



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

THE DEPUTY DIRECTOR

January 29, 2004

BULLETIN NO. 04-02

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 bulletin provides guidance on implementing the reductions required by the Consolidated Appropriations Act, 2004 (H.R. 2673)

Background and coverage. This bulletin covers the following sections of H.R. 2673:

Section 515 in Division E (Attachment A) rescinds \$50 million on a pro rata basis for administrative and related expenses for departmental management for the Department of Labor, the Department of Health and Human Services, and the Department of Education.

Section 168 (a) in Division H (Attachment B) rescinds \$1.8 billion of unobligated balances of prior year budgetary resources made available in P.L. 107-38, P.L. 107-117, and appropriations Acts for DoD.

Section 168 (b) in Division H (Attachment B) rescinds an amount equal to 0.59 percent of:

- (1) the budget authority provided (or obligation limitation imposed) for fiscal year 2004 for any discretionary account in divisions A through H and in any other fiscal year 2004 appropriation Act (except any fiscal year 2004 Supplemental Appropriation Act, the Department of Defense Appropriations Act, 2004, or the Military Construction Appropriations Act, 2004);
- (2) the budget authority provided in any advance appropriation for fiscal year 2004 for any discretionary account in any prior fiscal year appropriations Act; and,
- (3) the contract authority provided in fiscal year 2004 for any program subject to limitation contained in any division or appropriation Act subject to paragraph (1).

Section 168 (b) provides that reductions must be made proportionately to each program, project, and activity within each account.

In addition, sections 515 and 168 direct OMB to issue reports to Congress on the reductions.

Required actions. Agencies are required to do three things.

First, prepare a list of proposed reductions by Treasury Appropriation Fund Symbol (TAFS), type of budgetary resource, and the reduction amounts using the electronic format provided in Attachments C, D, and E. This list should include amounts in unavailable receipt accounts associated with each special or trust fund TAFS.

Second, prepare any additional supporting information requested by your Resource Management Offices.

Third, we are considering creating a process in the future where OMB would send agency reduction requests to Treasury, and Treasury would process these reduction requests as warrants when appropriate. This new process would relieve agencies of submitting separate warrant requests to Treasury in those cases when OMB must compile requests. Please advise OMB whether your agency would support this change in the process.

Agencies must send all these materials including their FY 2004 reapportionments to their OMB representative by Friday, February 6. While OMB Circular A-11 requires agencies to submit reapportionments within 10 days of enactment, we have pushed out the due date an additional five days, which is the latest due date allowable by law.

Attachments F and G 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. D. Kaplan', with a long horizontal flourish extending to the right.

Joel D. Kaplan  
Deputy Director

Attachments

**SECTION 515: ACROSS-THE-BOARD REDUCTION**

SEC. 515. (a) IN GENERAL. - Amounts made available under this Act for the administrative and related expenses for departmental management for the Department of Labor, the Department of Health and Human Services, and the Department of Education shall be reduced on a pro rata basis by \$50,000,000: Provided, That not later than 15 days after the enactment of this Act, the Director of the Office of Management and Budget shall report to the House and Senate Committees on Appropriations the accounts subject to the pro rata reductions and the amount to be reduced in each account.

(b) LIMITATION. - The reduction required by subsection (a) shall not apply to the Food and Drug Administration and the Indian Health Service.

**SECTION 168 (a) and (b): ACROSS-THE-BOARD REDUCTIONS**

SEC. 168 (a) RESCISSIONS. - From unobligated balances of amounts made available in Public Law 107-38, and in Public Law 107-117, and in appropriations Acts for the Department of Defense, \$1,800,000,000 is hereby rescinded: Provided, That the Director of the Office of Management and Budget, after consultation with the Committees on Appropriations of the House and Senate and the Secretary of Defense, shall determine the amounts to be rescinded from each account that is to be so reduced: Provided further, That the rescissions shall take effect no later than September 30, 2004: Provided further, That the Director of the Office of Management and Budget shall notify the Committees on Appropriations of the House and Senate 30 days prior to rescinding such amounts: Provided further, That such notification shall include the accounts, programs, projects and activities from which the funds will be rescinded: Provided further, That this section shall not apply to any amounts appropriated or otherwise made available by the seventh proviso under the heading “Emergency Response Fund” in Public Law 107-38.

(b) ACROSS-THE-BOARD RESCISSIONS. - There is hereby rescinded an amount equal to 0.59 percent of--

(1) the budget authority provided (or obligation limitation imposed) for fiscal year 2004 for any discretionary account in divisions A through H of this Act and in any other fiscal year 2004 appropriation Act (except any fiscal year 2004 supplemental appropriation Act, the Department of Defense Appropriations Act, 2004, or the Military Construction Appropriations Act, 2004);

(2) the budget authority provided in any advance appropriation for fiscal year 2004 for any discretionary account in any prior fiscal year appropriation Act; and,

(3) the contract authority provided in fiscal year 2004 for any program subject to limitation contained in any division or appropriation Act subject to paragraph (1).

(c) PROPORTIONATE APPLICATION. - 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).

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**[H.R. 2673 Across-the-Board Reduction \[Division H, section 168 \(a\)\]](#)**

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**[H.R. 2673 Across-the-Board Reduction \[Division H, section 168 \(b\)\]](#)**

Attachment E

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**[H.R. 2673 Across-the-Board Reduction \[Division E, section 515\]](#)**

**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 an across-the-board reduction. Once enacted, the National Archives and Records Administration will issue a public law number. See [www.archives.gov/federal\\_register/public\\_laws/public\\_laws.html](http://www.archives.gov/federal_register/public_laws/public_laws.html).

**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:
  - 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 FY 2005 or future years provided in H.R. 2673 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 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 gross appropriation, not the amount net of the specific rescission of unobligated balances. Examples of this situation include the “Landowner Incentive Program”, the “Stewardship Grants”, and the “SPR Petroleum account”.
4. Multiple Reductions. If your account has more than one reduction applied to it, apply the reductions in the following sequence: (1) account-specific reduction against gross appropriation net of any rescission of unobligated balances, (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 special, trust, and revolving funds to which the section 168 (b) reduction applies, the amounts 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 H.R. 2673 is 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. OMB will issue additional guidance after enactment that instructs agencies when to send materials to their OMB representatives.

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 TAFS (which includes the period of availability) to request a warrant. You can fax reduction requests to Treasury at 202-874-9944. After enactment, OMB will issue additional guidance instructing agencies when to make these requests of Treasury.

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-[xxx]". 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-[xxx] 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 4392. For revolving, special, and trust funds associated with available receipt accounts, use USSGL account 4382. 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-[xxx]" 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 FY 2006 Budget P&F schedule accurately reflects this reduction. See OMB Circular No. A-11, section 82 for further guidance.

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**[Relationship among Selected SF 132 and SF 133 as they relate to the Across-The-Board Reduction, H.R. 2673 Division H, section 168 \(b\)](#)**