



# Reobligation Policy

A Mandatory Reference for ADS Chapter 621

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## Reobligation Policy

Prior to FY 2002, unexpended obligated balances for most program funds were available until expended pursuant to Section 511 of USAID's Appropriation Act. (See ADS 621.3.11). In the FY 2002 Appropriations Act, Congress put a cap on how long USAID appropriations can be made available for reobligation. Deobligated funds from most FY 2002 appropriations and beyond will remain available for an additional **four years** of reobligation (for new obligations) from the date on which the availability of such funds would otherwise have expired.

Note: At the end of these four years, the obligated balances remain available for expenditures and adjustments for five years.

Deobligations from most pre-FY 2002 appropriations will remain available without time limit until they are expended ([See ADS 621.3.9](#), Deobligation and Reobligation). This change in law serves only to increase the importance of careful management of obligation balances.

### \*A. Program Funds

\*After program funds have been deobligated, apportioned by OMB, and made available in the accounting system for reprogramming, F/CRA will use the funds to cover unbudgeted requirements, after taking out amounts necessary to fund upward adjustments. This is true for all fund accounts, including those that are designated for specific Bureaus (i.e., Assistance for Eastern Europe and the Baltic (**AEEB**), FREEDOM Support Act (**FSA**), Office of Transition Initiative (**OTI**), International Disaster and Famine Assistance (**IDA**), Development Credit Authority (**DCA**), etc.).

However, earmarked funds will be returned in full to the Bureau and should be used for the original earmarked purpose. Bureaus should consult with GC regarding the legal requirements of an earmark. Operating Expense (**OE**) funds are not available for return to recovering offices since projected recoveries of prior year balances are incorporated into the Operating Year Budget (**OYB**) levels.

Concurrent with the delivery to the Bureaus of the deobligation report, M/CFO will submit apportionments to OMB for the deobligated funds. M/CFO will notify F/CRA via e-mail when the apportionment of these funds has been approved. M/CFO will make these funds available in Phoenix to F/CRA within five working days after the receipt of the approved apportionments from OMB. For fund accounts that do not require country-level obligation requests (i.e., Development Assistance (**DA**) and Child Survival and Health (**CSH**)), F/CRA will issue allotments to the requesting office within five working days. If an AA makes a determination that funds are not to be returned to a Mission, that decision is to be documented in a Decision Memo that will be retained in the Bureau.

\*For fund accounts that require country-level obligation requests (i.e., Economic Support Funds, (**ESF**), Freedom Support Act (**FSA**), and Assistance for Eastern Europe and the Baltics (**AEEB**), Bureaus can submit their Request for Obligation document to F/CRA for processing. F/CRA will issue allotments to the Bureaus within five working days of receipt from the requesting office of the approved Request for Obligation document. In both cases, Bureaus must issue Mission allowances within five working days of receipt of the allotment.

Fund accounts that are designated for specific Bureaus (i.e., AEEB, FSA, Office of Transition Initiatives (**OTI**), International Disaster and Famine Assistance (**IDA**), Development Credit Authority (**DCA**), etc.) will be returned in full to F/CRA instead of the originating Bureau.<sup>1</sup>

To encourage operating units to take advantage of the leveraging that DCA activities under the Development Credit Authority (DCA) offer, 100 percent of those funds deobligated under DCA will remain in the DCA account for use by the deobligating operating unit for other DCA projects.

**Earmarked funds will be returned in full to the Bureau. The Bureau must return 100 percent of those funds to the deobligating operating unit.**

## **B. Operating Expense (OE) Funds**

Projected recoveries of prior year balances are incorporated into the Operating Year Budget (**OYB**) levels; therefore, they are not available for return to recovering offices. To the extent actual recoveries exceed projections, disposition of the surplus will be decided by the Office of U.S. Foreign Assistance. In general, any surplus funds will be used to cover non-discretionary items first (e.g., if actual salaries and benefits exceed projections), then high priority discretionary requirements identified by Agency Bureaus/Independent Offices beyond the established OYB levels (e.g., through the Business Transformation Executive Committee's (**BTEC**) process).

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<sup>1</sup> Additional guidance will be issued later, based on the outcome of the BTEC's assessment of the procedures for deobligating and reobligating field support funds.