

ADVANCE APPROPRIATIONS, ADVANCE FUNDING, AND FORWARD FUNDING

I. An *advance appropriation* is one made to become available one fiscal year or more beyond the fiscal year for which the appropriation act is passed. Advance appropriations in fiscal year 2002 appropriations acts will become available for programs in 2003 or beyond. Since these appropriations are not available until after fiscal year 2002, the amounts will not be included in fiscal year 2002 budget totals, but will be reflected in the budget totals for the fiscal year for which they are requested.

The Congressional Budget Act of 1974 (31 U.S.C. 1105(a)(17)) requires inclusion in the budget of "information on estimates of appropriations for the fiscal year following the fiscal year for which the budget is submitted for grants, contracts, and other payments under each program for which there is an authorization of appropriations for that following fiscal year when the appropriations are authorized to be included in an appropriation law for the fiscal year before the fiscal year in which the appropriation is to be available for obligation." In fulfillment of this requirement, the table below lists those accounts authorized to receive, in fiscal year 2002, advance appropriations for fiscal year 2003 and beyond and cites the authorizing statute. Part A shows the amounts of advance appropriations included in the 2002 Budget.

The Administration proposes to reverse the misleading budget practice of using advance appropriations simply to avoid spending limitations (see *A Blueprint for New Beginnings*, p. 173). Accordingly, for the accounts listed in part B of the table below, the amount requested to be appropriated for 2002 is sufficient to provide normal funding and no advance appropriation for 2003 is requested.

Part C of the table completes OMB's statutory requirements by providing a listing of accounts for which advance appropriations are authorized but not requested in the 2002 Budget.

A. Accounts for which advance appropriations are included in the 2002 Budget:

Department of Health and Human Services:

Grants to States for medicaid (42 U.S.C. 1396): \$46,602 million for 2003

Payments to States for child support enforcement and family support programs (24 U.S.C. Ch. 9): \$1,100 million for 2003

Payments to States for foster care and adoption assistance (P.L. 96-272): \$1,754 million for 2003

Social Security Administration:

Special benefits for disabled coal miners (30 U.S.C. 921): \$108 million for 2003

Supplemental security income program (42 U.S.C. 1381): \$10,790 million for 2003

B. Accounts for which 2002 advance appropriations were provided, but for which no 2003 advance appropriations are requested:

Department of Education (20 U.S.C. 1223 and 29 U.S.C. 703):

Education for the disadvantaged

School improvement programs

Reading excellence

Special education

Vocational and adult education

Department of Energy:

Elk Hills school lands fund (P.L. 104-106)

Department of Health and Human Services:

Children and families services programs (42 U.S.C. 9834)

Health resources and services (P.L. 106-113)

Department of Housing and Urban Development:

Housing certificate fund (42 U.S.C. 1437f)

Department of Labor:

Training and employment services (29 U.S.C. 2801 et seq.)

Postal Service:

Payment to the Postal Service fund (39 U.S.C. 2401)

C. Accounts authorized to receive advance appropriations but for which none are requested in the 2002 Budget:

Department of Agriculture:

Food program administration (42 U.S.C. 1752)

Child nutrition programs (42 U.S.C. 1752)

Department of Education (20 U.S.C. 1223 and 29 U.S.C. 703):¹

Education for the disadvantaged

Impact aid

School improvement programs

Indian education

Bilingual and immigrant education

American Printing House for the Blind

National Technical Institute for the Deaf

Gallaudet University

Special education

Rehabilitation services and disability research

Student financial assistance

Vocational and adult education

Federal family education loans

Federal direct student loan program

Higher education

Higher education facilities loans

College housing and academic facilities loans

Howard University

Historically black college and university capital financing program

Education research, statistics, and improvement

¹These statutes erroneously refer to "advance funding." Since these statutes describe and clearly intend to provide advance appropriations, the affected accounts are listed here.

II. Advance funding is budget authority that is to be charged to the appropriation in the succeeding year but which authorizes obligations to be incurred in the last quarter of the fiscal year if necessary to meet higher than anticipated benefit payments in excess of the specific amount appropriated for the year. When such budget authority is used, an adjustment is made to increase the budget authority for the fiscal year in which it is used and to reduce the budget authority of the succeeding fiscal year. Essentially, this is a device for avoiding supplemental requests late in the fiscal year for certain programs, should the appropriations for the current year prove to be low. The table below lists those accounts for which advance funding authority is requested in the 2002 Budget.

Department of Labor:

Special benefits

Federal unemployment benefits and allowances

Department of Veterans Affairs:

Veterans insurance and indemnities

Compensation and pensions

Readjustment benefits

III. Forward funding is budget authority that is made available for obligation beginning in the last quarter of the fiscal year for the financing of ongoing grant programs during the next succeeding fiscal year. The budget authority for such programs is included in the budget totals for the year in which it is appropriated. This device is often used for education programs, so that grants can be made on a school year basis. The language providing forward funding for education programs will specify that amounts appropriated, in most but not all cases, will not be available until some time into the year of the appropriation (e.g., July 1, 2002) and in most cases will specify that such amounts will remain available until the end of the succeeding fiscal year. In other cases (e.g., Federal Pell grants), the funds become available

on October 1st but are not normally obligated until July 1st or later and are available for obligation for an additional year. The table below lists those accounts for which forward funding exists or is requested in whole or in part in the 2002 Budget.

- Department of Education:
 - Education for the disadvantaged
 - School improvement programs
 - Special education
 - Vocational and adult education
 - Student financial assistance
 - Educational research, statistics, and improvement
- Department of the Interior:
 - Operation of Indian programs

In the training and employment area, forward funding for youth training grant programs provides appropriations for a

program year that starts on April 1st of the fiscal year of the appropriation. Financing extends through June 30th of the following fiscal year. For most other training and employment programs, forward funding provides appropriations for a program year that starts on July 1st of the fiscal year of the appropriation. Financing extends through June 30th of the following fiscal year. Program years are authorized for training programs under the Workforce Investment Act and operation of the State Employment Service under section 6 of the Wagner-Peyser Act. The table below lists accounts for which forward funding is requested in the 2002 Budget.

- Department of Labor:
 - Training and employment services
 - State unemployment insurance and employment service operations