-style-type: none"> • <i>Part-time permanent employees</i>, that is, employees with appointments that require work on a prearranged schedule of fewer hours or days of work than prescribed for full-time employees in the same group or class. • <i>Temporary employees</i>, that is, employees with appointments for a limited period of time that is generally less than a year. For example: <ul style="list-style-type: none"> (a) full-time temporary employees, (b) seasonal employees without permanent appointments, (c) employees with term appointments, and (d) employees with indefinite appointments. • <i>Intermittent employees</i>, that is, employees with appointments that require work on an irregular or occasional basis and who are paid only for the time actually employed or services actually rendered.

Entry	Description
11.5 Other personnel compensation	<p data-bbox="646 289 1404 562"><i>Note:</i> For personal services contracts with individuals who are classified by OPM as Federal employees, classify the basic pay in this object class and classify compensation above the basic pay in object class 11.5, <i>Other personnel compensation</i>. On the other hand, classify the payments to a contractor principally for the personal services of a group of the contractor's employees according to the type of contract involved (for example, classify personal services contracts for operation and maintenance of facilities under object class 25.4).</p> <p data-bbox="630 579 1404 638">Compensation <i>above the basic rates</i> paid directly to civilian employees. Include:</p> <ul data-bbox="646 659 1404 1213" style="list-style-type: none"> <li data-bbox="646 659 1404 806">• <i>Overtime</i>, which is pay for services in excess of the established work period as defined in 5 U.S.C. 5542, standby duty and administratively uncontrollable overtime as defined in 5 U.S.C. 5545, and unscheduled availability duty hours for criminal investigations as defined in 5 U.S.C. 5545(a). <li data-bbox="646 827 1159 856">• <i>Holiday pay</i> as defined in 5 U.S.C. 5546(b). <li data-bbox="646 877 1338 936">• <i>Night work differential</i>, which is pay above the basic rate for regularly scheduled night work. <li data-bbox="646 957 1404 1104">• <i>Post differentials</i>, which are authorized under 5 U.S.C. 5925 above the basic rate for service at hardship posts abroad that are based upon conditions of environment substantially different from those in the continental United States and warrant additional pay as a recruitment and retention incentive. <li data-bbox="646 1125 1404 1213">• <i>Hazardous duty pay</i>, which is pay above the basic rate because of assignments involving performance of duties that subject the employee to hazards or physical hardships. <p data-bbox="630 1234 1416 1537"><i>Note:</i> Post differentials and hazardous duty pay result from the job or services performed. For example, a job performed at a hardship post abroad or under hazardous duty is different from what might appear to be the same job performed elsewhere and under non-hazardous conditions. Hence, both are classified with other pay in object class 11 and not as benefits in object class 12. By contrast, compensation in the form of cost of living allowances are classified as benefits in object class 12 because they do not result from the job or services performed. The cost for a job in one locale is different from the same job in another locale simply because the cost of living is higher in one locale.</p> <ul data-bbox="646 1558 1404 1953" style="list-style-type: none"> <li data-bbox="646 1558 1404 1705">• <i>Supervisory differential</i>, which is pay above the basic rate to adjust the compensation of a supervisor to a level greater than the highest paid subordinate. The differential applies to a General Schedule employee who supervises one or more employees not covered by the General Schedule. <li data-bbox="646 1726 1404 1852">• <i>Cash incentive awards</i>, which are payments for cash awards that do not become part of the Federal civilian employee's basic rate of pay, such as those authorized under 5 U.S.C. 4503, 4504, 4505(a), 4507, and 5384. <li data-bbox="646 1873 1404 1953">• <i>Other payments above basic rates</i>, which are payments for other premium pay, such as stand-by pay and premium pay in lieu of overtime and special pay that is paid periodically during the year

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Entry	Description
11.7 Military personnel	<p>in the same manner and at the same time as regular salaries and wages are paid. Exclude other payments which are classified in object class 12.1, <i>Civilian personnel benefits</i>.</p> <ul style="list-style-type: none"> • <i>Royalties</i> to Federal scientists and inventors which may last up to 17 years and may be paid after the employee has left Federal service or to the employee's beneficiary. <p>The regular salaries and wages paid to personnel of the uniformed service, including the commissioned corps of the Public Health Service and the National Oceanic and Atmospheric Administration (some of which may be withheld from the employee's check to pay taxes, to pay a bill in a credit union, or to pay the employee's share of life and health insurance) as well as amounts above the basic pay rates. For "amounts above the basic pay rates", apply the same definitions as for civilian employees in object class 11.5 plus:</p> <ul style="list-style-type: none"> • Flight pay. • Basic allowance for subsistence (BAS) and for quarters (BAQ). • Extra pay based upon conditions of environment (except cost of living allowances for locations outside the contiguous 48 States and the District of Columbia which will be classified in object class 12.2, Military personnel benefits).
11.8 Special personal services payments	<p>Payments for personal services that do not represent salaries or wages paid directly to Federal employees and military personnel. Include payments for:</p> <ul style="list-style-type: none"> • <i>Reimbursable details</i>, that is, payments to other accounts for services of civilian employees and military personnel on reimbursable detail (both compensation and personnel benefits). • <i>Reemployed annuitants</i>, that is, payments by an agency employing an annuitant to reimburse the Civil service retirement and disability fund for the annuity paid to that employee under 5 U.S.C. 8339 through 8344. • <i>Non-Federal civilians, such as witnesses</i>; casual workers, patient and inmate help, and allowances for trainees and volunteers. • <i>Salary equalization</i> (authorized under 5 U.S.C. 3372 and 3584) to individuals on leave of absence while employed by international organizations or State and local governments, when the equalization payment is 50 percent or less of the person's salary. • <i>Staff of former Presidents</i> paid by GSA under 3 U.S.C. 102(b).
11.9 Total personal compensation	Use this line when there is more than one entry on object classes 11.1 through 11.8.
12 & 13 Personnel Benefits	Benefits for <i>currently employed</i> Federal civilian, military and certain non-Federal personnel. Exclude benefits to certain <i>former</i> civilian and military personnel that are classified in object classes 13.0 and 42.0. Covers object classes 12.1 and 12.2.
12.1 Civilian personnel benefits	Cash payments (from the agency, not funds withheld from employee compensation) to other funds for the benefit of Federal civilian employees or direct payments to these employees.

Entry	Description
	<p>Include payments to or for certain non-Federal employees as required by law. Non-Federal civilian employees are employees who are not reportable to the Office of Personnel Management as Federal employees, such as witnesses, casual workers, trainees, volunteers. For example, Peace Corps and VISTA volunteers, Job Corps enrollees, and U.S. Department of Agriculture Extension Service agents.</p> <p>Civilian personnel benefits include:</p> <ul style="list-style-type: none"> • <i>Insurance and annuities</i>, which are the employer's share of payments for life insurance, health insurance, employee retirement (including payments to finance fiduciary insurance costs of the Federal Retirement Thrift Investment Board), work injury disabilities or death and professional liability insurance (which are payments to reimburse qualified Federal employees for up to one half the cost of professional liability insurance premiums, as authorized by P.L. 104–208 and amended by P.L. 106–58). • Recruitment, retention, and other incentives, such as: <ul style="list-style-type: none"> Payments above the basic rate for recruitment bonuses, relocation bonuses, and retention allowances authorized by 5 U.S.C. 5753 and 5754. Payment to the loan holder (e.g., the bank) to repay an employee's student loan as a recruitment incentive. Relocation and other expenses related to permanent change of station (PCS), except expenses for travel and transportation and the storage and care of vehicles and household goods (see section 83.9). Cash allowances for separate maintenance, education for dependents, transfers for employees stationed abroad, and personal allowances based upon assignment or position, and overseas differentials. Cost-of-living allowances (COLAs) as authorized under 5 U.S.C. 5924 and 5941 and other laws. <i>Note:</i> COLAs are classified as benefits in object class 12 (and not as compensation in object class 11) because they are not related to the job or service performed. Student loan repayments authorized by 5 U.S.C. 5379. <p><i>Other allowances and payments</i> such as allowances for uniforms and quarters, special pay that is paid in a lump sum (such as compensatory damages or employee settlements), reimbursements for notary public expenses, and subsidies for commuting costs, that is, payments to subsidize the costs of Federal civilian employees in commuting by public transportation.</p>
12.2 Military personnel benefits	<p>Cash allowances and payments of employer share to other funds for military personnel. Include:</p> <ul style="list-style-type: none"> • Cash allowances such as <ul style="list-style-type: none"> — Uniform allowances.

Entry	Description
13.0 Benefits for former personnel	<ul style="list-style-type: none"> — Reenlistment bonuses. — Cost-of-living allowances. — Dislocation and family separation allowances. — Personal allowances based upon assignment or rank. <p>Exclude hazardous duty pay, flight pay, extra pay based upon conditions of work environment, and other such pay, which are classified as military personnel compensation in object class 11.7, and benefit payments to veterans resulting from their past service, which are classified as benefits to former personnel in object class 13.0.</p> <ul style="list-style-type: none"> • Payments to other funds, such as the employer's share of military retirement, Federal Insurance Contribution Act taxes, Servicemen's Group Life Insurance premiums, and education benefits. • Subsidies for commuting costs, which are payments to subsidize the costs of military personnel in commuting by public transportation. <p>Benefits for former officers and employees or their survivors that are based (at least in part) on the length of service to the Federal Government. Include:</p> <ul style="list-style-type: none"> • <i>Retirement benefits</i> in the form of pensions, annuities, or other retirement benefits paid to former military and certain civilian Government personnel or to their survivors, exclusive of payments from retirement trust funds, which are classified as insurance claims and indemnities under object class 42.0. • <i>Separation pay</i>, which are severance payments to former employees who were involuntarily separated through no fault of their own and voluntary separation incentive (VSI) payments, also known as "buy-outs" to employees who voluntarily separate from Federal service. • <i>Payments to other funds</i> for ex-Federal employees and ex-service personnel (e.g., agency payments to the unemployment trust fund for ex-employees and one-time agency payments of final basic pay to the civil service retirement fund for employees who took the early-out under buy-out authority) and other benefits paid directly to the beneficiary. Also, Government payment to the Employees health benefits and life insurance funds for annuitants. <p>Exclude benefits provided <i>in-kind</i>, such as hospital and medical care, which are classified under the object class representing the nature of the items purchase.</p>
20 CONTRACTUAL SERVICES AND SUPPLIES	This major object class covers purchases of contractual services and supplies in object classes 21.0 through 26.0.
21.0 Travel and transportation of persons	Travel and transportation costs of Government employees and other persons, while in an authorized travel status, that are to be paid by the Government either directly or by reimbursing the traveler. Consists of both travel away from official stations, subject to regulations governing civilian and military travel, and local travel and transportation of persons

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Entry	Description
22.0 Transportation of things	<p>in and around the official station of an employee. Include:</p> <ul style="list-style-type: none"> • <i>Contracts to transport people from place to place</i>, by land, air, or water, such as commercial transportation charges; rental or lease of passenger cars; charter of trains, buses, vessels, or airplanes; ambulance service or hearse service; and expenses incident to the operation of rented or chartered conveyances. (Rental or lease of all passenger-carrying vehicles is to be charged to this object class, even though such vehicles may be used incidentally for transportation of things.) • Incidental travel expenses which are other expenses directly related to official travel, such as baggage transfer, and telephone and telegraph expenses, as authorized by travel regulations. <p>Transportation of things (including animals), the care of such things while in process of being transported, and other services incident to the transportation of things. (Exclude transportation paid by a vendor, regardless of whether the cost is itemized on the bill for the commodities purchased by the Government.) Include:</p> <ul style="list-style-type: none"> • <i>Freight and express</i> charges by common carrier and contract carrier, including freight and express, switching, crating, refrigerating, and other incidental expenses. • <i>Trucking and other local transportation</i> charges for hauling, handling, and other services incident to local transportation, including contractual transfers of supplies and equipment. • <i>Mail transportation</i> charges for express package services (i.e., charges for transporting freight) and postage used in parcel post. (Exclude other postage and charges that are classified under object class 23.3.) • <i>Transportation of household goods related to permanent change of station (PCS)</i>.
23 Rent, Communications, and Utilities	<p>Payments for the use of land, structures, or equipment owned by others and charges for communication and utility services. Object class 23 covers object classes 23.1 through 23.3. Exclude payments for rental of transportation equipment, which are classified under object class 21.0, <i>Travel and transportation of person</i>, or object class 22.0, <i>Transportation of things</i>.</p>
23.1 Rental payments to GSA	<p>Payments to the General Services Administration (GSA) for rental of space and rent related services.</p> <p>Exclude payments:</p> <ul style="list-style-type: none"> • To a non-Federal source, which will be reported in object class 23.2, <i>Rental payments to others</i>. • To agencies other than GSA for space, land, and structures that are subleased or occupied by permits, which will be classified in object class 25.3, <i>Purchases of goods and services from Government accounts</i>, regardless of whether the space is owned or leased by the agency other than GSA. • For related services provided by GSA in addition to services provided under rental payments, e.g., extra protection or extra

Entry	Description
23.2	Rental payments to others
23.3	Communications, utilities, and miscellaneous charges
	<p>cleaning, which will be classified in object class 25.3, <i>Purchases of goods and services from Government accounts</i>.</p> <p>Payments to a non-Federal source for rental of space, land, and structures.</p> <p>Payment for information technology, utilities and miscellaneous charges.</p> <p>Include:</p> <ul style="list-style-type: none"> • <i>Rental or lease of information technology equipment</i>, include any hardware or software, or equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information, such as mainframe, mid-tier, and workstation computers. <p>Exclude contractual services involving the use of equipment in the possession of others, such as computer time-sharing or data center outsourcing, which will be classified in object class 25.7, <i>Operation and maintenance of equipment</i>.</p> <ul style="list-style-type: none"> • <i>Information technology services</i>, include data, voice, and wireless communication services, such as long-distance telephone services from other Federal agencies or accounts. <p>Exclude charges for maintenance of information technology and related training and technical assistance, when significant and readily identifiable in the contract or billing, which will be classified in object class 25.7, <i>Operation and maintenance of equipment</i>.</p> <ul style="list-style-type: none"> • <i>Postal services and rentals</i>, include postage (exclude parcel post and express mail service for freight); contractual mail (include express mail service for letters) or messenger service; and rental of post office boxes, postage meter machines, mailing machines, and teletype equipment. • <i>Utility services</i>, include heat, light, power, water, gas, electricity, and other utility services. • <i>Miscellaneous charges</i>, for example, periodic charges under purchase rental agreements for equipment. (Payments subsequent to the acquisition of title to the equipment should be classified under object class 31.0, <i>Equipment</i>.) <p>Exclude payments under lease-purchase contracts for construction of buildings, which will be classified in object class 32.0, <i>Land and structures</i>, or object class 43.0, <i>Interest and dividends</i>, and for lease-purchase contracts for information technology and telecommunications equipment which will be classified in object class 31.0, <i>Equipment</i>.</p>
24.0	Printing and reproduction
	<p>Printing and reproduction obtained from the private sector or from other Federal entities:</p> <ul style="list-style-type: none"> • Typesetting and lithography. • Duplicating. • Standard forms when specially printed or assembled to order and printed envelopes and letterheads.

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Entry	Description
	<ul style="list-style-type: none"> • Publication of notices, advertising, radio and television time. • Photo composition, photography, blueprinting, photostating, and microfilming. • 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. <p><i>Note:</i> In determining subclasses for administrative use, agencies may appropriately maintain a distinction between traditional printing technologies and photostatic reproduction.</p>
25 Other Contractual Services	Object class 25 covers object classes 25.1 through 25.8
25.1 Advisory and assistance services	<p>Services acquired by contract from non-Federal sources (that is, the private sector, foreign governments, State and local governments, tribes), as well as, from other units within the Federal Government. This object class consists of three types of services:</p> <ul style="list-style-type: none"> • Management and professional support services. • Studies, analyses, and evaluations. • Engineering and technical services. <p>Each is described in further detail below.</p> <p>Exclude:</p> <ul style="list-style-type: none"> • Information technology consulting services, which have large scale systems acquisition and integration or large scale software development as their primary focus. Classify these in object class 31.0, <i>Equipment</i>. • Personnel appointments and advisory committees. Classify these in object class 11.3, <i>Other than full-time permanent</i>. • Contracts with the private sector for operation and maintenance of information technology and telecommunication services. Classify these in object class 25.7, <i>Operation and maintenance of equipment</i>. • Architectural and engineering services as defined in the Federal Acquisition Regulations (FAR) 36.102 (40 U.S.C. 541). • Research on theoretical mathematics and basic medical, biological, physical, social, psychological, or other phenomena which will be classified in object class 25.5, <i>Research and development contracts</i>. • Other contractual services classified in object classes 25.2, <i>Other services</i>, through 25.8, <i>Subsistence and support of persons</i>, and 26.0, <i>Supplies and materials</i>. <p>Management and professional support services, that:</p> <ul style="list-style-type: none"> • Assist, advise, or train staff to achieve efficient and effective management and operation of organizations, activities, or systems

Entry	Description
25.2 Other services	<p>(including management and professional support services for information technology and R&D activities).</p> <ul style="list-style-type: none"> • Are normally closely related to the basic responsibilities and mission of the agency contracting for the services. • 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. <p>Exclude auditing of financial statements, which will be classified in object class 25.2, <i>Other services</i>.</p> <p><i>Studies, analyses, and evaluations</i> provide organized analytic assessments or evaluations in support of policy development, decision-making, management, or administration. Include:</p> <ul style="list-style-type: none"> • Studies in support of information technology and R&D activities. • Models, methodologies, and related software supporting studies, analyses, or evaluations. <p><i>Engineering and technical services</i> (excluding routine engineering services and operation and maintenance of information technology and data communications services) that:</p> <ul style="list-style-type: none"> • 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)). • 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. • 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. • Include information technology consulting services, such as information technology architecture design and capital programming, and investment control support services. • Include software services such as implementing a web-based, commercial off-the-shelf software product that is an integral part of a consulting services contract. <p>Report contractual services with non Federal sources that are <i>not otherwise classified</i> under this object class. For example:</p> <ul style="list-style-type: none"> • Auditing of financial statements when done by contract with the private sector. <p>Exclude performance auditing by contract with the private sector, which will be classified in object class 25.1, <i>Advisory and assistance services</i> and auditing of financial statements when done by contract with another Federal Government entity, which will be classified in object class 25.3, <i>Purchases of goods and services from Government accounts</i>.</p>

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Entry	Description
25.3 Other purchases of goods and services from Government accounts	<ul style="list-style-type: none"> • Typing and stenographic service contracts with the private sector. • Tuition for the general education of employees (e.g., for courses for credit leading to college or post graduate degrees). Exclude tuition for training closely-related to the basic responsibilities and mission of the agency, which are classified under object class 25.1, <i>Advisory and assistance services</i>. • Fees and other charges for abstracting land titles, premiums on insurance (other than payments to the Office of Personnel Management), and surety bonds. <p>Exclude:</p> <ul style="list-style-type: none"> • Advisory and assistance services contracts, which are classified under object class 25.1, <i>Advisory and assistance services</i>. • Contractual services reported in other object classes 21.0, 22.0, 23.1–23.3, 24.0, 25.1, 25.3–25.8, and 26.0. • Services in connection with the initial installation of equipment, when performed by the vendor, which will be classified in object class 31.0, <i>Equipment</i>. • Expenditure transfers between Federal accounts, which are classified in object classes 25.3, <i>Purchases of goods and services from Government accounts</i>, and 92.0, <i>Undistributed</i>, as described below. • Repair, maintenance, and storage of vehicles and storage of household goods, which are reported in object class 25.7, <i>Operation and maintenance of equipment</i>. • Repairs and alterations to buildings, which are classified in object classes 25.4, <i>Operation and maintenance of facilities</i>, or 32.0, <i>Land and structures</i>, as appropriate. • Subsistence and support of persons, which is classified as object class 25.8, <i>Subsistence and support of persons</i>. • Research and development contracts which will be classified in object classes, <i>Advisory and assistance services</i>, 25.4, <i>Operation and maintenance of facilities</i>, and 25.5, <i>Research and development contracts</i>, as appropriate. <p>Purchases from other Federal Government agencies or accounts <i>that are not otherwise classified</i>. Include:</p> <ul style="list-style-type: none"> • Rental payments to Federal Government accounts other than the GSA Federal Buildings Fund. • Interagency agreements for contractual services (including the Economy Act) for the purchase of goods and services, except as described below. • Expenditure transfers between Federal Government accounts for jointly-funded grants or projects. <p>Exclude:</p> <ul style="list-style-type: none"> • Purchases from State and local governments, the private sector,

Entry	Description
25.4	Operation and maintenance of facilities
25.5	Research and development contracts
25.6	Medical care
	<p>and Government sponsored enterprises that are not otherwise classified. Classify these in object class 25.2, <i>Other services</i>.</p> <ul style="list-style-type: none"> • Data communication services (voice, data, and wireless) from other agencies or accounts. Classify these in object class 23.3, <i>Communications, utilities, and miscellaneous charges</i>. • Agreements with other agencies to make repairs and alterations to buildings. Classify these in object classes 25.4, <i>Operation and maintenance of facilities</i>, or 32.0, <i>Land and structures</i>, as appropriate. • Storage and maintenance of vehicles and household goods. Classify these in object class 25.7, <i>Operation and maintenance of equipment</i>. • Subsistence and support of persons. Classify these in object class 25.8, <i>Subsistence and support of persons</i>. • Development of software, or maintenance of software or hardware. Classify these in object classes 31.0, <i>Equipment</i>, and 25.7, <i>Operation and maintenance of equipment</i>, respectively. • Advisory and assistance services. Classify these in object class 25.1, <i>Advisory and assistance services</i>. • Payments made to other agencies for services of civilian employees or military personnel on reimbursable detail. Classify these in object class 11.8, <i>Special personal services payments</i>. • Contractual services classified under object classes 21.0, 22.0, 23.1–23.3, 24.0, 25.2, 25.4–25.8, and 26.0.
	<p>Operation and maintenance of facilities when done by contract with the private sector or another Federal Government account. Include:</p> <ul style="list-style-type: none"> • Government-owned contractor-operated facilities (GOCOs). • Service contracts and routine repair of facilities and upkeep of land. • Operation of facilities engaged in research and development activities.
	<p>Exclude alterations, modifications, or improvements to facilities and land, which will be reported in object class 32.0, <i>Land and structures</i>.</p>
	<p>Contracts for the conduct of basic and applied research and development. Exclude:</p> <ul style="list-style-type: none"> • Advisory and assistance services for research and development (object class 25.1, <i>Advisory and assistance services</i>). • Operation and maintenance of R&D facilities (object class 25.4, <i>Operation and maintenance of facilities</i>).
	<p>Payments to contractors for medical care. Include payments to:</p> <ul style="list-style-type: none"> • Medicare contractors. • Private hospitals.

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Entry	Description
25.7	<p>Operation and maintenance of equipment</p> <p>Operation, maintenance, repair, and storage of equipment, when done by contract with the private sector or another Federal Government account.</p> <p>Exclude:</p> <ul style="list-style-type: none"> • Nursing homes. • Group health organizations for medical care services provided to veterans. • Carriers by the <i>Employees and retired employees health benefits fund</i> and CHAMPUS. <p>Include:</p> <ul style="list-style-type: none"> • Contracts with individuals who are reportable under Office of Personnel Management regulations as Federal employees (object class 11.3, <i>Other than full-time permanent</i>, or 11.5, <i>Other personnel compensation</i>, as appropriate). • Payments to compensate casual workers and patient help (object class 11.8, <i>Special personal services payments</i>). <p>Include:</p> <ul style="list-style-type: none"> • Storage and care of vehicles and storage of household goods, including those associated with a permanent change of station (PCS). • Operation and maintenance of information technology systems, including maintenance that is part of a rental contract, when significant and readily identifiable in the contract or billing. <p>Exclude:</p> <ul style="list-style-type: none"> • Rental of information technology systems, services and other rentals, which are classified in object class 23.3, <i>Communications, utilities, and miscellaneous charges</i>. • Contracts where the principal purpose is to develop or modernize software, which are classified in object class 31.0, <i>Equipment</i>.
25.8	<p>Subsistence and support of persons</p> <p>Contractual services with the public or another Federal Government account for the board, lodging, and care of persons, including prisoners (except travel items, which are classified under object class 21.0, <i>Travel and transportation of persons</i>, and hospital care, which is classified under object class 25.6, <i>Medical care</i>).</p>
26.0	<p>Supplies and materials</p> <p>Commodities that are:</p> <ul style="list-style-type: none"> • Ordinarily consumed or expended within one year after they are put into use. • Converted in the process of construction or manufacture. • Used to form a minor part of equipment or fixed property. • Other property of little monetary value that does not meet any of the three criteria listed above, at the option of the agency. <p>Include:</p> <ul style="list-style-type: none"> • <i>Office supplies</i>, such as pencils, paper, calendar pads, notebooks, standard forms (except when specially printed or assembled to order), unprinted envelopes, other office supplies, and property of

Entry	Description
	<p>little monetary value, such as desk trays, pen sets, and calendar stands.</p> <ul style="list-style-type: none"> • Publications, such as pamphlets, documents, books, newspapers, periodicals, records, cassettes, or other publications whether printed, microfilmed, photocopied, or otherwise recorded for auditory or visual use that are off-the-shelf rather than specially ordered by or at the request of the agency. <p>Exclude publications acquired for permanent collections, which are classified under object class 31.0, <i>Equipment</i>.</p> <ul style="list-style-type: none"> • <i>Information technology supplies and materials</i>, such as manuals, data storage media (CD-ROM, diskettes, digital tape), and toner cartridges for laser printers or fax machines. <p>Exclude purchases of software, which should be classified in either object class 25.1, <i>Advisory and assistance services</i>, or object class 31.0, <i>Equipment</i>.</p> <ul style="list-style-type: none"> • Chemicals, surgical and medical supplies. • <i>Fuel</i> used in cooking, heating, generating power, making artificial gas, and operating motor vehicles, trains, aircraft, and vessels. • <i>Clothing and clothing supplies</i>, such as materials and sewing supplies used in manufacture of wearing apparel. • Provisions such as food and beverages. • Cleaning and toilet supplies. • Ammunition and explosives. • <i>Materials and parts</i> used in the construction, repair, or production of supplies, equipment, machinery, buildings, and other structures. <p>Exclude charges for off-the-shelf software purchases which should be classified in object class 25.1, <i>Advisory and assistance services</i>, if the purchase is an integral part of a consulting services contract, or object class 31.0, <i>Equipment</i>, if the purchase is considered equipment.</p>
30	ACQUISITION OF ASSETS
31.0	<p>Equipment</p> <p>Purchases of:</p> <ul style="list-style-type: none"> • 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. • The initial installation of equipment when performed under contract. <p>Include:</p> <ul style="list-style-type: none"> • Transportation equipment. • Furniture and fixtures. • Publications for permanent collections.

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Entry	Description
32.0 Land and structures	<ul style="list-style-type: none"> • Tools and implements. • Machinery including construction machinery. • Instruments and apparatus • Information technology hardware or software, custom and commercial off-the-shelf software, regardless of cost, such as central processing units (CPUs), modems, signaling equipment, telephone and telegraph equipment, and large scale system integration services. <p>Exclude software that is an integral part of consulting services contracts, as defined in object class 25.1, <i>Advisory and assistance services</i>. Also exclude rental of information technology systems and services, which are classified under object class 23.3, <i>Communications, utilities, and miscellaneous charges</i>.</p> <ul style="list-style-type: none"> • <i>Armaments</i> including special and miscellaneous military equipment. <p>Exclude supplies and materials classified under object class 26.0, <i>Supplies and materials</i>; purchase of fixed equipment, which is classified under object class 32.0, <i>Land and structures</i>; and operation, maintenance and repair of equipment classified in object class 25.7, <i>Operation and maintenance of equipment</i>.</p> <p>Purchase and improvement (additions, alterations, and modifications) of:</p> <ul style="list-style-type: none"> • <i>Land</i> and interest in lands, including easements and rights of way. • <i>Buildings and other structures</i>, including principal payments under lease-purchase contracts for construction of buildings. • <i>Nonstructural improvements</i> of land, such as landscaping, fences, sewers, wells, and reservoirs. • <i>Fixed equipment</i> when acquired under contract (whether an addition or a replacement). These are fixtures and equipment that become <i>permanently</i> attached to or a part of buildings or structures. Examples include elevators, plumbing, power-plant boilers, fire-alarm systems, lighting or heating systems, and air-conditioning or refrigerating systems. Include the cost of the initial installation when performed under contract.
33.0 Investments and loans	<p>Exclude routine maintenance and repair, which will be classified in object class 25.4, <i>Operation and maintenance of facilities</i>.</p> <p>Purchase of:</p> <ul style="list-style-type: none"> • Stocks, bonds, debentures, and other securities that are <u>neither</u> U.S. Government securities <u>nor</u> securities of wholly-owned Federal Government enterprises. • Temporary or permanent investments. • Interest accrued at the time of purchase and premiums paid on all investments. <p>For credit programs, see section 185 for object classification related to defaults.</p>

Entry	Description
40 GRANTS AND FIXED CHARGES	This major object class covers object classes 41.0 through 44.0.
41.0 Grants, subsidies, and contributions	<p>Cash payments to States, other political subdivisions, corporations, associations, and individuals for:</p> <ul style="list-style-type: none"> • Grants (including revenue sharing). • Subsidies (including credit program costs). • Gratuities and other aid (including readjustment and other benefits for veterans, other than indemnities for death or disability). <p>Contributions to foreign countries, international societies, commissions, proceedings, or projects that are:</p> <ul style="list-style-type: none"> • Lump sum or quota of expenses. • Fixed by treaty. • Discretionary grants. <p>Taxes imposed by State and local taxing authorities where the Federal Government has consented to taxation (excluding the employer's share of Federal Insurance Contribution Act taxes) and payments in lieu of taxes.</p> <p><i>Note:</i> Obligations under grant programs that involve the furnishing of services, supplies, materials, and the like by the Federal Government, rather than cash, are not charged to this object class, but to the object class representing the nature of the services, articles, or other items that are purchased.</p>
42.0 Insurance claims and indemnities	<p>Benefit payments from the social insurance and Federal retirement trust funds and payments for losses and claims including those under the Equal Access to Justice Act. Include:</p> <p><i>Social insurance and retirement</i> payments for individuals from trust funds for:</p> <ul style="list-style-type: none"> • Social security. • Medicare. • unemployment insurance. • Railroad retirement. • Federal civilian retirement. • Military retirement. • Other social insurance and retirement programs. <p>Insurance payments from Federal insurance revolving funds, such as the Bank Insurance Fund, for:</p> <ul style="list-style-type: none"> • Liquidation and insurance. • Litigation settlements due receivers and trustees. • Working capital outlays. • Net case resolution losses. • Other unpaid resolution obligations, not otherwise classified.

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Entry	Description
	<p><i>Note:</i> Classify other payments by Federal insurance revolving funds to the object classes to which they apply, for example classify premiums on investments in object class 33.0, <i>Investments and loans</i>, and interest expenses in object class 43.0, <i>Interest and dividends</i>.</p> <ul style="list-style-type: none"> • Other claim or indemnity payments: • To veterans and former civilian employees or their survivors for death or disability, whether service-connected or not. • 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. • To or for persons displaced as a result of Federal and federally assisted programs, as authorized under 42 U.S.C. 4622–4624. • For losses made good on Government shipments. • From liquidating accounts on guarantees where no asset is received and where forgiveness is not provided by law.
43.0 Interest and dividends	<p>Include:</p> <ul style="list-style-type: none"> • Payments to creditors for the use of moneys loaned, deposited, overpaid, or otherwise made available. • Distribution of earnings to owners of trust or other funds. • Interest payments under lease-purchase contracts for construction of buildings. <p>Exclude the interest portion of the payment of claims when a contract has been delayed by the Government. Classify these costs under the same object class used for the original contract.</p>
44.0 Refunds	<p>Payments of amounts previously collected by the Government.</p> <p>Include:</p> <ul style="list-style-type: none"> • Payments to correct errors in computations, erroneous billing, and other factors (see section 20.10). • Payments to former employees or their beneficiaries for employee contributions to retirement and disability funds (e.g., payments made when employees die before retirement or before their annuities equal the amount withheld). <p><i>Note:</i> In the account receiving the refund, previously recorded obligations will be reduced in the appropriate object class(es) by the amount of the refund, if the refund is received in the same year as the obligations are reported (see section 20.10).</p>
90 OTHER	This major object class covers object classes 91.0 through 99.5.
91.0 Unvouchered	Charges that may be incurred lawfully for confidential purposes and are not subject to detailed vouchering or reporting.
92.0 Undistributed	Charges that cannot be distributed to the object classes listed above. Use this object class only with the prior approval of OMB.

Entry	Description
93.0	Limitation on expenses This object class is used when there is an annual limitation on administrative or other expenses for revolving and trust funds. (See section 83.6).
94.0	Financial transfers This object class is used for obligations that represent financial interchanges between Federal government accounts that are not in exchange for goods and services.
99.0	Subtotal, obligations This entry is automatically generated by MAX: <ul style="list-style-type: none"> For <i>direct or allocation</i> account obligations, the subtotal stub entry should appear when more than one object class category is reported in a single account. For <i>reimbursable</i> obligations, the subtotal stub entry, "Reimbursable obligations," should appear, even if all reimbursable obligations are classified in a single object class category.
99.5	Below reporting threshold Use this object class adjustment line when: <ul style="list-style-type: none"> The sum for an object class entry is \$500 thousand or less, that is, it is below the reporting threshold, <i>and</i> The sum of <i>all</i> the below threshold amounts rounds to \$1 million or more. There will be <i>only one</i> adjustment line per object class schedule. It will: <ul style="list-style-type: none"> Follow the last subtotal (object class 99.0) for the schedule. Be coded 9995 in MAX. Do not report amounts of more than \$4 million in this object class, unless approved by OMB.
99.9	Total new obligations This entry is automatically generated by MAX.

83.8 What object classes are associated with civilian and military pay in the baseline?

Civilian pay means the budgetary resources used to fund civilian compensation and benefits consistent with object classes 11.1 through 11.5 and 12.1.

Military pay means the budgetary resources used to fund military personnel compensation and benefits consistent with object classes 11.7 and 12.2.

83.9 How do I classify relocation expenses related to a permanent change of station (PCS)?

When an employee accepts a Federal position at a different location, such as at a different State, this is called a permanent change of station. An agency, at its discretion, may reimburse the employee for a variety of expenses related to the relocation. Follow the instructions in the table to classify these expenses among the object classes.

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If the obligations are for ...	Then classify in object class ...
Transportation, per diem while in travel status, or reimbursement of actual travel expenses for the employee or the employee's immediate family	21.0 <i>Travel and transportation of persons</i>
Transportation of household goods, house trailers, and effects	22.0 <i>Transportation of things</i>
Storage and care of vehicles and household goods	25.7 <i>Operation and maintenance of equipment</i>
All other relocation expenses for <i>civilian</i> employees, such as: <ul style="list-style-type: none"> • Allowances for expenses incurred in connection with a sale of a residence or settlement of an unexpired lease. • Subsistence when occupying temporary quarters (in contrast to per diem while in travel status, above). • Reimbursements of amounts equal to income taxes incurred by transferred employees for moving or storage expenses under 5 U.S.C. 5724(b). • Contractual charges for relocation services under 5 U.S.C. 5724(c). • Miscellaneous moving expenses under 5 U.S.C. 5724(a). 	12.1 <i>Civilian personnel benefits</i>
All other relocation expenses for <i>military</i> personnel	12.2 <i>Military personnel benefits</i>

83.10 How do I classify purchases related to information technology (IT)?

For some reason, we have had many questions on how to classify IT obligations among the various object classes. The general rule is to focus on the nature of the services, articles or other items for which obligations are first incurred. The following table shows the application of this rule.

If the obligations are for ...	Then classify in object class ...
IT services or the rental of IT equipment	23.3 <i>Communications, utilities, and miscellaneous charges</i>
Operation and maintenance of IT systems by the private sector	25.7 <i>Operation and maintenance of equipment</i>
Operation and maintenance of IT systems by another Federal Government account	25.3 <i>Purchases of goods and services from Government accounts</i>
IT hardware and software	31.0 <i>Equipment</i>
IT supplies and materials, such as manuals, diskettes, toner cartridge	26.0 <i>Supplies and materials</i>

If the obligations are for ...	Then classify in object class ...
IT consulting services in the form of: <ul style="list-style-type: none"> • Management and professional support services. • Studies, analyses, and evaluations. • Engineering and technical services. 	25.1 <i>Advisory and assistance services</i>

83.11 How do I classify obligations for education and training?

We have also had many questions on how to classify education and training obligations among the various object classes. The general rule is to focus on the nature of the services, articles or other items for which obligations are first incurred. The following table shows the application of this rule.

If the obligations are for ...	Then classify in object class ...
Payments of tuition to universities or colleges leading to a degree, or for attendance at conferences	25.2 <i>Other services</i>
All other payments to a private sector company for training courses	25.1 <i>Advisory and assistance services</i>
Payments to other Federal government agencies for training courses	25.3 <i>Purchases of goods and services from Government accounts</i>
Cash allowances for the education of dependents that are provided as recruitment and retention incentives for civilian employees	12.1 <i>Civilian personnel benefits</i>
Payment to the loan holder (e.g., the bank) to repay an employee's student loan as a recruitment incentive	12.1 <i>Civilian personnel benefits</i>
Cash allowances for the education of dependents that are provided as recruitment and retention incentives for military personnel	12.2 <i>Military personnel benefits</i>

83.12 How do I classify obligations for real property (space, land, and structures)?

Classify obligations for the *purchase, including lease purchase, or improvement* (that is, alteration or modification) of real property in object class 32, *Land and structures*.

Classify the *rental or lease* of real property, as follows:

If the obligation are for ...	And if ...	Then classify in object class ...
Payment to another Federal government account	The other account is GSA's Federal Buildings Fund*	23.1 <i>Rental payments to GSA</i>
Payment to another Federal government account	The other account is NOT GSA's Federal Buildings Fund	25.3 <i>Purchases of goods and services from Government accounts</i>

If the obligation are for ...	And if ...	Then classify in object class ...
Payment to the private sector		<p>Note: The paying account must use this <u>object class code</u> but may change the title to "Rental payments to GSA."</p> <p>23.2 <i>Rental payments to others</i></p>

* Classify amounts for the *standard* services, such as cleaning and security, covered by the *basic rental charge* assessed by GSA in object class 23.1, *Rental payments to GSA*. However, if the payment is for rent "related" services provided by GSA in addition to services provided under rental payments, for example, extra protection or extra cleaning, report the amounts under object class 25.3, *Purchases of goods and services from Government accounts*.

GSA operating delegations. When GSA *delegates* the operation of a facility back to an agency ("operating delegations"), the agency is in charge of operating the facility.

GSA bills for basic rental charges differ depending on whether the building is owned or leased by GSA.

For GSA-leased buildings, the GSA bills the total (gross) amount of the basic rental charge which includes a charge for operating the building. In these cases, the following transactions occur:

- GSA bills the agency for the *gross* amount of the basic rental charge.
- Agency records obligations in object class 23.1, *Rental payments to GSA*, and pays GSA's Federal Buildings Fund the *gross* amount.
- GSA *rebates* the amount for operating the facility back to the agency.
- Agency records the amount rebated as offsetting collections.
- If the agency, in turn, contracts with the private sector to clean the facilities, the obligations are classified in object class 25.4, *Operation and maintenance of facilities*.
- If the agency, in turn, contracts with another agency (for example, to guard the building), the obligations are classified in object class 25.3, *Purchases of goods and services from Government accounts*.

The above treatment will continue for rental of ***GSA-leased buildings***.

Beginning in FY 1999, for GSA-owned buildings only, GSA began billing agencies with operating delegations for the *net* amount. Amounts for *standard* services that have been delegated back to the agencies are no longer included in object class 23.1.

83.13 How do I classify obligations for Federal civilian retirement under CSRS?

Use the following:

If the obligations are for ...	Then classify in object class ...
The accrual for the future retirement cost of current civilian personnel covered by CSRS that is charged to the	12.1 <i>Civilian personnel benefits</i>

If the obligations are for ...	Then classify in object class ...
<p>accounts that pay direct compensation to those personnel</p> <p>Note: The corresponding receipts credited to the civil service retirement and disability trust fund are treated as undistributed offsetting receipts (Employer share, employee retirement on the inter fund transaction line).</p>	
<p>The Government's share of retirement costs that amortize increases in the static unfunded liability created since October 20, 1969 by any statute which authorizes new or liberalized benefits, an extension of retirement coverage, or pay increases</p> <p>Note: This applies to OPM's "Payment to the Civil Service Retirement and Disability Fund" account only.</p>	12.1 <i>Civilian personnel benefits</i>
<p>Interest on the static unfunded liability and annuity disbursements attributable to military service and the payment to provide annuities to former spouses of annuitants who died between September 1978 and May 1986 and who did not elect survivor coverage</p> <p>Note: This applies to OPM's "Payment to the Civil Service Retirement and Disability Fund" account only.</p>	13.0 <i>Benefits for former personnel</i>
<p>Payments to CSRS retirees</p> <p>Note: This applies to OPM's "Civil Service Retirement and Disability Fund" account only.</p>	42.0 <i>Insurance, claims, and indemnities</i>

83.14 How do I classify obligations for military retirement?

Since 1985, when the financing of military retirement changed to an accrual basis, the payments should be classified as follows:

If the obligations are ...	Then classify in object class ...
<p>The accrual for the future retirement cost of current military personnel that is charged to the accounts that pay direct compensation to those personnel</p> <p>Note: The corresponding receipts credited to the military retirement trust fund are treated as undistributed offsetting receipts (Employer share, employee retirement on the inter fund transaction line).</p>	12.2 <i>Military personnel benefits</i>
<p>From general revenues to the military retirement fund to finance retirement costs for service prior to 1985</p> <p>Note: This applies to the "Payment to Military Retirement Fund" account only.</p>	13.0 <i>Benefits for former personnel</i>

If the obligations are ...	Then classify in object class ...
Made to military retirees	42.0 <i>Insurance, claims, and indemnities</i>
Note: This applies to the "Military Retirement Fund" account only.	

83.15 How do I classify intragovernmental transactions?

For payments between two Federal government accounts for:

- Relocation expenses, see section [83.9](#);
- Information technology, see section [83.10](#);
- Education and training, see section [83.11](#);
- Real property, see section [83.12](#);
- Federal civilian retirement under CSRS, see section [83.13](#); and
- Military retirement, see section [83.14](#).

For other payments between two Federal government accounts, classify the obligations as follows:

If the obligations are ...	Then classify in object class ...
Transfers by the paying account to reimburse the receiving account for an asset or a service <i>with a specific object class</i>	<p>The paying account should classify the <i>direct</i> obligations in the object class that best describes the purchase, such as:</p> <p>21.0 <i>Travel and transportation of persons</i></p> <p>22.0 <i>Transportation of things</i></p> <p>23.1 <i>Rental payments to GSA</i></p> <p>23.2 <i>Rental payments to others</i></p> <p>23.3 <i>Communications, utilities, and miscellaneous charges</i></p> <p>24.0 <i>Printing and reproduction</i></p> <p>25.1 <i>Advisory and assistance services</i></p> <p>25.4 <i>Operation and maintenance of facilities</i></p> <p>25.5 <i>Research and development contracts</i></p> <p>25.6 <i>Medical care</i></p> <p>25.7 <i>Operation and maintenance of equipment</i></p> <p>25.8 <i>Subsistence and support of persons</i></p> <p>26.0 <i>Supplies and materials</i></p> <p>31.0 <i>Equipment</i></p> <p>32.0 <i>Land and structures</i></p> <p>33.0 <i>Investment and loans</i></p> <p>43.0 <i>Interest and dividends</i></p>

If the obligations are ...	Then classify in object class ...	
Transfers by the paying account to reimburse the receiving account for an asset or a service <i>without a specific object class</i>	44.0	<i>Refunds</i>
Transfers where the transfer merely moves resources between Federal and trust fund accounts. Normally these transfers result from appropriations action or general transfer authority where the obligations are simply accounting transfers.	25.3	<i>Purchases of goods and services from Government accounts.</i> Do not use this object class if a more specific object class applies.
	94.0	<i>Financial transfers</i>
		Note: The paying account should report direct obligations in object class 94.0 and the receiving account should distribute the obligations as direct obligations in the appropriate object classes.

83.16 How do I classify obligations under the Intergovernmental Personnel Act (IPA)?

Under the IPA, a Federal employee, with his or her consent, may be assigned temporarily to a non-Federal organization.

- *Detailed Federal employees.* A detailed Federal employee continues to receive pay, allowances, and benefits from the Federal agency. In some cases, these costs are reimbursed by the non-Federal organization.
- *Federal employees on LWOP.* A Federal employee on LWOP is paid by the non-Federal organization to which he or she is assigned. The salary paid by the non-Federal organization may be more or less than the employee's current Federal salary. If the rate of pay of the non-Federal organization is less, then the Federal agency may pay a supplemental salary to the employee.

Also under the IPA, an employee of a non-Federal organization may be assigned temporarily to a Federal agency either (1) with a temporary Federal appointment or (2) on detail.

- *Non-Federal employees with temporary Federal appointments.* A non-Federal employee with a temporary Federal appointment is paid by the Federal agency to which he or she is assigned. However, he or she is eligible to enroll in the Federal Employees Health Benefits program only if the Federal appointment results in the loss of coverage under the non-Federal health benefits system. He or she is not covered by any retirement system for Federal employees or by the Federal Employees Group Life Insurance Program.
- *Non-Federal employees detailed to a Federal Position.* A non-Federal employee who is detailed to a Federal agency continues to receive pay, allowances, and benefits from the non-Federal organization to which he or she is employed. In some cases these costs may be reimbursed by the Federal agency. In addition, if the non-Federal salary of the employee on detail is less than the minimum rate of pay for the Federal position, the Federal agency may supplement the salary to make up the difference.

Cost-sharing arrangements for IPA assignments are negotiated between the participating organizations. The Federal agency may agree to pay all, some, or none of the costs associated with an assignment. These include basic pay, supplemental pay, fringe benefits, and travel and relocation expenses. A Federal agency may not reimburse a non-Federal organization for indirect or administrative costs associated with the assignment.

SECTION 83—OBJECT CLASSIFICATION (MAX SCHEDULE O)

Because of these cost sharing arrangements you should use the following table to classify these obligations.

If the obligations are ...	And if the employees is ...	Then classify in object class ...	
Regular salaries and wages	Federal full-time and on detail to a non-Federal organization	11.1	<i>Full-time permanent</i>
	Federal but not full-time and on detail to a non-Federal organization non-Federal <i>with a temporary Federal appointment.</i>	11.3	<i>Other than full-time permanent</i>
	non-Federal <i>on detail to a Federal agency to provide consulting services</i>	25.1	<i>Advisory and assistance services</i>
	non-Federal <i>on detail to a Federal agency to provide services other than consulting</i>	11.8	<i>Special personal services payments</i>
Supplemental pay	Federal on LWOP non-Federal on detail	11.8	<i>Special personal services payments</i>
Cash incentive awards	Federal	11.5	<i>Other personnel compensation</i>
	non-Federal <i>with a temporary Federal appointment</i> (Note: you cannot give this type of award to a non-Federal employee who is detailed to a Federal position.)		
Travel or relocation expenses		See sections 83.5 and 83.9	
Other expenses		See section 83.5	

83.17 How is object class information presented in MAX schedule O and the Appendix?

You must first enter all object class information in MAX schedule O in order to populate the Appendix with object class data. The *Appendix* presents object class information in tables called object class schedules, which display the object class codes, the object class titles, and the amounts of obligations in the past, current, and budget year.

MAX schedule O. Object class data are displayed in MAX on the basis of a 4-digit line number. This line number is made up of a *prefix* and a *3-digit object class code*. See the box on exhibit [83A](#) for the type of obligations indicated by each prefix. Also, see exhibit [83A](#) for a list of the 3-digit object class codes.

Note: The 3-digit object class code in MAX schedule O is the same 3-digit object class code in the *Appendix*, except that in the *Appendix* there is a decimal before the last digit. See section [83.7](#) for the definitions of the object classes.

Appendix schedules. The object class schedules in the *Appendix* present the 3-digit object class codes and the object class titles.

Normally, the *Appendix* will include a separate object class schedule for each P&F schedule that reports obligations (see exhibits [83B](#) and [83C](#)). However, when all obligations in a P&F schedule are classified in a *single object class*, there will be no object class schedule in the *Appendix*. Instead, the code for the appropriate object class will be identified in the P&F schedule in parentheses () at the end of the line for total new obligations. For example, if all obligations in a P&F are for grants, then "(object class 41.0)" will be at the end of the stub entry on line 10.00 of the P&F. Although there will be no object class schedule in the *Appendix*, you must enter the data in MAX schedule O.

Normally, the *Appendix* includes only one object class line for each object class code and uses the standard titles listed in section [83.7](#). However, you may insert additional object class lines in MAX and edit the standard titles. For example, to present employee travel separately from grantee travel in object class 21.0, *Travel and transportation of persons*, you may insert another line in MAX schedule O, edit the standard titles, and distribute the obligations between the two lines.

When there is a *statutory limitation* on obligations for administrative or other expenses for a revolving or trust fund, you must separately identify the obligations that are covered by the limitation from those that are not. Enter the appropriate prefix (see the box on exhibit [83A](#)) in MAX schedule O. The *Appendix* will present two object class schedules:

- The regular object class schedule will present the *total* obligations for the account. The portion of the obligations that are covered by the statutory limitation is not distributed among the object classes. Instead, the obligations covered by the statutory limitation are presented as a lump-sum on object class line 93, *Limitation on expenses*.
- A separate object class schedule will distribute the obligations covered by the statutory limitation among the various object classes. Since the regular schedule presents total obligations, on line 99.9, to prevent double counting obligations, this schedule presents the sum of the obligations on object class line 93 as a negative (–) amount and the total obligations, on line 99.9, as zero.

Allocations between agencies. In some cases, funds appropriated to the President or to an agency are allocated to one or more agencies that help to carry out the program. Obligations incurred under such allocations are included in the data for the account to which the appropriation was made in the allocating agency, that is, the parent account. You must enter the data in MAX schedule O. Use the appropriated prefix in the box on exhibit [83A](#) as the first digit in the 4–digit line number. See exhibit [83C](#) for an illustration of an *Appendix* galley of an object class schedule for a parent account with allocations.

83.18 When I report data in MAX schedule O will it generate subtotals or totals?

Yes. MAX will generate subtotals for different types of obligations from the amounts that you entered, as follows:

- For "reimbursable" obligations (lines 2XXX and 7XXX), MAX will automatically generate subtotal lines (2990 and 7990) when you enter "at least one" amount on lines 2XXX or 7XXX.
- For all other obligations (lines 1XXX, 3XXX, 6XXX, and 8XXX), MAX will automatically generate subtotal lines (1990, 3990, 6990, and 8990) when you enter "more than one" amount on lines 1XXX, 3XXX, 6XXX, or 8XXX.

MAX will generate "Total new obligations" on line 9999, when you enter more than one amount above this line.

SECTION 83—OBJECT CLASSIFICATION (MAX SCHEDULE O)

Amounts that are generated for you by MAX will appear as the color "blue" on the screen of most personal computers. You may override these amounts by entering a different amount in MAX. Amounts that you override will appear as the color "green." However, you will receive error messages when the amounts are not within rounding tolerances (see [Appendix D](#)).

Summary of Object Class Codes and Standard Titles (MAX Schedule O)

3-digit object class code	Standard Titles	4-digit object class line number in MAX schedule O.
	Personnel compensation and benefits	
	Personnel compensation	
X111	Full-time permanent	
X113	Other than full-time permanent	
X115	Other personnel compensation	
X117	Military personnel	
X118	Special personal services payments	
X119	Total personnel compensation*	
X121	Civilian personnel benefits	
X122	Military personnel benefits	
X130	Benefits for former personnel	
	Contractual services and supplies	
X210	Travel and transportation of persons	
X220	Transportation of things	
	Rent, communications, and utilities	
X231	Rental payments to GSA	
X232	Rental payments to others	
X233	Communications, utilities, and miscellaneous charges	
X240	Printing and reproduction	
	Other contractual services	
X251	Advisory and assistance services	
X252	Other services	
X253	Other purchases of goods and services from Government accounts	
X254	Operation and maintenance of facilities	
X255	Research and development contracts	
X256	Medical care	
X257	Operation and maintenance of equipment	
X258	Subsistence and support of persons	
X260	Supplies and materials	
	Acquisition of assets	
X310	Equipment	
X320	Land and structures	
X330	Investments and loans	
	Grants and fixed charges	
X410	Grants, subsidies, and contributions	
X420	Insurance claims and indemnities	
X430	Interest and dividends	
X440	Refunds	
	Other	
X910	Unvouchered	
X920	Undistributed	
X930	Limitation on expenses	
X940	Financial transfers	
X990	Subtotal, obligations *	
9995	Below reporting threshold	
9999	Total new obligations *	
	* Automatically calculated by MAX	

Prefix	Type of obligation
1xxx	Parent account -- direct
2xxx	Parent account -- reimbursable
3xxx	Allocation account
6xxx	Limitation schedule -- direct
7xxx	Limitation schedule -- reimbursable
8xxx	Limitation schedule -- allocation
9xxx	Total new obligation

Object Classification—Without Allocation Accounts

**DEPARTMENT OF GOVERNMENT
OFFICE OF THE SECRETARY
Salaries and Expenses**

Report data rounded to the nearest million. If the total of amounts that fall below the threshold rounds to \$1 million or more, report the total in object class 99.5. To determine the amount on line 99.5, add the below threshold amounts in thousands, and round the total to the nearest million.

Use to show payments that do not represent salaries or wages paid directly to Federal employees (section 83.5).

VGOV08161166
S3643

Object Classification (in millions of dollars)

Identification code 09-2650-0-1-301		PY act.	CY est.	BY est.
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent.....	113	112	115
11.3	Other than full-time permanent.....	3	3	3
11.5	Other personnel compensation.....	3	3	3
11.8	Special personal services payments.....	1	1	1
11.9	Total personnel compensation.....	120	119	122
12.1	Civilian personnel benefits.....	24	24	25
23.1	Rental payments to GSA.....	23	23	24
25.4	Operation and maintenance of facilities.....	5	5	5
25.7	Operation and maintenance of equipment.....	1	1	1

99.2	Undistributed.....		4	4
99.0	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

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

**DEPARTMENT OF GOVERNMENT
BUREAU OF PUBLIC WORKS
Construction**

VGOV08161166
S3643

Object Classification (in millions of dollars)

Identification code 16-3044-0-1-452 PY act. 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.....	<u>1</u>	<u>1</u>	<u>1</u>
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

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.

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.....	<u>1</u>	<u>1</u>	<u>1</u>
11.9	Total personnel compensation.....	25	30	31
12.1	Civilian personnel benefits.....	5	6	6
99.0	Subtotal, obligations, allocation accounts.....	<u>60</u>	<u>55</u>	<u>50</u>
99.9	Total new obligations.....	1,031	766	611

This entry will agree with the total new obligations on the program and financing schedule.

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

In the distribution of total obligations, the parent organizational unit will be listed first, followed, as applicable, by (a) other bureaus within the same agency, and (b) other agencies in budget order.

SECTION 84—CHARACTER CLASSIFICATION (SCHEDULE C)

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84.2	What terms do I need to know?
84.3	What do I need to know about reporting the data and relationships with other data requirements?
84.4	How do I report character classification in MAX?
Ex-84	Summary of Character Classification Codes (Schedule C)

Summary of Changes

Drops the projection of budget authority and outlays beyond the budget year, except for grant outlays, which will continue to be projected to BY+9 (section 84.3(d)).

Moves memorandum R&D entries on R&D performed by colleges and universities and allocation of research funds to spreadsheet submission (section 25.5).

Updates definitions of National Science and Technology Council crosscuts (section 84.4).

84.1 What is the purpose of the character classification system?

We use character classification to distinguish between investment and non-investment activities. Investments finance activities that yield benefits largely in the future. We also use character classification to report data on grants to State and local governments separately from direct Federal programs. Character class line numbers include the following:

- Investment activities:
 - ▶ Lines 13xx, physical assets.
 - ▶ Lines 14xx, research and development (R&D).
 - ▶ Lines 15xx, education and training.
- Non-investment activities:
 - ▶ Lines 2xxx.

The classification system also allows for compilation of additional information on R&D funding that is used by OMB and others in the review of agency budget requests, Government-wide resource allocation, and R&D budget presentations.

See exhibit [84](#) for a summary of character classification line numbers. See section [84.4](#) for detailed descriptions of all of the line numbers that you must use to report character classification.

84.2 What terms do I need to know?

(a) *State or local governments.*

For preparing character classification data, State or local governments include the following:

SECTION 84—CHARACTER CLASSIFICATION (SCHEDULE C)

- The 50 States and the District of Columbia.
- Cities, counties, townships, school districts, special districts, and other local governmental units, as defined by the Bureau of the Census.
- Puerto Rico, the Virgin Islands, and other U.S. territories.
- The Federated States of Micronesia, Marshall Islands, and Palau, if the payments are a relatively small part of the accounts that have grants to State or local governments.
- Indian Tribal governments when:
 - ▶ The legislation authorizing the payment includes such entities within the definition of eligible State or local units.
 - ▶ The Tribal government acts as a nonprofit agency operating under State or local auspices.
- Quasi-public nonprofit entities, such as community action agencies, when the boards of such entities must either be elected in State or local elections, or must include significant representation of State or locally-elected officials.

(b) *Grants to State and local governments.*

Report budget authority and outlays as grants to State and local governments if the Federal government's resources support State or local programs of government operations or provision of services to the public. For reporting character classification data, grants include the following:

- Direct cash grants to State or local governmental units, to other public bodies established under State or local law, or to their designee.
- Payments for grants-in-kind, such as purchases of commodities distributed to State or local governmental institutions, for example, school lunch programs.
- Payments to nongovernmental entities when such payments result in cash or in-kind services or products that are passed on to State or local governments, for example, payments to the Corporation for Public Broadcasting, or to the American Printing House for the Blind.
- Payments to regional commissions and organizations that are redistributed at the State or local level to provide public services.
- Payments to State and local governments for research and development that is an integral part of the State and local governments' provision of services to the general public (e.g., research on crime control financed from law enforcement assistance grants, or on mental health associated with the provision of mental rehabilitation services; see discussion below for exclusions related to research and development and payments for services rendered).
- Direct loan or loan guarantee subsidies to State or local governments.
- Shared revenues. These payments to State or local governments are computed as a percentage of the proceeds from the sale of certain Federal property, products, or services (e.g., payments from receipts of Oregon and California grant lands). Also included are tax or other collections by the

Federal Government that are passed on to State or local governments (e.g., internal revenue collections for Puerto Rico).

Exclude the following:

- Federal administrative expenses associated with grant programs.
- Grants directly to profit-making institutions, individuals, and non-profit institutions not covered above, for example, payments to Job Corps centers and trainees.
- Payments for research and development not directly related to the provision of services to the general public, for example, basic research awarded via competitive grants.
- Payments for services rendered, for example, utility services, training programs and expenses for Federal employees, research and development for Federal purposes conducted under contracts, grants, or agreements by such agencies as the National Institutes of Health (NIH), the National Science Foundation (NSF), the Department of Energy (DOE), the National Aeronautics and Space Administration (NASA), and the Department of Defense (DOD).
- Federal grants to cover administrative expenses for regional bodies and other funds not redistributed to the States or their subordinate jurisdictions, for example, the administrative expenses of the Appalachian Regional Commission.

(c) *Direct Federal programs.*

Federal programs that are not classified as grants to State and local governments will be classified as direct Federal programs.

84.3 What do I need to know about reporting the data and relationships with other data requirements?

(a) *Expenditure accounts.*

Report total budget authority and outlays net of offsetting collections. This means that the sum of budget authority and outlay entries in schedule C (excluding memorandum entries) will equal budget authority and outlays net of offsetting collections in schedule A.

You must report offsetting collections from the sale of physical assets (e.g. land, structures, equipment, or commodities) in the corresponding physical asset character classes.

You must report credit reform program accounts related to investments (i.e., for physical assets, the conduct of research and development, or the conduct of education and training) net of offsetting collections.

You must report budget authority and outlays by subfunction.

Do not report character class for credit financing accounts.

OMB does not control the character classification of expenditure accounts. If the nature of an account changes and requires the use of different classes, you may enter budget authority and outlays in MAX under the appropriate character class without advance approval from OMB.

SECTION 84—CHARACTER CLASSIFICATION (SCHEDULE C)

As a general rule, if a transaction fits into more than one classification, report it in the classification category with the lowest numerical character classification code. For example, record amounts for construction of research and development facilities in the appropriate 13xx grouping, not in the 14xx grouping.

If grants to State or local governments or investments are financed by payments from one Federal account to a second Federal account, you must ensure that the amounts are recorded as grants or investments only once (i.e., ensure that they are not double-counted). As a general rule, the amounts should be recorded as follows:

- For all grants to State or local governments, record the grants in the second account, i.e., the account that actually makes the payment to the State or local government.
- For direct Federal investment (which includes all investments except grants to State or local governments), record the investment in the account that is primarily responsible for funding the investment. (Note that grants to research institutions are classified as direct Federal investment, not as grants to State or local governments). This is usually the initial account. For example, if the Environmental Protection Agency provides funds to the National Science Foundation for research, record the R&D in the EPA account that funds the research, not in NSF. However, in certain cases, primary responsibility might occur in the second account. For example, regarding rental payments to the GSA Federal Buildings Fund, some of the rental receipts may ultimately be used for construction by GSA. In these situations, the investment should be recorded in the second account because primary responsibility for the investment would be in that account.

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

Grants: You must report grants by BEA subcategory (e.g. discretionary or mandatory). In some cases, grants to State and local governments allow the recipient jurisdiction the option of using funds for current or investment-type purposes, such as in community development block programs. In such instances, record all of the budget authority and outlays for grants in the category where the majority of the funds is anticipated to be used.

R&D: Schedule C previously contained memorandum entries that supplemented, and were a subset of, R&D information reported on lines 1311–xx through 1432–xx. Information on R&D performed by colleges and universities, and allocation of research funds will now be collected via an Excel spreadsheet (see section 25.5). Memorandum entries will continue to be used to collect information on crosscutting R&D data for specific areas identified by the National Science and Technology Council (NSTC).

(b) *Receipt accounts.*

You must also report offsetting receipts for PY through BY by character class in schedules K and R. OMB controls the character classification of offsetting receipts centrally, and you must ask your OMB representative to change the classification in the Budget Account Title (BAT) file before you can enter data under a different code. (See section [79.1](#) for proposing changes to the BAT file.)

Report character class information for collections deposited in offsetting receipt accounts in schedules K (baseline) and R (policy) using the instructions in section 81.4 (e). You must use line 2004–xx for offsetting receipt accounts, with the following two exceptions:

- You must report the proceeds from the sale of physical assets (e.g., land, structures, equipment, or commodities) in the corresponding physical asset character classes; and
- You must report credit reform offsetting receipt accounts for downward reestimates and negative subsidies for investment-related programs (i.e., for physical assets or for the conduct of education and training) on the appropriate investment line number (i.e., 13xx or 1512).

(c) *Relationships with other data requirements.*

For each account, the totals for character class entries in schedule C (excluding the memorandum (non-add) entries for cross-cutting R&D data) must equal total budget authority and outlays net of offsetting collections reported in schedule A in each year.

You should be able to reconcile information reported in this schedule related to the conduct of research and development with information reported in the National Science Foundation Annual Survey of Federal Funds for Research and Development (see description of line 14xx).

Actual outlays for past year grants and shared revenue must be consistent with the respective amounts reported to the Department of Commerce, Bureau of the Census, pursuant to the instructions regarding its "Federal Aid to States" publication.

(d) *Outyear projections.*

A-11 data will be reported for PY through BY. MAX will automatically generate outyear projections of grant outlays through BY+9 based on in-year data. Other entries will be shown through BY only.

For the projection of grant outlays, using an algorithm, MAX will assume that the percentage of grant outlays estimated for the outyears is the same as that reported in the BY. For example, if 18 percent of outlays in the account is on line 1511-02 (grant outlays for education and training) in BY, then 18 percent of net outlays will be estimated on line 1511-02 for each outyear. Agencies may view these outyear projections on-screen. If projections do not accurately reflect outyear policy, you may override the projections by entering the correct amounts (not percentages) directly into MAX.

84.4 How do I report character classification in MAX?

Character class data in schedules C, K, and R are identified by a line number that consists of a four-digit number and a two-digit suffix (xxxx-xx). The line number identifies data as investment or noninvestment, and as grants or direct Federal programs.

Classify all investment activities in the 1xxx series and all noninvestment activities in the 2xxx series. For credit program accounts, classify subsidies for direct loans and loan guarantees and their administrative expenses according to the purpose of the program. For example, credit subsidies for construction should be in the character class for construction and rehabilitation, and credit subsidies for the conduct of education should be in the character class for the conduct of education and training.

The two-digit suffix differentiates among budget authority, outlays, and offsetting receipts, as follows:

- 01—Budget authority.
- 02—Outlays.
- 03—Offsetting receipts.

Ensure that data are reported in the correct categories. For example, report data on R&D activities using the appropriate R&D character class entries. Report data on activities other than R&D in non-R&D

SECTION 84—CHARACTER CLASSIFICATION (SCHEDULE C)

character classes. Only some of the following codes apply to offsetting receipts; they are specifically noted below with an asterisk (*). All of the line numbers apply to budget authority and outlays.

The following table indicates the line numbers you use to report character classification. See exhibit [84](#) for a summary of the coding structure.

Entry	Description
1xxx INVESTMENT ACTIVITIES	Budget authority, outlays, or offsetting receipts for programs that yield benefits largely in the future.
13xx Physical assets:	Amounts for the purchase, construction, manufacture, rehabilitation, or major improvement of physical assets regardless of whether the assets are owned or operated by the Federal Government, States, municipalities, or private individuals. Physical assets are land, structures, equipment, and intellectual property (e.g., software) that have an estimated useful life of two years or more; and commodity inventories. The cost of the asset includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its use.
131xx Construction and rehabilitation:	Amounts for construction and rehabilitation, including both grants and direct Federal programs. Construction and rehabilitation means the design and production of fixed works and structures or substantial alterations to such structures or land. Includes new works and major additions, alterations, improvements to and replacements of existing works. Excludes preliminary surveys, maintenance, repair, administration of such facilities and other Federal operating expenses.
Research and development facilities: 1311-xx Grants to State and local governments 1312-xx Direct Federal programs	Amounts for the construction and rehabilitation of research and development facilities (see category 14xx for the definition of research and development). Includes the acquisition, design, and construction of, or major repairs or alterations to, all physical facilities for use in R&D activities. Facilities include land, buildings, and fixed capital equipment, regardless of whether the facilities are to be used by the Government or by a private organization, and regardless of where title to the property may rest. Includes the international space station and such fixed facilities as reactors, wind tunnels, and particle accelerators. Include: <ul style="list-style-type: none"> • Construction of R&D facilities only. Exclude: <ul style="list-style-type: none"> • Other facility funding (show on line 1313-xx or 1314-xx). • Movable R&D equipment (show on line 132x-xx).
Other construction and rehabilitation:	Amounts for all other construction and rehabilitation.

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Entry	Description
1313–xx Grants to State and local governments	
1314–xx Direct Federal programs	
132x Major equipment:	Amounts for identifiable items of major equipment, including information technology (see section 53), vehicles, ships, machine tools, aircraft, tanks, satellites and other physical assets in space, and nuclear weapons. Excludes routine purchases of ordinary office equipment or furniture and fixtures. However, where there are major programs for acquisition of equipment, includes all equipment purchases.
Research and development equipment:	
1321–xx Grants to State and local governments	Amounts for major equipment for research and development. (See category 14xx for the definition of research and development.) Includes acquisition or design and production of movable equipment, such as spectrometers, research satellites, detectors, and other instruments. At a minimum, this should include programs devoted to the purchase or construction of R&D equipment.
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:	Amounts for federally-owned commodities held for resale or in stockpiles.
1330–xx* Direct Federal programs	
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	
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 certain 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 sales of other physical Assets	Offsetting receipts collected from the sale of physical assets not used by the Federal Government. Includes

SECTION 84—CHARACTER CLASSIFICATION (SCHEDULE C)

Entry	Description
	sales of assets obtained by the Federal Government as collateral on defaulted loans.
14xx Conduct of research and development (R&D):	<p>Research and development (R&D) activities comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications.</p> <p>Include:</p> <ul style="list-style-type: none"> • Administrative expenses for R&D. <p>Exclude:</p> <ul style="list-style-type: none"> • Physical assets for R&D such as R&D equipment and facilities (show on line 13xx). • 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. <p>Definitions of basic and applied research and development are provided below. You should be able to reconcile information reported in this schedule with information subsequently reported in the National Science Foundation Annual Survey of Federal Funds for Research and Development.</p>
<p>Basic research:</p> <p>1411-xx Grants to State and local governments</p> <p>1412-xx Direct Federal programs</p>	Basic research is defined as systematic study directed toward fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind.
<p>Applied research:</p> <p>1421-xx Grants to State and local governments</p> <p>1422-xx Direct Federal programs</p>	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.
<p>Development:</p> <p>1431-xx Grants to State and local governments</p> <p>1432-xx Direct Federal programs</p>	Development is defined as systematic application of knowledge or understanding, directed toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.
Memorandum R&D entries for the conduct of National Science and Technology Council (NSTC) crosscuts	
1463-xx Climate Change Science Programs, which incorporate the U.S. Global Change Research Program and the Climate Change Research Initiative	<p><i>Research focused on:</i></p> <ul style="list-style-type: none"> • Observing and documenting global environmental changes and identifying their causes.

Entry	Description
1464–xx Networking and information technology R&D	<ul style="list-style-type: none"> • Predicting the responses of the Earth system. • Determining the ecological, human health, and socioeconomic consequences of these changes. • Identifying strategies for adaptation and mitigation that will most benefit society and the environment. <p>Additionally, near-term, results-oriented research focused on:</p> <ul style="list-style-type: none"> • Emerging science areas that offer prospect of significant improvement where additional resources would accelerate progress. • Observations, monitoring and data management. • Decision support tools for national, regional, and local discussions. <p>P.L. 101–606 requires this program crosscut.</p> <p>Research and development focused on:</p> <ul style="list-style-type: none"> • <i>Large scale networking</i>, including component and communications technologies, network engineering, simulation, modeling, and systems software. • <i>High-end computing research and development</i>, including emphasis on usability and effectiveness, storage systems, system software, devices, and architectures. • <i>High-end computing infrastructure and applications</i>, including R&D and tools for computation- or information-intensive applications; algorithms; programming environments; test systems; and collaboration, visualization, and data management. • <i>High confidence software and systems</i>, including R&D for tools, techniques, and engineering, experimentation, and demonstration to improve system security, survivability, availability, reliability, and safety. • <i>Human computer interface and information management</i>, including research in perception, attention, pattern recognition, decision-making, multilingual document translation and understanding; collaboratories; digital libraries; and information management, exploitation, and visualization.

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Entry	Description
1465–xx National nanotechnology initiative	<ul style="list-style-type: none"> • <i>Software design and productivity</i>, including end-user programming, component-based software, software for embedded systems, and autonomous software. • <i>Social, economic, and workforce</i>, including implications of IT and IT workforce development
1465–xx National nanotechnology initiative	<p>Research and technology development at the atomic, molecular, or macromolecular levels, in the length scale of approximately 1–100 nanometer range, to provide a fundamental understanding of phenomena and materials properties at the nanoscale and to model, create, characterize, manipulate, and use structures, devices, and systems that have novel properties and functions because of their small or intermediate size. The novel and differentiating properties and functions are developed at a critical length scale of matter typically under 100 nanometers. Nanotechnology research and development includes integration of nanoscale structures into larger material components, systems, and architectures. Within these larger scale assemblies, the control and construction of their structures and components devices remains at the nanometer scale.</p>
15xx Conduct of education and training:	<p>Amounts for programs whose primary purpose is education, training, and vocational rehabilitation. Includes veterans' education and training; operating assistance for elementary, secondary, vocational, adult, and higher education; agricultural extension services; and income support activities directly contingent upon participating in such programs. Excludes training of military personnel or other persons in government service. Also excludes amounts for physical assets, which are classified in 13xx, and amounts for the conduct of research and development, which are classified in 14xx.</p>
1511–xx Grants to State and local governments	
1512–xx* Direct Federal programs	
Receipts from education and training	<p>Offsetting receipts for negative subsidies, and downward reestimates of loan subsidies that are associated with the conduct of education and training.</p>
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	<p>Amounts for all other non-investment activities. Includes transactions related to credit liquidating accounts.</p>
All other offsetting receipts	<p>Offsetting receipts collected and deposited in receipt accounts that are not otherwise classified.</p>

Summary of Character Classification Codes (Schedule C)

4 digit prefix	Standard titles	Schedule C's 6 digit line numbers are comprised of a 4 digit prefix and a 2 digit suffix.
INVESTMENT ACTIVITIES		
	<p>Physical assets:</p> <p>Construction and rehabilitation:</p> <p>1311-xx¹ Research and development facilities: Grants</p> <p>1312-xx Research and development facilities: Direct Federal programs</p> <p>1313-xx¹ Other construction and rehabilitation: Grants</p> <p>1314-xx Other construction and rehabilitation: Direct Federal program</p> <p>Major equipment:</p> <p>1321-xx¹ Research and development equipment: Grants</p> <p>1322-xx Research and development equipment: Direct Federal programs</p> <p>1323-xx¹ Other major equipment: Grants</p> <p>1324-xx Other major equipment: Direct Federal programs</p> <p>1330-xx Commodity inventories: Direct Federal programs</p> <p>1340-xx Purchases and sales of land and structures for Federal use: Direct Federal programs</p> <p>1351-xx¹ Other physical assets: Grants</p> <p>1352-xx Other physical assets: Direct Federal programs</p> <p>Conduct of research and development:</p> <p>1411-xx¹ Basic research: Grants</p> <p>1412-xx Basic research: Direct Federal programs</p> <p>1421-xx¹ Applied research: Grants</p> <p>1422-xx Applied research: Direct Federal programs</p> <p>1431-xx¹ Development: Grants</p> <p>1432-xx Development: Direct Federal programs</p> <p><i>Memorandum (non-add) R&D entries</i></p> <p>1463-xx National Science and Technology Council (NSTC) crosscuts: Climate change science programs</p> <p>1464-xx Networking and information technology R&D</p> <p>1465-xx National nanotechnology initiative</p> <p>Conduct of education and training:</p> <p>1511-xx¹ Grants</p> <p>1512-xx Direct Federal programs</p>	<p>2 digit suffix</p> <p>xxxx-01 Budget authority</p> <p>xxxx-02 Outlays</p> <p>xxxx-03 Offsetting receipts</p> <p>Totals for budget authority and outlays reported in schedule C must equal those reported in schedule A net of offsetting collections.</p>
	<p style="text-align: center;">NON-INVESTMENT ACTIVITIES</p> <p>2001-xx¹ Grants-other than shared revenues</p> <p>2003-xx¹ Grants-shared revenues</p> <p>2004-xx Direct Federal programs</p>	<p>The ten shaded categories are used to report R&D activities.</p> <p>¹ You must report budget authority and outlays for grants by BEA subcategory (e.g. discretionary or mandatory).</p>

SECTION 85—PERFORMANCE METRICS (SCHEDULE V)

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- 85.1 What do I need to know about the performance metrics schedule?
- 85.2 How does the performance metrics schedule relate to the P&F?
- 85.3 How does the line numbering work for the performance metrics schedule?
- 85.4 What would an example of this schedule look like?

Summary of Changes

This new section describes performance metrics that we will publish in the budget. In conjunction with other changes in the P&F schedule, this new schedule will help provide a framework to better link cost and performance data. Agencies are encouraged, but not required, to show performance metrics for accounts in the FY 2005 Budget.

85.1 What do I need to know about the performance metrics schedule?

In the past two years, some agencies used informational tables to show performance metrics for some of their accounts in the *Appendix*. These metrics typically included outputs or workload measures. The performance metrics added a new dimension to the *Appendix*, but they failed to tell a complete story as they did not include related cost information. In addition, even informed readers could not necessarily make a link between the performance metrics and cost information in other Budget schedules, particularly the program activities in the program & financing (P&F) schedule.

As an upgrade to the informational tables used in the past to show performance metrics, the FY 2005 Budget will include a schedule that shows these metrics. Using a schedule, rather than informational tables, provides a better framework to collect performance metrics, and better relates them to obligations in the P&F. Your performance metrics will consist of either short-term outcomes (that relate to long-term outcomes in the agency strategic plan and/or performance budget) or outputs and output characteristics described in your agency's performance budget. (See [section 26](#) for information on performance budgets.) You may find it helpful to use the following two criteria to select performance metrics for this schedule:

First, choose a small number of the most important metrics you wish to showcase in the budget. You will not typically include all metrics, which readers can find in your agency's performance budget. You should use metrics from the Performance Assessment Rating Tool (PART) if the account, or a component of the account, has been rated by the PART. As the PART performance measures focus on outcomes, which may be difficult to relate to annual funding levels, you may choose to include output metrics not explicitly listed in the PART. In addition, during the PART assessment you should tell your OMB examiner what metrics you propose to highlight in the Budget.

Second, when possible, show metrics that you can directly track against obligations. For some accounts, this alignment may be impractical.

Agencies are encouraged, but not required, to show performance metrics for accounts in the FY 2005 Budget. Cabinet departments and major independent agencies are encouraged to show performance metrics for at least one account per bureau. Other agencies are also encouraged to show performance metrics for at least one of their accounts.

85.2 How does the performance metrics schedule relate to the P&F?

The program by activity section in the P&F schedule has been modified so that agencies can show performance activities, and their related obligations, within program activities. You use performance activity lines in the P&F to show the financing that is directly related to a specific performance metric (e.g., outcomes or outputs).

For example, in the FY 2004 Budget, the Bureau of Land Management within the Department of the Interior (DOI) showed a Management of lands and resources account, which includes a program activity named Land resources. One component of land resources involves managing wild horses and burros, and was shown in the FY 2004 Budget in an information table on workload and performance measures.

If DOI could readily determine the obligations related to wild horses and burros, and decided this was an important performance metric to include in the FY 2005 Budget, it could do so by showing the outputs related to the wild horses and burros in the performance metric schedule. It would also add a performance activity, with related obligations, for wild horses and burros under the Land Resource program activity in the P&F.

Accounts that include performance metrics in the FY 2005 Budget must link to obligations in the P&F schedule in one of three ways.

First, you can create a direct link between obligations and performance metrics within the account. You can do this by using a P&F performance activity, and showing one metric for this activity. When doing this, the obligations for the P&F performance activity are used to finance the performance metric, and do not finance other activities. You may only use one performance metric per P&F performance activity.

Second, you can create a less direct link between obligations and performance metrics within the account. You can do this by using a P&F program activity, and showing one or more related performance metrics. When doing this, the obligations shown for the P&F program activity finance the performance metric(s), and, potentially, other metrics that may not be shown. In this case, there is a direct link between the program activity and the metric, but it is not clear what level of obligations finance each metric.

Third, you can create an indirect link between obligations and performance metrics within the account. You can do this by selecting one or more performance metrics that relate to the account as a whole, or to two or more program activities within the account, rather than relating to either a P&F performance activity or a P&F program activity. When doing this, the total obligations shown for the account finance the performance metric(s), as well as other metrics that may not be shown. In this case, there is a direct link between the account and the metric, but it is not clear what level of obligations finance each metric.

85.3 How does the line numbering work for the performance metrics schedule?

The line code consists of a 4-digit line number and 2-digit line serial number. The table below shows what line codes you should use when completing the schedule on performance metrics.

SCHEDULE OF PERFORMANCE METRICS

Entry	Description
XXXX.XX	<p>When one performance metric is financed from a P&F performance activity, use the same line number and line serial number you used for the P&F performance activity.</p> <p>You may only use one performance metric per P&F performance activity.</p> <p>You must use the MAX A-11 data entry software to indicate whether the metric is an outcome or an output.</p>
XXXX.9#	<p>When a P&F program activity finances one or more performance metrics, use the same line number you used for the P&F program activity. In addition, use 9 for the first digit of the line serial number, and use 1-9 for the second digit of line serial number.</p> <p>You may provide up to nine performance metrics for a single P&F program activity.</p> <p>You must use the MAX A-11 data entry software to indicate whether the metric is an outcome or an output.</p>
1000.XX	<p>When there is no direct link between a performance metric and either a program activity or a performance activity in the P&F, use 1000 as the line number. Use 01 through 10 as the line serial number.</p> <p>You may provide up to 10 performance metrics that relate to a single P&F account.</p> <p>You must use the MAX A-11 data entry software to indicate whether the metric is an outcome or an output.</p>
9999.99	<p>Use line 9999 and line serial number 99 to provide a web address where readers can find additional information about performance metrics related to this account. This web address may point readers to the agency's strategic plan or performance budget.</p>

85.4 What would an example of this schedule look like?

Here is an example of a program by activity section in the P&F, and a performance metrics schedule that has four metrics related to the Land resources activity. This example illustrates the second type of link between obligations and performance metrics discussed in Section 85.2. In this case, there is a link between the program activity and the metrics, but it is not clear what level of obligations finance each metric.

SECTION 85—PERFORMANCE METRICS (SCHEDULE V)

Sample Program by Activity Section Program and Financing Schedule				
<i>Identification code 14-####-0-1-302</i>		<i>2003 actual</i>	<i>2004 est.</i>	<i>2005 est.</i>
Obligations by program activity				
00.11	Land resources	###	###	###
00.12	Wildlife and fisheries	###	###	###
00.13	Threatened and endangered species	##	##	##
00.14	Recreation management	##	##	##
09.01	Reimbursable program	##	##	##
10.00	Total new obligations	#,###	#,###	#,###

Sample Performance Metrics				
<i>Program Activity and Metrics</i>		<i>2003 actual</i>	<i>2004 est.</i>	<i>2005 est.</i>
00.11.00	Land resources program activity			
00.11.91	Energy related land use plans completed	4	5	6
00.11.92	Grazing Permits Renewed	1,600	1,600	1,600
00.11.93	Recreation sites in good or fair condition based on facility condition index (%)	82	84	85
00.11.93	Restoration treatments to achieve desired condition (# of acres treated)	500,000	400,000	300,000
<i>Location of additional performance information</i>				
99.99.99	www.webaddress.gov			

SECTION 86—OTHER MAX DATA

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Special schedules requiring user input

- 86.1 What do I need to know about the personnel summary (schedule Q)?
 86.2 What do I need to know about balance sheets (schedule F)?
 86.3 What do I need to know about budget plans (schedule D)?
 86.4 What do I need to know about reporting budget year appropriations requests in thousands of dollars (schedule T)?

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- 86.5 What do I need to know about the schedule on the status of funds (schedule J)?

Special schedules automatically generated by MAX

- 86.6 What do I need to know about the schedule on unavailable receipts (schedule N)?
 86.7 What do I need to know about the summary of budget authority and outlays?

Ex-86A Balance Sheet (MAX Schedule F)

Ex-86B Budget Year Appropriations Request in Thousands of Dollars (MAX Schedule T)

Summary of Changes

Drops the commercial versus inherently governmental distinction in the personnel summary (schedule Q) (section 86.1).

Drops the statement of operations (schedule E) and drops CY and BY from the balance sheet (schedule F) (section 86.2).

Drops the requirement for certain accounts to submit status of funds data (section 86.5).

Drops offsetting collections from the schedule on unavailable receipts (schedule N) (section 86.6).

Clarifies how MAX calculates the “appropriation, net” lines in schedule N (section 86.6).

Drops the schedule of on the status of contract authority (schedule I).

86.1 What do I need to know about the personnel summary (schedule Q)?

This Appendix schedule shows the total full-time equivalent (FTE) employment of straight-time compensable workyears (i.e., not overtime) financed by an account for PY through BY. FTE employment includes straight-time hours for ceiling exempt employees and excludes estimates for terminal leave, overtime and holiday hours. The method for calculating FTE employment is described in [section 32.3](#). You must provide a personnel summary when an account contains an entry for personnel compensation in the object class schedule (i.e., object class entry 11.1 or 11.3 (see [section 83.7](#))). For allocation accounts, the receiving agency must provide a personnel summary reporting the FTEs, but the parent agency will report the obligation.

When an agency hires another agency to perform work, the hiring agency reports no FTEs and shows the obligations in a non-employment object class. The performing agency hired to do the work reports both the FTEs and funding on a reimbursable basis.

The definition of object class 11.1 (see [section 83.7](#)) stipulates that compensation must be included for all workdays in the fiscal year. You must ensure that FTE levels in the personnel summary and funding for FTEs in the object class schedule are reported consistently.

You must also ensure that agency-wide FTE totals agree with the "approved" levels in the current and budget years. Prior year FTEs in the personnel summary must equal the year-end FTE usage that your agency reported on the SF 113–G to the Office of Personnel Management (OPM). See [Appendix E, exhibit E2](#) for a diagnostic report that compares agency-wide "approved" FTE levels with FTE levels in the personnel summary. See [section 32.3](#) for policies related to FTE levels.

Use the four-digit line numbering scheme described in the following table to code entries in MAX schedule Q.

PERSONNEL SUMMARY

Entry	Description
Xxxx	The first digit of the line number distinguishes between direct, reimbursable, and other categories, consistent with the reporting of data in the object classification schedule (see section 83.4). Use the following codes: 1—direct 2—reimbursable 3—allocation account 6—limitation account-direct 7—limitation account-reimbursable
xXxx	The second digit of the line number distinguishes between civilian and military personnel. Use the following codes: 0—civilian personnel 1—military personnel
xx0x	The third digit is 0.
xxx1	The fourth digit is 1.

86.2 What do I need to know about balance sheets (schedule F)?

(a) *General instructions.*

The balance sheet provides information on program assets, liabilities, and net position and is used to assess the resources available for Federal programs for PY-1 through PY.

You must submit balance sheets for:

- All Government-sponsored enterprise funds;

- Credit liquidating and financing accounts; and
- Revolving funds, when specifically required by OMB.

For budget presentation purposes, data in program and financing schedules (MAX schedule P) fulfill the legal requirement in 31 U.S.C. 9103 for "business-type budget" information on wholly-owned Government corporations in the President's budget.

Amounts in schedule F for PY-1 should be consistent with your agency's audited financial statements.

You must submit a separate balance sheet for supplemental requests and proposed legislation items that shows the effect of the supplemental request or proposed legislation on the information presented in the regular schedule for the account.

Prepare balance sheets in the format of exhibit 86B, with audited actual amounts as of the close of PY-1 and actual amounts as of the close of PY.

(b) *Entries of balance sheet.*

Use the entries listed below to prepare the balance sheets. These entries correspond to entries used in OMB Bulletin No. 97-01 entitled, Form and Content of Agency Financial Statements, as amended, which instructs agencies to prepare financial statements at the entity level. Use the terms, definitions, and instructions provided in that bulletin to prepare the balance sheets at the account level. MAX will automatically generate the line entries indicated in **boldface**.

If your agency is a Government-sponsored enterprise (GSE), you will need to modify line entries to reflect the non-Federal status of GSE's. Consult your OMB representative for additional guidance.

BALANCE SHEET

Entry	Description
ASSETS	
<i>Federal assets:</i>	
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.	
1101 Fund balances with Treasury	The unobligated and obligated balances with Treasury for which you are authorized to make expenditures and pay liabilities, including clearing account balances and the dollar equivalent of foreign currency account balances. Your agency's fund balance with Treasury also includes the unobligated balances in guaranteed loan financing accounts, the obligated balances in direct loan financing accounts, and the unobligated and obligated balances in liquidating accounts.
<i>Investments in Federal securities:</i>	Total investments in Federal securities. These consist of securities issued by Federal agencies including non-marketable par value Treasury securities, market-based Treasury securities, marketable Treasury securities, and securities issued by other Federal agencies.

SECTION 86—OTHER MAX DATA

Entry	Description
1102 Treasury securities, net	Net value of Treasury securities acquired (-- the par (face or nominal) value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.
1104 Agency securities, net	Net value of agency securities acquired (-- the par (face or nominal) value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.
1106 Receivables, net	Accounts receivable and interest receivable, net of uncollectible amounts. Interest receivable is the amount of interest income earned but not received for an accounting period. Report receivables from Federal agencies separately from receivables from non-Federal entities (on line 1206). Report interest receivable related to direct loans and acquired defaulted guaranteed loans separately below as a component of credit program receivables.
1107 Advances and prepayments	Advances are cash outlays made by a Federal agency to cover a part or all of the recipients' anticipated expenses or advance payments for the costs of goods and services the agency is to receive. Prepayments are payments made by a Federal agency to cover certain period expenses before those expenses are incurred. Advances and prepayments made to Federal agencies are intragovernmental and are accounted for and reported separately from those made to non-Federal entities.
<i>Non-Federal assets:</i>	
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.	
1201 Investments in non-Federal securities, net	Securities issued by State and local governments, private corporations, and government-sponsored enterprises, net of premiums, discounts and allowances for losses. Securities are normally reported at acquisition cost or amortized acquisition cost. However, you should use market value when there is: <ul style="list-style-type: none"> • An intent to sell the securities prior to maturity; and • A reduction in the value of the securities that is more than temporary.
1206 Receivables, net	Accounts and interest receivable due from non-Federal entities, net of an allowance for estimated uncollectible amounts. Do not recognize interest as revenue on accounts receivable or investments that are determined to be uncollectible unless the interest is actually collected. Report interest receivable related to direct loans and acquired defaulted guaranteed loans as a component of credit program receivables.
1207 Advances and prepayments	Advances are cash outlays made by a Federal agency to its employees, contractors, grantees or others to cover a part or all of the recipients' anticipated expenses or advance payments for the costs of goods and services the agency receives. Prepayments are payments made by a Federal agency to cover certain periodic expenses before those expenses are incurred.

Entry	Description
<i>Credit program receivables and related foreclosed property:</i>	
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:	
1401	Direct loans receivable, gross The face value of all direct loans outstanding excluding amounts repaid or written off.
1402	Interest receivable Amount of interest receivable.
1403	Accounts receivable from foreclosed property Amount of accounts receivable related to foreclosed property.
1404	Foreclosed property Value of foreclosed property associated with post-1991 direct and acquired defaulted guaranteed loans at the net present value of the projected cash flows associated with the property. To practicably accomplish this requirement, you may record foreclosed property at the estimated net realizable value at the time of foreclosure. A portion of the related allowance for subsidy account will apply to the foreclosed property, but that amount need not be separately determined. Rather, subtract the allowance account from the sum of the credit program assets to determine the net present value of the assets.
1405	Allowance for subsidy cost (-) The unamortized amount of subsidy expenses for the direct loan disbursements that the direct loan financing account has made in that year and all previous years, for all direct loans outstanding. (The allowance for subsidy costs of a direct loan is the present value of estimated cash outflows over the life of the loan minus the present value of estimated cash inflows. It is due to defaults, delinquencies, lending at interest rates below the Treasury borrowing rate, etc., with an offset for fees, penalties, and recoveries.)
1499	Net present value of assets related to direct loans The sum of lines 1401 through 1405.
<i>Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:</i>	
1501	Defaulted guaranteed loans receivable, gross Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable that is still outstanding.
1502	Interest receivable on defaulted guaranteed loans Amount of interest receivable related to defaulted guaranteed loans.
1504	Foreclosed property related to defaulted guaranteed loans The estimated net realizable value of related foreclosed property.
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,

SECTION 86—OTHER MAX DATA

Entry	Description
	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.
<i>Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:</i>	
1601 Direct loans, gross	For each pre-1992 direct loan program, report loans gross.
1602 Interest receivable	Amount of interest receivable.
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.
1605 Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
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.
1701 Defaulted guaranteed loans, gross	For each pre-1992 loan guarantee program, report receivables as defaulted guaranteed loans acquired by the Government.
1702 Interest receivable	Amount of interest receivable related to defaulted guaranteed loans.
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.
1705 Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
1706 Foreclosed property	The estimated net realizable value of related foreclosed property.
1799 Value of assets related to loan guarantees	The sum of lines 1704 through 1706.
Other Federal assets:	
1801 Cash and other monetary assets	The total of all cash resources and all other monetary assets. Cash consists of: <ul style="list-style-type: none"> • Coins, paper currency, and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit;

Entry	Description
	<ul style="list-style-type: none"> • Amounts on demand deposit with banks or other financial institutions; • Cash held in imprest funds; and • Foreign currencies, which, for accounting purposes, should be translated into U.S. dollars at the exchange rate on the financial statement date. <p>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.</p>
1802	<p>Inventories and related properties</p> <p>Inventory is tangible personal property that is:</p> <ul style="list-style-type: none"> • Held for sale; • In the process of production for sale; or • To be consumed in the production of goods for sale or in the provision of services for a fee. It includes inventory (i.e., items held for sale), operating materials and supplies, stockpile materials, seized and forfeited property, and goods held under price support and stabilization programs.
1803	<p>Property, plant and equipment, net</p> <p>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.</p>
1901	<p>Other assets</p> <p>Other assets not included on the lines above.</p>
1999	<p>Total assets</p> <p>The sum of lines 1101 through 1207, 1499, 1599, 1699, 1799, 1801 through 1901.</p>

LIABILITIES

Recognize liabilities when they are incurred regardless of whether they are covered by available budgetary resources. This includes liabilities related to canceled appropriations.

Federal liabilities:

These liabilities arise from transactions among Federal agencies. Federal liabilities are claims against the agency by other Federal agencies.

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.
2102	Interest payable	The amount of interest expense incurred but unpaid on debts to other Federal agencies.
2103	Debt	The cumulative amounts of borrowing (less repayments) from the Treasury, the Federal Financing Bank, or other Federal agencies.

SECTION 86—OTHER MAX DATA

Entry	Description
2104 Resources payable to Treasury	Amounts of collections or receivables that must be transferred to Treasury.
2105 Other	Use this item for other liabilities that are not recognized in specific categories or lines above. Include advances and prepayments received from other Federal agencies for goods to be delivered or services to be performed and deposit fund amounts held in escrow.
<i>Non-Federal liabilities:</i>	
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.	
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.
2202 Interest payable	The amount of interest expense incurred but unpaid on debt owed to non-Federal entities.
2203 Debt	Debt issued to non-Federal entities under general or special financing authority (e.g., Treasury bills, notes, bonds and FHA debentures).
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.)
2205 Lease liabilities, net	<p>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:</p> <ul style="list-style-type: none"> • Ownership of the property is transferred to the lessee by the end of the lease term; • The lease contains a bargain purchase option; • The lease term is substantially (i.e., 75% or more) equal to the estimated useful life of the leased property; or • At the beginning of the lease term, the present value of the minimum lease payments, with certain adjustments, is 90% or more of the fair value of the property. <p>The lessee accounts for such a lease as the acquisition of an asset and the incurrence of a liability.</p>
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.

Entry	Description	
Other	<p>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:</p> <ul style="list-style-type: none"> • Entitlement benefits due and payable at the end of the year; • 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: <ul style="list-style-type: none"> ▶ Information available before the statements are issued indicates an asset probably has been impaired or a liability incurred as of the date of the statements; and ▶ The amount can be reasonably estimated as a specific amount or range of amounts (e.g., the amount of employee accrued annual leave (i.e., earned but not used) that would be funded and paid from future years' appropriations). <p>Examples of commitments and contingencies for which you should report the estimated losses on this line are:</p> <ul style="list-style-type: none"> • 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. 	
2999	Total liabilities	The sum of lines 2101 through 2207.
NET POSITION		
The components of net position are classified as follows:		
3100	Unexpended appropriations	The portion of the agency's appropriations represented by undelivered orders and unobligated balances.
3300	Cumulative results of operations	The net results of operations since inception plus the cumulative amount of prior period adjustments, including the cumulative amount of donations and transfers of assets in and out without reimbursement.
3999	Total net position	The sum of lines 3100 through 3300.
4999	Total liabilities and net position	The sum of lines 2999 and 3999.

86.3 What do I need to know about budget plans (schedule D)?

Only DoD-Military submits a special schedule on obligations for PY through BY.

Use the entries in the following table to prepare MAX schedule D. MAX will automatically generate the line entries indicated in **boldface**.

BUDGET PLAN

Entry	Description
Direct program: 06xx, 07xx [List individual activities for which data are reported.]	Amount of obligations incurred or estimated to be incurred from an appropriation, regardless of the timing of the obligations, for direct program activities. (In other words, for a multi-year appropriation, report total obligations to be incurred during the entire period of availability in the year in which the appropriation is enacted.) For the third and fourth digits, use the values of 01 through 89 to identify direct program activities in the budget plan.
xx91 Subtotal, direct	Use the value 91 for subtotals of direct program activities, as follows: 0691—subtotal for activities coded 0601 through 0689. 0791—subtotal for activities coded 0701 through 0789. Subtotals are required only if there are multiple entries within the subgroupings listed above.
0801 Reimbursable program	Amount of obligations incurred or estimated to be incurred from an appropriation, as defined above, for reimbursable activities. Report data on reimbursable programs as a single entry.
0893 Total budget plan	Total obligations reported in the budget plan.

86.4 What do I need to know about reporting budget year appropriations requests in thousands of dollars (schedule T)?

Use MAX schedule T to report, in thousands of dollars, the net amount of budget year budgetary resources contained in the appropriations language request for your account (see [exhibit 86B](#)). Exclude spending authority from offsetting collections. If your account has appropriations language requesting new spending authority for the budget year (e.g., accounts that report discretionary appropriations, discretionary limitations on expenses, and appropriated entitlements), you are required to complete schedule T for amounts reported in the regular budget schedule under transmittal code 0. (see [section 79.2](#)).

For the majority of budget accounts, only a single entry is required. For consolidated and merged accounts, use separate line entries to report the budget year appropriation request for each component account. Identify all line entries with the account involved using the six-digit basic account symbol assigned by the Treasury Department (see [exhibit 86B](#)). This code is required in order to enter data on the budget year request.

Exclude amounts that will be applied to repay debt, liquidate contract authority, or liquidate deficiencies from the amounts reported. For transfers specified in appropriations language, report amounts on a pre-transfer basis. Do not include advance appropriations that will become available in the budget year and advance appropriations requested in the budget year for a future fiscal year in the amounts reported. For

indefinite appropriations, enter your best estimate. Ensure that all amounts reported in MAX schedule T are consistent with the amounts reported in the program and financing schedule (MAX schedule P).

86.5 What do I need to know about the schedule on the status of funds (schedule J)?

This Appendix schedule presents cash flow data for certain special, trust, and other funds. The MAX database generates the data for the status of funds schedule from other data and stores it in the database as schedule J.

The accounts listed in the following table require a schedule J.

FUNDS REQUIRED TO SUBMIT STATUS OF FUNDS DATA

Agency	Account
HHS	Federal hospital insurance trust fund
	Federal supplementary medical insurance trust fund
Interior	Abandoned mine reclamation fund
Labor	Unemployment trust fund
	Black lung disability trust fund
State	Foreign service retirement and disability fund
Transportation	Highway trust fund
	Airport and airways trust fund
	Oil spill liability trust fund
Veterans Affairs	National service life insurance fund
	United States Government life insurance fund
DOD-Civil	Military retirement fund
	Education benefits fund
	Uniformed services retiree health care fund
EPA	Hazardous substance superfund
	Leaking underground storage tank trust fund
IAP	Overseas Private Investment Corporation (noncredit)
OPM	Civil service retirement and disability fund
	Employees health benefits fund
SSA	Federal old-age and survivors insurance trust fund
	Federal disability insurance trust fund
RRB	Rail industry pension fund
	Supplemental annuity pension fund
	Railroad social security equivalent benefit fund

MAX generates schedule J from:

- Data you enter in other MAX schedules for the receipt and expenditure accounts that make up the fund;
- Data you entered in reports for par value and unrealized discounts of Federal securities and uninvested balances to the Treasury that is used to publish the Treasury Combined Statement;
- Data on uninvested balances and unrealized discounts that you enter directly into schedule J;
- For selected accounts, data on outstanding debt to Treasury and commitments against unexpended balances that you enter directly into schedule J; and
- With OMB approval, subaccount detail for cash income and cash outgo that you enter directly into schedule J.

The budget includes only *one* schedule J for each of the specified funds. The schedule covers all the collections in the receipt accounts and all the appropriations of those receipts to the various expenditure accounts that make up the fund. It aggregates all the data reported under different transmittal codes to a single schedule presented under transmittal code 0. The CY and BY columns of schedule J include any effects of supplemental requests (transmittal code 1), rescission proposals (transmittal code 5) and proposed legislation (transmittal codes 2, 3, and 4).

When you make changes to other MAX schedules that affect the fund (for example, you change receipt estimates in schedule R), you will see the effect on MAX schedule J *the following day*, after the MAX system incorporates the changes as part of the overnight production process.

The following table identifies the source for each line in MAX schedule J. Even though much of the data is automatically generated and you cannot change amounts, you can change the line titles of the detail lines (1200–5589 and 7625–7650) through MAX A–11 data entry.

SCHEDULE ON THE STATUS OF FUNDS

Entry	Description and Source
<i>Unexpended balance, start of year:</i>	Start of year balances of budgetary resources and investments in Federal securities, net of amounts borrowed from the Treasury.
0100 Treasury balance	MAX derives the PY amount from the <i>Undisbursed Funds</i> at the start of the year reported in the Treasury Combined Statement (formerly known as the Treasury Annual Report), and, in exceptional cases, the uninvested unappropriated receipts recorded at Treasury. MAX copies CY and BY amounts from the end of year amounts reported on line 8700 for the previous year.
0101 Federal securities: Par value	MAX derives the PY amount from the balance of <i>Investments in Public Debt Securities</i> and <i>Investments in Agency Securities</i> at the start of the year reported in the Treasury Combined Statement, and copies CY and BY amounts from line 9201 in MAX schedule P.
0102 Unrealized discounts (–)	MAX derives the PY amount from the balance of <i>unrealized discount on investments</i> (–) and the <i>unamortized premium and discount</i> (+/–) at the start of the year reported in the Treasury

Entry	Description and Source
	Combined Statement, and copies CY and BY amounts from the end of year amounts reported on line 8702 for the previous year.
0105 Outstanding debt to Treasury (–)	MAX derives the PY amount from the end of year amount reported on line 8705 in the previous year's <i>Budget Appendix</i> , and copies CY and BY amounts from the end of year amounts reported on line 8705 for the previous year.
0199 Total balance, start of year	<p>Except for the Highway and Airport and Airway Trust Funds, MAX calculates this amount as the sum of:</p> <ul style="list-style-type: none"> • Unobligated balances in schedule P (lines 2140); • Obligated balances in schedule P (lines 7240); and • Unavailable collections in schedule N (line 0199). <p>The amount on this line should equal the sum of lines 0100 through 0105. If it does not, you will receive an error message.</p>
<i>Cash income during the year:</i>	Collections deposited in special and trust fund receipt accounts and offsetting collections (cash) credited to expenditure accounts. MAX presents current law amounts (transmittal codes 0 and 3) separately from proposed legislation amounts (transmittal codes 1, 2, 4, and 5). You can change the titles of the detail lines to better describe the nature of the collections.
<i>Current law:</i>	
Receipts:	
1200–1219	Unless you have made other arrangements with OMB, MAX copies the detail lines from amounts reported in schedule R under transmittal codes 0 and 3. MAX lists each receipt account separately by title.
Offsetting receipts (proprietary):	
1220–1239	MAX will use a line serial number of 01 for lines that are automatically generated. Subaccount lines that are manually entered will have separate line serial numbers for each subaccount, as described in the MAX A–11 User's Guide.
Offsetting receipts (intragovernmental):	
1240–1259	
Offsetting governmental receipts:	
1260–1279	
Offsetting collections:	
1280–1289	MAX copies these amounts from amounts reported in schedule P under transmittal codes 0 and 3 on lines 8800–8845.
1299 Income under current law	Subtotal for income under present law. MAX calculates this amount as the sum of the receipts and collections reported in schedules R and P for transmittal codes 0 and 3.
<i>Proposed legislation:</i>	
Receipts:	
2200–2219	MAX copies the detail lines from amounts reported in schedule R under transmittal codes 1, 2, 4, and 5. Each receipt account will be listed separately by title.
Offsetting receipts (proprietary)	
2220–2239	

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Entry	Description and Source	
Offsetting receipts (intragovernmental):		
2240–2259		
Offsetting governmental receipts:		
2260–2279		
Offsetting collections:		
2280–2289		
2299	Income under proposed legislation	MAX copies these amounts from amounts reported in schedule P under transmittal codes 1, 2, 4, and 5 on lines 8800–8845.
3299	Total cash income	MAX calculates this amount as the sum of the receipts and collections reported in schedules R and P for all transmittal codes.
<i>Cash outgo during the year (-):</i>		These entries present the gross outlays from the fund, identified by the nature of the transaction, the activity for which the money was outlaid or, as appropriate, the recipient. MAX presents current law amounts (transmittal codes 0 and 3) separately from proposed legislation amounts (transmittal codes 1, 2, 4, and 5). You can change the titles of the detail lines to better describe the nature of the outlays.
<i>Current law (-):</i>		Unless you have made other arrangements with OMB, MAX automatically generates the detail lines from amounts reported in schedule P on line 7320 for transmittal codes 0 and 3.
4500–4589		MAX will use a line serial number of 01 for lines that are automatically generated. Subaccount lines that are manually entered will have separate line serial numbers for each subaccount, as described in the MAX A–11 User’s Guide.
4599	Outgo under current law (-)	Subtotal for gross outlays under present law. MAX calculates this amount as the sum of the gross outlays reported in schedule P on lines 7320 for transmittal codes 0 and 3.
<i>Proposed legislation:</i>		MAX automatically generates the detail lines from amounts reported in schedule P on line 7320 for transmittal codes 1, 2, 4, and 5.
5500–5589		MAX uses line serial numbers in the range 01–05 to identify different transmittal codes, as described in the MAX User’s Guide.
5599	Outgo under proposed legislation (-)	Subtotal for gross outlays under proposed legislation. MAX calculates this amount as the sum of the gross outlays reported in schedule P on lines 7320 for transmittal codes 1, 2, 4, and 5.
6599	Total cash outgo (-)	MAX calculates this amount as the sum of the gross outlays reported in schedule P for all transmittal codes.
		The amount on this line should equal the sum of lines 4500–4589 and 5550–5589. If it does not, you will receive an error message.
<i>Adjustments:</i>		
7625	Permanently canceled balances (-)	Amount that is transferred from the expenditure account to the general fund of the Treasury as a result of a specific provision of law. Notify your OMB representative if amounts should be

Entry	Description and Source
	reported on this line; OMB will enter these data centrally.
7645 Transfers, net	Net amount of transfers of budget authority and balances (obligated and unobligated). MAX generates this amount from the transfers reported in schedule P on lines 2221, 2222, 4100, 4200, 6100, 6200, 6861, 6862, 6961, 6962, 7331, 7332.
7650 Other adjustments, net	Other adjustments that affect the fund balances, such as capital transfers to the general fund of the Treasury and repayment of debt. MAX generates this amount from the amounts reported in schedule P on lines 2240, 2260, 4047, 4050, 6047, 6827, 6847, 6927, and 6947.
7699 Total adjustments	MAX calculates this amount as the sum of amounts on lines 7625–7650.
<i>Unexpended balance, end of year:</i>	
	End of year balances of budgetary resources and investments in Federal securities.
8700 Uninvested balance	MAX derives the PY amount from the <i>Undisbursed Funds</i> at the end of the year reported in the Treasury Combined Statement and the uninvested unappropriated receipts recorded at Treasury. You must input the CY and BY amounts.
8701 Federal securities: Par value	MAX derives the PY amount from the <i>Investments in Public Debt Securities</i> and <i>Investments in Agency Securities</i> at the end of the year reported in the Treasury Combined Statement; CY and BY amounts are copied from line 9202 in MAX schedule P.
8702 Unrealized discounts (–)	MAX derives the PY amount from the <i>unrealized discount on investments</i> (–) and the <i>unamortized premium and discount</i> (+/–) at the end of the year reported in the Treasury Combined Statement; you must input CY and BY amounts.
8705 Outstanding debt to Treasury	You must input these amounts. This entry only applies to selected accounts.
8799 Total balance, end of year	Except for the Highway and Airport and Airway Trust Funds, MAX calculates this amount as the sum of: <ul style="list-style-type: none"> • Unobligated balances in schedule P (lines 2440); • Obligated balances in schedule P (lines 7440); and • Unavailable receipts in schedule N (line 0799). The amount on this line should equal the sum of lines 8700 through 8705. If it does not, you will receive an error message.
<i>Commitments against unexpended balance, end of year:</i>	
9801 Obligated balance (–)	You must input amounts on line 9801 and 9802. MAX calculates line 9899 as the sum of lines 9801 and 9802 and line 9900 as the sum of lines 8799 and 9899.
9802 Unobligated balance (–)	
9899 Total commitments (–)	
9900 Uncommitted balance, end of year	

86.6 What do I need to know about the schedule on unavailable receipts (schedule N)?

This Appendix schedule provides information on receipts and appropriations for special and non-revolving trust funds. The MAX database generates the data for the schedule on unavailable receipts from other data and stores it in the database as schedule N.

The following types of accounts require schedule N:

- Special; and
- Non-revolving trust funds.

MAX generates schedule N from:

- Data reported in the previous year's *Budget Appendix*;
- Data in schedule R; and
- Data in schedule P.

The budget includes only *one* schedule N for each fund. For special and non-revolving trust fund accounts, the schedule covers all the receipts and offsetting receipts that pertain to a particular special or trust fund account. It aggregates all the data reported under different transmittal codes to a single schedule presented under transmittal code 0. The CY and BY columns of schedule N will include the effect of supplemental requests (transmittal code 1), rescission proposals (transmittal code 5), proposed legislation (transmittal codes 2, 3, and 4).

When requesting the establishment of new special or trust fund accounts (see [section 71.3](#)), please specify whether the MAX database should include a *new* schedule on unavailable receipts or use an *existing* schedule on unavailable receipts to report the transactions related to the new account.

When you upload changes to other MAX schedules that affect the fund (for example, you change receipt estimates in schedule R), you will see the effect on MAX schedule N the next time you download the account. When accounts from other agencies feed one of your schedule N lines, you will see the effect of changes in those accounts the next time you download schedule N as long as the information has been uploaded. You can use the view feature in MAX A-11 to see which lines from which accounts feed each of the detailed lines in schedule N.

The following table identifies the source for each line in MAX schedule N. Even though the data are automatically generated and you cannot change any amounts, you can change the line titles of the detail lines (lines 02xx, 05xx) through A-11 data entry.

SCHEDULE ON UNAVAILABLE RECEIPTS

Entry	Description
0199 Balance, start of year	Includes: <ul style="list-style-type: none"> • Unappropriated special and trust fund receipts and offsetting receipts. (PY amount should equal the balance on the Department of Treasury's <i>Unappropriated Receipts Trial Balance</i>, FMS Form 6655, plus invested unappropriated receipts.)

Entry	Description
	<ul style="list-style-type: none"> Special and trust fund receipts and offsetting 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. <p>MAX derives the PY amount from the PY amount reported on line 0799 in the previous year's <i>Budget Appendix</i>. If you believe the PY amount is incorrect, provide your OMB representative with a detailed written explanation of the difference. MAX copies CY and BY amounts from the end of year amounts reported on line 0799 for the previous year.</p>
Receipts and offsetting receipts:	MAX uses line serial numbers in the range 10-15 to identify different transmittal codes, as described in the MAX User's Guide.
0200–0219 Receipts	Amount of new collections deposited in special and trust fund receipt accounts. Each receipt account will be listed separately by title and transmittal code. MAX copies these amounts from schedule R.
0220–0239 Offsetting receipts (proprietary)	
0240–0259 Offsetting receipts (intragovernmental)	
0260–0279 Offsetting governmental receipts	
0299 Total receipts	MAX calculates this amount as the sum of lines 0200 through 0279.
0400 Total: Balances and receipts	MAX calculates this amount as the sum of lines 0199 and 0299.
0500–0589 Appropriations, net (–)	<p>MAX calculates this amount from schedule P. It consists of:</p> <ul style="list-style-type: none"> the appropriations (reported on lines 4020, 4026, 4028, 5520, 5526, 6020, 6026, and 6526); and the amounts that become available for obligation from balances of receipts that were previously unavailable (reported on line 6028). Minus: <ul style="list-style-type: none"> the amounts precluded from obligation in a fiscal year because of provisions of law such as benefit formulas or limitations on obligations (reported on lines 6045, 6845 and 6945); and the temporary reductions (reported on lines 4037, 4038, 5537, 6037, 6038 and 6537). <p>If more than one appropriation is made from the fund, each will be listed separately by title and transmittal code. MAX uses line serial numbers in the range 10–15 to identify different transmittal codes, as described in the MAX User's Guide.</p>
0599 Total appropriations, net (–)	MAX calculates this amount as the sum of lines 0500–0589.

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Entry	Description
0610 Unobligated balance returned to receipts	Unobligated balance of special and trust fund appropriations expiring that are returned to the receipt account and are available for subsequent appropriation action. MAX calculates this amount from amounts reported in schedule P on line 2441.
0799 Balance, end of year	MAX calculates this amount as the sum of lines 0199, 0299, 0599 and 0610.

86.7 What do I need to know about the summary of budget authority and outlays?

If you have a regular account that has separate program and financing schedules for supplemental requests, legislative proposals, or rescission proposals, a summary will be printed in the Budget Appendix to report the totals for budget authority and outlays for PY through BY. MAX automatically generates the summary from data in schedule A. However, it is not a separate MAX schedule and cannot be viewed in the database.

The summary normally will contain the following entries, as applicable, in the sequence shown:

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

Entry	Description
Enacted/requested: Budget authority Outlays	Total amount of budget authority and outlays for all years shown in the regular program and financing schedule under transmittal code 0. Entries reflect, without separate identification, reductions pursuant to the BEA.
Proposed for later transmittal: Budget authority Outlays	Total amount of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal codes 2, 3, or 4. (For a description of transmittal codes, see section 79.2.)
Supplemental: Budget authority Outlays	Total budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 1.
Rescission proposal: Budget authority Outlays	Total amount of reduction of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 5.
Total: Budget authority Outlays	Sum of all preceding entries.

Financial Statements
Balance Sheet (Schedule F)

Balance Sheet (in millions of dollars)

Identification code 16-4023-0-3-754	PY-1 act	PY act.
ASSETS		
Federal assets:		
Investments in Federal securities:		
1102 Treasury securities, net.....	4	4
1104 Agency securities, net.....	1	2
1106 Receivables, net.....	1	1
Non-Federal assets:		
1201 Investments in non-Federal securities, net.....	1	2
2999 Total assets.....	7	9
	=====	=====
LIABILITIES		
Federal liabilities:		
2103 Debt.....	2	2
Non-Federal liabilities:		
2203 Debt.....	3	3
2999 Total liabilities.....	5	5
	=====	=====
NET POSITION		
3100 Unexpended appropriations.....	3	3
3999 Total net position.....	3	3
4999 Total liabilities and net position.....	8	8

Note: Additional information is required for direct and guaranteed loan financing accounts under the Federal Credit Reform Act (see section 86.2).

**Budget Year Appropriations Requests in Thousands of Dollars
(Schedule T)**

OFFICE OF THE SECRETARY
Salaries and Expenses

For necessary expenses, including services authorized by 5 U.S.C. [\$89,786,000] \$100,788,000.

Use schedule T to report in thousands of dollars the net budgetary resources contained in the appropriations language request.

Account: 007-55-76-0030

Appropriations Requests in Thousands of Dollars (T):				PY	CY	BY
1001	01	Budget year budgetary resources [Treasury Acct].....				100,788

Amounts in schedule T must be consistent with amounts in schedule P.

Report amounts on a pre-transfer basis.

Exclude amounts applied to repay debt, liquidate contract authority, or liquidate deficiencies.

Do not report advance appropriations or spending authority from offsetting collections.

Account: 007-55-76-0030

Program and Financing (P)				PY actual	CY	BY
New budget authority (gross), detail:						
Discretionary:						
4000	01	Appropriation.....	96	90		101
4200	01	Transferred from other accounts [75-1503].....	1		5
4300	01	Appropriation (total).....	97	90		106

Account: 007-54-72-9915

Appropriations Requests in Thousands of Dollars (T)				PY	CY	BY
1000	01	Budget year budgetary resources [76-0819].....				97,843
1000	02	Budget year budgetary resources [76-0820].....				54,287
1000	03	Budget year budgetary resources [76-0824].....				21,000
1000	04	Budget year budgetary resources [76-0825].....				6,500

For consolidated or merged accounts, use separate line entries to report the budget year appropriation request. Include in each line the six-digit basic account symbol assigned by Treasury. You do not need to enter the Treasury code when only a single account is involved.

SECTION 95—BUDGET APPENDIX AND PRINT MATERIALS

Table of Contents

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- Ex-95B Revising General Provisions

Summary of Changes

Consolidates requirements previously included in three separate sections (old sections 95, 96, and 97).

Drops the analysis of programs financed by multiple budget accounts (old exhibit 97).

95.1 What is the budget *Appendix*?

The *Appendix—Budget of the United States* is one of several volumes that constitute the President's budget. Like the other volumes, the President transmits the *Appendix* to Congress, and it is published through the Government Printing Office (GPO). The Appropriations Committees, in particular, use the *Appendix* because it contains the appropriation language proposed by the President for each account that requires such language. The *Appendix* contains other, detailed information about each account—such as, program and financing information, expenditures by object class, narrative statements and data about the work performed, and employment data. We refer to the information to be printed in the *Appendix* as *print materials*.

95.2 How is the *Appendix* organized?

The *Appendix* consists of these parts:

- Detailed Budget Estimates by Agency—This part, the main part of the *Appendix*, contains general provisions of law that apply to all government activities and print materials for accounts organized by agency. Section 95.3 describes the organization of this part in more detail.
- Other Materials—This part contains:
 - ▶ A summary of proposed changes to current year estimates through supplemental appropriations and rescissions;
 - ▶ Detailed print materials for proposed supplemental appropriations and rescissions;
 - ▶ A list of amendments and revisions to previous to budget authority requested between transmittal of the previous and current budgets; and
 - ▶ A list of advance appropriations, advance funding, and forward funding proposed in the budget.
- Financing Vehicles and the Board of Governors of the Federal Reserve—This part contains descriptions of and data on certain entities that are excluded from the main part of the *Appendix*.
- Government-Sponsored Enterprises—This part contains descriptions of and data on government-sponsored enterprises (private corporations chartered by Federal law), such as Fannie Mae.

95.3 How is the "Detailed Budget Estimates" section organized?

This part of the *Appendix* presents print materials in the following general order (see the Table of Contents of the most recent *Appendix* for the exact order):

- Legislative Branch;
- Judicial Branch;
- Cabinet agencies in alphabetical order;
- Large or prominent nondepartmental agencies (for example, the Environmental Protection Agency and the Executive Office of the President) and accounts grouped under the headings, "Other Defense Civil Programs" and "International Assistance Programs;" and
- The remaining agencies, under the heading "Other Independent Agencies," in alphabetical order.

We use the term *chapter* to refer to the presentation of print materials for a separate agency or group of agencies. Within the chapter for a department or large agency, the print materials are organized by bureaus or other major subordinate organizations within the agency (for example, the Farm Service Agency in USDA) or by major program areas (for example, Community Planning and Development in HUD). When we establish a new account in the MAX data base, we assign a bureau and account sequence code, which determines the order in which bureaus and accounts appear in the *Appendix* (see section 79). For the sake of convenience in these instructions, we refer to all equivalent subdivisions of a chapter as bureaus.

The *Appendix* presents accounts in a uniform, logical order in all bureaus, unless there is a compelling reason for an exception. Accounts normally appear in the following order:

- General fund accounts, in the following order:
 - ▶ Accounts for which appropriations are requested for the BY.
 - ▶ Accounts for which appropriations were made in the CY but not requested for the BY.
 - ▶ Other unexpired accounts.
 - ▶ Expired accounts.
- Special fund accounts, in the following order:
 - ▶ Accounts for which appropriations are requested for the BY.
 - ▶ Accounts for which appropriations were made in the CY but not requested for the BY.
 - ▶ Other unexpired accounts.
 - ▶ Expired accounts.
- Public enterprise funds.
- Intragovernmental revolving funds and management funds.
- Credit reform accounts, with related accounts grouped together in the following order:
 - ▶ Program account.
 - ▶ Financing account.
 - ▶ Liquidating account.
- Trust funds.
- Trust revolving funds.

A heading and a note for allocations from other accounts is shown at the end of the bureau (see [section 82.14](#)).

Certain materials are required for each account. The following table shows the print requirements and print sequence for all materials that could be required for an account. Because not all materials apply to a given account, the second column describes the circumstances in which they apply. The fourth column tells you which materials are generated from MAX (GPO pulls some print material from the MAX database) and which ones you must submit as revised galleys.

BUDGET APPENDIX PRINT MATERIALS

Type of material	Applicability	See A-11 section...	MAX generated or revised galley?
Appropriations language	Required for each account with appropriations enacted for the CY or proposed for the BY. Language is usually not submitted for legislative or rescission proposals—transmittal codes 2, 4, or 5.	95.5	Revised galley
Schedule on unavailable receipts	Required for all special and non-revolving trust fund accounts and for other types of accounts when amounts are precluded from obligation.	86.6	Generated from schedule N

SECTION 95—BUDGET APPENDIX AND PRINT MATERIALS

Type of material	Applicability	See A–11 section...	MAX generated or revised galley?
General fund credit receipt accounts	Required whenever credit programs have negative subsidies and downward reestimates receipt accounts.	185.13	Generated from schedule R
Program and financing schedule	Required for all accounts and for annual limitations on certain revolving or trust funds.	82	Generated from schedule P, except for limitation schedules
Distribution of budget authority and outlays by account	Required for merged and consolidated accounts.	82.13	Revised galley
Budget plan	Required for selected accounts in the Department of Defense.	86.3	Generated from schedule D
Summary of budget authority and outlays	Required for each regular account that also has a supplemental request, legislative proposal, or rescission proposal.	86.7	Generated from schedule A for accounts reporting data under multiple transmittal codes
Performance metrics	Required for all accounts that report performance metrics.	85	Generated from schedule V
Status of direct loans	Required for all credit liquidating and financing accounts with direct loan activity, including Government-sponsored enterprises.	185.11	Generated from schedule G
Status of guaranteed loans	Required for all credit liquidating and financing accounts with guaranteed loan activity, including Government-sponsored enterprises.	185.11	Generated from schedule H
Summary of loan levels, subsidy budget authority, and outlays by program	Required for all credit program accounts with direct loan or loan guarantee subsidies.	185.10	Generated from schedule U
Narrative statement	Required for all accounts.	95.9	Revised galley
Schedule on the status of funds	Required for major trust funds and certain other accounts specified in section 86.6.	86.5	Generated from schedule J
Balance sheet	Required for Government-sponsored enterprises and credit liquidating accounts. For noncredit revolving funds, optional at the discretion of OMB.	86.2	Generated from schedule F
Object classification	Required for all accounts and annual limitations.	83	Generated from schedule O
Personnel summary	Required for each account that reports personnel compensation in object class 11.1 or 11.3. Also required when FTE are funded by allocations from other accounts	86.1	Generated from schedule Q

95.4 What is the process for getting print materials published in the *Appendix*?

Each year, usually in early December, OMB will provide you detailed instructions that reflect the requirements for that year. In general, however, the process for getting print materials published involves these steps:

1. In December, OMB gives you galley proofs reprinted from last year's *Appendix* except that year headings have been updated, generic changes to stub entries in generated schedules have been made, amounts in generated schedules and narrative tables have been removed, and enacted appropriations language for the current year as well as any new accounts have been inserted. The printed matter appears in one column. Although GPO simply labels them "galley proofs," OMB refers to this set of galley proofs as *reprinted galleys*.
2. You revise the reprinted galleys (using the instructions in this section and Exhibits 95A and 95B) and return an original to OMB by the date specified in the instructions. Your revisions should include corrections, new information, updated budget figures, and materials for legislative proposals and rescissions.
3. OMB sends the revised galleys and the additional print materials to GPO for processing.
4. GPO uses data from MAX to print the schedules that are generated and merges them with the revised galleys to produce new galley proofs.
5. OMB and you review the new galley proofs and make final changes.
6. OMB sends the revised galley proofs to GPO for printing as *page proofs*, which present the material in two-column format, as it will be published.
7. OMB reviews the page proofs on an extremely short deadline, makes essential corrections of errors, and sends corrected page proofs to GPO for final printing.

95.5 What do I need to know about revising appropriations language?

Appropriations language constitutes the President's request to Congress for budget authority or other legislative authority (such as general provisions) to be provided through the annual appropriations process. The *Appendix* includes appropriations language for each account for which appropriations or limitation language was enacted in the CY or is proposed for the BY.

In most cases, you will submit proposed BY appropriations language by marking up language enacted as part of a regular CY appropriations act provided by OMB on reprinted galleys. However, if regular appropriations have not been enacted, OMB will provide you special instructions. Exhibits 95A and 95B provide specific instructions for revising appropriations language.

If you propose new provisions or changes to enacted language (other than changes in amounts) for individual accounts or administrative and general provisions, include an explanation and justification. If you propose language that relates to employment of personnel without regard to civil service or classification laws, include a copy of the letter from the Office of Personnel Management approving the new provisions. Submit this information on a separate page from the language submissions; do not write any explanations on the galley. Whenever possible, try to include proposed substantive changes in appropriations language with the initial budget submission to provide adequate time for review by OMB.

95.6 What supporting statutory references must I provide?

Provide the supporting statutory references described below, inserting them following the appropriations language (in parentheses and underscored), in the following sequence: basic authorizing legislation (including currently effective amendments), treaties, or executive orders that continue in effect during the budget year. These references are informational only. Follow these guidelines in referring to basic authorizing legislation:

- Cite the legislation in one of the following forms, in this order of preference:
 - ▶ United States Code;
 - ▶ Public law number;
 - ▶ Popular title of the law (if there is one); or
 - ▶ Date of the Act, followed by the applicable volume and page of the Statutes at Large.
- Do not include references to Government-wide, generally applicable laws (such as Title 5 of the U.S. Code).
- Cite executive orders by number.
- Consolidate citations to the same title of the U.S. Code, and list titles (and sections thereunder) in ascending numerical order.
- Avoid multiple citations to the same statute.
- If a citation is included in statutory text, do not repeat it in parentheses.

95.7 What are the special appropriations language requirements for credit programs?

The Federal Credit Reform Act imposes special appropriations language requirements for credit programs. (See section 185 for general guidance on credit programs.) Each program account for a direct loan or loan guarantee program must contain:

- A request for an appropriation for the subsidy costs on a net present value basis;
- A specification of the loan level supportable by the subsidy cost appropriation; and
- A request for an appropriation for the administrative expenses for operating the credit program.

Use the following standard subsidy appropriation language, using the bracketed elements as appropriate. If you need to transfer the amount for administrative expenses to a salaries and expenses account, modify the language as described below. Where loans are disbursed beyond the five year period after obligation, you need to add the proviso discussed in section 95.8.

[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 you propose to transfer administrative expenses to a salaries and expenses account, substitute the following for the last sentence above:

In addition, for administrative expenses to carry out the [direct] [and] loan [guarantee] program[s], \$___, which shall be [transferred to and merged with the appropriation for [name of account]] [or, to the extent necessary,] [used to reimburse the Federal Financing Bank as authorized in section 505(c) of the Congressional Budget Act of 1974].

If you believe that the nature of a program requires a modification of the specified language, you may request an exception (see [section 25.2](#)).

95.8 What are the special language requirements for programs that disburse over a period longer than five fiscal years?

Unless otherwise specified by law, budget authority is available for liquidating obligations (that is, outlays) for only five fiscal years after the authority expires. This could be problematic for programs funded by annual or multi-year budget authority where disbursements are expected to occur more than five fiscal years after the authority expires. Where loans or other costs (such as termination costs for some contracts and annual lease payments under operating leases, capital leases, or lease-purchase agreements) will be disbursed beyond the five-year period, use the following standard proviso, modified as appropriate, to ensure that the budget authority will remain available for disbursement over the full term of the contract:

:Provided, That such sums are to remain available through 20XX for the disbursement of [loans] [lease payments] [termination costs] obligated in fiscal year 20XX.

95.9 How do I prepare narrative statements?

(a) Active accounts.

You must prepare a narrative statement (revising last year's statement, if there was one) for every active account, including supplemental requests, rescission proposals, and legislative proposals. An account is active if the program and financing schedule shows obligations in the CY or BY, or you estimate that the account will incur obligations in the outyears. Follow these guidelines and Exhibit 95A when writing the narrative for an active account:

- Write the narrative statements in a concise and factual manner, avoiding hyperbole.
- Orient them toward the policies and objectives for the budget year.
- Include quantitative tables that match program performance and dollar data.
- Discuss performance goals and indicators and how the budget request supports them.
- Discuss pertinent legislation enacted since the previous budget and legislative initiatives proposed in the budget.
- Do not discuss the history, authorizing statutes, and other legal references except in special cases, as explained below.

The separate activities (and any subactivities) listed in the obligations by program activity section of the program and financing schedule should present a meaningful breakdown of the total program (see section [82.2](#)). Therefore, it usually makes sense to address them separately in the narrative statements. You should identify the activities in side headings by the title used in the program and financing schedule and present them in the same order.

(b) *Inactive accounts.*

An account is inactive if it shows no obligations in the CY or BY and you estimate that no obligations will be incurred in the outyears. The narrative for inactive accounts should explain why the account is inactive. For example, it may be that the account funded a temporary study commission that is no longer authorized, received no appropriation after the PY, and simply spends out obligated balances. If an inactive account shows any budgetary resources (budget authority or unobligated balances) in the CY, BY, or outyears, the narrative should explain the expected disposition of the budgetary resources.

95.10 What should narrative statements say about performance goals and indicators?

The statements should be consistent with the strategic plans and your performance budget that are required for your agency in sections 51 and 210 of this Circular. The statements should refer to the metrics (e.g., outcomes and outputs) used in the performance metrics schedule (see [section 85](#)). Explain how the budget year request supports them. You should also address significant increases or decreases in performance or financing from the current to the budget year (including a proposal to terminate a program in the budget year).

95.11 Are there any special requirements for narrative statements?

In addition to the information required for active accounts, the narrative should include certain specific information, described in the following paragraphs, if the account involves any of the following:

(a) *Narrative statements for revolving funds.*

For revolving funds, the narrative statement should include the information required for active accounts in general (see section 95.9) using the side heading *Budget program*. In addition, the narrative statement should address the following topics, with the side headings shown:

- *Financing.* Provide significant information on the fund's means of financing, such as sources of income and authority to borrow (including limits on such authority, amounts actually borrowed and repaid during the year). For funds with a statutory limit on the amount of borrowing or on the amount of debt that can be outstanding at any one time, indicate the amount of the limit and discuss the position of the fund with respect to the limit during the budget year. Include in the statement a discussion of how close to the limit the fund will approach during the year.
- *Operating results.* Provide significant information relating to levels of revenue, expense, and net income or loss. Explain the steps being taken to dispose of any deficits and the planned disposition of net earnings. Include an analysis of retained income on a cumulative basis, disclosing any budget authority amounts used to offset deficits for non-revenue producing outlays since the inception of the fund.

For each fund covered by section 102 of the Government Corporation Control Act, include a specific recommendation on the application of the retained earnings or restoration of capital impairment at the end of the past year. The recommendation should indicate:

- The amount of retained income to be returned to the Treasury and the use to be made of the remainder, if any; and
- Whether restoration of any capital impairment is required and whether this should be done by appropriations or other means.

(b) *Narrative statements for Federal credit programs.*

Narrative statements for Federal credit programs should address these items:

- Significant factors in developing subsidy estimates, such as default rates and interest rates charged to borrowers.
- Where relevant, information about how risk categories are defined (see [section 185.3](#)).
- For loan guarantee programs, the percentage of the loan covered by the guarantee.

Use the following paragraphs, modified as necessary, to describe each account for a credit 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.

(c) *Narrative statements in special cases.*

The narrative statement should explain any special circumstances affecting the means of financing the program. Cover the following cases in particular:

- *Mandatory spending.* Indicate the legal basis for the budget authority (since no appropriations language is presented for such items).
- *Offsetting collections and receipts.* When offsetting collections or receipts earmarked in a special or trust fund finance a significant portion of the obligations of the account, discuss the source of the collections or receipts and the purposes of and restrictions on their use. For example, discuss user charges to the public, reimbursable work performed for other organizations, and asset sales. The narrative should also discuss receipts generated by the program but deposited into the general fund of the Treasury, when pertinent to the operations of the program.
- *Agency debt issued and investments in agency debt.* Unless the information is provided in a balance sheet for the account, the narrative statement should include the following information, as applicable, for PY-1 through BY. For accounts that issue debt instruments to other Federal accounts (excluding debt issued to Treasury or to the Federal Financing Bank) or to non-Federal entities, indicate the par value of outstanding debt securities issued by the account to other Federal accounts (in total) and non-Federal entities (in total). For accounts that own securities issued by other Federal accounts (excluding securities issued by the Treasury or the Federal Financing Bank) or by non-Federal entities, indicate the par value of the securities owned that were issued by Federal accounts (in total) and non-Federal entities (in total).
- *Limitations on borrowing or debt.* For accounts with a statutory limit on the amount of borrowing or on the amount of debt that can be outstanding at any one time, indicate the amount of the limit and discuss the position of the fund with respect to the limit during the budget year. Include in the statement a discussion of how close to the limit the fund will approach during the year.

95.12 What do I need to know about footnotes and tables?

Other sections of this Circular require footnotes and tables in certain circumstances (see below). In some cases, these footnotes and tables appear to be part of a MAX schedule or resemble a MAX schedule. However, you must treat these footnotes and tables as part of the narrative statements because they are not in the MAX A-11 database and are not automatically generated.

- *Transfer in the estimates.* For an account with a transfer in the estimates, as defined in section 20.4(k), prepare a footnote in the format described in [section 82.12](#) and insert it following the program and financing schedule.
- *Transfer of resources.* For an account with a transfer of resources as defined in section 20.4(j), prepare a footnote in the format described in [section 82.11](#) and insert it at the end of the program and financing schedule.
- *Allocation accounts.* For each bureau (or agency if the agency has no bureaus) that receives an allocation as defined in 20.4(l), prepare a footnote in the format described in [section 82.15](#) and insert it at the end of the print materials for the bureau that receives allocations.
- *Consolidated schedules and merged accounts.* For a program and financing schedule that contains data for accounts that have been consolidated or merged (see sections [71.6](#) and [71.7](#)), prepare a

table distributing budget authority and outlays by account in the format described in [section 82.13](#) and insert it following the program and financing schedule.

- *Annual limitations on trust or revolving funds.* For a trust or revolving fund with an annual limitation on administrative expenses or other annual limitation on its obligations, prepare a table following the guidance in [section 82.14](#) and insert it following the limitation language.

Revising Appropriations Language and Narrative Statements

Dept of Government Appendix Part 1G.189-685 DOG.010

"Extension" number

Return a complete set of galley proofs to OMB. Do not reduce the size of the galleys.

GALLEY PROOF

**DEPARTMENT OF GOVERNMENT
OFFICE OF THE SECRETARY
Federal funds**

General and special funds:

SALARIES AND EXPENSES

For expenses necessary for the Office of the Secretary, including not to exceed \$90,000 for expenses of travel; purchase (not to exceed [one] for replacement only) and hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109; [\$3,220,000], *Provided*, That not to exceed \$20,000 of the amount appropriated under this head in the Department of Government Appropriation Act, 2003, shall remain available during the current fiscal year. (*Department of Government Appropriations Act, 2004*)

[For an additional amount for "Salaries and Expenses," \$200,000.] (*Supplemental Appropriations Act, 2003*)

Program and Financing (in millions of dollars)

Identification code 09-2650-0-1-301	PY actual	CY est.	BY est.
Obligations by program activity:			
00.01 Assistance and training.....
00.02 Enforcement programs.....
00.03 Standards setting program.....
00.04 Research and analysis.....
10.00 Total new 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.....
22.90 Total budgetary resources available for obligation.....
23.95 New obligations.....
23.98 Unobligated balance expiring.....
24.40 New budget authority (gross).....
New budget authority (gross), detail:			
40.00 Appropriation.....
41.00 Transferred to other accounts.....
43.00 Appropriation (total, discretionary).....
Change in unpaid obligations:			
72.40 Obligated balance, start of year.....
73.10 New obligations.....
73.20 Total outlays (gross).....
73.40 Adjustments in expired accounts.....
73.45 Recoveries of prior year obligations.....
74.40 Obligated balance, end of year.....
Outlays (gross), detail:			
86.90 Outlays from new discretionary authority.....
86.93 Outlays from discretionary balances.....
87.00 Total outlays (gross).....
Net budget authority and outlays:			
89.00 Budget authority.....
90.00 Outlays.....

"Frame" number

VerDate 22-Nov-XX 0:950 Jan 15, XXXX Jkt 162001 PO 0000 Frm 0001 Fmt 3619 Sbfm 3643 E:\BUDGET\GOV.xxx pfm01

Key points for appropriations language:
 1. Enclose deletions with brackets [].
 2. Show new material in the right margin or include as an attachment. Use a caret (^) and line to clearly show where to insert the new material. New material follows bracketed [] material and must be underscored.
 3. Round requested dollars to the nearest thousand (e.g., \$10,951,000; not \$10,950,768).
 4. Use pencil where possible and do not obliterate any text or punctuation marks.

For generated schedules, MAX data will be printed automatically; do not enter amounts on the reprinted galleys.

Revising Appropriations Language and Narrative Statements (continued)

INSERT A to extension GOV.000, frame 0002

1. Assistance and training. The PY amendments to the Environmental Control Act increased the Federal portion of funds provided for water pollution control projects to 75 percent of the project estimates in BY. Additional training will accompany the increased project funding to provide for a more comprehensive review of future project plans and alternatives. In BY, amounts provided for training will increase 190.4 percent.

Water Pollution Program Activities (in millions of dollars)

Table with 4 columns: Activity, PY, CY, BY. Rows include Total project costs, Federal share, Projects completed, Training program costs, and Number of persons trained.

Title I of the Environmental Control Act of 1968 (88 U.S.C. _____ and Water 2102 et seq.) authorized water resource control programs through the promulgation of standards, enforcement of _____ and regulations controls and assistance to States governments for pollution _____, control programs.

1. Assistance and training. Funds are provided for assisting States in financing up to 60% of the cost of ppllution control projects, in accordance with plans submitted and approved by the Secretary. The projects are required to meet the criteria 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.

For supplemental and rescission proposals, include new material at the end of your galleys, even though they will print in a different part of the Appendix.

For new accounts and legislative proposals, follow the account and print material sequence described in section 95.3. Clearly mark where new material should be inserted and update the generated schedules through MAX.

INSERT A

- KEY POINTS for narrative statements: 1. Show deletions by strikeout; do not use brackets (as you do for appropriation language). 2. Mark short inserts in pencil directly on galley proof. Submit longer inserts on separate sheets of paper, identify the appropriate galley extension and frame number, and attach to the galley proof. For all inserts, draw an arrow to the proper insertion point. Do not underline new material (as you do for new appropriations language). 3. Follow the capitalization rules of the Government Printing Office Style Manual except capitalize only the first word of account titles and titles of programs and activities (unless the title also contains proper nouns that would otherwise be capitalized). 4. Use leader dots in columns of figures rather than zeros. 5. Omit dollar signs from amounts in tables. 6. Do not use minus signs in line stubs of tables. 7. Do use minus signs to show negative amounts; do not use parenthesis to show an amount being subtracted in a table. 8. Round dollars to the nearest million. In tables, show amounts of \$500,000 or less as zero (...). In narrative statements, follow the same rounding rule but include the word "million."

"Frame" number

Revising General Provisions

GALLEY PROOF

TITLE VII--GENERAL PROVISIONS

[SEC. 701. Within the unit 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 701 uniforms or allowances therefore as authorized by law (5 U.S.C. 5901-5902).

[SEC. 703. Not less than \$1,500,000 for 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 the said Acts and chapters.]

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 702 [\$2,000,000] ; *Provided*, That 703 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.

SEC. [705][^]. No part of any appropriation contained in this Act shall remain available for obligation beyond 703 the current fiscal year unless expressly so provided herein.

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 for general provisions:

1. Show deletions of entire sections by using brackets [] around the entire section.
2. When entire sections are proposed for deletion, renumber the remaining sections, placing the new numbers in the margin, underscored.
3. Include any proposed new sections at the end of the current law provisions as underscored.