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OFFICE OF
MANAGEMENT AND
BUDGET

Changes Resulting
From the OMB 2000
Reorganization



General Government Division

B-260096

December 29, 1995

The Honorable Ted Stevens, Chairman
The Honorable John Glenn, Ranking Minority Member
Committee on Governmental Affairs
United States Senate

The Honorable William F. Clinger, Jr., Chairman
The Honorable Cardiss Collins, Ranking Minority Member
Committee on Government Reform and Oversight
House of Representatives

This report responds to your request that we describe the changes that have occurred as a result of OMB 2000—a major reorganization and process change at the Office of Management and Budget (OMB) that was announced March 1, 1994, as part of the National Performance Review (NPR).¹ The primary goal of OMB 2000 was to integrate OMB's budget analysis, management review, and policy development roles under a new structure to improve the decisionmaking process and oversight of executive branch operations. The objectives of our review were to describe (1) changes in OMB's organizational structure, responsibilities, and staffing as a result of OMB 2000; (2) changes to OMB's three statutory offices; (3) changes in the attention OMB gave to management issues in the budget formulation process before and after OMB 2000; and (4) the way OMB planned to evaluate OMB 2000. We did not evaluate OMB's overall capacity to carry out its central management responsibilities.

**Scope and
Methodology**

We developed the information in this report from numerous interviews of OMB managers and staff and reviews of budget documents for fiscal years 1995 and 1996. In total, we interviewed 87 OMB officials and staff, representing over 15 percent of all OMB employees. However, because the interviews were not a random sample drawn from all components of OMB, the information obtained from them is not generalizable to all OMB employees. We reviewed budget documents that related to four executive departments and one agency: the Departments of Veterans Affairs, Labor, Justice, Housing and Urban Development, and the Environmental Protection Agency. To obtain access to OMB's internal budget review documents, we agreed to keep the information the documents contained confidential and to describe examples from them that illustrated the changes before and after OMB 2000 in a general manner.

¹NPR, under the direction of Vice President Gore, is a major management reform initiative intended to identify ways to make the government work better and cost less.

In contrast to our 1989 general management review of OMB,² this review focused on a specific reorganization initiative. As agreed with your offices, our review was descriptive rather than evaluative in nature because, at the time we started our review, it was too early to evaluate this complex and significant reorganization of OMB. Moreover, it was very difficult to separate the influence of OMB 2000 from concurrent management reform initiatives, such as the Government Performance and Results Act of 1993 (GPRA)³ or other components of NPR. We did our work in Washington, D.C., from November 1994 through July 1995 in accordance with generally accepted government auditing standards. Appendix I provides additional details on our objectives, scope, and methodology.

We provided a draft of this report to the Director of OMB for her review and comment on November 28, 1995. OMB's comments are presented and evaluated on page 28 of this report, and a copy of OMB's comments is in appendix V.

Background

Management and budget issues have long competed for attention and resources within the Executive Office of the President, with management concerns commonly subordinated to the exigencies of the budget process. During the past 50 years, a number of presidential advisory groups have recommended changes designed to strengthen the Office's central management leadership. In response to the recommendations of one of these groups, the Bureau of the Budget was reorganized in 1970 and renamed OMB, thereby signaling the intent to heighten the management focus in the agency. However, the creation of OMB did not produce an institutionalized capacity for governmentwide management leadership. OMB's budget role continued to dominate management responsibilities, and its capacity to provide management direction for the executive branch remained a persistent concern. Observers have debated how to best ensure that management issues are not overwhelmed by budgeting pressures. Some observers have advocated integrating the two functions, while others have proposed the creation of dedicated offices, or even a separate agency to provide governmentwide management leadership.

²Managing the Government: Revised Approach Could Improve OMB's Effectiveness (GAO/GGD-89-65, May 4, 1989) assessed OMB's recent and long-term performance in providing leadership and promoting management improvements in the executive branch.

³GPRA requires agencies to develop strategic plans, obtain input on desired goals from key stakeholders, and measure and report progress toward achieving those goals.

Previous OMB reorganizations have reflected these different points of view, alternating between integrating management into the budget review process and creating separate management offices. Proponents of integrating management into the budget review process believed doing so could increase the attention both OMB examiners and agencies give to management issues by linking these issues to budgetary consequences. However, budget issues have tended over time to squeeze out management issues and erode attempts to dedicate specific resources to management. On the other hand, proponents of creating separate management offices believed the separation of management and budget functions could help ensure a consistent level of attention to specific management issues. However, these offices may have marginal impact in leading changes at the agencies without the influence of potential budgetary consequences.

Our 1989 report on OMB examined the agency's repeated reorganizations and management improvement efforts and concluded that OMB had been unable to coordinate its management and budget functions effectively and had not established a stable management capacity. We found that OMB's short-term, budget-driven focus often made it difficult for the agency to address long-term management problems. We recommended that OMB (1) establish a systematic process within the annual budget cycle for identifying and overseeing agency progress on key management issues, (2) give budget divisions the responsibility and resources to oversee agency implementation of management policy, (3) improve coordination between management and budget staff, and (4) consider creating the position of Deputy Director for Management (DDM).

Congress has used its legislative power for the past two decades to help direct OMB's governmentwide management leadership. For example, the Federal Managers Financial Integrity Act of 1982 required OMB to help establish guidelines agencies could use to evaluate their internal control systems. To increase attention to certain management problems, Congress created three separate statutory offices in OMB focused on specific management areas: the Office of Federal Financial Management (OFFM) to guide the establishment of systems and controls needed for agencies' financial management; the Office of Federal Procurement Policy (OFPP) to provide overall direction for executive agencies' procurement policies, regulations, and procedures; and the Office of Information and Regulatory Affairs (OIRA) to direct and oversee agencies' management of information resources and reduction of unnecessary paperwork. In addition, in the Chief Financial Officers Act of 1990, Congress established the DDM position to strengthen federal management in general. In 1993, Congress also

required OMB to lead the implementation of GPRA, which was designed to improve the efficiency and effectiveness of federal programs by establishing in each agency a system for setting goals for program performance and measuring results. Congress did not create a separate office in OMB for GPRA, but OMB initially placed responsibility for that function in its General Management Division, where responsibility for other governmentwide management initiatives was housed.

Results in Brief

OMB 2000 created a new organizational structure for the agency by reorganizing and replacing OMB's former budget program areas with five Resource Management Offices (RMO) staffed by employees reassigned to new program examiner positions. The RMOs were assigned integrated responsibilities for examining agency management, budget, and policy issues. In general, the agency-specific oversight responsibilities of the three statutory offices were shifted to the RMOs, but OMB decided to retain responsibility for developing governmentwide management policies in the statutory offices. OMB's General Management Division was eliminated.

Our review of budget documents and interviews with OMB staff indicated that there was greater attention to agency management issues in the fiscal year 1996 budget process (after OMB 2000 was implemented) than in the fiscal year 1995 process. A greater variety of management issues was presented in more depth in the fiscal year 1996 budget documents than in the previous year's documents. These results reflected the clear commitment of OMB's top officials to ensure the treatment of management issues in the budget cycle.

Although RMO staff said that budget examiners had looked at agency management issues before OMB 2000, they said that after the reorganization more attention was given to particular management issues by the RMOs, specifically the fiscal year 1996 budget initiatives on agencies' streamlining plans and use of performance information. They also said that OMB and agencies were more likely to take action on management issues when they were associated with the budget. However, some RMO staff said that the expansion of their responsibilities raised concerns that short-term budget pressures could limit their examination of long-term management issues. Some program examiners also said they did not have and could not easily locate the expertise needed to address certain management issues for which they were responsible. However, despite these concerns about its initial implementation, OMB staff generally had a positive view of OMB 2000.

Only one budget cycle has been completed under this reorganization. Therefore, some of the problems experienced to date may be merely transitional in nature, and it remains to be seen whether the initial positive results can be sustained over the longer term. Top OMB officials have fostered greater attention to management issues in the budget, but our interviews revealed concerns over whether this focus has become institutionalized for the longer term. We believe that OMB needs to address the longer term prospects for its capacity to provide central management leadership. Although OMB initially planned to evaluate OMB 2000 as a distinct management initiative, it now plans to assess more broadly its overall effectiveness in formulating and implementing management policies for the government in response to GPRA requirements. In recognition of the continued key role Congress expects OMB to play in addressing federal management issues, and in recognition of the history of tension between the two concepts of (1) integrating management and budget responsibilities and (2) segregating management responsibilities to prevent them from being overwhelmed by budget responsibilities, we believe it is important that OMB understand how the reorganization has affected its capacity for sustained management leadership.

Changes in OMB's Organizational Structure, Responsibilities, and Staffing

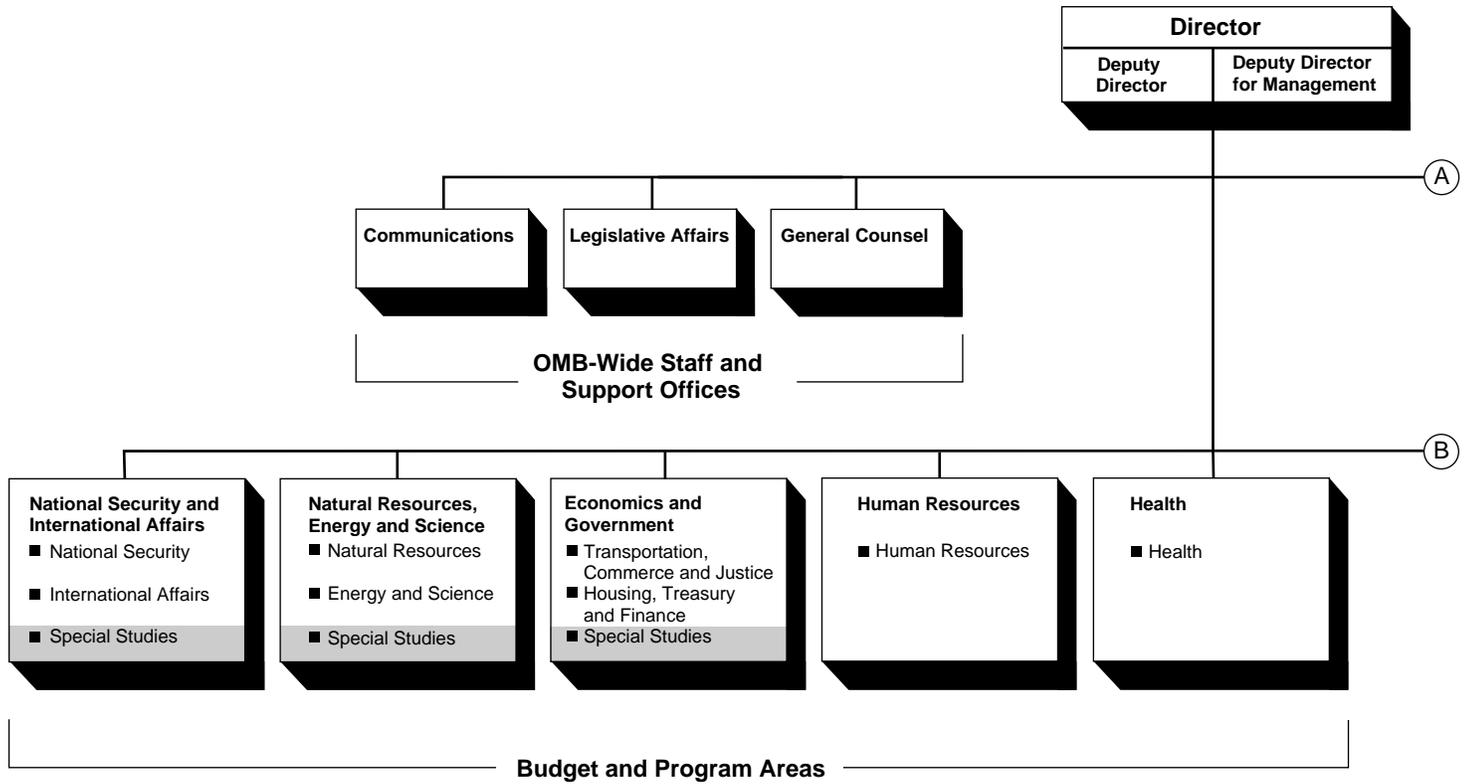
OMB 2000 altered OMB's organizational structure and the responsibilities of units within that structure. As a result of OMB 2000, the RMOS were created and made responsible for all agency-specific reviews, and the statutory offices continued to be responsible for developing governmentwide policy. Each RMO consists of at least one division, with several branches in each division. OMB 2000 created new staff positions, moved staff to different units within the new structure, and made other staffing changes. Overall, the RMOS were assigned about 26 percent more staff than the former budget program areas had, although OMB's total fiscal year 1994 staffing allocation (556 full-time equivalents) was unchanged. (App. II shows OMB's staffing profile before and after OMB 2000.)

Creation of the RMOS

OMB 2000 created five RMOS from five former budget program areas, which had examined agency budget requests and made funding recommendations to OMB's Director. OMB 2000 redistributed some former budget program area assignments in order to balance the workload within and among RMOS. Before OMB 2000, OMB had separate management offices that examined agencies' implementation of management initiatives. OMB had a General Management Division prior to OMB 2000 that was responsible for, among other things, performance measurement, program

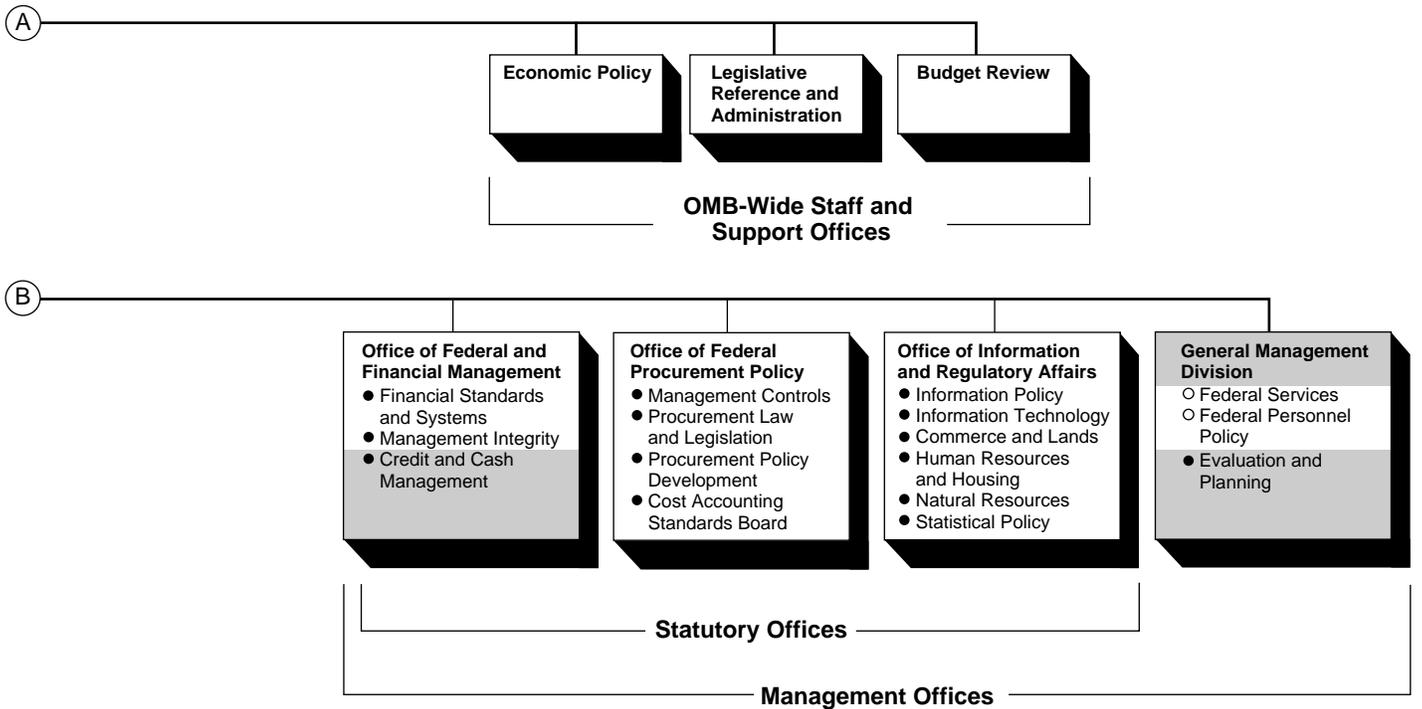
evaluation, and federal personnel and property management issues. In addition, OMB has three management-related offices that were created by statute: OFFM, OFPP, and OIRA. OMB reassigned staff from both the former budget program areas and the management offices to the RMOS to examine agencies' specific management, budget, and policy issues. Figure 1 shows OMB's organization before OMB 2000.

Figure 1: Office of Management and Budget, Before OMB 2000



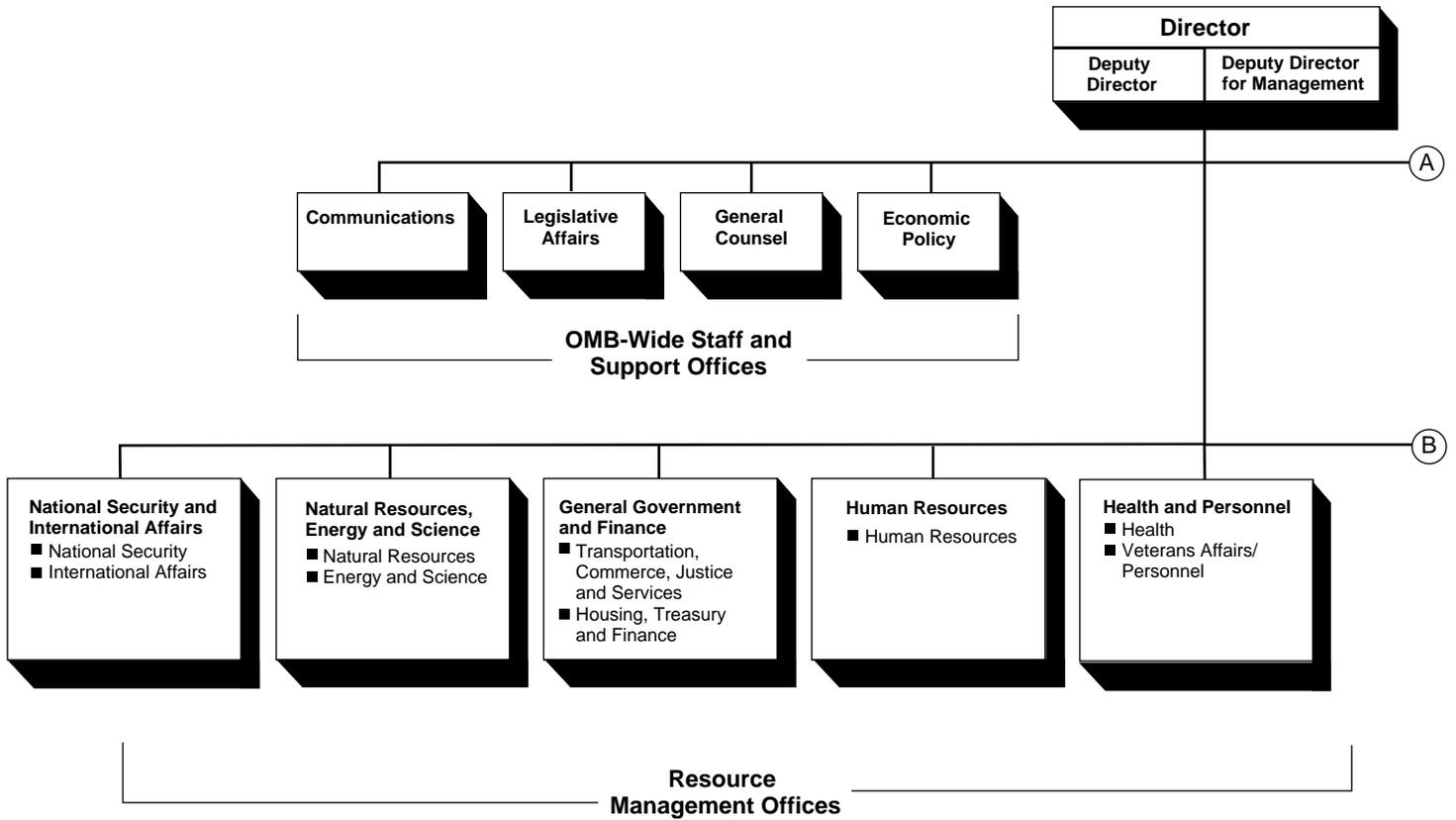
Legend

- Divisions
- Branches
- Entire branch transferred by OMB 2000
- Eliminated by OMB 2000

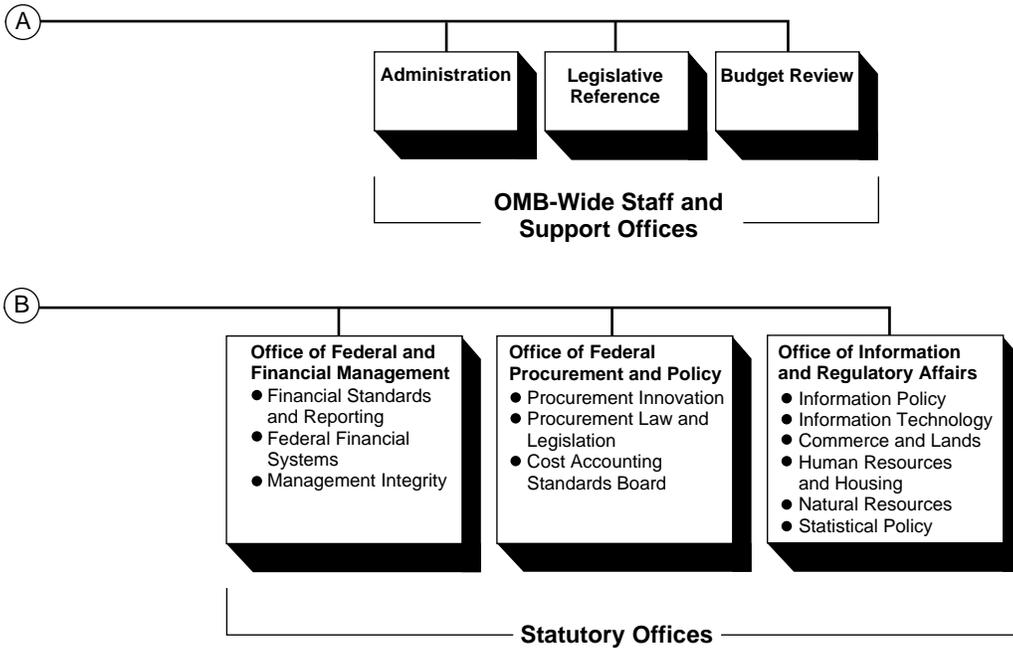


The National Security and International Affairs and the Natural Resources, Energy, and Science budget program areas became RMOs with comparable agency coverage. The Health budget program area became the Health and Personnel RMO and acquired responsibility for the Department of Veterans Affairs, the Office of Personnel Management, the Executive Office of the President, and the Postal Service. Some of the Human Resources budget program area's examining responsibilities (such as responsibility for the Department of Veterans Affairs) were moved elsewhere. Coincident with these changes, the Human Resources budget program area became an RMO. Finally, the Economics and Government budget program area became the General Government and Finance RMO, maintaining responsibility for the Departments of Commerce, Justice, Housing and Urban Development, Transportation, and Treasury; and federal financial institutions; and adding responsibility for the General Services Administration. (The RMOs' organizational structure and examining responsibilities are illustrated in app. III in figs. III.1 through III.5.) Figure 2 shows OMB's organization after OMB 2000.

Figure 2: Office of Management and Budget, After OMB 2000



Legend
 ■ Divisions
 ● Branches



The RMOS were also given responsibility for overseeing agencies' implementation of governmentwide management policies—a responsibility that had formerly been assigned to OMB's management offices (the statutory offices and the General Management Division). For example, OMB made the RMOS responsible for examining agencies' audited financial statements and for assessing agencies' high-risk, procurement, and information resources management (IRM) issues. OMB eliminated OFFM's Credit and Cash Management Branch and the Special Studies Divisions that had been associated with three of the five budget program areas. The Special Studies Divisions, which had originally been established to provide management expertise within the budget program areas, had most recently focused on longer term policy analysis.

The General Management Division was eliminated when two of its three branches (the Federal Services and Federal Personnel Policy Branches) were moved to RMOS and the third branch (Evaluation and Planning) was eliminated. The movement of the Division's responsibilities for examining the other two central management agencies (the General Services Administration and the Office of Personnel Management) reversed a previous initiative to give the General Management Division some budget examining responsibilities.

OMB assigned most of the responsibilities and staff from these units to the RMOS. For example, the two staff members who coordinated OMB Circular A-76⁴ activities and credit and cash management responsibilities were moved from the General Management Division and OFFM, respectively, to the General Government and Finance RMO. The staff member who coordinated GPRA responsibilities was transferred initially from the General Management Division to the Human Resources RMO. In May 1995 OMB relocated the individuals responsible for coordinating GPRA and OMB Circular A-76 initiatives from the RMOS to its Budget Review Division, because it determined that these crosscutting issues could be better handled centrally.

OMB attempted to reassign staff with specific expertise from the pre-OMB 2000 management offices to areas where they could continue to use their skills. For example, OMB assigned two former OFFP staff to an RMO branch that works on Department of Defense procurement issues and a former OFFM staff member to an RMO branch that works on housing loan issues.

⁴OMB Circular A-76 establishes the federal policy on commercial services. The circular specifies cost-comparison procedures for determining when it is more economical to contract out for services currently done by federal employees.

However, competing priorities prevented OMB from assigning some staff to areas related to their expertise and also prevented some RMO branches from receiving any new staff. Following the initial OMB 2000 staff reassignments, it was up to each branch chief to determine what, if any, technical skills the branch needed to fulfill its new responsibilities and to develop those skills within given staffing allocations. No specific guidance or technical support was provided toward this end, and we observed no organized assessment on OMB's part to identify required skills or any deficiencies.

The branches within the RMOs were given discretion to decide how they would address management issues, and the methods they used varied. Some RMO branches used former management staff primarily as management specialists, while others assigned them program examiner responsibilities to examine specific agency accounts. For example, the Housing and Urban Development/Federal Emergency Management Agency Branch of the General Government and Finance RMO assigned two former management staff a lighter load of agency examining responsibilities than other examiners in the branch, allowing them to spend at least half of their time on management issues. In contrast, the Income Maintenance Branch of the Human Resources RMO assigned a former financial management staff member a workload similar to that assigned to the other program examiners in the branch, with responsibility for examining budget, policy, and management issues within specific program areas.

Creation of the RMO Program Examiner Position

Before OMB 2000, budget examiners were responsible for budget review and program oversight for an assigned agency or agency program. As a result of OMB 2000, OMB replaced its budget examiner positions with program examiner positions and reassigned staff from the budget program areas, the General Management and Special Studies Divisions, and the statutory offices to fill those positions in the RMOs. Program examiners are employed in the RMOs as federal General Schedule (GS) employees in grades GS-9 through GS-15, with GS-15 the full performance level. Program examiners' position descriptions were expanded from those of budget examiners to more explicitly include responsibility for management issues. For example, before OMB 2000, budget examiners were to assist General Management Division staff in analyzing reorganization proposals; after OMB 2000, the program examiners were made responsible for conducting those reviews on their own. Program examiners were also given responsibility for planning and conducting studies on financial management and procurement. However, the position description does not explicitly mention IRM responsibilities. (See fig. IV.1

in app. IV for a comparison of examiners' major duties before and after OMB 2000.)

OMB also developed a new set of performance standards to cover all of its professional staff, including RMO and statutory office staff.⁵ Before OMB 2000, standards were individually tailored to particular positions. For example, previous performance standards for a budget examiner were focused specifically on budget formulation and review responsibilities. OFFM policy analyst standards included analyzing, coordinating, and monitoring financial systems issues; General Management Division policy analyst standards included analyzing the implementation of management initiatives, program evaluation, and long-range planning. OMB revised its performance standards to make them more uniform, to simplify them, and to encompass broader responsibilities, but the standards no longer identify specific responsibilities, including management responsibilities. (Fig. IV.2 in app. IV shows OMB's new critical job elements and performance standards for professional staff.)

As it has done traditionally, OMB primarily used on-the-job training to familiarize its examiners with their responsibilities. However, OMB also offered (but did not require) some formal training for the new responsibilities given to program examiners as a result of OMB 2000. For example, OMB offered training primarily on budget concepts, laws, and procedures for new program examiners who transferred from the management offices. OMB also invited all its staff to attend an OMB-wide "dialogue" on the fiscal year 1996 budget process and gave them the option of attending sessions designed for new OMB staff. The training included 1- to 2-hour sessions on such topics as the budget process; streamlining plans and the use of performance information (crosscutting issues that were emphasized in the fiscal year 1996 budget cycle); legislation; and initiatives related to certain statutory office responsibilities (e.g., procurement reform). OMB officials told us that 80 to 90 percent of OMB's program examiners and statutory office staff attended these sessions. In addition, some of the statutory offices provided informal training or other guidance for program examiners and RMO branch chiefs on certain management issues. For example, OFFM conducted seminars on financial management issues, such as reviewing audited financial statements.

⁵In addition to RMO program examiners, OMB's professional staff includes such positions as policy, management, and program analysts; accountants; economists; attorneys; statisticians; and other specialists. These professionals are employed throughout OMB, such as in the statutory management offices and in other OMB-wide offices. Program examiners are employed in the RMOs.

Changes to OMB's Statutory Offices

As a result of OMB 2000, OMB reduced the number of authorized staff positions in each of its statutory offices and moved those staff to the RMOS.⁶ The size of the staff reductions varied by office. All the statutory offices retained their governmentwide policymaking roles, and OIRA retained its oversight responsibilities for regulatory and paperwork issues. However, the offices' responsibilities for overseeing agencies' implementation of other governmentwide management initiatives were transferred to the RMOS. Each statutory office followed a different approach in devolving these responsibilities. During our interviews, OMB staff identified a number of benefits that occurred as a result of changes to the statutory offices, such as enhanced coordination with agencies and the visibility of the financial management or procurement issues that became tied to the budget process. However, they also expressed some concerns about these changes, including concerns about how OMB 2000 had affected OMB's capacity to address financial management and procurement issues. These issues are only a part of the many responsibilities of a program examiner; prior to OMB 2000, they had been the responsibility of a limited number of management staff dedicated specifically to these issues.

Office of Federal Financial Management

As a result of OMB 2000, 21 of OFFM's 41 authorized staff positions were shifted to the RMOS, including most of the staff of the Credit and Cash Management Branch, which was abolished. According to the March 1, 1994, memorandum announcing the reorganization, these staff were shifted from OFFM to increase the RMOS' analytical capabilities. OFFM retained responsibility for developing and coordinating governmentwide financial management policies, but OMB transferred responsibility for assessing agencies' implementation of these policies to the RMOS. RMO program examiners also were made responsible for assessing the status of agencies' progress regarding high-risk issues and for reviewing agencies' audited financial statements—functions that had been the responsibility of OFFM.

Several RMO officials said that there was better coordination between OFFM and other parts of OMB following OMB 2000. For example, OFFM took steps to work jointly with the RMOS and increase RMO officials' participation in

⁶Generally, these authorized positions were staffed by OMB employees who were moved to the RMOS from the statutory offices. In some instances, however, the statutory office positions were vacant and OMB abolished these positions and established new positions in the RMOS. Therefore, changes in the number of authorized positions were somewhat greater than the total number of staff who were transferred.

the Chief Financial Officers Council.⁷ OFFM sent Council meeting agendas and minutes to RMO officials and solicited their input. OFFM also held several training sessions for RMO staff on a range of financial management issues, including accounting standards, the form and content of audited financial statements, and consolidated reporting.

Despite these efforts to improve the RMOS' knowledge and analytical capabilities, a number of OMB staff we talked to expressed concerns about the program examiners' capacity to address financial management issues. They said some program examiners did not yet have the expertise they needed to carry out their agency-specific financial management oversight responsibilities, such as reviewing audited financial statements. They also said that they were uncertain how to address credit and cash management questions since responsibility had been devolved to the RMOS.

Office of Federal Procurement Policy

OMB reallocated 10 of OFPP's 30 authorized staff positions to the RMOS as a result of OMB 2000. Six of the 10 former OFPP staff became jointly managed under a "matrix management" approach in which they were made responsible for working on both the agency-specific issues in their RMOS and crosscutting procurement issues (e.g., electronic commerce) on an OFPP team. OFPP's responsibilities for overseeing agency implementation of governmentwide procurement policies were reassigned to the RMOS.

According to OFPP's Administrator, the matrix approach was used to provide the structure needed to implement OMB's statutory procurement responsibilities and provide the RMOS with the procurement expertise they needed to perform their oversight responsibilities. He said that RMO matrixed staff who worked on OFPP teams could also oversee the implementation of the teams' ideas by the agencies for which they had responsibility. For example, he said that the RMO matrixed staff serving on OFPP's research contracting team collaborated on this issue with several agencies on major research contracts, developed appropriate points of contact in the agencies, and worked jointly with OFPP staff and agency officials to address the issue. OFPP extended the matrix approach to include nonmatrixed staff from RMOS on the OFPP electronic commerce team.

⁷The Chief Financial Officers Council was established by the Chief Financial Officers Act of 1990 to advise and coordinate the agencies' activities on such matters as consolidation and modernization of financial systems, improved quality of financial information, financial data and information standards, internal controls, legislation affecting financial operations and organizations, and other financial management matters. The Council is chaired by OMB's DDM.

However, some of the OMB staff we interviewed said that OFPP's matrix management approach caused difficulties for the matrixed staff because they reported to managers in two different organizations with different expectations. One reported difficulty was the attempt to integrate former OFPP staff as RMO program examiners when OFPP's Administrator expected the matrixed staff to work solely on procurement issues. Most of the matrixed staff said it was difficult to sort out work priorities under this staffing arrangement.

Office of Information and Regulatory Affairs

OIRA's 56 authorized staff positions were relatively unchanged by OMB 2000, with only 4 authorized positions transferred to the RMOS. OIRA's 12 IRM staff retained responsibility for establishing governmentwide IRM policies, but responsibility for overseeing agency implementation of those policies shifted to the RMOS. However, OMB's program examiner position description does not explicitly include IRM oversight responsibilities. OIRA also continued to be responsible for all regulatory and paperwork reviews as well as statistical policy issues. According to the March 1, 1994, memorandum, OMB postponed any major reorganization of OIRA because of its responsibility for implementing Executive Order 12866 on regulatory planning and review.⁸

OIRA's Administrator told us that as an alternative to decentralizing staff to the RMOS, OIRA used IRM teams, composed of RMO program examiners and OIRA staff. The teams were developed to enhance working relations between the groups and to ensure that RMOS were knowledgeable about IRM issues. The Administrator and some RMO staff said OIRA generally had a good working relationship with the examiners before OMB 2000 in both the regulatory and IRM areas, and that this relationship continued after the reorganization. Also, OIRA staff still concentrate on governmentwide and crosscutting issues. For example, a team composed of OIRA and GAO staff developed a best practices guide to help OMB program examiners and agency personnel identify important issues in oversight of information technology investments.⁹ Also, each IRM specialist in OIRA's Information Policy and Technology Branch serves as a liaison to at least one interagency group, including groups on wireless communications,

⁸Executive Order 12866 was issued on September 30, 1993, making OMB responsible for ensuring that agencies' rulemaking is consistent with applicable law, the President's priorities, and the Executive Order's principles.

⁹Evaluating Information Technology Investments: A Practical Guide, Oct. 1995 Draft.

international trade data, electronic mail, wage tax reporting, and system benefits.¹⁰

OMB's Attention to Management Issues Changed After OMB 2000

The budget documents we reviewed and our interviews with OMB staff indicated that OMB's attention to management issues changed following OMB 2000. The documents showed that the quantity and quality of information about management issues presented during the budget process increased after the reorganization. Many of the OMB staff we interviewed also reported that they believed there had been an increased focus on management issues in the budget process after OMB 2000 and said this focus had resulted in changes in their work. However, they also expressed some concerns regarding OMB's attention and capacity to address certain issues.

OMB Fiscal Year 1996 Documents Showed an Increased Focus on Management Issues

The budget documents we reviewed related to five selected agencies generally contained more substantive and detailed discussions of management issues for fiscal year 1996 than the previous year's documents, although the information provided by agencies and the level of analysis by OMB staff varied. Changes in OMB's management emphasis were apparent in three areas—OMB's management priorities, issues related to OMB's statutory offices, and other program-related management issues.

OMB Management Priorities

OMB's top management priorities for the fiscal year 1996 budget cycle were agencies' streamlining plans and use of performance information.¹¹ OMB budget preparation guidance published in July 1994 said agencies' fiscal year 1996 budget submissions were to identify the key features of their streamlining plans (e.g., increased span of control, reduced organizational layers, and/or milestones for full-time equivalent reductions). The guidance also encouraged agencies to include performance goals and indicators in their budget justifications and to include output and outcome measures instead of workload and other process measures.¹² During their review of agency budget submissions, RMO program examiners were

¹⁰In early 1995 the Information Policy and Information Technology Branches were merged into the Information and Technology Branch.

¹¹The identification of these areas of emphasis and any subsequent change of emphasis in the budget process may have been related to other events occurring simultaneously, such as the implementation of GPRA, the passage of the Federal Workforce Restructuring Act of 1994 (Public Law 103-226), and the implementation of NPR recommendations.

¹²OMB's Circular A-11 guidance for fiscal year 1997 includes instructions on the preparation and submission of agencies' strategic plans. These plans should set the agencies' strategic course; describe their overall programmatic and policy goals; and spell out how these goals will be achieved.

expected to assess whether agencies' streamlining plans were acceptable and, if not, to recommend changes. They were also asked to identify (1) whether performance information had been provided, (2) why such information was not provided or was limited, and (3) what additional information would be useful.

In September 1994, the OMB Director and the DDM established more specific guidance for RMO program examiners to use when reviewing agency fiscal year 1996 budget submissions for these areas of emphasis. For example, guidance stated that the examiners' reviews of streamlining plans should be more than a "numbers exercise" and that they should consider the quality, scope, and nature of each agency's streamlining effort. The guidance instructed RMO program examiners to include performance measurement information, where available, in all their analyses of major issues.¹³

The budget documents we reviewed indicated that OMB's priorities on streamlining plans and the use of performance information had a clear impact on the fiscal year 1996 agencies' submissions and OMB's internal budget review documents. Whereas the fiscal year 1995 documents discussed streamlining primarily in terms of the number of positions to be eliminated, the fiscal year 1996 documents also included discussions about how proposed staff reductions could affect the agencies' performance. In the documents for one agency, RMO staff commented that its fiscal year 1996 plan was thorough and comprehensive and was designed to meet NPR's targeted staffing levels while providing better customer service, cost savings, and an improved working environment for agency employees. OMB internal budget documents for another agency included a detailed analysis of the agency's performance management system. The analysis noted that the resources the agency requested were justified in terms of activities to be funded but also said that the agency lacked a clear picture of the outcomes that would result from the requested funding. The documents also highlighted problems with the agency's performance reporting system (e.g., lack of cost data and limited data quality and comparability), noting that the system did not contain enough information to identify underlying problems and did not link outcomes to reported outputs. RMO staff recommended specific performance measures that would be useful to OMB and identified problems that confronted the agency in designing an effective performance measurement system (including potential conflicts

¹³OMB continued this emphasis on performance information by reinstating a Spring Review as a prelude for the fiscal year 1997 budget. Unlike prior Spring Reviews that emphasized program policy and budget issues, this review was intended to help OMB and agencies work together to identify useful performance information.

between federal agencies' goals and missions, exogenous effects on outcomes, and linkages between social costs and outcomes).

Statutory Office and Other Management Issues

Issues related to OMB's statutory offices were also generally discussed in greater depth in the fiscal year 1996 budget documents than they were in the fiscal year 1995 documents. For example, the discussion of financial management issues in internal OMB documents for one agency was much narrower before OMB 2000 than it was after the reorganization. The discussion in the fiscal year 1995 documents was limited to a statement that the agency faced challenges in such areas as contract management and financial systems. The fiscal year 1996 documents included an assessment of financial management issues at the agency, such as a review of the agency's 5-year plan and how it related to reengineering and streamlining efforts.

The fiscal year 1996 budget documents also included a broader discussion of other types of management issues than there was in the fiscal year 1995 documents. For example, in the fiscal year 1995 documents, both the Department of Justice and OMB raised the issues of prison overcrowding and the continuing growth in full-time equivalent requirements for the Department's Bureau of Prisons as strictly resource issues. In contrast, in the fiscal year 1996 documents, OMB's assessment extended beyond the resource issues to include information on trends in state and county prison systems, operating costs at the Bureau's medium- and low-security facilities compared to private facilities, and issues involving the quality of confinement and the adequacy of security. In OMB's review of the Department of Housing and Urban Development's fiscal year 1995 budget request, OMB budget examiners discussed the Department's credit management and asset disposition strategies. In OMB's review of the Department's fiscal year 1996 request, RMO staff again discussed these issues but also analyzed the relationship of improved credit management and asset disposition to budget savings, reduced administrative and full-time equivalent requirements, and improved customer service. In their analysis, the RMO staff included selected performance measures and identified specific actions that could be adopted on the basis of evidence from the Department's financial statements, Federal Managers Financial Integrity Act and audit reports, and other sources.

OMB not only increased its attention to certain management issues in the fiscal year 1996 budget cycle, it also changed the type of information it requested from the agencies under OMB Circular A-11 for high-risk and information systems reports. Although the individual high-risk programs

were discussed in as much or more detail in the fiscal year 1996 documents, OMB required agencies to report on fewer high-risk programs and to concentrate their high-risk efforts on those operational improvements not requiring legislative authorization.¹⁴ OMB Circular A-11 guidance for the fiscal year 1996 budget process consolidated requirements for some financial management and financial systems reports and reduced the level of detail that agencies were required to report to OMB. In consolidating or reducing these requirements, OMB attempted to concentrate on financial and mixed systems critical to agencywide financial management, reporting, or control and no longer required data on nonfinancial reporting systems.

OMB Staff Reported Uneven but Improved Attention to Management Issues

The OMB staff we interviewed said that changes arising from OMB 2000 had mixed effects on OMB's ability to address management issues. OMB staff expressed a widespread view that OMB's attention to certain management issues, such as streamlining plans and the use of performance information, had increased in the fiscal year 1996 budget cycle. Former budget examiners generally said that they felt more responsible for management issues after OMB eliminated what some viewed as an artificial separation between management and budget. Some of the staff also said, however, that OMB's attention to other management issues that were formerly statutory office or General Management Division responsibilities had decreased or varied across the RMO branches. RMO staff, both those who had formerly been management staff and those who had formerly been budget examiners, voiced specific concerns about the reorganization, although they generally expressed positive views about OMB 2000.

Program examiners who were formerly budget examiners generally said that although they had looked at management issues before OMB 2000, the degree to which they emphasized those issues had increased since the reorganization. Many of the OMB staff we interviewed said that the Director and the DDM were clearly committed to improving federal management and that their commitment had raised the importance of management issues in OMB as a whole. However, because the management focus of OMB 2000 was so closely identified with these officials, some of the staff raised questions about whether that emphasis would survive when those officials left OMB.

Several OMB staff also said that OMB and agencies were more likely to act on management issues when those issues were raised in the context of

¹⁴According to OMB Circular A-11 for the fiscal year 1997 budget process, OMB program examiners will have the discretion to decide whether an agency must report on its high-risk programs with its budget submission.

budget reviews. They said linking management and budget issues provided examiners with more leverage for change in the agencies. For example, an OFFM staff member cited financial management restructuring as an example of an area where agencies took action more quickly when the issue was raised by an RMO during the budget review process than when this issue was raised outside of budget discussions by OFFM.

Some of the OMB staff we interviewed said that the discretion given to RMOs in overseeing agency implementation of management issues resulted in a more varied approach to addressing management issues within OMB than had been the case before OMB 2000. They said the RMO branches differed in both whether and how they treated management issues for which the statutory offices or the General Management Division were formerly responsible. RMO staff said that the particular management focus an RMO takes depends on the kinds of activities and issues at the agencies being examined. For example, procurement issues may be more prominent in OMB's examination of agencies that do a lot of purchasing, such as the Department of Defense.

One of the goals of OMB 2000 had been to realign resources so that program examiners could do more long-term "mid-range" analysis.¹⁵ However, RMO staff frequently said there had been an increase in their responsibilities as a result of OMB 2000, and their workload increased in response to such initiatives as reinventing government and congressional agency restructuring proposals. They also said they had not been told to eliminate any responsibilities or tasks as a result of OMB 2000. Because they had to balance competing responsibilities, several program examiners said that less emphasis had been placed on certain management issues—those that lacked a clear budgetary impact, did not require an immediate response to a short-term deadline, or did not reflect the administration's priorities. In particular, they said the short-term pressures of the budget process left little time for long-term analysis.

Although they felt more responsible for agency management issues, some program examiners said that they did not know how to address all of these issues. They also said that the reduction of centralized management expertise in the statutory offices and the elimination of the General Management Division left them with fewer sources of expertise and assistance. Because program examiners had little time to spend looking

¹⁵The memorandum announcing OMB 2000 indicated that a lack of time to do such analysis had been a common complaint from OMB staff for some time. In our 1989 report on OMB (GAO/GGD-89-65, May 4, 1989), we reported that OMB's focus on the short-term consequences of actions had limited OMB's efforts to help resolve long-term problems.

for the expertise that was available, they said that certain management issues were not addressed or received less attention. OMB staff were not always sure how various management issues related to each other and to the budget process. According to OMB's Director and DDM, OMB is working to develop a unified framework to bring together the various management-related laws and initiatives with a performance focus.

OMB Has Not Formally Evaluated OMB 2000

OMB initially planned to assess the OMB 2000 effort. However, the Associate Director for Administration said that OMB decided not to evaluate OMB 2000 in the spring of 1995 because the unprecedented pace of the fiscal year 1996 budget process left insufficient time to perform any evaluation. He said OMB no longer planned any formal assessment of the personnel and organizational changes in OMB 2000. However, a Special Assistant to the DDM said OMB intends to assess the effectiveness of OMB as a whole in response to GPRA requirements. Part of this assessment will be an evaluation of the integration of OMB's management and budget responsibilities.

Conclusions

The changes associated with OMB 2000 should be viewed in the context of OMB's perennial challenge of carrying out its central management leadership responsibilities in an environment in which its budgetary role necessarily remains a vital mission. Previous congressional and OMB attempts to elevate the status of management and protect it from budgetary pressures by creating separate management units within OMB sought to ensure that a consistent level of effort was focused on management issues. However, these efforts were widely acknowledged to have been only marginally successful in affecting budget decisions and sustaining attention to OMB's role of leading management improvement in the agencies. Sustained attention to management issues often remained subordinated to budget concerns and perspectives, and the leverage the budget could offer to advance management efforts was not directly available to the management units.

OMB 2000 represents another OMB approach to try to strengthen its management leadership capacity and influence. Although policy development responsibilities were retained within its separate management offices, OMB attempted to elevate the importance of management by linking its management oversight and budget preparation responsibilities within newly created RMOS. In decentralizing responsibility for management issues throughout the RMOS, OMB 2000 increased reliance

on the commitment of RMO managers and staff and coordination of their activities with the statutory offices. OMB's initial experience with this approach during the 1996 budget process showed the clear support of top OMB officials and staff to enhance the treatment of certain management issues in the budget. Even though this was a particularly difficult budget cycle, there was a noticeable increase in the attention given to management issues that transcended immediate budgetary concerns. However, given the many issues competing for the attention of RMO officials and staff, top leadership direction will continue to be an important factor in ensuring consistent guidance across RMOs and continued concern for governmentwide management issues. At the time of our review only one budget cycle had elapsed since the inception of OMB 2000, so it remains an open question whether the heightened attention to management issues will be sustained after the current leadership leaves OMB.

In addition, sustained congressional oversight of both management policies and reform initiatives will continue to play a vital role in ensuring a consistent focus on management issues within OMB. Some recent statutory management initiatives have, in fact, provided a new set of tools that may aid the integration of management issues in the budget process. The Chief Financial Officers Act requires agencies to produce, for the first time, audited financial data that can be used in the budget process to better measure the actual costs of programs and promote improved financial management of scarce resources by federal agencies. Under GPRA, agencies are required to generate performance measures and information that may help OMB better assess the management of program resources and achievement of program goals.

A critical question facing OMB is whether its new approach toward integrating management and budgeting as well as its implementation of statutory management responsibilities can be sustained over the long term. Sustaining a management focus in budgeting relies on the capacity and expertise of the program examining staff to address management issues. These issues warrant continued attention and periodic assessment by OMB itself to help promote the organization's long-term capacity to achieve an integrated approach to management as part of the budget process.

OMB needs to periodically assess how well its RMOs and statutory offices are working together to address management issues. Such an assessment should most appropriately be undertaken as part of a broader assessment

of OMB's performance in formulating and implementing management policies for the government that address a larger range of issues affecting the effectiveness of OMB's management role. This assessment could also inform the ongoing debate on how best to protect management from being overwhelmed by budgetary pressures—specifically, whether a separate office of management is needed. The most effective evaluation would be one where all stakeholders reached mutual agreement on the particular elements of the evaluation and the indicators used to measure performance. The GPRA strategic planning process offers an excellent opportunity for OMB to evaluate its own institutional capacity and to identify opportunities to strengthen leadership of management issues.

Our review suggested a number of possible areas to consider for evaluation. For example:

- Although the OMB staff we spoke with were generally positive about the reorganization, they expressed some concerns about whether program examiners had sufficient time and expertise to adequately address certain management issues during their agency budget reviews. OMB could examine whether on-the-job training and a decentralized staffing approach are appropriate to develop the skills and abilities needed by RMOS to carry out management oversight responsibilities.
- OMB used three different approaches during the first year of OMB 2000 to structure RMOS' relationships with statutory offices and to provide program examiners with access to management expertise: (1) direct transfer of responsibilities and resources to RMOS, as used in reorganizing certain general and financial management activities; (2) joint assignment of staff, as used in matrixing federal procurement policy and oversight responsibilities; and (3) use of "best practices" guidance, as developed for information resources management. OMB could evaluate each of these approaches to determine whether any of them are more effective than the others, or whether changes are needed in the way they have been implemented.

Recommendation

OMB 2000 has clearly affected how the agency addresses management issues, but a broader assessment of OMB's management strategies and approaches is the most appropriate context in which to consider how to best ensure the integration of management and budgeting. Accordingly, as part of its planned broader assessment of its role in formulating and implementing management policies for the government, OMB should consider the lessons learned from OMB 2000. Such a review should focus

on specific concerns that need to be addressed to promote more effective integration, including (1) the way OMB currently trains its program examiners and whether this is adequate given the additional management responsibilities assigned to these examiners, and (2) the effectiveness of the different approaches taken by OMB in the statutory offices to coordinate with RMOS and provide program examiners with access to expertise.

Agency Comments and Our Evaluation

We provided copies of a draft of this report for review by OMB officials. On December 1, 1995, we met with OMB's DDM and one of his special assistants, the Associate Director for Administration, and a staff assistant. They generally agreed with the facts presented and said they found the report useful. The OMB officials provided some additional information on the training OMB has provided and on OMB's planned assessment of OMB as a whole.

On December 10, 1995, the DDM provided written comments on this report (see app. V) in which OMB generally concurred with the report's conclusions and recommendation. In its letter, OMB said that it found our report to be thorough, accurate, and constructive in describing the OMB 2000 changes. OMB agreed that the strategic planning process it will be working on in the coming year offers an excellent opportunity for OMB to evaluate its institutional capacity and to identify opportunities to strengthen leadership of critical governmentwide management issues. OMB's letter stated that its planning effort will address the integration of management and budget responsibilities, including the adequacy of employee training and different approaches to integration and coordination among OMB's various units. In addition, the DDM wrote that OMB's Management Committee, consisting of the DDM and 13 other members from all levels within OMB, deals with the entire range of issues and initiatives pertaining to OMB's organizational effectiveness, structure, and work practices. We cannot yet evaluate the adequacy of the actions OMB plans to take in the coming year.

We are sending copies of this report to the Director and Deputy Director for Management, OMB; and other interested Members of Congress. We will also make copies available to others on request.

Major contributors are shown in appendix VI. If you have any questions concerning this report, please call either of us. Nye Stevens can be

reached on (202) 512-8676, and Paul Posner can be reached on (202) 512-9573.



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Contents

Letter	1
Appendix I Objectives, Scope, and Methodology	32
Appendix II Staffing Profile, Before and After OMB 2000	34
Appendix III Resource Management Office (RMO) Branches and Responsibilities	35
Appendix IV Program Examiners' Major Duties and Performance Standards	40
Appendix V Agency Comments	43
Appendix VI Major Contributors	44
Figures	
Figure 1: Office of Management and Budget, Before OMB 2000	8
Figure 2: Office of Management and Budget, After OMB 2000	12
Figure III.1: National Security and International Affairs RMO: Divisions, Branches, and Agency Examining Responsibilities	35

Figure III.2: Natural Resources, Energy and Science RMO: Divisions, Branches, and Agency Examining Responsibilities	36
Figure III.3: General Government and Finance RMO: Divisions, Branches, and Agency Examining Responsibilities	37
Figure III.4: Human Resources RMO: Division, Branches, and Agency Examining Responsibilities	38
Figure III.5: Health and Personnel RMO: Divisions, Branches, and Agency Examining Responsibilities	39
Figure IV.1: Comparison of Budget and Program Examiners' Major Duties	41
Figure IV.2: OMB's Critical Job Elements and Performance Standards for All OMB Professional Staff	42

Abbreviations

DDM	Deputy Director for Management
GPRA	Government Performance and Results Act
IRM	Information Resources Management
NPR	National Performance Review
OIRA	Office of Information and Regulatory Affairs
OFFM	Office of Federal Financial Management
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget
RMO	Resource Management Office

Objectives, Scope, and Methodology

The objectives of our review were to describe (1) changes in OMB's organizational structure, responsibilities, and staffing as a result of OMB 2000; (2) changes to OMB's three statutory offices; (3) changes in the attention OMB gave to management issues in the budget formulation process before and after OMB 2000; and (4) how OMB planned to evaluate OMB 2000.

To describe changes in OMB's organization, responsibilities, and staffing as a result of OMB 2000, we reviewed OMB memoranda, personnel data, and other documents.¹ We also interviewed OMB officials, including the Human Resources Manager, the Associate Director for Administration, and special assistants to the DDM. To describe changes in OMB's statutory offices, we examined what OMB is required to do by statute and reviewed OMB documents that described these offices' responsibilities. We also interviewed the top officials, selected branch chiefs, and other staff within the statutory offices—OFFM, OFPP, and OIRA.

We determined changes in the attention OMB gave to management issues in the budget formulation process by comparing fiscal year 1995 and fiscal year 1996 budget guidance, agency budget submissions, internal OMB budget documents, and the President's budget for fiscal years 1995 and 1996 related to five agencies: the Departments of Veterans Affairs, Labor, Justice, Housing and Urban Development, and the Environmental Protection Agency. For background information, we interviewed officials in each of the five selected agencies who were identified by their agencies as knowledgeable about the budget process and submissions for fiscal years 1995 and 1996. We selected these agencies for our review to provide examples of the agencies that the RMOS oversee (four of the five RMOS were included in our review: the Natural Resources, Energy and Science RMO; the General Government and Finance RMO; the Human Resources RMO; and the Health and Personnel RMO). The agencies were also selected to represent a mix of program activities (e.g., regulatory and grants); modes of service delivery (e.g., direct and third-party providers); and organizational structures (e.g., centralized and decentralized).

We reviewed OMB's budget preparation and submission guidance and other related OMB documents for fiscal years 1995 and 1996 and interviewed officials and staff from all the levels within the RMOS, including divisions and branches, who were responsible for examining these agencies. We also interviewed RMO program examiners from other branches who, before

¹All staffing data presented in this report are from fiscal year 1994, when OMB 2000 was announced and initially implemented. Staffing levels since the reorganization have remained relatively unchanged.

the OMB 2000 restructuring, were budget examiners, management staff, or Special Studies Division analysts. To determine how OMB planned to evaluate OMB 2000, we interviewed the DDM and other top OMB officials. We also asked OMB staff if they were aware of any formal performance measures or goals for OMB 2000 or if they knew of any OMB plans to evaluate OMB 2000.

We asked all OMB staff and officials we interviewed a standard set of questions about OMB 2000, along with additional questions relevant to their positions or organizational location within OMB. Consequently, the number that constituted “some” of the respondents varied from question to question.

Staffing Profile, Before and After OMB 2000

Offices	Organizational component	Number of staff		Percent change
		Before OMB 2000 ^a	After OMB 2000 ^b	
Directors, staff, and support offices	Office of the Director	13	16	23.1
	Communications	2	2	0.0
	Legislative Affairs	6	6	0.0
	General Counsel	8	8	0.0
	Economic Policy	11	10	-9.1
	Legislative Reference ^c	27	27	0.0
	Administration ^c	15	19	26.7
	Budget Review	73	72	-1.4
	Subtotal	155	160	3.2
Budget program areas/RMOs	National Security and International Affairs	56	64	14.3
	Natural Resources, Energy and Science	64	72	12.5
	Economics and Government/ General Government and Finance	55	73	32.7
	Human Resources	39	39	0.0
	Health and Personnel	27	56	107.4
	Subtotal	241	304	26.1
Management and statutory offices	Federal Financial Management	41	20	-51.2
	Federal Procurement Policy	30	20	-33.3
	Information and Regulatory Affairs	56	52	-7.1
	General Management Division	33	0	-100.0
	Subtotal	160	92	-42.5
Total		556	556	0.0

^aBefore OMB 2000 staffing data are as of January 1, 1994.

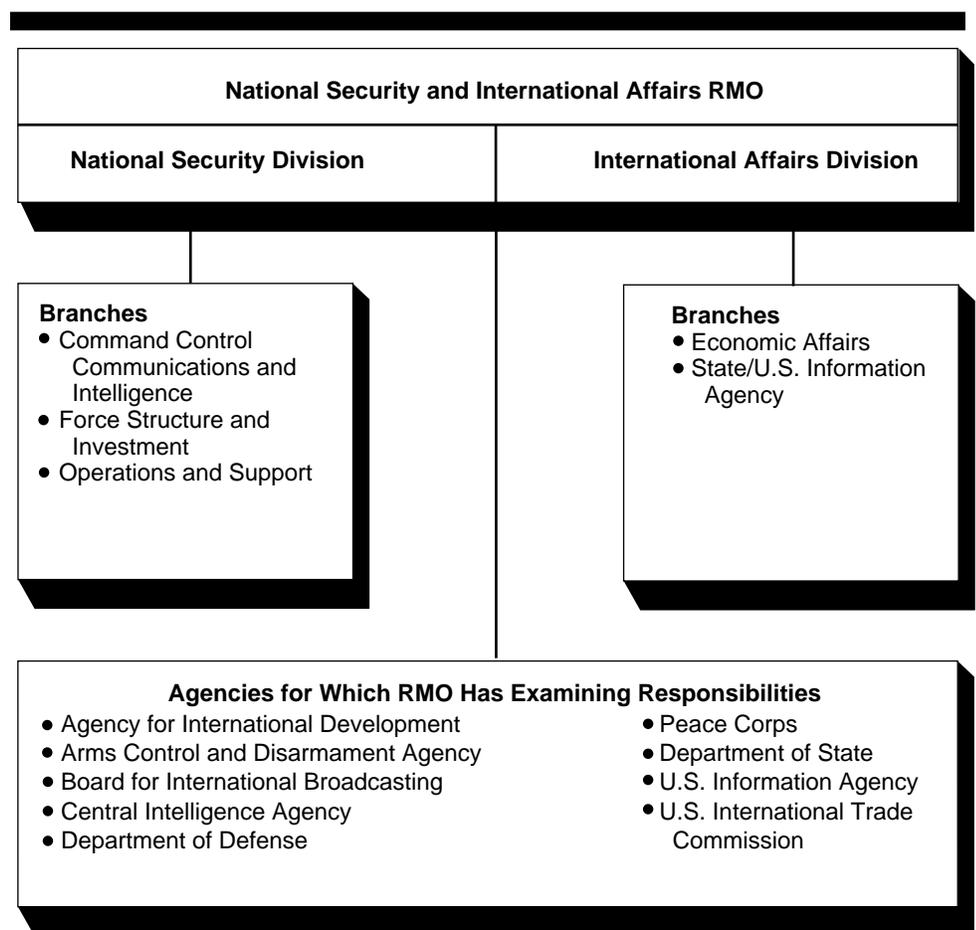
^bAfter OMB 2000 staffing data are as of June 18, 1994.

^cAlthough the Office of Administration and the Office of Legislative Reference were not established as separate offices until OMB 2000, for purposes of this analysis, staff data are presented separately both before and after OMB 2000.

Resource Management Office (RMO) Branches and Responsibilities

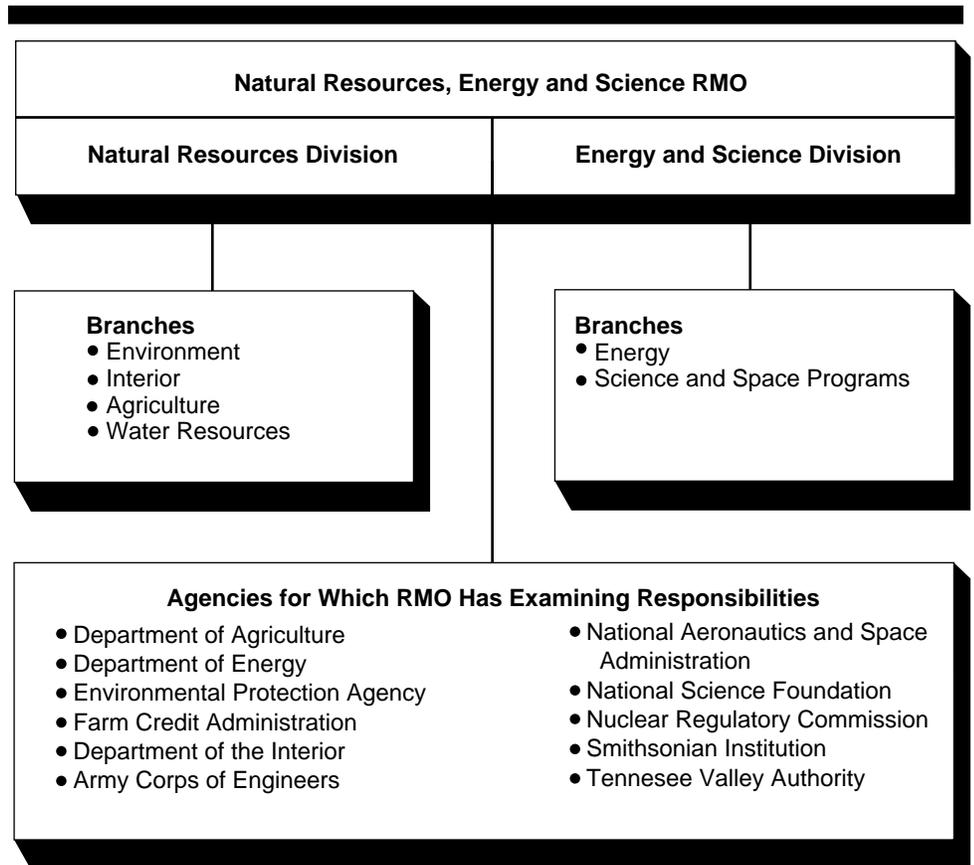
The following figures illustrate each RMO's organization and the agencies for which it has examining responsibilities. The listings of agencies for which the RMO has examining responsibilities are not comprehensive. The agencies listed represent those with statutory Inspectors General and are included to illustrate RMO program responsibilities.

Figure III.1: National Security and International Affairs RMO: Divisions, Branches, and Agency Examining Responsibilities



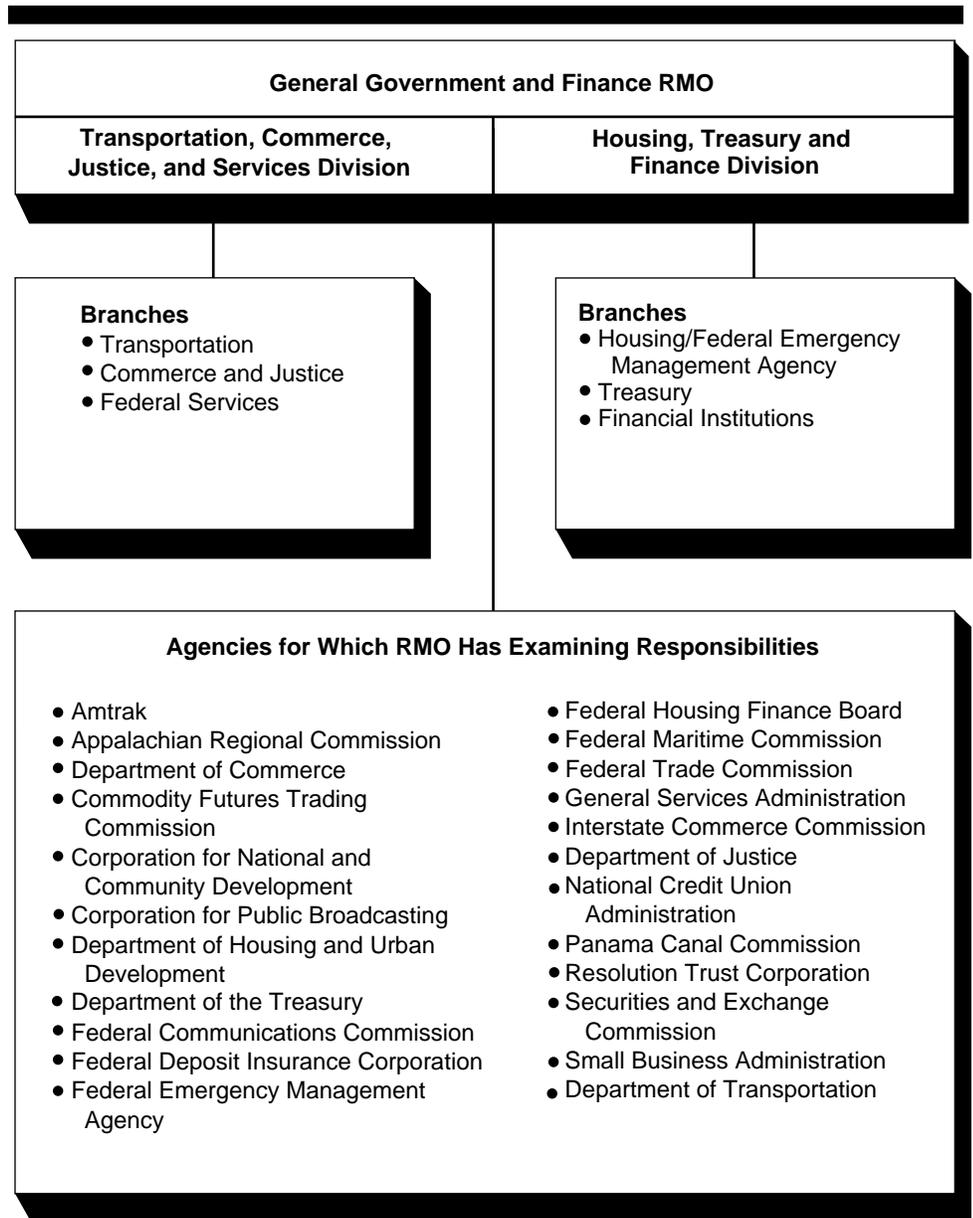
**Appendix III
Resource Management Office (RMO)
Branches and Responsibilities**

Figure III.2: Natural Resources, Energy and Science RMO: Divisions, Branches, and Agency Examining Responsibilities



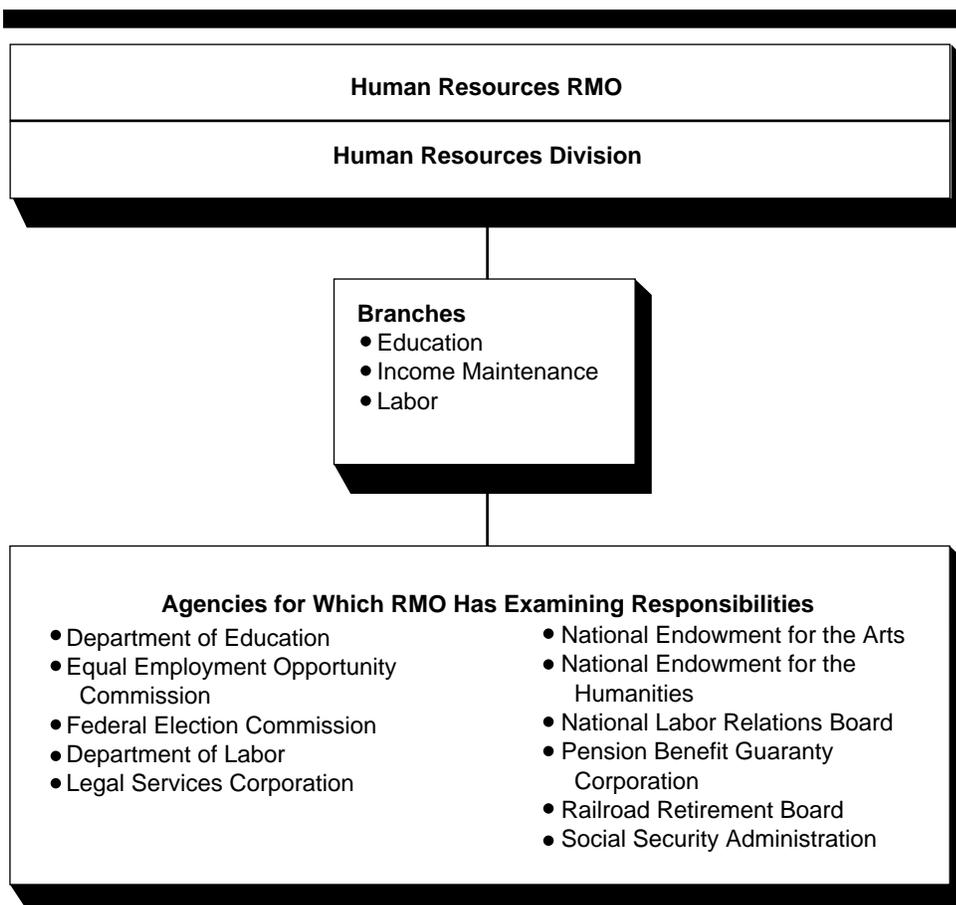
**Appendix III
Resource Management Office (RMO)
Branches and Responsibilities**

Figure III.3: General Government and Finance RMO: Divisions, Branches, and Agency Examining Responsibilities



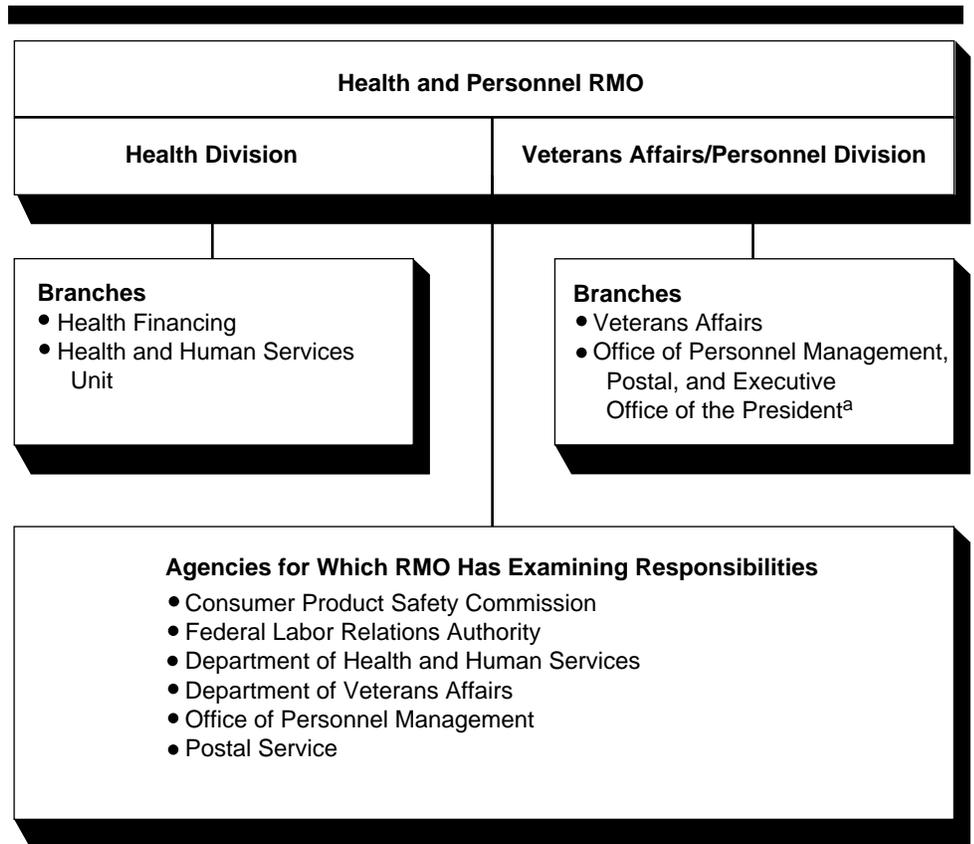
**Appendix III
Resource Management Office (RMO)
Branches and Responsibilities**

**Figure III.4: Human Resources RMO:
Division, Branches, and Agency
Examining Responsibilities**



**Appendix III
Resource Management Office (RMO)
Branches and Responsibilities**

Figure III.5: Health and Personnel RMO: Divisions, Branches, and Agency Examining Responsibilities



^aExcludes the National Security Council and the Office of Science and Technology.

Program Examiners' Major Duties and Performance Standards

The following figures illustrate (1) the major job responsibilities of program examiners, comparing these duties with those of the former budget examiner position; and (2) the new critical job elements and performance standards that OMB has adopted for all OMB professional staff.

**Appendix IV
Program Examiners' Major Duties and
Performance Standards**

Figure IV.1: Comparison of Budget and Program Examiners' Major Duties

Budget Examiner; GS-560-15	Program Examiner; GS-301-15
<ul style="list-style-type: none"> ▪ Senior examiner, OMB expert and focal point for all matters pertaining to specific area of assignment. ▪ Coordinates the formulation and execution of the budget. Develops, reviews, and advises on the preparation of formal documents (e.g., Executive Orders and budget submissions). Participates in review of and is primary advisor on OMB recommendations relative to apportionments. ▪ Prepares materials for Director's review, arranges and chairs hearings. Assists with internal administration and management of the office. ▪ Prepares letters from the White House and OMB. ▪ Within assigned program areas, assists in the review and clearance of legislative proposals and testimony. Presents the need for new legislation as well as changes in legislation. ▪ Performs legislative, economic, policy, program, organizational, and management analyses; reviews issues needing special attention, as well as executive orders and regulations. ▪ Assists Management Division staff on reorganization proposals, clarification on relations among the integration of programs, and other management improvement items. 	<ul style="list-style-type: none"> ▪ Senior examiner, OMB expert and focal point for all matters pertaining to specific area of assignment. ▪ Coordinates the formulation and execution of the budget. Develops, reviews, and advises on the preparation of formal documents (e.g., Executive Orders and budget submissions). Participates in review of and is primary advisor on OMB recommendations relative to apportionments. ▪ Prepares materials for Director's review, arranges and chairs hearings. Assists with internal administration and management of the office. ▪ Prepares letters from the White House and OMB. ▪ Within assigned program areas, assists in the review and clearance of legislative proposals and testimony. Presents the need for new legislation as well as changes in legislation. ▪ Performs legislative, economic, policy, program, organizational, and management analyses; reviews issues needing special attention, as well as executive orders and regulations. ▪ Plans, conducts, and completes analyses and studies on financial management and procurement. ▪ Reviews major reorganization proposals. Studies personnel management and systems development to help develop and initiate long-range plans and goals. ▪ Develops and recommends strategies for approaches to improvement in the value and effectiveness of management systems, field administration, program operations, mid-range and strategic planning, and program evaluation. Determines the most efficient and cost-effective methods of management and program service delivery services as well as an assessment of performance and results. ▪ Provides leadership and procurement management direction. Participates in the development, implementation, and oversight of policies, regulations, and procedures followed by executive agencies in providing for the procurement of property and services and by recipients of federal grants and assistance. ▪ Reviews and analyzes agency submissions, studies, research materials, and other information related to assigned areas. Synthesizes highly complex and voluminous materials. Assists in the review and clearance of reports to Congress. ▪ Reviews, comments on, and leads negotiations on policy issues.

Note: Shaded text indicates additional responsibilities assumed by program examiners.

**Appendix IV
Program Examiners' Major Duties and
Performance Standards**

Figure IV.2: OMB's Critical Job Elements and Performance Standards for All OMB Professional Staff

Job Knowledge

Fully Successful Performance Standards:

- Demonstrates thorough knowledge of assigned program areas and applicable policies.
- Identifies relevant issues and options for analysis and develops appropriate recommendations for decisions.
- In the context of established time constraints, produces staff work on issues that is complete, concise, accurate, unbiased, creative, quantitative wherever possible, and analytically and logically sound.
- Evaluates significant existing program policies, plans, and performance to assess whether they achieve intended purposes cost effectively and consistent with administration priorities.

Job Execution

Fully Successful Performance Standards:

- Assignments are completed accurately and on-time, provide meaningful information, conform to applicable requirements, are internally consistent, and properly reflect decisions that have been made.
- Analysis (legislative, regulatory, paperwork, policy, procurement, budget, and management) is completed in time for action by policy officials and taken to the appropriate organization level for resolution.
- Accurately identifies policy or program issues that contribute to improving program effectiveness; evaluates problems and remedial actions, such that appropriate policy decisions can be reached and actions taken.

Job Effectiveness

Fully Successful Performance Standards:

- Plans, schedules, and executes work assignments to be responsive to management needs.
- Displays initiative, creativity, resourcefulness, and collegiality in completion of assigned duties.
- Ensures broad integration and coordination of work within and outside OMB.
- Works well as a team leader or member with others within and outside OMB.
- Maintains positive, professional working relationship with staff in OMB, throughout the Executive Office of the President, and with agencies.

Agency Comments



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

DEPUTY DIRECTOR
FOR MANAGEMENT

December 10, 1995

Dear Mr. Stevens:

We appreciate the opportunity to respond to your November 28 request for comments on the draft General Accounting Office report dealing with changes resulting from the OMB 2000 reorganization. As discussed in our December 1st meeting with you, we find the report to be thorough, accurate, and constructive in describing the OMB 2000 changes, and in underscoring the continuing need to measure and promote effective integration of management and budget activities within the OMB.

As your draft report indicates, we will be working on an OMB strategic plan in the coming year. We agree with GAO that the strategic planning process offers an excellent opportunity for OMB to evaluate our institutional capacity and to identify opportunities to strengthen leadership of critical government-wide management issues. This planning effort will address the integration of management and budget responsibilities, including the adequacy of employee training and different approaches to integration and coordination among OMB's various units.

We think it is also important to note that one of the significant innovations of OMB 2000 was the creation of an OMB Management Committee, which has been very effective in institutionalizing the integration of management and budget activities within OMB. The Management Committee includes the Deputy Director for Management and has thirteen other members (including eleven career staff from all levels -- Deputy Associate Directors, Branch Chiefs, examiners and support staff). The Committee deals with the entire range of issues and initiatives pertaining to OMB's organizational effectiveness, structure, and work practices. The Committee has, for example, provided leadership and guidance in assessing staff training needs, making the employee performance appraisal system more effective, and in anticipating future changes in function and roles within OMB.

I want to reiterate that your draft report has been very helpful in pinpointing implementation strategies that OMB must examine carefully in the coming months. Just as your 1989 study of OMB's management functions was pivotal in raising awareness of the need for OMB budget divisions to play a larger role in implementing management improvements, so, too, will this report help us concentrate more effectively on the key issues affecting the integration of management and budgeting activities.

Sincerely,

A handwritten signature in cursive script, appearing to read "John A. Koskinen".

John A. Koskinen
Deputy Director for Management

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