

# **Executive Office of the President**



## ***Office of Management and Budget***

**Fiscal Year 2014 Budget**



# **Executive Office of the President Office of Management and Budget**

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## **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. As a core part of its mission (and working with the White House and Federal agencies), OMB develops the President's budget proposals, submits the President's Budget to Congress and supports its enactment, and oversees the Executive Branch's implementation of the enacted appropriations (including through the apportionment of funds). The agency is committed to improving the effectiveness and efficiency of Government programs and rules. OMB ensures agencies develop, express, and implement policies and practices in accordance with the President's priorities and statutory direction.

OMB derives its basic authority from Title 31 of the U.S. Code, based on provisions originally enacted in the Budget and Accounting Act of 1921, as amended.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 provided the first comprehensive national budget system and established the Bureau of the Budget (the Bureau), the precursor to OMB, in the Department of the Treasury. The Act 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 illustrates OMB work in budget and policy development; budget and policy enactment; and budget and policy implementation:

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Budget and policy development - Every year, OMB staff are involved in the development of new program policies, from inception of policy options, to analysis of options for inclusion in the budget, the State of the Union address, and other occasions. Each new program or 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 the Congress to enact the President's Budget and legislative programs and responding to congressional inquiries. OMB works to ensure 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 the development of initial regulations and program guidance, program implementation and management, data reporting and analysis, long range evaluation and research designs, and analysis to inform future policy making more effectively.

Management and performance - OMB develops and executes a Government-wide management agenda that includes information technology, financial management, procurement, performance, and human resources. In this capacity, OMB oversees agency management of programs and resources to improve efficiency and achieve legislative goals and Administration policy. It also oversees agency program evaluation activities to determine their net effects, success or failure, and how agencies respond to these findings by making management improvements and developing new budget and policy proposals.

The following is a brief summary of the functions of each of the offices within OMB:

Resource Management Offices (RMOs) - RMOs examine agency budget requests, programs, regulatory and legislative proposals, and management activities in order to assure consistency with the President's policies, coordination among Federal agencies, and effective implementation of enacted legislation. The RMOs are: National Security Programs; General Government Programs; Natural Resource Programs; Education, Income Maintenance, and Labor Programs; and Health Programs. These divisions are the core source of expertise on all matters pertaining to the programs and operations of Federal departments and agencies.

Office of Information and Regulatory Affairs (OIRA) - OIRA reviews 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 12866 (Regulatory Planning and Review) and Executive Order 13563 (Improving Regulation and Regulatory Review).

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Office of Federal Financial Management (OFFM) - OFFM prepares 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 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 and provides leadership and coordination in the formulation of Executive branch positions on procurement and procurement-related legislation. The Cost Accounting Standards Board, an entity within OFPP, exercises the authority to make, promulgate, amend, and rescind cost accounting standards.

Office of E-Government and Information Technology (E-Gov) - E-Gov leads Government-wide IT policy and oversight activities designed to: maximize the return on investment in Federal IT; drive innovation to meet customer needs; and secure and protect the Government's data. E-Gov provides oversight and guidance on agency IT investments, and on agency management and execution of these investments. E-Gov also provides direction and management support to Presidential E-Gov 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. E-Gov leverages its resources by working closely with the Federal Chief Information Officers Council.

OMB-Wide Support Offices - 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; Performance and Personnel Management; and the Intellectual Property Enforcement Coordinator. 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.

### **Overview**

For fiscal year (FY) 2014, the estimated funding requirement for OMB is \$93,397,000 and a full-time equivalent (FTE) level of 506. This request is \$3,941,000 (or +4.4 percent) above the FY 2012 enacted appropriation of \$89,456,000. The proposed staffing level for FY 2014 represents no change from the FY 2012 enacted level.

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### FY 2014 Estimate

OMB is requesting a total increase of \$3,941,000 (or +4.4 percent) from the FY 2012 enacted level.

**Salaries and Benefits (+\$3,349,000).** This will allow OMB to maintain a staffing level of 506 FTE in FY 2014, which is the same staffing level as enacted in FY 2012. Maintaining this staffing level is necessary for OMB to continue its work on developing and executing the President's Budget and overseeing the performance of Federal agencies. In recent years, OMB's staffing levels declined significantly while, at the same time, Congress has made OMB the responsible agency for the implementation of major pieces of legislation such as the Statutory Pay-As-You-Go Act of 2010 (P.L. 111-139), the GPRA Modernization Act of 2010 (P.L. 111-352), and the Budget Control Act of 2011 (P.L. 112-25).

**Rent (+\$174,000).** This will fund anticipated cost increases in GSA rental payments to maintain existing OMB office space; additional office space is not requested.

**Information Technology (+\$363,000).** This will fund anticipated cost increases associated with Information Technology contractor support. This includes desktop support for current OMB staff as well as contractor support for the MAX Information System, which is used to support OMB's Government-wide management and budget processes.

**Training (+\$55,000).** This will allow OMB to implement a Senior Executive Service (SES) Candidate Development Program (CDP). Anticipated retirements and attrition of senior career leadership over the next several years necessitates that OMB begin building a pipeline of qualified individuals who can fill managerial and supervisory positions. The resources for a CDP will allow OMB to identify emerging leaders and provide a structured development program to ensure candidates have the appropriate business acumen, results-driven decision-making, and coalition building skills to lead the agency.

### Appropriations Language

#### Salaries and Expenses

*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, \$93,397,000, of which not to exceed \$3,000 shall be available for official representation expenses.*

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**Summary Change to Object Class  
(\$ in thousands)**

A summary of requirements is shown below:

	FY 2012 Enacted	FY 2013 CR	FY 2014 Estimate
Total.....	89,456	90,003	93,397

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***The increases and/or decreases for FY 2014 are as follows:***

FY 2012 Enacted level ..... **89,456**

Net increases to FY 2012 Enacted level:

Personnel Compensation & Benefits.....	3,349
Rental Payments to GSA.....	174
Other Contractual Services.....	<u>418</u>

Subtotal, increases to FY 2012 Enacted level..... **3,941**

Net decreases to FY 2012 Enacted level:

Subtotal, decreases to FY 2012 Enacted level..... **0**

FY 2014 Estimate..... **93,397**

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*Note: A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the amounts included for FY 2013 reflect the annualized level provided by the continuing resolution (P.L. 112-175).*

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**Object Class  
(\$ in thousands)**

Object Class and Title		FY 2012 Enacted	FY 2013 CR	FY 2014 Estimate	FY12/FY14 Difference
10	Personnel Compensation & Benefits.....	74,418	74,703	77,767	3,349
21	Travel & Transportation of Persons.....	268	268	268	0
22	Transportation of Things.....	2	2	2	0
23.1	Rental Payments to GSA.....	7,033	7,102	7,207	174
23.3	Comm., Utilities & Misc. Charges.....	603	603	603	0
24	Printing and Reproduction.....	167	167	167	0
25	Other Contractual Services.....	6,027	6,220	6,445	418
26	Supplies and Materials.....	416	416	416	0
26	Official Entertainment.....	3	3	3	0
31	Equipment.....	519	519	519	0
	Total.....	<u>89,456</u>	<u>90,003</u>	<u>93,397</u>	<u>3,941</u>
99	Reimbursement.....	0	100	0	
	Total.....	<u>89,456</u>	<u>90,103</u>	<u>93,397</u>	

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*Note: A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the amounts included for FY 2013 reflect the annualized level provided by the continuing resolution (P.L. 112-175).*



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**Personnel Summary**

**Distribution by Program Activity of Full-time Equivalent Positions**

	FY 2012 Enacted	FY 2013 CR	FY 2014 Estimate	FY12/FY14 Difference
<u>Program Activity Structure</u>				
National Security Programs.....	62	61	64	2
General Government Programs.....	56	56	58	2
Natural Resource Programs.....	57	56	58	1
Health Programs.....	41	42	44	3
Education, Income Maintenance, and Labor Programs.....	32	31	32	0
Office of Federal Financial Management.....	17	17	18	1
Information and Regulatory Affairs.....	46	44	44	-2
Office of Federal Procurement Policy.....	18	15	16	-2
OMB-Wide Offices*.....	177	172	172	-5
Total Direct Program.....	506	494	506	0
Recovery Implementation Office.....	1	1	0	-1
Total Program.....	507	495	506	-1

**Personnel Summary**

	FY 2012 Enacted	FY 2013 CR	FY 2014 Estimate	FY12/FY14 Difference
Full-time Equivalent Employment (OMB)	506	494	506	0

*\*OMB-Wide Offices includes the Director's Office; the Deputy Director; the Deputy Director for Management; the Executive Associate Director; Intellectual Property Enforcement Coordinator; Communication and Strategic Planning; 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.*

## Executive Office of the President Data-Driven Innovation

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### Overview

For FY 2014, the Budget includes \$14 million for Data-Driven Innovation. This fund will use data and evidence to improve results and efficiency of government operations and programs through strategic investments in cross-agency projects, combining the strengths of the Integrated, Efficient, Secure, and Effective Uses of Information Technology Fund and lessons learned from the Partnership Fund for Program Integrity Innovation.

The Data-Driven Innovation fund's two objectives are:

- 1) Reduce waste, duplication and mitigate cybersecurity threats in the management of Federal information technology (IT), and
- 2) Get better results at lower cost across high-priority government activities, by developing and institutionalizing new grant-making program models and evidence-building tools

### **Information Technology Management**

Since FY 2012, the Executive Office of the President's appropriation has included funding for Integrated, Efficient, and Effective Uses of Information Technology (IEEUIT). IEEUIT has provided the government with a strategic centralized resource designed to enhance and accelerate the Administration's efforts to achieve better efficiency and effectiveness from the Federal Government's investments in information technology (IT). Under direction of the Federal Chief Information Officer, this fund has built enhanced analytical capabilities and oversight over agency IT management; and increased transparency and accountability, aimed at maximizing the government's return on investment (ROI) in IT. Since its inception, there has been \$489.1 million in cost savings and cost avoidance resulting from Federal IT reforms. For FY 2014, the defining activities of IEEUIT would be to support the Information Technology Management objective within the Data-Driven Innovation funding.

Resources for this continued objective are applied in several areas:

- **Expert Resources.** A core staff of experts provides support to the Office of Management and Budget (OMB) in conducting Government-wide IT management oversight. Core staff concentrate on coordination and subject matter expertise in the areas of investment analysis, addressing OMB's review and follow-up on corrective actions plans and outcomes from TechStat sessions, and the measurement of investment performance.
- **IT Dashboard.** Enhancements to the IT Dashboard (focused on improved data quality, integrating new inputs, and implementing new analytical tools) are regularly introduced as part of an annual cycle of improvements in Government-wide IT project oversight. With the increases in transparency afforded by IT Dashboard enhancements, the Federal CIO will continue to identify underperforming and duplicative investments in 2014. Core staff, by leveraging the data provided through the IT Dashboard, will be able to expand both the number and the depth of TechStat reviews, holding agencies more accountable for their investments, and reviewing performance at a more granular level. Through this process, the government will strengthen its capability to anticipate performance issues during the early

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### Data-Driven Innovation

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stages of agencies' IT investment execution. The rate of return for IT spending will be increased as poorly performing investments are required to take remedial action or are terminated. Increased oversight and improved analytics may also drive new guidance and measurement tools for managing the use of shared services across the Federal Government.

- **Infrastructure Optimization.** Under the direction of the Data Center Task Force in FY 2011, future potential cost reductions in the government's IT infrastructure operations were first identified. In FY 2012 and FY 2013, relying on staff support through this funding, efforts have ramped up on agency implementations to optimize IT infrastructure costs. This emphasis on efficiencies in agency infrastructure spending will be expanded to address other key efficiency elements, including the adoption of mobile and cloud-computing technologies, an increased emphasis on strategic sourcing, and other areas where efficiencies in the acquisition of IT as a commodity can be realized.
- **New Cybersecurity Responsibilities.** For FY 2014, additional funding will provide OMB with an increased capacity for improved oversight of cybersecurity initiatives across the Federal Government, through better integration of data related to cybersecurity with other data used in its oversight of agencies' IT investments. The increasing challenges of managing all elements of the Administration's comprehensive cybersecurity strategy will, through funding provided for this initiative, be addressed with the same rigor that is currently applied to oversight of agencies' performance on IT investments with respect to adherence to cost and schedule baselines, and delivery of required functionality.

#### FY 2014 Estimate

For FY 2014, the estimated funding requirement for Information Technology Management is \$8,000,000 and 5 FTE, which is \$3,000,000 and 4 FTE above the FY 2012 enacted appropriation of \$5,000,000. The increased resources will focus on strengthening the implementation of existing policies, and expanding the use of tools to enhance cybersecurity oversight, to better coordinate cybersecurity-related activities across the Government.

#### **Evidence-Based Innovation**

Today's imperative to achieve higher-performing, more cost-efficient government requires a strong focus on measuring and improving program outcomes. Critical to that goal must be a strengthened effort to advance results-focused and evidence-based practices across Federal agencies and within Federally funded State and local programs. FY 2014 funding for Data-Driven Innovation funding would include Evidence-Based Innovation, which builds on the defining principles of the Partnership Fund for Program Integrity Innovation (Partnership Fund) and existing work with agencies to strengthen evidence-based policy. This funding will support expert resources to coordinate across agencies, oversee learning networks for cross-cutting policies and strategies, and provide subject matter expertise to help agencies better use evidence to support outcome-focused Government.

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### Data-Driven Innovation

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The purpose of this funding is to increase cost-effectiveness and return on investment across government programs through three strategic objectives:

- 1) Driving existing resources to evidence-based practices to achieve better results per dollar and generate long-term savings.
- 2) Catalyzing measurable agency performance improvements.
- 3) Accelerating learning and creating conditions for cost-effective change at all levels of government.

In addition, Evidence Based Innovation will fund targeted projects to demonstrate results or test replicable approaches that apply beyond a single agency, program, or level of government. Importantly, projects will develop metrics to capture contributions to improving results for the public. Examples of projects include:

1. **Driving existing resources to evidence-based practices to achieve better results per dollar and generate long-term savings.** Specific projects will focus on two areas: redesigning grant programs to adopt data-driven, outcome-focused approaches and spreading the adoption of rigorous evaluation and other evidence-building tools across the Federal Government. Currently, too many Federal grant programs lack strong incentives and tools to drive funds toward evidence-based practices to get better results per dollar spent. Agencies must better integrate research and evaluation functions with program operations to serve as an essential element for learning and improvement. Similarly, strong evaluation standards and tools already in use or development among some agencies can be better leveraged in others.

Project resources will help boost the share of Federal grant programs that improve outcomes and cost-effectiveness through evidence-based approaches. Examples of these approaches include innovation funds that use a tiered-evidence model to provide more resources for projects that demonstrate the strongest evidence of success, or Pay for Success models that leverage philanthropic and private dollars to fund preventive services up front, with the Government paying providers only after they generate results that save taxpayer money. OMB will facilitate development and adoption of common evidence standards, where appropriate, so that agencies use the most rigorous evaluation methodologies appropriate to measure performance, impact, and cost-effectiveness of programs.

2. **Catalyzing and capturing agency performance improvements.** Specific projects will use rapid experimentation and testing to help agencies identify where small changes in program practice can produce significant improvements in near-term results and enhance cost-efficiency, an approach already used in leading companies. Projects will draw lessons from a similar effort in the United Kingdom. For example, in one effort to improve energy efficiency, emissions from government buildings were reduced by more than 10 percent in one year by experimenting with changes to system default settings and greater awareness of

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energy use from individual buildings.<sup>1</sup> Projects will also help agencies better measure program results and cost-effectiveness, at low cost, and compare alternative program and operational strategies by improving access to and utilization of high-quality data that may be collected and managed by other agencies.

- 3. Accelerating learning and creating conditions for cost-effective change at all levels of Government.** In partnership with innovative leaders across sectors and levels of government, funding will help to develop and implement projects to more effectively coordinate services or use funding to support strategies that are likely to achieve the best outcomes. The Partnership Fund for Program Integrity Innovation has demonstrated that agencies, State and local governments, foundations, university researchers, and private sector partners are ready to engage in collaborative learning and testing of better approaches to program administration and service delivery, especially where inconsistent and overlapping program requirements may hinder results. Building on this success, OMB will continue to engage with State and local governments and other stakeholders to design and implement performance partnership pilots or waiver demonstrations, coupled with strong evaluations, to learn how flexibility can enable better results at lower cost.

FY 2014 Estimate – For Evidence-Based Innovation, the \$6 million in FY 2014 includes \$1 million for five FTE and \$5 million for crosscutting projects to improve cost-effectiveness and return on investment across multiple Federal programs. Responsibilities of program staff would include leading and coordinating the development of projects; working with agencies to implement and monitor projects; coordinating cross-agency learning; problem-solving with State and local officials on ways to promote data-driven, innovative service delivery with existing resources; and guiding the incorporation of project learning into programs and policy. As described in the Overview section, \$5 million in project funding will advance the three strategic objectives to increase cost-effectiveness and return on investment across government programs.

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<sup>1</sup> Cabinet Office. Behavioural Insights Team. *Behaviour Change and Energy Use*. 2012. Web. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/60536/behaviour-change-and-energy-use.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60536/behaviour-change-and-energy-use.pdf)

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Appropriations Language

*For necessary expenses to improve the use of data and evidence to improve government effectiveness and efficiency, \$14,000,000, to remain available until expended: Provided, That not less than \$8,000,000 shall be available for projects that advance the use of integrated, efficient, secure, and effective uses of information technology in the Federal Government; Provided further, That up to \$6,000,000 shall be available for projects that enable Federal agencies to increase the use of evidence and innovation in order to improve program results and cost-effectiveness; Provided further, That the Director of the Office of Management and Budget may transfer these funds to one or more other agencies to carry out projects to meet these purposes.*

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**Object Class  
(\$ in thousands)**

Object Class and Title		FY 2012 Actual	FY 2013 CR	FY 2014 Estimate	FY12/FY14 Difference
10	Personnel Compensation & Benefits.....	541	792	1,636	1,095
21	Travel & Transportation of Persons.....	4	4	5	1
23	Rents, Comm, Utilities & Misc. Charges.....	3	4	5	2
25	Other Contractual Services.....	23,222	12,503	11,470	(11,752)
Total, Direct Obligations.....		<u>23,770</u>	<u>13,303</u>	<u>13,116</u>	<u>(10,654)</u>

**Distribution by Program Activity of Full-time Equivalent Positions**

Program Activity Structure	FY 2012 Actual	FY 2013 CR	FY 2014 Estimate	FY12/FY14 Difference
IT Management Oversight.....	1	3	3	2
Cybersecurity Oversight.....	0	0	2	2
Evidence-Based Innovation.....	0	0	5	5
Partnership Fund for Program Integrity Innovation	3	4	0	-3
Total Program.....	<u>4</u>	<u>7</u>	<u>10</u>	<u>6</u>

*Note: A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the amounts included for FY 2013 reflect the annualized level provided by the continuing resolution (P.L. 112-175).*