

# M-03-10, Planning for the President's FY 2005 Budget Request

April 25, 2003

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MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Mitchell E. Daniels, Jr.  
Director

SUBJECT:  
Planning for the President's Fiscal Year 2005 Budget Request

This memorandum provides general funding level and program performance guidance for preparation of the President's Fiscal Year (FY) 2005 Budget.

As part of the war against terrorism, we have requested and achieved record funding levels to meet homeland and national security requirements. We should constantly look for ways to save the taxpayers money, but it is particularly important to restrain the growth in spending when we need to meet these new priorities during a period of unprecedented pressures on the Federal budget.

You are being asked to develop a budget for FY 2005 that is within the FY 2005 levels included in the FY 2004 Budget for your agency. Please ensure that your submission includes aggressive implementation of the President's Management Agenda within these guidance levels and that any discretionary or mandatory increases or amounts for new initiatives are offset within your totals by reductions in lower priority or ineffective programs. Submissions are due to the Office of Management and Budget (OMB) by September 8, 2003.

The President's Management Agenda remains a top priority. OMB will continue to work with agencies to monitor your status and progress on both the Executive Branch Management Scorecard and the Program Initiative Scorecard.

The Management Agenda includes a budget and performance integration initiative. For the fiscal year 2005 Budget submission, the performance plan required by the Government Performance and Results Act should be incorporated into the agency budget request and Congressional budget justification, eliminating a separate report. Further, we expect agencies to meet the long-standing goal to submit budgets that align resources with performance measures.

Last year we established the Program Assessment Rating Tool (PART) and published evaluations for 234 programs. This year we will monitor agency implementation of recommendations made as a result of last year's PART assessments, with particular attention to those programs rated "Results Not Demonstrated," and evaluate and publish assessments for an additional 20 percent of programs using the PART.

The OMB Resource Management Offices have been consulting with agencies to identify new programs and begin the PART assessments (a list of the new programs for your agency will be provided under separate cover). Most of the assessment work should be completed by mid-June so that the results can inform your budget deliberations and September submission. The PART findings should be incorporated in your September budget request so that it is clear how performance will be improved, deficiencies will be addressed, and resource requests are related to effectiveness ratings.

To further strengthen information technology (IT) and E-Government efforts, agencies should ensure that IT budget information is fully integrated with each September budget request justification, demonstrate solid business cases for IT projects, and identify all IT investments within their budget request. Agencies should work to get projects off the 2004 at-risk list by addressing weaknesses in areas that include security and project management. Because agencies are required to create and manage department-wide IT programs for office automation, infrastructure, and telecommunication, IT investments in these areas should be coordinated through an agency-wide process and reported in September as a single business case for the department.

Finally, each agency must contribute to the Presidential E-Government initiatives, as outlined under the 2004 Budget. Under separate cover, OMB will provide each agency's funding or other resource requirements for participation in the Presidential E-Gov Projects, consistent with requirements under the E-Government Act of 2002.

I look forward to working with you as we develop the President's Budget for FY 2005.