



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

THE DIRECTOR

November 25, 2016

M-17-08

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND  
AGENCIES

FROM: SHAUN DONOVAN  
DIRECTOR

SUBJECT: Amending OMB Memorandum M-12-12, Promoting Efficient  
Spending to Support Agency Operations

The Federal Government has a responsibility to act as a careful steward of taxpayer dollars, ensuring that Federal funds are used for purposes that are appropriate, cost effective, and important to the core mission of executive departments and agencies (agencies). Throughout this Administration, the President has been clear that wasteful spending is unacceptable, and that the Federal Government must strive to be more efficient and effective.

In 2011, the President signed Executive Order 13589 directing each agency to reduce its combined costs in a variety of administrative categories by not less than 20 percent in Fiscal Year (FY) 2013 from FY 2010 levels. In 2012, the Office of Management and Budget (OMB) issued Memorandum M-12-12, "Promoting Efficient Spending to Support Agency Operations," which outlined a series of practical steps agencies could take to improve operations, increase efficiency, and cut unnecessary spending.

Since then, OMB has also issued OMB Circular No. A-123, "*Management's Responsibility for Enterprise Risk Management and Internal Control*," which implements an integrated governance structure to improve mission delivery, reduce costs, and focus corrective actions towards key risks. OMB also launched the [National Strategy for the Efficient Use of Real Property](#) and its companion policy, [Reduce the Footprint](#), to consolidate properties, increase property utilization, and improve the effectiveness and efficiency of their portfolios for cost and mission delivery.

As a result of these efforts and others, agencies have significantly improved the operations and efficiency, saving taxpayer dollars. Specifically, agencies have saved approximately \$30 million in conference spending over the last few years, a nearly 25 percent reduction in FY 2015 compared to FY 2013. Further, the total FY 2013 to FY 2015 reduction to agencies' 2012 office and warehouse baseline was 24.7 million square feet, with an estimated annual cost avoidance of \$300 million from FY 2016 and forward.

It is imperative that the Federal Government continue to build on these efforts to improve how we conduct business and provide services to the American people while increasing public transparency. At the same time, it is also imperative that our efforts not undercut or prevent agencies from achieving their mission or create new significant cost in an effort to be compliant with review and reporting requirements. To further assist agencies in achieving this balance, this memorandum amends the policies and practices outlined in Section 2 on “Conferences” and Section 3 on “Real Property” of OMB Memorandum M-12-12.

## **Section 2 - Conferences**

Since the issuance of OMB Memorandum M-12-12, agencies have achieved significant savings in conference spending and strengthened internal controls to monitor travel and conference-related activities. It is critical we continue to root out wasteful spending while also ensuring that these steps do not impede on our nation’s civil servants, who are in many cases the world’s leading scientists, ability to engage their counterparts outside of the Federal Government, participate in activities that enhance their skills and contribute expertise to the larger professional communities, and enhance their overall ability to deliver upon their missions and breakthrough advancements in medicine and science. Conferences play an important role in the Federal Government, whether by enabling the sharing of knowledge among large groups, bringing together dispersed communities, or providing opportunities for interaction, collaboration and presenting cutting-edge work. Accordingly this memorandum amends policies and practices for Federal conference sponsorship, hosting, and attendance to ensure that funds are used appropriately for these activities. These changes incorporate the lessons learned over the past several years and recognize the resulting actions that agencies have taken during that time. These changes also respond to challenges agencies faced as a result of OMB Memorandum M-12-12, including reduced opportunities to perform useful agency functions, present scientific findings and innovations, train, recruit and retain employees, or share best practices.

As part of the effort to ensure the best use of funds, agencies should focus on oversight of expenses related to Federally-sponsored and Federally-hosted conferences.<sup>1</sup> The guidance below does not apply to Federal attendance at non-Federal conferences, although Federal agencies and employees must continue to exercise discretion and judgment in ensuring that all conference expenses<sup>2</sup> are appropriate, necessary, and managed in a prudent manner.

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<sup>1</sup> "Conference" is defined in this memorandum as it is in the FTR, as "[a] meeting, retreat, seminar, symposium or event that involves attendee travel. The term 'conference' also applies to training activities that are considered to be conferences under 5 CFR 410.404." See 41 CFR 300-3.1. See GSA Bulletin FTR 14-02 for additional guidance using Appendix C of the FTR on “travel purpose” to more consistently report activities.

<sup>2</sup> "Conference expenses" are defined as all direct and indirect conference costs paid by the Government, whether paid directly by agencies or reimbursed by agencies to travelers or others associated with the conference, but do not include funds paid under Federal grants to grantees. Conference expenses include any associated authorized travel and per diem expenses, hire of rooms for official business, audiovisual use, light refreshments, registration fees, ground transportation, and other expenses as defined by the FTR. All outlays for conference preparation and planning should

Specifically, agencies should develop and implement travel and conference guidance tailored to their mission needs and risks, consistent with Section 2 on conferences of OMB Memorandum M-12-12 as amended below:

- Agencies must ensure that Federal funds are used only for necessary and appropriate purposes and that all conference expenses and activities comply with both the Federal Travel Regulation (FTR) and the Federal Acquisition Regulation (FAR) requirements on lodging, food and beverages, per diem reimbursement, and contracting of goods and services. In addition, agencies should ensure that conference attendance and expenses are appropriate to the purpose of the conference and the mission of the agency.
- Each agency shall designate an appropriate official to approve estimated spending in excess of \$500,000 on a single conference specifically noting the expense is the most cost-effective option to achieve a compelling purpose. The basis for any such approval must be documented in writing by the designated agency official.
- As each agency reviews its travel and conference-related activities, it is critical to continue to recognize the important role of mission-related travel and conferences in supporting operations. Given the unique travel and conference needs of each agency, there are circumstances in which physical co-location is necessary to complete the mission. These circumstances may include, but are not limited to, collaborations in the scientific community, unique training events for the law enforcement community, or the need to perform formal inspections as part of an agency's oversight and investigatory responsibilities.
- In order to ensure that conference attendees are able to commit to participation in a timely manner and take advantage of cost-saving measures such as early registration and advance travel bookings, agencies should ensure that adjudications are made in a timely manner. To prevent lengthy and cumbersome review processes that could hinder an agency's ability to carry out their mission in an efficient and effective manner, agencies should pre-approve, as appropriate, employee attendance at known recurring conferences, especially at non-government sponsored conferences. Pre-approving an event does not exclude it from annual reporting requirements.
- Agencies shall report on conference expenses on a dedicated place on their official website. By January 31 of each year, the agency shall provide a description of all agency-sponsored conferences from the previous fiscal year where the net expenses for the agency associated with the conference were in excess of \$100,000. This description shall include:
  - the total conference expenses incurred by the agency for the conference;
  - the location of the conference;

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be included, but the Federal employee time for conference preparation should not be included. The FTR provides some examples of direct and indirect conference costs included within conference expenses. See 41 CFR 301-74.2. Conference expenses should be net of any fees or revenue received by the agency through the conference and should not include costs to ensure the safety of attending governmental officials.

- the date of the conference;
- a brief explanation how the conference advanced the mission of the agency; and
- the total number of individuals whose travel expenses or other conference expenses were paid by the agency.

In addition, for any instances where the net expenses for an agency-sponsored conference exceeded \$500,000, the website shall include the agency designated official's rationale and approval. The website shall also include information in the appropriate format (e.g., narrative) about the total net conference expenses for the fiscal year incurred by that agency as well as a general report about conference activities throughout the year.

In reporting this data, agencies shall exclude any information that is considered to be sensitive, that is prohibited from public disclosure by statute or regulation, or that may jeopardize national security or the health, safety or security of conference attendees, organizers, or other individuals.

### **Section 3 - Real Property**

Section 3 of M-12-12 directed agencies to move aggressively to dispose of excess properties held by the Federal Government and make more efficient use of the Government's real estate assets. Further, it established the requirement for agencies to "freeze" the size of their civilian real property portfolios. Under OMB's [Freeze the Footprint policy](#), agencies have reduced their FY 2012 office and warehouse baselines by 24.7 million square feet from FY 2013 through FY 2015. OMB estimates that this reduction will result in \$300 million annual cost avoidance in FY 2016 and all subsequent years.

In 2015, the Administration issued the [National Strategy for the Efficient Use of Real Property](#) (National Strategy) and OMB's [Reduce the Footprint](#) policy to build upon these successful efforts and establish a strategic framework by which agencies would manage their real property portfolios to improve efficiency, consolidate and dispose of unneeded properties, and improve mission effectiveness.

The revised Section 3 below amends OMB Memorandum M-12-12 and directs agencies to prioritize the disposal of unneeded properties, continue their work to implement the National Strategy and the Reduce the Footprint policy, enhance their real property planning capability, and improve real property program data quality to help them realize the greatest portfolio efficiency gains possible. Implementation of these actions will ensure the progress made in the government-wide real property program continues and accelerates.

Section 3 on Real Property of OMB Memorandum M-12-12 is amended as outlined below:

- Agencies must move aggressively to identify, declare, and dispose of excess properties and surplus properties held by the Federal Government and make more efficient use of the Government's real property assets. Agencies should prioritize disposal of entire federal campuses or portions of federal campuses that can be sold

or conveyed to local government through public benefit conveyance to support local economic redevelopment.

- Agencies should continue their work to implement the *National Strategy for the Efficient Use of Real Property* and its companion policy, Reduce the Footprint, to consolidate properties, increase property utilization, and improve the efficiency and effectiveness of their portfolios for cost and mission delivery. As a part of this initiative, agencies should identify and implement enhancements to their real property planning procedures to build capability for project prioritization, budget formulation, program execution, and strategic planning to ensure program budget allocation delivers the greatest benefit for mission capability and efficiency.
- To support implementation of the Reduce the Footprint policy and the enhanced planning capability discussed above, agencies should continually improve the accuracy and completeness of the data they submit annually to the Federal Real Property Profile (FRPP) database to ensure the data is supportive of data driven decision-making. Agencies should systematically evaluate year over year improvement to their FRPP data by establishing data quality performance metrics that can be used to identify and correct data quality issues.

Questions regarding the policies and practices outlined in this memorandum should be directed to the Office of Federal Financial Management at OMB (202-395-3993).