



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

THE DIRECTOR

June 10, 1996

M-96-30

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM:

Alice M. Rivlin  
Director

SUBJECT:

FY 1998 Budget Planning Guidance

Agencies must begin planning for the President's FY 1998 Budget in spite of the substantial uncertainties that we face about FY 1997 funding levels. By September 9, agencies should submit to OMB their budget requests for discretionary programs for FY 1998 -- based on the FY 1998 discretionary budget authority and outlay amounts reflected in the FY 1997 Budget, adjusted for the outyear effects of appropriations enacted after the President transmitted the FY 1997 Budget. Agencies should make FTE employment consistent with their proposed funding levels and streamlining plans.

In the FY 1998 process, the President will have a chance to reassess FY 1998 funding levels for individual programs that were outlined in the FY 1997 Budget, while maintaining the yearly path for overall discretionary spending through 2002 that he had presented. He may, and in some cases undoubtedly will, choose to increase funding for critical programs, forcing him to reduce funding for others in order to meet the tight constraints required to reach a balanced budget. To give the President alternatives to make such choices, we must develop funding options below the FY 1998 targets in the FY 1997 Budget.

Thus, agencies should include information that explains how to reduce their spending from the FY 1998 estimates in the FY 1997 Budget, in terms of budget authority, by 5% and also by 10%. However, in cases in which agency planning guidance levels are clearly insufficient to support Presidential priorities and the agency has used all realistic offsets from non-priority programs, the agency also should provide justification for a higher funding level.

The Administration plans to propose full funding of fixed assets in the FY 1998 Budget. OMB will issue specific guidance covering full funding policy and requirements for the FY 1998 Budget as a supplement to OMB Circular A-11. We will expect agencies to identify additional budget authority required to implement full funding more broadly in their FY 1998 budget submissions to OMB. We will consider adjustments to planning guidance levels based on agency budget submissions.

We will forward to you, under separate cover, discretionary budget authority and outlay levels for FY 1998 that reflect this planning guidance.