



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

February 5, 2004

BULLETIN NO. 04-02, Supplement 1

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

**SUBJECT:** Guidance on Implementing Across-the-Board Reductions in the Consolidated Appropriations Act, 2004 (H.R. 2673)

Purpose. This supplement clarifies attachment G and the items, “Unobligated Balances,” “Multiple Reductions,” and “U.S. Government Standard General Ledger (USSGL/FACTS II)” of Attachment F to Bulletin 04-02.

Action. Agencies should replace the original attachments F and G to Bulletin 04-02 with the revised attachments F and G.

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

A handwritten signature in black ink, appearing to read "J. Kaplan", is positioned above the printed name of the Deputy Director.

Joel D. Kaplan  
Deputy Director

Attachment

**INSTRUCTIONS FOR ACCOUNTING AND BUDGET OFFICES  
RELATED TO EXECUTING AND REPORTING  
THE SECTION 168 (B) REDUCTION OF H.R. 2673**

OMB, working with the Treasury Financial Management Service, has prepared the following instructions related to executing and reporting the section 168 (B) reduction of H.R. 2673.

**What accounting event happened that must be acted on?**

Division H, section 168 (b) of the Miscellaneous Appropriations and Offset Act, 2004 (H.R. 2673) contains a government-wide across-the-board reduction. The public law number is 108-199.

**How much flexibility do I have in allocating the reduction?**

The language says: “Any rescission made by subsection (b) 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 168 (b) includes detailed instructions on applying the reduction, which interact in various ways with the base appropriation language in the bill. 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) 2004 except any FY 2004 supplemental appropriations Act, the Department of Defense Appropriations Act, 2004, or Military Construction Appropriations Act, 2004:
  - 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 provided by the bill (i.e., budget authority, obligation limitations, and contract authority).

- c. Advance appropriations. The reduction applies to any advance appropriation for FY 2004 provided in any prior appropriations act, i.e., FY 2003 or prior appropriations acts. Advance appropriations for FY 2005 or future years provided in P.L. 108-199 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. When there is a *rescission of unexpired unobligated balances* of prior appropriations required by the base appropriation language or sections other than 168 (b), the across-the-board reduction is against the **new** appropriation, not the amount net of the specific rescission of unobligated balances. When implementing the government-wide ATB reduction, you must focus on the amount newly appropriated.
  - a. Rescission of new appropriations. For example, if the amount appropriated is 100 and there is a rescission of the amount appropriated at the account level of 10, then the amount newly appropriated to the account is 90. When you apply a government-wide percentage of 10%, it is applied to the 90. The ATB of 10% against the amount appropriated is -9, and the amount available after the ATB is 81.
  - b. Rescission of prior year unexpired unobligated balances. However, if the amount appropriated is 100 and, in addition, the account has unexpired prior year unobligated balances of 10, and there is a rescission of unexpired prior year unobligated balances of 10 at the account level, the amount newly appropriated to the account is still 100.

For scoring purposes, the account got credit for a reduction in new BA of 10 and the amount of BA scored is 90 because when scoring the bill a rescission of prior year unobligated balances is treated as a reduction of the current appropriation.

Nevertheless, the amount newly appropriated to the account is still 100. In this case, when you apply an ATB of 10%, it is applied to the 100. The ATB of 10% against the amount appropriated is -10, and the amount available after the ATB is 90.

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 of *new appropriations* (for rescissions of balances, see paragraph 3.b.), (2) agency-wide reduction, (3) appropriation act-wide reduction, and (4) government-wide reduction. For example, if an account has an account-specific reduction 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 are defined 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.
  - c. *Credit programs*. The reduction percentage is applied *separately* to the administrative expenses, the direct loan subsidy, and the guaranteed loan subsidy.
7. Nonexpenditure transfers. Since the across-the-board reduction is applied to the account that receives the appropriation, the across-the-board reduction is applied to the parent account where the appropriation is received.
8. Permanent or temporary reductions.
  - a. For most accounts, the amounts rescinded by section 168 (b) are *permanent* and returned to miscellaneous receipts in the Treasury or unavailable receipt accounts. This covers amounts appropriated from the General Fund of the Treasury and from unavailable receipts.
  - b. However, for those special, trust, and revolving funds that do not received general funds from the U.S. Treasury, the reductions are *temporarily* not available during this fiscal year. For special or trust fund expenditure accounts, the amounts rescinded are returned to the special or trust fund available receipt accounts from which they can be subsequently appropriated. For revolving funds, the amounts rescinded stay in the fund but they are simply not available for obligation.
9. Rounding rules. The reduction will be *taken in dollars*; please use the rounding rule contained in OMB Circular No. A-11, exhibit 95A. 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?**

Once enacted, execute the reduction, and then 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. After enactment, 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 Treasury Appropriation Fund Symbol (TAFS) (which includes the period of availability) to request a warrant. You can fax reduction requests to Treasury at 202-874-9944.

This year, OMB will provide FMS with a list of accounts and reduction amounts that agencies provided to OMB. FMS will cross check warrant requests against this list, and notify the agency of any request that does not agree with the OMB list. The agency will need to notify OMB of the change before Treasury processes the request.

3. SF 132 Apportionment. After enactment, 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 108-199" except for general fund appropriations to these funds which should use line 6B. 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. After enactment, 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 108-199 for Public\_Law\_Number. For general funds appropriated from the General Fund of the Treasury and special and trust funds associated with unavailable receipt accounts, use USSGL account 4396. For revolving, special, and trust funds associated with available receipt accounts, use USSGL account 4386. For funds with contract authority, consult the Department of the Treasury, FMS, USSGL Division. 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 108-199" 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 2004, 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 upcoming FY 2006 Budget P&F schedule will accurately reflect the reductions. 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. 2673  
Division H, section 168 (b)**

<b>SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE</b>			
		Period ended 9/30/2004	
AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL	
BUREAU: Government Bureau		80-2004-???? Governmental Operations	
	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
<b>BUDGETARY RESOURCES</b>			
5. Temporarily not available pursuant to P.L. 108-xx (-).....		-xxx,xxx	For revolving, special, and trust funds associated with available receipt accounts, the reduction makes the funds temporarily not available. For special and trust funds, the funds, then, are returned to the corresponding available receipt account and are available for a subsequent appropriation.
6. Permanently not available: B. Enacted Reduction (-).....		-xxx,xxx	
7. Total budgetary resources.....			

For general funds appropriated from the General Fund of the Treasury and special and trust funds associated with unavailable receipt accounts, the reduction makes the funds permanently not available. The funds, then, are returned to the General Fund of the U.S. Treasury or the unavailable receipt account.

NOTE: Lines 5 and 6B, These amounts are rescinded pursuant to Section 168 (b) of Public Law 108-199, signed 1/23/04.

<b>SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES</b>			
		Period ended 9/30/2004	
AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL	
BUREAU: Government Bureau		80-2004-???? Governmental Operations	
	FY 2004 <u>Unexpired</u> Account	FY 2003 Expired Account	Total
<b>BUDGETARY RESOURCES</b>			
5. Temporarily not available pursuant to P.L. 108-xx (-).....	-xxx,xxx		For revolving, special, and trust funds associated with available receipt accounts, use USSGL account 4386. By using USSGL account 4386, the reduction makes the funds temporarily not available. For special and trust funds, the funds, then, are returned to the corresponding available receipt account and are available for a subsequent appropriation.
6. Permanently not available: B. Enacted Reduction (-).....	-xxx,xxx		
7. Total budgetary resources.....			

For general funds appropriated from the General Fund of the Treasury and special and trust funds associated with unavailable receipt accounts, use USSGL account 4396. By using USSGL account 4396, the reduction makes the funds permanently not available. The funds, then, are returned to the General Fund of the U.S. Treasury or the unavailable receipt account. For contract authority, consult the Department of the Treasury, FMS, USSGL Division.

NOTE: Lines 5 and 6B, These amounts are rescinded pursuant to Section 168 (b) of Public Law 108-199, signed 1/23/04.