

Introduction to the revised Credit Subsidy Calculator: CSC2

OMB Annual Training

June 21, 2006

GOALS

Simplify and Streamline processes

Reduce and Reconcile accounting errors

Better provide decision makers with accurate, usable data on the cost of federal credit, per the FCRA

What is the CSC2?

- One tool for the three primary functions of credit programs
 - Formulation
 - Reestimates
 - Financing Account interest
- OMB Credit Subsidy Calculator
- Reestimate Tool
- Financing Account Interest Calculator

What does CSC2 Do?

- All the functions of the existing CSC
 - Budget formulation, interest rate reestimates, single effective rate calculation
- Reestimates
 - Combines traditional and balances approach
- Financing Account Interest

Benefits of Combined Approach

- Eliminates redundant data entry
- Streamlines implementation
- Reduces differences between accounting and budget data
- Helps agencies diagnose changes in borrower performance
- Helps agencies reconcile financing account balances

Current Reestimate Process

BARC Requirements

- Projected cashflows to and from the public from the time of reestimate
- Actual data:
 - subsidy and reestimate payments
 - modification payments and transfers
- Disbursements
 - Projected and actual
- Cohort interest rate

C-Credit Requirements

- Cashflows between financing account and public from time of obligation
- Actual Data:
 - reestimate payments
 - modification payments and transfers
- Disbursements
 - Projected and actual
- Cohort interest rate
- Original subsidy rate

Current Financing Account Interest Process

FAIC Requirements

- Start of year cash balances
- Start of year debt balances
- Borrowings from Treasury
- Repayments of Treasury borrowings
- Intra-governmental cashflows during the year
- Cashflows between the financing account and the public during the year

Shortfalls of the current process

- Balances approach reestimate:
 - cannot distinguish between reestimates resulting from borrower performance and accounting errors
 - the reestimate is a plug
- Traditional approach reestimate:
 - no reconciliation of reestimate cashflows and actual accounting transactions
 - no check on accounting errors
- Financing account interest calculations:
 - no reconciliation with cashflows used to calculate reestimates
- Generally:
 - Redundant data entry

Combined Process

Requirements

- Enhanced CSC cashflows:
 - Transactions between the financing account and the public
 - Intra-governmental transfers to and from the financing account
- End-of-year financing account cash and debt balances

Development updates

- Beta-Test out to Agencies, Fall 2005
- Agency responses resulted in updates
 - Calculation of financing account interest separately from reestimate calculation
 - Adding a summary data output sheet
- Those interested in trying out the revised credit subsidy calculator can download at www.omb.gov/credit/cscbeta.html
 - BETA VERSION IS NOT TO BE USED FOR BUDGET OR REESTIMATES!

Deployment Schedule

- Anticipated -- 2008 budget cycle
- Agencies should start gathering required data now
- Planning hands-on training closer to deployment
- For questions, please contact Sarah Lyberg at 202.395.7224 or slyberg@omb.eop.gov