

**CHAPTER TEN**



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**Office of Management and Budget**

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Kathy Stack

# OFFICE OF MANAGEMENT AND BUDGET

*By Kathy Stack*

The Office of Management and Budget (OMB) is sometimes described as “the most powerful organization in government that no one’s ever heard of.” In your new position, you will interact with its staff on a regular basis. Every major issue involving budget resources, legislation, regulations, or government-wide management priorities passes through OMB.

To help achieve your objectives, you should build strong relationships with OMB’s political appointees and staff and encourage your managers to do the same. Your primary contact will be your Program Associate Director (PAD) who oversees your agency’s budget and program issues, as well as those of related agencies. You should also build ties with career staff who have direct influence over your agency’s activities. These include the Deputy Associate Director (DAD) and the Branch Chief who handle your agency (both career Senior Executive Service members), as well as program examiners who analyze your programs. In addition, engage key staff in OMB’s regulatory and management offices who will be reviewing your agency’s proposals.

You may find it unnerving, at first, to engage directly with OMB’s career civil servants rather than political appointees. Get over it. These dedicated career staff will be providing analyses and recommendations to OMB leadership and the President’s senior advisors on a regular basis. If you want them advocating on your behalf, work closely with them.

## How OMB Serves the President

During every administration, the President and White House senior advisors come to rely on OMB for its institutional expertise on how to get things done through administrative action when feasible and appropriate, and through congressional legislation when necessary. OMB helps the President in key ways:

- **OMB asks probing questions to assess whether an agency’s existing programs, and its proposed initiatives, fit with administration priorities and if the agency can manage them effectively.** These questions include:
  - Are the policy objectives compelling and consistent with the President’s priorities?
  - Do credible data and evidence demonstrate that programs or proposed initiatives will achieve their objectives?
  - Is there strong coordination with other government or private sector activities that support related objectives?
  - Does the agency have the capacity to manage its programs well, measure their impact, and continuously improve?

- **OMB aligns resources with the President's priorities.** In every annual budget cycle, OMB helps the President reassess how federal resources should be allocated to further the President's priorities. With its comprehensive knowledge of all government agencies and programs, OMB advises the President on what investments are likely to have the greatest impact, and on what programs and activities are not achieving important objectives and should be candidates for reform, reduction, or elimination.
- **OMB coordinates policies and implementation strategies across agencies.** OMB works with White House policy councils to coordinate development and implementation of cross-cutting programmatic policies such as immigration, climate change, and poverty reduction. It shares best practices to help agencies build capacity to use data and evidence to improve decision making.

OMB also develops the President's "Management Agenda" to tackle government-wide management challenges in areas such as IT acquisition, contracting, financial management, and personnel. The Deputy Director for Management at OMB chairs the President's Management Council, comprised primarily of Deputy Secretaries from major agencies and the heads of the Office of Personnel Management (OPM) and the General Services Administration (GSA). When disasters or emergencies require quick, coordinated action by multiple agencies, OMB often orchestrates the administration's response.

- **OMB helps eliminate barriers to policy implementation.** When current laws, regulations, or administrative processes impede government's capacity to accomplish agency missions, OMB identifies options for overcoming those barriers. Often, the barriers are administrative, and they can be removed through waivers or common sense reinterpretations of outdated policy guidance issued by OMB or agencies. When barriers are regulatory, OMB works with agencies to modify regulations. When impediments are statutory, OMB helps determine the most effective, practical strategy for securing legislative change.
- **OMB reviews regulations and how agencies collect and use information.** OMB's Office of Information and Regulatory Affairs (OIRA) plays a key role in how your agency issues regulations, as well as how it collects and uses information. By statute, OIRA must approve any effort your agency takes to collect information from 10 or more people, as well as any policy that requires 10 or more people to retain or disclose information. Under an Executive Order that has been renewed by each President since 1980, OIRA reviews all significant proposed and final regulations before they can be released to the public. Agencies rely heavily on both of these processes—collecting information and regulations—to implement their policies and programs. As a result, understanding the processes and criteria that OIRA uses to make decisions will give you a significant advantage in achieving your goals, as will getting to know the OIRA leadership and staff who coordinate with other parts of OMB, other White House offices,

## What About “Management?”

*By Jonathan D. Breul*

The “m” for “management” in OMB was inserted into the name of the reorganized Bureau of the Budget in 1970 to give prominence to the notion that the central budget agency in the executive branch should give as much time to improving the quality of management as it does to preparing the budget and developing presidential policy. Neither good policies nor good investments are likely to work, let alone succeed, if they are undermined by poor implementation. For this reason, OMB plays a key role overseeing agency management of programs and resources to achieve legislative goals and administration policy.

There are four key offices within the management side of OMB, each of which is headed by a political appointee and reports to the Deputy Director for Management:

- **Office of Federal Financial Management (OFFM)** develops government-wide policies and provides strategic direction to improve financial management, reporting, and systems; to reduce improper payments; to improve grants management; and to “right-size” federal real property. OFFM also coordinates the activities of agency chief financial officers and senior real property officers.
- **Office of Federal Procurement Policy (OFPP)** is responsible for setting government-wide acquisition priorities and policies, which shape the full range of federal agency procurement practices. In addition to its formal role in developing procurement regulations for the entire federal government, OFPP works with agencies to strengthen the acquisition workforce, and it initiates and fosters cost-saving and risk-reduction practices across the government. OFPP also works to ensure that agencies rely on and manage contractors in fiscally responsible ways.
- **Office of E-Government and Information Technology (E-Gov)**, headed by the federal government chief information officer, develops and provides direction in the use of Internet-based technologies to make it easier for citizens and businesses to interact with the federal government, save taxpayer dollars, and streamline citizen participation. E-Gov houses the U.S. Digital Service, which is comprised of teams of problem solvers helping agencies simplify their technology services for citizens, making services more efficient and effective.
- **Office of Performance and Personnel Management (OPPM)** leads the effort to drive mission-focused performance gains across the federal government. OPPM coordinates the administration’s goal-setting and performance review process for agencies’ high-priority performance goals and guides agencies’ strategic and annual planning, performance reviews, and performance reporting. OPPM also functions as the Resource Management Office for the Office of Personnel Management (OPM) and guides federal personnel policy, working closely with OPM to implement effective personnel policies and practices.

Agency leaders and managers must work with OMB on a wide range of management issues. While your basic or *primary* point of contact remains the program examiner in the Resource Management Office, smart agency leaders and managers work closely with OMB to develop a well-thought-out management strategy. Creating such a strategy may require agency heads to work with several OMB offices, each with their own perspectives. With effort and the creation of an effective working relationship, agency officials can work toward making these relationships a shared approach to achieving the results the administration, Congress, and the public expect.

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and other interested agencies to oversee your agency's regulatory and information policy.

## How to Harness OMB's Expertise to Further Your Agency's Objectives

OMB's government-wide perspective, policy expertise, and knowledge of all the levels of government are assets that agency leaders can tap to advance important policy and operational objectives. Here are tips for doing so:

- **From the outset, build strong relationships with both political and career staff at OMB.** Get to know your OMB Program Associate Director (PAD), who regularly meets with the OMB Director and White House Policy Councils and often negotiates with congressional committees on authorization and appropriations bills. Because your PAD's time is limited, foster close ties with the DAD, Branch Chief, and examiners that oversee your key programs. If you have regulatory and management priorities, reach out to OMB political appointees and career staff in those offices too.

An early "get acquainted" session with OMB staff can pay dividends throughout your tenure. Invite the PAD, DAD, and Branch Chief overseeing your agency to meet with you. Also involve OMB program examiners and regulatory or management analysts that work on important initiatives tied to your priorities. If you understand each other's perspectives and agree on common goals, your future interactions will be more productive and your proposals will get more serious consideration.

- **Engage OMB early on important proposals.** Every agency must abide by OMB's formal deadlines for submitting budgets, which often include related legislative proposals. Agencies launch their internal budget development

process each spring and transmit their final budget recommendations to OMB in mid-September. Agencies that don't preview their major proposals with OMB before September often resent OMB's criticism of proposals they spent months developing. This can be avoided by discussing preliminary proposals in the spring or early summer so OMB can identify the hard questions the agency will need to address, share tips and best practices that could strengthen proposals, and facilitate connections with other parts of government working on related issues. With a strong September submission, you and OMB can focus on developing a robust implementation strategy in the fall that is coordinated with other government efforts and more likely to gain traction in Congress.

- **Acknowledge any problems related to your agency's capacity to perform its mission and seek OMB's advice to address them.** In every administration, new political appointees are surprised by gaps in agency expertise and bureaucratic processes that stymie their ability to effectively accomplish their agency's mission. One common reaction is to seek funding for additional staff, which leads to frustration and inaction when OMB or Congress rejects the request because of funding constraints. A better strategy is to seek OMB's advice on how to tackle your agency's administrative challenges. OMB may be able to identify expertise in your own agency or elsewhere in government you were not aware of, suggest ways to leverage non-governmental expertise, or debunk myths preventing your agency from adopting more efficient, innovative practices.
- **Avoid communication breakdowns.** It's common for agency-OMB relations to become adversarial when OMB rejects agency proposals or exposes management deficiencies. Some agency leaders react by going around OMB (to Congress or other White House offices) or limiting staff interactions with OMB. This is self-defeating. Your best chance of achieving your goals is to obtain OMB support for your vision, have candid discussions about how to achieve it, and empower your staff to work with OMB on implementation. By building a partnership, you will have opportunities to offer OMB constructive feedback on how its activities are helping or hindering your agency's progress (e.g., when OMB's internal operations are uncoordinated). Importantly, when OMB career employees help an agency implement successful reforms, they will be powerful advocates for sustaining those achievements after you leave office.

In sum, treat OMB as an action enabler rather than an obstacle. That partnership can help you and your staff make big things happen.

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