

Apportionment Basics for Credit Programs

Bing Bradshaw

Budget Concepts, OMB

June 2007



Types of Accounts for Credit Programs

- I. **“Program”** Accounts
- II. **“Financing”** Accounts
- III. **“Liquidating”** Accounts – pre 1992

Which Accounts are Apportioned?

Each of the following is apportioned:

- I. Program account (**P**) for the credit program
- II. Financing accounts (**F**)
 - a. For the Direct Loans (**DL**)
 - b. For the Guaranteed Loans (**GL**)
- III. Liquidity account (**L**) for pre-1992 direct loan or loan guarantees (if any)

Program and Financing Accounts

- Should not be at odds
- Should be in sync
- Should be consistent with law, particularly the appropriations act.



DLF P GLF



DLF P GLF

Standard Appropriations Language for Credit Accounts

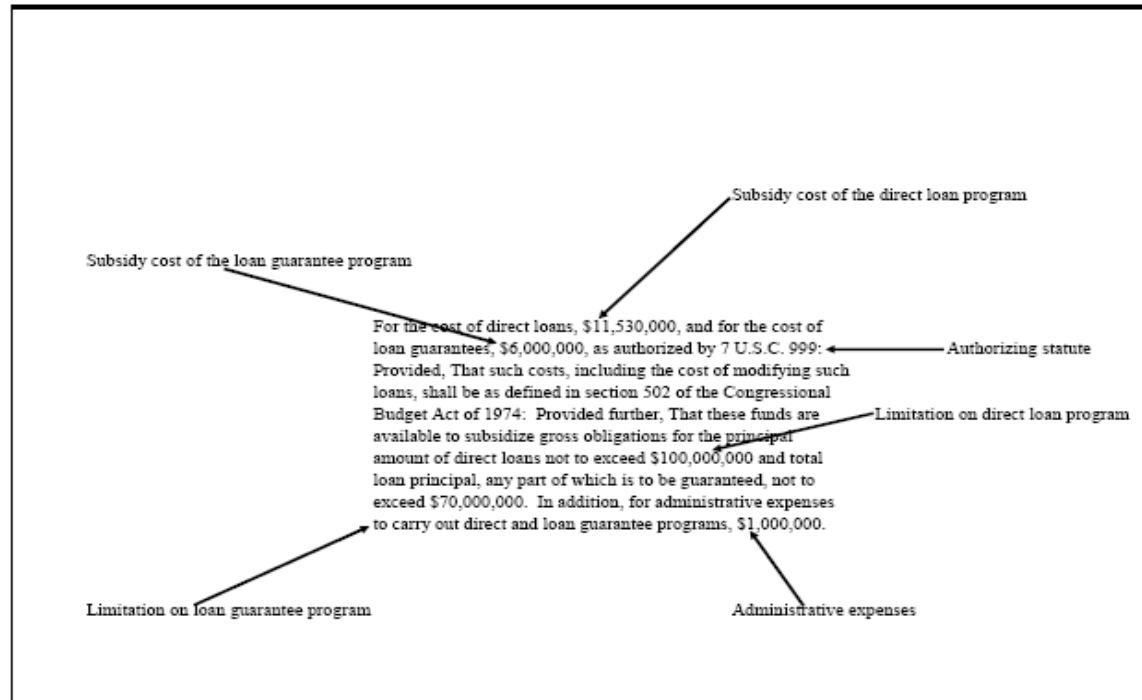
1. Subsidy for the direct loan program
2. Subsidy for the loan guarantee program
3. Cites authorizing statute
4. Limitation on direct loan program
5. Limitation on loan guarantee program
6. Administrative expenses

Standard Appropriations Language for Credit Accounts

EXHIBIT 185M

FEDERAL CREDIT

Standard Appropriations Language



I. What is the “Program” account supposed to do?

1. Account for the on-budget cost to the government of direct loans and loan guarantees
2. Receives all appropriations
3. Pay (obligate, then outlay) the subsidy to the DL “financing” account
4. Pay the subsidy to the LG “financing” account
5. Pay the Administrative expenses to the agency account that will pay the salaries and expense of the staff who will administer the credit program.

Apportionment (SF 132) of the “Program” account for the credit program

Initial Apportionment Program Account

80 [= Treasury agency code]
 [= first year of availability, or blank for annual and no-year]
 YYYY [= last year of availability, or "X" for no-year]
 0138 [= Treasury account code]
 YYYY [= fiscal year]
 01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL	
BUREAU: Office of the Secretary		Credit Program Account 80Y0138	
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
BUDGETARY RESOURCES			
Budget authority:			
Appropriation:			
3A1 Actual.....		18,530,000	Subsidy (\$11,530,000 + \$6,000,000) + administrative expenses
Total budgetary resources.....		18,530,000	
APPLICATION OF BUDGETARY RESOURCES			
Apportioned:			
Category B:			
8B1 Direct loan subsidy.....		11,530,000	These two entries should be equal.
8B2 Guaranteed loan subsidy.....		6,000,000	
8B3 Administrative expenses.....		1,000,000	
Total budgetary resources.....		18,530,000	

NOTE: Line 3A1, P.L. 106-XXX

SUBMITTED Authorized officer APPORTIONED _____
 (Date) (Date)

NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

II. What is the direct loan “Financing” account supposed to do?

- Collect the subsidy from the program account
- Borrow the difference from Treasury to make the loan
- Make the direct loans
- Collect repayments of principal and interest from borrowers, and handle any other cash flows.

Apportionment of the “Financing” Account for the “Direct” Loan Program

Initial Apportionment Direct Loan Financing Account

80 [= Treasury agency code]
 [= first year of availability, or blank for annual and no-year]
 X [= last year of availability, or "X" for no-year]
 4147 [= Treasury account code]
 YYYY [= fiscal year]
 01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL		
BUREAU: Office of the Secretary		Direct Loan Financing Account 80X4147		
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	
BUDGETARY RESOURCES				
Budget authority:				
3B Borrowing authority.....	Direct loan limitation (\$100,000,000) minus subsidy (\$11,530,000).	88,470,000	Subsidy from the program account (\$11,530,000) + repayments from borrower (\$10,243,000). 100% of the subsidy is recorded because the spending plan assumes that all loans will be obligated in the first year.	
3D3 Spending authority from offsetting collections (gross): Anticipated for rest of year, without advance.....		21,773,000		
Permanently not available:				
6F Anticipated rest of year (-)	Anticipated principal repayments to Treasury.	-8,562,750		
7 Total budgetary resources.....		101,680,250		
APPLICATION OF BUDGETARY RESOURCES				
Apportioned:				
Category A:				
8A1 First quarter.....		25,000,000	These two entries should be equal.	
8A2 Second quarter.....		25,000,000		
8A3 Third quarter.....		25,000,000		
8A4 Fourth quarter.....		25,000,000		
Category B:				
8B1 Interest paid to Treasury		1,680,250		
12 Total budgetary resources.....		101,680,250		

SUBMITTED Authorized officer (Date) APPORTIONED _____ (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

III. What is the **loan guarantee financing** account supposed to do?

- Collect the subsidy from the program account
- Collect any fees associated with guaranteeing the loan
- Earn interest on the balances until a guaranteed loan defaults
- Pay the claim
- Dispose of the collateral, if any.

Apportionment (SF132) of the “Financing” Account for the “Loan Guarantee” Program

Initial Apportionment Guaranteed Loan Financing Account

80 [= Treasury agency code]
 [= first year of availability, or blank for annual and no-year]
 X [= last year of availability, or "X" for no-year]
 4148 [= Treasury account code]
 YYYY [= fiscal year]
 01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL	
BUREAU: Office of the Secretary		Guaranteed Loan Financing Account 80X4148	
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
PROGRAM LEVEL			
Guaranteed loan levels:			
G1A Current year.....		70,000,000	Limitation on loan guarantees.
G1B Unused from prior years.....			
APPLICATION			
Apportioned:			
Category A:			
G8A1 First quarter	These top lines are only used on the SF 132 for guaranteed loan financing accounts.		
G8A2 Second quarter			
G8A3 Third quarter			
G8A4 Fourth quarter			
Category B:			
G8B1 Guaranteed loan program		70,000,000	
BUDGETARY RESOURCES			
Budget authority:			
Spending authority from offsetting collections (gross):			
3D3 Anticipated for rest of year, without advance.....		6,360,000	Subsidy from the program account (\$6,000,000) + interest from Treasury (\$360,000).
7 Total budgetary resources.....		6,360,000	
APPLICATION OF BUDGETARY RESOURCES			
11 Unapportioned balance of revolving fund.....		6,360,000	These two entries should be equal.
12 Total budgetary resources.....		6,360,000	

SUBMITTED Authorized officer (Date) APPORTIONED _____ (Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Modifications

- A modification is a Government action that
 - (1) differs from actions assumed in the baseline estimate of cash flows, and
 - (2) changes the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment) The modification may be for a single loan or loan guarantee as well as a group.
- A modification may be any size.
- You can not modify a loan in a manner that increases its cost unless you have budget authority to cover the additional cost.

Apportionment of a Modification that increases costs

This example assumes that supplemental appropriation of \$1 million was enacted to allow the agency to make the modification.

Reapportionment for Modification Program Account

80 [= Treasury agency code]
 [= first year of availability, or blank for annual and no-year]
 YYYY [= last year of availability, or "X" for no-year]
 0138 [= Treasury account code]
 YYYY [= fiscal year]
 01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL	
BUREAU: Office of the Secretary		Credit Program Account 80Y0138	
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB
BUDGETARY RESOURCES			
Budget authority:			
Appropriation:			
3A1 Actual.....	18,530,000	19,530,000	Subsidy (\$11,530,000 + \$6,000,000) + modification (\$1,000,000) + administrative expenses (\$1,000,000).
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> If your current apportionment does not provide budgetary resources to cover the modification cost, you must submit a reapportionment. </div>			
7 Total budgetary resources.....	18,530,000	19,530,000	
APPLICATION OF BUDGETARY RESOURCES			
Apportioned:			
Category B:			
8B1 Direct loan subsidy.....	11,530,000	11,530,000	<div style="border: 1px solid black; padding: 5px; width: fit-content;"> These two entries should be equal. </div>
8B2 Guaranteed loan subsidy.....	6,000,000	6,000,000	
8B3 Administrative expenses.....	1,000,000	1,000,000	
8B4 Direct loan modification.....		1,000,000	
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> Budgetary resources for modifications must be apportioned in advance. </div>			
12 Total budgetary resources.....	18,530,000	19,530,000	

NOTE: Line 3A1, P.L. 106-XXX.

SUBMITTED Authorized officer (Date)

APPORTIONED _____ (Date)

Reestimates

- Reestimates are revisions of the subsidy cost estimate of a cohort (or risk category) based on information about the actual performance and/or estimated changes in future cash flows of the cohort.
- Reestimates must be made immediately after the **end of each fiscal year**, as long as any loans in the cohort are outstanding, unless a different plan is approved by OMB.

Apportionment of an **Upward** Reestimate

- An upward reestimate indicates that **insufficient funds were or will be paid to the financing** account.
- The “program” account must make up the difference, so the **“program” account must be reapportioned.**
- The “financing” account collects the upward reestimate and collects interest on the balance until needed to repay Treasury or pay loan guarantee claims.
- Section 504(f) of the Federal Credit Reform Act provides permanent indefinite appropriations to subsidize reestimates.

Downward Reestimates

- A downward reestimate indicates that too much subsidy will be or has been paid to the financing account.
- For discretionary programs, the excess (plus interest) is disbursed to a downward reestimate receipt account.
- For mandatory programs, the excess may be credited directly to the program account as offsetting collections or to a downward reestimate receipt account.
- In either case, the **“financing” account must be apportioned** so that it can obligate and disburse the amount to the receipt account or the program account, as appropriate.

Downward Reestimates

Reapportionment for Downward Reestimate Direct Loan Financing Account

80 [= Treasury agency code]
 [= first year of availability, or blank for annual and no-year]
 X [= last year of availability, or "X" for no-year]
 4148 [= Treasury account code]
 YYYY [= fiscal year]
 01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year CY

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL		
BUREAU: Office of the Secretary		Direct Loan Financing Account 80X4148		
DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	
BUDGETARY RESOURCES				
Budget authority:				
3B Borrowing authority.....	88,470,000	88,470,000	Direct loan limitation (\$100,000,000) minus subsidy (\$11,530,000).	
Spending authority from offsetting collections (gross):				
Earned:				
3D1a Collected.....	21,773,000	22,773,000	\$1,000,000 more was collected from borrowers than estimated.	
Permanently not available:				
6C Capital transfers and redemption of debt (-).....	-8,562,750	-8,562,750	Use 6C (actual) and 6F (anticipated) to show principal repayments to Treasury.	
7 Total budgetary resources.....	101,680,250	102,680,250		
APPLICATION OF BUDGETARY RESOURCES				
AppORTIONED:				
Category A:				
8A1 First quarter.....	25,000,000	25,000,000	These two entries should be equal.	
8A2 Second quarter.....	25,000,000	25,000,000		
8A3 Third quarter.....	25,000,000	25,000,000		
8A4 Fourth quarter.....	25,000,000	25,000,000		
Category B:				
8B1 Interest paid to Treasury.....	1,680,250	1,680,250	Downward reestimates are obligated and disbursed to the receipt account.	
8B2 To receipt account.....		1,000,000		
12 Total budgetary resources.....	101,680,250	102,680,250		

SUBMITTED Authorized officer

(Date)

APPORTIONED _____

(Date)

NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

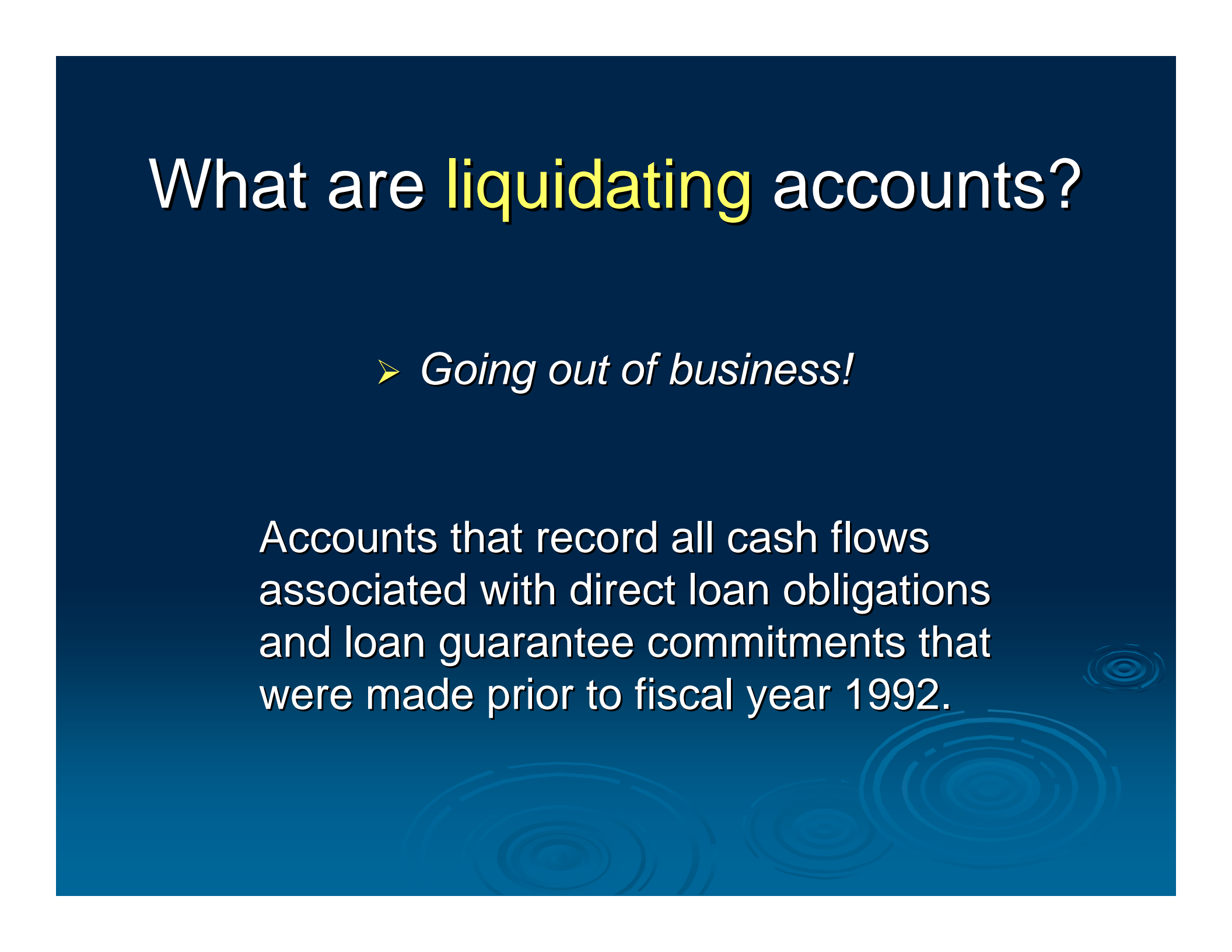
Part IV: Liquidating Accounts

- A. **What** are they?
- B. **Why** do they exist?
- C. **When** can they not be used?
- D. **When** must they be “swept”?
- E. **What** if you have to pay an old bill for a pre-1992 direct loan or loan guarantee and all balances have been swept?

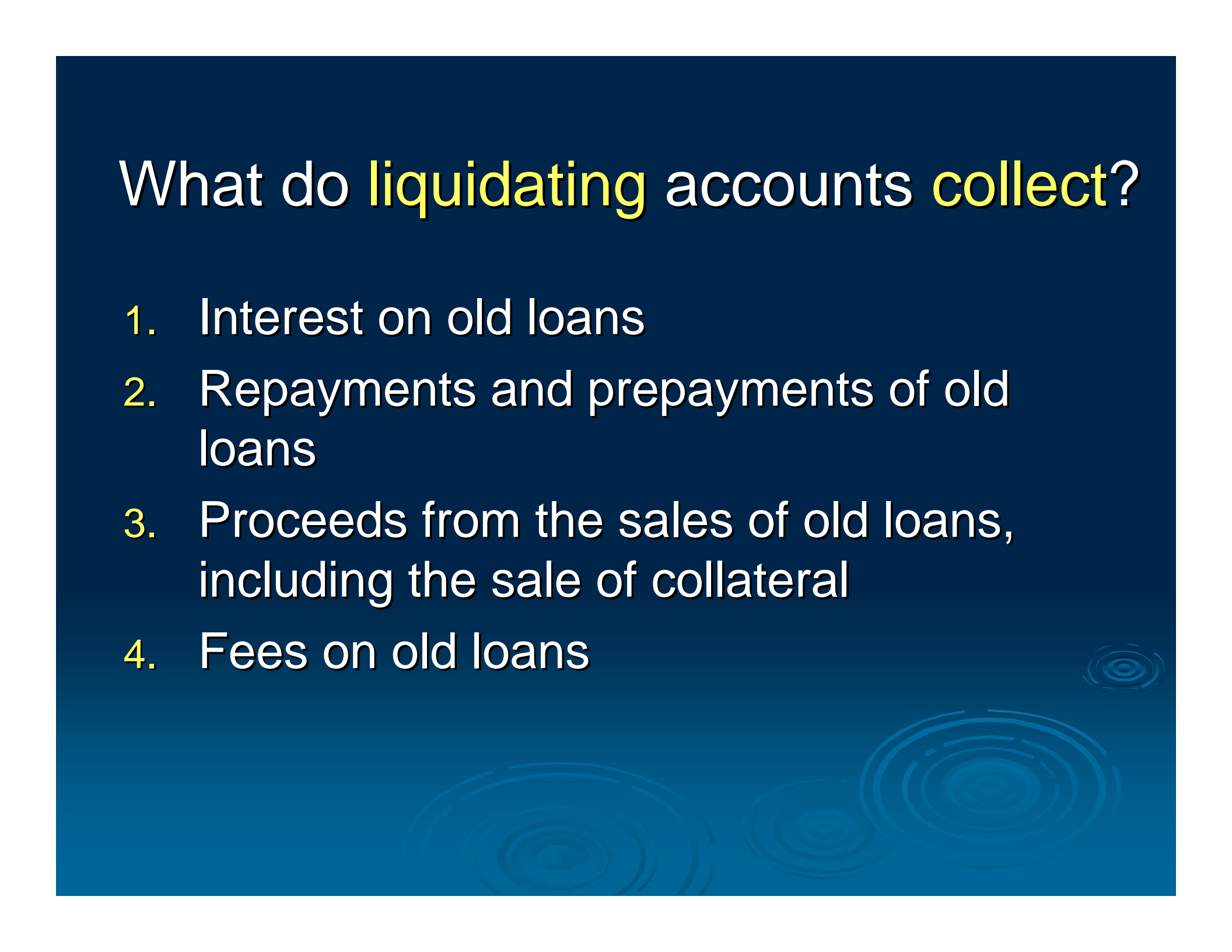
What are **liquidating** accounts?

- *Going out of business!*

Accounts that record all cash flows associated with direct loan obligations and loan guarantee commitments that were made prior to fiscal year 1992.



What do liquidating accounts collect?

1. Interest on old loans
 2. Repayments and prepayments of old loans
 3. Proceeds from the sales of old loans, including the sale of collateral
 4. Fees on old loans
- 

What **payments** do **liquidating** accounts make?

1. Payments that are necessary for the liquidation of pre-1992 direct loan obligations and loan guarantee commitments
2. Repayment of debt to Treasury for borrowing to finance old loans
3. Payments to disburse old loans
4. Payments to banks and other institutions because of default on old guaranteed loans
5. Payments of interest supplements
6. Payment of the cost of foreclosing, managing, and selling collateral that is capitalized or routinely deducted from the proceeds of sales

Liquidating Accounts SF132

Liquidation Accounts

80 [= Treasury agency code]
 [= first year of availability, or blank for annual and no-year]
 YYYY [= last year of availability, or "X" for no-year]
 1200 [= Treasury account code]
 YYYY [= fiscal year]
 No [= program report categories included (Yes or No)]
 Disc [= BEA Category (Disc, Mand, Split)]
 No [= A-11 120.39 Authority to make adjustments; (Yes or No)]
 [= Allocation agency; use only to apportion allocations]
 [= Allocation sub-account; use only to apportion allocations]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY: Department of Government		APPROPRIATION OR FUND TITLE AND SYMBOL				
BUREAU: Program Administration		80Y1200 Salaries and expenses				
Line No	Line Split	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST	ACTION BY OMB	MEMO Obligations YYYY-10-31
BUDGETARY RESOURCES						
		Unobligated balance:				
1A		Brought forward, October 1 (+ or -).....			<div style="border: 1px solid black; padding: 5px;"> (a) Interest on old loans (\$253,000) + (b) Repayment of principle (\$152,771) + (c) Proceed on sale of old loan (\$329,529) </div>	
2A		Recoveries of prior year unpaid obligatic Actual.....				
New budget authority:						
Appropriation:						
3A1		Actual.....				
3D1a		Offsetting Collections [Cash]	442,700	735,300		
6c		Capital transfers to general fund (-).....		-175,339		
7		Total budgetary resources	442,700	553,961		<div style="border: 1px solid black; padding: 5px;"> Portion applied to repay debt (-\$123,745) + Balance swept to Treasury (-\$51,534) </div>
APPLICATION OF BUDGETARY RESOURCES						
Apportioned:						
Category B:						
8B1		Payment on default loans	353,800	378,461		
8B2		Payment to disburse old loans	88,900	181,500		
12		Total budgetary resources	442,700	553,961		
SUBMITTED <u> </u> 11/07/07 (Authorized officer) (Date)						
APPORTIONED _____ (Date)						
NOTE: Line 3A1, P.L. 1XX-123. NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations.						

Liquidating accounts can not be used?

- Can **not** be used to make **new** direct loans and loan guarantees
- Can **not** be used to pay **administrative expenses**

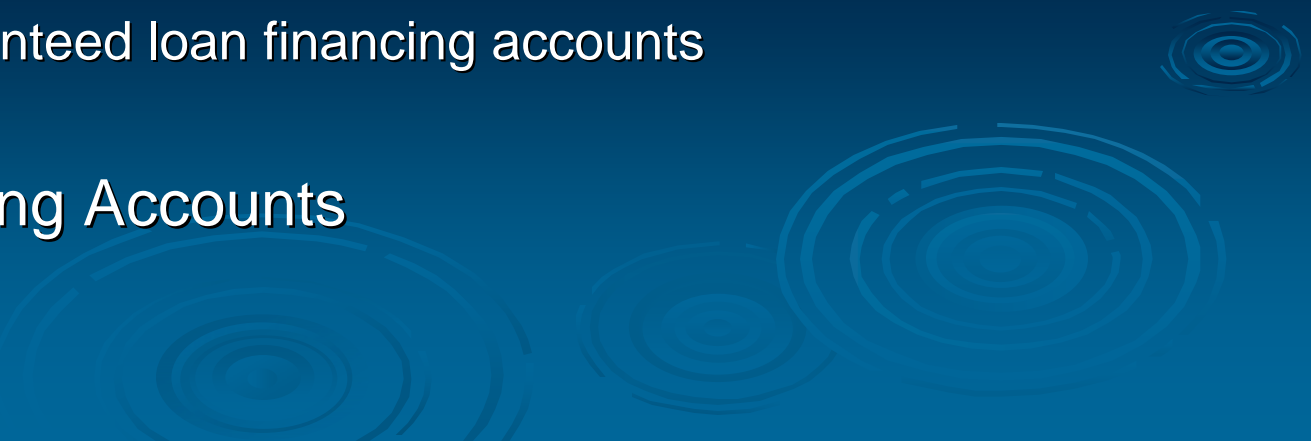
When must liquidating accounts be “swept”?

- The unobligated balances must be transferred to miscellaneous receipts in the Treasury at the **end of each fiscal year**, unless justified by the agency and approved by OMB.

What if you have to pay an old bill but all the balances have been “swept”?

- FCRA (2 USC 661) provides permanent indefinite “appropriations.”

In summary – All of the credit accounts have to be apportioned

- Program Accounts
 - Financing Accounts:
 - Direct loan financing accounts
 - Guaranteed loan financing accounts
 - Liquidating Accounts
- 

THE END

