

EXHIBIT 2

Executive Office of the President



Office of Administration

Fiscal Year 2007 Budget

Executive Office of the President Office of Administration

Mission Statement and Background

The Office of Administration (OA) was created by Reorganization Plan No. 1 of 1977, and was formally established by Executive Order 12028 on December 12, 1977. OA's mission is to provide enterprise-level administrative services to the Executive Office of the President (EOP) and the Office of the Vice President.

OA is organized along the following lines:

Office of the Director includes the Director's personal staff, Office of the General Counsel, and the Equal Employment Opportunity Office. This office provides leadership, manages allocation of resources, and ensures that priorities reflect customer needs.

Office of the Chief Operating Officer manages services for human resources, procurement, office supply, receiving and warehousing, library, printing, facilities management, travel support, telecommunications, and mail/messenger.

Office of the Chief Financial Officer (OCFO) oversees financial management activities related to EOP components. The OCFO directs, manages, and provides policy guidance and oversight of financial management activities and operations.

Office of Security and Emergency Preparedness is responsible for oversight of EOP security and emergency preparedness programs. This office also serves as a liaison with the United States Secret Service.

Office of the Chief Information Officer (OCIO) provides secure, effective, reliable, and easy-to-use information technology services in support of the EOP by implementing best-in-class information resource management, service delivery, and customer service.

Overview

For fiscal year (FY) 2007, the estimated funding requirement for OA is \$102,417,000 and 222 full-time equivalent (FTE) positions. The overall FY 2007 OA budget represents a net increase of \$13,989,000, or 15.8 percent, from the FY 2006 post-rescission enacted level.

The OA budget is divided into single-year and no-year accounts as follows:

- The Salaries and Expenses (S&E) budget is composed of single-year funds amounting to \$91,020,000, which represents an increase of \$14,242,000 from the FY 2006 post-rescission level.

- The primary reason for the increase is a move of \$11,919,000 from other EOP components for the Enterprise Services Initiative. Broken down by object class, this represents \$11,024,000 for General Services Administration (GSA) space rent, \$658,000 for personnel benefits (transportation subsidies), and \$237,000 for services.
- In addition to the Enterprise Services Initiative, the OA S&E budget includes the following adjustments: a GSA space rent increase of \$1,471,000; a \$940,000 payroll increase; and, \$7,000 for performance management training. Reductions within the FY 2007 OA S&E budget amount to \$95,000 from the travel, transportation, services, supplies, and equipment accounts. The number of FTEs remains unchanged.
- The Capital Investment Plan (CIP) represents \$11,397,000 in no-year funds. This includes a reduction in \$253,000 in communications, supplies, and services from the FY 2006 post-rescission level. There are no FTEs associated with the CIP.

FY 2007 Estimate

Salaries and Expenses: \$91,020,000

The S&E account supports core OA functions, and the FY 2007 OA budget request includes \$11,919,000 in funding moved from other EOP components for the Enterprise Services Initiative:

- \$11,024,000 for space rent paid to GSA:
 - \$7,405,000 from the Office of Management and Budget (OMB)
 - \$3,619,000 from Office of National Drug Control Policy (ONDCP)
- \$658,000 for employee transportation subsidies:
 - \$100,000 from the White House Office (WHO)
 - \$2,000 from the Executive Residence (EXR)
 - \$4,000 from the Office of Policy Development (OPD)
 - \$25,000 from the National Security Council (NSC)
 - \$6,000 from the Council of Economic Advisers (CEA)
 - \$327,000 from OMB
 - \$52,000 from ONDCP
 - \$19,000 from the Office of Science and Technology Policy (OSTP)
 - \$119,000 from the United States Trade Representative (USTR)
 - \$4,000 from the Council on Environmental Quality (CEQ)

- \$237,000 for services:
 - \$25,000 for rent-based security charges from the Federal Protective Service (FPS):
 - \$25,000 from ONDCP
 - \$65,000 for health unit services:
 - \$53,000 from OMB
 - \$12,000 from ONDCP
 - \$105,000 for burn bag pickup services:
 - \$77,000 from WHO
 - \$6,000 from CEA
 - \$7,000 from ONDCP
 - \$15,000 from USTR
 - \$42,000 for employee Flexible Spending Account (FSA) administrative fees:
 - \$4,000 from WHO
 - \$1,000 from EXR
 - \$1,000 from NSC
 - \$1,000 from CEA
 - \$22,000 from OMB
 - \$3,000 from ONDCP
 - \$1,000 from OSTP
 - \$8,000 from USTR
 - \$1,000 from CEQ

It should be noted that OA's S&E request includes \$1,475,000 for the OCFO. These funds are used to maintain systems used by the EOP community for financial reporting, financial systems, and internal controls.

Capital Investment Plan (CIP): \$11,397,000

The CIP account provides \$11,397,000 to support development of the EOP's information technology infrastructure. The OCIO oversees the management and use of these funds. The overall FY 2007 CIP requirement supports the four areas described below:

- **Systems Architecture and Engineering (\$3,688,000)** provides support for the missions and functions of the EOP components by implementing systems that automate common business practices across the EOP, with particular focus on mission effectiveness, operational effectiveness, statutory compliance, and cost-effectiveness. This contains the development of custom software to support the unique business requirements of the White House, implementation of an application development process, implementation of enterprise-wide technology standards, and migration to a common architecture to reduce the overall cost of ownership of EOP information technology.

- **Customer Service and Desktop Systems (\$2,132,000)** provides scheduled desktop, laptop, and printer modernization for all EOP components. This category includes acquisition of enterprise software, augments the infrastructure for wireless handheld communications devices, and provides equipment and service enhancements for support of Presidential and Vice Presidential travel.
- **EOP Systems Infrastructure (\$4,669,000)** ensures that EOP information technology and communications infrastructure is upgraded to meet the capacity and performance requirements of the EOP's mission and organizational requirements. This includes the ongoing update of the EOP data network and supporting infrastructure to provide faster and more reliable network connections, as well as upgrade of business software that supports EOP functions. Failure to refresh the core infrastructure will lead to outages that degrade critical communication and business functions.
- **Information Security (\$908,000)** continues the implementation and improvement of internal security systems to monitor the EOP network and improve the policies and systems which authorize and control user access capabilities.

**Executive Office of the President
Office of Administration - Overall S&E and CIP**

**Summary Change to Object Class
(S in thousands)**

A summary of the estimated funding requirement is shown below:

	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimated
Total, Direct Obligations.....	89,910	88,428	102,417
Full-time Equivalent Employment...	217	222	222

The increases and/or decreases for FY 2007 are as follows:

FY 2006 enacted level.....		88,428
Increases to FY 2006 enacted level:		
Personnel Compensation & Benefits.....	1,598	
Rental Payments to GSA.....	12,495	
Other Contractual Services.....	191	
Subtotal, increases to FY 2006 enacted level.....		14,284
Decreases to FY 2006 enacted level:		
Travel & Transportation of Persons.....	-41	
Transportation of Things.....	-2	
Comm., Utilities & Misc. Charges.....	-100	
Supplies and Materials.....	-142	
Equipment.....	-10	
Subtotal, decreases to FY 2006 enacted level.....		-295
FY 2007 estimated level.....		102,417

**Executive Office of the President
Office of Administration - Overall S&E and CIP**

Object Class		(\$ in thousands)			
		FY 2005	FY 2006	FY 2007	FY06/FY07
		<u>Actual</u>	<u>Enacted</u>	<u>Estimated</u>	<u>Difference</u>
10	Personnel Compensation & Benefits	21,924	22,276	23,874	1,598
21	Travel & Transportation of Persons.	176	237	196	-41
22	Transportation of Things.....	208	140	138	-2
23.1	Rental Payments to GSA.....	22,804	20,494	32,989	12,495
23.3	Comm., Utilities & Misc. Charges...	7,189	6,756	6,656	-100
24	Printing and Reproduction.....	230	192	192	0
25	Other Contractual Services.....	31,240	27,174	27,365	191
26	Supplies and Materials.....	1,122	1,565	1,423	-142
31	Equipment.....	5,018	9,594	9,584	-10
	Total, Direct Obligations.....	<u>89,910</u>	<u>88,428</u>	<u>102,417</u>	<u>13,989</u>
99	Reimbursement.....	1,465	1,210	1,600	
	Total.....	<u>91,375</u>	<u>89,638</u>	<u>104,017</u>	

Personnel Summary

	FY 2005	FY 2006	FY 2007	FY06/FY07
	<u>Actual</u>	<u>Enacted</u>	<u>Estimated</u>	<u>Difference</u>
Full-time Equivalent Employment	217	222	222	0

**Executive Office of the President
Office of Administration - S&E**

**Summary Change to Object Class
(\$ in thousands)**

A summary of the estimated funding requirement is shown below:

	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimated
Total, Direct Obligations.....	79,024	76,778	91,020
Full-time Equivalent Employment...	217	222	222

The increases and/or decreases for FY 2007 are as follows:

FY 2006 enacted level.....		76,778
Increases to FY 2006 enacted level:		
Personnel Compensation & Benefits.....	1,598	
Rental Payments to GSA.....	12,495	
Other Contractual Services.....	244	
Subtotal, increases to FY 2006 enacted level.....		14,337
Decreases to FY 2006 enacted level:		
Travel & Transportation of Persons.....	-41	
Transportation of Things.....	-2	
Supplies and Materials.....	-42	
Equipment.....	-10	
Subtotal, decreases to FY 2006 enacted level.....		-95
FY 2007 estimated level.....		91,020

**Executive Office of the President
Office of Administration - S&E**

Object Class		(\$ in thousands)			
		FY 2005	FY 2006	FY 2007	FY06/FY07
		<u>Actual</u>	<u>Enacted</u>	<u>Estimated</u>	<u>Difference</u>
10	Personnel Compensation & Benefits	21,924	22,276	23,874	1,598
21	Travel & Transportation of Persons.	176	237	196	-41
22	Transportation of Things.....	208	140	138	-2
23.1	Rental Payments to GSA.....	22,804	20,494	32,989	12,495
23.3	Comm., Utilities & Misc. Charges...	6,377	6,656	6,656	
24	Printing and Reproduction.....	230	192	192	0
25	Other Contractual Services.....	25,528	24,914	25,158	244
26	Supplies and Materials.....	1,122	1,465	1,423	-42
31	Equipment.....	656	404	394	-10
	Total, Direct Obligations.....	<u>79,024</u>	<u>76,778</u>	<u>91,020</u>	<u>14,242</u>
99	Reimbursement.....	<u>1,465</u>	<u>1,210</u>	<u>1,600</u>	
	Total.....	<u>80,489</u>	<u>77,988</u>	<u>92,620</u>	

Personnel Summary

	FY 2005	FY 2006	FY 2007	FY06/FY07
	<u>Actual</u>	<u>Enacted</u>	<u>Estimated</u>	<u>Difference</u>
Full-time Equivalent Employment	217	222	222	0

**Executive Office of the President
Office of Administration - S&E**

**Explanation of Changes by Object Class
(\$ in thousands)**

FY 2006 Enacted	FY 2007 Estimate		Net Change
<u>\$22,276</u>	<u>\$23,874</u>	<u>Personnel Compensation and Benefits (10)</u> This object class includes salaries, terminal leave, premium pay, reimbursable detailees, assignments under the Intergovernmental Personnel Act, and employee benefits (including the Government's share of retirement, Medicare, insurance, transportation subsidy, and worker compensation). The increase in this object class represents moving transportation subsidies (\$658) from various EOP Components to the OA appropriation, as part of the Enterprise Services Initiative. An additional increase is included (\$940) to cover projected increases in compensation and benefits.	<u>\$1,598</u>
\$237	\$196	<u>Travel and Transportation of Persons (21)</u> This object class includes official travel, such as per diem, hotel and transportation, auto rental and local transportation. The reduction in this object class represents a reprioritization of funds within the OA S&E budget.	-\$41
\$140	\$138	<u>Transportation of Things (22)</u> This object class includes commercial express delivery as well as freight and other shipping charges. The reduction in this object class represents a reprioritization of funds within the OA S&E budget.	-\$2

FY 2006 Enacted	FY 2007 Estimate		Net Change
\$20,494	\$32,989	<u>Rental Payments to GSA (23.1)</u> This object class includes payments to the GSA for rental of space and rent-related services.	\$12,495
		<p>Most of the increase in this object class represents moving GSA rent and rent-related responsibilities from OMB (\$6,949), ONDCP (\$2,679), and associated GSA programmed rent increases in FY 2007 for OMB (\$456) and ONDCP (\$940) to the OA appropriation, as part of the Enterprise Services Initiative. Additionally, GSA programmed FY 2007 rent increases are included for EOP offices that are funded through the OA appropriation in FY 2006 (\$1,471).</p>	
\$6,656	\$6,656	<u>Communications, Utilities & Miscellaneous Charges (23.3)</u> This object class includes data, voice, and wireless communications from Federal and commercial sources, as well as utilities, postage, and miscellaneous rental charges.	\$0
		<p>There is no net change in this object class.</p>	
\$192	\$192	<u>Printing and Reproduction (24)</u> This object class includes printing and reproduction obtained from the private sector or from other Federal entities.	\$0
		<p>There is no net change in this object class.</p>	

FY 2006 Enacted	FY 2007 Estimate		Net Change
\$24,914	\$25,158	<u>Other Contractual Services (25)</u> This object class includes advisory and assistance services, other purchases of goods and services from Government accounts, operations and maintenance of facilities, research and development contracts, medical care, operations and maintenance of equipment, or subsistence and support of persons. The increase in this object class represents funding for performance management training (\$7), and moving FSA administrative fees (\$42), burn bag services (\$105), FPS (\$25), and health unit operations (\$65) from various EOP Components to the OA appropriation, as part of the Enterprise Services Initiative.	\$244
\$1,465	\$1,423	<u>Supplies and Materials (26)</u> This object class includes general supplies, information technology (IT), supplies, newspaper and magazine subscriptions, and Government publications. The reduction in this object class represents a reprioritization of funds within the OA S&E budget.	-\$42
\$404	\$394	<u>Equipment (31)</u> This object class includes IT hardware and software, customized software programming, peripheral equipment (e.g., printers and network devices), office furniture and equipment, such as photocopiers, facsimile machines and telephones. The reduction in this object class represents a reprioritization of funds within the OA S&E budget.	-\$10
\$76,778	\$91,020	Total for all Object Classes	\$14,242

**Executive Office of the President
Office of Administration - CIP**

**Summary Change to Object Class
(\$ in thousands)**

A summary of the estimated funding requirement is shown below:

	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimated
Total, Direct Obligations.....	10,886	11,650	11,397
Full-time Equivalent Employment	0	0	0

The increases and/or decreases for FY 2007 are as follows:

FY 2006 enacted level.....			11,650
Increases to FY 2006 enacted level:			
Subtotal, increases to FY 2006 enacted level.....			0
Decreases to FY 2006 enacted level:			
Comm., Utilities & Misc. Charges.....		-100	
Other Contractual Services.....		-53	
Supplies and Materials.....		-100	
Subtotal, decreases to FY 2006 enacted level.....			-253
FY 2007 estimated level.....			11,397

**Executive Office of the President
Office of Administration - CIP**

Object Class				
(\$ in thousands)				
	FY 2005	FY 2006	FY 2007	FY06/FY07
	<u>Actual</u>	<u>Enacted</u>	<u>Estimated</u>	<u>Difference</u>
23.3 Comm., Utilities & Misc. Charges...	812	100	0	-100
25 Other Contractual Services.....	5,712	2,260	2,207	-53
26 Supplies and Materials.....	0	100	0	-100
31 Equipment.....	4,362	9,190	9,190	0
Total, Direct Obligations.....	<u>10,886</u>	<u>11,650</u>	<u>11,397</u>	<u>-253</u>

Personnel Summary				
	FY 2005	FY 2006	FY 2007	FY06/FY07
	<u>Actual</u>	<u>Enacted</u>	<u>Estimated</u>	<u>Difference</u>
Full-time Equivalent Employment	0	0	0	0

**Executive Office of the President
Office of Administration - CIP**

**Explanation of Changes by Object Class
(\$ in thousands)**

<u>FY 2006 Enacted</u>	<u>FY 2007 Estimate</u>		<u>Net Change</u>
\$100	\$0	<p><u>Communications, Utilities & Miscellaneous Charges (23.3)</u> This object class includes data, voice, and wireless communications from Federal and commercial sources, as well as utilities, postage, and miscellaneous rental charges.</p> <p>The reduction in this object class represents a reprioritization of funds within the OA CIP budget.</p>	-\$100
\$2,260	\$2,207	<p><u>Other Contractual Services (25)</u> This object class includes advisory and assistance services, other purchases of goods and services from Government accounts, operations and maintenance of facilities, research and development contracts, medical care, operations and maintenance of equipment, or subsistence and support of persons.</p> <p>The reduction in this object class represents a reprioritization of funds within the OA CIP budget.</p>	-\$53
\$100	\$0	<p><u>Supplies and Materials (26)</u> This object class includes general supplies, information technology (IT), supplies, newspaper and magazine subscriptions, and Government publications.</p> <p>The reduction in this object class represents a reprioritization of funds within the OA CIP budget.</p>	-\$100

FY 2006 Enacted	FY 2007 Estimate	<u>Equipment (31)</u>	Net Change
\$9,190	\$9,190	<p>This object class includes IT hardware and software, customized software programming, peripheral equipment (e.g., printers and network devices), office furniture and equipment, such as photocopiers, facsimile machines and telephones.</p> <p>There is no net change in this object class.</p>	\$0
\$11,650	\$11,397	Total for all Object Classes	-\$253