

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

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Advance Appropriations, Forward Funding, and Advance Funding

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January 25, 2007

Abstract. During consideration of recent appropriations measures, one long-standing but obscure budget practice - advance appropriations - received considerable attention. In a time of budgetary constraints, advance appropriations provide opportunities to include spending in appropriations measures that are not immediately counted. Two related, but less discussed practices, are forward funding and advance funding.

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During consideration of recent appropriations measures, one long-standing but obscure budget practice—*advance appropriations*—received considerable attention. In a time of budgetary constraints, advance appropriations provide opportunities to include spending in appropriations measures that are not immediately counted. Two related, but less discussed practices, are *forward funding* and *advance funding*. See <http://www.crs.gov/products/guides/guidehome.shtml> for more information on federal budget process.

Appropriations measures generally make *budget authority* (or *BA*)¹ available for use (or obligation) at the start of the fiscal year covered by the measure. For example, the FY2002 appropriations acts generally made budget authority available on October 1, 2001. Sometimes appropriations bills provide a different starting date for specified budget authority within the act so that the funding cycle does not coincide with the fiscal year generally covered by the act. There are three types of this kind of budget authority: advance appropriations, forward funding, and advance funding.

Advance Appropriations

Advance appropriations means that budget authority becomes available one or more fiscal years after the fiscal year covered by the act. An advance appropriation in a FY2002 appropriations act could have provided that the budget authority for specified activities would not become available until October 1, 2002—the start of FY2003—or later.

Advance appropriations are generally *scored*² in the fiscal year the funds first become available. Therefore, an advance appropriation (and resulting outlays) for FY2003 that was included in a FY2002 appropriations act would be included for calculating total budget authority and outlays for FY2003, but not FY2002. The funds would not be included in calculations to determine if the appropriation violated the FY2002 spending ceilings established in the Congressional Budget and Impoundment Control Act of 1974³ or additional spending ceilings associated with the annual budget resolution.

Forward Funding

Forward funding generally becomes available for obligation in the last quarter of the fiscal year of the appropriations act and the availability continues the following fiscal year. Forward funding in a FY2002 appropriations act could have provided that the budget authority for specified activities would not become available until July 1, 2002, and would remain available through FY2003.

¹ *Budget authority* is the authority provided by federal law to incur financial obligations that will result in immediate or future expenditures (or outlays) involving federal funds. Examples of financial obligations are entering into a contract to build a submarine or purchase supplies.

² Scoring refers to estimates of budget authority, outlays, revenues, and deficit levels resulting from congressional budgetary action. These estimates are usually prepared by the Congressional Budget Office and Office of Management and Budget and compare congressional action to targets and ceilings, such as budget resolution spending ceilings.

³ 2 U.S.C. 621-645; P.L. 93-344, as amended. Section 303 of the Congressional Budget Act exempts certain advanced appropriations from the prohibition against considering spending legislation until after Congress has agreed to the budget resolution for the fiscal year. For more information on Congressional Budget Act points of order, see CRS Report 97-684, *The Congressional Appropriations Process: An Introduction*, by Sandy Streeter, and CRS Report 97-865, *Points of Order in the Congressional Budget Process*, by James V. Saturno.

This budget authority is scored in the fiscal year in which it first becomes available. Budget authority in a FY2002 appropriations act would be included in the FY2002 calculations. Since forward funding generally becomes available near the end of the fiscal year, the Office of Management and Budget and Congressional Budget Office may estimate⁴ that most of the outlays will occur in subsequent fiscal years. Such forward funding outlays would not be scored for the first fiscal year, but would be scored for subsequent fiscal years.

Advance Funding

Advance funding is budget authority authorizing obligations late in the fiscal year, if needed. However, unless used, the budget authority is charged to the succeeding fiscal year. Advance funding is contingency funding for a few programs that require federal payments in which the funds are borrowed from the succeeding fiscal year.

Advance funding is used to fund benefit payments that are difficult to predict, such as unemployment compensation. An appropriations act would provide a specific amount of budget authority, but would also state that, if needed, an agency may obligate additional funds to meet benefit needs. If advance funding is used, budget authority for that fiscal year is increased by the amount obligated and budget authority for the succeeding fiscal year is reduced by that amount.

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⁴ Outlay estimates are used in scoring appropriations measures for enforcing certain Congressional Budget Act points of order, and in calculating the federal deficit. Information on actual outlays is not available until the fiscal year is completed. OMB and CBO provide outlay estimates for each appropriation based on historical patterns.