Executive Office of the President

Office of Management and Budget

Fiscal Year 2017 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 statutory requirements, including the preparation of an annual Federal budget. In addition, OMB works to ensure enacted law is carried out as efficiently and effectively as possible. 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). OMB ensures agencies develop, express, and implement policies and practices in accordance with the President's priorities and statutory direction and is committed to improving the effectiveness and efficiency of government programs. OMB also serves as the central point for review and clearance of Executive Branch legislative proposals, executive orders, and presidential memorandums.

OMB derives its basic authority from Title 31 of the U.S. Code, based on provisions originally enacted in the Budget and Accounting Act of 1921, as amended.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

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; budget and policy implementation; and management and performance:

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 President's Budget, the State of the Union address, executive orders, 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 by reviewing the performance of government programs, and identifying and helping to 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 offices 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).

Office of Federal Financial Management (OFFM) – OFFM develops and provides direction on the implementation of financial management policies and systems. This office also supports the effective and transparent use of Federal financial resources by improving the quality, utility, and

transparency of financial information, and protecting against waste, fraud and abuse in the Federal government.

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/ Office of the Federal Chief Information Officer (E-Gov/OFCIO) - E-Gov/OFCIO is the OMB statutory office responsible for executing OMB's requirements under the E-Government Act of 2002; the Federal Information Technology Acquisition Reform Act (FITARA); the Federal Information Security Modernization Act (FISMA); and other information technology-related laws and regulations. The E-Gov/OFCIO office leads Government-Wide IT policy and oversight activities designed to: drive value into Federal IT investments; protect Federal IT assets and information; and build the next generation of IT leaders. E-Gov/OFCIO provides oversight and guidance on agency IT investments, and on agency management and execution of these investments. A primary mission of the E-Gov/OFCIO, as prescribed by FISMA, is to develop Federal IT cybersecurity strategy and policy, and to coordinate with NSC, DHS, and other agencies to oversee execution of these policies. The E-Gov/OFCIO also includes the U.S. Digital Service (USDS) team, which is composed of technical experts who work with agencies on their high priority IT projects, and identify best practices that are replicable across government. E-Gov/OFCIO also leads 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 and coordinate 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 President's Budget documents.

<u>Overview</u>

For fiscal year (FY) 2017, the estimated funding requirement for OMB is $100,725,000 and supports a full-time equivalent (FTE) level of 500. This request is $5,725,000 (or 6.0 percent) above the FY 2016 enacted appropriation of $95,000,000. The increased funding will support an additional 10 FTE.

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FY 2017 Estimate

OMB is requesting a total increase of $5,725,000 (or 6.0 percent) above the FY 2016 enacted level. The FY 2017 Budget continues to fund the salaries and expenses associated with the E-Gov/OFCIO (10 FTE, $1,815,000) through the Information Technology Oversight and Reform (ITOR) Fund. This shift in funding sources occurred in FY 2016 in an effort to consolidate overlapping missions and achieve greater organizational effectiveness and efficiencies.

Unavoidable Costs (+$2,368,000). The OMB FY 2017 budget request provides $2,368,000 for unavoidable costs, including:

- +$2,179,000 personnel compensation and benefits increases such as FY 2016 and FY 2017 pay adjustments, increased health benefit costs, and increased benefit costs associated with replacing retired CSRS staff with staff in the FERS system.
- +$19,000 for increased rental costs for office space from GSA. The increase will allow OMB to maintain existing office space at new GSA rates.
- +$170,000 for cost increases associated with Information Technology contractor support. This includes support in the following functional areas: Help Desk; Engineering; Development; and the MAX Information System, which is used to support OMB's Government-Wide management and budget processes.

Investing in OMB's Workforce ($3,357,000). OMB requests additional funding to restore a portion of previous staff cuts to strengthen its ability to meet new statutory requirements and continue improving its effectiveness on older ones. The requested staffing level is essential for OMB to continue its work on developing and executing the President's Budget, overseeing the performance of Federal agencies, and effectively undertaking new statutory responsibilities.

OMB's current staffing levels have declined by nearly 7 percent when comparing the FY 2010 actual FTE level of 527 to the FY 2016 estimate of 490. If OMB were to receive its FY 2017 request, the staffing level would still be 5 percent below the FY 2010 staffing level. Concurrent with declining staffing levels, OMB has taken on numerous new responsibilities due to provisions in legislation, including the FAST Act; DATA Act; the Statutory Pay-as-You-Go Act of 2010; the GPRA Modernization Act; the Balanced Budget and Emergency Deficit Control Act (as amended); and the National Defense Authorization Act of 2013. These additional responsibilities include, among others: improving the Federal permitting and environmental review process for major infrastructure projects; meeting the new reporting requirements associated with the DATA Act; supporting the statutory OMB representative on the FirstNet Board; scoring legislation for PAYGO, publishing the PAYGO scorecard, and determining sequesterable amounts and issuing sequestration reports; coordinating the development and quarterly OMB reviews of cross agency priority goals as well as establishing a central performance.gov site with all agency strategic plans and priority goals information; working with the Department of Defense and other agencies to modernize personnel security; overseeing spending transparency via USASpending.gov; and overseeing and coordinating intellectual property enforcement. Specifically, OMB is seeking resources for:

- *Maintaining FY 2016 Staffing Levels (+2,107,000).* In FY 2015, OMB made a concerted effort to restore staffing levels approaching its pre-sequestration FY 2012 levels consistent with the FY 2016 President's Budget. During FY 2015, OMB hired 114 staff and increased its on-board levels from 445 to 499. Resources in FY 2016 are not sufficient to maintain this staff level, so OMB identified one-time savings by shifting the timing of IT contracts to cover personnel costs. The FY 2016 estimates reflect $2.107 million of IT contractor funding moved into personnel for staff costs. The FY 2017 request restores IT contractor resources leveraged in FY 2016.

- *Increased Staff (+$1,250,000).* This request will allow OMB to hire additional staff (10 FTE) for a total FTE level of 500. This includes the transition of 2.5 staff previously funded through the Data Driven and Innovation Fund. These additional staff will help OMB meet its new emerging responsibilities such as FAST Act; DATA Act; the Statutory Pay-as-You-Go Act; the GPRA Modernization Act; the Budget Control Act; and the National Defense Authorization Act of 2013.

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, to carry out the provisions of chapter 35 of title 44, United States Code, and to prepare and submit the budget of the United States Government, in accordance with section 1105(a) of title 31, United States Code, **[$95,000,000]***$100,725,000*, 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 of the funds made available for the Office of Management and Budget by this Act, no less than one full-time equivalent senior staff position shall be dedicated solely to the Office of the Intellectual Property Enforcement Coordinator: *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**]**. *(Executive Office of the President Appropriations Act, 2016.)*

Summary Change to Object Class
($ in thousands)

A summary of requirements is shown below:

	FY 2015 Enacted	FY 2016 Estimate	FY 2017 Estimate
Total..	91,750	95,000	100,725

The increases and/or decreases for FY 2017 are as follows:

FY 2016 Estimate level		**95,000**
Net increases to FY 2016 Estimate level:		
Personnel Compensation & Benefits..	3,429	
Rental Payments to GSA..	19	
Other Contractual Services..	2,277	
Subtotal, increases to FY 2016 Estimate level................................		**5,725**
Net decreases to FY 2016 Estimate level:		
Subtotal, decreases to FY 2016 Estimate level................................		**0**
FY 2017 Estimate..		**100,725**

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Object Class
($ in thousands)

		FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate	FY16/FY17 Difference
10	Personnel Compensation & Benefits............	73,547	81,326	84,755	3,429
21	Travel & Transportation of Persons............	304	365	365	0
22	Transportation of Things.............................	0	1	1	0
23.1	Rental Payments to GSA............................	7,166	7,005	7,024	19
23.3	Comm., Utilities & Misc. Charges..............	450	353	353	0
24	Printing and Reproduction..........................	184	167	167	0
25	Other Contractual Services.........................	8,899	4,795	7,072	2,277
26	Supplies and Materials...............................	404	351	351	0
26	Official Reception and Representation.........	0	3	3	0
31	Equipment...	649	634	634	0
	Total...	91,603	95,000	100,725	5,725
99	Reimbursement..	926	0	0	
	Total...	92,529	95,000	100,725	

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Personnel Summary

Distribution by Program Activity of Full-time Equivalent Positions

	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate	FY16/FY17 Difference
Program Activity Structure				
National Security Programs..	53	55	57	2
General Government Programs..	52	53	55	2
Natural Resource Programs..	51	53	54	1
Health Programs……………………....................................	40	43	43	0
Education, Income Maintenance, and Labor Programs.........	29	31	31	0
Office of Federal Financial Management.............................	15	17	17	0
Information and Regulatory Affairs.....................................	43	47	48	1
Office of Federal Procurement Policy.................................	16	17	17	0
OMB-Wide Offices*...	158	174	178	4
Total Direct Program..	457	490	500	10

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 Stratigic Planning; General Counsel; Legislative Affairs; Economic Policy; Management and Operations Division; Performance and Personnel Management Division; the Legislative Reference Division; and the Budget Review Division. It also includes Presidential Management Fellows (PMFs) participating in an At-Large program which gives OMB flexibility to meet unexpected needs and enhance collaboration across the agency. These PMFs will be assigned to permanent positions after their first year.

Executive Office of the President
Data-Driven Innovation

Overview

Since President Obama took office in 2009, this Administration has promoted the use of evidence, evaluation, and innovation to improve government effectiveness. The Office of Management and Budget (OMB) has been at the forefront of this work, helping agencies develop new program designs and evaluation strategies to enable them to use and build evidence about what works to improve program outcomes and is cost-effective. Over the past several years, OMB has worked with agencies to identify best practices used by leading Federal programs and agencies that can be applied in other programs. OMB has also developed partnerships with non-Federal organizations that are committed to improving evidence-based decision-making at every level of government.

The Data-Driven Innovation (DDI) Fund promotes increased and improved use of data and evaluation to yield more cost-effective, evidence-based outcomes for Federal programs with an emphasis on cross-agency initiatives. Key elements of this work are helping agencies find creative ways to build evaluation capacity in a tight budget environment and encouraging agencies to collaborate on cross-cutting priorities. The DDI Fund is playing an important role in helping to identify and increase adoption of many of those best practices by:

- Providing small amounts of project funding to agencies to launch high-impact initiatives that can potentially benefit multiple agencies and program areas, when such funding is essential to successful implementation.
- Promoting collaboration across agencies, programs and functions within agencies, and different levels of government to devise new approaches for using existing resources to build evidence about what works.
- Partnering with agencies to develop and facilitate the use of new tools and techniques that leverage and expanding on leading agencies' work to direct resources to more effective practices and build capacity for continuous learning and improvement.
- Support OMB staff work coordinating these activities across agencies and promoting evidence building and the use of data and evaluations to drive decision-making.

Initial DDI projects include:

- **Supporting implementation of Performance Partnership Pilots for Disconnected Youth (P3):** The Consolidated Appropriations Act, 2014 (P.L. 113-76), Consolidated and Furthering Continuing Appropriations Act of 2015 (P.L. 113-235), and Consolidated Appropriations Act, 2016 (P.L. 114-113) together provide authority to covered grant-making agencies to enter into a total of up to 30 Performance Partnership agreements with States, localities or Tribes focused on serving disconnected youth. In FY 2015, a consortium of six agencies awarded the first cohort of nine pilots to give state, local, and tribal communities customized flexibility—including granting waivers from programs' statutory, regulatory or administrative requirements—in return for a commitment to achieve significant improvements for these youth, while protecting eligibility for vulnerable populations. Each pilot is conducting a site-specific evaluation of local outcomes, and the Department of Labor is leading an evaluation to look at cross-site implementation of the initiative. In FY 2016, the interagency consortium has grown to

include HUD alongside ED, DOL, DOJ, HHS, CNCS, and the Institute for Museum and Library Services. In the coming year, this consortium expects to select up to 20 new pilots under two competitions. OMB has a central role in coordinating the implementation of this new initiative across the participating agencies, helping them design an approach that could potentially be applied to other departments and program areas if it is successful.

- **Coordinating important cross-agency evidence efforts.** In many cases, the best practices that an agency develops to build and use evidence is optimized for the single agency that developed it. Creating generalizable best practices to multiple agency contexts frequently requires not only interagency coordination, but also the government-wide view that OMB can provide. This strategy also relies on the expertise that resides at high-performing agencies, and cannot be replicated through other means. One method to leverage this expertise and the perspective and coordinating functions that OMB provides is to bring expert agency personnel to OMB on a temporary basis to launch and/or coordinate specific best practice efforts across government, including:

  o **Updating budget guidance as it relates to evaluation.** The 2015 OMB Circular A-11 guidance is updated to clarify the contributions of many types of evaluations, including both implementation and impact evaluations, as part of a learning agenda approach to building useful evidence for policy and program improvement.

  o **Establishing an Interagency Council on Evaluation Policy (ICEP).** OMB established ICEP on a pilot basis to support evaluation offices in raising and addressing topics of mutual concern, similar to the function served by the Federal Interagency Council on Statistical Policy (ICSP) for the primary statistical agencies. This formalized structure is the first of its kind for evaluation offices and is already playing a valuable role in supporting consistency across departments, promulgating principles and practice guidelines, providing feedback to OMB on policy matters, and allowing agencies to solve common problems in an efficient manner. Initial areas of focus include:
    (a) Developing principles and practices for evaluation, paralleling those published for statistical agencies,
    (b) Exploring a common evidence framework and research guidelines for Federal agencies, and
    (c) Strengthening the capacity of evaluation staff across government, for example by developing common training tailored to evaluation office staff for core functions like evaluation contract management.

- Advancing evidence efforts at the Department of Education. The Department of Education (ED) has played an important role in many of the Administration's evidence efforts. It has also played an important leadership role in inter-agency evidence efforts and in sharing its best practices with other agencies. In order to support the spread of these important leadership more widely across the Department of Education and to other agencies across government DDI funds were used to support a project coordinator to help cement and institutionalize a culture of data-driven innovation at ED. Specific projects include:

  o The Office of Postsecondary Education (OPE) working group, co-chaired by the DDI project coordinator, helped facilitate decisions by several post-secondary programs to incorporate new evidence elements into their planned 2016 competitions. As a result of this work, seven programs will be taking additional steps to build and use evidence to improve performance outcomes in the FY 2016 grant cycle.
  o The Innovation Exchange 2015 workshop series, planned by the DDI project coordinator, was designed to help disseminate results-focused strategies in government that agencies can use to better achieve their missions. The kick-off event featured a dozen presentations by Federal agency officials about agency strategies to use innovation, data, performance management and evidence to improve performance. The kick-off and follow-up events were attended by hundreds of Federal participants from dozens of agencies.
  o The Funders Conference, coordinated by the DDI project coordinator, brought together 50 senior Federal agency officials, foundation executives and other experts in December 2015 to discuss ways to strengthen the use of evidence in grant making (by government and foundations) around youth issues.
  o Creating resources for ED on using evidence in grant making. The DDI project coordinator, working in partnership with ED's Evidence Planning Group, developed a guide to assist the staff for competitive grant programs in making informed decisions about whether and how to use evidence in programs. Although the focus of the document is on ED grant programs, the concepts are relevant to other Federal agencies, and the DDI project coordinator disseminated the guide to Innovation Exchange participants.

- Using behavioral insights to increase tax filing. DDI funds are being used to support work the Social and Behavioral Sciences Team with the Internal Revenue Service to test if outreach through postcards and notices can increase tax filing by increasing taxpayer awareness. The project is being evaluated through a randomized control trial (RCT), and will compare tax filing between samples of 200,000 tax units in both the treatment and control groups. The findings from this project will have particular application to strategies to increase compliance, uptake, and follow through in a variety of policy and program areas. Agencies which administer loans to students, veterans, and homeowners could learn new ways to reach noncompliant borrowers; and agencies that require verification or

follow through for program participation could identify additional techniques for reaching nonresponsive participants.

Examples of additional planned uses of DDI funds include:

- **Supporting leadership of the Federal Statistical System (FSS).** The FSS plays a critical role in data-driven innovation and is facing new challenges in collecting its data. Against this backdrop, CNSTAT is currently beginning a panel designed to maximize the relevance of Federal statistical information through the development of principles and methods for incorporating a broader array of data into the generation of official statistics. OMB is using a small amount of DDI funds to seek external expert advice about institutional changes that would facilitate the FSS becoming more nimble and responsive in this environment, while containing costs.

- **Evaluation-related technical assistance.** As program evaluation becomes more widespread, agencies are increasingly issuing contracts and cooperative agreements to provide support for evaluation activities, which have a significant impact in terms of ensuring that evaluation money is used effectively. Many agencies maintain these contracts, which leverage small amounts of resources to improve the quality of evaluations for very large funding streams. Historically there has not been a mechanism in place to share acquisition materials and best practices for procuring and conducting this type of professional services work. OMB is dedicating a small amount of DDI funds to support one part-time detailee with extensive agency expertise to focus on developing and spreading best practices in procuring and managing these contracts.

- **Evaluation workforce.** As a part of the FY 2017 Budget development process, agencies were asked to identify their most pressing current barriers to expanding the use of evaluation and evidence-based practices within their agencies. Roughly half of agencies identified a lack of qualified evaluation and data analytics staff capacity as one of these primary barriers. OMB is dedicating a small amount of DDI funds to address this challenge by supporting one part-time detailee with extensive agency expertise to focus on ways to improve the hiring of federal evaluation staff as well as broader federal training to improve the use of evaluation and evidence in decision making.

DDI activities are led and coordinated by OMB, anchored by a small team of staff within the Economic Policy Division focused on evidence-building activities. The $2 million provided by the Congress in FY 2014 is sufficient for activities anticipated through FY 2016. In FY 2017, OMB plans to transition support for these staff to the base OMB budget. Through semiannual reports to the Congress, OMB will continue to provide specific information on goals, objectives, performance measures, and evaluations of DDI overall and individual projects.

Executive Office of the President
Data-Driven Innovation

Object Class
($ in thousands)

		FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate	FY16/FY17 Difference
10	Personnel Compensation & Benefits.......	164	407	0	(407)
25	Other Contractual Services....................	237	692	500	(192)
	Total...	401	1,099	500	(599)

Personnel Summary

	FY 2015 Actual	FY 2016 Estimate	FY 2016 Estimate	FY16/FY17 Difference
Full-Time Equivalent Level.............................	1	2	0	-2

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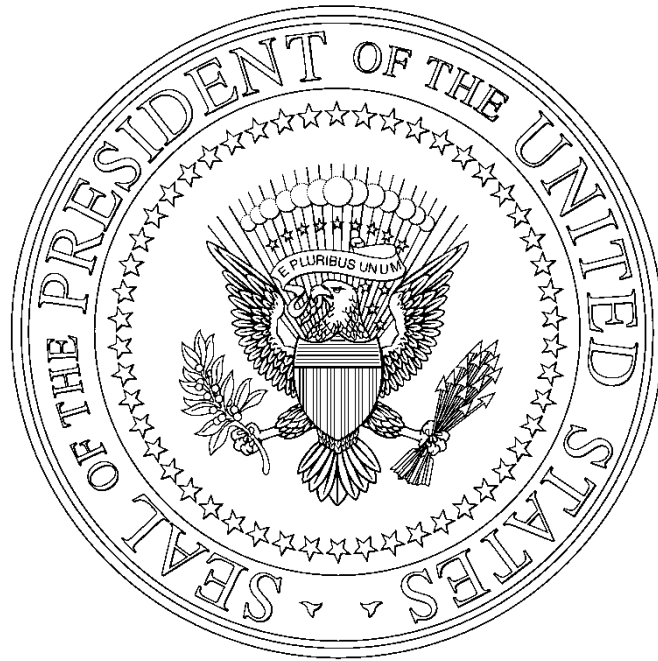
*Information Technology Oversight
and
Reform*

Fiscal Year 2017 Budget

Executive Office of the President
Information Technology Oversight and Reform

Mission and Objectives

Since fiscal year (FY) 2012, funding for Information and Technology Oversight and Reform (ITOR) has allowed the Federal Government to strategically achieve better efficiency across its information technology (IT) investments. Under the direction of the Federal Chief Information Officer (CIO), OMB has used this fund to build enhanced analytical and oversight capabilities to assess the performance of agencies' IT portfolios, leading to a reduction in waste and the identification of savings that can be reinvested by agencies in high-value mission support activities. Since ITOR's inception, agencies have reported about $3.5 billion in cost savings and avoidance resulting from OMB's enhanced oversight and reform efforts. ITOR has also provided funding for the U.S. Digital Service (USDS), supported policy analysis and development efforts to drive Federal IT reform, and established a new OMB team dedicated to improving Federal cybersecurity performance.

The Administration has four core objectives across the Federal IT portfolio, all supported by the ITOR fund:
1. Driving value in Federal IT investments by making smarter investment decisions and reducing waste, duplication, and inefficient uses of IT through data-driven investment management;
2. Delivering world-class digital services to provide a first-rate customer experience to citizens and businesses and continuing to open government data to fuel innovation;
3. Protecting Federal IT assets and information by improving oversight of Federal cybersecurity practices to advance the cybersecurity defenses of government systems; and
4. Developing the next generation IT workforce through training opportunities and growing the pipeline of technical talent in government.

To drive these objectives forward, OMB will use ITOR resources in the following focus areas:

Driving Value in Federal IT Investments
ITOR funding supports Federal efforts to optimize the efficiency of Federal IT investments through the Office of E-Government and Information Technology (E-gov), also referred to as the Office of the Federal Chief Information Officer (OFCIO)[1]. This fund continues to support the PortfolioStat process to drive savings through comprehensive reviews of the portfolios of ongoing and planned investments in Federal IT. PortfolioStat is a data-driven process in which OMB and agencies examine IT portfolios to identify duplicative spending and drive down costs. Continued emphasis will also be placed on OMB's efforts to close or optimize costly and energy-consuming data centers and accelerate the adoption of cloud computing solutions to reduce IT infrastructure costs. OMB also uses ITOR funding to manage and continually enhance the Federal IT Dashboard, which is a publicly accessible platform used to analyze Federal IT investments' performance with respect to cost, schedule, and CIO risk ratings. The Federal IT Dashboard enables OMB, through PortfolioStat and other means, to develop and leverage government-wide benchmarks and performance metrics to execute effective oversight across all aspects of Federal IT spending to improve the IT performance of Federal agencies. Finally, OMB has leveraged ITOR for funding for policy development and implementation activities including continuing to support government-wide implementation of the Federal Information Technology Acquisition Reform Act (FITARA), consistent with OMB's guidance in OMB Memorandum M-15-14, "Management and Oversight of Federal Information Technology."

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[1] This office was established in accordance with Section 101 of the E-Government Act of 2002, now codified at 44 U.S.C. § 3602, and is headed by the Federal government Chief Information Officer.

OMB will use ITOR funding in FY 2017 to enhance transparency, data collection, analytics, and technical assistance in Federal IT investments. ITOR oversight activities will support continued operations and enhancements to the Federal IT Dashboard and PortfolioStat reviews, identifying underperforming and duplicative investments and taking corrective actions. Additionally, ITOR funds will support policy analysis and development efforts to support Federal IT reform including FITARA oversight. ITOR funds will also support IT acquisition reform, including IT Category Management to improve the acquisition and management of common IT goods and services to drive us to greater performance, efficiencies and savings. For example, these oversight activities will increase the productivity of IT investments by optimizing and consolidating data centers, continuing the adoption of cloud computing, and increasing the use of intra-agency and interagency shared services.

Delivering World-Class Digital Services
In 2014, the Administration used ITOR funding to pilot the USDS by recruiting a small group of select private sector tech experts into government service. Since its launch, USDS has moved aggressively to build a team of the nation's strongest technical talent and apply it to the government's most critical citizen-facing services. For example, the small USDS team inside of OMB supported the United States Citizenship and Immigration Services (USCIS) transition to electronic filing and processing of Form I-90 to renew or replace a green card and the Immigrant Visa Fee payment. Closing down the old Electronic Immigration System (ELIS) will save the agency $33 million a year in ongoing operations, maintenance, and licensing costs; and the newly launched myUSCIS makes it easier for users to access information about the immigration process and immigration services.

USDS has worked to support a more agile IT procurement process by launching with the Office of Federal Procurement Policy (OFPP) the "Digital Service Contracting Professional Training and Development Program." In addition, USDS's team of technology and acquisition specialists have assisted agencies in developing procurements that acquire the best technology for the best price. For instance, the USDS engagements with SBA's Small Business Certification Program acquisition resulted in a $33 million cost savings over two years. Lastly, USDS has continued to build out its digital services toolkit by releasing the U.S. Web Design Standards, an open source visual style guide to create consistent and beautiful user experiences across U.S. Federal government websites. This work complements the TechFAR Handbook, a guide to using flexibilities within the FAR to improve IT acquisition and the Digital Services Playbook, which outlines a set of best practices for digital service delivery.

FY 2017 ITOR funding will be used to expand work in the following areas:
- Transform Critical Services: Deploy targeted teams to improve the most important citizen facing services. This includes supporting the development of the 25 agency digital services teams that are funded in the President's 2017 Budget. The central USDS office inside OMB will work alongside agencies to help build these teams and ensure that they are operating at the highest standards by serving as a central strategic resource in recruiting and hiring top digital talent, providing training, and coordinating procurement efforts to develop procurements that get the best technology for the best price.
- Talent: Create a continually growing pipeline of quality technical talent coming into government through the USDS and begin to foster a tradition of public service in the tech industry where none existed before.

- Common Services & Standards: Provide the Government with the beginning of common platforms and standards that can improve services needed by multiple agencies.
- Procurement: Increase the quality and quantity of technical vendors working with government and train the federal government to be better buyers.

Cybersecurity – Protecting Federal IT Assets and Information
ITOR funds OMB's Cyber and National Security Unit (OMB Cyber) in E-Gov/OFCIO, a small team that focuses on strengthening Federal cybersecurity. FY 2017 funding will expand OMB's ability to perform data-driven, risk-based oversight of agency and government-wide cybersecurity programs. OMB will also continue to issue and implement Federal policies consistent with emerging technologies and evolving cyber threats. OMB will expand its work with agencies to achieve the 2015-2017 Cybersecurity Cross Agency Priority (CAP) goal, which is focused on agencies managing information risk on a continuous basis, while addressing the need for anti-phishing and malware defense measures, and advancing key identity management initiatives.

As part of the ITOR cybersecurity program, an expanding team will develop new strategies to protect Federal information assets, developing strengthened and modernized Federal policies and statutes, in cooperation with National Security Council staff, the Department of Homeland Security, the National Institute for Standards and Technology, the Congress, and other key stakeholders. This team will also continue to help with the coordination of Government-wide responses to major cybersecurity incidents and vulnerabilities and facilitate the delivery of inter-agency shared services that enhance the security of Federal systems.

Developing the Next Generation IT Workforce
Having a high-caliber IT workforce is key to lasting success in each of the Administration's technology objectives. In FY 2015 and FY 2016 ITOR funding has been used to build a better IT workforce by launching the "Digital Service Contracting Professional Training and Development Program" and by supporting cyber workforce initiatives in collaboration with OPM. This includes new efforts outlined in the Cybersecurity Strategy and Implementation Plan (CSIP) to improve Federal cybersecurity workforce recruitment, hiring, and training and ensure a pipeline for future talent is established.

In FY 2017, ITOR funding will be used to further develop the IT workforce in FY 2017 through the following ways:
- Recruitment of Digital Service Experts: Supporting USDS' existing hiring pipeline and recruitment activities to encourage more digital experts into Government.
- Cyber Workforce Initiatives: ITOR funds cybersecurity staff dedicated to leading Government-wide efforts aimed at getting more skilled cybersecurity experts and privacy professionals into government service. This includes ongoing support of the broader Cybersecurity Human Resources Strategy called for under CSIP.
- Training: ITOR funding will support training opportunities being offered to current Federal IT professionals to scale modern development practices across the workforce. In FY 2017, ITOR will support an expansion of the recently launched Digital Service Contracting Professional Training and Development Program, which seeks to spur innovation in the training of Contracting Officers.

FY 2017 Estimate

For FY 2017, the estimated funding requirement for ITOR is $35,200,000, which is $5,200,000 above the FY 2016 enacted appropriation of $30,000,000. The staffing level for FY 2017 is 112 FTE, which is 22 FTE above the FY 2016 estimated level. As previously detailed, the increased resources will allow OMB to focus on (1) driving value in Federal IT investments; (2) delivering world-class digital services; (3) protecting Federal IT assets and information; and (4) developing the next generation IT workforce.

The FY 2017 level continues to fund the salaries and expenses associated with the Office of E-Government and Information Technology (10 FTE, $1,815,000) through the Information Technology Oversight and Reform (ITOR) Fund. This shift in funding sources occurred in FY 2016 in an effort to consolidate overlapping missions and achieve greater organizational effectiveness and efficiencies.

<u>Appropriations Language</u>

Information Technology Oversight and Reform
(Including transfer of funds)

For necessary expenses for the furtherance of integrated, efficient, secure, and effective uses of information technology in the Federal Government, **[**$30,000,000**]***$35,200,000*, to remain available until expended: *Provided*, 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. *(Executive Office of the President Appropriations Act, 2016.)*

Executive Office of the President
Information Technology Oversight and Reform

Object Class
($ in thousands)

		FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate	FY16/FY17 Difference
10	Personnel Compensation & Benefits..............	6,399	16,475	20,300	3,825
21	Travel and Transportation of Persons.............	230	622	450	(172)
23	Rent, Comm., Utilities & Misc. Charges.........	61	253	225	(28)
24	Printing and Reproduction.............................	5	4	4	0
25	Other Contractual Services............................	6,910	6,610	6,625	15
26	Supplies and Materials...................................	18	15	16	1
31	Equipment...	312	500	350	(150)
	Total...	13,935	24,479	27,970	3,491

Personnel Summary
(Full-time Equivalent - FTE)

	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate	FY16/FY17 Difference
Program Activity Structure				
Oversight, Cybersecurity and Program Mgmt..........	12	25	27	2
U.S. Digital Service...	25	65	85	20
Full-Time Equivalent Level.......................................	37	90	112	22