



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

THE CONTROLLER

June 28, 2011

MEMORANDUM FOR THE CHIEF FINANCIAL OFFICERS OF EXECUTIVE
DEPARTMENTS AND AGENCIES

FROM: Danny Werfel, Controller
Office of Management and Budget

SUBJECT: Campaign to Cut Waste

Since taking office, the President has emphasized the importance of creating a government that is more competent, more efficient, and better able to serve the American people's needs and act as a careful steward of their tax dollars. That is why the Administration initiated the Accountable Government Initiative to cut waste, fraud, and abuse, streamline government operations, and improve government performance and management. Building on that, the President announced the start of a Campaign to Cut Waste, which is an effort to root out waste from every agency in government. As outlined in the Executive Order: "Delivering an Efficient, Effective and Accountable Government," (Executive Order) the Vice President is in charge of this effort, and he will hold Cabinet agencies accountable for results.

At the heart of the Administration's focus is a guiding principle that the Federal government should take common sense, pragmatic steps to cut costs where possible and eliminate practices that are antiquated or unnecessary. Government agencies should not hide these inefficiencies, but should rather examine them publicly and apply logical fixes that others can learn from and leverage. And in doing so, agencies should also leverage ideas from the Federal workforce by reviewing and incorporating ideas submitted through the President's SAVE Award (Securing Americans' Value and Efficiency) initiative.

This memorandum outlines a path forward for agency Chief Financial Officers (CFO's) to promote such steps internally and work together to cut costs and drive efficiencies government-wide. Execution of the steps outlined in this memorandum is an essential component of the recent Executive Order, in which the President called for a Government that cuts waste and is fully accountable to the American public. As part of this Executive Order, the President charged Federal CFO's with ramping up efforts to identify, execute, and report on administrative cost savings within the agencies.

Importance of Common Sense Cost Cutting Efforts

Publicizing and eliminating inefficient and wasteful government practices does more than just save the taxpayers money. It increases citizens' trust in the government by showing a commitment to identifying, publicizing, and reforming areas of waste. It establishes a clear tone about the need for a government that functions in common sense, cost-effective ways, which will

discourage future inefficiencies from taking hold. And, by identifying and reforming these practices, it creates a government that is better able to serve the American people.

Common-sense steps to cost-cutting and cost-avoidance – such as identifying surplus real estate, consolidating inefficient leases, curbing non-essential travel through the use of tools such as videoconferencing, reducing the use of consultants, or ensuring Information Technology (IT) funds are spent on multi-use systems – are not unique to individual agencies. Therefore, it is imperative that such steps do not exist in a vacuum, but are formalized and communicated in a way that can benefit all agencies. The CFO community, through the CFO Council, should serve as the enabler and coordinator of the Government's common-sense reform initiatives. In fact, the CFO Council already has begun efforts in this area through working to establish performance benchmarks to identify efficiencies and surface areas of potential cost savings. I have asked the CFO's from the Departments of Treasury, Justice, Housing and Urban Development, Health and Human Services, as well as the Environmental Protection Agency and Office of Personnel Management to serve as a steering committee to help coordinate the Council's efforts.

Identifying and Sharing Best Practices

To begin the process of collecting and synthesizing Government practices that cut costs and improve efficiencies, I am requesting the following steps be taken by each CFO:

1. Initiate within your agency the collection and inventory of existing examples, practices, and success stories of efforts to improve efficiency, avoid unnecessary expenditures, and cut costs. This should include cost-cutting initiatives completed in the past, those that are currently underway, and those that your agency is planning to launch. Examples should include efforts that are broad and have resulted in significant cost savings (e.g., disposition of excess real estate assets, consolidation of IT systems, improving inventory controls), as well as those that are more narrowly focused on high-visibility actions (e.g., eliminating extravagant purchases, travel, and activities, implementing tighter purchase card reimbursement policies). An initial list of the three initiatives or examples that best address these goals should be submitted to my office no later than July 31st, 2011. This list should include a brief, clear description of each initiative, as well as the best estimate of cost savings or cost-avoidance resulting from the initiative's implementation.
2. Review and rank submissions for improvements within your agency made by Federal employees for the President's 2011 SAVE Award. Within the next two months, OMB will provide each agency with a list of 2011 SAVE Award submissions that relate to programs within your agency. This list will maintain the anonymous nature of the SAVE Award process. CFO's should respond to the appropriate OMB Resource Management Office (RMO) by providing a list that ranks these submissions. Submissions should be reviewed and ranked for their ability to reduce costs in a concrete and quantifiable way, as well as the ability to improve the way the Government operates by improving quality of output, simplifying processes, or increasing the speed of government operations.
3. Establish within your agency tactics for identifying, discussing, and promoting practical approaches to eliminating unnecessary costs and inefficient practices. These approaches

should collectively form a robust clearinghouse of ideas and success stories that you can access and report centrally to the CFO Council. In particular, the development of these tactics should draw upon and coordinate with work already being done by agency Chief Information Officers, Chief Acquisition Officers, and Performance Improvement Officers to streamline operations and improve performance, as well as existing efforts within the CFO Council on financial management system improvements and performance benchmarking.

Agency CFO's should explore whether practices are already in place that can be leveraged for this initiative, or what concrete steps can be taken to formalize new common sense cost-cutting measures. By leading this work, CFO's will serve the primary role in showing the Administration's commitment to honestly examining our own practices and identifying the logical and necessary steps to improve them and create a more efficient, responsive, and high performing Government.