



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

May 11, 2012

M-12-12

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: JEFFREY D. ZIENTS
ACTING DIRECTOR 

SUBJECT: Promoting Efficient Spending to Support Agency Operations

The Federal Government has a responsibility to act as a careful steward of taxpayer dollars, ensuring that Federal funds are used for purposes that are appropriate, cost effective, and important to the core mission of executive departments and agencies (agencies). From the beginning of this Administration, the President has been clear that wasteful spending is unacceptable, and that the Federal Government must strive to be more efficient and effective. That is why the President and the Vice President launched the Campaign to Cut Waste and charged agencies with going line-by-line through their budgets to identify areas of unnecessary spending or opportunities for greater efficiency or cost savings.

As part of this effort, on November 9, 2011, the President signed Executive Order 13589 "Promoting Efficient Spending." In that Executive Order, the President directed each agency to reduce its combined costs in a variety of administrative categories by not less than 20 percent in Fiscal Year (FY) 2013 from FY 2010 levels. Agencies have since developed plans for achieving these cuts, and the President's FY 2013 Budget identifies \$8 billion in reduced costs as a result of Executive Order 13589.

To achieve these savings, many agencies have identified and implemented creative and innovative practices to reduce costs and improve efficiencies in such areas as travel, conference expenditures, real estate, and fleet management. There are also other practical steps agencies can take to improve operations, increase efficiency, and cut unnecessary spending. Accordingly, this memorandum describes a series of policies and practices related to activities and expenses in these areas, building on measures already in place at various agencies.

Section 1 – Travel

Travel is often necessary for Federal employees to discharge their duties effectively and the travel industry plays an important role in creating jobs and supporting local economies; however, as good stewards of Federal funds, agencies must do all they can to manage their travel budgets efficiently. Accordingly, in FY 2013, each agency shall spend at least 30 percent less on travel

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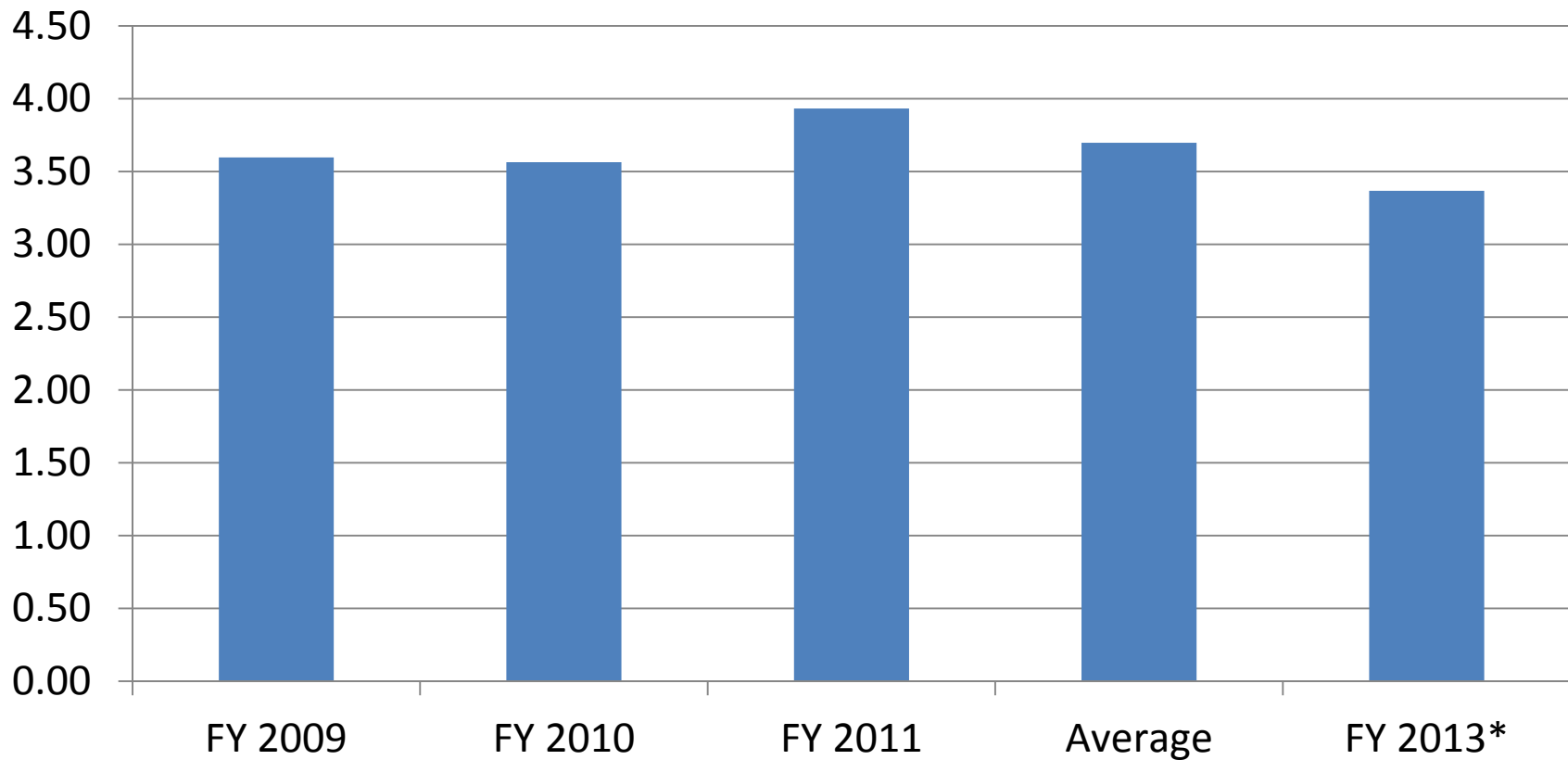
FY 2013 NSF Travel Targets

12/4/12

In August, we submitted an alternative plan to OMB that would reduce travel obligations by \$3.9 million below the FY 2010 OMB baseline to a level of \$27.67 million. ... Under the OMB M-12-12 travel reduction exercise, all travel obligations incurred in FY 2013 will be counted against the travel target ceiling. This includes travel funded with current year and carry-over allocations; domestic and foreign travel; IPA and staff travel; as well as travel funded with all NSF appropriations, plus trust and H1B funds.

MPS Travel

\$M



*** 9% reduction relative to FY 09-13 average**



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February 27, 2013

M-13-05

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Danny Werfel
Controller

SUBJECT: Agency Responsibilities for Implementation of Potential Joint Committee
Sequestration

Unless Congress acts to amend current law, the President is required to issue a sequestration order on March 1, 2013, canceling \$85 billion in budgetary resources across the Federal Government. Because these cuts must be achieved over the remaining seven months of the fiscal year, the Office of Management and Budget (OMB) estimates that the effective percentage reductions are approximately 9 percent for nondefense programs and 13 percent for defense programs. These reductions will result in significant and harmful impacts to national security and domestic priorities.

The President has been clear that sequestration is bad policy that was never intended to be implemented, and the Administration remains hopeful that Congress will act to avoid it through an agreement on balanced deficit reduction. However, because legislation may not be enacted to avoid sequestration before the current deadline of March 1, 2013, executive departments and agencies (agencies) with sequestrable accounts have been engaged in planning activities to operate at the lower, post-sequestration funding levels should it be necessary.

This guidance builds on prior communications with agencies about the implementation of sequestration, and addresses questions that have been raised as to certain categories of planning activities.

Agency Planning Activities

OMB Memorandum 13-03, *Planning for Uncertainty with Respect to Fiscal Year 2013 Budgetary Resources*, directed agencies to begin planning activities to operate with reduced budgetary resources in the event that sequestration occurs. Agencies' planning efforts must be guided by the principle of protecting the agency's mission to serve the public to the greatest extent practicable. Planning efforts should be done with sufficient detail and clarity to determine the specific actions that will be taken to operate under the lower level of budgetary resources

Increased Scrutiny of Certain Activities

In determining the appropriate manner to achieve funding reductions, agency heads must also ensure that their agencies have risk management strategies and internal controls in place that provide heightened scrutiny of certain types of activities funded from sequestered accounts. To the extent these accounts remain at the post-sequestration funding level, increased scrutiny should apply to:

- hiring new personnel;
- issuing discretionary monetary awards to employees, which should occur only if legally required until further notice; and
- incurring obligations for new training, conferences, and travel (including agency-paid travel for non-agency personnel).

February 15, 2013

John Holdren, Ph.D.
Director, Office of Science and Technology Policy
Executive Office of the President
Eisenhower Executive Office Building
Washington, DC 20504

Dear Dr. Holdren,

I am writing on behalf of the National Science Board (NSB, Board), the independent governing body responsible for oversight and policy for the National Science Foundation (NSF). The Board has requested that I share some thoughts with you about the importance of travel funds for NSF's ability to accomplish its mission. Some of the Foundation's strategies for efficiency, effectiveness, and fairness of operations are tied to this budget item in ways that may not be fully understood outside the agency. The Board is concerned that continuing pressure on NSF's travel funds can impede the agency's capacity to lead the scientific community and perform as a wise steward of basic science and engineering research.

The Board entirely concurs with the need to avoid wasteful government spending. NSF has been highly responsible in this regard, holding its administrative expenses, including salaries and travel, to approximately 5% of its budget for over a decade. NSF has maintained this impressive efficiency in the face of substantial workload increases by devising creative and extensive strategies constraining administrative costs, including travel costs. In this context, sustained low levels of travel funding threaten NSF's ability to achieve its mission by:

- reducing participation in scientific meetings,
- impairing the agency's ability to recruit key scientific talent, and
- reducing travel for purposes of providing advice to and oversight of major scientific infrastructure and centers.

With regard to participation in scientific meetings: NSF program directors conduct large amounts of crucial work at scientific workshops and conferences. In these meetings, program directors:

- share information about grant opportunities, priorities, review and funding processes, and policy changes efficiently in group forums and in numbers of one-on-one interactions;
- meet in person with grantees to monitor their progress and problems, which allows great richness of interaction but is less costly than site visits;
- facilitate new interactions among scientists who they know to have common interests and complementary capabilities;
- learn about recent advances and fruitful new areas for investment. As OSTP knows well, the leading edge of findings and ideas in science is typically not found in journals but rather in discussions at conferences and workshops prior to publication. When NSF cannot attend or convene such meetings, the staff and the organization as a whole are in danger of becoming out of date.

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