

SOURCE	Obama-Biden Transition Project documents
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Budget Memorandum for Agency Review Team Leads

To: Post-election Transition leaders
From: Bo Cutter, OMB Transition team leader

The following memo is intended to begin specifying context and budget development plans for the transition and to identify specific budget related tasks we need to ask of the post-election transition agency teams.

1. Obama Administration deliverables: The post-inauguration Obama Administration is expected:
 - a. To present an economic framework at the end of Feb. This framework will provide an overview of economic policy, and a "top-line" 2010 budget (as well as any proposed changes to FY2009), all within the context of President Obama's overall economic vision.
 - b. To deliver to the Congress a full 2010 budget in mid-April.
2. Schedules: accomplishing this necessitates very tight pre and post inauguration schedules. The transition teams will not make budget policy; that is the task of President Obama's appointees. Our task is to lay out a clear process and provide a strong foundation, specifically:
 - a. A detailed pre and post inauguration schedule; and
 - b. Fully analyzed current services budget numbers; all with the intent of putting the Obama Administration in the position to have formal budget instructions and OMB Director's budget "marks" transmitted to the Executive branch agencies the day after inauguration.
3. Briefings: We anticipate, very broadly, 3 kinds of briefings:
 - a. Agency transition team briefings: as soon as possible post-election; focusing principally on process and schedule.
 - b. Cabinet level briefings: as soon as cabinet appointments have been made. A separate transition group is organizing a Cabinet level process of which an OMB briefing effort will be an important part.
 - c. President-elect briefings: a series of options and decision meetings will be held with agenda and schedule to be decided by transition leadership.
4. Agency team budget preparation memo's we need a memorandum from each of the Cabinet agency teams by Dec. 1, covering the following topics:
 - a. Current services and cost savings: the Bush Administration is preparing to leave current services numbers only (not budgets) for all agencies except State, DOD, and Homeland Security. The budget offices of each department agency will have the numbers. Given the fiscal challenges ahead and the need to make room for new initiatives, your memo should indicate how the Obama 2010 budget process could achieve a 3% and 10% reduction from these current services numbers should this become necessary.
 - b. Specific campaign budget goals: we have prepared a list of budget goals we could identify. Your memo should provide a prioritization and rank ordering of these goals and identify any we have missed. Most of these goals are stated in specific dollar terms, but your memoranda should provide us with estimates if there are none stated on the list. They are all important; the issue is how and when we fit them into Obama Administration budgets.
 - c. Major initiatives, options and costing: Please provide us with the options and pricing that you have developed for major Obama Administration initiatives. We want to underline that the formal budget process can only occur after the Obama Administration takes office, and only President-elect Obama's appointees can make policy decisions. But we will need to array the options and associated costs for all of the major initiatives so that the President-elect and his senior staff and cabinet appointees can begin a process.

- d. “Landmines” in the current services numbers: There may be much more, or much less than is appropriate that was put in some agency or sub agency current services estimates by departing Bush Administration appointees. For example, operating expenses of essential services—prisons, national forests, etc—may be understated with the budget dollars shifted somewhere else. Your memo should identify these specifics and show how you would alter current services numbers to reflect these cases. And we should underline that we do not know this has happened.
 - e. Regulations and executive orders: a separate transition group will be preparing a “stop” order for all pending Bush Administration regulations. Your memo should identify particularly troublesome regulations which require immediate attention; and it should do the same for Bush Administration Executive Orders/Directives/Memorandum. Remember: these stay in effect until they are explicitly changed.
 - f. In addition, there will be pending or newly created regulations which the Agency teams believe should go through quickly. Please identify those as soon as possible.
 - g. Scheduled testimony, legislation, etc: your memo should identify all major scheduled events or actions of a budgetary nature that will occur with your Agency during the first 3 months post-inauguration. For example, specific annual required testimonies, or expiring legislation.
 - h. I want to underline that we are not asking for budget decision memos. The formal budget process will begin immediately after inauguration when agencies will be given targets and asked for responses by the OMB director nominated by President Obama.
5. Major initiatives: Senator Obama has stated significant goals with respect to a few major initiatives. We expect the Obama Administration will follow through on these goals, but prioritization and sequencing is required. Decisions regarding these major initiatives will be made by the President-elect and his principal advisors in a separate process during the transition.
 6. Expectations: As is the case in all transitions, funding expectations in every area of the federal budget are enormous. But this time, more than ever, budget room is extraordinarily limited. In your meetings with agencies, the Hill, and external interest groups, you should do everything you can do to ensure that this is well understood.
 7. Context: the FY2009, 2010 deficits will be substantial. Given the severe economic turndown and the on-going financial crisis, these deficits are expected and appropriate. But the appearance and reality of fiscal control is also essential. The Obama Administration will likely be judged—to an important degree—by its ability to manage the current economic and financial crisis while simultaneously beginning to gain control over our country’s long run and deep fiscal problem.



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