

Executive Office of the President



Office of Management and Budget

Fiscal Year 2008 Budget

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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 Presidents 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OMB derives its basic authority from Title 31 of the U.S. Code, based on provisions originally enacted in the Budget and Accounting Act of 1921, as amended.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 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. The OMB also provides the President's central mechanism 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 the provision of 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), and 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;
- 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 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 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 carry out the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. No. 106-107; 31 U.S.C. §6101 note), under which OMB is required 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; 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.

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 are some illustrations of OMB work in the areas of 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 work directly in support of Administration officials working with Congress to enact the President's budget and legislative program. OMB works to assure that proposed legislation, and agency 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 OMB'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.

National Security Programs; General Government Programs; Natural Resource Programs; and Human Resource Programs (Resource Management Offices). 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.

Financial Management. 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 inspectors general.

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

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

E-Government and Information Technology. The Office of E-Government and Information Technology (IT) provides of agency IT investments and provides policy guidance on agency management and execution of these investments. E-Gov and IT also provide direction and management support to the 25 Presidential E-Government and six Line of Business initiatives, by leveraging IT to improve service delivery citizens, businesses and agencies while saving 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) 2008, the estimated funding requirement for the Office of Management and Budget (OMB) is \$70,866,000 and a full-time equivalent (FTE) level of 489. The FY 2008 request represents a net decrease of \$5,294,700, or 7 percent, from the FY 2006 post-rescission enacted level of \$76,160,700. The primary contributing factors to this decrease are related to the moving of funds to the Office of Administration (OA) for the Enterprise Services Initiative (i.e., the consolidation of funding across all components of the EOP for common EOP-wide services for rental payments, health unit operation expenses, the Flexible Spending Account (FSA) administrative fees, and transportation subsidies). The budget moves \$7,903,000 to OA for the Enterprise Services Initiative.

In comparing total FY 2008 OMB resources to total FY 2007 OMB resources (including resources for the Enterprise Services Initiative), OMB's budget increase is \$2,209,000, or 2.9 percent. The chart below provides a brief summary of OMB's funding levels.

	<u>FY 2007</u>	<u>FY 2008</u>	<u>Change (\$)</u>	<u>Change (%)</u>
OMB Request	68,780,000	70,866,000	2,086,000	3.0%
Enterprise Services Initiative (with Rent)	7,780,000	7,903,000	123,000	1.6%
Total OMB Resources	<u>76,560,000</u>	<u>78,769,000</u>	<u>2,209,000</u>	2.9%

FY 2008 Estimate

The FY 2008 estimate reflects a net increase for personnel of \$2,086,000 above the FY 2007 budget request level which funds January 2007 and January 2008 pay and benefit adjustments. The request also includes a reduction for the proposed move of the transit subsidy program and the FSA administrative costs to the OA Enterprise Services Initiative (-\$322,000); the OA Enterprise Services Initiative includes an estimate of \$349,000 for these programs in FY 2008.

The FY 2008 OMB estimate also includes an increase of \$123,000 for rental payments to GSA. The request proposes the move of rental payments (-\$7,528,000) and health unit costs (-\$53,000) to the OA Enterprise Services Initiative in FY 2008. The OA Enterprise Services Initiative includes an estimate of \$7,581,000 for rental payments to GSA and health unit costs in FY 2008.

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Summary Change to Object Class

(\$ in thousands)

A summary of the estimated funding is shown below:

	FY 2006	FY 2007	FY 2008
	<u>Actual</u>	<u>Request</u>	<u>Estimate</u>
Funding	\$76,161	\$76,560	\$70,866
Full-time equivalents (FTEs)	466	489	489

The increases and/or decreases for FY 2008 are as follows:

FY 2007 estimated level			76,560
Increases to FY 2007 estimated level:			
Personnel Compensation and Benefits		2,086	
Rental Payments to GSA		123	
Subtotal, increases to FY 2007 estimated level		2,209	2,209
			78,769
Decreases to FY 2007 estimated level:			
Personnel Compensation and Benefits (transit subsidies/FSA to OA)		-322	
Rental Payments to GSA (moved to OA)		-7,528	
Other Contractual Services (health unit moved to OA)		-53	
Subtotal, decreases to FY 2007 estimated level		-7,903	-7,903
FY 2008 estimated level			70,866

This table has been adjusted to reflect the move of rental payments to GSA, transportation subsidies, FSA, and health unit costs to OA for the Enterprise Services Initiative in order to display FY 2007 and FY 2008 on a comparable basis.

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Object Class

(\$ dollars in thousands)

	FY 2006 Actual	FY 2007 Request	FY 2008 Estimate	FY 07/08 Difference
Direct obligations:				
10.0 Personnel Compensation and Benefits.....	\$59,028	\$61,322	\$63,408	\$2,086
21.0 Travel and Transportation of Persons.....	286	318	318	0
22.0 Transportation of Things.....	2	2	2	0
23.1 Rental Payments to GSA.....	6,811	0	0	0
23.3 Comm., Utilities and Misc. Charges.....	460	365	365	0
24.0 Printing and Reproduction.....	631	520	520	0
25.0 Other Contractual Services.....	7,385	5,312	5,312	0
26.0 Supplies and Materials.....	592	588	588	0
26.0 Official Entertainment.....	0	3	3	0
31.0 Equipment.....	<u>858</u>	<u>350</u>	<u>350</u>	<u>0</u>
99.0 Subtotal, Direct obligations.....	\$76,053	\$68,780	\$70,866	\$2,086
99.0 Reimbursable obligations.....	633	0	0	0
99.0 Enterprise Service Initiatives.....	<u>0</u>	<u>7,780</u>	<u>7,903</u>	<u>123</u>
99.9 Total obligations.....	\$76,686	\$76,560	\$78,769	\$2,209

This table has been adjusted to reflect the move of rental payments to GSA, transportation subsidies, FSA, and health unit costs to OA for the Enterprise Services Initiative in order to display FY 2007 and FY 2008 on a comparable basis.

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Personnel Summary

Distribution by Program Activity of Full-time Equivalent Positions

	FY 2006 FTE <u>Actual</u>	FY 2007 FTE <u>Estimate</u>	FY 2008 FTE <u>Estimate</u>	FY07 to FY08 <u>Difference</u>
<u>Program Activity Structure</u>				
National Security Programs.....	62	65	65	0
General Government Programs.....	51	64	64	0
Natural Resource Programs.....	57	61	61	0
Human Resource Programs.....	66	67	67	0
Office of Federal Financial Management..	17	18	18	0
Information and Regulatory Affairs.....	50	50	50	0
Office of Federal Procurement Policy.....	11	14	14	0
OMB-Wide Offices*.....	<u>152</u>	<u>150</u>	<u>150</u>	<u>0</u>
Total Direct Program	<u><u>466</u></u>	<u><u>489</u></u>	<u><u>489</u></u>	<u><u>0</u></u>

Personnel Summary

	FY 2006 <u>Actual</u>	FY 2007 <u>Estimate</u>	FY 2008 <u>Estimate</u>	FY07/ FY08 <u>Difference</u>
Full-time Equivalent Employment	<u>466</u>	<u>489</u>	<u>489</u>	<u>0</u>

* 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 Classification
(Dollars in Thousands)

<u>FY 2007</u> <u>Estimate</u>	<u>FY 2008</u> <u>Estimate</u>		<u>Net</u> <u>Change</u>
\$61,322	\$63,408	<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 2006 pay adjustment and the anticipated FY 2007 pay adjustment. The aggregate OMB request also reflects the proposed move of the transit subsidy program and FSA administrative fees to the Enterprise Services Initiative.	\$2,086
\$318	\$318	<u>Travel and transportation of persons (21)</u> This category includes official travel, such as per diem, hotel, 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
\$365	\$365	<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
\$520	\$520	<u>Printing and reproduction (24)</u> This category includes printing and reproduction obtained from the private sector or from other Federal entities. There is no net change in this object class.	\$0

<u>FY 2007 Estimate</u>	<u>FY 2008 Estimate</u>		<u>Net Change</u>
\$5,312	\$5,312	<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. There is no net change in this object class.	\$0
\$588	\$588	<u>Supplies and materials (26)</u> This category includes general supplies, information technology (IT) 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 IT equipment, (e.g., printers and network devices), office furniture, and office equipment (e.g., photocopiers, facsimile machines). There is no net change in this object class.	\$0
\$68,780	\$70,866	Subtotal	\$2,086
<u>\$7,780</u>	<u>\$7,903</u>	Adjustment to Enterprise Services Initiative (a)	<u>\$123</u>
\$76,560	\$78,769	Total for all object classifications	\$2,209

a) This table has been adjusted to reflect the move of rental payments to GSA, transportation subsidies, FSA, and health unit costs to OA for the Enterprise Services Initiative in order to display FY 2007 and FY 2008 on a comparable basis.