

Executive Office of the President



Office of Management and Budget

Fiscal Year 2010 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OMB derives its basic authority from Title 31 of the U.S. Code, based on provisions originally enacted in the Budget and Accounting Act of 1921, as amended.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.

Organizational Responsibilities

OMB plays a pivotal role in developing and supporting the President's management, budget, and legislative agenda. OMB components 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, OMB staff 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 Support Offices. Under the direction of the OMB Director and Deputy Directors, the OMB-Wide Support Offices provide executive direction and coordination for all OMB activities. These offices include: Communications and Strategic Planning; General Counsel; Legislative Affairs; Economic Policy; Management and Operations; Legislative Reference; Budget Review; and Performance and Personnel Policy.

OMB-wide support offices provide overall leadership for the agency's activities; develop instructions and procedures for a wide range of management, legislative, legal, economic, budgetary, operational, 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; Education, Income Maintenance, and Labor; and Health Programs. RMOs examine agency budget requests, programs, regulatory and legislative proposals, and management activities in order to assure consistency with the President's policies and coordination among Federal agencies. These divisions are the core source of expertise on all matters pertaining to the programs and operations of Federal departments and agencies.

Office of Federal Financial Management (OFFM). OFFM is responsible for preparing 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.

Office of Information and Regulatory Affairs (OIRA). OIRA is responsible for reviewing collections of information imposed on the public; provides guidance concerning the acquisition, use and management of Federal information resources; coordinates policy direction on Federal statistical activities; and implements executive regulatory oversight activities under Executive Order 12291 (Federal Regulation) and Executive Order 12498 (Regulatory Planning Process).

Office of Federal Procurement Policy (OFPP). OFPP provides overall direction of procurement policies, regulations, and procedures for Executive agencies. It prescribes Government-wide procurement policies to be implemented in the Federal Acquisition Regulation (FAR) and provides leadership and coordination in the formulation of Executive branch positions on procurement and procurement related legislation. The Cost Accounting Standards Board (CASB), an entity within OFPP, exercises the authority to make, promulgate, amend, and rescind cost accounting standards.

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 Presidential E-Government initiatives, including 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.

Overview

For fiscal year (FY) 2010, the estimated funding requirement for OMB is \$92,687,000 and a full-time equivalent (FTE) level of 528. The FY 2010 request represents an increase of \$4,715,000, or 5.4 percent, from the FY 2009 enacted level of \$87,972,000. The proposed staffing level of 528 FTE is the same staffing level as provided in FY 2009.

FY 2010 Estimate

The FY 2010 estimate reflects a net increase for personnel of \$4,529,000 above the enacted FY 2009 budget level. Of this increase, \$2,903,000 is needed to annualize the cost of new FTE provided in FY 2009 and were funded for half of the fiscal year. The remaining increase of \$1,626,000 funds the January 2009 and January 2010 pay and benefit adjustments.

The OMB FY 2010 budget request proposes a non-pay inflationary adjustment of \$79,000 (e.g., Rent to GSA (\$39,000), Communications, Utilities, and Misc. Charges (\$3,000), Printing and Reproduction (\$2,000), Other Contractual Services (\$28,000), Supplies and Materials (\$3,000), and Equipment (\$4,000)). The OMB request also annualizes the cost for monthly blackberry fees (\$97,000) and fully funds MAX Budget System base operation and maintenance costs (\$365,000). The OMB request reflects a reduction of \$355,000 for office furniture and equipment.

**Executive Office of the President
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Proposed Appropriation Language

For necessary expenses of the Office of Management and Budget, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109 and to carry out the provisions of chapter 35 of title 44, United States Code, [\$87,972,000] \$92,687,000, of which not to exceed \$3,000 shall be available for official representation expenses[: Provided, That none of the funds appropriated in this Act for the Office of Management and Budget may be used for the purpose of reviewing any agricultural marketing orders or any activities or regulations under the provisions of the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601 et seq.): Provided further, That none of the funds made available for the Office of Management and Budget by this Act may be expended for the altering of the transcript of actual testimony of witnesses, except for testimony of officials of the Office of Management and Budget, before the Committees on Appropriations or their subcommittees: Provided further, That none of the funds provided in this or prior Acts shall be used, directly or indirectly, by the Office of Management and Budget, for evaluating or determining if water resource project or study reports submitted by the Chief of Engineers acting through the Secretary of the Army are in compliance with all applicable laws, regulations, and requirements relevant to the Civil Works water resource planning process: Provided further, That the Office of Management and Budget shall have not more than 60 days in which to perform budgetary policy reviews of water resource matters on which the Chief of Engineers has reported: Provided further, That the Director of the Office of Management and Budget shall notify the appropriate authorizing and appropriating committees when the 60-day review is initiated: Provided further, That if water resource reports have not been transmitted to the appropriate authorizing and appropriating committees within 15 days after the end of the Office of Management and Budget review period based on the notification from the Director, Congress shall assume Office of Management and Budget concurrence with the report and act accordingly].

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**Summary Change to Object Class
(S in thousands)**

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimated
Total, Direct Obligations.....	77,909	87,972	92,687
Full-Time Equivalent Level.....	474	528	528

The increases and/or decreases for FY 2010 are as follows:

FY 2009 enacted level.....			87,972
Net increases to FY 2009 enacted level			
Personnel Compensation & Benefits.....		4,529	
Rental Payments to GSA.....		39	
Comm., Utilities & Misc. Charges.....		100	
Printing and Reproduction.....		2	
Other Contractual Services.....		393	
Supplies and Materials.....		3	
Subtotal, increases to FY 2009 enacted level.....			5,066
Net decreases to FY 2009 enacted level:			
Equipment.....		-351	
Subtotal, decreases to FY 2009 enacted level.....			-351
FY 2010 estimated level.....			92,687

**Executive Office of the President
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**Object Class
(\$ in thousands)**

Object Class and Title	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimated	FY09/FY10 Difference
10 Personnel Compensation & Benefits.....	63,309	71,231	75,760	4,529
21 Travel & Transportation of Persons.....	312	388	388	0
22 Transportation of Things.....	2	2	2	0
23.1 Rental Payments to GSA.....	7,031	7,070	7,109	39
23.3 Comm., Utilities & Misc. Charges.....	532	518	618	100
24 Printing and Reproduction.....	290	520	522	2
25 Other Contractual Services.....	5,585	6,829	7,222	393
26 Supplies and Materials.....	483	606	609	3
26 Official Entertainment.....	0	3	3	0
31 Equipment.....	365	805	454	-351
Total, Direct Obligations.....	<u>77,909</u>	<u>87,972</u>	<u>92,687</u>	<u>4,715</u>
99 Reimbursement.....	1,410	325	0	
Total.....	<u>79,319</u>	<u>88,297</u>	<u>92,687</u>	

**Executive Office of the President
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Personnel Summary

Distribution by Program Activity of Full-time Equivalent Positions

	FY 2008	FY 2009	FY 2010	FY09/FY10
	<u>Actual</u>	<u>Enacted</u>	<u>Estimated</u>	<u>Difference</u>
<u>Program Activity Structure</u>				
National Security Programs.....	60	65	65	0
General Government Programs.....	54	62	62	0
Natural Resource Programs.....	60	62	62	0
Human Resource Programs.....	65	--	--	0
Health Programs.....	--	48	48	0
Education/Income Maintenance/Labor Programs.....	--	33	33	0
Office of Federal Financial Management.....	20	20	20	0
Information and Regulatory Affairs.....	48	45	45	0
Office of Federal Procurement Policy.....	14	16	16	0
OMB-Wide Offices*.....	153	177	177	0
Total Direct Program	<u>474</u>	<u>528</u>	<u>528</u>	<u>0</u>

Personnel Summary

	FY 2008	FY 2009	FY 2010	FY09/FY10
	<u>Actual</u>	<u>Enacted</u>	<u>Estimated</u>	<u>Difference</u>
Full-time Equivalent Employment	474	528	528	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; Management and Operations Division; Performance and Personnel Management Division; the Legislative Reference Division; the Budget Review Division; and the Office of E-Gov and IT.

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

FY 2009 Enacted	FY 2010 Estimate		Net Change
71,231	75,760	<p><i>Personnel Compensation and Benefits (10)</i> This object class includes salaries, terminal leave, premium pay, reimbursable detailees, assignments under the Intergovernmental Personnel Act, and all employee benefits.</p> <p>The increase in this object class represents the cost to annualize increased FTE levels provided in FY 2009 and the anticipated FY 2010 pay adjustment.</p>	4,529
388	388	<p><i>Travel and Transportation of Persons (21)</i> This object class includes official travel, such as per diem, hotel and transportation, auto rental, and local transportation.</p> <p>There is no net change in this object class.</p>	0
2	2	<p><i>Transportation of Things (22)</i> This object class includes commercial express delivery as well as freight and other shipping charges.</p> <p>There is no net change in this object class.</p>	0
7,070	7,109	<p><i>Rental Payments to GSA (23.1)</i> This category includes payments to the General Services Administration (GSA) for rental of space and rent related services.</p> <p>Provides for an inflationary adjustment.</p>	39

FY 2009 Enacted	FY 2010 Estimate		Net Change
518	618	<p><i>Communications/Utilities/Miscellaneous Charges (23.3)</i> This object class includes data, voice, and wireless communications from Federal and commercial sources, as well as utilities, postage, and miscellaneous rental charges.</p> <p>Provides resources for monthly blackberry fees (\$97) and an inflationary adjustment (\$3).</p>	100
520	522	<p><i>Printing and Reproduction (24)</i> This object class includes printing and reproduction obtained from the private sector or from other Federal entities.</p> <p>Provides for an inflationary adjustment.</p>	2
6,829	7,222	<p><i>Other Contractual Services (25)</i> This object class includes advisory and assistance services, other purchases of goods and services from Government accounts, operations and maintenance of facilities, research and development contracts, medical care, operations and maintenance of equipment, or subsistence and support of persons.</p> <p>Funds MAX Budget System base operation and maintenance costs (\$365) and an inflationary adjustment (\$28).</p>	393
606	609	<p><i>Supplies and Materials (26)</i> This object class includes general supplies, information technology (IT) supplies, newspapers, and magazine subscriptions, and Government publications.</p> <p>Provides for an inflationary adjustment.</p>	3
3	3	<p><i>Official Entertainment (26)</i> Estimate provides official reception and representation for OMB.</p> <p>There is no net change in this object class.</p>	0

<u>FY 2009 Enacted</u>	<u>FY 2010 Estimate</u>		<u>Net Change</u>
805	454	<i>Equipment (31)</i> This object class 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, and telephones.	-351
		Reflects a reduction for furniture/equipment (-\$355) and an inflationary adjustment (\$4).	
87,972	92,687	Total for all Object Classes	4,715

Partnership Fund for Program Integrity Innovation

The Budget proposes to establish the Partnership Fund for Program Integrity Innovation. Under this initiative, \$175 million would be appropriated to an account within the Executive Office of the President, to be administered by OMB.

The purpose of the Partnership Fund for Program Integrity Innovation is to reduce error and improve efficiency and service in Federal assistance programs administered by States. Many State-administered programs operate independently of each other yet serve similar low-income populations. In addition, Federal and State officials responsible for improving program services often work independently of those responsible for program oversight and reducing improper payments. Through modern technology, solutions can be found that simultaneously support multiple objectives of improving program integrity through reduction in error, improving administrative efficiency, and improving service to eligible beneficiaries.

Under this initiative, OMB would chair a council that would bring the expertise of Federal and State program and management officials together to discuss the most promising strategies for meeting this initiative's objectives. OMB, in partnership with stakeholders, would develop methodologies for objectively assessing the pilots' impact. To be eligible for funding, each pilot must demonstrate that it has the potential to result in more than one dollar in savings from reduced administrative costs and net overpayments for each dollar spent on the pilot, measured on a unit cost basis. Proposals that achieve savings primarily by reducing the participation of eligible beneficiaries would not be considered.

Pilots would be ranked based on their potential impact on the following factors: reductions in error (both over- and under-payments), using the measure which OMB reports under the Improper Payments Information Act; improved administrative efficiency, as measured by the unit costs of delivering benefits to eligible beneficiaries, and improved service to eligible beneficiaries, to be measured by surveys of eligible beneficiaries.

Highly rated pilots would be divided into two categories: pilots likely to increase total Federal costs, which could include pilots that simplify application processes or standardize eligibility criteria across programs in ways likely to result in increased enrollment of beneficiaries that will raise costs more than the savings achieved through error reduction and administrative efficiency. The second category is pilots likely to reduce total Federal costs: this category would include pilots that do not significantly expand the number of eligibles receiving benefits. It would include pilots to expand data-sharing across States to determine program eligibility or continued eligibility. OMB would develop estimates of the cost impact of the various pilot proposals and make sure that, in the aggregate, the net effect of the pilots selected for funding would save at least as much as the cost to the Federal government.

Results of the pilots would be carefully evaluated on each of the measures above. Independent evaluations are a critical component of this initiative and OMB would work with agencies to find the best methods of evaluating these pilots. Results of the evaluations would be shared with States and Federal policymakers and administrators.

Proposed Appropriation Language

Partnership Fund for Program Integrity Innovation

To execute the Partnership Fund for Program Integrity Innovation, \$175,000,000, to remain available until September 30, 2012: Provided, That these funds may be transferred by the Director of the Office of Management and Budget to appropriate agencies to carry out Partnership Fund for Program Integrity Innovation pilot projects: Provided further, That, with respect to the first proviso, any transfers are contingent upon the Director of the Office of Management and Budget determining that the pilot projects (1) address programs that have a substantial state role in eligibility determination or administration, (2) in aggregate, save at least as much money as they cost, (3) demonstrate the potential to streamline administration and/or strengthen program integrity, and (4) do not achieve savings primarily by reducing the participation of eligible beneficiaries: Provided further, That the Director of the Office of Management and Budget shall submit a progress report to Congress no later than September 30, 2010, and progress reports annually thereafter for the next four years: Provided further, That the funds may be used for grants, contracts, and cooperative agreements as well as for the administrative costs of carrying out the pilot projects.