

Chapter III BUDGET FORMULATION

Section 5 Supplementals and Amendments

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Chapter III BUDGET FORMULATION

Section 5 Supplementals and Amendments

Guidelines for the preparation of requests for supplementals and amendments to the President's budget are included in OMB Circular A-11, Section 110. The instructions and exhibits included in the A-11 should be followed in preparing such requests. The guidance here supplements the A-11 and explains the information needed by reviewers in the Department, OMB and Congress. Instructions for the preparation of substantive amendments to the OMB budget submissions are included at Section 3.C. of this chapter of the Handbook.

A. Legal Requirements

31 U.S.C. 1107 (see Chapter II, Section 1B of this Handbook) authorizes the President to transmit supplemental requests to Congress after determining that they are necessary because of laws enacted after the transmission of the Budget, or are otherwise in the public interest.

B. Definitions

1. Supplementals

Are new appropriations requests that are transmitted to Congress after completion of action on the current year appropriations bill by the Appropriations Committees of both Houses of Congress, whether or not the appropriation has been enacted. The two types of supplementals are defined in Circular A-11 (Section 110.2 of the FY 02 version).

2. Amendments

Are proposed actions, including revisions to pending supplementals, that revise the President's budget request and are transmitted prior to completion of action on the budget request by the Appropriations Committees of both Houses of Congress.

A request for a change in appropriations language may be either a supplemental or an amendment, depending on the time when it is submitted to Congress.

C. Policy

1. OMB Policy

Circular A-11 provides "General Policies" on the circumstances which warrant the transmittal of supplemental and amendment requests. Generally, all proposed revisions must conform to Presidential policy. If the potential request is for additional funding, agencies are urged to postpone into the next year any action which would require

supplemental appropriations. Proposals that decrease funding requirements should, however, be submitted without delay. Section 110.1 of Circular A-11 directs that requests for additional amounts will be accompanied by rescission proposals elsewhere in the agency.

The President's budget request as transmitted to Congress remains the official administration policy until a revision is forwarded to Congress. Therefore, agency representatives should not give the impression that the amounts requested by the President are insufficient until such time as a supplemental or amendment request is transmitted to Congress. After such a request is submitted, agency communications with Congress can and should reflect the need for additional resources as reflected in the revised budget request. (See Chapter II, Section 4 of this Handbook for guidance on release of budgetary information.)

2. Departmental Policy

Program managers and heads of operating units should advise the Secretary and the Chief Financial Officer/Assistant Secretary (hereafter, "Assistant Secretary") for Administration at the earliest practicable time of the actual or potential need for a supplemental appropriation or budget amendment. Such needs should be covered in the budget request to the Secretary, the Department's legislative program, comments on proposed legislation, and at other times where circumstances warrant. Any request for a supplemental or amendment should include a statement of alternative courses of action which would be considered if the request is denied and the consequences of those actions. A copy of any supplemental or amendment request must be forwarded to the Office of Budget when it is transmitted to the Secretary and Assistant Secretary for Administration.

D. Materials Required

Section 110.3 of Circular A-11 lists materials required by OMB for supplemental and amendment requests. In order to simplify the process, the basic content of supplemental and amendment packages are the same for requests to the Secretary, OMB and Congress.

Operating units preparing a supplemental or amendment proposal when final action on an earlier proposal has not been completed should raise the question to the Office of Budget, who will provide guidance on how to reflect the earlier request in the justification package for the new proposal.

1. Highlight Memorandum (for request to Secretary only)

Accompanies the request to the Secretary. It discusses the following:

- a.** the purposes or programs for which the proposal provides;

- b. estimated outlays for the year after the proposed change;
- c. the circumstances which call for the revision (see OMB Circular A-11, Section 110.1);
- d. an explanation of any proposed language changes;
- e. the effect on FTE employment and permanent positions;
- f. the time schedule for the beginning of obligations associated with the request, expenditure (outlay) plans for the year and actual obligations for the last three months; and
- g. data on how the amount requested was determined and accompanying workload, unit cost and output data.

2. **The Supplemental or Amendment Package**

Ten (10) copies of the justification package are sent to the Office of Budget.

a. **Requests Involving Changes in Amounts and/or Employment**

The materials discussed below are required for all supplemental or amendment requests which include changes in funding amounts and/or employment:

- i. **Table of Contents** - begins the justification package. It is prepared in the format of Exhibit III5A when the change involves only one appropriation account. If more than one appropriation account is involved, the format will be that shown on Exhibit III5B. The exhibit is labeled "Secretarial Submission" in the lower right-hand corner. Any later versions of the package will be labeled "OMB Submission" and "Congressional Submission", as appropriate.
- ii. **Subchapter Summary Statement (Optional)** - this exhibit may be included for requests involving more than one appropriation account and should be included only if the interdependence or close relationship between items included in the request requires clarification.

There is no set format for this exhibit.

- iii. **Appropriation Summary Statement** - this exhibit is in two parts. The top of the page shows resources; it is followed by the Statement of Purpose and Need. The statement is as brief and concise as possible (in no case extending beyond one page) and explains the nature of the proposal and the factors which give

the proposal its urgent character. The statement may be revised in the submission to Congress so that it summarizes what is in the President's official transmittal. Exhibits III5C, III5D, and III5E illustrate the formats (column headings and stub entries) to be used at the top of the exhibit for different types of requests; e.g., supplementals for accounts with both funding and employment resources, supplementals for accounts with funding resources only, and amendments.

iv. Language Provisions - language sheets are prepared according to the formats included in OMB Circular A-11. Exhibit 110A is followed for Supplementals, while Exhibit 110B is used for Amendments.

- (a). Summary of Resource Requirements
- (b). Summary of Reimbursable Obligations(if applicable)
- (c). Summary of Financing
- (d). Program and Performance: Direct Obligations
- (e). Program and Performance: Reimbursable Obligations (if applicable)
- (f). Justification of Program and Performance
- (g). Increase for 20__
- (h). Supplemental/Amendment Personnel Detail
- (i). Summary of Requirements by Object Class
- (j). Detailed Requirements by Object Class

These exhibits are essentially the same as the second part of Exhibit 5, and all of Exhibits 6, 10, 11, 12, 13, 14, 16, and 17 in the Secretarial submission. These exhibits are described in Section 2 of this Chapter of the Handbook and illustrated in Appendix A. The primary difference is in format, e.g., the column headings differ from the regular requests to the Secretary. In the Summary of Resource Requirements, only the bottom part of Exhibit 5 in Appendix A is included. The column headings for these exhibits (except the Personnel Detail exhibit, which remains unchanged from Appendix A) should be:

Supplementals:

20CY			20CY			20CY		
<u>Presently Available</u>			<u>Proposed Supplemental</u>			<u>Revised Estimate</u>		
<u>FTE</u>	<u>Pos</u>	<u>Amount</u>	<u>FTE</u>	<u>Pos</u>	<u>Amount</u>	<u>FTE</u>	<u>Pos</u>	<u>Amount</u>

Amendments:

20BY			20BY			20BY		
<u>Presently Available</u>			<u>Proposed Supplemental</u>			<u>Revised Estimate</u>		
<u>FTE</u>	<u>Pos</u>	<u>Amount</u>	<u>FTE</u>	<u>Pos</u>	<u>Amount</u>	<u>FTE</u>	<u>Pos</u>	<u>Amount</u>

The "Pos" data is included because Congress reviews requests in terms of authorized permanent positions rather than FTE employment, and the supplemental and amendment process is simplified if exhibits remain the same through all stages of review.

- v. **Standard Budget Schedules** - All applicable schedules listed in OMB Circular A-11, Section 110.3(d) will be prepared according to the instructions contained there.

b. Requests Involving Language Changes Only

In addition to the highlight memorandum, only the "Language Provisions" sheet need be prepared, according to the instructions and exhibits in Section 110.3(a) of Circular A-11.

E. Review Process for Supplementals and Amendments

The review process for supplemental and amendment proposals is the same as that for the regular budget requests, although often on a much accelerated schedule. The Office of Budget reviews the proposal, often meeting with program managers from the operating unit to obtain additional information and a better understanding of the proposal. The Assistant Secretary for Administration and the Deputy Secretary review and must approve any proposal before it is sent to OMB. Operating unit staff incorporate requested changes into all exhibits and submit ten (10) copies to the Department. The original and two copies are sent to OMB, while the remaining copies stay in the Office of Budget. Typically, the review time at OMB for proposals not transmitted in the annual budget is at least three weeks. When OMB approval is obtained, the operating unit makes necessary changes and sends fifty (50) copies to the Office of Budget. Thirty-five (35) copies are sent to Congress; fifteen (15) to each of the Appropriations Committees and five (5) to the Congressional Budget Office. The remaining fifteen (15) copies are retained in the Office of Budget. The Appropriations Committees may request hearings on supplementals or amendments. Such

hearings may be separate or combined with hearings on the Budget Year request or appeals to the House allowance. If a hearing is requested, witnesses should prepare themselves in the same manner as for the normal Appropriation hearing process described in Chapter IV, Section 2 of this Handbook.

F. Action Taken after Approval of Amendments or Supplementals

A reapportionment must be prepared for each affected account whenever Congress approves a supplemental appropriation request. The instructions in Chapter V, Section 3 of this Handbook are to be followed in preparing all reapportionment requests. The outlay, financial, and staffing plans discussed in Sections 6 and 8 of Chapter V must be updated to reflect changes resulting from approval of the supplemental request.

After an amendment is approved, any affected apportionments, outlay, financial or staffing plans must be revised.