



THE DIRECTOR

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

January 5, 2006

BULLETIN NO. 2006-02

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Guidance on Implementing the Government-wide Across-the-Board Reduction in the Department of Defense Appropriations Act, FY 2006 (H.R. 2863)

Purpose. This bulletin provides guidance on implementing the government-wide across-the-board reduction required by the Department of Defense Appropriations Act, FY 2006 (H.R. 2863).

Background and coverage. Section 3801 (a) in Division B, Title III, Chapter 8 of H.R. 2863 (Attachment A) rescinds an amount equal to 1 percent of:

- (1) the budget authority provided (or obligation limit imposed) for fiscal year 2006 for any discretionary account of this Act and in any other fiscal year 2006 appropriation Act;
- (2) the budget authority provided in any advance appropriation for fiscal year 2006 for any discretionary account in any prior fiscal year appropriation Act; and
- (3) the contract authority provided in fiscal year 2006 for any program subject to limitation contained in any fiscal year 2006 appropriation Act.

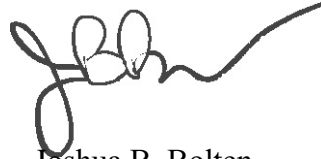
Section 3801(b) provides that reductions must be made proportionately to each program, project, and activity within each account. Section 3801 (c) exempts appropriations designated as an emergency pursuant to section 402 of the 2006 budget resolution (H. Con. Res. 95) and appropriations made to the Department of Veterans Affairs.

Required agency actions. Please provide the following to your agency's OMB representative by 5 pm Friday, January 13th.

1. A list of reductions by Treasury Appropriation Fund Symbol (TAFS), type of budgetary resource, and the reduction amounts using the electronic format provided in [Attachment B](#). This list should include amounts in unavailable receipt accounts associated with each special or trust fund TAFS.
2. Any additional supporting information requested by your Resource Management Offices.
3. FY 2006 reapportionments.

Attachments C and D provide detailed guidance for budget and accounting offices to execute and report these reductions.

Contact. Questions regarding this bulletin should be directed to the agency's OMB representatives.

A handwritten signature in black ink, appearing to read 'J. Bolten', with a long, sweeping horizontal line extending to the right.

Joshua B. Bolten
Director

Attachments

SECTION 3801: GOVERNMENT-WIDE ACROSS-THE-BOARD REDUCTIONS

SEC. 3801. (a) ACROSS-THE-BOARD RESCISSIONS.—There is hereby rescinded an amount equal to 1 percent of—

- (1) the budget authority provided (or obligation limit imposed) for fiscal year 2006 for any discretionary account of this Act and in any other fiscal year 2006 appropriation Act;
- (2) the budget authority provided in any advance appropriation for fiscal year 2006 for any discretionary account in any prior fiscal year appropriation Act; and
- (3) the contract authority provided in fiscal year 2006 for any program subject to limitation contained in any fiscal year 2006 appropriation Act.

(b) PROPORTIONATE APPLICATION.—Any rescission made by subsection (a) shall be applied proportionately—

- (1) to each discretionary account and each item of budget authority described in such subsection; and
- (2) within each such account and item, to each program, project, and activity (with programs, projects, and activities as delineated in the appropriation Act or accompanying reports for the relevant fiscal year covering such account or item, or for accounts and items not included in appropriation Acts, as delineated in the most recently submitted President's budget).

(c) EXCEPTIONS.—This section shall not apply—

- (1) to discretionary budget authority that has been designated pursuant to section 402 of H. Con. Res. 95 (109th Congress), the concurrent resolution on the budget for fiscal year 2006; or
- (2) to discretionary authority appropriated or otherwise made available to the Department of Veterans Affairs.

(d) OMB REPORT.—Within 30 days after the date of the enactment of this section the Director of the Office of Management and Budget shall submit to the Committees on Appropriations of the House of Representatives and the Senate a report specifying the account and amount of each rescission made pursuant to this section.

[H.R. 2863 Across-the-Board Reduction \[Division B, Title III, Chapter 8, section 3801\(a\)\]](#)

[Agency Name]

For **special or trust fund TAFS** where a FMS 6200 warrant is processed, list the associated unavailable receipt account.

Treasury Agency	FY1	FY2	Treasury Account	Treasury Account Title	Type of Budgetary Resource	Amount of Reduction (in dollars)	Does the reduction warrant to be processed by Treasury?	Treasury Agency	Treasury Account
80		2006	0174	Salaries and expenses	Appropriation	(\$432,567)	Yes	-	-
80		X	0174	Resource management	Advance Appropriation	(\$76,543)	Yes	-	-
80	2006 /	2007	0511	Program management	Appropriation	(\$56,547)	Yes	-	-
80		X	8065	Safety program	Contract Authority	(\$756,434)	No	-	-
80		2006	8065	Safety program	Obligation Limitation	(\$56,547)	No	-	-
80		X	5689	Development management	Appropriation	(\$567,544)	Yes	80	568910
80		X	5488	Research and development	Appropriation	(\$954,874)	No	-	-

EXAMPLES:

Comments:

- FY1 FY1 will include a fiscal year for the first year of availability in a multi-year TAFS only.
- FY2 FY2 will include a fiscal year for an annual TAFS, for the last year of availability in a multi-year TAFS, and a "X" for no-year TAFS.
- Treasury Account Spreadsheet is formatted as text.
- Type of Budgetary Resource The following is a list of possible budgetary resources:
 - Appropriation = SF 132/133 line 1A
 - Advance Appropriation = SF 132/133 line 1A
 - Contract Authority = SF 132/133 line 1C
 - Obligation Limitation
- Amount of Reduction If you have identified another budgetary resource, please contact your agency's OMB representative. This amount is required to be deducted and reported in dollars.

**INSTRUCTIONS FOR ACCOUNTING AND BUDGET OFFICES
RELATED TO EXECUTING AND REPORTING
THE SECTION 3801 REDUCTION OF H.R. 2863**

OMB, working with the Treasury Financial Management Service, has prepared the following instructions related to executing and reporting the section 3801 reduction of H.R. 2863.

What accounting event happened that must be acted on?

Division B, Title III, Chapter 8, section 3801 of the Department of Defense Appropriations Act, FY 2006 (H.R. 2863) contains an across-the-board reduction. The Public Law is 109-148.

How much flexibility do I have in allocating the reduction?

The language says: "Any rescission made by subsection (a) shall be applied proportionately--

"(1) to each discretionary account and each item of budget authority described in such subsection; and

"(2) within each such account and item, to each program, project, and activity (with programs, projects, and activities as delineated in the appropriation Act or accompanying reports for the relevant fiscal year covering such account or item, or for accounts and items not included in appropriation Acts, as delineated in the most recently submitted President's budget)."

What general rules do I apply in calculating the reduction?

Section 3801 (b) includes instructions on applying the reduction, which interact in various ways with the base appropriation language in the FY 2006 appropriation bills. Therefore, you should apply the following basic rules:

1. Scope of the Reduction. The reduction applies to all discretionary spending authority provided in the bill or in previous appropriations acts for fiscal year (FY) 2006:
 - a. Discretionary authority. The across-the-board reduction only applies to discretionary amounts. It does not apply to mandatory amounts.
 - b. Spending authority. The reduction applies to spending authority (i.e., budget authority, obligation limitations, and contract authority).
 - c. Advance appropriations. The reduction applies to any advance appropriation for FY 2006 provided in any prior appropriations act, i.e., FY 2005 or prior appropriations acts. Advance appropriations for FY 2007 or future years provided in any FY 2006 appropriation act are not subject to the reduction.

2. Offsetting Collections from Federal sources and the Public. In general, the reduction applies to net positive spending authority. Therefore the reduction is not applied to spending authority from offsetting collections from Federal sources and the public *provided by the bill*. If the agency may spend certain offsetting collections without appropriations action, then those offsetting collections are not reduced.
3. Unobligated balances. The reduction does not apply against unobligated balances brought forward on October 1, 2005.
4. Multiple Reductions. If your account has more than one reduction on the amount newly appropriated, apply the reductions in the following sequence: (1) account-specific rescission, (2) agency-wide reduction, (3) appropriation act-wide reduction, and (4) government-wide reduction. For example, if an account has an account-specific rescission of \$5M against new budget authority of \$400M, subtract the \$5M from the budget authority of \$400M and then apply the next reduction to BA of \$395M.
5. Proportionate application. The Act requires that the reductions be applied equally to each *account* and separately to each *item*. Then, *within each account and each item*, apply the rescission to each program, project, and activity subject to the rescission.
6. Program, project, and activity (PPA). PPAs have been interpreted as that level of appropriations detail specified:
 - a. In the appropriation act or accompanying report, including earmarks and directives;
or
 - b. If the detail in (a) does not exist, in the program and financing schedule of the President's Budget.
7. Credit programs. The reduction percentage is applied *separately* to the administrative expenses, the direct loan subsidy, and the guaranteed loan subsidy.
8. Nonexpenditure transfers. The across-the-board reduction is applied to the parent account that receives the appropriation and makes the transfer, not to the account that receives the transfer. This is a "pre-transfer" basis.
9. Discretionary expenditure transfers from trust funds. Where appropriate, the across-the-board reduction is applied against the trust fund making the payment, which then transfers the lower amount to the performing account(s).
10. Permanent or temporary reductions.
 - a. For appropriations from the General Fund of the Treasury, the amounts rescinded by section 3801 (a) are *permanent* and returned to miscellaneous receipts in the Treasury.
 - b. However, for special, trust, and revolving funds, the amounts are *temporarily* not available during this fiscal year. For special or trust fund expenditure accounts

associated with unavailable receipt accounts, the amounts rescinded are returned to the corresponding unavailable receipt accounts from which they can be subsequently appropriated. For special or trust fund expenditure accounts associated with available receipt accounts and revolving funds, the amounts rescinded stay in the fund but are not available for obligation in FY 2006.

11. Rounding rules. The reduction will be *taken in dollars*. However, for reporting purposes, the reductions may be rounded to thousands or millions, as appropriate. For example, the reductions will be *reported in whole dollars* on the Treasury warrants, which are issued in dollars. The reductions will be *rounded to millions* in the Program and Financing schedule, as required by OMB Circular No. A-11.

In general, what must I do?

When executing the reduction, ensure that you consistently report the reduction on the SF 132, SF 133, and the actual column of the FY 2006 Budget Program and Financing (P&F) schedule.

Specifically, what must I do?

1. OMB Bulletin. Respond to the OMB Bulletin. A copy of the enacted appropriations language and instructions for responding are contained in an attachment to the Bulletin.
2. FMS 6200 Warrant. Contact the Department of the Treasury's Financial Management Service (FMS) Budget Reports Division to request a negative FMS 6200 Warrant for affected accounts appropriated from the General Fund of the Treasury or associated with unavailable receipt accounts. You will need to know the amount and the TAFS (which includes the period of availability) to request a warrant. You can fax reduction requests to Treasury at 202-874-9944.

OMB will provide FMS with a list of accounts and reduction amounts that agencies provided to OMB. FMS will cross check warrant requests received from the agencies against this list, send any request that does not agree with this list to OMB, and not process the request until OMB approves the change. This process is consistent with last year.

3. SF 132 Apportionment. Prepare an SF 132 Apportionment with reduction amounts on the appropriate line number. For general funds or TAFS with contract authority, use line 6B "Enacted reductions (-)." For special trust, and revolving funds, use line 5 "Temporarily not available pursuant to Public Law 109-148". Refer to the Treasury Financial Manual, USSGL Supplement or consult your agency's USSGL representative to identify the specific U.S. Government Standard General Ledger account codes that provide the mechanism to either make the funds temporarily or permanently not available. See OMB Circular No. A-11, Appendix F for further guidance.
4. U.S. Government Standard General Ledger (USSGL)/FACTS II. Record the reduction using the appropriate USSGL account codes in your accounting system so that the proper amounts will be reported via FACTS II. FACTS II will then create the SF 133 and initial set of data for the P&F schedule. When reporting the reduction via FACTS II, use 109-148 for the Public Law number. For general funds appropriated from the General Fund of the Treasury or contract authority, use USSGL account 4392. For special or trust fund expenditure accounts related to

available receipt accounts and revolving funds, use USSGL account 4382. For special or trust fund expenditure accounts related to unavailable receipt accounts, use USSGL account 4387. See Treasury Financial Manual, USSGL Supplement or consult your agency's USSGL representative for further guidance.

5. SF 133 Report on Budget Execution and Budgetary Resources. By using FACTS II appropriately, the amounts will crosswalk to SF 133 line 5 "Temporarily not available pursuant to Public Law 109-148" or line 6B "Enacted reductions (-)". See OMB Circular No. A-11, Appendix F for further guidance.

6. Budget Program and Financing (P&F) schedule. As a result of correctly reporting the amounts via FACTS II for the fourth quarter of FY 2006, they will be automatically crosswalked to the appropriate P&F line number. The accounting and the budget offices must work together to ensure that the actual column of the FY 2008 Budget P&F schedule accurately reflects this reduction. See OMB Circular No. A-11, section 82 for further guidance.

**Relationship among Selected SF 132 and SF 133
as they relate to the Across-The-Board Reduction, H.R. 2863
Division B, Title III, Chapter 8, section 3801**

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE			
		Period ended 9/30/2006	
AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL	
BUREAU: Government Bureau		80-2006-???? Governmental Operations	
	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
BUDGETARY RESOURCES			
5. Temporarily not available pursuant to P.L. 109-148 (-).....		-xxx,xxx	<p>For revolving, special, and trust funds, the reduction makes the funds temporarily not available. For special or trust fund expenditure accounts associated with unavailable receipt accounts, the amounts rescinded are returned to the corresponding unavailable receipt account from which they can be subsequently appropriated. For special or trust fund expenditure accounts associated with available receipt accounts and revolving funds, the amounts rescinded stay in the fund but they are simply not available for obligation.</p>
6. Permanently not available: B. Enacted Reduction (-).....	<p>For general funds appropriated from the General Fund of the Treasury and contract authority, the reduction makes the funds permanently not available. For general funds originally appropriated from the General Fund of the Treasury, they, then, are returned to the General Fund of the U.S. Treasury.</p>	-xxx,xxx	
7. Total budgetary resources.....			

NOTE: Lines 5 and 6B, These amounts are rescinded pursuant to Section 3801 (a) of Public Law 109-148, signed 12/30/05.

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES			
		Period ended 9/30/2006	
AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL	
BUREAU: Government Bureau		80-2006-???? Governmental Operations	
	FY 2006 <u>Unexpired</u> Account	FY 2005 Expired Account	
BUDGETARY RESOURCES			
5. Temporarily not available pursuant to P.L. 109-xxx (-).....	-xxx,xxx		<p>For special or trust fund expenditure accounts associated with available receipt accounts and revolving funds, use USSGL account 4382. By using USSGL account 4382, the reduction makes the funds temporarily not available.</p> <p>For special or trust fund expenditure accounts associated with unavailable receipt accounts, use USSGL account 4387. By using USSGL account 4387, the reduction makes the funds temporarily not available.</p>
6. Permanently not available: B. Enacted Reduction (-).....	-xxx,xxx		
7. Total budgetary resources.....			<p>For general funds appropriated from the General Fund of the Treasury and contract authority, use USSGL account 4392. By using USSGL account 4392, the reduction makes the funds permanently not available.</p>

NOTE: Lines 5 and 6B, These amounts are rescinded pursuant to Section 3801(a) of Public Law 109-148, signed 12/30/05.