

**SECTION 33 -- ESTIMATES RELATED TO SPECIFIC TYPES OF PROGRAMS AND  
EXPENDITURES**

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**Summary of Changes**

Requires information on high priority national security issues for the interagency national security crosscut review process (section 33.25).

**33.1 Construction and design of Federal facilities.**

(a) *Pollution control standards compliance.*

Prepare your estimates in accordance with Executive Order 12088, which requires compliance with pollution control standards.

(b) *Safe workplaces.*

In your estimates for the design and construction of Federal facilities, capital investment, and the purchase of equipment, include the amounts required to ensure that existing facilities provide safe and healthful workplaces for Federal employees consistent with the standards promulgated under section 19 of the Occupational Safety and Health Act of 1970, the provisions of Executive Order No. 12196, and the related Safety and Health Provisions for Federal Employees of the Secretary of Labor (29 CFR, Chapter XVII, Part 1960).

(c) *Structural barriers in Federal buildings.*

In your estimates for construction and renovation of Federal facilities, consider the need to eliminate structural barriers impeding the mobility of individuals with disabilities, consistent with the Architectural Barriers Act of 1968.

(d) *Scientific laboratory facilities.*

If your submission proposes additional or replacement scientific laboratory facilities, you must include evidence that your agency has reviewed the GSA inventory of Federal laboratories and indicate the reasons you want to acquire new space instead of using existing laboratories that have sufficient space available, according to the GSA inventory.

**33.2 Construction in flood plains.**

Under Executive Order Nos. 11988 and 11990, you must develop estimates for the construction of buildings, structures, roads, or other facilities -- whether financed directly by Federal funds or through grant, loan, or mortgage insurance programs -- that are based on land utilization plans that preclude the uneconomic, hazardous, or unnecessary use of flood plains or wetlands. Indicate whether the proposed activities will be located in a flood plain or wetland and, if so, whether the activities are in accordance with the Executive Orders.

**33.3 Construction of federally-owned housing.**

(a) *General.*

Make sure that your estimates for construction of family housing for civilian and military personnel (either rental housing or public quarters) are consistent with the guidelines provided below. These guidelines apply to construction of family housing (including conversions of structures for dwelling purposes), both within the continental United States and overseas, except for construction of military barracks. (OMB Circular No. A-45,

“Policy Governing Charges for Rental Quarters and Related Facilities,” provides additional guidance on standards applicable to construction of federally-owned housing.)

Do not include estimated funding for construction of housing for civilian employees, except where necessary to maintain continuity and efficiency of service. You should not include funding estimates for construction of family housing for civilian or military personnel if private capital can be found to do the financing. Unless OMB determines otherwise, you must justify your estimates for construction of housing under one or more of the following conditions:

- C The construction is for *public quarters* (that is, where the law authorizes the provision of housing without charge, such as for military public quarters).
- C The construction is necessary to meet *requirements for service or protection*.
- C There is a *lack of available housing*.

Where seasonal demands of the agency's program or remoteness of the station would make housing and transportation costs together unreasonably high, and where such conditions jeopardize the agency's ability to maintain a qualified staff, you may submit a request for an exception to these guidelines.

(b) *Requirements of service or protection.*

You may justify construction of housing when the agency head determines that necessary service cannot be rendered, or United States property cannot be adequately protected, unless certain employees are required to live in government quarters at the station. In such cases, you must demonstrate that requirements for service or protection cannot be met if personnel are permitted to live away from the station.

(c) *Lack of available housing.*

You may justify construction of housing at remote stations, at foreign service posts, or under other circumstances when the agency head determines that necessary service cannot otherwise be rendered. You must base this determination on a supportable finding that the available supply -- present and prospective -- of government and private housing within reasonable commuting distance will not meet the necessary housing requirements. In determining the adequacy of the available supply, consider any additional private housing that can reasonably be expected to be constructed or otherwise become available.

(1) *Available housing* usually includes both housing for sale and for rent, except where rotation of personnel between stations occurs at intervals of approximately three years. In those cases, only rental housing should be considered available.

(2) *Reasonable commuting distance* is, as a general rule, a distance requiring travel time of not more than two hours per round trip by automobile or public transportation, or resulting in expenses per person of not more than \$5.00 per round trip by public transportation (except in metropolitan areas). You may make exceptions to this rule under the following conditions:

- C For military necessity.

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- C For requirements of service or protection.
- C If the time and cost involved in commuting would create a hardship on employees.
- C If local commuting habits differ materially.
- C If public transportation is not readily available.

(3) *Insufficiency or inadequacy of the housing supply* can be demonstrated by showing that one or more of the following conditions exist and are likely to be of extended duration:

- C Housing cannot be located through realtors or advertisement.
- C Available housing is substandard by reasons of design, construction, or location.
- C Because of size, it is considerably more costly than employees can afford.
- C Employees subject to rotation cannot obtain leases permitting them to vacate on thirty days notice, at prevailing rental rates.

**33.4 Leases of capital assets.**

You must justify that leases of capital assets are preferable to direct government purchase and ownership in accordance with the policies contained in OMB Circular No. A-94.

Lease-purchases and capital leases will be scored consistent with the scorekeeping rules developed under the Budget Enforcement Act of 1990, as revised pursuant to the Balanced Budget Act of 1997 (see Appendix A). For all lease-purchases and leases of capital assets, you must have sufficient budgetary resources up-front to cover the present value of the lease payments discounted using Treasury interest rates.

For lease-purchases in which the government assumes substantial risk, report outlays over the period during which the contractor constructs, manufactures, or purchases the asset. For capital leases or lease-purchases in which the private sector retains substantial risk, report outlays over the lease period, equal to the annual payments under the lease. The explicit or implicit obligation of the Federal Government to make payments is the most important financial characteristic OMB will review to determine the level of risk involved. OMB will also consider other characteristics in evaluating the level of private sector risk in a project.

You will find detailed instructions on scoring lease-purchases and leases of capital assets in Appendix B.

**33.5 Real property.**

If you plan to acquire real property, you must include estimates for these acquisitions in your budget submission. The estimates should be consistent with the policies set forth by the Administrator of GSA, as provided by Executive Order No. 12512. Estimates for acquisition of real property under contract must be consistent with obligations reported in object class 32.

### **33.6 Hospital care.**

When you develop estimates for hospital costs, use data based on the use of resources allocated by diagnosis-related groups. Compare these data with payment rates of other payers using similar groupings. Clearly indicate whether or not capital and depreciation costs are contained. Your estimates should be accompanied by a description of the cost allocation method underlying the data.

Identify the amount of reimbursement collected from third parties as well as other Federal agencies when you provide hospital care on a reimbursable basis. Base your estimates of reimbursements and other income from charges for such care on such per diem rates as may be established by the agencies specifically authorized to establish such rates for the particular class of patient and type of care involved, unless different rates or charges are established by or pursuant to a specific requirement of law.

### **33.7 Inpatient care facilities and medical care services.**

In your estimates for capital improvement of Federal inpatient care facilities and plans for provision of major new care services, reflect review by State and appropriate area wide agencies in accordance with Executive Order No. 12372.

### **33.8 Aircraft.**

Reflect the policies on agency aircraft programs and the results of periodic reviews of these programs in accordance with OMB Circulars No. A-126 and A-76 (see sections 31.4 and 31.8).

### **33.9 Motor vehicles.**

#### *(a) Alternative-fueled vehicles.*

Your estimates must reflect the Administration's commitment to comply with the requirements of sections 303 and 304 of the Energy Policy Act of 1992 (EP Act), which mandates that, subject to some conditions and exemptions, 75 percent of vehicles acquired by Federal agencies in FY 1999 and subsequent years should be alternative-fueled vehicles (AFVs). As specified in Executive Order No. 13031 and OMB Memorandum M-97-04, incorporate plans for acquiring AFVs in your vehicle ordering plans for the current, budget, and future years. You must report annually on compliance with sections 303 and 304 of the EP Act (see section 55).

#### *(b) Other requirements.*

Base your estimates for sedans and station wagons on the requirements of GSA's Federal Property Management Regulations and Federal Standard No. 122. Do not exceed price limitations in effect for the current year plus the estimated cost of additional systems and equipment justified to GSA, unless otherwise provided by law. Make provisions for replacement of motor vehicles and related equipment in accordance with GSA replacement standards and with presidential memoranda, dated February 10, 1993.

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**33.10 Advisory committees and interagency groups.**

Your estimates should reflect the results of the committee reviews required by Executive Order No. 12838, dated February 10, 1993, which requires agencies to reduce the number and cost of non-statutory advisory committees. The reduction required by the Executive Order and the agency advisory committee ceilings established by OMB Circular No. A-135 remain in effect. You should consider the continued reduced number and cost of advisory committees in your budget planning. Separately identify the costs of advisory committees established by statute that you are proposing for termination.

You are prohibited from financing *interagency groups* (including boards, councils, committees, and similar groups) by contributions from member agencies' appropriations by a government-wide general provision unless such financing is specifically authorized by statute. Therefore, you must propose financing for such groups in the budget in one of the following forms:

- C Appropriations specifically for the interagency group.
- C Specific language authorizing interagency funding.

Consider the expenses of advisory committees in your estimates using the policies and provisions contained in GSA's Interim Rule on Federal Advisory Committee Management (Federal Register, Vol. 48, No. 83, April 28, 1983, p. 19326) and any related instructions.

**33.11 Benefit payments.**

(a) *Unemployment insurance benefits.*

Calculate unemployment insurance benefits estimates consistent with the aggregate unemployment rate assumptions supplied by OMB.

(b) *Medicare and Medicaid.*

Base Medicare and Medicaid estimates on the Department of Health and Human Services forecasts and the latest actual information available. Assumptions on medical care prices related to the consumer price index, utilization rates, number of beneficiaries, and other factors affecting the estimates will be developed jointly by the agency and OMB.

(c) *Other benefit payments.*

Calculate other benefit payment program estimates (including old-age, survivors, and disability insurance; railroad retirement; civilian and uniformed services retirement; supplemental security income; and veterans' compensation, pensions, and readjustment benefits) by multiplying the expected number of beneficiaries in each future year by average benefit payments per beneficiary for each future year. Determine the average benefit payments by identifying changes in the earnings base, as applicable, on which the benefit is computed, unless existing law or Administration-supported legislation provides otherwise. When existing or proposed legislation provides for automatic cost-of-living adjustments, the result should be further multiplied by a cost-of-living or other adjustment factor to be supplied by OMB.

### **33.12 Coastal Barrier Resources Act.**

Do not include any new Federal expenditures or financial assistance prohibited by the Coastal Barrier Resources Act (Public Law 97-348).

### **33.13 Contractor claims.**

Include amounts for reimbursement of the Claims and judgment fund for the full amount paid from the fund on behalf of an agency for contractor claims during the past year under the Competition in Contracting Act.

### **33.14 Credit programs.**

Ensure that estimates for all direct and guaranteed lending programs are prepared in accordance with OMB requirements (see section 85, OMB Circular No. A-129 “Managing Federal Credit Programs,” and the OMB credit subsidy model and user's guide).

As specified in OMB Circular No. A-129, the Federal Financing Bank (FFB) generally finances guarantees of timely payment of 100 percent of loan principal and interest against all risk. Such loan guarantees create the equivalent of Federal direct loans that are financed by borrowing from the Treasury under the authority of the Federal Credit Reform Act of 1990 (FCRA). These guarantees are treated as direct loans for budget purposes. Therefore, if you propose legislation to create a new, or renew an existing, credit program that does not require substantial risk sharing, provide for direct loans rather than loan guarantees.

### **33.15 Foreign currencies.**

Where applicable, refer to Department of Treasury and Department of State guidelines on the use of foreign currencies. Detailed instructions are set forth in the Treasury Financial Manual (chapters 3200 and 9000) and the Foreign Affairs Manual (Volume 4, Chapter 360). In addition, OMB periodically issues guidance on excess and near excess foreign currencies. You should consult with the Department of Treasury, International Trade Office, the Department of State's Office of Financial Operations, Banking and Foreign Currency staff, or your OMB representative on questions not addressed by these instructions.

### **33.16 Mail.**

Include in your estimates for official use of the United States mail, package delivery, and/or private carrier service a sufficient amount to pay postage due, in accordance with the Postal Service regulations, vendor requirements, and GSA government-wide mail management instructions in effect at the time estimates are prepared. Take into consideration changes in program requirements. Assume maximum use of available postage discounts.

### **33.17 Records storage.**

You must budget for the costs of storing and servicing your temporary and inactive records. You will reimburse the National Archives and Records Administration for these costs through individually-executed

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interagency memoranda of agreements. The intent of this requirement is for agencies to become better and more responsible Federal records managers and avoid retention of duplicate and inappropriate Federal records.

**33.18 Remedial environmental projects.**

Prepare estimates of the cost of the design, construction, management, operation, and maintenance of remedial environmental projects at Federal facilities consistent with policies set forth in Executive Order 12088.

**33.19 Space and related requirements.**

Include payments required for space, structures and facilities, land, and building services provided by GSA and by others. In addition, provide supporting materials indicating the total amounts for these charges to be paid to GSA and the basis for distributing these amounts by appropriation to OMB if agency rental payments exceed \$5 million in PY, CY or BY (see section 54). Where you are experiencing employment reductions, plan corresponding reductions in space requirements and associated costs.

**33.20 Systems acquisitions.**

You should develop your estimates for acquisition of major systems, including information technology systems, consistent with guidance in the *Capital Programming Guide*, the requirements of Title V of the Federal Acquisition Streamlining Act of 1994 (FASA), and the Clinger Cohen Act of 1996 (ITMRA). Reflect the Administration's commitment to thorough capital planning to define requirements and establish realistic cost, schedule, and performance goals for new acquisitions. Where appropriate, and in accordance with Federal Acquisition Regulations, make your estimates for major information systems projects as narrow in scope and as brief in duration as practical in order to reduce risk, promote flexibility and interoperability, increase accountability, and better match mission need with current technology and market conditions. See Part 3 for reporting requirements related to FASA and the Clinger Cohen Act.

**33.21 Taxes and tax expenditures.**

Reflect full and explicit consideration of the resources made available by the Federal Government through tax expenditures and other tax incentives. *Tax expenditures* means revenue losses attributable to provisions of the Federal tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, a preferential rate of tax, or a deferral of tax liability (2 U.S.C. 622). Tax expenditures include subsidies provided through the income tax system.

You must consult with the Office of Tax Analysis, Department of Treasury on all proposals for new or modified taxes or tax expenditures (see section 34.5). After consulting with the Office of Tax Analysis submit a justification of the proposal to OMB. The justification should include the views of the Office of Tax Analysis and address the following items:

- C The nature and extent of the problem addressed by the proposal.
- C The reason a subsidy is needed.
- C The non-tax alternatives.
- C The reason a tax change is preferable to the non-tax alternatives.

In addition, you should be prepared to submit justifications for continuing or reenacting existing taxes and tax expenditures in the program areas for which you have primary responsibility. Such justifications will contain the information described above.

In general, tax expenditures are subject to the same degree of performance evaluation as spending and regulatory programs. Tax expenditures often complement or substitute for agencies' spending or regulatory programs, and the resources and incentives provided through tax expenditures can be substantial. Work with the Office of Tax Analysis, which has lead responsibility for tax policy and analysis of tax expenditures, to develop data and methods to evaluate the effects of tax expenditures that affect (or are directed at the same goals as) your programs. You should be prepared to furnish, upon request, problem analyses, estimates of economic effects, and other materials that will provide explicit quantitative information on the relationship of existing or proposed tax expenditures to proposed budget expenditures. See Part 2 for guidance on inclusion of tax expenditure data in annual performance plans.

### **33.22 Tort claims.**

Do not include amounts for payment of tort claims in your estimates, except where a substantial volume of claims is presented regularly.

### **33.23 Travel.**

Make every effort to minimize official travel. Use established sources for official travel, such as the General Services Administration's Travel Management Centers, negotiated hotel rates, city-pair airline contracts, etc. Reflect the allowances authorized under the Federal Travel Regulations issued by GSA or comparable regulations issued by the Department of Defense for travel of military personnel and by the Department of State for foreign service personnel. Take into account changes in prices for travel by commercial modes.

### **33.24 Water and sewer payments to the government of the District of Columbia.**

Include amounts for payment to the government of the District of Columbia for water and sewer services.

### **33.25 National security crosscut.**

OMB requires information about programs to counter unconventional threats such as combating terrorism, weapons of mass destruction preparedness, critical infrastructure protection, and continuity of operations to conduct an interagency review process that coordinates government-wide funding and implementation of these programs. Detailed instructions about this requirement and the associated electronic reporting format have been issued and are available from your OMB representative. This information is not collected in MAX. Data on enacted funding levels are due in July; on requested levels in October; and on final levels included in the Budget in January.