



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

THE DEPUTY DIRECTOR

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M-14-07

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Brian C. Deese 
Deputy Director

SUBJECT: Fiscal Year 2016 Budget Guidance

The enactment of the Bipartisan Budget Act of 2013 (BBA) and the Consolidated Appropriations Act of 2014 were important first steps toward returning Washington to regular order and supporting growth, opportunity and national security.

To help encourage further progress, the fiscal year (FY) 2015 President's Budget adhered to the spending levels agreed to in the BBA in 2015, and proposed difficult cuts and reforms to make room for investments in priority areas such as research, clean energy, education, and ending homelessness. But even with those tough cuts and reforms, the discretionary levels set by the BBA are not sufficient – both in 2015 and beyond – to accelerate economic growth, expand opportunity for all hard-working Americans, and ensure our national security.

For this reason, in 2015, the Budget included a separate, fully paid-for \$56 billion Opportunity, Growth, and Security Initiative – split evenly between defense and non-defense funding – that shows how additional discretionary investments can spur economic progress and strengthen our national security. After 2015, the Budget proposed a long-term discretionary path that will allow us to sufficiently and smartly invest in critical priorities such as education, innovation, infrastructure and security, with a focus on long-term savings rather than short-sighted, short-term austerity. The Office of Management and Budget (OMB) appreciates the effort agencies undertook to construct the FY 2015 Budget and is focused on working closely with your agencies to deliver on these priorities through the FY 2015 appropriations process.

The FY 2016 Budget should continue to build on the President's vision for growth, opportunity, and national security by reducing spending on lower priority programs in order to create room for effective investments in areas that remain critical to securing our Nation's future. In addition, agency budget requests should reflect management strategies that will help us deliver a Government that is more effective, efficient, and supportive of economic growth.

2016 Discretionary Budget Submission. Unless your agency has been given explicit direction otherwise by OMB, your FY 2016 budget submission to OMB should reflect a 2 percent reduction below the net discretionary total provided for your agency for FY 2016 in the FY 2015 Budget, for each of the defense and non-defense discretionary categories. Your budget submission will provide the President with the options needed to make the hard choices necessary to provide room for critical investments in priority areas, and focus limited funding on programs and approaches that work.

When developing your FY 2016 submission to meet this funding target, please be sure to include sufficient funding for ongoing Presidential priorities. Your submission should exclude: 1) across-the-board reductions; 2) reductions to mandatory spending in appropriations bills; 3) shifts of costs to other parts of the Federal budget; 4) reclassifications of existing discretionary spending to mandatory; and 5) the enactment of new user fees to offset existing spending. You may, however, include these items as separate proposals for consideration on their merits or as alternative ways to achieve the guidance level.

To help meet this funding target, all agencies should continue to look for ways to increase effectiveness and reduce fragmentation, overlap, and duplication. To that end, your submission should include a separate section that identifies recommendations in this area, both within your agency or with programs at other agencies. As appropriate, your list of recommendations should include proposals that address the Government Accountability Office's recommendations in this area.

In addition, agencies are asked to identify additional investments in effective programs that further support their mission. Overall, these investments should achieve a level that is up to 5 percent above your submission level, supporting efforts reflected in the FY 2015 Budget to restore discretionary spending to levels needed to grow our economy. These additional investments should be separately identified in your budget submission and ranked in priority order.

Where appropriate, agencies should also consider including proposals in their 2016 budget submissions that, within the guidance levels, seek to improve their job training and employment programs consistent with the principles set forth in the January 30, 2014 Presidential Memorandum on Job-Driven Training for Workers. These proposals should build on the work that agencies are currently undertaking as a result of this memorandum.

Mandatory Budget Proposals. Agencies should review their mandatory spending with the same rigor as their discretionary spending. Your agency should use the next several months to work with OMB to review the mandatory proposals included in the FY 2015 Budget and identify which of these or other areas deserve special scrutiny. As part of this work, agencies are particularly encouraged to identify new stand-alone mandatory savings proposals and submit those proposals as part of their FY 2016 budget submissions. New mandatory savings proposals should also accompany any new mandatory proposals that are not at least budget neutral. As noted above, within these parameters agencies should give close consideration to mandatory proposals that seek to improve their job training and employment programs.

Supporting the President's Management Agenda and Cross-Agency Priorities. The President is committed to creating a Government that will make a significant, tangible, and positive difference in the lives of the American people and the economy and driving lasting change in how Government works. To that end, the FY 2015 Budget included a set of reform priorities focused on four key areas: effectiveness, efficiency, economic growth, and people and culture. Agencies are encouraged to continue to invest in these priorities in their FY 2016 submissions, with a particular focus on customer service, information technology delivery and employee engagement. To the extent relevant to your mission, agencies should also focus on efforts to improve infrastructure permitting, and on implementing insider threat and security clearance reform. To show how these priorities were considered during budget formulation, where appropriate agencies should include with their budget submission a separate section that identifies:

- Any proposed changes to existing funding levels or authorities that will further Management Agenda priorities or impact the achievement of these priorities (for example, smarter IT delivery and cybersecurity initiatives); or
- Any steps an agency is taking as part of the Management Agenda's efficiency efforts to achieve cost savings that enable the agency to redeploy funds to core mission activities (for example, efforts surrounding strategic sourcing, information technology, or shared services).

For the purposes of this guidance, the Management Agenda priorities are reflected through the Cross-Agency Priority Goals published with the FY 2015 Budget and available on Performance.gov. In addition, your OMB contacts will provide guidance as needed to each major agency regarding priorities that should be addressed in your agency's submission. In addition to addressing the Management Agenda priorities, this guidance may also address mission-focused Cross-Agency Priority Goals that are relevant to your agency.

Delivering Greater Impact through Strategic Reviews. Agencies published new strategic plans with the FY 2015 Budget and are conducting strategic reviews of progress on each of the strategic objectives included in these plans, using a variety of sources of evidence (See [OMB Circular A-11, Section 270](#)). As previously communicated, agencies should use the results of these reviews, including feedback received from OMB, to inform formulation of FY 2016 Budget requests to connect budget requests with agency goals. Agency budget submissions should note where findings from the strategic reviews informed development of policy proposals and requests. In addition, agencies should note in the budget submission any proposals or changes in resource levels that may impact achievement of an Agency Priority Goal.

Evidence and Evaluation. In the July 26, 2013 OMB memo, "[Next Steps in the Evidence and Innovation Agenda](#)" (M-13-17), OMB, the Council of Economic Advisers, the Domestic Policy Council, and the Office of Science and Technology Policy outlined a vision for advancing evidence-based policymaking by increasing access to administrative data, utilizing low-cost randomized trials, embedding evidence and evaluation in grant programs, and strengthening agencies' capacity to build and use evidence.

We appreciate agencies' participation in the wide range of ongoing efforts to strengthen the use of data and evidence to drive better decision making and achieve greater impact. Building on these efforts, key goals for this year's budget process are to: (1) support agency efforts to use evidence, evaluation, and data as tools to improve program outcomes and (2) support agencies in scaling up new approaches that have been tested and shown to work. To further these goals, budget submissions should include the following:

- **Brief overview of agency or department progress and plans**, covering the agency's:
 - Most significant accomplishments over the past year in building evidence or strengthening evidence-building capacity. Accomplishments could include specific evaluations or data collections completed in the last year that have actionable implications for budget, policy, or management; and
 - Highest priorities in these areas for the coming year, including discussion of resources or authorities needed to accomplish these goals (which may include resubmissions or revisions of proposals included in the FY 2015 Budget).

Please provide at least two and up to five examples in each category.

- **Plan for embedding evaluation and improvement in new (or existing) programs.** For proposed new programs or major program changes, please include a discussion of: (1) how the proposal relates to the available evidence and (2) options for embedding an evaluation strategy to test whether the program is effective or which approaches within the program work best.
- **Implementation updates for OMB memo M-14-06, "Guidance for Providing and Using Administrative Data for Statistical Purposes."** Please provide an update on your plans to increase access to high-value data assets identified in the M-14-06 status report, or to increase the utility of already-accessible data assets.

OMB appreciates the hard work of Departments and Agencies over the past year and looks forward to working closely with you in the coming months to develop a budget request that supports the President's vision.