

OMB FY 2017 Budget Guidance – Agencies Told to Cut More

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While the FY 2016 federal budget appropriations bills are working their way through Congress, the Office of Management and Budget (OMB) is looking to FY 2017 and has again directed agencies to submit lower discretionary budgets.

Following their normal budget process and timelines, federal agencies are beginning to prepare their FY 2017 budgets, which will not be submitted to Congress until February 2016 to take effect that October, more than 16 months from now. As is customary for this time of year, OMB issued a [memo](#) with specific budget preparation guidance for FY 2017 to outline any new or specific parameters that agencies are to follow.

Discretionary Budget Requirements

Key provisions in OMB's guidance to agencies for their FY 2017 budget submission include:

- A **five percent reduction** below the agency's net discretionary total for FY 2017 as stated in the FY 2016 Budget (unless otherwise directed by OMB)
 - The 5 percent reduction is **to apply equally to defense and non-defense programs**. Agencies that are split between the two may not reduce one area more than 5 percent to offset the other area.
- Requirement to sufficiently **fund ongoing Presidential priorities**
- Inclusion of a separate section that identifies recommendations on how they will continue efforts to **increase effectiveness** and reduce fragmentation, overlap, and duplication
- Identifying additional investments in programs that **support their missions**, especially programs with strong evidence of effectiveness. However, the agency's **total net discretionary for FY 2017 may not exceed the FY 2016 total provided in the FY 2016 budget request**. Agencies should separately identify and rank these investments by priority.

As in previous years, agencies are to **exclude** the following:

- Shifting costs to other parts of the Federal budget
- Reclassifying existing discretionary spending to mandatory
- Reductions to mandatory spending to be enacted in appropriations bills
- Across-the-board reductions
- Enacting new user fees to offset existing spending, (although agencies may submit these separately as alternative ways to achieve the guidance level.)

Other Parameters

In addition to the directives above, agencies are instructed to continue to support the **President's Management Agenda** (PMA) focused on agency effectiveness and efficiency as well as government-funded data and research efforts and workforce improvements. In support of the PMA, OMB wants agencies to focus on

- Implementing **CAP** goals
- Using **data-driven** management reviews (e.g. FedStat)
- Supporting Agency **Digital Service Teams**
- Reducing their real property **footprint**
- Reducing **improper payments**
- Enhancing **shared services**
- Implementing the **DATA Act** and **FITARA**.

Further, OMB wants agencies to prioritize institutionalizing the **use of data and evidence** to drive better decision-making and achieve greater impact at their agencies.

While there are no surprises or major changes in how OMB is directing agencies to develop their budgets over recent years, it seems that the number and complexity of requirements continues to grow.