



The Role of the Office of Management and Budget in Budget Development

name redacted

Specialist in Government Organization and Management

June 17, 2008

Congressional Research Service

7-....

www.crs.gov

RS20167

CRS Report for Congress

Prepared for Members and Committees of Congress

About TheCapitol.Net

We help you understand Washington and Congress.™

For more than 35 years, TheCapitol.Net and its predecessor, Congressional Quarterly Executive Conferences, have been training professionals from government, military, business, and NGOs on the dynamics and operations of the legislative and executive branches and how to work with them.

Our training and publications include congressional operations, legislative and budget process, communication and advocacy, media and public relations, research, testifying before Congress, legislative drafting, critical thinking and writing, and more.

TheCapitol.Net encompasses a dynamic team of more than 150 faculty members and authors, all of whom are independent subject matter experts and veterans in their fields. Faculty and authors include senior government executives, former members of Congress, Hill and agency staff, editors and journalists, lobbyists, lawyers, nonprofit executives, and scholars.

We have worked with hundreds of clients across the country to develop and produce a wide variety of custom, on-site training programs.

All courses, seminars, and workshops can be tailored to align with your organization's educational objectives and presented on-site at your location.

TheCapitol.Net is on the GSA Schedule, 874-4, for custom on-site training:
GSA Contract GS02F0192X.

TheCapitol.Net has more than 2,000 clients representing congressional offices, federal and state agencies, military branches, corporations, associations, news media, and NGOs nationwide.

TheCapitol.Net is a non-partisan firm.

Our blog: [Hobnob Blog](#)—hit or miss ... give or take ... this or that ...

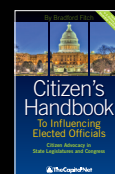


Non-partisan training and publications that show how Washington works.™

PO Box 25706, Alexandria, VA 22313-5706
202-678-1600 • www.thecapitol.net



TheCapitol.Net is on the
GSA Schedule, 874-4,
for custom on-site training.
GSA Contract GS02F0192X



The Office of Management and Budget (OMB) assists the President in carrying out his budgetary duties. Originally created by the 1921 Budget and Accounting Act as the Bureau of the Budget, it was reconstituted as OMB in 1970. Its primary function is to oversee the development and implementation of the federal budget. For more information on the budget process, see the CRS Guides to Congressional Processes at <http://www.crs.gov/products/guides/guidehome.shtml>.

The OMB and its director play a unique role in the preparation of the President's budget submission to Congress. As the overseer of budget development for the President, OMB sets forth the framework by which agencies formulate their budget requests, and is responsible for ensuring agency budget requests are consistent with the President's agenda and policy goals. As a consequence, the OMB director potentially can wield a great deal of influence over agency budget requests and the final shape of the President's budget.

Each spring, approximately 10 months before the President's budget is submitted to Congress, the initial formation of the budget begins at the agency level. At the same time, OMB reviews major policy issues and updates its multi-year forecasts for spending and revenue. Once OMB completes its review, the budget outlook and policy alternatives are presented to the President. After the President makes his initial policy decisions regarding the budget, OMB is responsible for notifying federal departments and agencies. These decisions may include specific budgetary guidelines and spending ceilings to be used by agencies in the preparation of their budgets. Generally, these instructions vary from year to year depending on current budgetary and political conditions.

OMB communicates process and policy guidelines to agencies through circulars, bulletins, and other detailed communications. In particular, OMB Circular No. A-11 contains detailed instructions and schedules for submission of agency budget requests and other material to ensure that budget requests adhere to standardized conventions and formats. OMB staff also maintain ongoing contact with agencies as they formulate their budget requests to provide guidance and to keep apprised of agencies' budgetary concerns.

Agencies submit their formal budget requests to OMB in early fall, usually about five months before the President submits his budget to Congress (and about 13 months before the start of the fiscal year). OMB staff responsible for each particular department or agency review the initial budget requests and clarify any policy and technical questions with agency officials. If an agency includes legislative initiatives in its budget request, OMB determines whether the proposals are consistent with the President's policy goals. Then, based on these evaluations, OMB staff make recommendations regarding program policy and spending levels to the OMB director. Final decisions are made by the OMB director, and agencies are notified of these decisions through what is known as an OMB "passback." If an agency disagrees with aspects of the passback, it may appeal to the director, or in some cases, directly to the President. Once a final decision is made, the agency must revise its budget request accordingly.

The finalized agency budgets, as modified, are then incorporated into the budget the President submits to Congress. OMB is responsible for preparing the accompanying budget documents that provide an explanation and justification of the President's government-wide budget policy. The budget documents then are printed and submitted to Congress and the public.

OMB also assists in the integration of program performance and budgeting. For instance, under the Government Performance and Results Act (GPRA) of 1993 (P.L. 103-62), OMB is required to

have agencies prepare annual performance plans along with their budget requests. The annual performance plans set out measurable performance goals for the fiscal year, a description of the operational processes and resources necessary to meet the performance goals, and a description of how the measured values will be verified and validated. Like agency budget requests, agency performance plans are submitted to OMB for review in early fall. OMB staff review the agency performance plans, and the OMB director gives final approval to these plans. Agencies must revise their performance plans to reflect these decisions. Based on these agency annual performance plans, OMB is required to prepare a government-wide performance plan as a part of the President's budget.

In addition, as part of President George W. Bush's Management Agenda, OMB has developed the Performance Assessment Resource Tool (PART) to evaluate the performance of programs. The "accountability tool" is intended to assist OMB budget examiners and agency program managers in making "evidence-based funding decisions." For further information on GPRA and PART, see CRS Report RL32164, *Performance Management and Budgeting in the Federal Government: Brief History and Recent Developments*.

Author Contact Information

(name redacted)
Specialist in Government Organization and
Management
/redacted/@crs.loc.gov, 7-....

Acknowledgments

This report was originally authored by (name redacted), Analyst on Congress and the Legislative Process at CRS.

Learn how Capitol Hill really works

All of our programs and any combination of their topics can be tailored for on-site training for your organization.

For more than 35 years, TheCapitol.Net and its predecessor, Congressional Quarterly Executive Conferences, have been teaching professionals from government, military, business, and NGOs about the dynamics and operations of the legislative and executive branches and how to work with them.

Our custom, on-site training and publications include congressional operations, legislative and budget process, communication and advocacy, media and public relations, research, testifying before Congress, legislative drafting, critical thinking and writing, and more.

- **Diverse Client Base**—We have tailored hundreds of custom on-site training programs for Congress, numerous agencies in all federal departments, the military, law firms, lobbying firms, unions, think tanks and NGOs, foreign delegations, associations and corporations, delivering exceptional insight into how Washington works.™
- **Experienced Program Design and Delivery**—We have designed and delivered hundreds of custom programs covering congressional/legislative operations, budget process, media training, writing skills, legislative drafting, advocacy, research, testifying before Congress, grassroots, and more.
- **Professional Materials**—We provide training materials and publications that show how Washington works. Our publications are designed both as course materials and as invaluable reference tools.
- **Large Team of Experienced Faculty**—More than 150 faculty members provide independent subject matter expertise. Each program is designed using the best faculty member for each session.
- **Non-Partisan**—TheCapitol.Net is non-partisan.
- **GSA Schedule**—TheCapitol.Net is on the GSA Schedule, 874-4, for custom on-site training: GSA Contract GS02F0192X.

Please see our Capability Statement on our web site at TCNCS.com.

Custom training programs are designed to meet your educational and training goals, each led by independent subject-matter experts best qualified to help you reach your educational objectives and align with your audience.

As part of your custom program, we can also provide classroom space, breaks and meals, receptions, tours, and online registration and individual attendee billing services.

For more information about custom on-site training for your organization, please see our web site: TCNCustom.com or call us: 202-678-1600, ext 115.



Non-partisan training and publications that show how Washington works.™

PO Box 25706, Alexandria, VA 22313-5706
202-678-1600 • www.thecapitol.net



TheCapitol.Net is on the
GSA Schedule, 874-4,
for custom on-site training.
GSA Contract GS02F0192X

