

Memoranda 01-30 (Revised FY 2003 Funding Guidance and Freedom to Manage Initiatives)

September 10, 2001

M-01-30

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM Mitchell E. Daniels, Jr.

Director SUBJECT: Revised FY 2003 Funding Guidance and Freedom to Manage Initiatives

By previous correspondence, the FY 2003 funding guidance for your agency was the FY 2003 column included in the President's FY 2002 Budget Request. Because of the changes in the economic and budget outlook since the President submitted his budget, we now need to develop options to hold spending below these levels, excluding the Department of Defense. In addition to options OMB may generate, I ask you to identify less effective programs or lower priority areas for possible reductions. Your target is five percent of the FY 2003 discretionary amount requested by the President for your agency in the FY 2002 budget.

Presidential or other new policy initiatives that involve greater spending, including legislative, regulatory, and management proposals, need to be given priority treatment in your budget request but must be fully offset within your agency's totals. Aggressive employment of the President's Management Reform Agenda in the areas of competitive sourcing and E-gov initiatives can help achieve these potential targets. Your initial budget submission to OMB is scheduled to be submitted today. Recognizing that agencies may need additional time to develop the alternative budget proposals based on these changed funding levels, the due date for submitting the alternative is September 28, 2001.

To help you get the maximum impact from the resources available to you, the Administration has assembled a "Freedom to Manage" initiative to eliminate statutory impediments to effective management of government programs and activities in your agency. Legislation will be proposed to provide for expedited Congressional review and termination of such statutory barriers.

Repeated requests to the President's Management Council for these examples have not yet yielded a sufficient list to illustrate the need for reform. By September 17, 2001, please identify to OMB a sampling of the statutory requirements and constraints that your department/agency feels should be

removed. Our intent is to conduct a comprehensive review of such provisions concurrent with the fiscal year 2003 budget development. More detailed guidance on this request will be distributed soon through your OMB Resource Management Office.

Questions about this memorandum should be directed to your OMB Resource Management Office. Thank you for your assistance in putting together the President's FY 2003 Budget.