

The background of the slide is a golden-yellow color with a dense, repeating pattern of various international currency symbols, including the dollar sign (\$), euro (€), yen (¥), and pound sterling (£). The symbols are rendered in a 3D, embossed style, creating a textured effect.

# U.S. Environmental Protection Agency (EPA)

## Budget Overview

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Raven Austin  
Comptroller  
U.S. EPA Region 9



# OVERVIEW OF FEDERAL BUDGET PROCESS

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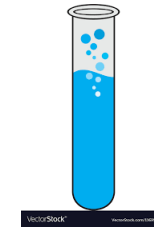
- What is the Budget?
- What is the President's Budget?
- Two Important Laws that Established the Federal Budget Process
  - Budget and Accounting of 1921
  - Budget and Impoundment Control Act of 1974

# FEDERAL BUDGET– 2 PART

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- **Generally divided into 2 parts:**

- 1) Budget Formulation
- 2) Budget Execution



- **Formulation** – Requesting funds, developing estimates and planning for future needs.

- The Federal Government begins formulating annual budgets about a year and a half before the start of the relevant Fiscal Year

- **Execution** - Correctly use monies that have been given (appropriated)

- We are executing FY 2021 and prior year monies, which includes disaster relief and FY 2021 supplemental funds



# OVERVIEW OF FEDERAL BUDGET PROCESS

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- Office of Management and Budget (OMB)
  - Initiates the budget formulation process
- Region 9
  - Region 9 begins budget planning in July, normally completes budget proposal process to HQ by end of the first qtr of the new fiscal year
  - HQ submits entire agency budget to OMB
- President's Budget
  - **OMB** prepares the President's **budget** proposal to Congress
  - By law, submitted to Congress no later than first Monday in February



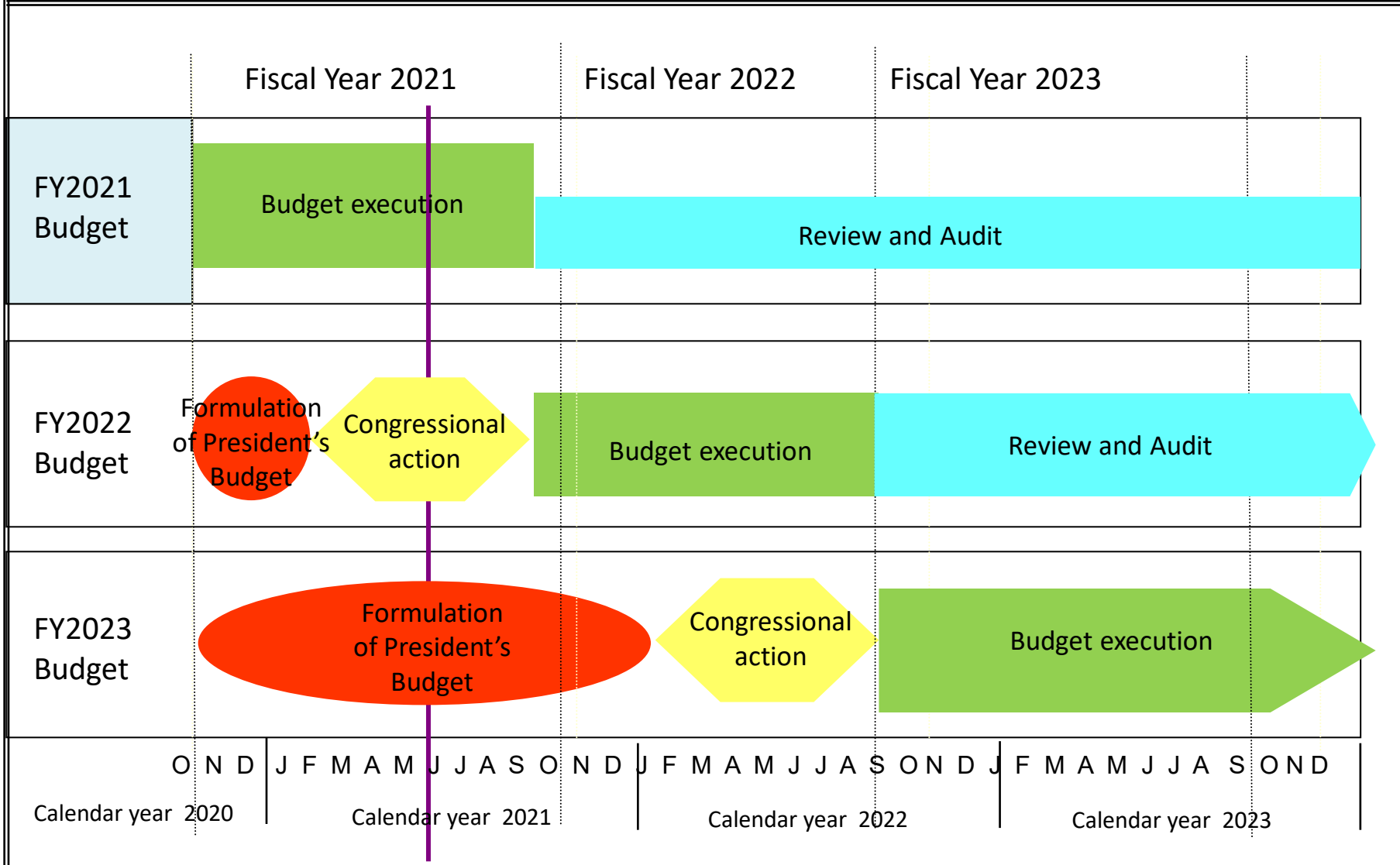
# OVERVIEW OF FEDERAL BUDGET PROCESS

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- Congress
  - **Reviews** the President's **budget** and **adopts** budget resolutions
  - Appropriations committees **distribute** the funding
  - Chambers **vote** on appropriations bill
  - The President **signs the bill into law**, the appropriations bill is **enacted**
  - The enacted budget includes funding for EPA which becomes our blueprint for budget activities during the fiscal year



# Working on Three Budgets at One Time



Today

# CURRENT STATUS

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- Fiscal Year 2021
  - [Appropriation](#) enacted December 27, 2020
  - OCFO allocated funds to Regions March 11, 2021
- Fiscal Year 2022
  - [President's Budget](#) was sent to Congress on April 9, 2021
  - Congress has begun reviews
  - Appropriation anticipated to be enacted by end of fiscal year
  - Agency will develop operating plan based on enacted legislation



# EPA's Overall Funding Sources

EPA organizations use dollars from different sources, many with different rules and requirements. We should be familiar with the rules for funding sources.

## Regular Annual Appropriation

- Each year's annual appropriation contains detailed specific descriptions of how EPA may spend its funding.

## Supplemental Appropriations

- For specific "emergency" needs, Congress appropriates money in addition to regular annual appropriations, mainly for large natural disasters like hurricanes or floods.

## Reimbursables

- EPA performs work for another Federal Agency or State and is reimbursed through that Agency's funds. **Includes FEMA Mission Assignments.**

## Settlements

- EPA received some monies through the Natural Resources Damages Assessments (NRDA) arising as a result of the Deep Water Horizon incident or in specific court settlements.

## Trust Funds

- Superfund, OIL, and LUST, are EPA's main trust funds. Generally, Congress must also appropriate these funds before EPA can use them.

## Fees

- Dollars collected in fees must be independently tracked and managed (it also might mean fee-funded employees don't stop working during shutdowns).

## Special Accounts

- When EPA wins Superfund judgments or a responsible party settles, money may be reserved in special accounts to be used solely for the clean-up of that site.



# Federal Spending Terms

## Each step of the funding process and who does it

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- **Appropriation (Congress)** – Congress passes a bill giving specific organizations permission to spend a certain amount of money for a particular purpose for a particular period of time
- **Apportionment (OMB)** – OMB, on behalf of the Executive Branch, allows Agencies to use specified amounts of appropriated dollars in Federal financial systems for particular programs (It violates the Anti-deficiency Act to use dollars without an apportionment.)
- **Allocation or Allowance (Agency)** – EPA allocates or provides an allowance to particular parts of the Agency (NPMs and Regions or portions thereof)
  - EPA designates **Allowance Holders** – who receive the allocation and then they can commit, obligate and outlay their portions of the EPA's budget
- **Commitment (Allowance Holder)** – An administrative reservation of funds for a particular purpose in anticipation of their obligation
- **Obligation (Allowance Holder)** – A definite legal liability of the government to pay money for goods and services ordered or received. E.g. the award of a grant or contract.
  - **Recording an Obligation** – Formally recording the obligation in a Federal financial system (Compass for EPA) to satisfy (recognize) the government's liability
- **Expenditure, Liquidation, Disbursements, Outlays (Normally accounting)** – EPA pays the bill. EPA expends, disburses or outlays the funds
  - Accounting distinction is when a resource it is expended, when it actually sends cash – it is disbursed or outlaid. Accruals to account for the difference
- **Remaining Balances** (what is left) is generally: “un” + the basic budget term,
  - e.g. Un + obligated = un-obligated, however un-outlaid is normally called “unliquidated”



QUESTIONS?

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