

# Executive Office of the President



## *Office of Management and Budget*

**Fiscal Year 2009 Budget**



# **Executive Office of the President Office of Management and Budget**

## **Mission Statement and Background**

The Office of Management and Budget (OMB) assists the President in the development and execution of his policies and programs and in meeting certain requirements in law such as preparation of an annual Federal budget. In meeting these responsibilities, OMB reviews agency budgets, management, legislative, regulatory, financial, procurement, and other proposals; assures that all such proposals are consistent with relevant statutes and Presidential objectives; provides both short-range and long-range analysis and advice to government officials on a variety of subjects; and develops Government-wide policies. To achieve its mission OMB directs resources developing, enacting, and implementing the President's Budget. OMB is committed to improving the effectiveness and efficiency of government programs and rules. The agency ensures agencies develop, express, and implement policies in accordance with the President's priorities.

OMB derives its basic authority from Title 31 of the U.S. Code, based on provisions originally enacted in the Budget and Accounting Act of 1921, as amended. This Act, in providing the first comprehensive national budget system, established the Bureau of the Budget (the Bureau), the precursor to OMB, in the Department of the Treasury and called for the Bureau to assemble and correlate, as well as recommend changes to, the requests for appropriations of the Executive Branch. The Bureau was further authorized to make detailed administrative studies that would help in securing greater economy and efficiency in the conduct of the public service.

The Bureau moved from the Department of the Treasury to the Executive Office of the President in 1939 and was reorganized into OMB by Reorganization Plan No. 2 of 1970. OMB provides the President with an institutional staff capability in Executive Branch management, particularly in performance measurement, financial management and financial systems management, management reform, regulatory analysis, and information and management systems. OMB also serves as the central point for review and clearance of Executive Branch legislative proposals.

OMB's responsibilities include the following:

- To advise the President on fiscal and economic policies for the Nation;
- To prepare the President's Budget and formulate the Federal Government's fiscal program;
- To supervise and control the budgetary administration of the Executive Branch;
- To examine the management and administrative systems of the Executive Branch and establish policies that will improve the management and performance of the Federal Government;
- To clear and coordinate departmental recommendations for proposed legislation and for Presidential action on bills passed by Congress;

- To assist in the coordination, clearance, and preparation of Executive Orders and certain proclamations;
- To keep the President advised of agencies' activities (proposed, initiated, and completed) and to coordinate interagency activities to assure that funds are spent with minimum duplication in accordance with the law;
- To implement initiatives on information and statistical policy, paperwork reduction, and regulatory reform;
- To establish policies and methods that reduce fraud, waste, and abuse in Federal programs, including staff support to the President's Council on Integrity and Efficiency;
- To establish and oversee the implementation of financial management policies and requirements for the Federal Government as required by the Chief Financial Officers Act of 1990 (Pub. L. No. 101-576; 31 U.S.C. §501 note), the Federal Financial Management Improvement Act of 1996 (Pub. L. No. 104-208, Title VIII, 110 Stat. 3009-389 – 3009-394; 31 U.S.C. §3512 note), the Government Management Reform Act of 1994 (Pub. L. No. 103-356; 31 U.S.C. §3301 note), the Single Audit Act Amendments of 1996 (Pub. L. No. 104-156; 31 U.S.C. ch. 75), and the Federal Funding Accountability and Transparency Act of 2006, (Pub. L. No. 109-282);
- To provide overall direction of Government-wide procurement policies, regulations, and procedures for executive agencies and to promote economy, efficiency and effectiveness in the procurement of property and services by the Executive Branch as provided for in the Office of Federal Procurement Policy Act (Pub. L. No. 93-400, as amended; 41 U.S.C. ch. 7);
- To carry out responsibilities under Executive Order 12866, as amended, to review significant agency regulations and oversee Federal regulatory policy;
- To implement the Regulatory Right-To-Know Act of 2001 (Pub. L. No. 106-554, Appendix C, Title VI, §624; 114 Stat. 2763A-161 – 2763A-162) and report to Congress annually on the costs and benefits of Federal regulations;
- To carry out the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104-4; 2 U.S.C. §1501 note), which imposes requirements for the review of regulations for impacts on State, local, and tribal governments and the private sector;
- To implement the Paperwork Reduction Act of 1995 (PRA, Pub. L. No. 104-13; 44 U.S.C. §101 note), which requires OMB to review paperwork requirements that agencies impose on the public and oversee agencies' information resource management, privacy and security policies, and records management; and to implement the Small Business Paperwork Reduction Act of 2002 (Pub. L. No. 107-198), which is intended to ease regulatory and paperwork burdens imposed on small businesses;

- To promote the quality and integrity of statistics by establishing priorities, providing coordination, and developing standards for the decentralized Federal statistical system under provisions of the PRA;
- To carry out the Information Quality Act (Pub. L. No. 106-554, Appendix C, Title V, §515; 114 Stat. 2763A-153 – 2763A-154), by establishing government-wide guidelines and overseeing agency implementation of the Act;
- To carry out the Information Technology Management Reform Act of 1996 (also known as the Clinger-Cohen Act, Pub. L. No. 104-106, Division E; 41 U.S.C. §251 note), by establishing policies and oversee the procurement and use by agencies of information technology;
- To implement the amendments to the Regulatory Flexibility Act (Pub. L. No. 104-121, subtitle D; 5 U.S.C. §609), which expands the responsibilities of the Administrator of OMB’s Office of Information and Regulatory Affairs (OIRA) with respect to Small Business Advocacy Review Panels;
- To review and publish agency lists of commercial activities and issue guidance to agencies on the competitive process under the Federal Activities Inventory Reform Act of 1998 (Pub. L. No. 105-270; 31 U.S.C. §501 note);
- To implement the Government Performance and Results Act (GPRA) of 1993 (Pub. L. No. 103-62; 31 U.S.C. §1101 note), by setting overall Government policy on GPRA, coordinating with the agencies and Congress on improving the usefulness of strategic plans and annual performance plans, ensuring that all plans meet GPRA requirements, and issue guidance for Government-wide implementation of the managerial accountability and flexibility provisions of GPRA;
- To carry out Congressional Review of Agency Rulemaking (Pub. L. No. 104-121, subtitle E; 5 U.S.C. ch. 8), under which OMB is required to determine whether rules are “major” and thus trigger certain reporting requirements and delays in effective dates under the Congressional review mechanism;
- To continue to carry out the activities under the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. No. 106-107; 31 U.S.C. §6101 note), under which OMB and the agencies have taken action to simplify and standardize grant applications Government-wide;
- To carry out the Improper Payments Information Act of 2002 (Pub. L. No. 107-300; 31 U.S.C. §3321 note), under which OMB oversees agency implementation of the Act and report to Congress on its progress;
- To implement the Federal Information Security Management Act, Title III of the E-Government Act of 2002 (Pub. L. No. 107-347; 44 U.S.C. §101 note), under which OMB oversees agency implementation to secure the Federal government’s information and information systems;

- To oversee implementation of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) and ensure the existence of a single searchable website that allows the public to search for key information on Federal awards; and
- To implement the E-Government Act of 2002 (Pub. L. No. 107-347; 44 U.S.C. §101 note), in providing overall direction of Government-wide use of electronic government and information technology, as well as guidance and oversight for agency activities to ensure the confidentiality of information provided to the Government for statistical purposes.

## Performance

OMB is committed to the highest level of service to the President, the Executive Office of the President, Congress and the American people. OMB has established several performance goals that it tracks each year.

The following are examples of OMB's performance goals and show where its successes and shortcomings are:

### Successes:

1. OMB gained agreement from agencies and White House staff on a budget that meets the President's guidance on discretionary spending by major category, mandatory spending proposals, revenues, and policy priorities.
2. OMB reduced the deviation of actuals from outlay estimate in the February budget submission and mid-session review due to technical factors from an overestimate of 2.3% in February down to 1.6% in the mid-session review.
3. Ensured that all apportionments are executed in accordance with the law and the President's Budget, policies, and priorities.
4. Reduced the percent of improper payment rate government-wide from 2.90% to 2.70%.
5. Achieved savings attributable to E-gov solutions of \$506 million.
6. Ensured that other existing regulations were reviewed and changes that increased regulatory benefits and reduced regulatory costs were implemented. The costs were \$8 billion, benefits were \$56 billion, and net benefits of modified rules were \$48 billion.
7. Legislative Reference reviewed 144 draft bills, 1,153 testimony statements, 341 letters, 61 Statements of Administration Policy, and 315 enrolled bills.

### Shortfalls:

1. Number of agencies with unqualified audit opinions target of 21 was not achieved. Only nineteen agencies achieved unqualified opinions.
2. Achieved only 46% of planned annual savings due to competitive sourcing. The goal was \$1.12 billion. Agencies saved \$510 million.

### Organizational Responsibilities

The Resource Management Offices (RMOs), the Budget Review Division (BRD), the Legislative Reference Division (LRD), the Office of Federal Financial Management (OFFM), the Office of Federal Procurement Policy (OFPP), the Office of Information and Regulatory Affairs (OIRA), and the Office of E-Government and Information Technology (E-Gov and IT) play a pivotal role in developing and supporting the President's management, budget, and legislative agenda. These components of OMB assist the President in the preparation of the Federal budget and in managing its execution throughout the departments and agencies. In helping formulate the President's spending plans, OMB examines the effectiveness of agency programs, policies, and procedures; assesses competing funding demands among agencies; recommends funding priorities; and provides policy options. The following illustrate OMB work in budget and policy development, budget and policy enactment, and budget and policy implementation:

Budget and policy development - Every year, RMOs are involved in the development of new program policies, from inception of policy options, analysis of options for inclusion in the budget, the State of the Union address, etc. Each new program/policy requires close engagement of OMB staff and policy officials with White House staff and agency staffs.

Budget and policy enactment - OMB staff support Administration officials working with Congress to enact the President's Budget and legislative program. OMB works to assure that proposed legislation, testimony, reports, and policies are consistent with Administration policies, including the President's Budget.

Budget and policy implementation - OMB staff monitor the implementation of major programs and policies to review the performance of government programs, and to identify and help resolve issues that arise in development of initial regulations and program guidance, program management, data reporting and analysis, long range evaluation and research designs, and analysis to inform future policy making more effectively.

The following is a brief summary of the functions of each of the offices within OMB:

OMB-Wide Offices. Executive direction and coordination for all Office of Management and Budget activities is provided by OMB-wide offices. These include the Director's Office, the Deputy Director, the Deputy Director for Management, and the Executive Associate Director (and associated support staff); Communications; General Counsel; Legislative Affairs; Economic Policy; Administration; LRD; and BRD.

OMB-wide offices provide overall leadership for the agency's activities; develop instructions and procedures for a wide range of management, legislative, legal, economic, budgetary, administrative, and IT-related issues; coordinate OMB review of agency activities; and prepare the budget document.

Resource Management Offices (RMOs): National Security Programs, General Government Programs, Natural Resource Programs, and Human Resource Programs. RMOs examine agency programs, performance data, budget requests, management activities, and relevant legislative proposals, apportion appropriations, study proposed changes in agency functions, and conduct special studies aimed at establishing goals and objectives that would result in long- and short-range improvements in the agencies' financial, administrative, and operational management.

Office of Federal Financial Management (OFFM). OMB prepares the Government-wide financial management status report and 5-year plan. OFFM monitors the execution of the plan and provides policy guidance on preparation and audit of financial statements, financial systems requirements, management controls, and cost accounting and audit requirements for the non-Federal grantee community. OFFM also provides policy guidance on Federal grants management. To improve financial performance, OFFM leverages its resources by working closely with the Chief Financial Officers Council and department and agency inspector generals.

Office of Information and Regulatory Affairs (OIRA). OIRA reviews and coordinates agency proposals to implement or revise Federal regulations and information collection requirements. OIRA also analyzes, develops, and coordinates information resources management and statistical policies and practices.

Office of Federal Procurement Policy (OFPP). OFPP provides overall direction of Government-wide procurement policies, regulations, and procedures for executive agencies.

Office of E-Government (E-Gov) and Information Technology (IT). E-Gov and IT provides oversight and guidance of agency IT investments and policy guidance on agency management and execution of these investments. E-Gov and IT also provides direction and management support to the 25 Presidential E-Government initiatives, nine Line of Business initiatives, and other cross-agency, Government-wide efforts by leveraging IT to improve service delivery to citizens, businesses and agencies while making more efficient use of taxpayer resources. To improve IT performance, E-Gov and IT leverages its resources by working closely with the Chief Information Officers Council.



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**Overview**

For fiscal year (FY) 2009, the estimated funding requirement for OMB is \$72,800,000 and a full-time equivalent (FTE) level of 489. The FY 2009 request represents a net decrease of \$5,200,000, or nearly 7 percent, from the FY 2008 enacted level of \$78,000,000. The primary contributing factor to this decrease is related to moving General Services Administration (GSA) rental payments to the Office of Administration (OA) as part of the Enterprise Services Initiative (i.e., the consolidation of funding across all components of the EOP for common EOP-wide services). The OMB FY 2009 budget request moves \$7,172,000 for rent to OA as part of the Enterprise Services Initiative.

In comparing total FY 2009 OMB resources to total FY 2008 OMB resources (including resources for rental payments to GSA), OMB's budget increase is \$1,972,000, or 2.5 percent. The chart below provides a brief summary of OMB's funding levels:

	<b>FY 2008</b>	<b>FY 2009</b>		
	<b>Enacted</b>	<b>Estimate</b>	<b>Change (\$)</b>	<b>Change (%)</b>
Salaries and Expenses	70,969,000	72,800,000	1,831,000	2.6%
Rental payment to GSA	7,031,000	7,172,000	141,000	2.0%
Total OMB Resources	78,000,000	79,972,000	1,972,000	2.5%

**FY 2009 Estimate**

The FY 2009 estimate reflects a net increase for personnel of \$2,407,000 above the enacted FY 2008 budget level which funds January 2008 and January 2009 pay and benefit adjustments. The FY 2009 OMB request also includes an increase of \$141,000 for rental payments to GSA.

The OMB FY 2009 request proposes several budget reductions. OMB will no longer print the President's Budget. This action will save \$200,000 annually in OMB's budget. OMB also proposes to reduce funding for information technology support saving \$376,000. Finally, OMB proposes to move rental payments to GSA (-\$7,172,000) to the OA Enterprise Services Initiative in FY 2009.

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**Summary Change to Object Class**  
(\$ in thousands)

A summary of the estimated funding is shown below:

	FY 2007	FY 2008	FY 2009
	<u>Actual</u>	<u>Enacted</u>	<u>Estimate</u>
Funding	\$76,621	\$78,000	\$72,800
Full-time equivalents (FTEs)	475	489	489

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The increases and/or decreases for FY 2009 are as follows:

FY 2008 enacted level			78,000
Increases to FY 2008 enacted level:			
Personnel Compensation and Benefits		2,407	
Rental Payments to GSA		141	
Subtotal, increases to FY 2008 enacted level		2,548	2,548
Decreases to FY 2008 enacted level:			
Printing (no longer printing the President's Budget).		-200	
Rental Payments to GSA (moved to OA)		-7,172	
Other Contractual Services (reduction in IT support)		-376	
Subtotal, decreases to FY 2008 enacted level		-7,748	-7,748
FY 2009 estimated level			72,800

This table has been adjusted to reflect the move of rental payments to GSA to OA for the Enterprise Services Initiative in order to display FY 2008 and FY 2009 on a comparable basis.

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<b>Object Class</b>				
(\$ dollars in thousands)				
	FY 2007	FY 2008	FY 2009	FY 08/09
	Actual	Enacted	Estimate	Difference
Direct obligations:				
10.0 Personnel Compensation and Benefits.....	\$61,133	\$63,264	\$65,671	\$2,407
21.0 Travel and Transportation of Persons.....	307	368	368	0
22.0 Transportation of Things.....	3	2	2	0
23.1 Rental Payments to GSA.....	6,880	7,031	0	-7,031
23.3 Comm., Utilities and Misc. Charges.....	404	400	400	0
24.0 Printing and Reproduction.....	567	520	320	-200
25.0 Other Contractual Services.....	6,096	5,474	5,098	-376
26.0 Supplies and Materials.....	651	588	588	0
26.0 Official Entertainment.....	0	3	3	0
31.0 Equipment.....	<u>580</u>	<u>350</u>	<u>350</u>	<u>0</u>
99.0 Subtotal, Direct obligations.....	\$76,621	\$78,000	\$72,800	-\$5,200
99.0 Reimbursable obligations.....	438	0	0	0
99.0 Rental Payments to GSA moved to OA.....	<u>0</u>	<u>0</u>	<u>7,172</u>	<u>7,172</u>
99.9 Total obligations.....	\$77,059	\$78,000	\$79,972	\$1,972

This table has been adjusted to reflect the move of rental payments to GSA to the OA for the Enterprise Services Initiative in order to display FY 2008 and FY 2009 on a comparable basis.

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**Personnel Summary**

**Distribution by Program Activity of Full-time Equivalent Positions**

	FY 2007 FTE <u>Actual</u>	FY 2008 FTE <u>Estimate</u>	FY 2009 FTE <u>Estimate</u>	FY08 to FY09 <u>Difference</u>
<b><u>Program Activity Structure</u></b>				
National Security Programs.....	62	65	65	0
General Government Programs.....	56	64	64	0
Natural Resource Programs.....	58	61	61	0
Human Resource Programs.....	65	67	67	0
Office of Federal Financial Management.	19	18	18	0
Information and Regulatory Affairs.....	46	50	50	0
Office of Federal Procurement Policy.....	13	14	14	0
OMB-Wide Offices*.....	156	150	150	0
Total Direct Program	<u>475</u>	<u>489</u>	<u>489</u>	<u>0</u>

**Personnel Summary**

	FY 2007 <u>Actual</u>	FY 2008 <u>Estimate</u>	FY 2009 <u>Estimate</u>	FY08/ FY09 <u>Difference</u>
Full-time Equivalent Employment	475	489	489	0

\* OMB-Wide Offices includes the Director's Office; the Deputy Director; the Deputy Director for Management; the Executive Associate Director; Communications; General Counsel; Legislative Affairs; Economic Policy; Administration; the Legislative Reference Division; the Budget Review Divisions; and the Office of E-Gov and IT.

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**Explanation of Changes by Object Class**  
(\$ in thousands)

<u>FY 2008 Enacted</u>	<u>FY 2009 Estimate</u>		<u>Net Change</u>
\$63,264	\$65,671	<u>Personnel Compensation and Benefits (10)</u> This category includes salaries, terminal leave, premium pay, reimbursable detailees, and assignments under the Intergovernmental Personnel Act. This category also includes government's contribution for benefits -- retirement, Medicare, insurance, and worker compensation.  Reflects net cost increase associated with annualized cost of the FY 2008 pay adjustment and the anticipated FY 2009 pay adjustment.	\$2,407
\$368	\$368	<u>Travel and transportation of persons (21)</u> This category includes official travel, such as per diem, hotel and transportation, auto rental and local transportation.  There is no net change in this object class.	\$0
\$2	\$2	<u>Transportation of things (22)</u> This category includes commercial express delivery as well as freight and other shipping charges.  There is no net change in this object class.	\$0
\$7,031	\$0	<u>Rental payments to GSA (23.1)</u> This category includes payments to the GSA for rental of office space and rent-related services.  The reduction of \$7,172,000 represents moving GSA space related rent costs to the OA appropriation, as part of the Enterprise Services Initiative. The FY 2009 rent for OMB occupied offices is estimated by GSA at \$7,172,000 which incorporates a GSA programmed rent increase in FY 2009 of \$141,000. The \$7,172,000 for GSA rent is included in the OA request.	-\$7,031
\$400	\$400	<u>Communications, utilities and miscellaneous charges (23.3)</u> This category includes data, voice, and wireless communications from Federal and commercial sources, and miscellaneous rental charges.  There is no net change in this object class.	\$0

<u>FY 2008 Enacted</u>	<u>FY 2009 Estimate</u>		<u>Net Change</u>
\$520	\$320	<u>Printing and reproduction (24)</u> This category includes printing and reproduction obtained from the private sector or from other Federal entities.  Reflects a reduction of \$200,000 because OMB will no longer print the President's Budget.	-\$200
\$5,474	\$5,098	<u>Other Contractual Services (25)</u> This category includes advisory and assistance services, other services, other purchases of goods and services from Government accounts, operations and maintenance of facilities, research and development contracts, medical care, operation and maintenance of equipment, or subsistence and support of persons.  The object class reflects a reduction of \$376,000 due to reduced information technology contractor support costs.	-\$376
\$588	\$588	<u>Supplies and materials (26)</u> This category includes general supplies, information technology supplies, newspapers, and magazine subscriptions, and Government publications.  There is no net change in this object class.	\$0
\$3	\$3	<u>Official Entertainment (26)</u> Estimate provides official reception and representation for OMB.  There is no net change in this object class.	\$0
\$350	\$350	<u>Equipment (31)</u> This category includes IT hardware and software, customized software programming, peripheral equipment, (e.g., printers and network devices), office furniture and equipment, such as photocopiers, facsimile machines.  There is no net change in this object class.	\$0
<b>\$78,000</b>	<b>\$72,800</b>	<b>Subtotal</b>	<b>-\$5,200</b>
<b><u>\$0</u></b>	<b><u>\$7,172</u></b>	<b>Adjustment to Enterprise Services Initiative (a)</b>	<b><u>\$7,172</u></b>
<b>\$78,000</b>	<b>\$79,972</b>	<b>Total for all object classifications</b>	<b>\$1,972</b>

a) This table has been adjusted to reflect the move of GSA rental payments to OA for the Enterprise Services Initiative in order to display FY 2008 and FY 2009 on a comparable basis.