

SECTION 97 -- NARRATIVE STATEMENTS, FOOTNOTES, AND TABLES

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97.1 Purpose and content.

Prepare narrative statements that describe an account's performance goals, objectives, outputs, and outcomes and explain how the budget year request supports them. Make the statements consistent with agency strategic plans and annual performance plans (see Part 2 of this Circular). Address significant increases or decreases in performance or financing from the current to the budget year, including the termination of a program in the budget year. Prepare concise statements that reflect the actual or estimated effects of the expenditure of resources in an account.

You must provide a narrative statement for each account where there is ongoing activity in the current or budget year. Also, include separate narrative statements for supplemental requests, rescission proposals, and items proposed for later transmittal.

Performance indicators and performance goals. Use the statements to discuss both the short-range and the long-range performance goals of the program, and include data on significant performance indicators where appropriate. Also include, as appropriate, performance indicators contained in the agency's annual financial statements or other appropriate indicators.

You should use performance indicators which focus on outputs or outcomes instead of workload and other process measures. Outputs should reflect the products and services that are provided by the account and delivered or used outside of the account. Outcomes should reflect the results related to the account. You may use tables to illustrate and compare these indicators for the past, current, and anticipated budget year levels.

Collections and fees. When collections and fees credited to the account finance a sizeable proportion or dollar level of the obligations, discuss the nature of the reimbursable work performed. Also provide information on other amounts collected by the program and deposited into the general fund of the Treasury, when pertinent to the operations of the program.

Exemptions. Unless otherwise requested by OMB, you are not required to submit narrative statements for:

- Accounts in which there are only obligated balances for all years (e.g., consolidated schedules for expired accounts); or

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- Accounts in which there are no unobligated balances in any year, no obligations or outlays are estimated in the current and budget years, and no further appropriations will be requested. However, a brief narrative may be desirable to explain the discontinuation of an account.

97.2 Style and form.

The reprinted galleys OMB provides you with will include the narrative statements for accounts presented in the previous year's budget. You should edit these galleys. For accounts not included in the reprinted galleys, prepare the narrative statements as new print materials. More detailed instructions on reprinted galleys and new print materials are provided in section 95.

Write the narrative statements in a concise, factual manner. Orient the statements toward the policies and objectives for the budget year. Do not discuss the history, authorizing statutes, and other legal references except as indicated below. However, it is appropriate to discuss significant legislation enacted since the previous budget, as well as legislative initiatives proposed in the budget. Include quantitative tables that compare both significant program performance and dollar data.

You may use the separate activities or subactivities listed in the program and financing schedule as the basis for the discussion in the narrative statements. Identify the activities in side headings by the title used in the obligations by program activity section of the program and financing schedule and follow the order of activities in the program and financing schedule.

97.3 Narrative statements for major programs financed by multiple budget accounts.

Where the total financing needed to conduct a major program is not contained within a single budget account, include in the narrative statement of the account that finances the major portion of the program activity (i.e., the "primary" account) a table, in the format of exhibit 97, that shows the total costs and all sources of funding for the program. List the primary account and any other accounts (i.e., "supplementing" accounts) that support the activity performed by the primary account.

For these purposes, major programs are those that obtain goods and services of \$100 million or more, in budget authority or outlays for the budget year, on a non-reimbursable basis from supplementing accounts.

Support provided by supplementing accounts includes the non-reimbursed cost of central support services that are directly attributable to implementation of the program, but not charged against the primary account. For example, in the case of a grant program, the budget account funding the grant would be the primary account, while a separate salaries and expenses account used for compensation of agency personnel responsible for implementing the program (e.g., disbursing and monitoring the grants) would be the supplementing account.

Display in the table the budget authority, outlays, and FTE for PY through BY for the primary account and for each of the supplementing accounts. Also provide program totals. Consult with your OMB representative on the designation of major programs and the form and content of the information presented in the narrative table.

97.4 Narrative statements for revolving funds.

Narrative statements for revolving funds will describe the enterprise's present and proposed program. The narrative will begin with a brief introduction that includes the present authorized purposes and any major changes made during the past year, in the current year, or proposed for the budget year. Following this brief introduction, use these side headings for each of the major topics to be covered:

- *Budget program.* Discuss the budget programs of each major activity shown in the program and financing schedule.
- *Financing.* Explain significant amounts relating to financing, if necessary. Also discuss total authority to borrow, as well as amounts actually borrowed or repaid.
- *Operating results.* Provide any significant information relating to revenue, expense, and net income or loss. Explain the steps being taken to dispose of any deficits and the planned disposition of net earnings. Include an analysis of retained income on a cumulative basis, disclosing any budget authority amounts used to offset deficits for non-revenue producing outlays since the inception of the fund.

For each fund covered by section 102 of the Government Corporation Control Act, include a specific recommendation on the application of the retained earnings or restoration of capital impairment at the end of the past year. The recommendation should indicate:

- The amount of retained income to be returned to the Treasury and the use to be made of the remainder, if any; and
- Whether restoration of any capital impairment is required and whether this should be done by appropriations or other means.

97.5 Narrative statements for Federal credit programs.

Narrative statements for Federal credit programs will cover direct loan and loan guarantee activities, addressing any significant change in the program objectives of the credit activities. Address significant factors in developing subsidy estimates, such as default rates and interest rates charged to borrowers. In addition, where relevant, provide information about how risk categories (see section 85.3) are defined. For loan guarantee programs indicate whether the full amount of the loan is guaranteed or, in other cases, the percentage of the loan covered by the guarantee.

Use the following paragraphs, modified as necessary, to describe each program.

For liquidating accounts:

As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from [direct loans obligated] [and][loan guarantees committed] prior to 1992. All new activity in this program (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year) is recorded in corresponding program accounts and financing accounts.

For program accounts:

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the [direct loans obligated] [and] [loan guarantees committed] in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

For direct loan financing accounts:

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and beyond (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals.

For guaranteed loan financing accounts:

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guarantees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals.

97.6 Narrative statements in special cases.

You may tailor the narrative statement to explain any special circumstances affecting the method of financing the program.

Permanent budget authority. Indicate the legal basis for the authority (since no appropriations language is presented for such items). For permanently appropriated special and trust fund accounts, indicate the source of money and the purposes of and restrictions on its use.

Agency debt and investments in agency debt. For accounts that issue debt instruments (other than to Treasury or to the Federal Financing Bank) or invest in agency debt securities, indicate the par value of outstanding debt securities issued by the account to the public, Treasury, Federal Financing Bank, and other agencies and the par value of securities owned that were issued by Federal agencies (other than Treasury) for PY-1 through BY, unless the information is provided in a balance sheet.

Limitations on borrowing or debt. For accounts with a statutory limit on the amount of borrowing or on the amount of debt that can be outstanding at any one time, indicate the amount of the limit and discuss the position of the fund with respect to the limit during the budget year. Include in the statement a discussion of how close to the limit the fund will approach during the year.

Transfer in the estimates (see section 20.4(k)). When an activity that was previously funded under one account will be funded under another account, prepare a footnote in the format described in section 82.13 to reflect the proposed transfer of responsibility. These footnotes will be printed at the end of the program and

financing schedule but are considered to be narrative materials (i.e., they are not in the MAX A-11 database and do not migrate).

Transfer of resources (see section 20.4(j)). Use footnotes to reflect transfers associated with reorganization plans as described in section 82.12. These footnotes will be printed at the end of the program and financing schedules but are considered to be narrative materials.

Consolidated schedules and merged accounts (see sections 71.7 and 71.8). Prepare a table distributing budget authority and outlays by account in the format described in section 82.14 when accounts are consolidated or merged into a single schedule. These tables will be printed at the end of the program and financing schedules but are considered to be narrative materials.

Allocation accounts (see section 20.4(l)). Agencies that receive allocation must include a footnote in the format described in section 82.16. The footnote should be inserted at the end of each bureau that receives allocations.

Annual limitations on trust or revolving funds (see section 82.15). Prepare a table in the format of a program and financing schedule to present annual limitations on administrative expenses and other annual limitations on the use of trust or revolving funds. These tables are considered to be narrative materials. They are not entered into MAX but should generally conform to the line entries described in sections 82.3 through 82.7.

Analysis of Programs Financed by Multiple Budget Accounts

Multiple Budget Account Program Financing Table		PY—past year CY—current year BY—budget year		
Bureau of Standardization				
Mechanical Standards Grants				
Analysis of Programs Financed by Multiple Budget Accounts (dollar amounts in millions)				
		PY	CY	BY
<u>PRIMARY ACCOUNT</u>				
Mechanical standards grants:				
35-3492-0-1-809				
Budget authority	2,409	1,988	1,735	
Outlays	2,215	1,843	1,639	
Full-time equivalent employment (FTE)				
<u>SUPPLEMENTING ACCOUNTS</u>				
Salaries and expenses (DOG):				
35-0100-0-1-809				
Budget authority	125	120	115	
Outlays	128	123	118	
Full-time equivalent employment (FTE)	2,500	2,400	2,300	
Metallurgy research:				
83-1000-0-1-807				
Budget authority	50	50	50	
Outlays	40	45	50	
Full-time equivalent employment (FTE)	500	500	500	
<u>TOTAL RESOURCES:</u>				
Budget authority	2,584	2,158	1,900	
Outlays	2,383	2,011	1,807	
Full-time equivalent employment (FTE)	3,000	2,900	2,800	