

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 2003 appropriations acts will become available for programs in 2004 or beyond. Since these appropriations are not available until after fiscal year 2003, the amounts will not be included in fiscal year 2003 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 2003, advance appropriations for fiscal year 2004 and beyond and cites the authorizing statute. Part A shows the amounts of advance appropriations included in the 2003 Budget. Part B shows the accounts for which 2003 or 2004 advance appropriations were provided but for which no new advance appropriations are 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 2003 Budget.

A. Accounts for which advance appropriations are included in the 2003 Budget:

- Department of Education (20 U.S.C. 1223 and 29 U.S.C. 703):
 - Education for the disadvantaged: \$7,383 million for 2004
 - School improvement programs: \$1,765 million for 2004
 - Special education: \$5,072 million for 2004
 - Vocational and adult education: \$791 million for 2004
- Department of Health and Human Services:
 - Grants to States for medicaid (42 U.S.C. 1396): \$51,861 million for 2004
 - Payments to States for child support enforcement and family support programs (24 U.S.C. Ch. 9): \$1,100 million for 2004
 - Payments to States for foster care and adoption assistance (P.L. 96-272): \$1,746 million for 2004
 - Children and families services program (42 U.S.C. 9834): \$1,400 million for 2004
- Department of Housing and Urban Development:
 - Housing certificate fund (42 U.S.C. 1437f): \$4,200 million for 2004
- Department of Labor:
 - Training and employment services (29 U.S.C. 2801 et seq.): \$2,463 million for 2004
- Postal Service:
 - Payment to the Postal Service fund (39 U.S.C. 2401): \$31 million for 2004
- Social Security Administration:
 - Special benefits for disabled coal miners (30 U.S.C. 921): \$97 million for 2004
 - Supplemental security income program (42 U.S.C. 1381): \$11,080 million for 2004

B. Accounts for which 2003 or 2004 advance appropriations were provided, but for which no new advance appropriations are requested:

- Department of Energy:
 - Elk Hills school lands fund (P.L. 104-106)

- Clean coal technology
- Corporation for Public Broadcasting (Communications Act of 1934)

C. Accounts authorized to receive advance appropriations but for which none were provided and none are requested in the 2003 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
 - Impact aid
 - Indian education
 - English language acquisition
 - American Printing House for the Blind
 - National Technical Institute for the Deaf
 - Gallaudet University
 - Rehabilitation services and disability research
 - Student financial assistance
 - 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 assessment

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 2003 Budget.

- Department of Labor:
 - Special benefits
 - Federal unemployment benefits and allowances

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, 2003) 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 2003 Budget.

Department of Education:

- Education for the disadvantaged
- School improvement programs
- Special education
- Vocational and adult education
- Student financial assistance
- Educational research, statistics, and assessment
- English language acquisition

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 2003 Budget.

Department of Labor:

- Training and employment services
- State unemployment insurance and employment service operations
- Veterans employment and training