

# Memoranda 01-29 -- Mid-Session Review

September 4, 2001

**M-01-29**

## **MEMORANDUM FOR ALL CABINET OFFICERS AND AGENCY HEADS**

FROM Mitchell E. Daniels, Jr.

Director

Based on the Mid-Session Review, we are projecting the second largest surplus in history in fiscal year 2001, a surplus slightly greater than that attributable to Social Security. The review factored in the revised economic forecast and the impact of the enacted tax rebate. The remaining surplus will be used to aggressively pay down debt

To ensure this result, we need to stay within the outlay forecast. The President has asked that you carefully monitor the fiscal year-end close out process by enforcing prudent financial management practices. While we must meet obligations consistent with the Prompt Pay Act and other applicable law, we need to impress restraint on our financial managers to limit new obligations between now and September 30, 2001.

In the past, unobligated balances at the end of the year were thought to count against the agency in subsequent budget reviews. Contrary to this perverse notion, let me assure you that OMB will examine fiscal year 2001 unobligated balances with an eye toward increasing the fiscal year 2002 apportionment for priorities which are rephased or deferred to meet the fiscal year 2001 outlay targets. During the fiscal year 2003 budget review, our OMB examiners will not penalize agencies and departments for failure to obligate funds this fiscal year.

Thank you for ensuring responsible spending practices at year's end and throughout the budget cycle.