This memorandum provides general funding and management guidance for preparation of the
President’s FY 2008 Budget.

The FY 2008 Budget will reflect the President's policy agenda to promote economic growth and
create jobs. We must also focus resources on our highest national priorities: winning the global
war on terror and protecting our citizens and homeland. To be successful in these endeavors, the
Administration needs sound and innovative policy proposals that achieve these objectives while
constraining overall discretionary and mandatory spending growth.

In developing the FY 2008 Budget, agencies should use the principles and tools put in place by
the President’s Management Agenda, including the Budget and Performance Initiative and the
Program Assessment Rating Tool, to identify ways your agency can meet its goals in the most
efficient manner. Your proposals should be justified by performance evaluation and cost
analysis. They should also reflect your agency's intent to participate in and implement the
government-wide lines of business. Please ensure that your departmental Chief Information
Officer has reviewed your budget proposal in areas of E-Government and information
technology before you transmit it to OMB.

Agencies should work with your OMB contact to determine the funding target(s) for your FY
2008 budget proposal to OMB. Once targets have been established, agencies are required to
submit budget proposals that meet these targets. Submissions are due to OMB by September 11,
2006. Like last year, your prior-year budget information will be due in early December,
followed by baseline budget information in mid-December. In addition, early collaboration
between your agency and OMB on major legislative or other initiatives -- well before submission
of your budget proposal -- would help to advance the President's priorities.

The 2006 and 2007 Budgets each included a savings and reforms volume that proposed the
termination or reduction of low-priority and ineffective programs and advanced reforms to
improve program efficiency and effectiveness. Agencies are encouraged to take a close look at
their programs and identify additional opportunities to reduce spending and improve program
results.

For additional guidance on the budget submission process, please refer to Circular A-11. The
latest update to the Circular will be released this summer.

We look forward to working with your agency to develop the President’s FY 2008 Budget.