

# Apportionment Basics for Credit Programs

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June 2012



# Types of Accounts for Credit Programs


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

# Which Accounts are Apportioned?

All are apportioned:

- I. Program account (**P**) for the credit program
- II. Financing accounts
  - a. For the Direct Loans (**DLF**)
  - b. For the Guaranteed Loans (**GLF**)
- III. Liquidating 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  (.wav)
- Should be consistent with law, particularly the Federal Credit Reform Act and the Appropriations Act



DLF P GLF



DLF P GLF

# Sample Credit Appropriations Language

- For the cost of direct loans, \$11,530,000, and for the cost of loan guarantees, \$6,000,000, as authorized by 7 USC 999; Provided, that such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, that these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$100,000,000 and total loan principal, any part of which is to be guaranteed, not to exceed \$70,000,000. In addition, for administrative expenses to carry out direct and loan guarantee programs, \$1,000,000.

*For credit program appropriations language requirements, please see Section 95.7 of OMB Circular A-11.*

# 6 Parts to Credit Appropriation Language

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

# 1. Subsidy for the direct loan program

- **For the cost of direct loans, \$11,530,000**, and for the cost of loan guarantees, \$6,000,000, as authorized by 7 USC 999; Provided, that such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, that these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$100,000,000 and total loan principal, any part of which is to be guaranteed, not to exceed \$70,000,000. In addition, for administrative expenses to carry out direct and loan guarantee programs, \$1,000,000.

## 2. Subsidy for the loan guarantee program

- For the cost of direct loans, \$11,530,000, and **for the cost of loan guarantees, \$6,000,000**, as authorized by 7 USC 999; Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$100,000,000 and total loan principal, any part of which is to be guaranteed, not to exceed \$70,000,000. In addition, for administrative expenses to carry out direct and loan guarantee programs, \$1,000,000.



### 3. Citation to the authorizing statute

- For the cost of direct loans, \$11,530,000, and for the cost of loan guarantees, \$6,000,000, **as authorized by 7 USC 999**; Provided, that such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, that these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$100,000,000 and total loan principal, any part of which is to be guaranteed, not to exceed \$70,000,000. In addition, for administrative expenses to carry out direct and loan guarantee programs, \$1,000,000.

## 4. Limitation on direct loan principal

- For the cost of direct loans, \$11,530,000, and for the cost of loan guarantees, \$6,000,000, as authorized by 7 USC 999; Provided, that such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, that these funds are available to subsidize gross obligations **for the principal amount of direct loans not to exceed \$100,000,000** and total loan principal, any part of which is to be guaranteed, not to exceed \$70,000,000. In addition, for administrative expenses to carry out direct and loan guarantee programs, \$1,000,000.

# 5. Limitation on loan guarantee principal

- For the cost of direct loans, \$11,530,000, and for the cost of loan guarantees, \$6,000,000, as authorized by 7 USC 999; Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$100,000,000 and **total loan principal, any part of which is to be guaranteed, not to exceed \$70,000,000.** In addition, for administrative expenses to carry out direct and loan guarantee programs, \$1,000,000.

## 6. Administrative expenses

- For the cost of direct loans, \$11,530,000, and for the cost of loan guarantees, \$6,000,000, as authorized by 7 USC 999; Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$100,000,000 and total loan principal, any part of which is to be guaranteed, not to exceed \$70,000,000. In addition, **for administrative expenses to carry out direct and loan guarantee programs, \$1,000,000.**

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

1. Accounts for the on-budget cost to the government of direct loans and loan guarantees
2. Receives all appropriations
3. Pays (obligate, then outlay) the subsidy to the DL “financing” account
4. Pays the subsidy to the GL “financing” account
5. Pays the Administrative expenses, either directly, or 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

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE								
Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		<b>Department of Government</b> <b>Bureau: Office of the Secretary</b> <b>Account : Credit Program Account (003-04-0138)</b> <b>TAFS: 80-0138 /2011</b>						
Rprt Cat	NO	Reporting Categories						
AdjAuth	NO	Adjustment Authority provided						
1100		BA: Disc: Appropriation.....			18,530,000	Subsidy (\$11,530,000 + \$6,000,000)+ administrative expenses (\$1,000,000).		
<b>1920</b>		<b>Total budgetary resources avail (disc. and mand.)</b>			18,530,000			
6011		Direct loan subsidy.....			11,530,000	These two entries must be equal.		
6012		Guaranteed loan subsidy.....			6,000,000			
6013		Administrative expenses.....			1,000,000			
<b>6190</b>		<b>Total budgetary resources available</b>			18,530,000			

## 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

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE								
Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		<b>Department of Government</b> <b>Bureau: Office of the Secretary</b> <b>Account : Direct Loan Financing Account (003-04-4147)</b> <b>TAFS 80-4147 /X</b>						
	Rprt Cat NO Adj/Auth NO	Reporting Categories Adjustment Authority provided						
	1400	BA: Mand: Borrowing authority.....	Direct loan limitation (\$100,000,000) minus subsidy (\$11,530,000).		88,470,000			
	1840	BA: Mand: Spending auth: Antic colls, reimbs, other.....			21,773,000		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.	
	1842	BA: Mand: Spending auth: Antic cap tran, red debt.....	Anticipated principal repayments to Treasury.		-8,562,750			
	1920	<b>Total budgetary resources avail (disc. and mand.)</b>			101,680,250			
	6001	First quarter.....			25,000,000			
	6002	Second quarter.....			25,000,000			
	6003	Third quarter.....			25,000,000			
	6004	Fourth quarter.....			25,000,000		These two entries must be equal.	
	6011	Interest paid to Treasury.....			1,680,250			
	6190	<b>Total budgetary resources available</b>			101,680,250			



### 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

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE								
Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		<b>Department of Government</b> <b>Bureau: Office of the Secretary</b> <b>Account: Guaranteed Loan Financing Account (003-04-4148)</b> <b>TAFS 80-4148 /X</b>  Rprt Cat NO Reporting Categories AdjAuth NO Adjustment Authority provided						
	1840	BA: Mand: Spending auth: Antic colls, reimb, other.....			6,360,000		Subsidy from the program account (\$6,000,000) + interest from Treasury (\$360,000).	
	1920	<b>Total budgetary resources avail (disc. and mand.)</b>			6,360,000			
	6182	Budgetary Resources: Unappor bal, revolving fnd.....			6,360,000		These two entries must be equal.	
	6190	<b>Total budgetary resources available</b>			6,360,000			
	8100	Program Level, Current Year.....			70,000,000		Limitation on loan guarantees.	
	8200	Program Level, Unused from prior years.....						
	8201	Application, Category A, First quarter.....						
	8202	Application, Category A, Second quarter.....						
	8203	Application, Category A, Third quarter.....						
	8204	Application, Category A, Fourth quarter.....						
	8211	Category B: Guaranteed loan program.....			70,000,000			

# 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.

*\*Defined in section 502 (9) of the Federal Credit Reform Act*

# 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.

Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		<b>Department of Government</b> <b>Bureau: Office of the Secretary</b> <b>Account : Credit Program Account (003-04-0138)</b> <b>TAFS: 80-0138 /2011</b>						
Rprt Cat	NO	Reporting Categories						
AdjAuth	NO	Adjustment Authority provided						
1100		BA: Disc: Appropriation..... <div style="border: 1px solid black; padding: 5px; display: inline-block;">             If your current apportionment does not provide budgetary resources to cover the modification cost, you must submit a reapportionment.           </div>	18,530,000		19,530,000		<div style="border: 1px solid black; padding: 5px; display: inline-block;">             Subsidy (\$11,530,000 + \$6,000,000) + modification (\$1,000,000) + administrative expenses (\$1,000,000).           </div>	
<b>1920</b>		<b>Total budgetary resources (disc. and mand.)</b>	18,530,000		19,530,000			
6011		Direct loan subsidy.....	11,530,000		11,530,000			
6012		Guaranteed loan subsidy.....	6,000,000		6,000,000			
6013		Administrative expenses.....	1,000,000		1,000,000			
6014		Direct loan modification.....			1,000,000		<div style="border: 1px solid black; padding: 5px; display: inline-block;">             These two entries must be equal.           </div>	
<b>6190</b>		<b>Total budgetary resources available</b>	18,530,000		19,530,000			

# Re-estimates

- Re-estimates 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.
- Re-estimates 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** Re-estimate

- An upward re-estimate 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 re-estimate 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 re-estimates.

# Apportionment of an **Upward** Re-estimate

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE									
Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	
		<b>Department of Government</b> <b>Bureau: Office of the Secretary</b> <b>Account : Credit Program Account (003-04-0138)</b> <b>TAFS: 80-0138 /2011</b>							
Rprt Cat	NO	Reporting Categories							
AdjAuth	NO	Adjustment Authority provided							
1200		BA: Mand: Appropriation.....	18,530,000		18,530,000				
1250		BA: Mand: Anticipated appropriation.....			1,000,000				
		<div style="border: 1px solid black; padding: 5px; width: fit-content;">                     If your current apportionment does not provide budgetary resources to cover the upward reestimate, you must submit a reapportionment requesting permanent indefinite authority to cover upward reestimate of \$1,000,000.                 </div>							
		<div style="border: 1px solid black; padding: 5px; width: fit-content;">                     Until indefinite appropriations are warranted, include them on line 1250. On subsequent apportionments, include the warranted amounts on line 1200 (see line description of indefinite appropriation).                 </div>							
1920		<b>Total budgetary resources avail (disc. and mand.)</b>	18,530,000		19,530,000				
6011		Direct loan subsidy.....	11,530,000		11,530,000				
6012		Guaranteed loan subsidy.....	6,000,000		6,000,000				
6013		Administrative expenses.....	1,000,000		1,000,000				
6014		Reestimate.....			1,000,000				
		<div style="border: 1px solid black; padding: 5px; width: fit-content;">                     Budgetary resources for upward reestimate.                 </div>							
		<div style="border: 1px solid black; padding: 5px; width: fit-content;">                     These two entries must be equal.                 </div>							
6190		<b>Total budgetary resources available</b>	18,530,000		19,530,000				

# Downward Re-estimates

- A downward re-estimate 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 re-estimate receipt account.
- For mandatory programs, the excess may be credited directly to the program account as offsetting collections or to a downward re-estimate 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 Re-estimates

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE								
Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
		<b>Department of Government</b> <b>Bureau: Office of the Secretary</b> <b>Account : Direct Loan Financing Account (003-04-4147)</b> <b>TAFS 80-4147 /X</b>						
	Rprt Cat NO AdjAuth NO	Reporting Categories Adjustment Authority provided						
1400		BA: Mand: Borrowing authority.....	88,470,000		88,470,000			Direct loan limitation (\$100,000,000) minus subsidy (\$11,530,000).
1800		BA: Mand: Spending auth: Collected (mand.).....	21,773,000		22,773,000			\$1,000,000 more was collected from borrowers than estimated.
1825		BA: Mand: Spending auth: Applied to repay debt.....	-8,562,750		-8,562,750			Use 1825 (actual) and 1842 (anticipated) to show principal repayments to Treasury.
1920		<b>Total budgetary resources avail (disc. and mand.)</b>	101,680,250		102,680,250			
6001		First quarter.....	25,000,000		25,000,000			These two entries must be equal.
6002		Second quarter.....	25,000,000		25,000,000			
6003		Third quarter.....	25,000,000		25,000,000			
6004		Fourth quarter.....	25,000,000		25,000,000			
6011		Interest paid to Treasury.....	1,680,250		1,680,250			Downward reestimates are obligated and disbursed to the receipt account.
6012		To receipt account.....			1,000,000			
6190		<b>Total budgetary resources available</b>	101,680,250		102,680,250			

# 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 pre-1992 direct loans
2. Repayments and prepayments of pre-1992 direct loans
3. Proceeds from the sales of pre-1992 loans, including the sale of collateral
4. Fees on pre-1992 direct and guaranteed 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 pre-1992 direct loans
3. Payments to disburse pre-1992 direct loans
4. Payments to banks and other institutions because of default on pre-1992 guaranteed loans
5. Payments of interest supplements
6. For pre-1992 direct loans and loan guarantees, payment of the cost of foreclosing, managing, and selling collateral that is capitalized or routinely deducted from the proceeds of sales

# Liquidating Accounts SF132

## SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
		<b>Department of Government</b> <b>Bureau: Program Administration</b>							
1840		BA: Mand: Spending auth: Antic colls, reimbs, other.....	442,700		735,300				
1820		BA: Mand: Capital transfer of spending authority from offsetting collections to general fund (-)	0		-175,339				
<b>1920</b>		<b>Total budgetary resources avail (disc. and mand.)</b>	<b>442,700</b>		<b>559,961</b>				
6011		Payment on default loans.....	353,800		378,461				
6012		Payment to disburse old loans.....	88,900		181,500				
<b>6190</b>		<b>Total budgetary resources available</b>	<b>442,700</b>		<b>559,961</b>				

(a) Interest on old loans (\$253,000) + (b) Repayment of principle (\$152,771) + (c) Proceed on sale of old loan (\$329,529)

Portion applied to repay debt (- \$123,745) + Balance swept to Treasury (-\$51,594)

# Liquidating accounts can not be used to:

- Make **new** direct loans and loan guarantees
- 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.
- FCRA Section 505(d)(2)



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

- FCRA ([Section 505\(d\)\(3\)](#)) 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

