The Deputy Secretary of Energy
Washington, DC 20585

May 21, 2012

MEMORANDUM FOR DAVID B. SANDALOW
ACTING UNDER SECRETARY OF ENERGY

THOMAS P. D'AGOSTINO
UNDER SECRETARY FOR NUCLEAR SECURITY

W.F. BRINKMAN
DIRECTOR, OFFICE OF SCIENCE

HEADS OF DEPARTMENTAL ELEMENTS

NATIONAL LABORATORY DIRECTORS

FROM: DANIEL B. PONEMAN

SUBJECT: Promoting Efficient Spending to Support Agency Operations

The Office of Management and Budget (OMB) has released new policy guidance (attached) on travel, conference expenditures, real estate and fleet management. Under the leadership of the Associate Deputy Secretary, the Department will implement these new requirements collaboratively with your organizations.

Earlier this fiscal year, you certified that your organizations, including any M&O contractors, were following the applicable regulations and policies in managing your conference-related activities and expenses, as required by OMB Memorandum 11-35. The new guidance from OMB expands upon that requirement. Effective immediately, planned spending for any upcoming conferences that are sponsored or hosted by DOE (or by other Federal or non-Federal entities, including the National Laboratories and other facility site management contractors) where our net conference expenses DOE will exceed $100,000, must be reviewed by my office. Until those reviews are completed, you must suspend incurring obligations for conferences to which we have not yet committed. Whether the Department has committed to a conference will be decided on a case-by-case basis, looking at the totality of the circumstances around the proposed conference (i.e., the date, whether speakers have accepted invitations, whether a deposit has been paid on the facility, whether vendors have been confirmed, whether the organization has begun booking travel expenses, etc.).

To expedite this process, please provide a list of any conferences that are currently planned where the net conference expenses will exceed $100,000. Please attach this list to a Memorandum to me indicating your approval for these events, that they are in the

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best interest of the Department, and that they conform to departmental policies and controls related to conference-related activities and expenses. The lists should be submitted to the Executive Secretariat by June 1, 2012. The events will be reviewed by the Associate Deputy Secretary and submitted to the Deputy Secretary for approval. Per OMB's memorandum, a "conference" is defined the same as in the Federal Travel Regulations (FTR). Specifically, it is "[a] meeting, retreat, seminar, symposium or event that involves attendee travel. The term 'conference' also applies to training activities ..."

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 conferences, 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 be included, but the Federal employee time for conference preparation should not be included.

The following information should be provided for each conference:

- The sponsoring organization (and contractor, if applicable)
- Brief description of the conference (no more than one short paragraph)
- A brief statement explaining why the conference cannot be accomplished in any other manner (e.g., video conference)
- Anticipated number of attendees and audience (e.g. internal staff, stakeholders)
- Estimated event cost
- Estimated travel costs (for all attendees, including contractors)
- Location (City, State, Venue)
- Date

Moving forward, my office will continue to approve the spending for all proposed new conferences where the net conference expenses by the agency will be in excess of $100,000. Further guidance on this and other changes as required by the OMB guidance will be forthcoming.

If you have any questions about the policy, or whether a specific contemplated action complies with the spirit and letter of the policy, please do not hesitate to contact me or Ingrid Kolb, Director, Office of Management, on 202-586-2550.

Attachment

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

May 11, 2012

M-12-12

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: JEFFREY D. ZIENTS
ACTING DIRECTOR

SUBJECT: 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). From the beginning of 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. That is why the President and the Vice President launched the Campaign to Cut Waste and charged agencies with going line-by-line through their budgets to identify areas of unnecessary spending or opportunities for greater efficiency or cost savings.

As part of this effort, on November 9, 2011, the President signed Executive Order 13589 "Promoting Efficient Spending." In that Executive Order, the President directed 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. Agencies have since developed plans for achieving these cuts, and the President's FY 2013 Budget identifies $8 billion in reduced costs as a result of Executive Order 13589.

To achieve these savings, many agencies have identified and implemented creative and innovative practices to reduce costs and improve efficiencies in such areas as travel, conference expenditures, real estate, and fleet management. There are also other practical steps agencies can take to improve operations, increase efficiency, and cut unnecessary spending. Accordingly, this memorandum describes a series of policies and practices related to activities and expenses in these areas, building on measures already in place at various agencies.

Section 1 – Travel

Travel is often necessary for Federal employees to discharge their duties effectively and the travel industry plays an important role in creating jobs and supporting local economies; however, as good stewards of Federal funds, agencies must do all they can to manage their travel budgets efficiently. Accordingly, in FY 2013, each agency shall spend at least 30 percent less on travel

expenses covered by this memorandum than in FY 2010.[1] Agencies must maintain this reduced level of spending each year through FY 2016. For the purposes of this section only, the term "agency" means any agency described in 31 U.S.C. 901(b).

In consultation with the Office of Management and Budget (OMB), agencies shall direct all immediate savings achieved through this reduction towards investments that improve the transparency of and accountability for Federal spending and therefore serve taxpayers by further reducing wasteful spending over the long-term. Investments should include activities necessary to provide more robust tracking and public reporting of Federal spending, as well as internal audits and investigations to root out fraud and error in Federal programs and activities.

No later than 90 days from the date of this memorandum, agencies shall report to OMB on the proposed reduction in travel expenses as a result of this requirement. Information provided to OMB should include the amount of the proposed reduction in travel expenses, the amount of FY 2010 travel expenses obligations subject to this section that provides a baseline for measuring the required reductions, and the amount of FY 2010 obligations for travel expenses that are excluded from this baseline. The agency may exclude certain travel expenses from reduction only if the agency head determines that inclusion of such expenses as part of the 30 percent reduction target would undermine such critical government functions as national security, international diplomacy, health and safety inspections, law enforcement, or site visits required for oversight or investigatory purposes.[2] Excluded travel expenses will not be part of the baseline that agencies use in calculating the 30 percent reduction target or subject to reduction themselves. In determining how to reduce travel expenses, agencies should consult and collaborate with their Inspectors General (IG) on the appropriate ways to reduce travel for oversight and investigatory purposes, while maintaining the independence and capacity of IGs.

In addition, agencies shall include in their FY 2014 budget submission to OMB a description of how they will make these travel reductions sustainable, including the specific process changes and technology investments necessary to reduce their reliance on travel.

In addition, to assist agencies in achieving these reductions in travel expenses, no later than 180 days from the date of this memorandum, the Department of Defense and the General Services Administration (GSA), in consultation with OMB, shall review the Joint Federal Travel Regulations and the Federal Travel Regulation (FTR) to ensure that the policies reduce travel costs without impairing the effective accomplishment of agency missions. This review shall, at a minimum, establish or clarify policies that:

(a) increase Federal employee sharing of rental automobiles and taxis when appropriate;

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[1] "Travel expenses" are defined as obligations categorized under budget object class 21.0 (travel and transportation of persons), which is described in OMB Circular A-11 (section 83.6). In some cases, travel expenses may also include travel funded outside of this object class. OMB will provide additional guidance to affected agencies on areas outside of this object class that should be included in the reductions required by this memorandum.

[2] For example, the Attorney General may determine that some portion of the travel by Federal Bureau of Investigation agents is necessary to investigate specific criminal activity and should be excluded from the baseline of travel expenses from which the 30 percent reduction would be taken. Similarly, the Secretary of Health and Human Services may determine that a portion of the travel by Food and Drug Administration inspectors is necessary to ensure the health of the public and should be excluded from the baseline subject to the 30 percent reduction.

(b) ensure that Federal employees receive a per diem reimbursement only to the extent costs were incurred and not reimbursed by another party;

(c) promote the identification and use of non-contract air carriers that, if used, will result in a lower total trip cost to the Government;

(d) expand and leverage the Government's purchasing power to reduce travel costs associated with hotels and rental cars;

(e) ensure that, whenever practicable, Federal employees arrange airfare in a manner that results in the lowest price available when traveling on domestic flights, including appropriately timing the purchase of airfare; and

(f) ensure that agencies have controls in place to collect refunds for unused or partially used airline tickets for Federal employees who have purchased airfare, consistent with existing requirements in the FTR and Federal Management Regulation (FMR).[3]

Section 2 – Conferences

As part of the effort to safeguard Federal funds, agencies should focus on expenses related to conference sponsorship, conference hosting, or attendance of Federal employees at conferences sponsored or hosted by non-Federal entities.[4] Federal agencies and employees must exercise discretion and judgment in ensuring that conference expenses[5] are appropriate, necessary, and managed in a manner that minimizes expense to taxpayers.

On September 21, 2011, OMB issued Memorandum 11-35, "Eliminating Excess Conference Spending and Promoting Efficiency in Government." That memorandum instructed all agencies "to conduct a thorough review of the policies and controls associated with conference-related activities and expenses." In accordance with that memorandum, Deputy Secretaries (or their equivalents) thoroughly reviewed the policies and controls associated with conference-related activities and expenses to mitigate the risk of inappropriate spending.

To expand upon these efforts, this memorandum outlines a series of new policies and practices for conference sponsorship, hosting, and attendance to ensure that Federal funds are used

[3] See FTR 301-72.100, 301-72.101, 301-72.300; also see FMR 102-118.

[4] "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.

[5] "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 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.

appropriately on these activities, and that agencies continue to reduce spending on conferences where practicable:

- **Initiate senior level review of all planned conferences** – Expanding upon the requirements of OMB Memorandum 11-35, agency Deputy Secretaries (or their equivalents) shall initiate review of planned spending for every upcoming conference that is to be sponsored or hosted by the agency (or by other Federal or non-Federal entities) where net conference expenses by the agency will exceed $100,000. Agencies must ensure that the conference expenses and activities comply with the FTR directives and executive branch policies on conferences as well as the Federal Acquisition Regulation (FAR) requirements on contracting goods and services. Until these reviews are completed, agencies shall suspend incurring obligations for conferences to which the agency has not yet committed.

- **Initiate senior level approval of all future conference expenses in excess of $100,000** – Following the review of planned conferences, Deputy Secretaries (or their equivalents) shall continue to approve the spending for all proposed new conferences to be sponsored or hosted by the agency (or by other Federal or non-Federal entities) where the net conference expenses by the agency will be in excess of $100,000. Agencies must ensure that no Federal funds are used for unnecessary or inappropriate purposes and that all conference expenses and activities comply with both the FTR and the 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 limited to only the levels required to carry out the mission of the conference.

- **Prohibit expenses in excess of $500,000 on a single conference** – An agency shall not incur net expenses greater than $500,000 from its own funds on a single conference, including conferences that are sponsored or hosted by the agency (or by other Federal or non-Federal entities). The agency head may provide a waiver from this policy if he or she determines that exceptional circumstances exist whereby spending in excess of $500,000 on a single conference is the most cost-effective option to achieve a compelling purpose. The grounds for any such waiver must be documented in writing by the agency head.

- **Report publicly on all conference expenses in excess of $100,000** – Agencies shall report on conference expenses on a dedicated place on their official website. By January 31 of each year (beginning on January 31, 2013), the agency head 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;
    - 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 head's waiver that identified the exceptional circumstances that necessitated exceeding this threshold. Finally, the website shall include information about the 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 these data, agencies shall exclude any information that is considered to be sensitive, is prohibited from public disclosure by statute or regulation, or may jeopardize national security or the health, safety or security of conference attendees, organizers, or other individuals.

Section 3 – Real Property

Agencies must also move aggressively to dispose of excess properties held by the Federal Government and make more efficient use of the Government's real estate assets. Agencies are already streamlining operations and using existing properties to meet the directive in the June 10, 2010 Presidential Memorandum (Disposing of Unneeded Federal Real Estate—Increasing Sales Proceeds, Cutting Operating Costs, and Improving Energy Efficiency) to produce no less than $3 billion in civilian real property cost savings by the end of FY 2012.

As of the date of this memorandum, agencies shall not increase the size of their civilian real estate inventory, subject to exceptions as described below. Acquisition of new Federal building space (where approval of such acquisition occurs following the date of this memorandum) that increases an agency's total square footage of civilian property must be offset through consolidation, co-location, or disposal of space from the inventory of that agency. In identifying consolidations, co-locations, or disposals of property to offset acquisition of new Federal building space, an agency may include civilian buildings from its own inventory that were, in accordance with the June 10, 2010 Presidential Memorandum, reported as excess to the GSA or otherwise disposed of.

Additional guidance will be provided for carrying out this section, including defining those properties to which this section applies and when a property may be identified as an offset, as well as establishing a process to identify exceptions to this section's requirements where appropriate, such as to comply with legal requirements, to reduce costs, to protect national security, or to allow for the effective accomplishment of agency missions.

Section 4 – Fleet Management

In furtherance of the May 24, 2011 Presidential Memorandum (Federal Fleet Performance), and to optimize the management of Government-owned vehicles, agencies shall use existing GSA fleet services, or initiate a replacement and renewal schedule that is consistent with the requirements of the FMR[6], whereby standard sedans operate on a replacement schedule of at least three years or until the vehicle has been driven in excess of 60,000 miles (whichever comes first), unless material defects prevent the vehicle from operating in a safe manner or if replacement would save the agency money over the life of the vehicle. GSA shall periodically review such policies for opportunities to further improve efficiency.

[6] See FMR 102-34.270.

Within 90 days of the date of issuance of this memorandum, OMB, in consultation with GSA, will provide agencies with additional guidance on carrying out the provisions in Sections 3 and 4 of this memorandum.

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).