

Bill

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>> PA/US

To

>> OIG-EVERYONE

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cc

>> PM

>>

Subject

>> Budget matters

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>> On February 5th, the President sent his FY 2008 Budget Request to the

>> Congress. In addition, the House of Representatives last week passed

>> a continuing resolution (CR) to fund Federal government agencies and
>> departments (other than the Departments of Defense and Homeland
>> Security, which already have funding measures in place) for the
>> remainder of this fiscal year. Given these developments, I want to
>> provide you with information concerning how these actions affect the
>> EPA Office of Inspector General.

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>> The CR passed by the House funds most agencies, including EPA, at
>> their FY 2006 resource levels as enacted by the Congress. If passed
>> by the Senate in its current form and signed by the President, it
>> would provide approximately \$50.2 million (less a relatively small
>> government-wide

>> rescission) for the EPA OIG. Language in previous FY 2007 CRs, as
>> well as the current one under which we are now operating, have
>> equated to a

>> \$48.4 million budget for the OIG. If the recently passed long-term
>> CR is signed by the President in the next week (the current CR
>> expires February 15th), we will have approximately \$900 thousand
more

>> for the remainder of the year than we would have had under the
current formula.

>> This is a positive development, but it must be taken in the context
>> of the FY 2008 budget and future projections.

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>> The President has stated his intention to achieve a balanced budget
>> by 2012. Therefore, resources available to fund Federal non-
defense,

>> non-homeland security related programs, which have been declining in
>> recent years, are projected to continue their downward trend in the
>> coming years. EPA's FY 2008 budget request (

>> <http://www.epa.gov/ocfo/budget/2008/2008cj.htm>) contains

>> approximately

>> \$45.2 million for the OIG. This represents a decrease of \$5.1
>> million from the FY 2006 enacted level, and \$3.3 million from the FY
>> 2007 President's request. The FY 2008 budget also contains a cut of
>> up to 30 FTE from previous levels, which is necessary in order to
>> absorb the dollar reduction, since close to 90% of our budget is
>> personnel cost or related to personnel costs.

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>> In order to be prepared for the impacts of these potential reductions

>> to the Office of Inspector General's budget, I have been reviewing our current fiscal situation with the OIG senior leadership team (SLT). As I stated above, the FY 2008 budget request, as well as available projections for FY 2009 and beyond, indicate that we, as a part of the Federal government's discretionary budget, are likely to experience continuing resource cuts. The current FY 2008 budget request may be enacted by the Congress but we won't know until summer, at the earliest.

>> We have to take action to be ready to live on a much reduced budget in FY 2008 and beyond. Therefore, we are continuing to pursue early-out/buy-out authority. We are not hiring to any significant degree and we are also experiencing some attrition; I believe 4 people have left recently. While the FTE number we may have to reduce may lessen over the coming weeks/months, it is very likely we will have to close facilities and/or conduct a reduction in force to meet our '08 budget target and prepare for operating at a continually reducing level over the long term. We will probably need to get started on it in March.

>> Although no final decisions have been reached as to how we will absorb the projected reductions, the SLT and I are working on it. I will keep you informed.

>> Bottom line, its hard to characterize this news as anything but unwelcome and disappointing, and this will be a difficult time of transition. None of us want this to happen, but since it is a distinct possibility we must prepare for it. All of us want the best for all employees, and we will do everthing we can to help people affected by these changes.

>> bill