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From: Corley, Cherrie
Sent: Thursday, July 26, 2012 12:51 PM
To: Corley, Cherrie
Subject: FW: Frequently Asked Questions on Memorandum 12-12
Attachments: M-12-12 FAQ.docx

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From: Dyer, Jim
Sent: Thursday, July 26, 2012 11:20 AM
To: Ash, Darren; Kasputys, Clare; Carpenter, Cynthia; Stewart, Sharon
Cc: Brown, Milton; Golder, Jennifer; Peterson, Gordon; Rothschild, Trip
Subject: FW: Frequently Asked Questions on Memorandum 12-12

See attached Q&A's regarding OMB efficiencies guidance. Looks like the Travel Section is required for NRC, but the Conference, Real Property and Fleet Management are "encouraged to comply" initiatives?

Jim

From: CFOs and Deputy CFOs [<mailto:CFO-DCFO@LISTSERV.GSA.GOV>] **On Behalf Of** Dong, Norman
Sent: Wednesday, July 25, 2012 12:37 PM
To: CFO-DCFO@LISTSERV.GSA.GOV
Subject: [CFO-DCFO] Frequently Asked Questions on Memorandum 12-12

Colleagues:

On May 11, 2012, OMB issued Memorandum 12-12, which directs agencies to reduce their spending by at least 30 percent on travel in FY 2013 from FY 2010 levels; implement new policies for sponsoring, hosting and attending conferences; keep the size of the Federal real estate footprint from expanding by requiring agencies to offset any new real estate increases through consolidations, co-location, or disposal of space from the inventory of the agency; and use existing GSA fleet services, or initiate a fleet replacement and renewal schedule that is consistent with current policy. Attached are a set of Frequently Asked Questions on Memorandum 12-12 that was developed in response to requests from agencies and other stakeholders.

If you have additional questions please contact Regina Kearney (rkearney@omb.eop.gov) or John Karner (john.karner@cfoc.gov).

Thanks,

Norm

Frequently Asked Questions—Memorandum 12-12

Introduction:

On May 11, 2012, OMB issued Memorandum 12-12, which directs agencies to reduce their spending by at least 30 percent on travel in FY2013 from FY2010 levels; implement new policies for sponsoring, hosting and attending conferences; keep the size of the Federal real estate footprint from expanding by requiring agencies to offset any new real estate increases through consolidations, co-location, or disposal of space from the inventory of the agency; and use existing GSA fleet services, or initiate a fleet replacement and renewal schedule that is consistent with current policy. The following Frequently Asked Questions was developed in response to requests from agencies and other stakeholders.

General:

1. Does the guidance in Memorandum 12-12 apply to all agencies in the executive branch?

A. Section 1 of the Memorandum applies to CFO Act agencies listed in 31 U.S.C 901(b) only. Sections 2 through 4 apply to all departments and agencies in the Executive Branch. All agencies, including independent agencies, are encouraged to comply with all of the principles of Memorandum 12-12.

2. Do the restrictions on travel and conferences apply regardless of fund source?

A. The restrictions on travel and conferences apply to all funds, regardless of whether they are direct/reimbursable, mandatory/discretionary, or generated from appropriations or user fees.

Travel:

3. Are all travel costs associated with national security, international diplomacy, health and safety inspections, law enforcement, or site visits required for oversight or investigatory purposes excluded from the FY 2010 baseline amount, or are agencies expected to exclude only those that are mission critical?

A. Agencies are expected to exclude travel costs only to the degree where failure to do so would establish a level of travel expenditure that would undermine critical government functions such as those highlighted in Section 1 of Memorandum 12-12 (e.g., national security). In limited instances, this could result in the full exclusion of a particular category of travel activities from the agency's FY 2010 baseline amount, if the agency determines that any reduction to the category of travel would undermine critical government functions. In most cases, it should be possible (and therefore appropriate) to

include, either fully or partially, percentage amounts of such category in the FY 2010 baseline without undermining critical government functions. As part of these decisions and calculations, agencies should identify alternate means of accomplishing their mission that do not require travel.

4. Is the 30 percent reduction in travel cost under Memorandum 12-12 additive to the 20 percent reduction in administrative costs under EO 13589, *Promoting Efficient Spending* or does it replace the requirement in the EO?

A. Travel savings as part of the administrative costs reductions identified under the EO should be counted toward the 30 percent travel reductions under Memorandum 12-12. The new Memorandum 12-12 travel reduction target is 30 percent and is not additive to the travel reduction identified as part of the 20 percent reduction under the EO (e.g. it is not the previous reduction plus 30 percent more). However, an agency's revised travel reduction target, after taking into account the exclusions permitted under Memorandum 12-12, cannot be lower than the travel reduction target identified under the EO. That is, the travel reduction identified under the EO is the minimum reduction for travel.

5. If the 30 percent reduction in travel cost under Memorandum 12-12 increases the travel reduction that agencies have as part of the 20 percent reduction in administrative costs under EO 13589, *Promoting Efficient Spending*, can agencies make corresponding decreases in our reduction targets for other areas covered by the EO?

A. Memorandum 12-12 requires agencies to direct all savings towards "investments that improve the transparency of and accountability for Federal spending" and reduce wasteful spending over the long term. In some cases, investment in IT devices, advisory contracts, or other activities targeted for reduction in the EO may fit these criteria, in which case agencies may propose decreases to the reduction targets that were previously agreed upon. OMB will evaluate any changes to previously-established reduction targets in administrative categories on a case-by-case basis.

Conferences:

6. Does training count as a conference? What about training such as Armed Forces "boot camps" and advanced courses, as well as courses taught at the Federal Law Enforcement Training Center (FLETC) and other training that is a requirement for performing an employee's job?

A. Per the Federal Travel Regulations (FTR)¹, training counts as a conference if it involves employee travel. This would include all of the above-listed training types, as well as the training that occurs at events such as symposiums and seminars.

7. Does the guidance in Memorandum 12-12 apply to local conferences?

A. A conference is defined in the FTR as a meeting, retreat, seminar, or other similar event that involves travel. Local conferences would be subject to Memorandum 12-12 if travel costs were incurred and reimbursed by the agency. Local travel costs such as metro or taxi fare for small meetings in the local commuting area should not be suspended in accordance with the requirements of the first bullet on Page 4 of the Memorandum.

8. Does the suspension of obligations for new conferences only apply to conferences that will cost more than the \$100,000 threshold for Deputy Secretary review?

A. No, all obligations for new government-sponsored or agency-hosted conferences must be suspended pending a process being established for Deputy Secretary review of existing upcoming conferences.

9. Should agencies include salaries in the calculation of travel costs for determining the \$100,000 and \$500,000 limits?

A. There is no expectation that agencies must include attendee salaries. Footnote 5 of Memorandum 12-12 stated that Federal employee time dedicated to conference preparation should not be included in determining conference planning cost. Consistent with Footnote 5, Federal employee salaries for time spent attending the conference also should not be included in determining conference planning cost.

10. Does an agency have to cancel a conference if it is going to cost more than \$500,000, the agency head does not have time to review or provide a waiver, and the agency has already obligated funds or signed contracts for the venue?

A. No, if an agency has a conference that will cost more than \$500,000 for which funds were obligated prior to May 11, 2012 (the date Memorandum 12-12 was released), the conference is subject to the review by the Deputy Secretary (or equivalent) that is required in the first bullet on Page 4, but is not subject to the prohibition of expenses

¹ The FTR definition of conferences (Part 300-3.1) is: 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.

greater than \$500,000 that is required in the third bullet on Page 4. However, the agency should still carefully review all conference expenditures to ensure they are necessary, executed judiciously, and minimize the cost. The agency head will be required to report publicly on all conferences over \$100,000, in accordance with the fourth bullet on Page 4.

11. What is OMB's role in determining whether individual conferences should be held?

A. OMB issued Memorandum 12-12 identifying expected agency controls over conference spending, including Deputy Secretary (or equivalent) review of conferences where estimated costs will exceed \$100,000. The agency, not OMB, is responsible for determining whether an individual conference should be held, based on the criteria provided in the memorandum, the FTR, and each agency's individual requirements.

12. What period of time does the report on January 31, 2013 cover?

A. The report to be publicly released by each agency on January 31, 2013 covers all conference expenses for Fiscal Year 2012. If detailed information necessary for the sub-bullets on Page 4 is not available, agencies may report that information only for the period starting on May 11, 2012 through the end of the Fiscal Year 2012.

13. In addition to information about conference expenses in excess of \$100,000, what further information is required to be posted on the agency's official website regarding conferences?

A. Memorandum 12-12 states that "the website shall include information about the net conference expenses for the fiscal year incurred by that agency as well as a general report on conference activities throughout the year." Accordingly, the website should include information on the activities agencies have taken to reduce conference spending and the controls agencies have put into place to ensure conferences are reviewed and approved at an appropriate level. It should also include agency-wide information about the size and scope of conference spending throughout the year.

14. Does the guidance apply to conferences funded by the United States principally to achieve a foreign policy objective where the United States Government will participate but not be the sole beneficiary (e.g., regional conference to gather foreign counter-drug experts for the purposes of improving counter-drug cooperation or enable other foreign assistance-related training)?

A. Yes, the guidance applies to all conferences funded by the United States, regardless of whether they benefit multiple nations. As stated in the Memorandum, the agency head may provide a waiver from the policy prohibiting expenses in excess of \$500,000 on a single conference if the agency head determines that exceptional circumstances exist.

15. Does the answer to the previous question change if the conference funding is provided in the form of grant assistance to a foreign government to cover the costs of hosting a conference?

A. Yes, as stated in Footnote 5 of Memorandum 12-12, “conference expenses...do not include funds paid under Federal grants to grantees.”

Real Property:

16. When are agencies required to “offset” the acquisition of new Federal building space?

A. Subject to certain exceptions that will be clarified in additional guidance, any acquisition of new Federal building space 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. As indicated in the Memorandum, this applies to acquisitions that were not already approved by OMB before May 11, 2012.

17. Specifically, what exceptions are permitted for the real property sections of this Memorandum?

A. As required by Memorandum 12-12, OMB will provide additional guidance on the implementation of the real property sections of Memorandum 12-12 within 90 days of May 11, 2012. This implementation guidance will include a more detail on the types of property and transactions that can be excepted from the policy. As indicated in the Memorandum, the guidance will clarify certain exceptions, including space acquired: to comply with legal requirements, to reduce cost to the taxpayer, to protect national security, or to allow for the effective accomplishment of agency missions.