**OPENING STATEMENT FOR THE RECORD OF ALLYSON LAACKMAN, CHIEF FINANCIAL OFFICER EXECUTIVE OFFICE OF THE PRESIDENT BEFORE THE SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT COMMITTEE ON APPROPRIATIONS U.S. HOUSE OF REPRESENTATIVES**

Good morning, Chairwoman Emerson and members of the Subcommittee. Thank you for giving me the opportunity to appear before you to present the Fiscal Year 2012 Budget Submission for the Executive Office of the President (EOP). As the Chief Financial Officer of the EOP, I am responsible for financial management oversight of the components located within the Executive Office of the President, including developing the EOP Congressional Budget Submission.

The consolidated fiscal year 2012 budget request for EOP Financial Services and General Government (FSGG) components is $739.8 million, which represents *a decrease of $32.1 million or 4.2 percent* from the FY 2010 enacted level. As the Nation works to rebuild and grow the economy, the Administration is committed to aggressively pursuing deficit control. Reducing domestic non-security discretionary spending in FY 2012 is an important step in this on-going effort. The FY 2012 Congressional Budget Submission demonstrates the EOP's commitment to responsibly reduce spending without compromising our ability to support the President in carrying out his Constitutional duties as the head of the Executive Branch of the Federal Government. This budget also supports the Vice President and policy advisors within the EOP, including those involved with national security, economic growth initiatives, oversight of Federal Government programs, and collaboration with the Congress.

In arriving at the EOP's total budget request, we required zero-based budgeting justifications from each component, analyzing their needs in relation to both the component-specific mission and the overall mission of the EOP. In most cases, funding levels were able to be reduced without negatively impacting that component's ability to fulfill its mission. For certain components, critical and unavoidable increases were identified, which necessitated requesting additional funding. The resulting net 4.2 percent reduction across FSGG components is a responsible approach toward long-term deficit reduction goals.

Specifically, the Fiscal Year 2012 budget request for the FSGG components in the EOP consists of:

- ***Salary and Expenses (S&E)*** *- $327.5 million, which represents a decrease of 2.5 percent or $8.5 million from the Fiscal Year 2010 enacted budget (the last year for which there is an enacted budget).*
- ***Office of National Drug Control Policy (ONDCP) Programs*** *- $332.3 million, which is a decrease of 16.6 percent or $66.1 million from the Fiscal Year 2010 enacted budget.*
- ***Office of Management and Budget (OMB)-Managed Programs*** *- $60 million for the Integrated, Efficient, and Effective Uses of Information Technology Initiative; and $20 million to continue funding the Partnership Fund for Program Integrity Innovation.*

This budget request supports approximately 1,552 EOP personnel, information technology, and other infrastructure needs, as well as critical drug control programs and long-term cost savings initiatives.

In addition to the funding for components under this Subcommittee's jurisdiction, the total EOP budget includes $57.9 million for two components which are under the jurisdiction of the Commerce, Justice, Science, and Related Agencies Appropriations Subcommittee: the Office of Science and Technology Policy and the Office of the United States Trade Representative. It also includes $3.4 million for the Council on Environmental Quality, which is under the jurisdiction of the Interior, Environment and Related Agencies Appropriations Subcommittee.

My presentation today will address the Fiscal Year 2012 funding requirements for each of the EOP Financial Services and General Government components and related accounts.

To highlight the Executive Office of the President's Financial Services and General Government components' FY 2012 budget submission, I offer the following remarks:

**Compensation of the President:** The Fiscal Year 2012 budget request of $450,000 includes $400,000 for the President's salary and $50,000 for the President's expense account. This represents no change from the Fiscal Year 2010 enacted budget.

**The White House:** The Fiscal Year 2012 request of $58.4 million and approximately 465 Full Time Equivalent staff (FTE) represents a decrease of $769,000 or 1.3 percent from the Fiscal Year 2010 enacted budget. This decrease represents a commitment to reduce spending associated with operations.

**Executive Residence**: The Fiscal Year 2012 request of $13.7 million and approximately 96 FTE represents a decrease of $180,000 or 1.3 percent from the Fiscal Year 2010 enacted budget. Similar to The White House account, this decrease represents a commitment to reduce spending associated with operations.

**White House Repair and Restoration:** The Fiscal Year 2012 request of $1.0 million represents a decrease of $1.5 million or 60.0 percent from the Fiscal Year 2010 enacted budget. The requested budget will be used to fund essential and emerging projects associated with the required maintenance, safety and health issues, and continued preventative maintenance of the White House.

**Office of Administration (OA)**: The Fiscal Year 2012 request of $115.8 million, including $10.7 million for Capital Investment Plan (CIP) expenditures and approximately 225 FTE, represents a net increase of $568,000 or 0.5 percent from the Fiscal Year 2010 enacted budget. This net increase reflects an increase in S&E of $6.7 million which is offset in large part by a reduction of $6.1 million in CIP expenditures.

The increase in OA's S&E requirements is due primarily to moving expenses and space rent increases related to the completion of the various phases of the Eisenhower Executive Office Building modernization project, as well as to increases in contracted services, particularly for information technology. Also contributing to the increase in OA's Fiscal Year 2012 S&E requirement is the assumption by OA of Enterprise Services cost elements from the Special Assistance to the President (Office of the Vice President or OVP) account. The Enterprise Services initiative is the centralized management oversight of various "enterprise," or common services cost elements, including space rent, landline telephone services, and various payroll benefits (such as transit subsidies). The Office of Administration has successfully been managing many elements of Enterprise Services for the majority of EOP offices. Moving Enterprise Services previously funded in the OVP account to OA would further enhance EOP-wide administrative operating efficiencies associated with centralized management oversight.

OA also completed a reprioritization of pending Information Technology (IT) projects within their Capital Investment Plan, deferring to future years those projects considered less critical, in an effort to reduce spending requirements for FY 2012. As a result, $6.1 million in projects previously planned for FY 2012 will be deferred to the out-years, allowing the CIP funding reduction to offset, in part, anticipated FY 2012 S&E operational cost increases previously mentioned.

CIP projects planned for FY 2012 can be grouped in three categories of initiatives:

- Operational Agility - $8.0 million to replace outdated and unsupported technologies with technology capable of supporting EOP requirements and to upgrade the EOP’s IT Infrastructure with a focus on solutions that reduce the operational footprint and long-term costs to the EOP.
- Mobilization - $1.3 million to continue EOP’s transition to a mobile-centric architecture by expanding the ability of users to access EOP systems and data through a variety of devices while ensuring compliance with security and records management requirements.
- Vigilant Information Security - $1.3 million to develop infrastructure that enhances continuous monitoring of the EOP network, with a focus on solutions that improve network security and tools that assist the EOP in adopting emerging and cost-efficient technologies.

**National Security Council and Homeland Security Council**: The Fiscal Year 2012 request of $13.1 million and approximately 86 FTE represents an increase of $843,000 or 6.9 percent from the Fiscal Year 2010 enacted budget. This increase is needed to fund staffing requirements commensurate with supporting the President’s efforts on Cybersecurity, Weapons of Mass Destruction terrorism and Transborder Security, Information Sharing, Resilience Policy (including preparing for and responding to manmade or natural disasters), and Global Engagement.

**Council of Economic Advisers**: The Fiscal Year 2012 request of $4.4 million and approximately 29 FTE represents an increase of $203,000 or 4.8 percent from the Fiscal Year 2010 enacted budget. This increase is needed to fund additional staffing requirements for monitoring the state of the economy and assisting the President in developing economic policies promoting the growth of the economy, creating jobs, and increasing incomes and standards of living for all Americans.

**Special Assistance to the President (OVP)**: The Fiscal Year 2012 request of $4.3 million and approximately 23 FTE represents a decrease of $276,000 or 6.0 percent from the Fiscal Year 2010 enacted budget. This net decrease reflects decreases associated with the proposed move of Enterprise Services costs, such as space rent, from the Special Assistance to the President account to the Office of Administration account, as discussed earlier, which is partially offset by modest increases in operations needed to support the mission and activities of the Vice President.

**Official Residence of the Vice President**: The Fiscal Year 2012 request of $307,000 and 1 FTE represents a decrease of $23,000 or 7.0 percent from the Fiscal Year 2010 enacted budget. This decrease represents a commitment to reduce spending associated with operations.

**Unanticipated Needs**: The Fiscal Year 2012 requirement of $1.0 million represents no change from the Fiscal Year 2010 enacted budget.

**Office of Management and Budget:**

- The Fiscal Year 2012 requirement for OMB S&E of $91.7 million and approximately 529 FTE represents a decrease of $1.2 million or 1.3 percent from the Fiscal Year 2010 enacted level. This decrease reflects various reductions in internal budget requirements offset in part by expected increases in other operating expenses such as rent.
- The Fiscal Year 2012 requirement for OMB-Managed Programs consists of $20 million, authorized through FY 2014, for a continuation of the Partnership Fund for Program Integrity Innovation (a decrease of $17.5 million or 46.7 percent from the Fiscal Year 2010 enacted budget) and $60 million to fund the Integrated, Efficient, and Effective Uses of Information

Technology Initiative, to be used for turning around troubled Federal IT projects, and promoting Federal data center consolidation and migrations to cloud-computing.

**Office of National Drug Control Policy**:

- The Fiscal Year 2012 requirement for ONDCP S&E is $23.4 million and approximately 98 FTE, including $250,000 for Policy Research. This request reflects a decrease of 20 FTE and $6.2 million or 20.8 percent from the Fiscal Year 2010 enacted budget.
- The Fiscal Year 2012 requirement for ONDCP Programs consists of $200 million for the High Intensity Drug Trafficking Areas Program and $143.6 million for Other Federal Drug Control Programs, less a rescission of $11.3 million for the Counterdrug Technology Assessment Center program. Together this request nets to $332.3 million, a decrease of $66.1 million or 16.6 percent from the Fiscal Year 2010 enacted budget.

*ONDCP Director Kerlikowske will provide the Subcommittee further information concerning ONDCP's budget request in his testimony.*

Chairwoman Emerson, I look forward to working with you and the other members of the Subcommittee as the budget process proceeds.