



**U.S. Department of Housing and Urban
Development**

OFFICE OF THE CHIEF FINANCIAL OFFICER

Budget Policy

June 2019

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i. Key Points of Contact:

Assistant Chief Financial Officer for Budget

Office of the Assistant Chief Financial Officer for Budget
451 7th St SW
Washington, DC 20410

1. Introduction

The Federal budget sets forth priorities and levels of spending, ways of financing the spending and a plan for managing the funds. Each year, the budget includes a record of actual receipts and spending for the previously completed fiscal year, an estimate of current-year receipts and spending, and estimates of receipts and spending for the upcoming fiscal year and the nine succeeding fiscal years.

For the Federal Government, the term “budget” often refers to the President’s submission of the Budget of the United States Government. This proposed budget for the next fiscal year, beginning October 1, is submitted to Congress early in that same calendar year and represents proposals for congressional consideration. The Federal budget process provides the means for the executive and legislative branch to make informed decisions between competing national needs and policies, to determine priorities, to allocate resources to those priorities, and to ensure the laws are executed according to those priorities.

The Budget and Accounting Act of 1921, as amended, established the requirement for the President to submit an annual budget proposal to Congress. It also created the Office of Management and Budget (OMB) within the Executive Office of the President and the Government Accountability Office (GAO) (formerly, the General Accounting Office) as a legislative branch entity. In 1974, Congress enacted the Congressional Budget and Impoundment Control Act, which provides for the annual adoption of a budget resolution and established the House and Senate Budget Committees and the Congressional Budget Office (CBO). These laws establish the processes, collectively known as the Federal budget process, by which Congress enacts, and the President signs into law, spending and revenue measures.

HUD’s budget stems from the Federal budget process under the authority of these laws, the guidelines of OMB Circular A-11 Preparation, Submission and Execution of the Budget, and the HUD Office of the Assistant Chief Financial Officer for Budget Standard Operating Procedures (SOPs.)

| SECTION OF A-11 | RESPONSIBLE ORGANIZATION |
|---|--|
| <p>OMB Circular A-11, Part 2- Preparation and Submission of Budget Estimates</p> <p>OMB Circular A-11, Part 3- Selected Actions Following Transmittal of the Budget</p> | <p>Office of the Assistant CFO for Budget</p> <ul style="list-style-type: none"> • Provide internal formulation guidance to HUD program budget offices. • Coordinate internal and external hearings/briefings with the Secretary/Deputy Secretary, heads of program budget offices, OMB, and Congress • Lead HUD-OMB Negotiations • Prepare Final OMB and Congressional Submissions • Coordinate response to Questions For the Record <p>HUD Program Budget Offices For their respective programs,</p> <ul style="list-style-type: none"> • Prepare proposed program budgets and supporting documentation for the departmental budget formulation process • Present justifications for proposed budgets at internal and external hearings/briefings with OCFO, the Secretary/Deputy Secretary, OMB, and Congress, as necessary. • Support the response to QFRs |
| <p>OMB Circular A-11, Part 4- Instructions on Budget Execution</p> | <p>Office of the Assistant CFO for Budget</p> <ul style="list-style-type: none"> • Apportionment Process • Allotment Process • Monitor Budget Execution Reports <p>HUD Program Budget Offices For their respective programs,</p> <ul style="list-style-type: none"> • Obligation Process • Outlaying of Funds • Performing Program Execution • Monitor Budget Execution Reports |

2. Policy

In compliance with the provisions of OMB Circular A-11, this document establishes the Office of the Chief Financial Officer (OCFO) policy for HUD’s budget functions, which includes preparation and submission as well as the execution of the department’s budget.

3. Responsibilities

A. Chief Financial Officer (CFO) or Deputy CFO

- 1) Monitors compliance with this policy.
- 2) Communicates departmental guidance on budget preparation, submission, and execution.

B. Assistant CFO for Budget (ACFO-B)

- 1) Develops and executes the departmental budget.
- 2) Manages and oversees the departmental budget preparation, submission, and execution process.
- 3) Manages the apportionment process with OMB and the allotment of funds to HUD program office allotment holders.
- 4) Performs analysis of budget submissions, legislative proposals and proposed policies and regulations.
- 5) Establishes and implements budget and funding policies and procedures.
- 6) Advises departmental leadership on budget issues.
- 7) Oversees administrative expenses.

C. Allotment Holder

- 1) Bears overall responsibility for the funds allotted to them.
- 2) Implements funds control plans in compliance with the requirements of the *Administrative Control of Funds Policies Handbook 1830.2 (ACF)*.
- 3) Designates Funds Control Officer.
- 4) Plans and structures new programs or activities to provide for administrative control of funds.
- 5) Develops and implements procedures to be followed by Headquarters and Field personnel in support of funds control.
- 6) Provides OCFO with a current list of persons authorized to approve and sign commitments, obligations and payment requests.

D. Program Office Budget Officer/Funds Control Officer

- 1) Develops and executes program office budgets.
- 2) Manages the obligation and outlaying of funds in accordance with established funds control policies and procedures.
- 3) Complies with all departmental policies and procedures.

E. Chief Information Officer (CIO) or Principal Deputy CIO

- 1) Review and approve budget request for any IT component.

- 2) Review and approve major IT investment portion of budget request.

4. Scope

The Federal budget process is initiated in the Executive Branch with budget formulation. Then, no later than the first Monday in February, by law, the President is to submit the proposed budget to Congress. Congress reviews the President's plan and then adopts a budget resolution, setting forth its own guidelines for spending and revenues that it plans to follow when passing appropriations laws, tax laws and authorizations.

The Federal budget process can be broken down into four phases:

- 1) budget formulation (*OMB Circular A-11, Parts 2-3*),
- 2) the congressional budget process,
- 3) budget execution and control (*OMB Circular A-11, Part 4*), and
- 4) audit and evaluation.

For any one fiscal year (beginning October 1 and ending the following September 30), these phases take place over the course of 2-1/2 years (sometimes more, depending on the number of fiscal years that the funds are available for obligation). Federal agencies must deal concurrently with 3 fiscal years at any one time – implementing the budget for the current fiscal year, seeking funds from Congress for the next fiscal year, and planning for the fiscal year after that. [The Federal budget process via Federal Information Technology Acquisition Reform Act \(FITARA\)](#) specifically state the roles, responsibilities and authority the CIO has related to IT budget formulation and budget execution.

5. Performing – Executing OMB Circular A-11, Parts 2-4

Budget Formulation

Preparation of the President's Budget typically begins in the spring or early summer each year, at least 6 months before the budget is submitted to Congress, about 15 months before the start of the fiscal year to which it pertains, and about 26 months before the close of that fiscal year.

When HUD begins work on budget formulation for a fiscal year (see phases 1-3 below), it is already implementing the budget for the current fiscal year and awaiting final appropriations actions and other legislative decisions for the current fiscal year plus one.

Phase 1: HUD Internal Budget Formulation During this first phase of budget formulation, HUD sets its priorities and develops its budget requests, which are transmitted to OMB, usually in early September in accordance with deadlines established by OMB.

1. OMB issues guidance governing that fiscal year's budget request in the spring.

2. OCFO-Budget (OCFO-B) issues its formulation guidance to the HUD program budget offices based on OMB guidance or independent of OMB guidance, if the OMB guidance has not been received in the spring.
3. HUD program budget offices draft their budget requests and submit to OCFO-B.
4. OCFO-B conducts review and analysis of the requests to ensure compliance with issued guidance.
5. Program Offices brief the Secretary and/or Deputy Secretary on their budget requests.
6. Deputy Secretary makes recommendations on what HUD requests in its departmental budget submission.
7. The Secretary makes decisions on the overall HUD budget request in its departmental budget submission.
8. OCFO-B works with the program offices to finalize its budget request by incorporating the Secretary's decisions in the budget submission and submits the request on behalf of the Secretary to OMB in September in accordance with that year's deadline.
9. CIO assists the Secretary and Deputy Secretary with making decisions on all IT investments as required by FITARA

Phase 2: HUD-OMB Negotiations

1. After the Secretary's transmittal of the budget, OMB examiners schedule hearings or informal discussions to discuss budget proposals considering presidential priorities, program performance, and any budget constraints, and to obtain a better understanding of the Department's request and allow the Department to defend the budget proposal.
2. OMB examiners make their recommendations to the Director of OMB.
3. By late November or early December, OMB makes initial decisions on budget levels.
4. OMB passes back initial budget decisions to HUD on its budget request, the Passback. These decisions may involve, among other things, funding levels, program policy changes, and personnel ceilings.
5. HUD may appeal decisions with which it disagrees; however, appeals must be submitted 48-72 hours after the decision is received.
6. Negotiations are held between HUD and OMB.
7. Final settlement is usually reached by mid-December.

Phase 3: Prepare Congressional Submission

1. The Department begins preparation of its Congressional Justifications, which include agency priorities, requested budget levels and performance plans (in accordance with the Government Performance and Results Act), and materials to be included in the President's Budget, Appendix, Analytical Perspectives, and Historical Tables that explain and justify the budget.

2. Included in these documents are narrative explanations of the President's requests and policies; appropriations language; technical financing schedules; and special exhibits for such items as research and development activities, and Federal credit programs.
3. Current law states that the President must transmit the budget to the Congress after the first Monday in January but not later than the first Monday in February.

Budget Presentation and the Congressional Budget Process

Once the President's Budget is transmitted to Congress, the Secretary releases a briefing document to the press and the public that provides summary and background information on the new budget.

The House and Senate appropriations subcommittees typically hold hearings on appropriations requests shortly after the President's Budget is submitted. These hearings generally begin with the HUD Secretary testifying on the overall HUD budget and continue with informal briefings from various program offices. These hearings, briefings, and the budget submission generate Questions for the Record (QFRs) from the subcommittees. OCFO-B is responsible for coordinating timely responses to these QFRs. Generally, starting in late May, the House and Senate begin to markup the appropriations bills. OCFO-B provides senior leadership and Program Budget Offices with analysis of the marked-up appropriations bills, highlighting the impact to HUD's budget.

Budget Execution and Control

The execution and control phase refers generally to the period during which the budget authority made available by appropriations remains available for obligation by the federal government.

During the budget execution and control phase, HUD's task is to apply the funding Congress has provided to carry out the objectives of its program legislation in accordance with fiscal statutes and appropriations, and authorizing legislation. This is accomplished through the following process:

- 1) Apportionment and Allotment
- 2) Obligation and Outlaying Funds

Apportionment and Allotment Process

OMB apportions appropriated amounts to HUD, thereby making funds in appropriation accounts (administered by Treasury) available for allotment. Once OMB apportions funds, HUD records the appropriation and apportionment within the General Ledger. HUD's Program Budget Offices are required to submit to the ACFO-Budget office an operating plan detailing the use of funds, including major changes, if any, from information provided in the President's budget and final appropriations. Detailed procedures on apportioning and allotting funds are documented in standard operating procedures within OCFO's Budget office.

Obligation and Outlaying of Funds

Program offices incur obligations and make outlays to carry out the funded programs, projects, and activities. Funds are controlled in accordance with HUD’s Funds Control Handbook and through use of Funds Control Matrices (See *HUD Administrative Control of Funds Policies, 1830.2, REV-6, and HUD Administrative Control of Funds Procedures for Salaries and Expenses*). Program offices record obligations and outlays pursuant to administrative control of funds procedures.

Appendix 1 Glossary of Abbreviations

The table below contains a list of abbreviations and full names found in this policy.

| Abbreviation | Definition |
|--------------|--|
| ACFO | Assistant Chief Financial Officer |
| ACFO-B | Assistant Chief Financial Officer for Budget |
| CFO | Chief Financial Officer |
| CBO | Congressional Budget Office |
| CR | Continuing Resolution |
| CIO | Chief Information Officer |
| GAO | U.S. Government Accountability Office |
| HUD | U.S. Department of Housing and Urban Development |
| OMB | Office of Management and Budget |
| SOP | Standard Operating Procedure |

Appendix 2 Legislative and Regulatory Requirements

This policy is developed based on the following federal regulations and guidance:

- A. OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget
- B. Budget and Accounting Act of 1921, as amended
- C. Congressional Budget and Impoundment Control Act of 1974, as amended
- D. 31 USC Chapters 13, 15, and 33 govern the budget execution process.
- E. The Antideficiency Act, 31 USC §1341
- F. The Impoundment Control Act, 2 USC §§601-688
- G. The Economy Act, 31 USC §1535
- H. The Miscellaneous Receipts Act, 31 USC §3302
- I. GAO's Principles of Federal Appropriations Law (aka GAO’s Red Book)
- J. Federal Information Technology Acquisition Reform Act (FITARA) of 2014