




EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
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MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Peter R. Orszag 
Director, Office of Management and Budget

Rahm Emanuel 
Chief of Staff

SUBJECT: Identifying Low-Priority Agency Programs

The American people deserve a government that spends every taxpayer dollar with as much care as taxpayers spend their own dollars—where money is spent not out of inertia, but only when it contributes to achieving a clear national priority. That is why we are asking all agencies to take a hard look at their spending and identify those programs that are least critical to advancing their agency missions.

Since taking office, the Administration has made a priority of identifying and cutting unnecessary and wasteful spending, proposing approximately \$20 billion of terminations, reductions, and savings both for Fiscal Year (FY) 2010 and 2011. While recent administrations have seen between 15 to 20 percent of their proposed discretionary cuts approved by Congress, we worked with Congress to enact 60 percent of proposed discretionary cuts for FY 2010.

But we must do more.

We face extraordinary challenges—jump-starting our economy, rebuilding our infrastructure, transforming our energy supply, educating our children, safeguarding our men and women in uniform, and achieving diplomatic and military success overseas.

At the same time, our Nation's finances are on an unsustainable course, and it is imperative that we restore fiscal responsibility. That is why the Administration has proposed a three-year freeze in non-security discretionary funding. It is also why we are committed to cutting wasteful security spending and redirecting those dollars to protect our country and our troops.

The bottom line is that we do not have the luxury of simply spending more; we must continually review all spending to make certain every dollar addresses a clear need or problem. We can no longer afford the old way of doing business here in Washington. As described below, the President is asking for a renewed effort to go through your budget line by line with a critical eye to target programs that are not the best use of taxpayer dollars.

ACTIONS

Your agency is required to identify the programs and subprograms that have the lowest impact on your agency's mission and constitute at least five percent of your agency's discretionary budget. This information should be included with your FY 2012 budget submission, but is a separate exercise from the budget reductions necessary to meet the target for your agency's FY 2012 discretionary budget request.

- **Criteria for evaluation.** Your agency should evaluate programs based on their impact on your agency's mission and relevant Presidential initiatives. In doing so, your agency should consider whether the program has an unclear or duplicative purpose, uncertain Federal role, completed mission, or lack of demonstrated effectiveness. For this exercise, you should disregard statutory, regulatory, or administrative challenges to actually eliminating or reducing a program, and focus purely on the extent to which the program advances your agency's mission.
- **Five percent target.** Your agency should identify discretionary programs and subprograms that constitute at least five percent of your agency's FY 2010 discretionary appropriations as enacted (excluding emergency or supplemental funding and funding for Overseas Contingency Operations).
- **Scope.** All agencies are required to undertake this review, including both security and non-security agencies. While mandatory programs are excluded from the five percent total, we encourage your agency to separately list low-impact mandatory programs as part of the submission.
- **Unit of evaluation.** To reach the five percent target, your agency should identify: (1) entire programs or subprograms; or (2) substantial cuts amounting to at least 50 percent of total spending within a program or subprogram. The intent of this exercise is to identify those *programs* with the lowest impact on your agency's mission; you should not meet your agency's five-percent low-priority program target with across-the-board reductions or incremental savings in administrative costs.
- **Justification.** For each program or subprogram listed, your agency should include a brief explanation for why it is among the lowest-impact in your agency, with reference to your agency's mission, strategic plan, and the evaluation criteria described above.

Please include the requested information as a separate section in your FY 2012 budget submission, due to OMB on September 13, 2010. In addition to the above information, please specify whether the programs or subprograms listed are proposed for termination or reduction in your FY 2012 discretionary budget request.