



Treasury's Federal Borrowings Program

Federal Investments and Borrowings Branch

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Overview of the Federal Borrowings Program

Primary Roles and Responsibilities

- Administer the Federal Borrowings Program for the Department of the Treasury:
 - Analyze and review borrowing authority legislation
 - Establish and renew loan agreements
 - Review and process principal transactions received in CARS
 - Review and process interest transactions received in the IPAC system
- Publish guidance applicable to both Credit Reform and Non-Credit Reform borrowing programs
- Publish Treasury certified interest rates
- Account for and report authoritative loan principal and interest balances

Overview of the Federal Borrowings Program

Purpose of the Federal Borrowings Program

- Facilitate loans to federal agencies on behalf of the Department of the Treasury (Treasury)
- Federal agencies that have the appropriate legal authority granted by Congress through legislation may borrow funds from Treasury
 - Credit Reform
 - The Federal Government makes direct loans to and guarantees loans for inadequately served areas of the population in order to promote the nation's general welfare
 - In turn, Federal agencies receive funds, then lend to or guarantee loans for non-federal borrowers, such as small businesses, students, veterans, and farmers
 - Non-Credit Reform
 - Authorizing legislation defines the purpose of borrowing programs
 - Allows program agencies to borrow the funding needed to finance construction projects, make loans, pay benefits, and assist in economic stabilization

Overview of the Federal Borrowings Program

Federal Borrowings Program Guidance

Credit Reform:

- Federal Credit Reform Act (FCRA) of 1990, as amended:
 - <http://www.fiscal.treasury.gov/fsreports/ref/ussgl/creditreform/fcra.htm#titleV>
- OMB Circular A-11, Section 185 Federal Credit:
 - https://www.whitehouse.gov/omb/circulars_a11_current_year_a11_toc
- TFM Volume 1, Part 2, Chapter 4600:
 - <http://tfm.fiscal.treasury.gov/v1/p2/c460.pdf>

Non-Credit Reform:

- Authorizing Legislation
- Operating Circular - Responsibilities Relating to Non-Credit Reform Borrowings Accounts
 - <http://www.treasurydirect.gov/govt/apps/tbp/new/ncroperatingcircular.pdf>

Overview of the Federal Borrowings Program

Federal Credit Reform Act (FCRA)

- Purposes of the Act:
 - More accurately measure the costs of Federal credit programs
 - Place the cost of credit programs on a budgetary basis equivalent to other Federal spending
 - Encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries
 - Improve the allocation of resources among credit programs and between credit and other spending programs
- FCRA changed the budgetary measurement of cost for direct loans and loan guarantees from the cash flows into or out of the Treasury at the time such cash flows occurred, to the estimated long-term cost to the Government on a present value basis
- Defines the role of the Program Account and Financing Account

Overview of the Federal Borrowings Program

OMB Circular A-11, Section 185 - Federal Credit

- Defines credit terms and concepts, and illustrates how budget formulation, apportionment, and execution forms should be prepared
- Financing accounts earn interest:
 - Guaranteed loan financing accounts earn interest at the same rate as the discount rate used to calculate the subsidy cost on subsidy cost payments to the account, fees, and other collections retained as uninvested balances. These resources should be sufficient to finance net default costs if the initial estimate of subsidy cost is correct.
 - Direct loan financing accounts earn interest at the same rate as the account pays on its debt owed to Treasury so that borrowing from Treasury for subsequent disbursements during the year does not have an effect on results of operations or net financial position
- Financing account borrowings from the Federal Financing Bank adhere to the same requirements as borrowings from Treasury
- Unobligated indefinite borrowing authority must be returned at the end of each fiscal year

Overview of the Federal Borrowings Program

Treasury Financial Manual Volume 1, Part 2, Chapter 4600

- Provides guidance and references for establishing Treasury Account Symbols (TAS) for new credit programs
- Describes Treasury's role in processing appropriation warrants:
 - Definite appropriations
 - Initial subsidy
 - Administrative expenses
 - Indefinite appropriations
 - Subsidy reestimates
 - Liquidating account obligations that cannot be funded by another source
- Outlines the process of borrowing from Treasury:
 - Establishing loan agreements
 - Borrowings from and repayments with Treasury
 - Interest payments

Overview of the Federal Borrowings Program

Credit Reform Accounts

- Accounts that are governed by the Federal Credit Reform Act of 1990, as amended (FCRA)
- Credit Reform Borrowing Agreements are required, standard documents
- Agencies should borrow an estimated amount for the Fiscal Year at the beginning of the year
- All borrowings, other than borrowing to pay interest, are effective 10/1
- Interest is accrued using 30/360 method
- All interest on outstanding balances and amounts repaid during the fiscal year are due on 9/30
- Risk categories are differentiated by Sub-Cohorts
- Fiscal Year of obligation for Direct Loans and Loan Guarantees are differentiated by Cohort Years

Overview of the Federal Borrowings Program

Non-Credit Reform (NCR) Operating Circular

Responsibilities Relating to Non-Credit Reform Borrowing Accounts

- Purpose of the Circular: to communicate the responsibilities, policies, and procedures that the Department of the Treasury has established for those federal agencies which have been granted authority by law to borrow funds from Treasury, other than federal agencies that borrow from Treasury under the Federal Credit Reform Act of 1990, as amended
 - Establishment of NCR Accounts
 - Requesting Advances
 - Interest Payments and Principal Repayments
 - Accounting Responsibilities
 - Reporting Responsibilities
- Anywhere that the statute or MOU directly conflict with the Non-Credit Reform Operating Circular, the statute or MOU will prevail

Overview of the Federal Borrowings Program

Non-Credit Reform (NCR) Accounts

- Accounts that are not governed by the Federal Credit Reform Act of 1990, as amended (FCRA)
- No overarching legislation (similar to FCRA) exists for NCR Accounts
- NCR Borrowing Agreements are required, nonstandard documents that are usually unique to each NCR account
- Borrowings are normally made on an as needed basis to meet immediate cash disbursing needs and are effective on or after the Transaction Date
- Interest on NCR borrowings is due at maturity and on any applicable interest payment dates
- Interest is normally accrued using Actual/365 method
- Other NCR Standards include Capitalized Interest Loans and Market Prepayment

Federal Borrowings-Related Systems

Central Accounting Reporting System (CARS)

Borrowing and Repayment Transactions

- All principal borrowing and repayment transactions are submitted through the Agency Transaction Module of CARS
- Repayments have an effective date equal to the date of repayment
- Submit borrowings and repayments in CARS as soon as possible, but no later than 3:00 pm ET for same day processing
- Confirm all transactions have the status of 'GWA Interface' or 'Posted' before leaving the office
- Transactions can be future dated in CARS and will not post until the Effective Date
- Obligate or return any unobligated balances of indefinite borrowing authority prior to the end of the fiscal year

Federal Borrowings-Related Systems

Intragovernmental Payment and Collection (IPAC) System

Interest Payments

- All interest transactions are processed using the IPAC System
- TFM Volume I Part 6 Chapter 4000 Intragovernmental Payment and Collection (IPAC) System:
 - Prescribes procedures agencies use to process intragovernmental expenditure transactions through the IPAC System

Transaction Type	Entity	TAS	BETC
Payment	Sender	Agency Expenditure Account	DISB
	Receiver	Fiscal Service Account	COLUVRCT
<i>Use when submitting an interest payment.</i>			
Adjustment	Sender	Agency Expenditure Account	DISBAJ
	Receiver	Fiscal Service Account	COLUVRAJ
<i>Use when submitting a correction of an overpayment of interest.</i>			

Federal Borrowings-Related Systems

Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS)

Intragovernmental Eliminations

- Material Differences Report (MDR):
 - MDR Part I - Displays differences equal to or greater than \$100 million
 - MDR Part II - Displays differences greater than \$10 million and less than \$100 million for FR Entities: 0000, 0100, 0200, 0300, 0800, 0900, 1000, 2300, and 9999
 - MDR Part III - Displays amounts reported in Reciprocal Category 29 with Federal/Non-Federal attribute domain values G or Z
- Research Trading Partner (TP) Differences:
 - Reporting Period, TP FR Entity, Reciprocal Category
- TFM Volume I Part 2 Chapter 4700:
 - Appendix 7 - Federal Intragovernmental Transactions (IGT) Categories of Reciprocal U.S. Standard General Ledger Proprietary Accounts
 - Appendix 10 - Intragovernmental Transaction (IGT) Guide

Upcoming Changes

Credit Reform Interest Payments

As-Is		To-Be	
TAS/BETC		TAS/BETC	
➤ Sender TAS	011 X 4444	➤ Sender TAS	011 X 4444
➤ Sender BETC	DISB	➤ Sender BETC	DISB
➤ Receiver TAS	011 1499	➤ Receiver TAS	020 1499 011
➤ Receiver BETC	COLUVRCT	➤ Receiver BETC	COLUVRCT

- This change is being implemented to:
 - Eliminate confusion over ownership of the Receipt Accounts
 - Eliminate duplicate GTAS reporting
 - Maintain a level of reporting granularity

Upcoming Changes

Branch Structure

Before: Federal Borrowings Branch	After: Federal Investments and Borrowings Branch
Manager	Manager
➤ Processing Team (6)	➤ Borrowings Program Team (8)
➤ Reporting Team (5)	➤ Policy and Guidance Team (5)
	➤ Investments Program Team (8)

- This change is being implemented to:
 - To centralize Federal Borrowings and Investment services for Federal agencies
 - To create Program Teams that will focus on daily transaction processing and established reporting requirements
 - To create a Policy and Guidance Team that will focus on providing support on the development, issuance, and implementation of Fiscal Accounting policies, regulations, and guidance

Upcoming Changes

New Reciprocal Category (RC) and USSGL Name Change

As-Is	To-Be
➤ RC 02 - Interest Receivable/Interest Payable	➤ RC 04 - Interest Payable-Loans and Not Otherwise Classified/Interest Receivable-Loans and Not Otherwise Classified
➤ USSGL 214100 - Accrued Interest Payable-Debt	➤ USSGL 214100 - Accrued Interest Payable-Loans

- This change is being implemented to:
 - Allow for the distinction between interest payables on investments and loans
 - Reduce intragovernmental reporting issues resulting from these interest payables being comingled

Contact Information



Borrowings Contact Information

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