

BRIEFING MEMO

THE WHITE HOUSE

Washington

July 27, 2009

MEMORANDUM FOR THE PRESIDENT

FROM: PETER ORSZAG
CHRISTOPHER LU

SUBJECT: Administrative Savings Proposals -- UPDATE

At your first Cabinet meeting on April 20, you directed Cabinet members to identify at least \$100 million in collective cuts to their administrative budgets, separate and apart from those identified in FY 2010 Budget. Pursuant to your request, OMB and Cabinet Affairs worked with agencies to develop a group of proposals that were responsive to your call for additional savings and could be reasonably implemented in a short amount of time. We identified 77 proposals that met these criteria, representing 15 separate agencies¹. These proposals would amount to \$243 million in savings through 2010, and \$265 million including savings in the outyears. Agencies are continuing to identify savings proposals, consistent with FY 2011 Budget guidance.

Of this, about \$102 million would be realized in FY 2009 and about \$140 million would be saved in FY 2010 (not all agencies identified 2010 savings).

These proposals vary widely both in their content and in the scope of the savings that they would produce. They range from a Department of Defense plan to save \$52 million in FY 2010 by replacing JP-8, the standard jet fuel used by the military, with commercial Jet A fuel plus the military additives to a plan submitted by the National Highway Traffic Safety Administration to digitize its daily news clips—saving \$1,000 per year for FY 2009-10. This variety of proposals reflects your guidance that even small savings can add up to make an extraordinary difference.

In terms of their content, most of the proposals pertain to: asset management (including facilities, equipment, and vehicles); energy and other resource usage (e.g., paper and water); meetings, travel, and training costs; procurement and contracting; and productivity or process improvements, as summarized in the table below.

¹ USDA, DOC, ED, DHS, HUD, DOJ, DOL, STATE, USAID, DOI, DOT, Treasury, VA, EPA, and DOD

Total Recommended Savings, by Category (in thousands)

	Number of proposals	FY 2009 Savings	FY 2010 (if Available) Savings	Total Savings (2009/10, plus outyears if available)
Asset Management (Facilities, Equipment, Vehicles)	7	3,450	933	16,922
Energy and Other Resource Usage (Paper, Water)	14	3,783	54,690	58,472
Information Technology and Automation	17	18,142	18,379	44,336
Meetings/Travel/Training	15	21,492	19,416	41,103
Procurement/Contracting	12	42,750	28,060	70,810
Productivity/Process Improvements	5	6,414	7,160	13,575
Other	7	6,190	11,778	19,218
<i>Citrus Dollar Pilot Insurance Program (Termination)</i>		0	1,060	1,060
<i>Forest Service</i>		2,000	2,000	4,000
<i>Risk Management Agency</i>		0	963	963
<i>Workers' Compensation Claims</i>		390	0	390
<i>Federal Emergency Management Agency</i>		3,800	6,500	10,300
<i>Employment Standards Administration Advisory Committees Management Improvement Initiatives</i>		0	755	755
Total Recommended Administrative Savings	77	102,221	140,416	264,620

To give you a sense of what this means in terms of specific ideas, consider the following:

Seven of the proposals pertain to asset management—including facilities, equipment, and vehicles. For example, the Department of Labor will relocate field staff from commercial space to more secure and less expensive Federal buildings between FY 2011 and FY 2014, saving an estimated \$12.5 million by FY 2024. Treasury will consolidate its office space, which is expected to result in approximately \$651,000 in savings in FY 2009.

Fourteen proposals will improve energy efficiency and the use of resources like water and paper. The Department of the Interior, for example, will retrofit buildings owned by the Bureau of Land Management, the National Park Service, and the Fish and Wildlife Service—which is expected to save a almost \$1.3 million in utility bills and operating costs in FY 2009 and FY 2010 combined. Treasury expects to save close to \$3 million by increasing energy efficiency and recycling and by eliminating unnecessary inserts and mailings to taxpayers.

Seventeen cost-saving measures will improve efficiency through automation and better use of information technology. The Navy expects to save \$5 million a year in FY 2009-10 by eliminating inactive computer accounts, and another \$177,000 a year over the same period by improving check-in and check-out processes at bases. This will reduce costs and save time. The Department of Justice expects that requiring personnel to make online travel reservations, rather than relying on travel agents, will save \$4 million in FY 2010.

Measures to make meetings, travel, and training more efficient account for another 15 of the proposals. These include two Department of Education plans to use more in-house resources for conferences. ED will change its policy so that any D.C.-based conference with attendance of 250 people or less will take place in one of the Department's two buildings. This will result in savings of upwards of \$65,000 a year (for a cumulative five year savings of \$325,000). ED also will eliminate a contract with outside providers to conduct Family Educational Rights and Privacy Act training to education community stakeholders. Instead, ED will be using existing staff to conduct the training, saving \$70,000 for FY 2009.

Similarly, the Department of Homeland Security anticipates that it can save more than \$2 million in FY 2009 by maximizing the use of government facilities for meetings and conferences and by using conference calls and web-based trainings and meetings.

Twelve proposals will use more efficient procurement and contracting practices. The Navy expects to save \$36.4 million over FY 2009 and FY 2010 by changing to corporate purchase of enterprise-wide software licenses, instead of purchasing more expensive individual ones. DHS is conducting an additional review of all professional services contracts over \$1 million and assessing the number of full-time employees, part-time employees, and contractors to better manage its workforce. To date, DHS anticipates cumulative savings of \$1,021,491 in FY2009-2010

Five proposals for productivity and process improvements include the Navy's plan to save more than \$10 million over FY 2009-10 by modifying maintenance procedures for submarines to reduce costs and focus on the highest priority work.

Finally, there are seven proposals that would cut unnecessary expenses through other means. These include a proposal by the Department of Agriculture's Forest Service to save \$1.8 million in FY 2009 by no longer repainting newly purchased vehicles.