

SECTION 124—AGENCY OPERATIONS IN THE ABSENCE OF APPROPRIATIONS

Table of Contents

- 124.1 What types of actions may my agency conduct during a funding hiatus?
- 124.2 What plans should my agency make in anticipation of a funding hiatus?
- 124.3 When should my agency's shutdown plans be implemented?

124.1 What types of actions may my agency conduct during a funding hiatus?

(a) *Background.*

The Attorney General issued two opinions in the early 1980s that the language and legislative history of the Antideficiency Act unambiguously prohibit agency officials from incurring obligations in the absence of appropriations ("Applicability of the Antideficiency Act Upon a Lapse in an Agency's Appropriations" (1980) and "Authority for the Continuance of Government Functions During a Temporary Lapse in Appropriations" (1981)). The Office of Legal Counsel of the Department of Justice issued an opinion dated August 16, 1995, that reaffirms and updates the 1981 opinion.

(b) *Policies.*

This section provides policy guidance and instructions for actions to be taken by Executive Branch agencies when Congress fails to enact either regular appropriations, a continuing resolution, or needed supplementals, resulting in an interruption of fund availability.

This section does not apply to specific appropriations action by the Congress to deny program funding.

When the Congress fails to act on program supplementals and the result is partial funding interruptions, special procedures beyond those outlined in this section may be warranted. In such cases, you should consult your OMB representative.

In the absence of appropriations:

- Federal officers may not incur any obligations that cannot lawfully be funded from prior appropriations unless such obligations are otherwise authorized by law.
- Federal officers may incur obligations as necessary for orderly termination of an agency's functions, but funds may not be disbursed.

124.2 What plans should my agency make in anticipation of a funding hiatus?

Agency heads must develop and maintain plans for an orderly shutdown in the event of the absence of appropriations. Submit your plans to OMB when they are either first prepared or revised. Include the following information in the plan:

- Estimate the time (to the nearest half-day) to complete the shutdown.
- Number of employees expected to be on-board before implementation of the plan.
- Total number of employees to be retained under the plan because:

- ▶ They are engaged in military, law enforcement, or direct provision of health care activities, or
 - ▶ Their compensation is financed by a resource other than annual appropriations.
- Number of employees, not otherwise exempt, to be retained to protect life and property.

As you monitor the progress of your appropriations through the Congress, you will need to be sensitive to the possibility of delays, and, in particular, delays caused by issues that have little to do with your agency's programs. You should avoid initiating new activities included in the proposed budget by using available money in the prior year.

Within the guidance established by the opinions issued by the Department of Justice and this Circular, agency heads must decide what activities are essential to operate their agencies during an appropriations hiatus. Address questions that you cannot answer to OMB. Address questions about the interpretation of the Antideficiency Act jointly to OMB and the Office of Legal Counsel of the Department of Justice.

Submit policy statements and legal opinions supporting those estimates to OMB if you estimate:

- That more than one-half day would be needed to complete a shutdown, or
- That the number of employees to be retained to protect life and property would exceed five percent of the number of employees on-board at the beginning of a hiatus less those exempt.

124.3 When should my agency's shutdown plans be implemented?

OMB will monitor the status of congressional actions on appropriations bills and will notify agencies if shutdown plans are to be implemented. Whenever it appears that a hiatus in appropriations might occur, you should review your shutdown plans, and, if revisions are required, promptly submit the revised plan to OMB.

After OMB has identified a hiatus in appropriations and all available funds (including reallocated/reallocated funds), are exhausted, you must begin orderly shutdown activities. Each agency head must determine the specific actions that will be taken; however, all your actions must contribute to an orderly shutdown of the agency and give primary consideration to protecting life and safeguarding Government property and records. Agency heads will notify OMB immediately when shutdown activities are being initiated.

During an absence of appropriations, agency heads must limit obligations to those needed to maintain the minimum level of essential activities necessary to protect life and property.

Take necessary personnel actions to release employees in accordance with applicable law and regulations of the Office of Personnel Management. You must prepare employee notices of furlough and process personnel and pay records in connection with shutdown furlough actions. You should plan for these functions to be performed by employees who are retained for orderly termination of agency activities as long as those employees are available.

OMB will notify you when the hiatus of appropriations has ended.