

## SECTION 51—BASIC JUSTIFICATION MATERIALS

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Ex-51 Relationship of Programs to Account Structure

**Summary of Changes**

Includes requirements related to changes in receipts estimates and unobligated balances in liquidating accounts previously included in section 58 (sections 51.11 and 51.12).

Requires agencies to report on geospatial data acquisitions greater than \$1 million (section 51.13).

**51.1 Summary and highlight statement.****(a) Required information.**

You must prepare a summary and highlight statement (in the form of a transmittal letter from the head of the agency) that covers the budget submission of your agency. Summarize in this narrative the highlights of your agency's budget and related major legislative proposals. Identify the following:

- The broad policies and strategies proposed and the total amounts of discretionary and mandatory budgetary resources and FTE requested.
- The relationship of the policies, strategies, and resources requested to the implementation of the President's Management Agenda, including a summary of the specific actions and organizational changes the agency is proposing to achieve the Executive Branch Standards for Success.
- The relationship of the policies, strategies, and resources requested to the planning guidance for budgetary resources and for FTE provided by OMB.
- Significant proposed differences, if any, from current Administration policies.
- The most important program performance indicators and performance goals, including those that are positive and negative with respect to performance and that are the basis for the major proposed

policies. If OMB's spring guidance memorandum listed outcomes and related outputs for your agency, the letter should address them (see section [51.7](#)).

- The major management initiatives that will be used to monitor and evaluate program efficiency and effectiveness.
- Any significant proposals for changes in the current year budget, and the relationship of such changes to the budget year and outyear requests.
- Any significant proposals or changes in spending patterns for the five to ten year period beyond the budget year, and their relationship to outyear planning guidance and the policies proposed for the current and budget year.
- Particular emphasis should be given to describing the actions and associated costs needed to address the deficiencies in the agency's human capital management; for example, how to address mission critical skills gaps, or to restructure the agency to deploy more resources to front-line service delivery.

You must also include a listing of the budget authority and outlays and FTE requested through BY+4. Itemize this list by account showing proposed supplementals, pending supplementals, rescission proposals, and legislative proposals separately. Deduct offsetting receipts to arrive at the net amount of the agency request. In addition, include an analysis of outlay estimates reflected in your agency budget request, with the form and level of detail to be determined in consultation with the OMB representative.

Refer to sections 30 through 35 for general information and policies related to developing estimates and proposals and responsibilities in reporting data. Remember that development of your budget request and annual performance plan should be coordinated. (See section [220.8](#).)

(b) *Certification of obligations.*

[31 U.S.C. 1108\(c\)](#) requires the head of each Federal agency, in connection with submission of all requests for proposed appropriations to OMB, to certify that any statement of obligations furnished consists of valid obligations, as defined in [31 U.S.C. 1501\(a\)](#). The certification may be in the form of the following paragraph:

"As required by section 1108(c) of Title 31, United States Code, I am reporting that all statements of obligations furnished to the Office of Management and Budget in connection with the [name of agency] requests for proposed appropriations for the fiscal year 20[BY] consist of valid obligations as defined in section 1501(a) of that title."

You must furnish this certification no later than November 20th. You may include it in the summary and highlight statement or transmit it separately at a later date.

## **51.2 General requirements for justifying programs and financing.**

You must provide a written justification for each budget submission. You should determine specific informational requirements and formats in consultation with your OMB representative. You should reach agreement with your OMB representative on the form and specific content of the budget submission in the spring and summer preceding the budget submission.

Your request should be consistent with the funding levels included in policy guidance. If the request is not consistent with policy guidance, you must provide a summary display of what your budget request

would be at the policy guidance levels and the reasons why a budget request consistent with the guidance is not appropriate. In addition, you may be asked by your OMB representative to identify and discuss the implications of other funding levels.

Prepare your justification in concise, specific terms and cover all programs and activities of your agency. Use tables, charts, and graphs in lieu of or to supplement text. Prepare materials in a manner designed to provide all of the information that the you and OMB have agreed is necessary for OMB to understand and evaluate your agency's request and make its determinations.

You must identify the anticipated price level changes reflected in the financial resources required to finance each program level in your justification materials.

If you have funding requests for major capital asset acquisitions, follow the guidance in [Part 7](#) of this Circular. Additional guidance appears in the [Capital Programming Guide](#), which is published separately.

You are required to provide the following with the justification materials:

- An analysis of resources (see section [51.3](#)).
- Information on the relationship of the justification material to account structure (see section [51.4](#)).
- Information on agency workforce planning and restructuring to make the agency more citizen-centered (see sections [30.4](#) and [31.11](#)).
- Information on grant programs and infrastructure investment (see section [51.6](#)).
- Information on performance indicators and performance goals (see section [51.7](#)).
- Information on program evaluation (see section [51.9](#)).

At the discretion of OMB, you should include the following information for legislative proposals:

- Your estimates of the costs of implementing or administering proposed legislation.
- The assumptions underlying your estimates, including new work years, program outputs, and costs of inputs such as materials, contract costs or personnel costs. You should also include a discussion of alternative implementation strategies considered (e.g., contracting out versus in-house), and a discussion of any models used to develop your estimates.
- The budget category for the cost of implementation and administration of the legislative proposal along with a written justification for your selection.
- Productivity savings and/or offsets for these costs. You should also provide a discussion of the methods and assumptions underlying your estimates for productivity savings and offsets.

You should also include the following:

- A comparison of total program benefits and total program costs, using quantitative, objective data to the maximum extent possible, as well as qualitative or judgmental material.
- A comparison of the marginal benefits and the marginal costs associated with the additional funds or reduced funding proposed.

- Supporting information that takes into consideration agency and outside (e.g., think tanks, GAO, CBO, universities, interest groups) program evaluations and related analytic studies, whether or not they agree with the proposed policy.

At the discretion of your OMB representative, these requirements may be modified or alternative justification materials specified. It should be emphasized that late decisions on proposed law provisions for the budget will require flexibility in this process. Other materials may be requested by your OMB representative.

### **51.3 Analysis of resources.**

Use a tabular presentation to identify the financial and personnel resources required at the program levels under consideration.

Present resources required for PY and CY, as well as the estimated requirements for each funding option for BY through BY+4. If current year rescissions, deferrals, or supplementals are pending or proposed, identify these separately. A subsidiary breakdown of such items as personnel compensation, capital outlay, or other categories of special concern would be useful.

Generally, present financial data in terms of new budget authority and outlays. However, your OMB representative may require additional measures, such as unobligated balances and offsetting collections.

Express personnel requirements in terms of full-time equivalents (see section [32.1](#)). You must demonstrate that requests for FTE levels:

- Are an effective and efficient use of resources to meet program requirements;
- Are consistent with Administration policy;
- Are consistent with proposed funding levels;
- Can be justified in conjunction with requests for other resources;
- Comply with applicable laws (e.g., buyout offset requirements); and
- Are realistic in light of past, actual FTE usage.

Fully justify changes to the FTE levels in any year in terms of program management requirements. If you request an increase, prepare an analysis of agency-wide FTE that fully documents why FTE cannot be moved from another function to meet the identified need.

Describe budgetary resources and FTE requests in the context of your management plan for the programs and activities. Explain the analysis used to determine the resources needed to accomplish program and Administration goals, and demonstrate that all opportunities for making more efficient and effective use of resources have been explored.

### **51.4 Relationship of justification to account structure.**

Where the major programs in your justification materials do not coincide with the budget account structure, prepare a table to show the relationship. Arrange this table by program, with all relevant accounts and parts of accounts listed, showing budgetary resources (usually budget authority and outlays) in millions of dollars and FTE. Report programs that are mainly grants, contracts or other transfers of funds to entities other than your agency, related salaries and expenses accounts and parts of accounts, including allocations of overhead amounts. Use the format illustrated in [exhibit 51](#) unless an alternate format is agreed upon by you and your OMB representative. Where it is helpful to explain the coverage of the table or the relationship among accounts, prepare a short narrative to accompany the table. This

requirement only applies to major programs and activities. You should consult your OMB representative to ensure that you provide tables for appropriate activities and that you avoid unnecessary paperwork.

### **51.5 Agency restructuring or work process redesign.**

You should identify restructuring or process reengineering activities resulting from proposed and current investments in information technology that yield budgetary savings. Indicate how these activities allow your agency to utilize existing resources better while improving program management and service delivery.

### **51.6 Information on grant programs and infrastructure investment.**

Include copies of systematic economic analyses of expected benefits and costs completed in accordance with [Executive Order 12893](#). [OMB Bulletin No. 94-16](#) provides additional guidance on this Executive Order, including a listing of the accounts covered by the Order.

### **51.7 Performance indicators and performance goals.**

Your annual performance plan includes the performance goals and indicators for the fiscal year covered by your budget justification (see section [220](#)). Cabinet departments and selected major agencies have received spring guidance memoranda from OMB that include a list of several outcomes with related outputs. In their performance plan, these departments and agencies should provide integrated budget and performance information for the listed outcomes and outputs in sufficient detail to allow OMB to pass back both budget and performance levels. In addition, you may include in your budget justification additional relevant performance information to explain major program issues or resource requirements. Any additional performance information that you include in your justification materials must be consistent with the performance information in your agency's annual performance plan.

In addition, if you prepare annual financial statements, you should confirm, for the budget year, continuing use of the program performance indicators used in previous years' statements, and identify any new indicators you plan to use in these statements.

### **51.8 Other analytical information.**

Additional information may be required in budget justifications on the following:

- Workload analyses.
- Unit costs.
- Productivity trends.
- Impact of capital investment proposals on productivity.

Use productivity measurement, unit costs, and organizational performance standards to the maximum extent possible in justifying staffing and other requirements.

Include as a specific element in productivity improvement for activities of Federal staff the gains planned or being realized from streamlining, including reduction of unnecessary overhead, creative use of technology, and elimination of low priority tasks and programs.

You should also be prepared to provide information on the basis for distributing funds (e.g., formulas or principles for allocation, matching, policies regarding the awarding of loans, grants or contracts, etc.) and data on resulting geographic distribution (e.g., by State, etc.), with identification of any issues.

### **51.9 Information on program evaluation.**

Program evaluation is an important aspect of program planning and monitoring, assessing program results, and determining future funding levels. A program evaluation schedule, including the evaluation methodology to be used and the issues to be addressed, is included in your strategic plan. Changes to this schedule are included in an interim adjustment to your strategic plan. The interim adjustments to your strategic plan are appended to your annual performance plan. You should consult with your OMB representative as you develop your multi-year evaluation plans and agenda. (See section [210.7](#) on program evaluation in strategic plans, and section [222.2\(d\)](#) on program evaluations as part of an interim adjustment to a strategic plan.) Your annual program performance report includes a summary of any program evaluations completed during the past fiscal year (see section [231.9\(a\)](#)).

### **51.10 Explanations relating to supplemental appropriations requests.**

When you forecast the need for a program supplemental appropriation (see section [30.2](#)), you must prepare justification material in accordance with this section. Provide information indicating why the request was not included in the regular estimates for the period concerned and the reasons why it is considered essential that the additional appropriation be granted during the year. Submit proposals for offsets to be made elsewhere in your agency for both mandatory and discretionary resources along with your requests for supplementals, and indicate related FTE savings or requirements and appropriate financing changes. If the estimate is approved for later transmittal (rather than in the budget), you will be required to submit further justification of the supplemental estimate to OMB (see section [110.3](#)). Show the effect of requested supplementals in the appropriate portions of the justification material for the program elements affected.

### **51.11 Major changes in receipts estimates**

Provide narrative explanations for major changes from one fiscal year to the next in the amounts of receipts reported for any account, trends in receipt estimates for the related programs, and any other unusual circumstances relating to the estimates.

Advise OMB of increases in amounts reported to the Treasury Department accounts 1435.00 (General fund proprietary interest receipts, not otherwise classified) and 3220.00 (All other general fund proprietary receipts) when you expect that the amounts collected from a single source will exceed \$10 million in any year or when legislation is proposed that will affect any receipts reported to those accounts.

Make your explanations of legislative proposals consistent with your legislative program and outyear policy estimates (see section [30.2](#)). Cover the expected timing of enactment and the annual level of receipts anticipated.

### **51.12 Unobligated balances in liquidating accounts**

You must submit information justifying any unobligated balances you expect to carry forward into the current year (see section [185.3\(k\)](#)).

### **51.13 Geospatial data acquisitions**

Agencies must provide a list of all geospatial data acquisitions budgeted for FY 2004 that are greater than \$1 million for a specific program. For each such budget request, indicate whether or not the planned data buy will be in accordance with approved Federal Geographic Data Committee (FGDC) data standards. If the data buy will not be consistent with an approved FGDC standard, you must explain why not. You

must also document whether the planned data buy will be processed by a major system listed on the agency information technology investment portfolio ([see exhibit 53](#)).

In February 2003, agencies must post information on all geospatial data acquisitions in excess of \$1M planned for FY 2004 on the FGDC clearinghouse, characterized using the FGDC metadata standard, taking care to specify the geographic area and scale to which the data layer is proposed to be collected.

For the account ID, use the 2-digit Treasury agency code and 4-digit account symbol, transmittal code, fund type and subfunction code (see section 79).

DEPARTMENT OF GOVERNMENT (in millions of dollars)		
<u>Program by Bureau and Account</u>	<u>BY Estimate</u>	
	<u>BA</u>	<u>Outlays</u>
<div style="border: 1px solid black; padding: 5px; display: inline-block; margin-bottom: 10px;">Budget request for the program.</div>		
<b>BUREAU OF HOSPITAL CARE</b>		
Mental health (16-2361-0-1-531):		
Grants to community health centers.....	160	158
Construction of mental hospitals.....	120	105
Total, mental health.....	280	263
<b>BUREAU OF WATER QUALITY</b>		
Water resources control (16-2650-0-1-301):		
Water enforcement.....	14	14
Water quality standards setting, planning, assistance, and training.....	44	47
Water research and analysis.....	24	23
Total, Water resources control.....	82	84
<b>OFFICE OF THE SECRETARY</b>		
Salaries and expenses (16-1166-0-1-755):		
Budgetary and financial administration and service.....	1	1
General management of hospital construction.....	2	2
Total, Salaries and expenses.....	3	3

Budget request for the program.

These amounts represent the budget request for the account and the estimated outlays.

This overhead activity supports the program to construct mental hospitals.