

CHAPTER 2. APPORTIONMENT AND ALLOTMENT OF FUNDS

- 2-1. **PURPOSE.** This Chapter describes the process and procedures for apportioning appropriated budgetary resources to the Department and subsequently allotting those resources to designated HUD allotment holders for use.
- 2-2. **APPORTIONMENT OF FUNDS BY OMB.** Budgetary resources appropriated for HUD by the Congress are subject to “apportionment” to the Department by OMB. The following considerations and requirements are part of HUD’s administrative control of funds:
1. Apportionments are legally binding documents that specify amounts and purposes for which appropriated resources shall be used;
 2. Obligating funds in excess of amounts provided by an apportionment, allotment or suballotment is a violation of the Antideficiency Act;
 3. OMB apportions budgetary resources to the Assistant CFO (ACFO) for Budget, the official designated by the Secretary and the CFO to administer HUD’s apportionment/allotment processes;
 4. The Department has 10 calendar days from the date of enactment of an appropriation to submit an apportionment request to OMB;
 5. OMB has 30 calendar days from enactment to approve or disapprove the apportionment request; and
 6. Before HUD officials are authorized to use budgetary resources apportioned to the Department, the resources must be allotted to them in accordance with Sections 2-5 through 2-8 of this Chapter.
- 2-3. **PROCEDURES FOR REQUESTING INITIAL APPORTIONMENTS.** Standard Form No. 132 (SF-132), “Apportionment and Reapportionment Schedule,” is to be used by HUD allotment holders in requesting the apportionment of funds. A sample SF-132 is provided in Appendix No. 5. This form is to be used for requesting all budgetary resources of the Department, which are generally described in paragraph 2-4 below. HUD officials will abide by the following considerations and requirements in submitting and processing apportionment requests:
1. All apportionments and allotments expire at the end of each fiscal year;
 2. Before funds can be obligated in the following fiscal year, new apportionments and allotments must be requested, approved, and issued;

3. All allotment holders will submit the initial apportionment request for the upcoming fiscal year to the ACFO for Budget, by a time period to be specified by the ACFO for Budget;
4. The Office of Budget will prepare apportionment requests with multiple allotment holders (e.g., the Housing Certificate Fund) with input from the affected program offices, and will provide feedback to the allotment holders or their designees on the content and basis of the request before it goes forward to OMB;
5. The apportionment should include the amount of the new appropriation (if known) and a prudent estimate of prior year unobligated balances available for carryover in each account;
6. The ACFO for Budget will review and approve the apportionment request and submit it to OMB; and
7. HUD Principal Staff in Headquarters shall submit operating budget estimates for Salaries and Expenses funding in the form specified in the ACFO for Budget's "Annual Call for Operating Budgets."

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- 2-4. BUDGETARY RESOURCES. Budgetary resources provide agencies with the authority to enter into obligations that will result in outlays. All of HUD's budgetary resources are subject to the apportionment and allotment process. HUD has different types of budgetary resources, as documented on the top portions of the SF-132, as follows:

Budget authority (Line 1 of SF-132)

- Appropriations realized
- Borrowing authority -- permanent indefinite
- Contract authority (distinct from procurement authority) -- and no longer used at HUD
- Net transfers
- Other

Unobligated balance from prior years (Line 2 of SF-132)

- Balance brought forward, October 1
- Net transfers of prior year balances
- Anticipated transfers

Spending authority from offsetting collections (Line 3 of SF-132)

- Earned (collections or receivables from federal sources)
- Change in unfilled customer orders
- Anticipated collections
- Transfers from trust funds

Recoveries of prior-year obligations (Line 4 of SF-132)

- Actual recoveries

- Anticipated recoveries

Some budgetary resources are temporarily or permanently unavailable and appear as negative amounts on the SF-132. Examples include:

Temporarily not available pursuant to Public Law (Line 5 of SF-132); and

Permanently not available (Line 6 of SF-132)

- Cancellations of expired and no-year accounts
- Enacted rescissions
- Capital transfers and redemption of debt
- Other authority withdrawn.

Budgetary resources apportioned to HUD must be allotted to HUD officials, in accordance with below Sections 2-5 through 2-8, to give them the authority to use the resources.

2-5. HUD ALLOTMENT OF RESOURCES. The approved budgetary resources provided in the OMB apportionment to HUD are allotted to responsible HUD officials under the following conditions:

1. Like the apportionment, the allotment is a legally binding document that specifies the amounts, purposes and time periods for which authorized funds can be obligated;
2. While the apportionment provides specific guidance for the Department, the allotment provides specific direction to the allotment holder; and
3. For funds control purposes the allotment holder cannot commit or obligate funding for amounts, purposes or periods other than those included on the allotment.

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2-6. OFFICIALS AUTHORIZED TO ISSUE ALLOTMENT OF FUNDS. The CFO (or his/her designee, the ACFO for Budget) will issue allotments to the officials referred to in paragraph 2-7 below.

2-7. OFFICIALS AUTHORIZED TO RECEIVE AN ALLOTMENT OF FUNDS.

1. Allotments of program funds may be made only to the HUD officials listed in Appendix No. 4 (allotment holders). The list will be reviewed and updated annually, or as necessitated by turnover in positions, and copies of the updates will be provided to all allotment holders. The list of current allotment holders will be maintained at hud@work on the OCFO's web site.

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2. Allotments of Salaries and Expense (S&E) funding shall be made to each program Assistant Secretary or equivalent and to such other officials as may be designated in Appendix No. 4. The OCFO shall review the listing of allotment holders at least annually and make such changes or additions as may be appropriate.

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2-8. ADVICE OF ALLOTMENT.

1. Form All allotments prepared by the ACFO for Budget shall be made on Form No. HUD-158, "Advice of Allotment." The HUD-158 includes the amount available, funding source, time period of availability, the position and title of the allotment holder responsible and other agency limitations. A sample of HUD-158 is provided in Appendix No. 6.

2. Prerequisite Before the ACFO for Budget can issue an Advice of Allotment to an allotment holder, he/she must provide:

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a. Certification of knowledge and acceptance of responsibility Certify that they are aware of and responsible for adhering to the requirements of the Antideficiency Act and this handbook; and

b. Submission of an acceptable funds control plan Submit a funds control plan acceptable to the CFO, in accordance with Chapter 4 and Appendix No. 9 of this handbook. Funds control plans for S & E and Working Capital Funds (WCF) will adhere to CFO guidelines and Chapter 4 of this handbook. However, the format for S&E and WCF deviates from Appendix No. 9 of this handbook. Contact the OCFO for further guidance.

3. Manner in which Authority is Provided

a. Allotments will normally be made on at least the same basis as funds are apportioned (i.e., quarterly, by program, for a period of one fiscal year, etc.). This does not preclude the ACFO for Budget from issuing allotments in greater detail than the apportionment.

b. Where no appropriation act has been approved prior to October 1, a Continuing Resolution (CR) may be enacted to provide minimum funding until such time as the annual appropriation is enacted. In these instances, the Office of the ACFO for Budget will notify the allotment holders of the period of the CR, the amount of funds available to them during that period, and any special restriction placed on the use of the funds by the CR.

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c. In the event that the Department is operating under a CR, interim allotments may be issued by memorandum and will govern all activities pending the completion of appropriations action.

d. Where quarterly subdivisions are shown on the allotment, unused balances available at the end of any of the first three quarters shall be available for use in the succeeding quarter unless withdrawn by an Advice of Allotment.

4. Availability of Allotments Allotted funds shall be available for use only during the fiscal year in which they are allotted. Allotments and changes in allotments for each program or allotment holder shall be sequentially numbered during that fiscal year.

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5. Issuance of Advice of Allotments The ACFO for Budget will issue the Advice of Allotment forms to allot HUD's apportioned funds to designated allotment holders for use.

- a. Based on approved OMB apportionments to HUD, the ACFO for Budget will sign original (hard copy) Advice of Allotment forms for issuance to allotment holders.
- b. Once the ACFO for Budget signs the allotment forms and OCFO/Accounting enters the apportionment into HUDCAPS, allotted funds will be input into HUDCAPS by Office of Budget staff, with the exception of funds for accounts not currently controlled through HUDCAPS systems, including the GNMA and FHA accounts and other non-FHA loan guarantee accounts (which are subject to the Credit Reform Act), such as the Section 108 Loan Guarantee account administered by the Office of Community Planning and Development (CPD).
- c. Copies of the signed allotment forms will then be delivered as follows: original to the Program Budget Officer and/or the Funds Control Officer with copies sent to the CFO Accounting and Monitoring and Analysis Division and the CFO Internal and External Reporting Division. Copies of the salaries and expense Advice of Allotments are no longer delivered to the CFO offices mentioned.
- d. Both the Program Budget Officer and the Funds Control Officer, if different, will sign for receipt of their copy of the allotment form.
- e. Delivery of the allotment does not serve as notice that the funds have been entered into the HUDCAPS system for use. The allotment will however, serve as a planning document for the program office. The funds will be entered into the HUDCAPS system within 24 hours of the signed allotment as long as it is practicable. FHA and GNMA are responsible for inputting their authorized funding limits into their systems for supporting the administrative control of funds.

2-9. CHANGES IN APPORTIONMENTS AND ALLOTMENTS DURING THE FISCAL YEAR.

1. Requests for changes in apportionments and allotments may be made whenever necessary. Initial apportionments and allotments of some budgetary resources are based on estimates or projections of resources, such as projected collection activity or estimated needs against a permanent indefinite authority. In those cases, it is incumbent on the allotment holder and their staff to closely monitor and manage those activities, and as needed, to either request an increase in their authorized

budgetary resources or to curtail or cease the obligation of funds to avoid a violation of the Antideficiency Act.

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2. For program accounts, the allotment holder will initiate such requests by submitting a revised apportionment request to the ACFO for Budget. For program accounts with multiple allotment holders, the affected office should notify the ACFO for Budget that a change is needed so that the OCFO/Office of Budget can prepare a revised apportionment request. The ACFO for Budget will then initiate any revised apportionment requests for Salaries and Expense (S&E) funding, with input from S&E allotment holders, as needed. Upon approval of the apportionment request by OMB, the ACFO for Budget will issue a revised advice of allotment to increase the allotment holder's funding authority.

2-10. APPORTIONMENT ACTION RELATED TO DEFERRALS AND RESCISSIONS.

1. Definitions

- a. Deferral A deferral is any action or inaction by an officer of the United States Government that temporarily withholds, delays or effectively precludes the obligation or expenditure of budget authority. Deferrals must receive prior approval from OMB. For the purposes of this handbook, deferrals include those actions within the Department that result from policy decisions to obligate apportioned funds provided for a specific purpose or project at a pace slower than intended by the Congress. However, the Department is not required to report normal internal management actions that affect the timing of obligations for reasons related to the routine financial management of a program or project or to comply with procurement regulation or sound procurement practices.
- b. Rescission A rescission is enacted legislation canceling budget authority previously provided by the Congress, prior to the time when the authority would otherwise have expired.

2. Policy.

While deferrals have rarely been used in recent years, rescissions are very common in the Department. A general discussion of the highlights of the effects of deferrals and rescissions on the apportionment is provided below. Any questions concerning proper procedures to be followed for a deferral are to be directed to the Office of Budget.

a. Deferrals

- i. Budgetary resources may be withheld from obligation temporarily through the apportionment process with the intent of apportioning them for use later, before they lapse. A deferral must be reported to the Congress in a special message from the President. If the Congress takes no action to disapprove a

reported deferral, it may remain in effect until the end of the fiscal year unless a special message indicates that an earlier release is planned. For annual accounts and the last year of multiple-year accounts, however, funds may be deferred for only part of the year. HUD allotment holders and staff are not authorized to unilaterally defer action on allotted funds.

- ii. If a determination is made that such deferred amounts should not be used, a rescission will be proposed prior to the beginning of the fourth fiscal quarter. Only in exceptional cases will rescissions be proposed during the fourth quarter.
- iii. Whenever it is determined that a deferred amount will not be required to carry out the purposes of the appropriation or other authority, it will be proposed for rescission as required by law.

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b. Rescissions

- i. Whenever the President determines that all or part of any budget authority will not be required to carry out the full objectives or scope of programs for which it is provided, the President will propose to the Congress that the funds be rescinded.
 - ii. If all or part of any budget authority limited to a fiscal year (i.e., annual appropriations or budget authority for the last year of multiple-year accounts) is to be withheld for the entire fiscal year, a rescission will be proposed.
 - iii. As a rule, amounts proposed for rescission will be withheld during the time the proposals are being considered by the Congress. When approved by OMB, funds may be proposed for rescission without being withheld.
 - iv. Rescissions must be enacted into law. If the Congress does not complete action on a rescission proposed by the President within 45 calendar days of continuous session, any funds being withheld must be made available for obligation.
3. Procedures for the Release of Deferrals.
- a. In situations where Congress takes positive action (in the form of an impoundment resolution) to disapprove an Executive deferral, the Department must take prompt action to ensure the release of the affected amounts.
 - b. In those cases where funds have been deferred through the apportionment process, a reapportionment form, reflecting release of amounts previously deferred, will be submitted to OMB not later than the day following passage of the resolution.
4. Procedures for Rescissions.

- a. **Presidentially Proposed Rescissions.** At the time that a rescission is proposed, apportionment forms will be submitted to OMB showing that those funds are being withheld pending rescission.
 - i. If Congress rescinds the exact amount proposed, reapportionment action is not required to reflect the reduction in budget authority since it is already being withheld.
 - ii. If Congress rescinds an amount different from that initially proposed, reapportionment requests will be submitted to OMB promptly upon completion of the Congressional action.
 - iii. If Congress takes no action on a rescission proposal within 45 days following the receipt of the proposed rescission message, reapportionment requests reflecting the release of the affected amounts must be submitted to OMB. The Office of Budget will keep appropriate offices informed of the status of rescission actions, and provide advice as to the exact timing for submission under these circumstances.
- b. **The Congressionally Proposed Rescissions.**
 - i. Where initial apportionment action has not been completed before rescission action is taken and sufficient time exists to revise the apportionment request (i.e., within 30 days after the date of enactment of the appropriation bill), the Department or OMB will make appropriate changes to the SF-132.
 - ii. When there is insufficient time to adjust the initial SF-132, the Department will submit a reapportionment request within five calendar days after the date of enactment of the reconciliation or rescission bill, ensuring that the reduced appropriation is not exceeded.

2-11. **SUBALLOTMENT.** Allotment holders may, with the advance approval of the CFO, suballot authority made available to them to officials directly responsible to them, without authority for further reallocation. Approved suballotment holders will be formally designated in writing by the CFO and the suballotment carries the responsibility for compliance with the Antideficiency Act. Officials to whom authority has been suballotted could be determined to have violated the Antideficiency Act should they exceed the authority suballotted to them. Allotment holders shall not suballot authority to Field Offices or to officials of other organizations of the Department. There are currently no instances in the Department where funds are suballotted. Fund assignments, as they are currently used in accordance with Section 2-12 of this handbook, do not constitute a suballotment of funds. The conditions of the suballotment must be described in the allotment holder's funds control plan, with signed acceptance by the suballotment holder and approval by the CFO. It is the responsibility of the allotment holder and the OCFO

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to ensure that funds are only suballotted to officials that have the proven capacity to properly administer and account for the funds they will manage.

2-12. SUBDIVISION OF PROGRAM FUNDS.

1. Headquarters.

Allotments and suballotments will be established at the highest practical level and each operating unit will be financed from no more than one subdivision for each appropriation or fund and are subject to the provisions of the Antideficiency Act. Such subdivisions or assignments should be coordinated within a central point in the allotment holder's organization. The system of management controls established by the allotment holder for such subdivisions or assignments must be described in the applicable funds control plan and approved in advance by the CFO. Funds control plans for each allotment must cover all program line items and any subcomponents thereof, broken down to the lowest distinct funding activity with applicable accounting codes used to roll-up the funding activity to the program line item and allotment (see Chapter 4).

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b. 2. Field Offices.

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Distribution of program funds to Field Office Directors will be in the form of fund assignments, using the form HUD-185 or an alternative format that provides the same information. Any fund assignments to the Field Office Directors shall be made by allotment holders of the program funds. The allotment holders should designate, to the extent practicable, a fixed point in their organization for the coordination and issuance of such fund assignments. Information on the distribution of fund assignments, and the basis on which they are made and controlled, should be contained in the applicable funds control plan for CFO approval.

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Assignment holders may not commit, obligate, or expend more than the authority assigned to them. While an overobligation or overexpenditure of assigned funds does not constitute a violation of the Antideficiency Act unless it causes an overobligation or overexpenditure of the suballotment, allotment, apportionment, or appropriation from which it originated, assignment holders are subject to administrative action for exceeding their authority.

2-13. STAFF EXPENSE FUNDS. The ACFO for Budget allots S&E funds to the program Assistant Secretaries or equivalents for all object classes.

2-14. APPORTIONMENT AND ALLOTMENT OF ADVANCES, REIMBURSEMENTS, AND OTHER RECEIPTS. Advances of funds to the Department, reimbursements, and other anticipated receipts of funds are subject to apportionment and allotment. This includes advances, reimbursements, and other receipts that are the result of interagency agreements as well as those that may be generated from a continuing cycle of program operations. These anticipated funds must be apportioned and allotted to be available for

obligation. Any exceptions to this policy may be approved by the CFO as part of a proposed Funds Control Plan.

2-15 APPORTIONMENT AND ALLOTMENT OF RECOVERIES/RECAPTURES OF PRIOR YEAR OBLIGATIONS (UNEXPIRED FUNDS). These recoveries/recaptures must be apportioned and allotted to be available for obligation.

2-16 APPORTIONMENTS REQUIRING DEFICIENCY ESTIMATES.

1. Subject to the critical limitation explained in section 4, below, 31 U.S.C. 1515(a) allows an appropriation required to be apportioned under 31 U.S.C. [1512](#) to be apportioned on a basis that indicates the need for a deficiency or supplemental appropriation to the extent necessary to permit payment of pay increases that may be granted pursuant to law to officers and employees, including prevailing rate employees whose pay is fixed and adjusted under subchapter [IV](#) of chapter [53](#) of U.S.C. title [5](#).
2. Except as provided in 31 U.S.C. 1515(a), 31 U.S.C. 1515(b) authorizes, using SF-132, an official to make, and the head of an executive agency to request, an apportionment under section [1512](#) of this title that would indicate a necessity for a deficiency or supplemental appropriation only when the official or agency head decides that the action is required because of:
 - a. A law enacted after submission to Congress of the estimates for an appropriation that requires an expenditure beyond administrative control; or
 - b. An emergency involving the safety of human life, the protection of property, or the immediate welfare of individuals when an appropriation that would allow the United States Government to pay, or contribute to, amounts required to be paid to individuals in specific amounts fixed by law or under formulas prescribed by law, is insufficient.
3. If an official making an apportionment decides that an apportionment would indicate a necessity for a deficiency or supplemental appropriation, the official shall submit immediately a detailed report of the facts to Congress. The report shall be referred to in submitting a proposed deficiency or supplemental appropriation.
4. Please note that 31 U.S.C. 1515 in no way authorizes HUD to incur obligations in excess of the total amount of money appropriated for a period. It only provides an exception to the general apportionment rule set out in 31 U.S.C. 1512(a) that an appropriation be allowed so as to insure it is not exhausted prematurely. Section 1515 says nothing about increasing the total amount of the appropriation itself or authorizing the incurring of obligations in excess of the total appropriated. On the contrary, apportionment only involves the subdivision of appropriations already enacted by Congress. *The sum of the parts shall not exceed the total amount of the appropriation being apportioned.*

