February 26, 2007

BULLETIN NO. 07-03, Supplement 1

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES


Purpose. This supplement revises items 5 and 6 under “How should the adjustment for pay be calculated?” in Attachment A to Bulletin 07-03.

Action. Agencies should replace the original attachment A to Bulletin 07-03 with the revised attachment A.

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

Rob Portman

Attachment
INSTRUCTIONS FOR ACCOUNTING AND BUDGET OFFICES RELATED TO EXECUTING AND REPORTING REVISED CONTINUING APPROPRIATIONS RESOLUTION, 2007 OF H.J. RES. 20

OMB, working with the Treasury Financial Management Service, has prepared the following instructions related to executing and reporting the FY 2007 full year continuing appropriations of H.J. Res. 20.

What accounting event happened that must be acted on?

The Revised Continuing Appropriations Resolution, 2007 (HJ.Res. 20) provides full year continuing appropriations for FY 2007.

What amount do I have to report in the Treasury Appropriation Fund Symbol (TAFS) for the FY 2007 full year continuing appropriations amount?

For each account that is funded by the CR, you need to complete attachment B, on a TAFS level. The amounts shown on attachment B at the TAFS level must add to the amounts shown in the Continuing Resolution Calculations by Account, Treasury Run report at the OMB budget account level, rounded in whole dollars.

What action do I take if I do not agree with the FY 2007 full year continuing appropriations amount shown in the Continuing Resolution Calculations by Account, Treasury Run report?

Contact your OMB representative with an explanation of the reasons for the difference.

In general, what must I do?

When executing the FY 2007 continuing appropriations, ensure that the FY 2007 full year continuing appropriation amount shown on Attachment B is consistently reported on the SF 132, SF 133, and the actual column of the Program and Financing (P&F) schedule for the FY 2009 Budget.

Specifically, what must I do?

1. OMB Bulletin. Provide the data requested by this Bulletin by no later than 5 PM, Thursday, February 22nd.

2. FMS 6200 Warrant. The Department of the Treasury's Financial Management Service (FMS) Budget Reports Division will use the list of accounts and FY 2007 full year continuing appropriations amounts that agencies provide on Attachment B to calculate the amounts to be warranted. FMS will issue the FMS 6200 appropriation warrants for affected TAFSs appropriated from the General Fund of the Treasury or associated with unavailable receipt accounts. No appropriation warrants will be processed for TAFSs that are not included on Attachment B.
Treasury will not accept any appropriation warrant requests related to the FY 2007 continuing appropriations that have not been agreed to by OMB.

3. **SF 132 Apportionment.** Prepare a SF 132 Apportionment with the FY 2007 continuing appropriations amount on the applicable line number. Refer to the Treasury Financial Manual, U.S. Government Standard General Ledger (USSGL) Supplement or consult your agency's USSGL representative to identify the specific USSGL account codes. See OMB Circular No. A-11, Section 121 and Appendix F for further guidance.

4. **USSGL/FACTS II.** Record the FY 2007 continuing appropriations amount 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. 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 3A1 "Appropriation". See OMB Circular No. A-11, Section 121 and 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 2007, 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 2009 Budget P&F schedule accurately reflects the FY 2007 continuing appropriations amounts. See OMB Circular No. A-11, section 82 for further guidance.

**How should the adjustment for pay be calculated?**

Section 111 provides for additional BA for one-half of the cost of the 2007 pay raises. This amount should reflect the increase in pay costs for 2007 due to the pay raises received by employees under Executive Order 13420, Adjustments of Certain Rates of Pay, dated December 21, 2006.

1. For employees not covered by statutory pay systems under Executive Order 13420, the amount of the adjustment should be calculated as if such employees received pay raises equal to General Schedule employees on the first pay period in January 2007.

2. The amount of the adjustment should include the effect of increases in basic pay rates as well as in locality-based comparability pay for the employees of the agency. For large agencies with employees located in many pay localities, an acceptable alternative to calculating the pay raise by locality for each account is to assume the Government-wide average for all employees, subject to prior approval by the OMB representative with budget responsibility for that agency. The amounts shown as pay in the Continuing Resolution Calculations by Account, Treasury Run report assume the 2.2 percent Government-wide average pay raise.

3. The adjustment should include one half of the increased cost of agency contributions for employee benefits resulting from the 2007 pay raises, such as agency contributions for employee retirement, Social Security and Medicare contributions, and life insurance. It should not include benefits that are not directly increased by the 2007 pay raises, such as health
insurance. Unless agencies have better data, they should assume that only 72 percent (the
government-wide average) of benefits are directly affected by pay raises.

4. In general, the amount of the adjustment should be based on the number and distribution of
each agency's workforce, as reflected by actual 2006 obligations reported in the 2008 Budget,
since agencies should have been operating at no more than that level under the previous CR.

5. The adjustment covers pay raises for employees whose pay is funded directly by appropriations
provided by the CR, and for reimbursable employees who provide services to accounts that are
funded by the CR. It does not include the cost of pay raises that would be recovered by fees
charged to non-federal entities.

6 Accounts that provide services to other agencies are to show the pay raise adjustment as BA in
the servicing account. However, if the account provides services only to other accounts within
the same agency, the pay raise adjustment can be recorded as BA within the servicing account,
or, subject to the approval of the OMB representative, it can be spread among the customer
accounts within that agency. If the pay raise adjustment is spread among the customer
accounts, the agency must provide documentation to OMB showing that the amount, in total,
equals one-half of the pay raise for the reimbursable employees of the servicing account. To
the extent that the pay raise adjustment for reimbursable employees is shown as BA in the
servicing account, agencies should not build this portion of the pay raise into the fees they
charge to federal customers for goods and services, and they should provide documentation to
OMB that this cost is not included in the fees. The cost of pay raises for reimbursable
employees involved in providing services to non-federal customers should be recovered by the
fees they charge.

Could you give me an example of how the pay adjustment should be calculated?

The calculation involves two components -- the effect of the pay raise on employees’ salaries, and
the effect on agency contributions for employees’ benefits.

To calculate the effect on employees salaries, add the amounts in the 2006 column of the 2008
budget for object classes 11.1, 11.3, 11.5, and 11.7 and multiply by 1/2 of the 2007 pay raise (e.g.,
1.1% if using the Government-wide average) times 3/4 (since the pay raise is effective for 9
months of the fiscal year).

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\text{sum of object classes 11.1, 11.3, 11.5, 11.7} \times \frac{1}{2} \times \text{percent pay raise} \times \frac{3}{4}
\]

To calculate the effect on agency contributions for employees’ benefits, take the amount in the
2006 column of the 2008 budget for object class 12.1 and 12.2, multiply by 72% (the
Government-wide average for the share of benefits directly affected by pay raises) times 1/2 of
the 2007 pay raise (e.g., 1.1% if using the Government-wide average) times 3/4 (since the pay
raise is effective for 9 months of the fiscal year).

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\text{sum of object class 12.1 and 12.2} \times 0.72 \times \frac{1}{2} \times \text{percent pay raise} \times \frac{3}{4}
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